



# Financial and Economic Notes

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## Highlights

- Equity markets retreat on earnings worries
- U.S. and Canadian central banks remain on hold

### Economic indicators

In the U.S., there was evidence of continued weakness in the housing market and retail sales, while jobless claims remained higher than expected for the month of December. Despite these worries, there were a number of positive indicators including the ISM Purchasing Managers Index, December auto sales, durable goods (ex transportation) and consumer confidence. Fourth quarter GDP was also higher than expected thanks to slower declines in inventories and higher exports. This reflects an increase in U.S competitiveness in recent years aided by a weaker currency.

In Canada, the domestic side of the economy remains stable although there was some disappointment with November retail and manufacturing sales which came in weaker than expected. The December jobs report also fell short of expectations after very strong reports in previous months.

Even with these setbacks there is a good possibility that fourth quarter GDP may surpass 3.5%. The Canadian economy has a significant advantage over the U.S. in that our housing sector remains fairly robust, even to the point of excess as some believe.

Both U.S. and Canadian central banks held meetings in January and at their conclusion reiterated the familiar message that rates would remain near zero for now. Inflation remains positive, but not excessive, on both sides of the border making deflation a worry of the past.

### Financial markets

It was a disappointing start to the new year with most equity indices finishing the month in negative territory. Weaker than expected fourth quarter earnings from a number of S&P 500 companies was the primary reason behind the decline. While most companies were able to beat profit expectations, it was the quality of earnings combined with lacklustre sales growth that markets found unsettling. Bonds on the other hand had a very strong month as yields fell on weaker economic data and general concerns that the recovery was showing signs of fatigue.

Global markets were also concerned that some central banks, China being one example, are looking to tighten monetary policy. Many believe that without the current expansionary monetary policies the global recovery would be in jeopardy.

All major equity markets decreased in value during the month of January with the exception of the DEX Universe Bond Index with a return of 1.8%. The S&P/TSX index indicates a return of -5.4%, the S&P 500 is down -1.9% and the MSCI EAFE indicates -2.7%.



