

**Gwinnett County Board of Commissioners
Investment Committee of the RPMC**

**Gwinnett Justice and Administration Center
75 Langley Drive
Lawrenceville, Georgia 30046**

**Second Floor, Financial Services - Dogwood Conference Room
September 14, 2012, 8:30 a.m.**

Agenda

- 1. Call to Order**
- 2. Approval of Agenda***
- 3. Approval of Investment Committee Minutes* ML**
- 4. Due Diligence Review Discussion**
 - 9:00 - Templeton Global Bond:** Michael B. Reed, VP & Inst. Portfolio Manager
 - 9:10 - Dreyfus International:** Rebecca Braeu, PhD, Macroeconomic Analyst and Portfolio Manager, Eric Pflaum, CFA, Product Manager
 - 9:20 - ING:** Bob Kase, Portfolio Manager
 - 9:30 - Ryan Labs:** Sean McShea, Portfolio Manager
 - 9:40 - 1607 Capital:** Kirk Tattersall, Jim Mallory, Portfolio Manager
 - 9:50 - INVESCO:** Laler DeCosta, Portfolio Manager
- 5. Manager Roundtable Discussion**
- 6. Adjournment***

***Action Items**

Gwinnett County, Georgia
Investment Committee of the RPMC
Regular Meeting Minutes
August 10, 2012 8:30 a.m.
Dogwood Conference Room GJAC

Members Present: Mike Ludwiczak, Bill Rodenbeck, Phil Hoskins, Paul Turner, Karen Karasinski

Staff Present: Aaron Bovos, Debbi Davidson, Megan Ward

Others Present: UBS Members – Ray Vuicich, Earle Dodd, Allen Wright
AAG – Bill Thornton, Michael Baker, Great West – Fred Minot

Chairman Mike Ludwiczak called the meeting to order at 8:32 a.m.

1. Approval of Agenda

Action: Motion to Approve: Phil Hoskins; Second: Paul Turner. Vote (5-0);
Ludwiczak – Yes; Rodenbeck – Yes; Hoskins – Yes; Karasinski – Yes; Turner – Yes.

2. Approval of Investment Committee Minutes

Regular Meeting: 8:30 A.M. July 13, 2012

Action: Motion to Approve: Phil Hoskins; Second: Paul Turner. Vote (4-0);
Ludwiczak – Yes; Rodenbeck – Yes; Hoskins – Yes; Turner – Yes; Karasinski – Abstained.

3. Discuss Experience Study for OPEB Plan

Mike Ludwiczak made a motion to make a recommendation to the RPMC to approve the experience study as proposed in the letter from Cavanaugh Macdonald dated July 20, 2012, contingent upon Cavanaugh Macdonald providing confirmation that the study will include the entire employee population. The motion was seconded by Phil Hoskins. Vote (5-0); Ludwiczak – Yes; Rodenbeck – Yes; Hoskins – Yes; Karasinski – Yes; Turner – Yes.

**5. Second Quarter Investment Performance Report
Great-West DC/457**

Issues with Janus Global Select T Fund and possible solutions were discussed. A decision was made to recommend removing the fund and to have Great West draft a notice to participants of the decision and the associated mapping of investments to a new fund. The notice would include a statement that if a decision was not reached by the participant by a certain date, the funds would be moved to the only comparable fund; Oppenheimer Global. Karen Karasinski made a motion to recommend that the RPMC close the Janus Global Select T Fund as soon as administratively possible with a second by Paul Turner. Vote (5-0); Ludwiczak – Yes; Rodenbeck – Yes; Hoskins – Yes; Karasinski – Yes; Turner – Yes.

6. Second Quarter Investment Performance Report DB/OPEB Trust – UBS

Allen Wright and Earle Dodd provided the report.

7. Discuss Timeline for Large Cap Conversion

Questions were raised as to whether or not a Transition Manager would be the most efficient way to proceed with the implementation of Sands Capital Management. UBS recommended getting a pre-transition estimate and providing the Rainier portfolio to Sands to receive feedback on how they would prefer to proceed with trading.

***A motion to rescind the motion from the meeting on 7/13/2012 to bring the percentage of funds in REITS to the target amount in the Investment Policy by moving Cash (approximately \$2 million) to REITS was made by Bill Rodenbeck with a second by Phil Hoskins. Vote (5-0); Ludwiczak – Yes; Rodenbeck – Yes; Hoskins – Yes; Karasinski – Yes; Turner – Yes.**

8. Contract Renewals with UBS & Great-West Discussion

During the discussion, Mike Ludwiczak stated that Great West would be discussed in more detail during the Due Diligence Review portion of the RPMC meeting. Annual performance reviews are also listed on the agenda for the August 23, 2012 RPMC meeting for UBS and Great West.

Adjournment

Action: Motion to Adjourn: Phil Hoskins; Second: Bill Rodenbeck Vote (4-0);
Ludwiczak – Yes; Rodenbeck – Yes; Hoskins – Yes; Karasinski – Yes; Turner –
Yes.

Meeting was adjourned at 11:15 a.m.

**Next meeting is Friday September 14, 2012 at 8:30 a.m. in the DoFS
Dogwood Conference Room on the 2nd floor of GJAC at 75 Langley Drive
Lawrenceville, GA 30046.**

Templeton Global Bond Fund - Class A

Data as of June 30, 2012



FRANKLIN TEMPLETON
INVESTMENTS

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Investment Platform Overview

Franklin Templeton Investments offers a full range of investment capabilities from a breadth of investment management platforms.

FRANKLIN TEMPLETON INVESTMENTS									
Total Combined Assets Under Management (AUM) : US\$707.1 Billion									
	EQUITY				FIXED INCOME	SPECIALIZED STRATEGIES			
	Franklin Equity Group	Templeton Emerging Markets Group	Templeton Global Equity Group	Mutual Series	Franklin Templeton Fixed Income Group	Franklin Templeton Local Asset Management	Franklin Templeton Real Asset Advisors	Darby	Franklin Templeton Multi-Asset Strategies
Established	1947	1987	1940	1949	1970	1993	1984	1994	1982
Focus	<ul style="list-style-type: none"> • U.S. Equity • Global Equity • International Equity 	<ul style="list-style-type: none"> • Emerging Markets Equity 	<ul style="list-style-type: none"> • Global Equity • International Equity 	<ul style="list-style-type: none"> • Global Equity • International Equity • U.S. Equity • Distressed Debt & Merger Arbitrage 	<ul style="list-style-type: none"> • Global Fixed Income • Regional Fixed Income • Emerging Market Debt 	<ul style="list-style-type: none"> • Global Equity and Fixed Income • Regional Equity and Fixed Income • Single-Country Equity and Fixed Income 	<ul style="list-style-type: none"> • Global Private Real Estate • Global Listed Real Estate Securities • Global Private Infrastructure and Real Resources 	<ul style="list-style-type: none"> • Emerging Markets Private Equity & Mezzanine Finance • Infrastructure 	<ul style="list-style-type: none"> • Multi-Asset • Fund-of-Funds Strategies • Global Tactical Asset Allocation
Style	Growth, Value, Core/Hybrid	Core Value	Core Value	Deep Value	Single Sector, Multi-Sector	Multi-Sector, Single- or Multi-Region	Multi-Sector, Multi-Region	Multi-Sector	Multi-Style
AUM	US\$137.6 Billion	US\$45.6 Billion	US\$93.2 Billion	US\$56.6 Billion	US\$318.0 Billion	US\$24.4 Billion	US\$4.1 Billion	US\$1.7 Billion	US\$29.0 Billion

Source: Franklin Templeton Investments (FTI), as of June 30, 2012, unless otherwise noted. Assets under management (AUM) combines the U.S. and non-U.S. AUM of the investment management subsidiaries of the parent company, Franklin Resources, Inc. [NYSE: BEN], a global investment organization operating as Franklin Templeton Investments. AUM includes discretionary and advisory accounts, including pooled investment vehicles, separate accounts and other vehicles, as well as some accounts that may not be eligible for inclusion in composites as defined by the firm's policies. AUM may also include advisory accounts with or without trading authority. In addition, the Firm may provide asset allocation advisory services, and if the assets are not allocated to FTI products, then the assets are not included in AUM. Numbers may not equal 100% due to rounding. Please note that the table above does not include all affiliates under FTI.

Franklin Templeton Multi-Asset Strategies (FTMAS) AUM as of June 30, 2012. FTMAS invests in various Franklin Templeton Investments and external investment platforms; AUM for FTMAS is reported under each utilized investment platform, as well as for FTMAS.

Each local asset manager may be considered as an entity affiliated with or associated to Franklin Templeton Investments by virtue of being wholly-owned subsidiaries, or other entities or joint ventures in which Franklin Resources, Inc., owns a partial interest, which may be a minority interest. Local asset management AUM includes AUM for Franklin Templeton Investments (ME) Limited and Balanced Equity Management Pty. Limited. Franklin Templeton Investments (ME) Limited and Balanced Equity Management Pty. Limited are both indirect wholly-owned subsidiaries of Franklin Resources, Inc.

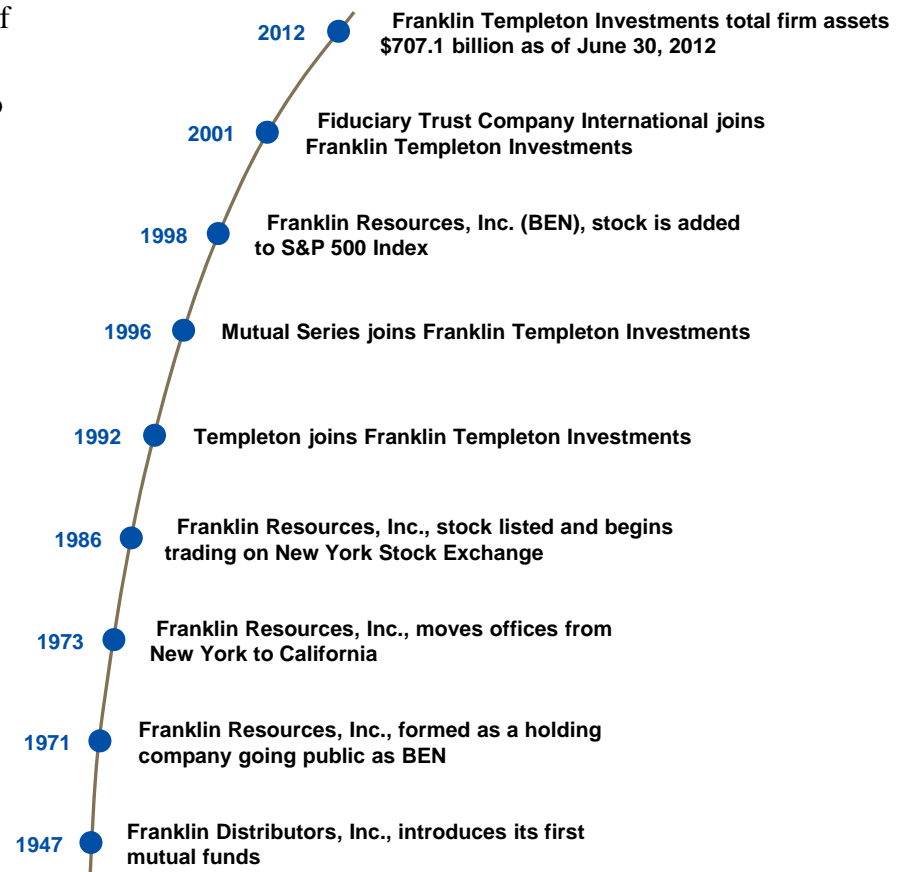
Please refer to the "Important Disclosures" slide for additional information.

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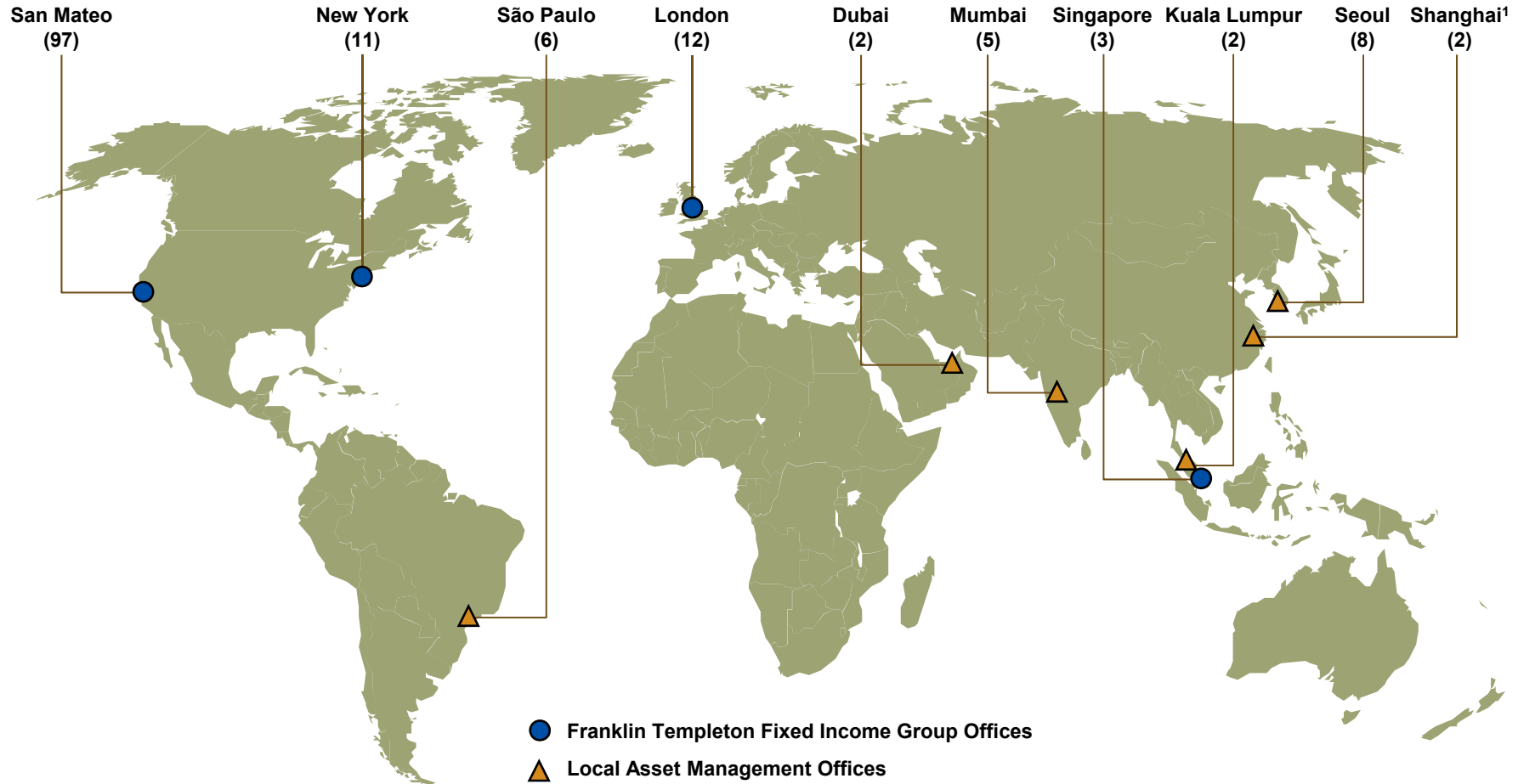
Who Is Franklin Templeton Investments?

An Investment Management Organization

- Focusing on research and investment management with more than 500 investment professionals covering all major asset classes
- Serving the needs of investors worldwide with a dedicated team of investment professionals
- Providing the resources, expertise, experience and commitment to ensure outstanding service to our clients
- Offering a broad range of investment strategies and vehicles



Franklin Templeton Fixed Income Group—Global Investment Professional Presence



The Franklin Templeton Fixed Income Group consists of more than 100 investment professionals² providing comprehensive coverage of potential alpha opportunities across sectors and around the world.

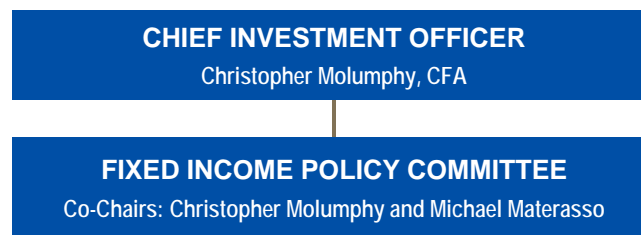
1. Includes individuals that are not employees of Franklin Resources, Inc. (FRI) or wholly owned subsidiaries of FRI. However, these individuals are part of our joint venture or strategic partnership relationships worldwide and are an integral component of our overall fixed income research efforts.

2. Investment professionals include portfolio managers, analysts and traders.

As of June 30, 2012.

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Franklin Templeton Fixed Income Group Organizational Structure



Sector Teams

CORPORATE CREDIT	GLOBAL SOVEREIGN/ EMERGING MARKETS	MORTGAGES	BANK LOANS	MUNICIPALS	LOCAL ASSET MANAGEMENT ¹
Eric Takaha, CFA	John Beck Michael Hasenstab, Ph.D. William Ledward	Roger Bayston, CFA	Mark Boyadjian, CFA	Sheila Amoroso Rafael Costas	Stephen Dover, CFA Brazil, China, ² India, Korea, and UAE
32 Professionals	25 Professionals	9 Professionals	18 Professionals	30 Professionals	25 Professionals

Additional Resources

QUANTITATIVE: David Yuen, CFA, FRM, 7 Professionals

Over 100 Dedicated Fixed Income Investment Professionals
50 CFA Charterholders, 12 Ph.D.s, 41 M.B.A.s

1. This unit is comprised of investment professionals located in affiliates and joint venture partners within Franklin Templeton Investments. The Local Asset Management Group is not a part of, but does share research with, Franklin Templeton Fixed Income Group.

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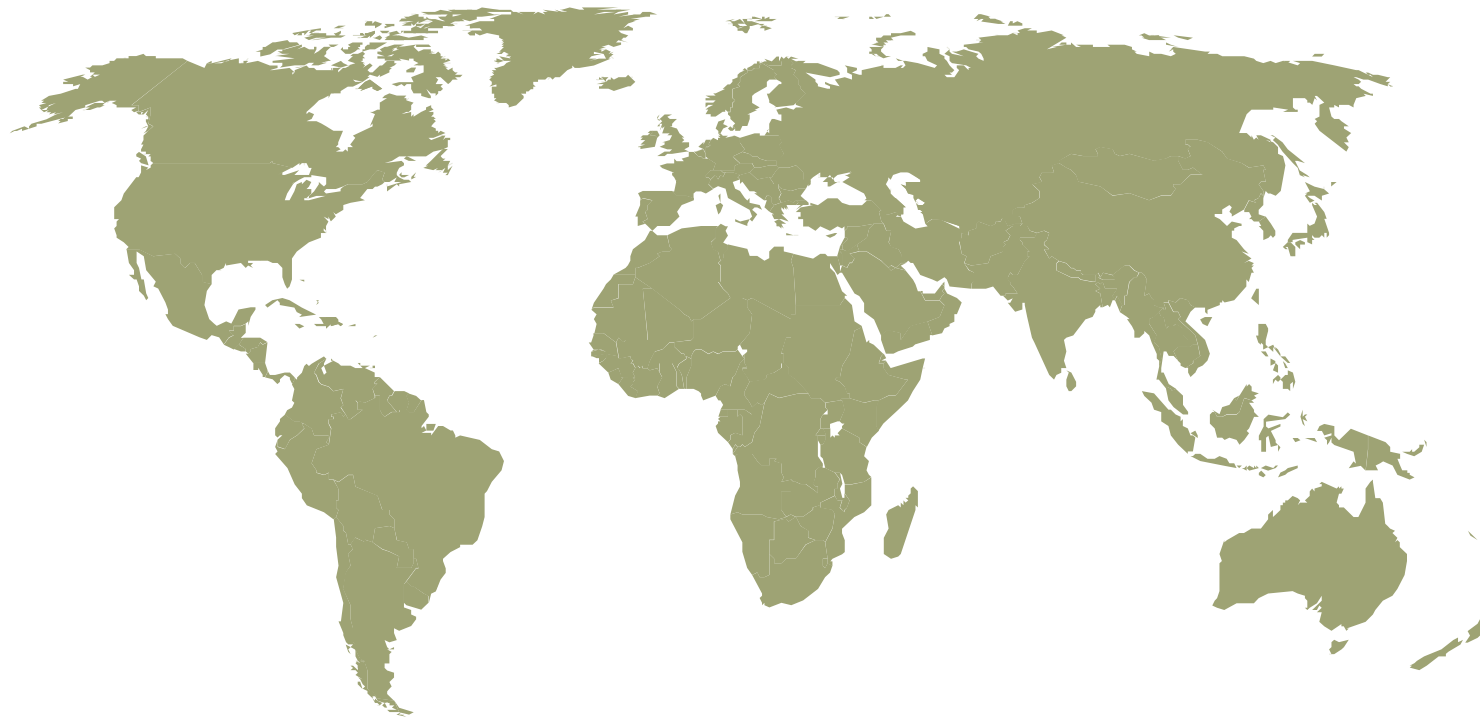
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Global Bonds as an Asset Class

Broadening Opportunity Set

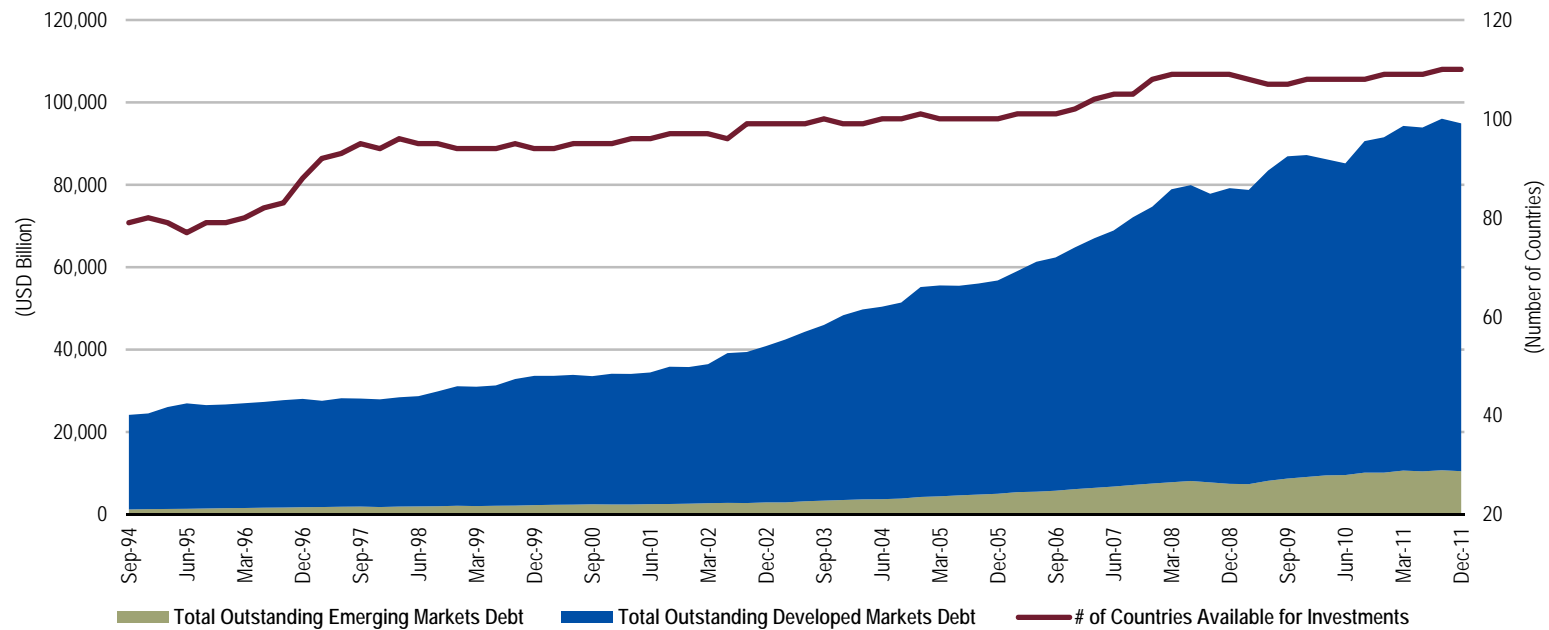
- More countries are opening to foreign investment
- Local bond markets are building out yield curves with liquidity
- Over 100 countries have partially or fully functioning capital markets



Expanding Opportunity Set

Total Debt Outstanding of Governments and Corporations¹

From September 1994 through December 2011

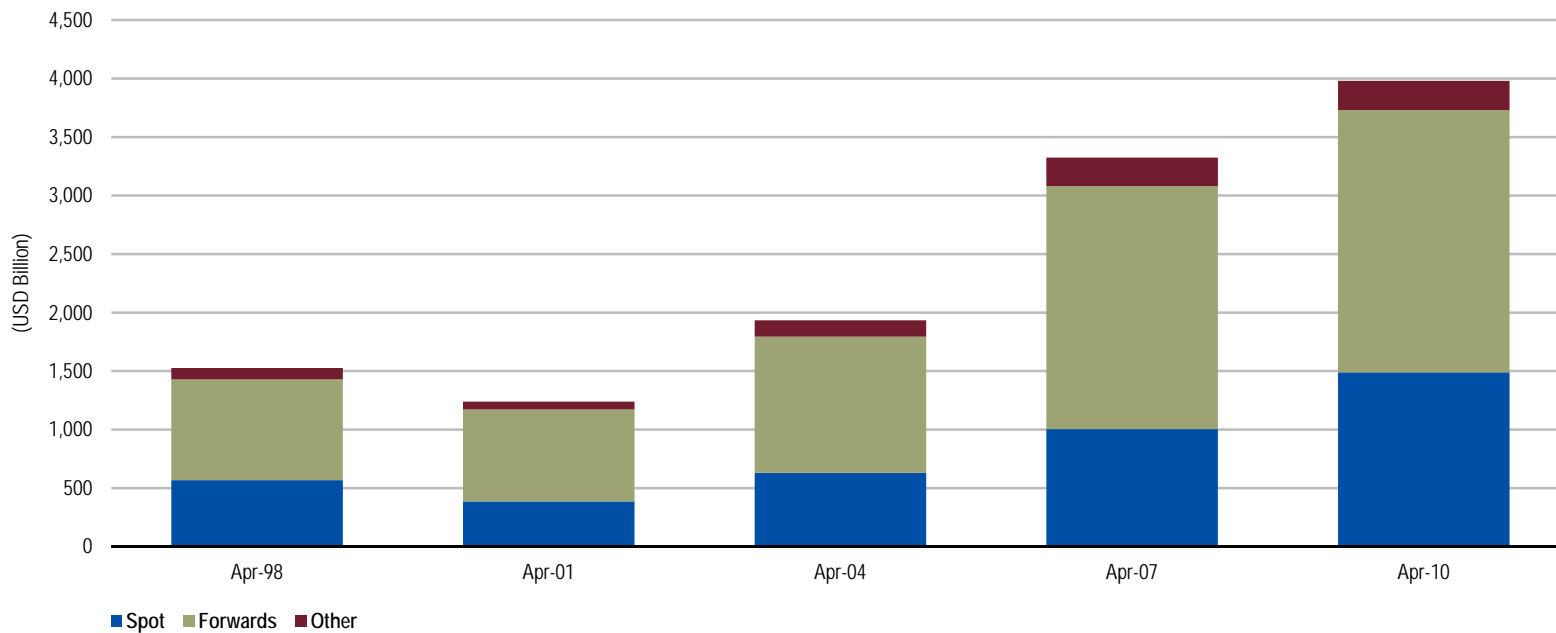


1. Source: Bank for International Settlements - International Banking Statistics, December 2011.

Currency Markets Are the Most Liquid in the World

Average Daily Turnover of Global Foreign Exchange Market in April¹

From April 1998 through April 2010



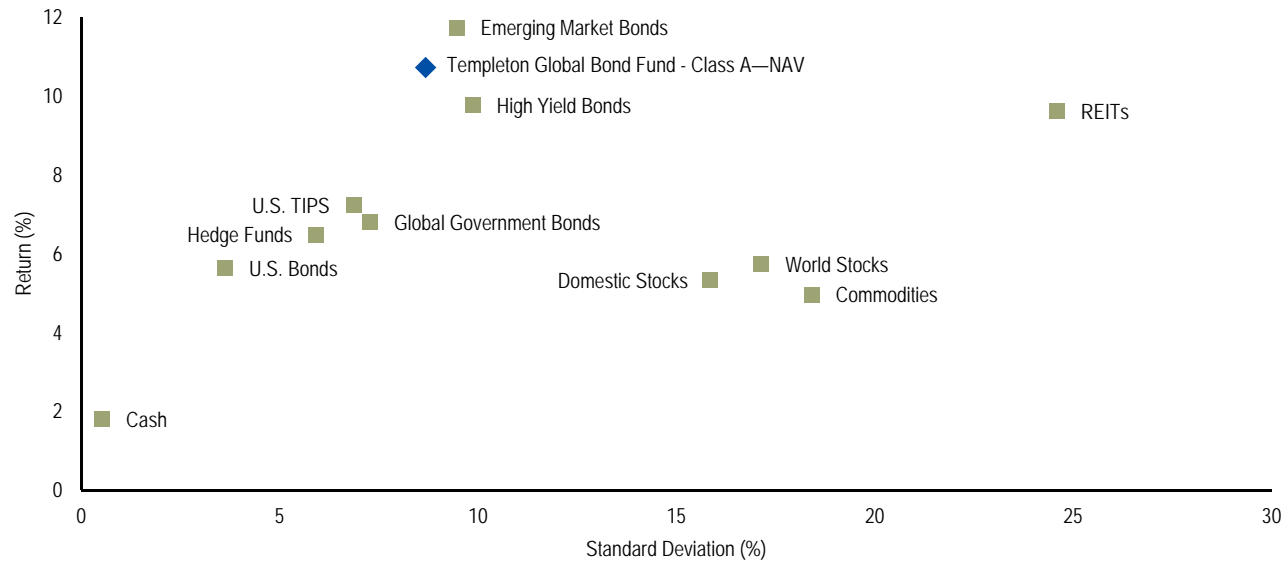
1. Source: Bank for International Settlements - International Banking Statistics, April 2010. This data is published in the April report and only shows data in 3-year intervals starting in April 1998. The next update to this data will be in April 2013.

Strong, Long-Term Performance Record

- The flexibility and variety of opportunities allow for performance potential in a wide variety of market environments and may help reduce overall portfolio volatility over the long term.

10-Year Period

As of June 30, 2012



Performance data represents past performance, which does not guarantee future results. Current performance may differ from figures shown. The Fund's investment return and principal value will change with market conditions, and investors may have a gain or a loss when they sell their shares. Please call Franklin Templeton Sales and Marketing Services at (800) DIAL BEN/(800) 342-5236 or visit franklintempleton.com for the most recent month-end performance. Source: © 2011 Morningstar, as of June 30, 2012. Global government bonds are represented by the Citigroup World Government Bond Index; U.S. Bonds are represented by the Barclays U.S. Aggregate Bond Index; U.S. TIPS are represented by the Barclays U.S. Treasury TIPS Index; emerging market bonds are represented by the JP Morgan Emerging Markets Bond Index Global; high yield bonds are represented by the Citigroup High Yield Index; commodities are represented by the DJ UBS Commodity Index; REITs are represented by the FTSE NAREIT All REITs; domestic stocks are represented by the S&P 500 Index; world stocks are represented by the MSCI World Index; Hedge funds are represented by the Credit Suisse Tremont Hedge Fund Index; Cash is represented by the P&R 90-Day U.S. Treasury Index.

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Volatility as measured by annualized standard deviation.

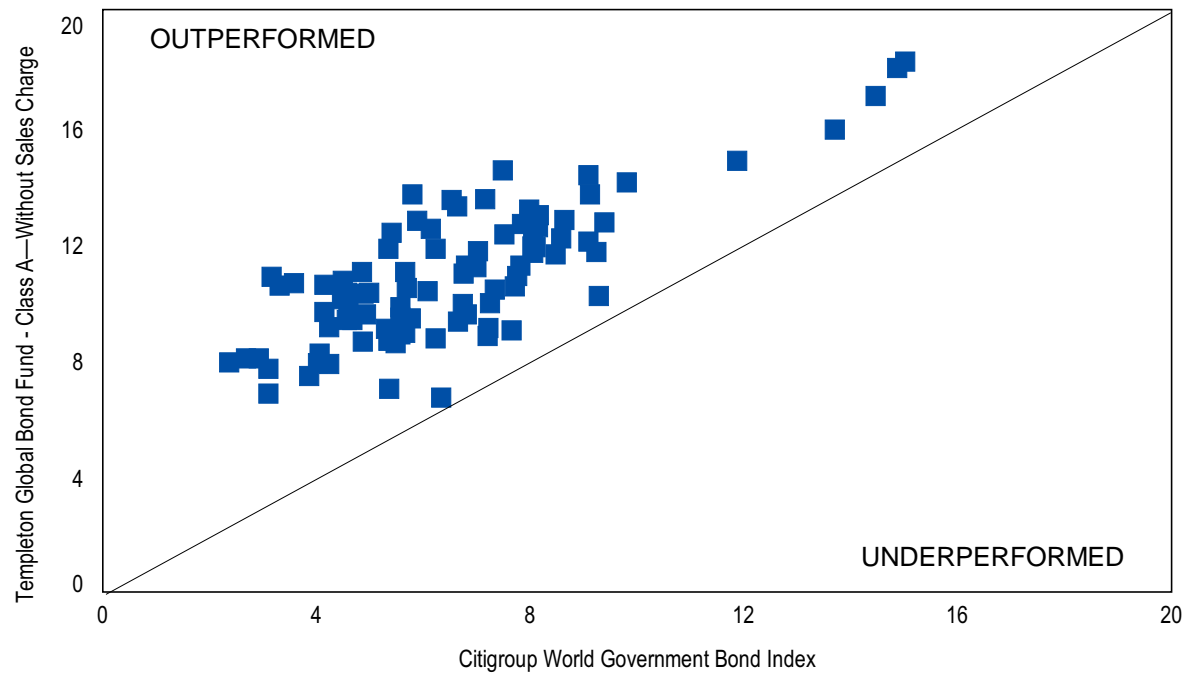
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Long-Term Historical Performance Results

Templeton Global Bond Fund - Class A vs. Citigroup World Government Bond Index

January 31, 2005 to June 30, 2012

Monthly Rolling 3-Year Returns



- Outperformed Citigroup World Government Bond Index 90 out of 90 monthly rolling 3-year periods

Annualized rolling periods are plotted on a monthly or quarterly basis as indicated. The leading diagonal line links points of return for the index (lower axis). For every point of return along this line there is a corresponding return for the fund represented by the blue square (left axis). Any point above the line represents outperformance relative to the index for that period. Any point below the line represents underperformance relative to the index for that period.

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An Opportunistic and Flexible Approach to Global Fixed Income Investing

Global Expertise

- Recognized pioneer in global fixed income investing
- Well-established global fixed income research platform
- Experienced and diverse team of global fixed income investment professionals

Long-Term, Fundamental Macro-Research Driven

- Long-term value approach to global fixed income investing
- Global and local experts provide extensive country analysis through multiple perspectives and lenses

Opportunistic and Flexible Approach

- Benchmark unconstrained
- Active management through independent sources of alpha
- Isolate expected returns from desired risk exposures

Investment Philosophy and Process

Investment Philosophy

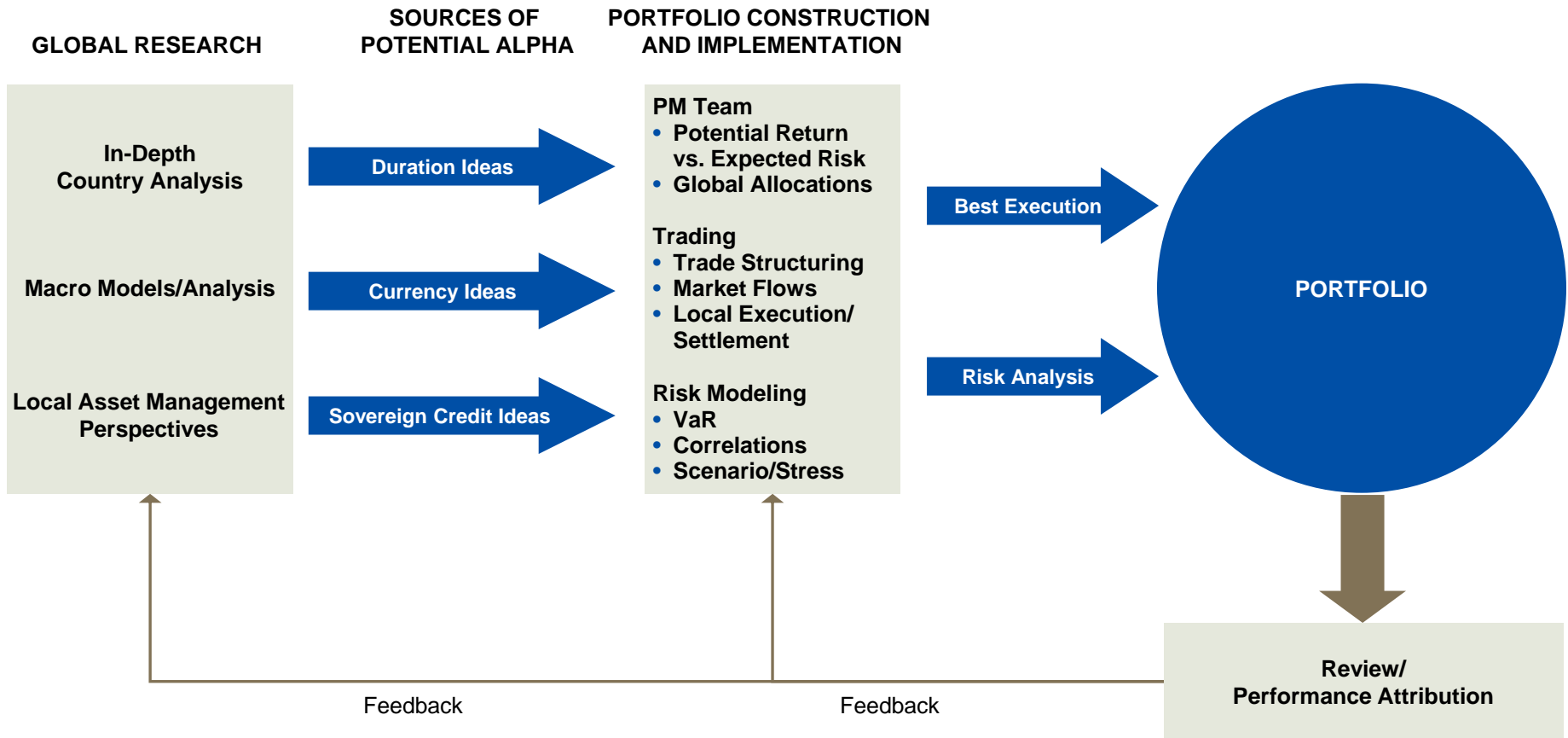
We believe that applying a fundamental, research-driven approach focused on identifying potential sources of total return (current income and capital appreciation) worldwide and seeking to capitalize on global interest rates and currency trends provides the best potential for solid risk-adjusted returns over time. The portfolio is run independently of its benchmark, allowing the manager to hold only the positions it believes have the best potential to maximize risk-adjusted returns. This is a high alpha seeking strategy that invests globally and may include allocations to both developed and emerging markets. However, below investment grade exposure is limited to no more than 25% of total assets.

Investment Strategy

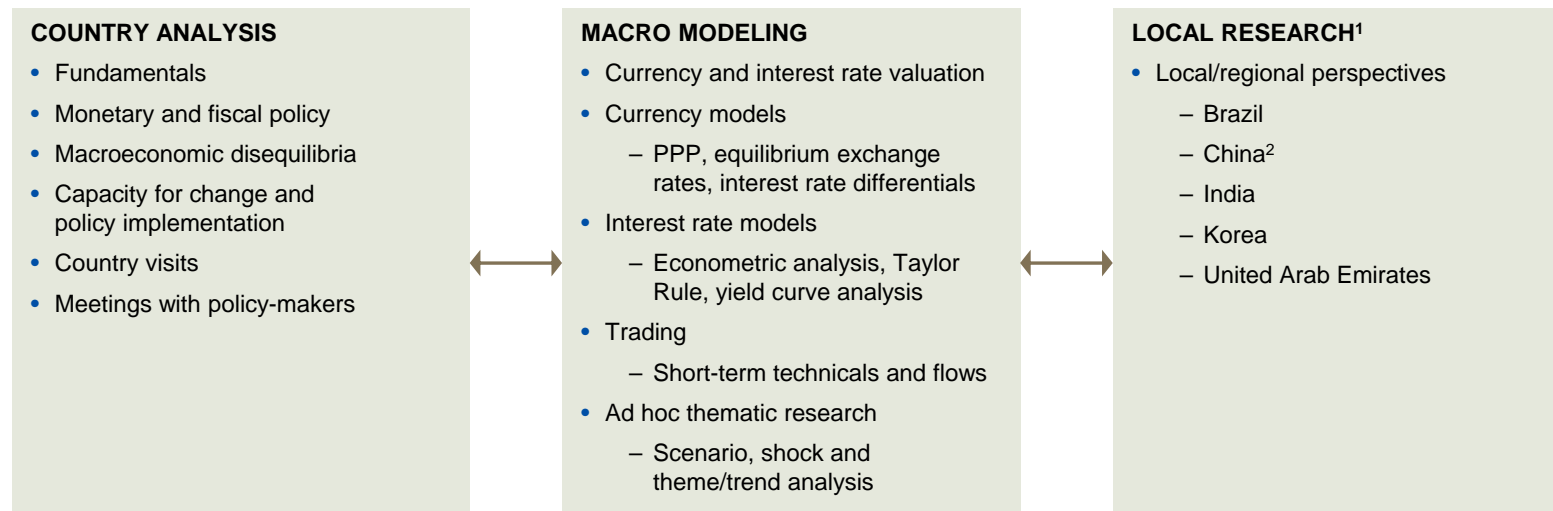
Long-Term, Opportunistic Value Approach

- Long-term, fundamentally driven investment focus
- Total return approach that is not benchmark driven
- Identify economic imbalances that may lead to value opportunities in:
 - Interest rates (duration)
 - Currencies
 - Sovereign credit
- Active positioning across these areas
 - Precisely isolate desired exposures
 - Risk budget composition will shift based on relative attractiveness during global economic and credit cycles

Investment Process—Global Interest Rate, Currency, Sovereign Credit Positioning



Global Research—Multiple Perspectives/Lenses



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Information Sharing—Formal Forums

BROAD FIXED INCOME TEAM

FIXED INCOME POLICY COMMITTEE (FIPC)—WEEKLY

Consists of co-chairs and senior members of the Franklin Templeton Fixed Income Group

- Discuss political and economic factors affecting global economy and fixed income markets
- Assess qualitative factors and apply quantitative tools to determine relative value of segments of the fixed income markets

STRATEGY MEETINGS—BI-WEEKLY

Consists of CIO, senior portfolio managers on each strategy

- Portfolios reviewed: risk analysis, performance attribution, country, currency, duration and sector allocations
- Monitor consistency across global and regional strategies

GLOBAL TEAM

GLOBAL FIXED INCOME RESEARCH MEETINGS—WEEKLY

Consists of Local Asset Managers, quantitative and country/regional analysts

- Prepared presentations: country or topical/thematic reports and updates
- Discussions on political and economic factors affecting the global economy and fixed income markets
- Discussions on country, currency, interest rate and credit outlook

REGIONAL RESEARCH CALLS—WEEKLY

Consists of Local Asset Managers, quantitative and country/regional analysts

- Separate regional calls: Americas, Europe/Middle East/Africa, Asia

MORNING MEETINGS—DAILY

- Ongoing market, political, macro-economic discussions

CROSS ASSET

EQUITY TEAM INTERACTION—MONTHLY (formal)/DAILY (informal)

Consists of Global Fixed Income Team, CIOs and senior members of Templeton Global Equity and Templeton Emerging Markets Teams

- Discuss economic development and valuation opportunities across region, country, sectors and asset classes

Global Fixed Income Research Team

- The Franklin Templeton Global Fixed Income Team exchanges insight and information with fixed income and equity investment professionals around the globe
 - The Franklin Templeton Fixed Income Group: \$318.0 billion in assets under management
 - The Franklin Templeton Global Fixed Income Team: \$178.8 billion in assets under management



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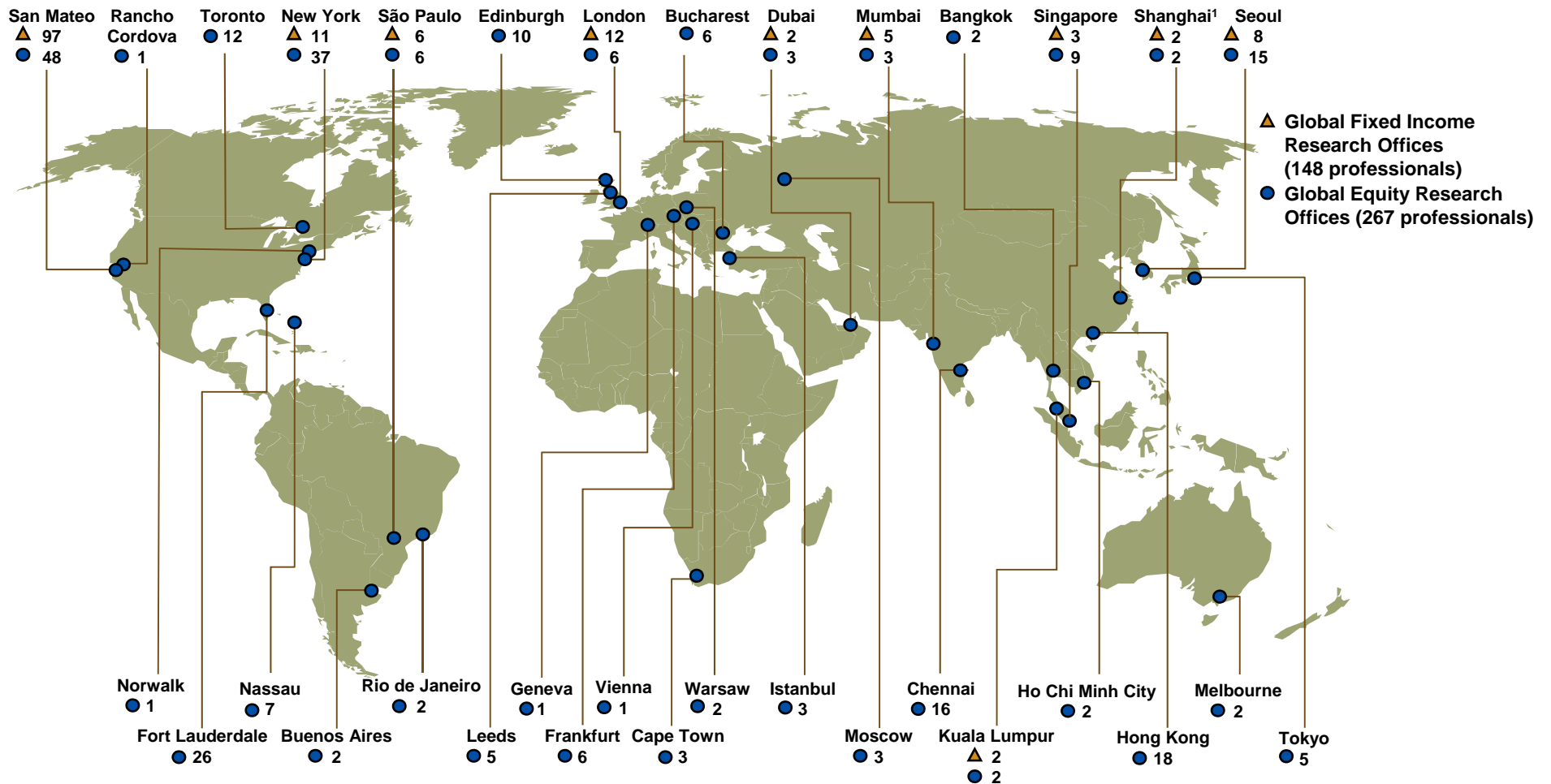
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Investment professionals include portfolio managers, analysts and traders.

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Global Fixed Income and Equity Research Offices



Global Resources Supporting Seasoned Local Teams² to Identify Opportunities and Execute Transactions

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2. Through affiliated entities.

As of June 30, 2012.

Global Sovereign and Emerging Markets Debt Team

Comprehensive Coverage

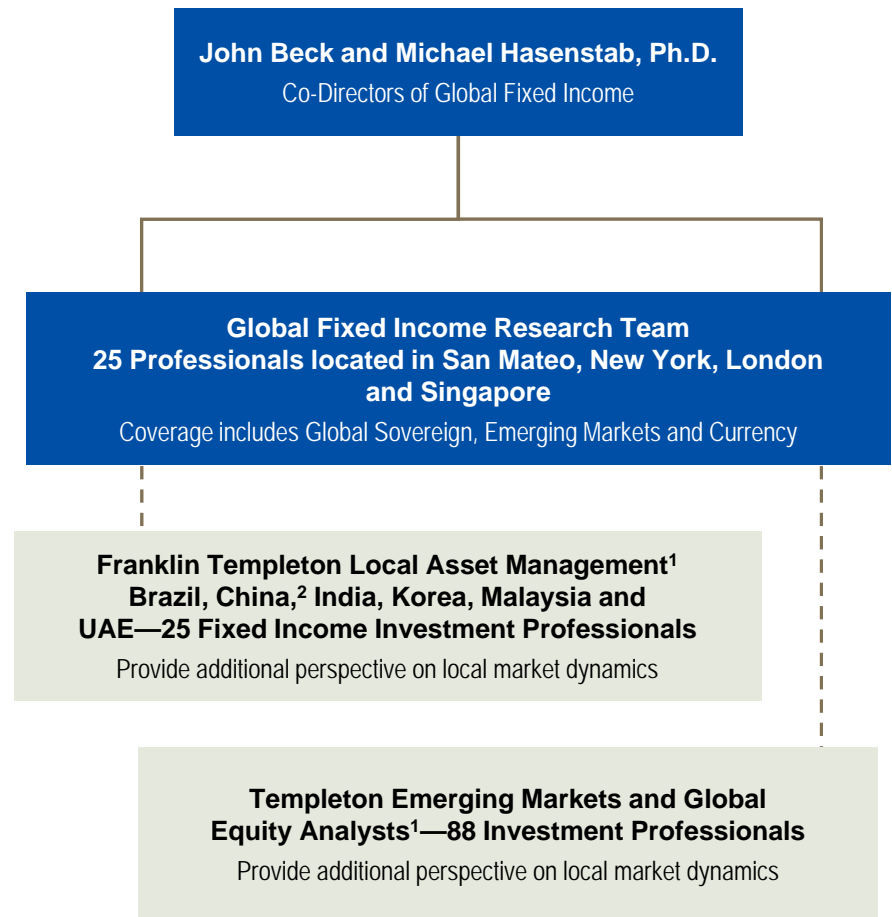
- Conduct rigorous research on developed and emerging countries
- Disciplined application of various exchange rate equilibrium models and scenario analyses
- Frequent interaction and consultation with global equity research analysts and local asset management investment professionals

Research Orientation

- Consistent research process emphasizes in-depth fundamental analysis, with analysts taking a proactive, forward-looking approach
- Multi-faceted proprietary research focused on macroeconomic country fundamentals, currency and interest rate analysis

Market Presence

- Size and breadth of Franklin Templeton Investments provides access to information and markets
- Global trading platform provides ability to trade directly in many local markets



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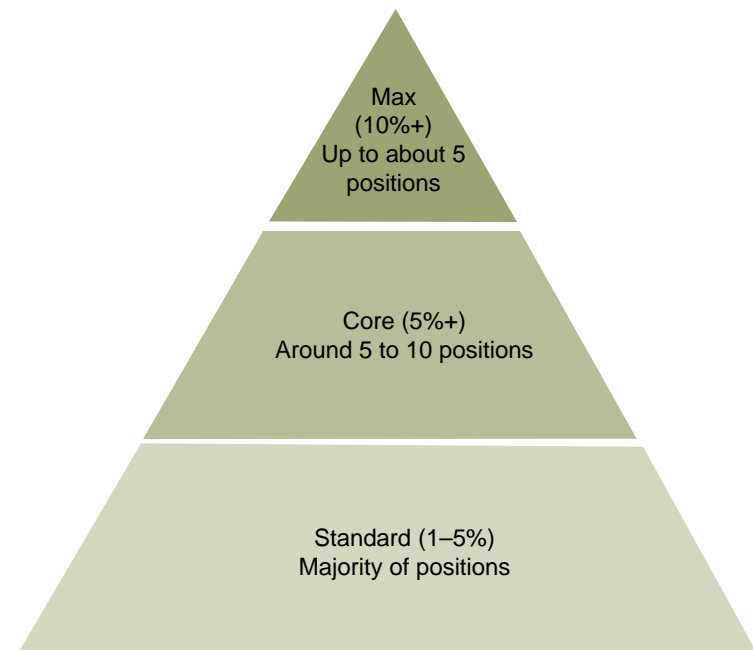
Portfolio Construction—Global Position Sizing

- Typically holds at least 25–35 global macro views or exposures (i.e. duration, currency, or sovereign credit) in a portfolio
- Conceptually, the portfolio is continually re-evaluated starting from a “clean slate” all-cash portfolio
 - Due to our unconstrained investment approach, the starting size for any new position under consideration is zero, rather than the benchmark weight
 - The range of potential investments are compared to each other based on our analysis of expected total return and risk
 - We can focus the portfolio investments in areas where we believe we find the best “low hanging fruit.” We can choose to hold only the investments that we believe are most attractive and to which we have high conviction
 - We are not forced to take benchmark-oriented positions if we do not have a high conviction view
- Position sizes are based on fundamental attractiveness, valuation, and potential expected return weighed against potential expected risk and volatility
 - Standard: Most positions may be 1% to 5% in size to maximize diversification
 - Core: Higher conviction positions may be scaled up to 5% or more
 - Max: Highest conviction views may be scaled up to 10% or more. Position size will rarely exceed 15%. Typically no more than a handful of positions reach this level

- Individual position sizes may be adjusted up or down based on correlations with other positions and/or portfolio level risk objectives
- Position sizing is subject to return/volatility objectives

Resulting Portfolio

Based on overall total return and risk parameters, the number of portfolio positions based on size has typically fallen within these ranges:



Note: Duration, currency and sovereign credit views are counted separately in position sizing. The portfolio composition, characteristics and a number of exposures held by the fund will vary due to a variety of factors, such as market conditions, asset size, interest rates, currency fluctuations, economic instability and political developments.

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Risk Management

Independent Global Integrated Team—Performance Analysis and Investment Risk (PAIR) Team

- Seeks to integrate timely and accurate risk management and performance information into the investment process
- Utilize a rigorous, three-tiered approach to evaluating and managing risk
 - Industry standards
 - Proprietary models and macroeconomic analysis
 - Portfolio review

Risk Analysis and Performance Attribution in Portfolio Construction

- Build portfolio seeking the most attractive risk-return profile
 - Risk budgeting: confirm portfolio objectives and assess the appropriate level of risk to achieve excess returns
 - Risk decomposition: identify and quantify primary sources of risk to ensure portfolio consistency with investment objectives
 - Performance attribution: confirm that primary active risk exposures are being converted into excess returns
 - Various risk toolkits:
 - Value at Risk (VaR), Conditional VaR (expected shortfall), tracking error, standard deviation, semi-standard deviation, sharpe ratio, etc.
 - Engage in scenario analysis and stress testing to determine portfolio's sensitivity to various risk scenarios

Risk Oversight

- Monitor portfolio for compliance and corporate investment expectations
 - Pre-trade compliance: all trades (including derivative trades) must pass through pre-trade compliance approval before the trade can be sent to trading for execution
 - Daily risk monitoring: The Investment Risk group generates daily risk reports to measure interest rate, currency and credit risks in the portfolio
 - Complex Securities Review Committee: monitor derivative instruments and compliance processes
 - Counterparty Risk Reports
 - Quarterly formal internal audit review

Portfolio Monitoring

The Fixed Income Policy Committee (FIPC), comprised of the most senior investment managers across various investment advisory companies within the Franklin Templeton Investments organization, is dedicated to overseeing broad investment policies, as well as strengthening risk management and review.



The Risk Management, Performance Attribution and Compliance teams conduct ongoing review and monitoring of the portfolios and investments.

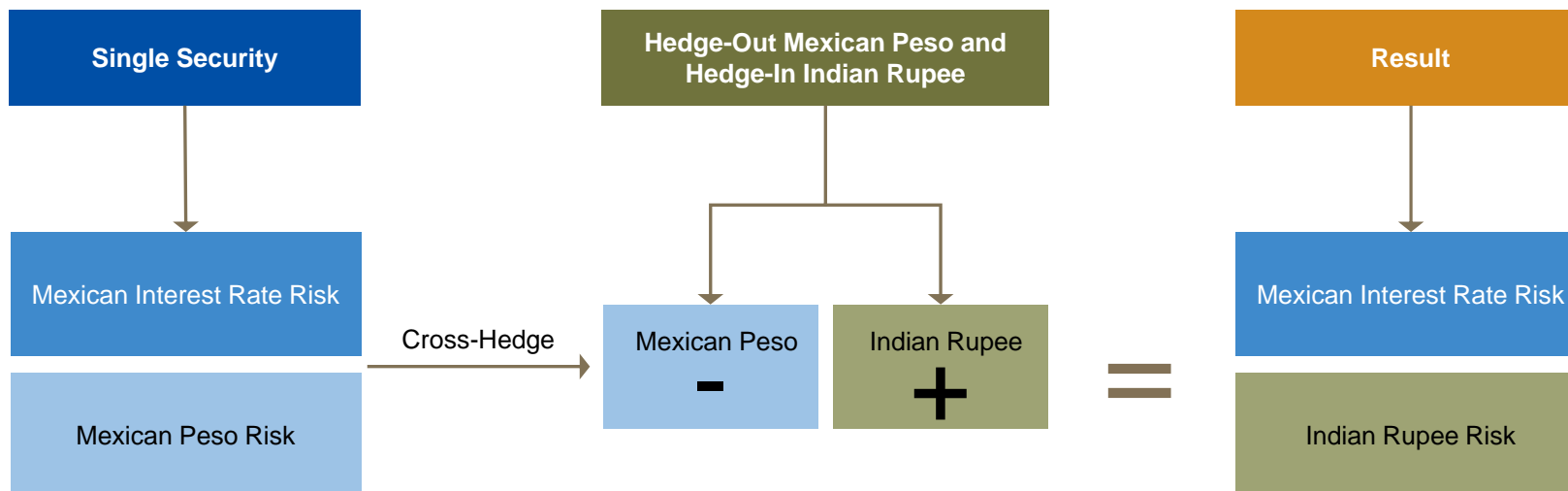
Isolating Risk Exposures

- Our flexible investment approach allows us to manage interest rate (duration), currency and sovereign credit exposures and risks independently
- For example, if we find an attractive local interest rate opportunity in a country, but find the currency unattractive, we can hedge out the currency risk, or cross-hedge the currency to a different currency that we do find attractive
- Example: Long maturity local Mexico bonds (denominated in Mexican pesos) cross-hedged to Indian rupees

Step 1 = Purchase peso-denominated Mexican bond

Step 2 = Cross-hedge peso risk into Indian rupee risk

Result = "Rupee-denominated" long-dated Mexican debt



Global Bond Markets: The Importance of Active Management

12-Month Sample Index Returns for the Period Ending June 30, 2012¹

	Local Currency Bond Return %	Currency Return % vs. USD ⁴	Unhedged USD Total Bond Return %
GGBI ²	1.76	-0.43	1.32
EMBIG ³ (USD)	—	—	2.47
Indonesia	0.54	-2.65	-2.12
Australia	5.80	-1.05	4.69
Brazil	6.61	-9.61	-3.64
Mexico	5.83	-4.58	0.98
Japan	1.07	3.14	4.24
Malaysia	1.68	-3.53	-1.91
Switzerland	1.24	-4.50	-3.32
New Zealand	4.94	-1.92	2.92
Singapore	1.42	-0.74	0.67
Canada	2.72	-1.97	0.70
South Korea	2.35	-1.07	1.25
India	3.44	-8.76	-5.62
Sweden	2.53	-3.86	-1.43
United States	3.02	—	3.02
Norway	1.73	-4.05	-2.39
United Kingdom	3.92	-1.83	2.02
Poland	2.34	-6.55	-4.36
Euro Area	0.42	-4.70	-4.30

1. Source: Australia, Canada, Euro Area, Sweden, U.S., UK, Japan (JP Morgan GGBI); New Zealand, Poland, Mexico (JP Morgan GBI Broad); Norway, Switzerland (Citigroup WGBI); Brazil (JP Morgan GBI - EM); Indonesia, India, Singapore, South Korea, Malaysia (HSBC ALBI).

