

Investment Objectives and Risks Factors Associated with the Funds

The following are investment objectives and risks factors associated with the Funds offered by Industrial Alliance Insurance and Financial Services Inc. For a complete description of each risks factor, please refer to Section 6.9 of the IAG Savings and Retirement Plan Information Folder.

FOCUS FUNDS

FOCUS PRUDENT FUND

Risk: All risks

Investment Objectives

Invests in units of a number of underlying funds to generate a regular long-term return by favouring Canadian fixed-income securities. Maintains a certain diversity of the investments that make up the portfolio using different asset classes such as fixed-income securities issued by Canadian governments and corporations, Canadian equities and foreign equities, and the integration of several managers.

Investment Strategy

Diversified portfolio made up of Fund Units offered by Industrial Alliance Insurance and Financial Services Inc. These Funds include two bond funds (75%), three Canadian equity funds (15%) and three global equity funds (10%).

FOCUS MODERATE FUND

Risk: All risks

Investment Objectives

Invests in units of a number of underlying funds to generate a high long-term return by placing a slight emphasis on Canadian fixed-income securities. Maintains a certain diversity of the investments that make up the portfolio using different asset classes such as fixed-income securities issued by Canadian governments and corporations, Canadian equities and foreign equities, and the integration of several managers.

Investment Strategy

Diversified portfolio made up of Fund Units offered by Industrial Alliance Insurance and Financial Services Inc. These Funds include two bond funds (60%), three Canadian equity funds (25%) and three global equity funds (15%).

FOCUS BALANCED FUND

Risk: All risks

Investment Objectives

Invests in units of a number of underlying funds to generate a superior long-term return by favouring a balance between Canadian equities, foreign equities and fixed-income securities. Maintains a certain diversity of the investments that make up the portfolio using different asset classes such as fixed-income securities issued by Canadian governments and corporations, Canadian equities, foreign equities and the integration of several managers.

Investment Strategy

Diversified portfolio made up of Fund Units offered by Industrial Alliance Insurance and Financial Services Inc. These Funds include two bond funds (45%), three Canadian equity funds (35%) and three global equity funds (20%).

FOCUS GROWTH FUND

Risk: All risks

Investment Objectives

Invests in units of a number of underlying funds to generate a superior long-term return by placing a slight emphasis on Canadian and foreign equities. Maintains a certain diversity of the investments that make up the portfolio using different asset classes such as fixed-income securities issued by Canadian governments and corporations, Canadian equities, foreign equities and the integration of several managers.

Investment Strategy

Diversified portfolio made up of Fund Units offered by Industrial Alliance Insurance and Financial Services Inc. These Funds include two bond funds (30%), three Canadian equity funds (45%) and three global equity funds (25%).

FOCUS AGGRESSIVE FUND

Risk: All risks

Investment Objectives

Invests in units of a number of underlying funds to maximize the long-term return by favouring Canadian and foreign equities. Maintains a certain diversity of the investments that make up the portfolio using different asset classes such as fixed-income securities issued by Canadian governments and corporations, Canadian equities, foreign equities and the integration of several managers.

Investment Strategy

Diversified portfolio made up of Fund Units offered by Industrial Alliance Insurance and Financial Services Inc. These Funds include two bond funds (15%), three Canadian equity funds (55%) and three global equity funds (30%).

INCOME FUNDS

MONEY MARKET FUND

Risk: I D

Investment Objectives

Aims to maintain excellent capital protection and a high level of liquidity, by investing in Canadian short-term securities guaranteed by Canadian governments and certain companies.

Investment Strategy

The Money Market Fund is composed of quality securities with maturities under one year guaranteed by federal, provincial and municipal governments and their agencies.

SHORT TERM BONDS FUND

Risk: I C D

Investment Objectives

Provides a reasonably high return by reinvesting the interest income in the Fund while ensuring capital protection. Mainly invests in bonds issued and guaranteed by Canadian governments and corporations.

Investment Strategy

The Short Term Bonds Fund is mainly composed of bonds and other high-quality debt securities with short and medium-term maturities from the federal and provincial governments, and from corporations offering good income and capital security potential.

BONDS FUND

Risk: I C D

Investment Objectives

Aims to maximize the returns from interest income and capital appreciation through a diversified portfolio composed of quality bond securities from Canadian governments and corporations.

Investment Strategy

The Bonds Fund is composed of bonds, coupons and other high quality debt securities from the private sector and the federal and provincial governments. The selection of securities is mostly based on forecasting the evolution of interest rates on the market.

BONDS - SERIES 2 FUND

Risk: I C D

Investment Objectives

Maximizes returns without incurring undue risk in a well-diversified high quality portfolio of Canadian government and corporate fixed-income securities.

Investment Strategy

The Bonds - series 2 Fund places the emphasis on federal and provincial government issues that provide good quality as well as selected high quality corporate issues that provide added return. This Fund is actively managed based on anticipating variations in interest rates and by closely monitoring the average term to maturity of the portfolio.

TACTICAL BOND (CATAPULT) FUND

Risk: I C D L

Investment Objectives

Provides monthly interest income by investing primarily in fixed-income security, allocated among Canadian and other North American governmental and corporate issuers, and between investment-grade and higher-yielding securities.

