

# monthly update

December 31,  
2009



INDUSTRIAL  
ALLIANCE  
INSURANCE AND FINANCIAL SERVICES INC.

## A decade in review

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**T**he last 10 years were marked by several haunting events: the September 11, 2001 attacks, the ensuing war against terror, and the December 26, 2004 tsunami in the Indian Ocean. A somewhat less dramatic event, or rather non-event, was the fact that no Canadian hockey team was able to win the Stanley Cup this decade. A Canadian team had managed to win the trophy in each of the previous decades, the last one being the Montreal Canadiens in 1993. The one (very) small consolation we can find is that our Canadian stock market outperformed that of Uncle Sam in this last decade—na-na na na, na-na na na, hey hey, good-bye!

On the economic and financial fronts, the 2000-2009 decade also contained its share of memorable events. We survived the Y2K bug (!) and the bursting of the tech bubble. Investors were convinced that the “new economy”—anything to do with technology, telecommunications or media—was the wave of the future. At its peak, the former Nortel company represented more than one third of the S&P/TSX.

This decade also begat two recessions in the United States, the first from March to November 2001 and the second beginning in December 2007 and now just ended or ending. This latter was the longest recession since the Great Depression of 1929.

A major theme during this decade (and which will continue into the next) has been the dazzling progress of emerging countries such as China, India and Brazil. While the U.S. remains the planet's driving economic force, its dominance on the world scene is slowly being diminished in favour of the emerging countries. In particular, China will soon become the second largest economic power, overtaking Japan, which has held this position since 1968.

**The diversified metals and mining sub-sector grew more than 320% in 2009, contributing the most to the S&P/TSX's excellent performance.**

### Annualized returns of various markets (over a period of 10 years)

Asset Class	Index	Period ending on	
		31-12-2009	31-12-1999
Canadian Equity	S&P/TSX Composite	5.6%	10.6%
U.S. Equity	S&P 500*	(0.9%)	18.2%
International Equity	MSCI EAFE*	(1.0%)	6.5%
Emerging Markets Equity	MSCI Emerging markets*	10.2%	n/a
Canadian Fixed Income	DEX Universe	6.7%	10.1%
Money Market	DEX 91-day Tbill	3.3%	6.6%

\* In local currency

Source: IAIM

The strong growth of emerging countries led to a heavy demand for raw materials, causing a price explosion. The CRB index, representing the prices of nearly twenty commodities listed on stock exchanges, has more than doubled since the start of the 21<sup>st</sup> century; in particular, the prices of copper and zinc have climbed considerably. The price of oil has also skyrocketed, from \$20 at the start of the century to nearly \$150 a barrel in July 2008; it is currently at around \$80 a barrel. Gold did well this decade too, going from a low of \$260 per ounce in April 2001 to a peak of more than \$1200 an ounce at the end of November 2009.

This trend had a significant impact on stock market performances throughout the decade. Emerging market equities delivered an excellent performance for the 10-year period ending December 31, 2009 (see table). The Canadian stock market, which benefited from a heavy exposure to commodities, posted a very respectable return for this period. However, this performance recently became highly volatile, with 2008 turning out to be one of the worst years on record, and then 2009, one of the best.

Although hiding your savings under a mattress would not have brought you any interest during the decade, it would still have been a better strategy than investing in U.S. or international equities: both saw their values plummet during this period.

In the U.S., the last ten years on the stock market are now being called the “Lost Decade.” The benchmark index for U.S. fund managers, the S&P 500, was down nearly 10% for the last ten years in local currency, the first negative decade Wall Street has seen. Even after the stock market crash of 1929, the 1930s decade of the Great Depression ended with a positive return on investments.

Similarly, the international market, represented by the MSCI EAFE, also delivered a negative performance for the decade, primarily because of the Japanese economy, which had another rough decade. However, the 2000-2009 decade began at the same time as the bursting of the dot-com bubble in March 2000. This was followed by a stock market downturn, aggravated by the 2001 recession and then by the attacks of September 11, 2001.

