STANDISH

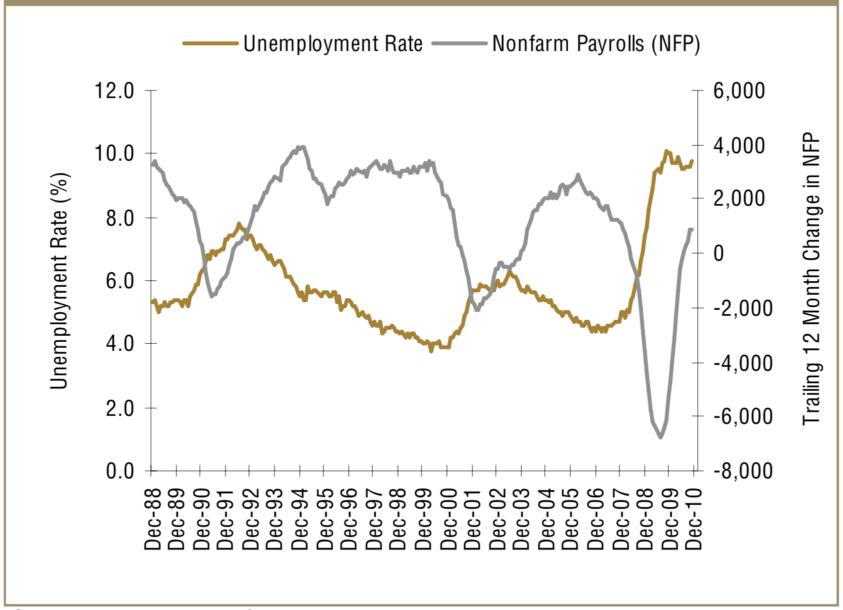
Insurance Bond Market Update

January 2011

A BNY MELLON ASSET MANAGEMENT COMPANY℠

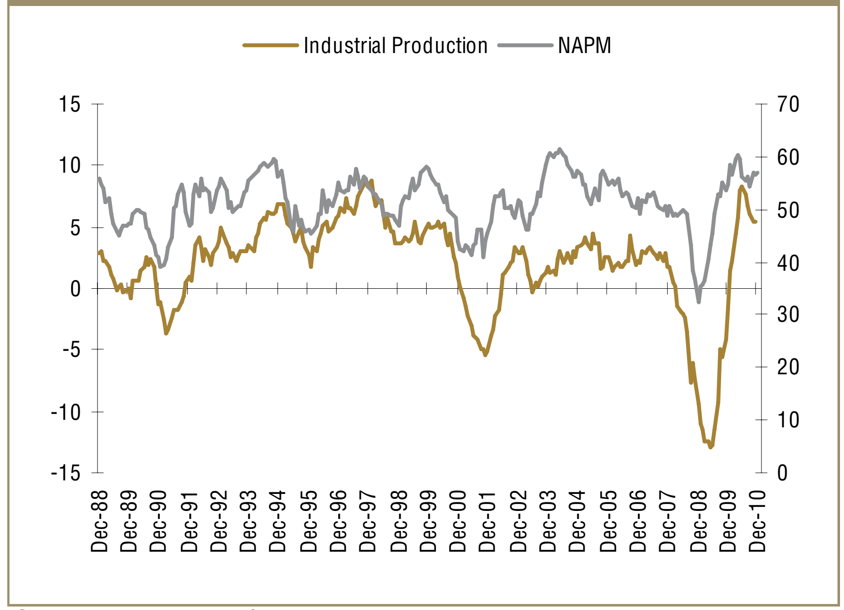
Employment and Manufacturing

Unemployment Rate vs. Nonfarm Payrolls



Source: Bloomberg as of December 31, 2010

Industrial Production



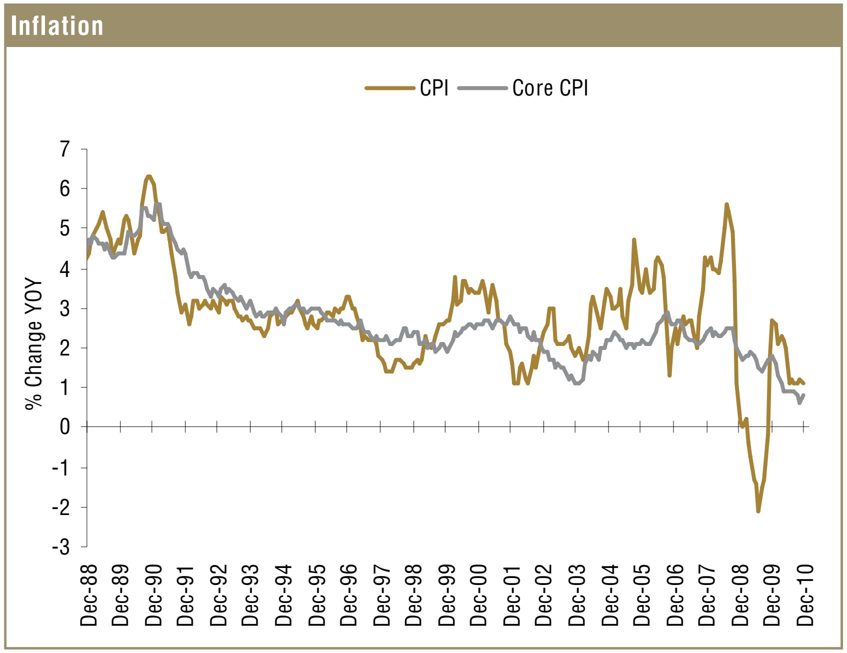
Source: Bloomberg as of December 31, 2010

