

Financial and Economic Notes

March 2006 vol. 76



Highlights

- Energy and basic materials push S&P/TSX lower.
- Japan is back.

Economic indicators

North American economic numbers for January were extremely strong undoubtedly supported by the warmest January in 110 years. We believe however that U.S. consumption will slow down due to a weaker housing sector. Housing starts are slowing while new home sales fell to their lowest level in a year. This should not have a dramatic impact on absolute consumption however as excess household net worth should provide somewhat of a cushion.

Looking at Japan, the world's second largest economy, the turnaround appears to be real. Fourth quarter GDP came in at an annualized rate of 5.5%, well above expectations, and it is logical to assume that 2006 GDP will be around 3%. Several positive CPI reports indicate that deflation has finally ended while domestic demand is increasing. Industrial production has increased for the sixth straight month representing the longest expansion in nine years.

Financial markets

After January's rally, February was somewhat of a disappointment for investors as equity markets reported negative returns. In Canada, the month started off on an upbeat note as the S&P/TSX closed above 12,000 for the first time ever. The record closing level did not last long however as a sell off in the energy and basic materials sectors pushed the S&P/TSX downward to close the month in negative territory, -2.0%.

However, in his first testimony to congress, the new Federal Reserve Chairman Ben Bernanke expressed a degree of optimism over inflation but acknowledged that the U.S. economy is running out of excess capacity and that additional rate increases may be required.

Bonds were the one positive asset class as yields fell on fairly stable core inflation numbers, the SCM Universe Bond performance was 0.5%.

The performance of the S&P 500 and the MSCI EAFE decreased in value, -0.3% and -0.7% respectively, during the month of February.



Assumption Life

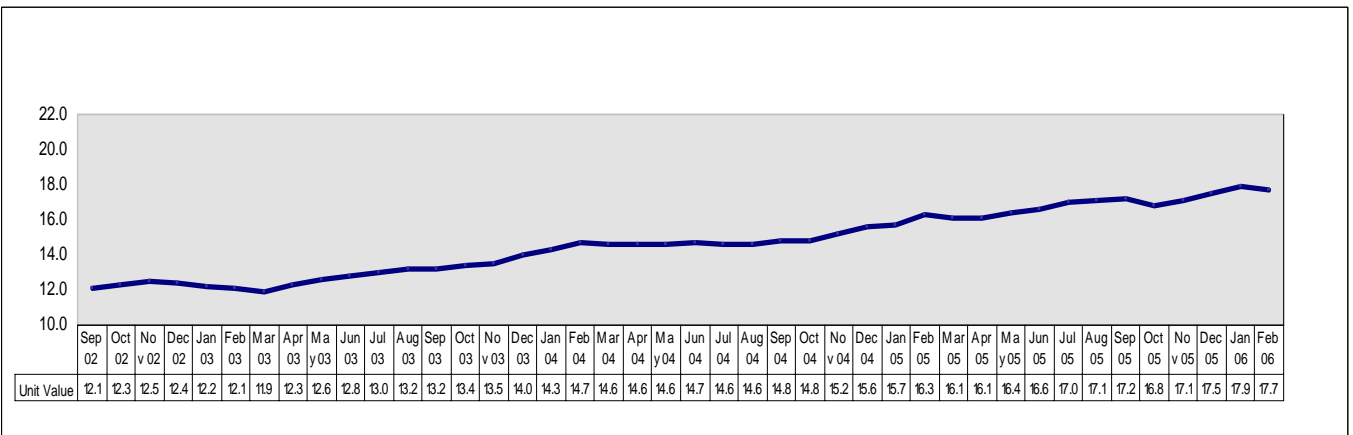
Investing in Your Future

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Yield of the Assumption Life Balanced Fund - RPP
(September 30, 2002 to February 28, 2006)





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Assumption Life Investment Funds

