INVESTMENT GUIDELINES FOR ACTIVELY MANAGED PORTFOLIOS

1. OBJECTIVE OF THE ACCOUNT

Generate annual returns in excess of 30 basis points with respect to the Benchmark[1], measured in USD, within an ex-ante tracking error limit of 100 basis points, and complying at all times with the Investment Guidelines (see Note 1).

2. THE BENCHMARK (the "Benchmark")

Currency	Description	Ticker	Weight
USD	BofA Merrill Lynch 0-3 Year US Treasury Index	G1QA	69.0%
	BofA Merrill Lynch 3-5 Year US Treasury Index	G2O2	10.0%
	The BofA Merrill Lynch 5+ Year US Treasury Index	GLQ0	6.0%
	BofA Merrill Lynch US Mortgage Backed Securities Index	M0A0	2.0%
	BofA Merrill Lynch 1-5 Year AAA-AA Developed Markets US Foreign Government & Supranational Index	DS2V	10.0%
	Total USD		97.0%
GBP	The BofA Merrill Lynch UK Gilt Index	G0L0	1.0%
	Total GBP		1.0%
AUD	The BofA Merrill Lynch Australia Government Index	G0T0	2.0%
	Total AUD		2.0%
Total			100.0%

3. ELIGIBLE INVESTMENTS (see Note 2)

3.1. Eligible currencies: USD, EUR, JPY, NOK, SEK, AUD, NZD, CHF, GBP, CAD, HKD, SGD, CNH.

3.2. Eligible sectors: the eligible sectors are presented in Table 1.

TABLE 1. ELIGIBLE SECTORS

Sector (see Note 3)	General Characteristics
Government	Sovereign debt in local currency
Government-related	Debt issued by: Supranational, Sovereigns in foreign currency, Agencies (explicitly guaranteed, government owned / sponsored), Local authorities
Mortgaged-backed securities (MBS)	100% guaranteed by *Fannie Mae, Freddie Mac or Ginnie Mae*
Corporate	Corporate debt

1 Defined in Section 2

3.3. Eligible assets:

3.3.1. Money market: Certificate of deposits, Commercial paper, Discount notes / Bills, Short Term Investment Fund and Money Market Fund designated by the client

3.3.2. Bonds / Notes: zero coupon, fixed and floating rate coupon, inflation linked and bonds with embedded optionality limited to callable and puttable options (see Note 4)

3.3.3. MBS: Pass-through and CMOs (restricted to: PACS, TACS, floating-rate bonds that are not support or subordinated tranches, and first or currently paying tranches of sequential bonds – see Note 5).

3.3.4. Investment Grade Corporate Bond ETF: LQD US, VCSH US, VCIT US (the exposure will affect the corporate sector limit in Table 2).

3.4. Derivatives: currency forwards, bond and interest rate futures and TBAs (see Note 5).

4. LIMITS / RESTRICTIONS

4.1. Market risk (with respect to the Benchmark):

4.1.1. Maximum limits per sector for investments with more than 100 days to maturity (see Note 6):

TABLE 2. LIMITS PER SECTOR

Sector	Máx. % of the portfolio
Government	No limit
Government-related[1]	27%
MBS	23%
Corporate	7%

[1] The Local authorities subsector shall be constrained to maximum 7% of the portfolio

4.1.2. Effective duration: +/- 0.7

4.1.3. Effective convexity: above -1.

4.1.4. Spread duration: +/- 2

4.1.5. Currency deviations: up to +/- 4% in unhedged (active) currency exposure in any of the eligible currencies, subject to a max aggregate currency exposure of 8% of the portfolio. (see Note 7)

4.2. Credit risk:

4.2.1. Debt seniority: Eligible debt must be classified as Senior (unsubordinated). Guaranteed investments must rank *pari passu* with Senior debt of the guarantor.

4.2.2. Minimum credit rating: Issues / issuers must be rated by at least two agencies, and each agency must provide a minimum credit rating of: A-/A3/A- for sovereigns, agencies, supranational entities and A+/A1/A+ for corporates and local authorities. (see Note 8)

4.2.3. In case one or more of the credit rating agencies (S&P, Moody’s, Fitch) rates an issue or issuer with a short term credit rating, this must be A1/P1/F1 or higher.

