

FORTRESS[®] Funds

2009 Annual Financial Statements



FaithLife
FINANCIAL

AUDITORS' REPORT

To the Members and Board of Directors of Faithlife Financial
and to the Unitholders of Faithlife Financial 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, 2009 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, 2009 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 29, 2010

SEGREGATED FUNDS - FORTRESS

Statement of Changes in Net Assets Semi-Annual Year Ended December 31, 2009 (in thousands of Canadian dollars)

	Money Market Fund		Canadian Bond Fund		Global Bond Fund		Balanced Fund (Laketon)		Balanced Fund (McLean Budden)	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Funds at Beginning of Year	6,832	2,949	13,853	11,693	1,303	464	12,620	16,576	7,538	9,572
Members' Deposits	1,297	3,751	2,589	2,681	254	543	766	907	679	975
Transfers Between Funds	(699)	1,567	1,267	877	(621)	198	(44)	(623)	(670)	(240)
Net Balance of Investment Operations and Expenses for the Year	(46)	77	567	314	(160)	155	1,547	(2,647)	1,079	(1,938)
Members' Withdrawals	(1,510)	(1,512)	(2,721)	(1,712)	(83)	(57)	(1,497)	(1,593)	(734)	(831)
Net Change in Funds for year	(958)	3,883	1,702	2,160	(610)	839	772	(3,956)	354	(2,034)
Funds at End of year	5,874	6,832	15,555	13,853	693	1,303	13,392	12,620	7,892	7,538
Net Asset Value per Unit	81.05	81.54	151.88	146.01	14.56	17.00	53.61	47.28	16.82	14.31

	Enhanced Dividend Fund		Canadian Equity Fund (Value)		Canadian Equity Fund (Core)		Canadian Equity Fund (Growth)		Canadian Small Cap Equity Fund	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Funds at Beginning of Year	35,119	48,942	5,762	10,207	2,190	4,048	13,383	20,034	4,083	8,050
Members' Deposits	3,718	5,786	563	252	89	11	598	864	423	268
Transfers Between Funds	(126)	(575)	206	(437)	288	(309)	(136)	468	483	(340)
Net Balance of Investment Operations and Expenses for the Year	9,511	(14,707)	1,832	(3,567)	847	(1,237)	3,091	(6,267)	2,409	(3,395)
Members' Withdrawals	(3,713)	(4,327)	(667)	(693)	(163)	(323)	(1,421)	(1,716)	(495)	(500)
Net Change in Funds for year	9,390	(13,823)	1,934	(4,445)	1,061	(1,858)	2,132	(6,651)	2,820	(3,967)
Funds at End of year	44,509	35,119	7,696	5,762	3,251	2,190	15,515	13,383	6,903	4,083
Net Asset Value per Unit	26.33	20.55	25.19	18.76	18.62	13.48	264.63	212.08	15.80	10.01

	Global Equity Fund		Asia Pacific Equity Fund		European Equity Fund	
	2009	2008	2009	2008	2009	2008
Funds at Beginning of Year	2,415	4,019	1,197	2,126	941	1,798
Members' Deposits	129	15	76	114	21	(69)
Transfers Between Funds	(93)	(229)	213	(138)	(57)	(221)
Net Balance of Investment Operations and Expenses for the Year	304	(993)	439	(759)	102	(461)
Members' Withdrawals	(226)	(397)	(127)	(146)	(96)	(106)
Net Change in Funds for year	114	(1,604)	601	(929)	(30)	(857)
Funds at End of year	2,529	2,415	1,798	1,197	911	941
Net Asset Value per Unit	48.89	42.80	11.41	8.26	17.53	15.35

SEGREGATED FUNDS - FORTRESS 2

Statement of Changes in Net Assets
Semi-Annual Year Ended December 31, 2009
(in thousands of Canadian dollars)

	Money Market Fund 2		Canadian Bond Fund (Indexed)		Balanced Fund (Jarislowsky)		Balanced Fund (Scheer Rowlett)		Balanced Fund (TDQC)	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Funds at Beginning of Year	438	209	387	356	375	483	752	939	422	383
Members' Deposits	110	161	77	42	51	53	115	170	37	160
Transfers Between Funds	29	212	(17)	(10)	(19)	(18)	46	(114)	(22)	(4)
Net Balance of Investment Operations and Expenses for the Year	(1)	6	11	15	41	(80)	138	(202)	51	(91)
Members' Withdrawals	(133)	(150)	(45)	(16)	(65)	(63)	(155)	(41)	(36)	(26)
Net Change in Funds for year	5	229	26	31	8	(108)	144	(187)	30	39
Funds at End of year	443	438	413	387	383	375	896	752	452	422
Net Asset Value per Unit	11.50	11.53	15.76	15.30	15.64	13.99	16.72	14.18	15.98	14.10

	Canadian Equity Fund (Core 2)		Canadian Equity Fund (Growth 2)		Canadian Equity Fund (Indexed)		U.S. Equity Fund (Indexed)		Global Equity Fund 2	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Funds at Beginning of Year	550	829	549	931	281	403	41	57	90	153
Members' Deposits	33	96	76	131	23	104	1	1	6	11
Transfers Between Funds	13	(19)	(3)	1	(17)	(21)	(1)	(2)	(5)	(3)
Net Balance of Investment Operations and Expenses for the Year	123	(217)	133	(361)	83	(151)	1	(13)	7	(30)
Members' Withdrawals	(114)	(139)	(117)	(153)	(25)	(54)	(16)	(2)	(10)	(41)
Net Change in Funds for year	55	(279)	89	(382)	64	(122)	(15)	(16)	(2)	(63)
Funds at End of year	605	550	638	549	345	281	26	41	88	90
Net Asset Value per Unit	28.51	23.15	22.17	17.80	35.85	27.10	8.08	7.72	12.12	10.98

	International Equity Fund (Indexed)	
	2009	2008
Funds at Beginning of Year	194	296
Members' Deposits	9	33
Transfers Between Funds	(4)	(20)
Net Balance of Investment Operations and Expenses for the Year	17	(91)
Members' Withdrawals	(24)	(24)
Net Change in Funds for year	(2)	(102)
Funds at End of year	192	194
Net Asset Value per Unit	11.24	10.26

SEGREGATED FUNDS - FORTRESS

Statement of Net Assets

Semi-Annual Year Ended December 31, 2009

(in thousands of Canadian dollars)

	Money Market Fund		Canadian Bond Fund		Global Bond Fund		Balanced Fund (Laketon)		Balanced Fund (McLean Budden)	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
ASSETS										
Investments at Market Value, represented by investments in funds managed by 3rd party investment manager	\$ 5,874	\$ 6,832	\$ 15,555	\$ 13,853	\$ 693	\$ 1,303	\$ 13,392	\$ 12,620	\$ 7,892	\$ 7,538
Total net assets and funds held for benefit of members	\$ 5,874	\$ 6,832	\$ 15,555	\$ 13,853	\$ 693	\$ 1,303	\$ 13,392	\$ 12,620	\$ 7,892	\$ 7,538

