

Government Bond Fund

FUND FACTS

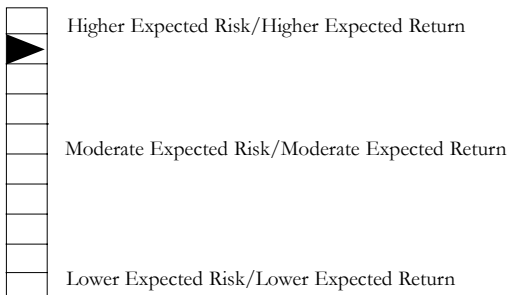
A collective investment fund managed by Barclays Global Investors

WHO SHOULD CONSIDER INVESTING IN THIS FUND?

This Fund is intended for long-term investors seeking a high level of income along with the potential for long-term capital appreciation over time.

Bond funds are appropriate for investors who are seeking yields higher than money market rates and are prepared for fluctuations in share price, or want to diversify a portfolio that may be too concentrated in other assets, such as stocks.

RISK/RETURN POTENTIAL



Risk is the possibility that you will lose money—or not make money—on your investment. All investments involve some degree of risk, which is often commensurate with the level of return that could be expected from such investments. Investments with higher/lower expected returns often have higher/lower levels of risk.

There are several risks to consider when investing in bond funds. Interest rate risk is the possibility that bond prices overall will decline over short or even long periods due to rising interest rates. Credit risk is the possibility that the issuer of a bond will fail to pay interest and principal in a timely manner.

This chart is for illustrative purposes only and does not predict future risk or performance.

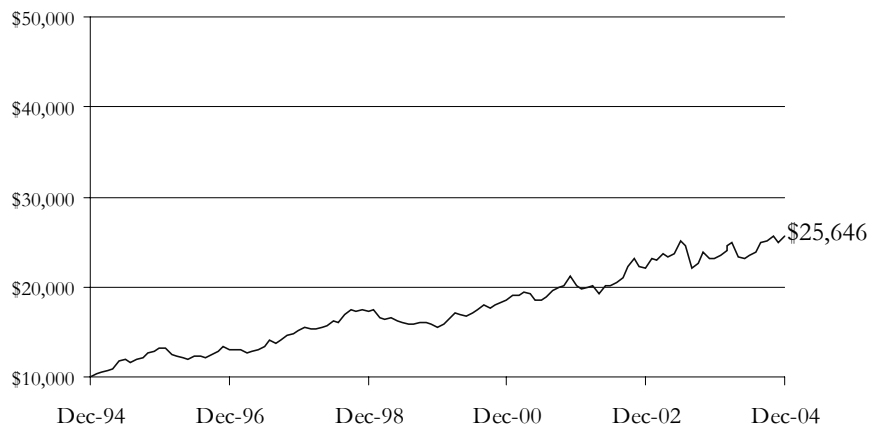
WHAT THE FUND INVESTS IN

The Pentegra Government Bond Fund invests in a portfolio of U.S. Treasury bonds with 20 years or more to maturity. Bond funds invest in various types of bonds, which are debt securities representing loans from investors. The share price of a bond fund, and therefore the value of an investment in one, can rise or fall because of changing interest rates or other factors. Because the Fund invests only in bonds backed by the full faith and credit of the U.S. government, it is not exposed to credit risk. However, due to the long maturity of the bonds, the Fund is exposed to interest rate risk and the effects that changes in long-term interest rates may have on the value of bonds, which can be substantial.

WHY INVEST IN BONDS?

Bonds are an important part of a well-planned investment strategy. Bonds can act as a moderating force in an investment portfolio by sheltering investors from fluctuations in other assets.

GROWTH OF \$10,000



This graph represents the growth of a hypothetical investment of \$10,000. It assumes reinvestment of all income. Returns reflected here are those of a fund with a similar investment strategy. Past performance is no guarantee of future results.

Government Bond Fund

PERFORMANCE

PERFORMANCE NOTES

Fund returns are reported gross of management fees. All income is reinvested in the Fund and reflected in the unit value. Barclays Global Investors (BGI) began management of this Fund on June 17, 1997. Returns prior to June 17, 1997, are hypothetical and are based on investment in the current underlying funds managed by BGI. Past performance does not guarantee future results.

FEES AND EXPENSES

Expenses charged vary by fund. Please refer to the monthly investment performance summary for specific fee information.

FUND MANAGER

The Fund is managed by Barclays Global Investors (BGI).

FUND STRUCTURE

The Pentegra Government Bond Fund invests in U.S. Treasury bonds with a maturity of at least 20 years.

The Fund is a collective investment fund and is privately offered. Prospectuses are not required.

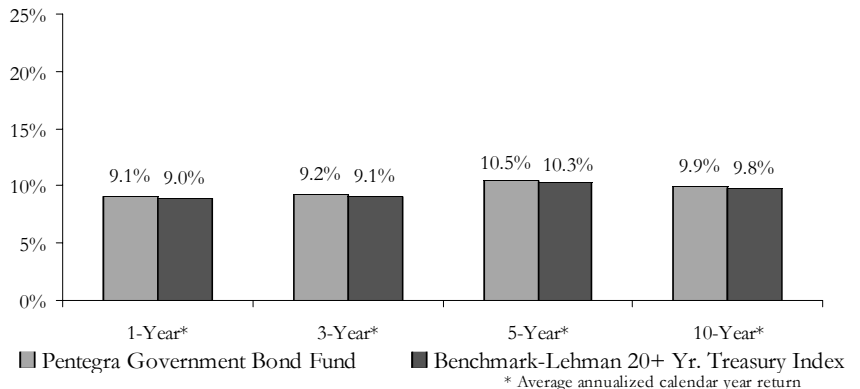
WHAT IS AN INDEX FUND?

Index funds seek to match the performance of a specific index of securities, such as the Lehman Brothers 20+ Year Treasury Index. To do that, the Fund invests in many or all of the same bonds that make up the index. Because the Fund manager seeks to track rather than beat the index, the Fund maintains a low turnover rate, which results in minimized trading costs for investors.

WHAT IS THE FUND'S BENCHMARK?

The Fund seeks to track the investment returns of the Lehman Brothers 20+ Year Treasury Index, a widely used barometer of the performance of U.S. Treasury Bonds with a maturity of at least 20 years.

PERFORMANCE



FUND STATISTICS

Number of Issues	14
Average Coupon	6.12%
Average Current Yield	5.36%
Weighted Average Maturity	23.18 Years
Average Duration	12.51 Years