**C. Rebalancing the Account**

1. The Account shall be rebalanced as of the last trading day on which U.S. markets are open (“trading day”) of February, May, August and November (each, a “rebalance day”). The capital weights assigned to each target fund should be adjusted on each rebalance day so that each target fund’s risk contribution equals the risk budget decided by the PRIM managers at the initiation of the replication account.

Risk Allocation for each target fund

* ValueAct replication: 50% of total risk
* TCI replication: 25% of total risk
* Starboard replication: 12.5% of total risk
* Trian replication: 6.25% of total risk
* Blue Harbour replication: 6.25% of total risk

The “risk” mentioned above is defined as “alpha volatility” which is the annualized standard deviation of the residual value from the time series regression of each fund’s return to S&P 500 index return. The total risk is the alpha volatility of replicated account.

The time span for the return data used in regression is “last year daily” on each rebalance day.

1. On the rebalance day, the Manager will calculate the alpha volatility of each fund and its risk contribution. Then the manager will solve for the optimal capital weight on each fund in order to match the risk contribution to the risk budget mentioned in part 1.

The rebalanced weight for each target hedge fund will be applied to the total capital amount and the relative weight of each target hedge fund in the Account is determined by the total market value of the fund to the capital allocated.

1. On the 20th of February, May, August and November (or the last trading day before the 20th of February, May, August and November), the Manager will calculate the portfolio holdings of each security held in the Account according to the relative weight of each target hedge fund. The Manager will then provide those portfolio holdings to PRIM, and PRIM will compare the Manager’s calculation with PRIM’s calculation. At least two (2) business days prior to the actual rebalance day, PRIM will confirm in writing to the Manager if it agrees with the Manager’s calculations. If PRIM does not agree with any of the Manager’s calculations, PRIM will work with the Manager to resolve any discrepancies at least two (2) business days prior to the actual rebalance day.
2. On each rebalance day, the Manager will
   1. Recalculate the capital weight of each target hedge fund
   2. Recalculate the portfolio holdings of each security held in the Account according to the relative weight of each target hedge fund;
   3. Send those portfolio weights to PRIM for comparison and approval; and
   4. Once written approval is received from PRIM, send the trade order file(s) to the Manager’s equity trading desk for execution in the market.

The Manager will have the discretion to execute the trades up to three trading days after the rebalance day in order to satisfy its obligation to seek best execution.