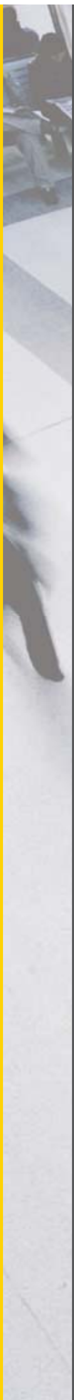


Economic & Capital Markets Outlook

BNY MELLON INVESTMENT STRATEGY & SOLUTIONS GROUP

FOURTH QUARTER 2014

PREPARED FOR INSTITUTIONAL INVESTORS, PROFESSIONAL CLIENTS, OR OTHER QUALIFIED, SOPHISTICATED INDIVIDUALS ONLY.

BNY MELLON

Executive Summary

ISSG CMC SUMMARY ASSET ALLOCATION

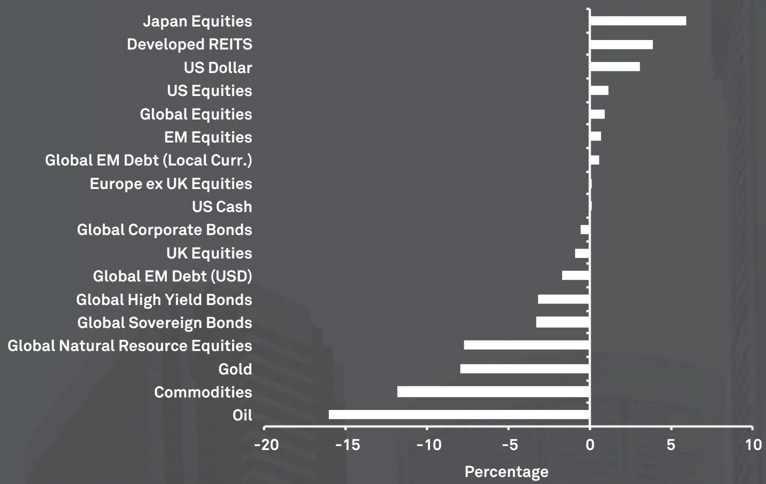
	Current	Benchmark
Global Equities	59.5%	50%
Global Bonds	40.5%	50%
Cash	0%	0%

- Policy dispersion to drive economic diffusion around the world.
- Increasing weight in equities as US becomes engine of economic recovery.

FIVE THINGS TO WATCH IN Q4 2014

1. The effects of ECB stimulus on Eurozone economic activity.
2. US economic data in the face of evolving interest rate expectations.
3. Dollar strength and any resulting impact to developing market capital flows.
4. Chinese property sector weakness and potential impact to Chinese economic growth.
5. Geopolitical risk; especially Russian/Ukrainian tensions heading into energy dependent winter months.

FIG. 1: GLOBAL ASSET PERFORMANCE
% change over 3 months to 30/09/14



Source: Thomson Reuters Datastream & ISSG

ABOUT THE INVESTMENT & STRATEGY SOLUTIONS GROUP

The BNY Mellon Investment Strategy and Solutions Group (ISSG) partners with clients to develop thoughtful and actionable solutions to broad investment policy issues. We engage in an ongoing dialogue with our institutional clients to achieve a deep understanding of their concerns and needs. Harnessing the full depth and breadth of our global network of specialized investment boutiques across all asset classes and return/risk objectives, we help craft comprehensive strategies relevant for our clients' specific investment objectives and policies.

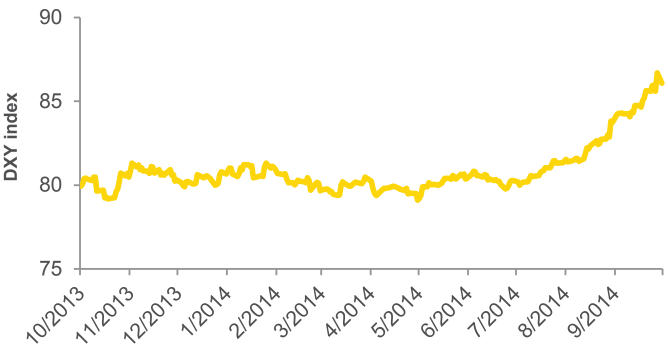
The ISSG Capital Markets Committee (CMC) governs asset allocation policy and assesses the market outlook for the global multi-asset strategies and solutions managed by ISSG.

What We Are Watching

THEME	ISSG VIEW	ASSET CLASS IMPACT	RISKS TO VIEW	RECENT CONSIDERATIONS FOR ISSG VIEW
GLOBAL GROWTH	Global growth is becoming more diffuse and diverse. While the US is becoming a stalwart, other regions appear to be slowing. Expect increased diffusion in Q4 and beyond.	Regional fundamentals in relation to regional expectations for growth drive asset class returns. "Risk on / risk off" continues to give way to diffuse asset class opportunities.	Regions of the world seeing growth slow affect the overall level of global growth to the point where the "risk on / risk off" trade emerges in the form of "risk off."	While global policy is becoming more differentiated in its implementation, it is generally accommodative and in turn supportive for risk assets.
GLOBAL INFLATION	Global inflation appears to be well contained globally with expected levels and revisions both stable. Inflation in some areas of the world may be running too low.	Risk assets reacting positively to the prospect of additional stimulus to defend against deflation. Expectations in relation to fundamentals may stretch valuations.	Unexpected inflation in the US leads to accelerated policy tightening. Deflation continues in Europe despite policy response. Stagflation in EM, specifically Latin America, threatens contagion.	Inflation in the US most likely comes in the form of wage growth from solid economic growth. European inflation increases in reaction to policy action. Developing market inflation does not prohibit economic growth.
MONETARY POLICY	Dispersion of monetary policy driving dispersion of economic growth trajectories. US interest rate increases a main focus of global investors.	Monetary policy actions are being well-communicated. Well-communicated policy actions should continue to support risk assets.	Economic acceleration in the US causes increases in rates sooner than expected. ECB stimulus is "too little, too late."	Policy normalization in the US will be orderly. Policy in Europe will remain accommodative. Expectations for additional BOJ intervention are increasing.
FISCAL POLICY	ECB policy stimulus outweighs any remaining austerity in Europe. Post VAT-increase economic growth still unclear in Japan.	Assets are responding first and foremost to monetary policy around the world. Fiscal impacts will be incremental to assets.	Focus on monetary policy gives way to fundamental expectations. Governments attempt budgetary adjustments through fiscal policy that impact asset classes.	Monetary policy has continued to dominate the market landscape and asset class returns.
EMERGING MARKETS	Regional dispersions will increase going forward driven by regional economic growth and policy differences.	EM assets may outperform if they are insulated from the potential effects of capital withdrawal in the face of US policy normalization.	Chinese economic growth slows considerably and investors withdraw capital from developing markets broadly without differentiating between regions.	Our base case remains that Chinese policy makers will be able to stabilize economic growth and in turn provide a catalyst to the broader developing markets.
"TAIL RISK MONITOR"	Tensions between Russia and Ukraine escalate heading into winter. Energy prices act as a rate hike for Europe. Hong Kong demonstrations & Ebola coming onto the radar.	Consumer activity in Europe slows and stagflation puts more negative pressure on global risk assets.	There is no escalation in tension between Russia & Ukraine heading into winter and other geopolitical risks subside.	Geopolitical risks, while present, matter less than both policy and fundamentals as drivers of asset class returns.

