

**INVESTMENT MANAGEMENT AGREEMENT**

-----In San Juan, Puerto Rico, this 1<sup>ST</sup> day of July, 2009. -----  
-----AS PARTY OF THE FIRST PART: PUERTO RICO GOVERNMENT EMPLOYEES AND JUDICIARY RETIREMENT SYSTEMS ADMINISTRATION, on behalf of the Employees' Retirement System of the Government of Puerto Rico and the Judiciary Retirement System, represented by the Systems' Acting Administrator, Manuel Iglesias Beléndez, of legal age, married, and resident of San Juan, Puerto Rico who represents himself to be duly authorized to execute this Agreement as he will prove whenever and wherever so required, hereinafter referred to as the "System". -----  
-----AS PARTY OF THE SECOND PART SANTANDER ASSET MANAGEMENT (hereinafter referred to as the "Manager"), which are represented herein by its CFO, Luis Roig Hosta, of legal age, married, and resident of Guaynabo, Puerto Rico and Desirée Mieses Llavat, of legal age, married and resident of San Juan, Puerto Rico, who represent that have been duly authorized to execute this Agreement on behalf of the Manager and agrees to provide evidence of such authorization whenever and wherever so required. -----

**LEGAL BASIS**

-----This Agreement for investment management services is executed in accordance with Articles 4-102, 4-103 and 4-105 of Law. No. 447 of May 15, 1951, as amended, (3 L.P.R.A. 776, 777 and 779). -----

**TERMS AND CONDITIONS**

-----FIRST: The System hereby appoints the Manager as an "Investment Manager". The Manager does hereby accept said appointment. The Manager represents and warrants that it is a Registered Investment Adviser under the Investment Advisers Act of 1940 (the "Investment Advisers Act"). The Manager acknowledges that it has substantial experience and expertise making and managing the investments contemplated by this Agreement. The Manager does also acknowledge that it is a fiduciary with respect to the System and assumes the duties, responsibilities and obligations of such fiduciary. In its performance as a fiduciary, Manager is required to

discharge each of its duties and exercise each of its powers under this Agreement with the care, skill, prudence and diligence under circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims. -----

-----SECOND: The Manager shall provide continuous investment supervision and management services regarding the securities, cash, real estate and other properties owned by the System which are subject to this Agreement (the "Assets"). The System shall notify the Manager upon the date of this Agreement and hereafter from time to time, in writing as to the specific securities, cash, real estate and other property, which constitutes the Assets. The Assets shall be invested and reinvested by the Manager on behalf of the System in such bonds, notes, debentures, preferred or common stock, and in accordance with individually develop investment policy [The Manager, in its sole discretion, shall determine to be in the System's best interest]. In deciding on a proper investment of the Assets, the Manager shall consider the following factors: the purpose of the System, the System's financial needs such as liquidity, applicable laws, and the System's investment policies and guidelines, as provided by the System to the Manager and acknowledged by the Manager in writing. -----

-----THIRD: The Manager will represent the System in the investment management of the Assets but will not provide custody or safekeeping of the Assets nor collect the income earned by the Assets. The Manager shall have the responsibility for monitoring those items requiring action by the System with respect to the Assets in the System's accounts, such as stock dividends, rights offering, calls or redemptions of bonds or other items with respect to which the Manager is notified by the custodian of the Assets. The Manager is hereby authorized, but shall not be required, to direct the custodian of the Assets to take any actions with respect to the Assets which the Manager is authorized to take hereunder. Title to the Assets shall remain with the System. -----

-----The Manager will reconcile its Investment Management statement with the System's Custodian Bank statement. This reconciliation will include a review of each asset's security identifier, share position, aggregate security market value, and

transactions. If the Manager disagrees with the Custodian's reports, it will provide the Custodian a detailed description of each discrepancy for the appropriate research to be completed. The Manager is responsible together with the Custodian Bank to identify and resolve any variances and/or discrepancies that may arise when comparing both parties' records; provided, however, that under no circumstances shall the Manager be held liable for any act or omission of the Custodian Bank. -----

