

Quick Guide To The Morley Stable Value Fund Fact Sheet

Morley Financial Services, Inc. provides a monthly Fact Sheet for the Stable Value Fund, an investment option within your retirement savings plan. The Fact Sheet is designed to provide you a summary of the important features of the Fund. Understanding the information on the Fact Sheet will help you make informed decisions regarding your investment in the Fund.

Fund Profile

This section is a snapshot, as of the date on the Fact Sheet, unless indicated otherwise, of important statistics about the Fund. For example, you will see the size of the Fund along with the Crediting Rate which provides an indication of the current level of income being earned by the Fund.

Fund Composition

This section identifies the categories of investment products that are owned by the Fund. Specifically, you can see the level of cash available for participant liquidity needs and how much is invested in the various types of investment contracts.

Trustee/Adviser Fee

Here you will find the fee that is charged by the Fund for the share class in which you are invested. This is the fee that is paid to the Trustee and Adviser.

Investment Contract Issuers

This section identifies, from the largest to smallest percentage of Fund assets, the providers of investment contracts owned by the Fund. A stable value fund will typically own investment contracts issued by multiple issuers.

Duration Distribution

This information relates to the Average Duration found in the Fund Profile section. It tells you where the underlying assets in the synthetic and separate account contracts are invested along the yield curve. This can reflect how sensitive the Fund will be to interest rate changes. Typically, longer durations are more sensitive to interest rate movements.

Fund Structure

This section identifies the legal structure of the Fund. Additionally, it defines the parties involved in delivering the Fund to you as an investor.

About the Adviser

In this section, you will find a brief history about Morley, the Investment Adviser to the Fund. You will also see the total assets that Morley manages.

Contact Information

Here you will find the person or team to contact if you have questions that are not answered in this Fact Sheet.

MORLEY FINANCIAL SERVICES, INC.

Morley Stable Value Fund
May 31, 2012 / CLASS 12 - IV

FUND PROFILE		FUND DESCRIPTION
Assets	\$7,427,950,536	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.
Crediting Rate*	1.55%	
Avg. Credit Quality*	AA+	
Avg. Duration*	2.15 years	
Market/Book Value Ratio*	101.50%	
CUSIP	852329118	
Turnover Ratio (3/31/2012)*	27.55%	
Inception Date	January 1994	
FUND COMPOSITION		INVESTMENT OBJECTIVE
Cash	14.80%	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.
GIC	5.12%	
Separate Account Contracts	30.69%	
Synthetic Investment Contracts	59.99%	
TRUSTEE/ADVISER FEE**		PERFORMANCE AS OF 05/31/2012
12 basis points		
INVESTMENT CONTRACT ISSUERS		
Prudential	26.42%	
Aviva	12.57%	
MutLife	7.65%	
TIAA-CREF	6.72%	
State Street	6.54%	
New York Life	5.71%	
AIG	5.49%	
MassMutual	4.85%	
JP Morgan Chase	3.36%	
MATIXIS	2.81%	
Rabobank	2.80%	
Monumental	2.07%	
Bank of America	0.59%	
DURATION DISTRIBUTION		
0-1 Yr	28.58%	
1-2 Yrs	21.96%	
2-3 Yrs	23.02%	
3-4 Yrs	11.15%	
4-5 Yrs	9.35%	
5+ Yrs	6.84%	
FUND STRUCTURE		
The Morley Stable Value Fund (Fund) is a Collective Investment Trust (CIT) maintained by Lincoln Bond and Trust Company (LBT). LBT 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 LBT 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 May 31, 2012, Morley oversees approximately \$17.5 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.		

Period	1 Month	3 Month	YTD	1 Yr	3 Yr	5 Yr	10 Yr
Fund	0.15%	0.28%	0.39%	0.98%	3.45%	1.25%	2.35%
Benchmark	0.05%	0.05%	0.05%	0.05%	0.98%	0.88%	1.65%
Difference (1 Year Total)	0.10%	0.23%	0.34%	0.93%	2.47%	0.37%	0.70%

SECTOR DIVERSIFICATION

CREDIT QUALITY

ABS = Asset Backed Securities
MBS = Mortgage Backed Securities
CMBD = Commercial Mortgage Backed Securities

Fund Description

This section will identify the types of investment products the Fund can invest in and help define the investment experience you should have when investing in the Fund. As an example, if you are an investor who is interested in the volatility of your investments, you should read this section to better understand if your appetite for volatility and the resulting level of returns are in line with the manager's expectation for the Fund.