- The trend in job gains is improving albeit at a slow pace. Consistent with the steady decline in jobless claims, we expect continued job growth in the months ahead.

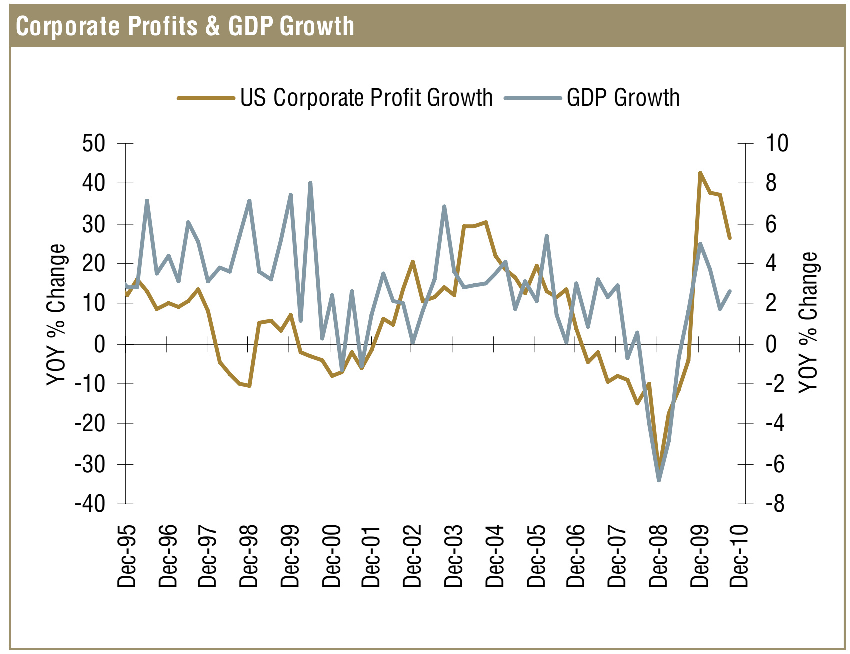
- Manufacturing activity remains at an historically healthy pace. The boost to spending from tax-related stimulus should be supportive of a continued expansion.

