



Does Greater Risk Equal Greater Reward?

The simple answer is not always, which is why investors may look at lower-volatility fund options like GuideStone's Defensive Market Strategies® Fund. The Fund aims to deliver equity-like returns at reduced risk when compared to the S&P 500® Index.



FOR INVESTORS

The aim of the GuideStone Defensive Market Strategies Fund is simple:

TO PARTICIPATE IN THE RETURN POTENTIAL OF STOCKS OVER TIME, BUT AT A LOWER RISK LEVEL THAN A TRADITIONAL STOCK PORTFOLIO.

This objective is accomplished via four important investment principles:

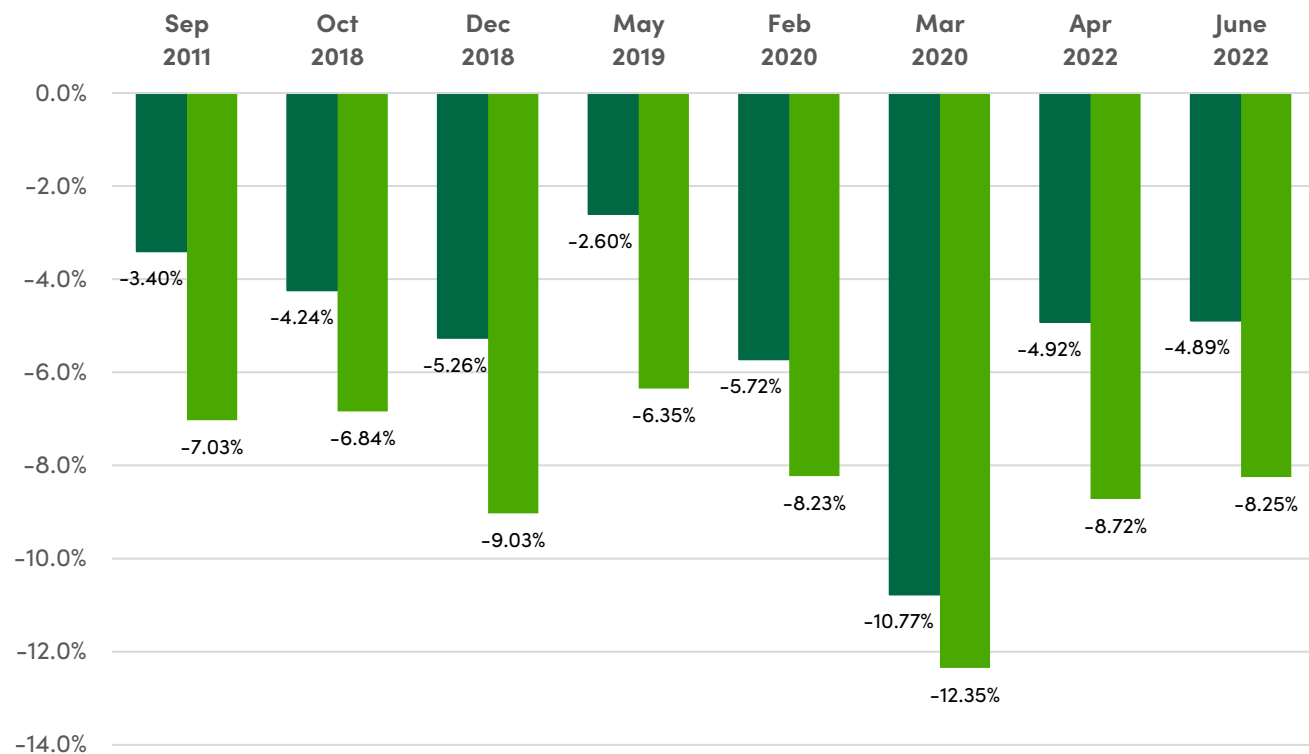
1 Reducing volatility and drawdowns

GuideStone Capital Management, LLC[®] (GSCM), adviser to the Fund, structured the Fund to have less volatility and smaller drawdowns compared to the equity market.

Beta vs. S&P 500[®] Index: 0.63 (Investor shares, as of June 30, 2022)

For example, eight of the largest drawdowns of the S&P 500[®] Index since September 2011, as compared to the drawdowns of the Fund for the same periods, are shown in Figure 1.0.

FIG. 1.0



Fund Type Key ■ Defensive Market Strategies Fund ■ S&P 500[®] Index

Data source: Morningstar Direct, as of June 30, 2022.

