



Financial and Economic Notes

December 2008 vol. 109

Highlights

- Equity markets continue to slide
- Cen Central banks continue to lower interest rates

Economic indicators

There were no meetings by either the U.S. Federal Reserve or the Bank of Canada in the month but both are expected to deliver more rate cuts in December - most likely one half of one percent, each. Further rate cuts in the U.S. would be a formality because the effective FED Funds rate has been trading near 0.5% since late September despite the actual target rate of 1% in place since October 29th and 1.5% since October 8th.

Needless to say, positive economic news is a very rare commodity these days and it looks like it will remain that way for some time as economic news tends to lag reality by several months. That being said, anecdotal evidence suggests there have been no improvements on the economic front at this time.

It now looks likely that the U.S. will experience something more severe than the 1990 recession. It is still unclear as to how bad it will be compared to the most severe recessions post WWII of 1957-58, 1973-74 and 1981-82.

Despite declining markets and economic uncertainty the Fund Managers remain confident that there will be better times ahead. The one ray of light is the continued commitment by the U.S., as well as most other countries around the world, to do whatever it takes to limit the damage already done. Energy prices are falling rapidly and mortgage interest rates are down sharply, all of which will eventually have a positive impact. Many Central Banks are now aggressively slashing interest rates by as much as 100bp or more in one move.

Financial markets

November was another difficult month for equities as major equity indices around the world reported negative returns. Much of the decline can be attributed to the continued onslaught of negative economic news although declining oil and other commodity prices were also significant factors behind the loss on the S&P/TSX. In the U.S., markets were also impacted by widening corporate credit spreads and the absence of any significant signs of stabilization of house prices.

Bonds had a very strong month as deflation fears pushed bond yields downwards to levels unseen since the 40's and 50's. It is almost a certainty that the Fund Managers will see negative year over year inflation data over the course of the next few months. However, they believe that the current deflation environment should be short lived just as the recent inflation scare was, particularly in Canada.

All major equity markets decreased in value during the month of November except for the DEX Universe Bond Index with a return of 2.4%. The MSCI EAFE index had a return of -2.8%, the S&P/TSX -4.7% and the S&P500 -4.7%.



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Assumption Life Investment Funds Applicable for Registered Pension Plan clients only

