



ROYAL TRUST MUTUAL FUNDS

1994 SEMI-ANNUAL REPORT

ROYAL TRUST MUTUAL FUNDS

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REPORT TO UNITHOLDERS

Dear Unitholders,

Last year when I sat down to write this report I was worried because our fund performance was so strong that I feared it would create unrealistic expectations. If it did, those expectations were fulfilled as the balance of 1993 remained a wonderful environment for investors.

Today I have different worries. The first half of 1994 was a miserable time for almost all investors. For the first time in years, most mutual fund investors saw their portfolios shrink in the last six months, something that most of us are not used to and don't like very much.

For the last few days I've agonized over what to say in this report because I know these are difficult times. I don't want to gloss over the market woes but I also don't want to be too pessimistic. The truth about being an investor is that there will be good times and bad times. We've had more than our share of good times over the past few years, but now we are getting a dose of bad times and, however well we intellectualize this change of fortune, it is no fun.

A significant part of my own investment portfolio is invested in our mutual funds so I share your anxieties about the current stock and bond market performance. Like all investors, I hate to lose money but I accept it as a natural part of the investment process. What I particularly try to avoid is mistakes motivated by fear or greed. I try to stay on an even keel, not getting too high in good times or too low in bad times. This approach has served me well and will likely do the same for you if you can find a way to achieve it. The key is to understand your investments, be diversified, keep a long-term perspective and never have more at risk than you are comfortable with.

Since these difficult times began to unfold, I have become more cautious with my own portfolio. In good times I characterize myself as a growth-oriented or aggressive investor (in model portfolio terms) but in times like this I tend to shift to a conservative profile. If the markets retreat further in the months ahead I will be spared some pain and will be able to make additional investments at lower prices. If the markets experience one more dramatic sell-off, then I will definitely be a buyer at that time. I won't try to pick the market bottom but I will buy in gradually over a two- to three-month period. This is the kind of advice we have been offering for years and I try to follow it. My colleagues will likely do the same.

Every day I get asked what my forecast for the next six months is and my answer is full of caveats. Right now, uncertainty is the name of the game but overall I believe we will see better times ahead for the balance of the year. The key thing to watch is interest rates. If they keep moving higher I expect the rest of the year will mirror the last four months. If they stabilize or retreat slightly, then we should enjoy better times from both stock and bond markets around the world.

Throughout these volatile times we shouldn't forget the important positives that exist in the economy. Inflation is extremely low, growth is returning on a worldwide scale and corporate profitability is on the rise. In Canada however, we have a growing government deficit, political uncertainty and a weak currency. Ultimately, we believe that the positive factors in the market will prevail and we will see markets move modestly higher as the year goes on.

The market correction we've experienced so far this year has created varying degrees of discomfort for investors but it has been particularly troublesome for investors who didn't or don't understand the risk/return relationship of their mutual fund investments. As mutual fund managers we try very hard to make sure that our investors understand their investments. We feel enormous responsibility for the sales process but ultimately the responsibility is one that we share with you. We have always stressed the need to read the Fund's prospectus and we try in our correspondence and seminars to help you understand your investments. We won't let up on this initiative and we hope you will continue to do your best to stay informed. Mutual funds can be wonderful investments. They give us all access to professional money management in a convenient and cost effective way. In good times they can produce returns that far exceed those of guaranteed investments, but with that characteristic comes unit price volatility. It is a fact of life that we need to understand and accept.

As you know, we are in the midst of merging the Royal Trust and Royal Bank mutual fund families, a process that will probably take us two to three years to complete. At the end of that time we expect the new Royal Mutual Fund family to feature the best from both financial institutions. We like to think of the outcome as a "1 + 1 = 3" proposition. Our goal is to continue to offer better value every year by broadening the range of investment choices, reducing costs and improving performance. These are lofty ambitions but we expect to achieve them.

As always, I thank you for your continued support and invite your comments and suggestions. These difficult times will pass and we will all be wiser investors for having persevered through them.

Have a wonderful summer.

Regards,

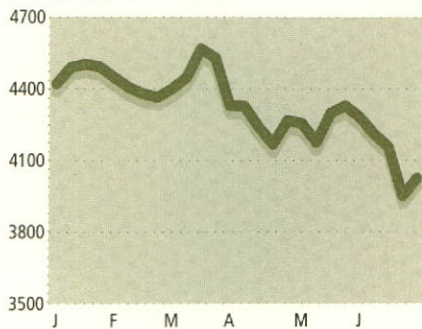


SIMON LEWIS
President and CEO
Royal Mutual Funds Inc.

Market Review

We judge the performance of our managers on an ongoing basis against the key market indices. Our goal is to outperform each benchmark index thereby adding value to Fund unitholders.

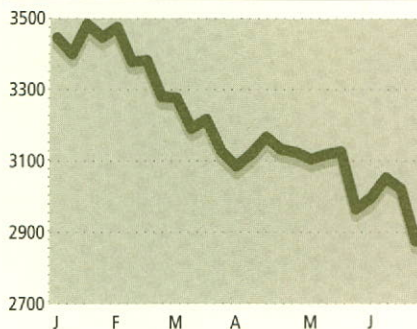
TSE 300



TOTAL RETURN JAN. 1 – JUNE 30, 1994

TSE 300 TOTAL RETURN INDEX	-5.7%
CANADIAN STOCK FUND	-3.7%
CANADIAN SPECIAL GROWTH FUND	-6.4%

LONDON FT100



TOTAL RETURN JAN. 1 – JUNE 30, 1994

LONDON FT100 INDEX*	-14.6%
EUROPEAN GROWTH FUND	4.3%

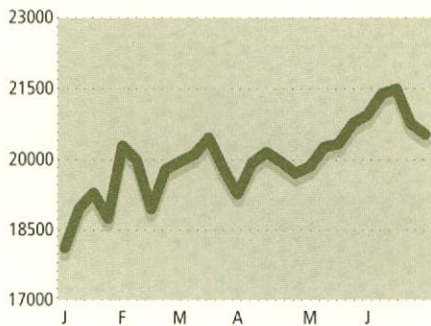
STANDARD & POOR'S 500



TOTAL RETURN JAN. 1 – JUNE 30, 1994

S & P 500 TOTAL RETURN INDEX (CDN)	1.2%
AMERICAN STOCK FUND (CDN)	-0.1%
ZWEIG STRATEGIC GROWTH FUND (CDN)	2.8%

TOKYO NIKKEI



TOTAL RETURN JAN. 1 – JUNE 30, 1994

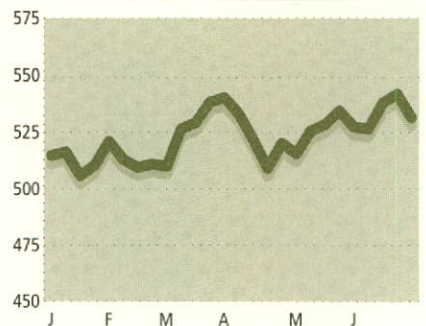
TOKYO NIKKEI INDEX*	18.5%
JAPANESE STOCK FUND	31.6%

An index is an unmanaged portfolio of securities commonly used to compare investment performance. Indices do not include commissions or other charges associated with trading securities. Fund securities do not match those in the indices.

The indicated mutual fund rates of return are the historical six-month compounded total returns as of June 30, 1994 including changes in unit value and reinvestment of all dividends or distributions but assume no optional charges payable by a unitholder which would have reduced returns.

* Total returns expressed in local currency.

LONDON GOLD (P.M. FIX)



TOTAL RETURN JAN. 1 – JUNE 30, 1994

LONDON GOLD	2.4%
PRECIOUS METALS FUND	-5.5%

INVESTMENT SEMINARS

ONCE AGAIN this fall we will be presenting a series of investment seminars in 40 locations across Canada. Our topic, "Where to Invest Now", will help you make sense of today's stock and bond markets and will help you

What's New?

position your portfolio for the coming months. Please plan to attend. A schedule of dates and locations is included with this report.

ROYAL MUTUAL FUNDS INC.

IN SEPTEMBER 1994, the distributor of Royal Trust

Mutual Funds will be Royal Mutual Funds Inc., a wholly owned subsidiary of Royal Bank of Canada. The distributor, currently known as Royal Trust Investment Services Inc., is responsible for the distribution of Royal Trust mutual funds through Royal Trust branches in Canada.

PERIOD ENDED JUNE 30 (%)	6 MOS	1 YR	3 YRS	5 YRS	10 YRS	COMMENTS
Canadian Money Market Fund*	1.7	3.4	5.2	7.6	—	Rising rates positively impacted returns.
Canadian T-Bill Money Market Fund*	1.4	2.7	—	—	—	For investors seeking maximum safety.
\$U.S. Money Market Fund*	1.2	2.2	2.8	—	—	A convenient place for U.S. cash.
Bond Fund	-9.4	-1.5	9.3	8.6	11.2	Suffered from rising interest rates in the first half.
International Bond Fund	-0.2	6.9	—	—	—	A good way to hedge against a decline in the Cdn. dollar.
Mortgage Fund	-4.9	-0.4	6.0	8.4	9.6	A difficult first half due to rising rates.
Growth and Income Fund	-6.0	0.2	5.1	4.0	—	Even high dividend stocks suffered in the first half.
Advantage Income Fund	-5.1	1.7	8.8	8.2	—	Rising rates negatively impacted Fund returns.
Advantage Balanced Fund	-4.6	2.3	9.0	7.7	—	Disappointing returns from both stocks and bonds.
Advantage Growth Fund	-3.5	3.1	9.1	7.2	—	Lower income fund holdings reduced losses slightly.
Canadian Stock Fund	-3.7	2.5	7.1	3.8	7.9	A summer stock market rally is anticipated.
Canadian Special Growth Fund	-6.4	0.9	—	—	—	Small company stocks suffered along with larger cap ones.
American Stock Fund	-0.1	8.7	13.7	12.1	12.5	Strong earnings should push market prices up.
Zweig Strategic Growth Fund	2.8	13.1	—	—	—	Conservative approach helps manage market volatility.
European Growth Fund	4.3	24.5	16.1	6.7	—	Long-term outlook for European market is positive.
Japanese Stock Fund	31.6	32.4	13.5	5.0	—	Dramatic Nikkei performance helped boost Fund returns.
Energy Fund	11.1	-7.7	27.3	15.9	9.5	Good prospects for this market sector through 1994.
Precious Metals Fund	-5.5	1.0	12.7	5.1	—	Bullion can provide a good hedge against inflation.
Asian Growth Fund	-14.8	—	—	—	—	Asian markets experienced a sharp market correction.
Royal LePage Commercial Real Estate Fund	2.2	-0.4	-1.7	2.1	—	Depressed real estate values continued in 1994.

Indicated rates of return in this report are the historical annual compounded total returns including changes in unit value and reinvestment of all distributions but assuming no optional charges payable by a Unitholder which would have reduced returns. Performance data represents past performance and is not necessarily indicative of future performance. The Growth and Income Fund and the \$U.S. Money Market Fund have undergone changes during or subsequent to the performance measurement period which would or could have affected the mutual funds' performance had those changes been in effect throughout the period.

* Current yields for the Canadian Money Market Fund, Canadian T-Bill Money Market Fund and \$U.S. Money Market Fund were 4.85%, 3.75% and 2.76% respectively at June 30, 1994. \$U.S. Money Market Fund rates of return and current yields are expressed in \$U.S.

Current yields for money market funds are annualized historical yields for the seven-day period ended on June 30, 1994.

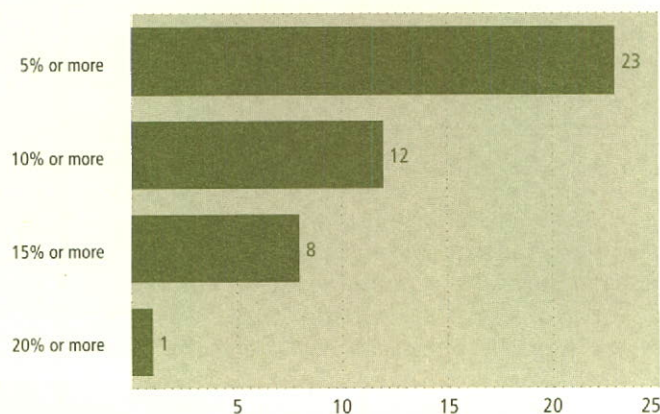
Stock Market Declines for the Past 38 Years[†]

IT HAS been more than three years since the stock markets in Canada or the U.S. have experienced a 10% decline. This is an unusually long stretch by historical standards. More typically, a significant correction is something that occurs on average every 18-24 months. In the past 38 years the average stock market correction has taken the TSE 300 down 7.8% and lasted a little more than 1 quarter.

[†] Measured by the TSE 300 Index.

Source: Trend Cycle.

QUARTERLY DECLINES IN THE TSE*



*Data covers the 4th quarter of 1956 through the 2nd quarter of 1994 and is exclusive of dividends.

COMMENTARY

INTEREST RATES continued to trend lower during the early part of the first quarter of 1994 as the economy recovered slowly and inflation dropped to almost zero. The yield on 3-month Treasury Bills declined modestly to a 30-year low of 3.60% by the end of January 1994.