2. GGBI=JP Morgan Global Government Bond Index.

3. EMBIG=JP Morgan Emerging Markets Bond Index Global.

4. FactSet currency returns.

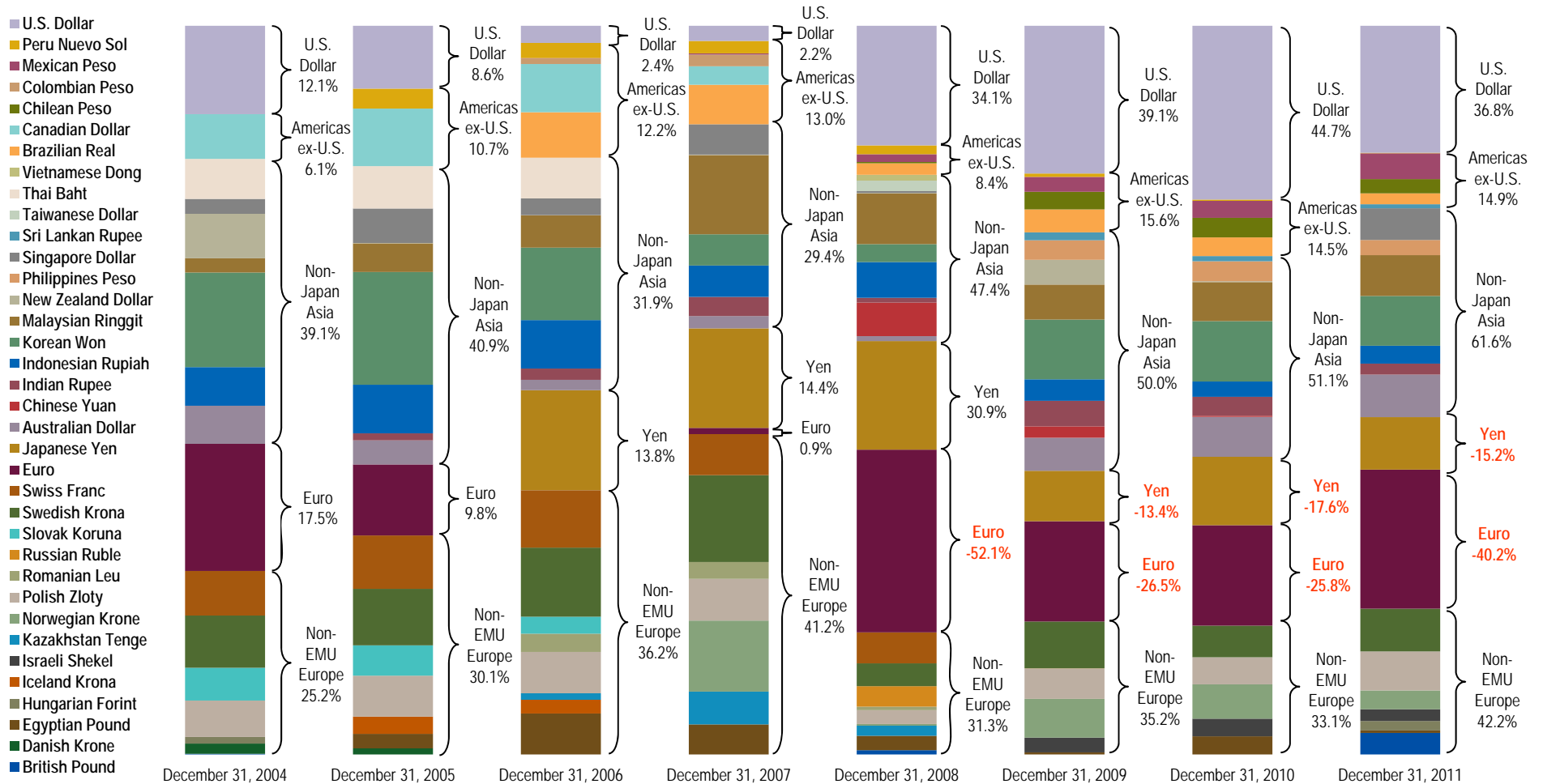
For illustrative purposes only; not representative of the fund's past or future performance or portfolio composition.

Past performance does not guarantee future results.

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Currency Strategy

Templeton Global Bond Fund¹



1. Currency strategy may change depending on factors such as market and economic conditions. The information is historical and may not reflect current or future portfolio characteristics.

Portfolio Summary

Templeton Global Bond Fund - Class A

As of June 30, 2012

Fund Overview		Fund Description
NASDAQ Symbol	TPINX	<p>The fund seeks current income with capital appreciation and growth of income by investing predominantly in bonds of governments and government agencies around the world. The investment team seeks to identify economic imbalances that may lead to value opportunities in interest rates (duration), currencies and sovereign credit. The fund is benchmark agnostic and may include allocations to both developed and emerging markets. However, below investment grade exposure is limited to no more than 25% of total assets.</p>
Fund Inception Date	September 18, 1986	
Dividends	Monthly	
Investment Style	Global Fixed Income	
Benchmark	Citigroup World Government Bond Index	
Lipper Classification	Global Income Funds	
Morningstar Category™	World Bond	
Total Net Assets (USD) [All Share Classes]	59,888,764,020	
Number of Holdings	284	
Asset Allocation	Fixed Income: 84.25%	
	Cash & Cash Equivalents: 15.75%	
		Portfolio Manager(s)
		Michael Hasenstab; Sonal Desai (San Mateo, California)
		What Are The Risks
		<p>All investments involve risks, and possible loss of principal. Changes in interest rates will affect the value of the fund's portfolio and its share price and yield. Bond prices generally move in the opposite direction of interest rates. Thus, as the prices of bonds in the fund adjust to a rise in interest rates, the fund's share price may decline. Currency rates may fluctuate significantly over short periods of time, and can reduce returns. Derivatives, including currency management strategies, involve costs and can create economic leverage in the portfolio which may result in significant volatility and cause the fund to participate in losses (as well as enable gains) on an amount that exceeds the fund's initial investment. The fund may not achieve the anticipated benefits, and may realize losses when a counterparty fails to perform as promised. Special risks are associated with foreign investing, which may be heightened in developing markets, including currency rate fluctuations, economic instability and political developments. The fund is also non-diversified, which involves the risk of greater price fluctuation than a more diversified portfolio. Changes in the financial strength of a bond issuer or in a bond's credit rating may affect its value. The fund is actively managed but there is no guarantee that the manager's investment decisions will produce the desired results. These and other risk considerations are discussed in the fund's prospectus.</p>

Information is historical and may not reflect current or future portfolio characteristics. All portfolio holdings are subject to change. Percentage may not equal 100% due to rounding.

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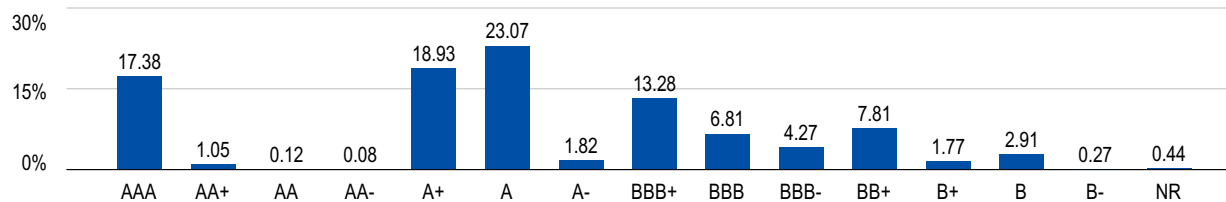
Portfolio Characteristics

Templeton Global Bond Fund

As of June 30, 2012

	Portfolio
Average Duration	1.56 Yrs
Average Weighted Maturity	2.52 Yrs
30-Day Standardized Yield (Class A)	2.67%

Quality Allocation



Performance data represents past performance, which does not guarantee future results. Current performance may differ from figures shown. The Fund's investment return and principal value will change with market conditions, and investors may have a gain or a loss when they sell their shares. Please call Franklin Templeton Sales and Marketing Services at (800) DIAL BEN/342-5236 or visit franklintempleton.com for the most recent month-end performance.

Information is historical and may not reflect current or future portfolio characteristics. All portfolio holdings are subject to change.

The 30-Day Standardized Yield reflects an estimated yield to maturity. It should be regarded as an estimate of the fund's rate of investment income, and it may not equal the fund's actual income distribution rate, which reflects the fund's past dividends paid to shareholders. Figure takes into account public offering price.

Ratings shown are assigned by one or more Nationally Recognized Statistical Rating Organizations ('NRSRO'), such as Standard & Poor's, Moody's and Fitch. The ratings are an indication of an issuer's creditworthiness and typically range from AAA or Aaa (highest) to D (lowest). When ratings from all three agencies are available, the middle rating is used; when two are available, the lowest rating is used; and when only one is available, that rating is used. Foreign government bonds without a specific rating are assigned the country rating provided by an NRSRO, if available. If listed, the NR category consists of rateable securities that have not been rated by an NRSRO; the N/A category consists of nonrateable securities (e.g., equities). Cash and equivalents (defined as bonds with stated maturities, or that can be redeemed at intervals, of seven days or less) as well as derivatives are excluded from this breakdown. As a result, the chart does not reflect the fund's total net assets.

Weightings as percent of total. Percentage may not equal 100% due to rounding.

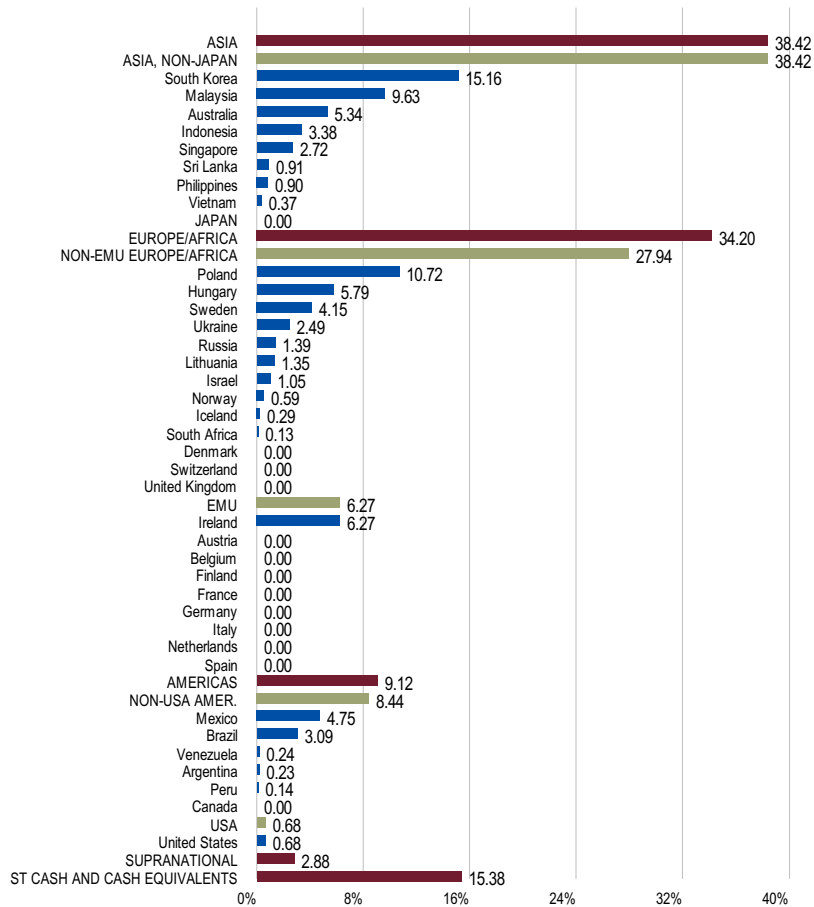
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Geographic Allocation

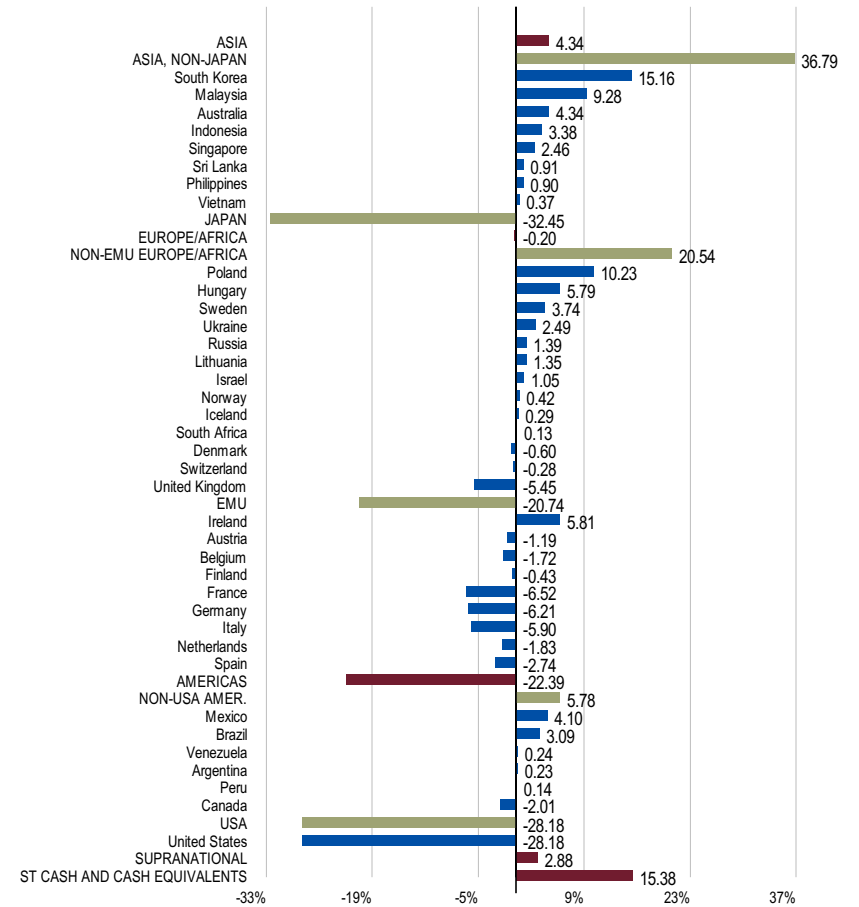
Templeton Global Bond Fund vs. Citigroup World Government Bond Index

As of June 30, 2012

Geographic Allocation



Benchmark Deviations



Weightings as percent of total. Percentage may not total 100% due to rounding. Information is historical and may not reflect current or future portfolio characteristics. All portfolio holdings are subject to change.

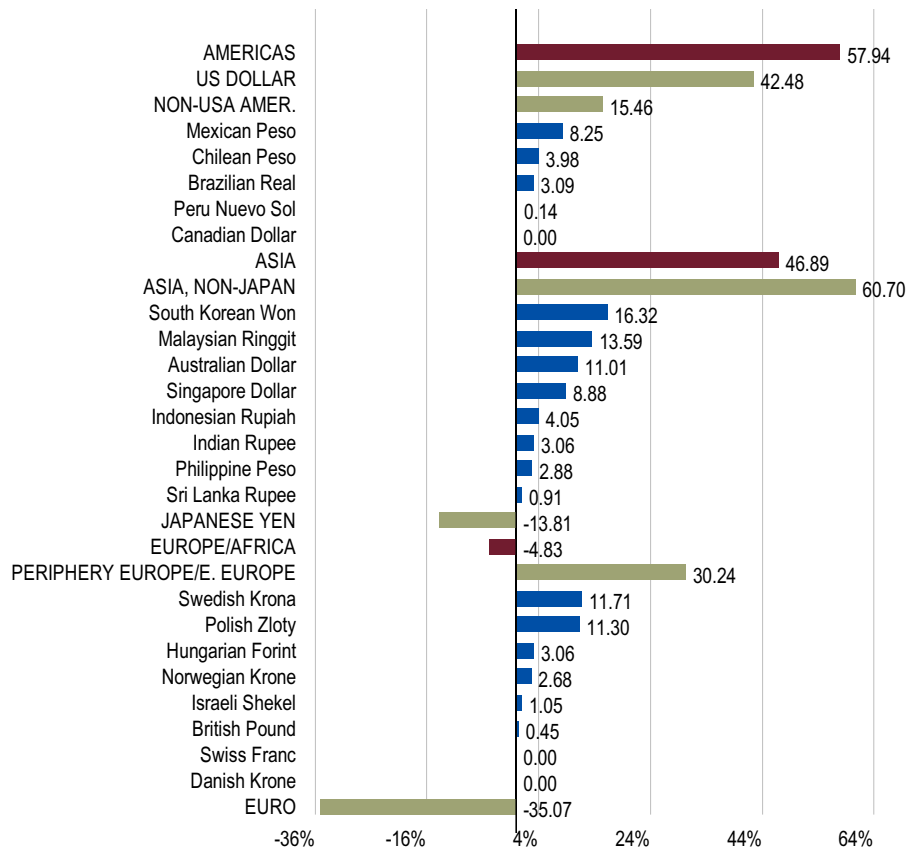
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Currency Allocation

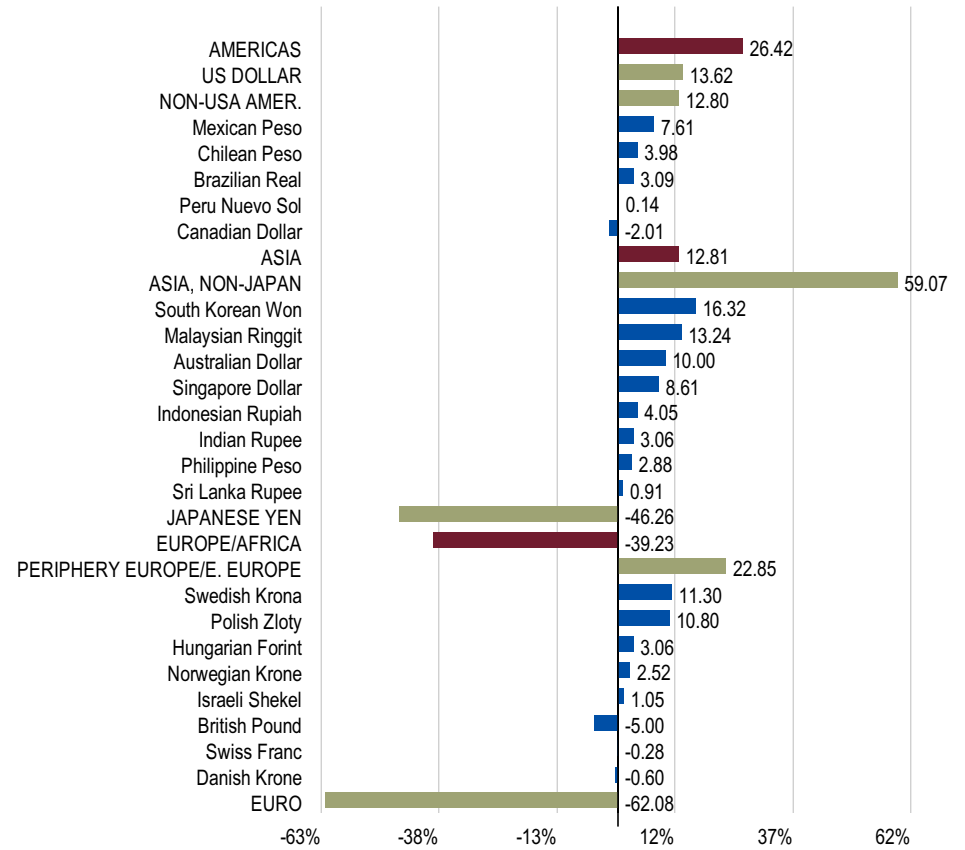
Templeton Global Bond Fund vs. Citigroup World Government Bond Index

As of June 30, 2012

Currency Allocation



Benchmark Deviations



Weightings as percent of total. Percentage may not total 100% due to rounding. Information is historical and may not reflect current or future portfolio characteristics. All portfolio holdings are subject to change.

Quarterly Commentary

For the Quarter Ended June 30, 2012

Performance Attribution

- The second quarter of 2012 saw a continuation of the volatility in markets that we have seen for roughly the past year.
- The fund's negative absolute performance was led by currency positions, while interest-rate strategies contributed and sovereign credit exposures were largely neutral.
- The fund's relative underperformance was led by currency positions and interest-rate strategies, while sovereign credit exposures were largely neutral.

Market Overview

As of June 30, 2012

- During the quarter, uncertainty regarding the future of the eurozone continued to influence financial markets, and US economic data appeared mixed, with certain sectors appearing softer while others showed more resilience. US manufacturing indicators appeared to weaken during the quarter while the service sector showed signs of acceleration. Employment gains slowed and wage growth was sluggish. However, energy prices declined significantly over the period and housing data strengthened with single-family housing starts, permits and house prices all pointing toward a gradual strengthening trend, albeit from a low base. The US consumer showed resilience as consumption remained steady even as consumer confidence began to edge downwards.
- Frequent bouts of risk aversion characterized the markets during the quarter as investors shunned risk assets in the light of uneven economic data and uncertainty in the eurozone. Financial markets were quick to discount the conclusion to the latest Greek elections and the Federal Reserve's announcement that it would extend its quantitative easing program (Operation Twist) through the end of the year.
- The second quarter of 2012 saw a continuation of the volatility in markets that we have seen for roughly the past year. While markets continued to gyrate based on the latest headline news from the eurozone, we were encouraged by the fact that many of the solutions that had been hypothetical in the fall of 2011 were in the process of being tangibly deployed. Additionally, the European Central Bank continued to have the ability to act rapidly in the case of a disorderly Greek event spreading to the rest of Europe. Turning to China, we do not expect a hard landing, which would likely require a massive overtightening by policymakers or a systemic banking crisis.
- In the credit sector, riskier assets underperformed during the second quarter as markets remained wary of market volatility. US Treasury note yields generally declined during the quarter, generating positive returns for Treasuries. Investment-grade corporate bonds generated positive returns while below-investment-grade bonds and bank loans underperformed their investment-grade counterparts.

Historical Performance

Templeton Global Bond Fund - Class A

As of June 30, 2012

Average Annual Total Returns (%)

	Inception Date	Qtr*	YTD*	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Incept
Templeton Global Bond Fund - Class A—With Sales Charge	9.18.1986	-5.16	1.49	-5.32	7.09	8.17	10.25	8.10
Templeton Global Bond Fund - Class A—Without Sales Charge		-0.97	5.99	-1.10	8.64	9.12	10.73	8.28
Citigroup World Government Bond Index		0.92	0.41	2.68	5.35	7.31	6.80	7.25

Total Annual Operating Expenses—0.90% Maximum Initial Sales Charge—4.25%

Performance data represents past performance, which does not guarantee future results. Current performance may differ from figures shown. The Fund's investment return and principal value will change with market conditions, and investors may have a gain or a loss when they sell their shares. Please call Franklin Templeton Sales and Marketing Services at (800) DIAL BEN/(800) 342-5236 or visit franklintempleton.com for the most recent month-end performance.

The Fund offers other share classes subject to different fees and expenses, which will affect their performance. Please see the prospectus for details.

On 1/1/93, Templeton Global Bond Fund implemented a Rule 12b-1 plan, which affects subsequent performance.

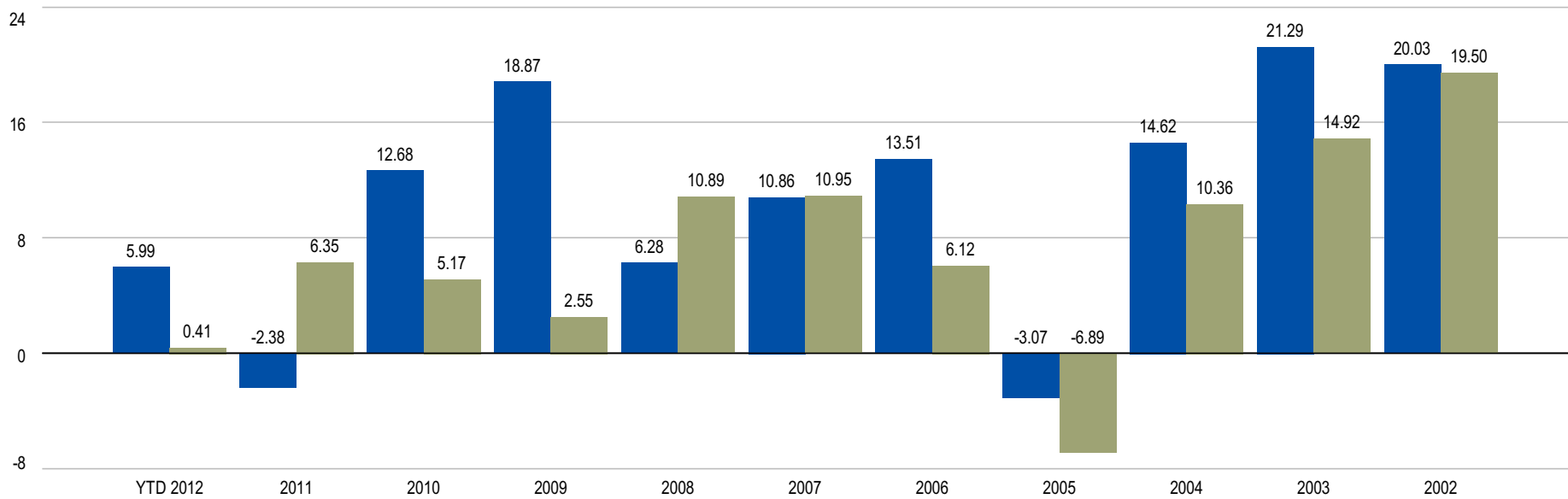
*Cumulative Total Returns

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Calendar Year Returns (%)

Templeton Global Bond Fund - Class A

As of June 30, 2012



■ Templeton Global Bond Fund - Class A—Without Sales Charge
■ Citigroup World Government Bond Index

If the fund's sales charge had been included, returns would have been lower. Figures represent past performance, which does not guarantee future results. For Financial Professional Use Only | Not For Distribution to the Public.

Management Profile

**MICHAEL HASENSTAB, PH.D.**

Senior Vice President, Portfolio Manager
Co-Director, International Bond Department
Franklin Templeton Fixed Income Group

Franklin Advisers, Inc.
San Mateo, California, United States

Dr. Michael Hasenstab, Ph.D., is a senior vice president of Franklin Advisers, Inc. and co-director of the international bond department, overseeing the global fixed income portfolio management team. The group offers a variety of investment vehicles ranging from retail mutual funds to unregistered, privately offered hedge funds. In addition, he is a member of the group's Fixed Income Policy Committee and is a portfolio manager for a number of Franklin Templeton funds, including Templeton Global Bond Fund and Templeton Global Total Return Fund.

Dr. Hasenstab has won numerous awards globally, including being named Morningstar's 2010 Fixed Income Manager of the Year and recognized as one of the most influential fund managers by Investment News in 2010. Bloomberg Markets named him Top Global Bond Fund Manager in 2010 and Top U.S. and Global Bond Fund Manager in 2009. Additionally, he was named Global Bond Manager of the Year by Investment Week in 2008, 2010, and 2011, and also Best Global Manager by Standard & Poor's/BusinessWeek in 2006.

Dr. Hasenstab initially joined Franklin Templeton Investments in July 1995. After a leave of absence to obtain his doctor of philosophy (Ph.D.) degree, he rejoined the company in April 2001. He specializes in global macroeconomic analysis with a focus on currency, interest rate and sovereign credit analysis of developed and emerging market countries. Dr. Hasenstab has worked and traveled extensively abroad, with a special focus on Asia.

Dr. Hasenstab holds a Ph.D. in economics from the Asia Pacific School of Economics and Management at Australian National University, a master's degree in economics of development from the Australian National University and a B.A. in international relations/political economy from Carleton College in the United States.

Management Profile

**SONAL DESAI, PH.D.**

Portfolio Manager, Director of Research
International Bond Department
Franklin Templeton Fixed Income Group

Franklin Advisers, Inc.
San Mateo, California, United States

Sonal Desai, Ph.D., is a portfolio manager and director of research for the Franklin Templeton Fixed Income Group's international bond department. She is responsible for shaping the research agenda of the international bond department and providing macroeconomic analysis to the fixed income team. This includes facilitating broader research efforts leveraging the fixed income group's local resources across several emerging markets. Dr. Desai acts as a key resource for the firm's Fixed Income Policy Committee, which provides policy views on sectors, markets and currencies.

Dr. Desai has over 16 years of experience in the financial sector. She joined Franklin Templeton in 2009 from Thames River Capital in London, where she was responsible for shaping the top-down global view on macroeconomic and market developments. Dr. Desai started her career as an assistant professor of economics at the University of Pittsburgh, and then worked for over six years at the International Monetary Fund, in Washington DC. She was involved in the negotiation and monitoring of IMF programs in several emerging market countries and in the assessment of the overall design and effectiveness of IMF adjustment programs. Following this, she joined the private financial sector and worked for about five years as director and senior economist for Dresdner Kleinwort Wasserstein in London.

Dr. Desai holds a Ph.D. in economics from Northwestern University and earned a B.A. with honors from Delhi University in New Delhi.

Franklin Templeton Global Fixed Income Team

Christopher Molumphy, CFA
Chief Investment Officer, Fixed Income
25 Years Experience

International Bond Team (San Mateo, Singapore)

Name	Title	Years Experience
Michael Hasenstab, Ph.D.	Co-Director/Portfolio Manager, Global Fixed Income	17
Canyon Chan, CFA	Portfolio Manager	20
Sonal Desai, Ph.D.	Portfolio Manager, Director of Research	18
Calvin Ho, Ph.D.	Senior Global Macro, Research Analyst	7
Hyung-Cheol Shin, Ph.D.	Senior Global Macro, Research Analyst	20
Kang Tan, Ph.D.	Senior Global Macro, Research Analyst	12
Diego Valderrama, Ph.D.	Senior Global Macro, Research Analyst	9
Vivek Ahuja	Portfolio Manager, Research Analyst	16
Laura Burakreis	Portfolio Manager, Research Analyst	25
Yuhui Zhu	Quantitative Research Analyst	9
Attila Korpos, Ph.D.	Research Analyst	7
Charlie Liu	Research Associate	<1
Jonathan Hum	Research Associate	<1
Michael Messmer	Senior Trader	11
Andrew Mesic	Trader	5
Matt Henry	Trader	5
Brian Henry, CFA	Institutional Portfolio Manager	23
Elsa Goldberg	VP, Senior Product Manager	16

Stephen Dover, CFA
International Chief Investment Officer/Portfolio Manager—LAM
29 Years Experience

Local Asset Management (LAM) Team

Name	Title	Years Experience
Denis Ferrari	Portfolio Manager, Brazil	15
Marco Freire	Portfolio Manager, Brazil	8
Guilherme Mendonca Paris	Portfolio Manager, Brazil	4
Carlos Thadeu Gomes Filho	Research Analyst, Brazil	14
Vagner Alves	Research Analyst, Brazil	1
Mohieddine Kronfol	Portfolio Manager, Middle East/North Africa	16
Santosh Kamath	Portfolio Manager, India	19
Sachin Desai	Portfolio Manager, India	12
Umesh Sharma, CFA	Portfolio Manager, India	12
Pallab Roy	Research Analyst, India	11
Dong-il Kim, CFA	Portfolio Manager, Korea	25
Jeong Suk Kim ¹	Portfolio Manager, Korea	17
Min Geun Joo, CFA	Research Analyst, Korea	6
Seung Beom Kim	Research Analyst, Korea	4
Ki Ram Moon	Research Analyst, Korea	3
Kangho Kim	Research Analyst, Korea	2
David Diao ¹	Portfolio Manager, China	18
Hanifah Hashim	Portfolio Manager, Malaysia	18
Ivy Choo	Research Analyst, Malaysia	7
Cristiano de Aguiar Vianna	Trader, Brazil	11

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Franklin Templeton Global Fixed Income Team *(continued)*

International Bond Team (New York, London)

Name	Title	Years Experience
John Beck	Co-Director/Portfolio Manager, Global Fixed Income	25
David Zahn, CFA	Portfolio Manager	18
Warren Keyser	Portfolio Manager	27
Robert Waldner, CFA	Portfolio Manager	25
Vi-Minh Tran, CFA	Portfolio Manager, Research Analyst	17
William Ledward	Portfolio Manager, Emerging Market Debt	27
Nicholas Hardingham, CFA	Portfolio Manager, Research Analyst, Emerging Market Debt	12
Claire Husson, CFA	Portfolio Manager, Research Analyst, Emerging Market Debt	12
Fatma Charwood	Research Analyst, Emerging Market Debt	9
Philip Spires	Senior Trader	17

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Fixed Income Policy Committee (FIPC)

Name	Responsibility	Years of Investment Experience	Years with Firm	Education
Christopher Molumphy, CFA	Chief Investment Officer, Co-Chair of FIPC	25	23	B.A., Stanford University; M.B.A., University of Chicago
Michael J. Materasso	Co-Chair of FIPC, U.S. Multisector	40	23	B.B.A., Baruch College
Sheila Amoroso	Municipals	26	26	M.B.A., College of Notre Dame
Roger Bayston, CFA	Mortgages & U.S. Multisector	26	20	B.S., University of Virginia; M.B.A., University of California, Los Angeles
John W. Beck	Global & European	25	22	M.A., Oxford University
Michael Hasenstab, Ph.D.	Global & Asian	17	13	Ph.D., Asia-Pacific School of Economics and Management at Australian National University
Richard Hsu, CFA	Bank Loans	16	15	M.A., Stanford University
Warren A. Keyser	U.S. Multisector & U.S. Low Duration	27	25	B.S., Philadelphia University
Marc Kremer, CFA	IG Credit	24	8	A.B., Vassar College; M.B.A., Duke University
William F. Ledward	Emerging Markets	27	15	M.A., D.Phil., Oxford University
Shawn Lyons, CFA	Money Markets & IG Credit	16	15	B.A., University of California, Berkeley
Ronald J. Sanchez, CFA	Municipals	25	18	B.S., C.W. Post College
Eric Takaha, CFA	High Yield & IG Credit	20	20	B.S., University of California, Berkeley; M.B.A., Stanford University
Robert B. Waldner, CFA	Global & U.S. Multisector	25	16	B.S., Princeton University
David Yuen, CFA, FRM	Quantitative	24	16	B.S., California Institute of Technology; M.B.A., University of California, Los Angeles
David Zahn, CFA	Global & European	18	6	B.S., University of Maine; M.B.A., University of Connecticut
Average Years		24	18	

FIPC Contains Both Strategy Leaders and Sector Specialists

Important Disclosures

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Indexes are unmanaged and one cannot invest directly in an index.

Additional Information for Investment Platform Overview Slide:

FTI AUM includes AUM for Rensburg Fund Management Limited, a wholly-owned subsidiary of Franklin Resources, Inc. Franklin Equity Group (formerly Franklin Global Advisers), a unit of Franklin, combines the expertise of the Franklin Advisers, Inc., and Fiduciary Global Advisors equity teams (with origin dating back to 1947 and 1931, respectively). Franklin Templeton Fixed Income Group, a unit of Franklin, combines the expertise of the Franklin Advisers, Inc., and Fiduciary Trust Company International fixed income teams (originating in 1970 and 1973, respectively). Franklin Templeton Real Asset Advisors originated in 1984 as the global real estate team of Fiduciary Trust Company International. FTMAS is a global investment management group dedicated to multi-strategy solutions and is comprised of individuals from various registered entities within Franklin Resources, Inc. Certain individuals based in Canada that advise FTMAS mandates are part of the Fiduciary Trust Company of Canada, a wholly-owned subsidiary of Franklin Resources, Inc., that originated in 1982. FTMAS was formed in 2007 to combine the research and oversight of all multi-strategy investment solutions offered by Franklin Resources, Inc.

Your clients should carefully consider a fund's investment goals, risks, charges and expenses before investing. They should read the summary prospectus and/or prospectus carefully before they invest or send money. To obtain a prospectus, which contains this and other information, please call Franklin Templeton Sales and Marketing Services at (800) DIAL BEN/(800) 342-5236.

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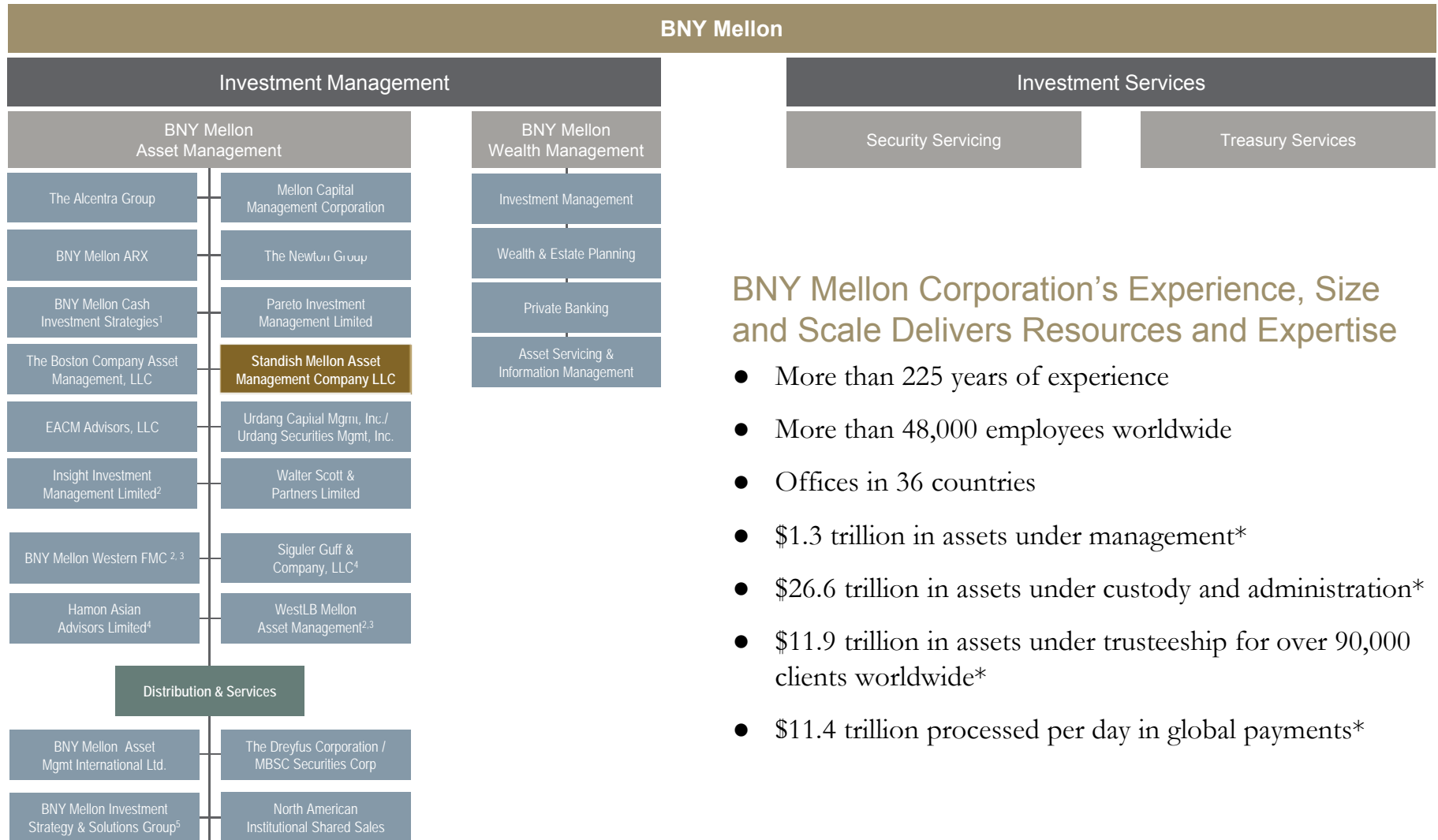
Presentation of:
Global Fixed Income Capabilities
Q2 2012

Agenda

- I. Corporate Overview
- II. Global Fixed Income Overview
- III. Philosophy, Team, & Process
- IV. Investment Research
- V. Portfolio Characteristics & Strategy
- VI. Economic Observations & Outlook
- VII. Appendix

Section I.

BNY Mellon Organization



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

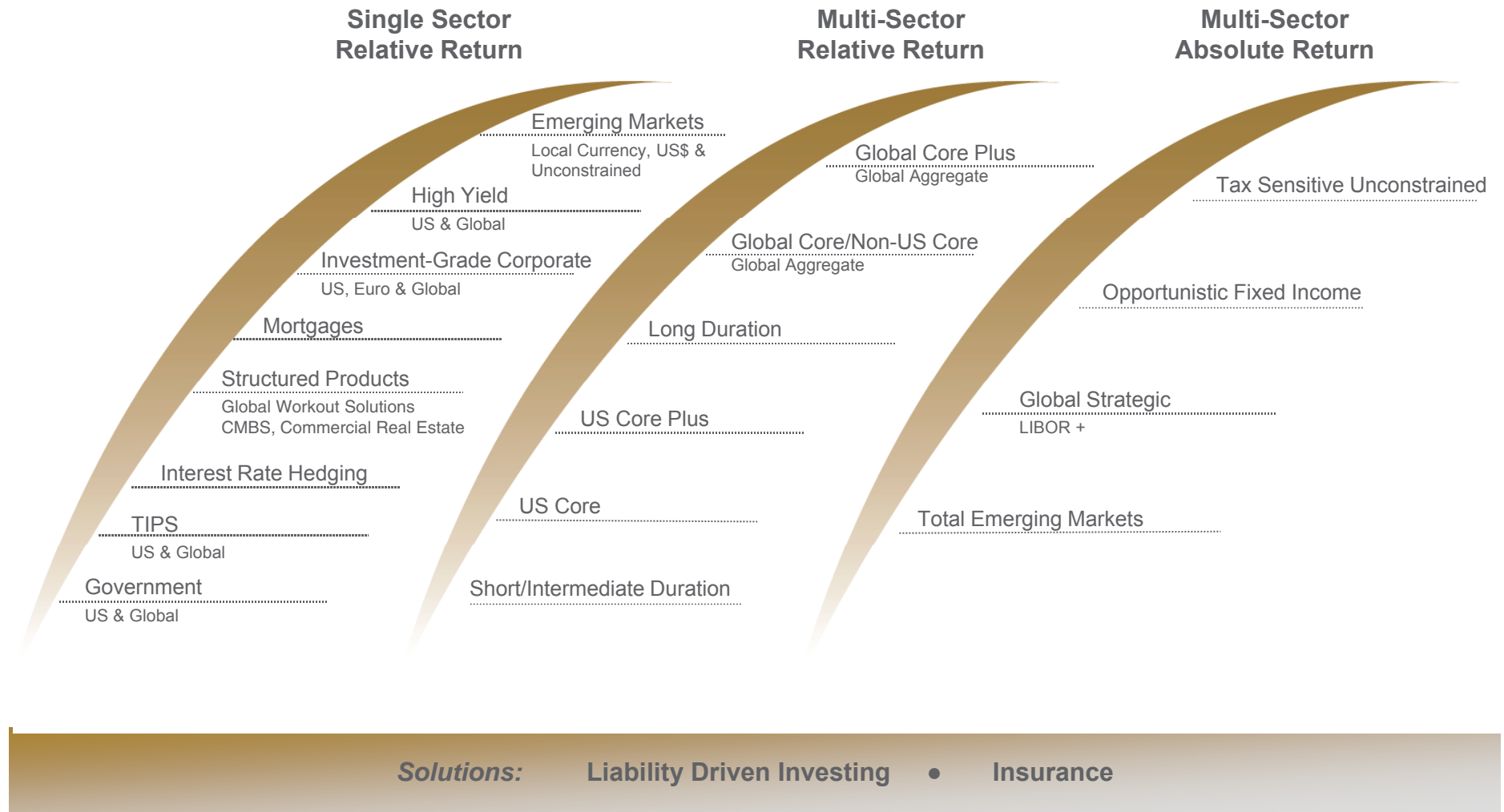
- More than 225 years of experience
- More than 48,000 employees worldwide
- Offices in 36 countries
- \$1.3 trillion in assets under management*
- \$26.6 trillion in assets under custody and administration*
- \$11.9 trillion in assets under trusteeship for over 90,000 clients worldwide*
- \$11.4 trillion processed per day in global payments*

¹ A division of The Dreyfus Corporation; ² Does not offer services in the U.S.; ³ Joint Venture; ⁴ Minority Interest; ⁵ A division of The Bank of New York Mellon
 * Assets as of March 31, 2012. See disclosures in the appendix.

Standish Senior Management Team – Active Fixed Income

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

Standish Active Fixed Income – Investment Strategies & Solutions



Standish Active Fixed Income – Investment Team

Chief Investment Officer David Leduc, CFA				
MACROECONOMIC RESEARCH Thomas Higgins, PhD				
MULTI-SECTOR PORTFOLIO MANAGEMENT				
OPPORTUNISTIC David Horsfall, CFA David Leduc, CFA 2 PMs • 1 portfolio analyst	GLOBAL FIXED INCOME David Leduc, CFA Brendan Murphy, CFA 5 PMs* • 1 portfolio analyst	US CORE / CORE PLUS David Bowser, CFA David Horsfall, CFA 2 PMs • 1 portfolio analyst	INSURANCE Anthony Criscuolo, CFA James Kaniclides, CFA Laura Lake, CFA 6 PMs • 2 portfolio analysts 3 actuaries [§]	LIABILITY DRIVEN INVESTING Andrew Catalan, CFA Matt Fontaine, CFA 2 PMs • 4 actuaries [§]
SINGLE-SECTOR PORTFOLIO MANAGEMENT & RESEARCH				
EMERGING MARKETS DEBT Alexander Kozhemiakin, PhD, CFA 3 PMs* • 8 analysts* [‡] • 3 traders* 1 portfolio analyst	HIGH YIELD Chris Barris 1 PM • 6 analysts • 3 traders* 1 portfolio analyst	INVESTMENT GRADE CREDIT Jake Gaul, CFA 2 PMs • 8 analysts • 3 traders 1 portfolio analyst		
INTEREST RATE STRATEGIES Robert Bayston, CFA 1 PM • 2 analysts • 2 traders 1 portfolio analyst	GLOBAL SOVEREIGN / REGIONAL David Leduc, CFA Brendan Murphy, CFA 5 PMs* • 3 analysts • 3 traders* 1 portfolio analyst	STRUCTURED PRODUCTS Thomas Graf, CPA 1 PM • 4 analysts • 2 traders 1 portfolio analyst		
TRADING • QUALITY MANAGEMENT • RISK MANAGEMENT • COMPLIANCE • ACTUARIAL SERVICES[§]				

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

Section II.

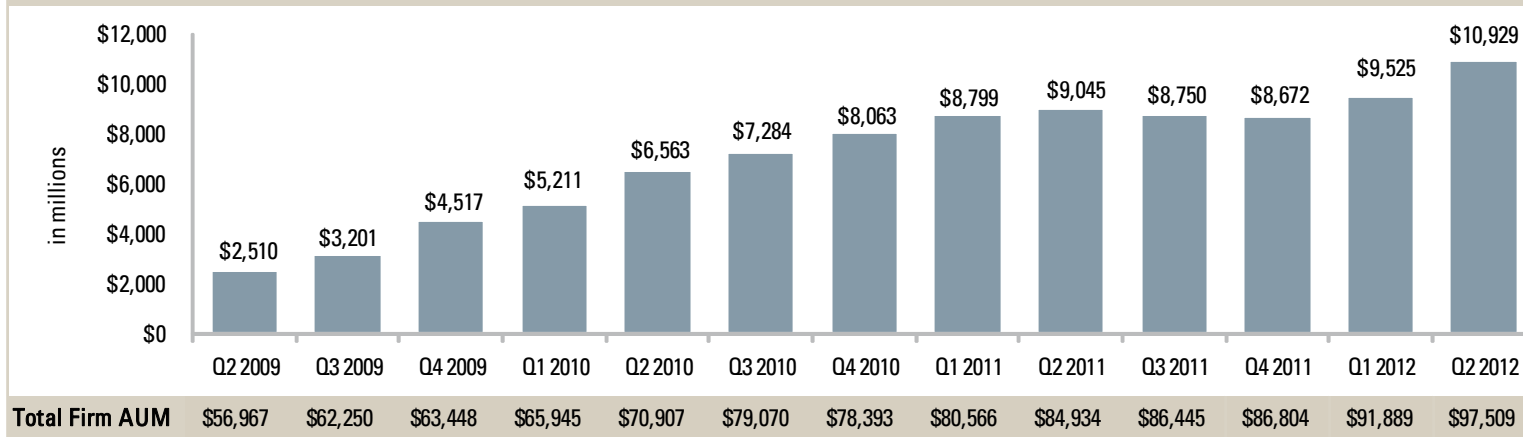
Global Fixed Income Assets Under Management

Global/Regional/Non-US Strategies

- Core/Core Plus (Global Aggregate)
- Global Government
- Non-US
- European Core/Core Plus
- European/Global Investment Grade
- Global Strategic (LIBOR+)
- Global TIPS

US\$10,929 million assets under management in global strategies

Growth of Global Fixed Income Assets Under Management



Total Firm AUM	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012
	\$56,967	\$62,250	\$63,448	\$65,945	\$70,907	\$79,070	\$78,393	\$80,566	\$84,934	\$86,445	\$86,804	\$91,889	\$97,509

Source: Standish as of June 30, 2012.

The figure includes assets managed by Standish personnel acting as dual officers of The Dreyfus Corporation and The Bank of New York Mellon, also subsidiaries of The Bank of New York Mellon Corporation.

Summary Performance

Standish Composite & Corresponding Index	Q2 2012	YTD	1 Year	3 Years*	5 Years*	10 Years*	Since Inception*	Composite Start Date
Global Core Plus - US\$ Hedged (Gross of Fees)	2.01	4.18	7.37	7.80	8.54	6.88	8.31	3/1/1991
Global Core Plus - US\$ Hedged (Net of Fees)	1.96	4.09	7.16	7.57	8.26	6.57	7.99	
Barclays Global Aggregate -US\$ Hedged	1.50	2.73	6.70	5.46	5.68	5.02	6.61	
Excess Returns (Gross of Fees)	0.50	1.46	0.67	2.34	2.86	1.86	1.71	
Global Core - US\$ Hedged (Gross of Fees)	2.33	4.40	8.07					12/1/1998 [†]
Global Core - US\$ Hedged (Net of Fees)	2.30	4.33	7.94					
Barclays Global Aggregate -US\$ Hedged	1.50	2.73	6.70					
Excess Returns (Gross of Fees)	0.82	1.67	1.37					
Global Core - Unhedged (Gross of Fees)	1.37	3.18	4.07				6.29	4/1/2010
Global Core - Unhedged (Net of Fees)	1.29	3.04	3.78				5.99	
Barclays Global Aggregate - Unhedged	0.62	1.50	2.73				5.78	
Excess Returns (Gross of Fees)	0.75	1.68	1.34				0.52	
Global Government - US\$ Hedged (Gross of Fees)	1.98	2.37	6.71	5.31	6.02	5.20	6.06	2/1/1997
Global Government - US\$ Hedged (Net of Fees)	1.91	2.22	6.39	5.00	5.69	4.86	5.69	
JP Morgan Global Government Index - US\$ Hedged	1.72	2.08	7.17	4.81	5.68	4.94	5.87	
Excess Returns (Gross of Fees)	0.27	0.29	(0.47)	0.50	0.35	0.25	0.18	
Global Government - Short Duration (US\$ Hedged) (Gross of Fees)	0.20	0.62	1.49	1.78			2.35	3/1/2008
Global Government - Short Duration (US\$ Hedged) (Net of Fees)	0.15	0.51	1.27	1.56			2.13	
ML Global Govt Bond G-7 1-3 Years Index - US\$ Hedged	0.18	0.50	1.27	1.44			2.05	
Excess Returns (Gross of Fees)	0.02	0.11	0.22	0.34			0.30	
Non-US - US\$ Hedged (Gross of Fees)	1.62	4.43	6.86	7.14	8.09	6.61	8.78	4/1/1991
Non-US - US\$ Hedged (Net of Fees)	1.54	4.26	6.51	6.80	7.74	6.27	8.40	
Barclays Global Aggregate ex US -US\$ Hedged	1.11	2.86	6.24	4.45	4.90	4.57	6.51	
Excess Returns (Gross of Fees)	0.50	1.58	0.62	2.69	3.19	2.04	2.28	
Non-US - Unhedged (Gross of Fees)	0.55	2.81	2.44	9.04				7/1/1999 [‡]
Non-US - Unhedged (Net of Fees)	0.54	2.79	2.38	8.94				
Barclays Global Aggregate -ex US - Unhedged	(0.38)	0.77	(0.33)	5.43				
Excess Returns (Gross of Fees)	0.93	2.04	2.77	3.61				
European Core Plus Fixed Income - € Hedged (Gross of Fees)	0.83	5.21	7.42	6.97	7.60	6.28	6.18	10/1/2001
European Core Plus Fixed Income - € Hedged (Net of Fees)	0.78	5.12	7.24	6.78	7.40	6.04	5.94	
Barclays Euro Aggregate - € Hedged	0.29	4.30	7.12	4.64	5.14	4.76	4.73	
Excess Returns (Gross of Fees)	0.54	0.90	0.31	2.32	2.46	1.52	1.45	
Global TIPS (Gross of Fees)	0.30	2.78	6.82	8.07			10.19	11/1/2008
Global TIPS (Net of Fees)	0.28	2.73	6.73	7.98			10.09	
ML Global TIPS	(0.06)	2.60	5.22	7.56			9.86	
Excess Returns (Gross of Fees)	0.37	0.17	1.59	0.51			0.33	

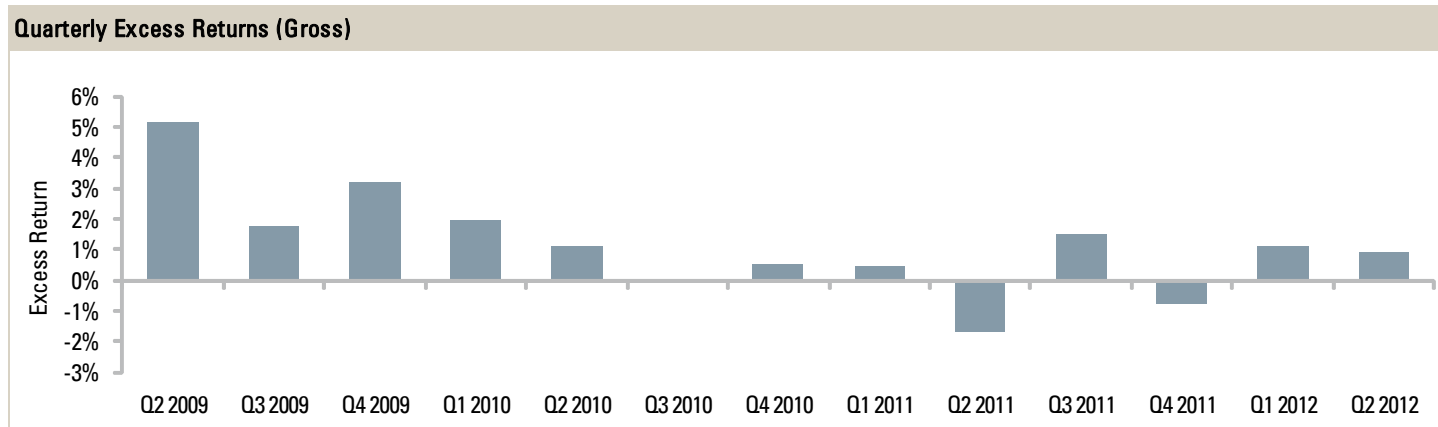
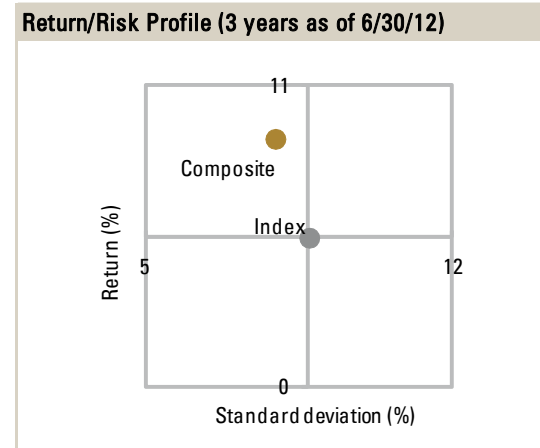
Source: Standish as of June 30, 2012.. Composite performance is shown gross of fees. Past performance is no indication of future results. This material is accompanied by the corresponding composite disclosure for this strategy, which has been prepared and presented in compliance with the Global Investment Performance Standards (GIPS®), in the Appendix of this presentation.

* Performance returns for periods longer than 1-year are annualized. [†]For 2010, partial returns are shown for both the composite and benchmarks. Initial composite performance inception started on December 1, 1998. From March 2010 through May 2010, no portfolio qualified for the composite. Performance recommenced on June 1, 2010. [‡] Initial composite performance inception started on July 1, 1999. From September 2007 through March 2008, no portfolio qualified for the composite. Performance recommenced on April 1, 2008.

