

EXECUTION COPY

INVESTMENT MANAGEMENT AGREEMENT

BETWEEN

SHENKMAN CAPITAL MANAGEMENT, INC.

(the "Manager")

AND

KENTUCKY RETIREMENT SYSTEMS (INSURANCE FUND AND PENSION FUND)
(the "Fund")

July 13, 2010

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INVESTMENT MANAGEMENT AGREEMENT

THIS AGREEMENT is executed and entered into as of the __ day of July, 2010, by and between Shenkman Capital Management, Inc. (the "Manager") and Kentucky Retirement Systems (Insurance Fund and Pension Fund) (collectively, the "Fund").

RECITALS

A. The Fund wishes to retain the Manager to provide investment management services with regard to the Assets.

B. Manager wishes to accept this appointment, on the terms and conditions set out below.

NOW THEREFORE, the Manager and the Fund agree as follows:

ARTICLE I

DEFINITIONS

As used herein the following terms have the following respective meanings:

"Account" has the meaning ascribed to it in Section 2.07

"Agent" means any Person appointed by the Manager or under the direct or indirect control of the Manager acting in its capacity as a provider of services for the Fund, which Person shall not include a broker-dealer registered under the U.S. Securities Exchange Act of 1934, as amended, or any Person acting as Custodian.

"Agreement" means this Investment Management Agreement, as from time to time amended.

"Assets" means such assets of the Fund as are placed in the Account for the Manager to manage in accordance with this Agreement, together with all interest, income, accruals and capital growth thereon, all proceeds thereof, and such additional investment assets and funds as may be allocated by the Fund to the Manager for management hereunder.

"Authorized Instructions" has the meaning ascribed to it in Section 2.06.

"Authorized Investments" means the investments which the Manager is authorized to make on behalf of the Fund in its management of the Assets under this Agreement. Such investments are specified in SCHEDULE I under the heading "Authorized Investments."

"Authorized Persons" has the meaning ascribed to it in Section 2.05.

"Custodian" means any Person charged with the safekeeping of Assets, and having such powers, duties, and rights as set forth in a custody agreement between the Fund and such Person.

"Damages" has the meaning ascribed to it in Section 6.01.

"ERISA" means the U.S. Employee Retirement Income Security Act of 1974, as amended.

"Fair Market Value" means the fair market value as computed by the Fund's Custodian.

"Fund Records" has the meaning ascribed to it in Section 2.17.

"Interested Person" has the meaning ascribed to it ARTICLE IV, subparagraph (h).

"Investment Consultant" means any advisor or consultant of the Fund designated as such in writing to the Manager from the Fund.

"Investment Guidelines" has the meaning ascribed to it in Section 2.02.

"Performance Standards" has the meaning ascribed to it in Section 2.03.

"Person" means an individual, a corporation, an association, a partnership, an organization, a limited liability company or partnership, a business, a trust, an estate, or any other legal entity.

"Prohibited Transactions" has the meaning ascribed to it in SCHEDULE I.

ARTICLE II

APPOINTMENT, AUTHORITY AND RESPONSIBILITY OF MANAGER

2.01. Appointment. The Fund hereby retains Manager to provide investment management services with regard to the Assets, and Manager hereby agrees to serve as an investment manager, on the terms and conditions set forth herein.

2.02. Management of Assets.

(a) The Manager shall invest and reinvest the Assets in Authorized Investments, and accordance with the investment objectives and guidelines set forth in Schedule I (the "Investment Guidelines"), as the same may be amended from time to time by the Fund in writing and, in connection therewith, may purchase, sell, and otherwise deal with the Assets, on behalf of the Fund and in the name of the Fund, the Custodian, any sub-custodian appointed by the Custodian, or any nominee of either, and on terms and conditions determined by the Manager in a manner consistent with the provisions hereof, and may directly place orders for purchases and sales of the Assets; provided, however, that the Custodian shall nevertheless retain custody of all Assets, and provided further that the Manager shall not enter into securities lending transactions with respect to any of the Assets. The Manager shall not have the authority to cause the Fund to deliver securities and other property, or pay cash to the Manager other than payment of the management fee provided for in this Agreement. Subject to the foregoing, the Manager shall have full discretion and authority to manage and direct the investment and reinvestment of the Assets.

Manager is authorized on behalf of the Account to (i) enter into agreements and execute any documents (e.g., any derivatives documentation such as exchange traded and over-the-counter, as applicable) required to make investments pursuant to (and only if authorized by) the Investment Guidelines, including market and/or industry standard documentation and the standard representations contained therein; and (ii) acknowledge the receipt of brokers' risk disclosure statements, electronic trading disclosure statements and similar disclosures.

The Fund shall instruct the Custodian to (a) periodically advise the Manager as to the amount of cash or cash equivalents available for investments in the Account; (b) carry out all investment transactions as may be directed, in writing, by the Manager; and (c) confirm all completed transactions, in writing, to the Manager. The Manager shall not be liable for any act or omission of the Custodian.

The Manager shall be entitled to rely upon written clarifications, supplements and modifications to the Investment Guidelines from the Fund's Board and make reasonable interpretations thereof. The Board understands and agrees that the Manager does not guarantee or represent that any investment objectives will be achieved.

(b) The authority granted to the Manager shall include the authority to exercise whatever powers the Fund may possess with respect to the Assets held in the Account, including, but not limited to, the right to vote proxies in accordance with the Manager's Proxy Voting Policies and Procedures, as set forth on Schedule VII to this Agreement (the "Proxy Voting Policies and Procedures"), the power to exercise rights, options, warrants, conversion privileges, and redemption privileges, and to tender securities pursuant to a tender offer.

(c) The Manager shall inform the Fund at least 30 days in advance if it intends to delegate any duties to its affiliates. In all cases, the Manager shall remain liable as if such services were provided directly. No additional fees shall be imposed for such services except as otherwise agreed.

2.03. Performance Standards. The Manager acknowledges that the Fund has established performance standards for the Assets as are set forth in Schedule II attached hereto (the "Performance Standards"), as the same may be amended from time to time by the Fund in writing, and that failure to consistently meet such performance standards may result in termination of this Agreement.

The Manager hereby acknowledges that it has reviewed and is familiar with the Investment Guidelines and the Performance Standards. In the event that the Fund amends the Investment Guidelines pursuant to Section 2.02 or the Performance Standards pursuant to this Section 2.03, the Manager agrees to be bound by any such amendments upon receipt of written notice from the Fund and to acknowledge such amendments in writing. The parties agree that any such amended Investment Guidelines and Performance Standards shall not affect any transaction initiated prior to receipt thereof by the Manager. If Manager does not agree with such amendments, Manager may cease serving as Manager for the purpose of making new investments, but shall continue to dispose of then existing investments in a commercially reasonable manner (subject to the right by the Fund to terminate this Agreement).

2.04. Fiduciary Duties. Notwithstanding any other provision of this Agreement, Manager understands and acknowledges that Fund is a Pension Plan and Trust described in Section 401(a) of the Internal Revenue Code of 1986 and a pension plan described in Section 3 of ERISA. Manager agrees that the standards which shall apply to Manager hereunder are the standards described in Section 404 of ERISA and acknowledges that Manager is a fiduciary of the Fund with respect to the investment and management of the Assets, as the term "fiduciary" is defined in Section 3 of ERISA.

The Manager is obligated to manage the Assets in the Account without regard to other investments made by other investment managers on behalf of the Fund, unless otherwise instructed in writing, by the Fund.

The Manager shall discharge all of its duties and exercise all of its powers hereunder (i) solely in the interest of the Fund, (ii) with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a similar capacity, with the same resources, and familiar with like matters would exercise in the conduct of an enterprise of a like character with like aims, and (iii) otherwise in accordance with the standard of responsibility applicable to Fund investments under Section [] of the Statutes of the Commonwealth of Kentucky.

2.05. Authorized the Fund Personnel. Upon execution of this Agreement, the Fund shall provide the Manager with a list of authorized Fund personnel ("Authorized Persons") who will be permitted to advise, inform and direct the Manager on the Fund's behalf, together with signature specimens of certain Authorized Persons who may execute specific tasks under this Agreement. The list of Authorized Persons and any changes to such list shall be made in writing to the Manager and signed by the Fund's Chief Investment Officer or his designee. Until notified of any such change and subject to the provisions of Section 2.06 below, the Manager may rely and act upon instructions and notices received from an Authorized Person identified on the then current list furnished by the Fund. Manager may request a current list at any time.

2.06. Authorized Instructions. All directions and instructions to the Manager from any Authorized Person ("Authorized Instructions") shall be in writing and transmitted as provided in Section 8.14 hereof (Notices); provided, however, that the Manager may, in its discretion, accept verbal Authorized Instructions subject to written confirmation of same from such Authorized Person. Such Authorized Instructions shall bind the Manager upon receipt. If the Manager receives instructions or notices from a source other than an Authorized Person, the Manager shall not comply with them and shall promptly notify the Fund's Chief Investment Officer in writing of such unauthorized instructions or notices.

2.07. Custody of Assets. The Fund shall instruct its designated Custodian to (a) establish a separate custody account on its books and records in which the Manager is authorized to direct investments ("Account") and (b) maintain the Account in a manner that enables Custodian to account for the Assets, and transactions with respect thereto.

Ownership of the Assets and Account shall remain with the Fund, and may be titled in the name of the Custodian as the Fund's nominee. The Manager shall not, under any circumstances, take possession, custody, title, or ownership of any Assets. The Manager shall

not have the right to have securities in the Account registered in its own name or in the name of its nominee, nor shall the Manager in any manner acquire or become possessed of any income or proceeds distributable by reason of selling, holding or controlling any Assets in the Account. All duties of collection, physical acquisition or safekeeping shall be the sole obligation of the Custodian.

