



WELS Investment Funds  
Wisconsin Evangelical Lutheran Synod

# Your strong partner IN MINISTRY



WELS INVESTMENT FUNDS ANNUAL REPORT

2024

# WELCOME

## from the director



Dear Friend in Jesus,

As we look at the past year, we are in awe of God's goodness and his blessings on our ministry.

When WELS Investment Funds began serving our first congregation nearly 25 years ago, we couldn't have foreseen a day when we would serve more than 250 WELS ministries. We are grateful to all of the churches, schools, and organizations that have entrusted their investments to us. We don't take your trust lightly.

**Because of your partnership, we know we are stronger together as we support you in your work of reaching out with the gospel.**

As always, contact me at 414-256-3206 or [jim.holm@wels.net](mailto:jim.holm@wels.net) to have a conversation about how WELS Investment Funds can serve you and your organization.

May God bless and keep you!

A handwritten signature in black ink that reads "James A. Holm". The script is fluid and cursive.

**MR. JAMES HOLM, CFP®**  
Executive Director, WELS Investment Funds  
[jim.holm@wels.net](mailto:jim.holm@wels.net) • 414-256-3206

# What are the benefits of investing through WELS Investment Funds?

- WELS Investment Funds was incorporated as a **support services subsidiary of WELS** in 1997. As of June 30, 2024, it managed approximately \$325 million for 255 WELS and affiliated ministries, including WELS Foundation, Martin Luther College, Wisconsin Lutheran Seminary, Luther Preparatory School, Michigan Lutheran Seminary, WELS Home and World Missions, several area Lutheran high schools, and more than 200 congregations.
- **WELS Investment Funds provides cost-effective, professionally managed investment portfolios exclusively for WELS and affiliated ministries.** By pooling our God-given talents and resources, we can take advantage of lower-cost, institutionally priced investment opportunities that are not available to smaller investment accounts. As more congregations and organizations invest in WELS Investment Funds, the cost-reduction benefits increase. It's a way we can support each other.
- **WELS Investment Funds is easy to use.** Executive Director Jim Holm, an employee of WELS, can meet with your organization (in person or via phone or video) to discuss the various investment options available through WELS. Our investor services specialist, Monica Peavy, is also available to guide you through the steps to open and maintain an investment account.

# Who can invest in the WELS Funds?

Any 501(c)(3) organization that is a WELS or Evangelical Lutheran Synod (ELS) ministry or a ministry in fellowship with WELS can invest in WELS Funds. This includes any ministry listed in the WELS Yearbook or otherwise approved by the WELS Conference of Presidents.

Individuals may not invest in WELS Funds, nor can organizations in the following states: Connecticut, Maryland, Pennsylvania, Tennessee, or Virginia.

## How are the funds managed?

The WELS Investment Funds Board of Directors has retained Mercer as its investment consultant. As a co-fiduciary, the investment consultant assists the board in implementing investment policies by focusing on controlling three primary factors:

1. Risk through asset allocation and diversification,
2. Selection of quality investment managers, and
3. Investment-related costs.

# Quarterly update webinars

Each quarter, our investors tune into our 30-minute webinars that feature our investment consultant from Mercer as he delivers a quarterly market recap, an investment performance review for the WELS Funds, and Mercer's market and economic outlook.

The webinars also include an informative Q&A featuring current issues impacting the markets.



To register for our webinars, contact **[monica.peavy@wels.net](mailto:monica.peavy@wels.net)**.  
Scan the QR code to watch previous webinars.

# Management

The day-to-day affairs of WELS Investment Funds are carried out by its officers and other WELS employees. For administrative convenience, efficiency, and cost effectiveness, WELS Investment Funds leases its personnel from WELS. WELS also provides services relating to the processing of transactions, preparing investor account statements, and the preparation of corporate financial statements.

## Financial oversight

WELS has established an Accounting Oversight Committee responsible for assisting management in establishing and maintaining appropriate accounting policies and internal controls, including the engagement of an independent external auditor to conduct annual audits of the financial statements.

