

Presbyterian Mission Agency

Finance Committee Update

Agenda

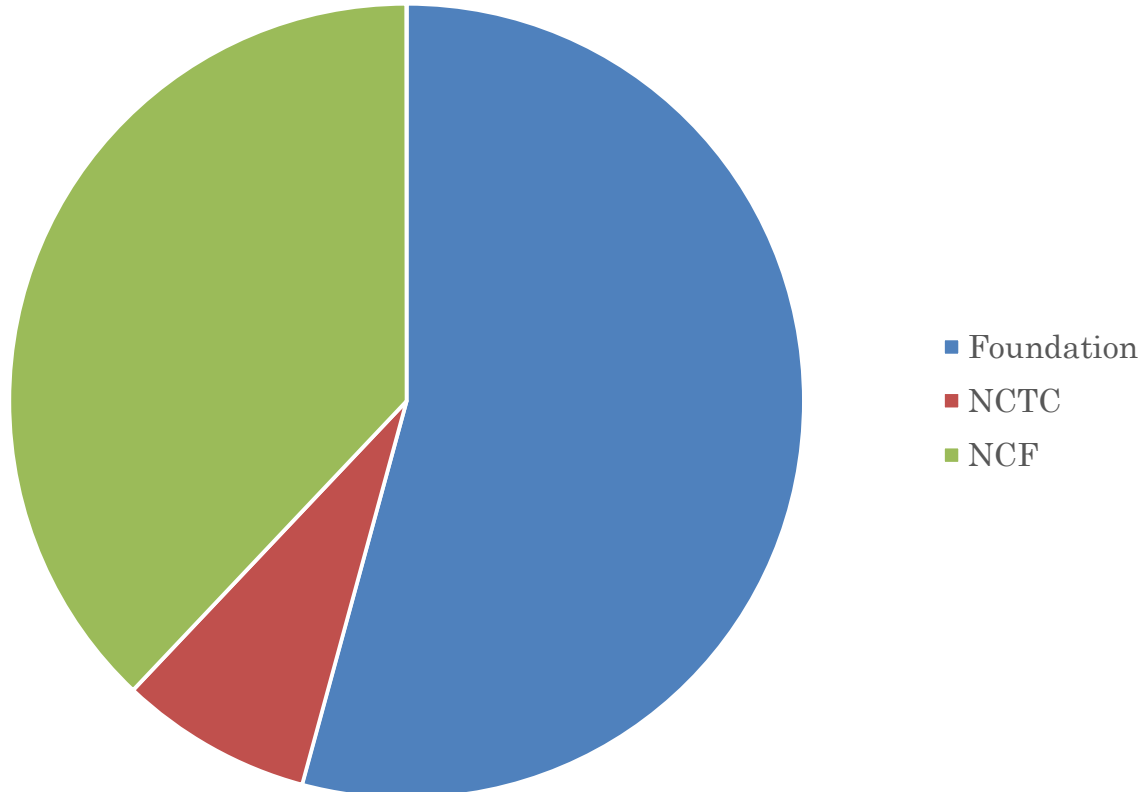
- Background
- Relationship
- Investment philosophy
- Investment update

Background

- 1799: **Foundation incorporated** as “Trustee of the General Assembly of the Presbyterian Church”
- 1821: First endowment created by **Elias Boudinot**
- **Fiduciary corporation** - ensures donor designations are upheld, funds properly invested, and beneficiaries receive a dependable stream of income for perpetuity
- Purpose: to help **raise, manage and distribute** money for PC(USA) congregations and programs
- Permanent endowment fund assets have been given to the Foundation. Beneficiaries have a **beneficial interest** in the fund’s income.
- **Investment and administrative responsibilities** rest solely with the Foundation.
- Manages **over 7,000** permanent endowment funds and **over 3,500** charitable gift vehicles, **totaling \$1.1 billion**.
- Foundation **distributes** approximately **\$60 million** annually for mission and ministry.

Background

Assets Managed and Serviced



Total Assets Managed / Serviced = \$ 1.6 billion

Relationship

- Ex-officio Foundation board member
- NCTC board appointment
- Liaison to the Foundation board (Investment Committee)
- Beneficial interest in endowment funds
- Disbursing agent per limited power of attorney
- Foundation manages mid to long term investments

Relationship

PMA Beneficial Interest or Disbursing Agent

Permanently
Restricted
Endowments
(\$ 282 mil)

Restricted
Expendables
(\$ 35 mil)

Church Loan
Permanently
Restricted
Endowments
(\$ 14 mil)

Church Loan
Restricted
Expendables
(\$ 154 mil)

Asset given and titled to Presbyterian Foundation
or a Foundation constituent corporation

PMA Investments

Mid to Long-
term held at
Foundation
(\$ 25 mil)

