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Month End Investment Commentary Report

As of 31 Jan 2013

University of Western Ontario

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Canadian Fixed Income Market Commentary

January 2013

Global Economic Background
For 2013, three of the key risks to the already subdued global growth prospects include Middle East instability, the still unresolved Eurozone crisis, and ongoing US fiscal uncertainty. The news flow during the week of January 14th provided reminders of all three issues. Yet, investors appear willing to heavily discount downside scenarios for now. Indeed, although some jitters were still evident that week, risk appetites continued to improve, bolstered by upbeat activity data that suggests the US economy ended 2012 in reasonably good shape and China's growth is beginning to improve.

The temporary U.S. debt ceiling solution announced the following week was clearly a positive market development because it diminishes the level of near term fiscal uncertainty and indeed significantly reduces one of the more serious tail risks facing the US economy. It can perhaps even be argued that the risk of a Treasury default has been driven close to zero because Republicans appear to have concluded that using the debt ceiling, and thus the risk of default, as a bargaining chip in the budget debate is simply not good governance or politics. However, the broader budget battle continues and important fiscal stress points are quickly approaching-the March 1 sequestration and the March 27 expiration of the continuing resolution currently authorizing government operations-which hold the risk of more severe fiscal drag or even government shutdown. So although tail risks have abated, the potential remains for negative fiscal shocks to foment turbulence in the otherwise impressive risk rally.

Canadian Economic Background
As expected, the Bank of Canada (BoC) left is policy rate unchanged at 1.00%. But it struck a distinctly less hawkish tone in its policy statement, opining that "while some modest withdrawal of monetary stimulus will likely be required over time...the timing of any such withdrawal is less imminent than previously anticipated." Explaining this change in tone, which arguably signals that any rate hike is now pushed off until 2014 at the earliest, the Bank highlights a more subdued economic outlook for the Canadian economy than had previously been anticipated. The BoC's inflation outlook is also more "muted." Moreover, the Bank sees some signs that household imbalances (high debt specifically), which the BoC has feared it was enabling with its persistently easy monetary policy stance, may be starting to stabilize.

The BoC also released its quarterly Monetary Policy Report, in which the Bank downgraded its near term economic outlook as noted above. Specifically, it now forecasts GDP growth of 2.0% in 2013 (down from 2.3% in the October report). This pace is little change from the 1.9% growth estimate for 2012 (which was projected at 2.2% in October). This lackluster profile is actually slightly weaker than the BoC's assessment of potential growth through 2013 (2.0-2.1%), which means the output gap stabilizes rather than closes this year. Consequently, the Bank's expectations for inflation are benign-likely running below the 2.0% target all year.

Meanwhile, consumer price (CPI) inflation remains quite low. Consumer prices edged down 0.1% in December, their second straight decline, primarily reflecting lower gasoline prices. Excluding energy as well as food (which was unchanged on the month), prices edged up 0.1%. The BoC's core index, which excludes eight of the typically more volatile components of the CPI, also rose 0.1% in December. Year-over-year, the overall CPI inflation rate remained unchanged at just 0.8% and the core rate slipped to 1.1%. Both have been well below the BoC's 2.0% inflation target since last spring.
The November GDP print came in better than expected as output rose a solid 0.3%, the largest gain since last April. In November, services expanded a modest 0.1%, but goods output rose a robust 0.6%. Notably, manufacturing rose 0.7%, mining 0.8% and utilities 1.4%. Construction was unchanged. In spite of the encouraging November gain for overall GDP, because of October's weakness (as well as the soft finish to Q3), GDP growth is still on track to expand only around 1.0% to 1.5% (annual rate) for the fourth quarter overall-a decidedly lackluster finish to the year.

Canadian Bond Market

With a negative return of -0.74% for January, the DEX Universe Bond Index posted its worst monthly return in over 2 years. From a rate perspective most of the action took place during the first and last week of the month as Canada Government 10 year's benchmark yields spiked from 1.80% to 1.94% early on and remained range bound for most of the month before briefly testing the water above 2% in the last week to finally close at 1.99%. From a yield curve perspective, long rates where impacted the most the most, which resulted in the DEX Long Term Overall Bond Index™ underperforming short and mid-term indices by 2.06% and 1.44% respectively in what fixed income practitioner would refer to as a bear steepening.

