www.iapacific.com

Financial Report

and Summary Fact Statements

2010

Investment Fund

Alternative Investment Strategies

INDUSTRIAL ALLIANCE PACIFIC INSURANCE AND FINANCIAL SERVICES INC.

Important Message

Please note that you can consult investment fund financial reports as well as the table of returns at any time on our website at www.iapacific.com.

If you are receiving the investment fund financial reports in a paper format and you prefer to consult them on our website, please advise us in the following manner:

Provide us with your full name (last name and first name), along with your contract number:

- By email, at pfsannuity@iapacific.com; or
- By telephone (voice mail), at 1 800 588-3711.

We will then stop sending you investment fund financial reports.

Contents

The Industrial Alliance Pacific Multi-Strategy Fund is not offered to new contract subscribers.

Multi-Strategy Fund

As at December 31, 2010

Volatility[1] Low — High

Investment Advisor
Lyxor Asset Management

Inception date: January 2003
First offering: June 2003

Allocation of Investment Strategy

Event Driven & Special Situations	17.99%
Commodity Trading Advisors - Long Term	13.92%
Event Driven & Merger Arbitrage	12.68%
Global Macro	10.92%
Commodity Trading Advisors - Short Term	9.83%
Fixed Income Arbitrage	8.87%
Long/Short Equity - Variable Bias	7.24%
Statistical Arbitrage	5.03%
Long/Short Credit Arbitrage	4.58%
Long/Short Equity - Long Bias	3.65%
Convertible Bonds Arbitrage	3.40%
Event Driven & Distressed	1.19%
Long/Short Equity - Market Neutral	0.66%
Long/Short Equity - Short Bias	0.04%
	100.00%

Top 10 Holdings of the Underlying Fund

Paulson Advantage, Class A	6.51%
Winton, Class A	4.87%
GAM Global Rates Hedge Fund, Class A	3.94%
Bridgewater, Class A	3.69%
Observatory Credit Markets Fund, Class A	3.65%
Pramerica RV, Class A	3.51%
Third Point, Class A	3.46%
Canyon Value Real., Class A	3.41%
York, Class A	3.34%
Havens International, Class A	3.13%

Objective of the Fund

- To diligently follow an investment strategy that focuses on preservation of capital combined with yield enhancing features of alternative investment strategies.

Statement of Investment Portfolio

In thousands (except number of securities)	Number of Securities	Average Cost $	Fair Value $
SEGREGATED FUND (100.00%)			
Industrial Alliance Multi-Strategy Fund	32,075	335	254

INDUSTRIAL ALLIANCE MULTI-STRATEGY FUND
Statement of Investment Portfolio

In thousands (except number of securities)	Number of Securities	Average Cost $	Fair Value $
INVESTMENT FUND (81.15%)			
MSCI Hedge Invest Tracker Fund Ltd., Class B	24,908	3,204	2,239
CURRENCY CONTRACT[2] (2.14%)		-	59
SHORT-TERM INVESTMENTS (16.85%)		465	465
TOTAL INVESTMENT PORTFOLIO (100.14%)		**3,669**	**2,763**
OTHER NET ASSETS (-0.14%)			**(4)**
TOTAL NET ASSETS (100.00%)			**2,759**

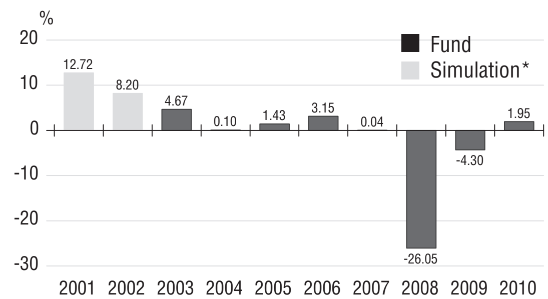
2 Forward currency contract: sell USD 2,249,000.00 for CAD 2,296,341.45 with an exchange rate of 1.021050 maturing on January 19, 2011. (Counter Party – Royal Bank of Canada, credit Rating AA low (DBRS)).

