

Press Release



Contact: Tim Steele
+44 20 7163 5850
tim.steele@bnymellon.com

Balanced funds record third highest upswing in 35 years with 18.4% return

Positive trend continues with highest quarterly return since 1975

LONDON, October 29, 2009 – BNY Mellon Asset Servicing's latest quarterly pooled fund survey shows that during the third quarter of 2009 balanced pooled funds achieved a positive return. Over this period the balanced pooled sector posted a median return of 18.4%, following on from the 6.9% return recorded in Q2 2009.

This is the third highest positive return ever since BNY Mellon began benchmarking the sector. In fact there has not been a higher quarterly return since Q1 1975 when a return of 26.5% was achieved (37.0% was achieved in Q2 1974).

The one and three year returns also achieved positive returns with 13.3% & 1.8% p.a. respectively. Over the five and 10 year periods the returns were again positive returns with 7.7% p.a. and 3.8% p.a. respectively. During all the above periods the median fund achieved real rates of return against the Retail Prices Index except the three year period which underperformed by 0.7% p.a.

Universe Name	Net Median Return (%)	Index Return (%)
Balanced	18.4	-
UK Smaller Companies	24.1	30.0
UK Equity Standard	22.1	22.4
Overseas Equity	21.7	21.6
Global Equity	21.3	21.7
North American Equity	19.0	19.3
European ex UK Equity	28.1	29.3
Pan European Equity	-	27.2
Japanese Equity	9.3	9.3
Pacific Basin (ex Japan) Equity	26.9	27.6
Emerging Market Equity	24.8	24.6
UK Bonds Standard	8.4	3.1
UK Bonds Long Term	10.4	5.9
International Bond	10.1	9.5
Index Linked	3.4	3.1
Cash	0.1	0.1
Property	2.7	1.1

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 unless otherwise stated as at September 30, 2009. 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



Within Equities we saw positive results for all the sectors with European Ex UK Equity posting the highest return with 28.1%. The Japanese Equity pooled sector posted the lowest equity sector return with 9.3%. The majority of the equity sectors, however, failed to beat their respective Index with only Overseas & Emerging Market Equity achieving higher returns than their Index.

Over the quarter, UK Equity pooled fund managers achieved a return of 22.1% underperforming the FTSE All Share which returned 22.4% over the same period. Over twelve months UK Equity achieved 11.4% which beats its Index by 0.6%. For the three year period to Q3 2009 UK Equity posted a negative return with -1.4% p.a. This underperformed its Index by 0.3% p.a. The five and ten year periods, however, show positive returns of 6.5% p.a. and 2.5% p.a. respectively.

Global Equity also underperformed its Index as it returned 21.3% compared to 21.7% for Q3 2009. For the twelve month period Global Equity achieved 12.9% while the Index achieved 12.8%. The three, five and ten year period were also positive with 1.0% p.a., 7.6% p.a. and 3.0% p.a. respectively. Of these three returns only the ten year beat its Index.

Within Bonds, UK Bond pooled fund managers returned 8.4% and outperformed the comparative market index by 5.3% during Q3 2009. International Bond pooled fund managers fared slightly better, achieving a return of 10.1%. International Bonds also outperformed their Index by 0.6%. Cash posted a return of 0.1% for Q3 2009 which matched its Index.

Property pooled fund managers continued their run of positive quarterly returns with 2.7% during the quarter. Over twelve months the median return for this sector was still negative at -16.5%.

Balanced pooled sector weightings in UK Equities rose further from the previous all time quarterly low of 35.5% posted at the end of Q1 2009. Weightings rose by 0.7% to 37.5% in Q3 2009 from Q2 2009 and this can be attributed mainly to relative performance.

We also saw weightings in Overseas Equities rise during the quarter, most notably in Europe ex UK Equity and North American Equity where we saw holdings increase by 1.4% and 0.7% respectively. The increase in European Ex UK was primarily due to relative performance. North American Equity primarily rose due to manager movements.

As weightings in Equities increased, we saw weightings fall in both Cash and Bonds. In Cash, weightings decreased by -1.9% as a result of poor relative performance. Within Bonds, we saw weightings for the UK also decrease by -1.9% to 8.3% over the quarter due to a mixture of relative performance and manager movements. International Bonds increased by 0.4% to 4.3%. Weightings in Index-Linked Gilts remained static over the quarter; however there was 0.2% reduction in Property weightings due to a mixture of relative performance and manager movements.

Commenting on the results, Alan Wilcock, Performance and Risk Analytics Manager at BNY Mellon Asset Servicing, said: "Positive results across all the major pooled sections of the survey for the third quarter of the year was extremely welcome news on the back of mainly positive results in Q2. In particular, the Balanced sector recorded its best set of results for over 30 years."

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 66 separate asset managers who manage over £390 billion in pooled funds, both balanced and specialist.

-ends-

Press Release



Notes to editors:

BNY Mellon Asset Servicing offers clients worldwide a broad spectrum of specialized asset servicing capabilities, including custody and fund services, securities lending, performance and analytics, and execution services.

BNY Mellon is the corporate brand of The Bank of New York Mellon Corporation. BNY Mellon 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. BNY Mellon 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 \$22.1 trillion in assets under custody and administration and \$966 billion in assets under management, services \$11.9 trillion in outstanding debt and processes global payments averaging \$1.6 trillion per day. Additional information is available at www.bnymellon.com