

Morley Stable Value Fund

Sub-advised by Morley Financial Services, Inc.

MORLEY FINANCIAL SERVICES, INC.

Morley Financial Services, Inc. (Morley), founded in 1982, is one of the nation’s oldest stable value managers. Morley provides stable value investment services to corporate, government and Taft-Hartley pension plans through collective investment funds and separately managed portfolios, and offers advisory services to banks and other financial institutions.

Investment Philosophy and Process

Philosophy

The conservative investment philosophy at Morley is based on a consistent and disciplined approach to managing clients’ stable value portfolios. Morley believes the best way the firm can help investors achieve the investment goals of capital preservation and stable, competitive returns is through consistent application of three key factors:

- A disciplined investment process that combines top-down economic research with fundamental bottom-up security analysis
- A focus on building high-quality, well-diversified portfolios by wrap provider, investment manager and mandate
- A commitment to risk management

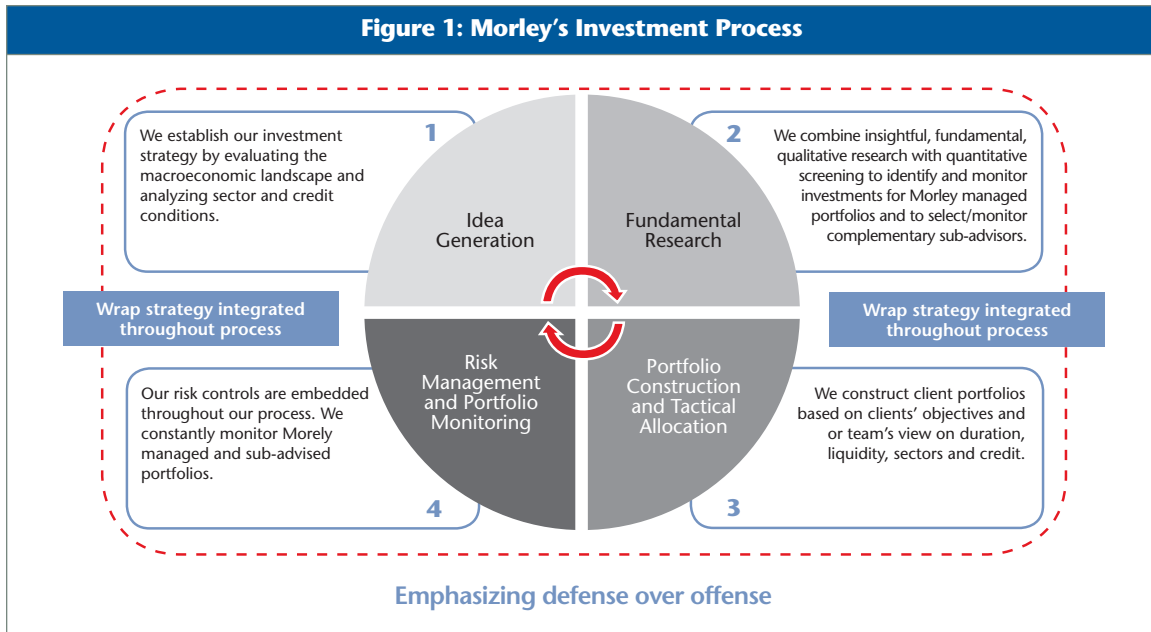
The objective of the Morley Stable Value Fund is to provide preservation of capital, relatively stable returns consistent with its comparatively low risk profile and liquidity for benefit responsive plan or participant payments.

The investment advisor’s investment philosophy and strategy may not perform as intended and could result in a loss or gain.

Process

Morley’s stable value investment process consists of four stages, as seen in Figure 1 on page 2.

<p>Not FDIC or NCUA insured</p> <p>May lose value • Not a deposit • No bank or credit union guarantee Not insured by any Federal government agency</p>



The four-step process includes:

- 1. Idea generation.** Morley's integrated team-oriented approach brings together the best thinking of the firm's portfolio managers and analysts. To establish an investment strategy, Morley analyzes macro trends, credit conditions and, most importantly, their clients' needs and objectives.
- 2. Fundamental and quantitative research.** Morley combines investigative fundamental research from the firm's analysts with selective use of comprehensive quantitative screening techniques to monitor portfolios and uncover new opportunities.
- 3. Portfolio construction and tactical allocation.** Portfolios are constructed based on objectives and the team's views on duration, liquidity, sectors and credit. A team approach with sector specialists optimizes investment decisions.
- 4. Risk management and portfolio monitoring.** Morley constructs portfolios with controls built around key risk areas, such as credit, interest rate and liquidity risk. The firm establishes detailed investment guidelines and restrictions to control and measure these risks.

