



United Sector Leaders Alternatives Fund – Manager Profile

Mellon Capital Management Corp.

Global Alpha Trust

December 2009



At a glance

Date of appointment:

30 May 2005

Parent company:

Mellon Financial Corporation PLC

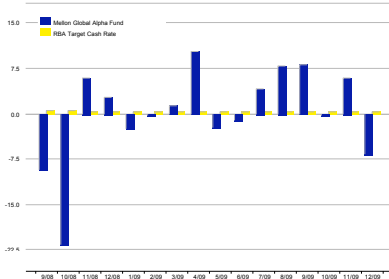
Style:

Global Macro/Global Tactical Asset Allocation

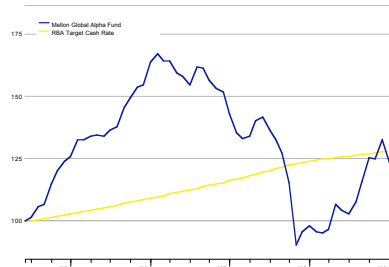
Funds allocated to manager:

AUD \$96.0m as at 30 December 2009

MONTHLY PERFORMANCE



CUMULATIVE PERFORMANCE



Company overview

Mellon Capital Management Corporation (Mellon Capital) is a wholly-owned asset management subsidiary of Mellon Financial Corporation based in San Francisco. Mellon Capital's investment professionals are widely recognised for their significant contributions to the progress of quantitative investment management. Its founders, William Fouse and Thomas Loeb, developed the first tactical asset allocation model and have been managing tactical asset allocation portfolios since 1972.

Investment style

Mellon Capital believes that relative asset mis-valuations exist within and between markets. The strength of Mellon Capital's approach lies in their ability to capitalise on these mis-valuations when and where they occur. The Global Alpha Strategy seeks to provide a well-diversified and stable stream of alpha by actively allocating across and within a broad set of asset classes available in global capital markets.

It actively allocates assets across the major developed equity, fixed income, and cash markets of the Canada, Denmark, Japan, France, Germany, the Netherlands, New Zealand, Norway, Sweden, Switzerland, Australia, Spain, United Kingdom and United States to exploit investment opportunities when valuations across asset classes occasionally diverge from equilibrium levels.

Stock selection and portfolio construction

The active management approach is pursued through long / short trades in stocks versus stocks, bonds versus bonds, stocks versus bonds and currencies, across and within the 14 markets. Mellon Capital focus on country, asset and currency level allocation and do not make active decisions at the individual security or industry sector level. Investment strategies are implemented through exchange traded futures and options and over-the-counter forward currency contracts.

- Equities:** Within each country, Mellon Capital employs a bottom-up valuation approach using their propriety dividend discount model. Expected returns for each company are then aggregated according to their market capitalisation weights to drive a market level expected return at a 'country' level.
- Bonds:** Mellon Capital favours bond markets that offer greater compensation for bearing inflation and interest rate risks. This also helps determine the relative value of equities versus bonds.
- Currencies:** Mellon believes that purchasing power parity is a significant supporting factor for currency strategies. Over-the-counter foreign currency forward contracts are utilised in order to implement the managers currency decisions.

Disclaimer

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