

FORTRESS[®] Funds

2008 Annual Financial Statements



FaithLife
FINANCIAL

AUDITORS' REPORT

To the Members and Board of Directors of Faithlife Financial
and to the Unitholders of Faithlife Financial (formerly Lutheran Life Insurance
Society of Canada Segregated Funds) (the "Funds"):

Asia Pacific Equity Fund	Canadian Equity Fund (Indexed)
Balanced Fund (Jarislowsky)	Canadian Equity Fund (Value)
Balanced Fund (Laketon)	Canadian Small Cap Equity Fund
Balanced Fund (McLean Budden)	Enhanced Dividend Fund
Balanced Fund (Scheer Rowlett)	European Equity Fund
Balanced Fund (TDQC)	Global Bond Fund
Canadian Bond Fund (Indexed)	Global Equity Fund 2
Canadian Bond Fund	Global Equity Fund
Canadian Equity Fund (Core 2)	International Equity Fund (Indexed)
Canadian Equity Fund (Core)	Money Market Fund 2
Canadian Equity Fund (Growth 2)	Money Market Fund
Canadian Equity Fund (Growth)	U.S. Equity Fund (Indexed)

We have audited the statements of net assets and investment portfolio of each of the Funds as at December 31, 2008 and the statements of operations and changes in net assets for the year then ended. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Funds and the investments as at December 31, 2008 and the results of their operations and the changes in their net assets for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants, Licensed Public Accountants

Waterloo, Canada
January 30, 2009

SEGREGATED FUNDS - FORTRESS

Statement of Changes in Net Assets

Year Ended December 31, 2008

(in thousands of Canadian dollars)

	Money Market Fund		Canadian Bond Fund		Global Bond Fund		Balanced Fund (Laketon)		Balanced Fund (McLean Budden)	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Funds at Beginning of Year	2,949	\$ 1,970	11,693	\$ 12,204	464	\$ 613	16,576	\$ 16,759	9,572	\$ 6,930
Members' Deposits	3,751	1,413	2,681	2,924	543	30	907	2,226	975	2,322
Transfers Between Funds	1,567	125	877	(1,087)	198	(43)	(623)	(405)	(240)	1,196
Net Balance of Investment Operations and Expenses for the Year	77	75	314	152	155	(48)	(2,647)	(20)	(1,938)	(83)
Members' Withdrawals	(1,512)	(634)	(1,712)	(2,500)	(57)	(88)	(1,593)	(1,984)	(831)	(793)
Net Change in Funds for year	3,883	979	2,160	(511)	839	(149)	(3,956)	(183)	(2,034)	2,642
Funds at End of year	6,832	2,949	13,853	11,693	1,303	464	12,620	16,576	7,538	9,572
Net Asset Value per Unit	81.54	80.02	146.01	142.34	17.00	12.87	47.28	56.72	14.31	17.81

	Enhanced Dividend Fund		Canadian Equity Fund (Value)		Canadian Equity Fund (Core)		Canadian Equity Fund (Growth)		Canadian Small Cap Equity Fund	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Funds at Beginning of Year	48,942	\$ 40,394	10,207	\$ 8,085	4,048	\$ 4,006	20,034	\$ 18,333	8,050	\$ 11,123
Members' Deposits	5,786	10,764	252	2,128	11	814	864	1,769	268	977
Transfers Between Funds	(575)	2,080	(437)	651	(309)	(318)	468	(189)	(340)	(2,052)
Net Balance of Investment Operations and Expenses for the Year	(14,707)	473	(3,567)	285	(1,237)	(2)	(6,267)	2,279	(3,395)	(917)
Members' Withdrawals	(4,327)	(4,769)	(693)	(942)	(323)	(452)	(1,716)	(2,158)	(500)	(1,081)
Net Change in Funds for year	(13,823)	8,548	(4,445)	2,122	(1,858)	42	(6,651)	1,701	(3,967)	(3,073)
Funds at End of year	35,119	48,942	5,762	10,207	2,190	4,048	13,383	20,034	4,083	8,050
Net Asset Value per Unit	20.55	28.94	18.76	29.03	13.48	20.34	212.08	306.93	10.01	17.59

	Global Equity Fund		Asia Pacific Equity Fund		European Equity Fund	
	2008	2007	2008	2007	2008	2007
Funds at Beginning of Year	4,019	\$ 5,018	2,126	\$ 1,036	1,798	\$ 1,926
Members' Deposits	15	505	114	568	(69)	459
Transfers Between Funds	(229)	(392)	(138)	446	(221)	(7)
Net Balance of Investment Operations and Expenses for the Year	(993)	(526)	(759)	250	(461)	(351)
Members' Withdrawals	(397)	(586)	(146)	(174)	(106)	(229)
Net Change in Funds for year	(1,604)	(999)	(929)	1,090	(857)	(128)
Funds at End of year	2,415	4,019	1,197	2,126	941	1,798
Net Asset Value per Unit	42.80	59.21	8.26	12.84	15.35	21.81

SEGREGATED FUNDS - FORTRESS 2

Statement of Changes in Net Assets

Year Ended December 31, 2008

(in thousands of Canadian dollars)

	Money Market Fund 2		Canadian Bond Fund (Indexed)		Balanced Fund (Jarislowsky)		Balanced Fund (Scheer Rowlett)		Balanced Fund (TDQC)	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Funds at Beginning of Year	209	\$ 166	356	\$ 399	483	\$ 493	939	\$ 630	383	\$ 259
Members' Deposits	161	90	42	89	53	74	170	288	160	160
Transfers Between Funds	212	13	(10)	(42)	(18)	(48)	(114)	50	(4)	(2)
Net Balance of Investment Operations and Expenses for the Year	6	6	15	5	(80)	(12)	(202)	(15)	(91)	2
Members' Withdrawals	(150)	(66)	(16)	(95)	(63)	(24)	(41)	(14)	(26)	(36)
Net Change in Funds for year	229	43	31	(43)	(108)	(10)	(187)	309	39	124
Funds at End of year	438	209	387	356	375	483	752	939	422	383
Net Asset Value per Unit	11.53	11.24	15.30	14.46	13.99	16.50	14.18	17.71	14.10	17.07

	Canadian Equity Fund (Core 2)		Canadian Equity Fund (Growth 2)		Canadian Equity Fund (Indexed)		U.S. Equity Fund (Indexed)		Global Equity Fund 2	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Funds at Beginning of Year	829	\$ 706	931	\$ 430	403	\$ 251	57	\$ 47	153	\$ 83
Members' Deposits	96	197	131	459	104	141	1	24	11	99
Transfers Between Funds	(19)	(40)	1	29	(21)	27	(2)	1	(3)	(3)
Net Balance of Investment Operations and Expenses for the Year	(217)	29	(361)	51	(151)	23	(13)	(8)	(30)	(14)
Members' Withdrawals	(139)	(63)	(153)	(38)	(54)	(39)	(2)	(7)	(41)	(12)
Net Change in Funds for year	(279)	123	(382)	501	(122)	152	(16)	10	(63)	70
Funds at End of year	550	829	549	931	281	403	41	57	90	153
Net Asset Value per Unit	23.15	31.18	17.80	28.93	27.10	41.20	7.72	10.04	10.98	14.42

	International Equity Fund (Indexed)	
	2008	2007
Funds at Beginning of Year	296	\$ 175
Members' Deposits	33	172
Transfers Between Funds	(20)	15
Net Balance of Investment Operations and Expenses for the Year	(91)	(30)
Members' Withdrawals	(24)	(36)
Net Change in Funds for year	(102)	121
Funds at End of year	194	296
Net Asset Value per Unit	10.26	14.76

SEGREGATED FUNDS - FORTRESS

Statement of Net Assets

Year ended December 31, 2008

(in thousands of Canadian dollars)

	Money Market Fund		Canadian Bond Fund		Global Bond Fund		Balanced Fund (Laketon)		Balanced Fund (McLean Budden)	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
ASSETS										
Investments at Market Value, represented by investments in funds managed by 3rd party investment manager	\$ 6,832	\$ 2,949	\$ 13,853	\$ 11,693	\$ 1,303	\$ 464	\$ 12,620	\$ 16,576	\$ 7,538	\$ 9,572
Total net assets and funds held for benefit of members	\$ 6,832	\$ 2,949	\$ 13,853	\$ 11,693	\$ 1,303	\$ 464	\$ 12,620	\$ 16,576	\$ 7,538	\$ 9,572

	Enhanced Dividend Fund		Canadian Equity Fund (Value)		Canadian Equity Fund (Core)		Canadian Equity Fund (Growth)		Canadian Small Cap Equity Fund	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
ASSETS										
Investments at Market Value, represented by investments in funds managed by 3rd party investment manager	\$ 35,119	\$ 48,942	\$ 5,762	\$ 10,207	\$ 2,190	\$ 4,048	\$ 13,383	\$ 20,034	\$ 4,083	\$ 8,050
Total net assets and funds held for benefit of members	\$ 35,119	\$ 48,942	\$ 5,762	\$ 10,207	\$ 2,190	\$ 4,048	\$ 13,383	\$ 20,034	\$ 4,083	\$ 8,050

