

Investment Update

Q4 2008

For further information, please contact:

Sean O'Hara, CIMA | Director, Marketing & Business Development
416.552.3396 | sean.o'hara@laketon.com

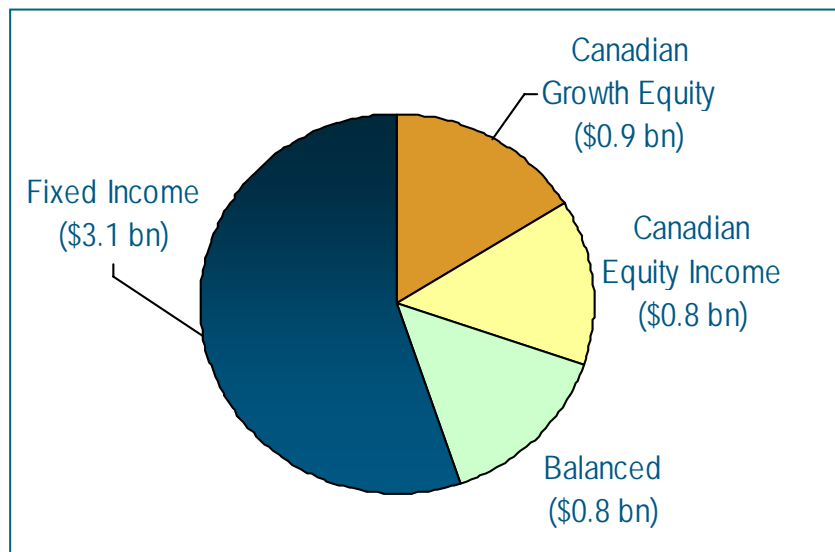
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Organization Update

- \$5.6 billion in assets under management
- Focused on Canadian growth equity, Canadian equity income, fixed income and balanced fund management
- Strategic relationship with Setanta Asset Management on global equity management
- Multi-channel distribution strategy

Assets by Investment Product



Investment Performance Update

All Products

December 31, 2008	3 months	1 Year	2 Years	3 Years	4 Years	5 Years
Premium Growth Canadian Equity	-20.9	-29.1	-9.4	-0.9	6.4	8.1
<i>Value added</i>	1.8	3.9	4.8	3.9	4.7	3.9
Defensive Growth Canadian Equity	-19.3	-26.1	-11.8	-4.2		
<i>Value Added</i>	3.4	6.9	2.4	0.6		
Core Canadian Equity	-20.2	-27.6	-10.6	-2.5		
<i>Value Added</i>	2.5	5.4	3.6	2.3		
S&P/TSX Composite Index	-22.7	-33.0	-14.2	-4.8	1.7	4.2
Canadian Enhanced Dividend Equity*	-20.7	-27.2	-12.9	-4.8	0.3	3.7
<i>Value Added</i>	2.0	5.8	1.3	0.0	-1.4	-0.5
S&P/TSX Composite Index	-22.7	-33.0	-14.2	-4.8	1.7	4.2
Canadian Fixed Income (Core)	3.8	5.1	4.5	4.6	5.1	5.5
<i>Value Added</i>	-0.7	-1.3	-0.5	-0.1	0.0	0.0
DEX Universe Bond Index	4.5	6.4	5.0	4.7	5.1	5.5
Balanced	-8.2	-14.4	-6.3	-0.3	3.1	4.0
<i>Value Added</i>	0.8	2.4	1.2	0.9	1.1	0.6
Benchmark**	-9.0	-16.8	-7.5	-1.2	2.0	3.4
Global Equity - Setanta	-9.7	-24.4	-16.2	-4.1	-1.1	1.1
<i>Value Added</i>	-0.1	2.1	1.3	2.6	2.4	2.7
MSCI World Index	-9.6	-26.5	-17.5	-6.7	-3.5	-1.6

