

# GuideStone Real Estate Securities Fund

4th Quarter 2009

As of 12/31/2009



GuideStone®  
Funds

www.GuideStoneFunds.org  
1-888-98-GUIDE (1-888-984-8433)

Share Class: **GS4**

NASDAQ Ticker Symbol: **GREZX**

CUSIP Number: **40171W223**

Inception Date: **4/4/2000**

Potential Risk / Reward



Equity Investment Approach  
Style

Value	Growth	Market Capitalization
		Large
		Small

**Investment Objective:** The fund seeks long-term capital appreciation and current income.

**Investment Strategy:** The fund provides exposure to real estate by investing in publicly traded real estate securities with cash flow growth potential that provides the capacity for sustained dividend increases. The Fund will be diversified among property sectors and geographical locations.

**Investment Suitability:** This fund may be suitable for investors who seek the potential for current income and long-term capital appreciation. Investors should be willing to accept significant short-term fluctuations in account value and want to diversify their portfolio through exposure to publicly traded real estate securities. The fund invests substantial assets in real estate investment trusts (REITs) that involve equity market risks as well as risks linked directly to the real estate market. Risks include declines in the value of real estate, general and economic conditions, changes in the value of the underlying property and defaults by borrowers. The value of assets in the real estate industry may go through cycles of relative underperformance and outperformance in comparison to equity securities markets in general.

**Fund Size (\$ in millions)**

Total Fund Net Assets for All Share Classes	\$122
Number of Holdings	40

**Asset Allocation**

U.S. Equities	99%
Non-U.S. Equities	0%
Fixed Income*	1%

\*Includes cash and cash equivalents

**Sub-Adviser**

RREEF America	100%
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**Benchmark**

Dow Jones U.S. Select Real Estate Securities Index	100%
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**PERFORMANCE<sup>1</sup>**

	Three Month	Year to Date	One Year	Three Year (Annualized)	Five Year (Annualized)	Since Inception (Annualized)	Inception Date
<b>Fund</b>	9.08%	31.21%	31.21%	-13.13%	0.10%	11.24%	4/04/2000
<b>Benchmark</b>	9.01%	29.01%	29.01%	-13.86%	-0.26%	10.43%	4/04/2000

**ANNUAL PERFORMANCE<sup>1</sup>**

	2001	2002	2003	2004	2005	2006	2007	2008
<b>Fund</b>	13.77%	7.02%	38.38%	34.23%	10.39%	38.90%	-16.23%	-40.35%
<b>Benchmark</b>	10.46%	2.66%	37.06%	34.81%	13.83%	35.67%	-17.66%	-39.83%

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](http://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 2000 annual performance began 4/04/2000. Performance shown prior to 12/29/2006 is that of the predecessor fund. Returns over 20% reflect unusual market conditions and may not be sustained at this level over the long term.

**FEES AND EXPENSES (annualized)**

	Gross Expense Ratio	Net Expense Ratio*
<b>Annual Operating Expenses</b>	1.26%	1.27%

\* Reflects fee waivers and expense reimbursements by the investment advisor. This waiver and reimbursement arrangement, if not extended, will end on April 30, 2010.

**COMPARATIVE RATINGS AND RANKINGS<sup>2</sup>**

Lipper Ranking based upon total return as of 12/31/2009	
Category: Real Estate Funds	
<b>2nd Quartile</b>	57 of 229 for one year
<b>3rd Quartile</b>	107 of 190 for three years
<b>2nd Quartile</b>	79 of 169 for five years



**Morningstar Rating based upon risk-adjusted return as of 12/31/2009**

Category: Real Estate
★★★(Three Stars) Overall rating among 227 funds in the category
★★★(Three Stars) Three year rating among 227 funds in the category



**PORTFOLIO CHARACTERISTICS<sup>3</sup>**

<b>Characteristics</b>	
Price to FFO	6.9x
1 Year FFO Growth	-7.9%
Weighted Avg Market Cap**	\$7,335
**\$ in millions	
<b>Risk/Return Characteristics***</b>	
Standard Deviation	34.21%
R-Squared	99.45%
Beta vs. Benchmark	0.95
Beta vs. S&P 500® Index	1.63

\*\*\*All measures over a 5 year period.

**Top Ten Equity Holdings**

Simon Property Group	13.6%
Boston Properties	7.1%
Regency Centers	4.9%
Public Storage	4.9%
AvalonBay Communities	4.8%
ProLogis Trust	4.7%
Digital Realty	3.7%
Health Care REIT	3.7%
Nationwide Health Properties	3.5%
Senior Housing Properties	3.5%
<b>Total</b>	<b>54.4%</b>

**Equity Sector Holdings**

Office	27.0%
Apartments	16.6%
Regional Malls	16.1%
Hotel	5.2%
Industrial	5.8%
Retail	7.1%
Self Storage	7.9%
Healthcare	14.3%

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## FUND COMMENTARY

- The fund is comprised of a limited number of publicly-traded real estate securities.
- The fund generated a strong positive return and outperformed its benchmark, the Dow Jones U.S. Select Real Estate Securities Index, during the fourth quarter.
- REITs performed strongly during the quarter as strong December performance capped off a highly volatile year.
- Sector selection by the fund's sub-adviser, RREEF America, was positive in almost all sectors with the underweight to retail and overweight to regional malls being the largest contributors to performance. However, stock selection was marginally negative during the quarter with positive selection in the healthcare and office sectors negated by significantly negative selection in the retail sector.
- Holdings in Simon Property Group (13.6%), ProLogis (4.7%) and Public Storage (4.9%) were among the largest contributors to overall performance, while holdings in Regency Centers (4.9%) and Washington Real Estate Investment Trust (2.5%) were the largest detractors from overall performance.

Percentages within parentheses are the company's weighting within the fund.

## ABOUT GUIDESTONE FUNDS

GuideStone Funds is a family of Christian-based, socially screened mutual funds for individual and institutional investors. With \$8.4 billion in assets under management (as of 12/31/2009), 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. These firms 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](http://www.GuideStoneFunds.org) to view or download a prospectus. You should read the prospectus carefully before investing.*

GuideStone Funds shares are distributed by PFPC Distributors, Inc., a registered broker-dealer and underwriter of the funds, 760 Moore Road, King of Prussia, PA 19406. GuideStone Capital Management, Inc., an affiliate of the GuideStone Financial Resources, provides investment advisory services for the funds.

<sup>1</sup> 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.

Performance data prior to 12/29/2006 is that of an unregistered predecessor fund, adjusted to reflect the fees and expenses of the Real Estate Securities Fund. The investment objectives and management of the predecessor fund were materially equivalent to the investment objectives and management of the Real Estate Securities Fund. The predecessor fund was not registered under the Investment Company Act of 1940, and was not subject to certain restrictions imposed by the Act. If it had been registered, performance might have been lower.

<sup>2</sup> 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](http://www.GuideStoneFunds.org) for the latest month-end ranking and ratings.

<sup>3</sup> 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. S&P 500® Index** — Beta is a measure of a fund's sensitivity to market movements as defined by the S&P 500®. A fund with a higher beta relative to the S&P 500® is more volatile than the S&P 500®, and a fund with a lower beta relative to the S&P 500® can be expected to rise and fall more slowly than the S&P 500®.