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## FIRST QUARTER // 2013

Analytical Insights is a quarterly publication providing clients with investment information that can be used in the processes of monitoring global assets.

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Global Risk Solutions  
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## A MESSAGE FROM DEBRA BAKER

Debra A. Baker  
Managing Director  
Head of Global Risk Solutions  
BNY Mellon



### Global Risk Solutions – Providing Enhanced Risk Management, Transparency & Regulatory Reporting

As the new global head of Global Risk Solutions, I want to take this opportunity and introduce myself. I am Debra Baker and I am very proud to be leading one of the world's largest risk and performance teams in the industry. I have been with BNY Mellon for 17 years. I am rejoining Asset Servicing after leading the U.S. financial institutions client segment within our Corporate Trust business. Prior to that, I held positions in Asset Servicing focused on investment risk services, heading our global product management and global risk services groups. By combining all of our risk services into one group — Global Risk Solutions — we consolidated all of the functions and services provided by our Performance & Risk Analytics global product line, giving us the scope we need to efficiently and effectively expand our capabilities to meet your needs today and in the future.

We are focused on providing services that help you measure, manage and mitigate the risks in your investments. The demand for this information has grown due to increasing alternative investment strategies, recent shocks to economies and markets and new regulatory requirements.

Responding to this need, we announced, in March, a new premium service, BNY Mellon Risk View<sup>SM</sup> that provides enhanced investment transparency across all asset classes, including alternatives and derivatives, as the foundation for comprehensive risk assessment. This service will help solve transparency issues that many of you have expressed to your Global Risk Solutions Consultants and will alleviate the administrative burden of aggregating investment data. It is based upon an innovative approach to the collection, normalization and management of investment data from multiple sources tailored to your unique investment perspective.

I know that our Global Risk Solutions Consultants have been contacting you to discuss our newly formed team and to introduce BNY Mellon Risk View. Our goal is to be a partner that

you can rely on for superior client service and providing innovative risk services that lead to improved investment oversight.

I look forward to an exciting 2013 and keeping you updated on Global Risk Solutions and how we can help you achieve your investment goals.



Debra A. Baker

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## ECONOMIC OUTLOOK

This is Richard Hoey of BNY Mellon with a market commentary for April 2013.

The outlook for the global economy is for continued expansion this year, with a faster pace of growth likely next year. In 2014, we believe that Europe should finally record a moderate expansion year and U.S. economic growth should shift upwards to a faster pace of growth.

A key support for global expansion has been stimulative monetary policy. We believe that financial conditions have been easy everywhere in the world with the exception of peripheral Europe. We do not expect this stimulative monetary policy to be abandoned any time soon. Japan has eased its monetary policy aggressively. In several key emerging countries, Japan's shift to a more stimulative monetary policy is likely to motivate them to maintain easy policies to mitigate a potential loss of competitiveness. In the U.S., the message from the key members of the Federal Open Market Committee indicates a bias to maintain a stimulative monetary policy for an extended period of time. In the U.K., the Bank of England has signaled great tolerance for above-target inflation.

Countries differ in their fiscal policy. The Eurozone and the U.K. have had restrictive fiscal policies, which are likely to be eased only gradually. This has contributed to their economic weakness. U.S. fiscal policy tightened slowly and tentatively until this year. It is unlikely that this year's fiscal drag will disrupt the sustainability of the U.S. economic expansion. While U.S. fiscal policy is tightening this year, it has also become less uncertain. Much of the tax code has now been made permanent and non-entitlement spending is now subject to a multiyear sequester.

We believe that the eventual economic recovery in Europe should prove sluggish. We expect a gradual, saucer-shaped bottom to European economic activity over the course of this year, rather than the V-shaped pattern usually seen at the end of cyclical recessions. We believe that the outlook for Europe is for slightly positive growth in core countries later this year and economic declines persisting throughout the year in peripheral countries.

In Japan, "Abenomics" is an aggressive attempt to break out of two decades of economic stagnation. We believe that the new policies are likely to contribute to positive economic growth in Japan and positive inflation in the next two years. The sharp

drop in the yen associated with aggressive monetary ease and quantitative easing should foster improved profitability for Japanese multinational companies and strengthen confidence. The shift to aggressively stimulative policies in such a major country should contribute to the expansion in the overall global economy. However, the long-term outlook for Japan remains uncertain.

