



Third Quarter 2008

Volume 18.3

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Market Review

The third quarter was, by any measure, a difficult period characterized by soaring (and then falling) commodity prices, heightened stock market volatility, slowing consumer spending, a pullback in emerging market demand and a global financial crisis. ▶

Economic Outlook

After a half-decade of exceptionally strong global economic growth, we believe that a U.S. recession, a G-7 recession and a global recession have already begun. One result should be a substantial cooling of inflationary pressures. ▶

Announcements***BNY Mellon Asset Servicing Names John Gruber Head of Global Product Management for Performance & Risk Analytics***

BNY Mellon Asset Servicing, the global leader in securities servicing, has named John Gruber as head of Global Product Management for its Performance & Risk Analytics (P&RA) product line. ▶

BNY Mellon Asset Servicing Announces New Service for Composite Management

BNY Mellon Asset Servicing, the global leader in asset servicing, has introduced a new service for investment managers and financial institutions that comply with the Global Investment Performance Standards (GIPS) in their reporting process. ▶

Performance & Risk Analytics Client Conference

Our Performance & Risk Analytics (P&RA) 2008 Client Conference was held on September 8 - 10, 2008, in Coronado, CA. This was our largest client conference with 250 clients, partners, conference speakers and BNY Mellon associates in attendance. ▶

Report of the Quarter

Triangle Report

With market volatility at an all time high, performance analysis and manager selection has become more complex. The decision to hire or fire managers and reallocate funds across various asset classes is important and the timing of these decisions can significantly impact investment performance. ▶

[*Print Version*](#)

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Market Review

Economic Review

The third quarter was, by any measure, a difficult period characterized by soaring (and then falling) commodity prices, heightened stock market volatility, slowing consumer spending, a pullback in emerging market demand and a global financial crisis. Market participants have witnessed a series of truly historic events in recent months, including the nationalization of Fannie Mae and Freddie Mac, the bankruptcy of Lehman Brothers, the merger of Merrill Lynch with Bank of America, the takeover of AIG and the collapse of Washington Mutual. After a period of overextension, the banking system has begun the painful process of consolidation, which has materially reduced credit needed for the economy. In three months investors witnessed the evaporation of much of the U.S. financial sector, while UK and European financials have also come under pressure. In response to the crisis, Congress eventually passed the Troubled Asset Relief Program, though final details of the program are still uncertain as of this writing.

Domestic Equity Review

Equity investors experienced a harsh third quarter, with the broad indices for all sub-classes moving sharply negative. This downward move in the equity markets persisted, even after commodity prices sharply reversed their run-up in prices from the earlier part of the year. In response, the federal government acted at first with mostly ad hoc and unpredictable measures. As the crisis deepened, however, Congress approved a more comprehensive fiscal program designed to purchase large amounts of tarnished assets. The Federal Reserve also tried to restart credit markets by making capital available to banks and non-banks alike. However, these efforts were not enough to turn financial markets around. Investors and lenders increasingly hoarded cash and bank lending froze. In this challenging environment, the major equity indices were down for the quarter and have lost more than 10 percent year to date.

International Markets Review

International equity investors were not able to escape the situation facing investors in other markets. The broad international indices fell even more precipitously than those of the United States, as investors came to terms with mounting evidence supporting the existence of an imminent global recession. The problems in the financial sector proved to be not merely a US phenomenon, as financials in the UK and Europe struggled during the quarter. Emerging Markets proved not to be a safe haven for investors during this time either, as the developing markets of the world almost uniformly reported negative returns. By the end of the quarter, economic indicators were showing signs of a more significant slowdown in growth.

Fixed Income Review

Global bond markets have been volatile throughout 2008, due largely to the inflationary commodity price surge and the deflationary systemic banking risks. During the third quarter, it became clear that the latter of these two cross-currents may dominate the global landscape for some time. After the U.S. authorities allowed Lehman Brothers to go bankrupt, concerns about counterparty risks and systemic meltdown spread rapidly. In the rush to safety, interest rates on U.S. government notes and bonds dropped, with two-year Treasury yields falling by 70 basis points. Trading was confined mainly to the highest-grade issues, with most buyers seeking only the shortest bonds. Corporate credit had its worst month ever in September as U.S. investment grade corporate bonds underperformed U.S. Treasuries by almost 8%, while other sectors were also hit hard.

Financial Markets Review

Not since the 1930s has the world's financial landscape changed as dramatically or as rapidly as it did during the third quarter of 2008. Momentous events included Fannie Mae and Freddie Mac being placed in conservatorship (effectively nationalized), Lehman Brothers filing for bankruptcy and the U.S. government becoming the majority shareholder in AIG. Among a raft of banking acquisitions, Bank of America bought Merrill Lynch, JP Morgan acquired Washington Mutual and, in the UK, Lloyds TSB announced its intention to buy HBOS. At quarter end, the Federal Reserve had maintained the Fed Funds Rate at 2%, but pressure was rapidly mounting from investors for a cut in the rate. Amid great uncertainty about the fate of the financial sector and clear signs of deterioration in developed economies, share prices fell and, in particular, prices of assets perceived to be especially risky—such as commodities and emerging-market equities—slumped.

