



City of Valdez

Q2 2019

Mellon Overview

A global multi-specialist investment manager with a full spectrum of research-driven solutions



\$524.6B

Assets Under Management¹



Over **500**
Employees²



Clients in **27**
Countries & Territories

Headquartered in **Boston**
with offices in **Pittsburgh,**
San Francisco, London,³
Singapore³ and Hong
Kong³



Assets by Product Line¹

\$130.9B

Active Fixed
Income

\$42.1B

Active Equity

\$32.0B

Multi-Asset &
Multi-Factor

\$319.6B

Index

Our **culture** and **values** are the foundational components of our corporate identity.



Innovation



Integrity

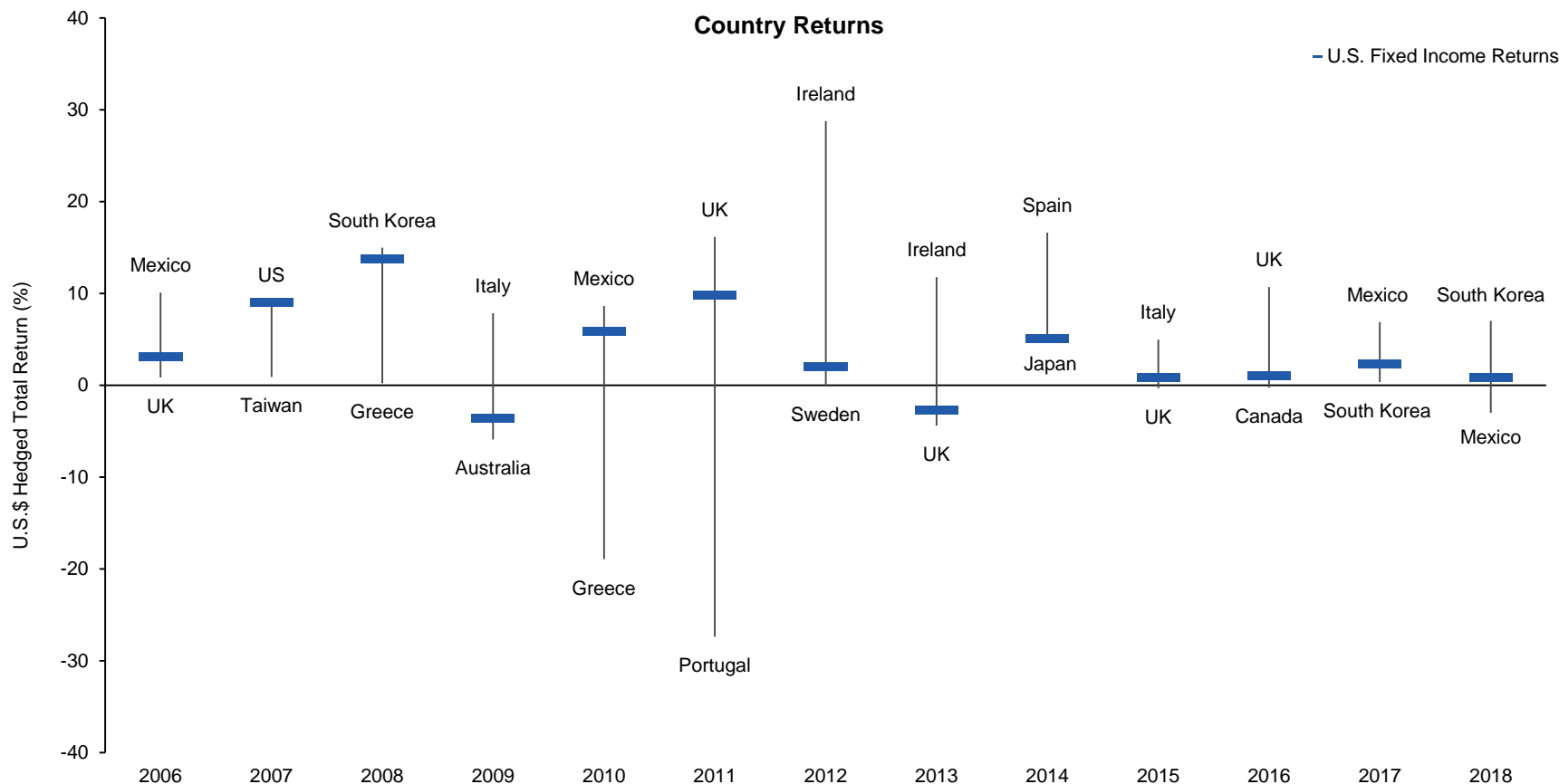


Teamwork

Data as of June 30, 2019, updated July 23, 2019. ¹Where applicable, assets include discretionary and non-discretionary assets, the notional value of overlay strategies, and assets managed by investment personnel acting in their capacity as officers of affiliated entities. ²Employee total includes employees of affiliated entities acting as dual officers and/or associated persons of Mellon. ³Location of affiliated entities providing services. No investment strategy or risk management technique can guarantee returns or eliminate risk in any market environment. [24547]

