



INFORMATION FOLDER
Investment Funds November 2018



Assumption Mutual Life Insurance Company
doing business under the name **Assumption Life**

ASSUMPTION LIFE INVESTMENT FUNDS

INFORMATION FOLDER

CERTIFICATION

This information folder provides brief and plain disclosure of all material facts relating to the variable annuity contract issued by Assumption Mutual Life Insurance Company.

Established by Assumption Mutual Life Insurance Company

A handwritten signature in black ink that reads "Sébastien Dupuis". The signature is written in a cursive, flowing style.

Sébastien Dupuis
President and Chief Executive Officer

KEY FACTS

KEY FACTS is a summary that provides a brief description of the basic things you should know before you apply for a contract. This summary is not your contract. A full description of all its features and how they work is contained in this information folder and in your contract. The KEY FACTS should be read with the Fund Facts for each investment option available under the contract. You should review these documents and discuss any questions you may have with your financial advisor.

1. What am I purchasing?

Assumption Life Investment Funds are a variable annuity product that takes the form of an insurance contract. The following products may be available to you:

- **Non-registered contracts.** Income and net capital gains are taxable on an annual basis.
- **Tax-free savings account (TFSA).** Premiums invested are not tax deductible; however income generated within a TFSA is not taxable.
- **Registered contracts** (retirement savings plan, locked-in retirement account, locked-in retirement savings plan, retirement income fund and life income fund) Premiums for registered contracts are tax deductible, while income tax on the annual income is deferred.

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

You are entitled to designate the beneficiary of your choice to receive the value of your contract upon your death.

2. What guarantees are available?

Assumption Life offers a guarantee upon death and a guarantee upon maturity.

Guarantee upon death: Your designated beneficiary will receive a death benefit equal to the greater of the value of your contract or 100% of the gross premiums invested into your contract before the annuitant's 77th birthday.

Guarantee upon maturity: Assumption Life guarantees that upon the maturity of your contract you will have received an amount not less than 75% of premiums invested into segregated funds provided that the contract has been in effect for 15 years and that the annuitant is at least 69 years of age for registered contracts or 75 years of age for tax-free savings accounts and non-registered contracts.

For more information regarding the guarantees, review the Guarantee section at page 17 of this information folder.

Any withdrawals you make, amounts transferred to another financial institution, annuity payments you receive and fees paid will reduce the guarantee amount on a proportional basis. For full details, review the examples in the Guarantee section at page 17 of this information folder.

The costs associated with such guarantees are included in the insurance fee. See the insurance fee table on page 26 of this information folder.

3. What investments are available?

We offer a wide range of segregated funds whose value can go up or down. You may also invest in guaranteed interest accounts.

Assumption Life offers fixed income funds, Canadian equity funds, U.S. equity funds and international equity funds. For investors who prefer a one-stop simple solution, we offer several balanced funds. For those investors who prefer a one-stop solution but are seeking a larger degree of diversification, we offer four portfolio accounts that range from a low risk conservative style to a high risk growth style. The portfolio accounts are “funds of funds”. Each of the portfolios contains a unique combination of our segregated funds and offers automatic monitoring and rebalancing of the funds to ensure that the optimal asset allocation is constantly maintained.

Your advisor will guide you in the selection of your investments according to your needs and your risk profile.

Assumption Life does not guarantee the performance of the segregated funds. You should carefully consider your risk tolerance when selecting your funds.

INVESTMENT OPTIONS

If you invest in segregated funds, you may choose the back-end load option or the no-load option. You should discuss with your advisor whether you should purchase funds on a no-load basis or on a back-end load basis.

4. How much will this cost?

Assumption Life charges you a management expense ratio known as the MER for each segregated fund you invest in. The MER represents the sum of the management fee, the insurance fee to cover the cost of the guarantees, the operating expenses and applicable sales taxes. It also includes the MER of underlying funds, where applicable. The MER is a fixed percentage as outlined in the Fund Facts and may vary from year to year. The MER includes the fees Assumption Life pays to its fund managers.

A contract fee is also applicable to Series A segregated funds purchased under a group annuity arrangement.

Other fees may be charged depending on the transaction.

- A \$20 fee is charged for each transfer between segregated funds after the first four free transfer requests per calendar year (see section titled “Fees”).
- An exit fee, based on a percentage value, will be charged on each amount surrendered from a back-end load segregated fund within six years from the date of deposit. If you choose the back-end load investment option (Series C) you will pay a deferred sales charge of 6% on any withdrawal amount during the first year of your investment. This percentage will decrease at the rate of 1% every year thereafter. However, your management fees will be lower than if you had chosen the no-load investment option (Series A and B). Please note that Series A option is only available for individual contracts issued prior to January 1, 2002, and for group plans (see section titled “Partial and full surrenders” in this information folder).
- A \$50 fee will be charged for each transfer amount to another financial institution (see section titled “Fees”).

In addition to the fees outlined above, Assumption Life will deduct from your contract a \$25 fee for any cheque or preauthorized debit that is not honoured by your financial institution.

Please refer to the Fund Facts for specific information regarding the different fees associated with each investment option. This reflects the same information as contained in the contract.

For more information regarding fees, see the section titled “Fees” on page 24 of this information folder.

5. What can I do after I purchase this contract?

You may withdraw your money

All amounts invested in a non-redeemable guaranteed interest account cannot be withdrawn before the expiry of its investment term.

All amounts invested in segregated funds and redeemable guaranteed interest accounts may be withdrawn at all times, subject to certain administrative and legislative rules. For more information, see section titled “Partial and full surrenders” on page 12 of this information folder.

An exit fee may be applicable for withdrawals made from a back-end load segregated fund.

You may switch your segregated funds

You may switch your segregated funds four times during a calendar year without transfer fees. A \$20 fee will be charged for any subsequent request.

You may receive annuity payments upon maturity

You may choose a specific maturity date upon which your annuity payments shall commence. For annuity payments from a non-registered contract and from a TFSA, see pages 4 and 5 for more information. For annuity payments from a registered contract (RSP and RIF), see page 7 for more information.

Certain restrictions and other conditions may apply. You should review the contract for your rights and obligations and discuss any questions with your financial advisor.

6. What information will I receive about my contract?

Once a year, you will receive an annual statement outlining the accumulated value of your contract as of December 31 of the preceding year. The annual statement shall also outline all transactions made during that year, such as premium deposits and withdrawals.

Fund Facts, annual audited financial statements and semi-annual unaudited financial statements for the funds, as well as information about the underlying funds, are available upon request by contacting our head office at 1-888-577-7337 and are available on Assumption Life’s Website at the following address: www.assumption.ca.

7. May I change my mind?

You may change your mind about purchasing the contract within two business days of the earlier of: the date you received confirmation or five business days after it is mailed. You have to notify Assumption Life in writing that you want to cancel your contract. The amount returned will be the lesser of the amount you invested or the value of the fund if it has gone down. The amount returned will include a refund of any back-end load fees or other fees paid.

You may also change your mind about any other transaction you make under the contract within two business days of the earlier of: the date you received confirmation or five business days after it is mailed. In this case, the right to cancel only applies to the new transaction.

8. Where can I get more information or help?

You may contact Assumption Life's head office at any time by mail at P.O. Box 160 / 770 Main Street, Moncton, New Brunswick E1C 8L1, by phone at 1-888-577-7337 (toll free) or 506-853-6040, by fax at 1-855-430-0588 (toll free) or 506-853-9369 or by e-mail at investments.retirement@assumption.ca.

For information on how to handle issues you are unable to resolve with us, contact the OmbudService for Life and Health Insurance at 1-800-268-8099 or go to their Website at www.olhi.ca. For Quebec residents only, you may also contact the Information Centre of the Autorité des marchés financiers (AMF) by phone at 1-877-525-0337 or by e-mail at information@lautorite.qc.ca.

For information about additional protection that is available for all clients, contact Assuris, a company established by the Canadian life insurance industry. See www.assuris.ca for details.

For information regarding how to contact the insurance regulator in your province, visit the Canadian Council of Insurance Regulators' Website at www.ccir-ccrra.org.

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ASSUMPTION MUTUAL LIFE INSURANCE COMPANY

Assumption Mutual Life Insurance Company is the issuer of the variable annuity contract. Founded in 1903, **Assumption Life** is an insurance company incorporated as a mutual life insurance company under a private act of the Legislature of the Province of New Brunswick. Assumption Life offers a full range of products, including life and critical illness insurance, group insurance, travel insurance as well as other financial services and mortgage loans. The company conducts business through its distribution network in all ten Canadian provinces. Its head office is located at P.O. Box 160, 770 Main Street, Moncton, New Brunswick E1C 8L1. For more information regarding the company, its products and its community involvement, refer to the Web site: www.assumption.ca. The corporate name Assumption Life will be used throughout this information folder describing the funds and the entity responsible for the investments. Assumption Life is a registered trademark owned by Assumption Mutual Life Insurance Company.

DEFINITIONS

Accumulated value of contract means the sum, at any given time, of the accumulated value of the guaranteed interest accounts and the accumulated value of the segregated funds credited under the contract.

Accumulated value of guaranteed interest accounts means the accumulated value, at any given time, with interest of all premiums paid into these accounts under the contract minus any surrenders as applicable. No interest is credited for any premium invested or reinvested in a one year term redeemable guaranteed interest account, within the first 90 days following the date of investment or reinvestment. For any premium paid into a non-redeemable guaranteed interest account, the accumulated value is computed upon maturity of the investment term plus interest at the applicable rate.

Accumulated value of segregated funds means the sum, at any given time, of the market values of all segregated funds credited under the contract. These values are obtained by multiplying the number of units credited under each segregated fund by the unit value of the segregated fund on its last valuation date. The calculation method is detailed in the section titled: MARKET VALUE OF SEGREGATED FUND ASSETS.

Annuitant means the person insured under the contract. The annuitant is the person whose life is used to measure the duration of the contract. Upon the annuitant's death, unless a contingent annuitant has been designated, the contract is terminated and any benefit is paid out to the beneficiary, subject to legal restrictions applicable to registered contracts whose amounts are locked-in.

Annuity commencement date means the date on which an annuity becomes payable.

- For registered plans, the annuity must be paid out to the annuitant, at the latest, during the year following the annuitant's 71st birthday.
- For non-registered contracts, the annuity commencement date is defined as no later than the annuitant's 105th birthday. Annuity payments are payable to the annuitant unless the owner has indicated that benefits are to be paid to a grantee of an annuity.
- For tax-free savings accounts, the annuity commencement date is defined as no later than the annuitant's 105th birthday. Annuity payments are payable to the annuitant.

Assumption Life means Assumption Mutual Life Insurance Company.

Business day means every day that the manager of a segregated fund calculates a unit value with the exception of Saturdays, Sundays and statutory holidays observed in Canada and in each Canadian province.

Contract means the Assumption Life variable annuity contract.

Daily interest account (DIA) means an account that credits interest daily, based on an annual rate predetermined by Assumption Life from day to day.

Grantee of an annuity means the person designated by the owner of a non-registered contract to receive annuity benefits in place of the annuitant upon the annuity commencement date.

Gross premium means the total amount of premiums invested in your contract. For the purpose of calculating the guarantee at maturity, the guarantee upon death, or the exit fees upon surrender or transfer, the gross premium amount is reduced proportionally by all surrenders, amounts transferred to other financial institutions, periodic annuity payments, exit fees and transfer fees.

Guaranteed interest account (GIA) means any account into which all or part of the premium is paid and for which Assumption Life guarantees the interest rate over a period of fixed duration. Assumption Life offers five non-redeemable GIAs with terms of between one and five years and a one-year redeemable GIA in addition to a daily interest account.

Insurance fee means the fee to cover the cost of the guarantee upon death and the guarantee at maturity.

Life income fund (LIF) means a retirement income fund registered with the tax authorities, to which a person may allocate monies from a registered pension plan (RPP), locked-in retirement account (LIRA) or locked-in retirement savings plan (locked-in RSP) and which is subject to certain restrictions with regard to death benefits, life annuity and the minimum and maximum amounts of annual surrenders as prescribed by the applicable laws governing retirement plans.

Locked-in retirement account (LIRA) means a registered retirement savings plan into which funds are paid from a registered retirement plan (e.g., a pension plan with a former employer) and which is subject to certain restrictions with regard to death benefits, surrender and life annuities as prescribed under applicable laws governing retirement plans.

Locked-in retirement savings plan (locked-in RSP) means a retirement savings plan registered with the taxation authorities into which funds are paid from a registered retirement plan (e.g., a pension plan with a former employer) and which is subject to certain restrictions with regard to death benefits, surrender and life annuities as prescribed under applicable laws governing retirement plans.

Management expense ratio (MER) means the sum of the management fees, the insurance fee to cover the cost of the guarantees upon death and at maturity, the operating expenses and the applicable sales taxes to each segregated fund; it includes the MER of underlying funds, where applicable.

Management fees means the fees charged to administer the segregated funds.

Maturity date means the maturity date designated by the owner subject to applicable laws and any limitations set out in the contract. If the owner does not specify a maturity date, then the maturity date is designated as follows:

- for **non-registered contracts** and **tax-free savings accounts**: the anniversary date of the contract on which both of the following conditions are met:
 - (i) The contract's 15th anniversary
 - (ii) The annuitant has reached age 75

- for **registered contracts**: the date corresponding to the last business day of the year in which the annuitant reaches age 71. For the purpose of calculating the guarantee at maturity only, for a registered contract, the maturity date is the date corresponding to the last business day of the year in which the annuitant reaches age 69.

The maturity date corresponds to the annuity commencement date; it does not represent the date on which the contract is terminated. However, for the guarantee at maturity to apply, your contract must have been in force for 15 consecutive years.

Operating expenses means all other fees, except for the management fees payable by the segregated funds, and all other expenses incurred during the ordinary course of business in relation to the establishment, management, and operation of segregated funds. They include, among others, legal fees, audit fees, safekeeping fees, administrative fees, bank charges, registration fees with regulators, the production and distribution of financial data and of this information folder, the applicable sales taxes and any other expenses incurred for the operation of the funds and your segregated fund policy.

Owner means the owner and policyholder of the contract.

Prescribed retirement income fund (PRIF) means a retirement income fund prescribed by Article 29.1 of the Saskatchewan *Pension Benefits Regulations*.

Registered contract means any registered plan or registered fund referred to herein.

Registered fund means a retirement income fund (RIF), a prescribed retirement income fund (PRIF) or a life income fund (LIF).

Registered plan means a retirement savings plan (RSP), spousal RSP, locked-in retirement account (LIRA) or locked-in retirement savings plan (locked-in RSP).

Retirement income fund (RIF, including the spousal RIF) means a retirement income fund registered with the tax authorities to which a person may allocate monies from a retirement savings plan and which is subject to certain restrictions with regard to the minimum amount of annual surrenders.

Retirement savings plan (RSP) means a plan established in the form of a retirement savings plan registered with the taxation authorities.

Segregated fund means a fund maintained separately by an insurer out of which are paid non-guaranteed benefits under a variable annuity contract.

Taxation law means the *Income Tax Act* (Canada) and its regulations and, where applicable, corresponding provincial income tax legislation.

Tax-Free Savings Account (TFSA) has the meaning assigned to it under the *Income Tax Act* (Canada).

Us, our, and we mean Assumption Mutual Life Insurance Company.

You, your and yours mean the owner.

THE CONTRACT

POSSIBILITY OF PROTECTION AGAINST CREDITORS

Provincial insurance legislation provides for protection against the seizure of insurance and annuity contracts by your creditors under certain circumstances, including situations involving the designation of an irrevocable beneficiary or the designation of a close relative as beneficiary.

In Canadian provinces other than Quebec, this protection against seizure by your creditors is possible if the designated beneficiary under an annuity contract is the spouse, common-law partner, child, father, mother or grandchild of the **annuitant**. The definition of spouse and common-law partner may vary from province to province.

In Alberta, this protection against seizure by creditors also applies to situations where the designated beneficiary is an adult partner maintaining an interdependent relationship with the annuitant.

In Quebec, the law provides for protection against the seizure of an annuity contract by creditors if the designated beneficiary of the contract is the spouse, civil union spouse, ascendant or descendant of the **owner** of the contract.

Certain laws, namely the *Bankruptcy and Insolvency Act* of Canada, may limit this protection against seizure by your creditors of monies invested in your non-registered contract under certain circumstances. You should consult with your lawyer if creditor protection is important to you.

TYPES OF CONTRACTS OFFERED

Assumption Life's variable annuity contract, referred to hereafter as the Contract, offers different types of plans as follows:

- **Non-registered contract**
- **Tax-free savings account (TFSA)**
- **Registered contract**
 - **Registered plans**
 - Retirement savings plan (RSP)
 - Spousal retirement savings plan (spousal RSP)
 - Locked-in retirement account (LIRA)
 - Locked-in retirement savings plan (locked-in RSP)
 - **Registered funds**
 - Retirement income fund (RIF)
 - Prescribed retirement income fund (PRIF)
 - Life income fund (LIF)

Non-Registered Contract

If you choose a non-registered contract, you may designate yourself as the annuitant or choose a grantee of an annuity to receive the annuity payments in your place upon the annuity commencement date.

You may also assign your contract to guarantee a loan or offset another financial obligation. However, if you decide to do this, you are required to forward notice of assignment to our head office. Assumption Life cannot attest to the validity or quality of any type of assignment.

Upon the annuitant's death, the contract is terminated and any payments are paid out to the designated beneficiary.

Upon the maturity date, we will make the annuity payments to the annuitant or grantee of an annuity, as applicable, based on the type of annuity payment you chose in advance. You may also choose a fixed-term annuity or a life annuity on the life of the annuitant or the annuitant's spouse or common-law partner, with or without a guarantee period.

The date on which the annuity benefit becomes payable (that is, the maturity date) may not be later than the annuitant's 105th birthday.

Tax-Free Savings Account (TFSA)

If you have chosen a tax-free savings account, you must be the annuitant and the owner of the Assumption Life variable annuity contract, and you hold all rights relating to the contract.

You alone are authorized to pay the contract premiums, whose amount may not exceed the maximum prescribed by the *Income Tax Act* (Canada).

Withdrawals

A withdrawal from your TFSA does not trigger a new contribution room limit equal to the amount withdrawn in any given year. The *Income Tax Act* (Canada) provides that your TFSA contribution room limit will be increased by the amount withdrawn only beginning the following year. Therefore, if you have already contributed the maximum to your TFSA since 2009, any amount withdrawn from your TFSA in any given year may be re-contributed to your TFSA only beginning the following year.

It is important that you contact your Advisor before you make any additional contribution above the maximum prescribed amount in any year.

You may assign your rights and interests in your contract to guarantee a loan or offset another financial obligation in accordance with subsection 146.2(4) of the *Income Tax Act* (Canada). If you do so, you are required to forward notice of assignment to our head office. Assumption Life assumes no liability with respect to the validity or quality of any type of assignment, nor any responsibility as to whether the assignment results in the contract ceasing to be a TFSA.

Please note that on the annuitant's death, the contract is terminated and any death benefit is paid out to the designated beneficiary unless you have designated your spouse or common-law partner as the successor owner of the contract. In such case, your contract does not terminate and the guarantee upon death shall not be applicable at your death.

Upon the maturity date, we pay out the annuity to the annuitant based on the type of annuity payment you chose in advance. You may also choose a fixed-term annuity or a life annuity on the life of the annuitant or the annuitant's spouse or common-law partner, with or without a guarantee period. As per the current *Income Tax Act* (Canada), a fixed-term annuity or a life annuity purchased with your TFSA may not be a qualifying arrangement. Therefore, once you convert or purchase an immediate annuity with your TFSA, the interest portion of the annuity payments may be taxable.