STANDISH
A BNY MELLON ASSET MANAGEMENT COMPANY

Inflation and Growth



Source: Bloomberg as of December 31, 2010

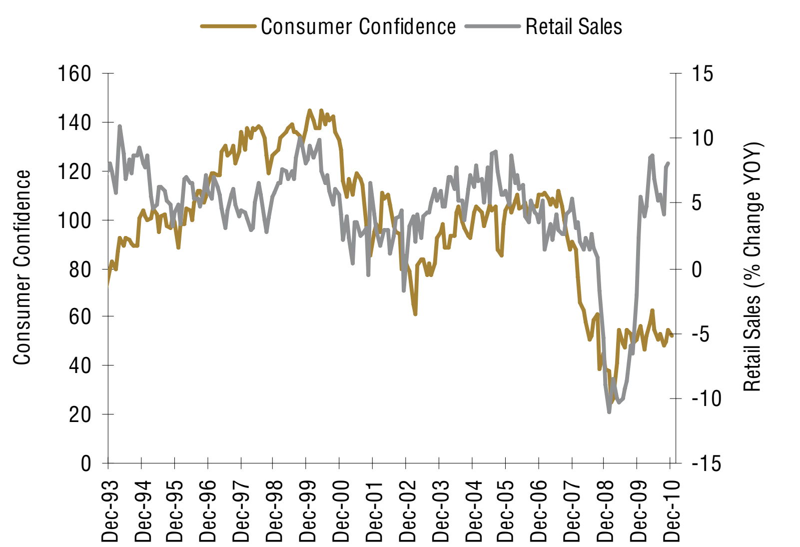


Source: Bloomberg as of December 31, 2010

- Debt reduction in the household sector and high unemployment temper the risk of higher inflation from increasing demand and rising wages.
- Companies are well positioned with lots of liquidity to fund a moderate pickup in spending while maintaining the positive trend in corporate profits.

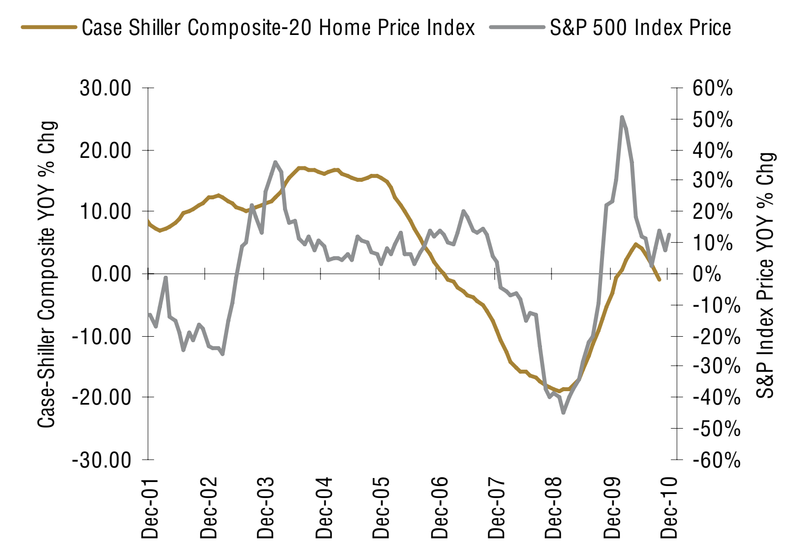
Consumer Wealth and Confidence

Confidence and Retail Sales



Source: Bloomberg as of December 31, 2010

Housing and Equity Prices



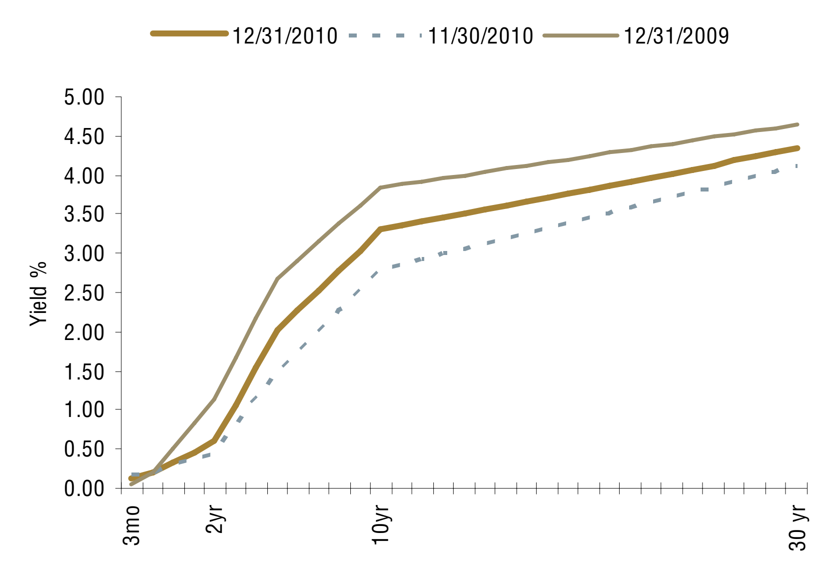
Source: Bloomberg as of December 31, 2010

- Given the tax cuts that will be implemented over the next two years, the additional discretionary income should support a pickup in consumer spending.