Household deleveraging is well advanced in the U.S. The ratio of debt service to income has dropped sharply to multiyear lows due in part to very low interest rates. The cyclical decline in household net worth has been largely recovered, as the growth of new borrowing has remained sluggish while income has drifted higher and asset prices have risen. While new hiring has been sluggish, layoffs in the private sector have been at multiyear lows. This reduction in job losses helps explain why consumption spending among currently employed workers has been increasing even with only moderate growth in after-tax incomes. The cyclical recovery in residential construction is now well-entrenched.

Budget deficits are currently easy to finance in the U.S. since private demand for credit remains relatively weak and the Federal Reserve has taken aggressive steps to hold down short-term and long-term interest rates. However, there remains a long-term problem of the large rise which is forecast for long-term health care entitlement spending. Cyclically, however, we believe that a failure to solve, in the next few years, the post-2020 problem of surging health care entitlement costs is unlikely to be a significant drag on short-term economic activity.

The statements and opinions expressed in this article are those of the author as of the date of the article, and do not necessarily represent the views of BNY Mellon. Mr. Hoey's comments are provided as a general market overview and should not be considered investment advice or predictive of any future market performance.



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## ANNOUNCEMENTS

### BNY MELLON INTRODUCES NEW RISK MANAGEMENT SERVICE

**BNY Mellon Risk View<sup>SM</sup> delivers enhanced investment transparency across all asset classes, including equities, fixed income and alternatives**

On March 18th, BNY Mellon, the global leader in investment management and investment services, announced the launch of BNY Mellon Risk View<sup>SM</sup>. A unique and powerful new service, Risk View combines data, visualization technology, and asset-specific expertise in a next-generation tool that can serve as a foundation for enhanced risk management.

BNY Mellon Risk View is based on an innovative approach to collecting, normalizing and managing investment data from multiple sources. Available through the company's Global Risk Solutions group, Risk View delivers extended transparency across all asset classes, including alternatives and derivatives. The service is designed for asset owner clients with a significant allocation to alternative investments, including hedge funds, funds of hedge funds, private equity, real estate and others.

"A still-volatile investment climate and greater regulatory oversight have institutional investors demanding extraordinary levels of transparency into their investments," said Debra Baker, head of Global Risk Solutions at BNY Mellon. "Still, transparency is just the first important step in the risk management process. Another key component is accumulating data across asset classes.

"This new capability marks one of many strategic actions we're taking to help clients solve an industry-wide information and service gap. We believe Risk View will dramatically impact the way they think about risk and report on their results, leading to improved investment oversight," Baker added.

Global Risk Solutions is one of the world's largest providers of sophisticated investment analysis tools, with \$9.6 trillion in assets under measurement, 600 professionals at over a dozen global locations, and more than 1,100 clients.

## ANALYTICAL INSIGHTS

GLOBAL RISK SOLUTIONS



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### REPORT OF THE QUARTER

#### BNY MELLON RISK VIEW<sup>SM</sup>

BNY Mellon Risk View provides enhanced investment transparency across all asset classes, including alternatives and derivatives, as the foundation for comprehensive risk assessment. It is based upon an innovative approach to collection, normalization and management of investment data from multiple sources tailored to your unique investment perspective. This premium service helps you understand your portfolios' exposures, liquidity and risks across traditional and alternative assets and can assist in total fund analysis and asset allocation. BNY Mellon aggregates various data elements across asset classes while providing a holistic view of investment exposures and risks. This aggregated exposure information, inclusive of private investments and hedge funds, allow you to dynamically report on your data.

