



Financial and Economic Notes

August 2009 vol. 117



Highlights

- Equity markets continue to rally
- Bonds negative on signs of recovery

Economic indicators

Economic news in Canada was not all good reaffirming that the recovery remains in a fragile state. Continued weakness in manufacturing shipments and a slumping leading indicator remain among the areas of concern.

As for U.S. and global economic data, there were many positive developments. The most evident was on the U.S. side with house price indices showing improvement on a month-over-month basis even if they remain negative on a year-over-year basis. Recent data on new home sales also surprised on the upside by exceeding expectations.

There was good news for employment too with declining jobless claims indicating significant improvement in the job market. On a less optimistic note, consumption is still tame and the last reading on consumer confidence was disappointing.

While many remain sceptical about the sustainability of the recovery, it now looks like the third quarter will most likely see the first positive GDP data in the U.S. and Canada since recession started.

The Bank of Canada kept rates unchanged in July reaffirming that rates will remain low into next year. While there was no policy meeting for the U.S. Federal Reserve this month, recent speeches by Ben Bernanke suggest that U.S. rates will also remain low for some time.

Financial markets

Equities continued to trend higher in July which was another good month for financial markets in general. Throughout the month there were more signs that the recovery continues to unfold. This fact, together with better Q2 earnings releases from U.S. companies helped fuel equity indices around the globe.

Foreign market returns, in their local currencies, were generally stronger than those of the Canadian market. However, with the strong performance of our dollar, rising roughly from 0.86 to 0.92 cents, the S&P/TSX Composite was the best performer of our three major equity indices in Canadian dollar terms.

The stronger Canadian dollar was somewhat surprising given that oil and gold prices were mostly unchanged during the period. Contributing factors to the stronger dollar were undoubtedly encouraging signs from domestic demand and the housing sector combined with comments from the Governor of the Bank of Canada claiming an end to the recession.

Improving economic data and the Governor's comments were also the primary reasons why bond yields were slightly higher in July. However the DEX Universe Bond Index was able to achieve a positive return due to the excellent performance from corporate bonds which continue their strong rally.

All major equity markets increased in value during the month of July with the exception of the S&P500 which decreased in value: -0.2%. The DEX Universe Bond Index indicates 0.7%, the S&P/TSX 4.2% and the MSCI EAFE 1.3%.



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Assumption Life Investment Funds Applicable for Registered Pension Plan clients only

