

What Are the Advantages?

- **Guaranteed Investment Protection** The majority of your initial investment (75% to 100%, depending on the fund) is guaranteed against market volatility. Even if your segregated fund's market value falls below this level, you still receive the guaranteed amount upon maturity. Yet you collect the full amount of any market increase. Your upside potential is unlimited, while your downside is protected. Further protection is provided by CompCorp, the insurance industry's consumer protection plan.
- **Reset Option To Lock In Your Gains** Some segregated funds allow you to periodically raise the amount of your guarantee, thereby locking-in any capital gains your money has earned since you deposited it.
- **No Probate Fees** Your named beneficiary will be paid the full value of your segregated fund without being liable for probate fees. This payment can be made even before the rest of your estate is settled.
- **Creditor Protection** If your named beneficiary is your spouse, your child, or your parent (or grandparent, grandchild, in Quebec), your segregated fund investment may possibly be protected from the claims of your creditors.
- **Name-Brand Funds Available** Many mutual fund companies are now partnering with insurance companies to offer you segregated funds with the track records of well-known mutual funds.

These general benefits vary with the particular fund and according to certain legal requirements. Your ScotiaMcLeod Investment Executive can help ensure that your segregated fund investment delivers the benefits you need.

Segregated Funds: Finding Your Opportunity

More and more Canadians are discovering the unique benefits of investing their savings in segregated funds.

Segregated funds offer many of the advantages of mutual funds (growth-oriented equity holdings, RRSP tax-sheltering, worldwide investment opportunities, etc.) while at the same time protecting your capital from some potential disadvantages. They also offer a number of other attractive benefits.

A range of segregated funds are available today from many mutual fund companies and insurance companies. As with any other investment, different segregated funds offer different advantages.

ScotiaMcLeod can provide objective, knowledgeable and prudent advice to help you find the segregated fund that's right for you.



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Segregated Funds
The Right Investment for You?



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Segregated Funds

Who Can Benefit?

Segregated funds are insurance products offering many of the same benefits as mutual funds, with several unique features. These features appeal to a wide range of investors with many different kinds of individual investment objectives, including:

Conservative Investors. Many investors are attracted to segregated funds for the added security they offer. The majority of your investment capital (from 75% to 100%, depending on the fund) is guaranteed.

Small Business Owners & Professionals. Under current insurance and bankruptcy legislation, segregated funds can provide potential protection of your assets from the claims of creditors. This can make them an ideal investment for professionals, small business owners, and other people seeking to limit their personal financial liability, provided certain criteria are met.

Investors Seeking Estate Protection.

As an insurance-based investment, segregated funds allow you to name a beneficiary. At death the funds will be paid directly to that person. Bypassing the estate in this way enables the funds to avoid probate fees and other estate settlement costs.

What Are They?

Today, many well-known mutual fund companies are partnering with insurance companies to offer segregated versions of their brand-name funds. Segregated funds offer similar benefits to mutual funds but there are some important differences.

Like mutual funds, segregated funds pool the savings of many individuals and invest them in a portfolio of income earning assets. They are also managed by professional investment managers, who apply their experience, research and know-how to maximize the particular investment goals of each individual fund. Most segregated funds are also RRSP and RRIF-eligible, providing a valuable tax shelter for your long-term investments.

However, segregated funds also offer a number of key advantages over mutual funds. They offer a Death Benefit and Maturity Guarantee, ranging from 75% to 100% of your principal, depending on the fund. Investments in these funds must be held to maturity - generally 10 years after the initial investment or the last time it was reset. Most funds have a schedule of decreasing penalties for early withdrawals. And, like most investment products, they can be sold at any time.

As an insurance product, segregated funds allow you to name a beneficiary who will receive the full value of your fund, in the event of your death, without having to pay probate fees. Additionally, under certain circumstances, segregated funds are also protected from the claims of your creditors.

In return for these added advantages, segregated funds typically charge a higher management fee than mutual funds — typically from one half to a full percentage point higher.



How Do They Compare to Mutual Funds?

Segregated funds give you many of the advantages of mutual funds:

- Tax-sheltered RRSP and RRIF-eligibility
- Access to different types of assets, management styles and international investment opportunities
- The ability to diversify your portfolio
- The opportunity to invest in well-known brand-name funds
- The potential for long-term investment growth
- Potentially higher returns than those of interest-based investments like GICs

Plus segregated funds give you the following additional benefits:

- Guaranteed downside protection against market volatility
- The opportunity to lock-in your capital growth
- Potential protection of your assets from the claims of creditors
- The ability to save your heirs the trouble and expense of probate fees and other estate costs