FACT SHEET 2

REITs as an Income Investment

1972 – 2013

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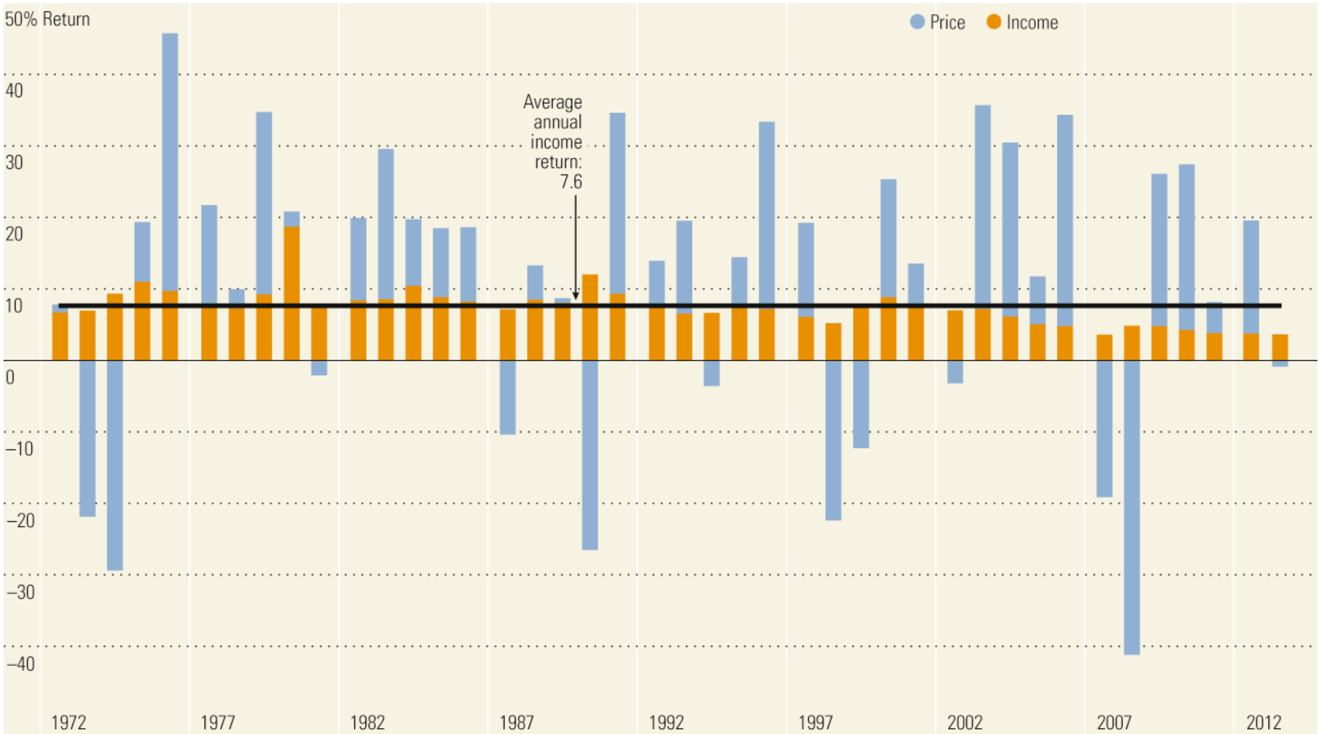

Traditional sources of income may not be sufficient
Individuals looking for income have traditionally turned to bonds. However, with current bond yields that are very low, investors may need to consider non-traditional asset classes to help meet their income needs.

Investors often think of REITs as a capital appreciation investment or a tool for growing portfolio wealth. Little do some investors realize, however, that REITs may also serve as an income tool. While more volatile than bonds, REITs may offer higher income potential compared with current fixed-income investments.

Consider REITs to potentially increase current income
The image illustrates the income return and price appreciation of REITs since 1972. While REITs offer the potential for appreciation, prices can fluctuate widely from year to year. On the other hand, the income generated from REITs has been relatively stable through various market conditions. The average annual income return for REITs from 1972 to 2013 was 7.6%.

REITs may serve as part of a growth investor's strategy, while also helping to seek the income return requirement for income-oriented investors. Talk to your financial advisor about the suitability and benefits of investing a portion of your portfolio in REITs.

REIT investments are not suitable for all investors. Past performance is no guarantee of future results. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index. The data assumes reinvestment of all income and does not account for taxes or transaction costs. Non-traditional asset classes are investment vehicles that offer exposure to asset classes other than traditional equities and fixed income. The 1972 start date is constrained by the maximum available historical data for REITs. The average annual income return is an arithmetic mean.

Government bonds are guaranteed by the full faith and credit of the United States government as to the timely payment of principal and interest. REITs are not guaranteed and have been more volatile than bonds. REITs typically provide high dividends plus the potential for moderate, long-term capital appreciation. A REIT must distribute at least 90% of its taxable income to shareholders annually. REITs involve special risks such as management quality, corporate structure, the ability to increase revenues from rents, and the balance of the supply of new buildings with demand for space. Additional risks include general and local economic conditions, interest rate fluctuation, credit risks, and liquidity risks. Holding REITs for the long term does not ensure a profitable outcome and investing in REITs always involves risk, including the possibility of losing the entire investment. The information, data, analyses and opinions contained herein do not constitute investment advice offered by Morningstar and are provided solely for informational purposes.