

Investment Update

Q2 2009

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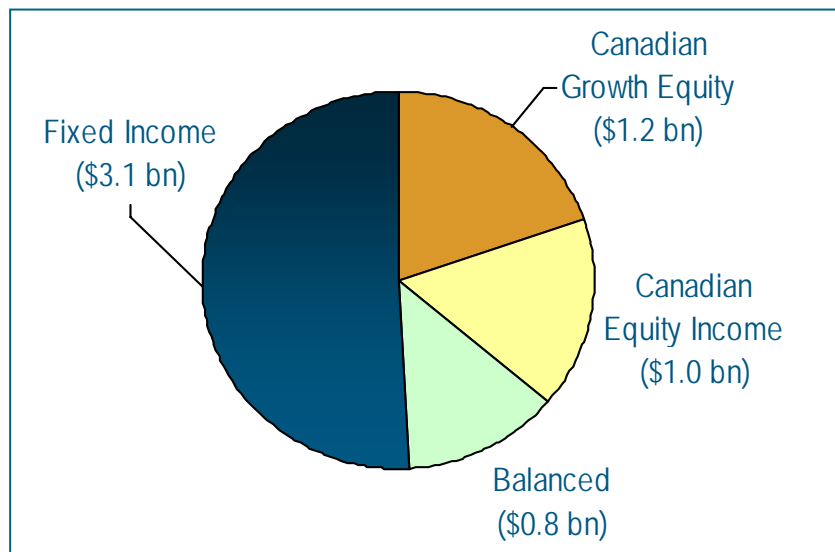
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Organization Update

- \$6.1 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

June 30, 2009	3 months	1 Year	2 Years	3 Years	4 Years	5 Years
Premium Growth Canadian Equity	19.4	-24.8	-7.7	2.2	7.4	9.4
<i>Value added</i>	-0.6	0.9	3.2	3.1	3.6	2.8
Defensive Growth Canadian Equity	17.4	-20.5	-9.7	-1.5	3.7	
<i>Value Added</i>	-2.5	5.1	1.2	-0.6	-0.2	
Core Canadian Equity	18.5	-22.6	-8.7	0.4	5.6	
<i>Value Added</i>	-1.5	3.1	2.3	1.3	1.8	
S&P/TSX Composite Index	20.0	-25.7	-10.9	-0.9	3.9	6.6
Canadian Enhanced Dividend Equity*	20.7	-11.0	-8.3	-0.4	2.9	6.2
<i>Value Added</i>	0.6	13.6	0.5	-1.7	-2.7	-2.1
S&P/TSX 60 Index	20.1	-24.6	-8.8	1.3	5.6	8.3
Canadian Fixed Income (Core)	2.1	6.3	6.9	6.3	4.6	6.0
<i>Value Added</i>	0.8	-0.8	0.0	0.1	0.1	0.1
DEX Universe Bond Index	1.3	7.0	6.9	6.2	4.4	5.9
Balanced	10.9	-9.3	-4.1	1.7	3.3	4.6
<i>Value Added</i>	0.7	2.1	1.4	0.9	0.8	0.5
Benchmark**	10.3	-11.4	-5.5	0.7	2.6	4.1
Global Equity - Setanta	12.4	-16.7	-14.5	-4.5	-1.3	0.2
<i>Value Added</i>	1.0	2.8	2.5	2.2	2.3	3.0
MSCI World Index	11.4	-19.5	-17.1	-6.7	-3.6	-2.8

