



Highlights | June 2016

“In his heart a man plans his course,
but the LORD determines his steps”
(Proverbs 16:9).

Our calling

The mission of WELS Investment Funds is to strengthen and enhance the ministries of WELS and WELS affiliated organizations by providing cost effective, professionally managed investment portfolios.

WIF serves as the administrator of two investment portfolios; WELS Equity Fund and WELS Income Fund.

The WELS Equity Fund seeks long-term capital growth by investing in a portfolio of equity securities that is well diversified geographically, by industry and company size. The WELS Equity Fund may be appropriate for participating organizations having a long investment horizon

and are prepared to accept volatility associated with equity securities.

The WELS Income Fund seeks to provide income by investing primarily in investment quality debt securities.

The WELS Balanced Allocation is not a WELS Fund, but allows participating organizations to have their accounts automatically allocated, at the beginning of each calendar quarter between the WELS Equity Fund (60%) and the WELS Income Fund (40%). As of June 30, 2015, approximately 90% of the total assets of the WELS Funds were allocated pursuant to the WELS Balanced Allocation.

Our current situation

As of December 31, 2015, more than 200 WELS organizations invest in the WELS Funds. WIF welcomed 8 new participants in fiscal year 2016.

WELS ministries invested \$12.9 million in WIF in the first six months of fiscal year 2016. \$938,524 came from congregations, \$771,869 million came from synodical schools, \$1.2 million came from WELS Foundation, Inc., and \$10.0 million came from WELS Church Extension Fund, Inc.

Throughout the year, participants withdrew \$6.7 million for their ministries.

As of December 31, 2015, WIF's assets under management totaled \$171.3 million—\$102.3 million for WELS Equity Fund and \$69.0 million for WELS Income Fund. Other than the WELS Foundation, collectively, more than \$98.9 million has been invested by congregations and affiliates. The largest investor is WELS Foundation, Inc. The foundation's \$72.4 million in charitable remainder trusts, charitable gift annuities, endowments, and donor advised funds represents approximately 45 percent of the total investment in the WELS Funds.



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A look ahead

WELS Investment Funds focuses on three primary factors when managing investment portfolios; 1) controlling market risks through asset allocation; 2) selection of quality investment managers; and 3) controlling direct and indirect costs. To assist the board in these matters, WELS Investment funds has retained Vanguard Institutional Advisory Services to manage the investment portfolios for WELS and WELS affiliated ministries effective July 1, 2016.

What is the impact for ministries invested with WELS Investment Funds?

The change will result in a significant reduction in both direct and indirect expenses. The new operating model is anticipated to save hundreds of thousands

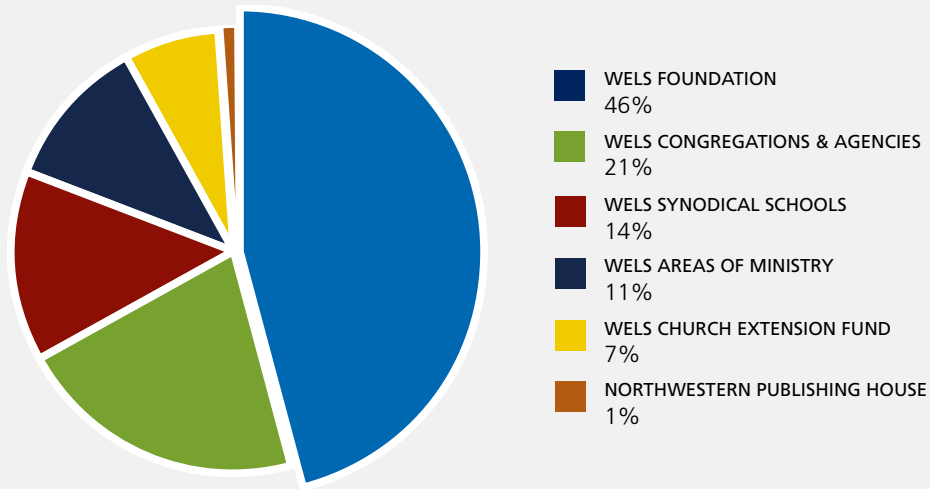
of dollars annually. Ministries will continue to have access to a fixed-income portfolio, an equity portfolio, and a balanced portfolio, but starting July 1 investments and redemptions will only be processed at the end of each month.

In addition, the board, as a cost saving measure combined the executive director position with WELS Foundation. This resulted in the elimination of one position. We heartily thank Mark Arnold for his faithful service over the past eight years.

