I. OBJECTIVES

This internally managed enhanced commodity index portfolio may consist of U.S. cash equivalents and commodity index swaps. The guidelines do not cover the assets identified as being part of the Internally Managed Alpha Generation Program (Addendum E1) or performance derived from these assets. The objectives of this portfolio are:

The enhanced commodity index portfolio manager will be measured on a total return basis (yield plus appreciation) each month. On a rolling return basis performance versus the benchmark will be judged as follows, net of all manager fees and transaction costs:

| DJ/UBS Commodity Total Return Index + 0% or better | Acceptable |
| Returns less than the DJ/UBS Commodity Total Return Index | Unacceptable |

II. PORTFOLIO RISK MANAGEMENT

The Board’s expectations are that this portfolio be managed within the spirit of a enhanced commodity index mandate. Within that framework the manager has discretion to make portfolio changes to accomplish the stated objectives with the following limitations:

A. Portfolio Management

i. The portfolio manager has discretion regarding selection and use of commodity swaps to gain exposure to commodities. The portfolio manager may select multiple counterparties and may select actively managed and/or passively managed commodity swap contracts.

ii. Cash and Cash Equivalents

   a. Except for a reasonable temporary period at the inception of the account, upon cash inflows, or as part of an anticipated redemption/withdrawal, unequitized cash equivalents will not exceed 5% of the total market value of the account for more than 3 consecutive days at any point in time. To exceed 5%, written permission must be obtained from the Chief Investment Officer.

   b. Cash in the portfolio shall be invested in the Fund’s STIF account. Cash to back swap positions may be invested in the Fund’s STIF account or any Board-approved short-term investment pools.
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.

C. Derivative Counterparty Risk
   i. The commercial and investment banks used for commodity swaps 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).

III. DERIVATIVES

Commodity index swaps are permitted to gain long exposure to the commodity market.

The portfolio is to be managed so that the total net commodity exposure is equal to no greater than 105% of the underlying cash and cash equivalents of the total portfolio (long positions minus short positions can be no greater than 105%).

A minimum of 25% of the total portfolio value must be able to be converted to cash (i.e., cash not being used as collateral for the swap) within 10 business days of a request being made by the Chief Investment Officer.

IV. AMENDMENTS

A written request to the Chief Investment Officer (CIO) and Managing Director of External Public Markets, Risk & Compliance 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 DEPM in the CIO’s absence, if the request is approved.