This counter-performance of the foreign markets doesn't take into account the impact of the rise of our Canadian dollar against most other currencies during the decade, which had the effect of dimin-

Continued on last page

## Gross returns as at December 31, 2009

		Reference Index	Net assets <sup>1</sup> in millions \$	Simple returns <sup>2</sup>			Compound annual returns				Investment advisor
				1 month	3 months	YTD	1 year	3 years	5 years	10 years	
				%	%	%	%	%	%	%	
<b>ASSET ALLOCATION FUNDS</b>											<b>GROUP</b>
FU506	Asset Allocation - Conservative	INDC506	23.9	(0.4)	0.6	11.2	11.2	3.8	5.4	6.9*	Various managers
FU507	Asset Allocation - Moderate	INDC507	47.6	0.3	1.1	14.6	14.6	2.8	5.5	6.9*	Various managers
FU508	Asset Allocation - Balanced	INDC508	144.8	1.0	1.6	18.0	18.0	1.8	5.7	7.1*	Various managers
FU509	Asset Allocation - Growth	INDC509	92.5	1.7	2.1	21.4	21.4	0.6	5.6	7.1*	Various managers
FU510	Asset Allocation - Aggressive Growth	INDC510	44.0	2.4	2.6	25.0	25.0	(0.3)	5.8	7.1*	Various managers
<b>INCOME FUNDS</b>											<b>GROUP</b>
FU070	Money Market	IN018	231.2	0.0	0.1	0.5	0.5	2.8	3.1	3.4	Industrial Alliance
FU170	Short Term Bonds	IN019	102.5	(0.9)	0.6	6.2	6.2	4.8	4.4	5.6	Industrial Alliance
FU020	Bonds	IN021	1,242.7	(1.5)	(0.2)	5.3	5.3	5.3	5.5	7.1	Industrial Alliance
FU210	Bonds - series 2	IN021	496.9	(1.4)	(0.1)	6.2	6.2	5.1	5.3	6.9	Industrial Alliance
FU822	Bonds (Addenda)	IN021	6.7	(1.2)	0.3	9.7	9.7	5.7	5.3*	7.2*	Addenda
FU860	Bonds (PIMCO)	IN021	7.8	(1.1)	0.1*	13.5*	13.5*	6.1*	-	-	PIMCO
FU472	Bonds (Natcan)	IN021	12.5	(1.4)	0.0	6.9	6.9	5.6	5.3	6.8*	Natcan
FU521	Bonds (PH&N)	IN021	2.9	(1.2)	0.2	10.2	10.2	5.6	5.5*	7.1*	Phillips, Hager & North
FU489	Emerald Canadian Bond Index (TD)	IN021	23.5	(1.4)	(0.2)	5.0	5.0	5.0	5.2	6.5*	TD
FU504	Long Term Bonds	IN056	53.5	(2.3)	(1.4)	6.1	6.1	4.5	6.2	8.4*	Industrial Alliance
FU861	Long Term Bonds	IN056	0.5	(1.9)	(0.9)*	11.2*	11.2*	6.4*	-	-	PIMCO
<b>DIVERSIFIED FUNDS</b>											<b>GROUP</b>
FU240	Diversified Security	INDC240	211.5	0.0	0.8	16.6	16.6	4.5	6.2	7.5	Industrial Alliance
FU040	Diversified	INDC040	1,648.2	0.8	1.5	21.3	21.3	2.6	6.5	7.8	Industrial Alliance
FU463	Diversified (Jarislowsky)	INDC463	49.8	1.1	2.0	14.7	14.7	0.2	4.6	6.4*	Jarislowsky
FU380	Diversified (McLean Budden)	INDC380	26.8	1.2	1.9	20.8	20.8	0.6	5.2	5.5*	McLean Budden
FU522	Balanced (PH&N)	INDC522	26.3	1.6	1.8	20.4	20.4	(0.1)	4.1*	-	Phillips, Hager & North
FU486	Balanced (Invesco)	INDC486	16.6	1.3	2.2	15.6	15.6	(0.7)	3.3	8.3*	Invesco
FU250	Diversified Opportunity	INDC250	206.4	1.8	2.1	28.7	28.7	2.2	7.0	7.8	Industrial Alliance
FU462	Fidelity Canadian Asset Allocation	INDC462	342.6	1.7	2.4	27.5	27.5	4.5	8.9	8.0*	Fidelity
<b>CANADIAN EQUITY FUNDS</b>											<b>GROUP</b>
FU160	Dividends	IN026	631.5	3.0	3.5	32.3	32.3	1.3	9.8	13.4	Industrial Alliance
FU474	Canadian Equity Index	IN026	30.6	1.6	2.6	31.3	31.3	0.4	8.3	5.2*	Industrial Alliance
FU010	Canadian Equity Value	INDC010	471.8	2.1	2.4	30.6	30.6	(1.7)	6.6	9.0	Industrial Alliance
FU494	100% Canadian Equity Value	IN024	68.4	3.5	2.9	45.7	45.7	1.6	8.5	-	Industrial Alliance
FU488	Canadian Equity (Jarislowsky)	IN024	91.3	4.3	4.0	26.4	26.4	1.1	8.6	12.0*	Jarislowsky