This environment of low and declining interest rates ended abruptly on February 4, 1994 when the U.S. Federal Reserve surprised the markets by increasing the Federal Funds rate. Further interest rate increases came in each of the following three months to ward against potential inflationary pressures as the U.S. economy continued to grow fairly strongly. While economic conditions in Canada did not warrant higher interest rates, the Bank of Canada was forced to follow market pressures for even greater increases in interest rates as the Canadian currency continued to decline. Yields on 3-month Treasury Bills rose almost three percentage points from the January lows to a level of 6.35% by the end of June.

OUTLOOK

With the trend toward lower interest rates over for the balance of this business cycle the Fund will maintain a fairly defensive average term to maturity. The Fund continues to hold a high proportion of 49% in government obligations, but it is now possible to obtain a good yield advantage on Chartered Bank obligations and good quality commercial paper. The yield on the Fund is competitive with similar short-term investment alternatives and the Fund is well positioned to benefit from any rise in short-term interest rates.

Higher interest rates in the first half helped boost Fund returns. An average term of 32 days positions the Fund to benefit from any rise in short-term interest rates.

Year Ended 31 Dec	Unit Value Close	Net Income Per Unit	Annual Rate of Return
1994*	\$ 10.00	\$ 0.17	1.7%†
1993	10.00	0.39	3.9
1992	10.00	0.57	5.9
1991	10.00	0.89	9.3
1990	10.00	1.14	12.0
1989	10.00	1.03	10.8
1988	10.00	0.81	8.5
1987	10.00	0.34‡	—

* FOR THE SIX MONTH PERIOD ENDED JUNE 30

† TOTAL RETURN JAN. 1 – JUNE 30, 1994,

CURRENT YIELD 4.85%

‡ 5 MONTHS

Net Assets \$744.7 million

UNIT VALUES

High	Low	Close
\$10.00	\$10.00	\$10.00

SIX MONTHS ENDED 30 JUNE 94

TOTAL RATES OF RETURN

1 Year	3 Year	5 Year
3.4%	5.2%	7.6%

TO 30 JUNE 94

30 JUNE 94

STATEMENT OF INVESTMENTS AND OTHER NET ASSETS (UNAUDITED) (IN \$000s)

Par Value	Short-Term Investments	Cost and Market Value	% of Net Assets
GOVERNMENT AND GOVERNMENT GUARANTEED TREASURY BILLS AND PROMISSORY NOTES			
\$ 304 439	Government of Canada Treasury Bills	\$ 300 653	40.4%
PROVINCIAL OBLIGATIONS			
19 500	Province of British Columbia	19 271	
20 000	Province of New Brunswick	19 792	
8 000	Province of Quebec	7 954	
20 000	Province of Saskatchewan	19 879	
		66 896	9.0%
BANKERS' ACCEPTANCES AND BANK OBLIGATIONS			
7 000	Bank of Montreal	6 962	
27 000	Bank of Nova Scotia	26 852	
34 300	Canadian Imperial Bank of Commerce	34 109	
15 300	The Toronto-Dominion Bank	15 218	
		83 141	11.1%

Par Value	Short-Term Investments	Cost and Market Value	% of Net Assets
COMMERCIAL PAPER			
\$ 2 000	Alberta Government Telephone Commission	\$ 1 990	
8 000	Allied Lyons Canada Ltd.	7 956	
4 500	BC Telecom Inc.	4 452	
5 900	BCE Inc.	5 872	
15 500	Canadian Utilities Ltd.	15 409	
15 000	Chevron Canada Enterprises	14 849	
26 000	Ford Credit Corporation Canada	25 853	
7 000	Ford Motor Company	6 950	
10 000	G.E. Capital Canada Inc.	9 945	
42 700	General Motors Acceptance Corporation of Canada	42 445	
14 500	Great West Life Assurance Company	14 425	
10 400	Honda Canada Finance Inc.	10 343	
4 000	Hudson's Bay Company	3 976	
5 000	Loblaws Companies Limited	4 977	
21 200	Mobil Oil Canada, Ltd.	20 991	
4 000	Molson Companies Ltd., The	3 978	
40 000	Morgan Stanley Group Inc.	39 961	
26 000	Nova Scotia Power Inc.	25 849	
5 000	PPG Canada Inc.	4 974	
3 000	RTZ Canada Inc.	2 967	
12 800	Seagram Company Ltd.	12 685	
10 000	TransCanada PipeLines Limited	9 851	
3 500	Xerox Canada Inc.	3 487	
		294 185	39.5%
TOTAL COST AND MARKET VALUE OF INVESTMENTS			
		744 875	100.0%
	Cash and receivables	2 326	
	Less total liabilities	(2 476)	
		(150)	0.0%
NET ASSETS AT COST AND MARKET			
		\$ 744 725	100.0%

Investments, which are grouped by issuer, earn interest at rates ranging from 4.0% to 6.6% and mature between July 5/94 and Dec. 1/94.

COMMENTARY

INTEREST RATES continued to trend lower during the early part of the first quarter of 1994 as the economy recovered slowly and inflation dropped to almost zero. The yield on 3-month Treasury Bills declined modestly to a 30-year low of 3.60% by the end of January 1994.

The environment of low and declining interest rates ended abruptly on February 4, 1994 when the U.S. Federal Reserve surprised the markets by increasing the Federal Funds rate. Further interest rate increases came in each of the following three months to ward against potential inflationary pressures as the U.S. economy continued to grow fairly strongly. While economic conditions in Canada did not warrant higher interest rates, the Bank of Canada was forced to follow market pressures for even greater increases in interest rates as the Canadian currency continued to decline. Yields on 3-month Treasury Bills rose almost three percentage points from the January lows to a level of 6.35% by the end of June.

OUTLOOK

THE TREND toward lower interest rates is clearly over for the balance of the current business cycle in North America. The increase in interest rates has been very swift and dramatic but rates appear to have stabilized recently. However, the possibility of even higher interest rates in Canada to encourage foreign confidence in the Canadian dollar in the face of Canada's difficult government deficit and debt position cannot be ruled out.

During the period of rising interest rates the Fund maintained a fairly neutral average term to maturity, which stood at 50 days at the end of June. Treasury Bill yields were quite volatile during June but ended at the low level of the yield range for the quarter. The yield of the Fund is competitive with similar short-term investment alternatives and the Fund is well positioned to benefit from any rise in short-term interest rates.

The yield of the Fund is competitive with other short-term investment alternatives and the Fund is well positioned to benefit from any rise in short-term interest rates.

Year Ended 31 Dec	Unit Value Close	Net Income Per Unit	Annual Rate of Return
1994*	\$ 10.00	\$ 0.14	1.4%†
1993	10.00	0.31	3.2
1992	10.00	0.46	4.8
1991	10.00	0.20+	—

* FOR THE SIX MONTH PERIOD ENDED JUNE 30

† TOTAL RETURN JAN. 1 – JUNE 30, 1994, CURRENT YIELD 3.75%
‡ 4 MONTHS

Net Assets \$10.1 million

UNIT VALUES

High	Low	Close
\$10.00	\$10.00	\$10.00

SIX MONTHS ENDED 30 JUNE 94

TOTAL RATE OF RETURN

1 Year
2.7%

TO 30 JUNE 94

STATEMENT OF INVESTMENTS AND OTHER NET ASSETS (UNAUDITED) (IN \$000s)

30 JUNE 94

Par Value	Maturity Dates	Cost and Market Value	% of Net Assets
CANADA TREASURY BILLS			
\$ 7 350	July 7, 1994 to September 30, 1994	\$ 7 256	
840	October 1, 1994 to December 31, 1994	813	
TOTAL COST AND MARKET VALUE OF INVESTMENTS		8 069	80.2%
Cash and receivables		2 044	
Less total liabilities		(57)	
		1 987	19.8%
NET ASSETS AT COST AND MARKET		\$ 10 056	100.0%

The Federal Reserve began to increase interest rates on February 4, 1994 to calm inflation pressures. New reports suggest that the U.S. economy is in transition to a more sustainable pace of growth.

Year Ended	Unit Value	Net Income	Annual Rate of Return
31 Dec	Close	Per Unit	
1994*	\$ 10.00	\$ 0.12	1.2%†
1993	10.00	0.20	2.0
1992	10.00	0.29	2.9
1991	10.00	0.46	5.3
1990	10.00	0.39‡	—

* FOR THE SIX MONTH PERIOD ENDED JUNE 30

† TOTAL RETURN JAN. 1 – JUNE 30, 1994, CURRENT YIELD 2.76%
EXPRESSED IN U.S. DOLLARS
‡ 5 MONTHS

Net Assets \$89.8 million

UNIT VALUES

High	Low	Close
\$10.00	\$10.00	\$10.00

SIX MONTHS ENDED 30 JUNE 94
EXPRESSED IN U.S. DOLLARS

TOTAL RATES OF RETURN

1 Year	3 Year
2.2%	2.8%

TO 30 JUNE 94
EXPRESSED IN U.S. DOLLARS

COMMENTARY

INTEREST RATES in the United States were expected to rise in December 1993 because U.S. monetary policy was overly accommodative and needed to be adjusted. This would have absorbed some of the liquidity in the banking system and would have countered potential inflationary pressures in the U.S. economy.

When the Federal Reserve finally began to increase interest rates on February 4, 1994, financial market participants perceived that they had been increased too slowly to calm inflation pressures. As a result, long-term rates are now well above where they might have otherwise been.

In the first half, it was difficult to purchase long-term securities for the Fund because of unprecedented market volatility and a continuous rise in treasury bill yields. Thus the Fund's term to maturity was kept short in anticipation of further Federal Reserve actions.

OUTLOOK

ON A POSITIVE note, the May employment report indicated that economic momentum is slowing. This is consistent with other data showing that the consumer and housing sectors slowed sharply in the second quarter and that industrial momentum is easing. On balance, economic reports suggest that the U.S. economy is in a transition to a more sustainable pace of growth.

The term to maturity of the Fund has been kept short in anticipation that the Federal Reserve will increase interest rates again in August. The Fund has concentrated its purchases on commercial paper with the longest securities having a term to maturity of 60 days.

To maintain a more defensive posture, the Fund will be managed to maintain a short term to maturity and will remain liquid in anticipation of further interest rate increases.

STATEMENT OF INVESTMENTS AND OTHER NET ASSETS (UNAUDITED) (IN \$U.S. 000s) 30 JUNE 94

Par Value	Short-Term Investments	Cost and Market Value	% of Net Assets
COMMERCIAL INVESTMENTS			
\$ 8 000	Bank of Nova Scotia	\$ 7 971	
8 000	Canadian Wheat Board	7 943	
8 000	Canadian Imperial Bank of Commerce	7 972	
4 202	G.E.C.C. (Canada)	4 176	
1 500	Manitoba Hydro	1 490	
7 000	Manitoba Hydro	6 949	
8 500	Ontario Hydro	8 422	
8 500	Province of British Columbia	8 407	
8 000	Seagrams (Canada)	7 916	
		61 246	68.2%
TERM DEPOSITS			
7 500	Bank of Montreal	7 500	
6 004	NBD Bank TDR	6 004	
1 400	Repo (Swiss Bank) RE U.S. T-Bills	1 400	
5 000	Société Générale TDR	5 000	
4 000	Toronto-Dominion TDR	4 000	
4 573	Toronto-Dominion Bank	4 573	
		28 477	31.7%
TOTAL COST AND MARKET VALUE OF INVESTMENTS		89 723	99.9%
	Cash and receivables	230	
	Less total liabilities	(147)	
		83	0.1%
NET ASSETS AT COST AND MARKET		\$ 89 806	100.0%

Investments, which are grouped by issuer, earn interest at rates ranging from 4.28% to 5.10% and mature between July 1, 1994 and November 14, 1994.

The summer doldrums are expected to dampen market volatility until the fall, but bond markets could enjoy positive returns in the second half of the year.

Year Ended 31 Dec	Unit Value Close	Net Income Per Unit	Annual Rate of Return
1994*	\$ 9.29	\$ 0.30	-9.4%†
1993	10.56	0.70	16.7
1992	9.70	0.72	8.2
1991	9.66	0.77	20.7
1990	8.71	0.80	6.3
1989	8.99	0.81	11.8
1988	8.80	0.82	8.9
1987	8.86	0.79	2.0
1986	9.47	0.83	11.9
1985	9.24	0.89	20.5
1984	8.47	0.92	13.8

* FOR THE SIX MONTH PERIOD ENDED JUNE 30
† TOTAL RETURN JAN. 1 - JUNE 30, 1994

Net Assets \$630.4 million

UNIT VALUES

High	Low	Close
\$10.80	\$9.22	\$9.29

SIX MONTHS ENDED 30 JUNE 94

TOTAL RATES OF RETURN

1 Year	3 Year	5 Year	10 Year
-1.5%	9.3%	8.6%	11.2%

TO 30 JUNE 94

COMMENTARY

THE FIRST six months of 1994 were difficult for most bond investors. A correction sparked by increasing interest rates in the U.S. and the Canadian Federal Budget deficit continued through to the end of June with very little sign of a reversal.

The bond market was more volatile in the second quarter than it had been in the first as the 'bulls' attempted a counter attack against the 'bears'. The bulls pointed to low inflation, high interest rates and a slower economy. The bears on the other hand reminded investors that traditional inflation indicators in the U.S. were worrisome. The market was technically in a bear phase and the fact that the Federal Reserve raising short rates almost always leads to declining bond prices at this point in the economic cycle.

The world appeared to be locked into a bear market that was more a result of a demand/supply imbalance than of an inflation scare scenario. Canada had its unique problems that were featured in the international press and, as a result, Canada was one of the worst performing major bond markets in the world.

