



# Financial and Economic Notes

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## Highlights

- Canadian equities shine in 2007
- Global growth to continue in 2008

### Economic indicators

In US dollar terms, the S&P 500 had a modest showing of 5.49% for the year but that translated into a loss of 10.6% for Canadian investors after taking into effect our soaring dollar. It is a fact that our currency rose too fast and will most likely reduce growth next year resulting in some job cuts, but the Fund Managers must admit that so far, the Canadian economy has held up quite well. One black spot is our productivity growth level which has been more or less between 0% and 1% for the past few years.

As for the U.S., the Fund Managers remain optimistic on the American economy which should stabilize in the first half of 2008 and start to reaccelerate later in the second half. They still believe that the U.S. will avoid a recession in 2008.

Europe remains stuck between very good fundamentals, as shown by strong export growth, and the negative forces from its strong currency and a central bank still afraid of inflation. The Fund Managers think that the Eurozone will continue to experience decent growth in the coming year but will likely slow slightly from this year's pace.

All things considered, global growth in 2008 will most likely slow but not seriously. 2008 will be a transition year in which the Fund Managers will witness first a stabilization of the U.S. economy, followed by its reacceleration. On the inflation front, globalization and technology should keep on working for a few more years, since what we are currently experiencing may be similar to the last golden era of globalization - the late 1800's.

### Financial markets

Canadian equities outperformed international equities once again in December and were the clear winner for 2007. Despite the strong dollar, Canada experienced unprecedented economic growth during the year benefiting from many factors including strong global demand for Canadian resources.

While the credit crisis is certainly much more serious than they expected, there are still more reasons to stay with our mid-cycle slowdown scenario than change to a recession scenario. Accordingly, the Fund Managers are still very comfortable with their current strategy of being overweight in equities and our preference for U.S. equities for now. They do not expect large differences in returns between regions for the coming year and the Canadian dollar impact should be relatively small as it stabilizes and hovers around \$0.98.

The performance of the SCM Universe Bond index and the S&P/TSX index increased in value during the month of December except the S&P 500 Index that indicates -2% and the MSCI EAFE that indicates -3.5%. The SCM Universe Bond Index is 0.4% and the S&P/TSX Index -3.5%.



