



ASSET MANAGEMENT POLICY MANUAL

Approved: July 18, 2002
Last Revised: July 18, 2002
Effective: August 1, 2002

	SECTION: I	POLICY: A
	GENERAL POLICY	Commitment to Prudent Investing
ASSET MANAGEMENT POLICY MANUAL		
Date Approved: 7/18/2002	Effective: 8/01/2002	Last Revised: 7/18/2002
It is Wealth Management Division (WMD) Asset Management policy to manage client's assets in accordance with a fiduciary standard of conduct, and to act prudently and solely in the interest of the client in all matters. In making asset management decisions, WMD personnel will adhere to all applicable laws, rules, regulations and court orders promulgated to guide such asset management decisions, and as issued by the appropriate Federal, state or local authorities that may have oversight in the specific jurisdictions where client accounts are managed. WMD personnel will also manage client accounts in accordance with the investment guidelines and/or governing document established for the account, to the extent that such guidelines or documents do not conflict with the governing law of the jurisdiction. It is WMD policy to adhere and comply with the Prudent Investor Rule and/or any other similar State statutes under the Uniform Prudent Investor Act (UPIA) in all jurisdictions in which asset management decisions are made for client accounts. Under this Rule, WMD personnel will exercise such reasonable care and skill as indicated in the UPIA. WMD personnel will also abide by the policies as specified in this Asset Management Policy Manual, and any Procedures and/or Desk Procedures that may, from time to time, be duly issued in accordance with this Policy Manual. Also, WMD personnel will, in the application of these policies and procedures, treat all client accounts impartially and confidentially without regard to size of the assets under management or other relationship that the account may have with the Bank.		
Asset Management Policy Manual	June 14, 2002	Section I, Policy A

 BANK OF THE WEST	SECTION: I	POLICY: B
	GENERAL POLICY	Flexible Application of Policies
ASSET MANAGEMENT POLICY MANUAL		
Date Approved: 7/18/2002	Effective: 8/01/2002	Last Revised: 7/18/2002
It is WMD Asset Management Policy to manage client assets in a manner that allows the flexibility to treat each client as an individual. Each client has special considerations in the management of their assets, including the need for income and liquidity, the desire for growth in the value of the assets, the level of tolerance for risk, the amount of assets outside the management of the WMD, and the client's vulnerability to taxes. To this end, no policy or procedure indicated in this Asset Management Policy Manual will be construed or interpreted to imply that one single course of action is appropriate across all managed client accounts. This will include the purchase, sale, or continued holding of any security or mutual fund, or the maintenance or rebalancing of any asset class, credit sector, economic sector, or instrument maturity.		
Asset Management Policy Manual	June 14, 2002	Section I, Policy B

 BANK OF THE WEST	SECTION: I	POLICY: C
	GENERAL POLICY	Authority on Matters of Asset Management
ASSET MANAGEMENT POLICY MANUAL		
Date Approved: 7/18/2002	Effective: 8/01/2002	Last Revised: 7/18/2002
Authority for the Wealth Management Division to provide asset management services to clients derives from the Bank's Board of Directors, with direct oversight provided by such fiduciary committees of the Board as the Bank may establish. Within the Wealth Management Division all Asset Management Policies and Procedures will be reviewed and ratified by the Asset Management Policy Committee (AMPC). Responsibility for the implementation of all Asset Management Policies and Procedures rests with the Chief Investment Officer of the WMD, who also serves as chair of the AMPC. In the application of Asset Management Policies and Procedures the Chief Investment Officer will rely on a team of Portfolio Managers operating in various locations within the Private Asset Management (PAM) Department of the WMD. Only duly empowered Portfolio Managers and their designated assistants or agents within the PAM Department, all acting under the direction of the Chief Investment Officer, have the authority to make asset management decisions for client accounts within the WMD. Asset management actions taken by portfolio managers on behalf of client accounts will be regularly documented as required, and will be reported to and reviewed by such committees as the WMD may establish for that purpose. All Asset Management Policies and Procedures specified or inferred in this Manual will be incorporated by this reference into the Trust Policy Manual for the Wealth Management Division. In the event that Asset Management Policies or Procedures may conflict with other policies and procedures of the WMD, the Policies and Procedures specified herein shall take precedence on matters of asset management decisions for client accounts.		
Asset Management Policy Manual	June 14, 2002	Section I, Policy C

