



# Financial and Economic Notes

June 2009 vol. 115



## Highlights

- S&P/TSX Composite records its best month since December 1999
- Economic news continues to improve

## Economic indicators

On the economic front, there were more encouraging signs that the worst may be over. In Canada, building permits, job creation for April, and the Purchasing Managers Index, all reported improvements.

South of the border, the ISM Manufacturing Index continues to trend higher rising from 32.9 in December 2008 to 42.8 but it is still short of the 50 level which indicates expansion. Results for the U.S. housing market continue to be mixed. Construction spending and existing home sales were strong while housing starts and new home sales are still showing weakness. Taken together, it appears that housing is bottoming out, or is very close to it. Despite the generally upbeat economic news, there are still areas of concern including retail sales which came in with disappointing figures on both sides of the border.

Not surprisingly, bonds reacted negatively to the more upbeat economic news but also because of significant weakness in the U.S. bond market. This weakness reflects the bond market's reaction to the massive U.S. budgetary deficit. Financing the deficit will be achieved primarily by issuing new bonds which will significantly increase supply. Yields on 10-year Canadian bonds rose from approximately 3.1% to 3.4% and despite continued strong performance of corporate bonds, the DEX Universe finished the month on the negative side.

The DEX Universe Bond Index and the S&P500 Index decreased in value, -0.1% and -3.1%, while the S&P/TSX and the MSCI EAFE increased in value, 11.5% and 2.7% respectively.

## Financial markets

May was another strong month for equities with clear outperformance by the Canadian market. The two best performing sectors this month were materials, up 22%, and energy, up 15%, all due to higher commodity prices. Also contributing to the general rise in markets were signs that the economic woes are easing.

In local dollars, foreign equities performed well but returns were negatively affected by the strong Canadian dollar. The S&P 500 rose 5.6% in May but in Canadian dollar terms the return was a disappointing -3.1% as our currency shot up almost nine cents to close above 91 cents. The rise in the Loonie was fuelled in part by higher oil prices which increased approximately \$16 per barrel to close at \$66 thanks to the continuing belief that the worst of the economic slump may be behind us.

Gold also helped push our dollar higher as it rose to \$980 per ounce nearing the YTD record of \$1,000 reached on February 20th. The rally in gold was due largely to concerns over the future of the U.S. dollar rather than fears over the collapse in financial markets as was the case back in February.