Past performance does not guarantee future results. The performance data quoted represent past performance and current returns may be lower or higher. Share price and investment return fluctuate and an investor's shares may be worth more or less than original cost upon redemption. For periods more than one year, performance is annualized. For performance data as of the most recent month-end may be obtained at [GuideStoneFunds.com/Funds](https://www.guidestonefunds.com/funds). See the attached fund fact sheet for more complete information about the Fund's performance.

When the S&P 500[®] Index fell 55% from its peak during the 2008–2009 financial crisis, it took a 122% gain to fully recover from that loss. A portfolio that fell half as much would take a 38% gain to fully recover. As this example shows, minimizing loss is important in order to preserve capital and allow the power of compounding to work in favor of the investor.



2 Emphasizing diversification of strategy types

Investment strategies go in and out of favor, which is why the Fund utilizes four sub-advisers, each with unique investment strategies and processes. Major strategies include long-only equity, convertible bonds and options equity.

Across these strategies, there is diversification in approaches, emphasizing:

- Quantitative and fundamental approaches
- Systematic and discretionary methodologies
- Higher and lower risks
- Value, growth and core orientations

This type of diversification improves the probability that the Fund can deliver on its investment objectives across a wider set of economic environments.

3 Utilizing active management to deliver alpha

GSCM implements an active management philosophy and seeks to add value through both rigorous fundamental research and robust quantitative processes. GSCM believes active management improves the return potential of the Fund relative to passive investment options seeking to replicate a market capitalization-weighted index or alternative indexes constructed on smart beta principles, such as fundamental or style-based criteria.

4 Building upon strategic beta

Unlike a traditional strategic beta strategy that seeks to passively enhance returns or minimize volatility relative to traditional market capitalization-weighted indexes, the Fund builds upon this conceptual framework by also incorporating active management and deploying multiple diversifying strategies.

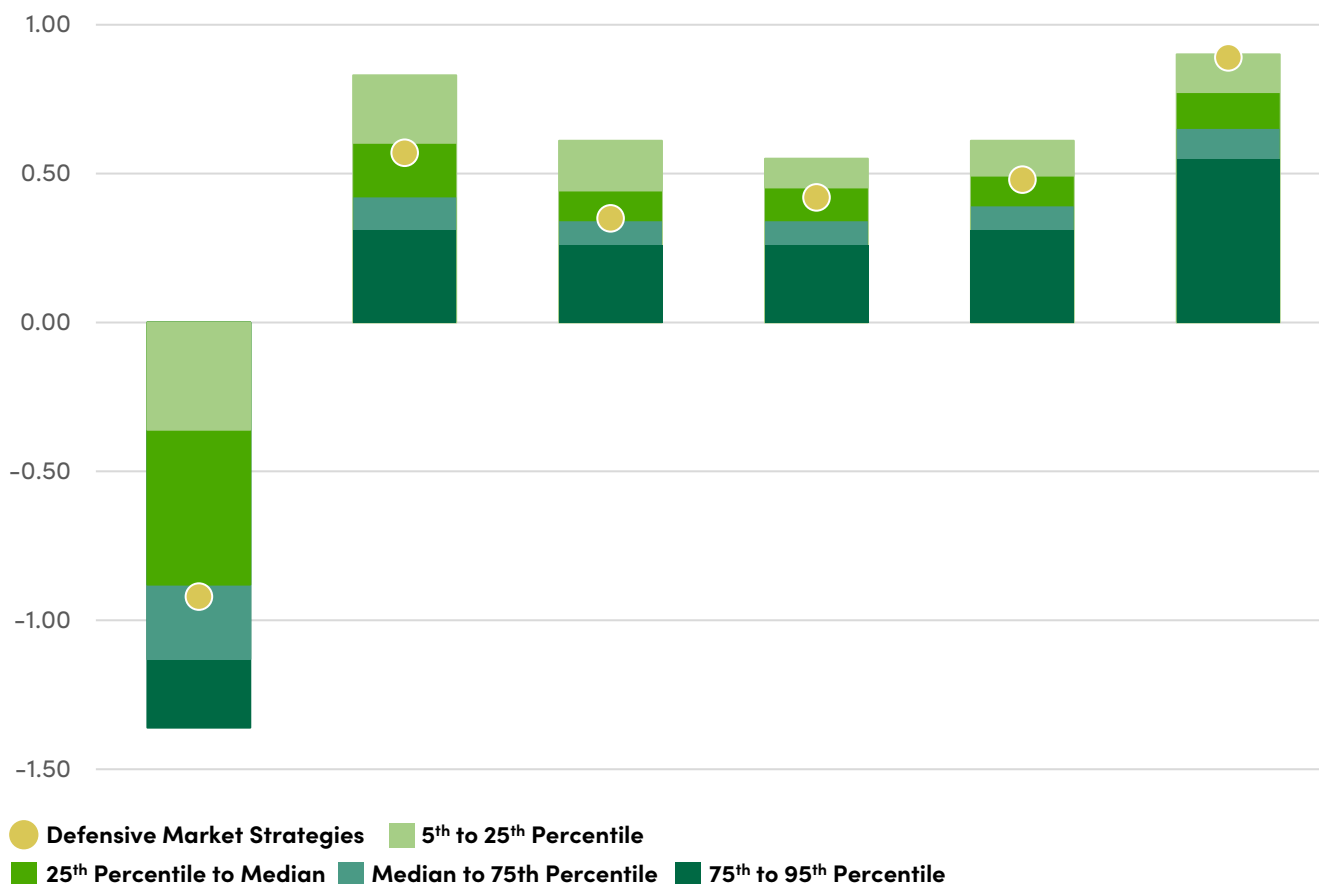
When compared to the S&P 500® Index, each of the major underlying strategies within the Fund – defensive value equity, convertible bonds and options equity – has the potential to deliver equity-like returns at reduced risk. The Fund seeks to actively manage a blend of these strategies to leverage their respective strengths in order to provide long-term capital appreciation at a lower risk compared to the broader equity markets.