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

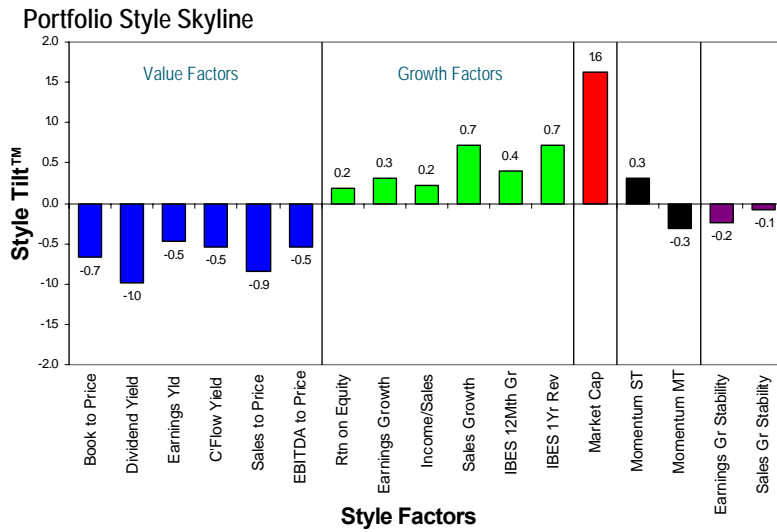
Canadian Equity

Product Bios

	Premium Growth	Defensive Growth	Core
<i>Product Inception</i>	July 2000	August 2000	August 2002
<i>Assets</i>	\$801 million	\$307 million	\$622 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



- 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 all growth factors
- Portfolio is negative on all value factors
- Positive market cap tilt is evident i.e. bias to large cap stocks

Risk Attribution

Number of stocks: 33 Coverage Level: 61%
 Tracking error: 2.6% Beta: 1.00

Components of tracking variance:

➤ Market Risk (Pure)	6.3%	➤ Style Risk (Pure)	23.5%
➤ Sector X-Terms	-1.5%	➤ Equity X-Terms	4.3%
➤ Sector Risk (Pure)	1.5%	➤ Equity Risk (Pure)	71.8%
➤ Style X-Terms	-5.9%		

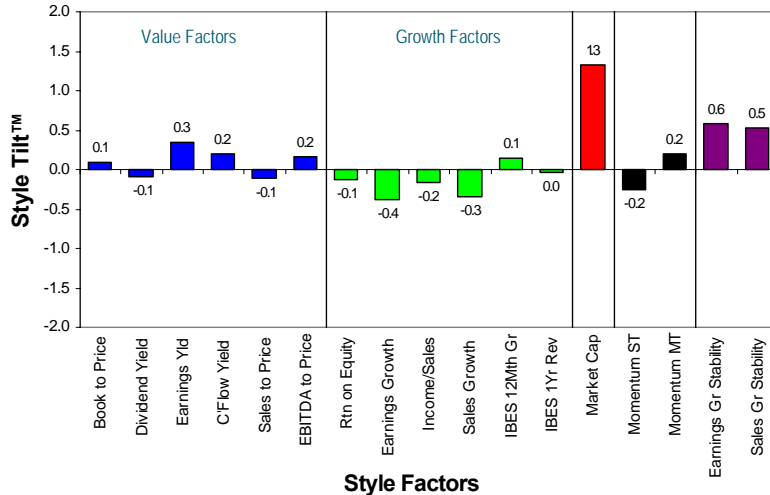
Top 10 Risk Contributors	Risk (%)	Port (%)	Bench (%)	Active Weight (%)
1. Lundin Mining Corp	19.4	1.6	0.2	1.5
2. Suncor Energy Incorporated	13.5	8.1	3.0	5.1
3. Thomson Reuters Corporation	7.2	1.9	0.0	1.9
4. Transcanada Corporation	4.9	0.0	1.9	-1.9
5. Canadian Natural Resources	3.9	5.3	3.0	2.3
6. Nexen Inc.	3.7	3.1	1.2	1.9
7. Petro-canada	3.5	0.0	2.0	-2.0
8. Petrobank Energy & Resources	3.5	1.8	0.3	1.6
9. Goldcorp Inc.	2.9	3.9	2.7	1.2
10. Canadian Oil Sands Trust	1.7	0.0	1.2	-1.2

- 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.
- 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.

- Growth and value factors largely undefined
- Positive market cap tilt is evident
- Positive tilt on quality measures

Risk Attribution

Number of stocks: 33 Coverage Level: 60%
 Tracking error: 2.8% Beta: 0.90

Components of tracking variance:

