



Financial and Economic Notes

May 2009 vol. 114



Highlights

- March's rally continues into April
- Economic news fuels optimism

Economic indicators

Perhaps most importantly were indications that the global economic decline is leveling off as benefits from the massive stimulus measures undertaken globally start to have an impact. In the U.S., the Purchasing Managers Index (PMI), jobless claims, construction spending, and auto sales, all improved or at least came in better than anticipated.

In Canada, the signs of improvement were not as evident as Canada's economic activity typically lags that of the U.S. Nonetheless, housing starts and retail sales came in better than expected even if some of the strength was pricing related.

On the global front, most Purchasing Managers Indices across the globe provided the same encouraging signals as that of the U.S. PMI. In addition, data from China continues to suggest that the economic slump in that country may have been nothing more than a brief and mild economic slowdown.

Bullish economic news pushed commodity prices higher partially explaining some of the strength behind the Canadian dollar. The dollar closed at 0.84 cents, up 9% from March's low and its highest level since the beginning of the year.

Financial markets

April delivered the second consecutive month of positive returns for most major equity indices. North American equity markets are now up at least 25% from their lows of early March. Credit markets, in particular Canada, also showed very encouraging signs as issuers were successful in selling significant levels of new corporate bonds this month.

April also saw the Bank of Canada (BoC) cut the overnight rate to a mere 0.25% and hinting that rates may stay this low until the second quarter of 2010! Bond yields basically shrugged off the BoC message and focused more on the prospects of recovery and the large supply of new bonds. Yields went back above 3% for 10-year maturities - only a few basis points away from a new high for 2009.

While some economic data series are improving we remain cautiously optimistic over the near term outlook. There are still plenty of reasons to be concerned regarding the sustainability of consumption, the deleveraging process which is most likely not over, and unemployment, which in all likelihood will become worse before it starts to improve.

Despite our caution, the Fund Managers believe we are heading in the right direction. We expect the global economy to rebound further as the year evolves when the full impact of the various government stimulus packages is finally realized.

All major equity Markets increased in value during the month of March. The DEX Universe Bond Index had a return of 0%, the S&P/TSX had a return of 7.3%, the S&P500 3.8%, and the MSCI EAFE 6.9%.



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Assumption Life Investment Funds Applicable for Registered Pension Plan clients only

Gross returns as of April 30, 2009

FUNDS	1 MTH %	YTD* %	1 year %	2 years %	3 years %	4 years %	5 years %
ASSUMPTION LIFE FUNDS							
Assumption Life Balanced Fund - RPP	2.5	0	-13.6	-7.4	-2.1	1.3	3.1
Multi-Index	3.8	1.3	-16.4	-8.0	-2.1	1.9	3.2
Canadian Dividend Fund	5.8	2.2	-30.5	-14.8	-7.6	0.3	3.7
S&P / TSX Index	7.3	5.1	-30.7	-14.1	-5.9	2.5	5.0
U.S. Equity Fund (\$CAN)	4.2	1.8	-15.2	-11.4	-4.2	-2.5	-2.1
S&P 500 Index (\$ CAN)	3.8	-4.4	-23.5	-18.4	-8.9	-6.1	-5.4
Money Market Fund	0.2	0.9	3.1	n/a	n/a	n/a	n/a
SCM 91 Day T-Bills	0.1	0.4	2.5	n/a	n/a	n/a	n/a
MONTRUSCO BOLTON FUNDS							
Canadian Equity+ Fund	8.6	4.9	-32.7	-16.3	-9.5	-1.4	2.6
S&P / TSX Index	7.3	5.1	-30.7	-14.1	-5.9	2.5	5.0
Small Cap. Canadian Equity Fund	7.0	6.1	-36.2	-19.4	-10.8	-0.7	3.6
BMO NB Small Cap Weighted Index	13.3	18.9	-39.9	-28.8	-17.3	-4.5	-2.1
TSX Momentum	-3.8	0.6	-31.8	-10.9	-5.1	7.8	13.4
S&P / TSX Index	7.3	5.1	-30.7	-14.1	-5.9	2.5	5.0
Quantitative EAFE Equity Fund (CAN\$)	-2.5	-21.3	-35.7	-24.6	-14.5	-8.9	-6.4
MSCI EAFE Index	6.5	-6.6	-32.5	-22.3	-10.6	-4.0	-2.2
Global Equity Fund (CAN\$)	7.1	6.1	-17.6	-14.7	-7.6	-3.7	-2.2
MSCI World Index	5.4	-4.0	-28.2	-20.1	-9.6	-4.9	-3.7
Fixed Income Fund (Can. bonds)	0.5	2.4	4.5	3.9	4.7	4.1	4.7
SCM Universe Bond Index	0	1.6	5.5	5.4	5.7	5.0	5.5
FIDELITY FUNDS							
Canadian Opportunities Fund	11.4	12.9	-25.1	-11.0	-5.2	3.1	5.2
S&P / TSX Small and Mid Cap Combined Index	7.2	2.8	-35.5	-21.3	-12.1	-3.2	-0.3
True North Fund	6.1	6.4	-29.8	-11.8	-2.7	5.0	7.7
S&P / TSX Index	7.3	5.1	-30.7	-14.1	-5.9	2.5	5.0
Overseas Fund	5.7	-3.2	-34.1	-25.6	-12.7	-4.0	-3.6
MSCI EAFE Index	6.5	-6.6	-32.5	-22.3	-10.6	-4.0	-2.2
Global Health Care Fund	-4.5	-8.0	-9.8	-11.7	-3.5	-2.5	-1.2
Goldman Sachs HealthCare Index	-5.5	-13.1	-8.6	-13.2	-5.2	-4.1	-3.5
Global Technology Fund	7.6	15.7	-14.3	-11.3	-5.3	-0.3	-2.5
Goldman Sachs Technology Index	6.9	11.6	-18.2	-12.9	-6.8	-1.6	-3.6
Europe Fund	5.7	-6.1	-40.0	-18.5	-4.6	3.0	3.8
MSCI Europe Index	7.6	-6.3	-35.6	-24.0	-10.2	-4.3	-1.9
American Disciplined Equity Fund	4.3	-1.2	-25.5	n/a	n/a	n/a	n/a
S&P 500 Index (\$CAN)	3.8	-4.4	-23.5	n/a	n/a	n/a	n/a
NorthStar Fund	5.3	0.2	-28.6	n/a	n/a	n/a	n/a
MSCI World Index	5.4	-4.0	-28.2	n/a	n/a	n/a	n/a
Monthly Income Fund	5.0	4.9	-13.9	n/a	n/a	n/a	n/a
Multi-Index	3.8	1.3	-16.4	n/a	n/a	n/a	n/a
Canadian Asset Allocation Fund	5.8	6.1	-14.8	n/a	n/a	n/a	n/a
Multi-Index	3.8	1.3	-16.4	n/a	n/a	n/a	n/a



