



Preference Fund Investment Options

The LCMS Foundation serves as trustee for individual life income agreements and endowments. The Foundation also acts as custodian for congregations, colleges, seminaries, auxiliaries and other related service organizations of The Lutheran Church – Missouri Synod. Several different investment vehicles or funds have been established to provide a wide array of investment opportunities that can meet the needs of various investment goals.

The Preference Funds form the primary investment portfolios for the Foundation’s investment program as they provide the specific investment vehicles used by both the Standard Funds and Trust Funds. They are diversified within to maximize return and minimize risk. They also allow custodial accounts the greatest flexibility to tailor their investment programs to meet specific investment objectives. The five Preference Funds include:

Money Market

A short-term fixed income fund with a constant unit value of \$1.00.

Core Bond

A fixed income fund that invests primarily in government issues, mortgage-backed securities, and investment grade corporate bonds with a wide range of maturities. The fund is designed to provide exposure to the broad domestic fixed income market as represented by the Lehman Brothers Aggregate Index.

High Yield Bond

A fixed income fund that invests in corporate bonds that are lower in quality, and pay interest rates that are higher, than investment grade bonds. Bonds in this fund are primarily rated BB and B, the two grades immediately below the lowest investment grade rating of BBB. Non-investment grade bonds rated CCC and below normally experience more price volatility, are more likely to experience default, and are not eligible for purchase in this fund.

Domestic Equity

An equity fund that invests in common stock issued by domestic corporations and traded on domestic exchanges. The fund is designed to provide exposure to the entire domestic equity market as represented by the Dow Jones Wilshire 5000 Index, with market weighting of size (large capitalization versus small capitalization) and style (value versus growth).

International Equity

An equity fund that invests in common stock issued by foreign corporations and traded on foreign exchanges. The fund invests in securities of both developed and emerging markets. Fund performance is impacted not only by the securities held, but also by the fluctuations in currency exchange rates.



Preference Fund Alternative Investments

The LCMS Foundation has added an alternative investment option to the Preference Funds which may only be chosen by our custodial customers who meet specific investment criteria.

Congregational Mortgage Loan Pool Fund

The fund is designed to provide an ongoing income stream but with limited liquidity. This fund may be appropriate for certain custodial accounts with the flexibility to tailor their investment programs to meet specific investment objectives.

The fund investments are comprised of high quality congregational mortgage loans through LCEF with a maturity of less than or equal to five years.

The Congregational Mortgage Loan Pool is not part of the investment structure created for the Standard Funds. It is a specifically focused fund, yet diversified within its particular asset class.