

FORTRESS₂® Funds

Information Folder



This Information Folder is not an insurance contract nor is it a document evidencing a contract.

Amendment to FORTRESS Information Folders 2691A-11-2012 and 2693A-11-2012

On April 1, 2013, FaithLife Financial will be making changes to the management fees charged to the FORTRESS and FORTRESS 2 Funds.

The management fee change will not affect the existing guarantees, features or benefits of your segregated fund contracts.

Why are fees changing?

Canadian financial regulators recently strengthened requirements regarding the amount of money insurance companies must set aside to cover guarantees made to their clients. We evaluated the costs associated with our segregated fund plans in response to these requirements, along with adverse market conditions, and found it necessary to increase fees.

Information Folder Amendment Effective April 1, 2013

Management Fees charged to the FORTRESS and FORTRESS 2 Funds are listed in Part A, Section 6 of the Information Folder. **Effective April 1, 2013 these Management Fees will change as set out below.** Please keep a copy of this Amendment with your Information Folder for your records.

Segregated Fund Name – FORTRESS FUNDS	Current Fee (%)	New Fee (%)
Money Market Fund	1.25	0.75
Canadian Bond Fund	2.25	2.60
Global Bond Fund	2.25	2.60
Balanced Fund (Laketon)	2.50	2.85
Balanced Fund (McLean Budden)	2.50	2.85
Enhanced Dividend Fund	2.40	2.90
Canadian Equity Fund (Value)	2.60	2.95
Canadian Equity Fund (Core)	2.60	2.95
Canadian Equity Fund (Growth)	2.60	2.95
Canadian Small Cap Equity Fund	3.25	3.75
Global Equity Fund	2.60	2.95
Asia Pacific Equity Fund	2.60	3.05
European Equity Fund	2.60	2.95

Segregated Fund Name – FORTRESS 2 FUNDS	Current Fee (%)	New Fee (%)
Money Market Fund 2	1.25	0.75
Canadian Bond Fund (Indexed)	2.00	2.35
Balanced Fund (Jarislowsky)	2.35	2.70
Balanced Fund (Scheer Rowlett)	2.35	2.70
Balanced Fund (TDQC)	2.10	2.45
Canadian Equity Fund (Core 2)	2.40	2.75
Canadian Equity Fund (Growth 2)	2.40	2.75
Canadian Equity Fund (Indexed)	2.15	2.50
U.S. Equity Fund (Indexed)	2.30	2.65
Global Equity Fund 2	2.55	2.90
International Equity Fund (Indexed)	2.30	2.65

A description of the key features of the segregated fund policy is contained in the Information Folder.

Any amount that is allocated to a segregated fund is invested at the risk of the contractholder and may increase or decrease in value.



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Amendment to:

January 2013

- FaithLife Financial FORTRESS Information Folder (2691A-11-2012)
- FaithLife Financial FORTRESS 2 Information Folder (2693A-11-2012)

Key Facts about FaithLife Financial FORTRESS Funds

This summary briefly describes the basic things you should know before you apply for this individual variable insurance contract. This summary is not your contract. A full description of all the features and how they work is contained in this Information Folder, the *Fund Facts* and your contract. Review these documents and discuss any questions you have with your Representative.

What am I getting?

You are getting an insurance contract between you and FaithLife Financial. It gives you a choice of segregated fund investments and provides certain guarantees.

You can:

- Pick a registered or non-registered contract
- Choose an investment option
- Name a person to receive the death benefit
- Receive regular payments now or later

The choices you make may affect your taxes. They could also affect the guarantees. Ask your Representative to help you make these choices.

The value of your contract can go up or down subject to the guarantees.

What guarantees are available?

You get maturity and death benefit guarantees. These help protect your fund investments.

You pay for this protection. The fees are described in *How much will it cost?*

Any withdrawals you make will reduce all the guarantees. For full details please see Section 8 – The Guaranteed Policy Benefits in this Information Folder and the contract.

Maturity guarantee

This protects the value of your investment at a specific date in the future. This date is explained in this Information Folder in Section 7 – *The Policy Maturity Date and Maturity Guarantee Date*.

On this date, you will receive the greater of:

- The market value of the funds, or
- 75% of the money you put in the funds

Death benefit guarantee

This protects the value of your investment if you die. It is paid to someone you name.

The death benefit applies if you die before the maturity date. It pays the greater of:

- The market value of the funds, or
- 100% of the money you put in the funds before you turn age 65 and 75% of the money you put in the funds after you turn age 65

For full details about how these guarantees work, see Section 8 – The Guaranteed Policy Benefits in this Information Folder.

What investments are available?

Your investments will be in segregated funds. The segregated funds are described in *Fund Facts*.

Other than maturity and death benefit guarantees, FaithLife Financial does not guarantee the performance of segregated funds. Carefully consider your tolerance for risk when you select an investment option.

How much will this cost?

The funds you select will affect your costs.

Fees and expenses are deducted from the segregated funds. They are shown as management expense ratios or MERs on the *Fund Facts* for each fund.

If you make certain transactions or other requests you may be charged separately for them. These include withdrawals and switching funds. For full details, see Section 6 – *Fees and Charges* in this Information Folder and the *Fund Facts* for each segregated fund.

What can I do after I purchase this contract?

If you wish, you can do any of the following:

Transfers

You may switch from one fund to another. See Section 3 – *Changing the Investment Mix* in this Information Folder.

Withdrawals

You can withdraw money from your contract. If you decide to, this will affect your guarantees. You may also need to pay a fee or taxes. See Section 5 – *Surrender Options* in this Information Folder.

Contributions

You may make lump-sum or regular contributions. See Section 2 – *Making Contributions into the Plan* in this Information Folder.

Payout Annuity

At a certain time, unless you select another option, we will start making payments to you. See Section 11 – *Options Available upon Maturity* in this Information Folder.

Certain restrictions and other conditions may apply. Review the contract for your rights and obligations and discuss any questions with your Representative.

What information will I receive about my contract?

We will tell you at least once a year the value of your investments and any transactions you have made.

The *Fund Facts* are available on our website. You can ask us for a copy of the Fund Facts, or for information about the current fund fees and overall performance, and we will send it to you.

You may also request more detailed financial statements of the funds. These are updated at certain times during the year.

Can I change my mind?

Yes, you can:

- cancel the contract
- cancel any additional contribution you make, or
- cancel any transfer request.

To do any of these, you must tell us in writing within two business days of the earlier of:

- receiving confirmation of the transaction, or
- five business days after the confirmation has been mailed.

The amount returned or reversed will be the lesser of the amount you invested or transferred or the current value of the units you acquired or transferred on the day we process your request if it has gone down. If you cancel, the amount returned will include a refund of any sales charges or other fees you paid. The transaction may generate a taxable result and you are responsible for any income tax reporting and payment that may be required.

If you change your mind about a specific additional contribution or transfer, the right to cancel only applies to that transaction.

For full details, see the *Fund Facts* for each segregated fund.

Where can I get more information?

You may call us at 1-800-563-6237 or send us an e-mail to moreinfo@faithlifefinancial.ca. Information about FaithLife Financial and the products and services we provide is on our website at www.faithlifefinancial.ca.

For information about handling issues you are unable to resolve with your insurer, contact the OmbudService for Life & Health Insurance (OLHI) at 1-888-295-8112 or on the Internet at www.olhi.ca.

For information about how to contact the insurance regulator in your province, visit the Canadian Council of Insurance Regulators website at www.ccir-ccra.org.

FORTRESS[®] 2 Funds Information Folder

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Certification

This Information Folder provides brief and plain disclosure of all material facts relating to the FORTRESS 2 plans issued by FaithLife Financial. The Fund Facts document forms part of the Information Folder.