	Enhanced Dividend Fund		Canadian Equity Fund (Value)		Canadian Equity Fund (Core)		Canadian Equity Fund (Growth)		Canadian Small Cap Equity Fund	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
ASSETS										
Investments at Market Value, represented by investments in funds managed by 3rd party investment manager	\$ 44,509	\$ 35,119	\$ 7,696	\$ 5,762	\$ 3,251	\$ 2,190	\$ 15,515	\$ 13,383	\$ 6,903	\$ 4,083
Total net assets and funds held for benefit of members	\$ 44,509	\$ 35,119	\$ 7,696	\$ 5,762	\$ 3,251	\$ 2,190	\$ 15,515	\$ 13,383	\$ 6,903	\$ 4,083

	Global Equity Fund		Asia Pacific Equity Fund		European Equity Fund	
	2009	2008	2009	2008	2009	2008
ASSETS						
Investments at Market Value, represented by investments in funds managed by 3rd party investment manager	\$ 2,529	\$ 2,415	\$ 1,798	\$ 1,197	\$ 911	\$ 941
Total net assets and funds held for benefit of members	\$ 2,529	\$ 2,415	\$ 1,798	\$ 1,197	\$ 911	\$ 941

SEGREGATED FUNDS - FORTRESS 2

Statement of Net Assets

Semi-Annual Year Ended December 31, 2009

(in thousands of Canadian dollars)

	Money Market Fund 2		Canadian Bond Fund (Indexed)		Balanced Fund (Jarislowsky)		Balanced Fund (Scheer Rowlett)		Balanced Fund (TDQC)	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
ASSETS										
Investments at Market Value, represented by investments in funds managed by 3rd party investment manager	\$ 443	\$ 438	\$ 413	\$ 387	\$ 383	\$ 375	\$ 896	\$ 752	\$ 452	\$ 422
Total net assets and funds held for benefit of members	\$ 443	\$ 438	\$ 413	\$ 387	\$ 383	\$ 375	\$ 896	\$ 752	\$ 452	\$ 422

	Canadian Equity Fund (Core 2)		Canadian Equity Fund (Growth 2)		Canadian Equity Fund (Indexed)		U.S. Equity Fund (Indexed)		Global Equity Fund 2	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
ASSETS										
Investments at Market Value, represented by investments in funds managed by 3rd party investment manager	\$ 605	\$ 550	\$ 638	\$ 549	\$ 345	\$ 281	\$ 26	\$ 41	\$ 88	\$ 90
Total net assets and funds held for benefit of members	\$ 605	\$ 550	\$ 638	\$ 549	\$ 345	\$ 281	\$ 26	\$ 41	\$ 88	\$ 90

	International Equity Fund (Indexed)	
	2009	2008
ASSETS		
Investments at Market Value, represented by investments in funds managed by 3rd party investment manager	\$ 192	\$ 194
Total net assets and funds held for benefit of members	\$ 192	\$ 194

SEGREGATED FUNDS - FORTRESS

Statement of Operations

Semi-Annual Year Ended December 31, 2009

(in thousands of Canadian dollars)

	Money Market Fund		Canadian Bond Fund		Global Bond Fund		Balanced Fund (Laketon)		Balanced Fund (McLean Budden)	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Income										
Net investment income, capital gains and unrealized appreciation (depreciation) on investments	\$ 50	\$ 133	\$ 895	\$ 618	\$ (139)	\$ 168	\$ 1,861	\$ (2,277)	\$ 1,258	\$ (1,716)
Expenses										
Management and administrative fees	96	56	328	304	21	13	314	370	179	222
Net Balance of Investment Operations and Expenses for Year	\$ (46)	\$ 77	\$ 567	\$ 314	\$ (160)	\$ 155	\$ 1,547	\$ (2,647)	\$ 1,079	\$ (1,938)

	Enhanced Dividend Fund		Canadian Equity Fund (Value)		Canadian Equity Fund (Core)		Canadian Equity Fund (Growth)		Canadian Small Cap Equity Fund	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Income										
Net investment income, capital gains and unrealized appreciation (depreciation) on investments	\$ 10,436	\$ (13,618)	\$ 1,998	\$ (3,325)	\$ 914	\$ (1,152)	\$ 3,457	\$ (5,778)	\$ 2,578	\$ (3,180)
Expenses										
Management and administrative fees	925	1,089	166	242	67	85	366	489	169	215
Net Balance of Investment Operations and Expenses for Year	\$ 9,511	\$ (14,707)	\$ 1,832	\$ (3,567)	\$ 847	\$ (1,237)	\$ 3,091	\$ (6,267)	\$ 2,409	\$ (3,395)

	Global Equity Fund		Asia Pacific Equity Fund		European Equity Fund	
	2009	2008	2009	2008	2009	2008
Income						
Net investment income, capital gains and unrealized appreciation (depreciation) on investments	\$ 364	\$ (911)	\$ 476	\$ (714)	\$ 124	\$ (427)
Expenses						
Management and administrative fees	60	82	37	45	22	34
Net Balance of Investment Operations and Expenses for Year	\$ 304	\$ (993)	\$ 439	\$ (759)	\$ 102	\$ (461)

SEGREGATED FUNDS

Statement of Investment Portfolio

as at December 31, 2009

(in thousands of Canadian dollars)

SEGREGATED FUNDS - FORTRESS

Holdings	Fund Name	Issuer/Description	Cost	Market Value	% of Portfolio
249,802	Balanced Fund (Laketon)	Cda Life Managed Fund (Laketon)	\$ 12,135	\$ 13,392	10.59
58,631	Cdn. Equity Fund (Growth)	Cda Life Canadian Equity Fund (Laketon)	12,747	15,515	12.26
1,690,612	Enhanced Dividend Fund	Cda Life Enhanced Dividend Fund (Laketon)	40,475	44,509	35.18
102,416	Cdn Bond Fund	Cda Life Fixed Income Fund (Laketon)	14,184	15,555	12.29
51,731	Global Equity Fund	Cda Life Global Equity Fund	3,793	2,529	2.00
436,949	Cdn. Small-Cap Equity Fund	Cda Life Small Cap Equity Fund (Bissett)	6,636	6,903	5.46
469,156	Balanced Fund (McLean Budden)	Cda Life Balanced Fund (McLean Budden)	7,559	7,892	6.24
305,546	Cdn. Equity Fund (Value)	Cda Life Canadian Equity Fund (SRA)	7,200	7,696	6.08
72,471	Money Market Fund	Cda Life Money Market Fund (Laketon)	5,851	5,874	4.64
174,576	Cdn. Equity Fund (Core)	Cda Life Canadian Equity Fund (Bissett)	2,915	3,251	2.57
51,973	European Equity Fund	Cda Life European Equity Fund	1,213	911	0.72
47,574	Global Bond Fund	Cda Life International Bond Fund (Laketon)	750	692	0.55
157,585	Asia Pacific Equity Fund	Cda Life Far East Equity Fund	1,694	1,798	1.42
TOTAL NET ASSETS			\$ 117,152	\$ 126,517	100.00

