

FIRST CASH FINANCIAL SERVICES INC
Form 11-K
June 18, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 11-K

(Mark One):

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2013

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 0-19133

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

FIRST CASH 401(k) PROFIT SHARING PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

FIRST CASH FINANCIAL SERVICES, INC.
690 East Lamar Boulevard, Suite 400
Arlington, Texas 76011

FIRST CASH 401(k) PROFIT SHARING PLAN
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Investment Committee
First Cash 401(k) Profit Sharing Plan
Arlington, Texas

We have audited the accompanying statements of net assets available for benefits of the First Cash 401(k) Profit Sharing Plan (the "Plan") as of December 31, 2013 and 2012, and the related statements of changes in net assets available for benefits for the years ended December 31, 2013 and 2012. First Cash 401(k) Profit Sharing Plan's management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the auditing standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly in all material respects, the net assets available for benefits of the First Cash 401(k) Profit Sharing Plan as of December 31, 2013 and 2012, and the related statements of changes in its net assets available for benefits for the years ended December 31, 2013 and 2012, in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets held for investment purposes at December 31, 2013, is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Stovall Grandey & Allen LLP

Fort Worth, Texas
June 18, 2014

FIRST CASH 401(k) PROFIT SHARING PLAN
 STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	December 31, 2013	2012
ASSETS:		
Investments, at fair value:		
Money market funds	\$773,430	\$998,113
Mutual funds	5,621,992	3,875,957
Common/collective trust funds	10,574,275	8,390,866
First Cash Financial Services, Inc. common stock	8,956,596	7,449,103
Total investments	25,926,293	20,714,039
Notes receivable from participants	1,478,010	1,104,627
Contributions receivable:		
Participant	20	—
Employer	343	—
Total contributions receivable	363	—
Total assets	27,404,666	21,818,666
LIABILITIES:		
Other liabilities	66,090	39,948
Total liabilities	66,090	39,948
Net assets available for benefits	\$27,338,576	\$21,778,718

See accompanying notes to these financial statements.

FIRST CASH 401(k) PROFIT SHARING PLAN
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

	Year Ended December 31,	
	2013	2012
ADDITIONS TO NET ASSETS ATTRIBUTABLE TO:		
Investment income:		
Net appreciation in fair value of investments	\$4,447,222	\$3,589,736
Interest and dividends	107,946	80,916
Net investment gain	4,555,168	3,670,652
Contributions:		
Participant	2,159,431	1,851,416
Participant rollovers	331,091	281,254
Employer	646,382	553,717
Total contributions	3,136,904	2,686,387
Interest, notes receivable from participants	52,586	45,245
Other	36,827	29,714
Total additions	7,781,485	6,431,998
DEDUCTIONS FROM NET ASSETS ATTRIBUTABLE TO:		
Benefits paid directly to participants	2,056,655	1,525,732
Investment management fees	82,484	66,280
Administrative fees	70,059	65,237
Custody fees	12,429	11,101
Total deductions	2,221,627	1,668,350
INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS	5,559,858	4,763,648
NET ASSETS AVAILABLE FOR BENEFITS:		
Beginning of year	21,778,718	17,015,070
End of year	\$27,338,576	\$21,778,718

See accompanying notes to these financial statements.

FIRST CASH 401(k) PROFIT SHARING PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

1. DESCRIPTION OF PLAN

The following brief description of the First Cash 401(k) Profit Sharing Plan (the "Plan") provides only general information. Participants should refer to the Plan document for complete information regarding the Plan's definitions, benefits, eligibility and other matters.

Certain amounts in prior year comparative presentations have been reclassified in order to confirm to the 2013 presentation.

General

The Plan is a salary deferral plan covering substantially all U.S.-based employees of First Cash Financial Services, Inc. and its wholly-owned subsidiaries (the "Company" or the "Employer") who have completed six months of service with the Company and have reached age 21. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The trustee and custodian of the Plan is TD Ameritrade Trust Company.

