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Compliance Checklist for Limited Derivatives Users under Rule 18f-4(c)(4)

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I. Required Policies and Procedures

A Limited Derivatives User must adopt written policies and procedures reasonably designed to manage the fund's derivatives risk. The fund should determine the types of derivatives transactions into which it may enter and assess whether they involve any of these risks:

Type of Risk	Description
Leverage	The risk that derivatives transactions can magnify the fund's gains and losses.
Market	The risk from potential adverse market movements in relation to the fund's derivatives positions; the risk that markets could experience a change in volatility that adversely affects fund returns and the fund's obligations and exposures.
Counterparty	The risk that a counterparty on a derivatives transaction may not be willing or able to perform its obligations under the derivatives contract, and the related risks of having concentrated exposure to such a counterparty.
Liquidity	The risk involving the liquidity demands that derivatives can create to deliver margin, collateral, or settlement payments to counterparties.
Operational	The risk related to potential operational issues, including documentation issues, settlement issues, systems failures, inadequate controls, and human error.
Legal	The risk from insufficient documentation, insufficient capacity or authority of counterparty, or legality or enforceability of a contract.

The fund should also consider whether it may engage in derivatives transactions that present idiosyncratic risks. The fund should review its risk disclosures (e.g., its registration statement) to confirm that they are consistent with these policies and procedures.

These policies and procedures should be overseen by the fund's board of directors ("Board") and chief compliance officer in accordance with Rule 38a-1.

II. Calculate Derivatives Exposure

A Step-by-Step Approach to Calculating Derivatives Exposure	
Step	**Process**
1 - Identify Derivatives Transactions	The trade compliance system should flag derivatives transactions. The flag should allow a derivatives transaction to be classified as: (a) An option sold by the fund; (b) An interest-rate derivative; (c) A transaction entered into to hedge currency or interest-rate risk (a "Hedging Derivative"); or (d) A transaction that closes out an outstanding derivatives transaction.
2 - Assign Notional Amounts	The compliance system should assign a notional amount to each derivatives transaction. (a) The notional amount of each option sold should be adjusted for its delta. (b) The compliance systems should have a source for updating on a consistent basis changes in the notional amount of a derivatives transaction and the delta of an option resulting from changes in the market price of the underlying asset.
3 - Exclude Qualifying Hedges	Although Hedging Derivatives might be excluded on an aggregate basis, we would recommend the following process for determining the notional amount of Hedging Derivatives to exclude from the fund's Derivatives Exposure. (a) The system should have a means of associating Hedging Derivatives with the equity and fixed-income investments and borrowings they are intended to hedge ("Hedged Positions"). Currency Hedging Derivatives should be associated only with Hedge Positions denominated in the same currency. (b) For each Hedging Derivative, calculate the sum of (x) the market value of associated equity and, if applicable, fixed-income Hedged Positions, (y) the par amount of associated

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	fixed-income Hedged Positions not included in (x), and (z) the principal amount of associated hedged borrowings (such sum, the "Hedged Amount"). (c) The compliance system should exclude from the calculation of the fund's Derivatives Exposure the notional amount of the Hedging Derivative up to 110% of the Hedged Amount, provided that it is reasonable to expect that any notional amount in excess of the Hedged Amount may hedge a subsequent increase in the Hedged Amount (e.g., after a temporary decrease in market value or par or principal amount of the Hedged Positions).
4 - Exclude Derivatives That Have Been Closed-Out	The compliance system should have a means of associating derivatives transactions or other transactions that close-out a derivatives transaction (both the initial derivatives transaction and its associated derivatives transaction being, "Closed-Out Transactions"). The associated transaction must: (a) Be with the same counterparty or clearing agency as the initial derivatives transaction; and (b) Leave the fund without any credit or market exposure.
5 - Calculate Derivatives Exposure on a Daily Basis	At a consistent time on each day the fund is open, the compliance system should calculate the fund's Derivatives Exposure by: (a) Excluding the notional amount of Hedging Derivatives and Closed-Out Transactions determined in steps 3 and 4. (b) Converting the notional amount of remaining interest-rate derivatives to 10-year bond equivalents; (c) Converting any non-dollar-denominated notional amount of derivative transactions into U.S. dollar equivalents; and (d) Summing the resulting dollar-denominated notional amounts of the non-excluded derivative transactions, which will be the fund's Derivatives Exposure.

III. Comply with 10% Limit on Derivatives Exposure

Contemporaneously with the calculation of the fund's Derivatives Exposure, the compliance system should calculate 10% of the fund's current net assets. If the Derivatives Exposure does not exceed this amount, the fund is a Limited Derivatives User. If the Derivatives Exposure exceeds this amount:

1. Determine if the fund can reasonably be expected to come back into and remain in compliance with the 10% limit on Derivatives Exposure. If the determination is negative, promptly prepare a written report to the Board informing them that the fund's investment adviser intends to establish a derivatives risk management program and comply with the other requirements of Rule 18f-4(c)(1), (2) and (3) as soon as reasonably practicable;

2. Otherwise, either:

   (a) Execute transactions (if any) required to reduce the Derivatives Exposure to 10% of the fund's current net assets or less within five business days, or

   (b) Prepare a written report to the Board regarding the investment adviser's intent to reduce the fund's Derivatives Exposure to not more than 10% of the fund's current net assets promptly, but within no more than thirty calendar days of first exceeding 10%, in a manner that is in the best interests of the fund and its shareholders.