

AMENDED AND RESTATED CUSTODIAN AGREEMENT

Pursuant to a consent to assignment, this Amended and Restated Custodian Agreement dated July 15, 2005 was assigned from The Royal Trust Company to RBC Dexia Investor Services Trust as of January 1, 2006.

AMENDED AND RESTATED CUSTODIAN AGREEMENT

THIS AMENDED AND RESTATED CUSTODIAN AGREEMENT made on the 15th day of July, 2005,

BETWEEN:

RBC ASSET MANAGEMENT INC., a company incorporated under the laws of Canada, in its capacity as manager of the mutual funds which from time to time comprise the **RBC Funds** (hereinafter the "**Company**")

- and -

THE ROYAL TRUST COMPANY, a trust company continued under the laws of Canada, in its personal capacity and not in its capacity as trustee of the Funds (hereinafter the "**Custodian**")

WITNESSETH THAT:

WHEREAS the Company is the manager of the mutual funds which from time to time comprise the RBC Funds (the "Funds");

WHEREAS the predecessor of the Company has appointed the Custodian as custodian to hold the assets and property of Funds pursuant to a custodian agreement dated January 1, 1995 (the "Custodian Agreement") and the Company and the Custodian wish to amend and restate the Custodian Agreement in the form of this Amended and Restated Custodian Agreement (the "Agreement");

WHEREAS any property (including all assets, cash, currencies and all rights to any property or cash) of the Funds paid or delivered by the Company to, and accepted by, the Custodian from time to time together with any additions, substitutions, proceeds and earnings and profits less any authorized payment therefrom is hereinafter referred to as the "**Property**";

AND WHEREAS the Company wishes to confirm the appointment of the Custodian to act as custodian of the Property of each Fund and to provide safekeeping and custodial services in respect of the Property pursuant to the terms of this Agreement;

AND WHEREAS the Custodian has agreed to continue to act as custodian for the Property of each Fund and to provide safekeeping and custodial services in respect of the Property of each Fund pursuant to the terms of this Agreement;

NOW THEREFORE, in consideration of the premises and of the mutual agreements set forth in

this Agreement, and for other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged by the parties), it is agreed between the parties as follows:

SECTION 1 **CUSTODIAL SERVICES**

Section 1.1 Definitions

In this Agreement, unless there is something in the subject matter or context inconsistent therewith, the following terms shall have the meanings ascribed to them below:

- (a) **"Business Day"** means any day on which The Toronto Stock Exchange is open for business.
- (b) **"Contractual Settlement Date"** has the meaning given in Section 1.10.
- (c) **"Corporate Actions"** means any conversion privileges, subscription rights, warrants or other rights or options available in connection with any Property, including those relating to the reorganization, recapitalization, takeover, consolidation, amalgamation, merger, liquidation, filing for or declaration of bankruptcy, plans of arrangement of any corporation or association.
- (d) **"Depository"** means any authorized domestic or foreign depository or clearing or settlement agency or system, including a transnational book-based system, and shall include The Canadian Depository for Securities Limited and the Depository Trust Company.
- (e) **"Directions"** shall mean all directions, notices, requests, instructions and any other communications of the Company or any Investment Manager given to the Custodian in accordance with Section 2.
- (f) **"Funds"** means the trust funds, as defined in the first recital of this Agreement, established pursuant to the trust agreement, as the same may be supplemented from time to time.
- (g) **"Investment Manager"** means any person or entity designated by the Company pursuant to Section 2.
- (h) **"Property"** at any time, means any property (including all assets, cash, currencies and all rights to any property or cash) of a Fund paid or delivered by the Company to, and accepted by, the Custodian from time to time, including any funds realized from the distribution of units of that Fund, and any additions thereto, substitutions, proceeds, earnings and profits, less any authorized payment therefrom.
- (i) **"Voting Materials"** means all proxies, proxy solicitation materials and other communications received by the Custodian relating to the Property that call for voting.

Section 1.2 Amendment and Restatement

The Custodian Agreement is hereby amended and restated in the form of this Agreement.

Section 1.3 Appointment

The Company hereby appoints the Custodian, and the Custodian hereby accepts appointment as the custodian of the Property with responsibility for the safekeeping of the Property, subject to the terms of this Agreement.

