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The World's First ETF Turns 20: SSgA Releases 2013 ETF and Investment Outlook on Finding Opportunities in this Milestone Year

SINGAPORE – 30 January, 2013 — State Street Global Advisors (SSgA), the asset management business of State Street Corporation (NYSE: STT), today marked the twentieth anniversary of the world's first exchange traded fund, the SPDR S&P 500 ETF (NYSE: SPY; SGX: S27). Launched on January 29, 1993 with just US$6.5 million in assets, the ETF is now the world's largest ETF with more than US$123 billion in assets under management, which includes all cross-listed AUM, and the world's most actively-traded security with an average daily trading volume of 144 million shares. Since the introduction of the first ETF, a new industry was born that brought the ability for both institutional and individual investors to gain access to the same areas of the market at the same price.

James Ross, senior managing director and global head of SPDR Exchange Traded Funds at SSgA commented, "In 2012, the ETF industry continued to grow at a robust pace as measured by both assets under management and net new flows. It's an honour to have been a member of the team that introduced the first ETF. It's also tremendously rewarding to see the world's first ETF recognized as one of the most investor-friendly innovations of our time and a major catalyst for the growth of the ETF industry. The humble beginnings of a fund that was mainly created for institutional investors to equitize their cash now includes more than 5,000 funds with nearly US$2 trillion in assets globally."

SSgA marks this milestone with the release of its 2013 ETF & Investment Outlook: Finding Opportunities in an Age of Uncertainty, the underpinning of which highlights the increased accessibility and transparency of global investments through this industry-changing vehicle. The report provides a snapshot of the current investment industry, upcoming trends that investors should be aware of and how ETFs can be utilized to capitalize on the shifting dynamics in the global economy.

According to the research paper released by State Street Global Advisors, investor sentiment remains cautious due to continued economic policy uncertainty, but the ample liquidity provided by central banks and their willingness to take innovative policy steps to boost the global economy could encourage a renewed interest in global equities in 2013.

In 2012, the global ETF industry saw nearly US$200 billion of positive flows over the first eleven months of last year with fixed income and emerging markets the categories receiving the largest inflows. In the Asia Pacific region, ETF assets grew nearly US$23 billion, a 20% increase from a year ago. Record investment flows into ETFs in 2012 were driven in part by investors flocking to the safety of cash and fixed-income investments. Also, recent strong flows into equity ETFs suggest an improvement in sentiment and a greater willingness among investors to take on risk.

The SSgA Economics Team expects 2013 to be about improved economic growth compared to 2012. Nevertheless, this reacceleration is off a relatively low starting point and one that is not particularly robust by historical standards. The debt overhang combined with austerity in much of the developed world is likely to put a damper on economic growth and will contribute to continued divergence next year, with the developed world growing an estimated 1.6% and the emerging economies by 5.5%. Within the developed world, they forecast that the US will grow by 2.0%, with Europe a more modest 0.3%. Germany will grow by 1.2%, but France's output will only increase by 0.6% and Italy will contract by 0.5%.

Turning to Asia Pacific, 2013 should see strengthening economic growth, with the IMF forecasting that Emerging Asia GDP growth will accelerate to 6.8%. The risks to the Asia Pacific economies are largely external: the Eurozone and US fiscal cliff. The main swing factor is China, being a more important export market for most Asian economies than Europe. While Asian central banks may have to respond to accelerating growth in the latter part of 2013, the chances of monetary policy becoming significantly less accommodative appears low.

Frank Henze, Head of SPDR® ETFs, Asia Pacific said, "With Singapore's increasing focus on quality of life as seen through growing investment in public housing, transport and hospitals, we believe that this will be a positive sign for the country's equity market given the stock market's exposure to domestic sectors, offsetting the impact of weaker exports due to slower growth in the developed markets."

In the research paper, the SSgA Economic Team has outlined specific implications for three potential scenarios including a bear case, bull case and base case scenario. The piece then goes on to present factors leading to each scenario and which global asset classes would best help investors navigate through each setting. Additionally, SSgA has identified two major investment themes for global investors to consider as they look for opportunities in 2013 which include the continuation of income from a total return perspective and the return of growth and the benefits of embracing equities and real assets.

Henze said, "We expect that many of the industry drivers over the last 20 years will also contribute to strong growth over the next 20. With global ETF asset growth averaging 27% per year, ETFs remain a preferred vehicle to express short- and long-term investment views across asset classes as wide ranging as Asian local currency bonds to commodities, like gold. The way in which various investors construct portfolios is very different today than it was twenty years ago due in part to the SPDR S&P 500 ETF and the industry that was created by its launch. Over the next 20 years, there will be multiple economic cycles that feature both rising and declining markets and with ETFs, investors have a tool at their disposal to implement investment ideas."

Key Facts on the World's First ETF – the SPDR S&P 500 ETF:

- Launched on January 29, 1993, the SPDR S&P 500 ETF was the first ETF in the world
- With over US$123 billion in assets, SPDR S&P 500 ETF is the largest ETF – representing approximately 6.4% of global ETF assets
- In 13 of the last 20 years, SPDR S&P 500 ETF has attracted more asset flows than any other ETF. In 2012, more than US$20 billion poured into the ETF – representing 11% of total US ETF asset inflows
- With an average daily dollar volume of $19.7 billion, SPDR S&P 500 ETF is the most traded equity security in the world
- The SPDR S&P 500 ETF is listed, cross listed/registered for sale in the following six countries: US, Peru, Chile, Mexico, Japan and Singapore
- A US$100,000 investment in the SPDR S&P 500 ETF made on its first day of trading would be worth US$369,664 as of 12/31/2012.

About SPDR® ETFs

Offered by State Street Global Advisors ("SSgA"), SPDR ETFs are a family of exchange traded funds that provide investors with the flexibility to select investments that are precisely aligned to their investment strategy. Recognized as the industry pioneer, State Street Global Advisors created the first ETF in 1993 – SPDR S&P 500® which is currently the world's largest ETF.1 SSgA has introduced Singapore's first ETF, the SPDR Straits Times Index ETF in 2002. Currently, State Street Global Advisors manages approximately US$340 billion of ETF assets worldwide.2

For comprehensive information on our ETFs, visit us at spdrs.com.sg.

[1] As at 31 December 2012.
[2] As of 31 December 2012. This AUM includes the assets of the SPDR Gold Trust (approx. $72.2 billion as of 31 December 2012) for which State Street Global Markets, LLC, an affiliate of State Street Global Advisors, serves as the marketing agent.

About State Street Global Advisors

State Street Global Advisors (SSgA) is a global leader in asset management. The firm is relied on by sophisticated investors worldwide for its disciplined investment process, powerful global investment platform and access to every major asset class, capitalization range and style. SSgA is the asset management business of State Street Corporation, one of the world's leading providers of financial services to institutional investors.

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