Finance for Life[™]

CANFIN

FINANCIAL GROUP

Tax Planning

Financial Planning

Estate Planning

Achieving Financial Success™



Finance for Life. Wealth for Living.

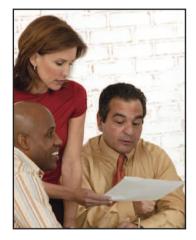
Canfin Financial Group, Client Services Dept.

680 Rexdale Blvd., Suite 26, Toronto, ON M9W 0B5

For immediate service, contact your Canfin Advisor or, Tel. 1-877-4-CANFIN Fax. 905-829-0052 email: clientservices@canfin.com web: www.canfin.com

Mutual Funds, GICs & Fee for Service Financial Planning provided through CANFIN Magellan Investments Inc. Insurance products provided through CANFIN Capital Group Inc.

Please do not hesitate to contact your advisor for a Confidential Financial Review.



Investment Planning

Insurance Planning

Mortgage Planning

Guardians OF YOUR CAPITAL

How does the mutual fund industry protect the consumer against fraudulent or dishonest dealings within a fund? Provincial securities regulators have continued to create legislation that provides the mutual fund investor with incredible

protection, creating an industry with exceptionally high standards of investment integrity.

1. A custodian such as a bank or trust company keeps all securities and other assets held by a fund safe. The custodian ensures the fund's assets are kept separate from the fund company's other corporate operating assets. Therefore, if the operations of a fund company faced financial problems, or the fund manager went bankrupt, your investments would not be the least bit affected by these troubles.

2. Auditors are appointed to ensure the fund uses

acceptable accounting procedures. This ensures that assets held within a fund add up to the stated value made available to the consumer every business day.

3. Investors have the option to exercise some control over the way their money is managed by meeting with the fund company before a manager or auditor is replaced, or a change of investment objective is acted upon.

4. Excluding certain government securities, a fund may not hold more than 10% of its assets in any one issuer's securities, or more than 10% of any class or series of securities of any issuer. The investment portfolio must be disclosed to the investor at least annually.

5. All mutual fund managers must report regularly to all shareholders or unitholders to disclose a wide range of financial accounting data pertinent to their investment. This is to include annual account statements outlining the number and market value of shares or units purchased or redeemed, beginning from the time of the last statement provided—hence showing the total market value of your account.

6. Additional rules protect the investor in most cases,

Continued on page 2...

Please read the funds' prospectus before investing. Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Mutual funds are not guaranteed; their values change frequently and past performance may not be repeated. Any indicated rate of return is for illustration purposes only and is not intended to reflect future values of returns on investment. Please seek professional advice prior to investing. Financium, the publisher does not guarantee accuracy of information, and will not be held liable in any way for any statements or statistics in this publication, though we seek to present reliable, precise and complete information. Written permission of Financium who retains all rights, must be obtained prior to any reproduction. ©Financium. email: admin@adviceon.com

Finance for Life[™]



Continued from page 1 ...

from problems that could develop by limiting a fund company's exposure, for example, to certain derivatives.

7. Standard performance data limits comparative confusion. Each company must provide a fund's compound annual return over one, three, five, and ten years or from inception, along with the information as to how these numbers were computed.

Is Your Money Safe IN A MUTUAL FUND?

One day your retirement income will flow from the capital you have been saving for years. Rethink the effect of inflation and low interest on your savings before switching all of your investments to ultra-conservative vehicles such as GICs or T-bills.

Inflation can turn low-growth to no-growth Overinvesting for safety could actually jeopardize your financial security. Beware of today's low interest rates. Putting all your money in safe vehicles (including GICs, T-bills, money market funds) could decimate your afterinflation retirement income. Inflation is currently quite low. If in the future we see a year or two of high inflation, it could wipe out the low growth offered by guaranteed securities. Even with an inflation rate of just 2%, an annual retirement income of \$65,000 might not cover your needs over 10 years. An estimated \$79,000 would be required to meet the same financial demands.

Growth investments may fight inflation Consider the potential to combat this retirement income erosion by holding a portion of your portfolio in equity mutual funds that have the capacity to inflate in value. This will add diversification, along with professional fund management, giving your portfolio an equity boost. Equity funds may actually inflate while moving up in value with inflationary pressures. For example, a real estate fund may increase in value if real estate values inflate rapidly.

If you've still got time to invest some of your capital over longer periods Remember, if you retire at age 65, you can expect to live another 10 to 20 years. That is a significant time horizon. Potentially adding growth through a portfolio of diversified equity mutual funds may help fight inflation and deliver better, long-term returns in a low interest rate environment over the long term.

Are You Holding TOO MANY FUNDS?

If you hold 25 to 30 mutual funds, it may be time to edit your portfolio. An investor may amass a huge portfolio, purchasing two or three new funds every year. If you do this, it may seem you are diversifying, but you may find that you have acquired too many funds requiring a lot of management. Actually, one good mutual fund diversifies among many securities. Consider holding a number of good funds that diversify among nations and asset classes. It serves less of a purpose to hold several similarly-invested funds. Many large-cap funds for example, may hold comparable securities, some of which may be in the same companies.

Simplify. Ensure you have a strong core-holding of Canadian content in your RRSP. This can be accomplished by purchasing just two or three funds. Foreign investing (both in your RRSP/RRIF holdings and non-registered funds) is also an option.

Stay the Course. As you carefully analyze each year's purchase, consider keeping the top funds for the long term, and adjusting your portfolio only in favour of performance. Talk to your advisor because it is important to have a good reason to switch. You can continue to purchase units of the better, long-term performing funds you already hold.

Enforce an investment discipline. By adding to your core portfolio, you lessen the temptation to invest in the latest hot fund. This strategy will allow your investments to grow over time, while remaining manageable.