	Global Equity Fund		Asia Pacific Equity Fund		European Equity Fund	
	2008	2007	2008	2007	2008	2007
ASSETS						
Investments at Market Value, represented by investments in funds managed by 3rd party investment manager	\$ 2,415	\$ 4,019	\$ 1,197	\$ 2,126	\$ 941	\$ 1,798
Total net assets and funds held for benefit of members	\$ 2,415	\$ 4,019	\$ 1,197	\$ 2,126	\$ 941	\$ 1,798

SEGREGATED FUNDS - FORTRESS 2

Statement of Net Assets

Year ended December 31, 2008

(in thousands of Canadian dollars)

	Money Market Fund 2		Canadian Bond Fund (Indexed)		Balanced Fund (Jarislowsky)		Balanced Fund (Scheer Rowlett)		Balanced Fund (TDQC)	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
ASSETS										
Investments at Market Value, represented by investments in funds managed by 3rd party investment manager	\$ 438	\$ 209	\$ 387	\$ 356	\$ 375	\$ 483	\$ 752	\$ 939	\$ 422	\$ 383
Total net assets and funds held for benefit of members	\$ 438	\$ 209	\$ 387	\$ 356	\$ 375	\$ 483	\$ 752	\$ 939	\$ 422	\$ 383

	Canadian Equity Fund (Core 2)		Canadian Equity Fund (Growth 2)		Canadian Equity Fund (Indexed)		U.S. Equity Fund (Indexed)		Global Equity Fund 2	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
ASSETS										
Investments at Market Value, represented by investments in funds managed by 3rd party investment manager	\$ 550	\$ 829	\$ 549	\$ 931	\$ 281	\$ 403	\$ 41	\$ 57	\$ 90	\$ 153
Total net assets and funds held for benefit of members	\$ 550	\$ 829	\$ 549	\$ 931	\$ 281	\$ 403	\$ 41	\$ 57	\$ 90	\$ 153

	International Equity Fund (Indexed)	
	2008	2007
ASSETS		
Investments at Market Value, represented by investments in funds managed by 3rd party investment manager	\$ 194	\$ 296
Total net assets and funds held for benefit of members	\$ 194	\$ 296

SEGREGATED FUNDS - FORTRESS

Statement of Operations

for Year Ended December 31, 2008

(in thousands of Canadian dollars)

	Money Market Fund		Canadian Bond Fund		Global Bond Fund		Balanced Fund (Laketon)		Balanced Fund (McLean Budden)	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Income										
Net investment income, capital gains and unrealized appreciation (depreciation) on investments	\$ 133	\$ 105	\$ 618	\$ 426	\$ 168	\$ (36)	\$ (2,277)	\$ 393	\$ (1,716)	\$ 130
Expenses										
Management and administrative fees	56	30	304	274	13	12	370	413	222	213
Net Balance of Investment Operations and Expenses for Year	\$ 77	\$ 75	\$ 314	\$ 152	\$ 155	\$ (48)	\$ (2,647)	\$ (20)	\$ (1,938)	\$ (83)

	Enhanced Dividend Fund		Canadian Equity Fund (Value)		Canadian Equity Fund (Core)		Canadian Equity Fund (Growth)		Canadian Small Cap Equity Fund	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Income										
Net investment income, capital gains and unrealized appreciation (depreciation) on investments	\$ (13,618)	\$ 1,542	\$ (3,325)	\$ 540	\$ (1,152)	\$ 104	\$ (5,778)	\$ 2,785	\$ (3,180)	\$ (606)
Expenses										
Management and administrative fees	1,089	1,069	242	255	85	106	489	506	215	311
Net Balance of Investment Operations and Expenses for Year	\$ (14,707)	\$ 473	\$ (3,567)	\$ 285	\$ (1,237)	\$ (2)	\$ (6,267)	\$ 2,279	\$ (3,395)	\$ (917)

	Global Equity Fund		Asia Pacific Equity Fund		European Equity Fund	
	2008	2007	2008	2007	2008	2007
Income						
Net investment income, capital gains and unrealized appreciation (depreciation) on investments	\$ (911)	\$ (402)	\$ (714)	\$ 292	\$ (427)	\$ (294)
Expenses						
Management and administrative fees	82	124	45	42	34	57
Net Balance of Investment Operations and Expenses for Year	\$ (993)	\$ (526)	\$ (759)	\$ 250	\$ (461)	\$ (351)

SEGREGATED FUNDS - FORTRESS 2

Statement of Operations

for Year Ended December 31, 2008

(in thousands of Canadian dollars)

	Money Market Fund 2		Canadian Bond Fund (Indexed)		Balanced Fund (Jarislowsky)		Balanced Fund (Scheer Rowlett)		Balanced Fund (TDQC)	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Income										
Net investment income, capital gains and unrealized appreciation (depreciation) on investments	\$ 12	\$ 10	\$ 24	\$ 13	\$ (69)	\$ -	\$ (181)	\$ 3	\$ (80)	\$ 9
Expenses										
Management and administrative fees	6	4	9	8	11	12	21	18	11	7
Net Balance of Investment Operations and Expenses for Year	\$ 6	\$ 6	\$ 15	\$ 5	\$ (80)	\$ (12)	\$ (202)	\$ (15)	\$ (91)	\$ 2

	Canadian Equity Fund (Core 2)		Canadian Equity Fund (Growth 2)		Canadian Equity Fund (Indexed)		U.S. Equity Fund (Indexed)		Global Equity Fund 2	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Income										
Net investment income, capital gains and unrealized appreciation (depreciation) on investments	\$ (199)	\$ 47	\$ (342)	\$ 66	\$ (141)	\$ 30	\$ (11)	\$ (7)	\$ (27)	\$ (11)
Expenses										
Management and administrative fees	18	18	19	15	10	7	2	1	3	3
Net Balance of Investment Operations and Expenses for Year	\$ (217)	\$ 29	\$ (361)	\$ 51	\$ (151)	\$ 23	\$ (13)	\$ (8)	\$ (30)	\$ (14)

	International Equity Fund (Indexed)	
	2008	2007
Income		
Net investment income, capital gains and unrealized appreciation (depreciation) on investments	\$ (84)	\$ (23)
Expenses		
Management and administrative fees	7	7
Net Balance of Investment Operations and Expenses for Year	\$ (91)	\$ (30)

SEGREGATED FUNDS

Statement of Investment Portfolio

as at December 31, 2008

(in thousands of Canadian dollars)

SEGREGATED FUNDS - FORTRESS

Holdings	Fund Name	Issuer/Description	Cost	Market Value	% of Portfolio
266,908	Balanced Fund (Laketon)	Cda Life Managed Fund (Laketon)	\$ 12,944	\$ 12,620	11.77
63,103	Cdn. Equity Fund (Growth)	Cda Life Canadian Equity Fund (Laketon)	13,664	13,383	12.48
1,708,867	Enhanced Dividend Fund	Cda Life Enhanced Dividend Fund (Laketon)	40,952	35,119	32.75
94,881	Cdn Bond Fund	Cda Life Fixed Income Fund (Laketon)	12,796	13,853	12.92
56,426	Global Equity Fund	Cda Life Global Equity Fund	4,218	2,415	2.25
407,986	Cdn. Small-Cap Equity Fund	Cda Life Small Cap Equity Fund (Bissett)	6,363	4,083	3.81
526,903	Balanced Fund (McLean Budden)	Cda Life Balanced Fund (McLean Budden)	8,506	7,538	7.03
307,183	Cdn. Equity Fund (Value)	Cda Life Canadian Equity Fund (SRA)	7,345	5,762	5.37
83,782	Money Market Fund	Cda Life Money Market Fund (Laketon)	6,731	6,832	6.37
162,533	Cdn. Equity Fund (Core)	Cda Life Canadian Equity Fund (Bissett)	2,732	2,190	2.04
61,280	European Equity Fund	Cda Life European Equity Fund	1,439	941	0.88
76,652	Global Bond Fund	Cda Life International Bond Fund (Laketon)	1,217	1,303	1.21
145,029	Asia Pacific Equity Fund	Cda Life Far East Equity Fund	1,586	1,197	1.12
TOTAL NET ASSETS			\$ 120,493	\$ 107,236	100.00

