



Asset Forecasting Analysis

Prepared for Sample: Mr. and Mrs. Client
Liquid Assets of \$1M, retired.

Earning Your Trust.

Building Your Wealth.



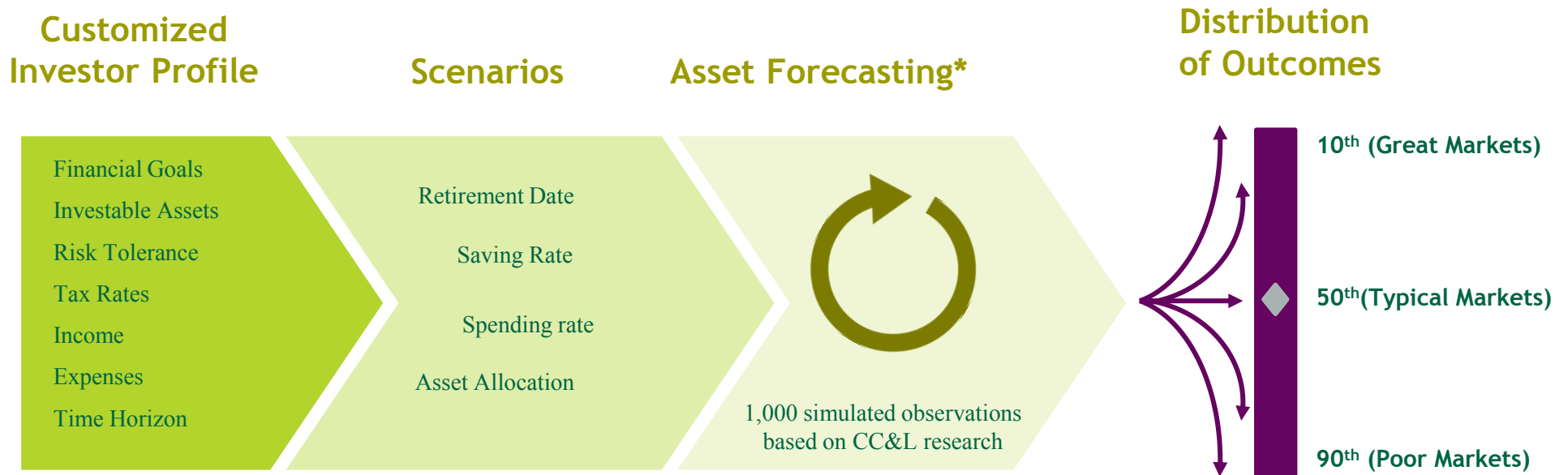
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*The Client**

- Mr. and Mrs. Client are both recently retired, aged 65, and residents of Toronto, Ontario.
- Their liquid assets total approximately \$1.0 million. Approximately \$600,000 is in taxable assets with the remaining amount in RRSPs.
- They will both begin receiving full CPP and OAS benefits at age 65. Benefits are assumed to increase with inflation.
- They have annual after-tax expenses of \$79,000. We have assumed these expenses will increase with inflation.
- The purpose of this analysis is to examine the affect that different asset allocations and spending levels will have on the clients' wealth over the next 25 years.

Connor, Clark & Lunn is not a legal, tax, or estate advisor. Investors should consult these professionals as appropriate before making any decisions. Please see appendix for further assumptions.