The date on which the annuity benefit becomes payable (that is, the maturity date) may not be later than the annuitant's 105th birthday.

Note that you are liable for a monthly tax amount of 1% on your highest excess TFSA amount in any month for which there is an overcontribution amount exceeding the prescribed limit. The 1% tax per

month will continue to apply for each month that the excess amount remains in your TFSA. The 1% tax is applicable even if the excess amount was contributed and later withdrawn during the same month.

Annuity Payment for a Non-Registered Contract or a Tax-Free Savings Account

At the maturity date of the contract, if the owner has not provided any specific instructions with regard to the payment terms of the annuity, we will convert your annuity contract into a fixed monthly annuity payable until the annuitant's 90th birthday. If the annuitant is over 80 years of age at the maturity date, we will issue a fixed monthly annuity for a specific 10-year duration.

Amount of Annuity

The amount of monthly benefit payable is determined based on the accumulated value of your contract at the maturity date, in accordance with the higher of the following interest rates:

- (a) interest rate determined by Assumption Life at the maturity date for a fixed monthly annuity payable until age 90; or
- (b) a 2% interest rate.

The monthly annuity payment is determined by using the following calculation:

$$\frac{\text{Accumulated value} \times \text{annuity factor}}{1000} = \text{monthly annuity payment}$$

Annuity Factor Table based on a 2% interest rate

Annuitant's Age	Annuity Factor	Annuitant's Age	Annuity Factor	Annuitant's Age	Annuity Factor	Annuitant's Age	Annuity Factor
55	3.4902	64	4.1577	73	5.7780	82	9.1932
56	3.5429	65	4.2701	74	6.0820	83	9.1932
57	3.5997	66	4.3942	75	6.4268	84	9.1932
58	3.6609	67	4.5318	76	6.8212	85	9.1932
59	3.7272	68	4.6851	77	7.2767	86	9.1932
60	3.7991	69	4.8568	78	7.8086	87	9.1932
61	3.8773	70	5.0503	79	8.4378	88	9.1932
62	3.9625	71	5.2670	80	9.1932	89	9.1932
63	4.0556	72	5.5082	81	9.1932		

Example of calculation of the monthly annuity payment at maturity

Accumulated value of the non registered contract at maturity: \$100,000.00
 Age of annuitant: 75 years old
 Annuity factor based on a 2% interest rate - at age 75: 6.4268

$$\frac{\text{Accumulated value} \times \text{annuity factor}}{1000} = \text{monthly annuity payment}$$

$$\frac{\$100,000.00 \times 6.4268}{1000} = \$642.68$$

You may modify your instructions with regard to annuity payment at any time prior to the expected maturity date, by providing a written notice to our head office.

Registered Contract

If you choose a registered contract, you must be designated as both the annuitant and the owner of the contract.

You may not assign a registered contract or the annuity benefit payable to you or your spouse or your common-law partner to guarantee a loan. Any assignment of a registered contract or annuity benefit results in the reclassification of your contract as non-registered, thereby exposing you to significant tax consequences.

Upon your death, the contract is terminated, and any benefit is paid out to the beneficiary.

Registered Plans (RSP, Spousal RSP, LIRA, Locked-in RSP)

You may pay premiums into your contract until December 31 of the year during which you reach age 71.

The premiums you pay into a registered contract may be income tax deductible up to the maximum amounts prescribed by the *Income Tax Act* (Canada) and, where applicable, the *Quebec Taxation Act*, and any gains are not immediately taxable. However, subject to applicable restrictions, any surrender or the payment of any annuity benefit under your contract is taxable.

Options for Annuity Payment

If you have purchased a retirement savings plan (**RSP**) or a spousal retirement savings plan (**spousal RSP**), you have the following options at the maturity date:

- (a) Total surrender of the contract.
- (b) Payment of a life annuity, with or without a guarantee period, on your life alone or a joint and last survivor annuity on your life and on the life of your spouse or common-law partner.
- (c) Transfer to a RIF. You then have the option to determine the amount of the annuity subject to a minimum surrender amount prescribed by the applicable taxation law based on your age or your spouse or common-law partner's age.
- (d) Payment of a fixed-term annuity payable until the annuitant's 90th birthday.

If you purchased a locked-in retirement savings plan (**locked-in RSP**), you have the following options at the maturity date:

- (a) Payment of a life annuity, with or without a guarantee period, on your life alone or a joint and last survivor annuity on your life and on the life of your spouse or common-law partner.
- (b) Transfer to a locked-in RIF. You then have the option to determine the amount of the annuity subject to a minimum surrender prescribed by the applicable taxation law based on your age or your spouse or common-law partner's age.
- (c) Payment of a fixed-term annuity payable until the annuitant's 90th birthday.
- (d) Transfer to a life income fund. You may then choose the amount of the benefit subject to minimum and maximum surrender amounts prescribed by the applicable provincial laws.

If you purchased a locked-in retirement account (**LIRA**), you have the following options at the maturity date:

- (a) Payment of a life annuity, with or without a guarantee period, on your life alone or a joint and last survivor annuity on your life and on the life of your spouse or common-law spouse.
- (b) Payment of a fixed-term annuity payable until the annuitant's 90th birthday.
- (c) Transfer to a life income fund. You may then choose the amount of the benefit subject to minimum and maximum surrender amounts prescribed by the applicable provincial laws.

The above-mentioned options do not represent a comprehensive list of the options available to you. At the time of exercising your options, some of these options may no longer be available, or Assumption Life may offer additional options that are more advantageous to you. When the time comes, please consult your representative before choosing an option.

Annuity Payment for a Registered Contract

At the maturity of the registered contract, if the owner has not provided any specific instructions with regard to the payment terms of the annuity according to the options available, we will convert your annuity contract into a fixed monthly annuity payable until the annuitant's 90th birthday.

Amount of Annuity

The amount of monthly benefit payable is determined based on the accumulated value of your contract at the maturity date, in accordance with the higher of the following interest rates:

- (a) interest rate determined by Assumption Life at the maturity date for a fixed monthly annuity payable until age 90; or
- (b) a 2% interest rate.

The annuity becomes payable to the annuitant.

The monthly annuity payment is determined by using the following calculation:

$$\frac{\text{Accumulated value} \times \text{annuity factor}}{1000} = \text{monthly annuity payment}$$

Annuity Factor Table based on a 2% interest rate

Annuitant's Age	Annuity Factor	Annuitant's Age	Annuity Factor	Annuitant's Age	Annuity Factor
55	3.4902	61	3.8773	67	4.5318
56	3.5429	62	3.9625	68	4.6851
57	3.5997	63	4.0556	69	4.8568
58	3.6609	64	4.1577	70	5.0503
59	3.7272	65	4.2701	71	5.2670
60	3.7991	66	4.3942		

Example of calculation of the monthly annuity payment at maturity

Accumulated value of the registered contract at maturity : \$100,000.00
 Age of annuitant : 71 years old
 Annuity factor based on a 2% interest rate - at age 71 : 5.2670

$$\frac{\text{Accumulated value} \times \text{annuity factor}}{1000} = \text{monthly annuity payment}$$

$$\frac{\$100,000.00 \times 5.2670}{1000} = \mathbf{\$526.70}$$

You may modify your instructions with regard to annuity payment at any time prior to the expected maturity date, by providing a written notice to our head office.

Registered Funds (RIF, spousal RIF, Prescribed RIF, LIF)

A RIF or a LIF must be registered as a retirement income fund pursuant to the *Income Tax Act* (Canada) and, where applicable, the *Quebec Taxation Act*.

Any annuity benefit paid out from a retirement income fund is fully taxable. In addition, any monies that you surrender during a given year may be subject to tax deductions at source. If the source of benefits paid out from a RIF is a spousal RSP and the associated contributions were made within the preceding three years, then the contributor to the spousal RSP becomes liable for any tax-related consequences in accordance with the total amount of the contributions during the preceding three years.

Under taxation law, any monies allocated to a RIF must be taken from a RSP or another RIF. Similarly, any monies paid into a LIF or a Prescribed RIF must be taken from a locked-in registered plan, LIRA, LIF or locked-in funds from a pension plan.

Under taxation law, any contract registered as a RIF, PRIF or LIF is subject to a minimum annual surrender according to a fixed scale based on your age or your spouse or common-law partner's age.

Provincial laws may also prescribe the maximum annual income amount to which you have a right under any contract registered as a LIF.

PREMIUMS

Under the contract, you may invest your premiums in both guaranteed interest accounts and segregated funds. You may make a lump-sum payment or periodic payments into your contract while also maintaining flexibility in your choice of investments. The premiums paid are divided among the various segregated funds or accounts of your choosing.

If all premiums are allocated to guaranteed interest accounts, the contract is a non variable annuity contract. Otherwise, the contract is a variable annuity contract.

Guaranteed Interest Accounts

The interest on a guaranteed interest account is credited daily, based on an annual rate predetermined by Assumption Life on the premium invested in each GIA.

There are no age restrictions nor investment periods for any initial premiums, subsequent deposits or renewals, equal to, or less than \$499,999.99 deposited in a Non-Refundable Guaranteed Interest Account (GIA).

For all initial premiums, subsequent deposits or renewals, equal or greater than \$500,000, the following restrictions apply:

Annuitant's age when choosing the investment term in a non-refundable GIA:

Age	Investment Terms
89 years old	5 years or less
90 years old	4 years or less
91 years old	3 years or less
92 years old and over	2 years or less

Segregated Funds

More than 30 segregated funds are available to you. For a list and brief descriptions of these segregated funds, refer to the Fund Facts.

PROCESSING OF PREMIUMS

The unit value of the segregated funds chosen is determined at the date on which we receive your investment instructions along with your premiums. However, if we receive your instructions and premiums at our head office after 4 p.m., Eastern Time, then the unit value of the segregated funds chosen is determined on the business day following the day on which the premiums are received.

Two surrender options are available for segregated funds:

Back-End Load Option (Series C)

Under this option, decreasing exit fees are adjusted annually over a period of six (6) years in relation to any transfer or partial or full surrender (see section titled "Partial and Full Surrenders"). If you choose this option, then the management fees are lower than for the no-load option.

No-Load Option (Series A and B)

No exit fees are applicable to any transfer or partial or full surrender. However, the annual management fees are higher, for as long as you hold units in these segregated funds (see section titled "Fees").

Preauthorized debit

If the date you have chosen for preauthorized debit of a premium does not fall on a business day, the units are purchased on the following business day.

Please refer to the application to choose an option for frequency of premium payments by preauthorized debit.

If the source of the monies invested in the segregated funds is a cheque or preauthorized debit which is not honoured and the values of the funds decrease, then the owner is responsible for any bank charges or losses incurred by Assumption Life due to the decrease in value of the segregated funds. Assumption Life may, to that effect, stop your preauthorized debit payment at any time without notice.

Assumption Life has the right to refuse any premium and may reimburse any premium accepted previously. In all other circumstances, it allocates the premium as provided under the heading "Allocation of Premiums."

ALLOCATION OF PREMIUMS

One hundred percent of the premiums are used to acquire units in the segregated funds or invested in the guaranteed interest accounts in accordance with the instructions of the contract owner. The owner must specify in writing the portion of each premium to be allocated to the purchase of units in one or more of the segregated funds, choosing the no-load or back-end load option, or for investment in the guaranteed interest accounts then available. If more than one segregated fund or guaranteed interest account is selected, the owner must specify the portion of the premium to be allocated to each. If the owner selects more than one segregated fund or guaranteed interest account without clearly indicating the portion of the premium to be allocated to each, Assumption Life will automatically return the application for proper completion. Premiums retained by Assumption Life in the meantime will earn interest according to the administrative policies and rates periodically set for this purpose by Assumption Life. You may at any time modify the amount of your premium subject to the minimum amounts indicated.

Premium taxes are not payable under existing legislation but may become payable in the future if legislative changes occur. In such a case, the amount of any applicable tax will be deducted from the premiums before the remainder of the deposit is allocated to units in the segregated funds or invested in the guaranteed interest accounts.

RESCISSION RIGHTS

Within two business days of the earlier of: the date you received confirmation of the transaction or five business days after it is mailed, you may change your mind about (i) purchasing the contract, (ii) any allocation of premiums to a segregated fund other than the initial purchase of the contract, or (iii) a fund switch. For transactions after the purchase of this contract, the right to cancel only applies to the specific transaction. You must inform us by sending a written cancellation request to our head office.

You will be refunded the lesser of: the amount invested or the value of the fund on the valuation day no later than the day following the date we received the cancellation request plus any fees or charges associated with the transaction.

You will be deemed to have received confirmation of the purchase five business days after it has been mailed.

EXTERNAL TRANSFERS

You may transfer the accumulated value of your contract, in full or in part, to another financial institution by executing the required documentation and by paying the applicable \$50 transfer fee and exit fees. No interest will be credited on amounts transferred from a redeemable guaranteed interest account (GIA) within 90 days following the date of premium investment.

Monies invested in a non-redeemable GIA are not transferable to another financial institution before the end of the investment term. Also, for RRIFs, Prescribed RIFs and LIFs, monies invested in a GIA are not transferable to another financial institution before the end of the investment term.

If we receive a transfer request along with appropriate supporting documentation at our head office before 4 p.m., Eastern Time, then we will proceed with the sale of your segregated fund units on the same day; otherwise, the sale of the segregated fund units will be processed the next business day.

INTERNAL TRANSFERS

Subject to Assumption Life's administrative rules then in effect and to the provisions governing transfers from a back-end load segregated fund to a no-load segregated fund or to a guaranteed interest account, you may, at any time, request in writing a surrender of some or all of the units credited to the segregated fund and allocate the value of these units to units in any other segregated fund then available.

Transfers of monies from a non-redeemable guaranteed interest account to a segregated fund are not allowed before the expiry of the GIA's investment term. Also, for RRIFs and LIFs, transfers of monies from a GIA to another GIA or a segregated fund are not allowed before the expiry of the GIA's investment term.

You may make four transfer requests between segregated funds per calendar year, without transfer fees; a fee of \$20 per transfer applies to all additional transfers.

The value of the redeemed units from segregated funds is based on the unit value of the subject funds on the valuation date corresponding to:

- (a) the date on which Assumption Life receives a written request to this effect before 4 p.m., Eastern Time, at its head office; or
- (b) the date of the transfer specified in the request, if this date falls after the date in (a).

The number of units acquired in a segregated fund upon a transfer will be equal to the amount allocated to the new segregated fund divided by the unit value of such new segregated fund no later than three days following the date of the transfer request.

A transfer between segregated funds is deemed a disposition of the units transferred for applicable federal and provincial income tax purposes.

Transfers from a RSP or LIRA to a RIF or LIF

Any transfer from an Assumption Life registered plan (RSP or LIRA) to an Assumption Life registered fund (RIF, PRIF or LIF) in no way affects the GIA's investment term.

Similarly, any transfer from an Assumption Life registered plan (RSP or LIRA) to an Assumption Life registered fund (RIF, PRIF or LIF) in no way affects the date on which the premium was invested in your contract for purposes of calculating exit fees and guarantee at maturity.

Transfers from a Non-Registered Contract to a TFSA

Any transfer from an Assumption Life non-registered contract to an Assumption Life tax-free savings account in no way affects the GIA's investment term.

Similarly, any transfer from an Assumption Life non-registered contract to an Assumption Life tax-free savings account in no way affects the date on which the premium was invested in your contract for purposes of calculating exit fees and guarantee at maturity.

PARTIAL AND FULL SURRENDERS

Pursuant to applicable legislation, restrictions on surrenders do apply to locked-in registered retirement savings plans, locked-in retirement accounts and life income funds.

Insofar as such provision is made for a particular annuity contract and in accordance with Assumption Life's administrative rules and the rates then in effect, the owner may request the partial or total surrender of the contract by forwarding written notice to this effect before the maturity date of the contract.

Notwithstanding the above, premiums paid into non redeemable guaranteed interest accounts may not be surrendered, nor transferred before their maturity date; however, in a non-registered contract, the interest accrued on such deposits may be paid to the owner, upon written request, in accordance with Assumption Life's internal rules.

Upon a partial surrender, the owner will instruct the company as to the amounts to be surrendered from the guaranteed interest accounts or from the segregated funds, and Assumption Life will pay to the owner the portion of the accumulated value of the contract at the valuation date represented by the units or the redeemable guaranteed interest accounts, or both, surrendered as requested, minus any tax that may be required to be withheld pursuant to taxation law governing registered contracts. Surrenders are deemed a disposition of the units surrendered for applicable federal and provincial income tax purposes.

Surrender From a GIA

Subject to annuity benefits paid under a RIF, PRIF or LIF contract, no interest will be paid on amounts surrendered from a redeemable GIA within the 90 days following the date of premium investment. **Surrender of a non-redeemable GIA or external transfer are not allowed before the expiry of its investment term.**

For RIFs, PRIFs and LIFs, the owner may surrender a GIA before the expiry of its investment term. However, the amounts surrendered are subject to the following reduction of their accumulated value. The accumulated value of a full or partial surrender of a guaranteed interest account executed on a date other than the renewal date is the amount of the surrender at its guaranteed interest rate to the end of the anticipated investment term, discounted at the date of the calculation for the remaining portion of the investment term (rounded off to the nearest full year) at Assumption Life's prevailing rate of interest, plus 0.5%. The accumulated value of a guaranteed interest account in relation to any surrender is calculated only if the rate of interest in effect at the time of surrender is higher than the guaranteed rate of interest for the premium subject to surrender.

Example of a decrease in accumulated value of a GIA surrendered from a LIF, a PRIF or a RIF before maturity:

Investment date of premium: January 1, 2008
 Amount invested: \$10,000
 Investment term: 5 years
 Maturity date of investment term: December 31, 2012
 Interest rate: 5%

Date of total surrender of GIA: May 31, 2010, or 2 years and 7 months before the maturity date (remaining term in years = factor of 2.59)

Accumulated value of GIA at May 31, 2010, assuming an interest rate of 5% = \$11,247.76

Prevailing rate of interest at May 31, 2010, for a 3-year GIA (corresponding to GIA's remaining term) 7%

The decrease in accumulated value of the GIA is calculated as follows:

Amount surrendered X		$\frac{(1 + \text{rate of interest at investment date})^{(\text{remaining term})}}{(1 + \text{rate of interest at surrender date} + 0.5\%)^{(\text{remaining term})}}$	=	Amount surrendered decreased to:
\$11,247.76	X	$\frac{(1 + 0.05)^{(2.59)}}{(1 + 0.07 + 0.005)^{(2.59)}}$	=	\$10,582.75

In this example, the amount surrendered was decreased by \$665.01.

Order of Surrender for Annuity Benefit Payments (RIF, PRIF and LIF)

Subject to Assumption Life's administrative policies in force, surrenders required for the annuity benefit payments will be made on a pro rata basis between the accumulated value of your segregated funds and the accumulated value of your GIAs. Once this amount is determined, at each specific time, we will surrender the applicable amounts from the GIA which is closest to the expiry of its investment term. Surrenders from segregated funds will be made on a pro rata basis among all segregated funds and then from the first premiums invested in each of your segregated funds (first in, first out).

Unless the owner has indicated otherwise in writing, Assumption Life will use the same order as described above for transfers and surrenders for any registered contract, non-registered contract or tax-free savings account.

Exit Fees – (Applicable only to surrenders and transfers from back-end load funds of Series C)

If the owner requests a partial surrender or a transfer from a back-end load segregated fund before the end of the sixth (6th) year following the date of the last deposit, then exit fees will apply.