Karen Bjerland
President and Chief Executive Officer



Kenneth W. Woods
Senior Vice-President and Chief Financial Officer

PART A – CONTRACT AND UNIT FEATURES

I. About FORTRESS 2 Funds

In this Folder, the terms “we,” “our,” “us” and “Society” refer to FaithLife Financial. “You” and “your” refer to the prospective purchaser of the policy.

FORTRESS 2 is a variable deferred annuity product line which lets you make contributions into a selection of **Segregated Funds** established by the Society. Segregated Funds are accounts which are maintained separately from the **General Funds** of the Society. Segregated Funds are divided into **units**.

Contributions into a Segregated Fund buy units in that Fund. The number of units purchased depends on the Unit Value at the time of purchase. If the Unit Value is higher, your contribution will buy fewer units; if the Unit Value is lower, your contribution will buy more units. If you surrender or transfer some units, your surrender/transfer value will also depend on the Unit Value at the time of the transaction. If the Unit Value is higher, your surrender/transfer value will be higher; if the Unit Value is lower, your surrender/transfer value will be lower.

The Unit Value of a Segregated Fund depends on the Market Value of that Segregated Fund. **Please see Section 14 for details of how Unit Values are calculated.**

We have two FORTRESS 2 plans: FORTRESS 2 Accumulator and FORTRESS 2 Income Provider (RIF). These are identical in all respects except that FORTRESS 2 Income Provider (RIF) lets you set up a schedule of regular income payments. FORTRESS 2 Accumulator can be registered as a Registered Retirement Savings Plan (RRSP). FORTRESS 2 Income Provider (RIF) can be registered as a Registered Retirement Income Fund (RRIF).

You can choose from 11 different Funds. These Funds are as follows:

Money Market:	1. Money Market Fund 2
Income Funds:	2. Canadian Bond Fund (Indexed)
Balanced Funds:	3. Balanced Fund (Jarislowsky) 4. Balanced Fund (Scheer Rowlett) 5. Balanced Fund (TDQC)
Equity Funds – Domestic:	6. Canadian Equity Fund (Core 2) 7. Canadian Equity Fund (Growth 2) 8. Canadian Equity Fund (Indexed)
Equity Funds – U.S.:	9. U.S. Equity Fund (Indexed)
Equity Funds – Foreign:	10. Global Equity Fund 2 11. International Equity Fund (Indexed)

Any contribution can be used to buy units in one or more Funds. The part of a Fund that your own contributions have purchased is called your **Fund Account**. **Fund Account Value** is the value of your units in a Fund Account. **Policy Value** is the total of all your Fund Account Values.

We reserve the right to review certain aspects of the contract each year, and make appropriate adjustments as necessary. This review generally pertains to **Administrative Rules** regarding minimum and maximum contract requirements, limits that are imposed on certain transactions, and charges that are applied on surrenders. You will be advised in your Annual Statement of any adjustments that are made to our administrative rules.

The policy value is not guaranteed at any time prior to maturity or death, but will fluctuate with the market value of the assets of the Segregated Funds supporting them.

2. Making Contributions into the Plan

The minimum lump sum contribution to the Plan is \$500. Monthly pre-authorized debit instalment contributions may be made to the Plan in amounts of \$50 or more. The maximum contribution is \$250,000 in the first year and \$20,000 in later years. Society approval is required for higher amounts.

The full amount of a contribution into the FORTRESS 2 Plan may be used to add units to any Fund or you may split a payment between Funds. You must state in writing the Fund(s) you select, and if you select more than one Fund, you must state the portion of the contribution to be allocated to each one. The minimum contribution that can be directed to any one Fund is \$50. If you do not tell us what to do with a contribution, we will use it to buy units in the Fund(s) in the proportion defined by the policy's default allocation instructions.

We will advise you of any changes to these Administrative Rules.

The value of units purchased in Segregated Funds is not guaranteed but fluctuates with the market value of the assets of the Segregated Funds supporting them. See Section 14 for details.

3. Changing the Investment Mix

At any time prior to the policy Maturity Date, you may ask us to transfer some or all of your units from one Fund to another Fund, subject to the following Administrative Rules:

- i) the Fund Account Value remaining after a transfer must be at least \$500 or the full Fund Account Value must be transferred;
- ii) the value of units being transferred must be at least \$500 or the total Fund Account Value, whichever is less;
- iii) the fee will be waived for the first four transfers made in any calendar year; however, such transfers are subject to a transfer fee of \$50 thereafter.

We will advise you of any changes to these Administrative Rules. Please note that a transfer between Funds may result in a taxable disposition.

The value of units added or subtracted to accomplish a transfer is not guaranteed but will fluctuate with the market value of the assets of the particular Segregated Fund. See Section 14 for details.

4. The Fund Options

We may add new Funds to the plan or discontinue any Fund at any time. If we do, we will give you written notice at least 60 days in advance.

If we discontinue (i.e. close) a Fund, we will send you a transfer form on which you can advise us to which Fund we should transfer the Fund Account Value of the closed Fund. If you do not give us this advice, we will transfer that Fund Account Value to the Fund of our choice. This transfer will be effective at the end of the 60-day notice period and will be completed as described in Section 14, except that there would be no transfer fee.

If we notify you of a Fund closure, and you decide to surrender the units in that Fund, we may not charge you a surrender fee for that surrender as described in Section 16.

The value of units transferred as a result of a Segregated Fund closure is not guaranteed but will fluctuate with the market value of the assets of the particular Segregated Fund. See Section 14 for details.

5. Surrender Options

At any time prior to the policy Maturity Date you may surrender all or part of the units credited to your policy. When you request a surrender, you may:

- a) use the proceeds to purchase any form of annuity which we offer at that time, or
- b) elect to receive the proceeds as a lump sum cash settlement, or
- c) select another settlement option which we offer at that time, or
- d) transfer to another carrier if the policy is registered.

A surrender charge may apply to any partial or full surrender. The surrender charges are defined in Section 6. The surrender charge will be deducted from the amount withdrawn. As well, surrenders from registered and non-registered plans can result in a taxable disposition.

The minimum partial surrender amount allowed is \$500, and any Fund Account Value remaining after a partial surrender must be at least \$500 or the total Fund Account Value must be surrendered. We will advise you of any changes to these Administrative Rules.

For a partial surrender, subject to the above conditions, you may direct that the units be surrendered from whichever Fund you choose.

The value of units withdrawn to provide a full or partial surrender is not guaranteed but will fluctuate with the market value of the assets of the Segregated Funds supporting them. See Section 14 for details.

6. Fees and Charges

Policy Fees or Charges

There are certain situations in which a charge may be applied to your policy. If you choose to transfer some or all of your units from one Fund to another Fund, the transfer may be subject to a transfer fee (see Section 3 for details).

As well, a percentage charge applies to the amount of a partial or full surrender under the Plan occurring within five years of the policy Issue Date as follows:

During Policy Year	Percentage Charge
1	5.0%
2	4.0%
3	3.0%
4	2.0%
5	1.0%
Thereafter	Nil

For example, a partial surrender on or after the first anniversary, but before the second, would incur a 4.0% surrender charge.

There is also a flat fee for partial surrenders. This fee will be waived for the first partial surrender that occurs in any calendar year; however, a flat \$50 fee will apply to each partial surrender thereafter. We will advise you of any changes to these Surrender Charge Administrative Rules.

We may charge an assessment to your policy as provided for in Section 18 of Bylaw No. 1 of the contract. Any such assessment that is not paid will be owed by you and will reduce your benefits payable. However, under no circumstances will such reduced benefit amounts be less than the guaranteed benefits described in Section 8.

