

Canadian Managed Volatility Concept

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. Investing involves risk including the risk of loss of principal.



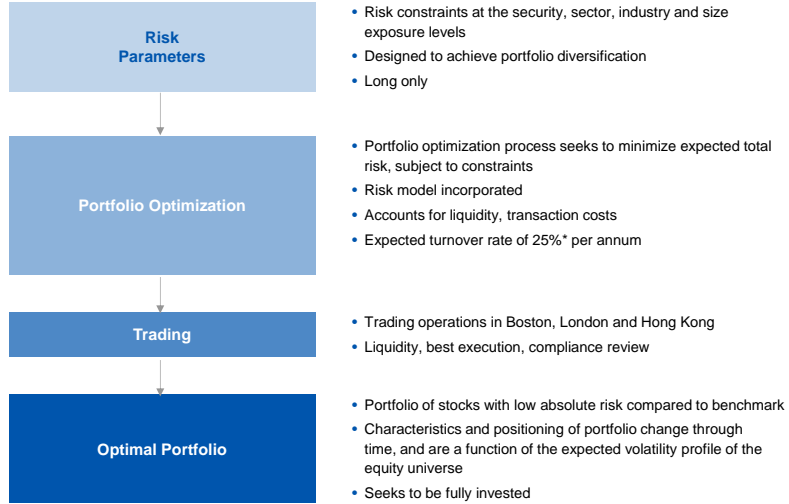
Canadian Managed Volatility Concept

Objective	<ul style="list-style-type: none"> Seeks to provide competitive returns, while maintaining low volatility, compared to the benchmark over the long term by constructing a portfolio of stocks with low expected volatility relative to the benchmark
Benchmark	<ul style="list-style-type: none"> S&P/TSX Composite Index
Investment Universe	<ul style="list-style-type: none"> S&P/TSX Composite Index
Risk Management	<ul style="list-style-type: none"> Focus on managing total risk of portfolio, not benchmark-relative risk
Risk Parameters*	<ul style="list-style-type: none"> Maximum security weight the lower of 5% or 10 times index weight Maximum sector weight of 30% Maximum industry weight of 20% Control for size
Expected Turnover	<ul style="list-style-type: none"> 25% per annum (one way)
Trading	<ul style="list-style-type: none"> SSgA's global trading desks focus on cost minimization and trade effectiveness Seeks to be fully invested

* At time of trade

** The above targets are estimates based on certain assumptions and analysis made by SSgA. There is no guarantee that the estimates will be achieved

Canadian Managed Volatility Investment Process



©2011 SSgA. *One way

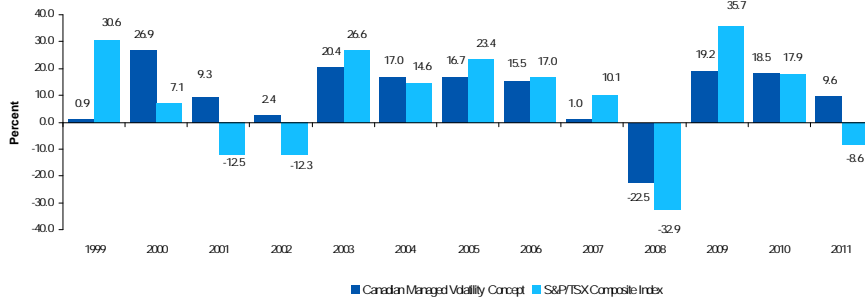
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3

Canadian Managed Volatility Concept: Simulated Performance

Gross annualized returns for the period ending December 31, 2011 (CAD)

	1 Year	3 Years	5 Years	10 Years	Since Inception [†]	Standard Deviation ^{**}	Volatility Reduction	Sharpe Ratio
CAD Managed Volatility Concept	9.55%	15.66%	3.90%	8.95%	9.61%	9.45%	-40.28%	1.02
S&P/TSX Composite Index	-8.56	13.50	1.55	7.09	7.06	15.83		0.45
Difference ^{**}	18.11	2.16	2.35	1.86	2.55	-6.38		



Source: SSgA

[†] Inception date of simulation is January 1999.

