ECONOMIC & CAPITAL MARKETS OUTLOOK

BNY MELLON INVESTMENT STRATEGY & SOLUTIONS GROUP

THIRD QUARTER 2013

Prepared for institutional investors, professional clients, or other qualified, sophisticated individuals only.

INVESTMENT MANAGEMENT

BNY MELLON

EXECUTIVE SUMMARY

About ISSG

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.

About ISSG CMC

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.

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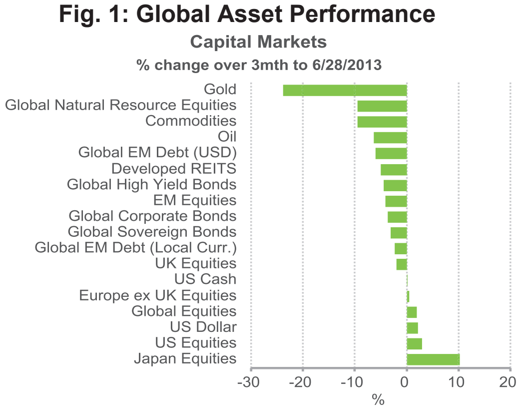
ISSG CMC Summary Asset Allocation

	Current	Benchmark
Global Equities	59%	50%
Global Bonds	41% ↑	50%
Cash	0% ↓	0%

- Risk assets remain attractively valued
- Sovereign bonds expensive; offer uncompensated duration risk
- Global growth expectations are turning and should support higher global equity prices

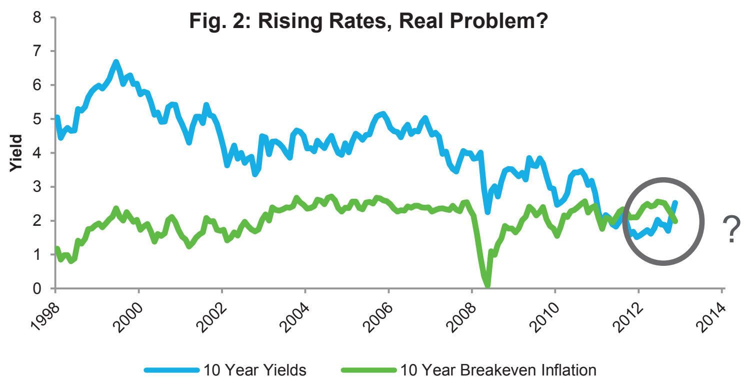
Fig. 1: Global Asset Performance



What we are watching…

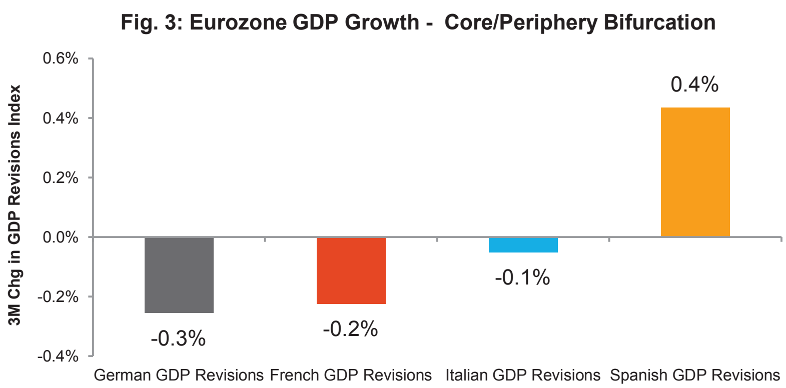
Theme	ISSG View	Asset Class Impact	Risks to View	Recent Considerations for ISSG View
Global Growth	Developed growth expectations improving; continuing divergence between emerging and developed world.	Should provide continuing momentum for developed market risky assets.	Weakness in BRICs continues to drag on global growth. Developed market policy mistakes derail momentum of global economy.	Strength in developed world, especially U.S., Japan. Would like to see follow through from emerging markets growth.
Global Inflation	Declines in Global inflation expectations are moderating.	May indicate further headwinds to performance of global bond portfolios.	Reduction in global policy accommodation runs ahead of fundamental improvements, further entrenching decreasing inflation expectations.	Developed markets experiencing moderate downward revisions and emerging markets face continued upward pressure.
Monetary Policy	Against a backdrop of general accommodation, local economic circumstances are driving differentiated incremental responses.	Global "Risk On / Risk Off" may give way to capital market returns that are more tightly linked to local or regional fundamentals.	Economic momentum falters and coordination of extraordinary global monetary policy resumes. Global "Risk On / Risk Off" returns.	Japan pursuing Abenomics, U.S. QE∞ becomes QEΩ, ECB on hold, China actively tightening lending conditions.
Fiscal Policy	Global budgetary imbalances and bond market stresses are being addressed with tighter spending policies.	Fiscal largesse is unlikely to be a major positive driver of asset prices any time soon.	Voter dismay over fiscal austerity could engender policies that bring sovereign credit risk back to the forefront.	Impact of Sequestration in the U.S. should begin to alleviate as 2014 comes into focus, providing a further tailwind for equities.
Emerging Markets	Macroeconomic weakness has created an attractive valuation opportunity in emerging market equities.	EM equities positioned to do well in a renewed global growth environment with rising inflation expectations.	Imported inflation takes hold, policy remains sidelined and markets continue to underperform.	Emerging markets macro indicators and asset price performance have diverged negatively from developed markets (Figs. 4,5).
"Tail Risk Monitor"	Tension in Middle East spills over into other geographies and energy / asset markets.	Global "Risk On / Risk Off" dominates short term price dynamics.	Increased production in both Libya and Iraq continues and there is limited impact from regional unrest.	Protests in Egypt lead to the removal of Morsi from power; Syrian conflict continues.