Historical Hedged Country Returns

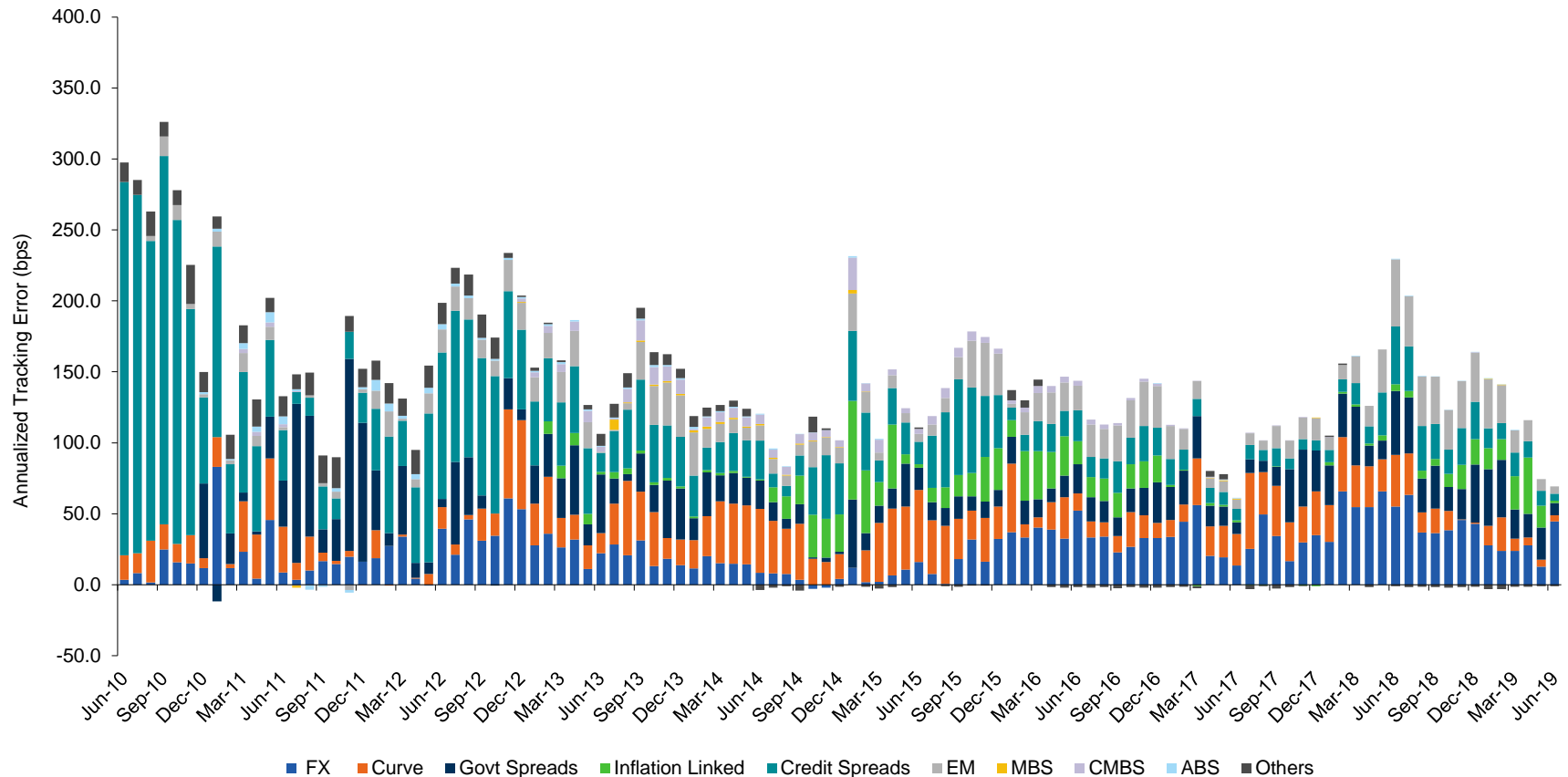
As of December 31, 2018



PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS. Source: Bloomberg Barclays. Best and worst performing bond markets in U.S. dollars, based on largest 20 countries in the Bloomberg Barclays Global Aggregate Index. This example is for illustrative purposes only. It is intended to illustrate the changing country leadership in terms of bond market performance over time, the divergence in performance from year to year, and the potential benefits of a diversified investment approach. It is not intended to promote investment in any single country or market. Returns from emerging market countries have been historically more volatile than those of the U.S. and other developed countries. Investors cannot invest directly in any index. Actual results will vary.

Active Approach to Global Fixed Income Investing

As of June 30, 2019 | Representative Global Core Plus Fixed Income Portfolio



Source: Mellon. Data presented from a representative portfolio. The representative portfolio chosen is the portfolio managed the longest in the composite and was not chosen to show performance. Representative