2.08. Withdrawal & Addition of Assets. By notice to the Manager, the Fund may withdraw from and decrease the Assets managed by the Manager hereunder immediately upon prior written notice. Any such notice shall set forth the amount of any such withdrawal or identify the investment Assets and amount of cash to be withdrawn, the date as of which such withdrawal shall be effective and such other information that the Fund deems necessary or appropriate. On and after the effective date of such withdrawal and decrease and except as may otherwise be set forth in such notice, the Manager shall cease to be responsible for future investment of the Assets and/or cash withdrawn.

The Fund may from time to time add Assets to the Account to be managed by Manager under the provisions of this Agreement, and shall promptly notify Manager of such additions.

2.09. Trading Procedures. The Fund shall grant trading authorization to Manager representatives in such form as Fund's Custodian shall require. All transactions authorized by this Agreement shall be settled through the Fund's Custodian, who shall receive, deliver, and hold each security or to accept or transmit funds required to complete transactions. The Fund's Custodian shall retain sole possession of and have complete custodial responsibility for the Assets. The Manager shall be the sole entity to notify and instruct the Custodian on: (a) orders which the Manager places for the sale or purchase of any Assets and the management or disposition of such Assets, and (b) the purchase or acquisition of other securities or property for the Account. The Manager shall provide the Custodian with such trade information as the Custodian may require to effect settlement, within the time frames as the Custodian may designate. The Fund shall provide the Manager with the Custodian's detailed procedures and settlement instructions upon request.

2.10. Manager Not Acting as Principal. The Manager shall not act as a principal in sales and/or purchases of the Assets. Manager will vote proxies in accordance with its Proxy Voting Policies and Procedures. Subject to the timely receipt of information from the Custodian, Manager shall, with respect to tender offers, mergers, corporate reorganizations and other corporate actions and/or changes affecting corporate securities in the Account, evaluate the terms thereof and direct the Custodian as to the exercise of any rights and/or powers that the Account may have with respect thereto.

2.11. Brokerage. The Fund may, in writing and from time to time, direct the Manager to effect orders through one or more brokers or dealers designated by the Fund. The Manager, in seeking to place such orders, shall effect them with such brokers or dealers unless the Manager believes it can obtain better net best execution elsewhere. In selecting brokers or dealers, the Manager shall use reasonable efforts to seek the most favorable combination of price and execution, and may consider the fact that a broker or dealer has furnished, or has agreed to furnish in the future, statistical, research or other information or services which enhance the

Manager's investment research and portfolio management capability for investing the Assets. Any such "soft dollars" shall be disclosed to the Fund on a quarterly basis.

Notwithstanding the foregoing, the Manager shall not place orders with any broker/dealer who: (a) the Fund has by written notice to the Manager deemed unsuitable for Fund trades, (b) is affiliated with the Investment Consultant and any other investment consultant that provides non-brokerage related services to the Fund that the Fund has identified to the Manager in writing, or (c) is affiliated with the Manager. The Manager agrees to be bound by any changes to such broker/dealer list upon receipt of written notice from the Fund. In addition, the Manager shall not engage in transactions that involve a broker acting as a principal where the broker is also the Manager, without the Fund's advance written consent.

2.12. Trade Confirmation and Settlement. Where a transaction is eligible for settlement through the Depository Trust Company's Institutional Delivery System, the Manager shall use such System for trade confirmation and settlement. The Manager shall cooperate with the Fund's Custodian and other parties to the trade to promptly resolve any trade settlement discrepancies or disputes.

2.13. Discretionary Rights and Powers Affecting the Assets. The Manager may receive information from the Custodian concerning the Assets held in the Account, including without limitation, conversion rights, subscription rights, warrants, options, pendency of calls, maturities of securities, expirations of rights, tender and exchange offers, and any other right or power requiring a discretionary decision by the Manager. The Manager shall be responsible for timely directing the Custodian as to the exercise of such rights and/or powers where the Manager has actual knowledge of same, whether by written notice or otherwise.

2.14. Acting on Illegal Information. The Manager shall not place orders to purchase and/or sell any Assets on the basis of any material information obtained, or utilized, by the Manager in violation of the securities laws of the United States, or any other country in which the Manager transacts business on the Fund's behalf.

2.15. Account Reconciliation. The Manager shall review all performance and other reports provided to it by the Custodian with respect to the Assets, and notify the Fund monthly in writing of any material errors or discrepancies. The Manager shall cooperate with the Custodian to reconcile the Account each month.

2.16. Notification of Tax Liabilities. The Manager shall consider the tax impact, if any, in implementing its investment strategy on behalf of the Fund in the same manner in which it considers the tax implications of proposed investments for similarly situated clients, and shall promptly notify the Fund if, at any time, the Manager becomes aware that the Fund is required to pay taxes to any government or to file any returns or other tax documents with respect to income earned on the Assets under this Agreement.

2.17. Administration and Records. The Manager shall keep accurate and detailed accounts and records of its services hereunder, the Assets and all transactions involving the Assets, including such records as are customary or required under the Investment Advisers Act of 1940, any other applicable law, regulation, or requirement (the "Fund Records"). The

Manager agrees that Fund Records shall be open to inspection, copying, and audit at all reasonable times by any Person designated by the Fund. Upon termination, the Fund may request that all books and records be transferred to it, except for those books and records that are required to be retained by the Manager.

The Manager agrees that, except for Fund Records routinely or customarily destroyed in the ordinary course of business in compliance with a records retention policy provided to the Fund and existing laws governing the retention of such documents, no such Fund Records may be destroyed by it unless the Manager first notifies the Fund in writing of the intention to do so and then provides the Fund with the opportunity to take possession of such accounts and records as the Fund and the Manager shall mutually agree.

2.18. Reporting. The Manager shall provide the Fund and the Fund's staff, auditors, accountants, and other professional advisers, with such documents, reports, data, and other information at such times as the Fund may reasonably require. Such information shall be in a form satisfactory to, and approved by, the Fund and agreed to by the Manager in its reasonable discretion. The required reports may include reports of use of soft dollars, performance reports, statements to the Fund and the Custodian confirming all transactions relating to the Assets, the existence and status of any claims, and reports regarding the Manager's system of internal control. The Manager shall also provide the Custodian with such documents, reports, data, and other information at such times as the Custodian or the Fund may reasonably require. The current list of regular reports is set forth in Schedule III attached hereto.

2.19. Meetings. Representatives of Manager shall also be made available to meet with the Fund periodically to review performance of the Account. The Manager shall meet with the Fund at such times and places as the Fund may reasonably request. The Manager shall regularly consult with the Fund and its staff to provide full information regarding portfolio management strategy and analysis, in order to assist the Fund's development of a diversified, skilled, and balanced team approach to quantitative investment of its funds. This interface shall include regular telephone communication, exchange of written data and analysis, and other interaction as requested by the Fund. The Manager shall consult with and inform Fund staff as requested in development of portfolio investment ideas, strategy and execution, as well as ongoing evaluation of strategy and performance. The Manager shall attend performance and risk reviews at the offices of the Fund at least annually.

ARTICLE III

COMPENSATION

3.01. Fees. For each calendar quarter during which this Agreement is in effect (including during any Transition Period (as defined in Section 7.04 below)), the Manager shall be paid for its services hereunder in accordance with the fee calculation set forth in Schedule IV attached hereto.

3.02. Invoices. The Manager shall submit to the Fund a quarterly invoice within thirty (30) calendar days of the close of the quarter for which services were provided. Each invoice shall include the quarterly share of the Manager's Total Fee, as set forth in the then current

Schedule IV. Invoices shall only cover work already performed; no compensation shall be paid to the Manager in advance of services rendered. Invoices shall be mailed to:

Chief Investment Officer
Kentucky Retirement System
1260 Louisville Road
Frankfort, Kentucky 40601

3.04. Seminars and Training Programs. In the event the Manager conducts seminars, training sessions or similar events which are generally made available to the Manager's clients, the Fund shall be invited to attend upon the same terms and conditions as such other clients. If the Manager offers to pay the cost of such events and/or the travel or lodging expenses incurred by its clients in connection with attending such events, the Manager shall reimburse the Fund for such expenses on the same basis as the Manager reimburses the expenses of its other clients.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF MANAGER

The Manager hereby represents and warrants and covenants to the Fund as follows:

- (a) The Manager is duly organized, validly existing, and in good standing under the laws of the state of its organization and has full power and authority to carry on its business as it has been and is conducted, and has full power and authority to execute and deliver this Agreement and to perform and observe the provisions herein;.
- (b) The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby are within the power of the Manager and have been duly authorized by all necessary corporate and other action. The Manager has duly executed and delivered this Agreement, and this Agreement constitutes the legal, valid and binding agreement and obligation of the Manager, enforceable against the Manager in accordance with its terms, except insofar as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar limitations on creditors' rights generally and general principles of equity.
- (c) Neither the execution and delivery of this Agreement nor the consummation of the transactions provided herein will violate any agreement to which the Manager is a party or by which it is bound, any law, regulation, order, or any provision of the charter documents of the Manager.
- (d) The Manager has completed, obtained, and performed all registrations, filings, approvals, licenses, authorizations, consents, or examinations required by any government or governmental authority for entry into this Agreement and performance of its acts contemplated

by this Agreement, and the Manager shall maintain such proper authorizations during the term hereof. The Manager is and shall remain registered with the Securities and Exchange Commission pursuant to the Investment Advisers Act of 1940 (the "Advisers Act"). The Manager shall immediately notify the Fund if at any time during the term of this Agreement it is not so registered or if its registration is suspended.

