

Emerging Markets Equity

Q1 2010



Brent Jones
SVP, Portfolio
Manager



Ping Zhou
SVP, Managing Director,
Portfolio Manager

Investment Objective

We seek to earn superior returns by investing in securities of financially strong companies in emerging markets.

Investment Philosophy

We believe that stocks are not fairly valued at all times and that certain stocks whose price-to-cash earnings ratios are low relative to their long term growth rates will produce superior investment returns.

Investment Process

The investment decision-making process is a disciplined, research driven, bottom-up process, which leverages the network of GE resources. Our investment process begins by screening the universe of emerging markets companies with market capitalizations greater than \$100 million. We conduct quantitative analysis focused on price/cash earnings ratios, cash earnings growth, and yield analysis. Detailed, fundamental company analysis, industry competitive analysis, and a macroenvironment review further narrow the list of buy candidates. Our analysts then seek a catalyst for change in each stock that will unlock the future potential of the company. The final portfolio construction is driven by our level of conviction in each stock based on thorough discussions between the portfolio managers and an overall risk assessment.

Universe Screening

High Quality Companies

- Undervalued based on cash earnings growth potential
- Industry leadership
- Strong financial characteristics
- Good transparency and corporate governance
- Management track record
- Positive fundamental momentum
- Porter competitive analysis

Research

- Company visits/management meetings
- Wall Street/proprietary modeling
- GE Global Network

Buy/Sell Discipline

Buy Discipline

- Price-to-cash, earnings-to-growth
- Fundamental analysis
- Identifiable catalyst
- Portfolio manager conviction

Liquidity

Sell Discipline

- Valuation relative to target
- Shift in fundamentals assessment
- Management/strategic direction change

Portfolio Management

Portfolio managers Brent Jones, CFA and Ping Zhou, CFA along with assistant portfolio manager Chip Powell, CFA are supported by GEAM's International Equities team and numerous global industry analysts based in the United States and around the world.

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.

Portfolio Profile

Well Diversified: 70-110 holdings

Regional Diversification: +/-10% of index weights

Individual Security:

Greater of 8% or 1.5 times the MSCI EM index weight

Cash: Target maximum 5%



* 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.

Emerging Markets Equity

Market Review

The MSCI Emerging Markets Index rose 2.4% in the first quarter. Within the Index, emerging EMEA (Europe, Middle East, South Africa), up 6.2%, led the gains on a regional basis while returns for Latin America (+1.6%) and Asia (+1.3%) were more tepid. All sectors except for the energy sector (-0.7%) posted positive returns led by healthcare (+12.3%) and materials (+5.6%).

Macro news from emerging market countries was generally positive showing that expansion and growth continued. In January, several countries within Asia, including Thailand, Malaysia, Indonesia, and Taiwan, posted strong fourth quarter GDP figures. China's robust growth and the Government's responses have been a primary focus of many investors. During the quarter, China reported that fourth quarter GDP expanded 10.7%, slightly higher than expected. Lending has also been higher than expected and as a result China's Banking Regulatory Commission raised the bank reserve requirement twice in January, by 100 basis points (bps) in total, in an effort to cool lending growth. Premier Wen Jibao's recent comments indicate that he remains cautious on the economic outlook, is focused on managing inflation, is pursuing appropriate levels of interest rates and money supply growth, and does not view the RMB as overvalued.

The Reserve Bank of India (RBI) followed similar measures and increased the cash reserve requirement by 75bps and also raised interest rates for the first time since July 2008 after inflation accelerated to a 16-month high. India also released its budget, which is aimed at gradually reducing its borrowing needs and the deficit. India's government also reiterated \$1 trillion in commitments to infrastructure spending between 2012 and 2017.

Brazil's central bank also raised its reserve requirements as the government unwinds anti-crisis measures. However, the central government kept rates unchanged at 8.75% ahead of elections that will take place later this year. The market had expected a rate hike due to inflation that is expected to exceed the central bank's target of 4.5% this year.

Elsewhere, on a somewhat different note, Russia's Central Bank cut rates for a twelfth consecutive time in an effort to stimulate business investment and hiring as the recovery appears to have stalled. Venezuela devalued its currency by 50% in an attempt to jump start its economy and reign in the ballooning deficit.

Performance Attribution

The Emerging Markets Equity composite underperformed the MSCI EM Index during the quarter. The portfolio was negatively impacted by stock selection across all sectors except for utilities. Financials was the sector that cost the strategy the most, but IT, consumer discretionary, and consumer staples also hurt. Within financials, Raiffeisen International Bank was down on news that the company would merge with its parent company, which is private and believed to have a weaker capital position. Banco Santander Brazil also slipped due to fourth quarter results that were below several analysts' expectations. Cosan, a Brazilian sugar company, was one of the worst performing holdings as the company was hurt by a drop in sugar prices and allegations of poor labor practices that have been refuted but nevertheless have affected the stock. Shanda, a Chinese online gaming company, was also down during the quarter due to negative revenue growth for its main game that accounts for a majority of revenues. Within the consumer discretionary sector Hankook Tire was a laggard and the main detractor during the quarter. The stock was hurt by the sharp rise in natural rubber prices during the quarter and also pulled back after a rapidly appreciating in 2009.