Investment Strategy

Units of the IA Clarington Tactical Bond Fund, which will generally allocate its investments between two classes of debt instruments: debt instruments issued or guaranteed by Canadian federal, provincial and municipal governments and their agencies and debt instruments issued by North American corporate issuers, with a weighted average credit rating of "BBB" or higher. The underlying fund may also invest in higher-yielding securities including corporate bonds that have a "BB" or lower rate credit quality or that are not rated.

DIVERSIFIED FUNDS*

DIVERSIFIED SECURITY FUND

Risk: All risks

Investment Objectives

Generates regular long-term revenues as well as some capital appreciation. It focuses on reducing risk through a careful selection of different categories of fixed-income securities from the federal and provincial governments and corporations as well as Canadian and foreign equities of large capitalization companies.

Investment Strategy

The Diversified Security Fund's strategy is based on active and prudent management of the investment through careful diversification of the asset classes (equities and fixed-income securities). The Fund advisor pursues a balance between security and capital growth, and typically favours fixed-income securities.

DIVERSIFIED FUND

Risk: All risks

Investment Objectives

Maximizes the long-term returns and reduces the risk through a balanced distribution of investments among the Fund's asset classes: fixed-income securities, Canadian equities and foreign equities. The equity portion is mainly invested in securities equities of large capitalization companies.

Investment Strategy

The Diversified Fund's assets are distributed among Canadian and foreign equities and fixed-income securities to meet the Fund's long-term return objective. Active management is designed to target the ideal combination of growth and security based on trends in the economy and the financial markets.

DIVERSIFIED OPPORTUNITY FUND

Risk: All risks

Investment Objectives

Maximizes long-term returns while minimizing risks through careful diversification of the asset classes: Canadian fixed-income securities, Canadian equities and foreign equities. The fund mainly invests in equities of large capitalization companies and fixed-income securities.

Investment Strategy

The strategy focuses on a distribution of the assets between Canadian and foreign equities, and fixed-income securities. The advisor typically favours equities over fixed-income securities but has above-average flexibility in terms of asset allocation in order to position the fund in a situation that will be beneficial given the trends in the economy and the financial markets.

FIDELITY CANADIAN ASSET ALLOCATION FUND

Risk: All risks

Investment Objectives

Invests in units of an underlying fund that aims to achieve a high long-term total investment return through a judicious allocation of assets among Canadian and foreign equities, corporate and government bonds and short-term securities. Mainly invests in equities of large capitalization Canadian companies.

Investment Strategy

Invests in units of the Fidelity Canadian Asset Allocation Fund invested in equity securities, fixed-income securities, and money market instruments.

CANADIAN BALANCED (QV) FUND

Risk: All risks

Investment Objectives

Aims to achieve capital appreciation and income with a focus on preserving the value of the original capital by investing primarily in a portfolio of Canadian equity and fixed-income investments.

Investment Strategy

Invests in units of the IA Clarington Canadian Balanced (QV) Fund, which normally invests in a mix of short-term, high quality bonds, preferred shares and larger-cap common stocks to lower volatility in the portfolio and ensure long-term growth. The mix of bonds and stocks is adjusted to reflect the potential returns of the assets. The Fund may also invest in foreign securities.

SRI BALANCED (INHANCE) FUND**Risk: All risks**

Investment Objectives

Generates interest and dividend income as well as capital appreciation by investing in an underlying fund that meets the advisor's socially responsible investment principles, with a balanced holding in bond and equity funds.

Investment Strategy

Invests in units of the IA Clarington Inhance Balanced SRI Portfolio, which normally invests in fixed income and also Canadian and global equity funds. The Fund advisor will consider the style employed by the underlying fund to determine whether it invests in companies with progressive social, environmental and governance practices.

DIVERSIFIED INCOME FUND**Risk: A I \$**

Investment Objectives

Generates a regular long-term return by investing mostly in trust units, common stocks and fixed-income securities from Canadian corporations and Canadian governments. The common stock portion mainly invests in equities of large capitalization Canadian companies.

Investment Strategy

Invests primarily in a diversified portfolio of income trusts such as oil, gas and other commodity-based royalty trusts, real estate investment trusts, pipeline and power trusts, common stocks and fixed-income instruments.

GLOBAL DIVERSIFIED (CATAPULT) FUND**Risk: All risks**

Investment Objectives

Aims to provide long-term capital appreciation by investing primarily in equity securities, fixed-income investments and money market instruments from around the world.

Investment Strategy

Invests in units of the IA Clarington Global Income Fund, which mainly invests in global fixed-income and equity securities following a fundamental bottom-up approach to investing.

TACTICAL INCOME (CATAPULT) FUND**Risk: All risks**

Investment Objectives

Aims to achieve a high long-term total investment return. The Fund's objective is to seek to achieve a steady flow of monthly income by investing primarily in trust units, equity securities and fixed-income securities of Canadian issuers.

Investment Strategy

Invests in units of the IA Clarington Tactical Income Fund. The Fund will generally seek to invest approximately two-thirds of its portfolio in equity securities and trust units and approximately one-third of its portfolio in fixed-income securities, cash and cash equivalents.

MONTHLY INCOME (PH&N) FUND**Risk: All risks**

Investment Objectives

Provides a relatively high monthly income that may consist of dividend income, interest income, realized capital gains and a return of capital, with the potential for modest capital growth, by investing in a well-diversified balanced portfolio of income producing equity securities, including but not limited to, common shares of Canadian companies that pay dividends and income trusts, and fixed-income securities such as preferred shares, government and corporate bonds, debentures and notes.

