



# Financial and Economic Notes

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## Economic indicators

Even if the crisis had been going on for over a year, on September 15th, the situation changed drastically. During the early hours of that week, the US financial system nearly stalled. Fortunately, few days later, the authorities announced the \$700 billion package named TARP (Temporary Assets Relief Program). Although the initial attempt wasn't successful, the bill, along with other measures, got approved October 3. These measures, along with more to come, should help keep the U.S. recession contained. The baseline scenario, however, assumes that the LIBOR market stress will quickly disappear. Following the coordinated world global rate cut, the FED may have 0.5% more to go.

The U.S. probably entered a recession in the third quarter of this year and many developed countries aren't far behind. Emerging countries are slowing as well. The Fund Managers believe that Canada will continue to be somewhat resilient despite evident signs of slowing. As expected, inflation worries have subsided and will support Real Income. This, along with a low inventory level and strong corporate balance sheet, should help compensate for other negative aspects resulting from the crisis. Over what was already done by the FED and BOC, other Central Banks are now cutting rates, including the most important one, which is China. Their quick response, even with retail sales running at more than 20% in 2008, shows their intention. Even the ECB has softened the tone lately. The combination of these interventions should help contain the global slowdown

## Financial markets

Obviously, with equities moving lower, they become increasingly cheaper. On a P/E basis, the TSX is now back at a discount to U.S. equities at 14 times trailing earnings and as low as 10 times forward earnings. The S&P500 trades at 15 times trailing and 11 times expected earnings. Since earning expectations may be too

high, even using other valuation measures, they still appear fairly attractive. Price/Sales or Price/Book all suggest good valuation reaching levels not seen since the early 1990s for the S&P500. If the Fund Managers look at current dividend levels in relation to bond yield, they would qualify as significantly attractive, for all of North America as well.

Margins have compressed and may continue to do so in the near term. Lower commodity prices and high productivity, combined with share buybacks, will help offset other negative impacts for the S&P500. Specific to Canadian equities, the Fund Managers now have many commodity securities trading at low single-digit multiples, which should help limit further damage, despite the likelihood of lower earnings revisions. Real rates are near zero, or even negative in many countries, suggesting little attractiveness for bonds. This analysis favours equity versus fixed income.

All major equity markets decreased in value during the month of September. The MSCI EAFE index had a return of -14.7%, the DEX Universe Bond Index -2.0%, the S&P/TSX - 14.5% and the S&P500 -9.1%.



