INVEST WITH CONFIDENCE.

Information Folder

Investment Funds – Jan. 2009

Assumption Mutual Life Insurance Company, doing business under the name Assumption Life

Assumption Life

LIVE WITH CONFIDENCE.

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Assumption Life

Dear Valued Client:

Please take note of the following changes that are required for this information folder:

1) On February 13, 2009, the **Assumption Life Canadian Equity Fund** was renamed the **Assumption Life Canadian Dividend Fund**. This new name is designed to better reflect the fund's nature. Louisbourg Investments will continue to manage this fund.

   This name change does not in any way affect the fund's investment objective, investment strategy, management fees or other operating expenses.

2) On May 22, 2009, AGF stopped offering the **Global Financial Services Class Fund**. The **Assumption/AGF Global Financial Services Class Fund** was accordingly closed on that date. We do, however, offer investments in a very similar fund—**Assumption/AGF Global International Stock Class Fund.** Please read its investment objective and strategy carefully. This information appears in the 2008 Summary Fact Statements.

3) On May 22, 2009, AGF stopped offering the **U.S. Value Class Fund**. The **Assumption/AGF U.S. Value Class Fund** was accordingly closed on that date. We do, however offer investments in a very similar fund—**Assumption/CI American Value Fund.** Please read its investment objective and strategy carefully. This information appears in the 2008 Summary Fact Statements.

4) Effective August 14, 2009, CI Investments will no longer offer the **Global Balanced Corporate Class Fund**. The **Assumption/CI Global Balanced Corporate Class Fund** will accordingly be closed on that date. We do, however offer investments in a very similar fund—the **Assumption/CI Global Managers® Corporate Class Fund.** Please read its investment objective and strategy carefully. This information appears in the 2008 Summary Fact Statements.

Should you have any questions or concerns regarding these changes, please contact your financial advisor or our Financial Services Department at 1-888-577-7337.

Client Services Department

Tél./Tel. 506-853-6040 / 1-800-455-7337 • Téléc./Fax 506-853-5428 • www.assomption.ca
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Assumption Mutual Life Insurance Company
doing business under the name **Assumption Life**

ASSUMPTION LIFE INVESTMENT FUNDS

INFORMATION FOLDER

This information folder provides brief and plain disclosure of all material facts relating to the variable deferred annuity contract issued by Assumption Mutual Life Insurance Company. **Some of the benefits of Assumption Life Investment Funds vary in nature and therefore are not guaranteed. This information folder is not a policy, nor an insurance contract (or other contract) nor a document evidencing a contract. This information folder is incomplete without the separate financial highlights for each of the segregated funds. The financial highlights are included in the Summary Fact Statements that are provided along with the information folder.**

Established by Assumption Mutual Life Insurance Company

Denis Losier
President and Chief Executive Officer

Odette Snow
Vice-President and Secretary

EXECUTIVE SUMMARY

A description of the key features of the individual variable insurance contract is contained in this information folder.

Subject to any guarantee applicable upon death or maturity, any amount that is allocated to a segregated fund is invested at the risk of the owner and may increase or decrease in value.

Highlights of this information folder include the following:

- **Types of Variable Deferred Annuity Contracts Offered**
  - **Non-registered contracts**
  - **Tax-free savings account (TFSA)**
  - **Registered contracts**
    - **Registered plans**
      - Retirement savings plan (RSP)
      - Spousal retirement savings plan (spousal RSP)
      - Locked-in retirement account (LIRA)
      - Locked-in retirement savings plan (locked-in RSP)
    - **Registered funds**
      - Retirement income fund (RIF)
      - Life income fund (LIF)
- **Investment Options –** You may invest any premium in any of 7 different guaranteed investment accounts or any of 33 segregated funds according to 2 options: with back-end load or no load.
- **Minimum Premium**

  Minimum premium required for a contract to be issued

Payment Terms	Guaranteed Interest Account (GIA)	Daily Interest Account (DIA)	No-Load Segregated Fund	Back-End Load Segregated Fund
Minimum one-time premium	$500	N/A	$500	$1,000
Minimum premium by preauthorized debit	$500	$25	$25 per segregated fund	$25 per segregated fund

  The minimum initial premium for RIF and LIF contracts is $10,000, with a minimum of $1,000 applicable to subsequent premiums.

- **Transfers Between Segregated Funds –** No transfer fees are charged for the first four transfer requests made within a calendar year. Transfer fees of $20 per transfer request are charged for additional transfers..
- **Partial and Full Surrender –** You may withdraw any portion or all of your contributions at any time prior to the maturity date of the contract, subject to applicable fees and certain restrictions based on the type of registered contract.

- **Guarantee –** The contract is guaranteed at maturity or upon the death of the annuitant.

- **Fees –** Assumption Life charges the following fees depending upon the context:

  - **Transfer fees for transfers between segregated funds:** $20 per transfer request after the first four free transfer requests per calendar year. (see section titled “Fees”)
  - **Exit fees** applicable according to a decreasing scale to the amount of any surrender carried out on a back-end load segregated fund (see section titled “Partial and full surrenders”)
  - **Transfer fees for transfers to another financial institution:** $50 per request (see section titled “Fees”)
  - **Management fees include insurance fee** (see section titled “Fees”)
  - **Operating expenses: (**see section titled “Fees”)
  - **Contract fees:** $36 yearly. Only applicable if you have no-load segregated funds. (see section titled “Fees”)

  Transfer fees for transfers between segregated funds, exit fees, management fees, operating expenses and the contract fees are not applicable to guaranteed interest accounts.

  Assumption Life charges transfer fees for transfers between segregated funds, management fees, operating expenses and contract fees on all segregated funds according to the applicable context. These fees are deducted from the market value of the assets of the segregated fund. Management fees are higher if you choose the no-load option. On the other hand, management fees are lower if you choose the back-end load option, but exit fees are applicable if you surrender or transfer back-end load segregated funds within six years of the date the premium is invested in your contract.

  A transfer fee of $50 per transfer to another financial institution is applicable to the partial or total transfer of any amount from your Assumption Life annuity contract to another financial institution regardless of whether the source of the funds is a segregated fund or a GIA.

- **Taxation –** Income and net capital gains from non-registered plans are taxable on an annual basis. Transfers, surrenders, fund discontinuances and underlying fund substitutions may also trigger tax consequences. Premiums invested in a tax-free savings account (TFSA) are not tax-deductible; however, income generated within a TFSA is not taxable subject to the limitations prescribed by the *Income Tax Act* (Canada). Premiums for registered contracts are tax-deductible subject to prescribed limitations, while income tax on the annual income generated within a registered contract is deferred. Any payment from a registered contract is payable to the annuitant and fully taxable. Payments in addition to the minimum annual income are subject to tax deductions at source.

- **Segregated Funds –** Assumption Life holds the assets of segregated funds on behalf of the contract owners in a separate account from its general assets. The payment of premiums into a segregated fund does not imply any right of ownership or interest in the segregated fund or its assets. The units of the segregated funds you select are allocated to your contract and used to determine its value at a particular date. The value of your contract is determined based on the value of the units of the segregated funds you have selected. If you selected segregated funds that invest a portion of their assets in underlying mutual funds, you should know that you do not hold any ownership or voting rights or other interest in these underlying funds. We will advise you of any changes to the investment objective for your segregated funds, pursuant to the fundamental changes rule as outlined in the section titled 'Fundamental Changes'. You should also know that in purchasing a variable deferred annuity contract from Assumption Life, you do not become a member, shareholder or owner of Assumption Life and have no voting rights arising from your ownership of an Assumption Life variable deferred annuity contract. **The value of the units redeemed or purchased to carry out a transfer, a surrender or to terminate a segregated fund is not guaranteed but rather varies according to fluctuations in the market value of the assets of each segregated fund**.

- **Statements –** Owners of contracts receive at least two statements per year. All statements, other than the December 31 statement, indicate the premiums received by Assumption Life since the last statement, any deductions made and the accumulated value of the contract as of the statement date. The December 31 statement indicates the accumulated value of the contract and amounts of premiums received by Assumption Life since the last statement and also includes the current management fee, management expense ratio (MER) and compounded rates of return.

- **Financial Statements –** The audited annual financial statements and unaudited biannual financial statements for each segregated fund are provided upon request. The most recent financial statements for your segregated funds (investment funds) are also available on Assumption Life's the Web site at www.assumption.ca under the heading "Investments".

Notice

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

CONTENTS

ASSUMPTION MUTUAL LIFE INSURANCE COMPANY

Assumption Mutual Life Insurance Company is the issuer of the variable deferred annuity contract. Founded in 1903, **Assumption Life** is an insurance company incorporated as a mutual life insurance company under a private act of the Legislature of the Province of New Brunswick. Assumption Life offers a full range of products, including life and critical illness insurance, group insurance, travel insurance as well as other financial services and mortgage loans. The company conducts business through its distribution network in all ten Canadian provinces. Its head office is located at P.O. Box 160, 770 Main Street, Moncton, New Brunswick E1C 8L1. For more information regarding the company, its products and its community involvement, refer to the Web site: www.assumption.ca. The corporate name Assumption Life will be used throughout this information folder describing the funds and the entity responsible for the investments.

DEFINITIONS

Accumulated value of contract means the sum, at any given time, of the accumulated value of the guaranteed interest accounts and the accumulated value of the segregated funds credited under the contract.

Accumulated value of guaranteed interest accounts means the accumulated value, at any given time, with interest of all premiums paid into these accounts under the contract minus any surrenders as applicable. No interest is credited for any premium invested or reinvested in a redeemable guaranteed interest account with an investment term of one year or more, within the first 90 days following the date of investment or reinvestment. For any premium paid into a non-redeemable guaranteed interest account, the accumulated value is computed upon maturity of the investment term plus interest at the applicable rate.

Accumulated value of segregated funds means the sum, at any given time, of the market values of all segregated funds credited under the contract. These values are obtained by multiplying the number of units credited under each segregated fund by the unit value of the segregated fund on its last valuation date. The calculation method is detailed in the section titled: MARKET VALUE OF SEGREGATED FUND ASSETS.

Annuitant means the person insured under the contract. The annuitant is the person whose life is used to measure the duration of the contract. Upon the annuitant's death, unless a contingent annuitant has been designated, the contract is terminated and any benefit paid out to the beneficiary, subject to legal restrictions applicable to registered contracts whose amounts are locked-in.

Annuity commencement date means the date on which an annuity becomes payable.

- For registered plans, the annuity must be paid out to the annuitant, at the latest, during the year following the annuitant's 71st birthday.
- For non-registered contracts, the annuity commencement date is defined as no later than the annuitant's 105th birthday. Annuity payments are payable to the annuitant unless the owner has indicated that benefits are to be paid to a grantee of an annuity.
- For tax-free savings accounts, the annuity commencement date is defined as no later than the annuitant's 105th birthday. Annuity payments become payable to the annuitant.

Assumption Life means Assumption Mutual Life Insurance Company.

Business day means every day that the manager of a segregated fund calculates a unit value with the exception of Saturdays, Sundays and statutory holidays observed in Canada and in each Canadian province.

Contract means the Assumption Life variable deferred annuity contract.

Daily interest account (DIA) means an account that credits interest daily, based on an annual rate predetermined by Assumption Life from day to day.

Grantee of an annuity means the person designated by the owner of a non-registered contract to receive annuity benefits in place of the annuitant upon the annuity commencement date, if applicable.

Gross premium means the total amount of premiums invested in your contract. For the purpose of calculating the guarantee at maturity, the guarantee upon death, or the exit fees upon surrender or transfer, the gross premium amount is reduced proportionally by all surrenders, amounts transfered to other financial institutions, periodic annuity payments, exit fees and transfer fees.

Guaranteed interest account (GIA) means any account into which all or part of the premium is paid and for which Assumption Life guarantees the interest rate over a period of fixed duration. Assumption Life offers five non-redeemable GIAs with terms of between one and five years and a one-year redeemable GIA in addition to a daily interest account.

Life income fund (LIF) means a retirement income fund registered with the tax authorities to which a person may allocate monies from a registered pension plan (RPP), locked-in retirement account (LIRA) or locked-in retirement savings plan (Locked-in RSP) and which is subject to certain restrictions with regard to death benefits, life annuity and the minimum and maximum amounts of annual surrenders as prescribed by the applicable laws governing retirement plans.