Several stocks that the strategy held performed very well and were up double digits including EFG Hermes (banking), VALE (iron ore), New World Resources (coal), Axis Bank (India) and Mobile Telesystems (telecom), however the strong performance in these stocks did not outweigh the negative impact of the other holdings mentioned above.

Outlook

Emerging market economies have continued to rebound on strong growth from China, India and Brazil as well as signs of recovery in developed markets. Exports, notably in Asia, have recovered sharply especially from a year ago when the global economy was in the throes of the financial crisis. Increased global trade due to restocking and a jump in new demand has strengthened demand for goods in the IT sector as well as for raw materials needed to meet the strong growth still taking place in infrastructure. However, the sentiment has shifted quickly and many investors are now worried about increases in interest rates due to inflation and rapid lending, which could act as a brake on the strong recovery we have witnessed so far. We share this concern and are watching central bank actions as well as the results of several upcoming elections closely for any shift in sentiment away from riskier assets including emerging markets. In the meantime we believe we are positioned for an environment that favors global growth and a continued recovery in end demand.

Emerging Markets Equity

All data as of March 31, 2010

Sector Allocation¹

Sector	Emerging Markets Equity (%)	MSCI Emerging Markets (%)	Difference (%)
Financials	25.06	24.34	0.72
Materials	17.88	15.19	2.69
Information Technology	15.17	13.32	1.85
Energy	13.22	14.27	(1.04)
Industrials	8.83	6.80	2.03
Telecommunication Services	6.50	8.47	(1.97)
Consumer Staples	5.46	5.62	(0.16)
Consumer Discretionary	5.27	5.89	(0.63)
Utilities	0.87	3.57	(2.70)
Health Care	0.87	2.52	(1.66)
Cash & Cash Equivalents	0.87	0.00	0.87

Portfolio Characteristics² Strategy Index

Wtd. Avg. Mkt Cap (\$B)	31.95	32.33
Med Mkt Cap (\$B)	8.94	4.15
Price/Earnings (Fwd)	12.56	13.32
Price/Book ratio	2.45	2.19
Price/Cash earnings	8.13	8.23
Dividend yield (%)	2.42	2.46
Cash Earnings Growth (%)	12.01	17.21
Number of holdings	103	756
1 Yr Avg Annual Turnover (%)	60	-
Total Assets (\$MM)	2,228	-

Top 10 Equity Holdings¹

	%
Vale SA	4.94
Petroleo Brasileiro SA	4.13
Samsung Electronics Co. Ltd.	3.54
Itau Unibanco Holding SA	2.71
Gazprom Oao	2.66
Lukoil Oao	2.42
Mobile Telesystems Ojsc.	2.06
Taiwan Semiconductor Manufacturing Co. Ltd.	2.05
LG Electronics Inc.	1.80
KB Financial Group Inc.	1.75

Top 10 Contributors*

Contributor	% Portfolio	% Impact
Vale SA	4.74	0.22
New World Resources NV	1.38	0.22
EFG Hermes Holdings	1.26	0.20
Mobile Telesystems	1.98	0.18
Doosan Heavy Ind.	1.54	0.15
Axis Bank	1.03	0.13
Groupo Fin Banorte	0.79	0.11
Metropolitan Bank	0.80	0.10
Dalian Port	0.58	0.09
Alliance Global Gp	0.32	0.06

Top 10 Detractors*

Contributor	% Portfolio	% Impact
Cosan SA Industria	1.26	(0.29)
Shanda Interactive ADR	1.23	(0.28)
Coca Cola Icecek	0.97	(0.19)
Raiffeisen Intl. Bank	0.68	(0.18)
Yuanta Financial Holdings	0.87	(0.17)
Banco Santander	1.58	(0.17)
Hung Poo Real Estate	0.73	(0.17)
Hankook Tire Co.	0.23	(0.16)
Taiwan Fertilizer	1.18	(0.15)
Gazprom	2.79	(0.15)

* Source: Factset. Past Performance does not guarantee future results. The information in the above chart is based on the securities held in the GEAM representative account ("Portfolio") managed in the Emerging Markets Equity strategy as the date shown. The attribution shown may not match the returns of each client account managed in this strategy due to various reasons, such as timing and amount of any additions and withdrawals in the account. The portfolio is actively managed and its composition will vary over time. The information provided is for illustrative purposes only, and is not intended to be investment advice or a recommendation with respect to any of the investments cited. The holdings above do not represent all of the securities purchased, sold or recommended for advisory clients and may not represent current or future holdings of the portfolio.