Investment Strategy

Invests in units of the PH&N Monthly Income Fund, which normally invests in income producing equity securities such as dividend paying Canadian common shares and income trusts and fixed-income securities such as preferred shares, government and corporate bonds, debentures and notes, asset-backed commercial paper, mortgage backed securities and other income-generating securities. The Fund may also invest in convertible bonds and convertible preferred shares. The advisor employs a strategic asset allocation approach, determining the appropriate asset mix within broad pre-established guidelines for a target weighting corresponding to 50% in fixed income and 50% in equities and adjusts the percentage of the fund invested in each asset class based on changes in the market outlook for each asset class and the potential to maximize income yield.

*Diversified Funds entail all risks because of the variety of securities that make up the Funds. However, the diversification of assets greatly limits the impact of such risks since these assets do not react in the same direction to financial market movements. Therefore, some securities will be negatively influenced while others will be positively influenced by particular market movements.

CANADIAN HYBRID FUNDS

DIVIDEND INCOME HYBRID 75/25 FUND

Risk: A I C D

Investment Objectives

This Fund aims to achieve capital growth and interest income by investing in a combination of equity and bond funds.

Investment Strategy

The investment strategy is to invest approximately 75% of the Fund in a corresponding equity fund and the remaining 25% in the Bonds Fund offered by Industrial Alliance Insurance and Financial Services Inc. A periodic rebalancing process will allow the Fund's assets to remain in proximity of the 75% - 25% target weighting.

DIVIDEND GROWTH HYBRID 75/25 FUND

Risk: A I C D

Investment Objectives

This Fund aims to achieve capital growth and interest income by investing in a combination of equity and bond funds.

Investment Strategy

The investment strategy is to invest approximately 75% of the Fund in a corresponding equity fund and the remaining 25% in the Bonds Fund offered by Industrial Alliance Insurance and Financial Services Inc. A periodic rebalancing process will allow the Fund's assets to remain in proximity of the 75% - 25% target weighting.

CANADIAN EQUITY (LEON FRAZER) HYBRID 75/25 FUND

Risk: A I M C D

Investment Objectives

This Fund aims to achieve capital growth and interest income by investing in a combination of equity and bond funds.

Investment Strategy

The investment strategy is to invest approximately 75% of the Fund in a corresponding equity fund and the remaining 25% in the Bonds Fund offered by Industrial Alliance Insurance and Financial Services Inc. A periodic rebalancing process will allow the Fund's assets to remain in proximity of the 75% - 25% target weighting.

FIDELITY DIVIDEND HYBRID 75/25 FUND

Risk: A I C D

Investment Objectives

This Fund aims to achieve capital growth and interest income by investing in a combination of equity and bond funds.

Investment Strategy

The investment strategy is to invest approximately 75% of the Fund in a corresponding equity fund and the remaining 25% in the Bonds Fund offered by Industrial Alliance Insurance and Financial Services Inc. A periodic rebalancing process will allow the Fund's assets to remain in proximity of the 75% - 25% target weighting.

CANADIAN EQUITY INDEX HYBRID 75/25 FUND

Risk: A I C D R

Investment Objectives

This Fund aims to achieve capital growth and interest income by investing in a combination of equity and bond funds.

Investment Strategy

The investment strategy is to invest approximately 75% of the Fund in a corresponding equity fund and the remaining 25% in the Bonds Fund offered by Industrial Alliance Insurance and Financial Services Inc. A periodic rebalancing process will allow the Fund's assets to remain in proximity of the 75% - 25% target weighting.

SELECT CANADIAN HYBRID 75/25 FUND

Risk: A I C D

Investment Objectives

This Fund aims to achieve capital growth and interest income by investing in a combination of equity and bond funds.

Investment Strategy

The investment strategy is to invest approximately 75% of the Fund in a corresponding equity fund and the remaining 25% in the Bonds Fund offered by Industrial Alliance Insurance and Financial Services Inc. A periodic rebalancing process will allow the Fund's assets to remain in proximity of the 75% - 25% target weighting.

CANADIAN EQUITY VALUE HYBRID 75/25 FUND**Risk: A I E \$ C D**

Investment Objectives

This Fund aims to achieve capital growth and interest income by investing in a combination of equity and bond funds.

Investment Strategy

The investment strategy is to invest approximately 75% of the Fund in a corresponding equity fund and the remaining 25% in the Bonds Fund offered by Industrial Alliance Insurance and Financial Services Inc. A periodic rebalancing process will allow the Fund's assets to remain in proximity of the 75% - 25% target weighting.

CANADIAN EQUITY (DYNAMIC) HYBRID 75/25 FUND**Risk: A I C D**

Investment Objectives

This Fund aims to achieve capital growth and interest income by investing in a combination of equity and bond funds.

Investment Strategy

The investment strategy is to invest approximately 75% of the Fund in a corresponding equity fund and the remaining 25% in the Bonds Fund offered by Industrial Alliance Insurance and Financial Services Inc. A periodic rebalancing process will allow the Fund's assets to remain in proximity of the 75% - 25% target weighting.

CANADIAN LEADERS HYBRID 75/25 FUND**Risk: A I E \$ C D**

Investment Objectives

This Fund aims to achieve capital growth and interest income by investing in a combination of equity and bond funds.