From a sector perspective, the risk-on trend carried on into the New Year and helped the broad corporate index outperform the Government Index by 0.68% for the period. Despite this relative outperformance, corporates still closed the month in negative territory on a total return basis, down -0.25% at the sector level. Of all industry groups within the corporate sector, only Financials and Securitization ended the month in positive territory helped this way by a relatively short duration which mitigated some of the impact of rising underlying benchmark yields on total returns of the sector.

At the other end of the return spectrum, Provincials lagged all sub-indices with a negative return of -1.20%. It would be fair to point out that the duration of the provincial sector is significantly longer than that of the broad index and as such the apparent underperformance of the sector on a total return basis can be mainly attributed to the underperformance of the underlying long-term government of Canada benchmark bonds. From a credit spread perspective, provincial issues actually outperformed their federal peers as spreads tightened by approximately 4 basis points (bps) on average for the period.

Inflation linked bonds underperformed nominal long term Federal issues by 0.15% as DEX Real Return Index ™ returned -2.71% in January while real yields rose by 16bps to close the month at 0.34% for the Index, which now brings long term breakeven inflation to 2.03%, up 5 bps from December 31st levels.

DISCLAIMER

Sources:
PCBond, 01/31/2013

Bloomberg, 01/31/2013

SSgA G7 Weekly Economic Perspectives, January 11-18-25 February 1 2013

BMO Capital Markets, Benchmark Barometer, February 2 2013

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CanPE-0396

SSgA Enhanced Canadian Universe Bond Fund Investment Commentary

January 2013 performance attribution (bps)

Dura.	Curve	Corp.	Provi. / Agencies	Carry	Others	Month Total
0	+2	0	0	0	0	+2

Past performance is not a guarantee of future results.

Source: SSgA

The SSgA Enhanced Canadian Universe Bond Fund returned -0.75% for January, underperforming the DEX Universe Bond Index™ by 1 basis point for the period. Overall, our long duration positioning and tactical curve flattening position subtracted 3 bps from relative returns as rates increased and curve steepened. On the positive side our overweight to provincial issues added 1 bp to relative returns for the period as provincial spreads tightened. As of month-end, we maintained an overweight to provincial, agency and municipal sectors based on the attractive relative valuations relative to corporate credits.

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Index returns are unmanaged and do not reflect the deduction of any fees or expenses. Index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income

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CanPE-0396

SSgA Canadian Short Term Investment Fund Commentary

January 2013

The Canadian Short Term Investment Fund returned 0.11% for January, outperforming the DEX 91 Day T-bill Index™ by 2 bps. The fund's performance for the month is explained by the positive yield carry of the fund over the index which has more than offset transaction costs. As of January 31st, 2013, the Fund had an average term to maturity of 38 days for an annualized yield of 1.37%, compared to 91 days and 0.93% for the Index.

Although bonds generally present less short-term risk and volatility risk than stocks, bonds contain interest rate risks; the risk of issuer default; issuer credit risk; liquidity risk; and inflation risk. This effect is usually pronounced for longer-term securities. Any fixed income security sold or redeemed prior to maturity may be subject to a substantial gain or loss.

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CanPE-0396

US Markets Investment Commentary

January 2013

Overview and Outlook

Financial markets opened 2013 by building on the upbeat action that took hold in the waning hours of 2012, when the US Congress at last seemed ready to avert the austere budgetary contraction deriving expressly from the fabled fiscal cliff. Global equities surged on relief that the US economy would likely maintain a moderate pace of growth in the year ahead, and bonds continued to tumble as the risk of uglier outcomes receded. Even though the latest data on European activity still looked uninspiring, solid employment gains in the US and healthy export growth in China were enough to keep money flowing briskly into equities, which likely benefited from positive seasonal tendencies as well. The appeal of major bond markets, which remain palpably expensive relative to history, diminished considerably with the removal of any immediate need for safer havens. Indeed, the developing concept of a great rotation out of fixed income and into more volatile but reasonably valued equities gained estimable traction as January progressed. By the end of the month, the fixed income performance tables were littered with red ink, while equity markets across the developed world had produced uniformly positive returns, with most of those on the eurozone periphery gaining more than they had over the entire course of 2012.

