



Financial and Economic Notes

November 2009 vol. 120

Economic indicators

Most economic news during the month was positive after several disappointments in September. In the U.S., stronger (or better than expected) data was apparent in a number of areas including personal spending, construction spending, retail sales, existing home sales, the leading indicator, and Q309 GDP. Jobless claims also continued to trend downwards; an indication of improving labour markets and the potential for growth in the not too distant future. The only real disappointment was the release of the ISM Manufacturing Index for October which at 52.6 did not quite match expectations. This was quickly overcome by a sharp rebound in November's ISM Index which came in at 55.7, the highest level since April 2006. A reading above 50 indicates U.S. manufacturing is generally expanding.

It is somewhat of a different story in Canada. On the domestic side there was positive news in areas such as retail sales, job creation, housing and the leading economic indicator. But it was an altogether different story for the export segment with manufacturing, wholesaling and mining all suffering from the weakened global economy and the high Canadian dollar.

This explains the underlying reason behind disappointing Canadian GDP figures, and why the Bank of Canada (BoC) has been so vocal about our currency and its risk to the recovery. In its last commentary the BoC stated that the strong dollar would more than offset any domestic strength allowing interest rates to remain low for some time to come.

These comments immediately sent the dollar lower as currency investors betting on higher interest rates were disappointed. The Canadian dollar finished the month generally unchanged, despite higher commodity prices, after flirting with parity for a brief period of time.

Financial markets

All good things must end and after seven months of positive returns the S&P/TSX Composite Index reported its first negative month since February. October was generally not a good month for investors as most asset classes reported negative returns.

Equities are now up significantly from the lows of early March and a pause in the upward trend is not entirely unexpected. There were many reasons behind October's slumping markets including active profit taking, recognition that the recovery is now well priced in, fear over a potential major flu outbreak, doubts over the sustainability of the recovery, and the termination of some government stimulus programs most notably "Cash For Clunkers".

All major equity markets decreased in value during the month of October. The DEX Universe Bond Index indicates a return of -0.1%, the S&P/TSX -4.0%, the S&P 500 -1.4% and the MSCI EAFE -0.8 %.

Highlights

- Markets correct after extended rally
- Strong Canadian dollar hinders recovery



Financial and Economic Notes

Assumption Life Investment Funds Applicable for Registered Pension Plan clients only