For a description of the attribution calculation methodology and a complete list of holdings in the Portfolio as of the date shown reflecting the contribution of each holding in the Portfolio to the overall Portfolio's performance, please call 1-203-921-2005.

¹ Calculated internally by GEAM and MSCI.

² Calculated internally by GEAM

Totals may not sum due to rounding.

The data provided above is Supplemental to the Composite performance presentation for this investment strategy, which is included.

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Emerging Markets Equity

All data as of March 31, 2010

Emerging Markets Equity Performance (USD)			
Total Return	Gross of Fees (%)	Net of Fees (%)	MSCI Emerging Markets Index (%)
QTD	(0.75)	(1.00)	2.40
YTD	(0.75)	(1.00)	2.40
1 Year	72.91	71.26	81.08
3 Year	5.15	4.11	5.16
5 Year	17.57	16.41	15.65
10 Year	7.82	6.75	9.78
ITD (07/01/96)	9.56	8.47	7.61

Risk Analysis ¹ (USD)	3 Yr	5 Yrs
R-squared	0.98	0.98
Standard deviation	32.69	27.76
Beta	0.99	0.99
Alpha	0.03	1.73
Tracking error	4.70	4.02
Information ratio	0.00	0.48

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

¹ Calculated internally by GEAM

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January 1, 1999 - December 31, 2009

Year	Gross total return (%)	Benchmark return (%)	Composite dispersion (%)	Composite dispersion (%)	As of December 31		
					Total assets at end of period (\$MM)	% Non-fee paying	Total firm assets (\$MM)
1999	112.12	66.49	N/M	<5	1,059	23	91,668
2000	(36.04)	(30.83)	N/M	<5	621	25	94,421
2001	(4.37)	(2.61)	N/M	<5	594	25	91,366
2002	(10.34)	(6.17)	N/M	<5	580	34	170,853
2003	52.87	55.82	N/M	<5	811	37	180,382
2004	21.05	25.55	N/M	<5	878	41	178,476
2005	37.55	34.00	N/M	<5	760	65	188,509
2006	40.30	32.17	N/M	<5	989	71	196,477
2007	44.53	39.19	N/M	5	1,390	49	189,694
2008	(53.33)	(53.33)	N/M	7	807	40	105,884
2009	77.50	78.51	N/M	7	1,735	33	117,800

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 Emerging Markets Equity Composite, formerly named the Emerging Markets Composite, (the "Composite") includes all discretionary accounts using an emerging markets investment style and investing in emerging market companies. Portfolios in the Composite may invest in derivative instruments. The benchmark for the Composite is the MSCI Emerging Markets Index. The Composite was created in July 1996. Past performance is not necessarily a guide to future performance. The value of your investment may fall as well as rise and the investor may not get back the amount invested.

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. Gross of fee investment performance does not reflect the deduction of investment management fees, custodian fees or other expenses. Actual returns will be reduced by such fees. Net of fee investment performance reflects the deduction of (1) the highest advisory fee charged to any account employing that strategy during the performance period presented and (2) other operating expenses. Actual fees and expenses vary. Certain composites include mutual fund assets, which pay operating expenses that other accounts would not bear. 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.

A "significant" cash flow is defined as cash flow activity that exceeds 50% of an account's total assets (prior to January 1, 2008, a Significant Cash Flow was defined as 20% of an account's total assets). Accounts are removed from the Composite as of the beginning of the month in which the significant cash flow occurs. Accounts are then re-included in the Composite in accordance with the Firm's inclusion policy for new portfolios which is defined as the beginning of the first full month under management. Additional information regarding the Firm's policies and procedures for treatment of significant cash flows 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").

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 Years
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 March 31, 2009 is:

First \$50MM	100 Basis Points
Next \$50MM	90 Basis Points
Next \$50MM	85 Basis Points
Next \$50MM	80 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 MSCI Emerging Markets Index is an unmanaged equity index representing the investment opportunities available in emerging market countries. It is provided to represent the investment environment existing for the time periods shown. For comparison purposes, the index is fully invested and dividends are reinvested. In MSCI's net calculation methodology, the dividend is reinvested after deduction of withholding tax, applying the maximum rate applicable to non-resident institutional investors who do not benefit from double taxation treaties. The returns for this unmanaged index do not include any transaction costs, management fees or other costs. The returns for the MSCI Emerging Markets Index have been provided by Mellon Analytical Solutions. The MSCI Emerging Markets Index results have not been examined by the independent verifiers.

Past performance is not necessarily a guide to future performance. The value of your investment may fall as well as rise and the investor may not get back the amount invested.

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 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. The information provided is confidential and shall not be copied or distributed.

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