



STATE STREET®

State Street Global Markets

- Manages **currency** for MLC, since 2000.
- Manages \$63 billion in currency, across the company, as at 30 June 2011.
- Currency management team is located in Boston, USA.
- A subsidiary of State Street Corporation.

Highly sophisticated hedging strategies with a focus on performance, transparency and operational efficiency

Why has MLC chosen State Street?

MLC utilises State Street due to their focus on currency management, with strong capabilities in both research and execution. State Street's ability to target relevant risk measures when managing passive currency overlays places them as a manager of choice for MLC.



Jason Moore
*Managing Director,
Head of SSGM Currency Management*

Philosophy on investing

State Street Global Markets' investment philosophy for hedging currencies is focused on removing the operational risks of hedging, while finding the most favourable balance between tracking error and hedging costs.

Tracking error associated with passive overlay results from underlying asset volatility, rebalance frequency, hedge filters, proxy currencies, hedging costs and contract tenor. More frequent rebalances can lead to higher hedging costs, while less frequent rebalances can lead to higher tracking error.

Investment process

In a traditional passive strategy, MLC's strategic hedging policy defines the target ratio to apply to foreign currency exposures (0-100%). They apply this target hedge ratio to the portfolio exposures, which determines the amount of currency to be hedged. They work within a band, which is either defined as a percentage (i.e. +/- 5%) of target hedge ratio or an absolute value. These trade filters are employed to eliminate trades resulting from noise. Hedges are then established by selling forward foreign exchange (FX) contracts (typically 1 to 3 months in duration) equivalent in the amount determined by the strategic policy, while purchasing the equivalent amount of base currency. All trades carried out in the period between the creation of the value date and up to two weeks prior to the actual value date will be executed to settle on the value date. Within a two-week period preceding the value date, a closing trade is executed to offset existing open positions. Simultaneously, new forward contracts are entered into with a new value date (typically 1 to 3 months forward). This process is referred to as rolling forward. The proceeds from this roll forward are realised in the form of cash flows on each of these periodic value dates.

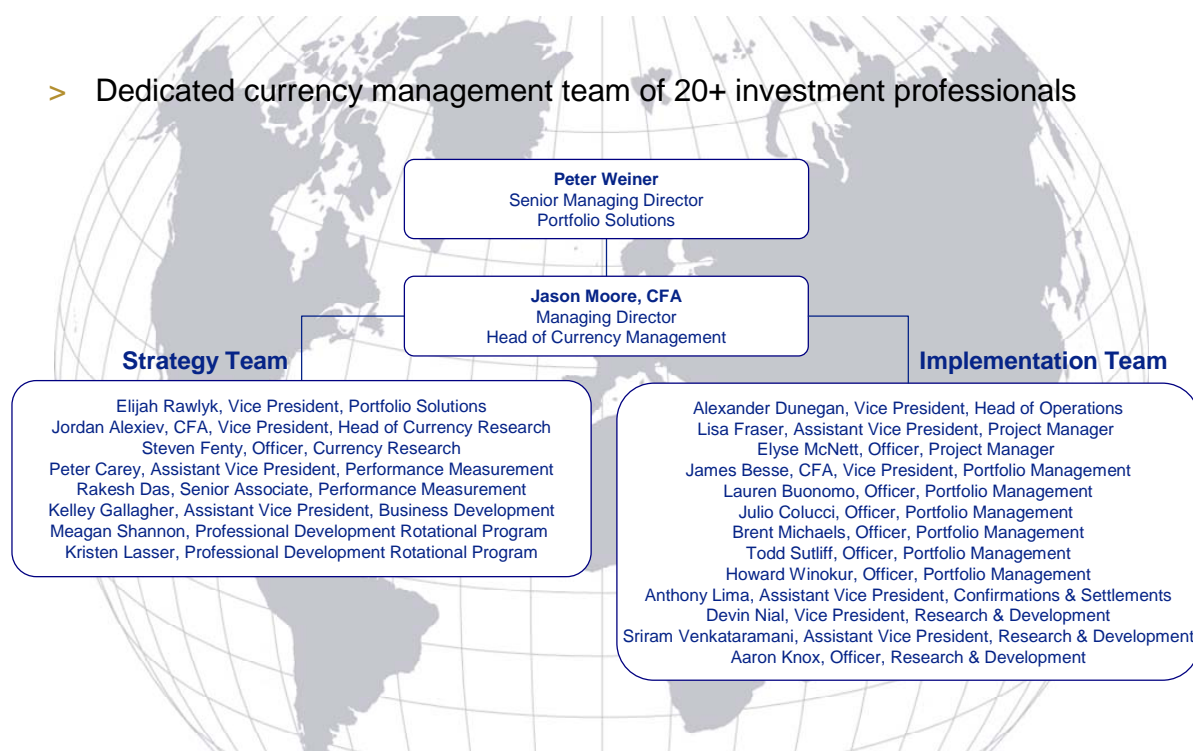
Additionally, risk control can be enhanced using more sophisticated techniques such as a Minimum Variance Hedge Ratio (MVHR) strategy or an Optimal Passive Overlay strategy. Within the context of the MVHR, the risk that the basket of currency exposures introduces to the overall portfolio is evaluated to determine a single policy hedge ratio, typically different than the more traditional 0%, 50% or 100% hedge that many institutions apply. Finally, and