Periodic annuity payments made under a RIF or a LIF are deemed partial surrenders. The exit fees are based on the following calculations:

$$\text{Amount surrendered or transferred} \times \frac{\text{Gross premiums invested (back-end load)}}{\text{Accumulated value at time of surrender or transfer}} = \text{Adjusted amount}$$

The adjusted amount obtained with the above calculations is then multiplied by the percentage outlined in the following table to obtain the exit fee amount.

Number of Years Since Premium Was Invested	Exit Fee
Less than 1 year	Adjusted amount x 6%
1 – 2 years	Adjusted amount x 5%
2 – 3 years	Adjusted amount x 4%
3 – 4 years	Adjusted amount x 3%
4 – 5 years	Adjusted amount x 2%
5 – 6 years	Adjusted amount x 1%
6+ years	Adjusted amount x 0%

To minimize the exit fees, the first premiums invested in back-end load funds are the first premiums to be transferred or surrendered. However, the periodic annuity payments made for LIFs and RIFs are made on a pro rata basis between all segregated funds and GIAs, and all amounts debited from back-end load funds are subject to exit fees.

Free Surrender or Transfer Privilege

Notwithstanding the above, the owner can, for each calendar year, surrender or transfer without exit fees to a guaranteed interest account or no-load segregated fund up to 10% of the adjusted accumulated value of the back-end load segregated funds as of January 1 of the year of surrender or transfer, for non-registered contracts, tax-free savings accounts and registered plans, and up to 20% for RIFs and LIFs. For the LIF, the amount of surrender must not exceed the maximum amount allowed under the applicable provincial legislation.

The LIF, PRIF and RIF periodic annuity payments are considered surrenders and are therefore taken into account for the calculation of the 20% calendar year surrender limit without exit fees. All amounts surrendered or transferred exceeding the 10% or 20% limit are subject to the applicable exit fees.

The adjusted accumulated value for surrenders and transfers is calculated as follows:

$$\frac{\text{Accumulated value of the back-end load seg funds generated by deposits made during the 6 years preceding January 1 of the year of surrender or transfer}}{\text{Accumulated value at time of surrender or transfer}} \times \frac{\text{Gross premiums invested (in back-end load) at the time of surrender or transfer}}{\text{Accumulated value at time of surrender or transfer}} + \frac{\text{Total deposits made during the year of surrender or transfer}}{\text{Accumulated value at time of surrender or transfer}} = \text{Adjusted accumulated value}$$

Example of exit fee calculation applicable to back-end load segregated funds

Peter has purchased a non-registered variable annuity contract with Assumption Life on January 1, 2000. He invests \$10,000 in back-end load segregated funds on January 1, 2000. He invests another \$10,000 in back-end load segregated funds on January 1, 2003.

Scenario 1 (accumulated value as of the date of surrender has increased to \$24,000)

On January 1, 2007, the accumulated value of his back-end load segregated funds totals \$22,000. On September 1, 2007, he requests a surrender of \$15,000. The accumulated value of his back-end load seg funds as of September 1, 2007, totals \$24,000. His exit fees will be based on the adjusted amount calculated below:

Amount surrendered or transferred \$	x	$\frac{\text{Gross premiums invested (in back-end load)}}{\text{Accumulated value at time of surrender or transfer}}$	=	Adjusted amount
\$15,000	x	$\frac{\$20,000}{\$24,000}$	=	\$12,500

- *Since Peter has not transferred or surrendered any amount from his back-end load segregated funds during the year he requested the \$15,000 surrender, he is entitled to surrender up to 10 % of the adjusted accumulated value of his back-end load seg funds without exit fees. See the following calculation:*

Accumulated value of the back-end load seg funds generated by deposits made during the 6 years preceding January 1 st of the year of surrender or transfer	x	$\frac{\text{Gross premiums invested (in back-end load) at the time of surrender or transfer}}{\text{Accumulated value at time of surrender or transfer}}$	+	Total deposits made during the year of surrender or transfer	=	Adjusted accumulated value
\$11,000	x	$\frac{\$20,000}{\$24,000}$	+	\$0.00	=	\$9,166.67

- *Peter may surrender 10% of the adjusted accumulated value without exit fees: (\$9,166.67 x 10% = \$916.67)*

Since Peter has deposited \$10,000 on January 1, 2000, which is more than 6 years prior to the surrender date, no exit fees are applicable on that \$10,000 amount.

Calculation of the amount subject to exit fees for Peter:

<i>Adjusted amount</i>	-	Premiums invested more than 6 years prior to the surrender or transfer	-	10% of the adjusted accumulated value	=	Amount subject to exit fees
\$12,500	-	\$10,000	-	\$916.67	=	\$1,583.33

The applicable exit fees on the \$1,583.33 are calculated as follows: (first premiums invested, first amounts surrendered):

Gross Premium	Date of Investment	Years Since Investment	Applicable Rate as Described in the Table Above	x	Amount to be Surrendered	=	Total Exit Fee
\$10,000	January 1, 2003	4-5 years	2%	x	\$1,583.33	=	\$31.67

Total applicable exit fees on the amount surrendered \$31.67

Scenario 2 (accumulated value as of the date of surrender has decreased to \$16,000)

On January 1, 2007, the accumulated value of his back-end load segregated funds totals \$18,000. On September 1, 2007, he requests a surrender of \$15,000. The accumulated value of his back-end load seg funds as of September 1, 2007, totals \$16,000. His exit fees will be calculated as follows:

Amount surrendered or transferred	x	$\frac{\text{Gross premiums invested (in back-end load)}}{\text{Accumulated value at time of surrender or transfer}}$	=	Adjusted amount
\$15,000	x	$\frac{\$20,000}{\$16,000}$	=	\$18,750

- Note that since Peter has not transferred or surrendered any amount during the year he requested the \$15,000 surrender, he is entitled to surrender up to 10% of the adjusted accumulated value of his back-end load seg funds without exit fees. See the following calculation:

Accumulated value of the back-end load seg funds generated by deposits made during the 6 years preceding January 1 st of the year of surrender or transfer	x	$\frac{\text{Gross premiums invested (in back-end load) at the time of surrender or transfer}}{\text{Accumulated value at time of surrender or transfer}}$	+	Total deposits made during the year of surrender or transfer	=	Adjusted accumulated value
\$9,000	x	$\frac{\$20,000}{\$16,000}$	+	\$0.00	=	\$11,250

- Peter may surrender 10% of the adjusted accumulated value without exit fees: (\$11,250 x 10% = \$1,125)

Since Peter has deposited \$10,000 on January 1, 2000, which is more than 6 years prior to the surrender date, no exit fees are applicable on that \$10,000 amount.

Calculation of the amount subject to exit fees for Peter:

Adjusted amount	-	Premiums invested more than 6 years prior to the surrender or transfer	-	10% of the adjusted accumulated value	=	Amount subject to exit fees
\$18,750	-	\$10,000	-	\$1,125	=	\$7,625

The applicable exit fees on the **\$7,625** are calculated as follows (first premiums invested, first amounts surrendered):

Gross Premium	Date of Investment	Years Since Investment	Applicable Rate as Described in the Table Above	Amount to be Surrendered	Total Exit Fees
\$10,000	January 1, 2003	4-5 years	2% x	\$7,625	= \$152.50

Total applicable exit fees on the amount surrendered **\$152.50**

The right of surrender or transfer without exit fees as outlined in the section titled “Free Surrender or Transfer Privilege” is not cumulative. If the owner does not exercise the option to surrender or transfer without exit fees during any calendar year, the option cannot be brought forward and combined with the following year. The amount eligible for surrender without exit fees may be modified by Assumption Life subject to 30 days' written notice to the owner. In applying the above mentioned rules, the owner is deemed to have surrendered or transferred back-end load segregated funds by surrendering or transferring the oldest premiums paid in with a view to minimizing the exit fees.

Exit fees are not applicable to segregated funds invested in no-load investment options (Series A and B) and are not applicable to payment of a death benefit or to the purchase by the owner of a life annuity from Assumption Life. Exit fees are applicable to all other transfers, surrenders or payments.

In the event of total surrender, Assumption Life pays to the owner the accumulated value of the contract minus any applicable management fees and exit fees. Assumption Life also withholds income tax deductions in accordance with applicable taxation law. Such payment is made in cash or according to one of the settlement options then offered by Assumption Life for such purpose. Such payment discharges all of Assumption Life's obligations under the contract.

The value of the units redeemed or purchased to carry out a transfer or a surrender is not guaranteed but rather varies according to fluctuations in the market value of the assets of each segregated fund.

GUARANTEES

The contract is guaranteed at maturity or upon the death of the annuitant.

Guarantee Upon Death

Assumption Life guarantees a death benefit equal to 100% of the gross premiums paid into a guaranteed interest account and 100% of the gross premiums paid into a segregated fund before the annuitant's 77th birthday. (A decreasing guarantee scale is applicable to premiums paid into a segregated fund after the annuitant's 77th birthday. Refer to the following.)

Age of Annuitant at Time of Premium Payment	Guaranteed Portion of Gross Premiums
77 – 78 years	95%
78 – 79 years	90%
79 – 80 years	85%
80+ years	80%

Example of death benefit guarantee calculation applicable for segregated funds

<i>Gross Premium</i>	<i>Age of Annuitant When Premium Paid</i>	<i>Accumulated Value of the Funds at the Time of Death (A)</i>	<i>Guaranteed Portion as Above</i>	<i>Amount Guaranteed (B)</i>
\$50,000	<i>less than 77</i>	\$75,000	<i>100% x \$50,000 =</i>	\$50,000
\$10,000	<i>78 years</i>	\$8,000	<i>90% x \$10,000 =</i>	\$9,000
\$2,000	<i>82 years</i>	\$1,400	<i>80% x \$2,000 =</i>	\$1,600

Death benefit will be the greater of (A) or (B).

Gross Premium	Accumulated Value of the Funds at the Time of Death	Amount Guaranteed	Death Benefit
\$50,000	\$75,000	\$50,000	
\$10,000	\$8,000	\$9,000	
\$2,000	\$1,400	\$1,600	
Total: \$62,000	(A) \$84,400	(B) \$60,600	\$84,400

Total death benefit paid to the beneficiary (Greater of A or B): \$84,400

Under no circumstances will the guarantee upon death value be less than 75% of the gross premiums without any fee deduction.

For a tax-free savings account, if you have designated a successor owner, your contract does not terminate upon your death, and the guarantee upon maturity only applies upon the death of the last surviving spouse or common-law partner.

For the purpose of calculating the guarantee upon death, the gross premium amount is reduced proportionally by all surrenders, amounts transferred to other financial institutions, periodic annuity payments, exit fees and transfer fees.

Example for guarantee upon death: During the past year, at the age of 65, you invested a gross premium amount of \$10,000 into the Assumption Life Balanced Fund. The amount guaranteed is equal to 100% of the gross premium invested on the day the premium is invested. A few weeks later, you proceed with the surrender of \$2,000 from the Assumption Life Balanced Fund. The market value of the gross premium for the Balanced Fund on the date of surrender is now \$12,000. The surrender of \$2,000 reduces the gross premium value by only \$1,666.67 for a new Adjusted gross premium amount of \$8,333.33. The gross premium is reduced on a pro rata basis according to the market value of the Balanced Fund and impacts the amount of the guarantee upon death. Refer to the following calculation:

(Example with increasing market value)

$$\begin{array}{rclcl}
 \text{Gross Premium} & \times & (1 - (\text{surrender value}/\text{market value of fund})) & = & \text{Adjusted Gross Premium} & = & \text{New Guaranteed} \\
 \text{Before Surrender} & & & & \text{After Surrender of} & & \text{Amount After} \\
 & & & & \$2,000 & & \text{Surrender of } \$2,000 \\
 \\
 \$10,000 & \times & (1 - (\$2,000 / \$12,000)) & = & \$8,333.33 \times 100\% & = & \$8,333.33
 \end{array}$$

(Example with decreasing market value)

Now repeat the calculation based on the assumption that the market value of the Balanced Fund has fallen to \$8,000. The impact on the value of the guarantee is different.

$$\begin{array}{rclcl}
 \text{Gross Premium} & \times & (1 - (\text{surrender value}/\text{market value of fund})) & = & \text{Adjusted Gross Premium} & = & \text{New Guaranteed} \\
 \text{Before Surrender} & & & & \text{After Surrender of} & & \text{Amount After} \\
 & & & & \$2,000 & & \text{Surrender of } \$2,000 \\
 \\
 \$10,000 & \times & (1 - (\$2,000 / \$8,000)) & = & \$7,500 \times 100\% & = & \$7,500
 \end{array}$$

Guarantee at Maturity

- **For GIAs:** The total premiums for a guaranteed interest account (GIA) are 100% guaranteed by Assumption Life at maturity.
- **For segregated funds:** Assumption Life guarantees the higher of the following amounts at maturity:
 - (a) The accumulated value of the segregated funds.

(b) 75% of the gross premium amount invested into the segregated funds.

However, no guarantee is applicable should the owner surrender all amounts in the contract before the 15th anniversary of the contract and before the following dates:

- for non-registered contracts and tax-free savings accounts:

- o the annuitant's 75th birthday

- for registered contracts:

- o the date corresponding to the last business day of the year in which the annuitant reaches age 69

Calculating the guarantee for non-registered contracts and TFSA

As long as the contract has been in effect for a minimum duration of 15 years and the annuitant is at least 75 years of age on the date of termination of the contract, we guarantee that by the end of the contract we will have paid, in the form of all disbursements or payments scheduled under the contract, an amount greater than or equal to 75% of the gross premiums invested into segregated funds. (See the definition of "Gross premium" in this document.)

Calculating the guarantee for registered contracts

As long as the registered contract has remained in effect for a minimum duration of 15 years and the annuitant is at least 69 years of age on the date of termination of the contract, we guarantee that by the end of the contract, we will have paid, in the form of all disbursements or payments scheduled under the contract, an amount greater than or equal to 75% of the gross premiums invested in segregated funds. (See the definition of "Gross premium" in this document.)

Example of maturity benefit guarantee calculation applicable to segregated funds

This example supposes that at the time of calculation, the annuitant is at least 69 years of age (for a registered contract) or at least 75 years of age (for a non-registered contract).

Scenario 1

<i>Years Since Premium Invested</i>	<i>Gross Premium (b)</i>	<i>Accumulated Value of the Seg Funds on Valuation Date (a)</i>	<i>Guaranteed Portion of the Gross Premium</i>	<i>Maturity Benefit</i>
Less than 15 years	\$40,000	\$28,000	Nil	\$28,000

Scenario 2

<i>Years Since Premium Invested</i>	<i>Gross Premium (b)</i>	<i>Accumulated Value of the Seg Funds on Valuation Date (a)</i>	<i>Guaranteed Portion of the Gross Premium</i>	<i>Maturity Benefit</i>
15 years or more	\$40,000	\$28,000	75% x \$40,000 = \$30,000	\$30,000

Processing of the guarantee at maturity upon transfer from an RSP to a RIF

For purposes of calculating the guarantee for segregated funds, any transfer from a segregated fund from an Assumption Life registered plan to an Assumption Life RIF will neither interrupt nor reset the number of years for your contract. You benefit from the guarantee for segregated funds upon any total surrender of your contract as soon as the total and consecutive number of years for your Assumption Life registered plan and your Assumption Life RIF reaches the minimum limit of 15 years, provided that the annuitant is at least 69 years of age at the time of total surrender.

(For example, assume that you purchase an Assumption Life RSP on June 1, 2000, at the age of 57. After 12 years, or on June 1, 2012, you decide to transfer your RSP to an Assumption Life RIF. Three years after that, on December 31, 2015, you are in a position to benefit from the guarantee at maturity at any time when you proceed with total surrender of your contract.)

For purposes of calculating the guarantee at maturity, the gross premium amount is reduced proportionally by all surrenders, amounts transferred to other financial institutions, periodic annuity payments, exit fees and transfer fees.

Example for guarantee at maturity: You invested a gross premium amount of \$10,000 into the Assumption Life Balanced Fund during the past year. The amount guaranteed is equal to 75% of the gross premium invested on the day the premium is invested. A few weeks later, you proceed with the surrender of \$2,000 from the Assumption Life Balanced Fund. The market value of the gross premium for the Balanced Fund on the date of surrender is now \$12,000. The surrender of \$2,000 reduces the Gross premium value by only \$1,666.67 for a new Adjusted gross premium amount of 8,333.33 and a new guarantee amount of \$6,250. The gross premium is reduced on a pro rata basis according to the market value of the Balanced Fund and impacts the amount of the guarantee at maturity. Refer to the following calculation:

(Example with increasing market value)

$$\begin{array}{rcl}
 \text{Gross Premium} & \times & (1 - (\text{surrender value} / \text{market value of fund})) = \\
 \text{Before Surrender} & & \text{Adjusted Gross Premium} = \\
 & & \text{After Surrender of} \\
 & & \text{\$2,000} \\
 & & \text{New Guarantee} \\
 & & \text{Amount After} \\
 & & \text{Surrender of \$2,000} \\
 \\
 \$10,000 & \times & (1 - (\$2,000 / \$12,000)) = \\
 & & \$8,333.33 \times 75\% = \\
 & & \$6,250.00
 \end{array}$$

(Example with decreasing market value)

Now repeat the calculation based on the assumption that the market value of the Balanced Fund has fallen to \$8,000. The impact on the value of the guarantee is different.

$$\begin{array}{rcl}
 \text{Gross premium} & \times & (1 - (\text{surrender value} / \text{market value of fund})) = \\
 \text{Before Surrender} & & \text{Adjusted Gross Premium} = \\
 & & \text{After Surrender of} \\
 & & \text{\$2,000} \\
 & & \text{New Guarantee} \\
 & & \text{Amount After} \\
 & & \text{Surrender of \$2,000} \\
 \\
 \$10,000 & \times & (1 - (\$2,000 / \$8,000)) = \\
 & & \$7,500 \times 75\% = \\
 & & \$5,625.00
 \end{array}$$

Processing of the guarantee at maturity upon transfer from a non-registered contract to a TFSA

For purposes of calculating the guarantee for segregated funds, any transfer from a segregated fund from an Assumption Life non-registered contract to an Assumption Life tax-free savings account will neither interrupt nor reset the number of years for your contract. You benefit from the guarantee for segregated funds upon any total surrender of your contract as soon as the total consecutive number of years for your Assumption Life non-registered contract and your Assumption Life tax-free savings account reaches the minimum limit of 15 years, provided that the annuitant is at least 75 years of age at the time of total surrender.

For purposes of calculating the guarantee at maturity, we reduce the gross premium amount proportionally by all surrenders, amounts transferred to other financial institutions, periodic annuity payments, exit fees and transfer fees.

DEATH BENEFIT

Upon the death of the annuitant or the contingent annuitant, as the case may be, the beneficiary will receive the death benefit outlined below as determined on the valuation date corresponding to the date on which written notice of the annuitant's death is received at Assumption Life's head office. Such valuation

date shall be known as the "death benefit date." Some restrictions apply to LIRAs, LIFs, PRIFs and locked-in RSPs. The applicable legislation provides for the payment of the death benefit to the surviving spouse or surviving common-law partner if you have a spouse or common-law partner at the time of your death, regardless of your beneficiary designation.

When it has received satisfactory proof of the annuitant's death and of the claimant's right to the proceeds as beneficiary, Assumption Life will pay to the beneficiary the death benefit outlined below together with interest from the death benefit date to the date of payment. The rate of interest credited will be in accordance with policies and rates set periodically for this purpose by Assumption Life.