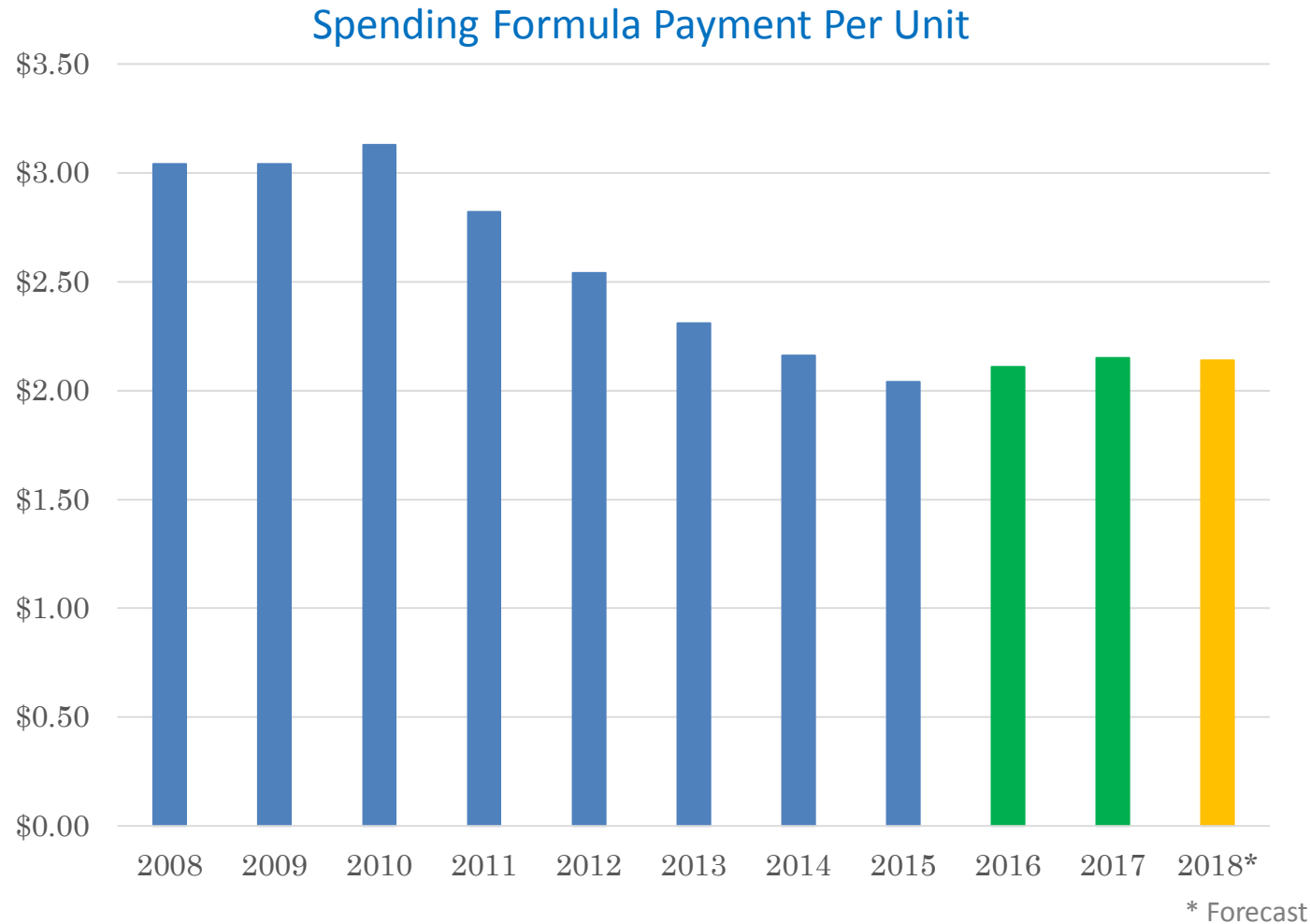
Asset titled to
PMA

PMA Investments

Held Elsewhere
(~ \$ 50 mil)

Asset titled to
PMA

Relationship



Spending formula calculated 4.25% of the 20 quarter end market value average with an 18 month lag.

Investment Philosophy

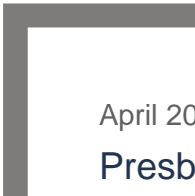
- **Fiduciary Oversight:** The Foundation is responsible for balancing the interest and needs of current and future beneficiaries as we structure portfolios, establish risk profiles, and adjusts spending formula.
- **Socially Responsible Investing:** As an agency of the General Assembly of the PC(USA), we are required to comply with established social witness policies.
- **Perpetuity Perspective:** Our long term investment horizon is a responsibility that requires us to create income in perpetuity. Thus, we favor investment strategies that create long term, sustainable value.
- **Active Management and Accountability:** We believe active managers have the potential to outperform passive managers over time. Vigorous oversight, attention to costs, and a long term perspective are essential to achieving success.

Investment Philosophy

- **Risk and Volatility:** A broadly diversified portfolio, including allocations to less liquid investments, represents an appropriate strategy to mitigate risk and volatility with the potential to enhance long term performance.
- **Implementation:** The Foundation is committed to external management of financial assets, utilizing an outsourced chief investment officer model. Given the complexity, breadth and depth of Foundation activities, we have determined that this structure achieves our objectives in the most cost effective manner.
- **Performance Measurement:** The Foundation establishes investment goals and performance measures and analyses these regularly. We acknowledge that short term changes are the enemy of long term consistent value creation.

Presbyterian Mission Agency

Finance Committee Update



April 2016

Presbyterian Church Foundation

Presbyterian Endowment Fund

Overview of Cambridge Associates and PEF Investment Strategy



CAMBRIDGE ASSOCIATES LLC



Agenda

Introduction to C | A Capital Management

Portfolio Structure

Recent Markets and Performance Update

Introduction to C|A Capital Management

Who We Are

- ◆ C|A Capital Management is the dedicated business unit of Cambridge Associates that serves as the discretionary outsourced investment office for our institutional clients.
- ◆ Clients are served by a full-service investment office (CIO, investment team, and investment operations team) that manages portfolios to maximize performance within guidelines set by the client.