SEGREGATED FUNDS - FORTRESS 2

Holdings	Fund Name	Issuer/Description	Cost	Market Value	% of Portfolio
26,769	Balanced Fund (Jarislowsky)	Cda Life Balanced Fund (Jarislowsky Fraser)	\$ 376	\$ 375	9.19
25,279	Cdn. Bond Fund (Indexed)	TDAM Emerald Canadian Bond Index Fund	286	387	9.49
23,761	Cdn. Equity Fund (Core 2)	Cda Life Canadian Equity Fund (Jarislowsky Fraser)	582	550	13.48
38,000	Money Market Fund 2	TDAM Emerald Short-Term Investment Fund	396	438	10.74
30,848	Cdn. Equity Fund (Growth 2)	Cda Life Canadian Equity Fund (Greystone)	728	549	13.46
53,040	Balanced Fund (Scheer Rowlett)	Cda Life Balanced Fund (SRA)	864	752	18.44
29,908	Balanced Fund (TDQC)	TDAM Emerald Balanced Fund	430	422	10.34
10,361	Cdn. Equity Fund (Indexed)	TDAM Emerald Canadian Equity Index Fund	307	281	6.89
18,933	Int'l Equity Fund (Indexed)	TDAM Emerald International Equity Index Fund	253	194	4.76
8,159	Global Equity Fund 2	Cda Life Global Equity Fund (McLean Budden)	116	90	2.21
5,253	U.S. Equity Fund (Indexed)	TDAM Emerald U.S. Market Index Fund	49	41	1.00
TOTAL NET ASSETS			\$ 4,387	\$ 4,079	100.00

FAITHLIFE FINANCIAL

(FORMERLY LUTHERAN LIFE INSURANCE SOCIETY OF
CANADA SEGREGATED FUNDS)

Notes to Financial Statements

Year ended December 31, 2008

Faithlife Financial (formerly Lutheran Life Insurance Society of Canada Segregated Funds) (the "Society") is a fraternal benefit society, incorporated by an Act of the Parliament of Canada on June 28, 1972. Its operations are governed by the federal Insurance Companies Act and the Insurance Acts of the provinces in which the Society operates.

1. Description of the Funds:

The FORTRESS[®] Funds consist of 13 segregated funds and the FORTRESS² Funds consist of 11 segregated funds maintained by Faithlife Financial in respect of variable deferred annuity contracts issued under the FORTRESS[®] and FORTRESS² Fund plans. The assets of each fund are segregated from the other assets of the Society and are invested in funds managed by third party investment managers. The Funds are not separate legal entities. The following Funds were established by a resolution of the Board of Directors of the Society:

Asia Pacific Equity Fund	Canadian Equity Fund (Indexed)
Balanced Fund (Jarislowsky)	Canadian Equity Fund (Value)
Balanced Fund (Laketon)	Canadian Small Cap Equity Fund
Balanced Fund (McLean Budden)	Enhanced Dividend Fund
Balanced Fund (Scheer Rowlett)	European Equity Fund
Balanced Fund (TDQC)	Global Bond Fund
Canadian Bond Fund (Indexed)	Global Equity Fund 2
Canadian Bond Fund	Global Equity Fund
Canadian Equity Fund (Core 2)	International Equity Fund (Indexed)
Canadian Equity Fund (Core)	Money Market Fund 2
Canadian Equity Fund (Growth 2)	Money Market Fund
Canadian Equity Fund (Growth)	U.S. Equity Fund (Indexed)

FAITHLIFE FINANCIAL

(FORMERLY LUTHERAN LIFE INSURANCE SOCIETY OF
CANADA SEGREGATED FUNDS)

Notes to Financial Statements (continued)

Year ended December 31, 2008

2. Significant accounting policies:

These financial statements have been prepared within the framework of the significant accounting policies summarized below:

(a) Investments:

Investments are recorded in the accounts at their market value in Canadian currency. The difference between market value and the average cost is included in investment income as unrealized appreciation (depreciation) on investments.

(b) Accrual basis of accounting:

Income and expenses are recorded on an accrual basis.

3. Units of a fund/value of units:

Each fund is subdivided into units and these units are attributed to individual contracts for the purpose of determining the value of the benefits under those contracts. A contract holder acquires no direct claim on the units or assets of a fund by purchasing a contract, but only the benefits which are provided under the contract. Units are attributed to and withdrawn from a contract when required by the terms of the contract.

FAITHLIFE FINANCIAL

(FORMERLY LUTHERAN LIFE INSURANCE SOCIETY OF
CANADA SEGREGATED FUNDS)

Notes to Financial Statements (continued)

Year ended December 31, 2008

3. Units of a fund/value of units (continued):

The number of units outstanding in each fund and the per unit value as at December 31, 2008 and 2007 were as follows:

(a) FORTRESS® Funds:

	2008		2007	
	Units outstanding	Value per unit	Units outstanding	Value per unit
Money Market Fund	83,782	\$ 81.54	36,849	\$ 80.02
Canadian Bond Fund	94,881	146.01	82,151	142.34
Global Bond Fund	76,652	17.00	36,067	12.87
Balanced Fund (Laketon) Balanced Fund	266,908	47.28	292,239	56.72
(McLean Budden)	526,903	14.31	537,521	17.81
Enhanced Dividend Fund	1,708,867	20.55	1,691,200	28.94
Canadian Equity Fund (Value)	307,183	18.76	351,590	29.03
Canadian Equity Fund (Core)	162,533	13.48	199,047	20.34
Canadian Equity Fund (Growth)	63,103	212.08	65,274	306.93
Canadian Small Cap Equity Fund	407,986	10.01	457,698	17.59
Global Equity Fund	56,426	42.80	67,885	59.21
Asia Pacific Equity Fund	145,029	8.26	165,502	12.84
European Equity Fund	61,280	15.35	82,423	21.81

FAITHLIFE FINANCIAL

(FORMERLY LUTHERAN LIFE INSURANCE SOCIETY OF CANADA SEGREGATED FUNDS)

Notes to Financial Statements (continued)

Year ended December 31, 2008

3. Units of a fund/value of units (continued):

(b) FORTRESS² Funds:

	2008		2007	
	Units outstanding	Value per unit	Units outstanding	Value per unit
Money Market Fund 2	38,000	\$ 11.53	18,602	\$ 11.24
Canadian Bond Fund (Indexed)	25,279	15.30	24,277	14.46
Balanced Fund (Jarislowsky)	26,769	13.99	29,261	16.50
Balanced Fund (Scheer Rowlett)	53,040	14.18	53,017	17.71
Balanced Fund (TDQC)	29,908	14.10	22,419	17.07
Canadian Equity Fund (Core 2)	23,761	23.15	26,685	31.18
Canadian Equity Fund (Growth 2)	30,848	17.80	32,189	28.93
Canadian Equity Fund (Indexed)	10,361	27.10	9,772	41.20
U.S. Equity Fund (Indexed)	5,253	7.72	5,702	10.04
Global Equity Fund 2	8,159	10.98	10,627	14.42
International Equity Fund (Indexed)	18,933	10.26	20,078	14.76

FAITHLIFE FINANCIAL

(FORMERLY LUTHERAN LIFE INSURANCE SOCIETY OF CANADA SEGREGATED FUNDS)

Notes to Financial Statements (continued)

Year ended December 31, 2008

4. Management and administrative fees:

In return for investment management and administrative services, the Society is paid a management fee from the Funds. These fees are a per annum percentage of the daily average net assets of the Funds and are as follows:

(a) FORTRESS® Funds:

	Per annum management fee*
Money Market Fund	1.25%
Canadian Bond Fund	2.25%
Global Bond Fund	2.25%
Balanced Fund (Laketon)	2.50%
Balanced Fund (McLean Budden)	2.50%
Enhanced Dividend Fund	2.40%
Canadian Equity Fund (Value)	2.60%
Canadian Equity Fund (Core)	2.60%
Canadian Equity Fund (Growth)	2.60%
Canadian Small Cap Equity Fund	3.25%
Global Equity Fund	2.60%
Asia Pacific Equity Fund	2.60%
European Equity Fund	2.60%

(b) FORTRESS₂ Funds:

	Per annum management fee*
Money Market Fund 2	1.25%
Canadian Bond Fund (Indexed)	2.00%
Balanced Fund (Jarislowsky)	2.35%
Balanced Fund (Scheer Rowlett)	2.35%
Balanced Fund (TDQC)	2.10%
Canadian Equity Fund (Core 2)	2.40%
Canadian Equity Fund (Growth 2)	2.40%
Canadian Equity Fund (Indexed)	2.15%
U.S. Equity Fund (Indexed)	2.30%
Global Equity Fund 2	2.55%
International Equity Fund (Indexed)	2.30%

*Goods and services tax ("GST") is applicable on the management fees paid.

FAITHLIFE FINANCIAL

(FORMERLY LUTHERAN LIFE INSURANCE SOCIETY OF CANADA SEGREGATED FUNDS)

Notes to Financial Statements (continued)

Year ended December 31, 2008

5. Taxation of the Funds:

Each fund is treated as a separate segregated fund trust under the Income Tax Act (Canada). Income and realized gains and losses, as applicable, are allocated to owners and their beneficiaries. Accordingly, under current tax legislation, there is no income tax liability owing by a fund.