KEY CHARTS: ECONOMICS AND MARKETS



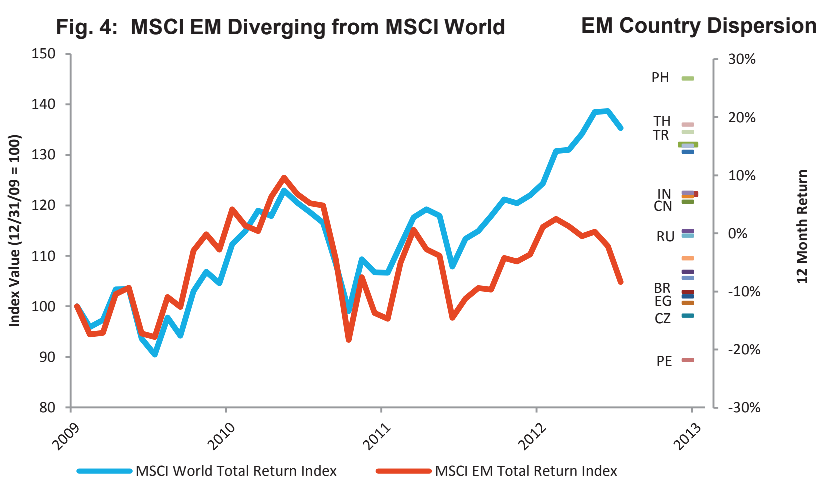
U.S. long-term Treasury rates rose sharply at the end of the second quarter. This occurred while breakeven inflation was falling significantly, a first since the creation of the U.S. TIPS market. This implies a dramatic increase in real interest rates. While this may be attributable to QEΩ (the end of Quantitative Easing), it may also reflect improving growth conditions globally, and normalization of real interest rates. It remains to be seen if the Fed is making a policy mistake by prematurely withdrawing excess liquidity.

Figure 2 Source: Datastream, Bloomberg; 8/31/98-6 /30/13



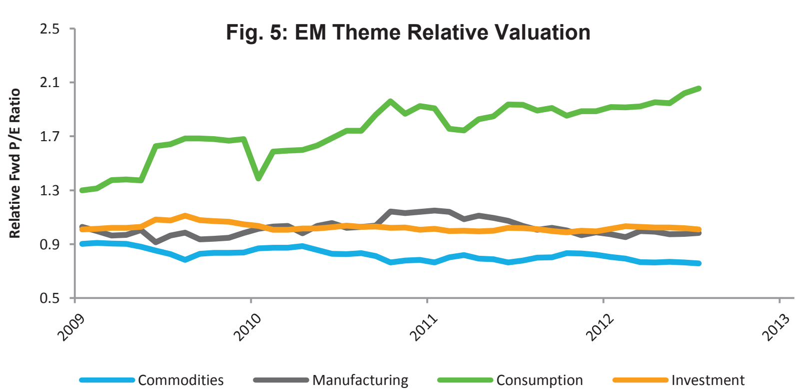
After several years of disappointing economic performance, we see some signs of improvement in the Eurozone periphery. Our revisions indices for Italy and Spain were much stronger than those for Germany and France in the 2nd quarter, with the Spanish improvement being especially noteworthy. Is this an early indication of incipient strength in periphery performance relative to expectations?

Figure 3 Source: Consensus Economics, ISSG; 3/31/12 – 6/30/13



Emerging market equity performance has lagged developed market performance since early 2012, and has been especially poor year to date. ASEAN members Philippines and Thailand have led the way, while the BRICs have been disappointing with performance ranging between +/- 10%. There is an interesting valuation opportunity in EM equities broadly, but we believe care must be taken to separate excess pessimism from value traps. We prefer thematic exposure to EM equities as a more natural way to tie investment theses to portfolio allocations while efficiently using risk budgets.

Figure 4 Source: DataStream; 12/31/09 – 6/30/12
Abbreviations are ISO country codes.



As indicated above, we organize EM equities around four major themes: Commodities, Manufacturing, Consumption, and Investment. Measured by forward earnings multiples, the Consumption theme appears to be expensive. The Manufacturing and Investment themes trade at market multiples while the Commodities theme has consistently become cheaper. We believe increasing global inflation expectations could eventually provide a compelling catalyst for higher prices in the Commodities thematic portfolio.