Long Canada bonds have declined by almost \$30 from their highs. Long bond yields rose 208 basis points to 9.42% during the first half of 1994. Two-year bond yields rose 388 basis points to 8.46%. The spread between 30- and two-year bonds declined to 96 basis points. At the end of 1993 the same spread was 281 basis points. This flatter yield is indicative of a bear market.

OUTLOOK

THE SUMMER doldrums are expected to dampen market volatility until the fall. As such, the term to maturity of the portfolio will not be extended at this point.

It is expected that bond markets will enjoy positive returns during the second half of the year. Mid-term provincial bonds should perform well while long corporate bonds probably will not.

The bond market rally could occur in the fourth quarter. The market was oversold at the end of June and if it were a longer-term bear market, a strong rally would be typical especially given that Canadian real interest rates are at their highest point since 1984.

The Fund will maintain a short term to maturity until there are signs of a sustainable rally. In the next few months, the Fund will sell two- to five-year bonds in favour of longer issues. Opportunities to increase the provincial weighting will be seized with concentrations in Ontario, B.C. and Alberta. Corporate bonds will be avoided given their illiquidity, narrow spreads off of government bonds and the weakness of the equity markets.

STATEMENT OF INVESTMENTS AND OTHER NET ASSETS (UNAUDITED) (IN \$000s)

30 JUNE 94

Par Value	Security	Coupon Rate (%)	Maturity	Cost	Market Value	% of Net Assets
GOVERNMENT AND GOVERNMENT GUARANTEED						
\$ 11 100	Government of Canada	5.750	01-Mar-99	\$ 10 283	\$ 9 774	
30 300	Government of Canada	6.000	01-Feb-96	29 777	29 224	
89 000	Government of Canada	6.250	01-Feb-98	85 665	81 880	
19 700	Government of Canada	6.250	15-Sep-95	19 594	19 276	
5 200	Government of Canada	6.500	01-Jun-04	4 516	4 277	
65 000	Government of Canada	7.500	01-Jul-97	65 180	62 823	
46 000	Government of Canada	7.500	01-Dec-03	48 308	40 917	
45 426	Government of Canada	9.750	01-Dec-01	54 098	46 675	
49 519	Government of Canada	10.000	01-Jun-08	56 606	51 772	
9 650	Canada Mortgage & Housing Corp.	6.000	01-Dec-98	9 620	8 579	
12 650	Canada Mortgage & Housing Corp.	8.250	03-Aug-99	12 553	12 188	
				396 200	367 385	58.2%
PROVINCIAL AND PROVINCIAL GUARANTEED						
27 146	Ontario Hydro	7.250	31-Mar-98	27 673	25 490	
11 000	Ontario Hydro	9.000	24-Jun-02	11 404	10 538	
4 400	Ontario Hydro	10.000	10-May-09	4 797	4 389	
2 500	Ontario Hydro	11.000	01-Oct-97	2 475	2 630	
5 000	Province of Alberta	7.750	04-Feb-98	4 972	4 805	
3 000	Province of Alberta	7.750	05-May-03	2 823	2 672	
20 000	Province of British Columbia	7.000	09-Jun-99	19 038	18 300	
5 700	Province of British Columbia	9.000	09-Jan-02	5 890	5 546	
2 550	Province of British Columbia	9.750	15-May-01	2 544	2 634	
3 050	Province of British Columbia	11.250	16-Aug-00	3 193	3 312	
3 700	Province of Manitoba	11.000	15-Aug-00	4 252	3 957	
2 400	Province of Manitoba	11.250	17-Oct-00	2 400	2 593	
9 800	Province of Ontario	7.500	07-Feb-24	9 645	7 448	
15 000	Province of Ontario	9.000	15-Sep-04	14 873	14 250	
15 562	Province of Ontario	10.200	27-Aug-98	16 820	16 044	
				132 799	124 608	19.8%
CORPORATE BONDS AND DEBENTURES						
2 000	Canadian Imperial Bank of Commerce	12.450	01-Dec-00	2 000	2 241	
3 000	Canadian Utilities Limited	10.250	12-Dec-06	3 098	2 995	
5 000	Credit Suisse Canada	10.700	27-Mar-01	5 000	5 123	
5 000	General Motors Acceptance Corporation of Canada Ltd.	7.375	24-Aug-98	5 089	4 587	
5 000	General Motors Acceptance Corporation of Canada Ltd.	6.550	14-Jan-99	5 025	4 413	
10 000	Household Financial	6.250	19-Jan-99	9 980	8 713	
2 590	Molson Breweries of Canada Ltd.	8.400	07-Dec-18	2 586	2 179	
5 000	Novacorp Realty Finance Ltd.	11.250	31-Dec-97	4 924	5 185	
5 000	Petro-Canada Hibernia Partnership	6.125	15-Dec-98	5 000	4 455	
2 200	Stelco Inc.	10.400	30-Nov-09	2 200	2 046	
6 200	TransCanada PipeLines Limited	7.125	29-Sep-98	6 379	5 689	
				51 281	47 626	7.6%
U.S. TREASURY BOND						
17 250	U.S. Treasury Bond	6.750	31-May-99	23 880	23 616	3.7%
TOTAL BONDS AND DEBENTURES				604 160	563 235	89.3%
CANADA TREASURY BILLS				57 272	57 272	9.1%
TOTAL COST AND MARKET VALUE OF INVESTMENTS				661 432	620 507	98.4%
Cash and receivables				11 740	11 740	
Less total liabilities				(1 844)	(1 844)	
				9 896	9 896	1.6%
NET ASSETS AT COST AND MARKET				\$ 671 328	\$ 630 403	100.0%

The Fund has adjusted its portfolio in recent months as currency values and interest rates shifted around the world. The Fund has increased its U.S. dollar holdings, while reducing holdings in Japanese yen.

Year Ended 31 Dec	Unit Value Close	Net Income Per Unit	Capital Gains Per Unit	Annual Rate of Return
1994*	\$11.83	\$ 0.25	\$ -	-0.2%†
1993	12.10	0.52	0.75	18.2
1992	11.34	0.53	0.23	14.5
1991	10.61	0.12‡	-	-

* FOR THE SIX MONTH PERIOD ENDED JUNE 30

† TOTAL RETURN JAN. 1 - JUNE 30, 1994

‡ 3 MONTHS

Net Assets \$376.8 million

UNIT VALUES

High	Low	Close
\$12.28	\$11.64	\$11.83

SIX MONTHS ENDED 30 JUNE 94

TOTAL RATE OF RETURN

1 Year

6.9%

TO 30 JUNE 94

COMMENTARY

IN FEBRUARY, 1994 the U.S. Federal Reserve raised short-term interest rates to slow down the rapidly growing U.S. economy and reassure the markets that the Federal Reserve was committed to keeping a low inflation environment. At the same time, the most sustained and rapid decrease in bond prices in recent memory occurred. Thirty-year U.S. bonds priced at \$110 on February 4, 1994 were trading at \$95 by March 31, 1994. During the same period U.S. short-term interest rates moved from 3% to 4.25%.

The German and Japanese markets also experienced a similar collapse during the first six months of 1994.

While the exact cause of this collapse in world bond prices is hard to determine, it would appear that the increase in short-term U.S. interest rates caused the leveraged hedged funds to begin to liquidate their holdings. (A leveraged hedged fund borrows short and lends at higher rates in the long-term market.) As this occurred, many banks and highly capitalized investment dealers were forced to sell into a market with few buyers, further depressing prices. While much of the leverage is out of the market now, rallies in bond prices have been short-lived as bond holders continue to reduce their risk against higher yields and lower prices.

OUTLOOK

PRICES WILL continue to be unstable as the U.S., German and Japanese economies appear to have turned, which should continue to push interest rates higher. This is further complicated by the fact that German and Japanese rates have not really 'decoupled' from U.S. rates. Canadian interest rates have risen more than U.S. rates during the past six months.

At the same time, currencies have become much more volatile in the past month after six months of relative calm.

The U.S. dollar component of the International Bond Fund has been increased while exposure to the yen has been reduced. The most distinctive change in the Fund from December 31, 1993 has been the reduction in the Fund's average term to maturity from 8³/₄ years to about 2¹/₂ years.

The Fund has purchased several Floating Rate Notes which reset the coupon every three or six months to adjust for changing interest rates. These notes tend to keep their price around their par value while the coupon rate changes. This should give the Fund added protection given the outlook of a continued rise in interest rates.

The International Bond Fund will continue to invest in AAA rated bonds, where available, and for the most part in G-7 currencies. Protection of capital with a reasonable return will be the Fund's objective in this volatile investment environment.

STATEMENT OF INVESTMENTS AND OTHER NET ASSETS (UNAUDITED) (IN \$000s)

30 JUNE 94

Par Value	Security	Coupon Rate (%)	Maturity	Cost	Market Value	% of Net Assets
\$ 20 000	European Investment Bank Euro DM	5.875	10-Nov-03	\$ 17 292	\$ 17 328	
40 000	World Bank Global DM	5.875	10-Nov-03	31 024	31 776	
10 000 000	Export Development Corp. Euro Lira	7.600	14-Feb-01	7 727	7 744	
9 000	European Investment Bank Euro Sterling	6.000	10-Aug-99	17 356	17 314	
10 000	European Investment Bank Euro Swiss Franc	3.750	28-Jan-99	9 498	9 827	
16 000	World Bank Global \$US	8.750	01-Mar-97	23 331	23 289	
32 000	Province of Alberta Euro \$US	7.625	05-Nov-98	45 177	44 787	
112 000	Government of Canada \$US	4.313	15-Feb-99	153 623	153 672	
41 000 000	World Bank Global Yen	4.500	22-Dec-97	57 753	59 504	
				362 781	365 241	96.9%
SHORT-TERM INVESTMENTS				24 537	24 537	6.5%
TOTAL COST AND MARKET VALUE OF INVESTMENTS				387 318	389 778	103.4%
	Cash and receivables			27 546	27 546	
	Less total liabilities			(40 505)	(40 505)	
				(12 959)	(12 959)	(3.4)%
NET ASSETS AT COST AND MARKET				\$ 374 359	\$ 376 819	100.0%

Higher rates led to poor Fund performance in the first half. 19.7% of the portfolio is maturing in the next six months which puts the Fund in a good position to benefit from the higher rate structure.

Year Ended 31 Dec	Unit Value Close	Net Income Per Unit	Annual Rate of Return
1994*	\$ 10.28	\$ 0.32	-4.9%†
1993	11.14	0.72	9.3
1992	10.87	0.80	7.4
1991	10.89	0.94	13.7
1990	10.45	1.04	11.1
1989	10.39	1.01	11.4
1988	10.27	0.96	8.2
1987	10.40	0.99	8.0
1986	10.58	1.06	10.0
1985	10.61	1.16	12.6
1984	10.51	1.16	11.7

* FOR THE SIX MONTH PERIOD ENDED 30 JUNE
† TOTAL RETURN JAN. 1 - JUNE 30, 1994

Net Assets \$1,230.5 million

UNIT VALUES

High	Low	Close
\$11.15	\$10.27	\$10.28

SIX MONTHS ENDED 30 JUNE 94

TOTAL RATES OF RETURN

1 Year	3 Year	5 Year	10 Year
-0.4%	6.0%	8.4%	9.6%

TO 30 JUNE 94

COMMENTARY

THE FIRST half of 1994 was a difficult one for Mortgage Fund investors. It began well with mortgage rates falling in January, but in March, rates started to move sharply higher. Five-year mortgage rates bottomed at 7.25% and then rose to 10.75% by the end of June. These higher rates resulted in a disappointing return of -4.9% for the Fund for the first six months of 1994 and -3.0% for the twelve-month period ended June 30, 1994.

International and domestic events impacted mortgage rates in the first half. In the U.S., accelerating economic activity and a weakening currency caused monetary authorities to raise short-term interest rates in an attempt to head off inflation pressures. In anticipation of further interest rate increases, global investors shifted out of fixed income investments. Canadian interest rates were forced up as a result.

OUTLOOK

DESPITE THE fact that Canada's economic expansion remains modest and inflation is non-existent, upward pressure on mortgage rates will probably continue as long as interest rates remain in a state of flux. A weak currency, heavy government borrowing and political risks have simply overwhelmed all positive factors.

The increase in interest rates seems to have been overdone but it is not expected that rates will decline until evidence of moderating U.S. economic growth is confirmed. In the meantime, U.S. short-term interest rates are likely to rise another 0.25% to 0.5%. This, combined with the upcoming Quebec election, will put additional upward pressure on interest rates in Canada.

The Mortgage Fund will remain conservative until interest rates stabilize. The average term to maturity of new mortgages has been less than three years during the first half of 1994 and the average term of the entire portfolio is 2.15 years. With 5.9% of the mortgage portfolio maturing over the next twelve months, the Fund is in a good position to benefit from today's higher interest rate structure. New mortgages offer excellent after-inflation returns and the term of mortgage purchases will be lengthened when rates have peaked.