Fund Fees

With respect to the professional investment management services provided, a Management Fee is charged to each Fund. Management Fees for each Fund are a percentage of the market value of the assets in the Fund at the end of each day. We will not increase the current Management Fee for a Fund without notifying you in writing at least 60 days prior to making the increase and providing you with the transfer or redemption rights described in Part A Section 16. The current Management Fee charged to each Fund is as follows:

Fortress 2 Fund	Management Fee
Money Market Fund 2	1.25%
Canadian Bond Fund (Indexed)	2.00%
Balanced Fund (Jarislowsky)	2.35%
Balanced Fund (Scheer Rowlett)	2.35%
Balanced Fund (TDQC)	2.10%
Canadian Equity Fund (Core 2)	2.40%
Canadian Equity Fund (Growth 2)	2.40%
Canadian Equity Fund (Indexed)	2.15%
U.S. Equity Fund (Indexed)	2.30%
Global Equity Fund 2	2.55%
International Equity Fund (Indexed)	2.30%

The Management Fee is deducted from the applicable Fund and paid into the General Funds of the Society at the valuation date and is made to cover the cost of acquisition, administration and management of the Funds, as well as the maturity and death benefit guarantees.

The Society currently invests all of the monies of their FORTRESS 2 Segregated Funds into segregated funds made available through Canada Life and TD Asset Management Inc. (TDAM) (see Part B). Canada Life and TDAM will be paid a service fee for investment and administrative services. The fee will be paid from the General Funds of the Society and will not be additionally charged to the unit holders. There are no other sales charges or Management Fees being charged against the primary funds by the Fund Managers.

The only other charges that apply to a Fund are fees and expenses related to the operation of the Fund. These cover activities related to the safeguarding of the Fund, taxes attributable to investments of the Fund, Harmonized Sales Tax (HST) on the Management Fee, costs relating to regulatory compliance, audit and legal fees and all other direct expenses incurred in connection with reporting to Plan owners on assets of the Fund. These expenses will vary depending on the actual expenses incurred. Unit values and performance numbers are reported net of all fees and expenses.

For valuation purposes, fees and expenses are charged to a Fund as they are incurred. For example, the Management Fee charged to a Fund on a given valuation date will be the Management Fee accrued since the preceding valuation date.

The total of the Management Fee plus the expenses charged to the Fund divided by the average fund value of the assets managed is known as the Management Expense Ratio (MER). The MER of the fund includes the MER of the underlying fund. The annual audited MER by Fund is shown in the *Fund Facts* document. The *Fund Facts* will contain the most current audited MERs, and will be updated and available on our website after April each year.

7. The Policy Maturity Date and Maturity Guarantee Date

FORTRESS 2 Accumulator policies have a “maturity date”, which

is the date on which the policy terminates. On this date, you will be able to elect one of a number of options available to you, as described in Section 11. The maturity date for non-registered FORTRESS 2 Accumulator policies is the policy anniversary in the year in which the Life Annuitant reaches age 85, or 20 years after policy issue if later. For registered FORTRESS 2 Accumulator policies the maturity date is the policy anniversary in the year of your 71st birthday (or the latest maturity date specified under the Income Tax Act (Canada) if different). Please refer to *Taxation Status of the Policyowner* in Part D for more information.

FORTRESS 2 Income Provider policies do not have a maturity date, since they are established to provide regular income payments.

All FORTRESS 2 policies also have a Maturity Guarantee Date, on which the Guaranteed Maturity Benefit described in Section 8 becomes applicable. This Maturity Guarantee Date must be at least 20 years after the policy's Issue Date. If your policy is a registered FORTRESS 2 Accumulator policy, and the Maturity Guarantee Date is later than the maturity date, your Maturity Guarantee Date will automatically become the Maturity Guarantee Date under a new RRIF policy issued by us, according to the RRIF Conversion Option described in Sections 12 and 13.

8. The Guaranteed Policy Benefits

The Plan provides guarantees on the Maturity Guarantee Date or upon your death. These guarantees are established when the policy is issued, and are re-established at each Maturity Guarantee Date as described in Section 10. The guarantees are calculated as follows:

Maturity Guarantee

If the Life Annuitant is living on the Maturity Guarantee Date, the Guaranteed Maturity Benefit on that date will be equal to 75% of any gross contributions made by you to your policy. If payments are made to you under this policy, the amount of the Guaranteed Maturity Benefit will be reduced in the same proportion that the value of the policy has been reduced as a result of these payments and any applicable fees.

Death Guarantee

The Guaranteed Death Benefit will be equal to the sum of:

- 100% of any gross contributions made by you to add units to your policy prior to the policy anniversary preceding your 65th birthday, and
- 75% of any gross contributions made by you to add units to your policy thereafter.

If payments are made to you under this policy, the amount of the Guaranteed Death Benefit will be reduced in the same proportion that the value of the policy has been reduced as a result of these payments and any applicable fees.

These guaranteed benefits are not reduced by any deferred sales charges. Although the Funds are managed by professional

money managers, the Society is responsible for funding the guaranteed death and maturity benefits.

Table A below provides two illustrations of Guaranteed Amounts. The first shows the effect of a rapidly rising market. The second shows the effect of a rapidly declining market. Typically, the market does not move in such a volatile manner. Values have been chosen for illustrative purposes and do not reflect typical movements. The Guaranteed Death Benefit Amount assumes no further contributions have been made after age 65.

9. Benefit Payable at Death

If you die while the policy is in force, a death benefit will be payable to your beneficiary. This death benefit will be:

- a) the Policy Value on the first Valuation Date after we receive the appropriate death claim notification at Head Office, or
- b) the Guaranteed Death Benefit as described in Section 8,

whichever is greater. This death benefit amount will be reduced by any amounts owed on the policy. However, under no circumstances will such a reduced benefit amount be less than the Guaranteed Death Benefit described in Section 8.

If the amount of the Guaranteed Death Benefit is greater than the Policy Value, the balance will be paid from the General Funds of the Society.

Except for the Guaranteed Death Benefit, the value of benefits payable from Segregated Fund investments on death is not guaranteed but will fluctuate with the market value of the assets of the Segregated Funds supporting them. See Section 14 for details.

10. When the Maturity Guarantee Date is Reached

The maturity benefit amount payable at the Maturity Guarantee Date will be:

- a) the Policy Value, or
- b) the Guaranteed Maturity Benefit as described in Section 8,

whichever is greater. This maturity benefit amount will be reduced by any amounts owed on the policy. However, under no circumstances will such a reduced benefit amount be less than the Guaranteed Maturity Benefit described in Section 8.

When the policy's Maturity Guarantee Date is reached, your policy does not automatically mature. One of the following options will apply:

- a) You may either:
 - (i) choose to have your policy mature, and select a maturity option as described in Section 11, or
 - (ii) select a new Maturity Guarantee Date

or

- b) If you do not elect one of the above alternatives when the Maturity Guarantee Date is reached, we will automatically establish a new maturity guarantee date for your policy that is 20 years from the current Maturity Guarantee Date.

If you select a new Maturity Guarantee Date it must be at least 20 years after the last one. If your policy is a registered FORTRESS 2 Accumulator policy, and the new Maturity Guarantee Date is later than the maturity date, your new Maturity Guarantee Date will automatically become the Maturity Guarantee Date under a new RRIF policy issued by us, according to the RRIF Conversion Option described in Sections 12 and 13.

