

Press Release



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BNY Mellon Asset Management's Target Surplus Strategies Attract Pension Plans Setting Funding Goals

Newly Launched Approach Tops \$1 Billion in Assets under Management

BOSTON, July 29, 2010 – BNY Mellon Asset Management announced it is seeing growing interest from corporate pension plans in its Target Surplus Strategies, which were created to help the plans set deadlines to achieve targeted funding ratios. Since BNY Mellon launched these strategies in mid 2009, it has attracted more than \$1 billion in assets under management from six pension plans.

“Utilizing these strategies, we are helping pension plans establish a glide path with funding targets and trigger points that will help them seek a desired outcome, such as full funding of the plan or plan termination by a specific deadline,” said Peter Austin, executive director of BNY Mellon Pension Services, the pension services arm of BNY Mellon Asset Management and part of The Bank of New York Mellon. “We have seen strong demand and expect our Target Surplus Strategy assets to exceed \$2 billion by the end of Q3 2010.”

The Target Surplus Strategies are overseen by BNY Mellon Pension Services and utilize a range of investment strategies including equities, fixed income, and alternative investments that are managed by several BNY Mellon investment boutiques including Standish, The Boston Company Asset Management and Mellon Capital Management Corporation.

The Target Surplus Strategies are intended to be more dynamic than traditional Liability Driven Investing (LDI) strategies as they create a framework that helps pension plan sponsors decide when to vary allocations to different asset classes as the funded status of the plan changes. According to a recent BNY Mellon study, Target Surplus Strategies for Defined Benefit Plans (May 2010), plans with a low funded status are more likely to have a higher initial allocation to equities, with the allocation to bonds increasing as the funded status of the plan improves.

“Once a plan achieves its funding target, an endgame asset allocation could then be implemented which could seek to maintain the funding status with minimal contributions from the corporation and reflect the ultimate risk profile for the pension plan on an ongoing basis,” said Austin.

The funding status of pension plans can directly affect the balance sheets and cash contribution requirements of corporations under accounting and funding rules in the U.S. Austin said, “We believe that corporations that implement Target Surplus Strategies are more likely to achieve the funding necessary to either maintain the plan in the future with reduced financial stress, or allow them to terminate the plan.”

All information source BNY Mellon Asset Management as of June 30, 2010. This press release is qualified for issuance in the US only and is for information purposes only. It does not constitute an offer or solicitation of securities or investment services or an endorsement thereof in any jurisdiction or in any circumstance in which such offer or solicitation is unlawful or not authorized. This press release is issued by BNY Mellon Asset Management to members of the financial press and media and the information contained herein should not be construed as investment advice. Past performance is not a guide to future performance.

Notes to Editors:

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