Locked-in retirement account (LIRA) means a registered retirement savings plan into which funds are paid from a registered retirement plan (e.g., a pension plan with a former employer) and which is subject to certain restrictions with regard to death benefits, surrender and life annuities as prescribed under applicable laws governing retirement plans.

Locked-in retirement savings plan (locked-in RSP) means a retirement savings plan registered with the taxation authorities into which funds are paid from a registered retirement plan (e.g., a pension plan with a former employer) and which is subject to certain restrictions with regard to death benefits, surrender and life annuities as prescribed under applicable laws governing retirement plans.

Management expense ratio (MER) means the sum of the management fees (including insurance fee), and the operating expenses and the GST applicable to each segregated fund; it includes the MER of underlying funds, where applicable.

Management fees means the fees charged to administer the segregated funds.

Maturity date means the maturity date designated by the owner subject to applicable laws and any limitations set out in the contract. If the owner does not specify a maturity date, then the maturity date is designated as follows:

- for **non-registered contracts** and **tax-free savings accounts**: the anniversary date of the contract on which both of the following conditions are met:

    (i) The contract's 15th anniversary
    (ii) The annuitant has reached age 75

- for **registered contracts**: the date corresponding to the last business day of the year in which the annuitant reaches age 71. For the purpose of calculating the guarantee at maturity only, for a registered contract, the Maturity date is the date corresponding to the last business day of the year in which the annuitant reaches age 69.

The maturity date corresponds to the annuity commencement date. The maturity date does not represent the date on which the contract is terminated. However, for the guarantee at maturity to apply, your contract must have been in force for 15 consecutive years.

Operating expenses means all other fees, except for the management fees payable by the segregated funds, and all other expenses incurred during the ordinary course of business in relation to the establishment, management, and operation of segregated funds. They include, among others, legal fees, audit fees, safekeeping fees, administrative fees, bank charges, registration fees with regulators, the production and distribution of financial data and of this information folder, taxes, GST, and any other expenses incurred for the operation of the funds and your segregated fund policy.

Owner means the owner and policyholder of the contract.

Registered contract means any registered plan or registered fund referred to herein.

Registered fund means a retirement income fund (RIF) or a life income fund (LIF).

Registered plan means a retirement savings plan (RSP), spousal RSP, locked-in retirement account (LIRA) or locked-in retirement savings plan (locked-in RSP).

Retirement income fund (RIF, including the spousal RIF) means a retirement income fund registered with the tax authorities to which a person may allocate monies from a retirement savings plan and which is subject to certain restrictions with regard to the minimum amount of annual surrenders.

Retirement savings plan (RSP) means a plan established in the form of a retirement savings plan registered with the taxation authorities.

Segregated fund means a fund maintained separately by an insurer out of which are paid non-guaranteed benefits under a variable contract.

Taxation law means the *Income Tax Act* (Canada) and its regulations and, where applicable, corresponding provincial income tax legislation.

TFSA, being a tax-free savings account, has the meaning assigned **to it under** the *Income Tax Act* (Canada).

You, your and yours mean the owner.

THE CONTRACT

POSSIBILITY OF PROTECTION AGAINST CREDITORS

Provincial insurance legislation provides for protection against the seizure of insurance and annuity contracts by your creditors under certain circumstances, including situations involving the designation of an irrevocable beneficiary or the designation of a close relative as beneficiary.

In Canadian provinces other than Quebec, this protection against seizure by your creditors is possible if the designated beneficiary under an annuity contract is the spouse, common-law partner, child, father, mother or grandchild of the **annuitant.** The definition of spouse and common-law partner may vary from province to province.

In Alberta, this protection against seizure by creditors also applies to situations where the designated beneficiary is an adult partner maintaining an interdependent relationship with the annuitant.

In Quebec, the law provides for protection against the seizure of an annuity contract by creditors if the designated beneficiary of the contract is the spouse, civil union spouse, ascendant or descendant of the **owner** of the contract.

Certain laws, namely The Bankruptcy and Insolvency Act of Canada, may limit this protection against seizure by your creditors of monies invested in your non registered contract under certain circumstances. You should consult with your lawyer if creditor protection is important to you.

TYPES OF CONTRACTS OFFERED

Assumption Life's variable deferred annuity contract, referred to hereafter as the Contract, offers different types of plans as follows:

- **Non-registered contract**
- **Tax-free savings account (TFSA)**
- **Registered contract**
    - **Registered plans**
      Retirement savings plan (RSP)
      Spousal retirement savings plan (spousal RSP)
      Locked-in retirement account (LIRA) (Only offered in some canadian provinces)
      Locked-in retirement savings plan (locked-in RSP)
    - **Registered funds**
      Retirement income fund (RIF)
      Life income fund (LIF) (Only offered in some canadian provinces)

Non-Registered Contract

If you choose a non-registered contract, you may designate yourself as the annuitant or choose a grantee of an annuity to receive the annuity payments in your place upon the annuity commencement date.

You may also assign your contract to guarantee a loan or offset another financial obligation. However, if you decide to do this, you are required to forward notice of assignment to our head office. Assumption Life cannot attest to the validity or quality of any type of assignment.

You should know that upon the annuitant's death, the contract is terminated and any payments are paid out to the designated beneficiary.

Upon the maturity date, we will make the annuity payments to the annuitant or grantee of an annuity, as applicable, based on the type of annuity payment you chose in advance. You may also choose a fixed-term annuity or a life annuity on the life of the annuitant or the annuitant's spouse or common-law partner, with or without a guarantee period.

The date on which the annuity benefit becomes payable (that is, the maturity date) may not be later than the annuitant's 105th birthday.

Tax-Free Savings Account (TFSA)

If you have chosen a tax-free savings account, you must be the annuitant and the owner of the Assumption Life variable deferred annuity contract, and you hold all rights relating to the contract.

You alone are authorized to pay the contract premiums, whose amount may not exceed the maximum prescribed by the *Income Tax Act* (Canada).

You may assign your contract to guarantee a loan or offset another financial obligation. However, if you do this, you are required to forward notice of assignment to our head office. Assumption Life assumes no responsibility with respect to the validity or quality of any type of assignment, nor any responsibility as to whether the assignment results in the contract ceasing to be a TFSA.

You need to know that on the annuitant's death, the contract is terminated and any death benefit is paid out to the designated beneficiary.

Upon the maturity date, we pay out the annuity to the annuitant based on the type of annuity payment you chose in advance. You may also choose a fixed-term annuity or a life annuity on the life of the annuitant or the annuitant's spouse or common-law partner, with or without a guarantee period.

The date on which the annuity benefit becomes payable (that is, the maturity date) may not be later than the annuitant's 105th birthday.

Annuity Payment for a Non-Registered Contract or a Tax-Free Savings Account

At the maturity date of the contract, if the owner has not provided any specific instructions with regard to the payment terms of the annuity, we will convert your annuity contract into a fixed monthly annuity payable until the annuitant's 90th birthday. If the annuitant is over 80 years of age at the maturity date, we will issue a fixed monthly annuity for a specific 10-year duration.

Amount of Annuity

The amount of monthly benefit payable is determined based on the accumulated value of your contract at the maturity date, in accordance with the higher of the following interest rates:

(a) interest rate determined by Assumption Life at the maturity date for a fixed monthly annuity payable until age 90;

(b) a 2% interest rate.

The monthly annuity payment is determined by using the following calculation:

$$\frac{\textit{Accumulated value x annuity factor}}{\textit{1000}} = \textit{monthly annuity payment}$$

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Annuity Factor Table based on a 2% interest rate

Annuitant's Age	***Annuity Factor***	***Annuitant's Age***	***Annuity Factor***	***Annuitant's Age***	***Annuity Factor***	***Annuitant's Age***	***Annuity Factor***
55	3.4902	**64**	4.1577	**73**	5.7780	**82**	9.1932
56	3.5429	**65**	4.2701	**74**	6.0820	**83**	9.1932
57	3.5997	**66**	4.3942	**75**	6.4268	**84**	9.1932
58	3.6609	**67**	4.5318	**76**	6.8212	**85**	9.1932
59	3.7272	**68**	4.6851	**77**	7.2767	**86**	9.1932
60	3.7991	**69**	4.8568	**78**	7.8086	**87**	9.1932
61	3.8773	**70**	5.0503	**79**	8.4378	**88**	9.1932
62	3.9625	**71**	5.2670	**80**	9.1932	**89**	9.1932
63	4.0556	**72**	5.5082	**81**	9.1932		

Example of calculation of the monthly annuity payment at maturity

Accumulated value of the non registered contract at maturity: $100,000.00
Age of annuitant: 75 years old
Annuity factor based on a 2% interest rate - at age 75: 6.4268

$$\frac{\textit{Accumulated value} \times \textit{annuity factor}}{1000} = \textit{monthly annuity payment}$$

$$\frac{\$100{,}000.00 \times 6.4268}{1000} = \mathbf{\$642.68}$$

You may modify your instructions with regard to annuity payment at any time prior to the expected maturity date, by providing a written notice to our head office.

Registered Contract

If you choose a registered contract, you must be designated as both the annuitant and the owner of the contract.

You may not assign a registered contract or the annuity benefit payable to you or your spouse or your common-law partner to guarantee a loan. Any assignment of a registered contract or annuity benefit results in the reclassification of your contract as non-registered, thereby exposing you to significant tax consequences.

Upon your death, the contract is terminated, and any benefit is paid out to the beneficiary.

Registered Plans (RSP, Spousal RSP, LIRA, Locked-in RSP)

You may pay premiums into your contract until December 31 of the year during which you reach age 71. The premiums you pay into a registered contract may be income tax deductible up to the maximum amounts prescribed by the *Income Tax Act* (Canada) and, where applicable, the *Quebec Taxation Act*, and any gains are not immediately taxable. However, subject to applicable restrictions, any surrender or the payment of any annuity benefit under your contract is taxable.

Options for Annuity Payment

If you have purchased a retirement savings plan (**RSP**) or a spousal retirement savings plan (**spousal RSP**), you have the following options at the maturity date:

(a) Total surrender of the contract.
(b) Payment of a life annuity, with or without a guarantee period, on your life alone or a joint and last survivor annuity on your life and on the life of your spouse or common-law partner.
(c) Transfer to a RIF. You then have the option to determine the amount of the annuity subject to a minimum surrender amount prescribed by the applicable taxation law based on your age or your spouse or common-law partner's age.
(d) Payment of a fixed-term annuity payable until the annuitant's 90^{th} birthday.

If you purchased a locked-in retirement savings plan (**locked-in RSP**), you have the following options at the maturity date:

(a) Payment of a life annuity, with or without a guarantee period, on your life alone or a joint and last survivor annuity on your life and on the life of your spouse or common-law partner.
(b) Transfer to a locked-in RIF. You then have the option to determine the amount of the annuity subject to a minimum surrender prescribed by the applicable taxation law based on your age or your spouse or common-law partner's age.
(c) Payment of a fixed-term annuity payable until the annuitant's 90^{th} birthday.
(d) Transfer to a life income fund. You may then choose the amount of the benefit subject to minimum and maximum surrender amount prescribed by the applicable provincial laws.

If you purchased a locked-in retirement account (**LIRA**), you have the following options at the maturity date:

(a) Payment of a life annuity, with or without a guarantee period, on your life alone or a joint and last survivor annuity on your life and on the life of your spouse or common-law spouse.
(b) Payment of a fixed-term annuity payable until the annuitant's 90^{th} birthday.
(c) Transfer to a life income fund. You may then choose the amount of the benefit subject to minimum and maximum surrender amount prescribed by the applicable provincial laws.

The above-mentioned options do not represent a comprehensive list of the options available to you. At the time of exercising your options, some of these options may no longer be available, or Assumption Life may offer additional options that are more advantageous to you. When the time comes, please consult your representative before choosing an option.

Annuity Payment for a Registered Contract

At the maturity of the registered contract, if the owner has not provided any specific instructions with regard to the payment terms of the annuity according to the options available, we will convert your annuity contract into a fixed monthly annuity payable until the annuitant's 90^{th} birthday.

Amount of Annuity

The amount of monthly benefit payable is determined based on the accumulated value of your contract at the maturity date, in accordance with the higher of the following interest rates:

(a) interest rate determined by Assumption Life at the maturity date for a fixed monthly annuity payable until age 90; or

(b) a 2% interest rate.

