

# Press Release



Contact: Joseph F. Ailinger Jr.  
+1 617-722-7571  
joe.ailinger@bnymellon.com

## **All Segments of the US Master Trust Universe End 2008 in the Red, According to BNY Mellon Asset Servicing**

*US plans post negative returns for fifth straight quarter*

BOSTON, February 10, 2009 – The median plan for the 654 corporate, foundation, endowment, public, Taft-Hartley and health care plans that make up the BNY Mellon Master Trust Universe posted a -13.10% return for the fourth quarter of 2008, representing the fifth straight quarter of negative returns. US plans lost over a quarter of their value in 2008, with the median return down -25.23% for the 12-month period ending December 31, 2008. This marks the worst 12-month return in more than 20 years. The last time the median plan posted a negative full-year return was in 2002 when it was down -8.7%.

The BNY Mellon US Master Trust Universe represents a market value of \$1.1 trillion, with an average plan size of \$1.6 billion.

“All segments in the BNY Mellon Master Trust Universe posted losses in the fourth quarter, however, the health care segment was the only one to post single-digit losses for the period with a median return of -9.50%. Public funds were the worst performing segment, down over 14% for the quarter,” said Greg Stewart, first vice president and regional product manager of BNY Mellon Asset Servicing. “Results for the full year are similar, with health care plans posting the best returns, albeit in the red by more than 16%. All other segments posted returns in the range of -24% to -26%. As before, plans with greater exposure to fixed income fared a bit better, but 2008 will go down as one of the worst on record for many investors.”

### **Highlights**

- Of the plans in the universe, 95% posted negative results for the period ending December 31, 2008.
- 88% of the plans posted a return that either matched or exceeded the custom policy return of -16.63% in the fourth quarter, a contrast to recent quarters when the majority of plans underperformed the universe policy. The outperformance is explained by the lower allocation to equities, notably US equities. The average asset allocation to US equities has fallen below 30% for the first time.
- Health care was the top performing plan type for the fourth quarter with a -9.50% median return, followed by Taft-Hartley, corporate, endowments, foundations and public plans.
- US fixed income led all asset classes for the quarter with a median return of 2.03%, underperforming the Barclays Capital U.S. Aggregate Bond Index return of 4.58%. Non-US fixed income posted a median return of -0.43%, versus the Citigroup Non-US Dollar World Government Bond Index return of 8.80%. US equities returned -23.0%, compared to the Russell 3000 Index return of -22.78%. Non-US equities returned -20.94%, lagging the MSCI All Country World ex US Index return of -19.42%.

“Fourth quarter returns were pulled down by equity markets, with both domestic and international markets down more than 20% for the period,” said Stewart. “With the flight to quality, fixed income markets were the sole safe haven in the quarter, with US fixed income posting a positive return of over 2%. For the year, it’s the same story with equities down significantly. Asset owners who looked outside US equity markets paid a price as the median return of the Non-US asset class was down a staggering 43.5%.”

The average asset allocation in the BNY Mellon US Master Trust Universe for the fourth quarter was: US equity 29%, US fixed income 28%, non-US equity 15%, non-US fixed income 2%, alternative investments 11%, real estate 4%, cash 2%, and other (private equity, oil, gas, etc.) 9%.

BNY Mellon Asset Servicing offers clients worldwide a broad spectrum of specialized asset servicing capabilities, including custody and fund services, securities lending, performance and analytics, and execution services. BNY Mellon Asset Servicing provides services through The Bank of New York Mellon and other related companies.

The Bank of New York Mellon Corporation is a global financial services company focused on helping clients manage and service their financial assets, operating in 34 countries and serving more than 100 markets. The company is a leading provider of financial services for institutions, corporations and high-net-worth individuals, providing superior asset management and wealth management, asset servicing, issuer services, clearing services and treasury services through a worldwide client-focused team. It has \$20.2 trillion in assets under custody and administration, \$928 billion in assets under management and services more than \$11 trillion in outstanding debt. Additional information is available at [bnymellon.com](http://bnymellon.com).

#### **BNY Mellon US Trust Universe Median Plan Returns**

**Period Ending December 31, 2008**

<b>Universe</b>	<b>Number of Participants</b>	<b>4Q 2008</b>	<b>One-Year</b>	<b>Five-Years</b>	<b>Ten-Years</b>
Master Trust Total Fund	654	-13.10	-25.23	1.98	3.47
Corporate Plans	275	-12.63	-25.71	2.07	3.48
Foundations	98	-13.94	-26.31	1.79	3.94
Endowments	88	-13.44	-24.78	2.88	3.82
Public Plans	85	-14.02	-26.79	2.11	3.42
Taft-Hartley Plans	60	-12.18	-24.32	0.92	2.63
Health Care Plans	22	-9.50	-16.35	2.63	3.65
Universe Custom Composite Benchmark		-16.63	-30.13	-0.03	0.78

\*Russell Investment Group is the owner of the trademarks, service marks, and copyrights related to its indexes.

\*\*\*\*\*