Performance is gross of fees. Past performance is no guarantee of future results

*The performance record of the Canada Life Enhanced Dividend Fund

**Benchmark: Inception to November 30, 2002: 45% DEX Universe + 25% TSE 300 + 25% MSCI World + 5% 91 Day T-Bill

December 1, 2002 to June 30, 2004: 40% DEX Universe + 30% S&P/TSX Composite Capped + 25% MSCI World + 5% 91 Day T-Bill

July 1, 2004 to October 31, 2005: 35% DEX Universe + 35% S&P/TSX Composite Capped + 35% MSCI World + 5% 91 Day T-Bill

Nov. 1, 2005 to date: 35% DEX Universe + 35% S&P/TSX Composite Capped + 12.5% MSCI EAFE + 12.5% S&P 500 + 5% 91 Day T-Bill

Canadian Equity

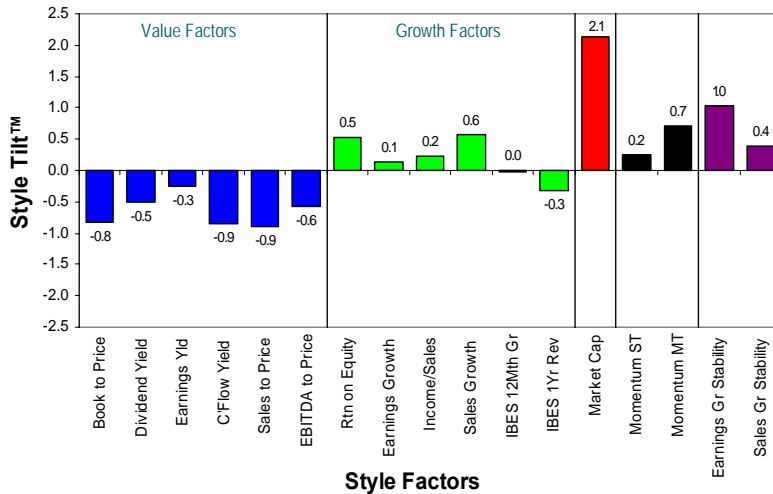
Product Bios

	Premium Growth	Defensive Growth	Core
<i>Product Inception</i>	July 2000	August 2000	August 2002
<i>Assets</i>	\$474 million	\$65 million	\$130 million
<i>Portfolio Description</i>	A diversified portfolio of investments in growth-oriented Canadian companies, managed within the context of a specified benchmark		A "blend" of the Premium Growth and Defensive Growth portfolios
<i>Number of Securities</i>	25 – 40		30 – 60
<i>Benchmark</i>	S&P/TSX Composite Index		
<i>Return Objective</i>	2.0% annualized excess return over a market cycle	1.5% annualized excess return over a market cycle	1.75% annualized excess return over a market cycle
<i>Tracking Error</i>	Expected range: 3 – 5%		Expected range: 2 – 4%
<i>Portfolio Constraints</i>	<ul style="list-style-type: none"> • sector weights restricted to S&P/TSX weights +/-8% • diversification across a minimum of 7 of the 10 S&P/TSX sectors • individual stocks weights restricted to a maximum of 10% 		

Canadian Equity

Portfolio Characteristics – Premium Growth

Portfolio Style Skyline



- This analysis compares the portfolio's individual holdings to the benchmark's (S&P/TSX) holdings based on 17 different fundamental factors. These factors cover five major areas including: Value (blue bars), Growth (green), Size (red), Short and Medium-Term Momentum (black), and Quality (purple). The Skylines show graphically how the portfolio differs from the benchmark with respect to each style characteristic.
- Style tilts need to be looked at in aggregate to accurately assess the portfolio's true overall style bias. Looked at individually, style tilts start to become significant when greater than +/-0.75 and very significant when greater than +/-1.5. A tilt within +/-0.25 is observable but suggests that the portfolio exposure is not significantly different from the benchmark.