^{**} Annualized standard deviation of quarterly returns since inception.

^{***} The value added returns may show rounding differences.

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.

Disclaimer: The information contained in this performance simulation is provided in good faith and for general information and discussion only. The whole or any part of this simulation may not be reproduced, copied, transmitted or any of its contents disclosed to third parties without SSgA's expressed written consent. The simulated performance shown is not indicative of actual future performance, which could differ substantially. Please see the Appendix for additional Simulation Disclosure.

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4

Canadian Managed Volatility Concept Simulations: Sources of Risk and Return

Average Simulated Return and Risk per Period

	Managed Volatility Portfolio	S&P/TSX Composite Index	Active
Simulated Returns	0.81	0.68	0.13
From Industry	-0.40	-0.29	-0.11
From Style	0.65	0.29	0.36
Stock Specific	0.56	0.68	-0.12
Predicted Risk	11.07	17.32	9.55
% from Industry			17.43
% from Style			51.39
% Covariance			12.48
% Stock Specific			18.70

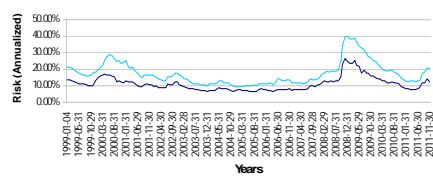
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Canadian Managed Volatility Concept: Factor Exposure through Time

Active Value Exposure through Time
January 1999 – November 2011



Portfolio Risk vs. TSX Index Risk
January 1999 – November 2011



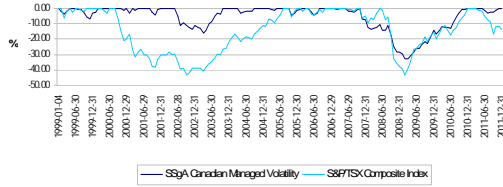
Predicted Beta through Time
January 1999 – November 2011



Source: SSGA
Simulation period: January 1999 – December 2010.
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Canadian Managed Volatility Concept: Simulated Performance

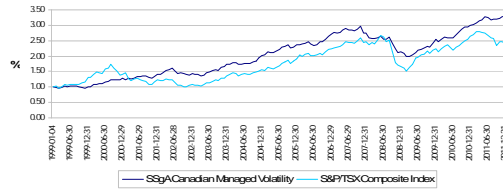
Historical Drawdown January 1999 – December 2011



- Seeks to deliver downside protection, while also participating in rising markets

- Low exposure to higher volatile, higher beta (glamour) stocks

Cumulative Growth of \$1 January 1999 – December 2011

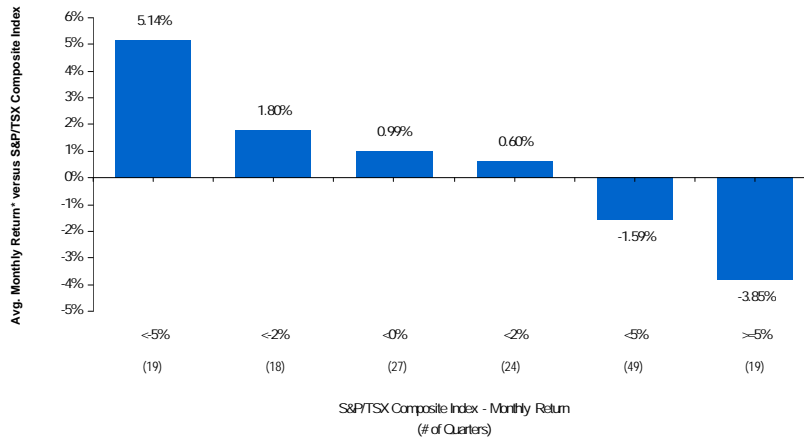


- By limiting downside in falling markets, the strategy seeks to benefit from compounding effects over the long term

Source: SSgA
Simulation period: January 1999 – December 2010.
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Concept Performance in Up and Down Markets