account data is to be considered supplemental information to the attached GIPS compliant composite presentation found in the appendix. The firm claims compliance with the Global Investment Performance Standards (GIPS®).

Investment Process Overview

The Investment Team assesses relative value, makes sector allocation decisions and selects among “**best ideas**,” all while adjusting for **risk budget** and **client preferences**.

Key Inputs:

Value | Cyclical / Fundamental Factors | Market Sentiment

Macro Scenario Development

- Global Macro Committee
- Monthly Bond Strategy Forum

Active Fixed Income Outlook

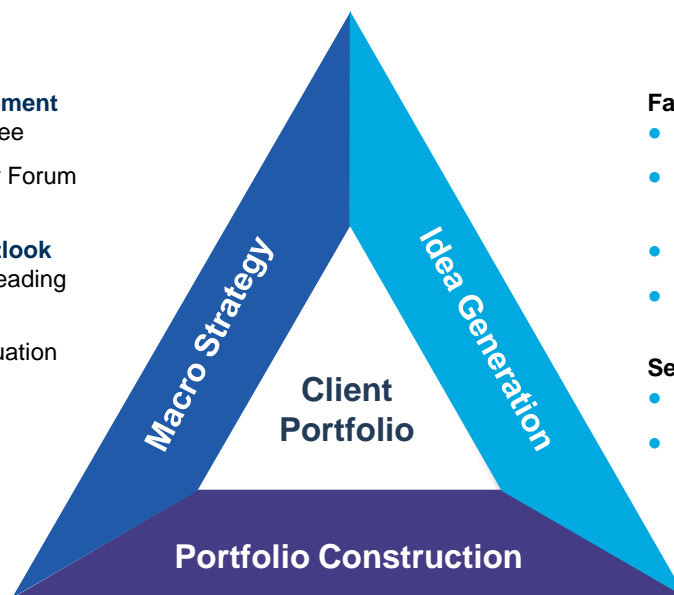
- Active Fixed Income Leading Indicators
- Proprietary Factor Valuation Models

Factor Risk Opportunities

- Monthly Portfolio Strategy Meeting
- Monthly Single-Sector Investment Meetings
- Daily Investment Team Meeting
- Weekly market review or “jam session”

Security Selection Opportunities

- Proprietary Ratings Models
- Proprietary Credit and Trend Ratings



Client Objectives

- Risk Tolerance
- Return Objective
- Opportunity Set
- Benchmark

Risk Management & Trading

- Barclays Point
- CRD¹ / PortTarget

¹CRD= Charles River Development.