- Portfolio exhibits positive tilts on most growth factors
- Portfolio is negative on all value factors
- Positive tilt towards price momentum
- Positive market cap tilt is evident i.e. bias to large cap stocks
- Positive tilts on quality measures

Risk Attribution

Number of stocks: 29 Coverage Level: 62%
 Tracking error: 2.7% Beta: 0.98

Components of tracking variance:

➤ Market Risk (Pure)	6.6%	➤ Style Risk (Pure)	23.7%
➤ Sector X-Terms	-13.9%	➤ Equity X-Terms	1.8%
➤ Sector Risk (Pure)	17.5%	➤ Equity Risk (Pure)	64.1%
➤ Style X-Terms	0.2%		

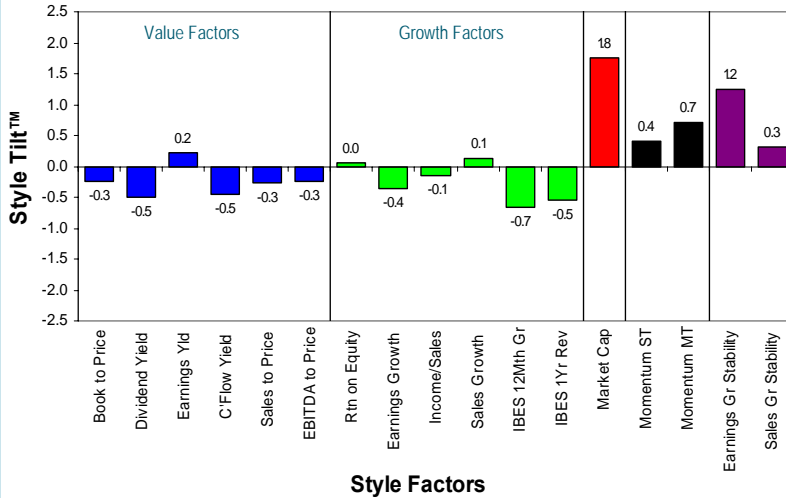
Top 10 Risk Contributors	Risk (%)	Port (%)	Bench (%)	Active Weight (%)
1. Barrick Gold	14.3	7.6	4.2	3.5
2. Goldcorp Inc.	13.0	5.8	3.0	2.8
3. Kinross Gold	9.2	0.0	1.6	-1.6
4. Transcanada	7.4	4.9	2.2	2.8
5. Agnico-eagle Mines Ltd	4.2	0.0	1.0	-1.0
6. Enbridge Inc	3.4	2.8	1.6	1.3
7. Bank Of Montreal	3.0	0.0	1.8	-1.8
8. Arc Energy Trust	2.8	2.5	0.5	2.1
9. Telus Corporation	2.5	0.0	1.3	-1.3
10. Encana Corporation	1.9	6.5	4.6	1.9

- The tracking error shown is forward-looking, persistence-adjusted and annualized. This accounts for the extent to which a forecast tracking error may differ due to time-varying weights and trending in returns.
- The coverage level shows the level of stock overlap between the portfolio and benchmark. It is defined as the lower of the % weight in the portfolio and the % weight in the benchmark.
- A portfolio's active risk (i.e. tracking error) can be decomposed into its main sources e.g. market, sector, style or stock specific. These sources of risk may also be positively or negatively correlated with each other, and so the risk decomposition also reveals "cross-terms" (X-Terms) between risk sources. X-Terms indicate risk concentration when positive, and risk-diversification when negative.
- The Top 10 Risk Contributors are those equity positions contributing the largest proportions of Tracking Variance relative to the benchmark.