On the death benefit date, Assumption Life will redeem the accumulated value of all guaranteed interest accounts and of all units of the segregated funds credited under the contract, and such amount will be transferred to Assumption Life's assets until paid. The number of units credited to the contract will be reduced to zero. Assumption Life guarantees that the death benefit will be equal to 100% of the accumulated value of the guaranteed interest accounts plus the greater of:

- (a) the accumulated value of the segregated funds credited under the contract as established on the death benefit date
- (b) 100% of the total amount of all gross premiums paid into the contract before the owner's 77th birthday plus the percentage indicated below for gross premiums invested into the contract after that age to acquire units in the segregated funds until the death benefit date. (See the definition of "gross premium" on page 2 of this folder, according to which the gross premium amount is reduced proportionally by all surrenders, amounts transferred to other financial institutions, periodic annuity payments, exit fees and transfer fees).

Age of Owner at Time of Premium Payment	Guaranteed Portion of Gross Premium
77 – 78 years	95%
78 – 79 years	90%
79 – 80 years	85%
80+ years	80%

The beneficiary may choose to receive the death benefit in cash or according to any of the settlement options offered by Assumption Life for that purpose. However, in the case of registered contracts and tax-free savings accounts, the optional methods of settlement are available only if the beneficiary is the annuitant's spouse or common-law partner. Payment of the death benefit discharges all of Assumption Life's obligations under the contract.

MATURITY BENEFIT (Annuity commencement date)

At maturity, the annuitant (or grantee of an annuity for a non-registered contract) receives, where indicated, an annuity payment based on the option chosen. This annuity benefit is based on the accumulated value of the contract as of the annuity commencement date. The maturity benefit described below is determined on the valuation date corresponding to or immediately preceding the maturity date.

The accumulated value of the contract is not guaranteed but rather varies according to fluctuations in the market value of the assets of the segregated funds.

Payment of the maturity benefit discharges all of Assumption Life's obligations under the contract.

The annuitant may choose any of the settlement options offered by Assumption Life.

SETTLEMENT OPTIONS

Instead of receiving the death benefit in the form of a lump sum, the beneficiary may choose to invest the death benefit in an Assumption Life product then available.

If the contract **is** a registered contract or a tax-free savings account and the beneficiary is the annuitant's spouse or common-law partner, the surviving spouse or common-law partner may request a rollover of the contract, subject to all applicable conditions as prescribed in the *Income Tax Act* (Canada).

SEGREGATED FUND DISCONTINUANCE

Assumption Life may, at any time, discontinue a segregated fund by giving the owner sixty (60) days' prior written notice of its intent. Assumption Life will automatically redeem the units of the segregated fund being discontinued that are credited to a contract and allocate the value of such units to the purchase of units of another segregated fund. If the new segregated fund is not similar to the former segregated fund as per the meaning of a similar segregated fund defined in the "Fundamental Changes" section below, the segregated fund discontinuance shall be considered a fundamental change and the owner shall be entitled to surrender the value of such segregated fund units without fees for transfers between segregated funds and without exit fees.

The written notice to the owner will identify the segregated fund or funds that will no longer be available, the segregated fund in which Assumption Life proposes to acquire units, and the date on which the transfer is to be effective. The value of the surrendered units and the number of units purchased will be based on the unit value of the subject funds on the date of the automatic transfer.

The owner may:

- (a) Request Assumption Life to carry out a different transaction from that proposed, on the condition that Assumption Life receives a written request to this effect at least five (5) days before the transfer date; or
- (b) Request the surrender of the value of the segregated fund units.

Please note that a segregated fund that has a small total fund value after a few years following its creation date has a greater chance of being discontinued. For more information regarding the Fund creation date and the total fund value, refer to the Fund Facts.

FUNDAMENTAL CHANGES

The owner will be provided 60 days' prior written notice upon a fundamental change in a segregated fund. An increase in the management fees for a segregated fund, a change in the fundamental investment objectives for a segregated fund, a decrease in the frequency with which units of a segregated fund are valued, an increase to the insurance fee limit as stated in the insurance fee table on page 26 of this information folder, and the discontinuance of a segregated fund constitute a fundamental change. The notice will provide the owner with the right to transfer to a similar segregated fund that is not subject to the fundamental change for which the notice is being delivered without incurring any fees for transfers between segregated funds or exit fees, provided that written notice of this is received by Assumption Life at least five (5) days before the transaction date.

A **similar segregated fund** means a segregated fund whose fundamental investment objectives are comparable to the original segregated fund and is in the same investment fund category and whose management fees, inclusive of insurance fee, are equivalent or lesser. If Assumption Life does not offer a similar segregated fund, the owner may surrender the units of the segregated fund without incurring any exit fees, provided that written notice from the owner is received at least five (5) days prior to the transaction date. During the 60-day notice period, the owner is not permitted to invest or transfer amounts

to the segregated fund subject to the fundamental change unless he agrees to waive his rights as to exemption of exit fees as set out above.

Any increase in the management fees of an underlying fund in which monies from a segregated fund are invested that results in an increase in the management fees of the segregated fund constitutes a fundamental change.

The fundamental investment objectives of an underlying fund in which monies from a segregated fund are invested may be modified with the approval of the unitholders for the underlying fund. Upon confirmation of this approval, purchasers of contracts in the segregated fund will be notified of the modification.

The value of the units redeemed or purchased to carry out a transfer or terminate a segregated fund is not guaranteed but rather varies according to fluctuations in the market value of the assets of each segregated fund.

We reserve the right to make fundamental changes from time to time, subject to compliance with the clauses noted above. 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 Canadian Life Health Insurance Association Inc. at least 60 days in advance of the change (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 refile this information folder and the contract to reflect the change. The foregoing may be superceded by any regulatory developments governing changes to underlying funds.

SEGREGATED FUND MANAGEMENT

The management of the Assumption Conservative Portfolio, the Assumption Balanced Portfolio, the Assumption Balanced Growth Portfolio, the Assumption Growth Portfolio, the SmartSeries Income Fund, the SmartSeries 2020 Fund, the SmartSeries 2025 Fund, the SmartSeries 2030 Fund, the SmartSeries 2035 Fund, the SmartSeries 2040 Fund, the SmartSeries 2045 Fund, the SmartSeries 2050 Fund and the SmartSeries 2055 Fund is the responsibility of Assumption Life and is carried out under the general authority of its board of directors. Day-to-day management of Assumption Life's operations is delegated to its president and chief executive officer. The management of the Assumption Conservative Portfolio, the Assumption Balanced Portfolio, the Assumption Balanced Growth Portfolio, the Assumption Growth Portfolio, the SmartSeries Income Fund, the SmartSeries 2020 Fund, the SmartSeries 2025 Fund, the SmartSeries 2030 Fund, the SmartSeries 2035 Fund, the SmartSeries 2040 Fund, the SmartSeries 2045 Fund, the SmartSeries 2050 Fund and the SmartSeries 2055 Fund is subcontracted to Louisbourg Investments Inc. ("Louisbourg"), a company whose shares are owned at 70% by Atlantic Holdings (1987) Limited, a body corporate owned entirely by Assumption Life. The management fees payable to Louisbourg are included in the management fees set out in the "Fees" section.

The Louisbourg Investment funds, being the Louisbourg Balanced Fund, the Louisbourg Canadian Dividend Fund, the Louisbourg U.S. Equity Fund, the Louisbourg Preferred Share Fund, the Louisbourg Fixed Income Fund, the Louisbourg Money Market Fund, the Louisbourg Canadian Small Capitalization Equity Fund and the Louisbourg Momentum Fund are managed, on a day-to-day basis by Louisbourg Investments. Louisbourg Investments is responsible for investment analyses, recommendations and decisions and for the purchase and sale of the securities for each such fund. The management fees payable to Louisbourg are included in the management fees set out in the "Fees" section.

The FIDELITY Investment funds, being the Fidelity Canadian Opportunities Fund, the Fidelity True North® Fund, the Fidelity International Growth Fund, the Fidelity Europe Fund, the Fidelity American Disciplined Equity® Fund, the Fidelity NorthStar® Fund, the Fidelity Monthly Income Fund, the Fidelity Far East Fund, the Fidelity Canadian Asset Allocation Fund, the Fidelity Emerging Markets Fund and the Fidelity NorthStar® Balanced Fund are managed on a day-to-day basis by Fidelity Investments Canada Ltd. Fidelity is responsible for investment analyses, recommendations and decisions and for the purchase and sale of the securities for each segregated fund. Fees for these services are included in the management fees set out below in the "Fees" section.

The CI Investment funds, being the CI Signature Corporate Bond Fund, the CI Signature Canadian Bond Fund, the CI Harbour Growth & Income Fund, the CI Signature High Income Fund, the CI American Value Fund, the CI Cambridge Canadian Dividend Fund Fund, the CI Global Small Companies Fund, the CI Cambridge Canadian Asset Allocation Corporate Fund, the CI Signature Global Resource Corporate Class Fund and the CI Signature Global Dividend Fund are managed on a day-to-day basis by CI Investments Inc. CI is responsible for investment analyses, recommendations and decisions and for the purchase and sale of the securities for each segregated fund. Fees for these services are included in the management fees set out below in the "Fees" section.

MARKET VALUE OF SEGREGATED FUND ASSETS

The accumulated value of your contract is the sum of the accumulated value of your guaranteed interest accounts and the accumulated value of your segregated funds.

The accumulated value of your segregated funds is determined by Assumption Life based on the value of the assets of the underlying funds as provided by the respective fund managers.

Valuation date

A valuation date is the day Assumption Life determines the market value of each segregated fund.

Assumption Life will value the segregated fund units each business day but may, at its sole discretion, subject to 60 days' prior written notice to the owners and, in accordance with the fundamental change rules as currently described in the section titled "Fundamental Changes", cause any of the segregated fund units to be valued on a less frequent basis provided that each fund unit is valued at least once a month.

Value of segregated fund units

The unit value of the units of each segregated fund on a valuation date is equal to the aggregate value of the particular segregated fund on such date divided by the number of units in the fund on the previous valuation date. The unit value of a fund remains in effect until the next valuation date. The number of units in any segregated fund may include fractions.

Aggregate segregated fund value

At each valuation date, the aggregate value of each segregated fund will be the aggregate market value of the assets of that fund after deducting the applicable current management fees and operating expenses.

The accumulated value of the segregated funds is not guaranteed but rather varies according to fluctuations in the market value of the assets of the various funds.

REINVESTMENT OF EARNINGS

The net income from each segregated fund's assets will be retained by the fund and allocated to the owners of such funds.

FEES

The following fees are applicable to all annuity contracts subject to their fund options depending on the context.

Contract fees: A monthly contract fee will be assessed on your annuity contract of Series A provided that your contract is issued pursuant to a group annuity contract. We will deduct the applicable monthly fee as specified in the applicable group annuity arrangement from your contract by selling units in your segregated funds, on a pro rata basis, on the last day of each month. The contract fees are not applicable if you invested all of your premiums in guaranteed interest accounts, back-end load segregated funds or in the Money Market Fund. The contract fees are not part of the management fees described below and are not included in the Management Expense Ratio. The contract fees are charged over and above the Management Expense Ratio.

Exit fees: An exit fee is assessed on transfers and the total or partial surrender of any back-end load segregated fund (Series C). This fee is not applicable to GIAs or to no-load segregated funds of series A and B. Refer to the "Partial and Full Surrenders" section.

Insurance Fee: This is the fee to cover the cost of the guarantees upon death and the guarantee at maturity. The Insurance fee, expressed as a percentage, is deducted daily from the assets of each fund before calculating its unit value, and it's paid to Assumption Life.

Transfer fees for transfer requests to another financial institution: A \$50 transfer fee is assessed on the transfer request to another financial institution.

Transfer fees for transfers between segregated funds: A \$20 transfer fee is assessed on each request for transfer between segregated funds beginning with the fifth transfer request between segregated funds per calendar year. Each transfer from back-end load segregated funds is subject to the applicable exit fees.

Management fees: Management fees means the fees charged to administer the segregated funds. The percentage of management fees indicated in the following table represents the percentage of the annual management fees. These vary depending on the type of fund. Management fees also include management fees of the underlying funds, so there is no duplication of management fees.

Management fees, expressed as a percentage, are deducted daily from the assets of each fund before calculating its unit value, and they are paid to Assumption Life.

Management fees do not include the insurance fee, the operating expenses or applicable sales taxes, which are charged to the funds over and above the management fees.

The management fees vary based on whether you chose the back-end load or no-load option.

Operating expenses means all other fees (except for the management fees payable by the segregated funds), and all other expenses incurred during the ordinary course of business in relation to the establishment, management, and operation of segregated funds. They include, among others, legal fees, audit fees, safekeeping fees, administrative fees, bank charges, registration fees with regulators, the production and distribution of financial data and of this information folder, applicable sales taxes, and any other expenses incurred for the operation of the funds and the management of your segregated fund policy.

An increase in the operating expenses or an increase in the insurance fee within the limits set out in the Insurance fee table below, can result in an increase in the MER without notice. However, if the MER goes up because of an increase in management fees, we will give you 60 days' notice pursuant to the Fundamental change section.

Operating expenses vary from year to year and from one fund to another and may vary without notice.

Management expense ratio (MER) means the sum of the management fees, the insurance fee, the operating expenses, and the applicable sales taxes to each segregated fund; it includes the MER of underlying funds, when applicable. The MER is deducted daily from the assets of each fund before calculating its unit value.

The MER is published each year in the audited Financial Statements and in the Fund Facts. The updated versions of these documents are available upon request and on the Assumption Life Web site at www.assumption.ca. You may also request a copy of the audited Financial Statements and the Fund Facts by contacting our head office at the following address: Assumption Life: P.O. Box 160, 770 Main Street, Moncton, New Brunswick E1C 8L1. Toll free: 1-888-577-7337 or 506-853-6040 Fax: 1-855-430-0588 or 506-853-9369; Email: investments.retirement@assumption.ca.

MANAGEMENT FEE AND INSURANCE FEE TABLE

	Management Fee		Insurance Fee	
	No Load	Back-End Load	(1)	Increase limit without notice (2)
Assumption Life Funds				
Growth Portfolio	2.55%	2.40%	0.35%	0.85%
Balanced Growth Portfolio	2.50%	2.35%	0.30%	0.80%
Balanced Portfolio	2.43%	2.28%	0.12%	0.62%
Conservative Portfolio	1.64%	1.54%	0.01%	0.51%
SmartSeries Income Fund	1.43%	1.38%	0.12%	0.62%
SmartSeries 2020 Fund	1.98%	1.88%	0.12%	0.62%
SmartSeries 2025 Fund	1.98%	1.88%	0.12%	0.62%
SmartSeries 2030 Fund	2.03%	1.93%	0.12%	0.62%
SmartSeries 2035 Fund	2.05%	1.95%	0.15%	0.65%
SmartSeries 2040 Fund	2.03%	1.93%	0.27%	0.77%
SmartSeries 2045 Fund	2.05%	1.95%	0.30%	0.80%
SmartSeries 2050 Fund	2.05%	1.95%	0.30%	0.80%
SmartSeries 2055 Fund	2.05%	1.95%	0.30%	0.80%
Louisbourg Funds				
Balanced Fund	2.20%	2.05%	0.20%	0.70%
Canadian Dividend Fund	2.35%	2.20%	0.30%	0.80%
Money Market Fund	1.20%	1.00%	0	0.50%
U.S. Equity Fund	2.50%	2.35%	0.30%	0.80%
Preferred Share Fund	2.30%	2.15%	0.20%	0.70%
Fixed Income Fund	1.40%	1.30%	0.10%	0.60%
Canadian Small Capitalization Equity Fund	2.50%	2.35%	0.35%	0.85%
Momentum Fund (3)	1.90%	1.75%	0.30%	0.80%
Fidelity Funds				
Canadian Opportunities Fund	2.70%	2.55%	0.30%	0.80%
True North® Fund	2.60%	2.45%	0.30%	0.80%
International Growth Fund	2.80%	2.65%	0.30%	0.80%
Europe Fund	2.80%	2.65%	0.30%	0.80%
American Disciplined Equity® Fund	2.60%	2.45%	0.35%	0.85%
NorthStar® Fund	2.60%	2.45%	0.35%	0.85%
Monthly Income Fund	2.53%	2.38%	0.12%	0.62%
Canadian Asset Allocation Fund	2.58%	2.43%	0.12%	0.62%
Far East Fund	2.75%	2.60%	0.55%	1.05%
Emerging Markets Fund	2.70%	2.55%	0.55%	1.05%
NorthStar® Balanced Fund	2.73%	2.58%	0.12%	0.62%
CI Funds				
Signature Corporate Bond Fund	1.70%	1.60%	0.10%	0.60%
Signature Canadian Bond Fund	1.60%	1.50%	0.10%	0.60%
Harbour Growth & Income Fund	2.50%	2.35%	0.20%	0.70%
Signature High Income Fund	2.44%	2.29%	0.01%	0.51%
American Value Fund	2.50%	2.35%	0.35%	0.85%
Cambridge Canadian Dividend Fund	2.45%	2.30%	0.30%	0.80%
Global Small Companies Fund	2.60%	2.45%	0.55%	1.05%
Cambridge Canadian Asset Allocation Corporate Class Fund	2.40%	2.25%	0.30%	0.80%
Signature Global Resource Corporate Class Fund	2.65%	2.50%	0.55%	1.05%
Signature Global Dividend Fund	2.65%	2.50%	0.30%	0.80%

- (1) & (2) The insurance fee may be increased by the greater of 50 basis points or the current fee + 0.50% without prior notice to the owner. The maximum amount of insurance fee increase allowed without notice to the owner is set out in column (2) above. For example, the Balanced fund insurance fee is set at 0.20%. The Balanced Fund insurance fee could increase to 0.70% without prior notice to the owner (0.20% + 50 basis points (0.50%) = 0.70%). The insurance fee is deducted daily from the assets of each fund before calculating its unit value and is paid to Assumption Life.
- (3) In addition to the above-mentioned fees, the fund will pay to Louisbourg Investments Inc. monthly performance fees equal to 20% of the surplus of the fund performance compared with the S&P/TSX Index. These fees are included in the MER. In the event of a monthly performance lower than the S&P/TSX Index, no monthly performance fee is payable, and that situation will stand until the cumulative performance of the portfolio, starting the last month where the performance fees were paid, is higher than the S&P/TSX Index.

The MER table for each fund is included in the Fund Facts. The updated version of the Fund Facts is available upon request and on the Assumption Life Web site at www.assumption.ca.

Management fees are higher if you choose the no-load option for the surrender of segregated funds. On the other hand, management fees are lower if you choose the back-end load option for the surrender of segregated funds.

The fees payable to Louisbourg Investments Inc., Fidelity Investments Ltd. and CI Investments Inc. are included in the management fees. Assumption Life reserves the right to change such fees upon 60 days' prior written notice, in accordance with the fundamental change rules described under the heading "Fundamental Changes".

MANAGEMENT FEE REDUCTION

Assumption Life applies management fee rebates by monthly crediting segregated fund units to any owner whose accumulated value in segregated funds invested in series B and C of all individual annuity contracts with Assumption Life exceeds a cumulative amount of \$50,000. At the end of each month, provided that the cumulative amount of the accumulated value of the segregated funds in question exceeds \$50,000, Assumption Life will calculate the fee rebate to be applied and will purchase segregated fund units for an amount equal to the fee rebate arrived at based on the following formula:

$$\text{Asset total} \times \text{applicable rate (see table below)} \times \text{applicable tax} = \text{fee rebate}$$

12

	1	2	3
Rebate Scale	Segregated Fund Accumulated Value	Rate Applicable for Assets Invested in Segregated Funds Other Than Bond Funds	Applicable Rate Bond Funds*
1	Between \$50,000 and \$99,999	0.05%	0.025%
2	Between \$100,000 and \$249,999	0.075%	0.05%
3	\$250,000 and over	0.10%	0.075%

* The bond funds referred to in column 3 above are the following: Louisbourg Money Market Fund, Louisbourg Fixed Income Fund, CI Signature Canadian Bond Fund and CI Signature Corporate Bond Fund.