Roughly half of January's generous equity returns came in the first trading session of 2013, as risk appetites revived not only with the turn of the calendar, but also with elation that mandatory US spending cuts would be postponed until March and that income tax rates would increase only for the wealthiest households. The firm undertone to global equities persisted throughout the month, with solid performance from secondary issues suggesting broad participation in the rally. By the middle of January, measures of implied equity volatility in both the US and Europe were trading comfortably at new five-year lows, reflecting confidence that central bank accommodation was providing substantial protection from unwieldy financial dislocations. Earnings results for the fourth quarter were healthy enough relative to expectations, but revenue growth averaged in the low single digits, and profit estimates for the whole of 2013 continued to edge lower in most regions. These lackluster trends did not seem to bother investors, who maintained similar equanimity when extremism in northern Mali compelled French intervention and militants in Algeria attempted to destroy a natural gas facility. Instead, equity valuations expanded steadily amid growing confidence in the resilience of Asian growth, the stability of European sovereigns, and an unanticipated pragmatism among US politicians. Plans for fresh stimulus in Japan, where weakness in the yen accelerated for a third consecutive month, provided further incentive to share buyers. The yen declines did contribute to some hesitation in the emerging markets, which might face trickier policy choices if increased Japanese competition weakens their export growth, and the MSCI Emerging Markets (EM) Index was unable to build on its strong advance during the first trading session in January. Stocks in South Africa and Korea were among a handful of emerging markets that actually lost ground for the month, and the MSCI EM Index returned just 1.4%. This lukewarm result more than gave back the December outperformance of EM, as the MSCI World Index of equities in developed countries climbed to a robust January gain of 5.1%, with all its constituent markets closing the month in the black.

Bonds began 2013 in downbeat fashion, and although buyers nibbled at newly elevated yields through much of January, fixed income benchmarks ended the month with a renewed bout of weakness. Apart from the buoyant equity markets, a key impetus for the early January rise in bond yields was release of minutes from the December meeting of the US Federal Open Market Committee, which included active debate concerning the efficacy of asset purchases and how long they should continue. The unexpected breadth of views surprised debt traders, who lifted most major yields to multi-month highs. Bonds largely marked time for the next three weeks, failing to recoup the ground that they had quickly ceded in the first two trading sessions of the month. On January 23, the US House passed a bill that would postpone enforcement of the debt ceiling until May, and when US jobless claims printed a five-year low the following morning, government bond yields embarked on their next leg upward. The US 10-year yield broke above the 2% barrier for the first time in nine months. Nor were European bonds spared from damage, as regional banking institutions made sizable early repayments on last year's refinancing loans, suggesting that they might face fewer financial pressures than widely supposed. The eurozone periphery did however enjoy a constructive January, echoing continued resilience in high-yield corporate paper, which benefited nicely from the broad strength in equity markets. The contrasting behavior between top-rated issues and riskier debt implied that brighter growth prospects and diminished macroeconomic risks were key drivers of bond performance. While inflation expectations in most countries did work their way higher in the opening weeks of 2013, the moves likely resulted from rallying perceptions of economic performance, since reported inflation tended to remain benign. Commodity prices likewise enjoyed their strongest month since last summer, largely because the growth outlook suggested improving demand, as expansive central bank balance sheets have yet to unleash any rabid inflationary pressures.

The kind of powerful momentum that lifted equity markets at the outset of 2013 tends not to dissipate quickly. If and as investors progressively shift to a more confident view of financial conditions and economic stability in the months ahead, support for share prices should stay firm. But the market action in January was not without hints of caution, as volatility measures lifted off their lows in the last week of the month and equity markets in southern Europe showed signs of tiring. High-yield bonds also pulled back after a strong start to the month. As prosperous as January became for equity investors, the torrid pace of recent share rallies appears unsustainable against a backdrop of tepid earnings growth and lingering macroeconomic challenges. The US still needs to wrestle with spending cuts that take effect on March 1, and without a continuing resolution to run the government by March 27, more draconian steps may follow. Politics in Europe could prove disconcerting, as corruption worries in Spain and upcoming elections in Italy could blunt the recent strength in their bond markets. And investors have welcomed weakness in the Japanese yen, but will they remain as sanguine if the moves take a greater toll on other global exporters? For US equities, February has historically been the weakest month in the first half of the calendar year, and in 2013, a consolidation of January resilience would seem helpful. While appealing valuations and decent income potential should prompt the great rotation into equities to proceed further as 2013 unfolds, those who bought into the theme early may be tempted to lock in some of their ample January profits, especially if political or economic hiccups give them a ready excuse.

