

What's happening with these markets??

Sector Update

Investment Styles

Fund News

The markets in recent weeks have seen dramatic fluctuations, but in most of our diversified client portfolios, fluctuations were minimal (depending on how much was in high risk funds or stocks).

The main cause of the market fluctuations has been attributed to the market correction in the tech sector, which was largely inevitable (see MFR #157).

As always, though, predicting tomorrow's market moves is largely a mug's game, focusing on building an appropriate portfolio is what matters in the long run.

Diversification has always been a key tool to minimize risk and maximize returns within a portfolio. There are many ways we accomplish this. Mutual Funds can be used in this process, as they allow for maximum diversification without having to pay commissions to buy several different stocks. Funds also save you the time required to then monitor the stocks.

Methods of Diversification to look for in your Portfolio.

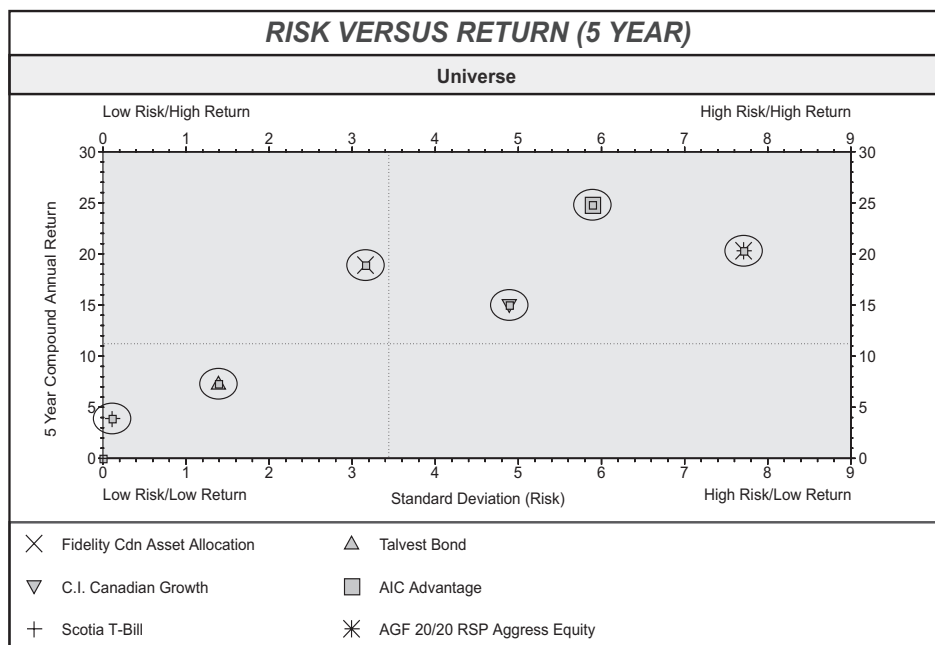
Mutual Funds offer many different ways to diversify. One way to diversify is by

investment style. A mutual fund manager can focus on growth stocks, value stocks, a specific sector or a blend of stocks. **For the first time, our investment options listing includes a column describing the management style of a particular fund.** A growth fund would focus mainly on the up and coming high growth stocks to add to their portfolio without paying as much heed to the valuations in relation to earnings. Value managers focus on buying companies that are undervalued and not trading at a high ratio to earnings.

The fund manager could also use what is called 'top-down' or 'bottom-up' management style. Top down manage-

ment is where the manager looks at the industry from an economical perspective primarily and how the sector or sectors are doing as a whole. A bottom-up investment style focuses more on the fundamentals of the specific companies they are buying into.