(e) The personnel and Agents of the Manager responsible for discharging the Manager's duties and obligations under this Agreement are and will be individuals experienced in the performance of the various functions contemplated by this Agreement. None of such individuals has been convicted of any felony, found liable in a civil or administrative proceeding, pleaded no contest, or agreed to any consent decree with respect to any matter involving breach of trust, breach of fiduciary duty, fraud, violations of any federal or state securities law or the FINRA Code of Conduct, or bankruptcy law violations. Manager shall immediately notify the Fund if this representation and warranty is no longer accurate.

(f) The Manager has not employed or retained any person or selling agency to solicit or secure this Agreement under any agreement or understanding for a commission, percentage, brokerage, or contingent fee, except for bona fide employees of the Manager and the Manager's affiliates or bona fide established commercial or selling agencies maintained by the Manager for the purpose of securing business that are registered with the SEC and disclosed in writing to the Fund prior to execution of this Agreement, together with a copy of their contract, including all consideration paid. If the Manager in any way breaches or violates this warranty, the Fund shall have the right to immediately terminate this Agreement for default and, in the Fund's sole discretion, to deduct from the Manager's compensation under this Agreement, or otherwise recover, the full amount of such commission, percentage, brokerage or contingent fee.

(g) The Manager has not offered or given any gratuities in the form of gifts, entertainment or otherwise, to any officer, fiduciary, or employee of the Fund with a view toward securing this Agreement or securing any favorable determination made concerning the award of this Agreement.

(h) The Manager does not and shall not knowingly employ in any capacity: (1) any Fund employee or fiduciary who either could influence the award of this Agreement or any competing agreement, or who does or will have any direct or indirect financial interest in this Agreement ("Interested Person") and (2) any spouse or economic dependent of any Interested Person.

(i) The Manager warrants that it has delivered to the Fund, at least five (5) business days prior to the execution of this Agreement, the Manager's current Form ADV, Part II, as required by Rule 204-3 under the Investment Advisors Act of 1940. Fund acknowledges receipt of Manager's current ADV, Part II, as required by Rule 204-3 under the Investment Advisors Act of 1940. That statement includes a description of the policies used by Manager when placing orders for the execution of transactions with broker/dealers and Fund consents to those policies, unless it is exempt from such requirement, in which case Manager has provided the Fund with a letter from its counsel explaining the basis for such exemption.

(j) Neither any representation or warranty contained in this Agreement nor any written statement, certificate, or document furnished or to be furnished to the Fund by or on behalf of the Manager pursuant to this Agreement contains or will contain any misstatement of a material fact or omits or will omit to state a material fact necessary to make the statements contained herein or therein not misleading.

(k) The Manager is an "investment manager," as that term is defined in Section 3(38) of ERISA, and is willing to accept investment management responsibilities with respect to that portion of the Assets transferred to its control

ARTICLE V

COVENANTS OF MANAGER

The Manager covenants with the Fund as follows:

(a) The Manager covenants that it will comply with all requirements which any federal, state, local, foreign or international law or regulation may impose with respect to the subject matter of or transactions contemplated by this Agreement, including, without limitation, all transactions involving the Assets ("Legal Requirements"), and will promptly cooperate with and furnish information to the Fund regarding such Legal Requirements. All provisions required by such Legal Requirements to be included in this Agreement are hereby incorporated by reference.

(b) The Manager covenants that it shall fully and faithfully discharge all its obligations, duties, and responsibilities pursuant to this Agreement, and refrain from transactions in which it has a conflicting material interest (direct or indirect) without prior written consent.

(c) The Manager covenants that all services which the Manager provides hereunder shall meet the requirements and standards set forth in the body of this Agreement and any Schedules attached hereto. At the Fund's request, the Manager shall promptly correct any errors or omissions in the provision of such services.

(d) The Manager covenants that no gratuities in the form of gifts, entertainment or otherwise, will be given to any officer, fiduciary or employee of the Fund with a view toward securing any favorable treatment concerning the performance and/or continuation of this Agreement. If the Fund finds that the Manager has offered or given such gratuities, the Fund may terminate this Agreement upon one (1) calendar day's written notice.

(e) The Manager shall not engage directly or indirectly in any financial or other transaction with any trustee, staff member, or employee of the Fund.

(f) In connection with its performance under this Agreement, the Manager shall not knowingly develop, provide or use any program, process, composition, writing, equipment, appliance or device, or any trademark, service mark, logo, idea, or any other work or invention of any nature, or any other tangible or intangible assets, that infringes or will infringe on any patent, copyright, or trademark of any other person or entity, or is or will be a trade secret of any other person or entity unless the Manager has obtained an appropriate license therefor.

(g) The Manager shall promptly, and in any case within five (5) calendar days, notify the Fund in writing if any of the representations and warranties of the Manager set forth in this Agreement shall cease to be true at any time during the term of this Agreement; or if there is any material change in the management personnel of the Manager or the professional personnel actively involved in rendering services hereunder, any material change in ownership or control of the Manager, or any other material change in the business organization of the Manager, including without limitation the filing for bankruptcy relief.

(i) The Manager shall assist the Fund and the Custodian as necessary to prepare required reporting or regulatory forms and filings regarding the Assets; to take action necessary to recover any taxes improperly paid or withheld; and shall use diligence to identify and evaluate material legal claims relating to any of the Assets, including but not limited to class action claims, advise the Fund of any such claims and pursue, or assist the Fund in pursuing, any such claims as directed by the Fund. If such assistance requires addition of personnel, substantial reprogramming or addition of data processing capabilities, it shall be at the Fund's expense.

(j) The Manager shall promptly advise the Fund in writing of any extraordinary investigation, examination, complaint, disciplinary action or other proceeding relating to or affecting the Manager's ability to perform its duties under this Agreement or involving any investment professional employed by the Manager who has performed any service with respect to the Fund's account in the twenty-four (24) preceding months, which is commenced by any of the following: (A) the Securities and Exchange Commission of the United States, (B) the New York Stock Exchange, (C) the American Stock Exchange, (D) the Financial Industry Regulatory Authority, (E) any Attorney General or any regulatory agency of any state of the United States, (F) any U.S. Government department or agency, or (G) any governmental agency regulating securities of any country in which the Manager is doing business. Except as otherwise required by law, the Fund shall maintain the confidentiality of all such information until the investigating entity makes the information public.

(k) The Manager shall comply with the provisions and reports set forth in Schedule V, Certification of Contractors Concerning Financial Contacts or Solicitations, attached hereto.

(l) The Manager shall annually file with the Fund a compliance certificate, executed by a responsible officer of the Manager's firm, in the form attached hereto as Schedule VI, within thirty (30) days after each June 30.

The Manager understands that the Fund has relied upon the foregoing acknowledgments, representations, warranties, covenants and agreements and that the same constitute a material inducement to the Fund's decision to enter into this Agreement.

ARTICLE VI

INDEMNIFICATION

6.01 Indemnity from Manager.

(a) The Manager agrees to indemnify and hold harmless the Fund, its trustees, employees, fiduciaries (excluding the Manager) and agents (any and all of whom is/are referred to as "Indemnified Party") from and against any and all losses, claims, damages, judgments, liabilities, fines or penalties (any and all of which is/are referred to as "Damages") to which the Indemnified Party may become subject, insofar as such Damages are caused by or arise out of

(1) The negligence, willful misconduct, breach of fiduciary duty, bad faith, improper or unethical practice, infringement of intellectual property rights, breach of trust, breach of confidentiality, or violation of any Legal Requirement (as that term is defined in subparagraph (a) of ARTICLE V above) on the part of Manager and its Agents; and

(2) material breach of (i) this Agreement or (ii) any contract or other agreement which the Manager, in its capacity as such has entered into with any of its Agents.

For purposes of this Agreement, the term "negligence" shall mean failure to exercise the care, skill, prudence and diligence under the circumstances then prevailing which a prudent person acting in a similar capacity, with the same resources, and familiar with like matters would exercise in the conduct of an enterprise of a like character with like aims or such higher standard as is applicable to the Assets under applicable law.

(b) The Manager shall not be liable for any default or delay in the performance of its obligations under this Agreement if and to the extent such default or delay is caused, directly or indirectly, by: flood, earthquake, elements of nature or acts of God; riots, civil disorders, rebellions or revolutions in any country; or any other cause beyond the reasonable control of such party ("Force Majeure"); but in every case the default or delay in performance must be beyond the reasonable control and without the fault or negligence of such party.

(c) Manager shall use its best judgment in carrying out its duties hereunder. Except as otherwise may be provided by law, Manager will not be liable to the Fund for (i) any loss that Fund may suffer by reason of any investment decision made or other action taken or omitted in good faith by Manager with that degree of care, skill, prudence and diligence under the circumstances then prevailing which a prudent person acting in a similar capacity, with the same resources, and familiar with like matters would exercise in the conduct of an enterprise of a like character with like aims, (ii) any loss arising from Manager's adherence to the Fund's written instructions, or (iii) any Damages arising from the negligence, willful misconduct, breach of fiduciary duty, bad faith, improper or unethical practice, or violation of any Legal Requirement of an Indemnified Party. Federal and state securities laws impose liabilities under certain circumstances on persons who act in good faith, and this Agreement does not waive or limit the Fund's rights under those laws.

This indemnification shall survive the termination of this Agreement.