- Equities are benefiting from stronger growth expectations and inflows from bonds as investors shift from low yielding fixed income to stocks.
- High inventory and new supply from foreclosures continue to be an ongoing headwind for the housing sector's recovery.

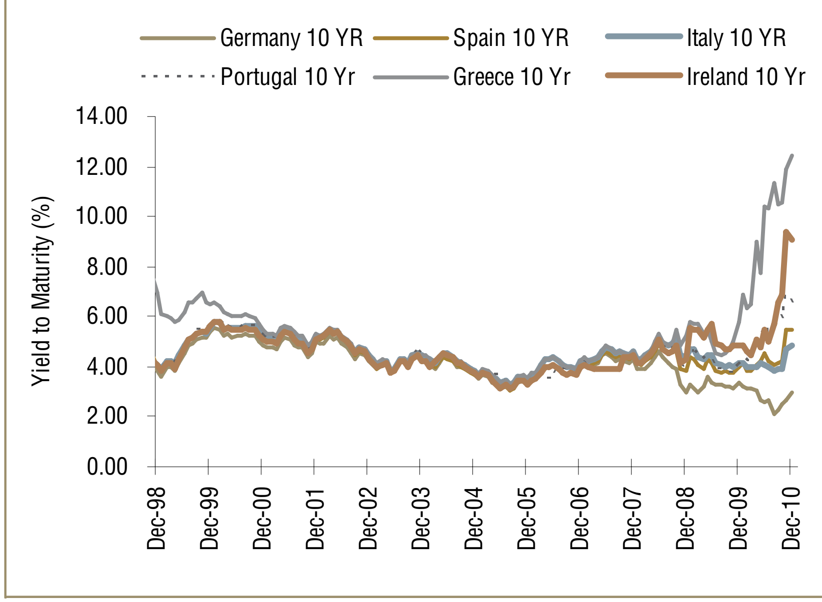
Government Bond Yields and Global Bond Yields

US Treasury Yields



Source: Bloomberg as of December 31, 2010

Global Bond Yields



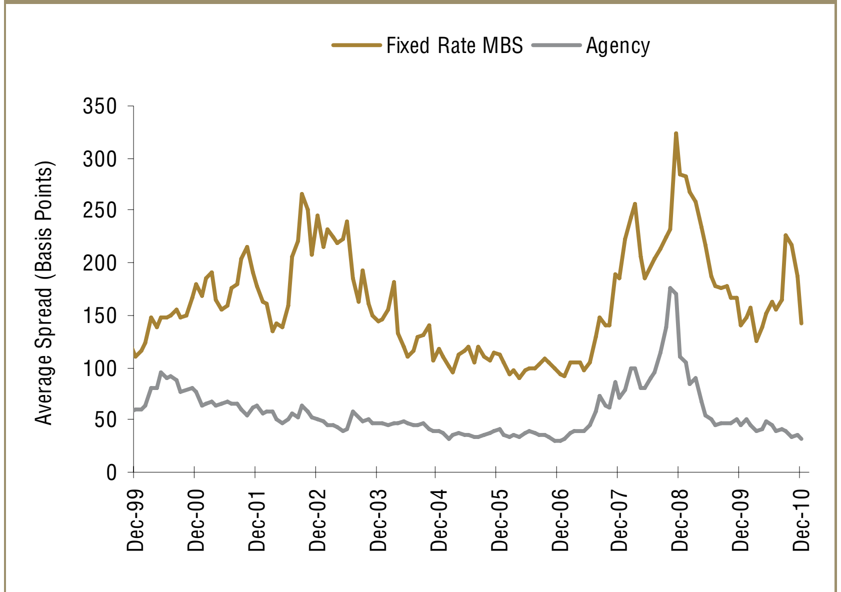
Source: Barclays as of December 31, 2010

- Positive economic news and the tax stimulus helped drive interest rates higher through year-end. Intermediate bonds underperformed as investors shed duration by selling predominantly 5 to 10 year bonds.
- Higher interest rates in the weaker peripheral countries persist. Rising funding costs and significant refinancing needs are driving spreads wider relative to core Europe.