In July 2013, the Plan was amended to add newly acquired entities as participating employers in the Plan and to grant service credit to the employees of the new participating employers for purposes of eligibility and vesting.

Contributions

Each year, participants may contribute to the Plan an amount up to 100% of their annual compensation. However, each participant's annual contribution shall not exceed the maximum amount allowed for deferral for U.S. federal income taxes, which was \$17,500 for 2013 and \$17,000 for 2012. In addition, participants over age 50 are allowed to contribute an additional \$5,500 for 2013 and 2012. The amount of a participant's annual compensation that may be taken into account for purposes of determining the Company's matching contribution for any purpose under the Plan shall not exceed an amount prescribed annually by the IRS. Unless they elect otherwise, employees are automatically enrolled and contribute 3% of their compensation beginning six months after their date of hire. The Company contributes to the Plan a matching amount equal to 40% of the first 6% of the participant's annual compensation that is contributed to the Plan. Participants are eligible to receive Company matching contributions after twelve months of service with the Company. In addition, a special discretionary contribution, as determined by the Company, may be contributed, pro rata, based upon each participating employee's compensation to the total compensation of all participating employees. No such contribution was made in 2013 or 2012.

If a participant makes a contribution during any year in an amount which exceeds the maximum amount allowed under IRS rules pertaining to highly compensated employees, the contribution is refunded and the matching Company contribution on such additional participant contribution may be forfeited by the participant and applied to reduce the employer's matching contribution to the Plan for the following year. Management believes that the Plan is in compliance with the funding requirements of ERISA.

Participant Accounts

Each participant's account is credited with the participant's contribution, allocations of the Company's matching contributions and profit sharing contributions, if applicable. Forfeitures of the non-vested portion of terminated participants' accounts will be used to reduce future Company contributions to the Plan. The various participant allocations are based on a percentage of the participant's elective deferral or compensation in relation to total compensation of participants, as defined in the Plan agreement.

Vesting

Participants are immediately vested in their contributions (including rollovers) plus actual earnings thereon. Vesting in the remainder of their accounts is generally based on years of continuous service with the Company, which is determined as a twelve consecutive month period ending on each anniversary of a participant's date of hire. Participants become 25% vested in employer contributions after two years, and an additional 25% each year thereafter until 100% vested upon five years of credited service. A participant is also 100% vested

FIRST CASH 401(k) PROFIT SHARING PLAN
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upon reaching retirement age or if employment is terminated by reason of total and permanent disability or death.

Investment Options

Upon enrollment into the Plan, a participant may direct their contributions to the Company's common stock or any of the investment options offered by TD Ameritrade Trust Company, the trustee of the Plan. Participant contributions directed to purchase the Company's common stock are limited to 20% of the participant's total contributions. Participants may change the allocation of their existing funds and future contributions at any time.

Payment of Benefits

Participants whose employment terminates for any reason (except death or disability) are generally entitled to receive the vested portion of their account in the form of a lump sum distribution payable in cash. If a terminated participant's vested balance is \$5,000 or less, and the participant does not consent to a distribution of the vested account balance; the vested benefit is automatically rolled over to an IRA provider. If the participant's vested balance exceeds \$5,000, no distribution is made from the Plan without the participant's consent. There were no benefits payable to participants at December 31, 2013. There were \$3,050 of benefits payable to participants at December 31, 2012.

Participant Loans

A participant may apply to the plan administrator for a loan under the Plan. All loans made by the trustees shall be subject to the terms and conditions set forth in the Plan Document and Trust Agreement. Participants may borrow up to one-half of their vested account balance or \$50,000, whichever is less. The loans will bear a reasonable rate of interest based upon prevailing commercial rates for loans of similar types. Repayments of the loan balance, plus interest, are paid ratably through bi-weekly after-tax payroll deductions, not to exceed five years, unless the loan was obtained to acquire a home, then over a reasonable period of time as determined by the trustee, but not to exceed 20 years. A participant may have only one loan outstanding at any one time. Participant loans are collateralized by their respective participant accounts.