----FOURTH: Manager shall have full and complete discretion to establish accounts and execute securities transactions with one or more brokers, dealers and other financial intermediaries as Manager may select, including those which from time to time may furnish to Manager or its affiliates statistical and investment research information and other services, in accordance with its Statement of Policy and Procedures on Brokerage Practices, a copy of which has been provided to the System. However, Manager shall provide complete and timely disclosure of any introducing broker relationship by written notice to the System. Manager is not authorized to utilize the execution, clearing and settlement services of a broker or dealer who is an Affiliate, unless Manager has first obtained the approval of the System. For purposes of this Agreement, an "Affiliate" shall be any natural or fictional person controlling, controlled by or under common control with the Manager. "Control" shall mean, in the context of a fictional person, ownership of at least fifty percent (50%) of the equity securities of a person, or control of the majority of the general partnership interest of a person, or comparable status with respect to other forms of entities. Notwithstanding the foregoing, the System reserves the right to set up a directed brokerage program (broker's commission recapture program) on which the Manager will be directed to trade with the brokerage firms selected by the System to meet the objectives in line with best price and execution. -----

----FIFTH: All information regarding the operations and investments of the System shall be regarded as confidential by the Manager. -----

----SIXTH: The System acting in good faith shall not be liable for any act or omission of the Manager in connection with the Manager's discharge of its duties; provided, however, this limitation shall not act to relieve the System from any responsibility or

liability for any fiduciary responsibility, obligation or duty under federal or state statutes. The Manager acting in good faith shall not be liable for any action, omission, information or recommendation in connection with the Agreement or investment of the Assets, except in the case of the Manager's actual misconduct or willful violation of any applicable statute, provided, however, that this limitation shall not act to relieve the Manager from any responsibility or liability obligation or duty which the Manager may have under state statutes, or federal securities laws. -----

-----SEVENTH: Manager agrees to indemnify, defend and hold harmless the System, its directors, officers, employees, agents (excluding third party service providers, broker/dealers, and custodians) and successors, from and against any and all claims, damages, liabilities, losses and cost and expenses, including reasonable attorney's fees and cost of suit, arising out of or in connection with the negligent, reckless, willfully improper or illegal performance or any breach by Manager of this Agreement, the occurrence of any negligent act or omission by Manager and the System's reliance on any such negligent act or omission by Manager in the performance of its obligations under this Agreement.-----

-----EIGHTH: Manager warrants that it maintains liability and professional indemnity insurance in accordance with best market practices and shall keep such insurance in place throughout the continuance of this Agreement and, if requested, shall provide the System with such details of its insurance as may reasonably be requested from time to time. Manager shall maintain during the term of this Agreement a policy of error and omissions insurance for the protection of the System, with an aggregate limit of liability of at least \$25 million to cover Manager, its officers, employees and Affiliates. Manager shall also maintain during the term of this Agreement a blanket fidelity bond in the amount of at least \$65 million per event to cover Manager, its officers, employees and Affiliates. Manager warrants that it has the necessary financial resources to meet any retention obligations under its policies, which are currently set at \$5 million in respect of its error and omissions insurance, and \$5 million in respect of its fidelity bond. Provided such coverage is readily available in the insurance marketplace, coverage shall be comprehensive and shall not exclude

coverage for liability relating to violations of law or reckless misconduct. Manager shall thereafter maintain annual filings of current certificates of insurance with the System during the term of this Agreement. If Manager changes insurance carriers for the insurance required hereunder, Manager shall promptly update information provided previously on the policies of insurance and bonding as directed by the System. Manager shall (1) provide thirty (30) days' written notice to the System in the event the policy is canceled, non renewed, or restrictively modified, or if the policy limits are reduced or the deductible is increased; and (2) provide written notice to the System in the event any of the aforesaid changes are made at the request of the insured, within thirty (30) days after the insurer 's receipt of such request. -----

-----NINTH: All directions, by or on behalf of the System, to the Manager shall be in writing signed either by (a) the Chairman of the Board of Trustees or (b) by the Administrator or (c) by the Deputy Administrator. -----

