



# Financial and Economic Notes

November 2008 vol. 108

## Highlights

- Equity markets plunge on credit and recession woes
- Central banks and governments mount global relief effort

### Economic indicators

In reaction to the crisis, central banks around the world responded in unison. On October 8, many central banks, including the U.S. Federal Reserve (FED) and the Bank of Canada, cut key interest rates by 0.5%. These actions, combined with the FED's announcement on October 13 of a plan to invest \$250 billion to shore up U.S. banks, help put a floor under the stock market.

As the month progressed, markets recovered somewhat, recognizing the attractive valuation levels and an additional rate cut by the FED. Markets also responded favourably to new measures introduced by the FED to diminish stress in money markets by accommodating commercial paper issuers.

During the severe weakness in the early weeks of the month, we felt that valuations on Canadian equities had become very attractive, particularly in the resource sector. In response, we increased Canadian equities on two occasions, which has so far been a profitable trade. We will consider purchasing additional Canadian equities if valuations and market conditions present us the opportunity to do so.

### Financial markets

Without a doubt, it was an extremely difficult month for all investors; the first two weeks of October were nothing short of a financial tsunami. Markets were overwhelmed by a complete freeze in credit markets and new evidence that the global economic outlook was becoming darker. In light of the unprecedented uncertainty, risky assets declined during the month.

To make matters worse, hints that large redemptions were occurring in mutual and hedge fund accounts only added to the equity meltdown. It appears that many retail investors sold at the very bottom to permanently lock in losses.

In light of the fact that bond yields appear to have hit bottom at 3.4% and bond prices have nowhere to go but down, we will maintain our overweight in equities for the time being.

The economic outlook is certainly very bleak and likely to remain this way for some time to come. It is important to recognize however that equity markets are forward-looking and that a significant amount of economic bearishness has already been discounted by the market. This is evident by the fact that the market was able to rise significantly on two separate occasions that coincided with the release of the worst Consumer Confidence and Manufacturing Index data in decades.

We remain optimistic that the massive and timely response by different levels of governments and central banks around the world should help the global economy recover over the course of the next twelve months.

All major equity markets decreased in value during the month of October. The MSCI EAFE index had a return of -9.3%, the DEX Universe Bond Index -0.8%, the S&P/TSX -16.7% and the S&P500 -5.4%.



