

The New Wave in Mutual Funds

New 100% RRSP-Eligible Foreign Funds Breaking the 20% Barrier

100% RRSP-Eligible Foreign Funds

Recently, many fund companies have introduced new 100% RRSP-eligible foreign funds to add to their already vast lists of available funds. These new funds give the investor the opportunity to invest a higher percentage of their RRSP portfolio in the global market without suffering major tax consequences.

What are these funds?

The general concept of the new RRSP-eligible foreign funds is that they are modeled exactly after existing funds that would count only as foreign content in a registered account.

How Do they Work?

Through a special arrangement with a major financial institution, these new RRSP funds are able to capture the same returns as the existing foreign funds while maintaining 100% RRSP eligibility. They can do this by holding a physical portfolio of T-Bills and other cash equivalents that act as collateral for the foreign forward contracts they hold. This now allows us to build a well diversified global investment portfolio which is balanced geographically, by asset class and investment style, using some of the best money managers

and investing strategies in the world.

Are there any drawbacks?

There is a slightly higher cost to these funds (estimated to be 50-60 basis points per year). However, given the benefits to your RRSP, with historically better returns and potentially lower risk by having more foreign exposure, this extra cost should be considered reasonable.

Also, these 100% RRSP-eligible foreign funds are not appropriate for non-registered accounts. Holding them outside an RRSP/RRIF or LIF can have serious negative tax consequences, effectively turning any capital gain into regular income.

Why should I consider these funds as an investment for my account?

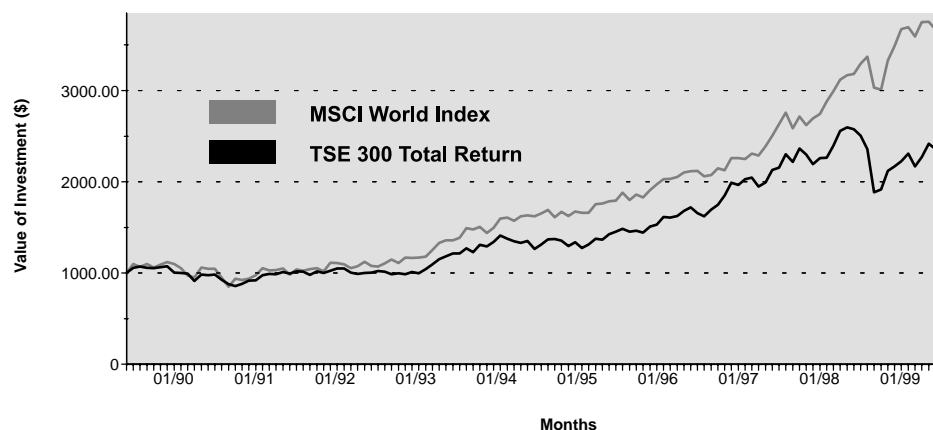
There is opportunity for higher returns, increased diversification and more rapid growth. Only a small percentage of the world's equity markets are concentrated in Canada, by having 80% or more of

your portfolio in the Canadian markets you may be missing out on opportunities elsewhere.

Please keep in mind that this is not a recommendation to completely pull out of Canadian based equity funds. There are numerous companies of strong merit which are publicly listed in this country that are worthy of consideration and investment. We do believe however that it is beneficial to expand beyond the 20% threshold to participate in the global opportunities these new funds can provide. The graph (below) shows the returns of the TSE (Toronto Stock Exchange) 300 Total Return Index and the returns of the MSCI (Morgan Stanley Capital International) World Index. In the comparison it is evident that a balanced mix of Canadian and Global investments has the capability of producing higher returns.