STATEMENT OF INVESTMENTS AND OTHER NET ASSETS (UNAUDITED) (IN \$000s)

30 JUNE 94

Number of Loans	Interest Rate (%)	Principal Value	Market Value*	% of Net Assets
1	4.775	\$ 117	\$ 117	
5	5.000	578	578	
1	5.040	273	273	
1	5.125	86	86	
40	5.250	4 647	4 640	
1	5.375	57	57	
544	5.500	51 429	51 400	
1	5.625	98	98	
1	5.700	125	123	
257	5.750	21 948	21 802	
1	5.875	173	162	
28	6.000	2 311	2 247	
1	6.125	99	99	
293	6.250	23 261	22 838	
3	6.400	255	230	
357	6.500	26 339	25 259	
9	6.625	849	836	
18	6.650	1 661	1 505	
1	6.675	60	55	
173	6.750	18 349	17 441	
53	6.875	3 816	3 792	
51	6.900	3 067	2 775	
242	7.000	26 518	25 389	
6	7.125	626	601	
9	7.150	726	681	
399	7.250	37 043	33 692	
30	7.375	3 125	3 005	
4	7.450	681	603	
325	7.500	26 950	26 007	
2	7.600	263	234	
116	7.625	8 072	7 859	
1	7.650	73	69	
36	7.700	3 845	3 483	
249	7.750	23 373	21 762	
1	7.850	125	112	
23	7.875	2 056	1 944	
179	7.950	14 460	13 351	
1	7.990	161	148	
277	8.000	26 345	25 245	
1	8.050	176	174	
17	8.125	1 615	1 513	
18	8.200	898	894	
467	8.250	38 982	37 424	
1	8.325	60	55	
1	8.350	262	240	
34	8.375	3 572	3 392	
30	8.450	2 813	2 732	
730	8.500	61 722	59 036	
1	8.575	499	463	
55	8.625	4 693	4 479	
86	8.700	7 107	6 784	
409	8.750	32 486	31 253	
2	8.825	200	192	
41	8.875	6 379	6 071	
99	8.950	5 724	5 465	
236	9.000	19 778	19 102	
21	9.125	2 053	1 992	
12	9.200	1 314	1 260	
509	9.250	45 134	44 047	
40	9.375	3 674	3 573	

* Range of rates used to value mortgages as at June 30, 1994 – 8.95% to 11.75%.

30 JUNE 94 STATEMENT OF INVESTMENTS AND OTHER NET ASSETS (UNAUDITED) (IN \$000s)

Number of Loans	Interest Rate (%)	Principal Value	Market Value*	% of Net Assets
1	9.450	\$ 74	\$ 71	
1 557	9.500	134 012	131 457	
1	9.552	90	88	
185	9.625	16 051	15 795	
2	9.700	254	248	
587	9.750	62 854	61 990	
418	9.875	29 168	28 805	
1	9.880	59	59	
102	9.950	8 489	8 396	
296	10.000	28 277	27 901	
94	10.125	18 266	14 512	
3	10.200	302	300	
229	10.250	17 916	17 863	
30	10.375	2 604	2 606	
223	10.500	18 900	18 897	
30	10.625	3 003	3 023	
252	10.750	21 730	21 840	
23	10.875	2 605	2 634	
570	11.000	48 621	49 013	
16	11.125	1 502	1 529	
772	11.250	69 064	55 043	
29	11.375	7 219	1 497	
310	11.500	26 713	27 137	
32	11.625	3 726	800	
1	11.700	111	111	
252	11.750	13 504	13 622	
1	11.760	58	60	
17	11.875	2 499	2 572	
75	12.000	4 241	4 330	
8	12.125	867	889	
64	12.250	4 090	4 212	
2	12.375	109	112	
34	12.500	2 288	2 351	
3	12.625	230	235	
20	12.750	1 129	1 167	
23	13.000	1 328	1 376	
3	13.125	205	211	
20	13.250	1 003	1 048	
1	13.375	39	39	
39	13.500	1 371	1 440	
29	13.750	1 159	1 211	
1	14.250	70	70	
12 906†		1 128 981	1 077 299	87.6%

CANADA BONDS

Par Value	Security	Coupon Rate (%)	Maturity	Cost	Market Value	% of Net Assets
\$ 25 000	Government of Canada	6.25	01-Feb-98	24 679	23 000	
17 936	Government of Canada	8.25	01-Mar-97	18 731	17 748	
16 225	Government of Canada	9.25	01-May-96	16 919	16 411	

60 329 57 159 4.6%

SHORT-TERM INVESTMENTS

78 887 78 887 6.4%

TOTAL COST AND MARKET VALUE OF INVESTMENTS

1 268 197 1 213 345 98.6%

Cash and receivables

23 338 23 338

Less total liabilities

(6 208) (6 208)

17 130 17 130 1.4%

NET ASSETS AT COST AND MARKET

\$ 1 285 327 \$ 1 230 475 100.0%

* Range of rates used to value mortgages as at June 30, 1994 – 8.95% to 11.75%.

† Consisting of 2 355 insured and 10 551 uninsured mortgage loans having a market value of \$210 625 and \$866 674 respectively.

COMMENTARY

IN THE FIRST six months of 1994, the Growth and Income Fund was affected by the volatility and market price erosions that afflicted all financial markets. In December 1993, the Fund assumed a defensive strategy that focused more on income and less on growth. A shift from Canadian and U.S. equities into bonds was made early in the year in order to improve the yield of the Fund. This shift reduced the equity component by approximately 10% and increased the bond and cash components by the same amount. Notably, cash reserves at the end of March were 26.7%, reflecting the manager's cautious view towards the markets. Unfortunately, this shift exposed the bond portion of the Fund to a sharp price deterioration as interest rates rose in the second quarter.

The Fund maintained this defensive stance in the second quarter. Cash reserves were maintained and the Canadian and U.S. equity positions were rationalized, decreasing the total number of companies held while emphasizing dividend income to increase the yield of the Fund. The term of the bond portfolio was reduced and, at June 30, 1994, was at 5.5 years. This term is fairly short and should help reduce the volatility of the Fund.

OUTLOOK

THE BEST performing sectors of the stock market in recent months have been those typified by low yields such as mines, transportation and oil and gas. There is potential for a rotation from economy-sensitive stocks, which usually experience seasonal weakness during the summer, into interest-sensitive stocks. The outlook for interest rates remains problematic but there is room for some improvement following the dramatic rise for the year to date. The stock market remains hostage to the bond market and investors will be watching to see if the banks, for example, successfully negotiate the tricky conditions currently prevailing. Increased investor confidence in this large component of the market would result if they report a good third quarter in late August. It is not expected that interest rates in Canada will decline in the short term. So, while a near-term rally is expected a more durable advance is probably further off. As a result, the cash reserves of the Fund will be kept at higher than normal levels, though stocks paying special dividends will be candidates for purchase. Opportunities to add preferred shares, both floating rate and retractables, will also be taken in order to enhance the yield of the Fund.

In light of market volatility the Fund has maintained a defensive stance since the beginning of the year and cash reserves are being kept at higher than normal levels.

Year Ended 31 Dec	Unit Value Close	Net Income Per Unit	Annual Rate of Return
1994*	\$ 9.24	\$ 0.11	-6.0%†
1993	9.95	0.15	18.6
1992	8.52	0.36	1.5
1991	8.74	0.51	9.1
1990	8.49	0.66	-4.7
1989	9.61	0.85	11.8
1988	9.15	0.60	11.6
1987	8.97	0.63	-4.3
1986	10.01	0.62	6.3
1985	10.02	0.17‡	0.6

* FOR THE SIX MONTH PERIOD ENDED 30 JUNE

† TOTAL RETURN JAN. 1 - JUNE 30, 1994

‡ 3 MONTHS

Net Assets \$15.7 million

UNIT VALUES

High	Low	Close
\$10.23	\$9.15	\$9.24

SIX MONTHS ENDED 30 JUNE 94

TOTAL RATES OF RETURN

1 Year	3 Year	5 Year
0.2%	5.1%	4.0%

TO 30 JUNE 94

30 JUNE 94

STATEMENT OF INVESTMENTS AND OTHER NET ASSETS (UNAUDITED) (IN \$000s)

Holdings	Security	Cost	Market Value	% of Net Assets
COMMON EQUITIES				
CANADA				
METALS AND MINERALS				
2 600	Inco Limited	\$ 96	\$ 87	
4 000	Noranda Inc.	100	95	
1 400	Potash Corporation of Saskatchewan Inc.	30	53	
3 000	Rio Algom Limited	51	68	
		277	303	1.9%
GOLD AND SILVER				
5 300	American Barrick Resources Corporation	103	175	
1 000	Franco-Nevada Mining Corp. Ltd.	19	74	
7 000	Goldcorp Inc.-Class A	56	54	
4 000	Placer Dome Inc.	77	119	
9 000	TVX Gold Inc.	74	72	
4 000	Viceroy Resource Corporation	41	37	
		370	531	3.4%
OIL AND GAS				
4 000	Alberta Energy Company Ltd.	81	82	
1 900	Anderson Exploration Ltd.	54	62	
3 000	Canadian Natural Resources Ltd.	22	59	
25 000	Chancellor Energy Resources Inc.	58	70	
1 500	Home Oil Company Ltd.	31	27	
1 200	Noweco Well Service Ltd.	25	26	
3 300	Pinnacle Resources Ltd.	68	68	
1 500	Renaissance Energy Ltd.	27	44	
1 500	Shell Canada Limited-Class A	60	61	
1 300	Talisman Energy Inc.	41	35	
2 100	Tarragon Oil & Gas Limited	33	38	
		500	572	3.7%
PAPER AND FOREST PRODUCTS				
3 350	Fletcher Challenge Canada Limited-Class A	48	57	
3 600	International Forest Products Ltd.-Class A	63	51	
6 500	Noranda Forest Inc.	70	72	
2 000	Pacific Forest Products Ltd.	41	27	
5 000	Stone Consolidated Corporation	86	80	
		308	287	1.8%
CONSUMER PRODUCTS				
2 000	Imasco Limited	69	67	
1 900	Magna International Inc.-Class A	120	105	
6 400	Noma Industries	35	35	
3 300	The Molson Companies Limited-Class A	90	68	
6 000	The Seagram Company Ltd.	209	251	
		523	526	3.3%
INDUSTRIAL PRODUCTS				
3 600	Bombardier Inc.-Class B	51	70	
2 500	Dofasco Inc.	66	47	
12 200	LSI Logic Corporation of Canada Inc.	28	42	
10 000	Mitel Corporation	53	40	
1 900	Moore Corporation Limited-With rights	51	45	
500	Newbridge Networks Corporation	36	24	
1 900	Northern Telecom Ltd.	82	73	
12 000	NOVA Corporation of Alberta	113	129	
3 000	Sherrit Inc.	33	35	
2 000	United Dominion Industries Limited	37	48	
		550	553	3.5%

Holdings	Security	Cost	Market Value	% of Net Assets
PIPELINES				
3 000	IPL Energy Inc.	\$ 76	\$ 86	
2 500	Westcoast Energy Inc.	58	51	
		134	137	0.9%
UTILITIES				
7 600	BCE Inc.	343	342	
10 000	Nova Scotia Power Inc.	118	111	
5 400	SR Telecom Inc.	35	68	
6 000	TELUS Corporation	100	93	
		596	614	3.9%
COMMUNICATIONS AND MEDIA				
3 800	Quebecor Inc.	63	66	
1 300	Southam Inc.	23	22	
3 000	The Thomson Corporation	49	46	
2 000	Torstar Corporation	50	47	
		185	181	1.2%
MERCHANDISING				
1 200	Hudson's Bay Company	34	32	
2 000	The Loewen Group Inc.	42	67	
1 200	Weston (George) Ltd.	49	44	
		125	143	0.9%
FINANCIALS				
6 000	Bank of Montreal	133	141	
7 000	The Bank of Nova Scotia	158	175	
4 000	Canadian Imperial Bank of Commerce	114	119	
2 400	Power Financial Corporation	52	71	
6 600	Royal Bank of Canada	161	177	
9 000	The Toronto-Dominion Bank	168	179	
		786	862	5.5%
CONGLOMERATES				
6 200	Canadian Pacific Limited	122	126	
11 500	Federal Industries Ltd.-Class A	81	76	
4 100	Power Corporation of Canada	63	82	
		266	284	1.8%
CONVERTIBLE SECURITIES				
30 000	Cambridge Shopping Centres Limited-7.50%-01/06/04	30	24	
4 000	Laidlaw Inc.-5.00%-1st.PFD-Series G	92	54	
		122	78	0.5%
MISCELLANEOUS				
1 700	Milltronics Limited	23	22	0.1%
TOTAL CANADIAN EQUITIES				
		4 765	5 093	32.4%
FOREIGN EQUITIES				
UNITED STATES				
FINANCIALS				
1 500	Norwest Corp.	56	54	0.3%
CONSUMER GROWTH STAPLES				
1 200	The Interpublic Group of Companies Inc.	46	51	
1 000	PepsiCo Inc.	51	42	
		97	93	0.6%

STATEMENT OF INVESTMENTS AND OTHER NET ASSETS (UNAUDITED) (IN \$000s)

30 JUNE 94

Holdings	Security	Cost	Market Value	% of Net Assets
CONSUMER STAPLES				
500	Philip Morris Companies Inc.	\$ 41	\$ 36	0.2%
CONSUMER CYCLICALS				
1 200	Leggett & Platt	66	63	0.5%
CAPITAL GOODS – TECHNOLOGY				
1 000	Pitney Bowes Inc.	55	53	0.3%
CAPITAL GOODS				
1 000	WMX Technologies Inc.	44	37	0.2%
ENERGY				
1 000	Occidental Petroleum Corporation	27	26	
800	Schlumberger Ltd.	62	65	
		89	91	0.6%
BASIC INDUSTRIES				
2 500	Bemis Co.	81	77	0.5%
CONGLOMERATES				
500	Tenneco Inc.	34	32	0.2%
CONVERTIBLE SECURITIES				
500	AMR Corp.-6.00%-PFD	31	29	
400	Ford Motor Company-PFD-Series A	43	54	
500	General Motors of Canada Limited-PFD-Series C	36	39	
		110	122	0.8%
TOTAL FOREIGN EQUITIES		673	658	4.2%