US Equities

After a lackluster fourth quarter of 2012 during which they made little net progress, US stocks sprang quickly to life as trading opened in 2013. A strong hint of their recovered buoyancy had emerged in the final session of 2012, when previously deadlocked US politicians finally agreed on selected tax and spending provisions to replace the severely contractionary measures that would otherwise have become operative at the outset of 2013. With the threat of an immediate hit to growth removed, US equities soared when trading resumed after New Year's Day, posting their strongest year-opening gain since the initial session of 2009. But the resilience lasted throughout January, with large-cap US averages repeatedly notching fresh five-year highs, and not once enduring a daily loss as much as a half percent. While the latest quarterly earnings results were adequate if not overwhelming, economic news also contributed to the rally in investor sentiment. In addition to steady employment indicators, retail sales and housing starts kept confidence firm. Even though the GDP figures that arrived late in January reflected a small contraction in the fourth quarter, investors retained their optimism, banking on US politicians to handle upcoming fiscal challenges more amicably. Deferral of the debt ceiling constraint until May allows the US Congress time to work through constraints on spending and operating authority that will confront them later in the first quarter. With the threat of a federal borrowing limit removed, equities closed January near their highs for the month, and the S&P 500® kicked off 2013 with a handsome monthly return of 5.2%.

Secondary issues continued to participate actively in the rally, with the S&P Midcap 400 IndexTM and the Russell 2000® Index each setting a string of record highs as they marched resolutely through January. The number of advancing issues utterly trounced the number of losers during the equity surge on January 2, and fewer than 15% of the names in the S&P 500 lost ground for the month. By the second half of January, more than 80% of stocks on the New York Stock Exchange were trading above their 200-day moving average. The Midcap 400 took full advantage and outperformed by the most, climbing 7.2% for the month, but the 6.3% gain for the Russell 2000 was also perfectly respectable.

The ebullient market conditions were positive for growth and value themes alike, but conspicuous woes for Apple shares held back growth-oriented portfolios in the large cap arena. Apple stock was already on the defensive after its popularity had peaked out in the third quarter of 2012, but the device maker's quarterly revenues and profit margins disappointed investors. Apple shares endured a loss of more than 14% in January, posting the worst performance of all the names in the S&P 500. Only one other index constituent, discount retailer Family Dollar Stores, suffered a loss that extended into double digits. Stock in Family Dollar, also a growth name, plunged after the company lowered its profit guidance for 2013. The Russell 1000® Growth Index still managed a solid 4.3% advance for January, but the Russell 1000® Value Index, boosted by strong gains in its healthcare and energy sectors, gained 6.5% on the month. Growth themes looked much better on the small cap side, and the Russell 2000® Growth Index added 6.6% for January, also led interestingly enough by healthcare issues. The Russell 2000® Value Index did not lag by much, climbing 6.0% during the first month of 2013.

Within the S&P 500, all sectors finished January in positive territory. Energy led the way with a 7.6% return, edging out the 7.4% advance for healthcare. Refining names paced the gains in energy, boosted by strong results from Valero, but shares in integrated producer Hess also rallied sharply when they attracted interest from an activist investor. On the healthcare side, numerous biotechnology and equipment makers scored double-digit advances. Four additional sectors outperformed the S&P 500 in January: financials, consumer staples, consumer discretionary, and industrials; each group returned between 5.6% and 6.0%. The financials benefited from solid gains among insurance names, while staples rebounded smartly from a lack of interest during the fourth quarter. Stock in streaming content provider Netflix lit up consumer discretionary, surging nearly 80% for the month after the company reported strong profits and subscriber growth. Netflix was the top January performer in the S&P 500, more than doubling the return of its nearest pursuer, electronics retailer Best Buy. Boosting the industrials sector were rail and shipping stocks as the Dow Jones Transportation Average climbed into record territory. Only one sector lagged the S&P by more than 2% during January, and that was information technology, which still added 1.4% for the month. Although many semiconductor names began the year well, the technology group still bore the burden of the stark Apple descent.