 BANK OF THE WEST	SECTION: II	POLICY: A
	PORTFOLIO MANAGEMENT	Commitment to Diversification
ASSET MANAGEMENT POLICY MANUAL		
Date Approved: 7/18/2002	Effective: 8/01/2002	Last Revised: 7/18/2002
It is WMD Asset Management Policy to seek to achieve a degree of diversification in client accounts where possible. Diversification is believed to be a superior investment approach under the view of what has become known in the financial literature as Modern Portfolio Theory (MPT). Diversification is also consistent with the Uniform Prudent Investor Act, which directs that asset management decisions concerning individual assets should not be made in isolation for that asset, but should be viewed in the context of the client's overall portfolio of assets, giving due consideration not only for the risk and return characteristics of the individual asset, but also for the role the asset might play in reducing the overall risk of the portfolio. In seeking the appropriate level of diversification for a client account, the Portfolio Manager will attempt to achieve diversification not only amongst individual securities and investment instruments, but also across economic sectors, industries, maturities, credit levels, capitalization levels, geographic locations and overall asset classes. A keystone of insuring diversification in a client's portfolio is to incorporate into the decision-making process the existing level of diversification in the client's assets not directly under the management or control of the WMD, particularly such non-marketable or illiquid assets such as real estate, business interests, and other tangible property and rights. It may be acceptable, under certain circumstances, to manage a WMD client portfolio in a manner that might not appear to be diversified in light of those assets supervised by WMD personnel, but is in fact diversified when the client's full array of personal assets and wealth is considered.		
Asset Management Policy Manual	June 14, 2002	Section II, Policy A

 BANK OF THE WEST	SECTION: II	POLICY: B
	PORTFOLIO MANAGEMENT	Determination of an Investment Objective
ASSET MANAGEMENT POLICY MANUAL		
Date Approved: 7/18/2002	Effective: 8/01/2002	Last Revised: 7/18/2002
It is WMD Asset Management Policy to establish a set of recommended strategic asset allocations for varying levels of risk tolerance that will be known as Investment Objectives. These Investment Objectives will indicate the target amount of a client's portfolio which should be held in each asset class to achieve a long-term level of maximum return for a given level of risk tolerance. These Investment Objectives will be designed by the Chief Investment Officer using such methods of analysis as are appropriate to ascertain those asset class mixes which the CIO believe will yield the optimal level of return for varying levels of risk. It will be the responsibility of the Asset Management Policy Committee to review and accept such Investment Objectives for general use amongst clients, and to direct the Chief Investment Officer to incorporate both the target asset mixes and associated permissible bounds on investing in those asset classes for each Investment Objective in the Asset Management Procedures to accompany this Policy Manual. The Investment Objective for a client account will be documented by the Portfolio Manager and will serve as the benchmark for investment performance in the account. It is WMD policy that a decision to manage a client account under a given Investment Objective will be disclosed to and discussed with the client at the inception of the account. Any changes over the life of the account to the Investment Objective will also be clearly documented for the client file by the Portfolio Manager. In addition, the Portfolio Manager will present and defend such changes to the appropriate Administrative and Investment Committee(s) established to review such actions.		
Asset Management Policy Manual	June 14, 2002	Section II, Policy B

 BANK OF THE WEST	SECTION: II	POLICY: C
	PORTFOLIO MANAGEMENT	Management of the Investment Objective
ASSET MANAGEMENT POLICY MANUAL		
Date Approved: 7/18/2002	Effective: 8/01/2002	Last Revised: 7/18/2002
It is WMD Asset Management Policy that every managed client account must be assigned an Investment Objective. The Portfolio Manager has the exclusive authority and responsibility to assign or change the Investment Objective for client accounts. In establishing or changing an account's Objective, the Portfolio Manager will take into consideration such factors as the client's age, level of wealth, risk tolerance, need for income and liquidity, long-run growth objectives, existing allocation, and other similar factors. The Portfolio Manager will not choose a client's Investment Objective with regards to current market conditions or short-term market outlook. Since the client's Objective will serve as a benchmark for the investment performance of the account, it will be the responsibility of the Portfolio Manager to attempt to add value to the client account in a manner that seeks to outperform the assigned Investment Objective. In seeking to outperform the benchmark implied by the client's Investment Objective, the Portfolio Manager will be authorized to engage in such activities as: (1) <u>Tactical Asset Allocation</u> – The temporary over- or under-weighting of assets in a given asset class, within specified bounds, under those circumstances in which the Portfolio Manager believes certain asset classes are expected to outperform others. (2) <u>Security Selection</u> – The Portfolio Manager is permitted and is expected to invest client assets within an asset class in those securities or instruments that the Portfolio Manager believes, based on sufficient research and analysis, will provide superior risk-adjusted return opportunities within that asset class. (3) <u>Sector/Maturity Rotation</u> – The Portfolio Manager may, on a short-term basis, allocate more or less within an asset class to those economic sectors, quality sectors, capitalization sectors, or maturity sectors which the Portfolio Manager believes, based on sufficient research and analysis, will outperform other sectors within the asset class. None of the aforementioned approaches to adding value in a client's portfolio, however, is meant to condone the holding of a non-diverse set of securities in the portfolio, nor is it meant to condone excessive concentrations of the portfolio in a given sector, maturity range, or asset class.		
Asset Management Policy Manual	June 14, 2002	Section II, Policy C