U.S. Equities

The Russell 1000 Index lost 9.3% for the quarter, as compared to the 1.1% quarterly loss for the Russell 2000 index. Growth stocks fared worse than value in the third quarter as shown by a -5.3% return for the Russell 3000 Value index compared to a -11.9% return for the Russell 3000 Growth. The Energy sector reversed course from recent history and was the worst performer of the quarter.

Non-U.S. Equities

The markets were not favorable for international equities in the third quarter. Performance was consistently negative across geographic regions and styles. The MSCI EAFE Index led the way with a -20.5% return for the third quarter. Emerging Markets fared considerably worse, with the MSCI Emerging Markets Index returning -26.9% for the quarter.

U.S. Fixed Income

The most significant trend in fixed income for the quarter was the bond markets' shunning of all things corporate. The strongest performance for the quarter came from the Lehman Government Bond Index and Lehman Fixed Rate MBS Index, each posting a quarterly return of 1.9%. The bond market as a whole exhibited negative returns, as shown by the -0.5% return for the Lehman Aggregate Bond Index during the third quarter.

Commentary provided by Mellon Institutional Funds, BNY Mellon Asset Management.

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Market Benchmarks - September 30, 2008

	QTR ENDING	YTD ENDING	YEAR ENDING	3 YEARS ENDING	5 YEARS ENDING	7 YEARS ENDING	10 YEARS ENDING
Cash							
90 DAY TREASURY BILL	0.63	1.83	2.90	4.20	3.26	2.80	3.55
Bonds							
LEHMAN AGGREGATE	-0.49	0.63	3.65	4.15	3.78	4.69	5.20
LEHMAN GOVT CREDIT	-1.64	-0.67	2.41	3.60	3.34	4.61	5.00
CITIGROUP BROAD	-0.11	1.30	4.48	4.48	4.03	4.85	5.32
MER HIGH YIELD BOND	-9.48	-10.60	-11.62	0.88	4.22	6.38	4.54
Equity							
S&P 500	-8.37	-19.29	-21.98	0.22	5.17	3.50	3.06
RUSSELL 1000 GROWTH	-12.33	-20.27	-20.88	0.04	3.74	2.30	0.59
RUSSELL 1000 VALUE	-6.11	-18.85	-23.56	0.09	7.12	5.52	5.55
RUSSELL 2000	-1.11	-10.38	-14.48	1.83	8.15	9.03	7.81
RUSSELL 3000	-8.73	-18.81	-21.52	0.26	5.70	4.36	3.80
Int'l Bonds							
CITIGROUP WLD GOVT BD HEDGED	2.60	2.81	5.22	4.15	4.29	4.53	4.98
CITIGROUP WLD GOV EX US	-4.26	1.20	5.16	5.51	5.56	7.92	5.24
Int'l Equity							
WORLD NET DIVS	-15.25	-24.21	-26.05	0.75	7.32	5.38	3.80
WORLD EX USA HEDGED	-14.00	-27.93	-29.97	-2.46	5.61	1.52	2.26
EAFE NET DIVS	-20.56	-29.26	-30.50	1.12	9.69	7.79	5.02
EAFE EX-JAPAN	-21.79	-32.94	-33.59	-0.15	8.25	6.05	2.93
EMERGING MARKETS	-27.61	-36.82	-34.69	5.97	15.82	17.71	11.93
TSE 300 (CAD \$)	-18.22	-13.32	-14.40	4.72	12.04	10.31	9.71
Real Estate							
NCREIF REAL ESTATE *	0.56	5.45	9.21	14.97	14.73	12.34	12.23

* As of June 30, 2008

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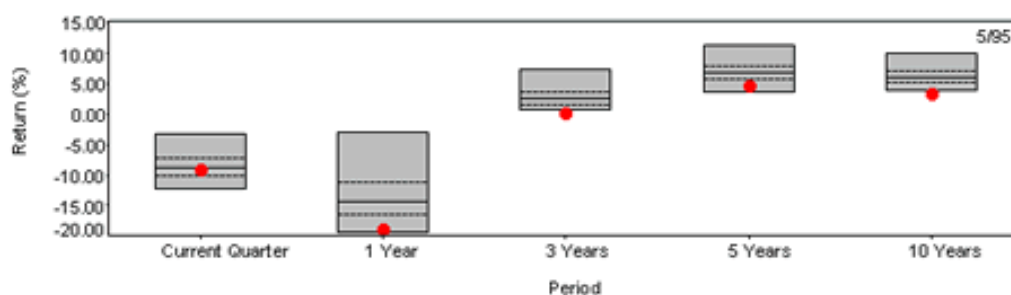
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Master Trust Funds - Total Fund - Quarter Ending September 30, 2008

