

Investment Fund options



GENERAL BOARD OF PENSION AND HEALTH BENEFITS
OF THE UNITED METHODIST CHURCH

Caring For Those Who Serve

**If you have any questions, please call the
General Board at 1-800-851-2201. Representatives
are available from 8:00 a.m. to 6:00 p.m.,
Central time, Monday through Friday.**

The General Board Offers Seven Investment Funds for Participants and Investors in United Methodist Retirement Plans

The General Board of Pension and Health Benefits (General Board) offers seven investment funds to eligible participants through benefit plans and programs of The United Methodist Church and its agencies and affiliates. The funds are structured to offer differing investment goals or strategies across a wide range of investment risk. All funds are carefully monitored by the General Board and are administered according to the investment policy established and monitored by the board of directors of the General Board. In addition, all investments are carefully screened to conform with the Social Principles and other investing guidelines of The United Methodist Church. As a result, the General Board does not invest in companies with significant revenue derived from the manufacture and/or sale of alcohol, tobacco, pornography, gambling or military armaments.

This brochure offers brief, introductory descriptions of the seven investment funds. It is designed to help you make investment choices for your existing balances and future contributions to the United Methodist Personal Investment Plan (UMPIP), the Clergy Retirement Security Program (CRSP) Defined Contribution (DC), the Retirement Security Program for General Agencies (RSP) Defined Contribution (DC), or to the Horizon 401(k) Plan (Horizon). You are strongly recommended to consult with a fee-only financial planner and to read thoroughly the Investment Funds Description (available on the General Board Web site at www.gbophb.org under **SRI & Fund Performance**, then click on **View General Board Investment Funds Description**) before making investment decisions regarding the funds described in this brochure.

Though your deposits (and earnings) are, in general, not available to you until you retire (there are exceptions), you may transfer your

account balance from one investment fund to another or redirect the investment of your future contributions, subject to certain limitations more fully described in the Investment Funds Description referred to above. For the six unitized funds, purchase and sale transactions are valued at the close of each business day based on the value of the investments held in each fund. For the Stable Value Fund, each unit maintains a value of \$1.00 and each participant's units vary based on contributions, withdrawals, and the performance of the fund's investments.

All of the funds offered by the General Board are subject to management and administrative fees. These fees are used to calculate the *expense ratio* for each of the funds. The expense ratio will change from time to time based on the actual expenses incurred by the funds.

Effective January 1, 2006, participants in the Ministerial Pension Plan (MPP) who have established a Participant Directed Account¹, and participants in UMPIP, CRSP, RSP and Horizon have the option of personally selecting from among the seven investment funds or electing the LifeStage Investment Management Service (LifeStage) to choose investment funds for them.

LifeStage “manages” your account balance(s) for you. Based on your age, the assets in your General Board retirement accounts and other information you provide, LifeStage determines how much of each General Board investment

¹ **Participants in MPP who attained the age of 61 or older between April 16, 2004 and December 31, 2005 were permitted to self-direct a portion of their account balance through a Participant Directed Account. Participants who elected to retain investment control of this portion of their account balance may choose among all seven of the General Board funds beginning January 1, 2006.**

fund you should hold in your retirement portfolio. (Only five of the seven General Board investment funds are eligible for LifeStage management.) LifeStage establishes your target investment fund allocation. LifeStage then automatically monitors your account so that as you age or as certain other aspects of your personal situation change, your target investment fund allocation changes as well. Refer to the *General Board Investing Opportunities* brochure for more information on LifeStage and how it works (available on the General Board Web site at www.gbophb.org under **SRI & Fund Performance**, then click on **LifeStage**, then **General Board Investing Opportunities**).

You have 24-hour-a-day access to your account through the web-based Online Account Services Information System (OASIS) at www.gbophb.org, or through the phone-based Interactive Voice Response (IVR) system at **1-800-851-2201**.

The Stable Value Fund (SVF)

Type of Fund:

Low risk bond fund.

Objective:

To preserve capital and earn current income.

Who Should Invest:

Investors with low risk tolerance who are unwilling to risk the loss of any capital contributions or accumulated earnings.

Investments:

The fund consists of a broad selection of short- and medium-term fixed income securities including U.S. government and agency bonds, corporate bonds, mortgages and asset-backed securities. Additionally, the fund may hold insurance company-issued Guaranteed Investment Contracts (GICs) or similar instruments as well as cash equivalents. The fund also may hold short term loans initiated through the General Board's Affordable Housing and Community Development Program. Under this program, all loans are subject to strict underwriting standards and earn interest rates that are competitive with interest rates earned by similar types of fixed income securities.

