

## Performance for the Quarter and Year-to-Date ended September 30, 2007

During the third quarter of 2007, economic indicators signaling a slow down in the U.S. economy caused domestic bond and stock markets to significantly decline in mid-August. However, most markets rebounded by the end of the quarter due to actions taken by the Federal Reserve to provide support for economic growth.

As the rate of mortgage defaults from subprime lenders continued to rise, investors closely watched other economic indicators to assess the risk in the market during the third quarter. Concerns were elevated in August when several negative reports were released. Homes sales continued to fall with new home sales down 21% and existing home sales down 13% year-over-year in August. The dollar also continued to decline against major currencies. Near the end of the quarter, the Canadian dollar achieved parity with the U.S. dollar for the first time since 1976. In addition, the U.S. Department of Labor initially reported a loss of 4,000 jobs in August which shocked investors. However, this number was later revised to a gain of 89,000 jobs for the month.

With the perceived slowdown in economic growth, the Federal Reserve shifted its focus from curbing inflation to supporting the economy. In August, the Fed took action that increased the supply of funds to the financial markets in order to stimulate economic activity. It did this by borrowing securities from securities dealers, and in exchange, providing these dealers with cash to deposit in commercial banks. In total, the Fed created \$97 billion in additional funds for these commercial banks who could then lend to the public. Later in the quarter, it reduced the Federal Funds rate by 0.50% to 4.75%. This action effectively lowered the interest rate at which banks can lend to the public and encourages borrowing. The Fed's actions helped to boost investor confidence as the U.S. bond and stock markets rallied by the end of the quarter.

For the third quarter of 2007, all of the General Board's funds produced positive returns. With a return of 4.6%, the Inflation Protection Fund (IPF) was the best performing of the General Board funds for the quarter. IPF holds a diverse allocation of inflation protected securities and other assets that protect principal from a loss of purchasing power. During the month of September, its allocation to commodities and its new allocation to inflation protected securities in lesser developed countries performed extremely well with a return of 7.5% and 7.3% respectively for the month.

## Fund and Benchmark Performance for Periods Ended September 30, 2007, net of fees

<b>General Board Funds</b>	<b>Quarter</b>	<b>YTD</b>	<b>1 Year</b>	<b>2 Years</b>	<b>3 Years</b>	<b>5 Years</b>	<b>Inception</b>
Multiple Asset <sup>1</sup>	2.5%	9.7%	16.3%	13.3%	13.8%	14.9%	10.6%
Custom Benchmark <sup>2</sup>	2.8%	9.1%	15.2%	12.3%	12.6%	14.0%	9.7%
Domestic Bond	2.3%	3.4%	6.0%	5.3%	4.4%	4.3%	5.8%
Lehman U.S. Universal (blend) <sup>3</sup>	2.6%	3.7%	5.3%	4.5%	3.9%	4.2%	5.8%
Inflation Protection Fund <sup>4</sup>	4.6%	6.8%	6.0%	3.8%	4.2%	NA	5.0%
BCGI Inflt-nLnkd Indx	4.5%	6.3%	4.9%	3.4%	4.0%	NA	4.8%
Stable Value Fund <sup>5</sup>	1.1%	3.4%	4.5%	4.4%	4.1%	NA	3.8%
Ryan Labs GIC Index	1.3%	3.5%	4.5%	4.1%	3.7%	NA	3.4%
Balanced Social Values Plus	3.1%	8.1%	12.3%	8.6%	8.4%	10.6%	4.9%
Custom Benchmark <sup>6</sup>	1.9%	6.8%	12.0%	9.9%	9.9%	11.1%	6.4%
Domestic Stock	1.5%	10.1%	17.4%	13.7%	13.7%	16.1%	6.7%
Russell 3000 Index	1.5%	8.8%	16.5%	13.3%	13.7%	16.2%	6.8%
International Stock	3.9%	17.7%	32.1%	25.8%	25.3%	23.8%	11.5%
MSCI Blend <sup>7</sup>	4.6%	17.4%	30.5%	24.4%	24.9%	24.5%	9.5%

<sup>1</sup> Inception for Multiple Asset Fund is 5/1/2002.

