



**Presentation for:**  
**Fresno County Employees Retirement Association**  
February 1, 2012

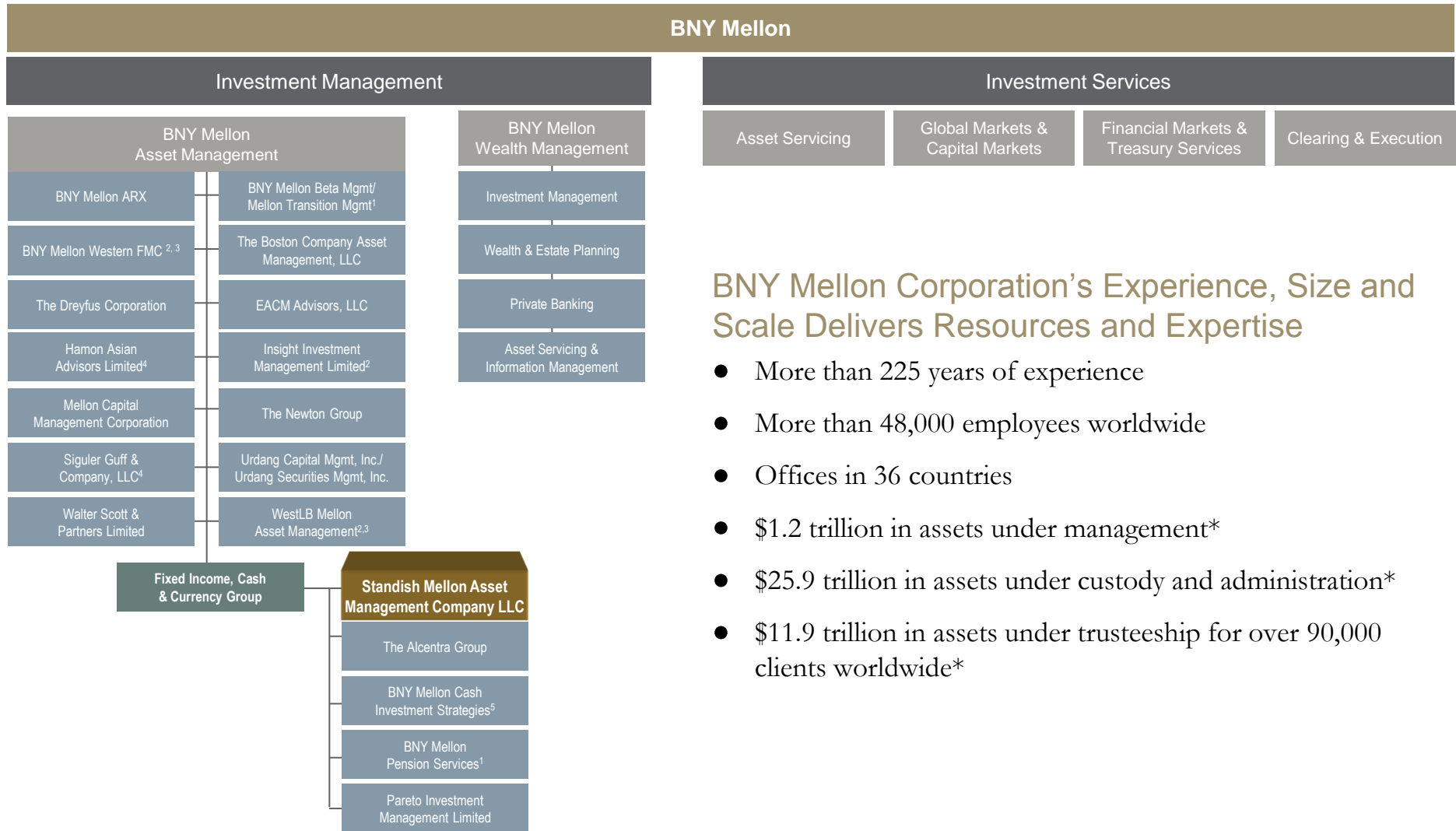
## Agenda

- I. Corporate Overview
- II. Philosophy, Team, & Process
- III. Market Environment
- IV. Performance & Portfolio Review
- V. Appendix

Presented by:  
David Leduc, CFA  
Patrick S. Lyn, CFA

Section I.

# BNY Mellon Organization



## BNY Mellon Corporation's Experience, Size and Scale Delivers Resources and Expertise

- More than 225 years of experience
- More than 48,000 employees worldwide
- Offices in 36 countries
- \$1.2 trillion in assets under management\*
- \$25.9 trillion in assets under custody and administration\*
- \$11.9 trillion in assets under trusteeship for over 90,000 clients worldwide\*

<sup>1</sup> A division of The Bank of New York Mellon; <sup>2</sup> Does not offer services in the U.S.; <sup>3</sup> Joint Venture; <sup>4</sup> Minority Interest; <sup>5</sup> A division of The Dreyfus Corporation.  
 \* Assets as of September 30, 2011. See disclosures in the appendix.

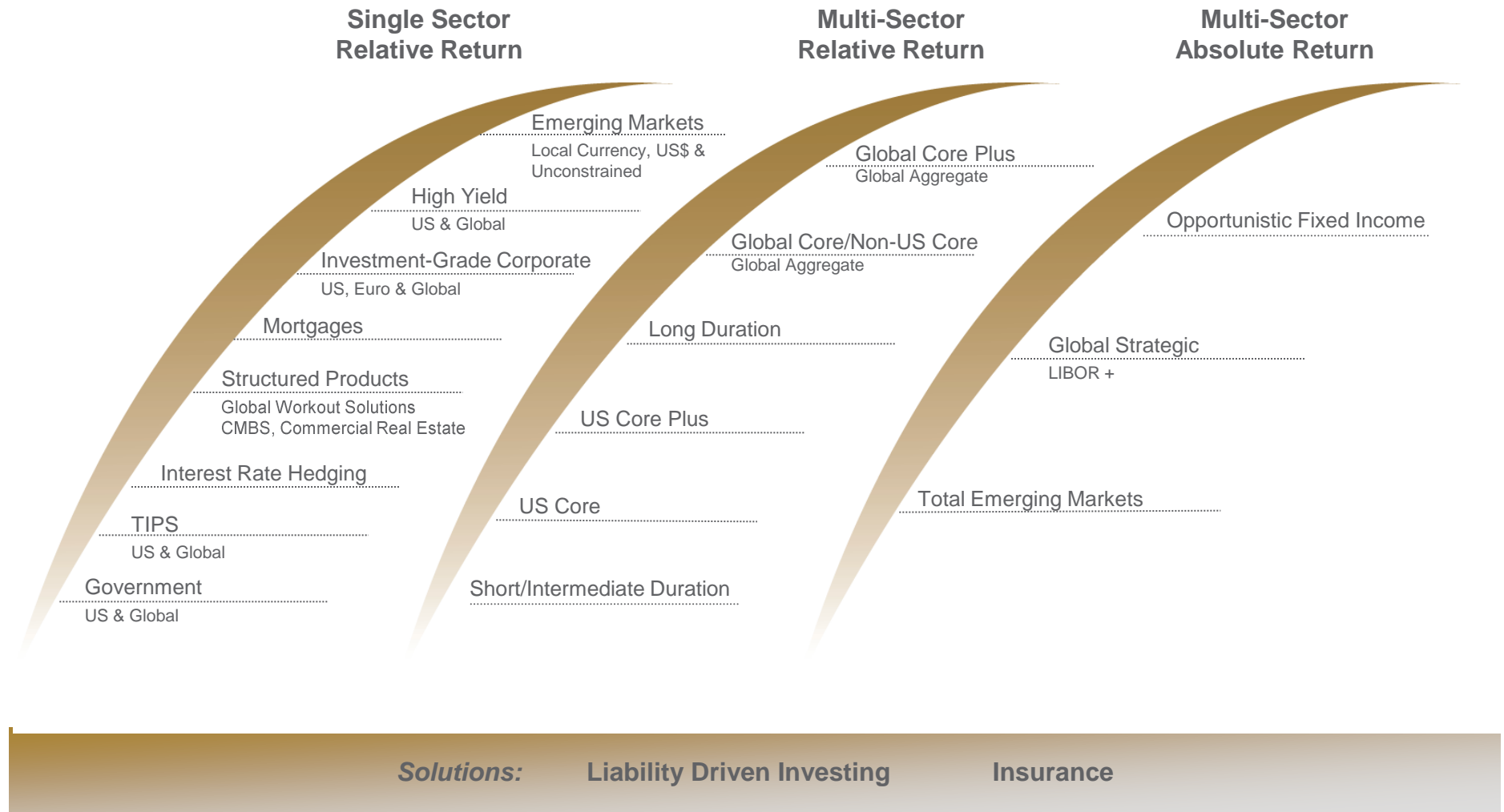


## Standish Senior Management Team – Active Fixed Income

<b>Desmond Mac Intyre</b> Chairman & Chief Executive Officer					
<b><u>Alex Over</u></b> Managing Director Global Sales & Marketing	<b><u>Chris Austin*</u></b> Managing Director US Sales & Global Consultant Relations	<b><u>Patrick Lyn</u></b> Managing Director Client Service & Marketing	<b><u>David Leduc</u></b> Chief Investment Officer Active Fixed Income	<b><u>Michael Faloon</u></b> Director Quantitative Analysis & Quality Management	<b><u>Amy Koch</u></b> Director Active Fixed Income Trading
Sales Marketing Product Development	Sales Consultant Relations	Client Service Marketing Product Management	Multi-Sector <ul style="list-style-type: none"> <li>• Global Core/Core Plus</li> <li>• US Core/Core Plus</li> <li>• Long Duration/LDI</li> <li>• Opportunistic</li> <li>• Insurance</li> </ul> Single-Sector <ul style="list-style-type: none"> <li>• Interest Rate Strategies</li> <li>• TIPS</li> <li>• Investment Grade Corporates</li> <li>• High Yield</li> <li>• Emerging Markets</li> </ul> Structured Investments <ul style="list-style-type: none"> <li>• ABS</li> <li>• CMBS</li> <li>• RMBS</li> <li>• CRE Whole Loans</li> </ul> Workout Solutions	Investment Analytics Quality Management	Trading
<b>TRADING • RISK MANAGEMENT • COMPLIANCE</b>					

\*Chris Austin is an MBSC Securities Corporation employee who is a dual officer of Standish.

