

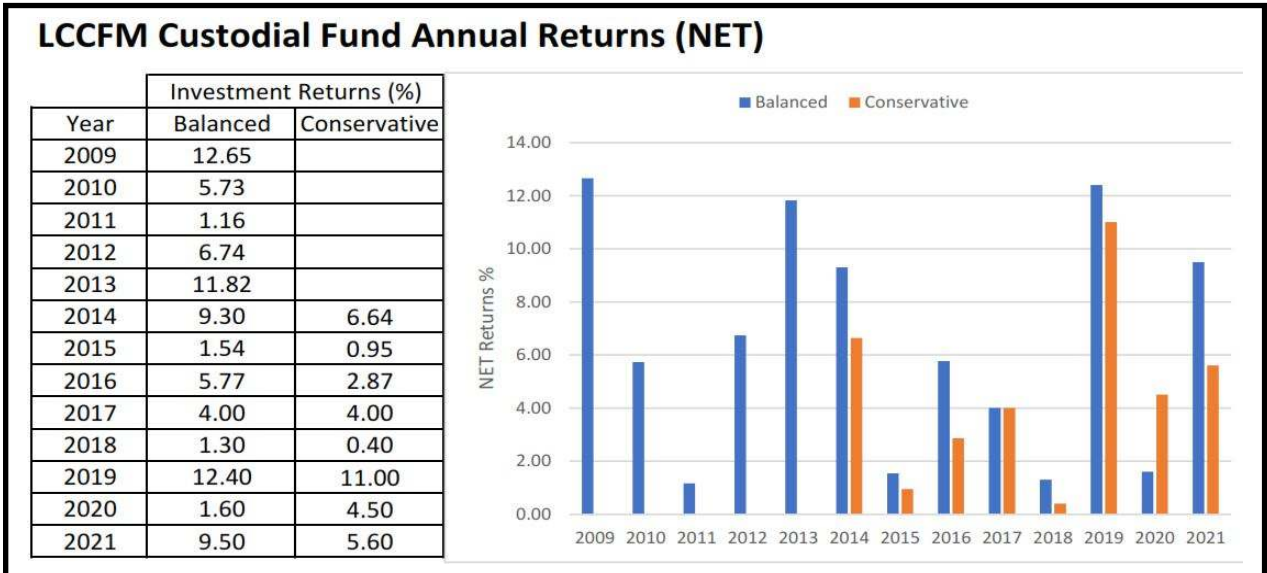


Lutheran Foundation Canada
REFLECTING GOD'S GRACE

Custodial Fund Investments

Lutheran Foundation Canada has approximately \$20 million in assets under management, with \$9 million invested as ‘endowment’ funds and \$9 million invested as ‘custodial’ funds. Whereas *endowments* are established with funds gifted to the Foundation and typically invested into perpetuity, *custodial* funds are not donated, but only transferred to the Foundation for investment purposes. These funds may be returned to the investing organization at any time. Both types of funds are invested using similar strategies.

As a service to the member congregations and organizations of Lutheran Church – Canada’s synodical family only, the Foundation accepts funds (\$25K min.) for investment purposes. These funds are pooled with other similar funds and placed in the Foundation’s Custodial Investment Accounts. The Foundation uses the same investment consultant (Ellement Consulting) and some of the same investment managers (TD Asset Management, Romspen Commercial Mortgages, and Mawer Investment Management) as LCC’s pension funds. This approach not only creates substantial economies of scale enabling the Foundation to enjoy significant savings in investment management fees, but also provides access to investment opportunities unavailable for small investment amounts. Investment returns for Custodial Funds in the Balanced Mandate have averaged 6.42% and in the Conservative Mandate 4.50%, NET investment fees of 0.5% and administration fees of 0.5%. The chart below shows annual performance by year.



It is important to understand that investment returns vary with changing market conditions. Past performance is no guarantee of future returns, especially in the short term. However, using similarly invested endowment funds as an example, the value of our endowments has grown over time, even though the Foundation disburses about 4% of invested capital annually. Comparatively, as 5-year GIC rates are usually below 2%, given the current rate of inflation, GIC investments tend to shrink in relative value over time.

To learn more about the Foundation’s Custodial Funds, please visit our website at www.lutheranfoundation.ca. You can download our *Custodial Fund Agreement* and *Investment Policy Statement* through our Resources section. If you have questions, please call 877-711-4438.