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

Gross returns as of September 30, 2008

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>-7.8</b>	<b>-8.8</b>	<b>-8.2</b>	<b>-0.3</b>	<b>1.5</b>	<b>5.1</b>	<b>6.5</b>
Multi-Index	-8.6	-8.4	-8.6	0.4	2.7	5.8	6.8
<b>Canadian Equity Fund</b>	<b>-14.1</b>	<b>-19.9</b>	<b>-17.6</b>	<b>-0.3</b>	<b>1.6</b>	<b>7.9</b>	<b>10.1</b>
S&P / TSX Index	-14.5	-13.3	-14.4	2.5	4.7	10.4	12.0
<b>U.S. Equity Fund (\$CAN)</b>	<b>-7.6</b>	<b>-8.8</b>	<b>-9.1</b>	<b>-1.6</b>	<b>1.1</b>	<b>1.7</b>	<b>2.2</b>
S&P 500 Index (\$ CAN)	-9.1	-13.4	-17.0	-7.1	-2.8	-1.3	0.2
<b>Money Market Fund</b>	<b>0.3</b>	<b>2.4</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
SCM 91 Day T-Bills	0.3	2.6	n/a	n/a	n/a	n/a	n/a
<b>MONTRUSCO BOLTON FUNDS</b>							
<b>Canadian Equity+ Fund</b>	<b>-15.5</b>	<b>-22.1</b>	<b>-19.7</b>	<b>-2.2</b>	<b>1.4</b>	<b>6.9</b>	<b>10.3</b>
S&P / TSX Index	-14.5	-13.3	-14.4	2.5	4.7	10.4	12.0
<b>Small Cap. Canadian Equity Fund</b>	<b>-18.2</b>	<b>-28.7</b>	<b>-26.7</b>	<b>-3.4</b>	<b>-0.2</b>	<b>8.3</b>	<b>10.9</b>
BMO NB Small Cap Weighted Index	-20.1	-33.1	-36.2	-12.0	-4.9	2.0	5.5
<b>TSX 100 Momentum</b>	<b>-23.4</b>	<b>-21.1</b>	<b>-20.0</b>	<b>10.7</b>	<b>9.7</b>	<b>19.8</b>	<b>22.3</b>
S&P / TSX Index	-14.5	-13.3	-14.4	2.5	4.7	10.4	12.0
<b>E.A.F.E. Equity Fund (CAN\$)</b>	<b>-13.8</b>	<b>-22.6</b>	<b>-24.5</b>	<b>-11.2</b>	<b>-6.2</b>	<b>-1.9</b>	<b>0.5</b>
MSCI EAFE Index	-14.2	-23.8	-25.6	-9.1	-1.8	2.2	4.6
<b>Global Equity Fund (CAN\$)</b>	<b>-12.0</b>	<b>-19.4</b>	<b>-18.7</b>	<b>-7.7</b>	<b>-4.2</b>	<b>-0.5</b>	<b>1.4</b>
MSCI World Index	-12.1	-18.7	-21.3	-7.8	-2.3	0.5	2.3
<b>Fixed Income Fund (Can. bonds)</b>	<b>-1.8</b>	<b>1.4</b>	<b>3.3</b>	<b>2.2</b>	<b>2.7</b>	<b>4.2</b>	<b>4.4</b>
SCM Universe Bond Index	-2.0	1.8	4.6	3.1	3.4	4.8	4.8
<b>FIDELITY FUNDS</b>							
<b>Canadian Opportunities Fund</b>	<b>-15.7</b>	<b>-19.7</b>	<b>-17.3</b>	<b>-0.1</b>	<b>2.6</b>	<b>7.9</b>	<b>11.1</b>
S&P / TSX Small and Mid Cap Combined Index	-16.8	-20.8	-23.5	-4.4	-1.1	4.7	7.7
<b>True North Fund</b>	<b>-15.0</b>	<b>-13.8</b>	<b>-13.2</b>	<b>5.1</b>	<b>7.2</b>	<b>13.1</b>	<b>14.7</b>
S&P / TSX Index	-14.5	-13.3	-14.4	2.5	4.7	10.4	12.0
<b>Overseas Fund</b>	<b>-13.5</b>	<b>-28.6</b>	<b>-31.7</b>	<b>-10.5</b>	<b>-2.3</b>	<b>2.1</b>	<b>3.5</b>
MSCI EAFE Index	-14.2	-23.8	-25.6	-9.1	-1.8	2.2	4.6
<b>Global Health Care Fund</b>	<b>-7.3</b>	<b>-5.8</b>	<b>-5.3</b>	<b>-2.3</b>	<b>0.2</b>	<b>3.1</b>	<b>3.1</b>
Goldman Sachs HealthCare Index	-7.0	-4.5	-6.1	-5.1	-1.2	0.9	1.4
<b>Global Technology Fund</b>	<b>-13.5</b>	<b>-23.3</b>	<b>-23.6</b>	<b>-6.6</b>	<b>-1.6</b>	<b>0.6</b>	<b>-1.4</b>
Goldman Sachs Technology Index	-14.5	-20.4	-22.6	-7.5	-2.7	-0.4	-0.8
<b>Europe Fund</b>	<b>-18.4</b>	<b>-25.4</b>	<b>-19.0</b>	<b>3.3</b>	<b>9.0</b>	<b>12.2</b>	<b>12.5</b>