Table A – Illustration of Guaranteed Amounts

Unit Value	Fund Value (before)	Number of Units (before)	Type of Transaction	Transaction Amount	Number of Units Being Transferred	Number of Units (after)	Fund Value (after)	Guaranteed Death Benefit Amount	Guaranteed Maturity Benefit Amount
\$ 4.00	\$ –	0	contribution	\$ 20.00	5	5	\$ 20.00	\$ 20.00	\$ 15.00
\$ 10.00	\$ 50.00	5	contribution	\$ 150.00	15	20	\$ 200.00	\$ 170.00	\$ 127.50
\$ 25.00	\$ 500.00	20	contribution	\$ 600.00	24	44	\$ 1,100.00	\$ 770.00	\$ 577.50
\$ 40.00	\$ 1,760.00	44	withdrawal	\$ 400.00	10	34	\$ 1,360.00	\$ 595.00	\$ 446.25

Unit Value	Fund Value (before)	Number of Units (before)	Type of Transaction	Amount Being Transferred	Number of Units Being Transferred	Number of Units (after)	Fund Value (after)	Guaranteed Death Benefit Amount	Guaranteed Maturity Benefit Amount
\$ 50.00	\$ –	0	contribution	\$ 1,000.00	20	20	\$ 1,000.00	\$ 1,000.00	\$ 750.00
\$ 15.00	\$ 300.00	20	contribution	\$ 600.00	40	60	\$ 900.00	\$ 1,600.00	\$ 1,200.00
\$ 10.00	\$ 600.00	60	contribution	\$ 200.00	20	80	\$ 800.00	\$ 1,800.00	\$ 1,350.00
\$ 5.00	\$ 400.00	80	withdrawal	\$ 300.00	60	20	\$ 100.00	\$ 450.00	\$ 337.50

Establishing a new Maturity Guarantee Date is the same as restarting your policy. The Maturity Benefit Amount will be deemed to have been paid out and reapplied, and for the purpose of re-establishing your policy guarantees, this amount will be deemed to be the first contribution. The maturity and death guarantees will cover that contribution plus any further contributions made after the old Maturity Guarantee Date and before the new Maturity Guarantee Date.

Note that if it is after your 65th birthday when you select a new Maturity Guarantee Date, all contributions made to add units to your Fund Account(s), including the deemed first contribution, will now be considered to have been made after your age 65. Therefore, your Guaranteed Death Benefit would be based on 75% of contributions made by you to the policy.

If the amount of the Guaranteed Maturity Benefit is greater than the Policy Value, the balance will be paid from the General Funds of the Society.

Except for the Guaranteed Maturity Benefit, the value of benefits payable from Segregated Fund investments at the Maturity Guarantee Date is not guaranteed but will fluctuate with the market value of the assets of the Segregated Funds supporting them. See Section 14 for details.

11. Options Available upon Maturity

When your policy matures, the following options for the Policy Value are available to you:

- a) You may choose to receive any form of life annuity, with or without a guarantee period, being offered by us. We will determine the amount of the payments using the annuity rates then in effect. The amount of the payments must be greater than our minimum annuity payment amount at that time; otherwise we may convert the amount to equivalent payments made less frequently.
- b) You may elect to take the value of the plan at the maturity date as a lump sum cash settlement.
- c) You may select other settlement options which we offer at that time.
- d) If your policy is registered, you may request that its value be converted to a RRIF policy, provided that the Policy Value meets our minimum requirement for such contracts. Refer to Section 12 for details.

If no maturity option is specified by the maturity date, the following automatic maturity provisions will apply:

- i) For a non-registered policy, a life annuity with a guarantee period of 10 years will be provided, subject to the minimum requirements described in a) above.
- ii) For a registered policy, your policy value will be automatically converted to a RRIF policy, as described in Section 13.

Except for the Guaranteed Death Benefit and the Guaranteed Maturity Benefit, the value of benefits payable from Segregated Fund investments is not guaranteed but will fluctuate with the market value of the assets of the Segregated Funds supporting them. See Section 14 for details.

12. The RRIF Conversion Option

If your FORTRESS 2 Accumulator policy is registered, you may convert it to our then current FORTRESS 2 RRIF (Registered Retirement Income Fund) policy. Your investments in Segregated Funds will be continued under the RRIF policy.

This conversion option is only available if your Policy Value meets our minimum requirement for the RRIF policy. This minimum is currently \$10,000. We will review this minimum each year and will advise you of any changes to it in your Annual Statement.

The Fund Account Value(s) on the valuation date of the conversion request will become the Fund Account Value(s) under the RRIF policy immediately after the conversion. The conversion will be effective the first Valuation Date after we receive your written request at Head Office, unless a later date is specified in your request.

On the effective date of the conversion request:

- a) the Accumulator policy will terminate and the RRIF policy will take effect,
- b) unless specified otherwise,
 - i) the Maturity Guarantee Date under the Accumulator policy will become the Maturity Guarantee Date of the RRIF policy, or
 - ii) if the conversion is done on the Maturity Guarantee Date, a new Maturity Guarantee Date will be set to be 20 years from the effective date of conversion,
- c)
 - i) the maturity and death benefit guarantees under the RRIF policy will be set equal to the guarantees under the Accumulator policy immediately before the conversion, and the guarantees of the Accumulator policy will then be reduced to zero, or
 - ii) if the conversion is done on the Maturity Guarantee Date and a new Maturity Guarantee Date has been set, the Maturity Benefit Amount will be deemed to have been paid out and reapplied, and for the purpose of re-establishing your policy guarantees, this amount will be deemed to be the first contribution under the RRIF policy. The maturity and death guarantees under the RRIF policy will cover that contribution plus any further contributions made after the old Maturity Guarantee Date and before the new Maturity Guarantee Date. The guarantees of the Accumulator policy will be reduced to zero. Note that if it is after your 65th birthday when the new Maturity Guarantee Date is set, all contributions made to add units to your Fund Account(s), including the deemed first contribution, will now be considered to have been made after age 65

(since the maturity benefit amount was deemed to have been paid out and reapplied). Therefore, your Guaranteed Death Benefit would be based on 75% of contributions made by you to the policy.

You will only be permitted to apply this RRIF conversion option at such time that a conversion is allowed under the terms of the Income Tax Act (Canada).

Except for the Guaranteed Death Benefit and the Guaranteed Maturity Benefit, the value of benefits payable from Segregated Fund investments is not guaranteed but will fluctuate with the market value of the assets of the Segregated Funds supporting them. See Section 14 for details.

13. Automatic RRIF Conversion

If you have a registered policy and you have not selected another maturity option by the maturity date, we will automatically convert your maturity value to a RRIF policy, as described in Section 12.

14. How and When the Funds are Valued

The Segregated Funds are divided into units. 100% of the units of each Segregated Fund are invested in units of a similarly constituted secondary fund. The segregated funds may earn dividends, interest, capital gains and foreign non-business income. The earnings in each secondary fund are allocated to the policyowners of the associated Society's principal fund and are retained in that Fund to increase the value of the units. Each Valuation Date, we determine the **Market Value** of the assets underlying each Fund.

The **Fund Value** is the Market Value of the underlying assets, plus any cash holdings less expenses incurred, taxes attributable to investments of the Fund, a Management Fee for management and advisory services, Goods & Services Tax on the Management Fee and all other direct expenses incurred in connection with reporting to Plan owners on assets of the Fund.

We then take the Fund Value and divide by the number of units in the Fund to get the new Unit Value for that Fund. This Unit Value will remain in effect until the next Valuation Date.

The Fund Value and Unit Value of a Segregated Fund are not guaranteed but will fluctuate with the Market Value of the assets of the Segregated Funds supporting them.

What is a Valuation Date?