Gross returns as of November 30, 2008

FUNDS	1 MTH %	YTD* %	1 year %	2 years %	3 years %	4 years %	5 years %
ASSUMPTION LIFE FUNDS							
Assumption Life Balanced Fund - RPP	-1.0	-15.5	-15.4	-6.4	-0.8	2.4	4.4
Multi-Index	-1.8	-17.2	-17.1	-7.1	-0.6	2.5	4.1
Canadian Equity Fund	-2.1	-34.8	-33.3	-14.0	-4.5	1.6	4.7
S&P / TSX Index	-4.7	-31.2	-30.3	-12.4	-2.6	3.1	5.7
U.S. Equity Fund (\$CAN)	-5.8	-19.7	-20.6	-10.5	-4.3	-1.2	-0.5
S&P 500 Index (\$ CAN)	-4.7	-22.0	-23.5	-15.0	-6.9	-3.7	-2.3
Money Market Fund	0.2	2.9	n/a	n/a	n/a	n/a	n/a
SCM 91 Day T-Bills	0.2	3.0	n/a	n/a	n/a	n/a	n/a
MONTRUSCO BOLTON FUNDS							
Canadian Equity+ Fund	-1.2	-36.9	-36.4	-15.1	-4.6	-0.7	4.6
S&P / TSX Index	-4.7	-31.2	-30.3	-12.4	-2.6	3.1	5.7
Small Cap. Canadian Equity Fund	-8.1	-47.0	-44.4	-20.3	-9.2	-1.4	3.4
BMO NB Small Cap Weighted Index	-10.6	-56.6	-55.7	-33.2	-17.1	-10.0	-5.2
TSX 100 Momentum	-3.3	-37.1	-36.5	-8.0	2.3	10.7	15.8
S&P / TSX Index	-4.7	-31.2	-30.3	-12.4	-2.6	3.1	5.7
E.A.F.E. Equity Fund (CAN\$)	-1.0	-24.2	-27.9	-15.0	-6.2	-3.3	-0.7
MSCI EAFE Index	-3.4	-32.8	-35.2	-18.4	-5.9	-1.9	1.1
Global Equity Fund (CAN\$)	-6.6	-31.3	-33.6	-17.4	-9.3	-4.6	-2.3
MSCI World Index	-3.9	-28.1	-29.9	-16.8	-6.6	-2.9	-0.9
Fixed Income Fund (Can. bonds)	1.8	2.0	2.2	1.8	2.9	3.9	4.7
SCM Universe Bond Index	2.4	3.4	4.1	3.2	4.0	4.7	5.3
FIDELITY FUNDS							
Canadian Opportunities Fund	-7.3	-37.1	-34.1	-14.5	-5.3	0	4.1
S&P / TSX Small and Mid Cap Combined Index	-5.7	-39.1	-38.6	-19.4	-8.6	-3.2	0.6
True North Fund	-5.0	-31.5	-30.4	-10.6	-0.5	5.5	8.3
S&P / TSX Index	-4.7	-31.2	-30.3	-12.4	-2.6	3.1	5.7
Overseas Fund	-4.6	-41.2	-42.9	-23.0	-9.1	-3.6	-1.4
MSCI EAFE Index	-3.4	-32.8	-35.2	-18.4	-5.9	-1.9	1.1
Global Health Care Fund	-2.5	-9.5	-12.0	-5.9	-1.3	3.1	3.1
Goldman Sachs HealthCare Index	-4.7	-7.4	-11.6	-8.1	-2.4	1.3	0.7
Global Technology Fund	-8.4	-33.5	-34.2	-16.6	-7.8	-3.6	-5.6
Goldman Sachs Technology Index	-8.6	-32.3	-33.0	-18.4	-9.3	-5.1	-5.1
Europe Fund	-6.8	-39.7	-38.0	-12.5	2.2	5.3	6.4
MSCI Europe Index	-4.9	-36.0	-37.9	-19.4	-5.2	-2.0	1.2
American Disciplined Equity Fund	-1.7	-27.2	-26.9	n/a	n/a	n/a	n/a
S&P 500 Index (\$CAN)	-4.7	-22.0	-23.5	n/a	n/a	n/a	n/a
NorthStar Fund	-6.8	-33.2	-32.8	n/a	n/a	n/a	n/a
MSCI World Index	-3.9	-28.1	-29.9	n/a	n/a	n/a	n/a
Monthly Income Fund	-4.8	-16.7	-16.8	n/a	n/a	n/a	n/a
Multi-Index	-1.8	-17.2	-17.1	n/a	n/a	n/a	n/a
Canadian Asset Allocation Fund	-2.1	-17.6	-17.1	n/a	n/a	n/a	n/a
Multi-Index	-1.8	-17.2	-17.1	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	-3.9	-17.4	-17.7	-5.6	1.0	5.7	7.4
Multi-Index	-1.8	-17.2	-17.1	-7.1	-0.6	2.5	4.1
Global Balanced Corporate Class	-3.4	-23.9	-25.7	-14.6	-5.2	-2.3	-0.7
Multi-Index	-1.8	-17.2	-17.1	-7.1	-0.6	2.5	4.1
Synergy American Fund	-6.9	-23.3	-24.6	-12.6	-4.6	-0.9	0.2
S&P 500 Index (\$CAN)	-4.7	-22.0	-23.5	-15.0	-6.9	-3.7	-2.3
Global Managers Corporate Class Fund	-0.9	-17.8	-19.4	-10.5	-1.1	0.9	2.7
MSCI World Index	-3.9	-28.1	-29.9	-16.8	-6.6	-2.9	-0.9
Canadian Bond Fund	2.1	2.7	3.2	2.9	3.9	4.6	5.1
SCM Universe Bond Index	2.4	3.4	4.1	3.2	4.0	4.7	5.3
Signature High Income	-6.8	-21.1	n/a	n/a	n/a	n/a	n/a
Multi-Index	-1.8	-17.2	n/a	n/a	n/a	n/a	n/a
American Value	-4.5	-22.9	n/a	n/a	n/a	n/a	n/a
S&P 500 Index (\$CAN)	-4.7	-22.0	n/a	n/a	n/a	n/a	n/a
Synergy Global Corporate Class	-4.8	-29.0	n/a	n/a	n/a	n/a	n/a
MSCI World Index	-3.9	-28.1	n/a	n/a	n/a	n/a	n/a
Global Small Companies	-4.2	-25.1	n/a	n/a	n/a	n/a	n/a
MSCI World Index	-3.9	-28.1	n/a	n/a	n/a	n/a	n/a
AGF FUNDS							
Dividend Income Fund	-6.7	-23.2	n/a	n/a	n/a	n/a	n/a
S&P / TSX Index	-4.7	-31.2	n/a	n/a	n/a	n/a	n/a
US Value Class	-10.3	-40.7	n/a	n/a	n/a	n/a	n/a
S&P 500 Index (\$CAN)	-4.7	-22.0	n/a	n/a	n/a	n/a	n/a
Global Financial Services Class	-7.5	-47.4	n/a	n/a	n/a	n/a	n/a
Globe Financial Service Peer Index	-10.72	-45.56	n/a	n/a	n/a	n/a	n/a
International Stock Class	-5.0	-36.1	n/a	n/a	n/a	n/a	n/a
MSCI EAFE Index	-3.4	-32.8	n/a	n/a	n/a	n/a	n/a