<sup>2</sup> On January 1, 2006, the benchmark for the Multiple Asset Fund became 45% Russell 3000 Index, 20% MSCI All Country World Index ex USA Index, 25% Lehman U.S. Universal Index ex-Mortgage Backed Securities, and 10% U.S. Barclays Capital Global Inflation Linked Bond Index. Prior to this date, the benchmark had been 47% Russell 3000 Index, 15% MSCI EAFE Index, 3% MSCI Emerging Markets Index, and 35% Lehman U.S. Universal Index. The benchmark data reported above is a blend of the two benchmarks based on the period for which the respective benchmark applies.

<sup>3</sup> Benchmark for the Domestic Bond Fund became the Lehman Universal ex-MBS Index on January 1, 2006. Prior to this date, the benchmark had been the Lehman Aggregate Bond Index from January 1, 2003 through December 31, 2005, and the Lehman Intermediate Aggregate Bond Index prior to January 1, 2003. The benchmark data reported above is a blend of the three benchmarks based on the period for which each respective benchmark applies.

<sup>4</sup> Inception for Inflation Protection Fund is 12/31/2003.

<sup>5</sup> Inception for Stable Value Fund is 11/30/2002.

<sup>6</sup> Since inception on 12/31/1997 through 09/30/2007, benchmark for the Balanced Social Values Plus Fund is 60% Russell 3000, 30% Lehman Aggregate Bond Index and 10% Merrill Lynch 3 month Treasury Bills Index. As of 10/01/07, this benchmark is 60% Russell 3000 Index, 30% Lehman Mortgaged Backed Securities Index and 10% Merrill Lynch 90-day Treasury Bill Index.

<sup>7</sup> Benchmark for the International Stock Fund became the MSCI All Country World Index ex USA (MSCI ACWI ex USA) on January 1, 2006. Prior to this date, the benchmark had been the MSCI EAFE Index. The benchmark data reported above is a blend of the two benchmarks based on the period for which each respective benchmark applies.

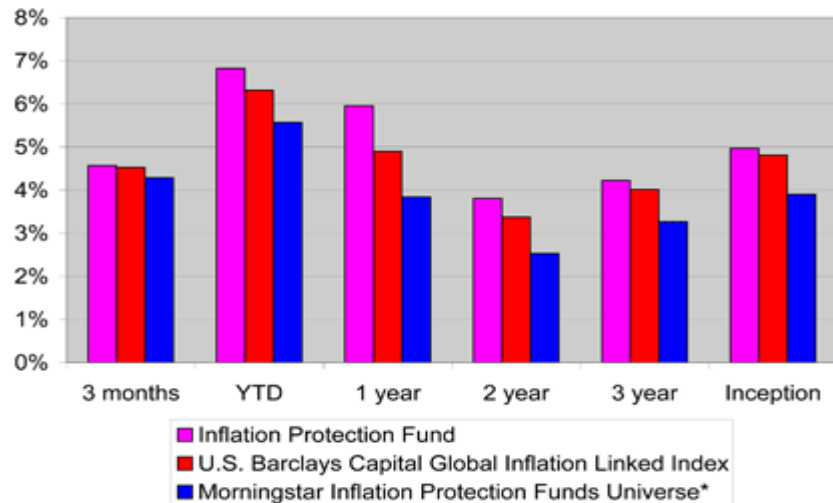
The charts below compare the performance of each of the General Board's funds (except for the Stable Value Fund, for which there is no comparable data) with similar funds reported in the Morningstar's universe of mutual fund returns. The row called "Number of Funds" indicates how many mutual funds similar to the General Board's fund appear in Morningstar's database. The row called "Rank" indicates the percentile rank of the General Board's fund when compared to similar mutual funds. For example, a rank of 30% means that the General Board's fund performed in the top 30% of a universe of similar mutual funds.

For this report, our data provider Wilshire Associates recently changed its style and scoring methodology for use in our universe comparison charts. Morningstar purchased Standard and Poor's data used in creating universes of mutual funds. The charts below incorporate the universes provided by Morningstar, but also the greater selection and fund coverage that had been provided by Standard & Poor's.