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

**Gross returns as of May 31, 2009**

| FUNDS  | 1 MTH<br>%  | YTD*<br>%    | 1 year<br>%  | 2 years<br>% | 3 years<br>% | 4 years<br>% | 5 years<br>% |
|--|-------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>ASSUMPTION LIFE FUNDS</b>                 |             |              |              |              |              |              |              |
| <b>Assumption Life Balanced Fund - RPP</b>   | <b>3.2</b>  | <b>3.2</b>   | <b>-12.4</b> | <b>-6.2</b>  | <b>-0.4</b>  | <b>1.6</b>   | <b>3.7</b>   |
| Multi-Index                                  | 3.8         | 5.2          | -14.8        | -6.7         | -0.1         | 2.4          | 3.8          |
| <b>Canadian Dividend Fund</b>                | <b>3.2</b>  | <b>3.2</b>   | <b>-12.4</b> | <b>-6.2</b>  | <b>-0.4</b>  | <b>1.6</b>   | <b>3.7</b>   |
| S&P / TSX Index                              | 11.5        | 17.2         | -27.0        | -11.5        | -1.3         | 4.7          | 6.9          |
| <b>U.S. Equity Fund (\$CAN)</b>              | <b>-4.2</b> | <b>-2.5</b>  | <b>-18.7</b> | <b>-13.2</b> | <b>-4.0</b>  | <b>-4.3</b>  | <b>-3.1</b>  |
| S&P 500 Index (\$ CAN)                       | -3.1        | -7.4         | -25.7        | -19.7        | -8.4         | -7.4         | -6.1         |
| <b>Money Market Fund</b>                     | <b>0.1</b>  | <b>1.0</b>   | <b>2.9</b>   | <b>n/a</b>   | <b>n/a</b>   | <b>n/a</b>   | <b>n/a</b>   |
| SCM 91 Day T-Bills                           | 0           | 0.4          | 2.2          | n/a          | n/a          | n/a          | n/a          |
| <b>MONTRUSCO BOLTON FUNDS</b>                |             |              |              |              |              |              |              |
| <b>Canadian Equity+ Fund</b>                 | <b>13.2</b> | <b>18.8</b>  | <b>-26.1</b> | <b>-12.0</b> | <b>-4.4</b>  | <b>1.0</b>   | <b>5.2</b>   |
| S&P / TSX Index                              | 11.5        | 17.2         | -27.0        | -11.5        | -1.3         | 4.7          | 6.9          |
| <b>Small Cap. Canadian Equity Fund</b>       | <b>9.0</b>  | <b>15.7</b>  | <b>-33.0</b> | <b>-17.3</b> | <b>-7.7</b>  | <b>0.9</b>   | <b>5.4</b>   |
| BMO NB Small Cap Weighted Index              | 12.4        | 33.7         | -35.3        | -25.5        | -12.2        | -2.0         | 0.2          |
| <b>TSX Momentum</b>                          | <b>8.2</b>  | <b>8.9</b>   | <b>-32.4</b> | <b>-11.9</b> | <b>-1.0</b>  | <b>8.5</b>   | <b>13.5</b>  |
| S&P / TSX Index                              | 11.5        | 17.2         | -27.0        | -11.5        | -1.3         | 4.7          | 6.9          |
| <b>Quantitative EAFE Equity Fund (CAN\$)</b> | <b>-1.2</b> | <b>-22.2</b> | <b>-37.1</b> | <b>-24.6</b> | <b>-13.1</b> | <b>-9.1</b>  | <b>-6.5</b>  |
| MSCI EAFE Index                              | 3.1         | -3.6         | -30.1        | -20.4        | -8.0         | -3.2         | -1.6         |
| <b>Global Equity Fund (CAN\$)</b>            | <b>-0.3</b> | <b>5.7</b>   | <b>-18.4</b> | <b>-14.4</b> | <b>-5.9</b>  | <b>-4.3</b>  | <b>-2.3</b>  |
| MSCI World Index                             | 0.1         | -3.9         | -28.2        | -19.8        | -8.1         | -5.2         | -3.8         |
| <b>Fixed Income Fund (Can. bonds)</b>        | <b>0.3</b>  | <b>2.7</b>   | <b>5.0</b>   | <b>4.8</b>   | <b>4.7</b>   | <b>3.7</b>   | <b>4.9</b>   |