Forfeitures

Participants who terminate employment prior to being fully vested in the Company's matching contributions forfeit the non-vested contributions and related earnings. At December 31, 2013 and 2012, there were approximately \$68,000 and \$53,000, respectively, of forfeited non-vested accounts. Forfeitures of Company matching contributions may be used to reduce future Company contributions to the Plan. In 2013 and 2012, Company matching contributions were reduced by approximately \$54,000 and \$45,000, respectively, from forfeited, non-vested accounts. Forfeitures of discretionary Company contributions are reallocated among all remaining participants.

Administrative Fees

The Company has paid, at its discretion, certain of the administrative expenses of the Plan. Administrative expenses paid by the Company 2013 and 2012 were approximately \$90,000 and \$81,000, respectively.

Tax Status

The Internal Revenue Service ("IRS") has determined and informed the Company by a letter dated March 31, 2008, that the Plan is designed in accordance with applicable sections of the Internal Revenue Code. Although the Plan has subsequently been amended, the Investment Committee believes the Plan is still in compliance with IRS regulations.

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service and Department of Labor.

The plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2013, there are no uncertain positions taken or expected to be

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FIRST CASH 401(k) PROFIT SHARING PLAN
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taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The plan administrator believes it is no longer subject to income tax examinations for years prior to 2010.

2. SUMMARY OF ACCOUNTING POLICIES

Basis of Accounting

The financial statements and supplemental schedule are prepared on the accrual basis of accounting.

Valuation of Investments

Shares of registered investment companies are valued at quoted market prices which represent the net asset value of shares held by the Plan at year-end. Common collective trust funds are valued using the net asset value quoted on a private market; however the unit price is based on underlying investments which are traded on an active market. Equity securities are valued at fair value using quoted market prices. Investments in money market funds are stated at cost, which approximates fair value. Reinvested income, accrued interest and dividends are reflected as additions to the cost basis of the investments. Investment transactions are recorded on a trade-date basis.

Notes Receivable from Participants

Loans to participants are reported at their principal balances plus any accrued but unpaid interest. Loans that are not repaid within 180 days of termination with the Company are considered as defaulted and recorded as a deemed distribution, which is a taxable event for the participant.

Payment of Benefits

Benefits are recorded when paid. Benefits due to participants who have elected to withdraw from the Plan, but have not been paid, are deducted from net assets available for benefits.

Use of Estimates

The preparation of financial statements in conformity with United States generally accepted accounting principles, as applied to defined contribution employee benefit plans, requires the Plan's management to make estimates and assumptions that affect the amounts reported in these financial statements and accompanying notes. Actual results could differ from those estimates.

Subsequent Events

The Plan has evaluated subsequent events from December 31, 2013 through June 18, 2014, the date the financial statements were issued.

FIRST CASH 401(k) PROFIT SHARING PLAN
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2013 AND 2012

3. INVESTMENTS

Investments representing 5% or more of the Plan's net assets, at fair value, consisted of the following as of December 31:

	2013	2012
Common/collective trust funds:		
TD Ameritrade Trust Company StarCore II Fund	\$ 5,443,363	\$ 4,449,522
First Cash Financial Services, Inc. common stock	8,956,596	7,449,103

The Plan's investments (including gains and losses on investments, bought and sold, as well as held during the year) appreciated/(depreciated) in value as follows:

	Year Ended December 31,	
	2013	2012
Mutual funds	\$ 1,062,531	\$ 452,669
Common/collective trust funds	1,602,390	876,326
First Cash Financial Services, Inc. common stock	1,782,301	2,260,741
	\$ 4,447,222	\$ 3,589,736

