Morley Stable Value Fund

JULY 31, 2013 / CLASS 50 - I

FUND PROFILE

Assets $8,549,581,895
Crediting Rate\(^1\) 1.29%
Avg. Credit Quality\(^2\) AA
Avg. Duration\(^3\) 2.62 years
Market/Book Value Ratio\(^4\) 100.45%
CUSIP 852320225
Turnover Ratio (updated quarterly)\(^5\) 26.40%
Inception Date December 1993

FUND COMPOSITION

Cash 6.65%
GIC 3.28%
Separate Account Contracts 28.11%
Synthetic Investment Contracts 61.97%

TRUSTEE/ADVISER FEE\(^12\)
25 basis points

INVESTMENT CONTRACT ISSUERS

Prudential 25.12%
MetLife 9.84%
Aviva 8.65%
MassMutual 8.57%
TIAA-CREF Life 7.39%
Principal 7.08%
New York Life 5.59%
Transamerica Life 5.29%
American General Life 4.99%
Monumental 4.78%
State Street 4.70%
NATIXIS 0.76%
JP Morgan Chase 0.61%

DURATION DISTRIBUTION

0-1 Yr 19.55%
1-2 Yrs 22.69%
2-3 Yrs 22.56%
3-4 Yrs 12.88%
4-5 Yrs 13.95%
5+ Yrs 8.38%

FUND STRUCTURE

The Morley Stable Value Fund (Fund) is a Collective Investment Trust (CIT) maintained by Union Bond and Trust Company (UBT). UBT serves as the Trustee and has retained Morley Capital Management (MCM) to serve as investment adviser (Adviser), subject to the Trustee’s control, supervision and review. Both MCM and UBT are wholly owned subsidiaries of Morley Financial Services (Morley), which is a wholly owned subsidiary of the Principal Financial Group.

ABOUT THE ADVISER

Morley was founded in 1982 and began managing its first discretionary stable value account in February 1984. Morley has focused almost exclusively on managing stable value assets for our institutional client base since our inception. As of July 31, 2013, Morley oversees more than $17 billion in total assets.

CONTACT INFORMATION

For additional information on enrolling in the Fund, to obtain the Morley Stable Value Fund Disclosure document or to obtain additional information, please contact the Human Resources Department of the participating plan, or the participating plan’s recordkeeper.

FUND DESCRIPTION

The Fund primarily consists of a diversified portfolio of Stable Value Investment Contracts (Investment Contracts) issued by life insurance companies, banks and other financial institutions, the performance of which may be predicated on underlying fixed income investments. The principal value of these assets is designed to remain stable regardless of stock and bond market fluctuations. The Fund is typically appropriate for investors who desire low volatility, stable principal value, and returns commensurate with a capital preservation objective for a component of their retirement savings. The Fund is designed for long-term retirement investing.

INVESTMENT OBJECTIVE

The objective of the Fund is to provide preservation of capital, relatively stable returns consistent with its comparatively low risk profile, and liquidity for benefit responsive plan or participant payments.

PERFORMANCE AS OF 07/31/2013

Past performance is not a guarantee of future results. Performance returns assume the reinvestment of dividends and other earnings. Returns for periods less than one year are not annualized. Gross returns are presented net of Fund Level Expenses including Stable Value Investment Contract Fees, Sub-Adviser Fees, Acquired Fund Fees and Other Expenses. Net returns are presented net of 0.25% annualized Trustee/Adviser Fee and 0.25% annualized Service Provider Offset. Fees charged by varying share classes including the Service Provider Offset may differ and as a result, investors in other share classes may obtain higher or lower net returns if multiple share classes are available. Performance information for share class options available after the original Fund inception date are based on the performance of the Morley Stable Value Fund, adjusted to reflect estimated fees for the respective share class option. The Fund’s inception date is December 1993. Please review page 2 for additional important information.

SECTOR DIVERSIFICATION

Credit 29.79%
MBS 15.70%
ABS 6.67%
CMBS 5.01%
GIC 3.22%
Cash 7.52%
U.S. Govt 31.61%

CREDIT QUALITY

AAA 69.10%
AA+ 0.75%
AA 1.99%
AA- 4.19%
A+ 3.85%
A 4.48%

< BBB / NR 0.01%
BBB- 1.75%
BBB 3.68%
BBB+ 3.47%
A- 7.02%

ABS = Asset Backed Securities
MBS = Mortgage Backed Securities
CMBS = Commercial Mortgage Backed Securities
A Word On Risk

While generally deemed reliable, it has not been verified or calculated based on a book value dollar weighted basis gross of the Trustee/Adviser and Service Provider Offset and Other Expenses but net of Wrap Fees, Sub-Adviser Fees, and Acquired Fund Fees. A crediting rate is determined per Investment Contract which may remain fixed for the term of the contract or may be reset at predetermined intervals based upon portfolio characteristics including yields, market value, book value and duration. The data is provided for general informational purposes and the return received may be higher or lower than the crediting rate provided.

2. Average Credit Quality — Represents an average of the market value dollar weighted credit quality of the underlying securities in the Fund as obtained by applicable credit rating agencies. The Fund itself has not been rated by these agencies. Average credit quality calculation methodologies may vary across the industry which may impact the validity of comparative data.

3. Average Duration — Represents the average dollar weighted duration of the underlying securities in the Fund. Duration is a measure of the price sensitivity of a fixed-income security or portfolio to a change in interest rates and is commonly presented in years. The longer the duration the more sensitivity the Fund or security is expected to have to interest rate changes.

4. Market/Book Value Ratio — Represents a measurement of the market value of the Fund’s underlying securities as compared to the Fund’s book value; typically quoted as a percentage. Generally, participant transactions occur at book value even if the market value is above or below the book value.

5. Turnover Ratio — A measure of trading activity during the previous 12 months, expressed as a percentage of the average total assets of the Fund. The resulting percentage loosely represents the percentage of the portfolio’s holdings that have changed over the past 12 months. For the purposes of calculating turnover, investments in other pooled products including other collective investment trusts, or separate account contracts, are treated as a single transaction and do not account for the underlying trading activity within these products.

6. Book Value Accounting — An accounting methodology associated with Stable Value Funds which allows the Funds to amortize market value gains and losses over time through the Fund’s crediting rate thus providing capital preservation.

7. Stable Value Investment Contracts - (also known as Investment Contracts or Wrap Contracts) Contracts issued by insurance companies, banks, and other financial institutions that provide book value accounting treatment for the Fund. These contracts are designed to provide capital preservation and permit benefit-responsive transactions at book value. Investment Contracts do not insure the value of the Fund and are not insurance against Fund losses but rather by applying Book Value Accounting standards permit the amortization of gains and losses over time through the crediting rate thus providing capital preservation. Typical examples of these contracts include Guaranteed Investment Contracts (GICs), Bank Investment Contracts (BICs), Synthetic Investment Contracts (SICs), Separate Account Contracts (SACs).