



Financial and Economic Notes

April 2010 vol. 125

Highlights

- Another good month for equity markets
- Inflation trending higher

Economic indicators

Stronger economic data and the continued commitment from the U.S. Federal Reserve (FED) to keep rates low seemed to overshadow mounting concerns over sovereign debt and fiscal imbalances across the globe.

Nevertheless, Canadian short-term bond rates were up sharply in March making the yield curve much more flatter in anticipation of BOC rate increases in the not too distant future. This prompted major Canadian banks to increase mortgage rates as 5-year Canada Bond yields increased by more than 0.25% to nearly 3%. Another increase of 1% is possible over the next 12 to 18 months.

This development helped the Canadian dollar rise to around \$0.98 despite the fact that most commodity prices were unchanged in March. The Commodity Research Bureau Index is actually lower than its 2009 close. Relative to the EURO, the Canadian dollar is up nearly 10% since the beginning of 2010.

For the most part, Canadian economic data came in stronger than expected in March including wholesale, manufacturing and retail sales. This data series follows a strong 4Q09 which suggests that the first quarter of 2010 should be another robust quarter.

Inflation data came in higher than expected with headline inflation at 1.6% but what really caught our attention was the 2.1% BOC core inflation rate. According to BOC projections this level was not supposed to be achieved until 2011, but with just one month's worth of data it's difficult to call it a trend. It was much the same in the U.S. for both economic news and inflation.

Financial markets

Equity markets closed higher again this month with North American equities ending the first quarter of the year on a positive note. In U.S. dollar terms, the S&P 500 rose 6.0% but for Canadian investors the return was sharply lower at 2.3% due to the stronger Canadian dollar. The largest relative contributor to the S&P/TSX Composite return was the financial sector, up 6.9%, as commodities took a breather.

Bond yields were generally up in March following stronger economic data and somewhat higher inflation numbers. This prompted the Bank of Canada (BOC) to soften its tone about waiting until July before raising interest rates.

All major equity markets increased in value during the month of March with the exception of the MSCI EAFE Index with a return of -2.1%. The S&P/TSX index indicates a return of 3.1%, the S&P 500 is up 2.3% and DEX Universe Bond Index indicates 1.3%.



Financial and Economic Notes

Assumption Life Investment Funds Applicable for Registered Pension Plan clients only