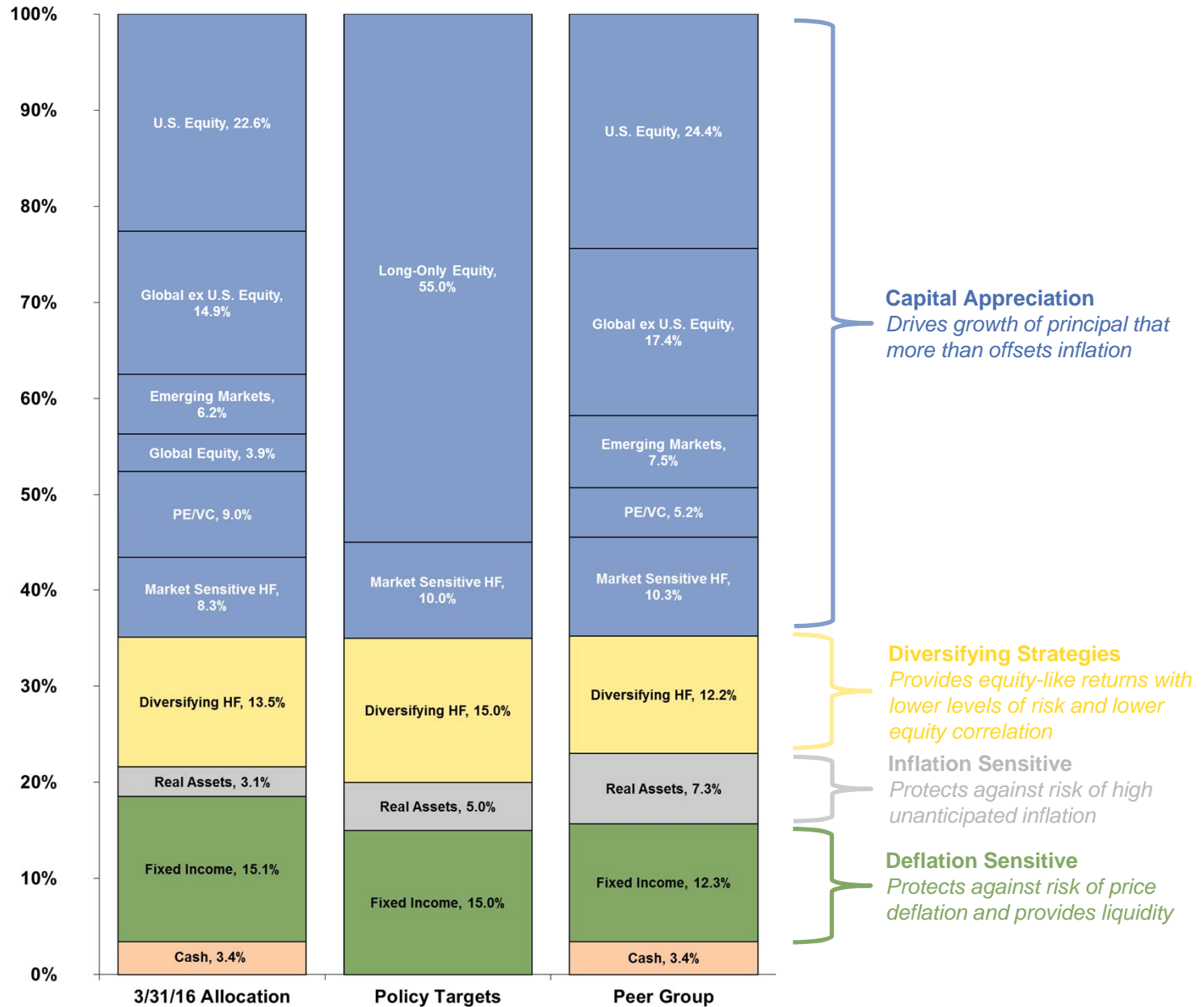
How We Help Our Clients Succeed

- ◆ We offer our clients an outsourced investment office that replicates best practices of the high-performing in-house investment offices we have been advising for years, including:
 - ◆ An investment team that is always on, always available, and fully accountable to client
 - ◆ A broad and deep global research platform
 - ◆ Portfolios that are customized at the manager level
 - ◆ Direct ownership of managers – no commingling with other clients



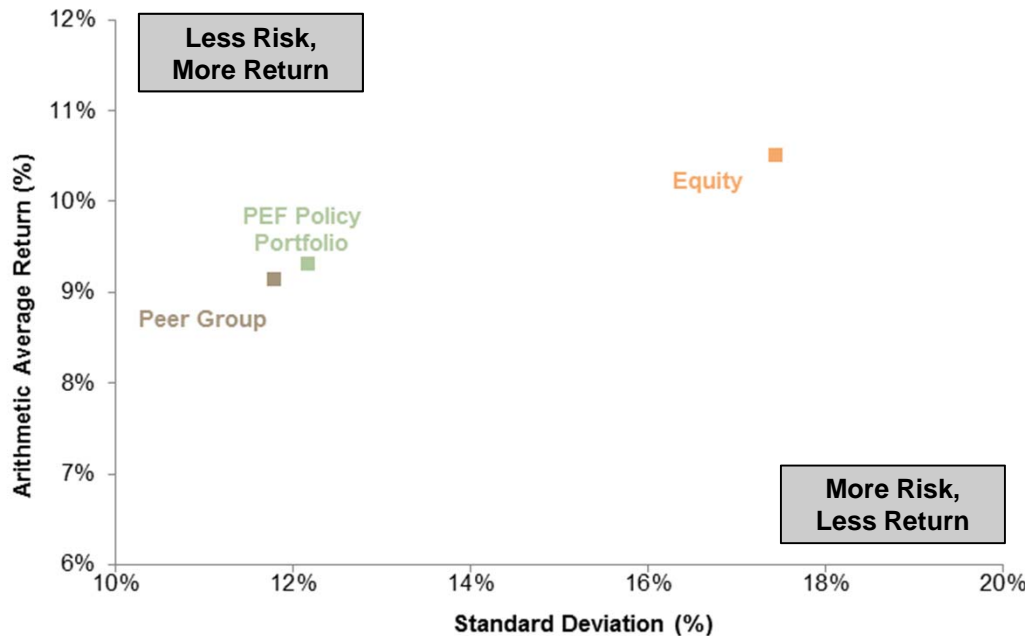
Current PEF Portfolio Exposures

Close to policy targets with modest tactical tilts. As of 3/31/16, CA Managed PEF stood at \$637.1mm.



Note: Allocations may not sum to 100% due to rounding.
Peer Group asset allocation is as of 12/31/2015. See definition on the following page.

PEF Long-Term Risk-Return Profile



Key Points:

- Modeling shows expected return and volatility over the very long-term horizon (e.g. 25 years).
- PEF Policy Portfolio offers similar return and volatility versus Peer Group.

Asset Classes

Allocations

	PEF Policy Portfolio	Peer Group	Equity
Capital Appreciation	65.0%	64.8%	100.0%
Diversifying Strategies	15.0%	12.2%	---
Inflation Sensitive	5.0%	7.3%	---
Deflation Hedging	15.0%	12.3%	---
Cash	---	3.4%	---
<i>Nominal Arithmetic Return:</i>	9.3%	9.1%	10.5%
<i>Standard Deviation:</i>	12.2%	11.8%	17.5%

Notes: Allocations may not sum to 100% due to rounding.

