



MMA®

MMA Praxis
Mutual Funds

International Fund

As of June 30, 2002

A Share Ticker
MPIAX

B Share Ticker
MMPNX

Assets
\$96.5 million

Risk
Mod-high

Portfolio information

Benchmark: EAFE¹ and ACWI xUS²

| Portfolio profile | Fund | EAFE | ACWI xUS |
|------------------------------|------|------|----------|
| Price/earnings ratio forward | 37 | 31 | 28 |
| Turnover ratio | 19% | n/a | n/a |
| Beta | 1.12 | 1.00 | 1.02 |
| Standard deviation | 16 | 16 | 16 |

Price/Earnings ratio (P/E) is the price of a stock divided by its earnings per share. It gives investors an idea of how much they are paying for a company's earning power. The higher the P/E, the more investors are paying, and the more earnings growth they are expecting.

Beta rating attempts to measure relative risk. A beta rating of higher than one indicates greater relative volatility than the market. A beta rating lower than one indicates lower volatility than the market, as defined by the MSCI EAFE.

A mutual fund's standard deviation is a statistical measure of historic volatility of returns. The greater the standard deviation, the wider the range of returns, therefore the greater the downside risk and, conversely, the upside potential.

Market cap weightings

| | Fund | EAFE | ACWI xUS |
|---------------|----------|----------|----------|
| Large cap | 80% | 65% | 61% |
| Mid cap | 17 | 27 | 29 |
| Small cap | 0 | 8 | 11 |
| Weighted ave. | \$34 bil | \$42 bil | \$38 bil |

Sector weightings

| | Fund | EAFE | ACWI xUS |
|------------------------|------|------|----------|
| Consumer discretionary | 28% | 13% | 12% |
| Financials | 17 | 25 | 25 |
| Information tech | 15 | 6 | 7 |
| Health care | 10 | 10 | 9 |
| Industrials | 9 | 10 | 9 |
| Telecomm svcs | 6 | 6 | 6 |
| Materials | 5 | 6 | 8 |
| Energy | 4 | 10 | 10 |
| Consumer staples | 2 | 9 | 8 |
| Cash | 3 | 0 | 0 |

Region allocations

| | Fund | EAFE | ACWI xUS |
|---------------|------|------|----------|
| Europe | 57% | 66% | 63% |
| Japan | 23 | 22 | 19 |
| Pacific Rim | 12 | 2 | 6 |
| North America | 0 | 0 | 5 |

Top country allocations

| | Fund | EAFE | ECCWI xUS |
|----------------|------|------|-----------|
| Japan | 23% | 22% | 19% |
| United Kingdom | 17 | 27 | 24 |
| France | 10 | 10 | 8 |
| Netherlands | 10 | 6 | 5 |
| Italy | 10 | 10 | 3 |

Top 10 holdings

| | |
|---------------------|------|
| ENI | 4.3% |
| Reed Elsevier | 4.1 |
| Nissan | 3.8 |
| VNU | 3.2 |
| Samsung Electronics | 3.2 |
| Sanofi | 3.2 |
| Canon | 3.2 |
| Novartis | 2.6 |
| Tokyo Electron | 2.5 |
| Allainz | 2.4 |

Holdings are subject to change.

Dividends may be declared and paid semi-annually.

MMA Praxis Mutual Funds: Aligning values and investing

MMA Praxis Mutual Funds is a leader in faith-based investing for individuals and institutions. Grounded in the religious principles of the Christian Anabaptist tradition, the funds engage in a full range of socially responsible investing practices. Asset classes include actively-managed U.S. large-cap equity, passively-managed value index, U.S. fixed income, and international equity.

Stewardship investing in action

Assessing and responding to ethical concerns is an important part of MMA's stewardship investing work.

Corporate ethics in America: The good news

You already know the bad news – a seemingly endless stream of major corporations revealing misleading – even fraudulent – financial and accounting practices. However, there is a silver lining here, particularly for those who are concerned about the social and environmental impact of their investments:

Ethics are now central. For over 10 years, there has been growing attention to business ethics and corporate responsibility. Suddenly, everyone is imminently aware that ethics, responsibility, and accountability are crucial to the social and financial operation of business. Because ethics are now seen as integral to shareholder value and national interests, the demand for corporate change will be unavoidable.

