

The following is an overview of the investor profile, fund objective and fund composition:

| FUND NAME | INVESTOR PROFILE | FUND OBJECTIVE | FUND COMPOSITION |
|--|---|--|---|
| CUMIS Income Fund (Ethical) | This fund : <ul style="list-style-type: none"> • is suitable for investors with a conservative risk profile • is appropriate as a core Canadian fixed income as part of a diversified portfolio | This fund aims to provide high current income while protecting your original investment. | This fund invests mainly in bonds, debentures and securities that are issued or guaranteed by the Government of Canada, a province or Canadian companies, as well as money market securities |
| CUMIS Balanced Fund (Ethical) | This fund: <ul style="list-style-type: none"> • enables investors to achieve diversification across multiple asset class • is suitable as a core balanced fund for investors seeking exposure to both fixed income and equity holdings | This fund aims to increase the value of your investment over the long term, protect your original investment and provide a high degree of current income | This fund invests mostly in a mix of Canadian and US equities and fixed income investments |
| CUMIS Growth Fund (Ethical) | This fund <ul style="list-style-type: none"> • is suitable for investors seeking a core Canadian equities fund • has a well diversified portfolio with a low long term risk/reward profile that exhibits long term growth • has a disciplined, risk controlled style of portfolio management successfully tested through weak and strong market cycles | This fund aims to increase the value of your investment over the long term | This fund invests mostly in common shares of a wide variety of Canadian companies |
| CUMIS Special Equity Fund (Ethical) | This fund <ul style="list-style-type: none"> • is suitable for investors seeking exposure to high quality, smaller-sized companies with higher growth potential • has a proven track record – consistent above median annual compound returns for the past 1, 3 and 5 year periods as of June 30, 2004 | This fund aims to increase the value of your investment over the long term | This fund invests mostly in common shares of Canadian companies listed on the stock exchange. These companies generally have a small market capitalization and are called “small cap” companies |
| CUMIS International Equity Fund (Ethical) | This fund <ul style="list-style-type: none"> • is suitable for investors looking for growth in foreign companies outside of North America • has a fund manager with 15 years experience dedicated to researching and investing outside of North America | This fund aims to achieve long term capital growth | This fund invests primarily in equity and equity-related securities of companies located mainly outside of Canada and the United States |

For more information on the new pooled ethical funds offered by CUMIS, please contact Brent Johnson at Brent.Johnson@cumis.com

*Pension Watch is intended to provide general information only.
It is not intended to provide specific advice or recommendations for any individual.*

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Pension Watch

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The last edition of Pension Watch looked at “Market Timing.”
This edition looks at “Financial Advice”.

Financial Advice

Earning money, saving money, and making money grow offer a daunting series of challenges to most of us. Yet, despite the important consequences for the rest of our well-being, it is surprising how few hours many of us are willing to devote to the purpose of improving our financial health. In many cases far more time is spent deciding upon what new car to buy, or on a vacation destination than on making a well-reasoned choice of investment for our retirement plan.

Even when a few spare moments are found, time often only opens the window to the recognition of how much there is to know before we ever get to the point of making a truly informed decision. Today's universe of investment alternatives is immense. For instance, consider that there are presently more than 2,000 different mutual funds registered in Canada. A decade and a half ago, the corresponding number was fewer than 200. The past ten years has seen an explosion in the variety of opportunities we're being offered to help make our money grow.

For investors, the ever-increasing number and complexity of choices suggests that knowledge and time will forever seem to be in short supply. That is why, for many Canadians, seeking the help of a financial professional in creating a well-conceived financial plan might prove the most important investment decision they'll ever make.

A financial advisor has the comprehensive training, up-to-date product knowledge and years of practical investment experience to develop a personalized financial plan tailored to your needs. He or she will help you to discover an acceptable balance between risk and reward, enabling you to achieve your long range financial goals. They can even make your financial plan more tax-efficient.

Building financial independence doesn't mean taking a do-it-yourself approach. Part of "getting ahead" means knowing your own limitations. Most of us wouldn't consider installing complex electrical wiring in our homes, because we recognize the boundaries of our expertise. Making sure you conduct your financial plan properly from the very start should likewise prevent the need for costly repairs in the future.

