

# 1-3 Year Government



December 31, 2010

## About BNY Mellon

### Cash Investment Strategies\*

- Assets of \$544 billion under management<sup>1</sup>
- 119 employees – 68 investment professionals
- 225 separately managed client relationships
- Domestic, regional and global mandates
- Offices in New York, Pittsburgh and San Francisco
- CIS is also represented in London by its affiliate, BNY Mellon Asset Management (UK) Limited

\*as of December 31, 2010

## Benchmarks

BofA Merrill Lynch 1-3 Year Government Index<sup>2</sup>

BofA Merrill Lynch 1-3 Year Treasury Index<sup>2</sup>

## Composite Performance Inception

March 1, 2005

## Product Facts<sup>3</sup>

|                                       |   |
|---------------------------------------|---|
| Allowable investments                 | Instruments issued or fully guaranteed by the US Government, its agencies and repurchase agreements |
| Maturity range                        | 1.45 to 2.05 years  |
| Individual security quality           | AAA and A1/P1 (Based on security ratings provided by S&P and Moody's)                               |
| Average number of portfolio holdings  | 50-75   |
| Minimum separate account size         | \$25 million <sup>4</sup>   |
| Total limited duration assets managed | \$7.6 billion   |
| Total strategy assets managed         | \$0.7 billion   |

<sup>1</sup>Includes assets managed by CIS personnel acting as dual officers of The Bank of New York Mellon, who manage bank collective and certain other short duration products, and includes \$186 billion of Securities Lending Cash Collateral Reinvestment assets

<sup>2</sup>This index is a trademark of BofA Merrill Lynch. The foregoing index licensor does not sponsor, endorse, sell or promote the investment strategies or products mentioned in this sheet and they make no representation regarding the advisability of investing in the products or strategies described herein

<sup>3</sup>Flexible to meet client guidelines and objectives

<sup>4</sup>May be waived under certain circumstances

## Objectives

- Seeks to achieve attractive total return versus the benchmark, over a full market cycle, on an absolute and risk-adjusted basis
- Seeks consistent outperformance in rising and falling interest rate environments
- Seeks to manage client-specific requirements such as low volatility, liquidity and specific duration targets

## Approach

- We believe a disciplined team structure draws the best ideas into the decision-making process through the interaction of investment professionals
- Top down quantitative and macroeconomic analysis guides asset allocation among sectors, industries and yield curve positioning
- Experienced trading team leverages numerous institutional broker/dealer relationships in an effort to create trading economies and minimize transaction costs

## Risk Management\*\*

- Invests in securities backed or fully guaranteed by the US Government, its agencies and repurchase agreements collateralized by US Treasuries and agencies only
- Regular internal reviews, audits and controls seek to ensure compliance with investment guidelines and consistency with investment objectives

\*\*No investment strategy or risk management technique can guarantee returns or eliminate risk in any market environment

**For more information please contact your BNY Mellon Fixed Income Representative, call 1-800-374-6969, or visit our website at [www.bnymelloncis.com](http://www.bnymelloncis.com)**

BNY Mellon Asset Management is the umbrella organization for The Bank of New York Mellon Corporation's affiliated investment management firms and global distribution companies, of which The Dreyfus Corporation and its BNY Mellon Cash Investment Strategies Division, Pareto Investment Management Limited, Standish Mellon Asset Management Company LLC, MBSC Securities Corporation and The Bank of New York Mellon are wholly owned subsidiaries. Bank collective funds are offered by officers of The Bank of New York Mellon. Securities are offered through MBSC, a registered broker-dealer and FINRA member. MBSC solicits advisory services that are offered by Dreyfus, Pareto and Standish, each a registered investment adviser.