Since inception, the Fund has enjoyed strong risk-adjusted investment results on an absolute basis and relative to its peers.



Within the Fund's Morningstar peer group, Allocation—50% to 70% Equity, its Sharpe Ratio since inception is ranked 35th out of 441 ranked funds, as of June 30, 2022, as shown in Figure 1.2.

FIG. 1.1 Manager vs. Morningstar Allocation—50% to 70% Equity Funds: Sharpe Ratio
September 2011–June 2022



Manager returns supplied by: Morningstar Direct.

The Defensive Market Strategies Fund may be suitable for investors who have a medium- to long-term investment horizon, possess a moderate tolerance for risk and seek to participate in the return potential of equities at a slightly lower risk level than an all equity portfolio. Securities of foreign issuers may be negatively impacted by political events, economic conditions or inefficient, illiquid or unregulated markets in foreign countries, and they also may be subject to inadequate regulatory or accounting standards, which may increase investment risk. This Fund is subject to interest rate risk, meaning, when interest rates rise, the value of the existing fixed income securities decreases and vice versa. Changes in interest rates have a bigger impact on long-duration holdings than on short-duration holdings. Economic, market, political and other conditions and events can cause the value of equity securities to fluctuate. In addition to the interest and credit rate risks associated with fixed income securities, a convertible security's market value also tends to reflect the market price of the common stock of the issuing company when that stock price approaches or is greater than the convertible security's "conversion price." This description of risks is provided as a summary of the principal investment risks associated with this mutual fund. Refer to the Fund's prospectus for more detailed risk information.

1 Drawdown

The peak-to-trough decline during a specific record period of an investment, fund or commodity. A drawdown is usually quoted as the percentage between the peak and the trough.

2 Beta

The 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.

3 Sharpe ratio

A risk-adjusted measure that measures reward per unit of risk. The higher the Sharpe ratio, the better the fund's historical risk-adjusted performance.



To learn more about GuideStone's Defensive Market Strategies Fund, VISIT

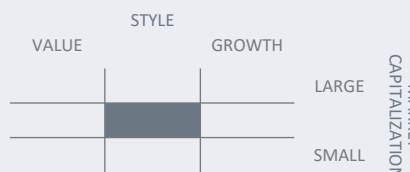
[GuideStoneFunds.com](https://www.GuideStoneFunds.com)

Or call 1-888-GS-FUNDS (1-888-473-8637)

You should carefully consider the investment objectives, risks, charges and expenses of the GuideStone Funds® before investing. For a copy of the prospectus with this and other information about the Funds, please call 1-888-GS-FUNDS (1-888-473-8637) or visit [GuideStoneFunds.com/Funds](https://www.GuideStoneFunds.com/Funds) to view or download a prospectus. You should read the prospectus carefully before investing.