SEGREGATED FUNDS - FORTRESS 2

Holdings	Fund Name	Issuer/Description	Cost	Market Value	% of Portfolio
24,480	Balanced Fund (Jarislowsky)	Cda Life Balanced Fund (Jarislowsky Fraser)	\$ 348	\$ 383	8.55
26,197	Cdn. Bond Fund (Indexed)	TDAM Emerald Canadian Bond Index Fund	279	413	9.21
21,220	Cdn. Equity Fund (Core 2)	Cda Life Canadian Equity Fund (Jarislowsky Fraser)	522	605	13.50
38,522	Money Market Fund 2	TDAM Emerald Short-Term Investment Fund	402	443	9.89
28,785	Cdn. Equity Fund (Growth 2)	Cda Life Canadian Equity Fund (Greystone)	665	638	14.24
53,616	Balanced Fund (Scheer Rowlett)	Cda Life Balanced Fund (SRA)	862	896	20.00
28,290	Balanced Fund (TDQC)	TDAM Emerald Balanced Fund	401	452	10.09
9,614	Cdn. Equity Fund (Indexed)	TDAM Emerald Canadian Equity Index Fund	281	345	7.70
17,075	Int'l Equity Fund (Indexed)	TDAM Emerald International Equity Index Fund	229	192	4.28
7,282	Global Equity Fund 2	Cda Life Global Equity Fund (McLean Budden)	102	88	1.96
3,231	U.S. Equity Fund (Indexed)	TDAM Emerald U.S. Market Index Fund	44	26	0.58
TOTAL NET ASSETS			\$ 4,135	\$ 4,481	100.00

FAITHLIFE FINANCIAL

(FORMERLY LUTHERAN LIFE INSURANCE SOCIETY OF
CANADA SEGREGATED FUNDS)

Notes to Financial Statements

Year ended December 31, 2009

Faithlife Financial 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 SEGREGATED FUNDS

Notes to Financial Statements (continued)

Year ended December 31, 2009

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. Future changes in accounting policies - International Financial Reporting Standards:

In February 2008, the Canadian Accounting Standards Board (AcSB) confirmed that a profit-oriented public accountable enterprise will be required to adopt International Financial Reporting Standards (IFRS). IFRS will replace current Canadian GAAP for those enterprises. For the Society, IFRS will be effective for interim and annual periods commencing January 1, 2011, including the preparation and reporting of one year of comparative figures. The Society is currently in the process of evaluating the impacts and implications of its conversion to IFRS.

4. 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 SEGREGATED FUNDS

Notes to Financial Statements (continued)

Year ended December 31, 2009

4. 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, 2009 and 2008 were as follows:

(a) FORTRESS® Funds:

	2009		2008	
	Units outstanding	Value per unit	Units outstanding	Value per unit
Money Market Fund	72,471	81.05	83,782	\$ 81.54
Canadian Bond Fund	102,416	151.88	94,881	146.01
Global Bond Fund	47,574	14.56	76,652	17.00
Balanced Fund (Laketon)	249,802	53.61	266,908	47.28
Balanced Fund (McLean Budden)	469,156	16.82	526,903	14.31
Enhanced Dividend Fund	1,690,612	26.33	1,708,867	20.55
Canadian Equity Fund (Value)	305,546	25.19	307,183	18.76
Canadian Equity Fund (Core)	174,576	18.62	162,533	13.48
Canadian Equity Fund (Growth)	58,631	264.63	63,103	212.08
Canadian Small Cap Equity Fund	436,949	15.80	407,986	10.01
Global Equity Fund	51,731	48.89	56,426	42.80
Asia Pacific Equity Fund	157,585	11.41	145,029	8.26
European Equity Fund	51,973	17.53	61,280	15.35

FAITHLIFE FINANCIAL SEGREGATED FUNDS

Notes to Financial Statements (continued)

Year ended December 31, 2009

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

(b) FORTRESS₂ Funds:

	2009		2008	
	Units outstanding	Value per unit	Units outstanding	Value per unit
Money Market Fund 2	38,522	11.50	38,000	\$ 11.53
Canadian Bond Fund (Indexed)	26,197	15.76	25,279	15.30
Balanced Fund (Jarislowsky)	24,480	15.64	26,769	13.99
Balanced Fund (Scheer Rowlett)	53,616	16.72	53,040	14.18
Balanced Fund (TDQC)	28,290	15.98	29,908	14.10
Canadian Equity Fund (Core 2)	21,220	28.51	23,761	23.15
Canadian Equity Fund (Growth 2)	28,785	22.17	30,848	17.80
Canadian Equity Fund (Indexed)	9,614	35.85	10,361	27.10
U.S. Equity Fund (Indexed)	3,231	8.08	5,253	7.72
Global Equity Fund 2	7,282	12.12	8,159	10.98
International Equity Fund (Indexed)	17,075	11.24	18,933	10.26

FAITHLIFE FINANCIAL SEGREGATED FUNDS

Notes to Financial Statements (continued)

Year ended December 31, 2009

5. 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 SEGREGATED FUNDS

Notes to Financial Statements (continued)

Year ended December 31, 2009

6. 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.

7. 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:

	2009	2008	2007	2006	2005
Money Market Fund	1.33%	1.33%	1.36%	1.37%	1.37%
Canadian Bond Fund	2.38%	2.38%	2.42%	2.44%	2.44%
Global Bond Fund	2.38%	2.38%	2.42%	2.45%	2.44%
Balanced Fund (Laketon)	2.64%	2.65%	2.68%	2.69%	2.70%
Balanced Fund (McLean Budden)	2.64%	2.65%	2.69%	2.71%	2.71%
Enhanced Dividend Fund	2.64%	2.54%	2.57%	2.60%	2.60%
Canadian Equity Fund (Value)	2.74%	2.75%	2.79%	2.82%	2.82%
Canadian Equity Fund (Core)	2.74%	2.75%	2.79%	2.82%	2.81%
Canadian Equity Fund (Growth)	2.74%	2.75%	2.79%	2.80%	2.81%
Canadian Small Cap Equity Fund	3.43%	3.43%	3.48%	3.51%	3.51%
Global Equity Fund	2.74%	2.75%	2.81%	2.79%	2.82%
Asia Pacific Equity Fund	2.74%	2.75%	2.80%	2.86%	2.93%
European Equity Fund	2.74%	2.75%	2.80%	2.79%	2.83%