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## **Recent and Long-Term Returns: Inflation Protection Fund Compared with Morningstar's Universe**

The Inflation Protection Fund produced a return of 4.6% for the third quarter of 2007, which was slightly ahead of its benchmark. In August, the fund further diversified by adding an allocation to inflation protection bonds in lesser developed countries. This new allocation contributed positively to the fund's performance.



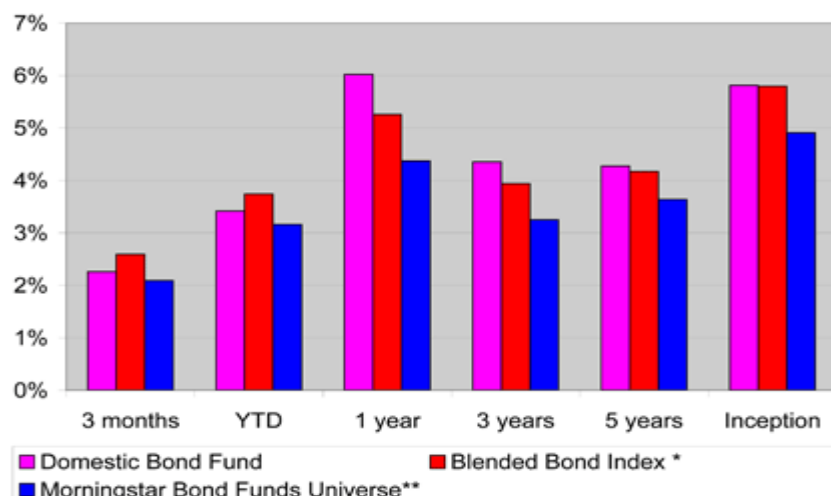
Compound Annual Returns for the Periods Ending September 30, 2007	3 months	YTD	1 year	2 year	3 year	Inception
Inflation Protection Fund	4.6%	6.8%	6.0%	3.8%	4.2%	5.0%
U.S. Barclays Capital Global Inflation Linked Index	4.5%	6.3%	4.9%	3.4%	3.8%	4.8%
Morningstar Inflation Protection Funds Universe*	4.3%	5.6%	3.8%	2.5%	3.3%	3.9%
Number of Funds	147	140	133	121	82	63
Rank	16%	2%	2%	6%	10%	2%

\* The comparison universe is derived from Wilshire's Morningstar predefined "Styles" of Inflation Protection Bonds.

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## Recent and Long-Term Returns: Domestic Bond Fund Compared with Morningstar's Universe

For the quarter ending September 30, 2007, the Domestic Bond Fund returned 2.3%, below the return of its benchmark by 0.3%. This fund holds mortgages from the General Board's Positive Social Purpose Investments Program. While the quality of the loans in this portfolio has not deteriorated, the value of the portfolio is calculated based on the value of similar publicly traded securities. Because of concerns over the subprime mortgage market, investors are placing a lower value on all mortgage backed securities. The General Board is very confident that values will rebound, though it may take some time to do so. Long term investors should not be concerned about the short term consequences of the recent market perturbations.



Compound Annual Returns for the Periods Ending September 30, 2007	<u>3 months</u>	<u>YTD</u>	<u>1 year</u>	<u>3 years</u>	<u>5 years</u>	<u>Inception</u>
Domestic Bond Fund	2.3%	3.4%	6.0%	4.4%	4.3%	5.8%
Blended Bond Index *	2.6%	3.7%	5.3%	3.9%	4.2%	5.8%
Morningstar Bond Funds Universe **	2.1%	3.2%	4.4%	3.3%	3.6%	4.9%
Number of Funds	1,456	1,407	1,350	1,169	954	501
Rank	40%	38%	4%	7%	28%	9%

\* Benchmark for the Domestic Bond Fund became the Lehman Universal ex-MBS Index on January 1, 2006. Prior to this date, the benchmark had been the Lehman Aggregate Bond Index from January 1, 2003 through December 31, 2005, and the Lehman Intermediate Aggregate Bond Index prior to January 31, 2003. The benchmark data reported above is a blend of the three benchmarks based on the period for which each respective benchmark applies.

\*\* Three of Wilshire Compass's predefined universes were combined to assemble this Bond Funds Universe. The three Wilshire Compass predefined universes were mutual funds of Morningstar "Styles" of "Long-Term Bonds", "Intermediate-Term Bonds", and "Short-Term Bonds".