# Standish Active Fixed Income – Investment Strategies & Solutions



# Standish Active Fixed Income – Investment Team

<b>Chief Investment Officer</b> David Leduc, CFA				
<b>MACROECONOMIC RESEARCH</b> Thomas Higgins, PhD				
<b>MULTI-SECTOR PORTFOLIO MANAGEMENT</b>				
<b>OPPORTUNISTIC</b> David Horsfall, CFA David Leduc, CFA 2 PMs • 1 portfolio analyst	<b>GLOBAL FIXED INCOME</b> David Leduc, CFA Brendan Murphy, CFA 5 PMs* • 1 portfolio analyst	<b>US CORE / CORE PLUS</b> David Bowser, CFA Peter Vaream 2 PMs • 1 portfolio analyst	<b>INSURANCE</b> Anthony Criscuolo, CFA James Kaniclides, CFA Laura Lake, CFA Peter Vaream 7 PMs • 2 portfolio analysts 2 actuaries <sup>§</sup>	<b>LIABILITY DRIVEN INVESTING</b> Andrew Catalan, CFA Matt Fontaine, CFA Andrew Wozniak, CFA, ASA <sup>§</sup> 2 PMs • 3 actuaries <sup>§</sup>
<b>SINGLE-SECTOR PORTFOLIO MANAGEMENT &amp; RESEARCH</b>				
<b>EMERGING MARKETS DEBT</b> Alexander Kozhemiakin, PhD, CFA 3 PMs* • 7 analysts* <sup>‡</sup> • 3 traders* 1 portfolio analyst	<b>HIGH YIELD</b> Chris Barris 1 PM • 6 analysts • 3 traders* 1 portfolio analyst	<b>INVESTMENT GRADE CREDIT</b> Jake Gaul, CFA 2 PMs • 9 analysts • 3 traders 1 portfolio analyst		
<b>INTEREST RATE STRATEGIES</b> Robert Bayston, CFA 1 PM • 2 analysts • 2 traders 1 portfolio analyst	<b>GLOBAL SOVEREIGN / REGIONAL</b> David Leduc, CFA Brendan Murphy, CFA 5 PMs* • 3 analysts • 3 traders* 1 portfolio analyst	<b>STRUCTURED PRODUCTS</b> Thomas Graf, CPA 1 PM • 4 analysts • 2 traders 1 portfolio analyst		
<b>TRADING • QUALITY MANAGEMENT • RISK MANAGEMENT • COMPLIANCE • ACTUARIAL SERVICES<sup>§</sup></b>				

*Note: Some investment professionals perform the same role on more than one product team. CFA® and Chartered Financial Analysts® are registered trademarks owned by CFA Institute.  
\* Includes shared employees from Standish Division of BNY Mellon Asset Management (UK) Limited. ‡Contracted research analyst in Singapore. §Contracted research capabilities.*

Section II.

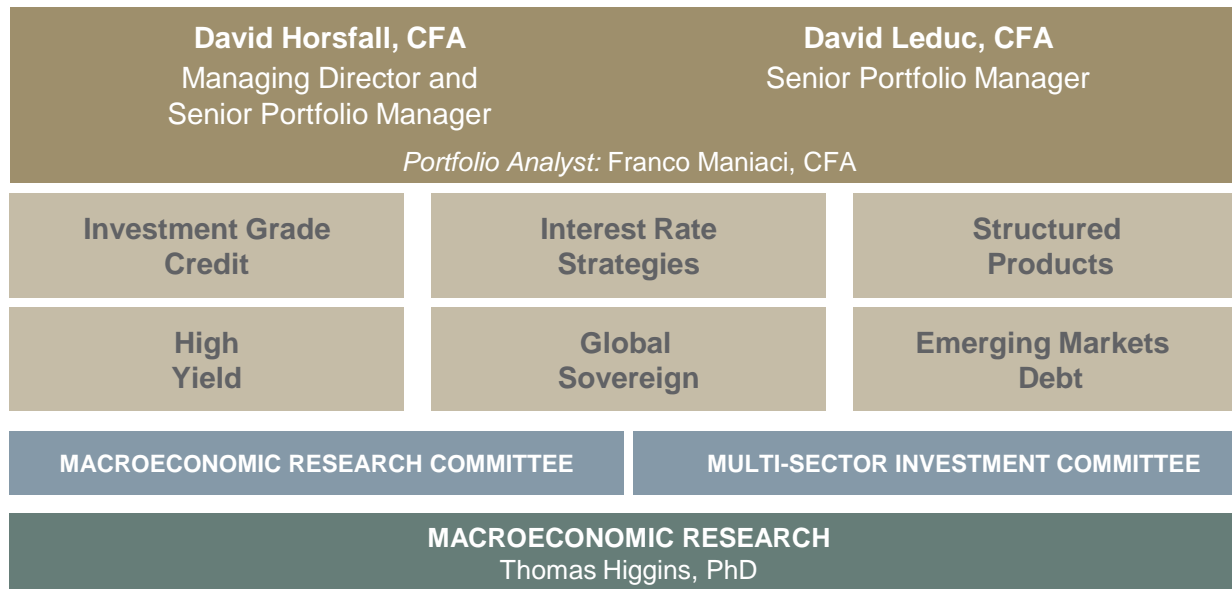
## Investment Philosophy

We believe the value of active portfolio management is the conversion of active risk into alpha

### Our Approach:

- **Consistent outperformance requires both top-down and bottom-up expertise.**  
Teams of experienced professionals must use both quantitative and fundamental methods to identify value in both macro and idiosyncratic positions.
- **The search for value drives the investment process.**  
Value is realized most often when supported by both fundamental and technical factors. Purchasing securities and/or sectors that are undervalued increase the probability of positive investment outcomes.
- **A broader opportunity set results in better returns.**  
A portfolio's risk-adjusted performance improves with an increase in the number of strategies employed in its management.
- **Risk management is key to long-term investment success.**  
Risk management is two tiered. The first tier ensures we take active risk that is consistent with client objectives, the strategy, and our outlook. The second tier supports the first tier and seeks to avoid negative surprises by focusing on the implementation processes and governance.

## Opportunistic Fixed Income Team

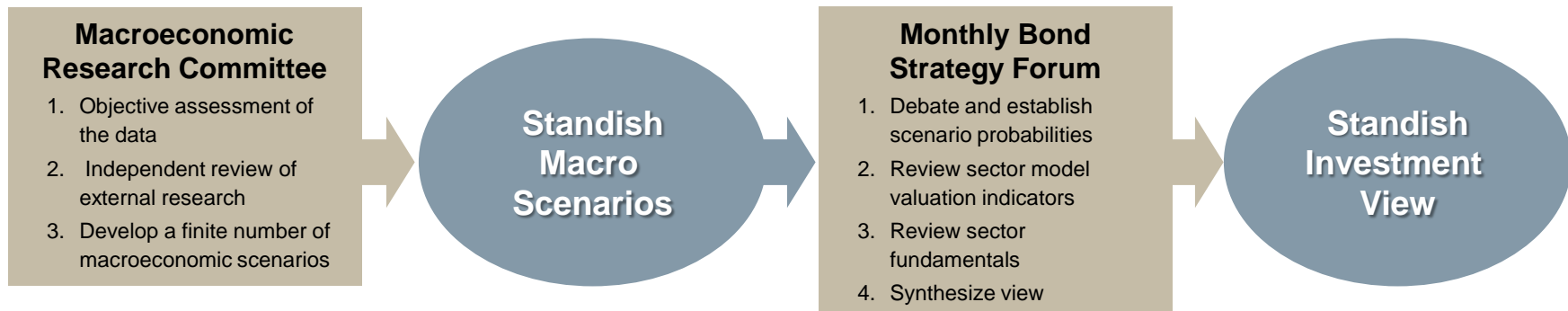


*Note: Some investment professionals perform the same role on more than one product team.  
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## Macroeconomic Research