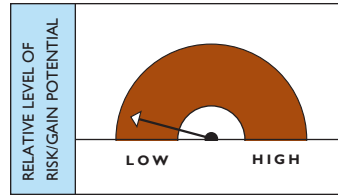
Management:

Multiple investment management firms, selected by the General Board, manage the assets of SVF. Standish Mellon Asset Management, based in San Francisco, California, is the lead investment manager for SVF.

Strategy:

The primary objective of SVF is preservation of capital while earning current income higher than that of money market funds. Accordingly, the managers invest in a broad range of high quality, low risk fixed income instruments. This includes U.S. government and agency bonds, corporate bonds, mortgages, asset-backed securities and other similar types of investments.

The managers contract with highly rated insurance companies to provide the principal protection feature that assures participants can transfer or withdraw the value of all contributions and accumulated earnings.



The General Board prices this fund consistent with standard industry pricing practices for money market funds. It will maintain a constant unit price of \$1.00 and credit participants with earnings at month's end. Each month, the General Board will post on its Web site the rate of return that was earned by the fund during the previous month.

Performance Benchmark:

Ryan Labs 3-Year GIC Index.

Performance Objective:

The fundamental investment objectives of the fund are to preserve both invested principal and earnings, to earn a stable fixed-income yield and to provide liquidity for participant-directed disbursements. Because the investment managers are making active investment decisions and will hold securities that are not included in the performance benchmark, there is a risk of underperformance versus the benchmark.

Expense Ratio:

The General Board charges participants in SVF expenses equal to approximately 0.42% of total fund assets.

SVF Risk Disclosures:

The objective of the fund is preservation of principal. Accordingly, the General Board and its investment managers have directed the investment of fund assets in a manner that minimizes, but does not completely eliminate, the risk of loss of a participant's principal. For more detailed information regarding the investments of SVF and the inherent risks thereof, please see the **Investment Funds Description**, available on the General Board Web site at www.gbophb.org under **SRI & Fund Performance**, then click on **View General Board Investment Funds Description**.

The Inflation Protection Fund (IPF)

Type of Fund:

Fixed income, inflation-protected securities fund.

Objective:

To provide investors with current income and to protect principal from loss of purchasing power due to inflation.

Who Should Invest:

Risk-averse investors who wish to attain *long-term* protection from the loss of purchasing power due to inflation but are willing to incur some short-term losses of principal.

Investments:

The fund consists of domestic and international inflation-protected securities—securities designed to protect investors from inflation. These securities are normally backed by the credit of the issuing government.

Management:

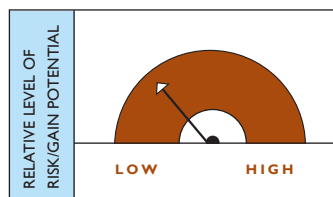
The General Board has selected Bridgewater Associates, based in Westport, Connecticut, to manage the assets of IPF.

Strategy:

IPF employs a blended use of passive and active investment management.

For the passive management component, the fund includes investments that are designed to closely match the performance of the Barclays U.S. Government Inflation Linked Index. The fund attempts to hold all, or a representative sample, of the securities that make up its target market index.

For the active management component, the fund relies on the professional judgment of the investment managers to select investments in attractively valued securities that, in their opinion, represent good long-term value. The investment managers accomplish this objective



through fundamental analysis and selecting securities that represent attractive values relative to other similar instruments. Securities may be sold when the managers no longer believe that they represent attractive investment opportunities.

Performance Benchmark:

Barclays Capital Global Inflation Linked Bond Index.

Performance Objective:

Outperform the performance benchmark over a market cycle (three to five years) by 0.25% (after fees have been deducted from IPF returns). Because the investment managers are making active investment decisions and will hold securities that are not included in the performance benchmark, there is a risk of underperformance versus the benchmark.

Expense Ratio:

The General Board charges participants in IPF expenses equal to approximately 0.43% of total fund assets.

IPF Risk Disclosure:

For more detailed information regarding the investments of IPF and the inherent risks thereof, please see the Investment Funds Description, available on the General Board Web site at www.gbophb.org under **SRI & Fund Performance**, then click on **View General Board Investment Funds Description**.

The Domestic Bond Fund (DBF)

Type of Fund:

Bond fund composed of a broad range of primarily investment grade and domestic fixed income securities.

Objective:

To earn current income by investing in a broad mix of fixed income securities.

Who Should Invest:

Investors who seek a greater portion of their investment return from current income, but exhibit willingness to incur some risk for the potential of modest capital appreciation.

