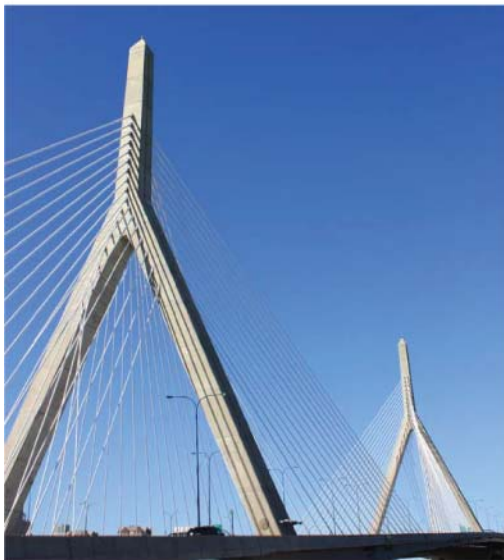




A singular focus on Tax Sensitive Fixed Income *Solutions*



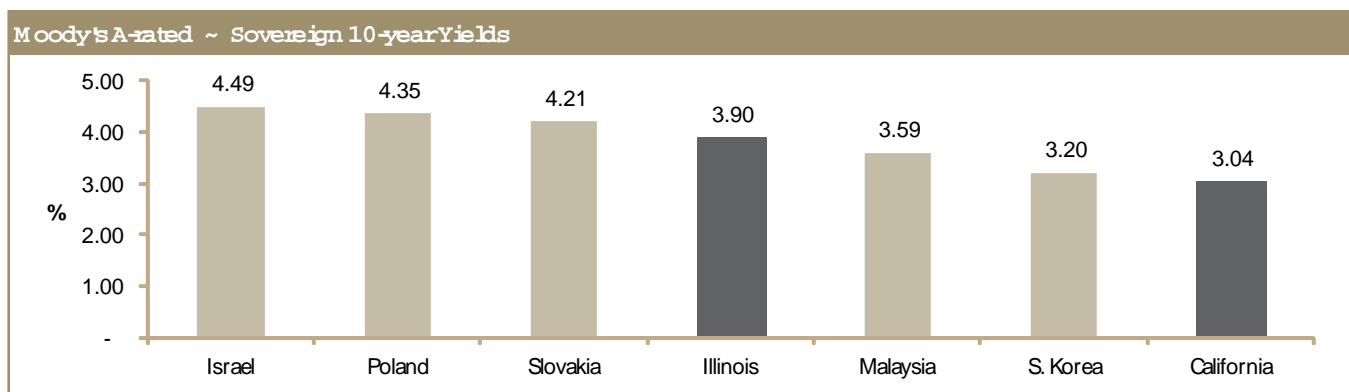
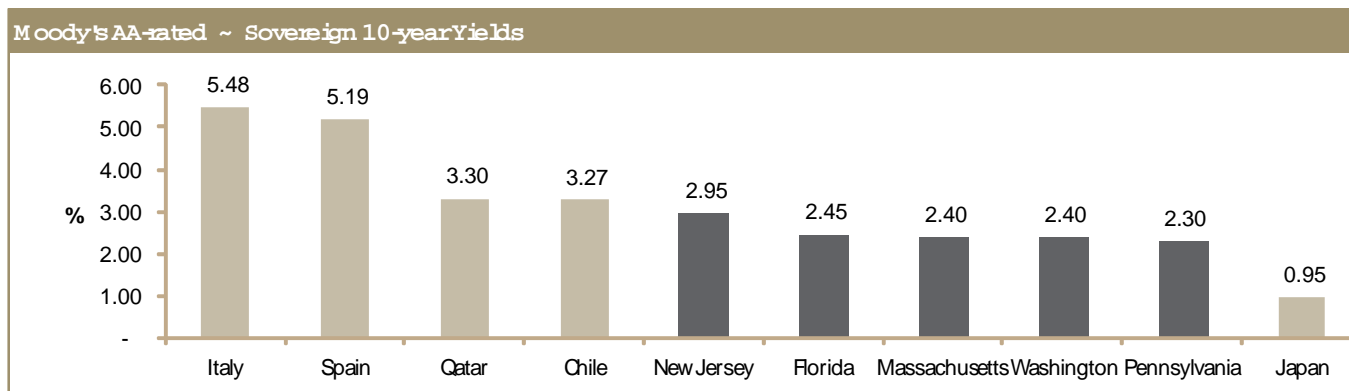
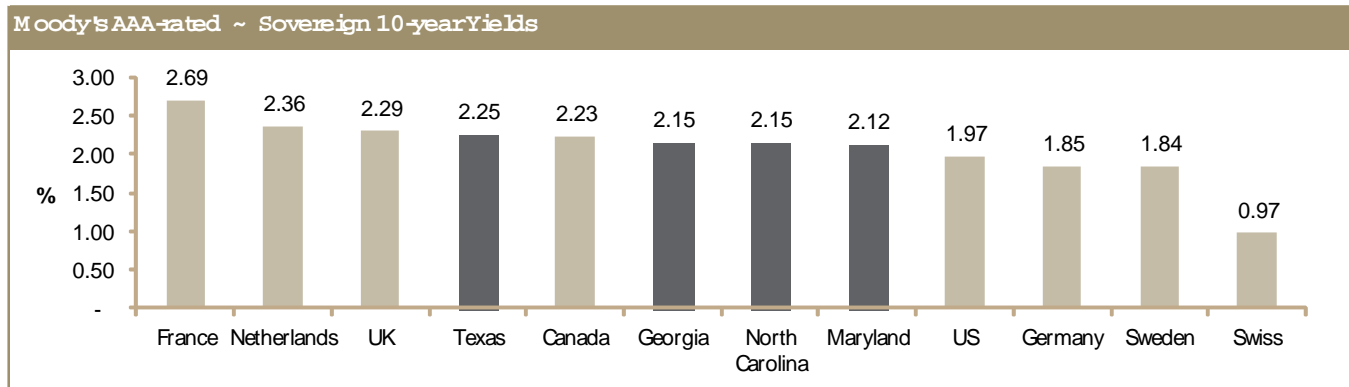
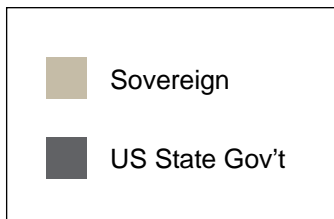
Drawing on 75 years of fixed income experience, Standish is your partner for specialized fixed income and investment management.