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

Gross returns as of October 31, 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>-6.4</b>	<b>-14.6</b>	<b>-15.1</b>	<b>-4.8</b>	<b>0.2</b>	<b>3.3</b>	<b>4.7</b>
Multi-Index	-7.9	-15.7	-16.7	-5.1	0.8	3.3	4.6
<b>Canadian Equity Fund</b>	<b>-16.9</b>	<b>-33.4</b>	<b>-35.2</b>	<b>-11.4</b>	<b>-2.5</b>	<b>2.9</b>	<b>5.4</b>
S&P / TSX Index	-16.7	-27.8	-31.4	-8.7	0.5	4.9	7.0
<b>U.S. Equity Fund (\$CAN)</b>	<b>-6.5</b>	<b>-14.7</b>	<b>-13.2</b>	<b>-6.5</b>	<b>-1.2</b>	<b>0.7</b>	<b>0.5</b>
S&P 500 Index (\$ CAN)	-5.4	-18.1	-19.0	-11.4	-4.6	-2.2	-1.6
<b>Money Market Fund</b>	<b>0.3</b>	<b>2.7</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	0.2	2.8	n/a	n/a	n/a	n/a	n/a
<b>MONTRUSCO BOLTON FUNDS</b>							
<b>Canadian Equity+ Fund</b>	<b>-18.0</b>	<b>-36.1</b>	<b>-39.0</b>	<b>-13.2</b>	<b>-3.2</b>	<b>1.4</b>	<b>5.0</b>
S&P / TSX Index	-16.7	-27.8	-31.4	-8.7	0.5	4.9	7.0
<b>Small Cap. Canadian Equity Fund</b>	<b>-19.1</b>	<b>-42.3</b>	<b>-44.4</b>	<b>-16.3</b>	<b>-5.0</b>	<b>3.0</b>	<b>5.3</b>
BMO NB Small Cap Weighted Index	-27.5	-51.5	-56.0	-27.7	-12.8	-6.0	-2.5
<b>TSX 100 Momentum</b>	<b>-17.4</b>	<b>-34.9</b>	<b>-38.1</b>	<b>-1.6</b>	<b>5.1</b>	<b>13.7</b>	<b>16.7</b>
S&P / TSX Index	-16.7	-27.8	-31.4	-8.7	0.5	4.9	7.0
<b>E.A.F.E. Equity Fund (CAN\$)</b>	<b>-1.0</b>	<b>-23.4</b>	<b>-24.9</b>	<b>-13.0</b>	<b>-5.7</b>	<b>-2.1</b>	<b>-0.4</b>
MSCI EAFE Index	-8.7	-30.4	-31.7	-14.9	-4.3	0	1.9
<b>Global Equity Fund (CAN\$)</b>	<b>-8.8</b>	<b>-26.5</b>	<b>-25.9</b>	<b>-13.3</b>	<b>-6.5</b>	<b>-2.3</b>	<b>-1.0</b>
MSCI World Index	-7.9	-25.1	-26.3	-13.3	-4.7	-1.3	-0.1
<b>Fixed Income Fund (Can. bonds)</b>	<b>-1.1</b>	<b>0.2</b>	<b>1.6</b>	<b>1.4</b>	<b>2.7</b>	<b>3.6</b>	<b>4.4</b>
SCM Universe Bond Index	-0.8	1.0	3.1	2.5	3.5	4.3	4.9
<b>FIDELITY FUNDS</b>							
<b>Canadian Opportunities Fund</b>	<b>-15.4</b>	<b>-32.1</b>	<b>-32.5</b>	<b>-9.9</b>	<b>-1.4</b>	<b>3.4</b>	<b>6.3</b>
S&P / TSX Small and Mid Cap Combined Index	-18.5	-35.5	-39.8	-16.4	-5.6	-0.7	2.4
<b>True North Fund</b>	<b>-16.3</b>	<b>-27.9</b>	<b>-30.2</b>	<b>-6.2</b>	<b>2.9</b>	<b>7.5</b>	<b>9.6</b>
S&P / TSX Index	-16.7	-27.8	-31.4	-8.7	0.5	4.9	7.0
<b>Overseas Fund</b>	<b>-13.7</b>	<b>-38.3</b>	<b>-40.2</b>	<b>-18.9</b>	<b>-6.6</b>	<b>-1.5</b>	<b>-0.4</b>
MSCI EAFE Index	-8.7	-30.4	-31.7	-14.9	-4.3	0	1.9
<b>Global Health Care Fund</b>	<b>-1.6</b>	<b>-7.3</b>	<b>-3.8</b>	<b>-3.8</b>	<b>-0.6</b>	<b>3.7</b>	<b>3.5</b>
Goldman Sachs HealthCare Index	1.8	-2.8	-0.5	-4.9	-0.7	2.5	2.0
<b>Global Technology Fund</b>	<b>-5.4</b>	<b>-27.5</b>	<b>-28.9</b>	<b>-10.6</b>	<b>-3.4</b>	<b>-0.9</b>	<b>4.0</b>
Goldman Sachs Technology Index	-6.9	-25.9	-28.3	-12.2	-4.6	-2.3	-3.5
<b>Europe Fund</b>	<b>-13.3</b>	<b>-35.3</b>	<b>-32.3</b>	<b>-6.3</b>	<b>4.9</b>	<b>8.2</b>	<b>8.3</b>