The annuity becomes payable to the annuitant.
The monthly annuity payment is determined by using the following calculation :

$$\frac{\textit{Accumulated value} \times \textit{annuity factor}}{1000} = \textit{monthly annuity payment}$$

Annuity Factor Table based on a 2% interest rate

Annuitant's Age	*Annuity Factor*	*Annuitant's Age*	*Annuity Factor*	*Annuitant's Age*	*Annuity Factor*
55	3.4902	**61**	3.8773	**67**	4.5318
56	3.5429	**62**	3.9625	**68**	4.6851
57	3.5997	**63**	4.0556	**69**	4.8568
58	3.6609	**64**	4.1577	**70**	5.0503
59	3.7272	**65**	4.2701	**71**	5.2670
60	3.7991	**66**	4.3942		

Example of calculation of the monthly annuity payment at maturity

Accumulated value of the registered contract at maturity : $100,000.00
Age of annuitant : 71 years old
Annuity factor based on a 2% interest rate - at age 71 : 5.2670

$$\frac{\textit{Accumulated value} \times \textit{annuity factor}}{1000} = \textit{monthly annuity payment}$$

$$\frac{\$100{,}000.00 \times 5.2670}{1000} = \mathbf{\$526.70}$$

You may modify your instructions with regard to annuity payment at any time prior to the expected maturity date, by providing a written notice to our head office.

Registered Funds (RIF, spousal RIF, LIF)

An RIF or LIF must be registered as a retirement income fund pursuant to the *Income Tax Act* (Canada) and, where applicable, the *Quebec Taxation Act*.

Any annuity benefit paid out from a retirement income fund is fully taxable. In addition, any monies that you surrender during a given year may be subject to tax deductions at source. If the source of benefits paid out from an RIF is a spousal RSP and the associated contributions were made within the preceding three years, then the contributor to the spousal RSP becomes liable for any tax-related consequences in accordance with the total amount of the contributions during the preceding three years.

Under taxation law, any monies allocated to an RIF must be taken from an RSP or another RIF. Similarly, any monies paid into an LIF must be taken from a locked-in registered plan, LIRA, LIF or locked-in funds from a pension plan.

Under taxation law, any contract registered as an RIF or LIF is subject to a minimum annual surrender according to a fixed scale based on your age or your spouse or common-law partner's age.

Provincial laws may also prescribe the maximum annual income amount to which you have a right under any contract registered as an LIF.

PREMIUMS

Under the contract, you may invest your premiums in both guaranteed interest accounts and segregated funds. You may make a lump-sum payment or periodic payments into your contract while also maintaining flexibility in your choice of investments. The premiums paid are divided among the various segregated funds or accounts of your choosing.

If all premiums are allocated to guaranteed interest accounts, the contract is a non variable deferred annuity contract. Otherwise, the contract is a variable deferred annuity contract.

Guaranteed Interest Accounts

The interest on a guaranteed interest account is credited daily, based on an annual rate predetermined by Assumption Life on the premium invested in each GIA.

Segregated Funds

More than 30 segregated funds are available to you. For a list and brief descriptions of these segregated funds, refer to the Summary Fact Statement .

PROCESSING OF PREMIUMS

Except for premiums paid into the **TSX Momentum Fund**, where premiums are invested on the last business day of each month during which the premium was received, premiums are processed as follows:

> The unit value of the segregated funds chosen is determined at the date on which we received your investment instructions along with your premiums. However, if we receive your instructions and premiums at our head office after 2 p.m., Atlantic Standard Time, then the unit value of the segregated funds chosen is determined on the business day following the day on which the premiums were received.

Two surrender options are available for segregated funds:

Back-End Load Option

Under this option, decreasing exit fees are amortized over a period of six (6) years in relation to any partial or full surrender (see section titled "Partial and Full Surrenders"). If you choose this option, then the management fees are lower than for the no-load option.

No-Load Option

No exit fees are applicable to any partial or full surrender. However, the annual management fees are higher (see section titled "Fees").

Minimum Premium

Minimum Premium Required for a Contract to Be Issued

Payment Terms	Guaranteed Interest Account (GIA)	Daily Interest Account (DIA)	No-Load Segregated Fund	Back-End Load Segregated Fund
Minimum one-time premium	$500	N/A	$500	$1,000
Minimum premium by preauthorized debit	$500	$25	$25 per segregated fund	$25 per segregated fund

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The minimum initial premium for RIF and LIF contracts is $10,000, with a minimum of $1,000 applicable to subsequent premiums.

If the date you have chosen for preauthorized debit of a premium does not fall on a business day, the units are purchased on the following business day.

Please refer to the application to choose an option for frequency of premium payments by preauthorized debit.

If the source of the monies invested in the segregated funds is a cheque or preauthorized debit which is not honoured and the values of the funds decrease, then the owner is responsible for any bank charges or losses incurred by Assumption Life due to the decrease in value of the segregated funds. Assumption Life may, to that effect, stop your preauthorized debit payment at any time without notice.

Assumption Life has the right to refuse any premium and may reimburse any premium accepted previously. In all other circumstances, it allocates the premium as provided under the heading "Allocation of Premiums."

ALLOCATION OF PREMIUMS

One hundred percent of the premiums are used to acquire units in the segregated funds or invested in the guaranteed interest accounts in accordance with the instructions of the contract owner. The owner must specify in writing the portion of each premium to be allocated to the purchase of units in one or more of the segregated funds, choosing the no-load or back-end load option, or for investment in the guaranteed interest accounts then available. If more than one segregated fund or guaranteed interest account is selected, the owner must specify the portion of the premium to be allocated to each. If the owner selects more than one segregated fund or guaranteed interest account without clearly indicating the portion of the premium to be allocated to each, Assumption Life will automatically return the application for proper completion. Premiums retained by Assumption Life in the meantime will earn interest according to the administrative policies and rates periodically set for this purpose by Assumption Life. You may at any time modify the amount of your premium subject to the minimum amounts indicated.

Premium taxes are not payable under existing legislation but may become payable in the future if legislative changes occur. In such a case, the amount of any applicable tax will be deducted from the premiums before the remainder of the deposit is allocated to units in the segregated funds or invested in the guaranteed interest accounts.

EXTERNAL TRANSFERS

The owner may transfer the accumulated value of his contract, in full or in part, to another financial institution by executing the required documentation and by paying the applicable transfer fee and exit fees. No interest will be credited on amounts transferred from a redeemable Guaranteed Interest Account (GIA) within 90 days following the date of premium investment.

Monies invested in a non redeemable GIA are not transferable to another financial institution before the end of the investment term. Also, for RRIF and LIF, monies invested in a GIA are not transferable to another financial institution before the end of the investment term.

If we receive a transfer request along with appropriate supporting documentation at our head office before 2:00 p.m., Atlantic Time, then we will proceed with the sale of your segregated fund units on the same day; otherwise, the sale of the segregated fund units will be processed the next business day.

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INTERNAL TRANSFERS

Subject to Assumption Life's administrative policies then in effect and to the provisions governing transfers from a back-end load segregated fund to a no-load segregated fund or to a guaranteed interest account, the owner may, at any time, request in writing a surrender of some or all of the units credited to the segregated fund and allocate the value of these units to units in another segregated fund then available.

Transfers of monies from a non-redeemable guaranteed interest account to a segregated fund are not allowed before the expiry of the investment term of the GIA. Also, for a RRIF and a LIF, transfers of monies from a GIA to another GIA or a segregated fund are not allowed before the expiry of the investment term of the GIA.

The owner may make four transfer requests between segregated funds per calendar year, without transfer fees; a fee of $20 per transfer applies to all additional transfers.

The value of the redeemed units from segregated funds is based on the unit value of the subject funds on the valuation date corresponding to:

(a) the date on which Assumption Life receives a written request to this effect before 2 p.m., Atlantic Standard Time, at its head office; or

(b) the date of the transfer specified in the request, if this date falls after the date in (a).

The number of units acquired in a segregated fund upon a transfer will be equal to the amount allocated to the new segregated fund divided by the unit value of such new segregated fund no later than three days following the date of the transfer request.

However, in regard to a transfer to or from the TSX Momentum Fund, the number of units acquired or surrendered is based on the unit value of the segregated fund on the last business day of each month of such a transaction.

A transfer between segregated funds is deemed a disposition of the units transferred for applicable federal and provincial income tax purposes.

Transfers from a Registered Plan to a Registered Fund

Any transfer from an Assumption Life registered plan to an Assumption Life registered fund in no way affects the GIA's investment term.

Similarly, any transfer from an Assumption Life registered plan to an Assumption Life registered fund in no way affects the date on which the premium was invested in your contract for purposes of calculating exit fees and guarantee at maturity.

Transfers from a Non-registered Contract to a TFSA

Any transfer from an Assumption Life non-registered contract to an Assumption Life tax-free savings account in no way affects the GIA's investment term.

Similarly, any transfer from an Assumption Life non-registered contract to an Assumption Life tax-free savings account in no way affects the date on which the premium was invested in your contract for purposes of calculating exit fees and guarantee at maturity.

PARTIAL AND FULL SURRENDERS

Pursuant to applicable legislation, restrictions on surrenders do apply to locked-in registered retirement savings plans, locked-in retirement accounts and life income funds.

Insofar as such provision is made for a particular annuity contract and in accordance with Assumption Life's administrative policies and the rates then in effect, the owner may request the partial or total surrender of the contract by forwarding written notice to this effect before the maturity date of the contract.

Notwithstanding the above, premiums paid into non redeemable guaranteed interest accounts may not be surrendered, nor transferred before their maturity date; interest accrued on such deposits may, however, be surrendered and paid to the owner in equal payments on an annual or other basis.

Upon a partial surrender, the owner will instruct the company as to the amounts to be surrendered from the guaranteed interest accounts or from the segregated funds, and Assumption Life will pay to the owner the portion of the accumulated value of the contract at the valuation date represented by the units or the redeemable guaranteed interest accounts, or both, surrendered as requested, minus any tax that may be required to be withheld pursuant to taxation law governing registered contracts. Surrenders are deemed a disposition of the units surrendered for applicable federal and provincial income tax purposes.

Surrender From a GIA

Subject to annuity benefits paid under a RIF or LIF contract, no interest will be paid on amounts surrendered from a redeemable GIA within the 90 days following the date of premium investment. Surrender of a non-redeemable GIA or external transfer are not allowed before the expiry of it's investment term.

For RRIF and LIF, the owner may surrender a GIA before the expiry of its investment term. However, the amounts surrendered are subject to the following reduction of its accumulated value. The accumulated value of a full or partial surrender of a guaranteed interest account executed on a date other than the renewal date is the amount of the surrender at its guaranteed interest rate to the end of the anticipated investment term, discounted at the date of the calculation for the remaining portion of the investment term (rounded off to the nearest full year) at Assumption Life's prevailing rate of interest, plus 0.5%. The accumulated value of a guaranteed interest account in relation to any surrender is calculated only if the rate of interest in effect at the time of surrender is higher than the guaranteed rate of interest for the premium subject to surrender.

Example of a decrease in accumulated value of a GIA surrendered from an LIF or an RIF before maturity:

Investment date of premium: January 1, 2008
Amount invested: $10,000
Investment term: 5 years
Maturity date of investment term: December 31, 2012
Interest rate: 5%

Date of total surrender of GIA: May 31, 2010, or 2 years and 7 months before the maturity date (remaining term in years = factor of 2.59)

Accumulated value of GIA at May 31, 2010, assuming an interest rate of 5% = $11,247.76

Prevailing rate of interest at May 31, 2010, for a 4-year GIA (corresponding to remaining term of GIA) 7%

The decrease in accumulated value of the GIA is calculated as follows:

$$\text{Amount surrendered X} \quad \frac{(1 + \text{rate of interest at investment date})^{(\text{remaining term})}}{(1 + \text{rate of interest at surrender date} + 0.5\%)^{(\text{remaining term})}} = \text{Amount surrendered decreased to:}$$

$$\$11{,}247.76 \text{ X} \quad \frac{(1 + 0.05)^{(2.59)}}{(1 + 0.07 + 0.005)^{(2.59)}} = \$10{,}582.75$$

In this example, the amount surrendered was decreased by $665.01.