Section 1.4 Subcustodians

- (a) The Custodian may appoint subcustodians (who may be affiliated with or otherwise related to the Custodian) and enter into subcustodianship agreements on terms consistent with this Agreement, provided, however, that written consent to such appointment has been provided by the Fund, acting through the Company. For the purposes of this Agreement, such consent is deemed to have been obtained in respect of the appointment of those subcustodians which are part of the Custodian's international network of subcustodians upon the Custodian providing the Company with the Custodian's terms and conditions of global custody services. Further, upon notice to the Company or the Investment Manager, on behalf of the Funds, of the appointment of any additional subcustodians or any change in the Custodian's international network, each Fund will be deemed to have consented to such appointment.
- (b) A subcustodian appointed by the Custodian shall be permitted to appoint a sub subcustodian only upon the prior written consent of the Custodian, and the Funds acting through the Company and shall enter into sub subcustody agreements on terms consistent with this Agreement.
- (c) Adequate provision must be made in the subcustody agreements or sub-subcustody agreements for a Fund, acting directly or through the Custodian or subcustodian as the case may be, to enforce its rights in respect of the assets of the Fund which are held by the appointed subcustodian or sub-subcustodian.
- (d) Any subcustodian appointed by or under the authority of the Custodian shall meet any guidelines for acting as a subcustodian prescribed by securities regulatory authorities in Canada from time to time (the "guidelines") and shall execute an agreement in a form that complies with the guidelines. The Custodian shall annually review this Agreement and all subcustodian agreements to determine if those agreements are in compliance with the guidelines, and shall also make reasonable enquiries as to whether each subcustodian satisfies the applicable requirements of the guidelines. The Custodian shall make or cause to be made, any changes as may be necessary to ensure that this Agreement and the subcustodian agreements are in compliance with the guidelines, and that all subcustodians of the Funds satisfy such applicable requirements.

- (e) Where required under applicable law, the Custodian shall, within 60 days following the end of each financial year of the Funds, advise the Funds in writing of the names and addresses of all subcustodians of the Funds, whether this Agreement and the subcustodian agreements are in compliance with the guidelines, and whether, to the best of the knowledge and belief of the Custodian, each subcustodian satisfies the applicable requirements of the guidelines. The Company on behalf of the Funds shall deliver a copy of this report to the applicable securities regulatory authorities within 30 days after the filing of the annual financial statements of the Funds.

Section 1.5 Holding of Property

Except as otherwise provided herein, all Property shall be held in Canada by the Custodian or a duly appointed subcustodian, or outside Canada by the Custodian or a duly appointed subcustodian if appropriate to facilitate portfolio transactions of a Fund outside Canada. Property may also be held in accordance with Directions where permitted by applicable law.

Section 1.6 Depositories

The Custodian is also empowered to hold securities forming part of the Property through a Depository on the terms of business of the operators of such Depositories, and may effect settlement in accordance with the customary or established trading and processing practices and procedures in the jurisdiction or market in which any transaction in respect of the Property occurs. The Custodian shall be fully protected and absolved from any liability howsoever arising from effecting transactions in the foregoing manner except to the extent that such liability arises out of the Custodian's breach of its standard of care in carrying out Directions in connection with any Depository.

Section 1.7 Depository Rules

Where Property is so held through a Depository, the Company confirms that it will not assert any claim in respect of such Property which would be contrary to the rules and procedures of that Depository, and will not knowingly act in any way which could result in the Custodian being in breach of any rule or procedure of that Depository.

Section 1.8 Recording of Property

All Property shall at all times and in all circumstances be clearly recorded in the books and records of the Custodian so as to show that the beneficial ownership of the Property is vested in the relevant Fund.

If Property is held by a subcustodian, such Property:

- (a) shall be identified in the books and records of the Custodian as being held on behalf of,
or
registered in the name of, the relevant Fund by that subcustodian; and

- (b) shall be maintained and clearly recorded by the subcustodian in an account holding only property for customers of the Custodian, and shall be transferred or dealt with by the subcustodian only on the instructions of the Custodian.

In the event that a Depository is used to hold Property, such Property shall be identified by that Depository in its books as being held for the account of the Custodian on behalf of its clients. In the event that a subcustodian uses a Depository to hold Property, such Property shall be identified by that Depository in its books as being held for the account of the subcustodian on behalf of its clients.

The Custodian may commingle Property with property of other clients of the Custodian (but not with property held for the Custodian's own account), in which case the Fund shall be entitled, in common with those other clients, to its proportionate share of such Property so held and/or the rights thereto.

