VersatilePortfolios™

SAFE, SMART & SIMPLE

Information Folder

This Information folder is not an insurance contract.

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VERSATILE PORTFOLIOS™ KEY FACTS

Key Facts is a summary of things you should know about when you enter an individual variable insurance contract with Co-operators Life Insurance Company. This Information Folder and your Policy contain a full list of product features and how these products work. You should review all of these documents and discuss any questions you may have with your Financial Advisor.

What am I purchasing?

You are purchasing an individual variable insurance contract. You will find the terms and conditions in the policy between you and Co-operators Life Insurance Company (the "Policy").

An individual variable insurance contract allows you to invest in segregated funds.

You may do any of the following:

- choose from a variety of investment options;
- choose whether or not to register your Policy;
- start scheduled payments now or later; and/or
- name the person(s) to whom we will pay the death benefit.

The choices you make may affect your taxes. They may also affect the guarantees. Ask your Financial Advisor to help you make these choices.

The value of your Policy can go up or down subject to the guarantees.

What guarantees are available?

You will get maturity and death benefit guarantees, which are insured to protect the value of your investments (the "guarantee"). You cannot waive the option to have a guarantee.

There is a fee for this protection. The amount will vary per fund. The list of fees can be found in Appendix A of this folder.

If you make any withdrawals, it will reduce the guarantees. For full details, please see Maturity and Death Benefit Guarantees in this Information Folder and the Policy.

Maturity Guarantees

This protects the value of your funds at a specific date in the future. The default maturity date will differ for each plan type. See Maturity and Death Benefit Guarantees in this Information Folder for details and dates.

On these dates, you will receive the greater of:

- the market value of the funds; or
- 100% of the money you invested for 5 years or more plus 75% of the money you invested for less than 5 years; which is reduced proportionally by any withdrawals you make.

The Policy Maturity Date determines when the guarantee will come into effect.

Death Benefit Guarantees

This protects the value of your funds if you die. It is paid to someone you name. The death benefit applies if you die before the maturity date. We will pay the greater of:

- the market value of the funds; or
- 100% of the money you put in the funds before age 75 plus 75% of the money you put in after age 75. This will be reduced proportionally by any withdrawals you make.

What investments are available?

You can invest in a mix of segregated funds, variable or guaranteed interest rate options. The guarantees only apply to segregated funds.

The segregated funds are described in the Fund Facts booklet ("Fund Facts").

Co-operators Life Insurance Company does not guarantee how the segregated funds will perform. You should carefully consider your tolerance for risk when you choose an investment option.

How much will this cost?

The funds and the Surrender Option you select will affect your costs.

If you invest in funds, you can choose a back-end or no-load sales charge. For full details see Surrender Charges in this Information Folder.

Fees and expenses are deducted from the segregated funds. They are shown as management expense ratios or MERs on the Fund Facts for each fund.

When you make certain transactions or other requests, there may be a separate charge for them, such as fees for withdrawals and switching funds.

For full details, see the Withdrawals section in your Policy, this Information Folder and Fund Facts for each segregated fund.

What can I do after I purchase this Policy?

If you wish, you can do any of the following:

<u>Transfers</u>
You may switch from one fund to another fund. You may also need to pay fees or taxes or both. See the Transfers section in this Information Folder.

<u>Withdrawals</u>
You may be able to withdraw money from your Policy. If you do so, the withdrawal will affect your guarantees. You may also need to pay fees or taxes or both. See Withdrawals in this Information Folder for details.

<u>Contributions</u>
You may make lump sum or scheduled payments. See the Contributions section in this Information Folder to learn more about each option. You cannot make scheduled payments to a plan you are receiving payments from.

<u>Income</u>
At a certain time, unless you choose another option, we will start making payments to you. See the Maturity and Death Benefit Guarantees section in this Information Folder for a list of all of your options.

Certain restrictions and other conditions may apply. You should review the Policy for your rights and obligations. Be sure to discuss any questions with your Financial Advisor.

What information will I receive about my Policy?

We will tell you at least once a year the value of your funds and any transactions you have made.

You can request a more detailed financial statement of the funds. Audited and unaudited Financial Statements are updated at certain times during the year.

Can I change my mind?

Yes. You may:

- cancel the Policy;
- cancel any payment you make; or
- reverse an investment decision.

To do any of these, you must tell us in writing within 2 business days of the earlier of:

- the date you received the Policy or our confirmation of the change you have made; or
- 5 business days after We mail the Policy or confirmation of the change to you.

The amount returned will be the lesser of the amount you invested or the value of the fund if it has gone down. If you cancel, the amount returned will include a refund of any sales charges or other fees you paid.

If you change your mind after the initial purchase, your right to cancel only applies to the new transaction.

Where can I get more information or help?

You may call us at 1-800-454-8061 or send us an e-mail to phs_wealth_mgmt@cooperators.ca.

Information about our company and the products and services we provide is on our website at www.cooperators.ca.

For information about handling issues you are unable to resolve with your insurer, contact the OmbudService for Life and Health Insurance at 1-800-268-8099 or on the web at www.olhi.ca. If you are a resident of Quebec, you may also contact the Autorité des marchés financiers (AMF) at 1-877-525-0337 or information@lautorite.qc.ca.

For information about additional protection available for all life insurance policyholders, contact Assuris, a company established by the Canadian life insurance industry. See www.assuris.ca for details.

To learn how to contact the insurance regulator in your province, visit the Canadian Council of Insurance Regulators website at www.ccir-ccrra.org.

CO-OPERATORS LIFE INSURANCE COMPANY

Co-operators Life Insurance Company is part of The Co-operators Group, generally known as The Co-operators, that has been serving Canadians for over 65 years. We are owned and controlled by major agricultural and consumer co-operatives, Credit Union Centrals and similar institutions across Canada. The Co-operators believes in supporting the communities where it does business, and employs more than 4,632 staff, including 512 exclusive Financial Advisors in over 696 service outlets across Canada.

Co-operators Life Insurance Company, with assets under management of $5.8 billion, is among the largest life insurance companies in Canada. We are committed to service excellence, aiming to provide our customers with the quality products and services they want at competitive prices. Our Head Office is located at 1920 College Avenue, Regina, Saskatchewan, S4P 1C4.

CERTIFICATION

This Information Folder and the Fund Facts booklet provide brief and plain disclosure of all material facts relating to the Versatile Portfolios™ Policy, an individual variable insurance contract issued by Co-operators Life Insurance Company.

This Information Folder is not complete unless the most recent Fund Facts for each of the Segregated Funds are available with it.

Kevin Daniel
Executive Vice President and Chief Operating Officer
Co-operators Life Insurance Company

John Asher
Vice President, Finance
Co-operators Life Insurance Company

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DEFINITIONS

Account Value of the Policy	The Account Value of the Policy is the sum of the following: ▪ the VRO Account Value; ▪ the GRO Account Values (one for each GRO); and ▪ the Segregated Fund Account Values (one for each Segregated Fund). The method of determining this Account Value is set out in the Investment Options section.
Annuitant	The person whose life is insured by the Policy. For a registered Policy, the Annuitant and the Owner must be the same person. For a non-registered Policy the Annuitant can be someone other than the Owner.
Beneficiary(ies)	The person(s) or organization(s) who will receive the proceeds from the Policy at the Annuitant's death prior to the Policy Maturity Date.
Cash Value of the Policy	The amount You will receive upon termination of the Policy. It is equal to the Account Value of the Policy minus the sum of: ▪ Any applicable withdrawal service fees, ▪ Any market value adjustment that may apply in accordance with our administrative rules in place at the time, applicable to amounts in the GRO, ▪ Deferred Sales Charges applicable to Segregated Fund Account Values, and ▪ Any scheduled payments that may be in progress.
Contingent Beneficiary	The person(s) designated by the Owner as being entitled to the proceeds of the Policy in the event the Beneficiary predeceases the Annuitant.
Death Benefit	The amount payable to named Beneficiaries on the death of the Annuitant.
Deferred Sales Charge	The charge paid when amounts are withdrawn or transferred from the Segregated Funds, depending on the surrender option chosen.
Financial Advisor, Insurance Advisor	Refers to an individual who is qualified to sell individual variable insurance contracts. The term is the same as a "Financial Security Advisor" in Quebec.
Fund of Funds	Segregated Funds which are composed entirely of Underlying Funds.
GRO	The Guaranteed Rate Option, which is an Investment Option with a fixed interest rate.
Guidelines	Refers to Canada Life and Health Insurance Association (CLHIA) G2: Guideline on Individual Variable Insurance Contracts Relating to Segregated Funds. For residents of Quebec, Guidelines refers to Autorité des marches financiers (AMF) and Guideline on Individual Variable Insurance Contracts Relating to Segregated Funds
Head Office of the Company	1920 College Avenue, Regina, Saskatchewan, S4P 1C4 Inquiry: (306)347-6200 Fax: (306)347-6806
Interfund Transfers	The partial or full transfer of the Segregated Fund Account Value from one Segregated Fund to another Segregated Fund.
Investment Options	These include a variety of Guaranteed Rate Options, a Variable Rate Option and Segregated Funds.
Notice	Refers to any written notification and other communication the Company or the Policyholder is required or permitted to give and deliver under this Policy.
Policy, Contract	The Versatile Portfolios™, which is an individual variable insurance contract issued by Co-operators Life Insurance Company.
Policy Anniversary Day	The day during each Policy year which is the anniversary of the Policy Date.
Policy Date	The day and month that the Policy becomes effective. The Policy becomes effective on the Valuation Day of the first contribution.
Policy Maturity Benefit	The amount that is payable upon maturity of the Policy.
Policy Maturity Date	The date on which Your Policy matures.
Scheduled Payment	An automatic scheduled withdrawal from a registered retirement income plan or non-registered systematic withdrawal plan
Segregated Funds	These are Investment Options to which You may allocate contributions under Your Policy to acquire Units, the value of which fluctuates with the market value of the assets held in a particular Segregated Fund.

Segregated Fund Account Value	The Segregated Fund Account Value on any Valuation Day is the number of Units held by Your Policy in respect of a Segregated Fund multiplied by the Unit Value of that Segregated Fund on that Valuation Day.
Segregated Fund Cash Value	The Segregated Fund Account Value minus any applicable fees and charges.
Spouse	Means a person to whom You are legally married or Your common-law partner and does not include any person who is not recognized as a spouse or common-law partner for the purposes of any provision of the Income Tax Act (Canada) respecting retirement savings plans.
Successor Owner	For non-registered policies, this is the person designated by the Policyholder to own the Policy upon the Owner's death. In Quebec, the term "Successor Owner" is the same as a subrogated policyholder.
Underlying Funds	These are funds in which other Segregated Funds invest all or part of their assets through the purchase of Units. Underlying Funds may be Segregated Funds or mutual funds.
Unit	A proportionate share in a Segregated Fund which is related to the amount of Your contribution and the Unit Value of that Segregated Fund.
Unit Value	The Unit Value of a Segregated Fund is determined on a Valuation Day by dividing the market value of the assets of that Segregated Fund, minus any management fees, other fees and expenses, by the total number of Units held by all individual Policies at the time of valuation.
Valuation Day	Any business day on which the market value of the assets and the Unit Value of one or more of the Segregated Funds is determined. If the valuation fails or cannot be completed due to circumstances beyond Our control, then it will be moved to the next date when it can be successfully completed.
VRO	The Variable Rate Option, which is an Investment Option with a variable interest rate.
We, Our, Us, the Company	Refers to Co-operators Life Insurance Company.
You, Your, Policyholder, Owner	Refers to the owner of the Policy. For registered policies, the Owner will be the same as the Annuitant. For non-registered policies, the Owner can be someone other than the Annuitant and can be a corporation, association, partnership or trust. If the Policy Owner is an individual person, then the Owner must be at the age of majority in the Owner's province of residence when the application for this Policy is signed.

INTRODUCTION

The Versatile Portfolios™ Policy is an individual variable insurance contract, which offers You a wide choice of Investment Options, including Segregated Funds, a Variable Rate Option (VRO) and Guaranteed Rate Options (GROs). A Versatile Portfolios™ Policy offers the security of maturity and death benefit guarantees.

Subject to meeting minimum contribution and transfer amount requirements, You may invest Your contributions in any combination of:

- Variable Rate Option (VRO),
- Guaranteed Rate Options (GROs),
- Segregated Funds.

You will be notified by Co-operators Life Insurance Company prior to any fundamental changes being made in respect of a Segregated Fund under the Policy. For more information about Fundamental Changes please see page 11.

This Information Folder is intended to explain the terms of the Versatile Portfolios™ individual variable insurance contract and to provide information on our current administrative practices which are subject to change from time to time. It is not part of your Policy, and does not create or confer any contractual or other rights.

PLAN TYPES

You can choose a registered Versatile Portfolios™ Policy or a non-registered Versatile Portfolios™ Policy; however, a single Policy cannot both be registered and non-registered.

Registered Policies

You can register Your Policy by choosing the Registered option in Your application. When You choose a registered plan, the Policy will be registered under the applicable section of the *Income Tax Act* (Canada). You should fully discuss all of the aspects of registration with Your Financial Advisor before You purchase any registered individual variable insurance contract.

Registered Policies can either be registered savings plans or registered retirement income plans. Registered savings plans include:

- Registered Retirement Savings Plans (RSP),
- Locked-in Retirement Accounts (LIRA),
- Locked-in Retirement Savings Plans (LRSP), and
- Restricted Locked-in Savings Plans (RLSP).

Registered retirement income plans include:

- Registered Retirement Income Funds (RIF),
- Life Income Funds (LIF),
- Locked-in Retirement Income Funds (LRIF),
- Prescribed Retirement Income Funds (pRIF) and
- Restricted Life Income Funds (RLIF).

Registered individual variable insurance contracts are one of a number of different vehicles that can be used for the accumulation and payment of retirement income, and may be more suitable as a means of long duration investment rather than short duration.