## Board oversight

The board of directors of WELS Investment Funds is responsible for the operation of WELS Investment Funds, including the engagement of investment consultants. Directors serve four-year terms and are appointed by the WELS Synodical Council.

Additional information about the board and officers and a copy of the most recent audited financial statements are available on the website at [wels.net/welsfunds](https://wels.net/welsfunds).

# Board of directors



**JOEL LUEHMANN**

*Chairman*

Joel Luehmann is retired and served as director, Enterprise Risk Management, for Compeer Financial in Mankato, Minn.

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**JOHN WENKER**

*Vice Chairman*

John Wenker is retired and formerly a managing director at Nuveen Asset Management, a wholly owned subsidiary of TIAA-CREF.

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**RONALD SCHMITZ**

*Secretary*

Ronald Schmitz is retired after a 34-year career as a financial consultant for AXA Advisors (formerly Equitable Life, N.Y.).

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**REV. EM. CHARLES DEGNER**

*Director*

Rev. Charles Degner formerly served parishes in Prior Lake and St. Peter, Minn. He served as district vice president in Minnesota for 16 years and as district president for 10 years.



**DUSTIN SCHWOBE**

*Director*

Dustin Schwobe is currently finance digital transformation manager at Schreiber Foods, Inc., in Green Bay, Wis.

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**MAX WENCK**

*Director*

Max Wenck is a co-owner of MorganMyers, Inc., a multi-million dollar communications consulting firm.

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**KYLE EGAN**

*Ex-Officio Member*

Kyle Egan serves as WELS chief financial officer and treasurer. He formerly served as assistant treasurer & director of investor relations at Quad/Graphics, Inc. (Quad).

# The Funds

## WELS BALANCED FUND

- Seeks long-term capital growth and a low to moderate level of current income
- Has a target asset allocation comprised of 60 percent equity and 40 percent fixed income
- Has a mid- to long-range investment time horizon

## WELS ENDOWMENT FUND

- Seeks long-term capital growth with some current income
- Designed primarily for endowment funds
- Has a target asset allocation comprised of 75 percent equity and 25 percent fixed income
- Has a long-range investment time horizon

## WELS EQUITY FUND

- Seeks long-term capital growth by investing in a portfolio of equity securities that is well diversified by industry and company size
- Comprised of 100 percent equities and is subject to potential large short-term price fluctuations
- Has a long-range investment time horizon



## WELS INCOME FUND

- Seeks to provide income by investing primarily in investment-quality debt securities
- Comprised of 100 percent fixed income securities
- Has a short- to mid-range investment time horizon

The WELS Balanced Fund and WELS Endowment Fund invest in differing ratios of the same underlying mutual funds as the WELS Equity Fund and WELS Income Fund. The WELS Equity Fund and WELS Income Fund are for those ministries who desire an asset allocation other than the WELS Balanced Fund and WELS Endowment Fund.

## FEES AND EXPENSES

All direct expenses and any expenses allocated by WELS related to the operation of WELS Investment Funds (e.g., rent for office space; utilities; and financial, technological, and human resources expenses) are charged directly to the WELS Funds. While these expenses vary from year to year, for the fiscal year 2025, they are anticipated to be 0.16% of the assets in the WELS Funds.

All mutual funds that comprise the WELS Funds have investment expenses significantly below the industry average. The weighted average expense ratios are as follows:

- WELS Balanced Fund: 0.15%
- WELS Endowment Fund: 0.17%
- WELS Equity Fund: 0.20%
- WELS Income Fund: 0.07%

# Portfolio insights—Equity

*The following insights highlight the underlying equity investments for the WELS Balanced Fund, WELS Endowment Fund, and WELS Equity Fund.*

Equity investments are globally diversified across domestic and international large-cap, mid-cap, and small-cap securities, including value, core, and growth styles.

The cornerstone equity holding is the Vanguard Total Stock Market Index Fund, Institutional Shares. This fund is diversified across more than 4,100 domestic equities.

The Vanguard Total International Stock Index Fund, Institutional Shares hold more than 7,900 equity securities, diversified across more than 50 countries.

