



# Financial and Economic Notes

November 2007 vol. 96

## Highlights

- S&P/TSX Index soars on tax cuts
- Canadian dollar hits a fifty-year high

## Economic indicators

Despite the strength of our dollar, the Canadian economy continues to grow. While strong employment numbers are putting pressure on wages, weaker manufacturing data indicates that the currency is starting to have a greater impact. This should help alleviate some of the wage pressure. We believe the Bank of Canada (BOC) is on hold for now but they are becoming increasingly concerned about our rising dollar but not enough, it appears, to cut rates.

Economic news in the U.S. was generally weaker than expected and dominated by weaker housing and slower consumption. On a positive note, third quarter GDP came in at 3.9%, helped by net trade and inventories, exceeding the original estimate of 3.4%. On the inflation front, headline inflation moved higher mainly because of unfavourable year-over-year comparisons. The Core Personal Consumption Expenditure Index, on the other hand, remains below 2% at 1.8%.

## Financial markets

Fuelled by higher commodity prices and tax cuts, the S&P/TSX Index trended sharply higher in October outperforming both U.S. and EAFE equities. Investors also benefited from higher bond prices as yields moved lower on the prospects of lower interest rates and stable inflation data.

Muted inflation data gave the FED room to lower the Fed Funds rate another notch to 4.5% at its October 31st meeting. In their communiqué following the cut, the Fed indicated that in their view the risks were now balanced, implying that further cuts at the December meeting were unlikely.

On a global basis, growth is slowing somewhat but remains relatively strong. Most inflation measures are well contained as many currencies are strengthening versus the U.S. dollar and diminishing inflation pressure.

There were no changes to their asset allocation strategy in October. We continue to maintain an overweight position in equities as the Fund Managers believe that the upside for bonds arising from lower interest rates is limited. With the Canadian economy operating at capacity, according to most measures, the BOC has little room to move interest rates lower.

With respect to their overweight position in U.S. equities, recent market movements significantly reduced the position, which at the same time increased the Canadian equity overweight position. As a result, the Fund Managers remain comfortable with our current distribution of equity holdings among the various regions of the world.

The performance of the S&P 500 and the MSCI EAFE decreased in value, -3.1% and -0.9% during the month, while the SCM Universe Bond Index and the S&P/TSX increased in value, 0.6% and 3.9% respectively.



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## Assumption Life Investment Funds Applicable for Registered Pension Plan clients only

**Gross returns as of October 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>1.2</b>	<b>2.7</b>	<b>6.8</b>	<b>8.8</b>	<b>10.2</b>	<b>10.4</b>	<b>10.3</b>
Multi-Index	1.1	4.1	8.3	10.9	11.1	10.7	11.2
<b>Canadian Equity Fund</b>	<b>5.7</b>	<b>16.1</b>	<b>21.1</b>	<b>19.5</b>	<b>20.1</b>	<b>19.0</b>	<b>19.1</b>
S&P / TSX Index	3.9	15.6	21.4	21.6	20.7	19.6	21.0
<b>U.S. Equity Fund (\$CAN)</b>	<b>-2.1</b>	<b>-5.6</b>	<b>0.7</b>	<b>5.4</b>	<b>5.7</b>	<b>4.2</b>	<b>2.3</b>
S&P 500 Index (\$ CAN)	-3.1	-9.6	-3.1	3.6	4.1	3.4	3.1
<b>MONTRUSCO BOLTON FUNDS</b>							
<b>Canadian Equity+ Fund</b>	<b>7.9</b>	<b>17.3</b>	<b>23.5</b>	<b>21.9</b>	<b>20.2</b>	<b>20.2</b>	<b>21.1</b>
S&P / TSX Index	3.9	15.6	21.4	21.6	20.7	19.6	21.0
<b>Small Cap. Canadian Equity Fund</b>	<b>6.7</b>	<b>21.8</b>	<b>26.0</b>	<b>24.2</b>	<b>26.4</b>	<b>23.4</b>	<b>25.6</b>
BMO NB Small Cap Weighted Index	5.1	11.3	18.9	22.8	21.1	18.9	22.9
<b>TSX 100 Momentum</b>	<b>6.6</b>	<b>37.7</b>	<b>56.2</b>	<b>36.9</b>	<b>39.2</b>	<b>36.8</b>	<b>33.5</b>
S&P / TSX Index	3.9	15.6	21.4	21.6	20.7	19.7	21.1
<b>E.A.F.E. Equity Fund (CAN\$)</b>	<b>-0.5</b>	<b>-7.1</b>	<b>1.0</b>	<b>5.8</b>	<b>7.0</b>	<b>6.9</b>	<b>7.1</b>
MSCI EAFE Index	-0.9	-4.1	5.7	13.2	13.5	12.6	11.6
<b>Global Equity Fund (CAN\$)</b>	<b>0</b>	<b>-5.7</b>	<b>1.5</b>	<b>5.1</b>	<b>7.1</b>	<b>6.5</b>	<b>5.4</b>
MSCI World Index	-1.7	-6.1	1.9	8.4	8.8	7.8	7.1
<b>Fixed Income Fund (Can. bonds)</b>	<b>0.6</b>	<b>0.9</b>	<b>1.3</b>	<b>3.2</b>	<b>4.3</b>	<b>5.1</b>	<b>5.5</b>
SCM Universe Bond Index	0.6	1.6	1.8	3.7	4.7	5.3	5.7
<b>T-Max Fund (money market)</b>	<b>0.4</b>	<b>3.5</b>	<b>4.2</b>	<b>4.0</b>	<b>3.5</b>	<b>3.2</b>	<b>3.2</b>
SCM 91 Day T-Bills	0.4	3.7	4.4	4.1	3.6	3.3	3.2
<b>FIDELITY FUNDS</b>							
<b>Canadian Opportunities Fund</b>	<b>3.5</b>	<b>15.3</b>	<b>20.2</b>	<b>19.1</b>	<b>19.2</b>	<b>19.1</b>	<b>20.2</b>
S&P / TSX Small and Mid Cap Combined Index	3.6	13.3	16.3	18.2	17.3	17.0	19.0
<b>True North Fund</b>	<b>4.0</b>	<b>19.1</b>	<b>25.9</b>	<b>25.0</b>	<b>24.1</b>	<b>22.7</b>	<b>22.0</b>
S&P / TSX Index	3.9	15.6	21.4	21.6	20.8	19.6	21.0
<b>Overseas Fund</b>	<b>-1.4</b>	<b>-2.9</b>	<b>10.1</b>	<b>16.8</b>	<b>16.4</b>	<b>13.2</b>	<b>12.9</b>
MSCI EAFE Index	-0.7	-4.0	5.9	13.3	13.6	12.7	11.5
<b>Focus Healthcare Fund</b>	<b>-3.1</b>	<b>-8.2</b>	<b>-3.8</b>	<b>1.0</b>	<b>6.3</b>	<b>5.4</b>	<b>2.6</b>
Goldman Sachs HealthCare Index	-3.9	-13.2	-9.0	-0.8	3.5	2.6	1.1
<b>Focus Technology Fund</b>	<b>1.7</b>	<b>4.1</b>	<b>12.3</b>	<b>12.6</b>	<b>10.7</b>	<b>3.5</b>	<b>9.6</b>
Goldman Sachs Technology Index	0.6	-0.2	7.4	10.0	8.3	3.9	8.9
<b>Europe Fund</b>	<b>3.7</b>	<b>15.8</b>	<b>29.5</b>	<b>30.5</b>	<b>26.4</b>	<b>21.7</b>	<b>17.9</b>
MSCI Europe Index	0	-2.3	8.5	16.5	15.1	14.5	12.5
<b>American Disciplined Equity Fund</b>	<b>0</b>	<b>n/a</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)	-3.1	n/a	n/a	n/a	n/a	n/a	n/a
<b>NorthStar Fund</b>	<b>0.6</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
MSCI World Index	-1.7	n/a	n/a	n/a	n/a	n/a	n/a
<b>Monthly Income Fund</b>	<b>1.0</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Multi-Index	1.1	n/a	n/a	n/a	n/a	n/a	n/a
<b>Canadian Asset Allocation Fund</b>	<b>2.7</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Multi-Index	1.1	n/a	n/a	n/a	n/a	n/a	n/a