The Investment Map: June 2019

Economic Landscape

The scale and scope of President Trump's disputes on trade pose a significant headwind to global economic growth.

While this creates a distinct negative risk to the economic outlook, our operating assumption is that political necessity will lead to compromise.

If so, the lessening of trade tensions supports aggregate demand, adding to pressure on resources and corporate margins and producing a modest pickup in inflation.

We expect the Federal Reserve (Fed) to ease policy less than the prevailing sentiment as long as politics does not derail economic expansion.

Other developed market central banks will remain dovish.

Fixed Income Valuation

Sovereign developed market yields are expensive.

Breakevens offer value and provide inexpensive protection to upside surprises to inflation.

The US dollar appears expensive against other developed and emerging market currencies.

Investment grade corporates are mostly fairly valued, but fundamentals are likely to soften.

High yield spreads are currently somewhat expensive and should similarly face a deterioration in fundamentals as earnings growth slows.

There is value in emerging markets local currency and US dollar-denominated debt.

While municipal securities have become rich, institutional investors are likely to find barbell strategies attractive.

Interest rate volatility is off its low and will likely rise further.

Securitized products are attractive for their high-quality carry.

Investment Themes

Keep duration short to neutral in core developed market sovereign securities.

Maintain short US dollar exposure, where appropriate through option strategies given increased probability of tail risks.

Maintain modest exposure to breakevens.

Retain a slight overweight in emerging markets, both hard and local currency.

Maintain current credit exposure and look for opportunities to emphasize quality and shorten duration.

Multisector portfolios should be underweight municipal securities in light of valuations.

Be overweight securitized products, with an emphasis on ABS and CMBS.

Use option strategies with minimal cost to keep portfolios sufficiently convex.

Maintain a modest risk budget.

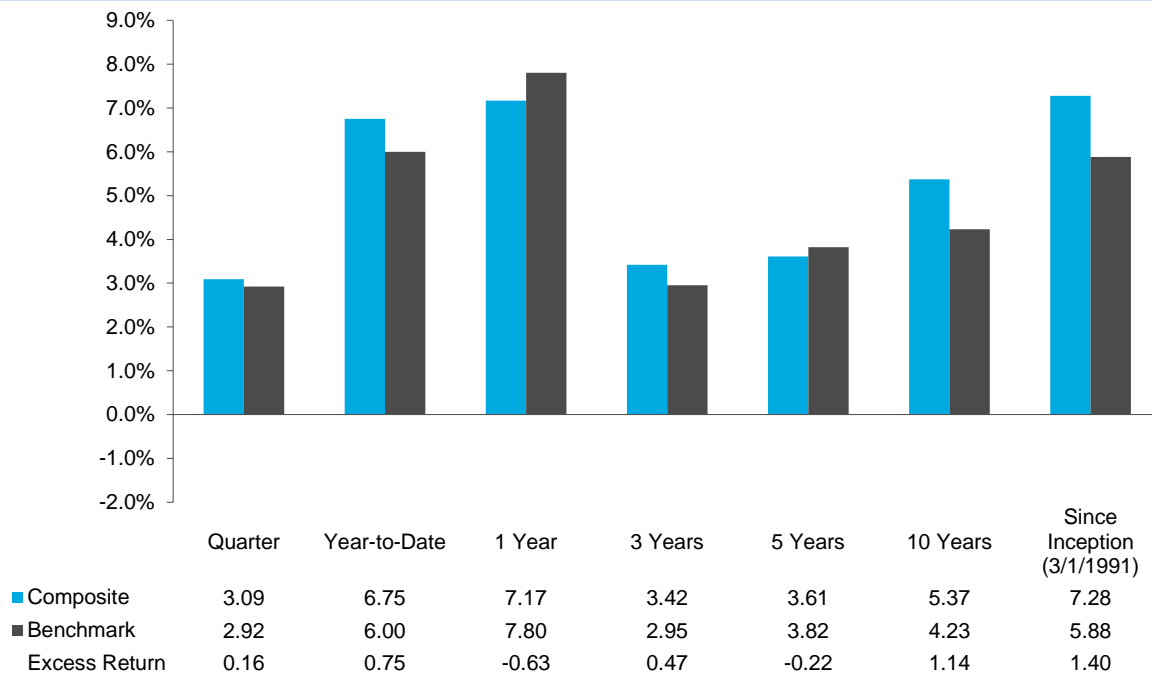
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Performance