Risk/Return Profile

Non-US – Unhedged Composite vs. Barclays Global Aggregate Ex-US Index – Unhedged

Risk/Return Statistics (3 years as of 6/30/12)		
	Composite	Index
Return (%)	9.04	5.43
Std. Dev.	7.96	8.73
R-Squared	0.87	1.00
Tracking Error	3.21	-
Information Ratio	1.13	-



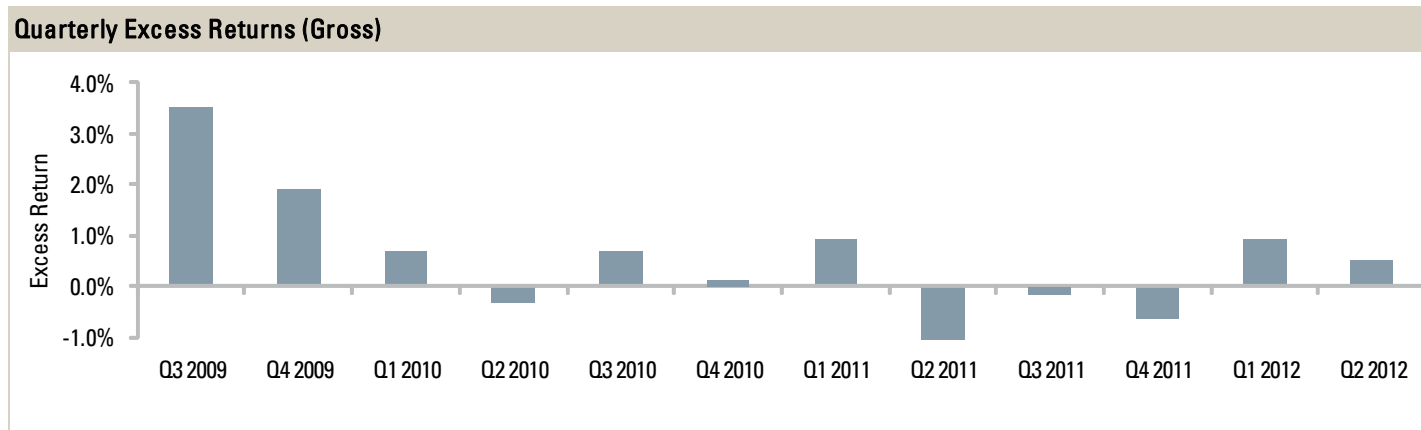
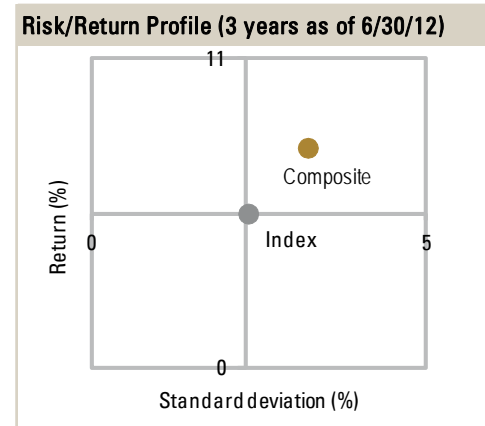
Source: Standish as of June 30, 2012.

Composite performance is shown gross of fees. Past performance is no indication of future results. This material is accompanied by the corresponding composite disclosure for this strategy, which has been prepared and presented in compliance with the Global Investment Performance Standards (GIPS®), in the Appendix of this presentation. This 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®)

Risk/Return Profile

Global Core Plus – US\$ Hedged Composite vs. Barclays Global Aggregate Index – US\$ Hedged

Risk/Return Statistics (3 years as of 6/30/12)		
	Composite	Index
Return (%)	7.80	5.46
Std. Dev. (%)	3.23	2.34
R-Squared	0.55	1.00
Tracking Error	2.17	-
Information Ratio	1.08	-



Source: Standish as of June 30, 2012

Composite performance is shown gross of fees. Past performance is no indication of future results. This material is accompanied by the corresponding composite disclosure for this strategy, which has been prepared and presented in compliance with the Global Investment Performance Standards (GIPS®), in the Appendix of this presentation. This 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 III.

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.

Investment Team – Global Fixed Income

David Leduc, CFA Managing Director		Brendan Murphy, CFA Director		
Investment Team				Additional Resources
Portfolio Management	Developed Market Sovereign Research	Trading	Portfolio Analytics/ Quantitative Research	High Yield
Brendan Murphy, CFA Thant Han* Rebecca Braeu, Ph.D. Simon Surtees*	Rebecca Braeu, Ph.D. Thant Han* Nate Hyde, CFA	Michael Piersol, CFA Christopher Frisoli Amy Lattimore* Ryan Lambert	Franco Maniaci, CFA Derek Chen, FRM	Investment Grade Credit
				Emerging Markets Debt[‡]
				Interest Rate Strategies
				Structured Products
MACROECONOMIC RESEARCH COMMITTEE		MULTI-SECTOR INVESTMENT COMMITTEE		
MACROECONOMIC RESEARCH Thomas Higgins, PhD				

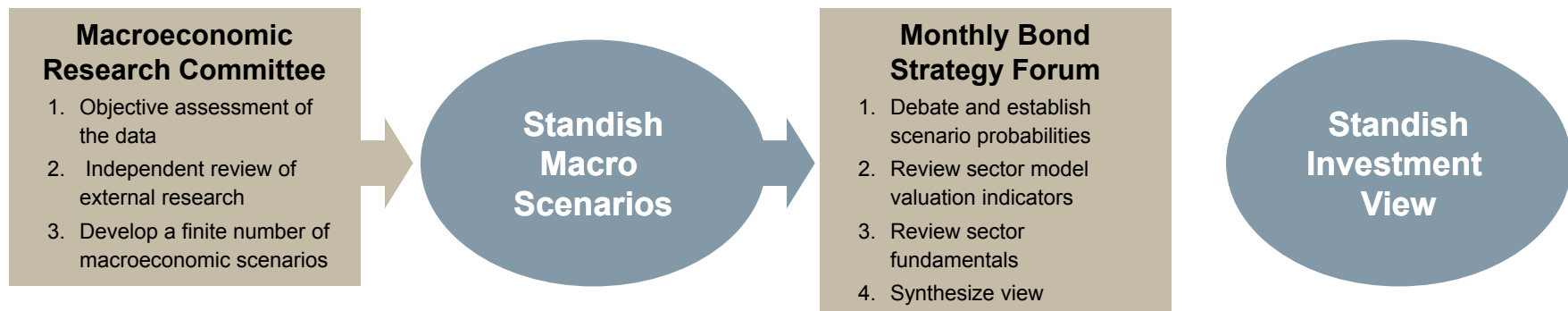
* Shared employees from Standish Division of BNY Mellon Asset Management (UK) Limited. ‡ Contracted research analysts in Singapore.

Note: Some investment professionals perform the same role on more than one product team. CFA® and Chartered Financial Analyst® are registered trademarks owned by CFA Institute.



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

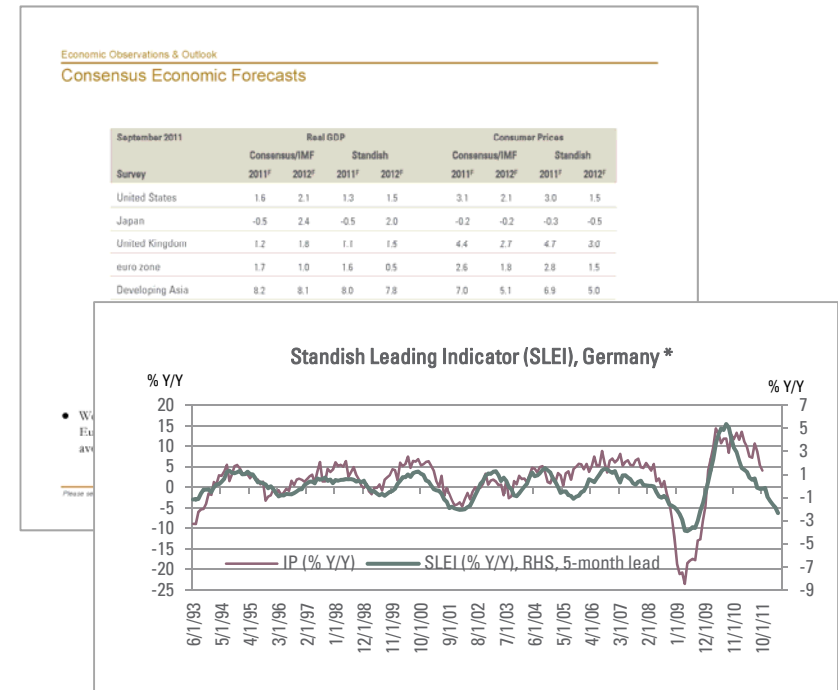
- Monitor central bank reaction function models
- Track leading economic indicators for cyclical turning points
- Utilize econometric models to forecast macro variables

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



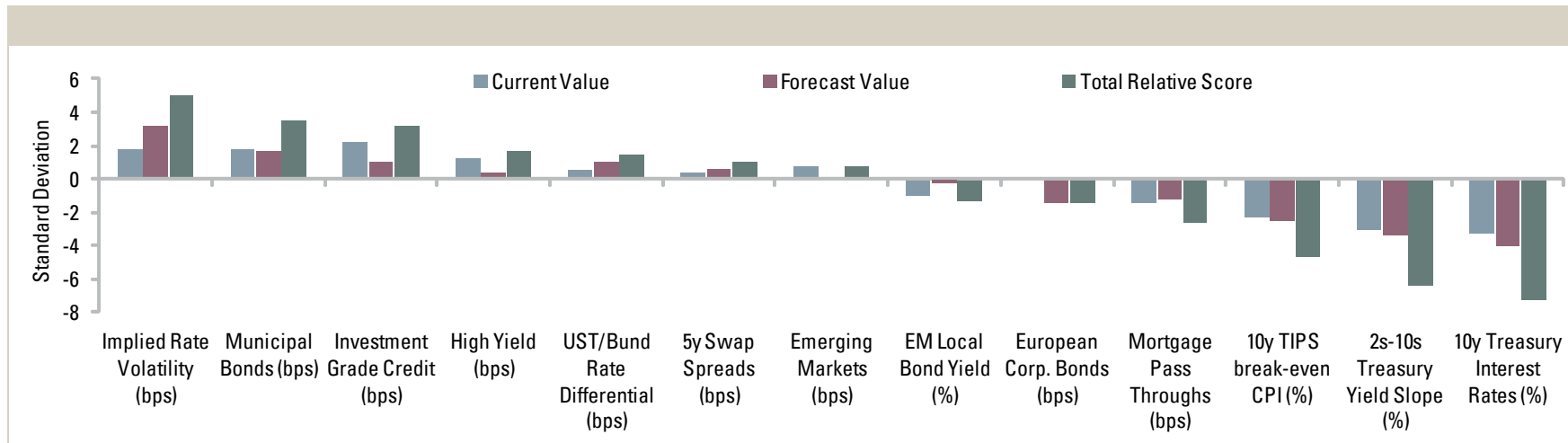
Source: Standish, Datastream. For illustrative purposes only.

* 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.)	
75%	Implied Rate Volatility (bps)	80 bps	98 bps	1.8	112 bps	3.2	5.0
87%	Municipal Bonds (bps)	73 bps	13 bps	1.8	19 bps	1.7	3.5
82%	Investment Grade Credit (bps)	199 bps	118 bps	2.2	164 bps	1.0	3.2
81%	High Yield (bps)	633 bps	499 bps	1.3	593 bps	0.4	1.7
83%	UST/Bund Rate Differential (bps)	6 bps	19 bps	0.5	34 bps	1.0	1.5
83%	5y Swap Spreads (bps)	24 bps	20 bps	0.4	18 bps	0.6	1.0
87%	Emerging Markets (bps)	374 bps	267 bps	0.7	374 bps	0.0	0.7
83%	EM Local Bond Yield (%)	6.08%	6.31%	-1.0	6.15%	-0.3	-1.3
87%	European Corp. Bonds (bps)	247 bps	243 bps	0.1	294 bps	-1.5	-1.4
96%	Mortgage Pass Throughs (bps)	138 bps	155 bps	-1.4	153 bps	-1.2	-2.6
89%	10y TIPS break-even CPI (%)	2.21%	1.65%	-2.3	1.61%	-2.5	-4.7
95%	2s-10s Treasury Yield Slope (%)	1.34%	2.29%	-3.1	2.39%	-3.4	-6.4
95%	10y Treasury Interest Rates (%)	1.65%	3.18%	-3.3	3.49%	-4.0	-7.3



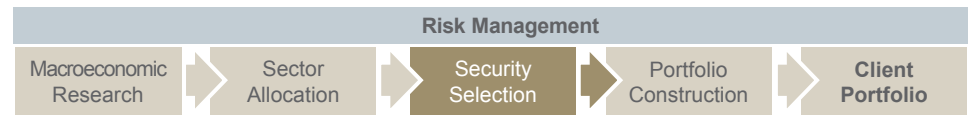
Source: Standish as of June 30, 2012. For illustrative purposes only. Forecast information is not intended to predict future events, but rather to demonstrate the investment process of the firm in utilizing its models and market views in constructing its client portfolios. Sector models are run monthly 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

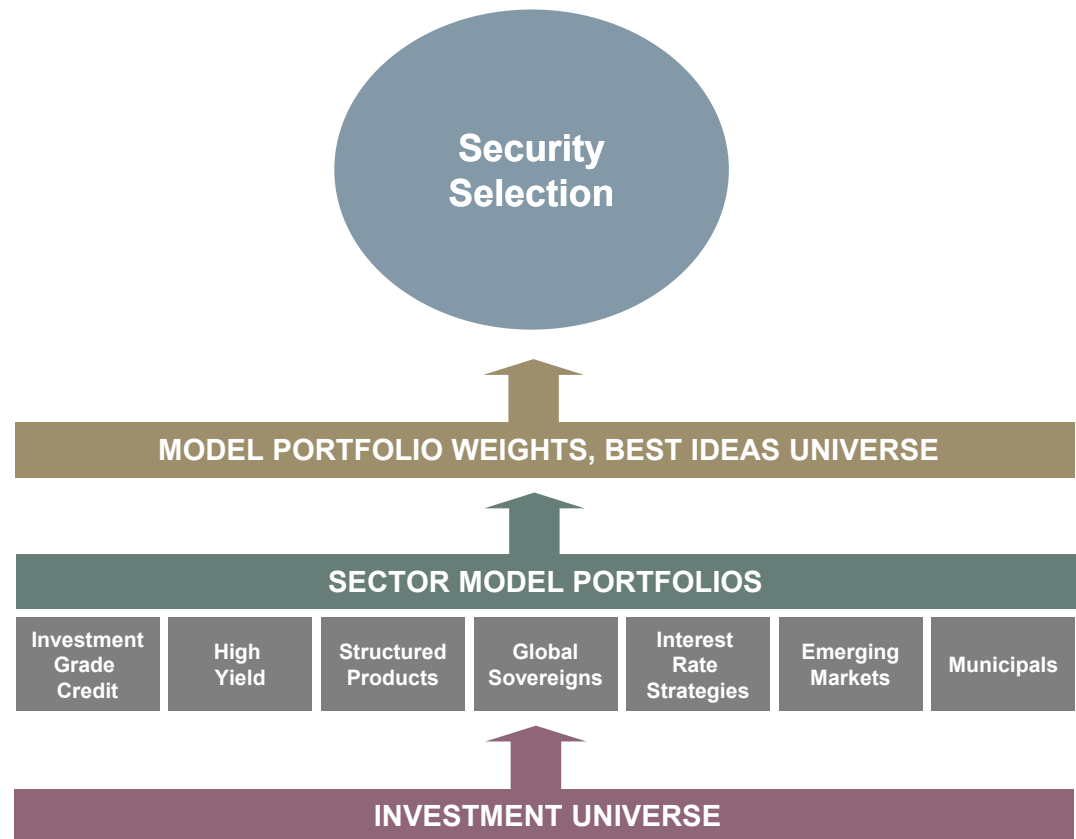
- Top-down strategy
- Sector research teams scour their respective universes to identify sources of potential alpha
- The Multi-Sector Committee synthesizes the Standish investment view with our sector research





Security Selection

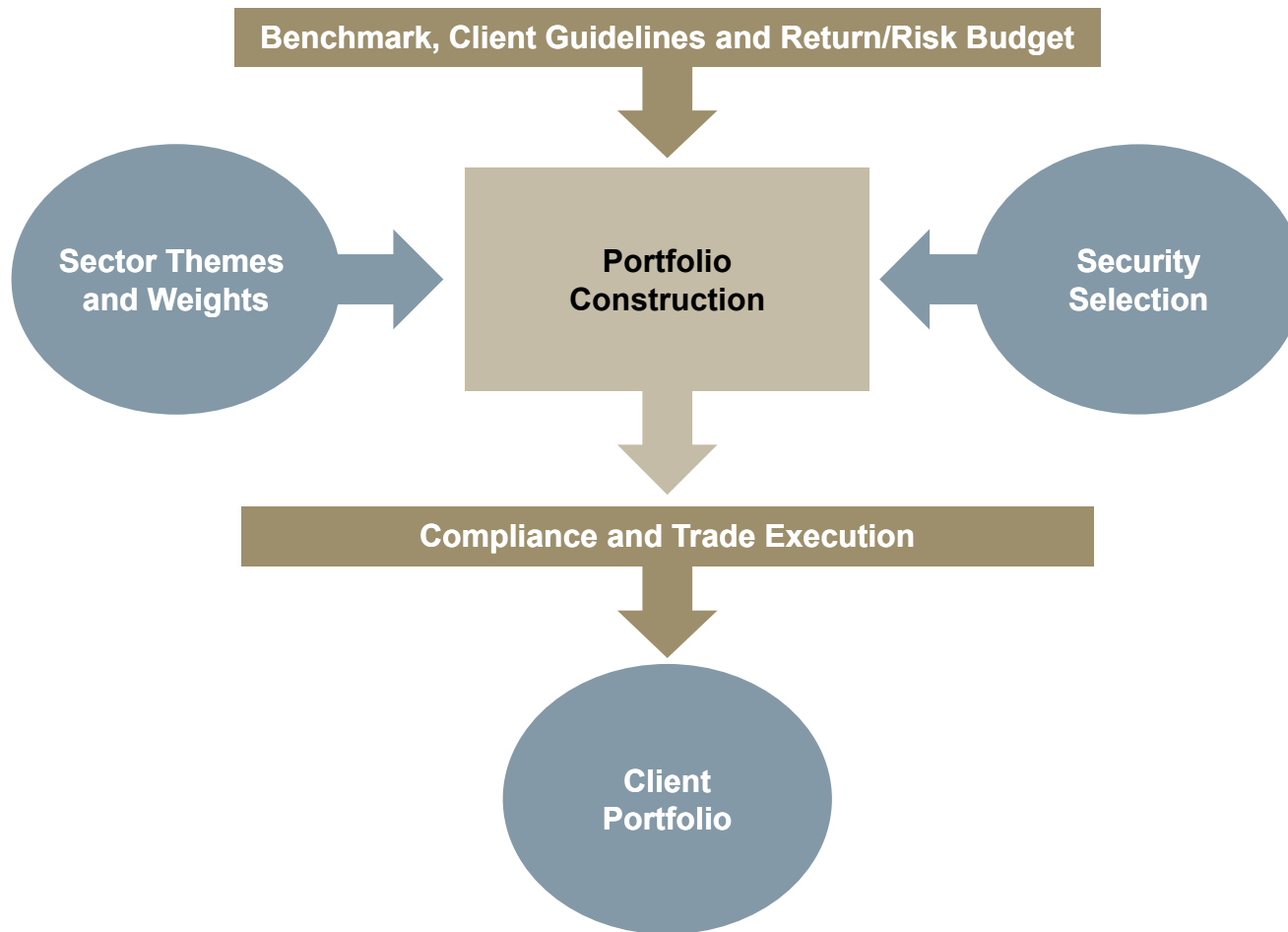
- Bottom-up strategy
- Research focused on in-depth fundamental analysis of individual securities from a broad universe
- Investment ideas represent multiple, unique sources of alpha generation
- Sector strategists develop sector model portfolios with performance accountability
- Sector model portfolios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





Portfolio Construction

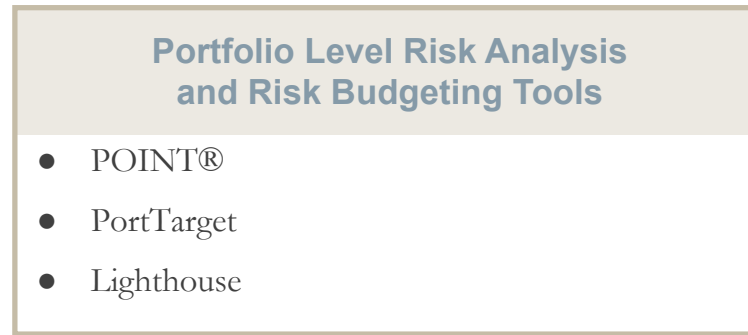
The Client Portfolio Team assesses relative value, makes sector allocation decision and selects among “Best Ideas”, all while adjusting for risk budget and client preferences





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

- Non-US Unhedged total return strategy focused on rotation *among* and security selection *within* Government, high yield, investment grade credit, emerging markets, mortgages, and securitized bonds.
- Target return: Barclays Global Aggregate Index-ex US – Unhedged plus 100-125 bps per annum (net of fees) over a 3-5 year time horizon, with slightly higher volatility.
- No financial leverage.
- Management Fee: 0.35% p.a.
- Instruments: Bonds, cash, currencies, and derivatives.

	Normal targets *
Net sector exposures	
■ Government Bonds	+/- 35%
■ Mortgage-Backed Securities	+/- 20%
■ Investment Grade Corporates	+/- 25%
■ Securitized	+/- 25%
■ TIPS	0% to 25%
■ High Yield	0% to 20%
■ Emerging Markets Debt	0% to 20%
Duration	+/- 1.5 years
Average quality	AA
Number of issues	150 to 250
Annual tracking error	1.00% - 3.00%

* Targets are subject to change.



Strategy Parameters

- Global Core Plus total return strategy focused on rotation *among* and security selection *within* Government, high yield, investment grade credit, emerging markets, mortgages, and securitized bonds.
- Target return: Barclays Global Aggregate Index plus 100-125 bps per annum (net of fees) over a 3-5 year time horizon, with slightly higher volatility.
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■ Securitized	+/- 25%
■ TIPS	0% to 25%
■ High Yield	0% to 20%
■ Emerging Markets Debt	0% to 20%
Duration	+/- 1.5 years
Average quality	AA
Number of issues	150 to 250
Annual tracking error	0.75% - 3.00%

* Targets are subject to change.

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 IV.

Global Sovereign Research

Key Inputs

Value

- Real yields
- Risk-adjusted carry
- Structural reforms

Cyclical

- Fundamental macroeconomic research
- Can answer why bond yields are rich or cheap

Sentiment

- Technical and contrarian indicators
- Market bullish or bearish?
- Standish view versus consensus forecasts



BEST IDEAS

- Country
- Curve
- Duration
- Currency

Date: Feb 7 2011

Country: Spain - Credit and Interest Rate Review
 Analyst: TH

Reason for review:
 Update on sovereign outlook and rating.

Credit Ratings and Outlook					
Rating	S&P	Moody's	Fitch	Standish Rating	Standish Trend **
	AA	Aa1	Aa+	Aa	4

*Scale: 1 = high likelihood of upgrade in 12 months; 3 = no rating change expected; 5 = high likelihood of downgrade in 12 months

Interest Rate Scoring*				
Score	Value	Cyclical	Sentiment	Total
	2	4	2	2

*Scale: 1 = strong overweight; 3 = neutral; 5 = strong underweight

Investment Thesis (Summary & Recommendation)

Fundamentally, Spain's fiscal adjustment process is likely to be painful and will come at a price of sustained sub-par growth (and disinflation, or possibly deflation). Over the medium term, Spain's difficulties stem from both domestic headwinds and Eurozone wide problems.

- The Government's ability to restore confidence/spending in both households and businesses.
- The ability for the major local saving banks to recapitalize themselves adequately.
- Slowing employment growth and the asset prices against a backdrop of fiscal austerity.
- The sustainability of exports growth amidst moderating global growth.
- How the Eurozone stabilization mechanisms will take shape.

Against this, Spain has a low debt burden, compared to other major European nations. Necessary steps have been proactively taken by the authorities to address some of the concerns (highlighted above) and from a technical standpoint, meaningful ECB support in debt purchases and growing interest from overseas have abated near term supply fears.

From a creditworthiness perspective, further downward revisions to Spain's credit rating are likely to stem from domestic banking sector woes (bail risk) rather than the underlying debt/growth dynamics.

Overall: Spanish bonds appear to offer good value from a risk-reward standpoint.

Investment	-1.8	-1.6	-3.1
Innovations contribution	0.0	0.1	0.0
Net exports	0.4	0.0	0.4
Exports of goods and services	0.4	0.1	0.4
Imports of goods and services	0.0	0.1	0.1
Domestic demand (contribution)	0.1	0.7	0.6
GDP	1.0	0.7	0.6
Per manna			
Unemployment rate	19.2	18.2	20.0

Key Metrics:

- Appears to be the near resistance (range 200-200bps), so are still elevated arguably to cure rentals.
- For CDS

to Growth

GDP growth

Services

Unemployment

Sentiment

Source: Standish. For illustrative purposes only.

Fundamental Credit Research

Key Inputs

Industry Structure & Dynamics

- Understand key players, industry evolution, likely successful business models
- Employ proprietary valuation models to help set portfolio industry weights

Key Financial Measures

- Apply financial and scenario analysis to individual issuers
- Compare resulting internal valuations to third-party and market views

Financial Flexibility

- Examine company's liquidity and access to capital
- Review issuer's capital structure for bonds offering best risk/return profiles

Management

- Participate in key industry events and visit companies
- Conduct one-on-ones with key senior management

Bondholder Protection

- Review key covenants
- Develop asset valuation / recovery analysis



BEST IDEAS

- Credit team's diversified, model portfolio
- Proprietary ratings and credit momentum

Fixed Income Research Database	
Main Menu Lehman Grid Report Reports Comment Search System Maintenance	
Ticker Detail	
Ticker	SAMPLE View/Edit Approval Lists
Description	US Wireline Company
Sector	Wireline
Analyst	AAC
SMAM Held?	Y
Index 2	IG
S.P. Rating	BBB+
Moody Rating	Baa1
Analyst Rating	BBB- <small>Last Updated by acatalan</small>
Credit Trend	4 <small>Last Updated by acatalan</small>
Within Sector Rank	
R.S.H	S LL <small>Last Updated by acatalan</small>
Event Risk	Y <small>Last Updated by acatalan</small>
Max. Pct	C 25 <small>Last Updated by acatalan</small>
Market Value	\$18,152,211
Co.	Rural wireline service provider
Comments	US Wireline (Baa1/BBB+/BBB-/4) is a rural wireline company that operates in 4 Midwestern states. Results through the fourth quarter ended 12/31/09 are indicative of recent financial trends with revenues down 3% and EBITDA off 2% year/year. This is being driven by declining access lines, -4% y/y, as cable competition takes hold in its footprint. FGI of \$200m YTD is strong. Standish's recent meeting with management revealed that they are willing to increase leverage for the right acquisition. Both S&P and Moody's have indicated that leverage at 3.9X is excessive for current ratings. Recommendation is to sell, since current levels as indicated by the '16s quoted at +120 do not reflect the expected downgrades.

- 1 = high likelihood of upgrade in 12 months
- 2 = likelihood of upgrade in 12 months
- 3 = no ratings change expected in 12 months
- 4 = likelihood of downgrade in 12 months
- 5 = high likelihood of downgrade in 12 months

Source: Standish. For illustrative purposes only.

Mortgage Research

Key Inputs

TBA vs Specified Pool

Issuer Program

Refinancability

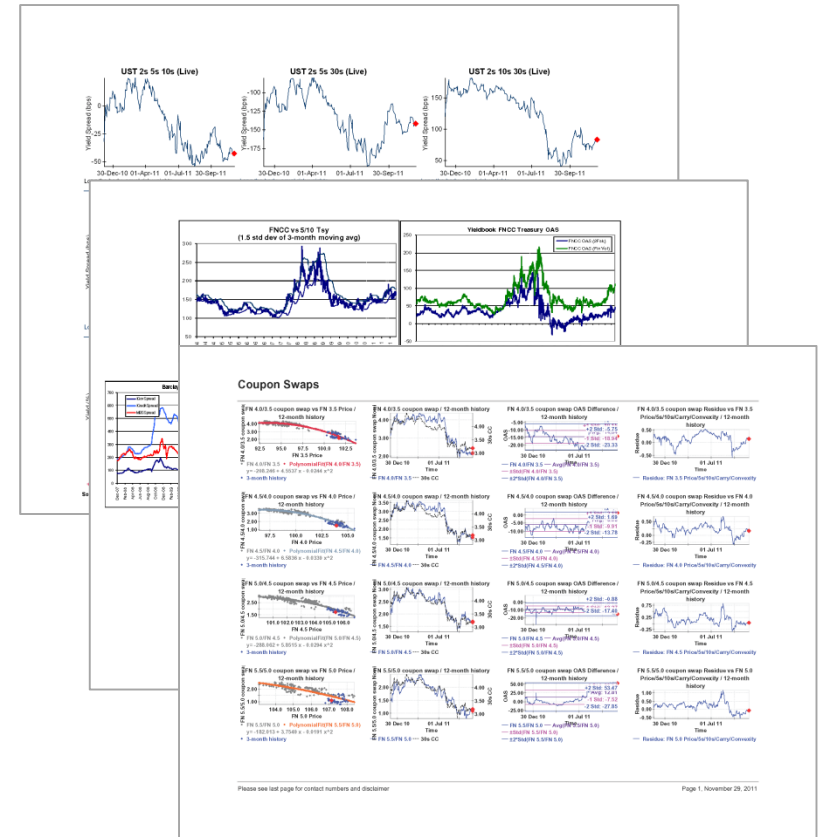
Loan Balance

Geographics



BEST IDEAS

- Buy generic MBS for forward delivery or hand-picked pools
- GNMA vs FNMA or FHLMC
- Improve cash flows by minimizing call risk for premiums and increasing call risk for discounts
- Higher loan balance increases incentive to refinance
- Regional differences in home price changes and refinancing costs



Source: Standish, Credit Suisse. For illustrative purposes only.

Structured Product Research

Key Inputs

Collateral Characteristics

- Track historical collateral trends by issuer and issue

Prepayment

- Analyze cash flows under adverse prepayment conditions

Defaults

- Use a multi-scenario approach in default analysis to determine fair value

Loss Severity

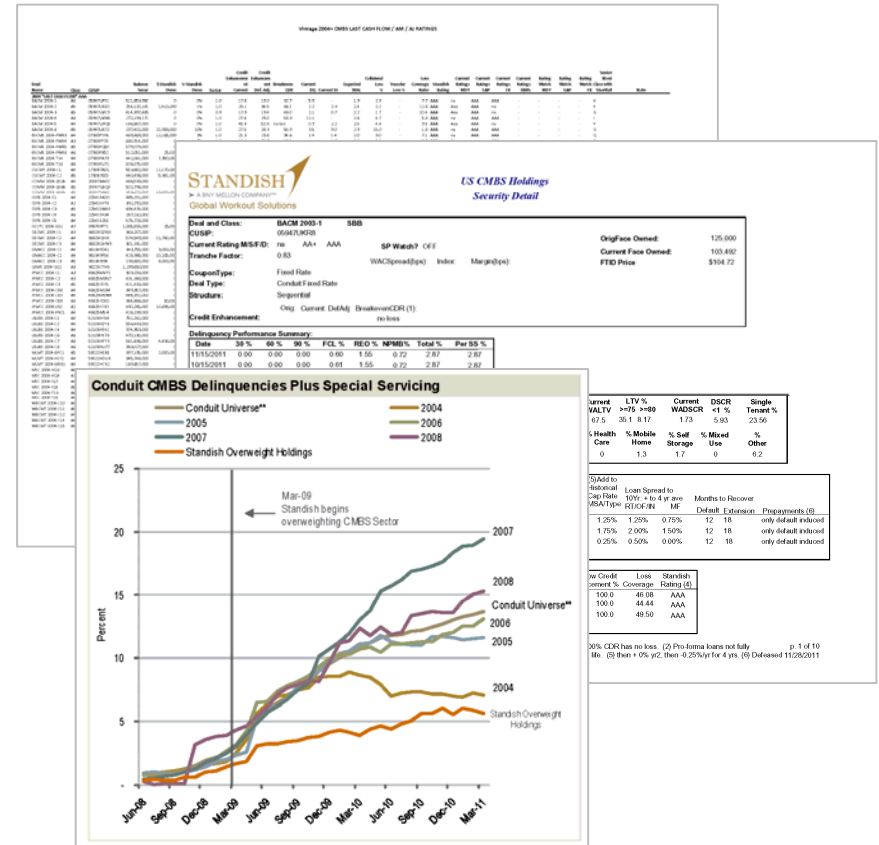
- Stress losses under varying levels of severity using a multi-scenario approach

Bond Structure

- Evaluate bondholder risk based on capital structure and unique bond features

BEST IDEAS

- Proprietary internal rating and fair value pricing



Source: Standish. For illustrative purposes only.

High Yield Credit Research

Key Inputs

Industry Fundamentals

- Understand key players, industry evolution, likely successful business models
- Industry selection is essential. Avoid industries where defaults tend to be concentrated and are “asset light”

Industry Position

- Market share
- Cost position
- Barriers to entry/competitive dynamics

Financial Flexibility

- Predictability of cash flows, leverage vs. stability of cash flows
- Examine company's liquidity and access to capital

Management

- Participate in key industry events
- Conduct one-on-ones with key senior management and visit companies

Valuation

- Assess relative values within a capital structure and across competitive landscape
- Review key covenants
- Develop asset valuation / recovery analysis

BEST IDEAS

- Credit team's diversified, model portfolio and high yield research list
- Proprietary ratings and credit momentum

HARRAHS ENTERTAINMENT																
Date:	7-Feb-08															
Financial Snapshot:	FY01	FY02	FY03	FY04	YE05	1004	2004	3004	4004	YE06	1007	2007	3007	4007	YE07	YE08
	12/31/00	12/31/01	12/31/02	12/31/03	12/31/04	6/30/05	6/30/06	6/30/07	12/31/07	12/31/08	6/30/09	6/30/10	6/30/11	12/31/11	12/31/12	12/31/13
Revenue	\$1,976	\$4,899	\$3,348	\$4,440	\$7,407	\$2,257	\$2,374	\$2,912	\$2,430	\$4,873	\$2,426	\$2,791	\$2,449	\$3,524	\$18,119	\$11,881
EBITDA	\$969	\$1,888	\$991	\$1,245	\$1,845	\$648	\$627	\$637	\$322	\$2,426	\$665	\$682	\$753	\$661	\$2,716	\$2,773
Margin	49%	38%	29%	28%	25%	29%	26%	22%	13%	49%	24%	24%	31%	27%	15%	23%
Cash Flow	(256)	(240)	(234)	(272)	(481)	(164)	(145)	(146)	(178)	(870)	(180)	(177)	(216)	(216)	(798)	(1,984)
Capex	(112)	(82)	(2,234)	(2,102)	(901)	(764)	(807)	(1,369)	(2,074)	(428)	(252)	(440)	(240)	(1,874)	(1,528)	(1,818)
Cash Taxes	(140)	(114)	(117)	(280)	(10)	69	66	64	(118)	(7)	(219)	64	(50)	(237)	(85)	(83)
Dividends	-	(86)	(141)	(206)	(8)	(8)	(74)	(72)	(283)	(76)	(76)	(76)	(76)	(302)	-	-
Other	(22)	(159)	(187)	(605)	(31)	33	32	32	-	-	-	-	-	-	(26)	(23)
FCF	(35)	95	(5,33)	(1,332)	37	13	228	(214)	(643)	(36)	(315)	(442)	(55)	(643)	(828)	(1,871)

Balance Sheet	12/31/2001	12/31/2002	12/31/2003	12/31/2004	12/31/2005	12/31/2006	6/30/2007	6/30/2008	12/31/2008	12/31/2009	6/30/2010	6/30/2011	12/31/11	12/31/12	12/31/13
Cash	308	488	1,221	1,221	1,221	1,221	1,221	1,221	1,221	1,221	1,221	1,221	1,221	1,221	1,221
Bank availability	1,348	1,524	1,828	2,037	2,072	2,200	2,200	2,146	2,171	2,055	2,158	2,159	2,863	2,863	2,863
Bank Debt	940	1,580	2,681	2,636	2,593	2,855	4,307	4,307	4,308	4,408	4,999	5,531	7,250	7,828	8,857
CMBS debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CP debt	180	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Secured debt	94	94	-	-	-	-	200	200	200	200	200	200	200	200	200
New FX 10.75% Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
St. debt - legacy	1,990	2,713	-	-	-	-	-	-	-	-	-	-	-	-	-
St. debt - legacy	591	58	-	-	-	-	-	-	-	-	-	-	-	-	-
Convert	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Debt	3,614	5,331	-	-	-	-	-	-	-	-	-	-	-	-	-

Interest Coverage	4.2x	4.1
Lev. Rtn. Secured	1.4	1.1
Lev. Rtn. New Sr Notes	1.4	1.1
Lev. Rtn. New Toggie	1.1x	1.1
Lev. Rtn. Old Sr Nt	3.1x	3.1
Total Leverage	3.7x	4.1
ML Cap	7.33	7.33
Enterprise value	11.99	11.99
EV/EBITDA	8.1	8.1
Shareholder's equity	1,728	2,053
Debt/eq	80%	80%

Business Description

Commissioned in August 2007, Severstal Columbus ("SEVERST") is the newest and one of the most technologically advanced steelmaking facilities in North America. This mill will have current annual production capacity of 1.7 million tons of crude steel and 1.4 million tons of hot rolled sheet, as well as value-added finishing operations capable of producing 1.3 million tons of cold rolled sheet and 500,000 tons of galvanized, or coated, steel. A planned Phase 2 expansion, which began in 2008 and is scheduled to be completed by the end 2011, will double crude steel capacity to 3.4 million tons and increase economies of scale. SEVERST is owned by Russian-based steel producer OJSC Severstal, the world's 14th largest steel company.

Investment Rationale

SEVERST is the newest mill in North America and is clearly in the lower half of the cost curve. While the timing of start-up has coincided with substantial economic weakness which has caused SEVERST to report weak operating results in 2009, the mill's full utilization rate while the domestic steel industry's capacity utilization fell to 40-60% is supporting evidence of the mill's low-cost status. Even in today's weak steel industry conditions, we believe the mill has strong asset coverage and would fall for well in excess of the \$325mm of 1st Lien Notes. \$1.3b of capital has been reinvested to-date and the parent has committed to funding the remaining \$300mm needed to complete phase 2 (which is an extremely economic investment given that it doubles the mill's capacity). I expect that in better industry conditions and following the completion of phase 2 SEVERST will generate operating results that will result in a relatively modest debt 1st Lien Notes leverage. At that time, the 1st Lien Notes would trade at substantially tighter levels. In any case, while there is a risk of trading price volatility in the interim, these notes have 10 points of spread over the next two to three years, which would result in an approx 1.3x 1.5x annual 2-3 year holding period return from issuance.

Free Cash Flow

- FCF: net debt could reach 25-35% following the completion of Phase 2 in a normal economic environment.

Strengths

- Mill maintains a low-cost position on the cost curve.
- 2010 CAPX = 95% vs. industry = 60%.
- Notes are secured by PVBE, second lien on W/C. Good covenant package.
- Non-union workforce. Flexible. 60% of pay tied to quality of output & business performance. No legacy costs.
- The parent has substantial liquidity - multiples of that needed to fund the phase 2 CAPX.

Weaknesses

- Deeply cyclical. Mitigant - timing - currently coming off the bottom.
- Phase 2 - equity owner "promises" to fund and construction risk. Mitigant - extremely attractive marginal economies of Phase 2 and there is no new equipment types in Phase 2 vs. Phase 1.
- Slow and gradual recovery in the steel industry in 2010; possibly 2011, could lead to weak operating results and high leverage ratios prior to the completion of phase 2.
- Weak current operating results. Negative EBITDA in 2009 due to weak economic conditions and above-market pig iron purchase commitments.

Opportunities

- Resumption of exposed automotive sheet market.
- Further conversion cost improvement.

Business Drivers/ End Markets

- USIP
- PC rates - changes relative cost positions
- End markets: LTM 90% - distributor (37%), pipe & tube (20%), construction (17%) and automotive (19%).
- Product mix: LTM 90% - hot rolled (38%), galvanized (30%), cold rolled (17%), hot rolled P&O (15%).

To Watch

- Industry CAPX
- EBITDA/ton (Avg 4 domestic comps approx \$100-150) vs '04-'08: level of profit determined by end product mix - Co.'s product mix will be in the middle - \$40-\$50 per ton vs 3rd quart from post phase 2 - \$340mm of EBITDA for the mill (vs. \$525mm of 1st Lien Sr Sec Nts).
- Scrap spread

Competitive Position

- Mill is amongst the lowest cost mills, if not the lowest cost mill, in North America.
- U.S. market is an import market. Historically produces approx 100mm+ tons and imports 25mm.
- Weak dollar helps domestic cost position.

Source: Standish. For illustrative purposes only.

Emerging Markets Debt Research

Key Inputs

Spreads over US Treasuries

- Sovereign risk assessment: external and internal balances, external and internal liquidity, structural (political, institutional) variables. Global environment, market technicals.
- For each emerging market in which we invest, we formulate forecasts of economic, financial, and political variables.

Currency

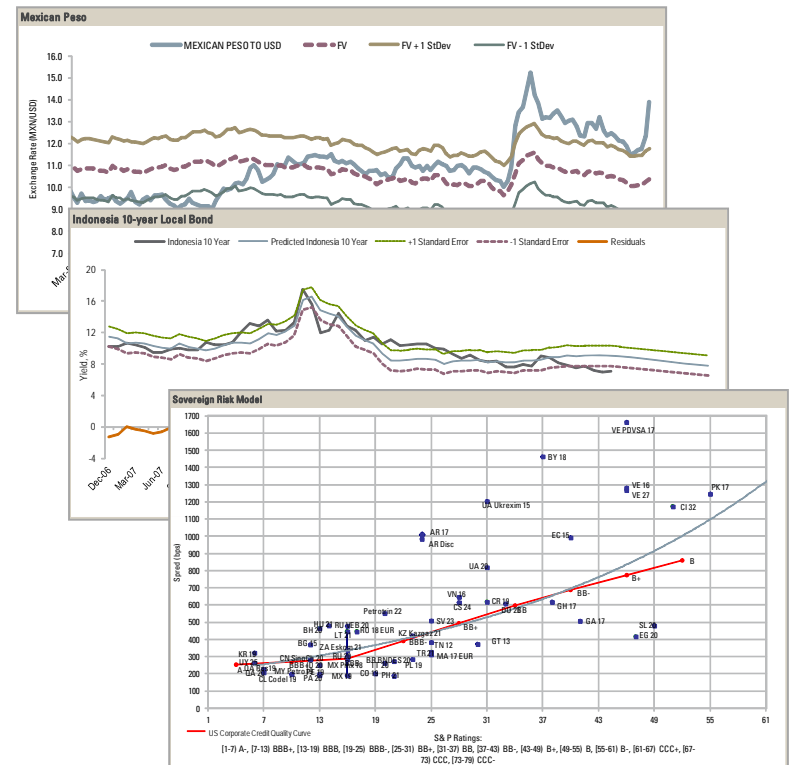
- Currency risk assessment: balance of payments, central bank fx policy, monetary policy, inflation differentials, productivity differentials and terms of trade.
- Focus on stable sources of hard currency flows and analyze longer-term supply/demand conditions for local currency.

Local Yields

- Country specific assessment: inflation expectations, policy rate forecasts, sovereign risk, global environment, market technicals
- Cross-Country assessment: fundamental forecasts of variables affecting policy rates (inflation, output gap, unemployment, fiscal balance, etc) to analyze direction of short-term rates in individual emerging market countries.

BEST IDEAS

- Country
- Curve
- Duration
- Currency



Source: Standish. For illustrative purposes only.

Section V.

Portfolio Characteristics – Summary

Representative Non-US – Unhedged Portfolio vs. Barclays Global Aggregate Ex-US – Unhedged

Sector Distribution				
	% of Market Value		Contribution to Duration (years)	
	Portfolio	Index	Portfolio	Index
Non-US Government	44.9	78.4	5.7	5.6
US Government	1.6	0.0	-2.0	0.0
Corp - IG	17.0	10.8	1.3	0.5
Corp - HY	4.2	0.0	0.2	0.0
Securitized	17.6	6.2	0.3	0.3
EMD	11.4	4.6	1.0	0.2
Cash & Equivalents	3.3	0.0	0.0	0.0
Total	100.0	100.0	6.5	6.7

Country Distribution				
	% of Market Value		Contribution to Duration (years)	
	Portfolio	Index	Portfolio	Index
UK	21.8	9.7	1.7	0.9
US	17.2	1.4	-1.1	0.1
Japan	9.5	34.3	2.3	2.6
Canada	8.1	4.7	0.4	0.4
Germany	5.7	9.3	0.6	0.5
France	5.5	9.4	0.4	0.6
Slovakia	3.5	0.1	0.2	0.0
South Africa	3.5	0.4	0.4	0.0
Australia	2.8	2.2	0.1	0.1
Italy	2.8	6.0	0.2	0.4
Other	19.7	22.5	1.4	1.2
Total	100.0	100.0	6.5	6.7

Summary Statistics		
	Portfolio	Index
Average quality	AA-	AA-
Average duration	6.46 yrs	6.68 yrs
Average maturity	10.27 yrs	8.27 yrs
Yield to maturity	3.04%	2.02%

Currency Distribution (%)		
	Portfolio	Index
Japanese Yen	34.6	32.8
Euro	30.2	42.8
US Dollar	10.7	0.0
Pound Sterling	9.5	9.6
Mexican Peso	4.9	0.5
Canadian Dollar	4.5	4.7
Malaysian Ringgit	2.7	0.3
South Korean Won	2.2	1.6
Swedish Krona	1.6	1.1
Singapore Dollar	1.6	0.3
Australian Dollar	-2.7	2.3
Swiss Franc	-3.7	1.3
Other	3.9	2.8
Total	100.0	100.0

Source: Standish as of June 30, 2012. Percentages are subject to change at any time and without notice. The representative portfolio chosen is the portfolio managed the longest in the composite and was not chosen to show performance. 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®)

Portfolio Characteristics – Risk Management

Representative Non-US – Unhedged Portfolio vs. Barclays Global Aggregate Ex-US Index – Unhedged

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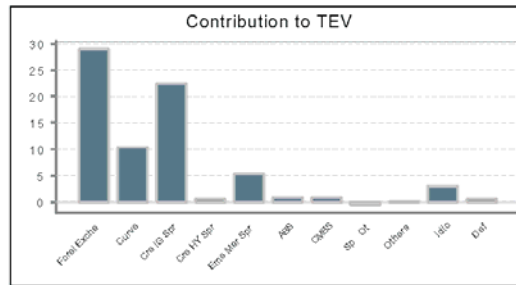
Global Risk Model

Portfolio Risk Summary Report

Portfolio: 2857
 Index: Global Agg Ex USD (Returns)
 Reporting Units: Returns in bps/month

Run Date: 07/17/2012
 As of Date: 6/29/2012
 Base Currency: USD

Factor Partition Summary			
	Contrib to TEV	Isolated TEV	Systematic Beta
Total	72.7	72.7	0.9
Systematic	69.2	70.9	0.9
Foreign Exchange	29.0	37.9	0.8
Curve	10.4	19.6	0.1
Credit IG Spreads	22.4	32.2	0.0
Credit HY Spreads	0.6	3.6	-0.0
Emerging Markets Spreads	5.4	8.6	-0.0
ABS	0.9	2.6	0.0
CMBS	0.9	2.4	0.0
Spreads - Others	-0.5	21.2	0.0
Others	0.1	0.2	0.0
Idiosyncratic	3.0	14.7	-
Credit default	0.6	6.5	-



TEV Summary	
Total TEV	72.7
Systematic TEV	70.9
Idiosyncratic TEV	14.7
Default TEV	6.5

Portfolio Info	
Last Transaction	7/16/2012
Total MV (MM)	1,486.3
Cash MV (MM)	17.4
Total Notional (MM)	1,240.6
Positions Included	301
Positions Excluded	9

PORTFOLIO STATISTICS

Net Market Weight % (Portfolio-Benchmark)						
Sector	TOT	USD+	EUR+	GBP	JPY	Other
Treasury/Agency/M	-24.9	3.0	-8.2	4.0	-21.7	-2.1
Credit - Inv. Gra.	2.6	15.5	-7.5	-2.6	-3.1	0.2
Credit - High Yie.	4.3	3.0	1.3	-0.0	-	-
Securitized	3.2	3.2	0.2	-0.2	-	-
Inflation-Linked	0.2	-	-	-	0.2	-
Emerging Markets	9.0	3.4	0.1	-0.0	-0.0	5.5
Other (Cash, Deri.)	5.6	-27.5	6.0	-1.9	19.0	10.0
Total	0.0	0.7	-8.0	-0.7	-5.6	13.7

Summary Analytics						
	Net	USD+	EUR+	GBP	JPY	Other
OAD	0.3	-0.2	-0.2	0.4	-0.2	0.5
OAS	43.7	80.9	-20.0	-7.1	-1.0	4.7
OASD	0.2	-0.3	-0.3	0.4	-0.2	0.5
OAC	0.1	0.0	-0.1	0.1	0.0	0.1
Vega	-	-0.0	-0.0	0.0	-0.0	0.0

G4 Net Key Rate Durations (Portfolio-Benchmark)				
Key Rate	USD	EUR	GBP	JPY
6 month	-0.0	-0.0	-0.0	-0.0
2 year	0.1	-0.1	-0.0	-0.2
5 year(+ 7 year for JPY)	-0.6	0.0	0.0	0.5
10 year	0.2	0.3	-0.0	-0.2
20 year	-0.2	-0.2	0.0	0.0
30 year	0.2	-0.1	0.5	0.0

MAJOR ACTIVE POSITIONS

Major Systematic Risk Exposures - Uncorrelated			
Factor	Net Exp.	Factor Vol	TE Impact
EUR (European Euro)	-8.3	3.1	-25.2
USD 5Y key rate	-0.6	29.5	18.4
JPY (Japanese Yen)	-5.6	3.1	-17.6
KRW (Korean Won)	3.2	5.1	16.5
Euro Government Spain	-0.7	20.4	13.6
ZAR Treasury	0.3	41.1	-13.5
MXN (Mexican Nuevo Poso)	3.7	2.9	10.8
GBP 30Y key rate	0.5	18.4	-8.4
USD Ultra High Grade Industrials	1.0	8.8	-8.4
USD IND Long Maturity	5.8	1.4	-8.0

Major Systematic Risk Exposures - Correlated			
Factor	Net Exp.	Factor Vol	TE Impact
USD Credit Core	0.0	9.6	-45.9
USD IND Chemicals	0.1	7.8	-42.4
USD IND Retail	0.1	9.1	-42.0
EMG Fixed Income Other	0.2	12.6	-41.7
GLB Fixed Income (G4) South Africa	0.0	12.6	-41.7
EMG Fixed Income Mexico	0.2	12.6	-41.5
USD IND Media Non-cable	0.1	9.4	-41.4
USD IND Energy	0.2	8.7	-41.3
EMG Fixed Income Philippines	-0.0	13.9	-41.3
EMG Fixed Income Brazil	0.1	16.9	-41.0

Contribution to TEV			
Factor	Net Exp.	% of TE Variance	Contrib to TEV
USD 5Y key rate	-0.6	12.2	8.9
JPY (Japanese Yen)	-5.6	10.7	7.8
EUR (European Euro)	-8.3	10.2	7.4
KRW (Korean Won)	3.2	7.6	5.5
MXN (Mexican Nuevo Poso)	3.7	5.3	3.9
USD Ultra High Grade Industrials	1.0	4.1	3.0
USD Non Corporate	0.4	4.1	3.0
USD FIN Banking	0.5	3.7	2.7
USD IND Media Cable	0.4	3.7	2.7
USD FIN Finance Companies	0.3	2.6	1.9

Idiosyncratic Risk					
Ticker / Identifier	Iss. Port	Net MW%	OASD	Idio TEV	
				Ind.	Cum.
USD TYU12 CBT 20120919	1	-0.0	-1.3	5.4	5.4
SLOVAK	1	1.6	0.1	5.0	7.3
EUR BTPS 5.5 20220901	1	1.0	0.1	3.7	8.2
SAGB	2	3.1	0.3	3.7	9.0
EUR BTPS 4.75 20210901	1	0.9	0.1	3.5	9.7
EUR FRTR 3.25 20211025	1	3.5	0.3	3.3	10.2
PERU	1	0.9	0.1	2.7	10.6
UTX	1	0.8	0.1	2.6	10.9
CMCSA	2	0.7	0.1	2.5	11.2
EUR BTPS 5 20400901	1	0.4	0.1	2.5	11.5

Source: Barclays Point as of June 30, 2012. Percentages are subject to change at any time and without notice. The representative portfolio chosen is the portfolio managed the longest in the composite and was not chosen to show performance. 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®)

Portfolio Characteristics – Summary

Representative Global Core Plus – US\$ Hedged Portfolio vs. Barclays Global Aggregate Index – US\$ Hedged

Sector Distribution				
	% of Market Value		Contribution to Duration (years)	
	Portfolio	Index	Portfolio	Index
Government/Cash	37.2	64.1	2.4	4.3
Corp - IG	22.1	15.2	1.6	0.9
Corp - HY	4.1	0.0	0.2	0.0
Securitized	27.4	16.3	0.9	0.6
EMD	9.3	4.4	0.8	0.3
Total	100.0	100.0	5.9	6.0

Country Distribution				
	% of Market Value		Contribution to Duration (years)	
	Portfolio	Index	Portfolio	Index
US	33.2	36.3	1.0	1.8
UK	19.2	6.4	1.3	0.6
Japan	9.4	20.2	1.3	1.5
Canada	6.0	3.4	0.2	0.2
Belgium	3.9	1.0	0.1	0.1
South Africa	3.4	0.3	0.3	0.0
Slovakia	3.3	0.1	0.2	0.0
Germany	2.1	5.9	0.2	0.3
France	2.1	5.8	0.3	0.4
Australia	2.0	1.5	0.1	0.1
Netherlands	1.8	2.0	0.1	0.1
Spain	1.7	2.6	0.1	0.1
Italy	1.4	3.6	0.1	0.2
Chile	1.4	0.1	0.1	0.0
Other	9.2	11.0	0.8	0.6
Total	100.0	100.0	5.9	6.0

Summary Statistics		
	Portfolio	Index
Average quality	A+	AA
Average duration	5.90 yrs	6.01 yrs
Average maturity	8.81 yrs	9.96 yrs
Yield to maturity	2.91%	2.00%

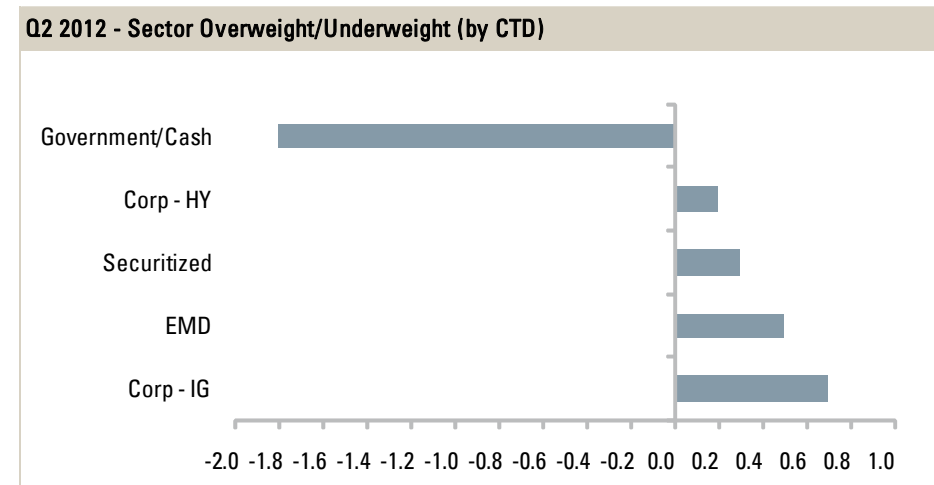
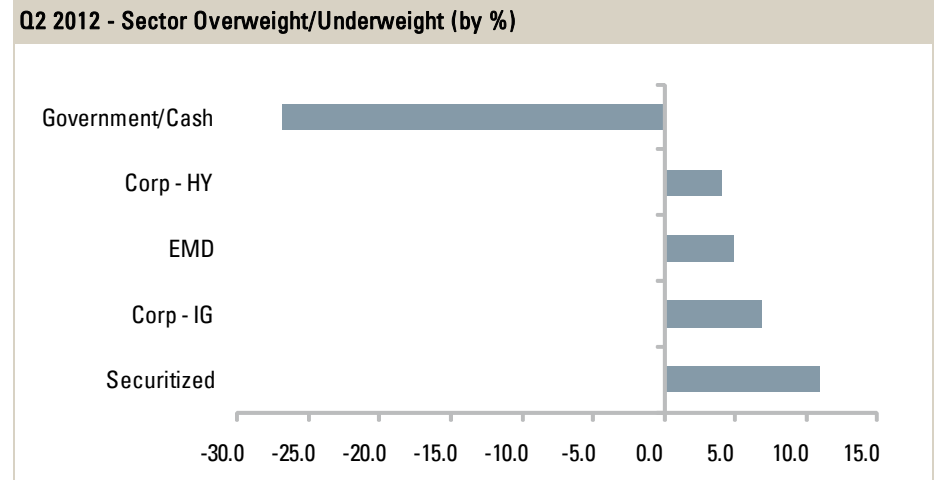
Currency Distribution (%)		
	Portfolio	Index
US Dollar	101.9	100.0
Mexican Peso	2.0	0.0
South Korean Won	2.0	0.0
Singapore Dollar	1.0	0.0
Philippines Peso	0.1	0.0
Peruvian New Sol	0.1	0.0
South African Rand	0.1	0.0
Brazilian Real	0.0	0.0
Swedish Krona	-0.1	0.0
Japanese Yen	-3.0	0.0
Euro	-4.1	0.0

Source: Standish as of June 30, 2012. Percentages are subject to change at any time and without notice. The representative portfolio chosen is the largest portfolio in the composite and was not chosen to show performance. 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®).

Portfolio Characteristics – Q2 2012 Sector Allocation

Representative Global Core Plus – US\$ Hedged Portfolio vs. Barclays Global Aggregate Index US\$ Hedged

- We maintained our overweight to U.S. investment grade credit during Q2 2012 while reducing exposure to European investment grade credit to an underweight on decidedly weaker growth expectations in Europe. Based upon strong corporate balance sheets and supportive monetary policy, U.S. credit remains broadly attractive while the portfolio is defensively positioned in European corporates. We will regard any underperformance of U.S. credit as an opportunity to increase our overweight at more attractive valuations.
- We believe that high yield and external emerging market debt offer significant long term value. Given slowing growth in China, the growing likelihood of a European recession and our expectation of modest U.S. Economic growth in the second half of 2012, we have elected to express this view through relative value trades constructed to benefit from regional differentiation in growth.