-----TENTH: The Manager shall furnish the System with quarterly investment reports showing the Assets and market values for each security included in the Assets shortly after the end of each calendar quarter. -----

-----ELEVENTH: Upon the System's request and at mutually agreed upon times, Manager shall meet with the System to review Manager's performance and to discuss Manager's present and future investment strategy. Manager shall be available to answer questions by the System staff and Board members from time to time as needed without additional charge. -----

-----TWELFTH: Manager agrees that the System shall have access to and the right to examine, audit, excerpt, copy or transcribe any records related to the managed assets at any time during the term of this Agreement or at any time for up to seven (7) years after the termination of this Agreement. Upon the System's request and on reasonable advance notice, Manager shall make such original records available for review during normal business hours at Manager's business office or copies of such records should be available to the System's, upon the System's request. Manager shall make the persons responsible for creating and maintaining records related to the

managed Assets available to the System during such review for the purpose of responding to System's reasonable inquiries. -----

-----THIRTEENTH: The parties hereby state that no official, employee, family member or representative of the System has any direct or indirect pecuniary interest in this Agreement. -----

-----The Manager agrees to abide by all the laws and regulations of the System as provided by the System to The Manager during the term of this Agreement, which includes not having a conflict of interest with the System. Conflict of Interest includes representing clients, which may have Conflict of Interest with the System. The Manager further agrees to disclose to the System the circumstances of its relations with clients, third parties and/or any interest, which could influence the System, upon entering this Agreement, or during the term of the same. -----

-----The Manager represents Conflicting Interests when, on behalf of a client, his duties include promoting that which is contrary to the benefit of Past, Present or Prospective clients. It shall also include conduct contrary to that described as such by the laws and statutes of the Commonwealth of Puerto Rico. -----

-----In agreements with other legal entities, it shall be considered a violation of this clause, acts by one of its directors, associates or employees; contrary to the conduct described above. The Manager shall avoid the mere appearance of a possible Conflict of Interest. -----

-----The Manager fully understands and recognizes the authority of the System to oversee the enforcement of the prohibitions set forth under this clause. Should the System determine there exist or have arisen a violation of this clause, it shall notify in writing, his findings and the intention to terminate this Agreement within a thirty (30) days period. During such term The Manager may request a meeting with the System. The meeting shall be granted in every case.-----

-----The Manager fully understands and recognizes the authority of the System to oversee the enforcement of the prohibitions set forth under this clause. Should the System determine there exist or have arisen a violation of this clause, it shall notify in writing, his findings and the intention to terminate this Agreement within a thirty (30)

days period. During such term the Manager may request a meeting with the System. The meeting shall be granted in every case. -----

-----The Manager agrees to comply with all the laws and regulations applicable to the services provided by the Manager to the System, including without limitation Act No. 12 of July 24, 1985, Act No. 84 of June 18, 2002, and those laws and regulations applicable to the Manager as a registered investment advisor. The Manager further agrees to disclose, to extent permitted by its confidentiality obligations to other clients and/or prospective clients, to the System the circumstances of its relations with clients, third parties and/or any interest, which could influence the System, upon entering this Agreement, or during the term of the same. -----

-----FOURTEENTH: (a) Fees. The System shall pay the Manager as compensation for its services in accordance with this Agreement and the fees specified in the following fee schedule, to be billed quarterly on the market value of the assets under management at the end of such quarter.-----

***Fixed Income Management:***

- 0.50% on assets under \$500,000
- 0.40% on assets between \$500,000 and \$2,000,000
- 0.35% on assets between \$2,000,000 and \$10,000,000
- 0.285% on assets between \$10,000,000 and \$50,000,000
- 0.15% on assets between \$50,000,000 and \$100,000,000
- 0.10% over \$100,000,000

-----Payment for professional fees under this Agreement will not exceed the amount of \$270,000 for the period covered under this Agreement, unless additional Assets are contributed for investment or there are market fluctuations in respect of the Assets that bring the annual management fees above the amount of \$270,000 specified above.-----

----- (b) Payment. Payment under this Agreement will be made upon presentation of quarterly invoices. The System shall pay the Manager the professional fees shown in the invoice or notify the Manager in writing of any questions or disputes regarding the invoice. Payment will be made from the System's Account No. E-1290-721-0260000-006-2010. -----