Gross of Fees | As of June 30, 2019

Global Core Plus – US\$ Hedged Composite & Bloomberg Barclays Global Aggregate Index – US\$ Hedged Index

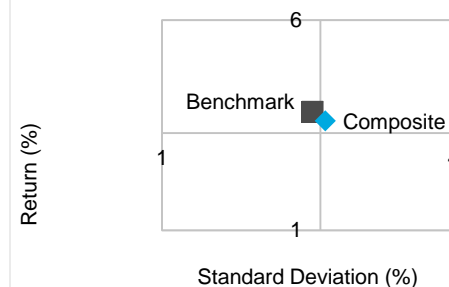
Annualized Returns (%)



Risk/Return Stats (5 Year)

| | Composite | Benchmark |
|-------------------|-----------|-----------|
| Return (%) | 3.61 | 3.82 |
| Std. Dev. (%) | 2.68 | 2.55 |
| R-Squared | 0.71 | - |
| Tracking Error | 1.48 | - |
| Information Ratio | -0.15 | - |

Risk/Return Profile (5 Year)



Annual Returns (%)

| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|---------------|-------|------|-------|-------|------|-------|-------|-------|------|-------|
| Composite | -0.29 | 4.82 | 3.05 | 0.32 | 8.42 | 0.40 | 10.16 | 4.51 | 6.77 | 15.82 |
| Benchmark | 1.76 | 3.04 | 3.95 | 1.02 | 7.59 | -0.14 | 5.72 | 5.40 | 4.62 | 5.09 |
| Excess Return | -2.05 | 1.79 | -0.90 | -0.70 | 0.83 | 0.54 | 4.44 | -0.89 | 2.15 | 10.73 |

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS. Index data source: Bloomberg Barclays. Performance presented for measurement periods prior to February 1, 2018 represents the portable performance results of a prior affiliated firm which have been linked to the on-going track record for the composite or the composite's representative account shown as supplemental information. Returns for periods greater than one year are annualized. Performance is expressed in U.S. dollars. The information shown above is supplemental to a corresponding GIPS compliant presentation, which has been prepared and presented in compliance with the Global Investment Performance Standards (GIPS®), in the back of this presentation. Variations in totals due to rounding.

Important Disclosures

Mellon Investments Corporation ("Mellon") is a registered investment advisor and subsidiary of The Bank of New York Mellon Corporation ("BNY Mellon"). The Firm also includes assets managed by Mellon personnel acting as dual officers of affiliated companies. Prior to changing its legal name on January 2, 2019, the firm was defined as BNY Mellon Asset Management North America Corporation ("BNY Mellon AMNA") a registered investment advisor and subsidiary of The Bank of New York Mellon Corporation ("BNY Mellon"). The Firm was formed on January 31, 2018, through the merger of The Boston Company Asset Management, LLC ("TBCAM") and Standish Mellon Asset Management Company LLC ("Standish") into Mellon Capital Management Corporation ("Mellon Capital"). AUM, client and employee counts are as of the most recent quarter end, unless noted otherwise. Firm Assets presented include non-discretionary assets as well as the notional exposure of overlay strategies. BNY Mellon Investment Management is one of the world's leading investment management organizations and one of the top U.S. wealth managers, encompassing BNY Mellon's affiliated investment management firms, wealth management services and global distribution companies. BNY Mellon is the corporate brand of The Bank of New York Mellon Corporation and may also be used as a generic term to reference the Corporation as a whole or its various subsidiaries generally.

