

U.S. REIT Index Fund

FUND FACTS

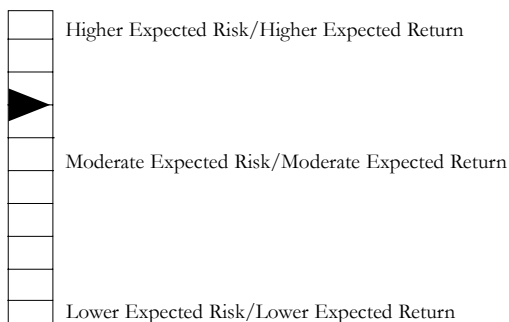
A collective investment fund managed by Barclays Global Investors

WHO SHOULD CONSIDER INVESTING IN THIS FUND?

This Fund is intended for long-term investors (at least 5 years) seeking a high level of dividend income and long-term of capital.

REIT funds are appropriate for investors who want to participate in business growth by having an ownership stake in many companies, are seeking the highest potential for growth of capital, are willing to tolerate significant share-price volatility over short-or even long-time periods, are willing to stay invested for at least five years regardless of market fluctuations, and want greater diversification for an investment program beyond a mix of stocks and bonds.

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.

While stocks have historically provided the highest returns over the long-term, they have also exhibited the greatest price fluctuations. This is known as equity market risk, or the possibility that stock prices overall are volatile and can decline over short or even long periods.

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

WHAT THE FUND INVESTS IN

The U.S. REIT Index Fund invests in a portfolio of publicly traded Real Estate Investment Trusts designed to track the Morgan Stanley REIT Index, which represents over 90% of the total U.S. real estate equities market. The U.S. REIT Index Fund offers investors exposure to a diverse set of real estate holdings across property types and geographic markets. Equity REITs are the most common type of REIT, and generate earnings from the rental income received on their holdings and capital gains from the sale of properties.

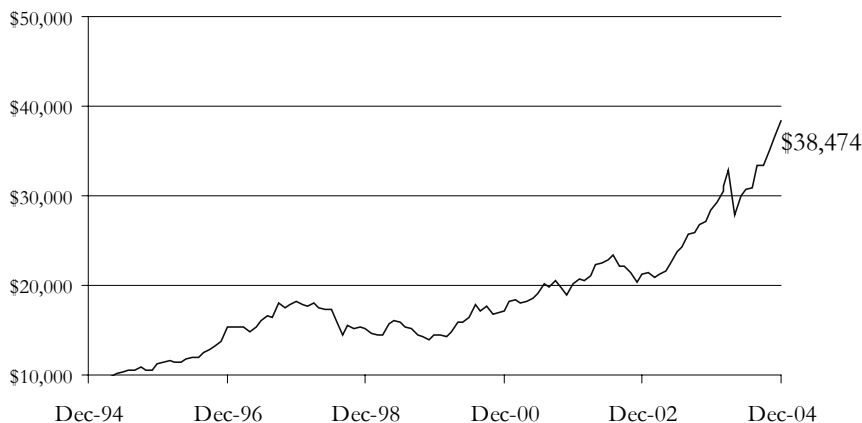
Real estate investment trusts are companies that own and most often actively manage income-generating commercial real estate. REITs provide ongoing dividend income along with the potential for long-term capital gains through share price appreciation, and can also serve as a powerful tool for portfolio balancing and diversification.

WHY INVEST IN A REIT FUND?

The U.S. REIT Index Fund offers investors exposure to a diverse set of real estate holdings across property types and geographic markets. REITs have a historical track record of providing a high level of current income combined with long-term share value appreciation, inflation protection, and prudent diversification for investors across age and investment style spectrums. Diversification increases the chances that one investment's strong performance will offset another investment's poor performance.

However, changes in interest rates may hurt real estate values, or make REIT shares less attractive than other income-producing investments. Fund holdings are concentrated in a single sector of the stock market and therefore, the fund is less diversified than the broad stock market. Properties held by REITs could fall in value for a variety of reasons, including declines in rental incomes, poor property management, environmental liabilities, uninsured damage or increased competition.

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.

U.S. REIT Index 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 January 2, 2005. Returns prior to January 2, 2005 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 U.S. REIT Index Fund may invest in cash and use derivatives (including futures) for non-speculative purposes.

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

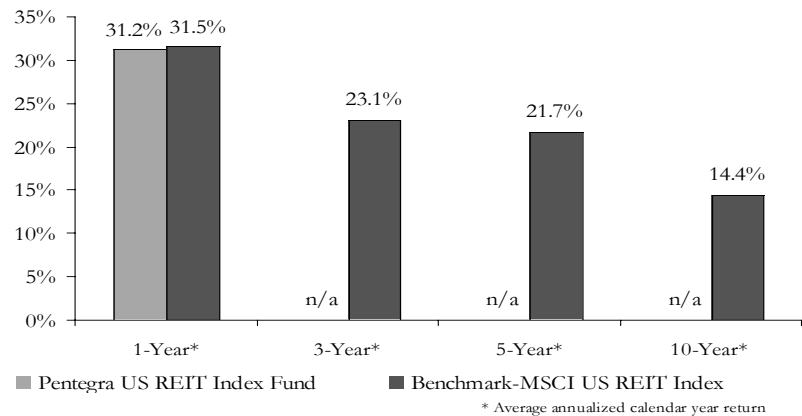
WHAT IS AN INDEX FUND?

Index funds seek to match the performance of a specific index of securities, such as the Morgan Stanley REIT Index. To do that, the Fund invests in many or all of the same securities 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 Morgan Stanley REIT Index, a widely used barometer of the performance of the U.S. REIT equities market.

PERFORMANCE



TOP TEN INVESTMENTS

Simon Property Group Inc.	5.6%
Equity Office Properties Trust	4.6%
Equity Residential	4.0%
Vornado Realty Trust	3.7%
General Growth Properties	3.3%
Prologis	3.1%
Archstone-Smith Trust	2.9%
Public Storage Inc.	2.8%
Boston Properties Inc.	2.7%
Kinco Realty Corp.	2.5%