GE Asset Management

Active Commodities

Q4 2011

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Investment Objective

We seek to 1) outperform the benchmark; 2) provide portfolio diversification and inflation protection; 3) achieve uncorrelated, equity-like returns.

Investment Philosophy

We believe an active management strategy based on fundamental research can generate alpha and deliver the diversification benefits of an allocation to commodities within an investment portfolio.

GE Asset Management's Approach:

- Broad and diversified commodity exposure
- Employ spread strategies on a portion of the portfolio
- Generate original and on-the-ground global field research
- Leverage GEAM equity research and GE Global network

Investment Process

The investment process is grounded in GEAM's long-standing active, fundamental research-driven approach to investing. The team begins by analyzing the full range of commodities within the DJ-UBS Total Return Commodity Index as well as certain out-of-benchmark commodities. The investment team examines consumer and producer intelligence, by leveraging relationships with public companies, strategic counterparties, and the GE global network. Original commodity research is a key component in which the team performs in-depth supply/demand and inventory analysis. Based on this bottom-up research, the team seeks to strategically set individual commodity weights, employ inter/intra commodity spread trades, and actively manages the roll yield. The portfolio is constructed largely through the use of listed futures contracts, but may incorporate listed options and ETFs.

Portfolio Management

Portfolio Managers Nick Koutsoftas and Ben Ross are supported by GEAM's dedicated commodities research team as well as GEAM's larger team of global equity research analysts.

About GE Asset Management

GE Asset Management, wholly owned by the General Electric Company, is one of the largest managers of institutional assets globally. Our investment capabilities include U.S., Canada, Europe, Asia, emerging and frontier equities as well as commodities, fixed income and alternative investments. We are a global investment management organization with offices* in the U.S., Canada, South America, Europe and Asia.

Portfolio Guidelines

- Benchmark: Dow Jones UBS Total Return Commodity Index (DJ-UBS TR)
- Individual commodity concentration limit: 20%
- Sector concentration limit: 45%
- Short exposure limit: 30%
- Fully collateralized on a net notional basis
- Maximum out-of-universe exposure: 20%

Buy Decision

- Tight supply / demand balances
- Low inventory levels
- Emerging demand
- Structural supply constraints
- Backwardated forward curve
- Liquidity

Sell Decision

- Change in fundamentals
- Increasing supply capacity/utilization
- Steep contango
- Overvalued relative to marginal cost of supply

Spread Decision

- Exploit relative fundamental dislocations
- Capture producer margins
- Expect shift in curve structure

Research

- Proprietary modeling/fundamental analysis
- Company visits/management meetings
- On-the-ground due diligence
- Strategic counterparties

*GE Asset Management Incorporated; GE Asset Management Canada, GE Asset Management Limited, GE Asset Management Hong Kong.
For current and prospective institutional clients and other members of the investment community. Not For Use With The General Public. It is not mutual fund sales material and should not be quoted in connection with any mutual fund solicitation. It is not intended to constitute investment advice.
The risk of loss in commodities investing can be substantial. Prospective investors should consider carefully whether commodities' trading is suitable for them and their investment objectives. GEAM is not currently registered with the United States Commodity Futures Trading Commission ("CFTC") as a commodity trading advisor ("CTA") and is expected to offer commodity trading advisory services pursuant to one or more exemptions from CTA registration pursuant to applicable CFTC rules and regulations.

Active Commodities

Market Review:

Commodities, as measured by the Dow Jones/UBS Commodity Index (DJ-UBS Index), eked out a small gain of 0.35% in the fourth quarter after falling 6.7% and 11.3%in the second and third quarters, respectively, closing out the full year 2011 down 13.3%. In a year defined by significant global events such as the European sovereign debt crisis, the Japanese earthquake and tsunami, and the political unrest and civil protests in the Middle East, the world seemed to stabilize somewhat in the fourth quarter with improving employment, manufacturing, and confidence statistics in the U.S. and signs of monetary easing in China. The DXY (U.S. Dollar Index) followed its strong 5.7% move up in the third quarter by appreciating another 2.1% in the fourth quarter reaching levels not seen since January 2011. After spiking 160% in the third quarter, the S&P volatility index (VIX), frequently dubbed the 'fear index', dropped 46% in the fourth quarter as investors began to accept a more constructive (or less bad) outlook for 2012. The global equity markets were the main beneficiaries of this positive sentiment change with the S&P 500 and MSCI All-World equity indices rising 11.8% and 7.7%, respectively, in the fourth quarter as equities tend to be more anticipatory and better reflect or discount future events while commodities tend to be more of a spot asset reflecting current supply/demand fundamentals.