According to the FASB, participant loans are to be classified on the statement of net assets available for benefits as notes receivable from participants and measured at their unpaid principal balance, plus any accrued but unpaid interest. According to the Department of Labor, participant loans are considered an investment and measured at their fair value, and are required to be included as supplemental information in the schedule of assets held for investment purposes at end of year. The following is a reconciliation of the schedule of assets held for investment purposes to the financial statements as of December 31:

	2013	2012
Investments per schedule of investments held for investment purposes at end of year	\$ 27,404,303	\$ 21,818,666
Less: Notes receivable from participants	(1,478,010)	(1,104,627)
Investments per financial statements	\$ 25,926,293	\$ 20,714,039

4. PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan agreement to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants become 100% vested in their accounts.

5. PARTIES - IN - INTEREST

First Cash Financial Services, Inc. common stock and notes receivable from participants are considered parties-in-interest to the Plan. The investment in First Cash Financial Services, Inc. common stock was \$8,956,596 and \$7,449,103 at December 31, 2013 and 2012, respectively, and appreciated in value by \$1,782,301 and \$2,260,741 during 2013 and 2012, respectively. The balance of notes receivable from participants was \$1,478,010 and \$1,104,627 at December 31, 2013 and 2012, respectively, and interest income was \$52,586 and \$45,245 during 2013 and 2012, respectively.

The trustee of the Plan, TD Ameritrade Trust Company, is a party-in-interest as defined by ERISA. The trustee invests certain Plan assets in common/collective trust funds and money market funds and such transactions qualify as party-in-interest transactions permitted by the Department of Labor.

FIRST CASH 401(k) PROFIT SHARING PLAN
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6. CONCENTRATION OF MARKET RISK

At December 31, 2013 and 2012, approximately 33% and 34%, respectively, of the Plan's assets were invested in the common stock of the Company. The underlying value of the Company's common stock is dependent upon the performance of the Company, the market's evaluation of such performance and overall market conditions. Investment securities, in general, are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with investment securities, it is at least reasonably possible that changes in the values of the investment securities will occur in the near term and that such changes could materially affect the participant's account balances and the amounts reported in the statement of assets available for benefits and the statement of changes in net assets available for benefits. Participant contributions directed to purchase the Company's common stock are limited to 20% of the participant's total contributions.

7. RECONCILIATION TO FORM 5500

Benefit claims payable are reported as a liability on Form 5500 but are not recorded as a liability on the financial statements prepared in accordance with GAAP. Excess contributions are recorded as a liability on the financial statements in accordance with GAAP, but not recorded as a liability on Form 5500.

The reconciliation of net assets per Schedule H of the Form 5500 to the financial statements is as follows:

	Year Ended December 31,	
	2013	2012
Net Assets per Form 5500 - Schedule H	\$27,404,012	\$21,814,916
Benefits to participants to be paid in 2013	—	3,050
Excess contributions to be refunded in 2013	—	(39,248)
Excess contributions to be refunded in 2014	(65,436)	—
Net Assets per financial statements	\$27,338,576	\$21,778,718

The reconciliation of change in net assets per Schedule H of the Form 5500 to the financial statements is as follows:

	Year Ended December 31,	
	2013	2012
Changes in Net Assets per Form 5500 - Schedule H	\$5,589,096	\$4,799,846
Benefits to participants paid in 2013	(3,050)	3,050
Excess contributions refunded in 2013	39,248	(39,248)
Excess contributions refunded in 2014	(65,436)	—
Change in Net Assets per financial statements	\$5,559,858	\$4,763,648

8. FAIR VALUE MEASUREMENTS

In accordance with Accounting Standards Codification ("ASC") 820-10-20, Fair Value Measurements and Disclosures ("ASC 820-10-20"), the Plan's assets and liabilities, which are carried at fair value, are classified in one of the following three categories:

Level 1 – Inputs to the valuation methodology are quoted prices available in active markets for identical investments as of the reporting date;

FIRST CASH 401(k) PROFIT SHARING PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

Level 2 – Inputs to the valuation methodology are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models or other valuation methodologies; and

Level 3 – Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability and the reporting entity makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for instruments measured at fair value.