	SECTION: II	POLICY: C
	PORTFOLIO MANAGEMENT	Management of the Investment Objective
ASSET MANAGEMENT POLICY MANUAL		
Date Approved: 7/18/2002	Effective: 8/01/2002	Last Revised: 7/18/2002
Under no circumstances will the Portfolio Manager engage excessively in such activities to outperform the Investment Objective benchmark if such activities would incur prohibitive transactions costs, generate punitive tax consequences, or lead to levels of concentrations in a security, sector or asset class not consistent with the principles of diversification or which would induce an unacceptable level of tracking error to the Investment Objective benchmark.		
Asset Management Policy Manual	June 14, 2002	Section II, Policy C – cont'd

 BANK OF THE WEST	SECTION: III	POLICY: A
	SECURITY SELECTION	General Standards in Managed Accounts
ASSET MANAGEMENT POLICY MANUAL		
Date Approved: 7/18/2002	Effective: 8/01/2002	Last Revised: 7/18/2002
It is WMD Asset Management Policy to select securities for inclusion in the portfolios of client accounts which are publicly traded, liquid, high quality, investment grade and for which sufficient information can be obtained to perform a proper valuation analysis. Nevertheless, it is understood that exceptions to these selection standards may be necessary, as when an account is initially received with assets which do not meet these criteria but which necessarily must be accepted for management under the terms of the client agreement. In cases where securities that do not meet the approved criteria are held within an account, the acceptance of such securities must be initially approved by the Chief Investment Officer (or his designee in the Private Asset Management Department). Continued holding of such securities must also be reviewed at least annually by the CIO, his designee, or such committees established within the WMD for review of asset management activity within client accounts. In the event that a Portfolio Manager wishes to acquire a security for a client account which meets the above criteria, selection will be further limited to those securities identified within the approved Security Universe for that asset class at the time of purchase. The Security Universes applicable for each asset class are described in the following sections of this Asset Management Policy Manual. Indirect ownership of securities not in the defined Security Universes as may occur through the purchase of shares in approved mutual funds, common trust funds, collective investment funds, or other commingled vehicles will also be permitted to the extent that such commingled vehicles are approved for use in the client account under the terms of this Asset Management Policy Manual. It is WMD Asset Management policy not to invest in the securities of Bank of the West, its parent, or any of its affiliates, or direct investments towards such entities if such investment would lead to financial gain for the entity, unless specific authorization from the client or their authorized representative is obtained. It is WMD Asset Management policy to acquire or dispose of such interests in individual securities as best suits the overall interests of each client account, taking into consideration the tax consequences, trading costs, income capacity and future outlook for <u>return and risk of each security considered.</u>		
Asset Management Policy Manual	June 14, 2002	Section III, Policy A

 BANK OF THE WEST	SECTION: III	POLICY: B
	SECURITY SELECTION	Security Universe – Marketable Equities
ASSET MANAGEMENT POLICY MANUAL		
Date Approved: 7/18/2002	Effective: 8/01/2002	Last Revised: 7/18/2002
It is WMD Asset Management policy that the Security Universe for individual equity investments for managed client accounts will be limited to those stocks of domestic mid-cap and large cap stocks, as those terms are defined by Standard & Poors. Only the publicly traded common and preferred shares of outstanding stocks in these companies may be purchased. In the event of removal of a stock from the Security Universe, it will be at the discretion of the Portfolio Manager as to whether or how such existing holdings will be reduced or removed from client accounts, except that the holdings of those stocks which have declared bankruptcy will be immediately removed. For stocks that have been removed from the Security Universe, no further additions of the stock to client portfolios will be permitted until such time as the stock returns to the Security Universe. It is WMD Asset Management policy to comply with the provisions of Regulation Y of the Bank Holding Company Act of 1956, which prohibits banks from acquiring interests in banks or bank holding companies that would exceed 25% control via voting power of any share class of stock. It is WMD Asset Management policy to comply with the filing requirements under Section 13 of the Securities Exchange Act of 1934 that would arise upon the acquisition of 5% or more of the outstanding voting shares of stock of any “qualified security,” as that term is defined in the Act. It is WMD Asset Management Policy to comply with any and all regulatory requirements regarding the reporting of securities holdings or the limitations with regards to securities holdings that may from time to time be issued by appropriate government regulatory institutions.		
Asset Management Policy Manual	June 14, 2002	Section III, Policy B