Assets excluded from calculation

The management fee rebate described above is not offered or applicable to assets invested in Series A segregated funds, guaranteed interest accounts (GIAs), or group annuity contracts.

Assumption Life reserves the right to exclude or add funds to its list of funds to which the fee rebates apply.

Sample management fee rebate calculation

On January 1, 2017, Pierre has an Assumption Life group RRSP whose accumulated value totals \$55,000. His assets are invested in a single fund, the Louisbourg Balanced Fund. Pierre also has an individual RRSP whose accumulated value totals \$190,000. His assets are invested in a single fund, the CI Signature Corporate Bond Fund. Pierre also has an individual TFSA contract whose assets are wholly invested in the Louisbourg Fixed Income Fund. The accumulated value of his TFSA contract is \$50,000.

Assets invested in all his Series B and C contracts total \$240,000. The rebate scale applicable is the one in row 2 of the above table. (Please note that the \$55,000 invested in his group RRSP are not taken into account, since assets invested in group contracts are excluded from the fee rebate calculation.)

Example for the individual RRSP of \$190,000

Total assets in Signature Corporate Bond Fund	X	$\frac{\text{Applicable Rate}}{12}$	X tax =	Fee Rebate
\$190,000	X	$\frac{0.075\%}{12}$	X 15% =	\$13.66

Example for the \$50,000 individual TFSA

Total assets in Fixed Income Fund	x	$\frac{\text{Applicable Rate}}{12}$	X Tax =	Fee Rebate
\$50,000	x	$\frac{0.05\%}{12}$	X 15% =	\$2.40

All fee rebates are calculated, for each applicable segregated fund, on the last business day of each month and the rebate amount is credited to the owner by purchasing the applicable additional units for each applicable segregated fund.

Other fees: In addition to the fees outlined above, you are responsible to pay all banking charges for any cheque or preauthorized debit which is not honoured and any loss incurred by Assumption Life due to the decrease in value of the segregated funds due to that effect. Assumption Life will deduct a \$25 fee directly from your contract, without notice, for any cheque or preauthorized debit which is not honoured by your financial institution.

TAXATION

This section, along with any other tax information contained elsewhere in this information folder, is a summary only of the most important consequences arising from the *Income Tax Act* (Canada) and the regulations thereunder for prospective owners of Assumption Life's variable annuity contracts who are residents of Canada, who hold their contracts as capital property and who deal at arm's length with Assumption Life.

This section along with any other tax information contained elsewhere in this information folder are based upon the current provisions of the *Income Tax Act* (Canada) and regulations as of the date of this document and on Assumption Life's understanding of Revenue Canada's current administrative practices and policies as of the printing date specified on the back of this information folder.

This section does not take into account future amendments to the *Income Tax Act* (Canada) and regulations, future amendments to rules of law for taxation or provincial, territorial or foreign tax considerations.

Should the *Income Tax Act* (Canada) be amended as to change the age limit when your retirement income must commence, your contract will be modified accordingly.

This section is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular prospective owner of an Assumption Life annuity contract or other person. Prospective owners and other persons should therefore consult their own tax professionals or other tax advisors with respect to their particular circumstances.

A segregated fund is treated as a trust under the *Income Tax Act* (Canada) and is maintained separately from the insurer's assets. All income, capital gains and losses of the segregated fund are allocated to the owners annually with the result that the trust does not pay income tax; income derived from the segregated fund from non-Canadian investments is subject to the withholding at source of foreign taxes.

Taxation of Non-Registered Contracts

The portion of the investment income (interest and dividends, income from foreign sources and capital gains) and of capital gains and losses of the segregated fund allocated in respect of your contract will be reported to you each year and must be included in your taxable income, if any. Your participation in each segregated fund whose units are included in your contract is considered to be participation in a segregated trust pursuant to the *Income Tax Act* (Canada) and consequently as capital property. As a result, the disposal of part or all of this property could result in a capital gain or loss for you.

The capital gain or loss resulting from disposal or surrender corresponds to the amount that you receive in consideration of your participation in the units of a segregated fund minus the adjusted cost base of your participation. The adjusted cost base of your participation includes gross premiums allocated to the segregated fund and your share of the income and capital gains of the segregated fund. The amount of any capital losses allocated to you in relation to the segregated fund is deducted from your adjusted cost base. Transfers between segregated funds, fund discontinuance and underlying fund substitution are taxable dispositions and may result in a capital gain or loss to the owner.

Each year, Assumption Life will send you a T3 supplementary income tax slip showing the pro rata share of such income and capital gains or losses to be included in the owner's income under the *Income Tax Act* (Canada).

If at any time while units are credited to your contract Assumption Life is required to pay to any tax authority any part of the proceeds as a tax imposed on the contract, Assumption Life may, at its discretion, transfer to its assets the value of the units of one or more segregated funds allocated to your contract to pay the tax in question. These units are then surrendered from your contract.

Tax-Free Savings Account

If you so wish, the contract can be registered under section 146.2 of the *Income Tax Act* (Canada) as a tax-free savings account. In this case, income, capital gains, surrenders and annuity payments are not taxable. Note that premiums are not tax-deductible. Premiums invested in your tax-free savings account are subject to an annual limit as prescribed in the *Income Tax Act* (Canada). All amounts withdrawn from your TFSA contract may not be reinvested in your TFSA contract in the same taxation year, as a new contribution, unless the total amount withdrawn and the total amount of contribution are within the annual allowable limit, as prescribed in the *Income Tax Act* (Canada). Any contribution above the annual allowable limit can result in substantial penalties imposed by Canada Revenue Agency. Any monies invested in a tax-free savings account exceeding the limit allowed under the *Income Tax Act* (Canada) are also deemed ineligible investments and consequently subject to income tax on any income earned or capital gains derived from the ineligible investments.

Upon your death, if you have designated your spouse or common-law partner as the beneficiary, your surviving spouse or common-law partner may be entitled to a rollover of the death benefit to his or her TFSA, provided that all applicable conditions as prescribed in the *Income Tax Act* (Canada) are met. The income generated between the time of death and the rollover date is taxable. However, if you have designated your spouse or common-law partner as a successor owner, upon your death your surviving spouse or common-law partner becomes the owner of your contract without triggering tax consequences.

As per the current *Income Tax Act* (Canada), a fixed-term annuity or a life annuity purchased with your TFSA may not be a qualifying arrangement. Therefore, once you convert or purchase an immediate annuity with your TFSA, the interest portion of the annuity payments may be taxable.

A monthly tax amount of 1% is applicable on your highest excess TFSA amount in any month for which there is an overcontribution amount exceeding the prescribed limit. This 1% tax per month will continue to apply for each month that the excess amount remains in your TFSA. The 1% tax is applicable even if the excess amount was contributed and later withdrawn during the same month.

Your tax-free savings account may be assigned to guarantee a loan subject to the limitations and restrictions set out in the *Income Tax Act* (Canada).

Taxation of Registered Contracts

If desired, a contract can be registered under section 146 of the *Income Tax Act* (Canada) as a retirement savings plan or under section 146.3 of the *Income Tax Act* (Canada) as a retirement income fund. If this is done, income and capital gains will not be subject to income tax when they are allocated and, in the case of a contract that is registered as a RSP, a portion of the premium may be eligible for tax relief. However, the contract is only one of a number of different vehicles for the accumulation of retirement income. At maturity, the retirement income payments will be fully taxable and there will be restrictions on assignment. The *Income Tax Act* (Canada) stipulates that retirement income must commence, at the latest, during the year following December 31 of the year in which the owner reaches age 71, if the contract is classified as a registered plan.

If the registered contract becomes deregistered, the fair market value of all property held in the registered contract immediately before its deregistration is taxable under the *Income Tax Act* (Canada).

If the contract is classified as a registered plan:

- (a) Registration may require that a number of its regular contractual benefits be modified under the contract.
- (b) The registered contract may be more suitable as a long-term investment rather than short-term.
- (c) The prospective owner should fully discuss all aspects of registration with the insurer or agent before purchasing a registered contract.

If the contract is issued as a registered fund under the *Income Tax Act* (Canada), the investment income earned from the fund will not be taxed as income in the year in which it is earned. The retirement income, and any payment from the registered fund, is fully taxable in the year in which it is received.

Each year, Assumption Life will send you the appropriate income tax slips, showing the amount to be included in your income under the *Income Tax Act* (Canada). Any taxes withheld by Assumption Life pursuant to applicable law will be forwarded by Assumption Life to the appropriate tax authority.

Applicable Sales Tax

Assumption Life will collect and remit to Revenue Canada the Harmonized Sales Tax or the Goods and Services Tax, whichever is applicable on any segregated fund charges and fees, or any other similar tax

that may be applicable. For any fees that are applicable to segregated funds invested in Series A, Assumption Life will collect and remit to Revenue Quebec the Quebec sales tax, when applicable.

TERMINATION OF CONTRACT

Subject to applicable provincial laws, taxation laws and contract restrictions, the contract is deemed terminated on the earliest of the following:

- (a) Total surrender of the contract.
- (b) The death of the annuitant.
- (c) The date of the final payment of annuity benefits.
- (d) The date on which the accumulated value of the contract falls below \$500, subject to any provisions to the contrary set out in the application for registration of a registered contract or a tax-free savings account.

CLAIMS

For contracts governed by Alberta or British Columbia legislation, every action or proceeding against Assumption Life for the recovery of money payable under the contract is absolutely barred unless commenced within the time set out in the Insurance Act.

MATERIAL CONTRACTS

The only contracts which pertain to the segregated funds are the financial consultant contract between Assumption Life and Louisbourg Investments Inc., a subsidiary of Assumption Life, the financial consultant contract between Assumption Life and Fidelity Investments Ltd., the financial consultant contract between Assumption Life and CI Investments Inc. These contracts have been entered into in the ordinary and normal course of business. "

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No broker, director or senior officer of Assumption Life nor any associate or affiliate of any broker, director or senior officer of Assumption Life has had any material interest, whether direct or indirect, in any transaction within three years prior to the date of the latest filing of the information folder which has materially affected Assumption Life or any of its subsidiaries with respect to the segregated funds.

NO OTHER MATERIAL FACTS

There are no material facts relating to the contract other than those disclosed in this information folder.

STATEMENTS

Annual statements are sent out to all contract owners. In addition, the segregated funds' annual audited financial statements and semi-annual unaudited financial statements, together with our most recent Fund Facts are available and accessible online at www.assumption.ca. The annual statement indicates the

accumulated value of the contract and all transactions made since the last statement and also includes the current management fee, management expense ratio (MER) and compounded rates of return. You may also request a copy of our segregated funds' financial statements, our most recent fund facts and the simplified prospectus, together with the annual information form, and financial statements of each of our underlying funds by submitting a written request to our head office. Detailed statements are also available online or upon request. You may also ask your representative to print a copy for you if necessary.

Independent Auditors -- The accounting firm Ernst & Young has conducted an independent audit of the financial statements of all segregated funds appearing in this notice. Ernst & Young's offices are located at 11 Englehart Street, Dieppe, New Brunswick E1A 7Y7. The most recent segregated fund financial statements are available upon request. You may also access these online on Assumption Life's Website at: <http://www.assumption.ca>.

GENERAL INVESTMENT PRACTICES AND RESTRICTIONS

The value of the units of a segregated fund is directly related to the market value of the investments made by the fund; the value of the units of a fund may therefore go up or down, subject to any guarantee applicable upon death or maturity as provided for in the contract. There is no guarantee against loss resulting from an investment in a segregated fund and there can be no assurance that a fund's investment strategies will be successful or that its investment objectives will be attained.

Policies and Restrictions

The managers have established the following investment guidelines, which complies with the Canadian Life and Health Insurance Association guidelines G2 and the Autorité des marchés financiers guideline pertaining to the segregated funds for the province of Quebec. The board of directors of Assumption Life has adopted the same standards for the management of the assets of its segregated funds.

I A segregated fund may not:

- (a) Purchase the securities of any issuer (other than securities issued or guaranteed by the Government of Canada or an agency thereof, any Province of Canada or an agency thereof, if as a result thereof:
 - (i) more than 10% of the book value of the fund (taken at market value at the time of such purchase) would be invested in the securities of such issuer; or
 - (ii) a segregated fund would hold more than 10% of any class or series of securities of such issuer, provided that for the purpose of making this determination, all debt obligations of an issuer maturing in less than one year and all authorized unlisted derivatives are regarded as a single series of a class of securities.
- (b) Borrow money, provided, however, that the trustee:
 - (i) may from time to time advance its own monies for the purpose of making any payments from a segregated fund or, for the purposes of investment, debit cash balances, provided, however, that such advances do not exceed 5% of the net assets of the segregated fund at the time such advances are made,
 - (ii) shall be entitled to receive interest on such debit cash balances at such rate as is determined by the trustee from time to time, and
 - (iii) may, to the extent permitted by law, hold the assets of a segregated fund as security for the repayment of such debit cash balances and interest thereon.

- (c) Pledge, mortgage or hypothecate any of its assets.
- (d) Invest more than 10% of its net assets (taken at market value at the time of investment) in illiquid investments.
- (e) Purchase securities where resale is restricted or limited by means of an undertaking or agreement by a segregated fund if, following such purchase, more than 10% of the total assets of the fund (taken at market value at the time of such purchase) would consist of illiquid investments.
- (f) Make loans, whether secured or unsecured, except by the purchase of debt obligations or short-term debt securities.
- (g) Make loans to the manager or the trustee or their affiliates, their respective employees, officers and directors or sell securities from its portfolio to, or purchase securities from the employees, directors or officers of either the manager or the trustee or their respective affiliates.
- (h) Buy securities on margin or engage in short selling.
- (i) Invest in commodities or commodity futures contracts or invest in options other than buying or selling futures or option contracts or securities or indices or in currencies.
- (j) Underwrite or participate in the marketing of securities issued by others.
- (k) Purchase securities other than through an arm's length transaction, whether or not through public market facilities and at no more than the then fair market price.
- (l) Invest in securities which:
 - (i) are offered by an issuer, more than 10% of whose issued and outstanding voting shares are beneficially owned, either directly or indirectly, by the manager, the trustee or any officer or director of the manager or the trustee or an associate of any such person or by any combination thereof; or
 - (ii) are distributed in the course of primary distribution to the public by any person or company specified in paragraph (i) above.
- (m) Invest in securities for the purpose of exercising control over or management of the issuer of such securities.
- (n) Guarantee the securities or obligations of another person or corporation.
- (o) Loan securities from its portfolio except pursuant to a fully collateralized agreement between the custodian and a financial institution.

Derivatives

II Derivatives may be employed in essentially two ways as part of portfolio management. They may be used to replicate a non-derivative security or portfolio of securities. An example would be holding 10-year bond futures and cash in an appropriate ratio to replicate holding 10-year bonds. Such a position would be created either to reduce transaction costs or to increase liquidity. Derivatives may also be employed to change the risk characteristics of a portfolio in ways that would be difficult to achieve otherwise. Examples would be foreign exchange forwards and various option contracts. These transactions will generally be of a hedging or asset mix adjusting nature.

Our policy is guided by two underlying principles: (a) that investments in derivative securities may not be used to create a portfolio risk profile which would not be allowed given the constraints and limits which apply to investments in nonderivative securities; (b) that counterparty risk, the risk that the

seller/provider of a derivative security will not be willing and able to discharge its obligations, is treated exactly as any other credit risk.

The manager of the segregated fund or underlying fund may from time to time buy or sell derivative securities.

Exposure

At no time shall the cost of derivative securities exceed 10% of the value of a portfolio at the time of purchase.

In addition, at no time shall the overall exposure of a portfolio to derivative securities exceed 20% of its value. Exposure will be measured on a delta*-weighted basis for derivatives which are options or contain an element of option.

Eligible Investments

Exchange-traded and over-the-counter derivatives

Derivative securities traded on the Toronto, Montreal and New York Stock exchanges are eligible. Derivative securities traded on the senior stock exchange of any AAA-rated countries are also eligible.

Over-the-counter derivatives may only be purchased from counterparties rated AA or higher. No purchase will be allowed which would increase exposure to a single counterparty or group of related counterparties to more than 5% of the value of a portfolio. Positions which appreciate in value and thereby exceed this limit to the extent of 10%, would need to be sold. Over-the-counter derivatives may be sold to any counterparty meeting ordinary standards of due diligence.

Pre-existing investment limits

The authority to transact in derivative securities confers no authority to violate the effect of other investment limits. Exposure must be measured giving effect to the delta*-weighted impact of any derivative positions held.

**Delta measures the change in the value of the derivative security for a change in the value of the underlying securities. Thus a delta of 0.25 means that a one dollar change in the underlying security will produce a 25 cent change in the value of the derivative. For example, a \$1,000,000 equity call with a delta of 0.25 increases equity exposure by \$250,000 and would put a \$10,000,000 portfolio with a 50% equity limit and a "natural" equity position of \$4,750,000 at its equity limit.*

Unlimited Potential Liabilities Forbidden

Derivative positions which create potential unlimited liabilities are forbidden. Examples are the sale of uncovered calls and sales of foreign exchange futures where the underlying currency is not currently held.

Normal Course Exemptions

Foreign exchange

Foreign exchange transactions for forward settlement attached to securities transactions with delayed delivery of no more than five business days are not considered derivatives for the purposes of this policy.

Listed warrants

The purchase of listed warrants on stocks listed on exchanges noted above as well as the sale of existing long positions in such warrants shall not be considered derivative transactions, and long warrant positions shall not be considered derivatives for the purposes of this policy.

Review

The policy shall be reviewed annually.

- III Any director, officer or employee of the manager engaged in investment research or participating in any investment decision with respect to the securities of a company in which that person has an interest, direct or indirect, must immediately disclose such interest, and in the event that the manager or its Board of Directors deems such interest to be material, the director, officer or employee shall refrain from participating in the investment decision.
- IV The net income from each segregated fund's assets will be retained by the fund and allocated to the owners in the form of additional units.

INDIVIDUAL RISK FACTORS

The net asset value of each segregated fund is directly related to the market value of the securities in the fund's portfolio and, therefore, the value of the units increases or decreases with the market value of such securities. The market value of the securities fluctuates with economic conditions such as the general level of interest rates, stock market trends, corporate earnings, dividends and other factors. Unit holders are also exposed to a number of specific risks related to money, bond and stock market investing, which are described below:

(a) Market Risk

The chance that a prudently chosen, well researched, high-quality security will decline in value simply because the market as a whole declines in value.

(b) Interest Rate Risk

The chance that a change in interest rates will negatively impact the price of assets within a particular segregated fund, causing the lowering of the overall return of the fund.

(c) Credit Risk

The potential for loss resulting from the financial instability or insolvency of the issuer. The fixed-income segregated and/or any funds invested in fixed-income securities would be affected if the investment rating of a fixed-rate bond was reduced by a recognized bond rating agency.

(d) Manager Risk

The potential for loss resulting from a segregated fund manager's asset mix, perception of the market or general investment strategies.

(e) Inflation Risk

The chance that inflation will make a certain class of assets within a segregated fund less attractive from a price perspective, thereby hurting the overall fund performance.

(f) Currency Risk

The chance that the currency of a country in which a segregated fund invests will decline in value relative to the Canadian currency and in so doing adversely affect the returns of those foreign assets held in the fund and, as a result, overall fund performance.

