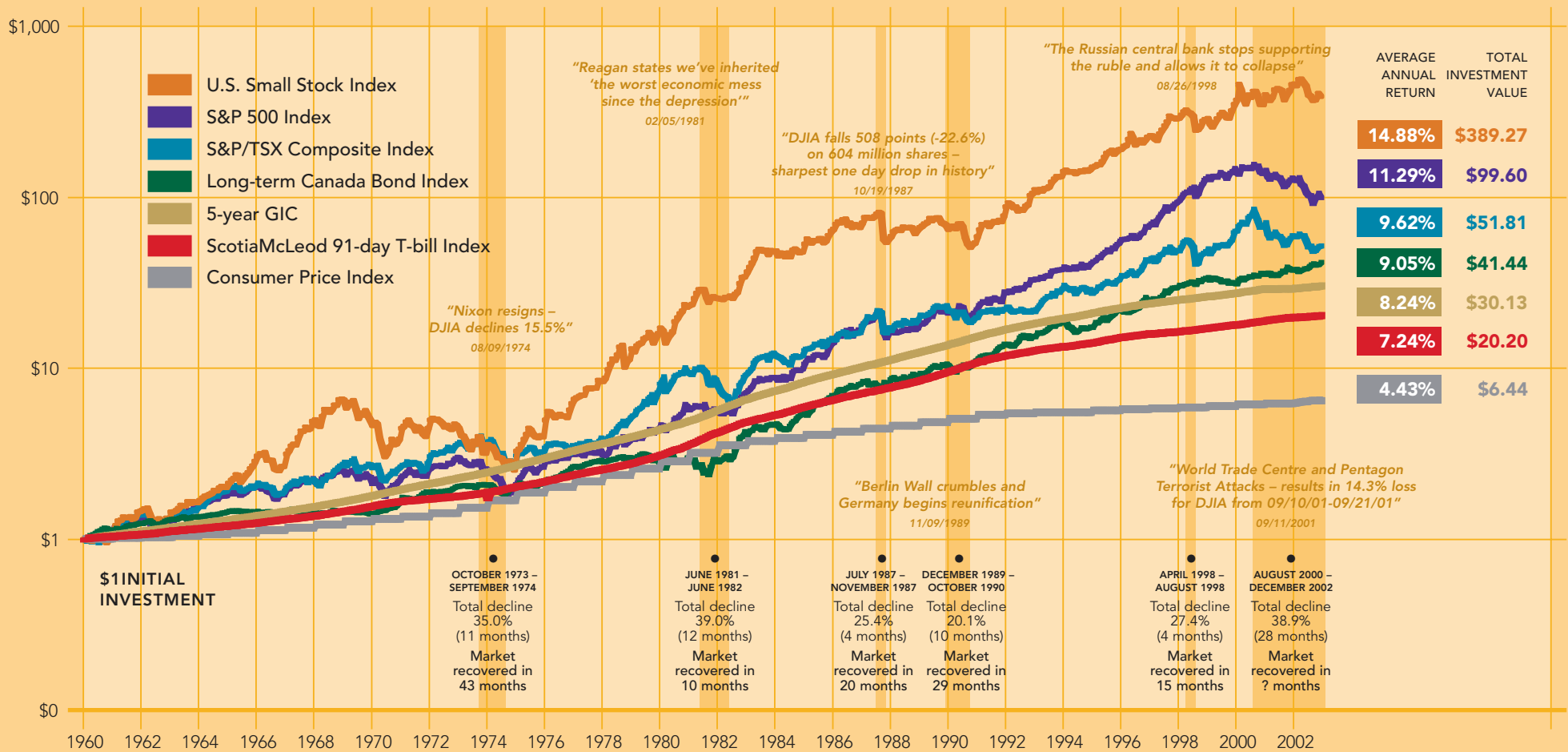


STOCKS, BONDS AND INFLATION: A LONG-TERM PERSPECTIVE, 1960 TO PRESENT

An examination of past capital market returns provides historical insight into the performance characteristics of various asset classes. In addition, a closer look at Canadian stocks provides insight into several significant market declines and recoveries and a number of historical events for each of those time periods.



This graph represents the hypothetical growth of a \$1 investment in four traditional asset classes, as well as inflation, over the period from January 1, 1960, through December 31, 2002. All indicated returns are total returns in Canadian dollars as at December 31, 2002. This graph is for illustrative purposes only and does not represent future performance of any investment option. It is not possible to invest directly in an index.

Read a fund's prospectus and consult your financial advisor before investing. Mutual funds are not guaranteed; their values change frequently and past performance may not be repeated. Investors will pay management fees and expenses, may pay commissions or trailing commissions, and may experience a gain or loss.

S&P/TSX Composite Index – Data source: TSX Inc.

S&P 500 Index – Data source: Datastream

U.S. Small Stock Index – Data source: FMR Co.

ScotiaMcLeod Long-term Bond Index – Data source: ScotiaMcLeod Inc.

GIC five-year rate – Source: Bank of Canada, Department of Monetary and Financial Analysis

Consumer Price Index – Source: Statistics Canada, Consumer Price Indexes for Canada, Annual 1996 Classification

ScotiaMcLeod 91-day T-bill – Source: Scotia Capital

Effective May 1, 2002, the TSE 300 Composite Index was retired and replaced with the S&P/TSX Composite Index. For more information on the changes to this index, please visit www.tse.com.

Source of timely historical events:
Ned Davis Research. Used with permission.