

## Looking Back – Ten Years

### Commentary

### New Funds

### Mergers and Acquisitions



By Carl Spiess  
– Director

In September 1990, I joined ScotiaMcLeod after receiving my MBA. As ten years have passed, I thought it would be appropriate to review how much has changed. Please forgive me as I indulge in some personal reminiscences.

Back when I started, mutual funds were still a relatively unknown method of investing. There were less than 300 funds in Canada. Few Canadians understood how RRSP accounts differed from GICs. RRSP foreign content limits were only 10%.

Think back to the early 1990's. Overall, people were very sceptical of investing in the stock market. I recall speaking to one client, who had been enjoying 14% yields on T-bills. I mentioned that for the long term, some equity investments would be appropriate, as T-bills would not continue with those yields forever. Her response "Oh stocks, those are just for rich people". Ironic now that my largest challenge today, is having clients keep some guaran-

teed component in their portfolios.

Around 7 p.m., one evening in the winter of 1991, I was speaking to some potential clients. I heard the news wire printer (yes the Reuters news was still delivered to us on a long spool of paper) start up across the office. I walked over after my call to see what the breaking news was. The headline was "Bombs fly over Baghdad". More than a handful of people felt that WW3 was on its way, or at least the start of another huge oil crisis and inflationary period. While I took the rest of that evening off, I really did believe that the next day at work presented a huge stock market buying opportunity.

Another memory relates to the steady decline in interest rates. In 1991, a client, when presented with a 9.9% compounding 10 year stripped bond, said, "no thanks, I'll wait until rates are over 10% again" and invested in a 1 year T-bill. It has and will be a long wait for 10% rates to come again.

Discount brokers had just come into Canada, and some predicted the end of careers for financial advisors. Today with the advent of Internet brokerage, some of the same predictions are being made. However, I believe that with the ever-growing amount of financial information available, the

need for sound investment advice from qualified advisors will continue. I felt firms like ScotiaMcLeod had a role to play then, and I continue to do so today.

Interestingly, the top-performing funds for much of the late 1980's and early 1990's were Asian funds, which have had mixed returns recently. History does not always repeat itself. But one thing that has remained is the allure of investing in what has already performed extraordinarily well.

Balanced investments, that perform reasonably well, with lower risk, are much less noticed. Perhaps we contribute to that a bit with our Top 10 / Bottom 10 lists. Most of our clients comment that they rarely ever see their own funds in either the Top 10 or Bottom 10 lists. This is as it should be, as most of us do not have the stomach for Asian, Resource, Precious Metals, Technology and B2B funds, or whatever the flavour of the month is.

In a way, the Bottom ten are somewhat like seeing a car accident, we don't want to look but we do. The top ten are more frustrating, "why didn't I invest in that one – it doubled last year". A tendency that we all have to focus on our winners and sweep the losers under the carpet explains why

*continued on back page*

## 1 Year Total Return

1	Altamira Science & Technology	164.2%
2	Talvest China Plus	158.3%
3	Talvest Global Sci & Tech	135.0%
4	AIM Global Technology	106.9%
5	AGF Aggressive Growth	102.8%
6	Altamira Health Sciences	94.8%
7	Talvest Global Small Cap	84.6%
8	First Trust N Am Technology 99	84.4%
9	AIM Global Telecom Class	74.8%
10	Talvest Global Health Care	74.8%

## 3 Year Total Return

1	Altamira Science & Technology	82.6%
2	Talvest Global Sci & Tech	74.2%
3	C.I. Global Telecom Sector	71.1%
4	AGF Aggressive Growth	63.3%
5	AIM Global Technology	63.2%
6	C.I. Global Technology Sector	50.9%
7	BPI Global Opportunities	50.0%
8	Janus American Equity	41.4%
9	Universal World Science & Tech	41.2%
10	Talvest Global Health Care	40.4%

## 5 Year Total Return

1	BPI Global Opportunities	43.2%
2	AGF Aggressive Growth	39.3%
3	Janus American Equity	36.0%
4	BPI American Equity	31.2%
5	Royal Life Science & Technology	31.2%
6	Spectrum United American Grwth	29.6%
7	AIM Global Telecom Class	29.6%
8	Ethical North American Equity	28.9%
9	Green Line Science & Technology	27.8%
10	Universal European Opp	27.0%

## 10 Year Total Return

1	Spectrum United American Grwth	24.0%
2	BPI American Equity	21.4%
3	C.I. Signature Amer Small Cos	20.6%
4	AGF Amer Growth Class	20.0%
5	Ethical North American Equity	19.5%
6	Green Line US Index Fund (\$US)	19.2%
7	MB Pooled American Equity	19.2%
8	GBC North American Growth	18.8%
9	PH&N US Pooled Pension	17.7%
10	McLean Budden Amer Eq Growth	17.6%

