



Financial and Economic Notes

January 2010 vol. 122



Highlights

- Bond index records largest monthly decline of 2009
- Inflation starting to rise

Economic indicators

In the U.S., consumer consumption is expected to end the year on a strong note. The leading economic indicator also posted another strong reading for November as did industrial production and factory orders for October. There was also reason for cautious optimism on the unemployment front; jobless claims and other employment related surveys suggest that positive job creation is close at hand which would help maintain economic growth on a sustainable path.

In Canada, very strong data on employment and strong retail sales for the third month in a row reaffirmed that the recovery will be domestically driven. Canadian retail sales should finish the fourth quarter with an annual growth rate between 5% to 8% quarter over quarter. This may translate into a robust fourth quarter GDP number but it will largely depend on the impact of the export segment.

Both the U.S. and Canadian central banks had meetings in December. Each repeated the same message that interest rates will remain low for some time to come. In Canada, the domestic economy is clearly gaining momentum. Inflation is now back into positive territory and is actually slightly higher than the Bank of Canada's (BoC) expectations.

Financial markets

Capital markets appeared to take an early holiday break with December being relatively quiet. Most equity indices were flat to negative in the first half of December but with a late month rebound managed to end the month in positive territory. Bond yields increased approximately 30 bp in the month completely reversing the decline in November. This was due in part to the December 1st coupon payments as well as improving economic news and higher inflation.

This month's fluctuation in equity markets can be partly attributed to investors exercising a high degree of caution to protect year to date gains. Investors had plenty of reasons to be cautious including uncertainty surrounding U.S. holiday sales, the Dubai debt default, U.S. healthcare reforms and continued weakness in the U.S. housing market. Despite these concerns, upbeat economic data pointing to stronger global growth for the fourth quarter of 2009 and the beginning of 2010 pushed equity markets higher in the final days of the month.

All major equity markets increased in value during the month of December with the exception of the DEX Universe Bond Index with a return of -1.4%. The S&P/TSX index indicates a return of 2.9%, the S&P 500 is up 0.9% and the MSCI EAFE indicates 0.4%.



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Assumption Life Investment Funds

