I. OBJECTIVES

The objective of the equity rebalancing program is to accomplish an asset class rebalancing through the derivative markets.

II. PORTFOLIO RISK MANAGEMENT

These guidelines are not intended to restrict the manager so as to materially constrict the manager’s investment policy for equity rebalancings within the requirements of these guidelines.

Within that framework, the fact that this portfolio is to be equity in nature, and with the following limitations, the manager has the discretion to make portfolio changes to accomplish the stated objectives.

A. Guidelines

i. The manager is authorized to purchase or sell only listed equity derivatives in amounts authorized in writing by the Chief Investment Officer.

ii. The Chief Investment Officer shall be authorized to fund the account with STIF as needed to meet obligations created by the listed equity derivative exposure.

iii. All cash will be invested in the Fund’s STIF account or the internally-managed LIBOR plus short-term investment pool.

B. Liquidity Risk

i. Unless otherwise covered in these investment guidelines, all other investments are strictly prohibited without the written permission of the Chief Investment Officer, or the Managing Director of External Public Markets, Risk & Compliance in the CIO’s absence. The following are examples of some of the prohibited types of investments and is not meant to be an all-inclusive list: leverage of any sort (i.e. long positions can be no greater than 100% of the net asset value of the portfolio), letter stock, private placements, physical real estate, physical commodities, mutual/commingled funds, common and preferred stocks, fixed income securities (excluding STIF), etc.