| SCM Universe Bond Index                      | -0.1        | 1.4          | 5.5          | 6.1          | 5.6          | 4.5          | 5.6          |
| <b>FIDELITY FUNDS</b>                        |             |              |              |              |              |              |              |
| <b>Canadian Opportunities Fund</b>           | <b>12.0</b> | <b>26.4</b>  | <b>-19.5</b> | <b>-7.7</b>  | <b>-0.3</b>  | <b>5.6</b>   | <b>7.2</b>   |
| S&P / TSX Small and Mid Cap Combined Index   | 8.8         | 11.8         | -32.0        | -19.5        | -8.7         | -1.5         | 0.8          |
| <b>True North Fund</b>                       | <b>11.8</b> | <b>19.0</b>  | <b>-26.2</b> | <b>-8.9</b>  | <b>2.5</b>   | <b>7.1</b>   | <b>9.6</b>   |
| S&P / TSX Index                              | 11.5        | 17.2         | -27.0        | -11.5        | -1.3         | 4.7          | 6.9          |
| <b>Overseas Fund</b>                         | <b>5.8</b>  | <b>2.5</b>   | <b>-30.1</b> | <b>-22.9</b> | <b>-9.1</b>  | <b>-3.1</b>  | <b>-2.2</b>  |
| MSCI EAFE Index                              | 3.1         | -3.6         | -30.1        | -20.4        | -8.0         | -3.2         | -1.6         |
| <b>Global Health Care Fund</b>               | <b>-1.3</b> | <b>-9.2</b>  | <b>-11.6</b> | <b>-10.6</b> | <b>-2.6</b>  | <b>-2.8</b>  | <b>-1.5</b>  |
| Goldman Sachs HealthCare Index               | -0.7        | -13.7        | -9.7         | -12.2        | -4.3         | -4.5         | -3.6         |
| <b>Global Technology Fund</b>                | <b>-4.1</b> | <b>11.0</b>  | <b>-20.1</b> | <b>-13.4</b> | <b>-3.5</b>  | <b>-3.0</b>  | <b>-3.9</b>  |
| Goldman Sachs Technology Index               | 7.7         | -3.5         | -23.6        | -14.3        | -5.0         | -4.2         | -4.4         |
| <b>Europe Fund</b>                           | <b>3.4</b>  | <b>-2.9</b>  | <b>-39.9</b> | <b>-17.3</b> | <b>-1.8</b>  | <b>3.6</b>   | <b>4.6</b>   |
| MSCI Europe Index                            | 3.4         | -3.1         | -32.8        | -22.1        | -7.8         | -3.5         | -1.4         |
| <b>American Disciplined Equity Fund</b>      | <b>-2.4</b> | <b>-3.6</b>  | <b>-27.9</b> | <b>n/a</b>   | <b>n/a</b>   | <b>n/a</b>   | <b>n/a</b>   |
| S&P 500 Index (\$CAN)                        | -3.1        | -7.4         | -25.7        | n/a          | n/a          | n/a          | n/a          |
| <b>NorthStar Fund</b>                        | <b>4.9</b>  | <b>5.1</b>   | <b>-27.1</b> | <b>n/a</b>   | <b>n/a</b>   | <b>n/a</b>   | <b>n/a</b>   |
| MSCI World Index                             | 0.1         | -3.9         | -28.2        | n/a          | n/a          | n/a          | n/a          |
| <b>Monthly Income Fund</b>                   | <b>5.7</b>  | <b>10.9</b>  | <b>-11.5</b> | <b>n/a</b>   | <b>n/a</b>   | <b>n/a</b>   | <b>n/a</b>   |
| Multi-Index                                  | 3.8         | 5.2          | -14.8        | n/a          | n/a          | n/a          | n/a          |
| <b>Canadian Asset Allocation Fund</b>        | <b>8.4</b>  | <b>15.0</b>  | <b>-11.3</b> | <b>n/a</b>   | <b>n/a</b>   | <b>n/a</b>   | <b>n/a</b>   |
| Multi-Index                                  | 3.8         | 5.2          | -14.8        | n/a          | n/a          | n/a          | n/a          |



