



Financial and Economic Notes

March 2008 vol. 100

Highlights

- Markets react to weaker U.S. economic data
- Canadian equities come out on top – again!

Economic indicators

It was a similar story for the Canadian bond market. By February 26th, it appeared most likely that bonds would finish the month on a weaker note. But the month-end market turmoil triggered a massive short covering which erased all lost ground and pushed bonds well into positive territory.

Most of the economic news, particularly for the U.S., was on the weaker side. The biggest disappointments came from housing, consumer confidence, and inflation.

On the flip side, January retail sales were somewhat better than many had feared and there were some early indications that February's sales were improving. Additionally, personal income, personal spending, and industrial production, all came in better than expected.

In Canada, both manufacturing shipments and December retail sales were weaker after a strong November. On a positive note, the purchasing manager index came in stronger than anticipated while January's job report was surprisingly upbeat with the creation of 56,000 new jobs. This pushed the unemployment rate back to a 30-year low of 5.8% for the second time in a year. Inflation was also lower than expected which gives the Bank of Canada (BOC) a certain degree of flexibility, despite the strength of the economy.

Financial markets

Throughout most of February, equity markets moved higher reversing the downward trend from the previous month. However with just a few days remaining before month end, there was a widespread correction triggered by weaker than expected U.S. economic news and renewed fears over the extent of the damage inflicted by the credit crisis.

With Canadian bond yields back to record lows, the Fund Managers remain convinced that their current underweight position is the appropriate strategy for now. Moreover, further declines in bond yields look unlikely as nearly 100 bps of easing is already priced into the yield curve. As for equities, there is so much bad news already discounted into the markets that reducing their equity overweight at this point in time would not be profitable.

The Fund Managers are, however, carefully reviewing the regional allocation of their equity overweight to determine if adjustments are appropriate. Commodity prices continue to surge upwards despite the U.S. economic slump. Higher commodity prices make the current level of the Canadian dollar less overvalued than it has been which reduces the likelihood of a decline.

The performance of the S&P 500 and the MSCI EAFE decreased in value, -5.4% and -0.8% during the month while the DEX Universe Bond had a return of 1.3% and the S&P/TSX 3.5%.



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Assumption Life Investment Funds Applicable for Registered Pension Plan clients only

