



# Financial and Economic Notes

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## Highlights

- Bond yields plunge
- Economic data continues to disappoint

### Economic indicators

The economic news is not improving. The deterioration in the U.S. suggests that the current recession could be the worst since WWII. In Canada, there are many signs of slowing but the magnitude seems less severe than south of the border. Although Canada generally tends to lag the U.S., the Canadian economy started with a much stronger base and significantly less banking problems. Outside North America the picture is not much rosier with Europe and Asia also encountering economic headwinds.

Despite the gloom, there is some cause for optimism as Central Banks around the world aggressively lower interest rates and governments offer up fiscal stimulus and corporate bailout packages. The U.S. Fed Fund's rate is now virtually at zero following the Federal Reserve's December meeting.

### Financial markets

It was another disappointing month as weak economic data and frozen credit markets continued to weigh heavily on global financial markets. December marks the fourth consecutive month that Canadian and U.S. equity indices declined. On a positive note, bonds reported their best month of the year, up 2.9%, as yields tumbled on slowing economic growth and lower inflation expectations.

The Fed is also contemplating buying long Treasury bonds to help push long-term interest rates lower. This should exert downward pressure on mortgage rates and help ensure that real estate does not deflate much further. It is worth noting that there has not been another major bank failure for several months and U.S. equity markets have resisted making new lows despite the worst economic news since 1982.

The Bank of Canada (BoC) also lowered rates in December bringing the overnight rate to 1.5%. In the press release following the

decision, the BoC kept the door open for further rate cuts but suggested caution in assuming additional cuts are a foregone conclusion.

At this point it is difficult to determine how long the global recession will last. The Fund Managers are confident however that the policy response from the world's Central Banks and governments will ultimately free up credit markets and stimulate growth.

While there is certainly more bad news to come, the current crisis will eventually work its way through the system. This time next year the Fund Managers expect to see significant improvement in the economic outlook. More importantly, markets are forward looking and will start to trend higher long before the economic news turns positive.

The performance of the S&P/TSX and the S&P500 decreased in value, -2.6% and -1.0% during the month, while the DEX Universe Bond Index and the MSCI EAFE increased in value, 2.9% and 4.4% respectively.



