



# Financial and Economic Notes

May 2010 vol. 126



## Highlights

- Economic data remains upbeat
- Pace of job creation continues to lag

## Economic indicators

On a global basis, the recovery is becoming increasingly anchored with a new growth forecast from the IMF of 4.2% for 2010! We anticipated that many emerging economies would enjoy strong growth in 2010 but now it appears as if many developed countries will prosper as well, particularly North America, and Japan to a lesser extent. And despite all its problems, it seems that Europe may be starting to feel the benefits of a much lower EURO. Results from a recent European Purchasing Managers Index report were encouraging.

In the U.S., retail sales, manufacturing and consumer confidence continue to show signs of improvement. March home sales even surprised slightly on the upside. April jobless claims remained flat however, a possible indication of a very slow recovery for the job market.

Economic news in Canada was somewhat mixed with February's manufacturing and retail sales much weaker than expected. That being said, GDP data for January and February offers a clear indication that GDP for the first quarter of 2010 should be robust.

Both Canadian and U.S. core inflation rates remain well contained, i.e. below 2%. But some forward looking measures implied by inflation linked bonds suggest that some inflation risk is starting to be reflected into the bond yield curve.

## Financial markets

The second quarter of 2010 started off on a positive note for North American investors despite growing concerns over the sovereign debt problem. A combination of positive economic data and strong first quarter earnings reported by many U.S. companies outweighed the crisis in Greece. So far the fallout has been contained in the Euro Zone as both the S&P 500 and S&P/TSX reported positive returns while the EAFE Index suffered.

### Performance of Major Markets

	(% Change)	
	April 2010	Year to Date
DEX Universe Bond Index	-0.1	1.2
S&P/TSX Composite Index	1.7	4.9
S&P 500 Index	1.2	3.5
MSCI EAFE Index	-2.2	-4.3

Note: all returns expressed in Canadian dollar terms.

Bonds were slightly negative in April as the Bank of Canada (BOC) signalled that higher interest rates are on the way with the first hike possibly as soon as June. Following this news, the Canadian dollar temporarily flirted with parity but closed the month basically unchanged. Given the muted reaction by the dollar it appears most likely that higher interest rates are already priced in at this point. By the end of 2010 we could see the BOC rate move from its current level of 0.25% to 1.75%.



