



# Financial and Economic Notes

February 2007 vol. 87



## Highlights

- North American economies strengthen.
- Equity markets post solid gains.

## Economic indicators

Recent economic news have been surprisingly upbeat. Just when we thought the U.S housing correction was finally impacting the consumer, and that the slowdown would have a significant impact on global growth, the scenario changed. U.S. jobless claims have declined, consumer confidence has rebounded significantly and industrial production surprised on the up side, while non-residential construction remains strong. The unusually warm weather also contributed to the positive outlook as oil prices moved sharply lower for the first half of the month before starting to rise again.

Despite the bond market's reaction to stronger economic data, the Fund Managers believe inflation pressure is abating.

## Financial markets

It was a solid start to the new year as major equity markets trended higher during the month. Canadian equities had somewhat of a roller coaster ride as they declined in the early part of the month, on weaker resource stocks, but recovered as the month progressed. All but three of the ten sectors, energy, health care, and utilities reported positive returns.

While the U.S. core CPI stayed at 2.6%, the 3-month annualized rate was only 1.4%. This should be sufficient to keep the U.S. Federal Reserve on the sidelines for most of 2007. They also believe that the stronger U.S economy, together with the weaker Canadian dollar, will provide a boost to the Canadian economy.

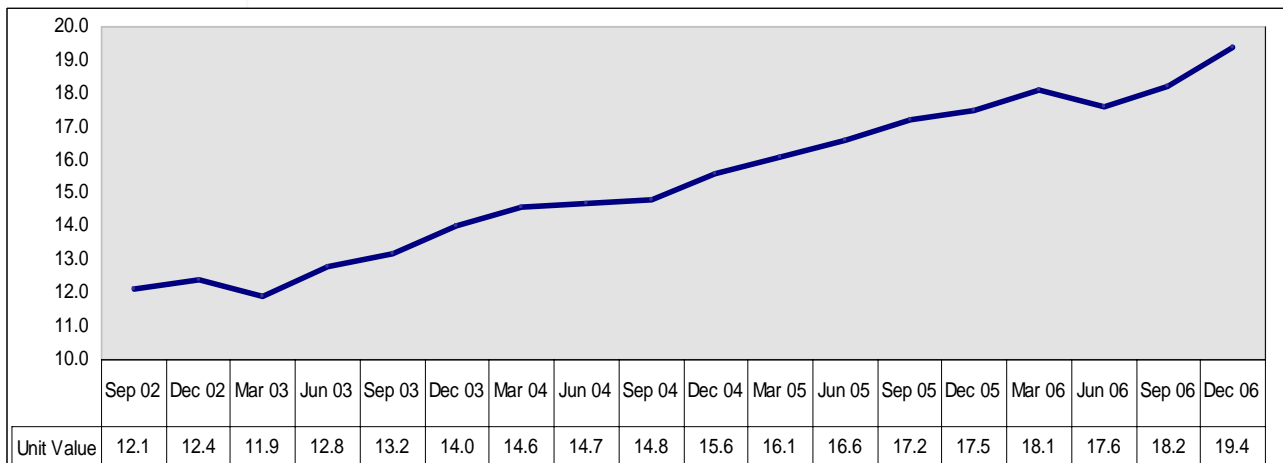
In Asia, it always comes back to whether China and India will continue their torrid pace. Even though Chinese economic growth seemed to have slowed somewhat in 2006, many indicators suggest that we can be optimistic for 2007. Overall, the global economy continues to show ongoing resilience despite the fact the U.S economy has been slowing for the past eighteen months. Global growth appears to be on track for a decent 2007.

Bonds prices, on the other hand, declined for the second consecutive month on stronger than expected economic data which triggered inflation fears.

Major equity Markets increased in value during the month of January with the exception of the SCM Universe Bond Index which decreased in value -0.1%, the S&P/TSX 1.2%, the S&P 500 2.7% and the MSCI EAFE had a return of 1.9%.

## Yield of the Assumption Life Balanced Fund - RPP

(September 30, 2002 to December 31, 2006)



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Assumption Life  
Financial Services