Contributing to the muted commodity performance in the fourth quarter was the continued speculative liquidation witnessed across many commodities. By the end of the quarter, approximately 91% of the commodities we track showed speculative net length below levels recorded one year ago, while 82% showed speculative length lower than levels seen 5 years ago.

Grains (+3.9%), Energy (+2.1%), and Industrial Metals (+1.5%) were the only sectors to post positive gains in the fourth quarter but were the three worst performing sectors in 2011 with Grains, Energy and Industrial Metals down 14.5%, 16.0% and 24.3%, respectively. Softs, Precious Metals, and Livestock were down 5.9%, 4.4%, and 3.8%, respectively, in the fourth quarter. And, Softs and Livestock finished the year down 14.0% and 2.4%, respectively, while Precious Metals (+4.5%) was the only sector to post a positive return in 2011.

WTI Crude Oil (+24.8%) was the best performing commodity in the quarter significantly outperforming its North Sea counterpart, Brent Crude, which was up only 4.5%. The Brent premium over WTI which had reached an all-time high of $27.88/barrel earlier in the quarter (10/14/11) narrowed to $8.55/barrel on December 30th. The strong move in WTI was propelled by: 1) declining inventories in Cushing, OK which, according to the DOE, dropped 2.6% in the fourth quarter and a total of 22% for the full year to its lowest levels since March 2010; and 2) Enbridge's announcement on 10/16/11 that it will acquire a 50% stake in the Seaway crude oil pipeline with the intent to reverse the direction of crude so it can carry oil from Cushing, OK to refineries along the Gulf Coast. Corn, which struggled to produce sustainable gains throughout the year, popped 9.1% in the fourth quarter driven by higher Chinese imports and adverse weather (dryness) in South America, related to the resurgence of La Nina, potentially impacting crop production. Corn finished the year up only 2.8% despite ending stocks-to-use in the U.S. (largest producer and exporter) at 6.7% - the second lowest level on record. Copper's (+9.0%) strong finish to the year can be largely attributed to positive Chinese trade data, declining exchange inventories, and a prolonged strike at Freeport-McMoRan Copper & Gold Inc.'s Grasberg mine in Indonesia.

Cocoa (-19.1%) was the worst performing commodity in the quarter and finished the year down 30.5%. The price of cocoa dropped to levels not seen since November 2008 as ample supply flooded the market, sourced from the Ivory Coast and Ghana, the world's top two producers. Natural Gas (-18.5%), which continues to suffer from record storage levels and strong production growth in the U.S., has posted negative returns for four straight quarters pushing it down 32.1% on the year – its fourth consecutive year of negative returns. Sugar (-11.5%) was the third worst performing commodity in the fourth quarter and after reaching levels back in February not seen since 1980, it ended 2011 down 27.5%. The disappointing quarter can be attributed to the surprise announcement out of India which approved 1 million tons of sugar exports for 2011-12 and announced the end of stockholding limits. Market expectations were for exports of 500k tons.

Performance attribution:

The Active Commodities composite posted very strong relative returns in the fourth quarter of 2011 and has now outperformed the DJUBS Index in 13 of the last 16 months (gross of fees). In the fourth quarter, the composite returned 1.86% (gross of fees) compared to the benchmark return of 0.35% resulting in 151bps of relative outperformance. For the full year 2011, the composite returned -11.32% (gross of fees) compared to the benchmark return of -13.32% resulting in 200bps of relative outperformance. Positive contributors in the quarter included: overweights in Copper (+8.4%), Palladium (+7.2%), and Corn (+7.1%); and underweights in U.S. Natural Gas (-31.1%), Cocoa (-19.3%), and Silver (-10.0%). Negative detractors in the quarter were: overweight positions in UK Natural Gas (-26.9%), Sugar (-10.2%), Platinum (-8.0%), and Lean Hogs (-7.8%); an underweight in Brent Crude (+9.8%); and a bear spread in Nickel where we underweighted the front month contract and overweight a contract 12 months out.