6. Management expense ratio:

The management expense ratio for a segregated fund is the ratio of the total expenses payable by the Fund divided by the average fund value, including the GST. The Society only offers one fee option for its segregated funds. The management expense ratios for each fund for the last five financial years are as follows:

(a) FORTRESS® Funds:

	2008	2007	2006	2005	2004
Money Market Fund	1.33%	1.36%	1.37%	1.37%	1.35%
Canadian Bond Fund	2.38%	2.42%	2.44%	2.44%	2.42%
Global Bond Fund	2.38%	2.42%	2.45%	2.44%	2.42%
Balanced Fund (Laketon)	2.65%	2.68%	2.69%	2.70%	2.69%
Balanced Fund (McLean Budden)	2.65%	2.69%	2.71%	2.71%	2.69%
Enhanced Dividend Fund	2.54%	2.57%	2.60%	2.60%	2.59%
Canadian Equity Fund (Value)	2.75%	2.79%	2.82%	2.82%	2.81%
Canadian Equity Fund (Core)	2.75%	2.79%	2.82%	2.81%	2.82%
Canadian Equity Fund (Growth)	2.75%	2.79%	2.80%	2.81%	2.79%
Canadian Small Cap Equity Fund	3.43%	3.48%	3.51%	3.51%	3.51%
Global Equity Fund	2.75%	2.81%	2.79%	2.82%	2.79%
Asia Pacific Equity Fund	2.75%	2.80%	2.86%	2.93%	2.79%
European Equity Fund	2.75%	2.80%	2.79%	2.83%	2.79%

FAITHLIFE FINANCIAL

(FORMERLY LUTHERAN LIFE INSURANCE SOCIETY OF
CANADA SEGREGATED FUNDS)

Notes to Financial Statements (continued)

Year ended December 31, 2008

6. Management expense ratio (continued):

(b) FORTRESS² Funds:

	2008	2007	2006	2005	2004
Money Market Fund 2	1.35%	1.36%	1.36%	1.36%	1.34%
Canadian Bond Fund (Indexed)	2.14%	2.14%	2.15%	2.15%	2.14%
Balanced Fund (Jarislowsky)	2.49%	2.52%	2.55%	2.54%	2.53%
Balanced Fund (Scheer Rowlett)	2.49%	2.51%	2.53%	2.53%	2.53%
Balanced Fund (TDQC)	2.25%	2.27%	2.28%	2.28%	2.25%
Canadian Equity Fund (Core 2)	2.54%	2.57%	2.60%	2.60%	2.58%
Canadian Equity Fund (Growth 2)	2.54%	2.58%	2.61%	2.60%	2.58%
Canadian Equity Fund (Indexed)	2.28%	2.29%	2.32%	2.31%	2.30%
U.S. Equity Fund (Indexed)	2.47%	2.49%	2.49%	2.48%	2.46%
Global Equity Fund 2	2.70%	2.75%	2.79%	2.76%	2.74%
International Equity Fund (Indexed)	2.47%	2.56%	2.55%	2.56%	2.46%

The Society currently absorbs the costs for auditing, regulatory compliance and mailing statements to policyholders although it is allowed to charge these costs to the Funds. If the costs had been charged to the Funds in 2008, each fund's management expense ratio would have increased by 0.05%.

FAITHLIFE FINANCIAL

(FORMERLY LUTHERAN LIFE INSURANCE SOCIETY OF CANADA SEGREGATED FUNDS)

Notes to Financial Statements (continued)

Year ended December 31, 2008

7. Underlying funds:

The financial statements for the underlying funds of third parties are available upon request from Member Services at the Society. The percentage ownership in the underlying funds is as follows:

(a) FORTRESS® Funds:

	2008	2007
Money Market Fund	6.44%	2.78%
Canadian Bond Fund	8.84%	7.47%
Global Bond Fund	17.29%	6.17%
Balanced Fund (Laketon)	4.25%	5.59%
Balanced Fund (McLean Budden)	5.17%	6.56%
Enhanced Dividend Fund	4.50%	6.26%
Canadian Equity Fund (Value)	10.71%	18.97%
Canadian Equity Fund (Core)	6.50%	12.03%
Canadian Equity Fund (Growth)	4.60%	6.89%
Canadian Small Cap Equity Fund	5.02%	9.91%
Global Equity Fund	3.09%	5.14%
Asia Pacific Equity Fund	1.86%	3.30%
European Equity Fund	2.02%	3.86%

(b) FORTRESS₂ Funds:

	2008	2007
Money Market Fund 2	0.02%	0.01%
Canadian Bond Fund (Indexed)	0.01%	0.01%
Balanced Fund (Jarislowsky)	0.50%	0.64%
Balanced Fund (Scheer Rowlett)	0.82%	1.02%
Balanced Fund (TDQC)	0.12%	0.11%
Canadian Equity Fund (Core 2)	0.95%	1.43%
Canadian Equity Fund (Growth 2)	1.50%	2.55%
Canadian Equity Fund (Indexed)	0.01%	0.01%
U.S. Equity Fund (Indexed)	0.01%	0.01%
Global Equity Fund 2	1.64%	2.80%
International Equity Fund (Indexed)	0.02%	0.03%

END OF AUDITED FINANCIAL STATEMENTS

Semi-annual unaudited financial statements are available upon written request to:
Member Services, FaithLife Financial, 470 Weber Street North, Waterloo, Ontario N2J 4G4

Portfolio Top Holdings - FORTRESS®

as at December 31, 2008 (in Canadian dollars)

FORTRESS® Money Market Fund

The Money Market Fund invests its assets in a Secondary Fund, Canada Life's Money Market Fund (Laketon) (S29). The portfolio assets presented are those of the underlying pooled fund in which the FORTRESS Fund invests.

Par Value	Description	Cost <i>(in thousands)</i>	Market Value <i>(in thousands)</i>	% of Portf.
27,000,000	Government of Canada 2.63% 02-19-09	26,677	26,677	13.4%
24,900,000	Government of Canada 1.63% 11-26-09	24,501	24,501	12.4%
22,400,000	Government of Canada 1.77% 01-08-09	22,329	22,329	11.3%
18,100,000	Government of Canada 1.16% 07-09-09	17,982	17,982	9.1%
17,700,000	Government of Canada 2.68% 01-08-09	17,493	17,493	8.8%
16,000,000	Government of Canada 1.14% 04-30-09	15,931	15,931	8.0%
11,600,000	Government of Canada 0.91% 04-02-09	11,571	11,571	5.8%
11,000,000	Government of Canada 0.86% 03-19-09	10,975	10,975	5.5%
10,400,000	Government of Canada 2.71% 02-19-09	10,212	10,212	5.1%
8,600,000	Government of Canada 1.45% 03-05-09	8,569	8,569	4.3%
5,700,000	Government of Canada 1.89% 01-22-09	5,679	5,679	2.9%
4,500,000	Government of Canada 2.89% 01-08-09	4,437	4,437	2.2%
3,000,000	Government of Canada 1.71% 02-19-09	2,988	2,988	1.5%
2,800,000	Government of Canada 0.83% 04-02-09	2,794	2,794	1.4%
2,000,000	Government of Canada 0.86% 04-02-09	1,995	1,995	1.0%
1,600,000	Government of Canada 1.41% 03-05-09	1,594	1,594	0.8%
1,600,000	Government of Canada 1.19% 04-30-09	1,593	1,593	0.8%
1,500,000	Government of Canada 1.25% 02-05-09	1,497	1,497	0.8%
1,400,000	Government of Canada 1.39% 02-05-09	1,397	1,397	0.7%
1,000,000	Government of Canada 1.25% 03-05-09	997	997	0.5%
1,000,000	Government of Canada 1.80% 01-08-09	997	997	0.5%
1,000,000	Government of Canada 1.82% 02-19-09	996	996	0.5%
1,000,000	Government of Canada 2.05% 01-08-09	996	996	0.5%
800,000	Government of Canada 0.84% 04-02-09	798	798	0.4%
700,000	Government of Canada 1.55% 03-05-09	697	697	0.4%
Total Investments		198,386	198,386	99.0%

FORTRESS® Canadian Bond Fund

The Canadian Bond Fund invests its assets in a Secondary Fund, Canada Life's Fixed Income Fund (Laketon) (S19). The portfolio assets presented are those of the underlying pooled fund in which the FORTRESS Fund invests.