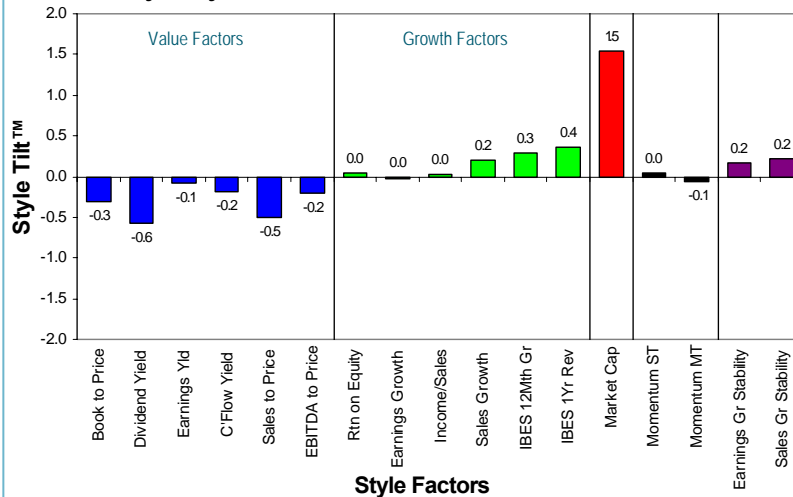
➤ Market Risk (Pure)	13.1%	➤ Style Risk (Pure)	14.6%
➤ Sector X-Terms	8.8%	➤ Equity X-Terms	-0.4%
➤ Sector Risk (Pure)	5.9%	➤ Equity Risk (Pure)	49.4%
➤ Style X-Terms	8.6%		

Top 10 Risk Contributors	Risk (%)	Port (%)	Bench (%)	Active Weight (%)
1. Potash Corp. Of Sask. Inc.	15.3	1.0	2.9	-1.9
2. Nexen Inc.	7.7	0.0	1.2	-1.2
3. Research In Motion Limited	7.6	2.7	3.7	-1.0
4. Cameco Corporation	6.9	0.0	1.1	-1.1
5. Imperial Oil Limited	6.3	0.0	1.1	-1.1
6. Enbridge Inc	5.7	0.0	1.4	-1.4
7. Agnico-eagle Mines Ltd	5.5	0.0	0.9	-0.9
8. Rogers Communications Inc	4.8	0.0	1.4	-1.4
9. Yamana Gold Incorporated	3.2	0.0	0.7	-0.7
10. Bank Of Montreal	3.2	1.1	2.4	-1.3

- 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.
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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.
- 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 mostly neutral tilts on most growth factors
- Portfolio is modestly 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: 45 Coverage Level: 66%
 Tracking error: 1.8% Beta: 0.95

Components of tracking variance:

➤ Market Risk (Pure)	15.2%	➤ Style Risk (Pure)	17.0%
➤ Sector X-Terms	4.4%	➤ Equity X-Terms	1.8%
➤ Sector Risk (Pure)	2.9%	➤ Equity Risk (Pure)	60.9%
➤ Style X-Terms	-2.2%		

Top 10 Risk Contributors	Risk (%)	Port (%)	Bench (%)	Active Weight (%)
1. Thomson Reuters Corporation	7.72	1.7	0.0	1.7
2. Imperial Oil Limited	4.84	0.0	1.1	-1.1
3. Enbridge Inc	4.37	0.6	1.4	-0.8
4. Cameco Corporation	4.26	0.3	1.1	-0.8
5. Lundin Mining Corp	4.19	0.8	0.2	0.6
6. Canadian Oil Sands Trust	3.60	0.5	1.2	-0.7
7. Potash Corp. Of Sask. Inc.	3.55	2.4	2.9	-0.5
8. Talisman Energy Inc	3.28	0.8	1.5	-0.8
9. Petro-Canada	3.07	1.3	2.0	-0.6
10. Penn West Energy Trust	2.73	0.0	0.6	-0.6