 BANK OF THE WEST	SECTION: III	POLICY: C
	SECURITY SELECTION	Security Universe – Marketable Bonds
ASSET MANAGEMENT POLICY MANUAL		
Date Approved: 7/18/2002	Effective: 8/01/2002	Last Revised: 7/18/2002
It is WMD Asset Management policy that the Security Universe for individual fixed income investments for managed client accounts will be limited to those bonds of publicly traded companies and their affiliates, as well as those bonds of federal, state, and local governments that are rated as investment grade by at least one of the Nationally Recognized Standard Rating Organizations (NRSRO's). Within this class of fixed income instruments, all maturities (from one day to perpetuities) and coupon structures (including zero coupon, floating rate instruments, discount notes, pass-through securities, etc.) are permitted for use in client accounts, except those fixed income instruments that are convertible into equity securities. In the event of that a fixed income security held in a client account no longer retains an investment grade rating by the standards of any NRSRO it will be at the discretion of the Portfolio Manager as to the timing of when such existing holdings will be reduced or removed from client accounts, except that the holdings of fixed income instruments that have been officially declared to be in default will be immediately removed. For fixed income instruments that no longer achieve an investment grade rating, no further additions of that instrument (or any fixed income instrument of the underlying issuer) will be permitted in any client account until such time as the issue attains an investment grade rating.		
Asset Management Policy Manual	June 14, 2002	Section III, Policy C

 BANK OF THE WEST	SECTION: III	POLICY: D
	SECURITY SELECTION	Security Universe – Cash Equivalents
ASSET MANAGEMENT POLICY MANUAL		
Date Approved: 7/18/2002	Effective: 8/01/2002	Last Revised: 7/18/2002
It is WMD Asset Management Policy to ensure that any cash holdings in a client account (generated either from principal or income) will be productively managed by the Portfolio Manager unless the investment guidelines, governing documents, local law or authorized party directs otherwise. In pursuit of this goal, the Portfolio Manager will seek to achieve the most productive use of the cash through the choice of high quality short-term investments. Short-term high quality investments may include the Bank's own deposit programs or money market mutual funds, to the extent authorized by law and in the investment guidelines of the account, provided the rates are fully competitive and all pledging requirements are met. The Bank may offer, at its own discretion, to sweep cash holdings automatically for a client account into the chosen program or fund. The Bank may be eligible for an additional fee for systems and efforts necessary to facilitate the accumulation, transfer, investment and record keeping necessary to accomplish the automated sweeping of cash holdings. The Private Asset Management Department will maintain an Approved List of Cash Management Vehicles for use in the management of client cash holdings. This list will be presented semi-annually by the Chief Investment Officer, along with supporting documentation, for review and ratification by the Asset Management Policy Committee.		
Asset Management Policy Manual	June 14, 2002	Section III, Policy D

 BANK OF THE WEST	SECTION: III	POLICY: E
	SECURITY SELECTION	Security Universe – Derivative Securities
ASSET MANAGEMENT POLICY MANUAL		
Date Approved: 7/18/2002	Effective: 8/01/2002	Last Revised: 7/18/2002
It is WMD Asset Management Policy that the usage of derivative securities in individual accounts represents an unacceptably high degree of volatility and risk. A limited exception may be made for corporate and institutional accounts in which the Portfolio Manager believes the client has a level of financial sophistication sufficient to understand and accept the use of derivatives in the management of the account. Similarly, an exception may be made for the use of derivatives in the management of common trust funds and collective investment funds managed by the Bank, where allowed by the governing document of the collective fund. In the event that derivatives are authorized for use in an account, their usage is to be limited to exchange-traded financial futures that are registered with the Commodities Futures Trading Commission (CFTC) only. No non-financial futures, over-the-counter futures, options, swaps, or other exotic derivatives will be permitted in client accounts. To the extent that financial futures are used in a client account, they shall only be used in such cases where they serve to reduce risk, regain market exposure, enhance liquidity, and/or reduce transactions costs. In no case will financial futures be used to provide leverage for the account, and all financial futures contracts will be fully collateralized at all times by an offsetting holding of an amount of cash or segregated securities in the account equivalent to the notional value or underlying deliverable instrument of the financial futures contract.		
Asset Management Policy Manual	June 14, 2002	Section III, Policy E