Figure 5 Source: DataStream, ISSG; 12/31/09 - 3/31/13
Forward P/E valuations are relative to the MSCI EM Index.

ECONOMIC OUTLOOK

Expected global growth rates were essentially flat over the quarter, while our global revisions index increased by 7 basis points. Fig. 6 shows that our index of revisions to global growth expectations has been improving for a year. India, Spain, and Japan had the largest increases in expected growth rates, while Russia, Germany, and France had the worst performance among the countries that we monitor. Expected global inflation was revised downward by 14 bps during the 2nd quarter.

The ISSG Global Macroeconomic heat map (Fig. 8) highlights the ongoing divergence between developed and emerging markets. Growth revisions have been negative in all of the BRIC countries except India, while survey PMIs and the Citi Economic Surprise Indices have been quite strong across many developed economies. Japanese momentum continues, and we believe that increasing inflation rates are a positive for the Japanese economy even though it shows up in red on our heat map. The Eurozone shows quite a bit of green; underneath-the-covers-strength in Spain and Italy is offsetting some weakness in Germany and France (see Fig. 3 on page 3). We spotlight the developments in Emerging Markets in great detail in this report. The continuing weakness is troubling, especially in light of our overweight equity positioning, but it has also created some great opportunities for future gains (see Figs. 4, 5 on page 3). Ask for our research piece "Next Generation EM Equities: Harnessing the Power of Thematic Drivers of Return" for an in-depth look at our thematic framework for constructing emerging market equity portfolios.

In the U.S. the focus at the end of the 2nd quarter has been laser tight on rising interest rates (see Fig. 2 on page 3) and Fed "tapering." One of our themes for the third quarter and beyond is QE**Ω,** the end of Quantitative Easing. However, initial market reaction was to view "tapering" as "tightening" and as a result was probably overdone. We hope that the Fed will not make a policy mistake in taking their foot off of the accelerator too soon, but at the same time we do believe that U.S. and global prospects are steadily improving, and we eagerly await a return to normal real interest rates, and a time when monetary policy is a lesser concern. For more information on protecting fixed income portfolios from rising interest rates, ask for our research piece "Rate Rise Remedies: Three Approaches to Managing Interest Rate Risk While Protecting Return and Diversification Objectives."

Fig. 6: Expected Global Growth and Growth Revisions

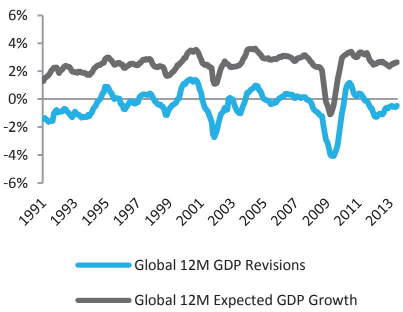
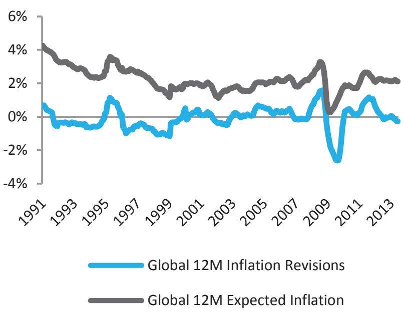
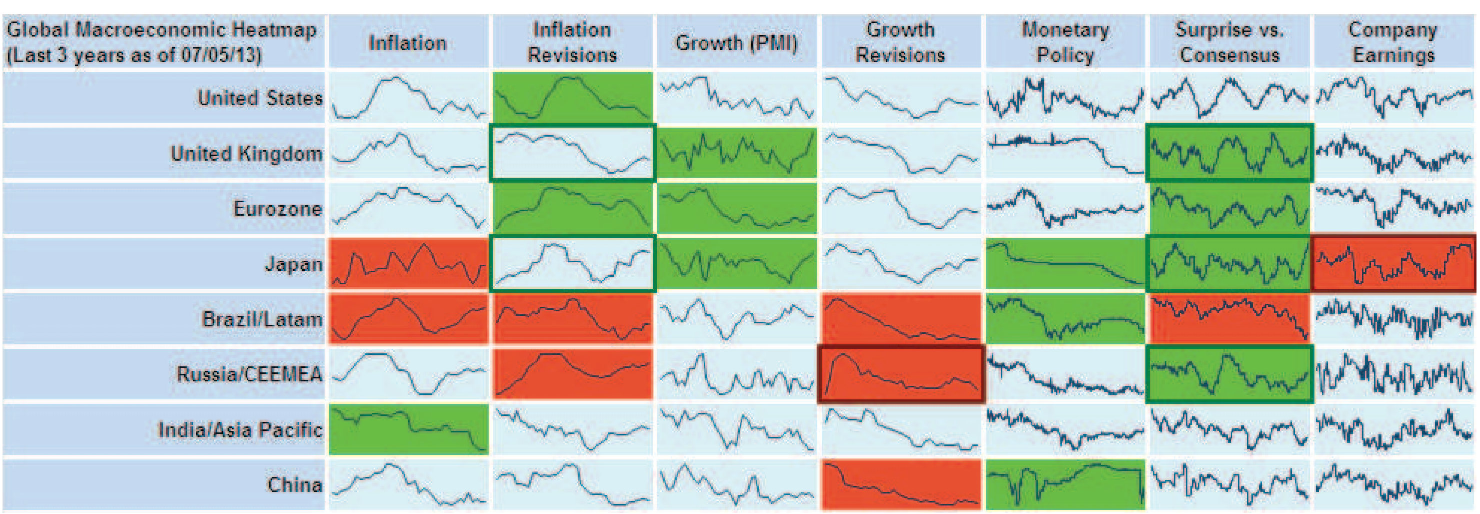