These two core equity index funds are complemented by six actively managed Vanguard mutual funds, managed by firms including the following: PRIMECAP Management; Wellington Management; Lazard Asset Management, LLC; and Baillie Gifford Overseas, LTD.

# Portfolio insights—Fixed Income

*The following insights highlight the underlying fixed income investments for the WELS Balanced Fund, WELS Endowment Fund, and WELS Income Fund.*

The Vanguard Total Bond Market Index Fund, Institutional Shares, is invested in more than 10,100 investment-grade, domestic fixed income securities. Holdings include U.S. Treasury, U.S. agency, and other domestic investment-grade fixed income securities.

For diversification purposes, the Vanguard Total International Bond Index Fund is utilized. This Fund is diversified across more than 6,300 international fixed income securities, representing more than 30 underlying countries. All holdings are currency hedged to the U.S. dollar, for risk-management purposes.

The Vanguard Intermediate-Term Investment Grade Fund, Admiral Shares; the Vanguard Short-Term Investment Grade Fund, Institutional Shares; and the Vanguard Ultra-Short-Term Bond Fund, Admiral Shares are actively managed with an intensive credit analysis and risk-controlled approach.

# WELS BALANCED FUND—AS OF JUNE 30, 2024

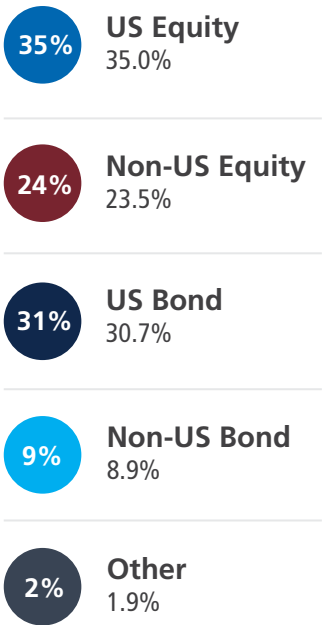
The WELS Balanced Fund seeks long-term capital growth and a low to moderate level of current income. It has a target asset allocation comprised of 60 percent equity and 40 percent fixed income and has a mid- to long-range investment time horizon.

ANNUAL RETURN	3 Mo	6 Mo	1 Yr	5 Yr	10 Yr
Total Return %	1.33%	6.02%	12.00%	6.90%	6.16%

## Target Holdings

Vanguard Total Stock Market Index	18.0%
Vanguard Total Bond Market Index	16.0%
Vanguard Total International Stock Index	12.0%
Vanguard Intermediate-Term Investment-Grade	10.0%
Vanguard PRIMECAP Core	9.0%
Vanguard Short-Term Investment-Grade	6.0%
Vanguard International Growth	6.0%
Vanguard International Value	6.0%
Vanguard Total International Bond Index	4.0%
Vanguard Ultra-Short-Term Bond	4.0%
Vanguard U.S. Growth	3.6%
Vanguard Equity Income	3.6%
Vanguard Explorer	1.8%

## Asset Allocation



# WELS ENDOWMENT FUND—AS OF JUNE 30, 2024

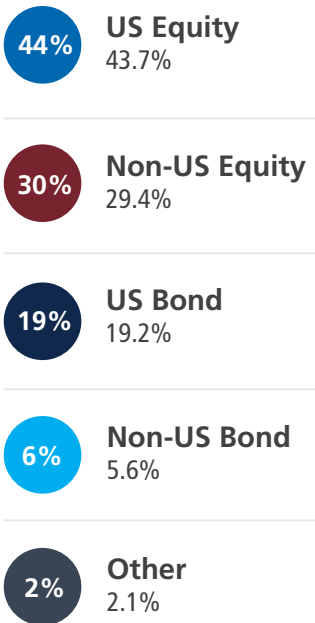
The WELS Endowment Fund seeks long-term capital growth with some current income and is designed primarily for endowment funds. It has a target asset allocation comprised of 75 percent equity and 25 percent fixed income and has a long-range investment time horizon.

