

**Inquiries:**

Information on enrolling in the Fund or on the Fund's performance should generally be directed to the Human Resources Department of the participating plan, or to the participating plan's recordkeeper.

Questions regarding the content of this booklet may be directed to Morley Client Service at (800) 548-4806.

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**MORLEY FINANCIAL**  
**SERVICES, INC.**

**Stable Value Fund**

**Summary Information  
Booklet**

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## Table of Contents

### **Fund Summary**

Objectives and Principal Strategies .....	2
Who May Invest .....	2
Performance .....	3
Fees and Expenses .....	3

### **More About the Fund**

Principal Investments .....	4
Principal Risks .....	4

### **Management**

Manager/Trustee .....	5
Investment Advisor .....	5

### **Buying and Selling Fund Shares**

Determination of Unit Price .....	6
Purchase and Redemption of Units .....	6
Redemption Restrictions .....	7

## Fund Summary

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### Objectives and Principal Strategies

Morley's Stable Value Fund (the "Fund") is designed to provide preservation of capital and returns that are consistent regardless of stock and bond market volatility. The Fund seeks to earn a high level of income consistent with those objectives.

The Fund consists of a diversified portfolio of high-quality stable value investment contracts issued by life insurance companies, banks and other financial institutions. The principal value of these assets is intended to remain stable regardless of stock and bond market fluctuations. The income return on the Fund is a blend of all the rates of the various investments purchased by the Fund. Income is accrued daily and reinvested in the Fund. This accrual of income is reflected in the Fund's unit price which is priced daily and is not held constant.

The Fund is a collective investment trust (also known as a pooled fund) under the trusteeship of Union Bond & Trust Company ("UBT"). Morley Capital Management, Inc. is the Investment Adviser to the Fund. Both companies are wholly owned by Morley Financial Services, Inc. ("Morley") and have acted in their respective capacities for the Fund since its inception. The Fund was created for use by certain tax-exempt employee benefit trusts. Because the Fund is a collective investment fund, it is regulated by banking regulators, and not the Securities and Exchange Commission.

### Who May Invest

The Fund accepts investments from participants through employee benefit trusts that have been determined to be qualified for tax-exemption by the Internal Revenue Service under Section 401(a) or 457 of the Internal Revenue Code of 1986, as amended, and which trusts (the "Participating Trusts") are exempt from tax pursuant to Section 501 of the Code.

The Fund may not accept investments from individual retirement accounts or simplified employee pension plans.

The Fund is typically appropriate for investors who desire low volatility, stable principal value, and consistent returns on a component of their retirement savings. Stable value assets are a long-term retirement investment.

*Investing involves market risk, including the possible loss of principal, and there is no guarantee that the investment objectives will be achieved.*

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## Performance

Total investment returns reported for the Fund reflect the change in the unit price over time. This change in price reflects the accrual and reinvestment of interest earned by the Fund, as well as the accrual and payment of expenses incurred by the Fund.

Because the income earned on the Fund's portfolio at any given date will reflect the interest rate of the investment contracts purchased over several years, and as the underlying assets are intended to be carried at contract value, the rate of return of the Fund may be different from current market rates of interest. Over a complete market cycle, the Fund is expected to provide returns similar to comparable fixed-income funds with volatility similar to money market funds.

The Fund's total return and yield fluctuate monthly as a result of numerous factors, such as cash flow, interest payments and maturity of existing contracts. Past performance is not necessarily an indicator of future results.

The Fund is a tax-exempt collective investment fund. Like mutual funds, this Fund declares its Unit Price (or NAV-Net Asset Value) daily. However, unlike mutual funds, the Fund does not declare or pay out dividends; income earned on the assets is reinvested in the Fund. Although the principal value of the investments is intended to remain stable, the Fund's NAV has typically increased every day due to the accrual and reinvestment of interest on the investments. Due to regulatory restrictions, the Fund does not have a ticker symbol and the NAV is not published in daily periodicals.

## Fees and Expenses

**Fees.** Union Bond & Trust Company ("UBT"), as Trustee and Manager of the Fund, is reimbursed for all expenses relating to Fund administration. It collects the investment advisory fee for Morley Capital Management, Inc. ("MCM") from the Fund as well. Expenses and fees are based on the average daily balance and are paid at the end of each month. UBT may, from time to time, make adjustments to the fee charged to the trusts. These adjustments may only be implemented with notice to the participating trusts.

