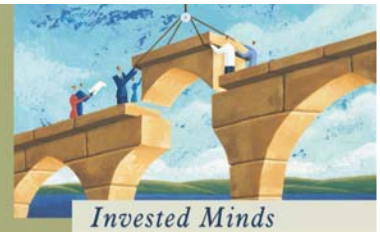
GLOBAL ASSET ALLOCATION
Strategy Report
TAL Global Asset Management Inc.



November 12, 2003

TAL LOWERS RISK BY REDUCING U.S. EQUITY EXPOSURE

Today the TAL Global Asset Allocation team announced a change in global and domestic portfolios, designed to reduce overall portfolio risk. This change involves:

- Reducing U.S. equity exposure back to a neutral position
- Increasing Cash (and/or Canadian fixed income exposure depending on mandate constraints)

NEUTRAL IN U.S. EQUITIES

U.S. equity markets have performed strongly in 2003. At the end of October, the S&P 500 index was up 19.42% in local currency terms on a year-to-date basis. Considering we're approaching our target for the S&P 500, at this point we are becoming increasingly concerned about the downside potential of this market, especially relative to the amount of upside potential remaining. We are also influenced by the relentless strength of the Canadian dollar, which is offsetting U.S. gains.

The latest string of U.S. economic data releases was particularly good:

- GDP growth surged in Q3
- Earnings growth continued to accelerate
- Employment is finally turning the corner
- There is mounting evidence of a revival in manufacturing activity

The only problem is that such a positive sequence will be difficult to match over the near term. Putting it differently, markets are now vulnerable to disappointment.

The valuation case for overweighting equities is not as compelling as it was earlier this year -- equities are no longer extremely undervalued. The technical situation has deteriorated marginally as well. Equity investors have not experienced a significant setback in the last nine months. As a consequence, we believe it is prudent to pare back our equity exposure in the U.S. to a neutral position, reducing portfolio risk.

We expect the economic recovery in the U.S. to continue to unfold as employment and capital spending fall into line. However, growth in the U.S. will lag more cyclical markets. This change is not a reflection of our opinion on the long-term directional trend of the U.S. market, but rather of its risk-return profile when compared to other asset classes at this time.

PROCEEDS REDEPLOYED

Where applicable, and depending on mandate specifications, the proceeds from the sale of U.S. equities have been redeployed into cash owing to the prevailing vulnerability of the bond market. Global bonds are increasingly vulnerable to the acceleration in economic activity and to a reversal in deflation fears. In the event of another correction in the fixed income market, the long end of the Canadian yield curve will not be spared. We expect that the strength of the Canadian dollar versus the U.S. dollar will force the Bank of Canada to relieve some of the downward economic pressure by easing monetary policy. In this scenario, the short-end of the Canadian yield curve will survive the storm relatively better.