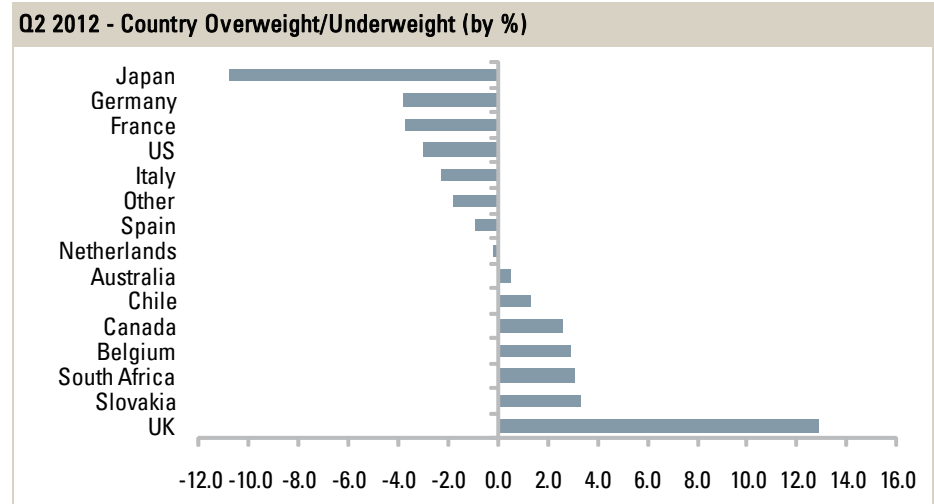
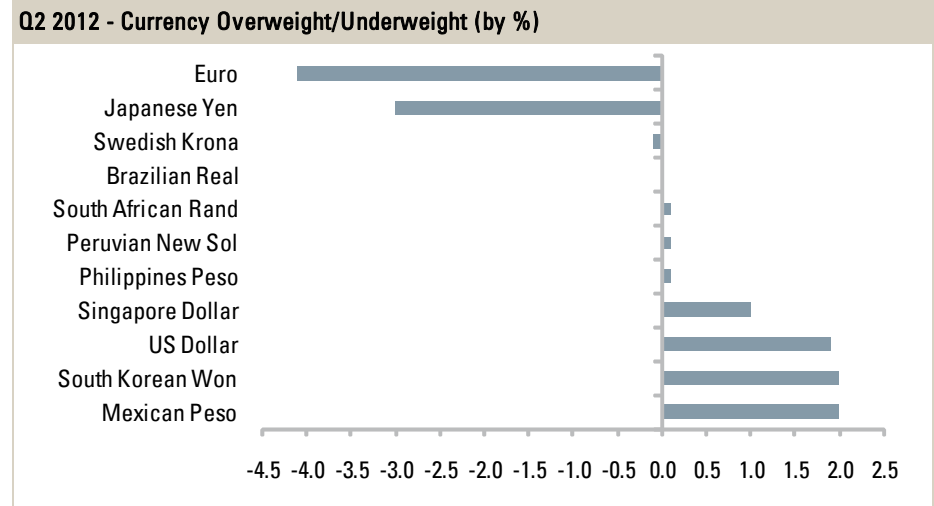


Source: Standish as of June 30, 2012. Percentages are subject to change at any time and without notice. The representative portfolio chosen is the largest portfolio in the composite and was not chosen to show performance. Representative account data is to be considered supplemental information to the attached GIPS compliant composite presentation found in the appendix. Standish Mellon Asset Management Company LLC claims compliance with the Global Investment Performance Standards (GIPS®).

Portfolio Characteristics – Q2 2012 Currency and Country Allocation

Representative Global Core Plus – US\$ Hedged Portfolio vs. Barclays Global Aggregate Index US\$ Hedged

- As of quarter end, our overall duration exposure was slightly underweight versus the index. Regionally, we are modestly underweight Japanese duration versus a corresponding overweight in emerging market local duration. Additionally, within the universe of European government bonds we remain underweight Spanish and Italian government debt.
- We continue to hold our short position in the Euro and have added a short position in Japanese yen versus long positions in U.S. dollar, Mexican peso, Singapore dollar and Korean won. We believe that, given prevailing trends in regional economic performance, the currencies of countries tied most closely to U.S. economic activity are attractive when compared to those which are more sensitive to European economic activity.



Source: Standish as of June 30, 2012. Percentages are subject to change at any time and without notice. The representative portfolio chosen is the largest portfolio in the composite and was not chosen to show performance. 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®).

Portfolio Characteristics – Risk Management

Representative Global Core Plus – US\$ Hedged Portfolio vs. Barclays Global Aggregate Index – US\$ Hedged

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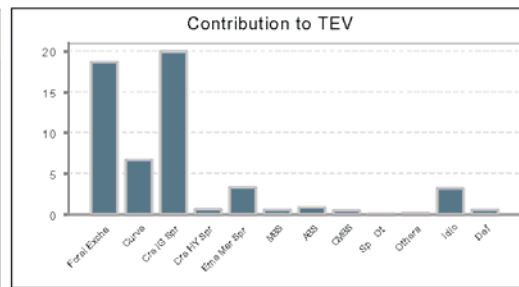
Global Risk Model

Portfolio Risk Summary Report

Portfolio: 1022
 Index: Global Agg (Returns)
 Reporting Units: Returns in bps/month

Run Date: 07/17/2012
 As of Date: 6/29/2012
 Base Currency: USD

Factor Partition Summary			
	Contribution to TEV	Isolated TEV	Systematic Beta
Total	55.4	55.4	0.9
Systematic	51.6	53.5	0.9
Foreign Exchange	18.7	28.4	-0.0
Curve	6.7	16.2	1.0
Credit IG Spreads	20.0	29.0	-0.0
Credit HY Spreads	0.7	3.5	-0.0
Emerging Markets Spreads	3.3	6.7	-0.0
MBS	0.6	3.0	-0.0
ABS	0.9	2.5	-0.0
CMBS	0.6	1.5	-0.0
Spreads - Others	0.1	16.2	0.0
Others	0.2	0.7	0.0
Idiosyncratic	3.2	13.3	-
Credit default	0.6	5.9	-



TEV Summary	
Total TEV	55.4
Systematic TEV	53.5
Idiosyncratic TEV	13.3
Default TEV	5.9

Portfolio Info	
Last Transaction	7/16/2012
Total MV (MM)	228.7
Cash MV (MM)	-4.9
Total Notional (MM)	217.9
Positions Included	327
Positions Excluded	7

PORTFOLIO STATISTICS

Net Market Weight % (Portfolio-Benchmark)						
Sector	TOT	USD+	EUR+	GBP	JPY	Other
Treasury/Agency/M.	-20.7	-9.0	-5.0	4.1	-9.6	-1.2
Credit - Inv. Gra.	4.2	11.0	-3.6	-1.5	-1.7	-0.0
Credit - High Yie.	4.2	2.9	1.3	-0.0	-	-
Securitized	3.4	2.8	0.7	-0.1	-	-
Inflation-Linked	0.8	-	-	-	0.8	-
Emerging Markets	6.4	1.9	0.2	-0.0	-0.0	4.3
Other (Cash, Deri.)	1.8	50.6	-27.0	-8.7	-12.9	-0.2
Total	0.0	60.1	-33.3	-6.2	-23.5	2.9

Summary Analytics						
	Net	USD+	EUR+	GBP	JPY	Other
OAD	0.2	-0.2	-0.2	0.4	-0.2	0.4
OAS	52.8	51.5	-8.4	-4.0	-0.7	2.4
OASD	0.1	-0.2	0.2	0.4	-0.2	0.4
OAC	0.0	-0.1	-0.0	0.1	-0.0	0.1
Vega	-0.0	-0.0	-0.0	0.0	-0.0	0.0

G4 Net Key Rate Durations (Portfolio-Benchmark)					
Key Rate	USD	EUR	GBP	JPY	
6 month	0.0	-0.0	-0.0	-0.0	-0.0
2 year	0.0	-0.0	-0.0	-0.1	
5 year(+ 7 year for JPY)	-0.5	0.0	0.0	0.1	
10 year	0.4	-0.0	-0.0	-0.2	
20 year	-0.2	-0.1	0.1	0.2	
30 year	0.1	0.1	0.4	-0.1	

MAJOR ACTIVE POSITIONS

Major Systematic Risk Exposures - Uncorrelated			
Factor	Net Exp.	Factor Vol	TE Impact
EUR (European Euro)	-7.8	3.1	-23.7
USD 5Y key rate	-0.5	29.5	15.1
ZAR Treasury	0.3	41.1	-13.5
KRW (Korean Won)	2.1	5.1	10.7
USD 10Y key rate	0.4	27.6	-10.6
JPY (Japanese Yen)	-3.1	3.1	-9.8
USD IND Long Maturity	5.9	1.4	-8.2
Euro Government Spain	-0.4	20.4	8.0
USD Ultra High Grade Industrials	0.9	8.8	-7.6
GBP 30Y key rate	0.4	18.4	-7.1

Major Systematic Risk Exposures - Correlated			
Factor	Net Exp.	Factor Vol	TE Impact
USD Credit Core	0.0	9.6	-34.6
USD IND Chemicals	0.1	7.8	-31.8
USD IND Retail	0.1	9.1	-31.5
USD IND Media Non-cable	0.1	9.4	-31.3
USD IND Media Cable	0.3	12.1	-31.0
USD IND Energy	0.1	8.7	-30.9
USD IND Metals	0.2	8.8	-30.6
USD IND Paper	-0.0	9.3	-30.5
EMG Fixed Income Panama	-0.0	12.4	-30.5
USD IND Transportation	-0.0	8.4	-30.5

Contribution to TEV			
Factor	Net Exp.	% of TE Variance	Contrib to TEV
EUR (European Euro)	-7.8	17.0	9.4
USD 5Y key rate	-0.5	13.1	7.2
JPY (Japanese Yen)	-3.1	7.4	4.1
USD 10Y key rate	0.4	-7.2	-4.0
KRW (Korean Won)	2.1	5.0	2.8
USD Ultra High Grade Industrials	0.9	4.6	2.6
USD FIN Banking	0.4	4.2	2.3
USD IND Media Cable	0.3	4.1	2.3
USD Non Corporate	0.3	3.5	1.9
MXN (Mexican Nuevo Peso)	2.1	3.2	1.8

Idiosyncratic Risk					
Ticker / Identifier	Iss. Port	Net MW%	OASD	Idio TEV	
				Ind.	Cum.
SLOVAK	1	1.5	0.1	4.6	4.6
SAGB	2	3.1	0.3	3.7	6.0
DE	1	1.0	0.2	3.4	6.9
USD TYU12.CBT 20120919	1	-0.0	-0.7	2.9	7.4
EUR FRTR 4.5 20410425	1	1.3	0.2	2.8	8.0
UTX	1	0.7	0.1	2.4	8.3
CMCSA	2	0.5	0.1	2.1	8.6
EUR BTPS 5.5 20220901	1	0.5	0.0	2.1	8.8
USD FNMA 3.5 20420228	1	4.2	0.2	1.9	9.0
ALLY	2	0.8	0.0	1.7	9.2

Source: Barclays Point as of June 30, 2012. Percentages are subject to change at any time and without notice. The representative portfolio chosen is the largest portfolio in the composite and was not chosen to show performance. 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®)

Outlook and Strategy – Global

Investment Environment

Developed economies continue to exhibit subpar rates of growth. Euro zone political issues remain a challenge but near term systematic risks have been reduced. Fiscal headwinds will continue to restrain economic activity in the European periphery. Central bank easing will be the appropriate response to weak growth.

Corporate fundamentals remain strong in both the investment grade and high yield credit markets. The US banking and financial sector provides the most attractive valuations. Spreads are likely to remain volatile as the fragile global growth environment leaves little margin for policy error..

Both relative growth dynamics and monetary policy are the primary drivers of currency returns. Most major central banks are now actively engaged in policy easing but differentiation in pace and magnitude of easing should lead to more divergence in currency performance.

Risks*

- Policy mistakes in Europe, causing global financial contagion
- A double dip recession in the US
- A 'hard landing' for China, further de-railing global recovery

Portfolio Strategy

Aggregate portfolio risk relative to the benchmark should remain moderate, with portfolio duration close to index weight. We are positioning to benefit from relative value opportunities in European sovereigns.

Portfolios have a modest overweight to corporate credit and emerging market debt. We prefer to take most of our credit risk in the US and Latin America. High yield positions are modest reflecting the low absolute level of yields. Portfolios maintain a modest overweight to securitized products backed by non-US assets.

We prefer being overweight in currencies that are positively correlated to US economic outperformance, specifically the US dollar and the Mexican peso. Against these longs, we favor short positions in currencies closely tied to European economic activity, such as the Euro.

* This is not an exhaustive list. For a more comprehensive list of the risks associated with investing in foreign markets, please refer to the disclosures in the back of the presentation.
Note: As of June 30, 2012 Portfolio holdings are subject to change at any time.

Section VI.

Executive Summary

- Our forecast for global economic growth remains below consensus. Nevertheless, we continue to believe the global economy, with the exception of Europe, will avoid recession.
- After hitting another soft patch this summer, we expect U.S. economic growth to be supported by an improvement in the housing sector in the second half of 2012.
- We are concerned that the U.S. economy will slow next year unless steps are taken to prevent the full implementation of impending tax hikes and spending cuts.
- European leaders made meaningful progress at the June EU Summit. This should help stabilize the Spanish banking sector, but questions remain about the implications for other peripheral countries.
- Chinese economic activity has slowed sharply partly as a consequence of events in Europe and the United States, but policy makers have ample room to implement countercyclical policy.
- We expect global central banks to provide further accommodation in the coming months.

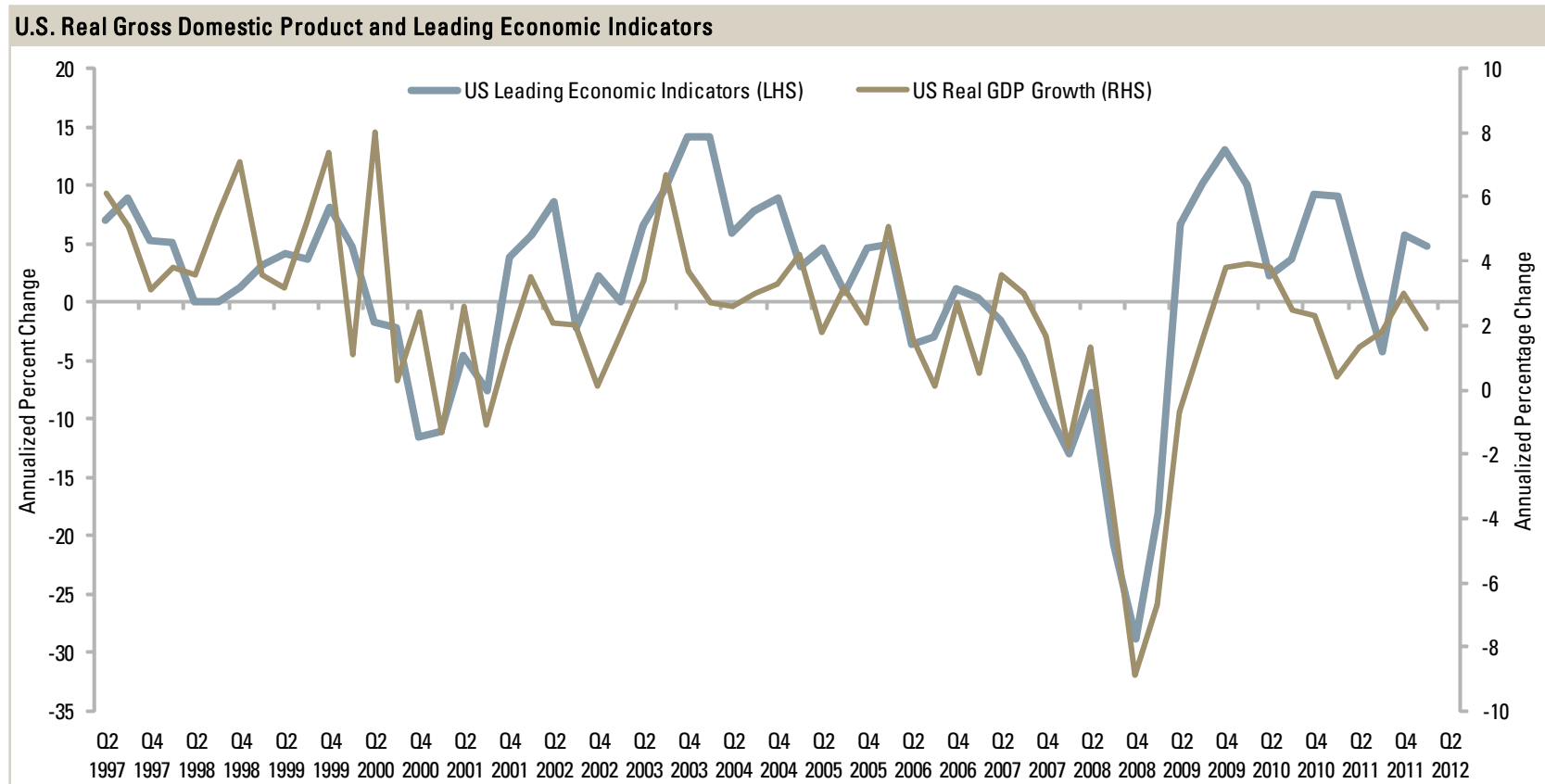
Global Economic Outlook

July 2012 Survey	Real GDP				Consumer Prices			
	Consensus/IMF		Standish		Consensus/IMF		Standish	
	2012 ^F	2013 ^F	2012 ^F	2013 ^F	2012 ^F	2013 ^F	2012 ^F	2013 ^F
United States	2.2	2.4	2.0	1.9	2.2	2.0	1.9	1.7
Japan	2.5	1.3	2.6	1.8	0.1	0.0	0.0	0.3
United Kingdom	0.3	1.8	0.2	1.4	2.9	2.1	2.7	2.2
Euro-zone	-0.4	0.7	-0.4	0.3	2.3	1.7	2.0	1.5
Developing Asia	7.3	7.9	7.2	7.4	5.0	4.6	4.8	5.2
Eastern Europe & CIS	3.2	3.6	3.2	3.7	6.7	6.3	6.3	5.0
Latin America	3.7	4.1	3.8	4.4	6.4	5.9	5.6	5.5
Global	3.4	3.7	3.3	3.5	4.1	3.6	3.8	3.5

Source: Standish, The International Monetary Fund, and Consensus Forecasts as of July 2012.
F = Forecast

- Our forecasts for global economic growth remain below consensus. Nevertheless, we continue to believe the global economy, with the exception of Europe, will avoid recession. Benign inflation should allow central banks to maintain the accommodative stance of monetary policy.

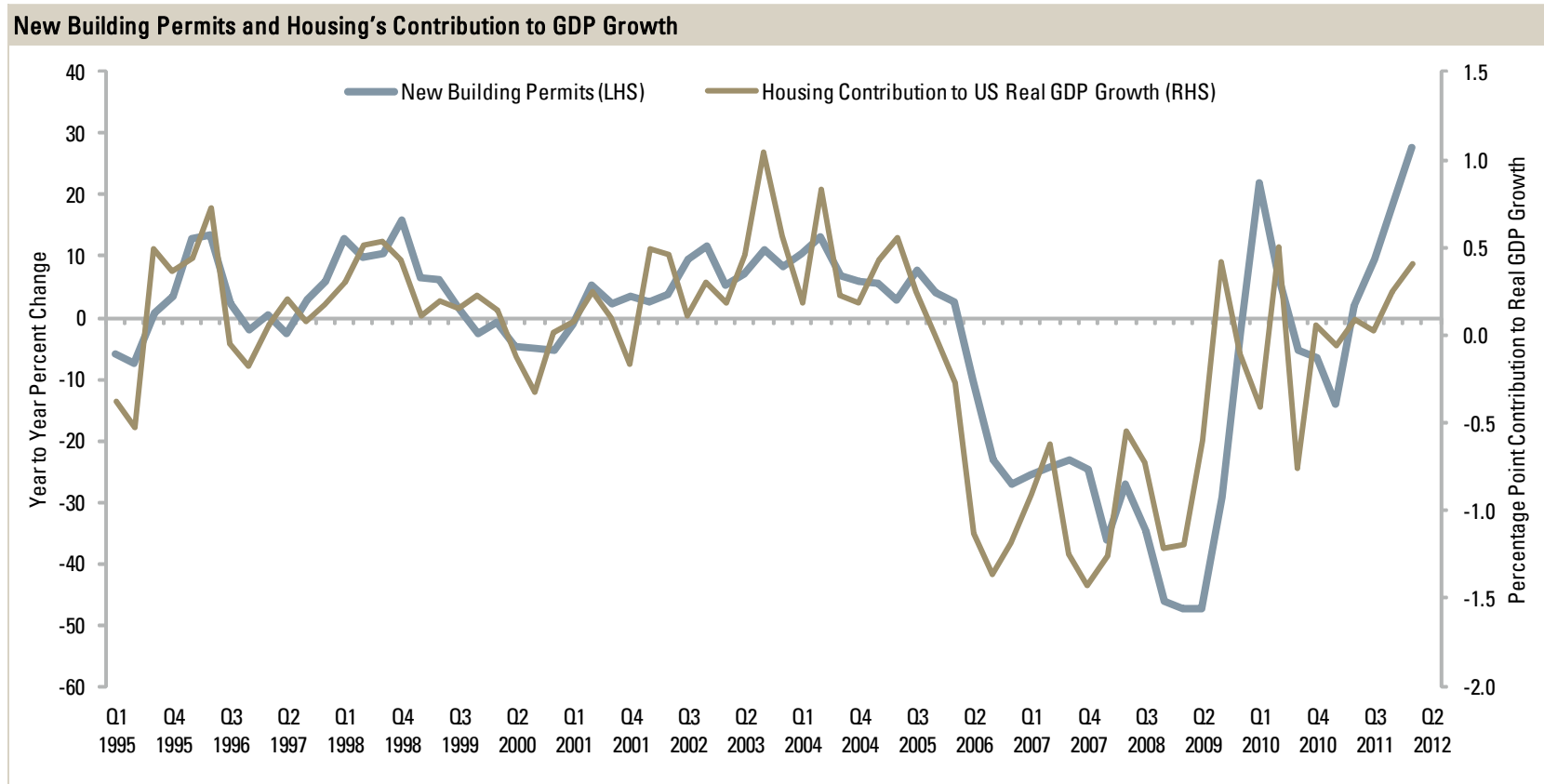
U.S. Leading Indicators Point to Modest Growth, But No Recession



Source: Bureau of Economic Analysis and The Conference Board as of June 2012

- The U.S. economy has averaged annual growth of roughly 2% since the recovery began in mid-2009. The leading economic indicators, which forecast growth six to nine months down the road, point to modest growth in the second half of 2012.

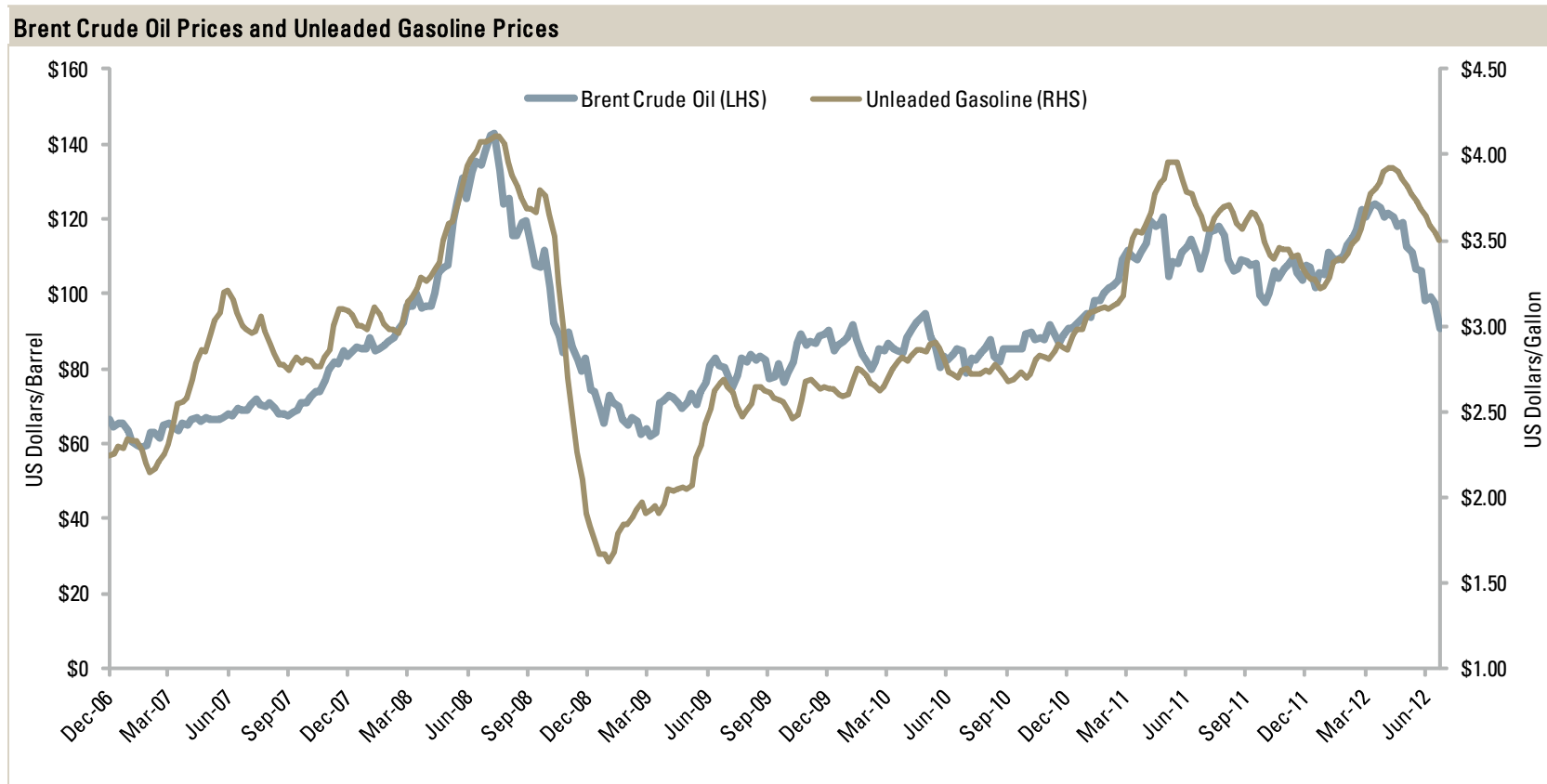
The U.S. Housing Sector May Finally Be Turning the Corner



Source: Bureau of Economic Analysis and the Census Bureau as of June 2012

- The housing sector appears to be turning the corner with home sales, starts and building permits all rebounding over the past year. Although housing remains a small share of GDP, this should be supportive of overall economic growth in the second half of 2012.

Lower Oil Prices May Help Ease Inflation and Bolster Consumer Spending



Source: Bloomberg as of June 22, 2012

- Oil prices have come down by more than 20% since March 2012 and this has begun to translate into lower gasoline prices. Although the situation in the Middle East remains a key risk, we believe lower oil prices should have a positive impact on the economy.

The U.S. Fiscal Cliff Increases Risk of Recession in 2013

Congressional Budget Office (CBO) Estimates of Economic Effects of Fiscal Cliff			
	1st Half 2013	2nd Half 2013	Full Year 2013
Real GDP			
Fiscal Cliff	-1.3%	2.3%	0.5%
No Fiscal Cliff	5.3%	3.4%	4.4%

Source: Congressional Budget Office May 2012

- Unless Congress takes action to prevent it, tax hikes and spending cuts representing roughly \$450 billion, or 3.3% of GDP, will take effect in 2013. Analysis from the Congressional Budget Office suggests that this would result in a recession in the first half of next year.

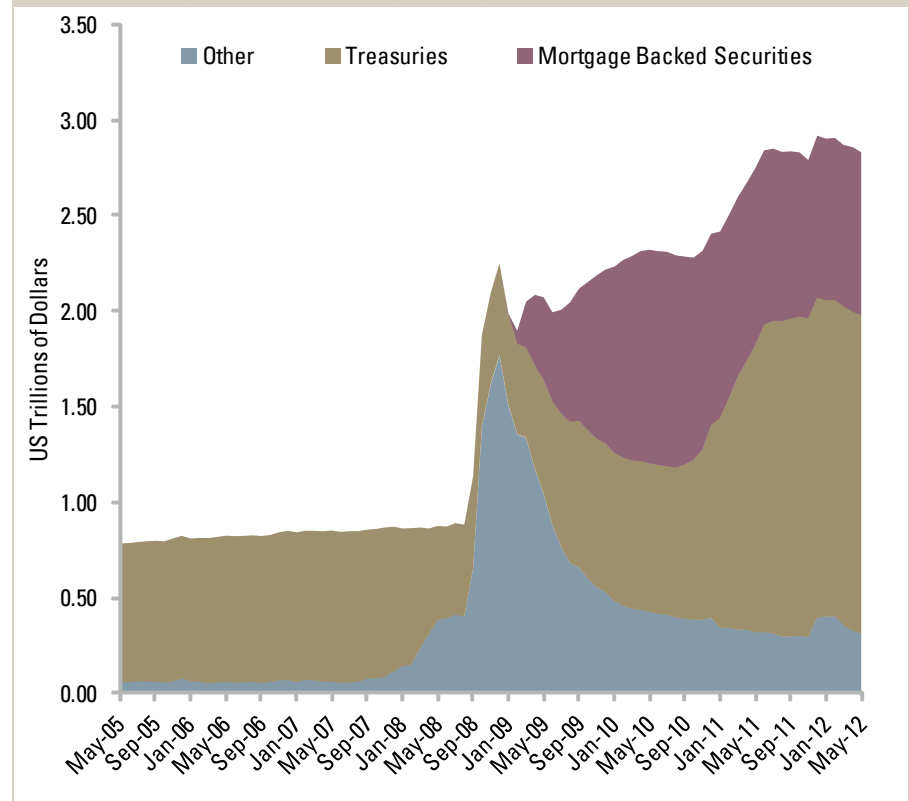
Fed Downgrades Forecast and Opens Door to More Easing

Economic Projections of the Federal Reserve June 2012

	2012	2013	2014
Change in Real GDP	1.9 to 2.4	2.2 to 2.8	3.0 to 3.5
April Projection	2.4 to 2.9	2.7 to 3.1	3.1 to 3.6
Unemployment Rate	8.0 to 8.2	7.5 to 8.0	7.0 to 7.7
April Projection	7.8 to 8.0	7.3 to 7.7	6.7 to 7.4
PCE Inflation	1.2 to 1.7	1.5 to 2.0	1.5 to 2.0
April Projection	1.9 to 2.0	1.6 to 2.0	1.6 to 2.0

Source: Federal Reserve as of June 2012

The Fed Has Expanded Its Security Holdings



Source: Federal Reserve as of June 2012

- At its June policy meeting, the Federal Reserve decided to continue its program to extend the average maturity of its Treasury holdings – dubbed Operation Twist. The Fed also downgraded its forecast for the U.S. economy and opened the door to further easing.

European Leaders Made Meaningful Progress at the June EU Summit

Measure	Implication	Uncertainty
I. European Stabilization Mechanism (ESM) can directly recapitalize banks	Potentially breaks link between banks and sovereigns	Will these measures be applied to other peripheral economies?
II. ESM will not have senior status to other bond holders in Spanish bank bailout	Eliminates risk of subordination for Spanish debt holders	
III. Single European Bank Regulator	Positive step toward preventing future crises	Will Europe adopt a deposit guarantee scheme to prevent contagion?
IV. Growth Pact	€120 billion (1.3% of GDP) to finance new investment and job creation	Is this too little to counter European recession risk?

Source: European Commission and Standish as of July 2012

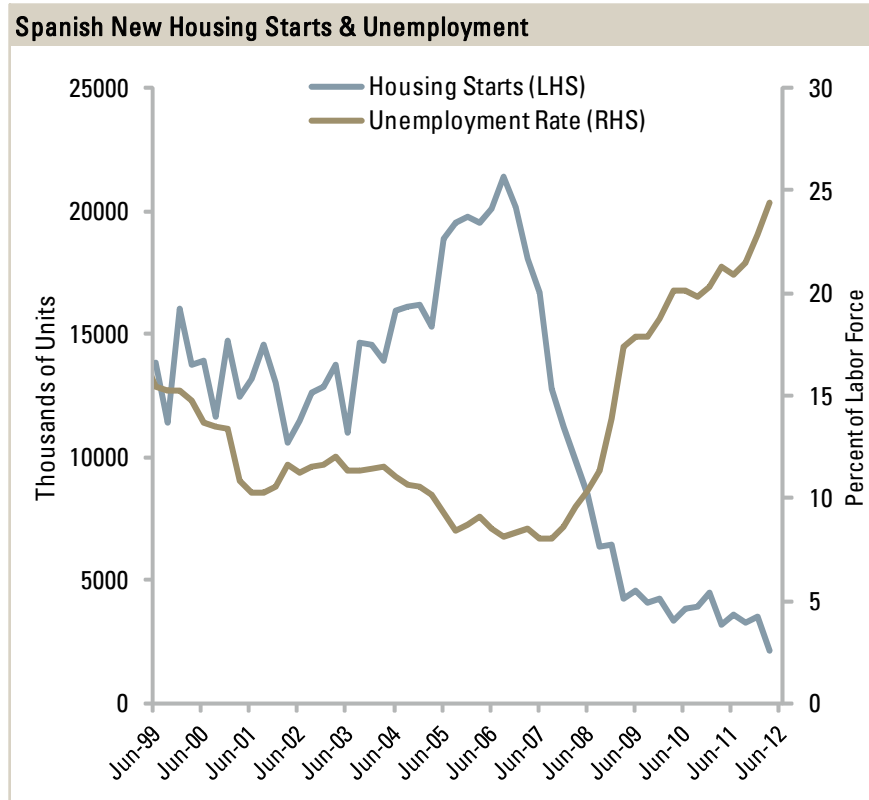
EU Summit Decisions Should Help Stabilize Spanish Banks

Dependence on ECB funding now equal to a high 8.8% of banking sector assets (€325 billion in ECB borrowing)

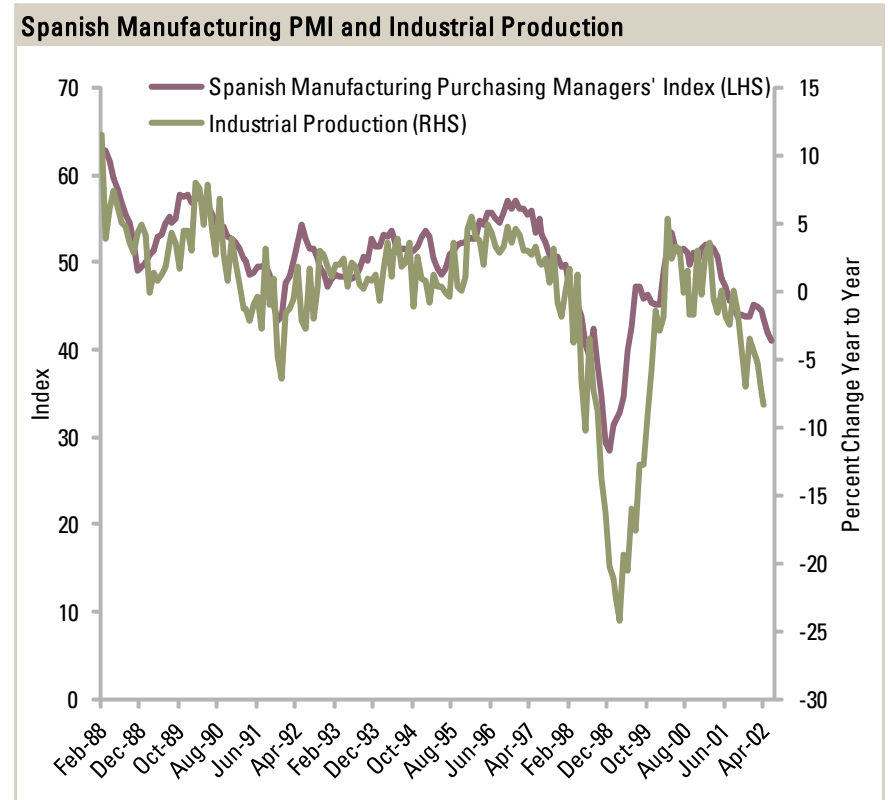
Capital needs:

- Banks are more thinly capitalized than many peers today
- Government has requested €100 billion in EU aid
- Government reforms to date have proven insufficient
- Capital needs are dependent on expected housing losses
 - Housing prices still falling
 - Skepticism that Bank of Spain housing data is accurate
- Third party capital assessment to be published in September

Spanish Banks Still Face a Difficult Macro Environment



Source: Ministry of Public Works and Eurostat as of June 2012



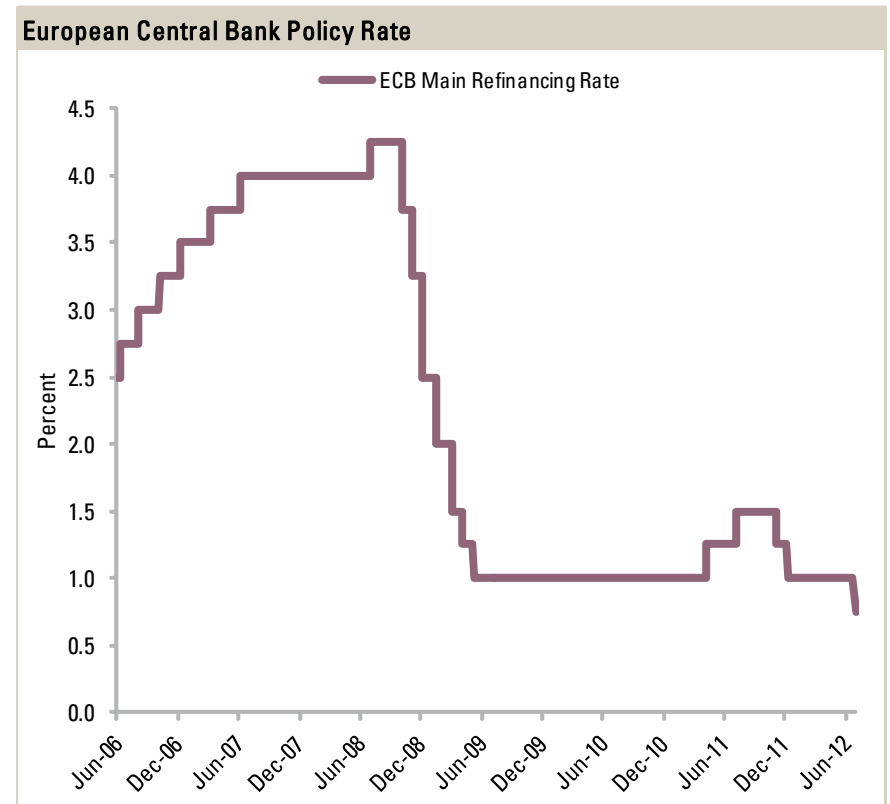
Source: Markit and National Statistics Office as of June 2012

- The Spanish economy has been amongst the worst performers in Europe. This increases the risk of non-performing loans and further write downs by Spanish banks.

European Recession Risk Prompts ECB Policy Action



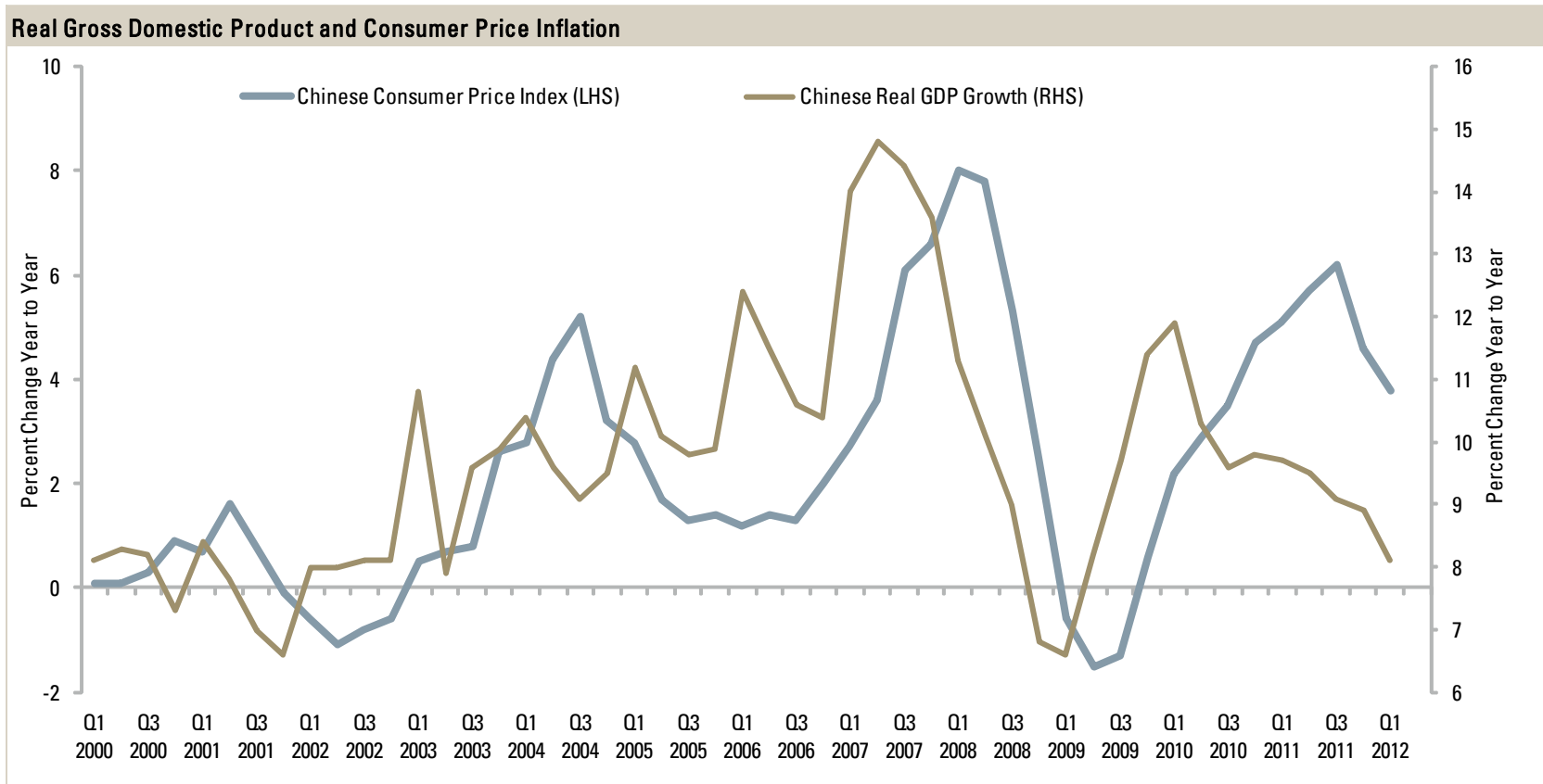
Source: Eurostat as of June 2012



Source: European Central Bank as of June 29, 2012

- The latest Euro Zone composite purchasing managers' indices suggest that the region-wide economy is contracting. This combined with the progress made at the European Summit was enough to convince the ECB to lower rates in July.

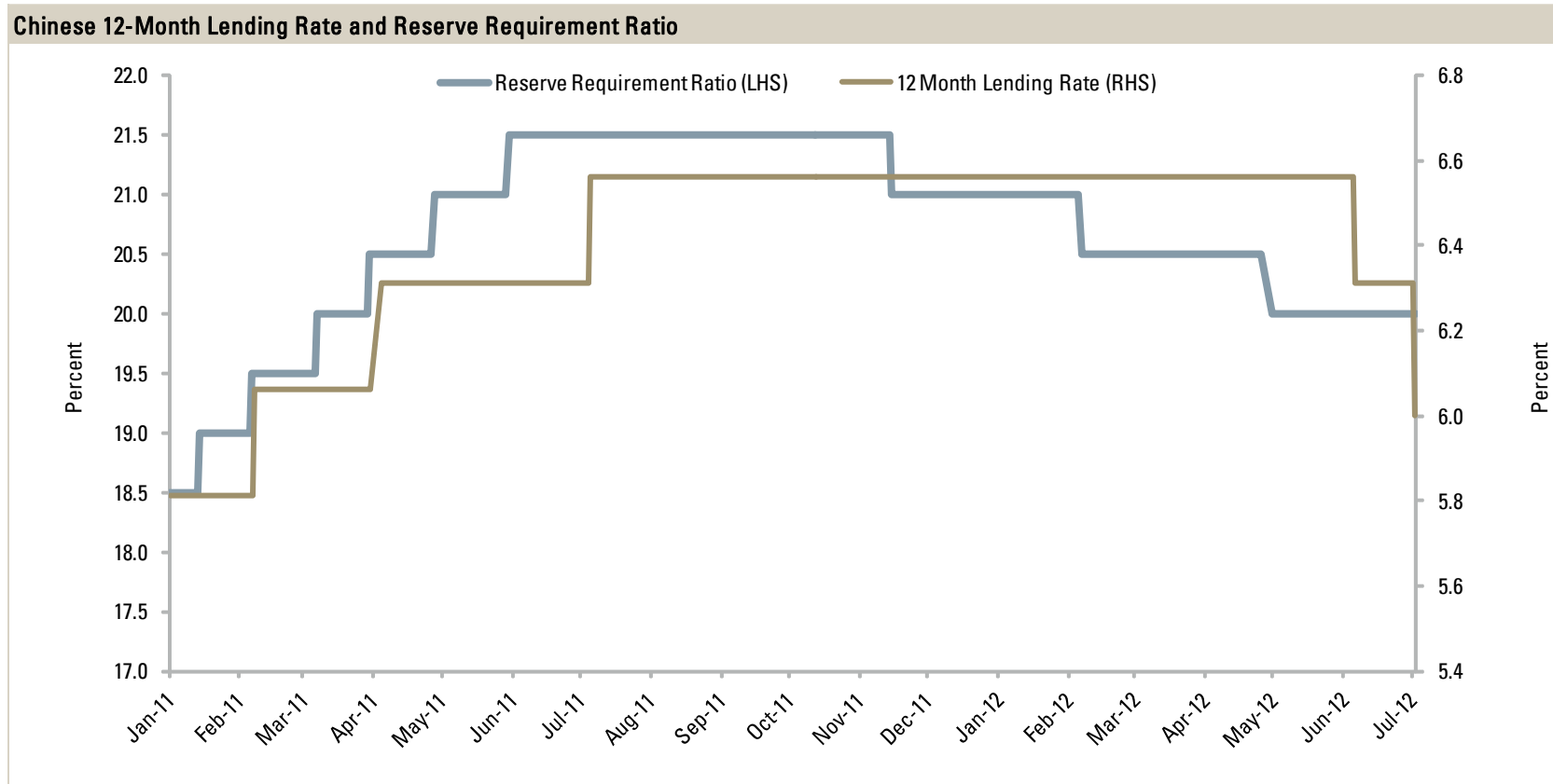
Chinese Growth Slows More Sharply Than Anticipated



Source: National Statistics Office as of June 2012

- The Chinese government lowered its forecast for economic growth to 7.5% in 2012 following growth of 9.2% in 2011. The slower pace of expansion has eased inflation and allowed the People’s Bank of China to lower interest rates.

People's Bank of China Expected to Move More Aggressively



Source: People's Bank of China as of July 4, 2012

- The People's Bank of China (PBoC) has attempted to counter the slowdown in Chinese economic activity by steadily reducing its reserve requirement ratio since the end of last year. The PBoC took more aggressive action between June and July when it lowered its benchmark lending rate twice in one month.

Investors Lulled Into A False Sense Of Security?

Unprecedented Low Levels of 10-Year Government Bond Yields



Source: Bloomberg as of June 2012

- Further progress on the European front could result in a backup in bond yields and mark-to-market losses for investors who are simply looking for a higher yielding alternative to cash.

Is the Glass Half Full or Half Empty?

Positives:

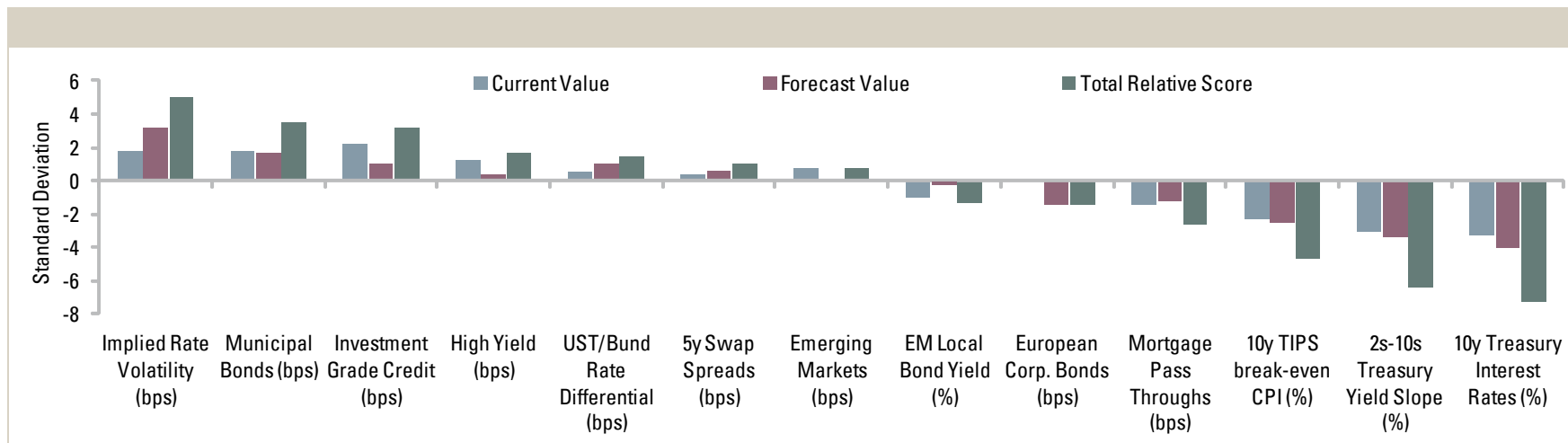
- Ongoing improvement in U.S. housing with home sales, starts and prices stabilizing.
- Oil prices down by 20% and gasoline prices are likely to follow suit.
- Global central banks in concerted easing mode.
- European leaders have made meaningful progress on breaking the link between banks and sovereigns.

Negatives:

- U.S. economic data, outside housing, has been disappointing.
- Chinese economic activity has slowed sharply.
- Monetary policy is having little impact given that the money multiplier is broken.
- Still no resolution on future of Greece or bailout measures for the other peripheral economies.

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.)	
75%	Implied Rate Volatility (bps)	80 bps	98 bps	1.8	112 bps	3.2	5.0
87%	Municipal Bonds (bps)	73 bps	13 bps	1.8	19 bps	1.7	3.5
82%	Investment Grade Credit (bps)	199 bps	118 bps	2.2	164 bps	1.0	3.2
81%	High Yield (bps)	633 bps	499 bps	1.3	593 bps	0.4	1.7
83%	UST/Bund Rate Differential (bps)	6 bps	19 bps	0.5	34 bps	1.0	1.5
83%	5y Swap Spreads (bps)	24 bps	20 bps	0.4	18 bps	0.6	1.0
87%	Emerging Markets (bps)	374 bps	267 bps	0.7	374 bps	0.0	0.7
83%	EM Local Bond Yield (%)	6.08%	6.31%	-1.0	6.15%	-0.3	-1.3
87%	European Corp. Bonds (bps)	247 bps	243 bps	0.1	294 bps	-1.5	-1.4
96%	Mortgage Pass Throughs (bps)	138 bps	155 bps	-1.4	153 bps	-1.2	-2.6
89%	10y TIPS break-even CPI (%)	2.21%	1.65%	-2.3	1.61%	-2.5	-4.7
95%	2s-10s Treasury Yield Slope (%)	1.34%	2.29%	-3.1	2.39%	-3.4	-6.4
95%	10y Treasury Interest Rates (%)	1.65%	3.18%	-3.3	3.49%	-4.0	-7.3



Source: Standish as of June 30, 2012. 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.

Section VII.

Biographies

David Leduc, CFA

David is Chief Investment Officer of Active Fixed Income responsible for overseeing the management of all single and multi-sector taxable bond portfolios and strategies. Prior to this, he was Managing Director of Global Fixed Income and Senior Portfolio Manager responsible for overseeing the management of all non-US and global bond strategies. David joined Standish in 1995 as a portfolio manager and analyst for US domestic fixed income, moving from structured finance to global strategies in 1999. Prior to joining Standish, David spent seven years as an Investment Officer at State Street Bank & Trust Company. He has an M.B.A. from Boston University and a B.S. from the University of Rhode Island. David holds the CFA® designation and has 24 years of investment experience. David's activities with not-for-profit organizations include serving as senior representative for BNY Mellon Trust Company in its role as Corporate Trustee of the W. K. Kellogg Foundation Trust.

Brendan Murphy, CFA

Brendan is the Director of Global Fixed Income and Senior Portfolio Manager responsible for managing non-US and global bond portfolios. Before being promoted to Portfolio Manager in 2009, he was a Senior Trader responsible for trading developed and emerging market non-dollar securities as well as all foreign currencies. He joined Standish in 2005 from State Street Research, where he was a Senior Trader responsible for investment grade corporate bonds. Brendan holds a BA from Trinity College, holds the CFA designation, and has 16 years of industry experience.

Thant Han*

Thant is a Macroeconomic Analyst and Portfolio Manager on the Global Fixed Income Team responsible for developed market country research and currency research. He also works with the global bond team to formulate portfolio strategy and manage global bond portfolios. Prior to joining Standish Division UK in 2010, he spent five years as a Fixed Income Portfolio Manager at Blackfriars Asset Management, formerly WestLB Mellon Asset Management and worked as a Fixed Income Analyst at Cazenove Fund Management for seven years. Thant holds a BSc in Economics and Statistics from University College London and has 12 years of investment experience.

Simon Surtees*

Simon is a Portfolio Manager responsible for credit strategy for the European and Global multi-sector portfolios. Prior to joining the Standish Division of BNY Mellon Asset Management (UK) in London in 2010, he worked at Gartmore Investment Management where he was Head of Credit and a Senior Fund Manager. Before moving to the buy side in 2002, Simon worked within the Investment Banking industry where he provided proprietary and published credit research and was latterly Managing Director of Bear Stern's European Credit Research team. Simon is a Chartered Accountant and has previously held position as an elected Trustee of a UK Occupational Pension Scheme. Simon holds a BA in Modern History, Politics & Economics from the University of Southampton and has over 18 years of investment industry experience.

* Shared employee from Standish Division of BNY Mellon Asset Management (UK) Limited.
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Biographies

Rebecca Braeu, Ph.D.

Rebecca is a Macroeconomic Analyst and Portfolio Manager on the Global Fixed Income Team. She is responsible for developed market country and currency research with regional focus in Europe, the US, and Japan. Rebecca also works with the global team to formulate portfolio strategy and manage global bond portfolios. Before joining Standish in 2010, she was an economist and emerging market strategist at MFC Global Investment Management in Boston. Previous to her work in the private sector, Rebecca was a tenure-track professor at California State University, where she published two academic papers in the area of global macroeconomics and international finance. Rebecca holds a Ph.D. and Masters in economics from the University of Colorado, a B.A. in mathematics from the University of Colorado, and has four years of industry experience.

Nathaniel Hyde, CFA

Nate is a Sovereign Analyst responsible for interest rate, foreign exchange and economic research and analysis of developed market economies. Nate joined Standish in 2007. He has a BA from Bowdoin College, holds the CFA® designation and has five years of industry experience.

Michael Piersol, CFA

Mike is the lead trader of Emerging Markets Debt responsible for trading external and local debt. He joined Standish from Bank of America-Columbia Management, where he was a senior portfolio analyst. Mike has a B.A. from the University of Calgary, holds the CFA® designation, and has 11 years of investment experience.

Christopher Frisoli

Chris is Trader of Emerging Markets Debt. He joined Standish from State Street Bank as an Associate Portfolio Manager for the Emerging Markets Debt team. Chris has a BS from Bentley College and has 8 years of investment experience.

Amy Lattimore*

Amy is Trader of Global Fixed Income strategies for Standish. She joined Standish Division of BNY Mellon Asset Management (UK) Limited from Investco in 2011. Amy has a GNVQ from Harlow College and has 11 years of investment experience.

Ryan Lambert

Ryan is the Portfolio Analyst for Global Fixed Income responsible for implementing portfolio strategies across all global mandates. In previous roles, Ryan was Associate Portfolio Manager for US Core/Core Plus and Emerging Markets mandates. Prior to joining Standish, Ryan worked for Enterprise Investment Services as an Investment Specialist after completing their Leadership Development Program. Ryan has a B.S. in Economics-Finance from Bentley University and four years of investment experience.

* Shared employee from Standish Division of BNY Mellon Asset Management (UK) Limited.
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Biographies

Derek Chen, FRM

Derek is a Quantitative Analyst specializing in empirical economics and capital market research. In this role he develops and applies quantitative methods to analyze and test various economic relationships. Derek is responsible for maintaining and enhancing the firm's proprietary, multi-factor regression quantitative models. His other responsibilities include portfolio optimization and risk modeling. Derek, who joined Standish in 2008, has a B.A. in Economics from the University of Massachusetts at Amherst, and an M.S. in Computational Finance from Carnegie Mellon University Tepper School of Business. Derek is a member of the Global Association of Risk Professionals and holds a Financial Risk Manager certification. Derek is currently a level II candidate in the CFA program as well as a part-time MBA student at the University of Chicago Booth School of Business and has four years of investment experience.

Global Core Plus - US\$ Hedged Composite

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Asset-weighted Gross	4.12	5.81	14.51	9.94	4.99	5.64	4.11	4.88	6.06	7.63
Asset-weighted Net	3.91	5.59	14.18	9.58	4.62	5.26	3.77	4.55	5.75	7.35
Barclays Global Agg	5.40	4.62	5.09	5.58	5.33	3.63	4.28	4.90	3.11	8.45
Composite 3-Yr St Dev	3.34	4.48	4.37	4.07	2.35	2.40	2.78	2.93	3.18	2.78
Benchmark 3-Yr St Dev	2.41	3.18	3.09	3.07	2.27	2.40	2.88	3.03	3.12	2.50
Number of Portfolios ¹	—	—	—	—	—	—	—	—	—	—
Composite Assets (\$mm)	1,002	745	390	183	41	48	225	233	305	358
Firm Assets (\$mm) ⁴	86,804	78,393	63,448	185,793	169,557	161,772	142,845	214,834 ²	200,732 ²	39,560
Composite Dispersion ³	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M

Composite performance started on March 1, 1991; ¹Composite contained 5 or fewer Portfolios; ²Please note that from September 2003 to June 2005, Standish provided non-discretionary investment management advisory services for approximately \$100 billion in securities lending collateral; ³Internal Asset Weighted Standard Deviation. Only includes accounts which were in composite for entire calculation period. Composite Dispersion figures for years containing 5 or fewer Portfolios are considered Not Meaningful or "N/M".