Money Market Funds

These investments are public investment vehicles valued using \$1 for the net asset value, or its equivalent ("NAV"). The money market funds are classified within level 1 of the valuation hierarchy.

Mutual Funds

These investments are valued at the NAV of shares held by the Plan at year end. The mutual funds are classified within level 1 of the valuation hierarchy.

Common/Collective Trust Funds

These investments are public investment vehicles valued using the NAV provided by the administrator of the fund. The NAV is classified within level 2 of the valuation hierarchy because the NAV's unit price is quoted on a private market that is not active; however, the unit price is based on underlying investments which are traded on an active market.

First Cash Financial Services, Inc. Common Stock

First Cash Financial Services, Inc. common stock is valued at the closing price reported on the Nasdaq Global Select Market and is classified within level 1 of the valuation hierarchy.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

There were no assets or liabilities measured at fair value on a nonrecurring basis as of December 31, 2013, or December 31, 2012, and there were no changes in the valuation methodologies between these periods. In addition, there were no significant transfers between Level 1 or 2 for the year ended December 31, 2013.

The following tables present the fair value of financial instruments, measured on a recurring basis, as of December 31, 2013 and 2012, respectively, by risk classification and by the ASC 820-10-20 valuation hierarchy described above. The Plan had no assets or liabilities classified as Level 3 at December 31, 2013 or 2012.

FIRST CASH 401(k) PROFIT SHARING PLAN
 NOTES TO FINANCIAL STATEMENTS
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	Fair Value Measurements Using			Total
	Level 1	Level 2	Level 3	
Balance at 12/31/2013				
Money market funds (low risk)	\$773,430	\$—	\$—	\$773,430
Mutual funds:				
Low risk	359,250	—	—	359,250
Below average risk	179,078	—	—	179,078
Average risk	1,255,567	—	—	1,255,567
High risk	3,828,097	—	—	3,828,097
	5,621,992	—	—	5,621,992
Common/collective trust funds (1):				
Below average risk (2)	—	144,828	—	144,828
Average risk (3)	—	6,952,869	—	6,952,869
Above average risk (4)	—	1,841,844	—	1,841,844
High risk (5)	—	1,634,734	—	1,634,734
	—	10,574,275	—	10,574,275
Common stock (high risk)	8,956,596	—	—	8,956,596
Total investments	\$15,352,018	\$10,574,275	\$—	\$25,926,293
Balance at 12/31/2012				
Money market funds (low risk)	\$998,113	\$—	\$—	\$998,113
Mutual funds:				
Low risk	395,189	—	—	395,189
Below average risk	55,195	—	—	55,195
Average risk	854,158	—	—	854,158
High risk	2,571,415	—	—	2,571,415
	3,875,957	—	—	3,875,957
Common/collective trust funds (1):				
Below average risk (2)	—	128,225	—	128,225
Average risk (3)	—	5,673,822	—	5,673,822
Above average risk (4)	—	1,304,074	—	1,304,074
High risk (5)	—	1,284,745	—	1,284,745
	—	8,390,866	—	8,390,866
Common stock (high risk)	7,449,103	—	—	7,449,103
Total investments	\$12,323,173	\$8,390,866	\$—	\$20,714,039

FIRST CASH 401(k) PROFIT SHARING PLAN
NOTES TO FINANCIAL STATEMENTS
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- (1) All of the common collective trust funds are immediately redeemable and have no notice requirements.

The STARTRACK 2010 FUND™ will initially seek to invest 40% of its assets in equity asset class mutual funds and 60% of its assets in fixed-income mutual funds. As the target date approaches, the Sub-Advisor will seek to reduce (2) risk significantly on a periodic basis by adjusting the fund's ratio of equity to fixed-income mutual funds. Upon the target date, the STARTRACK 2010 FUND™ will seek to achieve an asset allocation of 30% equity asset class mutual funds and 70% fixed-income mutual funds.