Investment Strategy

The investment strategy is to invest approximately 75% of the Fund in a corresponding equity fund and the remaining 25% in the Bonds Fund offered by Industrial Alliance Insurance and Financial Services Inc. A periodic rebalancing process will allow the Fund's assets to remain in proximity of the 75% - 25% target weighting.

FIDELITY TRUE NORTH® HYBRID 75/25 FUND**Risk: A I E \$ C D**

Investment Objectives

This Fund aims to achieve capital growth and interest income by investing in a combination of equity and bond funds.

Investment Strategy

The investment strategy is to invest approximately 75% of the Fund in a corresponding equity fund and the remaining 25% in the Bonds Fund offered by Industrial Alliance Insurance and Financial Services Inc. A periodic rebalancing process will allow the Fund's assets to remain in proximity of the 75% - 25% target weighting.

CANADIAN EQUITY GROWTH HYBRID 75/25 FUND**Risk: A I C D**

Investment Objectives

This Fund aims to achieve capital growth and interest income by investing in a combination of equity and bond funds.

Investment Strategy

The investment strategy is to invest approximately 75% of the Fund in a corresponding equity fund and the remaining 25% in the Bonds Fund offered by Industrial Alliance Insurance and Financial Services Inc. A periodic rebalancing process will allow the Fund's assets to remain in proximity of the 75% - 25% target weighting.

FIDELITY CANADIAN OPPORTUNITIES HYBRID 75/25 FUND**Risk: A \$ AS I C E D**

Investment Objectives

This Fund aims to achieve capital growth and interest income by investing in a combination of equity and bond funds.

Investment Strategy

The investment strategy is to invest approximately 75% of the Fund in a corresponding equity fund and the remaining 25% in the Bonds Fund offered by Industrial Alliance Insurance and Financial Services Inc. A periodic rebalancing process will allow the Fund's assets to remain in proximity of the 75% - 25% target weighting.

CANADIAN EQUITY (SMALL CAP.) (QV) HYBRID 75/25 FUND**Risk: A \$ A S I C E D****Investment Objectives**

This Fund aims to achieve capital growth and interest income by investing in a combination of equity and bond funds.

Investment Strategy

The investment strategy is to invest approximately 75% of the Fund in a corresponding equity fund and the remaining 25% in the Bonds Fund offered by Industrial Alliance Insurance and Financial Services Inc. A periodic rebalancing process will allow the Fund's assets to remain in proximity of the 75% - 25% target weighting.

GLOBAL HYBRID FUNDS**GLOBAL DIVIDEND (DYNAMIC) HYBRID 75/25 FUND****Risk: A \$ I C E D****Investment Objectives**

This Fund aims to achieve capital growth and interest income by investing in a combination of equity and bond funds.

Investment Strategy

The investment strategy is to invest approximately 75% of the Fund in a corresponding equity fund and the remaining 25% in the Bonds Fund offered by Industrial Alliance Insurance and Financial Services Inc. A periodic rebalancing process will allow the Fund's assets to remain in proximity of the 75% - 25% target weighting.

GLOBAL EQUITY HYBRID 75/25 FUND**Risk: All risks****Investment Objectives**

This Fund aims to achieve capital growth and interest income by investing in a combination of equity and bond funds.

Investment Strategy

The investment strategy is to invest approximately 75% of the Fund in a corresponding equity fund and the remaining 25% in the Bonds Fund offered by Industrial Alliance Insurance and Financial Services Inc. A periodic rebalancing process will allow the Fund's assets to remain in proximity of the 75% - 25% target weighting.

GLOBAL EQUITY (TEMPLETON) HYBRID 75/25 FUND**Risk: A \$ E I C D****Investment Objectives**

This Fund aims to achieve capital growth and interest income by investing in a combination of equity and bond funds.

Investment Strategy

The investment strategy is to invest approximately 75% of the Fund in a corresponding equity fund and the remaining 25% in the Bonds Fund offered by Industrial Alliance Insurance and Financial Services Inc. A periodic rebalancing process will allow the Fund's assets to remain in proximity of the 75% - 25% target weighting.

GLOBAL EQUITY (MACKENZIE CUNDILL) HYBRID 75/25 FUND**Risk: A \$ E I C D****Investment Objectives**

This Fund aims to achieve capital growth and interest income by investing in a combination of equity and bond funds.

Investment Strategy

The investment strategy is to invest approximately 75% of the Fund in a corresponding equity fund and the remaining 25% in the Bonds Fund offered by Industrial Alliance Insurance and Financial Services Inc. A periodic rebalancing process will allow the Fund's assets to remain in proximity of the 75% - 25% target weighting.

GLOBAL TRUE CONVICTION HYBRID 75/25 FUND**Risk: All risks****Investment Objectives**

This Fund aims to achieve capital growth and interest income by investing in a combination of equity and bond funds.

Investment Strategy

The investment strategy is to invest approximately 75% of the Fund in a corresponding equity fund and the remaining 25% in the Bonds Fund offered by Industrial Alliance Insurance and Financial Services Inc. A periodic rebalancing process will allow the Fund's assets to remain in proximity of the 75% - 25% target weighting.

FIDELITY NORTHSTAR® HYBRID 75/25 FUND**Risk: All risks**

Investment Objectives

This Fund aims to achieve capital growth and interest income by investing in a combination of equity and bond funds.