Par Value	Description	Cost <i>(in thousands)</i>	Market Value <i>(in thousands)</i>	% of Portf.
43,552,000	Government of Canada 4.00% 06-01-16	44,481	48,456	23.1%
17,734,000	Province of Ontario 6.50% 03-08-29	21,530	21,501	10.2%
18,949,000	Canada Housing Trust 3.55% 09-15-13	18,853	20,053	9.6%
8,779,000	Province of Quebec 6.25% 06-01-32	10,231	10,170	4.8%
5,801,000	Province of Manitoba 6.30% 03-05-31	6,294	6,774	3.2%
6,262,000	Sun Life Financial Inc. 5.12% 06-26-18 Callable	6,259	5,983	2.9%
5,815,000	JPMorgan Chase & Co. 3.88% 09-08-15	5,797	5,652	2.7%
5,700,000	The Bank of Nova Scotia 4.99% 03-27-18	5,699	5,501	2.6%
5,011,000	Golden Credit Card Trust 5.421% 04-15-13	5,011	5,207	2.5%
4,872,000	Master Credit Card Trust 5.237% 05-21-13	4,871	4,929	2.3%
4,607,000	Hydro One Inc. 5.00% 11-12-13	4,602	4,748	2.3%
4,742,000	HBOS PLC 5.109% 06-21-17 Callable	4,709	4,470	2.1%
4,324,000	U.S. Bank N.A. 3.80% 08-09-15	4,302	4,291	2.0%
4,290,000	Royal Bank of Canada 4.84% 03-11-18	4,319	4,134	2.0%
3,944,000	Bell Canada 6.15% 06-15-09	4,030	3,989	1.9%
4,248,000	Manulife Financial Corp. 5.161% 06-26-15 Callable	4,246	3,978	1.9%
3,570,000	American Express Canada Credit Corp. 4.30% 11-12-10	3,558	3,440	1.6%
3,350,000	407 International Inc. 5.00% 01-31-11 Callable	3,344	3,373	1.6%
3,482,000	GE Capital Canada Funding Co. 4.375% 09-28-12	3,420	3,312	1.6%
3,189,000	The Toronto-Dominion Bank 5.382% 11-01-17	3,191	3,143	1.5%
3,522,000	Bank of America Corp. 5.15% 05-30-17	3,491	2,946	1.4%
2,585,000	Province of New Brunswick 5.65% 12-27-28	2,616	2,790	1.3%
2,971,000	TransCanada PipeLines Ltd. 5.10% 01-11-17	2,966	2,748	1.3%
2,832,000	Bell Aliant Regional Communications LP 4.72% 09-26-11	2,820	2,732	1.3%
2,205,000	Hydro One Inc. 6.40% 12-01-11	2,235	2,362	1.1%
Total Investments		208,791	209,892	100.0%

FORTRESS® Global Bond Fund

The Global Bond Fund invests its assets in a Secondary Fund, Canada Life's International Bond Fund (Laketon) (S36). The portfolio assets presented are those of the underlying pooled fund in which the FORTRESS Fund invests.

Par Value	Description	Cost <i>(in thousands)</i>	Market Value <i>(in thousands)</i>	% of Portf.
409,000,000	Province of Quebec 1.60% 05-09-13	3,933	5,546	26.9%
2,476,000	Bundesobligation 3.50% 04-12-13	3,927	4,401	21.4%
2,074,000	International Bank for Recon. & Dev. 5.00% 04-01-16	2,464	2,880	14.0%
1,352,000	International Bank for Recon. & Dev. 5.75% 02-15-35	1,472	1,968	9.6%
1,061,000	Caisse D'Amort Dette 3.75% 10-25-20	1,474	1,748	8.5%
891,000	French Treasury Note 3.75% 01-12-13	1,432	1,572	7.6%
64,100,000	European Investment Bank 1.40% 06-20-17	608	835	4.1%
389,000	Government of Canada 5.75% 06-01-33	497	529	2.6%
259,000	Reseau Ferre France 5.0% 10-10-33	417	488	2.4%
250,000	International Bank for Recon. & Dev. 4.875% 12-07-28	523	476	2.3%
92,000	General Electric Cap. Corp. 6.25% 12-15-17	214	155	0.8%
Total Investments		16,961	20,598	100.0%

FORTRESS® Balanced Fund (Laketon)

The Balanced Fund (Laketon) invests its assets in a Secondary Fund, Canada Life's Managed Fund (Laketon) (S35). The portfolio assets presented are those of the underlying pooled fund in which the FORTRESS Fund invests.

Par Value	Description	Cost <i>(in thousands)</i>	Market Value <i>(in thousands)</i>	% of Portf.
16,657,000	Government of Canada 4.00% 06-01-16	16,856	18,533	9.1%
7,652,000	Canada Housing Trust 3.55% 09-15-13	7,614	8,098	4.0%
6,265,000	Province of Ontario 6.50% 03-08-29	7,661	7,596	3.7%
135,400	Barrick Gold Corp.	4,787	6,049	3.0%
88,487	EnCana Corp.	5,010	5,021	2.5%
126,500	Royal Bank of Canada	5,095	4,554	2.2%
117,700	Goldcorp Inc.	3,655	4,515	2.2%
120,600	TransCanada Corp.	4,446	3,990	2.0%
88,110	The Toronto-Dominion Bank	4,954	3,825	1.9%
3,285,000	Province of Quebec 6.25% 06-01-32	3,825	3,805	1.9%
77,000	Canadian National Railway Co.	3,265	3,444	1.7%
96,700	The Bank of Nova Scotia	4,737	3,205	1.6%
63,270	Canadian Natural Resources Ltd.	3,647	3,080	1.5%
252,150	iShares MSCI Japan Index Fund	3,271	2,936	1.4%
132,700	Manulife Financial Corp.	4,111	2,755	1.4%
57,300	Shoppers Drug Mart Corp.	2,622	2,752	1.4%
104,500	BCE Inc.	3,228	2,618	1.3%
91,700	Sun Life Financial Inc.	3,618	2,600	1.3%
50,500	Canadian Imperial Bank of Commerce	3,361	2,574	1.3%
2,139,000	Province of Manitoba 6.30% 03-05-31	2,289	2,498	1.2%
2,229,000	Sun Life Financial Inc. 5.12% 06-26-18 Callable	2,228	2,130	1.1%
86,900	Suncor Energy Inc.	3,064	2,062	1.0%
2,069,000	JPMorgan Chase & Co. 3.88% 09-08-15	2,069	2,011	1.0%
2,027,000	The Bank of Nova Scotia 4.99% 03-27-18	2,027	1,956	1.0%
1,796,000	Golden Credit Card Trust 5.421% 04-15-13	1,796	1,866	0.9%
Total Investments		225,867	202,615	100.0%

FORTRESS[®] Balanced Fund (McLean Budden)

The Balanced Fund (McLean Budden) invests its assets in a Secondary Fund, Canada Life's Balanced Fund (McLean Budden) (S110). The portfolio assets presented are those of the underlying pooled fund in which the FORTRESS Fund invests.

No. of Units	Description	Cost <i>(in thousands)</i>	Market Value <i>(in thousands)</i>	% of Portf.
9,245,232	McLean Budden Balanced Growth Fund Pooled	116,686	96,246	100.0%
Total Investments		116,686	96,246	100.0%

FORTRESS[®] Enhanced Dividend Fund

The Enhanced Dividend Fund invests its assets in a Secondary Fund, Canada Life's Enhanced Dividend Fund (S39). The portfolio assets presented are those of the underlying pooled fund in which the FORTRESS Fund invests.

Par Value	Description	Cost <i>(in thousands)</i>	Market Value <i>(in thousands)</i>	% of Portf.
1,405,100	BCE Inc.	47,706	35,197	7.6%
775,500	Thomson Reuters Corp.	31,674	27,608	5.9%
734,500	Royal Bank of Canada	25,394	26,442	5.7%
555,200	The Toronto-Dominion Bank	25,342	24,107	5.2%
681,000	The Bank of Nova Scotia	24,155	22,575	4.9%
708,500	Bank of Montreal	39,296	22,119	4.8%
617,600	National Bank of Canada	29,416	19,325	4.2%
900,000	Manulife Financial Corp.	24,685	18,684	4.0%
366,400	Canadian Imperial Bank of Commerce	25,998	18,675	4.0%
505,000	Magna International Inc. Class A sub. voting	36,098	18,493	4.0%
729,600	Bell Aliant Regional Communications Income Fund	21,073	17,124	3.7%
652,400	Fortis Inc.	15,330	16,043	3.5%
699,900	First Capital Realty Inc.	14,420	13,200	2.8%
375,500	TELUS Corp. Class A non-voting	11,675	12,955	2.8%
340,000	Rogers Communications Inc. Class B non-voting	10,938	12,437	2.7%
420,000	Sun Life Financial Inc.	16,661	11,907	2.6%
439,200	Ritchie Bros. Auctioneers Inc.	10,355	11,336	2.4%
683,200	Finning International Inc.	12,497	9,715	2.1%
417,000	The Bank of Nova Scotia non-cumulative Series 17	10,425	8,632	1.9%
340,000	TransAlta Corp.	8,368	8,262	1.8%
343,550	Crescent Point Energy Trust	5,815	8,245	1.8%
400,000	The Toronto-Dominion Bank Class A Series Q	10,000	8,240	1.8%
232,800	TransCanada Corp.	7,321	7,701	1.7%
129,700	EnCana Corp.	8,215	7,360	1.6%
363,300	The Bank of Nova Scotia non-cumulative Series 16	9,062	7,139	1.5%
Total Investments		590,936	464,165	100.0%

FORTRESS® Canadian Equity Fund (Value)

The Canadian Equity Fund (Value) invests its assets in a Secondary Fund, Canada Life's Canadian Equity Fund (SRA) (S202). The portfolio assets presented are those of the underlying pooled fund in which the FORTRESS Fund invests.