 BANK OF THE WEST	SECTION: III	POLICY: F
	SECURITY SELECTION	Security Universe – Private Equity
ASSET MANAGEMENT POLICY MANUAL		
Date Approved: 7/18/2002	Effective: 8/01/2002	Last Revised: 7/18/2002
It is WMD Asset Management Policy that investments in closely held business enterprise (also known as Private Equity) are to be discouraged as an investment strategy in favor of publicly traded marketable equity securities. Nevertheless, it is acknowledged that the Bank may, in the course of its fiduciary business, accept certain fiduciary accounts in which the initial assets contain equity holdings of a closely-held business enterprise. In the consideration of such new business, it is WMD Asset Management Policy to decline such accounts with closely held business enterprises if, in the sole judgment of the Chief Investment Officer, ownership of the business enterprise is not appropriate for the account or does not satisfy the standards of the Uniform Prudent Investor Act. It is also WMD Asset Management Policy to not accept such accounts if, in the sole judgment of the Chief Investment Officer, there is insufficient authority inherent in the ownership of the equity of a closely-held business enterprise to allow for appropriate analysis and valuation, or to allow for the appropriate ongoing management and control of the equity interest, or to allow for the possible future sale or liquidation of the equity interest. If an equity interest in a closely-held business enterprise is deemed an acceptable investment for a client account, it shall be the responsibility of the Portfolio Manager to exercise such control over management (commensurate with the degree of ownership of the business by the client account) as to direct the business enterprise to pursue such business ventures as are prudent and appropriate for the account. It shall also be the responsibility of the Portfolio Manager to adhere to such Asset Management Procedures as may be developed pursuant to this Policy regarding closely-held business enterprises, including those Procedures which mandate the maintenance of an arm's length relationship between the Bank and the business ventures of the closely-held business enterprise.		
Asset Management Policy Manual	June 14, 2002	Section III, Policy F

 BANK OF THE WEST	SECTION: III	POLICY: G
	SECURITY SELECTION	Security Universe – Collective Funds
ASSET MANAGEMENT POLICY MANUAL		
Date Approved: 7/18/2002	Effective: 8/01/2002	Last Revised: 7/18/2002
It is WMD Asset Management Policy to encourage the use of Common Trust Funds and Collective Investment Funds (jointly, “Collective Funds”) for such accounts as may benefit from their use. Such Collective Funds can provide access to diversification, lowered transactions costs through economies of scale in trading, and access to markets whose research costs are prohibitive for a single account. Such Collective Funds are particularly useful for accounts with smaller asset sizes. However, it is WMD Asset Management Policy that it is the exclusive decision of the Portfolio Manager assigned to a client account as to whether client assets are directed into a Collective Fund – no aspect of these Asset Management Policies is meant to imply the existence of a minimum or maximum account size for use of the Collective Funds. It is WMD Asset Management Policy to abide by the provisions of 12 CFR 9.18 in the administration and management of the Collective Funds offered for use in the asset management of client accounts. It is also WMD Asset Management Policy that client accounts will be limited only to those Collective Funds offered, managed and administered by the Bank.		
Asset Management Policy Manual	June 14, 2002	Section III, Policy G

	SECTION: III	POLICY: H
	SECURITY SELECTION	Security Universe – Mutual Funds
ASSET MANAGEMENT POLICY MANUAL		
Date Approved: 7/18/2002	Effective: 8/01/2002	Last Revised: 7/18/2002
It is WMD Asset Management Policy to consider the use of open-end registered investment companies (“Mutual Funds”) in the asset management of client accounts. Such Mutual Funds can provide access to diversification, lowered transactions costs through the economies of scale generated by pooling the costs of trading, and access to markets whose research costs are prohibitive for a single account. Such Mutual Funds are particularly useful for accounts with smaller asset sizes. However, it is WMD Asset Management Policy that it is the exclusive decision of the Portfolio Manager assigned to a client account as to whether client assets are directed into one or more Mutual funds – no aspect of these Asset Management Policies is meant to imply the existence of a minimum or maximum account size for use of the Mutual Funds. A list of approved Mutual Funds will be maintained by the Private Asset Management Department and ratified annually by the Asset Management Policy Committee. The Committee will also regularly review the investment performance of all Mutual Funds used in client accounts. Procedures for the selection of approved Mutual Funds will be developed and maintained in accordance with this Asset Management Policy. Specific Procedures to govern the selection and use of Bank Proprietary Mutual Funds will similarly be developed and maintained.		
Asset Management Policy Manual	June 14, 2002	Section III, Policy H