A Valuation Date is every day on which we are able to determine a fair Market Value for the Funds. The minimum requirements for a day to be a Valuation Date are that:

- 1) the Society is open for business
- 2) the Toronto Stock Exchange is open for trading, and
- 3) a Market Value can be obtained for the underlying assets.

In addition, we will determine whether a day can be a Valuation Date if:

- 1) any nationally recognized stock exchange is closed other than for normal weekends and holidays, or
- 2) trading on any nationally recognized stock exchanges is restricted.

When are transactions processed?

You send us a signed request to process a transaction, e.g., make a contribution, surrender or transfer. All requests received in the mail at Head Office by 2:00 p.m. will be recorded the same day. The processing of the transaction cannot be completed at that time, however, because we do not yet know the Unit Value for that day.

In the evening of that day, we determine the Fund Values. If we are unable to do so because of circumstances listed in the previous ("What is a Valuation Date?") section, then that day will not be a Valuation Date. The processing of your transaction would not be completed until the first day on which we are able to determine Fund Values.

If we are able to determine the Fund Values, we then divide each Fund Value by the number of units in the Fund, to get the new Unit Value for the Fund. The processing of the transactions is then completed.

How are transactions applied?

CONTRIBUTIONS

Contributions made to this policy and transfers from other Fund Accounts will be used to add units to a Fund Account. The number of units added to your Fund Account will be determined by dividing:

- a) the amount of your contribution or transfer, by
- b) the Unit Value on the next Valuation Date.

TRANSFERS

When you subtract units from your Fund Account(s) for transfer to another Fund Account, the value subtracted will be determined as follows:

- (i) If you specify the number of units to be subtracted from your Fund Account, then their value equals:
 - (a) the number of units of your Fund Account being subtracted, multiplied by
 - (b) the Unit Value of that Fund on the next Valuation Date.
- (ii) If you specify the value to be subtracted, then the number of units subtracted from your Fund Account equals:
 - (a) the value to be subtracted, divided by
 - (b) the Unit Value of that Fund on the next Valuation Date.

The value subtracted would be reduced by any applicable transfer fees as described in Section 3.

SURRENDERS

If you decide to surrender your policy, the Surrender Value is determined in the same manner as described in the “Transfers” section (above), except that the value would be reduced by any surrender charges as shown in Section 6.

15. The FORTRESS 2 Annual Statement

Within four months of each year end, you will receive an annual statement of the status of your Plan. This statement will include:

- the value of the benefits under your Plan at the end of the year covered by the statement,
- the amount allocated under your Plan to a Segregated Fund during the year covered by the statement, and
- any changes to the Society’s current minimum/maximum transaction amounts, or administrative transaction charges mentioned in your contract.

This statement will be issued in addition to any statement of income for tax purposes which may be required by the Income Tax Act (Canada).

The FORTRESS 2 audited financial statements and *Fund Facts* will be posted on our website annually. Information regarding the current Segregated Fund management fee, management expense ratio and the overall rate of return for the last 1, 3, 5 and 10 year periods, as well as semi-annual unaudited financial statements, are available upon request. You can receive a printed copy of any of these documents by sending your request in writing to Member Services, FaithLife Financial, 470 Weber Street North, Waterloo, Ontario N2J 4G4.

16. Fundamental Change Rights

We reserve the right to make Fundamental Changes from time to time, subject to compliance with the clauses noted below. The following changes to the FORTRESS 2 plan will constitute a Fundamental Change:

- a) an increase in the Management Fee charged to a Fund (as specified in Section 6);
- b) a change in the fundamental investment objectives of a Fund;
- c) a decrease in the frequency with which units of a Fund are valued; or
- d) a fund closure.

We will mail you written notification at least 60 days prior to making any of these changes.

This notification will give you the right to:

- i) transfer the units of the affected Fund to a *Similar Segregated Fund* offered within the FORTRESS 2 Plan that is not subject to the change for which the notice is being delivered. You will not be charged any fees for this transfer, nor will it affect any of your other rights or obligations under the terms of the Plan, provided we receive your

election at least five days prior to the expiry of the 60-day notice period.

or

- ii) if we do not offer a *Similar Segregated Fund*, redeem the units of the affected Fund without incurring any charges or fees, provided we receive your election at least five days prior to the expiry of the 60-day notice period.

For the purposes of the section above, a *Similar Segregated Fund* means a segregated fund that has comparable fundamental investment objectives, is in the same investment fund category (in accordance with fund categories published in a financial publication with broad distribution) and has the same or a lower management fee and insurance fee than the management fee and insurance fee of the segregated fund in effect at the time the notice is given.

We also reserve the right to change underlying funds. If such a change is a Fundamental Change, you will have the rights described in the section above. Changing an underlying fund to another substantially similar underlying fund will not constitute a Fundamental Change provided immediately following the change the total management fee and insurance fee of the Fund is the same as, or lower than, its total management and insurance fee immediately before the change. A substantially similar underlying fund is one that has a similar fundamental investment objective, is in the same investment fund category and has the same or lower management fee as the underlying fund. We will (a) notify you, our regulators and the CLHIA at least 60 days in advance of the fund change or closure (unless such notice is not practical in the circumstances, in which event we will provide notice as soon as possible as reasonably practical), and (b) amend or re-file this Information Folder to reflect the change. The foregoing may be superseded by any regulatory developments governing changes to segregated funds.

PART B – FORTRESS INVESTMENT MANAGEMENT

The Insurer

FaithLife Financial is the issuer and provider of all guaranteed benefits under your contract.

FaithLife Financial is a fraternal benefit society that was incorporated by Special Act of the Parliament of Canada in 1972 under the name Lutheran Life Insurance Society of Canada, to transact the business of life insurance including the business of annuities. Its operations are governed by the Insurance Companies Act. The terms and provisions of the policies issued by the Society and the manner in which they are distributed are regulated by the Insurance Acts of the provinces in which the Society operates. In 2008, the Society’s legal name was changed to FaithLife Financial.

The Head Office of FaithLife Financial is located at 470 Weber Street North, Waterloo, Ontario.

Segregated Fund Managers

The Society currently invests all of the monies of their FORTRESS 2 Segregated Funds into Segregated Funds made available to us through Canada Life and TD Asset Management Inc. (TDAM). These Funds are managed by professional money managers. Listed below are the names and addresses of the Canadian Head Offices of the companies which provide investment advisory services to the Funds.

Greystone Managed Investments Inc.

300 Park Centre
1230 Blackfoot Drive
Regina, SK S4S 7G4

Jarislowsky Fraser Ltd.

20 Queen St. West, Suite 3100
Toronto, ON M5H 3R3

McLean Budden Ltd.

145 King Street West, Suite 2525
Toronto, ON M5H 1J8

Scheer, Rowlett & Associates

181 University Ave., Suite 300
Toronto, ON M5H 3M7

TD Asset Management Inc.

Canada Trust Tower
161 Bay Street, 34th Floor
Toronto, ON M5J 2T2

All of the investment managers are independent of FaithLife Financial.

Auditor

FORTRESS 2 segregated funds are audited by KPMG, 115 King St. South, 2nd Floor, Waterloo, ON N2J 5A3

PART C – INVESTMENT POLICIES AND RISK FACTORS

Investment practices and restrictions

The Society adheres to the investment requirements and restrictions of the Individual Variable Insurance Contract Guidelines of the Canadian Life and Health Insurance Association by monitoring and ensuring compliance by the fund managers of the respective funds.

The investment managers adhere to the investment requirements and restrictions of the Individual Variable Insurance Contract Guidelines of the Canadian Life and Health Insurance Association and the prudent person requirements under the federal and provincial insurance laws. They also follow the investment requirements and restrictions of federal and provincial insurance laws.