A financial advisor helps you identify your financial goals - and what holds you back from attaining those goals. He or she works with you to construct a financial plan and makes a number of recommendations. He or she then implements the elements of that financial plan and provides you with periodic reviews to assess the success of the plan and to consider any changes necessary to better meet your original - or revised - goals.

Your financial advisor will be pleased to discuss with you his or her compensation. Additionally, documents such as mutual fund simplified prospectuses provide detailed information on commissions and other compensation.

Just as with any other professional there are various ways of finding someone whose skills and experience are suitable to your needs. Asking a friend or relative for a recommendation is a very good way of making contact with someone as is asking someone you work with.

You should probably meet with at least three or four investment advisors before deciding on one you want to work with. Remember you will be entering into a long term relationship! Your selection process should be based on a variety of issues such as:

- What are his or her experience, qualifications and credentials?
- Can the advisor supply you with references from existing clients?
- Does he or she have the appropriate depth of knowledge and experience in the particular financial issues you face, such as estate planning, education planning, insurance, tax strategy?
- How will the advisor keep you informed of the progress of your financial strategies, and with what frequency?
- How will you pay for the advisor's services, such as fees, commissions etc?

Choose wisely. Otherwise, the freedom of choice you limit may be your own.

PERFORMANCE COMPARISON

| For The Period: Ending Sept. 30, 2004 | 3 Months % | 1 Year % | 3 Year % | 5 Year % | 10 Year % |
|---|--------------------|----------|----------|----------|-----------|
| ACTIVELY MANAGED FUNDS | | | | | |
| Balanced Fund | -0.3 | 11.4 | 6.3 | 5.4 | 8.8 |
| Canadian Equity Fund | -0.3 | 17.5 | 8.0 | 7.4 | 10.6 |
| Overseas Equity Fund ^{(1) (2)} | -5.3 | 12.0 | 0.2 | N/A | N/A |
| U.S. Equity Fund ⁽²⁾ | -8.7 | 3.6 | -4.7 | -5.5 | 6.5 |
| Dividend Income Fund ⁽³⁾ | 1.9 | 19.9 | 11.8 | 17.8 | 18.2 |
| Short-Term Bond & Mortgage Fund | 1.7 | 4.1 | 5.6 | 6.6 | 7.4 |
| Bond Fund | 2.9 | 5.0 | 7.7 | 7.8 | 9.0 |
| Canadian Money Market Fund | 0.5 | 2.4 | 2.6 | 3.7 | 4.4 |
| CUMIS FUND | | | | | |
| Retirement Security Fund | 5.2 ⁽⁴⁾ | 5.3 | 5.8 | 6.2 | 7.0 |
| PASSIVELY MANAGED FUNDS | | | | | |
| S&P/TSX Composite Index Fund ⁽⁵⁾ | 1.9 | 18.9 | 10.2 | 6.2 | 9.1 |
| U.S. Equity Index Fund ^{(2) (6)} | -7.4 | 6.2 | -3.7 | -4.5 | N/A |
| EAFE Equity Index Fund ^{(2) (7)} | -5.8 | 14.4 | 1.3 | -3.7 | N/A |
| Universe Bond Index Fund ⁽⁸⁾ | 2.8 | 4.8 | 7.1 | 7.3 | N/A |
| Conservative Balanced Index Fund ⁽⁹⁾ | -0.5 | 7.6 | 4.7 | 4.0 | 7.9 |
| Moderate Balanced Index Fund ⁽¹⁰⁾ | -0.4 | 10.8 | 5.9 | 4.9 | 8.8 |
| Aggressive Balanced Index Fund ⁽¹¹⁾ | -0.6 | 13.5 | 6.3 | 4.4 | 8.7 |
| INDICES | | | | | |
| Active Balanced Fund Benchmark | 0.1 | 10.8 | 5.9 | 4.2 | 8.2 |
| S&P/TSX Composite Index | 1.9 | 18.9 | 10.2 | 6.2 | 9.0 |
| S&P 500 | -7.4 | 6.8 | -3.4 | -4.2 | 10.4 |
| MSCI EAFE | -5.9 | 14.5 | 1.4 | -3.7 | 3.4 |
| ScotiaMcLeod Universe | 2.8 | 4.8 | 7.2 | 7.3 | 8.7 |
| 30 Day T-bills | 0.5 | 2.3 | 2.5 | 3.5 | 4.1 |