- Identifies general themes and opportunities
- Develops assessment of overall risk environment
- Uses a fundamental approach to developing our macroeconomic view using quantitative tools
- Proprietary econometric modeling tools
- Multiple scenarios are developed, then probability weighted to form a consensus 6-month forecast: the Standish Investment View





## Developing Standish Macro Scenarios in Three Steps

### Step 1: Objective Assessment of the Data

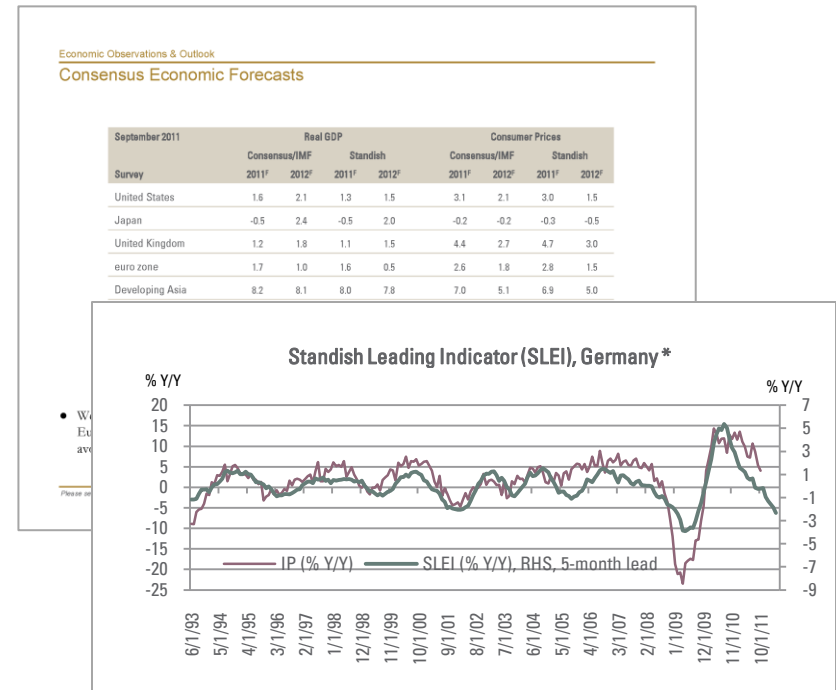
- Monitor central bank reaction function models
- Track leading economic indicators for cyclical turning points
- Utilize econometric models to forecast macro variables

### Step 2: Independent Review of External Research

- Official sources: global central banks, etc.
- Private sources: third party research
- Research trips
- Sector team input

### Step 3: Develop Macro Scenarios

- Assess proprietary model results and independent research
- Determine where Standish differs from the consensus
- Construct economic outlook scenarios



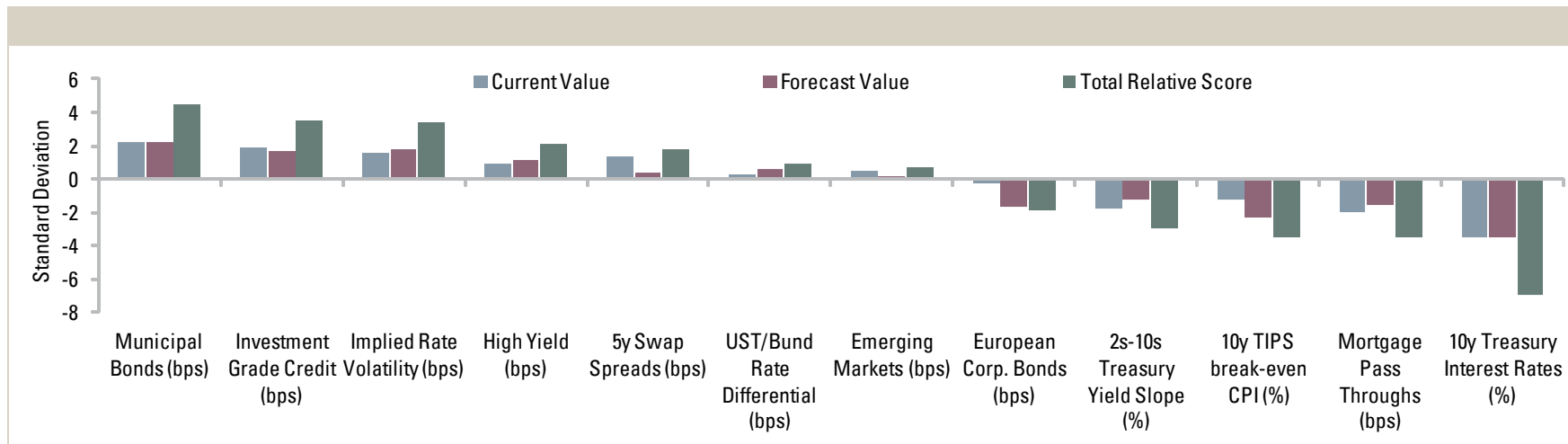
Source: Standish, Datastream. For illustrative purposes only.

\* The components of the German SLEI are the following: manufacturing PMI, Ifo business climate survey, manufacturing orders (Bundesbank measure), Ifo employment opportunities, consumer inflation expectations, consumer confidence (the EC measure), and the terms of trade.



# Standish Sector Model Summary

Model R-squared	Sector	Current Fair Value			Six Month Forecast		Total Relative Value Score
		Actual	Fair Value	Attractiveness Score (Stand. Dev.)	Forecast Value	Attractiveness Score (Stand. Dev.)	
87%	Municipal Bonds (bps)	96 bps	24 bps	2.3	24 bps	2.3	4.5
82%	Investment Grade Credit (bps)	236 bps	169 bps	1.9	179 bps	1.6	3.5
75%	Implied Rate Volatility (bps)	92 bps	107 bps	1.6	109 bps	1.8	3.4
81%	High Yield (bps)	709 bps	615 bps	0.9	594 bps	1.1	2.1
83%	5y Swap Spreads (bps)	40 bps	25 bps	1.4	35 bps	0.4	1.8
83%	UST/Bund Rate Differential (bps)	48 bps	12 bps	0.3	22 bps	0.6	0.9
87%	Emerging Markets (bps)	426 bps	344 bps	0.5	404 bps	0.1	0.7
90%	European Corp. Bonds (bps)	332 bps	336 bps	-0.2	363 bps	-1.7	-1.9
95%	2s-10s Treasury Yield Slope (%)	1.64%	2.15%	-1.7	1.98%	-1.2	-2.9
89%	10y TIPS break-even CPI (%)	1.99%	1.71%	-1.2	1.47%	-2.3	-3.5
96%	Mortgage Pass Throughs (bps)	152 bps	174 bps	-1.9	170 bps	-1.5	-3.5
95%	10y Treasury Interest Rates (%)	1.88%	3.33%	-3.5	3.32%	-3.5	-7.0



Source: Standish as of December 31, 2011. For illustrative purposes only. Forecast information is not intended to predict future events, but rather to demonstrate the investment process of the firm in utilizing its models and market views in constructing its client portfolios. Sector models are run monthly and are subject to change. Model portfolio data is to be considered supplemental information to the attached GIPS compliant composite presentation found in the Appendix. Refer to Disclosure in Appendix.



## Sector Allocation

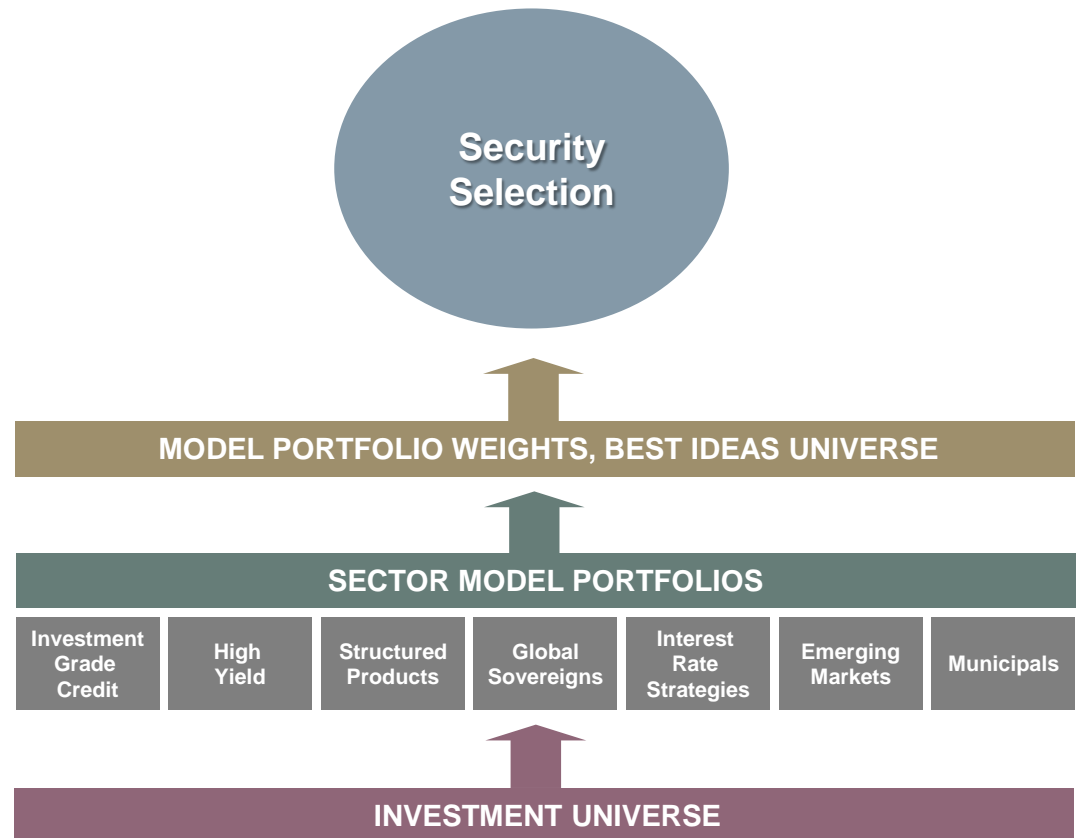
- Top-down strategy
- Sector research teams scour their respective universes to identify sources of potential alpha
- The Multi-Sector Committee synthesizes the Standish investment view with our sector research