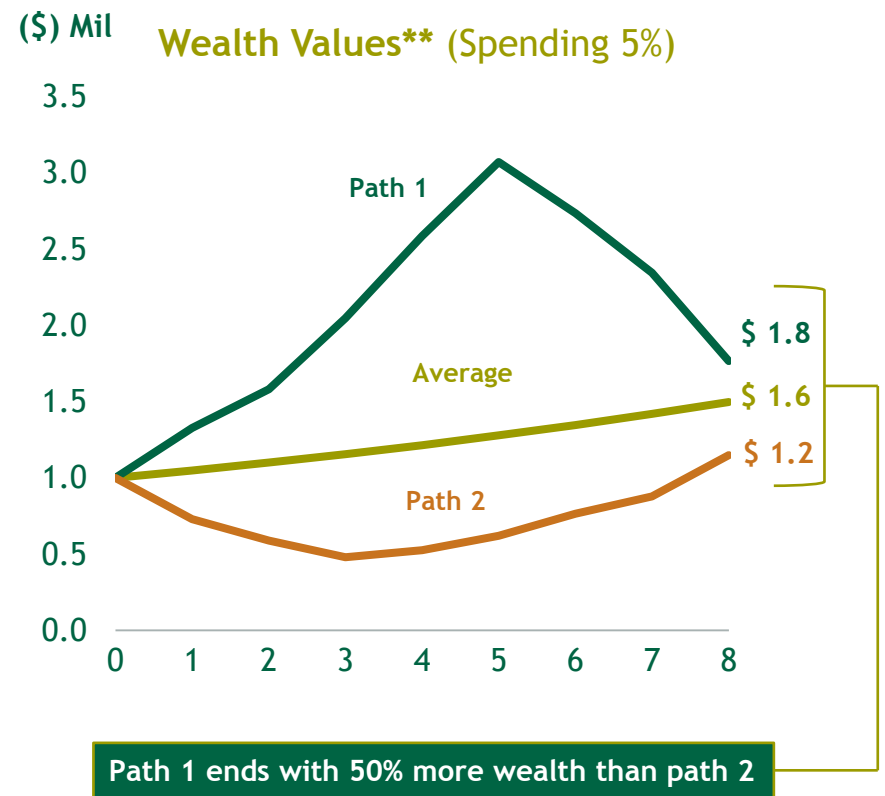
Asset Forecasting Process



* The model is a Monte Carlo analysis based on CC&L inputs of asset class returns, standard deviations, and correlations among the various asset classes.

Path of Returns Matter: Sample Case

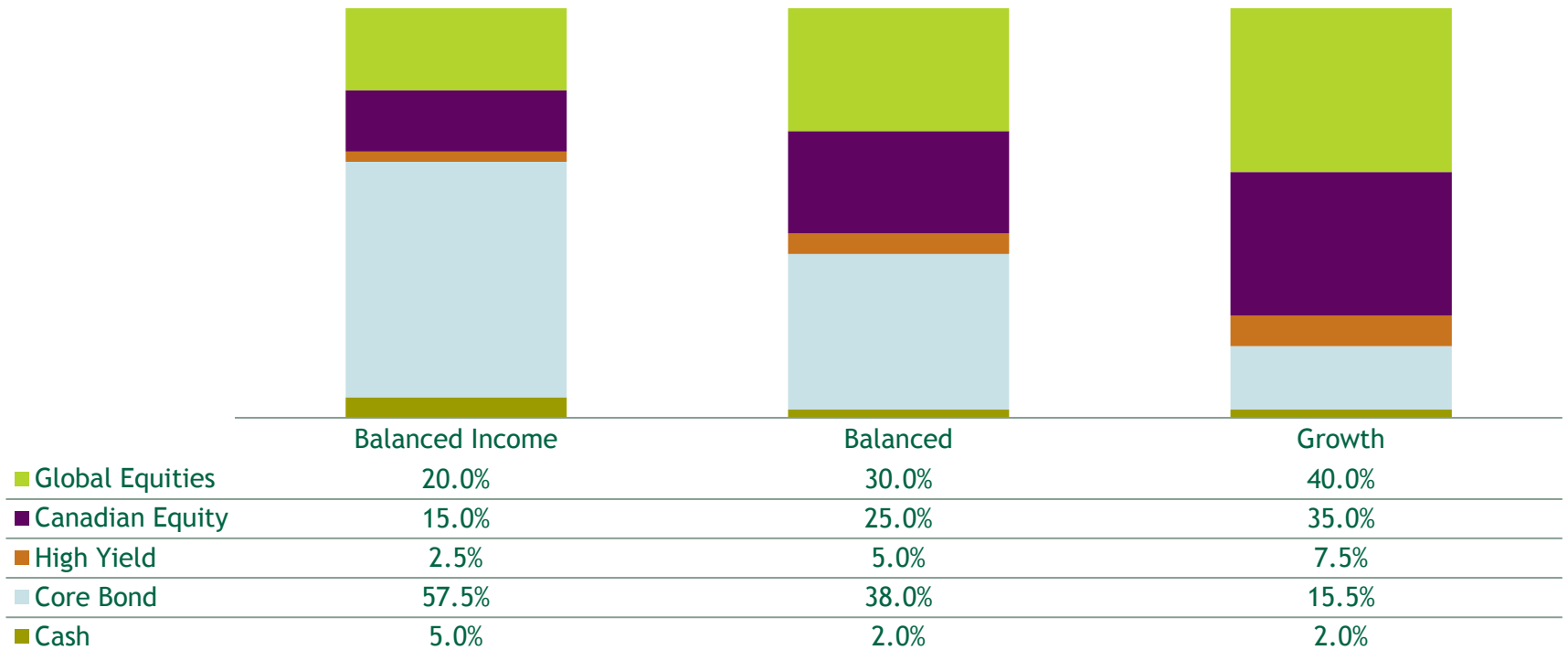
S&P 500 Returns	Return Path 1*	Return Path 1 Reversed
1995	38%	-22%
1996	23%	-12%
1997	33%	-9%
1998	29%	21%
1999	21%	29%
2000	-9%	33%
2001	-12%	23%
2002	-22%	38%