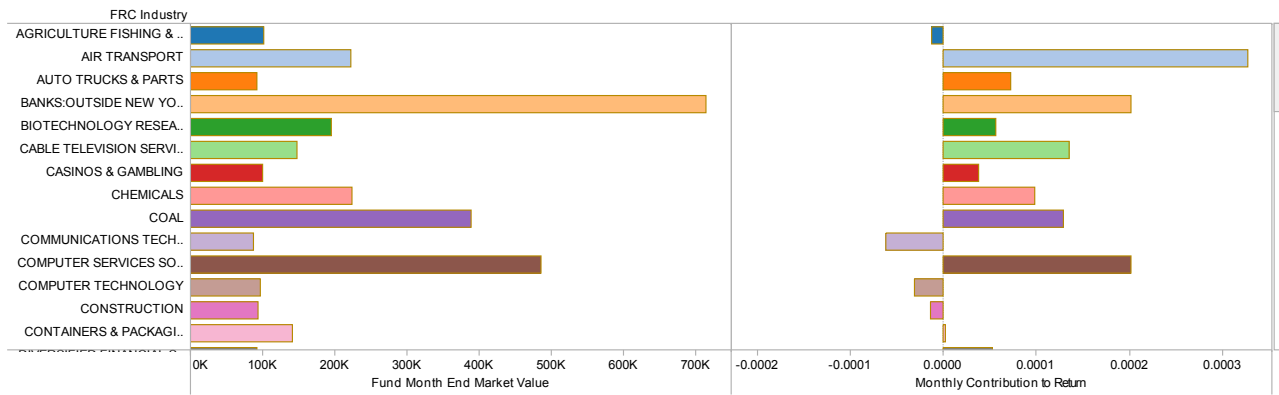
This [Global Asset Distribution](#) sample report aggregates information across all asset classes and geographic regions and displays country allocation. Through the map, we see the portfolio's greatest exposure is to the US, with the UK, Japan and Australia following behind. The portfolio can be further broken down by industry group and we see the greatest contribution for the month coming from air and transport. Portfolio types, countries, sectors and industries can be included or excluded either through the maps or from the boxes on the right.

This [Liquidity of Hedge Fund Assets](#) sample report is a summary by fund of the redemption period and frequency, lockup period and asset value. You can easily see what funds can be made available based on different redemption time frames or needs. This report can also include all portfolio assets.

Global Asset Distribution



Asset Allocation by Industry Group



Company Level Results

Security	Fund Gross Monthly Return	Fund-ITD Return Gross	Fund 3Mth Return Gross	Month End Market Value ..
THORATEC CORP	-11.74%	-29.91%	-13.63%	0.10%
NS SOLUTIONS CORP NPV	0.96%	-21.38%	1.79%	0.06%
ITRON INC	-0.75%	-17.75%	-6.02%	0.09%
NORDIC VLSI NOK0.01	-12.74%	-16.82%	-25.08%	0.11%
BIG LOTS INC	-5.65%	-13.72%	-14.32%	0.07%
CASH AMERICA INTERNATIONAL INC	0.66%	-12.96%	2.75%	0.09%
WEBSTER FINANCIAL CORP	-2.51%	-12.90%	-9.59%	0.11%
FINISAR CORP	-9.47%	-9.82%		0.07%
AOKI HOLDINGS INC Y50	-6.18%	-9.77%	-3.58%	0.05%
NAVISTAR INTERNATIONAL CORP	10.40%	-8.41%	-7.39%	0.07%
SYNAPTICS INC	-4.30%	-6.86%	-6.86%	0.07%
99 CENTS ONLY STORES	-18.33%	-6.19%	-6.19%	0.10%
DRESSER-RAND GROUP INC	-7.24%	-5.26%	-5.26%	0.11%
WERNER ENTERPRISES INC	4.05%	-4.26%	-7.57%	0.08%
LINTEC CORP Y50	0.68%	-2.73%		0.06%
AIR CANADA	31.96%	61.48%		0.09%
ASIAN BAMBOO AG NPV (BR)	-7.00%	10.36%	21.26%	0.11%
ATKINS (WS) ORD 0.5P	2.61%	2.08%	2.08%	0.06%
ATLAS AIR WORLDWIDE HOLDIN..	3.90%	-0.31%		0.07%
AVEVA GROUP ORD GBP0.0333	1.29%	11.73%	11.73%	0.06%
BERTRANDT AG NPV	8.31%	42.21%	42.21%	0.12%
BGC PARTNERS INC	16.25%	27.04%	28.20%	0.00%

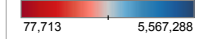
Portfolio Type

- Hedge Fund
- Hedge Fund-FOF
- Managed Portfolio

Country

- ASIA
- AUSTRALIA
- BRAZIL
- CANADA
- CHINA
- DENMARK
- EUROPE
- FRANCE
- GERMANY
- INDIA
- JAPAN
- RUSSIA
- SOUTH AMERICA
- UK
- USA

Fund Month End Market Val..



