



WELS Investment Funds
Wisconsin Evangelical Lutheran Synod

Your strong partner IN MINISTRY



WELS INVESTMENT FUNDS ANNUAL REPORT

2025

WELCOME

from the director



Dear Friend in Jesus,

Looking back on this past year, we can't help but marvel at the goodness of our Lord. He continues to bless the work of WELS Investment Funds in ways we never could have imagined. More than 25 years ago we began serving just one congregation. Today, more than 260 WELS and affiliated ministries partner with us—and for that we are truly thankful.

We are deeply grateful for the confidence that churches, schools, and organizations across our synod have placed in us. Your trust is never taken lightly. **Because of your partnership, we are able to stand stronger together—supporting your ministry work and, most importantly, furthering the proclamation of the gospel.**

I would welcome the opportunity to connect with you about how WELS Investment Funds can serve your congregation or organization.

May the Lord continue to bless and keep you in his care.

In Christ,

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 • 414-256-3206

What are the benefits of investing through WELS Investment Funds?

- Since its incorporation in 1997 as a support services subsidiary of WELS, **WELS Investment Funds has been dedicated to serving ministries with faithful, cost-effective investment management.** As of June 30, 2025, we were privileged to manage more than **\$350 million** on behalf of more than **260 WELS and affiliated ministries.** These include 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.
- **Shared strength, greater impact.** By pooling God-given resources, our ministries can access **institutionally priced investment opportunities** that are typically out of reach for smaller accounts. As more congregations and organizations invest in WELS Investment Funds, the more everyone benefits from lower costs. It's a tangible way we can support one another in ministry.
- **Professional management with a personal touch.** Our investment portfolios are **professionally managed exclusively for WELS ministries,** so you can focus on gospel work while we help steward your resources. Executive Director **Jim Holm** is available to meet with your organization—whether in person, by phone, or via video—to walk through your options. Our Investor Services Specialist **Kathleen Everson** is here to guide you step-by-step through opening and maintaining an account.

Who can invest in WELS Investment Funds?

WELS Investment Funds are designed exclusively for ministries within our fellowship. Any 501(c)(3) organization that is a WELS or Evangelical Lutheran Synod (ELS) ministry—or a ministry in fellowship with WELS—can invest with us. This includes organizations listed in the WELS Yearbook or otherwise approved by the WELS Conference of Presidents.

Please note: Individuals are not eligible to invest, nor are organizations located in the following states: *Connecticut, Maryland, Pennsylvania, Tennessee, or Virginia.*

How are the funds managed?

Faithful stewardship is at the heart of everything we do. To ensure ministries' resources are managed wisely and responsibly, the WELS Investment Funds Board of Directors partners with Mercer, a leading global investment consultant. Acting as a co-fiduciary, Mercer helps the board carry out investment policies by focusing on three key areas:

1. **Managing risk** through prudent asset allocation and diversification.
2. **Selecting high-quality investment managers** to oversee assets.
3. **Controlling costs** so more resources remain available for ministry.

Quarterly update webinars

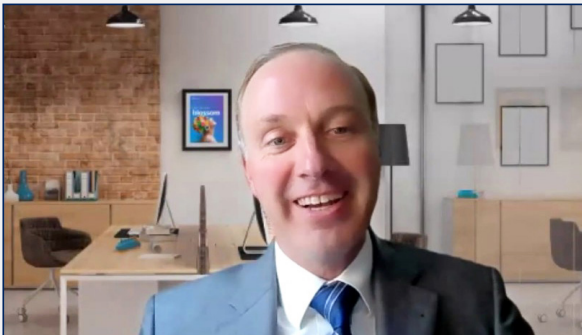
Staying informed is an important part of good stewardship. That's why each quarter we provide a 30-minute investor webinar designed to keep our ministries up to date.

These sessions feature our investment consultant from Mercer, who offers:

- A clear **recap of recent market activity**.
- A **performance review** of the WELS Funds.
- Mercer's **outlook on the economy and markets**.

Each webinar also includes a Q&A segment based on questions submitted in advance, giving participants timely insights into issues affecting investments and ministry planning.

Each webinar is **pre-recorded**, allowing ministries to watch at their convenience.



If you would like to receive e-mail notifications to view the recorded webinars or if you have questions you would like addressed during the Q&A section, please contact:

Diane Scherzberg

Marketing Coordinator

E-mail: diane.scherzberg@wels.net

We encourage you to submit your questions in advance so they can be included in the webinar discussion.

Management

The day-to-day operations of WELS Investment Funds are carried out by its officers and staff. For efficiency and cost effectiveness, WELS Investment Funds leases its personnel from WELS. WELS also provides administrative support such as processing transactions, preparing investor account statements, and producing corporate financial statements.

