

Managing Risks

How and Why You Should Diversify Your Portfolio Updating Beneficiaries

Most investors recognize the need for diversification in order to manage the risk associated with investing. The old cliché of not putting all your eggs in one basket still rings true. One only has to look at the Asian crisis to realize that a portfolio composed of assets located entirely in Asia would have had an extremely damaging effect on the bottom line. However, a well diversified portfolio that had some Far East exposure, European and North American exposure would, in the same time frame, have enjoyed the tremendous growth in the North American

markets and good growth in certain European countries. This would have balanced the down markets, giving you overall an excellent, stable, portfolio.

Below, we have a chart representing the performance of AIC Advantage Fund. As you can see, the fund is volatile with periods of low performance followed by bursts of high performance. In September of 1994 we were in a similar position that we are in today. Despite the volatility, AIC Advantage Fund has averaged approximately a 24% return over the last five years and over that period is one of our top performing funds. Their buy and hold strategy is based on long-term goals and objectives. Tying in with our views on diversification, we recom-

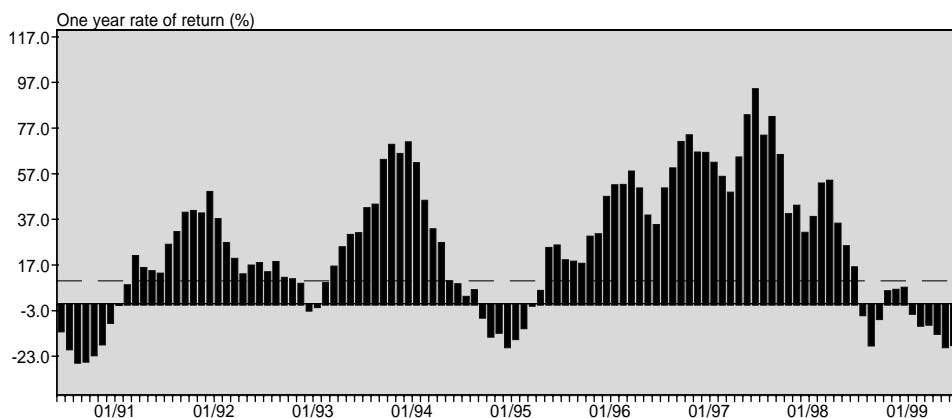
mend that funds of high volatility such as these be only a small percentage of a portfolio.

At times it may seem tempting to move your assets into the market/sector that is performing well, or at least get out of a down market. The key to successful investing however is to keep a long-term focus and stay committed to your plan. Remember that the overall volatility, or risk of a diversified portfolio is less than any single investment or market sector. A good example of this is technology based stocks and mutual funds. Many say that they are greatly overvalued when looking at their actual revenues or actual value and what the shares of the company are selling for. The prices on many of these internet and other tech stocks seem inflated. The harsh reality is they may not deliver in the long-term the returns that we've seen recently. If this is the case, and your portfolio is heavily

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AIC Advantage Fund

All Time Periods Analysis (1 Year Returns)



Past performance is not necessarily indicative of future performance.

Where will your money go?????

Do you know who the beneficiary is on your RRSP/RRIF/LIF account?

Give us a call, we may need to update our records.
1-800-387-9273

1 Year Total Return

1	AIM Global Technology Fund	140.4%
2	Talvest Global Sci & Technology C\$	139.5%
3	20/20 Aggressive Growth Fund	137.2%
4	Altamira Science and Technology Fund	131.4%
5	C.I. Sector Global Technology	121.3%
6	Green Line Science & Technology Fund	115.5%
7	Fidelity Far East Fund	99.9%
8	Green Line Asian Growth Fund	98.4%
9	Altamira Japanese Opportunity Fund	96.0%
10	Royal Asian Growth Fund	93.9%