Market Outlook:

Our base case going into the first quarter of 2012 is that most commodities can remain at these higher levels (relative to history and their marginal cost) given continued strong GDP growth in emerging markets (FY '12 +7.3%, GE est.), a potential stabilization of the European sovereign debt crisis that will support GDP growth in the OECD countries above 1.5% (FY '12, GE est.), and ongoing supply constraints and disruptions. At current price levels, we believe inflation around the world should be contained. However, commodity prices are sensitive to geopolitical risks and unexpected weather/natural disaster events which could cause shorter-term spikes in prices as we're seeing now with crude oil's response to the saber-rattling in Iran and their threat to disrupt oil flow through the Strait of Hormuz. If oil were to go above $125/bbl and remain there for a period of time, the resulting impact on economic growth would likely be negative (as we saw in 2H08).

The other key themes to consider for the early part of 2012 are: 1) geopolitical risk and volatility in commodities and currencies will remain elevated; 2) correlations between asset classes and within commodities should trend lower as the market stabilizes; and 3) speculators will likely return to the market and influence prices in the near-term as speculative interest is currently below '08/'09 levels.

Within Energy, we expect U.S. Natural Gas to rebound in the first quarter from current levels, which have not been seen since September 2009, as the U.S. horizontal rig count continues to decline and producers reign in production given low levels of hedges for 2013 and as they divert capital away from natural gas drilling towards oil/liquid-rich plays. From a weather perspective, the colder winter months should also be supportive for natural gas prices. On the other hand, WTI Crude Oil prices could retreat slightly in the near-term as we move into a seasonally weaker demand period and with additional supply coming on in the U.S., Iraq, and Libya. We believe the current geopolitical situation in Iran and the threat of oil embargoes could potentially add about $10-$15/bbl to the current price of oil.

Within the Agriculture (Grains) sector, extremely tight U.S. and global balance sheets coupled with a secular demand shift in China support the outlook for corn in the '11/12 crop year while Wheat will likely continue to underperform the grain complex as global production responds to higher prices witnessed in 2010 & 2011. In Agriculture (Softs), Coffee should be supported by its inelasticity of demand as well as an extremely tight supply picture while market surpluses coupled with increased exports out of India should continue to weigh on Sugar prices through the 1Q12 despite a YTD decline of 27.5%.

Copper remains the best positioned commodity within the Industrial Metals sector as the market is expected to remain in deficit in 2012 driven by supply side constraints and resilient demand while Aluminum should be negatively impacted by elevated inventory levels and the risk of additional Chinese smelter capacity coming on line in 2012 and 2013.

Within Precious Metals, a growing supply-demand deficit combined with new end-market applications should bode well for Palladium prices in 1Q12 while Silver prices could succumb to record levels of new supply coming from mines and scrap and the risk of investment demand, which went from less than 5% in 2001 to over 25% in 2010. Similarly, we think Gold is also at risk of going lower given our belief that investment demand which now represents 40% of Gold's total demand (compared to only 10% in 2001) has created a price bubble and will decrease. In fact, in 2011, GLD, the largest gold exchange-traded product (ETP) saw its first annual outflow on record.

Finally, we believe strong demand for beef from developing markets coupled with structural supply constraints support a positive outlook for Cattle. Specifically, we expect Feeder Cattle should perform better than Live Cattle in the first quarter as the calf crop is the smallest since 1950 and has declined every year since 1995 while the temporary elevated level of cattle-on-feed could potentially translate into a Live Cattle glut.

Active Commodities

All data as of December 31, 2011

Performance: Annualized Returns - USD

Performance[8]	Active Commodities Gross of Fees (%)	Active Commodities Net of Fees (%)	DJ-UBS TR (%)[9]	Difference (%) *
QTD	1.88	1.62	0.35	1.53
YTD	(11.30)	(12.20)	(13.32)	2.02
1 Year	(11.30)	(12.20)	(13.32)	2.02
2 Year	1.77	1.77	0.63	1.14
3 Year	9.46	8.37	6.39	3.07
4 Year	(4.06)	(5.23)	(6.18)	2.12
5 Year	(1.08)	(2.07)	(2.07)	0.99
ITD (06/01/06)	(0.14)	(1.14)	(2.39)	2.25

Performance: Excluding Cash[10] - USD Annualized Returns (Supplemental Information)