- The Annuitant of a registered Policy is always the Owner.
- Registered Policies cannot be assigned and no annuity payable to the Annuitant or the Annuitant's Spouse under the Policy may be assigned, in whole or in part.
- Registered Policies may not be used as collateral for loan purposes.
- For contributions to an RRSP You will receive a tax receipt for contributions paid in the year.

Contributions to a registered plan may be eligible for tax deduction up to the allowable limits and investment income is not subject to income tax when earned. You may contribute to your spouse's RRSP and may be able to obtain a tax deduction for the contribution.

Non-Registered Policies

Non-registered plans are also available in the Versatile Portfolios™ Policy. Investment earnings in a Versatile Portfolios™ Policy with non-registered plans are taxable to You on an annual basis.

- Under a non-registered plan, the Annuitant or another individual can be the Owner.
- A non-registered Policy may be assigned in whole or in part (in other words, ownership of the Policy can be changed). If the Policy is assigned, Notice of its assignment must be sent to Our Head Office. The assignee is responsible for the validity of the assignment.
- A non-registered savings Policy can be established on a joint ownership basis.

SURRENDER OPTIONS

Versatile Portfolios™ can be purchased with either a back-end load surrender option or a no-load surrender option.

Back-End Load Option

The back-end load option is suitable for long-term investors, and features a decreasing surrender charge that varies according to the length of time a Policyholder has held units of a Segregated Fund (see page 6 for further details). Investors who choose this option are subject to lower Management Fees (see Schedule "A").

No-Load Option

For investments made to a Policy where the no-load option has been selected, short-term investors are able to surrender units in the Segregated Fund without incurring Deferred Sales Charges. Policyholders who have selected the no-load option are subject to higher Management Fees (see Schedule "A").

CONTRIBUTIONS

Pre-Authorized Debit (PAD)

We offer You the option to make Pre-Authorized Debit contributions weekly, bi-weekly, semi-monthly or monthly, subject to applicable minimum deposit amounts. You cannot make PAD contributions to a policy that is making Scheduled Payments.

Contributions

Contributions may be directed to one or more of the Investment Options, as long as the applicable minimums are met.

Currently the minimums are:

Contribution	VRO	GRO	Segregated Funds
Lump Sum	$250	$250	$250
Pre-Authorized Debit	$50 per contribution	$250 per contribution	$50 per contribution

If You are making a lump sum deposit to both VRO and Segregated Funds, You can contribute less than the minimum lump sum of $250 to either VRO or the Segregated Funds, as long as Your total combined deposit to VRO and Segregated Funds equals a minimum of $250.

For contributions to the GRO, either lump sum or Pre-Authorized Debit, a minimum of $250 is required. These minimum amounts apply at all times, for both initial and subsequent contributions to the GRO. For Policyholders wishing to use Pre-Authorized Debit for regular contributions to a GRO, an automatic sweep option is offered.

The automatic sweep option allows You to make Pre-Authorized Debit contributions to the VRO in amounts as small as $50. Once the VRO has accumulated the required $250 minimum, a sweep will happen automatically at the next Valuation Day to transfer the funds from the VRO to Your selected GRO option.

We reserve the right to modify the lump sum minimum amounts and the automatic sweep option. We will provide You with Notice of the change.

Unless You indicate otherwise on Your application for the Policy or by subsequent Notice, all contributions will be allocated to the VRO.

Contributions allocated to Segregated Funds are used to acquire Units which will be credited to Your Policy. The number of Units acquired is equal to the contribution amount divided by the Unit Value of the respective Segregated Fund determined on the Valuation Day.

On a Valuation Day, the Company will allow You to effect Segregated Fund contributions, contributions to the VRO or a GRO, transfers, maturity and withdrawals.

We reserve the right, following Our Notice to You, to charge for the amount of any premium tax or similar imposition payable by Us in respect of Your Policy as a result of legislation enacted or regulations becoming effective after this Policy was issued. Currently there is no premium tax payable.

TRANSACTION TIMING

For a transaction to occur on the current Valuation Day, all required information and contributions must be received at Our Head Office by 3:00 P.M. Eastern Standard Time (“E.S.T.”). Otherwise, the transaction will occur on the next Valuation Day. Confirmation of GRO and Segregated Fund transactions involving amounts of $250 or greater will be provided within 10 days of the transaction.

ACCOUNT VALUE OF THEPOLICY

In Your Policy, each Investment Option has a corresponding Account Value. These are explained in the Investment Options Section on page 9. The Account Value of the Policy is the sum of the current Account Values of the Variable Rate Option, the Guaranteed Rate Options and the Segregated Funds in which You have invested Your contributions.

CASH VALUE OF THE POLICY

The Cash Value of the Policy is equal to the Account Value of the Policy minus the sum of the following:

- any applicable withdrawal service fees;
- any market value adjustments applicable to amounts in the GROs;
- Deferred Sales Charges applicable to Segregated Fund Account Values; and
- any scheduled payments that may be in progress.

TRANSFERS

At any time prior to the Policy Maturity Date, You may transfer all or a portion of the Account Value of the Policy in respect of one or more Investment Options to any other Investment Option(s) under the Policy. The current minimum transfer amount is $250. The maximum transfer amount is $250,000. If you intend to transfer funds in excess of this maximum amount, you must notify Us of your intent in writing; We reserve the right to postpone the transfer pending notification to the Investment Managers.

A market value adjustment may apply to a transfer from a GRO before the expiry of its term. Deferred Sales Charges may apply to a transfer from the Segregated Funds to a GRO or VRO, but they do not apply to Interfund Transfers between Segregated Funds.

Unlimited transfers to and from Segregated Funds are permitted, however, We reserve the right to limit the number of free transfers to 4 transfers per calendar year. Each Interfund Transfer after the fourth one will be charged a service fee (currently $20). Transfers between the VRO and GRO are permitted with no service fee.

The value of the Units transferred will be based on the Unit Value of the applicable Segregated Funds on the applicable Valuation Day. A transfer from a Segregated Fund is accomplished by redeeming Units in the Segregated Fund; a transfer to a Segregated Fund is accomplished by acquiring Units in the Segregated Fund.

A transfer from a Segregated Fund to a VRO or GRO will affect your guarantees. Please see Proportional Withdrawal Calculation on page 8 for details.

Upon receipt of Your written request, transfers will be processed in accordance with the Transaction Timing section on page 4.

If Your Policy is a non-registered Policy, Segregated Fund(s) transfers to other Investment Options will result in a taxable disposition. Please refer to the Taxation section on page 12 for more information.

The value of units redeemed or acquired in a fund to effect a transfer is not guaranteed but fluctuates with the market value of the assets of the fund(s).

WITHDRAWALS

At any time prior to the Policy Maturity Date, You may withdraw part of the Cash Value of the Policy. There is a minimum cash withdrawal amount of $500 currently. The maximum cash withdrawal amount is $250,000. If you intend to withdraw funds in excess of this maximum amount, you must notify Us of your intent in writing; We reserve the right to postpone the withdrawal pending notification to the Investment Managers. If You request a partial withdrawal, We require that You leave a minimum Account Value in Your Policy. Withdrawals will normally be processed upon Our receipt of Your Notice in accordance with the Transaction Timing section on page 4. We reserve the right to delay any withdrawal or redemption from any Segregated Fund where the withdrawal or redemption would prejudice the interests of other Policyholders, or where We are unable to determine the market value of any of the assets of a Segregated Fund due to the temporary closure of a nationally recognized stock exchange.

Withdrawals from a Policy may have tax implications. Please refer to the Taxation section on page 12 for more information. Withdrawals will affect your guarantees. See Proportional Withdrawal Calculation on page 8 for details.

Withdrawal Service Fees

A Withdrawal Service Fee (currently $25) will be charged for each non-scheduled withdrawal, excluding the first withdrawal, in any calendar year.

SCHEDULED WITHDRAWALS

General

You may schedule automatic withdrawals from your Non-Registered Policy and Registered retirement income plans subject to applicable minimum and maximum amounts as required by applicable legislation. There is a minimum Account Value (currently $10,000) in order to request that scheduled withdrawals begin. You may select monthly, quarterly, semi-annual or annual withdrawals and choose to receive these payments on any date between the 1st and 28th of the month. When requesting any withdrawal, You must specify whether You would like your payments to be gross or net of any fees and/or withholding taxes, and You must specify the Investment Option(s) from which you would like the payments withdrawn.

Registered Retirement Income Plans

Minimum Payment option

The minimum amount that must be withdrawn is determined by multiplying the market value of your Policy on January 1 of each year by the percentage determined by the formula stated in the *Income Tax Act* (Canada). The percentage may be based on Your age or that of Your Spouse; however, this election must be made at the time You enter into Your registered retirement income plans Policy and is irrevocable.

Maximum Payment option *(for LIF, LRIF and RLIF only)*

The maximum payment amount for your LIF, LRIF, or RLIF plan under this Policy shall be calculated in accordance with the formula specified by applicable legislation.

Level Payment option

You may choose the regular payment amount that You wish to receive. This payment amount must be equal to or greater than the minimum amount as stated above. If Your Policy is a LIF,LRIF, or RLIF, the payment amount total must not be greater than the applicable maximum amount.

Non-Registered Systematic Withdrawal Plan (SWP) Option

If You have a non-registered Policy, You may choose to receive regularly scheduled systematic withdrawals, subject to a minimum withdrawal amount (currently $100 per payment).

Upon withdrawal, any portion of the cash value of the policy which is based on the value of units in a segregated fund is not guaranteed but fluctuates with the market value of the assets of the particular segregated fund.

GRO Market Value Adjustments

In addition to withdrawal service fees, a market value adjustment may apply to non-scheduled withdrawals from a GRO or surrender prior to expiry of its term. The withdrawal from a GRO will occur on the Valuation Day We receive Your written withdrawal request.

The market value adjustment of a GRO will equal the GRO Account Value at the end of the GRO term, discounted to the date of withdrawal at an interest rate which is the greater of either:

- The interest rate then offered for a GRO with a term equivalent to the remaining time to maturity for the original GRO, increased by an amount not exceeding two percent (currently we apply 1%), or
- The interest rate in effect for the original GRO.
- If less than the entire amount of the GRO is withdrawn, the market value adjustment will be proportional.

Example:

A $5,000, 5 year GRO was purchased with a 5%** interest rate. The maturity value of this GRO at the end of the term is:

= $5,000 at 5% for 5 years
= $\$5{,}000(1.05)^5 = \$6{,}381.41$

Two years later (with 3 years left in the GRO term) the Policyholder decides to cash in the GRO. Assuming the current interest rate for the remaining term (3 years) is 6%**, the withdrawal will be discounted with interest at the greater of the Policy rate of 5% or the current rate plus 1%. In this case an interest rate of 7% (6%+1%=7%) will be used to discount.

The Cash Value of the withdrawal will be:
= $\$6{,}381.41\ (1.07)^{-3} = \$5{,}209.13$

A market value adjustment is not applicable if a GRO is surrendered early due to the death of the Annuitant.

** Rate used for illustration purposes only. Rates are subject to change.

SURRENDER CHARGES

No-Load Option

For investments made pursuant to a Policy where the no-load option has been selected, You can surrender units of the Segregated Funds without incurring any Deferred Sales Charges.

Back-End Load Option

For the back-end load option, You will incur Deferred Sales Charges on the surrender of any Segregated Fund Units for 6 years from the date on which the contribution/transfer was made (see the Deferred Sales Charges Table). However, once per calendar year You may redeem Units in the Segregated Funds without payment of the Deferred Sales Charge in accordance with the section titled “Withdrawal Without Deferred Sales Charges”.

Deferred Sales Charges are paid at the time You redeem Units from the Segregated Funds. These charges are calculated as a percentage of the original amount contributed or transferred to the Segregated Fund Account Value. For purposes of the Deferred Sales Charges, the number of years will be calculated from the date recorded for the original contribution or transfer allocated to acquire the Units of the Segregated Funds. A transaction charge will always apply to earliest contributions or transfers first. Deferred Sales Charges apply for the first 6 years following the date of the contribution or transfer. For amounts in the Segregated Funds, the value of Units withdrawn will be based on the Unit Value of the applicable Segregated Funds determined in accordance with the Transaction Timing section on page 4, minus any applicable Deferred Sales Charges. Deferred Sales Charges do not apply to transfers between Segregated Funds. Deferred Sales Charges are calculated as follows:

Number of Year(s) Contribution/Transfer has been invested	Charge as Percentage of the Original Contribution/Transfer
Less than 2	5.0%
2, but less than 3	4.0%
3, but less than 4	3.0%
4, but less than 5	2.0%
5, but less than 6	1.0%
6 and more	0%

Withdrawal Without Deferred Sales Charges

Registered Savings Plans and Non-Registered Accounts

If the back-end load option has been selected, the Policyholder will be entitled to redeem Units in the Segregated Funds and withdraw the value of those Units from the Policy without payment of the Deferred Sales Charge once per calendar year. To take advantage of this, all of the following criteria must be met, or the entire withdrawal will be subject to Deferred Sales Charges:

- The withdrawal amount cannot exceed 10% of the sum of the Policyholder’s Segregated Fund Account Values as at December 31st of the previous calendar year;
- If the withdrawal exceeds the 10% limit, the entire amount of the withdrawal is subject to the Deferred Sales Charge
- The withdrawal must be for a minimum amount of $500; and
- The withdrawal must only be in cash (transfers to another individual, partnership, trust or corporate entity do not qualify as a cash withdrawal).

Any unused withdrawal amount cannot be carried forward.

Registered Retirement Income Plans and Systematic Withdrawal Plan (SWP) Accounts

If the back-end load option has been selected, every calendar year the Policyholder will be entitled to redeem Units in the Segregated Funds from the Policy without payment of the Deferred Sales Charge. You can withdraw 20% of the value of those Units as calculated at the end of the previous calendar year.

The withdrawal must be in cash (transfers to another individual, partnership, trust or corporate entity do not qualify as cash).