 BANK OF THE WEST	SECTION: III	POLICY: I
	SECURITY SELECTION	Security Universe – Other Investments
ASSET MANAGEMENT POLICY MANUAL		
Date Approved: 7/18/2002	Effective: 8/01/2002	Last Revised: 7/18/2002
It is WMD Asset Management Policy that no investment vehicle not otherwise described in the Security Universes described in Section III of this Policy Manual will be authorized for use by Portfolio Managers in the asset management of client accounts. However, notwithstanding this restriction, it is acknowledged that assets and/or liabilities other than those approved in this Policy Manual may be held in a client account. Such assets and liabilities may include real estate holdings, mineral, oil and gas rights, mortgage loans, jewelry, limited partnerships, etc. Any asset accepted into a client account that is not otherwise authorized for use in this Policy Manual will be considered, from the perspective of the Portfolio Manager, as a non-discretionary asset or liability in the account. To that extent the asset or liability will be considered for purposes of prudent asset allocation and portfolio management, but shall be administered, monitored, managed and valued by staff of the fiduciary arm of the Wealth Management Division.		
Asset Management Policy Manual	June 14, 2002	Section III, Policy I

 BANK OF THE WEST	SECTION: IV	POLICY: A
	SECURITIES TRADING	Use of a Centralized Trading Desk
ASSET MANAGEMENT POLICY MANUAL		
Date Approved: 7/18/2002	Effective: 8/01/2002	Last Revised: 7/18/2002
It is WMD Asset Management Policy that all purchases and sales of marketable securities, mutual funds, or collective funds in managed client accounts be directed through a Centralized Trading Desk, and that orders for such purchases or sales originate exclusively with the Portfolio Manager assigned to the client account. The Centralized Trading Desk shall take no position in a security or fund prior to receiving any authorized order for the trading of a client account. The Centralized Trading Desk will also seek, under all circumstances, to achieve Best Execution in the pursuit of purchase and sale orders for clients, as that term has come to be defined in the securities industry. It is WMD Asset Management Policy that all personnel assigned to effect securities and funds transactions on the Centralized Trading Desk have a suitable background in securities trading, that their duties are clearly defined in a written job description, and that they are prohibited from simultaneously having responsibilities for any back office duties related to securities trading, such as settlement, reconciliation, clearing, or wire transfer. Trading Desk personnel will maintain written records of all transactions for client accounts, and will provide such records as are necessary to the WMD Operations group to complete the transaction on a timely basis. It is WMD Asset Management Policy that the Centralized Trading Desk will not be simultaneously used to engage in proprietary trading for the Bank, nor will it be used for the trading of the personal securities accounts of any staff member of the Wealth Management Division. It is also WMD Asset Management Policy not to accept financial incentives from investment management firms that sponsor mutual or other investment funds in exchange for the investment of client assets in the specific funds or programs offered by those firms. It is WMD Asset Management Policy to seek to combine trading orders for the same security received from more than one account ("Block Trading") into a single order provided that the orders are received in a single time frame. Under no circumstances will a single trading order be delayed unnecessarily, however, in order to form a Block Trade, if doing so would result in unacceptably high levels of market risk or transactions costs for any single account.		
Asset Management Policy Manual	June 14, 2002	Section IV, Policy A

 BANK OF THE WEST	SECTION: IV	POLICY: B
	SECURITIES TRADING	Selection of Securities Brokers
ASSET MANAGEMENT POLICY MANUAL		
Date Approved: 7/18/2002	Effective: 8/01/2002	Last Revised: 7/18/2002
It is WMD Asset Management Policy to select brokers for the execution of client securities trades on the basis of their reputation, capitalization, experience, timeliness and accuracy of trade execution and security settlement, commissions, and type and quality of research. The Centralized Trading Desk will maintain a list of Approved Brokers, which will be presented to the Asset Management Policy Committee at least annually for review and ratification. The Centralized Trading Desk will allocate trades across the set of Approved Brokers on the basis of their ability to provide Best Execution as that term has been defined within the securities industry, which includes a consideration not only of commissions but also of all other services that might be of use to client accounts, including skill at minimizing market impact of the transaction, quality of research, timeliness, responsiveness, and back office efficiencies. It is WMD Asset Management Policy to consider the use of Soft Dollar arrangements provided by brokers to the extent that such arrangements would benefit a client account. Under all circumstances the use of Soft Dollar arrangements will comply with the Safe Harbor provisions (Section 28(e)) of the Securities Exchange Act of 1934. It is WMD Asset Management Policy to avoid the use of Directed Brokerage accounts, wherein a client instructs the Portfolio Manager that trades in the client's account will be directed through a broker or brokers of the client's choosing. Exceptions to this rule must be explicitly approved in writing by the Chief Investment Officer. Under no circumstances, however, will such directions be permitted if, in the exclusive view of the Portfolio Manager assigned to the account, that the use of the Directed Broker would violate the standards of fiduciary and prudent investing articulated in this Asset Management Policy Manual.		
Asset Management Policy Manual	June 14, 2002	Section IV, Policy B