No. of Units	Description	Cost <i>(in thousands)</i>	Market Value <i>(in thousands)</i>	% of Portf.
5,473,297	Scheer Rowlett Canadian Equity Fund Pooled	73,197	55,898	100.0%
Total Investments		73,197	55,898	100.0%

FORTRESS[®] Canadian Equity Fund (Core)

The Canadian Equity Fund (Core) invests its assets in a Secondary Fund, Canada Life's Canadian Equity Fund (Bissett) (S103). The portfolio assets presented are those of the underlying pooled fund in which the FORTRESS Fund invests.

No. of Units	Description	Cost <i>(in thousands)</i>	Market Value <i>(in thousands)</i>	% of Portf.
381,990	Bissett Canadian Equity Fund Series O	25,824	23,240	100.0%
Total Investments		25,824	23,240	100.0%

FORTRESS® Canadian Equity Fund (Growth)

The Canadian Equity Fund (Growth) invests its assets in a Secondary Fund, Canada Life's Canadian Equity Fund (Laketon) (S9). The portfolio assets presented are those of the underlying pooled fund in which the FORTRESS Fund invests.

No. of Shares	Description	Cost <i>(in thousands)</i>	Market Value <i>(in thousands)</i>	% of Portf.
325,900	Barrick Gold Corp.	12,236	14,561	7.8%
219,516	EnCana Corp.	12,363	12,458	6.7%
312,360	Royal Bank of Canada	12,329	11,245	6.0%
286,400	Goldcorp Inc.	9,375	10,986	5.9%
285,900	TransCanada Corp.	10,912	9,458	5.1%
212,128	The Toronto-Dominion Bank	12,133	9,211	4.9%
191,160	Canadian National Railway Co.	8,803	8,552	4.6%
228,400	The Bank of Nova Scotia	11,512	7,572	4.0%
153,920	Canadian Natural Resources Ltd.	9,137	7,491	4.0%
82,800	Potash Corp. of Saskatchewan Inc.	9,655	7,414	4.0%
335,000	Manulife Financial Corp.	10,549	6,955	3.7%
143,500	Shoppers Drug Mart Corp.	5,379	6,892	3.7%
259,300	BCE Inc.	8,136	6,496	3.5%
176,600	Rogers Communications Inc. Class B non-voting	5,641	6,460	3.5%
123,420	Canadian Imperial Bank of Commerce	8,406	6,291	3.4%
116,840	Research In Motion Ltd.	8,864	5,779	3.1%
200,606	Sun Life Financial Inc.	8,485	5,687	3.0%
134,400	Imperial Oil Ltd.	6,995	5,506	2.9%
137,800	Enbridge Inc.	5,082	5,443	2.9%
219,930	Suncor Energy Inc.	7,516	5,217	2.8%
242,100	ARC Energy Trust	5,298	4,854	2.6%
111,300	Tim Hortons Inc.	3,351	3,880	2.1%
171,780	Shaw Communications Inc. Class B non-voting	3,378	3,709	2.0%
137,500	Petro-Canada	4,026	3,659	2.0%
681,100	Bombardier Inc. Class B sub. voting	4,314	3,010	1.6%
Total Investments		219,152	187,010	100.0%

FORTRESS[®] Canadian Small Cap Equity Fund

The Canadian Small Cap Equity Fund invests its assets in a Secondary Fund, Canada Life's Canadian Small Cap Equity Fund (Bissett) (S105). The portfolio assets presented are those of the underlying pooled fund in which the FORTRESS Fund invests.

No. of Units	Description	Cost <i>(in thousands)</i>	Market Value <i>(in thousands)</i>	% of Portf.
924,033	Bissett Small Cap Fund Series O	63,513	38,551	100.0%
Total Investments		63,513	38,551	100.0%

FORTRESS® Global Equity Fund

The Global Equity Fund invests its assets in a Secondary Fund, Canada Life's Global Equity Fund (Setanta) (S34). The portfolio assets presented are those of the underlying pooled fund in which the FORTRESS Fund invests.

No. of Shares	Description	Cost <i>(in thousands)</i>	Market Value <i>(in thousands)</i>	% of Portf.
200,000	Canada Life Euro Focus 20 Fund (Setanta) SF306	2,470	2,169	3.5%
711,294	Vodafone Group PLC	2,237	1,768	2.9%
366,200	Terna SPA	1,088	1,466	2.4%
13,400	Exxon Mobil Corp.	1,160	1,299	2.1%
17,350	Johnson & Johnson	1,323	1,262	2.0%
36,691	CRH PLC	1,037	1,132	1.8%
47,453	GlaxoSmithKline PLC	1,233	1,087	1.8%
102,344	Svenska Cellulosa AB (SCA) B	1,161	1,076	1.7%
48,750	Pfizer Inc.	1,544	1,051	1.7%
14,450	General Dynamics Corp.	1,223	1,012	1.6%
20,000	E.On AG	1,159	989	1.6%
12,550	Sanofi-Aventis	916	975	1.6%
96,100	Synovus Financial Corp.	1,081	971	1.6%
30,030	Royal Dutch Shell PLC A	1,117	964	1.6%
18,750	Sigma-Aldrich Corp.	793	963	1.6%
83,000	United Overseas Bank Ltd.	929	917	1.5%
35,950	Comerica Inc.	1,295	868	1.4%
11,950	Bayer AG	902	858	1.4%
17,950	Belgacom SA	749	837	1.4%
38,261	People's United Financial Inc.	675	828	1.3%
166,701	DnB NOR ASA	1,836	816	1.3%
8,650	Casino Guichard-Perrashon SA	900	798	1.3%
12,395	Kimberly-Clark Corp.	880	795	1.3%
8,649	Schneider Electric SA	882	790	1.3%
480,835	Kasikornbank PCL - NVDR	1,105	775	1.3%
Total Investments		79,328	61,739	100.0%

FORTRESS® Asia Pacific Equity Fund

The Asia Pacific Equity Fund invests its assets in a Secondary Fund, Canada Life's Far East Equity Fund (Mackenzie) (S38). The portfolio assets presented are those of the underlying pooled fund in which the FORTRESS Fund invests.

No. of Shares	Description	Cost <i>(in thousands)</i>	Market Value <i>(in thousands)</i>	% of Portf.
2,606,600	Mackenzie Universal Select Managers Far East Capital Fund Class S	42,207	33,213	100.0%
Total Investments		42,207	33,213	100.0%

FORTRESS® European Equity Fund

The European Equity Fund invests its assets in a Secondary Fund, Canada Life's European Equity Fund (Setanta) (S37). The portfolio assets presented are those of the underlying pooled fund in which the FORTRESS Fund invests.

No. of Shares	Description	Cost <i>(in thousands)</i>	Market Value <i>(in thousands)</i>	% of Portf.
15,700	Sanofi-Aventis	1,148	1,219	4.9%
50,400	GlaxoSmithKline PLC	1,213	1,155	4.6%
26,700	Henkel AG & Co. KGaA Pfd.	1,276	1,047	4.2%
15,600	Total SA	1,215	1,040	4.1%
53,500	Nokia OYJ	1,529	1,014	4.0%
32,700	CRH PLC	1,578	1,009	4.0%
34,600	Eni SPA	1,129	1,002	4.0%
17,000	Swiss Reinsurance Co. AG Reg.	1,413	1,002	4.0%
397,700	Vodafone Group PLC	1,264	988	3.9%
64,500	Banco Bilbao Vizcaya Argentaria SA	1,565	968	3.9%
20,650	Belgacom SA	1,066	963	3.8%
55,900	Diageo PLC	997	960	3.8%
129,728	Banca Popolare di Milano	1,204	939	3.7%
29,781	Royal Dutch Shell PLC B	1,120	925	3.7%
10,000	Casino Guichard-Perrashon SA	1,100	923	3.7%
10,080	Schneider Electric SA	1,527	921	3.7%
15,800	Wincor Nixdorf AG	723	921	3.7%
18,255	E.On AG	1,069	903	3.6%
223,250	Home Retail Group	885	845	3.4%
11,450	Bayer AG	931	822	3.3%
46,050	DCC PLC	1,681	820	3.3%
14,100	Krones AG	1,216	760	3.0%
67,419	United Utilities Group PLC	1,227	754	3.0%
65,450	Pearson PLC	1,070	750	3.0%
4,700	Synthes Inc.	605	721	2.9%
Total Investments		33,457	25,067	100.0%

Portfolio Top Holdings - FORTRESS[®] 2

as at December 31, 2008 (in Canadian dollars)

FORTRESS[®] 2 Money Market Fund 2

The Money Market Fund 2 invests its assets in a Secondary Fund, TD Asset Management's Emerald[™] Canadian Short Term Investment Fund. The portfolio assets presented are those of the underlying pooled fund in which the FORTRESS Fund invests.