(g) Small Capitalization Equity Risk

The chance that a segregated fund will not be able to liquidate an equity investment in a timely fashion due to the inherently less liquid nature of such investments. Small capitalization companies are smaller, newer and usually have less experienced management and are found in single sector industries, such as resources. They have limited financial resources and a less established market, which can cause your segregated fund value to fluctuate more than that of larger companies.

(h) Derivative Risk

A segregated fund may invest in and use derivative instruments for hedging and non-hedging purposes only to the extent, if any, considered appropriate by the manager, taking into account factors including transaction costs and as permitted by the policies of the Canadian Securities Administrators from time to time and, in particular, as consistent with National Instrument 81-102 or its successors.

The notional amount of derivatives used by the segregated fund shall not exceed 100% of the value of the net assets of the segregated fund subject to a 2% short-term variation depending on movements in the foreign exchange value of the currency in which the units of the fund are offered.

There can be no assurance that a segregated fund's hedging strategies will be effective. There may be an imperfect historical correlation between the hedge and changes in the market value of the investment or attribute being hedged, and any historical correlation may not continue for the period during which the hedge is in place. Hedging against changes in currencies, stock markets or interest rates does not eliminate fluctuation in the prices of portfolio securities or prevent losses if the prices of such securities decline. It may also preclude the opportunity for gain if the value of the hedge currency or stock market should rise or if the hedged interest rate should fall. It may not be possible for a segregated fund to enter into transactions which hedge against generally anticipated changes in currencies, stock markets or interest rates.

(i) Counterparty (Credit) and Liquidity Risk

In the case of options (whether exchange traded or over-the-counter trades) and of futures and forward contracts, there can be no assurance that a liquid exchange or OTC market will exist to permit a segregated fund to realize its profits or limit its losses by closing out positions.

A segregated fund is subject to the credit risk that its counterparty will prove unable or unwilling to honour its commitment. In addition, there is the risk of loss by a segregated fund of margin deposits in the event of bankruptcy of a dealer with whom the fund has an open position in an option or futures or forward contract. Derivative instruments traded in foreign markets may offer less liquidity and greater credit risk than comparable instruments traded in North American markets.

The capacity of a segregated fund to close out its positions may also be affected by exchange-imposed daily trading limits on options and futures contracts. If a segregated fund is unable to close out a position, it will be unable to realize its profits or limit its losses until such time as the option becomes exercisable or expires, or the futures or forward contract terminates, as the case may be. The incapacity to close out options, futures and forward positions could also have adverse impact on a segregated fund's capacity to use derivative instruments to effectively hedge its portfolio or implement its investment strategy.

(ii) Index Options and Futures Risk

Stock index options and futures contracts present the additional risk that index prices may be distorted if trading of certain stocks included in the index is interrupted. Trading in these derivative instruments may also be interrupted if trading is halted on a substantial number of stocks included in the index. If this occurred, a segregated fund would not be able to close out

its options and futures positions, and if restrictions on the exercise of the options or performance of the futures contracts were imposed, the fund might experience substantial losses.

(i) International Investment Risk

Investments in foreign markets may involve certain considerations and risks not typically associated with investing in securities issued by Canadian issuers or traded in Canadian dollars, including:

- (i) The effect of local market conditions on the availability of public information, accounting and financial reporting standards, the volume of trading, the liquidity of securities, transaction costs and administrative practices.
- (ii) Segregated fund assets will be held in accounts by custodian in jurisdictions located outside of Canada. There can be no assurance that judgments obtained in Canadian courts would be enforceable in any of those jurisdictions.
- (iii) In some countries, the possibility exists of expropriation, confiscatory taxation or nationalization of assets and the establishment of foreign exchange controls.

(j) Class Risk

Segregated funds sometimes issue different classes of units for the same fund. Each class has its own fees and expenses, which the segregated fund tracks separately. However, if one class is unable to meet its financial obligations, the other classes are legally responsible for making up the difference.

(k) Sector Risk

Some segregated funds concentrate their investments in a certain sector or industry in the economy. This allows them to focus on that sector's potential, but it also means that these segregated funds are riskier than funds with broader diversification.

Because securities in the same industry tend to be affected by the same factors, sector-specific segregated funds tend to experience greater fluctuations in price. These segregated funds must continue to follow their investment objectives by investing in their particular sector, even during periods when that sector is performing poorly.

(l) Underlying Fund Risk

Some segregated funds – called top funds – invest some or all of their assets in units or shares of another segregated fund – called an underlying fund. If investors in the top fund redeem large amounts of their investments in the underlying fund, the underlying fund may have to sell its investments at unfavourable prices to meet the redemption requests. This can reduce the returns of the underlying fund.

(m) Income Trust Risk

An income trust generally holds debt and/or equity securities of an underlying active business or is entitled to receive a royalty on revenues generated by such business. Distributions and returns on income trusts are neither fixed nor guaranteed. In addition, funds that invest in income trusts such as oil, gas and other commodity-based royalty trusts, real estate investment trusts and pipeline and power trusts will have other varying degrees of risk depending on the sector and the underlying asset or business. These may include business developments such as a decision to expand into a new type of business, entering into an unfavourable supply contract, the cancellation by a major customer of its contract or significant litigation.

Many of the income trusts, including real estate investment trusts (REITs), that a Fund invests in, are governed by laws of a province of Canada or of a state of the United States which limit the liability of unitholders of the income trust from a particular date. A fund may also invest in income trusts,

including REITs, in Canada, the U.S. and other countries that aren't governed by similar laws. There is a risk that unitholders of an income trust, including the income trusts that aren't covered under similar laws, will be subject to unlimited liability. This could reduce the value of the fund. Income trusts generally try to minimize this risk by including provisions in their agreements that their obligations won't be personally binding on unitholders, including the fund. However, the income trust still has exposure to damage claims not arising from contracts, such as personal injury and environmental claims, in the case of REITs.

(n) Repurchase Transactions and Reverse Repurchase Transactions Risk

Through a repurchase transaction and reverse repurchase transaction, a fund sells a security at one price and agrees to buy it back from the buyer at a fixed price on a specified date. Repurchase transactions and reverse repurchase transactions involve certain risks. If the other party to the repurchase transaction and reverse repurchase transaction goes bankrupt, the fund could experience delays in receiving securities or amounts payable on a failure to deliver the securities. The manager tries to minimize the risk of loss to the fund by requiring that the cash delivered to the fund under the repurchase transaction and reverse repurchase transaction is in an amount equal to at least 102% of the market value of the sold securities and this is valued daily. If the amount realized by the fund in disposing of the cash (or qualified liquid securities) is less than the value of the securities on the date that they were to be repurchased by the fund, the fund will suffer a loss. The manager also enters into repurchase transactions and reverse repurchase transactions only with parties that he believes, through conducting credit analysis, have adequate resources and financial strength to meet their obligations under the repurchase transaction and reverse repurchase transaction

(o) Securities Lending Risk

Securities lending involves lending, for a fee, portfolio securities held by a fund for a set period of time to willing, qualified borrowers who have posted collateral. Some of the funds intend to enter into securities lending arrangements to the extent permitted from time to time. In lending its securities, a fund is subject to the risk that the borrower may not fulfill its obligations, leaving the fund holding collateral worth less than the securities it has lent, resulting in a loss to the fund. To limit this risk, a fund must hold collateral worth no less than 102% of the value of the loaned securities, and the amount of collateral is adjusted daily to ensure this level is maintained; the collateral may only consist of cash, qualified securities or securities that can be immediately converted into identical securities to those that have been loaned, a fund cannot lend more than 50% of the total value of its assets through securities lending or repurchase transactions and a fund's total exposure to any one borrower in securities, derivative transactions and securities lending must be less than 10% of the total value of the fund's assets.

(p) Substantial Security Holder Risk

The purchase or redemption of a substantial number of securities of a fund may require the portfolio manager to change the composition of the fund's portfolio significantly or may force the portfolio manager to buy or sell investments at unfavourable prices, which can affect a fund's returns. Therefore, the purchase or redemption of securities by a substantial securityholder may adversely affect the performance of a fund.

(q) Asset-Backed Securities and Mortgage-Backed Securities Risk

These risks consists of debt obligations that are backed by pools of consumers or business loans and debt obligations backed by pools of mortgages on commercial or residential real estate.

(r) Commodity Risk

This risk is caused by investing indirectly in commodities or commodity sectors such as gold, silver, energy, grains, industrial metals, livestock, precious metals and agricultural materials.

(s) Equity Risk

The chance that Equity securities drop in price because of interest rates, political developments and changes within the companies that issue the securities or market conditions.

(t) Exchange-Traded Fund Risk

A mutual fund may invest in an underlying fund whose securities are listed for trading on an exchange ("ETF"). The investments of ETFs may include stocks, bonds, commodities and other financial instruments. Additional risks occasioned by an investment in an ETF include:

- (i) The difference between an ETF's return and the performance of the index, commodity or financial measure that the ETF is seeking to track.
- (ii) The ability of a mutual fund to realize the full value of its investment in an underlying ETF will depend on the mutual fund's ability to sell the ETF's securities on a securities market, and the mutual fund may receive less than 100% of the ETF's then net asset value per security upon redemption.
- (iii) There is no guarantee that any particular ETF will be available or will continue to be available at any given time.
- (iv) Commissions may apply to the purchase or sale of an ETF's securities by a mutual fund. Therefore, investment in an ETF'S securities may produce a return that is different than the change in the net asset value of such securities.

(u) Concentration Risk

When a mutual fund concentrates its investments in few companies it is less diversified, which may have an adverse impact on its return.

(v) Cyber Security Risk

Cyber security is the risk of harm, loss and liability resulting from a failure or a breach of an organization's information technology systems. Generally, this kind of risk arises from external or internal sources.

(w) Investment Trust Risk

Some mutual funds invest in real estate, royalty, income and other investment trusts which are investment vehicles in the form of trusts rather than corporations. To the extent that claims, whether in contract, in tort or as a result of tax or statutory liability, against an investment trust are not satisfied by the trust, investors in the investment trust, including mutual funds, could be held liable for such obligations. Investment trusts generally seek to make this risk remote in the case of contract by including provisions in their agreements that the obligations of the investment trust will not be binding on investors personally. However, investment trusts could still have exposure to damage claims such as personal injury and environmental claims. Certain jurisdictions have enacted legislation to protect investors in investment trusts from the possibility of such liability.

(x) Share Class Risk

Each Corporate Class has its own assets and liabilities, which are used to calculate its value. Legally, the assets of each Corporate Class are considered the property of CI Corporate Class Limited and the liabilities of each Corporate Class are considered obligations of CI Corporate Class Limited. That means if any Corporate Class cannot meet its obligations, the assets of the other Corporate Classes may be used to pay for those obligations.

(y) Tax Risk

CI Corporate Class Limited may be subject to non-refundable tax on certain income earned by it. Where CI Corporate Class Limited becomes subject to such non-refundable tax, we will, on a discretionary basis, allocate such tax against the net asset value of Corporate Classes that make up the CI Corporate Class Limited. The performance of an investment in a Corporate Class may be affected by such tax allocation.

(z) Large Redemption Risk

Some mutual funds may have particular investors who own a large proportion of the net asset value of the mutual fund. For example, other institutions such as banks and insurance companies or other mutual fund companies may purchase units or shares of the funds for their own mutual funds, segregated funds, structured notes or discretionary managed accounts. Retail investors may also own a significant amount of a mutual fund.

SEGREGATED FUNDS

Assumption Life offers a broad range of segregated funds:

The Assumption Conservative Portfolio, the Assumption Balanced Portfolio, the Assumption Balanced Growth Portfolio, and the Assumption Growth Portfolio, all these being segregated fund portfolios maintained by Assumption Life and managed by Louisbourg Investments Inc.; the SmartSeries Income Fund, the SmartSeries 2020 Fund, the SmartSeries 2025 Fund, the SmartSeries 2030 Fund, the SmartSeries 2035 Fund, the SmartSeries 2040 Fund, the SmartSeries 2045 Fund, the SmartSeries 2050 Fund and the SmartSeries 2055 Fund all these being Target Date Funds maintained by Assumption Life and managed by Louisbourg Inc; eight segregated funds maintained by Assumption Life and investing exclusively in the units of a corresponding underlying fund managed by Louisbourg Investments Inc.; eleven additional segregated funds maintained by Assumption Life and investing exclusively in the units of a corresponding underlying fund managed by Fidelity Investments Ltd. and ten additional segregated funds maintained by Assumption Life and investing exclusively in the units of a corresponding underlying fund managed by CI Investments Inc.

A description of the segregated fund investment objectives, investment strategies, and investment risks is included below.

Assumption Growth Portfolio

Investment Objective

The fundamental objective of the Assumption Growth Portfolio is to maximize long-term capital growth. The Portfolio has a strategic asset allocation and invests in other underlying funds. The underlying funds invest primarily in Canadian and foreign common shares and convertible equivalents, and, to a lesser extent, in short-term money market securities.

Investment strategy

In order to achieve the investment objectives, the manager, when he judges necessary, rebalances the asset classes according to market opportunities and to reflect his view on the economic outlook. The Fund may have multiple managers, and each is responsible for managing their portion of the Fund.

What are the Risks of Investing in the Fund?

An investment in the Fund is subject to the following general investment risks: interest risk, liquidity risk, equity risk (see market risk), credit risk, international investment risk, currency risk, derivative risk, repurchase agreement risk, security lending risk.

Assumption Balanced Growth Portfolio

Investment Objective

The fundamental objective of the Assumption Balanced Growth Portfolio is to achieve, through diversification of its investments, a maximal return, a reasonable current income and growing capital over a long-term horizon. The Portfolio has a strategic asset allocation and invests in other underlying funds. The underlying funds invest primarily in Canadian and foreign common shares and convertible equivalents, high-quality fixed-income vehicles, and, to a lesser extent, short-term money market securities.

Investment strategy

In order to achieve the investment objectives, the manager, when he judges necessary, rebalances the asset classes according to market opportunities and to reflect his view on the economic outlook. The Fund may have multiple managers, and each is responsible for managing their portion of the Fund.

What are the Risks of Investing in the Fund?

An investment in the Fund is subject to the following general investment risks: interest risk, liquidity risk, equity risk (see market risk), credit risk, international investment, currency risk, derivative risk, repurchase agreement risk, security lending risk.

Assumption Balanced Portfolio

Investment Objective

The fundamental objective of the Assumption Balanced Portfolio is to achieve, through diversification of its investments, a maximal return, a high current income while preserving and growing capital over a long-term horizon. The Portfolio has a strategic asset allocation and invests in other underlying funds. The underlying funds invest primarily in high quality fixed income vehicles, Canadian and foreign common shares and convertible equivalents and, to a lesser extent, short-term money market securities.

Investment strategy

In order to achieve the investment objectives, the manager, when he judges necessary, rebalances the asset classes according to market opportunities and to reflect his view on the economic outlook. The Fund may have multiple managers, and each is responsible for managing their portion of the Fund.

What are the Risks of Investing in the Fund?

An investment in the Fund is subject to the following general investment risks: interest risk, liquidity risk, equity risk (see market risk), credit risk, international investment, currency risk, derivative risk, repurchase agreement risk, security lending risk.

Assumption Conservative Portfolio

Investment Objective

The fundamental objective of the Assumption Conservative Portfolio is to achieve, through diversification of its investments, a maximal return, a high current income while preserving and growing capital over a medium-term horizon. The Portfolio has a strategic asset allocation and invests in other underlying funds. The underlying funds invest primarily in high-quality fixed-income vehicles, Canadian and foreign common shares and convertible equivalents and, to a lesser extent, short-term money market securities.

Investment strategy

In order to achieve the investment objectives, the manager, when he judges necessary, rebalances the asset classes according to market opportunities and to reflect his view on the economic outlook. The Fund may have multiple managers, and each is responsible for managing their portion of the Fund.

What are the Risks of Investing in the Fund?

An investment in the Fund is subject to the following general investment risks: interest risk, liquidity risk, equity risk (see market risk), credit risk, international investment risk, currency risk, derivative risk, repurchase agreement risk, security lending risk.

Assumption SmartSeries Income Fund

Investment Objective

The fundamental investment objective of the Fund is to achieve, through diversification of its investments, a maximal return, a high current income while preserving and growing capital over a medium-term

horizon. The Fund has a strategic asset allocation and invests in other underlying funds. The underlying funds invest primarily in high-quality fixed income, Canadian and foreign common shares and convertible equivalents and, to a lesser extent, alternative investments.

Investment strategy

The manager uses a combination of passively managed and actively managed funds that are diversified geographically and across asset classes and risk factors. Diversification is sought to avoid concentrated risk exposures. In order to achieve the investment objectives, the manager, when he judges necessary, rebalances the allocations to these funds according to market opportunities and to reflect his view on the economic outlook. Furthermore, the manager adjusts exposures to these funds in accordance with the time horizon of the Fund.

What are the Risks of Investing in the Fund?

An investment in the Fund is subject to the following general investment risks: interest risk, liquidity risk, equity risk (see market risk), credit risk, international investment, currency risk, derivative risk, repurchase agreement risk, security lending risk.

Assumption SmartSeries 2020 Fund

Investment Objective

The fundamental investment objective of the Fund is to achieve a high rate of total return while maintaining an appropriate level of risk in line with the Fund's stated time horizon. The Fund utilizes a dynamic asset allocation that is adjusted over time to accomplish this. The fund invests in other underlying funds. The underlying funds invest in Canadian fixed income, foreign fixed income, Canadian preferred shares, large and small cap Canadian common shares, foreign common shares, and alternative investments including real estate and infrastructure.

Investment strategy

The manager uses a combination of passively managed and actively managed funds that are diversified geographically and across asset classes and risk factors. Diversification is sought to avoid concentrated risk exposures. In order to achieve the investment objectives, the manager, when he judges necessary, rebalances the allocations to these funds according to market opportunities and to reflect his view on the economic outlook. Furthermore, the manager adjusts exposures to these funds in accordance with the time horizon of the Fund.

What are the Risks of Investing in the Fund?

An investment in the Fund is subject to the following general investment risks: interest risk, liquidity risk, equity risk (see market risk), credit risk, international investment, currency risk, derivative risk, repurchase agreement risk, security lending risk.

Assumption SmartSeries 2025 Fund

Investment Objective

The fundamental investment objective of the Fund is to achieve a high rate of total return while maintaining an appropriate level of risk in line with the Fund's stated time horizon. The Fund utilizes a dynamic asset allocation that is adjusted over time to accomplish this. The fund invests in other underlying funds. The underlying funds invest in Canadian fixed income, foreign fixed income, Canadian preferred shares, large and small cap Canadian common shares, foreign common shares, and alternative investments including real estate and infrastructure.

Investment strategy

The manager uses a combination of passively managed and actively managed funds that are diversified geographically and across asset classes and risk factors. Diversification is sought to avoid concentrated risk exposures. In order to achieve the investment objectives, the manager, when he judges necessary, rebalances the allocations to these funds according to market opportunities and to reflect his view on the economic outlook. Furthermore, the manager adjusts exposures to these funds in accordance with the time horizon of the Fund.

What are the Risks of Investing in the Fund?

An investment in the Fund is subject to the following general investment risks: interest risk, liquidity risk, equity risk (see market risk), credit risk, international investment, currency risk, derivative risk, repurchase agreement risk, security lending risk.

Assumption SmartSeries 2030 Fund

Investment Objective

The fundamental investment objective of the Fund is to achieve a high rate of total return while maintaining an appropriate level of risk in line with the Fund's stated time horizon. The Fund utilizes a dynamic asset allocation that is adjusted over time to accomplish this. The fund invests in other underlying funds. The underlying funds invest in Canadian fixed income, foreign fixed income, Canadian preferred shares, large and small cap Canadian common shares, foreign common shares, and alternative investments including real estate and infrastructure.