FAITHLIFE FINANCIAL SEGREGATED FUNDS

Notes to Financial Statements (continued)

Year ended December 31, 2009

7. Management expense ratio (continued):

(b) FORTRESS₂ Funds:

	2009	2008	2007	2006	2005
Money Market Fund 2	1.33%	1.35%	1.36%	1.36%	1.36%
Canadian Bond Fund (Indexed)	2.12%	2.14%	2.14%	2.15%	2.15%
Balanced Fund (Jarislowsky)	2.48%	2.49%	2.52%	2.55%	2.54%
Balanced Fund (Scheer Rowlett)	2.48%	2.49%	2.51%	2.53%	2.53%
Balanced Fund (TDQC)	2.24%	2.25%	2.27%	2.28%	2.28%
Canadian Equity Fund (Core 2)	2.53%	2.54%	2.57%	2.60%	2.60%
Canadian Equity Fund (Growth 2)	2.53%	2.54%	2.58%	2.61%	2.60%
Canadian Equity Fund (Indexed)	2.27%	2.28%	2.29%	2.32%	2.31%
U.S. Equity Fund (Indexed)	2.45%	2.47%	2.49%	2.49%	2.48%
Global Equity Fund 2	2.69%	2.70%	2.75%	2.79%	2.76%
International Equity Fund (Indexed)	2.50%	2.47%	2.56%	2.55%	2.56%

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 2009, each fund's management expense ratio would have increased by 0.05%.

FAITHLIFE FINANCIAL SEGREGATED FUNDS

Notes to Financial Statements (continued)

Year ended December 31, 2009

8. 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:

	2009	2008
Money Market Fund	3.60%	6.44%
Canadian Bond Fund	9.98%	8.84%
Global Bond Fund	5.32%	17.29%
Balanced Fund (Laketon)	6.26%	4.25%
Balanced Fund (McLean Budden)	7.64%	5.17%
Enhanced Dividend Fund	7.71%	4.50%
Canadian Equity Fund (Value)	19.57%	10.71%
Canadian Equity Fund (Core)	14.95%	6.50%
Canadian Equity Fund (Growth)	7.00%	4.60%
Canadian Small Cap Equity Fund	10.68%	5.02%
Global Equity Fund	5.21%	3.09%
Asia Pacific Equity Fund	3.19%	1.86%
European Equity Fund	3.91%	2.02%

(b) FORTRESS₂ Funds:

	2009	2008
Money Market Fund 2	0.02%	0.02%
Canadian Bond Fund (Indexed)	0.01%	0.01%
Balanced Fund (Jarislowsky)	1.31%	0.50%
Balanced Fund (Scheer Rowlett)	1.08%	0.82%
Balanced Fund (TDQC)	0.10%	0.12%
Canadian Equity Fund (Core 2)	1.36%	0.95%
Canadian Equity Fund (Growth 2)	2.11%	1.50%
Canadian Equity Fund (Indexed)	0.01%	0.01%
U.S. Equity Fund (Indexed)	0.01%	0.01%
Global Equity Fund 2	3.48%	1.64%
International Equity Fund (Indexed)	0.01%	0.02%

FAITHLIFE FINANCIAL SEGREGATED FUNDS

Notes to Financial Statements (continued)

Year ended December 31, 2009

8. Fair value hierarchy analysis:

The table below provides an analysis of the basis of measurement used to fair value financial instruments carried at fair value, categorised by the following fair value hierarchy:

Level 1: quoted prices (unadjusted) in active markets for identical assets

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset either directly (i.e., as prices) or indirectly (i.e., derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
Investments	\$ 130,999	\$ -	\$ -	\$ 130,999

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, 2009 (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.

Units, Shares, or Par Value	Description	Cost <i>(in thousands)</i>	Market Value <i>(in thousands)</i>	% of Portf.
48,000,000	Government of Canada - 0.20869% Mar/04/2010	47,973	47,973	24.6%
19,400,000	Government of Canada - 0.26910% May/27/2010	19,374	19,374	9.9%
18,600,000	Province of Ontario 4.00% 05-19-10	19,040	19,040	9.7%
19,000,000	CDN Imperial Bank of Commerce-0.28128% Jan/14/2010	18,987	18,987	9.7%
18,000,000	Royal Bank of Canada - 0.25555% Jan/29/2010	17,997	17,997	9.2%
18,000,000	Bank of Montreal - 0.26868% Jan/08/2010	17,988	17,988	9.2%
16,250,000	Government of Canada - 0.30932% Apr/29/2010	16,225	16,225	8.3%
13,000,000	Province of Manitoba - 0.22876% Mar/03/2010	12,993	12,993	6.7%
7,000,000	Province of Ontario - 0.31938% May/26/2010	6,989	6,989	3.6%
6,500,000	Province of BC - 0.33905% Apr/26/2010	6,489	6,489	3.3%
4,250,000	Hongkong Bank of Canada - 0.29205% Jan/19/2010	4,249	4,249	2.2%
4,250,000	Hongkong Bank of Canada - 0.29660% Jan/15/2010	4,249	4,249	2.2%
1,500,000	Hongkong Bank of Canada - 0.30888% Jan/12/2010	1,500	1,500	0.8%
700,000	Government of Canada - 0.21407% Jan/21/2010	700	700	0.4%
300,000	Government of Canada - 0.21100% Mar/04/2010	300	300	0.2%
300,000	Government of Canada - 0.21182% Mar/04/2010	300	300	0.2%
Total Investments		195,353	195,353	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.

Units, Shares, or Par Value	Description	Cost <i>(in thousands)</i>	Market Value <i>(in thousands)</i>	% of Portf.
548,000,000	European Investment Bank 1.40% 06-20-17	6,220	6,324	30.7%
2,128,000	Int'l Bk for Reconstruction & Development - 5.00% 04-01-16	2,550	2,421	11.8%
1,370,000	Deutschland Republic 4.25% 07-04-39	2,304	2,108	10.2%
1,410,000	Caisse dAmortissement de la Dette Sociale 3.75% 10-25-20	2,046	2,088	10.1%
1,572,000	United States Treasury 2.75% 02-15-19	1,944	1,521	7.4%
1,387,000	Int'l Bk for Reconstruction & Development 5.75% - 02-15-35	1,529	1,400	6.8%
1,510,000	Government of Australia 5.25% 03-15-19	1,348	1,386	6.7%
833,000	Government of France 4.00% 04-25-13	1,409	1,335	6.5%
497,000	Int'l Bk for Reconstruction & Development - 4.875% 12-07-28	985	855	4.2%
399,000	Government of Canada 5.75% 06-01-33	509	492	2.4%
259,000	Reseau Ferre de France 5.00% 10-10-33	417	414	2.0%
130,000	General Electric Capital Corp 6.25% 12-15-17	279	233	1.1%
Total Investments		21,540	20,577	100.0%

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.