Section 1.9 Registration of Property

Property may be registered in the Custodian's own name, in the name of a subcustodian appointed under this Agreement, in the name of a Depository, or any of their respective nominees, or in bearer form.

Section 1.10 Accounting

The Custodian shall account for all Property received by it, shall disburse or retain any income received thereon and/or capital pursuant to Directions and provide monthly statements of account in such format as may be agreed to by the parties. Additional statements as required to satisfy the requirements of any regulatory or administrative agencies will also be provided as requested by, and at the expense of, the Company.

Section 1.11 Withdrawal of Property

All Property held by the Custodian shall be surrendered only in accordance with Directions except as otherwise provided in this Agreement. The Custodian shall have no duty or responsibility in respect of the application of the Property so withdrawn, or withdrawn on termination of this Agreement.

Section 1.12 Services to be Performed by the Custodian

A. Services Performed pursuant to Directions

The Custodian shall, on Direction:

- (a) settle on behalf of a Fund the purchase and sale of Property;
- (b) complete and process Voting Materials;

- (c) process Corporate Actions, provided that the Company or Investment Manager has provided Directions to the Custodian within the time frames specified by the Custodian in its notice relating to such Corporate Actions. In the event Directions have not been provided within such time frames the Custodian shall have no liability for failure to process such Corporate Action, but the Custodian shall use reasonable efforts to process such Corporate Action;
- (d) borrow money against the Property, provided that the principal and interest charged on such borrowing shall be paid out of the Property in respect of the relevant Fund;
- (e) write, issue, purchase, hold, sell and exchange derivative products, and enter into derivative contracts and transactions, including without limitation:
 - (i) rate swap transaction, swap option, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, credit protection transaction, credit swap, credit default swap, credit default option, total return swap, credit spread transaction (including an option with respect to any of these transactions and any combination of these transactions);
 - (ii) repurchase transaction, reverse repurchase transaction or buy/sell back transaction;
 - (iii) forward contracts;
 - (iv) financial and/or stock index futures contracts;
 - (v) contracts under which the rights and/or liabilities of the parties are determined by reference to a financial and/or stock index or securities or commodities;
 - (vi) contracts or other instruments or strategies the value of which is based upon the market price, value or level of an index or the market price or value of a security, commodity, economic indicator or financial instrument or bench mark, or the value of a specified account in which securities, commodities and/or derivative transactions or any combination of such transactions may be carried out; and
 - (vii) put and call options on securities, contracts, instruments, or derivative products; and
 - (viii) any transaction similar to any of those enumerated above that is currently or in the future becomes regularly entered into in the financial markets and that is a forward, swap, future or option on one or more rates, currencies, commodities,

equity securities or other equity instruments, debt securities or debt instruments, or economic indices or measures of economic risk or value;

whether or not such derivative products, contracts or transactions or any underlying interest are traded over-the-counter or on an exchange; all provided that the Company first provides the Custodian with a general letter of direction and indemnity in a form satisfactory to the Custodian; and

- (f) participate on behalf of a Fund in a securities lending program, in any jurisdiction in which securities are held hereunder, administered by the Custodian or its affiliate (the "Program").
- (g) if, after the date of this Agreement, the Company requires transition management services to facilitate the transfer of its portfolios of securities from an existing Investment Manager to another Investment Manager, the Company will, by Direction engage Royal Trust Corporation of Canada (or its successors and assigns) in its capacity as transition management services provider, to act as its transition manager and will enter into a separate written agreement with the Royal Trust Corporation of Canada (or its successors and assigns) in respect of such services.

B. Services to be performed without Directions

The Custodian will, without Direction:

- (a) enter into and settle foreign exchange transactions on behalf of a Fund for purposes of facilitating settlement of trades of Property in connection with that Fund, and any such transactions may be entered into with such counterparties as the Custodian in connection with that Fund may choose in its sole discretion including its affiliates;
- (b) take all reasonable steps to collect and receive all income, principal, dividends and other payments and distributions when due in respect of any Property in its custody and promptly credit all cash receipts received by it for the account of the relevant Fund;
- (c) with respect to Voting Materials, promptly forward, or arrange to have promptly forwarded, to the Company (or such Investment Manager which the Company has designated as having responsibility for a security which forms part of the Property) all Voting Materials which the Custodian receives;
- (d) with respect to Corporate Actions, promptly forward to the Company (or such Investment Manager which the Company has designated as having responsibility for a security which forms part of the Property) a summary of information which is received by the Custodian from sources believed by the Custodian to be reliable, and request instructions with respect to any such Corporate Action where required. For greater certainty, other than as described above, the Custodian shall not be obligated to forward or summarize any other shareholder communications, including shareholder mailings, notices, or reports;