6.02 Control of Settlement and Disputes. The Manager shall, at its sole cost, have control over the defense, payment, settlement, or other disposition of, or any action, claim, suit, dispute, or proceeding (any and all of which is/are referred to in this Section 6.02 as "action") involving, any obligation or liability assumed by or imposed upon the Manager pursuant to this Article VI, with counsel selected by Manager and which counsel is reasonably acceptable to the Indemnified Parties, and the Manager shall have the right to conduct and control all negotiations and proceedings with respect thereto; provided, however, that (1) the Manager shall fully and promptly keep all Indemnified Parties informed of the status of such actions, and (2) no such payment, settlement, or disposition shall be made without the prior express written approval of the Fund, which approval shall not be unreasonably withheld. The Indemnified Party or Indemnified Parties (if more than one) may select one counsel separate from counsel to the Manager and participate directly in the action if in the reasonable written opinion of the separate counsel selected by the Indemnified Party or Indemnified Parties a potential conflict of interest exists between such Indemnified Party or Indemnified Parties and the Manager.

6.03 Insurance. The Manager shall certify to the Fund in writing upon execution of this Agreement and at least annually thereafter the nature, amount of and carrier of insurance insuring the Manager against the indemnification liabilities of the Manager under this Agreement. The annual certification of insurance coverage shall be made in the compliance certificate substantially in the form attached hereto as Schedule VI. Such insurance shall be provided by insurer(s) rated A-, class X or better by A.M. Best & Company, or otherwise approved in writing by the Fund. The Manager shall not cancel or modify such coverage, except upon forty-five (45) days prior written notice to the Fund, and in any event shall maintain insurance in the amounts and types specified in Schedule VI. Failure by the Manager to maintain the insurance described in this Section may result in the Fund terminating this Agreement pursuant to Section 7.02.

(a) Workers' Compensation. The Manager shall bear sole responsibility and liability for furnishing Workers' Compensation benefits to the Manager's employees for injuries arising from or connected with any services provided to the Fund under this Agreement. The Manager shall provide and maintain a program of Workers' Compensation and Employer's Liability insurance, in an amount and form to meet all applicable statutory requirements, to cover all of the Manager's employees.

(b) Errors and Omissions. The Manager shall provide and maintain an Errors and Omissions policy dedicated to covering the Manager and its Agents for errors and omissions losses arising from the services which Manager provides pursuant to this Agreement. Such policy shall have an annual aggregate limit of at least \$12 million.

6.04 Subrogation. In case of any payment by the Manager to an Indemnified Party pursuant to this Article VI, the Manager shall be subrogated to the amount of such payment to all rights of the Indemnified Party against any Person as respects the loss or expense which has caused such payment to be made.

6.05 Bonding. Manager shall maintain during the term of this Agreement any bond with respect to the Assets of the Account which it is required to maintain to satisfy Section 412 of ERISA and the regulations thereunder.

ARTICLE VII

EFFECTIVE DATE, TERMINATION AND RESIGNATION

7.01 Effective Date. This Agreement shall be effective as of the day and year first above and terminate on the Termination Date or, if later, the expiration of the Transition Period.

7.02 Termination. The status of the Manager as an investment manager hereunder may be terminated upon written notice given by the Fund to the Manager, regardless of whether the Manager has met the performance standards established by the Fund. Such termination shall take effect at as soon as five days following the receipt of such notice, or on any later date selected by the Fund ("Termination Date"). This Agreement shall also automatically terminate in the event of its assignment (within the meaning of the Advisers Act) by the Manager (unless such assignment is consented to by the Fund).

7.03 Resignation. The Manager may resign as investment manager hereunder by specifying a date of resignation ("Termination Date") at least thirty (30) days' prior written notice to the Fund.

7.04 Rights, Remedies and Responsibilities upon Termination. In the event of termination of this Agreement, all of the other terms and conditions herein shall continue to apply through the end of any period following the Termination Date during which the Fund directs the Manager to continue to perform the services required under this Agreement in order to complete any transactions pending on the Termination Date and facilitate an orderly transition to a successor manager ("Transition Period"). Such Transition Period shall not exceed three (3) months after the Termination Date. The provisions of the following Sections of this Agreement shall survive the termination of this Agreement and the expiration of the Transition Period (if any):

<u>Section</u>	<u>Description</u>
2.15	(Account Reconciliation)
2.17	(Administration and Records)
2.19	(Meetings)
3.01	(Fees)
6.01	(Indemnification)
7.05	(Measure of Damages)
8.06	(Confidentiality)
8.17-8.19	(Miscellaneous)

The Manager shall have the following additional obligations upon termination of this Agreement:

(a) Post-Termination Responsibilities. Unless otherwise expressly directed by the Fund, the Manager shall take all necessary steps to stop services under this Agreement on the Termination Date.

(b) Termination Invoice. Following the Termination Date of this Agreement, the Manager shall submit to the Fund, and with any reasonable certifications as may be prescribed by the Fund, the Manager's final invoice ("Termination Invoice"). The Termination Invoice shall

prorate the Manager's fees in accordance with Schedule IV. The Manager shall submit such Termination Invoice no later than sixty (60) days after the Termination Date or the end of the Transition Period (if any). Upon the Manager's failure to submit its Termination Invoice within the time allowed, the Fund may determine, on the basis of information available to it, the amount due to the Manager. After the Fund has made such determination, or after the Manager has submitted its Termination Invoice, the Fund shall authorize payment to the Manager.

(c) Good Faith Transfer. Upon any termination of this Agreement by either party and to the extent directed by the Fund, the Manager shall continue to serve as an investment manager hereunder at the then existing compensation level for the duration of the Transition Period. The Manager shall cooperate with the Fund in good faith to effect a smooth and orderly transfer of such services and all applicable records. Upon termination of this Agreement, the Manager shall retain all the Fund Records (as that term is defined in Section above) according to the record retention provisions set forth in Section 2.17 above.

7.05 Measure of Damages. Damages arising from any default, act or omission under this Agreement shall be determined under the laws of the Commonwealth of Kentucky, without regard to special circumstances or conditions of the parties, provided that such damages are reasonably foreseeable at the time of entering into this Agreement.

If any payment required to be made to a party hereto by the other party is not paid in full when due, including fees payable to the Manager pursuant to Section 3.01 above, the amount due shall include an amount equal to the average Federal Funds rate as published daily in the Wall Street Journal ("Fed Funds Rate"), and compounded daily to the extent permitted under applicable law from the due date or date of loss to the date on which payment is made.

ARTICLE VIII

MISCELLANEOUS

8.01 The Fund's Representations and Warranties. The Fund represents and warrants that (i) it has full power and authority to execute and deliver this Agreement and to perform and observe the provisions herein; (ii) the execution, delivery, and performance of this Agreement have been duly authorized by the Fund and do not and will not contravene any requirement of law or any contractual restrictions or agreement binding on or affecting the Fund or its assets; (iii) this Agreement has been duly and properly executed and delivered by the Fund and constitutes a legal, valid, and binding obligation of the Fund, enforceable in accordance with its terms except insofar as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar limitations on creditors' rights generally and general principles of equity; (iv) it is a "qualified institutional buyer" ("QIB") as defined in Rule 144A under the Securities Act of 1933, as amended; and (v) the Assets in the Account are free from all liens and charges.

8.02 Violation of Law. Neither the execution and delivery of this Agreement nor the consummation of the transactions provided herein will cause the Fund to violate any agreement to which the Fund is a party or by which it is bound or any law, order, or decree.

8.03 Headings; Interpretation. The headings in the Agreement have been inserted for convenience of reference only and shall in no way restrict or otherwise modify any of the terms or provisions hereof. Each party hereto and its counsel have participated fully and equally in the review and negotiation of this Agreement. The language in all parts of this Agreement shall in all cases be construed according to its fair meaning, and not strictly for or against any party hereto. Any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in interpreting this Agreement.

8.04 Further Acts and Assurances. In addition to the acts and deeds recited herein and contemplated to be performed, executed and/or delivered by or on behalf of the parties hereto, the parties hereby agree to perform, execute and/or deliver or cause to be performed, executed and/or delivered any and all such further acts, deeds, and assurances as the other party may reasonably require to effectuate the agreement contemplated hereby.

8.05 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which counterparts shall together constitute but one and the same instrument.

8.06 Confidentiality. Each party shall use its best efforts to treat all information and advice furnished by the other party to it pursuant to this Agreement as confidential and to avoid disclosing same to third parties (including information about the Fund, the Assets, and financial transactions regarding the Assets; provided, however, Manager and Fund may disclose information (i) to affiliates of Manager; (ii) to the Custodian of the Account; (iii) to brokers and dealers that are counterparties for trades for the Account; (iv) to futures commission merchants executing or clearing transactions in connection with the Account; (v) to third party service providers subject to confidentiality agreements; (vi) as required by law (including KRS 61.870-61.884, the Kentucky Open Records laws), court order, or other regulating authority; (vii) as requested by regulatory or governmental authorities or auditors; and (viii) as otherwise agreed to in writing by the other party to this Agreement. Information that (a) was or becomes generally available to the public, other than as a result of disclosure by the other party; (b) was or becomes available to the other party on a non-confidential basis from a source other than the party, which source is not known to be bound by any obligations of confidentiality; or (c) is independently developed by the other party without reference to or reliance on information or advice furnished pursuant to this Agreement, will not be considered confidential for purposes of this paragraph.