ANNUAL RETURN	3 Mo	6 Mo	1 Yr	5 Yr	10 Yr
Total Return %	1.55%	7.32%	13.85%	8.54%	N/A

## Target Holdings

Vanguard Total Stock Market Index	22.5%
Vanguard Total International Stock Index	15.0%
Vanguard PRIMECAP Core	11.3%
Vanguard Total Bond Market Index	10.0%
Vanguard International Growth	7.5%
Vanguard International Value	7.5%
Vanguard Intermediate-Term Investment-Grade	5.0%
Vanguard U.S. Growth	4.5%
Vanguard Equity Income	4.5%
Vanguard Short-Term Investment-Grade	4.5%
Vanguard Ultra-Short-Term Bond	3.0%
Vanguard Total International Bond Index	2.5%
Vanguard Explorer	2.2%

## Asset Allocation



# WELS EQUITY FUND—AS OF JUNE 30, 2024

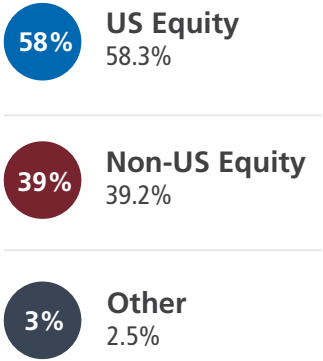
The WELS Equity Fund seeks long-term capital growth by investing in a portfolio of equity securities that is well diversified by industry and company size. It is comprised of 100 percent equities and is subject to potential large short-term price fluctuations. It has a long-range investment time horizon.

ANNUAL RETURN	3 Mo	6 Mo	1 Yr	5 Yr	10 Yr
Total Return %	1.87%	9.50%	16.88%	10.70%	8.94%

## Target Holdings

Vanguard Total Stock Market Index	30.0%
Vanguard Total International Stock Index	20.0%
Vanguard PRIMECAP Core	15.0%
Vanguard International Growth	10.0%
Vanguard International Value	10.0%
Vanguard U.S. Growth	6.0%
Vanguard Equity Income	6.0%
Vanguard Explorer	3.0%

## Asset Allocation



# WELS INCOME FUND—AS OF JUNE 30, 2024

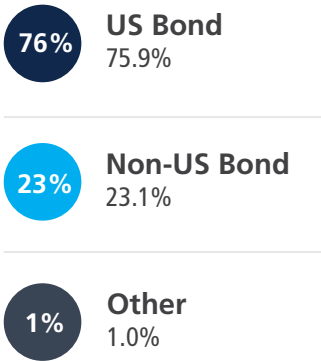
The WELS Income Fund seeks to provide income by investing primarily in investment-quality debt securities. It is comprised of 100 percent fixed income securities and has a short- to mid-range investment time horizon.

ANNUAL RETURN	3 Mo	6 Mo	1 Yr	5 Yr	10 Yr
Total Return %	0.38%	0.36%	4.67%	0.35%	1.41%

## Target Holdings

Vanguard Total Bond Market Index	32.0%
Vanguard Intermediate-Term Investment-Grade	26.0%
Vanguard Short-Term Investment-Grade	22.0%
Vanguard Ultra-Short-Term Bond	10.0%
Vanguard Total International Bond Index	10.0%

## Asset Allocation



Past performance is no guarantee of future results. The performance data is current as of June 30, 2024, and is subject to change at any time based on market and other conditions. Participating in the WELS Funds is subject to investment risks, including possible loss of the principal amount invested. Withdrawals from the WELS Funds are payable exclusively from the net assets of the Fund. Accounts are not protected or insured by the FDIC or SIPC and are not guaranteed by WELS or any other person or entity.

# Monthly processing

WELS Funds' transactions are processed on the first business day of each month. Additions and/or redemption requests must be received by WELS Investment Funds at least one business day prior to month-end for processing. Funds received prior to month-end will be held in a non-interest-bearing cash account until processed. Redemption proceeds will be deposited in the organization's bank account via direct deposit typically within the first ten business days of the month.

