

Confident Times

ISSUE 11, VOLUME 1 - 1st Quarter 2008

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Economic Indicators

For the first time in a while our overweight position in U.S. and EAFE equities contributed favourably to the relative performance. This was due mostly to the weaker Canadian dollar which pushed the negative return of the S&P 500, in U.S. dollar terms, into positive territory for Canadian investors.

Despite the last communiqué by the Fed which implied that further easing was unlikely, it seems that recent economic news, combined

with nervous markets, was enough to change the Fed's mind. We now expect the Fed to ease 25 basis points in December and possibly another 50 basis points next year.

It seems fairly clear to us that the U.S. authorities (congress and Fed) desperately want to avoid a recession. As stated, the Fed is now open to additional rate cuts while Treasury Secretary Henry Paulson is working towards minimizing the number of foreclosures arising from adjustable rate mortgages that will reset in 2008. Other reasons to be upbeat include the fact that U.S. employment is holding up relatively well, despite some slowing, and global growth remains strong.

In Canada, the economy continues to remain very strong. There are fears, however, that the slowdown in the U.S. and the lag impact of our strong dollar will eventually catch up. Like the Fed, the Bank of Canada (BOC) has changed its tune and we now anticipate interest rate cuts in the 25 to 50 basis points range.

Fuelled by the prospect of a weaker economy and possible rate cuts by the BOC, bonds rallied in November and recorded their best monthly return this year. However, now that yields are implying that the BOC will slash rates to below 4%, there is little upside opportunity for bonds over the next little while, particularly in the context of their scenario that the U.S. will avoid a recession.

Financial Markets

Most equities around the world were hit hard in November over concerns of additional subprime writedowns and a series of weak economic data hinting at a possible U.S. recession. Despite the large sell off in the S&P/TSX Index, the year to date return remains strong relative to other equity markets.

Despite the surge in bonds this month, the Fund Managers remain comfortable maintaining an overweight position in equities in our balanced portfolios. Recent market movements appear to be indicating that their overweight position in U.S. and EAFE equities will start to contribute favourably to performance.

All major equity Markets increased in value during the month of November except the S&P/TSX Index that indicates -6.2%. The SCM Universe Bond Index is 1.5%, the S&P 500 1.0% and the MSCI EAFE 1.9%.

UPDATES

Looking for a shortcut on the road to a happy retirement? We've got it mapped out.

See page 4.



Confident Times

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Investment Funds' Performance as of November 30, 2007