most efficient, State Street is able to implement an Optimal Passive hedge that evaluates the relationship of the underlying assets, individual foreign currencies and the cost of hedging to determine the optimal hedge ratio by currency pair. For both the MVHR and the Optimal Passive Hedging strategies, once the hedge ratio has been determined, the process is the same as described above for the traditional passive overlay strategy.

Currency Management Organizational Chart

- > Dedicated currency management team of 20+ investment professionals



Currency Management & Implementation Bios

Jordan Alexiev, CFA

Vice President, Head of Currency Research
 State Street Global Markets Currency Management, Boston
 Year Joined Firm: 2003
 Year Joined Industry: 2002

Mr. Alexiev is responsible for leading all currency research efforts. Prior to joining State Street Global Markets, he completed a research internship with Fidelity Management & Research Co. He holds an MBA and an MSc in Finance from Boston College. While at school he managed a portion of the Boston College endowment through the Center for Investment Research and Management (CIRM), and was awarded the CIRM 2002 MVP Award and the CIRM 2003 Investment Management Award in recognition of his outstanding investment management advice rendered to the Wallace E. Carroll School Endowment Fund. Mr. Alexiev is a CFA charterholder.

James Besse, CFA

Vice President, Portfolio Management
 State Street Global Markets Currency Management, Boston
 Year Joined Firm: 2004
 Year Joined Industry: 2000

Mr. Besse began as an intern with State Street Global Markets in February 2004 and joined the Currency Management team full-time in June 2004. As part of the group, he is responsible for the management, trading, and reporting of the currency overlay program with a focus on emerging market currencies. Mr. Besse also provides database management and systems development support for the

team and holds a BS in Biology from the University of Massachusetts. In June 2004, he earned his MBA from the Carroll School of Management at Boston College. Mr. Besse is a CFA charterholder.

Lauren Buonomo

Assistant Vice President, Portfolio Management
State Street Global Markets Currency Management, Boston
Year Joined Firm: 2007
Year Joined Industry: 2005

Ms. Buonomo began as an intern with State Street Global Markets Equity Trading and Transition Management in 2005-2006 before joining State Street Global Markets in 2007 on rotation with the State Street Professional Development Program. She soon joined the Currency Management team full time as a Portfolio Manager, responsible for rebalancing, trading, and managing client portfolios. Ms. Buonomo graduated from the University of Connecticut, earning a BS in Business Administration with a concentration in Finance and minor in International Studies.

Peter Carey

Assistant Vice President, Performance Analytics
State Street Global Markets Currency Management, Boston
Year Joined Firm: 2008
Year Joined Industry: 2008

Peter Carey joined State Street Global Markets in September 2008 while completing the second year of his MBA program at Boston College. He is currently responsible for performance measurement and reporting for the currency management business and assists with various research and development initiatives. Prior to State Street, Peter had also had experience in both the management consulting and actuarial industries. In addition to an MBA specialized in Finance, Peter also holds a bachelors degree in Business Economics from Brown University.

