

Looking for a Hands Off Investment Approach?

Lifepoints Portfolios
Are they right for you?
Fund News

Have you been looking for a managed or fee-based service, but with the flexibility of mutual funds?

Lifepoints portfolios may be the answer. Lifepoints portfolios are a collection of mutual fund type investments. They use 20 of the world's top investment managers who manage 4 multi-style mutual funds. These funds are comprised of different asset allocations, depending on risk tolerance, to form a complete investment portfolio.

The advantage? Your investments are managed by professional managers who are normally only accessible to institutional investors. Your personal portfolio would be managed by Frank Russell Canada Ltd. one of the world's leading investment services firms. They are best known for their money manager research, "multi-manager" investment funds and leading performance measurements such as the Russell 2000® Index. They have been providing investment management and advisory services to clients in 35 countries for more than 60 years.

We have often had clients ask for a managed portfolio that they don't need to monitor or worry about. When this product was brought to our attention,

we felt that it may fill that need for 'hands-off, low maintenance' investing that many of our clients have asked about. For many investors, managed products simply haven't been practical due to the costs involved – usually quarterly fees as well as high minimum account sizes. The Lifepoints Portfolios have now opened the door for these investors looking for a viable alternative.

There are five different types of portfolios where you can invest (in order of risk – lowest to highest):

- Balanced Income Portfolio
- Balanced Growth Portfolio
- Long-Term Growth Portfolio
- All Equity Portfolio (non-RRSP)
- All Equity RRSP Portfolio

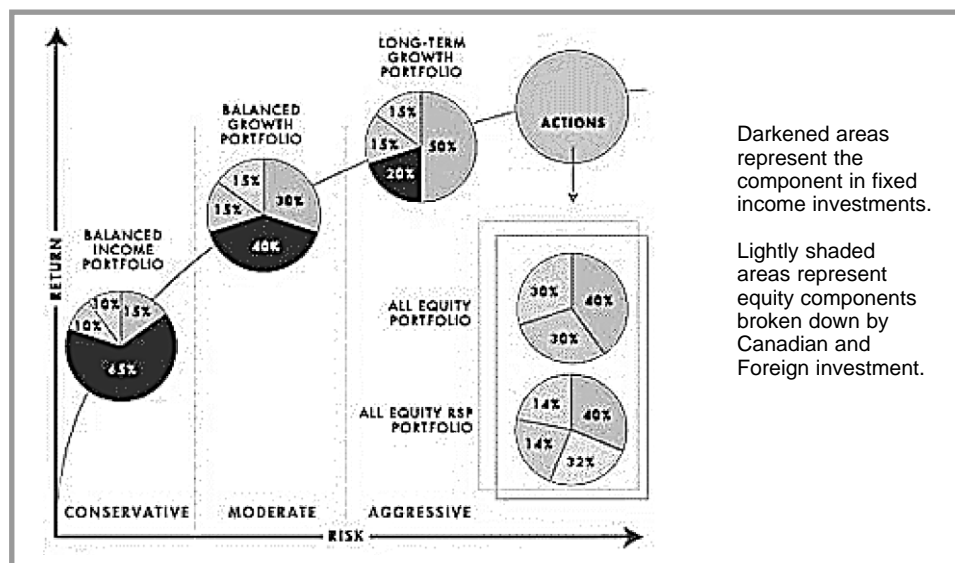
Lifepoints Portfolios offer is automatic rebalancing within the initial investment. This ensures that your investment balance of equities and fixed income remains intact according to what your objectives and risk tolerance levels are, no matter where the markets and interest rates may be.