All withdrawals in excess of the above stated amount will be subject to the Deferred Sales Charge.

Any unused amount cannot be carried forward.

OPTION TO TERMINATE

We reserve the right, upon notifying You in writing, to pay You the Cash Value of the Policy and terminate the Policy on a Valuation Day of Our choice at any time following Your 4th Policy Anniversary Day on the occurrence of any of the following:

- the Account Value of Your registered retirement savings plan or non-registered plan under this Policy is less than Our minimum; or
- the monthly payments of Your registered retirement income plan or non-registered SWP option is less than Our minimum payment amount.

The Cash Value of the Policy will be determined on the Valuation Day that the Policy is to be terminated. Market value adjustments, withdrawal service fees and Deferred Sales Charges may apply in the calculation of the Cash Value. See the Withdrawals section on page 5 for details regarding these charges. Policy termination may have tax implications. Please refer to the Taxation section on page 12 for more information.

POLICY SURRENDER

You have the right to surrender Your Policy for its Cash Value at any time, upon providing Us with Notice. Upon receipt of Your Notice to surrender Your Policy, the Cash Value of Your Policy will be determined in accordance with the process outlined in the Transaction Timing section on page 4. If You request to transfer Your registered retirement income plan to another financial institution, We will proceed to pay You the required minimum amount for the calendar year in accordance with the *Income Tax Act* (Canada), prior to effecting the transfer. Market value adjustments, withdrawal service fees and Deferred Sales Charges may apply in the calculation of the Cash Value of the Policy. See the Withdrawals section on page 5 for details regarding these charges.

Policy surrender may have tax implications. Please refer to the Taxation section on page 12 for more information.

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

MATURITY AND DEATH BENEFIT GUARANTEES

Policy Maturity Dates

The Policy Maturity Date is the date You selected to have Your Policy mature. The Policy Maturity Date must be at least 10 years from the Policy Date. You may request a change to the maturity date on Your Policy Maturity Date by giving Us at least 60 days Notice before the new Policy Maturity Date. In no case can the Policy Maturity Date be later than the applicable dates described below that apply if no Policy Maturity Date is selected.

If You did not select a Policy Maturity Date, then the following maturity dates will apply:

- for a non-registered Versatile Portfolios™ Policy, RIF, RLIF, pRIF or LIF plans where applicable legislation does not require the Policyholder to use the funds to purchase a life annuity at a specified age, the Policy Maturity Date will be December 31st of the year in which the Annuitant turns 120 years old;
- for LIF plans where applicable legislation requires the Policyholder to use the funds to purchase a life annuity at a specified age, the Policy Maturity Date will be December 31st of the year in which the Annuitant reaches the specified age; and
- for RRSPs, the Policy Maturity Date will be December 31st of the year in which the Annuitant turns 71 years old or such other applicable age under the Income Tax Act (Canada).

Policy Maturity Benefit

On the next Valuation Day immediately following Your Policy Maturity Date, You will receive the Account Value of any VRO and GRO Investment Options, plus the greater of one of the following:

- The sum of the Segregated Fund Cash Values; or
- 100% of the sum of contributions invested in the Segregated Funds for 5 years or more, and 75% of the sum of contributions invested in the Segregated Funds for less than 5 years, proportionately reduced for any withdrawals or transfers out of the Segregated Funds (excluding Interfund Transfers) and reduced by any Deferred Sales Charges and withdrawal service fees.

In no event will the amount calculated be less than 75% of the gross contributions, proportionately reduced for withdrawals and transfers. See Proportional Withdrawal Calculation on page 8 for details.

The Policy Maturity Benefit will be provided as a life annuity with a guarantee period of 10 years unless You choose another Policy Maturity Option described below.

For residents of Quebec, the following table specifies the minimum annuity payment. The applicable annuity rate will be the greater of the current rates at time of maturity and the table below.

Age	Annual Factor per $10,000 of Policy Maturity Benefit
50	121.44
55	151.08
60	184.92
65	223.92
70	267.96
75	312.00
80	350.04
85	373.44
90	385.56

Policy Maturity Options

For Registered Policies:

At the Policy Maturity Date, the Policy Maturity Benefit will be provided as a life annuity with a guarantee period of 10 years. The life annuity will be based on Our then current rates.

You may also choose to have the Policy Maturity Benefit applied to one of the following options:

- **Joint and Survivor Annuity** – A monthly income will be paid for as long as the Annuitant or the Annuitant's Spouse remains living, or for a guaranteed period.
- **Transfer to a Versatile Portfolios™ Policy with Us** – If this option is chosen, the Policy Maturity Benefit will be transferred to a new Policy with Us.
- **Lump sum payment in cash** – If permitted under applicable legislation, the Policy Maturity Benefit will be paid in cash as a lump sum payment which will be subject to taxation.
- **Registered retirement income plans** – If Your Policy has been registered as an LRSP, RLSP or LIRA, You may choose to have the Policy Maturity Benefit applied to a registered retirement income plan or other option allowed pursuant to applicable legislation at the date of transfer.

For Non-Registered Policies:

If You have not selected one of the following options:

- Systematic Withdrawal Plan option in an amount that You determine**,**
- a Lump Sum Payment in Cash, or
- to transfer Your Policy Maturity Benefit to a new Versatile Portfolios™ Policy with Us,

a life annuity with a guarantee period of 10 years will automatically apply. The life annuity will be based on Our then current rates, unless the Annuitant is a resident in Quebec, in which case the rates will be the greater of the minimum rates stated above and the rates in effect at the time the annuity commences.

Notwithstanding any option chosen, we reserve the right to make a lump sum payment of the proceeds payable under the policy if such amount is less than our minimum (currently $10,000) or the amount of monthly payments would be less than our minimum payment (currently $100).

Death Benefit

If the Annuitant dies before the Policy Maturity Date and upon Our receipt of sufficient proof of the Annuitant's death, the Beneficiary will receive the Death Benefit of the Policy. The Death Benefit will be calculated as the Account Value of the VRO and GROs, plus the greater of:

- The sum of the Segregated Fund Account Values on that Valuation Day; and
- 100% of the sum of contributions invested in the Segregated Funds prior to the Annuitant attaining age 75 and 75% of the sum of contributions invested in Segregated Funds on or after the Annuitant attains age 75, proportionately reduced for any withdrawals or transfers out of the Segregated Funds (excluding Interfund Transfers).

In no event will the amount calculated be less than 75% of the gross contributions, proportionately reduced for withdrawals and transfers.

We will calculate the Death Benefit when We receive sufficient proof of the Annuitant's death. The Death Benefit will be processed in accordance with the Transaction Timing section. The Segregated Fund Account Values in respect of the Segregated Funds will be based on the Unit Values of the applicable Segregated Funds held by the Policy on the Valuation Day. Deferred Sales Charges do not apply when calculating the Death Benefit payable under the Policy.

On death of the Annuitant, the Cash Value of the Policy may be subject to tax. Please refer to the Taxation section on page 12 for more information.

Payment of the Death Benefit will terminate the Policy.

Proportional Withdrawal Calculation

If You withdraw Units from the Segregated Fund Account Value, it will reduce the Death Benefit and the Policy Maturity Benefit amounts. The reduction will be equal to the proportional amount withdrawn compared to the Account Value on the date of the withdrawal. There is no proportional reduction for Interfund Transfers.

Example: The sum of the Segregated Fund Account Values is $12,000.

A partial withdrawal for $4,000 is equal to 33.3% of the sum of the current Segregated Fund Account Values. The sum of the Segregated Fund Account Values is reduced to $8,000 after the withdrawal.

If 100% of the contribution was $10,000, the Death Benefit and the Policy Maturity Benefit would be reduced by 33.3% and would be $6,667. ($10,000 x 33.3% = $3,333; $10,000 - $3,333 = $6,667).

INVESTMENT OPTIONS

Variable Rate Option (VRO)

The VRO features an interest rate paid by the Company that fluctuates to reflect current short-term rates. This interest rate may fluctuate daily.

The Account Value of the VRO is the sum of all contributions and transfers allocated to the VRO account, plus the interest credited, minus all amounts transferred or withdrawn from this Investment Option.

Guaranteed Rate Options (GROs)

GROs feature guaranteed compound interest and a choice of terms. This provides flexibility in choosing the appropriate terms in times of changing financial conditions or to meet Your personal planning needs.

Our current practice is to offer bonus interest rates on new and renewing GROs when the total amounts in Your Policy reach specified dollar levels. A new GRO is established for each amount contributed or transferred to this Investment Option. The minimum amount You may invest in a GRO is $250. You may have an unlimited number of GROs.

The Account Value of a GRO is the sum of all contributions and transfers allocated to the GRO account, adjusted for any amounts withdrawn or transferred out, plus accrued interest.

Unless You elect otherwise, at the end of the term of any GRO, the GRO Account Value will be transferred to another GRO of the same term, at the interest rate in effect at the date of transfer. If the term of a GRO extends past the Policy Maturity Date, a market value adjustment may apply to the Maturity Benefit Guarantee.

In order for Us to satisfy Your request for a transfer or a cash withdrawal, it may be necessary for Us to terminate one or more GROs and a market value adjustment or withdrawal service fee may apply. If so, We will only terminate the portion of Your GRO that requires termination at the time; the remainder of the GRO is left to accumulate at the original guaranteed interest rate for the period remaining in the term unless the amount remaining in the GRO is less than $250. If the value of the GRO is less than $250 after a withdrawal or transfer, the amount remaining will be moved into a VRO sweep account. Cash withdrawals or transfers will always be made from the GRO that has been in effect for the longest time (“first in, first out”).

Segregated Fund Investments

To offer You a complete investment spectrum, We provide Segregated Funds which are detailed in the Individual Fund Information Section and Fund Facts booklet. Each Segregated Fund has its own specific investment objectives, which vary by many factors including asset class, country or region, credit quality, capitalization and diversification. As such, the performance of the funds will differ according to market conditions. A complete investment policy for each Segregated Fund including any Underlying Fund in which a Segregated Fund invests is available upon request from Our Head Office by calling 1-800-454-8061.

Underlying Funds are funds in which certain Segregated Funds offered through the Versatile Portfolios™ Policy invest all or part of their assets through the purchase of Units. Underlying Funds may be Segregated Funds or mutual funds.

By investing in a Versatile Portfolios™ Policy, You are purchasing an insurance Policy and are not a unitholder of the Underlying Fund(s). The Company provides all guaranteed benefits under the Versatile Portfolios™ Policy.

For information regarding the fund(s) or Underlying Funds, please see the Fund Facts or contact Your Financial Advisor. Copies of the simplified prospectus, annual information form, financial highlights and audited financial statements, and any other disclosure documents required for the underlying mutual funds are available upon request.

The information contained in the Fund Facts booklet is accurate and complies with the requirements of the Guidelines as of the date the information was prepared. If there is an error in the Fund Facts information outlined above, We will use reasonable measures to correct the error but You will not be entitled to specific performance under the Policy.

We have the right to discontinue or merge any of the available funds. We will provide You with 60 days Notice. You will have the right to redeem the Units of the Segregated Fund without incurring any Deferred Sales Charges or other fees.

We have the right to change a fund manager of the fund(s) at any time and will provide You with 60 days Notice.

Fundamental changes in respect of a Segregated Fund or Underlying Fund under the Policy include:

- An increase in the management fee which may be charged against the assets of the Segregated Fund,
- A change in the fundamental investment objectives of the Segregated Fund,
- A decrease in the frequency with which units of the Segregated Fund are to be regularly valued,
- A fundamental change may also occur in the event that a fund is closed or if two or more funds are merged.

For more information about Fundamental Changes please see page 11.

Operation of the Segregated Funds

Co-operators Life Insurance Company owns the assets, including all asset investments and investment earnings, of the Segregated Funds. These assets are segregated from Our other assets to protect them from any creditor claims in the event of an insolvency. Each Segregated Fund is divided into Units which are allocated to individual Policies when transfers or contributions are made to one or more of the Segregated Funds.

We retain control of the cash and securities of the Segregated Funds. All investments and investment earnings of the Segregated Funds are owned by Co-operators Life Insurance Company. The investment portfolios of the Segregated Funds are professionally managed for Us by one of the following investment managers, who manage the Segregated Funds by providing Us with investment advice and by carrying out investment activities, including the purchase and sale functions for the investment portfolios:

- Addenda Capital Inc. ("Addenda");
- BlackRock Asset Management Canada Limited ("BlackRock");
- Fidelity Investments Canada ULC ("Fidelity");
- Franklin Templeton Investments Corp. ("Franklin Templeton");
- Mawer Investment Management Ltd. ("Mawer"); and
- NEI Investments ("NEI").

Transactions are normally arranged through a large number of brokerage houses and no principal broker is retained. Information about each investment manager, together with a list of the funds they manage, is contained in the Fund Facts.

The assets of the Segregated Funds may be invested in any way We judge to be most effective under the circumstances prevailing at any time to achieve the investment objectives of each Segregated Fund.

Valuation of Assets

We determine the market value of the assets of each Segregated Fund on a Valuation Day. Each Segregated Fund's Valuation Day may vary, and We reserve the right to change the frequency and timing of valuations which, in any event, will not be less than monthly. Any decrease in the frequency with which Units of the Segregated Fund are to be regularly valued will be considered a fundamental change to which the Fundamental Change provisions described on page 11 apply.

Where possible, the market value of an asset of a Segregated Fund on a Valuation Day will be the closing sale price on a nationally recognized stock exchange on that business day; and in all other cases the fair market value as determined by Us.

Unit Values

On the Valuation Day of each Segregated Fund, the Unit Value is determined by dividing the market value of the assets of that Segregated Fund (minus any management fees, other fees and expenses) by the number of Units allocated to all Policies at the time of valuation. The Unit Value applies on that Valuation Day and remains in effect until the next Valuation Day. Dividends, interest income and capital gains are retained in each Segregated Fund which increase the Unit Value. The number of Units in a Segregated Fund acquired by Your Policy is determined by dividing the contributions and transfers allocated to the Segregated Fund by the Unit Value of the respective Segregated Fund on the Valuation Day when the Units are acquired.

