

# IFC BALANCED RETIREMENT FUND R2



CUSIP: 41026E657

Live Date: 1-1-2016

As of 6-30-2017

*This fund is available for investment by eligible qualified retirement plan trusts only.*

## FUND INFORMATION

Current Stock/Bond Funds (%)	40.0% / 60.0%
Live Date	1-1-2016
Expense Ratio*	0.48% (or \$4.80 per \$1,000 invested)
Investment Category	Multi-Asset
Annual Portfolio Turnover Rate	< 20%

\*Total Expense Ratio (TER) includes 0 bps of service fees payable to the plan's service providers.

## ABOUT THE FUND

The IFC Target Date Funds are collective investment funds (CIFs) created by the Hand Composite Employee Benefit Trust and sponsored by Hand Benefits & Trust Company, a BPAS company, that invests in the strategies of Investing for Catholics (IFC) which serves as the sub-advisor to the CIFs.

## FUND OBJECTIVE & STRATEGY

### ■ Fund Objective:

The investment objective of the IFC Balanced Retirement Fund R2 (Fund) is to seek total return consisting of capital appreciation and current income. It is suitable for investors who are willing to accept a moderately conservative degree of market volatility commensurate with the fund's 40% allocation to the global stock market in order to achieve moderately conservative portfolio growth.

### ■ Fund Strategy:

This Fund is a globally diversified investment tool. It is comprised of low-cost, index-style mutual funds that are both constructed and blended in accordance with the Fama/French Multi-factor Model. The Fund is comprised of U.S., International and Emerging Markets stock funds, global bond funds and Real Estate Investment Trusts (REITs). The stock funds included in the IFC Target Date and Risk-Based Fund Series closely match the guidelines for socially responsible investing as laid out by the United States Conference of Catholic Bishops (USCCB). For a complete list of screens, see the following page.

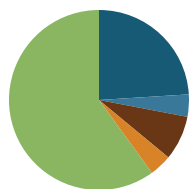
## PERFORMANCE HISTORY (As of 6/30/2017)

Fund / Benchmark	Quarter	Year to Date	One Year	Three Years	Five Years	Ten Years
IFC Balanced Retirement Fund R2*	N/A	N/A	N/A	N/A	N/A	N/A
Blended Benchmark**	2.40%	5.40%	6.40%	4.03%	6.12%	5.40%
Morningstar Moderately Conservative Target Risk	2.17%	5.34%	7.15%	3.39%	5.74%	

\* IFC Balanced Retirement Fund R2 returns are net of all CIF expenses. Since historical performance is limited, total returns are currently unavailable.

\*\* Blended Benchmark Composition: Russell 3000 TR USD: 24% | S&P Global REIT NR USD: 8% | MSCI World ex USA NR USD: 4% | MSCI EM NR USD: 4% | Barclays US AGG Bond: 60%

## CURRENT ASSET GROUP ALLOCATION



Asset Group	% Allocation
U.S. Equities	24.00%
Real Estate	4.00%
International	8.00%
Emerging Markets	4.00%
Fixed Income	60.00%

## TARGET DATE FUND HOLDINGS

Ticker	Portfolio Name
DFUEX	DFA US Social Core Equity 2 Portfolio
DFGEX	DFA Global Real Estate Securities Portfolio
DSCLX	DFA International Social Core Equity Portfolio
DFESX	DFA Emerging Markets Social Core Equity Portfolio
DSFIX	DFA Social Fixed Income Portfolio

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Live Date: 1-1-2016

As of 6-30-2017

## MODEL PERFORMANCE (As of 6/30/2017)

Fund / Benchmark	Quarter	Year to Date	One Year	Three Years	Five Years	Ten Years	Since Inception*
<b>Representative Model**</b>	2.10%	4.98%	6.77%	3.55%	6.14%	5.20%	6.49%
<b>Blended Benchmark***</b>	2.40%	5.40%	6.40%	4.03%	6.12%	5.40%	6.10%
<b>Morningstar Moderately Conservative Target Risk</b>	2.17%	5.34%	7.15%	3.39%	5.74%	4.90%	

\*The underlying holdings monthly returns are comprised of live fund data, where available, and the corresponding index for dates prior to fund inception to complete the time series commencing 1/1/2001.

\*\*Representative Model returns are net of all CIF expenses. See the disclosure for description and backtested information of the Representative Model Performance.