# Financial and Economic Notes

Assumption Life Investment Funds

Applicable for Registered Pension Plan clients only

Gross returns as of January 31, 2007

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>1.1</b>	<b>1.1</b>	<b>9.6</b>	<b>11.5</b>	<b>11.0</b>	<b>17.2</b>	<b>n/a</b>
Multi-Index	1.0	1.0	10.9	12.7	10.7	12.9	n/a
<b>Canadian Equity Fund</b>	<b>1.0</b>	<b>1.0</b>	<b>6.2</b>	<b>17.7</b>	<b>17.1</b>	<b>19.1</b>	<b>13.5</b>
S&P / TSX Index	1.2	1.2	11.8	21.6	17.6	21.1	13.4
<b>U.S. Equity Fund (\$CAN)</b>	<b>3.0</b>	<b>3.0</b>	<b>15.5</b>	<b>9.6</b>	<b>6.3</b>	<b>7.3</b>	<b>-0.7</b>
S&P 500 Index (\$ CAN)	2.7	2.7	18.1	9.7	6.1	8.7	0.6
<b>MONTRUSCO BOLTON FUNDS</b>							
<b>Canadian Equity+ Fund</b>	<b>1.6</b>	<b>1.6</b>	<b>9.6</b>	<b>15.5</b>	<b>17.5</b>	<b>21.6</b>	<b>17.8</b>
S&P / TSX Index	1.2	1.2	11.8	21.6	17.6	21.1	13.4
<b>Small Cap. Canadian Equity Fund</b>	<b>1.6</b>	<b>1.6</b>	<b>10.1</b>	<b>19.2</b>	<b>21.4</b>	<b>25.4</b>	<b>22.0</b>
BMO NB Small Cap Weighted Index	2.2	2.2	13.3	21.8	18.0	24.7	18.5
<b>TSX 100 Momentum</b>	<b>-0.1</b>	<b>-0.1</b>	<b>11.5</b>	<b>30.3</b>	<b>28.1</b>	<b>35.5</b>	<b>21.3</b>
S&P / TSX Index	1.2	1.2	11.8	21.6	17.6	21.2	13.4
<b>E.A.F.E. Equity Fund (CAN\$)</b>	<b>1.2</b>	<b>1.2</b>	<b>13.6</b>	<b>9.3</b>	<b>8.3</b>	<b>13.6</b>	<b>5.4</b>
MSCI EAFE Index	1.9	1.9	23.5	18.4	15.0	18.0	9.6
<b>Global Equity Fund (CAN\$)</b>	<b>2.1</b>	<b>2.1</b>	<b>11.7</b>	<b>9.7</b>	<b>8.3</b>	<b>11.0</b>	<b>3.2</b>
MSCI World Index	2.4	2.4	19.9	13.9	10.1	12.7	4.4
<b>Fixed Income Fund (Can. bonds)</b>	<b>-0.2</b>	<b>-0.2</b>	<b>4.4</b>	<b>4.4</b>	<b>5.3</b>	<b>6.2</b>	<b>6.4</b>
SCM Universe Bond Index	-0.1	-0.1	4.6	4.7	5.4	6.3	6.5
<b>T-Max Fund (money market)</b>	<b>0.4</b>	<b>0.4</b>	<b>4.0</b>	<b>3.3</b>	<b>3.0</b>	<b>3.0</b>	<b>2.9</b>
SCM 91 Day T-Bills	0.4	0.4	4.1	3.4	3.0	3.0	2.9
<b>FIDELITY FUNDS</b>							
<b>Canadian Opportunities Fund</b>	<b>2.2</b>	<b>2.2</b>	<b>8.5</b>	<b>16.0</b>	<b>16.1</b>	<b>n/a</b>	<b>n/a</b>
S&P / TSX Small and Mid Cap Combined Index	2.1	2.1	8.4	15.4	15.0	n/a	n/a
<b>True North Fund</b>	<b>1.9</b>	<b>1.9</b>	<b>16.0</b>	<b>24.2</b>	<b>20.5</b>	<b>n/a</b>	<b>n/a</b>
S&P / TSX Index	1.2	1.2	11.9	21.6	17.6	n/a	n/a
<b>Overseas Fund</b>	<b>2.3</b>	<b>2.3</b>	<b>25.0</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
MSCI EAFE Index	2.1	2.1	23.7	n/a	n/a	n/a	n/a
<b>Focus Healthcare Fund</b>	<b>3.8</b>	<b>3.8</b>	<b>14.1</b>	<b>12.1</b>	<b>8.1</b>	<b>n/a</b>	<b>n/a</b>
Goldman Sachs HealthCare Index	5.1	5.1	11.4	9.6	3.9	n/a	n/a
<b>Focus Technology Fund</b>	<b>1.1</b>	<b>1.1</b>	<b>11.4</b>	<b>11.2</b>	<b>1.6</b>	<b>n/a</b>	<b>n/a</b>
Goldman Sachs Technology Index	3.1	3.1	10.3	7.3	-0.5	n/a	n/a
<b>Europe Fund</b>	<b>5.1</b>	<b>5.1</b>	<b>37.9</b>	<b>27.1</b>	<b>19.5</b>	<b>n/a</b>	<b>n/a</b>
MSCI Europe Index	2.0	2.0	30.4	19.4	16.0	n/a	n/a
<b>C.I. FUNDS</b>							
<b>Harbour Growth &amp; Income Fund</b>	<b>1.1</b>	<b>1.1</b>	<b>9.5</b>	<b>17.2</b>	<b>16.6</b>	<b>n/a</b>	<b>n/a</b>
Multi-Index	1.0	1.0	11.1	12.7	10.7	n/a	n/a
<b>Global Balanced Corporate Class</b>	<b>1.8</b>	<b>1.8</b>	<b>17.2</b>	<b>11.4</b>	<b>8.1</b>	<b>n/a</b>	<b>n/a</b>
Multi-Index	1.0	1.0	10.9	12.7	10.7	n/a	n/a
<b>Synergy American Fund</b>	<b>3.8</b>	<b>3.8</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	2.7	n/a	n/a	n/a	n/a	n/a
<b>Global Managers Corporate Class Fund</b>	<b>3.2</b>	<b>3.2</b>	<b>20.1</b>	<b>14.3</b>	<b>11.4</b>	<b>n/a</b>	<b>n/a</b>
MSCI World Index	2.4	2.4	19.9	13.9	10.1	n/a	n/a
<b>Canadian Bond Fund</b>	<b>-0.2</b>	<b>-0.2</b>	<b>4.7</b>	<b>5.0</b>	<b>5.4</b>	<b>n/a</b>	<b>n/a</b>
SCM Universe Bond Index	-0.1	-0.1	4.6	4.7	5.4	n/a	n/a