Corporate governance merges with social responsibility. Even before the scandal at WorldCom broke, the effect of Enron was in full swing during the 2001-2002 proxy voting season. An entire range of corporate governance-related shareholder resolutions (board independence, auditor independence, stock option packages, etc.) received unprecedented support from a variety of sources. There was also a significant jump in interest and support for social shareholder resolutions such as board diversity, limitations on executive compensation, and disclosure of employment and emissions data. This trend will continue.

The issues aren't new – but our response should be. Many of these recent issues are long-time concerns of social investors. Now more than ever we have an opportunity and responsibility to raise our voices and share our accumulated knowledge – to the benefit of our economy, the stability of the markets, and the people and planet so deeply impacted by our investment decisions.

We have always been strong advocates for good governance through our proxy voting activity (visit www.mmapraxis.com to view our online voting record). In addition, MMA Praxis is committed to working with other faith-based and socially responsible investors to articulate new standards of excellence in corporate ethics and accountability. This is an incredible opportunity to "let our Light shine!"

Performance

| | A Share Inception date: May 3, 1999 | | B Share Inception date: April 1, 1997 | | Benchmarks | |
|----------|--|---------|--|---------|------------|----------|
| | No load | Load* | No CDSC | CDSC** | EAFE | ACWI xUS |
| 6 mo | (5.46) | (10.42) | (5.65) | (9.41) | (2.12) | (2.65) |
| YTD | (4.34) | (9.32) | (4.52) | (8.33) | (1.62) | (1.05) |
| 1 yr | (12.70) | (17.31) | (13.16) | (16.61) | (9.49) | (8.16) |
| 3 yr ann | (8.72) | (10.34) | (9.23) | (9.74) | (6.78) | (6.16) |
| 5 yr ann | (1.44) | (2.51) | (1.77) | (1.94) | (1.55) | (3.48) |
| Avg ann | 1.29 | 0.26 | 0.96 | 0.96 | n/a | n/a |

Performance depicted for Class A shares utilizes historic performance of the Class B shares, but imposes the expense structure of Class A shares.

* Load: Assumes maximum sales charge of 5.25%

**Maximum CDSC is 4%

Calendar-year total returns

| B Share no CDSC | 1997 | 1998 | 1999 | 2000 | 2001 | 06/02 |
|----------------------------|------|------|------|--------|--------|-------|
| Total return % | 2.4 | 24.0 | 42.0 | (20.7) | (25.9) | (4.6) |
| +/- EAFE | — | -4.6 | 21.0 | -11.5 | -13.7 | -2.9 |
| +/- ACWI xUS | — | — | — | — | -6.2 | -3.5 |
| +/- international category | — | 10.6 | -2.7 | -5.5 | -3.7 | -3.3 |

¹ The MSCI Europe Australasia, Far East Index is a widely used as a benchmark for international stock performance. It is comprised of 21 individual developed country indexes that together represent many of the world's major markets. Indexes are unmanaged, do not incur fees, and cannot be it in not possible to invested in directly in an index.

² The MSCI All Country World ex-U.S. Index is a widely used as a benchmark for international stock performance. It is a capitalization weighted index of stocks from many countries (developed and emerging, excluding the U.S.) that together represent many of the world's major markets. Indexes are unmanaged, do not incur fees, and cannot be it in not possible to invested in directly in an index.

Past performance is not a guarantee of future results. Share price and return will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost.

This report must be accompanied or preceded by a current fund prospectus. Fund composition is subject to change. BISYS Fund Services, LP, distributor.

Fund information

Objective

To seek capital appreciation, while incorporating socially responsible investing criteria. Current income is a secondary objective.

Investor profile

The fund is designed for investors who:

- Are committed to the fund's socially responsible investment criteria.
- Are investing for the long term.
- Seek growth of capital.
- Are willing to take higher risk for potentially higher returns than domestic equity funds, bond funds or money market funds.

There are risks associated with investing in a fund of this type that invests in securities of foreign countries. These risks include erratic market conditions, economic and political instability, and fluctuations in current exchange rates.

Strategy

The fund:

- Features a growth-at-a-reasonable-price investment style.
- Invests primarily in companies domiciled in Europe, Australia and the Far East, with not more than 25 percent in emerging markets.
- Seeks best options between international markets while attempting to provide returns that are higher than the EAFE Index.