8.07 Assignment. Manager is registered with the Securities and Exchange Commission under the Investment Advisors Act of 1940. In accordance with the provisions of the Investment Advisors Act of 1940, and as further agreed herein by the parties herein, no assignment of this Agreement or delegation of obligations shall be made by Manager without the prior written consent of the Fund, which consent may be granted or withheld in the Fund's sole discretion. Even if the Fund consents to an assignment or delegation, such assignment or delegation shall not release the Manager of any of its obligations or alter any of its primary obligations to be performed under the Agreement, unless such consent expressly provides for such release of the Manager. Manager may delegate certain non-investment management services to affiliates of Manager, but Manager remains responsible and liable to Fund with respect to all matters so delegated.

8.08 Publicity. No publicity release or announcement concerning this Agreement shall be issued without advance written approval of the Fund.

8.09 Severability. Should one or more provisions of this Agreement be held by any court to be invalid, void, or unenforceable, the remaining provisions shall nevertheless continue in full force and effect.

8.10 Modifications-Waiver. No termination, cancellation, modification, amendment, deletion, addition, or other change in this Agreement, or any provision hereof, or waiver of any breach, failure of condition, right or remedy herein provided, shall be effective for any purpose unless specifically set forth in writing and signed by the party or parties to be bound thereby (except for instances where this Agreement expressly permits the Fund to make modifications upon notice to Manager). The waiver of any breach, failure of condition, right or remedy in respect to any occurrence or event on one occasion shall not be deemed a waiver of such breach, failure of condition, right or remedy in respect to such occurrence or event on any other occasion.

The parties shall meet and confer in good faith on any modification of this Agreement that may become necessary to make its provisions consistent with any investment policy of state, or federal, state, local, foreign or international statute, rule, regulation or ordinance which governs any aspect of this Agreement.

8.11 Governing Law; Jurisdiction. This Agreement shall be construed and enforced according to the laws of the Commonwealth of Kentucky, without regard to choice of law rules. The parties hereto hereby submit to the exclusive jurisdiction of the courts of the Commonwealth of Kentucky, or of the United States of America sitting in the Commonwealth of Kentucky, over any action, suit, or proceeding arising out of or relating to this Agreement. Nothing herein shall affect the right of the Fund to serve process in any manner permitted by law or limit the right of a party to bring proceedings against the other party in the competent courts of any other jurisdiction or jurisdictions.

8.12 Joint and Several Liability. If the Manager (or any permitted assignee) consists of more than one person or entity, the liability of each such person or entity signing this Agreement as Manager shall be joint and several.

8.13 Notices. All notices, reports, demands and other communications required hereunder and under any law now or hereinafter in effect shall be in writing and shall be deemed properly delivered if delivered by hand, certified mail, overnight courier, or telecopy (receipt confirmed), addressed as set forth below or to such other address or marked for such other attention as the addressed party shall have designated in writing to the other party:

If to the Fund:

Chief Investment Officer
Kentucky Retirement Systems
1260 Louisville Road
Frankfort, Kentucky 40601

If to the Manager:

Shenkman Capital Management, Inc.
461 Fifth Avenue, 22nd Floor
New York, NY 10017
Attn: Mark R. Shenkman



Notice shall be deemed given upon receipt.

8.14 Fund Not Affiliated with Stock Exchange, etc. Fund shall inform Manager in writing immediately if Fund becomes associated with a stock exchange or FINRA member firm or bank, trust company, insurance company or other financial institution, or becomes related to an employee or agent of Manager, or becomes an officer, director or 10% stockholder of any publicly traded company.

8.15 Replacement of Manager's Agents. Upon demand by the Fund, the Manager shall replace any Agent assigned to perform services under this Agreement who the Fund determines is unable to effectively execute the responsibilities required by this Agreement.

8.16 Integration. This Agreement, and any and all Schedules attached hereto, supersedes all previous oral and written agreements or understandings, and all contemporaneous oral and written negotiations, commitments, understandings and communications between the parties relating to the subject matter of this Agreement. No party has been induced to enter into this Agreement by, nor is any party relying on, any representation or warranty outside those expressly set forth in this Agreement.

8.17 Schedules. The Schedules attached hereto are incorporated in and made a part of this Agreement by reference. Schedules I through VI may be modified by the Fund at any time, without an amendment hereto, upon written notice from an Authorized Person provided that Schedule IV may only be modified with the written consent of the Manager. If any conflicts, inconsistencies or ambiguities should arise between or among this Agreement and the incorporated documents, the following precedence shall be used to interpret the requirements of this Agreement:

- (1) The terms of this Agreement; and
- (2) The terms of the Schedules according to the order in which they appear.

8.18 No Agency. The Manager shall at all times be acting in the capacity of an independent contractor. Nothing in this Agreement or in any other document referred to herein and no action taken pursuant hereto shall cause the Manager to be treated as an agent of the Fund except as expressly provided in and limited by the terms of this Agreement; shall be deemed to constitute the Manager and the Fund a partnership, association, joint venture, or other entity; or, except as otherwise contemplated herein, shall otherwise cause the Fund to be responsible for any action or inaction of the Manager or any of its officers, directors, employees, or agents. For all purposes, including but not limited to Workers' Compensation liability, the Manager understands and agrees that all persons furnishing services pursuant to this Agreement are deemed employees solely of the Manager and not of the Fund.

8.19 Word Usage. Unless the context clearly requires otherwise, (i) the plural and singular number shall each be deemed to include the other; (ii) the masculine, feminine, and neuter genders shall each be deemed to include the others; (iii) "shall," "will," or "agrees" are mandatory, and "may" is permissive; (iv) "or" is not exclusive; (v) "includes" and "including" are not limiting; and (vi) "hereof," "herein," and other variants of "here" refer to this Agreement as a whole.

[SIGNATURE PAGE FOLLOWS]


IN WITNESS WHEREOF, the parties have hereunto executed this Agreement as of the day and year first above written.

**Kentucky Retirement Systems (Insurance Fund)
and Kentucky Retirement Systems (Pension
Fund)**

 7/12/10

By: Adam Tosh
Title: Chief Investment Officer

Shenkman Capital Management, Inc.



By: Mark R. Shenkman
Title: President

SCHEDULE I

PURPOSE

This Investment Strategy Statement (the "Document") is effective as of the effective date of the Contract for ("Shenkman Capital") Non Investment Grade Fixed Income investment by KRS. It identifies the goals of the portfolio and the expectations of the investment advisory relationship between **Shenkman Capital Management, Inc.** (the "Advisor") and **the Kentucky Retirement Systems** ("KRS"), and establishes the standards, guidelines, and restrictions that will be used to manage, monitor, and evaluate the results of the Advisor. It may be altered at any time during the life of the contract between the Advisor and KRS, provided that both parties mutually agree to such changes in writing. Such alterations (if necessary) will not require the formulation of a new contract between the two parties, nor any formal modification of this Contract; instead, only a new version of this Document would be drafted to formalize such alterations; and the revised Document would be attached to the existing contract and exchanged in writing.

INVESTMENT GOALS

The overall goal of this portfolio is to provide a source of high yield corporate bond exposure and corporate bank debt exposure similar to that of the Barclays Capital U.S. High Yield Index and Barclays Capital U.S. High Yield Loans Index. The Advisor is directed to make reasonable efforts to preserve the principal of funds provided to them, but preservation of principal shall not be imposed on each individual investment. KRS understands that the goals of preservation of principal, income generation, and capital appreciation will cause fluctuations in the total value of the assets. KRS understands the risk associated with investing in the capital markets and the specific risks of investing in this particular investment style. At the same time, KRS expects the Advisor to exercise due care, consistency, and diligence in making investment decisions. The assets of the portfolio are tax-exempt; therefore, U.S. tax considerations are not a constraint on the portfolio. It is also understood that the Advisor will comply fully with all facets of KRS' Statement of Investment Policy (attached), including any subsequent amendments to this Policy; given that the Investment Advisor shall have a reasonable period of time to take necessary action to rectify any compliance issues that may arise in connection therewith.

The Advisor will manage the assets of the portfolio according to an active non-investment grade corporate strategy that will utilize primarily, but not limited to, high yield corporate bonds and bank loans issued by corporate borrowers. Securities issued by the state of Kentucky, its subsidiaries or affiliates, are prohibited. It is anticipated that the Advisor will add value over the benchmark primarily (although not exclusively) through the execution of a fundamental, bottom up, relative value investment approach, which relies upon sector weightings and security selection over a full market cycle.

INVESTMENT OBJECTIVES

The Investment Objectives define the quantifiable measures by which the results of the portfolio will be measured and evaluated on an ongoing basis. Both risk and return measures will be used to identify the results and progress of the portfolio. Both short and long-term performance will be monitored; the Investment Objectives outlined in this Document will address the evaluation process. Therefore, the Investment Objectives of the portfolio are as follows:

- **Risk** in the portfolio is defined by the frequency and magnitude of principal loss. The portfolio will invest in those assets that are similar in risk to those in the Barclays Capital U.S. High Yield Index and Barclays Capital U.S. High Yield Loans Index. The Advisor will

attempt to manage those risks through careful and extensive research, and ongoing monitoring of investments. The risk in the portfolio will be measured based upon expected and actual losses of capital. It is anticipated that the Advisor will keep relative losses to a minimum. Nevertheless, the absolute level of losses will be taken into consideration in conjunction with the portfolio's total return.

Return volatility is defined by standard deviation. The standard deviation of return provides a means of measuring the total risk of a portfolio by quantifying the variability (or volatility) of the monthly returns around a mean or average return. Because the standard deviation of return identified in absolute terms is of little value, a relative measure to an appropriate market benchmark is required. A benchmark of 50% Barclays Capital U.S. High Yield Index and 50% Barclays Capital U.S. High Yield Loans Index will be used as the relative management benchmark. Therefore, the combined risk objective of the portfolio is stated as follows:

Return Volatility – The standard deviation of return of the overall portfolio is expected to be approximately equal to: the standard deviation of the stated benchmark for one (1) year and three (3) year time horizons.