-----FIFTEENTH: The relationship of the Manager with the System is that of an independent contractor, and nothing in this Agreement shall be construed as creating an agency, master servant, or any other relationship between the Manager or any of its employees and the System. The Manager may adopt such arrangements as it may desire with regard to the details of the services performed under this Agreement, the hours during which such services are to be provided, and the places where such services are to be furnished, provided that such details, hours and places are consistent with the proper accomplishment of such services. -----

-----SIXTEENTH: This Agreement may be amended or modified upon mutual written consent of both parties and pertinent authority. -----

-----SEVENTEENTH: The laws and regulations of the Commonwealth of Puerto Rico shall govern the validity, construction, interpretation and effect of this Agreement. Should any claim, suit, or controversy arise from the services to be performed under this Agreement, Manager agrees to submit to the exclusive jurisdiction of the Courts in the Commonwealth of Puerto Rico which include the San Juan Superior Court and the United States District Court of the District of Puerto Rico. Manager (a) waives any objection to the Courts of the Commonwealth of Puerto Rico on grounds of inconvenient forum or otherwise as regards proceeding in connection with the Manager and this Agreement; and (b) agrees that a judgment or order of a Court of the Commonwealth of Puerto Rico in connection with the Manager or this Agreement is conclusive and binding on it and may be enforced against it in the courts of any other jurisdiction should any claim, suit, or controversy arise from the services to be performed under this Agreement.-----

-----EIGHTEENTH: The Manager certifies that during each of the five taxable years prior to the execution of this Agreement, it has submitted revenue tax forms in the Commonwealth of Puerto Rico. It is expressly acknowledged that this is an essential condition of this contract, and that if this certification is incorrect, it shall constitute just cause for the System to terminate the contract immediately and the Manager will have to reimburse the System any sum of money received under this Agreement. The



Manager is responsible for paying its own corresponding contributions to the social security system, the Internal Revenue Service or other applicable statutes. -----

-----NINETEENTH: The System may immediately terminate this Agreement in case of the other party's negligence, abandonment or failure to perform any of its obligations under this Agreement. The System may within thirty (30) calendar with days written notice and the Manager may within sixty (60) calendar days with written notice terminate this Agreement. If the services are terminated, the Manager's fees shall be prorated and the System shall pay the Manager the compensation for the services up to the date of such termination. Such fees are not to be deducted from the assets. The System agrees to pay such fees, directly to the Manager, upon presentment of an invoice. Any services provided beyond the termination date will not be recognized as payable by the System. The Manager shall be compensated for services herein provided but in no case shall total payment made to Manager exceed the original contract price due on contract or shall any price increase be allowed on individual line items if canceled only in part prior to the original termination date. In no event shall the System's termination of this Agreement under this Section be deemed a waiver of the System's right to make a claim against Manager for damages resulting from any default by Manager which occurred prior to the effective termination date.-----

-----TWENTIETH: The Manager agrees to duly sign and return the contract and its respective copies no later than fifteen (15) days after receipt of this Agreement. If the above is not carried out as stated, the System will reserve the right to reject the offer and it will have no obligations on what is stated and required under the Agreement.-----

-----TWENTY-FIRST: The Manager shall send to the System a copy of the Resolution authorizing the undersigned to sign this Agreement. -----

-----The Manager shall certify, in an appendix to this Agreement, all the contracts it has with the Commonwealth of Puerto Rico. If the Manager has no other contracts it must certify so in the appendix.-----

-----If the Manager does not comply with the above, the System may within thirty (30) days written notice terminate this Agreement.-----

-----TWENTY-SECOND: The Manager certifies and guarantees that at the execution of this Agreement that it, its principals or any of its employees have not been convicted, or that it has no knowledge of being the subject of any investigation in either a civil or criminal procedure in a state or federal court for criminal charges related to the public treasury, the public trust, public function, or a finding that involves public funds or property. It is expressly acknowledged that this certification is an essential condition of this Agreement. If the certification is false in whole or in part, it shall constitute sufficient cause for the System to terminate this Agreement immediately, without prior notice, and the Manager will have to reimburse the System any amounts of money received under this Agreement. The Manager further agrees to inform the System if changes should occur during the term of the Agreement. The failure to comply with this responsibility shall constitute a violation of this clause and shall result in termination of the Agreement, as previously stated.-----

