

Labour Sponsored Funds Growing in Acceptance

LSIF Revisited

Fund News

Happy Holidays !

By Ron Pante

Since 1991 the Mutual Fund Reporter has informed our clients of the benefits of Labour Sponsored Mutual Funds, specifically for their immediate tax savings and credits, as well as their potential for above average returns. During the first few years following their introduction into the Canadian mutual fund marketplace, these Labour Sponsored Funds incurred modest returns, while providing substantial tax savings. However, these funds have evolved over the recent years encompassing the changing nature and scope of the industries in the Canadian economy, and are

now incorporating promising young science and technology companies with breakthrough potential into their investment portfolios. Now, as these Labour Sponsored Funds continue to grow and mature, they have incurred above-average returns on top of their significant tax savings.

What is a Labour Sponsored Fund?

A Labour Sponsored Investment Fund (LSIF) is a venture capital fund that invests in small and medium sized Canadian businesses. When we consider that over 99% of Canada's businesses operate with less than 500 employees, we can see that small business plays a significant role in the Canadian economy. It is these same small companies who turn to Labour Sponsored Venture Capital Corporations for their

financing needs.

An LSIF is similar to a mutual fund, where individual investors pool their money, allowing professional investment managers to make decisions on their behalf. By having investments in several different companies through the mutual fund, the individual investor has reduced overall investment risk.

Key Benefits Of Labour Sponsored Funds

Investing in a Labour Sponsored Mutual Fund inside an RRSP brings to the investor 3 key benefits that traditional mutual funds do not. These are:

- The potential for above average returns.
- A 30% Tax Credit (15% Federal & 15% Provincial) on the amount purchased to a maximum of \$5000.00 (minimum \$500).
- An increase in Foreign Content room by three times the book value of the Labour Sponsored Fund to a maximum of 40% of the account's book value, instead of the traditional 20% foreign content limit.

The Potential For Above Average Returns

Since a Labour Sponsored Investment Fund will have the majority of its portfolio invested in several private compa-

Mutual Fund Reporter's 1999 Recommended list Performance (as of September 30, 1999)

LSIF	Rtn%	Rtn%	Rtn%	Rtn%	Risk Ratio
	YTD	1 Yr.	2 Yr.	3 Yr.	
Dynamic Venture Opportunities Fund	64.50	64.80	11.90	12.90	N/A
Centerfire Growth Fund Inc.	11.20	9.40	1.70	—	N/A
Triax Growth Fund Inc.	7.10	21.30	4.40	3.90	3.45
Vengrowth Investment Fund	5.50	21.90	12.00	12.00	2.35
Working Ventures Canadian Fund	3.90	4.30	2.20	2.00	1.90

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1 Year Total Return

1 AIM Global Technology Fund	156.9%
2 Talvest Global Sci & Technology C\$.	144.1%
3 20/20 Aggressive Growth Fund	143.5%
4 Altamira Science and Technology Fund.	131.5%
5 Universal Japan Fund	122.5%
6 Talvest Global Small Cap Fund	114.2%
7 Altamira Japanese Opportunity Fund.	113.4%
8 Fidelity Japanese Growth Fund	98.8%
9 C.I. Sector Global Telecommunications.	97.1%
10 Green Line Science & Technology Fund	86.8%

3 Year Total Return

1 C.I. Sector Global Telecommunications.	62.8%
2 BPI Global Opportunities Fund	60.4%
3 Talvest Global Sci & Technology C\$.	57.0%
4 Altamira Science and Technology Fund.	54.4%
5 C.I. Sector Global Technology.	47.0%
6 20/20 Aggressive Growth Fund	43.8%
7 MAXXUM American Equity Fund	43.1%
8 BPI American Equity Value Fund	39.4%
9 Ethical North American Equity Fund.	39.1%
10 Universal World Science & Techno Class	37.7%

5 Year Total Return

1 Green Line Science & Technology Fund	32.5%
2 20/20 Aggressive Growth Fund	31.9%
3 Ethical North American Equity Fund.	30.7%
4 BPI American Equity Value Fund	28.9%
5 AGF American Growth Class	28.7%
6 Spectrum United American Growth Fund C\$.	27.0%
7 AIM Global Health Sciences Fund	26.4%
8 Universal European Opportunities	25.7%
9 Spectrum United Global Telecomm.	25.2%
10 AIM Global Telecommunications Class.	24.3%

10 Year Total Return

1 BPI American Equity Value Fund	19.7%
2 Spectrum United American Growth Fund C\$.	19.3%
3 AGF American Growth Class	18.7%
4 PH&N U.S. Pooled Pension Fund	18.0%
5 McLean Budden American Growth Fund.	17.3%
6 Ethical North American Equity Fund.	17.1%
7 PH&N U.S. Equity Fund.	16.8%
8 Elliott & Page American Growth Fund	15.3%
9 Trimark Fund - SC	14.9%
10 GBC North American Growth Fund Inc.	14.7%

