

## SPECIALTY FUNDS

# Emerging Markets (Templeton)

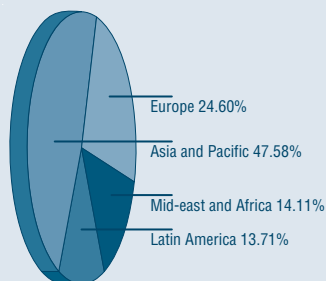
Net assets: 26.6 million As at December 31, 2006

## Volatility

Low

High

## Asset mix of the underlying fund



## Top 10 holdings of the underlying fund

Samsung Electronics Co., Ltd.	4.45%
Petrochina Co., Ltd.	4.17%
Petroleo Brasileiro SA (Petrobras)	3.34%
Remgro Ltd.	3.02%
Akbank T.A.S.	2.79%
Old Mutual PLC	2.58%
Gazprom OAO	2.52%
Taiwan Semiconductor Manufacturing Co., Ltd.	2.46%
Banco Bradesco SA	2.08%
Lukoil Holdings	2.06%
	29.47%

## Investment limits

	Min.	Max.	Real
<b>Industrial Alliance Fund</b>			
Short term	0%	20%	0.17%
Units of an underlying fund	80%	100%	99.83%

## Commentary

The manager of this Fund favours a bottom-up approach, a rigorous investment method based on value and patience. The Fund's value-oriented style means that the manager looks for securities that are undervalued by the market and that have strong growth potential. The management team assigned to the Fund is spread across various countries, such as China, India, Russia and South Africa, as well as several other emerging countries, so that these investment professionals can visit companies in these countries. This distribution among different countries is chiefly a result of the bottom-up approach rather than the manager's economic outlook with respect to different areas of the world.

## Investment Advisor



J. Mark Mobius, Ph. D.

Inception date: January 1997

Management expense ratio (MER): 4.21% (GST included)

## Objectives of the Fund

- Long-term capital growth through investments in equity securities in emerging countries
- Requires a long-term investment horizon to tolerate the volatility of the market values

## Investment style

Value

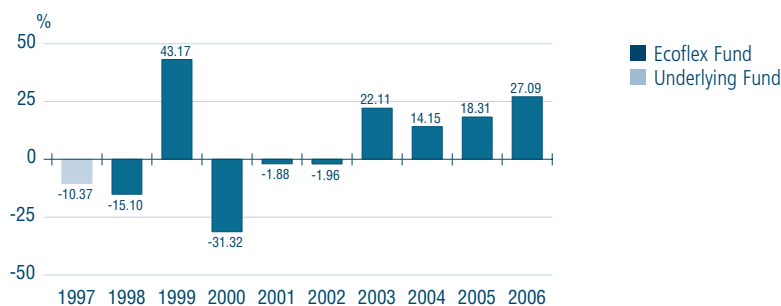
## Performance Data

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.

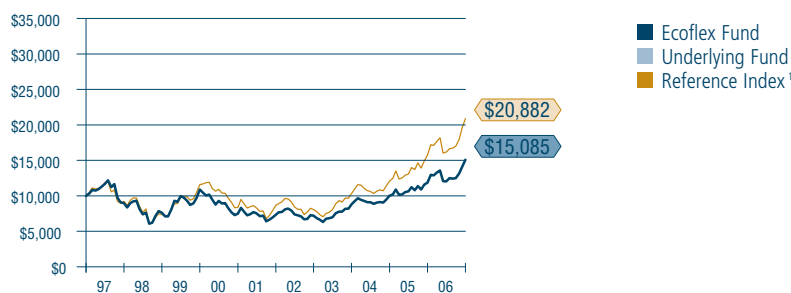
## Year By Year Returns

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 January 1997	10 years	5 years	3 years	2 years	1 year	6 months	3 months	1 month	YTD
Fund	4.2	4.2*	15.5	19.7	22.6	27.1	25.3	20.7	7.1	27.1
Reference Index <sup>1</sup>		7.6	19.2	26.5	31.4	32.5	29.1	22.9	6.7	32.5

<sup>1</sup> MSCI - Emerging Markets (Can. \$).

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

## Emerging Markets (Templeton)

### Firm

Franklin Templeton Investments

Franklin Templeton Investments is a Canadian investment management company and is part of one of the largest investment management companies in the world: Franklin Resources Inc. Franklin Templeton Investments has offices worldwide and is a leader in the management of international investments.



### ■ Investment Philosophy

The manager of the Emerging Markets Fund favours a "Bottom-up" investment strategy, a vigorous investment method based on value and patience. Through this method, the manager looks for securities that are undervalued by the market and have strong growth potential. As part of his analysis, he meets with company managers and, on a global scale, conducts comparative analyses of the fundamental data of various companies operating in the same sector.

Since the selected companies are not very developed from an economic standpoint, the choice of securities is oriented towards companies that are considered to be small and mid cap when compared to those of the North American or European markets.

### ■ Fund Manager

J. Mark Mobius, Ph.D.

Mr. Mobius joined Templeton in 1987 as President of Templeton Emerging Markets Funds Inc. He is responsible for all of Templeton's investment operations in emerging countries, which represents the management of several investment funds and offices. Mr. Mobius has vast experience in economic studies and analyses. Each year, he spends over 200 days travelling from one country to another in search of investment opportunities in emerging countries. He has a BA and a Master's from the University of Boston and received his Ph.D. in economics and political science from the Massachusetts Institute of Technology in 1964.