Segregated Fund Account Value

The Segregated Fund Account Value on any Valuation Day is the number of Units of a Segregated Fund held by Your Policy in respect of a Segregated Fund multiplied by the Unit Value of that Segregated Fund.

Segregated Fund Cash Value

The Segregated Fund Cash Value is the Segregated Fund Account Value, minus any applicable fees and charges. See Withdrawal Service Fees and Surrender Charges on pages 5 and 6.

Addition or Withdrawal of a Segregated Fund

We reserve the right to increase or decrease the number of Segregated Funds available for investment within Your Policy. In the event We choose to withdraw or close a Segregated Fund, this will constitute a Fundamental Change to which the Fundamental Change provisions described on page 11 applies.

If Your Policy is a non-registered Policy, withdrawal of a Segregated Fund will result in a taxable disposition. Please refer to the Taxation section on page 12 for more information.

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

Management Fees

Management fees cover the charges We incur for the management and administration of the Segregated Funds, and are calculated based on the net asset value of the Segregated Funds and the surrender option chosen. All management fees are charged to the Segregated Funds and are paid into the general funds of the Company. The management fee of the Segregated Fund includes the management fee charged by the Underlying Fund. The management fee applicable to each Segregated Fund is detailed in Schedule "A".

Underlying Funds may increase the management fee subject to approval by the unitholders of the fund, but such an increase will only be a fundamental change if the Segregated Fund increases its management fee.

We reserve the right to increase the management fees from time to time, subject to the Fundamental Change described on page 11.

Other Fees and Expenses

Expenses paid to third parties may be charged to each Segregated Fund and will decrease the Unit Value. Such charges may include any or all of the following:

- Administrative fees;
- Audit, legal, custodial, safekeeping, registrar and transfer agent fees;
- Costs of regulatory documentation; and
- Fund accounting and valuation costs.

The Fund of Funds consists of an allocation of Units from other Underlying Funds. The other fees and expenses include the corresponding amounts of the Underlying funds and there is no duplication of fees.

Management Expense Ratio (MER)

The Management Expense Ratio (MER) is comprised of all fees and operating expenses of the Segregated Fund, including the management fee, other fees and expenses which the fund is subject to. These fees are paid or payable by the Segregated Fund, not You directly. The MER is calculated by dividing the Segregated Fund's total payable fees, charges and other expenses (including any applicable taxes and interest charges) during the financial year by the amount of the average net asset value of the Segregated Fund for that financial year.

Where the Segregated Fund invests in an underlying mutual fund, the MER includes fees and expenses paid by the underlying mutual fund, as well as all fees and expenses paid or payable by the Segregated Fund. There are no management fees or sales charges payable by the segregated fund that would duplicate a fee or sales charge payable by the underlying fund for the same service.

The MER of each fund that invests in underlying Segregated Funds is calculated as the weighted average of the Management Expense Ratios of each of the underlying Segregated Funds in proportion to their holdings.

The Management Expense Ratio of each Segregated Fund is detailed in Schedule “A”. The MER of each of the funds indicated is calculated based on each Segregated Fund on December 31, 2012. The current MER will be disclosed when the Audited Financial Statements for this calendar year are published. Audited Financial Statements are available upon request and will be available to all Policyholders by April 30th of each year.

Compensation

Versatile Portfolios™ individual variable insurance contracts are sold through Our Financial Advisors. We compensate Our Financial Advisors for the professional advice and services provided to You. The amount of compensation is dependent on the surrender option You choose. For the back-end load Policy the Financial Advisor receives 3% on new contributions. Trailer commissions are paid for ongoing service and advice You receive. The current trailer fee for the back-end load Policy is .038% monthly and .063% monthly for the no-load Policy. The additional trailer fee for the no-load Policy reflects the fact that there is no Deferred Sales Charge. We reserve the right to change the rates and terms of commissions.

FUNDAMENTAL CHANGES

We will notify the Policyholder in writing at least 60 days ("notice period") before making any of the following fundamental changes in respect of a Segregated Fund under the Policy ("Fundamental Changes"):

- an increase in the management fee which may be charged against the assets of the Segregated Fund;
- a change in the fundamental investment objectives of the Segregated Fund;
- a decrease in the frequency with which Units of the Segregated Fund are to be regularly valued; or
- a fundamental change may also occur in the event that a fund is closed or if two or more funds are merged.

You will receive Our Notice of any Fundamental Change by mail at the address We currently have on Our records.

Fundamental Change Rights
When a Fundamental Change occurs, you may exercise one of the following rights:

Right to Transfer

- transfer within the Policy, and without affecting any of Your other rights or obligations under the Policy, to a similar Segregated Fund in the same investment category offered under this Policy that is not subject to the Fundamental Change for which the notice is being delivered without incurring any Deferred Sales Charges or similar fees as long as We receive your election by 3 p.m E.S.T. on the date indicated in Our notice letter. The similar Segregated Fund must have comparable fundamental investment objectives, be in the same investment fund category, and have the same management fee as or lower than that of the Segregated Fund subject to the Fundamental Change; **or**

__Right to Redeem__

- if We do not offer a similar Segregated Fund, redeem the Units of the Segregated Fund without incurring any Deferred Sales Charges or similar fees as long as We receive your election by 3 p.m E.S.T. on the date indicated in Our notice letter.

If any Segregated Fund is subject to a Fundamental Change, We reserve the right to discontinue transfers to that Segregated Fund during the notice period in the event it is closing. In all other cases of Fundamental Changes, you will be permitted to transfer to that Segregated Fund if You waive Your right to redeem in writing.

If Your Policy is a non-registered Policy, fund substitutions and fund closures will result in a taxable disposition. Please refer to the Taxation section on page 12 for more information.

Fundamental Changes to funds that invest in underlying mutual funds

The Versatile Portfolios™ allows You to invest in certain Segregated Funds that are invested entirely in Units of the corresponding underlying mutual funds. A listing of those funds is provided in the "Funds that invest in underlying mutual funds" in the Fund Facts. You are purchasing an insurance Policy and if You invest in a Segregated Fund that invests in an underlying mutual fund You are not a unitholder of the underlying mutual fund. The investment objectives of a Segregated Fund correspond with the investment objectives of the underlying mutual fund in which it invests. A Fundamental Change to the investment objectives of the underlying mutual fund cannot be made unless approved by the unitholders of the underlying mutual fund. Upon the unit holder's approval, We will notify You of the Fundamental Change if You have invested in a Segregated Fund which has invested in the particular underlying mutual fund that was subject to the change.

We reserve the right to make fundamental changes to these Segregated Funds, and also reserve the right to change the underlying mutual fund. If the change to the underlying mutual fund is a Fundamental Change, the Policyholder will have the right to transfer or the right to redeem as described above. Changing an Underlying Fund to another substantially similar Underlying Fund will not constitute a Fundamental Change as long as the total amount of the management fee immediately after the change is the same as, or lower than, the total amount of the management fee immediately prior to the change.

A substantially similar Underlying Fund is one that meets all of the following criteria:

- it has similar fundamental investment objectives as the Underlying Fund that is changing;
- it is in the same investment fund category as the changing Underlying Fund; and
- it has the same or lower management fee as the changing Underlying Fund.

We will notify you, our regulators and the CLHIA in writing at least 60 days before effecting any change. If such Notice is not practicable under any circumstance, we will provide Notice as soon as reasonably practicable. We will also amend or re-file the Information Folder to reflect the change. The foregoing may be superseded by any legislative or regulatory developments governing changes to segregated funds.

BENEFICIARIES AND SUCCESSOR OWNERS

Beneficiary / Contingent Beneficiary

You may name a Beneficiary to receive the proceeds from the Policy if the Annuitant dies prior to the Policy Maturity Date and You may name a Contingent Beneficiary to receive the proceeds of the Policy if the Beneficiary dies before the Annuitant. If there is no designated or surviving Beneficiary, then the proceeds will be paid to the Owner's estate.

Owner / Successor Owner

For non-registered Policies, the Owner can be someone other than the Annuitant. The Owner can appoint a Successor Owner. In that case, if the Owner dies, the Policy is transferred to the Successor Owner. The policy will remain in force and no Death Benefit is payable.

All benefits, rights and privileges, including the right to name or change a Beneficiary, belong to the current Owner.

A Successor Owner cannot be appointed for registered Policies.

TAXATION

TAX STATUS OF SEGREGATED FUNDS

Under the current *Income Tax Act* (Canada), the Company is taxed at regular corporate rates on its business profits.

The value of the Units in a Segregated Fund attributed to a Policy will not be reduced by income tax on the income from monies invested in respect of that Policy or on the gains realized on such investments. However, a Segregated Fund is subject to foreign withholding taxes on income derived from non-Canadian investments.

TAX STATUS OF THE POLICYHOLDER/CONTRIBUTOR

This summary provides general tax information for Canadian residents and is based on the current *Income Tax Act* (Canada).

This summary does not include all possible tax considerations and every policyholder is advised to consult with their personal tax advisor regarding their own circumstances.

REGISTERED POLICIES

Registered Savings Plans

The Policy will be registered under the applicable section of the *Income Tax Act* (Canada). The Policyholder (or contributor, in the case of a spousal plan) may claim an income tax deduction for contributions paid up to the maximum allowed by the *Income Tax Act* (Canada). For spousal plans where contributions are withdrawn within 3 calendar years from the date of deposit, the amount of the withdrawal will be attributed to the contributor.

Income earned under any registered Policy will not be subject to tax when allocated to the Policy. However, if You withdraw cash from, surrender or terminate Your Policy, You will be subject to income tax in the year the benefits are withdrawn from the Policy. Withholding tax applies at the time of the withdrawal unless such amounts, if eligible, are transferred to another registered savings plan as permitted by the provisions of the *Income Tax Act* (Canada). There will be restrictions on surrender and assignment, and the Policy must provide for a lifetime income to commence not later than the end of the year in which the Annuitant has his or her 71stbirthday (or such other age as is applicable under the *Income Tax Act* (Canada).

On death of the Annuitant the Cash Value of the Policy may be subject to tax.

Registered Retirement Income Plans

Your registered retirement income plan will be registered under the applicable section of the *Income Tax Act* (Canada). Income earned under the Policy will not be subject to tax when allocated to the Policy. All payments that You receive from your RRIF/LIF/LRIF/RLIF/pRRIFare taxable. We are required to withhold tax on any amount that is in excess of the minimum income permitted under the *Income Tax Act* (Canada).

On death of the Annuitant the Cash Value of the Policy may be subject to tax.

NON-REGISTERED POLICIES

We will report to You the portion of the investment income (e.g. interest, dividends, foreign income, capital gains and losses) of the Segregated Funds under Your Policy each year which You must report as taxable income. We will allocate to You:

- Capital gains or capital losses which arise from the following activities:
  - Security trading of the funds,
  - Distributions from underlying investments,
  - Fund discontinuance or change in a fund or Underlying Fund,
  - Your transfers between funds, and
- Your cash withdrawals from a fund, including Policy surrender or termination
- Canadian dividends that reflect the amount of dividends received from Canadian resident corporations.
- Foreign income from interest and dividends on foreign stock received by investments in a fund. If the fund has earned foreign income and paid foreign withholding tax on it, You may credit some or all of this tax against the Canadian income tax You pay.
- Other Canadian income from interest on a cash portion of the fund or income on investments such as Canadian bonds or mortgages by the fund.

Any interest earned from investments in the VRO and GRO options will be allocated to You and is taxable to You.

If the Annuitant dies prior to the Policy Maturity Date, the current Owner must include any accrued investment income in their taxable income.

In the event of the death of the Owner prior to the Policy Maturity Date, the taxable income (or loss) attributable to the Owner will be calculated as of the Valuation Day that occurs immediately following the death of the Owner. If there is a Successor Owner, the Policy is then transferred to the Successor Owner and future investment income will be taxable income of the Successor Owner.

Once a year, We will send You tax reporting slips that show the amounts that must be reported for income tax purposes.

This summary does not include all possible tax considerations and every policyholder is advised to consult with their personal tax advisor regarding their own circumstances.

GENERAL

Policy Statements

Not less than once each year, You will receive a statement of the financial status of Your Policy as of a Valuation Day not more than 4 months prior to the mailing date. The statement will contain the following information:

- The total Account Value of Your Policy;
- Your contributions, if any, allocated to a Segregated Fund to acquire units during the period; and
- The Account Value of Your Policy in respect of each Investment Option chosen (including the number of Units acquired by Your Policy in any Segregated Funds and the Unit Value for each of the Segregated Funds).

In addition, audited financial statements showing the details of each Segregated Fund as of December 31st of the previous year, the Management Expense Ratios, the rates of return calculated on a net basis for each of the Segregated Funds and a Schedule of Investments which lists all of the assets held in each of the

Segregated Funds will be made available to all Policyholders by April 30th of each year. These statements and current performance information can be obtained through the Company's website (www.cooperators.ca/segfunds),or by calling 1-800-454-8061. Non-audited financial statements will be available semi-annually upon request.

Potential Creditor Protection

Under provincial insurance laws, Your Policy may offer some creditor protection if the named beneficiary is a spouse or adult interdependent partner, child, grandchild or parent of the Annuitant ((in Quebec, if the Beneficiary is a Spouse (married or civil union) or an ascendant or descendent of the Policyholder)) or if the Beneficiary is named irrevocably.

There are important limitations with respect to this protection. You should consult Your legal advisor about Your individual circumstance.

Information about the Insurance Company Issuing Policies

The Company is a life insurance company that is owned by its shareholders. The Company is federally incorporated in Canada. Its operations are governed by its Letters Patent and by the *Insurance Companies Act*. The terms and conditions of the policies issued by the Company and the manner in which those policies are distributed are regulated by the *Insurance Act* of the provinces and territories in which the Company operates. Segregated Funds are regulated by the Office of the Superintendent of Financial Institutions pursuant to the *Insurance Companies Act* (Canada) which among other things, ensures that sufficient reserves are maintained in the respect of the guarantee obligations of the Company under the policies. The Company is in the business of providing financial services which includes the sale of retirement and investment products, life, health and accident insurance in all provinces and territories of Canada.