Key Charts: Economics And Markets

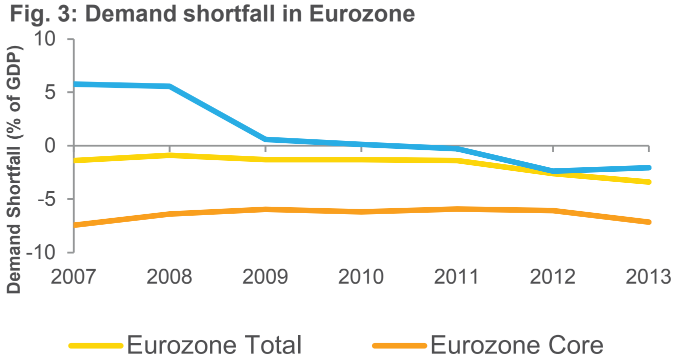
Fig. 2: Dollar Strength



We believe the dollar is beginning a secular strengthening cycle that should persist for several years as the Fed raises rates and the US economy accelerates. The effects of a stronger dollar reach far beyond US borders and will have an impact on global capital flows in developing markets, currency movements, commodity prices and inflation. Most importantly, the dollar's rise will effect the cost of capital around the world.

Figure 2 Source: Bloomberg; Oct 2013 – Oct 2014

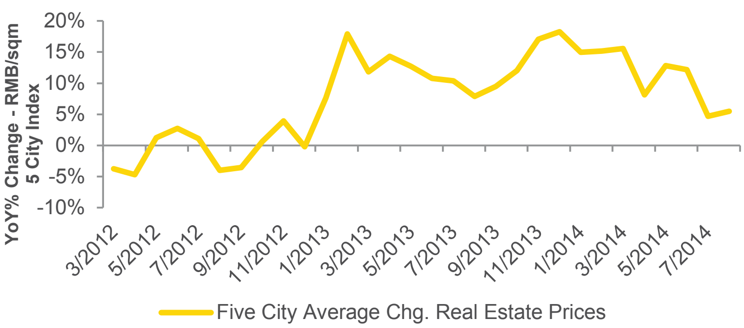
Fig. 3: Demand shortfall in Eurozone



The European Central Bank seems to have recently acknowledged what many commentators have long claimed: that economic weakness in the eurozone is the product of low aggregate demand. Before the financial crisis, low demand in the core economies was offset by high demand in the periphery. Since then, demand from the periphery has dropped dramatically, while demand from the core has not increased. This decline in demand has led to very low inflation and an increase in real debt burdens, which further harms demand.

Figure 3 Source: Eurostat; Dec 2007 – Dec 2013

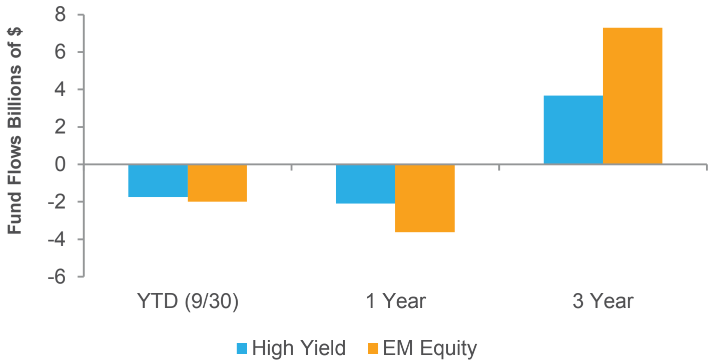
Fig. 4: Chinese Property Market Cooling?



The property market in China has been a source of positive economic momentum, as well as a potential contributor to inflation. But recent indicators point to a second differential slowing of strength which could have ripple effects into Chinese credit and the shadow banking system. The government has recently taken actions to stimulate the property market through looser lending conditions but time will tell whether cooling property markets further depress already slowing economic growth in China.

Figure 4 Source: Bloomberg, ISSG; Mar 2012 – Aug 2014

Fig. 5: High Yield Credit & Emerging Market Equity Flows

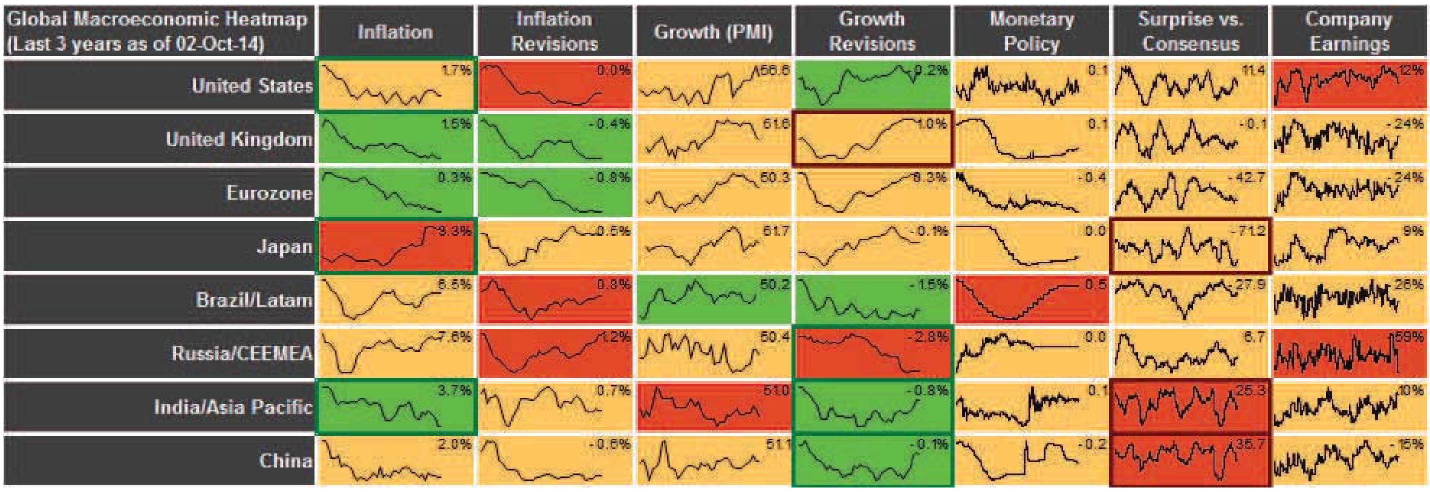


Developing markets and lower quality credit have benefitted from a global search for yield and a weakening dollar. As these two trends reverse course, the exodus of funds from emerging markets has the potential to widen spreads and increase bankruptcies and defaults across riskier credits.

Figure 5 Source: Bloomberg; As of Sept 30, 2014

ISSG Global HeatMaps

Figure. 6: ISSG Global Macroeconomic Heat Map



This heat map is designed to display a wide spectrum of macroeconomic trends across the major global regions over the past three years. Green and red shading indicate what we believe to be positive and negative levels, respectively, of the indicated variables; while green and red borders indicate positive and negative changes over the last quarter. Yellow shading indicates neutral readings. The time series lines are shown merely for ease of comparing trends, and are not meant to convey any particular values or levels. See appendix for series definitions and sources.

Our Global Macroeconomic HeatMap continues to give misleading indicators in two areas of the world. Despite positive indicators for inflation and inflation revisions in the eurozone, we are concerned that inflation is running too low. In Europe, we look for higher inflation or positive revisions to inflation expectations as evidence that the European Central Bank's recent actions to stimulate economic activity are gaining traction. Our Japanese inflation indicators are also sounding a false alarm, considering that the Bank of Japan is desperately trying to end a 20 year deflationary slump through a large scale stimulus program. We are watching China closely. The recent negative economic surprise reading is adding to concern that the world's second largest economy may be unable to reach its 7.5% growth target. If it fails to do so, a material negative impact on overall global economic growth is possible.