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MSCI World Index versus TSE 300 Total Return Index



1 Year Total Return

1	20/20 Aggressive Growth Fund	88.2%
2	AIM Global Technology Fund	82.4%
3	Royal Asian Growth Fund	79.6%
4	Talvest Global Sci & Technology C\$	79.4%
5	Altamira Science and Technology Fund	75.5%
6	Green Line Asian Growth Fund	75.0%
7	Fidelity Far East Fund	67.8%
8	C.I. Sector Global Technology	66.0%
9	C.I. Sector Global Telecommunications	65.8%
10	Altamira Japanese Opportunity Fund	65.5%

3 Year Total Return

1	BPI Global Opportunities Fund	58.0%
2	C.I. Sector Global Telecommunications	56.0%
3	Altamira Science and Technology Fund	46.9%
4	C.I. Sector Global Technology	46.6%
5	MAXXUM American Equity Fund	42.6%
6	Ethical North American Equity Fund	41.6%
7	20/20 Aggressive Growth Fund	38.5%
8	BPI American Equity Value Fund	38.4%
9	AGF American Growth Class	38.3%
10	First Trust Pharmaceutical Trust 1996 C	34.3%

5 Year Total Return

1	Green Line Science & Technology Fund	34.5%
2	Ethical North American Equity Fund	30.6%
3	20/20 Aggressive Growth Fund	29.8%
4	AGF American Growth Class	29.0%
5	AIM Global Health Sciences Fund	28.0%
6	BPI American Equity Value Fund	27.2%
7	Spectrum United American Growth Fund C\$	27.1%
8	McLean Budden American Growth Fund	25.1%
9	Spectrum United Global Telecomm	23.7%
10	Altamira U.S. Larger Company Fund	23.7%

10 Year Total Return

1	BPI American Equity Value Fund	18.8%
2	Spectrum United American Growth Fund C\$	18.8%
3	PH&N U.S. Pooled Pension Fund	18.5%
4	AGF American Growth Class	18.2%
5	McLean Budden American Growth Fund	18.0%
6	PH&N U.S. Equity Fund	17.2%
7	Ethical North American Equity Fund	16.8%
8	AGF International Value Fund	15.3%
9	Elliott & Page American Growth Fund	15.1%
10	Royal U.S. Equity Fund C\$	15.1%

1 Year Total Return

1	20/20 Latin America Fund	-32.4%
2	Dynamic Global Resource Fund	-28.6%
3	20/20 Managed Futures Value Fund	-23.5%
4	C.I. Latin American Fund	-19.6%
5	Dynamic Europe Fund	-18.8%
6	Dynamic Real Estate Equity Fund	-17.1%
7	AGF Germany Class	-16.6%
8	AGF Germany Class M	-15.6%
9	Fidelity Latin American Growth Fund	-15.5%
10	C.I. Sector Hansberger European	-14.1%

3 Year Total Return

1	20/20 Managed Futures Value Fund	-23.4%
2	Fidelity Emerging Markets Portfolio Fun	-17.2%
3	Dynamic Global Resource Fund	-15.9%
4	Hansberger Asian Fund	-9.4%
5	Ethical Pacific Rim Fund	-8.7%
6	AGF Asian Growth Class	-7.8%
7	20/20 Latin America Fund	-7.0%
8	C.I. Latin American Fund	-6.6%
9	Universal Far East Fund	-4.3%
10	C.I. Sector Pacific	-3.3%

5 Year Total Return

1	Hansberger Asian Fund	-7.9%
2	C.I. Latin American Fund	-6.5%
3	Altamira Asia Pacific Fund	-5.7%
4	AGF Asian Growth Class	-4.1%
5	20/20 Emerging Markets Value Fund	-4.0%
6	Universal Far East Fund	-3.7%
7	C.I. Sector Pacific	-3.6%
8	20/20 Latin America Fund	-3.0%
9	Dynamic Global Resource Fund	-2.9%
10	C.I. Pacific Fund	-2.9%

10 Year Total Return

1	Royal Japanese Stock Fund	0.5%
2	AGF Japan Class	3.9%
3	C.I. Sector Short-Term Shares	4.1%
4	Atlas American Money Market Fund	4.5%
5	C.I. Sector Pacific	5.7%
6	C.I. Pacific Fund	6.3%
7	Templeton Global Bond Fund	7.0%
8	Global Strategy World Bond Fund	7.0%
9	Altamira Global Diversified Fund	7.2%
10	Universal International Stock Fund	8.3%

COMMENTARY

ScotiaMcLeod would be pleased to provide you with further detailed information on the above mutual funds, however we cannot provide information on the funds marked #. These are historical performance rankings, and are not indicative of future investment performance. When analyzing particular funds, stress longer term performance.