- (e) in its sole discretion, advance monies by overdraft to a Fund for the purposes of settlement of portfolio transactions, on such terms and conditions as the Custodian may in its sole discretion determine, provided that, in order to secure the obligations of the relevant Fund to repay such borrowings, the principal of and interest charged on such borrowing shall be paid out of the Property of that Fund and shall constitute a charge against the Property of that Fund until paid; and
- (f) do all such acts, take all such proceedings and exercise all such rights and privileges, although not specifically mentioned in this Agreement, as the Custodian may deem necessary to carry out its rights and obligations under this Agreement.

Section 1.13 Settlement

The Custodian shall, in jurisdictions where settlement practices permit, credit the Property of a Fund, in connection with the receipt of interest or dividends or the sale or redemption of any security held hereunder, and debit the Property of a Fund, in connection with the purchase of any security, on the Contractual Settlement Date with respect thereto, whether or not such monies have been received, or payment made, by the Contractual Settlement Date. However, if after a reasonable time (as determined by the Custodian) following the Contractual Settlement Date any such payment or receipt shall fail to take place for any reason other than the failure of the Custodian to make payment against delivery or delivery against payments, all related credits and debits shall be reversed and adjusted to reflect the failure of the transaction to take place.

"Contractual Settlement Date" means:

- (a) with respect to the purchase or sale of any bond or stock, the date the parties have contracted to settle the trade, provided the Custodian has received reasonable notice;
- (b) with respect to the purchase or sale of any short term money market investments, the date specified by the Company at the time at which it gave instructions to the Custodian;
- (c) with respect to the maturity of a security, the maturity date; and
- (d) with respect to interest and dividend payments, the due date established by the payor.

Section 1.14 Cash Balances

The Custodian may retain uninvested cash balances from time to time on hand in any of the Funds and may, in its sole discretion:

- (a) hold the same on a pooled basis in a pooled trust fund;
- (b) hold such cash balances on deposit with a bank or such other deposit taking institution, including the Custodian or its affiliates, in any jurisdiction in such interest bearing account as the Custodian in its sole discretion may determine; or

- (c) subject to Directions, invest such cash balances in guaranteed investment certificates of itself or any of its affiliates.

Section 1.15 Investment Management

The Company shall be responsible for the investment management of the Property and all investment decisions. For greater certainty, it is hereby confirmed that the Custodian shall have no responsibility for the investment management of the Property or for the investment decisions except for carrying out Directions.

The Company may designate one or more Investment Managers to manage the investment of some or all of the Property in respect of one or any of the Funds and to provide Directions to the Custodian with regard to such Property. Such appointment and designation of such Property must be made to the Custodian by the Company by way of Directions. The Custodian may assume that the designation of an Investment Manager continues in force until it receives written notice to the contrary from the Company by way of Directions.

SECTION 2 **DIRECTIONS AND COMMUNICATIONS**

Section 2.1 Directions

All Directions shall be given in one of the methods authorized by Section 2.3 below and shall be given by an authorized officer, person or other representative of the Company or the Investment Manager, as the case may be.

The Company and each Investment Manager shall, from time to time, provide to the Custodian a certificate, substantially in the form set out in Schedule "A" hereto, signed by the President, a Vice-President or the Secretary of the Company or the Investment Manager, as the case may be, stating the name(s) and title(s) of the authorized officer(s), person(s) or representative(s) authorized to act on behalf of the Company or the Investment Manager, as the case may be, together with specimen signatures of all such authorized officers, persons or representatives. The Company and each Investment Manager shall keep the Custodian informed as to any changes in its authorized signatories, and the Custodian shall be entitled to rely upon the identification of such persons as specified in each such certificate as the persons entitled to act on behalf of the Company and such Investment Manager for the purposes of this Agreement until a later certificate respecting the same is delivered to the Custodian.