Figure. 7: ISSG Global Correlation Heat Map

Global Correlation Heatmap (Last 3 years as of 02-Oct-14)	World Equity	EM Equity	DM Bonds	EM $ Bonds	DM IG Corps Hedged	DM HY Corps Hedged	Commod	Dollar
World Equity	13.9%	0.78	-0.39	0.41	-0.09	0.60	0.47	-0.34
EM Equity		14.6%	-0.28	0.54	0.07	0.65	0.51	-0.36
DM Bonds			2.7%	0.23	0.74	-0.07	-0.18	0.00
EM $ Bonds				7.4%	0.47	0.68	0.34	-0.34
DM IG Corps Hedged					3.5%	0.43	0.01	-0.09
DM HY Corps Hedged						5.8%	0.40	-0.31
Commod							14.4%	-0.46
Dollar								6.7%

The Global Correlation Heatmap is designed to convey levels and changes in correlation and volatility numbers across major asset classes. Numbers in the unshaded cells represent the current exponentially weighted volatility level, with green and red fonts representing low and high levels relative to a time-weighted 3 year mean. The lower left half of the Heatmap, displaying exponentially-weighted weekly correlation pair data for the last 3 years, is included to allow users to compare trends and is not meant to convey any particular values or levels. The upper right half of the Heatmap reflects the current observation for the same data series. Green and red shading indicate what we believe to be low and high levels, respectively, of the current observation relative to a time weighted 3 year mean, while green and red borders indicate a significant decrease or increase over the last quarter.

Correlations appear to have been stagnant in the third quarter with only a few asset class relationships registering change worth noticing. The most significant change we continue to observe is the decreasing correlation between commodities and global equities. We believe this trend is being driven by the potential end of the commodity super cycle as various commodity producers have been slow to take spare capacity out of service. In addition, a change in China's economic focus away from fixed investment and toward consumption may also be driving the change in correlation. Finally, a secular strengthening of the dollar is also weighing on commodities and could be providing a tailwind to US equities.

Economic Outlook

As global markets head into the final three months of 2014, the economic landscape has grown increasingly variegated. At the beginning of 2014, we said this was likely to be a transition year for monetary policy and economic fundamentals around the world. Entering the final quarter of 2014, the increasing divergence in fundamentals between countries and regions continues to produce an increasingly diverse crop of policies, plans and programs. Geopolitical tensions have also increased throughout the year. However, capital market volatility has remained subdued for the last several months in the face of a growing list of concerns which include Russia and Ukraine, ISIS in the Middle East, Ebola, Argentina's default and demonstrations in Hong Kong.

Expectations for global growth (Figure 8) have remained steady in the range between 2.5 and 3 percent. Revisions have further confirmed the steadfast nature of growth expectations, with most recent revision trends at 0 percent. But while overall global growth expectations and revisions remain steady, we are starting to see growth expectations diverge at the regional level (Figure 10). Large positive revisions for China came on the back of measures taken in September by the People's Bank of China to support growth. These included an $81 billion injection into the largest five banks in the country as well as an easing of lending standards to support a potentially slowing property sector (Figure 4 Key Charts). The PBOCs moves followed September retail sales and other economic data that were below expectations. The longer term sustainable rate of growth in China will be a question in many investors' minds going forward. If the government accepts a lower rate than its stated target of 7.5 percent, significant negative revisions to global growth could result. Overall, our view remains that developing markets will increasingly diverge and that investors need to think about each on an individual basis rather than view them as a monolith.

Similar to growth, expected inflation (Figure 9) appears to be stable at just above 2 percent. Revisions to expectations have ceased their past downward trend and stabilized near 0 percent. The concern in regard to global inflation is that too many regions and countries are experiencing too little inflation. The prime example is the eurozone where current annualized inflation is running below 1 percent and inflation expectations are still being revised downward (Figure 10). The next three months will be critical to the eurozone as details emerge about the size and scope of the ECB's quasi-quantitative easing program that uses covered bonds and asset backed securities. The impact of this program on economic activity and inflation throughout Europe will be one of the most important things that global markets will focus on. Details of the ECB's new policy will potentially even draw more attention than pending rate hikes in the US, especially given the transparency the Fed is showing for the benefit of investors.

Figure 8: Expected Global Growth and Growth Revisions

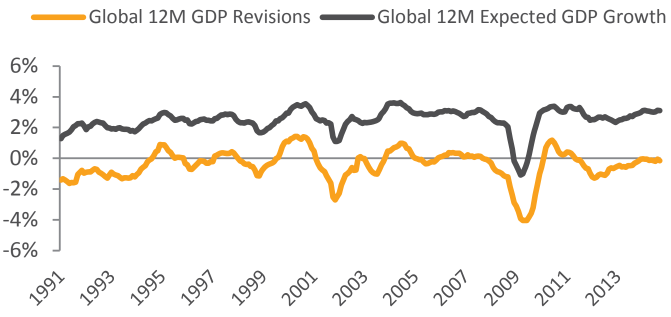


Figure 9: Expected Global Inflation and Inflation Revisions

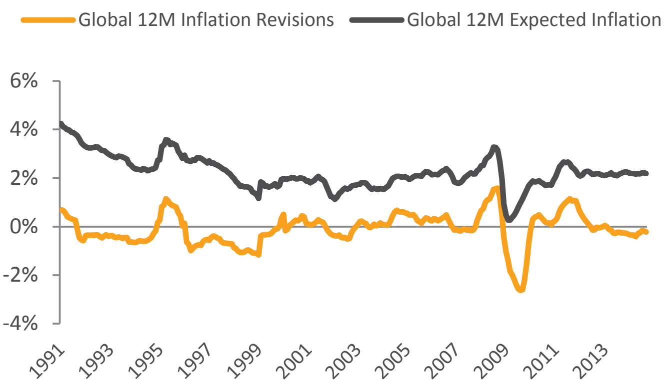


Figure 10: Quarterly Regional Revisions For Growth and Inflation

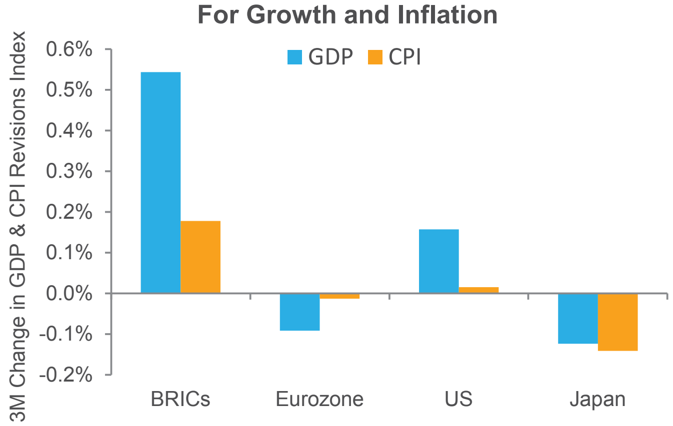
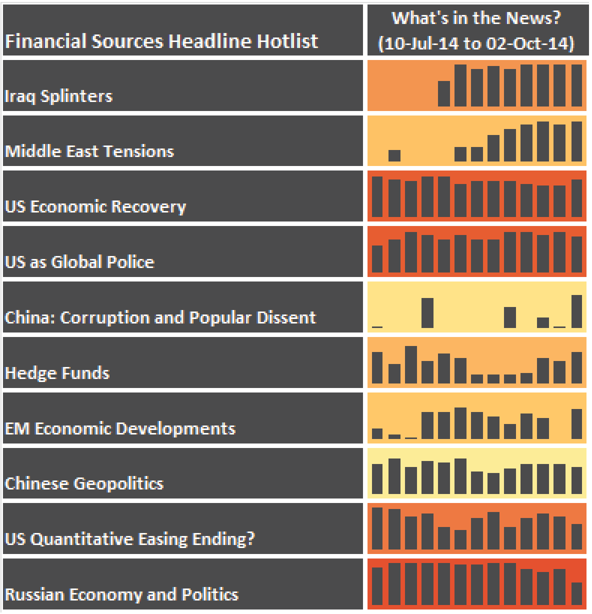
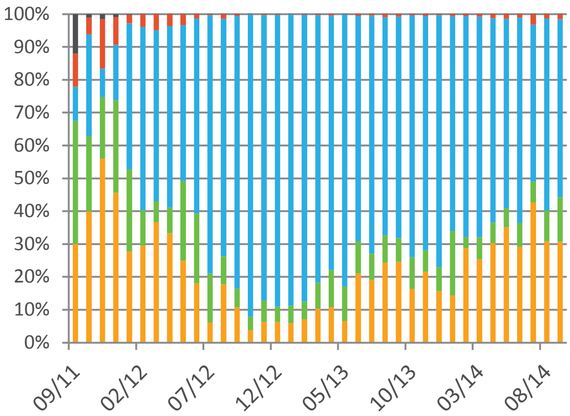