Julio Colucci

Assistant Vice President, Portfolio Management
State Street Global Markets Currency Management, Boston
Year Joined Firm: 1998
Year Joined Industry: 1998

Mr. Colucci joined State Street Trust Company Canada as an Investment Manager Representative in 1998. He has since held various positions within the bank ranging First Line Manager within Investment Manager Services to Senior Manager for Investor Cash Services within Global Services. Most recently Mr. Colucci worked in the FX Middle Office for State Street Global Markets. He has recently joined the Currency Management team as a Portfolio Manager, responsible for rebalancing, trading, and managing client portfolios.

Alexander Dunegan

Vice President, Head of Operations
State Street Global Markets Currency Management, Boston
Year Joined Firm: 2004
Year Joined Industry: 2000

Mr. Dunegan joined State Street Global Markets in September 2004. He is responsible for research and development in the currency management group, including trading and research applications. Previously, he was an intern at State Street Global Markets where he developed the Currency Management Platform Simulator to demonstrate and test the currency strategies employed by State Street Global Markets. He holds an MSc in Finance from Boston College and MSc in Computer Science from Emory University. He is currently a level I CFA candidate.

Katie Eggers

Officer, Portfolio Management
State Street Global Markets Currency Management, Boston
Year Joined Firm: 2011
Year Joined Industry: 2009

Ms. Eggers joined State Street Global Markets in Sydney, Australia, as an intern in Foreign Exchange Operations. After becoming a part of the State Street Professional Development Program, she relocated to Boston and completed rotations in Foreign Exchange and Fixed Income. She then joined the



Currency Management team as a Portfolio Manager, responsible for rebalancing, trading, and managing client portfolios. Ms. Eggers graduated from the University of Sydney with a Bachelor of Commerce, majoring in Finance and Economics.

Steven Fenty

Officer, Currency Research
State Street Global Markets Currency Management, Boston
Year Joined Firm: 2007
Year Joined Industry: 2007

Mr. Fenty joined State Street Global Markets in June 2009. He is involved with currency management research and model development as well as providing customized quantitative analyses for clients of State Street Global Markets. He began his career at State Street as an intern in June 2007 and has since completed a year-long rotational program during which he focused on research in Equity and FX asset classes. Mr. Fenty holds a BS degree in Operations Research and Industrial Engineering from Cornell University and is a CFA candidate.

Lisa Fraser

Vice President, Project Management
State Street Global Markets Currency Management, Boston
Year Joined Firm: 2001
Year Joined Industry: 2001

Ms. Fraser joined the Currency Management team in June 2008 as project manager, responsible for the successful on-boarding of all new clients. Ms. Fraser joined State Street in June 2001 and held various positions within the company's investment services business. In March 2004, she joined State Street Global Markets as part of the Global Account Development team, and in May 2006 she began working with State Street Global Markets in the Portfolio & Risk Management Group where she was also responsible for preparing customized analyses for clients. She holds a BSc from Heriot-Watt University with a concentration in mathematics.

Kelley Gallagher

Assistant Vice President, Business Development
State Street Global Markets Currency Management, Boston
Year Joined Firm: 2005
Year Joined Industry: 2005

Ms. Gallagher joined State Street Global Markets in 2005. She is currently responsible for the marketing and sales of all currency management products. Ms. Gallagher graduated summa cum laude from Boston University earning a BS in Business Administration and Management with a concentration in Finance and a minor in Economics. She also holds her Series 7 and Series 63 securities licenses.

Aaron Knox

Officer, Product Development
State Street Global Markets Currency Management, Boston
Year Joined Firm: 2007
Year Joined Industry: 2007

Mr. Knox joined State Street Global Markets' currency management division in February 2007. He is responsible for the development of portfolio management, trading and reporting applications, researching and developing new product innovations, and offering customized research analyses to clients. Aaron holds a Bachelor of Science degree from Rose-Hulman Institute of Technology.