Par Value/Holdings	Security	Coupon Rate (%)	Maturity	Cost	Market Value	% of Net Assets
BONDS AND DEBENTURES						
Government and Government Guaranteed						
\$ 300	Government of Canada	6.250	01-Feb-98	\$ 297	\$ 276	
2 300	Government of Canada	5.750	01-Mar-99	2 318	2 025	
400	Government of Canada	7.250	01-Jun-03	407	351	
800	Government of Canada	7.500	01-Dec-03	851	712	
700	Government of Canada	6.500	01-Jun-04	676	576	
				4 549	3 940	25.1%
Provincial and Provincial Guaranteed						
2 300	Ontario Hydro	7.250	31-Mar-98	2 284	2 160	
250	Province of Ontario	10.200	27-Aug-98	285	258	
				2 569	2 418	15.4%
TOTAL BONDS AND DEBENTURES				7 118	6 358	40.4%
TOTAL INVESTMENTS				12 556	12 109	77.0%
CANADA TREASURY BILLS				3 262	3 262	20.7%
TOTAL COST AND MARKET VALUE OF INVESTMENTS				15 818	15 371	97.7%
	Cash and receivables			563	563	
	Less total liabilities			(204)	(204)	
				359	359	2.3%
NET ASSETS AT COST AND MARKET				\$ 16 177	\$ 15 730	100.0%

Higher interest rates in the first half sparked a stock and bond market correction. A bond market rally is possible, but prospects of slow corporate profit growth have led to a cautious stance towards the equity portion of the Funds.

COMMENTARY

IN THE first half of 1994, world financial markets were impacted by concerns that the U.S. economy was growing too quickly. In the U.S., the Federal Reserve increased interest rates, but was seen to be moving them too slowly to resolve these problems quickly. The U.S. dollar came under attack due to U.S.-Japanese trade tensions, the widening U.S. trade deficit, and a shift of portfolio investments outside of the United States.

Canadian markets were plagued by these and other factors. Canadian bond issues were ignored in world financial markets due to the Quebec situation and a lack of any substantial progress on the Federal, Ontario and Quebec budget deficits. This caused many investors to liquidate issues while many buyers remained on the sidelines. The Canadian dollar declined from the \$0.75 U.S. level early this year to a range of \$0.71-\$0.72 U.S. and the Bank of Canada pushed up short-term interest rates to stabilize the currency. Ninety-day Treasury Bill yields have increased to 6.50% from 3.62% at the end of January.

OUTLOOK

THE LONG-TERM view is that North American economies are in an extended economic expansion. However, with the larger-than-expected rise in long-term interest rates and the sharp increase in short-term rates in Canada, it is anticipated that economic growth will slow down in the short term.

Inflation in Canada was negative over the last year, and has little reason to increase beyond a 2% rate over the next year. Real or inflation-adjusted bond yields are at their highest point ever. Given this scenario, it is possible that there will be a bond rally in the coming months. Politics and sentiment, however, could lessen such an event and it is expected that Canadian interest rates will remain volatile in the short term.

The stock market correction, which began with the rise in short-term interest rates, could accelerate if the market starts to anticipate slower or declining corporate profits. As a result, a cautious approach has been applied to the equity component of the Advantage Funds.

The Canadian and U.S. equity components have been lowered while foreign equity holdings are being maintained.

In hindsight, the bond component of the Funds could have been lowered in favour of the Canadian Money Market Fund, but bonds at these levels represent good value which should be realized in the coming months.

ADVANTAGE INCOME FUND

Year Ended 31 Dec	Unit Value Close	Net Income Per Unit	Annual Rate of Return
1994*	\$ 11.09	\$ 0.22	-5.1%†
1993	11.91	0.46	15.5
1992	10.74	0.52	6.9
1991	10.56	0.62	16.7
1990	9.62	0.72	3.4
1989	10.04	0.66	14.7

* FOR THE SIX MONTH PERIOD ENDED 30 JUNE
† TOTAL RETURN JAN. 1 - JUNE 30, 1994

Net Assets \$195.1 million

UNIT VALUES

High	Low	Close
\$12.16	\$11.04	\$11.09

SIX MONTHS ENDED 30 JUNE 94

ADVANTAGE BALANCED FUND

Year Ended 31 Dec	Unit Value Close	Net Income Per Unit	Annual Rate of Return
1994*	\$ 12.09	\$ 0.18	-4.6%†
1993	12.86	0.38	17.4
1992	11.30	0.44	6.0
1991	11.09	0.55	15.5
1990	10.11	0.64	0.5
1989	10.73	0.54	16.9

* FOR THE SIX MONTH PERIOD ENDED 30 JUNE 94
† TOTAL RETURN JAN. 1 - JUNE 30, 1994

Net Assets \$437.3 million

UNIT VALUES

High	Low	Close
\$13.24	\$12.02	\$12.09

SIX MONTHS ENDED 30 JUNE 94

ADVANTAGE GROWTH FUND

Year Ended 31 Dec	Unit Value Close	Net Income Per Unit	Annual Rate of Return
1994*	\$ 12.77	\$ 0.13	-3.5%†
1993	13.36	0.21	18.7
1992	11.44	0.27	5.2
1991	11.15	0.35	13.6
1990	10.14	0.48	-2.5
1989	10.90	0.44	17.3

* FOR THE SIX MONTH PERIOD ENDED 30 JUNE 94
† TOTAL RETURN JAN. 1 - JUNE 30, 1994

Net Assets \$135.8 million

UNIT VALUES

High	Low	Close
\$13.79	\$12.70	\$12.77

SIX MONTHS ENDED 30 JUNE 94

ADVANTAGE INCOME FUND

STATEMENT OF INVESTMENTS AND OTHER NET ASSETS (UNAUDITED) (IN \$000s)

30 JUNE 94

Number of units	Security	Cost	Market Value	% of Net Assets
293 562	American Stock Fund	\$ 2 780	\$ 3 380	1.7%
332 097	Asian Growth Fund	3 850	4 065	2.1%
7 767 945	Bond Fund	76 612	72 144	37.0%
830 000	Canadian Money Market Fund	8 300	8 300	4.3%
244 378	Canadian Special Growth Fund	3 073	3 387	1.7%
2 833 993	Canadian Stock Fund	35 568	37 756	19.3%
152 913	Energy Fund	1 927	2 059	1.1%
452 681	European Growth Fund	4 536	5 053	2.6%
548 357	International Bond Fund	6 500	6 487	3.3%
96 276	Japanese Stock Fund	1 450	1 875	1.0%
4 351 921	Mortgage Fund	47 528	44 717	22.9%
452 273	Zweig Strategic Growth Fund	5 409	6 374	3.2%
TOTAL COST AND MARKET VALUE OF INVESTMENTS		197 533	195 597	100.2%
	Cash and receivables	1269	1269	
	Less total liabilities	(1 738)	(1 738)	
		(469)	(469)	(0.2)%
NET ASSETS AT COST AND MARKET		\$ 197 064	\$ 195 128	100.0%

TOTAL RATES OF RETURN

1 Year	3 Year	5 Year
1.7%	8.8%	8.2%

TO 30 JUNE 94

ADVANTAGE BALANCED FUND

STATEMENT OF INVESTMENTS AND OTHER NET ASSETS (UNAUDITED) (IN \$000s)

30 JUNE 94

Number of units	Security	Cost	Market Value	% of Net Assets
743 078	American Stock Fund	\$ 7 071	\$ 8 555	2.0%
1 192 044	Asian Growth Fund	13 900	14 590	3.3%
17 602 623	Bond Fund	173 828	163 483	37.4%
2 210 000	Canadian Money Market Fund	22 100	22 100	5.1%
913 336	Canadian Special Growth Fund	11 450	12 658	2.9%
10 333 584	Canadian Stock Fund	130 577	137 668	31.5%
337 792	Energy Fund	4 149	4 549	1.0%
1 670 724	European Growth Fund	16 957	18 651	4.3%
777 473	International Bond Fund	9 200	9 198	2.1%
430 774	Japanese Stock Fund	6 562	8 388	1.9%
1 978 249	Mortgage Fund	21 270	20 327	4.6%
1 242 663	Zweig Strategic Growth Fund	15 193	17 513	4.0%
TOTAL COST AND MARKET VALUE OF INVESTMENTS		432 257	437 680	100.1%
	Cash and receivables	6 068	6 068	
	Less total liabilities	(6 428)	(6 428)	
		(360)	(360)	(0.1)%
NET ASSETS AT COST AND MARKET		\$ 431 897	\$ 437 320	100.0%

TOTAL RATES OF RETURN

1 Year	3 Year	5 Year
2.3%	9.0%	7.7%

TO 30 JUNE 94

ADVANTAGE GROWTH FUND

STATEMENT OF INVESTMENTS AND OTHER NET ASSETS (UNAUDITED) (IN \$000s)

30 JUNE 94

Number of units	Security	Cost	Market Value	% of Net Assets
237 091	American Stock Fund	\$ 2 657	\$ 2 730	2.0%
510 669	Asian Growth Fund	6 050	6 250	4.6%
3 685 117	Bond Fund	37 188	34 225	25.2%
670 000	Canadian Money Market Fund	6 700	6 700	4.9%
677 463	Canadian Special Growth Fund	9 091	9 389	6.9%
3 509 482	Canadian Stock Fund	46 039	46 755	34.5%
264 355	Energy Fund	3 312	3 560	2.6%
495 467	European Growth Fund	5 050	5 531	4.1%
325 397	International Bond Fund	4 010	3 850	2.8%
176 304	Japanese Stock Fund	2 570	3 433	2.5%
404 648	Mortgage Fund	4 423	4 158	3.1%
637 546	Zweig Strategic Growth Fund	7 937	8 985	6.6%
TOTAL COST AND MARKET VALUE OF INVESTMENTS		135 027	135 566	99.8%
	Cash and receivables	862	862	
	Less total liabilities	(647)	(647)	
		215	215	0.2%
NET ASSETS AT COST AND MARKET		\$ 135 242	\$ 135 781	100.0%

TOTAL RATES OF RETURN

1 Year	3 Year	5 Year
3.1%	9.1%	7.2%

TO 30 JUNE 94

Like most equity markets around the world, the Canadian stock market suffered through a difficult first half. The TSE 300 is expected to revive and trade in a range of 3800 to 4600 during the balance of 1994.

Year Ended 31 Dec	Unit Value Close	Net Income Per Unit	Capital Gains	Annual Rate of Return
1994*	\$13.32	\$ 0.05	\$ -	-3.7%†
1993	13.89	0.09	-	20.0
1992	11.65	0.15	-	2.1
1991	11.56	0.24	-	12.7
1990	10.48	0.30	-	-13.0
1989	12.38	0.26	0.20	19.1
1988	10.78	0.29	-	10.4
1987	10.03	0.17	0.16	1.5
1986	10.20	0.23	0.36	3.7
1985	10.41	0.26	-	19.5
1984	8.95	0.32	-	-0.9

* FOR THE SIX MONTH PERIOD ENDED 30 JUNE
† TOTAL RETURN JAN. 1 - JUNE 30, 1994

Net Assets \$589.5 million

UNIT VALUES

High	Low	Close
\$14.07	\$13.17	\$13.32

SIX MONTHS ENDED 30 JUNE 94

TOTAL RATES OF RETURN

1 Year	3 Year	5 Year	10 Year
2.5%	7.1%	3.8%	7.9%

TO 30 JUNE 94

COMMENTARY

CANADIAN STOCK markets suffered through a difficult first half and the TSE 300 declined by 5.7% over the six-month period. There were substantial differences between the performance of the sub indices that make up the TSE 300. Four posted positive returns; transportation, energy, metals and communications; while six posted losses in excess of 10% with real estate and merchandising leading the way, down 25% and 17.5% respectively.

The major factor impacting the market was the dramatic rise in interest rates. What began as part of a general world-wide trend to higher rates took on a life of its own domestically. The stock market was particularly vulnerable to rising rates as it made the transition from an interest rate-driven phase to an earnings-driven phase. Earnings were rising but not fast enough to support the valuations placed on stocks in an environment of sharply rising interest rates. A secondary factor was the change in supply and demand for equities. During the first quarter, the market benefited from the strong inflow of RRSP money into equities. In the second quarter, the inflows stopped as interest rates rose. This process made stock buyers cautious and the market became relatively illiquid in many sectors.

The Fund has maintained a relatively defensive position throughout the first half which has helped it to weather a relatively difficult period. For the year to date, the Fund declined by -3.7%.

OUTLOOK

UNLESS THE world economy slips back into recession, the Canadian stock market is expected to revive later this year. It should thrive in the 1995-1996 period when the earnings of the natural resource and cyclical companies continue to improve in an environment marked by better volumes, improved pricing and a soft Canadian dollar.

The TSE 300 should trade in a range of 3800 to 4600 during the balance of 1994. It is expected that the lows will be seen over the next several months and that the market will recover by late fall.