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

Gross returns as of April 30, 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>0.4</b>	<b>1.4</b>	<b>14.9</b>	<b>-0.4</b>	<b>-0.5</b>	<b>1.9</b>	<b>3.9</b>
Multi-Index	0.5	2.2	17.7	-0.8	-0.1	2.5	4.8
<b>Canadian Dividend Fund</b>	<b>0.4</b>	<b>1.7</b>	<b>33.3</b>	<b>-3.8</b>	<b>-1.1</b>	<b>1.3</b>	<b>6.2</b>
S&P / TSX Index	1.7	4.9	34.7	-3.4	-0.2	2.9	8.3
<b>U.S. Equity Fund (\$CAN)</b>	<b>1.1</b>	<b>3.7</b>	<b>14.7</b>	<b>-1.4</b>	<b>-3.4</b>	<b>0.2</b>	<b>0.7</b>
S&P 500 Index (\$ CAN)	1.2	3.5	17.6	-5.1	-7.9	-2.9	-1.7
<b>Money Market Fund</b>	<b>0.0</b>	<b>0.1</b>	<b>0.6</b>	<b>1.8</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
SCM 91 Day T-Bills	0.0	0.1	0.3	1.4	n/a	n/a	n/a
<b>MONTRUSCO BOLTON FUNDS</b>							
<b>Canadian Equity+ Fund</b>	<b>0.5</b>	<b>-0.1</b>	<b>27.4</b>	<b>-7.4</b>	<b>-3.7</b>	<b>-1.4</b>	<b>3.8</b>
S&P / TSX Index	1.7	4.9	34.7	-3.4	-0.2	2.9	8.3
<b>Small Cap. Canadian Equity Fund</b>	<b>4.2</b>	<b>11.2</b>	<b>76.1</b>	<b>6.0</b>	<b>4.6</b>	<b>5.7</b>	<b>11.4</b>
BMO NB Small Cap Weighted Index	4.3	11.8	73.1	2.0	-4.2	-0.5	7.6
<b>TSX Momentum</b>	<b>-0.3</b>	<b>4.7</b>	<b>34.6</b>	<b>-4.2</b>	<b>2.3</b>	<b>3.6</b>	<b>12.7</b>
S&P / TSX Index	1.7	4.9	34.7	-3.4	-0.2	2.9	8.3
<b>Quantitative EAFE Equity Fund (CAN\$)</b>	<b>-2.6</b>	<b>-6.6</b>	<b>-0.9</b>	<b>-20.2</b>	<b>-17.4</b>	<b>-11.3</b>	<b>-7.3</b>
MSCI EAFE Index	-2.2	-4.3	13.9	-12.2	-11.6	-4.9	-0.6
<b>Global Equity Fund (CAN\$)</b>	<b>0.5</b>	<b>2.8</b>	<b>20.4</b>	<b>-0.4</b>	<b>-4.3</b>	<b>-1.3</b>	<b>0.7</b>
MSCI World Index	-0.4	-0.2	16.1	-8.7	-9.5	-3.8	-1.0
<b>Fixed Income Fund (Can. bonds)</b>	<b>0.1</b>	<b>1.8</b>	<b>8.3</b>	<b>6.4</b>	<b>5.3</b>	<b>5.6</b>	<b>4.9</b>
SCM Universe Bond Index	-0.1	1.2	5.1	5.3	5.3	5.6	5.0
<b>FIDELITY FUNDS</b>							
<b>Canadian Opportunities Fund</b>	<b>3.0</b>	<b>8.2</b>	<b>57.7</b>	<b>8.7</b>	<b>7.7</b>	<b>7.7</b>	<b>12.3</b>
S&P / TSX Small and Mid Cap Combined Index	2.1	7.4	54.3	-0.2	-1.4	1.2	6.3
<b>True North Fund</b>	<b>1.7</b>	<b>4.2</b>	<b>30.8</b>	<b>-4.2</b>	<b>0.6</b>	<b>4.8</b>	<b>9.7</b>
S&P / TSX Index	1.7	4.9	34.7	-3.4	-0.2	2.9	8.3
<b>Overseas Fund</b>	<b>-1.0</b>	<b>-3.0</b>	<b>19.6</b>	<b>-11.3</b>	<b>-12.9</b>	<b>-5.6</b>	<b>0.3</b>
MSCI EAFE Index	-2.2	-4.3	13.9	-12.2	-11.6	-4.9	-0.6
<b>Global Health Care Fund</b>	<b>-2.2</b>	<b>-1.0</b>	<b>18.7</b>	<b>3.5</b>	<b>-2.5</b>	<b>1.7</b>	<b>1.5</b>
Goldman Sachs HealthCare Index	-3.9	-5.0	11.6	1.0	-5.6	-1.2	-1.2
<b>Global Technology Fund</b>	<b>2.9</b>	<b>3.0</b>	<b>26.3</b>	<b>4.0</b>	<b>-0.2</b>	<b>1.8</b>	<b>4.6</b>
Goldman Sachs Technology Index	1.8	1.7	22.9	0.3	-2.3	-0.1	2.8
<b>Europe Fund</b>	<b>-0.9</b>	<b>-3.3</b>	<b>16.5</b>	<b>-16.5</b>	<b>-8.2</b>	<b>0.3</b>	<b>5.5</b>
MSCI Europe Index	-2.9	-7.7	13.6	-14.4	-13.1	-4.8	-0.9
<b>American Disciplined Equity Fund</b>	<b>1.6</b>	<b>4.0</b>	<b>17.6</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
S&P 500 Index (\$CAN)	1.2	3.5	17.6	n/a	n/a	n/a	n/a
<b>NorthStar Fund</b>	<b>3.6</b>	<b>6.9</b>	<b>35.5</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
MSCI World Index	-0.4	-0.2	16.1	n/a	n/a	n/a	n/a
<b>Monthly Income Fund</b>	<b>1.3</b>	<b>5.9</b>	<b>32.4</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Multi-Index	0.5	2.2	17.7	n/a	n/a	n/a	n/a
<b>Canadian Asset Allocation Fund</b>	<b>0.8</b>	<b>3.8</b>	<b>24.7</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Multi-Index	0.5	2.2	17.7	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>0.5</b>	<b>2.2</b>	<b>19.4</b>	<b>0.1</b>	<b>2.3</b>	<b>4.0</b>	<b>7.8</b>
Multi-Index	0.5	2.2	17.7	-0.8	-0.1	2.5	4.8
<b>Synergy American Fund</b>	<b>0.1</b>	<b>2.1</b>	<b>13.9</b>	<b>-7.9</b>	<b>-7.5</b>	<b>-3.1</b>	<b>0.2</b>
S&P 500 Index (\$CAN)	1.2	3.5	17.6	-5.1	-7.9	-2.9	-1.7
<b>Global Managers Corporate Class Fund</b>	<b>0.3</b>	<b>0.3</b>	<b>17.0</b>	<b>1.1</b>	<b>-2.6</b>	<b>1.4</b>	<b>4.0</b>
MSCI World Index	-0.4	-0.2	16.1	-8.7	-9.5	-3.8	-1.0
<b>Signature Canadian Bond Fund</b>	<b>0.2</b>	<b>2.3</b>	<b>8.5</b>	<b>5.5</b>	<b>5.4</b>	<b>5.8</b>	<b>5.2</b>
SCM Universe Bond Index	-0.1	1.2	5.1	5.3	5.3	5.6	5.0
<b>Signature High Income</b>	<b>1.6</b>	<b>5.0</b>	<b>33.1</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Multi-Index	0.5	2.2	17.7	n/a	n/a	n/a	n/a
<b>American Value</b>	<b>1.4</b>	<b>3.6</b>	<b>16.8</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
S&P 500 Index (\$CAN)	1.2	3.5	17.6	n/a	n/a	n/a	n/a
<b>Synergy Global Corporate Class</b>	<b>0.5</b>	<b>1.2</b>	<b>16.0</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
MSCI World Index	-0.4	-0.2	16.1	n/a	n/a	n/a	n/a
<b>Global Small Companies</b>	<b>2.2</b>	<b>3.0</b>	<b>22.9</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
MSCI World Index	-0.4	-0.2	16.1	n/a	n/a	n/a	n/a
<b>AGF FUNDS</b>							
<b>Dividend Income Fund</b>	<b>0.5</b>	<b>6.2</b>	<b>33.0</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
S&P / TSX Index	1.7	4.9	34.7	n/a	n/a	n/a	n/a
<b>International Stock Class</b>	<b>-3.9</b>	<b>-10.5</b>	<b>8.3</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
MSCI EAFE Index	-2.2	-4.3	13.9	n/a	n/a	n/a	n/a