

# Financial and Economic Notes

May 2006 vol. 78



## Highlights

- Canadian unemployment at its lowest in three decades.
- Global growth remains on track.

## Economic indicators

Economic data released in April continued to support global expansion. In the U.S., the first quarter annualized GDP was 4.8%, the highest in more than two years. Growth was driven primarily by consumer spending and the biggest jump in business investment since 2000.

Canada continues to benefit from record high prices for both energy and metals. Materials were the best performing, up 6.2%, while the energy sector rose 2.2%. There was also good news on the unemployment front as the rate fell to its lowest level since 1974. This will surely provide a boost for consumer spending and fuel ongoing growth. As expected, the Bank of Canada raised interest rates for the sixth straight time and, given the strength of the economy, more increases will be forthcoming.

In Europe, German business confidence hit a 15-year high as German economic growth continues to improve on higher exports.

The positive news increased expectations that the European Central Bank will deliver another rate hike.

Clearly, environment remains quite positive for equities and as soon as the U.S. Federal Reserve is done tightening, the environment could become extremely positive for U.S. equities. The Fund Managers still expect global growth to be higher than it has been in the past. Growth in corporate profits will also be higher going forward.

Central banks around the world continue to raise short-term interest rates. At this point, higher rates are not jeopardizing our global growth scenario. Of course, higher rates that are not necessarily justified by higher growth and higher optimism will, at some point, have a negative impact on growth but we are not there yet.

## Financial markets

Bonds had their worst month since April 2004 as strong economic data and record high oil prices increased the prospects for higher inflation. Despite fears of higher interest rates, most equity markets posted modest gains. In U.S. dollar terms, the S&P 500 returned 1.3% but the stronger Canadian dollar resulted in negative returns for Canadian based investors.

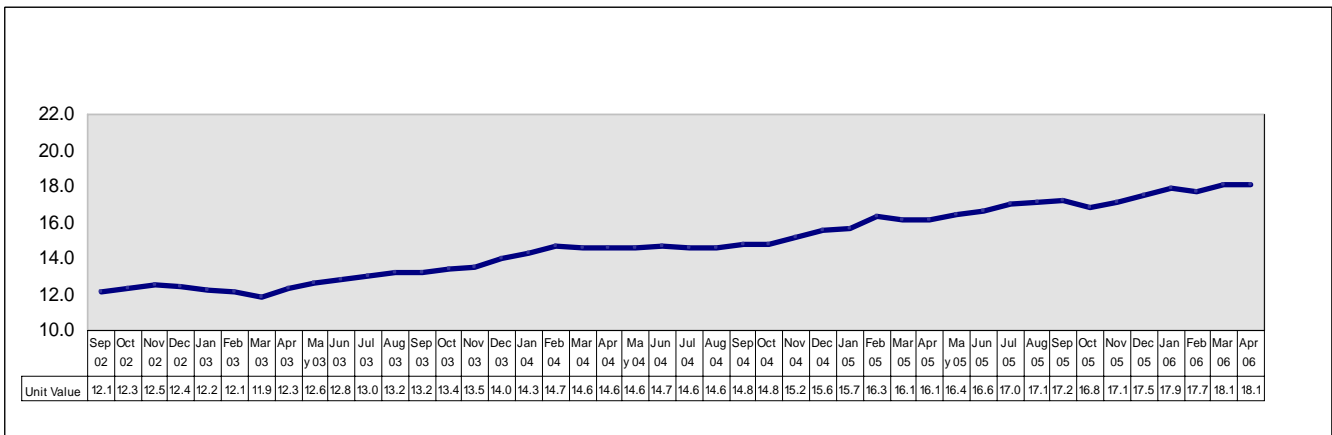
The performance of the SCM Universe Bond and the S&P 500 indices decreased in value, -0.9% and -2.7% during the month, while the S&P/TSX and the MSCI EAFE increased in value, 0.9% and 0.6% respectively.



**Assumption Life**  
Investing in Your Future

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Yield of the Assumption Life Balanced Fund - RPP  
(September 30, 2002 to April 30, 2006)





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Assumption Life Investment Funds

