

INVESTMENT MANAGEMENT AGREEMENT made as of the _____ 2007

B E T W E E N:

THE GOVERNING COUNCIL OF THE
UNIVERSITY OF TORONTO
(hereinafter called the "University")

OF THE FIRST PART

and

UNIVERSITY OF TORONTO ASSET
MANAGEMENT CORPORATION
(hereinafter called "UTAM")

OF THE SECOND PART

WHEREAS UTAM was incorporated pursuant to the Corporations Act (Ontario) by Letters Patent dated April 25, 2000, for the following objects, inter alia:

"(a) to manage, or see to and supervise the management of, the money, investments, investment funds and pension funds that come into the hands or are under the administration of The Governing Council of the University of Toronto, subject to and in accordance with the applicable policies from time to time approved by or on behalf of the Council; and

(b) to carry out such other duties and responsibilities on behalf of the said Council as may be properly delegated or assigned to the Corporation;"

AND WHEREAS the University has executed a Delegation of Authority to delegate to UTAM the power and authority to permit it to act as agent of the University to provide investment management services,

AND WHEREAS UTAM and the University wish to execute this investment management agreement (the "IMA"), which replaces all previous agreements.

WITNESSETH that in consideration of the premises and the mutual agreements and covenants herein contained, the parties hereto agree with each other as follows:

APPOINTMENT OF UTAM AS AGENT OF THE UNIVERSITY

1. 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) to provide investment management services (the "Services") for such of the money, investments, investment 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 "University Assets"), and such 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 "Pension 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.

2. The University sets investment risk and return targets and specifies other requirements in its investments policies, and their regulations, of or approved by the University or its Business Board, as amended from time to time (the "Investment Policies") including, without limitation the following:

- (a) University Funds Investment Policy;
- (b) Pension Master Trust Investment Policy;
- (c) Long-term Capital Appreciation Policy; and
- (d) Policy for the Preservation of Capital of Endowment Funds.

SERVICES TO BE PROVIDED BY UTAM TO THE UNIVERSITY

3. Investment strategy:

(a) **Determine investment strategy:** UTAM shall establish an investment strategy for the University Assets and the Pension Assets designed to meet the University's return and risk objectives as established by the University in the Investment Policies. The strategy should take into account all the factors which UTAM believes are relevant, including, without limitation, asset mix, choice of asset classes, and active versus passive management, and any and all other requirements as described under the Pension Benefits Act (Ontario) as amended from time to time.

(b) **Manage risk:** UTAM shall develop and put in place relevant and appropriate policies to deal with all relevant risks, reflecting a prudent approach and in accordance with the investment risk targets established by the University in the Investment Policies. 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. UTAM will establish appropriate mechanisms, e.g. risk budgeting, to determine the investment strategy in accordance with the risk profiles established in the Investment Policies.

4. **Execute investment strategy** for the University Assets and Pension Assets as permitted and constrained by the Delegation of Authority from the University to UTAM, as amended from time to time. Once a policy or policies are established for University Assets and Pension Assets and for other funds under its administration, UTAM will invest and manage the investment of such funds in accordance with such policies.

5. **Oversee Custodian:** UTAM will oversee the trustee/custodian as appointed by the University from time to time (the "Custodian"), currently State Street Trust Company Canada.
6. **Value the assets:** Securities, including private placements and other infrequently traded securities, shall be valued in accordance with the University's investment accounting policies by the Custodian. The University will specify the accounting policies to be followed from time to time. UTAM shall oversee the Custodian's valuation of securities, including valuation methodology. Investment accounting policies and valuation methodologies shall be acceptable to the University's external auditors.
7. **Maintain control systems** to ensure the completeness and accuracy of the University Assets and Pension Assets: the University relies on the reports of the Custodian in the preparation of the audited financial statements. UTAM shall establish and maintain an adequate and appropriate system of internal controls, including performing reconciliations as required, and shall provide appropriate oversight and monitoring of investment managers and the Custodian to ensure the completeness and accuracy of the University Assets and Pension Assets.
8. **Monitor and ensure compliance:** UTAM will observe and comply with all applicable laws and regulations of the Province of Ontario and of Canada that apply to its operations ("Applicable Laws") and will make on behalf of itself, or assist the University in making, any necessary returns to and filings with the Ontario Securities Commission as required by the Securities Act and Regulations thereunder and the Financial Services Commission of Ontario as required by the Pension Benefits Act and Regulations thereunder or with any other applicable regulator.
9. **Provide advice:** UTAM may from time to time be requested to provide advice to the University with respect to the establishment of Investment

Policies and to changes in those policies, and the University may accept such advice and make a recommendation to the Business Board accordingly.