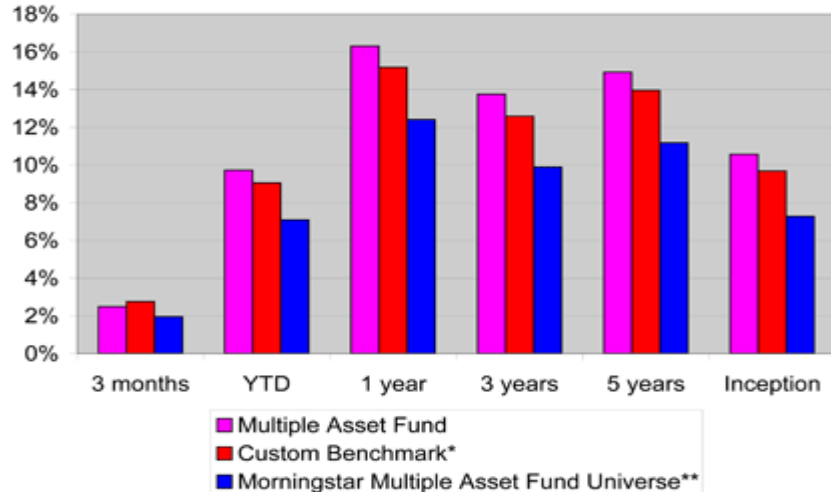
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## Recent and Long-Term Returns: Multiple Asset Fund Compared with Morningstar's Universe

The Multiple Asset Fund represents a pre-specified mix of four of the General Board funds with a target allocation of 45% Domestic Stock Fund, 20% International Stock Fund, 25% Domestic Bond Fund, and 10% Inflation Protection Fund. When these differences in allocations exceed the pre-specified limits, the Multiple Asset Fund is rebalanced by selling shares of the over-allocated funds and purchasing shares of the under-allocated funds.

For the quarter ending September 30, 2007, the Multiple Asset Fund produced a return of 0.3% below its benchmark. The underperformance is attributed to the Domestic Bond Fund and International Stock Fund which both underperformed their benchmarks for the quarter. Conversely, the fund returned 0.5% over the median return of its Morningstar universe for the quarter, and the fund ranked in the top 31% of all balanced funds in the universe.

Fund inception for the Multiple Asset Fund is May 1, 2002.



Fund inception for the Multiple Asset Fund is May 1, 2002.

<b>Compound Annual Returns for the Periods Ending September 30, 2007</b>	<b>3 months</b>	<b>YTD</b>	<b>1 yr</b>	<b>3 yr</b>	<b>5 yr</b>	<b>Inception</b>
Multiple Asset Fund	2.5%	9.7%	16.3%	13.8%	14.9%	10.6%
Custom Benchmark *	2.8%	9.1%	15.2%	12.6%	14.0%	9.7%
Morningstar Multiple Asset Fund Universe**	2.0%	7.1%	12.4%	9.9%	11.2%	7.3%
Number of Funds	1,468	1,413	1,378	1,080	808	765
Rank	31%	19%	18%	11%	12%	4%

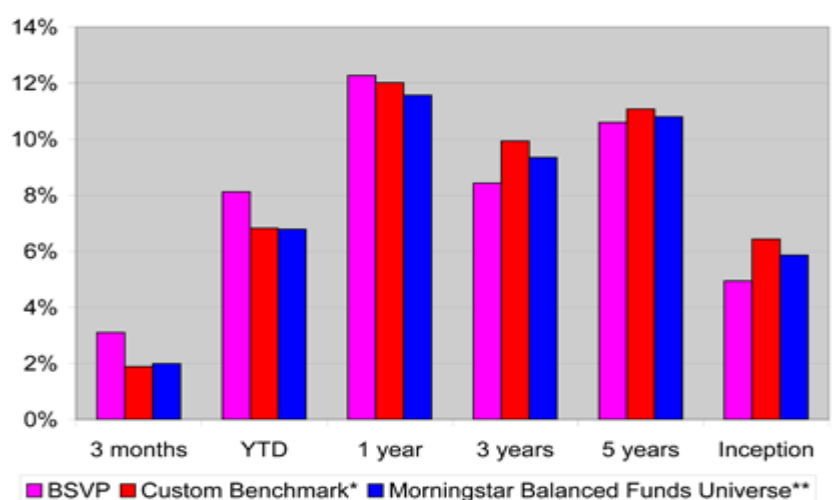
\* On January 1, 2006, the benchmark for the Multiple Asset Fund became 45% Russell 3000 Index, 20% MSCI All Country World Index ex USA Index, 25% Lehman U.S. Universal Index ex-Mortgage Backed Securities, and 10% U.S. Barclays Capital Global Inflation Linked Bond Index. Prior to this date, the benchmark had been 47% Russell 3000 Index, 15% MSCI EAFE Index, 3% MSCI Emerging Markets Index, and 35% Lehman U.S. Universal Index. The benchmark data reported above is a blend of the two benchmarks based on the period for which the respective benchmark applies.