Applicable for Registered Pension Plan clients only

Gross returns as of April 30, 2006

FUNDS	1 MTH %	YTD* %	1 year %	2 years %	3 years %	4 years %	5 years %
<b>ASSUMPTION LIFE FUNDS</b>							
<b>Assumption Life Balanced Fund - RPP</b>	<b>-0.4</b>	<b>3.3</b>	<b>12.0</b>	<b>11.4</b>	<b>13.7</b>	<b>n/a</b>	<b>n/a</b>
<i>Multi-Index</i>	-0.3	3.9	14.2	11.3	13.6	n/a	n/a
<b>Canadian Equity Fund</b>	<b>0.5</b>	<b>7.6</b>	<b>28.3</b>	<b>23.3</b>	<b>23.8</b>	<b>14.1</b>	<b>n/a</b>
S&P / TSX Index	0.9	8.9	32.7	23.9	25.1	14.4	n/a
<b>U.S. Equity Fund (\$CAN)</b>	<b>-3.4</b>	<b>1.4</b>	<b>2.9</b>	<b>1.1</b>	<b>4.4</b>	<b>-2.8</b>	<b>n/a</b>
S&P 500 Index (\$ CAN)	-2.7	1.5	2.9	0.2	5.6	-1.7	n/a
<b>MONTRUSCO BOLTON FUNDS</b>							
<b>Canadian Equity+ Fund</b>	<b>1.5</b>	<b>13.4</b>	<b>27.2</b>	<b>23.6</b>	<b>27.6</b>	<b>19.1</b>	<b>18.0</b>
S&P / TSX Index	0.9	8.9	32.7	23.9	25.1	14.4	11.0
<b>Small Cap. Canadian Equity Fund</b>	<b>1.5</b>	<b>13.7</b>	<b>37.2</b>	<b>29.7</b>	<b>34.3</b>	<b>23.8</b>	<b>21.4</b>
BMO NB Small Cap Weighted Index	4.3	20.5	47.3	26.1	34.4	20.1	17.9
<b>TSX 100 Momentum</b>	<b>5.2</b>	<b>16.7</b>	<b>54.0</b>	<b>44.2</b>	<b>45.8</b>	<b>24.1</b>	<b>18.1</b>
S&P / TSX Index	0.9	8.9	32.7	23.9	24.9	14.6	10.8
<b>E.A.F.E. Equity Fund (CAN\$)</b>	<b>-0.7</b>	<b>6.4</b>	<b>10.3</b>	<b>7.4</b>	<b>13.8</b>	<b>3.0</b>	<b>-0.7</b>
MSCI EAFE Index	0.6	10.1	19.0	12.0	18.9	6.5	2.5
<b>Global Equity Fund (CAN\$)</b>	<b>-2.1</b>	<b>4.1</b>	<b>9.2</b>	<b>6.6</b>	<b>10.9</b>	<b>1.8</b>	<b>-1.4</b>
MSCI World Index	-1.1	5.5	10.8	5.9	11.6	2.1	-0.9
<b>Fixed Income Fund (Can. bonds)</b>	<b>-0.9</b>	<b>-1.6</b>	<b>2.3</b>	<b>4.8</b>	<b>6.0</b>	<b>6.7</b>	<b>6.8</b>
SCM Universe Bond Index	-0.9	-1.4	2.6	5.0	6.0	6.8	7.0
<b>T-Max Fund (money market)</b>	<b>0.3</b>	<b>1.1</b>	<b>2.9</b>	<b>2.5</b>	<b>2.7</b>	<b>2.7</b>	<b>2.9</b>
SCM 91 Day T-Bills	0.3	1.1	2.9	2.6	2.7	2.7	2.9
<b>FIDELITY FUNDS</b>							
<b>Canadian Opportunities Fund</b>	<b>1.5</b>	<b>10.2</b>	<b>32.5</b>	<b>22.8</b>	<b>28.3</b>	<b>n/a</b>	<b>n/a</b>
S&P / TSX Small and Mid Cap Combined Index	1.9	10.0	29.1	20.5	25.8	n/a	n/a
<b>True North Fund</b>	<b>-0.5</b>	<b>7.3</b>	<b>31.7</b>	<b>25.4</b>	<b>25.5</b>	<b>n/a</b>	<b>n/a</b>
S&P / TSX Index	0.9	8.9	32.7	23.9	25.1	n/a	n/a
<b>Overseas Fund</b>	<b>1.1</b>	<b>9.9</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
MSCI EAFE Index	0.6	10.0	n/a	n/a	n/a	n/a	n/a
<b>Focus Healthcare Fund</b>	<b>-4.0</b>	<b>-1.1</b>	<b>0.6</b>	<b>2.3</b>	<b>5.1</b>	<b>n/a</b>	<b>n/a</b>
Goldman Sachs HealthCare Index	-7.0	-6.3	-5.6	-5.0	1.9	n/a	n/a
<b>Focus Technology Fund</b>	<b>-2.8</b>	<b>5.4</b>	<b>16.4</b>	<b>1.9</b>	<b>10.1</b>	<b>n/a</b>	<b>n/a</b>
Goldman Sachs Technology Index	-4.6	-0.5	9.1	-2.4	6.1	n/a	n/a
<b>European Fund</b>	<b>2.7</b>	<b>17.3</b>	<b>29.2</b>	<b>17.6</b>	<b>22.2</b>	<b>n/a</b>	<b>n/a</b>
MSCI Europe Index	1.0	11.7	16.2	12.0	17.4	n/a	n/a
<b>C.I. FUNDS</b>							
<b>Harbour Growth &amp; Income Fund</b>	<b>0.7</b>	<b>7.6</b>	<b>24.4</b>	<b>20.4</b>	<b>18.7</b>	<b>n/a</b>	<b>n/a</b>
Multi-Index	-0.3	4.0	14.5	11.4	13.7	n/a	n/a
<b>Global Boomernomics® Fund</b>	<b>-1.2</b>	<b>4.8</b>	<b>10.1</b>	<b>3.6</b>	<b>12.8</b>	<b>n/a</b>	<b>n/a</b>
Multi-Index	-0.3	3.9	14.2	11.3	13.6	n/a	n/a
<b>Synergy American Fund</b>	<b>-2.6</b>	<b>6.5</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
S&P 500 Index (\$ CAN)	-2.7	1.5	n/a	n/a	n/a	n/a	n/a
<b>Global Managers Fund</b>	<b>-1.3</b>	<b>7.6</b>	<b>15.3</b>	<b>7.0</b>	<b>15.4</b>	<b>n/a</b>	<b>n/a</b>
MSCI World Index	-1.1	5.5	10.8	5.9	11.6	n/a	n/a
<b>Canadian Bond Fund</b>	<b>-1.1</b>	<b>-1.3</b>	<b>3.2</b>	<b>5.0</b>	<b>5.5</b>	<b>n/a</b>	<b>n/a</b>
SCM Universe Bond Index	-0.9	-1.4	2.6	5.0	6.0	n/a	n/a