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## Assumption Life Investment Funds Applicable for Registered Pension Plan clients only

Gross returns as of October 30, 2007

FUNDS	1 MTH %	YTD* %	1 year %	2 years %	3 years %	4 years %	5 years %
<b>CI FUNDS</b>							
<b>Harbour Growth &amp; Income Fund</b>	<b>1.2</b>	<b>1.2</b>	<b>13.6</b>	<b>15.1</b>	<b>16.7</b>	<b>15.9</b>	<b>14.2</b>
Multi-Index	1.1	4.1	8.3	10.9	11.1	10.7	11.2
<b>Global Balanced Corporate Class</b>	<b>-1.7</b>	<b>-1.7</b>	<b>2.1</b>	<b>7.8</b>	<b>7.7</b>	<b>6.5</b>	<b>7.9</b>
Multi-Index	1.1	4.1	8.3	10.9	11.1	10.7	11.2
<b>Synergy American Fund</b>	<b>-2.0</b>	<b>-2.0</b>	<b>3.1</b>	<b>8.3</b>	<b>9.7</b>	<b>8.0</b>	<b>8.1</b>
S&P 500 Index (\$CAN)	-3.1	-9.6	-3.1	3.6	4.1	3.4	3.1
<b>Global Managers Corporate Class Fund</b>	<b>-1.6</b>	<b>-1.6</b>	<b>1.6</b>	<b>9.3</b>	<b>9.3</b>	<b>8.7</b>	<b>9.1</b>
MSCI World Index	-1.7	-6.1	1.9	8.4	8.8	7.8	7.1
<b>Canadian Bond Fund</b>	<b>0.8</b>	<b>0.8</b>	<b>2.4</b>	<b>3.9</b>	<b>4.9</b>	<b>5.3</b>	<b>5.5</b>
SCM Universe Bond Index	0.6	1.6	1.8	3.7	4.7	5.3	5.7
<b>Signature High Income</b>	<b>0.5</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Multi-Index	1.1	n/a	n/a	n/a	n/a	n/a	n/a
<b>American Value</b>	<b>-2.8</b>	<b>n/a</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)	-3.1	n/a	n/a	n/a	n/a	n/a	n/a
<b>Synergy Global Corporate Class</b>	<b>-0.7</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
MSCI World Index	-1.7	n/a	n/a	n/a	n/a	n/a	n/a
<b>Global Small Companies</b>	<b>0.5</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
MSCI World Index	-1.7	n/a	n/a	n/a	n/a	n/a	n/a
<b>AGF FUNDS</b>							
<b>Dividend Income Fund</b>	<b>3.3</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
S&P / TSX Index	3.9	n/a	n/a	n/a	n/a	n/a	n/a
<b>US Value Class</b>	<b>-5.2</b>	<b>n/a</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)	-3.1	n/a	n/a	n/a	n/a	n/a	n/a
<b>Global Financial Services Class</b>	<b>-1.9</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Globe Financial Service Peer Index	-1.3	n/a	n/a	n/a	n/a	n/a	n/a
<b>International Stock Class</b>	<b>-0.6</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
MSCI EAFE Index	-0.9	n/a	n/a	n/a	n/a	n/a	n/a