

GuideStone Low-Duration Bond Fund — GS4

2nd Quarter 2008

As of 6/30/2008



NASDAQ Ticker Symbol: GLDZX

CUSIP Number: 40171W744

Inception Date: 8/27/2001

**Fixed Income Investment Approach
Duration**

Low	Extended	High Credit Quality

Investment Objective: The fund seeks current income consistent with preservation of capital.

Investment Strategy: The fund is actively managed and invests in a diversified portfolio composed primarily of investment grade fixed income securities with an average dollar-weighted duration between one to three years.

Investment Suitability: This fund may be suitable for investors who have a short-term investment horizon, seek an investment return that is relatively stable and want to diversify their portfolio with a fixed income investment option.

Fund Size (\$ in millions)

Total Fund Net Assets for All Share Classes	\$799
Number of Holdings	557

Asset Allocation

U.S. Equities	0%
Non-U.S. Equities	0%
Fixed Income*	100%

*Includes cash and cash equivalents

Sub-Adviser Composite

BlackRock Financial Management	40%
Payden & Rygel	20%
PIMCO	40%

Benchmark

Merrill Lynch 1-3 Year Treasury Index	100%
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GUIDESTONE FUNDS
www.GuideStoneFunds.org
1-888-98-GUIDE(1-888-984-8433)

PERFORMANCE¹

	Three Month	Year to Date	One Year	Three Year (Annualized)	Five Year (Annualized)	Since Inception (Annualized)	Inception Date
Fund	-0.81%	0.10%	4.55%	3.54%	2.59%	3.32%	8/27/2001
Benchmark	-0.86%	2.10%	7.30%	4.71%	3.29%	3.82%	8/27/2001

ANNUAL PERFORMANCE¹

	2001	2002	2003	2004	2005	2006	2007
Fund	1.96%	5.71%	2.45%	1.38%	1.39%	3.75%	6.11%
Benchmark	2.68%	5.76%	1.90%	0.91%	1.66%	3.96%	7.32%

The performance data quoted represents past performance and does not guarantee future results. Current performance may be lower or higher. Performance data current to the most recent month-end may be obtained at www.GuideStoneFunds.org. The investment return and principal value of an investment will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Year 2001 annual performance began 8/27/2001.

FEES AND EXPENSES (annualized)

	Gross Expense Ratio	Net Expense Ratio*
Annual Operating Expenses	0.62%	0.54%

* Reflects fee waivers and expense reimbursements by the investment advisor. This waiver and reimbursement arrangement, if not extended, will end on April 30, 2009.

COMPARATIVE RATINGS AND RANKINGS^{2,3}

Lipper Ranking based upon total return as of 6/30/2008	
Category:	Short Investment Grade Debt
2nd Quartile	78 of 263 for one year
2nd Quartile	78 of 212 for three years
2nd Quartile	72 of 165 for five years

Morningstar Rating based upon risk-adjusted return as of 6/30/2008	
Category:	Short-Term Bond
★★★(Three Stars)	Overall rating among 381 funds in the category
★★★(Three Stars)	Three year rating among 381 funds in the category
★★★(Three Stars)	Five year rating among 303 funds in the category



PORTFOLIO CHARACTERISTICS⁴

Characteristics		Credit Ratings	
Weighted Average Maturity	1.5 years	AAA/Govt	81.3%
Effective Duration	1.7 years	AA	15.7%
Average Quality	AA	A	7.2%
SEC 30-Day Yield	3.78	BBB	-4.3%
		BB	0.1%
		B	0.0%
		Lower than B	0.0%

Risk/Return Characteristics**

Standard Deviation	1.87%
R-Squared	73.86%
Beta vs. Benchmark	0.89
Beta vs. Lehman Brothers	0.41
Aggregate Bond Index	

** Calculated from 8/31/2001 to 6/30/2008

Fixed Income Holdings***

Treasury/Agency	-53.8%
Mortgage-Backed	55.7%
Asset-Backed	4.2%
Corporate	25.7%
Yankee	2.4%
Non-U.S.	4.3%
Other	6.9%
Cash and Cash Equivalents	54.6%

*** Duration weighted

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2nd QUARTER 2008 FUND COMMENTARY

- The fund is comprised of high quality, fixed income securities primarily with shorter maturities.
- The fund posted a negative return yet outperformed its benchmark index, the Merrill Lynch 1-3 Year Treasury Index, during the second quarter.
- The fund's benchmark-relative performance was positively impacted by the sub-advisers' allocation to various non-benchmark sectors including mortgage-backed securities and corporate securities.
- BlackRock had the best sub-adviser performance for the quarter and their performance exceeded that of the Merrill Lynch 1-3 Year Treasury Index.
- BlackRock benefited from the strong performance of non-Treasury sectors in April and May. Risk aversion re-emerged in June causing these same sectors to suffer, although they still outperformed Treasuries for the quarter.