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.

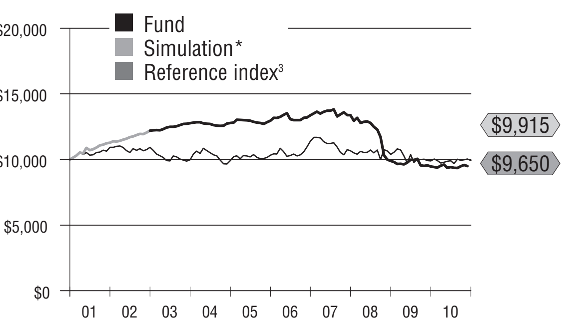
Year By Year Returns

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 January 2003	10 years	5 years	3 years	2 years	1 year	6 months	3 months	1 month	YTD
Fund	(2.9)	(0.4)*	(5.7)	(10.3)	(1.2)	2.0	2.4	1.8	1.6	2.0
Reference index[3]		(0.1)	(0.8)	(2.4)	(2.3)	0.2	0.1	(0.2)	(1.2)	0.2

1 Although the returns of these Hedge Funds do have a low volatility (similar to fixed income or balanced funds), the underlying strategies of these funds have the potential to be more volatile.
3 HFRI - Fund of Funds Composite Index (Can. $).
* Simulation of past returns as if the Fund had been in effect for this period.

To the unitholders of Multi-Strategy Fund,

We have audited the statement of investment portfolio of Multi-Strategy Fund (the “Fund”) as at December 31, 2010, the statements of net assets as at December 31, 2010 and 2009, the statements of changes in net assets and the statements of operations for the years then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects of the investment portfolio of the Fund as at December 31, 2010, its financial position as at December 31, 2010 and 2009 and the results of its operations and its changes in net assets for the years then ended in accordance with Canadian generally accepted accounting principles.

Samson Bélair/Deloitte & Touche s.e.n.c.r.l.[1]

Samson Bélair/Deloitte & Touche *s.e.n.c.r.l.*[1]

Quebec, February 21, 2011

[1] Chartered Accountant Auditor permit no 18527

Statements of Net Assets

As at December 31 In thousands (except number of units and per unit figures)	**2010** **$**	2009 $
Investments at fair value*	**254**	**297**
NET ASSETS PER UNIT		
Individual annuities	7.91	7.76
UNITS OUTSTANDING		
Individual annuities	32,075	38,306
*Investments, at average cost	335	400

Statements of Operations

For the periods ended December 31 (Note 1) In thousands	**2010** **$**	2009 $
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS		
Realized gain (loss) on sale of investments	(17)	(37)
Change in unrealized gain (loss) of investments	22	21
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	**5**	**(16)**

Statements of Changes in Net Assets

For the periods ended December 31 (Note 1) In thousands	**2010** **$**	2009 $
NET ASSETS - BEGINNING OF THE PERIOD	**297**	**431**
Increase (decrease) in net assets from operations	5	(16)
CAPITAL UNIT TRANSACTIONS (NOTE 6)		
Units redeemed	(48)	(118)
INCREASE (DECREASE) IN NET ASSETS FOR THE PERIOD	**(43)**	**(134)**
NET ASSETS - END OF THE PERIOD	**254**	**297**

The accompanying notes to the Financial Statements are an integral part of these statements.

Discussion of Financial Instrument Risk Management

As at December 31, 2010 and 2009 (Note 2, Note 3 and Note 4) (in thousands of dollars)

Investment Objectives

The Multi-Strategy Fund (the "Fund") is invested in units of the Industrial Alliance Multi-Strategy Fund (the "underlying segregated fund"), which is invested in units of the MSCI Hedge Invest Tracker Fund Ltd. (the "underlying fund"), which is managed by Lyxor Asset Management.

The manager of the Fund makes use of several alternative investment strategies that aim to generate a positive absolute return, regardless of conditions in the "traditional" markets. The manager also seeks to obtain low volatility and a low correlation with stocks and bonds. He makes dynamic use of strategies such as managing futures contracts, tactical market trading, hedge funds, tactical arbitrage of bonds, etc. In addition, a "funds of funds" approach has been adopted in order to add an additional level of diversification.