Order of Surrender for Annuity Benefit Payments (RIF and LIF)

Subject to Assumption Life's administrative policies in force, surrenders required for the annuity benefit payments will be made on a pro rata basis between the accumulated value of your segregated funds and the accumulated value of your GIAs. Once this amount is determined, at each specific time, we will surrender the applicable amounts from the GIA which is closest to the expiry of its investment term. Surrenders from segregated funds will be made on a prorata basis among all segregated funds and then from the first premiums invested in each of your segregated funds (first in, first out).

Unless the owner has indicated otherwise in writing, Assumption Life will use the same order as described above for transfers and surrenders for any registered contract, non-registered contract or tax-free savings account.

Exit Fees (applicable to surrenders and transfers from back-end load funds)

If the owner requests a partial surrender or a transfer from a back-end load segregated fund before the end of the sixth (6^{th}) year following the date of the last premium payment, then exit fees will be applicable.

Periodic annuity payments made under an RIF or an LIF are deemed partial surrenders. The exit fees are based on the following calculations:

$$\text{Amount surrendered or transferred} \times \frac{\text{Gross premiums invested (back-end load)}}{\text{Accumulated value at time of surrender or transfer}} = \text{Adjusted amount}$$

The adjusted amount obtained with the above calculations is then multiplied by the percentage outlined in the following table to obtain the exit fee amount.

Number of Years Since Premium Was Invested	Exit Fee
Less than 1 year	Adjusted amount x 6%
1 – 2 years	Adjusted amount x 5%
2 – 3 years	Adjusted amount x 4%
3 – 4 years	Adjusted amount x 3%
4 – 5 years	Adjusted amount x 2%
5 – 6 years	Adjusted amount x 1%
6+ years	Adjusted amount x 0%

To minimize the exit fees, the firsts premiums invested in back-end load funds are the firsts premiums to be transferred or surrendered. However, the periodic annuity payments made for LIFs and RIFs are made on a pro rata basis between all segregated funds and GIAs, and all amounts debited from back-end load funds are subject to exit fees.

Notwithstanding the above, the owner can, for each calendar year, surrender or transfer without exit fees to a guaranteed interest account or no-load segregated fund up to 10% of the adjusted accumulated value of the back-end load segregated funds as of January 1 of the year of surrender or transfer, for non-registered contracts, tax-free savings accounts and registered plans, and up to 20% for RIFs and LIFs.

For the LIF, the amount of surrender must not exceed the maximum amount allowed under the applicable provincial legislation. The LIF and RIF periodic annuity payments are considered surrenders and are therefore taken into account for the calculation of the 20% calendar year surrender limit without exit fees. All amounts surrendered or transferred exceeding the 10% or 20% limit are subject to the applicable exit fees.

The adjusted accumulated value is calculated as follows:

$$\text{Accumulated value of the back-end load seg funds as of January 1 of the year of surrender} \times \frac{\text{Gross premiums (Invested in back-end load) at the time of surrender or transfer}}{\text{Accumulated value at time of surrender or transfer}} = \text{Adjusted accumulated value}$$

<u>Example of exit fee calculation applicable for back-end load segregated funds</u>

Peter has purchased a non-registered variable deferred annuity contract with Assumption Life on January 1, 2000. He invests $10,000 in premiums in back-end load segregated funds.

Scenario 1 (accumulated value as of the date of surrender has increased to $15,000)

On January 1, 2006, the accumulated value of his back-end load segregated funds totals $13,000. On June 1, 2006, he requests a surrender of $5,000. The accumulated value of his back-end load seg funds as of June 1, 2006, totals $15,000. His exit fees will be calculated as follows:

$$\text{Amount surrendered or transferred \$} \times \frac{\text{Gross premiums (invested in back-end load)}}{\text{Accumulated value at time of surrender or transfer}} = \text{Amount subject to exit fees}$$

$$\$5{,}000 \times \frac{\$10{,}000}{\$15{,}000} = \mathbf{\$3{,}333.33}$$

- *Peter is entitled to surrender 10 % of the adjusted accumulated value of his back-end load seg funds as of January 1 of the year of surrender or transfer, without exit fees.*

$$\text{Accumulated value of the back-end load seg funds as of January 1 of the year of surrender} \times \frac{\text{Gross premiums (Invested in back-end load) at the time of surrender or transfer}}{\text{Accumulated value at time of surrender or transfer}} = \text{Adjusted accumulated value}$$

$$\$13{,}000 \text{ X } \frac{\$10{,}000}{\$15{,}000} = \$8{,}666.67$$

  - *The amount surrendered without exit fees totals: ($8,666.67 x 10% = $866.67)*

- *Amount subject to exit fee: $3,333.33 - $866.67 = $2,466.66*

The applicable exit fees on the $2,466.66 are calculated as follows : (first premiums invested, first amounts surrendered):

Gross Premium	*Date of Investment*	*Years Since Investment*	*Applicable Rate as Described in the Table Above*		*Amount to be Surrendered*		*Total Exit Fee*
$10,000	*August 1, 2000*	*5-6 years*	*1%*	*x*	*$2,466.66*	*=*	*$24.67*

Total applicable exit fees on the amount surrendered ***<u>$24.67</u>***

Scenario 2 (accumulated value as of the date of surrender has decreased to $6,000)

On January 1, 2006, the accumulated value of his back-end load segregated funds totals $7,000. On June 1, 2006, he requests a surrender of $5,000. The accumulated value of his back-end load seg funds as of June 1, 2006, totals $6,000. His exit fees will be calculated as follows:

Amount surrendered or transferred	x	Gross premiums (invested in back-end load) / Accumulated value at time of surrender or transfer	=	Amount subject to exit fees
$5,000	x	$10,000 / $6,000	=	**$8,333.33**

- *Peter is entitled to surrender 10% of the adjusted accumulated value of his back-end load seg funds as of January 1 of the year of surrender or transfer, without exit fees.*

Accumulated value of the back-end load seg funds as of January 1 of the year of surrender	x	Gross premiums (Invested in back-end load) at the time of surrender or transfer / Accumulated value at time of surrender or transfer	=	Adjusted accumulated value
$7,000	x	$10,000 / $6,000	=	**$11,666.67**

  - *The amount surrendered without exit fees totals: ($11,666.67 X 10% = **$1,166.67**)*

- *Amount subject to exit fee: $8,333.33 - $1,166.67 = **$7,166.66***

*The applicable exit fees on the **$7,166.66** are calculated as follows (first premiums invested, first amounts surrendered):*

Gross Premium	*Date of Investment*	*Years Since Investment*	*Applicable Rate as Described in the Table Above*		*Amount to be Surrendered*		*Total ExitFee*
$10,000	*August 1, 2000*	*5 - 6 years*	*1%*	*x*	*$7,166.66*	*=*	*$71.67*

Total applicable exit fees on the amount surrendered ***$71.67***

The right of surrender or transfer without exit fees is not cumulative. If the owner does not exercise the option to surrender or transfer without exit fees during any calendar year, the option cannot be brought forward and combined with the following year. The amount eligible for surrender without exit fees may be modified by Assumption Life subject to 30 days' written notice to the owner. In applying the above mentioned guidelines, the owner is deemed to have surrendered or transferred back-end load segregated funds by surrendering or transferring the oldest premiums paid in with a view to minimizing the exit fees.

Exit fees are not applicable to payment of a death benefit or to the purchase by the owner of a life annuity from Assumption Life. Exit fees are applicable to all other transfers, surrenders or payments.

In the event of total surrender, Assumption Life pays to the owner the accumulated value of the contract minus any applicable management fees and exit fees. Assumption Life also withholds income tax deductions in accordance with applicable taxation law. Such payment is made in cash or according to one of the settlement options then offered by Assumption Life for such purpose. Such payment discharges all of Assumption Life's obligations under the contract.

The value of the units redeemed or purchased to carry out a transfer or a surrender is not guaranteed but rather varies according to fluctuations in the market value of the assets of each segregated fund.

GUARANTEES

The contract is guaranteed at maturity or upon the death of the annuitant.

Guarantee Upon Death

Assumption Life guarantees a death benefit equal to 100% of the gross premiums paid into a guaranteed interest account and 100% of the gross premiums paid into a segregated fund before the annuitant's 77th birthday. (A decreasing guarantee scale is applicable to premiums paid into a segregated fund after the annuitant's 77th birthday. Refer to the following.)

Age of Annuitant at Time of Premium Payment	Guaranteed Portion of Gross Premiums
77 – 78 years	95%
78 – 79 years	90%
79 – 80 years	85%
80+ years	80%

Example of death benefit guarantee calculation applicable for segregated funds

Gross Premium	*Age of Annuitant When Premium Paid*	*Accumulated Value of the Funds at the Time of Death (A)*	*Guaranteed Portion as Above*		*Amount Guaranteed (B)*
$50,000	*less than 77*	*$75,000*	*100% x $50,000*	*=*	*$50,000*
$10,000	*78 years*	*$8,000*	*90% x $10,000*	*=*	*$9,000*
$2,000	*82 years*	*$1,400*	*80% x $2,000*	*=*	*$1,600*

Death benefit will be the greater of (A) or (B).

	Gross Premium	*Accumulated Value of the Funds at the Time of Death*	*Amount Guaranteed*	*Death Benefit*
	$50,000	*$75,000*	*$50,000*	
	$10,000	*$8,000*	*$9,000*	
	$2,000	*$1,400*	*$1,600*	
Total :	*$62,000*	***(A) $84,400***	***(B)*** *$60,600*	***$84,400***

Total death benefit paid to the beneficiary *(Greater of A or B)* ***: $84,400***

Under no circumstances will the guarantee upon death value be less than 75% of the gross premiums without any fee deduction.

For the purpose of calculating the guarantee upon death, the gross premium amount is reduced proportionally by all surrenders, amounts transfered to other financial institutions, periodic annuity payments, exit fees and transfer fees.

> ***Example for guarantee upon death:*** *During the past year, at the age of 65, you invested a gross premium amount of $10,000 into the Assumption Life Balanced Fund. The amount guaranteed is equal to 100% of the gross premium invested on the day the premium is invested. A few weeks later, you proceed with the surrender of $2,000 from the Assumption Life Balanced Fund. The market value of the gross premium for the Balanced Fund on the date of surrender is now $12,000. The surrender of $2,000 reduces the gross*

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premium value by only $1,666.67 for a new Adjusted gross premium amount of $8,333.33. The gross premium is reduced on a pro rata basis according to the market value of the Balanced Fund and impacts the amount of the guarantee upon death. Refer to the following calculation:

(Example with increasing market value)

Gross Premium Before Surrender	x (1 – (surrender value/market value of fund)	=	Adjusted Gross Premium After Surrender of $2,000	=	New Guaranteed Amount After Surrender of $2,000
$10,000	*x (1 - ($2,000 / $12,000)*	=	*$8,333.33 x 100%*	=	*$8,333.33*

(Example with decreasing market value)

Now repeat the calculation based on the assumption that the market value of the Balanced Fund has fallen to $8,000. The impact on the value of the guarantee is different.

Gross Premium Before Surrender	x (1 – (surrender value/market value of fund)	=	Adjusted Gross Premium After Surrender of $2,000	=	New Guaranteed Amount After Surrender of $2,000
$10,000	*x (1 - ($2,000 / $8,000)*	=	*$7,500 x 100%*	=	*$7,500*

Guarantee at Maturity

- **For GIAs**: The total premiums for a guaranteed interest account (GIA) are 100% guaranteed by Assumption Life at maturity.
- **For segregated funds**: Assumption Life guarantees the higher of the following amounts at maturity:

  (a) the accumulated value of the segregated funds at maturity;
  (b) 75% of the gross premium amount invested into the segregated funds.

  However, no guarantee is applicable should the owner surrender all amounts in the contract before the 15th anniversary of the contract and before the following dates:

  - for non-registered contracts and tax-free savings accounts:
    - the annuitant's 75th birthday

  - **for registered contracts:**
    - the date corresponding to the last business day of the year in which the annuitant reaches age 69

Calculating the guarantee for segregated funds for non-registered contracts and tax-free savings account

As long as the contract has been in effect for a minimum duration of 15 years and the annuitant is at least 75 years of age on the date of termination of the contract, we guarantee that by the end of the contract we will have paid, in the form of all disbursements or payments scheduled under the contract, an amount greater than or equal to 75% of the gross premiums invested into segregated funds. (See the definition of "Gross premium**"** in this document.)