NCTR Annual Convention: *Pension Funds and US Municipal Bonds*

October 11, 2011

Sovereign Debt Yield Comparison



Source: Bloomberg, Thomson Reuters, Standish as of September 6, 2011

Low Beta of Municipals

CORRELATION MATRIX ~ 10-YEARS ENDING 8/31/11

	BARCLAYS MUNI INDEX	BARCLAYS STATE GO INDEX	BARCLAYS TREASURY INDEX	BARCLAYS CORPORATE INDEX	M L GLOBAL SOVEREIGN MARKET PLUS	S&P 500
BARCLAYS MUNI INDEX	1.00					
BARCLAYS STATE GO INDEX	0.98	1.00				
BARCLAYS TREASURY INDEX	0.47	0.51	1.00			
BARCLAYS CORPORATE INDEX	0.64	0.63	0.55	1.00		
M L GLOBAL SOVEREIGN MARKET PLUS	0.47	0.51	0.12	0.53	1.00	
S&P 500	-0.01	-0.05	-0.34	0.24	-0.31	1.00

Source: Barclays Capital, Merrill Lynch, Bloomberg

Sovereign Debt Comparison

- Sovereign Contagion

Municipal Tax Backed**	Non-US Sovereign***
Debt is self amortizing	Rollover risk
Issued for capital purposes and usually voter approved	Funds ongoing operations
Responsibilities are limited and more finite (schools, hospitals, airports, etc)	Broad scope of liabilities (military, social security, health care, etc.)
Lower debt burden	Highly leveraged
Good tax compliance	Some tax avoidance

