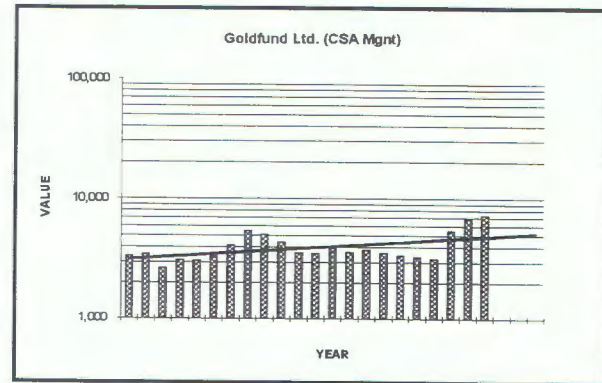
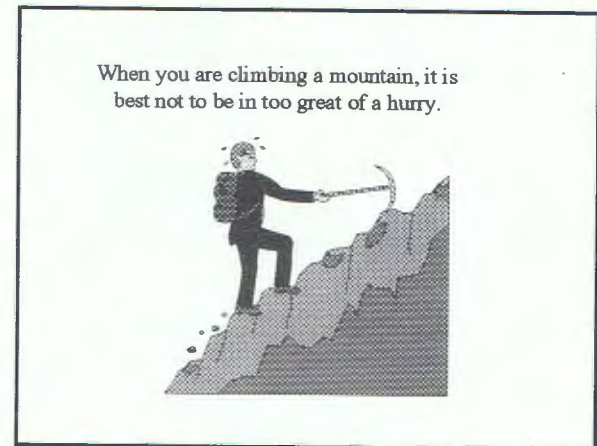


volatile and from June 30, 1987, to December 31, 1992, an investment in the fund would have dropped approximately 42% in value, before it started to recover in 1993.



Now this is not to say that Goldfund Ltd. is a bad investment; it is a specialty fund specializing in gold bullion and international gold stocks. By its very nature we expect it to be volatile. It may, and probably will, show superior returns from time to time. However, before you invest, it is important to **review the funds longer term results**, the nature of the returns, and why the returns were what they were. Goldfund Ltd. is a specialty fund that was invested in an area that showed superior results in 1993. Perhaps it has a place in your portfolio as a speculative investment, or as a way to include gold as an inflation hedge, or maybe not. Before you buy it or any other investment make sure you know why and that the reason is not just the exceptional returns of a short time period.



Beware Of Short Term Results

Concentrating on short term returns can result in costly investment decisions. It is human nature to look at recent trends and want to jump on what ever seems hot at the moment. One may reason that if an investment had magnificent returns last year, then the trend will continue for a while, and when the tides change you can change too. As we said, this approach is human nature, and the temptation to follow it is very strong; especially when promoters, or for that matter local newspapers, glamorize it by publishing things like the top ten mutual funds for the last year. The problem is that these top performers are usually very speculative, they have to be, to be in the top ten of over nine hundred different funds. Speculative investments tend to be very volatile, that is to say that their returns are very inconsistent. In fact, with speculative investments, last year winners are often this years losers.

Recently we had a good example of how deceiving short term results can be. On April 17, 1994, on the front page of its money section, the Calgary Herald published a list of "Canada's Best 10" for the year ended March 31, 1994. It ranked Goldfund Ltd. as number one, with a return of 109.8%. Results like that should attract the interest of any investor. However, a little further analysis shows that these results are not reflective of the long term. The detailed "Survey of mutual funds" in the same paper shows that the funds average annual compounded rate of return for the ten years ended March 31, 1994, was 8.2%. Further, of the funds rated for average annual compounded returns for the ten years ended March 31, 1994, by the Financial Times Bell Charts, the fund ranked 157th out of 185 funds. Also, our analysis indicates that the fund is very