How it works

You make an initial lump sum investment (minimum \$5,000) into one of the portfolios. You can purchase more than one portfolio if you like – but since they are made to be an all-in-one investment portfolio, it may defeat the purpose. If you are looking for a conservative portfolio, you could invest in the Balanced Income Portfolio which is ideal for investors who are closer to retirement or

One of the key features that the

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UP TO 30% IN AN RRSP

1 Year Total Return

1 Fidelity Small Cap America	29.6%
2 AGF Global Total Ret Bond	19.6%
3 Fidelity American High Yield	13.5%
4 Mac Cundill Value Series A	13.1%
5 Mac Cundill Value Series C	12.7%
6 Trimark Global Balanced	12.6%
7 Templeton Mutual Beacon	11.4%
8 Templeton Global Sm Cos	10.7%
9 Trimark Fund	10.1%
10 Trimark Select Growth	9.9%

3 Year Total Return

1 Talvest China Plus	39.8%
2 Talvest Global Health Care	39.3%
3 Fidelity Small Cap America	24.9%
4 CI Global Energy Sector	22.3%
5 Mac Cundill Value Series A	22.0%
6 Mac Cundill Value Series C	21.5%
7 CI Signature Gbl Small Cos	20.9%
8 Talvest Global Small Cap	20.1%
9 Elliott & Page US Mid-Cap	20.0%
10 CI Global Consumer Products	19.5%

5 Year Total Return

1 Talvest Global Health Care	33.2%
2 BPI Global Opportunities	30.4%
3 Fidelity Small Cap America	21.4%
4 Altamira Science & Technology	20.7%
5 AGF Aggressive Growth	19.8%
6 Orbit World	19.7%
7 TD Health Sciences Fund - I	18.1%
8 Talvest Global Sci & Tech	18.0%
9 AIM Global Technology	17.7%
10 AGF International Value	17.6%

10 Year Total Return

1 CI Signature Amer Small Cos	17.1%
2 Trimark Fund	16.5%
3 AGF International Value	16.2%
4 Altamira Select American	15.4%
5 TD U.S. Index - I C\$.	15.4%
6 Trimark Select Growth	14.9%
7 McLean Budden American Equity	14.8%
8 Spectrum American Growth	14.8%
9 BPI American Equity	14.6%
10 GBC North American Growth	14.5%

1 Year Total Return

1 Royal e-Commerce	-53.6%
2 Talvest Global Sci & Tech	-51.3%
3 AGF Global Tech Class	-49.2%
4 AIM Global Telecom Class	-49.2%
5 Altamira Science & Technology	-48.2%
6 CI Global Telecom Sector	-46.7%
7 AIM American Blue Chip Growth	-46.2%
8 AIM Global Technology	-43.8%
9 Altamira e-business	-42.7%
10 Mac Univ Wld Science & Tech	-41.5%

3 Year Total Return

1 AIM American Blue Chip Growth	-19.5%
2 TD International Growth Fund -	-11.1%
3 TD Japanese Growth Fund - I	-9.5%
4 Spectrum Global Telecomm	-9.5%
5 AIM European Growth	-9.3%
6 Mac Univ Wld Science & Tech	-9.2%
7 Clarington Globl Communication	-9.1%
8 TD European Growth Fund - I	-8.7%
9 Acuity Clean EnviroGbl Equity	-8.7%
10 AGF Germany Class	-8.6%

5 Year Total Return

1 CI Pacific Sector	-11.7%
2 CI Pacific	-10.7%
3 Royal Asian Growth	-9.8%
4 AGF Asian Growth Class	-9.6%
5 HSBC AsiaPacific	-8.5%
6 TD Japanese Growth Fund - I	-6.6%
7 AIM Indo-Pacific	-6.6%
8 AGF Latin America	-5.3%
9 Templeton Emerging Markets	-3.6%
10 Royal Japanese Stock	-3.5%

10 Year Total Return

1 Royal Japanese Stock	-1.0%
2 AGF Japan Class	0.0%
3 CI Pacific Sector	1.0%
4 CI Pacific	1.8%
5 AIM American Blue Chip Growth	3.4%
6 CI Short-Term Sector	3.5%
7 Royal \$US Money Market	3.9%
8 Merrill Lynch US Money Mkt	3.9%
9 AGF US Dollar Money Market	4.1%
10 AGF Asian Growth Class	4.8%

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 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.