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Canadian Equity

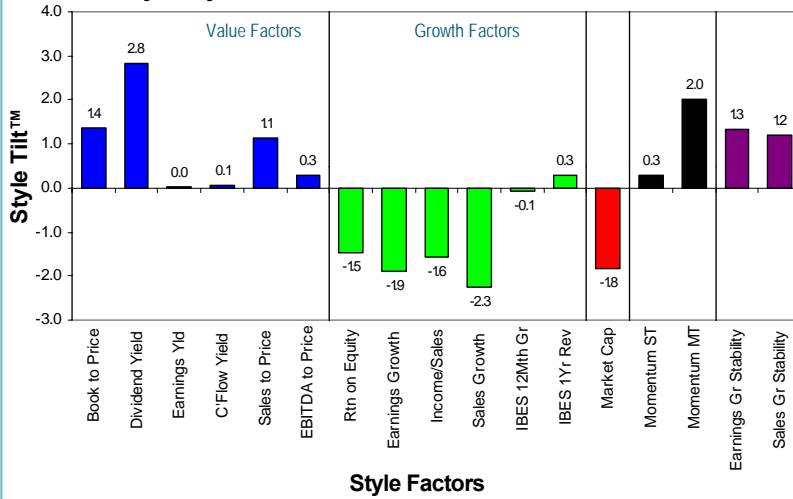
Product Bios

	Canadian Enhanced Dividend Equity
<i>Product Inception</i>	October 1997
<i>Assets</i>	\$1.0 billion
<i>Portfolio Description</i>	A diversified portfolio of investments in Canadian dividend paying common stock, preferred equities and short-term cash investments
<i>Number of Securities</i>	25 – 50
<i>Benchmark</i>	S&P/TSX 60 Index
<i>Return Objective</i>	Exceed the benchmark over rolling 4-year time periods
<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 – 100%➢ Canadian preferred equities 0 – 30%➢ Cash 0 - 20%

Canadian Equity

Portfolio Characteristics – Canadian Enhanced Dividend

Portfolio Style Skyline



- This analysis compares the portfolio's individual holdings to the benchmark's (S&P/TSX 60) 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 significant positive tilts on most value factors, particularly dividend yield
- Portfolio exhibits significant negative tilts on most growth factors
- Significant positive tilts on both quality measures - earnings & sales growth stability

Risk Attribution

Number of stocks: 30 Coverage Level: 39%
 Tracking error: 10.0% Beta: 0.64

Components of tracking variance:

➤ Market Risk (Pure)	2.6%	➤ Style Risk (Pure)	3.3%
➤ Sector X-Terms	14.7%	➤ Equity X-Terms	1.0%
➤ Sector Risk (Pure)	54.8%	➤ Equity Risk (Pure)	19.3%
➤ Style X-Terms	4.4%		

Top 10 Risk Contributors	Risk (%)	Port (%)	Bench (%)	Active Weight (%)
1. Potash Corp. Of Sask. Inc.	10.4	0.0	3.6	-3.6
2. Barrick Gold Corporation	10.3	0.0	3.8	-3.8
3. Canadian Natural Resources Ltd	9.2	0.0	3.7	-3.7
4. Goldcorp Inc.	9.1	0.0	3.3	-3.3
5. Suncor Energy Incorporated	9.1	0.0	3.7	-3.7
6. Research In Motion Limited	8.9	0.0	4.6	-4.6
7. Thomson Reuters Corporation	6.2	5.9		5.9
8. Kinross Gold Corporation	4.4	0.0	1.7	-1.7
9. Talisman Energy Inc	4.4	0.0	1.9	-1.9
10. Encana Corporation	3.9	2.6	4.9	-2.3

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Canadian Fixed Income

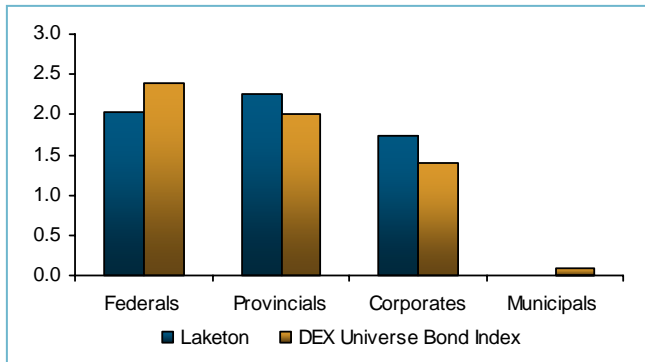
Product Bios

	Core
<i>Product Inception</i>	1979
<i>Assets</i>	\$621 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

