



Financial and Economic Notes

April 2008 vol. 101



Highlights

- S&P/TSX Declines on Weaker Commodities
- U.S. FED Working Overtime to Overcome Credit Crisis

Economic indicators

In U.S. dollar terms, the S&P 500 fell just -0.43% but after adjusting for the weaker Canadian dollar, the S&P 500 closed the month well ahead of the S&P/TSX.

While the U.S. continues to surf the edge of a recession, the two opposing forces, the Fed and the financial crisis, continue their tug-of-war for supremacy. Clearly the odds of U.S. recession have increased substantially but based on data released so far this year the quarter is still tracking positively.

The Fed is aggressively attempting to stabilize the economy and counteract the effects of the credit crisis with unconventional measures not seen since the great depression. The highlight of course was the Bear Sterns buyout by JP Morgan which was facilitated by the Fed who made \$30 billion available to close the deal.

Despite a run of bad news, the U.S. market is still up from the lows reached in January. This makes us wonder if perhaps the worst is behind us. It is often a sign of an inflection point when the market stops reacting to bad news.

That was certainly the situation in March although it is still too early to cry victory.

Financial markets

Canadian equities fell in March on significant declines in commodities which retreated from record highs reached mid-way through the month. Despite a steady stream of negative economic news, including higher unemployment, weaker retail sales, higher inflation and mortgage delinquencies at levels not seen in more than 20 years, U.S. equities managed to finish the month modestly lower

On an optimistic note there are a number of positive indicators which should not be ignored. These include an upward sloping yield curve, stabilization of the Institute of Supply

Management manufacturing index, negative real interest rates and swap spreads declining to near pre-crisis levels from record highs, which all suggest that better times lie ahead.

With respect to asset mix, Canadian bond yields are now at historically low levels. Bonds were reduced in March, in favour of cash, as the Fund Managers believe they have reached a level where they hold little value. They anticipate reducing bonds even further as market conditions permit.

As for equities, many indicators suggest that valuations have reached attractive levels (assuming they do not fall into a deep and long recession, which is not their most likely scenario). Given the lack of opportunities in bonds, the Fund Managers believe that maintaining a slight overweight position in equities is the right decision at this time.

All major equity markets increased in value during the month of March with the exception of the S&P/TSX which decreased in value: -1.4%. The DEX Universe Bond index had a return of 1.0%, the S&P500 4.5% and the MSCI EAFE 3.8%.



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Assumption Life Investment Funds Applicable for Registered Pension Plan clients only

