

Is Bigger Necessarily Better?

Small Funds vs. Large Funds

Managing Your Money

Fund News

Do smaller funds outperform larger funds?

The answer is there is no statistical evidence to support such a claim.

In fact the opposite could be suggested based on the statistics. I looked at the 20 largest and 20 smallest Canadian equity, Canadian Large Cap and Canadian Small to Mid Cap funds over one and three year periods. What I found was that the larger funds on average out performed the smaller funds in each fund category over each time period except the 3-year Large Cap returns where the smaller funds outperformed their larger counterparts. However, I do not think these statistics are terribly valid. When dealing with open-ended funds, good performance begets net contributions while poor performance generates redemptions. Thus a strong performer's assets will grow as a result of strong returns and net purchases while the poorer performing funds will suffer the double blow of lower returns and net redemptions. Thus it makes sense that if looking historically, the larger funds are the ones with the best track records. But the size of the fund

is not what made it successful or unsuccessful, it was the performance.

The theory is that small equals nimble and the ability to get in and out quickly should improve returns. That carries with it a huge assumption that the manager's timing is always right. Being nimble is not nearly as important as being right. Besides, most managers accumulate positions over time and divest themselves of positions in similar fashion. Even very large funds can accumulate large positions if done piecemeal, and can also decrease or close a position using the same strategy. Few managers if any would lay claim to the ability to buy a full position at the bottom and sell it all at the top for all their investments.

My conclusion is that the markets can provide sufficient liquidity for even the largest of funds to outperform by picking the right stocks at approximately the right time. Asset size would be well down my list of important considerations.

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FYI

ScotiaMcLeod generally doesn't recommend funds with an asset size smaller than \$25 million due to the fact that larger funds and fund compa-

nies generally attract and are able to retain the best portfolio managers.

Our top 10 / bottom 10 listings have always only included funds over \$25 million, and this quarter the investment options newsletter also only lists funds over \$25 million, making it easier to find the most popular funds.

Managing Your Money...

Time and again, people ask, "What can I do to manage my finances more effectively?" While the answer depends largely on the individual situation, people with the most success managing their finances generally follow the advice noted below

1. Have a Plan

If you were to decide that you were going to take a driving holiday, chances are that you would pull out a

continued on back page

Congratulations to

Ted Ballantyne the winner of our Quicken 2000 draw!!

The draw involved submitting a request to receive the Mutual Fund Reporter via e-mail instead of regular mail, which will help cut down on paper and help our environment. If you would like to change your present subscription, sign up through our website at: www.mutualfundreporter.com

1 Year Total Return

1	Altamira Science & Technology	181.8%
2	Talvest Global Sci & Tech	160.7%
3	Talvest China Plus	149.7%
4	AIM Global Technology	124.5%
5	AGF Aggressive Growth	121.8%
6	Talvest Global Small Cap	108.5%
7	Trimark Discovery	98.0%
8	First Trust N Am Technology 99	91.1%
9	Royal Life Science & Technology	88.7%
10	Spectrum United Gbl Growth	85.3%

3 Year Total Return

1	Altamira Science & Technology	92.6%
2	Talvest Global Sci & Tech	85.9%
3	C.I. Global Telecom Sector	74.2%
4	AGF Aggressive Growth	72.8%
5	AIM Global Technology	70.5%
6	C.I. Global Technology Sector	59.3%
7	BPI Global Opportunities	57.8%
8	Universal World Science & Tech	47.9%
9	Fidelity Focus Technology	46.9%
10	Janus American Equity	45.3%

5 Year Total Return

1	AGF Aggressive Growth	45.3%
2	BPI Global Opportunities	44.5%
3	Janus American Equity	38.4%
4	AIM Global Telecom Class	32.3%
5	BPI American Equity Value	32.1%
6	Spectrum United American Grwth	31.8%
7	Green Line Science & Technology	31.4%
8	Ethical North American Equity	30.1%
9	Spectrum United Gbl Telecomm	29.7%
10	Universal European Opp	28.8%

10 Year Total Return

1	Spectrum United American Grwth	24.0%
2	BPI American Equity Value	21.6%
3	C.I. Signature Amer Small Cos	20.3%
4	AGF Amer Growth Class	19.8%
5	Ethical North American Equity	19.5%
6	Green Line US Index Fund (\$US)	19.2%
7	MB Pooled American Equity	19.2%
8	GBC North American Growth	18.8%
9	PH&N US Pooled Pension	17.5%
10	Guardian American Eq Classic	17.0%