Calculating the guarantee for segregated funds for registered contracts

As long as the registered contract has remained in effect for a minimum duration of 15 years and the annuitant is at least 69 years of age on the date of termination of the contract, we guarantee that by the end of the contract, we will have paid, in the form of all disbursements or payments scheduled under the contract, an amount greater than or equal to 75% of the gross premiums invested in segregated funds. (See the definition of “Gross premium” in this document.)

Example of maturity benefit guarantee calculation applicable to segregated funds

This example supposes that at the time of calculation, the annuitant is at least 69 years of age (for a registered contract) or at least 75 years of age (for a non-registered contract).

Scenario 1

Years Since Premium Invested	*Gross Premium (b)*	*Accumulated Value of the Seg Funds on Valuation Date (a)*	*Guaranteed Portion of the Gross Premium*	*Maturity Benefit*
Less than 15 years	*$40,000*	*$28,000*	*Nil*	***$28,000***

Scenario 2

Years Since Premium Invested	*Gross Premium (b)*	*Accumulated Value of the Seg Funds on Valuation Date (a)*	*Guaranteed Portion of the Gross Premium*	*Maturity Benefit*
15 years or more	*$40,000*	*$28,000*	*75% x $40,000 = $30,000*	***$30,000***

Processing of the guarantee for segregated funds at maturity upon transfer from a registered plan to a registered fund

For purposes of calculating the guarantee for segregated funds, any transfer from a segregated fund from an Assumption Life registered plan to an Assumption Life RIF will neither interrupt nor reset the number of years for your contract. You benefit from the guarantee for segregated funds upon any total surrender of your contract as soon as the total and consecutive number of years for your Assumption Life registered plan and your Assumption Life RIF reaches the minimum limit of 15 years, provided that the annuitant is at least 69 years of age at the time of total surrender.

(For example, assume that you purchase an Assumption Life RSP on June 1, 2000, at the age of 57 After 12 years, or on June 1, 2012, you decide to transfer your RSP to an Assumption Life RIF. Three years after that, on December 31, 2015, you are in a position to benefit from the guarantee at maturity at any time when you proceed with total surrender of your contract.)

For the purpose of calculating the guarantee at maturity, the gross premium amount is reduced proportionally by all surrenders, amounts transfered to other financial institutions, periodic annuity payments, exit fees and transfer fees.

Example for guarantee at maturity: *You invested a gross premium amount of $10,000 into the Assumption Life Balanced Fund during the past year. The amount guaranteed is equal to 75% of the gross premium invested on the day the premium is invested. A few weeks later, you proceed with the surrender of $2,000 from the Assumption Life Balanced Fund. The market value of the gross premium for the Balanced Fund on the date of surrender is now $12,000. The surrender of $2,000 reduces the Gross premium value by only $1,666,67 for a new Adjusted gross premium amount of 8,333.33 and a new guarantee amount of $6,250. The gross premium is reduced on a pro rata basis according to the market value of the Balanced Fund and impacts the amount of the guarantee at maturity. Refer to the following calculation:*

(Example with increasing market value)

Gross Premium Before Surrender	*x (1 – (surrender value/market value of fund)*		*=*	*Adjusted Gross Premium After Surrender of $2,000*	*=*	*New Guarantee Amount After Surrender of $2,000*
$10,000	*x (1 -*	*($2,000 / $12,000)*	*=*	*$8,333.33 X 75%*	*=*	*$6,250.00*

(Example with decreasing market value)

Now repeat the calculation based on the assumption that the market value of the Balanced Fund has fallen to $8,000. The impact on the value of the guarantee is different.

Gross premium Before Surrender	x (1 – (surrender value/market value of fund)	=	Adjusted Gross Premium After Surrender of $2,000	=	New Guarantee Amount After Surrender of $2,000
$10,000	*x (1 - ($2,000 / $8,000)*	*=*	*$7,500 X 75%*	*=*	*$5,625.00*

Processing of the guarantee for segregated funds at maturity upon transfer from a non-registered contract to a tax-free savings account

For purposes of calculating the guarantee for segregated funds, any transfer from a segregated fund from an Assumption Life non-registered contract to an Assumption Life tax-free savings account will neither interrupt nor reset the number of years for your contract. You benefit from the guarantee for segregated funds upon any total surrender of your contract as soon as the total consecutive number of years for your Assumption Life non-registered contract and your Assumption Life tax-free savings account reaches the minimum limit of 15 years, provided that the annuitant is at least 75 years of age at the time of total surrender.

For the purpose of calculating the guarantee at maturity, we reduce the gross premium amount proportionally by all surrenders, amounts transferred to other financial institutions, periodic annuity payments, exit fees and transfer fees.

DEATH BENEFIT

Upon the death of the annuitant or the contingent annuitant, as the case may be, the beneficiary will receive the death benefit outlined below as determined on the valuation date corresponding to the date on which written notice of the annuitant's death is received at Assumption Life's head office. Such valuation date shall be known as the "death benefit date." Some restrictions apply to LIRAs, LIFs and Locked-in RSPs. The applicable legislation provides for the payment of the death benefit to the surviving spouse or surviving common-law partner if you have a spouse or common-law partner at the time of your death, regardless of your beneficiary designation.

When it has received satisfactory proof of the annuitant's death and of the claimant's right to the proceeds as beneficiary, Assumption Life will pay to the beneficiary the death benefit outlined below together with interest from the death benefit date to the date of payment. The rate of interest credited will be in accordance with policies and rates set periodically for this purpose by Assumption Life.

On the death benefit date, Assumption Life will redeem the accumulated value of all guaranteed interest accounts and of all units of the segregated funds credited under the contract, and such amount will be transferred to Assumption Life's assets until paid. The number of units credited to the contract will be reduced to zero. Assumption Life guarantees that the death benefit will be equal to 100% of the accumulated value of the guaranteed interest accounts plus the greater of:

(a) the accumulated value of the segregated funds credited under the contract as established on the death benefit date

(b) 100% of the total amount of all gross premiums paid into the contract before the owner's 77th birthday plus the percentage indicated below for gross premiums invested into the contract after that age to acquire units in the segregated funds until the death benefit date. (See the definition of "gross premium" on page 2 of this folder, according to which the gross premium amount is reduced proportionally by all surrenders, amounts transferred to other financial institutions, periodic annuity payments, exit fees and transfer fees).

Age of Owner at Time of Premium Payment	Guaranteed Portion of Gross Premium
77 – 78 years	95%
78 – 79 years	90%
79 – 80 years	85%
80+ years	80%

The beneficiary may choose to receive the death benefit in cash or according to any of the settlement options offered by Assumption Life for that purpose. However, in the case of registered contracts and tax-free savings accounts, the optional methods of settlement are available only if the beneficiary is the annuitant's spouse or common-law partner. Payment of the death benefit discharges all of Assumption Life's obligations under the contract.

MATURITY BENEFIT
(Annuity commencement date)

At maturity, the annuitant (or grantee of an annuity for a non-registered contract) receives, where indicated, an annuity based on the option chosen. This annuity benefit is based on the accumulated value of the contract as of the annuity commencement date. The maturity benefit described below is determined on the valuation date corresponding to or immediately preceding the maturity date.

The accumulated value of the contract is not guaranteed but rather varies according to fluctuations in the market value of the assets of the segregated funds.

Payment of the maturity benefit discharges all of Assumption Life's obligations under the contract.

The annuitant may choose any of the settlement options offered by Assumption Life.

SETTLEMENT OPTIONS

Instead of receiving the death benefit in the form of a lump sum, the beneficiary may choose one of the following options:

(a) If the contract **is not** registered, the beneficiary may purchase an immediate or deferred annuity.

(b) If the contract **is** registered contract or a tax-free savings account and the beneficiary is the annuitant's spouse or common-law partner, the surviving spouse or common-law partner may request a rollover of the contract, subject to all applicable conditions as prescribed in the *Income Tax Act (Canada).* If the beneficiary is not the spouse or common-law partner, then the beneficiary will receive the death benefit in a lump sum payment.

SEGREGATED FUND DISCONTINUANCE

Assumption Life may, at any time, discontinue a segregated fund by giving the owner sixty (60) days' prior written notice of its intent. Assumption Life will automatically redeem the units of the segregated fund being discontinued that are credited to a contract and allocate the value of such units to the purchase of units of another segregated fund. If the new segregated fund is not similar in fundamental investment objectives to the former segregated fund, the owner shall be entitled to surrender the value of such segregated fund units without fees for transfers between segregated funds and without exit fees. The written notice to the owner will identify the segregated fund or funds that will no longer be available, the segregated fund in which Assumption Life proposes to acquire units, and the date on which the transfer is to be effective. The value of the surrendered units and the number of units purchased will be based on the unit value of the subject funds on the date of the automatic transfer.

The owner may:

(a) request Assumption Life to carry out a different transaction from that proposed, on the condition that Assumption Life receive a written request to this effect at least five (5) days before the transfer date; or

(b) request the surrender of the value of the segregated fund units.

FUNDAMENTAL CHANGES

The owner will be provided 60 days' prior written notice upon a fundamental change in a segregated fund. An increase in the management fees for a segregated fund (other than because of an increase of the insurance fee below the insurance fee limit), a change in the fundamental investment objectives for a segregated fund, a decrease in the frequency with which units of a segregated fund are valued, or an increase in the current insurance fee exceeding the greater of 50 basis points or the current fee + 0.50% constitutes a fundamental change. The notice will provide the owner with the right to transfer to a similar segregated fund that is not subject to the fundamental change for which the notice is being delivered without incurring any fees for transfers between segregated funds or exit fees, provided that written notice of this is received by Assumption Life at least five (5) days before the transaction date. A similar segregated fund means a segregated fund whose fundamental investment objectives are comparable to the original segregated fund and is in the same investment fund category and whose management fees, inclusive of insurance fee, are equivalent or lesser. If Assumption Life does not offer a similar segregated fund, the owner may surrender the units of the segregated fund without incurring any exit fees, provided that written notice from the owner is received at least five (5) days prior to the transaction date. During the 60-day notice period, the owner is not permitted to invest or transfer amounts to the segregated fund subject to the fundamental change unless he agrees to waive his rights as to exemption of exit fees as set out above.

Any increase in the management fees of an underlying fund in which monies from a segregated fund are invested that results in an increase in the management fees of the segregated fund constitutes a fundamental change.

The fundamental investment objectives of an underlying fund in which monies from a segregated fund are invested may be modified with the approval of the unitholders for the underlying fund. Upon confirmation of this approval, purchasers of contracts in the segregated fund will be notified of the modification.

The value of the units redeemed or purchased to carry out a transfer or terminate a segregated fund is not guaranteed but rather varies according to fluctuations in the market value of the assets of each segregated fund.

We reserve the right to make fundamental fhanges from time to time, subject to compliance with the clauses noted above. We also reserve the right to change underlying funds. If such a change is a fundamental change, you will have the rights described in the section above. Changing an underlying fund to another substantially similar underlying fund will not constitute a fundamental change provided immediately following the change the total management fee and insurance fee of the Fund is the same as, or lower than, its total management and insurance fee immediately before the change. A substantially similar underlying fund is one that has a similar fundamental investment objective, is in the same investment fund category and has the same or lower management fee as the underlying fund. We will (a) notify you, our regulators and the Canadian Life Health Insurance Association Inc. at least 60 days in advance of the change (unless such notice is not practical in the circumstances, in which event we will provide notice as soon as possible as reasonably practical), and (b) amend or refile this information folder to reflect the change. The foregoing may be superceded by any regulatory developments governing changes to underlying funds.

SEGREGATED FUND MANAGEMENT

The management of the guaranteed interest accounts, the Balanced Fund and the Assumption Life Funds is the responsibility of Assumption Life and is carried out under the general authority of its Board of Directors. Day-to-day management of Assumption Life's operations is delegated to its President and Chief Executive Officer. The management of the Balanced Fund and the Assumption Life Funds, being the Assumption Life Canadian Equity Fund, the Money Market Fund and the Assumption Life U.S. Equity Fund, is subcontracted to Louisbourg Investments Inc. ("Louisbourg"), a company whose shares are owned by Assumption Life (51%) and by Montrusco Bolton Investments Inc. ("Montrusco Bolton") (49%). The management fees payable to **Louisbourg** are included in the management fees set out in the "Fees" section.