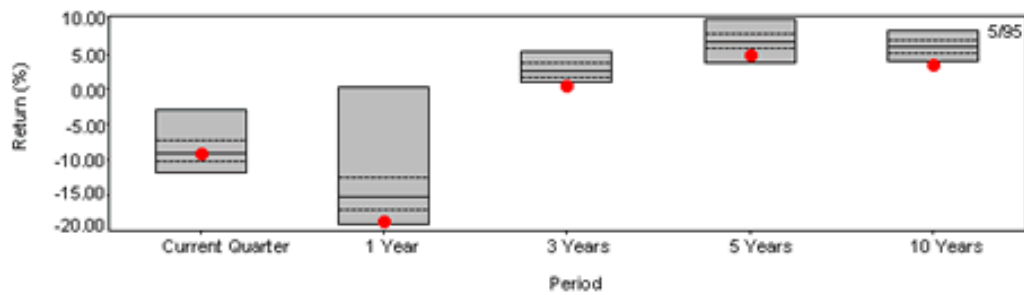


	Return	(% tile)	Return	(% tile)	Return	(% tile)	Return	(% tile)	Return	(% tile)
5th Percentile	- 3.41		- 2.90		7.33		11.17		9.90	
25th Percentile	- 7.26		- 11.40		3.82		8.02		7.08	
Median	- 8.89		- 14.63		2.63		6.66		6.10	
75th Percentile	- 10.05		- 16.56		1.68		5.65		5.13	
95th Percentile	- 12.43		- 19.73		0.47		3.41		3.64	
# of Portfolios	509		477		447		393		266	
● 50R3000/40LB AGG/10 MSCI WxUS	- 8.27	39	- 17.93	88	1.23	84	5.64	76	4.26	90

 Master Trust Funds - Total Fund - Asset Allocation
 Quarter Ending September 30, 2008

	Total % of Market Value	5th	25th	Median	75th	95th
US Equity	32%	66.99%	46.63%	38.04%	29.28%	15.55%
Non-US Equity	16%	27.68%	18.87%	14.84%	12.12%	5.18%
US Fixed Income	27%	63.92%	38.63%	28.90%	21.61%	7.23%
Non-US Fixed Income	1%	9.58%	4.76%	1.90%	0.00%	0.00%
Real Estate	4%	14.40%	9.57%	6.24%	3.81%	1.14%
Alternative Investments	11%	61.55%	34.10%	14.88%	6.46%	2.31%
Cash	2%	28.69%	7.72%	3.20%	1.63%	0.00%
Other	7%					

Total Funds - Corporate - Quarter Ending September 30, 2008

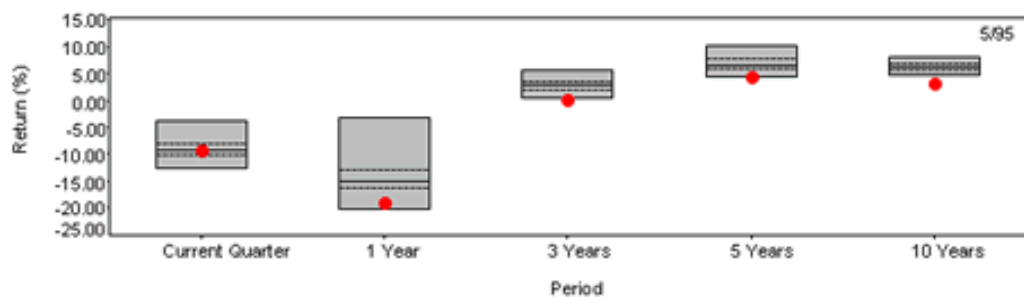


	Return	(% tile)	Return	(% tile)	Return	(% tile)	Return	(% tile)	Return	(% tile)
5th Percentile	- 2.95		0.41		5.24		9.87		8.26	
25th Percentile	- 7.22		- 12.27		3.57		7.72		6.96	
Median	- 8.98		- 15.25		2.57		6.68		6.04	
75th Percentile	- 10.09		- 17.03		1.59		5.79		5.06	
95th Percentile	- 12.06		- 19.30		0.75		3.38		3.68	
# of Portfolios	222		204		197		172		122	
50R3000/40LB AGG/10 MSCI WxUS	- 8.27	37	- 17.93	86	1.23	85	5.64	81	4.26	90