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	O'Shaughnessy US Value	-15.6%
2	Dynamic Infinity American	-12.0%
3	AGF World Equity Class	-10.1%
4	Fidelity Focus Financial Servs	-9.6%
5	Atlas American Large Cap Grwth	-7.4%
6	Royal Asian Growth	-6.2%
7	Fidelity Focus Consumr Industr	-5.7%
8	Dynamic Global Income & Growth	-5.3%
9	Atlas American Advantage Value	-5.3%
10	Ethical Pacific Rim	-5.0%

3 Year Total Return

1	Ethical Pacific Rim	-19.3%
2	Fidelity Emerging Mkts Port	-11.9%
3	AGF Latin America	-11.6%
4	C.I. Asian	-10.8%
5	AIM Pacific Growth Class	-7.9%
6	AGF Asian Growth Class	-7.7%
7	Universal Far East	-7.6%
8	C.I. Latin American	-6.8%
9	AGF Emerging Markets Value	-6.4%
10	C.I. Pacific Sector	-6.3%

5 Year Total Return

1	C.I. Asian	-5.9%
2	Ethical Pacific Rim	-5.3%
3	Fidelity Emerging Mkts Port	-4.8%
4	AGF India	-4.5%
5	AGF Asian Growth Class	-3.0%
6	Royal Asian Growth	-2.2%
7	Universal Far East	-1.9%
8	AGF Emerging Markets Value	0.3%
9	Talvest Asian	0.4%
10	C.I. Pacific Sector	0.8%

10 Year Total Return

1	Royal Japanese Stock	3.3%
2	C.I. Short-Term Sector	3.8%
3	Atlas American Money Mkt \$US	4.2%
4	AGF Japan Class	4.7%
5	Templeton Global Bond	5.8%
6	GBC International Growth	6.0%
7	C.I. Pacific Sector	6.1%
8	Talvest Asian	6.7%
9	C.I. Pacific	6.7%
10	Global Strategy ROTH Wrld Bond	6.8%

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	103.4%
2 YMG Growth	103.1%
3 Trimark Enterprise Sm-Cap.	80.5%
4 Working Opportunity (Balanced)	79.1%
5 AIM Canadian Premier	66.4%
6 B.E.S.T Discoveries	65.7%
7 Altamira Capital Growth	61.4%
8 Elliott & Page Generation Wave	60.6%
9 Dynamic Power Canadian Growth	56.4%
10 Altamira Equity	56.0%

3 Year Total Return

1 YMG Growth	35.9%
2 AIM Canadian Premier	28.6%
3 Altamira Capital Growth	26.6%
4 Universal Future	25.4%
5 VenGrowth Fund	24.9%
6 Capital Alliance Ventures	24.1%
7 Working Opportunity (Balanced)	23.1%
8 AIM Canada Growth Class	21.9%
9 C.I. American RSP	20.0%
10 Atlas American RSP Index	19.6%

5 Year Total Return

1 YMG Growth	31.4%
2 AIM Canadian Premier	23.4%
3 AIC Diversified Canada	23.4%
4 AIC Advantage	23.1%
5 AIM Canada Growth Class	22.5%
6 MB Pooled Cdn Equity Growth	22.1%
7 PH&N Dividend Income	22.1%
8 Universal Future	21.2%
9 Talvest Millennium Next Gen	21.2%
10 GBC Canadian Growth	21.0%

10 Year Total Return

1 AIC Advantage	21.1%
2 Altamira Equity	19.2%
3 Dynamic Power Canadian Growth	18.6%
4 GBC Canadian Growth	18.5%
5 ABC Fundamental Value	18.4% #
6 PH&N Vintage	16.4%
7 YMG Growth	16.3%
8 Altamira Capital Growth	16.0%
9 Universal Future	15.7%
10 MB Pooled Cdn Equity Growth	15.7%

1 Year Total Return

1 Spectrum United Cdn Resource	-12.8%
2 Altamira Prec& Strategic Metal	-12.7%
3 Scotia Precious Metals	-10.8%
4 Marathon Equity	-10.6%
5 Industrial Growth	-10.3%
6 Dynamic Precious Metals	-7.8%
7 AGF RSP Global Bond	-5.7%
8 O'Donnell High Income	-4.3%
9 Scotia CanGlobal Income	-4.0%
10 Altamira North Amer Recovery	-4.0%

3 Year Total Return

1 Scotia Precious Metals	-22.8%
2 Spectrum United Cdn Resource	-22.7%
3 Altamira Prec& Strategic Metal	-22.0%
4 AGF Managed Futures Value	-21.5%
5 Global Strategy Gold Plus	-21.3%
6 Dynamic Precious Metals	-18.5%
7 Royal Precious Metals	-15.4%
8 Altamira Resource	-13.4%
9 Green Line Energy	-12.9%
10 Universal Precious Metals	-12.9%

