

Financial and Economic Notes

December 2006 vol. 85



Highlights

- Income trusts decline on taxation announcement.
- Global equity markets move higher.

Economic indicators

Bonds had a solid showing as the economic outlook for North America took a decidedly negative turn which pushed yields lower. It was the fourth month this year that bond returns exceeded 1%.

A recession in the U.S. remains one of the biggest risk factors. Consumption, consumer confidence and manufacturing are all declining. We are watching the unemployment rate closely. An increase from the current level of 4.4% to 5% would push consumption even lower.

It is the Fund Managers' view that should U.S. unemployment increase significantly, the Fed would respond swiftly with lower interest rates. In addition, corporate balance sheets remain strong which will allow corporations to continue investing which will, in turn, support growth and avoid a recession.

Financial markets

November began with investors scrambling to assess the implications of the government's decision to tax income trusts. In response to this uncertainty, the S&P/TSX Index fell 2.4% on the first trading day of the month. As November progressed, optimism won out and the S&P/TSX rebounded strongly, hitting new highs along the way.

Several sectors contributed to the rebound including basic materials and information technology.

High dividend yielding shares, such as bank stocks, also surged higher with the prospects of a level playing field between the taxation of dividends and income trust distributions.

Major equity Markets increased in value during the month of November. The SCM Universe Bond Index indicates a return of 1.1%, the S&P/TSX 3.5%, the S&P 500 3.6% and the MSCI EAFE had a return of 4.7%.



Assumption Life

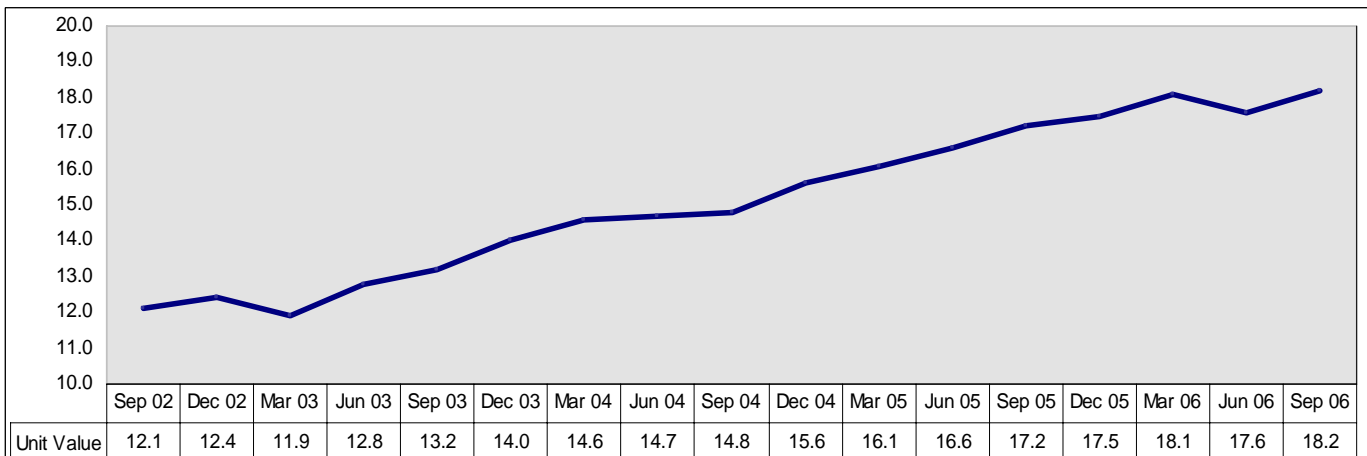
Investing in Your Future

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





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Assumption Life Investment Funds