-----TWENTY-THIRD: The Manager acts as adviser to other clients and may give advice, and take action, with respect to any such client which may differ from advice given, or the timing or nature of action taken, with respect to the System. It is the Manager's policy, to the extent practicable, to allocate investment opportunities to its clients over a period of time on a fair and equitable basis. Manager shall have no obligation to purchase or sell for the System, or recommend for purchase or sale by the System, any security which Manager, its principals, affiliates or employees may purchase or sell for themselves or any other clients. -----

-----The System recognizes that transactions in a specific security may not be accomplished for all client accounts at the same time or at the same price. -----

-----TWENTY-FOURTH: This Agreement may not be assigned (as defined in the Investment Advisers Act of 1940) by either party without the prior written consent of the other party. -----

-----TWENTY-FIFTH: The System has furnished to the Manager a true and complete copy of the law establishing the System, any other documents evidencing their authority to retain the Manager and any documents governing the System that Manager may have requested. -----

-----The System represents that the employment of Manager and the execution of this Agreement is authorized by, has been accomplished in accordance with, and does not violate any statutes, rules, regulations and documents governing the System.-----

-----The System shall deliver to the Manager an instrument of appointment of Manager as Investment Manager in the event that this document is not sufficient to constitute the same under the applicable statutes, laws, rules, regulations or documents governing the System. The System agrees to promptly deliver any information, papers and documents required or reasonably requested by Manager in connection with the performance of its duties under this Agreement. The System, also agrees to promptly notify Manager of any change which may affect the management of the Assets. -----

-----TWENTY-SIXTH: The undersigned attests, subject to the penalties for perjury, that he is the contracting party, or that he is representative, agent, member or officer of the contracting party, that he has not, nor has any other member, employee, representative, agent or officer of the firm, company, corporation or partnership represented by him directly or indirectly, to the best of his knowledge, entered into or offered to enter into any combination, collusion or agreement to receive or pay, and that he has not received or paid, any sum of money or other consideration for the execution of this Agreement other than that which appears upon the face of the contract. Accordingly, a sworn statement subscribed by its executor is appended hereto and made to form part of this document. It is expressly acknowledge that this is an essential condition of this contract, and that if this certification is incorrect, in whole or in part, it shall constitute sufficient cause for the System to terminate this Agreement immediately, without prior notice, and the Manager will have to reimburse the System any amounts of money received under this Agreement. -----

-----TWENTY-SEVENTH: The System acknowledge receipt of Part II of Manager's Form ADV less than 48 hours prior to but not later than the date of execution of this Agreement.-----

-----TWENTY-EIGHTH: This Agreement will be in effect from July 1, 2009 until June 30, 2010.-----

-----TWENTY-NINTH: The services to be performed under this agreement shall not be rendered until the agreement is presented for registration at the Comptrollers Office of the Commonwealth of Puerto Rico, in accordance with Law No.18 of October 30, 1975, as amended.-----

-----IN WITNESS WHEREOF, the parties hereto sign this Contract in San Juan, Puerto Rico, on this      day of \_\_\_\_\_ 2009. -----

**PUERTO RICO GOVERNMENT EMPLOYEES  
AND JUDICIARY RETIREMENT SYSTEMS  
ADMINISTRATION**

**SANTANDER ASSET MANAGEMENT  
CORPORATION**

\_\_\_\_\_  
MANUEL IGLESIAS BELÉNDEZ  
ACTING ADMINISTRATOR

\_\_\_\_\_  
LUIS ROIG HOSTA  
CHIEF FINANCIAL OFFICER

\_\_\_\_\_  
DESIREE MIESES LLAVAT  
VICE-PRESIDENT  
CORP. ID :

## **Statement of Policy on Brokerage Practices**

SAM has adopted this Statement of policy with respect to commissions paid on portfolio transactions executed on behalf of our clients. It is the responsibility of our Trading Department to carry out this Statement of policy, including the fiduciary responsibility of negotiating for each agency transaction the amount of the brokerage commission.