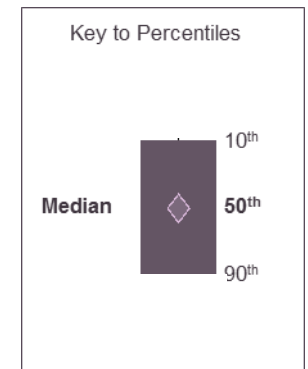
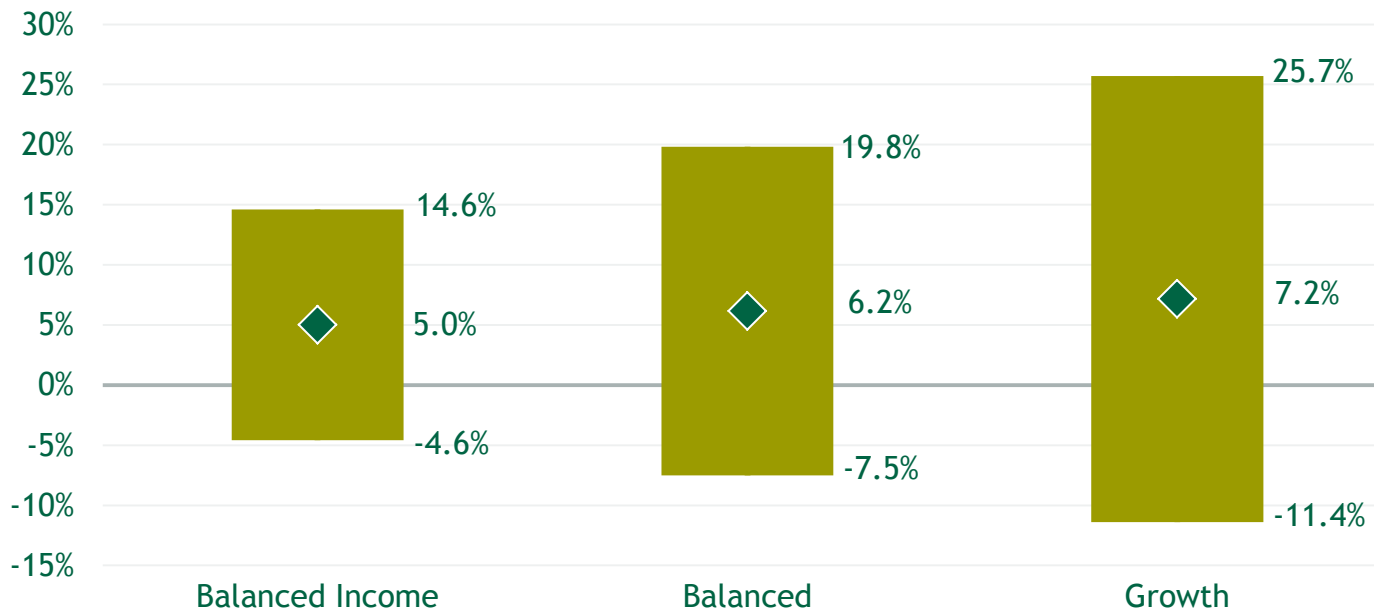
* Returns for Path 1 represent the total returns of the S&P 500 for calendar years 1995 through 2002. Returns for Path 2 are identical to Path 1, but the order is reversed. This is a historical example to illustrate how different return sequences with the same compounded return result in different wealth values.