\*\* The comparison universe is derived from the Wilshire Compass Morningstar "Asset Class" of "Balanced" mutual funds.

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## Recent and Long-Term Returns: Balanced Social Values Fund Compared with Morningstar's Universe

For the third quarter of 2007, the Balanced Social Values Plus Fund's returned 3.1%, a strong performance relative to its benchmark. Despite this strong performance for the third quarter, the General Board has decided to adopt an index-like strategy for the equity portion of this fund in order to obtain consistent returns comparable to its benchmark and to reduce fund expenses. This change became effective on October 1, 2007. For more information please read the web article titled [Balanced Social Values Plus Fund Improvements](#).



Compound Annual Returns for the Periods Ending September 30, 2007	<u>3 months</u>	<u>YTD</u>	<u>1 year</u>	<u>3 years</u>	<u>5 years</u>	<u>Inception</u>
Balanced Social Values Plus Fund	3.1%	8.1%	12.3%	8.4%	10.6%	4.9%
Custom Benchmark*	1.9%	6.8%	12.0%	9.9%	11.1%	6.4%
Morningstar Balanced Funds Universe **	2.0%	6.8%	11.6%	9.4%	10.8%	5.9%
Number of Funds	593	577	573	502	429	253
Rank	16%	27%	41%	70%	54%	70%

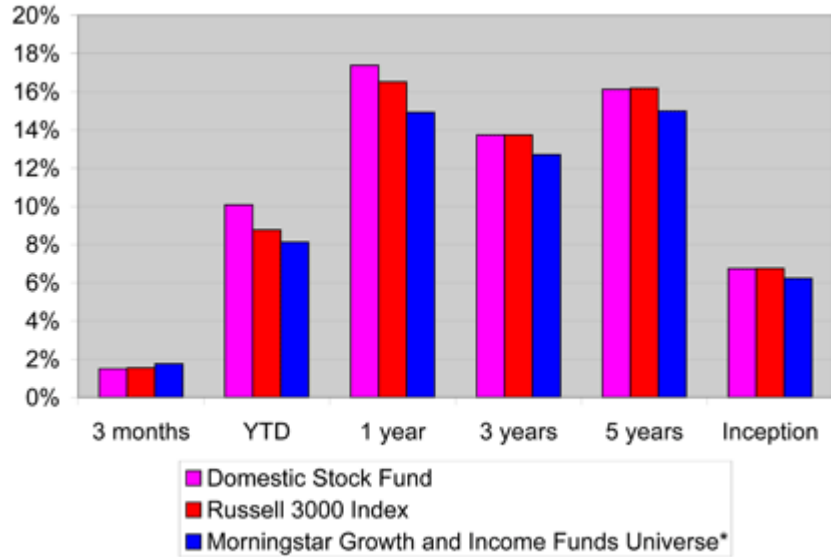
\* Benchmark for the Balanced Social Values Plus Fund is 60% Russell 3000, 30% Lehman Aggregate Bond Index and 10% Merrill Lynch 3 month Treasury Bills Index.

\*\* The comparison universe includes all Wilshire Compass mutual funds included in the predefined universe of Morningstar "Objectives" for "Balanced" mutual funds.