Gross returns as of July 31, 2009

FUNDS	1 MTH %	YTD* %	1 year %	2 years %	3 years %	4 years %	5 years %
ASSUMPTION LIFE FUNDS							
Assumption Life Balanced Fund - RPP	1.4	6.3	-6.2	-4.3	0.2	1.5	4.3
Multi-Index	1.8	9.4	-7.8	-4.3	0.6	2.3	4.7
Canadian Dividend Fund	3.1	17.5	-15.4	-9.8	-1.8	1.2	5.9
S&P / TSX Index	4.2	22.5	-17.7	-9.0	-0.2	3.6	7.7
U.S. Equity Fund (\$CAN)	-2.3	1.2	-11.1	-10.6	-3.6	-3.9	-1.8
S&P 500 Index (\$ CAN)	-0.2	-1.7	-15.8	-15.1	-7.6	-6.4	-4.2
Money Market Fund	0.1	1.1	2.5	n/a	n/a	n/a	n/a
SCM 91 Day T-Bills	0.0	0.5	1.8	n/a	n/a	n/a	n/a
MONTRUSCO BOLTON FUNDS							
Canadian Equity+ Fund	2.6	21.9	-16.0	-11.3	-2.8	0.0	5.8
S&P / TSX Index	4.2	22.5	-17.7	-9.0	-0.2	3.6	7.7
Small Cap. Canadian Equity Fund	4.7	21.7	-21.5	-15.9	-5.2	0.3	6.8
BMO NB Small Cap Weighted Index	4.3	39.2	-24.2	-23.3	-10.2	-2.9	1.7
TSX Momentum	8.4	10.4	-32.0	-14.7	1.0	5.4	14.5
S&P / TSX Index	4.2	22.5	-17.7	-9.0	-0.2	3.6	7.7
Quantitative EAFE Equity Fund (CAN\$)	5.8	-17.1	-28.6	-21.3	-12.1	-8.2	-4.6
MSCI EAFE Index	1.6	3.2	-18.4	-17.1	-7.0	-2.0	0.6
Global Equity Fund (CAN\$)	-0.9	12.7	-6.0	-10.8	-4.6	-3.5	-0.4
MSCI World Index	0.7	2.2	-17.5	-15.9	-7.2	-4.3	-1.8
Fixed Income Fund (Can. bonds)	1.3	5.7	7.2	6.4	5.1	4.2	5.4
SCM Universe Bond Index	0.7	3.5	6.8	7.2	5.7	4.7	5.9
FIDELITY FUNDS							
Canadian Opportunities Fund	5.8	33.2	-9.0	-5.0	2.5	5.2	8.3
S&P / TSX Small and Mid Cap Combined Index	4.6	19.7	-21.6	-15.6	-6.5	-1.6	2.5
True North Fund	3.7	21.9	-18.1	-7.7	2.5	5.5	9.8
S&P / TSX Index	4.2	22.5	-17.7	-9.0	-0.2	3.6	7.7
Overseas Fund	1.4	8.7	-19.1	-20.9	-8.3	-2.4	0.4
MSCI EAFE Index	1.6	3.2	-18.4	-17.1	-7.0	-2.0	0.6
Global Health Care Fund	-0.9	-1.4	-6.6	-4.8	-1.9	-1.2	1.5
Goldman Sachs HealthCare Index	-0.5	-6.9	-6.8	-6.0	-4.2	-2.8	-0.8
Global Technology Fund	3.4	25.1	-1.5	-9.7	0.6	-0.2	1.2
Goldman Sachs Technology Index	2.2	19.0	-7.6	-10.8	-1.2	-2.0	-0.5
Europe Fund	2.4	3.3	-27.8	-14.8	-0.9	3.7	7.1
MSCI Europe Index	2.9	3.6	-21.5	-18.5	-7.2	-2.6	0.7
American Disciplined Equity Fund	-1.0	0.2	-17.1	n/a	n/a	n/a	n/a
S&P 500 Index (\$CAN)	-0.2	-1.7	-15.8	n/a	n/a	n/a	n/a
NorthStar Fund	3.9	14.9	-14.3	n/a	n/a	n/a	n/a
MSCI World Index	0.7	2.2	-17.5	n/a	n/a	n/a	n/a
Monthly Income Fund	3.9	18.1	-3.3	n/a	n/a	n/a	n/a
Multi-Index	1.8	9.4	-7.8	n/a	n/a	n/a	n/a
Canadian Asset Allocation Fund	3.8	19.5	-3.4	n/a	n/a	n/a	n/a
Multi-Index	1.8	9.4	-7.8	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	3.9	16.4	-5.9	-1.6	2.7	5.6	8.7
Multi-Index	1.8	9.4	-7.8	-4.3	0.6	2.3	4.7
Global Balanced Corporate Class	-1.0	9.1	-7.9	-10.0	-2.7	-1.0	0.7
Multi-Index	1.8	9.4	-7.8	-4.3	0.6	2.3	4.7
Synergy American Fund	0.7	1.1	-18.8	-13.5	-5.3	-3.8	0.4
S&P 500 Index (\$CAN)	-0.2	-1.7	-15.8	-15.1	-7.6	-6.4	-4.2
Global Managers Corporate Class Fund	0.1	7.5	-2.4	-6.6	-0.4	1.4	2.7
MSCI World Index	0.7	2.2	-17.5	-15.9	-7.2	-4.3	-1.8
Signature Canadian Bond Fund	0.5	3.1	4.9	6.1	5.1	4.4	5.5
SCM Universe Bond Index	0.7	3.5	6.8	7.2	5.7	4.7	5.9
Signature High Income	3.3	16.7	-9.0	n/a	n/a	n/a	n/a
Multi-Index	1.8	9.4	-7.8	n/a	n/a	n/a	n/a
American Value	-2.3	1.0	-14.5	n/a	n/a	n/a	n/a
S&P 500 Index (\$CAN)	-0.2	-1.7	-15.8	n/a	n/a	n/a	n/a
Synergy Global Corporate Class	1.8	1.6	-20.1	n/a	n/a	n/a	n/a
MSCI World Index	0.7	2.2	-17.5	n/a	n/a	n/a	n/a
Global Small Companies	0.6	6.9	-11.3	n/a	n/a	n/a	n/a
MSCI World Index	0.7	2.2	-17.5	n/a	n/a	n/a	n/a
AGF FUNDS							
Dividend Income Fund	3.8	15.1	-14.9	n/a	n/a	n/a	n/a
S&P / TSX Index	4.2	22.5	-17.7	n/a	n/a	n/a	n/a
International Stock Class	3.7	7.7	-16.1	n/a	n/a	n/a	n/a
MSCI EAFE Index	1.6	3.2	-18.4	n/a	n/a	n/a	n/a