Investment Objective

Here, you'll find what the Fund strives to achieve. As you will see, the Fund is primarily focused on providing, among other things, capital preservation; however, there is no guarantee that the Fund will meet its objectives.

Performance

This section illustrates how the Fund has performed in the past both before and after fees. Returns for 1 month, 3 months, YTD and 1 year are actual returns for those periods while the returns for periods longer than 1 year are annualized to provide a relative perspective. You will also see how the Fund performed against benchmarks that also have capital preservation as an objective and/or expect low volatility of returns.

Credit Quality

You will see in this section a more in-depth look at the Average Credit Quality that is identified in the Fund Profile section. The chart shows the credit rating percentages associated with the underlying assets held within the investment contracts.

Sector Diversification

This section shows you the percentage of the Fund that is invested in various sectors of the fixed income markets and investment products. For example, the section of the pie chart labeled Corporates indicates that a portion of the underlying assets within the investment contracts are invested in bonds issued by corporations.

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A Word on Risk

This section identifies and defines several risk measures that you should consider when investing in the Fund. It also tells you what Morley does to manage risk in the Fund.

Fees and Expenses

This section provides more detail on the fees that are paid by the shareholders in the Fund. In addition to the Trustee/Adviser fee, there are fees that are associated with the investments owned by the Fund that are paid through the income on the Fund. Here you will find a list of the fees that make up the Total Fund Operating Expenses.

Additional Information

Important disclosures regarding how the information contained in the Fact Sheet should and can be used is included here as well as more details on some of the information provided within the Fact Sheet. You will also find details on who qualifies to invest in the Fund and potential withdrawal restrictions.

Morley Stable Value Fund

A Word on Risk⁶⁷

While stable value is generally considered a conservative investment option, stable value assets do carry certain risks. The Fund may lose value and may be worth more or less than the original cost when redeemed, and there is no assurance that the Fund's objective will be achieved. Risks include, but are not limited to: 1) Investment Contract risk which includes the risk of maintaining Book Value Accounting standards and the risk that Investment Contract issues may default on their obligations under the contract; 2) interest rate risk which includes the potential that an increase in market interest rates may decrease the value of fixed income securities (bonds); 3) credit risk which reflects the potential that the issuer of fixed income securities will be unable to make the required payments of interest and/or principal when due. Morley Capital Management seeks to mitigate Investment Contract and credit risk by investing only in investment grade securities. Morley Capital Management's credit research team continually analyzes the credit standing and outlook of investments in the Fund seeking to identify investment options with the best risk/reward characteristics consistent with the Fund's investment objective. These review the Morley Stable Value Fund Disclosure document by additional information regarding Fund structure, investment objective and strategy, risks and expenses and carefully consider such factors before investing.

The Fund is not a deposit, obligation, guaranteed or insured by LIFT or any affiliate, is not insured by the Federal Deposit Insurance Corporation (FDIC) or any other federal or state government agency. Neither the Fund nor the offering of the Units has been registered under the U.S. securities laws. Therefore, investors will not have the benefit of the protections for registered securities afforded by the Securities and Exchange Commission ("SEC").

Fees and Expenses

Fees and expenses associated with the Fund include Stable Value Investment Contract Fees, Sub-Adviser Fees, Acquired Fund Fees, and Other Expenses which are collectively referred to as Fund Level Expenses. The Fund also incurs a Trustee/Adviser Fee and may incur a Reconciling Offset related to the investing Plan/Trust. The combination of all of these fees represents the Total Fund Operating Expenses for the Fund.

Fund Level Expenses are variable and will fluctuate daily based on factors such as total Fund assets, assets associated with specific Stable Value Investment Contracts or sub-advisers, and the utilization and cost of applicable services. Fund Level Expenses have already been factored into the Fund's gross performance and the Fund's crediting rate. In contrast the Trustee/Adviser Fee and the Reconciling Offset are generally fixed, and are only shared by direct action from the Trustee or an election by the investing Plan/Trust to amend the Reconciling Offset. The Fund's gross performance is reduced by the applicable Trustee/Adviser Fee and Reconciling Offset to produce the Fund's net performance.