The cash position in the Fund was reduced to approximately 9% in expectation of a market rally in the early part of the summer.

Market strength will be used to raise cash to above 10% as the lows in this correction have yet to be seen. A balanced approach to the Fund's sub-index exposure will be taken in anticipation that a buying opportunity will materialize in the sectors that are favoured long-term; natural resources and industrial products. The Fund is approaching the maximum foreign exposure and the managers are split 60-40 in favour of U.S. equities versus other foreign markets.

STATEMENT OF INVESTMENTS AND OTHER NET ASSETS (UNAUDITED) (IN \$000s)

30 JUNE 94

Holdings	Security	Cost	Market Value	% of Net Assets
COMMON EQUITIES				
CANADA				
COMMUNICATIONS AND MEDIA				
200 000	CFCF Inc.	\$ 3 678	\$ 2 700	
140 000	Quebecor Inc.-Class B	1 816	2 433	
180 000	Quebecor Printing Inc.	1 890	2 970	
200 000	Rogers Communications Inc.-Class B	2 520	3 975	
300 000	Shaw Communications Inc.-Class B	3 833	3 375	
325 000	The Thomson Corporation	4 163	4 955	
100 000	Torstar Corporation-Class B	2 097	2 350	
250 000	Le Videotron Groupe Ltee.	3 523	3 094	
		23 520	25 852	4.4%
CONGLOMERATES				
550 000	Canadian Pacific Limited	9 566	11 206	
300 000	Onex Corporation	4 740	4 500	
160 000	Power Corp	2 470	3 200	
		16 776	18 906	3.2%
CONSUMER PRODUCTS				
200 000	Ault Foods Limited	3 517	3 150	
142 600	Canada Malting Co. Ltd.	2 262	2 068	
704 000	Dominion Textile Inc.	5 314	4 311	
145 400	Imasco Limited	4 688	4 871	
450 000	Labatt (John) Ltd.-Instalment Receipts	7 214	5 794	
250 000	Maple Leaf Foods Inc.	4 072	2 938	
300 000	MDS Health Group Limited-Class B	3 959	3 975	
150 000	The Molson Companies Limited-Class A	4 148	3 112	
236 900	Noma Industries Limited-Class A	1 600	1 303	
430 000	The Seagram Company Ltd.	11 657	18 006	
		48 431	49 528	8.4%
CONVERTIBLE SECURITIES				
2 000 000	Cambridge Shopping Centres-7.50% - 01/06/04	1 791	1 620	
3 468 000	Hollinger Incorporated-7.00% - 01/11/98	3 678	3 416	
		5 469	5 036	0.9%
FINANCIALS				
650 000	Bank of Montreal	13 707	15 275	
550 000	The Bank of Nova Scotia	12 038	13 750	
126 100	National Trustco	2 435	2 538	
96 700	Power Financial Corp.	1 885	2 853	
500 000	Royal Bank of Canada	12 572	13 375	
800 000	The Toronto-Dominion Bank	12 980	15 900	
		55 617	63 691	10.8%

GOLD AND SILVER

280 000	American Barrick Resources Corporation	\$ 3 121	\$ 9 240	
100 000	Franco-Nevada Mining Corp. Ltd.	3 454	7 350	
500 000	Goldcorp Inc.-Class A	4 040	3 875	
400 000	Hemlo Gold Mines Inc.	5 296	4 750	
852 000	Kinross Gold Corporation	3 404	4 793	
500 000	LAC Minerals Ltd.	5 573	5 750	
300 000	Placer Dome Inc.	5 542	8 888	
300 000	Viceroy Resources Corporation	3 593	2 738	
		34 023	47 384	8.0%

INDUSTRIAL PRODUCTS

300 000	Agra Industries Ltd.-Class B	2 881	1 950	
230 000	Bombardier Inc.-Class B	1 907	4 514	
500 000	Bracknell Corporation	2 079	1 300	
255 900	Celanese Canada Inc.	3 482	5 630	
175 000	Cominco Fertilizers Ltd.	4 587	4 331	
200 000	Dofasco Inc.	5 015	3 750	
126 400	I.S.G. Technologies Inc.	1 676	1 074	
135 000	Ipsco Inc.	2 434	3 240	
345 000	Methanex Corporation	3 079	5 563	
160 000	Moore Corporation Limited-With rights	3 778	3 760	
200 000	Northern Telecom Ltd.	8 192	7 700	
850 000	NOVA Corporation of Alberta	7 085	9 137	
400 000	SHL Systemhouse Inc.	3 220	3 400	
132 800	SNC-Lavalin Group Inc.-Class A	2 626	1 992	
165 000	United Dominion Industries Limited	4 531	3 939	
		56 572	61 280	10.3%

MERCHANDISING

140 000	Hudson's Bay Company	3 657	3 780	
120 000	The Oshawa Group Limited-Class A	3 115	2 340	
100 000	Weston (George) Ltd.	3 905	3 650	
		10 677	9 770	1.7%

METALS AND MINERALS

175 000	Alcan Aluminium Limited	4 180	5 469	
194 000	Cameco Corporation	3 515	4 341	
120 000	Inco Limited	4 197	4 020	
150 000	Noranda Inc.	3 505	3 544	
125 000	Potash Corporation of Saskatchewan Inc.	3 489	4 733	
150 000	Rio Algom Limited	2 935	3 413	
		21 821	25 520	4.3%

30 JUNE 94

STATEMENT OF INVESTMENTS AND OTHER NET ASSETS (UNAUDITED) (IN \$000s)

Holdings	Security	Cost	Market Value	% of Net Assets
OIL AND GAS				
210 000	Alberta Energy Company Ltd.	\$ 3 972	\$ 4 305	
191 500	Anderson Exploration Ltd.	5 022	6 200	
322 000	Canadian Natural Resources Ltd.	3 805	6 360	
200 000	Canadian Occidental Petroleum Ltd.	5 132	4 800	
200 000	Home Oil Company Limited	3 450	3 650	
425 000	Mark Resources Inc.	4 162	3 825	
236 700	Morgan Hydrocarbons Inc.	1 339	1 302	
298 900	Morrison Petroleum Ltd.	3 286	3 101	
240 000	Pinnacle Resources Ltd.	1 568	4 920	
619 000	Poco Petroleum Ltd.	2 785	5 802	
80 000	Renaissance Energy Ltd.	770	2 340	
132 700	Rigel Energy Corporation	2 844	2 787	
330 000	Sceptre Resources Limited	4 184	4 290	
241 000	Tarragon Oil & Gas Limited	3 918	4 338	
155 000	Talisman Energy Inc.	4 712	4 224	
		50 949	62 244	10.5%
PAPER AND FOREST PRODUCTS				
150 000	Abitibi-Price Inc.	2 445	2 494	
222 200	Canfor Corporation	2 944	4 277	
22 000	Donohue Inc.-Class A	280	253	
297 810	Fletcher Challenge Canada Limited-Class A	4 999	5 026	
140 000	MacMillan Bloedel Limited	2 949	2 433	
		13 617	14 483	2.5%
PIPELINES				
297 000	TransCanada PipeLines Limited	5 113	4 863	
326 000	Westcoast Energy Inc.	6 742	6 642	
		11 855	11 505	2.0%
TRANSPORTATION AND ENVIRONMENTALS				
471 600	Laidlaw Inc.-Class B	6 108	4 421	0.7%
UTILITIES				
300 000	ATCO Ltd.-Class I	4 877	3 788	
25 800	BC Telecom Inc.	658	587	
485 000	BCE Inc.	21 577	21 825	
350 000	Nova Scotia Power Inc.	4 288	3 894	
70 000	Rogers Cantel Mobile Communications-Class B	1 638	2 363	
175 400	Teleglobe Inc.	3 615	3 200	
314 100	TELUS Corporation	4 377	4 908	
		41 030	40 565	6.9%
TOTAL CANADIAN EQUITIES		396 465	440 185	74.6%

Holdings	Security	Cost	Market Value	% of Net Assets
FOREIGN EQUITIES				
AUSTRALIA				
MISCELLANEOUS				
500 000	Pacific Dunlop, Ltd., Ord A\$0.50	\$ 2 347	\$ 2 167	0.4%
FRANCE				
ENERGY				
31 000	Societe Nationale Elf-Aquitaine	3 103	2 992	0.5%
BASIC INDUSTRIES				
18 500	Cie De St. Gobain	2 931	2 992	0.5%
GERMANY				
CAPITAL GOODS - TECHNOLOGY				
6 000	Siemens AG	3 555	3 382	0.6%
MISCELLANEOUS				
9 000	Bayer AG	2 685	2 705	0.5%
JAPAN				
CONSUMER CYCLICALS				
30 000	Hitachi Ltd.	395	434	
89 000	Matsushita Electric Industrial Co., Ltd.	2 008	2 261	
		2 403	2 695	0.5%
MISCELLANEOUS				
28 000	Amano Corporation	604	739	0.1%
MEXICO				
COMMUNICATIONS				
15 000	Telefonos De Mexico Spon ADR	1 187	1 161	0.2%
MALAYSIA				
MISCELLANEOUS				
37 000	Sime Darby Berhad	130	130	0.0%
NETHERLANDS				
CONSUMER CYCLICALS				
24 000	Unilever N.V.	3 374	3 374	0.6%
BASIC INDUSTRIES				
19 500	Royal Dutch Petroleum Company	2 881	2 837	0.5%
MISCELLANEOUS				
24 000	Elsevier N.V.	2 950	2 849	0.5%
NEW ZEALAND				
UTILITIES				
370 000	Telecom Corporation of New Zealand	1 418	1 380	0.2%
MISCELLANEOUS				
135 000	Wilson & Horton	932	867	0.1%
SPAIN				
UTILITIES				
210 000	Iberdrola, S.A.	2 007	2 044	
65 000	Telefonica De Espana, S.A.	1 160	1 215	
		3 167	3 259	0.5%

STATEMENT OF INVESTMENTS AND OTHER NET ASSETS (UNAUDITED) (IN \$000s)

30 JUNE 94

Holdings	Security	Cost	Market Value	% of Net Assets
UNITED KINGDOM				
CONSUMER STAPLES				
330 000	Bass PLC	\$ 3 674	\$ 3 549	0.6%
ENERGY				
225 000	British Gas PLC	1 262	1 290	0.2%
MISCELLANEOUS				
235 000	GKN PLC	2 825	2 786	0.5%
UNITED STATES				
CREDIT CYCLICALS				
57 100	Masco Corporation	2 795	2 171	0.3%
FINANCIALS				
25 000	Marsh & McLennan Companies Inc.	2 690	2 877	
85 000	Norwest Corp.	2 768	3 070	
		5 458	5 947	1.0%
CONSUMER				
68 000	R.R. Donnelley & Sons Company	2 666	2 608	
45 000	The Interpublic Group of Companies Inc.	1 709	1 928	
50 000	PepsiCo Inc.	1 963	2 117	
30 000	Tribune Company	2 265	2 203	
90 000	Archer-Daniel-Midland Company	2 834	2 892	
30 000	Dayton-Hudson Corporation	2 812	3 354	
10 000	General Motors Corporation	712	695	
10 000	Microsoft Corporation	446	712	
40 000	Newell Co.	2 228	2 543	
40 000	Reebok International Ltd.	1 831	1 652	
		19 466	20 704	3.5%

Holdings	Security	Cost	Market Value	% of Net Assets
CAPITAL GOODS – TECHNOLOGY				
4 200	Analog Devices Inc.-Rights	\$ 170	\$ 167	
30 000	KLA Instruments Corporation	1 026	1 555	
80 000	LSI Logic Corporation	1 602	2 765	
		2 798	4 487	0.8%
CAPITAL GOODS				
30 000	Emerson Electric Company	2 245	2 359	
40 000	Parker Hannifin Corporation	1 909	2 363	
60 000	WMX Technologies Inc.	2 461	2 198	
		6 615	6 920	1.2%
ENERGY				
50 000	Apache Corporation	1 658	1 909	
50 500	Dresser Industries Inc.	1 518	1 440	
30 000	Schlumberger Ltd.	2 435	2 447	
75 000	Tidewater Inc.	2 003	2 384	
		7 614	8 180	1.4%
BASIC INDUSTRIES				
40 000	Bethlehem Steel Corp.	1 111	1 023	
35 000	Crown Cork & Seal Company, Inc.	1 562	1 778	
30 000	Georgia Pacific Corporation	2 714	2 483	
30 000	Rohm & Haas Co.	2 334	2 597	
		7 721	8 881	1.4%
TRANSPORTATION				
54 000	Ryder System Inc.	1 879	1 875	0.3%
CONGLOMERATES				
46 000	Tenneco Inc.	2 969	2 941	
43 000	Tyco International Ltd.	3 028	2 719	
		5 997	5 660	1.0%
TOTAL FOREIGN EQUITIES		101 771	104 979	18.0%
OTHER INVESTMENTS		15	(73)	0.0%
SHORT-TERM INVESTMENTS		41 854	41 854	7.1%
TOTAL COST AND MARKET VALUE OF INVESTMENTS		540 105	586 945	99.6%
Cash and receivables		5 976	5 976	
Less total liabilities		(3 389)	(3 389)	
		2 587	2 587	0.4%
NET ASSETS AT COST AND MARKET		\$ 542 692	\$ 589 532	100.0%

Fund performance in the first half of 1994 was negatively impacted by rising interest rates and a shift towards larger cap stocks. Over the coming months the Canadian equity markets are expected to remain volatile, but a summer rally could materialize.