Total Funds - Corporate - Asset Allocation Quarter Ending September 30, 2008

	Total % of Market Value	5th	25th	Median	75th	95th
US Equity	34%	69.23%	48.77%	40.64%	33.63%	22.43%
Non-US Equity	15%	25.03%	18.61%	14.47%	11.88%	4.80%
US Fixed Income	32%	59.09%	40.26%	32.67%	24.93%	14.03%
Non-US Fixed Income	1%	11.30%	3.93%	1.44%	0.00%	0.00%
Real Estate	3%	12.74%	8.28%	6.16%	4.65%	1.50%
Alternative Investments	6%	34.23%	15.25%	9.92%	4.59%	1.15%
Cash	3%	100.00%	11.91%	5.11%	2.21%	0.00%
Other	6%					

Total Funds - Public - Quarter Ending September 30, 2008



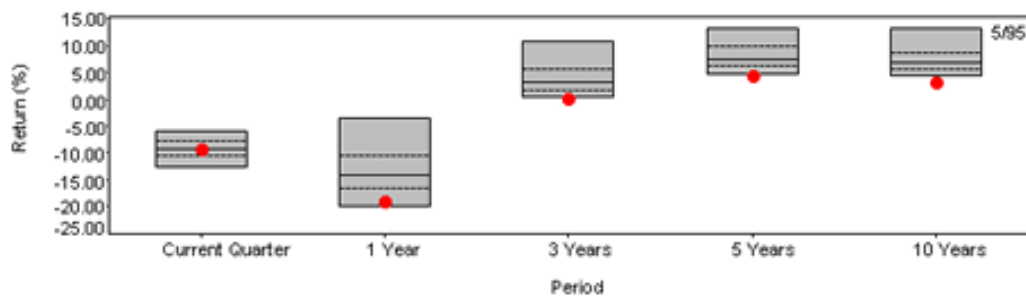
	Return	(% tile)	Return	(% tile)	Return	(% tile)	Return	(% tile)	Return	(% tile)
5th Percentile	- 3.81		- 2.93		5.49		10.20		8.23	
25th Percentile	- 7.93		-12.96		3.50		7.67		7.04	
Median	- 9.17		-14.99		2.77		6.63		6.33	
75th Percentile	-10.24		-16.35		2.04		5.97		5.71	
95th Percentile	-12.84		-20.53		0.05		4.13		4.68	
# of Portfolios	66		62		62		55		32	
50R3000/40LB AGG/10 MSCI WxUS	- 8.27	32	-17.93	91	1.23	93	5.64	83	4.26	97

Total Funds - Public - Asset Allocation

Quarter Ending September 30, 2008

	Total % of Market Value	5th	25th	Median	75th	95th
US Equity	29%	59.21%	43.69%	34.91%	29.83%	18.58%
Non-US Equity	18%	22.75%	18.45%	16.79%	13.96%	6.27%
US Fixed Income	27%	66.07%	32.74%	28.03%	23.48%	15.67%
Non-US Fixed Income	2%	13.56%	5.27%	3.55%	1.34%	0.00%
Real Estate	5%	14.21%	8.26%	6.73%	4.55%	0.86%
Alternative Investments	10%	23.52%	14.70%	8.74%	5.34%	2.66%
Cash	1%	28.90%	4.34%	2.11%	1.60%	0.00%
Other	8%					

Total Funds - Foundation/Endowments - Quarter Ending September 30, 2008



	Return	(% tile)	Return	(% tile)	Return	(% tile)	Return	(% tile)	Return	(% tile)
5th Percentile	- 6.04		- 3.63		10.74		13.47		13.13	
25th Percentile	- 7.80		- 10.33		5.81		9.92		8.62	
Median	- 9.20		- 14.00		3.22		7.53		6.82	
75th Percentile	- 10.33		- 16.58		1.95		6.22		5.60	
95th Percentile	- 12.90		- 20.15		0.49		4.68		4.32	
# of Portfolios	143		133		120		106		71	
● 50R3000/40LB AGG/10 MSCI WxUS	- 8.27	32	- 17.93	86	1.23	86	5.64	84	4.26	96

Total Funds - Foundation/Endowments - Asset Allocation

Quarter Ending September 30, 2008

	Total % of Market Value	5th	25th	Median	75th	95th
US Equity	32%	65.09%	43.31%	30.58%	23.79%	12.80%
Non-US Equity	16%	34.82%	19.76%	16.26%	13.30%	7.29%
US Fixed Income	13%	39.01%	27.28%	17.80%	11.06%	2.20%
Non-US Fixed Income	1%	7.73%	2.71%	1.57%	0.00%	0.00%
Real Estate	2%	15.05%	4.96%	2.25%	1.53%	1.03%
Alternative Investments	30%	68.06%	53.22%	34.17%	16.85%	4.72%
Cash	2%	16.52%	8.14%	3.27%	1.92%	0.54%
Other	4%					