Annualized Fees as of 05/31/2012	
Stable Value Investment Contract Fees (Wrap Fees) ⁶⁸	0.19%
Sub-Adviser Fees ⁶⁹	0.06%
Acquired Fund Fees ⁷⁰	0.01%
Other Expenses ⁷¹	0.02%
Total Fund Level Expenses	0.28%
Trustee/Adviser Fee ⁷²	0.12%
Reconciling Offset ⁷³	0.00%
Total Fund Operating Expenses	0.40%

Additional Information

Data provided is for general informational purposes only and is not intended to be used for auditing purposes and may not represent a complete accounting of all holdings within the portfolio. The information should not be considered as investment, legal, accounting or tax advice or a recommendation of any particular security, strategy, or investment product and it does not take into account the investment objectives, financial situation or needs of any particular investor. Investors should consider whether the Fund is suitable for their particular circumstances and, if necessary, seek professional advice before investing.

Certain data including sector diversification, credit quality, and duration distribution, has been obtained from each investment manager, including Morley Capital Management and certain sub-advisers and has been calculated based upon their respective calculation methodologies. The data is current as of the date listed, and is subject to change without notice. While generally deemed reliable, it has not been verified for accuracy or calculation methodologies and the accuracy of the data cannot be guaranteed.

Morley Capital Management calculates average portfolio credit quality statistics via the aggregated market value weighted average credit quality of securities within the portfolio including CDOs, wrapped securities, and cash equivalents for the assets it directly manages. In the event of split ratings for any single investment (as provided by S&P, Moody's and Fitch), the following shall apply: (a) where only two agencies rate the investment, the lower of the two ratings shall apply; or (b) where three ratings agencies rate the investment, the median rating shall apply. Ratings are converted to equivalent S&P reporting rates.

Definitions

- Crediting Rate** - The rate of return credited to the book value of the Fund, expressed as an annual percentage rate and is calculated based on a book value dollar weighted basis gross of the Trustee/Adviser and Reconciling Offset but net of Fund Level Expenses. 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.
- 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 those agencies. Average credit quality calculation methodologies may vary across the industry which may impact the validity of comparisons.
- Average Duration** - Represents the average market value 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.
- 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.
- 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 broadly 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 those products.
- 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.
- 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).
- Stable Value Investment Contract Fees** - Fees assessed by the financial institutions issuing the Stable Value Investment Contracts (Wrap Contracts) in which the Fund invests.
- Sub-Adviser Fees** - Fees assessed by sub-advisers retained by the Trustee to assist in the underlying fixed income management of certain portions of the Fund. Fees associated with services provided by MCM are paid directly by the Trustee and are not Fund Level Expenses.
- Acquired Fund Fees** - The Fund invests in other funds which incur their own fees and expenses associated with fund operations. As a result a pro-rata share of the Other Expense of each underlying fund, as provided in its most recent audited financial report, is reported.
- Other Expenses** - Represents fees and expenses associated with Fund operations including but not limited to, accounting and valuation services, custody services, legal and auditing services.
- Trustee/Adviser Fee** - Paid to the Trustee of the Fund for trustee and investment advisory services. Breakpoints associated with this fee reduce costs based upon total invested assets of the investing Plan/Trust.
- Reconciling Offset** - A fee option that may be selected by the Plan/Trust investing in the Fund. The fee is used by the investing Plan/Trust to pay for certain qualified expenses including but not limited to reconciling and administrative costs.

Based upon the structure of various investment options (e.g. collective investment trusts, insurance company separate account contracts, or individually managed accounts), the client may or may not have direct fractional ownership of the underlying securities.

Market indices have been provided for comparison purposes only. They are unmanaged and do not reflect any fees or expenses. Individuals cannot invest directly in an index. The Morningstar All-Facile Money Market Fund Index measures the equally-weighted returns of the largest taxable money market funds. The Barclays 1-3 Year Govt Bond Index measures the returns of investment grade, dollar denominated bonds publicly issued by the U.S. Govt. with a maturity of over 1, and less than 3 years.

Direct investment in the Fund is limited to Participating Trusts (also known as investing Plan/Trust) that meet certain requirements described in the Declaration of Trust that enter into a Participation Agreement with the Trustee. The Fund cannot accept investment directly from individuals and is subject to restrictions regarding transfer and withdrawal of assets including potential deferral of withdrawal requests by up to 12 months, as defined in the applicable Declaration of Trust.

Definitions

This section provides definitions for a variety of elements in the Fact Sheet. The number of the definition corresponds with the numbers footnoted throughout the Fact Sheet. As an example, Average Duration identified in the Fund Profile section of the Fact Sheet includes a footnote labeled 3 which refers to Definition #3.