

Revised November 2014

Portfolio Rebalance

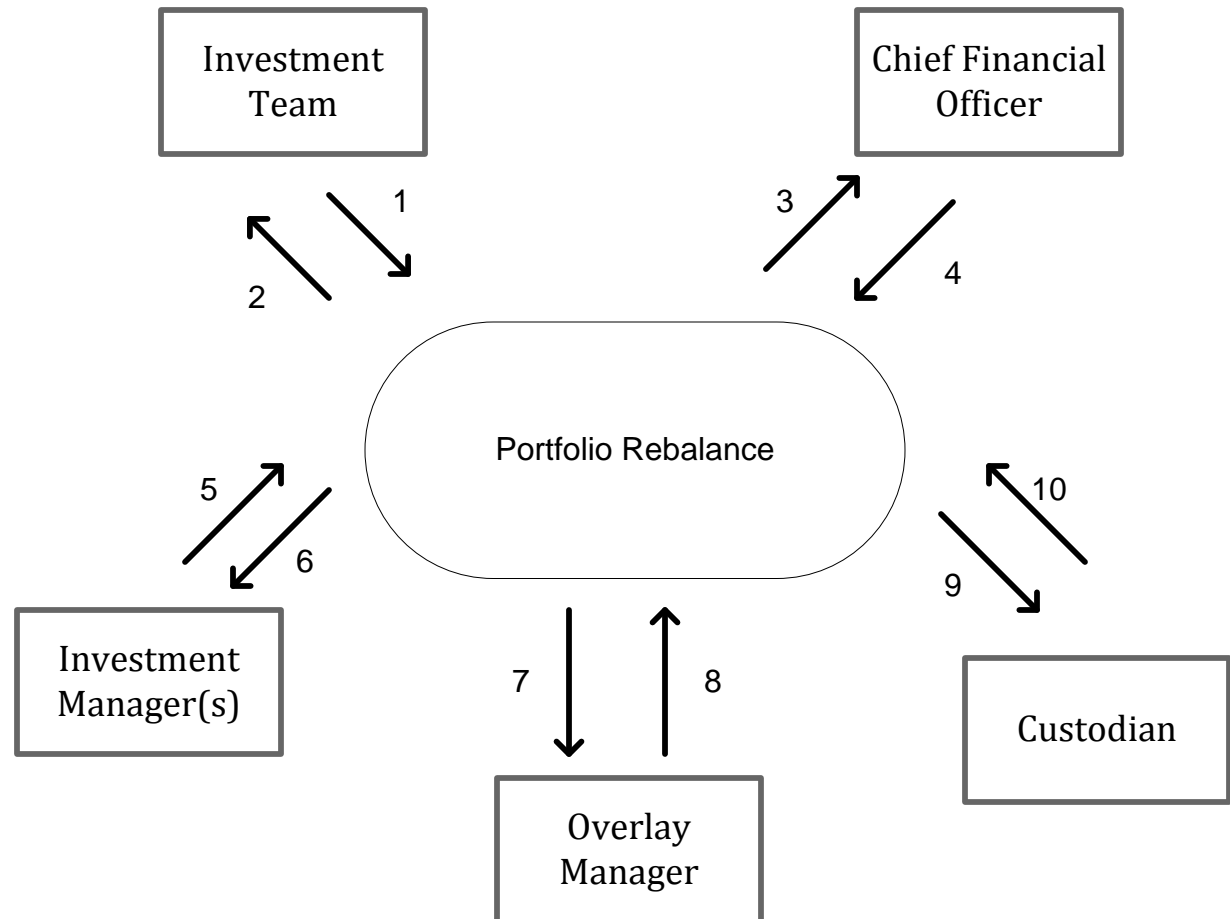
Employee and