It is not the intention of the Funds to purchase or sell real

estate, or to make loans other than the purchase of debt securities for investment purposes. Any securities that are transferred between accounts under the fund managers' administration are transacted at market value.

The Funds may achieve their investment objective or investment strategy by either investing directly in securities or indirectly in Units of one or more Underlying Funds.

Although the Funds are not separate legal entities, their assets are segregated from other assets of the Society. Units in the Funds are credited to the policies for the purpose of determining benefits. The Owners acquire no direct claim on Units or assets of the Funds or the Underlying Funds, but only on the Policy benefits.

Investments in other Funds

Investment in an Underlying Fund is permitted. The principal Fund, being the Fund listed in the Fund Facts document, will establish a Unit Value and will follow its investment policy. For our Funds which invest in underlying mutual funds, the fundamental investment objective of the mutual fund cannot be changed unless approved by the unitholders of the mutual fund. When such approval is made, we'll advise you of the change. At that point we will consider whether the changed objective is consistent with the fund's objective or strategy and determine whether we should change the investments to direct investments or another underlying fund. Where a principal Fund invests in an Underlying Fund, there will be no duplication of Management Fees.

The benefits and value of the FORTRESS 2 plan are determined under the contract. You do not have any direct claim to the assets of the principal or secondary fund nor are you the unitholder of any underlying secondary Fund.

Similarities to other Segregated Funds and Underlying Funds

The investment objectives and investment strategies of the Funds are in many cases similar to the objectives and strategies of a corresponding Underlying Fund sponsored by our investment advisors. Although the Funds have these similar objectives and strategies, and in most cases will have investment portfolios managed by the same individuals, the performance of the Underlying funds and the corresponding segregated Funds will not be identical. This result occurs because not all of the investments of the two groups of funds will be the same in all respects, the investments will be acquired at different times, in different amounts and at different prices, and each Fund will have different levels of purchases and redemptions and different pricing structures necessitating different portfolio transactions.

Investment Manager Review Process

Through our Investment Manager Review Process, we regularly review and monitor investment managers against our standards and established expectations.

These reviews include:

- A review of performance – absolute and risk-adjusted – and the consistency of this performance relative to their peer group and benchmark for all managers.
- A review of the investment policies and procedures of the Fund to ensure that the fund objectives, risk tolerances and investment constraints are being met. It also includes a review of qualitative factors such as portfolio turnover and consistency of style. For funds available through Canada Life, these reviews are made indirectly via independent monitoring of Canada Life's Investment Manager Review Process.

Access to complete investment policies

If at any time you would like to obtain the Funds' audited annual financial statements, semi-annual unaudited statements, *Fund Facts*, a detailed description of the Fund's investment policy, or detailed investment policy information pertaining to the underlying funds, please send your request in writing to Member Services, FaithLife Financial, 470 Weber Street North, Waterloo, Ontario N2J 4G4.

Fund risks

There is a risk of financial loss from allocating premiums to Funds. This risk comes primarily from the following specific risks that may be applicable to one or more of our Funds. Where the Fund invests in an Underlying Fund, the risks described in this section affect the Underlying Fund and will also affect the Fund. For a summary of which risks may be applicable to each of our Funds, refer to Table B at the end of this section.

General risk

General risk is the risk of financial loss due to allocating premiums to Funds. Although Funds are managed to earn a positive return, the value of these investments may fluctuate from day-to-day, reflecting trends in interest rates, economic conditions and market events.

Market risk

Market risk is the risk of financial loss due to fluctuating market conditions. Even carefully selected, high-quality stocks and bonds may decline in value simply because the market as a whole declines in value, or because the market adjusts its evaluation of an outlook for a company, or even because of political or economic events. On the other hand, quality stocks and bonds may increase in value if the reverse of each scenario above occurs.

Foreign market risk

Foreign market risk is the risk of financial loss due to investing in foreign markets. Investments may be impacted by the monetary policies of foreign countries. Additionally, there may be a higher degree of political instability and currency and

market illiquidity associated with foreign markets, as well as less stringent accounting rules and regulatory overview.

Special equities risk

Special equities risk is the risk of financial loss due to investing in smaller capitalization companies. These companies also often have limited financial resources and/or information about them may be limited. Such investments are generally more volatile in the short term, but offer the potential for higher returns over the longer term.

Interest rate risk

Interest rate risk is the risk of economic loss caused by changes in interest rates. As a rule, the value of fixed income securities will change inversely with a corresponding change in interest rates: as interest rates decrease, the value of fixed income securities will increase, and as interest rates increase, the value of fixed-income securities will decrease. Fixed income securities with longer terms-to-maturity are generally more sensitive to interest rate changes than those of shorter terms-to-maturity.

Credit risk

Credit risk is the risk of financial loss caused by the issuer of a fixed income security defaulting on principal and interest payments. While every issuer of fixed income securities is carefully evaluated before their security is purchased for any Fund, the issuer's situation can change, causing a loss in the Fund. Credit risk can also be found in situations where a derivative is purchased in conjunction with a counterparty (see the section Derivative risk for more detail).

Currency risk

Currency risk is a risk of financial loss caused by currency fluctuations. If the currency of a country invested in declines against the Canadian dollar, the Canadian dollar value of that investment may decline.

Securities lending risk

Securities lending transactions involve the temporary exchange of securities for collateral (other securities or cash) with a simultaneous obligation to redeliver a like quantity for the same securities on a future date. In a securities lending transaction, a Fund lends its securities through an authorized agent to another party (the counterparty) in exchange for a fee and a form of acceptable collateral. Below are some of the general risks associated with entering into securities lending transactions:

- When entering into securities lending transactions, the Fund is subject to the credit risk that the counterparty may default under the agreement and the Fund would be forced to make a claim in order to recover the investment.

- When recovering its investment on a default, the Fund could incur a loss if the value of the securities loaned has increased in value relative to the value of the collateral held by the Fund.

Sovereign risk

Sovereign risk is the risk of financial loss due to the government seizure of any assets held in a country. This may be more prevalent in foreign markets that experience great political, social or economic instability. Sovereign risk also arises due to the possibility of less stringent accounting practices and regulatory supervision standards and practices in foreign jurisdictions.

Derivative risk

Derivative risk is assumed when derivatives are owned in a Fund. Derivatives are contracts with a value that is 'derived' from the market price or value of the underlying asset, such as a currency or stock, or from an economic indicator such as interest rates or stock market indices. Derivatives include, but are not limited to, forwards, futures, swaps and options. Derivatives can be very useful in order to manage risk, reduce transaction costs, ensure timeliness of transactions, enhance liquidity and increase portfolio returns. Our Funds may use derivatives for those purposes. However, there is no guarantee that a derivative will be successful in providing the desired hedge or benefit for the Fund. For example, hedging against changes in the value of a currency does not eliminate fluctuations in the prices of securities in that Fund's portfolio, nor does it prevent a loss from occurring if the price of the security declines. There is also no assurance that any derivative position can be closed at the time most advantageous to the Fund or that the other party to a derivative contract will be able to fulfill its obligations.

Some Funds may be permitted to use derivative instruments to leverage the portfolio, within defined limits.

In all cases of derivative use, the aggregate investment limits and risk exposures referred to in the investment policy for each asset class will include the securities underlying the derivative instruments.

The derivatives used are only those permitted by the Canadian securities authorities for both hedging and non-hedging purposes.

Index risk

The investment decisions for index funds are based on the Fund's permitted index. As such, the segregated Fund may have more of the net assets of the Fund invested in one or more issuers than is usually permitted for segregated Funds. There is a possibility that this could lead to less diversification within the Fund, and in turn less liquidity of the Fund. It could also mean that the segregated Fund volatility is higher than that of a more diversified segregated Fund, while still tracking the volatility of the permitted index.