Investment Strategy

The investment strategy is to invest approximately 75% of the Fund in a corresponding equity fund and the remaining 25% in the Bonds Fund offered by Industrial Alliance Insurance and Financial Services Inc. A periodic rebalancing process will allow the Fund's assets to remain in proximity of the 75% - 25% target weighting.

U.S. EQUITY (SARBIT) HYBRID 75/25 FUND**Risk: All risks**

Investment Objectives

This Fund aims to achieve capital growth and interest income by investing in a combination of equity and bond funds.

Investment Strategy

The investment strategy is to invest approximately 75% of the Fund in a corresponding equity fund and the remaining 25% in the Bonds Fund offered by Industrial Alliance Insurance and Financial Services Inc. A periodic rebalancing process will allow the Fund's assets to remain in proximity of the 75% - 25% target weighting.

CANADIAN EQUITY FUNDS**DIVIDEND INCOME FUND****Risk: A D**

Investment Objectives

Invests in an underlying fund which aims to generate modest long-term growth and regular dividend and interest income subject to the preferential tax treatment given to dividends. Invests mainly in high-yield quality dividend common and preferred shares of Canadian companies.

Investment Strategy

The Fund invests in units of the IA Clarington Dividend Income Fund, which is mainly invested in Canadian common stocks, income trusts and preferred shares of large Canadian blue chip style companies with a good potential to provide profits and the payment of dividends.

DIVIDEND GROWTH FUND**Risk: A D**

Investment Objectives

Invests in an underlying fund which aims to generate regular dividends that will be reinvested in the Fund while seeking long-term capital growth. The fund is mostly composed of stocks of Canadian blue chip style companies. Mainly invests in equities of large capitalization companies.

Investment Strategy

The Fund invests in units of the IA Clarington Dividend Growth Fund, which is mainly composed of common and preferred shares of large Canadian blue chip style companies with a substantial capital appreciation and good payment of dividends.

CANADIAN EQUITY (LEON FRAZER) FUND**Risk: A I M**

Investment Objectives

Invests in units of an underlying fund which aims to achieve long-term capital growth through investments in Canadian preferred and common shares. It is the policy of the Fund to provide its unitholders with diversification through investments in securities of companies representing many classes of industry. Securities are selected for the purpose of deriving income, protecting the value of investments and achieving long-term capital appreciation. Mainly invests in equities of large capitalization companies.

Investment Strategy

Units of the IA Clarington Canadian Conservative Equity Fund, which is actively managed by Leon Frazer & Associates Inc. The advisor selects the securities of companies based on strong financials, history of and prospects for increasing dividends and reasonable value.

FIDELITY DIVIDEND FUND**Risk: A D**

Investment Objectives

Invests in units of an underlying fund that aims to achieve high total investment return by investing primarily in equity securities of companies that pay dividends or that expected to pay dividends, income trusts, fixed-income securities, and other securities that are expected to distribute income.

Investment Strategy

Invests in units of the Fidelity Dividend Fund. The Fund advisor seeks companies that are undervalued in the marketplace in relation to factors such as the company's assets, sales, earnings, growth potential, or cash flow, or in relation to securities of other companies in the same industry. The Fund may invest in equity securities of companies of any size.

CANADIAN EQUITY INDEX FUND**Risk: A D R**

Investment Objectives

The fund aims to obtain high long-term capital appreciation by attempting to reproduce the return of the S&P/TSX 60 Index, which represents the 60 largest companies in Canada.

Investment Strategy

The Fund invests in units of an underlying fund, which is primarily composed of trust units of the S&P/TSX 60 Index.

SELECT CANADIAN FUND**Risk: A D**

Investment Objectives

Provides capital growth and maximum tax deferral by holding long-term stocks from mostly large capitalization Canadian companies.

Investment Strategy

The Select Canadian Fund is mainly composed of common stocks of attractively priced large Canadian companies, several of which are found on the S&P/TSX 60 Index. Sales transactions are limited to favour tax deferral, often called "buy and hold".

CANADIAN EQUITY VALUE FUND**Risk: A \$ E D**

Investment Objectives

Aims to generate high capital appreciation over the long term through diversified investments in all economic sectors of the Canadian stock market. Mainly invests in equities of large capitalization companies.

Investment Strategy

The Canadian Equity Value Fund is actively managed in order to profit from the stock market sectors that have the best growth potential based on the major economic trends. The advisor selects the securities of companies that meet strict criteria of soundness, profitability and stability: an approach characterized by a value-based investment style.

CANADIAN EQUITY (DYNAMIC) FUND**Risk: AD**

Investment Objectives

Achieve long-term capital appreciation by investing mainly in a well-diversified portfolio of equities of Canadian companies.

Investment Strategy

Units of the APEX Canadian Value (Dynamic) Fund, which is mainly comprised of common stocks from solid, attractively priced Canadian companies that are well positioned in their respective industries.

CANADIAN LEADERS FUND**Risk: A \$ E D**

Investment Objectives

Aims to achieve long-term capital appreciation by investing primarily in a diversified portfolio of equity securities of large capitalization Canadian corporations which, in the opinion of the portfolio advisor, are leaders in their respective industries.