The management of the Company is carried out under the overall authority of its Board of Directors. Responsibility for day-to-day operations is delegated to the Chief Operating Officer.

Interest of Management and Others in Material Transactions

There are no material transactions to report in the three preceding years between the insurer or any of its subsidiaries and any director, senior officer, or principal broker of the insurer, or any associates or affiliates of the foregoing, with respect to the Segregated Funds.

Material Policies

There are no Policies that can be reasonably regarded as presently material to any proposed Policyholder with respect to any of the Segregated Funds.

Conflict of Interest

A conflict of interest is defined as an interest (anything of importance or consequence) that would likely have an adverse effect on an entity's judgment on behalf of an investing client or that an entity might be prompted to prefer to the interests of an investing client. An example of this is when Co-operators Life Insurance Company, Addenda, Fidelity, Franklin Templeton, Mawer, or NEI or any of their employees become aware of certain facts concerning investment holdings or future holdings in the Segregated Funds and use this knowledge to their own benefit.

The person(s) involved must disclose in writing the nature and extent of their conflict and refrain from activities relating to this issue in conflict until such time as it can be resolved to the satisfaction of the other parties involved.

Other Material Facts

There are no other material facts which are known which would be relevant to the operation of the Versatile Portfolios™ that have not been disclosed previously.

Notice

Any written notification or other communication required or permitted to be given to the Company under this Policy shall be in writing and delivered by mail, by personal delivery or by facsimile or similar means of recorded electronic communication addressed to Our Head Office; the Company will provide the Policyholder with written notification or other communication by mail or by personal delivery to the Policyholder at the address We currently have on Our records ("Notice").

Notice from Us is deemed to have been given to You and received by You in accordance with the following delivery methods:

- Notice by mail to the last known address of the Policyholder:
- Notice is effective on the 5th business day after We post it in the mail;
- Notice by personal delivery: Notice is effective on the day You receive any Notice or other communication from Us in person; or
- Notice by electronic transmission: where Notice was made between 5 p.m. and midnight E.S.T., it shall be deemed to have been made on the following business day as long as such electronic means provides confirmation of transmission.

Except any transaction or contribution request, any Notice We receive from You either by mail, personal delivery or electronic transmission is deemed to have been given to Us and received by Us in accordance with the following:

- if We receive Your Notice between midnight and 5 p.m. E.S.T. on a business day, it will be deemed to have been made on that business day; or

- if We receive Your Notice between 5 p.m. and midnight E.S.T. on any day, it shall be deemed to have been made on the following business day; and
- any Notice by electronic transmission shall provide confirmation of Your transmission.

Any transaction or contribution request from the Policyholder must be in accordance with the Transaction Timing section.

MANAGEMENT OF THE SEGREGATED FUNDS

Custodians of Segregated Fund Portfolio or Securities

Each of the Investment Managers uses a custodian which holds the fund assets under a custody agreement with a fee paid to the custodian by the investment manager. Fund assets are held either on CDS (the Canadian Depository for Securities Ltd.) or in physical form in the custodian's vaults.

The custodian for the Segregated Funds managed by Addenda Capital Inc. is CIBC Mellon Global Securities Services (the custodial department for The Canadian Imperial Bank of Commerce), 320 Bay Street, Toronto, ON, M5H 4A6.

The custodian for funds managed by BlackRock Asset Management Canada Limited is State Street Trust Company Canada, 30 Adelaide Street East, Suite 1100, Toronto, ON, M5C 3G6.

The custodian for the Segregated Funds managed by Fidelity Investments Canada ULC is State Street Trust Company Canada, 30 Adelaide Street East, Suite 1100, Toronto, ON, M5C 3G6.

The custodian for the Segregated Funds managed by Franklin Templeton Investments Corp. is J.P. Morgan Bank Canada, Royal Bank Plaza, South Tower, Suite 1800, 200 Bay Street, Toronto, ON, M5J 2J2.

The custodian for the Segregated Funds managed by Mawer Investment Management Ltd. is Royal Bank of Canada, 339 - 8 Avenue SW, Calgary, AB, T2P 1C4.

The custodian for the Segregated Funds managed by NEI Investments (Ethical Funds) is Desjardins Trust Inc., 1 Complexe Desjardins, P.O. Box 34, Desjardins Station, Montréal, QC, H5B 1E4.

Investment Policies

It is Our investment policy to diversify investments and to avoid heavy concentration in any one specific security or industry. No attempt is made to invest for the purpose of exercising control or management of an organization.

Minimum cash balances and short term investments are held by the Segregated Funds for liquidity purposes and, when appropriate, for strategic purposes.

Bond investments in the securities of one issuer will not be more than 10% of the total market value of any of the Segregated Funds unless guaranteed by the Government of Canada, one of the provinces of Canada, or the United States Treasury Department.

A single stock investment will not be more than 10% of the market value of all stocks held by any Segregated Fund, and no more than 10% of any class of the outstanding voting securities of a single issuer may be acquired.

For all of the Fund of Funds, these limits apply to the Underlying Funds. There are no limits on the extent a Segregated Fund can invest in an Underlying Fund except for those listed in the specific Investment Policy of those Segregated Funds. A copy of the Statement of Investment Policies and Goals is available upon request from Our Head Office by calling 1-800-454-8061.

Auditor

The auditor of the Segregated Funds is PricewaterhouseCoopers LLP, Chartered Accountants, located at One Lombard Place, Suite 2300, Winnipeg, MB, R3B 0X6.

INFORMATION ABOUT SEGREGATED FUNDS

The investment portfolio of the Segregated Funds is managed jointly by the Co-operators Life Insurance Company and its investment managers, Addenda Capital Inc. ("Addenda"), BlackRock Asset Management Canada Limited ("BlackRock"), Fidelity Investments Canada ULC ("Fidelity"), Franklin Templeton Investments Corp. ("Franklin Templeton"), Mawer Investment Management Ltd. ("Mawer"), and NEI Investments ("NEI"). The investment managers provide investment analysis, management of the Segregated Funds, and place the purchase and sale orders for the securities. Transactions are normally arranged through a large number of brokerage houses and no principal broker is retained.

Addenda, with its head office at 800 René Lévesque Blvd. W, Suite 2750, Montreal, QC, H3B 1X9, had $23 billion in assets under management as of June 30, 2013. Co-operators Financial Services Limited is the firm's principal shareholder and owns 74.4%, the Fonds de solidarité FTQ own 21.5% and management shareholders own 4.1%.

Addenda manages the following Funds:

- Co-operators Balanced Fund
- Co-operators Canadian Equity Fund
- Co-operators Canadian Fixed Income Fund
- Co-operators Canadian Resource Fund
- Co-operators Money Market Fund
- Co-operators U.S. Equity Fund

BlackRock is a provider of asset management, risk management, and advisory services to institutional, intermediary, and individual clients worldwide. As of June 30, 2013, the firm managed US$3.86 trillion across asset classes in separate accounts, mutual funds, other pooled investment vehicles, and the iShares® exchange-traded funds. BlackRock serves clients in North and South America, Europe, Asia, Australia, Africa, and the Middle East. Headquartered in New York, the firm maintains offices in 27 countries around the world, including the head office of Canadian operations at BCE Place, 161 Bay Street Suite 2500, P.O. Box 614, Toronto, ON, M5J 2S1.

BlackRock manages the following indices that are held within certain Portfolio Funds.

- BlackRock Canada Universe Bond Index
- BlackRock Canadian Equity Index
- BlackRock CDN US Equity Index

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Fidelity is part of the Fidelity Investments organization of Boston, one of the world's largest providers of financial services. In Canada, Fidelity manages a total of $74 billion in mutual fund and institutional assets as at June 30, 2013. This includes $15 billion in assets for institutional clients including public and corporate defined benefit pension plans, endowments, foundations and other corporate assets on behalf of clients across Canada. Fidelity Canada provides Canadian investors a full range of domestic, international and fixed-income mutual funds. Fidelity funds are available through a number of advice-based distribution channels including financial planners, investment dealers, banks, and insurance companies.

Established in Canada in 1987, Fidelity Investments Canada ULC is committed to distinguishing itself as the premier provider of investment services for Canadians. Fidelity employs over 600 full-time employees in offices across the country. Headquartered in Toronto, it has regional offices in Montreal, Calgary and Vancouver.

Fidelity manages the following Funds:

- Co-operators Fidelity Canadian Bond Fund
- Co-operators Fidelity Global Fund
- Co-operators Fidelity True North® Fund

Fidelity Investments® and True North® are registered trademarks of FMR LLC.

Franklin Templeton is a global investment manager with assets under management of $856.9 billion as at June 30, 2013. Franklin Templeton's global platform includes a network of more than 500 investment professionals on the ground in 36 countries. Their experts allow them to offer investment solutions shaped by local insight, global context, and a long-term investment horizon. For over 30 years, Franklin Bissett Investment Management, part of Franklin Templeton Investments Corp., has provided high-quality investment management solutions that help individuals and institutions build and maintain wealth. With equity expertise across the market cap and yield spectrum and fixed income expertise across multiple sectors, Franklin Bissett's investment strategy seeks to deliver strong risk-adjusted returns over time. Franklin Templeton through Franklin Bissett Investment Management manages the following Fund:

- Co-operators Bissett Canadian Dividend Fund

Franklin Bissett Investment Management is part of Franklin Templeton Investments Corp.

Mawer, founded in 1974, is a privately owned, independent investment management firm. Mawer manages in excess of $17 billion in assets as of June 30, 2013, for a broad range of individual and institutional investors across all major asset classes. Its head office is located at Suite 600, 517 – 10th Avenue SW, Calgary, AB, T2R 0A8.

Mawer manages the following Funds:

- Co-operators Mawer Balanced Fund
- Co-operators Mawer Canadian Equity Fund
- Co-operators Mawer International Equity Fund

NEI, with approximately $5.5 billion in assets under management as of July 31, 2013, is a mutual fund company that makes excellent, independent portfolio managers accessible to Canadian retail investors through two award-winning fund families: Northwest Funds and Ethical Funds. Their head office is located at 1200 – 151 Yonge Street, Toronto, ON, M5C 2W7. NEI is also home to Canada's largest team of in-house socially responsible investing specialists who, as NEI's ESG Services Team, provide environmental, social and governance (ESG) analysis and engagement of companies to portfolio managers of socially responsible investments, including NEI's own Ethical Funds. NEI through Ethical Funds manages the following Funds:

- Co-operators Ethical Balanced Fund
- Co-operators Ethical Canadian Equity Fund
- Co-operators Ethical International Equity Fund
- Co-operators Ethical Select Income Portfolio
- Co-operators Ethical Select Conservative Portfolio
- Co-operators Ethical Select Balanced Portfolio
- Co-operators Ethical Select Growth Portfolio

Northwest Funds, NEI Investments, and Ethical Funds are divisions of Northwest & Ethical Investments L.P.

Northwest Funds, NEI Investments, and Ethical Funds are registered marks and trademarks are owned by Northwest & Ethical Investments L.P.

Note:

- Five Co-operators VP Portfolio Funds hold Underlying Funds managed by Addenda, BlackRock, Fidelity and Mawer.

UNDERLYING FUNDS

Underlying Funds are Funds in which certain Segregated Funds offered through the Versatile Portfolios™ invest all or part of their assets. The Underlying Funds may be Segregated Funds or mutual funds.

Funds that invest in underlying Segregated Funds

The following Segregated Funds invest all or part of their assets in Units of other Segregated Funds which are offered under Versatile Portfolios™:

- Co-operators Conservative Balanced Fund
- Co-operators Aggressive Balanced Fund.

We have also designed a special group of Co-operators portfolios to suit the risk profiles of a wide variety of investors - the Co-operators Portfolio Funds. These five portfolios invest in funds from four of Our Investment Fund Managers. The five Portfolio Funds are:

- Co-operators Very Conservative Portfolio
- Co-operators Conservative Portfolio
- Co-operators Moderate Portfolio
- Co-operators Aggressive Portfolio
- Co-operators Very Aggressive Portfolio.

In the event You choose to invest in any one of these portfolios, Your contributions will be invested in accordance with the Target Fund Composition identified in the description for each Co-operators portfolio in the section called “Individual Fund Information”. Underlying Funds invested in by these portfolios may be deleted and other Underlying Funds substituted at Our discretion, taking into account prevailing circumstances in order to most effectively meet the stated objectives of the portfolios. A list of the current Underlying Funds can be obtained by contacting Us or your Financial Advisor.

Funds that invest in underlying mutual funds

The following Segregated Funds are invested entirely in the corresponding underlying mutual funds.

- Co-operators Fidelity Canadian Bond Fund
- Co-operators Fidelity Global Fund
- Co-operators Fidelity True North® Fund
- Co-operators Bissett Canadian Dividend Fund
- Co-operators Mawer Balanced Fund
- Co-operators Mawer Canadian Equity Fund
- Co-operators Mawer International Equity Fund
- Co-operators Ethical Balanced Fund
- Co-operators Ethical Canadian Equity Fund
- Co-operators Ethical International Equity Fund
- Co-operators Ethical Select Income Portfolio
- Co-operators Ethical Select Conservative Portfolio
- Co-operators Ethical Select Balanced Portfolio
- Co-operators Ethical Select Growth Portfolio

Copies of the simplified prospectus, annual information form, financial highlights and audited financial statements, and any other disclosure documents required for the underlying mutual funds are available upon request.

OPERATION OF THE SEGREGATED FUNDS

By investing in a Versatile Portfolios™ Policy, the Policyholder is purchasing an insurance policy and is not a unitholder of the Underlying Fund(s). Co-operators Life Insurance Company owns the assets, including all asset investments and investment earnings, of the Segregated Funds. These assets are segregated from Our other assets to protect them from any creditor claims in the event of an insolvency.