This information is not provided as a sales or advertising communication. It does not constitute investment advice. It is not an offer to sell or a solicitation of an offer to buy any security. Many factors affect performance including changes in market conditions and interest rates and in response to other economic, political, or financial developments. Past performance is not a guide to or indicative of future results. Future returns are not guaranteed and a loss of principal may occur. There can be no assurance that the investment objectives outlined in this presentation will be achieved. This information is not intended to provide specific advice, recommendations or projected returns of any particular product. Some information contained herein has been obtained from third party sources and has not been verified by the Firm. The Firm makes no representations as to the accuracy or the completeness of any of the information herein.

The enclosed material is confidential and not to be reproduced or redistributed without the prior written consent of the Firm. Any statements of opinion constitute only current opinions of the Firm, which are subject to change and which the Firm does not undertake to update. Views expressed are subject to change rapidly as market and economic conditions dictate. Portfolio composition is also subject to change.

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Employee of BNY Mellon Investment Management Singapore Pte. Limited who provides non-discretionary research services to the Firm and may also serve as sub-adviser to the Firm for certain client mandates.

Rankings include assets managed by BNY Mellon Asset Management and BNY Mellon Wealth Management. Each ranking may not include the same mix of firms.

This portfolio data should not be relied upon as a complete listing of the Portfolio's holdings (or top holdings) as information on particular holdings may be withheld if it is in the client's best interest to do so. Portfolio holdings are subject to change without notice and may not represent current or future portfolio composition. The portfolio date is "as of" the date indicated.

There is no assurance that any securities discussed herein will remain in an account's portfolio at the time you receive this report or that securities sold have not been repurchased. The securities discussed do not represent an account's entire portfolio and in the aggregate may represent only a small percentage of an account's portfolio holdings.

It should not be assumed that any of the securities transactions or holdings discussed were or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein.

The allocation distribution and actual percentages may vary from time-to-time. The types of investments presented in the allocation chart will not always have the same comparable risks and returns. The actual performance of the portfolio will depend on the Investment Manager's ability to identify and access appropriate investments, and balance assets to maximize return while minimizing its risk. The actual investments in the portfolio may or may not be the same or in the same proportion as those shown above.

The Firm believes giving an proprietary Average Quality Credit rating to the holdings in a portfolio more accurately captures its characteristics versus using a single rating agencies ratings. The Firm has a ratings/number hierarchy whereby we assign a number between 0 (unrated bond) and 21 (S&P or Moody's

AAA) to all bonds in a portfolio based on the ratings of one or more of the rating agencies (with the lower of the 2 available agencies ratings prevailing), and then take a weighted numerical average of those bonds (with weighting based on each bonds percentage to the total portfolio assets). The resulting number is then compared back to the ratings/number hierarchy to determine a portfolio's average quality. For example, if Moody's AAA, S&P AAA= 21, Moody's A1, S&P A+= 17, Moody's Baa1 and S&P BBB+=14, Moody's B1 and S&P B+=7. The numeric average of the 4 equally weighted holdings is 14.75, rounded up to the next whole number of 15. 15 converts to an average credit rating of S&P A/Moody's A2.

To the extent the strategy invests in foreign securities, its performance will be influenced by political, social and economic factors affecting investments in foreign companies. Special risks associated with investments in foreign companies include exposure to currency fluctuations and controls, less liquidity, less developed or less efficient trading markets, less governmental supervision and regulation, lack of comprehensive company information, political instability, greater market volatility, and differing auditing and legal standards.

Further, investments in foreign markets can be affected by a host of factors, including political or social conditions, diplomatic relations, limitations on removal of funds or assets or imposition of (or change in) exchange control or tax regulations in such markets. Additionally, investments denominated in a foreign currency will be subject to changes in exchange rates that may have an adverse effect on the value, price or income of the investment.

These risks are magnified in emerging markets and countries since they generally have less diverse and less mature economic structures and less stable political systems than those of developed countries.

