

Confident Times

ISSUE 8, VOLUME 1 - 2nd Quarter 2007

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Economic Indicators

While some market watchers believe the U.S. has recovered from the housing market induced slowdown, the Fund Managers remain somewhat cautious. U.S. GDP for the fourth quarter of 2006 had initially been reported at 3.5%, but was revised downwards to 2.2% in February after adjusting for realized trade numbers and inventory data. Most retail sales surveys now indicate a less enthusiastic

consumer compared to survey results released in the earlier days of 2007 when the weather was unusually warm.

Recent housing data also seems to confirm that some weakness remains, particularly in new home sales for January, despite the warmer weather in the first half of the month.

On a positive note, mortgage applications are trending upwards hinting at a possible stabilization in the housing sector and potentially better days in the months ahead. Again the Fund Managers remain cautious but they do not expect a recession any time soon. In Canada, the news was much better than it had been late last year with recent data showing steady job gains, solid housing starts and signs of a rebound in the manufacturing sector. Despite this encouraging data the Fund Managers believe it is somewhat premature to celebrate a complete turnaround in the Canadian economy.

Globally, Europe ended 2006 with solid growth in the neighbourhood of 3%, as did the U.K. Japan also closed 2006 on an upbeat note with GDP at 4.8% for the fourth quarter, after a very weak third quarter. Strong retail sales for January indicate that 2007 is off to a solid start.

Going forward, the Fund Managers still favour equities over fixed income with an emphasis on U.S. and international equities over Canadian equities. Balanced portfolios remain slightly overweight equities.

Financial Markets

Equity markets were very strong in February – that is until the correction just three days before month end. It all started in China where the index plummeted nearly 9% and then rolled across the world's equity markets like a wave. Adding to the volatility was the fact that U.S. markets were in somewhat of an overbought condition as well as heading towards the longest streak since 1954 without a 2% daily correction (151 consecutive sessions).

By the time North American markets finally closed, the S&P 500 had tumbled 3.5%, erasing all year-to-date gains, while the S&P/TSX had fallen 2.7%. Corrections of this nature are not unusual. Given the current economic fundamentals and the fact that equities are reasonably valued, the Fund Managers remain confident that equities will continue their upward trend once they stabilize.

Major equity Markets increased in value during the month of February with the exception of the S&P 500, which decreased in value of -2.7%. The SCM Universe Bond Index increased by 1.3%, the S&P/TSX 0.3% and the MSCI EAFE had a return of 0%.



Assumption Life
Financial Services

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Investment Funds' Performance as of February 28, 2007