These rankings are not sales advice and ScotiaMcLeod does not recommend simply selling bottom past performance funds and buying top past performing funds. Purchase or redemption fees may be involved. Please call (416) 863-7777 or 1-800-387-9273 for specific recommendations tailored to your individual needs.

1 Year Total Return

1 Bissett Microcap Fund	29.0%
2 Trimark Canadian Resources Fund	21.8%
3 Universal Future Fund	21.3%
4 Universal Canadian Resource Fund	21.3%
5 Atlas American RSP Index Fund	21.2%
6 VenGrowth Investment Fund Inc. (LSVCC)	21.1%
7 Power Canadian Fund	20.0%
8 Green Line U.S. RSP Index Fund	18.2%
9 Cundill Canadian Security Fund Series A	18.0%
10 Synergy Canadian Fund - Momentum Class	17.4%

3 Year Total Return

1 Quebec Growth Fund Inc.	28.8%
2 Scotia CanAm Stock Index Fund	25.2%
3 AIC Diversified Canada Fund	24.3%
4 PH&N Dividend Income Fund	23.1%
5 AIC Advantage Fund	22.6%
6 C.I. American RSP Fund	21.6%
7 Scudder Canadian Equity Fund	21.4%
8 Cundill Canadian Security Fund Series A	20.9%
9 Global Strategy Diversified Europe Fund	20.9%
10 Royal Dividend Fund	19.5%

5 Year Total Return

1 AIC Advantage Fund	25.6%
2 Scotia CanAm Stock Index Fund	22.9%
3 Quebec Growth Fund Inc.	19.7%
4 PH&N Dividend Income Fund	19.4%
5 Fidelity Canadian Growth Company Fund	19.2%
6 Cundill Canadian Security Fund Series A	17.5%
7 Bissett Canadian Equity Fund	17.0%
8 Royal Dividend Fund	16.9%
9 GBC Canadian Growth Fund	16.9%
10 PH&N Vintage Fund	16.5%

10 Year Total Return

1 ABC Fundamental-Value Fund	18.2% #
2 AIC Advantage Fund	18.0%
3 GBC Canadian Growth Fund	15.9%
4 Altamira Equity Fund	15.7%
5 Marathon Equity Fund	15.4%
6 ABC Fully-Managed Fund	14.4% #
7 Quebec Growth Fund Inc.	13.9%
8 PH&N Vintage Fund	13.8%
9 Mawer New Canada Fund	13.8%
10 PH&N Dividend Income Fund	12.6%

1 Year Total Return

1 AIC Advantage Fund II	-18.9%
2 AIC Advantage Fund	-18.4%
3 Scotia Precious Metals Fund	-16.3%
4 Atlas Canadian Emerging Growth Fund	-15.7%
5 Atlas Canadian Small Cap Growth Fund	-14.5%
6 Royal Precious Metals Fund	-14.2%
7 Bissett Small Cap Fund	-14.2%
8 Infinity Canadian Fund	-14.2%
9 Spectrum United Canadian Resource Fund	-13.9%
10 Clean Environment Balanced Fund	-13.7%

3 Year Total Return

1 Global Strategy Gold Plus Fund	-27.1%
2 Scotia Precious Metals Fund	-26.5%
3 Dynamic Precious Metals Fund	-23.1%
4 Royal Precious Metals Fund	-22.4%
5 Universal Precious Metals Fund	-20.9%
6 Green Line Precious Metals Fund	-19.5%
7 BPI Canadian Resource Fund Inc.	-17.8%
8 MAXXUM Natural Resource Fund	-15.9%
9 Altamira Resource Fund	-11.9%
10 Atlas Canadian Emerging Growth Fund	-11.1%

5 Year Total Return

1 Dynamic Precious Metals Fund	-11.3%
2 Scotia Precious Metals Fund	-10.2%
3 BPI Canadian Resource Fund Inc.	-9.2%
4 Global Strategy Gold Plus Fund	-8.5%
5 Altamira Resource Fund	-7.3%
6 Industrial Equity Fund Limited	-7.2%
7 Universal Precious Metals Fund	-5.7%
8 Green Line Resource Fund	-3.9%
9 20/20 Canadian Resources Fund Ltd.	-0.8%
10 MAXXUM Natural Resource Fund	0.0%

