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Issue 161 July 2000

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Fund News

Protecting Your Estate

Most people spend a lifetime of hard work building their estate: saving their money both inside and outside their RRSP, making prudent investment decisions, owning a home and perhaps a vacation property, etc. What most people don't know, however, is that Revenue Canada is their silent partner when it comes time to distribute their estate to their children and their heirs.

Depending on what types of assets an estate is comprised of, the share Revenue Canada takes for their coffers will vary. At death, all property is deemed to be disposed of for tax purposes: RRSP's are fully taxable in the estate; any investments with unrealized gains are taxable; a vacation property may be partially taxable; and probate, administration, legal and executor fees will be taken from the estate. In the case of property moving from one spouse to another, it can be transferred tax-free; in most other cases (there are some exceptions) it is taxable.

If proper planning isn't done ahead of time, the impact on the estate could be small or it could be devastating. The full value of a particular asset may not be realized in the event of an untimely death. For example, in a bad real estate market, if the children or heirs of an estate do not have enough cash to pay the tax, a home or a cottage may have to be sold below its true value to pay the taxes owing on its deemed disposition. Once the owners of the estate are deceased, it is too late to do any planning.

Creating or preserving an estate through life insurance is a tremendous opportunity for people to protect what they have spent their life trying to create – a valuable estate! Insurance creates a large immediate estate and provides a **tax-free benefit upon death.** Other advantages of insurance are potential creditor protection, and avoidance of probate fees because it passes outside the estate. This means that the insurance will not be subject to probate and administration fees, or legal action if the Will is challenged or contested.

Preserving an estate through life insurance requires funding. The source of this funding should not be short or medium term savings you will use to buy a car, cottage, clothes, or go on a vacation; it should come from that part of your savings that you will never use in your lifetime. Estate preservation is the ultimate long term planning strategy because its benefits are not realized until death.

Building an estate takes a lifetime, but without planning, tearing it down may only take an instant. Insurance has played a prudent and valuable role in protecting many estates. The financial benefits that insurance offers are obvious, but the peace of mind it offers cannot be measured.

Universal Life Insurance

What is Universal Life Insurance? Universal Life Insurance is a type of life insurance that has an investment component and an insurance component combined within one product. The main features of this type of policy are the

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There have been several changes to our website, visit us at: www.mutualfundreporter.com and check out our 'Interactive Investment Tools' such as ScotiaBank's Reality Check and other Financial Planning sites. Also, 'Investment Links', to visit mutual fund company websites to find out more about the mutual funds you are invested in.

1 Year Total Return

1	Talvest China Plus	201.4%
2	Talvest Global Sci & Tech	196.7%
3	Altamira Science & Technology	193.6%
4	AIM Global Technology	151.4%
5	AGF Aggressive Growth	133.6%
6	C.I. Global Technology Sector	129.1%
7	Trimark Discovery	119.6%
8	Talvest Global Small Cap	107.7%
9	Atlas Pacific Basin Value	104.3%
10	Universal World Science & Tech	99.5%

3 Year Total Return

1	Altamira Science & Technology	93.4%
2	Talvest Global Sci & Tech	91.5%
3	C.I. Global Telecom Sector	78.5%
4	AGF Aggressive Growth	77.2%
5	AIM Global Technology	75.9%
6	C.I. Global Technology Sector	69.2%
7	BPI Global Opportunities	68.8%
8	Universal World Science & Tech	54.7%
9	Janus American Equity	53.7%
10	Clarington Globl Communication	51.0%

5 Year Total Return

1	BPI Global Opportunities	51.4%
2	AGF Aggressive Growth	47.5%
3	Janus American Equity	44.5%
4	Green Line Science &Technology	36.7%
5	Spectrum United American Grwth	34.9%
6	BPI American Equity Value	34.3%
7	AIM Global Telecom Class	33.8%
8	Ethical North American Equity	33.1%
9	Spectrum United Glbl Telecomm	32.1%
10	Universal European Opp	31.9%

10 Year Total Return

1	Spectrum United American Grwth	24.7%
2	Signature American Small Cos	22.5%
3	BPI American Equity Value	22.3%
4	AGF Amer Growth Class	20.7%
5	MB Pooled American Equity	20.7%
6	Ethical North American Equity	20.3%
7	Green Line US Index Fund ($US)	20.1%
8	McLean Budden Amer Eq Growth	19.6%
9	GBC North American Growth	19.4%
10	PH&N US Pooled Pension	18.9%