Manager Universes - Top 10

Sorted By Total Return on the Three Year Time Period Ending September 30, 2008

LARGE VALUE EQUITY MANAGERS	3 Yrs Sep. 2008	2 Yrs Sep. 2008	1 Yr Sep. 2008	Qtr Sep. 2008	3 Yrs Std Dev.
Becker Capital Management, Inc.	5.05	0.17	-11.97	-5.63	8.85
Loomis, Sayles & Company, L.P.	4.86	-2.04	-18.74	-7.40	10.69
American Century Investment Management, Inc.	4.38	-0.36	-12.82	0.11	7.75
Janus Capital Management LLC	4.31	0.26	-24.86	-16.80	15.88
MFS Investment Management, Inc.	4.29	-0.75	-17.29	-6.48	9.83
W.H. Reaves & Co., Inc.	4.11	2.99	-18.11	-23.19	18.29
SKBA Capital Management, LLC	3.93	-0.35	-15.06	-0.89	9.24
Boston Partners Asset Management, L.P.	3.73	-0.61	-16.59	-1.86	10.65
GE Asset Management	3.23	-0.67	-14.96	-8.50	11.10
Bartlett & Co.	3.23	-0.03	-17.96	-6.38	10.70
Russell 1000 Value Index	0.09	-6.47	-23.56	-6.11	
LARGE GROWTH EQUITY MANAGERS	3 Yrs Sep. 2008	2 Yrs Sep. 2008	1 Yr Sep. 2008	Qtr Sep. 2008	3 Yrs Std Dev.
Fred Alger Management, Inc.	6.64	3.20	-24.29	-17.66	18.04
McKinley Capital Management, Inc.	5.94	4.69	-16.94	-13.89	13.70
DSM Capital Partners	5.62	3.61	-17.28	-13.00	14.10
Albion Management Group	5.36	0.59	-21.24	-13.31	14.54
Ashland Management, Incorporated	4.97	4.64	-11.96	-9.69	9.75
William Blair & Company	4.77	1.54	-17.06	-9.98	11.71
Roxbury Capital Management	4.66	1.63	-8.38	2.30	6.96
Waddell & Reed Investment Management Company	4.65	3.48	-16.27	-10.91	12.58
AMI Asset Management Corporation	4.59	5.47	-4.16	4.47	8.45
Hanseatic Management Services Inc.	4.42	2.31	-17.59	-18.47	15.90
Russell 1000 Growth Index	0.04	-2.82	-20.88	-12.33	
SMALL VALUE EQUITY MANAGERS	3 Yrs Sep. 2008	2 Yrs Sep. 2008	1 Yr Sep. 2008	Qtr Sep. 2008	3 Yrs Std Dev.
NewSouth Capital Management, Inc.	10.16	7.33	-4.08	-11.89	15.74
Lord, Abnett & Company	8.37	4.44	-10.23	-3.56	11.59
Vaughan Nelson Investment Management	7.53	5.53	-6.93	-4.47	12.48
Neuberger Berman, LLC	7.37	10.52	-1.94	-10.90	11.31
Fisher Investments	7.25	4.60	-11.51	-5.27	11.73
William Blair & Company	7.07	0.11	-7.48	2.44	10.91
Frontier Capital Management Company, LLC	6.67	1.68	-6.45	3.02	10.18
Metropolitan West Capital Management, LLC	6.57	4.62	-5.96	11.41	12.54
Netols Asset Management	6.43	5.96	-6.46	-2.30	12.36
NMF Asset Management, LLC	6.40	0.63	-11.69	-4.53	11.50
Russell 2000 Value	2.00	-3.52	-12.25	4.96	
SMALL GROWTH EQUITY MANAGERS	3 Yrs Sep. 2008	2 Yrs Sep. 2008	1 Yr Sep. 2008	Qtr Sep. 2008	3 Yrs Std Dev.
Columbus Circle Investors	14.68	14.88	-13.44	-13.49	18.85
Brown Capital Management, Inc.	8.43	10.57	-7.40	-1.36	13.03
Wells Capital Management	6.80	3.38	-19.10	-2.68	15.90

Next Century Growth Investors, LLC	6.48	4.22	-22.78	-15.51	22.66
Lee Munder Investments Ltd.	6.46	4.74	-24.97	-10.05	20.78
Driehaus Capital Management, Inc.	6.39	9.12	-22.03	-21.26	26.71
BlackRock Capital Management, Inc. (BCM)	6.20	3.24	-14.05	-9.91	13.29
Lord, Abnett & Company	6.16	6.48	-22.58	-11.50	21.70
TCW Asset Management Company	5.83	3.95	-18.04	-11.42	16.26
Westfield Capital Management Company, LLC	5.59	3.57	-16.12	-18.54	17.05
Russell 2000 Growth	1.45	-0.69	-17.07	-6.99	

These Investment Manager Universes include 1,500 manager-supplied GIPS® compliant composite accounts, and over 60 composite universe classifications, including asset classes (US Equity, Non-US Equity, US Fixed, Non-US Fixed). All style classifications are performed by our data analysts, along with manager input, who are responsible for overseeing the quality of the database. These Universes are available as a module to the BNY Mellon Performance Universes software.

