



ScotiaMcLeod

Mutual Fund Reporter

Editors: John Zufelt, Vice-President & Director, Carl Spiess, M.B.A.

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Issue 90

MARKET COMMENT

In many of the MFR issues over the last year we have expressed caution to equity investors on the very strong stock market price increases experienced in the past two years. Indeed, our February 28/94 issue entitled, "Reality Check - The Age of Diminished Expectations", reminded readers (in bold letters!) that stock markets do go down. That issue was mailed a number of days before the market peak. As well in that issue, Carl talked about lower bond returns and we have certainly seen bond funds drop as interest rates have increased.

Now that a price correction is taking place, we look for buying opportunities. In the last MFR issue we quoted ScotiaMcLeod's opinion that this current decline is a normal correction between phase 1 and phase 2 of a bull market. The two graphs at the bottom of the page show our Earning Per Share plus Cash Flow Per Share forecasts for '95 and '96 and the trend for Canadian Unit Labour Costs. Both graphs are bullish for 1995 - 1996.

Equity investors may wish to start accumulating partial positions in our recommended funds. ScotiaMcLeod feels that interest rates may go a little higher and that Canadian rates will soon offer an attractive yield on bonds and bond funds. See back page for RSP bonds.

WE ARE MOVING!

For those of you who found it strange that a wholly-owned subsidiary of ScotiaBank had its head office in the T-D Centre, you will be relieved to note that as of July 9th, 1994, we will be moving to the Scotia Plaza at 40 King St. West in Toronto (near King and Bay streets). Our mailing address will be:

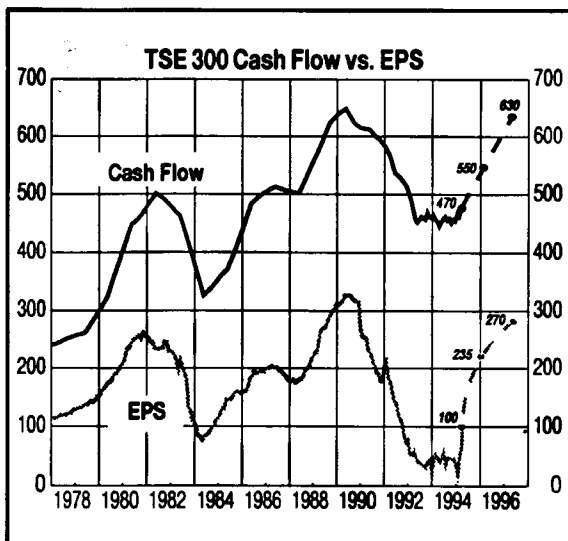
ScotiaMcLeod Inc.
P.O. Box 402, Scotia Plaza,
40 King Street West, Toronto, M5H 3Y2.

If you are coming to visit, we are located in Suite 1300. All of our telephone numbers will remain the same.

CONGRATULATIONS

The staff of the Mutual Fund Reporter would like to extend best wishes to Carl Spiess, our co-editor. Carl is getting married in one week and will soon be off to enjoy his honeymoon. For those clients who deal primarily with Carl, we encourage you to direct inquiries to our assistants; Sharon, Nicole, Fiona, Jane-Ann, Brenda or to myself.

This issue of the MFR was written by John Zufelt.



RRSP ELIGIBLE FUNDS

TOP TEN

1 Year Total Return

1	ABC Fundamental-Value Fund	67.5%#
2	ABC Fully-Managed Fund	44.4%#
3	Dynamic Precious Metals Fund	37.1%
4	Laurentian Special Equity Fund	27.7%#
5	AIC Advantage Fund	26.8%
6	Marathon Equity Fund	25.8%#
7	United Canadian Growth Fund	23.9%
8	Mackenzie Equity Fund	23.3%
9	Prudential Dividend Fund	22.5%#
10	MetLife MVP Growth Fund	21.9%#

3 Year Average Annual Return

1	Marathon Equity Fund	47.7%#
2	Altamira Resource Fund	44.9%
3	ABC Fundamental-Value Fund	35.9%#
4	Prudential Natural Resource Fu	34.5%#
5	Universal Canadian Resource Fu	34.5%
6	Dynamic Canadian Growth Fund	33.5%
7	Dynamic Precious Metals Fund	31.8%
8	Altamira Equity Fund	31.4%
9	BT Landmark Resource Fund Inc.	30.8%
10	Industrial Equity Fund Limited	27.2%

5 Year Average Annual Return

1	ABC Fundamental-Value Fund	28.5%#
2	Altamira Equity Fund	26.5%
3	Marathon Equity Fund	25.2%#
4	Prudential Natural Resource Fu	22.1%#
5	Dynamic Canadian Growth Fund	21.8%
6	Altamira Special Growth Fund	19.6%
7	GBC Canadian Growth Fund	18.6%
8	BT Landmark Resource Fund Inc.	18.5%
9	ABC Fully-Managed Fund	18.1%#
10	Dynamic Precious Metals Fund	17.2%