Total annual fees, including the fees of UBT and MCM are listed in Schedule A of the Agency Agreement or Participation Agreement executed on behalf of each employee benefit plan. Fees are paid monthly in arrears.

**Independent Auditors.** The independent auditor for the Fund is PricewaterhouseCoopers, LLP and its fee is accrued and paid from the Fund. A certified audit for the most current period is available and will be provided upon request.

**Legal and Other Fees.** The Fund may only be charged for legal and other fees that relate directly to the operation of the Fund.

## More About the Fund

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### Principal Investments

**Traditional Investment Contracts.** An investment contract is a group annuity contract which the Fund purchases from an issuer - typically an insurance company or bank with a high credit rating - who promises to accrue and pay interest at a specified rate for the life of the contract. The Fund purchases a selection of investment contracts from a diversified list of issuers approved by the Investment Advisor's Investment Committee. Investment contracts typically have a fixed maturity. Each contract contains a provision that the issuer will, if required, repay principal at the stated contract value for the purpose of paying benefit payments (100% benefit responsive).

An investment contract is a senior obligation of the issuer and is paid at maturity from the general account of the issuer. In case of insolvency, bankruptcy or other financial difficulties, it is possible that an insurance company could not meet its obligations under the investment contract, which could mean a reduction in the Fund's return.

**Alternative Investment Contracts.** Alternative investment contracts (also called "synthetic" investment contracts) allow the Fund to purchase the components of traditional contracts from separate entities. Interest-bearing securities with a high credit rating are combined with a wrap contract that provides assurance that benefit withdrawals may be made at book value prior to maturity. Many alternative investment contracts allow for direct ownership of, or perfected interest in, the underlying assets. Alternative investment contracts are issued by banks, life insurance companies and other financial institutions. Each contract is 100% benefit responsive.

**Other Assets.** The Fund may also invest in various other high quality investments including cash, STIF funds, separate account contracts from issuers, or other stable value collective trust funds. All such investments are either (1) rated in one of the two highest short-term rating categories by at least one of the nationally recognized statistical rating organizations or (2) unrated securities that have comparable quality and approval of the Investment Committee of the Trustee and Advisor.

### Principal Risks

The Fund seeks to provide the highest returns commensurate with stability of principal. While this is generally one of the most conservative investment options, stable value assets do carry potential risks. There is credit risk, or the risk that an issuer will become impaired or default on payments of interest and/or principal. A similar risk exists on the ability of wrap providers to honor the provisions of wrap agreements, and on the credit quality and prepayment characteristics of assets held in alternative investment contracts. The Fund is also subject to reinvestment risk, or the risk that, due to prevailing market conditions, maturing assets may not be able to be invested in assets having similar return or credit characteristics.

To mitigate these risks, the Fund seeks to invest only in assets of very high credit quality. The credit research staff of the Fund's Investment Advisor continually monitors the credit standing and outlook of all issuers writing investment contracts to the Fund and all wrap providers. Assets held for alternative investment contracts are subject to replacement if their credit quality falls below specified quality levels.

## Management

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### Manager/Trustee

Union Bond & Trust Company ("UBT") is the Trustee and Manager of the Fund. UBT and Morley Capital Management, Inc. ("MCM"), the Investment Adviser to the Fund, are both subsidiaries of Morley Financial Services, Inc. As of 12/31/06, UBT has \$6.7 billion in trust assets.

**Units of participation in the Fund are not deposits or obligations of, guaranteed by or insured by Union Bond & Trust Company or any affiliate, are not insured by the FDIC or any other Federal government agency, and may lose value.**

### Investment Advisor

Under an Investment Advisory Agreement with UBT, the Fund has retained MCM as its Investment Advisor since trading in the Fund began in December 1993. MCM furnishes advice and recommendations with respect to the Fund's portfolio of investments.

Morley Financial has been in the investment management business since 1982 and provides investment services to corporate pension funds, Taft-Hartley funds, leading banks and investment counselors across the United States. Morley offers an extensive and dynamic investment process for stable value investors and its affiliates, and as of 12/31/06, oversees more than \$14.5 billion in stable value assets.