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

Gross returns as of December 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>0.1</b>	<b>2.2</b>	<b>2.2</b>	<b>6.3</b>	<b>8.2</b>	<b>9.0</b>	<b>9.8</b>
Multi-Index	0	2.8	2.8	7.6	9.1	9.2	10.2
<b>Canadian Equity Fund</b>	<b>2.2</b>	<b>13.0</b>	<b>13.0</b>	<b>12.9</b>	<b>15.9</b>	<b>16.1</b>	<b>17.3</b>
S&P / TSX Index	1.3	9.8	9.8	13.5	16.9	16.3	18.3
<b>U.S. Equity Fund (\$CAN)</b>	<b>-1.2</b>	<b>-3.8</b>	<b>-3.8</b>	<b>4.8</b>	<b>4.5</b>	<b>4.0</b>	<b>3.2</b>
S&P 500 Index (\$ CAN)	-2.0	-10.6	-10.6	1.8	1.7	2.1	2.7
<b>MONTRUSCO BOLTON FUNDS</b>							
<b>Canadian Equity+ Fund</b>	<b>0.8</b>	<b>12.1</b>	<b>12.1</b>	<b>14.1</b>	<b>13.7</b>	<b>16.9</b>	<b>19.5</b>
S&P / TSX Index	1.3	9.8	9.8	13.5	16.9	16.3	18.3
<b>Small Cap. Canadian Equity Fund</b>	<b>4.8</b>	<b>17.4</b>	<b>17.4</b>	<b>16.3</b>	<b>18.8</b>	<b>20.9</b>	<b>23.5</b>
BMO NB Small Cap Weighted Index	2.1	1.0	1.0	10.9	13.7	13.8	19.1
<b>TSX 100 Momentum</b>	<b>0.9</b>	<b>31.0</b>	<b>31.0</b>	<b>27.5</b>	<b>31.7</b>	<b>32.2</b>	<b>34.4</b>
S&P / TSX Index	1.3	9.8	9.8	13.5	16.9	16.4	18.4
<b>E.A.F.E. Equity Fund (CAN\$)</b>	<b>-4.9</b>	<b>-8.9</b>	<b>-8.9</b>	<b>2.7</b>	<b>2.7</b>	<b>4.6</b>	<b>6.6</b>
MSCI EAFE Index	-3.5	-5.7	-5.7	8.9	9.5	10.0	10.7
<b>Global Equity Fund (CAN\$)</b>	<b>-3.4</b>	<b>-4.9</b>	<b>-4.9</b>	<b>3.5</b>	<b>4.3</b>	<b>5.2</b>	<b>5.9</b>
MSCI World Index	-2.5	-7.5	-7.5	5.3	5.6	5.9	6.5
<b>Fixed Income Fund (Can. bonds)</b>	<b>0.2</b>	<b>2.3</b>	<b>2.3</b>	<b>3.0</b>	<b>4.1</b>	<b>4.9</b>	<b>5.3</b>
SCM Universe Bond Index	0.6	3.7	3.7	3.9	4.7	5.3	5.6
<b>T-Max Fund (money market)</b>	<b>0.4</b>	<b>3.1</b>	<b>3.1</b>	<b>3.5</b>	<b>3.2</b>	<b>3.0</b>	<b>3.0</b>
SCM 91 Day T-Bills	0.4	4.4	4.4	4.2	3.7	3.3	3.2
<b>FIDELITY FUNDS</b>							
<b>Canadian Opportunities Fund</b>	<b>4.7</b>	<b>14.8</b>	<b>14.8</b>	<b>13.2</b>	<b>15.3</b>	<b>16.3</b>	<b>19.4</b>
S&P / TSX Small and Mid Cap Combined Index	0.8	5.7	5.7	9.1	11.7	12.8	16.2
<b>True North Fund</b>	<b>1.6</b>	<b>15.2</b>	<b>15.2</b>	<b>17.7</b>	<b>20.6</b>	<b>19.8</b>	<b>20.6</b>
S&P / TSX Index	1.3	9.8	9.8	13.5	17.0	16.3	18.3
<b>Overseas Fund</b>	<b>-2.9</b>	<b>-5.8</b>	<b>-5.8</b>	<b>9.6</b>	<b>11.8</b>	<b>10.3</b>	<b>12.3</b>
MSCI EAFE Index	-3.5	-5.7	-5.7	8.9	9.5	10.0	10.7
<b>Focus Healthcare Fund</b>	<b>-2.7</b>	<b>-4.7</b>	<b>-4.7</b>	<b>2.2</b>	<b>5.3</b>	<b>4.9</b>	<b>3.1</b>
Goldman Sachs HealthCare Index	-4.5	-11.1	-11.1	-1.3	2.1	1.6	1.6
<b>Focus Technology Fund</b>	<b>-1.0</b>	<b>2.1</b>	<b>2.1</b>	<b>8.1</b>	<b>7.5</b>	<b>2.9</b>	<b>8.7</b>
Goldman Sachs Technology Index	-1.0	-3.4	-3.4	20.6	12.4	12.9	11.3
<b>Europe Fund</b>	<b>2.8</b>	<b>21.2</b>	<b>21.2</b>	<b>29.5</b>	<b>24.3</b>	<b>20.6</b>	<b>18.5</b>
MSCI Europe Index	-3.0	-3.4	-3.4	13.4	11.1	11.4	11.8
<b>American Disciplined Equity Fund</b>	<b>0.4</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)	-2.0	n/a	n/a	n/a	n/a	n/a	n/a
<b>NorthStar Fund</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	-2.5	n/a	n/a	n/a	n/a	n/a	n/a
<b>Monthly Income Fund</b>	<b>-0.1</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	0.1	n/a	n/a	n/a	n/a	n/a	n/a
<b>Canadian Asset Allocation Fund</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>
Multi-Index	0.1	n/a	n/a	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 %
<b>CI FUNDS</b>							
<b>Harbour Growth &amp; Income Fund</b>	<b>-0.4</b>	<b>-0.4</b>	<b>6.2</b>	<b>9.9</b>	<b>13.2</b>	<b>13.7</b>	<b>13.1</b>
Multi-Index	0.1	2.8	2.8	7.6	9.1	9.2	10.2
<b>Global Balanced Corporate Class</b>	<b>-2.3</b>	<b>-2.3</b>	<b>-7.1</b>	<b>4.2</b>	<b>4.5</b>	<b>4.7</b>	<b>7.3</b>
Multi-Index	0.1	2.8	2.8	7.6	9.1	9.2	10.2
<b>Synergy American Fund</b>	<b>-1.5</b>	<b>-1.5</b>	<b>-2.9</b>	<b>6.0</b>	<b>6.3</b>	<b>7.1</b>	<b>9.3</b>
S&P 500 Index (\$CAN)	-2.0	-10.6	-10.6	1.8	1.7	2.1	2.7
<b>Global Managers Corporate Class Fund</b>	<b>-2.1</b>	<b>-2.1</b>	<b>-6.3</b>	<b>6.1</b>	<b>6.1</b>	<b>6.9</b>	<b>8.7</b>
MSCI World Index	-2.5	-7.5	-7.5	5.3	5.6	5.9	6.5
<b>Canadian Bond Fund</b>	<b>0.4</b>	<b>0.4</b>	<b>3.7</b>	<b>4.0</b>	<b>4.9</b>	<b>5.3</b>	<b>5.3</b>
SCM Universe Bond Index	0.6	3.7	3.7	3.9	4.7	5.3	5.6
<b>Signature High Income</b>	<b>0.3</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>
Multi-Index	0.1	n/a	n/a	n/a	n/a	n/a	n/a
<b>American Value</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>
S&P 500 Index (\$CAN)	-2.0	n/a	n/a	n/a	n/a	n/a	n/a
<b>Synergy Global Corporate Class</b>	<b>-2.4</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	-2.5	n/a	n/a	n/a	n/a	n/a	n/a
<b>Global Small Companies</b>	<b>-2.1</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	-2.5	n/a	n/a	n/a	n/a	n/a	n/a
<b>AGF FUNDS</b>							
<b>Dividend Income 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 / TSX Index	1.3	n/a	n/a	n/a	n/a	n/a	n/a
<b>US Value Class</b>	<b>-4.7</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>
S&P 500 Index (\$CAN)	-2.0	n/a	n/a	n/a	n/a	n/a	n/a
<b>Global Financial Services Class</b>	<b>-4.1</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	-4.3	n/a	n/a	n/a	n/a	n/a	n/a
<b>International Stock Class</b>	<b>-3.9</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>
MSCI EAFE Index	-3.5	n/a	n/a	n/a	n/a	n/a	n/a