Canadian Managed Volatility* Simulated Performance in Up and Down Markets



Source: SSgA
* Canadian Managed Volatility simulated returns. Period: January 1999 – December 2010.
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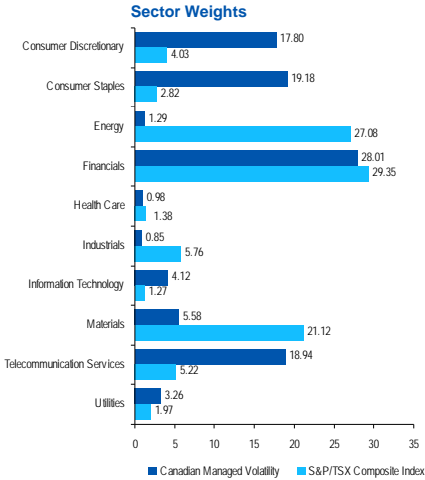
Canadian Managed Volatility Concept: Characteristics of Paper Portfolio

Risk Management focused on absolute exposure, not benchmark-relative risk
As of December 31, 2011

	Canadian Managed Volatility	S&P/TSX Composite Index
Weighted Average Cap (B)	9.8	25.4
No. of Securities	53	253
Beta	0.4	1.0
Price/Book (x)	2.0	1.8
Dividend Yield (%)	3.3	2.7
P/E	13.6	12.8
Total risk	11.02	20.08
Active risk (70% coming from style)	12.81	0

Top 10 Holdings

Stock	Portfolio Weight	S&P/TSX Composite Weight
BCE Inc.	5.0%	2.32%
Telus Corp.	5.0	1.3
Rogers Communications Inc.	5.0	1.2
Riocan real estate invt tr	5.0	0.5
Thomson Reuters Corp	4.9	0.7
Shoppers Drug Mart Corp	3.9	0.6
Metro Inc.	3.8	0.4
Tim Hortons inc	3.6	0.6
National Bank Canada	3.3	0.8
IGM Financial	3.2	0.3



Source: SSgA
The characteristics, holdings and sectors shown of the paper portfolio are as of the date indicated and, are subject to change. This information should not be considered a recommendation to invest in any particular sector or to buy or sell any security shown. It is not known whether the sectors or securities shown will be profitable in the future.

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9

Canadian Managed Volatility Simulation Footnotes

Canadian Managed Volatility Performance:

Returns are simulated from January 4, 1999 to December 31, 2010 and assume 30bp transaction costs each way. Turnover was limited to approximately 25% annually (one-way), with quarterly rebalancing.

The results shown do not represent the results of actual trading using client assets but were achieved by means of the retroactive application of a model that was designed with the benefit of hindsight. The simulated performance was compiled after the end of the period depicted and does not represent the actual investment decisions of the advisor. These results do not reflect the effect of material economic and market factors on decision making.

The simulated performance data is reported on a gross of fees basis, but net of administrative costs. Additional fees, such as the advisory fee, would reduce the return. For example, if an annualized gross return of 10% was achieved over a 5-year period and a management fee of 1% per year was charged and deducted annually, then the resulting return would be reduced from 61% to 54%. The performance includes the reinvestment of dividends and other corporate earnings and is calculated in Canadian dollars.

The simulated performance is not necessarily indicative of future performance, which could differ substantially. The Benchmark is the S&P/TSX Composite Index. The index returns are unmanaged and do not reflect the deduction of any fees or expenses. The index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income.

Not all products will be available to all investors, please contact SSgA for further information regarding this strategy.

The performance information should not be shown without these accompanying notes.

Backtest Creation:

The testing methodology used the Axioma Canadian Equity Fundamental optimization model to generate historical portfolios. The data used was only that data which would have been available at the time when the historical portfolios were generated, not what is available now. These processes help to eliminate various forms of survivorship bias, both in terms of a "smarter model" and in terms of making decisions based on information that was not available at the time.

Quarterly portfolios were created, and returns are the result of a buy and hold assumption on each of these portfolios. Transaction costs were assumed as stated above.

This Canadian Managed Volatility process was backtested in August 2011.

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10