1 Year Total Return

1Dynamic Real Estate Equity Fund.	-16.2%
2Altamira Global Bond Fund	-10.0%
3Green Line Global Government Bond Fund	-9.4%
4AGF Global Government Bond Fund	-9.2%
5Royal Global Bond Fund	-9.0%
6Universal World Tactical Bond	-8.2%
7@rgentum Market Neutral Portfolio C\$	-7.8%
8Templeton Global Bond Fund	-7.7%
9Global Strategy World Bond Fund	-7.3%
10AIM Global Growth & Income Fund	-6.5%

3 Year Total Return

1Fidelity Emerging Markets Portfolio Fun	-18.1%
2AGF 20/20 Managed Futures Value Fund	-12.9%
3Ethical Pacific Rim Fund	-12.2%
4AGF Asian Growth Class	-10.5%
520/20 Latin America Fund	-9.9%
6Hansberger Asian Fund.	-8.9%
7Universal Far East Fund	-7.2%
8C.I. Latin American Fund	-6.4%
9Royal Asian Growth Fund.	-4.6%
10Green Line Asian Growth Fund	-1.5%

5 Year Total Return

1C.I. Latin American Fund	-9.0%
2Hansberger Asian Fund.	-8.8%
320/20 Latin America Fund	-8.3%
4AGF Asian Growth Class	-6.9%
5Universal Far East Fund	-5.8%
6Altamira Asia Pacific Fund.	-5.2%
720/20 Emerging Markets Value Fund	-4.7%
8Fidelity Latin American Growth Fund.	-4.3%
9Green Line Emerging Markets Fund	-4.0%
10Royal Asian Growth Fund.	-3.5%

10 Year Total Return

1Royal Japanese Stock Fund	2.1%
2C.I. Sector Short-Term Shares	4.0%
3Atlas American Money Market Fund	4.4%
4AGF Japan Class	4.6%
5C.I. Sector Pacific	6.3%
6Templeton Global Bond Fund	6.6%
7Global Strategy World Bond Fund	6.8%
8C.I. Pacific Fund	6.9%
9Altamira Global Diversified Fund	7.7%
10Strategic Value Global Balanced Fund	7.9%

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 performing 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 Bissett Microcap Fund	48.0%
2 AIM Canadian Premier Fund	40.7%
3 Working Opportunity Fund (EVCC) Ltd.	40.2%
4 Strategic Value Canadian Small Companie	35.9%
5 Quebec Growth Fund Inc.	35.6%
6 C.I. Canadian Growth Fund	35.1%
7 Altamira Capital Growth Fund Limited	34.9%
8 Synergy Canadian Momentum Class	34.4%
9 Universal Future Fund	33.9%
10 Altamira Equity Fund	33.8%

3 Year Total Return

1 Quebec Growth Fund Inc.	28.1%
2 Scotia CanAm Stock Index Fund	22.4%
3 Atlas American RSP Index Fund	22.1%
4 C.I. American RSP Fund	19.8%
5 Global Strategy Diversified Europe Fund	19.5%
6 Global Strategy Diversified World Equit	17.2%
7 Talvest Global RSP Fund	17.2%
8 Universal Future Fund	16.9%
9 Cundill Canadian Security Fund Class A	16.4%
10 PH&N Dividend Income Fund	16.3%

5 Year Total Return

1 AIC Advantage Fund	23.7%
2 Quebec Growth Fund Inc.	23.1%
3 Scotia CanAm Stock Index Fund	22.8%
4 PH&N Dividend Income Fund	17.6%
5 Fidelity Canadian Growth Company Fund	17.3%
6 Global Strategy Diversified Europe Fund	16.2%
7 Cundill Canadian Security Fund Class A	15.9%
8 Royal Dividend Fund	15.9%
9 GBC Canadian Growth Fund	15.9%
10 PH&N Vintage Fund	15.4%

10 Year Total Return

1 AIC Advantage Fund	7.8%
2 ABC Fundamental-Value Fund	17.5% #
3 Quebec Growth Fund Inc.	15.9%
4 Altamira Equity Fund	15.7%
5 GBC Canadian Growth Fund	15.2%
6 Marathon Equity Fund	14.2%
7 ABC Fully-Managed Fund	14.0% #
8 PH&N Vintage Fund	13.4%
9 Dynamic Power Canadian Growth Fund	13.1%
10 Mawer New Canada Fund	12.5%

1 Year Total Return

1 Spectrum United Canadian Resource Fund	-16.9%
2 Clean Environment Balanced Fund	-16.5%
3 Scotia Precious Metals Fund	-15.7%
4 Spectrum United RRSP International Bond	-11.6%
5 Dynamic Global Bond Fund	-10.5%
6 Scotia CanGlobal Income Fund	-10.5%
7 Cdn. Medical Discoveries Inc. (LSVCC)	-10.3%
8 Ivy Enterprise Fund	-9.6%
9 Ethical Global Bond Fund	-9.5%
10 AGF RSP Global Bond Fund	-9.2%