The risks presented below are calculated according to the share of the Fund's Net Assets compared to the Net Assets of the underlying segregated fund.

Fair Value Measurements

The following tables are a summary of the inputs used, as at December 31, 2010 and 2009, on the Fund's assets carried at fair value. The inputs or methodology used for valuing securities may not be an indication of the risk associated with investing in those securities. For more information on valuation inputs, and their aggregation into the levels, please refer to the Valuation of Investments section in the accompanying Notes to the Financial Statements.

According to the hierarchy of fair value valuations, cash and bank overdraft are always valuated according to level 1 parameters and are not part of the following tables.

As at December 31, 2010

	Assets at Fair Value			
	Level 1 ($)	Level 2 ($)	Level 3 ($)	Total ($)
Equities	-	-	-	-
Investment funds	254	-	-	254
Bonds	-	-	-	-
Short-term investments	-	-	-	-
Derivative financial instruments	-	-	-	-
Total	254	-	-	254

As at December 31, 2009

	Assets at Fair Value			
	Level 1 ($)	Level 2 ($)	Level 3 ($)	Total ($)
Equities	-	-	-	-
Investment funds	297	-	-	297
Bonds	-	-	-	-
Short-term investments	-	-	-	-
Derivative financial instruments	-	-	-	-
Total	297	-	-	297

There were no significant transfers between the levels during the periods ended December 31, 2010 and 2009.

Credit Risk

The credit risk data were not available as at December 31, 2010 and 2009.

Liquidity Risk

As at December 31, 2010 and 2009, the Fund had no significant exposure to liquidity risk, except as disclosed in Note 4 to the Financial Statements.

Interest Rate Risk

The Fund invests in an underlying fund that holds interest-bearing financial instruments, the value of which will fluctuate due to changes in the prevailing levels of market interest rates.

The interest risk data were not available as at December 31, 2010 and 2009.

Currency Risk

The Fund invests in an underlying fund that holds financial instruments in foreign currencies. Their value may fluctuate due to variations in the exchange rates.

The currency risk data were not available as at December 31, 2010 and 2009.

Other Price Risk

As at December 31, 2010 and 2009, the estimated impact on the Net Assets of the Fund due to a reasonably possible change in benchmark, with all other variables held constant, is presented in the tables below. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

As at December 31, 2010

Benchmark	Change in Benchmark (%)	Exposure to Benchmark (%)	Impact on Net Assets (%)	Impact on Net Assets ($)
HFRI – Fund of Funds Composite Index (Can. $)	10.00	100.00	10.00	25

As at December 31, 2009

Benchmark	Change in Benchmark (%)	Exposure to Benchmark (%)	Impact on Net Assets (%)	Impact on Net Assets ($)
HFRI – Fund of Funds Composite Index (Can. $)	10.00	100.00	10.00	30

1- The Fund

a) Establishment and legal structure of the Fund

The Multi-Strategy Fund (the "Fund") was created on January 23, 2003 by Industrial Alliance Pacific Insurance and Financial Services Inc. (the "Company") under *An Act respecting insurance companies and fraternal benefit societies*. The Fund is not a separate legal entity. The assets of the Fund are segregated from the other assets of the Company and are owned by it.

b) Financial Reporting Dates

The Statements of Net Assets are as at December 31, 2010 and 2009. The Statements of Operations and the Statements of Changes in Net Assets are for the years ended December 31, 2010 and 2009. The Statement of Investment Portfolio is as at December 31, 2010.

2- Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and include estimates and assumptions made by management that affect the reported amount of assets, liabilities, income and expenses during the reporting periods. Actual results could differ from these estimates.