The Global Core Plus - US\$ Hedged composite measures the total return of all fee-paying, discretionary, fixed income portfolios that combine U.S. and non- U.S. sovereign debt and corporate bonds. Minimum portfolio size for inclusion is \$15 million. Until March 1, 2008 the minimum portfolio size for inclusion was \$25 million. Portfolios may invest in sectors outside of the index which may involve higher risk and tracking error relative to the benchmark. The frequent use of leverage and/or derivatives (futures, options, forwards, short positions and other derivatives) is a significant characteristic of this investment strategy. The composite was created on January 1, 2007. No portfolio with the same objectives, preferences, or constraints has been excluded unless it has not been under management for more than one full measurement period or does not meet the minimum asset size. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Non-fee-paying portfolios are not included in this composite. The performance of the composite is expressed in US Dollars. The firm maintains a complete list and description of composites, which is available upon request.

The Firm is defined as Standish Mellon Asset Management Company LLC ("Standish"), a registered investment advisor and wholly owned subsidiary of The Bank of New York Mellon Corporation. The Firm also includes assets managed by Standish personnel acting as dual officers of The Dreyfus Corporation and The Bank of New York Mellon, which are other subsidiaries of The Bank of New York Mellon Corporation.

⁴ Effective January 1, 2009, Standish assigned investment management capabilities for clients of short duration, index and stable value strategies to The Dreyfus Corporation. Effective July 1, 2003, Standish, Mellon Bond Associates, and Certus Asset Advisors, all wholly owned subsidiaries of Mellon Financial Corporation, combined to form Standish Mellon Asset Management Company LLC. In addition to investment advisory services, Standish provides valuation, risk management, surveillance and liquidation services for distressed assets through its Global Workout Solutions business on both discretionary and non-discretionary basis. These assets are not included in the total firm AUM.

This composite's benchmark is the Barclays Global Aggregate Index (US\$ Hedged). The Barclays Global Aggregate Index provides a broad-based measure of the global investment-grade fixed income markets. The three major components of this index are the U.S. Aggregate, the Pan-European Aggregate, and the Asian-Pacific Aggregate Indices. Some composite participants may be measured against a client mandated benchmark different from the composite benchmark. This has no impact on the implementation of the investment strategy. Composite performance is net of foreign tax withholding while the primary benchmark is gross of foreign tax withholding. Some composite participants use different pricing vendors from other participants and the composite's benchmark.

During the period from 1991 through 2009 a few accounts had been improperly assigned to the Global Core Plus composite. Standish has made the necessary corrections to the composite participation. Corrections may include the number of accounts, the asset weighted dispersion or the reported return of the composite.

The standard management fee for this style is: 0.35% of assets on the first \$50 million, 0.30% of assets on the next \$50 million, and 0.25% on assets thereafter. Standish's standard fees are shown in Part 2A of its Form ADV. For historical fees, please contact Standish. Net results reflect the corresponding historical fee schedule for each measurement period, actual results may vary for each individual portfolio.

Standish Mellon Asset Management Company LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Standish Mellon Asset Management Company LLC has been independently verified for the periods January 1, 1994 through December 31, 2010. The verification reports are available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation. The CFA Institute has not been involved with the preparation or review of this report. Gross performance figures are time-weighted rates of return, which include the deduction of transaction costs. Both gross and net performance returns include the reinvestment of dividends and other distributions. Past performance is not an indication of future performance. Additional information regarding policies and procedures for calculating and reporting returns is available upon request.

Global Core – US\$ Hedged Composite

	2011	2010 ⁵	2010 ⁵	2009	2008	2007	2006	2005	2004	2003	2002
Asset-weighted Gross	4.78	1.66	1.71	10.82	7.91	5.26	3.99	4.35	4.88	4.10	8.72
Asset-weighted Net	4.65	1.58	1.65	10.46	7.56	4.91	3.65	3.95	4.47	3.69	8.29
Barclays Global Agg	5.40	1.51	1.51	5.09	5.58	5.33	3.63	4.28	4.90	3.11	8.45
Citigroup World BIG	7.66	2.56	1.75	4.31	7.75	7.36	4.35	2.60	4.38	3.86	10.14
Composite 3-Yr St Dev	N/A ⁶	N/A ⁶	N/A ⁶	4.17	3.94	2.39	2.29	2.85	3.37	3.52	3.09
Benchmark 3-Yr St Dev	N/A	N/A	N/A	3.09	3.07	2.27	2.40	2.88	3.03	3.12	2.50
Number of Portfolios ¹	—	—	—	—	—	—	—	—	—	—	—
Composite Assets (\$mm)	905	67	67	67	220	200	195	34	33	31	76
Firm Assets (\$mm) ⁴	86,804	63,448	63,448	63,448	185,793	169,557	161,772	142,845	214,834 ²	200,732 ²	39,560
Composite Dispersion ³	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M

Composite performance started on December 1, 1998; ¹Composite contained 5 or fewer Portfolios; ²Please note that from September 2003 to June 2005, Standish provided non-discretionary investment management advisory services for approximately \$100 billion in securities lending collateral; ³Internal Asset Weighted Standard Deviation. Only includes accounts which were in composite for entire calculation period. Composite Dispersion figures for years containing 5 or fewer Portfolios are considered Not Meaningful or "N/M"; ⁴Partial returns are shown for 2010. From March 2010 through May 2010, no portfolio qualified for the composite. Performance recommenced on June 1, 2010; ⁶Composite track record is less than the required 36 months necessary for this calculation.

The Global Core - US\$ Hedged composite measures the total return of all fee-paying, discretionary, fixed income portfolios that combine U.S. and non-U.S. investment grade fixed income securities, but typically do not allow investment in below investment grade securities. Minimum portfolio size for inclusion is \$15 million. Portfolios may invest in sectors outside of the index which may involve higher risk and tracking error relative to the benchmark. The frequent use of leverage and/or derivatives (futures, options, forwards, short positions and other derivatives) is a significant characteristic of this investment strategy. The composite was created on June 4, 2008. No portfolio with the same objectives, preferences, or constraints has been excluded unless it has not been under management for more than one full measurement period or does not meet the minimum asset size. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Non-fee-paying portfolios are not included in this composite. The performance of the composite is expressed in US Dollars. The firm maintains a complete list and description of composites, which is available upon request.

The Firm is defined as Standish Mellon Asset Management Company LLC ("Standish"), a registered investment advisor and wholly owned subsidiary of The Bank of New York Mellon Corporation. The Firm also includes assets managed by Standish personnel acting as dual officers of The Dreyfus Corporation and The Bank of New York Mellon, which are other subsidiaries of The Bank of New York Mellon Corporation.

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This composite's primary benchmark is the Barclays Global Aggregate Index (US\$ Hedged) and secondary benchmark is the Citigroup World Broad Investment Grade Index (US\$ Hedged). Both indices provide a broad-based measure of the global investment-grade fixed income markets. The three major components of this index are the U.S. Aggregate, the Pan-European Aggregate, and the Asian-Pacific Aggregate Indices. Some composite participants may be measured against a client mandated benchmark different from the composite benchmark. This has no impact on the implementation of the investment strategy. Composite performance is net of foreign tax withholding while the primary benchmark is gross of foreign tax withholding. Some composite participants use different pricing vendors from the composite's benchmark.

During the period from 1992 through 2009 a few accounts had been improperly assigned to the Global Core composite. Standish has made the necessary corrections to the composite participation. Corrections may include the number of accounts, the asset weighted dispersion or the reported return of the composite.

The standard management fee for this style is: 0.35% of assets on the first \$50 million, 0.30% of assets on the next \$50 million, and 0.25% on assets thereafter. Standish's standard fees are shown in Part 2A of its Form ADV. Performance results are presented both before and after the deduction of management fees. Net results reflect the above-mentioned fee schedules, actual results may vary for each individual portfolio.

Standish Mellon Asset Management Company LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Standish Mellon Asset Management Company LLC has been independently verified for the periods January 1, 1994 through December 31, 2010. The verification reports are available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation. The CFA Institute has not been involved with the preparation or review of this report. Gross performance figures are time-weighted rates of return, which include the deduction of transaction costs. Both gross and net performance returns include the reinvestment of dividends and other distributions. Past performance is not an indication of future performance. Additional information regarding policies and procedures for calculating and reporting returns is available upon request.



► A BNY MELLON COMPANYSM

Global Core - Unhedged Composite

	2011	2010 ¹
Asset-weighted Gross	4.91	5.98
Asset-weighted Net	4.62	5.75
Barclays Global Agg - Unhedged	5.64	5.83
Composite 3-Yr St Dev	N/A ⁴	N/A ⁴
Benchmark 3-Yr St Dev	N/A	N/A
Number of Portfolios ²	—	—
Composite Assets (\$mm)	219	210
Firm Assets (\$mm) ⁵	86,804	84,934
Composite Dispersion ³	N/M	N/M

¹Composite performance started on April 1, 2010; ²Composite contained 5 or fewer Portfolios; ³Internal Asset Weighted Standard Deviation. Only includes accounts which were in composite for entire calculation period. Composite Dispersion figures for years containing 5 or fewer Portfolios are considered Not Meaningful or "N/M"; ⁴Composite track record is less than the required 36 months necessary for this calculation.

The Global Core - Unhedged composite measures the total return of all fee-paying, discretionary, fixed income portfolios that combine U.S. and non- U.S. investment grade fixed income securities, but typically do not allow investment in below investment grade securities. Minimum portfolio size for inclusion is \$15 million. Portfolios may invest in sectors outside of the index which may involve higher risk and tracking error relative to the benchmark. The frequent use of leverage and/or derivatives (futures, options, forwards, short positions and other derivatives) is a significant characteristic of this investment strategy. The composite was created on August 4, 2010. No portfolio with the same objectives, preferences, or constraints has been excluded unless it has not been under management for more than one full measurement period or does not meet the minimum asset size. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Non-fee-paying portfolios are not included in this composite. The performance of the composite is expressed in US Dollars. The firm maintains a complete list and description of composites, which is available upon request.

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This composite's benchmark is the Barclays Global Aggregate Index (Unhedged). The Barclays Global Aggregate Index (Unhedged) provides a broad-based measure of the global investment-grade fixed income markets. The three major components of this index are the U.S. Aggregate, the Pan-European Aggregate, and the Asian-Pacific Aggregate Indices. Some composite participants may be measured against a client mandated benchmark different from the composite benchmark. This has no impact on the implementation of the investment strategy. Composite performance is net of foreign tax withholding while the primary benchmark is gross of foreign tax withholding. Some composite participants use different pricing vendors from the composite's benchmark.

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Global Government – US\$ Hedged Composite

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Asset-weighted Gross	5.04	5.04	3.07	8.22	6.49	3.59	4.26	4.81	3.86	7.65
Asset-weighted Net	4.72	4.73	2.74	7.84	6.11	3.27	3.99	4.55	3.44	7.22
JPM Global Govt Bond - US\$ Hedged	6.23	4.26	0.72	9.42	6.01	3.09	4.97	4.88	2.14	8.39
Citigroup World GBI - US\$ Hedged	5.49	3.36	1.01	9.21	5.71	3.10	5.10	4.84	1.97	7.97
Composite 3-Yr St Dev	3.19	4.14	3.98	3.74	2.39	2.24	2.62	2.89	3.19	2.89
Benchmark 3-Yr St Dev	3.07	3.64	3.52	3.30	2.54	2.48	2.96	3.18	3.42	2.82
Number of Portfolios ¹	—	—	—	—	—	—	—	—	—	—
Composite Assets (\$mm)	49	48	45	45	40	39	468	600	730	708
Firm Assets (\$mm) ⁴	86,804	78,393	63,448	185,793	169,557	161,772	142,845	214,834 ²	200,732 ²	39,560
Composite Dispersion ³	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M

Composite performance started on February 1, 1997; ¹Composite contained 5 or fewer Portfolios; ²Please note that from September 2003 to June 2005, Standish provided non-discretionary investment management advisory services for approximately \$100 billion in securities lending collateral; ³Internal Asset Weighted Standard Deviation. Only includes accounts which were in composite for entire calculation period. Composite Dispersion figures for years containing 5 or fewer Portfolios are considered Not Meaningful or "N/M".

The Global Government - US\$ Hedged composite measures the total return of all fee-paying, discretionary, fixed income portfolios that invest primarily in US and non-US government fixed income securities. Minimum portfolio size for inclusion is \$15 million. Portfolios may invest in sectors outside of the index which may involve higher risk and tracking error relative to the benchmark. The frequent use of leverage and/or derivatives (futures, options, forwards, short positions and other derivatives) is a significant characteristic of this investment strategy. The composite was created on June 4, 2008. No portfolio with the same objectives, preferences, or constraints has been excluded unless it has not been under management for more than one full measurement period or does not meet the minimum asset size. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Non-fee-paying portfolios are not included in this composite. The performance of the composite is expressed in US Dollars. The firm maintains a complete list and description of composites, which is available upon request.

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This composite's primary benchmark is the JP Morgan Global Government Bond Index (US\$ Hedged) and the secondary is the Citigroup World Government Bond Index (US\$ Hedged). Both indices are total return, market-capitalization-weighted indices, rebalanced monthly and consist of sovereign bonds of developed markets. Some composite participants may be measured against a client mandated benchmark different from the composite benchmark. This has no impact on the implementation of the investment strategy. Composite performance is net of foreign tax withholding while the primary benchmark is gross of foreign tax withholding. Some composite participants use different pricing vendors from the composite's benchmark.

The standard management fee for this style is: 0.30% of assets on the first \$50 million, 0.25% of assets on the next \$50 million, and 0.20% of assets thereafter. From April 1, 2007 through June 30, 2009 net results reflected the following fee schedule: 0.35% of assets on the first \$50 million, 0.30% of assets on the next \$50 million, and 0.25% of assets thereafter. Standish's standard fees are shown in Part 2A of its Form ADV. For historical fees, please contact Standish. Net results reflect the applicable fee schedule; actual results may vary for each individual portfolio.

Standish Mellon Asset Management Company LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Standish Mellon Asset Management Company LLC has been independently verified for the periods January 1, 1994 through December 31, 2010. The verification reports are available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation. The CFA Institute has not been involved with the preparation or review of this report. Gross performance figures are time-weighted rates of return, which include the deduction of transaction costs. Both gross and net performance returns include the reinvestment of dividends and other distributions. Past performance is not an indication of future performance. Additional information regarding policies and procedures for calculating and reporting returns is available upon request.

Global Government – Short Duration (US\$ Hedged) Composite

	2011	2010	2009	2008 ¹
Asset-weighted Gross	1.30	2.00	2.92	3.37
Asset-weighted Net	1.08	1.78	2.70	3.18
ML 1-3 Yr Global Govt - US\$ Hedged	1.30	1.60	1.82	3.69
Composite 3-Yr St Dev	0.79	N/A ⁵	N/A ⁵	N/A ⁵
Benchmark 3-Yr St Dev	0.57	N/A	N/A	N/A
Number of Portfolios ²	—	—	—	—
Composite Assets (\$mm)	390	898	369	373
Firm Assets (\$mm) ⁴	86,804	78,393	63,448	185,793
Composite Dispersion ³	N/M	N/M	N/M	N/M

¹Composite performance started on March 1, 2008 ²Composite contained 5 or fewer Portfolios; ³Internal Asset Weighted Standard Deviation. Only includes accounts which were in composite for entire calculation period. Composite Dispersion figures for years containing 5 or fewer Portfolios are considered Not Meaningful or "N/M"; ⁵Composite track record lacks the required 36 months necessary for this calculation.

The Global Government - Short Duration US\$ Hedged composite measures the total return of all fee-paying, discretionary, fixed income portfolios that invest primarily in US and non-US government fixed income securities with 1-3 year maturities. Minimum portfolio size for inclusion is \$25 million. Portfolios may invest in sectors outside of the index which may involve higher risk and tracking error relative to the benchmark. The frequent use of leverage and/or derivatives (futures, options, forwards, short positions and other derivatives) is a significant characteristic of this investment strategy. The composite was created on August 6, 2008. No portfolio with the same objectives, preferences, or constraints has been excluded unless it has not been under management for more than one full measurement period or does not meet the minimum asset size. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Non-fee-paying portfolios are not included in this composite. The performance of the composite is expressed in US Dollars. The firm maintains a complete list and description of composites, which is available upon request.

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This composite's benchmark is the Merrill Lynch 1-3 Year G7 Global Government Index (US\$ Hedged), which is a subset of the Merrill Lynch Global Government Index that includes all securities with a remaining term to final maturity greater than or equal to 1 year and less than 3 years and issued by a G7 country. Some composite participants may be measured against a client mandated benchmark different from the composite benchmark. This has no impact on the implementation of the investment strategy. Composite performance is net of foreign tax withholding while the primary benchmark is gross of foreign tax withholding. Some composite participants use different pricing vendors from the composite's benchmark.

The standard management fee for this style is: 0.30% of assets on the first \$50 million, 0.25% of assets on the next \$50 million, and 0.20% of assets thereafter. Standish's standard fees are shown in Part 2A of its Form ADV. For historical fees, please contact Standish. Net results reflect the corresponding historical fee schedule for each measurement period, actual results may vary for each individual portfolio.

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European Core Plus Fixed Income - € Hedged Composite

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Asset-weighted Gross	2.17	5.14	13.64	9.24	1.40	1.08	5.41	7.77	6.16	9.03
Asset-weighted Net	1.99	4.96	13.42	9.02	1.18	0.85	5.15	7.49	5.88	8.73
Barclays Euro Aggregate	3.24	2.18	6.95	6.22	1.45	-0.03	4.81	7.37	4.54	9.46
Composite 3-Yr St Dev	4.29	4.59	4.54	4.18	2.94	2.71	2.94	3.04	N/A ⁵	N/A ⁵
Benchmark 3-Yr St Dev	3.76	3.73	3.31	3.34	2.54	2.61	2.89	3.06	N/A	N/A
Number of Portfolios ¹	—	—	—	—	—	—	—	—	—	—
Composite Assets (€mm)	1,414	1,611	1,025	579	239	194	139	115	73	57
Firm Assets (€mm) ⁴	66,867	58,435	44,221	133,156	116,270	122,564	120,561	158,502 ²	159,374 ²	37,705
Composite Dispersion ³	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M

Composite performance started on October 1, 2001; ¹Composite contained 5 or fewer Portfolios; ²Please note that from September 2003 to June 2005, Standish provided non-discretionary investment management advisory services for approximately \$100 billion in securities lending collateral; ³Internal Asset Weighted Standard Deviation. Only includes accounts which were in composite for entire calculation period. Composite Dispersion figures for years containing 5 or fewer Portfolios are considered Not Meaningful or "N/M"; ⁵Composite track record is less than the required 36 months necessary for this calculation.

The European Core Plus Fixed Income- € Hedged composite measures the total return of all fee-paying, discretionary, fixed income portfolios that invest primarily in multi-sector European investment grade fixed income securities. Investing in countries outside of EU membership is allowed on a limited basis. The minimum portfolio size for inclusion is €15 million. Portfolios may invest in sectors outside of the index which may involve higher risk and tracking error relative to the benchmark. The frequent use of leverage and/or derivatives (futures, options, forwards, short positions and other derivatives) is a significant characteristic of this investment strategy. The composite was created on May 27, 2011. No portfolio with the same objectives, preferences, or constraints has been excluded unless it has not been under management for more than one full measurement period or does not meet the minimum asset size. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Non-fee-paying portfolios are not included in this composite. The performance of the composite is expressed in Euros. The firm maintains a complete list and description of composites, which is available upon request.

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The composite's benchmark is the Barclays Euro Aggregate Index which consists of bonds issued in the euro or the legacy currencies of the 16 sovereign countries participating in the European Monetary Union (EMU). All issues must be investment grade rated, fixed-rate securities with at least one year remaining to maturity. Some composite participants may be measured against a client mandated benchmark different from the composite benchmark. This has no impact on the implementation of the investment strategy.

The standard management fee for the style is: 0.30% of assets of the first €100 million, 0.20% on the next €200 million, and 0.15% of assets thereafter. Standish's standard fees are shown in Part 2A of its Form ADV. For historical fees, please contact Standish. Net results reflect the above-mentioned fee schedules, actual results may vary for each individual portfolio. Composite performance is net of foreign tax withholding while the primary benchmark is gross of foreign tax withholding. Some composite participants use different pricing vendors from other participants and the composite's benchmark.

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Non-US – Unhedged Composite

	2011	2010	2009	2008 ¹	2007 ¹	2006	2005	2004	2003	2002
Asset-weighted Gross	3.91	8.88	18.48	-0.34	3.58	8.63	-9.56	11.00	22.01	22.18
Asset-weighted Net	3.84	8.78	18.16	-0.60	3.33	8.22	-9.90	10.58	21.53	21.70
Barclays Global Aggregate Ex-US	4.36	4.94	7.53	-4.52	4.08	8.16	-8.65	12.55	19.36	22.37
JPM Non-USD Unhedged	5.91	6.78	3.94	0.36	4.26	6.84	-9.24	12.04	18.63	22.08
Composite 3-Yr St Dev	9.51	N/A ⁶	N/A ⁶	N/A ⁶	N/A ⁶	7.04	8.41	8.62	9.22	9.20
Benchmark 3-Yr St Dev	9.84	N/A	N/A	N/A	N/A	6.87	8.28	8.54	9.00	8.90
Number of Portfolios ²	—	—	—	—	—	—	—	—	—	—
Composite Assets (\$mm)	1,377	793	469	52	12	39	45	49	24	21
Firm Assets (\$mm) ⁵	86,804	78,393	63,448	185,793	169,557	161,772	142,845	214,834 ³	200,732 ³	39,560
Composite Dispersion ⁴	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M

¹ For 2007 and 2008, partial returns are shown for both the composite and benchmarks. Initial composite performance inception started on July 1, 1999. From September 2007 through March 2008, no portfolio qualified for the composite. Performance recommenced on April 1, 2008. ² Composite contained 5 or fewer Portfolios; ³ Please note that from September 2003 to June 2005, Standish provided non-discretionary investment management advisory services for approximately \$100 billion in securities lending collateral; ⁴ Internal Asset Weighted Standard Deviation Only includes accounts which were in composite for entire calculation period. Composite Dispersion figures for years containing 5 or fewer Portfolios are considered Not Meaningful or "N/M"; ⁵ Composite track record is less than the required 36 months necessary for this calculation.

The Non-US - Unhedged composite measures the total return of all fee-paying, discretionary, fixed income portfolios with a minimum of 65% of total assets invested in non-US securities, a maximum of 35% invested in US securities. Minimum portfolio size for inclusion is \$25 million. Prior to January 1, 2009 the composite was called Non-US Fixed Income Unhedged. Portfolios may invest sectors outside of the index which may involve higher risk and tracking error relative to the benchmark. The frequent use of leverage and/or derivatives (futures, options, forwards, short positions and other derivatives) is a significant characteristic of this investment strategy. The composite was created on July 1, 1999. No portfolio with the same objectives, preferences, or constraints has been excluded unless it has not been under management for more than one full measurement period or does not meet the minimum asset size. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Non-fee-paying portfolios are not included in this composite. The performance of the composite is expressed in US Dollars. The firm maintains a complete list and description of composites, which is available upon request.

The Firm is defined as Standish Mellon Asset Management Company LLC ("Standish"), a registered investment advisor and wholly owned subsidiary of The Bank of New York Mellon Corporation. The Firm also includes assets managed by Standish personnel acting as dual officers of The Dreyfus Corporation and The Bank of New York Mellon, which are other subsidiaries of The Bank of New York Mellon Corporation.

⁵ Effective January 1, 2009, Standish assigned investment management capabilities for clients of short duration, index and stable value strategies to The Dreyfus Corporation. Effective July 1, 2003, Standish, Mellon Bond Associates, and Certus Asset Advisors, all wholly owned subsidiaries of Mellon Financial Corporation, combined to form Standish Mellon Asset Management Company LLC. In addition to investment advisory services, Standish provides valuation, risk management, surveillance and liquidation services for distressed assets through its Global Workout Solutions business on both discretionary and non-discretionary basis. These assets are not included in the total firm AUM.

This composite's primary benchmark is the Barclays Global Aggregate Ex US Index (Unhedged) which provides a broad-based measure of the global investment grade fixed income markets. The two main components are the Pan-European Aggregate and the Asian Pacific Aggregate Indices. This index also includes Eurodollar and EuroYen corporate bonds and Canadian Government securities. All currency exposure is unhedged. This composite was viewed against the JPMorgan Non-US Unhedged Index until January 1, 2009. The change in this composite's primary benchmark was made because the Barclays Capital Global Aggregate Ex US Index (Unhedged) was deemed to be a more accurate representation of this composite's present and historical strategy. Some composite participants may be measured against a client mandated benchmark different from the composite benchmark. This has no impact on the implementation of the investment strategy. Composite performance is net of foreign tax withholding while the primary benchmark is gross of foreign tax withholding. Some composite participants use different pricing vendors from the composite's benchmark.

The standard management fee for this style is: 0.35% of assets on the first \$50 million, 0.30% of assets on the next \$50 million, and 0.25% of assets thereafter. Standish's standard fees are shown in Part 2A of its Form ADV. For historical fees please contact Standish. Net results reflect the above-mentioned fee schedules, actual results may vary for each individual portfolio.

Standish Mellon Asset Management Company LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Standish Mellon Asset Management Company LLC has been independently verified for the periods January 1, 1994 through December 31, 2010. The verification reports are available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation. The CFA Institute has not been involved with the preparation or review of this report. Gross performance figures are time-weighted rates of return, which include the deduction of transaction costs. Both gross and net performance returns include the reinvestment of dividends and other distributions. Past performance is not an indication of future performance. Additional information regarding policies and procedures for calculating and reporting returns is available upon request.

Non-US – US\$ Hedged Composite

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Asset-weighted Gross	2.60	5.96	14.18	8.63	4.90	5.00	5.27	5.29	5.21	6.91
Asset-weighted Net	2.27	5.63	13.80	8.27	4.56	4.68	5.00	5.04	4.79	6.49
Barclays Global Agg. ex-US - US\$ Hedged	3.94	3.29	4.43	5.75	4.27	3.19	5.42	5.26	2.42	6.85
JP Morgan Non-US - US\$ Hedged	4.54	3.47	2.26	7.98	5.07	3.09	5.61	5.22	2.00	7.00
Composite 3-Yr St Dev	3.45	4.11	4.03	3.75	2.41	2.21	2.29	2.60	2.97	2.73
Benchmark 3-Yr St Dev	2.47	2.87	2.65	2.69	2.08	2.06	2.31	2.35	2.48	2.05
Number of Portfolios ¹	—	—	—	—	—	—	—	—	—	—
Composite Assets (\$mm)	91	107	91	62	99	93	122	300	357	357
Firm Assets (\$mm) ⁴	86,804	78,393	63,448	185,793	169,557	161,772	142,845	214,834 ²	200,732 ²	39,560
Composite Dispersion ³	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M

Composite performance started on April 1, 1991; ¹Composite contained 5 or fewer Portfolios; ²Please note that from September 2003 to June 2005, Standish provided non-discretionary investment management advisory services for approximately \$100 billion in securities lending collateral; ³Internal Asset Weighted Standard Deviation. Only includes accounts which were in composite for entire calculation period. Composite Dispersion figures for years containing 5 or fewer Portfolios are considered Not Meaningful or "N/M".

The Non-US - US\$ Hedged composite measures the total return of all fee-paying, discretionary, fixed income portfolios with a minimum of 65% in non-US securities and a maximum of 35% invested in US securities with currency exposure hedged primarily to US dollar. Minimum portfolio size for inclusion is \$15 million. Until March 1, 2008 the minimum portfolio size for inclusion was \$25 million. Portfolios may invest in sectors outside of the index which may involve higher risk and tracking error relative to the benchmark. The frequent use of leverage and/or derivatives (futures, options, forwards, short positions and other derivatives) is a significant characteristic of this investment strategy. The composite was created on April 1, 1991. No portfolio with the same objectives, preferences, or constraints has been excluded unless it has not been under management for more than one full measurement period or does not meet the minimum asset size. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Non-fee-paying portfolios are not included in this composite. The performance of the composite is expressed in US Dollars. The firm maintains a complete list and description of composites, which is available upon request.

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⁴Effective January 1, 2009, Standish assigned investment management capabilities for clients of short duration, index and stable value strategies to The Dreyfus Corporation. Effective July 1, 2003, Standish, Mellon Bond Associates, and Certus Asset Advisors, all wholly owned subsidiaries of Mellon Financial Corporation, combined to form Standish Mellon Asset Management Company LLC. In addition to investment advisory services, Standish provides valuation, risk management, surveillance and liquidation services for distressed assets through its Global Workout Solutions business on both discretionary and non-discretionary basis. These assets are not included in the total firm AUM.

This composite's primary benchmark is the Barclays Global Aggregate ex-US – US\$ Hedged Index which provides a broad-based measure of the global investment grade fixed income markets. The major components are the Pan-European Aggregate and the Asian Pacific Aggregate Indices. This composite's benchmark was the JP Morgan Non-US - US\$ Hedged Index until January 1, 2009. The change in this composite's primary benchmark was made because the Barclays Global Aggregate ex-US – US\$ Hedged Index was deemed to be a more accurate representation of this composite's present and historical strategy. Some composite participants may be measured against a client mandated benchmark different from the composite benchmark. This has no impact on the implementation of the investment strategy. Composite performance is net of foreign tax withholding while the primary benchmark is gross of foreign tax withholding. Some composite participants use different pricing vendors from the composite's benchmark.

The standard management fee for this style is: 0.35% of assets on the first \$50 million, 0.30% of assets on the next \$50 million, and 0.25% of assets thereafter. Standish's standard fees are shown in Part 2A of its Form ADV. For historical fees, please contact Standish. Net results reflect the above-mentioned fee schedules, actual results may vary for each individual portfolio.

Standish Mellon Asset Management Company LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Standish Mellon Asset Management Company LLC has been independently verified for the periods January 1, 1994 through December 31, 2010. The verification reports are available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation. The CFA Institute has not been involved with the preparation or review of this report. Gross performance figures are time-weighted rates of return, which include the deduction of transaction costs. Both gross and net performance returns include the reinvestment of dividends and other distributions. Past performance is not an indication of future performance. Additional information regarding policies and procedures for calculating and reporting returns is available upon request.

Global TIPS Composite

	2011	2010	2009	2008 ¹
Asset-weighted Gross	11.62	2.78	14.11	6.09
Asset-weighted Net	11.54	2.71	13.96	6.06
ML Global Inflation-Linked Govt Index	10.39	3.52	13.19	6.37
Composite 3-Yr St Dev	8.43	N/A ⁵	N/A ⁵	N/A ⁵
Benchmark 3-Yr St Dev	8.29	N/A	N/A	N/A
Number of Portfolios	— ²	— ²	— ²	— ²
Composite Assets (\$mm)	406	365	356	312
Firm Assets (\$mm) ⁴	86,804	78,393	63,448	185,793
Composite Dispersion ³	N/M	N/M	N/M	N/M

¹Composite performance started on November 1, 2008; ²Composite contained 5 or fewer Portfolios; ³Internal Asset Weighted Standard Deviation. Only includes accounts which were in composite for entire calculation period. Composite Dispersion figures for years containing 5 or fewer Portfolios are considered Not Meaningful or "N/M"; ⁵Composite track record lacks the required 36 months necessary for this calculation.

The Global TIPS composite measures the total return of all fee-paying, discretionary, fixed income portfolios that hold primarily global sovereign inflation-protected securities and have a duration similar to the Merrill Lynch Global Inflation-Linked Government Index - Unhedged. Portfolios may invest in sectors outside of the index which may involve higher risk and tracking error relative to the benchmark. The frequent use of leverage and/or derivatives (futures, options, forwards, short positions and other derivatives) is a significant characteristic of this investment strategy. The composite was created on December 16, 2008. No portfolio with the same objectives, preferences, or constraints has been excluded unless it has not been under management for more than one full measurement period or does not meet the minimum asset size. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. The performance of the composite is expressed in US Dollars. Non-fee-paying portfolios are not included in this composite. The firm maintains a complete list and description of composites, which is available upon request.

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⁴Effective January 1, 2009, Standish assigned investment management capabilities for clients of short duration, index and stable value strategies to The Dreyfus Corporation. Effective July 1, 2003, Standish, Mellon Bond Associates, and Certus Asset Advisors, all wholly owned subsidiaries of Mellon Financial Corporation, combined to form Standish Mellon Asset Management Company LLC. In addition to investment advisory services, Standish provides valuation, risk management, surveillance and liquidation services for distressed assets through its Global Workout Solutions business on both discretionary and non-discretionary basis. These assets are not included in the total firm AUM.

The composite's benchmark is the Merrill Lynch Global Inflation-Linked Government Unhedged Index. The index consists of Investment Grade, Inflation Linked Sovereign Debt Securities. Some composite participants may be measured against a client mandated benchmark different from the composite benchmark. This has no impact on the implementation of the investment strategy. Composite performance is net of foreign tax withholding while the primary benchmark is gross of foreign tax withholding. Some composite participants use different pricing vendors from the composite's benchmark.

The management fee for the style is: 0.09% on all assets. From September 1, 2009 through December 31, 2010 the fee schedule was 0.07% on all assets. Through August 31, 2009 the fee schedule was 0.25% of assets on the first \$50 million, 0.20% of assets on the next \$50 million, and 0.15% on assets thereafter. Standish's standard fees are shown in Part 2A of its Form ADV. For historical fees, please contact Standish. Net results reflect the corresponding historical fee schedule for each measurement period, actual results may vary for each individual portfolio.

Standish Mellon Asset Management Company LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Standish Mellon Asset Management Company LLC has been independently verified for the periods January 1, 1994 through December 31, 2010. The verification reports are available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation. The CFA Institute has not been involved with the preparation or review of this report. Gross performance figures are time-weighted rates of return, which include the deduction of transaction costs. Both gross and net performance returns include the reinvestment of dividends and other distributions. Past performance is not an indication of future performance. Additional information regarding policies and procedures for calculating and reporting returns is available upon request.

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.

The enclosed material is confidential and not to be reproduced or redistributed without the prior written consent of Standish. Any statements of opinion constitute only current opinions of Standish, which are subject to change and which Standish does not undertake to update. Views expressed are subject to change rapidly as market and economic conditions dictate. Portfolio composition is also subject to change.

This material is not intended as an offer to sell or a solicitation of an offer to buy any security, and it does not constitute investment advice.

The Firm is defined as Standish Mellon Asset Management Company LLC ("Standish"), a registered investment advisor and wholly owned subsidiary of The Bank of New York Mellon Corporation.

BNY Mellon Asset Management is one of the world's leading asset management organizations, encompassing BNY Mellon's affiliated investment management firms and global distribution companies, of which Standish Mellon Asset Management Company LLC and MBSC Securities Corporation are wholly owned subsidiaries. BNY Mellon is the corporate brand for The Bank of New York Mellon Corporation. Securities are offered by MBSC Securities Corporation, a registered broker dealer and FINRA member. MBSC also has entered into an agreement pursuant to which it may solicit advisory services provided by Standish Mellon Asset Management Company LLC, a registered investment adviser.

BNY Mellon Asset Management (UK) Limited ("AMUK") is an affiliate of Standish Mellon Asset Management Company LLC ("Standish"), located in London, which provides investment management services to qualified non US clients. Certain employees of AMUK may act in the capacity as shared employees of Standish and in such capacity may provide portfolio management support and trading services to certain Standish managed accounts. Rankings include assets managed by BNY Mellon Asset Management and BNY Mellon Wealth Management. Each ranking may not include the same mix of firms.

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-colinearity in the independent variables; variable sensitivity remains constant in the short term; and no structural shift in the short term.

Disclosures

Unless otherwise noted, all references to assets under management (which are approximate) are as of March 31, 2012. AUM/OUM for The Boston Company Asset Management, EACM Advisors, Mellon Capital Management Corporation and Standish Mellon Asset Management Company LLC includes assets managed by those individual firms' officers as associated persons, dual officers or employees of The Dreyfus Corporation. In addition, AUM/OUM for the following firms includes assets managed by them as non-discretionary investment manager for, or by the individual firms' officers as dual officers or employees of, The Bank of New York Mellon: BNY Mellon Cash Investment Strategies, The Boston Company Asset Management, LLC, The Dreyfus Corporation, Mellon Capital Management Corporation, Newton Capital Management Limited (part of The Newton Group), Standish Mellon Asset Management Company LLC, and Urdang Securities Management, Inc.

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.

Products or services described herein are provided by BNY Mellon, its subsidiaries, affiliates or related companies and may be provided in various countries by one or more of these companies where authorized and regulated as required within each jurisdiction. Certain investment vehicles may only be offered through regulated entities or licensed individuals, such as a bank, a broker-dealer or an insurance company. However, this material is not intended, nor should be construed, as an offer or solicitation of services or products or an endorsement thereof in any jurisdiction or in any circumstance that is otherwise unlawful or unauthorized. The investment products and services mentioned here are not insured by the FDIC (or any other state or federal agency), are not deposits of or guaranteed by any bank, and may lose value.

This material is not intended as an offer to sell or a solicitation of an offer to buy any security, and it is not provided as a sales or advertising communication and does not constitute investment advice. MBSC Securities Corporation, a registered broker-dealer, FINRA member and wholly-owned subsidiary of BNY Mellon, has entered into agreements to offer securities in the U.S. on behalf of certain BNY Mellon Asset Management firms.

Mutual fund investors should consider the investment objectives, risks, charges, and expenses of a fund carefully before investing. Contact your financial advisor to obtain a prospectus that contains this and other information about a fund, and read it carefully before investing.

An investment in any money market fund is not insured or guaranteed by the FDIC or any other governmental agency. Although a money market fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in a money market fund. Yield fluctuates. Past performance is no guarantee of future results.

Interests in any investment vehicles may be offered and sold in Canada through BNY Mellon Asset Management Canada, Ltd., a Portfolio Manager, Exempt Market Dealer and Investment Fund Manager.

Alcentra Ltd., Insight Investment Management Ltd., Newton Capital Management Limited, Newton Investment Management Limited, Pareto Investment Management Limited and Walter Scott & Partners Limited are authorized and regulated by the Financial Services Authority. The registered address for Alcentra Ltd. is 10 Gresham Street, London, EC2V7JD, England. The registered address for Insight Investment, Newton and Pareto is BNY Mellon Centre, 160 Queen Victoria Street, London, EC4V 4LA, England. The registered address for Walter Scott is One Charlotte Square, Edinburgh, EH2 4DR, Scotland.

BNY Mellon holds over 90% of the parent holding company of The Alcentra Group. The Group refers to these affiliated companies: Alcentra Ltd. and Alcentra NY, LLC. Assets under management include assets managed by both companies. Only Alcentra NY, LLC offers services in the U.S.

BNY Mellon ARX is the brand used to describe the Brazilian investment capabilities of BNY Mellon ARX Investimentos Ltda.

BNY Mellon Western FMC, Insight Investment and WestLB Mellon Asset Management do not offer services in the U.S. This presentation does not constitute an offer to sell, or a solicitation of an offer to purchase, any of the firms' services or funds to any U.S. investor, or where otherwise unlawful.

BNY Mellon holds a 20% interest in Siguler Guff & Company, LP and certain related entities (including Siguler Guff Advisers, LLC).

BNY Mellon Cash Investment Strategies (CIS) is a division of The Dreyfus Corporation. BNY Mellon Fixed Income is a division of MBSC Securities Corporation. AUM does not include \$144.3 billion of securities lending cash collateral reinvestment assets managed by CIS staff acting as dual officers of The Bank of New York Mellon.

BNY Mellon Western Fund Management Company Limited is a joint venture between BNY Mellon (49%) and China based Western Securities Company Ltd (51%). The firm does not offer services outside of the People's Republic of China.

BNY Mellon owns a 19.9% minority interest in The Hamon Investment Group Pte Limited, the parent company of Hamon Asian Advisors Limited, through which Hamon offers services in the U.S.

Mellon Capital Management Corporation AUM includes \$8.8 billion in overlay strategies.

The Newton Group refers to the following group of affiliated companies: Newton Investment Management Limited, Newton Capital Management Limited, Newton Capital Management LLC, Newton International Investment Management Limited and Newton Fund Managers (C.I.) Limited. NCM LLC personnel are supervised persons of NCM Ltd and NCM LLC does not provide investment advice, all of which is conducted by NCM Ltd. Except for Newton Capital Management LLC and Newton Capital Management Limited, none of the other Newton Group companies offer services in the U.S. AUM for the Newton Group include assets managed by all of these companies (except Newton Capital Management LLC) and by the firm's officers as dual officers or employees of The Bank of New York Mellon.

Pareto Investment Management Limited AUM includes \$46.4 billion in currency overlay strategies.

AUM is for WestLB Mellon Asset Management Holdings Ltd., a 50:50 joint venture between BNY Mellon and WestLB AG.

Equity markets are subject generally to market, market sector, market liquidity, issuer and investment style risks, and fixed income markets are subject generally to interest rate, credit, liquidity, pre-payment and extension, and market risks among other factors, all to varying degrees. Investing in international markets involves special risks, including changes in currency exchange rates, political, economic, and social instability, a lack of comprehensive company information, differing auditing and legal standards, and less market liquidity.

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.

Disclosures

The World Economic Forum Global Competitiveness Index measures competitiveness as the set of institutions, policies, and factors that determine the level of productivity of a country.

BofA Merrill Lynch Euro High Yield Index tracks the performance of EUR denominated below investment grade corporate debt publicly issued in the euro domestic or eurobond markets. Qualifying securities must have a below investment grade rating (based on an average of Moody's, S&P and Fitch).

The S&P 500 Index is considered to be generally representative of the U.S. large capitalization stock market as a whole. It is an unmanaged capitalization-weighted index of 500 commonly traded stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of those stocks. The index assumes reinvestment of dividends. The index selects its companies based upon their market size, liquidity, and sector. Most of the companies in the index are solid mid cap or large cap corporations. The S&P 500 is a market-weighted index.

The JP Morgan GBI-EM Global Diversified Index consists of regularly traded, liquid fixed-rate, domestic currency government bonds to which international investors can gain exposure.

Dow Jones EURO STOXX 50 is a stock index representing 50 of the largest companies in Europe based on market capitalization.

BofA Merrill Lynch U.S. High Yield Master II Index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market.

JP Morgan Emerging Markets Bond Index Global (EMBI Global): tracks total returns for US dollar-denominated debt instruments issued by emerging market sovereign and quasi-sovereign entities: Brady bonds, loans, Eurobonds.

Barclays U.S. Aggregate Index is an unmanaged index considered representative of the U.S. Investment-grade, fixed-rate bond market.

Barclays Euro-Aggregate Index consists of bonds issued in the euro or the legacy currencies of the 16 sovereign countries participating in the European Monetary Union (EMU). All issues must be investment grade rated, fixed-rate securities with at least one year remaining to maturity. The Euro-Aggregate Index excludes convertible securities, floating rate notes, perpetual notes, warrants, junked bonds, and structured products.

Brent Crude Oil is A type of sweet crude oil that is used as a benchmark for the prices of other crude oils. Brent blend is most often found in parts of the North Sea off the coast of the U.K. and Norway. Brent blend makes up more than half of the world's globally traded supply of crude oil, which is why it makes an obvious choice for the benchmark of crude oil.

STANDISH



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ASSET MANAGEMENT

ING Investment Management

Prepared for

Gwinnett County Employees' Retirement System

Presented by

Bob Kase, CFA
Senior Portfolio Manager

September 14, 2012

INVESTMENT MANAGEMENT

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Agenda

- Market Outlook 3
- Sector Positioning 13
- Appendix 17

Relationship Management Team

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Market Outlook

Executive Summary: Investment Themes

1. **The global economy is in the middle of a rebalancing and deleveraging process** which will take several years to complete. Economic cycles across the globe have been highly correlated since 2008, but that link may begin to deteriorate as different markets require different steps to rebalance.
2. While the **U.S. Federal Reserve will remain active and accommodative**, the effectiveness of their activity is now subject to rapidly diminishing marginal returns.
3. **Core Europe must commit funds in order to stabilize the European monetary and banking system**. Incremental steps by political leaders and additional action by the ECB will be needed to keep market forces at bay and to allow time for key structural issues to be addressed. European growth will continue to suffer throughout this extended process, but a systemic unwind is unlikely.
4. **Emerging markets**, due to their strong balance sheets and healthy fiscal positions, **retain the ability to implement both fiscal and monetary stimulus**. They will in fact do this in order to bolster growth rates in the second half of the year and in 2013.
5. **The U.S. housing market has probably bottomed**, as recent strength appears sustainably above seasonal norms. This is a meaningful positive for residential mortgage credit, banks with exposure to that credit, and the broader U.S. economy.
6. **Political and regulatory uncertainty is acute and unrelenting**. In addition to creating market volatility, this uncertainty will impede real economic activity and prevent a breakout towards more robust growth rates. Positively, any potential reduction in this uncertainty will be viewed favorably by risk markets.
7. **Extreme market pressure is a necessary condition for politicians to make difficult decisions** that are economically necessary. Market relief will be met with policy procrastination, while market fears will be met with better policy execution, providing a mechanism to enforce range bound behavior in yields and spreads.

Executive Summary: Market Outlook

Interest Rates:

- US Interest rates continue to hold near record low levels.
- The factors suppressing rates to these low levels are unlikely to abate quickly; however, we are likely past the mid-point of this cycle of dramatically lower interest rates.
- Conclusion: Forward curves now look fairly priced given our economic outlook.

Tenors	Coupon	Forwards								
		8/27/2012	3Mo	6Mo	1Yr	2Yr	3Yr	4Yr	5Yr	10Yr
1Yr	1.0440	0.4108	0.4215	0.4660	0.5382	0.7941	1.3221	1.8606	2.3889	3.4526
2Yr	0.4915	0.4754	0.5117	0.5645	0.6739	1.0692	1.6077	2.1391	2.5890	3.4810
3Yr	0.6025	0.5829	0.6477	0.7275	0.8929	1.3343	1.8691	2.3460	2.7297	3.4409
4Yr	0.7737	0.7782	0.8527	0.9451	1.1339	1.5949	2.0881	2.5088	2.8374	3.4453
5Yr	0.9880	0.9925	1.0778	1.1775	1.3797	1.8208	2.2663	2.6353	2.9296	3.4645
8Yr	1.6115	1.6119	1.6924	1.7782	1.9495	2.2953	2.6341	2.9098	3.1060	3.3880
9Yr	1.7685	1.7701	1.8460	1.9269	2.0867	2.4112	2.7181	2.9533	3.1404	3.3798
10Yr	1.9080	1.9089	1.9810	2.0576	2.2082	2.5051	2.7732	2.9970	3.1752	3.3758
15Yr	2.3510	2.3537	2.4026	2.4529	2.5513	2.7482	2.9358	3.0870	3.2020	3.3183
20Yr	2.5325	2.5332	2.5719	2.6119	2.6898	2.8456	2.9929	3.1100	3.1961	3.2857
30Yr	2.6825	2.6817	2.7095	2.7388	2.7959	2.9096	3.0162	3.0990	3.1577	3.1819

Source: Bloomberg

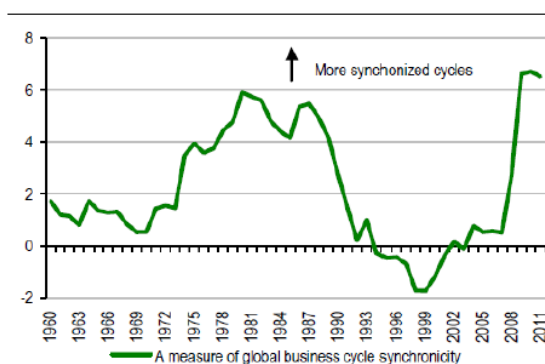
Investment Theme 1: Global Rebalancing Continues

- The global economy is in the middle of a rebalancing and deleveraging process which will take several years to complete. Economic cycles across the globe have been highly correlated since 2008, but that link may begin to deteriorate as different markets require different steps to rebalance.

New Developments:

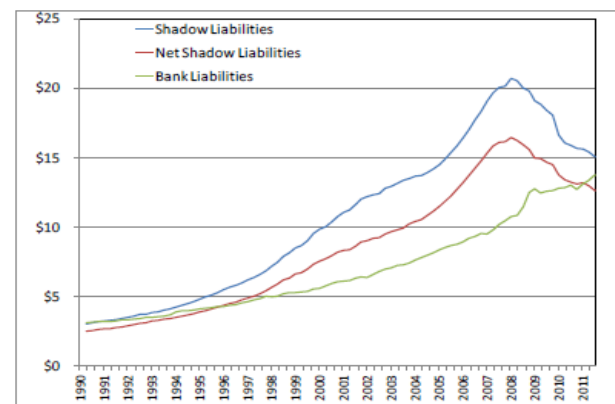
- Market correlations remain extraordinarily high across the globe.
- The Fed and ECB echoed each other in their latest meeting, laying the verbal groundwork for further action without taking concrete steps to ease policy.
- The economic data surprise index in the U.S. is bottoming, while many other economies continue to deteriorate.

Global business cycle synchronicity



Source: UBS. Measured as the sum of 10 yr rolling bi-variate correlation coefficients between GDP growth in the US, Japan, Germany, the UK and China from 1950.

Figure 1: Shadow Bank Liabilities vs. Traditional Bank Liabilities, \$ trillion*



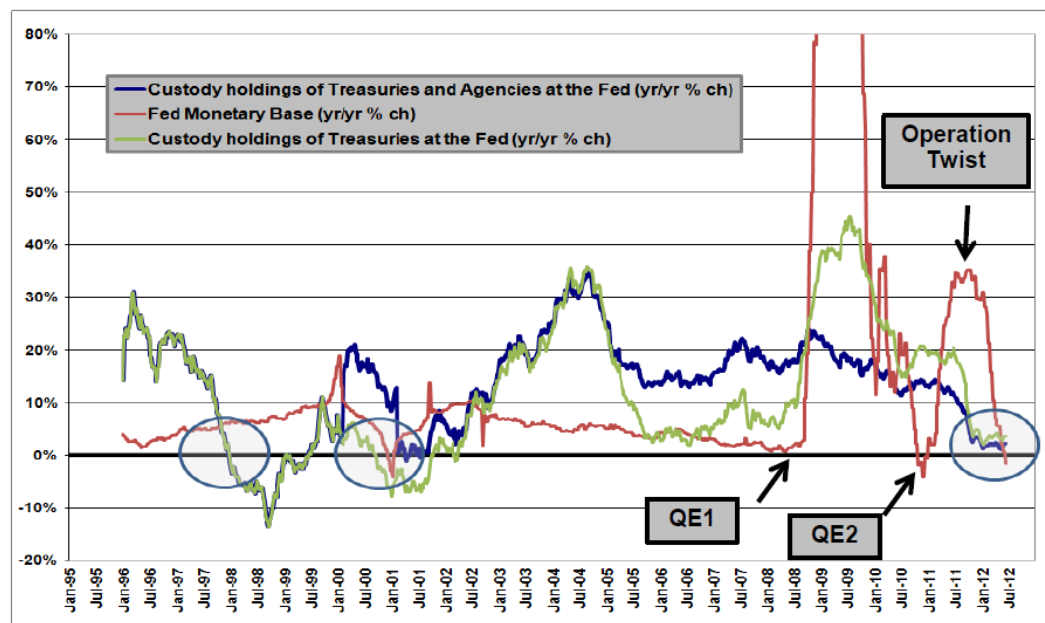
Source: Flow of Funds Accounts of the United States as of 2011:Q3 (FRB) and FRBNY.

Investment Theme 2: Fed Will Remain Supportive

- While the U.S. Federal Reserve will remain active and accommodative, the effectiveness of their activity is now subject to rapidly diminishing marginal returns.

New Developments:

- The Federal Reserve disappointed markets in July, by not extending the date of the first rate hike and not announcing another round of QE.
- However, the Fed's rhetoric was extremely dovish, including an explicit reference to close scrutiny of economic data. This language, when last used, preceded an inter-meeting rate cut in 2001.
- September's Fed meeting includes a scheduled update of members' economic forecasts and a press conference, making it an opportune time for holder policy



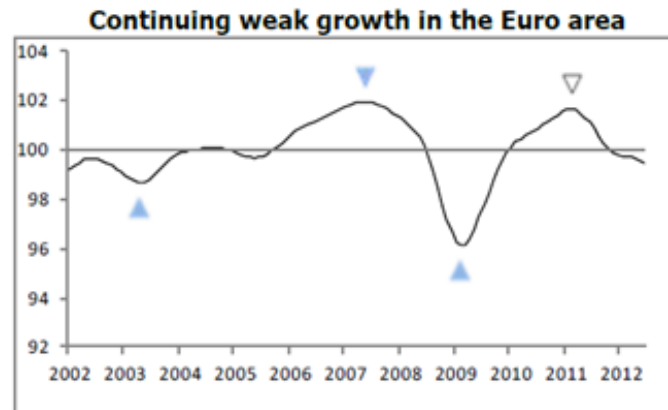
Source: ING IM, BLOOMBERG

Investment Theme 3: European Growth is Impaired, Unwind Unlikely

- Core Europe must commit funds in order to stabilize the European monetary and banking system. Incremental steps by political leaders and additional action by the ECB will be needed to keep market forces at bay and to allow time for key structural issues to be addressed. European growth will continue to suffer throughout this extended process, but a systemic unwind is unlikely.

New Developments:

- The ECB's Mario Draghi laid out a reasonable roadmap for Core Europe to commit the necessary funds:
 - Spain and/or Italy request EFSF aid, stipulating to fiscal conditions.
 - The EFSF buys primary issuance of peripheral bonds, providing direct funds and conditionality.
 - The ECB supports this with secondary market purchases, alleviating concerns about limitations of EFSF funding.



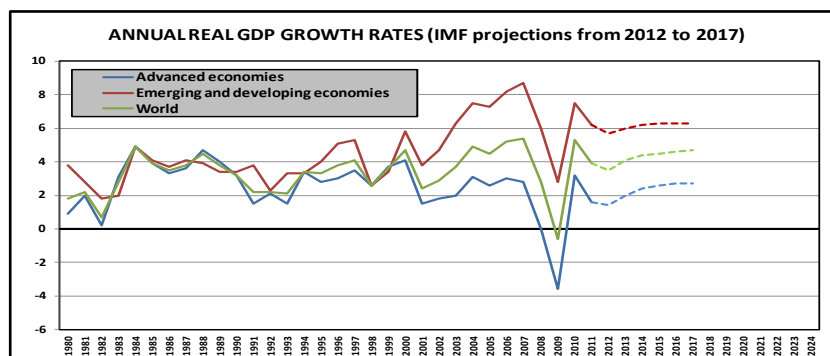
Source: OECD

Investment Theme 4: EM Growth Is Sustainable At Lower Levels

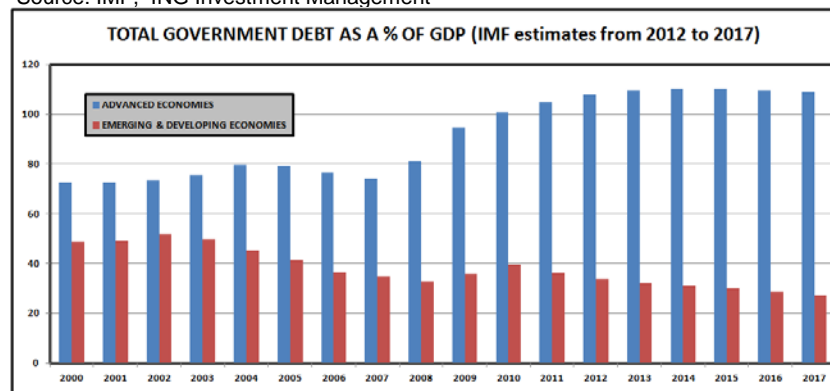
- Emerging markets, due to their strong balance sheets and healthy fiscal positions, retain the ability to implement both fiscal and monetary stimulus. They will in fact do this in order to bolster growth rates in the second half of the year and in 2013.

New Developments:

- Renewed stimulus continued across many EM countries this month, including China, Korea, Philippines, Brazil, Columbia, Poland, Czech Republic, and South Africa.



Source: IMF, ING Investment Management



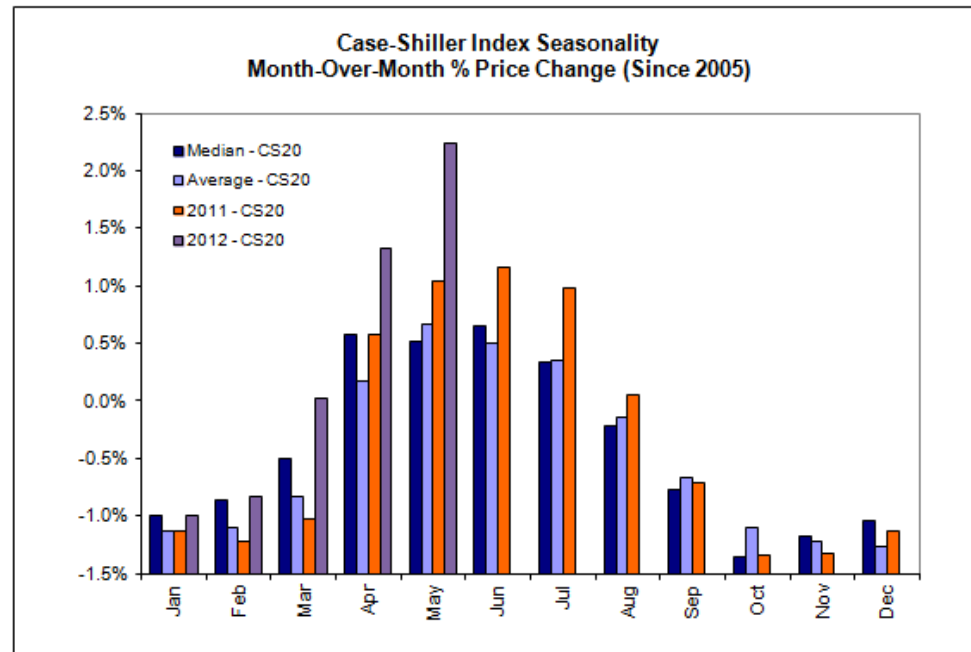
Source: IMF, ING Investment Management

Investment Theme 5: U.S. Housing Market Is Finally A Potential Positive Catalyst

- The U.S. housing market has probably bottomed, as recent strength appears sustainably above seasonal norms. This is a meaningful positive for residential mortgage credit, banks with exposure to that credit, and the broader U.S. economy.

New Developments:

- Data on national average housing prices continues to surprise to the upside, consistently showing seasonally-adjusted strength.



