



Financial and Economic Notes

March 2010 vol. 124

Highlights

- North American markets rebound
- Canadian Q4 2009 GDP exceeds expectations

Economic indicators

Canadian employment data was very strong for January bringing the unemployment rate to 8.3%, down from a high of 8.7% last year. Manufacturing and retail sales data for December, released in February, were also very strong. The most encouraging evidence of growth however came from Statistics Canada which reported Q4 2009 GDP of 5.0% well above the 4.0% expected. This represents the strongest GDP growth since 3Q 2000!

With a barrage of favourable economic data combined with somewhat higher commodity prices, the Canadian dollar rose in February by about 1.5% to close the month at around \$0.95. Given our large current account deficit and poor productivity track record, we do not believe our currency can move significantly higher from this level.

South of the border the situation is somewhat mixed. Jobs have not materialized while housing remains in a difficult situation. Despite some notable improvements many market analysts, with good reason, remain sceptical over the sustainability of future economic growth. Of particular concern is the U.S. fiscal situation which will not improve in the near term.

There was, however, some encouraging news in February for the U.S. economy. Unemployment slipped from 10% to 9.7% while January retail sales were strong. The manufacturing sector also remains stable with the ISM Manufacturing Index still comfortably above 50, indicating expansion despite a somewhat lower reading for March. Additionally, the leading economic indicator is still suggesting continued growth for now.

Financial markets

After a weak start to the new year, February was a welcome turnaround particularly for Canadian investors. The U.S. lagged Canada because of the higher Canadian dollar while EAFE equities suffered from the sovereign debt crisis afflicting Greece and to a lesser extent Japan. Compared to the 1.8% return last month, bond returns in February were more modest as bond yields rose slightly due to generally better economic news in Canada.

All major equity markets increased in value during the month of February with the exception of the MSCI EAFE Index with a return of -1.8%. The S&P/TSX index indicates a return of 5.0%, the S&P 500 is up 1.9% and DEX Universe Bond Index indicates 0.2 %.



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Assumption Life Investment Funds Applicable for Registered Pension Plan clients only

Gross returns as of February 26, 2010

FUNDS	1 MTH %	YTD* %	1 year %	2 years %	3 years %	4 years %	5 years %
ASSUMPTION LIFE FUNDS							
Assumption Life Balanced Fund - RPP	1.4	-0.2	20.6	0.0	-0.7	2.0	3.4
Multi-Index	1.9	0.0	25.7	-0.4	-0.4	2.5	4.2
Canadian Dividend Fund	3.2	-1.4	44.4	-4.8	-1.3	1.6	4.5
S&P / TSX Index	5.0	-0.6	47.6	-4.5	-0.9	2.7	6.5
U.S. Equity Fund (\$CAN)	0.4	-0.8	25.6	-1.3	-5.2	-0.8	-0.5
S&P 500 Index (\$ CAN)	1.9	0.0	27.3	-3.3	-8.9	-3.4	-2.7
Money Market Fund	0.0	0.1	1.0	2.1	n/a	n/a	n/a
SCM 91 Day T-Bills	0.0	0.0	0.4	1.6	n/a	n/a	n/a
MONTRUSCO BOLTON FUNDS							
Canadian Equity+ Fund	3.8	-2.3	45.8	-8.4	-4.1	0.0	2.3
S&P / TSX Index	5.0	-0.6	47.6	-4.5	-0.9	2.7	6.5
Small Cap. Canadian Equity Fund	3.9	0.7	78.1	-1.4	3.0	5.2	7.7
BMO NB Small Cap Weighted Index	4.6	2.6	92.2	-4.4	-5.2	0.0	3.8
TSX Momentum	7.8	1.7	36.3	-10.4	1.0	6.1	10.0
S&P / TSX Index	5.0	-0.6	47.6	-4.5	-0.9	2.7	6.5
Quantitative EAFE Equity Fund (CAN\$)	-2.9	-6.6	-6.9	-16.8	-17.3	-10.2	-7.9
MSCI EAFE Index	-1.8	-4.5	28.1	-9.1	-11.3	-3.5	-1.2
Global Equity Fund (CAN\$)	0.5	-0.3	35.8	0.2	-5.3	-1.4	-0.4
MSCI World Index	0.2	-2.2	27.8	-6.4	-10.0	-3.4	-1.9
Fixed Income Fund (Can. bonds)	0.2	2.1	11.3	6.6	5.4	5.3	5.3
SCM Universe Bond Index	0.2	2.0	7.8	5.9	5.5	5.4	5.4
FIDELITY FUNDS							
Canadian Opportunities Fund	3.0	2.3	82.1	6.6	6.4	7.8	9.7
S&P / TSX Small and Mid Cap Combined Index	4.6	2.4	65.9	-2.9	-2.0	1.5	3.9
True North Fund	4.7	-1.2	41.5	-4.8	0.1	4.2	7.8
S&P / TSX Index	5.0	-0.6	47.6	-4.5	-0.9	2.7	6.5
Overseas Fund	-1.3	-5.1	33.1	-10.5	-13.1	-4.2	-1.1
MSCI EAFE Index	-1.8	-4.5	28.1	-9.1	-11.3	-3.5	-1.2
Global Health Care Fund	0.1	0.6	20.7	4.4	-1.6	2.1	3.0
Goldman Sachs HealthCare Index	-0.5	0.4	16.8	4.1	-4.0	-0.1	1.1
Global Technology Fund	0.1	-4.7	41.2	3.5	-2.6	0.6	2.1
Goldman Sachs Technology Index	1.5	-3.2	38.8	2.4	-4.1	-0.7	0.8
Europe Fund	-2.1	-6.2	27.4	-14.0	-7.2	2.1	3.8
MSCI Europe Index	-2.8	-7.0	30.6	-10.8	-11.8	-2.9	-1.4
American Disciplined Equity Fund	2.8	0.3	28.5	n/a	n/a	n/a	n/a
S&P 500 Index (\$CAN)	1.9	0.0	27.3	n/a	n/a	n/a	n/a
NorthStar Fund	1.3	0.3	41.8	n/a	n/a	n/a	n/a
MSCI World Index	0.2	-2.2	27.8	n/a	n/a	n/a	n/a
Monthly Income Fund	2.1	2.8	40.9	n/a	n/a	n/a	n/a
Multi-Index	1.9	0.0	25.7	n/a	n/a	n/a	n/a
Canadian Asset Allocation Fund	3.4	0.3	34.4	n/a	n/a	n/a	n/a
Multi-Index	1.9	0.0	25.7	n/a	n/a	n/a	n/a