STANDISH
➤ A BNY MELLON ASSET MANAGEMENT COMPANY℠

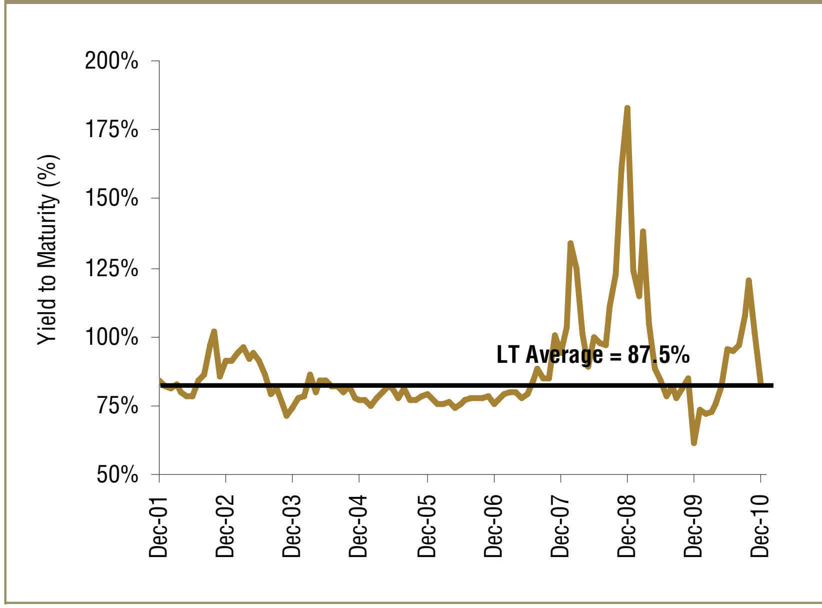
Agency/MBS Spreads and 5 Year Muni/US Treasury Ratio

Agency and MBS Spreads



Source: Barclays as of December 31, 2010

5 Year Muni/US Treasury Ratio



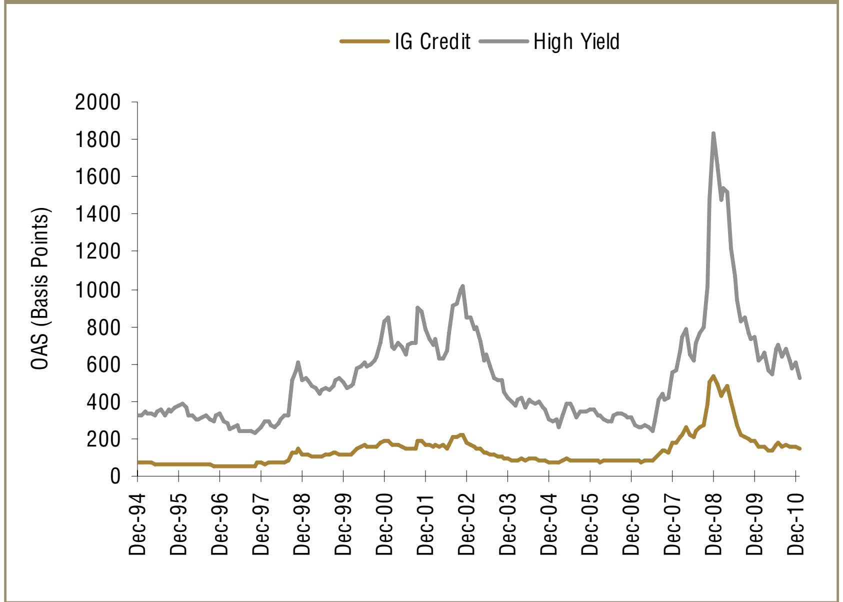
Source: Barclays as of December 31, 2010

- Agencies and mortgages outperformed amid higher interest rates as the selling pressure was concentrated in Treasuries.