The investment portfolios of the **MBII Funds**, being the Montrusco Bolton Fixed Income Fund, the Montrusco Bolton Canadian Small Capitalization Equity Fund, the Montrusco Bolton Quantitative EAFE Equity Fund, the Montrusco Bolton Global Equity Fund, the Canadian Equity + Fund and the Montrusco Bolton TSX Momentum Fund, are managed, on a day-to-day basis, by **Montrusco Bolton Inc.** Montrusco Bolton is responsible for investment analyses, recommendations and decisions and for the purchase and sale of the securities for each such fund. Fees for these services are included in the management fees set out below in the "Fees" section.

The FIDELITY Funds investment portfolios, being the Fidelity Canadian Opportunities Fund, the Fidelity True North™ Fund, the Fidelity Overseas Fund, the Fidelity Global Health Care Fund, the Fidelity Global Technology Fund, the Fidelity Europe Fund, the Fidelity American Disciplined Equity Fund, the Fidelity NorthStar Fund, the Fidelity Monthly Income Fund and the Fidelity Canadian Asset Allocation Fund are managed on a day-to-day basis by Fidelity Investments Canada Ltd. Fidelity is responsible for investment analyses, recommendations and decisions and for the purchase and sale of the securities for each segregated fund. Fees for these services are included in the management fees set out below in the "Fees" section.

The CI Fund investment portfolios, being the CI Synergy American Fund, the CI Global Balanced Corporate Class Fund, the CI Global Managers® Corporate Class Fund, the CI Signature Canadian Bond Fund, the CI Harbour Growth & Income Fund, the CI Signature High Income Fund, the CI American Value Fund, the CI Synergy Global Corporate Class Fund and the CI Global Small Companies Fund are managed on a day-to-day basis by CI Investments Inc. CI is responsible for investment analyses, recommendations and decisions and for the purchase and sale of the securities for each segregated fund. Fees for these services are included in the management fees set out below in the "Fees" section.

The AGF Fund investment portfolios, being the AGF Dividend Income Fund, the AGF US Value Class, the AGF Global Financial Services Class and the AGF International Stock Class are managed on a day-to-day basis by AGF Funds Inc. AGF is responsible for investment analyses, recommendations and decisions and for the purchase and sale of the securities for each segregated fund. Fees for these services are already included in the management fees set out below in the "Fees" section.

MARKET VALUE OF SEGREGATED FUND ASSETS

The accumulated value of your contract is the sum of the accumulated value of your guaranteed interest accounts and the accumulated value of your segregated funds.

The accumulated value of your segregated funds is based on the market value of the assets of your segregated funds as follows:

For the Assumption Life Balanced Fund, the Assumption Life Canadian Equity Fund and the Assumption Life U.S. Equity Fund, the market value of the assets of the segregated fund is determined by Assumption Life using the closing values on the Toronto Stock Exchange or on any other relevant stock exchange on the valuation date. If a security did not trade on the valuation date, Assumption Life will use the last closing date value. For unlisted securities and for bonds and debentures, the accumulated value will be the value provided by recognized investment dealers. Short-term notes will be valued at cost. The value of bonds, debentures and short-term notes will include accrued interest.

The same method will apply to the MBII Funds, the FIDELITY Funds, the CI Funds and the AGF Funds except that the market value of the segregated fund assets will be provided to Assumption Life by the respective fund managers, being: Montrusco Bolton Investments Inc., Fidelity Investments Canada Ltd., CI Investments Inc., and AGF Funds Inc.

Valuation date

A valuation date is the day Assumption Life determines the market value of each segregated fund.

Assumption Life will value the segregated fund units each business day but may, at its sole discretion, subject to 60 days' prior written notice to the owners and, in accordance with the fundamental change rules as currently described in the section titled “Fundamental Changes”, cause any of the segregated fund units to be valued on a less frequent basis provided that each fund unit is valued at least once a month.

Value of segregated fund units

The unit value of the units of each segregated fund on a valuation date is equal to the aggregate value of the particular segregated fund on such date divided by the number of units in the fund on the previous valuation date. The unit value of a fund remains in effect until the next valuation date. The number of units in any segregated fund may include fractions

Aggregate segregated fund value

At each valuation date, the aggregate value of each segregated fund will be the aggregate market value of the assets of that fund after deducting the applicable current management fees and operating expenses. .

The accumulated value of the segregated funds is not guaranteed but rather varies according to fluctuations in the market value of the assets of the various funds.

REINVESTMENT OF EARNINGS

The net income from each segregated fund's assets will be retained by the fund and allocated to the owners of such funds.

FEES

The following fees are applicable to all annuity contracts subject to their fund options depending on the context.

Contract fees: A monthly contract fee of $3 ($36 per annum) is assessed on each annuity contract with no-load segregated funds. We will deduct this $3 monthly fee from your contract by selling units in your no-load segregated funds, on a prorata basis, on the last day of each month. The contract fees are not applicable if you invested all of your premiums in guaranteed interest accounts, back-end load segregated funds or in the Money Market Fund. The contract fees are not part of the management fees described below and are not included in the Management Expense Ratio. The contract fees for your no-load segregated fund contract are charged over and above the Management Expense Ratio.

Exit fees: An exit fee is assessed on transfers and the total or partial surrender of any back-end load segregated fund. This fee is not applicable to GIAs or to no-load segregated funds. Refer to the "Partial and Full Surrenders" section.

Transfer fees for transfer requests to another financial institution: A $50 transfer fee is assessed on the transfer request to another financial institution.

Transfer fees for transfers between segregated funds: A $20 transfer fee is assessed on each request for transfer between segregated funds beginning with the fifth transfer request between segregated funds per calendar year. Each transfer from back-end load segregated funds is subject to the applicable exit fees.

Management fees: Management fees means the fees charged to administer the segrageted funds. The percentage of management fees indicated in the following table represents the percentage of the annual management fees. These vary depending on the type of fund. Management fees also include management fees of the underlying funds, so there is no duplication of management fees. Insurance fee, for the cost of the guarantee at maturity and guarantee upon death, is included in the management fees. This insurance fee is also outlined in the table below.

Management fees, expressed as a percentage, are deducted daily from the assets of each fund before calculating its unit value, and they are paid to Assumption Life.

Management fees do not include operating expenses or GST, which are charged to the funds over and above the management fees.

The management fees vary based on whether you chose the back-end load or no-load option.

Operating expenses means all other fees (except for the management fees payable by the segregated funds), and all other expenses incurred during the ordinary course of business in relation to the establishment, management, and operation of segregated funds. They include, among others, legal fees, audit fees, safekeeping fees, administrative fees, bank charges, registration fees with regulators, the production and distribution of financial data and of this information folder, taxes, GST, and any other expenses incurred for the operation of the funds and the management of your segregated fund policy.

Operating expenses vary from year to year and from one fund to another and may vary without notice. The operating expense is the difference between the MER and the Management fees for each fund.

Management expense ratio (MER) means the sum of the management fees (including insurance charges) and of the operating expenses, including GST applicable to each segregated fund; it includes the MER of underlying funds, when applicable. The percentage of the MER, outlined in Appendix 1 of the Summary Fact Statement, represents the percentage of the annual MER. The MER is deducted daily from the assets of each fund before calculating its unit value.

An increase in operating expenses, and insurance fee within the allowed limits, can result in an increase in the MER without notice. However, if the MER goes up because of an increase in management fees, we will give you 60 days' notice pursuant to the Funadmental change section.

The MER is published each year in the audited Financial Statements and in the Summary Fact Statements. The updated versions of these documents are available on request and on the Assumption Life Web site.

MANAGEMENT FEE AND INSURANCE FEE TABLE

	Management Fee		Insurance Fee	
	No Load	Back-End Load	(1)	Increase limit without notice (2)
Assumption Life Funds				
Balanced Fund	2.45%	2.25%	0.20%	0.70%
Canadian Equity Fund	2.85%	2.65%	0.30%	0.80%
U.S. Equity Fund	2.95%	2.75%	0.30%	0.80%
Money Market Fund	1.20%	1.00%	0	0.50%
Montrusco Bolton Funds				
Fixed Income Fund	1.60%	1.40%	0.10%	0.60%
Canadian Small Capitalization Equity Fund	2.90%	2.70%	0.35%	0.85%
Quantitative EAFE Equity Fund	2.95%	2.75%	0.30%	0.80%
Global Equity Fund	2.95%	2.75%	0.30%	0.80%
Canadian Equity+ Fund	2.85%	2.65%	0.30%	0.80%
TSX Momentum Fund **(3)**	2.25%	2.05%	0.30%	0.80%
Fidelity Funds				
Canadian Opportunities Fund	3.15%	2.95%	0.30%	0.80%
True North® Fund	3.15%	2.95%	0.30%	0.80%
Overseas Fund	3.13%	3.00%	0.30%	0.80%
Global Health Care Fund	3.13%	3.00%	0.35%	0.85%
Global Technology Fund	3.13%	3.00%	0.35%	0.85%
Europe Fund	3.13%	3.00%	0.30%	0.80%
American Disciplined Equity® Fund	2.95%	2.85%	0.35%	0.85%
NorthStar® Fund	3.05%	2.95%	0.35%	0.85%
Monthly Income Fund	2.75%	2.65%	0.12%	0.62%
Canadian Asset Allocation Fund	2.75%	2.65%	0.12%	0.62%
CI Funds				
Synergy American Fund	3.15%	2.95%	0.30%	0.80%
Global Balanced Corporate Class Fund	3.15%	2.95%	0.30%	0.80%
Global Managers® Corporate Class Fund	3.15%	2.95%	0.30%	0.80%
Signature Canadian Bond Fund	2.00%	1.80%	0.10%	0.60%
Harbour Growth & Income Fund	3.00%	2.80%	0.20%	0.70%
Signature High Income Fund	2.65%	2.55%	0.01%	0.51%
American Value Fund	3.05%	2.95%	0.35%	0.85%
Synergy Global Corporate Class Fund	3.05%	2.95%	0.35%	0.85%
Global Small Companies Fund	3.16%	3.06%	0.55%	1.05%
AGF Funds				
Dividend Income Fund	2.85%	2.75%	0.30%	0.80%
U.S. Value Class Fund	2.95%	2.85%	0.35%	0.85%
Global Financial Services Class Fund	3.16%	3.06%	0.55%	1.05%
International Stock Class Fund	3.16%	3.06%	0.55%	1.05%

(1) & (2) The insurance fee is included in the management fees and may be increased by the greater of 50 basis points or the current fee + 0.50% without prior notice to the owner. The maximum amount of insurance fee increase allowed without notice to the owner is set out in column (2) above. For example, the Balanced fund insurance fee is set at 0.20%. The Balanced Fund insurance fee could increase to 0.70% without prior notice to the owner. (0.20% + 50 basis points (0.50%) = 0.70%).

(3) Under the terms of the declaration of trust, there are no expenses or fees payable for the purchase or surrender of units. Moreover, in addition to the above-mentioned fees, the fund will pay to Montrusco Bolton Investments Inc. monthly performance fees equal to 20% of the surplus of the fund performance compared with the S&P/TSX Index. These fees are included in the MER. In the event of a monthly performance lower than the S&P/TSX Index, no monthly performance fee is payable, and that situation

will stand until the cumulative performance of the portfolio, starting the last month where the performance fees were paid, is higher than the S&P/TSX Index .

Management fees are higher if you choose the no-load option for the surrender of segregated funds. On the other hand, management fees are lower if you choose the back-end load option for the surrender of segregated funds.

The fees payable to Louisbourg Investments Inc., Montrusco Bolton Investments Inc., Fidelity Investments Ltd., CI Investments Inc. and AGF Funds Inc. are included in the management fees. Assumption Life reserves the right to change such fees upon 60 days' prior written notice, in accordance with the fundamental change rules described under the heading "Fundamental Changes".

An insurance representative may request a decrease in management fees for a client seeking to make a significant premium payment. Any request in this regard must comply with Assumption Life's administrative policies as of the date of the request and with current legislation.

Other fees: In addition to the fees outlined above, you are responsible to pay all banking charges for any cheque or preauthorized debit which is not honoured and any loss incurred by Assumption Life due to the decrease in value of the segregated funds due to that effect.