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CI FUNDS							
Harbour Growth & Income Fund	5.9	6.2	-16.1	-5.3	-0.7	5.0	7.2
Multi-Index	3.8	1.3	-16.4	-8.0	-2.1	1.9	3.2
Global Balanced Corporate Class	4.2	4.8	-16.2	-13.1	-5.0	-1.5	-1.7
Multi-Index	3.8	1.3	-16.4	-8.0	-2.1	1.9	3.2
Synergy American Fund	1.0	-3.6	-25.6	-16.6	-8.2	-3.0	-0.7
S&P 500 Index (\$CAN)	3.8	-4.4	-23.5	-18.4	-8.9	-6.1	-5.4
Global Managers Corporate Class Fund	2.7	1.2	-12.6	-11.0	-3.3	1.0	0.6
MSCI World Index	5.4	-4.0	-28.2	-20.1	-9.6	-4.9	-3.7
Signature Canadian Bond Fund	-0.4	0.3	2.6	3.9	4.9	4.4	4.9
SCM Universe Bond Index	0	1.6	5.5	5.4	5.7	5.0	5.5
Signature High Income	5.3	4.6	-18.5	n/a	n/a	n/a	n/a
Multi-Index	3.8	1.3	-16.4	n/a	n/a	n/a	n/a
American Value	3.3	-0.7	-21.1	n/a	n/a	n/a	n/a
S&P 500 Index (\$CAN)	3.8	-4.4	-23.5	n/a	n/a	n/a	n/a
Synergy Global Corporate Class	1.9	-4.2	-28.9	n/a	n/a	n/a	n/a
MSCI World Index	5.4	-4.0	-28.2	n/a	n/a	n/a	n/a
Global Small Companies	3.7	-2.0	-22.3	n/a	n/a	n/a	n/a
MSCI World Index	5.4	-4.0	-28.2	n/a	n/a	n/a	n/a
AGF FUNDS							
Dividend Income Fund	6.7	2.0	-25.1	n/a	n/a	n/a	n/a
S&P / TSX Index	7.3	5.1	-30.7	n/a	n/a	n/a	n/a
US Value Class	6.8	-11.7	-42.9	n/a	n/a	n/a	n/a
S&P 500 Index (\$CAN)	3.8	-4.4	-23.5	n/a	n/a	n/a	n/a
Global Financial Services Class	17.5	-3.1	-47.8	n/a	n/a	n/a	n/a
Globe Financial Service Peer Index	17.31	-0.6	-42.2	n/a	n/a	n/a	n/a
International Stock Class	11.6	-1.9	-31.1	n/a	n/a	n/a	n/a
MSCI EAFE Index	6.5	-6.6	-32.5	n/a	n/a	n/a	n/a