GuideStone Funds® shares are distributed by Foreside Funds Distributors LLC, not an advisor affiliate. GuideStone Capital Management, LLC®, an affiliate of GuideStone Financial Resources®, provides investment advisory services for the Funds.



Equity Investment Approach


Investment Objective: The Defensive Market Strategies Fund seeks to provide long-term capital appreciation with reduced volatility compared to the equity market.

Investment Suitability: The Defensive Market Strategies Fund may be suitable for investors who have a medium- to long-term investment horizon, possess a moderate tolerance for risk and seek to participate in the return potential of equities at a slightly lower risk level than an all equity portfolio.

Securities of foreign issuers may be negatively impacted by political events, economic conditions or inefficient, illiquid or unregulated markets in foreign countries, and they also may be subject to inadequate regulatory or accounting standards, which may increase investment risk. This Fund is subject to interest rate risk, meaning, when interest rates rise, the value of the existing fixed income securities decreases and vice versa. Changes in interest rates have a bigger impact on long-duration holdings than on short-duration holdings. Economic, market, political and other conditions and events can cause the value of equity securities to fluctuate. In addition to the interest and credit rate risks associated with fixed income securities, a convertible security's market value also tends to reflect the market price of the common stock of the issuing company when that stock price approaches or is greater than the convertible security's "conversion price." This description of risks is provided as a summary of the principal investment risks associated with this mutual fund. Refer to the Fund's prospectus for more detailed risk information.

Benchmark¹

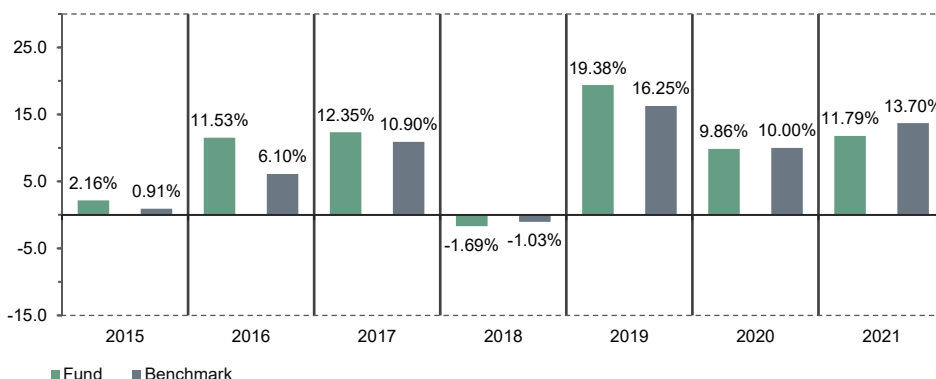
| | |
|--------------------------------------|-----|
| S&P 500® Index | 50% |
| Bloomberg 1-3 Month US Treasury Bill | 50% |

Annual Operating Expenses

| Gross Expense Ratio | Net Expense Ratio |
|---------------------|-------------------|
| 0.93% | 0.93% |

PERFORMANCE

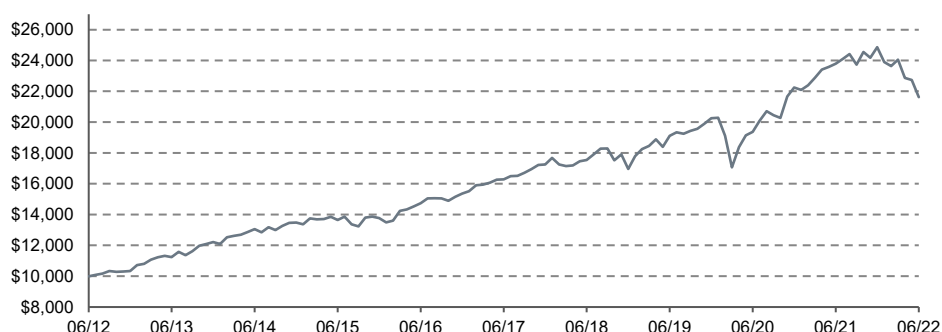
| | Three Month | Year to Date | One Year | Three Year (Annualized) | Five Year (Annualized) | Ten Year (Annualized) | Since Inception (Annualized) |
|-----------|-------------|--------------|----------|-------------------------|------------------------|-----------------------|------------------------------|
| Fund | -10.12% | -13.08% | -9.14% | 4.19% | 5.83% | 8.01% | 8.11% |
| Benchmark | -8.17% | -10.23% | -5.00% | 5.94% | 6.46% | 6.87% | 7.00% |