TAXATION

This section, along with any other tax information contained elsewhere in this Information Folder, is a summary only of the most important consequences arising from the *Income Tax Act* (Canada) and the regulations thereunder for prospective owners of Assumption Life's variable deferred annuity contracts who are residents of Canada, who hold their contracts as capital property and who deals at arm's length with Assumption Life.

This section along with any other tax information contained elsewhere in this Information Folder are based upon the current provisions of the *Income Tax Act* (Canada) and regulations as of the date of this document and on Assumption Life's understanding of Revenue Canada's current administrative practices and policies of as of the printing date specified on the back of this Information Folder.

This section does not take into account future amendments to the *Income Tax Act* (Canada) and regulations, future amendments to rules of law for taxation or provincial, territorial or foreign tax considerations.

Should the *Income Tax Act* (Canada*)* be amended as to change the age limit when your retirement income must commence, your contract will be modified accordingly.

This section is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular prospective owner of an Assumption Life annuity contract or other person. Prospective owners and other persons should therefore consult their own tax professionals or other tax advisors with respect to their particular circumstances.

A segregated fund is treated as a trust under the *Income Tax Act* (Canada) and is maintained separately from the insurer's assets. All income, capital gains and losses of the segregated fund are allocated to the owners annually with the result that the trust does not pay income tax; income derived from the segregated fund from non-Canadian investments is subject to the withholding at source of foreign taxes.

Taxation of Non-Registered Contracts

The portion of the investment income (interest and dividends, income from foreign sources and capital gains) and of capital gains and losses of the segregated fund allocated in respect of your contract will be reported to you each year and must be included in your taxable income, if any. Your participation in each segregated fund whose units are included in your contract is considered to be participation in a segregated trust pursuant to the *Income Tax Act* (Canada) and consequently as capital property. As a result, the disposal of part or all of this property could result in a capital gain or loss for you.

The capital gain or loss resulting from disposal or surrender corresponds to the amount that you receive in consideration of your participation in the units of a segregated fund minus the adjusted cost base of your participation. The adjusted cost base of your participation includes gross premiums allocated to the segregated fund and your share of the income and capital gains of the segregated fund. The amount of any capital losses allocated to you in relation to the segregated fund is deducted from your adjusted cost base. Transfers between segregated funds, fund discontinuance and underlying fund substitution are taxable dispositions and may result in a capital gain or loss to the owner.

Each year, Assumption Life will send you a T3 supplementary income tax slip showing the pro rata share of such income and capital gains or losses to be included in the owner's income under the *Income Tax Act* (Canada).

If at any time while units are credited to your contract Assumption Life is required to pay to any tax authority any part of the proceeds as a tax imposed on the contract, Assumption Life may, at its discretion, transfer to its assets the value of the units of one or more segregated funds allocated to your contract to pay the tax in question. These units are then surrendered from your contract.

Tax-Free Savings Account

If you so wish, the contract can be registered under section 146.2 of the *Income Tax Act* (Canada) as a tax-free savings account. In this case, income, capital gains, surrenders and annuity payments are not taxable. Note that premiums are not tax-deductible. Premiums invested in your tax-free savings account are subject to an annual limit as prescribed in the *Income Tax Act (Canada).*

Your tax-free savings account may be assigned to guarantee a loan subject to the limitations and restrictions set out in the *Income Tax Act* (Canada).

Any monies invested in a tax-free savings account exceeding the limit allowed under the *Income Tax Act* (Canada) are deemed ineligible investments and consequently subject to income tax on any income earned or capital gains derived from the ineligible investments.

Taxation of Registered Contracts

If desired, a contract can be registered under section 146 of the *Income Tax Act* (Canada) as a retirement savings plan or under section 146.3 of the *Income Tax Act* (Canada) as a retirement income fund. If this is done, income and capital gains will not be subject to income tax when they are allocated and, in the case of a contract that is registered as an RSP, a portion of the premium may be eligible for tax relief. However, the contract is only one of a number of different vehicles for the accumulation of retirement income. At maturity, the retirement income payments will be fully taxable and there will be restrictions on assignment. The *Income Tax Act* (Canada) stipulates that retirement income must commence, at the latest, during the year following December 31 of the year in which the owner reaches age 71, if the contract is classified as a registered plan.

If the registered contract becomes deregistered, the fair market value of all property held in the registered contract immediately before its deregistration is taxable under the *Income Tax Act* (Canada).

If the contract is classified as a registered plan:

(a) registration may require that a number of its regular contractual benefits be modified under the contract;
(b) the registered contract may be more suitable as a long-term investment rather than short-term; and
(c) the prospective owner should fully discuss all aspects of registration with the insurer or agent before purchasing a registered contract.

If the contract is issued as a registered fund under the *Income Tax Act* (Canada), the investment income earned from the fund will not be taxed as income in the year in which it is earned. The retirement income, and any payment from the registered fund, is fully taxable in the year in which it is received.

Each year, Assumption Life will send you the appropriate income tax slips, showing the amount to be included in your income under the *Income Tax Act* (Canada). Any taxes withheld by Assumption Life pursuant to applicable law will be forwarded by Assumption Life to the appropriate tax authority.

HARMONIZED SALES TAX OR GOODS AND SERVICES TAX

Assumption Life will collect and remit to Revenue Canada the Harmonized Sales Tax or the Goods and Services Tax, whichever is applicable, on any fund charges and fees or any other similar tax that may be applicable.

TERMINATION OF CONTRACT

Subject to applicable provincial laws, taxation laws and contract restrictions, the contract is deemed terminated on the earliest of the following:

(a) total surrender of the contract;
(b) the death of the annuitant;
(c) the date of the final payment of annuity benefits;
(d) the date on which the accumulated value of the contract falls below $500, subject to any provisions to the contrary set out in the application for registration of a registered contract.

MATERIAL CONTRACTS

The only contracts which pertain to the segregated funds are the financial consultants contract between Louisbourg Investments Inc., a subsidiary of Assumption Life, and Montrusco Bolton Investments Inc., the financial consultants contract between Assumption Life and Fidelity Investments Ltd., the financial consultants contract between Assumption Life and CI Investments Inc. and the financial consultants contract between Assumption Life and AGF Funds Inc. These contracts have been entered into in the ordinary and normal course of business. The arrangement with Montrusco Bolton Investments Inc. is described under the heading "Fund Management".

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No broker, director or senior officer of Assumption Life nor any associate or affiliate of any broker, director or senior officer of Assumption Life has had any material interest, whether direct or indirect, in any transaction within three years prior to the date of the latest filing of the information folder which has materially affected Assumption Life or any of its subsidiaries with respect to the segregated funds.

NO OTHER MATERIAL FACTS

There are no material facts relating to the contract other than those disclosed in this Information Folder.

STATEMENTS

Summary quarterly statements are sent out to all contract owners. In addition, the financial statements for investment funds (segregated funds) published twice yearly are available and accessible online at www.assumption.ca. Detailed statements are also available online or upon request. You may also ask your representative to print a copy for you if necessary. The annual statement indicates the accumulated value of the contract and amounts of premiums received by Assumption Life since the last statement and also includes the current management fee, management expense ratio (MER) and compounded rates of return.

GENERAL INVESTMENT PRACTICES AND RESTRICTIONS

The value of the units of a segregated fund is directly related to the market value of the investments made by the fund; the value of the units of a fund may therefore go up or down, subject to any guarantee applicable upon death or maturity as provided for in the contract. There is no guarantee against loss resulting from an investment in a segregated fund and there can be no assurance that a fund's investment strategies will be successful or that its investment objectives will be attained.

Policies and Restrictions

The managers have established the following investment guidelines. The Board of Directors of Assumption Life has adopted the same standards for the management of the assets of its segregated funds.

I A segregated fund may not:

(a) purchase the securities of any issuer (other than securities issued or guaranteed by the Government of Canada or an agency thereof, any Province of Canada or an agency thereof, if as a result thereof:

 (i) more than 10% of the book value of the fund (taken at market value at the time of such purchase) would be invested in the securities of such issuer; or

 (ii) a segregated fund would hold more than 10% of any class or series of securities of such issuer, provided that for the purpose of making this determination, all debt obligations of an issuer maturing in less than one year and all authorized unlisted derivatives are regarded as a single series of a class of securities.

(b) borrow money, provided, however, that the trustee:

   (i) may from time to time advance its own monies for the purpose of making any payments from a segregated fund or, for the purposes of investment, debit cash balances provided, however, that such advances do not exceed 5% of the net assets of the segregated fund at the time such advances are made,

   (ii) shall be entitled to receive interest on such debit cash balances at such rate as is determined by the trustee from time to time, and

   (iii) may, to the extent permitted by law, hold the assets of a segregated fund as security for the repayment of such debit cash balances and interest thereon.

(c) pledge, mortgage or hypothecate any of its assets.

(d) invest more than 10% of its net assets (taken at market value at the time of investment) in illiquid investments.

(e) purchase securities where resale is restricted or limited by means of an undertaking or agreement by a segregated fund if, following such purchase, more than 10% of the total assets of the fund (taken at market value at the time of such purchase) would consist of illiquid investments.

(f) make loans, whether secured or unsecured, except by the purchase of debt obligations or short-term debt securities.

(g) make loans to the manager or the trustee or their affiliates, their respective employees, officers and directors or sell securities from its portfolio to, or purchase securities from the employees, directors or officers of either the manager or the trustee or their respective affiliates.

(h) buy securities on margin or engage in short selling.

(i) invest in commodities or commodity futures contracts or invest in options other than buying or selling futures or option contracts or securities or indices or in currencies.

(j) underwrite or participate in the marketing of securities issued by others.

(k) purchase securities other than through an arm's length transaction, whether or not through public market facilities and at no more than the then fair market price.

(l) invest in securities which:

   (i) are offered by an issuer, more than 10% of whose issued and outstanding voting shares are beneficially owned, either directly or indirectly, by the manager, the trustee or any officer or director of the manager or the trustee or an associate of any such person or by any combination thereof; or

   (ii) are distributed in the course of primary distribution to the public by any person or company specified in paragraph (i) above.

(m) purchase or sell real estate.

(n) invest in securities for the purpose of exercising control over or management of the issuer of such securities.

(o) guarantee the securities or obligations of another person or corporation.

(p) loan securities from its portfolio except pursuant to a fully collateralized agreement between the custodian and a financial institution.

Derivatives

II Derivatives may be employed in essentially two ways as part of portfolio management. They may be used to replicate a non-derivative security or portfolio of securities. An example would be holding 10-year bond futures and cash in an appropriate ratio to replicate holding 10-year bonds. Such a position would be created either to reduce transaction costs or to increase liquidity. Derivatives may also be employed to change the risk characteristics of a portfolio in ways that would be difficult to achieve otherwise. Examples would be foreign exchange forwards and various option contracts. These transactions will generally be of a hedging or asset mix adjusting nature.

Our policy is guided by two underlying principles: (a) that investments in derivative securities may not be used to create a portfolio risk profile which would not be allowed given the constraints and limits which apply to investments in nonderivative securities; (b) that counterparty risk, the risk that the seller/provider of a derivative security will not be willing and able to discharge its obligations, is treated exactly as any other credit risk.

The manager of the segregated fund or underlying fund may from time to time buy or sell derivative securities.

Exposure

At no time shall the cost of derivative securities exceed 10% of the value of a portfolio at the time of purchase.

In addition, at no time shall the overall exposure of a portfolio to derivative securities exceed 20% of its value. Exposure will be measured on a delta*-weighted basis for derivatives which are options or contain an element of option.

Eligible Investments

Exchange-traded and over-the-counter derivatives

Derivative securities traded on the Toronto, Montreal and New York Stock exchanges are eligible. Derivative securities traded on the senior stock exchange of any AAA-rated countries are also eligible.

Over-the-counter derivatives may only be purchased from counterparties rated AA or higher. No purchase will be allowed which would increase exposure to a single counterparty or group of related counterparties to more than 5% of the value of a portfolio. Positions which appreciate in value and thereby exceed this limit to the extent of 10%, would need to be sold. Over-the-counter derivatives may be sold to any counterparty meeting ordinary standards of due diligence.

Pre-existing investment limits

The authority to transact in derivative securities confers no authority to violate the effect of other investment limits. Exposure must be measured giving effect to the delta*-weighted impact of any derivative positions held.