Funds Name	1 Month %	3 Months %	YTD %	1 Year %	3 Years %	5 Years %	Inception
AGF FUNDS							
Dividend Income Fund - A	-6.35	N/A	N/A	N/A	N/A	N/A	N/A
Dividend Income Fund - B	-6.43	N/A	N/A	N/A	N/A	N/A	N/A
Dividend Income Fund - C	-6.42	N/A	N/A	N/A	N/A	N/A	N/A
US Value Class - A	-5.88	N/A	N/A	N/A	N/A	N/A	N/A
US Value Class - B	-5.96	N/A	N/A	N/A	N/A	N/A	N/A
US Value Class - C	-5.95	N/A	N/A	N/A	N/A	N/A	N/A
Global Financial Services Class - A	-4.49	N/A	N/A	N/A	N/A	N/A	N/A
Global Financial Services Class - B	-4.56	N/A	N/A	N/A	N/A	N/A	N/A
Global Financial Services Class - C	-4.55	N/A	N/A	N/A	N/A	N/A	N/A
International Stock Class - A	-0.36	N/A	N/A	N/A	N/A	N/A	N/A
International Stock Class - B	-0.44	N/A	N/A	N/A	N/A	N/A	N/A
International Stock Class - C	-0.43	N/A	N/A	N/A	N/A	N/A	N/A
ASSUMPTION LIFE FUNDS							
Assumption Balanced Fund - A	0.20	1.77	1.48	2.43	6.47	7.14	5.44
Assumption Balanced Fund - B	0.09	1.43	0.13	0.95	5.02	5.79	3.68
Assumption Balanced Fund - C	0.11	1.48	0.32	1.16	5.24	6.01	3.90
Canadian Equity Fund - A	-2.55	4.59	8.16	8.31	14.10	14.19	10.63
Canadian Equity Fund - B	-2.65	4.26	6.90	6.95	12.65	12.83	8.87
Canadian Equity Fund - C	-2.63	4.32	7.11	7.17	12.89	13.07	9.06
U.S. Equity Fund - A	2.32	-1.69	-6.08	-1.38	3.76	-0.44	-4.07
U.S. Equity Fund - B	2.20	-2.03	-7.26	-2.73	2.34	-1.54	-5.53
U.S. Equity Fund - C	2.22	-1.97	-7.08	-2.53	2.56	-1.33	-5.33
CI FUNDS							
Canadian Bond Fund - A	1.12	2.18	0.96	0.12	2.52	3.07	3.26
Canadian Bond Fund - B	1.10	2.11	0.72	-0.14	2.24	2.80	2.92
Canadian Bond Fund - C	1.11	2.17	0.91	0.07	2.46	3.02	3.14
Global Balanced Corporate Class Fund - A	0.93	-2.33	-7.31	-4.51	4.25	3.81	-3.85
Global Balanced Corporate Class Fund - B	0.83	-2.64	-8.39	-5.71	2.92	2.49	-1.15
Global Balanced Corporate Class Fund - C	0.84	-2.59	-8.21	-5.51	3.14	2.71	-0.94
Global Managers® Corporate Class Fund - A	1.72	-2.18	-7.12	-3.36	5.93	5.55	-1.42
Global Managers® Corporate Class Fund - B	1.61	-2.49	-8.20	-4.59	4.58	4.20	-1.23
Global Managers® Corporate Class Fund - C	1.63	-2.44	-8.02	-4.38	4.80	4.42	-1.02
Harbour Growth & Income Fund - A	-1.68	0.96	3.92	5.58	11.90	10.42	8.96
Harbour Growth & Income Fund - B	-1.78	0.67	2.82	4.35	10.59	9.13	7.65
Harbour Growth & Income Fund - C	-1.76	0.72	3.02	4.57	10.83	9.37	7.88
Synergy American Fund - A	0.51	-1.37	-4.89	-1.38	N/A	N/A	N/A
Synergy American Fund - B	0.41	-1.68	-5.99	-2.63	N/A	N/A	N/A
Synergy American Fund - C	0.43	-1.63	-5.81	-2.42	N/A	N/A	N/A
Signature High Income - A	-2.44	N/A	N/A	N/A	N/A	N/A	N/A
Signature High Income - B	-2.52	N/A	N/A	N/A	N/A	N/A	N/A
Signature High Income - C	-2.51	N/A	N/A	N/A	N/A	N/A	N/A
American Value - A	2.31	N/A	N/A	N/A	N/A	N/A	N/A
American Value - B	2.22	N/A	N/A	N/A	N/A	N/A	N/A
American Value - C	2.23	N/A	N/A	N/A	N/A	N/A	N/A
Synergy Global Corporate Class - A	0.03	N/A	N/A	N/A	N/A	N/A	N/A
Synergy Global Corporate Class - B	-0.05	N/A	N/A	N/A	N/A	N/A	N/A
Synergy Global Corporate Class - C	-0.04	N/A	N/A	N/A	N/A	N/A	N/A
Global Small Companies - A	-1.56	N/A	N/A	N/A	N/A	N/A	N/A
Global Small Companies - B	-1.63	N/A	N/A	N/A	N/A	N/A	N/A
Global Small Companies - C	-1.62	N/A	N/A	N/A	N/A	N/A	N/A
FIDELITY FUNDS							
Canadian Opportunities Fund - A	-4.21	0.37	6.37	8.08	11.91	15.42	9.95
Canadian Opportunities Fund - B	-4.31	0.05	5.14	6.72	10.49	13.95	10.37
Canadian Opportunities Fund - C	-4.29	0.10	5.34	6.94	10.73	14.19	10.60
Europe Fund - A	0.57	7.66	13.45	20.29	22.13	13.21	6.00
Europe Fund - B	0.46	7.32	12.13	18.77	20.58	11.77	4.37
Europe Fund - C	0.48	7.38	12.35	19.02	20.84	12.01	4.62
Focus Health Care Fund - A	6.53	0.73	-4.91	-2.07	5.79	0.35	-3.05
Focus Health Care Fund - B	6.41	0.40	-6.06	-3.36	4.39	-0.98	-4.13
Focus Health Care Fund - C	6.43	0.45	-5.88	-3.15	4.62	-0.77	-3.93
Focus Technology Fund - A	-1.04	-1.11	0.52	2.83	6.52	2.75	-8.84
Focus Technology Fund - B	-1.14	-1.43	-0.69	1.47	5.11	1.39	-5.91
Focus Technology Fund - C	-1.13	-1.38	-0.50	1.69	5.34	1.60	-5.71
Overseas Fund - A	-1.87	-3.03	-6.49	1.01	N/A	N/A	11.78
Overseas Fund - B	-1.98	-3.34	-7.57	-0.27	N/A	N/A	10.36
Overseas Fund - C	-1.96	-3.28	-7.39	-0.06	N/A	N/A	5.86
True North® Fund - A	-3.14	1.49	10.48	11.80	17.92	17.14	9.02
True North® Fund - B	-3.24	1.17	9.19	10.39	16.42	15.65	10.03
True North® Fund - C	-3.22	1.22	9.41	10.62	16.67	15.90	10.26
American Disciplined Equity® Fund - A	1.09	N/A	N/A	N/A	N/A	N/A	N/A
American Disciplined Equity® Fund - B	1.00	N/A	N/A	N/A	N/A	N/A	N/A
American Disciplined Equity® Fund - C	1.01	N/A	N/A	N/A	N/A	N/A	N/A
NorthStar® Fund - A	-2.46	N/A	N/A	N/A	N/A	N/A	N/A
NorthStar® Fund - B	-2.54	N/A	N/A	N/A	N/A	N/A	N/A
NorthStar® Fund - C	-2.54	N/A	N/A	N/A	N/A	N/A	N/A
Monthly Income Fund - A	-2.13	N/A	N/A	N/A	N/A	N/A	N/A
Monthly Income Fund - B	-2.21	N/A	N/A	N/A	N/A	N/A	N/A
Monthly Income Fund - C	-2.21	N/A	N/A	N/A	N/A	N/A	N/A
Canadian Asset Allocation Fund - A	-2.48	N/A	N/A	N/A	N/A	N/A	N/A
Canadian Asset Allocation Fund - B	-2.57	N/A	N/A	N/A	N/A	N/A	N/A
Canadian Asset Allocation Fund - C	-2.56	N/A	N/A	N/A	N/A	N/A	N/A