## How to invest

A custodial agreement and custodial account worksheet must be completed to establish a new account. All investments made pursuant to the custodial agreement will be held in the name of WELS Investment Funds (or such other entity selected by WELS Investment Funds) as nominee for the organization, with actual ownership of the investments remaining in the organization. Each organization investing in the WELS Funds will be assigned an interest (an "Ownership Interest") in the assets of each chosen WELS Fund reflecting the pro rata interest of the organization in the assets of the particular WELS Fund. The value of the organization's Ownership Interest may fluctuate as the value of the particular WELS Fund fluctuates.

A copy of the most recent investment policy statement is available at **wels.net/welsfunds** or by calling **877-888-8953**.



# Minimum investment amount

The minimum amount to open an investment account is \$10,000.

# Mailing address

Investment and redemption requests should be mailed to:

WELS Investment Funds  
N16W23377 Stone Ridge Drive  
Waukesha, WI 53188-1108

# Contact us

Please contact us with questions. We are here to serve you!

E-mail: [welsfunds@wels.net](mailto:welsfunds@wels.net)

Phone: 877-888-8953

Website: [wels.net/welsfunds](http://wels.net/welsfunds)

**Jim Holm, CFP®**

*Executive Director*

E-mail: [jim.holm@wels.net](mailto:jim.holm@wels.net)

Phone: 414-256-3206

**Monica Peavy**

*Investor Services Specialist*

E-mail: [monica.peavy@wels.net](mailto:monica.peavy@wels.net)

Phone: 414-256-3207

# Other WELS subsidiaries

## WELS CHURCH EXTENSION FUND

The mission of **WELS Church Extension Fund (WELS CEF)** is to support gospel outreach by providing loans and grants primarily to WELS Home Missions congregations. To fund this mission, WELS CEF accepts investments from individual WELS members, congregations, and affiliated organizations. These investments enable WELS CEF to offer financing to qualified mission and self-supporting congregations for purchasing land/buildings, constructing ministry facilities, and renovating existing buildings. WELS CEF offers three types of investments: investment certificates, savings certificates, and retirement/IRA certificates.


For more information, visit [wels.net/cef](https://wels.net/cef).

## WELS FOUNDATION

**WELS Foundation** has been helping God's people support the ministries they love since 1965. WELS Foundation provides a channel through which gifts can be administered for the benefit of local and national ministries by:

- Providing knowledgeable planned giving support to WELS Christian giving counselors (800-827-5482) and other WELS mission advancement representatives.
- Facilitating various giving opportunities, including charitable gift annuities, charitable remainder trusts, donor-advised funds, and endowment administration.

Visit [wels.net/foundation](https://wels.net/foundation) for more information.

A photograph of a lighthouse situated on a rocky cliff overlooking the ocean at sunset. The lighthouse is white with a dark top section where the light is glowing. To the left of the lighthouse is a white building with a dark roof. The sky is a mix of orange, pink, and blue, and the ocean is calm with some rocks visible in the distance.

## WELS INVESTMENT FUNDS

**WELS Investment Funds** is a charitable non-stock, not-for-profit corporation organized under the laws of the State of Wisconsin. It was formed in 1997 as a support services subsidiary of WELS to provide investment vehicles so that funds of WELS, WELS congregations, and other WELS-related organizations could be invested to achieve the desires of the organizations and their donors.

WELS Investment Funds is not registered as an investment company under the Investment Company Act of 1940, as a broker or dealer under the Securities Exchange Act of 1934, or as an investment adviser under the Investment Advisers Act of 1940. WELS Investment Funds, Inc., administers the WELS Funds for the benefit of WELS ministries pursuant to a claim of exemption from registration under the federal Philanthropy Protection Act of 1995.

Note that investment programs offered by WELS Investment Funds involve risk. Past performance is no guarantee of future returns, WELS Funds are not FDIC or SIPC insured, and may lose value. WELS Funds are not guaranteed by WELS or any other person or entity.

At this time, WELS Funds are NOT available in Connecticut, Maryland, Pennsylvania, Tennessee, or Virginia.



# WELS Investment Funds

Wisconsin Evangelical Lutheran Synod

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