I. OBJECTIVES

This actively managed ultra-short duration portfolio will consist of convertible and corporate debt securities and cash equivalents. The objectives of this portfolio are:

1. to generate positive absolute net of fee performance of six-month LIBOR plus 0.25% or more annually 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 a ultra-short high yield portfolio. Within this framework, the following are the portfolio risk constraints under which the manager is required to operate:

A. Interest Rate Risk

The maximum term to maturity (or put date) of any single bond will not exceed 2.5 years, and the weighted average term to maturity (or to the put/call/tender date if applicable) will not exceed 1.25 years.

B. Spread Risk

The effective or option-adjusted spread duration of the portfolio must range from zero to 1.25 years.

C. Credit Risk

1. The weighted-average credit rating of the portfolio must be B or better, excluding non-rated securities.
2. No more than 30% of the portfolio at market value may be invested in non-rated securities.

D. Currency Risk

At no time may the manager's portfolio invest in securities denominated in foreign currencies.

Approved December 9, 2014
E. Sovereign Risk

No more than 20% of the portfolio may be invested in dollar-denominated non-U.S. government securities and dollar-denominated bonds issued by non-U.S. domiciled entities. Non-U.S. exposure will be determined based on the issuer of the underlying instrument.

F. Concentration Risk

No more than 7% of the portfolio at market value may be invested in the securities of any issuer (excluding issues or issuers fully guaranteed by the U.S. Government and its agencies rated Aaa/AAA and securities issued by non-US. Governments).

G. Liquidity Risk

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.

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.