

# GE Asset Management

## Active Commodities

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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 fully collateralized 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 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: 40%

### Buy Decision

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

- Liquidity

### Sell Decision

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

### Portfolio Management

Portfolio Managers Nick Koutsoftas and Ben Ross, along with Commodities Research Analyst Geoff Fila, are supported by GEAM's global research analysts and trading platform.

### About GE Asset Management

GE Asset Management, wholly owned by the General Electric Company, is one of the largest managers of institutional assets in the United States. Our core investment capabilities include U.S. and International Equities, Fixed Income, Real Estate and Private Equity. We are a global investment management organization with offices\* in the U.S., Canada, Europe and Asia.

### 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 global network



\* 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

After a strong showing in 2009, commodities, as measured by the Dow Jones/UBS Commodity Index, are off to a relatively slow start in 2010 with the benchmark down 5% despite signs of a stabilizing global economy. Broadly speaking, the negative performance can be attributed to the strengthening US Dollar, concern over the timing and extent of China's fiscal and monetary policy tightening, and other external market influences, such as sovereign default risk, that have increased risk aversion and diluted some of the positive impact of economic growth around the world. The dollar, helped by strong GDP growth and improving employment data points in the United States, appreciated by 6.1% against the British Pound and 5.7% against the Euro.

Nevertheless the recovery appears to be gaining momentum around the globe, evident in the acceleration of industrial production in many markets, expansion readings in global PMI Manufacturing and Service surveys, and positive GDP growth data. In China, GDP grew 11.9% year-over-year in the first quarter – getting back to growth rates last seen in 2007.

Industrial Metals, the strongest performing sector in 2009 (up 80%), remains at the top year-to-date appreciating 6.1% in the quarter. Conversely, Livestock, the weakest performing sector last year (down 15%), has reversed and was up 6.1% in the quarter. Precious Metals, up 2.3%, was the only other sector in the index with positive performance during the quarter. The underperformers were the Grain, Soft, and Energy sectors, which were down 16.0%, 12.6%, and 8.3%, respectively. Individual commodity performance was very divergent in the quarter with some up over 30% and others down more than 30%.

Nickel is the best performing commodity in our benchmark year-to-date and was up a staggering 35% in the quarter driven by robust global stainless steel demand, resulting in the drawing down of record high inventories. Labor issues at Vale's Sudbury mine in Canada, which represents 6% of global supply, also contributed to the bullish sentiment. Palladium and Platinum, which are critical components of diesel and gasoline catalytic converters, were up 17% and 12%, respectively, as vehicle sales in China reached record

levels and structural supply constraints in South Africa reverberated. Gasoline rose 12.5% driven by an improving demand outlook in the US and low refinery utilization, which currently stands at the low-end of the 5-yr range. Other strong performers in the quarter included Feeder Cattle, up 15%, and Lean Hogs, up 12%, which both suffered from extremely small herd sizes in the face of rising demand. On the negative side, Sugar, which soared 128% last year, fell 38% in the quarter as global supply shortfall estimates were revised lower due to higher-than-expected output in India and markets began to look forward to a much larger Brazilian harvest in the new crop year. Natural gas fell 31% as cold weather failed to significantly reduce storage levels in the US, which remained well above the 5-yr average, and production failed to decrease meaningfully despite a 45% drop in the rig count in 2009. In Grains, both Corn and Wheat were down 17% on higher ending stocks, the forecast for higher acreage, and increasing global supply.

## Performance Attribution

The Active Commodities composite's modest underperformance in the quarter was largely derived from holdings in Agriculture and Industrial Metals and can be narrowed to three specific commodities. An overweight in Sugar (down 38%) and Corn (down 17%), and an underweight in Aluminum (up 4%) more than offset the positive attribution derived elsewhere in the portfolio. Positive contributors to performance came from holdings in the Precious Metals and Energy sectors with overweights in Palladium (up 17%), Platinum (up 12%), and Copper (up 7%) and underweights in Wheat (down 17%) and Natural Gas (down 31%).