Applicable for Registered Pension Plan clients only

Gross returns as of February 28, 2006

FUNDS	1 MTH %	YTD* %	1 year %	2 years %	3 years %	4 years %	5 years %
ASSUMPTION LIFE FUNDS							
Assumption Life Balanced Fund - RPP	-0.6	1.5	9.1	10.0	13.7	n/a	n/a
<i>Multi-Index</i>	-0.6	1.8	10.7	8.9	13.5	n/a	n/a
Canadian Equity Fund	-4.0	3.1	17.3	18.1	21.7	13.7	n/a
S&P / TSX Index	-2.0	3.9	23.1	17.4	23.5	13.3	n/a
U.S. Equity Fund (\$CAN)	-1.0	0.8	0.7	0.8	5.6	-4.0	n/a
S&P 500 Index (\$ CAN)	-0.3	0.5	0.2	-0.8	7.1	-3.1	n/a
MONTRUSCO BOLTON FUNDS							
Canadian Equity+ Fund	-2.7	4.8	12.2	18.3	24.2	18.0	16.8
S&P / TSX Index	-2.0	3.9	23.1	17.4	23.5	13.3	9.6
Small Cap. Canadian Equity Fund	-1.3	4.9	18.4	22.6	30.7	23.5	21.6
BMO NB Small Cap Weighted Index	-1.2	8.4	20.6	16.8	28.8	18.6	17.0
TSX 100 Momentum	-6.2	3.9	25.3	28.4	40.2	20.6	15.1
S&P / TSX Index	-2.0	3.9	23.1	17.4	23.5	13.3	9.2
E.A.F.E. Equity Fund (CAN\$)	-1.8	1.3	1.6	3.2	14.2	2.6	-1.6
MSCI EAFE Index	-0.7	3.4	8.5	8.8	17.9	5.8	1.2
Global Equity Fund (CAN\$)	-1.6	1.2	3.3	4.2	11.3	0.8	-2.1
MSCI World Index	-0.7	1.8	4.7	3.8	11.9	0.8	-1.5
Fixed Income Fund (Can. bonds)	0.6	-0.2	5.2	5.3	6.8	7.0	6.8
SCM Universe Bond Index	0.5	-0.1	5.4	5.4	6.8	7.0	7.1
T-Max Fund (money market)	0.2	0.5	2.7	2.5	2.7	2.7	3.0
SCM 91 Day T-Bills	0.2	0.5	2.7	2.5	2.7	2.6	2.9
FIDELITY FUNDS							
Canadian Opportunities Fund	-1.5	3.5	17.4	17.0	26.0	n/a	n/a
S&P / TSX Small and Mid Cap Combined Index	-2.4	3.6	14.0	14.9	23.5	n/a	n/a
True North Fund	-1.5	4.0	23.8	19.4	24.3	n/a	n/a
S&P / TSX Index	-2.0	3.9	23.1	17.4	23.5	n/a	n/a
Overseas Fund	-2.8	1.5	n/a	n/a	n/a	n/a	n/a
MSCI EAFE Index	-0.7	3.2	n/a	n/a	n/a	n/a	n/a
Focus Healthcare Fund	-0.8	-1.1	6.7	3.6	6.1	n/a	n/a
Goldman Sachs HealthCare Index	0.3	-0.7	6.3	-0.6	5.2	n/a	n/a
Focus Technology Fund	-1.6	2.2	8.0	-3.6	11.3	n/a	n/a
Goldman Sachs Technology Index	-2.0	-0.5	3.1	-5.5	7.9	n/a	n/a
European Fund	0.2	5.8	10.5	8.7	20.7	n/a	n/a
MSCI Europe Index	-0.4	3.9	4.8	7.2	17.4	n/a	n/a
C.I. FUNDS							
Harbour Growth & Income Fund	-1.7	3.3	17.7	17.7	17.2	n/a	n/a
<i>Multi-Index</i>	-0.6	1.8	11.0	9.0	13.6	n/a	n/a
Global Boomernomics® Fund	-0.3	1.2	3.8	2.3	13.3	n/a	n/a
<i>Multi-Index</i>	-0.6	1.8	10.7	8.9	13.5	n/a	n/a
Synergy American Fund	-0.3	3.5	n/a	n/a	n/a	n/a	n/a
S&P 500 Index (\$ CAN)	-0.3	0.5	n/a	n/a	n/a	n/a	n/a
Global Managers Fund	-1.3	1.9	5.6	4.6	14.8	n/a	n/a
MSCI World Index	-0.7	1.8	4.7	3.8	11.9	n/a	n/a
Canadian Bond Fund	0.4	-0.1	5.7	5.3	6.3	n/a	n/a
SCM Universe Bond Index	0.5	-0.1	5.4	5.4	6.8	n/a	n/a