

# Financial and Economic Notes

April 2007 vol. 89



## Highlights

- European economies expand.
- Energy stocks rebound.

## Economic indicators

Several U.S. statistics released during the month, including consumer confidence and manufacturing, were unexpectedly weaker. Others, such as unemployment and an upward revision to fourth quarter 2006 GDP, were more upbeat. Although U.S. consumers are still spending, the effects of the housing market slowdown continue to overhang the U.S. economy.

For the 13 nation Euro region the future looks bright. Consumer confidence hit a six year high, retail sales improved, and unemployment declined to all time lows. Against this backdrop of solid economic news, it becomes more likely that the European Central Bank will raise interest rates later this year which may dampen the economic revival.

While Canada is feeling the effects of a weaker U.S. economy, global growth and solid consumer spending are keeping the Canadian economy on track. Jobs, housing starts and signs of a rebound in manufacturing are much better than the Fund Managers had anticipated not that long ago.

The top two performing sectors in Canada were telecom services and energy which both returned in excess of 3% for the month.

U.S. equities on the other hand declined in reaction to mixed economic news regarding the strength of the U.S. economy. Bonds also had a disappointing month as concerns over rising inflation pushed bond yields upwards. The Fund Managers still favour U.S. equities and remain somewhat concerned about Canadian equities, particularly the cyclical energy and materials sectors. Admittedly the first part of this strategy has not been profitable with Canadian equities outperforming both U.S. and EAFE equities so far this year. The Fund Managers are re-evaluating this strategy closely in light of continued global growth despite the weaker U.S. economy.

Looking ahead, the economic background is sound and supports our decision to remain overweight equities. The Fund Managers will look to add to this position as they gain more confidence in their longer term economic scenario of low inflation, balanced growth, and a more stable economic cycle.

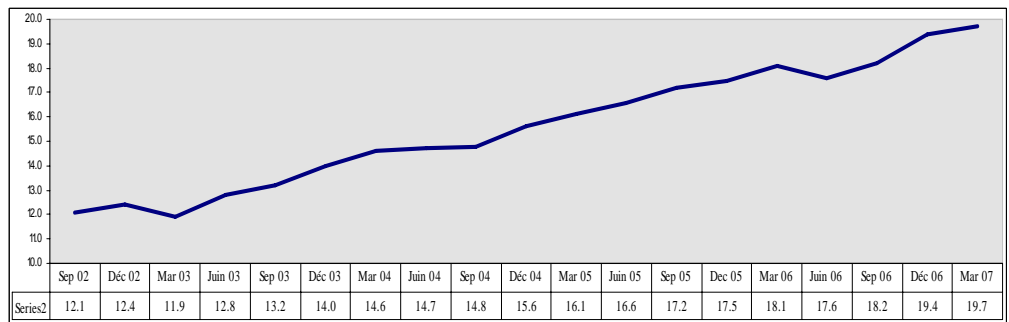
## Financial markets

Canadian and EAFE equities trended higher in March providing investors with some comfort after last month's correction.

The performance of the SCM Universe Bond and the S&P 500 indices decreased in value, -0.2% and -0.4% during the month, while the S&P/TSX and the MSCI EAFE increased in value, 1.2% and 1.1% respectively.

## Yield of the Assumption Life Balance Fund – RPP

(September 30, 2002 to March 31, 2007)