Retiree Service Center

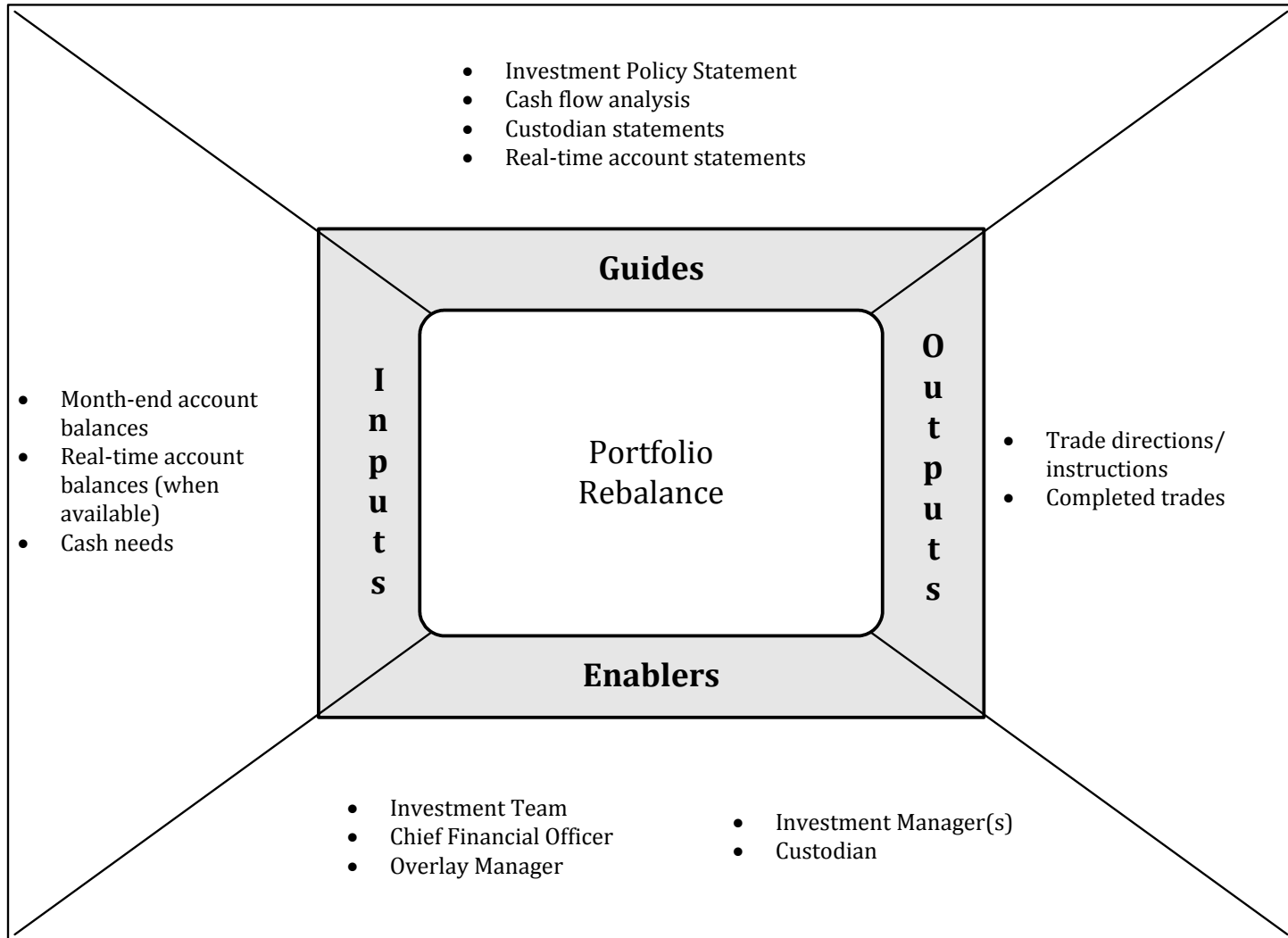
Portfolio Rebalance Stakeholder Analysis