The assets of the Segregated Funds may be invested in any way We judge to be most effective under the circumstances prevailing at any time to achieve the investment objectives of the individual Segregated Fund. We do not guarantee the performance of the Segregated Funds. You should carefully consider your tolerance for risk when you select an Investment Option.

Co-operators Life Insurance Company will not be liable for any of the following:

- any loss that You may incur as a result of investing in the Segregated Funds;
- any error of judgement or mistake as to law or fact that We make with regard to Our investment in any segregated fund; or
- any act or omission of the Policyholder with regard to the investments in the Segregated Funds.

INDIVIDUAL FUND INFORMATION

CO-OPERATORS PORTFOLIO FUNDS

Weekly rebalancing of the Underlying Funds helps to maintain a consistent portfolio composition. We reserve the right to replace or add funds and to change the percentage of an Underlying Fund that the fund holds to maintain the investment objectives of the fund.

CO-OPERATORS VERY CONSERVATIVE PORTFOLIO

Investment Objectives
This portfolio fund’s objective is to provide interest income and preservation of capital while offering the opportunity for moderate capital growth by investing primarily in Canadian bonds and debentures and to a lesser extent in medium to large capitalized Canadian and foreign companies.

Investment Strategies
To achieve the objective, the portfolio is actively managed and consists of Units of a number of Underlying Funds. Income is emphasized by investing primarily in income-oriented funds. The portfolio also invests in equity funds to a smaller degree to achieve modest capital appreciation. Bond and debenture investments provide high interest income and safety of

principal while equity investments offer the opportunity for long-term capital appreciation. Equity assets are diversified through industry sectors. Fixed income assets in the portfolio are diversified among Canadian government and Canadian corporate issuers. The target asset mix is 80% fixed income and 20% equities.

The target asset mix is as follows:

Canadian Equity	10%
Fixed Income	80%
Foreign Equity	10%

Primary Risks: concentration, credit, currency, derivative, foreign investment, interest rate, large transaction, liquidity, market, repurchase and reverse repurchase transaction, securities lending, series, specialization, underlying fund

CO-OPERATORS CONSERVATIVE PORTFOLIO

Investment Objectives
This portfolio fund's objective is to achieve both interest income and capital growth with relatively low levels of volatility by investing primarily in Canadian bonds and debentures as well as medium to large capitalized Canadian and foreign companies.

Investment Strategies
To achieve the objective, the portfolio is actively managed and consists of Units of a number of Underlying Funds. The Underlying Funds hold a wide variety of bond and debenture investments to provide high interest income and safety of principal while equity investments offer the opportunity for long term capital appreciation. Equity assets are diversified through industry sectors. Fixed income assets in the fund are diversified among Canadian government and Canadian corporate issuers. The target asset mix is 60% fixed income and 40% equities.

The target asset mix is as follows:

Canadian Equity	20%
Fixed Income	60%
Foreign Equity	20%

Primary Risks: concentration, credit, currency, derivative, foreign investment, interest rate, large transaction, liquidity, market, repurchase and reverse repurchase transaction, securities lending, series, specialization, underlying fund

For information about the investment objectives and strategies of the Underlying Funds refer to the investment information specific to the Underlying Fund.

CO-OPERATORS MODERATE PORTFOLIO

Investment Objectives
This portfolio fund's objective is to achieve both interest income and capital growth with relatively modest levels of volatility by investing in a mix of Canadian bonds and debentures as well as medium to large capitalized Canadian and foreign companies.

Investment Strategies
To achieve the objective, the portfolio is actively managed and consists of Units of a number of Underlying Funds. The Underlying Funds hold a wide variety of bond and debenture investments to provide high interest income and safety of principal while equity investments offer the opportunity for long term capital appreciation. Equity assets are diversified through industry sectors. Fixed income assets in the fund are diversified among Canadian government and Canadian corporate issuers. The target asset mix is 40% fixed income and 60% equities.

The target asset mix is as follows:

Canadian Equity	35%
Fixed Income	40%
Foreign Equity	25%

Primary Risks: concentration, credit, currency, derivative, foreign investment, interest rate, large transaction, liquidity, market, repurchase and reverse repurchase transaction, securities lending, series, small company, specialization, underlying fund

CO-OPERATORS AGGRESSIVE PORTFOLIO

Investment Objectives
This portfolio fund's objective is to achieve long-term capital growth with some interest income by investing in a mix of medium to large capitalized Canadian and foreign companies and some Canadian bonds and debentures.

Investment Strategies
To achieve the objective, the portfolio is actively managed and consists of Units of a number of Underlying Funds. The portfolio consists primarily of Canadian and foreign equities with some Canadian fixed income to reduce volatility. The Underlying Segregated Funds hold bond and debenture investments to provide high interest income and safety of principal while equity investments offer the opportunity for long term capital appreciation. Equity assets are diversified through industry sectors. Fixed income assets in the fund are diversified among Canadian government and Canadian corporate issuers. The target asset mix is 20% fixed income and 80% equities.

The target asset mix is as follows:

Canadian Equity	45%
Fixed Income	20%
Foreign Equity	35%

Primary Risks: concentration, credit, currency, derivative, foreign investment, interest rate, large transaction, liquidity, market, repurchase and reverse repurchase transaction, securities lending, series, small company, specialization, underlying fund

CO-OPERATORS VERY AGGRESSIVE PORTFOLIO

Investment Objectives
This portfolio fund's objective is to achieve maximum capital growth over the long term by investing in a mix of medium to large capitalized Canadian and foreign companies.

Investment Strategies
To achieve the objective, the portfolio is actively managed and consists of Units of a number of Underlying Funds. The Underlying Funds hold Canadian and foreign equity investments which offer the opportunity for long term capital appreciation. Equity assets are diversified through industry sectors with an emphasis on medium to large capitalized Canadian companies. The target asset mix is 100% equities.

The target asset mix is as follows:

Canadian Equity	60%
Foreign Equity	40%

Primary Risks: concentration, credit, currency, derivative, foreign investment, interest rate, large transaction, liquidity, market, repurchase and reverse repurchase transaction, securities lending, series, small company, specialization, underlying fund

For information about the investment objectives and strategies of the Underlying Funds refer to the investment information specific to the Underlying Fund.

CO-OPERATORSSOCIALLY RESPONSIBLE PORTFOLIO FUNDS

CO-OPERATORS ETHICAL SELECT INCOME PORTFOLIO

Investment Objectives
The Underlying Fund is the NEI Ethical Select Income Portfolio. The investment objective of the Underlying Fund is to generate a high level of interest income while providing some potential for capital growth by investing in a mix of income oriented mutual funds and to a lesser extent, equity mutual funds. This Portfolio follows a socially responsible approach to investing.

Investment Strategies
To achieve the objective, the portfolio uses strategic asset allocation as the principal investment strategy. The Underlying Fund will invest in other Ethical Funds and may also invest in mutual funds managed by any mutual fund company provided they fit the Underlying Fund's concept of socially responsible investing. The portfolio must invest at least 51% of total assets in a combination of equity securities domiciled in Canada and Canadian dollar denominated fixed income securities. Being a socially responsible portfolio, environmental, social and governance ("ESG") criteria also form part of the investment decision-making process at the underlying fund levels.

The asset mix ranges are as follows:

Canadian & Foreign Equity	10-40%
Fixed Income & Short Term	60-90%

Primary Risks: concentration, credit, currency, derivative, foreign investment, interest rate, large transaction, liquidity, market, series, small company

CO-OPERATORS ETHICAL SELECT CONSERVATIVE PORTFOLIO

Investment Objectives
The Underlying Fund is the NEI Ethical Select Conservative Portfolio. The investment objective of the Underlying Fund is to generate a moderate level of interest income while providing some potential for capital growth by investing in a mix of income oriented mutual funds and equity mutual funds. This Portfolio follows a socially responsible approach to investing.

Investment Strategies
To achieve the objective, the portfolio uses strategic asset allocation as the principal investment strategy. The Underlying Fund will invest in other Ethical Funds and may also invest in mutual funds managed by any mutual fund company provided they fit the Underlying Fund's concept of socially responsible investing. The portfolio must invest at least 51% of total assets in a combination of equity securities domiciled in Canada and Canadian dollar denominated fixed income securities. Being a socially responsible portfolio, environmental, social and governance ("ESG") criteria also form part of the investment decision-making process at the underlying fund levels.

The asset mix ranges are as follows:

Canadian & Foreign Equity	10-40%
Fixed Income & Short Term	60-90%

Primary Risks: concentration, credit, currency, derivative, foreign investment, interest rate, large transaction, liquidity, market, series, small company

CO-OPERATORS ETHICAL SELECT BALANCED PORTFOLIO

Investment Objectives
The Underlying Fund is the NEI Ethical Select Balanced Portfolio. The investment objective of the Underlying Fund is to provide long-term capital growth and preservation of capital through exposure to foreign and Canadian equity securities, foreign and Canadian fixed income securities, and money market securities. This Portfolio follows a socially responsible approach to investing.

Investment Strategies
To achieve the objective, the portfolio uses strategic asset allocation as the principal investment strategy. The Underlying Fund will invest in other mutual funds, which may be managed by NEI Investments or any mutual fund company provided they fit the Underlying Fund's concept of socially responsible investing. The

Underlying Fund may invest up to 100% of its property in foreign securities. Being a socially responsible portfolio, environmental, social and governance ("ESG") criteria also form part of the investment decision-making process at the underlying mutual fund levels.

The asset mix ranges are as follows:

Canadian & Foreign Equity	40-60%
Fixed Income & Short Term	40-60%

Primary Risks: concentration, credit, currency, derivative, foreign investment, interest rate, large transaction, liquidity, market, series, small company

CO-OPERATORS ETHICAL SELECTGROWTH PORTFOLIO

Investment Objectives
The Underlying Fund is the NEI Ethical Select Growth Portfolio. The investment objective of the Underlying Fund is to provide long-term capital growth and, to a lesser extent, preservation of capital through exposure to foreign and Canadian equity securities, foreign and Canadian fixed income securities, and money market securities. This Portfolio follows a socially responsible approach to investing.

Investment Strategies
To achieve the objective, the portfolio uses strategic asset allocation as the principal investment strategy. The Underlying Fund will invest in other mutual funds, which may be managed by NEI Investments or any mutual fund company provided they fit the Underlying Fund's concept of socially responsible investing. The Underlying Fund may invest up to 100% of its property in foreign securities. Being a socially responsible portfolio, environmental, social and governance ("ESG") criteria also form part of the investment decision-making process at the underlying mutual fund levels.

The asset mix ranges are as follows:

Canadian & Foreign Equity	60-90%
Fixed Income & Short Term	10-40%

Primary Risks: concentration, credit, currency, derivative, foreign investment, interest rate, large transaction, liquidity, market, series, small company

CO-OPERATORS FIXED INCOME FUNDS

CO-OPERATORS CANADIAN FIXED INCOME FUND

Investment Objectives
The investment objective of the Fund is to achieve high interest income and moderate capital appreciation by investing primarily in Canadian fixed income securities including government (federal, provincial and municipal) securities and corporate income producing securities.

Investment Strategies
To achieve the objective, assets in the Fund are diversified among Canadian government and Canadian corporate bonds and debentures. A maximum of 10% in foreign bonds is permitted. At the time of purchase, credit ratings will be BBB or better for all securities. The management style of the Fund is active and multi-faceted. Based on economic market forecasts derived from a top-down approach, a wide range of investment strategies is used to add value to portfolios. Interest rate anticipation, spread trading among sectors and individual securities, and analysis of credit ratings are all employed to moderate risk and enhance portfolio returns.

Primary Risks: credit, currency, foreign investment, interest rate, large transaction, liquidity, specialization

CO-OPERATORS FIDELITY CANADIAN BOND FUND

Investment Objectives
The Underlying Fund is the Fidelity Canadian Bond Fund. The investment objective of the Underlying Fund is to provide interest income by investing primarily in Canadian fixed income securities.

Investment Strategies
To achieve the objective, the Underlying Fund manager structures the fund to have an overall interest rate risk similar to that of the DEX Universe Bond Index. The fund may invest in fixed-income securities of any quality or term and may invest up to approximately 30% of its assets in foreign securities. A security's features, its current price compared to its estimated long-term value, the credit quality of the issuer, and any short-term trading opportunities resulting from market inefficiencies are all key considerations in evaluation of securities held within the Fund.

Primary Risks: concentration, credit, currency, derivative, foreign investment, interest rate, large transaction, liquidity, repurchase and reverse repurchase transaction, securities lending, series, specialization

CO-OPERATORS MONEY MARKET FUND

Investment Objectives
The investment objective of the Fund is to provide a secure source of interest income by investing in Canadian short-term money market instruments and cash.

Investment Strategies
To achieve the objective, the Fund invests in short-term money market instruments issued or guaranteed by the Government of Canada, provincial governments, and high grade Canadian corporations, all of which are denominated in Canadian dollars. All of the assets are to be invested in cash or debt obligations maturing in 13 months or less, except in the case of investments in government securities which may mature in 25 months or less. The Fund will have a dollar-weighted average

term to maturity not exceeding 180 days. A combination of fundamental factors and technical analysis is used to establish the outlook for interest rates by Addenda Capital Inc. The portfolio is then positioned along the short end of the yield curve to take advantage of anticipated interest rate changes.

Primary Risks: credit, interest rate

CO-OPERATORS BALANCED FUNDS

CO-OPERATORS AGGRESSIVE BALANCED FUND

Investment Objectives
The investment objective of the Fund is to provide high interest income and safety of principal while offering the opportunity for long term capital appreciation by investing in medium to large capitalized Canadian and U.S. companies and in the fixed income assets of Canadian government and Canadian corporate issuers.