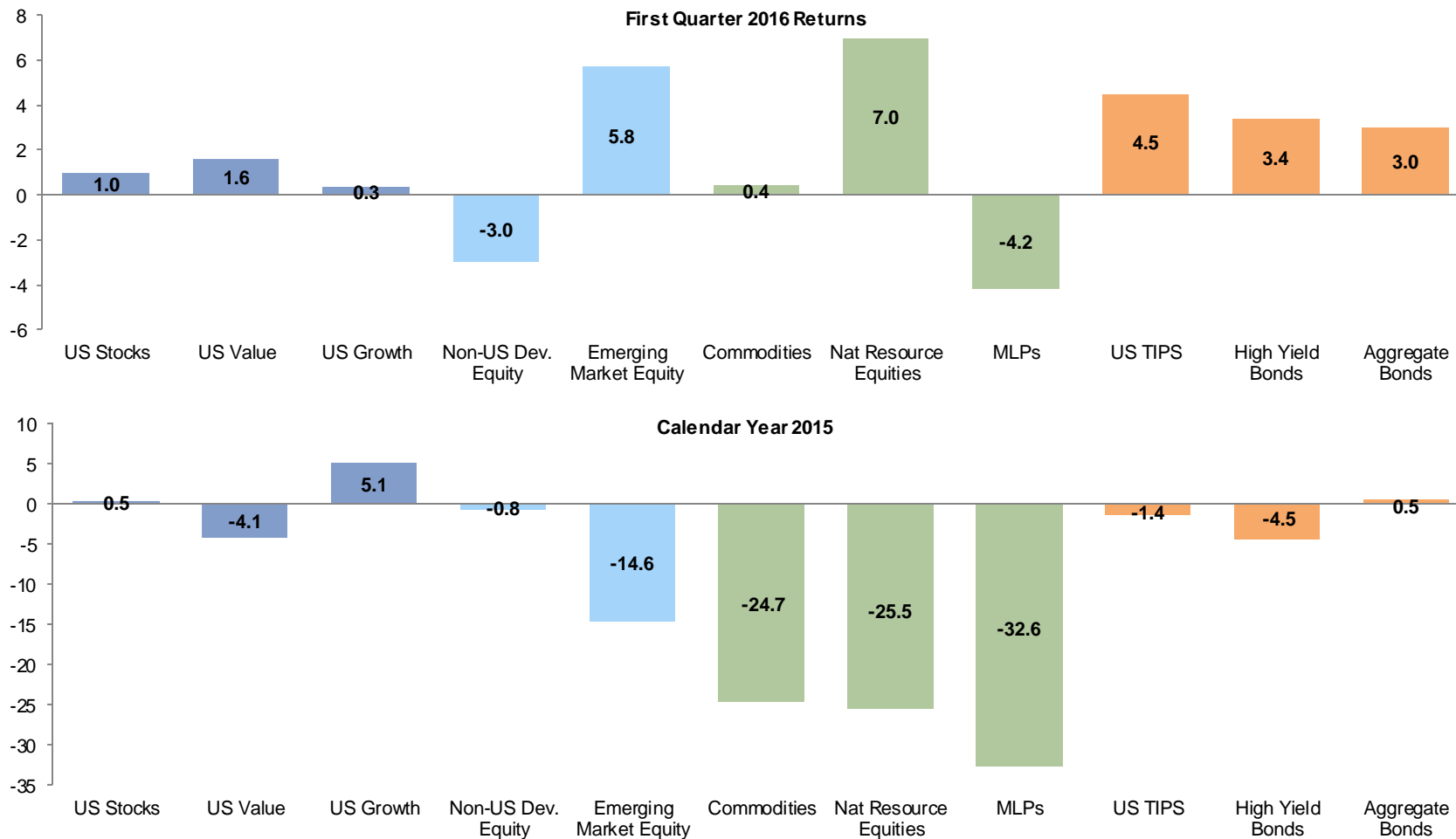
Peer Group shows the mean asset allocation of the following 16 institutions, which have operating models similar to the PEF: Armenian Church Endowment Fund, Associated Jewish Community Fed. of Baltimore, Baltimore Community Foundation, Baptist Foundation of Texas, California Community Foundation, Catholic Investment Trust of Washington, Central Indiana Community Foundation, Inc., The Episcopal Church Foundation, The Erie Community Foundation, InFaith Community Foundation, Maine Community Foundation, New Hampshire Charitable Foundation, New York Community Trust, The Oregon Community Foundation, The Pittsburgh Foundation, The REACH Healthcare Foundation.



Recent Market Returns

March rally masks earlier sell-off for many asset classes

Returns for Selected Indices (US Dollars)



Sources: Barclays, Bloomberg L.P., Frank Russell Company, MSCI Inc., and Standard & Poor's. MSCI data provided "as is" without any express or implied warranties.

Notes: Asset classes are represented by the following indexes, from left to right: Russell 3000, Russell 3000 Value, Russell 3000 Growth, MSCI EAFE, MSCI Emerging Markets, Bloomberg Commodity Total Return, MSCI World Natural Resources, Alerian MLP, Barclays U.S. TIPS, Barclays High Yield Composite, and Barclays Aggregate Bond.

PEF Performance Summary (As of March 31, 2016)

Portfolio (Inception Date)	Total Return (%)				
	Total Assets (\$ mm)	First Quarter 2016	Cumulative Trailing 1 Year	Annualized Trailing 3 Years	Annualized Since CJA Oversight
CA Managed PEF (12/31/12)	\$637.1	-0.5	-4.4	2.7	3.7
Policy Benchmark		0.7	-2.6	3.7	4.7
<i>Value Added</i>		-1.2	-1.8	-1.0	-1.0
Market Indices					
MSCI All Country World Index		0.2	-4.3	5.5	7.2
S&P 500 Index		1.3	1.8	11.8	14.4
Barclays Aggregate Bond Index		3.0	2.0	2.5	2.3

PEF Performance Summary (As of December 31, 2015)

Portfolio (Inception Date)	Total Return (%)			
	Total Assets (\$ mm)	Fourth Quarter 2015	Cumulative Trailing 1 Year	Annualized Trailing 3 Years
CA Managed PEF (12/31/12)	\$645.6	2.5	-2.4	4.2
Policy Benchmark		2.2	-1.6	4.8
<i>Value Added</i>		0.3	-0.8	-0.6
Peer Universe (CJA Medians)				
Peer Group		2.0	-2.6	5.0
		<i>n=16</i>	<i>n=16</i>	<i>n=16</i>
Market Indices				
MSCI All Country World Index		5.0	-2.4	7.7
S&P 500 Index		7.0	1.4	15.1
Barclays Aggregate Bond Index		-0.6	0.5	1.4