Fig. 7: Expected Global Inflation and Inflation Revisions



Source: ISSG, Datastream, and Consensus Economics

Fig. 8: 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.

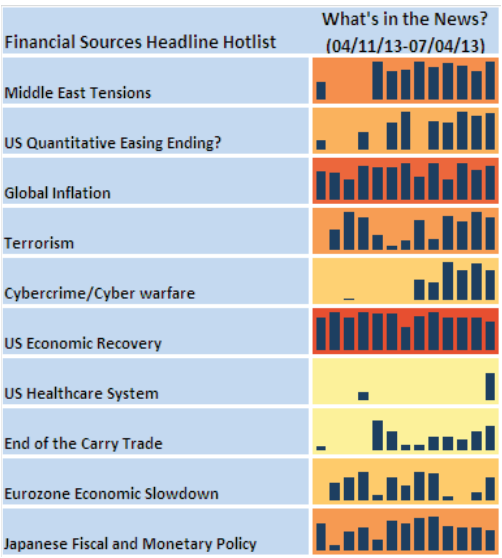
ECONOMIC OUTLOOK

5 Things to Watch in Q3 2013

i. QE∞ becomes QEΩ
ii. Rising Rates, Real Problem?
iii. Eurozone GDP – Core/Periphery Bifurcation
iv. DM/EM Divergence
v. EM Thematic Opportunities

With sustainable economic growth in many areas of the world becoming increasingly probable, the coordinated global policy response is evolving into fundamentally led differentiation within global capital markets and economies. For example, while the U.S. is preparing for "tapering," Japan is experiencing "Abenomics." The ECB has taken a pause, and Brazil recently raised rates to stem inflation, even in the face of stagnant growth. Finally, SHIBOR rates are on the rise in China to stem increasingly loose lending practices in the banking system. Truly, global economies are exhibiting differentiated patterns, creating opportunities for astute investors.

Fig. 9: Global Headline Hotlist

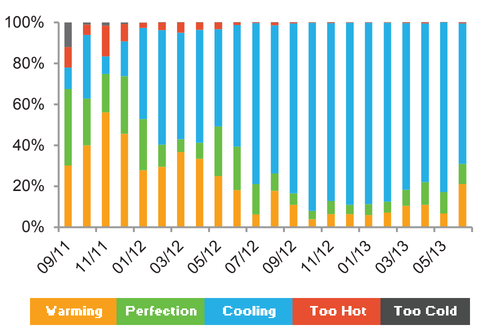


The above graphic shows the top ten most mentioned themes that are relevant to financial markets in order of their ranking on July 4th, 2013. The bar height shows the frequency of the coverage of each theme in the news for each of the last 13 weeks, with the furthest right bar representing the most recent 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.

Our "Global Headline Hotlist" (Fig. 9) changed significantly over the second quarter. Where the Eurozone represented five of the top ten slots at the end of March, it is represented only in the number nine spot currently. This points to ongoing stabilization and potential improvements in that part of the world, especially in the periphery countries. Middle East Tensions and Terrorism were front and center as concerns this quarter in the wake of the Boston Marathon bombings and the unrest in Syria and Egypt. It is interesting to consider that while oil prices did increase in June, they ended the quarter roughly flat with their March levels. Increased tensions in the Middle East have not caused a dramatic rise in oil prices or volatility. Energy markets are evolving. Growth slowdowns in emerging countries have alleviated some demand pressure, while production improvements in the U.S., Iraq, and Libya have helped with supply. The hydrocarbon revolution in the U.S. is a long term theme which should have permanent implications for geopolitics and the dynamics in this important market. The biggest story relative to the U.S. is at the top of our "5 Things to Watch in Q3 2013," namely QE∞ becomes QEΩ. Recent statements by the Federal Reserve have caused market participants to dramatically shift their expectations regarding the end point and magnitude of additional quantitative easing, precipitating a large upward shift in long term interest rates over a very short time period (see Fig. 2 on page 3).