5 Year Total Return

1 Altamira Prec& Strategic Metal	-13.9%
2 Global Strategy Gold Plus	-12.1%
3 Dynamic Precious Metals	-12.1%
4 Scotia Precious Metals	-11.9%
5 AGF Managed Futures Value	-8.6%
6 Universal Precious Metals	-7.3%
7 Altamira Resource	-5.2%
8 Industrial Equity Fund Ltd.	-4.8%
9 BPI Canadian Resource Inc	-4.1%
10 MAXXUM Natural Resource	-3.0%

10 Year Total Return

1 Dynamic Precious Metals	0.6%
2 Industrial Equity Fund Ltd.	2.3%
3 Industrial Growth	2.7%
4 Green Line US Money Mkt (\$US)	4.2%
5 Atlas Canadian T-Bill	4.8%
6 BPI Canadian Resource Inc	4.9%
7 AGF Canadian Money Market	5.0%
8 Royal Precious Metals	5.0%
9 Strategic Value Money Market	5.1%
10 Ethical Money Market	5.1%

NOTES TO THE PERFORMANCE TABLES

- ScotiaMcLeod is unable to provide information on funds marked #
- Figures are average rates of return for the periods ending June 30, 2000
- Source data from Bell Charts, including over 3100 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

map to determine the best or most scenic route to get to your final destination. The point is that not many people would get in their car and start driving without a plan on how to get where they are going.

Your finances are no different and yet a staggering number of people have no real plan in place to help them achieve their goals and objectives.

Individuals who are most successful with managing their finances have developed a short-and long-term plan as a road map that will assist them in getting to where they want to be financially.

2. Establish Goals

The reason many people do not have a plan in the first place is that they have not determined what their goals and objectives are. There are the obvious goals such as retirement date and estate goals, but most people have many other goals over the course of their life-both financial and non-financial. Many individuals, while they have some idea of their goals, have not taken the time to articulate their objectives and then subsequently develop a plan for achieving them.

3. Time ... as a Friend

Time is probably your best friend when it comes to financial planning. It is very difficult to replace time without increasing your risk. The earlier you get started towards achieving your plan, the sooner you will achieve it.

4. Time ... as an Enemy

Time is also an enemy for most people. Not only from the perspective that they procrastinate in terms of executing their plan, but also in terms of how much or how little time they spend managing their finances or their plan.

5. "Chasing Mentality"

Too many people have a "chasing" mentality-that is chasing the latest, "hot" investment. The key to determining if an idea or product is appropriate for you is determining whether or not it contributes to the achievement of your financial plan – which means you need a plan to even know if you have this problem.

6. Can I Do it Myself?

Most people need some kind of professional advice to manage their finances. Whether it is tax, investment, legal or other advice, most people cannot do everything themselves. Too

many people try to do everything because they think they should be able to or they don't want to pay the fees that professionals may charge. It is wise to know your limitations and when to get help.

7. Remain Flexible

Remaining flexible in your planning is very important. Many people make decisions that they cannot get out of or if they can it is very expensive to change their minds. Setting up your plan to achieve your goals while maintaining flexibility is very important as your plan, goals and objectives will change over time.

Fund News

AIM Funds have had some fund name changes:

- AIM American Premier is now AIM American Blue Chip Growth. The 100% RRSP-eligible version of the fund has changed as well
- AIM American Growth Class has been renamed AIM American Mid Cap Growth Class

They have also introduced three new global earnings momentum funds.

- AIM Dent Demographic Trends Class
- AIM International Growth Class
- AIM Global Aggressive Growth Class

100% RRSP-eligible versions of these new funds are also available.

There have also been portfolio manager changes within the following funds.

- AIM Canada Growth Class
- AIM Global Natural Resources Class
- AIM Canada Income Class
- AIM Global Theme Class

C.I. Mutual Funds has had two portfolio manager changes:

- Scott Morrison will become lead manager of C.I. Global Technology Sector and its 100% RRSP-eligible equivalent.
- Derek Webb is now the portfolio manager of C.I. American Fund and its 100% RRSP-eligible equivalent as well as C.I. American Sector Shares.

Dynamic Funds has had a portfolio manager change:

- Todd Beallor is the new portfolio manager for Dynamic Small Cap Fund.

Spectrum United has changed their name to Spectrum Investments.