Investment strategy

The manager uses a combination of passively managed and actively managed funds that are diversified geographically and across asset classes and risk factors. Diversification is sought to avoid concentrated risk exposures. In order to achieve the investment objectives, the manager, when he judges necessary, rebalances the allocations to these funds according to market opportunities and to reflect his view on the economic outlook. Furthermore, the manager adjusts exposures to these funds in accordance with the time horizon of the Fund.

What are the Risks of Investing in the Fund?

An investment in the Fund is subject to the following general investment risks: interest risk, liquidity risk, equity risk (see market risk), credit risk, international investment, currency risk, derivative risk, repurchase agreement risk, security lending risk.

Assumption SmartSeries 2035 Fund

Investment Objective

The fundamental investment objective of the Fund is to achieve a high rate of total return while maintaining an appropriate level of risk in line with the Fund's stated time horizon. The Fund utilizes a dynamic asset allocation that is adjusted over time to accomplish this. The fund invests in other underlying funds. The underlying funds invest in Canadian fixed income, foreign fixed income, Canadian preferred shares, large and small cap Canadian common shares, foreign common shares, and alternative investments including real estate and infrastructure.

Investment strategy

The manager uses a combination of passively managed and actively managed funds that are diversified geographically and across asset classes and risk factors. Diversification is sought to avoid concentrated

risk exposures. In order to achieve the investment objectives, the manager, when he judges necessary, rebalances the allocations to these funds according to market opportunities and to reflect his view on the economic outlook. Furthermore, the manager adjusts exposures to these funds in accordance with the time horizon of the Fund.

What are the Risks of Investing in the Fund?

An investment in the Fund is subject to the following general investment risks: interest risk, liquidity risk, equity risk (see market risk), credit risk, international investment, currency risk, derivative risk, repurchase agreement risk, security lending risk.

Assumption SmartSeries 2040 Fund

Investment Objective

The fundamental investment objective of the Fund is to achieve a high rate of total return while maintaining an appropriate level of risk in line with the Fund's stated time horizon. The Fund utilizes a dynamic asset allocation that is adjusted over time to accomplish this. The fund invests in other underlying funds. The underlying funds invest in Canadian fixed income, foreign fixed income, Canadian preferred shares, large and small cap Canadian common shares, foreign common shares, and alternative investments including real estate and infrastructure.

Investment strategy

The manager uses a combination of passively managed and actively managed funds that are diversified geographically and across asset classes and risk factors. Diversification is sought to avoid concentrated risk exposures. In order to achieve the investment objectives, the manager, when he judges necessary, rebalances the allocations to these funds according to market opportunities and to reflect his view on the economic outlook. Furthermore, the manager adjusts exposures to these funds in accordance with the time horizon of the Fund.

What are the Risks of Investing in the Fund?

An investment in the Fund is subject to the following general investment risks: interest risk, liquidity risk, equity risk (see market risk), credit risk, international investment, currency risk, derivative risk, repurchase agreement risk, security lending risk.

Assumption SmartSeries 2045 Fund

Investment Objective

The fundamental investment objective of the Fund is to achieve a high rate of total return while maintaining an appropriate level of risk in line with the Fund's stated time horizon. The Fund utilizes a dynamic asset allocation that is adjusted over time to accomplish this. The fund invests in other underlying funds. The underlying funds invest in Canadian fixed income, foreign fixed income, Canadian preferred shares, large and small cap Canadian common shares, foreign common shares, and alternative investments including real estate and infrastructure.

Investment strategy

The manager uses a combination of passively managed and actively managed funds that are diversified geographically and across asset classes and risk factors. Diversification is sought to avoid concentrated risk exposures. In order to achieve the investment objectives, the manager, when he judges necessary, rebalances the allocations to these funds according to market opportunities and to reflect his view on the economic outlook. Furthermore, the manager adjusts exposures to these funds in accordance with the time horizon of the Fund.

What are the Risks of Investing in the Fund?

An investment in the Fund is subject to the following general investment risks: interest risk, liquidity risk, equity risk (see market risk), credit risk, international investment, currency risk, derivative risk, repurchase agreement risk, security lending risk.

Assumption SmartSeries 2050 Fund

Investment Objective

The fundamental investment objective of the Fund is to achieve a high rate of total return while maintaining an appropriate level of risk in line with the Fund's stated time horizon. The Fund utilizes a dynamic asset allocation that is adjusted over time to accomplish this. The fund invests in other underlying funds. The underlying funds invest in Canadian fixed income, foreign fixed income, Canadian preferred shares, large and small cap Canadian common shares, foreign common shares, and alternative investments including real estate and infrastructure.

Investment strategy

The manager uses a combination of passively managed and actively managed funds that are diversified geographically and across asset classes and risk factors. Diversification is sought to avoid concentrated risk exposures. In order to achieve the investment objectives, the manager, when he judges necessary, rebalances the allocations to these funds according to market opportunities and to reflect his view on the economic outlook. Furthermore, the manager adjusts exposures to these funds in accordance with the time horizon of the Fund.

What are the Risks of Investing in the Fund?

An investment in the Fund is subject to the following general investment risks: interest risk, liquidity risk, equity risk (see market risk), credit risk, international investment, currency risk, derivative risk, repurchase agreement risk, security lending risk.

Assumption SmartSeries 2055 Fund

Investment Objective

The fundamental investment objective of the Fund is to achieve a high rate of total return while maintaining an appropriate level of risk in line with the Fund's stated time horizon. The Fund utilizes a dynamic asset allocation that is adjusted over time to accomplish this. The fund invests in other underlying funds. The underlying funds invest in Canadian fixed income, foreign fixed income, Canadian preferred shares, large and small cap Canadian common shares, foreign common shares, and alternative investments including real estate and infrastructure.

Investment strategy

The manager uses a combination of passively managed and actively managed funds that are diversified geographically and across asset classes and risk factors. Diversification is sought to avoid concentrated risk exposures. In order to achieve the investment objectives, the manager, when he judges necessary, rebalances the allocations to these funds according to market opportunities and to reflect his view on the economic outlook. Furthermore, the manager adjusts exposures to these funds in accordance with the time horizon of the Fund.

What are the Risks of Investing in the Fund?

An investment in the Fund is subject to the following general investment risks: interest risk, liquidity risk, equity risk (see market risk), credit risk, international investment, currency risk, derivative risk, repurchase agreement risk, security lending risk.

Assumption/Louisbourg Balanced Fund

Investment Objective

The fundamental investment objective of the Fund is to achieve, through diversification of its investments, a maximal return, a reasonable current income and growing capital over a long-term horizon. The Portfolio has a strategic asset allocation and invests in other underlying funds. The underlying funds invest primarily in Canadian and foreign common shares and convertible equivalents, high-quality fixed-income vehicles, and, to a lesser extent, short-term money market securities.

Investment Strategy

In order to achieve the investment objective, the manager does the following:

- Begins its decision-making process with a global analysis of structural and cyclical trends.
- Conducts a macroeconomic analysis of the major regions of the world.
- Determines the weighting of each asset class according to the risks and opportunities anticipated by it.
- Adopts a selection process that is the result of a team approach using several specialized portfolio managers.

What are the Risks of Investing in the Fund?

An investment in the Fund is subject to the following general investment risks: interest risk, liquidity risk, equity risk (see market risk), credit risk, international investment risk, currency risk, derivative risk, repurchase agreement risk, securities lending risk.

Assumption/Louisbourg Canadian Dividend Fund

Investment Objective

To invest in the Louisbourg Canadian Dividend Fund, or a substantially similar underlying fund.

Investment Objective of the Underlying Fund

The principal investment objective of the Fund is to achieve long-term capital appreciation through a combination of capital gains, income, dividends or other return on capital, by principally investing in the equity securities (or equivalent) of Canadian companies. Normally, the Fund as a whole will be invested in order to achieve an attractive distribution on capital.

Investment Strategy of the Underlying Fund

The Fund will invest in companies that have well understood and attractive business operations, where the operation outlook is favorable, where the financial risk is low and where valuations are attractive. It is expected that the Fund will own securities of 20 to 50 issuers. As part of the stock selection process, the Fund will consider a company's earnings payout policy.

What are the Risks of Investing in the Fund?

An investment in the Fund is subject to the following general investment risks: liquidity risk, equity risk (see market risk), derivative risk, repurchase agreement risk, securities lending risk.

Assumption/Louisbourg Money Market Fund

Investment Objective

To invest in the Louisbourg Money Market Fund, or a substantially similar underlying fund.

Investment Objective of the Underlying Fund

The principal investment objective of the Fund is to preserve capital and maintain liquidity while at the same time generating income through interest and capital gains.

Investment Strategy of the Underlying Fund

The Fund will invest in a portfolio of Canadian-based money market and short-term debt instruments issued by federal, provincial and municipal governments as well as corporations and special purpose entities. The Fund will hold only securities having maturity dates of one year or less denominated in Canadian currencies. It is expected that the Fund will own securities of 10 to 40 different issuers with maximum issuer exposure limits of 10% per issuer. The Fund will not invest in structured debt securities including asset-backed commercial paper and asset-backed securitization.

What are the Risks of Investing in the Fund?

An investment in the Fund is subject to the following general investment risks: interest rate risk, credit risk, derivative risk, repurchase agreement risk, securities lending risk.

Assumption/Louisbourg U.S. Equity Fund

Investment Objective

To invest in the Louisbourg U.S. Equity Fund, or a substantially similar underlying fund.

Investment Objective of the Underlying Fund

The principal investment objective of the Fund is to achieve long-term capital appreciation through a combination of capital gains, income, dividends or other return on capital by principally investing in equity securities (or equivalent) of companies listed on a United States stock exchange or having substantial United States operations.

Investment Strategy of the Underlying Fund

The Fund will generally invest in companies that have well understood and have attractive business operations, where the operation outlook is favorable, the financial risk low and where valuations are attractive. It is expected that the Fund will hold securities of 20 to 50 issuers.

What are the Risks of Investing in the Fund?

An investment in the Fund is subject to the following general investment risks: equity risk (see market risk), international investment risk, currency risk, derivative risk, repurchase agreement risk, securities lending risk.

Assumption/Louisbourg Preferred Share Fund

Investment Objective

To invest in the Louisbourg Preferred Share Fund, or a substantially similar underlying fund.

Investment Objective of the Underlying Fund

The principal investment objective of the Fund is to generate high dividend income while focusing on capital preservation. The fund will mainly invest in preferred shares listed on a Canadian stock exchange, to prove that the company has substantial Canadian operations.

Investment Strategy of the Underlying Fund

The Fund's investments will be focused on preferred shares of the rate reset variety. The rate resets feature dividends that are adjusted every 5 years to reflect the interest environment at that time. The manager is attracted to the relatively high current dividend yields offered without being negatively exposed to rising interest rates. These shares offer capital appreciation potential with the prospects of a recovery in short to mid term interest rates. These securities will ultimately deliver what they were originally designed to provide investors: tax preferred income with an element of inflation protection.

What are the Risks of Investing in the Fund?

An investment in the Fund is subject to the following general investment risks: interest rate risk, credit risk, liquidity risk, market risk, inflation risk.

Assumption/Louisbourg Fixed Income Fund

Investment Objective

To invest in the Louisbourg Canadian Bond Fund, or a substantially similar underlying fund.

Investment Objective of the Underlying Fund

The principal investment objective of the Louisbourg Canadian Bond Fund is to generate reliable income while emphasizing capital preservation. The Fund will seek to achieve a reasonable rate of return over time arising from interest and capital gains.

Investment Strategy of the Underlying Fund

The Louisbourg Canadian Bond Fund will invest primarily in a portfolio of Canadian-based fixed-income assets denominated in Canadian currency. The Fund will hold bonds of quality issuers that are considered to offer attractive risk adjusted returns both on an absolute and relative basis and will employ effective diversification, relative value and credit risk analysis. It is expected that the Fund will hold securities of 10 to 40 different issuers with a maximum issuer exposure limit of 10% per issuer.

What are the Risks of Investing in the Fund?

An investment in the Fund is subject to the following general investment risks: interest rate risk, credit risk, international investment risk, currency risk, derivative risk.

Assumption/Louisbourg Canadian Small Cap. Equity Fund

Investment Objective

To invest in the Louisbourg Canadian Small Capitalization Equity Fund, or a substantially similar underlying fund.

Investment Objective of the Underlying Fund

The fundamental investment objective of this fund is to invest mainly in such common shares and other equity investments, including securities convertible into or exchangeable for common shares, and

qualifying for tax-deferred plans of Canadian and foreign issuers estimated to offer a significant growth potential. Most of the portfolio will be invested in companies with a capitalization of less than \$2 billion at the time of purchase.

Investment Strategy of the Underlying Fund

In order to achieve the investment objective, the manager does the following:

- Focuses on bottom-up security selection although top-down considerations may, to a lesser extent, come into play at times.
- Attempts to balance an appreciation of a company's strengths and growth prospects with a fundamental analysis of its absolute and relative market evaluation.
- Regularly visits companies in its target investment universe.
- Performs a fundamental analysis and a detailed assessment of company management.

What are the Risks of Investing in the Fund?

An investment in the Fund is subject to the following general investment risks: currency risk, liquidity risk, derivative risk, repurchase agreement risk, securities lending risk, small capitalization equity risk.

Assumption/Louisbourg Momentum Fund

Investment Objective

To invest in the Louisbourg Quantitative Canadian Equity Fund, or a substantially similar fund.

Investment Objective of the Underlying Fund

The principal investment objective of the Louisbourg Quantitative Canadian Equity Fund is to achieve long-term capital appreciation through a combination of capital gains, income, dividends or other return of capital, by investing principally in equity securities (or equivalent) of issuers listed on a Canadian stock exchange or having substantial Canadian operations ("Canadian companies").

Investment Strategy of the Underlying Fund

The Louisbourg Quantitative Canadian Equity Fund invests in a concentrated portfolio of 12 Canadian securities. The securities selection process is strictly quantitative and is based on various factors. The Fund is rebalanced on a monthly basis and the holdings are equally weighted at rebalancing. The selection universe is made up of the top 120 S&P/TSX Index companies that meet certain liquidity criteria.

What are the Risks of Investing in the Fund?

An investment in the Fund is subject to the following general investment risks: equity risk (see market risk), liquidity risk, derivative risk, repurchase agreement risk, securities lending risk.

Assumption/Fidelity Canadian Opportunities Fund

Investment Objective

To invest in the Fidelity Canadian Opportunities Fund, or a substantially similar underlying fund.

Investment Objective of the Underlying Fund

This Fund aims to achieve long-term capital growth. It invests primarily in equity securities of Canadian companies. The Fund may sometimes have significant exposure to relatively few companies and

industries. The manager may also choose to invest up to 10% of the Fund's assets at the time of purchase in the securities of private companies.

Investment Strategy of the Underlying Fund

The manager focuses primarily on a company's fundamentals - its financial condition and its growth and earnings potential - when deciding whether or not to invest in the company. The manager also considers industry, market and economic conditions affecting the company.

The Fund invests in companies that the manager believes offer the potential for growth over the long term and whose shares trade at prices reflecting attractive valuations.

The Fund may invest in small, medium and large companies. It may invest in foreign securities up to the foreign content limit and may hold cash and fixed-income securities.

What are the Risks of Investing in the Fund?

An investment in the Fund is subject to the following general investment risks: commodity risk, concentration risk, equity risk, small company risk, specialization risk, currency risk, cyber security risk, derivative risk, ETF risk, foreign investment risk, interest rate risk, large transaction risk, liquidity risk, portfolio management risk, repurchase transactions and reverse repurchase transactions risk, securities lending risk, series risk.

Assumption/Fidelity True North® Fund

Investment Objective

To invest in the Fidelity True North® Fund, or a substantially similar underlying fund.

Investment Objective of the Underlying Fund

This Fund aims to achieve long-term capital growth. It invests primarily in equity securities of Canadian companies.

Investment Strategy of the Underlying Fund

When buying and selling securities for the Fund, the manager examines each company's potential for success in light of its current financial condition, its industry position and economic and market conditions. Factors like growth potential, earnings estimates and quality of management are considered.

What are the Risks of Investing in the Fund?

An investment in the Fund is subject to the following general investment risks: commodity risk, equity risk, specialization risk, concentration risk, small company risk, currency risk, cyber security risk, derivative risk, ETF risk, foreign investment risk, interest rate risk, large transaction risk, liquidity risk, portfolio management risk, repurchase transactions and reverse repurchase transactions risk, securities lending risk, series risk.

Assumption/Fidelity International Growth Fund

Investment Objective

To invest in the Fidelity International Growth Fund, or a substantially similar underlying fund.

Investment Objective of the Underlying Fund

This Fund aims to achieve long-term capital growth. The Fidelity International Growth Fund invests primarily in equity securities of companies located or operating in Europe, Australasia and the Far East.

Investment Strategy of the Underlying Fund

When buying and selling securities for the Fund, the portfolio manager relies on fundamental analysis of each issuer and examines each company's potential for success in light of its current financial condition, earnings estimates, quality of management, industry position and economic and market conditions. The portfolio manager aims to favour companies that show the potential for above-average earnings or growth. The portfolio manager invests the Fund's assets primarily in non-Canadian/non-U.S. securities of issuers located in emerging markets. The Fund may invest in small, medium and large companies and may hold cash and invest in fixed income securities. The Fund may also invest a portion of its assets in securities of the other funds, including ETFs managed by third parties and funds managed by Fidelity.

What are the Risks of Investing in the Fund?

An investment in the Fund is subject to the following general investment risks: currency risk, equity risk, foreign investment risk, commodity risk, concentration risk, cyber security risk, derivative risk, ETF risk, interest rate risk, large transaction risk, liquidity risk, portfolio management risk, repurchase transactions and reverse repurchase transactions risk, securities lending risk, series risk, small company risk.

Assumption/Fidelity Europe Fund

Investment Objective

To invest in the Fidelity Europe Fund, or a substantially similar underlying fund.

Investment Objective of the Underlying Fund

This Fund aims to achieve long-term capital growth. It invests primarily in equity securities of companies in the United Kingdom and continental Europe, including the European Community and the European Free Trade Association.

Investment Strategy of the Underlying Fund

When buying and selling securities for the Fund, the manager examines each company's potential for success in light of its current financial condition, its industry position and economic and market conditions. The manager considers factors like growth potential, earnings estimates and quality of management.

The Fund may invest in small, medium and large companies and may hold cash and fixed-income securities.

What are the Risks of Investing in the Fund?

An investment in the Fund is subject to the following general investment risks: currency risk, equity risk, foreign investment risk, commodity risk, concentration risk, cyber security risk, derivative risk, ETF risk, interest rate risk, large transaction risk, liquidity risk, portfolio management risk, repurchase transactions and reverse repurchase transactions risk, securities lending risk, series risk, small company risk, specialization risk.

Assumption/Fidelity American Disciplined Equity® Fund

Investment Objective

To invest in the Fidelity American Disciplined Equity® Fund, or a substantially similar underlying fund.

Investment Objective of the Underlying Fund

This fund aims to achieve long-term capital growth. It invests primarily in equity securities of U.S. companies.

Investment Strategy of the Underlying Fund

The Fund aims to invest in sectors in approximately the same proportions as those sectors are represented in the S&P 500 index. Members of a team of analysts are assigned to each sector. They put forward suggestions for investments for their sector based on a thorough review of each company's management, financial conditions and potential for earnings growth over the long term and the portfolio manager makes the final investment decisions.