 BANK OF THE WEST	SECTION: IV	POLICY: C
	SECURITIES TRADING	Capital Changes/ Proxy Voting
ASSET MANAGEMENT POLICY MANUAL		
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It is WMD Asset Management Policy to review and consider all requests for proxy votes arising in client accounts, and to vote such proxies solely in the interest of the clients affected. Proxy votes that are considered routine will be voted by the back office Operations area of the WMD. A proxy will be considered "routine" if it meets any of the following criteria: • An uncontested election of one or more Directors to the Board; • The appointment of accountants or auditors; • Ratification of a stock split or stock dividend A request for a proxy vote will be considered non-routine if it pertains to any other matter than the three issues identified above as routine, such as proxy fights, mergers and acquisitions, tender offers, etc. Voting of non-routine proxies will be the responsibility of the Asset Management Policy Committee. The Committee may, if it so chooses, designate the responsibility for voting non-routine proxies to a senior member of the Private Asset Management Department. It is WMD Asset Management Policy to reject any tender offer which, on its face, offers no economic benefit to shareholders (such as when the offer price is below the current market price), when the tender offer price is uncertain (such as in a lottery-style offer), or when the shareholder is unable to withdraw the offer if the market price should rise following the submission of the offer. It is WMD Asset Management Policy to vote against any proxy which seeks to impose a super-majority, which seeks to stagger the election of directors, which rejects pre-emptive rights of the shareholder, or which seeks to engineer a reverse stock split. Effective October 1, 2002, it is the WMD Asset Management Policy to reserve the right to exercise sole authority to vote proxies in accounts with co-trustees, joint management authority, and courtesy review arrangements. It is also WMD Asset Management Policy to reserve the right to vote proxies in circumstances in which the Bank has a vested interest in the outcome, provided normal and ordinary voting procedures are followed.		
Asset Management Policy Manual	June 14, 2002	Section IV, Policy C

	SECTION: IV	POLICY: D
	SECURITIES TRADING	Trading on Behalf of Directed Accounts
ASSET MANAGEMENT POLICY MANUAL		
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It is WMD Asset Management Policy to exercise the same degree of skill, diligence, prudence and care in the execution of securities trades for directed accounts as for managed accounts. All trades for directed accounts will originate exclusively with the account administrator acting as agent for the client. Trades must be executed systematically through the Centralized Trading Desk. It is WMD Asset Management Policy, in instances where a trade is effected for a directed account, that the Centralized Trading Desk will send a broker confirmation to the client within five (5) business days from the day of the transaction, or if a broker/dealer is utilized, within one (1) business day from the receipt by the Bank of the broker/dealer's confirmation, in compliance with provisions set forth under 12 CFR 12.4 and 12.5, as well as FDIC Part 344. The account administrator is responsible for providing all necessary mailing information to the Centralized Trading Desk.		
Asset Management Policy Manual	June 14, 2002	Section IV, Policy D

 BANK OF THE WEST	SECTION: V	POLICY: A
	ACCOUNT MANAGEMENT	Role of the Portfolio Manager
ASSET MANAGEMENT POLICY MANUAL		
Date Approved: 7/18/2002	Effective: 8/01/2002	Last Revised: 7/18/2002
It is WMD Asset Management Policy that the primary responsibility for asset management activities for a managed client account rests with the Portfolio Manager. It is also WMD Asset Management Policy that an account must at all times from its inception onward be assigned to at least one Portfolio Manager. In the event that a managed account is assigned to more than one Portfolio Manager, it is the responsibility of the Chief Investment Officer or his designee to identify which Manager has final responsibility for the asset management activities of the account. It is the responsibility of the Chief Investment Officer to insure that all staff acting in a capacity as Portfolio Manager with regards to managed client accounts meet such minimum standards of qualification as may from time to time be established by written job description. It shall be the responsibility of the Portfolio Manager, with regards to the asset management activity of a managed client account, to monitor the account for productive use of cash, for excessive concentrations in individual issues or sectors, for significant differences from Investment Objective guidelines, or for other deviations from the principle of diversification as may be appropriate. It will also be the responsibility of the Portfolio Manager to avoid excessive turnover and transactions costs in the conduct of the trading of the client account, but to rebalance the account in a timely fashion should the need arise to either return the account to its Investment Objective or to increase the degree of diversification in the account. In the event that the Portfolio Manager concludes that a concentration in an individual issue or a deviation from Investment Objective is not currently feasible, it is the responsibility of the Portfolio Manager to develop and maintain in the client's file a justification for continuing with the portfolio as currently constituted, and if possible, a plan by which the portfolio will have such deviations corrected. It will also be the responsibility of the Portfolio Manager to decide whether a client account might benefit from the use of commingled or collective funds, or whether the account might otherwise benefit from the use of individual securities. No aspect of this Asset Management Policy Manual should be construed to imply the existence of a single criterion, such as asset size in a client account, which would dictate the use or non-use of commingled or collective funds in a client account.		
Asset Management Policy Manual	June 14, 2002	Section V, Policy A