Sum of Fund-ITD-ReturnGr..  
-0.2990723 to 0.6856656

FRC Industry

- AGRICULTURE FISHIN..
- AIR TRANSPORT
- AUTO TRUCKS & PARTS
- BANKS:OUTSIDE NEW ..
- BIOTECHNOLOGY RES..
- CABLE TELEVISION SE..
- CASINOS & GAMBLING
- CHEMICALS
- COAL
- COMMUNICATIONS TE..
- CONSUMER DISCRETI..
- CONSUMER STAPLES
- Convertible Arbitrage
- Distressed Securities
- Emerging Markets - Global
- ENERGY
- Equities
- Equity Long Only

### Liquidity of Hedge Fund Assets

Redemption_Notice_Period_Days	Name	Lockup_Period	Redemption_Frequency	Redemption_Payout	Redemption_Fee	AUM_USD	Running Sum of Running Total along Table (Down)
5 Days	Special Situations Fund	0	Mthly	95% in 1 days	2% within first year	3,568,431,600	3,568,431,600
	<b>Total</b>					<b>3,568,431,600</b>	<b>3,568,431,600</b>
10 Days	Disney Fund Ltd (A USD)	365	Mthly	100% in 20 days	Yes	3,463,544,000	7,031,975,600
	Home State Fund, L.P. Class A	0	Mthly	95% in 30 days	None	454,233,600	7,486,209,200
	<b>Total</b>					<b>3,917,777,600</b>	<b>7,486,209,200</b>
14 Days	Capital Growth Fund	0	Wkly	Not Provided		6,643,180,800	14,129,390,000
	<b>Total</b>					<b>6,643,180,800</b>	<b>14,129,390,000</b>
20 Days	Magic Markets AG	0	Mthly	100% in 10 days	None	7,159,947,600	21,289,337,600
	<b>Total</b>					<b>7,159,947,600</b>	<b>21,289,337,600</b>
30 Days	(Master Fund Limited	0	Mthly	100% in 30 days	Up to 3% first year at D..	1,591,930,176	22,881,267,776
	Audan Global, Ltd.	0	Mthly	90% in 30 days	None	13,167,678,300	36,048,946,076
	Brazil Fund (Valor)	0	Mthly	100% in 30 days	None	709,430,400	36,758,376,476
	Capital Opportunities Fund EUR	0	Mthly	100% in 30 days	3% first 12 months	866,822,880	37,625,199,356
	Global Strategy Fund	0	Mthly	100% in 30 days	None	950,073,600	38,575,272,956
	Opportunity Fund Limited	180	Mthly	100% in 30 days	5% within lock up period	9,134,602,400	47,709,875,356
	<b>Total</b>				<b>26,420,537,756</b>	<b>47,709,875,356</b>	
60 Days	Multimanager Risk Fund	0	Mthly	90% in 15 days	None	800,236,800	48,510,112,156
	<b>Total</b>					<b>800,236,800</b>	<b>48,510,112,156</b>

Redemption\_Notice\_Period\_Days

- 5 Days
- 10 Days
- 14 Days
- 20 Days
- 30 Days
- 60 Days
- 90 Days
- 180 Days
- Not Provided

Currency

- AUD
- CAD
- EUR
- USD

Domicile

- Brazil
- Canada
- Cayman Islands
- France
- Guernsey
- Switzerland
- United Kingdom
- United States

Redemption\_Payout

- 90% in 15 days
- 90% in 30 days
- 95% in 1 days
- 95% in 30 days
- 100% in 10 days
- 100% in 20 days
- 100% in 30 days
- 100% in 90 days
- 100% in 365 days
- Not Provided