Without limiting the foregoing, in the case of Directions sent through one of the Custodian's secured access channels, including ViewFinder, or sent directly between electromechanical or electronic terminals (including, subject to Section 2.7, the internet or unsecured lines of communication), the parties acknowledge that it may not be possible for such Directions to be executed, however the Custodian shall nevertheless be protected in relying on such Directions as if they were written Directions from the Company or the Investment Manager, as the case may

be, executed by an authorized signatory of the Company or the Investment Manager, as the case may be. The Custodian shall be entitled, without further inquiry or investigation, to assume that such Directions have been duly and properly issued by the Company or the Investment Manager, as the case may be, and that the sender(s) is/are duly authorized to act, and to provide Directions, on behalf of the the Company and the Investment Manager, as case may be.

Without limitation, the Custodian shall:

- (a) be fully protected in acting upon any Direction believed by it to be genuine and presented by the proper person(s); and
- (b) be under no duty to make any investigation or inquiry as to any statement contained in any such Direction but may accept such statement as conclusive evidence of the truth and accuracy of such statement.

Section 2.2 Limitations in respect of Directions

The Custodian shall act in accordance with Directions, and shall be fully protected and absolved from any liability arising therefrom. Further, notwithstanding anything else in this Agreement, the Custodian shall not be required to comply with Directions to settle the purchase of any securities on behalf of a Fund unless there is sufficient cash in a Fund at the time, nor shall the Custodian be required to comply with Directions to settle the sale of any securities on behalf of a Fund unless such securities are in deliverable form. If the Custodian is not provided with Directions when required hereunder, then the Custodian shall be fully protected and absolved from any liability arising from the failure to act in the absence of Directions.

Section 2.3 Methods of Communication

All communications hereunder (including, for greater certainty, Directions) must be given by one of the following methods of communication:

- personal or courier delivery;
- prepaid ordinary mail;
- authenticated telex;
- facsimile;
- S.W.I.F.T.;
- one of the Custodian's secured client access channels, including ViewFinder;
- directly between electromechanical or electronic terminals (including, subject to Section 2.7, the internet or unsecured lines of communication); or
- telephone (subject to Section 2.5).

Communications should be addressed, as applicable, as follows:

(a) in the case of the Custodian:

The Royal Trust Company
Royal Trust Tower, 12th Floor
77 King Street West
P.O. Box 7500, Station "A"
Toronto, Ontario
M5W 1P9

Attention: Vice-President, Institutional and Investor Services

Telephone: (416) 955-3560

Facsimile: (416) 955-6554

(b) in the case of the Company:

RBC Asset Management Inc.
Royal Trust Tower, 3rd Floor
55 King Street West
P.O. Box 7500, Station "A"
Toronto, Ontario
M5W 1P9

Attention: Brenda Vince, President

Telephone: (416) 955-2238

Facsimile: (416)955-5694

or at such other address and number as the party to whom such communication is to be given shall have last notified to the party giving the same in the manner provided in this Section.

Section 2.4 Deemed Delivery

Any communication delivered personally shall be deemed to have been given and received on the day it is so delivered (or if that day is not a Business Day, on the next succeeding Business Day). Subject to disruptions in the postal service, any communication sent by prepaid ordinary mail shall be deemed to have been given and received on the fifth Business Day following the date of mailing. Any communication given by authenticated telex, facsimile, S.W.I.F.T., one of the Custodian's secured client access channels or directly between electromechanical or electronic terminals (including, subject to Section 2.7, the internet or unsecured lines of communication) shall be deemed to have been given and received on the Business Day it is transmitted provided that it was received before 3:00 p.m. (Toronto time), and, if received after 3:00 p.m. (Toronto time), it shall be deemed to have been given and received on the Business Day following the day of transmission provided in each case that confirmation of transmission is available from the party giving the communication.

Nothing in this Agreement shall create an obligation for the Custodian to constantly monitor its electronic communication equipment, provided that reasonable monitoring is performed within business hours of the Custodian where communications are sent and the Custodian will not be held liable for an omission to act from not receiving electronically transmitted communications (including, without limitation, Directions). In the event of any disagreement as to whether electronic communications (including, without limitation, Directions) have been received by the Custodian, the sender will have the onus of proving that such electronic communications have been so received.

Section 2.5 Telephone Directions

With respect to telephone Directions, the Company shall endeavor to forward written Directions confirming such telephone Directions on the same day that such verbal Directions are given to the Custodian. The fact that such confirming written Directions are not received or that contrary Directions are received by the Custodian shall in no way affect the validity of any transactions effected by the Custodian on the basis of the telephone Directions.

Section 2.6 Recording of Telephone Communications

The Company acknowledges and agrees that some or all telephone communications between the parties, including, without limitation, Directions, may be recorded by the Custodian. In the event of any disagreement as to the content of any communication given by telephone, the Custodian's recording will be conclusive and determinative of the contents of such communication.