Performance	Active Commodities Gross of Fees (%)	DJ UBS[11] (%)	Difference (%) *
QTD	1.80	0.34	1.46
YTD	(11.44)	(13.37)	1.93
1 Year	(11.44)	(13.37)	1.93
2 Year	1.62	0.54	1.08
3 Year	9.32	6.27	3.05
4 Year	(3.82)	(6.61)	2.79
5 Year	(1.25)	(3.31)	2.06
ITD (06/01/06)	(0.74)	(4.00)	3.26

Performance: Excluding Cash[12] - USD Absolute Returns - Gross of Fees (Supplemental Information)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	1 Year
2011	2.22	1.56	0.67	3.97	(4.52)	(4.44)	3.20	1.44	(16.20)	6.98	(2.25)	(2.64)	(11.44)
2010	(6.73)	3.13	(1.90)	2.18	(7.14)	(0.07)	7.02	(2.99)	7.41	5.41	(0.29)	11.19	16.60
2009	(3.58)	(3.56)	4.90	1.07	14.04	(2.30)	3.55	0.17	0.82	3.34	3.85	2.62	26.50
2008	4.66	13.73	(7.45)	2.26	2.14	8.83	(12.58)	(6.11)	(11.29)	(19.91)	(6.52)	(4.05)	(34.50)
2007	(1.14)	1.33	1.90	0.16	(0.98)	(0.93)	2.74	(3.41)	8.79	1.94	(3.17)	2.66	9.74
2006	-	-	-	-	-	1.57	1.40	(2.58)	(4.95)	5.66	5.33	(3.73)	2.17

The data provided above is Supplemental to the Composite performance presentation for this investment strategy, which is included in the Notes to Performance.
* The difference % shown is the difference between the gross of fee performance and the benchmark data.
Inception date for the Active Commodities strategy is June 1, 2006
Source: GE Asset Management, Dow Jones, S&P and Bloomberg

8. Annualized rolling periods through the most recent quarter-end.
9. The Dow Jones - UBS Commodity Total Return Index (DJ-UBS TR) is the benchmark of the GEAM Active Commodities strategy. The DJ-UBS TR is an unmanaged index and its returns do not reflect the actual cost of investing in the instruments that comprise it. The DJ-UBS TR reflects the return on fully collateralized positions in the underlying commodities futures. It is provided to represent the investment environment existing for the time periods shown. The returns for the index have been provided by Mellon Analytical Management Solutions. You cannot invest directly in an index.
10. Annualized rolling periods through most recent quarter end. The return figures are gross of fees and based on performance without cash (excess returns), which assumes return of equity on a base of "investable" assets (excess return will equal the total return less the total return of the invested collateral). Performance may be lower once invested cash collateral is taken into account.
11. Dow Jones-UBS Commodity Index (excluding cash)
12. The return figures are gross of fees and based on performance without cash (excess returns), which assumes return of equity on a base of "investable" assets (excess return will equal the total return less the total return of the invested collateral).

Past performance is no guarantee of future results.There is a risk of loss from an investment in securities.
The data provided above reflects allocations of Representative Account as of the date shown. Total portfolio is within collateralization guidelines.
Approved for issue by GE Asset Management Limited which is Authorised and Regulated by the Financial Services Authority. Registered in England and Wales under Registration number: 3084561, Registered office: 201 Talgarth Road, Hammersmith, London W6 8BJ.

GE Asset Management

Active Commodities Composite

June 01, 2006 - December 31, 2011								
					As of December 31			
Year	Gross return (%)	Net of Fee Return (%)	Benchmark return (%)	Composite dispersion (%)	Number of portfolios	Total composite assets ($MM)	% Non-fee paying	Total firm assets ($MM)
2006*	4.75	4.15	(2.98)	N/M	<5	26	100	196,477
2007	11.83	10.73	16.23	N/M	<5	115	100	189,694
2008	(35.40)	(36.07)	(35.70)	N/M	<5	82	100	105,884
2009	26.60	25.36	18.91	N/M	<5	210	100	117,881
2010	16.78	15.63	16.83	N/M	<5	392	91	119,452
2011	(11.30)	(12.20)	(13.32)	N/M	<5	454	90	115,214

* For the period from June 1, 2006 (inception through December 31, 2006.)

Notes to performance:
GE Asset Management Incorporated (GEAMI) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. GEAMI has been independently verified through 2010.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The Active Commodities Composite has been examined for all periods through 2010. The verification and performance examination reports are available upon request.