Figure 11: Global Headline Hotlist



The above graphic shows the top ten most mentioned themes that are relevant to financial markets in order of their ranking on June 26th, 2014. The bar height shows the frequency of the coverage of each theme in the news for each of the last 13 weeks, with the furthest right bar representing the most recent ranking. The color of the background denotes the average intensity over the past quarter. Using financial media and influential blogs identified by multiple teams at BNY Mellon, those stories are used to highlight the hottest topics each week across over 3,000-6,000 news items. Story summaries are classified using a Bayesian classifier which is trained on stories from the last six months. Training stories are manually tagged and classified by a senior strategist.

Figure 12: RBAA* Regime Probabilities



Source ISSG as of 30 September 2014.

Given the geopolitical concerns hanging over capital markets for the past several months, it will come as no surprise that our Global Headline Hotlist (Figure 11) continues to be dominated by geopolitical headlines. Beyond geopolitical concerns, the end of US QE continues to be top of mind for investors around the world given its potential impact beyond the US. With markets expecting US rate hikes to commence in June 2015, the dollar has begun to strengthen considerably and we believe that it will continue to do so for the next several years.

Since July, the dollar is up more than 8 percent against a basket of global currencies (Figure 2, Key Charts). A strong dollar, combined with excess supply of several commodities is serving to compress inflation expectations at a time when many central banks around the world are trying to manufacture inflation. This dynamic could have far reaching effects into the future should central banks continue to add increasing amounts of stimulus to their economies with an inflationary feedback loop that is structurally changed over the last decade.

Beyond the impact a stronger dollar will have on inflationary pressures, we are also watching the impact it will have on capital flows into and, maybe more importantly, out of emerging markets. Many developing economies have benefitted from a commodity super cycle as well as capital flows out of the US and away from a weakening dollar. That trend has been in place for a considerable time and it is unclear to us what the consequences of a reversal of the trend will be for developing markets, particularly commodity-sensitive economies that have come to fund current account deficits with capital inflows and debt issuances.

We are also carefully monitoring this last point about debt issuance as it relates not only to developing market debt, but also higher yielding credit globally (Figure 5 Key Charts). The global search for yield has flooded credit markets with liquidity and we are seeing increased covenant lite loan issuance as well as increased first time debt issuances for companies with poor fundamentals. With many companies and countries issuing debt recently and a rate hike cycle in the US soon to begin, it could take 2 or 3 years before we start to see a deterioration in credit as many of these companies try to refinance their debt. This scenario is still a few years away, but we believe it is critical for investors to monitor the situation carefully if conditions deteriorate earlier than expected should global growth slow more than expected due to slower growth in China or Europe.

Our outlook for regime probability has not changed considerably over the last quarter (Figure 12). We continue to place the highest probability on a regime which favors risk assets in the form of either a “cooling” or “warming” regime as the most probable regimes. The probability of a “too hot” regime had a brief but significant move from 1 to 3 percent during the month of August. While that may have been caused by positive revisions to inflation expectations due to increasing Middle East tensions and rising oil prices, we believe the trend bears watching given persistent low rates in the US in the face of improving growth combined with increased amounts of global stimulus against a changing inflation feedback loop.

*Regime Based Asset Allocation (RBAA) is a proprietary asset allocation model created by the ISSG which considers asset returns in the context of regimes created by underlying changes in growth and inflation expectations. Contact the ISSG for detailed information on this research. Please see appendix for information regarding regime categories.

Asset Class Outlook

Global Equity Markets:

	ISSG CMC View	Valuation Model	Momentum Model	RBAA Model
US Equity	Overweight	Favorable	Favorable	Favorable
	The end of tapering and beginning of increases in interest rates continue to be the key issue in the US and beyond. Despite an indirect policy tightening on the horizon, the US economy continues to accelerate on several economic fronts for the remainder of this business cycle. Key to further positive momentum will be an acceleration in business spending that coincides with wage growth to ignite consumer spending.			
Europe ex-UK Equity	Neutral	Favorable	Unfavorable	Favorable
	The ECB continues to take action to defend against the deflationary threat present in the Eurozone. Q4 will be critical to see if economic activity in the region reacts to the ABS and covered bond program. Expectations are already moving higher but we remain cautious in watching fundamentals improve.			
Pacific ex-Japan Equity	Neutral	Favorable	Favorable	Favorable
	While valuation remains attractive we remain cautious on the region given its sensitivity to commodity prices, in particular iron ore, which continue to move lower as China moves towards a consumer driven economy and incremental demand for commodities appears to be waning.			
Japan Equity	Neutral	Neutral	Unfavorable	Unfavorable
	The post VAT economic momentum in Japan remains unclear which keeps our neutral stance in place. While the Nikkei has been in an uptrend since the April tax implementation, much of it has come with Yen weakness. Recent consumer sentiment and inflation data points point to a slowdown in economic improvement and as a result expectations for further BOJ intervention have risen. Consumer and corporate cash has also risen.			
UK Equity	Neutral	Favorable	Neutral	Favorable
	The UK avoided losing a significant portion of its GDP in the form of Scotland in September when the country voted to stay part of Great Britain. The Pound has since rallied back after a pre-vote sell off. The UK economy continues to exhibit strength but a combination of looming rate hikes and economic exposure to Europe merit caution at the current time.			
EM Equity	Overweight	Favorable	Favorable	Favorable
	The next 6 months will be a critical time for developing markets as we approach the end of tapering in the US and the eventual rate hike cycle. The effect on capital flows of rate hikes in the US will be a critical component to EM asset performance. Country and regional dispersion most likely will become more prevalent. Attractive valuation in the face of uncertainty keeps us overweight to the asset class.			
REIT Equity	Underweight	Favorable	Favorable	Favorable
	The global search for yield continues to drive returns of this asset class in addition stretching valuations. Current spreads over Treasuries are well below historical levels. In addition, a manipulated US yield curve further masks excess valuation.			
Global Natural Resource Equity	Neutral	Favorable	Favorable	Neutral
	The commodities complex continues to come under increasing pressure from the threat of slowing global growth as well as a strengthening dollar. Excess supply and capacity are also adding the negative pressure. The impact of this is to create compelling valuations in the natural resource equity space. We remain neutral despite attractive valuations given the commodity backdrop in the near term.			