Your account's risk factors are also a way to diversify. Having your portfolio divided between high, low and medium risk funds depending on your risk tolerance as well as taking into consideration how near you are to retirement are very important. Below we have a graph that shows the relation of risk relative to return of some of the mutual funds that we offer. In short, the more risk that is



1 Year Total Return

1 Talvest China Plus	335.8%
2 Altamira Science & Technology	230.6%
3 Talvest Global Sci & Tech	220.4%
4 AIM Global Technology	186.3%
5 AGF 20/20 Aggressive Growth	186.0%
6 Talvest Global Small Cap	156.3%
7 Atlas Pacific Basin Value	139.7%
8 C.I. Global Technology Sector	138.1%
9 Trimark Discovery	137.1%
10 AIM Global Telecom Class	130.2%

3 Year Total Return

1 Altamira Science & Technology	101.1%
2 Talvest Global Sci & Tech	97.6%
3 AIM Global Technology	88.2%
4 C.I. Global Telecom Sector	87.3%
5 AGF 20/20 Aggressive Growth	83.0%
6 C.I. Global Technology Sector	69.1%
7 BPI Global Opportunities	68.0%
8 Universal World Science & Tech	60.2%
9 Clarington Globl Communication	60.0%
10 Janus American Equity	59.7%

5 Year Total Return

1 AGF 20/20 Aggressive Growth	51.1%
2 Janus American Equity	46.5%
3 Green Line Science & Technology	39.6%
4 AIM Global Telecom Class	38.9%
5 BPI American Equity Value	36.9%
6 Spectrum United American Grwth	36.6%
7 Spectrum United Gbl Telecomm	35.3%
8 Universal European Opp	35.0%
9 Ethical North American Equity	33.5%
10 Global Strategy ROTH Wrld Cos	32.4%

10 Year Total Return

1 Spectrum United American Grwth	25.5%
2 BPI American Equity Value	23.3%
3 Signature American Small Cos	22.8%
4 AGF Amer Growth Class	20.9%
5 MB Pooled American Equity	20.5%
6 Green Line US Index Fund (\$US)	19.9%
7 Ethical North American Equity	19.8%
8 McLean Budden Amer Eq Growth	19.3%
9 PH&N US Pooled Pension	18.8%
10 GBC North American Growth	18.7%

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.

1 Year Total Return

1 AIC Value	-14.7%
2 Dynamic Real Estate Equity	-12.6%
3 Atlas American Large Cap Grwth	-11.3%
4 AGF Global Government Bond	-9.6%
5 Dynamic Infinity American	-9.3%
6 Fidelity Focus Financial Servs	-8.9%
7 Templeton Global Bond	-8.6%
8 Universal World Tacticl Bd	-7.2%
9 Green Line Global Gov't Bond	-6.5%
10 Global Strategy ROTH Wrld Bond	-6.4%

3 Year Total Return

1 Fidelity Emerging Mkts Port	-15.1%
2 Ethical Pacific Rim	-9.8%
3 Hansberger Asian	-6.6%
4 Dynamic Real Estate Equity	-4.7%
5 AGF 20/20 Latin America	-4.4%
6 Royal Asian Growth	-1.7%
7 Templeton Global Bond	-1.7%
8 AGF 20/20 Emerging Mkts Value	-1.2%
9 AGF Asian Growth Class	-1.1%
10 C.I. Latin American	-0.7%

5 Year Total Return

1 Hansberger Asian	-3.4%
2 AGF 20/20 India	-3.1%
3 Ethical Pacific Rim	-1.2%
4 Fidelity Emerging Mkts Port	-0.2%
5 Royal Asian Growth	0.9%
6 AGF Int'l Sh Term Income Class	1.3%
7 Universal Far East	1.7%
8 AGF Asian Growth Class	1.7%
9 Templeton Global Bond	2.1%
10 AGF 20/20 Emerging Mkts Value	2.7%

10 Year Total Return

1 C.I. Short-Term Sector	3.8%
2 Atlas American Money Mkt \$US	4.2%
3 Royal Japanese Stock	5.5%
4 Templeton Global Bond	6.2%
5 AGF Japan Class	7.0%
6 Global Strategy ROTH Wrld Bond	7.3%
7 GBC International Growth	7.5%
8 AGF Global Government Bond	8.2%
9 Talvest Asian	8.5%
10 C.I. Pacific Sector	8.5%

