

Fund Facts

Tier II:
**Passively
Managed Fund¹**

Fund Type:
**Real Estate Investment
Trust**

Inception Date:²
10/1/2002

Total Net Assets:³
\$298.8 million

Expense Ratio:
0.16%

Ave. Weighted Market Cap:
\$12.6 billion

Number of Holdings:
80

Dividend Yield:
3.6%

P/E Ratio (12-month
trailing):
43.2

P/B Ratio:
2.5x

Investment Objective

The Fund seeks to track the performance of the Dow Jones U.S. Select REIT Index. This Index is a market capitalization weighted index of publicly traded Real Estate Investment Trusts (REITs). There is no assurance that the Fund will achieve its objective. Refer to “Risks” section.

Manager

The Fund is a collective investment trust managed by a team of Tuckerman Group professionals. The Tuckerman Group is a State Street Global Advisors (SSgA) company.

Investor Profile

Real estate investment trust investments may be appropriate for someone seeking real estate exposure. REITs offer investors the opportunity to diversify their portfolio with an asset class that provides the potential for high current income and long-term capital growth.

Strategy

The Real Estate Investment Trust Index Fund (“Fund”) invests in the SSgA/Tuckerman REIT Index Non-Lending Series Fund-Class A. The Fund is managed using a “passive” or “indexing” investing approach, by which SSgA attempts to replicate, before expenses, the performance of the Index. The Fund typically seeks to achieve its objective by investing in the securities comprising the Index in the same proportions as they are represented in the Index. In some cases, it may not be possible or practicable to purchase all of the securities comprising the Index, or to hold them in the same weightings as represented in the Index. In those circumstances, SSgA may employ a sampling or optimization technique to construct the portfolio. From time to time SSgA may purchase securities that are not yet represented in the Index or sell securities that have not yet been removed from the Index. The Fund may use futures and other derivatives and may invest in other investment funds.

Risks

There are risks involved with investing, including loss of money over short or long periods of time. Investing in REITs involves certain distinct risks in addition to those risks associated with investing in the real estate industry in general. Equity REITs may be affected by changes in the value of the underlying property owned by the REITs, while mortgage REITs may be affected by the quality of credit extended. REITs are subject to heavy cash flow dependency, default by borrowers and self-liquidation. Fund risks include, but are not limited to:

Market risk: The risk that the price of securities in a fund will rise or fall sometimes rapidly or unpredictably due to factors such as real or perceived adverse economic conditions, political developments, and/or investor sentiment generally. During a general downturn in the securities markets, multiple asset classes may decline in value simultaneously. Stocks generally have greater price volatility than bonds.

Interest rate risk: The risk that REIT security prices will decline because of rising interest rates.

Business risk: The risk that an investment will lose value because of a decline in a specific company or industry. Because a fund concentrates its assets in REITs, the industry concentration risk is high.

Manager risk: The risk that manager decisions can adversely affect the ability of a fund to meet its investment objectives and/or cause a fund to underperform relevant benchmarks.

Real Estate Investment Trust Index Fund

as of December 31, 2011

Performance

Current performance may be lower or higher than performance data shown. Performance data shown represents past performance and is not a guarantee or prediction of future results. For performance data current to the most recent month-end, please visit the Web site at www.varetire.org and select a Plan under the *Defined Contribution Plans* tab. Choose “Plan Investments” and then “Investment Performance.” The investment return and principal value of an investment will fluctuate so that, when redeemed, shares/units may be worth more or less than their original cost. Investors should consider the investment objectives, risk, fees and expenses carefully before investing.

	1 Year	3 Years*	5 Years*	Since Inception** ⁵
Real Estate Investment Trust Index Fund ⁴	9.17%	21.10%	-2.25%	10.25%
Dow Jones U.S. Select REIT Index ⁶	9.37	21.63	-2.04	10.62

Top Holdings

Simon Property Group Inc.	11.3%
Public Storage	5.7
HCP Inc.	5.0
Equity Residential	5.0
Boston Properties Inc.	4.3
Ventas Inc.	4.3
Vornado Realty Trust	4.2
Prologis	3.9
Avalonbay Communities Inc.	3.7
Host Hotels Inc.	3.1

Sector Weightings**

Apartments	18.4%
Retail-Malls	16.9
Health Care	14.1
Office	12.2
Industrial	7.4
Retail-Strip Centers	7.4
Storage	7.1
Hotels	5.8
Diversified	5.5
Industrial Mixed	3.5
Manufactured Homes	1.0
Factory Outlets	0.8

Allocation

Equities	99.1%
Cash & Other	0.9

Glossary

P/E Ratio: A P/E ratio represents the share price of a company’s stock divided by its earnings per share, typically over a 12-month period. A “trailing” P/E represents earnings from the past 12 months. For a fund, the P/E ratio represents the weighted average of the P/E ratios of the stocks in the fund’s portfolio.

P/B Ratio: A P/B ratio represents the relationship between the market price of a stock and its book value per share. Book value is a company’s total assets minus total liabilities. For a fund, the P/B ratio represents the weighted average of the P/B ratios of the stocks in the fund’s portfolio.

Dividend Yield: The portion a company or fund pays out to its shareholders in the form of dividends. The percentage is calculated by dividing the annual dividend per share by the security’s market price. For a fund it is the asset weighted average dividend yield of the underlying securities of the fund.

* Annualized

** May not equal 100% due to rounding.

1 A passively-managed fund tries to track the total return of a particular index. They are often called “passively-managed” because the way your money is invested is determined by the securities that are included in a particular index, not the research and discretion of a portfolio manager.

2 The inception date shown reflects the VRS Defined Contribution Plans investment strategy inception date. Prior to February 28, 2010 the inception date shown reflected the SSgA Series Class Fund. The change was made due to the length of the strategy performance track record for the Plans and because the investment strategy may be comprised of more than one underlying fund.

3 Total Net Assets shown reflect that of the Series Class Non-Lending Fund.

4 The performance returns shown does not reflect the Plan administrative fee, which would further reduce the returns shown. All calculations assume reinvestment of dividends and capital gains. All returns are calculated in U.S. dollars.

5 Fund and corresponding benchmark returns since VRS Plans investment strategy inception date.

6 You cannot invest directly in an Index.

Plan Administrative Fee - ING Institutional Plan Services (“ING”), the Plans’ record keeper, will deduct an annual record keeping and communication services fee of 18 basis points (0.18%) capped at \$130,000 from your combined account balance on a quarterly basis (0.045% per quarter).

NOT FDIC INSURED - MAY LOSE VALUE - NO BANK GUARANTEE