FU543	Canadian Equity (Scheer Rowlett)	IN024	23.3	2.8	3.9	37.9	37.9	(0.7)*	8.5*	10.6*	Scheer Rowlett
FU835	Canadian Equity (Highstreet)	IN024	1.4	2.4	3.9	32.4*	32.4*	(0.7)*	7.7*	9.9*	Highstreet
FU487	Canadian Equity (Invesco)	IN024	5.4	3.2	2.2	26.8	26.8	1.5	6.4	8.0*	Invesco
FU862	Canadian Equity (Pyramis)	IN031	12.3	1.7	4.7*	33.8*	33.8*	3.9*	11.1*	-	Pyramis
FU523	Canadian Equity (PH&N)	IN031	0.9	4.0	3.3	35.3	35.3	(2.1)*	5.7*	7.6*	Phillips, Hager & North
FU464	Canadian Equity Growth	IN024	107.2	3.6	5.1	46.7	46.7	4.5	12.1	-	Industrial Alliance
FU360	Canadian Equity (McLean Budden)	IN031	97.8	5.1	3.8	42.6	42.6	(0.3)	8.2	8.4*	McLean Budden
FU473	Canadian Equity (Natcan)	IN024	28.2	3.4	4.4	37.0	37.0	1.4	8.0	9.4*	Natcan
FU270	Fidelity True North	IN031	355.9	2.4	3.6	33.5	33.5	1.2	9.5	9.3	Fidelity
FU511	Canadian Equity (Small Cap.) (Montrusco)	IN061	23.8	9.5	18.7	68.3	68.3	3.6	9.7	13.4*	Montrusco Bolton
FU541	Canadian Equity (Small Cap.) (QV)	IN061	7.2	4.6	8.4	33.1	33.1	0.9	8.3*	15.9*	QV Investors Inc.
FU514	Canadian Equity Select (McLean Budden)	IN024	1.4	4.2	4.1	35.5	35.5	(1.0)	6.6	-	McLean Budden
<b>FOREIGN FUNDS</b>											<b>GROUP</b>
FU465	Global Equity (Templeton)	IN008	183.7	2.1	1.1	15.2	15.2	(8.5)	1.0	1.7*	Templeton
FU836	Global Equity (AXA Rosenberg)	IN008	1.1	1.4	0.7	2.6*	2.6*	(11.4)*	(1.4)*	(1.7)*	AXA Rosenberg
FU837	Global Equity (Artio)	IN008	1.9	3.0	4.6	11.2*	11.2*	(7.8)*	1.3*	(1.0)*	Artio
FU500	Global Equity (Hexavest)	IN008	5.6	0.7	(0.7)	10.5	10.5	(3.2)	2.9*	1.4*	Hexavest
FU865	Global Equity (C\$-Hedged) (Hexavest)	IN104	0.5	2.9	-	-	-	-	-	-	Hexavest
FU534	Global Dividends (Fortis)	IN089	9.3	3.5	6.2	18.3	18.3	(10.0)	2.1*	-	Fortis
FU485	Global Equity (Invesco)	IN008	8.5	2.6	5.2	18.3	18.3	(9.8)	(0.2)	3.6*	Invesco
FU390	Global Equity (McLean Budden)	IN008	58.7	0.8	2.9	13.4	13.4	(6.4)	0.7	(0.7)*	McLean Budden
FU864	Global Equity (C\$-Hedged) (McLean Budden)	IN104	0.5	2.9	-	-	-	-	-	-	McLean Budden
FU863	Global Equity (Pyramis)	IN008	0.5	1.2	1.7*	8.8*	8.8*	(8.0)*	-	-	Pyramis
FU531	Global Equity Small Cap. (DB Advisors) <sup>3</sup>	IN079	45.8	3.3	0.8	26.9	26.9	(6.5)	-	-	DB Advisors
FU300	International Equity Index	IN046	12.9	0.6	(0.2)	11.8	11.8	(8.4)	0.9	(2.4)	BlackRock
FU080	International Equity (Templeton)	IN002	86.4	1.5	0.6	16.0	16.0	(8.2)	1.6	0.4	Templeton
FU483	International Equity (Jarislowsky)	IN002	6.6	1.8	3.0	15.1	15.1	(7.9)	0.4	(0.3)*	Jarislowsky
FU838	International Equity (Artio)	IN002	1.2	1.3	1.0	6.2*	6.2*	(8.6)*	-	-	Artio
FU852	International Equity (Hexavest)	IN002	6.2	1.1	(1.9)	11.4	11.4	(4.3)	3.1	1.6*	Hexavest
FU467	International Equity (McLean Budden)	IN002	6.9	0.1	2.2	17.7	17.7	(6.3)	2.5	-	McLean Budden
FU180	U.S. Equity Index	IN098	27.3	1.3	3.5	6.9	6.9	(9.4)	(2.7)	(4.6)	SSGA (State Street)
FU839	U.S. Equity (BatteryMarch)	IN014	3.3	1.8	2.9	2.2*	2.2*	(9.8)*	(2.3)*	-	BatteryMarch
FU512	U.S. Equity (Jarislowsky)	IN014	1.2	0.6	2.9	7.2	7.2	(7.1)	(1.3)	(1.4)*	Jarislowsky
FU513	U.S. Equity (McLean Budden)	IN014	12.3	1.5	3.7	11.5	11.5	(6.0)	(0.3)	-	McLean Budden
FU540	Global Real Estate (Fortis)	IN080	3.4	2.5	3.1	15.4	15.4	(16.8)	(1.6)*	6.7*	Fortis

