I. OBJECTIVES

This actively managed U.S. master limited partnership portfolio will consist primarily of U.S. master limited partnerships, publicly traded limited liability companies, midstream energy C-corporations and in natural resource transportation and operating company securities associated with MLPs or with MLP-able assets and cash equivalents. The objectives of this portfolio are:

1. To generate positive risk-adjusted excess returns of 200 bps or more annually versus the S&P MLP Index (Index); and,
2. to generate those excess returns with an Information Ratio of 0.30 or greater over a rolling 3-year period.

II. PORTFOLIO RISK MANAGEMENT

The Board’s expectations are that this portfolio be actively managed within the spirit of an actively managed U.S. Master Limited Partnership mandate. Within this framework, the following are the portfolio risk constraints under which the manager is required to operate:

A. Concentration Risk

1. The portfolio may not hold more than 5% of the sum total of all classes of outstanding shares of any one corporation.

2. The portfolio may not hold more than the greater of 150% of each security’s S&P MLP Index weighting or 10% of the portfolio at market value invested in the securities of any corporation (which includes the total of common, convertible, preferred, and cash equivalents).

3. The portfolio may not hold rights or warrants unless they were received as part of a corporate distribution, IPO, new issue, or if the result of another holding.

4. No more than 5% of the portfolio at market value may be invested in preferred issues.

5. No more than 5% of the portfolio at market value may be invested in MLP debt instruments.
6. No more than 7% of the portfolio at market value may be invested in cash.

B. Liquidity Risk

1. The portfolio manager is permitted to purchase U.S. master limited partnership units issued in PIPE (private investment in public equity) transactions. Investments in stocks obtained through PIPE transactions that are not yet registered are limited to 20% of the portfolio at market value. Investments in stocks obtained through PIPE transactions that are registered are permissible without limitation.

2. To achieve the quality and liquidity levels desirable, at least 80% of the U.S. equity securities owned in the portfolio must be listed on the New York, American, and/or NASDAQ Stock Exchanges. Convertible bonds, convertible into common stock listed on any of the above-mentioned exchanges, will be considered a listed equity security for this purpose.

3. Positions in letter stock, private placements (excluding 144A securities), physical real estate, physical commodities, and any other positions unable to be liquidated promptly without severe market impact are prohibited.

C. Derivative Counterparty Risk

1. The commercial and investment banks used for approved OTC futures, approved OTC options, or forward/spot currency transactions must be rated A3 or better by Moody's Counterparty Ratings, (if not rated by Moody's, then rated A- or better by Standard and Poor's Counterparty Ratings or rated B or better by Fitch's Bank Individual Ratings).

2. Net forward/spot contracts, futures contracts, and option exposures to any counterparty will not exceed 20% of the market value of the portfolio. Exposure is measured in net U.S. dollar equivalent terms (offsetting contracts will be netted for this purpose).

3. Counterparty limits will not be applied to listed futures and options.

III. AMENDMENTS

A written request to the Chief Investment Officer (CIO) and Deputy Chief Investment Officer (DCIO) should be made if the manager believes that these portfolio risk constraints significantly limit the ability of the manager to achieve the objectives of the portfolio. A written amendment will be issued from the CIO, or the DCIO in the CIO’s absence, if the request is approved.