These rankings are not sales advice and ScotiaMcLeod does not recommend simply selling bottom past performance funds and buying top past performance 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 Capital Alliance Ventures	119.5%
2 BPI Canadian Small Companies	93.4%
3 C.I. Covington Labour-Sponsord	87.4%
4 Bissett Microcap	87.4%
5 Scotia Cdn Small Cap	85.9%
6 AIM Canadian Premier	85.2%
7 Triax Growth Fund Inc.	82.1%
8 Working Opportunity (Balanced).	79.4%
9 Universal Future	70.3%
10 O'Donnell Cdn Emerging Growth	70.3%

3 Year Total Return

1 AIM Canadian Premier	33.8%
2 AIM Canada Growth Class	29.6%
3 Altamira Capital Growth	28.9%
4 Universal Future	28.6%
5 Atlas American RSP Index	27.5%
6 VenGrowth Fund	26.7%
7 Triax Growth Fund Inc.	26.6%
8 Capital Alliance Ventures.	25.8%
9 C.I. Covington Labour-Sponsord	24.1%
10 Working Opportunity (Balanced).	24.0%

5 Year Total Return

1 AIM Canada Growth Class	26.0%
2 AIM Canadian Premier	25.3%
3 AIC Advantage	24.8%
4 AIC Diversified Canada	24.2%
5 Scotia CanAm Stock Index Fund.	23.1%
6 GBC Canadian Growth	22.7%
7 Universal Future	22.6%
8 Talvest Millennium Next Gen	22.6%
9 MB Pooled Cdn Equity Growth.	21.8%
10 Fidelity Cdn Growth Company	21.5%

10 Year Total Return

1 AIC Advantage	19.4%
2 Altamira Equity.	18.6%
3 GBC Canadian Growth	18.3%
4 Dynamic Power Canadian Growth.	18.2%
5 ABC Fundamental Value	17.8%
6 PH&N Vintage	16.2%
7 Altamira Capital Growth	15.7%
8 Universal Future	15.3%
9 AGF Canadian Growth Equity.	15.2%
10 Altamira Special Growth.	15.0%

1 Year Total Return

1 Scotia Precious Metals	-19.0%
2 Dynamic Precious Metals.	-15.7%
3 Spectrum United Cdn Resource	-14.5%
4 Dynamic Global Bond	-10.5%
5 Scotia CanGlobal Income.	-10.3%
6 AGF RSP Global Bond	-10.3%
7 AIC Advantage II.	-9.7%
8 Dynamic Canadian Real Estate	-9.4%
9 Spectrum United RSP Int'l Bond	-9.3%
10 Royal Global Bond	-8.4%

3 Year Total Return

1 Scotia Precious Metals	-27.7%
2 Spectrum United Cdn Resource	-26.3%
3 Dynamic Precious Metals.	-23.6%
4 AGF 20/20 Managed Futures Val	-23.4%
5 Global Strategy Gold Plus	-23.0%
6 Universal Precious Metals	-18.5%
7 Royal Precious Metals	-18.4%
8 MAXXUM Natural Resource.	-17.5%
9 Altamira Resource	-16.8%
10 Green Line Precious Metals	-15.9%

5 Year Total Return

1 Dynamic Precious Metals.	-12.2%
2 Scotia Precious Metals	-11.9%
3 Global Strategy Gold Plus	-8.3%
4 Altamira Resource	-6.5%
5 Universal Precious Metals	-6.3%
6 Industrial Equity Fund Ltd.	-4.7%
7 BPI Canadian Resource Inc	-4.3%
8 Green Line Resource	-2.8%
9 Green Line Energy.	-2.5%
10 MAXXUM Natural Resource.	-1.0%

