

# Phillips, Hager & North U.S. Special Equity Fund

## Results & Performance July 1995

July was another good month for U.S. equity investors. The Fund was up a healthy 4.2% (Cdn). Again technology stocks led the market. This is best illustrated by the performance of the NASDAQ Composite index which has a strong technology representation. After an amazing 8% gain in June, it was up a further 7.4% in July. This was despite the fact that the market sold off sharply on July 18, led by technology stocks. After some very erratic day to day performance, technology stocks are again leading the market.

The strength of the technology group to the end of June is also illustrated by Smith Barney's "Emerging Growth Indexes", which was as follows:

Technology	+ 33.95%
Non-Technology	+ 7.60%
Total Index	+ 20.65%

At the beginning of August, we trimmed most of our technology stocks by up to 50%. This group currently represents 11.6% of the portfolio. It is very difficult to time the exit from such a strong group. Based on past observations, the group will turn down sharply while earnings remain very strong. When the real turn comes it is likely to be very precipitous and offer no convenient rally for selling stock.

The trimming of the technology stocks has resulted in our buying reserves, increasing to 11%. We are slowly building a very diversified list of high potential small cap stocks, many of which have not participated in this years rally. As we become more confident in these stocks we will increase our holdings in them.

### RESULTS

NAVPS: July 31, 1995

\$14.84 (Canadian)

### PERFORMANCE COMPARISONS\*

	Jan. 1, 95 to Mar. 31, 95	Apr. 1, 95 to June 30, 95	July 1, 95 to July 31, 95	Year to Date
U.S. Special Equity Fund \$Cdn	+7.7%	+6.0%	+4.2%	+19.0%
U.S. Special Equity Fund \$U.S.	+7.9%	+8.1%	+4.8%	+22.2%
S&P 500 \$U.S.	+9.7%	+9.5%	+3.3%	+24.2%
S&P Midcap \$U.S.	+8.2%	+8.8%	+5.3%	+23.9%
Russell 2000 \$U.S.	+4.5%	+9.0%	+5.8%	+20.5%
NASDAQ Composite \$U.S.	+9.0%	+14.5%	+7.4%	+34.0%

\* Including income in all cases.

## PORTFOLIO FUND VALUATION - July 31, 1995

Allied Healthcare (AHPI)	0.52
Amerilink Corp. (ALNK)	0.30
AMR Corporation (AMR)	1.53
Applied Materials Inc. (AMAT)	1.40
Astec Inds Inc. (ASTE)	1.05
Aviall Inc. (AVL)	1.12
Bay Networks (BNET)	3.04
Biowhittaker Inc. (BWI)	0.26
BMC West Corp (BMCW)	0.41
Chesapeake Energy (CHK)	3.26
Clayton Homes, Inc. (CMH)	3.55
CML Group Inc. (CML)	0.28
Columbia/HCA Healthcare (COL)	8.29
CompUSA Inc. (CPU)	0.23
Covenant Transportation (CVTI)	0.47
Deere & Company (DE)	3.05
Designs Inc. (DESI)	0.94
Destec Energy (ENG)	0.48
Dress Barn Inc. (DBRN)	1.80
DSG International (DSGIF)	0.75
Duracraft (DUCR)	3.74
EMC Corp. (EMC)	3.10
Falcon Building Prod. (FB)	0.74
Fleet Financial Group, Inc. (FLT)	2.41
Fossil Inc. (FOSL)	0.86
Fred Meyer Inc. (FMY)	0.84
Gap, Inc. (GPS)	1.18
Harnischfeger Inds. (HPH)	1.85
Intel Corp Common (INTC)	3.52
Jones Apparel Group, Inc. (JNY)	4.09
Kellwood Co. (KWD)	0.99
Limited Inc. (LTD)	2.78
Linear Technology (LLTC)	1.05
Magma Copper Co. Class B (MCU)	1.50
Mascotech Inc. (MSX)	1.70
Maverick Tube Corp. (MAVK)	0.25
Mesa Airlines Inc (MESA)	1.47
Microsoft Corp (MSFT)	0.61
Mississippi Chemical (MISS)	0.48
Mohawk Industries (MOHK)	0.96
Nike, Inc. (NKE)	3.06
Nine West Group (NIN)	2.75
Owosso Corp. (OWOS)	0.40
Physician Corp. America (PCAM)	1.66
Pier 1 Imports Inc. (PIR)	1.18
Praxair Inc. (PX)	3.80
Price/Costco Inc. (PCCW)	3.71
Pyxis Corp. Common (PYXS)	0.81
Seitel Inc. (SEI)	2.64
Singer Co. (SEW)	2.59
Texas Instruments Inc. (TXN)	4.77
Top Source Tech (TPS)	0.23
TRC Companies Inc. (TRR)	0.50
Wellman Inc. (WLM)	1.46
Wellpoint Health Networks (WLP)	1.96
Wholesome & Hearty Foods (WHFI)	1.61
Total Equities	93.42%
Cash and Short Term Notes	6.58%
TOTAL ASSETS	100.00%