Canadian Equity

Portfolio Characteristics – Defensive Growth

Portfolio Style Skyline



- This analysis compares the portfolio's individual holdings to the benchmark's (S&P/TSX) holdings based on 17 different fundamental factors. These factors cover five major areas including: Value (blue bars), Growth (green), Size (red), Short and Medium-Term Momentum (black), and Quality (purple). The Skylines show graphically how the portfolio differs from the benchmark with respect to each style characteristic.
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- Negative tilt on some growth factors
- Negative bias towards most value factors
- Positive market cap tilt is evident
- Positive tilt on quality measures

Risk Attribution

Number of stocks: 29 Coverage Level: 55%
 Tracking error: 3.1% Beta: 0.90

Components of tracking variance:

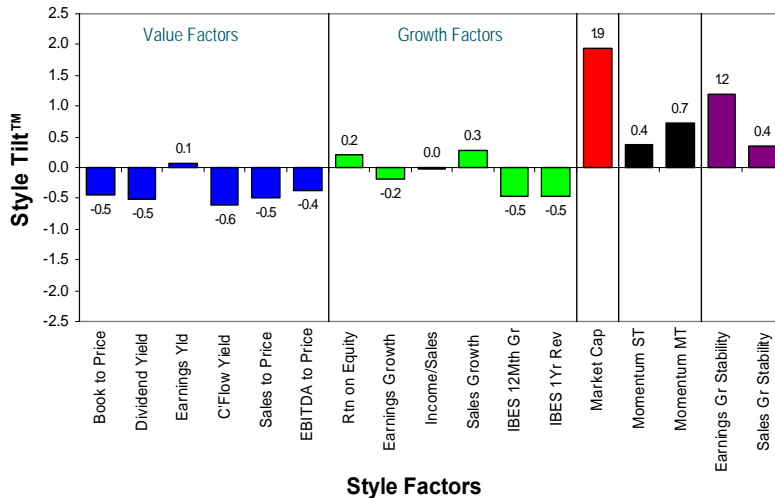
➤ Market Risk (Pure)	13.0%	➤ Style Risk (Pure)	19.0%
➤ Sector X-Terms	0.3%	➤ Equity X-Terms	-0.1%
➤ Sector Risk (Pure)	6.3%	➤ Equity Risk (Pure)	48.6%
➤ Style X-Terms	12.8%		

Top 10 Risk Contributors	Risk (%)	Port (%)	Bench (%)	Active Weight (%)
1. Potash Corp. Of Sask. Inc.	13.1	0.5	2.9	-2.4
2. Kinross Gold	8.7	0.0	1.6	-1.6
3. Research In Motion Limited	7.7	1.7	2.6	-1.0
4. Rogers Communications Inc	7.2	0.0	2.1	-2.1
5. Agnico-eagle Mines Ltd	6.6	0.0	1.0	-1.0
6. Barrick Gold	4.9	7.9	4.2	3.7
7. Goldcorp Inc.	4.6	5.8	3.0	2.8
8. Imperial Oil Limited	4.6	0.0	1.1	-1.1
9. Talisman Energy Inc	4.5	0.0	1.3	-1.3
10. Enbridge Inc	4.0	0.0	1.6	-1.6

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- The Top 10 Risk Contributors are those equity positions contributing the largest proportions of Tracking Variance relative to the benchmark.

Portfolio Characteristics – Core

Portfolio Style Skyline



- This analysis compares the portfolio's individual holdings to the benchmark's (S&P/TSX) holdings based on 17 different fundamental factors. These factors cover five major areas including: Value (blue bars), Growth (green), Size (red), Short and Medium-Term Momentum (black), and Quality (purple). The Skylines show graphically how the portfolio differs from the benchmark with respect to each style characteristic.
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- Positive tilts on most growth factors
- Portfolio is negative on most value factors
- Significant positive market cap tilt is evident i.e. bias to large cap stocks
- Positive tilts on quality measures

Risk Attribution

Number of stocks: 36 Coverage Level: 62%
 Tracking error: 2.6% Beta: 0.99

Components of tracking variance:

- Sector Risk (Pure) 10.0%
- Style X-Terms -7.0%
- Style Risk (Pure) 28.9%
- Equity X-Terms 2.3%
- Equity Risk (Pure) 65.9%