Essentially, this policy affirms the principle of seeking "best available price and most favorable execution" with respect to all portfolio transactions. This principle recognizes that commissions on portfolio transactions must be negotiated and utilized for the ultimate benefit of our clients.

Our brokerage commission policy is as follows:

1. We will continue to use our best efforts to obtain the best available price and most favorable execution with respect to all portfolio transactions executed on behalf of our clients.
2. "Best available price and most favorable execution" is defined to mean the execution of a particular transaction at the price and commission which provides the most favorable total cost or proceeds reasonably obtainable under the circumstances.
3. In selecting a broker for each specific transaction, we will use our best judgment to choose the broker most capable of providing the brokerage services necessary to obtain best available price and most favorable execution. The full range and quality of brokerage services available will be considered in making these determinations. For example, brokers may be selected on the basis of the quality of such "brokerage services" related to the requirements of the specific transaction as the following: capable floor brokers or traders, competent block trading coverage, ability to position, retail distribution and underwriting, use of automation, arbitrage skills, or provision of market information relating to the security. We will continue to make periodic evaluations of the quality of these brokerage services as provided by various firms and to measure these services against our own standards of execution. Brokerage services will be obtained only from those firms which meet our standards, maintain a reasonable capital position, and can be expected to reliably and continuously supply these services. We will continue our endeavor to develop and maintain brokerage contacts and relationships in the interest of providing our clients with maximum liquidity.

4. We are not obligated to choose the broker offering the lowest available commission rate if, in our best judgment, there is a material risk that the total cost of proceeds from the transaction might be less favorable than obtainable elsewhere. We will make every effort to keep informed of rate structures offered by the brokerage community. In the selection of brokers, we will not solicit competitive bids or "shop" the order for a lower rate if this would, in our best judgment, be harmful to the execution process and not in the best interests of our clients.
5. In those instances where it is reasonably determined that more than one broker can offer the brokerage services needed to obtain the best available price and most favorable execution, consideration will be given to those brokers which supply research and other services in addition to execution services. The Trading Department will be informed as to the broker/dealers who have provided specific or general research assistance. However, we will not select an executing broker on the basis of research or other services unless such selection is otherwise consistent with best available price and most favorable execution.
6. In no event will we enter into agreement, expressed or implied, with broker/dealers wherein we would select a firm for execution as a means of remuneration for recommending us as an investment adviser for prospective or present clients. However, portfolio transactions may be executed through broker/dealers who have made such a recommendation, if otherwise consistent with best price and most favorable execution.
7. In those instances where a client has expressed a preference for a particular broker, that broker will be selected only when the broker is reasonably determined in our best judgment, to be capable of providing the best available price and most favorable execution. With the exception of clients subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"), a client may direct us in writing to execute transactions with one or more specific brokers at such commission rate or rates as may be agreed to by the client and such brokers. With respect to clients subject to ERISA, we may accept client direction to execute transactions with one or more specific brokers upon written direction of the client. Such written notice shall specify the services provided by the broker(s) to the client, the amount or rate of commissions to be paid and the determination by the client that such direction is consistent with the provisions of ERISA.

**APPENDIX  
CERTIFICATION OF OTHER CONTRACTS WITH THE COMMONWEALTH OF  
PUERTO RICO**

**Santander Asset Management Corporation** certifies that:

- \_\_\_\_ It has no contracts with the Commonwealth of Puerto Rico and its Instrumentalities other than the Investment Management Agreement with the Puerto Rico Government Employees and Judiciary Retirement Systems Administration.
  
- \_\_\_\_ It has the following contracts with the Commonwealth of Puerto Rico and its Instrumentalities, other than the Investment Management Agreement with the Puerto Rico Government Employees and Judiciary Retirement Systems Administration:

Please refer to Exhibit 2

**Santander Asset Management**

By: \_\_\_\_\_  
Luis Roig Hosta  
CFO