Units, Shares, or Par Value	Description	Cost <i>(in thousands)</i>	Market Value <i>(in thousands)</i>	% of Portf.
32,127,000	Government of Canada 4.00% 06-01-16	32,990	33,791	15.1%
26,599,000	Canada Housing Trust 3.55% 09-15-13	26,971	27,518	12.3%
17,624,000	Province of Ontario 6.50% 03-08-29	21,382	21,213	9.5%
8,779,000	Province of Quebec 6.25% 06-01-32	10,231	10,278	4.6%
7,880,000	Government of Canada 5.75% 06-01-29	10,125	9,506	4.2%
9,600,000	Government of Canada 3.50% 06-01-20	9,673	9,379	4.2%
5,729,000	Province of Manitoba 6.30% 03-05-31	6,220	6,782	3.0%
5,959,000	Sun Life Financial Inc. 5.12% 06-26-18 -Callable 2013	5,956	6,239	2.8%
5,815,000	JPMorgan Chase & Co. 3.88% 09-08-15	5,798	5,865	2.6%
5,425,000	The Bank of Nova Scotia 4.99% 03-27-18 - Callable 2013	5,423	5,765	2.6%
5,011,000	Golden Credit Card Trust 5.421% 04-15-13	5,011	5,398	2.4%
4,636,000	Master Credit Card Trust 5.237% 05-21-13	4,635	4,978	2.2%
4,607,000	Hydro One Inc. 5.00% 11-12-13	4,602	4,958	2.2%
4,489,000	Canadian Imperial Bank of Commerce 3.30% 11-19-14	4,488	4,474	2.0%
4,324,000	US Bank NA 3.80% 08-09-15	4,301	4,325	1.9%
4,083,000	Royal Bank of Canada 4.84% 03-11-18 - Callable 2013	4,111	4,324	1.9%
4,018,000	Manulife Financial Corp. 5.161% 06-26-15 Callable	4,016	4,268	1.9%
3,752,000	Bell Aliant Regional Communications LP 4.72% 09-26-11	3,706	3,899	1.7%
4,742,000	HBOS PLC 5.109% 06-21-17 Callable	4,709	3,794	1.7%
3,350,000	407 International Inc. 5.00% 01-31-11 Callable	3,344	3,465	1.5%
3,314,000	GE Capital Canada Funding Co. 4.375% 09-28-12	3,255	3,433	1.5%
3,522,000	Bank of America Corp. 5.15% 05-30-17	3,491	3,314	1.5%
3,035,000	The Toronto-Dominion Bank 5.382% 11-01-17 - Callable 2012	3,037	3,259	1.5%
2,827,000	TransCanada PipeLines Ltd. 5.10% 01-11-17	2,823	2,990	1.3%
2,585,000	Province of New Brunswick 5.65% 12-27-28	2,616	2,806	1.3%
Total Investments		220,550	224,367	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.

Units, Shares, or Par Value	Description	Cost <i>(in thousands)</i>	Market Value <i>(in thousands)</i>	% of Portf.
10,402,000	Government of Canada 4.00% 06-01-16	10,562	10,941	5.3%
8,802,000	Canada Housing Trust 3.55% 09-15-13	8,844	9,106	4.4%
6,005,000	Province of Ontario 6.50% 03-08-29	7,344	7,228	3.5%
112,000	Royal Bank of Canada	4,597	6,312	3.0%
126,800	Suncor Energy Inc.	4,385	4,706	2.3%
103,800	Barrick Gold Corp.	4,028	4,297	2.1%
54,670	Canadian Natural Resources Ltd.	3,096	4,137	2.0%
58,810	The Toronto-Dominion Bank	3,287	3,878	1.9%
2,995,000	Province of Quebec 6.25% 06-01-32	3,488	3,506	1.7%
88,290	Teck Resources Ltd. Class B Sub. voting	1,744	3,240	1.6%
56,200	Canadian National Railway Co.	2,427	3,211	1.5%
65,200	The Bank of Nova Scotia	3,016	3,207	1.5%
2,517,000	Government of Canada 5.75% 06-01-29	3,241	3,036	1.5%
3,100,000	Government of Canada 3.50% 06-01-20	3,124	3,029	1.5%
37,330	Research In Motion Ltd.	3,171	2,649	1.3%
128,800	Manulife Financial Corp.	3,378	2,486	1.2%
44,400	Bank of Montreal	2,208	2,477	1.2%
1,927,000	Province of Manitoba 6.30% 03-05-31	2,061	2,281	1.1%
2,009,000	Sun Life Financial Inc. 5.12% 06-26-18 - Callable 2013	2,007	2,103	1.0%
2,069,000	JPMorgan Chase & Co. 3.88% 09-08-15	2,069	2,087	1.0%
59,387	EnCana Corp.	1,767	2,022	1.0%
1,826,000	Bank of Nova Scotia 4.99% 03-27-18 - Callable 2013	1,825	1,941	0.9%
65,300	BCE Inc.	1,911	1,891	0.9%
94,600	Talisman Energy Inc.	1,609	1,849	0.9%
1,618,000	Golden Credit Card Trust 5.421% 04-15-13	1,618	1,743	0.8%
Total Investments		200,957	207,303	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.
8,453,487	McLean Budden Balanced Growth Fund Pooled	105,583	103,028	100.0%
Total Investments		105,583	103,028	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.

Units, Shares, or Par Value	Description	Cost <i>(in thousands)</i>	Market Value <i>(in thousands)</i>	% of Portf.
641,000	The Bank of Nova Scotia	22,736	31,531	5.7%
534,500	Royal Bank of Canada	18,313	30,124	5.5%
539,800	Bank of Montreal	29,939	30,115	5.5%
995,100	BCE Inc.	32,874	28,808	5.3%
775,500	Thomson Reuters Corp.	31,674	26,289	4.8%
879,600	Bell Aliant Regional Communications Income Fund	24,943	24,585	4.5%
393,000	National Bank of Canada	18,718	23,643	4.3%
307,200	The Toronto-Dominion Bank	14,022	20,257	3.7%
282,500	Canadian Imperial Bank of Commerce	20,045	19,196	3.5%
652,400	Fortis Inc.	15,330	18,710	3.4%
844,700	Manulife Financial Corp.	22,244	16,303	3.0%
285,000	Magna International Inc. Class A Sub. voting	20,372	15,156	2.8%
699,900	First Capital Realty Inc.	14,420	15,055	2.7%
373,550	Crescent Point Energy Corp.	6,936	14,737	2.7%
412,000	Rogers Communications Inc. Class B non-voting	13,121	13,415	2.4%
413,600	Tim Hortons Inc.	12,202	13,264	2.4%
402,100	Vermilion Energy Trust	10,407	13,028	2.4%
375,500	TELUS Corp. Class A non-voting	11,675	12,260	2.2%
166,900	George Weston Ltd.	9,590	11,152	2.0%
464,200	Ritchie Bros. Auctioneers Inc.	10,996	10,946	2.0%
417,000	Bank of Nova Scotia 5.60% Non-cum. Red. - Pfd. Series 17	10,425	10,360	1.9%
340,000	Sun Life Financial Inc.	13,488	10,258	1.9%
480,000	Capital Power Corp.	10,127	10,258	1.9%
400,000	Toronto-Dominion Bank 5.60% Red. Class A First - Pfd. Series Q	10,000	10,124	1.8%
390,000	TransAlta Corp.	9,296	9,145	1.7%
Total Investments		533,681	548,415	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.
5,266,031	Scheer Rowlett Canadian Equity Fund Pooled	69,178	72,463	100.0%
Total Investments		69,178	72,463	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.
352,761	Bissett Canadian Equity Fund Series O	24,001	29,854	100.0%
Total Investments		24,001	29,854	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.

