

Press Release



Contact: Louisa Bartoszek
+44 20 7163 2826
louisa.bartoszek@bnymellon.com

Balanced funds bounce back into the black with returns of 6.9% in Q2

Results mark the first positive returns in 18 months

UK Smaller Companies pooled sector strongest performer with a median return of 22.2%

LONDON, 27 July 2009 – BNY Mellon Asset Servicing's latest quarterly pooled fund survey shows that balanced pooled funds achieved a positive return in the second quarter of 2009. Over this period the median return for these funds was 6.9%, the first positive return BNY Mellon has recorded since Q4 2007 when a return of 1.0% was achieved.

This result is a strong leap back into the black in comparison with the first quarter of 2009, which saw disappointing results of -7.9%. The six-month figure does, however, show a negative return of -1.3%. The one-year return and three-year returns also show negative results at -13.4% and -3.1% respectively as a result of the market turmoil over the last 12 months.

Over the five and ten years period's the returns were positive with 4.5% p.a. and 1.7% p.a. posted respectively. Over these periods, the median fund achieved real rates of return against the Retail Prices Index in only the five year period with a real return of 1.8% p.a.

Universe Name	Net Median Return (%)	Index Return (%)
Balanced	6.9	-
UK Smaller Companies	22.2	28.8
UK Equity Standard	11.1	10.9
Overseas Equity	6.6	6.7
Global Equity	7.8	7.0
North American Equity	1.4	1.8
European ex UK Equity	7.2	9.3
Pan European Equity	-	9.9
Japanese Equity	6.3	7.0
Pacific Basin (ex Japan) Equity	13.5	16.1
Emerging Market Equity	18.4	17.4
UK Bonds Standard	5.2	-1.3
UK Bonds Long Term	4.4	-1.6
International Bond	-9.3	-
Index Linked	3.5	2.9
Cash	0.2	0.1
Property	-1.4	-4.8

All of the equity pooled fund classes within BNY Mellon's universe posted positive median returns for Q2 2009. The best performance came from the UK Smaller Companies pooled sector with a median return of 22.2%. Of the nine equity sectors, with medians and index returns available, only 30% beat their respective index even though they posted positive returns. This is the first time in over two years (Q1 2007) that all Equity sectors posted positive returns.

This press release is issued by The Bank of New York Mellon to members of the financial press and media.
All information and figures source The Bank of New York Mellon as at 30 June 2009 unless otherwise stated.
The Bank of New York Mellon, London Branch, registered in England and Wales with FC005522 and BR000818
Branch office: One Canada Square, London E14 5AL
Authorised and regulated in the UK by the Financial Services Authority.

Press Release



Statistics from BNY Mellon show that UK Equity pooled fund managers achieved a return of 11.1% outperforming the FTSE All Share which returned 10.9% over the same period. UK Bond pooled fund managers also posted a positive return with 5.2% which outperformed the comparative market index by 6.5%. Index Linked pooled fund managers fared well this quarter achieving a return of 3.5% outperforming their index by 0.6%. The other sector to achieve a positive return in Q2 2009 was Cash with a return of 0.2%.

During Q2 2009 the Property pooled fund managers continued their run of negative quarterly returns with -1.4%.

Strong performance sees allocation to UK equities rise to 36.8%

Balanced pooled sector weightings in UK Equities have risen since Q1 2009 from 35.5% to 36.8%. This can be attributed to strong relative performance.

BNY Mellon also notes that weightings in Overseas Equities rose during the second quarter by 1.7%, most notably in Europe ex UK Equity and Pacific ex Japan Equity where holdings increased by 0.3% and 0.6% respectively. This was due to a mixture of relative performance and manager movements. A combination of these was also the cause in a 0.8% rise in the Emerging Markets Equity sector.

Weightings in Equities increased by 3.0% during Q2 2009 from 73.6% in Q1 2009 to 76.6% in the current quarter. In Cash, weightings decreased by 2.2% as a result of mainly manager movements. Within Bonds, weightings for the UK decreased by 0.4%, again due to a mixture of relative performance and manager movements. International Bonds saw their weighting fall however this was only a marginal decline of just 0.1% to 3.9%. Weightings in Index-Linked Gilts rose by 0.2% to 0.6%. Property saw a small reduction of 0.1% to 0.5% due to manager movements.

Commenting on the results, Alan Wilcock, BNY Mellon Asset Servicing's Performance and Risk Analytics Manager, said: "Positive returns from all the main equity markets, combined with good results from the corporate bond market, meant that the majority of equity and bond funds were in positive territory for the second quarter of the year; a welcome change to prior period results."

BNY Mellon Asset Servicing's Pooled Pension Fund Database covers the largest and most representative sample available to UK pension funds' trustees. The company currently covers 72 separate asset managers who manage over £341 billion in pooled funds, both balanced and specialist.

-ends-

Notes to editors

The performance analysis and other information in this press release are based on historical data and are intended for informational purposes only. Past performance is not a guarantee of future performance. This press release does not constitute investment advice, nor is it an offer or recommendation of any security, investment product, service or firm.

BNY Mellon Asset Servicing offers clients worldwide a broad spectrum of specialised asset servicing capabilities, including custody and fund services, securities lending, performance and analytics, and execution services. BNY Mellon Asset Servicing offers its products and services through The Bank of New York Mellon and other subsidiaries of The Bank of New York Mellon Corporation.

The Bank of New York Mellon Corporation is a global financial services company focused on helping clients manage and service their financial assets, operating in 34 countries and serving more than 100 markets. The company is a leading provider of financial services for institutions, corporations and high-net-worth individuals, providing superior asset management and wealth management, asset servicing, issuer services, clearing services and treasury services through a worldwide client-focused team. It has \$20.7 trillion in assets under custody and administration, \$926 billion in assets under management, services \$11.8 trillion in outstanding debt and processes global payments averaging \$1.8 trillion per day. Additional information is available at www.bnymellon.com.