BNY MELLON  
ASSET MANAGEMENT

## Representative Portfolio

| Characteristics               | Portfolio | Benchmark |
|-------------------------------|-----------|-----------|
| Effective duration (to reset) | 1.82 yrs  | 1.83 yrs  |
| Average maturity              | 1.92 yrs  | 1.87 yrs  |
| Yield to worst                | 0.82%     | 0.62%     |

| Sector Distribution (%)* | Portfolio    | Benchmark    |
|--------------------------|--------------|--------------|
| Treasury                 | 46.2         | 76.3         |
| Government               | 39.7         | 23.7         |
| Securitized              | 14.1         | 0.0          |
| Cash                     | 0.0          | 0.0          |
| <b>Total</b>             | <b>100.0</b> | <b>100.0</b> |

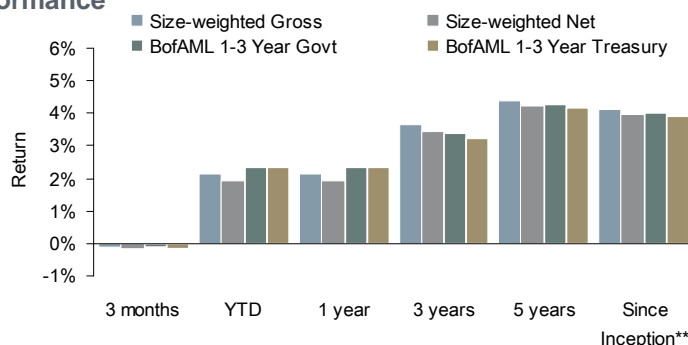
| Duration Distribution (%)* | Portfolio    | Benchmark    |
|----------------------------|--------------|--------------|
| 0-1 years                  | 12.8         | 4.3          |
| 1-2                        | 41.5         | 59.8         |
| 2-3                        | 44.9         | 35.9         |
| >3                         | 0.8          | 0.0          |
| <b>Total</b>               | <b>100.0</b> | <b>100.0</b> |

| Top Holdings (%)*      | Maturity | Portfolio   |
|------------------------|----------|-------------|
| US Treasury Note 1.00% | 07/15/13 | 19.7        |
| US Treasury Note 1.38% | 02/15/13 | 16.6        |
| US Treasury Note 1.38% | 05/15/12 | 9.9         |
| FNMA Note 1.25%        | 06/22/12 | 5.8         |
| FHLMC Note 1.38%       | 01/09/13 | 5.4         |
| FHLB Note 1.88%        | 06/21/13 | 4.6         |
| FHLMC Note 0.18%       | 01/11/12 | 2.5         |
| FHLMC Note 0.22%       | 02/16/12 | 2.1         |
| FHLMC Note 1.15%       | 10/07/13 | 1.4         |
| Bank of America 2.38%  | 06/22/12 | 1.2         |
| <b>Total</b>           |          | <b>69.2</b> |

\*Percentages are subject to change at any time and without notice

It should not be assumed that any of the securities transactions or holdings discussed was or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein. The information provided in this document should not be considered a recommendation to purchase or sell any particular security.

## Composite Performance\*



|                          |        |       |       |       |       |       |
|--------------------------|--------|-------|-------|-------|-------|-------|
| Size-weighted Gross      | -0.11% | 2.13% | 2.13% | 3.66% | 4.38% | 4.12% |
| Size-weighted Net        | -0.17% | 1.90% | 1.90% | 3.46% | 4.20% | 3.95% |
| BofAML 1-3 Year Govt     | -0.12% | 2.34% | 2.34% | 3.41% | 4.29% | 4.01% |
| BofAML 1-3 Year Treasury | -0.15% | 2.35% | 2.35% | 3.22% | 4.17% | 3.91% |

\*Performance for all periods longer than one year is annualized.

\*\*Composite inception: March 1, 2005.

## Performance by Year

|                                   | 2010    | 2009    | 2008    | 2007            | 2006            | 2005 <sup>1</sup> |
|-----------------------------------|---------|---------|---------|-----------------|-----------------|-------------------|
| Size-weighted Gross               | 2.13    | 1.96    | 6.96    | 6.72            | 4.25            | 2.14              |
| Size-weighted Net                 | 1.90    | 1.80    | 6.77    | 6.54            | 4.10            | 2.06              |
| BofAML 1-3 Year Government Index  | 2.34    | 1.23    | 6.75    | 7.14            | 4.14            | 1.94              |
| BofAML 1-3 Year Treasury Index    | 2.35    | 0.78    | 6.61    | 7.32            | 3.96            | 1.93              |
| Number of Portfolios              | 7       | 8       | 5       | -- <sup>2</sup> | -- <sup>2</sup> | -- <sup>2</sup>   |
| Composite Assets (\$mm)           | 685     | 860     | 451     | 331             | 446             | 330               |
| Firm Assets (\$mm) <sup>4</sup>   | 544,002 | 378,831 | 185,793 | 169,557         | 161,772         | 142,845           |
| Composite Dispersion <sup>3</sup> | 0.13    | 0.46    | 0.37    | 0.33            | 0.01            | 0.00              |