ISSG research shows that inflation and growth revisions are an important determinant of risky asset returns across countries. We seek to quantify the impact of these revisions through our Regime Based Asset Allocation* model. This model continues to assign the highest probability to a Cooling regime (Fig. 10), though the probability of Warming rose by 14% to 21% at June 30th. This increase is driven both by stabilization in U.S. growth expectations as well as the rapid steepening of the yield curve. Risky assets have typically posted strong returns during Warming and Cooling regimes, although there may be a structural headwind against bonds as global interest rates are starting from such low levels. As the Warming probability increases toward normal levels, it may warrant an incremental allocation to assets that do better in rising inflation rate environments. We offer a monthly update piece on our RBAA probabilities and model asset allocation to clients who are interested in this framework. Our research shows that macroeconomic revisions in the U.S. are closely tied to those in the rest of the world, evidence of integration in the global economy and capital markets. Our view is that global growth revisions are still supportive of asset prices. We maintain our overweight equity positioning within the context of a global balanced portfolio.

Fig. 10: RBAA Regime Probabilities



*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
U.S. Equity	Overweight	Favorable	Favorable	Favorable

Focus in the US has turned to the possibility of an early Fed exit. Signs of sustainable economic growth are increasingly visible across many economic data sets. Valuations remain fair yet far from overvalued. We'd like to see evidence of the long awaited corporate capex cycle to provide further momentum.

	ISSG CMC View	Valuation Model	Momentum Model	RBAA Model
Europe Ex U.K. Equity	Neutral	Neutral	Favorable	Favorable

The reduction in probability of a worst case scenario continues to be an underpinning to markets in the Eurozone region. Expectations may have gotten too low in the periphery and are turning with recent positive economic surprises.

	ISSG CMC View	Valuation Model	Momentum Model	RBAA Model
Pacific Ex Japan Equity	Overweight	Favorable	Favorable	Favorable

These equities remain an attractively valued lower beta play on strengthening emerging markets and commodity price recovery. Our rating does not reflect tail-risk from heightened rhetoric on the Korean Peninsula.

	ISSG CMC View	Valuation Model	Momentum Model	RBAA Model
Japan Equity	Neutral	Neutral	Favorable	Unfavorable

Despite the recent sell off, "Abenomics" and its associated reforms continue to drive the Japanese market. Elections later on July 21st will be another critical milestone in achieving further momentum for policy and markets.

	ISSG CMC View	Valuation Model	Momentum Model	RBAA Model
U.K. Equity	Neutral	Favorable	Favorable	Favorable

Economic momentum may be turning, while inflation concerns keep the Monetary Policy Committees' hands tied. While valuation has become more compelling, the country's large dependence on Europe for growth highlights the need for more clarity in the Eurozone to truly unlock value.

	ISSG CMC View	Valuation Model	Momentum Model	RBAA Model
EM Equity	Overweight	Favorable	Favorable	Favorable

Emerging markets continue to underperform developed markets, creating attractive valuation opportunities. Fundamental differentiation is of critical importance in investing in the region going forward.

	ISSG CMC View	Valuation Model	Momentum Model	RBAA Model
REIT Equity	Underweight	Unfavorable	Favorable	Favorable

Global hunger for yield created unsustainable valuations in REITs. With the recent spike in interest rates, this is beginning to unwind. REITS are displaying bond-like characteristics in their response to this shift in interest rate environment.

	ISSG CMC View	Valuation Model	Momentum Model	RBAA Model
Global Natural Resource Equity	Neutral	Favorable	Favorable	Neutral

Attractive if recent commodity price weakness reverses. These equities tend to be sensitive to accelerating growth in emerging markets as well. They may also be a good hedge against geopolitical headline risk and inflation.

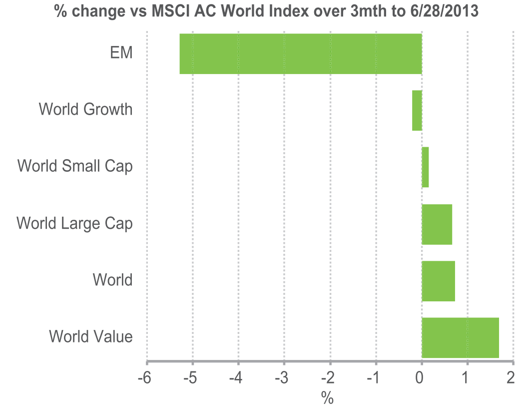
Please see appendix for further information.