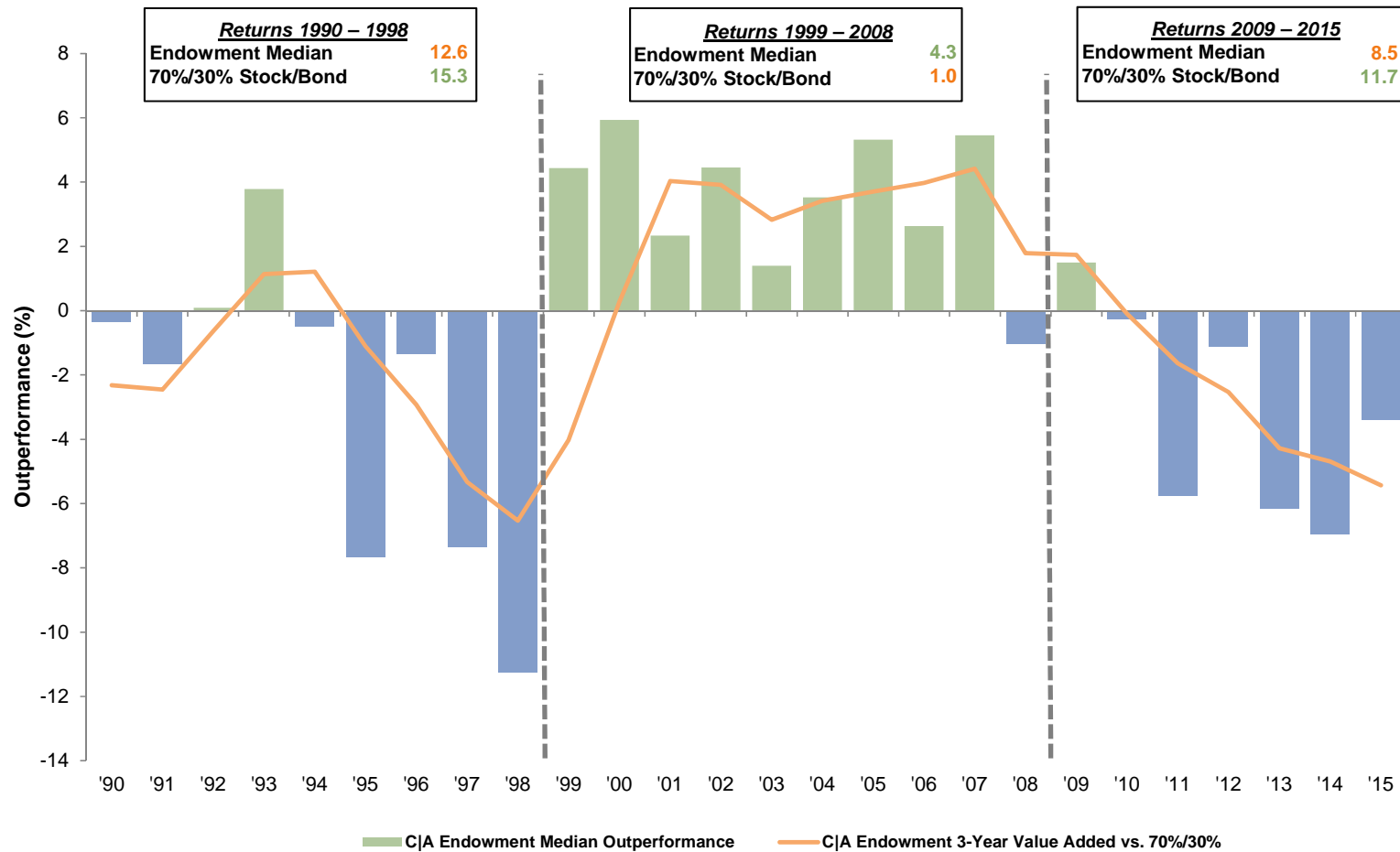
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We've Seen this Before

CJA Endowment Median Performance in Excess of 70% S&P 500/ 30% Barclays Govt Credit Blend

January 1, 1990 - December 31, 2015



Asset Class Returns 1990 – 1998

S&P 500	17.9
EAFE	5.0
EM	6.2
BC Govt. Credit	8.8
HFRI FoF Comp.	11.1
Private Equity	18.2

Asset Class Returns 1999 – 2008

S&P 500	-1.4
EAFE	0.8
EM	9.3
BC Govt. Credit	5.6
CJA Hedge Funds	8.4
Private Equity	11.1

