



Financial and Economic Notes

June 2008 vol. 103

Highlights

- S&P/TSX briefly reaches new high
- Record oil prices creating economic uncertainty

Economic indicators

Globally, the economic scenario is unfolding as expected. The U.S. is just skirting a recession as the export sector compensates for domestic weakness, and growth in non-residential construction partly offsets the weakness in new residential housing. There are also improving signs in the manufacturing sector as global growth and the weak dollar provide an advantage the U.S. has not seen in many years.

The fact that there is no clear indication of whether or not the U.S. is in recession shows again the resiliency and the flexibility of the U.S. economy particularly in light of the worst financial crisis in fifty years.

The Canadian economy continues to resist the U.S. weakness as shown by robust domestic demand and a strong labour market. The rest of the world is showing signs of slowing (UK and EURO zone) but overall emerging economies such as China and Latin America are keeping global growth afloat for the time being. This supports our view that overall global economy is better diversified and more stable than in the past and therefore better suited to withstand such shocks as the current crisis.

remainder of 2008 thereby increasing the odds of a recession late in 2008 or early 2009. They will continue to monitor this trend closely and adjust their strategy as needed.

The Fund Managers do not expect much more interest rate relief, particularly in light of the recent rise in Consumer Price Index (CPI). While headline inflation is trending higher globally, they expect slowing global growth to take some of the steam out of commodities and inflationary pressure should diminish over the next 12 months.

There were no changes to asset mix in the month. Their balanced mandates remain underweight bonds and overweight equities, in particular U.S. equities.

All major equity markets decreased in value during the month of May with the exception of the S&P/TSX which increased in value: 5.8%. The DEX Universe Bond index had a return of -0.2%, the S&P500 -0.2% and the MSCI EAFE -0.6%.

Financial markets

Fueled by higher energy and commodity prices, the S&P/TSX Composite Index reached an all time high by briefly exceeding the 15000 level on May 21st. In U.S. dollar terms, the S&P 500 was up 1.4% but for Canadian investors the index was down 0.2% on a weaker U.S dollar.

Overshadowing a positive view on economic growth is the unexpected recent spike in oil prices. Significantly higher oil could negatively impact the second half of 2008. In the past the Fund Managers maintained that a recession would be avoided which so far has been correct. If, however, oil continues its rapid trend upwards, it will alter the path for growth for the



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Assumption Life Investment Funds Applicable for Registered Pension Plan clients only