# Financial and Economic Notes

## Assumption Life Investment Funds

Applicable for Registered Pension Plan clients only

Gross returns as of March 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>0.2</b>	<b>1.5</b>	<b>8.3</b>	<b>10.5</b>	<b>10.4</b>	<b>13.3</b>	<b>s/o</b>
<i>Multi-Index</i>	0.4	1.6	9.6	12.2	10.6	13.7	s/o
<b>Canadian Equity Fund</b>	<b>0.3</b>	<b>1.3</b>	<b>6.7</b>	<b>14.9</b>	<b>16.4</b>	<b>20.1</b>	<b>12.3</b>
<i>S&amp;P / TSX Index</i>	1.2	2.6	11.4	19.6	17.7	22.4	13.1
<b>U.S. Equity Fund (\$CAN)</b>	<b>-0.2</b>	<b>0.3</b>	<b>9.1</b>	<b>8.7</b>	<b>6.1</b>	<b>7.6</b>	<b>-1.3</b>
<i>S&amp;P 500 Index (\$ CAN)</i>	-0.4	-0.4	10.5	9.1	5.5	9.0	-0.4
<b>MONTRUSCO BOLTON FUNDS</b>							
<b>Canadian Equity+ Fund</b>	<b>0.4</b>	<b>2.9</b>	<b>6.9</b>	<b>13.5</b>	<b>17.3</b>	<b>22.7</b>	<b>16.4</b>
<i>S&amp;P / TSX Index</i>	1.2	2.6	11.4	19.6	17.7	22.4	13.1
<b>Small Cap. Canadian Equity Fund</b>	<b>-0.5</b>	<b>1.8</b>	<b>4.7</b>	<b>15.6</b>	<b>19.8</b>	<b>27.2</b>	<b>19.9</b>
<i>BMO NB Small Cap Weighted Index</i>	2.1	6.7	12.3	22.4	17.9	28.4	17.5
<b>TSX 100 Momentum</b>	<b>0.9</b>	<b>4.2</b>	<b>16.1</b>	<b>29.0</b>	<b>29.7</b>	<b>39.2</b>	<b>21.3</b>
<i>S&amp;P / TSX Index</i>	1.2	2.6	11.4	19.6	17.7	22.3	13.2
<b>E.A.F.E. Equity Fund (CAN\$)</b>	<b>0.6</b>	<b>1.0</b>	<b>9.1</b>	<b>10.9</b>	<b>7.9</b>	<b>15.0</b>	<b>4.1</b>
<i>MSCI EAFE Index</i>	1.1	3.0	18.7	19.4	14.8	20.8	8.5
<b>Global Equity Fund (CAN\$)</b>	<b>0.1</b>	<b>0.4</b>	<b>6.2</b>	<b>9.4</b>	<b>7.7</b>	<b>11.7</b>	<b>2.2</b>
<i>MSCI World Index</i>	0.3	1.4	14.0	14.0	9.8	14.2	3.5
<b>Fixed Income Fund (Can. bonds)</b>	<b>-0.2</b>	<b>0.9</b>	<b>5.3</b>	<b>4.9</b>	<b>4.9</b>	<b>6.5</b>	<b>6.9</b>
<i>SCM Universe Bond Index</i>	-0.3	0.9	5.5	5.2	5.1	6.5	7.0
<b>T-Max Fund (money market)</b>	<b>0.3</b>	<b>1.0</b>	<b>4.1</b>	<b>3.4</b>	<b>3.0</b>	<b>3.1</b>	<b>3.0</b>
<i>SCM 91 Day T-Bills</i>	0.4	1.0	4.2	3.5	3.1	3.1	3.0
<b>FIDELITY FUNDS</b>							
<b>Canadian Opportunities Fund</b>	<b>0.1</b>	<b>4.2</b>	<b>7.1</b>	<b>16.5</b>	<b>15.6</b>	<b>s/o</b>	<b>s/o</b>
<i>S&amp;P / TSX Small and Mid Cap Combined Index</i>	0.7	4.7	9.2	15.7	14.5	s/o	s/o
<b>True North Fund</b>	<b>2.1</b>	<b>3.7</b>	<b>15.7</b>	<b>22.0</b>	<b>20.6</b>	<b>s/o</b>	<b>s/o</b>
<i>S&amp;P / TSX Index</i>	1.2	2.6	11.5	19.7	17.7	s/o	s/o
<b>Overseas Fund</b>	<b>2.4</b>	<b>4.5</b>	<b>22.6</b>	<b>s/o</b>	<b>s/o</b>	<b>s/o</b>	<b>s/o</b>
<i>MSCI EAFE Index</i>	0.9	3.2	18.9	s/o	s/o	s/o	s/o
<b>Focus Healthcare Fund</b>	<b>0.2</b>	<b>3.0</b>	<b>9.6</b>	<b>11.8</b>	<b>8.3</b>	<b>s/o</b>	<b>s/o</b>
<i>Goldman Sachs HealthCare Index</i>	-1.2	1.3	5.7	7.5	3.6	s/o	s/o
<b>Focus Technology Fund</b>	<b>0.3</b>	<b>-1.0</b>	<b>4.6</b>	<b>11.9</b>	<b>2.7</b>	<b>s/o</b>	<b>s/o</b>
<i>Goldman Sachs Technology Index</i>	-1.2	-0.9	3.2	7.8	0.5	s/o	s/o
<b>Europe Fund</b>	<b>3.8</b>	<b>7.9</b>	<b>30.8</b>	<b>28.7</b>	<b>21.0</b>	<b>s/o</b>	<b>s/o</b>
<i>MSCI Europe Index</i>	2.0	3.0	24.0	20.1	16.9	s/o	s/o
<b>C.I. FUNDS</b>							
<b>Harbour Growth &amp; Income Fund</b>	<b>1.4</b>	<b>1.4</b>	<b>8.5</b>	<b>15.1</b>	<b>16.2</b>	<b>s/o</b>	<b>s/o</b>
<i>Multi-Index</i>	0.4	1.6	9.7	12.3	10.6	s/o	s/o
<b>Global Balanced Corporate Class</b>	<b>0.1</b>	<b>0.1</b>	<b>12.6</b>	<b>12.9</b>	<b>7.6</b>	<b>s/o</b>	<b>s/o</b>
<i>Multi-Index</i>	0.4	1.6	9.6	12.2	10.6	s/o	s/o
<b>Synergy American Fund</b>	<b>0.7</b>	<b>0.7</b>	<b>s/o</b>	<b>s/o</b>	<b>s/o</b>	<b>s/o</b>	<b>s/o</b>
<i>S&amp;P 500 Index (\$ CAN)</i>	-0.4	-0.4	s/o	s/o	s/o	s/o	s/o
<b>Global Managers Corporate Class Fund</b>	<b>0.9</b>	<b>0.9</b>	<b>13.7</b>	<b>16.0</b>	<b>10.2</b>	<b>s/o</b>	<b>s/o</b>
<i>MSCI World Index</i>	0.3	1.4	14.0	14.0	9.8	s/o	s/o
<b>Canadian Bond Fund</b>	<b>-0.1</b>	<b>-0.1</b>	<b>5.7</b>	<b>5.6</b>	<b>5.2</b>	<b>s/o</b>	<b>s/o</b>
<i>SCM Universe Bond Index</i>	-0.3	0.9	5.5	5.2	5.1	s/o	s/o