Asset Class Returns 2009 – 2015

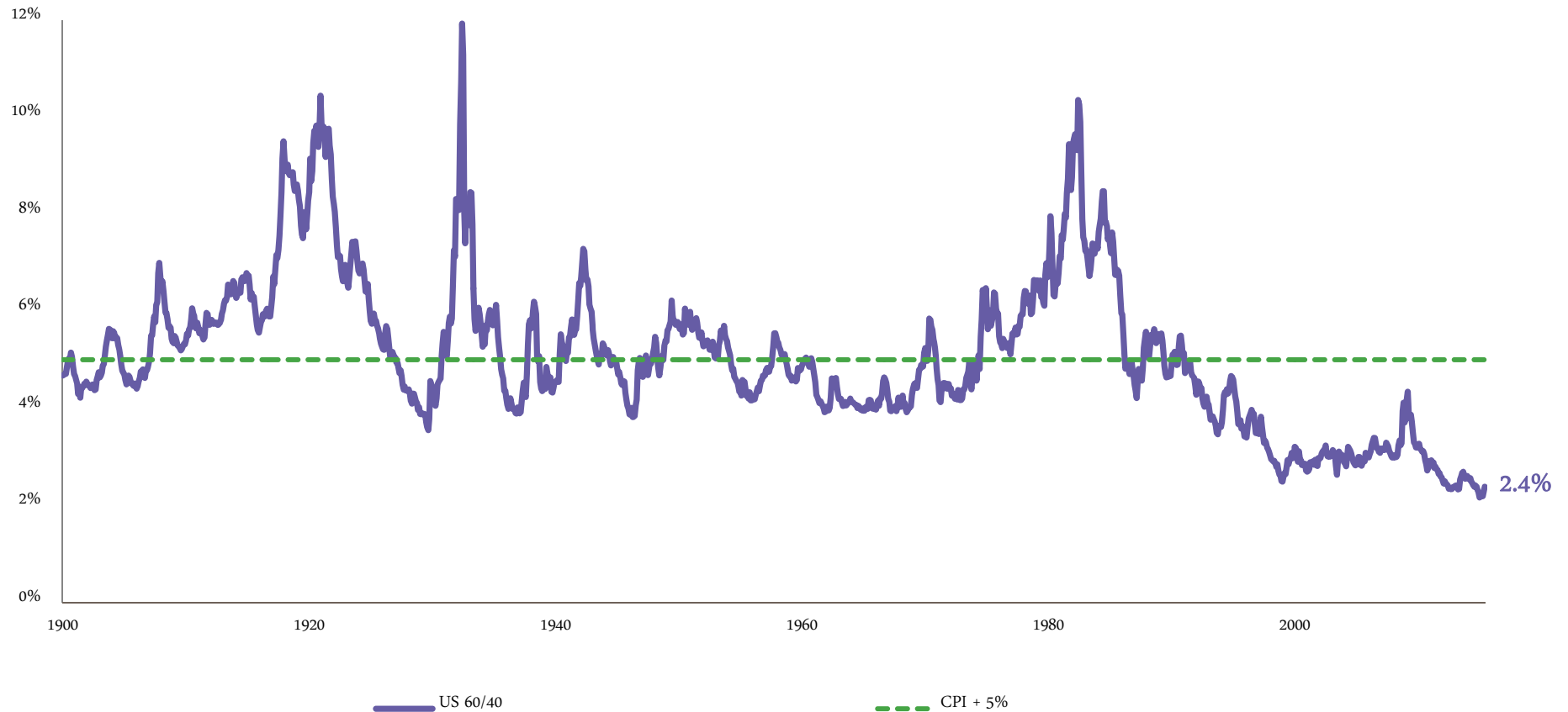
S&P 500	14.8
EAFE	7.8
EM	7.9
BC Govt. Credit	4.0
CJA Hedge Funds	7.1
Private Equity	14.3

*CJA All Endowments median is net of fees and reflects performance as of December 31, 2015. Median is preliminary. Returns are calculated on a quarterly basis.
 Note: "Private Equity" returns based on the CJA U.S. Private Equity Benchmark return for each quarter; the return from 2009 – 2015 is through September 30, 2015.
 "CJA Hedge Funds" returns based on the mean CJA Advisory Client return for each quarter.



Expected Real Return of U.S. a 60/40 Stock/Bond Portfolio (1900-2015)

The lowest we have ever experienced as stocks and bonds are simultaneously very expensive



Source: AQR, Bloomberg, Robert Shiller's Data Library, Ibbotson Associates (Morningstar), Kozicki-Tinsley (2006), Federal Reserve Bank of Philadelphia, Blue Chip Economic Indicators, Consensus Economics, AQR. U.S. 60/40 is 60% U.S. stocks are represented by the Standard&Poor's 500 Index and 40% long-dated Treasuries. The equity yield is a 50/50 mix of two measures: 50% Shiller E/P * 1.075 and 50% Dividend/Price + 1.5%. U.S. bond yield is 10-year real Treasury Yield over 10-year inflation forecast. Scalars are used to account for long term real Earnings Per Share (EPS) Growth. Past performance is not a guarantee of future performance. Broad-based securities indices are unmanaged and are not subject to fees and expenses typically associated with managed accounts or investment funds. Investments cannot be made directly in an index. Please read important disclosures in the Appendix.



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Growth Fund

Fact Sheet / March 31, 2016

Investment Strategy

The Fund invests primarily in common stocks and other equity securities of companies of all sizes, domestic and foreign, that are believed to have long-term growth potential. Investment decisions are consistent with the social-witness principles of the General Assembly of the Presbyterian Church (U.S.A.).

Investment Philosophy and Process

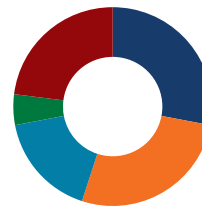
The Fund uses a multi-manager approach to portfolio construction that seeks to generate excess returns (i.e., returns in excess of benchmark) and at the same time provide diversification by avoiding over-concentration in a single investment style, sector or market trend. Asset allocation to a given manager is based on the manager's skill set, the current macroeconomic environment and the risks inherent in each manager's strategy.

Fund Details

Total Net Assets	\$391.4 Million
Share Class	Class A (No-load)
Ticker	NCGFX
CUSIP	643642101
Inception Date	7/1/1999
Expense Before Waivers	1.12%
Expense After Waivers*	1.02%

* Fee waivers are voluntary and may be discontinued at any time.

Manager Allocations



■ BlackRock Investment Mgmt, LLC - 28%
■ Brandywine Global Invt Mgmt, LLC - 27%
■ Coho Partners, Ltd. - 17%
■ Parametric Portfolio Associates LLC - 5%
■ Waddell & Reed Investment Mgmt Co. - 23%

Manager Details

Manager Details	Start Date	Key Attributes
■ BlackRock Investment Management, LLC	Jul 14, 2014	Multi-faceted growth portfolio
■ Brandywine Global Investment Management, LLC	Oct 22, 2013	Encompasses varying value sub-styles, providing flexibility to adapt
■ Coho Partners, Ltd.	Jul 13, 2015	Focuses on Relative Value in Equities
■ Parametric Portfolio Associates LLC	Apr 11, 2012	Consolidates trades across all managers in the portfolio to reduce trading costs
■ Waddell & Reed Investment Management Company	Apr 11, 2012	Differentiated research culture coupled with macro thematic exposure

Performance Review

Period	Cumulative (%) as of 3/31/16			Annualized (%) as of 3/31/16				
	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
Growth Fund	5.92	-0.87	-0.87	-4.62	8.33	8.11	4.62	3.31

Calendar Year Returns (%)	2015	2014	2013	2012	2011	2010	2009	2008
Growth Fund	-1.98	10.36	27.55	17.14	-3.02	14.08	27.77	-38.93

Performance data quoted is historical and past performance does not guarantee future results. Current performance may be higher or lower. Performance current to the most recent month end can be obtained by calling 1-877-835-4531. The principal value and investment return of an investment will fluctuate so that shares, when redeemed, may be worth more or less than their original value.