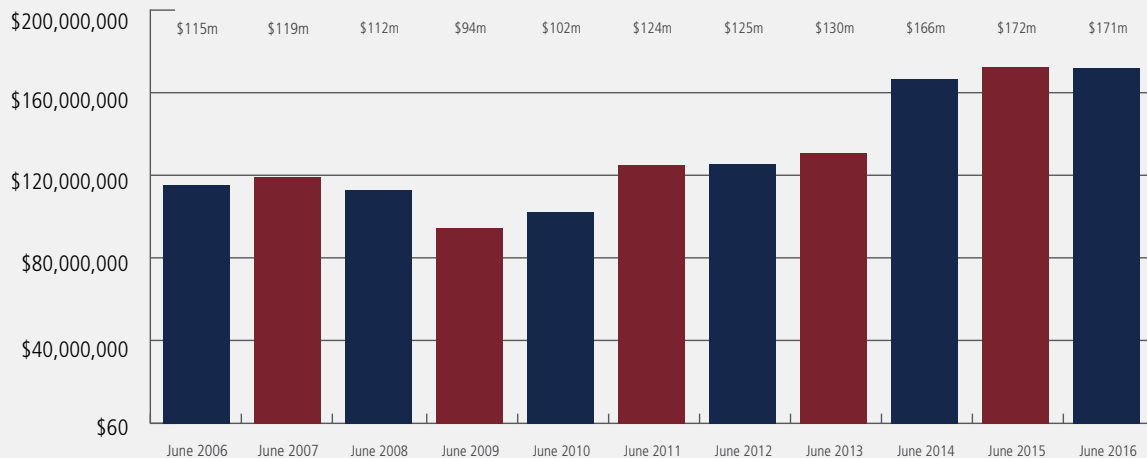
We look forward to continuing to serve your ministry.

Respectfully submitted,
James A. Holm, *WELS Investment Funds Inc.*

PARTICIPANTS AS A PERCENTAGE IN THE WELS FUNDS



ASSETS UNDER MANAGEMENT*



*Assets reflect June 30th Fiscal Year end totals. Fiscal Year 2016 are assets through December 2015.

AVERAGE ANNUAL TOTAL RETURN for the period ending December 31, 2015

	1 Year	3 Years	5 Years	10 Years
WELS Balanced Allocation*	-2.1 %	6.2 %	6.2 %	5.2 %
WELS Equity Fund	-3.2 %	9.5 %	7.7 %	5.3 %
WELS Income Fund	-0.8 %	1.1 %	3.5 %	4.5 %

Past performance is no guarantee of future results. Investment return and principal value will fluctuate so that fund units, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the above performance data.

*Hypothetical returns that would have been received on an investment of 60% in the WELS Equity Fund and 40% in the WELS Income Fund for the period indicated.

Our members

“The Minnesota Valley Lutheran High School Foundation has been blessed to be associated with WELS Investment Funds for 14 years. The investment philosophy employed by WELS Investment Funds align with our high school's objective of providing student tuition grants now and in the future. The staff at WELS Investment Funds is very friendly, knowledgeable, and helpful.”

JOHN MIELKE, treasurer, Minnesota Valley Lutheran High School Foundation

“The Lord has richly blessed our congregation's efforts to encourage the work the ministry through our WELS Investment Funds. Since we've placed our scholarships in our WELS Investment Funds, we've been able to give very generous grants to students attending Lutheran schools to prepare for the ministry.”

REV. PAUL SCHARRER, St. Paul's, Fort Atkinson, Wisconsin

“Winnebago Lutheran Academy has had an extremely positive experience in our four years working with WELS Investments. We're blessed to be able to take an annual disbursement in July. Forty percent of the disbursement is used for student aid, 40 percent to reduce debt from past building projects, 10 percent for ministry support, and 10 percent for capital expenditure items. The folks at WELS Investment Funds have been receptive to questions and available to meet with committees and boards when needed.”

ERIC SCHRAUFNAGEL, business manager, Winnebago Lutheran Academy

Past performance is no guarantee of future results. The performance data is current as of June 30, 2015, and is subject to change at any time based on market and other conditions. Participating in a WELS Fund or the WELS Balanced Allocation is subject to investment risks, including possible loss of the principal amount invested. Withdrawals are payable by WELS Investment Funds exclusively from the net assets of the WELS Fund in which you participate. Accounts are not protected or insured by the FDIC or SIPC and are not guaranteed by WELS; WELS Foundation, Inc.; or any other person or entity. This is not an offer to sell or request to buy securities. The offering is made solely by the Offering Circular. At this time, the WELS Funds are NOT available to WELS-affiliated organizations located in Connecticut, Maryland, Mississippi, Pennsylvania, Tennessee, Vermont, or Virginia.



WELS Investment Funds
Wisconsin Evangelical Lutheran Synod

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