



**SOFT DOLLAR AGREEMENT
ELECTRONIC TRADING**

BETWEEN: **Palos Management Inc.**
("Palos")

- and -

CIBC World Markets Inc.
("CIBC WM")

WHEREAS the parties wish to engage in Soft Dollar electronic trading transactions as defined in O.S.C. Policy 1.9 on specific terms and conditions as set out below.

The trades designated for Soft Dollars shall be in Canadian or U.S. listed equities or options.

All trades by *Palos* in the context of a new issue, or equivalent exercise, shall not be eligible for Soft Dollar treatment under this Agreement.

A percentage of execution fees will be allocated to *Palos'* Soft Dollar account.

The ratio for Soft Dollars is 1.25.

Palos' Soft Dollar trading with CIBC WM is in addition to and separate from *Palos'* regular Electronic trading business with CIBC WM, therefore, the two businesses are to be kept separate during *Palos'* commission allocation process.

The Soft Dollar commission generated will be accumulated in *Palos'* Soft Dollar 'pooled' account and paid out only to **pre-approved** vendors on CIBC WM's approved vendor list upon *Palos'* written instructions accompanied by the invoice involved, provided there are sufficient funds in *Palos'* account.

Any accumulated soft dollar balance in *Palos'* Soft Dollar account incurred during a given year may only be carried forward until the end of that same calendar year in which the Soft Dollar commissions were generated. Any balances in *Palos'* Soft Dollar account, which have not been used by December 31 of the same calendar year, will be moved to *Palos'* electronic trading account. *Palos* will have a grace period from January 1 to February 28 (29 for a leap year) to clear the balance in their Soft Dollar account. Any remaining balance after the grace period will be allocated to *Palos'* electronic trading account.

Both parties are aware of the terms of O.S.C Policy 1.9 and the AIMR Standards for Soft Dollars (the "Requirements"), and the parties agree that they will comply with the terms of the Requirements.

A month-end statement will be provided to *Palos* for each foregoing month, which will act as a confirmation of *Palos*' Soft Dollar trading. The statement will outline the commissions generated in the particular month, those commissions generated in previous months as well as the vendors paid on *Palos*' behalf. The statement will also reflect the balance in *Palos*' Soft Dollar account. Upon receipt of the statement, *Palos* will have until the 25th day of the current month to bring any discrepancies to the attention of CIBC WM. Adjustments made after this point will be at the discretion of CIBC WM.

Palos specifically understands that CIBC WM is acting only as intermediary in facilitating the payment by *Palos* of order execution or investment decision-making services. If any or all of the amounts payable under this Agreement are subject to GST or provincial sales tax, *Palos* is responsible for payment of such taxes. If any such taxes are assessed by the relevant taxation authorities against CIBC WM for third-party services used by *Palos*, an amount equal to the amount of such taxes owing will be paid by *Palos* to CIBC WM.

Palos specifically confirms that it will not direct brokerage transactions to CIBC WM as payment for goods or services other than order execution services or investment decision-making services and *Palos* understands that only those third-party research services that qualify as valid soft dollar expenses, under the Requirements, will be paid on *Palos*' behalf.


Palos represents and warrants that:

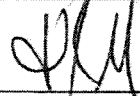
1. its investors are fully aware of and consent to *Palos*' soft dollar transactions;
2. the commissions used to pay for the expenses paid by CIBC WM pursuant to this Agreement will benefit the same investors of *Palos* that have generated the commissions; and
3. this Soft Dollar arrangement is consistent with industry best practices, including, without limitation, best execution.


This Agreement supercedes all other agreements concerning Soft Dollar transactions between the parties.


This Agreement is subject to annual review and may be terminated by either party with 30 days prior written notice.

Signed and agreed this 10 day of July, 2006.


Anthea Antonio
Director
CIBC World Markets Inc.


Authorized Signatory
Title Robert Orszul Director
Palos Management Inc.


Ron Schwarz
Managing Director
CIBC World Markets Inc.


Print Name of Authorized
Signatory: Herbert McKeown