Par Value	Description	Cost <i>(in thousands)</i>	Market Value <i>(in thousands)</i>	% of Portf.
99,500,000	Government of Canada Treasury Bill 0.8800% Apr/30/2009	98,675	99,213	4.4%
94,800,000	Government of Canada Treasury Bill 0.8900% May/28/2009	94,127	94,460	4.2%
82,000,000	Government of Canada Treasury Bill 0.8900% Jun/11/2009	80,050	81,676	3.6%
70,000,000	Government of Canada Treasury Bill 0.8100% Jan/22/2009	68,859	69,967	3.1%
55,000,000	Government of Canada Treasury Bill 0.8400% Mar/05/2009	54,819	54,920	2.4%
54,500,000	Government of Canada Treasury Bill 0.9100% Aug/06/2009	53,057	54,206	2.4%
50,000,000	Sound Trust 5.8500% Jan/02/2009	49,994	49,992	2.2%
50,000,000	Government of Canada Treasury Bill 0.9000% Nov/26/2009	49,295	49,598	2.2%
44,000,000	Government of Canada Treasury Bill 0.8500% Mar/19/2009	43,315	43,920	1.9%
42,000,000	Government of Canada Treasury Bill 0.9100% Jul/09/2009	41,010	41,803	1.9%
40,900,000	Canadian Master Trust, Series "A" 4.5100% Jan/02/2009	40,895	40,895	1.8%
40,000,000	Ridge Trust 5.8500% Jan/02/2009	39,995	39,994	1.8%
38,700,000	Government of Canada Treasury Bill 0.8800% Apr/16/2009	37,695	38,602	1.7%
36,000,000	Government of Canada Treasury Bill 0.8300% Feb/19/2009	34,939	35,960	1.6%
35,000,000	Royal Bank of Canada 1.6600% Jan/14/2009	34,730	34,979	1.6%
35,000,000	Royal Bank of Canada 1.6400% Jan/19/2009	34,715	34,972	1.6%
35,000,000	Canadian Imperial Bank of Commerce 1.5800% Feb/10/2009	34,786	34,939	1.6%
35,000,000	Government of Canada Treasury Bill 0.8800% Apr/02/2009	34,819	34,923	1.5%
30,000,000	Pure Trust 3.3400% Jan/08/2009	29,918	29,981	1.3%
30,000,000	Government of Canada Treasury Bill 0.8900% Sep/03/2009	29,218	29,820	1.3%
26,100,000	Province of Ontario Treasury Bill 0.9500% Apr/27/2009	26,007	26,021	1.2%
26,000,000	Storm King Funding 3.4100% Jan/07/2009	25,899	25,985	1.2%
25,000,000	Canadian Imperial Bank of Commerce 1.9200% Jan/05/2009	24,951	24,995	1.1%
25,000,000	National Bank of Canada 1.6900% Jan/12/2009	24,808	24,987	1.1%
25,000,000	Bank of Nova Scotia (The) 1.6600% Jan/14/2009	24,801	24,985	1.1%
Total Investments		2,252,530	2,256,312	100.0%

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FORTRESS[®] 2 Canadian Bond Fund (Indexed)

The Canadian Bond Fund (Indexed) invests its assets in a Secondary Fund, TD Asset Management's Emerald[™] Canadian Bond Index Fund. The portfolio assets presented are those of the underlying pooled fund in which the FORTRESS Fund invests.

Par Value	Description	Cost <i>(in thousands)</i>	Market Value <i>(in thousands)</i>	% of Portf.
146,328,000	Canada Housing Trust No. 1 4.5500% Dec/15/2012	148,571	159,536	3.3%
101,580,000	Government of Canada 5.0000% Jun/01/2037	118,542	129,927	2.7%
84,221,000	Government of Canada 5.7500% Jun/01/2029	103,235	110,881	2.3%
100,935,000	Canada Housing Trust No. 1 4.6000% Sep/15/2011	102,779	108,498	2.2%
100,916,000	Canada Housing Trust No. 1 4.0500% Mar/15/2011	100,813	106,434	2.2%
69,820,000	Government of Canada 5.7500% Jun/01/2033	85,916	95,031	1.9%
80,478,000	Canada Housing Trust No. 1 3.9500% Dec/15/2011	80,604	85,320	1.7%
49,124,500	Government of Canada 8.0000% Jun/01/2027	69,815	78,506	1.6%
72,946,000	Canada Housing Trust No. 1 3.6000% Jun/15/2013	72,832	77,280	1.6%
69,198,000	Canada Housing Trust No. 1 3.9500% Jun/15/2013	69,092	74,317	1.5%
67,933,000	Canada Housing Trust No. 1 4.8000% Jun/15/2012	67,916	74,140	1.5%
71,107,000	Canada Housing Trust No. 1 3.7500% Mar/15/2010	70,808	73,364	1.5%
63,136,000	Canada Housing Trust No. 1 2.7000% Dec/15/2013	62,998	64,330	1.3%
60,070,000	Canada Housing Trust No. 1 4.0000% Jun/15/2012	59,936	63,970	1.3%
56,527,000	Canada Housing Trust No. 1 3.5500% Sep/15/2010	56,177	58,610	1.2%
53,762,000	Canada Housing Trust No. 1 3.5500% Sep/15/2013	53,750	56,902	1.2%
37,001,000	Government of Canada 8.0000% Jun/01/2023	53,254	56,740	1.2%
44,476,000	Government of Canada 4.0000% Jun/01/2016	44,319	49,495	1.0%
37,170,000	Government of Canada 4.5000% Jun/01/2015	39,271	42,448	0.9%
37,873,000	Government of Canada 4.0000% Jun/01/2017	39,150	42,144	0.9%
40,504,000	Government of Canada 3.7500% Jun/01/2010	41,244	42,086	0.9%
34,383,000	Government of Canada 3.5000% Jun/01/2013	36,601	37,022	0.8%
36,808,000	Province of Ontario 4.7000% Jun/02/2037	36,577	36,860	0.8%
34,060,000	Government of Canada 4.0000% Sep/01/2010	35,121	35,727	0.7%
20,437,000	Government of Canada 9.0000% Jun/01/2025	29,927	34,554	0.7%
Total Investments		4,739,262	4,839,219	100.0%

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FORTRESS[®] 2 Balanced Fund (Jarislowsky)

The Balanced Fund (Jarislowsky) invests its assets in a Secondary Fund, Canada Life's Balanced Fund (Jarislowsky Fraser) (S233). The portfolio assets presented are those of the underlying pooled fund in which the FORTRESS Fund invests.

No. of Units	Description	Cost <i>(in thousands)</i>	Market Value <i>(in thousands)</i>	% of Portf.
2,189,500	Jarislowsky Fraser Balanced Fund Pooled	31,264	26,710	100.0%
Total Investments		31,264	26,710	100.0%

FORTRESS[®] 2 Balanced Fund (Scheer Rowlett)

The Balanced Fund (Scheer Rowlett) invests its assets in a Secondary Fund, Canada Life's Balanced Fund (SRA) (S610). The portfolio assets presented are those of the underlying pooled fund in which the FORTRESS Fund invests.

Description	Cost <i>(in thousands)</i>	Market Value <i>(in thousands)</i>	% of Portf.
Investment In Units Of:			
Bond Fund (SRA) SF199	20,257	26,006	34.6%
Canadian Equity Fund (SRA) SF202	23,051	25,364	33.8%
European & Pacific Equity Fund (SRA) SF205	12,903	10,923	14.5%
U.S. Equity Fund (SRA) SF221	9,849	7,930	10.6%
Money Market Fund (SRA) SF201	4,357	4,876	6.5%
Total Investments	70,417	75,099	100.0%

FORTRESS[®] 2 Balanced Fund (TDQC)

The Balanced Fund (TDQC) invests its assets in a Secondary Fund, TD Asset Management's Emerald[™] Balanced Fund. The portfolio assets presented are those of the underlying pooled fund in which the FORTRESS Fund invests.