** Average maturity Barclays Municipal Index: 14 years
Source: Barclays

*** Average maturity sovereign debt
France: 7 years
Germany: 6 years
Greece 7: years
Spain: 7 years

Source; April 2010, IMF staff estimates

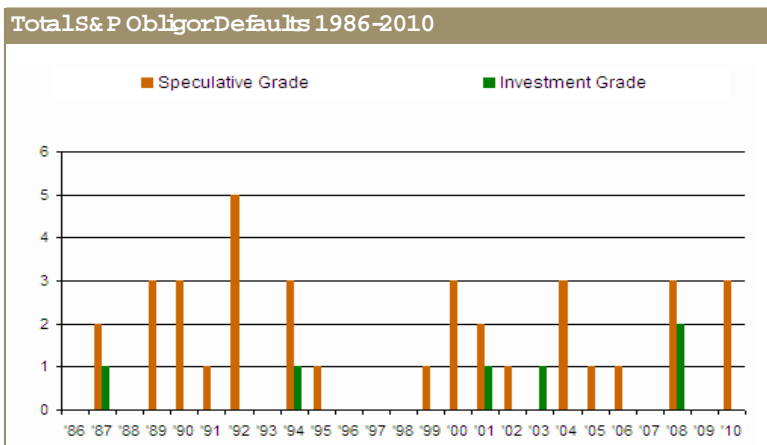
Historically Low Default History

Low Default Rate

Cumulative 15-Year Default Rates 1981-2010		
Rating	Municipals	Corporates
Aaa	0.00%	1.37%
Aa	0.06%	1.39%
A	0.10%	3.30%
Baa	0.39%	8.39%
Investment Grade	0.15%	4.46%
Speculative Grade	6.75%	31.63%

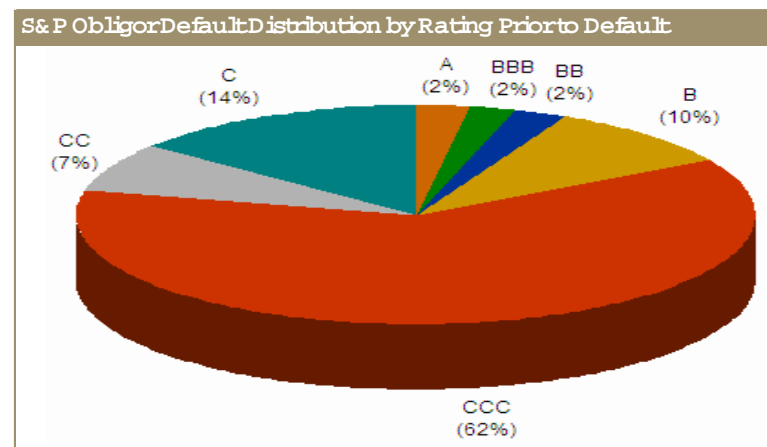
Source: Standard & Poors Municipal data from 1986-2010;
Corporate 1981-2010

Small Number of Defaults



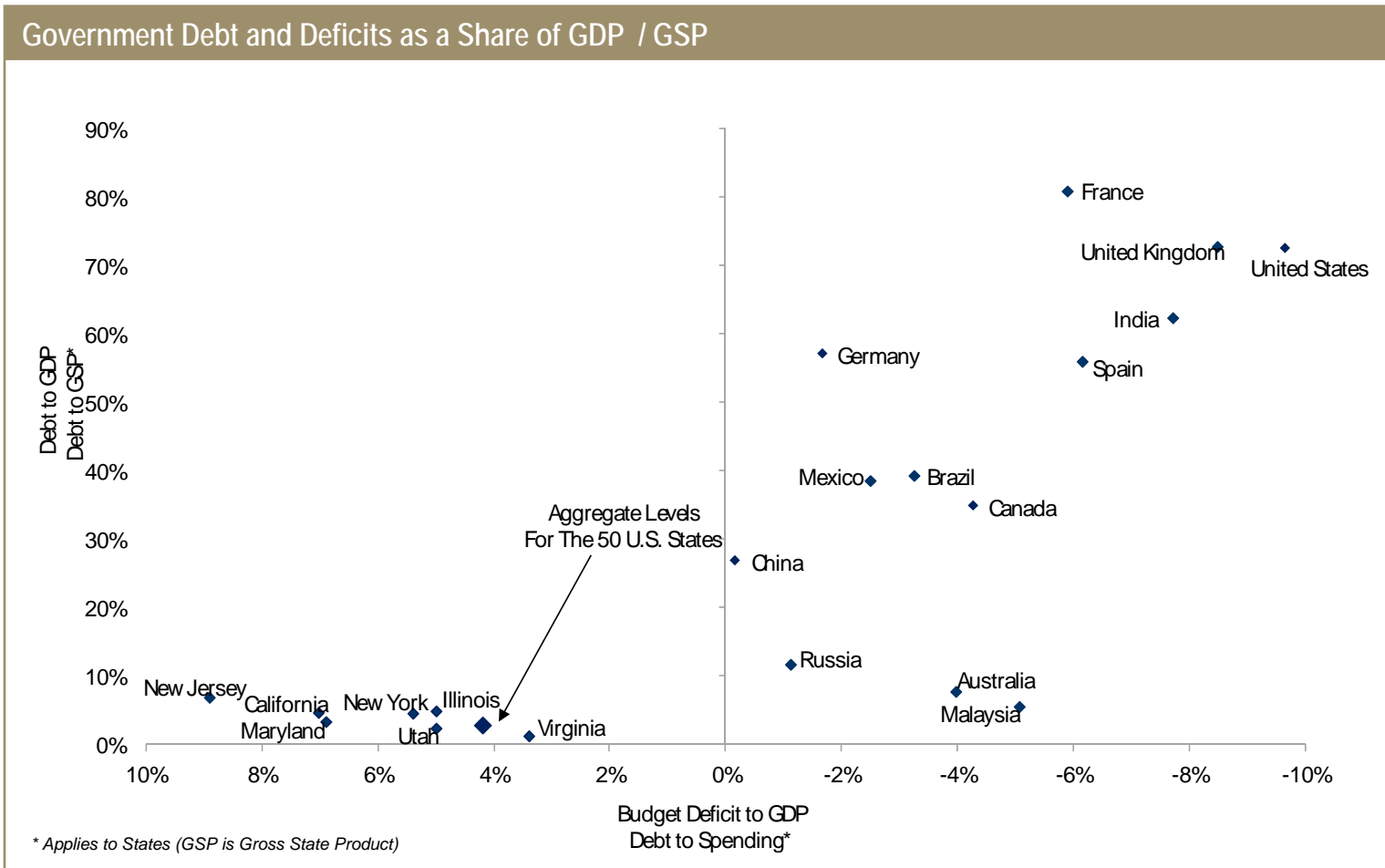
Source: S&P, U.S. Public Finance Defaults and Rating Transition Data: 2010 Environment