Investments:

The fund is comprised primarily of a broad range of fixed income securities such as U.S. Treasury and agency securities, corporate bonds, mortgage-backed securities and asset-backed securities. The corporate bonds held are primarily of companies that are domiciled in the U.S. and have investment grade ratings. The fund may hold up to 10% in bonds with a below investment grade rating and up to 20% in bonds denominated in currencies other than the U.S. dollar. The fund will also hold mortgage and other types of loans initiated through the General Board's Affordable Housing and Community Development Program. Under this program, all loans are subject to strict underwriting standards and earn interest rates that are competitive with interest rates earned by similar types of fixed income securities. Finally, the fund also may invest in foreign currency forward contracts and fixed income futures contracts.

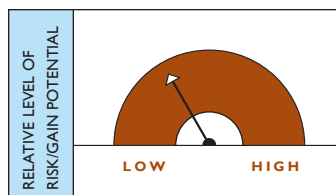
Management:

Approximately 10 different investment management firms, selected by the General Board, manage the assets of DBF.

Strategy:

DBF employs a blended approach of enhanced passive and active investment management.

For the enhanced passive management component, the fund's enhanced passive manager attempts to slightly exceed the return of the performance



of the benchmark. Because it is not always possible to hold all of the securities in the performance benchmark, the fund replicates characteristics of the benchmark such as bond types, interest rates, credit quality and maturity.

For the active management component, the fund employs different investment management firms to make decisions about the fund's investments. The fund relies on the professional judgment of its investment managers to seek investments in attractively valued securities that, in their opinion, represent good long-term investment opportunities. The fund primarily employs investment managers who will accomplish this objective through fundamental analysis and selecting securities and sectors that represent attractive relative values. Securities may be sold when the adviser no longer believes that they represent attractive investment opportunities.

Performance Benchmark:

Lehman Brothers U.S. Universal Index (excluding Mortgage-Backed Securities).

Performance Objective:

Outperform the performance benchmark by 0.25% (after fees have been deducted from DBF returns) over a market cycle (three to five years). Because many of the investment managers are making active investment decisions and will hold securities that are not included in the performance benchmark, there is a risk of underperformance versus the benchmark.

Expense Ratio:

The General Board charges participants in DBF expenses equal to approximately 0.42% of total fund assets.

The Multiple Asset Fund (MAF)

Type of Fund:

Diversified, multiple-asset-class fund of funds that holds units of four other General Board funds.

Objective:

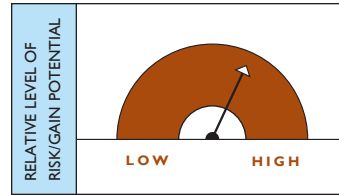
To obtain current income and capital appreciation by investing in a broad mix of different types of investments.

Who Should Invest:

Investors with a relatively long time horizon who seek long-term investment growth and income from exposure to a broadly diversified portfolio comprised of stocks, bonds, real estate and various other types of investments. Investors should be willing to experience some fluctuations in the value of the fund, though not as much as from holding a fund comprised exclusively of common stocks.

Investments:

MAF is comprised of a pre-specified allocation of four of the other investment funds offered by the General Board: 45% Domestic Stock Fund, 20% International Stock Fund, 25% Domestic Bond Fund and 10% Inflation Protection Fund.



The actual allocation generally will not conform to the pre-specified mix due to market fluctuations. However, the General Board periodically rebalances the fund back to the pre-specified mix when the actual holdings fall outside a specified range: Domestic Stock Fund holdings will be rebalanced if they fall outside of a range of 42-48% of MAF; International Stock Fund holdings will be rebalanced if they fall outside of a range of 17-23% of MAF; Domestic Bond Fund holdings will be rebalanced if they fall outside of a range of 22-28% of MAF and Inflation Protection Fund holdings will be rebalanced if they fall outside of a range of 8-12% of MAF.

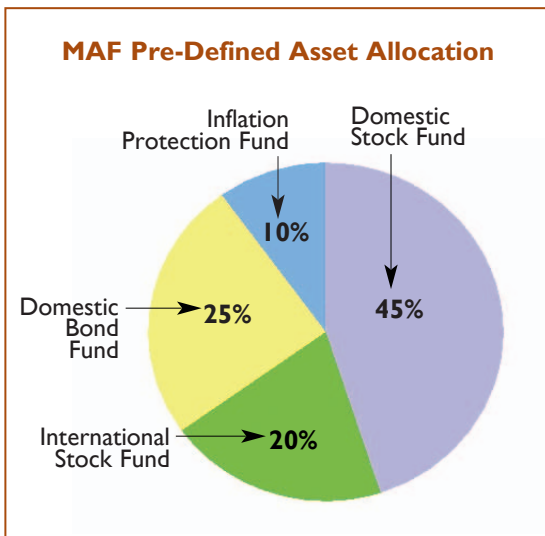
Management:

For the funds in which MAF invests, the investment management is as described for each fund elsewhere in this brochure. For other investments, the General Board hires multiple investment managers as well as directs and manages investments on its own.