Fig. 13: ISSG CMC Global Asset Class Views

ASSET CLASS	*ISSG VIEW*
Global Equities	+9.5%
U.S.	O/W
Europe Ex U.K.	Neutral
Pacific Ex-Japan	Neutral
Japan	Neutral
U.K.	Neutral
EM	O/W
REITS	U/W
Global Natural Res.	Neutral
Global Bonds	-9.5%
U.S. Sovereign Debt	U/W
U.K. Sovereign Debt	U/W
Japanese Sovereign Debt	U/W
German Sovereign Debt	U/W
High Yield	U/W
U.S. IG Corp. Bonds	U/W
EM Local Cur. Debt	Neutral
EM USD Sovereign Debt	Neutral
Cash	+0.0%

Fig. 14: Global Equity Index Performance % change vs MSCI AC World Index over 3 months to 30 Sep 14

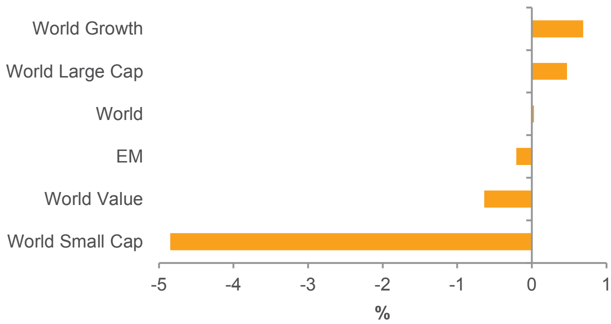
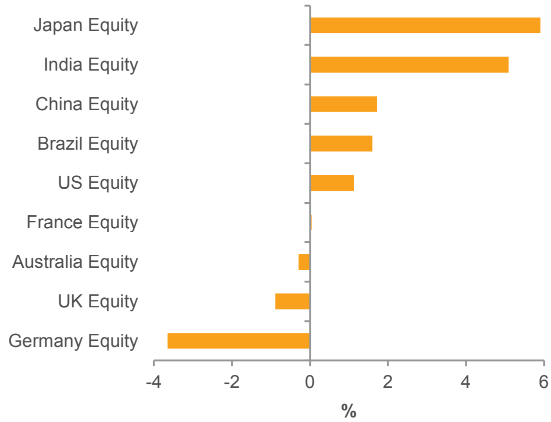
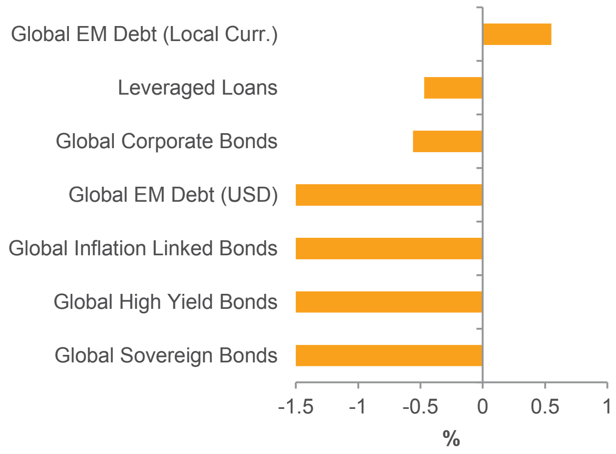


Fig. 15: Country Index Performance % change over 3 month to 30 Sep 14



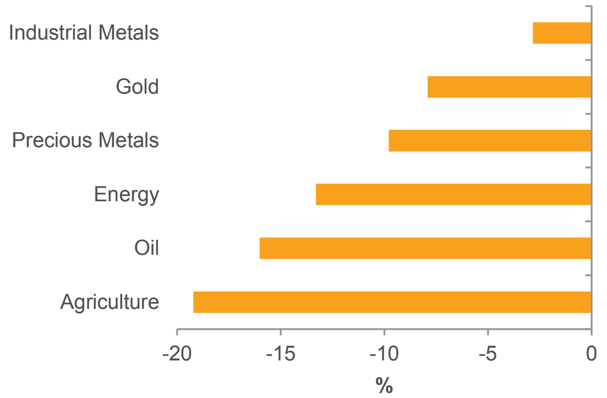
Source for Figure 14 & 15:: Thomson Reuters Datastream & ISSG

Fig. 16: Fixed Income Performance
% change over 3 months to 30 Sep 14



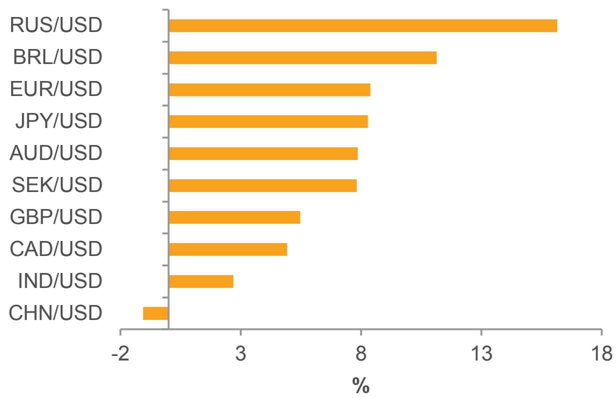
Source: Thomson Reuters Datastream & ISSG

Fig.17: Commodities Performance
% change 3 month to 30 Sep 14



Source: Thomson Reuters Datastream & ISSG

Fig. 18: FX Currency Pairs
% change 3 months to 30 Sep 14



Source: Thomson Reuters Datastream & ISSG

Global Bond Markets:

	ISSG CMC View	Valuation Model	Momentum Model	RBAA Model
Developed Sovereign Bonds	Underweight	Unfavorable	Unfavorable	Unfavorable
	We remain underweight developed market sovereign bonds despite the downward movement in rates YTD. With many parts of the developed world, in particular the US and UK, on the verge of increasing rates we maintain our underweight stance.			
High Yield Bonds	Underweight	Neutral	Neutral	Unfavorable
	We remain underweight HY credit despite the sudden increase we saw in spreads during the last quarter. In our view the asset class became less overvalued rather than attractively valued. In addition, the threat of rising rates in the US poses another headwind for the asset class. We are watching issuer quality closely.			
Investment Grade Corporate Bonds	Underweight	Unfavorable	Unfavorable	Unfavorable
	While investment grade bonds remain less overvalued that high yield credit, the asset class still is not compensating investors for embedded risk, both credit and duration risk, given where spreads and yields are currently.			
Emerging Markets – Local Currency Bonds	Neutral	Favorable	Neutral	Neutral
	We see the dollar strengthening in the next 2 to 3 years and this will present an additional headwind to returns of the asset class. This has prompted us to move to a neutral rating.			
Emerging Markets – USD Bonds	Neutral	Unfavorable	Favorable	Neutral
	We remain neutral in USD Emerging Market debt. Though spreads are compressed, they remain relatively attractive when compared to both corporate high yield and investment grade bonds. The absence of yield pickup opportunities in the currency space make this a less attractive proposition compared to local currency debt, supporting our neutral position.			
Cash	Neutral	N/A	N/A	N/A
	We remain neutral to cash which is a zero weight in our base portfolio. The opportunity cost of holding cash could increase in value should rate increases accelerate more than anticipated cause capital losses to investors. Currently, expectations appear anchored.			