What are the Risks of Investing in the Fund?

An investment in the Fund is subject to the following general investment risks: currency risk, equity risk, foreign investment risk, specialization risk, commodity risk, concentration risk, cyber security risk, derivative risk, ETF risk, interest rate risk, large transaction risk, liquidity risk, portfolio management risk, repurchase transactions and reverse repurchase transactions risk, securities lending risk, series risk, small company risk.

Assumption/Fidelity NorthStar® Fund

Investment Objective

To invest in the Fidelity North Star® Fund, or a substantially similar underlying fund.

Investment Objective of the Underlying Fund

This fund aims to achieve long-term capital growth. It invests primarily in equity securities of companies anywhere in the world.

Investment Strategy of the Underlying Fund

The fund manager examines each company's potential for success in light of its current financial condition, its industry position, and economic and market conditions. When deciding whether to invest in a company, the fund manager considers factors like the value of the company relative to its market price and its growth and earnings potential. The fund manager also considers investment in companies that are in special situations such as those experiencing restructurings, regulatory changes, financial difficulty, or management changes. The fund manager chooses companies that he believes offer the potential for growth over the long term and whose shares trade at prices reflecting attractive valuations.

What are the Risks of Investing in the Fund?

An investment in the Fund is subject to the following general investment risks: currency risk, equity risk, foreign investment risk, liquidity risk, small company risk, commodity risk, concentration risk, cyber security risk, derivative risk, ETF risk, interest rate risk, large transaction risk, portfolio management risk, repurchase transactions and reverse repurchase transactions risk, securities lending risk, series risk.

Assumption/Fidelity Monthly Income Fund

Investment Objective

To invest in the Fidelity Monthly Income Fund, or a substantially similar underlying fund.

Investment Objective of the Underlying Fund

This fund aims to achieve a combination of a steady flow of income and the potential for capital gains. It invests, either directly or through investments in units of other funds, primarily in a mix of Canadian equity securities, Canadian fixed-income securities, U.S. commercial mortgage-backed securities, and U.S. higher yielding, lower-quality fixed-income securities, preferred stocks and convertible securities.

Investment Strategy of the Underlying Fund

The Fund's neutral mix is 50% exposure to equity securities and 50% exposure to fixed income securities. These securities may be either Canadian or foreign. The neutral mix is a guideline and can change in reaction to, or in anticipation of, market changes. The Fund may invest in a wide variety of equity and fixed income securities, including common shares, investment grade and high yield fixed income securities, real estate investment trusts, commercial mortgage-backed securities and other high yielding real estate securities, emerging market debt securities, convertible securities and floating rate debt instruments. The portfolio manager can decide which asset class a security belongs to based on its investment characteristics.

What are the Risks of Investing in the Fund?

An investment in the Fund is subject to the following general investment risks: credit risk, equity risk, foreign investment risk, interest rate risk, asset-backed securities and mortgage-backed securities risk, commodity risk, concentration risk, currency risk, cyber security risk, derivative risk, ETF risk, large transaction risk, liquidity risk, portfolio management risk, repurchase transactions and reverse repurchase transactions risk, securities lending risk, series risk, small company risk, specialization risk.

Assumption/Fidelity Canadian Asset Allocation Fund

Investment Objective

To invest in the Fidelity Canadian Asset Allocation Fund, or a substantially similar underlying fund.

Investment Objective of the Underlying Fund

This fund aims to achieve high total investment return. This fund uses an asset allocation approach. It invests primarily in a mix of Canadian equity securities, fixed-income securities and money market instruments.

Investment Strategy of the Underlying Fund

The Fund's neutral mix is 65% equity securities, 30% fixed-income securities and 5% money market instruments. Depending on market conditions, the Fund manager may vary the fund's asset mix from the neutral mix if he believes this will produce the best overall return. In general, the fund manager makes gradual changes in the asset mix rather than sudden shifts. The fund manager will generally keep the Fund's asset mix within the following ranges: 20-90% equity securities, 10-60% fixed-income securities and 0-70% money market instruments.

What are the Risks of Investing in the Fund?

An investment in the Fund is subject to the following general investment risks: credit risk, equity risk, foreign investment risk, interest rate risk, specialization risk, asset-backed securities and mortgages-backed securities risk, commodity risk, concentration risk, currency risk, cyber security risk, derivative risk, ETF risk, large transaction risk, liquidity risk, portfolio management risk, repurchase transactions and reverse repurchase transactions risk, securities lending risk, series risk, small company risk.

Assumption/Fidelity Far East Fund

Investment Objective

To invest in the Fidelity Far East Fund, or a substantially similar underlying fund.

Investment Objective of the Underlying Fund

This fund aims to achieve long-term capital growth. It invests primarily in equity securities of companies located or operating in countries in Southeast Asia. These countries include Australia, Hong Kong, India, Indonesia, Malaysia, New Zealand, the People's Republic of China, the Philippines, Singapore, South Korea, Taiwan and Thailand. The Fund doesn't invest in Japan.

Investment Strategy of the Underlying Fund

When buying and selling securities for the Fund, the manager examines each company's potential for success in light of its current financial condition, its industry position and economic and market conditions. The manager considers factors like growth potential, earnings estimates and quality of management. The Fund may invest in small, medium and large companies, and may hold cash and fixed-income securities.

What are the Risks of Investing in the Fund?

An investment in the Fund is subject to the following general investment risks: currency risk, equity risk, foreign investment risk, liquidity risk, commodity risk, concentration risk, cyber security risk, derivative risk, ETF risk, interest rate risk, large transaction risk, portfolio management risk, repurchase transactions and reverse repurchase transactions risk, securities lending risk, series risk, small company risk, specialization risk.

Assumption/Fidelity Emerging Markets Fund

Investment Objective

To invest in the Fidelity Emerging Markets Fund, or a substantially similar underlying fund.

Investment Objective of the Underlying Fund

The Fund aims to achieve high total investment return. It invests primarily in equity securities of companies in emerging market countries.

Investment Strategy of the Underlying Fund

When buying and selling securities for the Fund, the manager examines each company's potential for success in light of its current financial condition, its industry position and economic market conditions. The portfolio manager considers factors like growth potential, earnings estimates and quality of management. The Fund may invest in small, medium and large companies and may hold cash and invest in fixed income securities.

What are the Risks of Investing in the Fund?

An investment in the Fund is subject to the following general investment risks: currency risk, equity risk, international investment risk, liquidity risk, commodity risk, concentration risk, cyber security risk, derivative risk, ETF risk, interest rate risk, repurchase transactions and reverse repurchase transactions risk, securities lending risk, small capitalization equity risk.

Assumption/Fidelity NorthStar[®] Balanced Fund

Investment Objective

To invest in the Fidelity NorthStar[®] Balanced Fund, or a substantially similar underlying fund.

Investment Objective of the Underlying Fund

The fund aims to achieve long-term capital growth. It invests primarily in a mix of equity securities and fixed income securities from around the world.

Investment Strategy of the Underlying Fund

The Fund's neutral mix is 50% equity securities and 50% fixed income securities. The neutral mix is a guideline and the Fund's asset mix can change in reaction to, or in anticipation of, market changes. When buying and selling equity securities, the fund managers consider factors like the value of the company relative to its market price and its growth and earnings potential.

What are the Risks of Investing in the Fund?

An investment in the Fund is subject to the following general investment risks: credit risk, currency risk, equity risk, foreign investment risk, interest risk, small company risk, asset-backed securities and mortgage-backed securities, commodity risk, concentration risk, cyber security risk, derivative risk, exchange-traded fund "ETF" risk, large transaction risk, liquidity risk, portfolio management risk, repurchase transactions and reverse repurchase transactions risk, securities lending risk, series risk, specialization risk.

Assumption/CI Signature Corporate Bond Fund

Investment Objective

To invest in the Signature Corporate Bond Class I Fund, or a substantially similar underlying fund.

Investment Objective of the Underlying Fund

This Fund's objective is to achieve a yield advantage by using fundamental value analysis to evaluate investments. It invests mainly in fixed income securities that are investment grade and below investment grade.

Investment Strategy of the Underlying Fund

The portfolio adviser selects securities whose fundamental value it believes is not reflected in their credit ratings and yields. It first identifies companies that have the long-term ability to generate sufficient money to service their debt and reinvest in their business. The portfolio adviser also considers the impact of economic trends on interest rates and economic growth. The portfolio advisor may also use techniques such as fundamental analysis to assess cash flow and growth potential which means evaluating the financial condition and management of each issuers, its industry and the overall economy. As part of this evaluation, the portfolio advisor analyzes:

- Interest rates and yield curves
- Credit ratings and credit risk
- Financial data and other information sources
- The quantity of management

When deciding to buy or sell an investment, the portfolio advisor also considers whether it is a good value relative to its current price. The fund may have significant exposure to securities which are rated either below investment grade or not rated. The fund may also invest in bank loans and variable rate debt instruments grade securities when, in the advisor's opinion, it would not be prudent under prevailing market conditions or available investment opportunities to invest mainly in lower grade securities.

What are the Risks of Investing in the Fund?

An investment in the Fund is subject to the following general investment risks: interest rate risk, credit risk, large redemption risk, share class risk, tax risk, currency risk, derivatives risk, international investment risk, securities lending risk, commodity risk.

Assumption/CI Signature Canadian Bond Fund

Investment Objective

To invest in the CI Signature Canadian Bond Fund, or a substantially similar underlying fund.

Investment Objective of the Underlying Fund

This fund's objective is to obtain long-term total return. It invests primarily in fixed-income securities of Canadian and provincial governments and companies that the portfolio adviser believes offer an attractive yield and the opportunity for capital gains.

Investment Strategy of the Underlying Fund

The portfolio adviser may use techniques, such as analyzing:

- The expected direction of interest rates.
- The yield curve, which is an evaluation of the relative value between various terms to maturity.
- Credit ratings and credit risk.
- Expected performance relative to other types of fixed income securities.

The portfolio adviser also assesses:

- The rate of economic growth.
- Inflationary pressures.
- Monetary policy in Canada, the U.S. and other major industrialized countries.
- Market conditions and investor sentiment.

What are the Risks of Investing in the Fund?

An investment in the Fund is subject to the following general investment risks: interest rate risk, credit risk, international investment risk, currency risk, derivative risk, short selling risk (see derivative risk).

Assumption/CI Harbour Growth & Income Fund

Investment Objective

To invest in the CI Harbour Growth & Income Fund, or a substantially similar underlying fund.

Investment Objective of the Underlying Fund

This fund's objective is to obtain long-term return through a prudent balance of income and capital appreciation. It invests primarily in equity and equity-related securities of mid-to-large-capitalization Canadian companies and fixed income securities issued by governments and companies in Canada.

Investment Strategy of the Underlying Fund

The portfolio adviser may use techniques such as a fundamental analysis to assess growth and value potential. This means evaluating the financial condition and management of each company, its industry and the overall economy.

For the fixed-income portion of the Fund, the portfolio adviser may also analyze: the yield curve, expected changes in interest rates, credit ratings and credit risk, the issuer's ability to generate enough cash to service debt and reinvest in its business over the long term.

What are the Risks of Investing in the Fund?

An investment in the Fund is subject to the following general investment risks: equity risk (see market risk), interest rate risk, credit risk, international investment risk, currency risk, derivative risk.

Assumption/CI Signature High Income Fund

Investment Objective

To invest in the CI Signature High Income Fund, or a substantially similar underlying fund.

Investment Objective of the Underlying Fund

This fund's objective is to generate a high level of income and long-term capital growth. It invests primarily in high-yielding equity securities and Canadian corporate bonds.

Investment Strategy of the Underlying Fund

The fund manager identifies companies that have the potential for growth and value in their industry and then considers the impact of economic trends. The fund manager decides how much of the Fund's assets are invested in equity and fixed-income securities according to market conditions. Equity investments may include Canadian common and preferred shares, Canadian and U.S. real estate investment trusts (REITs), royalty trusts and similar high yielding investments. The fund manager may use techniques such as fundamental analysis to assess growth and value potential. This means evaluating the financial condition and management of each company, its industry and the overall economy. As part of this evaluation, the fund manager analyzes credit ratings, analyzes financial data and other information sources, assesses the quality of management, and conducts company interviews, where possible.

What are the Risks of Investing in the Fund?

An investment in the Fund is subject to the following general investment risks: credit risk, equity risk (see market risk), income trust risk, interest rate risk, liquidity risk, currency risk, derivative risk, international investment risk, securities lending risk, repurchase agreement risk, reverse repurchase agreement risk, short-selling risk (see derivative risk), class risk, large redemption risk.

Assumption/CI American Value Fund

Investment Objective

To invest in the CI American Value Fund, or a substantially similar underlying fund.

Investment Objective of the Underlying Fund

This fund's objective is to achieve long-term capital growth by investing primarily in a broadly diversified portfolio of American equity securities.

Investment Strategy of the Underlying Fund

To achieve its objective, the fund manager:

- Invests primarily in common shares of larger U.S. companies.
- Uses a disciplined value style. The fund manager focuses on companies that are considered undervalued in relation to their future prospects and offer good absolute and relative value as characterized by measures such as lower-than-average price/book and price/earnings, and higher-than-average dividend yield as compared to the overall market.
- Uses a disciplined, bottom-up stock selection process to evaluate a company's current position and future prospects.
- May invest in companies located outside of the U.S.
- May invest in corporate debt and/or convertible securities.

The fund manager may use techniques such as fundamental analysis to assess growth potential. This means evaluating the financial condition and management of a company, its industry and the overall economy.

What are the Risks of Investing in the Fund?

An investment in the Fund is subject to the following general investment risks: currency risk, equity risk (see market risk), credit risk, derivative risk, international investment risk, interest rate risk, securities lending risk, large redemption risk, class risk, short-selling risk (see derivative risk).

Assumption/CI Cambridge Canadian Dividend Fund

Investment Objective

To invest in the CI Cambridge Canadian Dividend Fund, or a substantially similar underlying fund.

Investment Objective of the Underlying Fund

This fund's objective is to provide primarily a predictable stream of income and, secondarily, modest long-term capital appreciation, by investing in an actively managed portfolio of primarily Canadian stocks. The fund invests directly or indirectly, a majority of the fund's total assets in a diversified portfolio of primarily Canadian stocks and equivalent securities with high dividend yields that have predictable levels of profitability and earnings.

Investment Strategy of the Underlying Fund

The portfolio advisor attempts to produce superior dividend income and modest long-term capital appreciation by investing in mature companies with predictable and growing levels of profitability. The portfolio advisor favors Canadian companies that show financial strength, balanced by a desire for the fund's portfolio to show above-average growth rates. The portfolio advisor uses both quantitative and qualitative tools to build an income-oriented portfolio. He screens the entire Canadian market to isolate possible opportunities.

What are the Risks of Investing in the Fund?

An investment in the Fund is subject to the following general investment risks: concentration risk, equity risk, investment trust risk, share class risk, tax risk, large redemption risk, credit risk, derivatives risk, interest rate risk, securities lending risk, commodity risk

Assumption/CI Global Small Companies Fund

Investment Objective

To invest in the CI Global Small Companies Fund, or a substantially similar underlying fund.

Investment Objective of the Underlying Fund

This fund's objective is to seek maximum long-term capital growth. It invests primarily in equity and equity-related securities of small to mid-capitalization companies around the world. The Fund may make large investments in any country including developed and emerging markets and emerging industries of any market.

Investment Strategy of the Underlying Fund

The fund manager identifies companies that have the potential for strong growth in their industry and then considers the impact of economic trends. The fund manager may use techniques such as fundamental analysis to assess growth potential. This means evaluating the financial condition and management of each company, its industry and the overall economy. As part of this evaluation, the fund manager analyzes financial data and other information sources, assesses the quality of management, and conducts company interviews, where possible. When deciding to buy or sell an investment, the fund manager considers whether the investment is a good value relative to its current price. The fund manager emphasizes companies whose growth potential is not reflected in their current price and companies that are expected to realize improved earnings.

What are the Risks of Investing in the Fund?

An investment in the Fund is subject to the following general investment risks: currency risk, international investment risk, liquidity risk, small capitalization equity risk, credit risk, interest rate risk, derivative risk, short-selling risk (see derivative risk), securities lending risk, repurchase agreement risk, reverse repurchase agreement risk, large redemption risk, class risk.

Assumption/CI Cambridge Canadian Asset Allocation Corporate Class Fund

Investment Objective

To invest in the CI Cambridge Canadian Asset Allocation Corporate Class Fund, or a substantially similar underlying fund.

Investment Objective of the Underlying Fund

The principal investment objective of the Fund is to achieve a superior total investment return by investing, directly or indirectly, in a combination of primarily equity and fixed income securities of Canadian companies. Indirect investments may include convertible securities, derivatives, equity-related securities and securities of other mutual funds.

Investment Strategy of the Underlying Fund

The fund invests directly or indirectly in a combination of primarily Canadian equity and fixed income securities. Up to 49% of the fund's assets may be invested in other types of securities and foreign securities.

What are the Risks of Investing in the Fund?

An investment in the Fund is subject to the following general investment risks: equity risk, interest rate risk, credit risk, international investment risk, currency risk, derivative risk.

Assumption/CI Signature Global Resource Corporate Class Fund

Investment Objective

To invest in the CI Signature Global Resource Corporate Class Fund, or a substantially similar underlying fund.

Investment Objective of the Underlying Fund

The fund's objective is to obtain maximum long-term capital growth. It invests primarily in equity and equity-related securities of companies engaged in or related to the energy, commodity and natural resource industries throughout the world.

Investment Strategy of the Underlying Fund

The portfolio advisor identifies companies that offer good value and the potential for strong growth in their industry and then considers the impact of economic trends. The portfolio advisor selects investments it believes are trading below their true value and that offer the potential for consistently high growth potential. The portfolio advisor may use techniques such as fundamental analysis to assess growth and value potential. This means evaluating the financial condition and managements of each company, its industry and the overall economy. As part of this evaluation, the portfolio advisor:

- analyzes financial data and other information sources
- assesses the quality of management

When deciding to buy or sell an investment, the portfolio advisor considers whether the investment is a good value relative to its current price.

What are the Risks of Investing in the Fund?

An investment in the Fund is subject to the following general investment risks: equity risk, share class risk, tax risk, large redemption risk, commodity risk, credit risk, currency risk, derivatives risk, international investment risk, interest rate risk, securities lending risk.

Assumption/CI Signature Global Dividend Fund

Investment Objective

To invest in the CI Signature Global Dividend Fund, or a substantially similar underlying fund.

Investment Objective of the Underlying Fund

This fund's objective is to achieve high total investment return by investing, directly or indirectly, in primarily equity securities of companies anywhere in the world that pay, or may be expected to pay, dividends, as well as in other types of securities that may be expected to distribute income.

Investment Strategy of the Underlying Fund

The portfolio advisor of the fund identifies companies that have the potential for success in their industry and then considers the impact of economic trends. The portfolio advisor uses techniques such as fundamental analysis to assess growth potentials and valuation. This means evaluating the financial condition and management of each company, its industry and the overall economy. As part of this evaluation, the portfolio advisor:

- analyses financial data and other information sources
- assesses the quality of management

The fund is diversified across different countries and regions, and this may vary from time to time depending upon the portfolio advisor's view of specific investment opportunities and macro-economic factors. The fund may make investments in any country, including emerging markets or emerging industries of any market.

What are the Risks of Investing in the Fund?

An investment in the Fund is subject to the following general investment risks: credit risk, currency risk, emerging market risk, equity risk, international investment risk, interest rate risk, share class risk, tax risk, large redemption risk, derivatives risk, securities lending risk, short selling risk, commodity risk.

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