To determine if the Fund(s) are an appropriate investment for you, carefully consider the investment objectives, risk factors and charges and expenses before investing. This and other information can be found in the Fund's prospectus, which can be obtained by calling 1-877-835-4531. Read the prospectus carefully before investing.

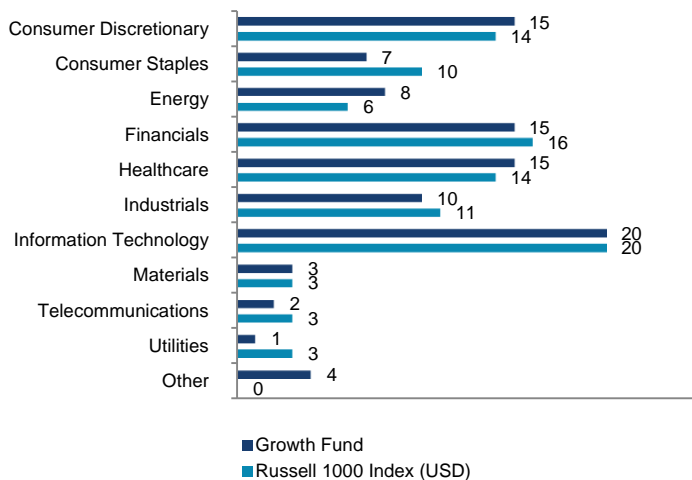
Growth Fund

Fact Sheet / March 31, 2016

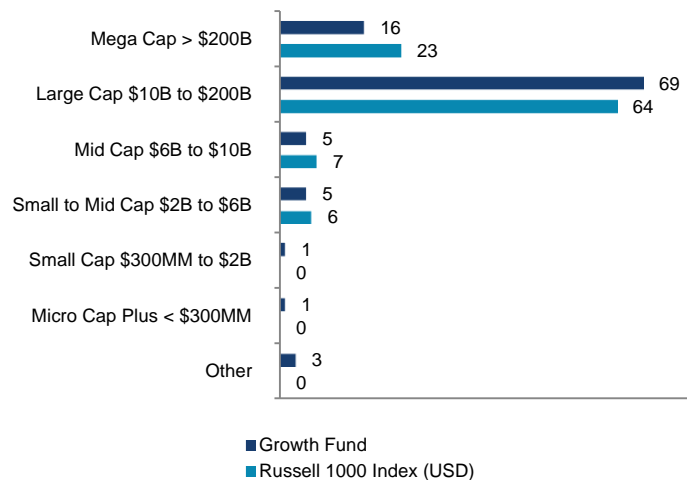
Portfolio Characteristics	Fund	Index
WEIGHTED CAPITALIZATION (\$ MIL)	\$110,844	\$125,600
NUMBER OF HOLDINGS	1,042	1,020
PRICE-TO-BOOK RATIO	3.83	4.04
MEDIAN FORWARD PRICE-TO-EARNINGS RATIO	17.83	17.83
BETA	1.10	1.00
TRACKING ERROR (3 YEAR)	2.21%	n/a
STANDARD DEVIATION (3 YEAR)	12.01%	11.43%

Top Ten Securities	% of Net Assets
ALPHABET INC	2.85
FACEBOOK INC	2.18
MICROSOFT CORPORATION	1.91
AMAZON.COM INC	1.79
VISA INC	1.75
UNITEDHEALTH GROUP INC	1.74
CITIGROUP INC	1.66
APPLE INC	1.59
BANK OF AMERICA CORP	1.37
JPMORGAN CHASE & CO	1.36

Sectors (% of portfolio)



Market Capitalization (% of portfolio)



Glossary and Disclosures

Beta: Quantitative measure of the Fund's volatility relative to the benchmark used. A beta above 1 indicates the fund is more volatile than the overall market, while a beta below 1 indicates the fund is less volatile.

Median Forward Price to Earnings Ratio: Forecasted value (using median range of values – the middle set of values in a distribution range) of the market capitalization divided by the after-tax earnings for the prior 12-month period. The higher the P/E ratio, the more the market is willing to pay for each dollar of annual earnings. (Source: Russell)

Price to Book Ratio: Stock's capitalization divided by its book value, where book value is the value of an asset as it appears on a balance sheet, equal to cost minus accumulated depreciation. The value is the same whether the calculation is done for the whole company or on a per-share basis.

Standard Deviation (Absolute): Used to describe historical volatility, a statistical measure of the distance a quantity is likely to lie from its average value. It is applied to the annual rate of return of an investment, to measure the investment's volatility (risk). Standard Deviation is synonymous with volatility, in that the greater the standard deviation the more volatile an investment's return will be. A standard deviation of zero would mean an investment has a return rate that never varies.

Tracking Error: The measure of the risk of the portfolio relative to the benchmark.

Weighted Capitalization: The market price of an entire company, calculated by multiplying the number of shares outstanding by the price per share.

For those New Covenant Funds which employ the "manager of managers" structure, New Covenant Investments Management Corporation (New Covenant) has ultimate responsibility for the investment performance of the Funds due to its responsibility to oversee the sub-advisers and recommend their hiring, termination and replacement. New Covenant is the adviser to the New Covenant Funds, which are distributed by New Covenant Investments Distribution Co. (SIDCO). New Covenant and SIDCO are wholly owned subsidiaries of New Covenant Investments Company.

Current and future portfolio holdings are subject to risks. In addition to the normal risks associated with equity investing, international investments may involve risk of capital loss from unfavorable fluctuation in currency values, from difference in generally accepted accounting principles or from economic or political instability in other nations. Narrowly focused investments and smaller companies typically exhibit higher volatility.

The Russell 1000 Index includes 1000 of the largest U.S. equity securities based on market cap and current index membership; it is used to measure the activity of the U.S. large-cap equity market.

• Not FDIC Insured • No Bank Guarantee • May Lose Value

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Income Fund

Fact Sheet / March 31, 2016

Investment Strategy

The Fund invests primarily in corporate bonds and government bonds issued or guaranteed by the U.S. government or one of its agencies, and mortgage-backed and asset backed securities of varying maturities. Investment decisions are consistent with the social-witness principles of the General Assembly of the Presbyterian Church (U.S.A.).