Morley's wrap strategy, which the firm uses in its efforts to provide capital preservation, stability and consistent returns, is integrated throughout the investment process.

Morley believes a well-diversified, multiple-wrap strategy is critical to managing wrap risk. The firm typically uses a pro-rata wrap structure, with each wrap provider covering a specific pool of assets. The underlying assets can be direct ownership of either bonds or a pooled investment vehicle. Based on the total size of the portfolio, Morley typically seeks to include 5-10 wrap providers (but may include more or less based upon market conditions).

In selecting wrap providers, Morley seeks large, well-established issuers having diversified earnings and cash flow streams, strong capitalization and solid asset and funding liquidity. In addition, other key factors in qualifying a wrap provider include contract terms, wrap fees, commitment to the wrap business and investment mandates. Morley performs in-house proprietary credit review of each wrap provider, initially and on an ongoing basis, in order to confirm the issuer's ability to honor its stable value wrap commitments. Once approved by the firm, qualifying wrap issuers must have a "BBB-" rating or above from external rating agencies (under normal market conditions).

If potential wrap capacity is contingent upon the use of a sub-advisor who is affiliated with the potential wrap provider, Morley's portfolio management group is responsible for evaluating the asset management capabilities of the manager. A formal analysis is then presented to the firm for review and approval.

Morley's team of portfolio managers is specialized across fixed income sectors, which allows them to closely track and monitor their market segments for relative-value opportunities. The firm's team of analysts is organized by sector specialty and works closely with the portfolio management team. This specialization also allows portfolio managers to work in concert with the research analyst dedicated to their particular fixed income sectors, thus allowing the entire group to benefit from each individual's expertise.

Portfolio management team

William M. Finley joined Morley in 2010. He is responsible for the development and execution of Morley's investment strategy and is a member of the firm's Investment Committee. Previously, Mr. Finley was the CIO of Fortis Investments Stable Value and Short-Term Asset groups. Before that, he worked for Continental Illinois National Bank and Trust Company. Mr. Finley earned an undergraduate degree with distinctions from the University of Nebraska and an M.B.A. from Northwestern University. He has earned the right to use the Chartered Financial Analyst designation.

Perpetua M. Phillips joined Morley in 1999. A member of the firm's Investment Committee, she is responsible for investment strategy implementation and asset allocation in client's portfolios as well as portfolio evaluation. Her previous experience includes portfolio management of indexed and total return portfolios and fixed income research and analysis. Ms. Phillips earned an undergraduate degree in Economics from Columbia University and an M.B.A. from New York University.

Mark R. Kummerer joined Morley in 2003 and is a member of the firm's Investment Committee. Previously, he was the Managing Director of Fixed Income for National City in Cleveland, overseeing \$16 billion in assets under management. Prior to that, he was with First America and Bank One. Mr. Kummerer earned an undergraduate degree in Finance from Ohio University and an M.B.A. in Finance from the University of Dayton. He has earned the right to use the Chartered Financial Analyst designation.

Shane Johnston joined Morley in 2000 and rejoined the firm in 2009. He is a member of Morley's Investment Committee. Mr. Johnston earned an undergraduate degree in Economics from the University of Oregon and an M.B.A. in Finance/Accounting from Northern Arizona University.

Gene Lackershire joined Morley in 2000 and rejoined the firm in 2011. Previously, he was Director of Investments at Portland General Electric, where he was responsible for the oversight of 14 plans and the selection, due diligence and monitoring of 40 investment managers. Mr. Lackershire earned an undergraduate degree in Business/Finance from Briar Cliff University and an M.B.A. in Finance from Drake University.

Peter Mahoney, Assistant Portfolio Manager, joined Morley in 2010. He earned a B.B.A. in International Business from the University of Portland. He has six years of experience in finance and investment banking operations.

Steven DeSouza, Assistant Portfolio Manager, joined Morley in 2012. He earned a B.S. in Finance from Portland State University. He has four years of experience in finance and investment research. Mr. DeSouza is a CFA Level II Candidate (June 2014).

Additional Information

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 the investment adviser. Both MCM and UBT are wholly owned subsidiaries of Morley Financial Services, which is a wholly owned subsidiary of the Principal Financial Group. There is no assurance that the Fund will achieve its stated objective and an investment in the Fund involves risk, including the possible loss of the principal amount invested. Before investing carefully consider the Fund's investment objectives, risks, and charges. Please contact Morley at morley.com or by calling 800-548-4806 for additional information including disclosure documents, trust documents, fee schedules, fund characteristics, and standardized performance data.

Investment options are subject to investment risk. Shares or unit values will fluctuate and investments, when redeemed, may be worth more or less than their original cost.

Fixed-income investments are subject to interest rate risk; as interest rates rise their value will decline.



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