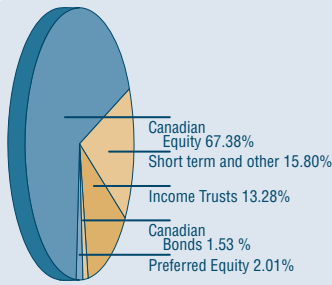




Asset mix of the underlying fund



Sector Allocation

Canadian Equity Portfolio

Energy	31.62%
Materials	9.28%
Industrials	1.79%
Consumer Discretionary	0.00%
Consumer Staples	0.00%
Health Care	0.00%
Financials	19.10%
Information Technology	0.00%
Telecommunication Services	6.08%
Utilities	14.80%
	82.67%

Top 10 holdings of the underlying fund

TransCanada PipeLines Ltd.	5.92%
Bank of Nova Scotia	4.70%
Bank of Montreal	4.30%
Canadian Utilities Ltd., Class A, NV	4.17%
Fortis Inc.	4.17%
Enbridge Inc.	4.16%
The Toronto-Dominion Bank	3.92%
TSX Group Inc.	3.39%
Emera Inc.	3.31%
BCE Inc.	3.30%
	41.34%

Investment limits

	Min.	Max.	Real
Industrial Alliance Fund			
Short term	0%	20%	(0.06)%
Units of an underlying fund	80%	100%	100.06%

Commentary

Their approach to investment management is straightforward and might best be characterized as the "reasonable man"/value approach. This entails a healthy skeptical selection process based on our own in-house research complemented by the resources from the leading Canadian and US investment organizations.

Their investment focus is to identify individual companies, primarily in Canada or the US, which have good earnings/cash flow which can be purchased at a reasonable price. In the absence of such opportunities, for balanced investors they will counsel that it is better simply to reallocate more to fixed yields and wait patiently for better moments down the road.

Investment Advisor



George L. Frazer
Bill Tynkaluk, CFA
Patrick Magee, CFA

Inception date: November 2004
Management expense ratio (MER): 2.93% (GST included)

Objectives of the Fund

- Long-term capital growth mainly through investments in Canadian equity securities
- Conforms to investment horizons that are sufficiently distant to tolerate the volatility of the market values

Investment style

Value

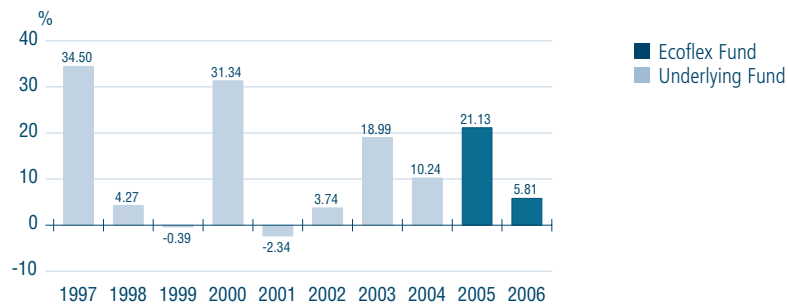
Performance Data

The returns or performance information shown assume that all income/realized net gains are retained by the segregated fund in the periods shown and are reflected in higher unit values of the segregated fund. The return or performance information do not take into account sales, redemption, distribution or other optional charges or income taxes payable that would have reduced returns or performance. How the segregated fund has performed in the past does not necessarily indicate how it will perform in the future.

For illustration purposes only. Includes underlying fund performance as indicated. Actual segregated fund performance could be expected to vary.

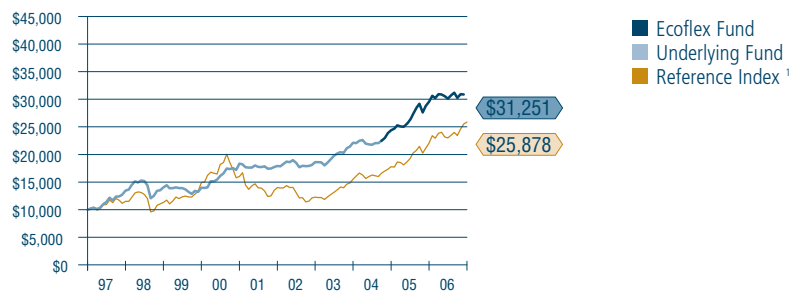
Year By Year Returns

This chart shows you the fund's annual performance and how an investment made on January 1 would have changed by December 31.



Past Performance

This graph shows you how a \$10,000 investment in this fund would have changed in value compared with the reference index.



Annual Compound Returns

This table shows the simple returns for the monthly periods and the historical annual compound total return of the segregated fund and the underlying fund compared with the reference index.

	Since October 2004	10 years	5 years	3 years	2 years	1 year	6 months	3 months	1 month	YTD
Fund	15.2	12.1*	11.8*	12.2*	13.2	5.8	3.8	3.4	1.2	5.8
Reference Index ¹		10.0	13.1	18.6	20.6	17.3	12.5	10.4	1.5	17.3

¹ S&P/TSX Composite Index.

* Return of the underlying fund. If the segregated fund had existed during this period, the return probably would have been different from that presented.

Canadian Equity (Leon Frazer)

Firm

Leon Frazer & Associates

Established in 1939, Leon Frazer is the oldest independent investment organization in Ontario managing in excess of \$750 million in client assets.



■ Investment Philosophy

Their approach to investment management is straightforward and might best be characterized as the "reasonable man"/value approach. This entails a healthy skeptical selection process based on their own in-house research complemented by the resources from the leading Canadian and US investment organizations. Their investment focus is to identify individual companies, primarily in Canada or the US, which have good earnings/cash flow which can be purchased at a reasonable price (offer a prospective return greater than fixed income without any heroic assumptions). In the absence of such opportunities, for balanced investors they will counsel that it is better simply to reallocate more to fixed yields and wait patiently for better moments down the road.

■ Fund Manager

The firm has a rich mix of specialists/generalists (currently comprised of 15 managers) with on average over 20 years experience. Each brings to the table their depth of experience in the major fields like banking, technology, healthcare and energy and collectively pool their resources/decision making at weekly strategy meetings. The result is a flexible but objective appraisal of realistic probabilities.