\*\*\* Blended Benchmark Composition: Russell 3000 TR USD: 24% | S&P Global REIT NR USD: 8% | MSCI World ex USA NR USD: 4% | MSCI EM NR USD: 4% | Barclays US AGG Bond: 60%

## REPRESENTATIVE MODEL PERFORMANCE

The simulated performance reflects the time-specified performance of the Model's underlying funds or index benchmarks (net of appropriate investment management fees) shown in the Backtested Time Series Construction effective 1/1/2001. The backtested performance for the IFC Collective Investment Fund is not actual client performance. The data is provided for illustrative purposes, and actual returns may differ significantly from the model data presented. The backtested performance returns are designed to indicate the performance that would have been achieved had this model portfolio been in existence for the time periods shown. The monthly market values were geometrically linked to calculate annual returns. Compound annualized rates of returns are computed by linking the annual rates of return and then appropriately adjusting this cumulative total to reflect the number of years in the annualizing calculation. Net returns include realized and unrealized gains, and the reinvestment of dividends and other earnings. Net returns are presented after the deduction of all fees, including investment management fees, transactional costs, and fund administrative fees. Returns are calculated on a monthly basis and are presented in U.S. dollars. Past performance is not indicative of future results. Results for individual accounts and for different time periods may vary. Investments may result in a loss of money.

## REPRESENTATIVE MODEL TIME-SERIES CONSTRUCTION

**IFA US Social Core Equity Index:** January 2001 - September 2005: Dimensional Adjusted Market 2 Index minus 0.028%/mo (mutual fund exp ratio | October 2005 - October 2007: DFA US Core Equity 2 Portfolio Symbol: DFQTX minus 0.01%/mo (mutual fund exp ratio) | November 2007 - Present: DFA US Social Core Equity 2 Portfolio Symbol: DFUEX

**IFA International Social Core Equity Index:** January 2001 - September 2005: DFA International Adjusted Market Index minus 0.035%/mo (mutual fund exp ratio) | October 2005 - November 20 2012: DFA International Core Equity Portfolio Symbol: DFIEX | December 2012 - Present: DFA International Social Core Equity Portfolio Symbol: DSCLX

**IFA Emerging Markets Social Core Index:** January 2001 - April 2005: 30% IFA Emerging Markets Index + 30% IFA Emerging Markets Value Index + 40% IFA Emerging Markets Small Cap Index | May 2005 - August 2006: DFA Core Emerging Markets (DFCEX) | September 2006 - Present: DFA Social Core Emerging Markets Portfolio Symbol: DFESX

**IFA Global REIT Index:** January 2001 - June 2008: DFA US Real Estate Securities Symbol: DFREX  
July 2008 - Present: DFA Global Real Estate Securities Portfolio Symbol: DFGEX

**IFA Social Fixed Income Index:** January 2001 - March 2011: Barclays US Agg Bond Tr minus 2.25bps/month, | April 2011 - March 2016: DFA Investment Grade Portfolio, | April 2016 - Present: DFA Social Fixed Income Portfolio Symbol: DSFIX

## ABOUT THE FUND MANAGER

The Funds are built and managed by Investing for Catholics (IFC), a division of Index Fund Advisors, Inc. (IFA), a registered investment adviser with the United States Securities and Exchange Commission. Founded in 1999, IFA provides investment services to individuals, trusts, corporations, non-profits, and public and private institutions. The IFC Target Date Fund Series is designed to meet the unique needs of Catholic investors, providing prudent, diversified, low-cost stock funds that closely match the USCCB's guidelines for socially responsible investing. IFC builds each of its Funds with faith-consistent investments from the highly regarded Dimensional Fund Advisors (DFA). IFC's Target Date and Risk-Based Funds are suitable for defined benefit and defined contribution plan sponsors, including church plans, and qualified retirement plans. To learn more, visit [www.investingforcatholics.com](http://www.investingforcatholics.com) or [www.ifa.com](http://www.ifa.com).

## IFC'S CATHOLIC VALUES-BASED INVESTMENTS

The Catholic Values-based funds exclude investment in companies that (1) directly participate in abortions, or develop or manufacture abortive agents or contraceptives; (2) earn at least 20% of their total annual revenue through the production and/or sale of conventional or nuclear weapons, their weapon systems, or critical components of these products, or the provision of weapon systems support and service; (3) are engaged in certain for profit business activities in or with the Republic of the Sudan; (4) earn at least 15% of their total annual revenue through the production and/or sale of tobacco or alcohol products, or key products or raw materials necessary for their production; (5) earn at least 20% of their total annual revenue from certain gambling activities, the production of goods used exclusively for gambling, or the provision of certain services in casinos that are fundamental to gambling operations; (6) earn at least 15% of their total annual revenue from the rental, sale, distribution or production of pornographic materials, or the ownership or operation of adult entertainment establishments; (7) are involved in the production or manufacture of landmines, cluster munitions, or the essential components of these products; (8) have had major recent controversies relating to child labor infractions in the U.S. or abroad; and/or (9) are involved in stem cell research.

