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Dear Investors,

GINSGLOBAL GLOBAL BOND INDEX FUND

We are writing to advise you that the GinsGlobal Bond Index Fund is changing its benchmark from a Citi Bond Index to a Barclays Bond Index.

The Barclays Bond Index is 98 percent correlated to the Citi Bond Index - see attached Fixed Income Indices Comparison by Antoine Lesné for a detailed analysis of the differences between the Barclays Bond Index and the Citi Bond Index.

Should you require more information, please contact Cynthia Pharo on 021 671-5091 or Lisa Segall on 082 896-4234 or Anthony Ginsberg (USA) 1 310 432 4374.

We appreciate your ongoing support.

Kind regards,

A handwritten signature in black ink that reads 'Lisa Segall'.

Lisa Segall

Director

A handwritten signature in black ink that reads 'Anthony Ginsberg'.

Anthony Ginsberg

Managing Director

SSgA CAPITAL INSIGHTS

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Fixed Income Indices Comparison



by
Antoine Lesné
Vice President

Introduction

Benchmarks often serve as the basis for portfolio managers to construct a portfolio that will seek to provide investors with an exposure to that particular market segment. Choosing the right benchmark then is an important factor for the investor. Indexes track the performance of asset classes such as the global bond market or even more specific sectors of the market such as the US government securities. It tracks the returns of the bond market on a buy-and-hold basis with periodic rebalancing to make sure that bonds in the portfolio fit the set criteria for the bond index. These returns are then used as “benchmarks” for manager performance, whether passive or active.

A good benchmark should be representative of the asset class and thus cover the appropriate markets, instruments and issues that reflect the opportunities an investor is interested in. It should be investable which means it should contain securities that can be easily purchased or sold in the market. Index information and procedures should be transparent and readily available so that the investment manager has clearly defined targets and is able to effectively manage portfolio risks relative to that of the benchmark.

For investors interested in tracking the returns of global government bonds, established benchmarks are provided by Barclays and Citigroup for example. Global government bond indices track the performance of government bond issues. This document aims to present a comparison of benchmark characteristics and index rules for the Barclays Global Treasury Index and the Citigroup World Government Bond Index.

Benchmark Characteristics

Index providers use specific and set criteria, such as maturity, currency, size and credit rating, in order to identify the bonds that are to be included in the index. Index calculation methodologies and index statistics are usually available on the provider's website. The data shown below lists the main characteristics of the three global government bond indices.

Figure 1: Global Bond Benchmark Characteristics
As of 31st December 2013

Characteristics	Barclays Global Treasury	Citi World Government Bond Index
Number of Issues	1,223	944
Market value (US\$ billion)	22,864	20,236
Yield to Maturity	1.63	1.61
Option Adjusted Duration	6.74	6.74
Average Quality (S&P)	AA/AA-	AA+/AA
Average Maturity	8.35	8.33
Average Coupon	2.66	2.62
Top Markets		
US	26.06	29.12
Japan	27.31	25.33
Eurozone	29.49	32.74
UK	7.76	5.93
Number of Currencies	34	23

Source: SSgA, Barclays

Index Rules

Barclays Global Treasury Index

The Global Treasury Index tracks fixed-rate local currency sovereign debt of investment-grade countries. The index represents the Treasury sector of the Global Aggregate Index and currently contains issues from 34 countries denominated in 22 currencies. The three major components of this index are the US Treasury Index, the Pan-European Treasury Index, and the Asian-Pacific Treasury Index, in addition to Canadian, Chilean, Mexican, and South-African government bonds. The index was created in 1992, with index history backfilled to January 1, 1987.

- US and Canadian dollar denominated securities must have a par amount outstanding of at least USD 300 million.
- Pan-European securities must have a par amount outstanding of EUR 300 million currency equivalents. For UK securities: GBP 200 million.
- Asian-Pacific securities must have a par amount outstanding of JPY 35 billion currency equivalent.
- Minimum Quality: Baa3 Moody's, otherwise BBB- for S&P or Fitch.
- Must be fixed rate and non-convertible.
- Must have at least one year to final maturity

Citigroup World Government Bond Index

The World GBI includes 23 government bond markets which requires at least US\$50 billion, EUR 40 billion, and JPY 5 trillion total market size for a market to be considered eligible for inclusion. EUR market is treated as a single market.

- Minimum size outstanding: US Treasuries: \$5billion; Japan: JPY 500 billion (JPY450 for 20-and 30-year bonds); Eurozone: EUR 2.5 billion; Varies by market for other countries.
- Minimum Quality: Baa3 Moody's; BBB- S&P.
- Must be fixed rate and non-convertible.
- Must have at least one year to final maturity.