Source: Bloomberg, ING Investment Management

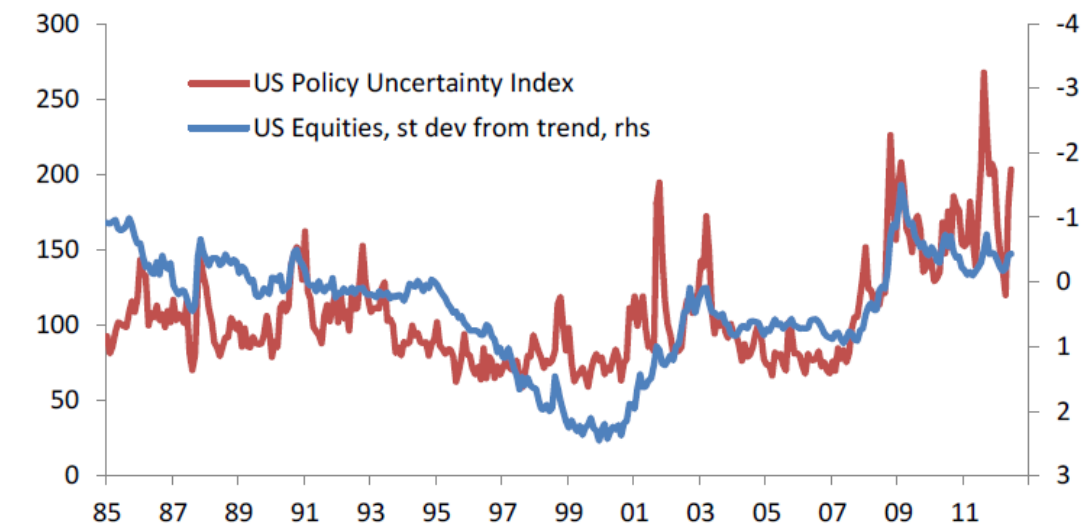
Investment Theme 6: Political And Regulatory Uncertainty Is Here To Stay

- Political and regulatory uncertainty is acute and unrelenting. In addition to creating market volatility, this uncertainty will impede real economic activity and prevent a breakout towards more robust growth rates. Positively, any potential reduction in this uncertainty will be viewed favorably by risk markets.

New Developments:

- The U.S. Congress passed a budget bill which pushes the deeper debate on U.S. fiscal policy until after the election.
- Recent polling, economic, and market data point to an increased probability of the incumbent winning the U.S. Presidential election.
- In Europe, focus will concentrate on whether the Prime Ministers of Spain and/or Italy will officially request EFSF assistance, which may trigger simultaneous ECB action.

Exhibit 3: US Policy Uncertainty Index and Equity Returns Deviation from Trend



Source: Credit Suisse, Thomson Reuters Datastream, www.policyuncertainty.com

Investment Theme 7: Markets Influence Policy, For Better Or For Worse

- Extreme market pressure is a necessary condition for politicians to make difficult decisions that are economically necessary. Market relief will be met with policy procrastination, while market fears will be met with better policy execution, providing a mechanism to enforce range bound behavior in yields and spreads.

Key Points

- The substantial rally in peripheral European bonds may decrease the sense of urgency for these countries to apply for aid.
- The ECB's application of political conditionality to their policy decisions magnifies the power of this range-enforcing mechanism.



Source: Bloomberg, ING Investment Management

Sector Positioning

Sector Strategy Overview

■ Investment Grade Credit: Overweight

- Volatile situation in European peripherals remains a large risk for European credits and risk assets in general
- Investment grade (IG) spread levels relative to historical averages are pricing in slow, nominal growth, and material tightening is unlikely unless GDP growth increases and/or eurozone situation is resolved
- Q2 2012 earning expectations has been lowered; spreads already reflect the lower earning expectations
- Credit fundamentals for IG, however, remain strong: positive earnings growth, large cash balances, low leverage, and modest pressure on margins expected
- Valuations remain attractive, even after accounting for increased economic risks
- Technicals have continued to be supportive as investors search for high quality spread assets

■ High Yield: Overweight

- Low GDP growth environment continue to benefit High Yield valuation
- Valuations appear attractive given the low default risk in high quality and moderately leveraged high yield credits; although absolute yields limit upside
- Q2 2012 earning expectations has been lowered; spreads already reflect the lower earning expectations
- Search for high yielding dollar base asset is supportive for High Yield Market

Sector Strategy Overview

■ Agency RMBS: Neutral to Slight Overweight

- Mortgages fairly valued versus Treasuries; if rates become less volatile, Mortgages should become more attractive
- Shrinking supply and investors' desire for high quality asset should support valuations
- Risks include more HARP/ government-sanctioned refinancing activity than expected

■ Non-agency RMBS: Overweight

- Improvement in housing market will help market valuations
- Relative yield versus other asset classes remain attractive
- Higher quality bonds will remain supported by positive market technicals and insulation from fundamental concerns

■ CMBS: Modest Overweight

- With fundamental concerns ebbing and commercial real estate recovery continuing, relative value in CMBS is compelling
- Improvement in fundamentals has reduced the volatility in CMBS sector

Sector Strategy Overview

- Agency Debentures: Neutral to Underweight
 - Our strategic and tactical outlooks for the sector are neutral, given very tight spreads to Treasuries and no catalysts for significant spread movements
 - Therefore, depending on account, other sectors are more attractive
- Emerging Market Debt: Overweight Sovereigns, Local Currencies and Corporates
 - Outlook remains positive, as fundamentals remain strong for emerging market sovereigns
 - Local currency sovereign interest rates have declined, improving the funding situation for many countries, with many looking now to lower rates
 - Valuations are generous given low default expectations, and EM should continue to outperform versus domestic corporate credits given the muddled outlook for the developed world
 - Technicals continue to be positive as expected net debt issuance, fund cash balances and flow continue to be significant
 - While eurozone headwinds have had minimal impact on spreads.
 - In local markets, we prefer interest rate risk to currency risk; inflation concerns have waned and monetary policies remain accommodative, with the carry differential to developed markets still compelling
 - In EM Corporates, fundamentals including cash balances and debt-to-EBITDA remain strong in general, and lower valuations due to European fears have created opportunities in some high quality credits.
 - Furthermore, given the considerable rally in domestic corporate credit, we favor EM Corporates that have lagged due to the latent trauma from the European sovereign debt crisis in late 2011

Appendix

Presenter Biographies

Bob Kase, CFA

Senior Portfolio Manager

Years of investment experience: 28

Years with company: 5

Bob Kase is a Senior Portfolio Manager. Prior to this role he was the co-lead portfolio manager for Proprietary Investments Investment Grade credit. Before joining ING U.S. Investment Management in 2007, he managed corporate, ABS, and CMBS for SunTrust Bank. He began his career as a senior portfolio manager at CL Capital Management, followed by a stint as a senior portfolio manager for American General. Bob received a B.S. from Georgia Tech and an M.B.A. from Georgia State University. He holds the Chartered Financial Analyst® designation.

Arnold West

Senior Vice President, Institutional Sales and Relationship Management

Years of investment experience: 17

Arnold West is Senior Vice President responsible for new business development and maintaining client relationships, primarily in the public fund sector in the Eastern region. Prior to joining the Institutional Sales Group in 2001, he was involved in the design and management of investment products and services for institutional clients. He began his career in 1990 at Aetna, where he served as an attorney supporting various Aetna Financial Service businesses and also served as counsel to Aetna Foundation, Inc. He received a B.A. in organizational behavior and management from Brown University, a Juris Doctor from the University of Virginia, and an M.B.A. from the University of Pennsylvania's Wharton School. Arnold served as a trustee on the City of Hartford Municipal Employees' Retirement Fund from 1998 - 2005.

Fixed Income Team Biographies

Name	Functional Title	Years of Experience	Years at Company	Degree	School
Christine Hurlsell, CFA	Chief Investment Officer, Fixed Income and Head of Proprietary Investments	25	8	B.A.	Indiana University
Jonathan Abshire, CFA	Portfolio Manager, Structured Finance	9	1	B.B.A.	Emory University
Tanweer Akram, Ph.D.	Senior Economist, Global Rates	12	6	Ph.D.	Columbia University
Virna Allen, CPA	Senior Financial Analyst, Structured Finance	17	10	B.B.A.	Georgia State University
Cliff Andrus, CFA	Assistant Portfolio Manager, U.S. Credit	9	6	M.S.	Georgia Institute of Technology
Marcelo Assalin, CFA	Portfolio Manager, Emerging Markets	17	4	B.A.	Universidade de Sao Paulo
Sean Banai, CFA	Vice President and Portfolio Manager, Risk Management	13	13	B.A.	Georgia State University
Todd Bates, CFA	Portfolio Manager, Money Market	15	10	B.A.	Duke University
Jason Blake	Risk Analyst, Risk Management	5	3	M.B.A.	Georgia Institute of Technology
Matt Brill, CFA	Portfolio Manager, U.S. Credit	10	7	B.A.	Washington and Lee University
Jeremy Brockman	Assistant Portfolio Manager	2	1	M.B.A.	Emory University's Goizueta School of Business
Paul Buren	Assistant Portfolio Manager	8	6	M.B.A.	Emory University
Rachael Camargo	Portfolio Specialist	11	11	M.B.A.	New York University
Rao Casturi	Assistant Vice President, Risk Management	10	6	B.E.	Andhra University, Ap, India
Derek Chen	Senior Portfolio Manager, Mortgage Derivatives	10	1	Ph.D.	University of Florida
Richard Cumberledge, CFA	Senior Credit Analyst, Global High Yield	19	5	M.S.C.	The George Washington University
Clay Curry, CFA	Senior Credit Analyst, High Yield	8	1	M.B.A.	University of Tennessee
Ralph Divino	Fixed Income Client Portfolio Manager	22	2	M.B.A.	New York University
Colin Dugas, CFA	Portfolio Manager, Commercial Mortgage-backed Securities	10	10	B.S.	Georgia Institute of Technology
Jeff Dutra, CFA	Senior Portfolio Manager, Structured Finance	10	12	M.B.A.	University of Tampa
John R. Edwards	Portfolio Manager, Commercial Mortgage-backed Securities	14	14	M.B.A.	Georgia State University
A. Banu Asik Elizondo	Portfolio Manager	9	5	B.S.	Duke University
Scott A. Frost, CFA	Senior Credit Analyst, Global High Yield	18	11	M.S.I.A.	Carnegie Mellon University
Aaron Glenn	Fixed Income Portfolio Specialist	6	1	B.A.	Vanderbilt University
Sergio Godoy, Ph.D.	Fixed Income Strategist	19	2	Ph.D.	Columbia Business School
Dave Goodson	Portfolio Manager, Structured Finance	16	10	B.A.	Georgia Institute of Technology
Jennifer Gorgoll, CFA	Portfolio Manager, Emerging Market Corporates	14	10	M.B.A.	Columbia Business School
Ed Groote, CFA	Structured Finance	23	17	B.A.	University of Northern Iowa
Peter Guan, Ph.D.	Senior Portfolio Manager, Structured Finance	13	8	Ph.D.	University of South Florida
Ken Haim	Senior Portfolio Manager, Structured Finance	18	4	M.B.A.	Wharton School of Business

Fixed Income Team Biographies

Name	Functional Title	Years of Experience	Years at Company	Degree	School
Albert E. Hancock III	Head of Stable Value and Senior Portfolio Specialist	24	15	M.B.A.	American Graduate School of International Management
Andrew H. Higley, CFA	Derivative Portfolio Manager, Global Rates	10	6	M.A.	Harvard University
Peter-Paul Hoogbruin, FRM	Vice President, Market and Credit Risk Analysis, Risk Management	20	5	M.A.	Erasmus University Rotterdam, The Netherlands
Michael Hyman	Senior Portfolio Manager, U.S. Credit	20	11	M.B.A.	New York University Stern School of Business
Aprille Johnson	Portfolio Manager, Money Market	22	14	B.A.	Trident College
Bob Kase, CFA	Portfolio Manager, Portfolio Specialists and Implementation	28	5	M.B.A.	Georgia State University
Anil Katarya, CFA	Senior Portfolio Manager, U.S. Credit	14	12	M.B.A.	Georgia State University
Travis King, CFA	Portfolio Manager, U.S. Credit	14	7	M.B.A.	Memorial University
Lauren Kircher	Assistant Portfolio Specialist	2	1	B.S.	Georgia Tech
Michael Kotzan, CFA	Risk Analyst, Risk Management	15	1	M.B.A.	Emory University
Corinne Krincek, CFA	Credit Analyst, U.S. Credit	16	6	M.A.	University of South Carolina
Kurt Kringelis, CFA, CPA, J.D.	Senior Portfolio Manager, U.S. Credit	17	17	J.D.	University of Illinois
Naveen Kunam	Portfolio Manager, Emerging Markets Debt	8	2	M.B.A.	Oregon Graduate Institute of Science and Technology
Jake Lowery, CFA	Portfolio Manager, Global Rates	7	8	B.A.	Vanderbilt University
Jun Ma, CFA	Senior Associate, Risk Management	15	12	M.B.A.	Emory University
Gregory C. Magnuson, CFA	Credit Analyst, Emerging Markets	11	1	M.B.A.	Finance
Raj Makhija	Quantitative Analyst, Quantitative Research and Portfolio Analytics	8	7	M.S.	Georgia Institute of Technology
Michael A. Mata	Head of Quantitative Research and Portfolio Analytics	22	8	M.B.A.	De Paul University
Tim McCrady, CFA	Portfolio Manager, Structured Finance	21	14	B.S.	The Ohio State University
Tracy McCullough, CFA	Structured Finance	20	16	B.B.A.	Georgia State University
Justin McWhorter, CFA, CPA	Senior Analyst, Structured Finance	11	11	M.A.	University of Georgia
Ryan Mitchell	Analyst, Investment Grade Credit	7	1	M.B.A.	Emory University
Kevin Moose	Derivatives Trader, Global Rates	13	13	B.S.	Southern Polytechnic State University
Jeffrey Nicholson	Senior Credit Analyst, High Yield	13	11	M.B.A.	Pennsylvania State University
Randall Parrish, CFA	Portfolio Manager, Global High Yield	22	11	B.B.A.	University of Georgia
Spencer Phua, CFA	Senior Credit Analyst, U.S. Credit	12	4	M.B.A.	Kellogg School of Management
Mark Probst	Credit Analyst, U.S. Credit	5	1	M.B.A.	Ohio State University
Robert Robis, CFA	Senior Vice President, Head of Fixed Income Macro Strategies	17	1	M.A.	New York University
Anthony Routh	Analyst, Structured Finance	6	6	B.B.A.	University of Georgia
Steve Ruth, CFA	Client Portfolio Manager	19	2	M.B.A.	Drexel University

Fixed Income Team Biographies

Name	Functional Title	Years of Experience	Years at Company	Degree	School
Amir Sahibzada	Head of Risk, Fixed Income	19	2	M.B.A.	The University of Chicago
Shivanker Saxena, CFA	Credit Analyst	13	3	M.B.A.	New York University
Todd Schomberg, CFA	Portfolio Manager, U.S. Credit	11	4	M.B.A.	University of Wisconsin-Madison
Anuranjan Sharma	Quantitative Analyst, Quantitative Research and Portfolio Analytics	7	2	M.B.A.	Carnegie Mellon University
Abhishek Sinha	Risk Analyst, Risk Management	9	3	M.S.	Georgia Institute of Technology
Robert Stiles, CFA	Senior Credit Analyst, Global High Yield	12	5	M.B.A.	Wright State University
Tao Tang, CFA	Quantitative Analyst, Structured Finance	9	9	M.B.A.	University of North Carolina
Jai Tanwar, CFA, FRM	Senior Risk Analyst	12	4	MAppFin	Singapore Management University
Brad Taylor, FSA, CFA	Assistant Vice President, Risk Management	13	13	B.S.	University of Michigan
Brian Timberlake, CFA, Ph.D.	Senior Quantitative Analyst, Quantitative Research and Portfolio Analytics	9	9	Ph.D.	Georgia Institute of Technology
Matt Toms, CFA	Head of U.S. Public Fixed Income Investments	18	3	B.B.A.	University of Michigan
Rob Turner	Portfolio Manager, Emerging Market Corporates	10	5	M.B.A.	Georgia State University
Esther Yang, FSA, CFA	Portfolio Manager, Global Rates	12	6	M.A.	University of Waterloo
David Yealy	Senior Portfolio Manager, Money Market	26	8	B.A.	Wake Forest University
Yingji Zhu, Ph.D., CFA	Quantitative Analyst, Structured Finance	8	8	Ph.D.	Massachusetts Institute of Technology

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Gwinnett County, GA Retirement Plan Asset Management Report

Data as of June 30, 2012

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Gwinnett County, GA Retirement Plan

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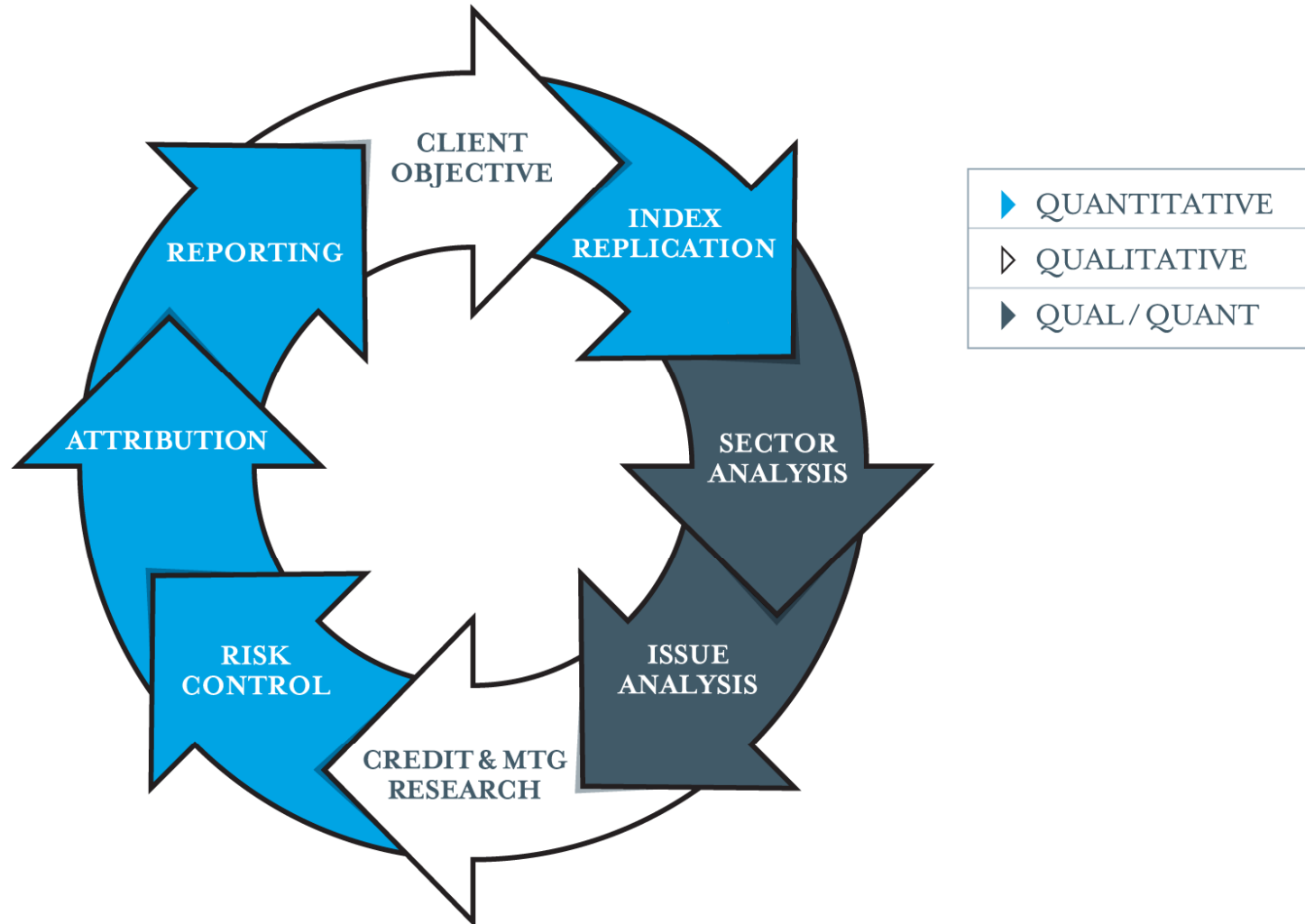
Objective: Outperform the Barclays Aggregate Index

Methodology: Match term structure
Index Replication (**SMART**)

Add value through: Issue selection (**TOPS**)
Sector rotation (**SECTORS**)

Monitor: Performance Daily (**DAILY**)
Performance Attribution (**PASS/Style**)

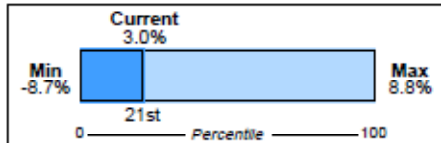
Delivery: Via client intranet (**Manifold**)



The Economy & Trade

Gross Domestic Product

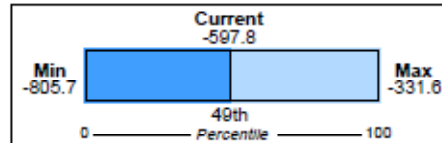
Last Observation - 2nd Quarter 2012



The market value of goods & services produced in the U.S.; Quarterly % Change, Annualized

Net Exports - Goods & Services

Last Observation - 2nd Quarter 2012

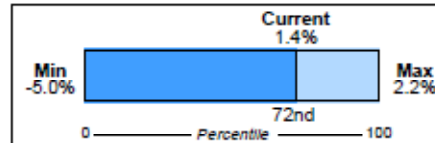


Measure of the Trade Balance; Exports minus Imports; Billions of Dollars, Annualized

Employment

Employment - Total Nonfarm Payrolls

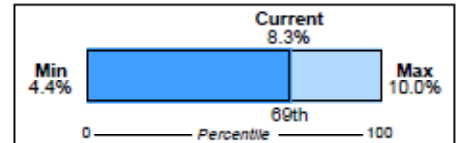
Last Observation - July 2012



All Employees on Nonfarm Payrolls; Annual Growth Rate

Unemployment Rate

Last Observation - July 2012

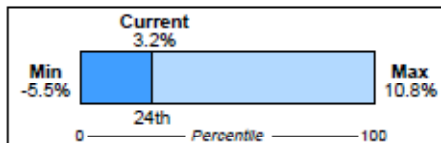


The Official Unemployment Rate - Total unemployed as a percent of the civilian labor force

Personal Income

Disposable Personal Income

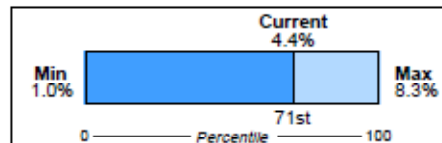
Last Observation - June 2012



The portion of personal income available for spending or saving; Annual Growth Rate

Personal Savings Rate

Last Observation - June 2012

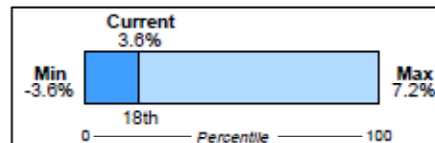


The percentage of disposable personal income that is saved; Annual Rate

Consumer Spending & Confidence

Personal Consumption Expenditures

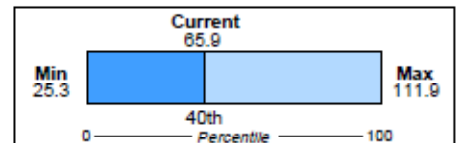
Last Observation - June 2012



The value of goods and services purchased by individuals; Annual Growth Rate

Consumer Confidence Index

Last Observation - July 2012

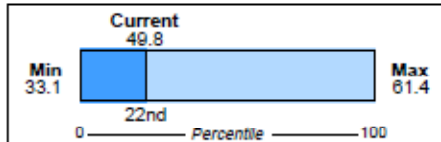


Survey of consumer attitudes and buying intentions; Index Level

Business Activity Surveys

Purchasing Managers' Index

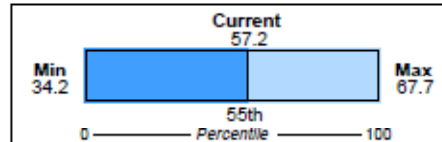
Last Observation - July 2012



Measures level of activity in U.S. manufacturing sector; Index Level > 50 = generally expanding

ISM Nonmanufacturing Business Activity

Last Observation - July 2012

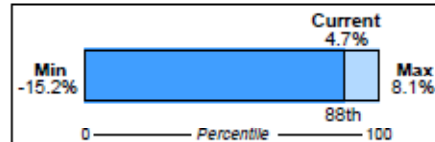


Measures the level of business activity in the U.S. services area; Index Level

Production & Capacity

Industrial Production

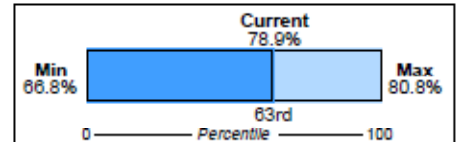
Last Observation - June 2012



Output of the manufacturing, mining, electric & gas utilities industries; Annual Growth Rate

Capacity Utilization

Last Observation - June 2012

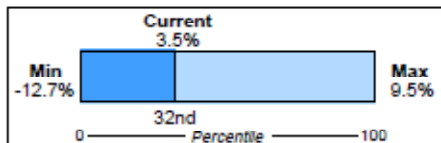


Output of the manufacturing, mining, electric & gas utilities industries as a % of full capacity

Sales, Inventories, Shipments & Orders

Retail Store - Sales

Last Observation - June 2012



Dollar value of retail store sales; Annual Growth Rate

Retail Store - Inventories

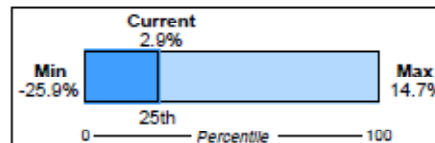
Last Observation - May 2012



Dollar value of retail store inventories; Annual Growth Rate

Manufacturers' - Shipments

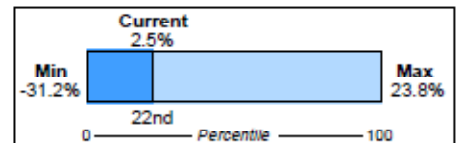
Last Observation - June 2012



Dollar value of manufacturing sector shipments; Annual Growth Rate

Manufacturers' - New Orders

Last Observation - June 2012

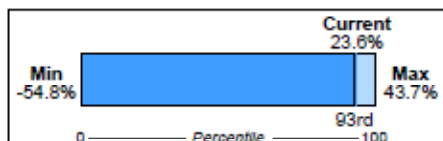


Dollar value of manufacturing sector new orders; Annual Growth Rate

New Construction & Home Sales

New Housing Units Started

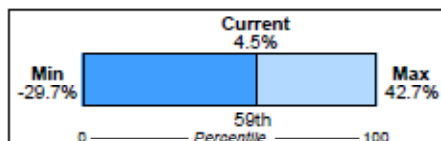
Last Observation - June 2012



The number of private housing units started at an annual rate; Annual Growth Rate

Existing-Home Sales

Last Observation - June 2012

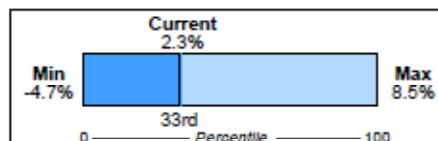


Units (single-family, condominiums & co-ops) sold at an annual rate; Annual Growth Rate

Productivity & Costs

Output Per Hour

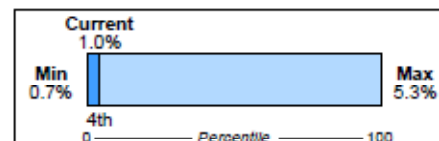
Last Observation - 1st Quarter 2012



Measure of manufacturing sector productivity; Annual Growth Rate

Average Hourly Earnings - Manufacturing

Last Observation - July 2012

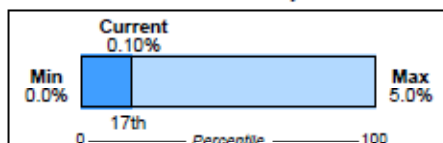


Average Hourly Wage for U.S. Manufacturing Workers; Annual Growth Rate

Interest Rates & Inflation

91 Day Treasury Bill Rate

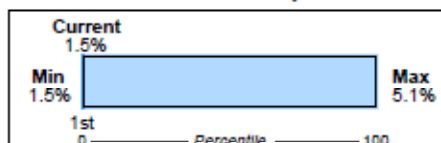
Last Observation - July 2012



Monthly average yield on Bills sold in the secondary market, on a discount basis

10 Year Government Yields

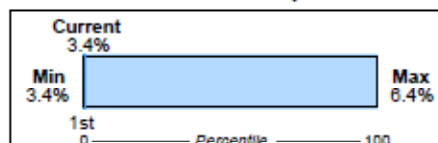
Last Observation - July 2012



Monthly average on actively traded non-inflation-indexed issues adjusted to constant maturities

Aaa Corporate Bond Yields

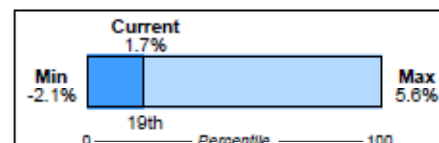
Last Observation - July 2012



Average yield of Aaa-rated industrial bonds

Consumer Price Index - All Items

Last Observation - June 2012

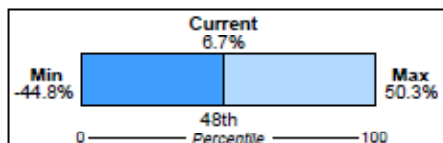


Measure of inflation - weighted change in the prices of goods & services; Annual Growth Rate

The Stock Market

Standard & Poor's 500 Stock Index

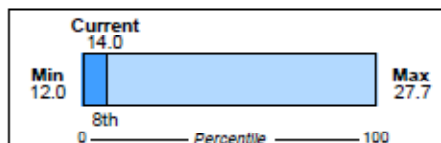
Last Observation - July 2012



Measures price performance of U.S. large capitalization stocks; Annual Growth Rate

S&P 500 - Price/Earnings Ratio

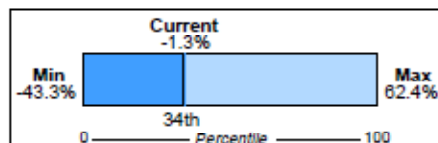
Last Observation - July 2012



Price per dollar of earnings; Price divided by 12 month trailing Operating Earnings Per Share

Russell 2000 - Stock Index

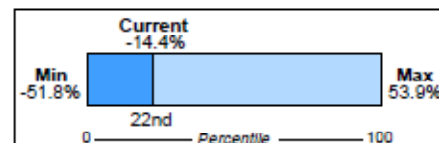
Last Observation - July 2012



Measures price performance of U.S. small capitalization stocks; Annual Growth Rate

MSCI EAFE - International Stock Index

Last Observation - July 2012

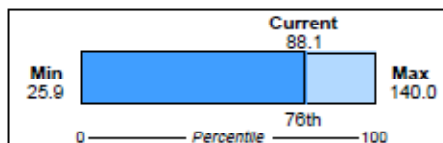


Price performance of Europe, Australasia and Far East Stock Index; Annual Growth Rate

Commodities

Crude Oil Prices - West Texas Intermediate

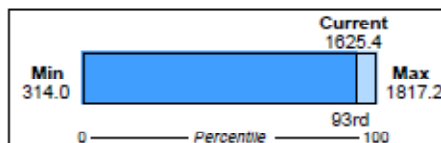
Last Observation - July 2012



West Texas Intermediate; Futures Settle Price per Barrel

Gold Prices - Dollars per Troy Ounce

Last Observation - July 2012

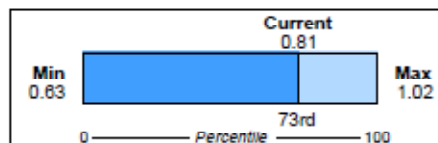


Cash Price per Troy Ounce; Engelhard Industrial Bullion

Strength of the U.S. Dollar

Euro - Euro per U.S. Dollar

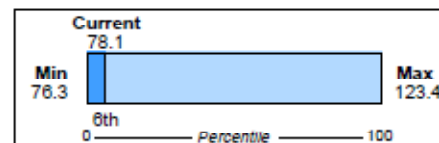
Last Observation - July 2012



Euro per U.S. Dollar; Lower value = Weaker Dollar

Japan - Yen Per U.S. Dollar

Last Observation - July 2012



Yen per U.S. Dollar; Lower value = Weaker Dollar



Sector Analysis (6/30/2012)

Yield and Total Returns									
Ryan Labs Indexes	YTW	QTD	YTD	12M ¹	Ryan Labs Indexes	YTW	QTD	YTD	12M ¹
RL 2 Year Indexes					RL 10 Year Indexes				
TIPS	-0.75	-0.79	0.74	0.85	TIPS	-0.25	5.06	5.67	18.15
Treasury	0.31	0.12	0.04	0.65	Treasury	1.66	5.84	3.44	17.34
Agency	0.43	0.18	0.38	0.78	Agency	1.17	2.68	2.03	10.13
AAA Corporate	0.60	0.18	1.06	1.71	AAA Corporate	2.30	3.38	5.32	15.23
AA Corporate	1.08	0.54	1.83	2.27	AA Corporate	2.93	3.40	6.06	13.83
A Corporate	1.74	0.70	3.28	2.84	A Corporate	3.53	3.93	7.84	13.75
BBB Corporate	2.26	0.91	3.21	3.84	BBB Corporate	3.98	3.11	7.01	12.12
Financials	2.36	0.91	3.87	3.21	Financials	4.31	4.27	9.72	11.60
Industrials	1.08	0.63	2.07	3.01	Industrials	3.41	3.78	6.98	15.32
Utilities	1.23	0.26	1.46	2.59	Utilities	3.43	3.25	6.00	14.04
RL 5 Year Indexes					RL 30 Year Indexes				
TIPS	-0.93	0.58	2.09	5.55	TIPS	0.49	9.18	7.57	29.38
Treasury	0.73	1.93	1.45	7.40	Treasury	2.77	12.83	4.22	38.98
Agency	0.69	1.37	1.88	6.55	Agency	2.98	8.22	5.16	27.23
AAA Corporate	1.49	1.54	3.17	6.57	AAA Corporate	3.68	6.63	8.35	33.36
AA Corporate	1.90	1.70	4.44	6.44	AA Corporate	4.19	5.68	10.17	27.89
A Corporate	2.68	2.03	6.27	7.17	A Corporate	4.48	5.75	11.29	24.57
BBB Corporate	3.20	1.78	5.65	7.92	BBB Corporate	5.24	4.35	9.78	21.63
Financials	3.44	2.03	7.64	6.99	Financials	5.34	6.24	16.96	22.45
Industrials	2.22	1.97	4.83	8.68	Industrials	4.55	5.21	9.28	26.22
Utilities	2.45	1.26	3.80	7.82	Utilities	4.38	4.42	8.02	24.76
Barclays Indexes					Barclays Indexes				
BC Aggregate	1.98	2.06	2.37	7.47	BC ABS	1.16	1.33	2.17	4.88
BC CMBS	2.88	0.86	4.35	6.67	BC MBS	2.49	1.10	1.67	5.04

The material presented and calculated here is based on information considered reliable. Ryan Labs does not represent that it is accurate or complete.

REGISTERED INVESTMENT ADVISOR



Performance Since Inception (4/30/2010 to 6/30/2012)

Horizon: 04/30/12 to 06/30/12		MACON-A (Portfolio)	BC Aggregate (Benchmark)	Difference
<u>RISK</u>				
1. Annualized Standard Deviation (Volatility)	%	2.99	2.12	0.87
2. Minimum Periodic Return	%	0.04	0.04	0.00
3. Maximum Periodic Return	%	1.26	0.90	0.36
4. Beta (Sensitivity to Benchmark)		0.70		
5. R-Squared	%	25.00		
6. Correlation	%	50.00		
7. Annualized Tracking Error	bp	86.91		
8. Shortfall Frequency	%	0.00		
9. Average Shortfall	bp	0.00		
10. Downside Capture Ratio	%			
<u>REWARD</u>				
11. Annualized Total Return	%	8.09	5.80	2.29
12. Average Periodic Return	bp	65.23	47.20	18.03
13. Cumulative Total Return	%	1.31	0.94	0.36
14. Excess Return Frequency	%	100.00		
15. Average Excess Return	bp	18.03		
16. Upside Capture Ratio	%	138.20	100.00	
<u>RISK ADJUSTED RETURN</u>				
17. Sharpe's Ratio		2.56	2.59	-0.03
18. Information Ratio		2.63		

All series and calculations are based upon Monthly returns
 Portfolio = Macon Police and Fire (MACON-A)
 BenchMark = BC Aggregate (BC Aggregate)
 Risk Free Rate = 3 Month Treasury Bill Index

Note: Returns are gross



Gwinnett County, GA Assets by Maturity (6/30/2012)

Maturity Cell	% Portfolio	# Issues	Par Value	Market Value	Coupon	Price	YTW	CY	Term	MDur	Conv
CASH	-4.08	1	-4,161,741	-4,161,741		100.000	0.000	0.000			
0.01 - 1.49	14.69	1	15,000,000	14,976,092	0.000	99.841	0.190	19.030	0.84	0.838	
1.50 - 3.49	9.33	8	9,361,562	9,514,027	2.009	101.472	1.501	1.956	2.76	2.661	
3.50 - 7.49	55.22	50	53,578,004	56,286,247	3.179	105.030	2.036	2.967	5.25	4.865	
7.50 - 17.49	17.09	24	17,110,000	17,417,077	4.109	101.344	3.960	4.074	10.17	8.261	
17.50+	7.76	12	7,545,000	7,907,117	4.840	104.338	4.587	4.657	30.13	15.945	
Total	100.00	96	98,432,826	101,938,818	3.020	103.458	2.325	5.674	7.35	5.703	

Notes: YTW = Yield (to Workout Date)
 CY = Current Yield
 Term = Term (to Workout Date)
 MDur = Modified Duration (to WorkoutDate)
 Conv = Convexity



Gwinnett County, GA Assets vs. Index by Maturity (6/30/2012)

Maturity Cell	Gwinnett County					Ryan Labs Aggregate Index					Difference				
	% Portfolio	Coupon	CY	YTW	MDur	% Index	Coupon	CY	YTW	MDur	% Index	Coupon	CY	YTW	MDur
CASH	-4.08		0.000	0.000		0.00		0.000	0.000		-4.08		0.000	0.000	
0.01 - 1.49	14.69	0.000	19.030	0.190	0.838	6.64	2.486	2.375	-0.649	1.152	8.05	-2.486	16.655	0.839	-0.314
1.50 - 3.49	9.33	2.009	1.956	1.501	2.661	27.28	3.288	3.078	0.962	2.172	-17.95	-1.279	-1.122	0.539	0.489
3.50 - 7.49	55.22	3.179	2.967	2.036	4.865	37.89	4.050	3.548	1.813	4.711	17.33	-0.871	-0.581	0.224	0.154
7.50 - 17.49	17.09	4.109	4.074	3.960	8.261	14.12	4.990	3.913	2.348	7.918	2.97	-0.881	0.161	1.612	0.342
17.50+	7.76	4.840	4.657	4.587	15.945	14.08	5.344	4.155	3.585	15.531	-6.32	-0.504	0.503	1.002	0.414
Total	100.00	3.020	5.674	2.325	5.703	100.00	4.053	3.479	1.743	5.758	0.00	-1.033	2.195	0.582	-0.055

Notes: CY = Current Yield
 YTW = Yield (to Workout Date)
 MDur = Modified Duration (to WorkoutDate)



Gwinnett County, GA

Assets vs. Index by Industry Group (6/30/2012)

Industry Cell	Gwinnett County					Ryan Labs Aggregate Index					Difference				
	% Portfolio	Coupon	CY	YTW	MDur	% Index	Coupon	CY	YTW	MDur	% Index	Coupon	CY	YTW	MDur
Cash	-4.08		0.000	0.000		0.00		0.000	0.000		-4.08		0.000	0.000	
Treasury	39.94	0.618	7.612	0.596	3.576	55.82	3.041	2.530	1.020	6.133	-15.88	-2.423	5.082	-0.424	-2.557
Agency	3.06	1.969	1.901	1.164	5.339	4.33	4.139	3.312	1.055	4.324	-1.28	-2.170	-1.411	0.109	1.014
Finance	8.30	3.972	3.865	3.471	5.712	6.65	5.499	4.998	3.412	5.638	1.65	-1.526	-1.133	0.058	0.073
Industrial	8.71	4.935	4.475	3.709	10.696	10.09	5.528	4.630	2.787	7.311	-1.38	-0.592	-0.155	0.922	3.386
Utility	3.50	4.785	4.436	3.860	14.093	2.30	5.831	4.818	2.461	8.507	1.20	-1.045	-0.382	1.399	5.585
Yankee	1.26	3.995	3.988	3.946	11.030	7.04	5.289	4.568	2.683	5.848	-5.78	-1.293	-0.579	1.263	5.182
Municipals	0.00	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000
International	0.00	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000
Agency MBS	25.59	4.452	4.109	2.517	4.970	13.77	5.423	5.019	2.716	3.106	11.82	-0.971	-0.910	-0.198	1.865
Commercial MBS	10.81	4.596	4.715	4.835	6.235	0.00	0.000	0.000	0.000	0.000	10.81	4.596	4.715	4.835	6.235
Residential MBS	0.27	4.000	3.752	2.014	3.376	0.00	0.000	0.000	0.000	0.000	0.27	4.000	3.752	2.014	3.376
Asset Backed/RMBS	2.65	3.361	3.328	3.131	4.611	0.00	0.000	0.000	0.000	0.000	2.65	3.361	3.328	3.131	4.611
Other	0.00	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000
Total	100.00	3.020	5.674	2.325	5.703	100.00	4.053	3.479	1.743	5.758	0.00	-1.033	2.195	0.582	-0.055

Notes: CY = Current Yield
 YTW = Yield (to Workout Date)
 MDur = Modified Duration (to WorkoutDate)



Gwinnett County, GA Assets vs. Index by Rating (6/30/2012)

Moody's Cell	Gwinnett County					Ryan Labs Aggregate Index					Difference				
	% Portfolio	Coupon	CY	YTW	MDur	% Index	Coupon	CY	YTW	MDur	% Index	Coupon	CY	YTW	MDur
Government	29.58	0.712	10.156	0.684	4.004	62.25	3.347	2.816	1.097	5.811	-32.67	-2.636	7.340	-0.413	-1.807
Aaa	35.19	3.542	3.285	2.048	4.788	12.35	4.585	4.184	2.454	3.712	22.84	-1.043	-0.899	-0.406	1.076
Aa	3.28	4.308	3.989	3.719	12.263	3.03	4.464	3.868	1.974	6.049	0.25	-0.155	0.121	1.746	6.214
A	11.28	4.162	4.075	3.730	6.815	10.44	5.208	4.439	2.528	6.745	0.84	-1.046	-0.364	1.203	0.069
Baa	16.98	4.693	4.505	4.101	8.477	11.80	6.081	5.277	3.657	6.685	5.18	-1.388	-0.773	0.445	1.792
Ba	0.00	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000
B	0.00	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000
Lower	0.00	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000	0.000
Not Rated	3.68	4.215	4.297	4.404	6.051	0.12	5.126	4.528	0.759	4.534	3.56	-0.911	-0.231	3.646	1.517
Total	100.00	3.020	5.674	2.325	5.703	100.00	4.053	3.479	1.743	5.758	0.00	-1.033	2.195	0.582	-0.055

Notes: **CY** = **Current Yield**
 YTW = **Yield (to Workout Date)**
 MDur = **Modified Duration (to WorkoutDate)**

CUSIP 30261FAL, FREMF 2011-K16 B, is unrated by Moodys, but rated A- by Fitch.

CUSIP 30263BAL, FREMF 2011-K14 B, is unrated by Moodys, but rated A by Fitch.

CUSIP 57165AAB, Marriott Vacation Club Owner Trust 2012-1A B, is unrated by Moodys, but rated BBB by S&P and Fitch.

CUSIP 82652AAB, Sierra Receivables Funding Co. LLC 2012-1A B, is unrated by Moodys, but rated BBB by S&P and Fitch.

CUSIP 90269PAJ, UBS-BAMLL 2012-WRM C, is unrated by Moodys, but rated A by S&P and Fitch.

CUSIP 981464CW, World Financial Network Credit Card Master Trust 2012-A A, is unrated by Moodys, but rated AAA by S&P and Fitch.



Holdings Report



Gwinnett County, GA Position Report (6/30/2012)

Cusip	Issuer	Coupon	Maturity	Collateral	Price	YTW	TSY Spread	Swap Spread	Ratings	Market Value
Industry: Cash										
CASH	Cash				100.000	0.000	-30	-11	GOV/GOV	-4,161,741.29
Total					100.000	0.000	-30	-11	NR/NR	-4,161,741.29

Industry: Treasury										
9127956L	U.S Treasury	0.000	05/02/13		99.841	0.190	-12	-65	GOV/GOV	14,976,091.67
912828SL	U.S Treasury	0.250	03/31/14		99.875	0.322	1	-21	GOV/AA+	1,519,044.81
912828SU	U.S Treasury	0.250	05/15/15		99.563	0.403	0	-19	Aaa/AA+	3,007,731.25
912828SM	U.S Treasury	1.000	03/31/17		101.375	0.705	2	-20	GOV/AA+	6,707,159.84
912828SS	U.S Treasury	0.875	04/30/17		100.766	0.714	1	-21	AAA/AA+	3,390,598.37
912828ST	U.S Treasury	1.250	04/30/19		101.109	1.081	0	-22	GOV/AA+	10,151,920.92
912828SV	U.S Treasury	1.750	05/15/22		100.812	1.660	0	-8	GOV/AA+	959,796.88
Total					0.618	0.596	8	-13	Aaa/AAA	40,712,343.73

Industry: Agency										
31398AU3	FANNIE MAE	2.375	07/28/15	none	105.630	0.528	10	-9	Aaa/AA+	1,066,327.78
3135G0JA	Fannie Mae	1.125	04/27/17		100.950	0.923	22	0	AAA/AA+	1,011,468.75
3137EADB	Freddie Mac	2.375	01/13/22		102.790	2.051	45	36	AAA/AA+	1,038,917.36
Total					1.969	1.164	28	6	Aaa/AA+	3,116,713.89

Industry: Finance										
46625HHR	JP Morgan Chase & Co	3.400	06/24/15	none	103.540	2.168	176	157	A2/A	1,067,045.67
38143USC	Goldman Sachs Group Inc	3.625	02/07/16	none	100.390	3.508	300	280	A3/A-	666,986.05
172967FW	Citigroup Inc	4.450	01/10/17		104.660	3.332	268	247	BAA2/A-	640,568.33
91159HHB	US Bancorp	2.200	11/15/16		103.360	1.405	78	57	Aa3/A	523,356.75
94974BFD	Wells Fargo & Co	2.100	05/08/17		100.091	2.080	138	115	A2/A+	778,099.20
345397WD	Ford Motor Credit Co	3.000	06/12/17		99.544	3.100	238	216	BAA3/BB+	518,406.46
42217KAU	Health Care Reit Inc	4.950	01/15/21	none	106.290	4.071	265	251	Baa2/BBB-	776,195.06
61747WAL	Morgan Stanley	5.500	07/28/21		97.824	5.811	429	417	BAA1/A-	480,702.78
38141GGS	Goldman Sachs Group Inc	5.750	01/24/22		105.620	5.003	339	330	A3/A-	632,453.25
026874CU	American Intl Group Inc	4.875	06/01/22		102.315	4.581	291	284	BAA1/A-	992,046.05



Gwinnett County, GA Position Report (6/30/2012)

Cusip	Issuer	Coupon	Maturity	Collateral	Price	YTW	TSY Spread	Swap Spread	Ratings	Market Value
Industry: Finance (cont.)										
001055AJ	Aflac Inc	4.000	02/15/22		105.090	3.376	176	167	A3/A-	543,892.33
10112RAU	Boston Properties Lp	3.850	02/01/23		101.208	3.711	189	190	BAA2/A-	836,639.88
Total		3.972			102.611	3.471	238	216	A3/A-	8,456,391.81

Industry: Industrial

887315BJ	Time Warner Cos Inc	7.250	10/15/17	none	124.640	2.280	150	127	BAA2/BBB	946,128.13
29273RAM	Energy Transfer Partners LP	9.000	04/15/19	none	125.700	4.556	348	326	BAA3/BBB-	465,648.75
111320AE	Broadcom Corp	2.700	11/01/18		104.810	1.891	90	68	A2/A-	531,525.13
682134AC	OMNICOM GROUP INC	4.450	08/15/20		109.420	3.128	179	163	BAA1/BBB+	660,978.06
779382AP	Rowan Companies Inc	4.875	06/01/22		100.885	4.761	309	302	BAA3/BBB-	441,146.35
832696AB	Smucker (JM) Co.	3.500	10/15/21		105.110	2.869	131	120	A3/BBB+	529,195.83
03073EAJ	Amerisourcebergen Corp	3.500	11/15/21		105.720	2.802	123	113	Baa2/A-	530,787.50
655844BG	Norfolk Southern Corp	3.250	12/01/21		104.170	2.744	116	106	Baa1/BBB+	783,238.54
25459HBB	Directv Holdings/Finance	5.150	03/15/42		100.570	5.112	234	265	BAA2/BBB	796,943.33
031162BK	Amgen Inc	5.150	11/15/41		105.890	4.775	199	232	BAA1/A+	532,668.75
50076QAC	Kraft Foods Inc	5.000	06/04/42		105.794	4.640	187	218	BAA2/NR	997,857.10
586054AA	Memorial Sloan Kettering	5.000	07/01/42		115.380	4.104	134	164	Aa2/NR	1,193,674.11
20030NBE	Comcast Corp	4.650	07/15/42		99.842	4.658	189	220	BAA1/BBB+	464,266.04
Total		4.935			109.141	3.709	94	144	A3/BBB+	8,874,057.63

Industry: Utility

695114CK	Pacificcorp	5.500	01/15/19	none	120.100	2.186	116	94	A2/A	766,380.21
30161MAM	Exelon Generation Co Llc	5.600	06/15/42		102.056	5.460	269	300	BAA1/BBB	511,214.33
65473QBB	Nisource Finance Corp	5.250	02/15/43		102.930	5.060	229	260	BAA3/BBB-	484,865.79
695114CN	Pacificcorp	4.100	02/01/42		104.500	3.844	107	139	A2/A	537,732.42
26442CAM	Duke Energy Carolinas	4.250	12/15/41		109.270	3.729	95	127	A1/A	547,235.42
341081FG	Florida Power & Light	4.050	06/01/42		104.263	3.810	104	135	AA3/A	717,667.99
Total		4.785			107.974	3.860	96	145	A2/A	3,565,096.15



Gwinnett County, GA Position Report (6/30/2012)

Cusip	Issuer	Coupon	Maturity	Collateral	Price	YTW	TSY Spread	Swap Spread	Ratings	Market Value
Industry: Yankee										
00101JAB	ADT Corp	3.500	07/15/22		100.748	3.406	171	165	BAA2/BBB	821,097.42
00101JAC	ADT Corp	4.875	07/15/42		99.456	4.905	214	244	BAA2/BBB	462,472.40
Total		3.995			100.283	3.946	122	169	Baa2/BBB	1,283,569.82

Industry: Agency MBS

31415AWP	FN 981354	5.000	04/01/23		108.750	2.308	181	161	Aaa/AAA	275,589.34
3128PMG2	FGCI J09217	5.000	01/01/24		107.781	2.660	214	194	Aaa/AAA	171,639.79
3128PX3Y	FG J18015	3.500	02/01/27		106.375	1.652	113	93	Aaa/AAA	469,294.54
3128PQQ7	FG J11378	4.500	12/01/24		109.266	1.835	131	110	Aaa/AAA	207,468.91
3138EAFP	FN AK5573	3.500	04/01/27		107.234	1.413	89	69	Aaa/AAA	698,762.36
312927HB	FG A81126	5.500	08/01/38		109.609	2.934	233	212	Aaa/AAA	775,033.25
31416Q6N	FN AA7176	4.500	05/01/39		108.188	2.371	176	154	Aaa/AAA	2,201,805.15
31292LDS	FG C03713	5.000	08/01/41		108.688	2.800	216	195	Aaa/AAA	1,370,430.87
3620AJZA	GN 731637	5.500	03/15/40		111.875	2.562	191	170	Aaa/AAA	304,540.79
31412NUN	FN 930389	5.000	01/01/39		109.781	2.543	190	168	Aaa/AAA	1,335,150.47
31416TLL	FN AA9347	5.000	08/01/39		109.688	2.571	193	171	Aaa/AAA	830,136.09
31419ASC	FN AE0514	5.000	01/01/40		110.391	2.418	177	155	Aaa/AAA	1,271,485.65
31418WPL	FN AD8526	4.500	08/01/40		108.922	2.288	164	142	Aaa/AAA	1,874,417.13
31414NDW	FN 970917	6.000	12/01/38		111.188	3.224	255	233	Aaa/AAA	646,375.81
312932LB	FG A85722	6.000	04/01/39		111.375	3.298	259	237	Aaa/AAA	521,021.68
3132GFZ8	FG Q02567	4.000	08/01/41		107.031	2.350	166	144	Aaa/AAA	816,362.47
31419E2B	FN AE4369	4.000	10/01/40		107.688	2.187	150	128	Aaa/AAA	1,210,562.82
3138E5G9	FN AK1123	4.000	02/01/42		107.750	2.185	149	127	Aaa/AAA	1,524,862.50
312931T7	FG A85074	4.500	03/01/39		107.531	2.762	204	182	Aaa/AAA	1,251,679.69
3138LSL4	FN A02146	3.500	05/01/42		104.625	2.410	170	148	Aaa/AAA	605,634.83
36202EW3	GS 4266	5.500	10/20/38		111.250	2.952	221	198	Aaa/AAA	221,261.51
36202FYA	G2 5205	5.000	10/20/41		110.969	2.530	180	157	Aaa/AAA	657,632.22
36202FXC	G2 5175	4.500	09/20/41		110.031	2.269	154	131	Aaa/NR	863,446.61
36297KGS	GN 714009	5.000	10/15/39		110.625	2.667	191	168	Aaa/AAA	935,291.44
3620A5JQ	GN 719471	4.500	12/15/40		109.438	2.507	171	148	Aaa/AAA	395,800.68
36176XPT	GN 779234	4.000	05/15/42		109.781	1.985	118	96	Aaa/AAA	921,640.25
36202FVF	G2 5114	4.000	07/20/41		108.969	2.173	134	112	Aaa/AAA	592,425.49
36177MGP	GN 792905	3.500	01/15/42		106.406	2.403	133	111	Aaa/AAA	211,513.87
36202F4Q	G2 5331	3.500	03/20/42		106.406	2.447	130	109	Aaa/AAA	243,642.09
38378BUQ	GNR 2012-70 D	3.499	04/01/26		101.332	3.378	101	131	Aaa/AAA	1,635,983.71
BCC1XKTL	GNR 2012-86 D	3.190	06/15/26		101.000	3.101	71	102	Aaa/AAA	434,300.00



Gwinnett County, GA Position Report (6/30/2012)

Cusip	Issuer	Coupon	Maturity	Collateral	Price	YTW	TSY Spread	Swap Spread	Ratings	Market Value
Industry: Agency MBS (cont.)										
BCC1XJQW	GNR 2012-87 C	3.257	06/16/27		100.660	3.201	68	104	Aaa/AAA	614,023.56
Total		4.452			108.061	2.517	166	144	Aaa/AAA	26,089,215.57

Industry: Commercial MBS

74929QAD	RBSCF 2010-MB1 C	4.664	04/13/15	Commercial Mortg	103.278	3.399	300	280	A2/NR	1,036,534.51
81806XAA	WTC7 2012-7WTC A	4.082	11/30/15		101.959	3.474	300	280	Baa3/NR	1,022,080.41
30290DAN	FREMF 2012-K706 B	4.023	10/18/16		95.564	5.176	456	435	A2/NR	958,881.35
34461AAC	FMBT 2012-FBLU B	3.875	05/05/17		100.441	3.775	307	285	Aa/AA	594,446.53
30261EAQ	FREMF 2011-K704 B	4.687	08/30/18		106.413	3.528	257	235	Baa1/NR	854,324.32
30290FAG	FREMF 2012-K707 C	3.882	12/25/18		87.712	6.187	517	495	Baa2/NR	668,986.60
30290KAN	FREMF 2012-K709 B	3.740	06/25/19		92.989	4.928	382	360	A3/NR	522,426.63
92935VAS	WFRBS 2011-C3 D	5.549	05/13/21		83.556	8.160	668	655	BAA3/NR	441,017.31
36248EAF	GSMS 2010-C2 C	5.229	12/10/20		99.202	5.346	394	380	A2/NR	528,004.34
30263BAL	FREMF 2011-K14 B	5.159	04/25/21		99.338	5.253	378	365	NR/NR	997,537.10
36192KAY	GSMS 2012-GCJ7	5.721	05/10/22		98.034	5.985	433	425	A3/NR	600,817.32
30261FAL	FREMF 2011-K16 B	4.594	10/25/21		94.682	5.319	375	365	NR/NR	855,470.26
46634SAG	JPMCC 2012-C6 B	4.819	04/15/22		102.704	4.477	283	275	Aa2/NR	907,213.57
90269PAJ	UBSBM 2012-WRM C	4.379	06/10/22		96.313	4.846	317	310	NR/A	375,622.16
92936TAE	WFRBS 2012-C7 C	4.851	06/05/22		90.715	5.459	269	300	A2/NR	660,519.30
Total		4.596			97.812	4.835	345	330	A2/AA-	11,023,881.73

Industry: Residential MBS

3128PRQ7	FG J12278	4.000	05/01/25		106.609	2.014	151	130	Aaa/AAA	272,855.07
Total		4.000			106.609	2.014	151	130	Aaa/AAA	272,855.07

Industry: Asset Backed/RMBS

82652AAB	SRFC 2012-1A B	3.580	05/20/14		100.938	3.068	276	253	NR/BBB	355,207.98
57165AAB	MVCOT 2012-1A B	3.500	06/20/15		99.993	3.502	309	290	NR/BBB	440,054.49
03063WAF	AMCAR 2012-2 D	3.380	04/09/18		101.978	3.006	213	190	Baa1/NR	1,180,233.93
981464CW	World Finl Network Credit Card Mas	3.140	03/15/19		99.998	3.140	208	186	NR/AAA	730,937.49



Gwinnett County, GA Position Report (6/30/2012)

Cusip	Issuer	Coupon	Maturity	Collateral	Price	YTW	TSY Spread	Swap Spread	Ratings	Market Value
Industry: Asset Backed/RMBS (cont.)										
Total		3.361			100.984	3.131	239	217	Baa1/A+	2,706,433.89
Portfolio Totals										
		3.020			103.458	2.325	114	94	Aa1/AA+	101,938,818.01



Appendix



Market Enhanced Portfolios Summary as of 6/30/2012

<i>Discretionary Composites</i>	Current Quarter	1 Year	3 Years	5 Year	SID	Value Added	Start Date	Risk ^{2,3}	Tracking Error ^{2,4}	Info ^{2,5} Ratio
Short Duration Enhanced	0.24%	1.17%	2.23%	3.70%	4.84%	0.42%	12/31/1993	1.66%	0.61%	0.69
<i>ML Treasury 1 to 3 year Index</i>	0.20%	0.80%	1.61%	3.28%	4.41%			1.63%		
Short Duration Enhanced (GC)	0.27%	1.50%	2.63%		2.63%	0.33%	6/30/2009	0.97%	0.19%	1.77
<i>ML Government/Credit 1 to 3 year Index</i>	0.22%	1.17%	2.30%		2.30%			0.95%		
Intermediate Market Enhanced	1.85%	5.62%	6.29%	6.95%	6.31%	0.39%	1/31/2000	3.28%	0.89%	0.44
<i>BC Government/Credit Intermediate Index</i>	1.48%	5.42%	5.81%	6.01%	5.92%			3.28%		
Government Credit Enhanced	3.21%	9.91%	8.49%		8.71%	1.92%	7/31/2007	4.50%	1.32%	1.45
<i>BC Government/Credit Index</i>	2.56%	8.78%	7.34%		6.80%			4.54%		
Broad Market Enhanced	2.43%	7.23%	8.35%	8.16%	7.06%	0.67%	6/30/1996	3.85%	1.19%	0.57
<i>BC Aggregate Index</i>	2.06%	7.47%	6.93%	6.79%	6.39%			3.55%		

¹ Since inception value added over benchmark

² Risk calculations based upon return since inception

³ Annualized standard deviation of monthly returns (volatility)

⁴ Annualized standard deviation of monthly differential returns

⁵ Value added per unit of tracking error

Past performance of the account is not indicative of future results. The performance above is gross of all fees and expenses for the stated period and assumes reinvestment of dividends and other earnings. Risk Return characteristics are based on returns from inception of each account through present and do not reflect the deduction of advisory fees. An advisory fee reduces the investor's return and any other expenses Ryan Labs may incur managing the investment advisory account. The investment advisory fees are described in Part II of the Ryan Labs Form ADV. The investment advisory fee charged to each investor causes their return to be lower than the gross returns presented above. For example, on a \$100,000,000 investment, an investment advisory fee of \$170,000 per year is deducted from the account. For example, an account with a compounded annual total return of 10% would have increased by 159% over ten years. Assuming an annual advisory fee of 0.17%, this increase would be 153%. All returns are calculated net of transaction costs, and gross of taxes on dividends and interest. Performance results are based on US dollar returns. Investment results may vary. No assurance can be given that the investment objective will be achieved, and an investor may lose money. Due to current market volatility, current performance may be lower than that of the figures shown.

