



Mellon Global Bond Alpha Trust

A new fund from Mellon's quantitative specialist

Mellon Global Bond Alpha Trust utilises two of the alpha drivers from Mellon Capital's successful Global Alpha Strategy: active bond market and active currency decisions. The Fund is an Australian-domiciled Trust designed for institutional investors seeking pure bond and currency alpha.

Generating alpha through bonds and currencies

- Seeks out relative misvaluation opportunities between bond and currency markets
- Utilises 17 independent alpha signals in a quantitative process
- Provides uncorrelated sources of alpha and low correlation with traditional markets
- Generates bond alpha from economic valuations rather than by taking credit risk

Mellon Capital Management Corporation

- Quantitative investment specialist based in San Francisco
- Its founders are renowned for over 30 years of innovation in quantitative investment management
- Pioneers of relative-value based tactical asset allocation
- Proven alpha signals and process

Investment philosophy

Mellon Capital believe that:

- Beneath the 'noise' and chaos of short-term market movements an orderly and rational market structure exists
- In developed capital markets, securities are priced to reflect the consensus of investors' expectations for expected return and perceived risk
- Misvaluations occur across currency markets due to the predominance of non-profit motivated participants
- Investor sentiment and/or local country structural factors cause asset prices to diverge from their equilibrium levels
- Relative value opportunities can be consistently identified and exploited

Investment process & guidelines

- Applies a systematic, quantitative approach designed to exploit relative misvaluations
- Begins with a long-run expected return on each asset class
- Involves an active allocation of assets across the major developed fixed income, currency and cash markets
- Uses real interest rate differentials as the main factor behind currency allocation decisions and PPP as a supporting factor
- Takes long and short positions of up to +/- 200% in bonds, cash and currency
- Cost-effective implementation using derivatives to gain the desired exposure in bonds and currency

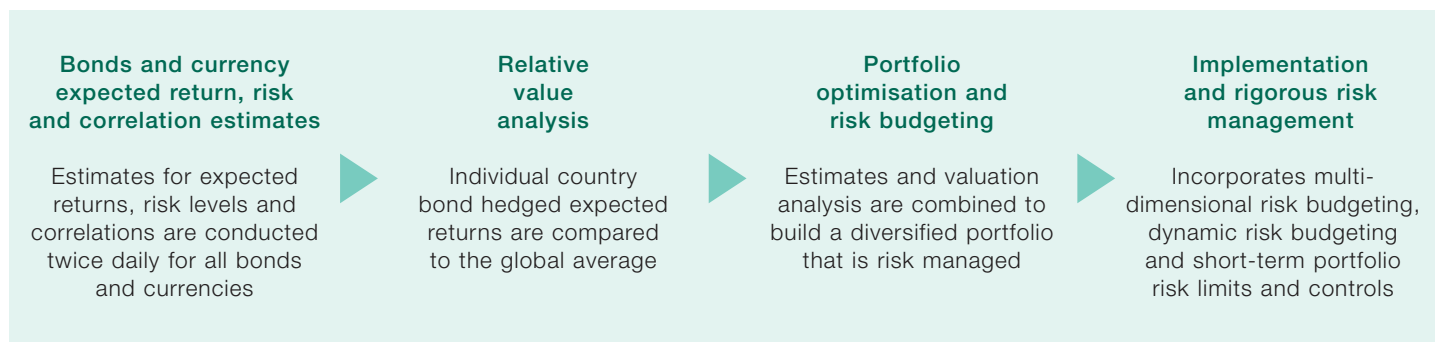
Fund profile

Alpha target	4% p.a.
Active risk target	4% p.a.
Benchmark	UBS Australia Bank Bill Index
Pricing & cashflows	Daily
Inception date	22 September 2006

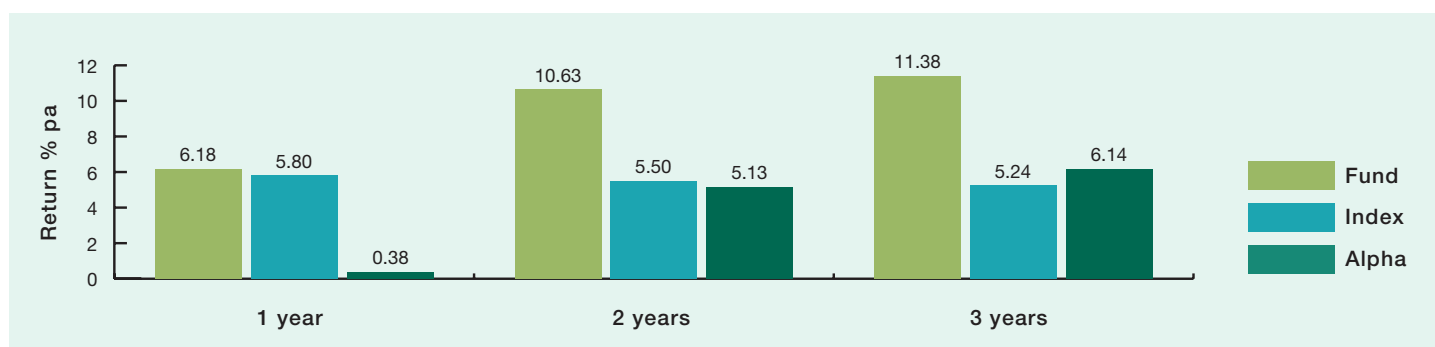
Benefits from 17 independent alpha signals

	USA	UK	Japan	Canada	Australia	Spain	Germany	France	Netherlands	Euro	Swiss Franc	New Zealand Dollar	Danish Krone	Norwegian Krone	Swedish Krona	
Bond market vs bond market	✓	✓	✓	✓	✓	Eurobonds					✓					
Currency	✓	✓	✓	✓	✓	Euro					✓	✓	✓	✓	✓	✓

A systematic, quantitative investment process



Simulated performance (4% Active risk/UBS Australia Bank Bill Index)**



**Source: Mellon Capital Management, in A\$, gross of fees, as at 31 March 2006. Past performance is not a guarantee of future performance and there is no guarantee that losses will not occur in the future. Hypothetic or simulated performance results have certain or inherent limitations. Unlike an actual performance record, simulated results do not represent actual trading. Also, since the trades have not actually been executed, the results may have under-or-over compensated for the impact, if any, of certain market factors, such as lack of liquidity. Simulated trading programs in general are also subject to the fact that they are designed with the benefit of hindsight. No representation is being made that any account will or is likely to achieve profits or losses similar to those shown.

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Investments in the Mellon Global Bond Alpha Trust (ARSN No. 106 779 480) may only be made through the Information Memorandum for Mellon Global Bond Alpha Trust dated 9 June 2006.

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