Year Ended 31 Dec	Unit Value Close	Annual Rate of Return
1994*	\$13.86	-6.4%†
1993	14.81	31.8
1992‡	11.26	-

* FOR THE SIX MONTH PERIOD ENDED 30 JUNE
† TOTAL RETURN JAN. 1 - JUNE 30, 1994
‡ 2 MONTHS

Net Assets \$235.3 million

UNIT VALUES

High	Low	Close
\$15.47	\$13.80	\$13.86

SIX MONTHS ENDED 30 JUNE 94

TOTAL RATE OF RETURN

1 Year

0.9%

TO 30 JUNE 94

COMMENTARY

IN THE first half, investors in Canadian and U.S. equity markets liquidated stocks and bonds in response to rising U.S. interest rates. The most recent plunge in North American equity markets was triggered by news that the U.S. merchandise trade deficit had widened in April. The U.S. dollar fell, marking new post-war lows against the Japanese yen and depreciated sharply against the German mark. This currency turmoil was accompanied by a surge in aluminum, lumber and oil prices which rekindled fears that the U.S. Federal Reserve Board would raise short-term interest rates again.

These developments were magnified in Canada where ongoing concern about the federal budget deficit, the threat of Quebec separation, and negative foreign sentiment remained. As a result, the Bank of Canada was forced to raise interest rates in order to support the Canadian dollar. These rate increases rekindled fears that the relatively weak economic recovery in Canada would not gain momentum and dampened market performance.

The Fund posted a return of -6.4% over the six-month period ended June 30, 1994. Its performance suffered because of its exposure to the gold and industrial products groups. However, the disappointing result from these areas was partially offset by a positive contribution from the oil and gas group, which is well represented in the Fund. Fund performance was further impacted by a shift by investors towards the large capitalization sector of the market.

OUTLOOK

IN THE coming months, the Canadian equity markets are expected to be volatile, reflecting interest rate and political uncertainty. A summer rally of limited magnitude could materialize in the short term in response to a temporary stabilization of North American currencies and interest rates. However, if the U.S. economy continues to show signs of inflation, the U.S. Federal Reserve Board will be forced to raise rates again. Under these circumstances, equity rallies will be short, and will be used to raise cash positions in the Fund to 10-15%.

In the Canadian portion of the Fund, the focus will continue to be on natural resource stocks and other companies that derive earnings from exporting activities. A significant exposure to the forest product, oil, gold and industrial product sectors will be maintained and will be added to on market weakness. In the fall, exposure to the base metals area will be increased in order to capitalize on the worldwide economic recovery that is gaining, and should continue to gain momentum. Domestic spending in Canada will likely remain lacklustre throughout the balance of 1994. As such, companies that are dependent on domestic spending will have a limited role within the Fund. The longer-term outlook for biotechnology and real estate is good, and these positions will be increased as opportunities arise.

STATEMENT OF INVESTMENTS AND OTHER NET ASSETS (UNAUDITED) (IN \$000s)

30 JUNE 94

Holdings	Security	Cost	Market Value	% of Net Assets	Holdings	Security	Cost	Market Value	% of Net Assets
COMMON EQUITIES					CONSUMER PRODUCTS				
CANADA					83 400	Allelix Biopharmaceuticals Inc.	\$ 628	\$ 605	
METALS AND MINERALS					117 300	Bonar Inc.	2 770	2 815	
1 300 000	Emtech Technology Corp.	\$ 2 145	\$ 2 145		200 000	Canstar Sports Inc.	3 258	3 125	
1 161 700	Exall Resources Ltd.	1 813	1 557		382 200	Inter-city Products Corporation	2 160	1 376	
617 500	Global Stone Corporation	1 676	2 964		250 000	Metro-Richelieu Inc.	2 508	2 656	
1 030 000	Minera Rayrock Inc.-Class A	2 314	2 441		250 000	Quadra Logic Technologies Inc.	1 883	2 063	
230 600	Redstone Resources Inc.	982	1 557		189 000	Schneider Corporation-Class A	2 739	2 835	
570 000	Trillon Resources Ltd.- Special warrants	1 995	2 394		46 000	Spectral Diagnostics Inc.- Special warrants	1 472	1 208	
		10 925	13 058	5.5%			17 418	16 683	7.1%
GOLD AND SILVER					INDUSTRIAL PRODUCTS				
160 000	Euro-Nevada Mining Corp. Ltd.	6 710	5 520		450 000	AGRA Industries Ltd.-Class B	3 657	2 925	
250 000	Goldcorp Inc.-Class A	2 019	1 938		300 000	Anchor Lamina Inc.	1 950	1 950	
682 000	Kinross Gold Corporation	1 246	3 836		660 300	Bracknell Corporation	3 673	1 717	
498 000	Orvana Minerals Corporation	1 987	3 362		484 700	Circo Craft Co. Inc.	2 857	2 424	
276 300	Rayrock Yellowknife Resources Inc.	3 049	4 697		116 500	Cominco Fertilizers Ltd.	1 433	2 883	
450 000	Viceroy Resource Corporation	3 102	4 106		100 000	Corel Systems Corporation	810	2 475	
		18 113	23 459	10.0%	247 800	Emco Limited	1 633	2 168	
OIL AND GAS					130 000	Geac Computer Corporation Ltd.	1 957	1 755	
125 000	Anderson Exploration Ltd.	2 324	4 047		425 000	Hudson Bay Diecasting Limited	1 715	1 679	
81 100	Archer Resources Ltd.	1 568	1 683		90 000	Hummingbird Communications Ltd.	2 036	1 631	
360 000	Artisan Drilling Ltd.	900	1 314		205 000	I.S.G. Technologies Inc.	3 315	1 743	
152 500	Ballistic Energy Corporation	1 338	1 334		208 200	ISM Information Systems Management Corporation	2 310	3 331	
62 500	Ballistic Energy Corporation- Special warrants	531	547		250 000	Ivaco Inc.-Class A	2 112	1 781	
900 000	Beau Canada Explorations Limited	2 073	2 079		300 000	Methanex Corporation- Instalment receipts	1 589	2 963	
100 000	Canadian Natural Resources Ltd.	1 950	1 975		156 700	Premdor Inc.	1 520	1 880	
686 700	Chancellor Energy Resources Inc.	1 695	1 923		80 000	SNC-Lavalin Group Inc.-Class A	1 581	1 200	
98 500	Enserv Corp.	1 328	1 317		90 000	Stanley Technology Group Inc.	990	866	
375 000	Hillcrest Resources Ltd.	2 124	1 819		446 438	Tecsyn International Inc.	1 000	679	
225 000	Jordon Petroleum Ltd.	2 060	2 250		115 000	Unican Security Systems Ltd.- Class B	1 783	2 300	
225 000	Mannville Oil & Gas Ltd.	1 575	1 406		160 000	United Westburne Inc.	794	1 600	
300 000	Mark Resources Inc.	3 304	2 700				38 715	39 950	17.0%
446 600	Morgan Hydrocarbons Inc.	2 363	2 456		REAL ESTATE				
216 800	Northrock Resources Limited	2 133	2 331		150 000	Intrawest Corporation	1 546	2 419	
245 000	Petromet Resources Ltd.	2 092	2 236		575 000	Revenue Properties Company Ltd.	2 087	1 696	
114 900	Pinnacle Resources Ltd.	2 114	2 355				3 633	4 115	1.7%
200 000	Precision Drilling Corporation- Class A	3 184	3 350		TRANSPORTATION AND ENVIRONMENTALS				
519 400	Remington Energy Ltd.	1 787	1 896		150 000	CHC Helicopter Corp.-Class A	1 620	1 538	0.7%
215 000	Rio Alto Exploration Ltd.	2 023	1 935		COMMUNICATIONS AND MEDIA				
283 000	Serenpet Inc.	2 621	2 122		150 000	CFCF Inc.	1 697	2 025	
340 000	Stampeder Exploration Ltd.- Special warrants	1 870	1 955		300 000	Cogeco Cable Inc.	3 450	3 187	
125 000	Tarragon Oil & Gas Limited	1 984	2 250		200 000	Cogeco Inc.	1 668	1 975	
669 000	Ulster Petroleums Limited	2 561	2 642		300 000	Greenstar Telecommunications Inc.	2 072	1 485	
641 800	Upton Resources Inc.-Class A	1 218	1 348		210 000	GTC Transcontinental Group Ltd.- Class B	1 898	1 733	
39 600	Veritas Energy Services Inc.	479	475		150 000	Live Entertainment of Canada Inc.	1 838	2 100	
130 400	Veritas Energy Services Inc.- Special warrants	1 434	1 565		48 200	Premier Choix TVEC Inc.-Class A	571	434	
256 100	Winfield Energy Ltd.	1 314	1 076				13 194	12 939	5.5%
		51 947	54 386	23.1%	MERCHANDISING				
PAPER AND FOREST PRODUCTS					200 000	Beamscope Canada Inc.	2 460	2 000	
35 000	Doman Industries Ltd.-Class B	632	521		372 000	BMTC Group Inc.	2 871	2 790	
200 000	Forex Le Groupe Inc.	1 206	2 675		137 500	International Wallcovering Ltd.	1 238	1 341	
		1 838	3 196	1.4%	120 000	North West Company Inc.	1 860	1 560	
					229 400	Richelieu Hardware Limited	1 929	2 036	
					150 000	White Rose Crafts and Nursery Sales Limited	980	900	
							11 338	10 627	4.5%

30 JUNE 94

STATEMENT OF INVESTMENTS AND OTHER NET ASSETS (UNAUDITED) (IN \$000s)

Holdings	Security	Cost	Market Value	% of Net Assets
FINANCIALS				
236 600	Clairvest Group Inc.	\$ 1 297	\$ 1 893	
159 411	Merchant Private Ltd.-Class A	774	773	
200 000	Surrey Metro Savings Credit Union	1 831	2 250	
60 000	Trimark Financial Corporation	1 360	1 905	
		5 262	6 821	2.9%
MISCELLANEOUS				
230 000	CFM International Inc.	1 831	1 639	0.7%
TOTAL CANADIAN EQUITIES		175 834	188 411	80.1%

FOREIGN EQUITIES**UNITED STATES****FINANCIALS**

90 000	National Reinsurance Corp.	3 403	3 203	1.4%
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CONSUMER GROWTH STAPLES

22 200	Cephalon Inc.	488	276	
90 000	Huffy Corporation-With rights	2 279	1 944	
90 000	Shoneys Inc.	2 852	1 913	
72 500	The TJX Companies, Inc.	2 791	2 192	
		8 410	6 325	2.7%

Holdings	Security	Cost	Market Value	% of Net Assets
CAPITAL GOODS – TECHNOLOGY				
16 000	Infosoft International Inc.	\$ 325	\$ 503	
18 000	LSI Logic Corporation	446	622	
39 300	Progress Software Corporation	2 146	1 670	
32 000	Pyramid Technology Corporation	606	260	
15 000	Structural Dynamics Research Corp.-Class A	271	207	
65 000	Western Digital Corp.	1 120	1 146	
		4 914	4 408	1.9%

CAPITAL GOODS

20 000	Emerson Electric Company-With rights	1 736	1 572	
35 000	Greenfield Industries Inc.	980	943	
35 000	Lawson Products Inc.	1 365	1 113	
		4 081	3 628	1.5%

ENERGY

80 000	Southwestern Energy Company	1 915	1 866	
85 000	Weatherford International Inc.	1 157	1 586	
		3 072	3 452	1.5%

BASIC INDUSTRIES

45 700	Bemis Co.-With rights	1 363	1 405	
90 000	Wheeling Pittsburgh Corporation	2 300	2 208	
		3 663	3 613	1.5%

TOTAL FOREIGN EQUITIES

27 543 24 629 10.5%

TOTAL COMMON EQUITIES

203 377 213 040 90.6%

CANADA TREASURY BILLS

21 995 21 995 9.3%

TOTAL COST AND MARKET VALUE OF INVESTMENTS

225 372 235 035 99.9%

Cash and receivables

1 523 1 523

Less total liabilities

(1 231) (1 231)

292 292 0.1%

NET ASSETS AT COST AND MARKET

\$ 225 664 \$ 235 327 100.0%

COMMENTARY

IN RESPONSE to inflation fears, the U.S. Federal Reserve Board raised interest rates four times over the course of the first six months of 1994. Equity markets corrected as a result of the increase in rates and the S&P 500 fell by 1.2% (Cdn.) in the period.

The strong emphasis on value in the American Stock Fund allowed it to perform relatively well through a difficult period. The six-month return for the period ended June 30, 1994 was -0.1%.

OUTLOOK

CORPORATE PROFITS should be strong in 1994 and should receive a further boost in 1995 as Europe and Japan demonstrate stronger economic growth. Inflation is not expected to become problematic in the near future, which should ultimately lead to lower interest rates, especially if economic growth moderates.

Equity markets are expected to continue to struggle for a while as investors weigh the upside prospect of solid earnings growth against the negative impact of higher interest rates. The resolution of this struggle should be positive as inflation concerns subside and markets respond positively to strong

corporate earnings growth over the next few years.