These benchmarks are broad-based indices which are used for illustrative purposes only and have been selected as they are well known and are easily recognizable by investors. Comparisons to benchmarks have limitations because benchmarks have volatility and other material characteristics that may differ from the portfolio. For example, investments made for the portfolio may differ significantly in terms of security holdings, industry weightings and asset allocation from those of the benchmark. Accordingly, investment results and volatility of the portfolio may differ from those of the benchmark. Also, the indices noted in this presentation are unmanaged, are not available for direct investment, and are not subject to management fees, transaction costs or other types of expenses that the portfolio may incur. In addition, the performance of the indices reflects reinvestment of dividends and, where applicable, capital gain distributions. Therefore, investors should carefully consider these limitations and differences when evaluating the comparative benchmark data performance.

The information regarding the index is included merely to show the general trends in the periods indicated and is not intended to imply that the portfolio was similar to the index in composition or risk.

The strategy may use alternative investment techniques (such as derivatives) which carry additional risks. The low initial margin deposits normally required to establish a position in such instruments may permit a high degree of leverage. As a result, a relatively small movement in the price of a contract may result in a profit or loss that is high in proportion to the amount of funds actually placed as initial margin and may result in a disproportionate loss exceeding any margin deposited. Transactions in over-the-counter derivatives may involve additional risk as there is no exchange on which to close out a position, only the original counterparty. Such transactions may therefore be difficult to liquidate, to value, or to assess the exposure. The strategy may at times use certain types of investment derivatives, such as options, futures, forwards and swaps. These instruments involve risks different from, and in certain cases, greater than, the risks presented by more traditional investments.

The Firm sector models use regression analysis such as multi-linear data inputs, panel data, and probit function. Variables that the models take into account are: PMI, US Core CPI, Fed Fund rate, 3-month Libor, 3-month T-bill rate, foreign purchases of US Government bonds, Commodity Indices, Capacity Utilization, Deficit as a percent of GDP, S&P 500 return, Chicago Fed Index, IGOV, US output gap, Europe Core CPI, US unemployment rate, EU unemployment rate, and slope of the yield curve. Assumptions made are that samples are representative of the population for the inference prediction; regression residuals are approximately normally distributed, uncorrelated, and have constant volatility; no high degrees of multi-collinearity in the independent variables; variable sensitivity remains constant in the short term; and no structural shift in the short term.

The Firm claims compliance with the CFA Institute Asset Manager Code of Professional Conduct. This claim has not been verified by CFA Institute.

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Important Disclosures

The J.P. Morgan Government Bond Index - Emerging Markets (GBI-EM) Global Diversified consists of regularly traded, liquid fixed-rate, domestic currency government bonds to which international investors can gain exposure.

The J.P. Morgan Corporate Emerging Market Bond Index (CEMBI) Diversified tracks USD denominated debt issued by emerging market corporations. The CEMBI Diversified limits the weights of those index countries with larger corporate debt stocks by only including a specified portion of these countries' eligible current face amounts of debt outstanding.

The JP Morgan Emerging Markets Bond (EMBI) Global Index. The EMBI Global tracks total returns for U.S. Dollar denominated debt instruments issued by emerging market sovereign and quasi-sovereign entities.

The B of A Merrill Lynch Diversified Local Emerging Markets Non-Sovereign Index is a more liquid, diversified version of the non-sovereign index, excluding sukuks, which is appropriate for performance benchmarking purposes. Currency exposures are limited to 10% and individual issuer exposures are limited to 25. If both caps cannot be met the issuer limit is given priority.

The B of A Merrill Lynch EM local non-sovereign indices include fixed rate debt of emerging market issuers that is denominated in an emerging market currency (though not necessarily the issuer's home currency) and that settles on Euroclear. Debt issued by central governments, central banks and supranational is excluded from the indices, but government owned or controlled quasi-government issuers are included. The index is dominated by the corporate component – 72% in the broad market cap weighted index and 80% in the more liquid diversified index. But we also include quasi-governments as they are important issuers in these markets and are not covered by existing local currency sovereign indices. The series is built around four new flagship benchmarks along with an extensive series of currency, rating and sector sub-indices.