

GE Asset Management

Active Commodities

Q2 2010



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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: 20%

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



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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

Despite an encouraging start, commodities, as measured by the Dow Jones/UBS Commodity Index fell 4.8% in the second quarter, closing the first half of the year down 9.6%. The negative performance in the commodity markets, and across many risk assets, can be attributed to concern of a slowdown in China's growth rate, a strengthening U.S. dollar, and on-going fear of a European sovereign debt contagion and the resulting impact of the rapidly established austerity measures on the fragile European economies. Despite the elevated level of bearish sentiment, there are positive signs of a global economic recovery, evident in the strong PMI manufacturing surveys, positive year-over-year industrial production readings and a stabilizing employment situation in many of the developing and developed markets around the globe. In fact, the IMF recently raised their 2010 global growth projection to 4.6% while maintaining their 2011 forecast of 4.3%.

Industrial metals, the best performing sector in the first quarter (+6.1%), was the worst performing sector this quarter falling 19.1% on concerns over China's fiscal and monetary policy tightening. Precious metals, the best performing sector in the quarter, appreciated 10.3% likely driven by fear and concern over a slowdown in China and a widening European sovereign debt crisis. The soft agriculture sector, up 4.5%, was the only other sector in the Index with positive performance. Other negative performers were the energy, livestock, and grain sectors, which were down 6.2%, 3.0%, and 0.5%, respectively. As we witnessed in the first quarter, individual commodity performance was again very divergent in the second quarter with some up over 20% and others down more than 20%.

Coffee was the best performing commodity in our benchmark year-to-date and was up 20.6% in the second quarter as prices responded to tightness in the physical market with exchange inventories at 7-year lows. Natural gas, after declining nearly 31% in the first quarter, rebounded 19.3% in the second quarter due to stabilization in the rig count, warmer-than-normal weather, improving industrial and power demand, and smaller-than-expected builds in inventory. Despite a stronger U.S. dollar, gold hit an all-time high (\$1265.30/oz) and rose 11.9% in the quarter as retail holdings in the ETF reached record highs. After falling 38% in the first quarter, sugar gained 8.7% this quarter on a combination of physical demand, tight supplies and concern that drought in Thailand (#2 exporter) and flooding in Brazil (#1 producer & exporter) will reduce supplies. Other strong performers in the quarter included lean hogs, up 8% and up 20.8% year-to-date

as producers continued to maintain a low headcount and silver, up 6.4% where, like gold, many retail investors continued to buy the precious metal ETF's as a hedge against ongoing Eurozone debt concerns. On the negative side, every industrial-related metal was down in the quarter driven mainly by slowdown concerns in China. Zinc, the worst performer, fell 24.5% in the quarter on concern over a global supply surplus and slowing steel production. Nickel, the best performing commodity in the first quarter, dropped 21% in the second quarter as China destocked its stainless steel inventories following a first-quarter 56% surge in stainless steel production. Outside of the industrial metals sector, energy commodities such as WTI crude oil (-9.7%), gasoline (-10.8%), and heating oil (-8.4%) were among the worst-performers driven by concerns over a slowdown in Chinese manufacturing and high inventory levels, which remained well above the 5-year average in the United States.

Performance Attribution

The Active Commodities composite's modest underperformance in the quarter was largely derived from holdings in precious metals and copper. An overweight in copper (down 17%), platinum & palladium (each down 7%), and an underweight in gold (up 12%) more than offset positive attribution derived elsewhere in the portfolio. Positive contributors to performance came from underweights in aluminum (down 15%), heating oil (down 8%), and nickel (down 21%). We also benefited from a bull spread in natural gas where we were long the front month contract (up 19%) and short the December 2011 contract (up 1.2%).

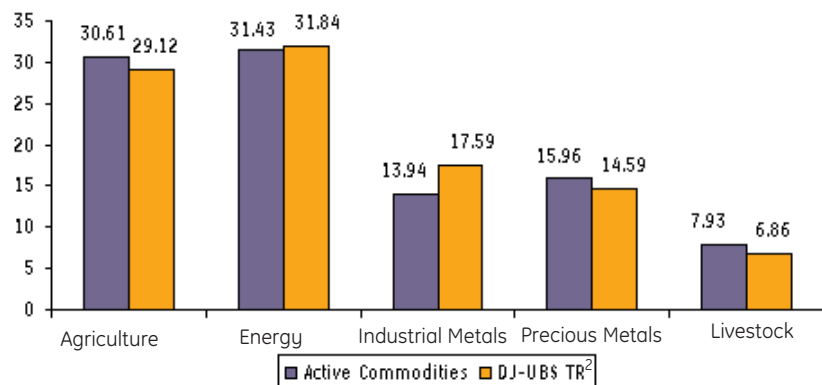
Outlook

Despite fears of a European sovereign credit contagion or a dramatic slowdown in the Chinese economy, which took most commodities down in the first half of 2010, we believe global growth is improving and should lead to higher commodity futures prices in the second half. One can look at the divergence between the CRB/Reuters Spot Raw Materials Index (CRB RIND), a measure of 22 sensitive basic commodities and the DJ/UBS Total Return Index (consisting of 19 commodity futures) to help support this belief. The CRB RIND is up 17.1% over the past 12 months while the DJ/UBS is up only 2.8%, in our view indicating that an improvement in current commodity consumption trends and business activity has already begun. In crude oil, for example, the second quarter marked the first year-over-year growth in OECD oil demand since the fourth quarter of 2005.