** Spending in the first year is calculated as a percentage (5%) of initial assets – after the first year, spending is assumed to grow with inflation. All figures are pre-tax and data is not based upon any specific client circumstances nor any specific product or service.

Asset Allocation Scenarios



Range of Annual Returns*



Likelihood of a 20% Decline**

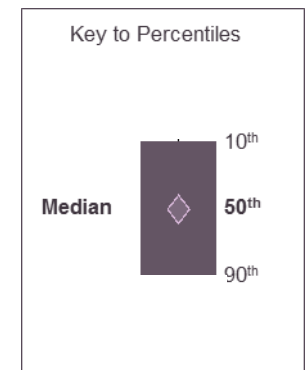
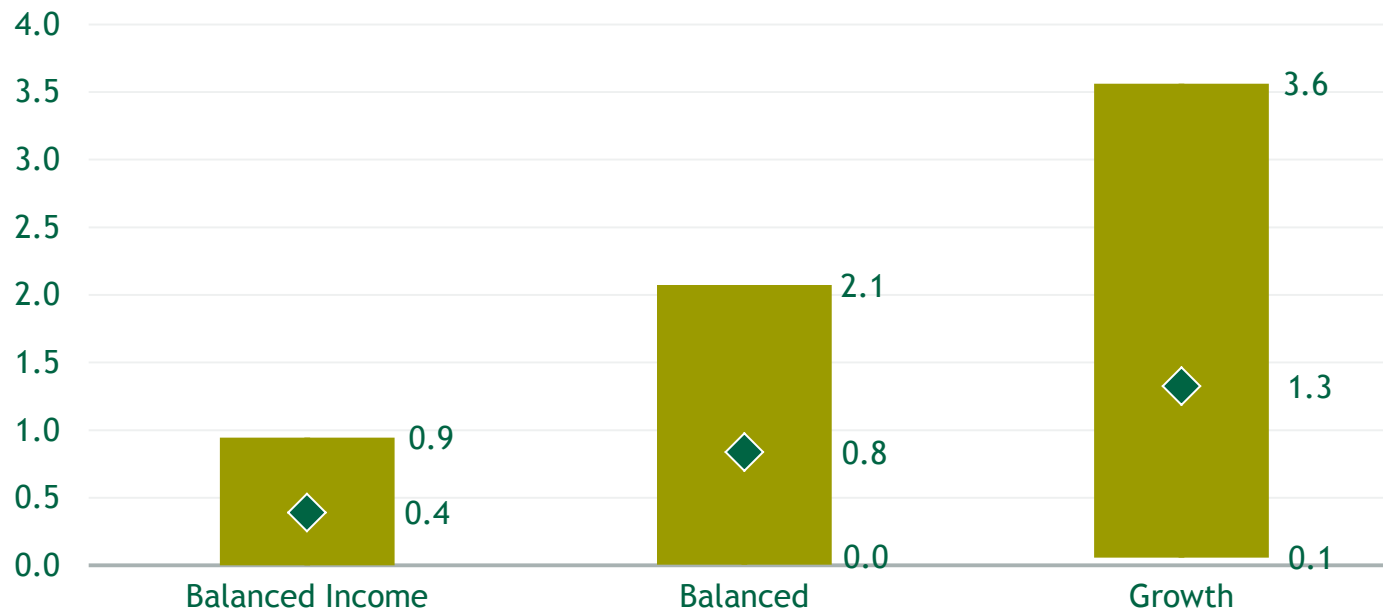
Balanced Income	Balanced	Growth
2%	29%	74%

* Based on estimates of the range of returns for the applicable capital markets over the next 25 years. It is important to note that the range of returns does not cover all possible outcomes. 10% of the return outcomes are above and below the box. See key in upper right hand corner of page. Data does not represent past performance and is not a promise of actual or range of future results.