3 Year Total Return

1	BPI Global Opportunities Fund	57.2%
2	C.I. Sector Global Telecommunications	54.8%
3	C.I. Sector Global Technology	50.1%
4	Altamira Science and Technology Fund	47.0%
5	MAXXUM American Equity Fund	40.5%
6	Ethical North American Equity Fund	39.7%
7	20/20 Aggressive Growth Fund	38.8%
8	BPI American Equity Value Fund	38.1%
9	AGF American Growth Class	37.2%
10	First Trust Pharmaceutical Trust 1996 C	34.2%

5 Year Total Return

1	Green Line Science & Technology Fund	33.1%
2	20/20 Aggressive Growth Fund	29.6%
3	Ethical North American Equity Fund	28.9%
4	AGF American Growth Class	28.4%
5	BPI American Equity Value Fund	27.3%
6	AIM Global Health Sciences Fund	27.0%
7	Spectrum United American Growth Fund C\$	25.8%
8	McLean Budden American Growth Fund	23.5%
9	Spectrum United Global Telecomm	22.7%
10	Altamira U.S. Larger Company Fund	21.7%

10 Year Total Return

1	BPI American Equity Value Fund	18.9%
2	AGF American Growth Class	18.2%
3	Spectrum United American Growth Fund C\$	18.2%
4	McLean Budden American Growth Fund	17.8%
5	PH&N U.S. Pooled Pension Fund	17.5%
6	Ethical North American Equity Fund	16.3%
7	PH&N U.S. Equity Fund	16.3%
8	AGF International Value Fund	15.2%
9	Elliott & Page American Growth Fund	14.8%
10	Royal U.S. Equity Fund C\$	14.8%

1 Year Total Return

1	Dynamic Real Estate Equity Fund	-12.4%
2	Dynamic Global Resource Fund	-5.4%
3	Universal World Tactical Bond Fund	-5.3%
4	Altamira Global Bond Fund	-4.9%
5	AGF Global Government Bond Fund	-4.5%
6	Global Strategy World Bond Fund	-4.5%
7	AGF Intl Short-Term Income Class	-4.5%
8	Green Line Global Government Bond Fund	-4.0%
9	20/20 Latin America Fund	-3.8%
10	AIM Global Growth & Income Fund	-3.7%

3 Year Total Return

1	20/20 Managed Futures Value Fund	-20.0%
2	Dynamic Global Resource Fund	-18.7%
3	Fidelity Emerging Markets Portfolio Fun	-18.4%
4	Hansberger Asian Fund	-10.3%
5	20/20 Latin America Fund	-10.1%
6	Ethical Pacific Rim Fund	-10.1%
7	AGF Asian Growth Class	-8.6%
8	C.I. Latin American Fund	-8.3%
9	Universal Far East Fund	-6.4%
10	C.I. Sector Pacific	-3.7%

5 Year Total Return

1	C.I. Latin American Fund	-9.5%
2	Hansberger Asian Fund	-9.3%
3	20/20 Latin America Fund	-9.1%
4	20/20 Emerging Markets Value Fund	-6.3%
5	Fidelity Latin American Growth Fund	-5.6%
6	Universal Far East Fund	-5.5%
7	Altamira Asia Pacific Fund	-5.4%
8	AGF Asian Growth Class	-5.2%
9	Green Line Emerging Markets Fund	-4.9%
10	C.I. Sector Pacific	-4.4%

10 Year Total Return

1	Royal Japanese Stock Fund	1.1%
2	C.I. Sector Short-Term Shares	4.0%
3	Atlas American Money Market Fund	4.4%
4	AGF Japan Class	4.6%
5	C.I. Sector Pacific	6.1%
6	C.I. Pacific Fund	6.7%
7	Templeton Global Bond Fund	7.0%
8	Global Strategy World Bond Fund	7.1%
9	Altamira Global Diversified Fund	7.3%
10	Universal Americas Fund	8.1%