Investment Grade Issuers Rarely Default 1986-2011



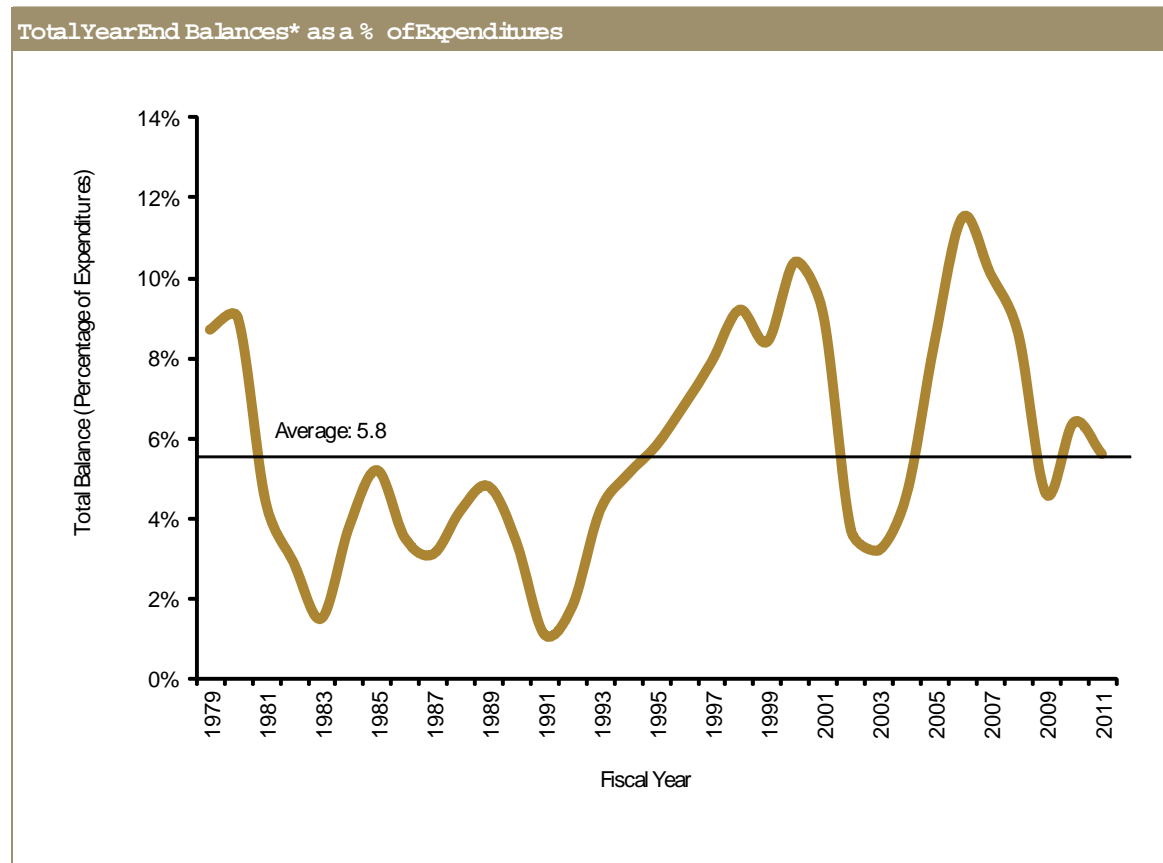
Source: S&P, U.S. Public Finance Defaults and Rating Transition Data: 2010 Environment