Contact information

Fund account information

(800) 9-PRAXIS (977-2947)

Broker and institutional investor support

Jerry Gray at (800) 503-0905

J.B. Miller at (800) 514-6962

Web site

www.mmpraxis.com

Portfolio managers

Oechsle International Advisors is an independent money management organization dedicated to providing superior international investment management to institutional and private investors by using a team approach to fund management. With offices in Boston, London, Frankfurt, and Tokyo, Oechsle brings 18 years of experience to MMA Praxis Mutual Funds.



Martina Oechsle Vasconcelles

Martina is a partner and portfolio manager/research analyst with Oechsle. She joined Oechsle in February 1990 and has co-managed this fund since its inception. She received a B.A. in economics and psychology from Northwestern University and an M.B.A. in finance from the University of Chicago Graduate School of Business.

Kathleen Harris

Kathleen is also a partner and portfolio manager/research analyst with Oechsle. She joined Oechsle in January 1995 and has co-managed this fund since its inception. Before Oechsle, she was portfolio manager and investment director for the State of Wisconsin Investment Board, where she managed international equity assets. She received a B.S. in finance from the University of Illinois and an M.B.A. in finance from the University of Chicago Graduate School of Business.



Second quarter commentary

While the environment for international equity investments turned grisly in the second quarter, the international stock indexes¹ outperformed the S&P 500 Index². Concerns about strength of the global economic recovery are serious, but we are expected to be in the early stages of an upturn. More pernicious were worldwide concerns about the integrity of corporate earnings reports particularly in the U.S. International stock markets buckled under the combination of these two burdens, and EAFE markets sold off more than 11 percent in local currency terms. Pronouncements about the lack of faith in the integrity of U.S. management prompted the Euro and Yen to surge roughly 10 percent against the U.S. dollar, significantly offsetting the fall in foreign stock prices for U.S. investors.

A quick look at sector performance for the quarter illustrates the degree to which investors retreated into their protective shells. Information technology narrowly nosed out Telecoms for the distinction of the worst performing sector, while at the other end of the spectrum, traditional safety sectors such as Consumer Staples and Utilities performed significantly better. Indeed, technical market indicators confirm an unusual gloom across markets. It seems to us that the markets have diverged from underlying fundamentals, as well publicized accounting problems undermine confidence even as evidence of a solid economic recovery begins to mount. We remained focused on finding companies with legitimate, unanticipated earnings prospects in that recovery. In the long run, these fundamentals matter most to investors.

¹ EAFE and ACWI x US

² The S&P 500 Index is an unmanaged index generally representative of the U.S. stock market. An investor cannot invest directly in an index.

Winners and losers

| Winners | % gain | Reason |
|----------------------|---------|--|
| Ito-Yokado Co. Ltd. | 28.58 | Japanese retailer benefited in second quarter from surge in Japanese domestic stocks (compared to global exporters). |
| Kao Corp. | 25.34 | Manufacturer of domestic products such as laundry and cleaning supplies was perceived as a safe, domestic play. Longer term, we like management's focus on American-style value-added for shareholders. |
| Kookmin Bank | 16.69 | The bank is growing market share and participating in the burgeoning consumer and small business credit card market in Korea. |
| Losers | % loss | Reason |
| Taiwan Semiconductor | (31.08) | Declining prices for DRAM and receding faith in business tech investment undermined TSMC and other semiconductor companies during Q2. We see positive order trends building despite the market's gloom, and expect a better pricing environment in 2H 02 to result in upside earnings surprises for TSMC and others in the sector. |
| SAP AG | (34.99) | The market's lack of faith in business tech investment extended to SAP and its software. While SAP's strong market position makes it a likely long-term winner in the sector, we concur that near-term earnings prospects are too rosy and we sold the stock during the quarter. |
| Vivendi Universal | (42.58) | Now-ousted Chairman Jean-Marie Messier's ugly battle with his Board of Directors over the future of the company undermined investor sentiment in Vivendi. We have now sold Vivendi because the company has undertaken negotiations with banks to refresh its credit lines, and these negotiations may impede the company's ability to realize its full asset value, which we believe is well in excess of current stock market levels. |