In September 2008, the Canadian Securities Administrators ("CSA") adopted changes to National Instrument 81-106 Investment Fund Continuous Disclosure ("NI 81-106"). The changes primarily address the implications of Section 3855, Financial Instruments – Recognition and Measurement of the Canadian Institute of Chartered Accountants ("CICA") Handbook. The adoption of Section 3855 results in the use of different valuation techniques for certain investments than was previously used. The primary impact of the application of the new section concerns the determination of the fair value of the financial assets quoted on an active market using the bid price for a long position and the ask price for a short position rather than according to the closing price previously used. The "Net Assets" determined according to Canadian GAAP is used for financial statements only, and the "Net Asset Value" calculated in accordance with NI 81-106 part 14 is used for all other purposes, including purchases and redemptions.

For Funds that primarily hold underlying funds, which are not actively traded, there is not expected to be a significant difference between the Net Assets per unit and the Net Asset Value per unit used for pricing purposes.

The significant accounting policies are as follows:

a) Valuation of Units

Units of the Fund are issued and redeemed at their Net Asset Value ("NAV") per unit. The Net Asset Value per unit is determined once a week at the closing of the Toronto Stock Exchange. The Net Asset Value per unit of the Fund is calculated by dividing total net assets at fair value by the total number of the Fund's outstanding units at that time.

b) Valuation of Investments

Investments are categorized as held for trading in accordance with Section 3855 and therefore are recorded at fair value.

Section 3862, Financial Instruments – Disclosures establishes a disclosure hierarchy that categorizes the inputs to valuations techniques used to value assets and liabilities at measurements date. The inputs or methodology used for valuing securities may not be an indication of the risk associated with investing in those securities. The hierarchy gives the highest priority to readily available unadjusted quoted prices in active markets for identical assets and lowest priority to unobserved inputs when market prices are not readily available or reliable. The three levels of the hierarchy are described below:

Level 1 – Valuation based on quoted prices in active markets (unadjusted) for identical assets or liabilities.

Level 2 – Valuation model based on inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Valuation model based on significant unobservable inputs that are supported by little or no market activity.

The financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3.

i) Investments in underlying funds

Investments in underlying funds are valued at the closing NAV of the units owned established by the manager of the underlying funds at the valuation date.

ii) Derivative financial instruments

The fair value of currency contracts is based on current market quotes for the underlying currencies, whereby forward bid rates (for currencies held) and forward ask rates (for currencies sold short) are used. Gains or losses from daily valuation are included in "Change in unrealized gain (loss) of foreign currency." Realized gains or losses from settlement are included in "Realized gain (loss) on foreign currency."

The difference between the total fair value and the total cost of securities corresponds to the unrealized gain (loss) on investments.

If an investment security cannot be valued under the above criteria or under any valuation criteria set out in securities legislation or if any of the valuation criteria adopted by the Company but not set out in securities legislation are at any time considered by the Company to be inappropriate in the circumstances, then the Company shall use a valuation that it considers to be fair in the circumstances.

c) Fair Value

For the purpose of calculating the Net Asset Value the Fund use fair value pricing with a view to deter excessive short-term trading in the Fund and to mitigate market timing opportunities. Fair value pricing is designed to provide a more accurate NAV by making fair value factor adjustment to quoted or published prices of the non-North-American securities for significant events occurring between the earlier close of non-North-American markets and the time at which NAV is determined. Therefore, the fair value of securities for the purpose of calculating the NAV of the Fund may differ from the closing market price of the securities.

d) Investment Transactions and Income

Investment transactions are accounted for on the trade date (date that the order to buy or sell is executed). Realized and unrealized gains and losses of investments are calculated on an average cost basis, without giving effect to transaction costs.

