

## Fund Information

Inception Date	November 2002
IFSC Category	Canadian Bond
<u>Plan Eligibility:</u>	RRSP Yes
	Non-Registered Yes
Management Fee / MER *	2.00% / 2.12% *

## Segregated Fund Investment Objective

The objective of this segregated fund is to invest all of its assets in the Emerald<sup>™</sup> Canadian Bond Index Fund, a pooled fund managed by TD Asset Management, or another substantially similar underlying fund.

## Investor Profile (of underlying fund)

Suited to the investor seeking medium to long-term growth through quality fixed income investments, and whose main objective is long-term preservation of capital.

## Investment Objective (of underlying fund)

The objective is to closely track the performance of the DEX Universe Bond Index. The fund invests mainly in federal, provincial, and municipal government bonds, with some corporate bonds also held. The aim is for the fund to have an overall average credit quality of AA.

## Investment Strategy (of underlying fund)

- The fund will mainly invest in federal, provincial and municipal government bonds, with some corporate bonds also held. This ensures the overall diversity of the fund. The aim is for the fund to have an overall average credit quality of AA.
- The fund is not actively managed, instead focusing on mirroring the holdings of, and their respective proportions in, the DEX Universe Bond Index.
- This target index is divided into a matrix of subgroups of bonds based on the type of issuer and the term to maturity.
- A sampling of each subgroup is then taken and investments are made according to proportions determined by the Index; as a result, the portfolio yield, duration and sector weights mirror those of the Index.

## FaithLife Financial Benchmark

DEX Universe Bond Index \*\*

The following table shows the simple returns for the monthly periods and the historical annual compound total return of the FORTRESS 2 Canadian Bond Fund (Indexed), compared to the performance of the DEX Universe Bond Index to June 30, 2010.

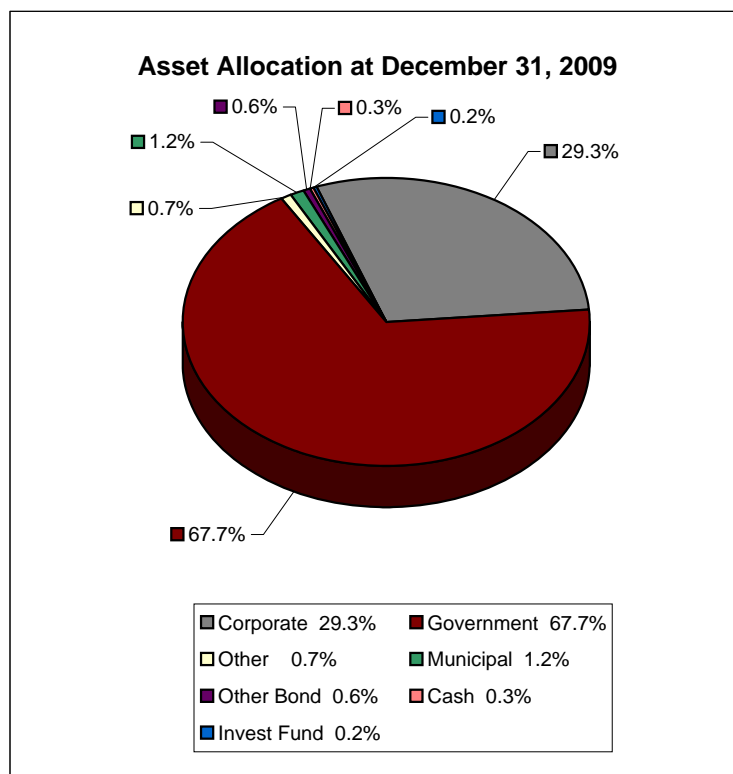
## Annual Compound Returns:

	1-month	3-month	6-month	1-Year	2-Year	3-Year	4-Year	5-Year	10-Year	Since Inception
FORTRESS 2 Canadian Bond Fund (Indexed)	1.6%	2.4%	3.1%	4.6%	4.6%	4.7%	4.2%	2.8%	N/A	3.9%
Benchmark	1.8%	2.9%	4.2%	6.9%	6.9%	6.9%	6.4%	4.9%	6.6%	6.1%

<sup>™</sup> "Emerald" is a trademark of the Toronto-Dominion Bank. FORTRESS 2 and the underlying Funds are not sponsored, endorsed, sold or promoted by the Toronto-Dominion Bank or any of its affiliates.

\* HST will be factored in beginning July 1, 2010

\*\* DEX Universe Bond Index -- designed to be a broad measure of the Canadian investment-grade fixed income market. Prior to October 22, 2007, the DEX Universe Bond Index was named Scotia Capital Universe Bond Index.



## Top 10 Holdings of the Underlying Fund as at Dec. 31, 2009

Canada Housing Trust No. 1 4.5500% 12-15-2012	2.2%
Government of Canada 3.7500% 06-01-2019	1.9%
Government of Canada 3.5000% 06-01-2013	1.8%
Canada Housing Trust No. 1 4.6000% 09-15-2011	1.7%
Canada Housing Trust No. 1 4.0500% 03-15-2011	1.6%
Government of Canada 3.0000% 06-01-2014	1.5%
Government of Canada 2.0000% 12-01-2014	1.4%
Government of Canada 1.2500% 06-01-2011	1.4%
Government of Canada 5.7500% 06-01-2033	1.4%
Government of Canada 5.7500% 06-01-2029	1.4%