10 Year Average Annual Return

1	Cambridge Growth Fund	16.5%#
2	Imperial Growth Canadian Equit.	15.5%#
3	Trimark Canadian Fund	14.2%
4	Cambridge Balanced Fund	14.1%#
5	United Canadian Equity Fund	13.2%
6	Confederation Life Fund C	13.2%#
7	PH&N Bond Fund	13.2%#
8	McLean Budden Cdn Equity-Poole	12.9%#
9	Assurance-vie Desjardins—obl	12.9%#
10	Investors Pooled Bond Fund	12.8%#

BOTTOM TEN

1 Year Total Return

1	CIBC Canadian Bond Fund	-2.0%#
2	Elliott & Page Bond Fund	-1.8%
3	Global Strategy Diversified Am	-1.6%
4	Manulife-VistaFunds Bond 2	-1.5%#
5	Universal Canadian Bond Fund	-1.0%
6	Scotia CanAm Income Fund	-0.7%
7	Manulife-VistaFunds Bond 1	-0.7%#
8	Investors Real Property Fund	-0.5%#
9	Industrial-Alliance Ecoflex B	-0.3%#
10	Spectrum Government Bond Fund	-0.1%

3 Year Average Annual Return

1	Investors Real Property Fund	-0.1%#
2	Global Strategy Diversified Gr	2.6%
3	CIBC \$U.S. Money Market Fund	2.9%#
4	Global Strategy Diversified Am	2.9%
5	Green Line U.S. Money Market F	3.0%#
6	Working Ventures Canadian Fund	3.2%
7	Canadian Investment Fund Ltd.	3.3%#
8	CIBC Canadian Equity Fund	3.6%#
9	Manulife-VistaFunds ShTerm Sec	4.4%#
10	Trust General Canadian Equity	4.6%#

5 Year Average Annual Return

1	Mutual Equifund	1.7%#
2	Industrial Pension Fund	2.3%
3	Canadian Investment Fund Ltd.	2.6%#
4	Investors Real Property Fund	2.7%#
5	Mackenzie Equity Fund	2.9%
6	Trust General Canadian Equity	3.0%#
7	Laurentian Canadian Equity Fun	3.0%#
8	Global Strategy Diversified Gr	3.4%
9	AGF Canadian Equity Fund Limit	3.6%
10	CIBC Canadian Equity Fund	3.8%#

10 Year Average Annual Return

1	Investors Real Property Fund	6.3%#
2	Cornerstone Balanced Fund	6.8%#
3	Canadian Investment Fund Ltd.	6.9%#
4	Trust General Canadian Equity	7.1%#
5	Trust Pret & Revenu—Fonds Ca	7.1%#
6	NN Canadian Growth Fund	7.4%#
7	Manulife-VistaFunds ShTerm Sec	7.6%#
8	Manulife-VistaFunds Equity 2	7.8%#
9	Cda Life Money Market	7.9%#
10	Maritime Life Money Market Fun	8.0%#

NOTES TO THE PERFORMANCE TABLES

- ScotiaMcLeod is unable to supply information on funds marked #
- Figures are average annual rates of return for the periods ending May 31, 1994
- Source data from the Mutual Funds Source Disk, June 15, 1994, which includes over 800 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

NON-RRSP ELIGIBLE FUNDS

TOP TEN

1 Year Total Return

1	BPI Global Small Companies Fun.....	57.6%
2	Investors Pacific Internationa	49.8%#
3	Hyperion Asian Trust	47.6%
4	AGF Asian Growth Fund	45.7%
5	C.I. Emerging Markets Fund	43.8%
6	C.I. Sector Emerging Markets	42.9%
7	C.I. Pacific Fund	40.3%
8	C.I. Sector Pacific	39.8%
9	Templeton Emerging Markets Fun	38.7%
10	Templeton International Stock	37.2%

3 Year Average Annual Return

1	Investors Pacific Internationa	29.4%#
2	Hyperion Asian Trust	27.2%
3	C.I. Pacific Fund	25.0%
4	Sceptre International Fund	25.0%#
5	C.I. Sector Pacific	24.7%
6	Templeton International Stock	24.7%
7	Trimark Fund	22.5%
8	Regent Tiger Fund	21.6%
9	Templeton Growth Fund Ltd.	21.6%
10	GBC North American Growth Fund	21.0%

5 Year Average Annual Return

1	Bullock American Fund	20.5%
2	Sceptre International Fund	18.6%#
3	C.I. Pacific Fund	16.9%
4	C.I. Sector Pacific	16.5%
5	Templeton International Stock	15.3%
6	Trimark Fund	15.3%
7	PH&N U.S. Equity Fund	15.2%#
8	Trimark Select Growth Fund	15.2%
9	Templeton Growth Fund Ltd.	14.7%
10	Cda Life U.S. & Int'l Equity	14.4%#