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	Marathon Resource Fund	67.1%
2	Universal Canadian Resource Fund	58.0%
3	Bissett Microcap Fund	56.6%
4	Royal Energy Fund	47.5%
5	Universal Future Fund	46.1%
6	MAXXUM Natural Resource Fund	45.4%
7	BPI Canadian Resource Fund Inc.	44.9%
8	Dynamic Power Canadian Fund	44.5%
9	Trimark Canadian Resources Fund	44.4%
10	Atlas American RSP Index Fund	43.1%

3 Year Total Return

1	Quebec Growth Fund Inc.	25.9%
2	Scotia CanAm Stock Index Fund	24.3%
3	PH&N Dividend Income Fund	21.6%
4	C.I. American RSP Fund	21.5%
5	Global Strategy Diversified Europe Fund	20.5%
6	AIC Diversified Canada Fund	19.9%
7	Scudder Canadian Equity Fund	19.8%
8	Cundill Canadian Security Fund Series A	19.0%
9	Talvest Global RRSP Fund	18.3%
10	Royal Dividend Fund	18.0%

5 Year Total Return

1	AIC Advantage Fund	24.1%
2	Scotia CanAm Stock Index Fund	21.9%
3	Quebec Growth Fund Inc.	19.1%
4	Fidelity Canadian Growth Company Fund	18.4%
5	PH&N Dividend Income Fund	18.1%
6	Cundill Canadian Security Fund Series A	16.9%
7	GBC Canadian Growth Fund	16.4%
8	Royal Dividend Fund	15.7%
9	Bissett Canadian Equity Fund	15.7%
10	PH&N Vintage Fund	15.3%

10 Year Total Return

1	ABC Fundamental-Value Fund	17.9% #
2	AIC Advantage Fund	17.3%
3	GBC Canadian Growth Fund	15.7%
4	Altamira Equity Fund	15.1%
5	Marathon Equity Fund	14.9%
6	ABC Fully-Managed Fund	14.2% #
7	Mawer New Canada Fund	13.5%
8	Quebec Growth Fund Inc.	13.4%
9	PH&N Vintage Fund	13.4%
10	Dynamic Power Canadian Growth Fund	12.7%

1 Year Total Return

1	Spectrum United RRSP International Bond	-8.6%
2	Cdn. Medical Discoveries Inc. (LSVCC)	-8.2%
3	Ethical Global Bond Fund	-5.9%
4	Dynamic Global Bond Fund	-5.8%
5	Scotia CanAm US\$ Income Fund	-5.6%
6	Universal World Income RRSP Fund	-5.1%
7	Clean Environment Balanced Fund	-4.9%
8	AGF RSP Global Bond Fund	-4.9%
9	Scotia CanGlobal Income Fund	-4.4%
10	Global Strategy Diversified World Bond	-4.4%

3 Year Total Return

1	Global Strategy Gold Plus Fund	-30.0%
2	Scotia Precious Metals Fund	-28.0%
3	Dynamic Precious Metals Fund	-25.5%
4	Royal Precious Metals Fund	-25.0%
5	Universal Precious Metals Fund	-23.6%
6	Green Line Precious Metals Fund	-22.1%
7	BPI Canadian Resource Fund Inc.	-19.9%
8	MAXXUM Natural Resource Fund	-17.4%
9	Altamira Resource Fund	-14.1%
10	Atlas Canadian Emerging Growth Fund	-13.9%

5 Year Total Return

1	Dynamic Precious Metals Fund	-10.9%
2	Scotia Precious Metals Fund	-10.2%
3	BPI Canadian Resource Fund Inc.	-8.2%
4	Global Strategy Gold Plus Fund	-8.0%
5	Industrial Equity Fund Limited	-7.5%
6	Altamira Resource Fund	-6.8%
7	Universal Precious Metals Fund	-6.1%
8	Green Line Resource Fund	-3.4%
9	20/20 Canadian Resources Fund Ltd.	0.2%
10	MAXXUM Natural Resource Fund	1.1%