The above returns are gross returns and do not take into account management and administration fees. Past performance is not a guarantee of future returns.

## Benchmark indexes - Returns as at December 31, 2009

	Simple returns <sup>2</sup>			Compound annual returns						
	1 month %	3 months %	YTD %	1 year %	3 years %	5 years %	10 years %			
<b>TOTAL RETURN</b>										
<b>Money market index</b>										
IN018	DEX 91 day Tbill Index			0.0	0.1	0.6	0.6	2.8	3.0	3.3
<b>Bond indexes</b>										
IN019	DEX Short Term Bond Index			(0.8)	0.4	4.5	4.5	5.7	4.7	5.7
IN056	DEX Long Term Bond Index			(2.3)	(1.4)	5.5	5.5	3.9	5.8	7.8
IN021	DEX Universe Bond Index			(1.4)	(0.2)	5.4	5.4	5.2	5.2	6.7
IN047	DEX MBS Composite Index			(0.8)	0.9	2.6	2.6	5.6	4.8	6.2
<b>Equity indexes</b>										
IN026	S&P/TSX 60			2.2	2.6	31.9	31.9	0.3	8.7	5.6
IN024	S&P/TSX Composite Index			2.9	3.9	35.1	35.1	(0.2)	7.7	5.6
IN031	S&P/TSX Capped Composite			2.9	3.9	35.1	35.1	(0.2)	7.7	7.2
IN061	BMO Nesbitt Burns Small Cap			6.6	13.4	75.1	75.1	(1.6)	5.9	9.1
IN008	MSCI - World (Can. \$)			0.8	1.6	11.1	11.1	(9.0)	(0.8)	(3.4)
IN104	MSCI - World (Local \$)			3.7	4.5	25.7	25.7	(6.9)	1.5	(1.3)
IN089	S&P Citigroup High Income Equity Index (Can. \$)			3.7	4.9	27.0	27.0	(9.6)	0.1	-
IN079	MSCI - World Small Cap (Can. \$)			3.5	0.4	23.7	23.7	(8.4)	0.3	-
IN046	MSCI - EAFE (Can. \$) (Reuters)			0.9	(0.2)	11.9	11.9	(9.3)	0.8	-
IN002	MSCI - EAFE (Can. \$)			0.4	(0.3)	12.6	12.6	(9.3)	0.7	(2.0)
IN098	S&P 500 (Can. \$) (Reuters)			1.4	3.6	7.4	7.4	(8.9)	(2.2)	-
IN014	S&P 500 (Can. \$)			0.9	3.5	8.1	8.1	(8.9)	(2.3)	(4.1)
IN080	FTSE EPRA/NAREIT Global Index Net TRI (Can. \$) <sup>4</sup>			2.5	1.8	17.2	17.2	(15.7)	(1.2)	6.0
<b>Composite indexes</b>										
INDC010	IN024 (90%), IN008 (10%)			2.7	3.6	32.6	32.6	(1.0)	6.9	4.7
INDC040	IN021 (50%), IN024 (35%), IN008 (10%), IN018 (5%)			0.4	1.5	15.8	15.8	2.1	5.7	5.4
INDC240	IN021 (65%), IN024 (20%), IN008 (5%), IN018 (10%)			(0.3)	0.8	10.9	10.9	3.4	5.4	5.9
INDC250	IN021 (30%), IN024 (50%), IN008 (15%), IN018 (5%)			1.2	2.2	20.5	20.5	0.6	5.8	4.8
INDC380	IN021 (35%), IN024 (30%), IN008 (30%), IN018 (5%) <sup>5</sup>			0.6	1.6	15.6	15.6	(0.3)	4.6	4.3
INDC462	IN031 (65%), IN021 (30%), IN018 (5%)			1.5	2.5	24.0	24.0	2.0	7.0	7.1
INDC463	IN021 (39%), IN024 (30%), IN002 (12.5%), IN018 (6%), IN014 (12.5%)			0.5	1.5	15.1	15.1	0.2	4.6	4.0
INDC486	IN021 (35%), IN024 (35%), IN008 (25%), IN018 (5%)			0.7	1.7	16.7	16.7	0.0	4.8	3.9
INDC506	IN021 (80%), IN024 (10%), IN008 (10%)			(0.8)	0.4	8.9	8.9	3.4	5.0	5.7
INDC507	IN021 (65%), IN024 (20%), IN008 (15%)			(0.2)	0.9	12.1	12.1	2.2	5.1	5.2
INDC508	IN021 (50%), IN024 (30%), IN008 (20%)			0.3	1.4	15.2	15.2	1.1	5.1	4.6
INDC509	IN021 (35%), IN024 (40%), IN008 (25%)			0.9	1.9	18.5	18.5	(0.2)	5.0	4.0
INDC510	IN021 (20%), IN024 (50%), IN008 (30%)			1.4	2.4	21.7	21.7	(1.5)	4.9	3.3
INDC522	IN021 (35%), IN031 (35%), IN008 (25%), IN018 (5%)			0.7	1.7	16.7	16.7	0.0	4.8	4.4