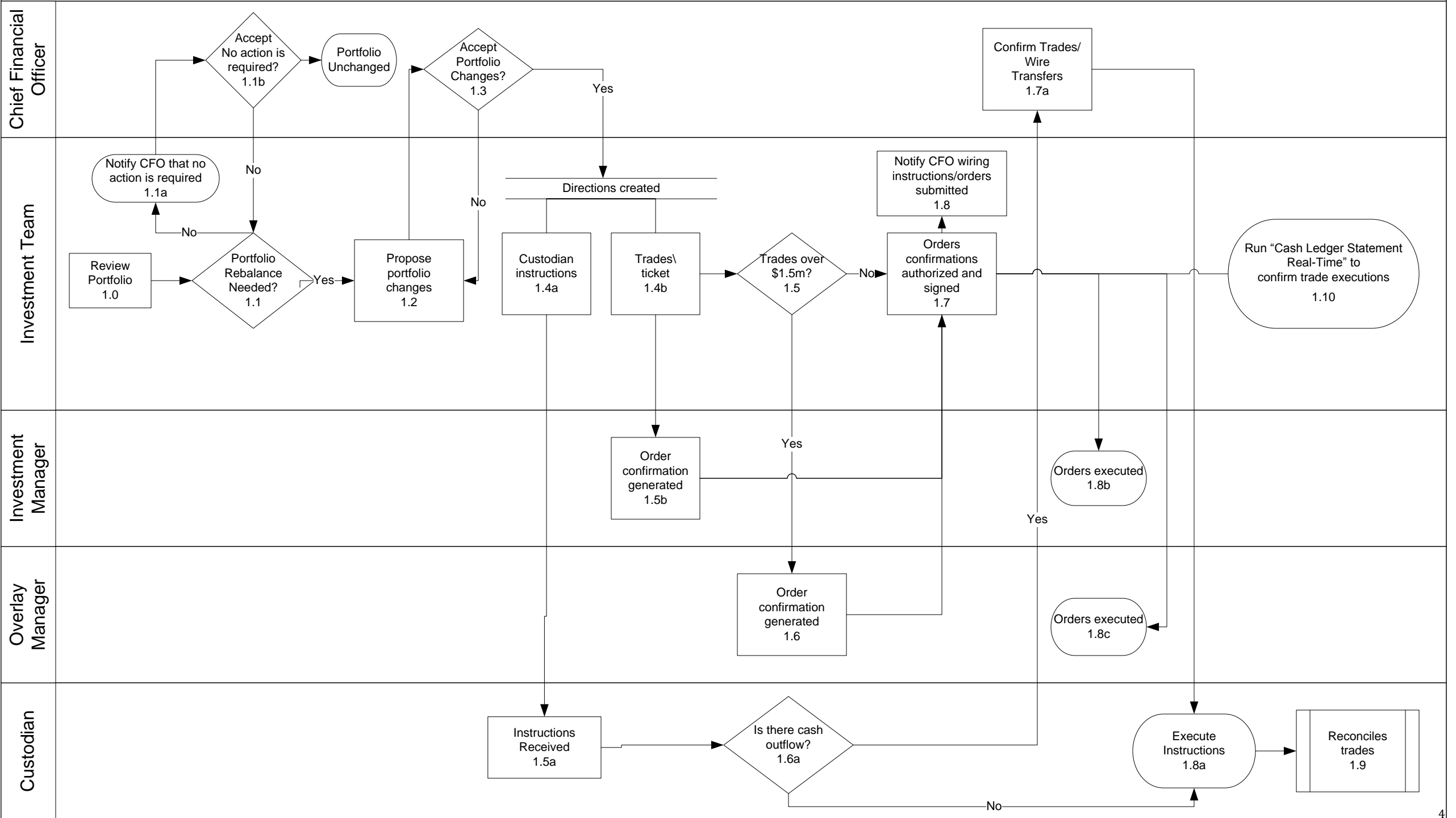
Rebalancing the Pension Portfolio at month-end**

- 1 Investment team proposes actions to rebalance portfolio
- 2 Investment team receives authorization to make necessary portfolio changes
- 3 CFO receives proposes for changes from investment team
- 4 CFO reviews and accepts/rejects the proposals
- 5 Trade tickets are generated by investment manager(s) and submitted for authorized signature
- 6 Authorized trades orders are submitted to investment manager(s)
- 7 Trades orders greater \$1.5m are submitted to overlay manager
- 8 Trade tickets are generated by overlay manager and submitted for authorized signature
- 9 Instructions are sent to custodian
- 10 Custodian confirms and executes instructions

**The list includes high-level activity between stakeholders and the process. This list is not all inclusive of the activities







Execution of Portfolio Rebalance

Process Area / Business Area Description

- Step 1.0 Investment team reviews portfolio needs, cash flow, and cash balances
- Step 1.1 Investment team and CFO determine if portfolio changes are required
- Step 1.1.a: Investment team informs CFO that no rebalance action is needed.
- Step 1.1.b: CFO determines whether to accept no action is needed
- Step 1.2: Investment team submits proposed portfolio changes to CFO
- Step 1.3: CFO determines whether to accept portfolio changes proposal
- Step 1.4.a: Investment team creates and sends wiring instructions to custodian
- Step 1.4.b: Investment team calls and/or send trade tickets investment managers
- Step 1.5: Investment team determine whether transaction is over \$1.5m. If yes, order need to be submitted to overlay manager.
- Step 1.5.a: Custodian receives wiring instructions
- Step 1.5.b: Investment manager creates order confirmations and sends to investment team for signature
- Step 1.6: Overlay manager creates order confirmation and sends to investment team for signature
- Step 1.6.a: Custodian determines whether there is cash outflow
- Step 1.7: Investment team signs and authorizes orders to be executed
- Step 1.7.a: CFO confirms trades with investment manager and/or any outflow from wire transfers from custodian
- Step 1.8: Investment team notifies CFO of wiring instructions sent to custodian and orders submitted to investment and/or overlay manager
- Step 1.8.a: Custodian executes wiring instructions
- Step 1.8.b: Investment manager executes orders
- Step 1.8.c: Overlay manager executes orders
- Step 1.9: Custodian reconciles investment trades versus cash positions
- Step 1.10: Investment team runs "Cash Ledger Statement Real-Time" to confirm execution of all trades