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FUNDS	1 MTH %	YTD* %	1 year %	2 years %	3 years %	4 years %	5 years %
CI FUNDS							
Harbour Growth & Income Fund	2.5	-1.4	31.9	0.0	2.0	4.1	6.7
Multi-Index	1.9	0.0	25.7	-0.4	-0.4	2.5	4.2
Synergy American Fund	2.7	-0.8	18.4	-6.0	-8.2	-3.1	-1.1
S&P 500 Index (\$CAN)	1.9	0.0	27.3	-3.3	-8.9	-3.4	-2.7
Global Managers Corporate Class Fund	0.2	-2.3	23.8	2.5	-3.4	2.1	2.8
MSCI World Index	0.2	-2.2	27.8	-6.4	-10.0	-3.4	-1.9
Signature Canadian Bond Fund	0.3	2.3	10.0	5.7	5.4	5.4	5.5
SCM Universe Bond Index	0.2	2.0	7.8	5.9	5.5	5.4	5.4
Signature High Income	1.2	1.4	36.6	n/a	n/a	n/a	n/a
Multi-Index	1.9	0.0	25.7	n/a	n/a	n/a	n/a
American Value	1.3	-0.9	21.8	n/a	n/a	n/a	n/a
S&P 500 Index (\$CAN)	1.9	0.0	27.3	n/a	n/a	n/a	n/a
Synergy Global Corporate Class	-0.6	-3.4	19.5	n/a	n/a	n/a	n/a
MSCI World Index	0.2	-2.2	27.8	n/a	n/a	n/a	n/a
Global Small Companies	0.5	-0.9	27.4	n/a	n/a	n/a	n/a
MSCI World Index	0.2	-2.2	27.8	n/a	n/a	n/a	n/a
AGF FUNDS							
Dividend Income Fund	5.2	1.7	42.9	n/a	n/a	n/a	n/a
S&P / TSX Index	5.0	-0.6	47.6	n/a	n/a	n/a	n/a
International Stock Class	-3.6	-9.0	34.1	n/a	n/a	n/a	n/a
MSCI EAFE Index	-1.8	-4.5	28.1	n/a	n/a	n/a	n/a