Rebalancing Rules

These indices are rebalanced monthly for new securities to be included in the index at the same time remove securities that do no longer meet the index criteria. For the Citigroup and the Barclays indices, rebalancing for both bonds and currency hedges are done on the last day of the month. Coupons received are reinvested at a local cash discount rate during the month.

Figure 2: Benchmark Currency Exposures
As of 31st December 2013

Market Value (%)	Barclays Global Treasury	Citi World Government Bond Index
Australian Dollar	0.97	1.06
Canadian Dollar	1.81	1.93
Chile Peso	0.03	
Czech Koruna	0.21	
Danish Krone	0.55	0.60
European Euro	25.07	27.02
Hong Kong Dollar	0.02	
Israel Shekel	0.20	
Japanese Yen	32.70	32.49
Korean Won	1.70	
Malaysia Ringgit	0.36	0.36
Mexican Peso	0.57	0.67
New Zealand Dollar	0.21	
Norwegian Krone	0.16	0.17
Poland Zloty	0.48	0.53
Pounds Sterling	7.59	5.55
S. African Rand	0.41	0.45
Singapore Dollar	0.27	0.26
Swedish Krona	0.39	0.42
Swiss Franc	0.41	0.27
Thai Baht	0.33	
United States Dollar	25.58	28.22

Source: SSgA, Barclays

The Barclays Global Treasuries invests in a larger number of Treasury markets giving the investor small exposure to the Mexican, Czech, Chilean, and Korean Treasury sectors to name a few (see Figures 2 & 3).

Figure 3: Benchmark Currency Exposures
As of 31st December 2013

Market Value (%)	Barclays Global Treasury	Citi World Government Bond Index
Australia	1.00	1.13
Austria	1.15	1.30
Belgium	1.85	2.09
Canada	1.60	1.77
Chile	0.03	
Czech Rep	0.22	
Denmark	0.52	0.59
Finland	0.44	0.50
France	6.81	7.68
Germany	5.98	6.75
Hong Kong	0.03	
Ireland	0.56	0.63
Israel	0.25	
Italy	6.93	7.61
Japan	27.31	25.33
Luxembourg	0.04	
Malaysia	0.38	0.39
Malta	0.01	
Mexico	0.62	0.74
Netherlands	1.90	2.14
New Zealand	0.23	
Norway	0.22	0.25
Poland	0.57	0.65
S.Africa	0.36	0.37
S.Korea	1.91	
Singapore	0.26	0.27
Slovakia	0.16	
Slovenia	0.08	
Spain	3.58	4.05
Sweden	0.38	0.42
Switzerland	0.43	0.29
Thailand	0.36	
United Kingdom	7.76	5.93
United States	26.06	29.12

Source: SSgA, Barclays

In terms of returns and characteristics, we present some summary statistics below. The summary returns and volatilities in Figure 4 show that both Barclays and Citigroup indices have tracked each other closely for the past 5-year returns. Additionally, the correlations between these indices over trailing 1, 3 and 5 years are all very close to 1.

Figure 4: Annualised Return and Volatility
As of end December 2013, USD unhedged

	Annualised Return (%)		Annualised Volatility (%)	
	Citigroup WBIG	Barcap Global Treasuries	Citigroup WBIG	Barcap Global Treasuries
12/31/2013				
Last 12 months	-4.00	-4.30	5.13	5.25
Last 3 years	1.25	1.19	4.66	4.82
Last 5 years	2.28	2.41	6.56	6.63

12/31/2013	Performance Correlation (%)
Last 12 months	99.92
Last 3 years	99.89
Last 5 years	99.89

12/31/2013	Sharpe Ratio	
	Citigroup World BIG	Barclays Global Treasuries
Last 12 months	-0.86	-0.90
Last 3 years	0.15	0.13
Last 5 years	0.24	0.26

Source: JP Morgan, SSgA
Risk-free rate based on JP Morgan 3M USD Cash index.

Summary

Understanding the characteristics of the different global benchmarks is important since the benchmark for a portfolio becomes the basis for the risk and returns performance measurement. The Barclays Global Treasury Index and Citigroup World Government Bond Index are amongst the major indices that track the performance of global government bond markets. Overall, these indices have similar characteristics with differences that investors may take into consideration when choosing the benchmark most appropriate for their investment objectives.

Sources: Citigroup, Barclays, Bloomberg, JP Morgan

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