Gross returns as of March 31, 2010

FUNDS	1 MTH %	YTD* %	1 year %	2 years %	3 years %	4 years %	5 years %
ASSUMPTION LIFE FUNDS							
Assumption Life Balanced Fund - RPP	1.1	0.9	17.2	0.2	-0.4	1.7	3.8
Multi-Index	1.7	1.7	21.6	0.0	0.0	2.3	4.7
Canadian Dividend Fund	2.8	1.3	40.4	-3.0	-0.5	1.3	5.4
S&P / TSX Index	3.8	3.1	42.2	-2.0	-0.0	2.7	7.4
U.S. Equity Fund (\$CAN)	3.5	2.6	18.2	-1.5	-4.1	-0.9	0.9
S&P 500 Index (\$ CAN)	2.3	2.3	20.7	-4.3	-8.1	-3.8	-1.6
Money Market Fund	0.0	0.1	0.8	2.0	n/a	n/a	n/a
SCM 91 Day T-Bills	0.0	0.1	0.3	1.4	n/a	n/a	n/a
MONTRUSCO BOLTON FUNDS							
Canadian Equity+ Fund	1.8	-0.6	37.6	-6.4	-3.7	-1.2	2.8
S&P / TSX Index	3.8	3.1	42.2	-2.0	-0.0	2.7	7.4
Small Cap. Canadian Equity Fund	6.0	6.7	80.8	4.7	5.2	5.1	9.2
BMO NB Small Cap Weighted Index	4.5	7.2	88.1	-0.3	-4.4	-0.5	5.5
TSX Momentum	3.2	4.9	29.8	-4.0	1.7	5.2	11.9
S&P / TSX Index	3.8	3.1	42.2	-2.0	0.0	2.7	7.4
Quantitative EAFE Equity Fund (CAN\$)	2.6	-4.1	-0.8	-16.9	-16.7	-10.9	-6.6
MSCI EAFE Index	2.5	-2.2	24.5	-9.7	-10.9	-4.2	0.2
Global Equity Fund (CAN\$)	2.5	2.3	28.2	0.6	-4.5	-2.0	0.8
MSCI World Index	2.5	0.2	22.8	-7.0	-9.3	-4.0	-0.6
Fixed Income Fund (Can. bonds)	-0.4	1.7	8.7	5.9	5.3	5.3	5.2
SCM Universe Bond Index	-0.8	1.3	5.1	5.0	5.3	5.3	5.2
FIDELITY FUNDS							
Canadian Opportunities Fund	2.7	5.0	70.5	9.6	7.3	7.3	10.9
S&P / TSX Small and Mid Cap Combined Index	2.8	5.2	62.1	-0.5	-1.2	1.1	5.2
True North Fund	3.8	2.5	36.5	-2.3	0.6	4.2	8.7
S&P / TSX Index	3.8	3.1	42.2	-2.0	-0.0	2.7	7.4
Overseas Fund	3.3	-2.0	27.7	-9.3	-12.9	-5.1	0.6
MSCI EAFE Index	2.5	-2.2	24.5	-9.7	-10.9	-4.2	0.2
Global Health Care Fund	0.6	1.2	15.9	4.0	-1.5	1.2	3.6
Goldman Sachs HealthCare Index	-1.5	-1.1	9.8	2.5	-4.0	-1.3	1.2
Global Technology Fund	5.1	0.1	32.1	4.9	-1.0	0.4	4.0
Goldman Sachs Technology Index	3.3	-0.1	29.0	2.0	-2.8	-1.1	2.3
Europe Fund	4.1	-2.4	24.2	-13.6	-7.1	1.2	5.9
MSCI Europe Index	2.2	-5.0	25.9	-12.1	-11.7	-3.9	-0.1
American Disciplined Equity Fund	2.1	2.4	20.9	n/a	n/a	n/a	n/a
S&P 500 Index (\$CAN)	2.3	2.3	20.7	n/a	n/a	n/a	n/a
NorthStar Fund	2.8	3.2	37.7	n/a	n/a	n/a	n/a
MSCI World Index	2.5	0.2	22.8	n/a	n/a	n/a	n/a
Monthly Income Fund	1.7	4.5	37.2	n/a	n/a	n/a	n/a
Multi-Index	1.7	1.7	21.6	n/a	n/a	n/a	n/a
Canadian Asset Allocation Fund	2.6	2.9	30.9	n/a	n/a	n/a	n/a
Multi-Index	1.7	1.7	21.6	n/a	n/a	n/a	n/a



Financial and Economic Notes

Assumption Life Investment Funds Applicable for Registered Pension Plan clients only

Gross returns as of March 31, 2010

FUNDS	1 MTH %	YTD* %	1 year %	2 years %	3 years %	4 years %	5 years %
CI FUNDS							
Harbour Growth & Income Fund	3.1	1.6	25.8	1.6	2.6	4.0	7.4
Multi-Index	1.7	1.7	21.6	0.0	0.0	2.3	4.7
Synergy American Fund	2.8	2.0	14.9	-6.5	-7.6	-3.8	-0.2
S&P 500 Index (\$CAN)	2.3	2.3	20.7	-4.3	-8.1	-3.8	-1.6
Global Managers Corporate Class Fund	2.4	0.1	19.8	2.4	-3.0	1.0	4.2
MSCI World Index	2.5	0.2	22.8	-7.0	-9.3	-4.0	-0.6
Signature Canadian Bond Fund	-0.2	2.1	7.9	5.1	5.4	5.4	5.4
SCM Universe Bond Index	-0.8	1.3	5.1	5.0	5.3	5.3	5.2
Signature High Income	1.9	3.3	37.9	n/a	n/a	n/a	n/a
Multi-Index	1.7	1.7	21.6	n/a	n/a	n/a	n/a
American Value	3.1	2.2	18.9	n/a	n/a	n/a	n/a
S&P 500 Index (\$CAN)	2.3	2.3	20.7	n/a	n/a	n/a	n/a
Synergy Global Corporate Class	4.3	0.7	17.6	n/a	n/a	n/a	n/a
MSCI World Index	2.5	0.2	22.8	n/a	n/a	n/a	n/a
Global Small Companies	1.8	0.8	24.8	n/a	n/a	n/a	n/a
MSCI World Index	2.5	0.2	22.8	n/a	n/a	n/a	n/a
AGF FUNDS							
Dividend Income Fund	3.9	5.6	41.2	n/a	n/a	n/a	n/a
S&P / TSX Index	3.8	3.1	42.2	n/a	n/a	n/a	n/a
International Stock Class	2.3	-6.9	25.8	n/a	n/a	n/a	n/a
MSCI EAFE Index	2.5	-2.2	24.5	n/a	n/a	n/a	n/a