- Municipal yields relative to Treasuries remained elevated. Tax-exempt bonds were hit by a flood of new supply prior to the expiration of the Build America Bonds program, mutual fund outflows and year-end illiquidity.

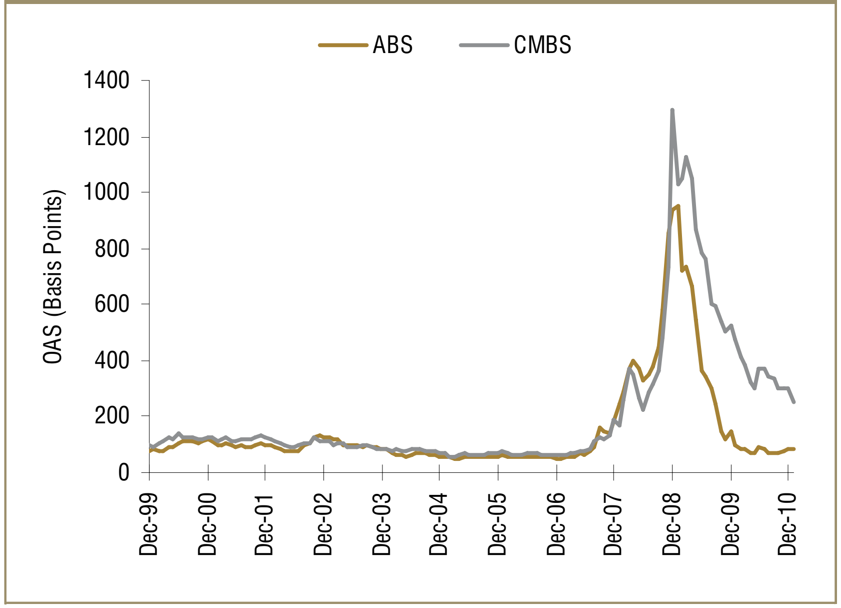
Credit Risk Premiums

Corporate Bond Spreads



Source: Barclays as of December 31, 2010

ABS and CMBS Spreads



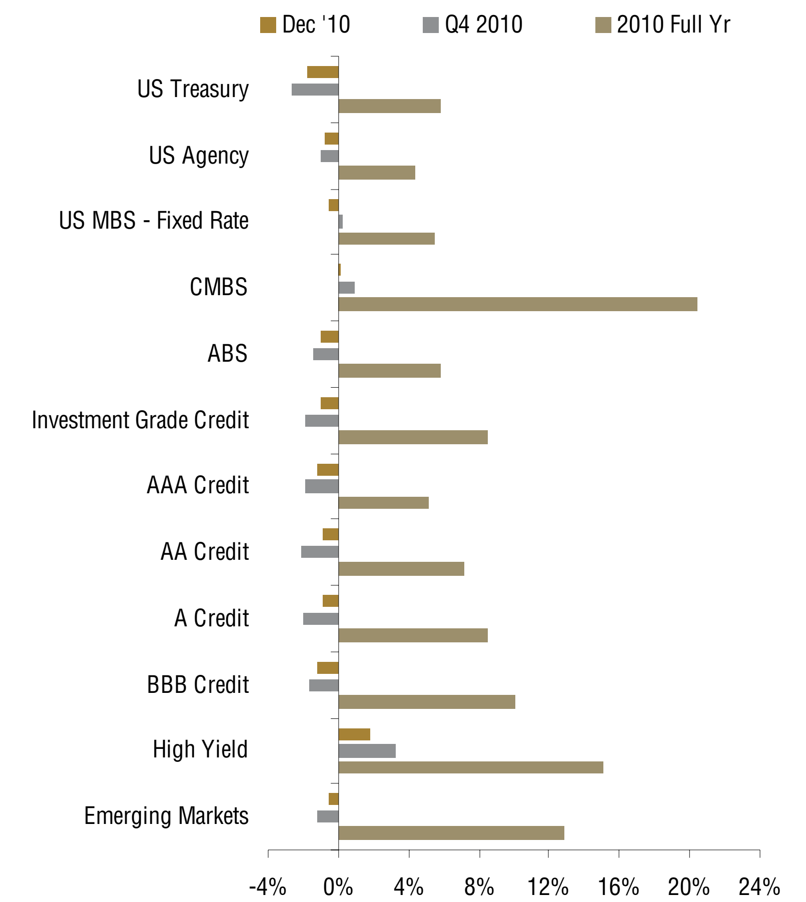
Source: Barclays as of December 31, 2010