## Security Selection

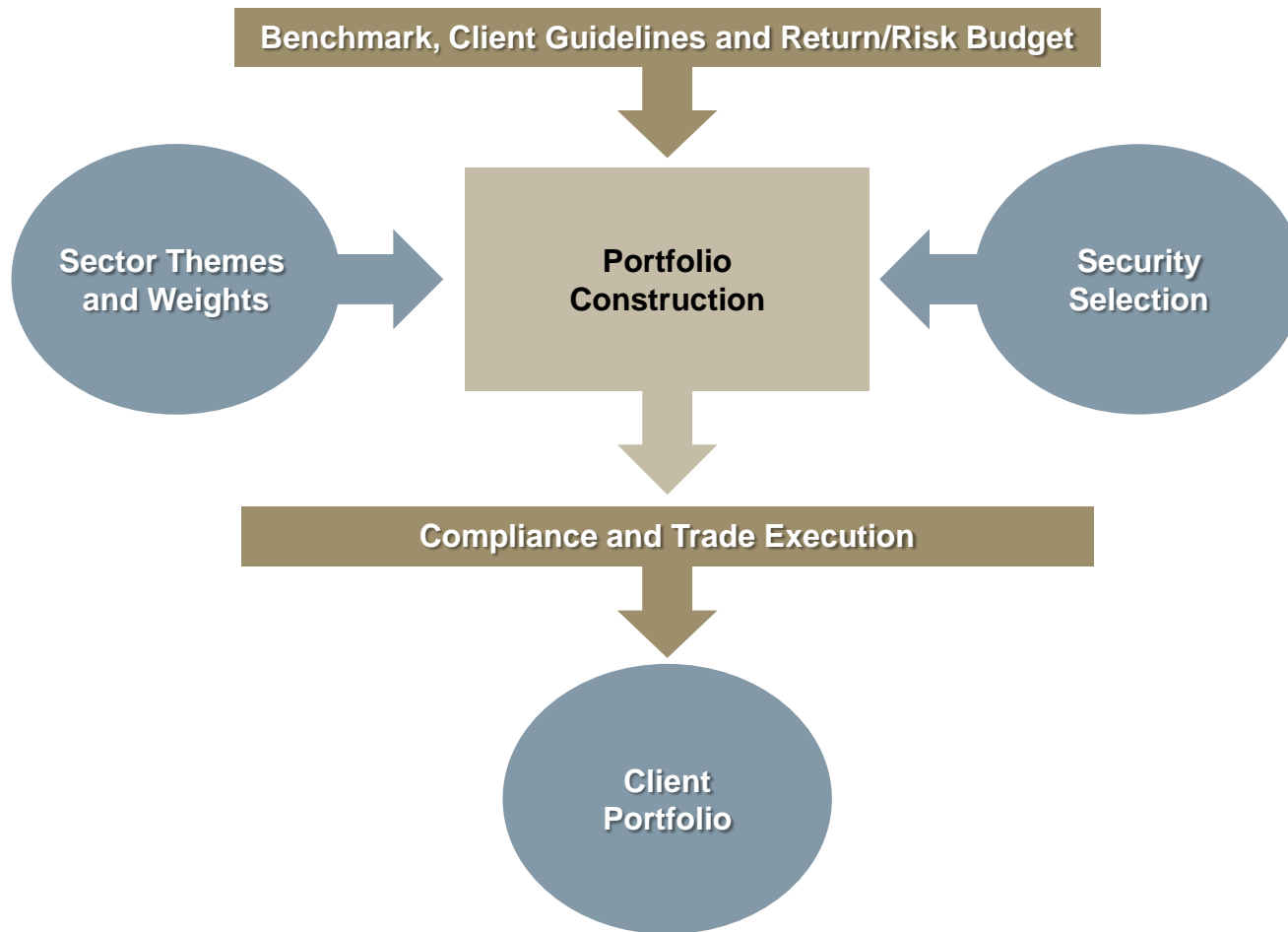
- Bottom-up strategy
- Research focused on in-depth fundamental analysis of individual securities from a broad universe
- Investment ideas represent multiple, unique sources of alpha generation
- Sector strategists develop sector model portfolios with performance accountability
- Sector model portfolios serve as “best ideas” pools for multi-sector portfolios





## Portfolio Construction

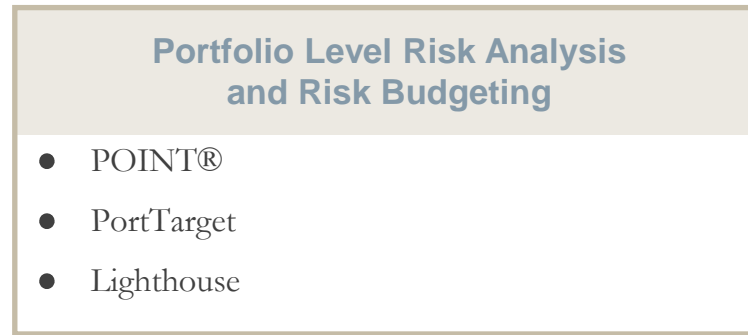
The Client Portfolio Team assesses relative value, makes sector allocation decision and selects among “Best Ideas”, all while adjusting for risk budget and client preferences





## Robust Risk Management - Two Tiered Approach

1. Standish employs a sophisticated set of overlapping risk management tools to ensure the level of active risk in portfolios is consistent with our outlook.



2. Compliance team and oversight committees ensure focus on best execution and fiduciary responsibilities.



*No investment strategy or risk management technique can guarantee returns or eliminate risk in any market environment.*



## Strategy Parameters

- Opportunistic total return strategy focused on rotation *among* – and security selection *within* – high yield, investment grade credit, emerging markets, mortgages, and non-US bond sectors. Other sectors including municipal bonds and structured products are utilized to a lesser degree.
- Target return: LIBOR +300 to +500 basis points per annum (net of fees) over a 3-5 year time horizon.
- No financial leverage.
- Instruments: Cash, bonds, and derivatives.

	Normal allocation targets *
<b>Net sector exposures</b>	
▪ ABS / CMBS	0% to 50%
▪ Investment Grade Corporates	0% to 70%
▪ High Yield	0% to 70%
▪ Non-Dollar	0% to 70%
▪ Emerging Markets Debt	0% to 70%
▪ Government Bonds	0% to 100%
▪ TIPS	0% to 70%
▪ Mortgage-Backed Securities	0% to 70%
<b>Duration</b>	0 to 7 years
<b>Credit spread duration</b>	0 to 7 years
<b>Number of issuers</b>	50 to 150
<b>Tracking Error</b>	3% to 7% p.a.

\* Allocations are subject to change at any time.

## Standish Differentiators

### Diversified Sector Investors

- Standish generates diversified alpha for clients relying on in-house, original research.
- In-house proprietary sector models provide relative value framework across markets.
- We believe our clients benefit from the pooled resources of all Standish sector teams and their best investment ideas.

### Right Sized Firm

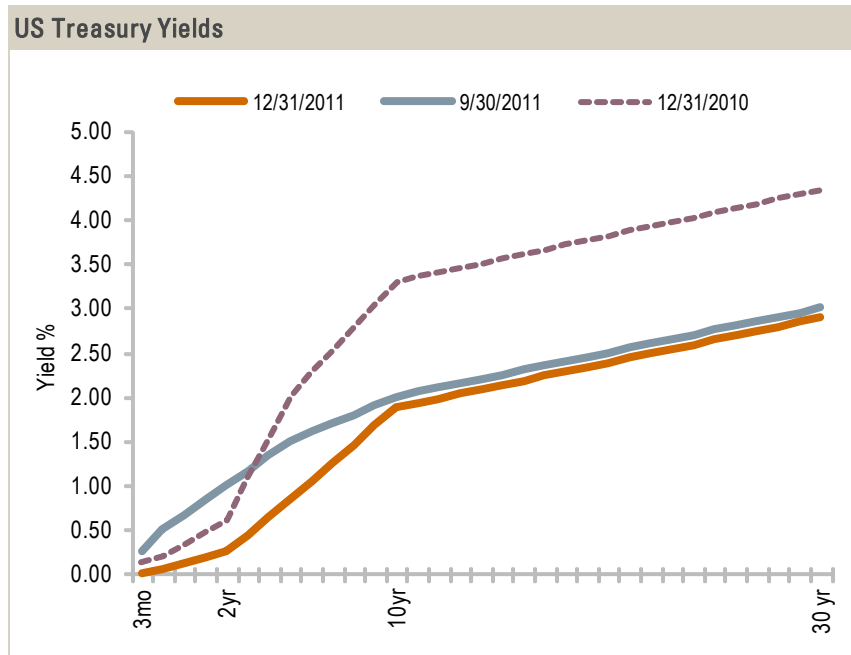
- We believe Standish has a large enough asset-base to devote significant resources to research, risk management, trading and portfolio management, yet is small enough that security selection decisions have a material impact on returns.