Global Debt Dynamics



Source: International Monetary Fund, Standard and Poor's, September 2011

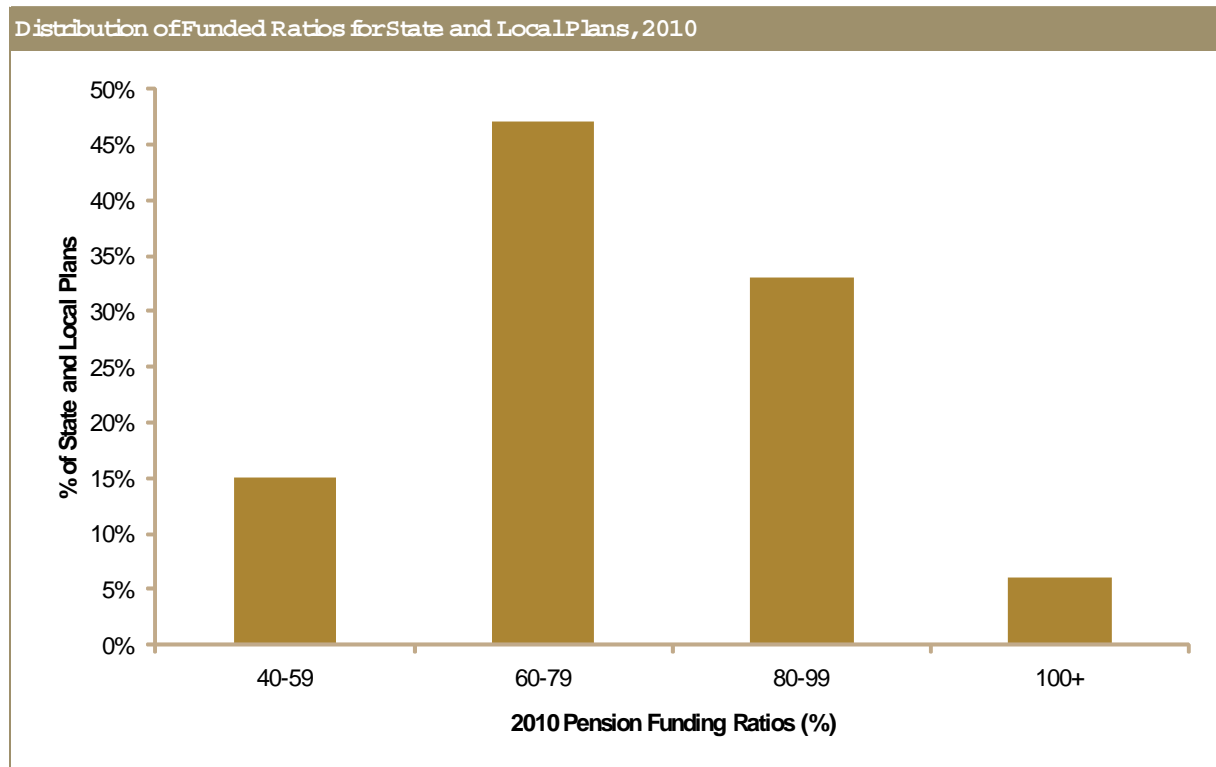
...good financial flexibility...