Investment Strategy

Invests in units of the IA Clarington Canadian Leaders Fund, which is invested in a well-diversified portfolio of Canadian companies. Securities are selected from issuers that are considered leaders in their respective industries, have proven management track records and exhibit a substantial competitive advantage over their peers. The Fund typically concentrates its holdings in a maximum of 50 issuers. The Fund may invest in foreign securities.

FIDELITY TRUE NORTH® FUND**Risk: A \$ E D**

Investment Objectives

Invests in units of an underlying fund to seek long-term capital growth by investing in equities of Canadian companies, across all market sectors and market capitalizations.

Investment Strategy

Invests in units of the Fidelity True North® Fund. The Fund invests in fundamentally sound companies that are undervalued by the market. The advisor seeks companies that consistently increase their revenues, operating cash flow and investment opportunities.

CANADIAN EQUITY GROWTH FUND

Risk: A D

Investment Objectives

Obtain an increase in capital over the long term by investing mainly in equities of large capitalization Canadian companies which demonstrate above-average growth potential.

Investment Strategy

The investment strategy is to invest in a well-diversified portfolio of Canadian companies with good growth prospects. Therefore, the selection process favours companies that demonstrate characteristics such as good profit growth as well as superior growth of sales and superior return on equity. Moreover, risk management is an important component of the investment process.

FIDELITY CANADIAN OPPORTUNITIES FUND

Risk: A \$ AS E D

Investment Objectives

Invests in units of an underlying fund that pursues long-term capital appreciation by investing in the stocks of smaller and mid-size Canadian companies that are poised for growth over a market cycle. A variable portion of the Fund may be allocated to international assets to take advantage of geographic diversification without affecting the foreign content limit for RRSPs. Mainly invests in small capitalization Canadian companies.

Investment Strategy

Invests in units of the Fidelity Canadian Opportunities Fund. The Fund advisor selects stocks using Fidelity's traditional "bottom-up" investment approach. The advisor seeks fundamentally solid companies that continue to improve their value. These are typically strong, earnings-based companies that are just starting a growth phase or those that appear to have significant earnings potential.

CANADIAN EQUITY (SMALL CAP.) (QV) FUND

Risk: A \$ E AS D

Investment Objectives

Aims to achieve long-term capital appreciation by primarily investing in the stocks of smaller and mid-size Canadian companies.

Investment Strategy

Invests in units of the IA Clarington Canadian Small Cap Fund. The Fund invests primarily in equities of smaller and mid-size Canadian companies. The fund may also invest in foreign securities, generally less than 30% of the Fund's book value.

U.S. & INTERNATIONAL EQUITY FUNDS

GLOBAL DIVIDEND (DYNAMIC) FUND

Risk: A \$ E D

Investment Objectives

Invests in units of an underlying fund to provide long-term capital growth through investments in a broadly diversified portfolio consisting primarily of equity securities of businesses located around the world.

Investment Strategy

Invests in units of the Dynamic Global Dividend Value Fund, which is primarily invested in equity securities of businesses located around the world that have current or anticipated dividend policies which the portfolio advisor believes are an indicator of long-term growth potential.

GLOBAL EQUITY FUND

Risk: All risks

Investment Objectives

Seeks to generate high long-term added value by investing primarily in a well-diversified portfolio of equities in companies located throughout the world.

Investment Strategy

Invests in units of the IA Clarington Global Value Fund. The Fund invests primarily in the common stocks of companies throughout the world. The Fund is composed of a selection of company securities that offer good growth potential and attractive value, from various global financial markets.

GLOBAL EQUITY (TEMPLETON) FUND

Risk: A \$ E D

Investment Objectives

Invests in units of an underlying fund to provide high long-term capital appreciation by investing mainly in equities of large-medium capitalization companies around the world.

Investment Strategy

Invests in units of the Templeton Master Trust-Series 1 Fund, invested primarily in common shares of companies located anywhere in the world. The Fund is composed of a selection of low-priced, high-quality securities from various global financial markets.

GLOBAL EQUITY (MACKENZIE CUNDILL) FUND**Risk: A \$ E D**

Investment Objectives

Aims to provide high long-term capital appreciation by investing mainly in equities of companies throughout the world.

Investment Strategy

Invests in units of the Mackenzie Cundill Value Fund. The Fund typically invests in companies that trade at prices below what the managers estimate their value to be. The portfolio is primarily invested in equities.

GLOBAL TRUE CONVICTION FUND**Risk: All risks**

Investment Objectives

Invests in an equity portfolio that aims to achieve high total investment return by investing primarily in equity securities of companies of which approximately one third are located in Canada, one third in the United States and one third in the Europe/Asia region.

Investment Strategy

The Fund advisor will seek to build a fairly diversified portfolio of approximately 45 securities including roughly 15 securities in each of the 3 geographic regions it will invest in (Canada, United States, Europe/Asia). The 3 sub-portfolios will be managed by different portfolio managers that will aim to include their highest conviction investment ideas in each sub-portfolio. Risk management criteria will however ensure proper sector diversification.

FIDELITY NORTHSTAR® FUND**Risk: All risks**

Investment Objectives

Invests in units of an underlying fund that aims to achieve long-term capital growth. This fund invests primarily in equity securities of companies anywhere in the world.

Investment Strategy

The Fund invests in units of the Fidelity NorthStar® Fund. The Fund is invested in a well diversified portfolio of equities of companies operating around the world. The Fund's active management aims to achieve an absolute positive return.