Funds Name	3 Months %	6 Months %	YTD %	1 Year %	3 Years %	5 Years %	Inception
ASSUMPTION LIFE FUNDS							
Assumption Balanced Fund - A	1.82	6.04	1.18	6.97	6.58	5.88	5.77
Assumption Balanced Fund - B	1.48	5.35	0.92	5.56	5.16	4.60	4.33
Assumption Balanced Fund - C	1.54	5.46	0.96	5.79	5.39	4.83	4.55
Canadian Equity Fund - A	0.72	6.87	0.46	7.89	12.78	10.23	10.71
Canadian Equity Fund - B	0.40	6.20	0.22	6.52	11.34	8.95	8.89
Canadian Equity Fund - C	0.45	6.31	0.26	6.75	11.58	9.14	9.07
U.S. Equity Fund - A	3.67	13.61	0.07	11.11	2.14	-3.68	-3.72
U.S. Equity Fund - B	3.32	12.84	-0.19	9.58	0.73	-4.53	-5.20
U.S. Equity Fund - C	3.37	12.96	-0.15	9.82	0.95	-4.33	-5.00
CI FUNDS							
Canadian Bond Fund - A	-0.11	1.79	0.66	3.03	2.77	3.81	3.70
Canadian Bond Fund - B	-0.17	1.65	0.60	2.76	2.49	3.53	3.35
Canadian Bond Fund - C	-0.12	1.76	0.64	2.98	2.71	3.75	3.57
Global Balanced Corporate Class Fund - A	4.57	14.94	0.85	14.74	4.42	3.39	-2.88
Global Balanced Corporate Class Fund - B	4.24	14.22	0.61	13.29	3.09	2.07	0.62
Global Balanced Corporate Class Fund - C	4.30	14.34	0.65	13.53	3.31	2.29	0.83
Global Managers® Corporate Class Fund - A	5.29	15.44	1.46	17.41	6.79	2.97	-0.19
Global Managers® Corporate Class Fund - B	4.96	14.72	1.21	15.93	5.43	1.66	0.43
Global Managers® Corporate Class Fund - C	5.02	14.84	1.26	16.17	5.66	1.88	0.64
Harbour Growth & Income Fund - A	1.37	4.96	0.61	7.87	12.33	9.05	9.46
Harbour Growth & Income Fund - B	1.08	4.36	0.38	6.61	11.01	7.77	8.13
Harbour Growth & Income Fund - C	1.13	4.47	0.42	6.84	11.25	8.00	8.36
Synergy American Fund - A	3.97	15.45	1.45	11.00	N/A	N/A	N/A
Synergy American Fund - B	3.65	14.73	1.20	9.60	N/A	N/A	N/A
Synergy American Fund - C	3.70	14.85	1.24	9.83	N/A	N/A	N/A
FIDELITY FUNDS							
Canadian Opportunities Fund - A	4.72	9.18	2.80	9.26	12.29	12.62	10.67
Canadian Opportunities Fund - B	-0.42	3.49	2.55	2.90	9.13	10.10	10.47
Canadian Opportunities Fund - C	4.45	8.61	2.59	8.10	11.10	11.42	11.72
European Fund - A	8.23	22.53	4.09	32.40	13.90	5.65	4.73
European Fund - B	7.89	21.76	3.84	30.72	12.45	4.30	3.09
European Fund - C	7.95	21.89	3.88	30.99	12.69	4.53	3.34
Focus Health Care Fund - A	5.06	9.18	2.46	10.90	4.01	-1.48	-2.30
Focus Health Care Fund - B	4.72	8.46	2.19	9.43	2.63	-2.79	-3.22
Focus Health Care Fund - C	4.77	8.58	2.24	9.67	2.85	-2.58	-3.02
Focus Technology Fund - A	0.76	12.89	-2.00	7.82	-1.79	-1.81	10.18
Focus Technology Fund - B	0.43	12.15	-2.25	6.40	-3.10	-3.12	-6.92
Focus Technology Fund - C	0.48	12.27	-2.21	6.62	-2.89	-2.91	-6.72
Overseas Fund - A	8.45	21.07	2.41	24.76	N/A	N/A	22.59
Overseas Fund - B	8.11	20.31	2.17	23.18	N/A	N/A	21.03
Overseas Fund - C	8.17	20.44	2.21	23.44	N/A	N/A	13.84
True North® Fund - A	2.20	11.78	1.66	14.39	15.59	11.56	8.58
True North® Fund - B	1.88	11.07	1.41	12.94	14.12	10.13	9.84
True North® Fund - C	1.93	11.19	1.46	13.18	14.36	10.37	10.08
MONTRUSCO BOLTON FUNDS							
Canadian Equity + Fund - A	3.92	8.62	0.96	11.16	14.25	14.48	10.51
Canadian Equity + Fund - B	3.53	7.79	0.67	9.46	12.50	12.89	13.31
Canadian Equity + Fund - C	3.58	7.91	0.71	9.69	12.74	13.13	13.55
Can. Small Cap. Equity Fund - A	3.94	8.60	0.08	9.68	16.22	18.28	13.90
Can. Small Cap. Equity Fund - B	3.60	7.89	-0.17	8.23	14.68	16.71	16.86
Can. Small Cap. Equity Fund - C	3.66	8.00	-0.13	8.46	14.92	16.96	17.11
E.A.F.E. Equity Fund - A	4.55	11.09	0.08	12.16	4.43	2.42	3.08
E.A.F.E. Equity Fund - B	4.19	10.33	-0.18	10.62	2.99	1.07	0.06
E.A.F.E. Equity Fund - C	4.25	10.44	-0.14	10.85	3.21	1.29	0.27
Fixed Income Fund - A	-0.22	1.63	0.63	2.61	2.74	4.05	4.93
Fixed Income Fund - B	-0.21	1.00	0.64	2.66	2.50	3.93	3.95
Fixed Income Fund - C	0.16	1.76	0.68	2.88	2.72	4.15	4.17
Global Equity Fund - A	4.07	11.48	-0.04	8.89	4.03	0.11	0.32
Global Equity Fund - B	3.72	10.72	-0.30	7.40	2.59	-0.97	-1.82
Global Equity Fund - C	3.77	10.83	-0.26	7.62	2.81	-0.76	-1.61
T-Max Fund - A	0.65	1.32	0.50	2.55	1.51	1.47	2.12
T-Max Fund - B	0.00	0.00	0.00	0.00	0.03	0.39	0.40
T-Max Fund - C	0.00	0.00	0.00	0.00	0.06	0.49	0.50
TSX 100 Momentum Fund - A	5.66	15.96	3.35	20.27	24.36	19.14	14.57
TSX 100 Momentum Fund - B	5.26	15.08	3.05	18.43	22.45	17.24	16.57
TSX 100 Momentum Fund - C	5.32	15.20	3.09	18.69	22.71	17.50	16.82

A - No-load contract established prior to 2002 **B** - No-load contract established since 2002 **C** - Back-end load contract established since 2002

The information folder contains important information on the funds. Read it carefully and consult your investment representative before investing. Except for any guarantee applicable upon death or maturity, any fraction of the premium or any amount allocated to a segregated fund is invested at the subscriber's risk. Their value may increase or decrease according to market fluctuations of fund assets. Information on performance reflects past returns and does not guarantee future returns.