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## Recent and Long-Term Returns: Domestic Stock Fund Compared with Morningstar's Universe

For the quarter ending September, 2007, the Domestic Stock Fund had a return matching its benchmark of 1.5%. Year-to-date the fund has increased 10.1%, 1.3% ahead of its benchmark. Part of this out-performance can be attributed to the fund's allocation to real estate and private equity. Through the end of September, the real estate allocation for the fund had returned over 20% for the year-to-date period.



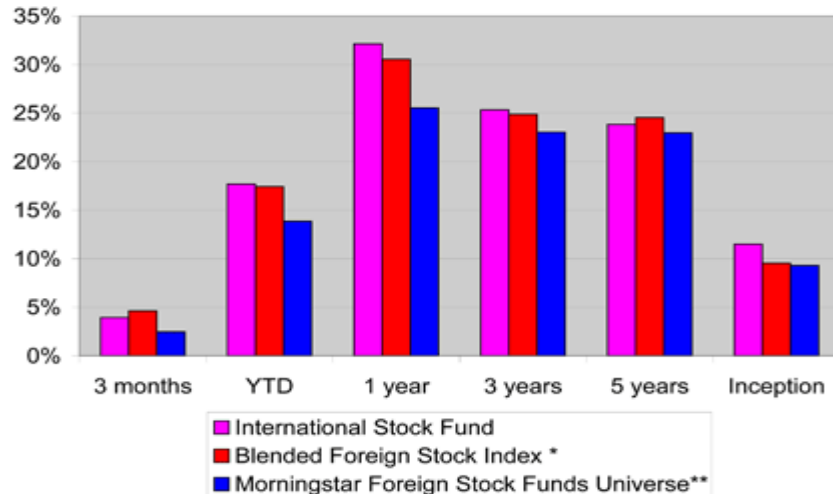
Compound Annual Returns for the Periods Ending September 30, 2007	3 months	YTD	1 year	3 years	5 years	Inception
Domestic Stock Fund	1.5%	10.1%	17.4%	13.7%	16.1%	6.7%
Russell 3000 Index	1.5%	8.8%	16.5%	13.7%	16.2%	6.8%
Morningstar Growth and Income Funds Universe*	1.8	8.1%	14.9%	12.7%	15.0%	6.2%
Number of Funds	2,395	2,234	1,985	1,320	947	503
Rank	56%	24%	24%	30%	28%	38%

\* The comparison universe incorporates funds from the following Wilshire Compass's Morningstar "Objectives" of "Growth and Income" mutual funds.

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## Recent and Long-Term Returns: International Stock Fund Compared with Morningstar's Universe

For the third quarter 2007, the International Stock Fund returned 3.9%, below its benchmark by 0.7%. However, for the year-to-date period the fund has outperformed its benchmark by 0.3%, with a net return of 17.7%. Similar to the Domestic Stock Fund, the fund's allocation to international real estate has produced excellent returns.



<b>Compound Annual Returns for the Periods Ending September 30, 2007</b>	<b>3 months</b>	<b>YTD</b>	<b>1 year</b>	<b>3 years</b>	<b>5 years</b>	<b>Inception</b>
International Stock Fund	3.9%	17.7%	32.1%	25.3%	23.8%	11.5%
Blended Foreign Stock Index *	4.6%	17.4%	30.5%	24.9%	24.5%	9.5%
Morningstar Foreign Stock Funds Universe**	2.5%	13.9%	25.5%	23.0%	23.0%	9.3%
Number of Funds	1,025	988	972	844	723	343
Rank	33%	21%	19%	26%	39%	29%

\* Benchmark for the International Stock Fund became the MSCI All Country World Index ex USA (MSCI ACWI ex USA) on January 1, 2006. Prior to this date, the benchmark had been the MSCI EAFE Index. The benchmark data reported above is a blend of the two benchmarks based on the period for which each respective benchmark applies.

\*\* The comparison universe contains all Wilshire Compass mutual funds included in the predefined universe of Morningstar "Objectives" of "Foreign Stock Funds".

For further information on and returns of the investment strategy of the General Board's funds, please see the [Investment Funds Description](#) booklet, available on the General Board's Web site.

**Disclosure:** Past performance is not a predictor of future results. The General Board highly recommends that participants consult with a fee-only financial planner to develop a savings plan that is best suited to the participant's individual life circumstance and risk tolerance.

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