Fig. 11: ISSG CMC Global Asset Class Views

ASSET CLASS	ISSG VIEW
Global Equities	+9.0%
U.S.	O/W
Europe Ex U.K.	Neutral
Pacific Ex-Japan	O/W
Japan	Neutral
U.K.	Neutral
EM	O/W
REITS	U/W
Global Natural Res.	Neutral
Global Bonds	-9.0%
U.S. Sovereign Debt	U/W
U.K. Sovereign Debt	U/W
Japanese Sovereign Debt	U/W
German Sovereign Debt	U/W
High Yield	Neutral
U.S. IG Corp. Bonds	U/W
EM Local Cur. Debt	O/W
EM USD Sovereign Debt	O/W
Cash	+0.0%

Fig. 12: **Global Equity Index Performance**

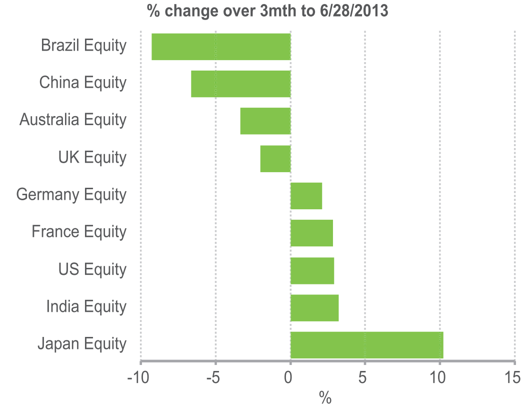
% change vs MSCI AC World Index over 3mth to 6/28/2013



Source: Thomson Reuters Datastream & ISSG

Fig. 13: **Country Index Performance**

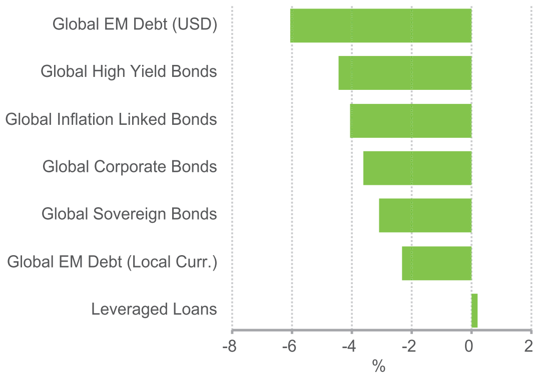
% change over 3mth to 6/28/2013



Source: Thomson Reuters Datastream & ISSG

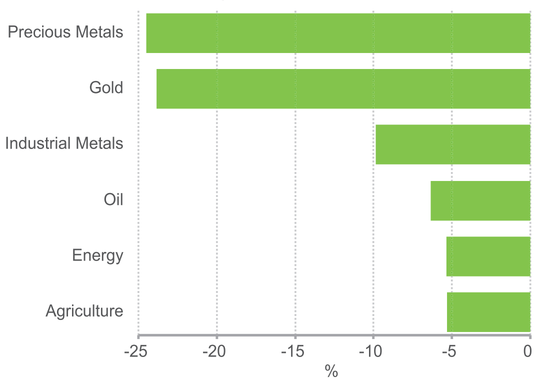
ASSET CLASS OUTLOOK

Fig. 14: **Fixed Income Performance**
% Change over 3mth to 6/28/2013



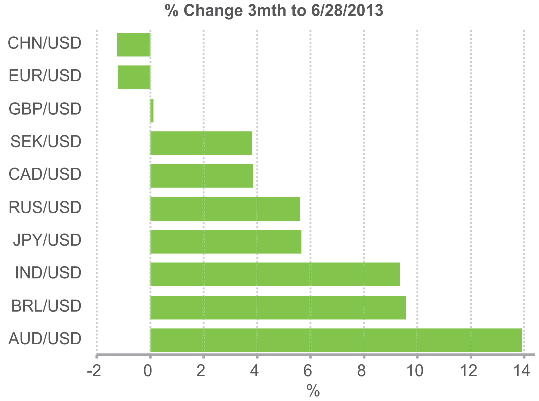
Source: Thomson Reuters Datastream & ISSG

Fig. 15: **Commodities Performance**
% change 3mth to 6/28/2013



Source: Thomson Reuters Datastream & ISSG

Fig. 16: **FX Currency Pairs**
% Change 3mth to 6/28/2013



Source: Thomson Reuters Datastream & ISSG

Global Bond Markets:

	ISSG CMC View	Valuation Model	Momentum Model	RBAA Model
Developed Sovereigns	Underweight	Unfavorable	Neutral	Unfavorable

Investors in developed sovereigns (U.S., U.K., Japan, and Germany) are not being adequately compensated to take duration risk. Unprecedented global policy intervention is potentially starting to reverse; setting up continued underperformance for these assets.

	ISSG CMC View	Valuation Model	Momentum Model	RBAA Model
High Yield	Neutral	Unfavorable	Favorable	Neutral

Spreads for high yield bonds are near long-term averages. Historically low default rates combined with increasing interest rates leaves us neutral on the asset class despite our preference for spread versus duration.

	ISSG CMC View	Valuation Model	Momentum Model	RBAA Model
Investment Grade Corp.	Underweight	Unfavorable	Unfavorable	Unfavorable

Despite our preference of spread risk to duration risk, the total return potential in investment grade corporate bonds remains unattractive.