Active Commodities

All data as of June 30, 2010

Sector Allocation¹



Characteristics

Excluding Cash ³	Active Commodities ⁴	DJ-UBS ⁵
Standard Deviation (3 Yr)	23.51%	23.52%
Beta (3 Yr) ⁶	0.98	1.00
Alpha (3 Yr)	2.85%	-
Tracking Error (3 Yr) ⁶	2.91%	-
Information Ratio (3 Yr) ⁶	0.95	-
Up Mkt Capture (3 Yr) ⁶	104%	100%
Down Mkt Capture (3 Yr) ⁶	97%	100%
Batting Avg (3 Yr)	64%	-

Top Over/Under-Weights¹

Commodity	Active Commodities (%)	DJ-UBS TR ² (%)	Over/Under (%)
Top Overweights			
Corn	11.09	6.73	4.36
Copper	11.21	7.18	4.03
Unleaded Gas	7.70	3.68	4.02
Top Underweights			
Heating Oil	(0.32)	3.64	(3.96)
Aluminum	1.47	5.38	(3.91)
Wheat	0.69	4.42	(3.73)

Correlations Excluding Cash (3 Yr Monthly)⁷

	Active Commodities ⁷
vs. DJ-UBS	0.99
vs. SP-GSCI	0.91
vs. S&P 500	0.49
vs. MSCI EAFE	0.60
vs. Barclays Capital Agg Bond	0.18
vs. DXY	(0.62)

¹ Source: GE Asset Management

² Dow Jones-UBS Total Return Commodity Index (DJ-UBS TR)

³ The performance based characteristics are based on the return (gross of fees) of performance without cash (excess returns), which assumes return of equity on a base of "investible" assets (excess return will equal the total return of the investment collateral). Performance may be higher or lower once invested cash collateral is taken into account.

⁴ Above reflects characteristics of a Representative Account taken from the strategy's composite as of the date shown. The information is historical and may not reflect current or future characteristics and may vary among individual accounts depending on a variety of factors including, portfolio size, specific investment guidelines and inception dates of individual accounts.

⁵ Dow Jones-UBS Commodity Index (excluding cash)

⁶ GEAM portfolio relative to DJ-UBS Commodity Index (excluding cash)

⁷ The DJ-UBS TR is the benchmark of the GEAM Active Commodities strategy. All other benchmarks are shown for illustrative purposes only.

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.

Figures are calculated in U.S. dollars

Source: GE Asset Management, Dow Jones, S&P and Bloomberg

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Performance: Annualized Returns

Performance ¹	Active Commodities Gross of Fees (%)	Active Commodities Net of Fees (%)	DJ-UBS TR ² (%)
2Q 2010	(5.16)	(5.40)	(4.81)
YTD 2010	(10.46)	(10.92)	(9.60)
1 Year	3.26	2.24	2.75
2 Year	(23.37)	(24.15)	(26.26)
3 Year	(7.26)	(8.19)	(8.36)
ITD (06/01/06)	(3.69)	(4.65)	(5.90)

Performance: Excluding Cash³ Annualized Returns (Supplemental Information)

Performance	Active Commodities Gross of Fees (%)	DJ UBS ⁴ (%)
2Q 2010	(5.18)	(4.85)
YTD 2010	(10.53)	(9.66)
1 Year	3.05	2.62
2 Year	(23.06)	(26.54)
3 Year	(6.74)	(9.50)
ITD (06/01/06)	(4.43)	(7.99)

Performance: Excluding Cash⁵ Absolute Returns - Gross of Fees (Supplemental Information)

Year	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	1 Year
2010	(6.73)	3.13	(1.90)	2.18	(7.14)	(0.07)							
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

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

Source: GE Asset Management, Dow Jones, S&P and Bloomberg

¹ Annualized rolling periods ending June 30, 2010.

² The Dow Jones - UBS Commodity Total Return Index (DJ-UBS TR) is the benchmark of the GEAM Active Commodities strategy. All other benchmarks are shown for illustrative purposes only. The DJ-UBS TR is an unmanaged index and does 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 Solutions.

³ Annualized rolling periods ending June 30, 2010. 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).

⁴ Dow Jones-UBS Commodity Index (excluding cash)

⁵ 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.

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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	189,694
2008	(35.40)	(35.65)	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 inceptioned 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 1.00% 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 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.

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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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