



ScotiaMcLeod

Mutual Fund Reporter

Editor: John Zufelt, Vice-President (416) 863-7590

September 23, 1992

Issue 69

HOW TO BEAT LOW INTEREST RATES

By Carl P. Spiess MBA

How can you do better than the 4.5% interest which is currently being paid on one year GIC deposits? ScotiaMcLeod has a number of recommendations:

For Non-RSP Investors:

The way to beat low rates is to buy dividend paying stocks. As an example, recently privatized Nova Scotia Power offers a quarterly dividend of 18.75¢, giving a yield of 6.8% if you purchase the stock at its current market price of \$11. Similarly, Bell Canada, a well known name, is yielding 5.8% at its current market price of \$44⁷/₈. (Please note that stock prices do fluctuate.)

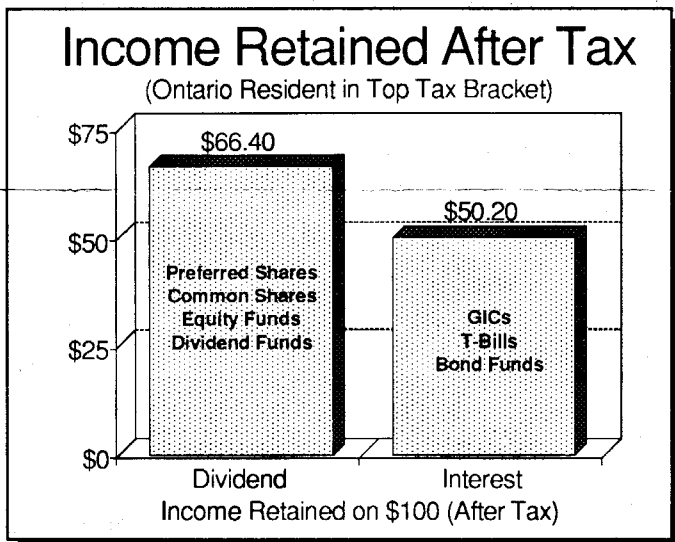
means to your after tax income in the chart above. By utilizing the dividend tax credit, investors retain 29% more after tax income.

For Simplification, Buy a Dividend Fund

If you want a diversified pool of dividend paying stocks, without the hassle of buying individual shares, invest in a dividend mutual fund.

There are several funds which invest in high yielding dividend paying stocks. One fund which we are strongly recommending is the **Dynamic Dividend Fund**. The fund is currently comprised of 64% preferred shares which pay regular dividends, 30% common stocks, and 6% in bonds and cash. The fund's performance to August 31, 1992 was 11.0% for 1 year, 7.4% average annual for 3 years, and 7.8% average annual for 5 years. (Of course, past performance does not guarantee future returns).

Continued on back page



The Dividend Bonus

The best part about dividends is that when they are received outside an RSP, they are eligible for the dividend tax credit. See the difference this

Free Brochure: 10 Ways to Save Tax on Your Investments

If you missed our seminar on minimizing tax, we now have a brochure outlining the investment strategies which were discussed.

Please call **862-3035** to request your own personal copy of '10 Ways to Save'.

HOW TO BEAT LOW INTEREST RATES

Continued from front page

The returns for the **Dynamic Dividend Fund** are even higher when considered on an after tax basis. The fund is ideal for conservative investors, since it has a very low risk measurement as listed on the Southam Mutual Funds Sourcedisk. Call us at **862-3035** for more information on this fund.

The Time Is Right

Many Canadians have become used to high (10%) interest rates. Some fixed income investors have been in for a rude awakening as they are now reinvesting at under 5%.

We believe that more and more people will be investing in the higher paying dividend stocks. This pent up demand can also help to increase the value of your dividend mutual fund investment.

For RSP Investors:

For RSP investors looking for better rates, we recommend extending term. **Longer term interest rates of over 9% are still available.** Indeed, with the recent fluctuations in currency values, Canadian interest rates are better now than they were a month ago.

Mutual Fund Reporter readers are familiar with Coupons (Government of Canada Stripped Bonds) which we often feature on this page. Coupons are bought at a discount to their maturity value, and you know exactly how much you will receive and when. Here are two examples:

Price Today (Subject to Change)	Maturity Value	Annual Yield	Maturity mm/dd/yy
\$4,511	\$6,500	7.58%	10/1/1997
\$2,090	\$7,000	9.02%	10/1/2006

Coupon interest rates are currently much better than GIC rates. An advantage of coupons is that they are liquid, and thus they can be sold prior to maturity, subject to market conditions.

Coupons have terms available from 1-25 years. Canada coupons are also fully guaranteed by the Government of Canada regardless of quantity purchased. (No \$60,000 limit.)

Coupons from provincial issuers have even higher rates. Call us at **862-3035** for a quote.

One Last Mutual Fund Limited Partnership

Are you looking for a major tax break?

Revenue Canada has recently changed the rules on mutual fund limited partnerships. New partnerships will no longer have the favourable tax treatment which they once did.

ScotiaMcLeod has a limited allotment of the Global Strategy Limited Partnership III which still falls under the old rules. If you are looking for a substantial tax write off this year, and income in the following years, consider this investment. Call Carl Spiess directly at 862-3150 for details. (Minimum investment \$5,000. Offering subject to availability.)

The material contained herein is for information purposes only and is not to be construed as an offer or solicitation for the sale or purchase of securities and/or commodities or commodity futures contracts. While the information in this publication cannot be guaranteed, it was obtained from sources believed to be reliable. **ScotiaMcLeod Inc.** and/or its officers, directors and employees may from time to time acquire, hold or sell a position in the securities mentioned herein. **ScotiaMcLeod Inc.** is a member of The Securities Association.