10 Year Total Return

1 Industrial Equity Fund Limited	0.0%
2 Dynamic Precious Metals Fund	1.4%
3 BPI Canadian Resource Fund Inc.	2.9%
4 Industrial Growth Fund	3.2%
5 Royal Precious Metals Fund	3.7%
6 Green Line U.S. Money Market Fund	4.5%
7 Strategic Value Canadian Equity Fund	5.5%
8 Atlas Canadian T-Bill Fund	5.6%
9 AGF Money Market Account	5.7%
10 Global Strategy Money Market Fund	5.7%

NOTES TO THE PERFORMANCE TABLES

- ScotiaMcLeod is unable to supply information on funds marked #
- Figures are average rates of return for the periods ending July 31, 1999
- Source data from the Mutual Funds Source Disk, August 11, 1999, which includes over 2,500 funds
- Funds with total assets under \$25 million are not included
- Only "totally public" funds are ranked
- RRSP Eligible Funds are at least 80% Canadian content and can also be held outside RRSPs
- Performance figures include reinvested dividends and management fees have been subtracted
- Non RRSP eligible funds can be held inside a ScotiaMcLeod RRSP to a maximum of 20% of book value

Top Picks – 100% RRSP-Eligible Foreign Funds

- Templeton International Stock RSP Fund (Fall 1999)
- AGF RSP American Tactical Asset Allocation Fund (AGF 431)
- AGF RSP American Growth Fund (AGF 430)
- AIC RSP Value Fund (AIC 452)
- BPI Global Equity RSP Fund (BPI 920)

Do I need to worry about maximizing my 20% Foreign content if I use these funds?

These funds are not a substitute for foreign content holdings in your RRSP. Due to the incremental extra cost of owning them, it is beneficial to make use of your 20% foreign content limit to invest in traditional foreign funds and to use these new funds to go beyond it.

Can I switch out of them or redeem them the same way I can with my other funds?

They are completely tradable and switchable like any other mutual fund available today.

How will these funds measure up to their clones?

Although these new funds should mirror the performance of their counter-

parts, there are additional costs in administering the forward contracts that make them possible, therefore the returns should be slightly lower to compensate for the cost.

What companies are participating in this new trend?

In the coming months virtually every major fund company is expected to launch similar funds, and many are well down the path to making them available. So far Mackenzie, Templeton, AIC, Trimark, AGF and BPI are offering these funds or will be within the short-term.

For a complete list of the new 100% RRSP-eligible funds please contact our investor service centre at (416) 863-7777

Team Changes:

The Mutual Fund Reporter team has had some recent changes. Barb Daley, one of our Investment Associates, has left the group and assumed a new position within the firm. Also, a new addition, Jennifer Hart has joined the team as an Administrative Associate.

Correction: In our last issue, on Demutualization, we specified the dates of the IPO (Initial Public Offering) of the insurance companies involved. This was misstated as being the PEO dates. We apologize for any confusion.

AIC Advantage Recommendation

There has been some recent concern with the decline in values of the AIC Advantage series of funds. Due to the decrease in value in the financial sectors of the market, a sector in which these funds are heavily weighted, the share prices have decreased. Historically, the financial services industry has been a relatively stable sector of the market. Therefore we are recommending that this may be an ideal time to buy the funds. Please remember that these are growth funds and are subject to volatility. They are meant to produce long-term results.

Other Fund News

Dundee Investment Management & Research Ltd. has recently changed its name to Dynamic Mutual Funds Ltd.

The name changes are as follows:

- Dundee Fund of Funds is now Dynamic Fund of Funds
- Dundee Dollar Cost Averaging Fund is now Dynamic Dollar Cost Averaging Fund
- Dynamic Canadian Growth Fund is now Dynamic Power Canadian Growth Fund.

The Power Group of Funds have been renamed to the following:

- Dynamic Power Canadian Fund
- Dynamic Power American Fund
- Dynamic Power Balanced Fund
- Dynamic Power Bond Fund