10 Year Average Annual Return

1	C.I. Pacific Fund	21.2%
2	Bullock American Fund	18.6%
3	Trimark Fund	17.2%
4	McLean Budden Amer Equity-Pool	16.5%#
5	Templeton Growth Fund Ltd.	15.7%
6	Cda Life U.S. & Int'l Equity	15.4%#
7	PH&N U.S. Equity Fund	15.0%#
8	Investors Japanese Growth Fund	14.5%#
9	Investors U.S. Growth Fund Ltd	14.4%#
10	Investors N.A. Growth Fund Ltd	14.1%#

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

BOTTOM TEN

1 Year Total Return

1	Global Strategy World Bond Fun	1.6%
2	Royal Trust \$U.S. Money Market	2.1%#
3	RoyFund \$U.S. Money Market Fun	2.2%#
4	Finsco U.S. Dollar Money Marke	2.2%#
5	Everest AmeriGrowth Fund	3.3%#
6	Green Line U.S. Index Fund	3.3%#
7	CIBC U.S. Equity Fund	4.2%#
8	Empire Group Bond Fund	4.2%#
9	Princor Growth Fund, Inc.	5.2%#
10	Everest U.S. Equity Fund	5.2%#

3 Year Average Annual Return

1	Finsco U.S. Dollar Money Marke	2.9%#
2	RoyFund \$U.S. Money Market Fun	2.9%#
3	Royal Trust \$U.S. Money Market	2.9%#
4	Global Strategy Europe Fund	6.7%
5	Green Line U.S. Index Fund	7.0%#
6	AGF Japan Fund Limited	7.9%
7	Dynamic Europe Fund	8.1%
8	Global Strategy Fund	8.2%
9	Everest U.S. Equity Fund	8.2%#
10	United American Equity Fund Lt	8.5%

5 Year Average Annual Return

1	Royal Trust Japanese Stock Fun	2.0%#
2	Altamira Diversified Fund	3.5%
3	AGF Japan Fund Limited	4.2%
4	Finsco U.S. Dollar Money Marke	4.6%#
5	Global Strategy Europe Fund	5.6%
6	London Life U.S. Equity Fund	6.1%#
7	Royal Trust European Growth Fu	6.2%#
8	Global Strategy Fund	6.3%
9	Investors Japanese Growth Fund	6.6%#
10	Global Strategy Japan Plus Fun	6.9%

10 Year Average Annual Return

1	Elliott & Page American Growth	9.3%
2	Everest North American Fund	9.3%#
3	Guardian American Equity Fund	11.5%
4	Laurentian International Fund	11.5%#
5	Dynamic American Fund	12.1%
6	Laurentian American Equity Fun	12.2%#
7	AGF American Growth Fund Limit	12.3%
8	Industrial American Fund	12.5%
9	Cundill Value Fund Ltd.	12.5%
10	United American Equity Fund Lt	12.7%

rankings are not sales advice and ScotiaMcLeod does not recommend simply selling bottom past performing funds and buying top past performing funds. Purchase or redemption fees may be involved. Please call 862-3035 for specific recommendations tailored to your individual needs.

RSP Investors:

Turn \$40,064 into \$313,000

Guaranteed by the Government of Canada!

Now eliminate worry about the stock market or where interest rates are going! Buy Government of Canada Bearer Coupons. These coupons mature one through thirty years. They are purchased at a discount to their maturity value (much like a Treasury Bill). In the above example, each coupon costs \$128 and matures on 03/15/18 at \$1000. If your RRSP buys 313 coupons for \$40,064, they are guaranteed by the Government of Canada to mature at \$ 313,000!

Some of the many coupons available through our office (minimum purchase = 5 coupons):

<u>Price</u> (Subject to change)	<u>Maturity Value</u>	<u>Yield to Maturity</u> (Compounding annually)	<u>Maturity Date</u> MM/DD/YY
\$686	\$1,000	8.2%	03/05/99
\$415	\$1,000	8.5%	03/01/05
\$288	\$1,000	9.4%	04/01/08
\$128	\$1,000	9.0%	03/15/18

To demonstrate the effect of compounding, select various Bearer Coupons that mature in different years

Current Value of RSPs	Current Price of Bearer Coupons	Value of Bond at Maturity	Your Retirement Nest Egg
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Example from top of page: \$40,064 divided by 128 times \$1,000 equals \$313,000.

Features: You receive guaranteed reinvestment rate protection and compounding of your money. Unlike locked-in investments, Bearer Coupons can be sold before maturity.

Security: Bearer Coupons are a direct obligation of the Federal or Provincial Government and are free of credit risk regardless of quantity purchased.

Action: Call us now to discuss your RSP situation and investment goals. Call:

862-3035

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DO YOU HAVE A NON-PERFORMING RSP?

If you find yourself with a RSP that you are dissatisfied with, it can easily be transferred to any of the best RRSP funds. If you would like further information on your current RSP or a second opinion on improving its performance, please call us at 862-3035.

ScotiaMcLeod is wholly-owned by the Bank of Nova Scotia.