- Against the backdrop of improving economic growth, investment grade and high yield corporate bonds outperformed.

- ABS, and especially CMBS, outperformed Treasuries. The technical conditions are overwhelmingly positive for CMBS as the trend for negative net new supply continues. The rally in the CMBS sector is most impressive in subordinated bonds where spreads are widest compared to similarly rated corporates.

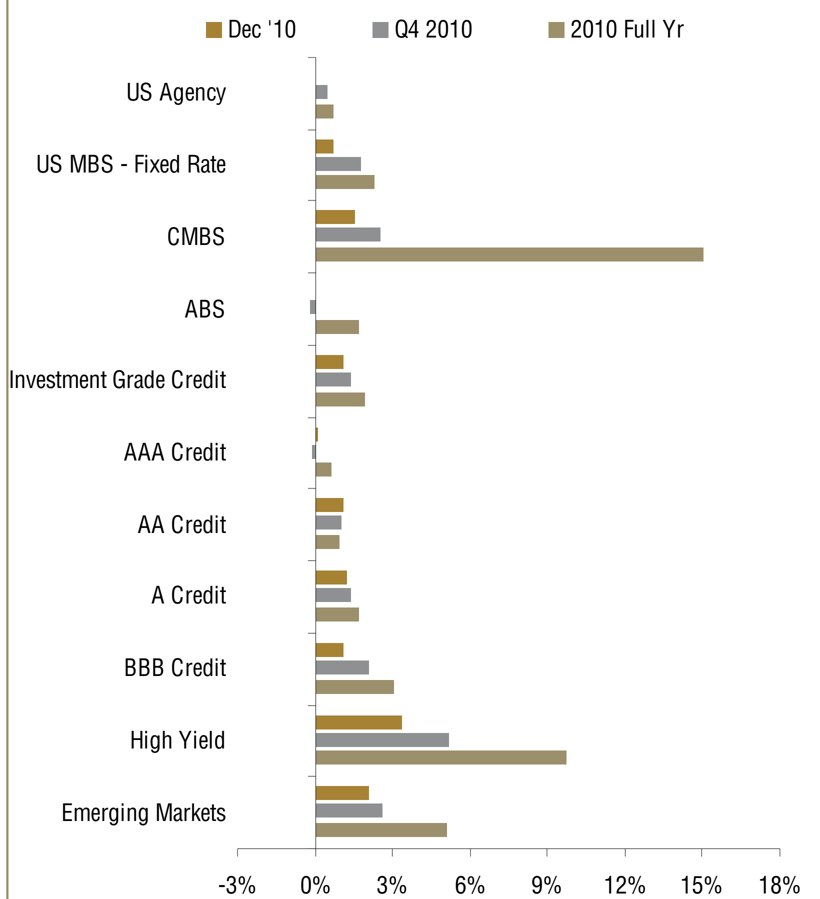
Sector Returns

Nominal Returns



Source: Barclays as of December 31, 2010

Excess Returns



Source: Barclays as of December 31, 2010

Sector Returns

Bond Market Returns - Nominal	Dec '10	Q4 2010	2010 Full Yr
US Treasury	-1.80%	-2.64%	5.87%
US Agency	-0.80%	-0.98%	4.36%
US MBS - Fixed Rate	-0.56%	0.25%	5.50%
CMBS	0.13%	0.91%	20.40%
ABS	-0.99%	-1.48%	5.85%
Investment Grade Credit	-1.01%	-1.86%	8.47%
AAA Credit	-1.21%	-1.92%	5.13%
AA Credit	-0.86%	-2.06%	7.10%
A Credit	-0.86%	-1.97%	8.50%
BBB Credit	-1.20%	-1.62%	10.03%
High Yield	1.81%	3.22%	15.12%
Emerging Markets	-0.51%	-1.23%	12.84%

