

REPORT OF THE QUARTER

SECOND QUARTER 2014

BNY MELLON RISK VIEWSM

We understand that the volatile investment environment and increased level of regulatory oversight now put added pressure on you to have increased insight into your investments. You need to better understand exposures and risks inherent within an investment program by addressing different approaches to risk management practices. Transparency is the foundation, representing an important step in the risk management process.

- Robust enterprise risk analysis capabilities including value-at-risk measures, risk factor stress testing or historical scenario analysis enable clients to measure expected losses given a specific time frame and confidence level
- Investment transparency across all asset classes, with a focus on alternative investments including hedge funds and private equity
- Dynamic and flexible reporting delivers views of portfolios in a manner that is most meaningful to our clients and their investment process
- Data management support from BNY Mellon including a systematic approach to collecting, loading and reconciling investment information

The major value of BNY Mellon Risk View is that it provides the foundation for comprehensive risk assessment by combining investment transparency with dynamic exposure analysis, risk and volatility statistics, liquidity measures, and liability analysis into a single robust reporting solution.

The sample report on page 2 shows a Total Fund composite and is structured in a top down view (Total Fund/Asset Class/Account) with a series of user defined events. In this scenario, the client is going to lose over 18% of their AUM with the majority of it (15 of 18%) coming from the projected drop in the equity market events. As a result, clients may want to think about allocating to diversifying assets like Equity Long/Short funds, Fixed Income, or other asset classes that typically are not correlated to the equity markets. Once a new potential allocation is decided this hypothetical allocation can be run through the same event to help determine if the changes to allocation are having the desired impact.

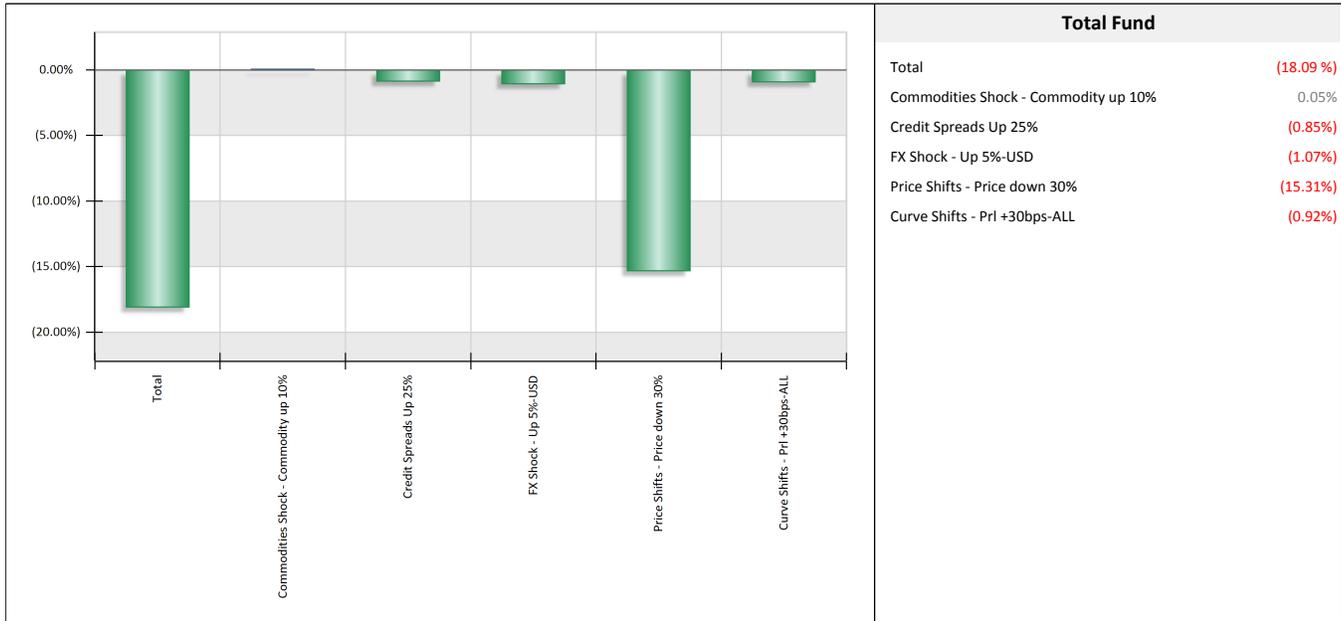
The top down approach is commonly used, however BNY Mellon Risk View provides additional flexibility, allowing clients to decompose the sensitivity analysis on 20 plus standard topologies, (e.g. sector, country, currency, liquidity buckets, etc.) as well as custom topologies that can be created to meet specific reporting requirements.