MSCI Europe Index	-14.8	-25.2	-26.1	-8.4	-0.4	3.0	5.8
<b>American Disciplined Equity Fund</b>	<b>-12.6</b>	<b>-22.3</b>	<b>-20.3</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
S&P 500 Index (\$CAN)	-9.1	-13.4	-17.0	n/a	n/a	n/a	n/a
<b>NorthStar Fund</b>	<b>-14.1</b>	<b>-19.7</b>	<b>-20.8</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
MSCI World Index	-12.1	-18.7	-21.3	n/a	n/a	n/a	n/a
<b>Monthly Income Fund</b>	<b>-6.0</b>	<b>-3.7</b>	<b>-4.8</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Multi-Index	-8.6	-8.4	-8.6	n/a	n/a	n/a	n/a
<b>Canadian Asset Allocation Fund</b>	<b>-9.5</b>	<b>-6.5</b>	<b>-6.5</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Multi-Index	-8.6	-8.4	-8.6	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>-7.6</b>	<b>-3.9</b>	<b>-5.4</b>	<b>4.3</b>	<b>6.6</b>	<b>10.6</b>	<b>11.6</b>
Multi-Index	-8.6	-8.4	-8.6	0.4	2.7	5.8	6.8
<b>Global Balanced Corporate Class</b>	<b>-11.3</b>	<b>-16.3</b>	<b>-18.7</b>	<b>-6.5</b>	<b>-1.8</b>	<b>0.6</b>	<b>2.0</b>
Multi-Index	-8.6	-8.4	-8.6	0.4	2.7	5.8	6.8
<b>Synergy American Fund</b>	<b>-11.1</b>	<b>-12.6</b>	<b>-14.3</b>	<b>-3.1</b>	<b>0.2</b>	<b>3.9</b>	<b>4.3</b>
S&P 500 Index (\$CAN)	-9.1	-13.4	-17.0	-7.1	-2.8	-1.3	0.2
<b>Global Managers Corporate Class Fund</b>	<b>-8.4</b>	<b>-11.9</b>	<b>-13.3</b>	<b>-3.9</b>	<b>1.1</b>	<b>3.4</b>	<b>4.7</b>
MSCI World Index	-12.1	-18.7	-21.3	-7.8	-2.3	0.5	2.3
<b>Canadian Bond Fund</b>	<b>-1.4</b>	<b>2.1</b>	<b>4.8</b>	<b>3.5</b>	<b>3.7</b>	<b>5.0</b>	<b>4.9</b>
SCM Universe Bond Index	-2.0	1.8	4.6	3.1	3.4	4.8	4.8
<b>Signature High Income</b>	<b>-7.4</b>	<b>-3.1</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Multi-Index	-8.6	-8.4	n/a	n/a	n/a	n/a	n/a
<b>American Value</b>	<b>-10.4</b>	<b>-13.3</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
S&P 500 Index (\$CAN)	-9.1	-13.4	n/a	n/a	n/a	n/a	n/a
<b>Synergy Global Corporate Class</b>	<b>-12.7</b>	<b>-19.2</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
MSCI World Index	-12.1	-18.7	n/a	n/a	n/a	n/a	n/a
<b>Global Small Companies</b>	<b>-10.5</b>	<b>-15.8</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
MSCI World Index	-12.1	-18.7	n/a	n/a	n/a	n/a	n/a
<b>AGF FUNDS</b>							
<b>Dividend Income Fund</b>	<b>-8.9</b>	<b>-7.5</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
S&P / TSX Index	-14.5	-13.3	n/a	n/a	n/a	n/a	n/a
<b>US Value Class</b>	<b>-8.3</b>	<b>-27.1</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
S&P 500 Index (\$CAN)	-9.1	-13.4	n/a	n/a	n/a	n/a	n/a
<b>Global Financial Services Class</b>	<b>-16.3</b>	<b>-30.6</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Globe Financial Service Peer Index	-10.1	-24.9	n/a	n/a	n/a	n/a	n/a
<b>International Stock Class</b>	<b>-10.0</b>	<b>-22.1</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
MSCI EAFE Index	-14.2	-23.8	n/a	n/a	n/a	n/a	n/a