



Financial and Economic Notes

April 2014 vol. 147

Highlights

Financial markets faced an onslaught of negative news in the first quarter creating a certain degree of uncertainty.

Economic indicators

Statistics Canada reported that fourth-quarter economic growth came in at an annualized pace of 2.9%, better than the 2.5% figure that had been expected. Also, the agency raised its initial estimates for the first and second quarters of 2013 and said the overall growth rate for the year was expected to be 2% — the highest since 2011.

Statistics Canada reported the economy grew more than expected in January. Gross domestic product rose by 0.5%, ahead of the forecast of 0.3% growth. Economists had expected the economy to rebound after declining 0.5% in December, when bad weather affected much of the country.

Real gross domestic product (GDP) in the U.S. increased at an annual rate of 2.6% in the fourth quarter of 2013. For 2013 overall, real GDP grew 1.9%. The U.S. economy created 192,000 new jobs in the month of March following a gain of 175,000 in February. The private sector has now created 8.9 million jobs over the last 49 consecutive months of employment growth. The unemployment rate held steady at 6.7% and is down from 7.5% a year ago.

Unemployment in the euro area stood at 11.9% in February, unchanged from a revised 11.9% the previous month. The report from Eurostat, provides further evidence for the European Central Bank assessment that the currency bloc's recovery is still fragile.

The euro area economy grew at a slower pace in the fourth quarter of 2013, expanding 0.2% according to the European Union's statistics office. Growth in euro area manufacturing stayed close to the highest level in almost five years in March. Manufacturing indexes pointed to weakness in China's economy as leaders contemplate whether to add stimulus.

Financial markets

Canadian equities, as measured by the S&P/TSX Composite Index, appreciated 6.1% in the first quarter of 2014. The S&P/TSX closed the quarter at 14,435 and is approaching its all time high of 15,073 recorded in June of 2008.

The rally in Canadian equities was broad based with all ten of the GICs sectors advancing. In absolute terms, Health Care was the best performing sector gaining 12.6% while Energy, up 9.6%, was the top contributor on a relative basis to index performance. As a sign of growing confidence, investors appeared willing to take on more risk as the S&P/TSX Small Cap Index gained 7.9%, outperforming large cap equities.

There appears to be no stopping the S&P 500 which closed at 1,878 on March 7th, an all time record, before closing the quarter at 1,872. The MSCI EAFE Index rose 4.6% in the first quarter with European equities making the largest contribution as the growth outlook in that region continues to improve.

Following a difficult year in 2013 during which bond yields increased, the Canadian bond market underwent a surprising reversal posting strong returns in the first quarter of 2014. Demand for fixed income products was strong in the quarter as a result of weak economic data amid difficult winter conditions and as market participants, expecting rates to increase at the beginning of the quarter, were forced to reposition their portfolios.



Financial and Economic Notes

Assumption Life Investment Funds

Applicable for Registered Pension Plan clients only

Gross returns as of March 31, 2014

FUNDS	1 MTH %	YTD %	1 year %	2 years %	3 years %	4 years %	5 years %
ASSUMPTION / LOUISBOURG FUNDS							
Balanced Fund - RPP	0.6	4.3	15.0	11.1	7.6	8.2	10.0
Multi-Index	0.3	4.4	13.0	10.2	7.1	8.1	10.7
Canadian Dividend Fund	1.4	4.0	20.6	14.6	9.0	12.9	17.9
S&P / TSX Index	1.2	6.1	16.0	10.9	3.6	7.5	13.7
U.S. Equity Fund (\$CAN)	1.2	7.7	40.4	22.8	19.0	16.3	16.4
S&P 500 Index (\$ CAN)	0.5	5.8	32.4	23.9	19.6	17.3	18.0
Money Market Fund	0.1	0.2	0.7	0.8	0.8	0.8	0.8
SCM 91 Day T-Bills	0.1	0.2	1.0	1.0	1.0	0.9	0.8
Canadian Equity Fund	1.1	5.2	19.2	10.9	3.4	7.0	12.5
S&P / TSX Index	1.2	6.1	16.0	10.9	3.6	7.5	13.7
Fixed Income Fund	-0.1	2.9	1.6	3.2	5.3	5.3	6.0
SCM Universe Bond Index	-0.2	2.8	0.8	2.7	5.0	5.0	5.0
Growth Portfolio	0.7	5.5	25.7	17.6	9.9	n/a	n/a
Multi-Index	0.6	5.5	20.8	14.8	8.0	n/a	n/a
Balanced Growth Portfolio	0.6	4.9	21.1	14.9	9.1	n/a	n/a
Multi-Index	0.4	4.8	15.9	11.9	7.2	n/a	n/a
Balanced Portfolio	0.4	4.2	14.8	11.4	8.1	n/a	n/a
Multi-Index	0.2	4.1	10.7	8.8	6.5	n/a	n/a
Conservative Portfolio	0.5	3.6	8.3	7.4	6.9	n/a	n/a
Multi-Index	0.0	3.4	5.6	5.6	5.6	n/a	n/a
Small Cap. Canadian Equity Fund	1.2	7.9	27.5	12.7	6.1	12.5	23.7
BMO NB Small Cap Weighted Index	0.3	7.9	15.4	3.5	-2.8	5.5	18.5
TSX Momentum	-1.7	7.6	23.5	18.1	2.0	9.0	12.9
S&P / TSX Index	1.2	6.1	16.0	10.9	3.6	7.5	13.7
FIDELITY FUNDS							
Canadian Opportunities Fund	0.0	2.8	19.8	13.6	6.0	11.3	21.2
S&P / TSX Small and Mid Cap Combined Index	1.2	7.6	16.6	10.3	3.6	9.6	18.5
True North Fund	10.0	4.8	23.5	17.9	9.0	11.3	15.9
S&P / TSX Index	1.2	6.1	16.0	10.9	3.6	7.5	13.7
Overseas Fund	-1.0	3.3	23.9	17.4	9.7	9.9	13.2
MSCI EAFE Index	-0.9	4.6	27.7	20.2	11.9	10.3	13.0
Europe Fund	-2.0	4.1	34.6	24.6	16.2	15.2	17.0
MSCI Europe Index	-1.3	6.1	35.3	23.3	13.0	11.7	14.4
American Disciplined Equity Fund	-0.7	5.2	35.2	23.2	17.7	15.9	16.9
S&P 500 Index (\$CAN)	0.5	5.8	32.4	23.9	19.6	17.3	18.0
NorthStar Fund	0.4	6.5	38.3	27.3	17.3	16.0	20.1
MSCI World Index	-0.2	5.2	29.4	21.3	15.0	13.4	15.2
Monthly Income Fund	0.7	3.4	12.2	11.6	10.2	11.2	16.0
Multi-Index	0.3	4.4	13.0	10.2	7.1	8.1	10.7
Canadian Asset Allocation Fund	0.9	5.1	14.9	9.9	5.5	7.0	11.4
Multi-Index	0.3	4.4	13.0	10.2	7.1	8.1	10.7
Far East Fund	-1.6	-0.4	11.0	12.7	7.4	n/a	n/a
MSCI AC FE ex Jap (G)	0.1	2.4	11.6	10.7	6.1	n/a	n/a