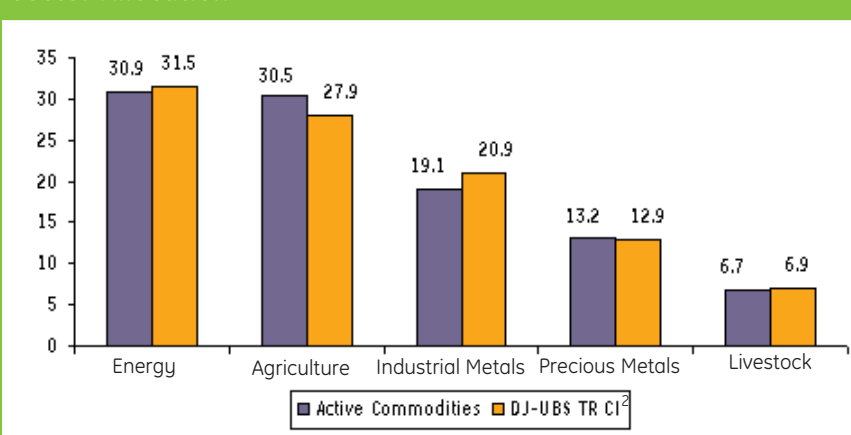
## Outlook

With the prospect of an improving global economy, we believe commodities in general should continue to stabilize and begin to trend higher in the second half of 2010 going into 2011. However, every commodity is different and as we witnessed in the first quarter of 2010, each is reacting to its own unique set of fundamentals.

# Active Commodities

All data as of March 31, 2010

## Sector Allocation<sup>1</sup>



## Characteristics

Excess Returns <sup>3</sup>	Active Commodities	DJ-UBS CI <sup>4</sup>
Standard Deviation (3 Yr)	23.70%	23.20%
Beta (3 Yr) <sup>5</sup>	1.00	1.00
Alpha (3 Yr)	3.23%	-
Tracking Error (3 Yr) <sup>5</sup>	3.70%	-
Information Ratio (3 Yr) <sup>5</sup>	0.80	-
Up Mkt Capture (3 Yr) <sup>5</sup>	109%	100%
Down Mkt Capture (3 Yr) <sup>5</sup>	97%	100%
Batting Avg (3 Yr)	58%	-

## Top Over/Under-Weights<sup>1</sup>

Commodity	Active Commodities (%)	DJ-UBS TR CI <sup>2</sup> (%)	Over/Under (%)
<b>Top Overweights</b>			
Unleaded Gas	8.0	4.0	3.9
Platinum	3.1	0.0	3.1
Palladium	2.4	0.0	2.4
<b>Top Underweights</b>			
Heating Oil	(0.4)	3.8	(4.2)
Aluminum	2.4	6.1	(3.7)
Gold	6.1	9.5	(3.4)

## Correlations (3 Yr Monthly)<sup>6</sup>

	Active Commodities <sup>6</sup>
vs. DJ-UBS TR CI	0.99
vs. SP-GSCI TR	0.90
vs. CRB TR	0.97
vs. S&P 500	0.48
vs. Barclays Capital Agg Bond	0.18
vs. DXY	(0.61)

Source: Index returns sourced from Bloomberg and Active Commodities returns from GE Asset Management

<sup>1</sup> Source: GE Asset Management

<sup>2</sup> Dow Jones-UBS Total Return Commodity Index

<sup>3</sup> The excess return figures reflect the return of the underlying commodity investments only. Therefore, such returns exclude all cash held in the strategy, including but not limited to, cash held to collateralize derivative investments.

<sup>4</sup> Dow Jones-UBS Commodity Index (without cash)

<sup>5</sup> GEAM Active Commodities relative to DJ-UBS Commodity Index (without cash)

<sup>6</sup> The Dow Jones-UBS Total Return Commodity Index is the benchmark of the GEAM Active Commodities strategy. All other benchmarks are shown for illustrative purposes only.

The data provided above reflects allocations of Representative Account as of the date shown. Total portfolio is within collateralization guidelines.

Totals may not sum due to rounding.

The data provided is Supplemental Information to the Composite performance information for this investment strategy, which is included in the Notes to Performance.

