

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

Results & Performance September 1995

The Phillips, Hager & North U.S. Special Equity Fund gained 1.9% (\$U.S.) during September. While this was a healthy gain for a one month period, it was disappointing relative to the 4.2% rise in the S&P 500. The smaller cap indexes performed more modestly while the strong high tech sector failed to boost the NASDAQ Index as it had done for the previous six months.

Overall, the market was quite strong in the first half of the month and sold off in the second half. After a month of consolidation in August and a weak start to October, it appears that the market is in a short-term corrective phase.

A bit of market trivia – the 29.8% advance of the S&P 500 during the first nine months of 1995 is quite a rare event. Over the past fifty years the S&P 500 Index has exceeded 25% only four times. In three of these cases the Index registered a net loss in the month of October. Interestingly, in three of those cases (with the exception of 1987) the market also scored a gain in the fourth quarter.

On a more serious note, interest rates and the outlook for continued modest economic growth give a favourable backdrop to the market. If the recent consolidation of the market slips into a short term correction, the Fund will utilize this opportunity to invest its cash reserves in stocks that appear to be entering new up-trends.

RESULTS

NAVPS: September 29, 1995

\$14.77 (Canadian)

PERFORMANCE COMPARISONS*

	Jan. 1, 95 to Mar. 31, 95	Apr. 1, 95 to June 30, 95	July 1, 95 to Sept. 29, 95	Sept. 1, 95 to Sept. 29, 95	Year to Date
U.S. Special Equity Fund \$Cdn	+7.7%	+6.0%	+3.7%	+1.7%	+18.4%
U.S. Special Equity Fund \$U.S.	+7.9%	+8.1%	+6.1%	+1.9%	+23.7%
S&P 500 \$U.S.	+9.7%	+9.5%	+7.9%	+4.2%	+29.8%
S&P Midcap \$U.S.	+8.2%	+8.8%	+9.6%	+2.4%	+29.0%
Russell 2000 \$U.S.	+4.5%	+9.0%	+9.8%	+1.9%	+25.1%
NASDAQ Composite \$U.S.	+9.0%	+14.5%	+11.8%	+2.1%	+39.5%

* Including income in all cases.

PORTFOLIO FUND VALUATION - September 29, 1995

Allied Healthcare (AHPI)	0.58
Amerilink Corp. (ALNK)	0.43
AMR Corporation (AMR)	1.36
Applied Materials Inc. (AMAT)	0.32
Astec Inds Inc. (ASTE)	1.06
Aviall Inc. (AVL)	1.09
Bay Networks (BNET)	1.68
Biowhittaker Inc. (BWI)	0.24
BMC West Corp (BMCW)	0.35
Chesapeake Energy (CHK)	4.19
Clayton Homes, Inc. (CMH)	3.93
CML Group Inc. (CML)	0.22
Columbia/HCA Healthcare (COL)	7.65
CompUSA Inc. (CPU)	0.27
Covenant Transportation (CVTI)	1.39
Deere & Company (DE)	2.57
Designs Inc. (DESI)	0.73
Destec Energy (ENG)	0.47
Digital Equipment (DEC)	1.44
Dress Barn Inc. (DBRN)	1.64
DSG International (DSGIF)	1.13
Duracraft (DUCR)	4.27
Falcon Building Prod. (FB)	0.55
Fleet Financial Group, Inc. (FLT)	2.38
Fossil Inc. (FOSL)	0.41
Fred Meyer Inc. (FMY)	0.77
Gap, Inc. (GPS)	1.14
Harnischfeger Inds. (HPH)	1.53
Hi-Lo Automotive (HLO)	0.23
Intel Corp Common (INTC)	1.52
Jones Apparel Group, Inc. (JNY)	3.93
Kellwood Co. (KWD)	0.98
Limited Inc. (LTD)	2.40
Linear Technology (LLTC)	0.26
Magma Copper Co. Class B (MCU)	1.42
Mascotech Inc. (MSX)	1.37
Maverick Tube Corp. (MAVK)	0.25
Mesa Airlines Inc (MESA)	1.28
Michaels Stores (MIKE)	0.51
Microsoft Corp (MSFT)	0.29
Mississippi Chemical (MISS)	1.06
Mohawk Industries (MOHK)	0.88
Nike, Inc. (NKE)	3.50
Nine West Group (NIN)	2.87
O'Sullivan Industries (OSU)	0.24
Owosso Corp. (OWOS)	0.35
Physician Corp. America (PCAM)	1.49
Pier 1 Imports Inc. (PIR)	1.14
Praxair Inc. (PX)	3.37
Price/Costco Inc. (PCCW)	3.29
Pyxis Corp. Common (PYXS)	0.61
Seitel Inc. (SEI)	2.68
Singer Co. (SEW)	2.52
Texas Instruments Inc. (TXN)	2.01
Top Source Tech (TPS)	0.28
TRC Companies Inc. (TRR)	0.46
Wellman Inc. (WLM)	1.24
Wellpoint Health Networks (WLP)	1.92
Wholesome & Hearty Foods (WHFI)	0.49
Total Equities	88.65%
Cash and Short Term Notes	11.35%
TOTAL ASSETS	100.00%