Applicable for Registered Pension Plan clients only

Gross returns as of December 31, 2009

FUNDS	1 MTH %	YTD* %	1 year %	2 years %	3 years %	4 years %	5 years %
ASSUMPTION LIFE FUNDS							
Assumption Life Balanced Fund - RPP	1.0	13.4	13.4	-1.4	-0.2	2.4	4.2
Multi-Index	0.7	16.7	16.7	-1.4	0.0	3.0	4.7
Canadian Dividend Fund	3.9	33.9	33.9	-6.6	-0.5	2.7	6.3
S&P / TSX Index	2.9	35.1	35.1	-4.9	-0.2	3.9	7.7
U.S. Equity Fund (\$CAN)	0.4	12.6	12.6	-5.3	-4.8	-0.4	0.5
S&P 500 Index (\$ CAN)	0.9	8.7	8.7	-8.1	-9.0	-3.3	-2.4
Money Market Fund	0.0	1.3	1.3	n/a	n/a	n/a	n/a
SCM 91 Day T-Bills	0.0	0.6	0.6	n/a	n/a	n/a	n/a
MONTRUSCO BOLTON FUNDS							
Canadian Equity+ Fund	3.1	33.8	33.8	-9.2	-2.6	1.8	3.9
S&P / TSX Index	2.9	35.1	35.1	-4.9	-0.2	3.9	7.7
Small Cap. Canadian Equity Fund	9.4	68.1	68.1	-2.8	3.5	6.3	9.7
BMO NB Small Cap Weighted Index	6.1	84.2	84.2	-7.3	-4.6	1.4	4.8
TSX Momentum	-1.3	29.5	29.5	-10.6	1.5	6.7	12.8
S&P / TSX Index	2.9	35.1	35.1	-4.9	-0.2	3.9	7.7
Quantitative EAFE Equity Fund (CAN\$)	-0.6	-16.5	-16.5	-18.2	-15.2	-8.4	-6.2
MSCI EAFE Index	0.9	11.9	11.9	-11.0	-9.3	-1.5	0.8
Global Equity Fund (CAN\$)	2.6	24.2	24.2	-5.2	-5.1	-1.0	0.4
MSCI World Index	0.8	11.7	11.7	-9.7	-9.0	-2.5	-0.8
Fixed Income Fund (Can. bonds)	-1.1	8.9	8.9	6.4	5.0	4.7	5.0
SCM Universe Bond Index	-1.4	5.4	5.4	5.9	5.2	4.9	5.2
FIDELITY FUNDS							
Canadian Opportunities Fund	5.4	64.3	64.3	3.4	7.0	8.2	10.4
S&P / TSX Small and Mid Cap Combined Index	5.7	47.7	47.7	-4.9	-1.5	1.8	4.8
True North Fund	2.4	33.4	33.4	-5.4	1.0	5.5	9.4
S&P / TSX Index	2.9	35.1	35.1	-4.9	-0.2	3.9	7.7
Overseas Fund	1.4	19.3	19.3	-13.4	-11.0	-2.6	0.9
MSCI EAFE Index	0.9	11.9	11.9	-11.0	-9.3	-1.5	0.8
Global Health Care Fund	2.1	10.3	10.3	1.1	-0.9	1.6	3.6
Goldman Sachs HealthCare Index	1.6	2.1	2.1	0.5	-3.5	-0.4	1.5
Global Technology Fund	6.7	41.7	41.7	-3.1	-1.4	2.4	3.2
Goldman Sachs Technology Index	5.7	34.8	34.8	-3.2	-3.3	0.3	1.5
Europe Fund	0.9	13.1	13.1	-14.5	-3.9	5.3	7.1
MSCI Europe Index	0.9	15.4	15.4	-12.1	-9.3	-0.1	1.2
American Disciplined Equity Fund	3.4	11.8	11.8	n/a	n/a	n/a	n/a
S&P 500 Index (\$CAN)	0.9	8.7	8.7	n/a	n/a	n/a	n/a
NorthStar Fund	3.5	27.1	27.1	n/a	n/a	n/a	n/a
MSCI World Index	0.8	11.7	11.7	n/a	n/a	n/a	n/a
Monthly Income Fund	2.6	31.1	31.1	n/a	n/a	n/a	n/a
Multi-Index	0.7	16.7	16.7	n/a	n/a	n/a	n/a
Canadian Asset Allocation Fund	1.7	27.5	27.5	n/a	n/a	n/a	n/a
Multi-Index	0.7	16.7	16.7	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	1.6	24.1	24.1	0.9	2.7	5.3	8.1
Multi-Index	0.7	16.7	16.7	-1.4	0.0	3.0	4.7
Synergy American Fund	2.9	7.6	7.6	-9.5	-7.4	-2.1	-0.3
S&P 500 Index (\$CAN)	0.9	8.7	8.7	-8.1	-9.0	-3.3	-2.4
Global Managers Corporate Class Fund	0.8	17.9	17.9	0.3	-2.0	3.2	3.7
MSCI World Index	0.8	11.7	11.7	-9.7	-9.0	-2.5	-0.8
Signature Canadian Bond Fund	-1.0	6.3	6.3	5.6	5.0	4.8	5.2
SCM Universe Bond Index	-1.4	5.4	5.4	5.9	5.2	4.9	5.2
Signature High Income	3.4	32.6	32.6	n/a	n/a	n/a	n/a
Multi-Index	0.7	16.7	16.7	n/a	n/a	n/a	n/a
American Value	2.8	11.9	11.9	n/a	n/a	n/a	n/a
S&P 500 Index (\$CAN)	0.9	8.7	8.7	n/a	n/a	n/a	n/a
Synergy Global Corporate Class	2.9	9.8	9.8	n/a	n/a	n/a	n/a
MSCI World Index	0.8	11.7	11.7	n/a	n/a	n/a	n/a
Global Small Companies	2.8	17.0	17.0	n/a	n/a	n/a	n/a
MSCI World Index	0.8	11.7	11.7	n/a	n/a	n/a	n/a
AGF FUNDS							
Dividend Income Fund	3.3	27.8	27.8	n/a	n/a	n/a	n/a
S&P / TSX Index	2.9	35.1	35.1	n/a	n/a	n/a	n/a
International Stock Class	-0.4	18.8	18.8	n/a	n/a	n/a	n/a
MSCI EAFE Index	0.9	11.9	11.9	n/a	n/a	n/a	n/a