1 Year Total Return

1	O'Shaughnessy US Value	-15.7%
2	Fidelity Focus Financial Servs	-12.8%
3	Dynamic Real Estate Equity	-12.5%
4	Dynamic Infinity American	-10.4%
5	AIC Value	-10.2%
6	Atlas American Large Cap Grwth	-9.0%
7	AGF Global Government Bond	-8.8%
8	Templeton Global Bond	-8.1%
9	AGF World Equity Class	-7.0%
10	Global Strategy ROTH Wrld Bond	-5.9%

3 Year Total Return

1	Fidelity Emerging Mkts Port	-15.2%
2	Ethical Pacific Rim	-13.6%
3	AGF Latin America	-9.5%
4	C.I. Asian	-9.5%
5	C.I. Latin American	-5.7%
6	AGF Asian Growth Class	-4.6%
7	AGF Emerging Markets Value	-4.3%
8	Universal Far East	-3.3%
9	Royal Asian Growth	-3.2%
10	Dynamic Real Estate Equity	-2.7%

5 Year Total Return

1	AGF India	-4.3%
2	C.I. Asian	-4.3%
3	Ethical Pacific Rim	-3.1%
4	Fidelity Emerging Mkts Port	-2.2%
5	AGF Asian Growth Class	-0.4%
6	AGF Emerging Markets Value	0.2%
7	Royal Asian Growth	0.2%
8	Universal Far East	0.5%
9	AGF Int'l Sh Term Income Class	1.5%
10	Templeton Global Bond	1.7%

10 Year Total Return

1	C.I. Short-Term Sector	3.8%
2	Atlas American Money Mkt $US	4.2%
3	Royal Japanese Stock	5.0%
4	Templeton Global Bond	6.1%
5	AGF Japan Class	6.6%
6	Global Strategy ROTH Wrld Bond	7.3%
7	GBC International Growth	7.3%
8	C.I. Pacific Sector	7.7%
9	Talvest Asian	7.9%
10	AGF Global Government Bond	8.1%

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 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 recommandations tailored to your individual needs.

1 Year Total Return

1	Capital Alliance Ventures	80.5%
2	C.I. Covington Labour-Sponsord	70.3%
3	Working Opportunity (Balanced)	70.2%
4	AIM Canadian Premier	68.2%
5	B.E.S.T Discoveries	66.9%
6	Universal Future	61.6%
7	Elliott & Page Generation Wave	60.9%
8	VenGrowth Fund	58.3%
9	Triax Growth Fund Inc.	54.8%
10	Dynamic Power Canadian Growth	51.5%

3 Year Total Return

1	AIM Canadian Premier	29.1%
2	Universal Future	28.0%
3	AIM Canada Growth Class	26.8%
4	VenGrowth Fund	25.8%
5	Altamira Capital Growth	25.4%
6	Atlas American RSP Index	23.4%
7	C.I. American RSP	22.3%
8	Working Opportunity (Balanced)	21.3%
9	Strategic Value Cdn Small Cos	20.5%
10	C.I. Global Equity RSP	20.2%

5 Year Total Return

1	AIC Advantage	25.3%
2	AIC Diversified Canada	24.5%
3	AIM Canada Growth Class	24.4%
4	AIM Canadian Premier	23.6%
5	Universal Future	22.6%
6	MB Pooled Cdn Equity Growth	22.6%
7	GBC Canadian Growth	22.1%
8	Talvest Millennium Next Gen	22.0%
9	Scotia CanAm Stock Index Fund	21.6%
10	PH&N Dividend Income	20.9%

10 Year Total Return

1	AIC Advantage	21.3%
2	GBC Canadian Growth	19.3%
3	Altamira Equity	19.2%
4	ABC Fundamental Value	19.0% #
5	Dynamic Power Canadian Growth	18.5%
6	PH&N Vintage	16.9%
7	Universal Future	16.1%
8	MB Pooled Cdn Equity Growth	15.9%
9	AGF Canadian Growth Equity	15.5%
10	Altamira Capital Growth	15.5%

1 Year Total Return

1	Scotia Precious Metals	-28.0%
2	Dynamic Precious Metals	-24.4%
3	Spectrum United Cdn Resource	-22.9%
4	Royal Precious Metals	-16.9%
5	Industrial Growth	-11.4%
6	Dynamic Canadian Real Estate	-10.5%
7	Green Line Precious Metals	-10.5%
8	Global Strategy Gold Plus	-10.5%
9	Marathon Equity	-10.0%
10	Universal Precious Metals	-9.7%