### 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.

## 1 Year Total Return

1	AGF India	-26.3%
2	O'Shaughnessy US Value	-12.0%
3	Atlas American Large Cap Grwth	-10.4%
4	Dynamic Infinity American	-9.8%
5	AGF World Equity Class	-9.7%
6	Royal Asian Growth	-9.1%
7	AIM Pacific Growth Class	-8.1%
8	Ethical Pacific Rim	-8.0%
9	Zweig Strategic Growth	-7.6%
10	Fidelity Focus Consumr Industr	-6.9%

## 3 Year Total Return

1	Ethical Pacific Rim	-20.7%
2	AGF Latin America	-13.7%
3	Fidelity Emerging Mkts Port	-12.6%
4	AIM Pacific Growth Class	-10.6%
5	Universal Far East	-9.5%
6	C.I. Latin American	-9.3%
7	C.I. Pacific Sector	-9.1%
8	AGF Asian Growth Class	-8.3%
9	Spectrum United Emerging Mkts	-8.0%
10	C.I. Pacific	-7.9%

## 5 Year Total Return

1	AGF India	-7.3%
2	Fidelity Emerging Mkts Port	-7.1%
3	Ethical Pacific Rim	-6.6%
4	AGF Asian Growth Class	-4.2%
5	Royal Asian Growth	-3.3%
6	Universal Far East	-3.2%
7	C.I. Pacific Sector	-1.2%
8	Talvest Asian	-1.1%
9	AIM Pacific Growth Class	-0.8%
10	AGF Emerging Markets Value	-0.5%

## 10 Year Total Return

1	Royal Japanese Stock	1.8%
2	AGF Japan Class	3.1%
3	C.I. Short-Term Sector	3.8%
4	Royal \$US Money Market	4.2%
5	Atlas American Money Mkt \$US	4.2%
6	C.I. Pacific Sector	5.1%
7	GBC International Growth	5.2%
8	Templeton Global Bond	5.4%
9	Talvest Asian	5.6%
10	C.I. Pacific	5.7%

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.

## 1 Year Total Return

1 Capital Alliance Ventures . . . . .	101.1%
2 YMG Growth . . . . .	100.1%
3 Working Opportunity (Balanced) . . . . .	86.3%
4 B.E.S.T Discoveries . . . . .	66.4%
5 AIM Canadian Premier . . . . .	64.6%
6 Altamira Capital Growth . . . . .	62.9%
7 Trimark Enterprise Sm-Cap . . . . .	62.1%
8 Elliott & Page Generation Wave . . . . .	57.2%
9 Dynamic Power Canadian Growth . . . . .	53.8%
10 Altamira Equity . . . . .	53.3%

## 3 Year Total Return

1 YMG Growth . . . . .	30.5%
2 AIM Canadian Premier . . . . .	26.1%
3 Altamira Capital Growth . . . . .	25.0%
4 Capital Alliance Ventures . . . . .	24.5%
5 Working Opportunity (Balanced) . . . . .	24.5%
6 VenGrowth Fund . . . . .	23.9%
7 Universal Future . . . . .	21.3%
8 AIM Canadian Balanced . . . . .	18.5%
9 Triax Growth Fund Inc . . . . .	18.5%
10 AIM Canada Growth Class . . . . .	17.5%

## 5 Year Total Return

1 YMG Growth . . . . .	30.5%
2 AIC Diversified Canada . . . . .	24.4%
3 AIC Advantage . . . . .	23.3%
4 AIM Canadian Premier . . . . .	22.9%
5 PH&N Dividend Income . . . . .	22.4%
6 MB Pooled Cdn Equity Growth . . . . .	21.9%
7 AIM Canada Growth Class . . . . .	20.9%
8 Fidelity Cdn Growth Company . . . . .	20.1%
9 Talvest Millennium Next Gen . . . . .	19.9%
10 Universal Future . . . . .	19.5%

## 10 Year Total Return

1 AIC Advantage . . . . .	21.2%
2 Altamira Equity . . . . .	19.0%
3 Dynamic Power Canadian Growth . . . . .	18.7%
4 ABC Fundamental Value . . . . .	18.4% #
5 GBC Canadian Growth . . . . .	18.4%
6 Altamira Capital Growth . . . . .	16.3%
7 PH&N Vintage . . . . .	16.2%
8 PH&N Dividend Income . . . . .	15.9%
9 YMG Growth . . . . .	15.8%
10 MB Pooled Cdn Equity Growth . . . . .	15.8%

## 1 Year Total Return

1 Marathon Equity . . . . .	-18.8%
2 Spectrum United Cdn Resource . . . . .	-18.0%
3 Industrial Growth . . . . .	-15.6%
4 Scotia Precious Metals . . . . .	-13.5%
5 Dynamic Precious Metals . . . . .	-12.3%
6 Global Strategy Gold Plus . . . . .	-10.3%
7 Global Strategy Cdn Small Cap . . . . .	-8.2%
8 Dynamic Global Bond . . . . .	-7.6%
9 Altamira North Amer Recovery . . . . .	-7.4%
10 Universal Canadian Resource . . . . .	-7.4%