Commodities

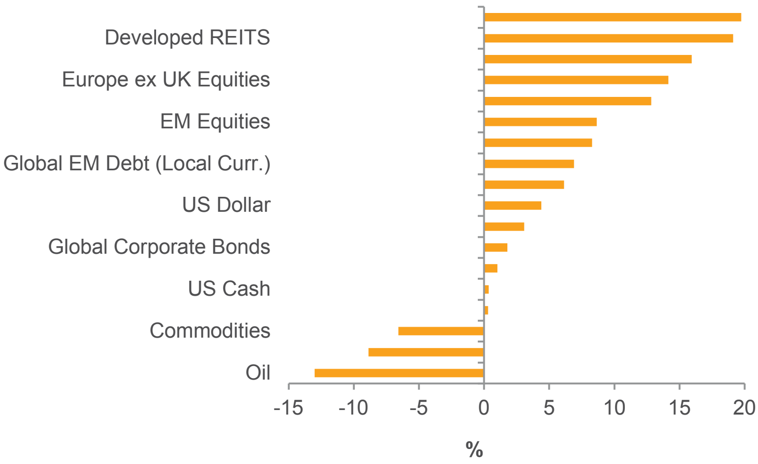
The commodity complex continues to come under increasing pressure. Concerns over a slowdown in Chinese growth below the 7.5% stated target has sent both copper and iron ore markets lower on increasing inventories. Complacency around geopolitical tensions and global inflation have moved gold lower throughout the quarter. These two forces will be the main driver of the precious metals going forward. Agricultural commodities have moved lower significantly as expected yields in wheat, corn, and soybeans look to be much better than anticipated given surprisingly wet conditions in critical US growing regions. The move lower in energy market in the face of rising ME tensions is most impressive and to us signifies the changing supply dynamics due to the North American hydrocarbon cycle.

Currencies

We see the dollar entering a multi-year bull market. The implications of this will have diverse effects on both capital flows and asset class returns. Capital outflows from current account deficit EM countries could exacerbate fundamental weaknesses. In addition, stimulus and the threat of deflation in the Eurozone may cause additional depreciation in the Euro to the point where it replaces the Yen as carry trade funding currency in extreme cases. The 1.20 EUR/CHF floor could also come under pressure should the Swiss National Bank choose not to act.

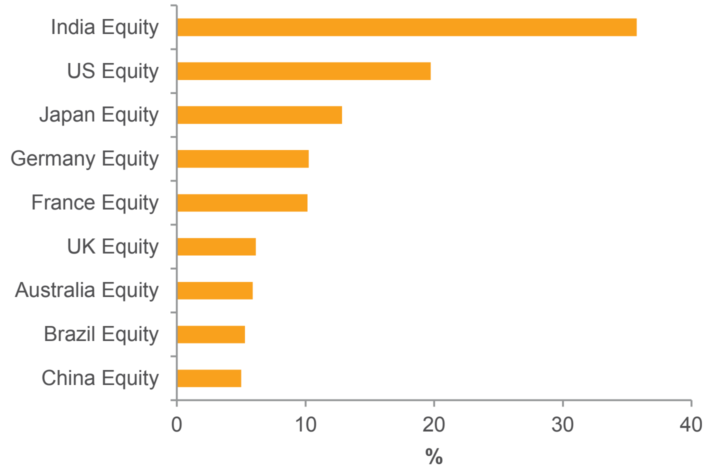
Performance Monitor

Fig. 19 : Capital Markets
% change over 1 year to 30 Sep 14



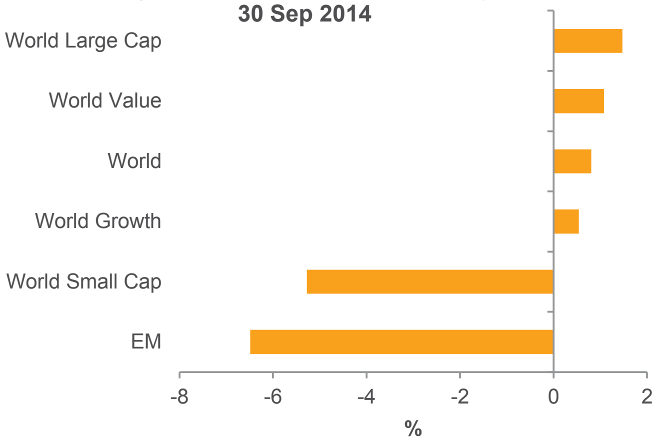
Source: Thomson Reuters Datastream & ISSG

Fig. 22 : Equity Country Index Performance
% change over 1 year to 30 Sep 14



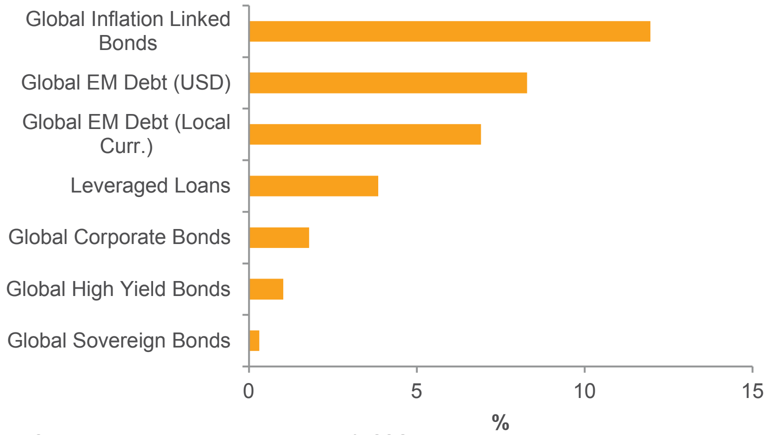
Source: Thomson Reuters Datastream & ISSG

Fig. 20: Global Equity Performance
% change vs MSCI World Index over 1 year to 30 Sep 2014



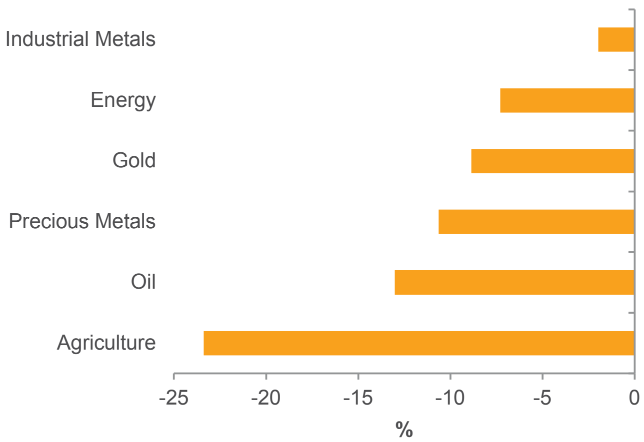
Source: Thomson Reuters Datastream & ISSG

Fig. 23: Fixed Income Performance
% change over 1 year 30 Sep 14



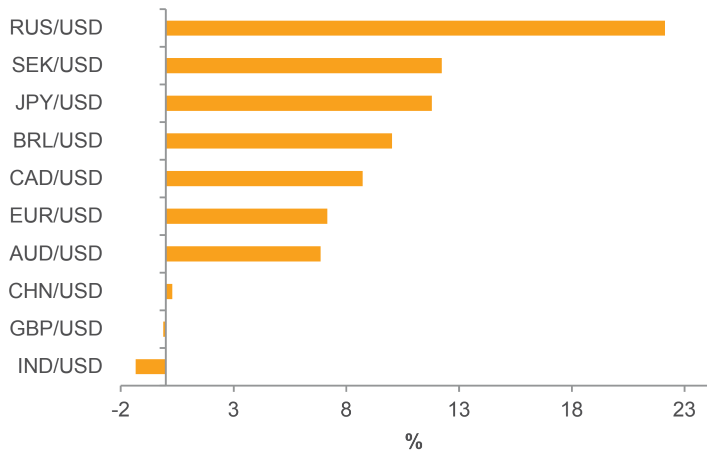
Source: Thomson Reuters Datastream & ISSG