A - No-load contract established prior to 2002 **B** - No-load contract established since 2002 **C** - Back-end load contract established since 2002

The information folder contains important information on the funds. Read it carefully and consult your investment representative before investing. Except for any guarantee applicable upon death or maturity, any fraction of the premium or any amount allocated to a segregated fund is invested at the subscriber's risk. Their value may increase or decrease according to market fluctuations of fund assets. Information on performance reflects past returns and does not guarantee future returns.

Financial planning & you.

Investment Funds' Performance as of November 30, 2007 (continued)							
Funds Name	1 Month %	3 Months %	YTD %	1 Year %	3 Years %	5 Years %	Inception
MONTRUSCO BOLTON FUNDS							
Canadian Equity + Fund - A	-2.66	6.04	9.25	10.99	12.71	16.55	10.40
Canadian Equity + Fund - B	-2.78	5.63	7.72	9.29	10.98	14.90	12.56
Canadian Equity + Fund - C	-2.77	5.69	7.93	9.53	11.22	15.14	12.80
Can. Small Cap. Equity Fund - A	-6.65	2.04	9.60	11.71	16.50	19.74	13.65
Can. Small Cap. Equity Fund - B	-6.76	1.70	8.28	10.24	14.96	18.20	15.78
Can. Small Cap. Equity Fund - C	-6.74	1.76	8.49	10.47	15.20	18.46	16.07
E.A.F.E. Equity Fund - A	2.77	0.76	-7.66	-2.11	4.09	4.22	2.32
E.A.F.E. Equity Fund - B	2.65	0.42	-8.82	-3.45	2.66	2.98	-1.23
E.A.F.E. Equity Fund - C	2.67	0.47	-8.64	-3.24	2.88	3.20	-1.02
Fixed Income Fund - A	0.76	1.57	-0.05	-1.04	1.96	3.14	4.53
Fixed Income Fund - B	0.76	1.58	0.00	-0.98	1.73	3.02	3.30
Fixed Income Fund - C	0.78	1.63	0.19	-0.77	1.95	3.24	3.52
Global Equity Fund - A	4.06	2.85	-5.00	0.29	5.07	2.94	-0.11
Global Equity Fund - B	3.95	2.50	-6.19	-1.08	3.63	1.76	-2.37
Global Equity Fund - C	3.96	2.55	-6.01	-0.87	3.85	1.97	-2.17
T-Max Fund - A	-0.90	-0.45	1.30	1.53	1.64	1.48	2.06
T-Max Fund - B	-0.91	-0.55	0.74	1.11	1.19	1.02	0.95
T-Max Fund - C	-0.89	-0.50	0.91	1.31	1.40	1.22	1.15
TSX 100 Momentum Fund - A	-5.37	3.87	23.14	26.98	27.73	28.25	15.96
TSX 100 Momentum Fund - B	-5.48	3.48	21.42	25.04	25.77	26.33	17.71
TSX 100 Momentum Fund - C	-5.47	3.53	21.65	25.31	26.04	26.60	17.95

CEO's Column

The Importance of Asset Location

We all understand the importance of location when evaluating the potential future value of real estate. A similar analogy can be made for your investments. However, in this case, we're not talking about the geographic location, but rather in what type of account your investments are held. The location of your investments can effectively have a significant impact on the future value of your portfolio.