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## Performance: Total Return<sup>4</sup>

Total Return <sup>2</sup>	Gross of Fees (%)	Net of Fees (%)	DJ-UBS TR CI <sup>1</sup> (%)
1 Year	22.73	21.53	20.53
2 Year	(16.28)	(17.13)	(18.59)
3 Year	(5.80)	(6.74)	(6.87)
ITD (06/01/06)	(2.59)	(3.56)	(5.06)

## Performance: Excess Returns<sup>3</sup> (Supplemental Information)

Performance <sup>2</sup>	Gross of Fees (%)	DJ UBS CI <sup>3</sup> (%)
1 Year	22.15	20.38
2 Year	(16.25)	(19.05)
3 Year	(5.44)	(8.39)
ITD (06/01/06)	0.70	(7.30)

## Monthly Excess Returns<sup>3</sup> (Supplemental Information) Gross of Fees

Year	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
2010	(6.31)	3.11	(1.87)									
2009	(3.16)	(3.55)	4.77	0.95	13.98	(2.42)	3.59	(0.08)	0.86	3.16	3.80	2.66
2008	5.27	14.13	(7.82)	1.78	2.13	8.00	(12.56)	(5.95)	(10.93)	(20.75)	(6.56)	(3.62)
2007	1.58	5.16	4.72	0.24	(1.20)	(1.09)	3.07	(3.89)	10.85	2.47	(4.46)	3.30
2006	-	-	-	-	-	7.59	2.76	(2.94)	(5.11)	5.71	6.27	(5.02)

Inception date for the Active Commodities strategy is June 1, 2006

Source: Index total and excess returns: Bloomberg

Source: Active Commodities total and excess returns: GE Asset Management

<sup>1</sup> Dow Jones-UBS Total Return Commodity Index

<sup>2</sup> Annualized returns for the 2 yr, 3 yr and ITD returns

<sup>3</sup> The excess return figures reflect the return of the underlying commodity investments only. Therefore, such returns exclude all cash held in the strategy, including but not limited to, cash held to collateralize derivative investments.

<sup>4</sup> Total Return performance includes all cash held in the strategy, including but not limited to cash held to collateralize derivative investments. Prior to early 2009, the strategy's cash holdings were swept into an enhanced cash strategy which suffered a loss of principal and correspondingly negatively affected the performance of the Active Commodities strategy. Since early 2009, such cash holdings have been invested in short-term fixed income instruments).

**Past performance is no guarantee of future results. There is a risk of loss from an investment in securities.**

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# Active Commodities

June 1, 2006 - December 31, 2009

Year	Gross total return (%)	Benchmark return (%)	Composite dispersion (%)	Number of portfolios	As of December 31		
					Total assets at end of period (\$MM)	% Non-fee paying	Total firm assets (\$MM)
2006*	4.75	(2.98)	N/M	<5	26	100	196,477
2007	11.83	16.23	N/M	<5	115	100	189,695
2008	(35.40)	(35.70)	N/M	<5	82	100	105,884
2009	26.60	18.91	N/M	<5	210	100	117,800

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

## Notes to performance:

GE Asset Management has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®).

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 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 inception 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. Additional information regarding the Firm's policies and procedures for calculating and reporting performance returns is available upon request. A complete list and description of Firm composites and performance results are 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").

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 1.10% charged on a quarterly basis as a percentage of average net assets would be:

	1 Year	5 Years
Balance Before Fees	\$11,000,000	\$16,105,100
Balance After Fees	\$10,882,324	\$15,261,889

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 April 14, 2010 is:

First \$50 MM	100 basis points
Next \$50 MM	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.

## There is a risk of loss from an investment in securities.

Nothing presented herein is intended to constitute investment advice and no investment decision should be made based on any information provided herein. Information provided reflects GE Asset Management's views as of a particular time. Such views are subject to change at any point and GE Asset Management shall not be obligated to provide notice of any change. Any securities information regarding holdings, allocations and other characteristics are presented to illustrate examples of the types of investments or allocations that that GEAM may have bought or pursued as of a particular date. It may not be representative of any current or future investments or allocations and nothing should be construed as a recommendation to purchase or sell a particular security or follow any strategy or allocation. Any forward-looking statements or forecasts are based on assumptions and actual results are expected to vary from any such statements or forecasts. No reliance should be placed on any such statements or forecasts when making any investment decision. While GE Asset Management has used reasonable efforts to obtain information from reliable sources, we make no representations or warranties as to the accuracy, reliability or completeness of third party information presented herein. No guarantee of investment performance is being provided and no inference to the contrary should be made.

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