The STARCORE I FUND™ will invest 60% of its assets in fixed-income mutual funds and 40% of its assets in equity asset class mutual funds. The STARCORE II FUND™ is designed to reflect a standard "60/40" asset allocation model (60% equity asset class mutual funds, 40% fixed-income mutual funds). While the STARCORE II FUND™ seeks to benefit from an increased equity allocation, it also seeks to mitigate potential short-term return volatility through bond exposure. The STARTRACK 2020 FUND™ will initially seek to invest 70% of its assets in equity asset class mutual funds and 30% of its assets in fixed-income mutual funds. Once the STARTRACK 2020 FUND™ is within the final 10-12 years of the target date, the Sub-Advisor will seek to reduce risk significantly on a (3) periodic basis by adjusting the fund's ratio of equity to fixed-income mutual funds as the target date approaches. Upon the target date, the STARTRACK 2020 FUND™ will seek to achieve an asset allocation of 30% equity asset class mutual funds and 70% fixed-income mutual funds. The STARTRACK 2030 FUND™ will initially seek to invest 80% of its assets in equity asset class mutual funds and 20% of its assets in fixed-income mutual funds. Once the STARTRACK 2030 FUND™ is within the final 10-15 years of the target date, the Sub-Advisor will seek to reduce risk significantly on a periodic basis by adjusting the fund's ratio of equity to fixed-income mutual funds as the target date approaches. Upon the target date, the STARTRACK 2030 FUND™ will seek to achieve an asset allocation of 30% equity asset class mutual funds and 70% fixed-income mutual funds.

The STARCORE III FUND™ will seek to invest 80% of its assets in equity asset class mutual funds and 20% of its assets in fixed-income mutual funds. The STARTRACK 2040 FUND™ will initially seek to invest 90% of its assets in equity asset class mutual funds and 10% of its assets in fixed-income mutual funds. Once the STARTRACK (4) 2040 FUND™ is within the final 10-20 years of the target date, the Sub-Advisor will seek to reduce risk significantly on a periodic basis by adjusting the fund's ratio of equity to fixed-income mutual funds as the target date approaches. Upon the target date, the STARTRACK 2040 FUND™ will seek to achieve an asset allocation of 30% equity asset class mutual funds and 70% fixed-income mutual funds.

(5) The STARCORE IV FUND™ seeks to be broadly diversified across and within domestic, international and emerging markets asset classes. The STARCORE IV FUND™ also seeks to capture the benefits of long-term global stock market appreciation. The STARCORE GLOBAL VALUE FUND™ seeks to invest up to 98% of its assets in equity asset class mutual funds. The STARCORE GLOBAL VALUE FUND™ will primarily invest in the asset classes of domestic value, international value, and emerging markets value mutual funds. The STARCORE GLOBAL VALUE FUND™ will strive to increase potential expected long-term returns through the fund's value exposure, as opposed to more traditional "blended" markets or growth-oriented mutual funds. The STARCORE INTERNATIONAL FUND™ seeks to be invested in thirty-eight countries, excluding the U.S. & Canada. The STARCORE INTERNATIONAL FUND™ will invest up to 98% of its assets in equity asset class mutual funds. The STARCORE INTERNATIONAL FUND™ will seek to diversify amongst all market capitalizations and styles, with the intention of gaining the potential benefits of investment opportunities outside the U.S. and Canada. The STARCORE U.S. FUND™ seeks to be invested solely in U.S. equity asset class mutual funds. The STARCORE U.S. FUND™ will invest up to 98% of its assets in equity asset class mutual funds. The STARCORE U.S. FUND™

will strive to capture the benefits of investing broadly in the U.S. stock market through domestic asset class mutual funds.

SUPPLEMENTAL SCHEDULE