No. of Units	Description	Cost <i>(in thousands)</i>	Market Value <i>(in thousands)</i>	% of Portf.
11,787,006	TD Emerald Canadian Bond Index Fund	140,284	142,901	39.27%
4,800,372	TD Emerald Canadian Equity Index Fund	137,769	116,890	32.12%
5,557,357	TD Emerald U.S. Market Index Fund	57,644	45,449	12.49%
3,835,756	TD Emerald International Equity Index Fund	49,312	39,329	10.81%
1,925,283	TD Emerald Canadian Short Term Investment Fund	19,340	19,331	5.31%
Total Investments		404,350	363,899	100.0%

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FORTRESS[®] 2 Canadian Equity Fund (Core 2)

The Canadian Equity Fund (Core 2) invests its assets in a Secondary Fund, Canada Life's Canadian Equity Fund (Jarislowsky Fraser) (S232). The portfolio assets presented are those of the underlying pooled fund in which the FORTRESS Fund invests.

No. of Units	Description	Cost <i>(in thousands)</i>	Market Value <i>(in thousands)</i>	% of Portf.
1,436,814	Jarislowsky Fraser Canadian Equity Fund Pooled	39,893	37,270	100.0%
Total Investments		39,893	37,270	100.0%

FORTRESS[®] 2 Canadian Equity Fund (Growth 2)

The Canadian Equity Fund (Growth 2) invests its assets in a Secondary Fund, Canada Life's Canadian Equity Fund (Greystone) (S203). The portfolio assets presented are those of the underlying pooled fund in which the FORTRESS Fund invests.

No. of Units	Description	Cost <i>(in thousands)</i>	Market Value <i>(in thousands)</i>	% of Portf.
1,462,201	Greystone Canadian Equity Fund Pooled	36,358	25,659	100.0%
Total Investments		36,358	25,659	100.0%

FORTRESS[®] 2 Canadian Equity Fund (Indexed)

The Canadian Equity Fund (Indexed) invests its assets in a Secondary Fund, TD Asset Management's Emerald[™] Canadian Equity Index Fund. The portfolio assets presented are those of the underlying pooled fund in which the FORTRESS Fund invests.

No. of Shares or Units	Description	Cost <i>(in thousands)</i>	Market Value <i>(in thousands)</i>	% of Portf.
3,209,546	Royal Bank of Canada	117,157	115,865	5.7%
1,720,937	EnCana Corporation	72,982	98,025	4.9%
2,002,621	Barrick Gold Corporation	67,222	89,537	4.4%
1,942,618	Toronto-Dominion Bank (The)	97,497	84,407	4.2%
2,310,632	Bank of Nova Scotia (The)	80,867	76,967	3.8%
3,695,892	Manulife Financial Corporation	103,293	76,875	3.8%
1,673,293	Goldcorp Inc.	46,427	64,238	3.2%
693,556	Potash Corporation of Saskatchewan Inc.	39,501	62,101	3.1%
1,241,774	Canadian Natural Resources Limited	50,701	60,536	3.0%
1,134,041	Research In Motion Limited	49,788	56,135	2.8%
2,146,784	Suncor Energy Inc.	58,638	50,922	2.5%
1,076,766	Canadian National Railway Company	39,004	48,218	2.4%
1,404,382	TransCanada Corporation	43,088	46,583	2.3%
1,850,919	BCE Inc.	56,149	46,514	2.3%
874,298	Canadian Imperial Bank of Commerce	53,258	44,668	2.2%
1,220,094	Rogers Communications Inc., Class "B" NV	29,556	44,643	2.2%
1,237,885	Bank of Montreal	55,159	38,684	1.9%
1,285,998	Sun Life Financial Inc.	46,909	36,574	1.8%
1,519,458	Kinross Gold Corporation	22,465	34,188	1.7%
854,415	Enbridge Inc.	25,953	33,801	1.7%
1,112,328	Petro-Canada	35,673	29,721	1.5%
2,329,577	Talisman Energy Inc.	28,353	28,374	1.4%
728,287	TELUS Corporation	26,807	27,070	1.3%
1,193,088	Nexen Inc.	22,824	25,592	1.3%
585,081	Imperial Oil Limited	18,888	23,982	1.2%
Total Investments		2,444,475	2,152,909	100.0%

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FORTRESS[®] 2 U.S. Equity Fund (Indexed)

The U.S. Equity Fund (Indexed) invests its assets in a Secondary Fund, TD Asset Management's Emerald[™] U.S. Market Index Fund. The portfolio assets presented are those of the underlying pooled fund in which the FORTRESS Fund invests.

No. of Shares or Units	Description	Cost <i>(in thousands)</i>	Market Value <i>(in thousands)</i>	% of Portf.
494,119	Exxon Mobil Corporation	31,326	39,446	5.2%
290,000	Procter & Gamble Company (The)	16,546	17,928	2.4%
1,020,181	General Electric Company	32,567	16,527	2.2%
572,406	AT&T Inc.	19,015	16,314	2.2%
269,461	Johnson & Johnson	15,806	16,122	2.1%
197,314	Chevron Corporation	12,762	14,595	1.9%
743,066	Microsoft Corporation	20,937	14,445	1.9%
217,136	Wal-Mart Stores Inc.	11,152	12,173	1.6%
654,923	Pfizer Inc.	17,560	11,599	1.5%
362,559	JPMorgan Chase & Co.	14,682	11,431	1.5%
130,478	International Business Machines Corporation	12,761	10,981	1.5%
368,122	Wells Fargo & Company	10,835	10,852	1.4%
275,925	Verizon Communications Inc.	10,618	9,354	1.2%
568,701	Cisco Systems Inc.	13,610	9,270	1.2%
193,236	Coca-Cola Company (The)	9,978	8,748	1.2%
237,864	Hewlett-Packard Company	8,271	8,632	1.1%
196,226	Philip Morris International Inc.	7,246	8,538	1.1%
150,889	PepsiCo Inc.	8,663	8,264	1.1%
150,659	Abbott Laboratories	7,402	8,041	1.1%
540,245	Intel Corporation	13,027	7,920	1.1%
145,078	ConocoPhillips	8,338	7,515	1.0%
86,376	Apple Inc.	7,405	7,372	1.0%
23,270	Google Inc., Class "A"	10,640	7,159	1.0%
490,372	Bank of America Corporation	18,786	6,904	0.9%
382,734	Oracle Corporation	6,214	6,786	0.9%
Total Investments		1,225,422	943,101	100.0%

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FORTRESS[®] 2 Global Equity Fund 2

The Global Equity Fund 2 invests its assets in a Secondary Fund, Canada Life's Global Equity Fund (McLean Budden) (S111). The portfolio assets presented are those of the underlying pooled fund in which the FORTRESS Fund invests.

No. of Units	Description	Cost <i>(in thousands)</i>	Market Value <i>(in thousands)</i>	% of Portf.
242,731	McLean Budden Global Equity Fund Pooled	3,441	2,654	100.0%
Total Investments		3,441	2,654	100.0%

FORTRESS[®] 2 International Equity Fund (Indexed)

The International Equity Fund (Indexed) invests its assets in a Secondary Fund, TD Asset Management's Emerald[™] International Equity Index Fund. The portfolio assets presented are those of the underlying pooled fund in which the FORTRESS Fund invests.

No. of Shares or Units	Description	Cost <i>(in thousands)</i>	Market Value <i>(in thousands)</i>	% of Portf.
340,300	iShares MSCI EAFE Index Fund	17,983	18,850	2.4%
313,039	Nestle SA	12,141	15,104	1.9%
1,556,442	BP PLC	18,226	14,531	1.9%
194,465	Novartis AG	11,488	11,887	1.5%
174,367	TOTAL SA	11,909	11,642	1.5%
985,047	HSBC Holdings PLC	17,804	11,574	1.5%
57,423	Roche Holding AG	9,739	10,823	1.4%
4,313,258	Vodafone Group PLC	14,247	10,641	1.4%
427,615	GlaxoSmithKline PLC	13,028	9,749	1.2%
346,099	Telefonica SA	7,846	9,413	1.2%
293,285	Royal Dutch Shell PLC, Class "A"	10,758	9,396	1.2%
225,500	Toyota Motor Corporation	11,631	8,921	1.1%
653,628	Banco Santander SA	9,905	7,571	1.0%
155,371	E.ON AG	6,547	7,471	1.0%
274,304	BHP Billiton Limited	5,341	7,187	0.9%
224,863	Royal Dutch Shell PLC, Class "B"	8,603	6,889	0.9%
85,969	Sanofi-Aventis	7,808	6,698	0.9%
70,985	Siemens AG	7,280	6,430	0.8%
843,460	Mitsubishi UFJ Financial Group Inc.	9,560	6,306	0.8%
212,791	Eni SpA	6,135	6,113	0.8%
310,633	Nokia Oyj	8,539	5,917	0.8%
118,651	AstraZeneca PLC	6,825	5,911	0.8%
89,561	GDF SUEZ	4,436	5,429	0.7%
149,576	France Telecom SA	5,327	5,123	0.7%
155,091	British American Tobacco PLC	4,225	4,955	0.6%
Total Investments		1,036,262	799,838	100.0%

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