

**Amended and Restated Service and UTAM Personnel Agreement
between the Governing Council of the University of Toronto and
the University of Toronto Asset Management Corporation***

**Excerpts regarding Delegation of Authority
to UTAM by the University of Toronto**

2. The University hereby appoints UTAM as its agent to act on its behalf as the sole and exclusive manager (subject to any permitted subdelegation hereunder) of such of the money, investments, investment funds and pension funds that come into the hands or are under the administration of the University as it determines to place under the management of UTAM (the "Managed Assets"), upon and subject to the terms and conditions of this Agreement and for an indefinite term, terminable by the University (i) forthwith upon any material breach of this Agreement by UTAM; or (ii) upon three month's prior written notice to UTAM.

3. In acting as agent for the University in providing investment management services (the "Services") hereunder, subject to the terms and conditions hereof (including UTAM's obligations in section 6 hereof to act in accordance with the Investment Policies (as hereinafter defined)), UTAM shall have the power and authority to take all such actions and execute all such documents as may be necessary or desirable in order for it to properly manage the Managed Assets, including without limitation, the power and authority to:

- (a) invest and re-invest the Managed Assets and the proceeds thereof in accordance with the Investment Policies (as hereinafter defined);
- (b) acquire, hold, manage, lease, repair, improve, alter, demolish, dispose of and otherwise deal with lands, buildings and other interests in real estate on behalf of and for the benefit of the University;
- (c) employ and retain the services of investment managers, counselors, advisers and other investment professionals and experts and delegate investment powers to such persons;
- (d) provide directions to, oversee any administration by and otherwise correspond with duly appointed trustees, custodians and subcustodians of the Managed Assets;
- (e) Investment Strategy: UTAM shall establish an investment strategy designed to meet the University's return and risk objectives. The strategy should take into account all the factors which UTAM believes are relevant, including asset mix, choice of asset classes, active versus passive management, and investment philosophy and approval. UTAM shall develop and put in place relevant and appropriate policies to deal with all relevant risks, reflecting a prudent approach. This will include, but not necessarily be restricted to, portfolio diversification, asset class limits, concentration limits, use of derivatives, compliance with relevant legislation and conflicts of interest;
- (f) performance benchmarks against market indices and peer universes will be established for both the fund and individual asset classes. The agreed to benchmarks will form an integral part of this agreement;

- (g) buy, sell, assign, transfer, exchange, convert or convey shares, stocks, bonds, debentures, rights, warrants, options or other securities;
 - (h) borrow money to purchase securities, purchase securities on margin or short-sell securities;
 - (i) exercise any proxy or voting rights and give any consents or waivers associated with any securities in which the Managed Assets are invested in the best interests of the fund, unless otherwise advised by the University;
 - (j) open accounts with banks, trust companies and other financial institutions and give instructions with respect to such accounts as may be necessary in order to invest the Managed Assets;
 - (k) enter into agreements relating to synthetic investment products including debt, equity, commodity, interest rate and currency futures, options, swaps and forward contracts, agreements relating to securities lending, investment and indemnity agreements and other agreements of every nature whatsoever related to the investment of the Managed Assets; and
 - (l) take any action contemplated by or incidental to implementing the Investment Policies.
6. UTAM will be subject to and act in accordance with relevant investment policies of, or approved by, the University or its Business Board (the "Business Board"), as amended from time to time, (the "Investment Policies") including without limitation, the following:
- University Funds Investment Policy and regulations thereunder
 - Expendable Fund Investment Pool Background Paper
 - Pension Fund Master Trust Investment Policy
 - Long-Term Capital Appreciation Pool Policy and regulations thereunder
 - Policy for the Preservation of Capital of Endowment Funds and regulations thereunder
 - Social and Political issues with respect to University Investment
- and other such policies as are declared by the University or its Business Board to be applicable to UTAM. In addition, UTAM will be subject to and act in accordance with other policies and instructions that may be approved from time to time by the University or the Business Board. Those instructions may relate, without limitation, to pooling or not pooling certain University funds for investment purposes, steps aimed at the preservation of the capital of University funds, and social and political criteria governing investments.
7. It shall be the duty of UTAM and its President and Chief Executive Officer to achieve the maximum possible rate of return on each Managed Asset, consistent with (i) applicable law, (ii) the Investment Policies referred to in the preceding clause hereof, (iii) a prudent standard of care for the safety of the capital and due attention to the special purposes and needs of each fund, and (iv) general good and prudent investment practices.

* approved by the Business Board at its meeting of April 7, 2003, with Schedule C to the service agreement approved by the Business Board at its meeting of January 19, 2004. The full text of the service agreement is available on the Governing Council website at www.utoronto.ca/govcncl, as part of the agendas for the April 7, 2003 and January 19, 2004 meetings.

SCHEDULE “C”

The investment returns achieved by UTAM are compared to performance benchmarks against market indices and peer universes. Effective January 1, 2005, these benchmarks¹ are:

LTCAP & Pension Master Trust

Composite Market Index Benchmark	
Canadian Equities	S&P/TSX Capped Composite ²
U.S. Equities	Russell 3000
NNA Equities	MSCI EAFE
Fixed Income - Nominal	Scotia Capital Bond Universe (50%) Scotia Capital Long Bond Index (50%)
- Real Return Bonds	Scotia Capital Real Return Bond Universe
Real Asset	Real Estate (50%) — NCREIF ³ Commodities (50%) — GSCI
Private Equities	Russell 3000 + 500 bps
Absolute Return	3 month LIBOR + 450 bps

Peer Universe Comparison	
Total Fund:	RBC GS ⁴ Balanced Funds Universe
Canadian Equity:	RBC GS Canadian Equity Funds Universe
U.S. Equity:	RBC GS U.S. Equity Funds Universe
International Equity:	RBC GS Non-North American Equity Funds Universe
Fixed Income:	RBC GS Canadian Fixed Income Funds Universe

EFIP

Target return for the calendar year ended 2004:

EFIP Total Fund:	Scotia Capital 365 Day (Canadian) Treasury Bill Index + 50 bps
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Foreign Exchange Currency Overlay Hedge Policy

	Hedge Ratio
U.S. Equities	50%
International Equities	50%
Non-Canadian Fixed Income	100%
Absolute Return	75%
Private Equity	50%
Real Assets	50%

¹ Based on total return indexes.

² The S&P/TSX Capped Composite Index and the S&P/TSX Composite Index share the same constituents, but each stock in the capped index is limited to a maximum weight of 10% of the index, measured on a quarterly basis.

³ NCREIF – National Council of Real Estate Investment Fiduciaries Index.

⁴ RBC GS – RBC Global Services, formerly SEI Funds Universe