10. Be accountable to the University:

- (a) The University may audit any aspect of UTAM, or its subcontractors to the extent permitted by agreement with the subcontractors, including without limitation its control systems, infrastructure, compliance processes, reports from the Custodian, valuation of securities as and when the University decides.
- (b) UTAM will assess its investment performance by comparing the actual investment performance for each fund forming part of the University Assets and the Pension Assets (i) to the risk and return targets set for it by the University in the Investment Policies, (ii) to other benchmarks, peer universes, and other appropriate comparators as specified by the University from time to time and (iii) to other benchmarks set by UTAM.
- (c) UTAM will provide reporting to the extent, and containing the content, and with the frequency to the satisfaction of the University, acting reasonably, including, without limitation
 - (A) To the senior officer of the University responsible for financial matters as so designated by the President of the University (the “senior university officer”): a monthly investment report
 - (B) To the Business Board: a full and extensive investment report at least semi-annually, or more frequently if requested by the Business Board
 - (C) the annual audited financial statements of UTAM, within two months of the end of its financial year.

11. **Make staff available to the University:** UTAM will make its President and chief executive officer and other senior officers and personnel, as appropriate, available to the University for meetings and other interactions as requested by the senior university officer.
12. **Maintain books and records:** UTAM agrees to maintain or cause to be maintained (as applicable) accurate and complete books and records, including accurate and complete records of all of the investments of University Assets and Pension Assets and all other activities undertaken by it as agent on behalf of the University in providing the Services hereunder, and to provide the University, on reasonable notice during regular business hours, with access thereto for purposes of inspecting, auditing or copying same.
13. **Maintain operations of UTAM:** UTAM will be responsible for maintaining its own books, records and providing all services, facilities and equipment necessary for its operations and reporting. UTAM may, at its option, lease some or all of such services, facilities and equipment from the University or may acquire its own.

SERVICES PROVIDED BY THE UNIVERSITY TO UTAM

14. UTAM may utilize the accounting, bookkeeping, payroll, purchasing, insurance and risk management, environmental, health and safety, consultation, pension administration, benefits administration and similar administrative services of the University in connection with the operations of UTAM, including without limitation, use of the University's AMS system and services of the office of the University's Controller, at rates of compensation comparable to those charged to the University's ancillaries, to be agreed upon between the parties. At the request of either party, each such service so utilized shall be the subject of an addendum to this Agreement.

15. The University will permit enrolment by UTAM employees in University benefit plans on the same basis of eligibility, with the same coverages and with the same carriers as those providing benefits for University employees, as amended from time to time on the condition that UTAM utilizes the payroll services of the University.
16. **Insurance:** UTAM is required to carry insurance for direct physical loss to physical property, comprehensive general liability, directors' and officers' errors and omissions liability, automobile and such other coverages as may be appropriate from time to time. The University will include UTAM under its insurance policies, where permissible and if desired by UTAM and UTAM will pay its appropriate share of premiums for any such insurance. At its option, if it is advantageous to do so, UTAM may obtain any insurance coverage other than through the University, subject to the approval of the senior university officer.

FEES AND EXPENSES TO BE CHARGED BY UTAM

17. All costs incurred by UTAM in providing the Services, including without limitation, the salaries and benefits of UTAM employees, the premises costs, travel and other usual business costs will be charged against the University Assets and the Pension Assets. UTAM will prepare an annual operating budget based upon the projected costs of UTAM determined in accordance with the process described in the preceding clause hereof and will submit the same before the end of December of each year for approval to the University to provide assurance that its operating costs are reasonable and appropriate in relation to the Services being provided.
18. UTAM will appoint external auditors, approved in advance by the University, to perform all required external auditing services.

REPRESENTATIONS AND WARRANTIES BY UTAM TO THE UNIVERSITY

19. UTAM represents that it is duly incorporated and is duly registered under the Securities Act (Ontario) to provide the Services.
20. UTAM agrees to adhere to all applicable laws, rules and regulations.
21. UTAM officers and directors represent that they will act as prudent experts and exercise appropriate due diligence.