This material is intended for informational purposes only and does not constitute investment advice, a recommendation, or an offer or solicitation to purchase or sell any security or other instrument. The Account's total return will fluctuate over a wider range than money market investments due to greater sensitivity to (i) interest rates, (ii) market conditions, (iii) and maturities. Custom Liability Indices are comprised of high quality government zero coupon bonds which reflect varying durations based on the client parameters. Indexes are unmanaged and are not subject to transaction charges or expenses. An investor may not invest directly in an index.



Market Enhanced Portfolios Summary as of 6/30/2012

<i>Discretionary Composites</i>	Current Quarter	1 Year	3 Years	5 Year	SID	Value Added	Start Date	Risk ^{2,3}	Tracking Error ^{2,4}	Info ^{2,5} Ratio
Government Enhanced	3.19%	8.99%	6.04%		6.01%	0.12%	6/30/2008	4.79%	0.59%	0.20
<i>BC Government Index</i>	2.63%	8.32%	5.65%		5.89%			4.59%		
Long Market Enhanced	8.07%	26.82%			19.82%	1.52%	12/31/2010	9.39%	2.01%	0.76
<i>BC Government/Credit Long</i>	7.32%	24.58%			18.30%			9.56%		
Long Government Enhanced	10.07%	32.68%			16.70%	0.57%	1/31/2010	13.55%	1.05%	0.54
<i>BC Government Long</i>	10.32%	31.42%			16.13%			12.98%		
Long Credit Enhanced	5.42%	22.05%	17.81%		17.81%	2.71%	6/30/2009	7.58%	1.46%	1.86
<i>BC Credit Long Index</i>	4.97%	19.19%	15.10%		15.10%			7.41%		
Inflation Index Enhanced	3.03%	11.53%	9.59%	8.39%	7.25%	0.06%	5/31/2002	7.02%	0.50%	0.13
<i>US TIPS (Broad Market)</i>	3.39%	12.24%	9.91%	8.44%	7.19%			7.01%		
High Yield	1.48%	8.81%			8.14%	1.47%	3/31/2011	7.85%	1.67%	0.88
<i>BC US High Yield</i>	1.83%	7.27%			6.67%			9.09%		

¹ Since inception value added over benchmark

² Risk calculations based upon return since inception

³ Annualized standard deviation of monthly returns (volatility)

⁴ Annualized standard deviation of monthly differential returns

⁵ Value added per unit of tracking error

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Custom Liability Portfolios Summary as of 6/30/2012

<i>Discretionary Composites</i>	Current Quarter	1 Year	3 Years	5 Year	SID	Value Added ¹	Start Date	Risk ^{2,3}	Tracking ^{2,4} Error	Info ^{2,5} Ratio
Short Liability Enhanced	0.92%	3.69%	4.02%	5.15%	5.25%	0.47%	10/31/2000	2.35%	0.72%	0.65
<i>Custom Liability Index (1 to 3 years)</i>	0.87%	3.19%	3.23%	4.85%	4.78%			2.60%		
Intermediate Liability Enhanced	1.60%	6.14%	5.89%	6.75%	6.02%	0.20%	1/31/1997	3.48%	0.88%	0.22
<i>Custom Liability Index (3 to 5 years)</i>	1.80%	6.08%	5.22%	6.46%	5.82%			3.80%		
Core Liability Enhanced	2.96%	10.49%	8.35%	9.27%	7.06%	0.49%	7/31/2001	5.75%	1.27%	0.39
<i>Custom Liability Index (5 to 7 years)</i>	3.480%	10.15%	7.46%	8.53%	6.57%			6.03%		
Long Liability Enhanced	3.48%	13.45%	10.45%	10.96%	9.61%	0.88%	6/30/1991	8.37%	1.63%	0.54
<i>Custom Liability Index (7 to 10 years)</i>	3.92%	12.12%	8.27%	8.92%	8.73%			8.62%		
Inflation Index Intermediate	3.64%	13.04%	10.25%	8.85%	6.74%	0.17%	4/30/2003	7.08%	0.53%	0.32
<i>Custom TIPS Index</i>	3.36%	13.05%	10.40%	8.65%	6.57%			7.20%		
Very Long Liability Enhanced	5.66%	23.77%	13.57%	12.57%	10.62%	1.70%	12/31/1999	10.60%	2.47%	0.69
<i>Custom Liability Index (10 to 15 years)</i>	6.26%	21.65%	10.48%	9.92%	8.93%			11.06%		

¹ Since inception value added over benchmark

² Risk calculations based upon return since inception

³ Annualized standard deviation of monthly returns (volatility)

⁴ Annualized standard deviation of monthly differential returns

⁵ Value added per unit of tracking error

Past performance of the account is not indicative of future results. The performance above is gross of all fees and expenses for the stated period and assumes reinvestment of dividends and other earnings. Risk Return characteristics are based on returns from inception of each account through present and do not reflect the deduction of advisory fees. An advisory fee reduces the investor's return and any other expenses Ryan Labs may incur managing the investment advisory account. The investment advisory fees are described in Part II of the Ryan Labs Form ADV. The investment advisory fee charged to each investor causes their return to be lower than the gross returns presented above. For example, on a \$100,000,000 investment, an investment advisory fee of \$170,000 per year is deducted from the account. For example, an account with a compounded annual total return of 10% would have increased by 159% over ten years. Assuming an annual advisory fee of 0.17%, this increase would be 155%. All returns are calculated net of transaction costs, and gross of taxes on dividends and interest. Performance results are based on US dollar returns. Investment results may vary. No assurance can be given that the investment objective will be achieved, and an investor may lose money. Due to current market volatility, current performance may be lower than that of the figures shown.

This material is intended for informational purposes only and does not constitute investment advice, a recommendation, or an offer or solicitation to purchase or sell any security or other instrument. The Account's total return will fluctuate over a wider range than money market investments due to greater sensitivity to (i) interest rates, (ii) market conditions, (iii) and maturities. Custom Liability Indices are comprised of high quality government zero coupon bonds which reflect varying durations based on the client parameters. Indexes are unmanaged and are not subject to transaction charges or expenses. An investor may not invest directly in an index.



Past performance of the account is not indicative of future results. The performance above is gross of all fees and expenses for the stated period and assumes reinvestment of dividends and other earnings. Risk Return characteristics are based on returns from inception of the account through the stated date and do not reflect the deduction of advisory fees. An advisory fee reduces the investor's return and any other expenses Ryan Labs may incur managing the investment advisory account. The investment advisory fees are described in Part II of the Ryan Labs Form ADV. The investment advisory fee charged to each investor causes their return to be lower than the gross returns presented above. For example, on a \$100,000,000 investment, an investment advisory fee of \$170,000 per year is deducted from the account. For example, an account with a compounded annual total return of 10% would have increased by 159% over ten years. Assuming an annual advisory fee of 0.17%, this increase would be 155%. All returns are calculated net of transaction costs, and gross of taxes on dividends and interest. Performance results are based on US dollar returns.

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The term "modified duration" is derived from the duration of any security or series of securities and provides a measure of the risk with which the sensitivity of bonds or bond portfolios to interest rate changes can be estimated. A 1% increase (or decrease) in the interest rate accordingly produces a percentage fall (or rise) in the price in proportion to the modified duration. For example, assume that the modified duration of a bond portfolio is 4.5 years and the theoretical YTW is 5.3%. If the interest rate drops by 1% to 4.3%, the portfolio price increases by approximately 4.5%.

1607




CAPITAL PARTNERS
Registered Investment Advisor

2Q12 Client Update

*Gwinnett County Employees'
Retirement Plan*

September 14, 2012



Disclaimer

PLEASE READ THESE TERMS AND CONDITIONS OF USE CAREFULLY BEFORE VIEWING THIS PRESENTATION.

This presentation was prepared by employees of 1607 Capital Partners (“1607”). The given materials are subject to change and, although based upon information that 1607 considers reliable, are not guaranteed as to accuracy or completeness. This presentation is provided upon your request. This material is for informational purposes only and for the use of the recipient. It is not to be reproduced or copied or made available to others. The sample research reports provided in this presentation are displayed exclusively for the purpose of showing the manner in which 1607 evaluates closed end funds. These reports are not meant as a general guide to investing, or as a source of any specific investment recommendations, and makes no implied or express recommendations concerning the manner in which any client's accounts should or would be handled, as appropriate investment decisions depend upon the client's investment objectives. There can be no assurance or guarantee that 1607's investment strategy will achieve its stated goal. Any opinions expressed are our current opinions only.

Firm Update

- Total assets under management - \$1.84 billion*
- Product offerings:
 - International/Global Equity - \$1.72 billion*
 - Universe = \$139 billion
 - Capacity = 1.5% or \$2.1 billion
 - Currently seeking \$200-\$250 million
 - Taxable Fixed Income - \$117 million*
 - Universe = \$52 billion
 - Capacity = 1.5% or \$700 million
 - Currently seeking \$300-\$350 million
- Total employees – 12

International Equity Performance

As of August 31, 2012

	QTD	YTD	1 YR	3 YR	Since Inception*
Gwinnett County Employees' Retirement Plan	3.36%	9.05%	-0.58%	8.33%	0.38%
MSCI ACW ex US Index	3.53%	6.40%	-1.92%	3.64%	-3.14%
MSCI EAFE (USD)	3.85%	6.92%	-0.04%	2.40%	-3.87%
S&P500	3.67%	13.51%	18.00%	13.61%	4.60%
MSCI ACW	3.57%	9.43%	6.22%	7.72%	-0.10%
MSCI Emerging Markets	1.61%	5.61%	-5.80%	6.63%	-0.80%

*Since inception 06/30/2008 . All performance is as of 08/31/12 and is preliminary. All returns greater than 1 year are annualized.

1607 was founded in December of 2007 and is registered as an investment adviser under the Investment Advisers Act of 1940.

While the performance results reflect the deduction of brokerage or other commissions such results are gross of management fees. See 1607's Form ADV, Part II for a complete description of the investment advisory fees customarily charged by 1607. As an example, an account with an initial \$10,000.00 investment on January 1, 2001, earning a recurring 1.25% quarterly gross return (5.09% annualized), and paying a 0.1875% quarterly management fee (.75% annual fee) would have grown to \$12,820.37 on a gross of fees basis and \$12,348.08 on a net of fees basis by December 31, 2005 (5 years).

The performance results are total return, time-weighted rates of return expressed in U.S. dollars. Past performance is no guarantee of future results. Inherent in any investment is the potential for loss.

The returns are compared to the MSCI ACW ex US Index, which is an index that measures international equity performance. The volatility of this index is materially different from that of the IEP and the holdings differ significantly from the securities that comprise the index. The index has been selected to represent an appropriate benchmark that will allow for comparison of the IEP to that of a well-known and widely recognized index.

Performance Attribution

As of July 31, 2012

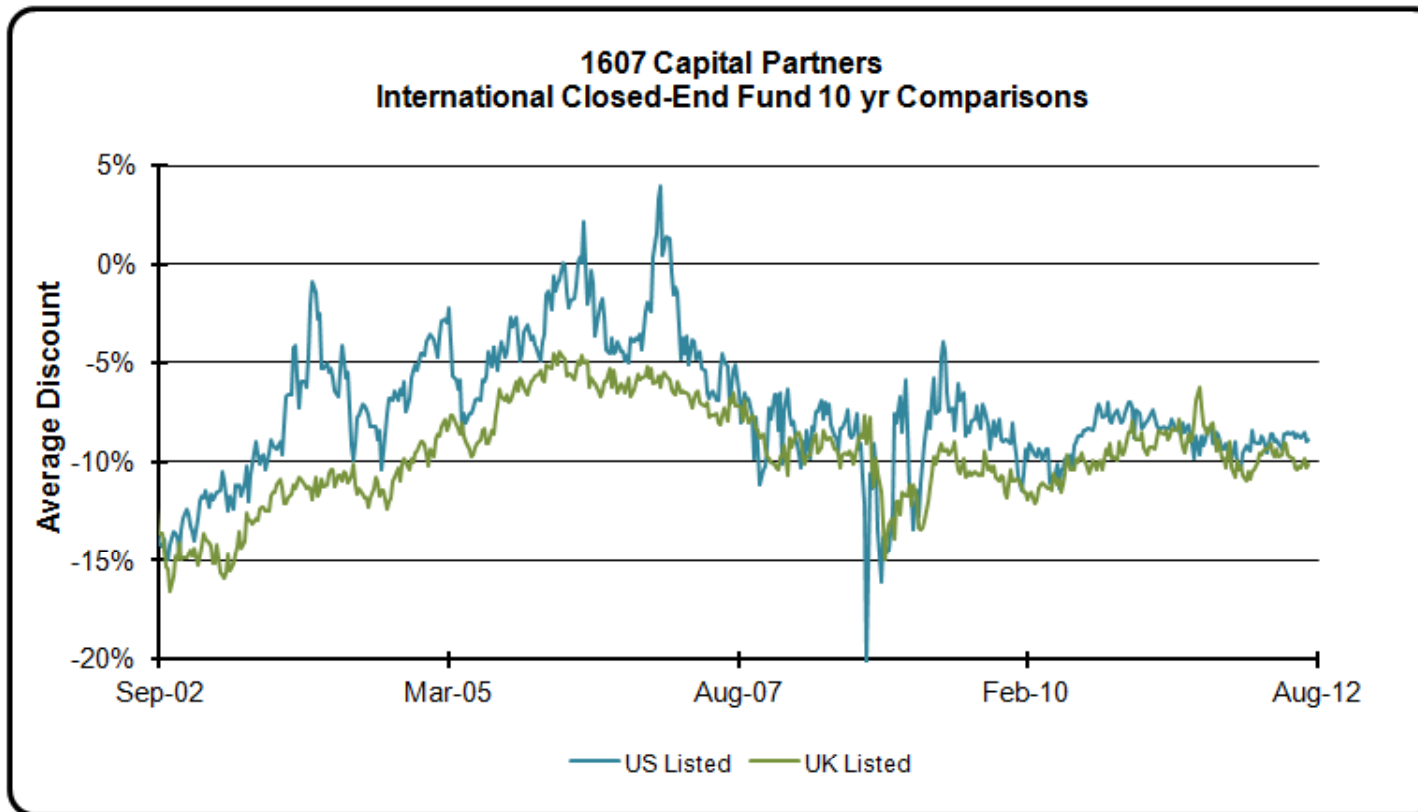
	Representative Account	MSCI ACW ex US	Relative		Country Allocation	Relative NAV	Discount
YTD thru 7/31/12	6.81%	4.22%	2.59%		0.93%	0.39%	1.27%
2011	-11.84%	-13.71%	1.86%		2.84%	-1.57%	0.60%
2010	21.46%	11.15%	10.30%		1.51%	5.38%	3.41%
2009	47.92%	41.47%	6.45%		-6.72%	3.26%	9.91%
2008	-43.07%	-42.39%	-0.68%		3.89%	-3.80%	-0.78%

- Manager performance has rebounded from a difficult fourth quarter in 2011.
- Discounts continue to add value thanks to opportunistic trading and greater than average corporate actions.
- Country allocation has been additive due to a significant underweight to Europe and a position in the U.S. through global generalist funds.

1607

CAPITAL PARTNERS

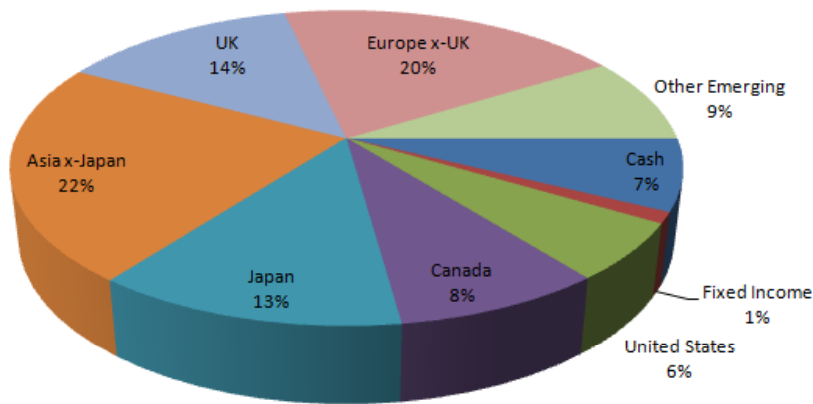
Average Discounts Attractive



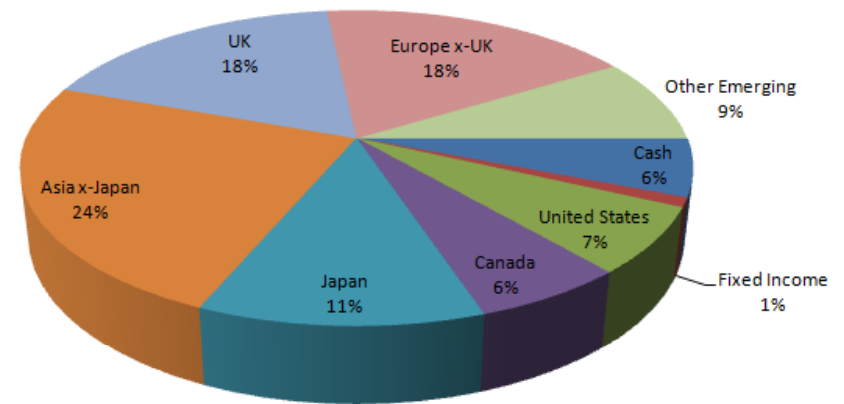
Portfolio Comparison

8/31/11-8/31/12

**Gwinnett County Employees' Retirement Plan
Portfolio as of 8/31/11**



**Gwinnett County Employees' Retirement Plan
Portfolio as of 8/31/12**



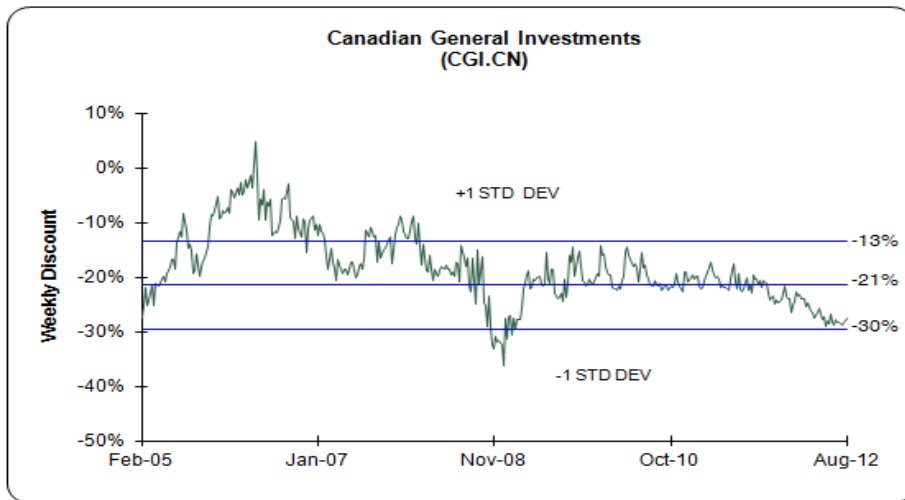
Strategy for 2012

- Continue to recycle cash from corporate actions into deeper discounted funds
- Buying diversified Canadian funds when opportunities arise
- Still seeing select opportunities in Europe as a result of the ongoing debt crisis
- Leveraging research strength to identify opportunities unique to the closed-end fund space

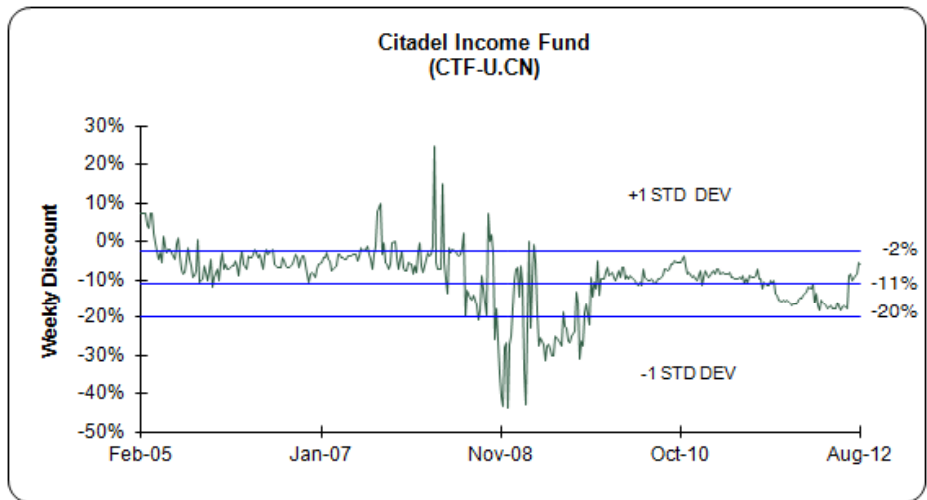
Recent Corporate Actions Have Provided Cash

Representative Account		Date Posted	USD	Discount	Discount
Fund Name	Type of Corp Action	(Range)	% of Cash generated	1-Jan-2012	Realized
CANADA					
Canadian Bank Recovery	Put/Offer Redemption - (All Shares Redeemed)	1/17/2012	1.10%	5.62%	0.00%
Citadel Income	Redemption - (17.21% Redeemed)	3/30/2012	0.28%	25.84%	0.00%
Citadel Income	Full Redemption	8/23/2012	1.60%	25.84%	5.00%
LONDON					
Atlantis Japan Growth	Redemption - (49.9% Redeemed)	4/16/2012	0.26%	8.35%	2.50%
Strategic Equity Capital	Redemption - (5.2% Redeemed)	5/11/2012	0.03%	18.63%	10.00%
JP Morgan Euro Smaller Cos	Redemption - (37.8% Redeemed)	7/31/2012	0.50%	16.37%	-
Atlantis Japan Growth	Redemption - (53.3% Redeemed)	8/20/2012	0.24%	8.35%	2.00%
US					
Korea Equity Fund	Tender Offer - (15.64% Redeemed)	3/12/2012	0.10%	9.50%	2.00%
India Fund	Tender Offer - (24.09% Redeemed)	3/30/2012	0.21%	10.34%	2.00%
Alpine Global Premier	Tender Offer - (80.7% Redeemed)	6/20/2012	0.49%	17.41%	5.00%
Taiwan Fund	Tender Offer - (59.15% Redeemed)	6/21/2012	0.65%	8.43%	1.00%
MS Asia Pacific	Tender Offer - (8.49% Redeemed)	6/22/2012	0.23%	11.70%	2.00%
Turkish Invnt Fd	Tender Offer - (29.7% Redeemed)	7/20/2012	0.06%	11.22%	1.50%
Morgan Stanley Emer Mkts	Tender Offer - (22.58% Redeemed)	7/20/2012	0.30%	9.54%	1.50%
Morgan Stanley Eastn Eur	Tender Offer - (19.24% Redeemed)	7/20/2012	0.09%	12.37%	1.50%
China Fund	Tender Offer - (44.79% Redeemed)	7/31/2012	0.73%	8.67%	1.00%
Malaysia Fund	Liquidation	8/27/2012	0.63%	8.57%	-
European Equity Fund	Tender Offer - (9.95% Redeemed)	8/30/2012	0.05%	11.93%	2.00%
New Germany Fund	Tender Offer - (8.07% Redeemed)	8/30/2012	0.16%	11.32%	2.00%
TOTAL CASH GENERATED			7.70%		

Canadian Funds

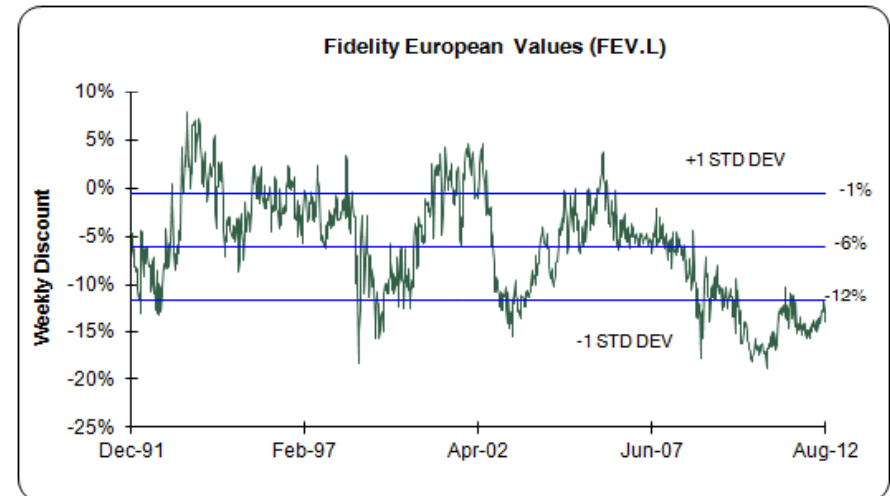
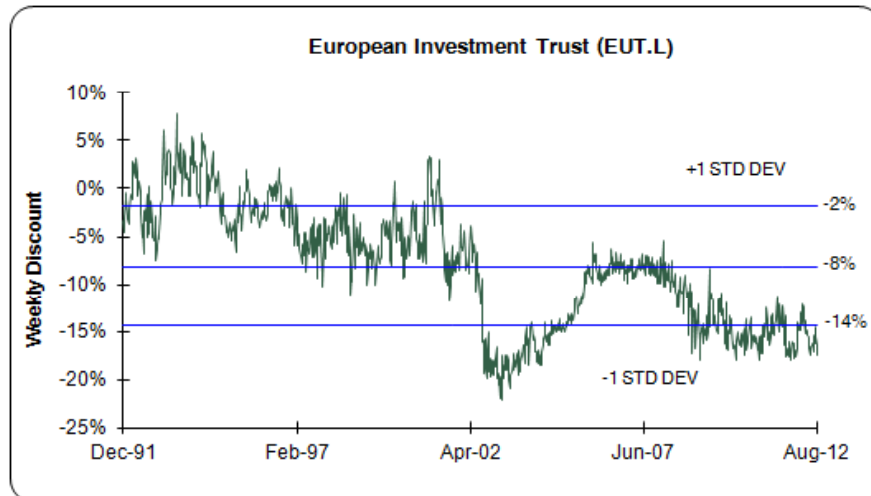


- Largest position in Canada, focused on blue-chip companies
- Strong NAV track record and exceptional value currently



- Purchased throughout 2012 at 15-20% discounts
- Sold completely out in August at 5% discount through tender offer

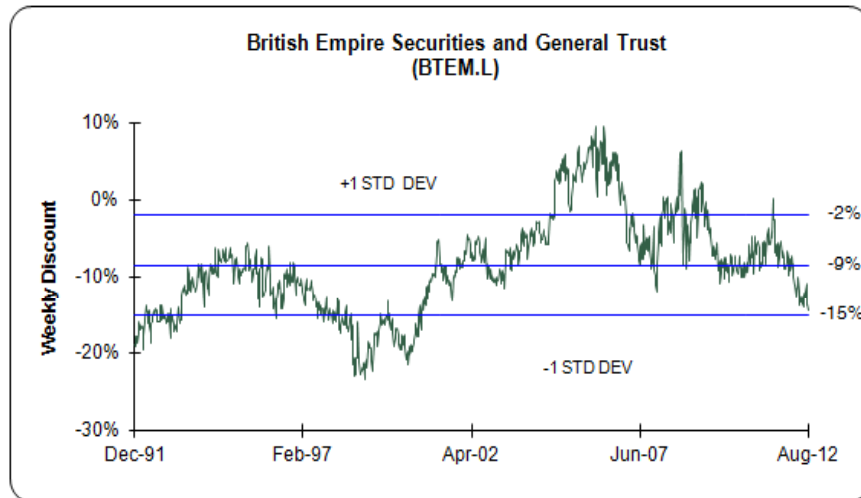
Recent European Opportunities



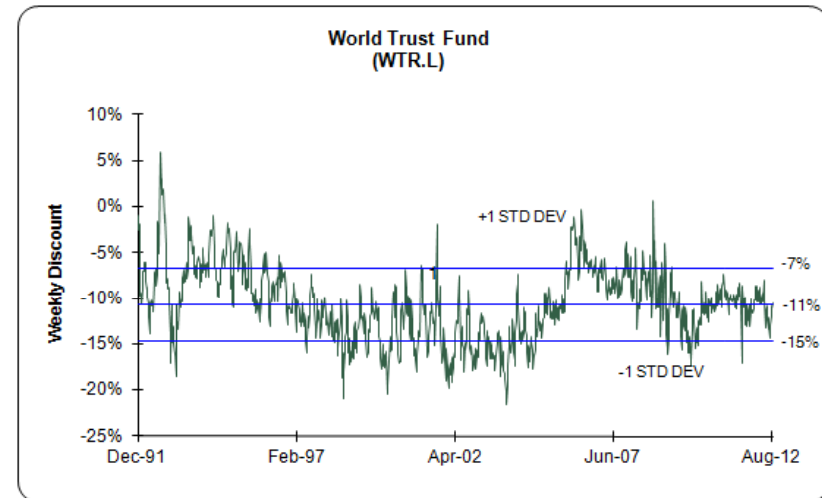
- Edinburgh Partners replaced F&C in February 2010
- Strong Value approach, originating from history with John Templeton

- Sam Morse appointed portfolio manager in January 2011
- NAV outperforms benchmark by 15% in first 20 months

Double-Discount Opportunities



- Specialist fund managed by Asset Value Investors
- Focus on holding companies, with average discount >35%



- Diverse portfolio with weighted average discount >20%
- Annual tender offer triggered if WTR discount exceeds 10%

Current Outlook

- Attractive value in discounts remains (average still 14% in portfolios)
- Corporate action activity continues at a greater than average pace
- Uncertain global economic and geopolitical conditions provide select opportunities

Taxable Fixed Income

Taxable Fixed Income Composite Performance

As of August 31, 2012

	QTD	YTD	1 YR	3 YR	Since Inception
1607 Taxable Fixed Income Composite	2.50%	7.14%	10.85%	11.31%	10.89%
Barclays Aggregate Index	1.45%	3.85%	5.78%	6.51%	6.04%

**Since inception 2/1/2008 . All performance is as of 08/31/12 and is preliminary. All returns greater than 1 year are annualized. See pages 23-24 for full GIPS® Disclosure.*

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The performance results are total return, time-weighted rates of return expressed in U.S. dollars. Past performance is no guarantee of future results. Inherent in any investment is the potential for loss.

The returns are compared to the Barclays Aggregate Index, which is an index that measures fixed income performance. The volatility of this index is materially different from that of the taxable fixed income product and the holdings differ significantly from the securities that comprise the index. The index has been selected to represent an appropriate benchmark that will allow for comparison of the taxable fixed income product to that of a well-known and widely recognized index.

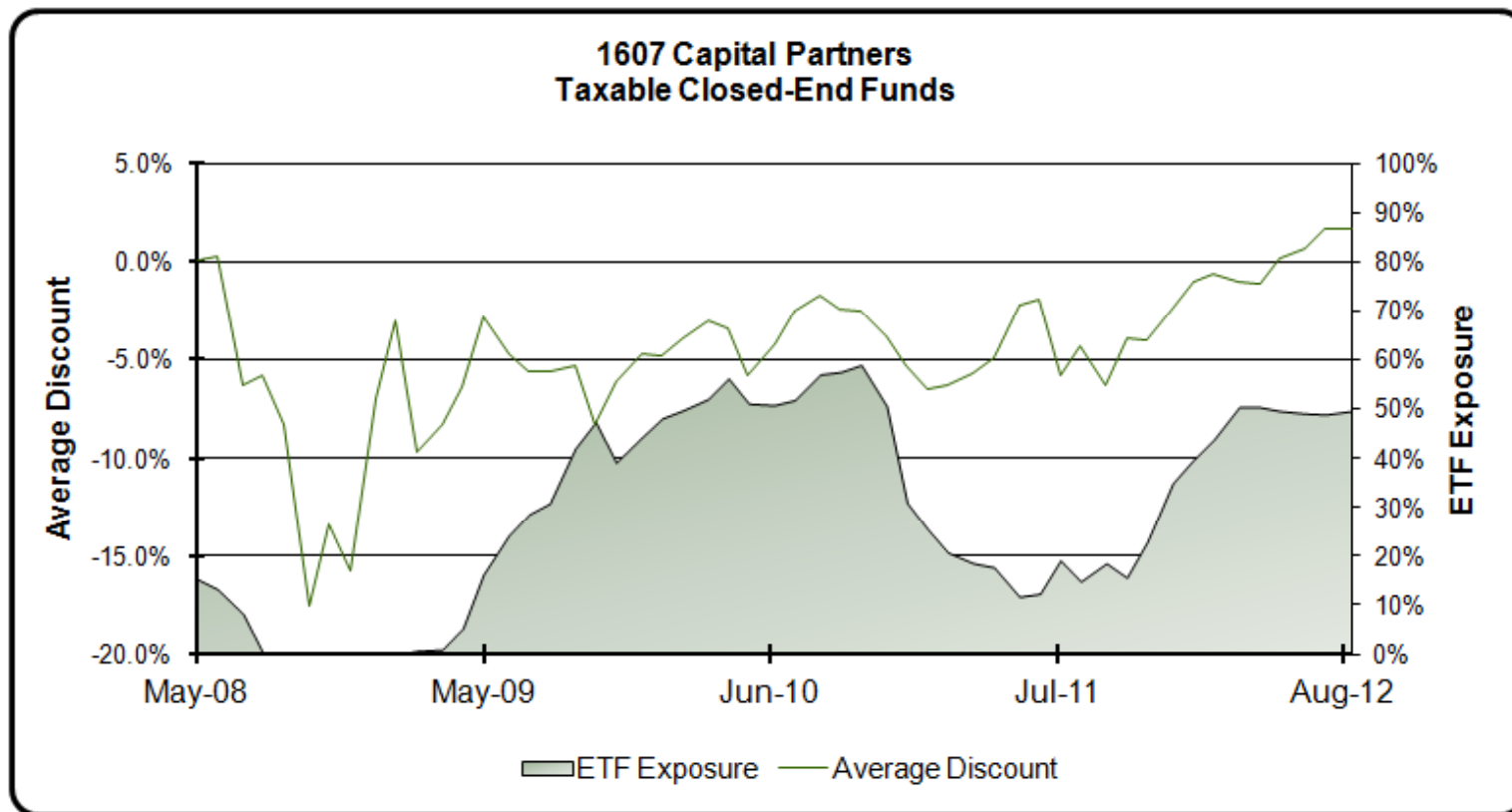
Fixed Income Strategy

- “Fund of funds” model investing in closed-end funds
- Ability to buy respected managers at discount (Blackrock, Doubleline, Nuveen, Pimco, Western Asset Management, etc.)
- Taxable Universe: \$52 billion
- Tax Free Universe: \$55 billion
- Targeted Total Strategy Investment - \$400 - \$500 million

Investment Guidelines

- Strategy invests in combination of closed-end funds and ETFs
- Up to 30% in non-investment grade funds
- Not more than 15% in non-U.S. dollar denominated securities
- Typical average leverage on look-through basis – 5%-20%
- Municipal funds used when sector and discounts are attractive
- Objective – exceed Barclays Aggregate Index plus 2% per annum

Use ETFs When Discounts Narrow



Portfolio Tracker

Acct Details	Jun-08	Dec-08	Jun-09	Dec-09	Jun-10	Dec-10	Jun-11	Dec-11	Jun-12	Aug-12	Credit Quality Key	
Cash Equivalent	2.5%	4.5%	10.0%	10.9%	7.6%	3.2%	9.2%	3.7%	3.8%	5.6%	AAA	1
Securitized	33.6%	26.9%	27.3%	26.6%	34.0%	26.4%	25.9%	28.7%	29.6%	28.9%	AA	1.5
US Govt	23.3%	16.5%	23.2%	23.8%	26.7%	28.3%	23.1%	31.2%	38.4%	36.6%	A	2
Non-US Govt	13.1%	17.5%	15.1%	8.3%	5.2%	6.8%	3.6%	6.1%	5.7%	6.0%	BBB	2.5
Corporates	22.6%	23.1%	21.0%	30.4%	26.2%	34.9%	37.5%	29.8%	21.9%	22.5%	BB	3
Municipals	4.9%	11.5%	3.5%	0.1%	0.3%	0.3%	0.6%	0.6%	0.5%	0.4%	B	3.5
ETFs	28.4%	0.0%	24.0%	36.7%	50.3%	26.6%	12.6%	34.9%	49.6%	49.5%	CCC	4
Avg Credit	1.82	1.84	1.76	1.68	1.68	1.71	1.70	1.55	1.42	1.46	CC	4.5
Duration	4.7	5.2	3.5	4.1	4.7	5	5.3	4.9	5.02	4.86	C	5
Div Yield	6.5%	9.0%	6.4%	5.0%	4.2%	5.4%	5.2%	4.7%	3.6%	3.3%	D	5
Current Disc	-7.6%	-12.8%	-7.9%	-5.3%	-4.2%	-6.6%	-7.2%	-5.9%	-4.6%	-4.0%	NR	5
Historical Disc	-4.9%	-7.0%	-4.9%	-3.2%	-2.3%	-2.7%	-3.5%	-3.3%	-2.5%	-2.4%		
Adj Current Disc		-13.4%	-12.0%	-10.1%	-10.0%	-9.4%	-9.2%	-9.6%	-9.9%	-8.9%		
Adj Hist. Disc		-7.3%	-7.4%	-6.1%	-5.5%	-3.8%	-4.5%	-5.4%	-5.4%	-5.3%		

Appendix

International-All Country World x US Composite

January 31, 2008 to June 30, 2012

Quarter/ Year	Total Return Gross of Fees %	Total Return Net of Fees %	Benchmark Return %	Number of Portfolios	Dispersion %	Composite 3-Year Standard Deviation	Benchmark 3-Year Standard Deviation	Total Composite Assets End of Period (\$ millions)	Total Firm Assets End of Period (\$ millions)	Percentage of Firm Assets %
2008 (a)	-41.01%	-41.42%	-39.68%	5	(b)	(c)	(c)	171.9	955.3	18.0%
2009	47.65%	46.58%	41.45%	5	.45%	(c)	(c)	265.6	1,366.9	19.4%
2010	21.28%	20.39%	11.15%	5	.29%	(c)	(c)	378.4	1,672.8	22.6%
2011	-11.83%	-12.48%	-13.71%	7	.03%	21.89%	22.72%	317.4	1,619.7	19.6%
2012										
1 st Qtr	13.49%	13.28%	11.23%	7	.03%			359.8	1,859.9	19.3%
2 nd Qtr	-7.02%	-7.20%	-7.61%	7	.01%			334.3	1,775.2	18.8%
Year-to-Date	5.52%	5.13%	2.77%	7	.02%			334.3	1,775.2	18.8%
Since inception (a)										
Cumulative	-1.71%	-4.88%	-15.89%							
Annualized	-0.39%	-1.13%	-3.85%							

(a) Period starts January 31, 2008, which represents the inception date for the Composite.

(b) Dispersion can not be calculated since only one portfolio was included in the composite for the entire reporting period.

(c) The 3-year composite and benchmark standard deviation are not presented because 36 monthly returns are not available.

DISCLOSURES:

Compliance Statement: 1607 Capital Partners LLC (“1607 Capital” or “1607”) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. 1607 Capital has been independently verified for the periods December 31, 2007 to June 30, 2012.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm’s policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The International-All Country World x US Composite has been examined for the periods January 31, 2008 to June 30, 2012. The verification and performance examination reports are available upon request.

International-All Country World x US Composite

January 31, 2008 to June 30, 2012

DISCLOSURES (continued):

Firm Information: 1607 Capital is an investment advisor registered with the Securities and Exchange Commission under the Investment Advisors Act of 1940. 1607 Capital provides professional money management to both institutional and individual investors through investing in closed-end funds.

The firm's fee schedule is as follows: 0.75% for the first \$100 million, 0.65% for the next \$150 million, and 0.50% on the balance in excess of \$250 million. Fees may be subject to negotiation where special circumstances warrant.

Composite Characteristics: The International-All Country world x US Composite was created in January 2008. The composite includes all portfolios with the investment objective of achieving long-term capital growth through investments in exchange-traded closed-end funds that invest primarily in the equity securities of non-U.S. companies. Specifically, these accounts target a total annualized "net rate of return on assets", which exceeds, on a long-term basis (defined as one market cycle), the return on the MSCI All Country World x US Index (net).

New accounts that fit the composite definition are added at the beginning of the first full calendar month for which the account is 90% invested per the investment strategy. Accounts are removed from the composite in any month in which it has a cash flow of greater than 10% of the total market value. These accounts are added back to the composite once they meet the new account criteria. Additional information regarding treatment of significant cash flows and policies for calculating and for reporting returns is available upon request. Closed account data is included in the composite as mandated by the standards in order to eliminate a survivorship bias. The composite does not have a minimum portfolio size requirement. A complete list and description of all firm composites is available upon request.

Benchmark: The benchmark is the MSCI All Country World x US Index, which is designed to measure global developed and emerging market equity performance, excluding the United States of America. The benchmark is a free-float adjusted market capitalization index and is composed of 48 developed and emerging market country indices. Benchmark returns are net of withholding taxes.

Calculation Methodology: Valuations and returns are computed and stated in U.S. dollars, and individual portfolios are revalued monthly. Gross of fees returns are calculated gross of management and custodial fees and net of transaction costs. Net of fees returns are calculated net of actual management fees and transaction costs and gross of custodian fees. Both returns are calculated net of all withholding taxes on foreign dividends. Accruals for dividends and interest are included in calculations. The dispersion measure is the asset-weighted standard deviation of accounts in the composite for the entire period. The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period.

Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

Other Disclosures: Past performance does not guarantee future results. This performance report should not be construed as a recommendation to purchase or sell any particular securities held in composite accounts. Market conditions can vary widely over time and can result in a loss of portfolio value.

Taxable Bond Composite

January 31, 2008 to June 30, 2012

Quarter/ Year	Total Return Gross of Fees %	Total Return Net of Fees %	Benchmark Return (Barclays Aggregate) %	Number of Portfolios	Dispersion %	Composite 3-Year Standard Deviation	Benchmark 3-Year Standard Deviation	Total Composite Assets End of Period (\$ millions)	Total Firm Assets End of Period (\$ millions)	Percentage of Firm Assets %
2008 (a)	-10.71%	-11.12%	3.50%	2	(b)	(c)	(c)	102.8	955.3	10.8%
2009	36.75%	36.06%	5.93%	2	.00%	(c)	(c)	109.9	1,366.9	8.0%
2010	11.01%	10.47%	6.54%	2	.13%	(c)	(c)	107.0	1,672.8	6.4%
2011	10.59%	10.04%	7.84%	2	.07%	7.28%	2.78%	106.8	1,619.7	6.6%
2012										
1 st Qtr	2.30%	2.18%	0.30%	2	.00%			110.7	1,859.9	6.0%
2 nd Qtr	2.17%	2.04%	2.06%	2	.01%			115.1	1,775.2	6.5%
Year-to-Date	4.52%	4.26%	2.37%	2	.01%			115.1	1,775.2	6.5%
Since inception (a)										
Cumulative	56.69%	53.28%	28.96%							
Annualized	10.71%	10.16%	5.93%							

(a) Period starts January 31, 2008, which represents the inception date for the Composite.

(b) Dispersion can not be calculated since only one portfolio was included in the composite for the entire reporting period.

(c) The 3-year composite and benchmark standard deviation are not presented because 36 monthly returns are not available.

DISCLOSURES:

Compliance Statement: 1607 Capital Partners LLC (“1607 Capital” or “1607”) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. 1607 Capital has been independently verified for the periods December 31, 2007 to June 30, 2012.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm’s policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The Taxable Bond Composite has been examined for the periods January 31, 2008 to June 30, 2012. The verification and performance examination reports are available upon request.

Firm Information: 1607 Capital is an investment advisor registered with the Securities and Exchange Commission under the Investment Advisors Act of 1940. 1607 Capital provides professional money management to both institutional and individual investors through investing in closed-end funds.

Taxable Bond Composite

January 31, 2008 to June 30, 2012

DISCLOSURES (continued):

Firm Information (continued): The firm's fee schedule is 0.50% of total assets. Fees may be subject to negotiation where special circumstances warrant.

Composite Characteristics: The Taxable Bond Composite was created in January 2008. The composite includes all portfolios with the investment objective of maximizing returns on an after-tax basis through investments in closed-end funds that invest primarily in fixed income securities, including corporate bonds. Specifically, these accounts target a total annualized "net rate of return on assets", which exceeds, on a long-term basis (defined as one market cycle), the return on the Barclays Aggregate Index.

New accounts that fit the composite definition are added at the beginning of the first full calendar month for which the account is 90% invested per the investment strategy. Prior to October 1, 2009, accounts were removed from the composite in any month in which it had a cash flow of greater than 10% of the total market value. These accounts were added back to the composite once they met the new account criteria. Effective October 1, 2009, accounts are not removed from the composite for significant cash flows. Additional information regarding treatment of significant cash flows and policies for calculating and for reporting returns is available upon request. Closed account data is included in the composite as mandated by the standards in order to eliminate a survivorship bias. The composite does not have a minimum portfolio size requirement. A complete list and description of all firm composites is available upon request.

Benchmark: The benchmark is the Barclays U.S. Aggregate Bond Index, which is designed to measure the investment grade, U.S. dollar denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS, and CMBS. The benchmark is a market capitalization and intermediate term index.

Calculation Methodology: Valuations and returns are computed and stated in U.S. dollars, and individual portfolios are revalued monthly. Gross of fees returns are calculated gross of management and custodial fees and net of transaction costs. Net of fees returns are calculated net of actual management fees and transaction costs and gross of custodian fees. Both returns are calculated net of all withholding taxes on foreign dividends. Accruals for dividends and interest are included in calculations. The dispersion measure is the asset-weighted standard deviation of accounts in the composite for the entire period. The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period.

Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request

Other Disclosures: Past performance does not guarantee future results. This performance report should not be construed as a recommendation to purchase or sell any particular securities held in composite accounts. Market conditions can vary widely over time and can result in a loss of portfolio value.

Contact Details

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804.934.0014 (fax)

www.1607capital.com

Gwinnett County DB Plan Master Trust

U.S. Real Estate Securities Update

September 14, 2012

INVESCO REAL ESTATE

North America: Dallas • San Francisco • Newport Beach • New York • Atlanta
Europe: London • Paris • Munich • Prague • Madrid • Luxembourg
Asia: Hong Kong • Shanghai • Tokyo • Seoul • Singapore



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2. Investment Process
3. Performance
4. Outlook
5. Current Valuations
6. Current Market Commentary
7. Appendix

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Section 1

Invesco Overview

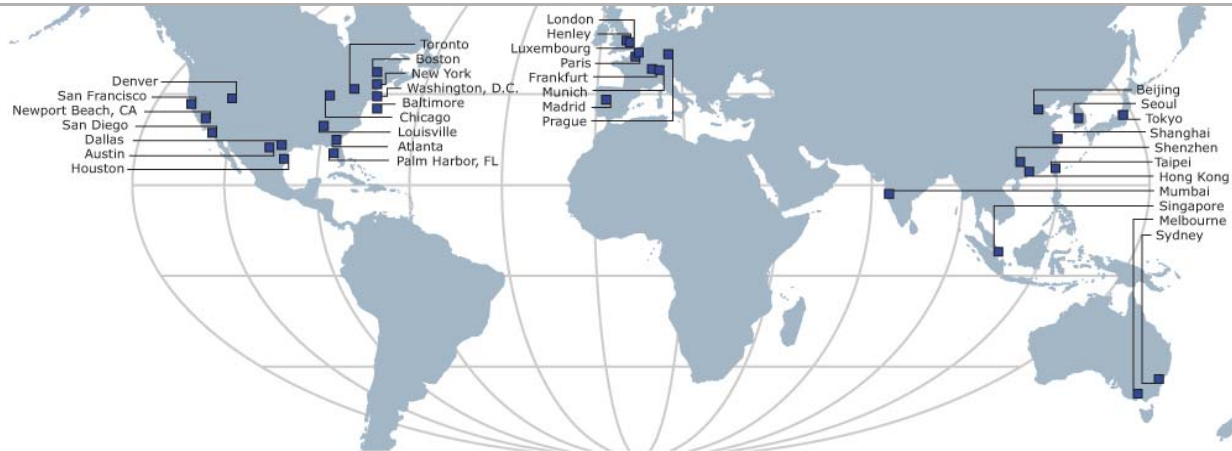


Invesco

Explore Intentional Investing with InvescoSM

Intentional InvestingSM is the science and art of investing with purpose, prudence and diligence. It's the philosophy that forms the foundation of our "investors first" approach, exemplified by our commitment to investment excellence, depth of investment capabilities and organizational strength. As an independent firm, our global organization is solely focused on investment management:

- More than 600 investment professionals
- Global assets under management of \$646.6 billion
- Investment expertise in 11 countries
- More than 6,000 employees worldwide



<p>Invesco Asia-Pacific</p> <p>Investment Focus:</p> <ul style="list-style-type: none"> • Asia ex-Japan • Greater China • Japan • Australia <p>Locations: Beijing, Hong Kong, Melbourne, Shenzhen, Sydney, Taipei, Tokyo</p>	<p>Invesco Fundamental Equities</p> <p>Investment Focus:</p> <ul style="list-style-type: none"> • US growth equity • US core equity • US value equity • International and global growth equity • Sector equity • Balanced portfolios <p>Locations: Austin, Houston, San Francisco</p>	<p>Invesco Perpetual</p> <p>Investment Focus:</p> <ul style="list-style-type: none"> • Global and regional equities, including UK, European, Asian, Japanese and emerging markets • Fixed income <p>Location: Henley, UK</p>	<p>Invesco Private Capital</p> <p>Investment Focus:</p> <ul style="list-style-type: none"> • Private equity funds of funds • Customized portfolios <p>Locations: London, New York, San Francisco</p>	<p>Invesco Canada</p> <p>Investment Focus:</p> <ul style="list-style-type: none"> • Trimar Investments • Canadian, regional, sector and global equity • Canadian and global fixed income • Balanced portfolios <p>Location: Toronto</p>	<p>Atlantic Trust</p> <p>Investment Focus:</p> <ul style="list-style-type: none"> • High-net-worth wealth management • US equities; master limited partnerships (MLPs) • Multi-manager investment program <p>Locations: Atlanta, Austin, Baltimore, Boston, Chicago, Denver, Houston, New York, Newport Beach, San Francisco, Washington, D.C.</p>
<p>Invesco Fixed Income</p> <p>Investment Focus:</p> <ul style="list-style-type: none"> • Global money markets and cash management • Stable value • Global and US broad fixed income • Global alternatives and bank loans <p>Locations: Chicago, Hong Kong, Houston, London, Louisville, Melbourne, New York, Palm Harbor, San Diego, Tokyo</p>	<p>Invesco Global Strategies</p> <p>Investment Focus:</p> <ul style="list-style-type: none"> • Global equity (global, non-US, and emerging market equities) • Canadian equities • Global quantitative equity (quantitative active, enhanced and long/short strategies) • Global asset allocation (global macro, risk parity, commodities and active balanced solutions) <p>Locations: Atlanta, Boston, Frankfurt, Melbourne, New York, Tokyo, Toronto</p>	<p>Invesco PowerShares</p> <p>Investment Focus:</p> <ul style="list-style-type: none"> • Index-based ETFs and ETNs and actively managed ETFs • Domestic and international equity • Taxable and tax-free fixed income • Commodities and currencies <p>Location: Chicago</p>	<p>Invesco Real Estate</p> <p>Investment Focus:</p> <ul style="list-style-type: none"> • Global direct real estate investing • Global public real estate investing <p>Locations: Atlanta, Dallas, Hong Kong, London, Luxembourg, Madrid, Munich, New York, Newport Beach, Paris, Prague, San Francisco, Seoul, Shanghai, Singapore, Tokyo</p>	<p>Invesco Unit Investment Trusts</p> <p>Investment Focus:</p> <ul style="list-style-type: none"> • Equity trusts • Closed-end trusts • Tax-free fixed-income trusts • Taxable fixed income trusts <p>Location: Chicago</p>	<p>WL Ross & Co.</p> <p>Investment Focus:</p> <ul style="list-style-type: none"> • Distressed and restructuring private equities • Equity private equities <p>Locations: Beijing, Mumbai, New York, Tokyo</p>

Source: Invesco. Client-related data, investment professional and employee data are as of June 30, 2012. Invesco Ltd. assets under management are as of June 30, 2012, and include all assets under advisement, distributed and overseen by Invesco, including those of its affiliates Invesco Distributors, Inc. and Invesco PowerShares Capital Management LLC, which have an agreement with Deutsche Bank to provide certain marketing services for the PowerShares DB products. Invesco PowerShares Capital Management LLC is the sponsor for the PowerShares QQQ and BLDRS products and unit investment trusts. ALPS Distributors, Inc. is the distributor of PowerShares QQQ, BLDRS Funds and the PowerShares DB Funds. Invesco PowerShares Capital Management LLC and Invesco Distributors, Inc. are wholly owned, indirect subsidiaries of Invesco Ltd. Invesco Distributors, Inc. is the US distributor for Invesco Ltd.'s retail products. Invesco Ltd. is not affiliated with ALPS Distributors, Inc. or Deutsche Bank. The listed centers do not all provide products or services that are available in all jurisdictions, nor are their products and services available on all platforms. The entities listed are each wholly owned, indirect subsidiaries of Invesco Ltd., except ALPS Distributors Inc., Deutsche Bank and Invesco Great Wall in Shenzhen, which is a joint venture between Invesco and Great Wall Securities, and the Huaneng Invesco WLR Investment Consulting Company Ltd. in Beijing, which is a joint venture between Huaneng Capital Services and WL Ross & Co. Please consult your Invesco representative for more information.

Invesco Real Estate

As of June 30, 2012

\$49.8 Billion Under Management

334 Employees Worldwide; 16 Offices



- **Real Estate Securities Management**
 - \$19.7 BN Under Management
 - Since 1988
- **Direct Real Estate Investments**
 - \$30.1 BN Under Management
 - Since 1983

Source: Invesco Real Estate (IRE)
Total employees and assets under management as of June 30, 2012

Invesco Global Real Estate Securities Team

As of June 30, 2012

Average portfolio manager experience: 19 years
 Average analyst experience: 11 years
 Average investment team experience: 14 years

Name	Title	Years of Experience	Years With Invesco
Real Estate Securities Investment Team			
Joe V. Rodriguez, Jr.	Portfolio Manager	29	22
Mark Blackburn, CPA, CFA®	Portfolio Manager	25	14
Ping-Ying Wang, Ph.D., CFA®	Portfolio Manager	15	14
Paul Curbo, CFA®	Portfolio Manager	19	14
James Cowen	Portfolio Manager	14	12
Darin Turner	Portfolio Manager	9	7
Patrick Beytagh	Senior Analyst	22	13
Chris Faems, CFA®	Senior Analyst	16	6
Grant Jackson	Senior Analyst	10	7
Krishna Soma, CFA®	Senior Analyst	11	*
Jackie Tin, CFA®	Senior Analyst	10	*
Min Zhang, CFA®	Senior Analyst	12	5
Yannis Kuo	Securities Analyst	5	*
Tian Zhao, Ph.D., CFA®	Securities Analyst	5	4
Xiaoying (Catherine) Li	Securities Analyst	10	6
Shabab Qadar	Securities Analyst	14	4
Shelby Noble	Associate Analyst	6	3
Client Portfolio Managers¹			
Max Swango	Client Portfolio Manager	24	24
Laler DeCosta	Client Portfolio Manager	29	9
Claiborne Johnston	Client Portfolio Manager	10	*
Rita Ling	Client Portfolio Manager	22	2
Walt Stabell	Client Portfolio Manager	26	6

* Recent hires with Invesco less than 1 year. Source: Invesco Real Estate as of June 30, 2012.

¹ Client portfolio managers (CPMs) are integrated with Invesco's investment teams and involved in the ongoing research matters of their respective team's portfolios. The primary responsibilities of the CPM are to represent the portfolios in the marketplace and to manage the business responsibilities of the investment team. The CPM does not manage fund assets.

Not all portfolio managers on the team are named portfolio managers for each real estate fund.

The Chartered Financial Analyst® (CFA®) designation is a globally recognized standard for measuring the competence and integrity of investment professionals. CPA® and Certified Accountant® are trademarks owned by the American Institute of Certified Public Accountants.