10 Year Total Return

1 Dynamic Precious Metals.	-0.4%
2 Industrial Equity Fund Ltd.	0.8%
3 Industrial Growth	2.2%
4 BPI Canadian Resource Inc.	3.4%
5 Green Line US Money Mkt (\$US).	4.3%
6 Royal Precious Metals.	4.5%
7 20/20 Canadian Resources.	4.6%
8 Atlas Canadian T-Bill	5.0%
9 AGF Canadian Money Market.	5.2%
10 Ethical Money Market.	5.3%

NOTES TO THE PERFORMANCE TABLES

- ScotiaMcLeod is unable to provide information on funds marked #
- Figures are average rates of return for the periods ending Mar. 31, 2000
- Source data from Bell Charts, including over 3106 funds
- Funds with total assets under \$25 million are not included
- Only "totally public" funds are ranked
- RRSP eligible funds are at least 75% 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 25% of book value

taken, the more likely that returns of a more aggressive portfolio will exceed returns of a conservative portfolio in the long term.

The fund managers will usually have a portfolio bias where they focus on Small Cap/ Mid Cap/ or Large Cap Companies. Small Cap refers to the size of the market capitalization of the companies in the fund. Some fund managers will have no bias for the fund and will hold a mixed portfolio. The size of the market capitalization is also directly related to risk. A large cap mutual fund would be lower risk than a small or mid cap fund. An example of large cap fund holdings would be companies such as BCE or one of the large Canadian banks.

There are also different styles and types of funds to choose from to meet all your investment needs. Equity Funds are based in stocks. Balanced funds are investments that have a mixed portfolio of stocks and bonds and are on the more conservative side. Bond Funds are fully invested in bonds and fixed income instruments and are for more conservative investors approaching retirement, or as a more conservative portion of the portfolio. (Generally we prefer to hold individual bonds instead of a bond fund, to minimize overall management fees in an account.)

Sector Updates

Financial Sector

ScotiaMcLeod continues to recommend an overweight position in financials. Bank valuations are extremely attractive and fundamentals are compelling. We expect the bank group to continue to

internally generate capital at a healthy real rate under a number of difficult scenarios. Positive earnings surprises developed in the first quarter, with earnings expected to meet or exceed expectations over the next year. In addition, we expect interest rate fears to moderate. As a consequence, we believe bank share performance, after two difficult years, has the potential to provide strong absolute and relative returns. The bank sub-index has been building a very solid base in the past two years.

Our pick AIC Advantage Fund/AIC Advantage 2 Fund. (Heavily based in financial stocks, which may have a good run, as several fund companies are in takeover / merger discussions.)

Small Cap Sector Outlook

Small cap stocks in Canada, whose performance is measured by the SPTSE Small Cap Index, have recorded a 4.7%

price return since the beginning of the year. Despite this fairly good performance, these stocks continue to underperform the large cap stocks which recorded a 14.7% increase over the same period. As it has now been the case for several months, many small cap companies have problems showing positive EPS growth. Therefore, we continue to recommend that investors stay cautioned and focus on companies that show a high quality of earnings and a solid potential for growth in their respective sector.

Technology Sector

We recommend an underweight in this sector. Prospects for long-term growth are good, but we are concerned with valuations across the sector. Technology company valuations are still well beyond all traditional measures. Our overall sector view suggests caution is warranted.

Fund News

Global Strategy has introduced a new balanced fund: Global Strategy Growth & Income.

Due to the C.I./BPI merger, there have been several name changes. Many funds that were under BPI or Hansberger have been renamed under the C.I. heading or under the Signature heading. Switches between funds are now available.

Mackenzie has launched eight new funds:

- Universal Communications
- Universal Financial Services
- Universal Internet Technologies
- Universal RSP Communications
- Universal RSP Financial Services
- Universal RSP Global Ethics
- Universal RSP Health Services
- Universal RSP Internet Technologies