Units, Shares, or Par Value	Description	Cost <i>(in thousands)</i>	Market Value <i>(in thousands)</i>	% of Portf.
328,790	Royal Bank of Canada	13,264	18,531	8.3%
413,310	Suncor Energy Inc.	14,043	15,338	6.9%
341,200	Barrick Gold Corp.	14,233	14,126	6.4%
151,010	Canadian Natural Resources Ltd.	8,533	11,427	5.1%
167,248	The Toronto-Dominion Bank	9,359	11,028	5.0%
148,940	Research In Motion Ltd.	11,788	10,569	4.8%
171,960	Canadian National Railway Co.	7,990	9,828	4.4%
262,800	Teck Resources Ltd. Class B Sub. voting	5,544	9,645	4.3%
170,770	Bank of Montreal	8,583	9,527	4.3%
181,300	The Bank of Nova Scotia	8,546	8,918	4.0%
408,840	Manulife Financial Corp.	10,459	7,891	3.5%
62,320	Potash Corp. of Saskatchewan Inc.	7,043	7,111	3.2%
306,800	ARC Energy Trust	6,355	6,118	2.8%
118,540	Petrobank Energy and Resources Ltd.	3,739	6,049	2.7%
248,980	Brookfield Asset Mgmt Inc. Class A limited voting	4,914	5,811	2.6%
394,110	NAL Oil & Gas Trust	4,564	5,384	2.4%
157,216	EnCana Corp.	4,708	5,353	2.4%
179,910	Baytex Energy Trust	3,523	5,313	2.4%
154,380	Thomson Reuters Corp.	5,330	5,233	2.4%
344,760	Red Back Mining Inc.	4,880	5,130	2.3%
94,230	SNC-Lavalin Group Inc.	3,846	5,081	2.3%
4,635,420	Eastern Platinum Ltd.	4,320	4,265	1.9%
161,016	Cenovus Energy Inc.	4,387	4,262	1.9%
88,800	Shoppers Drug Mart Corp.	3,329	4,031	1.8%
137,200	BCE Inc.	3,961	3,972	1.8%
Total Investments		199,309	222,300	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.
1,009,038	Bissett Small Cap Fund Series O	66,889	66,465	100.0%
Total Investments		66,889	66,465	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.

Units, Shares, or Par Value	Description	Cost <i>(in thousands)</i>	Market Value <i>(in thousands)</i>	% of Portf.
21,600	Exxon Mobil Corp.	1,790	1,545	2.3%
17,000	General Dynamics Corp.	1,349	1,216	1.8%
17,508	Total SA	1,125	1,177	1.7%
34,550	Microsoft Corp.	1,005	1,106	1.6%
231,131	Bank Leumi Le - Israel	609	1,106	1.6%
15,900	Johnson & Johnson	1,189	1,074	1.6%
12,700	Bayer AG	944	1,065	1.6%
37,062	CRH PLC	973	1,053	1.6%
35,926	DCC PLC	939	1,053	1.6%
70,294	Svenska Cellulosa AB (SCA) B	820	986	1.5%
266,200	Bangkok Bank PCL	987	977	1.4%
30,780	Royal Dutch Shell PLC A	1,100	970	1.4%
47,600	Pfizer Inc.	1,470	909	1.3%
28,950	Comerica Inc.	1,035	899	1.3%
25,300	Waste Management Inc.	866	898	1.3%
17,550	Nestle SA Reg.	640	895	1.3%
78,001	DnB NOR ASA	873	888	1.3%
50,161	Peoples United Financial Inc.	862	880	1.3%
46,705	Xstrata PLC	690	866	1.3%
22,100	Astellas Pharma Inc.	956	865	1.3%
14,200	Novartis AG Reg.	725	812	1.2%
12,600	PepsiCo Inc.	885	804	1.2%
34,803	GlaxoSmithKline PLC	860	775	1.2%
22,000	The McGraw-Hill Companies Inc.	1,025	774	1.1%
4,500	First Citizens BancShares Inc.	687	772	1.1%
Total Investments		69,905	67,388	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 Units	Description	Cost <i>(in thousands)</i>	Market Value <i>(in thousands)</i>	% of Portf.
3,105,829	Mackenzie Universal Select Managers Far East Capital Class - Series S	50,164	56,254	100.0%
Total Investments		50,164	56,254	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.

Units, Shares, or Par Value	Description	Cost <i>(in thousands)</i>	Market Value <i>(in thousands)</i>	% of Portf.
14,800	Total SA	1,134	995	4.3%
52,600	Diageo PLC	938	963	4.2%
11,350	Sanofi-Aventis	830	933	4.0%
34,500	Eni SPA	1,105	921	4.0%
29,702	Royal Dutch Shell PLC B	1,095	909	3.9%
15,500	Novartis AG Reg.	792	886	3.8%
7,080	Schneider Electric SA	1,072	860	3.7%
37,550	GlaxoSmithKline PLC	904	836	3.6%
9,950	Bayer AG	809	834	3.6%
15,800	Prosegur Companhia de Seguridade SA	508	811	3.5%
41,266	Banco Bilbao Vizcaya Argentaria SA	873	784	3.4%
57,600	Nokia OYJ	1,543	776	3.3%
26,326	DCC PLC	961	772	3.3%
25,300	CRH PLC	1,221	719	3.1%
96,328	Banca Popolare di Milano (BPM)	894	717	3.1%
47,306	Pearson PLC	774	714	3.1%
62,500	DnB NOR ASA	466	712	3.1%
2,550	The Swatch Group AG	385	673	2.9%
9,300	Wincor Nixdorf AG	433	665	2.9%
26,100	Sampo OYJ A	493	664	2.9%
7,850	BNP Paribas SA	937	650	2.8%
12,250	Credit Suisse Group AG	819	633	2.7%
21,700	Fortum OYJ	590	617	2.7%
252,600	Vodafone Group PLC	802	614	2.6%
119,350	Home Retail Group PLC	473	572	2.5%
Total Investments		26,064	23,201	100.0%

Portfolio Top Holdings - FORTRESS[®] 2

as at December 31, 2009 (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.