The Advisor's target excess return for the proposed strategy is 75 bps (gross of fees) on an annualized basis over a market cycle (three to five years) versus the benchmark. The tracking error expectation is for this to fall in the range of 6.0% on an annualized basis over a market cycle. Tracking error is measured as the standard deviation of the portfolio's monthly excess return to the benchmark. An example of this would be if the portfolio achieved an annual relative tracking error of 600 basis points. A "normal distribution" of returns suggests that approximately 68% of the time the portfolio's annual excess returns will lie within the range of -600 to +600 basis points. This will be true if the benchmark and the portfolio behave as predicted based upon a normal distribution assumption and past performance patterns.

It is understood that there could be times when the tracking error objective, the target excess return objective, and the goal of preserving principal may be in conflict. It is expected that the Advisor will manage the portfolio in a risk aware manor and that the tracking error can exceed the target range in order to preserve principal. Examples where this might be appropriate are: 1) a period where the benchmark experiences a prolonged or deep drawdown such as what the high yield markets experienced in 2008 or 2) when the benchmark value increases due to credits that in the judgment of the Advisor are inappropriate for the KRS portfolio based on fundamental and risk analysis and are in conflict with the goal of preserving principal. When the Advisor deems it necessary to take such actions as to deviate from the target tracking error range, the Advisor must inform KRS in writing of such action prior to taking such action. The written notification must include the explanation for the deviation from the target tracking error and an agreed upon duration and expiration date of such action between KRS and the Advisor.

- **Return** of the overall portfolio is defined by total return that includes both price appreciation or depreciation and income on a total portfolio basis. The return objective of the overall portfolio is to maximize the return relative to the benchmark given the tracking error objective specified. The return objective of the portfolio, which will be measured approximately over a one to five year time horizon, is as follows:

Relative Return – Consistent with the tracking error objective specified, the overall portfolio is expected to generate an annualized total return of the benchmark plus 25 basis points net of management fees.

INVESTMENT GUIDELINES & RESTRICTIONS:

Investment Guidelines and Restrictions establish the parameters for the Advisor to follow while constructing and maintaining the portfolio. These Guidelines address the portfolio in terms of asset allocation, eligible investments, diversification, liquidity needs, turnover, and investment characteristics.

➤ **Benchmark and Duration**

- The Benchmark shall be the weighted average of 50% Barclays Capital U.S. High Yield Index and 50% Barclays Capital U.S. High Yield Loans Index
- The effective modified duration of the bond portion of the portfolio shall be maintained within +/- 2.00 years of the Barclays Capital U.S. High Yield Index. For the purpose of calculating effective modified duration (i.e., option adjusted duration), the Advisor shall use conventional quantitative techniques.

➤ **Asset Allocation** – The portfolio is expected to be fully invested in securities consistent with a corporate high yield fixed income mandate. Cash invested in STIF and short-term U.S. Government securities, not including cash held for investments yet to settle, shall not exceed 10% of the portfolio without prior written consent from KRS.

➤ **Eligible Securities** – Those securities that are considered to be acceptable for the portfolio are detailed in the table below along with exposure limitations to those securities.

Instrument Type	Maximum Exposure	
	Sector	Issuer
U.S. Government Securities	50%	50%
U.S. Treasury securities	50%	50%
Securities issued or guaranteed by an agency of the U.S. Government backed by the full faith and credit of the U.S. Government or securities fully collateralized by the foregoing securities.	50%	30%
Securities issued or guaranteed by a U.S. Agency or Government Sponsored Enterprise ("GSE") that are not backed by the full faith and credit of the U.S. Government or fully collateralized by the foregoing securities.	20%	10%
(Mortgage-backed securities are not included in this category.)		
Credit Securities	100%	5%
Securities issued by a corporation, a domestic state or local government entity or a foreign government or instrumentality.		

Notes and Bonds (cash pay and zero coupon)	50%	5%
Convertible Securities (bonds and preferred stock)	10%	5%
Yankee bonds	10%	5%
Bonds with attached warrants or equity shares	25%	5%
Non-convertible preferred stock and other high yield equity securities	10%	5%
Investment grade rated debt securities	20%	5%
Bank loans made to corporate borrowers, including term loans, bridge loans, delayed draw term loans, revolving loans and letter of credit facilities	100%	5%
Securities of issuers classified in any one Credit industry sector shall not exceed 20%.	20%	
Mortgage-Backed Securities	0%	
Asset-Backed Securities	0%	0%
Securities collateralized by manufactured housing loans and home equity loans shall be classified as ABS and not MBS.		
Cash and Cash Equivalents	10%	10%
Cash invested in STIF and short-term U.S. Government securities, not including cash held for investments yet to settle, shall not exceed 10% of the portfolio without prior written consent from KRS. Cash equivalents, those investment grade securities with a duration of one year or less, will be allowed to be held for collateral towards derivative positions.		
Derivatives	none	
Derivatives or synthetic securities that (A) derive their value from an underlying security or instrument that is eligible for investment under these guidelines and (B) do not leverage or margin the account. The issuer percentage with regard to "over the counter" derivatives is referring to counterparty exposure on a gross market value basis.		

Futures and Forwards	none	none
Interest Rate Swaps	none	none
Credit Default Swaps	none	none
Options/Swaptions	none	none
IO and PO	none	none

➤ **Additional Limits –**

- Other than U.S. Government Securities, securities that achieve their rating by virtue of a third-party are limited to 10% per guarantor. The applicable issuer limit will still apply to the underlying issuer.
- There is no limit on securities issued under Rule 144A of the Securities Act of 1933, as amended, with or without registration rights.

➤ **Credit Quality –**

- All securities must be rated by S&P, Moody's, or other nationally recognized rating agency at the time of investment.
- If a split rating exists for a security the lower rating will be used for the purpose of determining credit quality.
- The minimum average credit quality of the portfolio should be B rated by S&P, or B2 by Moody's.

➤ **Diversification –** KRS expects the Advisor to display due diligence and prudence when constructing the portfolio in an effort to minimize a dramatic exposure to any single economic sector, industry or individual issuer. To this end, the amount invested in the debt of a single corporation shall not exceed 5% of the total market value of the KRS' assets. Further, Shenkman Capital shall not invest more than 5% of the market value of assets held in any single issue short term instrument, with the exception of U.S. Government issued, guaranteed or agency obligations.

➤ **Liquidity Needs –** This portfolio is directly targeted to provide KRS with non-investment grade corporate fixed income exposure and current income. KRS may sweep the income on a monthly basis. It is not KRS's intention to use this portfolio for liquidity needs; however, under extreme conditions it may become necessary to deplete the entire portfolio's corpus.

➤ **Turnover –** There are no specific restrictions regarding the rate of turnover in the portfolio. KRS recognizes the Advisor's use of active trading to capture incremental value. KRS will monitor the portfolio turnover levels and expects the Advisor to exercise prudent judgment when addressing the issue of portfolio turnover. The Advisor shall foremost seek to achieve "best execution" when transacting.

➤ **Investment Characteristics** are measured at the portfolio level at the end of each calendar month. The investment characteristics of the portfolio should be consistent over time and representative of the Advisor's longstanding philosophy regarding security selection and portfolio construction.

➤ **Other –**

- Unless otherwise specifically prohibited herein, the types of securities in the Barclays Capital U.S. High Yield Index and the Barclays Capital U.S. High Yield Loans Index may be held in the portfolio
- In the event that a security fails to meet any of the guidelines defined above, the Advisor shall use commercially reasonable efforts to sell the security within 10 (ten) business days or notify KRS as to why, in the Advisor's judgment, sale should further be delayed and receive KRS approval to continue to hold the security. In any event, the Advisor shall promptly notify KRS in the event a security fails to meet any of the guidelines set forth above.

COMMUNICATIONS

Periodic face to face portfolio review meetings are expected to take place as required in the Contract, but no less than once a year. Meeting dates will be scheduled with all parties in advance and the agenda for such meetings should include, but not limited to, the following:

1. Presentation of investment results compared to prior forecasts and stated objectives.
2. Review of current investment strategies, performance attribution and risk exposures.
3. Discussion of any material changes in policy objectives, staffing or business conditions of the Adviser.
4. Identification of any guideline or compliance breaches.

The Advisor should make available via a conference call on a monthly basis someone to discuss the prior month's performance of the KRS portfolio and at least on a quarterly basis the portfolio manager who is directly in charge of the KRS portfolio should be available via a conference call to discuss the prior quarter's performance.