MSCI Europe Index	-9.9	-32.7	-33.5	-15.0	-3.4	0.4	2.8
<b>American Disciplined Equity Fund</b>	<b>-4.8</b>	<b>-26.0</b>	<b>-24.1</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
S&P 500 Index (\$CAN)	-5.4	-18.1	-19.0	n/a	n/a	n/a	n/a
<b>NorthStar Fund</b>	<b>-10.8</b>	<b>-28.3</b>	<b>-29.7</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
MSCI World Index	-7.9	-25.1	-26.3	n/a	n/a	n/a	n/a
<b>Monthly Income Fund</b>	<b>-9.2</b>	<b>-12.5</b>	<b>-14.4</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Multi-Index	-7.9	-15.7	-16.7	n/a	n/a	n/a	n/a
<b>Canadian Asset Allocation Fund</b>	<b>-10.1</b>	<b>-15.9</b>	<b>-18.1</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Multi-Index	-7.9	-15.7	-16.7	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>-10.6</b>	<b>-14.1</b>	<b>-16.5</b>	<b>-2.6</b>	<b>3.4</b>	<b>7.3</b>	<b>8.5</b>
Multi-Index	-7.9	-15.7	-16.7	-5.1	0.8	3.3	4.6
<b>Global Balanced Corporate Class</b>	<b>-5.9</b>	<b>-21.2</b>	<b>-22.1</b>	<b>-10.8</b>	<b>-3.3</b>	<b>-0.7</b>	<b>0.1</b>
Multi-Index	-7.9	-15.7	-16.7	-5.1	0.8	3.3	4.6
<b>Synergy American Fund</b>	<b>-5.8</b>	<b>-17.7</b>	<b>-17.6</b>	<b>-7.8</b>	<b>-1.1</b>	<b>2.1</b>	<b>2.3</b>
S&P 500 Index (\$CAN)	-5.4	-18.1	-19.0	-11.4	-4.6	-2.2	-1.6
<b>Global Managers Corporate Class Fund</b>	<b>-5.7</b>	<b>-17.0</b>	<b>-16.9</b>	<b>-8.1</b>	<b>-0.3</b>	<b>2.0</b>	<b>3.0</b>
MSCI World Index	-7.9	-25.1	-26.3	-13.3	-4.7	-1.3	-0.1
<b>Canadian Bond Fund</b>	<b>-1.5</b>	<b>0.6</b>	<b>2.5</b>	<b>2.4</b>	<b>3.4</b>	<b>4.3</b>	<b>4.7</b>
SCM Universe Bond Index	-0.8	1.0	3.1	2.5	3.5	4.3	4.9
<b>Signature High Income</b>	<b>-12.6</b>	<b>-15.4</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Multi-Index	-7.9	-15.7	n/a	n/a	n/a	n/a	n/a
<b>American Value</b>	<b>-6.9</b>	<b>-19.3</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)	-5.4	-18.1	n/a	n/a	n/a	n/a	n/a
<b>Synergy Global Corporate Class</b>	<b>-7.8</b>	<b>-25.5</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
MSCI World Index	-7.9	-25.1	n/a	n/a	n/a	n/a	n/a
<b>Global Small Companies</b>	<b>-7.2</b>	<b>-21.9</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
MSCI World Index	-7.9	-25.1	n/a	n/a	n/a	n/a	n/a
<b>AGF FUNDS</b>							
<b>Dividend Income Fund</b>	<b>-11.0</b>	<b>-17.7</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	-16.7	-27.8	n/a	n/a	n/a	n/a	n/a
<b>US Value Class</b>	<b>-9.3</b>	<b>-33.9</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)	-5.4	-18.1	n/a	n/a	n/a	n/a	n/a
<b>Global Financial Services Class</b>	<b>-18.0</b>	<b>-43.1</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	-18.7	-39.0	n/a	n/a	n/a	n/a	n/a
<b>International Stock Class</b>	<b>-13.7</b>	<b>-32.7</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
MSCI EAFE Index	-8.7	-30.4	n/a	n/a	n/a	n/a	n/a