

# PERSI Choice Plan U.S. Equity Market Strategy

## INVESTMENT OBJECTIVE

The U.S. Equity Market Strategy (the "Strategy") seeks to track the performance of the Dow Jones U.S. Total Stock Market Index (the "Index"). The Strategy holds units of collective investment funds which track the S&P 500<sup>®</sup> Index and the Dow Jones U.S. Completion Total Stock Market Index in their market capitalization weighted proportions. We fully replicate a majority of the total capitalization of the Index and sample from the remaining smaller securities, which are optimized to reflect the characteristics of the entire Index. To the extent that a portion of the Strategy is invested in another fund, derivatives may be used to gain exposure, to provide liquidity for cash flows, to equitize dividend accruals, or for other purposes that facilitate meeting the Strategy's objective.

## FUND OPERATIONS

This Strategy is a combination of the EB Daily Liquidity Market Completion Fund and the EB Daily Liquidity Stock Index Fund which are collective investment funds of The Bank of New York Mellon.

The Strategy invests in funds designed primarily for 401(k) plans. The Strategy will coordinate cash flows and accounting information between the participant record keeper and the trustee. Settlement day is the day following valuation date for the purpose of purchase and redemption of units.

## ANNUALIZED PERFORMANCE – NET OF FEES

Period	Strategy	Benchmark
<b>1Q12</b>	<b>12.89%</b>	<b>12.90%</b>
1 Year	7.21	7.28
3 Years	24.48	24.45
5 Years	2.36	2.42
10 Years	4.92	5.02
Inception	3.78	3.92

Performance results greater than one year are annualized.

## PORTFOLIO CHARACTERISTICS

Dividend Yield	1.90%
Beta	1.00
Number of Issues	3,177
Mean \$-Weighted Cap	\$90.3 Billion
Price/Earnings Ratio	18.73
Price/Book Ratio	2.02

## ECONOMIC SECTOR BREAKDOWN

Sector	Strategy	Benchmark
Energy	10.33%	10.51%
Materials	4.01	3.98
Industrials	11.33	10.97
Consumer Discretionary	11.94	11.99
Consumer Staples	9.42	9.39
Health Care	11.36	11.53
Financials	16.07	15.95
Information Technology	19.68	19.79
Telecommunication Services	2.45	2.47
Utilities	3.42	3.41

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## STRATEGY SNAPSHOT

**Strategy Inception:**  
May 2, 2001

**Strategy Assets:**  
\$778 million

**Benchmark:**  
Dow Jones  
U.S. Total Stock Market  
Index

**Participant Eligibility:**  
Public and qualified  
corporate employee benefit  
trusts including 401(k) plans

**Opening Schedule:**  
Daily openings

## CONTACT INFORMATION

**Business Development**  
Sheryl Linck  
*Managing Director*  
412.234.9439  
sheryll@mcm.com

**Client Service**  
David M. Dirks  
*Managing Director*  
617.248.4562  
davidd@mcm.com

**Consultant Relations**  
Andy Pellegrino  
*Managing Director*  
412.234.1909  
andyp@mcm.com

**Mellon Capital**  
50 Fremont Street  
Suite 3900  
San Francisco, CA 94105  
415.546.6056  
www.mcm.com

## PERFORMANCE HISTORY – NET OF FEES

Period	Return		Period	Return		Period	Return	
	Strategy	Benchmark		Strategy	Benchmark		Strategy	Benchmark
<b>2012</b>	<b>12.89%</b>	<b>12.90%</b>	<b>2009</b>	<b>28.65%</b>	<b>28.57%</b>	<b>2006</b>	<b>15.64</b>	<b>15.77</b>
4Q12			4Q09	5.79	5.81	4Q06	7.19	7.20
3Q12			3Q09	16.44	16.32	3Q06	4.38	4.47
2Q12			2Q09	16.91	16.81	2Q06	-1.96	-1.96
1Q12	12.89	12.90	1Q09	-10.67	-10.56	1Q06	5.41	5.44
<b>2011</b>	<b>0.97%</b>	<b>1.08%</b>	<b>2008</b>	<b>-37.33%</b>	<b>-37.23%</b>	<b>2005</b>	<b>6.02</b>	<b>6.38</b>
4Q11	12.12	12.12	4Q08	-22.91	-22.85	4Q05	2.19	2.21
3Q11	-15.23	-15.23	3Q08	-8.65	-8.67	3Q05	3.96	4.03
2Q11	-0.08	-0.01	2Q08	-1.65	-1.55	2Q05	2.24	2.32
1Q11	6.32	6.37	1Q08	-9.50	-9.52	1Q05	-2.39	-2.22
<b>2010</b>	<b>17.50%</b>	<b>17.49%</b>	<b>2007</b>	<b>5.48</b>	<b>5.62</b>	<b>2004</b>	<b>12.35</b>	<b>12.41</b>
4Q10	11.63	11.67	4Q07	-3.31	-3.22	4Q04	10.13	10.19
3Q10	11.51	11.51	3Q07	1.48	1.46	3Q04	-1.88	-1.83
2Q10	-11.16	-11.12	2Q07	6.04	6.07	2Q04	1.36	1.29

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Mellon Capital has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®). Mellon Capital has been independently verified for the periods January 1, 2007 through December 31, 2008. A copy of the verification report is available upon request. A complete list and description of Mellon Capital's composites, as well as additional information regarding policies for calculating and reporting returns, is available upon request.

Performance is calculated gross of the client's negotiated investment management fee unless noted otherwise. Performance results reflect income and capital appreciation. Performance results for collective investment funds have been reduced by fund audit costs. In accordance with bank regulatory guidance and the Schedule A for each collective investment fund, please note that transaction costs, if any, associated with client-specific contributions to and/or withdrawals from certain index collective investment funds held within the Composite will not be deducted from the collective investment fund's returns, but rather will reduce those client's returns. Performance is expressed in U.S. dollars unless noted otherwise. Performance results for one year and less are not annualized.

The highest fee schedule for this Composite is .10% on assets under management. Actual fees may vary depending on account size.

Performance is shown as net of fees and reflects income and capital appreciation, component fund audit costs, investment management fees (0.10%) which represents investment management fees for PERSI, and the transaction costs associated with all aspects of portfolio management internal to the Strategy.