** Based on a decline from the peak of the market to the trough over any period of time.

Range of Portfolio Values: Year 25*

Nominal Values in \$Millions



Likelihood of Meeting Spending**

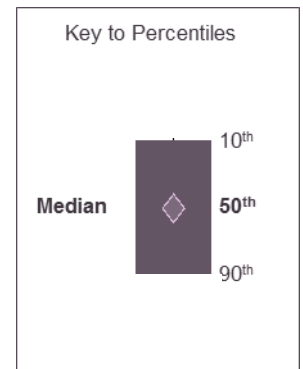
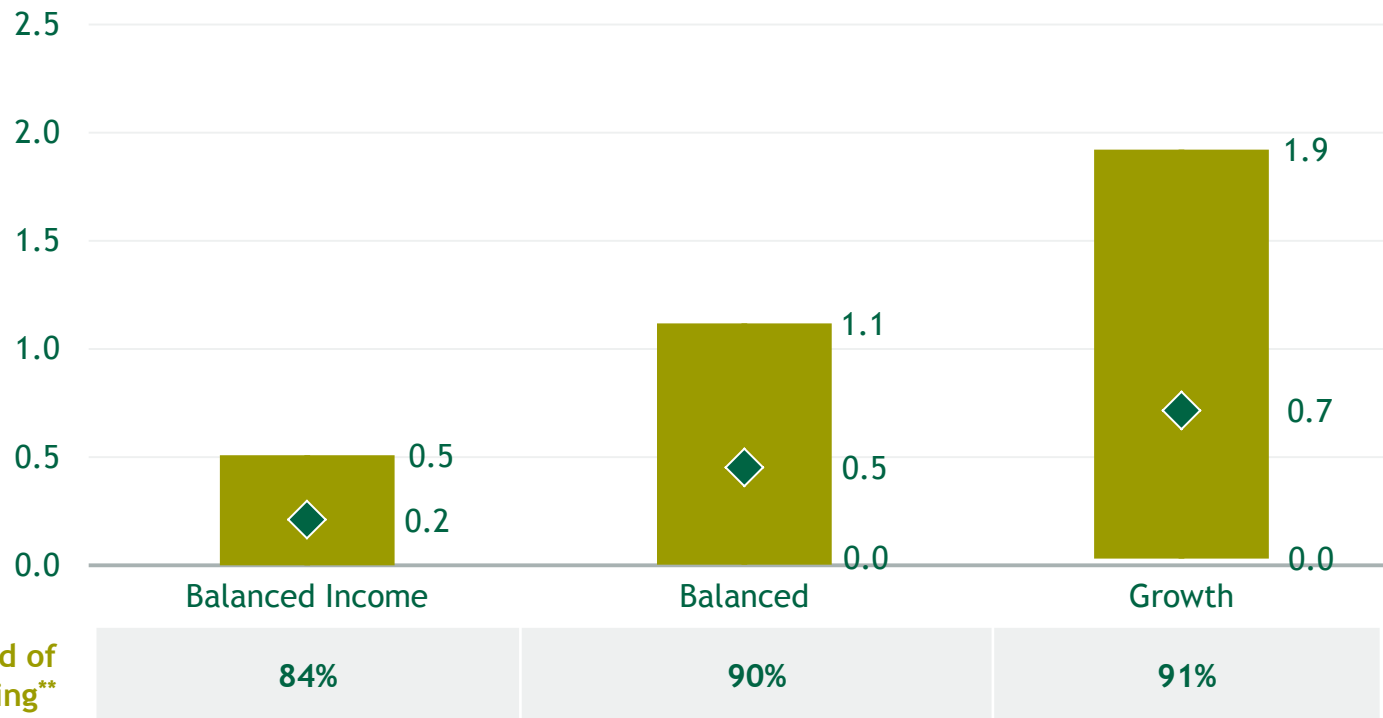
Balanced Income	Balanced	Growth
84%	90%	91%

* Based on estimates of the range of returns for the applicable capital markets over the analysis time horizon. It is important to note that the range of returns does not cover all possible outcomes. 10% of the return outcomes are above and below the box. See key in upper right hand corner of page. Data does not represent past performance and is not a promise of actual or range of future results.