Investment Philosophy and Process

The Fund uses a multi-manager approach to portfolio construction that seeks to generate excess returns (i.e., returns in excess of benchmark) and at the same time provide diversification by avoiding over-concentration in a single investment style, sector or market trend. Asset allocation to a given manager is based on the manager's skill set, the current macroeconomic environment and the risks inherent in each manager's strategy.

Fund Details

Total Net Assets	\$297.1 Million
Share Class	Class A (No-load)
Ticker	NCICX
CUSIP	643642200
Inception Date	7/1/1999
Expense Before Waivers	0.95%
Expense After Waivers*	0.80%

* Fee waivers are voluntary and may be discontinued at any time.

Manager Allocations



- Income Research & Management - 52%
- Western Asset Management Company - 48%

Manager Details

	Start Date	Key Attributes
Income Research & Management	Jan 28, 2016	Seeks intermediate duration fixed income
Western Asset Management Company	Apr 30, 2012	Successful implementation of macro-driven investment process

Performance Review

Period	Cumulative (%) as of 3/31/16			Annualized (%) as of 3/31/16				
	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
Income Fund	0.82	2.16	2.16	1.62	1.67	2.73	2.67	3.74

Calendar Year Returns (%)	2015	2014	2013	2012	2011	2010	2009	2008
Income Fund	0.84	3.62	-1.63	4.04	5.32	6.37	12.81	-14.63

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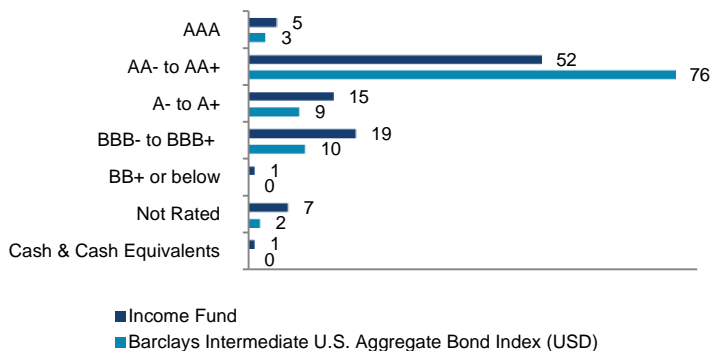
Income Fund

Fact Sheet / March 31, 2016

Portfolio Characteristics	Fund	Index
EFFECTIVE DURATION (YEARS)	3.74	3.66
WEIGHTED AVERAGE LIFE (YEARS)	5.34	4.51
30-DAY SEC YIELD	1.26	n/a
UNSUBSIDIZED 30-DAY SEC YIELD	1.11	n/a
NUMBER OF HOLDINGS	886	7,526

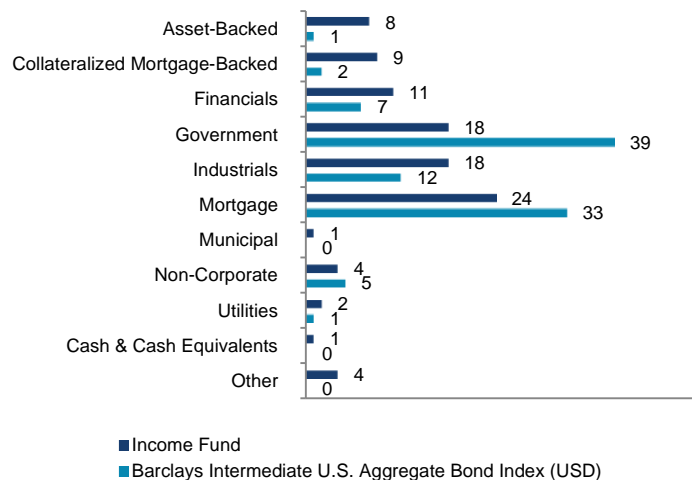
Top Ten Securities	% of Net Assets
UNITED STATES TREASURY 2.00% 11/30/2022	1.86
UNITED STATES TREASURY 1.63% 11/30/2020	1.70
UNITED STATES TREASURY 1.13% 02/28/2021	1.66
UNITED STATES TREASURY 1.25% 12/15/2018	1.64
FNMA 30YR 2012 PRODUCTION 3.50% 08/01/2042	1.53
FNMA 30YR 2012 PRODUCTION 4.00% 04/01/2042	1.45
UNITED STATES TREASURY 2.13% 05/15/2025	1.41
AMOT_15-3 A 1.63% 05/15/2020	1.12
JDOT_15-A A4 1.65% 12/15/2021	1.09
FNMA 30YR TBA(REG A) 4.00% 04/13/2016	0.97

Credit Quality (% of portfolio)



The credit quality of a fund's holdings is derived using Standard & Poor's as the ratings source. The purpose of the ratings is to provide investors with a simple system of gradation by which relative creditworthiness of a fund's securities may be noted. Ratings are measured on a scale that generally ranges from AAA (highest) to D (lowest).

Sectors (% of portfolio)



Glossary and Disclosures

Effective Duration: Duration is a measure of a security's price sensitivity to changes in interest rates. Specifically, duration measures the potential change in value of a bond that would result from a 1% change in interest rates. The shorter the duration of a bond, the less its price will potentially change as interest rates go up or down; conversely, the longer the duration of a bond, the more its price will potentially change.

Weighted Average Life: The average number of years for which each dollar of unpaid principal on a loan or mortgage remains outstanding.

This material represents an assessment of the market environment at a specific point in time and is not intended to be a forecast of future events, or a guarantee of future results. This information should not be relied upon by the reader as research or investment advice regarding the Funds or any stock in particular, nor should it be construed as a recommendation to purchase or sell a security, including futures contracts. There is no assurance as of the date of this material that the securities mentioned remain in or out of the New Covenant Funds.

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There are risks involved with investing, including loss of principal. Current and future portfolio holdings are subject to risks as well. Diversification may not protect against market risk. There is no assurance the goals of the strategies discussed will be met. International investments may involve risk of capital loss from unfavorable fluctuation in currency values, from difference in generally accepted accounting principles or from economic or political instability in other nations. Emerging markets involve heightened risks related to the same factors as well as increased volatility and lower trading volume.

The Barclays Intermediate Aggregate U.S. Bond Index is an unmanaged index generally representative of intermediate investment grade government and corporate debt securities with maturities of 10 years or less.

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