Top 10 Risk Contributors	Risk (%)	Port (%)	Bench (%)	Active Weight (%)
1. Barrick Gold	20.4	8.3	4.2	4.2
2. Goldcorp Inc.	17.5	6.2	3.0	3.2
3. Kinross Gold	7.1	0.0	1.6	-1.6
4. Agnico-eagle Mines Ltd	4.8	0.0	1.0	-1.0
5. Transcanada Corporation	3.9	5.5	2.2	3.4
6. Bank Of Montreal	3.0	0.0	1.8	-1.8
7. Rogers Communications Inc	2.4	1.2	2.1	-0.9
8. Potash Corp. Of Sask. Inc.	2.3	1.7	2.9	-1.2
9. Research In Motion Limited	2.2	2.2	2.6	-0.4
10. Fairfax Financial Holdings	2.0	0.0	0.7	-0.7

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Canadian Equity

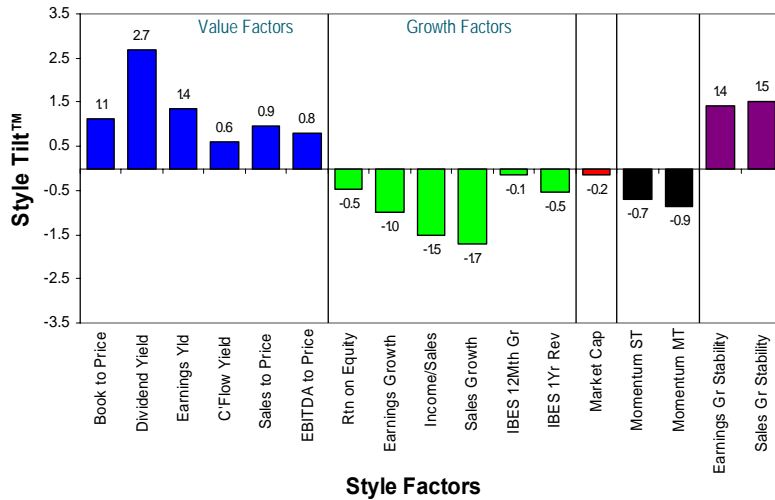
Product Bios

	Canadian Enhanced Dividend Equity
<i>Product Inception</i>	October 1997
<i>Assets</i>	\$0.9 billion
<i>Portfolio Description</i>	A diversified portfolio of investments in Canadian dividend paying common stock, preferred equities, income trusts and short-term cash investments
<i>Number of Securities</i>	40 – 60
<i>Benchmark</i>	S&P/TSX Composite Index
<i>Return Objective</i>	2% annualised excess return over a market cycle
<i>Tracking Error</i>	Expected range: 3 – 5%
<i>Portfolio Constraints</i>	<ul style="list-style-type: none"> • The asset mix of the portfolio will be within the following ranges: <ul style="list-style-type: none"> ➢ Canadian common equities 50 – 98% ➢ Canadian preferred equities 0 – 30% ➢ Short-term securities (ex cash) 0 – 25% ➢ Cash 2 – 5%

Canadian Equity

Portfolio Characteristics – Canadian Enhanced Dividend

Portfolio Style Skyline



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- Portfolio exhibits significant positive tilts on most value factors
- Portfolio exhibits significant negative tilts on most growth factors
- Significant negative tilt on price momentum indicators
- Significant positive tilts on both quality measures - earnings & sales growth stability

Risk Attribution

Number of stocks: 30 Coverage Level: 36%
 Tracking error: 9.0% Beta: 0.64

Components of tracking variance:

➤ Market Risk (Pure)	0.1%	➤ Style Risk (Pure)	1.8%
➤ Sector X-Terms	3.8%	➤ Equity X-Terms	1.4%
➤ Sector Risk (Pure)	74.1%	➤ Equity Risk (Pure)	11.6%
➤ Style X-Terms	7.3%		