### Client Focus

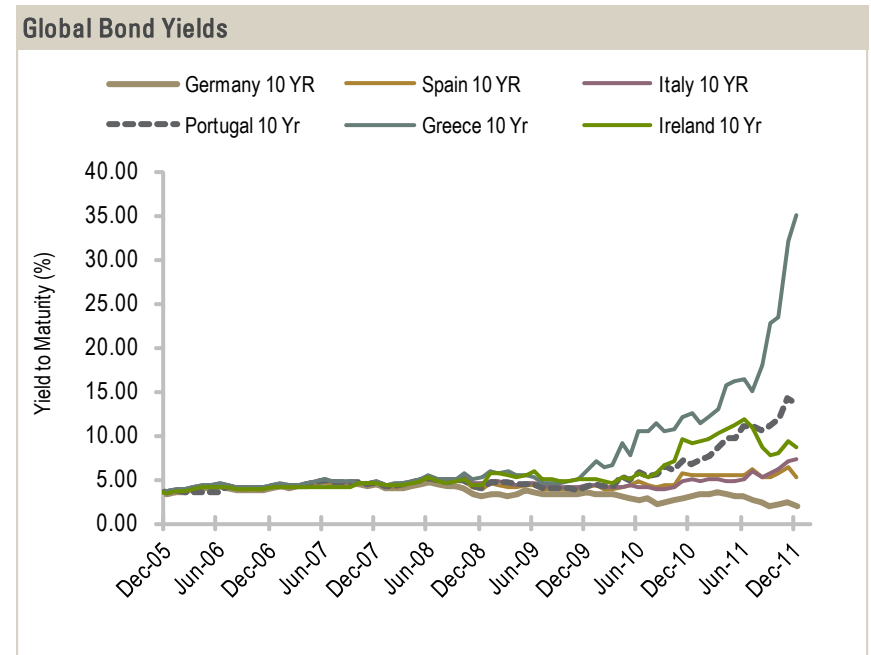
- Standish provides value-added investment solutions tailored to our clients' needs.
- Our strategic partnership approach includes client access to portfolio managers and investment analysts across the firm.

Section III.

## US Treasury and Global Bond Yields



Source: Bloomberg as of December 31, 2011

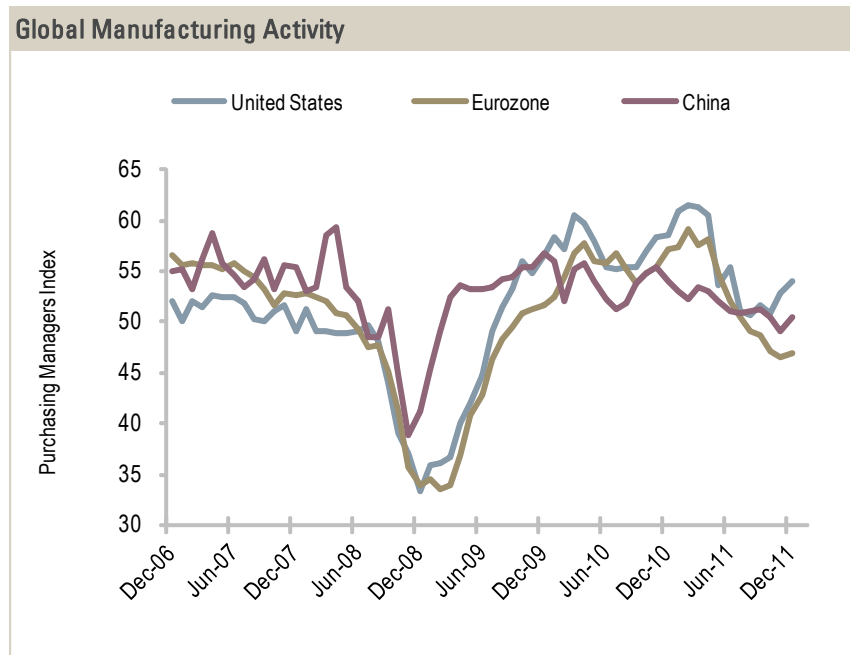


Source: Bloomberg as of December 31, 2011

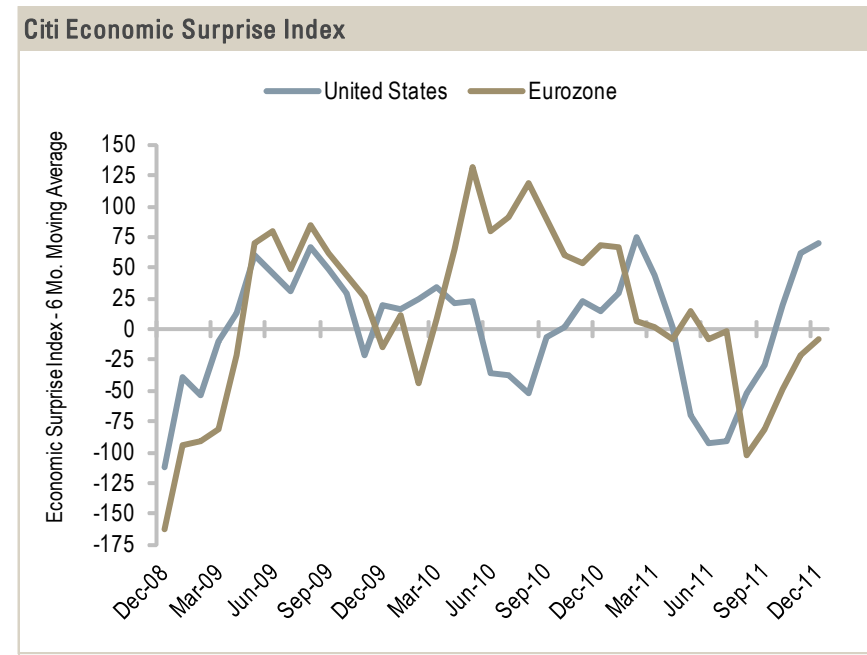
- For the quarter, 10-year Treasury yields traded in a narrow range to 1.88%, and the yield curve steepened slightly with longer maturities largely unchanged.

- Soaring borrowing costs continue to plague Europe as the eighth EU Summit of 2011 failed to provide a credible plan to restore investor confidence. EU leaders remain focused on austerity measures without addressing structural reforms and diminishing growth prospects.

## Global Manufacturing and Economic Surprise



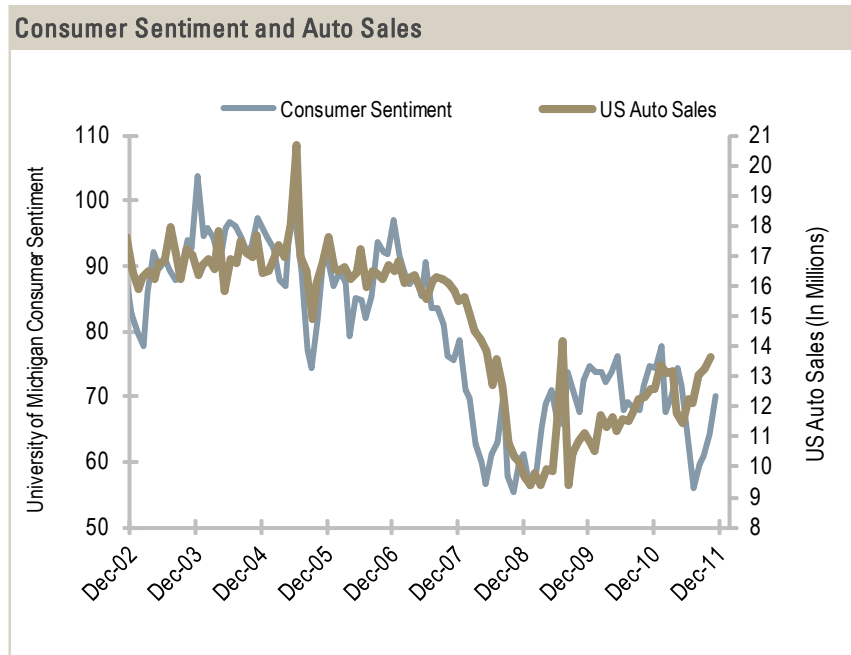
Source: Bloomberg as of December 31, 2011