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Gross returns as of March 31, 2014

FUNDS	1 MTH %	YTD %	1 year %	2 years %	3 years %	4 years %	5 years %
CI FUNDS							
Harbour Growth & Income Fund	1.3	3.1	13.1	9.3	5.2	6.9	10.5
Multi-Index	0.3	4.4	13.0	10.2	7.1	8.1	10.7
Synergy American Fund	-0.3	7.3	35.3	24.3	18.1	16.8	16.4
S&P 500 Index (\$CAN)	0.5	5.8	32.4	23.9	19.6	17.3	18.0
Global Managers Corporate Class Fund	1.2	5.5	24.5	19.2	14.6	13.2	14.5
MSCI World Index	-0.2	5.2	29.4	21.3	15.0	13.4	15.2
Signature Canadian Bond Fund	-0.1	3.3	2.0	3.8	5.6	5.6	6.1
SCM Universe Bond Index	-0.2	2.8	0.8	2.7	5.0	5.0	5.0
Signature High Income	1.4	4.7	11.8	12.5	10.1	12.1	16.9
Multi-Index	0.3	4.4	13.0	10.2	7.1	8.1	10.7
American Value	0.6	4.5	33.4	22.3	17.6	15.7	16.3
S&P 500 Index (\$CAN)	0.5	5.8	32.4	23.9	19.6	17.3	18.0
Synergy Global Corporate Class	-1.1	4.5	31.6	23.4	15.5	15.2	15.6
MSCI World Index	-0.2	5.2	29.4	21.3	15.0	13.4	15.2
Global Small Companies	-0.1	7.5	39.0	25.0	16.7	18.3	19.6
MSCI World Index	-0.2	5.2	29.4	21.3	15.0	13.4	15.2
Cambridge Canadian Asset Allocation Fund	1.3	5.5	18.1	n/a	n/a	n/a	n/a
60% S&P/TSX, 40% Dex Universe Bond Total Return	0.7	4.8	9.8	n/a	n/a	n/a	n/a
Signature Diversified Yield II Fund	0.9	4.5	12.6	n/a	n/a	n/a	n/a
40% HOAO Index, 30% MSCI World TR Index, 30% FTSE EPRA/NAREIT Developed Index	0.5	4.8	13.4	n/a	n/a	n/a	n/a
AGF FUNDS							
Dividend Income Fund	2.2	5.5	18.0	11.2	5.9	8.5	14.4
S&P / TSX Index	1.2	5.5	15.7	11.1	3.5	6.8	12.4
International Stock Class Fund	0.7	7.9	46.7	24.0	9.8	8.6	11.8
MSCI EAFE Index	0.1	4.6	27.2	20.3	12.1	10.6	13.3
Total Return Bond Fund	0.5	5.5	9.0	9.1	8.7	n/a	n/a
Multi-Index	0.4	6.9	13.0	12.2	11.8	n/a	n/a
Emerging Markets Fund	4.5	4.1	-2.4	1.8	2.0	n/a	n/a
MSCI Emerging markets Free TR Index	3.0	3.6	7.6	5.8	1.8	n/a	n/a
Global Resources Class Fund	1.0	10.6	20.1	4.3	-4.6	n/a	n/a
Multi-Index	0.8	6.0	22.6	12.7	5.5	n/a	n/a