Clients benefit from using Sensitivity Analysis reporting because they can tailor a market event or a complex series of events and then run either their current and or hypothetical portfolios against the defined market movements to obtain a detailed decomposition on how the assets could react. Sensitivity Analysis, which is also known as scenario analysis, stressing or shocking a portfolio, provides quantitative results that provide valuable insight to support clients' asset allocation process.



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P&L % Change - Total Scenario



P&L Value Change - Group by BNYM Account Strategy 3 - Account Name

BNYM Account Strategy 3	Market Value	Notional Value	Total	Commodities Shock - Commodity up 10%	Credit Spreads Up 25%	FX Shock - Up 5%-USD	Price Shifts - Price down 30%	Curve Shifts - Prl +30bps-ALL
TOTAL	15,000,000,000	17,645,276,941	(2,713,341,749)	7,120,166	(126,835,646)	(159,866,227)	(2,296,241,887)	(137,518,154)
Equity	5,100,000,000	5,100,000,000	(1,490,863,707)	0	(50,812)	(70,423,304)	(1,420,389,591)	0
Domestic LC Equity	1,200,000,000	1,200,000,000	(360,144,167)	0	(90)	0	(360,144,077)	0
Domestic MC Equity	1,800,000,000	1,800,000,000	(529,781,162)	0	(338)	0	(529,780,824)	0
Domestic SC Equity	600,000,000	600,000,000	(154,002,958)	0	(395)	(299,409)	(153,703,153)	0
International Equity	1,500,000,000	1,500,000,000	(446,935,420)	0	(49,989)	(70,123,895)	(376,761,536)	0
Fixed Income	5,250,000,000	8,607,182,072	(292,092,451)	0	(108,668,688)	(56,341,804)	0	(127,081,960)
Traditional Fixed Income	5,250,000,000	8,607,182,072	(292,092,451)	0	(108,668,688)	(56,341,804)	0	(127,081,960)
Hedge Fund	2,400,000,000	1,688,094,868	(191,255,034)	7,120,166	(18,110,590)	(10,601,118)	(159,227,296)	(10,436,194)
Convert Arb Fund	150,000,000	(33,792,858)	(8,847,195)	0	(6,576,531)	174,284	(823,853)	(1,621,094)
Currency Fund	150,000,000	572,753,393	(29,906,328)	7,120,616	(491)	(3,926,789)	(27,615,638)	(5,484,026)
Distressed Fund I	150,000,000	65,562,942	(13,328,256)	0	(1,769,604)	(328,244)	(11,259,991)	29,582
Distressed Fund II	150,000,000	14,411,740	(6,361,779)	0	(1,521,538)	(297,176)	(4,303,909)	(239,157)
Equity LS Fund I	600,000,000	630,111,344	(96,282,628)	0	(54,810)	0	(96,102,372)	(125,446)
Equity LS Fund II	600,000,000	569,478,927	23,199,138	(450)	12,179	1,439,184	21,718,415	29,809
Multi Strategy Fund	600,000,000	(130,430,620)	(59,727,986)	0	(8,199,797)	(7,662,377)	(40,839,949)	(3,025,863)
Private Equity	750,000,000	750,000,000	(275,625,405)	0	(405)	0	(275,625,000)	0
Private Equity Fund	375,000,000	375,000,000	(135,000,180)	0	(180)	0	(135,000,000)	0
Private Equity Venture	375,000,000	375,000,000	(140,625,225)	0	(225)	0	(140,625,000)	0
Real Assets	1,500,000,000	1,500,000,000	(463,505,151)	0	(5,151)	(22,500,000)	(441,000,000)	0
Infrastructure	600,000,000	600,000,000	(143,999,712)	0	288	0	(144,000,000)	0
Real Estate I	450,000,000	450,000,000	(141,750,054)	0	(54)	0	(141,750,000)	0
Real Estate II	450,000,000	450,000,000	(177,755,385)	0	(5,385)	(22,500,000)	(155,250,000)	0