Source: Bloomberg as of December 31, 2011

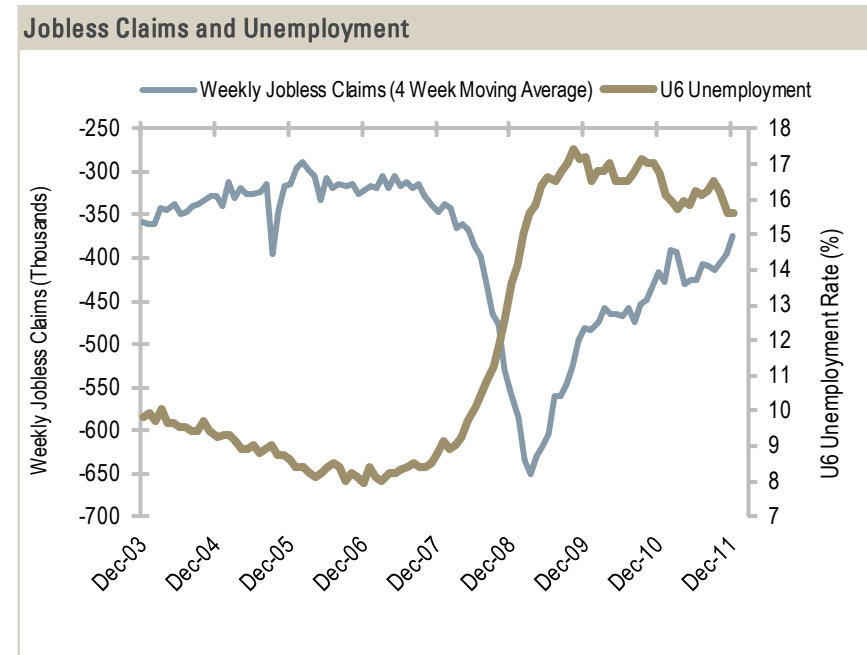
- Austerity measures in Europe continue to push the region into a deeper recession; impacting demand and economic growth around the globe. In the U.S., manufacturing numbers improved into year end as production picked up.
- US data surprised to the upside in late 2011. Bolstered by extraordinary monetary policy, the US is modestly decoupling from events in Europe, however it is certainly not immune from another bout of weakness.

## Consumer Sentiment and Employment



Source: Bloomberg as of December 31, 2011

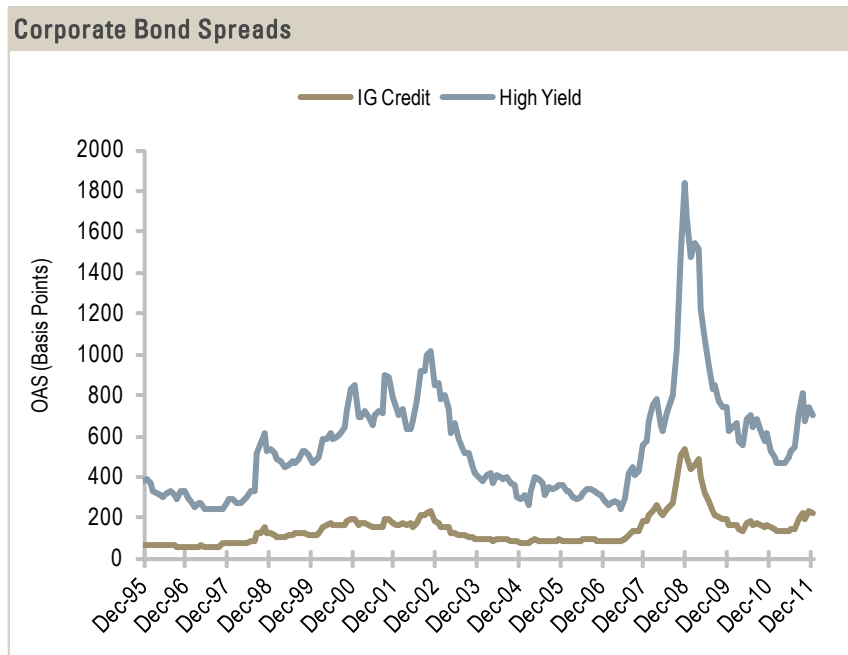
- Consumer confidence continues to recover with four consecutive months of gains. Increasingly positive expectations for the future have driven demand for larger-ticket items such as autos.



Source: Bloomberg as of December 31, 2011

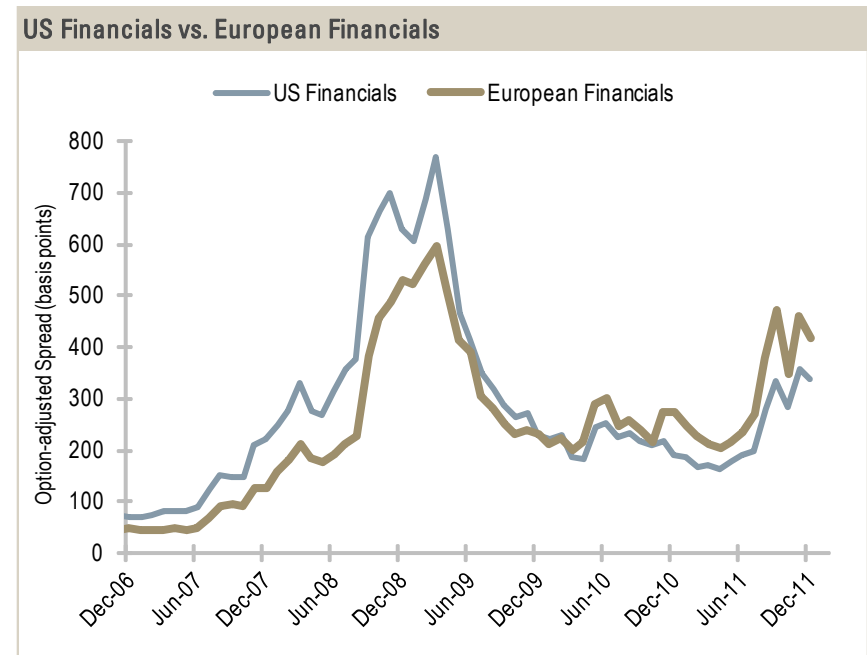
- While initial jobless claims signal an improvement in the unemployment picture, the quality of jobs being created remains weaker than expected based on the sustained underemployment rate.

## Corporate Bond Spreads and Global Financials



Source: Barclays as of December 31, 2011

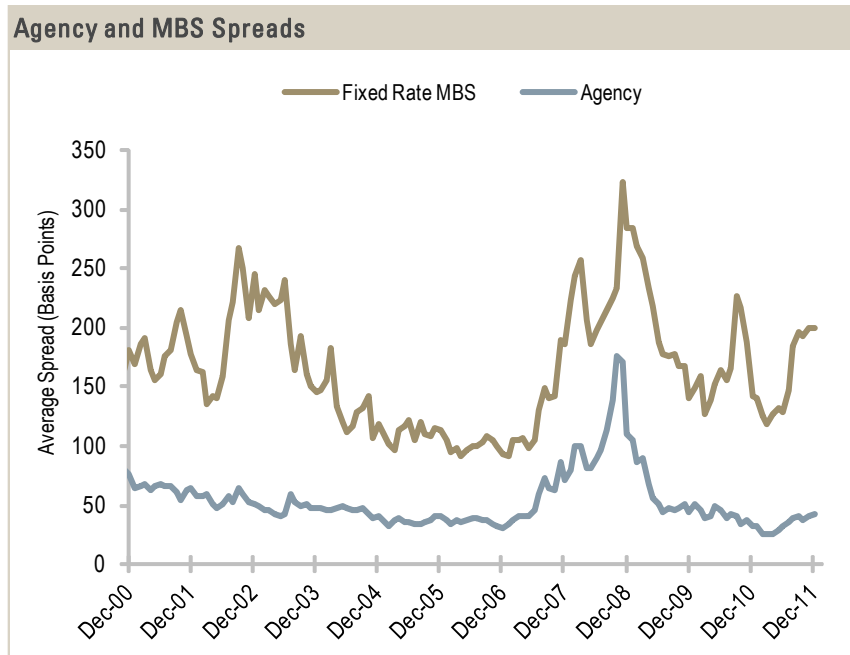
- Corporate fundamentals remain strong with low interest rates and improved free cash flow. Relative value has improved with credit spreads widening off the recent low yields.