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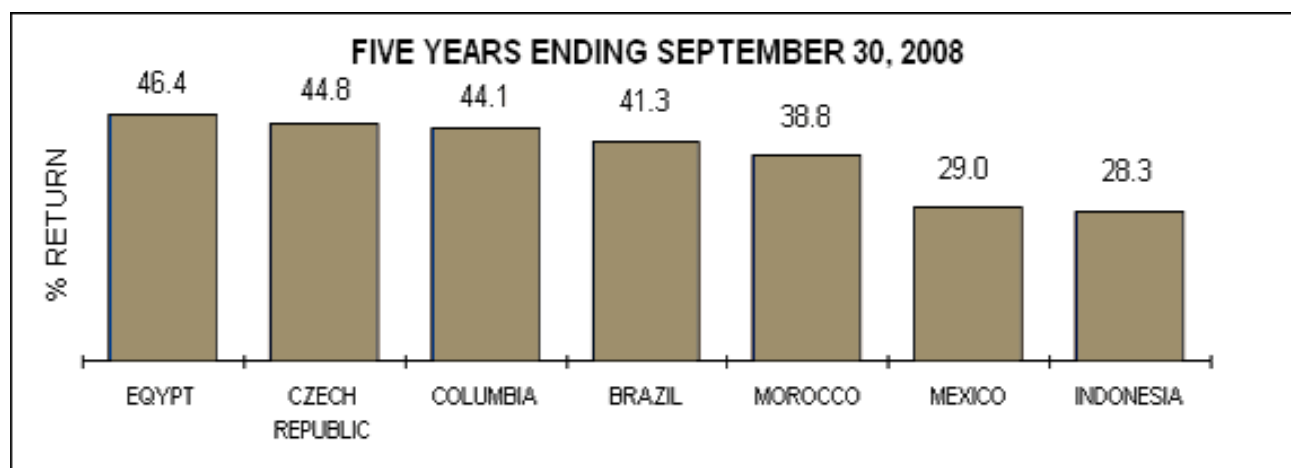
Report of the Quarter

Global Attribution**Financial Times All World Ex US Equity Index**

Total Returns by country for periods ending September 30, 2008

	Mo	Qtr	Yr	3 Yr	5 Yr		Mo	Qtr	Yr	3 Yr	5 Yr
Total Index	-14.9	-21.7	-29.7	3.7	12.2	Turkey	-13.8	1.2	-32.4	8.5	27.5
Egypt	-20.5	-34.7	-23.3	5.3	46.4	Poland	-13.5	-15.0	-20.6	11.5	26.9
Czech Republic	-15.0	-25.7	-1.0	22.8	44.8	Argentina	-25.5	-44.8	-25.8	4.5	26.2
Columbia	-12.3	-6.7	-11.7	15.4	44.1	Norway	-30.2	-40.4	-36.3	6.5	24.6
Brazil	-23.1	-37.6	-20.6	23.7	41.3	India	-18.0	-13.3	-35.7	13.2	23.8
Morocco	-14.0	-20.7	0.9	44.1	38.8	Hungary	-17.7	-20.3	-33.5	-1.8	23.4
Mexico	-11.4	-19.1	-19.9	16.3	29.0	China	-21.1	-24.3	-48.3	21.4	23.4
Indonesia	-20.6	-26.2	-19.4	27.9	28.3	Philippines	-5.8	6.8	-27.7	21.3	23.4