<sup>1</sup> Total net assets of the fund including individual and group contracts.

<sup>2</sup> The rates of return for the period are non-annualized.

<sup>3</sup> Fund managed by DB Advisors since March 31, 2008.

<sup>4</sup> The returns presented are those of the FTSE EPRA/NAREIT Global Index Net TRI (Can. \$) since January 1, 2009. For periods to this date, the returns presented are those of GPR 250.

<sup>5</sup> The current composition of this index has been in effect since July 1, 2007.

\* Simulation of past returns as if the fund had been in effect for these periods.

Index funds: Simulation of past returns from the return of the index that the fund aims to reproduce.

Asset allocation funds: Simulation of past returns based on the return of the funds included in the asset allocation fund and on an asset allocation decision.

### Returns as at December 31, 2009 (%)

	Special 1-day	1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9 years	10 years
<b>GUARANTEED INVESTMENTS</b>											
Published rates	0.05	0.45	1.10	1.70	2.30	2.80	2.15	2.15	2.15	2.15	3.35

The rates applicable to your guaranteed investments may differ from those presented above. To find out the applicable adjustment, please call Client Service at the following number: 1 800 567-5670.

## ATTITUDE Portfolios

### Gross Returns as at December 31, 2009

	Reference Index	Simple returns <sup>1</sup>			Compound annual returns			
		1 month %	3 months %	YTD %	1 year %	3 years %	5 years %	10 years %
<b>CONSERVATIVE</b>								
Conservative Portfolio 2010	INP001	(0.5)	0.6	10.2	10.2	3.7	5.5*	7.0*
Conservative Portfolio 2020	INP002	(0.4)	0.6	14.0	14.0	2.9	5.9*	7.6*
Conservative Portfolio 2030	INP003	0.4	1.4	16.5	16.5	3.0	6.2*	8.0*
Conservative Portfolio 2040	INP004	0.7	1.6	17.3	17.3	2.4	6.0*	7.7*
Conservative Portfolio 2050	INP005	0.9	1.7	17.8	17.8	1.8	5.8*	7.4*
<b>MODERATE</b>								
Moderate Portfolio 2010	INP006	0.4	1.4	15.2	15.2	3.3	6.1*	7.7*
Moderate Portfolio 2020	INP007	0.5	1.4	17.8	17.8	2.7	6.3*	8.2*
Moderate Portfolio 2030	INP008	1.0	1.9	19.0	19.0	2.2	6.2*	7.9*
Moderate Portfolio 2040	INP009	1.2	2.0	20.5	20.5	1.9	6.3*	8.1*
Moderate Portfolio 2050	INP010	1.5	2.2	21.3	21.3	1.4	6.2*	7.8*
<b>BALANCED</b>								
Balanced Portfolio 2010	INP011	0.7	1.6	16.9	16.9	3.1	6.3*	8.0*
Balanced Portfolio 2020	INP012	0.7	1.6	18.6	18.6	2.1	6.1*	7.9*
Balanced Portfolio 2030	INP013	1.2	2.0	20.9	20.9	1.2	6.1*	7.8*
Balanced Portfolio 2040	INP014	1.6	2.3	21.8	21.8	0.7	5.9*	7.5*
Balanced Portfolio 2050	INP015	1.8	2.4	22.5	22.5	0.1	5.7*	7.2*
<b>GROWTH</b>								
Growth Portfolio 2010	INP016	1.1	2.0	19.2	19.2	2.3	6.2*	7.9*
Growth Portfolio 2020	INP017	1.2	2.0	20.9	20.9	1.2	6.1*	7.8*
Growth Portfolio 2030	INP018	1.6	2.3	23.2	23.2	0.4	6.0*	7.7*
Growth Portfolio 2040	INP019	2.1	2.7	24.2	24.2	(0.2)	5.9*	7.4*
Growth Portfolio 2050	INP020	2.2	2.8	24.8	24.8	(0.8)	5.6*	7.1*
<b>AGGRESSIVE</b>								
Aggressive Portfolio 2010	INP021	1.6	2.3	21.5	21.5	1.4	6.2*	7.9*
Aggressive Portfolio 2020	INP022	1.6	2.3	23.2	23.2	0.4	6.0*	7.7*
Aggressive Portfolio 2030	INP023	2.1	2.7	25.6	25.6	(0.5)	5.9*	7.6*
Aggressive Portfolio 2040	INP024	2.5	3.0	26.6	26.6	(1.0)	5.8*	7.3*
Aggressive Portfolio 2050	INP025	2.7	3.1	27.1	27.1	(1.7)	5.5*	7.0*

<sup>1</sup> The rates of return for the period are non-annualized.

\* Simulation of past returns as if the portfolio had been in effect for these periods. Simulation of past returns are based on the return of the funds included in the portfolios on the creation date and on the target asset allocation in effect at this time.

**The above returns are gross returns and do not take into account management and administration fees. Past performance is not a guarantee of future returns.**