Financial oversight

To ensure transparency and accountability, WELS has established an Accounting Oversight Committee. This committee assists management in setting appropriate accounting policies and maintaining strong internal controls. It also oversees the engagement of an independent external auditor, who conducts annual audits of the financial statements.

Board oversight

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

For additional details about the board and officers or to view the most recent audited financial statements, please visit **wels.net/welsfunds**.

Board of directors

WELS Investment Funds is governed by an independent board whose directors are members of WELS congregations and are elected by the WELS Synodical Council. The Lord has blessed WELS with a talented group of leaders who bring professional expertise and Christian stewardship to guide their work:



JOHN WENKER

Chairman

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



MAX WENCK

Vice Chairman

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



RONALD SCHMITZ

Secretary

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



REV. EM. CHARLES DEGNER

Director

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



BENJAMIN SCHMIDT

Director

Ben Schmidt serves as a director of Aspiriant Funds, where he oversees compliance, regulatory, and financial operations of the Aspiriant Trust family of mutual funds.



DUSTIN SCHWOBE

Director

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



JON VANNICE

Director

Jon Vannice is a wealth counselor with AMG National, a private bank and trust company headquartered in Denver, Colo. He provides expertise in wealth management, financial planning, and trust services.



MATTHEW ZULEGER

Director

Matt Zuleger is a CERTIFIED FINANCIAL PLANNER® professional with Augustine Financial in West Bend, Wis. Since 1997, he has specialized in comprehensive financial planning and estate planning.



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

Objective: Long-term capital growth with low to moderate current income

Target Asset Allocation: 60% equity/40% fixed income

Investment Time Horizon: Mid- to long-range

Notes/Fees:

- Invests in underlying mutual funds also used by the WELS Equity and WELS Income Funds
- Weighted average expense ratio: 0.14% *

WELS ENDOWMENT FUND

Objective: Long-term capital growth with some current income

Target Asset Allocation: 75% equity/25% fixed income

Investment Time Horizon: Long-range

Notes/Fees:

- Designed primarily for endowment funds
- Invests in same underlying mutual funds as WELS Equity and WELS Income Funds
- Weighted average expense ratio: 0.16% *

WELS EQUITY FUND

Objective: Long-term capital growth through diversified equity securities

Target Asset Allocation: 100% equity

Investment Time Horizon: Long-range

Notes/Fees:

- For ministries desiring a different asset allocation than WELS Balanced or WELS Endowment Funds
- Weighted average expense ratio: 0.19% *

WELS INCOME FUND

Objective: Provide income by investing primarily in investment-quality debt securities

Target Asset Allocation: 100% fixed income

Investment Time Horizon: Short- to mid-range

Notes/Fees:

- For ministries desiring a different asset allocation than WELS Balanced or WELS Endowment Funds
- Weighted average expense ratio: 0.07% *

ADDITIONAL NOTES

*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 2026, they are anticipated to be 0.15% of the assets in the WELS Funds.

Mutual fund investment expenses are significantly below industry averages, based on comparative data from Vanguard and Morningstar.

Portfolio insights—Equity

The equity holdings of the **WELS Balanced Fund, WELS Endowment Fund, and WELS Equity Fund** are **globally diversified**, spanning domestic and international large-cap, mid-cap, and small-cap securities, and including value, core, and growth styles.

At the core of these portfolios are two **broad-based index funds**:

- **Vanguard Total Stock Market Index Fund, Institutional Shares**—diversified across **more than 4,100 U.S. equities**.
- **Vanguard Total International Stock Index Fund, Institutional Shares**—holding **more than 7,900 equities** across **more than 50 countries**.

These core index funds are complemented by **six actively managed Vanguard mutual funds**, overseen by respected investment managers such as:

- **PRIMECAP Management**
- **Wellington Management**
- **Lazard Asset Management, LLC**
- **Baillie Gifford Overseas, LTD**

Together, these investments provide **broad global exposure**, professional management, and diversification to support the long-term growth objectives of the WELS Funds.

Portfolio insights—Fixed Income

The fixed income holdings of the **WELS Balanced Fund, WELS Endowment Fund, and WELS Income Fund** are designed to provide **income, diversification, and risk-managed growth**.

At the core of these portfolios are **broad-based bond index funds**:

- **Vanguard Total Bond Market Index Fund, Institutional Shares**—invested in **more than 10,100 U.S. investment-grade fixed income securities**, including U.S. Treasury, U.S. agency, and other domestic bonds.
- **Vanguard Total International Bond Index Fund**—diversified across **more than 6,300 international bonds** representing **over 30 countries**; all holdings are **currency-hedged to the U.S. dollar** for risk management.

These core funds are complemented by **actively managed bond funds**:

- **Vanguard Intermediate-Term Investment Grade Fund, Admiral Shares**
- **Vanguard Short-Term Investment Grade Fund, Institutional Shares**

These actively managed funds utilize **intensive credit analysis and a risk-controlled approach** to provide additional stability and income within the portfolios.