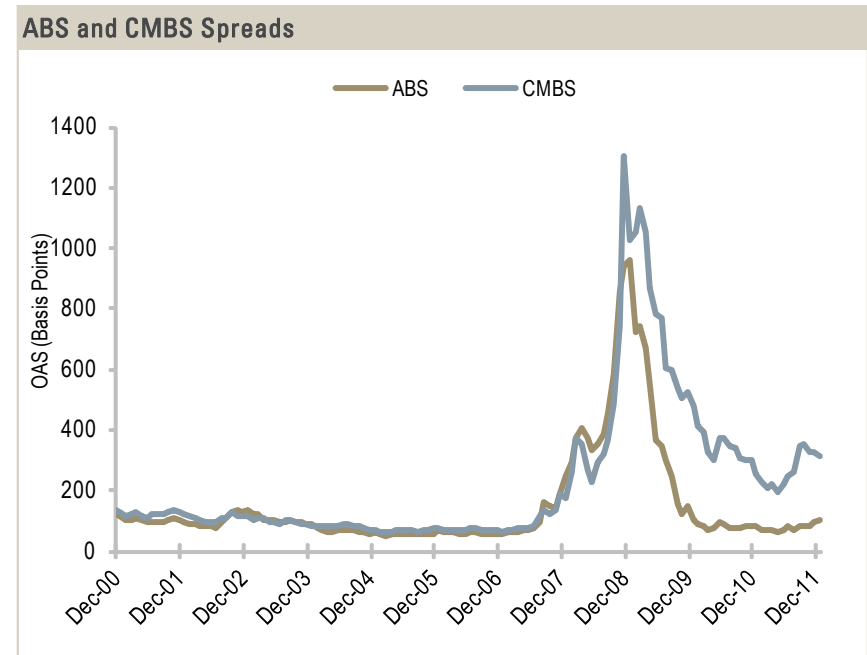
Source: Barclays as of December 31, 2011

- European bank balance sheets remain under pressure from fleeing wholesale funding and growing losses on sovereign debt holdings. Risk premiums on financial debt remain wide as investors are increasingly concerned over the opaqueness of cross-border holdings.

## Agency/MBS Spreads and ABS/CMBS Spreads



Source: Barclays as of December 31, 2011



Source: Barclays as of December 31, 2011

- Fairly valued yield spreads make agencies a high quality alternative to Treasuries but return potential appears better for agency backed mortgages due to support from the Fed in the form of more aggressive purchases.

- Within consumer ABS, the auto loan and credit card sectors continue to show signs of resiliency as delinquencies and charge-offs have declined on a year-over-year basis. The CMBS sector outperformed US Treasuries during the month as a result of healthy demand from investors and little new supply.

## Sector Returns

Bond Market Returns - Nominal			
Barclays Indices	Dec '11	Q4 2011	2011 Full Yr
US Treasury	0.97%	0.89%	9.81%
US Agency	0.43%	0.55%	4.82%
US MBS - Fixed Rate	0.71%	0.89%	6.32%
CMBS	1.31%	3.07%	6.47%
AAA	0.92%	2.33%	6.02%
<AAA	2.02%	4.40%	7.47%
ABS	0.13%	0.23%	5.14%
Investment Grade Credit	1.94%	1.70%	8.35%
Financials	1.89%	1.22%	3.15%
Industrials	2.36%	2.28%	10.47%
Utilities	1.78%	2.24%	13.23%
Non-corporate	1.23%	0.84%	9.14%
AAA Credit	0.67%	-0.26%	5.99%
AA Credit	1.78%	1.06%	7.82%
A Credit	2.08%	1.61%	8.19%
BBB Credit	2.23%	2.71%	9.48%
High Yield	2.66%	6.46%	4.98%
Emerging Markets	1.26%	4.36%	8.36%

Source: Barclays as of December 31, 2011

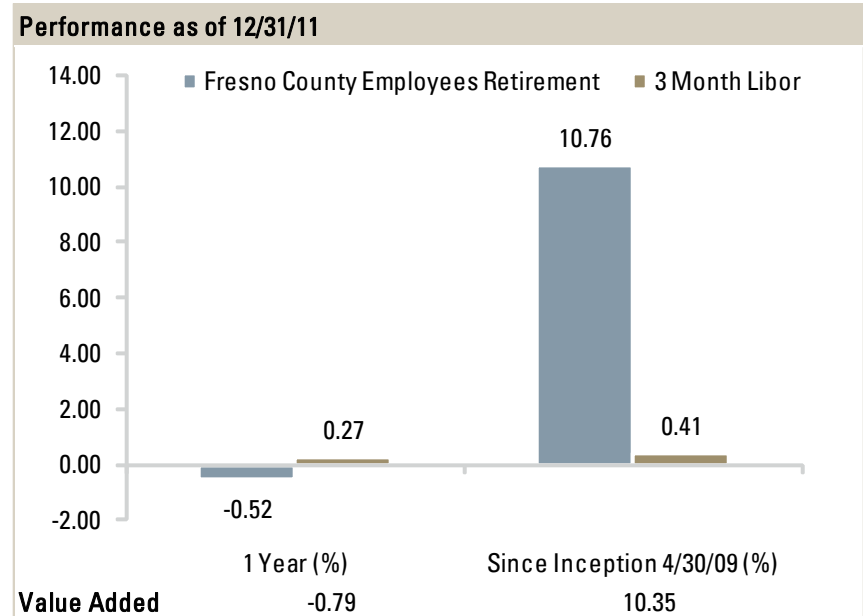
Bond Market Returns - Excess Over Treasuries			
Barclays Indices	Dec '11	Q4 2011	2011 Full Yr
US Treasury	-	-	-
US Agency	0.04%	0.05%	0.19%
US MBS - Fixed Rate	0.17%	0.24%	-1.13%
CMBS	0.91%	2.43%	0.79%
AAA	0.57%	1.77%	1.26%
<AAA	1.50%	3.62%	0.11%
ABS	-0.22%	-0.28%	0.52%
Investment Grade Credit	0.83%	0.61%	-3.22%
Financials	1.04%	0.29%	-6.28%
Industrials	1.11%	1.12%	-2.33%
Utilities	0.28%	0.95%	-1.60%
Non-corporate	0.20%	-0.17%	-1.49%
AAA Credit	0.08%	-0.96%	-0.97%
AA Credit	0.71%	-0.01%	-2.91%
A Credit	0.93%	0.53%	-3.71%
BBB Credit	0.97%	1.51%	-3.52%
High Yield	2.01%	5.68%	-2.40%
Emerging Markets	0.04%	3.14%	-4.49%

Source: Barclays as of December 31, 2011

Section IV.

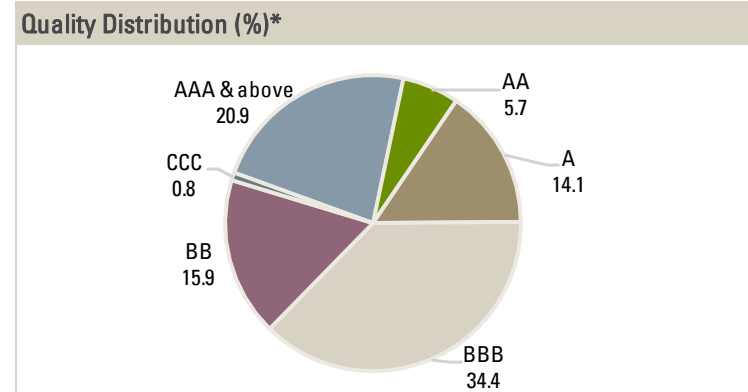
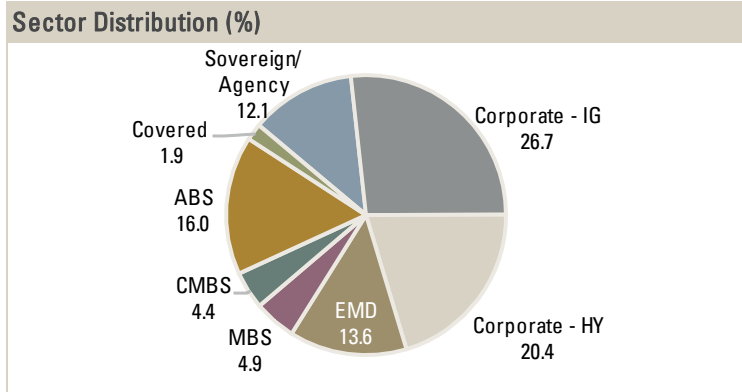
# Fresno County Employees Retirement Association Performance

Total Return as of 12/31/11	
	Last 3 Months (%)
Fresno County Employees Retirement	1.06
3 Month Libor	0.07
Value Added	0.99
<b>Market Value as of 12/31/2011: \$91,419,576</b>	



# Portfolio Characteristics

## Representative Opportunistic Fixed Income Portfolio



**Currency Distribution (%)**

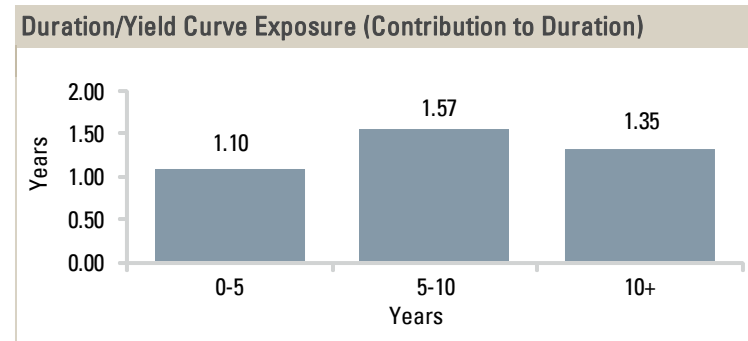
Currency	Portfolio
US Dollar	106.8
Canadian Dollar	2.0
Mexican Peso	1.8
Hungarian Forint	-1.5
United Kingdom Pound Sterling	-2.0
Swiss Franc	-2.0
European Euro	-5.0
<b>Total</b>	<b>100.0</b>

**Country Distribution (%) as of 12/31/11**

Country	Portfolio
United States	85.0
United Kingdom	4.0
Ireland	2.0
Mexico	3.5
South Africa	1.3
Other	4.2
<b>Total</b>	<b>100.0</b>

**Summary**

Average quality	A-
Average duration	4.03 yrs
Yield to maturity	4.84%



Source: Standish as of December 31, 2011. Representative account data is to be considered supplemental information to the attached GIPS compliant composite presentation found in the appendix. Standish Mellon Asset Management Company LLC claims compliance with the Global Investment Performance Standards (GIPS®).