Underlying fund risk

All of the Funds use a "fund on fund" structure whereby the Fund invests all of its assets in an Underlying Fund. Depending on the size of the investment being made by the Fund in an Underlying Fund and the timing of the redemption of this investment, an Underlying Fund could be forced to sell significant assets prematurely to accommodate a large redemption request. This may negatively impact the unit price of the Underlying Fund.

Tax change risk

Tax change risk is the risk that changes may be made to the rules affecting taxation of a Fund or a Fund's investments, or in the administration of such tax rules.

Small fund risk

Small fund risk is the risk that a Fund with a low net asset value may be discontinued and reallocated to another Fund as it does not have sufficient assets to be effectively managed.

Any amount that is allocated to a segregated Fund is invested at the risk of the contract holder and may increase or decrease in value.

Table B – Summary of Fund Risks

Fortress 2 Fund	General	Market	Foreign Market	Special Equities	Interest Rate	Credit	Currency	Securities Lending	Sovereign	Derivative	Index	Underlying Fund	Tax Change	Small Fund
Money Market Fund 2	✓				✓	✓		✓				✓	✓	✓
Canadian Bond Fund (Indexed)	✓				✓	✓		✓		✓	✓	✓	✓	✓
Balanced Fund (Jarislowsky)	✓	✓	✓	✓	✓	✓	✓		✓			✓	✓	✓
Balanced Fund (Scheer Rowlett)	✓	✓	✓		✓	✓	✓		✓	✓		✓	✓	✓
Balanced Fund (TDQC)	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Canadian Equity Fund (Core 2)	✓	✓		✓	✓	✓		✓				✓	✓	✓
Canadian Equity Fund (Growth 2)	✓	✓			✓	✓				✓		✓	✓	✓
Canadian Equity Fund (Indexed)	✓	✓			✓	✓		✓		✓	✓	✓	✓	✓
U.S. Equity Fund (Indexed)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Global Equity Fund 2	✓	✓	✓	✓	✓	✓	✓		✓			✓	✓	✓
International Equity Fund (Indexed)	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

PART D – SEGREGATED FUND TAXATION

Taxation of the Segregated Fund

Under the Income Tax Act (Canada), the Segregated Fund is treated as a trust which is separate from the Society. All the income, capital gains and losses of the Fund are allocated to the policyowners annually with the result that the trust does not pay income tax.

The value of the units in the Funds attributed to a policy will not be reduced by income taxes on the income from monies invested in respect of that policy or on the gains realized on such investments. However, the Funds are subject to foreign withholding taxes on income derived from non-Canadian investments.

Taxation Status of the Policyowner

For contributions made to the Plan, you will be taxed each year on the investment income (interest, dividends, and capital gains) of the Fund allocated in respect of the Plan. We will forward the appropriate income tax slips (T3) showing the pro-rata share of Fund income and capital gains or losses deemed to be included in your income under the Income Tax Act (Canada). The T3 form includes appropriate subdivisions for taxable investment income, capital gains, and other factors necessary for calculating your personal income tax. The Society is required to file a copy

of the T3 report with Canada Revenue Agency.

Canadian dividends declared on securities held within a Fund may be eligible for the Canadian Dividend Tax Credit when allocated to participants in the segregated funds. As well, income from foreign sources is taxable, but may be eligible for some tax relief due to a foreign tax credit. These amounts will be reported to you on your T3 slip. Please be aware that a taxable situation may arise with the payment of any Guaranteed Benefits.

If desired, the Accumulator Plan can be registered under section 146 of the Income Tax Act (Canada) as a Retirement Savings Plan. A registered Segregated Fund contract is one of a number of different vehicles for the accumulation of retirement income. Registration enables you to obtain the benefit of any income tax deferral to which you may be entitled with respect to the whole or any portion of the premiums paid. In addition, the investment income and capital gains earned by your units in the Fund options will not be subject to income tax until a retirement income is taken or until the Plan is deregistered. The registered Plan must provide for a retirement income to commence prior to the end of the year in which you attain age 71. The Plan cannot be surrendered or assigned without deregistering.

Surrenders from registered plans can result in a taxable disposition to the policyowner. As well, for non-registered plans, transfers between segregated funds, surrenders from segregated funds, a fund discontinuance and an underlying fund substitution are taxable dispositions and may result in a capital gain or loss to the owner.

If you ask that your contract be registered, your contract will also include a Retirement Savings Plan Endorsement which may modify certain of the regular contractual benefits. You should be aware that registered contracts may be more suitable as a means of long duration investment rather than short duration. Please discuss the implications of registration with your representative before purchasing a registered policy.

PART E – MATERIAL TRANSACTIONS

Material Contracts

The Society currently invests all of the monies of their Segregated Funds with professional money managers who manage these funds as described in Part B of this Information Folder.

No other material contract has been entered into by the Society within two years prior to the date of filing of this Information

Folder which is not considered as having been made in the ordinary course of business.

Interest of Management and Others in Material Transactions

No director or senior officer of the Society, principal broker of the Society or associate or affiliate of the foregoing has, within the three years prior to the date of filing of this Information Folder, any material interest in any transaction which has materially affected or will materially affect the Society with respect to the Funds. For better clarity, the foregoing is not intended to diminish nor reduce any of the rights of ownership of the Segregated Funds.

Other Material Facts

There are no other material facts to report relating to this product and not disclosed pursuant to the foregoing items.

PART F – INVESTMENT OBJECTIVES AND STRATEGIES OF THE FUNDS

Money Market Fund 2

Investment Objective: This segregated fund invests primarily in Canadian money market instruments such as high-quality commercial paper and short-term government debt securities currently through the TDAM Emerald Canadian Short-Term Investment Fund.

Investment Objective of the Underlying Fund:

The investment objective is to earn a high rate of interest income and at the same time preserve capital and maintain liquidity. The portfolio is invested in money market instruments, such as treasury bills of Canadian governments, bankers' acceptances of Canadian chartered banks and commercial paper ("CP") of Canadian corporations.

Investment Strategy of the Underlying Fund:

- The fund consists of high-quality securities, generally maturing in not more than one year, and includes a high corporate bond weighting.

Canadian Bond Fund (Indexed)

Investment Objective: This segregated fund invests primarily in Canadian fixed income securities issued by governments and corporations currently through the TDAM Emerald Canadian Bond Index Fund.

Investment Objective of the Underlying Fund:

The investment objective is to track the performance of the DEX Universe Bond Index (the "Universe Index"). The portfolio of the Fund is invested primarily in a group of bonds included in the Universe Index that are selected and weighted mathematically to approximate the overall return and risk characteristics of the Universe Index, subject to the investment restrictions of the Fund. The Universe Index is a broad market index and is the most widely used measure of bond market performance in Canada. The index includes the majority of debt issues traded in Canada.

The Fund invests primarily in high quality fixed-income securities that are issued by governments and corporations and that mature in more than one year.

Investment Strategy of the Underlying Fund:

- The fund will mainly invest in federal, provincial and municipal government bonds, with some corporate bonds also held. This ensures the overall diversity of the fund. The aim is for the fund to have an overall average credit quality of AA.
- The fund is not actively managed, instead focusing on mirroring the holdings of, and their respective proportions in, the DEX Universe Bond Index.
- This target index is divided into a matrix of subgroups of bonds based on the type of issuer and the term to maturity.
- A sampling of each subgroup is then taken and investments are made according to proportions determined by the index; as a result, the portfolio yield, duration and sector weights mirror those of the index.