Top 10 Risk Contributors	Risk (%)	Port (%)	Bench (%)	Active Weight (%)
1. Barrick Gold	11.2	0.0	4.2	-4.2
2. Potash Corp. Of Sask. Inc.	8.2	0.0	2.9	-2.9
3. Goldcorp Inc.	8.1	0.0	3.0	-3.0
4. Encana Corporation	6.6	1.6	4.6	-3.0
5. Canadian Natural Resources	6.4	0.0	2.8	-2.8
6. Suncor Energy	5.3	0.0	2.4	-2.4
7. Bce Inc	4.5	10.2	2.2	8.0
8. Kinross Gold Corporation	4.3	0.0	1.6	-1.6
9. Agnico-eagle Mines Ltd	3.0	0.0	1.0	-1.0
10. Research In Motion Limited	2.8	0.0	2.6	-2.6

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Canadian Fixed Income

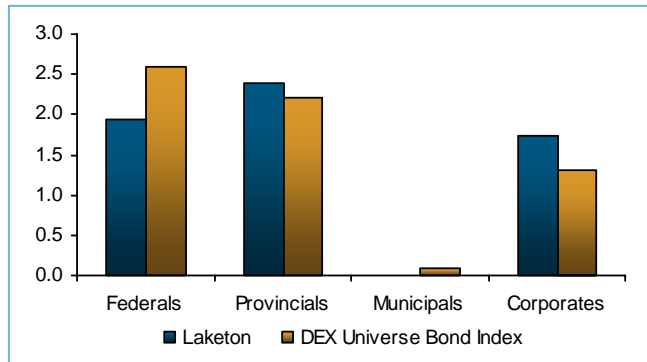
Product Bios

	Core
<i>Product Inception</i>	1979
<i>Assets</i>	\$633 million
<i>Portfolio Description</i>	A diversified portfolio of investments in government and high quality corporate bonds
<i>Number of Securities</i>	40 – 50
<i>Benchmark</i>	DEX Universe Bond Index
<i>Return Objective</i>	0.30% annualised excess return over a market cycle
<i>Tracking Error</i>	Expected range: 0.4 - 0.6%
<i>Portfolio Constraints</i>	<ul style="list-style-type: none"> • Sector constraints <ul style="list-style-type: none"> - Canada 0-100% - Provincial Bonds 0-60% - Corporate Bonds 0-60% • Duration constraints <ul style="list-style-type: none"> ±1.5 years duration to the Index

Canadian Fixed Income

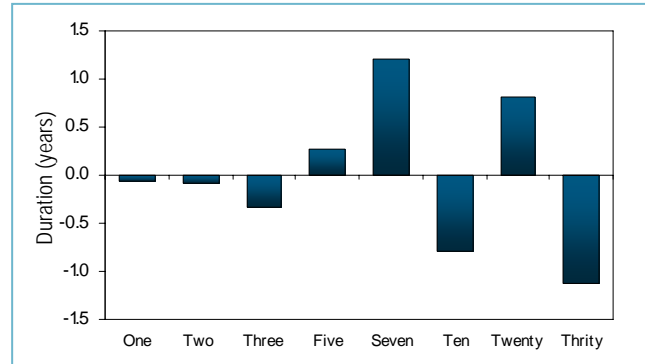
Portfolio Composition – Core

Modified Duration*

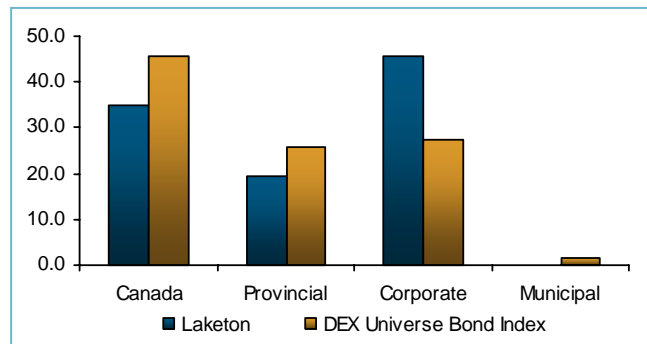


*duration contribution indicates the level of spread exposure

Duration Distribution vs. DEX Universe Bond Index



Sector Weights**



**weight indicates the level of credit exposure

Portfolio Characteristics

	Laketon	DEX Universe Bond Index
• Modified duration	6.08 years	6.18 years
• Yield to maturity	4.22%	3.69%
• Quality distribution		
AAA	42.0%	52.3%
AA	27.8%	24.9%
A	24.3%	18.2%
BBB	5.9%	4.6%