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Gross returns as of May 31, 2009

| FUNDS                                       | 1 MTH<br>%  | YTD*<br>%   | 1 year<br>%  | 2 years<br>% | 3 years<br>% | 4 years<br>% | 5 years<br>% |
|---|-------------|-------------|--------------|--------------|--------------|--------------|--------------|
| <b>CI FUNDS</b>                             |             |             |              |              |              |              |              |
| <b>Harbour Growth &amp; Income Fund</b>     | <b>7.1</b>  | <b>13.7</b> | <b>-12.8</b> | <b>-3.7</b>  | <b>2.2</b>   | <b>6.5</b>   | <b>8.6</b>   |
| Multi-Index                                 | 3.8         | 5.2         | -14.8        | -6.7         | -0.1         | 2.4          | 3.8          |
| <b>Global Balanced Corporate Class</b>      | <b>-0.2</b> | <b>4.6</b>  | <b>-17.5</b> | <b>-12.2</b> | <b>-3.6</b>  | <b>-1.6</b>  | <b>-1.6</b>  |
| Multi-Index                                 | 3.8         | 5.2         | -14.8        | -6.7         | -0.1         | 2.4          | 3.8          |
| <b>Synergy American Fund</b>                | <b>-1.0</b> | <b>-4.6</b> | <b>-27.9</b> | <b>-17.4</b> | <b>-6.9</b>  | <b>-4.5</b>  | <b>-1.4</b>  |
| S&P 500 Index (\$CAN)                       | -3.1        | -7.4        | -25.7        | -19.7        | -8.4         | -7.4         | -6.1         |
| <b>Global Managers Corporate Class Fund</b> | <b>0.9</b>  | <b>2.1</b>  | <b>-12.4</b> | <b>-10.3</b> | <b>-1.2</b>  | <b>0.7</b>   | <b>0.7</b>   |
| MSCI World Index                            | 0.1         | -3.9        | -28.2        | -19.8        | -8.1         | -5.2         | -3.8         |
| <b>Signature Canadian Bond Fund</b>         | <b>0.4</b>  | <b>0.7</b>  | <b>3.3</b>   | <b>4.8</b>   | <b>4.8</b>   | <b>4.2</b>   | <b>5.2</b>   |
| SCM Universe Bond Index                     | -0.1        | 1.4         | 5.5          | 6.1          | 5.6          | 4.5          | 5.6          |
| <b>Signature High Income</b>                | <b>4.7</b>  | <b>9.5</b>  | <b>-16.4</b> | <b>n/a</b>   | <b>n/a</b>   | <b>n/a</b>   | <b>n/a</b>   |
| Multi-Index                                 | 3.8         | 5.2         | -14.8        | n/a          | n/a          | n/a          | n/a          |
| <b>American Value</b>                       | <b>-2.2</b> | <b>-2.9</b> | <b>-24.1</b> | <b>n/a</b>   | <b>n/a</b>   | <b>n/a</b>   | <b>n/a</b>   |
| S&P 500 Index (\$CAN)                       | -3.1        | -7.4        | -25.7        | n/a          | n/a          | n/a          | n/a          |
| <b>Synergy Global Corporate Class</b>       | <b>-0.7</b> | <b>-4.9</b> | <b>-30.3</b> | <b>n/a</b>   | <b>n/a</b>   | <b>n/a</b>   | <b>n/a</b>   |
| MSCI World Index                            | 0.1         | -3.9        | -28.2        | n/a          | n/a          | n/a          | n/a          |
| <b>Global Small Companies</b>               | <b>0.1</b>  | <b>-1.8</b> | <b>-24.2</b> | <b>n/a</b>   | <b>n/a</b>   | <b>n/a</b>   | <b>n/a</b>   |
| MSCI World Index                            | 0.1         | -3.9        | -28.2        | n/a          | n/a          | n/a          | n/a          |
| <b>AGF FUNDS</b>                            |             |             |              |              |              |              |              |
| <b>Dividend Income Fund</b>                 | <b>7.5</b>  | <b>9.7</b>  | <b>-21.4</b> | <b>n/a</b>   | <b>n/a</b>   | <b>n/a</b>   | <b>n/a</b>   |
| S&P / TSX Index                             | 11.5        | 17.2        | -27.0        | n/a          | n/a          | n/a          | n/a          |
| <b>International Stock Class</b>            | <b>2.9</b>  | <b>1.0</b>  | <b>-26.2</b> | <b>n/a</b>   | <b>n/a</b>   | <b>n/a</b>   | <b>n/a</b>   |
| MSCI EAFE Index                             | 3.1         | -3.6        | -30.1        | n/a          | n/a          | n/a          | n/a          |