**Top 10 Total Percentage of Fund 16.3%**

## Fund Risks

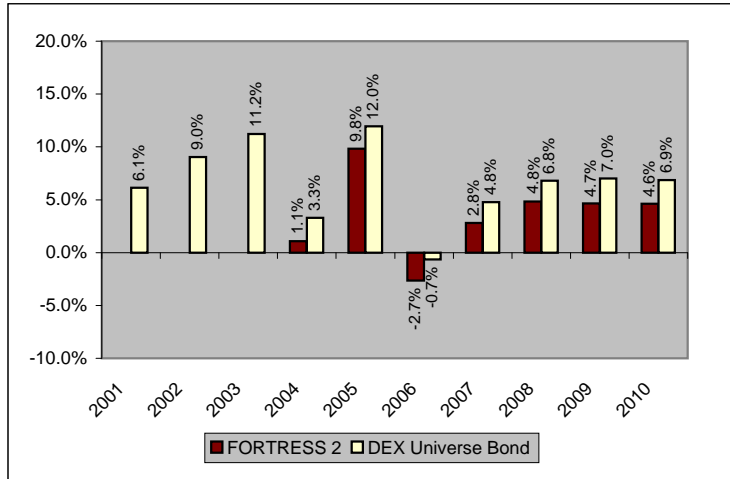
<input checked="" type="checkbox"/> General	<input type="checkbox"/> Special Equities	<input type="checkbox"/> Currency	<input type="checkbox"/> Market
<input checked="" type="checkbox"/> Securities Lending	<input checked="" type="checkbox"/> Interest Rate	<input checked="" type="checkbox"/> Derivative	<input checked="" type="checkbox"/> Credit
<input checked="" type="checkbox"/> Underlying Fund	<input type="checkbox"/> Foreign Market	<input type="checkbox"/> Sovereign	<input checked="" type="checkbox"/> Index

The performance data shown reflects changes in unit values and assumes that all income/realized net gains are retained by the Fund in the periods shown and are reflected in higher unit values of the Fund. It does not take into account sales, redemption, distribution or other optional charges or income taxes payable that would have reduced returns.

**Past results are not indicative of future performance of the Fund.**

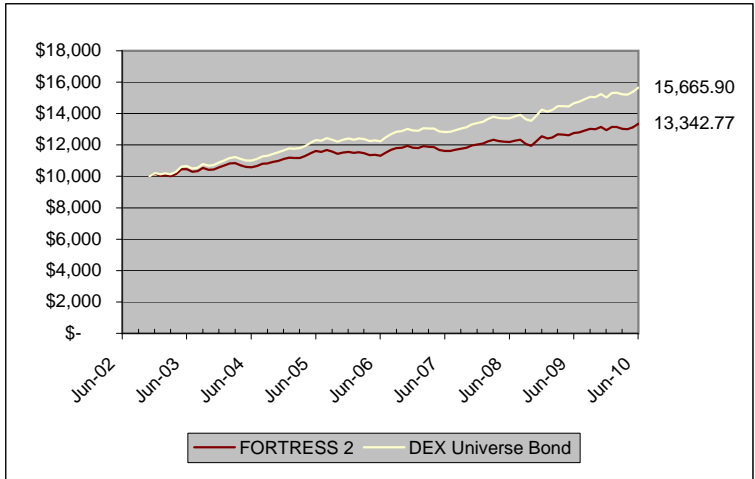
**Year-by-Year Returns as of June 30, 2010**

The Year-by-Year Returns chart shows the annual performance of the Fund, compared to the performance of the DEX Universe Bond Index. It illustrates how the Fund's performance has changed from year to year. For years prior to the Fund's inception date, performance is shown for the Index alone.



**Overall Past Performance as of June 30, 2010**

The Overall Past Performance graph shows the growth of a hypothetical \$10,000 investment in the FORTRESS 2 Canadian Bond Fund (Indexed), compared to that of the DEX Universe Bond Index for each year since inception of the FORTRESS 2 Canadian Bond Fund (Indexed).



**Financial Highlights:**

**The Fund's Net Asset Value per Unit**

	2005	2006	2007	2008	2009
Net asset value at Dec. 31 (proportions in, the DEX U	14.12	14.41	14.46	15.30	15.76

**Ratios and Supplemental Data**

	2005	2006	2007	2008	2009
Net assets (000's) <sup>(1)</sup>	\$419	\$399	\$356	\$387	\$413
Number of units outstanding <sup>(1)</sup>	29,657	27,684	24,277	25,279	26,197
Management expense ratio <sup>(2)</sup>	2.15%	2.15%	2.14%	2.14%	2.12%
Portfolio turnover rate <sup>(3)</sup>	59.47%	65.80%	57.70%	50.39%	54.67%

<sup>(1)</sup> As at December 31st of the year shown.

<sup>(2)</sup> The Management expense ratio is based on total expenses for the year shown, including the expenses of the underlying fund, expressed as an annualized percent of daily average net assets during the year, and includes GST.

<sup>(3)</sup> The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

The Financial Highlights tables (left) show selected key financial information about the FORTRESS 2 Funds and are intended to help you understand the Fund's financial performance for the past 5 years. This information is derived from the Fund's audited financial statements.

If you would like to obtain either the Fund's semi-annual unaudited or annual audited financial statements, or a detailed description of the Fund's investment policy, please send your request in writing to *Member Services, FaithLife Financial, 470 Weber Street North, Waterloo, Ontario N2J 4G4.*

**Any amount that is allocated to a segregated fund is invested at the risk of the contractholder and may increase or decrease in value.**