Gross returns as of October 30, 2009

FUNDS	1 MTH %	YTD* %	1 year %	2 years %	3 years %	4 years %	5 years %
ASSUMPTION LIFE FUNDS							
Assumption Life Balanced Fund - RPP	-1.5	9.6	10.1	-3.3	-0.1	2.6	4.6
Multi-Index	-1.7	12.7	11.2	-3.8	0.1	3.3	4.9
Canadian Dividend Fund	-3.1	21.6	19.0	-12.2	-2.2	2.5	6.0
S&P / TSX Index	-4.0	24.8	15.7	-10.9	-1.2	4.1	6.9
U.S. Equity Fund (\$CAN)	1.1	7.8	0.8	-6.4	-4.1	-0.7	0.7
S&P 500 Index (\$ CAN)	-1.4	3.5	-1.8	-10.8	-8.3	-3.9	-2.1
Money Market Fund	0.0	1.3	1.8	n/a	n/a	n/a	n/a
SCM 91 Day T-Bills	0.0	0.6	1.1	n/a	n/a	n/a	n/a
MONTRUSCO BOLTON FUNDS							
Canadian Equity+ Fund	-3.6	23.5	19.1	-14.7	-3.5	2.0	4.8
S&P / TSX Index	-4.0	24.8	15.7	-10.9	-1.2	4.1	6.9
Small Cap. Canadian Equity Fund	-0.3	41.1	37.5	-12.5	-1.2	4.2	9.1
BMO NB Small Cap Weighted Index	-0.4	62.8	56.7	-17.0	-6.4	1.0	4.1
TSX Momentum	-1.6	21.9	15.4	-15.5	3.8	7.6	14.0
S&P / TSX Index	-4.0	24.8	15.7	-10.9	-1.2	4.1	6.9
Quantitative EAFE Equity Fund (CAN\$)	-2.3	-14.6	-10.7	-18.1	-12.2	-6.9	-3.9
MSCI EAFE Index	-0.9	11.1	13.2	-12.1	-6.5	-0.2	2.5
Global Equity Fund (CAN\$)	-0.8	19.4	17.4	-6.7	-4.1	-1.0	1.3
MSCI World Index	-1.3	8.5	5.9	-11.6	-7.3	-2.1	0.1
Fixed Income Fund (Can. bonds)	0.1	8.7	12.7	7.0	5.1	5.1	5.4
SCM Universe Bond Index	-0.1	5.5	11.2	7.1	5.3	5.4	5.6
FIDELITY FUNDS							
Canadian Opportunities Fund	0.2	51.3	44.9	-1.1	5.6	8.5	10.7
S&P / TSX Small and Mid Cap Combined Index	-1.6	33.3	26.5	-12.8	-4.0	1.5	4.2
True North Fund	-4.1	23.4	14.7	-10.5	0.3	5.8	8.9
S&P / TSX Index	-4.0	24.8	15.7	-10.9	-1.2	4.1	6.9
Overseas Fund	-1.2	16.2	18.4	-15.9	-8.0	-0.9	2.2
MSCI EAFE Index	-0.9	11.1	13.2	-12.1	-6.5	-0.2	2.5
Global Health Care Fund	-0.16	4.0	3.8	-0.1	-1.3	0.5	3.7
Goldman Sachs HealthCare Index	-1.0	-3.9	-2.2	-1.4	-4.0	-1.1	1.5
Global Technology Fund	-2.9	32.5	21.1	-7.2	-1.1	2.2	3.2
Goldman Sachs Technology Index	-1.5	25.5	17.7	-8.1	-3.2	0.5	1.4
Europe Fund	-0.9	11.5	11.5	-13.1	-0.7	6.5	8.8
MSCI Europe Index	-0.8	13.5	12.9	-13.3	-6.6	0.5	2.8
American Disciplined Equity Fund	-0.8	6.2	1.1	n/a	n/a	n/a	n/a
S&P 500 Index (\$CAN)	-1.4	3.5	-1.8	n/a	n/a	n/a	n/a
NorthStar Fund	-3.0	20.1	14.8	n/a	n/a	n/a	n/a
MSCI World Index	-1.3	8.5	5.9	n/a	n/a	n/a	n/a
Monthly Income Fund	0.3	24.8	18.0	n/a	n/a	n/a	n/a
Multi-Index	-1.7	12.7	11.2	n/a	n/a	n/a	n/a
Canadian Asset Allocation Fund	-2.6	21.3	19.0	n/a	n/a	n/a	n/a
Multi-Index	-1.7	12.7	11.2	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	-2.0	18.2	13.0	-2.9	2.3	5.8	8.4
Multi-Index	-1.7	12.7	11.2	-3.8	0.1	3.3	4.9
Synergy American Fund	-3.0	1.4	-6.2	-12.1	-7.3	-2.4	0.4
S&P 500 Index (\$CAN)	-1.4	3.5	-1.8	-10.8	-8.3	-3.9	-2.1
Global Managers Corporate Class Fund	-0.6	14.2	17.2	-1.4	-0.4	3.8	4.9
MSCI World Index	-1.3	8.5	5.9	-11.6	-7.3	-2.1	0.1
Signature Canadian Bond Fund	0.2	5.8	10.2	6.3	5.0	5.1	5.5
SCM Universe Bond Index	-0.1	5.5	11.2	7.1	5.3	5.4	5.6
Signature High Income	0.5	25.7	18.4	n/a	n/a	n/a	n/a
Multi-Index	-1.7	12.7	11.2	n/a	n/a	n/a	n/a
American Value	-0.7	5.9	2.0	n/a	n/a	n/a	n/a
S&P 500 Index (\$CAN)	-1.4	3.5	-1.8	n/a	n/a	n/a	n/a
Synergy Global Corporate Class	-1.0	5.0	2.4	n/a	n/a	n/a	n/a
MSCI World Index	-1.3	8.5	5.9	n/a	n/a	n/a	n/a
Global Small Companies	-1.2	13.5	11.2	n/a	n/a	n/a	n/a
MSCI World Index	-1.3	8.5	5.9	n/a	n/a	n/a	n/a
AGF FUNDS							
Dividend Income Fund	-4.5	18.3	5.7	n/a	n/a	n/a	n/a
S&P / TSX Index	-4.0	24.8	15.7	n/a	n/a	n/a	n/a
International Stock Class	-3.2	18.6	18.6	n/a	n/a	n/a	n/a
MSCI EAFE Index	-0.9	11.1	13.2	n/a	n/a	n/a	n/a