	ISSG CMC View	Valuation Model	Momentum Model	RBAA Model
Emerging Markets – Local	Overweight	Neutral	Unfavorable	Favorable
Emerging Markets – USD	Overweight	Unfavorable	Favorable	Favorable

While we remain overweight to EM debt, we are growing more cautious. We prefer USD-dominated bonds to local currency bonds. Inflationary pressures leave limited room for policy response while a reversal of capital inflows and country responses will be critical to monitor going forward.

Cash

Neutral

We have eliminated our cash overweight. The recent pick up in long term yields changes the relative value of holding cash versus fixed income spread products.

Commodities

As previously stated, energy market dynamics continue to be one of the most interesting areas in commodity markets. Increasing geopolitical tensions and flat crude volatility display evidence of new secular reality in global energy markets driven by the advent of the North American Hydrocarbon cycle. The divergence between energy and agricultural commodities is worth watching over the balance of the year and further supports the need for a thoughtful approach to investment opportunities.

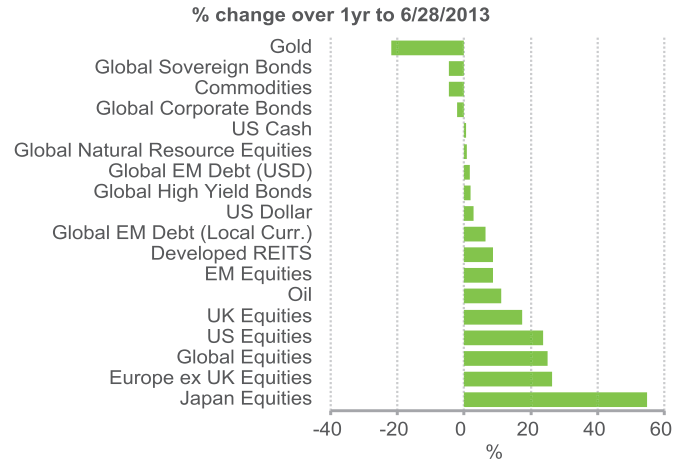
Currencies

The US dollar remains a point of interest. The secular decline experienced by the dollar in the last decade may be reversing, particularly against emerging market currencies. We are on alert for reverberations from a sudden depreciation in both the Real and Rand. "Abenomics" has reintroduced risk into the funding of future carry trades.

Please see appendix for further information.

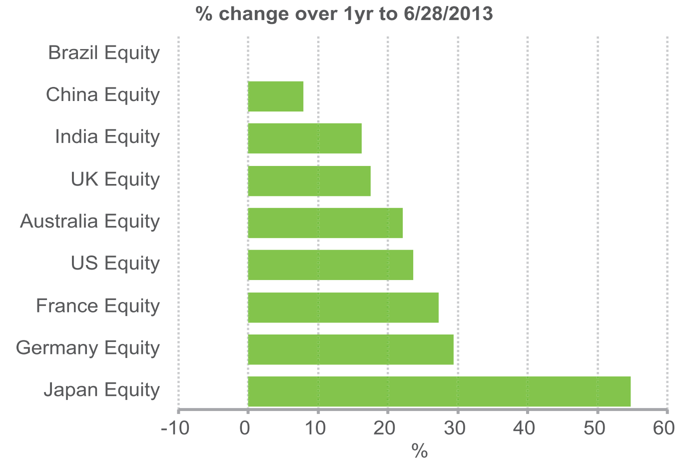
PERFORMANCE MONITOR

Fig. 17: **Capital Markets**



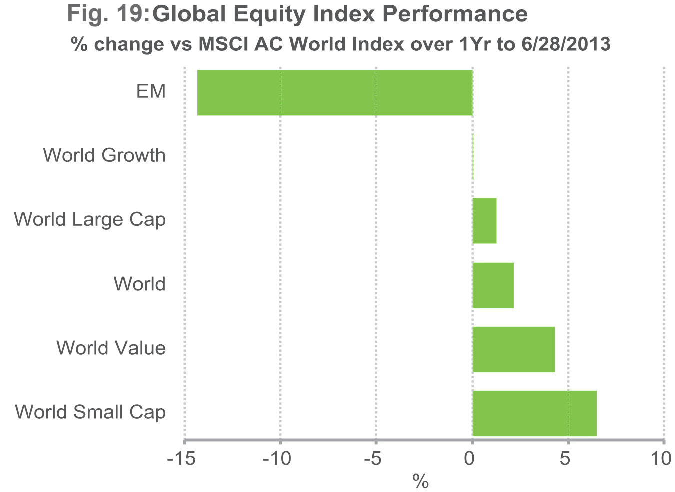
Source: Thomson Reuters Datastream & ISSG