Investment Strategies
To achieve the objective, the Fund consists of units of a number of Underlying Funds. The proportions invested are varied by the investment manager based on their expectations of risk and return for the various classes of assets. Equity assets are diversified through industry sectors with an emphasis on medium to large capitalized Canadian and U.S. companies. Fixed income assets are diversified among Canadian government and Canadian corporate issuers.

The target asset mix is as follows:

Canadian Equity	43%
Fixed Income	38%
Foreign Equity	19%

Primary Risks: concentration, credit, currency, foreign investment, interest rate, liquidity, market, underlying fund

CO-OPERATORS BALANCED FUND

Investment Objectives
The investment objective of the Fund is to achieve both high interest income and safety of principal while offering the opportunity for long term capital appreciation by investing in medium to large capitalized Canadian and U.S. companies and in the fixed income assets of Canadian government and Canadian corporate issuers.

Investment Strategies
To achieve the objective, the Fund is diversified across North American equities, Canadian fixed income and short term investments. The proportions invested are varied by the investment manager based on their expectations of risk and return for the various classes of assets. The Fund may invest up to 20% in U.S. equities. The asset mix strategy is developed using a top-down process based on fundamental research. With a 12 to 24 month horizon, the team of portfolio managers establishes forecasts for all aspects of the economy and markets, such as interest rates, growth constraints, supply and demand and political events. At the same time, extensive consideration is given to global influences and secular trends.

The target asset mix is as follows:

Canadian Equity	42%
Fixed Income	45%
Foreign Equity	13%

Primary Risks: concentration, credit, currency, foreign investment, interest rate, liquidity, market

CO-OPERATORS CONSERVATIVE BALANCED FUND

Investment Objectives
The investment objective of the fund is to provide high interest income and safety of principal while offering the opportunity for some long-term capital appreciation by investing in medium to large capitalized Canadian and U.S. companies and in the fixed income assets of Canadian government and Canadian corporate issuers.

Investment Strategies
To achieve the objective, the Fund consists of units of a number of Underlying Segregated Funds. The proportions invested are varied by the investment manager based on their expectations of risk and return for the various classes of assets. Equity assets are diversified through industry sectors with an emphasis on medium to large capitalized Canadian and U.S. companies. Fixed income assets are diversified among Canadian government and Canadian corporate issuers. Since bond and stock values generally move in opposite directions, the diversity provided in the Fund reduces the risk that is present in a pure equity or pure bond fund.

The target asset mix is as follows:

Canadian Equity	30%
Fixed Income	58%
Foreign Equity	12%

Primary Risks: concentration, credit, currency, foreign investment, interest rate, liquidity, market, underlying fund

CO-OPERATORS ETHICAL BALANCED FUND

Investment Objectives
The Underlying Fund is the NEI Ethical Balanced Fund. The investment objective of the Underlying Fund is to preserve capital, provide a high level of income, and to achieve long-term capital growth by investing primarily in a mix of Canadian and U.S. equities and fixed income investments. This Fund follows a socially responsible approach to investing.

Investment Strategies
To achieve the objective, the Underlying Fund follows a growth-at-a-reasonable-price investment style as part of a core portfolio strategy that is well-diversified by sector/industry and security selection. Equity securities

are selected based on companies that have a sustainable competitive advantage, a strong management team, a suitable balance sheet, and a reasonable stock price valuation. Fixed income decisions and strategies are based on the preservation of capital and an active approach to adding value. Being a socially responsible Fund, environmental, social and governance ("ESG") criteria also form part of the investment decision-making process in addition to traditional evaluative processes. There is no limitation on non-Canadian securities but it is not expected that the fund will invest more than 30% of its assets in non-Canadian securities.

The target asset mix is as follows:

Canadian Equity	40%
Fixed Income	50%
Foreign Equity	10%

Primary Risks: credit, currency, derivative, foreign investment, interest rate, liquidity, market, series

CO-OPERATORS MAWER BALANCED FUND

Investment Objectives
The Underlying Fund is the Mawer Balanced Fund. The investment objective of the Underlying Fund is to preserve capital and to achieve long-term income and capital returns by investing in other mutual funds offered by Mawer Investment Management Inc. as well as common shares, preferred shares, treasury bills, short-term notes, debentures, and bonds.

Investment Strategies
To achieve the objective, the Underlying Fund creates a broadly diversified portfolio using a long-term strategic approach. Within a narrow band, variations from long-term strategic allocations are permitted. Asset mix adjustments are made in a gradual fashion, as Mawer believes that abrupt moves run the risk of market timing, an area in which value cannot be added. Accordingly, during normal market conditions, any asset mix shift is limited to being no more than 5% of the market value of the fund. Small cap exposure is restricted to a maximum of 20% of the entire Underlying Fund. The bond allocation will maintain a weight of no less than 30% Government of Canada holdings.

The target asset mix is as follows:

Canadian Equity	22.5%
Fixed Income	40%
Foreign Equity	37.5%

Primary Risks: concentration, credit, currency, foreign investment, interest rate, liquidity, market, repurchase and reverse repurchase transaction, securities lending, series, underlying fund.

CO-OPERATORS CANADIAN EQUITY FUNDS

CO-OPERATORS BISSETT CANADIAN DIVIDEND FUND

Investment Objectives
The Underlying Fund is the Franklin Bissett Canadian Dividend Fund. The investment objective of the Underlying Fund is to achieve current income and long-term capital appreciation by investing primarily in dividend paying or income producing Canadian securities, including common shares, income trusts, and preferred shares.

Investment Strategies
To achieve the objective, the Underlying Fund applies a bottom-up research approach to identify companies with a history of sustainable, replicable growth. Among the selection criteria in this process is for chosen stocks to have a modest price-earnings ratio. Dividend yield is also an important valuation metric, as it provides a more reliable source of total return than capital appreciation. Income generation is a key focus and all investments must generate reasonable yields. The Underlying Fund's dividend yield must be 1.5 times the yield of the S&P/TSX Composite Index.

Primary Risks: derivative, foreign investment, interest rate, large transaction, liquidity, market, repurchase and reverse repurchase transaction, securities lending, series, small company, underlying fund

CO-OPERATORS CANADIAN EQUITY FUND

Investment Objectives
The investment objective of the Fund is to achieve long-term capital growth and maintain value by investing primarily in equity securities of medium to large capitalized Canadian companies.

Investment Strategies
To achieve the objective, assets in the Fund are broadly diversified among the various industry sectors in Canada with an emphasis on medium to large capitalization companies. The investment strategy is centered on the belief that companies will have an intrinsic value which, over time, share prices will trend towards. Stocks are purchased when they have an attractive price/intrinsic value relationship, supporting industry analysis and a strong investment opinion. Sector selection is achieved by over or under weights in the S&P/TSX Composite Index sectors in anticipation of their relative performance. This relative performance outlook is a result of the combination of a detailed research process and a top down economic perspective.

Primary Risks: concentration, large transaction, liquidity, market

CO-OPERATORS CANADIAN RESOURCE FUND

Investment Objectives
The investment objective of the Fund is to achieve long-term capital appreciation by investing primarily in equity securities of Canadian resource companies listed on the Toronto Stock Exchange.

Investment Strategies
To achieve the objective, this Fund invests primarily in equity securities of businesses involved in the exploration and production of natural resources, such as metals, non-metallic minerals, forest products, oil and gas. There may be a shift in emphasis from one natural resource to another depending on market conditions, and when appropriate, the fund may invest in debt instruments.

Primary Risks: commodity, concentration, large transaction, liquidity, market, specialization

CO-OPERATORS ETHICAL CANADIAN EQUITY FUND

Investment Objectives
The Underlying Fund is the NEI Ethical Canadian Equity Fund. The investment objective of the Underlying Fund is to maximize returns primarily through a combination of dividend income and capital growth from Canadian companies. This Fund follows a socially responsible approach to investing.

Investment Strategies
To achieve the objective, the Underlying Fund uses a fundamental research approach, employing a bottom-up stock selection process that includes company visits and management interviews. The detailed selection process enables the creation of a portfolio of enduring quality, value, and growth, including dividend growth. Risks and industry weightings in the portfolio are managed to reduce volatility, increase income, maintain diversification, and assure consistency of return. Being a socially responsible Fund, environmental, social and governance ("ESG") criteria also form part of the investment decision-making process in addition to traditional evaluative processes. The Underlying Fund typically holds a maximum of 35 stocks. There is no limitation on non-Canadian securities, although it is not expected that the fund will invest more than 10% of its assets in non-Canadian securities.

Primary Risks: derivative, interest rate, liquidity, market, series, small company

CO-OPERATORS FIDELITY TRUE NORTH® FUND

Investment Objectives
The Underlying Fund is the Fidelity True North® Fund. The investment objective of the Underlying Fund is to achieve long-term capital growth by investing primarily in equity securities of small, medium and large Canadian companies. This fund may invest up to approximately 30% of its assets in foreign securities.

Investment Strategies
To achieve the objective, the Underlying Fund follows a bottom-up growth investment style in order to deliver superior long-term growth potential. When buying and selling securities for the fund, each company's potential for success in light of its current financial condition, its industry position, and economic and market conditions is examined. Factors such as growth potential, earnings estimates, and quality of management are considered. The Underlying Fund may invest up to approximately 30% of its assets in foreign securities and may hold cash and fixed income securities. Investment of up to 10% of its net assets in gold and/or silver is also permitted.

Primary Risks: commodity, concentration, currency, derivative, foreign investment, interest rate, large transaction, liquidity, market, repurchase and reverse repurchase transaction, securities lending, series, small company, specialization

CO-OPERATORS MAWER CANADIAN EQUITY FUND

Investment Objectives

The Underlying Fund is the Mawer Canadian Equity Fund. The investment objective of the Underlying Fund is to achieve above average long-term returns in equity securities of primarily medium and large capitalization Canadian companies.

Investment Strategies

To achieve the objective, the Underlying Fund seeks to systematically create a broadly diversified portfolio of wealth-creating companies bought at discounts to their intrinsic value. A long-term holding period is employed in order to allow for investor recognition or corporate growth and also to minimize transaction costs. Eligible securities include Canadian common stocks (including non-public companies that will become public within a reasonable period), income trusts, rights, warrants, subscription receipts, and convertible debentures. Treasury bills or short term investments not exceeding three years to maturity may also be used from time to time.

Primary Risks: concentration, currency, derivative, large transaction, liquidity, market, repurchase and reverse repurchase transaction, securities lending, series

CO-OPERATORS FOREIGN EQUITY FUNDS

CO-OPERATORS ETHICAL INTERNATIONAL EQUITY FUND

Investment Objectives
The Underlying Fund is the NEI Ethical International Equity Fund. The investment objective of the Underlying Fund is to achieve long-term capital growth by investing primarily in equity securities of companies located mainly outside of Canada and the United States. This Fund follows a socially responsible approach to investing.

Investment Strategies
To achieve the objective, the Underlying Fund focuses on investing in companies with above-average prospects where growth can be sustained through

leading or high quality, durable businesses in terms of proprietary products, marketing dominance, or cost/asset base advantage. The Underlying Fund seeks to diversify holdings by industry sector and by capitalizations. Regional allocation is driven by the bottom-up fundamental research process but will also consider the conditions and growth potential of various countries and other pertinent financial, social, national and political factors. Being a socially responsible Fund, environmental, social and governance ("ESG") criteria also form part of the investment decision-making process in addition to traditional evaluative processes.

Primary Risks: currency, derivative, foreign investment, interest rate, large transaction, liquidity, market, series

CO-OPERATORS FIDELITY GLOBAL FUND

Investment Objectives
The Underlying Fund is the Fidelity Global Fund. The investment objective of the Underlying Fund is to achieve long-term capital growth by investing in equity securities in small, medium and large companies located throughout the world.

Investment Strategies
To achieve the objective, the Underlying Fund management team follows a bottom-up investment style that is a blend of growth and value with a mid-to-large-capitalization equity bias. When buying and selling securities, each company’s potential for success in light of its current financial condition, its industry position, and economic and market conditions is examined. Factors such as growth potential, earnings estimates, and quality of management are considered. Normally the Underlying Fund is diversified across different countries and regions while using the weighting of the MSCI All Country World Index as the benchmark. The Underlying Fund may hold cash and fixed income securities and investment of up to 10% of its net assets in gold and/or silver is also permitted.

Primary Risks: commodity, concentration, currency, derivative, foreign investment, interest rate, large transaction, liquidity, market, repurchase and reverse repurchase transaction, securities lending, series, small company

CO-OPERATORS MAWER INTERNATIONAL EQUITY FUND

Investment Objectives
The Underlying Fund is the Mawer International Equity Fund. The investment objective of the Underlying Fund is to achieve long-term capital growth and capital gains and to provide diversification of risk through primarily non-North American equities.

Investment Strategies
To achieve the objective, the Underlying Fund uses a bottom-up approach to select good companies that exhibit attractive valuation and investment characteristics. The belief is that non-North American equities can provide an opportunity to invest in many of the worlds' top companies that may be trading at significant discounts to their North American counterparts, and whose value has not yet been fully recognized by investors. The amount invested in any one country will vary depending on the economic, investment, and market opportunities in any one area. As such, the Underlying Fund is managed based on prudent investment practices rather than by investing specific percentages of the assets in particular countries. Treasury bills or short term investments not exceeding three years to maturity may also be used from time to time.

Primary Risks: concentration, currency, foreign investment, large transaction, liquidity, market, repurchase and reverse repurchase transaction, securities lending, series, underlying fund

CO-OPERATORS U.S. EQUITY FUND

Investment Objectives
The investment objective of the Fund is to achieve long-term capital appreciation by actively investing in primarily medium and large capitalized U.S. companies.

Investment Strategies
To achieve the objective, the Fund management team employs an approach that combines top-down economic outlook to identify attractive sectors and industries with fundamental, bottom-up stock selection. The universe of potential holdings is screened to identify companies with strong balance sheets and attractive valuations across a variety of measures including price/earnings and price/cash flow. The resulting companies are then evaluated individually to identify candidates with strong management, attractive growth prospects and strong competitive positions. The Fund is managed with a focus on growth at a reasonable price emphasizing primarily large capitalization companies. Assets are diversified across industry sectors and offer exposure to industries and themes that are frequently not well represented in the Canadian market.