* Balances equal total fund balance, rainy day funds, and budgetary reserve funds

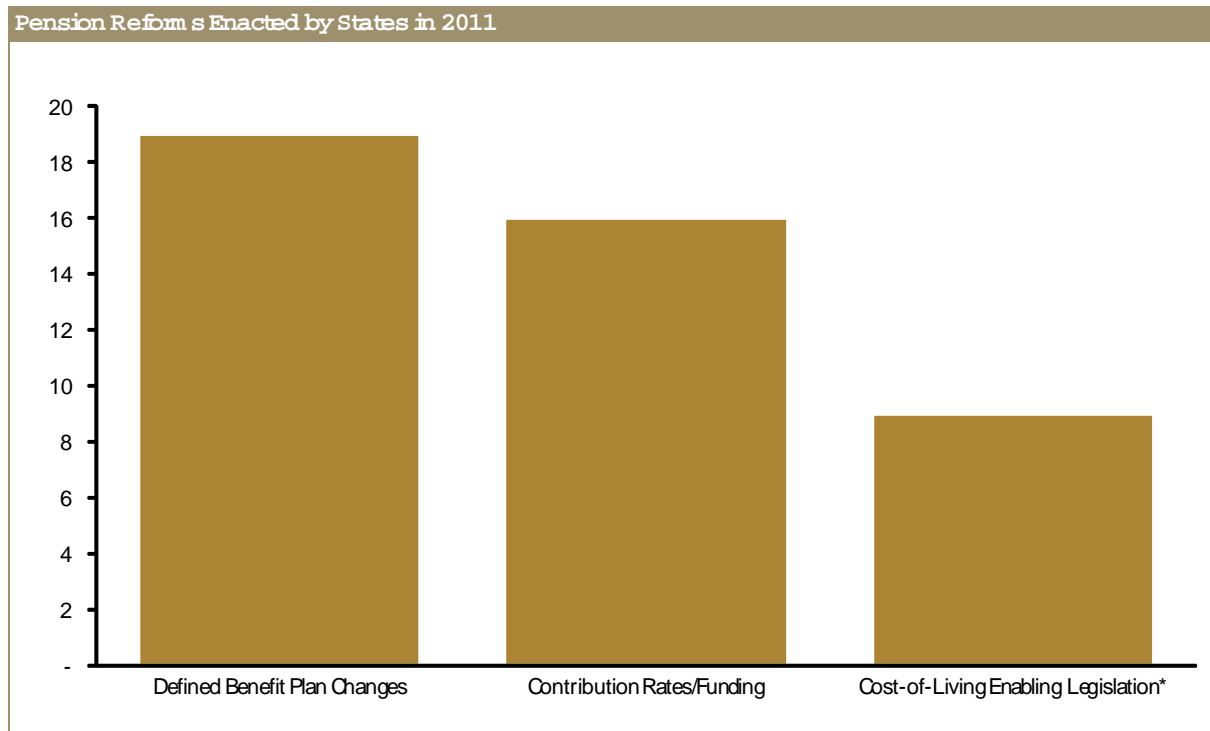
Source: National Association of State Budget Officers, December 2010 Fiscal Survey of States

Distribution of Funded Ratios for State & Local Plans, 2010



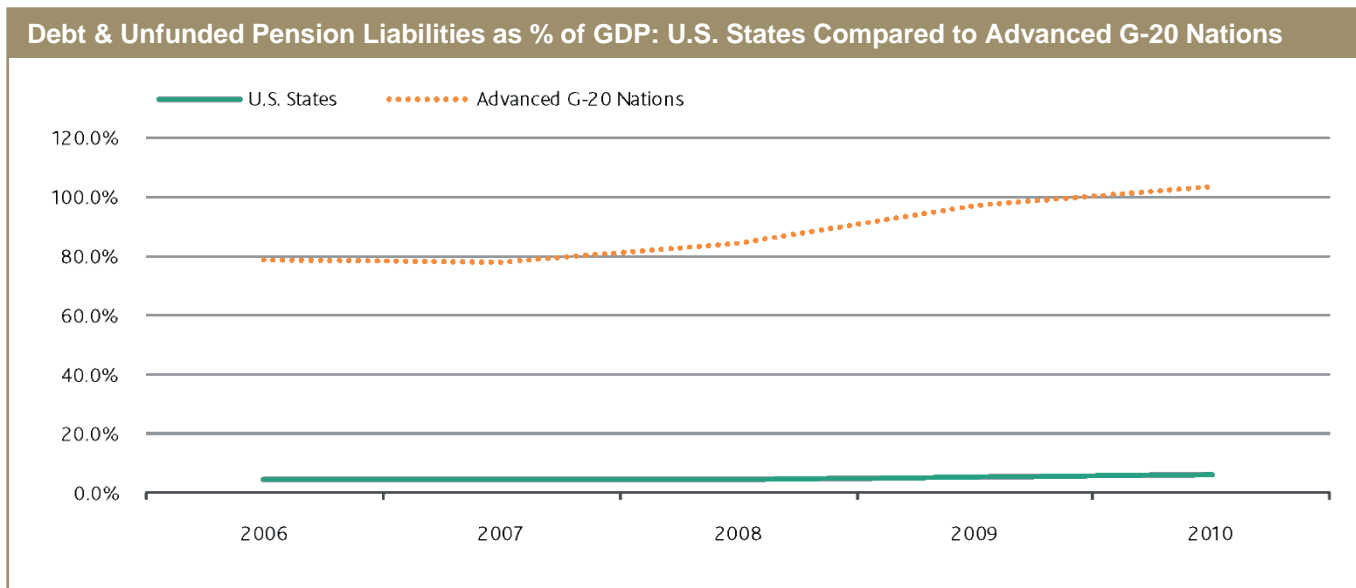
Source: "The Funding of State and Local Pensions IN 2010," Center for Retirement Research at Boston College, May 2011

