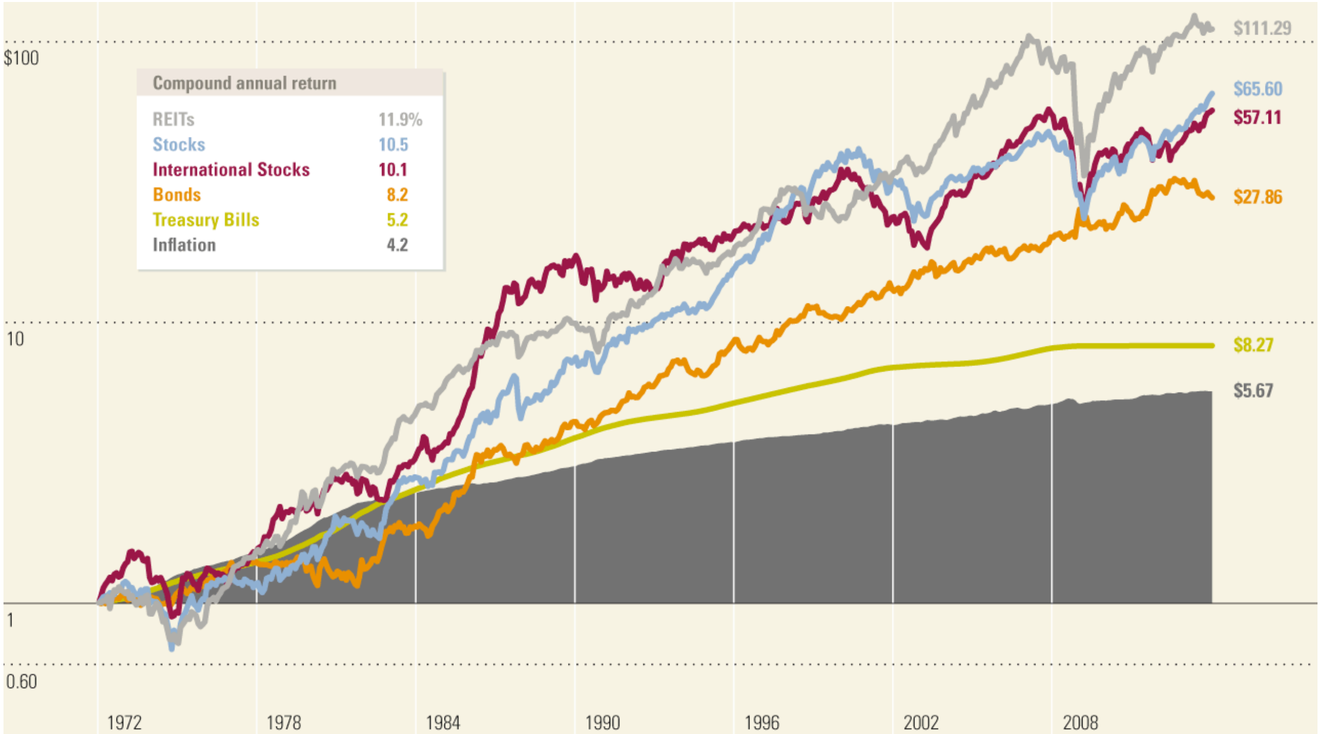
Fact Sheet 4

Performance of Stocks, Bonds, Bills, and REITs

1972 – 2013



Don't limit your portfolio to traditional investments
Real estate investing has gained popularity among investors around the globe. With increased access to commercial real estate through REITs, competitive historical performance, and potential diversification benefits, this once non-traditional asset class may now have a place in a diversified portfolio.

A historical examination of past capital market returns provides insight into the performance characteristics of various asset classes. Relative to the broad stock market and bonds, REITs have generated competitive returns since 1972. REITs may serve as an attractive investment because of their long-term growth potential, but investors shouldn't enter into these investments always expecting a positive short-term experience. True stability from such asset classes may come with time.

REITs have provided consistent long-term performance
The image illustrates the hypothetical growth of a $1 investment in five asset classes plus inflation over the time period January 1, 1972 through December 31, 2013. REITs have provided the highest returns and largest increase in wealth over the past 42 years. Among fixed-income investments, bonds appreciated considerably, but still finished behind REITs and stocks for the time period analyzed, and Treasury bills offered only a fraction of the growth provided by REITs and stocks. However, the higher returns achieved by REITs also come with higher risks, which can be identified by the volatility or fluctuation of the graph lines.

Talk to your financial advisor to see if a long-term investment in REITs may be right for you.

REIT investments are not suitable for all investors. Past performance is no guarantee of future results. Diversification does not eliminate the risk of experiencing investment losses. 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 income and does not account for taxes or transaction costs. Traditional investments include stocks, bonds and cash. Non-traditional investments 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.

Government bonds and Treasury bills are guaranteed by the full faith and credit of the U.S. government as to the timely payment of principal and interest, while returns and principal invested in stocks and REITs are not guaranteed. REITs and stocks 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. International investments involve special risks such as fluctuations in currency, foreign taxation, economic and political risks, liquidity risks, and differences in accounting and financial standards. The information, data, analyses and opinions contained herein do not constitute investment advice offered by Morningstar and are provided solely for informational purposes.

Source: REITs—FTSE NAREIT All Equity REIT Index®; Stocks—Standard & Poor's 500®, which is an unmanaged group of securities and considered to be