(1) Overseas Equity Fund merged with Euro-Pacific Equity Fund March 9, 2001

(2) Subject to Canada Customs and Revenue Agency Foreign Content Limit of 30%

(3) Only available under group RSP and DPSP contracts

(4) Annualized

(5) Fund Inception: October 1999. Performance prior to November 1999 is for TSE 300 Equity Index Fund

(6) Fund Inception: January 2000. Performance prior to February 2000 is for Barclays U.S. Equity Index Fund - Canada

(7) Fund Inception: June 1999. Performance prior to July 1999 is for EAFE Equity Index Fund B

(8) Fund Inception: October 1999. Performance prior to November 1999 is for Universe Bond Index Fund

(9) Fund Inception: August 1999. Performance prior to September 1999 is modeled using the benchmark asset mix and index returns

(10) Fund Inception: June 1999. Performance prior to July 1999 is modeled using the benchmark asset weights and index returns

(11) Fund Inception: August 1999. Performance prior to September 1999 is modeled using the benchmark asset weights and index returns

NEWS FROM THE GOVERNMENT

Old Age Security

Old Age Security (OAS) benefit rates are increased for the October to December 2004 quarter.

Basic OAS benefits, paid to people age 65 and over, are \$471.76 per month. The Guaranteed Income Supplement is \$560.69. The Spouse's Allowance and the Widowed Spouse's Allowance are increased to \$836.97 and \$924.04 respectively for the October to December 2004 quarter.

SOCIALLY RESPONSIBLE INVESTING

Recently The CUMIS Group Limited announced a partnership with The Ethical Funds Company to provide socially responsible investing to credit unions and commercial clients of CUMIS Retirement Services. This partnership enables us to offer our clients a strong portfolio of active, passive and ethical funds through fund managers who are acclaimed for their results. With Phillips, Hager and North and Barclays Global Investors managing our active and passive funds respectively, and The Ethical Funds Company managing our new ethical funds, we now offer important financial investment alternatives to our clients.

The Ethical Funds Company is Canada's most comprehensive family of socially responsible mutual funds with approximately \$1.5 billion in assets under management. Their family of Funds provides professional money management while investing in a way that reflects the commonly held values of their investors.

What is Socially Responsible Investing?

Business activity produces a wide range of economic, social, and environmental impacts, sometimes good, too often bad. Socially responsible investors are changing how corporations operate by encouraging companies to become better corporate citizens. In this way, socially responsible investors are redefining the bottom line and making corporations more accountable to shareholders, employees, communities - and future generations.

SRI is about making money while making a difference. A contradiction in terms? Not at all. We believe companies can prosper by adopting progressive corporate governance practices, by treating employees well, by maintaining good community relations, by cleaning up the environment, and by becoming more accountable to society.

What is the Ethical Advantage?

Is it important for you to know that your money supports civilian, and not military, industries? Do you care if the companies in your retirement portfolio treat their employees fairly? Does it matter whether or not corporations are working to reduce pollution?

Most Canadians say yes, it does matter. They want to save for a secure financial future without compromising their values. When you invest for your future with Ethical Funds, your money is carefully managed by some of the top financial experts in Canada and abroad. They select investments based on rigorous financial criteria, and social and environmental criteria that are just as comprehensive. That's the Ethical Funds advantage.

Their unique socially responsible approach starts with their six Ethical Principles, which help them build their investment portfolios and monitor the social and environmental performance of their Fund holdings.

That's just the beginning. When you invest with Ethical Funds, you get a voice where it counts - in the corporate boardroom. As an institutional investor, they use the combined power of their unitholders to help raise the bar for corporate social and environmental performance. Strategies include ongoing dialogue with company management, proxy voting, and filing shareholder resolutions.

Invest with a leader. Ethical Funds has 16 years of experience in addressing some of the most important social and environmental issues. They offer Canada's most comprehensive selection of socially responsible mutual funds. As an Ethical Funds investor, you're building financial security and making a positive contribution to the quality of life for all.

What Ethical Funds will CUMIS offer?

CUMIS will offer five pooled ethical funds, where the underlying fund will be the following Ethical Funds:

- Ethical Income Fund
- Ethical Balanced Fund
- Ethical Growth Fund
- Ethical Special Equity Fund
- Ethical International Equity Fund