ABOUT GUIDESTONE FUNDS

GuideStone Funds is a family of Christian-based, socially screened mutual funds for individual and institutional investors. With \$9.3 billion in assets under management (as of June 30, 2008), GuideStone Funds is the largest Christian-based registered mutual fund company. GuideStone Funds utilizes a "multi-manager" investment approach which provides access to multiple, proven investment management firms within a single investment fund. The investment management firms utilized by GuideStone Funds have a specific purpose in each fund and are carefully selected based on a rigorous process utilizing both qualitative and quantitative analysis.

You should carefully consider the investment objectives, risks, charges and expenses of GuideStone Funds before investing. For a copy of the prospectus with this and other information about the funds, please call 1-888-98-GUIDE (1-888-984-8433) or visit www.GuideStoneFunds.org to view or download a prospectus. You should read the prospectus carefully before investing.

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¹ The performance quoted reflects fee waivers in effect, and would have been lower in their absence. All figures shown represent total return, except for those identified as yield. Total return is based on net change in NAV with reinvestment of all distributions. Returns for periods less than one year are aggregate and for periods greater than one year are annualized. Unlike a mutual fund, the performance of an index assumes no taxes, transaction costs, management fees or other expenses.

² The Lipper Rankings are calculated by Lipper Inc., a Reuters Company, which is a nationally recognized organization that compares the performance of mutual funds within a universe of funds having similar investment objectives. Rankings are based on total return performance: with capital gains and dividends reinvested, with annual operating expenses deducted, but without including front- or back-end sales charges.

Past rankings are no guarantee of future rankings. Rankings are relative to a peer group and do not necessarily mean that the fund had high total returns. Visit www.GuideStoneFunds.org for the latest month-end ranking and ratings.

³ For each fund with at least a three-year history, a Morningstar Rating is based on a Morningstar risk-adjusted return measure that accounts for variation in a fund's monthly historical performance (reflecting sales charges and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. Within each asset class, the top 10%, the next 22.5%, 35%, 22.5%, and the bottom 10% receive 5, 4, 3, 2 or 1 star, respectively. Each fund is rated exclusively against U.S. domiciled funds. The Overall Morningstar Rating™ is based on the weighted average of the number of stars assigned to the fund's applicable time periods. The 5-yr. rating accounts for 60% and the 3-yr. rating for 40%.

⁴ Portfolio composition subject to change at any time.

Standard deviation — A statistical measurement of distribution around an average, which depicts how widely returns varied over a certain period of time. Investors use the standard deviation of historical performance to try to predict the most likely range of returns. When a fund has a high standard deviation, the predicted range of performance is wide, implying greater volatility.

R-squared — Shows the percentage of a fund's performance that is explained by movement in the benchmark index. This shows the correlation between the fund and its benchmark. An R-squared of 100% indicates that all movements of a fund can be explained by movements in the benchmark. A low R-squared indicates that very few of the fund's movements can be explained by movements in its benchmark. An R-squared measure of 50%, for example, means that only 50% of the fund's movements can be explained by movements in the benchmark index.

Beta vs. Benchmark — Beta is a measure of a fund's sensitivity to market movements as defined by the fund's benchmark. A fund with a higher beta relative to the benchmark is more volatile than the benchmark, and a fund with a lower beta relative to the benchmark can be expected to rise and fall more slowly than the benchmark.

Beta vs. Lehman Brothers Aggregate Bond Index — Beta is a measure of a fund's sensitivity to market movements as defined by the Lehman Brothers Aggregate Bond Index. A fund with a higher beta relative to the Lehman Brothers Aggregate Bond Index is more volatile than the Lehman Brothers Aggregate Bond Index, and a fund with a lower beta relative to the Lehman Brothers Aggregate Bond Index can be expected to rise and fall more slowly than the Lehman Brothers Aggregate Bond Index.