Gross returns as of March 31, 2008

FUNDS	1 MTH %	YTD* %	1 year %	2 years %	3 years %	4 years %	5 years %
ASSUMPTION LIFE FUNDS							
Assumption Life Balanced Fund - RPP	0.7	-2.3	-1.7	3.2	6.3	7.3	10.2
Multi-Index	0.9	-1.2	0	4.7	8.0	7.8	10.8
Canadian Equity Fund	-1.1	-6.0	4.8	5.7	11.4	13.4	16.9
S&P / TSX Index	-1.4	-2.8	4.0	7.7	14.2	14.1	18.5
U.S. Equity Fund (\$CAN)	3.8	-5.2	-9.0	-0.4	2.5	2.1	4.0
S&P 500 Index (\$ CAN)	4.5	-5.8	-15.4	-3.3	0.3	-0.2	3.7
Money Market Fund	0.3	n/a	n/a	n/a	n/a	n/a	n/a
SCM 91 Day T-Bills	0.5	n/a	n/a	n/a	n/a	n/a	n/a
MONTRUSCO BOLTON FUNDS							
Canadian Equity+ Fund	-2.5	-6.3	2.0	4.4	-9.5	13.3	18.2
S&P / TSX Index	-1.4	-2.8	4.0	7.7	14.2	14.1	18.5
Small Cap. Canadian Equity Fund	-5.9	-8.0	6.1	5.4	12.4	16.2	22.7
BMO NB Small Cap Weighted Index	-3.9	-7.3	-12.3	-0.7	9.6	9.5	18.9
TSX 100 Momentum	-10.1	-9.1	14.3	15.2	23.9	25.7	33.8
S&P / TSX Index	-1.4	-2.8	4.0	7.7	14.2	14.1	18.5
E.A.F.E. Equity Fund (CAN\$)	2.8	-7.2	-16.3	-4.5	1.0	1.3	7.9
MSCI EAFE Index	3.8	-5.2	-13.3	1.5	7.3	7.1	13.0
Global Equity Fund (CAN\$)	1.6	-9.3	-14.1	-4.5	0.9	1.7	6.0
MSCI World Index	3.9	-5.4	-13.7	-0.8	3.9	3.4	8.0
Fixed Income Fund (Can. bonds)	0.9	2.6	4.1	4.7	4.6	4.7	6.0
SCM Universe Bond Index	1.0	3.0	5.8	5.6	5.4	5.3	6.4
FIDELITY FUNDS							
Canadian Opportunities Fund	-2.8	-6.5	3.0	5.0	11.8	12.3	19.0
S&P / TSX Small and Mid Cap Combined Index	-2.1	-3.8	-2.7	2.9	9.1	9.9	16.8
True North Fund	-1.4	-3.9	6.8	11.1	16.7	17.0	20.4
S&P / TSX Index	-1.4	-2.8	4.0	7.7	14.2	14.1	18.5
Overseas Fund	0.5	-10.8	-19.5	-0.7	7.8	5.3	13.8
MSCI EAFE Index	3.8	-5.2	-13.3	1.5	7.3	7.1	13.0
Focus Healthcare Fund	1.4	-4.4	-11.5	-1.5	3.4	3.0	3.5
Goldman Sachs HealthCare Index	1.5	-5.1	-15.9	-5.0	0.3	-0.2	1.7
Focus Technology Fund	2.1	-14.6	-11.9	-4.0	3.3	-1.2	6.5
Goldman Sachs Technology Index	4.1	-10.0	-11.6	-4.1	2.6	-1.3	7.3
Europe Fund	3.3	-4.4	7.5	18.5	21.2	17.4	22.3
MSCI Europe Index	5.2	-5.0	-10.9	5.1	8.7	9.2	14.4
American Disciplined Equity Fund	3.0	n/a	n/a	n/a	n/a	n/a	n/a
S&P 500 Index (\$CAN)	4.5	n/a	n/a	n/a	n/a	n/a	n/a
NorthStar Fund	-1.1	n/a	n/a	n/a	n/a	n/a	n/a
MSCI World Index	3.9	n/a	n/a	n/a	n/a	n/a	n/a
Monthly Income Fund	-0.3	n/a	n/a	n/a	n/a	n/a	n/a
Multi-Index	0.9	n/a	n/a	n/a	n/a	n/a	n/a
Canadian Asset Allocation Fund	-1.0	n/a	n/a	n/a	n/a	n/a	n/a
Multi-Index	0.9	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	-0.2	-0.2	4.5	6.5	11.5	13.1	13.7
Multi-Index	0.9	-1.2	0	4.7	8.0	7.8	10.8
Global Balanced Corporate Class	3.2	3.2	-11.9	-0.4	3.9	2.4	9.1
Multi-Index	0.9	-1.2	0	4.7	8.0	7.8	10.8
Synergy American Fund	3.9	3.9	-9.6	-0.9	4.4	5.0	9.1
S&P 500 Index (\$CAN)	4.5	-5.8	-15.4	-3.3	0.3	-0.2	3.7
Global Managers Corporate Class Fund	2.6	2.6	-12.9	-0.5	5.4	3.9	10.4
MSCI World Index	3.9	-5.4	-13.7	-0.8	3.9	3.4	8.0
Canadian Bond Fund	0.9	0.9	5.8	5.7	5.6	5.3	6.1
SCM Universe Bond Index	0.9	-1.2	0	4.7	8.0	7.8	10.8
Signature High Income	1.1	n/a	n/a	n/a	n/a	n/a	n/a
Multi-Index	0.9	n/a	n/a	n/a	n/a	n/a	n/a
American Value	1.6	n/a	n/a	n/a	n/a	n/a	n/a
S&P 500 Index (\$CAN)	4.5	n/a	n/a	n/a	n/a	n/a	n/a
Synergy Global Corporate Class	3.1	n/a	n/a	n/a	n/a	n/a	n/a
MSCI World Index	3.9	n/a	n/a	n/a	n/a	n/a	n/a
Global Small Companies	2.8	n/a	n/a	n/a	n/a	n/a	n/a
MSCI World Index	3.9	n/a	n/a	n/a	n/a	n/a	n/a
AGF FUNDS							
Dividend Income Fund	-1.7	n/a	n/a	n/a	n/a	n/a	n/a
S&P / TSX Index	-1.4	n/a	n/a	n/a	n/a	n/a	n/a
US Value Class	3.2	n/a	n/a	n/a	n/a	n/a	n/a
S&P 500 Index (\$CAN)	4.5	n/a	n/a	n/a	n/a	n/a	n/a
Global Financial Services Class	6.4	n/a	n/a	n/a	n/a	n/a	n/a
Globe Financial Service Peer Index	2.2	n/a	n/a	n/a	n/a	n/a	n/a
International Stock Class	4.9	n/a	n/a	n/a	n/a	n/a	n/a
MSCI EAFE Index	3.8	n/a	n/a	n/a	n/a	n/a	n/a