Global Fixed Income

Major government bond markets, having already seen their appeal erode gradually as economic confidence recovered during the second half of 2012, suffered swifter indignities at the outset of 2013. With commodity prices already acting better and financial strains still receding in Europe, the last-minute avoidance of sharp spending cuts in the US drove additional loss of interest in the safe-haven character of fixed income. And with newly invigorated equity markets still offering ample income opportunities of their own, the paltry yields available in government issues could do little to brake the bond selling that gathered pace through January. To be sure, major central banks still seem far too uncertain about the economic outlook to move away from their aggressively accommodative postures, and yields on short-maturity bonds remained closely tethered to low policy rates. But in France and Germany, some yields in the three-year area climbed by as much as 50 basis points. Several German yields had moved intermittently below zero in late 2012 as prospects for European growth continued to look grim, but those minimal levels seemed far less appropriate after the US negotiated a measured smoothing of its daunting fiscal cliff. At longer maturities, yield gains through January were remarkably uniform across benchmark government borrowers. Beyond the 10-year sector, yield rises of 20 basis points were the order of the day in North America, Germany, the UK, and Australia. One notable exception was Japan. Even though Japanese stocks continued to surge in advance of expected policy moves intended to slay deflation, Japanese government bonds remained curiously unruffled by the broader rotation into equities that seemed well underway in the US and Europe, and JGB yields were little changed on the month.

While most yield moves around the major bond markets were broadly consistent in January, currency action was anything but. Even as government issues in Japan remained blissfully unmoved by the fixed income selling in other countries, the Japanese yen continued to weaken sharply against other major currencies. Hedged investors in Japanese bonds had a quiet month, but unhedged holders suffered significant losses. From a US dollar-based perspective, there was plenty of variety elsewhere as well. The euro was the star of the month, climbing not only on building confidence that the European Central Bank could maintain financial stability across the region, but also on explicit reduction in the ECB balance sheet after numerous banks paid down a portion of the three-year refinancing loans that they had accepted in early 2012. For unhedged investors, euro gains were more than enough to compensate for modest losses in French and German bonds. Moreover, bonds in peripheral Europe continued to appreciate nicely, as ebbing volatility worries and still appealing yield levels allowed them to decouple from the price erosion in the debt of less beleaguered borrowers. But unhedged holders of British debt suffered the opposite combination, losing value both on the price of the bonds and on the currency as well. In total, the constituents of the Citigroup World Government Bond Index (WGBI) included enough losses from both bonds and foreign exchange that it could not escape a fourth consecutive monthly decline. Indeed, the January WGBI slippage of 1.3% was its largest monthly concession since November 2011. Despite all its moving parts, the latter result was not terribly different from the 0.8% loss realized by the Barclay's Capital US Treasury Index.

Investment-grade corporate bond spreads held their ground nicely as yield levels moved higher in January, since rallying equities and low volatility prevented any latent concerns about credit risk from taking a toll. Unfortunately, corporate bond benchmarks tend to have a longer duration than broad US Treasury averages, since the latter concentrate tremendous issuance at shorter maturities. The higher duration of the Barclay's Capital US Corporate Index meant that its extra yield was insufficient to deliver outperformance relative to the Treasury Index during January, and the Corporate Index dipped 0.9% for the month. US mortgage-backed securities have considerably shorter duration than either the Corporate or the Treasury Index, but they continued to suffer from worries that early prepayments could penalize returns, and mortgage spreads stayed elevated despite continuation of hefty official purchases in the sector. As a result, the Barclay's Capital US MBS Index wound up dipping 0.5% in January. Indeed, the only positive returns across all the constituents of the Barclay's Capital US Aggregate Index came from issues with the shortest possible maturities, and the Aggregate Index as a whole lost 0.7% for the month.

For high-yield bonds, however, surging equities provided enough impetus for meaningful spread tightening in early January. Yields on sub-investment-grade issues fell to record lows in the US and even approached the 5% threshold in Europe. As the month wore on, however, even the high-yield market could not ignore the broader trend to higher yield levels for major government benchmarks. European high yield made its yield lows in the second week of January, and by the end of the month, yields had climbed back close to where they had been at the start of the year. In the US, high yield bonds continued to climb into the last week of the month, at which point a slight hesitation in the equity markets helped motivate a noticeable but far from devastating pullback. The Barclay's Capital US High Yield Index still finished with an impressive 1.3% January return, marking its eighth consecutive month of appreciation. European high-yield bonds earned little more than their coupon in local currency terms, but for unhedged dollar-based investors, the strength in the euro added additional value during January.