Important information about any particular fund is contained in its prospectus. You may obtain a copy of the prospectus by calling (416) 863-7777. You should read the prospectus carefully before investing.

1 Year Total Return

1 Mac Universal Precious Metals	44.4%
2 Dynamic Cdn Precious Metals	42.0%
3 Trimark Canadian Small Cos.	37.7%
4 Royal Precious Metals	34.4%
5 Trimark Canadian Resources	30.4%
6 Mawer New Canada	29.0%
7 TD Precious Metals Fund - I	27.7%
8 Beutel Goodman Small Cap	26.7%
9 Clarington Canadian Small Cap	26.7%
10 Ethical Special Equity	25.8%

3 Year Total Return

1 Dynamic Venture Opportunities	26.1%
2 CI Signature Select Cdn	23.4%
3 CI Signature Cdn Resource	22.8%
4 Royal Energy	22.5%
5 TD Energy Fund - I	22.3%
6 Trimark Canadian Small Cos.	21.7%
7 AIM Canadian First Class	20.8%
8 Beutel Goodman Small Cap	20.5%
9 StrategicNova Cdn Technology	20.5%
10 Capital Alliance Ventures	19.6%

5 Year Total Return

1 PH&N Dividend Income	20.3%
2 Royal Dividend	13.7%
3 Scotia Cdn Dividend	13.6%
4 Fidelity Cdn Growth Company	13.1%
5 Fidelity True North	13.0%
6 Beutel Goodman Small Cap	12.6%
7 TD Dividend Growth Fund - I	12.4%
8 AIM Canadian Premier	12.2%
9 Clarington Canadian Equity	12.0%
10 AIC Diversified Canada	11.8%

10 Year Total Return

1 AIC Advantage	18.5%
2 PH&N Dividend Income	17.2%
3 Northwest Specialty Equity	16.2%
4 GBC Canadian Growth	15.5%
5 Dynamic Power Canadian Growth	15.3%
6 Mawer New Canada	14.6%
7 PH&N Vintage	14.2%
8 Royal Energy	13.8%
9 Mac Universal Cdn Resource	13.4%
10 Mac Universal Future	13.2%

1 Year Total Return

1 AIM RSP Global Telecomm.	-49.6%
2 Altamira RSP Science & Tech	-48.2%
3 CI Global Telecom RSP	-47.1%
4 AIM RSP Amer Blue Chip Growth	-46.1%
5 Triax Growth Fund Inc.	-43.9%
6 AIM RSP Global Technology	-43.7%
7 Mac Univ RSP World Sci & Tech	-41.7%
8 Spectrum RRSP Global Telec.	-41.3%
9 CI Global B2B RSP	-39.2%
10 TD Science & Technology RSP	-38.7%

3 Year Total Return

1 StrategicNova Cdn High Y Bond	-11.3%
2 Triax Growth Fund Inc.	-10.9%
3 AGF Canadian Aggressive AllCap	-10.7%
4 TD EuroGrowth RSP Fund - I	-8.3%
5 Working Ventures Canadian	-7.5%
6 Talvest Global RSP	-6.4%
7 Mac Univ World Growth RSP	-5.6%
8 AGF RSP World Equity	-5.2%
9 TD GlobalGrowth RSP Fund - I	-5.1%
10 AGF Canadian Small Cap	-5.0%

5 Year Total Return

1 AGF Precious Metals	-16.6%
2 Scotia Resource	-13.5%
3 Spectrum Canadian Resource	-13.3%
4 Altamira Resource	-11.5%
5 Dynamic Cdn Precious Metals	-10.4%
6 CI Signature Explorer	-9.6%
7 Royal Precious Metals	-9.4%
8 TD Precious Metals Fund - I	-8.6%
9 AGF Canadian Aggressive AllCap	-8.3%
10 TD AsiaGrowth RSP Fund - I	-7.9%