## Buying and Selling Fund Shares

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### Determination of Unit Price

Units of the Fund may be purchased or redeemed daily (see the "Purchase and Redemption of Units" Section of this booklet). The subscription price or redemption price, as the case may be, is based upon the closing value per unit of the Fund, which is determined daily following the close of regular trading on the New York Stock Exchange.

The value of each unit of participation in the Fund is determined by subtracting total Fund liabilities from total Fund assets and dividing the remainder by the number of units outstanding. The Fund's assets are valued at fair market value as determined in good faith by the Trustee in accordance with written valuation policies and procedures adopted by the Trustee. The Fund intends to hold only assets whose fair market value is the contract value of the investment.

Income is calculated daily and is automatically reinvested, which will change the net asset value ("NAV") of units in the Fund. The amount of income is dependent on contract interest rates, contract maturities, and new investments in the Fund.

### Purchase and Redemption of Units

Units of participation in the Fund may be purchased daily by following the procedures established by your plan. Redemptions of units of the Fund may usually be made daily subject to the limitations described in the "Redemption Restrictions" section below.

**These redemption limitations allow the Fund to invest at the most competitive rates and provide cash holdings for benefit payments to participants.**

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## Redemption Restrictions

***Participant-Directed Withdrawals for Benefit Payments.*** Individual participants' redemptions of units of the Fund for benefit payments are generally permitted without restriction, subject to the provisions of the Trust Document. A copy of the Fund's Trust Document has been provided to your plan administrator.

***Participant-Directed Transfers to Other Investment Options.*** Redemptions by participants to reinvest in options that do not compete with the Fund are generally permitted without restriction, subject to the provisions of the Trust Document. Options that do not compete with the Fund include equity funds, balanced funds, and intermediate or long-term bond funds with durations of three years or greater.

Stable value funds, money market funds, and other fixed-income investment options with a duration of less than three years are considered competing options to the Fund.

**Participant-directed transfers to competing investment options must be held in a non-competing investment option for a minimum of 90 days before a transfer to a competing option may occur.**

While all permitted participant withdrawals and transfers are typically processed daily, the Fund Trustee may, at its discretion in the best interest of the Fund, delay such withdrawals for no more than 30 days.

***Plan Sponsor-Directed Withdrawals or Liquidation.*** A twelve-month (one year) advance written notice is required for any other withdrawal of assets invested in the Fund.

Included in this advance notice requirement are full or partial withdrawals that result from actions of the plan sponsor. Such plan sponsor-directed actions include, but are not limited to: (i) trustee or plan sponsor-directed reallocation of investments; (ii) company sponsored layoffs/termination of groups of employees; (iii) disposing of or selling a component of the business which involves the transfer or termination of employees; and (iv) terminating the Fund as an investment option of the plan.

All plan sponsor-directed requests for full or partial withdrawals must be submitted to UBT in writing on a form available from UBT. All such requests are subject to the twelve-month advance written notice provision. The Trustee may choose to disburse withdrawals in less than the required one-year period if, *in the Trustee's absolute discretion*, it determines that such a disbursement is in the best interest of the Fund as a whole. It is the Fund's policy to honor sponsor-directed withdrawal requests in the order in which the requests are received.

## Stable Value Fund Benefits:

### ■ Consistent returns

Stable asset funds have produced consistent returns over time.

### ■ Relatively low risk

The Fund invests in high credit quality investments with less market risk than stocks and bonds. The Fund is also well diversified to further reduce risk.

### ■ Professional management

Morley Capital Management, Inc. provides professional portfolio management and dedicated research expertise to maximize the performance and quality of the Fund.

### ■ Flexibility

Retirement savings may be transferred from the Fund into any investment option with different investment characteristics than the Fund (such as equity funds or balanced funds) according to your benefit plan's provisions.

The Fund is not a mutual fund: the price of units of the Fund is not published in newspapers, and **there are certain restrictions on investments in and withdrawals from the Fund.** Investors should read this booklet carefully.

**Past performance is no guarantee  
of future results.**

**NOT FDIC INSURED  
NO BANK GUARANTEE  
MAY LOSE VALUE**