Portfolio Rebalance

Employee and Retiree Service Center
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 proposals 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
Portfolio rebalance is determined by:
- Month-end account balances
- Real-time account balances (when available)
- Cash needs

Outputs include:
- Investment Policy Statement
- Cash flow analysis
- Custodian statements
- Real-time account statements

Guides:
- Investment Team
- Chief Financial Officer
- Overlay Manager

Inputs:
- Trade directions/instructions
- Completed trades

Enablers:
- Investment Manager(s)
- Custodian

Portfolio needs are determined with IPS and cash needs.
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 1.1a: Investment team informs CFO that no rebalance action is needed.
Step 1.1b: 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 1.4a: Investment team creates and sends wiring instructions to custodian
Step 1.4b: 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 1.5a: Custodian receives wiring instructions
Step 1.5b: 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 1.6a: Custodian determines whether there is cash outflow
Step 1.7: Investment team signs and authorizes orders to be executed
Step 1.7a: 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 1.8a: Custodian executes wiring instructions
Step 1.8b: Investment manager executes orders
Step 1.8c: 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