Fig. 21: Commodities Performance
% change 1 year to 30 Sep 14



Source: Thomson Reuters Datastream & ISSG

Fig. 24: FX Currency Pairs
% change 1 year to 30 Sep 14



Source: Thomson Reuters Datastream & ISSG

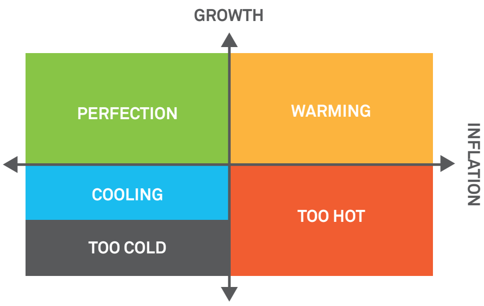
Appendix & Disclosures

ASSET	INDEX	DEFINITION
Commodities	Dow Jones UBS Commodities Index Total Return (USD Index)	The Dow Jones UBS Commodities index is an index that tracks the performance of broad based commodities.
Gold	Gold Bullion LBM USD/ozt	Tracks the performance of gold bullion spot prices.
Oil	Brent Crude Month FOB USD/BBL	Tracks the performance of Brent Crude Oil spot prices.
Global Sovereign Bonds	JPM Global GBI (USD Index)	Tracks the performance of global sovereign bonds.
Developed Sovereigns		US, UK, Japan, and German Sovereign Debt securities
US Equity	S&P 500 (USD Index)	Tracks the performance of 500 of largest market capitalization equities in the United States.
US Cash	JPM US Cash Index (3M) (USD Index)	Tracks the performance of US 3 month treasury bills.
US Dollar	JPM USD Index Real Broad	Tracks the performance of the US Dollar against a basket of broad currencies.
Global Corporate Bonds	Barclays Global Agg Corp (USD Index)	Tracks the performance of aggregate corporate bonds.
Developed REITS	FTSE E/N Dev REITS (Local Currency)	Tracks the performance of global real estate investment trusts in developed markets.
Global Natural Resource Equities	S&P Gbl Nat Resource Equities (USD Index)	Tracks the performance of global equities linked to natural resources.
Global Investment Grade Bonds	Barclays Inv Grade Corporates (USD Index)	Tracks the performance of aggregate investment grade corporate bonds.
Global Inflation Linked Bonds	Barclays Global Agg Infl-Lkd (USD Index)	Tracks the performance of global inflation linked bonds.
Global High Yield Bonds	Barclays Global High Yield (USD Index)	Tracks the performance of global high yield bonds rates below investment grade.
Global Equities	MSCI World (LC Index)	Tracks the performance of developed market global equities.
MSCI AC World	MSCI AC World Index	Tracks the performance of developed market global equities
Global EM Debt (USD)	JPM EMBI Global Composite (USD Index)	Tracks the performance of dollar based emerging market sovereign bonds.
EM Equities	MSCI Emerging Markets (LC Index)	Tracks the performance of emerging market equities.
UK Equities	FTSE 100 (LC Index)	Tracks the performance of equities domiciled within the United Kingdom.
Europe Ex UK Equities	MSCI Europe ex UK (LC Index)	Tracks the performance of equities domiciled in Europe and not including the UK.
Japan Equity	MSCI Japan (LC Index)	Tracks the performance of equities domiciled in Japan.
Pacific Ex Japan Equity	MSCI Pacific ex Japan (LC Index)	Tracks the performance of equities domiciled in the Asia - Pacific region but not including Japan.
Germany Equity	DAX 30 (LC Index)	Tracks the performance of 30 of largest equity market capitalization companies in Germany.
Eurozone Equity	EuroStoxx 50 (LC Index)	Tracks the performance of 50 of largest equity market capitalizations in the Eurozone.
France Equity	CAC 40 (LC Index)	Tracks the performance of 40 of the largest equity market capitalizations of France.
Australia Equity	ASX All Ordinaries (LC Index)	Tracks the performance of the largest equity market capitalizations of Australia.
Brazil Equity	MSCI Brazil (LC Index)	Tracks the performance of the equities domiciled in Brazil.
India Equity	MSCI India (LC Index)	Tracks the performance of equities domiciled in India.
China Equity	MSCI China (LC Index)	Tracks the performance of equities domiciled in China.
World Growth	MSCI World Growth (LC Index)	Tracks the performance of growth oriented equities as defined by MSCI.
World Large Cap	MSCI World Large Cap (LC Index)	Tracks the performance of large equity market capitalization companies.
World Value	MSCI World Value (LC Index)	Tracks the performance of value oriented equities as defined by MSCI.
World Small Cap	MSCI World Small Cap (LC Index)	Tracks the performance of small equity market capitalization companies.
Leveraged Loans	S&P Leveraged Loan Index (USD Index)	Tracks the performance of leveraged loans.
Global EM Debt (Local Curr.)	JPM GBI Emerging Markets (USD Index)	Tracks the performance of local currency denominated emerging market bonds.
Agriculture	S&P GSCI Agriculture Total Return (USD Index)	Tracks the total return performance of agricultural commodity futures.
Precious Metals	S&P GSCI Precious Metals Total Retn	Tracks the total return performance of futures for precious metals related futures.
Industrial Metals	S&P GSCI Industrial Metals Total Retn (USD Index)	Tracks the total return performance of futures for industrial metals related commodities.
Energy	S&P GSCI Energy Total Return (USD Index)	Tracks the total return performance of futures for energy related commodities.
EUR/USD	EUR/USD	Tracks the performance of the Euro / US Dollar exchange rate.
RUS/USD	RUS/USD	Tracks the performance of the Russian Ruble / US Dollar exchange rate.
CHN/USD	CHN/USD	Tracks the performance of the Chinese Renminbi / US Dollar exchange rate.
SEK/USD	SEK/USD	Tracks the performance of the Swedish Krona / US Dollar exchange rate.
GBP/USD	GBP/USD	Tracks the performance of the British Pound / US Dollar exchange rate.
AUD/USD	AUD/USD	Tracks the performance of the Australian Dollar / US Dollar exchange rate.

ASSET	INDEX	DEFINITION
BRL/USD	BRL/USD	Tracks the performance of the Brazilian Real / US Dollar exchange rate.
CAD/USD	CAD/USD	Tracks the performance of the Canadian Dollar / US Dollar exchange rate.
IND/USD	IND/USD	Tracks the performance of the Indian Rupee / US Dollar exchange rate.
JPY/USD	JPY/USD	Tracks the performance of the Japanese Yen / US Dollar exchange rate.
EUR FX		Tracks the performance of the Euro / US Dollar exchange rate.
GBP FX		Tracks the performance of the British Pound / US Dollar exchange rate.
JPY FX		Tracks the performance of Japanese Yen / US Dollar exchange rate.
EM FX		Tracks the performance of a basket of Emerging Markets currencies versus the US Dollar.
US 10Y Yield		Tracks the performance of the yield on the 10 year US treasury note.
Inflation	Headline Consumer Price Index	Tracks the performance of inflation as reported by respective national economic statistics bureaus.
Growth (PMI)		Tracks the performance of purchasing managers indices in each country to proxy GDP growth.
Surprise vs. Consensus	Citigroup Economic Surprise Index	A measure of economic data reported versus expectations created by Citigroup.
Company Earnings		A proprietary diffusion index of positive and negative analyst earnings estimate revisions.
Monetary Policy		Derived from the futures curve for short term interest rates as indicative of central bank policy.
Inflation Revisions		A proprietary measure of cumulative economist revisions for future levels of inflation in a country.
Growth Revisions		A proprietary measure of cumulative economist revisions for future real economic growth in a country.
Demand	Eurostat	Income, saving and net lending/borrowing in current prices as percentage of GDP. Core countries = Belgium, Germany, France, Luxembourg, Malta, Netherlands, Austria, Finland. Periphery Countries = Estonia, Ireland, Greece, Spain, Italy, Cyprus, Latvia, Portugal, Slovenia, Slovakia.
Chinese Property Market	Bloomberg Property Indices	Tracks the performance of Renminbi/square meter in Chinese real estate in 5 major Chinese cities (Beijing, Suzhou, Shanghai, Guangzhou, Shenzhen).
High Yield	HYG	The iShares iBoxx $ High Yield Corporate Bond ETF seeks to track the investment results of an index composed of U.S. dollar-denominated, high yield corporate bonds.
Emerging Market Equity	EEM	The iShares MSCI Emerging markets ETF seeks to track the investment results of an index composed of large – and – mid capitalization emerging market equities.
Dollar (Figure 7)	Bloomberg US Dollar Index (DXY Index)	Tracks the performance of the US dollar against a basket of global currencies.
DM Bonds	JPMorgan GBI Global Unhedged LC	Tracks the performance of non-US developed market investment grade corporate bonds denominated in local currency.