Section 2.7 Internet

The Company agrees that communications (including, without limitation, Directions) given through the internet, or any other electronic means of communication which is not secure, may only be validly given hereunder if the Company has first provided the Custodian with a letter of acknowledgement satisfactory to the Custodian.

SECTION 3 **FEES AND CHARGES**

Section 3.1 Fees

In consideration of the services provided by the Custodian hereunder, the Custodian shall be paid such compensation as may from time to time be agreed upon in writing between the Company and the Custodian. In addition, the Custodian shall be reimbursed for any disbursements and expenses incurred in the performance of its duties hereunder.

Section 3.2 Statements

The Custodian shall send to the Company itemized statements setting out the amount of all compensation, disbursements and expenses provided for in Section 3.1, and such amounts shall be due and payable within thirty days after the date on which such invoice is deemed to be received hereunder.

Section 3.3 Claim against Property for Amounts Owing

Notwithstanding any other provision of this Agreement, the Custodian, acting reasonably, shall not be obliged to act upon Directions in respect of a Fund (including the delivery of any Property of that Fund to any person) until all the amounts due and owing to the Custodian in connection with that Fund under this Agreement have been paid in full. The Custodian shall give the Company and/or any Investment Manager notice of its decision not to act as soon as practicable thereafter.

Without prejudice to any power or right that the Custodian may otherwise have under any applicable law, the Custodian may, in its discretion (upon reasonable notice in the circumstances to the Company), unless prior payment has been made by the Company:

- (a) deduct from the Property of a Fund (which, for the purposes of this Section shall include any account with any third party with whom cash has been deposited by the Custodian on behalf of the Fund) any amounts due and owing to the Custodian in connection with that Fund under this Agreement; and/or
- (b) sell any Property of that Fund on such terms as it thinks fit in its discretion, credit any proceeds of such sale to the Fund, and deduct from such proceeds any amounts due and owing under this Agreement.

SECTION 4 **STANDARD OF CARE**

Section 4.1 Standard of Care

The Custodian, in carrying out its duties in respect of the safekeeping of, and dealing with, the Property, shall exercise:

- (i) the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances; or
- (ii) at least the same degree of care as it exercises with respect to its own property of a similar kind, if this is a higher degree of care than the degree of care referred to in paragraph (i).

Section 4.2 Liability of the Custodian

Except to the extent that the Custodian that has not complied with Section 4.1, the Custodian shall not be liable for any act or omission in the course of, or connected to, rendering services hereunder or for loss to, or diminution of, the Property. In no event shall the Custodian be liable for any consequential or special damages, including but not limited to loss of reputation, goodwill or business.

Section 4.3 Limitation of Responsibility

For greater certainty, and except to the extent that the Custodian has breached the standard of care set out in Section 4.1 of this Agreement, the Custodian shall not be responsible for:

- (a) the authenticity or validity of title to any Property which the Custodian did not arrange itself to have appropriately registered;
- (b) any act or omission required or demanded by any governmental, taxing, regulatory or other competent authority in any country in which all or part of the Property is held or which has jurisdiction over the Custodian or the Company;
- (c) any loss resulting from official action (including nationalisation and expropriation), currency restrictions or devaluations, acts or threat of war or terrorism, insurrection, revolution or civil disturbance, acts of God, strikes or work stoppages, inability of any Depository or other settlement system to settle transactions, interruptions in postal, telephone, telex and/or other communication systems or in power supply, or any other event or factor beyond the reasonable control of the Custodian; or
- (d) any failure to act on Directions, if the Custodian reasonably believed that to do so might result in breach of any applicable law or regulation (whether or not having the force of law) or the terms of this Agreement (but no duty of the Custodian to comply with any such law or regulation, or in respect of this Agreement, shall be implied from the foregoing).

Section 4.4 Indemnification of the Custodian

The Custodian, and its affiliates, subsidiaries and agents, and their directors, officers, and employees (each an "Indemnified Party"), shall at all times be indemnified and saved harmless by the applicable Funds and by the Company from and against all legal fees, judgments and amounts paid in settlement, actually and reasonably incurred by the Indemnified Party in connection with custodial or sub-custodial services provided hereunder except to the extent incurred as a result of breach of the standard of care set out in Section 4.1 of this Agreement. For greater certainty, the foregoing does not make the commencement of formal legal proceedings a precondition for indemnification hereunder.

