This Issue of Financial Affairs has been created to provide a brief overview of an important investment topic. For more detailed information or for a free copy of a Financial Affairs Issue that may be of greater interest to you, please contact your Financial Advisor.

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THE POWER OF DIVERSIFICATION THROUGH MUTUAL FUNDS

Spreading The Wealth

Spreading The Wealth

Diversification: it's likely one of the prime reasons you decided to invest in mutual funds. In fact, depending on your needs and the size of your portfolio, one mutual fund may offer all the diversification you require.

At the same time, your Financial Advisor may recommend that you diversify even more broadly – increasing the number of asset classes in which you are invested, expanding your geographic scope, and taking advantage of different management styles.

WHY MUTUAL FUNDS?

The universe of investments is a large one, ranging from stocks, government bonds and corporate bonds to GICs, treasury bills, and mortgages. Participating in more than one area used to demand a major financial commitment. But no longer. With mutual funds, investors with a wide range of means, can easily and conveniently diversify their holdings across the spectrum of choices.

Essentially, mutual funds are pools of money from many individuals which are then invested and managed by professional money managers. The portfolio of a mutual fund is usually spread over many different securities, giving every investor – even those with small amounts of money – the diversification needed to achieve good returns with less risk.

Whether you invest in one fund or ten or more, mutual funds are the best way for most Canadians to achieve maximum diversification. Regular investing in funds, inside or outside your RRSP, is a strategy every investor should consider.

4 POINTS OF DIVERSIFICATION

YOUR FINANCIAL ADVISOR MAY RECOMMEND THAT YOU CONSIDER ONE OR MORE OF THE FOLLOWING FOUR STRATEGIES TO HELP YOU ACHIEVE YOUR FINANCIAL OBJECTIVES THROUGH DIVERSIFIED MUTUAL FUND INVESTING.

1. Growth

RRSP-eligible Equity Mutual Funds hold stocks in Canadian corporations. Even though stocks are sensitive to the state of the economy and returns can be volatile, they are an essential part of most RRSP portfolios. Over the long term, stocks have historically generated the highest return of all investments.

2. Capital Preservation

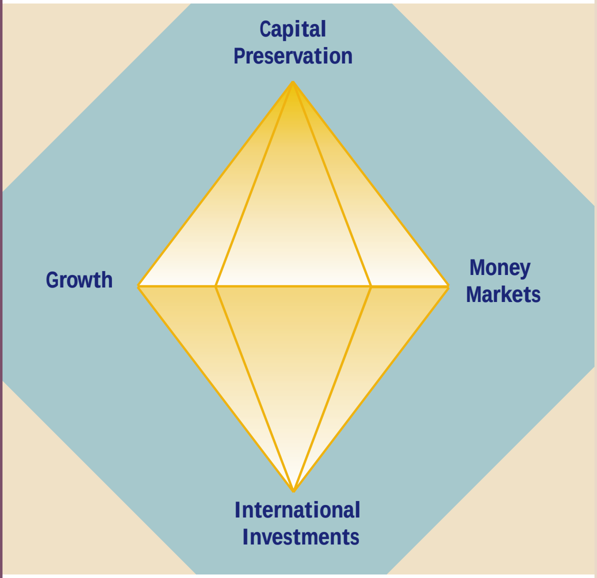
Fixed Income Mutual Funds are normally comprised of a mix of federal, provincial and corporate fixed-income securities. The emphasis is frequently placed on Government of Canada bonds (not to be confused with Canada Savings Bonds).The strength of these Funds is that they can preserve capital and provide steady income. And, the relative stability of bonds can help to offset the risks of the equity component in your portfolio.

3. Money Markets

The most secure and liquid part of your investment arsenal is the Money Market Fund. This type of mutual fund invests in short-term financial instruments like government treasury bills, bank certificates of deposit and high-calibre corporate paper. Money Market Funds normally yield the highest available current interest and are considered to be lower risk than many other investments.

4. International Investments

Up to 20% of the book value of your RRSP or RRIF can be invested outside Canada. This is a wonderful opportunity to take advantage of the benefits of foreign ownership such as upswings in these markets or fluctuating currencies.



THE SKY'S THE LIMIT

Creating a well-balanced and diversified portfolio builds a strong foundation for your retirement investment plan. By playing off the risks inherent in one type of investment against the stability and security of another, you open a world of possibilities. And, utilizing the skills and different approaches of several fund managers can further ensure that your retirement goals will be met.

FOR MORE INFORMATION

To find out more about diversification and create the ultimate strategy for your future security, talk to your Financial Advisor.