

DERIVATIVES POLICY

Purpose

This Policy on Derivatives enumerates constraints the Board of Directors places on Staff's use of derivatives within UVIMCO's Long Term Pool.

Background

The Policy Portfolio set forth in the Investment Policy Statement specifies risk controls in the form of ranges for Long Term Pool asset allocations. The ranges help to ensure adequate diversification, define the permissible magnitude of tactical asset allocation, and constrain both absolute and relative risk.

The Investment Policy Statement further states that UVIMCO employs leverage and derivative securities, both directly and within funds, only to the extent that the aggregate risk of the Long Term Pool is not increased beyond what is allowed by the Policy Portfolio without using leverage or derivatives.

Authorization

Staff is hereby authorized to enter into, terminate or close out any options, futures, contracts for differences, forwards, credit default swaps, swaps agreements, securities-based swap agreements, variance swaps, or any other derivatives, whether listed on an exchange or over-the-counter, on behalf of UVIMCO and all subsidiary entities. Such derivatives may be used to achieve exposures in a more efficient or timely manner than could otherwise be achieved through allocations to external managers.

Approval Process

All derivative positions require prior approval by the Chief Executive Officer and are documented by a write-up sent to the Board.

Reporting

Staff provides monthly reports of derivative positions to the Board. In addition, to monitor the effect of leverage on risk, staff provides monthly reports to the Board displaying return distribution estimates, downside risk, factor exposures, and leverage estimates of the Long Term Pool.

Periodic Review

The UVIMCO Board reviews this Policy annually. In preparation for that review, Staff provides an analysis of the current derivative positions and risk exposures of the Long Term Pool.

May 14, 2009