WELS BALANCED FUND—AS OF JUNE 30, 2025

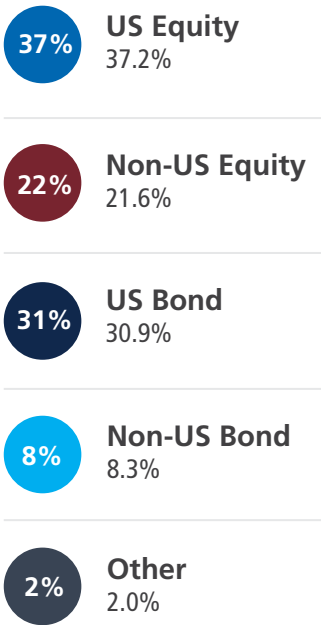
The **WELS Balanced Fund** seeks **long-term capital growth** along with a **low to moderate level of current income**. The fund has a **target asset allocation of 60% equity and 40% fixed income** and is designed for investors with a **mid- to long-range investment time horizon**.

ANNUAL RETURN	3 Mo	6 Mo	1 Yr	5 Yr	10 Yr
Total Return %	7.53%	7.79%	11.38%	7.73%	7.15%

Target Holdings

Vanguard Total Stock Market Index	19.5%
Vanguard Total Bond Market Index	18.0%
Vanguard Intermediate-Term Investment-Grade	14.4%
Vanguard Total International Stock Index	10.5%
Vanguard PRIMECAP Core	9.8%
Vanguard International Growth	5.3%
Vanguard International Value	5.2%
Vanguard Total International Bond Index	4.0%
Vanguard U.S. Growth	3.9%
Vanguard Equity Income	3.9%
Vanguard Short-Term Investment-Grade	3.6%
Vanguard Explorer	1.9%

Asset Allocation



WELS ENDOWMENT FUND—AS OF JUNE 30, 2025

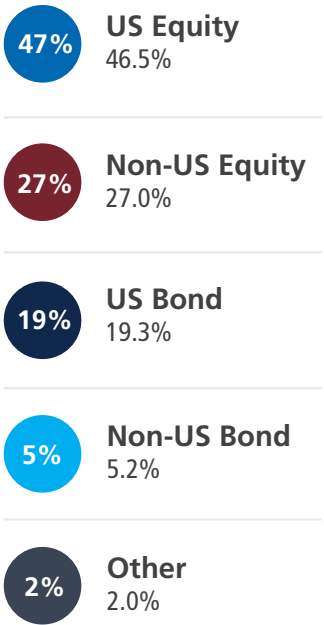
The **WELS Endowment Fund** seeks **long-term capital growth** with **some current income** and is designed primarily for **endowment funds**. The fund has a **target asset allocation of 75% equity and 25% fixed income** and is intended for investors with a **long-range investment time horizon**.

ANNUAL RETURN	3 Mo	6 Mo	1 Yr	5 Yr	10 Yr
Total Return %	8.89%	8.75%	12.67%	9.76%	N/A

Target Holdings

Vanguard Total Stock Market Index	24.4%
Vanguard Total International Stock Index	13.1%
Vanguard PRIMECAP Core	12.2%
Vanguard Total Bond Market Index	11.2%
Vanguard Intermediate-Term Investment-Grade	9.0%
Vanguard International Value	6.6%
Vanguard International Growth	6.6%
Vanguard U.S. Growth	4.9%
Vanguard Equity Income	4.9%
Vanguard Total International Bond Index	2.5%
Vanguard Explorer	2.4%
Vanguard Short-Term Investment-Grade	2.2%

Asset Allocation



WELS EQUITY FUND—AS OF JUNE 30, 2025

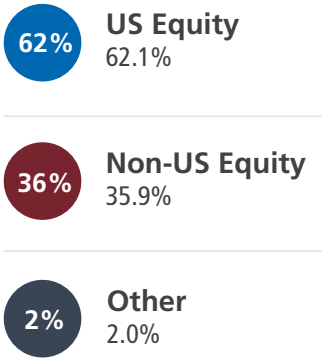
The **WELS Equity Fund** seeks **long-term capital growth** by investing in a **well-diversified portfolio of equity securities** across industries and company sizes. The fund is comprised of **100% equities** and may experience **large short-term price fluctuations**. It is designed for investors with a **long-range investment time horizon**.