CALENDAR YEAR PERFORMANCE


The performance data quoted represents past performance and does not guarantee future results. Current performance may be lower or higher than the performance data quoted. Performance data current to the most recent month-end and complete calendar year performance may be obtained at GuideStoneFunds.com/Funds. Benchmark performance numbers are provided by Morningstar, Inc. and have not been verified by GuideStone Funds. The investment return of an investment will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Year 2011 annual performance began 09/01/2011. The weightings of the Fund's benchmark were modified effective November 30, 2020, and therefore, the weightings of the underlying indexes were different than the current benchmark weightings prior to that date. Benchmark performance shown represents the Fund's current benchmark linked with its previous benchmark. Returns exceeding 20% reflect unusual market conditions and may not be sustained at this level over the long term.

GROWTH OF \$10,000 INVESTMENT

Ending Value: \$21,614


MORNINGSTAR RATING BASED ON RISK ADJUSTED RETURN²

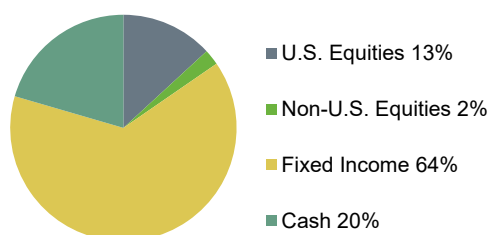
Category: Allocation--50% to 70% Equity

| Overall | Three Year | Five Year | Ten Year |
|-------------------------|------------------------|------------------------|-------------------------|
| ★★★★ among 709 funds | ★★★ among 709 funds | ★★★ among 645 funds | ★★★★ among 476 funds |

You should carefully consider the investment objectives, risks, charges and expenses of the GuideStone Funds® before investing. For a copy of the prospectus with this and other information about the Funds, please call 1-888-GS-FUNDS (1-888-473-8637) or visit GuideStoneFunds.com/Funds to view or download a prospectus. You should read the prospectus carefully before investing.

GuideStone Funds® shares are distributed by Foreside Funds Distributors LLC, not an advisor affiliate. GuideStone Capital Management, LLC®, an affiliate of GuideStone Financial Resources®, provides investment advisory services for the Funds.

©2022 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. **Past performance is no guarantee of future results.**

PORTFOLIO DETAILS
Asset Allocation^{3,4}


Cash balances are held by the Fund as collateral for derivatives positions and for liquidity purposes, and may be overlaid with equity and/or U.S. Treasury futures to provide capital market exposure.

Fund Size (\$ in millions)

| | |
|---|---------|
| Total Fund Net Assets for All Share Classes | \$1,266 |
| Number of Holdings* | 300 |

*Does not include currencies or forward currency contracts

Return/Risk Characteristics**

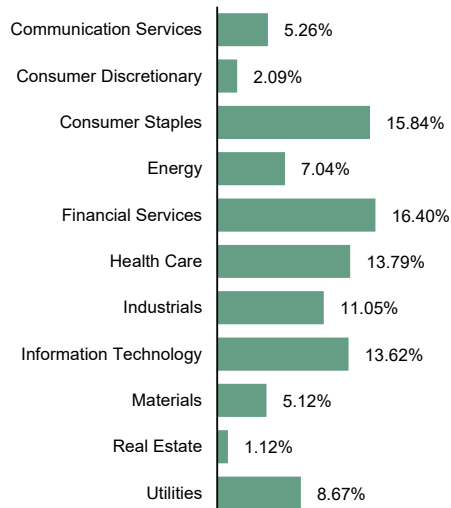
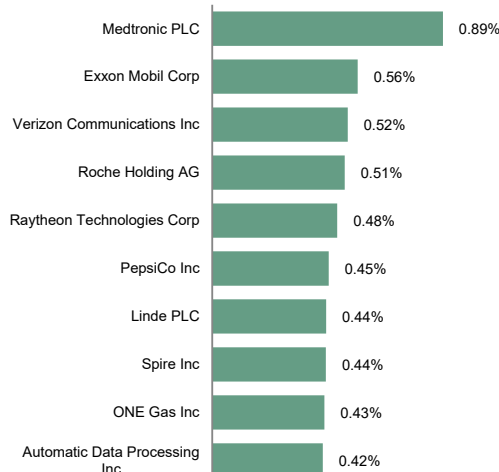
| | |
|------------------------|--------|
| Standard Deviation | 12.08% |
| R-Squared | 77.79% |
| Beta vs. Benchmark | 0.80 |
| Beta vs. S&P 500 Index | 0.63 |
| Sharpe Ratio | 0.35 |
| Information Ratio | -0.48 |