INTERNATIONAL EQUITY INDEX FUND**Risk: I \$ E D R**

Investment Objectives

Invests in units of an underlying fund that aims to provide high long-term capital appreciation by investing in securities in the index to reproduce the return of the Morgan Stanley Capital International EAFE Index (MSCI EAFE Index). Mainly invests in the securities of large capitalization companies that operate in Europe, Australasia and the Far East.

Investment Strategy

Invests in units of the BGICL Daily EAFE Equity Index Fund, which is made up of securities that are included in the MSCI EAFE Index. Passive management of this fund is designed to reproduce, as accurately as possible, the return of the index, converted into Canadian dollars, over a medium- and long-term horizon.

INTERNATIONAL EQUITY FUND**Risk: All risks**

Investment Objectives

The goal is to generate added value in the long term by investing in a well-diversified portfolio of equities in primarily medium- and large capitalization companies located outside North America.

Investment Strategy

The Fund is composed of a selection of quality international equities with good growth potential and attractive value, in companies located outside North America. Active management of the Fund relies on a "Growth at a Reasonable Price" approach.

INTERNATIONAL EQUITY (TEMPLETON) FUND**Risk: A \$ E D**

Investment Objectives

Invests in units of an underlying fund that aims to ensure long-term capital appreciation through investments in stocks of large and medium capitalization companies located outside of North America.

Investment Strategy

Invests in units of Templeton International Stock Trust which is comprised of a selection of low-priced, superior quality international equity securities from the financial markets of a large number of countries excluding North America. Active management of the fund is characterized by a value-based investment strategy.

FIDELITY EUROPEAN EQUITY FUND**Risk: A \$ E D**

Investment Objectives

Invests in units of an underlying fund that aims to provide long-term capital appreciation by mainly investing in equities of large capitalization companies from continental Europe and the United Kingdom. Investments are made primarily in the member countries of the European Economic Community and the European Free Trade Association.

Investment Strategy

Invests in units of the Fidelity European Equity Fund invested primarily in companies from continental Europe and the United Kingdom. The advisor generally constructs the portfolio stock by stock and follows industries more closely than countries.

U.S. EQUITY INDEX FUND**Risk: I \$ D R**

Investment Objectives

Invests in units of an underlying fund to provide medium and long-term capital appreciation through U.S. financial instruments, such as futures contracts, that reproduce the return of the Standard and Poor's 500 index. The Fund is mainly exposed to equities of large capitalization companies.

Investment Strategy

Invests in units of the SSGA MA S&P 500 Stock Index Futures Institutional Investment Fund, which is comprised of financial instruments that reproduce the return of the Standard & Poor's Index. Passive management is designed to reproduce the return on the index as accurately as possible, converted into Canadian dollars.

U.S. EQUITY FUND**Risk: All risks**

Investment Objectives

Seeks to generate long-term capital growth by investing primarily in a diversified portfolio of equities in quality U.S. companies. Invests in companies of all capitalizations with an emphasis on large-capitalization companies.

Investment Strategy

The Fund invests primarily in the equity securities of large-capitalization U.S. companies with solid financial statements. The manager seeks to produce superior returns and looks for securities which can be purchased at a reasonable price and which he believes will offer a consistent increase in earnings.

U.S. EQUITY (MCLEAN BUDDEN) FUND**Risk: A \$ E D**

Investment Objectives

Invests in units of an underlying fund which provides high long-term capital appreciation by primarily investing in stocks of high performing U.S. companies. Mainly invests in equities of large capitalization companies.

Investment Strategy

Invests in units of the IA Clarington American Fund, which mainly invests in large U.S. capitalization equity securities companies with solid financial statements. The advisor selects the securities he anticipates will provide consistent growth in profits.

U.S. EQUITY (SARBIT) FUND**Risk: All risks**

Investment Objectives

Invests in units of an underlying fund that aims to provide capital preservation and appreciation by investing primarily in a select number of U.S. equities.

Investment Strategy

Invests in units of the IA Clarington Sarbit U.S. Equity Fund which invests in a select number of publicly traded equity securities, mainly common shares of various U.S. companies. The advisor seeks to achieve the Fund's fundamental investment objective by investing in quality businesses. It will hold an investment as long as it expects the value of the business to increase at a satisfactory rate.

SPECIALTY FUNDS

ASIAN PACIFIC (DYNAMIC) FUND

Risk: A \$ E M A S

Investment Objectives

Invests in units of an underlying fund to obtain maximum long-term capital growth by investing primarily in equities of companies located in the entire Pacific region including Japan. Mainly invests in equities of large capitalization companies.

Investment Strategy

Units of the Dynamic Far East Value Fund which is comprised of a selection of equities of companies located in the entire Pacific region including Japan. Companies with a sustainable competitive advantage where growth is not fully reflected in the price are selected.

EMERGING MARKETS (MACKENZIE CUNDILL) FUND

Risk: A \$ E M A S

Investment Objectives

Invests in units of an underlying fund which seeks long-term capital appreciation by investing primarily in equities of companies in emerging markets. The Fund may also invest in companies that trade in emerging markets or that trade elsewhere in the world and earn at least 50% of their revenue from production or sales in emerging markets. The fund may invest in companies of any size.