Strategy:

Through its investment in other General Board funds, MAF employs a blended use of active and passive strategies.

For the passive management component, the underlying funds employ different investment management firms to attempt to match the returns of performance benchmarks as closely as possible. Because it is not always possible to hold all of the securities in a performance benchmark, the underlying funds may replicate characteristics of respective benchmarks.



For the active management component, the underlying funds employ different investment management firms to make decisions about the funds' investments. The funds rely on the professional judgment of their investment managers to seek investments that, in their opinion, represent good long-term investment opportunities. Securities may be sold when an investment manager no longer believes that they represent attractive investment opportunities.

Performance Benchmark:

The fund uses a blended benchmark to measure the success of its performance. The benchmark includes the following:

45%	Russell 3000™ Index
20%	Morgan Stanley Capital International All Country World (MSCI ACWI) ex USA Index
25%	Lehman U.S. Universal Index ex-Mortgage Backed Securities
10%	Barclays Capital Global Inflation-Linked Bond Index

Because many of the investment managers are making active investment decisions and will hold securities that are not included in their respective performance benchmarks, there is a risk of underperformance versus the benchmark.

Performance Objective:

The performance objective for MAF is to produce a return (after fees have been deducted) that, on average, exceeds that of the performance benchmark by 0.8% per year, net of all fees, over an extended investment cycle (10 to 20 years).

Expense Ratio:

Participants in MAF pay expenses through the underlying funds of approximately 0.59%.

The Balanced Social Values Plus Fund (BSVP)

Type of Fund:

Diversified multiple-asset-class fund with exceptional attention to social issues.

Objective:

To obtain current income and long-term capital appreciation by investing in stocks, bonds and other fixed income securities with added emphasis on the socially responsible investing objectives of The United Methodist Church.

Who Should Invest:

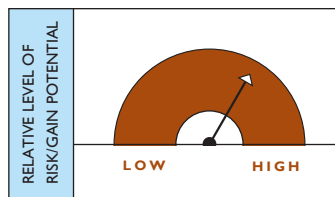
- Investors with a relatively long time horizon who seek long-term investment growth and income.
- Investors who are willing to experience fluctuations in the value of the fund, though not as much as from holding a fund comprised exclusively of common stocks.
- Investors who do not want any exposure to military contractors or direct obligations of the U.S. government or who would like more actively to support socially responsible investing through investment in affordable housing mortgages.

Investments:

The fund consists of U.S. stocks and primarily bonds used to fund affordable housing mortgages. The fund also may hold U.S. agency bonds, corporate bonds, mortgage-backed securities, asset-backed securities, and cash equivalents.

Management:

Brown Capital Management, an African-American owned firm based in Baltimore, Maryland, manages the equity portion of the fund. The General Board manages the fixed income portion of the fund through its investments in affordable housing. Calvert Asset Management Company, based in Bethesda, Maryland, provides extensive socially responsible investing research capabilities. Calvert screens the equity portfolio of the fund for social restrictions and conducts research on socially responsible investing issues.



Strategy:

For the equity portion of the fund, Brown Capital Management invests in companies that it perceives to be undervalued relative to their growth potential. The advisor primarily uses fundamental analysis to identify these companies. Fundamental analysis may include financial statement analysis, management interviews, industry analysis and competitor analysis. The advisor will sell a security when it determines that a company's future growth prospects have declined or if the valuation is no longer reasonable.

The fund also takes an active social position by investing in bonds backed by affordable housing developments. These investments seek to obtain a market rate of return commensurate with risk while helping to provide shelter to low- and moderate-income individuals and families. The bonds are backed by the Federal National Mortgage Association (Fannie Mae), have been assigned the highest credit rating and earn rates of interest comparable to similar types of fixed income investments.

The fund is subject to restrictions on direct obligations of the U.S. Government, and investment in the top 100 military weapons contractors is prohibited.

Performance Benchmark:

60%	Russell 3000™ Index
30%	Lehman Mortgage Backed Securities Index
10%	Merrill Lynch 90-Day Government Index

Because the investment managers are making active investment decisions and hold securities that are not included in their respective performance benchmarks, there is a risk of underperformance versus the benchmark.

