

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

## Results & Commentary

April 1996

May 07, 1996

### COMMENTARY

The Phillips, Hager & North U.S. Special Equity Fund had another good month during April. The performance table above shows the monthly results for January, as well as April. This is to illustrate the dramatic shift in the nature of the current market rally during February. As you will recall, 1995 was a poor year for small cap stocks, relative to the overall market, with the exception of the small cap high tech sector. There was widespread anticipation that the "January Effect" would result in a significant rebound in depressed small cap stocks and possibly mark the beginning of a new relative uptrend.

This did not happen. After a few days of rebound from tax loss selling in December, most small cap stocks simply sank lower in January. Market commentators lost interest in calling for the next resurgence in small cap stocks.

Three months later, the figures suggest small cap indexes are outperforming the larger cap indexes. Market commentators have not focused on this development, it is just happening quietly. While it seems to be tempting fate to say so, it is usually a good sign when something is going up without a lot of interest and fanfare.

High tech semiconductor stocks were also very strong during April. First quarter earnings, which were down for some companies, were not as weak as had been feared. In this case there is intense focus on this group of stocks. Has last years second half sell-off in this sector run its course and a major new advance begun? Or, could this be a bounce from halfway down a bear market in technology stocks? There are credible scenarios for either outcome.

### RESULTS

NAVPS: April 30, 1996

\$15.80 (Canadian)

### PERFORMANCE COMPARISONS\*

	Dec. 31, 95 to Jan. 31, 96	Jan. 31, 96 to March 31, 96	March 31, 96 to April 30, 96	Year to Date
<b>U.S. Special Equity Fund \$Cdn</b>	<b>+2.3%</b>	<b>+10.3%</b>	<b>+4.3%</b>	<b>+15.1%</b>
<b>U.S. Special Equity Fund \$U.S.</b>	<b>+1.6%</b>	<b>+10.7%</b>	<b>+4.0%</b>	<b>+15.2%</b>
S&P 500 \$U.S.	+3.4%	+5.4%	+1.5%	+6.9%
S&P Midcap \$U.S.	+1.5%	+6.4%	+2.9%	+9.5%
Russell 2000 \$U.S.	-0.1%	+5.1%	+5.3%	+10.7%
NASDAQ Composite \$U.S.	+0.8%	+4.9%	+8.2%	+13.5%

\* Including income in all cases.

PORTFOLIO FUND VALUATION - APRIL 30, 1996 (as a %)

Allied Healthcare (AHPI)	0.55
Amerilink Corp. (ALNK)	1.06
AMR Corporation (AMR)	2.76
Applied Materials Inc. (AMAT)	0.21
Astec Inds Inc. (ASTE)	0.78
Bay Networks (BAY)	0.12
Biowhittaker Inc. (BWI)	0.62
BMC West Corp (BMCW)	1.71
Carnival Corp (CCL)	1.79
Chesapeake Energy (CHK)	7.28
Clayton Homes, Inc. (CMH)	3.12
Columbia/HCA Healthcare (COL)	5.73
CompUSA Inc. (CPU)	1.78
Covenant Transportation (CVTI)	1.34
Deere & Company (DE)	3.00
Designs Inc. (DESI)	0.50
Destec Energy (ENG)	0.30
Digital Equipment (DEC)	3.07
Dress Barn Inc. (DBRN)	1.40
DSG International (DSGIF)	2.05
EMC Corp. (EMC)	1.16
Falcon Building Prod. (FB)	1.24
Fleet Financial Group, Inc. (FLT)	3.32
Fred Meyer Inc. (FMY)	0.74
Gap, Inc. (GPS)	3.10
Greyhound Lines Inc. (BUS)	0.18
Harnischfeger Inds. (HPH)	1.51
Hi-Lo Automotive (HLO)	0.30
Intel Corp. Common (INTC)	0.35
Jones Apparel Group, Inc. (JNY)	4.63
Kellwood Co. (KWD)	0.63
Linear Technology (LLTC)	0.18
Mascotech Inc. (MSX)	0.63
Maverick Tube Corp. (MAVK)	0.94
Mesa Airlines Inc. (MESA)	1.26
Michaels Stores (MIKE)	0.47
Microsoft Corp. (MSFT)	0.29
Mississippi Chemical (MISS)	1.35
Mohawk Industries (MOHK)	0.60
Nike, Inc. (NKE)	4.50
Nine West Group (NIN)	2.21
Nucor Corp. (NUE)	0.43
O'Sullivan Industries (OSU)	0.55
Owosso Corp. (OWOS)	0.95
Physician Corp. of America (PCAM)	1.15
Pier 1 Imports Inc. (PIR)	1.23
Pope & Talbot (POP)	0.97
Praxair Inc. (PX)	3.97
Price/Costco Inc. (PCCW)	2.98
Singer Co. (SEW)	2.00
Texas Instruments Inc. (TXN)	0.29
Top Source Tech (TPS)	0.17
Vishay Intertechnology Inc. (VSH)	0.31
Wellpoint Health Networks (WLP)	1.76
<b>Total Equities</b>	<b>85.52</b>
<b>Cash and Short Term Notes</b>	<b>14.48</b>
<b>TOTAL ASSETS</b>	<b>100.00%</b>