Fig. 18: **Equity Country Index Performance**



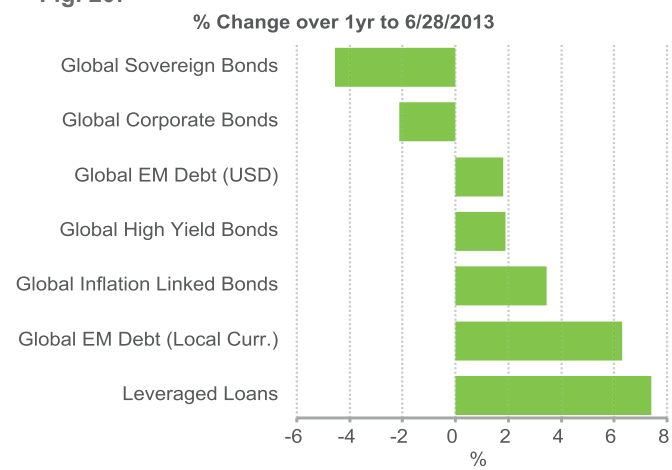
Source: Thomson Reuters Datastream & ISSG

Fig. 19: **Global Equity Index Performance**



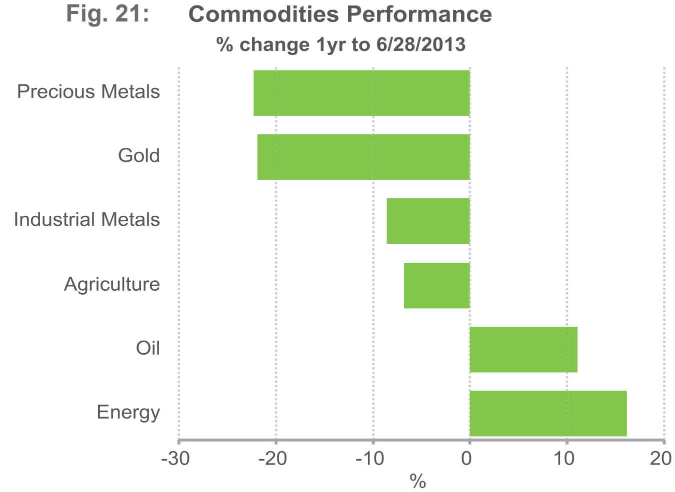
Source: Thomson Reuters Datastream & ISSG

Fig. 20: **Fixed Income Performance**



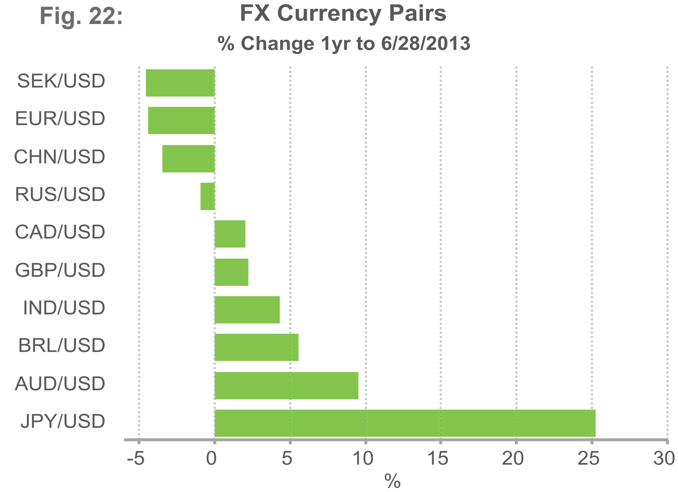
Source: Thomson Reuters Datastream & ISSG

Fig. 21: **Commodities Performance**



Source: Thomson Reuters Datastream & ISSG

Fig. 22: **FX Currency Pairs**



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 the 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 United Kingdom.
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 the largest equity market capitalization companies in Germany.
Eurozone Equity	EuroStoxx 50 (LC Index)	Tracks the performance of 50 of the 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 (USD Index)	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 Swedich 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.
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.
US 10 Year Breakeven Inflation	US Breakeven 10 Year Index	Tracks the performance of US 10 Year breakeven rates of inflation.
Emerging Market Thematic Portfolios	Commodities, Manufacturing, Consumption, and Investment Themes.	Portfolios created by the ISSG to track the performance of key themes driving growth in Emerging Markets. To construct the thematic portfolios, we reconfigured the MSCI EM universe by mapping the Global Industry Classification Standard (GICS) industry groupings to our four themes. The GICS structure includes 64 industries mapped into 10 sectors. After refining the mapping sectors and industries to themes, we constructed the portfolios by weighting their constituent industries according to their capitalizations. See our paper "Next Generation EM Equities: Harnessing the Power of Thematic Drivers of Return"

LC = 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.

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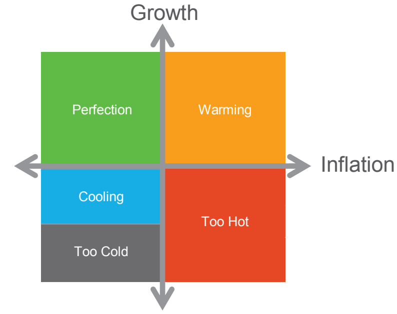
Valuation Model – The ISSG Valuation Model considers relative valuations across the asset classes that we rank. We consider the current values placed on future cash flows of the securities against their historical longer-term trend levels.
Momentum Model – The ISSG Momentum Model considers relative price 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:



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