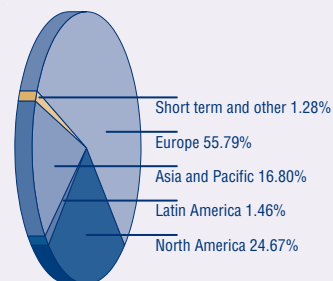




Asset mix of the underlying fund



Top 10 holdings of the underlying fund

Amgen Inc.	2.59%
Samsung Electronics Co. Ltd.	1.95%
Elan Corp. PLC	1.71%
Koninklijke Philips Electronics NV	1.67%
CRH PLC	1.49%
Deutsche Post AG	1.45%
Merck KGaA	1.45%
Roche Holdings AG	1.44%
Marks & Spencer Group PLC	1.43%
Akzo Nobel NV	1.42%
	16.60%

Investment limits

	Min.	Max.	Real
Industrial Alliance Fund			
Short term	0%	20%	0.32%
Units of an underlying fund	80%	100%	99.68%

Commentary

The manager of this Fund favours a bottom-up approach, a vigorous investment method based on value and patience. The Fund's value style means that the manager looks for securities that are undervalued by the market and have strong growth potential. The securities in the portfolio are therefore securities of established companies with mid to large market capitalizations, from different countries around the world. The allocation of these various countries is primarily a consequence of the manager's bottom-up approach rather than his forecasts with respect to different areas of the world.

Investment Advisor


FRANKLIN TEMPLETON INVESTMENTS
Peter M. Moeschter, MBA, CFA

Inception date: September 2001
Ecoflex first offering: November 2001
Management expense ratio (MER): 3.38% (GST and HST incl.)

Objectives of the Fund

- Targets long-term capital appreciation through investments in equity securities from around the world
- Conforms to an investment horizon that is long enough to endure the volatility of the market values

Investment style

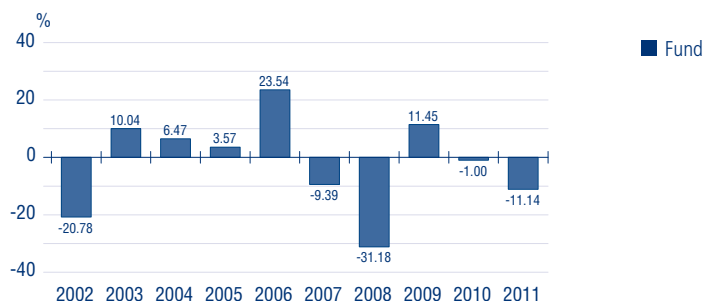
Value

Performance Data

The returns or performance information shown assume that all income/realized net gains are retained by the segregated fund in the periods shown and are reflected in higher unit values of the segregated fund. The return or performance information do not take into account sales, redemption, distribution or other optional charges or income taxes payable that would have reduced returns or performance. How the segregated fund has performed in the past does not necessarily indicate how it will perform in the future.

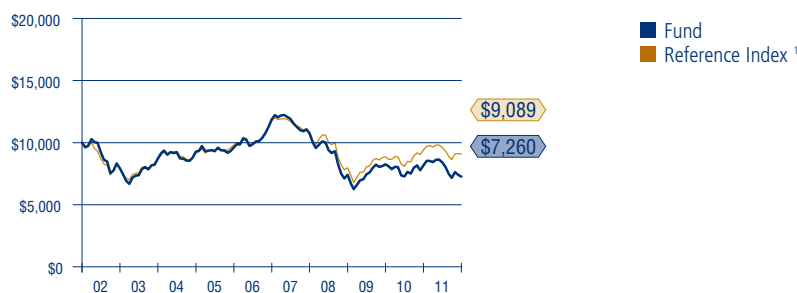
Year By Year Returns

This chart shows you the fund's annual performance and how an investment made on January 1 would have changed by December 31.



Past Performance

This graph shows you how a \$10,000 investment in this fund would have changed in value compared with the reference index.



Annual Compound Returns

This table shows the simple returns for the monthly periods and the historical annual compound total return of the segregated fund compared with the reference index.

	Since November 2001	10 years	5 years	3 years	2 years	1 year	6 months	3 months	1 month	YTD
Fund	(1.5)	(3.2)	(9.4)	(0.7)	(6.2)	(11.1)	(13.6)	1.4	(2.0)	(11.1)
Reference Index ¹		(1.0)	(5.0)	4.5	1.3	(3.4)	(5.4)	5.3	(0.3)	(3.4)

¹ MSCI - World (Can. \$) (net ret.).