Section V.

## Fresno County Employees Retirement Association's Relationship with Standish Team

### **Chief Investment Officer of Active Fixed Income**

David Leduc, CFA  
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[dleduc@standish.com](mailto:dleduc@standish.com)

### **Deputy Chief Investment Officer and Managing Director of Opportunistic Fixed Income**

David Horsfall, CFA  
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[dhorsfall@standish.com](mailto:dhorsfall@standish.com)

### **Relationship Manager**

Patrick S. Lyn, CFA  
617-248-4678  
[plyn@standish.com](mailto:plyn@standish.com)

### **Client Service Associate**

David Bowser, Jr.  
617-248-6188  
[rbowser@standish.com](mailto:rbowser@standish.com)

## Comprehensive Relationship Management

- Periodic review meetings.
- Proactive strategy discussion with Fresno County Employees Retirement Association
- Coordination between Fresno County Employees Retirement Association and investment team

## Key Reports and Communications

- Quarterly investment themes
- Monthly portfolio appraisals
- Topical economic and research updates
- Prospective Returns annual long-term outlook

## Disclosures

*This information is not provided as a sales or advertising communication. It does not constitute investment advice. It is not an offer to sell or a solicitation of an offer to buy any security. Many factors affect performance including changes in market conditions and interest rates and in response to other economic, political, or financial developments. Past performance is not a guide to or indicative of future results. Future returns are not guaranteed and a loss of principal may occur. This information is not intended to provide specific advice, recommendations or projected returns of any particular Standish Mellon Asset Management Company LLC ("Standish") product. Some information contained herein has been obtained from third party sources and has not been verified by Standish. Standish makes no representations as to the accuracy or the completeness of any of the information herein.*

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*This portfolio data should not be relied upon as a complete listing of the Portfolio's holdings (or top holdings) as information on particular holdings may be withheld if it is in the client's best interest to do so. Portfolio holdings are subject to change without notice and may not represent current or future portfolio composition. The portfolio date is "as of" the date indicated.*

*There is no assurance that any securities discussed herein will remain in an account's portfolio at the time you receive this report or that securities sold have not been repurchased. The securities discussed do not represent an account's entire portfolio and in the aggregate may represent only a small percentage of an account's portfolio holdings.*

*It should not be assumed that any of the securities transactions or holdings discussed were or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein.*

*The allocation distribution and actual percentages may vary from time-to-time. The types of investments presented in the allocation chart will not always have the same comparable risks and returns. The actual performance of the portfolio will depend on the Investment Manager's ability to identify and access appropriate investments, and balance assets to maximize return while minimizing its risk. The actual investments in the portfolio may or may not be the same or in the same proportion as those shown above.*

*Standish believes giving an proprietary Average Quality Credit rating to the holdings in a portfolio more accurately captures its characteristics versus using a single rating agencies ratings. Standish has a ratings/number hierarchy whereby we assign a number between 0 (unrated bond) and 21 (S&P or Moody's AAA) to all bonds in a portfolio based on the ratings of one or more of the rating agencies (with the lower of the 2 available agencies ratings prevailing), and then take a weighted numerical average of those bonds (with weighting based on each bonds percentage to the total portfolio assets). The resulting number is then compared back to the ratings/number hierarchy to determine a portfolio's average quality. For example, if Moody's AAA, S&P AAA= 21, Moody's A1, S&P A+= 17, Moody's Baa1 and S&P BBB+=14, Moody's B1 and S&P B+=7. The numeric average of the 4 equally weighted holdings is 14.75, rounded up to the next whole number of 15. 15 converts to an average credit rating of S&P A/Moody's A2.*

*To the extent the strategy invests in foreign securities, its performance will be influenced by political, social and economic factors affecting investments in foreign companies. Special risks associated with investments in foreign companies include exposure to currency fluctuations and controls, less liquidity, less developed or less efficient trading markets, less governmental supervision and regulation, lack of comprehensive company information, political instability, greater market volatility, and differing auditing and legal standards.*

*Further, investments in foreign markets can be affected by a host of factors, including political or social conditions, diplomatic relations, limitations on removal of funds or assets or imposition of (or change in) exchange control or tax regulations in such markets. Additionally, investments denominated in a foreign currency will be subject to changes in exchange rates that may have an adverse effect on the value, price or income of the investment.*

*These risks are magnified in emerging markets and countries since they generally have less diverse and less mature economic structures and less stable political systems than those of developed countries.*

*These benchmarks are broad-based indices which are used for illustrative purposes only and have been selected as they are well known and are easily recognizable by investors. Comparisons to benchmarks have limitations because benchmarks have volatility and other material characteristics that may differ from the portfolio. For example, investments made for the portfolio may differ significantly in terms of security holdings, industry weightings and asset allocation from those of the benchmark. Accordingly, investment results and volatility of the portfolio may differ from those of the benchmark. Also, the indices noted in this presentation are unmanaged, are not available for direct investment, and are not subject to management fees, transaction costs or other types of expenses that the portfolio may incur. In addition, the performance of the indices reflects reinvestment of dividends and, where applicable, capital gain distributions. Therefore, investors should carefully consider these limitations and differences when evaluating the comparative benchmark data performance.*

*The information regarding the index is included merely to show the general trends in the periods indicated and is not intended to imply that the portfolio was similar to the index in composition or risk.*

*The strategy may use alternative investment techniques (such as derivatives) which carry additional risks. The low initial margin deposits normally required to establish a position in such instruments may permit a high degree of leverage. As a result, a relatively small movement in the price of a contract may result in a profit or loss that is high in proportion to the amount of funds actually placed as initial margin and may result in a disproportionate loss exceeding any margin deposited. Transactions in over-the-counter derivatives may involve additional risk as there is no exchange on which to close out a position, only the original counterparty. Such transactions may therefore be difficult to liquidate, to value, or to assess the exposure. The strategy may at times use certain types of investment derivatives, such as options, futures, forwards and swaps. These instruments involve risks different from, and in certain cases, greater than, the risks presented by more traditional investments.*

*Standish sector models use regression analysis such as multi-linear data inputs, panel data, and probit function. Variables that the models take into account are: PMI, US Core CPI, Fed Fund rate, 3-month Libor, 3-month T-bill rate, foreign purchases of US Government bonds, Commodity Indices, Capacity Utilization, Deficit as a percent of GDP, S&P 500 return, Chicago Fed Index, IGOV, US output gap, Europe Core CPI, US unemployment rate, EU unemployment rate, and slope of the yield curve. Assumptions made are that samples are representative of the population for the inference prediction; regression residuals are approximately normally distributed, uncorrelated, and have constant volatility; no high degrees of multi-collinearity in the independent variables; variable sensitivity remains constant in the short term; and no structural shift in the short term.*

## Disclosures

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Rankings include assets managed by BNY Mellon Asset Management and BNY Mellon Wealth Management as of year end 2010. Each ranking may not include the same mix of firms.

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Investments in hedge and private equity funds and fund of hedge and private equity funds (collectively, "Funds") are speculative and include the following special risks. Investments in Funds may be suitable only for certain investors. There can be no assurance that a Fund's investment objectives will be realized or that suitable investments may be identified. An investor could lose all or a substantial portion of his or her investment. Funds are generally not subject to the same regulatory oversight and/or regulatory requirements as a mutual fund. Successfully overcoming barriers to entry, e.g. legal and regulatory enterprise, does not guarantee successful investment performance. Investments may involve complex tax structures resulting in delays in distributing important tax information. Underlying managers or their administrators may fair value securities and other instruments for which there is no readily available market or third party pricing, or for which the manager believes the third party pricing does not accurately reflect the value of those securities, based on proprietary or other models. Funds may not be required to provide periodic pricing or valuation information to investors. Performance may be volatile. Underlying managers may employ leverage and other speculative investment practices that may increase the risk of investment loss. Adherence to risk control mechanisms does not guarantee investment returns. High fees and expenses at both levels in a fund of funds may offset an investor's profits. The investment adviser may have total discretion over underlying manager and strategy selection and allocation decisions. A lack of manager and/or strategy diversification may result in higher risk. There may be restrictions on transferring interests in a fund of funds vehicle. There is generally no secondary market for an investor's interest in a Fund. This is not an inclusive list of all risk factors. Parties should independently investigate any investment strategy or manager, and consult with qualified investment, legal, and tax professionals before making any investment.

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