** Calculated over previous three years

Sub-Adviser Composite⁵

| | |
|--|-----|
| PGIM Quantitative Solutions LLC | 34% |
| Neuberger Berman Investment Advisers LLC | 23% |
| American Century Investment Management, Inc. | 22% |
| Shenkman Capital Management, Inc. | 21% |

GuideStone Capital Management, LLC (the "Adviser"), the adviser to the Fund, may invest directly in securities on behalf of the Fund. The Adviser also maintains a sub-advisory agreement with Parametric Portfolio Associates LLC ("Parametric") under which Parametric will provide completion portfolios within the Fund, as instructed by the Adviser. The Adviser's direct investments and Parametric's "completion portfolios" are used to assist in preserving the desired risk exposures for the Fund in furtherance of its investment objective. Direct investments and completion portfolios that are short-term in nature are not included in the target allocations of the Fund to sub-advisers listed above.

Equity Sector Holdings

Top Ten Equity Holdings


Standard deviation—Depicts how widely returns varied over a certain period of time. A high standard deviation implies greater volatility and greater risk.

R-squared—Shows the percentage of a fund's performance that is explained by movements in the benchmark index. An R-squared of 100% indicates that all movements of a fund can be explained by movements in the benchmark.

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.

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 Index. A fund with a higher beta relative to the S&P 500 Index is more volatile than the S&P 500 Index.

Sharpe Ratio—A risk-adjusted measure that measures reward per unit of risk. The higher the Sharpe ratio, the better the fund's historical risk-adjusted performance.

Information Ratio—Measures how much the fund outperformed the benchmark per unit of additional risk taken.

¹The Bloomberg 1-3 Month U.S. Treasury Bill Index tracks the market for treasury bills with 1 to 2.999 months to maturity issued by the U.S. government. U.S. Treasury bills are issued in fixed maturity terms of 4, 13, 26 and 52 weeks. The S&P 500® Index is a market capitalization-weighted equity index composed of approximately 500 U.S. companies representing all major industries. The index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of its constituents. "Standard & Poor's®", "S&P®", "S&P 500®", "Standard & Poor's 500" and "500" are trademarks of The McGraw-Hill Companies, Inc. and have been licensed for use by GuideStone Funds®. The Product is not sponsored, endorsed, sold or promoted by Standard & Poor's, and Standard & Poor's makes no representation regarding the advisability of investing in the Product. "Bloomberg®", Bloomberg and Bloomberg 1-3 Month US Treasury Bill are service marks of Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited ("BISL"), the administrator of the index (collectively, "Bloomberg") and have been licensed for use for certain purposes by GuideStone Financial Resources of the Southern Baptist Convention ("GuideStone Financial Resources") and its affiliates. Bloomberg is not affiliated with GuideStone Financial Resources and its affiliates and Bloomberg does not approve, endorse, review,

or recommend the Defensive Market Strategies Fund. Bloomberg does not guarantee the timeliness, accurateness, or completeness of any data or information relating to the Defensive Market Strategies Fund. All indexes used with permission. It is not possible to invest directly in an index.

²The Morningstar Rating™ for funds, or "star rating," is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five- and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36–59 months of total returns, 60% five-year rating/40% three-year rating for 60–119 months of total returns and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. Ratings are for the share class shown only; other classes may vary. **Past performance is not guarantee of future results.**

³Asset Allocation subject to change at any time. Pie chart is a representation, and actual exposures may differ. The size denotes the relative weighting in the Fund.

⁴Due to rounding, portfolio holdings data may not sum to 100%.

⁵Sub-adviser composite is subject to change at any time. The percentages shown reflect the target allocations of the Fund. Actual sub-adviser weights may differ at any time. Due to rounding, target allocations may not sum to 100%. There can be no guarantee that any strategy will be successful. All investing involves risk, including potential loss of principal.



GuideStone®
Funds

1-888-GS-FUNDS (1-888-473-8637)

© 2022 GuideStone® 844258 07/22

FOR INVESTORS