



Financial and Economic Notes

July 2010 vol. 128

Highlights

- Markets doubt strength of recovery
- Gold hits new record but sells off on profit taking

Economic indicators

Economic data in Canada for the month of June was, for the most part, on the strong side. The only disappointing news was wholesale sales for the month of April. The Bank of Canada (BOC) text which followed April's rate hike implied that a rate increase in July was not a certainty. Given the continued economic growth in Canada we are expecting the BOC to announce another hike at its July meeting.

In the U.S., many data points hint at a soft patch that started early in the second quarter with significant weakness in consumption as indicated by retail sales for the month of May. Early data for June confirms things are not improving much. There were some bright spots however, including factory orders, industrial production, and the leading economic indicator.

It is too early to determine if the weaker data represents a pause in the recovery or something more serious such as a slide back into recession. Jobless claims over the next few months will be a key indicator and we will be monitoring that data closely.

Financial markets

Despite decreased concerns over the European debt crisis, and the decision by China to allow the Renminbi to resume floating, June was another disappointing month for equity investors. Signs of a faltering recovery, particularly in the U.S. and China, fuelled the selloff even though there were a number of positive economic indicators throughout the world.

The Global Purchasing Managers Index remains well above 50 signalling that the global economy continues to expand. A slowdown in China is viewed by some as positive as it reduces the risk of overheating and soaring inflation in the red hot Chinese economy.

After a protracted period of underperforming both Canadian and U.S. indices, the MSCI EAFE Index was the best performer this month. Belief that the economic spill over from the European debt problem would be contained, and that a lower EURO should help boost exports, had a positive impact on European equities. Year-to-date, however, the S&P/TSX is still the best performer relative to U.S. and EAFE indices.

Bonds had a very good month outperforming equities by a wide margin. This was due to concerns over the recovery and weaker equity markets which pushed long term rates lower. Aside from very short maturities, bond yields are lower than at the end of 2009 which has resulted in strong fixed income performance so far this year.



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Assumption Life Investment Funds Applicable for Registered Pension Plan clients only