Pension Reforms



Source: National Conference of State Legislatures, September 2011
* State Legislation

Global Debt Dynamics



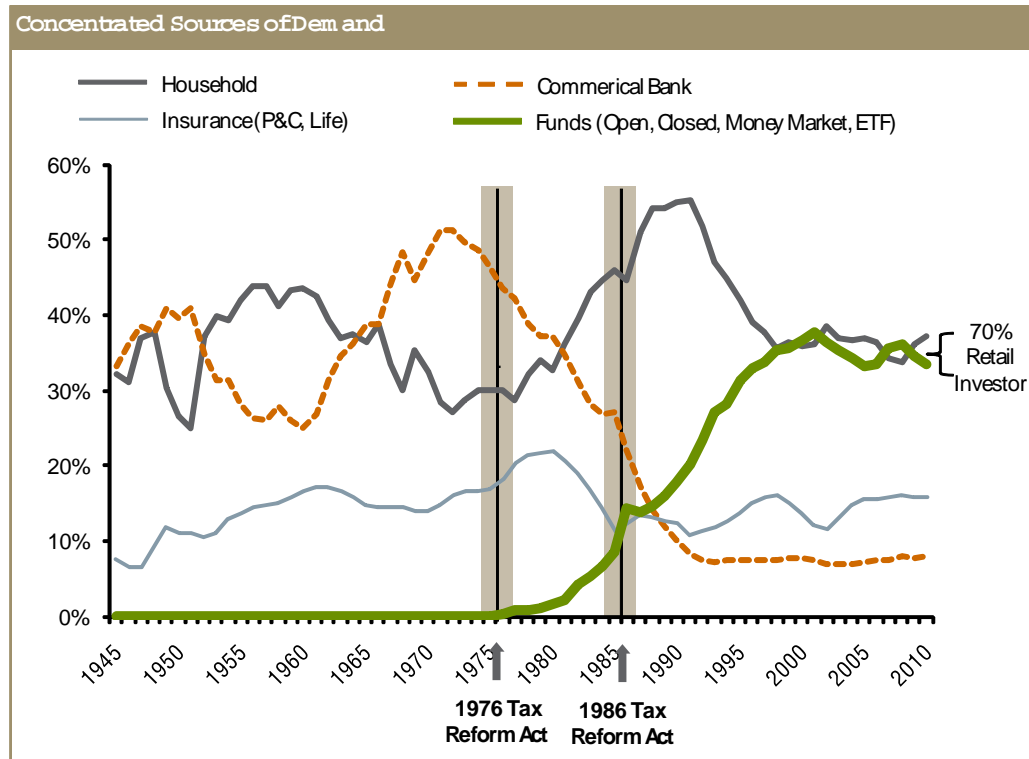
Source: Moody's Investors Service & International Monetary Fund, March 2011