## DISCLOSURES

This investment fund is not a guaranteed investment. Participants or beneficiaries may lose money, including losses near and following retirement, and there is no guarantee that the investment will provide adequate retirement income. Stated asset allocations may be subject to change. The CIF is not a mutual fund. Its shares are not deposits of Hand Benefits & Trust Company, a BPAS company, or Investing for Catholics, a division of Index Fund Advisors, Inc., and are not insured by the Federal Deposit Insurance Corporation or any other agency. The CIF is a security which has not been registered under the Securities Act of 1933 and is exempt from investment company registration under the Investment Company Act of 1940. For complete sources, disclosures and updates about IFC's method for calculating and reporting historical performance, please visit [ifa.com/disclosures](http://ifa.com/disclosures), or to receive a printed version, call 888-815-5025. The performance quoted here does not guarantee future results. As market conditions fluctuate, the investment return and principal value of any investment will change. Diversification may not protect against market risk. There are risks involved with investing, including possible loss of principal.



## DEFINITION OF TERMS

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**Principal Risks:** Any of the principal risks listed below may adversely affect the Fund's net asset value, performance and ability to meet its investment objective.

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**Suitability:** Investors are expected to select investments whose investment strategies are consistent with their financial goals and risk tolerance.

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**Target Date:** Target date funds, also known as lifecycle funds, shift their asset allocation to become more conservative as the target retirement year approaches. Still, investment in target date funds may lose value near, at, or after the target retirement date, and there is no guarantee they will provide adequate income at retirement.

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**Long-Term Outlook and Projections:** The investment is intended to be held for a substantial period of time, and investors should tolerate fluctuations in their investment's value.

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**Underlying Fund/Fund of Funds:** A portfolio's risks are closely associated with the risks of the securities and other investments held by the underlying or subsidiary funds, and the ability of the portfolio to meet its investment objective likewise depends on the ability of the underlying funds to meet their objectives. Investment in other funds may subject the portfolio to higher costs than owning the underlying securities directly because of their management fees.

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**Foreign Securities:** Investments in foreign securities may be subject to increased volatility as the value of these securities can change more rapidly and extremely than can the value of U.S. securities. Foreign securities are subject to increased issuer risk because foreign issuers may not experience the same degree of regulation as U.S. issuers do and are held to different reporting, accounting, and auditing standards. In addition, foreign securities are subject to increased costs because there are generally higher commission rates on transactions, transfer taxes, higher custodial costs, and the potential for foreign tax charges on dividend and interest payments. Many foreign markets are relatively small, and securities issued in less-developed countries face the risks of nationalization, expropriation or confiscatory taxation, and adverse changes in investment or exchange control regulations, including suspension of the ability to transfer currency from a country. Economic, political, social, or diplomatic developments can also negatively impact performance.

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**Fixed-Income Securities:** The value of fixed-income or debt securities may be susceptible to general movements in the bond market and are subject to interest-rate and credit risk.

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**New Fund:** Investments with a limited history of operations may be subject to the risk that they do not grow to an economically viable size in order to continue operations.

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**Risk:** Before investing in any investment portfolio, the client and the financial professional should carefully consider factors in addition to age or retirement date including client investment objectives, time horizon, risk tolerance, fees, personal circumstances and complete financial situation.

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**QDIA:** Qualified Default Investment Alternative (QDIA) provides fiduciary relief for sponsors of ERISA plans who automatically place participants (who do not specifically choose their investments) into alternatives such as target date funds or balanced fund investments. QDIAs are intended to help ensure that plan participants who may not be comfortable or knowledgeable about making investment decisions are invested in well diversified investment portfolios with appropriate time horizons. The participant or beneficiaries on whose behalf assets are invested in a QDIA have the right to direct the investment to any other investment alternative under the plan, subject to any fees or limitation that may apply to such transfer under the plan.

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**Fama/French Multi-Factor Model:** The Fama/French Multi-Factor Model explains the sources of expected returns for both stocks and bonds. It builds upon William Sharpe's Capital Asset Pricing Model which concludes a portfolio's expected return is determined by its sensitivity to the total market portfolio. Eugene Fama and Kenneth French, using long-term historical research gathered at the Center for Research in Security Prices at the University of Chicago, identified additional risk premiums to Sharpe's market premium. The two concluded that a portfolio's sensitivity to priced risk factors such as company size and book-to-market ratio also impacted a portfolio's expected return. Fama and French continue to refine their research, having recently added an additional factor for explaining expected returns, gross profitability. For bonds, Fama and French identified that expected return is explained by the term or duration of the debt instrument, as well as its quality or credit rating. Their ongoing research informs the development of investment strategies of Dimensional Fund Advisors (DFA), a highly regarded mutual fund company. Their findings also inform the overall portfolio construction and implementation practices of Investing for Catholics, a division of Index Fund Advisors, Inc.

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