REPORTING

The Advisor will provide performance reports (one hard-copy or electronic reports) to KRS by the 15th business day of each month for activities in the preceding month. All such return calculations contained in these reports will adhere to GIPS standards. In general, these reports will be composed of the following (on a "trade date" basis):

1. A summary of performance results containing the total rates of return for the portfolio and the benchmark, as follows:

Last Month	Last Quarter	Trailing 1-YR	Trailing 3-YR	Trailing 5-YR	Inception to Date
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2. Portfolio characteristics in comparison to benchmark.
3. Individual security holdings at cost and market.
4. Transactions for the prior month by individual security.
5. Summary information in the following format for the portfolio and benchmark:
 - a. Sector market value comparison to benchmark
 - b. Contribution to duration for bond portion of the portfolio
 - c. Average coupon, average yield, and modified duration
 - d. Credit quality by market value comparison

- e. Contribution to duration by credit quality for bond portion of the portfolio
 - f. Average credit quality versus benchmark
 - g. Corporate credit exposure summary broken down by sectors and industries.
6. The Advisor will provide information to the Custodian regarding the activities within the portfolio. The Advisor is expected to reconcile all portfolio asset values and the portfolio cash balance with the Custodian by the 5th business day after the Advisor has received finalized valuations from the Custodian for activities in the preceding month. Reconcilements must be completed before advisory fees are remitted.
- A cash reconciliation statement which reconciles the difference between the cash position reported by the Advisor and the cash position reported by the Custodian shall be provided to KRS as part of the monthly performance report.
- In addition to these reports, the Advisor will provide information to both KRS' Custodian and Consultant regarding the activities within the portfolio.
7. A separate report for derivatives, if applicable.
8. For purposes of management fee calculation the total market value and final NAV used will be determined by KRS' custodian.
9. For purposes of performance measurement (i.e. target return, standard deviation, and tracking error) the total market value and final NAV used will be determined by KRS' custodian.

The specific reporting formats that are listed in this section are suggested for the Advisor's use by KRS. Deviations from these formats by the Advisor may be acceptable with prior consent of KRS.

SCHEDULE II

PERFORMANCE OBJECTIVES

INVESTMENT OBJECTIVES

The Investment Objectives define the quantifiable measures by which the results of the portfolio will be measured and evaluated on an ongoing basis. Both risk and return measures will be used to identify the results and progress of the portfolio. Both short and long-term performance will be monitored; the Investment Objectives outlined in this Document will address the evaluation process. Therefore, the Investment Objectives of the portfolio are as follows:

- **Risk** in the portfolio is defined by the frequency and magnitude of principal loss. The portfolio will invest in those assets that are similar in risk to those in the Barclays Capital U.S. High Yield Index and Barclays Capital U.S. High Yield Loans Index. The Advisor will attempt to manage those risks through careful and extensive research, and ongoing monitoring of investments. The risk in the portfolio will be measured based upon expected and actual losses of capital. It is anticipated that the Advisor will keep relative losses to a minimum. Nevertheless, the absolute level of losses will be taken into consideration in conjunction with the portfolio's total return.

Return volatility is defined by standard deviation. The standard deviation of return provides a means of measuring the total risk of a portfolio by quantifying the variability (or volatility) of the monthly returns around a mean or average return. Because the standard deviation of return identified in absolute terms is of little value, a relative measure to an appropriate market benchmark is required. A benchmark of 50% Barclays Capital U.S. High Yield Index and 50% Barclays Capital U.S. High Yield Loans Index will be used as the relative management benchmark. Therefore, the combined risk objective of the portfolio is stated as follows:

Return Volatility – The standard deviation of return of the overall portfolio is expected to be approximately equal to: the standard deviation of the stated benchmark for one (1) year and three (3) year time horizons.

The Advisor's target excess return for the proposed strategy is 75 bps (gross of fees) on an annualized basis over a market cycle (three to five years) versus the benchmark. The tracking error expectation is for this to fall in the range of 6.0% on an annualized basis over a market cycle. Tracking error is measured as the standard deviation of the portfolio's monthly excess return to the benchmark. An example of this would be if the portfolio achieved an annual relative tracking error of 600 basis points. A "normal distribution" of returns suggests that approximately 68% of the time the portfolio's annual excess returns will lie within the range of -600 to +600 basis points. This will be true if the benchmark and the portfolio behave as predicted based upon a normal distribution assumption and past performance patterns.

It is understood that there could be times when the tracking error objective, the target excess return objective, and the goal of preserving principal may be in conflict. It is expected that the Advisor will manage the portfolio in a risk aware manor and that the tracking error can exceed the target range in order to preserve principal. Examples where

this might be appropriate are: 1) a period where the benchmark experiences a prolonged or deep drawdown such as what the high yield markets experienced in 2008 or 2) when the benchmark value increases due to credits that in the judgment of the Advisor are inappropriate for the KRS portfolio based on fundamental and risk analysis and are in conflict with the goal of preserving principal. When the Advisor deems it necessary to take such actions as to deviate from the target tracking error range, the Advisor must inform KRS in writing of such action prior to taking such action. The written notification must include the explanation for the deviation from the target tracking error and an agreed upon duration and expiration date of such action between KRS and the Advisor.

- **Return** of the overall portfolio is defined by total return that includes both price appreciation or depreciation and income on a total portfolio basis. The return objective of the overall portfolio is to maximize the return relative to the benchmark given the tracking error objective specified. The return objective of the portfolio, which will be measured approximately over a one to five year time horizon, is as follows:

Relative Return – Consistent with the tracking error objective specified, the overall portfolio is expected to generate an annualized total return of the benchmark plus 25 basis points net of management fees.

Note: In addition to the above, the Fund will consider the Manager's effectiveness in fulfilling its non-investment obligations under this Agreement in evaluating performance.

SCHEDULE III

REGULAR REPORTS

REPORTING

The Advisor will provide performance reports (one hard-copy or electronic reports) to KRS by the 15th business day of each month for activities in the preceding month. All such return calculations contained in these reports will adhere to GIPS standards. In general, these reports will be composed of the following (on a "trade date" basis):

1. A summary of performance results containing the total rates of return for the portfolio and the benchmark, as follows:

Last Month	Last Quarter	Trailing 1-YR	Trailing 3-YR	Trailing 5-YR	Inception to Date
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2. Portfolio characteristics in comparison to benchmark.
3. Individual security holdings at cost and market.
4. Transactions for the prior month by individual security.
5. Summary information in the following format for the portfolio and benchmark:
 - a. Sector market value comparison to benchmark
 - b. Contribution to duration for bond portion of the portfolio
 - c. Average coupon, average yield, and modified duration
 - d. Credit quality by market value comparison
 - e. Contribution to duration by credit quality for bond portion of the portfolio
 - f. Average credit quality versus benchmark
 - g. Corporate credit exposure summary broken down by sectors and industries.
6. The Advisor will provide information to the Custodian regarding the activities within the portfolio. The Advisor is expected to reconcile all portfolio asset values and the portfolio cash balance with the Custodian by the 5th business day after the Advisor has received finalized valuations from the Custodian for activities in the preceding month. Reconcilements must be completed before advisory fees are remitted.

A cash reconciliation statement which reconciles the difference between the cash position reported by the Advisor and the cash position reported by the Custodian shall be provided to KRS as part of the monthly performance report.

In addition to these reports, the Advisor will provide information to both KRS' Custodian and Consultant regarding the activities within the portfolio.
7. A separate report for derivatives, if applicable.
8. For purposes of management fee calculation the total market value and final NAV used will be determined by KRS' custodian.

9. For purposes of performance measurement (i.e. target return, standard deviation, and tracking error) the total market value and final NAV used will be determined by KRS' custodian.

The specific reporting formats that are listed in this section are suggested for the Advisor's use by KRS. Deviations from these formats by the Advisor may be acceptable with prior consent of KRS.

SCHEDULE IV

FEE CALCULATION

Investment Management Agreement Between the Fund

and

Shenkman Capital Management, Inc. ("Manager")

Manager Compensation



SCHEDULE V

CERTIFICATION OF CONTRACTORS

CONCERNING FINANCIAL CONTACTS OR SOLICITATIONS

The Manager acknowledges that the Trustees of the Fund (hereinafter referred to as the "Board") are the trustees and fiduciaries of the Fund.

The Manager agrees to assist the Board in discharging their fiduciary obligations and to affirmatively assist in identifying potential conflicts of interests. The Manager hereby acknowledges that the Board will direct Manager to file an annual certification regarding transactions which may represent potential conflicts of interest and further agrees to file the annual certification.

The Manager has not and agrees not to engage directly or indirectly in any financial or other transaction with: (i) any of; or (ii) any person it knows to be a member of the Board, elected or appointed official of the Fund, a staff member or employee of the Fund, or any person claiming to represent or to have influence with the Board or with any member of the Board. In the event of the above-identified persons contacts the Manager with respect to a financial transaction or solicitation which is not solely related to the Fund's business with the Manager, the Manager shall promptly (and in any event, within 3 business days) report by telephone and in writing such contact to the Chairman of the Board of the Fund, the Chief Investment Officer of the Fund, and the General Counsel of the Fund. The Manager represents that no contact of the type that requires notice has occurred prior to the date of this Agreement. The following individuals are expressly included in the prohibitions and notice requirements contained herein:

Randy J. Overstreet
Vince Lang
Christopher Tobe
Jennifer Landrum Elliott
Bobby D. Henson
W. Lewis Reynolds III
Nikki Jackson
Robert Wilcher

ANNUAL CERTIFICATION

The Manager further agrees to furnish an annual certification stating that, except as specifically described in the certification, no member of the Board, or key staff of the Fund, and no person claiming to represent or have influence with the Board has contacted the Manager with respect to a financial transaction or solicitation which is not solely on behalf of the Fund's business with the Manager. Such certification shall be made in the compliance certificate in the form attached hereto as Schedule VI and shall be filed annually within thirty (30) days after each June 30 for the fiscal year ending on such June 30.

NO PLACEMENT FEES AND FINDERS' FEES

No fees, bonuses or other compensation, including placement fees or finder's fees, have been paid or will be paid by or on behalf of the Manager or its affiliates to any placement agent, finder, consultant or other individual or entity in connection with this Agreement, including for the purpose of obtaining (i) an introduction to the Fund or (ii) a favorable recommendation with respect to the Manager.