Global Equity - Setanta

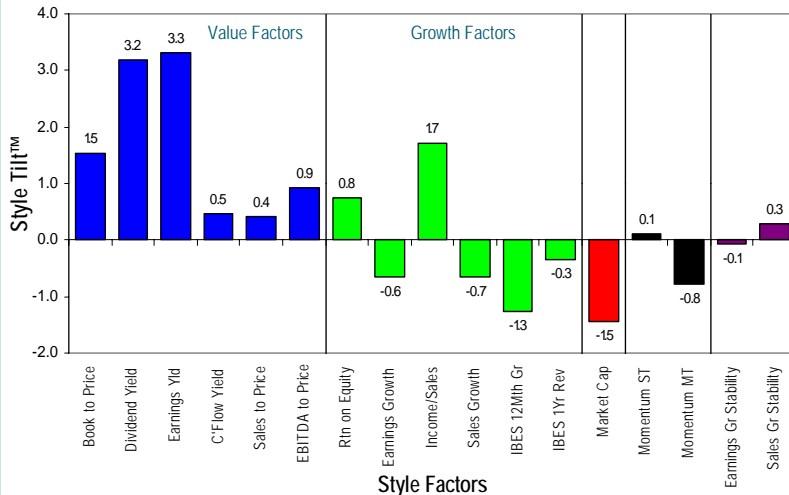
Product Bio

	Global Equity
<i>Product Inception</i>	September 1998
<i>Assets</i>	\$3.6 billion
<i>Portfolio Description</i>	A diversified portfolio of global equities managed within a global sector framework
<i>Number of Securities</i>	100 - 120
<i>Benchmark</i>	MSCI World Index
<i>Return Objective</i>	2% annualised excess return over a market cycle
<i>Tracking Error</i>	Expected range: 3 - 5%
<i>Portfolio Constraints</i>	<ul style="list-style-type: none">• Individual stock weights restricted to a maximum of 5%• Relative sector weightings: 0% - 200% (smaller sectors) , 50%-150% (larger sectors)• Maximum liquidity of 5%

Global Equity - Setanta

Portfolio Characteristics – Global Equity

Portfolio Style Skyline



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- Positive tilts on all value factors, some of which are significant
- Negative tilt on most growth factors
- Negative tilt on market cap, i.e bias away from large cap stocks

Risk Attribution

Number of stocks: 111 Coverage Level: 19%
 Tracking error: 2.5% Beta: 1.10

Components of tracking variance:

> Currency Risk (Pure)	45.2%	> Style X-Terms	-11.0%
> Market Risk (Pure)	32.2%	> Style Risk (Pure)	4.6%
> Sector X-Terms	-10.4%	> Equity X-Terms	-0.3%
> Sector Risk (Pure)	11.2%	> Equity Risk (Pure)	35.6%

Top 10 Risk Contributors	Risk (%)	Port (%)	Bench (%)	Active Weight (%)
1. Svenska Cellulosa Aktiebolaget	7.6	1.8	0.0	1.7
2. DNB Nor Asa	6.9	1.3	0.0	1.3
3. Vodafone Group Public Limited	6.3	2.9	0.6	2.3
4. Sigma-aldrich Corporation	5.7	1.6	0.0	1.6
5. Terna Spa	5.5	2.4	0.0	2.4
6. Kasikornbank Public Company	5.5	1.3	0.0	1.3
7. Casino Guichard-perrachon Et Cie	5.5	1.3	0.0	1.3
8. CRH Y	4.9	1.9	0.1	1.8
9. Schneider Electric Sa	4.6	1.3	0.1	1.2
10. United Overseas Bank Limited	4.6	1.4	0.1	1.4

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