

UWO Liquidating Trust Fund Mandate

Issue: Review the mandate of the UWO Liquidating Trust Fund to ensure that it reflects the long term investment objectives of the Board, including the ability to sell Restructured Notes and re-invest the proceeds if on the advice of the investment manager this can maximize returns or reduce risk to holders of Liquidating Trust Units.

Background:

The Joint Pension Board has the power to set the investment mandate for the investment funds and delegate management of the funds to an investment manager as long as the investments are made consistently with the mandate for the fund. The current Liquidating Trust mandate is to maximize the proceeds from disposition of MAV II notes and the value of the fund.

Mandate as set out in the Liquidating Trust Agreement dated Sept 30, 2009

3.1 Investment Objective

The Trustee shall from time to time, on the direction of the Manager, invest the assets of the Trust in a portfolio of MAV II Notes, and assets distributed by, exchanged for, comprising or otherwise related to the MAV II Notes held in the Trust. The Manager shall be responsible for the sale, liquidation or other disposition of the MAV II Notes and other property held in the Trust and for the reinvestment of interest payments or other distributions received by the Trust, with a view to maximizing the proceeds of such disposition and the liquidation value of the Trust.

3.2 Investment Restrictions

The Trustee may not invest or reinvest the assets other than in accordance with instructions as contemplated in Section 3.1. Interest payments or other distributions from the MAV II Notes shall be invested and reinvested in a portfolio of Canadian money market instruments, bankers' acceptances, term deposits and cash on the direction of the Manager.

Description of the Liquidating Trust Fund in the SIPP 2009

5.1 (g) The UWO Liquidating Trust includes investments in Restructured Notes received as a result of a *Companies Creditors Arrangement Act* restructuring plan for non-bank asset backed commercial paper held by pooled funds in which certain investment funds were invested. The Restructured Notes at present have

limited liquidity and the scope of professional management is limited by market conditions.

An updated description of the UWO Liquidating Trust will be prepared to reflect the new mandate and the market conditions for the Board's approval as part of the annual review of the SIPP.

The previous mandate shown in the SIPP for the UWO Liquidating Trust Fund was at October 2009 when Northwater was still the Manager. That mandate notes that there was a manager search currently undertaken for the Liquidating Trust. Subsequently Greystone, with KAG as sub-advisor, were appointed to manage the Liquidating Trust effective December 31, 2009.

The attached as Schedule A is the revised Investment Manager Mandate and Performance Standard document for the UWO Liquidating Trust to be amended at May 2010.

Revised Mandate for the UWO Liquidating Trust:

The Trustee shall from time to time, on the direction of the Manager, invest the assets of the Trust in a portfolio of fixed income securities, including but not limited to MAV II Notes, and assets distributed by, exchanged for, comprising or otherwise related to the MAV II Notes held in the Trust. The Manager shall be responsible for the sale, reinvestment, liquidation or other disposition of the MAV II Notes and other property held in the Trust, either at the maturity date of the securities or earlier in the Manager's discretion, and for the reinvestment of interest payments or other distributions received by the Trust, with a view to maximizing value of the Trust, while preserving capital.

Motion: to amend the mandate of the UWO Liquidating Trust to include the wording as noted above

GREYSTONE MANAGED INVESTMENTS AND THE KILGOUR ADVISORY GROUP

INVESTMENT MANAGER MANDATE AND PERFORMANCE STANDARDS

MANAGER SPECIALIZATION:

Greystone Managed Investments Inc. (Greystone) together with the Kilgour Advisory Group (KAG), who are acting as sub advisors, have been appointed by the University of Western Ontario Joint Pension Board (UWO) as investment manager (the Manager) for the UWO Liquidating Trust. The UWO Liquidating Trust is a fund that invests primarily fixed income securities including the MAV II Restructured Notes (formerly non bank asset backed commercial paper) received as a result of the settlement and restructuring of the non-bank asset backed commercial paper market in Canada which received court approval under a *Companies Creditors Arrangement Act* (“CCAA”) restructuring plan in January 2009.

INVESTMENT OBJECTIVE:

The investment objective of the Liquidating Trust (“The Fund”) is to facilitate the liquidation of the notes issued by the Master Asset Vehicle II (MAV II) special purpose entity held by the Fund and maximize the return of plan members holding units of the Fund.