4.2.4. Limits by issuer: maximum investments by issuer are presented in Table 3 (see Note 9).

TABLE 3. LIMITS BY ISSUER

Sector (see Note 3, 14, 15)	Credit rating	Max % of the portfolio (Mkt. Value)
Sovereign debt in local currency	AAA	No Limit
	AA+,AA,AA-	No Limit
	A+,A,A-	2.00%
Government-related (agencies, supranational, sovereigns in non-local currency)	AAA	No Limit
	AA+,AA,AA-	13.00%
	A+,A,A-	1.00%
Corporate and other Government-related (Local Authorities)	AAA	10.00%
	AA+,AA,AA-	3.0%
	A+	1.0%
Short Term Investment Fund and Money Market Fund designated by the client	Not Applicable	No Limit

4.3. Liquidity Risk

4.3.1. Minimum issue size: Investments in the portfolio must have a minimum issue size equal to that used as an index rule by the *Barclays Capital Global Aggregate index* (see Note 10).
4.3.2. Maximum investment per issue: The portfolio must not hold more than 10% of the outstanding amount of any investment (see Note 10).
4.3.3. Maximum maturity for CD and CP: 190 days *(see Note 6).*

4.4. Counterparty risk (FX and MBS TBA trades)[2]

4.4.1. Minimum credit rating: FX counterparties: A- for counterparties with an ISDA agreement approved by Client and A+ for other counterparties.[3] Futures brokers: A- (spot currency transactions only). TBA counterparties: A. (see Note 8).
4.4.2. Maximum exposure per FX counterparty (notional): 10% of the portfolio (see Note 11)
4.4.3. Aggregate: the notional amount of all open FX operations may not exceed 50% of the value of the portfolio.

4.5. Other risks: no investments shall be made in any securities or other financial instruments issued or guaranteed directly, by (i) any entity located in or (ii) any entity whose parent or guarantor is located in, any of the "Ineligible Domiciles" listed in Table 4.

TABLE 4. INELIGIBLE DOMICILES

Andorra	**Grenada**	**Niue**	**St. Kitts and Nevis**
Anguilla	**Iran**	**Palau**	**St. Lucia**
Antigua and Barbuda	**Iraq**	**Panama**	**St. Vincent and the Grenadines**
Aruba	**Korea (North)**	**Saba**	**Syria**

[2] The Adviser is permitted to use its own discretion to select counterparties for other instruments.

[3] Only ISDA agreements approved by Client apply to trades for the Account.

Belize	**Macao SAR**	**Saint Eustatius**	**The Bahamas**
Bonaire	**Malaysia (Labuan)**	**Saint Maarten**	**Trinidad and Tobago**
Cook Islands	**Marshall Islands**	**Samoa**	**Tunisia**
Curação	**Monaco**	**Serbia**	**Turks and Caicos Islands**
Dominica	**Montserrat**	**Seychelles**	**Vanuatu**
Ethiopia	**Nauru**	**Sri Lanka**	**Yemen**

4.6. Derivatives

4.6.1. Currency forwards: limited to the authorized currencies with the following maximum final maturity:
   a) Counterparties with an ISDA agreement approved by Client: 4 months.
   b) Counterparties without an ISDA agreement approved by Client: 35 days.

4.6.2. TBAs: limited to those with eligible underlying pools and maximum settlement date of 4 months.

4.6.3. Future contracts: limited to the exchanges and contracts shown in Table 5, with maximum expiration or delivery date of: a) 4 years for Euribor and Eurodollar b) 2 years for other contracts on interest rates c) 6 months for contracts on government bonds. As long as the underlying is eligible.

4.6.4. Future Brokers[4] (executing brokers): future brokers must be direct members or members through its affiliates / subsidiaries of the clearing houses associated with the following exchanges: Chicago Board of Trade (CBOT), Chicago Mercantile Exchange (CME), Eurex and ICE Futures Europe – Financials. Future brokers should not be subsidiaries or affiliates of the Adviser. The minimum long-term credit rating is A-. The minimum short term credit rating is A1/P1/F1 (See note 8).

TABLE 5. ELIGIBLE EXCHANGES / CONTRACTS

Exchange	**Contract**
CME group	US Treasury Bond and Notes, FED Funds, Eurodollar
Eurex	European sovereign issuers permitted in the Investment Guidelines
ICE Futures Europe – Financials	Euribor, Euroswiss, Short Sterling
	Long Gilt
	Japanese Government Bond
Osaka Exchange Inc	Japanese Government Bond
Bourse de Montréal	Canadian Government Bond
Nasdaq OMX	Swedish Government Bond
Sydney Futures Exchange	Australian / New Zealand Government Bonds

4.6.5. Leverage: The sum of the notional amount of all net long futures and TBA positions shall not exceed the sum of the market value of the following assets in the portfolio: assets with maturity of less than 100 days and debt from governments in the Benchmark with maturity of less than 397 days. (see Note 6 and Note 12).

4.6.6. Assets delivered or received as collateral must be only cash and securities that comply with the investment guidelines.