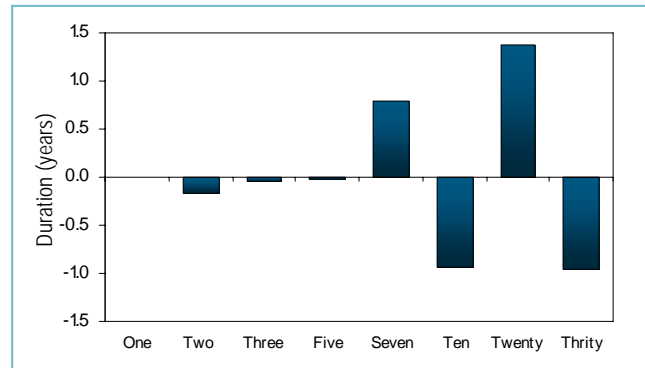
Portfolio Composition – Core

Modified Duration*

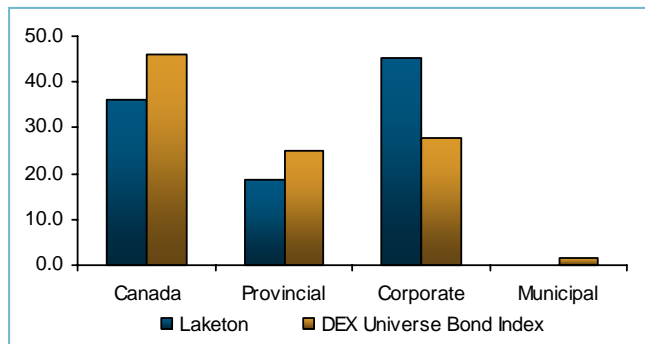


*duration contribution indicates the level of spread exposure

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	6.03 years	5.98 years
• Yield to maturity	3.90%	3.44%
• Quality distribution		
AAA	40.6%	51.1%
AA	27.5%	24.2%
A	26.2%	19.3%
BBB	5.7%	5.4%

Global Equity - Setanta

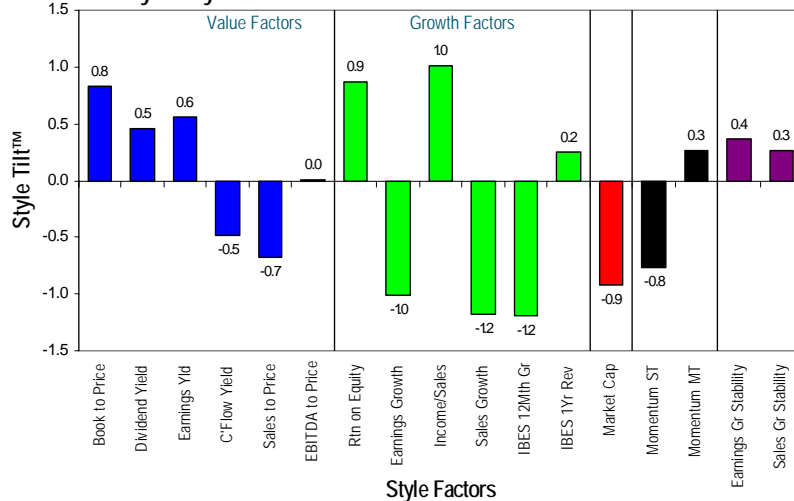
Product Bio

	Global Equity
<i>Product Inception</i>	September 1998
<i>Assets</i>	\$3.2 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



- This analysis compares the portfolio's individual holdings to the benchmark's (MSCI World Index) 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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- Significant positive tilts on a number of value factors
- Negative tilt on a number of growth factors
- Negative tilt on market cap, i.e., bias away from large cap stocks

Risk Attribution

Number of stocks: 109 Coverage Level: 20%
 Tracking error: 2.1% Beta: 1.07

Components of tracking variance:

> Currency Risk (Pure)	17.4%	> Style X-Terms	6.7%
> Market Risk (Pure)	23.4%	> Style Risk (Pure)	7.8%
> Sector X-Terms	0.3%	> Equity X-Terms	-3.8%
> Sector Risk (Pure)	10.6%	> Equity Risk (Pure)	43.0%

Top 10 Risk Contributors	Risk (%)	Port (%)	Bench (%)	Active Weight (%)
1. Svenska Cellulosa Aktiebolaget	9.6	1.3	0.0	1.3
2. Xstrata Plc	7.1	1.2	0.1	1.1
3. Sigma-aldrich Corporation	6.5	1.8	0.0	1.8
4. Bank Leumi Le-israel B.M.	6.2	1.4	0.0	1.4
5. Dnb Nor Asa	6.0	1.0	0.0	1.0
6. DCC Plc	6.0	1.3	0.0	1.3
7. Home Retail Group Plc	5.6	1.4	0.0	1.4
8. Kerry Group Plc	5.3	1.0	0.0	1.0
9. Korea Exchange Bank	5.2	1.2	0.0	1.2
10. Kasikornbank Public Company	5.1	1.3	0.0	1.3

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