**Delta measures the change in the value of the derivative security for a change in the value of the underlying securities. Thus a delta of 0.25 means that a one dollar change in the underlying security will produce a 25 cent change in the value of the derivative. For example, a $1,000,000 equity call with a delta of 0.25 increases equity exposure by $250,000 and would put a $10,000,000 portfolio with a 50% equity limit and a "natural" equity position of $4,750,000 at its equity limit.*

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Unlimited Potential Liabilities Forbidden

Derivative positions which create potential unlimited liabilities are forbidden. Examples are the sale of uncovered calls and sales of foreign exchange futures where the underlying currency is not currently held.

Normal Course Exemptions

<u>Foreign exchange</u>

Foreign exchange transactions for forward settlement attached to securities transactions with delayed delivery of no more than five business days are not considered derivatives for the purposes of this policy.

<u>Listed warrants</u>

The purchase of listed warrants on stocks listed on exchanges noted above as well as the sale of existing long positions in such warrants shall not be considered derivative transactions, and long warrant positions shall not be considered derivatives for the purposes of this policy.

Review

The policy shall be reviewed annually.

III Any director, officer or employee of the manager engaged in investment research or participating in any investment decision with respect to the securities of a company in which that person has an interest, direct or indirect, must immediately disclose such interest, and in the event that the manager or its Board of Directors deems such interest to be material, the director, officer or employee shall refrain from participating in the investment decision.

IV The net income from each segregated fund's assets will be retained by the fund and allocated to the owners in the form of additional units.

INDIVIDUAL RISK FACTORS

The net asset value of each segregated fund is directly related to the market value of the securities in the fund's portfolio and, therefore, the value of the units increases or decreases with the market value of such securities. The market value of the securities fluctuates with economic conditions such as the general level of interest rates, stock market trends, corporate earnings, dividends and other factors. Unit holders are also exposed to a number of specific risks related to money, bond and stock market investing, which are described below:

(a) Market Risk

The chance that a prudently chosen, well researched, high-quality security will decline in value simply because the market as a whole declines in value.

(b) Interest Rate Risk

The chance that a change in interest rates will negatively impact the price of assets within a particular segregated fund, causing the lowering of the overall return of the fund.

(c) Credit Risk

The potential for loss resulting from the financial instability or insolvency of the issuer. The fixed-income segregated and/or any funds invested in fixed-income securities would be affected if the investment rating of a fixed-rate bond was reduced by a recognized bond rating agency.

(d) Manager Risk

The potential for loss resulting from a segregated fund manager's asset mix, perception of the market or general investment strategies.

(e) Inflation Risk

The chance that inflation will make a certain class of assets within a segregated fund less attractive from a price perspective, thereby hurting the overall fund performance.

(f) Foreign Currency Risk

The chance that the currency of a country in which a segregated fund invests will decline in value relative to the Canadian currency and in so doing adversely affect the returns of those foreign assets held in the fund and, as a result, overall fund performance.

(g) Small Capitalization Equity Risk

The chance that a segregated fund will not be able to liquidate an equity investment in a timely fashion due to the inherently less liquid nature of such investments. Small capitalization companies are smaller, newer and usually have less experienced management and are found in single sector industries, such as resources. They have limited financial resources and a less established market, which can cause your segregated fund value to fluctuate more than that of larger companies.

(h) Derivative Risk

A segregated fund may invest in and use derivative instruments for hedging and non-hedging purposes only to the extent, if any, considered appropriate by the manager, taking into account factors including transaction costs and as permitted by the policies of the Canadian Securities Administrators from time to time and, in particular, as consistent with National Instrument 81-102 or its successors.

The notional amount of derivatives used by the segregated fund shall not exceed 100% of the value of the net assets of the segregated fund subject to a 2% short-term variation depending on movements in the foreign exchange value of the currency in which the units of the fund are offered.

There can be no assurance that a segregated fund's hedging strategies will be effective. There may be an imperfect historical correlation between the hedge and changes in the market value of the investment or attribute being hedged, and any historical correlation may not continue for the period during which the hedge is in place. Hedging against changes in currencies, stock markets or interest rates does not eliminate fluctuation in the prices of portfolio securities or prevent losses if the prices of such securities decline. It may also preclude the opportunity for gain if the value of the hedge currency or stock market should rise or if the hedged interest rate should fall. It may not be possible for a segregated fund to enter into transactions which hedge against generally anticipated changes in currencies, stock markets or interest rates.

(i) Counterparty (Credit) and Liquidity Risk

In the case of options (whether exchange traded or over-the-counter trades) and of futures and forward contracts, there can be no assurance that a liquid exchange or OTC market will exist to permit a segregated fund to realize its profits or limit its losses by closing out positions.

A segregated fund is subject to the credit risk that its counterparty will prove unable or unwilling to honour its commitment. In addition, there is the risk of loss by a segregated fund of margin deposits in the event of bankruptcy of a dealer with whom the fund has an open position in an

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option or futures or forward contract. Derivative instruments traded in foreign markets may offer less liquidity and greater credit risk than comparable instruments traded in North American markets.

The capacity of a segregated fund to close out its positions may also be affected by exchange-imposed daily trading limits on options and futures contracts. If a segregated fund is unable to close out a position, it will be unable to realize its profits or limit its losses until such time as the option becomes exercisable or expires, or the futures or forward contract terminates, as the case may be. The incapacity to close out options, futures and forward positions could also have adverse impact on a segregated fund's capacity to use derivative instruments to effectively hedge its portfolio or implement its investment strategy.

(ii) Index Options and Futures Risk

Stock index options and futures contracts present the additional risk that index prices may be distorted if trading of certain stocks included in the index is interrupted. Trading in these derivative instruments may also be interrupted if trading is halted on a substantial number of stocks included in the index. If this occurred, a segregated fund would not be able to close out its options and futures positions, and if restrictions on the exercise of the options or performance of the futures contracts were imposed, the fund might experience substantial losses.

(i) International Investment Risk

Investments in foreign markets may involve certain considerations and risks not typically associated with investing in securities issued by Canadian issuers or traded in Canadian dollars, including:

(i) The effect of local market conditions on the availability of public information, accounting and financial reporting standards, the volume of trading, the liquidity of securities, transaction costs and administrative practices.

(ii) Segregated fund assets will be held in accounts by custodian in jurisdictions located outside of Canada. There can be no assurance that judgments obtained in Canadian courts would be enforceable in any of those jurisdictions.

(iii) In some countries, the possibility exists of expropriation, confiscatory taxation or nationalization of assets and the establishment of foreign exchange controls.

(j) Class Risk

Segregated funds sometimes issue different classes of units for the same fund. Each class has its own fees and expenses, which the segregated fund tracks separately. However, if one class is unable to meet its financial obligations, the other classes are legally responsible for making up the difference.

(k) Sector Risk

Some segregated funds concentrate their investments in a certain sector or industry in the economy. This allows them to focus on that sector's potential, but it also means that these segregated funds are riskier than funds with broader diversification.

Because securities in the same industry tend to be affected by the same factors, sector-specific segregated funds tend to experience greater fluctuations in price. These segregated funds must continue to follow their investment objectives by investing in their particular sector, even during periods when that sector is performing poorly.

(l) Underlying Fund Risk

Some segregated funds – called top funds – invest some or all of their assets in units or shares of another segregated fund – called an underlying fund. If investors in the top fund redeem large amounts of their investments in the underlying fund, the underlying fund may have to sell its investments at unfavourable prices to meet the redemption requests. This can reduce the returns of the underlying fund.

(m) Income Trust Risk

An income trust generally holds debt and/or equity securities of an underlying active business or is entitled to receive a royalty on revenues generated by such business. Distributions and returns on income trusts are neither fixed nor guaranteed. In addition, funds that invest in income trusts such as oil, gas and other commodity-based royalty trusts, real estate investment trusts and pipeline and power trusts will have other varying degrees of risk depending on the sector and the underlying asset or business. These may include business developments such as a decision to expand into a new type of business, entering into of an unfavourable supply contract, the cancellation by a major customer of its contract or significant litigation.

Many of the income trusts, including real estate investment trusts (REITs), that a Fund invests in, are governed by laws of a province of Canada or of a state of the United States which limit the liability of unitholders of the income trust from a particular date. A fund may also invest in income trusts, including REITs, in Canada, the U.S. and other countries that aren't governed by similar laws. There is a risk that unitholders of an income trust, including the income trusts that aren't covered under similar laws, will be subject to unlimited liability This could reduce the value of the fund. Income trusts generally try to minimize this risk by including provisions in their agreements that their obligations won't be personally binding on unitholders, including the fund. However, the income trust still has exposure to damage claims not arising from contracts, such as personal injury and environmental claims, in the case of REITs.

(n) Repurchase Agreement Risk

Through a repurchase agreement, a fund sells a security at one price and agrees to buy it back from the buyer at a fixed price on a specified date. Repurchase agreements involve certain risks. If the other party to the repurchase agreement goes bankrupt, the fund could experience delays in receiving securities or amounts payable on a failure to deliver the securities. The manager tries to minimize the risk of loss to the fund by requiring that the cash delivered to the fund under the repurchase agreement is in an amount equal to at least 102% of the market value of the sold securities and this is valued daily. If the amount realized by the fund in disposing of the cash (or qualified liquid securities) is less than the value of the securities on the date that they were to be repurchased by the fund, the fund will suffer a loss. The Manager also enters into repurchase agreements only with parties that he believes, through conducting credit analysis, have adequate resources and financial strength to meet their obligations under the repurchase agreement.

(o) Securities Lending Risk

Securities lending involves lending, for a fee, portfolio securities held by a fund for a set period of time to willing, qualified borrowers who have posted collateral. Some of the funds intend to enter into securities lending arrangements to the extent permitted from time to time. In lending its securities, a fund is subject to the risk that the borrower may not fulfill its obligations, leaving the fund holding collateral worth less that the securities it has lent, resulting in a loss to the fund. To limit this risk, a fund must hold collateral worth no less than 102% of the value of the loaned securities, and the amount of collateral is adjusted daily to ensure this level is maintained; the collateral may only consist of cash, qualified securities or securities that can be immediately converted into identical securities to those that have been loaned, a fund cannot lend more than 50% of the total value of its assets through securities lending or repurchase transactions and a fund's total exposure to any one borrower in securities, derivative transactions and securities lending must be less than 10% of the total value of the fund's assets.

(p) Substantial Security Holder Risk

The purchase or redemption of a substantial number of securities of a fund may require the portfolio manager to change the composition of the fund's portfolio significantly or may force the portfolio manager to buy or sell investments at unfavourable prices, which can affect a fund's returns. Therefore, the purchase or redemption of securities by a substantial securityholder may adversely affect the performance of a fund.

SEGREGATED FUNDS

Assumption Life offers a broad range of segregated funds:

The Assumption Life Balanced Fund (the "Balanced Fund") and three other Assumption Life funds (the "Assumption Life Funds"), all these being segregated funds maintained by Assumption Life and managed by Montrusco Bolton Investments Inc.; six segregated funds maintained by Assumption Life and investing exclusively in the units of a corresponding underlying fund managed by Montrusco Bolton Investments Inc. (the "MBII Funds"); 10 additional segregated funds maintained by Assumption Life and investing exclusively in the units of a corresponding underlying fund managed by Fidelity Investments Ltd. (the "Fidelity Funds"); 9 additional segregated funds maintained by Assumption Life and investing exclusively in the units of a corresponding underlying fund managed by CI Investments Inc. (the "CI Funds"); and four additional segregated funds maintained by Assumption Life, each investing exclusively in the units of a corresponding underlying fund managed by AGF Funds Inc. (the "AGF Funds")

A description of the segregated fund investment objectives, investment strategies, and investment risks are included in the Summary Fact Statements which are provided along with this information folder.

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WHY CHOOSE **Assumption Life?**

Assumption Life offers you solutions that are flexible, secure, and affordable, as well as:

- Sound advice
- Innovative products
- Diversified selection of investments
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- Competitive performance
- Reduced administration fees

Through our subsidiary Louisbourg Investments and its partnership with Montrusco Bolton, and by means of our strategic alliance with Fidelity Investments, AGF and CI Investments, we are equipped to help you build a prosperous future.

We have been meeting the needs of our clients successfully for over 100 years. We constantly strive to maintain and cultivate this special relationship by offering you quality financial products and services.

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