GE Asset Management (the "Firm") is defined as GE Asset Management Incorporated ("GEAMI"), GE Asset Management Limited ("GEAML") and GE Asset Management Canada Company ("GEAMC"). GEAMI is an investment adviser registered under the Investment Advisers Act of 1940. GEAML is an investment adviser and manager authorized and regulated by the UK Financial Services Authority. GEAMC is an investment adviser registered to provide services in substantially all Canadian Provinces and Territories. From 2000 to 2002, the Firm was defined as GEAMI and GEAML. GEAMC was organized in 2000 and commenced operations on January 1, 2001. Prior to 2000, the Firm was defined as GE Investment Management Incorporated ("GEIM"), General Electric Investment Corporation ("GEIC") and GE Investments (US) Limited ("GEIUS"), all affiliated entities. GEIM changed its name to GE Asset Management Incorporated in January 2000 and GEIC merged with and into GEAMI in March 2000. GEIUS changed its name to GE Asset Management Limited in January 2000.

The Active Commodities Composite (the "Composite") includes all discretionary accounts investing in a commodities strategy. Portfolios in the Composite may invest in derivative instruments. The benchmark for the Composite is the Dow Jones-UBS Commodity Total Return Index. The Composite was created and incepted in June 2006.

Rates of return are time-weighted and are presented net of commissions and transaction costs, assume the reinvestment of dividends and other earnings and are calculated in US dollars. Performance results are expressed net of foreign withholding taxes and related reclaims. These taxes and related reclaims are calculated at the account level and assume the tax rate for the country of residence of the entity under the applicable tax treaties in effect during the period. Model Net Returns were calculated by subtracting the highest Model Fee on a monthly basis from the gross composite return. Model Fee means (1) for the period prior to November, 2011, the highest fee paid by any separate account managed by GEAM during November, 2011; and (2) for the period commencing November, 2011 and afterwards, the highest fee paid by any separate account managed by GEAM during the month. In addition, for Model Net Returns disclosed in any presentation provided prior to November, 2011, the Model Fee was equal to the highest fee paid by any account (including if applicable, a mutual fund) in the relevant strategy. Additional information regarding the Firm's policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. A complete list of composite descriptions is available upon request.

The dispersion of annual account returns is measured by the range between the highest and lowest performing accounts in the Composite if greater than four and fewer than ten accounts are present in the Composite for the entire year. If ten or more accounts are present for the entire year, equal weighted standard deviation is used. For those composites with four or fewer accounts included for the entire year, dispersion is not considered meaningful and is not presented ("N/M").

The 36-month annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period. As of December 31, 2011 the 36-month annualized ex-post standard deviations of the Active Commodities Composite and the Dow Jones-UBS Commodity Total Return Index are 18.70 and 18.22, respectively.
Performance results are presented before management and custodial fees. Actual returns will be reduced by such fees.
Fee example: The effect on a $10 million investment assuming 10% total compounded annual return and management fees of 1.00% charged on a quarterly basis as a percentage of average net assets would be:

	1 Year	5 Year
Balance Before Fees	$11,000,000	$16,105,100
Balance After Fees	$10,892,983	$15,336,776

Certain clients may incur contingent performance-based fees that are assessed when the account's return exceeds a predetermined benchmark. Management fees will vary depending on account size and other factors, and are described in Form ADV – Part II.

The standard, non-affiliate management fee schedule as of January 5, 2011 is:

First $50MM:	100 Basis Points
Next $50MM:	85 Basis Points
Thereafter:	Upon Request

Existing clients may be paying fees lower than the current standard, non- affiliate fee schedule described above. The Firm may, in certain cases, negotiate fees particularly with clients which have invested in multiple products or which are affiliated with or related to the Firm. The Firm may also offer different fees to non-US entities.

The Dow Jones-UBS Commodity Total Return Index (the "Index") is an unmanaged index and does not reflect the actual cost of investing in the instruments that comprise it. The Dow Jones-UBS Commodity Total Return Index reflects the return on fully collateralized positions in the underlying commodities futures. It is provided to represent the investment environment existing for the time periods shown. The returns for the Index have been provided by Mellon Analytical Solutions. The returns for this unmanaged Index do not include any transaction costs, management fees or other costs. The Index results have not been examined by the independent verifier.