Gross returns as of June 30, 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	-2.3	5.7	-2.2	-1.7	1.7	2.5
Multi-Index	-1.2	-1.4	7.1	-2.5	-1.4	2.2	3.4
Canadian Dividend Fund	-3.3	-4.6	12.1	-8.0	-4.2	1.2	3.6
S&P / TSX Index	-3.7	-2.6	12.0	-8.8	-3.9	2.2	5.5
U.S. Equity Fund (\$CAN)	-3.9	-6.5	1.6	-3.6	-6.2	-1.5	-1.8
S&P 500 Index (\$ CAN)	-3.9	-5.4	4.4	-6.2	-9.9	-4.2	-3.6
Money Market Fund	0.0	0.2	0.5	1.6	n/a	n/a	n/a
SCM 91 Day T-Bills	0.1	0.2	0.3	1.2	n/a	n/a	n/a
MONTRUSCO BOLTON FUNDS							
Canadian Equity+ Fund	-5.3	-9.3	2.1	-12.5	-7.6	-2.1	1.0
S&P / TSX Index	-3.7	-2.6	12.0	-8.8	-3.9	2.2	5.5
Small Cap. Canadian Equity Fund	-1.5	3.8	50.2	1.2	0.8	5.6	8.4
BMO NB Small Cap Weighted Index	-3.6	0.4	38.7	-3.9	-8.2	-0.5	4.4
TSX Momentum	-0.7	-0.3	26.8	-14.4	-3.6	5.2	9.8
S&P / TSX Index	-3.7	-2.6	12.0	-8.8	-3.9	2.2	5.5
Quantitative EAFE Equity Fund (CAN\$)	2.6	-12.2	-6.4	-23.7	-18.7	-11.5	-8.4
MSCI EAFE Index	0.4	-12.1	-3.4	-13.0	-13.5	-5.9	-2.0
Global Equity Fund (CAN\$)	-0.7	-5.0	3.7	-2.0	-6.2	-1.9	-1.4
MSCI World Index	-2.1	-8.6	0.5	-10.1	-11.5	-5.0	-2.8
Fixed Income Fund (Can. bonds)	1.8	3.7	8.6	7.8	6.7	6.2	4.9
SCM Universe Bond Index	1.8	3.3	5.9	7.0	7.0	6.3	4.9
FIDELITY FUNDS							
Canadian Opportunities Fund	-4.2	0.2	30.8	2.7	3.4	7.4	9.8
S&P / TSX Small and Mid Cap Combined Index	-2.7	0.0	29.1	-4.7	-4.4	0.6	4.0
True North Fund	-3.8	-3.3	9.8	-10.2	-3.5	4.0	6.9
S&P / TSX Index	-3.7	-2.6	12.0	-8.8	-3.9	2.2	5.5
Overseas Fund	0.1	-9.9	0.3	-12.4	-14.8	-5.9	-1.4
MSCI EAFE Index	0.4	-12.1	-3.4	-13.0	-13.5	-5.9	-2.0
Global Health Care Fund	1.4	-4.4	6.0	1.2	-1.7	1.4	1.0
Goldman Sachs HealthCare Index	1.6	-7.6	0.8	-0.2	-4.5	-1.5	-1.4
Global Technology Fund	-4.4	-9.0	6.7	0.0	-5.3	1.0	1.4
Goldman Sachs Technology Index	-4.2	-8.6	5.8	-2.6	-6.1	-0.4	0.0
Europe Fund	0.9	-10.6	0.2	-18.6	-10.9	-0.4	3.6
MSCI Europe Index	0.5	-15.6	-3.3	-14.9	-15.1	-6.1	-2.5
American Disciplined Equity Fund	-5.1	-6.2	3.6	n/a	n/a	n/a	n/a
S&P 500 Index (\$CAN)	-3.9	-5.4	4.4	n/a	n/a	n/a	n/a
NorthStar Fund	-3.0	-2.5	12.0	n/a	n/a	n/a	n/a
MSCI World Index	-2.1	-8.6	0.5	n/a	n/a	n/a	n/a
Monthly Income Fund	-0.5	2.6	18.4	n/a	n/a	n/a	n/a
Multi-Index	-1.2	-1.4	7.1	n/a	n/a	n/a	n/a
Canadian Asset Allocation Fund	-2.7	-2.2	8.4	n/a	n/a	n/a	n/a
Multi-Index	-1.2	-1.4	7.1	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	-3.4	-4.2	6.1	-3.1	-0.9	2.8	5.7
Multi-Index	-1.2	-1.4	7.1	-2.5	-1.4	2.2	3.4
Synergy American Fund	-3.1	-6.8	-0.1	-10.9	-10.0	-4.3	-2.4
S&P 500 Index (\$CAN)	-3.9	-5.4	4.4	-6.2	-9.9	-4.2	-3.6
Global Managers Corporate Class Fund	-1.3	-7.1	2.1	-0.5	-4.5	0.6	2.2
MSCI World Index	-2.1	-8.6	0.5	-10.1	-11.5	-5.0	-2.8
Signature Canadian Bond Fund	1.6	5.3	9.1	7.1	7.0	6.5	5.2
SCM Universe Bond Index	1.8	3.3	5.9	7.0	7.0	6.3	4.9
Signature High Income	0.8	2.6	20.5	n/a	n/a	n/a	n/a
Multi-Index	-1.2	-1.4	7.1	n/a	n/a	n/a	n/a
American Value	-3.7	-6.4	1.3	n/a	n/a	n/a	n/a
S&P 500 Index (\$CAN)	-3.9	-5.4	4.4	n/a	n/a	n/a	n/a
Synergy Global Corporate Class	-1.3	-7.2	2.0	n/a	n/a	n/a	n/a
MSCI World Index	-2.1	-8.6	0.5	n/a	n/a	n/a	n/a
Global Small Companies	-0.7	-3.8	5.9	n/a	n/a	n/a	n/a
MSCI World Index	-2.1	-8.6	0.5	n/a	n/a	n/a	n/a
AGF FUNDS							
Dividend Income Fund	-3.6	0.7	13.0	n/a	n/a	n/a	n/a
S&P / TSX Index	-3.7	-2.6	12.0	n/a	n/a	n/a	n/a
International Stock Class	1.3	-17.9	-7.7	n/a	n/a	n/a	n/a
MSCI EAFE Index	0.4	-12.1	-3.4	n/a	n/a	n/a	n/a