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

Gross returns as of January 29, 2010

FUNDS	1 MTH %	YTD* %	1 year %	2 years %	3 years %	4 years %	5 years %
<b>ASSUMPTION LIFE FUNDS</b>							
<b>Assumption Life Balanced Fund - RPP</b>	<b>-1.6</b>	<b>-1.6</b>	<b>15.2</b>	<b>-0.5</b>	<b>-1.1</b>	<b>1.5</b>	<b>3.8</b>
Multi-Index	-1.8	-1.8	18.7	-0.9	-1.0	1.9	4.3
<b>Canadian Dividend Fund</b>	<b>-4.4</b>	<b>-4.4</b>	<b>31.9</b>	<b>-5.1</b>	<b>-2.3</b>	<b>-0.2</b>	<b>5.3</b>
S&P / TSX Index	-5.4	-5.4	31.7	-5.2	-2.4	1.0	6.6
<b>U.S. Equity Fund (\$CAN)</b>	<b>-1.2</b>	<b>-1.2</b>	<b>18.4</b>	<b>-3.0</b>	<b>-6.1</b>	<b>-1.1</b>	<b>-0.2</b>
S&P 500 Index (\$ CAN)	-1.9	-1.9	15.6	-6.8	-10.3	-4.0	-2.8
<b>Money Market Fund</b>	<b>0.0</b>	<b>0.0</b>	<b>1.1</b>	<b>2.2</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
SCM 91 Day T-Bills	0.0	0.0	0.6	1.8	n/a	n/a	n/a
<b>MONTRUSCO BOLTON FUNDS</b>							
<b>Canadian Equity+ Fund</b>	<b>-5.9</b>	<b>-5.9</b>	<b>29.4</b>	<b>-8.9</b>	<b>-5.1</b>	<b>-1.6</b>	<b>2.7</b>
S&P / TSX Index	-5.4	-5.4	31.7	-5.2	-2.4	1.0	6.6
<b>Small Cap. Canadian Equity Fund</b>	<b>-3.1</b>	<b>-3.1</b>	<b>62.0</b>	<b>-1.5</b>	<b>1.9</b>	<b>3.9</b>	<b>8.5</b>
BMO NB Small Cap Weighted Index	-1.9	-1.9	74.8	-4.2	-5.9	-1.4	4.3
<b>TSX Momentum</b>	<b>-5.7</b>	<b>-5.7</b>	<b>20.8</b>	<b>-10.1</b>	<b>-0.4</b>	<b>2.4</b>	<b>10.9</b>
S&P / TSX Index	-5.4	-5.4	31.7	-5.2	-2.4	1.0	6.6
<b>Quantitative EAFE Equity Fund (CAN\$)</b>	<b>-3.8</b>	<b>-3.8</b>	<b>-10.8</b>	<b>-16.5</b>	<b>-16.6</b>	<b>-9.9</b>	<b>-7.1</b>
MSCI EAFE Index	-2.7	-2.7	21.3	-8.6	-10.7	-3.2	-0.1
<b>Global Equity Fund (CAN\$)</b>	<b>-0.7</b>	<b>-0.7</b>	<b>30.3</b>	<b>-0.6</b>	<b>-6.0</b>	<b>-1.9</b>	<b>0.0</b>
MSCI World Index	-2.5	-2.5	18.6	-7.8	-10.4	-3.6	-1.4
<b>Fixed Income Fund (Can. bonds)</b>	<b>1.9</b>	<b>1.9</b>	<b>11.7</b>	<b>7.2</b>	<b>5.7</b>	<b>5.4</b>	<b>5.2</b>
SCM Universe Bond Index	1.8	1.8	8.4	6.6	5.9	5.5	5.4
<b>FIDELITY FUNDS</b>							
<b>Canadian Opportunities Fund</b>	<b>-0.7</b>	<b>-0.7</b>	<b>63.1</b>	<b>7.1</b>	<b>6.0</b>	<b>6.6</b>	<b>9.9</b>
S&P / TSX Small and Mid Cap Combined Index	-2.0	-2.0	47.9	-2.9	-2.9	-0.2	4.1
<b>True North Fund</b>	<b>-5.7</b>	<b>-5.7</b>	<b>28.9</b>	<b>-5.5</b>	<b>-1.6</b>	<b>2.6</b>	<b>8.0</b>
S&P / TSX Index	-5.4	-5.4	31.7	-5.2	-2.4	1.0	6.6
<b>Overseas Fund</b>	<b>-3.9</b>	<b>-3.9</b>	<b>27.7</b>	<b>-10.2</b>	<b>-12.8</b>	<b>-4.6</b>	<b>0.0</b>
MSCI EAFE Index	-2.7	-2.7	21.3	-8.6	-10.7	-3.2	-0.1
<b>Global Health Care Fund</b>	<b>0.5</b>	<b>0.5</b>	<b>13.2</b>	<b>3.3</b>	<b>-1.9</b>	<b>1.8</b>	<b>3.5</b>
Goldman Sachs HealthCare Index	0.9	0.9	6.5	2.2	-4.3	-0.2	1.6
<b>Global Technology Fund</b>	<b>-4.9</b>	<b>-4.9</b>	<b>39.7</b>	<b>1.1</b>	<b>-3.3</b>	<b>0.2</b>	<b>2.3</b>
Goldman Sachs Technology Index	-4.6	-4.6	32.8	-0.5	-5.4	-1.6	0.7
<b>Europe Fund</b>	<b>-4.2</b>	<b>-4.2</b>	<b>22.1</b>	<b>-12.7</b>	<b>-6.9</b>	<b>2.7</b>	<b>5.5</b>
MSCI Europe Index	-4.4	-4.4	23.5	-10.1	-11.2	-2.3	0.0
<b>American Disciplined Equity Fund</b>	<b>-2.5</b>	<b>-2.5</b>	<b>17.1</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
S&P 500 Index (\$CAN)	-1.9	-1.9	15.6	n/a	n/a	n/a	n/a
<b>NorthStar Fund</b>	<b>-1.0</b>	<b>-1.0</b>	<b>32.0</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
MSCI World Index	-2.5	-2.5	18.6	n/a	n/a	n/a	n/a
<b>Monthly Income Fund</b>	<b>0.7</b>	<b>0.7</b>	<b>34.3</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Multi-Index	-1.8	-1.8	18.7	n/a	n/a	n/a	n/a
<b>Canadian Asset Allocation Fund</b>	<b>-3.0</b>	<b>-3.0</b>	<b>25.8</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Multi-Index	-1.8	-1.8	18.7	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 %
<b>CI FUNDS</b>							
<b>Harbour Growth &amp; Income Fund</b>	<b>-3.8</b>	<b>-3.8</b>	<b>25.3</b>	<b>-0.4</b>	<b>1.0</b>	<b>3.0</b>	<b>7.2</b>
Multi-Index	-1.8	-1.8	18.7	-0.9	-1.0	1.9	4.3
<b>Synergy American Fund</b>	<b>-3.3</b>	<b>-3.3</b>	<b>8.6</b>	<b>-8.3</b>	<b>-9.6</b>	<b>-3.8</b>	<b>-1.1</b>
S&P 500 Index (\$CAN)	-1.9	-1.9	15.6	-6.8	-10.3	-4.0	-2.8
<b>Global Managers Corporate Class Fund</b>	<b>-2.4</b>	<b>-2.4</b>	<b>20.4</b>	<b>1.0</b>	<b>-3.8</b>	<b>1.7</b>	<b>3.1</b>
MSCI World Index	-2.5	-2.5	18.6	-7.8	-10.4	-3.6	-1.4
<b>Signature Canadian Bond Fund</b>	<b>2.0</b>	<b>2.0</b>	<b>10.2</b>	<b>6.3</b>	<b>5.7</b>	<b>5.5</b>	<b>5.4</b>
SCM Universe Bond Index	1.8	1.8	8.4	6.6	5.9	5.5	5.4
<b>Signature High Income</b>	<b>0.2</b>	<b>0.2</b>	<b>31.6</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Multi-Index	-1.8	-1.8	18.7	n/a	n/a	n/a	n/a
<b>American Value</b>	<b>-2.1</b>	<b>-2.1</b>	<b>15.1</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
S&P 500 Index (\$CAN)	-1.9	-1.9	15.6	n/a	n/a	n/a	n/a
<b>Synergy Global Corporate Class</b>	<b>-2.9</b>	<b>-2.9</b>	<b>13.5</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
MSCI World Index	-2.5	-2.5	18.6	n/a	n/a	n/a	n/a
<b>Global Small Companies</b>	<b>-1.4</b>	<b>-1.4</b>	<b>22.5</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
MSCI World Index	-2.5	-2.5	18.6	n/a	n/a	n/a	n/a
<b>AGF FUNDS</b>							
<b>Dividend Income Fund</b>	<b>-3.4</b>	<b>-3.4</b>	<b>27.1</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
S&P / TSX Index	-5.4	-5.4	31.7	n/a	n/a	n/a	n/a
<b>International Stock Class</b>	<b>-5.5</b>	<b>-5.5</b>	<b>27.4</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
MSCI EAFE Index	-2.7	-2.7	21.3	n/a	n/a	n/a	n/a