## Benchmark Indexes

### Gross Returns as at December 31, 2009

		Simple returns <sup>1</sup>			Compound annual returns			
		1 month %	3 months %	YTD <sup>2</sup> %	1 year %	3 years %	5 years %	10 years %
<b>Bond index</b>								
IN021	DEX Universe Bond Index	(1.4)	(0.2)	5.4	5.4	5.2	5.2	6.7
<b>Equity indexes</b>								
IN026	S&P/TSX 60 Index	2.2	2.6	31.9	31.9	0.3	8.7	5.6
IN031	S&P/TSX Capped Composite Index	2.9	3.9	35.1	35.1	(0.2)	7.7	7.2
IN024	S&P/TSX Composite Index	2.9	3.9	35.1	35.1	(0.2)	7.7	5.6
IN061	BMO Nesbitt Burns Small Cap.	6.6	13.4	75.1	75.1	(1.6)	5.9	9.1
IN008	MSCI – World (net ret.) (Can. \$)	0.8	1.6	11.1	11.1	(9.0)	(0.8)	(3.4)
IN079	MSCI – World Small Cap. (Can. \$)	3.5	0.4	23.7	23.7	(8.4)	0.3	-
<b>Composite indexes</b>								
INP001	IN021 (80%), IN026 (3%), IN031 (3%), IN024 (3%), IN061 (1%), IN008 (8%), IN079 (2%)	(0.7)	0.5	9.4	9.4	3.4	5.1	-
INP002	IN021 (77.5%), IN026 (3.75%), IN031 (3.75%), IN024 (3.75%), IN061 (1.25%), IN008 (8%), IN079 (2%)	(0.6)	0.5	13.0	13.0	2.5	5.4	-
INP003	IN021 (64.165%), IN026 (7.75%), IN031 (7.75%), IN024 (7.75%), IN061 (2.585%), IN008 (8%), IN079 (2%)	0.0	1.2	15.2	15.2	2.5	5.7	-
INP004	IN021 (59.165%), IN026 (9%), IN031 (9%), IN024 (9%), IN061 (3%), IN008 (8.67%), IN079 (2.165%)	0.2	1.4	15.8	15.8	1.8	5.5	-
INP005	IN021 (54.165%), IN026 (9%), IN031 (9%), IN024 (9%), IN061 (3%), IN008 (12.67%), IN079 (3.165%)	0.4	1.5	16.3	16.3	1.1	5.2	-
INP006	IN021 (65%), IN026 (7.5%), IN031 (7.5%), IN024 (7.5%), IN061 (2.5%), IN008 (8%), IN079 (2%)	0.0	1.2	14.0	14.0	2.8	5.6	-
INP007	IN021 (63.335%), IN026 (8%), IN031 (8%), IN024 (8%), IN061 (2.665%), IN008 (8%), IN079 (2%)	0.0	1.2	16.4	16.4	2.1	5.8	-
INP008	IN021 (54.165%), IN026 (10.5%), IN031 (10.5%), IN024 (10.5%), IN061 (3.5%), IN008 (8.67%), IN079 (2.165%)	0.4	1.6	17.4	17.4	1.6	5.6	-
INP009	IN021 (49.165%), IN026 (10.75%), IN031 (10.75%), IN024 (10.75%), IN061 (3.585%), IN008 (12%), IN079 (3%)	0.6	1.7	18.8	18.8	1.3	5.7	-
INP010	IN021 (44.165%), IN026 (12%), IN031 (12%), IN024 (12%), IN061 (4%), IN008 (12.67%), IN079 (3.165%)	0.8	1.9	19.5	19.5	0.6	5.5	-