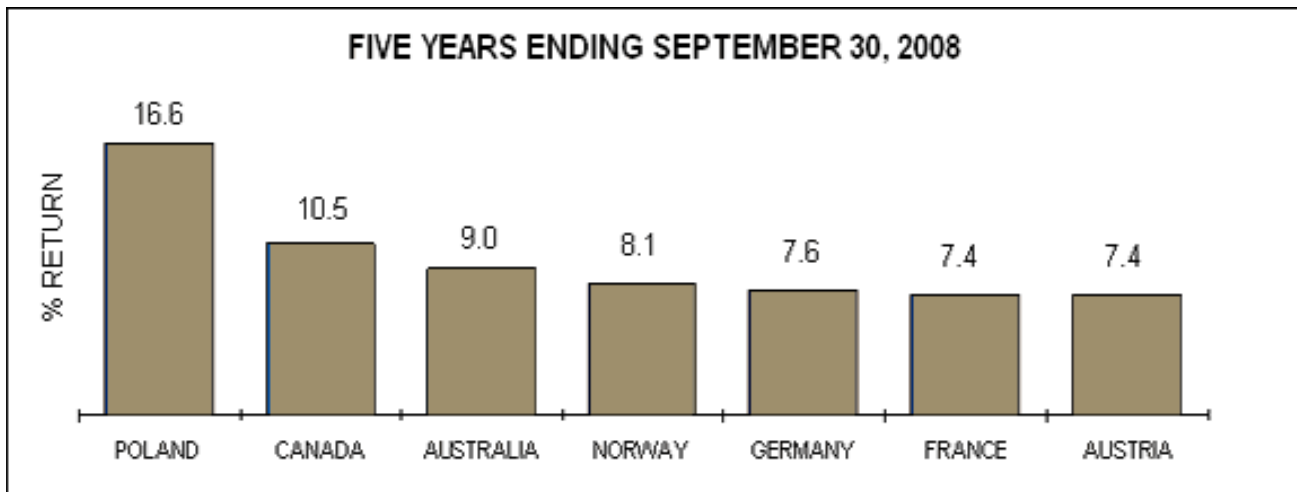
Source – BNY Mellon Asset Servicing Global Performance Measurement



Citigroup World Government Bond Index Non US Composite
Total, Currency, and Local Returns by Country for Periods Ending September 30, 2008

	Mo	Qtr	Yr	3 Yr	5 Yr		Mo	Qtr	Yr	3 Yr	5 Yr
Total Index						Norway					
Return	-1.7	-4.3	5.2	5.5	5.6	Return	-6.4	-9.3	-1.9	6.3	8.1
Currency	-1.9	-7.1	1.2	3.8	2.8	Currency	-8.7	-14.6	-8.9	3.4	3.8
Local	0.2	2.9	3.9	1.7	2.8	Local	2.3	5.3	7.0	2.9	4.3
Poland						Germany					
Return	-4.9	-7.7	15.0	14.7	16.6	Return	-3.5	-7.1	4.0	7.2	7.6
Currency	-6.3	-12.4	10.3	10.8	10.9	Currency	-4.6	-11.3	-1.3	5.3	4.0
Local	1.4	4.7	4.7	3.9	5.8	Local	1.1	4.2	5.3	1.9	3.6
Canada						France					
Return	-1.6	-4.0	0.1	7.5	10.5	Return	-3.8	-7.3	3.4	6.9	7.4
Currency	-0.3	-4.6	-7.0	3.1	5.1	Currency	-4.6	-11.3	-1.3	5.3	4.0
Local	-1.3	0.6	7.1	4.4	5.3	Local	0.8	4.0	4.7	1.6	3.4
Australia						Austria					
Return	-6.3	-12.0	-1.3	7.1	9.0	Return	-3.9	-7.1	3.6	6.8	7.4
Currency	-8.6	-19.1	-12.0	1.2	3.3	Currency	-1.9	-7.1	1.2	3.8	2.8
Local	2.3	7.0	10.8	5.9	5.8	Local	0.2	2.9	3.9	1.7	2.8

* Total combined country return is represented by the shaded area



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Announcements**BNY Mellon Asset Servicing Announces New Service for Composite Management***New capability will help investment managers support GIPS*

BNY Mellon Asset Servicing, the global leader in asset servicing, has introduced a new service for investment managers and financial institutions that comply with the Global Investment Performance Standards (GIPS) in their reporting process.

Introduced in 1999 by the CFA Institute to improve transparency, the GIPS standards are a set of voluntary, industry-wide guidelines for investment firms outlining how to calculate and report investment results to prospective clients. The goal is to provide investors with a fair representation of historical performance, allowing them to evaluate investment managers and returns on an apples-to-apples basis. More than 25 countries in North America, Europe, Africa and the Asia-Pacific region have adopted GIPS, and the majority of global asset management firms are GIPS-compliant.

Composites – a collection of funds with similar investment mandates - are a key area of the GIPS standards. Each discretionary fee-paying fund must be allocated to at least one composite. The funds within a composite are then aggregated, providing a composite return to form a track record, and thus creating the historical performance that investors use to evaluate an investment manager.

Based on a solution developed by its subsidiary Eagle Investment Systems, BNY Mellon's new hosted Composite Management service enables clients to create, maintain and validate their composite performance on a monthly basis. Results are reported in a customizable presentation format accessed easily through the company's Workbench platform.

"We've been pleased with the level of service, customization and attention to detail that BNY Mellon's Composite reporting has offered us, and the convenience of on-line access is an added value," said Amy Pisano, marketing coordinator at NorthPointe Capital LLC.