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

Gross returns as of December 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>1.5</b>	<b>-14.3</b>	<b>-14.3</b>	<b>-6.4</b>	<b>-1.1</b>	<b>2.1</b>	<b>3.9</b>
Multi-Index	0.5	-16.7	-16.7	-7.5	-1.2	2.0	3.4
<b>Canadian Equity Fund</b>	<b>-0.1</b>	<b>-34.8</b>	<b>-34.8</b>	<b>-14.2</b>	<b>-6.0</b>	<b>0.4</b>	<b>3.5</b>
S&P / TSX Index	-2.6	-33.0	-33.0	-14.2	-4.8	1.7	4.2
<b>U.S. Equity Fund (\$CAN)</b>	<b>-0.8</b>	<b>-20.3</b>	<b>-20.3</b>	<b>-12.4</b>	<b>-4.3</b>	<b>-2.3</b>	<b>-1.4</b>
S&P 500 Index (\$ CAN)	-0.5	-22.3	-22.3	-16.7	-7.0	-4.9	-3.3
<b>Money Market Fund</b>	<b>0.3</b>	<b>3.2</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	3.3	n/a	n/a	n/a	n/a	n/a
<b>MONTRUSCO BOLTON FUNDS</b>							
<b>Canadian Equity+ Fund</b>	<b>-2.3</b>	<b>-38.4</b>	<b>-38.4</b>	<b>-16.9</b>	<b>-7.1</b>	<b>-2.4</b>	<b>2.9</b>
S&P / TSX Index	-2.6	-33.0	-33.0	-14.2	-4.8	1.7	4.2
<b>Small Cap. Canadian Equity Fund</b>	<b>6.1</b>	<b>-43.8</b>	<b>-43.8</b>	<b>-18.8</b>	<b>-8.7</b>	<b>-1.4</b>	<b>3.7</b>
BMO NB Small Cap Weighted Index	7.6	-53.3	-53.3	-31.3	-16.9	-9.0	-4.8
<b>TSX Momentum</b>	<b>-2.0</b>	<b>-38.3</b>	<b>-38.3</b>	<b>-10.1</b>	<b>0.1</b>	<b>8.9</b>	<b>13.5</b>
S&P / TSX Index	-2.6	-33.0	-33.0	-14.2	-4.8	1.7	4.2
<b>Quantitative EAFE Equity Fund (CAN\$)</b>	<b>5.7</b>	<b>-19.9</b>	<b>-19.9</b>	<b>-14.6</b>	<b>-5.5</b>	<b>-3.5</b>	<b>-0.8</b>
MSCI EAFE Index	5.4	-29.2	-29.2	-18.3	-5.6	-1.8	0.7
<b>Global Equity Fund (CAN\$)</b>	<b>5.2</b>	<b>-27.7</b>	<b>-27.7</b>	<b>-17.1</b>	<b>-8.2</b>	<b>-4.8</b>	<b>-2.4</b>
MSCI World Index	1.6	-26.9	-26.9	-17.8	-6.8	-3.7	-1.7
<b>Fixed Income Fund (Can. bonds)</b>	<b>1.9</b>	<b>4.0</b>	<b>4.0</b>	<b>3.1</b>	<b>3.3</b>	<b>4.1</b>	<b>4.7</b>
SCM Universe Bond Index	2.9	6.4	6.4	5.0	4.7	5.1	5.5
<b>FIDELITY FUNDS</b>							
<b>Canadian Opportunities Fund</b>	<b>3.3</b>	<b>-35.0</b>	<b>-35.0</b>	<b>-13.6</b>	<b>-5.9</b>	<b>-0.1</b>	<b>3.6</b>
S&P / TSX Small and Mid Cap Combined Index	0.5	-38.8	-38.8	-19.6	-10.0	-3.9	-0.2
<b>True North Fund</b>	<b>-2.2</b>	<b>-32.9</b>	<b>-32.9</b>	<b>-12.1</b>	<b>-2.4</b>	<b>4.1</b>	<b>6.7</b>
S&P / TSX Index	-2.6	-33.0	-33.0	-14.2	-4.8	1.7	4.2
<b>Overseas Fund</b>	<b>6.7</b>	<b>-37.2</b>	<b>-37.2</b>	<b>-23.1</b>	<b>-9.0</b>	<b>-3.2</b>	<b>-1.5</b>
MSCI EAFE Index	5.4	-29.2	-29.2	-18.3	-5.6	-1.8	0.7
<b>Global Health Care Fund</b>	<b>2.3</b>	<b>-7.4</b>	<b>-7.4</b>	<b>-6.1</b>	<b>-1.1</b>	<b>2.0</b>	<b>2.3</b>
Goldman Sachs HealthCare Index	6.8	-1.2	-1.2	-6.3	-1.2	1.3	1.0
<b>Global Technology Fund</b>	<b>-0.3</b>	<b>-33.7</b>	<b>-33.7</b>	<b>-17.8</b>	<b>-8.2</b>	<b>-4.7</b>	<b>-5.8</b>
Goldman Sachs Technology Index	2.6	-30.5	-30.5	-18.1	-9.1	-5.5	-4.9
<b>Europe Fund</b>	<b>7.3</b>	<b>-35.3</b>	<b>-35.3</b>	<b>-11.4</b>	<b>2.8</b>	<b>5.6</b>	<b>6.5</b>
MSCI Europe Index	4.7	-33.0	-33.0	-19.6	-4.8	-2.1	0.6
<b>American Disciplined Equity Fund</b>	<b>-3.2</b>	<b>-29.5</b>	<b>-29.5</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
S&P 500 Index (\$CAN)	-0.5	-22.3	-22.3	n/a	n/a	n/a	n/a
<b>NorthStar Fund</b>	<b>2.6</b>	<b>-31.5</b>	<b>-31.5</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
MSCI World Index	1.6	-26.9	-26.9	n/a	n/a	n/a	n/a
<b>Monthly Income Fund</b>	<b>-0.7</b>	<b>-17.3</b>	<b>-17.3</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Multi-Index	0.5	-16.7	-16.7	n/a	n/a	n/a	n/a
<b>Canadian Asset Allocation Fund</b>	<b>0.2</b>	<b>-17.5</b>	<b>-17.5</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Multi-Index	0.5	-16.7	-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>-0.6</b>	<b>-17.9</b>	<b>-17.9</b>	<b>-6.6</b>	<b>-0.3</b>	<b>4.5</b>	<b>6.5</b>
Multi-Index	0.5	-16.7	-16.7	-7.5	-1.2	2.0	3.4
<b>Global Balanced Corporate Class</b>	<b>3.7</b>	<b>-21.2</b>	<b>-21.2</b>	<b>-14.4</b>	<b>-5.1</b>	<b>-2.6</b>	<b>-1.1</b>
Multi-Index	0.5	-16.7	-16.7	-7.5	-1.2	2.0	3.4
<b>Synergy American Fund</b>	<b>-0.7</b>	<b>-23.8</b>	<b>-23.9</b>	<b>-14.1</b>	<b>-5.1</b>	<b>-2.2</b>	<b>0</b>
S&P 500 Index (\$CAN)	-0.5	-22.3	-22.3	-16.7	-7.0	-4.9	-3.3
<b>Global Managers Corporate Class Fund</b>	<b>3.5</b>	<b>-14.8</b>	<b>-14.8</b>	<b>-10.6</b>	<b>-1.4</b>	<b>0.4</b>	<b>2.2</b>
MSCI World Index	1.6	-26.9	-26.9	-17.8	-6.8	-3.7	-1.7
<b>Signature Canadian Bond Fund</b>	<b>2.1</b>	<b>4.9</b>	<b>4.9</b>	<b>4.3</b>	<b>4.3</b>	<b>4.9</b>	<b>5.2</b>
SCM Universe Bond Index	2.9	6.4	6.4	5.0	4.7	5.1	5.5
<b>Signature High Income</b>	<b>1.1</b>	<b>-20.3</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Multi-Index	0.5	-16.7	n/a	n/a	n/a	n/a	n/a
<b>American Value</b>	<b>0.9</b>	<b>-22.2</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)	-0.5	-22.3	n/a	n/a	n/a	n/a	n/a
<b>Synergy Global Corporate Class</b>	<b>2.4</b>	<b>-27.4</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
MSCI World Index	1.6	-26.9	n/a	n/a	n/a	n/a	n/a
<b>Global Small Companies</b>	<b>2.2</b>	<b>-23.5</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
MSCI World Index	1.6	-26.9	n/a	n/a	n/a	n/a	n/a
<b>AGF FUNDS</b>							
<b>Dividend Income Fund</b>	<b>-4.3</b>	<b>-20.5</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	-2.6	-33.0	n/a	n/a	n/a	n/a	n/a
<b>US Value Class</b>	<b>1.5</b>	<b>-17.5</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)	-0.5	-22.3	n/a	n/a	n/a	n/a	n/a
<b>Global Financial Services Class</b>	<b>0.5</b>	<b>-23.8</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	0.4	-45.3	n/a	n/a	n/a	n/a	n/a
<b>International Stock Class</b>	<b>5.2</b>	<b>-13.7</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
MSCI EAFE Index	5.4	-29.2	n/a	n/a	n/a	n/a	n/a