3 Year Total Return

1	Scotia Precious Metals	-26.8%
2	AGF 20/20 Managed Futures Val	-24.5%
3	Spectrum United Cdn Resource	-24.3%
4	Dynamic Precious Metals	-23.1%
5	Global Strategy Gold Plus	-22.1%
6	Universal Precious Metals	-18.4%
7	Royal Precious Metals	-18.3%
8	Altamira Resource	-16.6%
9	Green Line Precious Metals	-15.8%
10	MAXXUM Natural Resource	-15.6%

5 Year Total Return

1	Dynamic Precious Metals	-12.9%
2	Scotia Precious Metals	-12.6%
3	Global Strategy Gold Plus	-9.9%
4	Universal Precious Metals	-7.6%
5	Altamira Resource	-6.5%
6	Industrial Equity Fund Ltd.	-5.1%
7	BPI Canadian Resource Inc	-3.3%
8	Green Line Precious Metals	-2.6%
9	Green Line Resource	-2.4%
10	MAXXUM Natural Resource	-2.0%

10 Year Total Return

1	Dynamic Precious Metals	-0.2%
2	Industrial Equity Fund Ltd.	1.5%
3	Industrial Growth	3.1%
4	Green Line US Money Mkt ($US)	4.2%
5	Royal Precious Metals	4.2%
6	BPI Canadian Resource Inc	4.7%
7	Atlas Canadian T-Bill	5.0%
8	AGF Canadian Money Market	5.1%
9	Strategic Value Money Market	5.2%
10	Ethical Money Market	5.2%

NOTES TO THE PERFORMANCE TABLES

-ScotiaMcLeod is unable to provide information on funds marked #
-Figures are average rates of return for the periods ending Apr. 30, 2000
-Source data from Bell Charts, including over 3164 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

opportunities for tax deferral and wealth preservation.

Why should I have Universal Life?
The separation of insurance and investment provides for some flexible planning opportunities. For instance, the policyholder could skip premium payments for whatever length of time desired/needed provided they have enough cash reserves to cover the premiums. This is possible because unlike a whole life policy, the policyholder owns and controls the cash in the policy to invest as he/she chooses. Several investment allocations are available as investment choices to similarly match one's current portfolio allocations. The deposits that come in for the policy go primarily towards covering the insured, the remainder or excess, goes towards the investment component. Another flexible option of the plan is that the holder of the policy can decide what level of premium and payment period is best suited for their specific needs and situation.

How can my taxes be minimized?
The deposits themselves are not tax-deductible, but the investment component of the policy grows tax deferred. This would be attractive for investors who may have used up their RRSP contribution room, and are looking for another investment vehicle. Withdrawals may be partially taxable when withdrawn, preferably during the retirement years when the policyholder is more likely to be in a lower income bracket therefore minimizing taxes. The original death benefit and remaining cash value of the plan will be paid out to the beneficiaries named in the policy tax-free if the policyholder doesn't need to use it. This payout avoids probate and executor fees dependent on provincial laws.

If you would like more information on estate planning and insurance products, please contact our estate and insurance planner **Allan McGlade CLU, CFP.**

Announcement!

ScotiaMcLeod is pleased to announce that, due to his outstanding service over the past 10 years, **Carl P. Spiess** has been appointed a Director of the firm.

Carl will continue his commitment of service to his select group of clients.

Fund News

Trimark Financial Corporation has recently merged with London based AMVESCAP, parent company of AIM group of funds. We view this partnership as a good fit.

The two fund companies combined will form the second largest investment company in Canada, with assets in excess of $35 billion. In addition to size, the firm will be able to offer a gamut of mutual funds, fully diversified across geographic regions, industries and most importantly, investment styles. The merger marries AIM's growth and momentum styles with the value-oriented style that has made Trimark a household name in Canada. Investors will also benefit from a wide range of domestic and global expertise. From our perspective, this combination of money management and service expertise will allow clients to gain broader access to investments that will suit their long-term goals.

Nova Bancorp has completed it's acquisition of Strategic Value Corporation who manage the Strategic Value Series of Funds as well as the O'Donnell Group of Funds. Switches will be available between these funds shortly.

AIC Limited has introduced new funds:
- AIC Global Technology
- AIC RSP Global Technology

Synergy Asset Management has also introduced new funds:
- Synergy Global Growth Class
- Synergy Global Growth Class RSP
- Synergy Extreme Cdn Equity

C.I. Group of Funds has had a portfolio manager change. Andrew Waight is the new manager of C.I. Global Health Sciences Sector and the 100% RRSP-eligible version of the fund.

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