Further, none of the provisions of this Agreement shall require the Custodian to expend or risk its own funds, appear in, prosecute or defend proceedings, or otherwise incur financial liability

in the performance of any of its duties or in the exercise of any of its rights or powers hereunder, unless first indemnified to its reasonable satisfaction.

SECTION 5 **AGENTS AND THIRD PARTIES**

Section 5.1 Agents.

The Custodian may appoint agents (which may be affiliated with or otherwise connected to the Custodian or any subcustodian) to conduct any of the services to be performed by the Custodian as required under the Agreement.

Section 5.2 Selection and Monitoring for Agents, Subcustodians and Nominees

The Custodian shall act in accordance with its standard of care set out in Section 4.1 of this Agreement in the selection and monitoring of such agents and subcustodians.

Section 5.3 Liability for Subcustodians, Nominees and Agents

Subject to Section 5.5 and Section 5.6 below, if a Fund suffers a loss as a result of any act or omission of a subcustodian or its nominee, or of any other agent appointed by the Custodian (rather than appointed by the Company) and if such loss is directly attributable to the failure of such agent to comply with its standard of care in the provision of any service to be provided by it under this Agreement, then the Custodian shall assume liability for such loss directly, and shall reimburse the Company accordingly.

Other than as stated above and in Section 5.2, the Custodian shall not be liable for any act or omission of any subcustodian or its nominees, or other agent appointed by the Custodian or appointed by the Company.

For greater certainty, a Depository is not a subcustodian or an agent of the Custodian for the purposes of this Agreement, and the Custodian has no liability whatsoever for the selection or monitoring of, or the acts or omissions of, Depositories.

Section 5.4 Rights of Agents, Subcustodians and Nominees

For greater certainty, any rights, powers, authorities, benefits, and limitations on liability or responsibility whatsoever granted to the Custodian under this Agreement or conferred upon the Custodian otherwise at law shall be deemed to have been granted to any and all nominees, agents and subcustodians duly appointed by the Custodian, and in furtherance thereof, any references to “the Custodian” herein shall be construed as references to such nominees, agents or subcustodians, as the context requires.

Section 5.5 Loss from Agent/Subcustodian Insolvency

For greater certainty, the Custodian shall not be responsible for any loss or diminution in respect of any or all Property resulting from the bankruptcy or insolvency of any such agent of the Custodian, except to the extent that the Custodian fails to meet its standard of care set out in Section 4.1 with respect to the selection and monitoring of such agent.

Section 5.6 Designated Markets

Notwithstanding any other provision of this Agreement, in certain designated markets where the Custodian is providing custodial services (whether directly or through a subcustodian) in respect of a Fund, the Custodian may not be able to accept some of the liabilities for the acts of its agents which are otherwise contemplated by this Agreement. Accordingly, the Custodian will, through a side letter or side letters specify the specific responsibilities of the Custodian which apply to the designated market or markets in question. The terms of such side letter as agreed to in writing by the Company will amend the related provisions of this Agreement.

Section 5.7 Experts

The Custodian may rely and act upon any statement, report or opinion prepared by or any advice received from the auditor of the Funds as appointed by the Company from time to time, or from solicitors or other professional advisors of the Funds and shall not be responsible nor held liable for any loss or damage resulting from so relying or acting if the advice was within the area of professional competence of the person from whom it was received, the Custodian acted in good faith in relying thereon and the professional advisor was aware that the Custodian was receiving the advice in its capacity as custodian of the Funds and the Custodian acted in good faith in relying thereon.

SECTION 6 REPRESENTATIONS AND WARRANTIES

Section 6.1 Company Representations

The Company hereby represents and warrants that it has full power and authority to enter into this Agreement, and to perform all of its obligations hereunder, and more specifically and without limitation:

- (a) to grant to the Custodian the powers and authorities granted to it pursuant to this Agreement, including all powers and authorities in respect of each of the Funds and any Property;
- (b) to authorize the Custodian to establish bank accounts in the name of each of the Funds with the Custodian;
- (c) to give Directions in relation to the safekeeping and custody of the Property, and to authorize others to do so where applicable, all in accordance with Section 2; and

- (d) that it has obtained all of the necessary authorizations, including authorization by each of the Funds to enter into this Agreement on each Fund's behalf.