"For smaller and mid-size investment managers looking to comply with GIPS, our hosted Composite Management service offers both a competitive edge and a cost-effective solution to manual reporting methods," said Stacey Fitzgerald, first vice president of Global Product Management for BNY Mellon Asset Servicing. "Few are able to offer this level of systematic capability to support Composites for GIPS reporting. Investment manager outsourcing clients will reap the benefits by demonstrating industry best practices in reporting accurate and consistent performance data to the marketplace."

Performance & Risk Analytics Client Conference

Our Performance & Risk Analytics (P&RA) 2008 Client Conference was held on September 8 - 10, 2008, in Coronado, CA. This was our largest client conference with 250 clients, partners, conference speakers and BNY Mellon associates in attendance.

Navigating an Ocean of Information offered three days of General Sessions and over 15 breakout sessions that discussed relevant industry topics and reviewed our products and services. Keynotes from industry veterans such

as Todd Buchholz and Dennis Tito were extremely popular.

One client commented that the breakout sessions: “had clarity, usefulness, something I could take back to the office, real-life issues discussions.”

If you missed our 2008 conference and are interested in obtaining the conference presentations, please contact your Investment Analytics Consultant.

The next P&RA Client Conference will be scheduled in the Spring of 2010. We will provide you with more details as the event approaches.

BNY Mellon Asset Servicing Names John Gruber Head of Global Product Management for Performance & Risk Analytics

BNY Mellon Asset Servicing, the global leader in securities servicing, has named John Gruber as head of Global Product Management for its Performance & Risk Analytics (P&RA) product line.

Gruber replaces Debra Baker, who recently was named chief administrative officer for The Bank of New York Mellon’s Global Corporate Trust division. He will be based in Boston and report to Dan Wywoda, head of Global Product Management for BNY Mellon Asset Servicing.

Gruber has more than 20 years experience in the financial services industry, including managing assets, sales and service for investment managers, and performance analysis for some of the largest institutional investors in the US. Before joining BNY Mellon, he was co-founder and managing principal of Hamersley Partners, LLC, a third-party marketing and research firm for specialized asset managers and hedge funds. Prior to that, he worked 10 years at State Street Analytics as senior vice president in charge of global client service and consulting.

“John brings a wide range of institutional investment knowledge to this role,” said Wywoda. “Our Performance & Risk Analytics product line is a key differentiator for us, and John’s great depth of experience will clearly help lead us into new and better ways of serving our clients’ thirst for information.”

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Report of the Quarter

Triangle Report

With market volatility at an all time high, performance analysis and manager selection has become more complex. The decision to hire or fire managers and reallocate funds across various asset classes is important and the timing of these decisions can significantly impact investment performance.

BNY Mellon Asset Servicing has created the “Triangle Report” that incorporates multiple start and end dates on a single performance report. This report provides insight into the impact of start dates for individual managers and also spot trends over various time periods and changing market conditions.

The Triangle Report allows you to:

- Report on up to 100 accounts or composites
- Choose any available beginning and ending dates
- Specify the reporting type – monthly, quarterly, or yearly basis
- Isolate performance to specific time periods to view performance in up and down markets

Within [this sample report](#), September 2008 was selected as the ending date with 12 reporting periods on a quarterly basis. For the Period Ended December 2006, there was a 240 basis point impact on performance based on two “start” dates of October 2005 and January 2006.

If you have any questions regarding this report or any of our products and services, please contact your Investment Analytics Consultant.

Triangle Report
Annualized Returns
TOTAL GROSS OF FEES

Period Ended	Dec 2005	Mar 2006	Jun 2006	Sep 2006	Dec 2006	Mar 2007	Jun 2007	Sep 2007	Dec 2007	Mar 2008	Jun 2008	Sep 2008
Period Begun												
Oct 2005	1.72	6.84	5.54	10.17	16.16	13.94	16.30	13.42	9.86	5.52	4.87	2.25
Jan 2006		5.04	3.76	8.31	18.56	15.37	17.92	14.36	10.22	5.35	4.65	1.82
Apr 2006			-1.22	3.11	12.87	13.83	17.17	13.17	8.66	3.46	2.91	0.02
Jul 2006				4.38	14.26	15.23	23.41	17.15	11.08	4.70	3.91	0.56
Oct 2006					9.47	10.40	18.24	16.77	9.62	2.53	1.96	-1.50
Jan 2007						0.85	8.01	6.67	2.46	-4.15	-3.70	-6.66
Apr 2007							7.10	5.77	1.60	-5.96	-5.07	-8.25
Jul 2007								-1.24	-5.14	-12.19	-12.51	-14.63
Oct 2007									-3.94	-11.09	-11.41	-16.91
Jan 2008										-7.44	-7.77	-13.50
Apr 2008											-0.35	-6.54
Jul 2008												-6.21

Only returns for time periods greater than 12 months are annualized.