Investment Strategy

Units of Mackenzie Cundill Emerging Markets Value Class Fund, which is mostly invested in a selection of companies located around the world having commercial activities in emerging markets.

GLOBAL HEALTH CARE (RENAISSANCE) FUND

Risk: A \$ E D

Investment Objectives

Invests in units of an underlying fund to seek long-term capital appreciation by investing mainly in medium and large capitalization companies engaged in the design, development, manufacturing and distribution of products or services in the healthcare sector.

Investment Strategy

Units of the Renaissance Global Health Care Fund. The approach is to shift assets of the Fund into subsectors of the healthcare field with a better potential for future performance. Within each subsector, focus is on bottom-up stock selection using value management filters to identify portfolio candidates. There is also a fundamental approach to understanding the science and technology behind a prospective company's products and services.

REAL ESTATE INCOME FUND

Risk: A I C M L D

Investment Objectives

Invests in units of an underlying fund to generate a regular long-term income by mainly investing in trust units of Canadian companies and short-term fixed-income securities issued and guaranteed by the federal and provincial governments as well as Canadian corporations.

Investment Strategy

Invests primarily in trust units, mostly real estate trust units, preferred securities and some short-term fixed-income securities.

U.S. DAQ INDEX FUND

Risk: A \$ E D R

Investment Objectives

Invests in units of an underlying fund that provides high long-term capital appreciation through investments that reproduce the return of the NASDAQ 100 Index of the U.S. Stock Exchange.

Investment Strategy

The Fund invests in units of the PowerShares QQQ™, which seeks to replicate the NASDAQ 100 Index® of the U.S. Stock Exchange. Passive management of this Fund aims to reproduce, as accurately as possible, the return of the index, converted into Canadian dollars, over a medium and long-term horizon. This index is characterized by the securities of companies that offer promising products and services such as telecommunications equipment, computer services, high-technology products, etc.

DISTINCTION FUNDS

DISTINCTION PRUDENT FUND

Risk: All risks

Investment Objectives

Aims to generate income with the potential for capital appreciation by mainly investing in a diversified portfolio of mutual funds with an emphasis toward Canadian money market, income and balanced funds. The portfolio will also invest in Canadian equity funds and will have a relatively small exposure to global equity funds.

Investment Strategy

Invests in units of the Distinction Prudent Portfolio, which allocates up to 100% of its assets among underlying mutual funds, continuously monitors its holdings and asset mix, rebalances its underlying assets and may invest in cash or other short-term money market instruments while seeking investment opportunities or for defensive purposes.

DISTINCTION CONSERVATIVE FUND**Risk: All risks**

Investment Objectives

Aims to generate interest and dividend income with the potential for capital appreciation by mainly investing in a diversified portfolio of mutual funds with an emphasis toward Canadian income, balanced and growth funds. The portfolio will also invest in global equity funds.

Investment Strategy

Invests in units of the Distinction Conservative Portfolio, which allocates up to 100% of its assets among underlying mutual funds, continuously monitors its holdings and asset mix, rebalances its underlying assets and may invest in cash or other short-term money market instruments while seeking investment opportunities or for defensive purposes.

DISTINCTION BALANCED FUND**Risk: All risks**

Investment Objectives

Aims to generate interest and dividend income as well as capital appreciation by mainly investing in a diversified portfolio of mutual funds with an emphasis toward Canadian balanced, Canadian equity growth and specialty growth funds. The portfolio will also invest in global equity funds.

Investment Strategy

Invests in units of the Distinction Balanced Portfolio, which allocates up to 100% of its assets among underlying mutual funds, continuously monitors its holdings and asset mix, rebalances its underlying assets and may invest in cash or other short-term money market instruments while seeking investment opportunities or for defensive purposes.

DISTINCTION MONTHLY INCOME FUND**Risk: All risks**

Investment Objectives

Aims to provide a reasonably consistent level of monthly income while attempting to provide long-term capital appreciation by mainly investing in a diversified portfolio of equity and income mutual funds as well as other debt and equity securities.

Investment Strategy

Invests in units of the Distinction Monthly Income Portfolio, which allocates up to 100% of its assets among underlying mutual funds, continuously monitors its holdings and asset mix, rebalances its underlying assets and may invest in cash or other short-term money market instruments while seeking investment opportunities or for defensive purposes.

DISTINCTION GROWTH FUND**Risk: All risks**

Investment Objectives

Aims to primarily generate capital appreciation, with some exposure to income funds for diversification by mainly investing in a diversified portfolio of mutual funds with an emphasis toward Canadian and global equity funds, as well as specialty funds.

Investment Strategy

Invests in units of the Distinction Growth Portfolio, which allocates up to 100% of its assets among underlying mutual funds, continuously monitors its holdings and asset mix, rebalances its underlying assets and may invest in cash or other short-term money market instruments while seeking investment opportunities or for defensive purposes.

DISTINCTION BOLD FUND**Risk: All risks**

Investment Objectives

Aims to generate a high level of capital appreciation by mainly investing in a diversified portfolio of mutual funds with an emphasis toward Canadian and global equity funds, as well as specialty funds.

Investment Strategy

Invests in units of the Distinction Bold Portfolio, which allocates up to 100% of its assets among underlying mutual funds, continuously monitors its holdings and asset mix, rebalances its underlying assets and may invest in cash or other short-term money market instruments while seeking investment opportunities or for defensive purposes.