[4] The credit rating criteria apply at the time of negotiation.

5. ADDITIONAL CONSIDERATIONS

5.1. All Investment Guidelines apply at the time of purchase of an investment. In the case an investment becomes noncompliant after this (*passive breach*), the Adviser shall notify the client as soon as practicable. In the absence of instructions from Client regarding the affected asset, the Adviser must ensure that the portfolio is compliant with the Investment Guidelines no later than 20 business days after the event. (see Note 13)

5.2. The Adviser may not invest in securities issued by itself, its parent company or any of its affiliates (or any special purpose subsidiary for which it serves as incorporator, manager, trustee or in which it is an investor).

6. NOTES[5]

Note 1. Annual excess returns and the tracking error limit are included as reference but are not Investment Guidelines; not attaining these returns or exceeding this limit is not a breach of the Investment Guidelines.

Note 2. The Client retains, at its discretion, the right to prohibit specific investments even if they fully comply with the Investment Guidelines. The Advisor shall contact the Client before investing if the Advisor has any question regarding whether the proposed investment is permissible under the Investment Guidelines

Note 3. Sectors are defined in line with the Barclays Capital Global Aggregate Index. In particular, to determine to which subsector an issuer/issue in the Government-related sector corresponds to, this index criteria should be used.

Note 4. Private placements issued by government or government-related issuers are considered eligible investments. Private placements issued by other type of issuers are not considered eligible investments.

Note 5. MBSs, CMOs and TBAs are restricted to those where the underlying is issued / guaranteed by *Fannie Mae*, *Freddie Mac or Ginnie Mae* and they will be considered to be credit exposure to the corresponding agency.

Note 6. For purposes of control, the maturity of an investment is calculated as the difference between the current date and its maturity date.

Note 7. Exchange rate deviations by currency are calculated as the net position in that currency against the Benchmark. The aggregate currency exposure shall be calculated as the sum of all currencies that have a net long position against the Benchmark.

Note 8. The minimum credit rating corresponds to the lowest long term credit rating issued by S&P, Moody's and Fitch Ratings, taking into account that the issuer /issue or the counterparty must be rated by at least two of these agencies. In the case of investments, to determine which rating is used as reference for each agency a) the rating of the issue should prevail and, only if the issue has no ratings, the ratings of the issuer can be used, and b) if the issue is guaranteed, the credit rating of the guarantor can be used. Lastly, if the issuer or counterparty is an affiliate or a subsidiary that is not rated but its parent is, the credit rating of the parent may be used as a rating for the issuer as long as there is a guarantee over the operations of the affiliate or subsidiary, or for the counterparty only if there exists evidence of the parent's support.

[5] These notes are an integral part of the Investment Guidelines

Note 9. For eligible central banks without a credit rating, the rating of the sovereign will be used as a proxy and its exposure will be included under the credit limit of the sovereign.

Note 10. For MBS and CMOs the issue size corresponds to the generic aggregate at issuance. These limits do not apply to money market investments. For investments denominated in currencies that are not included in the Barclays Capital Global Aggregate Index, the minimum issue size will be equal to that of investments denominated in US dollars converted to the corresponding currency equivalent using FX rates of the previous year-end.

Note 11. For purposes of calculating the exposure per counterparty, exposure will only be considered net for contracts in the same currency and with the same maturity date.

Note 12. Net long positions are defined as long minus short positions, but only when they refer to the same contract. For futures on interest rates, only 25% of the notional amount should be taken into account in the calculation. The futures on interest rates that these guidelines refer to are futures whose underlying is an actual interest rate, instead of a bond.

Note 13. Outstanding FX positions that no longer comply with the Investment Guidelines will be kept until maturity, unless there are ISDA or Netting Agreements in place with the counterparty, in which case the position should be netted on the following 5 business days after the date in which they no longer comply.

Note 14. a) The issuer exposure is calculated by adding the positions of related issuers (See Table Note 14). b) In the event that the related issuers have a different credit rating, aggregate exposure may not exceed the limit set for the highest rated issuer and the exposure of each issuer may not exceed the limit set for its rating.

Table Note 14 - Related Issuers	
Sector	Related Issuers
Corporate	Parent Company and Subsidiaries or Branches
Local Authorities	Local or Regional Government and entities that are guaranteed by the Local or Regional Government
Government-related	Government-related and Subsidiaries

Note 15. In case an issuer has debt programs/issues with different ratings (by having debt programs with and without a guarantee provided by a third party), the aggregate exposure to the issuer may not exceed the limit set for the highest rated issue and the exposure of each issue may not exceed the limit set for its credit rating.