

ATTACHMENT B

MANAGER'S Investment Specifications

U.S. Passive Index (Equity Example)

1. INVESTMENT OBJECTIVE

The investment objectives of the Account(s) are (1) to manage a portfolio and (2) to track within acceptable tracking parameters, the return and risk characteristics of a Benchmark Index (as set out below),

2. PERFORMANCE BENCHMARK

The Benchmark Index for the Account(s) shall be one or more of the Benchmark Indices below or another index as directed by NYSIF in writing:

Benchmark Index:

- U.S. Large Cap Equity: Russell 1000 Index
- U.S. Small Cap Equity: Russell 2000 Index

3. ASSET ALLOCATION:

The assets in the Account(s) shall be invested in those common stocks that comprise the selected Benchmark Index (as set out above), unless MANAGER has received written prior approval from NYSIF to alter the investment guidelines.

4. PERMISSIBLE INVESTMENTS:

Account(s) may invest in any or all of the following:

Equities:

- Common shares or limited partnership interests of any solvent institution provided such equity interests are registered on a national securities exchange, as provided in the Securities Exchange Act of 1934, or otherwise registered pursuant to said act, and if so otherwise registered, price quotations are furnished through a nationwide automated quotations system approved by the National Association of Securities Dealers, Inc.
- Publicly-traded unit investment trusts, and real estate investment trusts registered under the Investment Company Act of 1940.
- Exchange Traded Funds ("ETF's") that track the selected Benchmark Index (not to exceed 5% of the portfolio).

Cash and Cash Equivalents:

- Cash
- Cash Equivalents, subject to the following restrictions. Any money-market instrument must have no fewer than two short-term ratings from the following list: P-1 or MIG1 or VMIG1 (Moody's); A-1 or SP-1 (S&P); F1 (Fitch).
 - If an instrument has three ratings and one such rating is not in the top category (*e.g.*, P-2/A-1/F1), then that rating (*i.e.*, the P-2 in that example) must have an outlook no worse than stable.
- Excess cash will be swept overnight by the Designated Agent Bank. Proceeds and contributing yield on such investment will be credited to the Manager's Account and performance. Manager has discretion (but no obligation) to invest cash in other cash equivalents that offer a higher interest rate than that rate which the Designated Agent Bank has agreed to provide NYSIF, as deemed appropriate and in the best interest of the portfolio objectives.

5. PROHIBITED INVESTMENTS

- Derivatives, leverage, and short selling
- Non-USD denominated debt

6. LIMITATIONS ON SPECIFIC INVESTMENTS

MANAGER must conform to the following limitations in their investments:

- If a security is dropped from the selected Benchmark Index, then MANAGER will eliminate that stock within one month, consistent with the Performance and Tracking Objectives stated below.
- If MANAGER receives rights, warrants, or preferred stock as the result of any corporate action, these securities will be eliminated within one month, consistent with the Performance and Tracking Objectives stated below.
- MANAGER may hold the common stock of the custodian provided this company is designated by the Index provider as a member of the Index and provided it is held by MANAGER in no more than capitalization-weight.
- MANAGER, at his/her discretion, may hold round-lot or odd-lot positions in individual securities.
- MANAGER may not hold American Depository Receipts ("ADRs").

7. PERFORMANCE AND TRACKING OBJECTIVES:

The rates of return measured by the custodian will be used as the primary source to assess MANAGER'S tracking performance. The calculation of MANAGER'S performance will include the effects of all realized and unrealized gains and losses, commission, and related turnover costs, and the impact of any cash equivalent holdings. However, MANAGER'S management fees and any contributions/withdrawals requested by NYSIF will be excluded for measuring tracking error.

All investment decisions have the prime objective of tracking the assigned Benchmark Index as closely as possible. The expected rolling three-month tracking error associated with each strategy cannot exceed the basis points set out below:

Annual Tracking Error:

- U.S. Large Cap Equity: +/- 10 basis points
- U.S. Small Cap Equity: +/- 15 basis points

8. COMMUNICATIONS AND REPORTING**Portfolio Reporting**

Manager shall provide NYSIF with a reporting package quarterly that contains: performance statistics, transaction details including realized gains and losses, and portfolio appraisals detailing cost, market value, and accrued interest of securities held. Additionally, Manager shall provide NYSIF with an overview and commentary of the high yield market.

NYSIF shall also be provided with less formal weekly and monthly performance and risk reports.

Meetings

Manager shall review the portfolio(s) with NYSIF Investments Department Staff on a frequency to be agreed upon jointly by NYSIF and Manager.

Performance Measurement

Manager shall measure and compare Portfolio performance to Benchmark noted in Section 2.

Manager shall also produce quarterly reports showing relative performance against the stated Benchmark.

Guideline Changes

Any amendments to these guidelines shall become effective only upon agreement between NYSIF and Manager.

9. APPLICATION OF GUIDELINES

Unless otherwise stated, investment guidelines are to be applied to the portfolio at the end of the invest-up period. The invest-up period will end at the end of the calendar month when the account is fully invested. Securities contributed by NYSIF into the account shall be considered Permissible Investments until liquidation by the Manager.