Anthony Lima

Assistant Vice President, Confirmations and Settlements
State Street Global Markets Currency Management, Boston
Year Joined Firm: 2005
Year Joined Industry: 2005

Mr. Lima joined State Street Global Markets in October of 2005. As a member of the Currency Management group, he is responsible for all back office operations, in addition to providing support to the business development efforts. Mr. Lima holds a BS in Economics from Northeastern University.



Elyse McNett

Officer, Project Management
State Street Global Markets Currency Management, Boston
Year Joined Firm: 2009
Year Joined Industry: 2009

Ms. McNett began SSGM's Professional Development Program in November 2009 after four years of national service with Teach for America. In April 2010, she joined the Currency Management team, where she manages client on-boarding projects and also assists with settlements and confirmations. Ms. McNett holds a BA in philosophy from Wheaton College and an MA in teaching from Webster University.

Brent Michaels

Officer, Confirmations and Settlements
State Street Global Markets Currency Management, Boston
Year Joined Firm: 2008
Year Joined Industry: 2008

Mr. Michaels recently joined State Street Global Markets in September of 2009, where he works as a business analyst. He began his career at State Street in September 2008 in the Professional Development Program (PDP), a one-year rotational training program. He currently undertakes various independent projects to help improve and ensure the quality of business processes, in addition to supporting the back office function. Mr. Michaels holds a BBA in International Business from the University of Georgia and an MBA in Finance from Brandeis University.

Jason Moore, CFA

Managing Director, Head of SSGM Currency Management
State Street Global Markets Currency Management, Boston
Year Joined Firm: 2001
Year Joined Industry: 1996

Mr. Moore joined State Street Global Markets in April 2001, where he has been engaged in the currency management business as a portfolio manager and trader. He began his career at State Street in 1997 and has experience within the investor services group as well as managerial experience in State Street Global Markets derivatives back office. He is currently responsible for all functions related to the firm's currency management business. Mr. Moore has written and spoken extensively on issues pertaining to many aspects of currency management throughout his career. He holds a bachelor's degree in Finance from the University of Connecticut and is a CFA charterholder.

Devin Nial

Vice President, Product Development
State Street Global Markets Currency Management, Boston
Year Joined Firm: 2004
Year Joined Industry: 2004

Mr. Nial joined SSGM Currency Management as a Financial Analyst in March of 2010. Prior to joining SSGM Currency Management he was a Senior Software Developer on the SSGM Product Development team. During his tenure on the Product Development team he developed a number of research applications, financial tools, and financial indicators. He holds a B.A. in English Literature from University at Albany (SUNY), a M.A. in Computer Science from Boston University, and is currently enrolled in the M.S. in Finance at Boston College.

Todd Sutliff

Officer, Portfolio Management
State Street Global Markets Currency Management, Boston
Year Joined Firm: 2004
Year Joined Industry: 2004

Mr. Sutliff joined State Street Global Markets in March 2010. He began his career at State Street in 2004 joining their investment services (IS) group. During his tenure in IS Mr. Sutliff had experience in custody, fund accounting and fund administration roles. Most recently he was responsible for managing several client relationships to facilitate their audit and financial reporting processes. Mr. Sutliff holds a BA in Economics from Union College (NY) as well as an MBA from Boston University.



Sriram Venkataramani

Assistant Vice President, Product Development
State Street Global Markets Currency Management, Boston
Year Joined Firm: 2007
Year Joined Industry: 2003

Mr. Venkataramani joined State Street Global Markets' currency management division in May 2007. He is responsible for research and development of reporting applications for the currency management group. Prior to joining State Street he was employed with TheNextRound, Inc. which specialized in developing software for the alternative investment industry. Sriram holds a Masters Degree in Computer Science from Northeastern University and a Bachelor of Engineering degree from the University of Pune, India.

Howard Winokur

Officer, Portfolio Management
State Street Global Markets Currency Management, Boston
Year Joined Firm: 2003
Year Joined Industry: 2003

Mr. Winokur joined State Street Global Markets in July 2010. He began his career at State Street in 2003 and has experience within the investor services group as well as managerial experience in the fixed income group at State Street Global Advisors. He is currently responsible for rebalancing, trading, and managing client portfolios. Mr. Winokur holds a BS degree in Finance and Accounting from Syracuse University and an MBA from Boston University

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