Applicable for Registered Pension Plan clients only

Gross returns as of November 30, 2006

FUNDS	1 MTH %	YTD* %	1 year %	2 years %	3 years %	4 years %	5 years %
ASSUMPTION LIFE FUNDS							
Assumption Life Balanced Fund - RPP	2.5	9.0	11.4	12.1	12.3	n/a	n/a
<i>Multi-Index</i>	2.6	11.1	13.7	13.0	12.3	n/a	n/a
Canadian Equity Fund	4.0	12.4	17.9	20.0	19.4	18.7	n/a
<i>S&P / TSX Index</i>	3.5	15.5	20.6	21.3	19.8	20.4	n/a
U.S. Equity Fund (\$CAN)	2.8	10.0	9.4	9.0	6.8	2.8	n/a
<i>S&P 500 Index (\$ CAN)</i>	3.6	11.8	11.7	9.0	7.2	4.1	n/a
MONTRUSCO BOLTON FUNDS							
Canadian Equity+ Fund	3.3	13.9	20.4	16.0	20.1	20.7	18.5
<i>S&P / TSX Index</i>	3.5	15.5	20.6	21.3	19.8	20.4	13.6
Small Cap. Canadian Equity Fund	1.3	12.7	17.7	21.9	23.0	24.9	22.7
<i>BMO NB Small Cap Weighted Index</i>	4.7	19.3	27.5	21.3	19.7	24.4	20.0
TSX 100 Momentum	10.5	20.9	26.4	33.2	35.0	32.3	22.0
<i>S&P / TSX Index</i>	3.5	15.5	20.6	21.3	20.0	20.4	13.3
E.A.F.E. Equity Fund (CAN\$)	3.9	10.6	14.3	9.9	10.1	8.7	3.7
<i>MSCI EAFE Index</i>	4.7	19.9	25.4	18.0	16.6	13.1	7.3
Global Equity Fund (CAN\$)	3.1	7.8	9.6	10.2	9.3	6.4	1.9
<i>MSCI World Index</i>	4.2	15.2	17.6	13.3	11.4	8.1	2.9
Fixed Income Fund (Can. bonds)	1.1	4.5	5.4	6.0	6.7	6.7	6.5
<i>SCM Universe Bond Index</i>	1.1	4.9	5.7	6.3	6.7	6.8	6.7
T-Max Fund (money market)	0.3	3.5	3.9	3.2	2.9	2.9	2.9
<i>SCM 91 Day T-Bills</i>	0.3	3.6	3.9	3.2	2.9	2.9	2.8
FIDELITY FUNDS							
Canadian Opportunities Fund	3.0	10.2	16.1	17.0	18.7	n/a	n/a
<i>S&P / TSX Small and Mid Cap Combined Index</i>	1.5	11.4	17.3	16.2	16.6	n/a	n/a
True North Fund	4.5	18.8	23.3	24.4	23.0	n/a	n/a
<i>S&P / TSX Index</i>	3.5	15.6	20.7	21.4	19.9	n/a	n/a
Overseas Fund	5.9	19.2	26.5	n/a	n/a	n/a	n/a
<i>MSCI EAFE Index</i>	5.0	19.8	25.3	n/a	n/a	n/a	n/a
Focus Healthcare Fund	1.9	6.6	8.5	13.0	9.5	n/a	n/a
<i>Goldman Sachs HealthCare Index</i>	1.8	1.8	4.2	9.5	4.7	n/a	n/a
Focus Technology Fund	5.3	11.7	12.7	11.4	2.5	n/a	n/a
<i>Goldman Sachs Technology Index</i>	5.6	7.2	5.2	5.3	0.9	n/a	n/a
Europe Fund	6.7	32.0	39.2	26.5	21.1	n/a	n/a
<i>MSCI Europe Index</i>	5.6	26.7	31.1	19.1	17.7	n/a	n/a
C.I. FUNDS							
Harbour Growth & Income Fund	2.4	12.1	15.6	18.3	17.1	n/a	n/a
<i>Multi-Index</i>	2.6	11.2	13.8	13.1	12.3	n/a	n/a
Global Balanced Corporate Class	5.3	13.3	17.0	11.8	9.8	n/a	n/a
<i>Multi-Index</i>	2.6	11.1	13.7	13.0	12.3	n/a	n/a
Synergy American Fund	3.6	12.7	n/a	n/a	n/a	n/a	n/a
<i>S&P 500 Index (\$ CAN)</i>	3.6	11.8	n/a	n/a	n/a	n/a	n/a
Global Managers Corporate Class Fund	4.5	15.9	20.9	13.8	12.5	n/a	n/a
<i>MSCI World Index</i>	4.2	15.2	17.6	13.3	11.4	n/a	n/a
Canadian Bond Fund	1.1	5.0	5.8	6.4	6.5	n/a	n/a
<i>SCM Universe Bond Index</i>	1.1	4.9	5.7	6.3	6.7	n/a	n/a