10 Year Total Return

1	Industrial Equity Fund Limited	-0.4%
2	Dynamic Precious Metals Fund	1.4%
3	BPI Canadian Resource Fund Inc.	3.1%
4	Industrial Growth Fund	3.1%
5	Royal Precious Metals Fund	4.0%
6	Green Line U.S. Money Market Fund	4.4%
7	Strategic Value Canadian Equity Fund	5.4%
8	Atlas Canadian T-Bill Fund	5.5%
9	C.I. Sector Canadian	5.5%
10	Fidelity Capital Builder Fund	5.6%

NOTES TO THE PERFORMANCE TABLES

- ScotiaMcLeod is unable to supply information on funds marked #
- Figures are average rates of return for the periods ending August 31, 1999
- Source data from the Mutual Funds Source Disk, September 10, 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

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weighted in this sector, the results could be devastating.

It is very important to look at personal goals, timelines and risk levels when diversifying a portfolio. For people who are focusing on growing assets, and who have a good understanding of market risk, their portfolio might consist primarily of equities well-diversified in terms of market and style of money manager through the holding of various mutual funds. Someone approaching retirement years might diversify their asset allocation to include Bonds and T-Bills. Regardless of the asset mix, diversification can manage risk and provide the potential for superior returns.

In a non-registered account, a diversified portfolio can also be important in terms of tax consequences and implications. Investment income is added to your earned income in addition to any

other income you might have and is taxed at your marginal rate. If you invest for dividends, you receive preferential tax treatment through the dividend tax credit.

Mutual Funds are in themselves a great tool for achieving greater diversification. You have the market at your fingertips, professional money managers, stocks & bonds all held by the mutual fund company. They can invest in literally hundreds of corporations giving the average investor a wider range of choices than could be accomplished individually by stock trading.

There are many factors to consider when putting together a well-diversified portfolio, and in fact it is possible to over-diversify. We can work together to make sure your portfolio is structured in such a way that you achieve reasonable diversification given your financial goals, resources and tolerance for risk.

Scotiabank Funds Transfer

ScotiaMcLeod clients can now transfer funds from their Scotiabank account to their non-registered ScotiaMcLeod account.

This is done by using the Scotiabank Cashstop ABMs, Scotia OnLine and TeleScotia bill payment services. The transfer needs to be set up by Scotiabank as a bill payment. This has to be done directly through Scotiabank as we do not have access to their accounts.

Please remember this does not apply to RRSP accounts, although we can open a non-registered account and then transfer the funds on request to your registered account. You also have the same investment options in your non-registered accounts as you have in your registered accounts, including GIC's, bonds, stocks and mutual funds.

Please call us for more information or contact your local Scotiabank to set up a bank account and/or the bill payment service.

Addressing Y2K concerns

Some investors have expressed concern regarding Y2K and how it will affect us. An additional ScotiaMcLeod Statement will be issued to all clients on December 15th 1999. Please visit our website for details as well as a commentary on the issue. There is also specific information on what Scotiabank has done to prepare for the year 2000 on their website. Links to other Y2K sites of interest are available. Please visit our website for more information.

www.mutualfundreporter.com

Fund News

As a follow-up to our last issue introducing the new 100% RRSP-Eligible Foreign Funds, Templeton has now released it's new funds. They include:

- Templeton Growth RSP Fund (TML 532)
- Templeton International Stock RSP Fund (TML 505)
- Templeton Emerging Markets RSP Fund (TML 531)
- Templeton Global Small Companies RSP Fund (TML 537)

Fidelity has recently released their new funds as well. They include:

- Fidelity RSP International Portfolio Fund (FID536)
- Fidelity RSP Global Asset Allocation Fund (FID552)

Mackenzie will be issuing four additional 100% RRSP-eligible Foreign Funds.

AIC's Michael Chin has resumed lead management of the AIC Advantage II Fund, in addition to the flagship AIC Advantage Fund.