Performance Objective:

To produce a return (after fees have been deducted from BSVP returns) that, on average, exceeds that of the performance benchmark by 1.0% per year over a market cycle (three to five years).

Expense Ratio:

The General Board charges participants in BSVP expenses equal to approximately 0.73% of total fund assets.

The Domestic Stock Fund (DSF)

Type of Fund:

Stock fund composed primarily of stocks of companies domiciled in the U.S.

Objective:

To obtain long-term capital appreciation from a broadly diversified portfolio of stocks of companies primarily domiciled in the U.S.

Who Should Invest:

Investors who seek long-term investment growth through exposure to the broad U.S. stock market and who are willing to accept the risk of possible wide fluctuations in the unit price of the fund.

Investments:

The fund is invested in stocks and stock index futures and is designed to outperform the Russell 3000™ Index. Up to 10% of the fund may be invested in non-U.S. domiciled companies. Additionally, a portion of the fund is invested in publicly traded real estate investment trusts (REITs). Up to 10% of DSF may also be invested in private equity and private real estate funds.

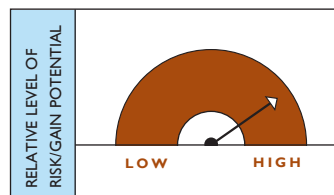
Management:

Approximately 15 different investment management firms, selected by the General Board, manage the assets of DSF.

Strategy:

DSF employs a blended use of passive and active investment management.

For the passive management component, the fund employs different investment management firms to include investments that are designed to closely match the performance of various indices representing different market segments. The firms attempt to include all, or a representative sample, of the securities that make up their target market indices (except for the stock of companies that provide products and/or services that violate the Social Principles).



For the active management component, the fund employs different investment management firms to make decisions about the fund's investments. The fund relies on the professional judgment of its investment managers to seek investments in attractively valued companies that, in their opinion, represent good long-term investment opportunities. The fund primarily employs investment managers who will accomplish this objective through fundamental analysis, including meeting with company executives and employees, suppliers, customers and competitors. Securities may be sold when a manager no longer believes that they represent attractive investment opportunities.

Performance Benchmark:

Russell 3000™ Index

Performance Objective:

Outperform the performance benchmark by 0.75% (after fees have been deducted from DSF returns) over a market cycle (three to five years). Because many of the investment managers are making active investment decisions and hold securities that are not included in the performance benchmark, there is a risk of underperformance versus the benchmark.

Expense Ratio:

The General Board charges participants in DSF expenses equal to approximately 0.62% of total fund assets.

The International Stock Fund (ISF)

Type of Fund:

International (non-U.S.) stock fund.

Objective:

To obtain long-term capital appreciation from a broadly diversified portfolio of foreign stock domiciled in developed and emerging market countries.

Who Should Invest:

Investors who seek long-term investment growth through exposure to companies based in foreign countries and who are willing to accept the risk of possible wide fluctuations in the unit price of the fund.

Investments:

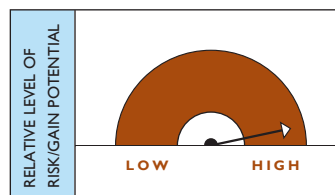
The fund is invested in stocks and stock index futures of companies based in foreign countries (both developed and emerging markets) and viewed by the investment managers as strong and expected to produce investment returns that exceed the average return of stocks of similar companies. The fund may also be invested in foreign currency forward contracts with the intention of enhancing investment returns.

Management:

Approximately five different investment management firms, selected by the General Board, manage the assets of ISF.

Strategy:

The fund relies on the professional judgment of its investment managers to decide how to allocate fund assets among different countries and/or regions of the world and in which stocks the fund should invest. The investment managers seek to invest in attractively valued companies that represent above-average long-term investment opportunities. The investment managers accomplish this objective primarily through fundamental analysis, which may include meeting with a company's management, competitors, suppliers and customers in order to evaluate a company's future prospects.



Performance Benchmark:

Morgan Stanley Capital International All Country World (MSCI ACWI) ex USA Index. This index is designed to measure performance of stocks domiciled in developed and emerging markets, excluding the U.S.

Performance Objective:

To produce a return (after fees have been deducted from ISF returns) that, on average, exceeds that of the performance benchmark by 2.0% per year over a market cycle (three to five years). Because the investment managers are making active investment decisions and hold securities that are not included in the performance benchmark, there is a risk of underperformance versus the benchmark.

Expense Ratio:

The General Board charges participants in ISF expenses equal to approximately 0.82% of total fund assets.



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