3- Change in Accounting Policies

a) Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

In January 2009, the Emerging Issues Committee ("EIC") published EIC-173 *Credit Risk and the Fair Value of Financial Assets and Financial Liabilities*. Under this EIC, the Company's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities, including derivative financial instruments. The adoption of this abstract had no impact on the Company since its methods already took these credit risks into account.

b) Financial Instruments – Disclosures

In June 2009, the CICA modified Section 3862, Financial Instruments – Disclosures, to improve the disclosure of fair value measurements, particularly with respect to the relative reliability of the data on which these measurements are based, and the liquidity risk related to financial instruments. Adoption of this policy does not impact the daily price of the Fund's securities for subscription and redemption purposes, nor for the calculation of Net Assets. Refer to the "Discussion of Financial Instrument Risk Management" and Note 2b) for new disclosure relating to the adoption of the new requirement.

c) Transition to International Financial Reporting Standards ("IFRS")

Contrary to what was reported in the last financial statements published, the Company will adopt IFRS in the financial year beginning January 1, 2013 and will produce its first financial statements in accordance with IAS 34, Interim financial reporting, for semi-annual accounts ended on June 30, 2013. Previously, the Company expected to adopt IFRS on January 1, 2011, but following the decision by the Canadian Institute of Chartered Accountants ("CICA"), in October 2010, to change the IFRS application date to January 1, 2012 for investment companies that apply the Accounting Guideline on Investment Companies ("AcG-18"), and following the recent decision by the Canadian Accounting Standards Board (AcSB) to defer adoption of IFRS by an additional year for these companies, the Company decided to officially make the changeover on January 1, 2013.

In order to be ready for the changeover to IFRS, the Company has developed a transition plan containing three phases: 1) identification of the risks; 2) implementation of the new standards; and 3) conversion. During the next two periods, the Company will continue to evaluate the financial consequences and impacts of the conversion to IFRS and complete the design of financial statements and the notes to the financial statements according to IFRS requirements. The Company will also evaluate the impact of the new accounting standards on disclosure controls and procedures and internal control over financial reporting and make the necessary changes. The Company anticipates there will be changes to the financial statements but the impact, if any, cannot be reasonably estimated at this time. Training and communication plans will continue throughout the year to prepare and assess the required information.

Given the evolution of accounting standards, the overall impact of adopting IFRS on the Fund's financial situation and future results cannot be reasonably established until the process is completed.

4- Management of Financial Risks

The Fund's investment activities expose it to a variety of financial risks which may include: credit risk, liquidity risk and market risk (including interest rate risk, currency risk and other price risk). The value of investments within the Fund's portfolio can fluctuate from day to day, reflecting changes in interest rates, economic conditions, and market and company news related to specific securities within the Fund. The Statement of Investment Portfolio groups securities by asset type, geographic region, and market segment. The level of risk depends on the Fund's investment objectives and strategy.

The Company manages the potential adverse effects of the financial risks on the Fund's performance by employing and overseeing professional and experienced portfolio advisors that regularly monitor the Fund's positions and market events and diversify the investment portfolio within the constraints of the investment guidelines. The Fund's overall risk management practice involves oversight of investment activities and monitoring and testing of compliance with the Fund's investment strategy and securities regulations.

Credit Risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund.

Credit risk can also arise when there is a concentration of investments in entities with similar operations, in a same sector of activity, in a same geographic region or when a substantial investment is made with a single entity.

The Fund's investment strategy aims to limit this risk by ensuring sound diversification, by limiting exposure to a same issuer and by seeking a relatively high quality of issuers. The Fund invests in financial assets, which have an investment grade as rated by a well known rating agency. The fair value of debt instruments includes consideration of the credit worthiness of the issuer, and represents the maximum credit risk exposure of the Fund.

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

Liquidity Risk

Liquidity risk represents the contingency that the Fund will be unable to gather the funds required to respect its financial obligations at the appropriate time and under reasonable conditions. The Fund's exposure to liquidity risk is concentrated in the daily cash redemption of units. Liquidity risk is managed by investing the majority of the Fund's assets in investments that are traded in an active market and can be readily disposed of, in accordance with securities regulations. In addition, the Fund retains sufficient cash and short-term investments to maintain liquidity for the purpose of funding redemptions. The Company also has the ability to borrow up to 5% of the Fund's Net Asset Value for the purpose of funding redemptions.