Section 2

Investment Process



Invesco

Investment Philosophy

- Maximize the Predictability and Consistency of Investment Returns
- Control Risk at Every Step of Stock Selection Process and Portfolio Design



Portfolio Construction Process — Executing Our Philosophy



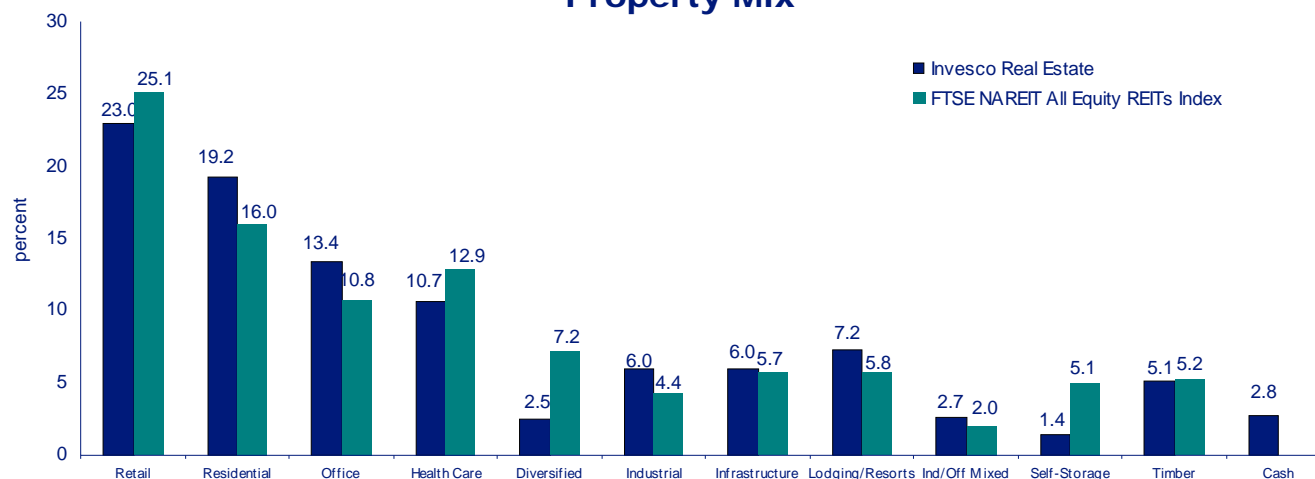
Invesco US Portfolio Characteristics

As of June 30, 2012

Invesco's Client Portfolios Exhibit:

- Average Market Risk
- Higher/More Consistent Earnings Growth
- Lower Leverage
- Better Dividend Coverage
- Better Liquidity

Property Mix



¹ Price divided by expected FFO

² Cash flow coverage of interest expense & preferred dividends.

³ Debt plus preferred stock, divided by the sum of debt, preferred stock, and consensus Net Asset Value.

Portfolio information contained above was compiled from internal account management sources as of June 30, 2012. The FTSE NAREIT All Equity REITs Index benchmark is as of June 30, 2012. Exposure to US sectors may be less than 100% based on US company purchases of international assets.

Source: FTSE International Limited ("FTSE")[®] FTSE 2012. FTSE[™] is a trade mark of London Stock Exchange Plc and The Financial Times Limited and is used by FTSE International Limited under license. All rights in the FTSE Indices vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE Indices or underlying data. Past performance is not a guarantee of future results.

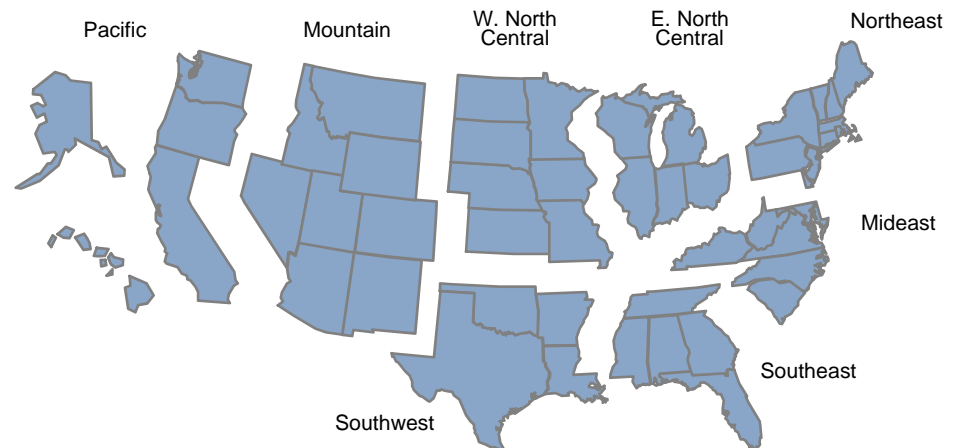
	Invesco Real Estate	FTSE NAREIT All Equity REITs Index
Market Correlation (R-Squared)	0.99	1.00
Equity Beta	1.06	1.00
FFO (Cash Flow) Multiple ¹	21.4x	20.8x
FFO Expected Growth	12.05%	10.40%
Multiple to Growth Ratio	1.78x	2.00x
Fixed Charge Coverage ²	2.61x	2.71x
Leverage ³	34.22%	34.55%
Dividend Yield	2.99%	3.29%
Dividend Coverage	1.47x	1.43x
Dividend Payout	68%	70%
Average Market CAP	\$8,643 MN	\$3,778 MN

Invesco Portfolio – Regional Diversification*

	Invesco Real Estate	FTSE NAREIT All Equity REITs Index
Pacific	25%	18%
Mountain	7%	6%
W. North Central	2%	3%
E. North Central	8%	9%
Northeast	24%	24%
Mideast	12%	14%
Southeast	12%	14%
Southwest	7%	9%

Portfolio information contained above was compiled from internal account management sources as of June 30, 2012.

*The FTSE NAREIT All Equity REITs Index benchmark is as of June 30, 2012. Geographical information provided by SNL Financial. Exposure to US regions may be less than 100% based on US company purchases of international assets.



Portfolio Commentary

Quarter Ended June 30, 2012

- Performance of US real estate securities was positive for the quarter; however the portfolio underperformed the benchmark.
- A majority of the underperformance was due to market allocation during the period. A modest cash holding also detracted from relative performance.
- The portfolio was adversely affected by overweight allocations to apartments and industrial sectors and an underweight exposure to health care. The market rewarded the defensiveness of health care while the portfolio's positioning towards companies with higher operating leverage (e.g., apartments and industrial) performed poorly given concerns on the rate of future economic growth.
- Stock selection was the most unfavorable in the self-storage, neighborhood/shopping center, and apartment sectors. In the self-storage sector, higher multiple companies outperformed. In the apartment sector, the portfolio was negatively impacted by being underweight to companies with exposure to the sunbelt markets.
- The portfolio did benefit from positive stock selection in the health care and office sectors. In health care the portfolio benefitted from an overweight position to smaller cap names with medical office exposure. In the office sector, the portfolio's overweight to the West Coast had a positive impact.

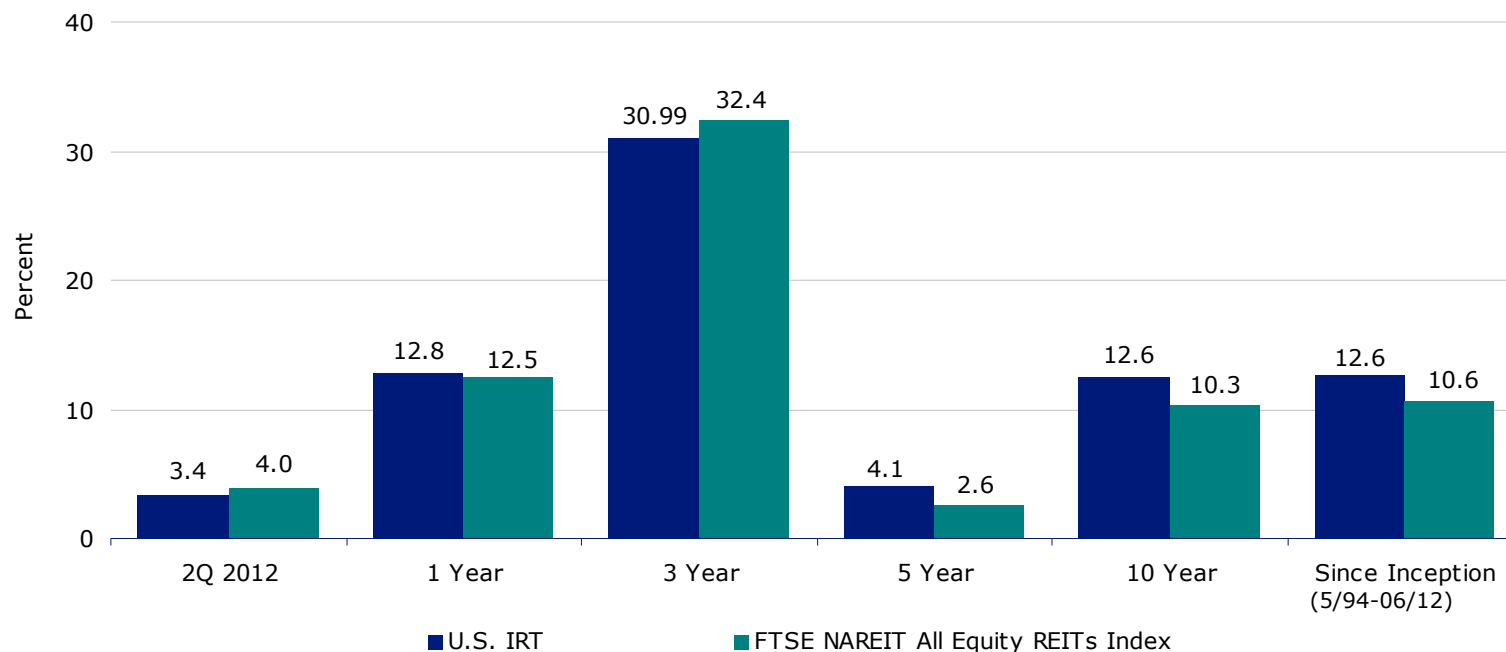
Section 3 Performance



Invesco

Invesco Equity Real Estate Securities Trust

Fund Summary – Performance as of June 30, 2012



Sources: FTSE International Limited ("FTSE")© FTSE 2011. FTSE™ is a trade mark of London Stock Exchange Plc and The Financial Times Limited and is used by FTSE International Limited under license. All rights in the FTSE Indices vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE Indices or underlying data. Past performance is not a guarantee of future results.

Gwinnett County DB Plan Master Trust

As of August 31, 2012

Market Value as of 08/31/12 \$35,527,812.57

Client Funded on 01/05/07 \$18,423,844.38

Client Activity:

Contribution on 09/03/10	\$2,000,000.00
Contribution on 07/01/10	\$2,000,000.00
Contribution on 07/02/07	\$1,000,000.00
Contribution on 04/30/08	\$1,000,000.00
Contribution on 06/24/08	\$1,000,000.00
Contribution on 10/05/09	\$1,500,000.00
Withdrawal on 10/27/09	(\$1,500,000.00)

Performance

	August	YTD	Since Inception (01/07-08/12)
U.S. IRT	0.23%	16.40%	2.73%
FTSE NAREIT All Equity REITs Index	0.12%	17.55%	1.60%

Section 4 Outlook



Invesco

U.S. Fundamental Outlook

As of June 30, 2012

	2009	2010	2011	2012E (as of 06/12)*	2013E (as of 06/12)*
GDP Growth	(2.6%)	3.0%	1.7%	1.0-2.5%	1.0-3.0%
FFO Growth	(14.0%)	(1.9%)	10.3%	7.5-9.5%	8.0-11.0%
Retail					
Industrial					
Hotels					
Health Care					
Apartments					
Office					

* Estimates as of June 30, 2012

The opinions expressed herein are based on current market conditions and are subject to change without notice.

Source: Blue Chip Economic Indicators, June 2012; FirstCall, SNL Datasource and Invesco Real Estate.

Key

- = favorable
- = moderately favorable
- = stable
- = moderately unfavorable
- = unfavorable

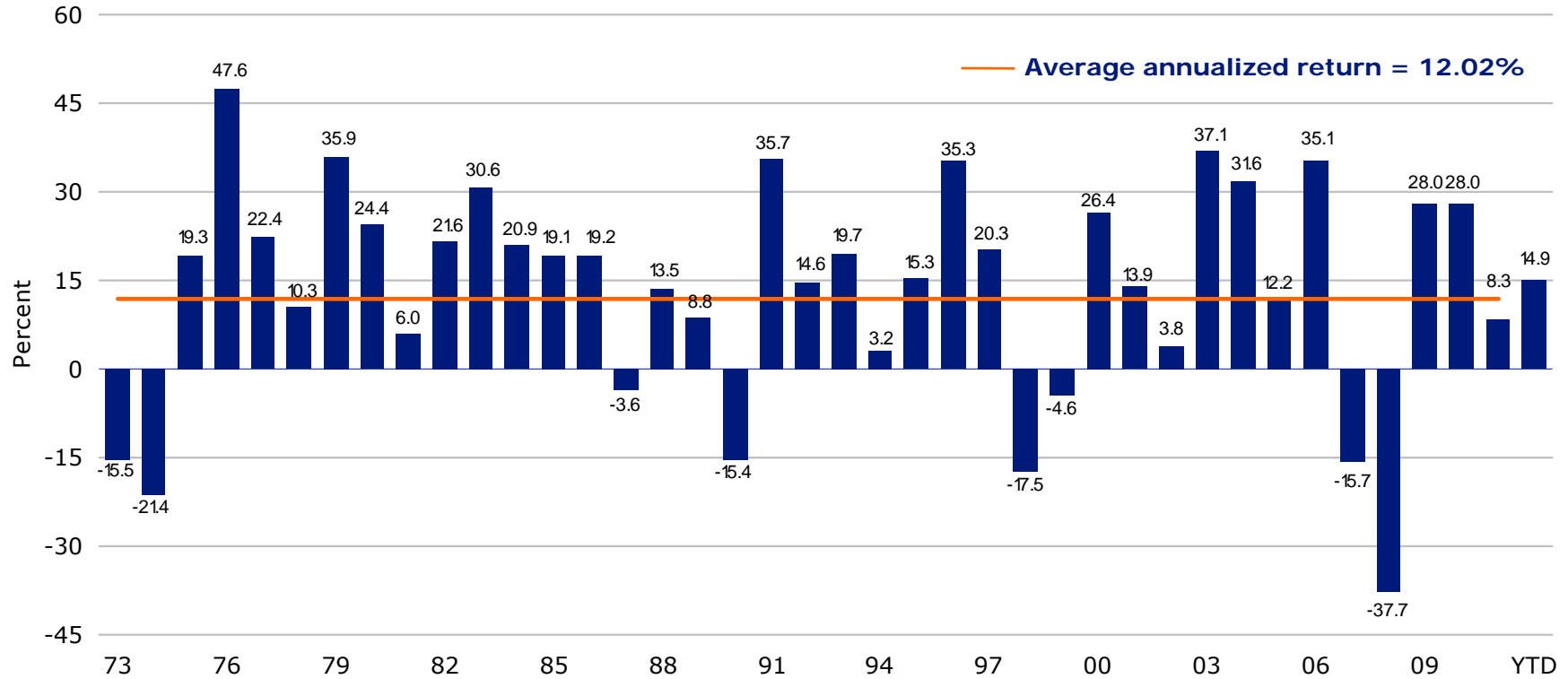
Section 5 Current Valuations



Invesco

Annual FTSE NAREIT All Equity REITs Index Returns

1973 – YTD (As of June 30, 2012)

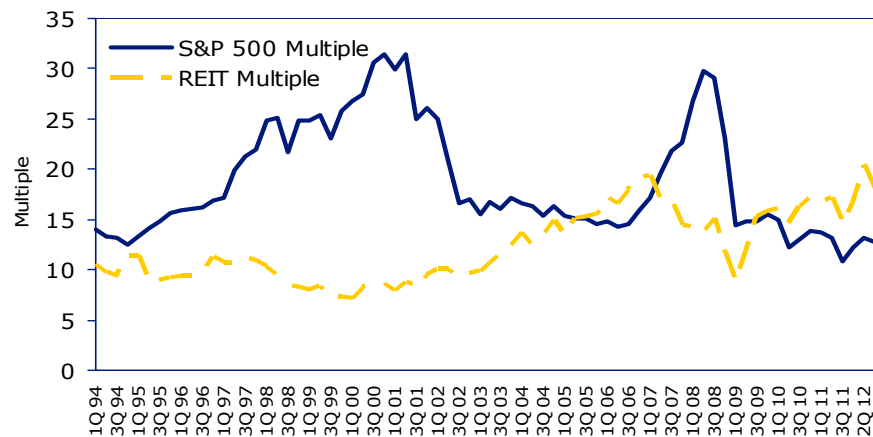


Source: FTSE NAREIT and Ibbotson Associates as of 06/30/12
 Past performance is not a guarantee of future results.

U.S. REIT Relative Valuations

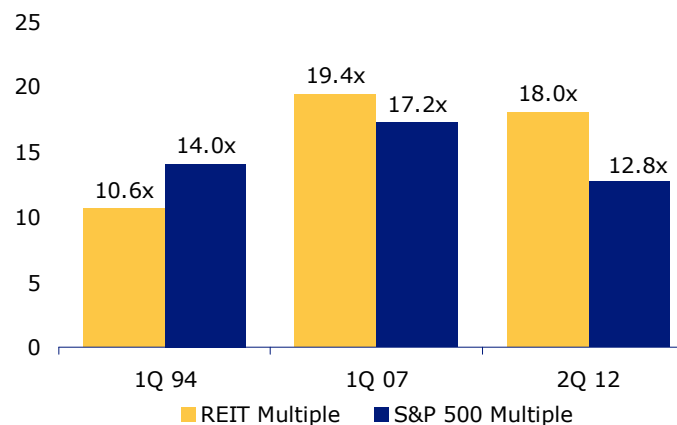
As of June 30, 2012

Forward "Bottom Up" S&P 500 P/E vs. REIT P/FFO*



* FFO-Proxy for cash flow per share

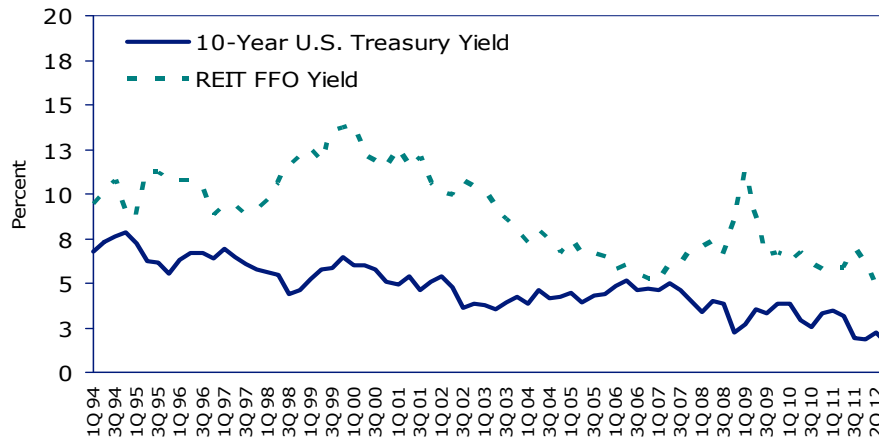
Sources: Invesco Real Estate, SNL Datasource, First Call Consensus Estimates, Bloomberg L.P. and Standard & Poor's. Data represents 1Q 94 to 2Q 12.



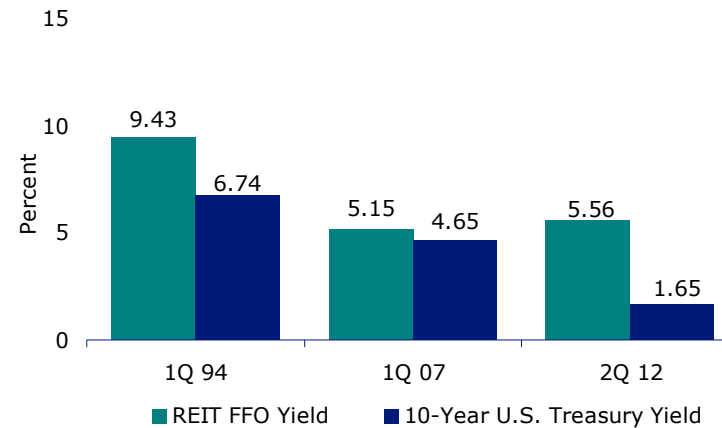
U.S. REIT Relative Valuations

As of June 30, 2012

REIT Forward FFO Yield vs. 10-Year U.S. Treasury Yield



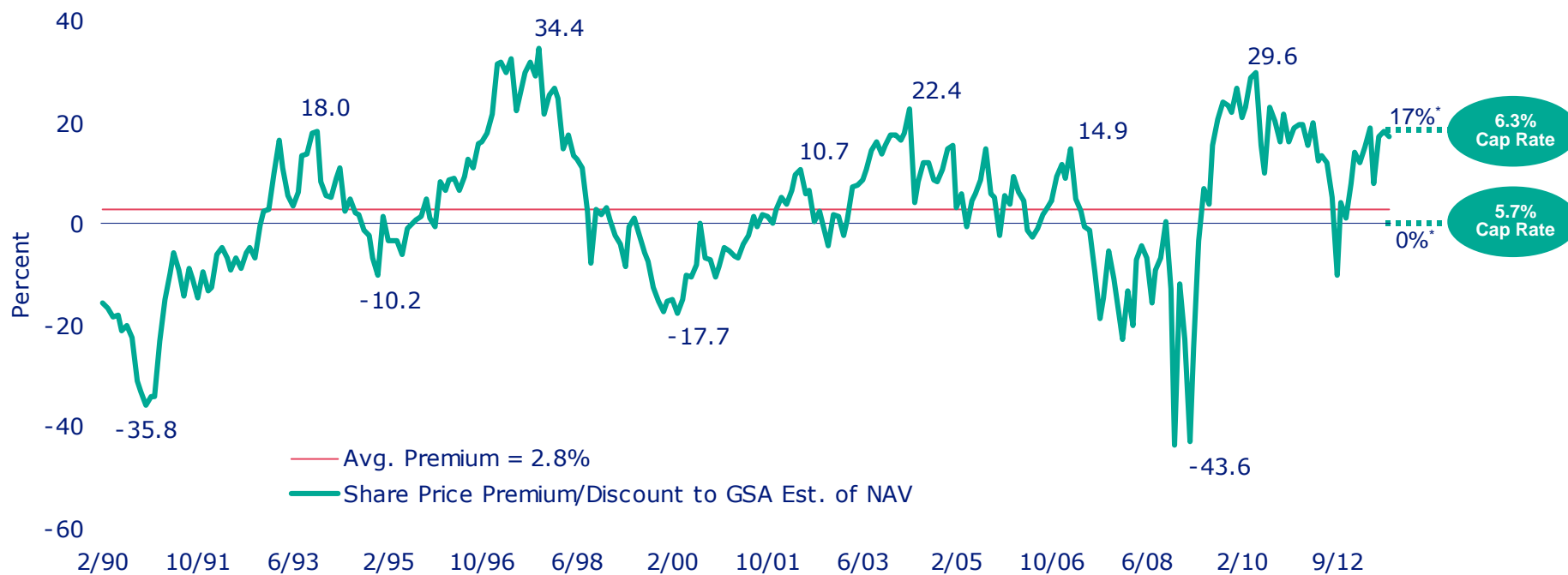
Sources: Invesco Real Estate, Federal Reserve, SNL Datasource, First Call Consensus Estimates. Data represents 1Q 94 to 2Q 12.



US REIT Relative Valuations

Share Price Premium to GSA Estimate of NAV

- The current premium to net asset value (NAV) of 17% is above the average premium to NAV of 2.8% (since February 1990).



*Note: GSA estimate of NAV at September 4, 2012 assumes a cap rate of 6.3%. If the cap rate is 5.7%, the current USA valuation would be a 0% premium.

Source: Used by permission of Green Street Advisors (GSA) (Real Estate Securities Monthly, September 4, 2012). For illustrative purposes only. Weighted average (weighted by NAV*shares outstanding) of all US-listed companies in Green Street's coverage universe, excluding Hotels and those without a published opinion. Equally-weighted average prior to Jan '93.

Section 6 Market Commentary



Market Commentary

Quarter Ended June 30, 2012

U.S. Market Commentary:

U.S. economic data during the quarter was generally weaker than expected, with softening trends in employment data a key focus. Diffusion indices measuring economic indicators declined throughout the quarter, tracking a path very similar to 2010 and 2011. The housing market continued its recovery, with healthy starts and permits data. Renewed concerns regarding Europe combined with worsening U.S. economic growth pushed Treasury yields to all-time lows during the quarter. With expectations for continued macro uncertainty, yields are likely to remain range-bound until a more defined resolution is reached in Europe. The equity market saw values fall through most of the quarter, but rise towards the end of June and European fears abated somewhat. The U.S. REIT market outperformed the general equity market, as fundamentals continue to improve for the listed property companies. More economically sensitive sectors including hotels and industrial under-performed while more stable sectors, such as healthcare, outperformed. Housing data continues to improve for the homebuilders, leading to mixed sentiment for the apartment sector.

Appendix Attribution



Invesco

U.S. Performance Attribution – 2Q 2012

	PORTFOLIO WEIGHT	BENCHMARK WEIGHT	PORTFOLIO RETURN	BENCHMARK RETURN	MARKET ALLOCATION EFFECT	SELECTION & INTERACTION COMBINED	TOTAL EFFECT
Cash	2.63%	0.00%	1.07%	0.00%	-0.15%	0.03%	-0.12%
DIVERSIFIED	2.83%	7.34%	2.56%	1.32%	0.12%	0.03%	0.15%
HEALTH CARE	10.36%	12.47%	11.43%	10.22%	-0.14%	0.11%	-0.03%
INDUSTRIAL/OFFICE: Industrial	6.09%	4.36%	-3.06%	-3.74%	-0.14%	0.04%	-0.10%
INDUSTRIAL/OFFICE: Mixed	2.52%	2.14%	3.34%	3.58%	-0.01%	0.00%	-0.01%
INDUSTRIAL/OFFICE: Office	13.31%	10.91%	3.64%	2.77%	-0.03%	0.11%	0.08%
INFRASTRUCTURE	5.58%	5.66%	11.69%	11.66%	-0.01%	0.00%	-0.01%
LODGING - RESORTS	6.89%	5.86%	-0.47%	-0.64%	-0.04%	0.01%	-0.03%
RESIDENTIAL: Apartments	19.48%	15.42%	0.42%	0.96%	-0.14%	-0.10%	-0.24%
RESIDENTIAL: Manufactured Homes	0.00%	0.88%	0.00%	0.68%	0.03%	0.00%	0.03%
RETAIL: Freestanding	0.00%	1.95%	0.00%	7.26%	-0.06%	0.00%	-0.06%
RETAIL: Regional Malls	14.71%	15.22%	6.68%	6.55%	-0.02%	0.02%	0.00%
RETAIL: Shopping Centers	7.60%	7.54%	2.62%	3.84%	0.00%	-0.09%	-0.09%
SELF STORAGE FACILITIES	2.81%	5.06%	-1.51%	4.97%	-0.07%	-0.08%	-0.15%
TIMBER	5.18%	5.19%	0.50%	1.12%	-0.02%	-0.03%	-0.05%
TOTALS FOR PORTFOLIO	100.00%	100.00%	3.35%	4.00%	-0.69%	0.04%	-0.65%

Market Allocation Effect – Shows the excess contribution due to sector/market allocation. A positive allocation effect implies that the choice of sector weights in the portfolio added value to the portfolio contribution with respect to the benchmark and vice-versa

Selection and Interaction Combined - The contribution effects due to Security Selection and Interaction. These two effects are combined for consistency and presentation purposes. Interaction effect shows the excess contribution due to a combination of selection and allocation effects which cannot be effectively segregated. A positive effect implies that the choice of stocks in the portfolio added value to the portfolio contribution with respect to the benchmark and vice-versa.

Performance shown is gross of fees and as of June 30, 2012. Portfolio characteristics are subject to change.

U.S. Performance Attribution – 1 Year

	PORTFOLIO WEIGHT	BENCHMARK WEIGHT	PORTFOLIO RETURN	BENCHMARK RETURN	MARKET ALLOCATION EFFECT	SELECTION & INTERACTION COMBINED	TOTAL EFFECT
Cash	1.84%	0.00%	4.35%	0.00%	-0.26%	0.09%	-0.17%
DIVERSIFIED	5.46%	7.82%	5.70%	2.37%	0.19%	0.19%	0.38%
HEALTH CARE	12.44%	12.91%	24.68%	20.98%	-0.04%	0.40%	0.37%
INDUSTRIAL/OFFICE: Industrial	5.34%	4.54%	-1.67%	1.58%	-0.15%	-0.16%	-0.31%
INDUSTRIAL/OFFICE: Mixed	1.85%	2.10%	8.33%	15.46%	0.04%	-0.03%	0.01%
INDUSTRIAL/OFFICE: Office	12.55%	11.54%	4.93%	0.54%	-0.08%	0.60%	0.52%
INFRASTRUCTURE	2.77%	2.97%	17.57%	16.80%	0.04%	0.04%	0.08%
LODGING - RESORTS	6.54%	5.82%	-1.08%	-0.97%	-0.05%	-0.01%	-0.06%
RESIDENTIAL: Apartments	18.08%	15.98%	10.33%	10.47%	0.04%	-0.03%	0.01%
RESIDENTIAL: Manufactured Homes	0.32%	0.91%	0.32%	16.61%	-0.14%	-0.03%	-0.17%
RETAIL: Freestanding	0.53%	1.95%	7.39%	21.34%	-0.25%	-0.05%	-0.30%
RETAIL: Regional Malls	14.78%	14.84%	29.78%	29.31%	-0.01%	0.07%	0.06%
RETAIL: Shopping Centers	7.55%	7.80%	11.42%	13.11%	0.00%	-0.14%	-0.14%
SELF STORAGE FACILITIES	4.43%	5.21%	22.98%	31.55%	-0.04%	-0.10%	-0.14%
TIMBER	5.53%	5.61%	6.13%	4.43%	0.00%	0.10%	0.10%
TOTALS FOR PORTFOLIO	100.00%	100.00%	12.76%	12.48%	-0.68%	0.96%	0.28%

Market Allocation Effect – Shows the excess contribution due to sector/market allocation. A positive allocation effect implies that the choice of sector weights in the portfolio added value to the portfolio contribution with respect to the benchmark and vice-versa

Selection and Interaction Combined - The contribution effects due to Security Selection and Interaction. These two effects are combined for consistency and presentation purposes. Interaction effect shows the excess contribution due to a combination of selection and allocation effects which cannot be effectively segregated. A positive effect implies that the choice of stocks in the portfolio added value to the portfolio contribution with respect to the benchmark and vice-versa.

Performance shown is gross of fees and as of June 30, 2012. Portfolio characteristics are subject to change.

U.S. Performance Attribution – 3 Year

	PORTFOLIO WEIGHT	BENCHMARK WEIGHT	PORTFOLIO RETURN	BENCHMARK RETURN	MARKET ALLOCATION EFFECT	SELECTION & INTERACTION COMBINED	TOTAL EFFECT
Cash	1.86%	0.00%	4.35%	0.00%	-1.12%	0.20%	-0.92%
DIVERSIFIED	6.26%	7.60%	31.65%	29.11%	0.14%	0.29%	0.43%
HEALTH CARE	12.91%	13.16%	29.53%	29.91%	-0.09%	-0.15%	-0.25%
INDUSTRIAL/OFFICE: Industrial	5.28%	4.85%	23.50%	26.03%	-0.23%	-0.15%	-0.38%
INDUSTRIAL/OFFICE: Mixed	2.35%	2.50%	20.30%	22.88%	0.07%	-0.02%	0.05%
INDUSTRIAL/OFFICE: Office	13.30%	12.28%	32.67%	27.49%	-0.03%	1.32%	1.29%
INFRASTRUCTURE	1.07%	1.25%	5.54%	5.31%	0.03%	0.03%	0.06%
LODGING - RESORTS	7.18%	6.16%	24.32%	29.01%	-0.18%	-0.42%	-0.59%
RESIDENTIAL: Apartments	16.95%	15.49%	38.75%	41.02%	0.20%	-0.48%	-0.29%
RESIDENTIAL: Manufactured Homes	0.12%	0.82%	0.11%	32.72%	-0.06%	-0.02%	-0.08%
RETAIL: Freestanding	0.43%	2.05%	7.51%	26.29%	0.19%	-0.04%	0.15%
RETAIL: Regional Malls	14.19%	13.76%	49.31%	48.43%	0.11%	0.25%	0.36%
RETAIL: Shopping Centers	7.97%	8.51%	20.51%	26.14%	0.02%	-0.75%	-0.72%
SELF STORAGE FACILITIES	4.19%	5.24%	30.74%	36.47%	-0.05%	-0.18%	-0.23%
SPECIALTY PROPERTIES	2.77%	2.61%	8.26%	12.91%	0.24%	-0.29%	-0.05%
TIMBER	3.17%	3.72%	4.68%	8.33%	-0.37%	0.02%	-0.35%
TOTALS FOR PORTFOLIO	100.00%	100.00%	30.89%	32.40%	-1.12%	-0.39%	-1.51%

Market Allocation Effect – Shows the excess contribution due to sector/market allocation. A positive allocation effect implies that the choice of sector weights in the portfolio added value to the portfolio contribution with respect to the benchmark and vice-versa

Selection and Interaction Combined - The contribution effects due to Security Selection and Interaction. These two effects are combined for consistency and presentation purposes. Interaction effect shows the excess contribution due to a combination of selection and allocation effects which cannot be effectively segregated. A positive effect implies that the choice of stocks in the portfolio added value to the portfolio contribution with respect to the benchmark and vice-versa.

Performance shown is gross of fees and as of June 30, 2012. Portfolio characteristics are subject to change.

U.S. Performance Attribution – 5 Year

	PORTFOLIO WEIGHT	BENCHMARK WEIGHT	PORTFOLIO RETURN	BENCHMARK RETURN	MARKET ALLOCATION EFFECT	SELECTION & INTERACTION COMBINED	TOTAL EFFECT
Cash	2.37%	0.00%	4.35%	0.00%	0.30%	0.12%	0.42%
DIVERSIFIED	6.32%	7.36%	4.27%	-0.12%	0.01%	0.32%	0.33%
HEALTH CARE	13.10%	12.12%	15.77%	14.76%	0.49%	0.10%	0.60%
INDUSTRIAL/OFFICE: Industrial	5.70%	5.72%	-12.94%	-11.87%	0.19%	-0.10%	0.09%
INDUSTRIAL/OFFICE: Mixed	1.78%	2.62%	5.30%	-1.94%	0.11%	0.04%	0.15%
INDUSTRIAL/OFFICE: Office	13.73%	12.50%	-2.07%	-1.37%	-0.05%	-0.11%	-0.16%
INFRASTRUCTURE	0.68%	0.83%	3.29%	3.15%	0.01%	0.01%	0.02%
LODGING - RESORTS	6.65%	6.21%	-5.13%	-6.71%	-0.14%	0.15%	0.01%
RESIDENTIAL: Apartments	16.76%	15.36%	8.75%	7.82%	0.25%	0.24%	0.49%
RESIDENTIAL: Manufactured Homes	0.08%	0.77%	0.06%	10.15%	-0.09%	-0.01%	-0.09%
RETAIL: Freestanding	0.27%	2.06%	4.44%	12.91%	-0.29%	-0.01%	-0.30%
RETAIL: Regional Malls	14.25%	13.57%	3.93%	2.55%	0.04%	0.16%	0.21%
RETAIL: Shopping Centers	8.89%	9.39%	-4.81%	-3.23%	0.06%	-0.11%	-0.04%
SELF STORAGE FACILITIES	4.34%	5.14%	15.06%	15.90%	-0.04%	0.05%	0.02%
SPECIALTY PROPERTIES	3.05%	3.86%	2.52%	2.53%	-0.24%	0.10%	-0.14%
TIMBER	2.02%	2.49%	2.78%	4.92%	-0.14%	0.00%	-0.14%
TOTALS FOR PORTFOLIO	100.00%	100.00%	4.04%	2.60%	0.48%	0.96%	1.44%

Market Allocation Effect – Shows the excess contribution due to sector/market allocation. A positive allocation effect implies that the choice of sector weights in the portfolio added value to the portfolio contribution with respect to the benchmark and vice-versa

Selection and Interaction Combined - The contribution effects due to Security Selection and Interaction. These two effects are combined for consistency and presentation purposes. Interaction effect shows the excess contribution due to a combination of selection and allocation effects which cannot be effectively segregated. A positive effect implies that the choice of stocks in the portfolio added value to the portfolio contribution with respect to the benchmark and vice-versa.

Performance shown is gross of fees and as of June 30, 2012. Portfolio characteristics are subject to change.





Market Commentary

Global Property Securities Performance Indicators

THIRD QUARTER 2012

Performance as of 30 June 2012

	2Q (%)	YTD (%)	
Real Estate	FTSE EPRA/NAREIT Developed Global Index	2.12	15.29
	FTSE NAREIT US All Equity REITs Index	4.00	14.91
	FTSE EPRA/NAREIT Developed Europe Index	-4.97	6.42
	FTSE EPRA/NAREIT Developed Asia Index	1.08	18.20
	MSCI World Equity Index	-4.85	6.30
Equities	S&P 500 Index	-2.75	9.49
	S&P Europe 350 Index	-7.15	2.99
	S&P Asia 50 Index	-6.82	6.14
	S&P Japan TOPIX 150 Index	-7.45	3.74
	S&P Australia 100 Index	-5.00	4.29

Source: Bloomberg L.P.

Demand for high quality, well located assets continues to be very strong, as the fall in risk free rates around the world has been supportive to real estate capital values.

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Global economic growth slowed around the world, with focus on European events at the helm. Despite a slowing growth period, most real estate sectors around the world continue to see stability in rents and occupancy figures.

The global economy has lost momentum over the second quarter of the year, with a synchronized slowing of growth in the US and China and a number of European nations struggling to show positive growth. Inflationary pressures have, however, declined and now offer a more accommodating environment for demand side stimulus. Events in Europe dominated global capital market performance once again and with reduced risk appetite, a number of sovereign bond yields reached historic low levels in the period. Listed real estate generally outperformed wider equity classes, led by the performance of the Australian, Canadian and German REITs and a number of the China focused developers. The fall in risk free rates around the globe has been supportive to real estate capital values and investor demand for prime quality, long lease assets remains undiminished. Key office markets around the globe are currently seeing reduced occupier demand and headcount reduction. Most real estate sectors and markets across the globe reported stable occupancy and rents in the period. Availability of both debt and equity capital remains good for listed real estate, yet trends in the general deleveraging of the global real estate market remain intact.

Market Commentary

Global Property Securities Performance Indicators

THIRD QUARTER 2012

US and Canadian REITs outperformed their broader equity indices during the quarter despite weakening economic news.

North America:

US economic data during the quarter was generally weaker than expected, with softening trends in employment data being a key focus. The housing market continued its recovery, with healthy starts and permits data. Renewed concerns regarding Europe combined with worsening US economic growth pushed Treasury yields to all-time lows during the quarter. With expectations for continued macro uncertainty, yields are likely to remain range-bound until a more defined resolution is reached in Europe. The equity market saw values fall through most of the quarter, but rise towards the end of June and European fears abated somewhat. The US REIT market outperformed the general equity market, as fundamentals continue to improve for the listed property companies. More economically sensitive sectors including Hotels and Industrial underperformed while more stable sectors, such as Healthcare, outperformed. Housing data continues to improve for the homebuilders, leading to mixed sentiment for the Apartment sector.

A modest economic expansion continues in Canada, although realized growth has come in below expectations for the first two quarters of 2012. During the second quarter, Canada's resource based economy faced headwinds from commodity price declines and weakening energy markets. Despite these headwinds, the economy is supported by improving manufacturing conditions, relatively low unemployment and a stable banking system. Economic conditions remain favorable for property investing. Canadian REITs benefit from low vacancy, very limited supply and a low cost of debt. These conditions combined with modest economic expansion are supportive of favorable relative returns from real estate investing. Canadian REITs outperformed both the Canadian broad market and the Global REIT benchmark in the quarter. Within the real estate sector, the Apartment sector outperformed, while the Retail and Lodging sectors underperformed.

Asia Pacific:

Asian economies continue to show a trend of moderation, on both the consumption and manufacturing sides. Moderating inflation expectations have provided support for central banks to continue easing in the immediate term. In the property market, office rents in financial centers such as Hong Kong and Singapore continued declining, albeit at a slower pace than in the prior quarter. Capital values in office and retail markets across the region rose sequentially, as low interest rates and expectations for continued monetary easing buoyed sentiment for reflation themes. Asian real estate stocks generally fell in value in April and May, but recovered significant value in June. Within the region, shares of China developers led performance on the back of recovering physical market transactions and interest rate stimulus. Elsewhere, performance from the Singapore listed real estate companies was strong, while weakest performance from the region was seen among the J-REITs.

Expectations for the remainder of the year suggest weakening of economic growth, in line with wider global trends. The A-REITs meaningfully outperformed the broader Australian equity market during the period, reflecting a preference for defensive, higher yielding sectors. Real estate fundamentals in Australia are stable to slightly improving with the latest building approvals data ahead of expectations and housing prices across most capital cities reporting the biggest rises since early 2010.

Europe:

Restructuring the European region's economies and financial institutions is a long term work in progress and government change and political manoeuvring will continue to be key risks. From a fundamental perspective, output, consumption and employment data for the region continues to be generally weak, with growth stimulus policies still falling short of offering meaningful impact. Listed real estate generally outperformed wider equity classes during the period, led by the performance of Germany and the UK. With sovereign bond yields among the economically stable European nations falling further, the spread for real estate investors widened and further under-pinned the attraction of relatively secure real estate income. Thus far, outside of Spain, occupancy levels have been maintained at high levels and most companies continue to report the ability to re-let assets at the same or higher levels of rent. Net asset values have also been resilient, albeit, a lack of transactions for lower quality real estate is hiding a reality of bid and ask price mismatching. Prime real estate continues to be highly sought after, particularly in London, Paris, the prime mall and German residential segments.

Occupancy and rent levels in most European markets remain strong, with continued robust valuations for high quality, well located assets.

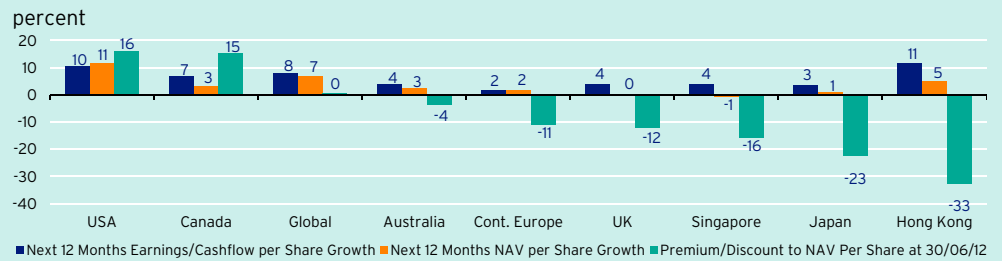
Global Financial Characteristics

GLOBAL PROPERTY SECURITIES PERFORMANCE INDICATORS

THIRD QUARTER 2012

Earnings expectations and Net Asset Value (NAV) growth projections are generally positive.

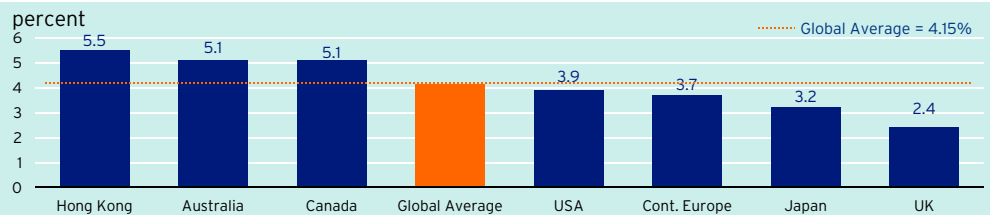
Exhibit 1
Global Real Estate Securities Valuation Metrics



Sources: Invesco Real Estate estimates based on consensus data as of 30 June 2012.

Earnings yields are greater than risk-free rates, demonstrating a positive spread to local government bonds across the globe.

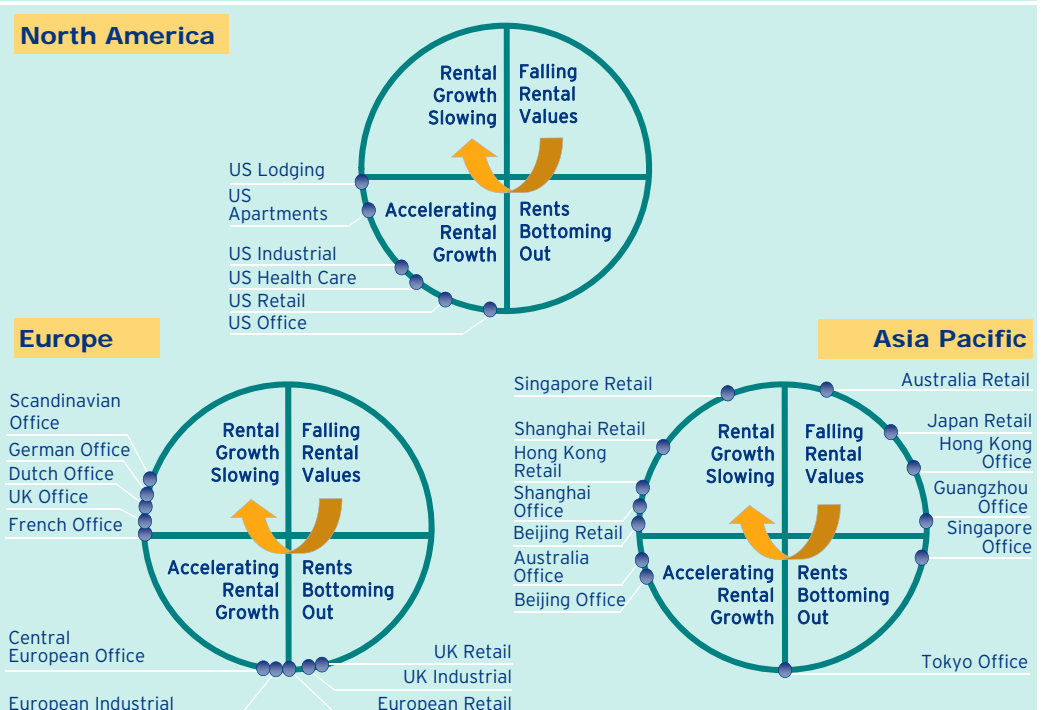
Exhibit 2
Global Real Estate Earnings Yield Spread to Local Risk-Free Yield



Sources: Bloomberg L.P., FirstCall, SNL Datasource, Invesco Real Estate estimates as of 30 June 2012; Risk-Free Yields are expressed in local currency. Global Average represents the simple average of country yield spreads.

Commercial real estate fundamentals remain healthy in most markets around the globe. The relative timing of future rental growth cycles may provide investment opportunities.

Exhibit 3
Fundamentals in Key Markets – North America, Europe & Asia Pacific



Source: Invesco Real Estate based on internal research as of 30 June 2012.

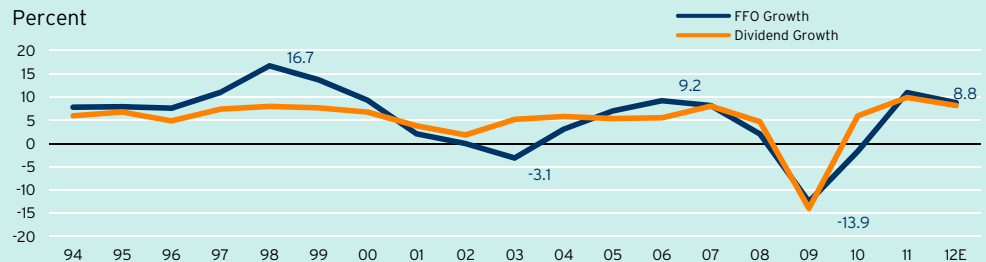
North America Financial Characteristics

GLOBAL PROPERTY SECURITIES PERFORMANCE INDICATORS

THIRD QUARTER 2012

Dividend and FFO (Funds From Operations) Growth is expected to remain positive for 2012.

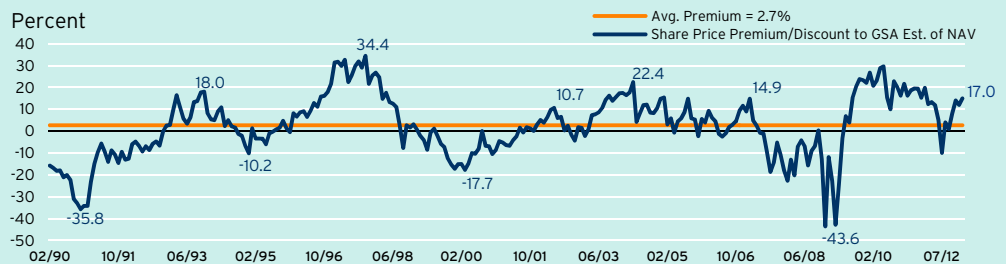
**Exhibit 4
US REIT Funds From Operations Growth & Dividend-Per-Share Growth (1994-2012E)**



Sources: SNL Datasource for 1994 to 2011 annual REIT dividend growth; FirstCall, SNL Datasource and Invesco Real Estate estimates for 2012.

In the US, shares are currently trading at a 17% premium to NAV estimates, substantially above the long-term average 2.7% premium.

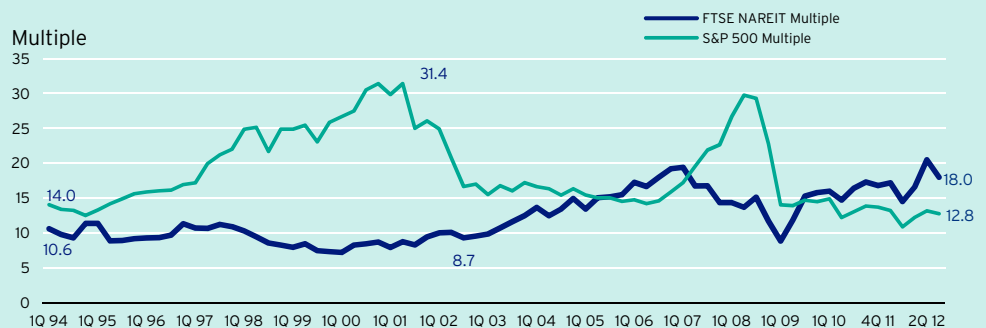
**Exhibit 5
US REIT Share Price/NAV Estimate**



Assumes cap rate of 6.4%. Source: Used by permission of Green Street Advisors (GSA) (Real Estate Securities Monthly, 2 July 2012). For illustrative purposes only. Weighted average (weighted by NAV*shares outstanding) of all US-listed companies in Green Street's coverage universe, excluding Hotels and those without a published opinion. Equally-weighted average prior to Jan '93.

In the US, real estate securities are currently trading at a 41% premium to broad market equities based on earnings multiple. Since 1994, the average discount has been 27%.

**Exhibit 6
Forward "Bottom Up" Earnings Multiple for S&P 500 & US REITs***



* FFO (Funds From Operations) - Proxy for cash flow per share

Sources: Invesco Real Estate, SNL Datasource, FirstCall Consensus Estimates, Bloomberg L.P. and Standard & Poor's. Data represents 1Q 94 to 2Q 12.

The Europe region includes: Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Luxembourg, Netherlands, Norway, Poland, Portugal, Spain, Sweden, Switzerland & United Kingdom.

Despite turbulent European markets, earnings growth expected to remain positive for 2012.

In Europe, shares are currently trading at a 11% discount to NAV estimates.

In Europe, real estate securities are trading at a 102% premium to broad market equities based on earnings multiple.

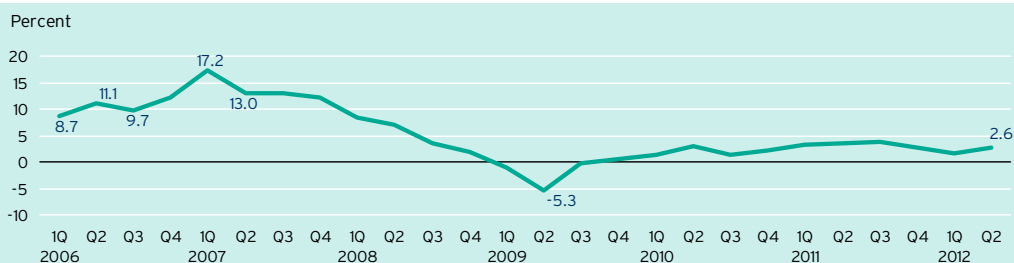
Note that in Exhibits 7 through 12, 2006 was used as the inception date for these graphs due to the limited availability of standardized data on a historical basis. 1Q 2006 represents the first period that global Invesco Real Estate estimates are available.

Europe Financial Characteristics

GLOBAL PROPERTY SECURITIES PERFORMANCE INDICATORS

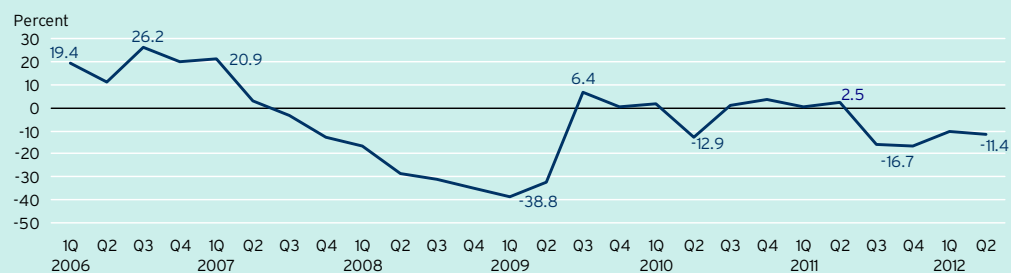
THIRD QUARTER 2012

Exhibit 7
European Listed Real Estate Securities Earnings Growth



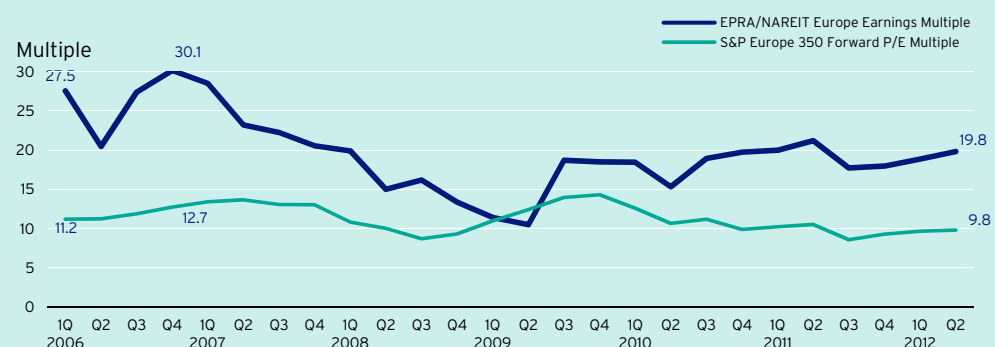
Sources: FirstCall, SNL Datasource, Invesco Real Estate estimates as of 30 June 2012
Dividend growth is not included in this exhibit because the dividend growth trends are not considered meaningful or representative of fundamentals. There can be significant volatility in dividends for emerging REIT markets. Countries that adopt the REIT structure often exhibit abnormal dividend growth patterns.

Exhibit 8
European Listed Real Estate Securities Price/NAV Estimate



Sources: FirstCall, SNL Datasource, Invesco Real Estate estimates as of 30 June 2012

Exhibit 9
Forward "Bottom Up" Earnings Multiple for S&P Europe 350 & European Listed Real Estate Securities



Sources: Bloomberg L.P., FirstCall, SNL Datasource, Standard & Poor's and Invesco Real Estate estimates as of 30 June 2012

Asia Pacific Financial Characteristics

The Asia Pacific region includes: Australia, Hong Kong, Japan, New Zealand & Singapore.

In the Asia Pacific region, earnings growth remained positive in 2Q despite weakened economic conditions.

In the Asia Pacific region, shares are currently trading at a 20% discount to NAV estimates.

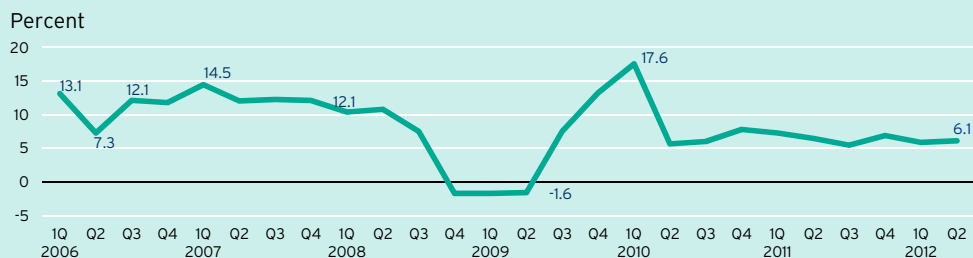
In the Asia Pacific region, real estate securities are trading at a 55% premium to broad market equities based on earnings multiple.

Note that in Exhibits 7 through 12, 2006 was used as the inception date for these graphs due to the limited availability of standardized data on a historical basis. 1Q 2006 represents the first period that global Invesco Real Estate estimates are available.

GLOBAL PROPERTY SECURITIES PERFORMANCE INDICATORS

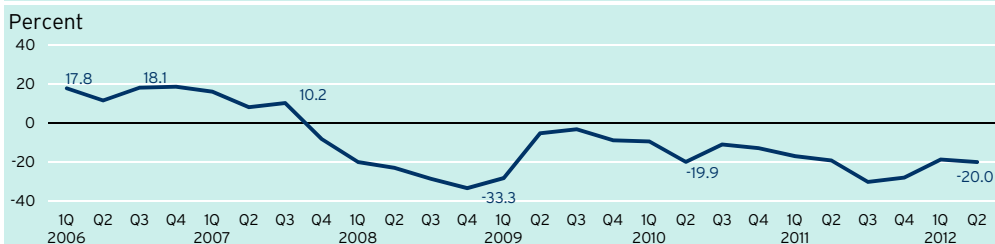
THIRD QUARTER 2012

Exhibit 10
Asia Pacific Listed Real Estate Securities Earnings Growth



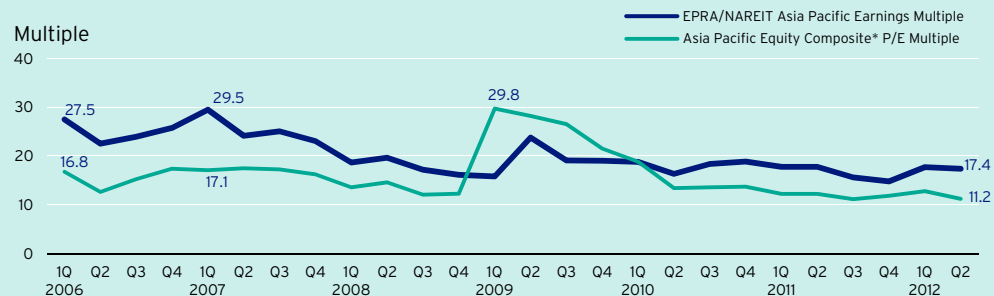
Sources: FirstCall, SNL Datasource, Invesco Real Estate estimates as of 30 June 2012
Dividend growth is not included in this exhibit because the dividend growth trends are not considered meaningful or representative of fundamentals. There can be significant volatility in dividends for emerging REIT markets. Countries that adopt the REIT structure often exhibit abnormal dividend growth patterns.

Exhibit 11
Asia Pacific Listed Real Estate Securities Price/NAV Estimate



Sources: FirstCall, SNL Datasource, Invesco Real Estate estimates as of 30 June 2012

Exhibit 12
Forward "Bottom Up" Earnings Multiple for Asia Pacific Equity Composite* & Asia Pacific Listed Real Estate Securities



* Asia Pacific Equity Composite is a simple average of S&P Asia 50, Nikkei 225 and S&P Australia 100 indices. Sources: Bloomberg L.P., FirstCall, SNL Datasource, Standard & Poor's and Invesco Real Estate estimates as of 30 June 2012.

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