ANNUAL RETURN	3 Mo	6 Mo	1 Yr	5 Yr	10 Yr
Total Return %	11.05%	10.04%	14.39%	12.30%	10.23%

Target Holdings

Vanguard Total Stock Market Index	32.5%
Vanguard Total International Stock Index	17.5%
Vanguard PRIMECAP Core	16.3%
Vanguard International Growth	8.7%
Vanguard International Value	8.7%
Vanguard U.S. Growth	6.5%
Vanguard Equity Income	6.5%
Vanguard Explorer	3.3%

Asset Allocation



WELS INCOME FUND—AS OF JUNE 30, 2025

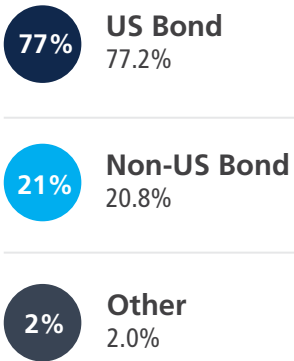
The **WELS Income Fund** seeks to **provide income** by investing primarily in **investment-quality debt securities**. The fund is comprised of **100% fixed income securities** and is designed for investors with a **short- to mid-range investment time horizon**.

ANNUAL RETURN	3 Mo	6 Mo	1 Yr	5 Yr	10 Yr
Total Return %	1.84%	4.26%	6.66%	0.11%	1.68%

Target Holdings

Vanguard Total Bond Market Index	45.0%
Vanguard Intermediate-Term Investment-Grade	36.0%
Vanguard Total International Bond Index	10.0%
Vanguard Short-Term Investment-Grade	9.0%

Asset Allocation



Past performance is no guarantee of future results. The performance data is current as of June 30, 2025, 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 Investment Funds processes transactions on the first business day of each month.

- Additions and redemption requests must be received by WELS Investment Funds at least one business day prior to month-end in order to be included in that month's processing.
- Funds received before month-end will be held in a non-interest-bearing cash account until they are processed.
- Redemption proceeds are deposited directly into the organization's bank account, typically within the first ten business days of the month.

How to invest

WELS Investment Funds provides investment opportunities that support your ministry.

To establish a new account:

1. **Complete the required forms**

- Download the New Account Form and Authorized Signer Form at:
<https://wif.welsrc.net/download-wif/account-forms>.

2. **Submit your completed forms**

- Email: welsfunds@wels.net
WELS Safe Site: gf.wels.net/wels-safe
Mail: WELS Investment Funds
N16W23377 Stone Ridge Drive
Waukesha, WI 53188-1108

Note: These same submission methods are also used for investment contributions and redemption requests.

Minimum investment amount

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

Account information

Account structure

- All investments made through the New Account Form will be held in the name of WELS Investment Funds (or another entity designated by WELS Investment Funds) as nominee for the investing organization.
- Actual ownership of the investments remains with the organization.

Ownership interest

- Each participating organization is assigned an Ownership Interest in the assets of its chosen WELS Fund(s).
- This Ownership Interest reflects the organization's pro rata share of the particular fund.
- The value of the Ownership Interest may fluctuate as the underlying fund's value changes.

Additional resources

- A copy of the most recent Investment Policy Statement is available at **wels.net/welsfunds** or by calling 877-888-8953.

Contact us

Our team is here to serve your ministry—please reach out with any questions:

E-mail: welsfunds@wels.net

Phone: 877-888-8953

Website: wels.net/welsfunds

Jim Holm, CFP®

Executive Director

E-mail: jim.holm@wels.net

Phone: 414-256-3206

Kathleen Everson

Investor Services Specialist

E-mail: kathleen.everson@wels.net

Phone: 414-256-3207

Other WELS subsidiaries

WELS CHURCH EXTENSION FUND (WELS CEF)

The mission of WELS Church Extension Fund 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:

- Provide financing to mission and self-supporting congregations for purchasing land and buildings.
- Support the construction of new ministry facilities.
- Assist with the renovation of existing facilities.

WELS CEF offers three types of investments:

- **Investment Certificates**
- **Savings Certificates**
- **Retirement/IRA Certificates**

Learn more at wels.net/cef.

WELS FOUNDATION

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

- Supporting WELS Christian giving counselors (800-827-5482) and other mission advancement representatives with planned giving expertise.
- Facilitating a variety of giving opportunities, including **Charitable Gift Annuities, Charitable Remainder Trusts, Donor-Advised Funds,** and **Endowment administration.**

Learn more at wels.net/foundation.

A photograph of a lighthouse on a rocky cliff at sunset. The lighthouse is white with a black top and has its light on. To the left of the lighthouse is a white building with a dark roof. The cliff is dark and rocky, and the ocean is visible in the background under a sunset sky.

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

N16W23377 Stone Ridge Drive
Waukesha, WI 53188-1108



CELEBRATE 25 YEARS OF BLESSINGS!

Scan the QR code or visit
wels.net/giving/wels-investment-funds/#anniversary
to watch how WELS Investment Funds have
supported ministry across our synod.

welsfunds@wels.net
877-888-8953
wels.net/welsfunds