December 31, 2010 (in thousands of $ or units, except for per unit amounts)

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of interest-bearing financial instruments. The Fund is exposed to the risk that the value of such financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. There is minimal sensitivity to interest rate fluctuations on any cash or short-term investments since they are invested at short-term market interest rates and usually held to maturity.

Currency Risk

The Fund is exposed to the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises from holding financial instruments denominated in currencies other than the Canadian dollar, which represents the functional currency of the Fund.

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in a market. All investments present a risk of loss of capital. The Fund's portfolio advisor moderates this risk through a careful selection and diversification of securities and other financial instruments within the parameters of the Fund's investment objectives and strategy. Except for currency contracts, the maximum risk resulting from financial instruments is equivalent to their fair value. The Fund's overall market positions are monitored on a daily basis by the Fund's portfolio advisor.

Refer to the Discussion of Financial Instrument Risk Management for Fund specific risk disclosure.

5- Related Party Transactions

a) Holding

The Fund's portfolio is composed of units of the Industrial Alliance Multi-Strategy Fund, the underlying segregated Fund.

b) Management fees

Management fees, calculated according to the Net Asset Value of the Fund, are deducted from the investment fund asset on every valuation date and paid to the Company once a month. This latter pays the entire management fee to the external manager of the underlying fund's management. A fair portion of the balance of the management fees withheld, after deduction of the external management fees payment, is attributed to the Company by Industrial Alliance.

c) Operating expenses

Other than management fees, operating expenses are charged to the Fund such as audit fees, deposit and safekeeping fees, goods and services tax and all other fees incurred by the Fund in accordance with the *Information Folder* of the Fund. The Company may, at its discretion, assume some of the Fund's operating expenses which would otherwise be deducted from the Fund.

d) Expense ratio

The expense ratio corresponds to the total of the management fees and operating expenses deducted on each valuation date, expressed as an annual percentage. The expense ratio is established according to the Net Asset Value, excluding seed money, at the following annual effective rates. All fees include the Canadian federal tax on goods and services and the harmonized sales tax that came into effect July 1, 2010 for participating provinces.

Fund	2010[1]	2009[1]
Multi-Strategy	4.11%	3.98%

[1] These MER are charged to the underlying fund in addition to the performance fee. The performance fee shall equal thirty percent (30%) of increase (decrease) in net assets from operations (if any), excluding interest earned on cash temporarily held in a daily interest account, earned by the underlying investment for each performance period

6- Securities of the Fund

The Company considers the Fund's capital represents the Net Assets of the Fund. The Fund's capital is managed in accordance with its investment objectives and strategies. Each manager seeks to achieve its investment objectives, while managing liquidity in order to be able to meet redemptions. The Fund has no restrictions or specific capital requirements on issuance and redemption of units. The Statement of Changes in Net Assets identifies the changes in each Fund's capital during the period.

The management fees charged by the Company are listed in Note 5 above.

For the periods ended December 31, 2010 and 2009, the following units were issued and redeemed:

Fund		Beginning of period	Units Issued	Units Redeemed	End of period
Multi-Strategy					
Individual annuities	**2010**	**38**	**-**	**6**	**32**
	2009	53	-	15	38

7- Income Tax

The Fund is considered to be a segregated fund trust under the Canadian *Income Tax Act*. The income and realized capital gains and losses, if any, are attributed to the contract holders and their beneficiaries. Under current tax legislation, the Fund does not pay income taxes except for any foreign tax payable.

Other Information

Auditor
Samson Bélair/Deloitte & Touche *s.e.n.c.r.l.*
925 Grande Allée West, Suite 400
Quebec City, Qc G1S 4Z4

Notes

Financial Report 2010

and Summary Fact Statements

Investment Fund

Alternative Investment Strategies

Industrial Alliance Pacific
Insurance and Financial Services Inc.

2165 Broadway West
PO Box 5900
Vancouver, BC V6B 5H6

Website: www.iapacific.com
E-mail: pfsannuity@iapacific.com

INDUSTRIAL ALLIANCE PACIFIC INSURANCE AND FINANCIAL SERVICES INC.

F13-567A-P(11-01)