INVESTMENT STRATEGY:

The Manager shall be responsible for the ongoing investment of the assets in the Fund including the Restructured Notes and interest payments generated by the Restructured Notes with a view to maximizing the return on the Fund, while preserving capital. The Manager has the discretion to sell assets held in the Liquidating Trust where in the view of Manager it may maximize the return on the fund or minimize risk of loss. Proceeds from the sale of assets must be re-invested in a diversified portfolio of high-quality fixed income securities.

INVESTMENT GUIDELINES:

The fund will have two categories of investments:

- 1) Restructured Notes include the following categories of investments:
 - i. MAV II Class A-1 Notes
 - ii. MAV II Class A-2 Notes
 - iii. MAV II Class B Notes
 - iv. MAV II Class C Notes
 - v. MAV II Tracking Notes Class 13
- 2) Reinvested Cash

The interest payments generated by the Restructured Notes and proceeds from selling the MAV II Notes will be invested in a portfolio of fixed income securities.

The asset mix should be restricted to the following:

Fund	% Range
TDF 2012	0% – 100%
TDF 2014	0% – 100%
TDF 2016	0% – 100%
CANADIAN BOND FUND	0% – 50%
GREYSTONE MONEY MARKET FUND	0% – 100%

The Fund is not permitted to purchase additional notes that are issued by the MAV II special purpose entity.

INVESTMENT CONSTRAINTS:

All securities held must meet qualification investment rules for the Registered Retirement Income Funds and Registered Retirement Savings Plans under Sections 146.3 and 204 of the Income Tax Act and Section 4900 of the Regulation to the Income Tax Act (the “Act”).

As well, the investments are subject to the specific constraints covered by the Regulations under the Pension Benefits Act, the Pension Benefits Standards Act, and the Income Tax Act.

CODE OF CONDUCT:

For these mandates, investment activities will be conducted in a manner consistent with the relevant section of the Code of Ethics and The Standards of Professional Conduct adopted by the CFA Institute.

PERFORMANCE STANDARDS:

Due to its liquidation mandate, the portion of the Fund holding Restructured Notes will not be subject to performance standards, but it will be monitored by the Joint Pension Board to ensure compliance with this mandate.

For the portion of the Fund holding high-quality short-term fixed income securities, The performance objective is to exceed the Fund’s benchmark return gross of fees. Investment performance is evaluated over a full market cycle, which generally lasts between three and five years.

PERSONNEL/STYLE:

Continuity in personnel is important to a successful investment management program. Greystone and KAG have been selected as an investment management organization for their investment approach and for the skill and experience of its decision making professionals that implement this approach.

It is understood that any changes or proposed changes in key personnel, ownership, investment management philosophy, style, approach, and/or fees, will be discussed, in detail, with the appropriate individuals of The University of Western Ontario.

MANAGER CONTACTS:

Primary contact at Greystone is Betty-Jane Thomas who is the account executive and primary contact for these mandates. The Primary contact at Kilgour Advisory Group is Daniel Williams.

MEETING FREQUENCY:

Performance reviews and investment strategy meetings will be held regularly but not less frequently than annually with the Joint Pension Board or internal staff of The University of Western Ontario.

TERMINATION:

The Board may exercise its discretionary termination rights under the Agreement for reasons that may include, but are not limited to, the following:

- (i) Not adhering to the stated investment guidelines.
- (ii) Performance results consistently below the stated performance objectives.
- (iii) Changes in ownership, personnel, structure, style, approach, and/or fees which might be deemed to affect the overall risk level of the assets or to reduce the potential return of the portfolios.

ADDENDUM:

The Liquidating Trust Fund originated as a fund to hold illiquid non-bank asset backed commercial paper. The Fund now holds Restructured Notes and cash, the objective is to maximize return for the assets and as needed liquidate the Restructured Notes either at maturity in 2017 or sooner, with a view to maximizing the return for unit holders.

If any item, guideline or constraint within this Investment Manager Mandates and Performance Standards statement proves to be too restrictive, in practice, given certain market conditions, it will be the responsibility of Manager to prepare a written report on the specific item for consideration by the Joint Pension Board of The University of Western Ontario.

This document may be amended from time to time. The University of Western Ontario agrees to provide Greystone and KAG with any and all such amendments.

Last revised: May 2010