INP011	IN021 (60%), IN026 (9%), IN031 (9%), IN024 (9%), IN061 (3%), IN008 (8%), IN079 (2%)	0.2	1.4	15.6	15.6	2.6	5.8	-
INP012	IN021 (58.33%), IN026 (9.25%), IN031 (9.25%), IN024 (9.25%), IN061 (3.085%), IN008 (8.67%), IN079 (2.165%)	0.3	1.4	17.1	17.1	1.5	5.6	-
INP013	IN021 (48.33%), IN026 (10.75%), IN031 (10.75%), IN024 (10.75%), IN061 (3.585%), IN008 (12.67%), IN079 (3.165%)	0.6	1.7	19.1	19.1	0.5	5.4	-
INP014	IN021 (39.165%), IN026 (12%), IN031 (12%), IN024 (12%), IN061 (4%), IN008 (16.67%), IN079 (4.165%)	0.9	2.0	19.9	19.9	(0.1)	5.1	-
INP015	IN021 (34.165%), IN026 (12%), IN031 (12%), IN024 (12%), IN061 (4%), IN008 (20.67%), IN079 (5.165%)	1.1	2.1	20.4	20.4	(0.9)	4.8	-
INP016	IN021 (50%), IN026 (10.5%), IN031 (10.5%), IN024 (10.5%), IN061 (3.5%), IN008 (12%), IN079 (3%)	0.6	1.7	17.6	17.6	1.6	5.6	-
INP017	IN021 (48.33%), IN026 (10.75%), IN031 (10.75%), IN024 (10.75%), IN061 (3.585%), IN008 (12.67%), IN079 (3.165%)	0.6	1.7	19.1	19.1	0.5	5.4	-
INP018	IN021 (38.33%), IN026 (12.25%), IN031 (12.25%), IN024 (12.25%), IN061 (4.085%), IN008 (16.67%), IN079 (4.165%)	1.0	2.0	21.1	21.1	(0.5)	5.2	-
INP019	IN021 (29.165%), IN026 (13.5%), IN031 (13.5%), IN024 (13.5%), IN061 (4.5%), IN008 (20.67%), IN079 (5.165%)	1.3	2.3	22.0	22.0	(1.1)	5.0	-
INP020	IN021 (24.165%), IN026 (13.5%), IN031 (13.5%), IN024 (13.5%), IN061 (4.5%), IN008 (24.67%), IN079 (6.165%)	1.4	2.4	22.4	22.4	(1.9)	4.6	-
INP021	IN021 (40%), IN026 (12%), IN031 (12%), IN024 (12%), IN061 (4%), IN008 (16%), IN079 (4%)	0.9	2.0	19.6	19.6	0.6	5.5	-
INP022	IN021 (38.33%), IN026 (12.25%), IN031 (12.25%), IN024 (12.25%), IN061 (4.085%), IN008 (16.67%), IN079 (4.165%)	1.0	2.0	21.1	21.1	(0.5)	5.2	-
INP023	IN021 (28.33%), IN026 (13.75%), IN031 (13.75%), IN024 (13.75%), IN061 (4.585%), IN008 (20.67%), IN079 (5.165%)	1.3	2.3	23.2	23.2	(1.5)	5.0	-
INP024	IN021 (19.165%), IN026 (15%), IN031 (15%), IN024 (15%), IN061 (5%), IN008 (24.67%), IN079 (6.165%)	1.7	2.6	24.0	24.0	(2.1)	4.8	-
INP025	IN021 (14.165%), IN026 (15%), IN031 (15%), IN024 (15%), IN061 (5%), IN008 (28.67%), IN079 (7.165%)	1.8	2.7	24.4	24.4	(2.9)	4.4	-