<sup>1</sup>Composite performance started on March 1, 2005; <sup>2</sup>Composite contained 4 or fewer Portfolios; <sup>3</sup>Internal Asset Weighted Standard Deviation.

The 1-3 Year Government composite is comprised of portfolios whose objective is to outperform the 1-3 Year Government Index through structure and security selection. Portfolios invest in a diversified mix of US Government-only securities with the objective of providing excess return over the benchmark on a risk-controlled basis. While CIS' objective is to outperform the stated benchmark, it does not imply that this strategy shall share, or attempt to share, the same or similar characteristics of the benchmark or attempt to track the benchmark. Portfolios that fall below a market value of \$5 million are excluded from the composite. Leverage or derivatives are not used in the management of this composite. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. No portfolio with the same objectives, preferences, or constraints has been excluded unless it has not been under management for the required time. The firm maintains a complete list and description of composites, which is available upon request. This composite has been re-stated to correct the inclusion of an inappropriate account.

<sup>4</sup>The Firm is defined as BNY Mellon Cash Investment Strategies ("CIS"), a division of The Dreyfus Corporation ("Dreyfus"), a registered investment advisor and wholly owned subsidiary of The Bank of New York Mellon Corporation. As of July 1, 2007, Mellon Financial Corporation and The Bank of New York Company, Inc. merged into a newly created entity, The Bank of New York Mellon Corporation. The Firm also includes assets managed by CIS personnel acting as dual officers of The Bank of New York Mellon, which is a subsidiary of The Bank of New York Mellon Corporation. On January 1, 2009, the employees of the Short Duration, Stable Value and Index Groups of Standish Mellon Asset Management Company LLC ("Standish") became employees of Dreyfus, and the investment management contracts under which such employees delivered investment advisory and related services were assigned to Dreyfus. Concurrently, Dreyfus began to formally deliver investment advisory services to its short duration, stable value and index clients. No material change in personnel responsible for the investment process occurred in the above listed transaction.

Non-fee-paying portfolios are not included in this composite.

The benchmark for this composite is the BofA Merrill Lynch 1-3 Year US Government Index. The index is a sub-index of the BofA Merrill Lynch US Government Index which tracks the performance of the combined US Treasury and US Agency markets. The index includes securities with a maturity from 1 up to (but not including) 3 years. The composite is secondarily viewed against the BofA Merrill Lynch 1-3 Year US Treasury Index. The index is a sub-index of the BofA Merrill Lynch US Treasury Master Index, which tracks the performance of the direct Sovereign debt of the US Government. The index includes securities with a maturity from 1 up to (but not including) 3 years. The source for these benchmarks is BNY Mellon Asset Servicing-Performance and Risk Analytics.

Performance results are presented both before and after the deduction of the standard fee schedule for this Composite. The net results reflect the maximum fee based upon the fee schedule in effect during each respective performance period for each portfolio in the Composite. Actual investment advisory fees incurred by clients may vary depending on account size, cash flows, structure and other specific account factors. CIS' standard fee schedules are shown in Part II of the Dreyfus ADV.

Effective January 1, 2009, the standard fee schedule for the 1-3 Year Government strategy is: if a portfolio is less than \$100 million, 0.25% on the first \$50 million and 0.20% on the next \$50 million. For portfolios with assets over \$100 million, 0.20% on all assets.

CIS has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®). Gross performance figures are time-weighted rates of return, which include the deduction of transaction costs. Both gross and net performance returns include the reinvestment of dividends and other distributions. The performance of the composite is expressed in US Dollars. Past performance is not an indication of future performance. Additional information regarding policies and procedures for calculating and reporting returns is available upon request.