Fragmented Issuance

Top 20 State Issuers				
State	Total Net Tax Supported Debt (\$000's)	Ratings		
		S&P	Moody's	Fitch
1 California	\$94,715,065	A-	A1	A-
2 New York	\$61,650,419	AA	Aa2	AA
3 New Jersey	\$34,407,665	AA-	Aa3	AA-
4 Massachusetts	\$31,243,217	AA+	Aa1	AA+
5 Illinois	\$30,847,532	A+	A1	A
6 Florida	\$21,472,900	AAA	Aa1	AAA
7 Connecticut	\$18,467,835	AA	Aa2	AA
8 Washington	\$17,712,354	AA+	Aa1	AA+
9 Texas	\$15,432,590	AA+	Aaa	AAA
10 Pennsylvania	\$13,578,800	AA	Aa1	AA+
11 Ohio	\$11,610,654	AA+	Aa1	AA+
12 Georgia	\$10,933,325	AAA	Aaa	AAA
13 Wisconsin	\$10,174,263	AA	Aa2	AA
14 Maryland	\$9,646,600	AAA	Aaa	AAA
15 Kentucky	\$8,510,617	A+*	Aa3*	AA-*
16 Virginia	\$8,413,741	AA+*	Aa1*	AA+*
17 Oregon	\$7,734,585	AA+	Aa1	AA+
18 Michigan	\$7,566,087	AA-	Aa2	AA-
19 North Carolina	\$7,398,875	AAA	Aaa	AAA
20 Minnesota	\$6,131,243	AA+	Aa1	AA+

*Appropriation only (No GO debt); Source: Moody's 2011 State Debt Medians Report June 2011

Limited Buyers



Source: Standish, Federal Reserve as of February 28, 2011

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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.

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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.

Standard and Poor's 500 Index is a capitalization-weighted index of 500 stocks. The index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. The index was developed with a base level of 10 for the 1941-43 base period. See SPY US Equity for the tradeable equivalent.

The Barclays Treasury Index is a market capitalization weighted index of Treasury bonds that have maturities of one year or more and have an investment grade credit rating no lower than BBB/Baa3. The index tracks the performance of Treasury security trades in the U.S. Bond Market.

The Barclays Corporate Index is a market capitalization weighted index of corporate bonds that have maturities of one year or more and have an investment grade credit rating no lower than BBB/Baa3. The index tracks the performance of corporate security trades in the U.S. Bond Market.

The Barclays Municipal Index is a market capitalization weighted index of U.S. public municipal bonds that have maturities of one year or more and have an investment grade credit rating no lower than BBB/Baa3. The index tracks the performance of municipal security trades in the U.S. Bond Market.

The GO Bond Index component of the Municipal Bond index. To be included in the index, bonds must be rated investment-grade (Baa3/BBB- or higher) by at least two of the following ratings agencies: Moody's, S&P, Fitch. If only two of the three agencies rate the security, the lower rating is used to determine index eligibility. If only one of the three agencies rates a security, the rating must be investment-grade. They must have an outstanding par value of at least \$7 million and be issued as part of a transaction of at least \$75 million. The bonds must be fixed rate, have a dated-date after December 31, 1990, and must be at least one year from their maturity date. Remarketed issues, taxable municipal bonds, bonds with floating rates, and derivatives, are excluded from the benchmark.

The BofA Merrill Lynch Global Broad Market Sovereign Plus Index tracks the performance of investment grade sovereign debt of large and small cap issuers publicly issued and denominated in the issuer's own domestic market and currency. In order to qualify for inclusion in the Index, a country (i) must have an investment grade foreign currency long-term sovereign debt rating (based on an average of Moody's, S&P and Fitch); (ii) must have at least \$10 billion (USD equivalent) outstanding face value of Index qualifying debt (i.e., after imposing constituent level filters on amount outstanding, remaining term to maturity, etc.); (iii) must be available to foreign investors; and (iv) must have at least one readily available, transparent price source for its securities. Euro sovereigns are treated as a group with respect to minimum size requirements, but each member country is evaluated individually with respect to all other criteria. To qualify as a Euro member, entry into the European Monetary Union must be announced on or before the country qualification date (September 30) and must take effect on or before January 1 of the upcoming year. Qualification with respect to all country criteria other than rating is determined annually based on information as of September 30th, but does not take effect until December 31st. Conversion of local currency outstanding face value into USD terms is based on the average of the previous 12 month-end exchange rates up to and including the September 30th evaluation date. Qualification with respect to country rating criteria is determined monthly based on information available as of the third business day before the last business day of the month and takes effect on each month-end rebalancing date.

** The bonds given are chosen based on recognizable names who are large issuers in the municipal and taxable markets respectively*