Gross returns as of February 29, 2008

FUNDS	1 MTH %	YTD* %	1 year %	2 years %	3 years %	4 years %	5 years %
ASSUMPTION LIFE FUNDS							
Assumption Life Balanced Fund - RPP	0.3	-2.9	-2.2	4.0	5.7	6.9	9.7
Multi-Index	0.8	-2.1	-0.5	5.5	7.3	7.3	10.3
Canadian Equity Fund	2.6	-5.0	6.3	8.4	11.3	13.2	16.2
S&P / TSX Index	3.5	-1.4	6.8	10.5	14.6	13.9	18.1
U.S. Equity Fund (\$CAN)	-3.1	-8.6	-12.5	-0.2	0.1	0.3	3.2
S&P 500 Index (\$ CAN)	-5.4	-9.8	-19.3	-3.6	-2.4	-2.2	2.7
Money Market Fund	0.3	n/a	n/a	n/a	n/a	n/a	n/a
SCM 91 Day T-Bills	0.3	n/a	n/a	n/a	n/a	n/a	n/a
MONTRUSCO BOLTON FUNDS							
Canadian Equity+ Fund	2.7	-4.0	5.0	9.2	10.2	13.7	18.0
S&P / TSX Index	3.5	-1.4	6.8	10.5	14.6	13.9	18.1
Small Cap. Canadian Equity Fund	3.7	-2.2	12.2	12.3	14.3	17.3	23.0
BMO NB Small Cap Weighted Index	4.8	-3.6	-6.9	4.5	9.6	10.5	18.5
TSX 100 Momentum	8.5	1.1	28.3	25.5	26.2	28.4	35.4
S&P / TSX Index	3.5	-1.4	6.8	10.5	14.6	13.9	18.1
E.A.F.E. Equity Fund (CAN\$)	-2.2	-9.7	-18.2	-3.0	-1.5	0	7.0
MSCI EAFE Index	-0.8	-8.7	-15.6	2.5	4.5	5.6	11.5
Global Equity Fund (CAN\$)	-1.1	-10.8	-15.4	-2.9	-0.9	0.6	5.4
MSCI World Index	-2.8	-9.0	-16.7	-0.4	1.3	1.7	6.8
Fixed Income Fund (Can. bonds)	1.3	1.7	2.9	4.0	4.4	4.7	5.7
SCM Universe Bond Index	1.3	2.0	4.5	4.9	5.1	5.2	6.0
FIDELITY FUNDS							
Canadian Opportunities Fund	4.0	-3.8	6.1	9.1	11.8	13.0	19.0
S&P / TSX Small and Mid Cap Combined Index	4.6	-1.8	-0.3	6.2	8.8	10.5	16.3
True North Fund	3.2	-2.5	10.5	14.0	17.2	16.6	20.0
S&P / TSX Index	3.5	-1.4	6.8	10.5	14.6	13.9	18.1
Overseas Fund	-0.5	-11.2	-18.0	2.5	5.7	5.2	12.5
MSCI EAFE Index	-0.8	-8.7	-15.6	2.5	4.5	5.6	11.5
Focus Healthcare Fund	-2.0	-5.7	-12.6	-0.2	2.1	1.7	3.5
Goldman Sachs HealthCare Index	-4.1	-6.5	-18.3	-4.1	-0.9	-1.8	1.7
Focus Technology Fund	-4.3	-16.4	-13.8	-2.2	1.1	-2.9	5.7
Goldman Sachs Technology Index	-4.1	-13.6	-15.9	-3.6	-0.2	-2.9	6.0
Europe Fund	0.7	-7.4	8.0	21.2	17.5	14.8	20.9
MSCI Europe Index	-1.3	-10.0	-13.7	5.8	5.4	6.5	12.6
American Disciplined Equity Fund	-5.2	n/a	n/a	n/a	n/a	n/a	n/a
S&P 500 Index (\$CAN)	-5.4	n/a	n/a	n/a	n/a	n/a	n/a
NorthStar Fund	0.7	n/a	n/a	n/a	n/a	n/a	n/a
MSCI World Index	-2.8	n/a	n/a	n/a	n/a	n/a	n/a
Monthly Income Fund	0.8	n/a	n/a	n/a	n/a	n/a	n/a
Multi-Index	0.8	n/a	n/a	n/a	n/a	n/a	n/a
Canadian Asset Allocation Fund	3.0	n/a	n/a	n/a	n/a	n/a	n/a
Multi-Index	0.8	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 %
CI FUNDS							
Harbour Growth & Income Fund	1.6	1.6	6.2	8.4	11.4	12.9	13.6
Multi-Index	0.8	-2.1	-0.5	5.5	7.3	7.3	10.3
Global Balanced Corporate Class	-2.7	-2.7	-14.6	0.3	1.4	1.3	7.9
Multi-Index	0.8	-2.1	-0.5	5.5	7.3	7.3	10.3
Synergy American Fund	-2.2	-2.2	-12.4	-0.1	2.4	3.3	8.0
S&P 500 Index (\$CAN)	-5.4	-9.8	-19.3	-3.6	-2.4	-2.2	2.7
Global Managers Corporate Class Fund	-2.7	-2.7	-14.3	1.7	2.9	3.1	9.3
MSCI World Index	-2.8	-9.0	-16.7	-0.4	1.3	1.7	6.8
Canadian Bond Fund	1.4	1.4	4.7	5.2	5.3	5.2	5.8
SCM Universe Bond Index	1.3	2.0	4.5	4.9	5.1	5.2	6.0
Signature High Income	0.7	n/a	n/a	n/a	n/a	n/a	n/a
Multi-Index	0.8	n/a	n/a	n/a	n/a	n/a	n/a
American Value	-2.8	n/a	n/a	n/a	n/a	n/a	n/a
S&P 500 Index (\$CAN)	-5.4	n/a	n/a	n/a	n/a	n/a	n/a
Synergy Global Corporate Class	-0.4	n/a	n/a	n/a	n/a	n/a	n/a
MSCI World Index	-2.8	n/a	n/a	n/a	n/a	n/a	n/a
Global Small Companies	-1.4	n/a	n/a	n/a	n/a	n/a	n/a
MSCI World Index	-2.8	n/a	n/a	n/a	n/a	n/a	n/a
AGF FUNDS							
Dividend Income Fund	1.6	n/a	n/a	n/a	n/a	n/a	n/a
S&P / TSX Index	3.5	n/a	n/a	n/a	n/a	n/a	n/a
US Value Class	-10.2	n/a	n/a	n/a	n/a	n/a	n/a
S&P 500 Index (\$CAN)	-5.4	n/a	n/a	n/a	n/a	n/a	n/a
Global Financial Services Class	-4.2	n/a	n/a	n/a	n/a	n/a	n/a
Globe Financial Service Peer Index	-6.1	n/a	n/a	n/a	n/a	n/a	n/a
International Stock Class	-2.8	n/a	n/a	n/a	n/a	n/a	n/a
MSCI EAFE Index	-0.8	n/a	n/a	n/a	n/a	n/a	n/a