SCHEDULE VI

COMPLIANCE CERTIFICATE

As a duly authorized officer of Shenkman Capital Management, Inc. (the "Manager"), I hereby certify that I am familiar with that certain Investment Management Agreement dated [____], 2010 (the "Agreement") between the Fund and the Manager relating to investment of certain Fund Assets by the Manager. In addition, to the best of my knowledge after diligent inquiry, I hereby certify to the Fund that:

- (a) All investments of the Fund Assets made by the Manager during the fiscal year ending June 30, ____, were made within applicable Investment Guidelines incorporated in the Agreement at the time each investment was made, except as set forth below;
- (b) All current investment holdings in the Fund portfolio managed by the Manager are in compliance with Investment Guidelines currently applicable under the Agreement, except as set forth below;
- (c) During the fiscal year ending June 30, ____, no member of the Board, or key staff of the Fund, and no person claiming to represent or have influence with the Board has contacted the Manager with respect to a financial transaction or solicitation which is not solely on behalf of the Fund's business with the Manager, except as set forth below;
- (d) During the fiscal year ending June 30, ____, the Manager has not paid any fees, benefits, bonuses or other compensation to (i) any placement agent or finder, or (ii) any of the Fund's consultants, advisors, or affiliates, any person reasonably believed to be an officer, director or employee of such person, and any other person with a relationship to Investor, except: ____ [none] _____. Each such recipient of fees is a registered broker.;
- (e) The Manager is in compliance with all representations, warranties and covenants in the Agreement which apply to the Manager, including but not limited to ethics code compliance, and any indemnity or insurance coverage requirements, except as set forth below. Current Insurance coverage applicable to the Fund's Assets are as follows: (Please attach insurance certificates.)

Errors and Omissions:

Date of expiration: _____

Per occurrence limit: _____

Retention: _____

Annual aggregate: _____

Directors and officers liability: _____

Date of expiration: _____

Brokers blanket bond or similar coverage: _____

Date of expiration: _____

Other: _____

Date of expiration: _____

Exceptions: (Attach a separate sheet if necessary.)

Dated: _____

SHENKMAN CAPITAL MANAGEMENT, INC.

By: _____

Name: _____

Title: _____

SCHEDULE VII

PROXY VOTING POLICY AND PROCEDURES

As of August 2009

Set forth below are the policies and procedures of Shenkman Capital with respect to proxy voting. This statement does not attempt to describe every regulatory and compliance requirement applicable to proxy voting, but rather summarizes some of the issues involved and establishes general rules and procedures. Although this statement expressly addresses proxy voting, the policies and procedures set forth herein apply to any solicitation of votes with respect to securities held in a fully discretionary client account, such as, for example, the solicitation of the consent of the holders of fixed income securities to a proposed restructuring.

I. Policy

Proxy voting is an important right of shareholders and reasonable care and diligence must be undertaken to ensure that such rights are properly and timely exercised. When Shenkman Capital has discretion to vote the proxies of its clients, it will vote those proxies in the best interest of its clients and in accordance with this statement.

II. Proxy Voting Procedures

- (a) Shenkman Capital will instruct each custodian for a discretionary client account to deliver to Shenkman Capital all proxy solicitation materials received with respect to the account. Shenkman Capital will review the securities held in its discretionary client accounts on a regular basis to confirm that it receives copies of all proxy solicitation materials concerning such securities. Shenkman Capital will vote all proxies on behalf of discretionary client accounts after carefully considering all proxy solicitation materials and other information and facts it deems relevant. A Portfolio Manager will make all voting decisions on behalf of a discretionary client account based solely on his/her determination of the best interests of that account. Shenkman Capital will use reasonable efforts to respond to each proxy solicitation by the deadline for such response.
- (b) All proxies received by Shenkman Capital will be sent to the Portfolio Administration Department for processing as follows:
 - (1) maintain a record of each proxy received;
 - (2) determine which accounts managed by Shenkman Capital hold the security to which the proxy relates;
 - (3) forward the proxy to a Portfolio Manager together with a list of accounts that hold the security, the number of votes each account controls (reconciling any duplications), and the date by which Shenkman Capital must vote the proxy in order to allow enough time for the completed proxy to be returned to the issuer via the custodian prior to the vote taking place;
 - (4) absent material conflicts (see Section IV), a Portfolio Manager will determine how Shenkman Capital should vote the proxy. The Portfolio

Manager will send its decision on how Shenkman Capital will vote a proxy to the Portfolio Administration Department, which will be responsible for making sure the proxy has been completed and returning it to issuer and/or the custodian in a timely and appropriate manner.

Shenkman Capital's General Counsel shall monitor the firm's processing of proxy statements to assure that all proxy statements are handled and processed in accordance with this statement. The General Counsel will designate one or more team members of the firm to be responsible for insuring that all proxy statements are received and that Shenkman Capital responds to them in a timely manner.

III. Voting Guidelines

Shenkman Capital will review all proxy solicitation materials it receives concerning securities held in a discretionary client account. Shenkman Capital will evaluate all such information and may seek additional information from the party soliciting the proxy and independent corroboration of such information when Shenkman Capital considers it appropriate and when it is reasonably available.

In the absence of specific voting guidelines from the client, Shenkman Capital will vote proxies in the best interests of each particular client, which may result in different voting results for proxies for the same issuer. Shenkman Capital believes that voting proxies in accordance with the following guidelines is in the best interests of its clients.

Generally, Shenkman Capital will vote **FOR** a proposal when it believes that the proposal serves the best interests of the discretionary client account whose proxy is solicited because, on balance, the following factors predominate:

- (a) the proposal has a positive economic effect on shareholder value;
- (b) the proposal poses no threat to existing rights of shareholders;
- (c) the dilution, if any, of existing shares that would result from approval of the proposal is warranted by the benefits of the proposal; and
- (d) the proposal does not limit or impair accountability to shareholders on the part of management and the board of directors.

Generally, Shenkman Capital will vote **AGAINST** a proposal if it believes that, on balance, the following factors predominate:

- (a) the proposal has an adverse economic effect on shareholder value;
- (b) the proposal limits the rights of shareholders in a manner or to an extent that is not warranted by the benefits of the proposal;
- (c) the proposal causes significant dilution of shares that is not warranted by the benefits of the proposal;
- (d) the proposal limits or impairs accountability to the shareholders on the part of management or the board of directors; or

- (e) the proposal is a shareholder initiative that Shenkman Capital believes wastes time and resources of the company or reflects the grievance of one individual.

Shenkman Capital will **ABSTAIN** from voting proxies when it believes that it is appropriate. Usually, this occurs when Shenkman Capital believes that a proposal will not have a material effect on the investment strategy it pursues for its discretionary client accounts.

IV. Conflicts of Interest

Due to the size and nature of Shenkman Capital's operations and its limited affiliations in the securities industry, Shenkman Capital does not expect that material conflicts of interest will arise between it and a discretionary client account over proxy voting. Shenkman Capital recognizes, however, that such conflicts may arise from time to time, such as, for example, when Shenkman Capital or one of its affiliates has a business arrangement that could be affected by the outcome of a proxy vote or has a personal or business relationship with a person seeking appointment or re-appointment as a director of a company. If a material conflict of interest arises, Shenkman Capital will determine whether voting in accordance with the voting guidelines and factors described above is in the best interests of the client. Under no circumstances will Shenkman Capital place its own interests ahead of the interests of its discretionary client accounts in voting proxies. If Shenkman Capital determines that the proxy voting policies do not adequately address a material conflict or interest related to a proxy, Shenkman Capital will provide the affected client with copies of all proxy solicitation materials received by Shenkman Capital with respect to that proxy, notify that client of the actual or potential conflict of interest, and of Shenkman Capital's intended response to the proxy request (which response will be in accordance with the policies set forth in this statement), and request that the client consent to Shenkman Capital's intended response. If the client consents to Shenkman Capital's intended response or fails to respond to the notice within a reasonable period of time specified in the notice, Shenkman Capital will vote the proxy as described in the notice. If the client objects to Shenkman Capital's intended response, Shenkman Capital will vote the proxy as directed by the client.

V. Disclosure

- (a) Shenkman Capital will disclose in its Form ADV, Part II that clients may contact Shenkman Capital (via e-mail or telephone) in order to obtain information on how Shenkman Capital voted such client's proxies, and to request a copy of this statement. If a client requests this information, Shenkman Capital will prepare a written response to the client that lists, with respect to each voted proxy that the client has inquired about: (i) the name of the issuer; (ii) the proposal voted upon, and (iii) how Shenkman Capital voted the client's proxy.
- (b) A concise summary of this statement will be included in Shenkman Capital's Form ADV, Part II, and will be updated whenever these policies and procedures are updated. Shenkman Capital will arrange for a copy of this summary to be sent to all existing clients as part of its annual distribution of its Form ADV, Part II.

VI. RECORDKEEPING

Shenkman Capital will maintain files relating to its proxy voting procedures in an easily accessible place. Records will be maintained and preserved for five years from the end of the fiscal year during which the last entry was made on a record, with records for the first two years kept in the offices of Shenkman Capital. Records of the following will be included in the files:

- (a) copies of these proxy voting policies and procedures, and any amendments thereto;
- (b) a copy of each proxy statement that it receives; provided, however, that Shenkman Capital may rely on obtaining a copy of proxy statements from the SEC's EDGAR system for those proxy statements that are so available;
- (c) a record of each vote that Shenkman Capital casts;
- (d) a copy of any document Shenkman Capital created that was material to making a decision how to vote proxies, or that memorializes that decision;
- (e) a copy of each written client request for information on how Shenkman Capital voted such client's proxies, and a copy of any written response to any (written or oral) client request for information on how Shenkman Capital voted its proxies.