REPRESENTATIONS AND WARRANTIES BY THE UNIVERSITY TO UTAM

22. The University represents that it has the power and authority to delegate authority to UTAM as set out in this Agreement.

OTHER

23. Nothing contained in this Agreement shall be construed to give UTAM or any of its officers, directors or employees the power to take any action on behalf of the University which is outside the scope of its authority hereunder, or shall constitute the parties as joint ventures, partners, co-owners or otherwise as participants in a joint undertaking.
24. **Confidential information:** For the purposes of this Agreement, the term "Confidential Information" shall mean any and all data and non-public information, written or oral, provided by one party hereto (the "Disclosing Party") to the other party hereto (the "Receiving Party") which relates in any way to the Disclosing Party or any elements of its business, including any and all technical information, compilations, programs, methods, designs, know-how, notes, memoranda, information relating to marketing, promotion, business practices, policies and strategies, proprietary investment products, financial models or analyses or other documents or records which are generated by the Receiving Party's review of any of the foregoing.

The Receiving Party acknowledges and agrees that all Confidential Information of the Disclosing Party is the property of the Disclosing Party

and that the Disclosing Party owns all right, title and interest in and to such Confidential Information regardless of whether any of the Confidential Information was created, generated, developed, produced or prepared by the Disclosing Party and regardless of whether any of the Confidential Information came into being before or after the execution of this Agreement. The Receiving Party agrees on its behalf, and agrees to cause its directors, officers and employees, to keep secret and maintain the confidentiality of the Confidential Information and not to use the Confidential Information except in connection with carrying out its obligations or exercising its rights hereunder. Notwithstanding the foregoing, UTAM shall have the right to disclose Confidential Information to its investment managers, professional consultants and other authorized delegates described in paragraph 3(b) of this Agreement, who have a need to know such information in order to assist in the provision of the Services hereunder and who agree to be bound by the terms of this paragraph 24.

Notwithstanding the foregoing, the term Confidential Information shall not include information which:

- (a) at the time of disclosure is in the public domain;
- (b) the Receiving Party can prove was independently developed or known by it on a non-confidential basis or was lawfully disclosed to it by a third party which, to the best of its knowledge, had a legal right to disclose the same; or
- (c) is required to be disclosed by the Receiving Party in accordance with applicable law or any order of any court of competent jurisdiction, after notice to the Disclosing Party.

25. Each party hereto hereby grants to the other party a non-exclusive licence to use and reproduce the other party's name and any trademarks

(including any logos and/or symbols related thereto) associated therewith in connection with the provision of the Services hereunder.

26. No waiver, excusing, overlooking or forgiving of any breach or non-observance or non-performance of any of the terms and conditions hereof by one party shall be binding on that party unless evidenced or confirmed as such in writing, nor shall the same prejudice the rights of the waiving party with respect to any future breach, non-observance or non-performance.
27. This Agreement shall come into force and be effective as at and from the date signed and will be continuously in force, as amended from time to time, until cancelled.
28. Except as herein otherwise expressly provided, no modification or amendment of this Agreement shall be binding unless in writing and executed by the parties hereto.
29. This Agreement is not assignable and shall enure to the benefit of and be binding upon the parties hereto and their respective successors.
30. The invalidity of any particular provision of this Agreement shall not affect the validity of any other provision and in such event, the Agreement shall be construed as if the invalid provision had been omitted.
31. This Agreement shall be construed and interpreted in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.
32. Any notice required or permitted to be given hereunder by one party to the other shall be in writing and hand-delivered, in the case of notice to the University, to it in care of the Office of the Vice-President, Business Affairs, Simcoe Hall, 27 King's College Circle, Toronto, M5S 1A1, marked for the attention of that officer, and in the case of notice to UTAM, to it at

MaRS Centre, Heritage Building, 101 College Street, Suite 350, Toronto, Ontario, Canada M5G 1L7, marked for the attention of its President, with a copy similarly delivered and marked for the attention of its Chair of the Board, and any notice so delivered shall be deemed to have been received and become effective on the second business day following the day of delivery.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed under the hands of their respective officers, duly authorized, and their respective corporate seals.

THE GOVERNING COUNCIL OF THE
UNIVERSITY OF TORONTO

UNIVERSITY OF TORONTO ASSET
MANAGEMENT CORPORATION