Primary Risks: concentration, currency, foreign investment, large transaction, liquidity, market

INVESTMENT RISKS

The Unit Value for each Segregated Fund will fluctuate in accordance with the changes in each Segregated Fund’s underlying market value. These changes in the Unit Value or market value may result from various factors.

Generally, the market value of a fund's assets will change in response to economic and investment market conditions, market expectations for the financial performance of the various securities held in the Segregated Funds, and in some cases, changes in interest rates.

A Segregated Fund or an Underlying Fund in which a Segregated Fund invests may be subject to several types of investment risk. A Segregated Fund which invests in the Units of an Underlying Fund will be subject to the same investment risks as the Underlying Fund. The risks that a Segregated Fund may be subject to include:

Commodity Risk

If a fund holds a significant portion of its assets in a single commodity or a group of commodities, the market value of the fund will be affected by adverse movements in commodity prices. Changes in commodity prices typically have a large impact on the earnings of the companies whose business is based on the commodity. Valuation of these companies will fluctuate greatly as a result, causing volatility in a funds net asset value. Common commodities include energy commodities such as oil and gas, precious metals such as silver and gold, and industrial and agricultural commodities.

Concentration Risk

Concentration risk is the risk generated from a fund holding a large portion of its assets in a particular security, sector, geographic region, or asset class. High concentration in a specific area may reduce liquidity and diversification in the fund and also provide for increased volatility in returns. The volatility can act as a benefit to investors when the concentrated securities selected outperform the market or a detriment when those securities underperform.

Credit Risk

Credit Risk is the risk that a company or government which borrows money will be unable to pay back the loan or make the required interest payments. Bonds issued by the federal government, for the most part, are immune from default. Bonds issued by corporations are more likely to be defaulted on, since companies may go bankrupt. Municipalities occasionally default as well, although it is much less common. Rating agencies assess companies and governments. A company with a high credit rating has low credit risk and a company with a low credit rating has high credit risk.

Currency Risk

Funds that invest in foreign securities are vulnerable to currency risk which is the risk that the value of the Canadian dollar will increase as measured against a foreign currency. For example, a security traded in U.S. dollars will fall in value, in Canadian dollar terms, if the Canadian dollar increases in value relative to the U.S. dollar, even though there is no change to the U.S. dollar value of the security. Conversely, if the Canadian dollar falls in value relative to the U.S. dollar, there is a corresponding gain in the value of the security attributable solely to the change in the exchange rate.

Derivative Risk

A derivative is a contract between two parties. The value of the contract is “derived” from the market price or value of an underlying asset, like currency or stock, or an economic indicator such as interest rates or stock market indices. A fund may use derivatives as permitted by the policies of Canadian securities authorities, consistent with its investment objectives and restrictions, in order to protect against risk, to reduce the potential for loss of the value of an investment and to reduce transaction costs, among other things. Derivatives may be used to provide exposure to or reduce exposure from any of the markets the funds invest in. The use of derivatives does not guarantee that there will not be a loss or that there will be a gain.

Some examples of risk associated with the use of derivatives are:

- The risk that changes in the value of a hedging instrument will not match those of the investment being hedged,
- A market may not exist when the fund wants to close out its position in a derivative,
- The fund could experience a loss if the other party to a derivative is unable to fulfill its obligations, and
- The fund could experience a loss if it has an open position in certain derivatives with a dealer who goes bankrupt.

Equities Risk

Companies issue common shares and other kinds of equity securities to help pay for their operations and finance future growth. Funds that purchase equity securities become part owners in these companies. Equity securities can drop in price for many reasons. They are affected by general economic and market conditions, interest rates, political developments, and changes within the companies that issue the securities, such as earnings, mergers, products, market share, and investor expectations. If investors have confidence in a company and believe it will grow, the price of its equity securities is likely to rise. If investor confidence falls, equity prices are likely to fall too. Volatility in equity funds may be mitigated by holding a diversified selection of stocks.

Foreign Investment Risk

A fund that invests in foreign securities is subject to the following risks:

- Some foreign stock markets have less trading volume, which may make it more difficult to sell an investment or may make prices of securities more volatile,
- There is often less information available about foreign companies,
- Many countries do not have the same accounting, auditing and reporting standards that exist in North America,

- Investing in emerging markets involves additional risks not generally encountered in developing countries such as access, operational and other risks,
- A country may have foreign investment or exchange laws that make it difficult to sell an investment or it may impose withholding or other taxes that could reduce the return on investment,
- Political or social instability or diplomatic developments could affect the value of the investment, and
- A country may have a weak economy due to factors like high inflation, weak currency, government debt or narrow industrial base.

Interest Rate Risk

The value of a fund that invests in fixed income investments, such as bonds, treasury bills and commercial paper, is directly affected by changes in the general level of interest rates. As interest rates increase, the price of these types of securities tends to fall. Conversely, if interest rates fall, the price of fixed income securities increases. As a result, funds that invest in certain fixed income securities can experience gains or losses during periods of changing interest rates.

Also, the issuers of many kinds of fixed income securities can repay the principal before the security matures. This is called making a prepayment and it can happen when interest rates are falling. It represents a risk because if a fixed income security is paid off sooner than expected, the fund may have to reinvest this money in securities that have lower rates.

Large Transaction Risk

If purchases or redemptions are significant, a fund may be required to buy or sell large investments for its portfolio. This can affect a fund’s return because the fund may be forced to sell investments at an unfavourable price or hold a large amount of cash until it can find suitable investments.

Liquidity Risk

Liquidity is the speed and ease with which an asset can be sold. Most securities owned by a fund can usually be sold promptly at a fair price and can therefore be described as relatively liquid. However, a fund may also invest in securities that are illiquid, which means they cannot be sold quickly or easily. The fund may have to lower the price of the security in order to sell, it may have to sell other securities instead or forego an investment opportunity. Any of these could have a negative effect on fund management or performance.

Market Risk

Market risk is the fundamental risk of investing in the capital markets. It is the risk that the fund’s assets will decline in value simply because the market as a whole declines in value, therefore lowering the overall return of a fund. As a result, the current Unit Value for each investment will fluctuate in accordance with the changes in the fund’s underlying market values. These changes in the current Unit Value or market value may result from various factors, including economic and investment market conditions, market expectations for the financial performance of the various securities held in the funds, and in some cases, changes in interest rates. This type of risk is common to an entire class of assets or liabilities. Asset allocation and diversification can protect against market risk because different portions of the market tend to underperform at different times.

Repurchase and Reverse Repurchase Transactions and Securities Lending Risk

In a repurchase transaction, the fund manager sells a security at one price to a third party for cash and agrees to buy the same security back from the same party for cash at a set price at a set future date using the cash received by the fund from the third party. It is a way for a fund manager to borrow short-term cash and earn fees.

In a reverse repurchase transaction, the fund manager buys a security at one price from a third party and agrees to sell the same security back to the same party at a higher price later on. It is a way for the fund to earn a profit (or interest) and for the other party to borrow some short-term cash.

A securities lending agreement is similar to a repurchase agreement, except that instead of selling the security and agreeing to buy it back later, the fund loans the security to a third party for a fee and can demand the return of the security at anytime. While the securities are on loan, the borrower provides the fund with collateral consisting of a combination of cash and securities.

The risks with these types of transactions are that the other party may default under the agreement or go bankrupt. In a reverse repurchase transaction, the fund may be left holding the security and may not be able to sell it at the same price it paid for it, plus interest, if the market value of the security has dropped. In the case of a repurchase or a securities lending transaction, the fund could incur a loss if the value of the security sold or loaned had increased more than the value of the cash or collateral held.

To minimize these risks, the fund managers require the other party to the transaction to put up collateral. The value of the collateral must be at least 102 per cent of the market value of the security sold (for a repurchase agreement), purchased (for a reverse repurchase transaction), or loaned (for a securities lending transaction). The value of the collateral held by the fund is checked and reset daily.

Series Risk

Sometimes a fund is offered in more than one series (i.e. Series A, Series B, etc). If a fund cannot pay the expenses of one series using its proportionate share of the fund's assets for any reason, the fund will be required to pay those expenses out of the other series' proportionate share of the fund's assets. That could lower the investment returns of the other series.

Small Company Risk

Smaller companies may have limited resources, less access to funds, unproven products, shorter operating history and fewer shares outstanding. The shares of smaller companies may therefore be more volatile than those of larger, older companies which have more stable revenues.

Specialization Risk

If a fund invests primarily in one or a few narrowly defined markets or sectors of an economy (i.e. specific industries like the telecommunications industry or specific geographic regions), the fund is subject to specialization risk. Adverse developments within those markets or sectors will have a greater impact on such a fund than on a fund that has more diversified investments.

Underlying Fund Risk

If a large unitholder redeems a portion or all of its investments from an Underlying Fund, the Underlying Fund may incur capital gains and other transaction costs in the process of making the redemption. In addition, some securities may have to be sold at unfavourable prices, thus reducing the Underlying Fund's potential return. Conversely, if a large unitholder were to increase its investment in an Underlying Fund, the Underlying Fund may have to hold a relatively large position in cash for a period of time while the fund manager attempts to find suitable investments. This could also negatively impact the performance of the Underlying Fund.

Current performance numbers for the segregated funds are available on Our website at www.cooperators.ca/en/Investments/rates-and-fund-performance.aspx.

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

SCHEDULE "A"

CURRENT ANNUAL MANAGEMENT FEES AND MANAGEMENT EXPENSE RATIOS

The following table illustrates the annual management fees and management expense ratios, which are charged to the Segregated Funds and paid into the general funds of the Company. The management fees may be amended by Co-operators Life Insurance Company from time to time, subject to the Fundamental Change provisions outlined on page 11

SEGREGATED FUND	CURRENT MANAGEMENT FEES		CURRENT MANAGEMENT EXPENSE RATIOS[1] AT DECEMBER 31, 2012 (includes GST or HST)	
	Back-End Load Option	No-Load Option	Back-end Load Option	No-Load Option
Co-operators Very Conservative Portfolio[1]	2.70%	2.85%	3.14%	3.30%
Co-operators Conservative Portfolio[1]	2.75%	2.90%	3.20%	3.34%
Co-operators Moderate Portfolio[1]	2.85%	3.00%	3.26%	3.41%
Co-operators Aggressive Portfolio[1]	2.95%	3.10%	3.32%	3.46%
Co-operators Very Aggressive Portfolio[1]	3.00%	3.15%	3.37%	3.52%
Co-operators Ethical Select Income Portfolio[2]	2.85%	2.95%	3.14%	3.23%*
Co-operators Ethical Select Conservative Portfolio[2]	2.90%	3.00%	3.20%	3.29%*
Co-operators Ethical Select Balanced Portfolio[2]	3.00%	3.10%	3.31%	3.39%*
Co-operators Ethical Select Growth Portfolio[2]	3.20%	3.30%	3.53%	3.61%*
Co-operators Canadian Fixed Income Fund	2.45%	2.60%	2.73%	2.88%
Co-operators Fidelity Canadian Bond Fund[2]	2.80%	2.95%	3.10%	3.25%
Co-operators Money Market Fund	2.00%	2.15%	2.15%	2.30%
Co-operators Aggressive Balanced Fund[1]	2.45%	2.60%	2.73%	2.88%
Co-operators Balanced Fund	2.45%	2.60%	2.73%	2.88%
Co-operators Conservative BalancedFund[1]	2.45%	2.60%	2.73%	2.88%
Co-operators Ethical Balanced Fund[2]	2.90%	3.00%	3.20%	3.29%*
Co-operators Mawer Balanced Fund[2]	2.70%	2.80%	2.98%	3.07%*
Co-operators Bissett Canadian Dividend Fund[2]	2.80%	2.90%	3.09%	3.18%*
Co-operators Canadian Equity Fund	2.45%	2.60%	2.73%	2.87%
Co-operators Canadian Resource Fund	2.45%	2.60%	2.73%	2.88%
Co-operators Ethical Canadian Equity Fund[2]	3.00%	3.10%	3.31%	3.39%*
Co-operators Fidelity True North® Fund[2]	2.95%	3.10%	3.27%	3.41%
Co-operators Mawer Canadian Equity Fund[2]	2.70%	2.80%	2.98%	3.07%*
Co-operators Ethical International Equity Fund[2]	3.30%	3.40%	3.64%	3.72%*
Co-operators Fidelity Global Fund[2]	3.30%	3.45%	3.65%	3.79%
Co-operators Mawer International Equity Fund[2]	2.85%	2.95%	3.15%	3.24%*
Co-operators U.S. Equity Fund	2.45%	2.60%	2.76%	2.91%

* This fund is less than 12 months old. The Management Expense Ratio (MER) has been annualized..

1 Each of these funds consists of an allocation of Units from a number of other underlying Segregated Funds. The management fees, other fees and expenses are charged against those underlying Segregated Funds; no duplicate fees are deducted from these funds. The current MER includes the applicable GST or HST. The MERs for 2013 will be disclosed when the Audited Financial Statements are published, by April 30th, 2014.

2 Each of these funds consists of Units from an underlying mutual fund. The MER includes fees and expenses paid by the underlying mutual funds, as well as all fees and expenses paid or payable by the Segregated Fund. Management fees are charged against the underlying mutual fund, while other fees and expenses relating to fund administration by Us are charged directly to the Segregated Fund. There are no management fees or sales charges payable by the segregated fund that would duplicate a fee or sales charge payable by the underlying fund for the same service.

VersatilePortfolios™

SAFE, SMART & SIMPLE

the co-operators®
A Better Place For You®

For more information, please visit www.cooperators.ca/VPInfo.

Versatile Portfolios™ provides guaranteed benefits which are payable on death or maturity. No guarantee is provided on surrender or partial withdrawal in respect of units acquired in the segregated funds.

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