Alternative Assets

With bond markets on the defensive in the opening weeks of 2013, investors found little solace in the income-oriented aspects of real estate investment trusts (REITs), but REITs still derived ample support from the diminished risks in the global economy. The Dow Jones US Select REIT Index[SM] returned 3.4% for January, benefiting nicely from strong moves in property names exposed to economically sensitive themes like industrial activity and business travel. More defensive plays like healthcare and office property tended to underperform, but the conspicuous laggard was the apartment sector. With institutional investors snapping up single-family homes to lease out, and low mortgage rates continuing to attract the interest of first time home-buyers, growth in rental income appears to be slowing. Shares of apartment owner Avalon Bay tumbled when the company pared its earnings guidance for 2013, and stock in Equity Residential declined in sympathy. Outside the US, REITs continued to build on the consistent gains that they enjoyed through 2012, but they traded poorly in Europe and could not on average keep pace with less defensive global sectors.

After a lackluster final quarter of 2012, commodities got a healthy start to 2013 by advancing solidly in January. Energy was a strong performer, with crude oil rallying on improved confidence in global growth, and gasoline prices surging in the second half of the month. Agricultural commodities also did well, with cotton climbing by double digits on indications that the US, China, and India will all see lower production in 2013. While corn and soybeans bounced back after late 2012 weakness, sugar and cocoa finished January lower. Industrial metals gained nicely, with nickel in particular responding to signs of firm steel demand, but precious metals were held back by gold, which found progress difficult as risk aversion eased and major central banks seemed content to maintain existing policy prescriptions. The S&P GSCI® Commodity Index advanced 4.4% during January, taking advantage of its energy exposure to recover fully from the declines it sustained in the fourth quarter of 2012. But the Dow Jones-UBS Commodity IndexSM lagged, rising only 2.4% for the month, and it remains more than 5% below the 2012 high that it set back in September.

Rising commodity prices and increasing economic optimism proved beneficial to inflation expectations during January, but not enough to protect inflation-linked bonds from suffering losses on the month, as real yields could not resist the broader pressures on fixed income that prevailed in the early weeks of 2013. Many longer-term real yields around the world ended 2012 in deeply negative territory, making them prime candidates for upward movement as bonds in general continued to lose allure. A glaring exception to the broader global pattern was index-linked yields in the UK, which climbed with others in the first week of the year, but then tumbled after January 10, when the government decided not to alter the retail-price inflation measure that determines coupon payments and principal adjustments on British linkers. Because the UK is a significant issuer of inflation-linked debt, the decline in British real yields helped prevent negative January performance for inflation-protected bonds outside the US, but strong gains in the euro were also important. In the US, stability in the shortest-duration inflation-linked issues was not enough to overcome price weakness at longer maturities, and inflation accruals were also a negative given recent declines in the unadjusted consumer price index. As a result, US Treasury Inflation Protected Securities (TIPS) lost ground for a second consecutive month, and the Barclays Capital US TIPS Index declined 0.7% through January.

Sources: Bloomberg, FactSet, Morgan Stanley, JPMorgan, RBS, Credit Suisse, Citigroup, SSgA Performance Group, MSCI

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Investing involves risk including the risk of loss of principal.

Risks associated with equity investing include stock values which may fluctuate in response to the activities of individual companies and general market and economic conditions.

In general, fixed income securities carry interest rate risks; the risk of issuer default; and inflation risk. This effect is usually pronounced for longer-term securities. Any fixed income security sold or redeemed prior to maturity may be subject to a substantial gain or loss. Government bonds and corporate bonds have more moderate short-term price fluctuations than stocks, but provide lower potential long-term returns. U.S. Treasury Bills maintain a stable value if held to maturity, but returns are generally only slightly above the inflation rate.

Investing in commodities' entail significant risk and is not appropriate for all investors.

90-day U.S. Treasury bills are insured and guaranteed by the U.S. government. U.S. Treasury Bills maintain a stable value if held to maturity, but returns are generally only slightly above the inflation rate.

Investing in REITs involves certain distinct risks in addition to those risks associated with investing in the real estate industry in general. Equity REITs may be affected by changes in the value of the underlying property owned by the REITs, while mortgage REITs may be affected by the quality of credit extended. REITs are subject to heavy cash flow dependency, default by borrowers and self-liquidation. REITs, especially mortgage REITs, are also subject to interest rate risk (i.e., as interest rates rise, the value of the REIT may decline).

Investing in foreign domiciled securities may involve risk of capital loss from unfavorable fluctuation in currency values, withholding taxes, from differences in generally accepted accounting principles or from economic or political instability in other nations.

Please review your own account performance via www.ssga.com or contact your Relationship Manager.