 BANK OF THE WEST	SECTION: V	POLICY: B
	ACCOUNT MANAGEMENT	Unsuitable Investments
ASSET MANAGEMENT POLICY MANUAL		
Date Approved: 7/18/2002	Effective: 8/01/2002	Last Revised: 7/18/2002
It is WMD Asset Management Policy that if a managed client account contains an unsuitable investment, the Portfolio Manager will seek to recommend or attempt disposal of the unsuitable investment within a reasonable period of time. An unsuitable investment is any asset or group of assets in a client account which would be considered imprudent under the Prudent Investor rule for that particular client. If an unsuitable investment cannot be removed from a managed client account within a reasonable period of time, it is WMD Asset Management Policy that the continued holding of such an unsuitable asset in a client account must meet three criteria: • It is documented by the Portfolio Manager as to a justification for continued holding of the unsuitable investment in the client account. • A long-run plan for the reduction or disposition of the unsuitable investment is on file. • An approval of the justification and long-term plan by the Chief Investment Officer or his designee is also on file.		
Asset Management Policy Manual	June 14, 2002	Section V, Policy B

	SECTION: V	POLICY: C
	ACCOUNT MANAGEMENT	Shared Investment Responsibilities
ASSET MANAGEMENT POLICY MANUAL		
Date Approved: 7/18/2002	Effective: 8/01/2002	Last Revised: 7/18/2002
It is WMD Asset Management Policy that in instances where the investment guidelines of a managed client account stipulate that investment authority is shared, that the investment authority is shared jointly and not severally and should be exercised jointly. It is also WMD Asset Management Policy to obtain the approval of all outside parties with which investment authority is shared prior to executing any investment recommendation; however, should an emergency arise that requires the Portfolio Manager to act without the consent of those with whom he or she shares investment authority, then the Portfolio Manager will notify those with shared authority as to the extent of actions taken as soon after the fact as possible. It is WMD Asset Management Policy that managed client accounts which require that the asset management authority be delegated to another primary investment management firm are not encouraged. An account in which the client seeks to delegate investment authority to another primary investment manager must be approved by the Chief Investment Officer. In the event that a managed client account is accepted by the CIO under the condition that primary investment authority is delegated to an outside investment manager, an assigned Portfolio Manager will still have responsibility to verify that a prudent investment strategy is developed and implemented for the client, according to Procedures developed in accordance with this Asset Management Policy.		
Asset Management Policy Manual	June 14, 2002	Section V, Policy C

	SECTION: V	POLICY: D
	ACCOUNT MANAGEMENT	Account Reviews
ASSET MANAGEMENT POLICY MANUAL		
Date Approved: 7/18/2002	Effective: 8/01/2002	Last Revised: 7/18/2002
It is WMD Asset Management Policy that each managed account should be reviewed by the assigned Portfolio Manager at a frequency sufficient to insure that the account stays in compliance with all appropriate provisions of its investment guidelines. For purposes of complying with Section 9.6(c) of Regulation 9 of the Office of the Comptroller of the Currency, an investment review will be performed for each managed account at least once each calendar year, under terms and conditions as specified in the associated Procedures for this Asset Management Policy. In making this review, the Portfolio Manager will evaluate whether the assets held are appropriate, both individually and collectively, for the account. The Portfolio Manager will also evaluate whether the existing Investment Objective remains appropriate for the account, or whether a new Objective should be considered. The Portfolio Manager will also review any unsuitable investments in the account, and will review and update the long-run plan for the disposition of any unsuitable investments.		
Asset Management Policy Manual	June 14, 2002	Section V, Policy D