** This is the likelihood that you will have at least \$1 in the portfolio at the end of the analysis

Range of Portfolio Values: Year 25*

Real Values in \$Millions



- * Based on estimates of the range of returns for the applicable capital markets over the analysis time horizon. It is important to note that the range of returns does not cover all possible outcomes. 10% of the return outcomes are above and below the box. See key in upper right hand corner of page. Data does not represent past performance and is not a promise of actual or range of future results.
- ** This is the likelihood that you will have at least \$1 in the portfolio at the end of the analysis

APPENDIX

Forecasts

Capital Market Projections

Asset Classes	Interest	Dividends	Capital Gains	Deferred Growth	Expected Return (CAGR)	Standard Deviation
Cash	1.8%	0.0%	0.0%	0.0%	1.8%	0.5%
Short Bond	2.1%	0.0%	0.0%	-0.1%	2.0%	3.7%
Core Bond	3.2%	0.0%	0.0%	-0.3%	2.9%	5.7%
High Yield	6.1%	0.0%	0.0%	-1.0%	5.1%	7.8%
Multi-Strategy Hedge	0.0%	0.0%	5.5%	0.0%	5.5%	6.7%
Canadian Equity	0.0%	3.7%	1.6%	2.4%	7.7%	16.0%
US Equity	0.0%	2.8%	2.1%	3.1%	8.0%	14.6%
Developed International	0.0%	4.0%	1.6%	2.5%	8.1%	18.0%
Infrastructure	8.0%	0.0%	0.2%	0.8%	9.0%	7.0%
Real Estate	6.4%	0.0%	0.3%	1.3%	8.0%	9.9%
Inflation					2.5%	

Correlation Matrix

Asset Class	Cash	Short Bonds	Core Bonds	High Yield	Multi-Strategy	Canadian Equity	US Equity	Developed Int'l	Infra.	Real Estate
Cash	1.00	0.27	0.08	-0.34	0.02	-0.12	-0.30	-0.11	-0.15	0.20
Short Bond	0.27	1.00	0.88	-0.11	0.04	-0.32	-0.24	-0.12	-0.14	-0.30
Core Bond	0.08	0.88	1.00	0.08	0.05	-0.16	-0.13	-0.04	0.07	-0.14
High Yield	-0.34	-0.11	0.08	1.00	0.02	0.75	0.46	0.49	0.22	-0.17
Multi-Strategy	0.02	0.04	0.05	0.02	1.00	0.04	0.03	-0.01	0.01	0.02
Canadian Equity	-0.12	-0.32	-0.16	0.75	0.04	1.00	0.63	0.77	0.20	0.16
US Equity	-0.30	-0.24	-0.13	0.46	0.03	0.63	1.00	0.83	0.15	0.22
Developed Int'l	-0.11	-0.12	-0.04	0.49	-0.01	0.77	0.83	1.00	0.10	0.16
Infrastructure	-0.15	-0.14	0.07	0.22	0.01	0.20	0.15	0.10	1.00	0.26
Real Estate	0.20	-0.30	-0.14	-0.17	0.02	0.16	0.22	0.16	0.26	1.00

Disclosure

Purpose and Description of Asset Forecasting Analysis

This Asset Forecasting Analysis is designed to assist investors in making their long-term investment decisions as to their allocation of investments among categories of financial assets. Our new planning tool consists of a four-step process: (1) Client-Profile Input: the client's asset allocation, income, expenses, cash withdrawals, tax rate, risk-tolerance level, goals and other factors; (2) Client Scenarios: in effect, questions the client would like our guidance on, which may touch on issues such as when to retire, what his cash-flow stream is likely to be, whether his portfolio can beat inflation long-term, and how different asset allocations might impact his long-term security; (3) The Monte Carlo Engine: a model that uses our research and historical data to create a vast range of market returns, which takes into account the linkages within and among the capital markets, as well as their unpredictability; and finally (4) A Probability Distribution of Outcomes: based on the assets invested pursuant to the stated asset allocation, 90% of the estimated ranges of returns and asset values the client could expect to experience are represented within the range established by the 5th and 95th percentiles on "box- and- whiskers" graphs. However, outcomes outside this range are expected to occur 10% of the time; thus, the range does not establish the boundaries for all outcomes. Expected market returns on bonds are derived taking into account yield and other criteria. An important assumption is that stocks will, over time, outperform long bonds by a reasonable amount, although this is in no way a certainty. Moreover, actual future results may not meet Connor, Clark & Lunn Private Capital Ltd.'s estimates of the range of market returns, as these results are subject to a variety of economic, market and other variables. Accordingly, the analysis should not be construed as a promise of actual future results, the actual range of future results or the actual probability that these results will be realized. The projections utilize return data that do not include fees or operating expenses, are not available for investment, and are shown for illustrative purposes only. If included, fees and other operating expenses would materially reduce these projections.

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