Investment portfolios are generally divided between two large asset classes: equity and fixed income. While equity investments have higher short-term volatility of returns, they will perform better than fixed income over the long term. The percentage you allocate to each asset class will depend on your goals, age, risk tolerance and income requirements. In addition to returns and volatility, another important difference between these two asset classes is the way their respective income or returns are taxed. Equity generates dividends and capital gains, which are taxed more favourably than the interest income generated by fixed income investments. The top marginal tax rates in New Brunswick for 2007 are 46.95% for

interest, 23.18% for eligible dividends and 23.48% for capital gains.

This significant difference in the amount of taxes to be paid depending on the type of income is the reason why "asset location" can be so important.

Investors generally have two "baskets" in which to hold their investments: an RRSP account and a non-registered (taxable) account. The returns within an RRSP account grow tax free, and withdrawals in the future will be taxed as regular income. Income earned within a non-registered (taxable) account is treated differently. In this type of account, taxes are paid annually on the income and gains earned in the calendar year and no tax is paid on withdrawals, as this money has already been taxed.

From a tax perspective, one should be indifferent in generating interest, dividends or capital gains within an RRSP account, as no tax is paid on these amounts and withdrawals are taxed as regular income regardless of how the returns were generated. For non-registered (taxable) accounts, the story is quite different. As we explained, dividends and capital gains, which are generated by equity investments, are taxed much more favourably than interest income. Therefore, as a rule of thumb, one should try to hold equity investments within non-registered

accounts in order to benefit from this favourable tax treatment.

On the other hand, interest-bearing investments, such as bonds and GICs, should be held in registered accounts (RRSP, RRIF) as much as possible.

The benefit of paying attention to tax efficiency can be significant. Over a 15-year period, the after-tax value of a properly constructed portfolio can be as much as 10% to 15% more compared to a portfolio that is not constructed tax efficiently.

The above example is a simple one to illustrate the concept. In reality, for high net worth investors, the number of "baskets" or "locations" where investments can be held also includes a holding company, universal life insurance policy, family trust or other types of accounts. The taxation of investments within these different "baskets" must be considered when building a tax-efficient portfolio.

A lot of attention is placed on the nominal returns generated by our investments. However, as you can see, other factors, such as the location of assets, will have a significant impact on what is left after tax.

Denis Losier is President and CEO of Assumption Life. He prepared this article in collaboration with Luc Gaudet.

Luc Gaudet, CFA, is Vice-President and Chief Executive Officer at Louisbourg Investments Inc.

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An RRSP Loan from Assumption Life can get you where you want to be – faster!

If you think you can't invest in an RRSP, think again. An Assumption Life RRSP Loan allows you to start investing now or to top up your contributions on your existing RRSP. The earlier you invest, the closer you are to a bright and secure retirement. Get your RRSP working for you sooner with an Assumption Life RRSP Loan.

- Automatic approval if you have no pending judgments, no current arrears, and have not declared bankruptcy
- RRSP Loans are available as low as the prime interest rate
- Financial information not required for loans of \$19,000 or less and 24 months or less
- Payment deferral options available from 3 or 6 months
- Repayment options of up to 10 years
- Option to transfer RRSP loan from another financial institution

MARKET INDEX PERFORMANCE as of November 30, 2007

Index	YTD	1 year	3 years	5 years	10 years
Dow Jones (\$ CDN)	-7.86%	-4.08%	2.54%	-0.79%	1.85%
MSCI EAFE (\$ CDN)	-1.93%	3.27%	13.17%	11.38%	5.59%
Nasdaq (\$ CDN)	-5.38%	-4.06%	2.18%	2.84%	1.57%
S&P 500 (\$ CDN)	-10.31%	-7.29%	1.99%	0.23%	0.86%
S&P/TSX	6.05%	7.35%	14.88%	15.81%	7.71%

Source - Globefund.com



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