3 Year Total Return

1 Global Strategy Gold Plus Fund	-26.8%
2 Scotia Precious Metals Fund	-24.2%
3 Dynamic Precious Metals Fund	-20.4%
4 Royal Precious Metals Fund	-19.9%
5 Universal Precious Metals Fund	-19.3%
6 MAXXUM Natural Resource Fund	-18.7%
7 BPI Canadian Resource Fund Inc.	-18.0%
8 Green Line Precious Metals Fund	-17.5%
9 Industrial Equity Fund Limited	-16.8%
10 Altamira Resource Fund	-16.8%

5 Year Total Return

1 Dynamic Precious Metals Fund	-9.3%
2 Industrial Equity Fund Limited	-9.1%
3 Scotia Precious Metals Fund	-9.0%
4 BPI Canadian Resource Fund Inc.	-7.9%
5 Altamira Resource Fund	-7.5%
6 Global Strategy Gold Plus Fund	-7.1%
7 Universal Precious Metals Fund	-4.6%
8 Green Line Resource Fund	-3.4%
9 20/20 Canadian Resources Fund Ltd.	-1.0%
10 MAXXUM Natural Resource Fund	-0.2%

10 Year Total Return

1 Industrial Equity Fund Limited	-1.0%
2 Dynamic Precious Metals Fund	2.1%
3 BPI Canadian Resource Fund Inc.	3.4%
4 Industrial Growth Fund	3.4%
5 Green Line U.S. Money Market Fund	4.4%
6 Royal Precious Metals Fund	4.8%
7 20/20 Canadian Resources Fund Ltd.	5.3%
8 Atlas Canadian T-Bill Fund	5.4%
9 AGF Money Market Account	5.5%
10 Global Strategy Money Market Fund	5.5%

NOTES TO THE PERFORMANCE TABLES

- ScotiaMcLeod is unable to supply information on funds marked #
- Figures are average rates of return for the periods ending October 31,1999
- Source data from the Mutual Funds Source Disk, November 9,1999, which includes over 2,600 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

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nies (small to medium-sized) that are in the early stages of their development and may be on the verge of becoming public, it will inherently involve a slightly higher risk than traditional mutual funds. But as investors have come to realize, along with higher risk comes the potential for greater or above average returns.

Benefit From Substantial Tax Savings When Purchased In An RRSP

To reward the investor for taking on this additional risk, both the Federal and Provincial Governments offer favorable tax benefits in the form of tax credits. When you purchase an LSIF, you receive both a 15% Federal and 15% Provincial Tax Credit on top of your RRSP contribution benefit.

For Example:

(Assuming a \$5000 RRSP Contribution with an LSIF Purchase)

LSIF Investment	\$5000
15% Federal Tax Credit	750
15% Provincial Tax Credit	750
RRSP Tax Savings (@ 50%)	2500
Total Tax Savings	\$4000

Increase Your Foreign Content Limit

LSIF's held in an RRSP may result in increases in foreign content room above the usual 20% limit. A larger foreign content position provides for added diversification and the potential for greater returns from exposure in larger foreign markets. The additional foreign content that is permitted is 3 times the book value of the LSIF assets in your account to a maximum of 40% of your plan's overall book value.

For Example:

Suppose you purchase \$5,000 of a LSIF

Fund News

Scotia Funds has introduced two new funds:

- Scotia Canadian Bond Index
- Scotia International Stock Index

Both funds as with all other Scotia Funds are offered at no load.

AIM has introduced their new RRSP-eligible funds

- AIM RSP American Premier
- AIM RSP European Growth
- AIM RSP Global Bond
- AIM RSP Global Growth & Income
- AIM RSP Global Theme

Synergy has also introduced two new funds:

- Synergy Global Momentum RSP Fund
- Synergy Global Style Management RSP Fund

in 1999 in an existing RRSP account with a total book value of \$20,000.

Pre-LSIF Foreign Content Limit = \$4000 (20% of book value i.e. 20% of \$20000)

Additional Foreign Content Room with 1999 \$5000 LSIF purchase = \$15,000 (\$5000x3)

Maximum Foreign Content capped at 40% = \$8000 (40% of \$20000)

Redemption Restrictions

Purchased up to March 5th, 1996

Units redeemed within 5 years of purchase require the return of the tax credits to both the Federal and Provincial Governments. Exceptions are made for individuals 65 years of age, retired or cease to be residents of Canada.

Purchased after March 5th, 1996

Units must be held for 8 years for ALL shareholders, or repayment of the tax credits will apply.

For a complete overview of the LSIF's available to you, refer to the handy insert. For more information, **please call our Service Centre at (416) 863-7777 or 1-800-387-9273.**

**Everyone at
'The Mutual Fund
Reporter' would
like to wish you a
safe and happy
holiday season!**