Balanced Fund (Jarislowsky)

Investment Objective: This segregated fund invests primarily in Canadian fixed income securities and stocks with exposure to foreign stocks currently through the Jarislowsky Balanced Growth Fund.

Investment Objective of the Underlying Fund:

The objective of the fund is to provide long-term capital appreciation and income. The fund invests in a combination of fixed income, North American and international equity securities.

Investment Strategy of the Underlying Fund:

- The manager of the fund relies primarily on internal research to develop strategy with a focus on long-term fundamentals.
 - The manager limits the industry weightings to a maximum of 20%, while keeping specific company weightings under 10%.
 - Invests in high quality securities, with the shift in the asset mix being incremental in nature, thus maintaining a low portfolio turnover.
-

Balanced Fund (Scheer Rowlett)

Investment Objective: This segregated fund invests primarily in Canadian fixed income securities and stocks with exposure to foreign stocks currently through the SRA Balanced Fund

Investment Objective of the Underlying Fund:

The objective of the fund is to achieve superior mid to long-term performance and to ensure capital preservation through broad asset diversification.

Investment Strategy of the Underlying Fund:

- The portfolio includes both domestic and foreign equities, in addition to fixed income securities through the application of a fund of funds approach.
 - A disciplined investment style focuses on fundamental analysis for asset class and security selection
 - Employs a multi-manager approach, bringing together asset class experts with investment approaches tailored to their respective markets.
 - A conservative approach to asset allocation is used to reduce risk. Superior security selection provides an opportunity for added value over time.
-

Balanced Fund (TDQC)

Investment Objective: This segregated fund invests primarily in Canadian fixed income securities and stocks with exposure to foreign stocks currently through the TDAM Emerald Balanced Fund.

Investment Objective of the Underlying Fund:

The investment objective is to earn a reasonable rate of interest and dividend income and moderate capital appreciation by investing principally in money market instruments and securities included in the S&P/TSX Composite Index and the DEX Universe Bond Index ("Universe Index"). The Fund may also invest in foreign securities, including securities included in the Standard & Poor's 500 Composite Total Return Index ("S&P 500 Index") and the Morgan Stanley Capital International Europe, Australasia and Far East Net Dividend Index ("MSCI EAFE ND Index").

Investment Strategy of the Underlying Fund:

- The fund invests mainly in units of other Emerald Index Funds which, in turn, invest in the holdings of the S&P/TSX Composite Index, the MSCI EAFE Index, the Standard & Poor's 500 Composite Index, the DEX Universe Bond Index and the DEX T-Bill Index.
- The money market portion of the portfolio is the only portion that is actively managed.
- The asset mix of the fund reflects the average asset mix of pooled balanced funds in Canada. The fund is rebalanced quarterly to bring the asset mix in line with the pension industry's average mix.

Canadian Equity Fund (Core 2)

Investment Objective: This segregated fund invests primarily in Canadian equities currently through the Jarislowsky Canadian Equity Fund.

Investment Objective of the Underlying Fund:

The objective of the fund is to provide long-term capital appreciation. The fund invests primarily in Canadian equities.

Investment Strategy of the Underlying Fund:

- The manager of the fund relies primarily on internal research to develop investment strategy with a focus on long-term fundamentals.
- The manager limits the industry weightings to a maximum of 20%, while keeping specific company weightings under 10%.
- Invests in high quality stocks employing a large capitalization low risk investment approach.

Canadian Equity Fund (Growth 2)

Investment Objective: This segregated fund invests primarily in Canadian equities currently through the Greystone Canadian Equity Fund.

Investment Objective of the Underlying Fund:

The manager will invest the assets of the fund primarily in common or other capital stocks of Canadian corporations, and securities with common stock-like investment characteristics, including rights and warrants. By investing in the companies that are expected to be the top performers within identified sectors, the manager will pursue superior rates of return compared to the total return of the S&P/TSX Composite Index.

Investment Strategy of the Underlying Fund:

- The manager of the fund is growth-oriented, believing a stock reacts positively to growth in earnings and cash flow. The manager employs a combination of internal and external research, economic analysis and valuation models to identify companies with growth characteristics.
- The fund employs a disciplined, team-based approach to investing.

Canadian Equity Fund (Indexed)

Investment Objective: This segregated fund invests primarily in Canadian equities currently through the TDAM Emerald Canadian Equity Index Fund.

Investment Objective of the Underlying Fund:

The objective of the fund is to follow the returns of the S&P/TSX Composite Index. Investments will closely track the stocks represented in the Index and weightings will be determined per Index criteria.

Investment Strategy of the Underlying Fund:

- Canadian equity portfolios are managed using full replication techniques. Technology and proprietary software are used to maintain tight thresholds. Strict discipline in the implementation of equity indexing strategies is maintained. This ensures that all portfolios mirror the make-up of their respective indices as closely as is practical.
- Trading is done with the goal of minimizing market impact and commissions incurred.
- The fund has no active stock selection and holds a minimum cash level, and thus follows the return of the index very closely.

U.S. Equity Fund (Indexed)

Investment Objective: This segregated fund invests primarily in U.S. equities currently through the TDAM Emerald U.S. Market Index Fund.

Investment Objective of the Underlying Fund:

The objective of the fund is to closely track the S&P 500 Total Return Index holdings and achieve a return consistent with the Index return.

Investment Strategy of the Underlying Fund:

- U.S. equity portfolios are managed using full replication techniques to index U.S. equity portfolio to the S&P 500 Total Return Index.
- The fund uses sophisticated technology to monitor, analyze and adjust the portfolio holdings.
- Trading is done with the goal of minimizing market impact and commissions incurred.
- The fund has no active stock selection and holds a minimal cash level.

Global Equity Fund 2

Investment Objective: This segregated fund invests primarily in stocks anywhere in the world currently through the McLean Budden Global Equity Fund.

Investment Objective of the Underlying Fund:

The objective of the fund is to provide superior rates of return, through capital appreciation by investing in a diversified portfolio of non-Canadian equities.

Investment Strategy of the Underlying Fund:

- The Fund is usually invested in large and medium sized well-capitalized non-Canadian companies which are listed on principal global stock exchanges.
- The emphasis is on common shares or securities which represent common shares.
- Investment decisions are made based on research conducted by a team of portfolio managers called the Global Equity Team.
- The portfolio managers favor larger companies. Security selection emphasizes companies with prospects for above-average earnings growth or that are considered to be undervalued in relation to historical price, industry competitors or the overall market.
- The Fund will engage in active trading and may have a high portfolio turnover rate. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor incurring capital gains in the year. There is not necessarily a relationship between a high turnover rate and performance.

International Equity Fund (Indexed)

Investment Objective: This segregated fund invests primarily in companies located in Europe, Australasia and the Far East currently through the TDAM Emerald International Equity Index Fund.

Investment Objective of the Underlying Fund:

The objective of the fund is to closely track the holdings and returns of the Morgan Stanley Capital International Europe, Australasia and Far East (EAFE) Index. Investments are made in over 1,000 securities in 21 countries.

Investment Strategy of the Underlying Fund:

- International equities are managed using full replication techniques to index international equity portfolios to the MSCI EAFE Index. The investment process proceeds in two general steps. The initial step is to ensure that the country weights are closely in line with the Index. This allocates cash flows to the appropriate market, taking into account trade size limitations and transaction costs. The second step is to generate trade lists for each of the markets based on market capitalization, such that large capitalization issues, which are more liquid and have the most impact on the country indices, are purchased before stocks of lighter weight.
- Generally, investments are made in over 1,000 securities in approximately 21 countries.



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