## 3 Year Total Return

1 Spectrum United Cdn Resource . . . . .	-23.7%
2 Scotia Precious Metals . . . . .	-23.7%
3 Global Strategy Gold Plus . . . . .	-20.9%
4 AGF Managed Futures Value . . . . .	-19.0%
5 Dynamic Precious Metals . . . . .	-18.5%
6 Royal Precious Metals . . . . .	-16.2%
7 Altamira Resource . . . . .	-15.2%
8 Marathon Equity . . . . .	-15.1%
9 Green Line Energy . . . . .	-15.0%
10 AGF Canadian Resources . . . . .	-14.4%

## 5 Year Total Return

1 Scotia Precious Metals . . . . .	-13.6%
2 Dynamic Precious Metals . . . . .	-13.2%
3 Global Strategy Gold Plus . . . . .	-13.1%
4 Universal Precious Metals . . . . .	-8.2%
5 Altamira Resource . . . . .	-7.2%
6 AGF Managed Futures Value . . . . .	-6.6%
7 Industrial Equity Fund Ltd . . . . .	-5.4%
8 Royal Precious Metals . . . . .	-5.0%
9 MAXXUM Natural Resource . . . . .	-4.8%
10 BPI Canadian Resource Inc . . . . .	-4.8%

## 10 Year Total Return

1 Dynamic Precious Metals . . . . .	-0.6%
2 Industrial Growth . . . . .	2.0%
3 Industrial Equity Fund Ltd . . . . .	2.0%
4 Royal Precious Metals . . . . .	3.7%
5 Green Line US Money Mkt (\$US) . . . . .	4.2%
6 BPI Canadian Resource Inc . . . . .	4.5%
7 Atlas Canadian T-Bill . . . . .	4.8%
8 Dynamic Global Bond . . . . .	4.8%
9 AGF Canadian Resources . . . . .	4.8%
10 AGF Canadian Money Market . . . . .	4.9%

### NOTES TO THE PERFORMANCE TABLES

- ScotiaMcLeod is unable to provide information on funds marked #
- Figures are average rates of return for the periods ending Jul. 31, 2000
- Source data from Bell Charts, including over 3200 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

individuals often feel that other investors must be doing even better than they are. At a party someone will brag about the fortune they made on this or that, but rarely does someone boast about how much they lost on an investment. It is human nature.

We still have a long-term view. When I look at funds that we were recommending ten years ago, funds like Templeton International, AGF Canadian and AGF American Tactical Asset Allocation and yes, even Trimark Select Balanced, the people who have held those funds for 10 years straight, through good times and bad, have performed very well. (All have double-digit 10-year performance numbers.) You may recall that Duff Young, now a noted fund columnist, worked for John and I back in 1992. Duff prepared special reports for us on some of those funds that were mailed back then with this newsletter.

Over the coming year, we will actually be reviewing the appropriateness of listing the Top 10 / Bottom 10 each month in a printed newsletter. With our website, people can see the performance numbers up to 3 weeks earlier than the mailed version. The tremendous recent response to our mail in card offering e-mail rather than physical mailing of this newsletter indicates to us that the web version will soon be more popular than the regular mail version. The mutual fund reporter may eventually become a quarterly newsletter more on financial planning, leaving the website to provide more up to date fund performance information. In a coming issue

we will be mailing a survey on how we can ensure that this newsletter will continue to help make you a better investor for the next decade.

To all our valued clients, please accept my personal thanks to you for making my career choice ten years ago the right one.

## Fund News

**Templeton** has announced that Sean Farrington is stepping up to increased responsibilities for the Templeton Growth Fund. This change is reflective of a gradual succession plan, and not an outright replacement. Mark Holowesko continues to be involved in the management of the fund. We would like to stress that the funds underlying philosophy, process and discipline have not changed and that the addition of Sean is a net positive for the fund.

As the fund industry continues to consolidate, the latest marriage partners are Templeton Management (Franklin Resources) and Bissett & Associates. We view Templeton's acquisition positively, with unitholders from both fund families benefiting going forward.

**C.I. Mutual Funds** has launched several new funds:

- Landmark Canadian Fund
- Landmark Global Sector Shares
- Landmark Global RSP Fund
- BPI International Equity RSP Fund
- C.I. American Managers Sector Shares
- C.I. American Managers RSP Fund
- Signature American Small Companies RSP Fund

C.I. will also be removing the word 'value' from their BPI American and foreign funds, to better and more accurately reflect the funds management style. C.I. has ended their Hansberger relationship and henceforth, the following managers will run the Hansberger value-oriented funds. The Hansberger European fund becomes the C.I. European Fund, while the Hansberger European Sector Shares will become C.I. European Sector Shares both now managed by Nandu Narayanan. John Hock will manage both the Hansberger Value Fund and the Hansberger International Fund.

Funds that have been closed:

- BPI Canadian Resources Fund
- C.I. Global Small Cap Fund
- C.I. Global Small Cap Sector Shares