No. of Shares, or Par Value	Description	Cost <i>(in thousands)</i>	Market Value <i>(in thousands)</i>	% of Portf.
75,700,000	Government of Canada Treasury Bill 0.1600% Feb/18/2010	75,437	75,683	2.7%
74,015,000	Province of Ontario 0.4285% Sep/17/2010	73,947	74,051	2.7%
68,000,000	Government of Canada Treasury Bill 0.1800% Mar/18/2010	67,619	67,974	2.4%
52,000,000	Province of Manitoba 0.3078% May/15/2010	51,924	52,014	1.9%
45,315,000	Province of Ontario 0.2707% Dec/03/2010	45,171	45,267	1.6%
45,000,000	Bank of Nova Scotia (The) 3.9300% Feb/18/2010	46,177	45,206	1.6%
45,000,000	Canadian Imperial Bank of Commerce 0.3600% May/17/2010	44,912	44,938	1.6%
44,414,000	Canada Housing Trust No. 1 3.7500% Mar/15/2010	45,583	44,718	1.6%
43,505,000	Province of Ontario 4.0000% May/19/2010	44,605	44,100	1.6%
43,300,000	Province of Ontario Coupon 0.5200% Jun/02/2010	43,086	43,206	1.5%
43,000,000	Government of Canada Treasury Bill 0.4800% Sep/30/2010	42,724	42,846	1.5%
41,029,000	Bank of Nova Scotia (The) 4.9300% Jun/08/2010	42,270	41,801	1.5%
40,000,000	Government of Canada Treasury Bill 0.2300% May/13/2010	39,945	39,966	1.4%
34,379,000	Canadian Imperial Bank of Commerce 4.9500% Sep/02/2010	35,780	35,357	1.3%
34,000,000	Canadian Imperial Bank of Commerce 0.2800% Mar/23/2010	33,973	33,979	1.2%
30,000,000	General Electric Capital Corp. 0.4557% Jan/08/2010	29,998	29,999	1.1%
30,000,000	Province of British Columbia 0.2400% Feb/17/2010	29,969	29,991	1.1%
30,000,000	Royal Bank of Canada 0.2800% Feb/19/2010	29,979	29,989	1.1%
30,000,000	Bank of Montreal 0.2800% Feb/22/2010	29,978	29,988	1.1%
30,000,000	Government of Canada Treasury Bill 0.1900% Apr/01/2010	29,968	29,986	1.1%
30,000,000	Government of Canada Treasury Bill 0.2600% Jun/10/2010	29,833	29,966	1.1%
30,000,000	Province of Ontario Coupon 0.8400% Dec/02/2010	29,820	29,768	1.1%
27,000,000	SOUND Trust 0.4400% Apr/21/2010	26,906	26,964	1.0%
25,970,000	Hydro-Quebec 0.4335% Jun/21/2010	25,964	25,980	0.9%
25,500,000	SMART Trust 0.4000% Jan/20/2010	25,380	25,495	0.9%
Total Investments		2,786,978	2,787,648	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.