# monthly update

Continued from first page

ishing the returns of investments made outside the country.

Of course, stock market projections for the coming decade should not be based on what happened in the last one. The performance of U.S. equities in the previous decade is an example. As shown in the Table, in 1990-1999, U.S. equities outperformed all other asset classes by far. At the moment, investors may not see any reason to invest outside of Canada, but it is always important to keep a well-diversified portfolio, not only in terms of asset classes but in terms of geographic regions as well.

We cannot conclude without a discussion of the performance of our Canadian stock market in 2009. The S&P/TSX ended the year up 35.1%, its best perfor-

mance since 1983. Information technology was one of the sectors that obtained the greatest gains during the year, a sector largely dominated by Research in Motion, creator of the BlackBerry. This sector grew by more than 44% in 2009, after having lost more than 50% in the previous year. The financial, energy and materials sectors, which together account for nearly 80% of the S&P/TSX index, also posted solid performances. There was also the extraordinary performance of diversified metals and mining. This sub-sector, which makes up nearly 4% of the index, grew more than 320% in 2009, contributing the most to the S&P/TSX's excellent performance.

With respect to sector performance, the 2009 portrait was the complete opposite of that of 2008: the sectors

that had performed well in 2008 (defensive sectors) were those that did the most poorly in 2009, and vice versa. All sectors still ended the year in positive territory, unlike 2008, where they all ended in negative territory. Telecommunications, consumer staples and consumer discretionary spending obtained the lowest returns.

Finally, the Canadian dollar rose more than 17% against the U.S. dollar in 2009, recovering much of its value lost in 2008. This is one of our dollar's biggest surges against the U.S. dollar in a calendar year. Our dollar's increased strength is largely a result of the weakness of the U.S. dollar: the latter has fallen against all other major currencies, with the exception of the Japanese yen. ~

## Six Investment Funds Recognized at the 2009 *Canadian Investment Awards Gala*

**S**ix investment funds offered in our fund lineup, as underlying funds, received an award at the 2009 Canadian Investment Awards gala held December 2, 2009 in Toronto.

The gala aims at recognizing excellence in the financial services industry. The jury is composed of prominent members of the investment community. The investment funds are judged by their performance and their management quality.

**The six investment funds in question are as follows by category:**

**Income Fund**  
Bonds (PH&N)

**Diversified Fund**  
Fidelity Canadian Asset Allocation

**Canadian Equity Fund**  
Canadian Equity (Small Cap.) (QV)

**Foreign Funds**  
Global Equity (Hexavest)  
International Equity (Hexavest)  
U.S. Equity (McLean Budden)

## BlackRock has completed its merger with BGI

**T**he new combined firm operates under the BlackRock name. BlackRock is one of the world's pre-eminent asset management firms.

The underlying fund of the **International Equity Index Fund** changes to BlackRock CDN MSCI EAFE Equity Index Class D Fund from BGICL Daily EAFE Equity Index Fund. ~