SECTION 7 **AMENDMENT AND TERMINATION OF AGREEMENT**

Section 7.1 Amendments

This Agreement may be amended at any time and from time to time, in whole or in part, by written agreement of the Company and the Custodian.

Section 7.2 Termination

Either party may at any time terminate this Agreement without any penalty by giving at least 30 days' prior written notice to the other party of such termination. Such prior notice is not required and termination will be immediate upon the giving of notice in accordance with Section 2 in the event that;

- (a) either party is declared bankrupt or shall be insolvent;
- (b) the assets or the business of either party shall become liable to seizure or confiscation by any public or governmental authority; or
- (c) the Company's powers and authorities to act on behalf of or represent the Fund have been revoked or terminated.

Section 7.3 Delivery of Property on Termination

Except as otherwise provided herein, the Custodian hereby agrees upon termination of this Agreement to deliver to or to the order of the Company all Property. The Company hereby agrees to accept delivery of any securities of the same class and denomination in place of those delivered to or acquired by the Funds.

SECTION 8 **MISCELLANEOUS**

Section 8.1 Payment out of Property

The Custodian shall pay out of the Property of the relevant Fund all taxes and other assessments levied or assessed under applicable laws in connection with such Property or such Fund, and shall withhold from payments out of such Property, all taxes and other assessments required to be so withheld.

Section 8.2 Access

The Custodian shall, on reasonable notice and during normal business hours, make available to and permit the officers, employees and agents of the Company, the auditors of the Funds (so long as they are retained by the Company in that capacity) and such regulatory authorities as may have lawful jurisdiction over the Funds to inspect and make copies of all accounts, books and records maintained by the Custodian in connection with its duties under this Agreement, provided such persons comply with the Custodian's reasonable requirements as to confidentiality.

Section 8.3 Self-Dealing

The Custodian's services to the Company are not exclusive and, subject to the limitations otherwise provided in this Agreement on the power and authorities of the Custodian, the Custodian may for any purpose, and is hereby expressly authorized from time to time in its discretion to, appoint, employ, invest in, contract or deal with any individual, firm, partnership, association, trust or body corporate, including without limitation, itself and any partnership, trust or body corporate with which it may directly or indirectly be affiliated or in which it may be directly or indirectly interested, whether on its own account or for the account of another (in a fiduciary capacity or otherwise), without being liable to account therefor and without being in breach of this Agreement.

Without limiting the generality of the foregoing, the Company hereby authorizes the Custodian to act hereunder notwithstanding that the Custodian or any of its divisions, branches or affiliates may:

- (a) have a material interest in the transaction or that circumstances are such that the Custodian may have a potential conflict of duty or interest including the fact that the Custodian or any of its affiliates may:
 - (i) purchase, hold, sell, invest in or otherwise deal with securities or other property of the same class and nature as may be held in a Fund, whether on its own account or for the account of another (in a fiduciary capacity or otherwise);
 - (ii) act as a market maker in the securities that form part of the Property to which Directions relate;
 - (iii) provide brokerage services to other clients;
 - (iv) act as financial adviser to the issuer of such securities;
 - (v) act in the same transaction as agent for more than one client;
 - (vi) have a material interest in the issue of securities that form part of the Property;
 - (vii) use in other capacities knowledge gained in its capacity as custodian hereunder;

and

(b) earn profits from any of the activities listed herein,

without being liable to account therefor and without being in breach of this Agreement.

Section 8.4 Assignment

Subject to Section 8.5, neither this Agreement nor any of the rights or obligations either party hereunder may be assigned to any other person without the prior written consent of the other party.

Section 8.5 Successors

Any trust company resulting from the merger or amalgamation of the Custodian with one or more trust companies and any trust company which succeeds to substantially all of the custody business of the Custodian shall thereupon become the successor to the Custodian hereunder without further act or formality.

Section 8.6 Confidentiality

Subject to 8.3(a)(vii), each party shall hold in confidence all information relating to the Property and this Agreement and may only release such information to others where required by law or pursuant to Directions, if applicable, or as otherwise agreed between the parties.

Section 8.7 Governing Laws

This Agreement shall be governed by and interpreted in accordance with the laws of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed as of the day and year first written above.

RBC ASSET MANAGEMENT INC., in its capacity as manager of the Funds

By: “Frank Lippa”

By: “Brenda Vince”

THE ROYAL TRUST COMPANY, in its capacity as custodian of the Funds

By: “Donna Mandau”

By: “Larry W. Veitel”