These benchmarks are broad-based indices which are used for comparative 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 foregoing index licensers are not affiliated with The Bank of New York Mellon Corporation, do not endorse, sponsor, sell or promote the investment strategies or products mentioned in this presentation and they make no representation regarding advisability of investing in the products and strategies described herein. Valuation Model – The ISSG Valuation Model considers relative valuations across the asset classes that we rank. We consider the current values placed on future cash flows of the securities against their historical longer-term trend levels. Momentum Model – The ISSG Momentum Model considers relative price momentum across the asset classes that we rank. Our research shows that this can be an indicator of continued appreciation potential in the future. RBAA Model – The ISSG Regime Based Asset Allocation Model defines five macroeconomic regimes based on the interaction of growth and inflation expectations. We believe changes to these expectations drive regime shifts and influence asset returns.

BNY Mellon ISSG RBAA Regimes:



CORRELATION HEAT MAP DEFINITIONS

ASSET CLASS	INDEX — please see above for definitions
World Equity	MSCI AC World (LC Index)
EM Equity	MSCI Emerging Markets (LC Index)
DM Bonds	JPMorgan GBI Global Unhedged
EM $ Bonds	JPMorgan EMBI Global Composite (USD Index)
DM IG Corps Hedged	Barclays Global Aggregate Corp Index (USD Index)
DM HY Corps Hedged	Barclays Global High Yield (USD Index)
Commodities	Dow Jones – UBS Commodities Index Total Return (USD Index)
Dollar	US Dollar Index

For more information, please contact:

GENERAL INQUIRIES & AMERICAS

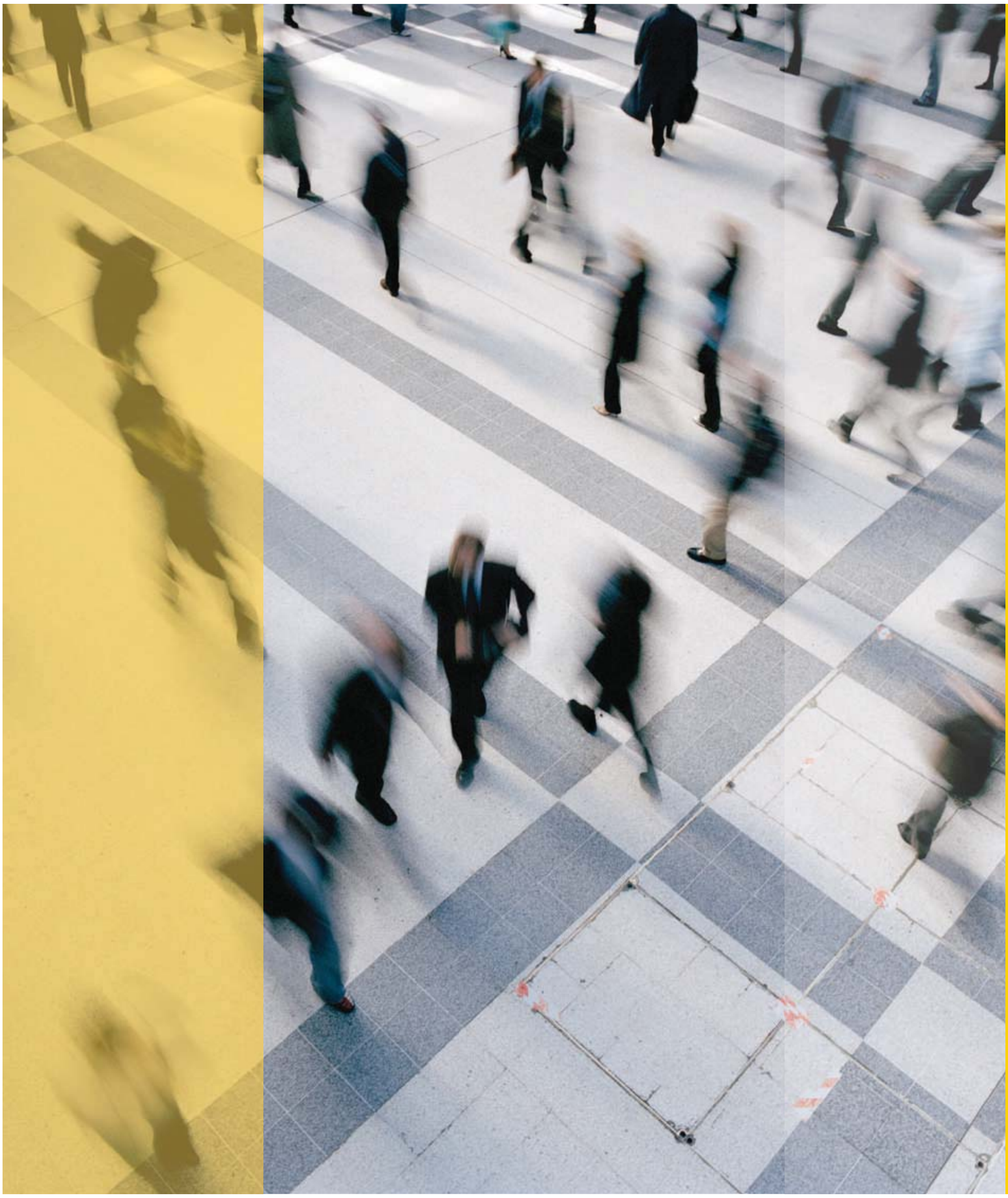
Stephen Kolano, CFA
Investment Strategist
617.722.3995
stephen.kolano@bnymellon.com

APAC

Chris Harris, CFA
Investment Solutions Strategist
+81.3.6756.4637
chris.harris@bnymellon.com

EMEA

Ivo Batista, CFA
Portfolio Strategist
+44.20.7163.5475
ivo.batista@bnymellon.com

BNY Mellon Investment Management
One Wall Street
New York, NY 10286

BNY Mellon Center
201 Washington Street
Boston, MA 02108

www.bnymellonim.com

Issued October 2014 I-2014-0633-GU January 31 2015.

BNY MELLON

本情報提供資料は、BNY メロン・グループ（BNY メロンを最終親会社とするグループの総称です）の資産運用会社が提供する情報について、BNY メロン・アセット・マネジメント・ジャパン株式会社が審査の上、掲載したものです。当資料は情報の提供を目的としたもので、勧誘を目的としたものではありません。当資料は信頼できると思われる情報に基づき作成されていますが、その正確性、完全性を保証するものではありません。ここに示された意見などは、作成時点での見解であり、事前の連絡無しに変更される事もあります。

BNY メロン・アセット・マネジメント・ジャパン株式会社
BNY Mellon Asset Management Japan Limited

金融商品取引業者：関東財務局長（金商）第 406 号
〔加入協会〕一般社団法人　投資信託協会
　　　　　　一般社団法人　日本投資顧問業協会