Financial planning & you.



Denis Losier,
President and CEO, Assumption Life

An Individual Pension Plan: is it for you?

Have you ever considered a retirement investment program other than a Registered Retirement Savings Plan (RRSP) to build your retirement nest egg? Various alternative retirement planning vehicles are available, such as Individual Pension Plans (IPPs), Retirement Compensation Agreements (RCAs), universal life insurance policies, etc. The selection of the proper vehicle is complex and at times confusing, and a proper evaluation of each option is necessary to ensure you have chosen the one that best suits your needs.

The topic of this article will cover Individual Pension Plans (IPPs) and how they can help you meet your retirement goals. Although they've been available for over a decade, Individual Pension Plans (IPPs) have gained considerable popularity in the past few years.

What is an IPP?

An IPP is a defined benefit pension plan usually established for a sole individual. The plan is sponsored and funded by the employer.

Funding requirements, which are calculated by actuaries, are based on the age, income, post-1990 RRSP contributions as well as interest rates and inflation. Upon retirement, you may purchase a guaranteed life annuity, a Life Income Fund or a Locked-in Retirement Account.

Do you qualify?

An IPP is usually appropriate for key executives, owner-managers of a business and incorporated professionals who ideally are over the age of 40 and earn over \$100,000 per year, although individual circumstances may differ.

As with any other products or plans, there are advantages and disadvantages. Let's take a few moments to compare.

Advantages

- For individuals over the age of 50, the annual maximum tax-deductible contribution limit is at least \$5,000 greater than the maximum allowed in an individual RRSP.
- Maximum contribution amounts increase with age.
- You may purchase past years of service to improve your retirement income. If you have contributed to your RRSP since 1990, you must transfer that amount to your IPP, while the corporation then pays the balance of the funding requirements for past service.
- Since the IPP is a registered pension plan, it is subject to pension legislation; therefore its benefits are protected from creditors.
- IPPs provide for predictable retirement income and are guaranteed for life with a life annuity. An actuary will calculate the current funding requirements for future retirement income.
- Contributions and expenses are fully tax-deductible for the corporation. These deductions could help reduce corporate profits to a lower income tax level and is applicable to small businesses.
- Surpluses belong to the plan member. While the advantages are attractive, IPPs are not for everyone, for the following reasons.

Disadvantages

- Initial set-up fees, annual expenses and filing fees can be perceived as a disadvantage, although it is important to note that these costs are tax-deductible for the corporation. Fees may vary from one IPP provider to another.
- Unlike RRSPs, IPPs do not allow for income splitting.
- Since the product is governed by pension legislation, locked-in provisions are applicable at retirement, meaning less flexibility with your pension assets.
- If the plan member leaves his/her employer or winds up the plan, any surplus that has accumulated is fully taxable.
- If the plan experiences a funding deficit as a result of lower than expected returns, the corporation may be required to fund this deficit. Deficit funding is tax-deductible for the corporation and may therefore be seen as an advantage.
- IPPs are not available to sole proprietors or partners in unincorporated firms. The IPP is not necessarily meant to replace your current retirement vehicles. However, it may be an interesting alternative or may even complement your existing plans. Due to the complexity of the product, we recommend that you consult your accountant, tax specialist or financial advisor to help you through the evaluation and decision-making process. It is very important to ensure that you have all the facts straight, so as not to jeopardize your retirement.

Denis Losier, President and CEO of Assumption Life, in collaboration with Paul LeBlanc – Director of Marketing.



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FlexOptions

Mortgage Insurance
tailored for your comfort!

NEW!
30 & 35
year terms.

Did you know that you can obtain better insurance options by buying your own individual insurance policy to protect your financial obligations such as a mortgage or another long-term loan?

FlexOptions gives you the chance to take care of your family's needs and comfort in the event of death, disability or critical illness.

- No matter where your mortgage is, you're protected.
- Name your own beneficiary, so your loved ones can decide when (or if) they want to pay off your mortgage or other financial obligations.
- You can also choose options such as critical illness or disability insurance.
- Your premium will not change for the duration of your policy.
- In most cases, no proof of mortgage will be required.
- FlexOptions is available as an individual or a joint policy for a 10, 15, 20, 25, 30 and 35-year term.
- You have the option of converting your FlexOptions policy into a permanent policy.

MARKET INDEX PERFORMANCE as of February 28, 2007

Index	YTD	1 year	3 years	5 years	10 years
Dow Jones (\$ CDN)	-1.16%	14.74%	0.4%	-2.41%	4.33%
MSCI EAFE (\$ CDN)	1.92%	24.98%	14.24%	9.48%	6.76%
Nasdaq (\$ CDN)	0.44%	8.89%	1.29%	0.47%	4.68%
S&P 500 (\$ CDN)	-0.41%	12.94%	2.37%	-1.51%	4.3%
S&P/TSX	1.06%	11.61%	14.07%	11.3%	7.8%

Source - Globefund.com



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Financial Services

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