# Investment Philosophy

The investment philosophy of the First Lutheran Church Foundation revolves around four principles:

• Protection of principal  
• Growth of portfolio principal to at least match inflation  
• Maximize income generation for the purpose of charitable distribution  
• Provide portfolio diversification

The Foundation's endowed assets are managed in perpetuity. Our philosophy is to invest in a manner that maximizes returns with a prudent level of risk. Since equities have the highest, long-term expected rate of return, the Foundation takes a strong equity-like bias in asset allocation. Accordingly, our asset allocation will be in a range of 65%-75% equities and 25%-35% fixed income.

# Investment Policies

The equity portion of the portfolio shall be based on the following:

* High quality, established companies with superior financial strength, above-average and consistent earnings growth, regular and long history of growing dividend payments and a strong competitive position to provide superior returns with less risk
* Appropriate diversification to lower risk

The fixed income portion of the portfolio shall be based on the following:

* Credit rating tiers by Moody's/Standard & Poor's of Baa3/BBB- or higher for listed securities
* Adequate and secure collateral for unlisted securities
* Appropriate diversification to lower risk

In our view, the above investment policies can best be implemented, and maintained over the long term, by primarily using very low cost exchange traded index mutual funds supplemented with carefully selected individual investments.