Gross returns as of May 31, 2008

FUNDS	1 MTH %	YTD* %	1 year %	2 years %	3 years %	4 years %	5 years %
ASSUMPTION LIFE FUNDS							
Assumption Life Balanced Fund - RPP	1.7	1.0	0.5	6.3	6.7	8.2	9.6
Multi-Index	1.9	2.9	2.2	8.2	8.8	9.1	10.4
Canadian Equity Fund	5.1	0.8	6.8	11.8	13.9	15.5	16.6
S&P / TSX Index	5.8	7.5	7.4	14.9	18.0	17.6	19.0
U.S. Equity Fund (\$CAN)	-0.2	-4.5	-7.4	4.3	0.9	1.3	3.7
S&P 500 Index (\$ CAN)	-0.2	-3.2	-13.3	1.6	-0.4	-0.4	2.9
Money Market Fund	0.3	n/a	n/a	n/a	n/a	n/a	n/a
SCM 91 Day T-Bills	0.3	n/a	n/a	n/a	n/a	n/a	n/a
MONTRUSCO BOLTON FUNDS							
Canadian Equity+ Fund	3.1	-0.9	4.9	8.7	12.1	15.0	17.8
S&P / TSX Index	5.8	7.5	7.4	14.9	18.0	17.6	19.0
Small Cap. Canadian Equity Fund	3.8	-2.9	2.1	8.3	15.7	18.1	21.3
BMO NB Small Cap Weighted Index	4.5	-3.5	-14.1	2.3	12.6	11.8	17.9
TSX 100 Momentum	9.2	-0.6	14.9	19.9	27.0	29.2	33.2
S&P / TSX Index	5.8	7.5	7.4	14.9	18.0	17.6	19.0
E.A.F.E. Equity Fund (CAN\$)	0.9	-1.0	-9.6	2.2	2.8	3.3	7.6
MSCI EAFE Index	-0.6	-2.4	-9.4	5.6	8.0	7.3	11.8
Global Equity Fund (CAN\$)	0.7	-6.3	-10.2	1.1	1.0	2.2	5.7
MSCI World Index	0	-2.2	-10.5	4.0	4.0	3.5	7.2
Fixed Income Fund (Can. bonds)	-0.2	1.7	4.6	4.5	3.3	4.9	4.9
SCM Universe Bond Index	-0.1	2.3	6.6	5.6	4.1	5.6	5.2
FIDELITY FUNDS							
Canadian Opportunities Fund	4.2	2.1	5.9	10.9	15.6	15.1	19.3
S&P / TSX Small and Mid Cap Combined Index	3.3	0.6	-4.8	5.8	11.4	11.2	15.5
True North Fund	6.4	8.2	12.4	20.8	21.3	21.0	21.5
S&P / TSX Index	5.8	7.5	7.4	14.9	18.0	17.6	19.0
Overseas Fund	-0.3	-7.9	-15.0	3.7	8.0	6.4	12.2
MSCI EAFE Index	-0.4	-2.4	-9.4	5.6	7.9	7.3	11.8
Global Health Care Fund	0.7	-4.9	-9.7	2.3	0.4	1.2	3.3
Goldman Sachs HealthCare Index	0.4	-5.6	-14.6	-1.5	-2.8	-2.0	1.1
Global Technology Fund	2.9	-8.0	-6.0	6.1	3.6	0.7	4.8
Goldman Sachs Technology Index	3.3	-2.1	-3.9	5.9	3.4	1.1	6.2
Europe Fund	3.2	4.6	13.9	25.7	24.2	20.1	21.4
MSCI Europe Index	-0.9	-3.4	-10.0	7.9	8.8	8.5	12.0
American Disciplined Equity Fund	0.8	n/a	n/a	n/a	n/a	n/a	n/a
S&P 500 Index (\$CAN)	-0.2	n/a	n/a	n/a	n/a	n/a	n/a
NorthStar Fund	2.6	n/a	n/a	n/a	n/a	n/a	n/a
MSCI World Index	0	n/a	n/a	n/a	n/a	n/a	n/a
Monthly Income Fund	2.8	n/a	n/a	n/a	n/a	n/a	n/a
Multi-Index	1.9	n/a	n/a	n/a	n/a	n/a	n/a
Canadian Asset Allocation Fund	4.2	n/a	n/a	n/a	n/a	n/a	n/a
Multi-Index	1.9	n/a	n/a	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 %
CI FUNDS							
Harbour Growth & Income Fund	3.0	3.0	6.3	10.6	13.8	14.7	14.7
Multi-Index	1.9	2.9	2.2	8.2	8.8	9.1	10.4
Global Balanced Corporate Class	1.5	1.5	-6.6	4.2	4.3	2.8	7.4
Multi-Index	1.9	2.9	2.2	8.2	8.8	9.1	10.4
Synergy American Fund	2.1	2.1	-5.5	5.8	4.9	6.7	8.4
S&P 500 Index (\$CAN)	-0.2	-3.2	-13.3	1.6	-0.4	-0.4	2.9
Global Managers Corporate Class Fund	0.7	0.7	-8.1	4.9	5.4	4.3	8.7
MSCI World Index	0	-2.2	-10.5	4.0	4.0	3.5	7.2
Canadian Bond Fund	-0.3	-0.3	6.3	5.6	4.4	5.6	5.1
SCM Universe Bond Index	-0.2	2.3	6.6	5.6	4.1	5.6	5.2
Signature High Income	2.0	n/a	n/a	n/a	n/a	n/a	n/a
Multi-Index	1.9	n/a	n/a	n/a	n/a	n/a	n/a
American Value	1.6	n/a	n/a	n/a	n/a	n/a	n/a
S&P 500 Index (\$CAN)	-0.2	n/a	n/a	n/a	n/a	n/a	n/a
Synergy Global Corporate Class	1.4	n/a	n/a	n/a	n/a	n/a	n/a
MSCI World Index	0	n/a	n/a	n/a	n/a	n/a	n/a
Global Small Companies	2.6	n/a	n/a	n/a	n/a	n/a	n/a
MSCI World Index	0	n/a	n/a	n/a	n/a	n/a	n/a
AGF FUNDS							
Dividend Income Fund	2.4	n/a	n/a	n/a	n/a	n/a	n/a
S&P / TSX Index	5.8	n/a	n/a	n/a	n/a	n/a	n/a
US Value Class	-6.0	n/a	n/a	n/a	n/a	n/a	n/a
S&P 500 Index (\$CAN)	-0.2	n/a	n/a	n/a	n/a	n/a	n/a
Global Financial Services Class	-6.7	n/a	n/a	n/a	n/a	n/a	n/a
Globe Financial Service Peer Index	-4.0	n/a	n/a	n/a	n/a	n/a	n/a
International Stock Class	-3.9	n/a	n/a	n/a	n/a	n/a	n/a
MSCI EAFE Index	-0.4	n/a	n/a	n/a	n/a	n/a	n/a