10 Year Total Return

1 Working Ventures Canadian	-0.6%
2 Mac Money Mrkt	3.7%
3 TD U.S. Money Market Fund - I	3.9%
4 Merrill Lynch Canadian T-Bill	3.9%
5 Dynamic Global Bond	3.9%
6 AGF Canadian Money Market	4.0%
7 Fidelity Cdn Money Market	4.1%
8 Scotia T-Bill	4.2%
9 Ethical Money Market	4.2%
10 Dynamic Cdn Precious Metals	4.3%

NOTES TO THE PERFORMANCE TABLES

- ScotiaMcLeod is unable to provide information on funds marked #
- Figures are average rates of return for the periods ending Dec. 31, 2001
- Source data from Bell Charts, including over 4100 funds
- Funds with total assets under \$25 million are not included
- Only "totally public" funds are ranked
- RRSP eligible funds are at least 70% 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 30% of book value

are conservative by nature as they hold approximately 65% in fixed income (bonds/coupons etc...).

For the rebalancing, if the Canadian Equity portion of the portfolio did exceptionally well, the managers would take the profits and bring the portion of the portfolio in equities back down to the appropriate levels. In this case, 15%. This is important because you would be reducing your equity component when it is doing well and in positive territory. In the other scenario, when equities are down, you would be adding to these positions while the market is lower and potentially more attractively priced. This takes away from the problem of emotional investing (see MFR issue 171 – May 2001) which can cause investors to rebalance inappropriately due to market concerns (Sept 11th) or optimism (the Tech bubble).

What are the fees involved?

Most managed product accounts charge an annual or quarterly fee on top of stock trading commissions. Lifepoints operates similar to a mutual fund. It charges an MER (Management Expense Ratio) that comes off of the returns and involves the cost to transact and manage the funds. The management fee ranges from 2.25% for the most conservative portfolio to 2.6% for the most aggressive (as they would be the most likely to be actively traded). This is comparable to most equity and balanced mutual funds.

As a direct benefit to the investor, the investment is offered on a no load basis which means that there are no fees to buy or sell the fund.

Who are these investments ideal for?

- If you are looking for a one-stop, fully managed investment portfolio that will transition with you throughout the various stages in your life.
- If you are interested in achieving multiple levels of diversification.
- Ideal for account sizes ranging from \$5,000 to \$100,000+.

Things to Consider

Before you decide whether or not these portfolios are right for you there are other aspects to consider. For one, this type of managed portfolio is fairly new. We have confidence in its performance over the long-term due to the fact that Frank Russell as a company has been managing money for such a long period of time and they are very experienced in what they do. Factors to keep in mind:

- There is minimal return history to look at. Not that returns are any guarantee of future performance, but it is sometimes difficult to gain perspective when you have no figures to compare.
- For you to change over your accounts to this new portfolio allocation, there may be fees involved in the sale of some of your holdings – in which case we may not recommend the change over for existing positions. On the other hand, for new investments, you could slowly make it a part of your portfolio until any mutual fund deferred sales charges (if applicable) expire.
- More expensive bond management than holding bonds directly.
- Also, as with all investments, this product may not be right for your objec-

tives. Each investor has separate and unique needs. You may already have a well diversified balanced portfolio that doesn't require any alteration.

- Other managed account programs available through ScotiaMcLeod such as Sovereign, Summit, Pinnacle, AGF Harmony, CI Portfolios and AIM Core Fund Bundles.

If you are considering this as a strategy for your retirement portfolio, please call or e-mail us and we can help you go over your options.

Call: 1-800-387-9273 or e-mail at carl_spiess@scotia-mcleod.com

For more information, visit our website at: www.mutualfundreporter.com/managedaccountprograms/index.htm

Fund News

There is a new, innovative Labour Sponsored Investment Fund (LSIF) from Talvest who run the Canadian Medical Discoveries Fund. The new fund is 'Starting Startups'. It invests in Venture Capital IT companies that are in their earliest stages of development. They provide unique access to seed-level companies. Keeping in mind that with potentially higher returns usually comes higher risk. Talvest's Starting Startups Fund also offers a 35% tax credit (to Ontario Taxpayers), worth considering for a *small* portion of your portfolio.