No. of Shares, or Par Value	Description	Cost <i>(in thousands)</i>	Market Value <i>(in thousands)</i>	% of Portf.
106,828,000	Canada Housing Trust No. 1 4.5500% Dec/15/2012	108,465	113,897	2.2%
95,160,000	Government of Canada 3.7500% Jun/01/2019	98,282	96,215	1.9%
88,474,000	Government of Canada 3.5000% Jun/01/2013	93,373	92,012	1.8%
82,435,000	Canada Housing Trust No. 1 4.6000% Sep/15/2011	84,303	86,848	1.7%
80,916,000	Canada Housing Trust No. 1 4.0500% Mar/15/2011	80,833	83,939	1.6%
75,773,000	Government of Canada 3.0000% Jun/01/2014	78,131	76,911	1.5%
76,624,000	Government of Canada 2.0000% Dec/01/2014	74,478	73,940	1.4%
72,080,000	Government of Canada 1.2500% Jun/01/2011	72,315	72,251	1.4%
57,563,000	Government of Canada 5.7500% Jun/01/2033	71,273	70,929	1.4%
57,410,000	Government of Canada 5.7500% Jun/01/2029	70,696	69,285	1.4%
59,809,000	Government of Canada 5.0000% Jun/01/2037	70,543	68,855	1.3%
65,623,000	Canada Housing Trust No. 1 3.9500% Dec/15/2011	65,733	68,601	1.3%
64,198,000	Canada Housing Trust No. 1 3.9500% Jun/15/2013	65,484	67,364	1.3%
58,254,000	Canada Housing Trust No. 1 4.0000% Jun/15/2012	59,019	61,126	1.2%
53,967,000	Government of Canada 4.0000% Jun/01/2017	57,217	56,388	1.1%
52,583,000	Canada Housing Trust No. 1 4.8000% Jun/15/2012	52,619	56,177	1.1%
56,193,000	Government of Canada 1.2500% Dec/01/2011	55,960	55,959	1.1%
55,668,000	Government of Canada 1.0000% Sep/01/2011	55,265	55,393	1.1%
52,206,000	Government of Canada 4.2500% Jun/01/2018	55,944	55,082	1.1%
49,330,000	Government of Canada 4.5000% Jun/01/2015	53,226	53,315	1.0%
35,475,500	Government of Canada 8.0000% Jun/01/2027	50,417	52,177	1.0%
51,248,000	Government of Canada 2.0000% Sep/01/2012	51,430	51,349	1.0%
47,946,000	Canada Housing Trust No. 1 3.6000% Jun/15/2013	47,871	49,765	1.0%
48,136,000	Canada Housing Trust No. 1 2.7000% Dec/15/2013	48,031	48,222	0.9%
45,276,000	Government of Canada 4.0000% Jun/01/2016	46,743	47,632	0.9%
Total Investments		5,008,224	5,089,133	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.
2,050,922	Jarislowsky Fraser Balanced Fund Pooled	28,936	27,559	100.0%
Total Investments		28,936	27,559	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:			
Canadian Equity Fund (SRA) SF202	22,485	33,036	39.7%
Bond Fund (SRA) SF199	19,450	25,612	30.8%
European & Pacific Equity Fund (SRA) SF205	11,540	12,000	14.4%
U.S. Equity Fund (SRA) SF221	8,536	7,699	9.3%
Money Market Fund (SRA) SF201	4,509	4,871	5.9%
Total Investments	66,520	83,218	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 Shares, or Par Value	Description	Cost <i>(in thousands)</i>	Market Value <i>(in thousands)</i>	% of Portf.
5,433,714	TD Emerald Canadian Bond Index Fund	155,195	174,297	37.1%
13,249,314	TD Emerald Canadian Equity Index Fund	158,289	160,991	34.3%
7,768,975	TD Emerald U.S. Market Index Fund	73,508	66,735	14.2%
4,685,127	TD Emerald International Equity Index Fund	56,641	52,604	11.2%
1,457,880	TD Emerald Canadian Short Term Investment Fund	14,641	14,624	3.1%
Total Investments		458,274	469,250	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.
1,409,046	Jarislowsky Fraser Canadian Equity Fund Pooled	39,366	44,806	100.0%
Total Investments		39,366	44,806	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.
1,551,122	Greystone Canadian Equity Fund Pooled	36,741	34,094	100.0%
Total Investments		36,741	34,094	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 Par Value	Description	Cost <i>(in thousands)</i>	Market Value <i>(in thousands)</i>	% of Portf.
3,648,746	Royal Bank of Canada	141,683	205,789	6.3%
4,013,356	Suncor Energy Inc.	111,768	149,337	4.6%
2,212,418	Toronto-Dominion Bank (The)	114,770	145,931	4.5%
2,638,032	Bank of Nova Scotia (The)	96,027	129,844	4.0%
1,395,774	Canadian Natural Resources Limited	63,049	106,079	3.2%
2,530,513	Barrick Gold Corporation	89,357	104,915	3.2%
1,289,141	Research In Motion Limited	64,638	91,568	2.8%
4,515,592	Manulife Financial Corporation	118,186	87,286	2.7%
761,556	Potash Corporation of Saskatchewan Inc.	50,114	87,114	2.7%
1,420,485	Bank of Montreal	63,917	79,334	2.4%
1,885,978	Goldcorp Inc.	56,792	77,985	2.4%
1,209,966	Canadian National Railway Company	47,167	69,379	2.1%
988,300	Canadian Imperial Bank of Commerce	60,140	67,353	2.1%
1,933,651	EnCana Corporation	46,096	65,957	2.0%
1,762,922	TransCanada Corporation	54,661	63,800	2.0%
1,978,112	BCE Inc.	58,233	57,365	1.8%
2,616,777	Talisman Energy Inc.	34,155	51,524	1.6%
1,937,151	Cenovus Energy Inc.	42,017	51,335	1.6%
971,415	Enbridge Inc.	31,303	47,240	1.4%
1,244,825	Teck Resources Limited, Class "B" SV	26,268	45,834	1.4%
1,450,198	Sun Life Financial Inc.	51,303	43,868	1.3%
1,296,294	Rogers Communications Inc., Class "B" NV	32,936	42,376	1.3%
1,248,980	Canadian Oil Sands Trust	37,792	37,357	1.1%
1,794,158	Kinross Gold Corporation	29,275	34,753	1.1%
1,012,522	Cameco Corporation	23,647	34,355	1.1%
Total Investments		2,800,338	3,326,140	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 Par Value	Description	Cost <i>(in thousands)</i>	Market Value <i>(in thousands)</i>	% of Portf.
521,311	Exxon Mobil Corporation	33,742	35,548	3.3%
848,376	Microsoft Corporation	22,818	25,867	2.4%
98,826	Apple Inc.	9,395	20,838	1.9%
302,971	Johnson & Johnson	17,612	19,514	1.8%
320,850	Procter & Gamble Company (The)	18,103	19,453	1.8%
144,258	International Business Machines Corporation	14,238	18,883	1.8%
647,986	AT&T Inc.	20,565	18,163	1.7%
432,759	JPMorgan Chase & Co.	16,801	18,033	1.7%
1,169,341	General Electric Company	32,938	17,692	1.6%
220,324	Chevron Corporation	14,419	16,963	1.6%
1,091,229	Bank of America Corporation	25,904	16,434	1.5%
26,390	Google Inc., Class "A"	11,893	16,361	1.5%
886,171	Pfizer Inc.	20,857	16,119	1.5%
561,236	Wells Fargo & Company	15,191	15,148	1.4%
631,751	Cisco Systems Inc.	14,539	15,124	1.4%
254,386	Coca-Cola Company (The)	13,028	14,500	1.4%
260,396	Hewlett-Packard Company	9,154	13,413	1.2%
234,246	Wal-Mart Stores Inc.	11,985	12,520	1.2%
606,435	Intel Corporation	13,705	12,371	1.2%
335,446	Merck & Co., Inc.	13,452	12,257	1.1%
429,394	Oracle Corporation	7,220	10,537	1.0%
171,339	PepsiCo Inc.	9,717	10,417	1.0%
311,935	Verizon Communications Inc.	11,522	10,334	1.0%
209,126	Philip Morris International Inc.	7,841	10,078	0.9%
56,418	Goldman Sachs Group Inc. (The)	7,546	9,526	0.9%
Total Investments		1,310,059	1,143,963	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.
209,725	McLean Budden Global Equity Fund Pooled	2,891	2,535	100.0%
Total Investments		2,891	2,535	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 Par Value	Description	Cost <i>(in thousands)</i>	Market Value <i>(in thousands)</i>	% of Portf.
2,228,095	HSBC Holdings PLC	28,981	26,736	2.0%
2,440,912	BP PLC	26,034	24,794	1.8%
445,897	Nestle SA	18,345	22,700	1.7%
272,804	TOTAL SA	17,930	18,467	1.3%
1,048,108	Banco Santander SA	15,389	18,208	1.3%
431,921	BHP Billiton Limited	10,761	17,560	1.3%
293,900	iShares MSCI EAFE Index Fund	17,236	17,038	1.2%
377,300	Toyota Motor Corporation	18,222	16,485	1.2%
6,755,920	Vodafone Group PLC	19,460	16,435	1.2%
90,312	Roche Holding AG	15,228	16,101	1.2%
544,237	Telefonica SA	13,175	15,979	1.2%
271,191	Novartis AG	15,147	15,539	1.1%
666,223	GlaxoSmithKline PLC	17,716	14,882	1.1%
460,719	Royal Dutch Shell PLC, Class "A"	15,600	14,679	1.1%
135,277	Sanofi-Aventis	11,345	11,203	0.8%
351,036	Royal Dutch Shell PLC, Class "B"	12,059	10,765	0.8%
244,321	E.ON AG	10,256	10,698	0.8%
105,888	Siemens AG	10,201	10,252	0.7%
121,613	BNP Paribas	10,351	10,225	0.7%
175,990	Rio Tinto PLC	7,825	10,100	0.7%
195,216	Commonwealth Bank of Australia	7,053	10,096	0.7%
283,486	BHP Billiton PLC	6,196	9,574	0.7%
387,463	Westpac Banking Corporation	7,526	9,242	0.7%
186,055	AstraZeneca PLC	10,039	9,167	0.7%
106,299	Bayer AG	7,017	8,984	0.7%
Total Investments		1,497,154	1,390,161	100.0%

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