Source: Barclays as of December 31, 2010

Bond Market Returns - Excess Over Treasuries	Dec '10	Q4 2010	2010 Full Yr
US Treasury	-	-	-
US Agency	0.02%	0.52%	0.72%
US MBS - Fixed Rate	0.68%	1.81%	2.30%
CMBS	1.52%	2.50%	15.01%
ABS	0.02%	-0.23%	1.69%
Investment Grade Credit	1.07%	1.41%	1.92%
AAA Credit	0.14%	-0.11%	0.64%
AA Credit	1.07%	1.00%	0.95%
A Credit	1.25%	1.39%	1.70%
BBB Credit	1.12%	2.05%	3.05%
High Yield	3.37%	5.19%	9.74%
Emerging Markets	2.10%	2.60%	5.08%

Source: Barclays as of December 31, 2010

Disclosures

This information is not provided as a sales or advertising communication. It does not constitute investment advice. It is not an offer to sell or a solicitation of an offer to buy any security. Many factors affect performance including changes in market conditions and interest rates and in response to other economic, political, or financial developments. Past performance is not a guide to or indicative of future results. Future returns are not guaranteed and a loss of principal may occur. This information is not intended to provide specific advice, recommendations or projected returns of any particular Standish Mellon Asset Management Company LLC ("Standish") product. Some information contained herein has been obtained from third party sources and has not been verified by Standish. Standish makes no representations as to the accuracy or the completeness of any of the information herein.

The enclosed material is confidential and not to be reproduced or redistributed without the prior written consent of Standish. Any statements of opinion constitute only current opinions of Standish, which are subject to change and which Standish does not undertake to update. Views expressed are subject to change rapidly as market and economic conditions dictate. Portfolio composition is also subject to change.

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. 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.

To derive Ten Largest Holdings, Characteristics, Economic Sector Weightings, Country Weightings and Portfolio Holdings for presentation purposes, the portfolio manager uses the market value weighted based on the total market value of the entire portfolio.

This portfolio data should not be relied upon as a complete listing of the Portfolio's holdings (or top holdings) as information on particular holdings may be withheld if it is in the client's best interest to do so. Portfolio holdings are subject to change without notice and may not represent current or future portfolio composition. The portfolio date is "as of" the date indicated.

There is no assurance that any securities discussed herein will remain in an account's portfolio at the time you receive this report or that securities sold have not been repurchased. The securities discussed do not represent an account's entire portfolio and in the aggregate may represent only a small percentage of an account's portfolio holdings.

It should not be assumed that any of the securities transactions or holdings discussed were 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 allocation distribution and actual percentages may vary from time-to-time. The types of investments presented in the allocation chart will not always have the same comparable risks and returns. The actual performance of the portfolio will depend on the Investment Manager's ability to identify and access appropriate investments, and balance assets to maximize return while minimizing its risk. The actual investments in the portfolio may or may not be the same or in the same proportion as those shown above.

These benchmarks are broad-based indices which are used for illustrative purposes only and have been selected as they are well known and are easily recognizable by investors. Comparisons to benchmarks have limitations because benchmarks have volatility and other material characteristics that may differ from the portfolio. For example, investments made for the portfolio may differ significantly in terms of security holdings, industry weightings and asset allocation from those of the benchmark. Accordingly, investment results and volatility of the portfolio may differ from those of the benchmark. Also, the indices noted in this presentation are unmanaged, are not available for direct investment, and are not subject to management fees, transaction costs or other types of expenses that the portfolio may incur. In addition, the performance of the indices reflects reinvestment of dividends and, where applicable, capital gain distributions. Therefore, investors should carefully consider these limitations and differences when evaluating the comparative benchmark data performance.

The information regarding the index is included merely to show the general trends in the periods indicated and is not intended to imply that the portfolio was similar to the index in composition or risk.

STANDISH

BNY MELLON
ASSET MANAGEMENT