Real bond yields are currently very high as bond investors are skeptical about the central government's ability to contain inflation at this point in the business cycle. Although the central governments appear to be committed to controlling inflation, strong structural forces are at work that will likely prove to be more important than government policies in keeping inflation in check. These forces, namely fierce competitive pressures from global companies, rapidly developing labour pools in new market economies, rapid innovation and debt liquidation will continue to play a role in ensuring limited upward movement in the price of finished goods and labour over the next few years.

Significant opportunities continue to exist for companies with exposure to global markets that provide productivity enhancing equipment, value-based consumer goods, innovative technology and efficient modes of distribution.

A strong emphasis on value helped the Fund perform relatively well in a difficult period. Equity markets are expected to struggle for a while, but lower inflation and strong corporate earnings should lead to enhanced growth.

Year Ended* 31 Dec	Unit Value Close	Net Income Per Unit	Capital Gains	Annual Rate of Return
1994*	\$11.51	\$ 0.04	\$ -	-0.1%†
1993	11.56	0.03	1.61	9.1
1992	12.10	0.09	-	18.6
1991	10.28	0.05	-	25.3
1990	8.25	0.10	-	-2.4
1989	8.56	0.12	-	32.6
1988	6.55	0.08	-	-2.9
1987	6.82	0.07	0.24	2.1
1986	6.98	0.09	0.52	14.1
1985	6.65	0.15	0.56	28.6
1984	5.74	0.13	0.06	0.7

* FOR THE SIX MONTH PERIOD ENDED 30 JUNE
† TOTAL RETURN JAN. 1 - JUNE 30, 1994

Net Assets \$101.8 million

UNIT VALUES

	High	Low	Close
Cdn.\$	\$12.20	\$11.38	\$11.51
U.S.\$	\$ 9.04	\$ 8.21	\$ 8.33

SIX MONTHS ENDED 30 JUNE 94

TOTAL RATES OF RETURN

	1 Year	3 Year	5 Year	10 Year
Cdn.\$	8.7%	13.7%	12.1%	12.5%
U.S.\$	0.9%	6.7%	9.1%	12.1%

TO 30 JUNE 94

30 JUNE 94

STATEMENT OF INVESTMENTS AND OTHER NET ASSETS (UNAUDITED) (IN \$000s)

Holdings	Security	Cost	Market Value	% of Net Assets
BASIC INDUSTRIES				
23 000	Alcan Aluminium Limited	\$ 671	\$ 715	
36 000	Bemis Co.	1 093	1 107	
35 000	Crown Cork & Seal Company, Inc.	1 584	1 778	
35 000	Ferro Corporation	1 442	1 113	
21 000	Georgia Pacific Corporation	1 972	1 738	
45 000	Ingersoll-Rand Company	1 186	2 200	
37 000	Nalco Chemical Company	1 728	1 630	
20 000	Rohm & Haas Co.	1 479	1 731	
60 000	Wheeling Pittsburgh Corporation	1 451	1 472	
		12 606	13 484	13.2%
CAPITAL GOODS				
60 000	Dana Corporation	2 268	2 364	
30 000	Emerson Electric Company	2 368	2 359	
43 200	Greenfield Industries Inc.	1 192	1 164	
15 000	Lawson Products Inc.	592	477	
35 000	Parker Hannifin Corporation	1 676	2 068	
50 000	WMX Technologies Inc.	1 569	1 832	
		9 665	10 264	10.1%
CAPITAL GOODS - TECHNOLOGY				
4 000	Analog Devices Inc.	162	159	
16 000	Infsoft International Inc.	325	503	
30 000	KLA Instruments Corporation	1 371	1 555	
80 000	LSI Logic Corporation	1 602	2 765	
70 000	MCI Communications Corporation	2 302	2 141	
50 000	Pitney Bowes Inc.	1 296	2 644	
10 500	Progress Software Corporation	562	446	
13 000	Pyramid Technology Corporation	233	106	
17 800	Teradyne Inc.	604	646	
		8 457	10 965	10.8%
CONSUMER CYCLICALS				
20 000	Dayton-Hudson Corporation	1 895	2 236	
30 000	Dillard Department Stores-Class A	1 397	1 286	
10 000	General Motors Corporation	747	695	
25 000	Leggett & Platt Inc.	1 281	1 317	
30 000	Newell Co. Inc.	1 686	1 908	
53 000	Reebok International Ltd.	2 313	2 189	
		9 319	9 631	9.5%
CREDIT CYCLICALS				
16 100	Vulcan Materials Co.	1 032	1 021	1.0%

Holdings	Security	Cost	Market Value	% of Net Assets
CONSUMER GROWTH STAPLES				
45 000	Abbott Laboratories	\$ 1 757	\$ 1 804	
35 000	Bausch & Lomb Incorporated	2 343	1 790	
12 800	Cephalon Inc.	261	159	
50 000	R.R. Donnelley & Sons Company	1 966	1 918	
50 000	Huffy Corporation	1 299	1 080	
57 000	The Interpublic Group of Companies Inc.	952	2 443	
45 000	Multimedia Inc.	2 062	1 796	
55 000	PepsiCo Inc.	837	2 328	
50 000	Russell Corporation	1 881	2 004	
65 000	Shoneys Inc.	1 888	1 381	
60 000	The TJX Companies, Inc.	2 219	1 814	
30 000	Tribune Company	2 410	2 204	
24 000	Vertex Pharmaceuticals Inc.	578	406	
		20 453	21 127	20.8%
CONSUMER STAPLES				
55 000	Archer-Daniels Midland Company	1 760	1 768	1.7%
ENERGY				
45 000	Apache Corporation	1 326	1 718	
30 000	Dresser Industries Inc.	935	855	
29 000	Schlumberger Ltd.	2 027	2 365	
65 000	Southwestern Energy Company	1 483	1 516	
40 000	Tidewater Inc.	1 068	1 272	
40 000	Weatherford International Incorporated	552	746	
		7 391	8 472	8.3%
FINANCIALS				
21 000	Marsh & McLennan Companies Inc.	2 260	2 417	
60 000	National Reinsurance Corp.	2 634	2 136	
82 000	Norwest Corporation	2 557	2 961	
		7 451	7 514	7.4%
TRANSPORTATION				
54 000	Ryder System Inc.	1 947	1 875	
30 000	Union Pacific Corp.	2 453	2 348	
		4 400	4 223	4.1%
CONGLOMERATES				
35 000	Tenneco Inc.	2 269	2 238	
35 000	Tyco International Ltd.	2 419	2 213	
		4 688	4 451	4.4%
SHORT-TERM INVESTMENTS				
		7 562	7 562	7.4%
TOTAL COST AND MARKET VALUE OF INVESTMENTS				
		94 784	100 482	98.7%
	Cash and receivables	1 502	1 502	
	Less total liabilities	(195)	(195)	
		1 307	1 307	1.3%
NET ASSETS AT COST AND MARKET				
		\$ 96 091	\$ 101 789	100.0%

COMMENTARY

THE RETURN for the Fund for the first half of 1994 was +2.8%. This compares favourably with the performance of the Fund's benchmark index; the Value Line Index, which declined by 2.5% over the six-month period ended June 30, 1994.

Research undertaken by the Fund manager began to turn negative early in the fourth quarter of 1993. Early signs of an improving economy led to increased long-term bond yields and poorer readings from the monetary model. The cash position of the Fund at December 31, 1993 was 42%. The Fund continued to raise cash early in the year as higher short- and long-term interest rates caused the monetary model to show its worst reading in five years. The sentiment measures failed to show much pessimism even during the 10% correction that U.S. equity markets experienced

from their January highs. In fact the longer-term sentiment measures stayed consistently bearish during the period. The equity allocation of the Fund was maintained at between 30% and 37% for the majority of the first half of 1994 and was at 31% at June 30, 1994.

OUTLOOK

LOOKING FORWARD, it is expected that the major risk to the equity markets will be that the Federal Reserve will continue to raise interest rates. This is a significant risk, although short-term stock market rallies are possible, especially if pessimism surges. The Fund will continue to monitor the indicators to assess market volatility. If the economy weakens and rates stabilize, investment exposure of the Fund will be increased. In the meantime, the Fund will take a cautious stance to the market.

The Fund entered 1994 with a cash position of 42% and continued to raise cash in the early part of the year. The major risk to the markets is higher interest rates although short-term rallies are possible.

Year Ended 31 Dec	Unit Value Close	Capital Gains Per Unit	Annual Rate of Return
1994*	\$ 14.09	\$ -	2.8%†
1993	13.72	0.02	20.1
1992‡	11.43	-	-

* FOR THE SIX MONTH PERIOD ENDED 30 JUNE

† TOTAL RETURN JAN. 1 - JUNE 30, 1994

‡ 9 MONTHS

Net Assets \$177.6 million

UNIT VALUES

	High	Low	Close
Cdn.\$	\$14.52	\$13.61	\$14.09
U.S.\$	\$10.61	\$10.19	\$10.20

SIX MONTHS ENDED 30 JUNE 94

TOTAL RATE OF RETURN

	1 Year
Cdn.\$	13.1%
U.S.\$	4.9%

TO 30 JUNE 94

30 JUNE 94

STATEMENT OF INVESTMENTS AND OTHER NET ASSETS (UNAUDITED) (IN \$000s)

Holdings	Security	Cost	Market Value	% of Net Assets
COMMERCIAL SERVICES				
5 500	ADT Limited	\$ 82	\$ 77	
15 400	Ackerley Communications Corp.	78	128	
3 300	Adia Services Inc.	97	160	
5 500	Astrotech International Corp.	46	22	
200	Bearings Inc.	6	9	
11 400	Bowne & Co., Inc.	291	327	
6 100	Cadmus Communication Corp.	42	150	
200	Castle A.M. & Co.	5	6	
11 200	Devon Group Inc.	234	302	
9 800	Forschner Group Inc.	190	166	
8 800	GRC International Inc.	75	146	
20 400	Graphic Industries Inc.	254	282	
500	Grey Advertising Inc.	105	126	
1 050	Hawkins Chemicals Inc.	7	11	
2 200	Hughes Supply Inc.	67	63	
4 100	McGrath Rentcorp.	89	96	
3 200	Merrill Corp.	43	97	
3 600	National Sanitary Supply Co.	44	61	
3 300	Reynolds & Reynolds	103	105	
3 000	Standard Register Co.	37	89	
7 000	Super Food Services Inc.	99	115	
8 500	Super Rite Corp.	76	147	
4 100	United Stationers Inc.	46	55	
600	Value Line Inc.	31	27	
		2 147	2 767	1.6%

CONSUMER DURABLES				
1 346	Anthony Industries Inc.	22	28	
6 100	Baldwin Piano & Organ Co.	121	111	
300	Bic Corp.	7	12	
600	Briggs & Stratton	47	55	
5 950	Bush Industries Inc., Class A	46	210	
400	Carlisle Cos., Inc.	12	18	
1 200	Champion Enterprises Inc.	54	47	
3 500	Chromcraft Revington Inc.	90	93	
4 800	Cincinnati Microwave Inc.	20	52	
8 200	Coachmen Industries Inc.	170	142	
6 400	Communications Systems Inc.	52	113	
600	Echlin Inc.	19	25	
5 000	Engle Homes Inc.	98	63	
600	First Brands Corp.	24	30	
4 700	Flexsteel Industries Inc.	94	89	
100	Fuji Photo Film Ltd., ADR	6	6	
5 600	Harman International Industries Inc.	164	194	
5 900	Lumex Corp.	98	86	
2 200	Mdc Holdings Inc.	18	17	
6 600	Mr. Coffee Inc.	74	135	
1 100	Oneida Ltd.	26	21	
8 100	Pentech International Inc.	62	63	
6 100	Pulaski Furniture Corp.	181	172	
8 300	R & B Inc.	85	77	
5 700	Rival Co.	81	162	
3 000	SPX Corp.	67	64	
6 800	Sturm Ruger & Co., Inc.	226	277	
700	Thor Industries Inc.	13	19	
17 000	Topps Co., Inc.	93	170	
5 700	Toro Co.	191	187	
300	Treadco Inc.	7	6	
10 300	Windmere Corp.	102	141	
6 150	Wynns International Inc.	161	174	
		2 531	3 059	1.7%

Holdings	Security	Cost	Market Value	% of Net Assets
CONSUMER NON-DURABLES				
1 700	Beauticontrol Cosmetics Co.	\$ 32	\$ 34	
3 600	Dr.Pepper / Seven-Up Cos., Inc.	113	114	
3 100	Garan Inc.	132	95	
4 100	Goodmark Foods Inc.	87	132	
5 200	Herbalife International Inc.	97	155	
11 100	Hudson Foods Inc., Class A	218	272	
6 800	IBP Inc.	224	250	
1 800	Justin Industries Inc.	29	30	
1 100	Kellwood Co.	71	33	
8 100	Morningstar Group Inc.	94	87	
1 500	Orbit International Corp.	13	7	
1 800	Oxford Industries Inc.	49	80	
600	Seneca Foods Corp.	16	19	
4 100	Smithfield Foods Inc.	149	159	
600	Weyco Group Inc.	11	30	
3 300	Wolverine World Wide Inc.	64	97	
10 160	Zapata Corp.	98	58	
		1 497	1 652	0.9%

CONSUMER PRODUCTS AND SERVICES				
4 300	AMC Entertainment Inc.	39	72	
1 400	BHC Communications Inc.	129	148	
900	Caesars World	44	45	
4 300	Carmike Cinemas Inc.	111	108	
13 550	Casino America Inc.	218	178	
4 365	Chris Craft Industries Inc.	194	218	
500	Club Med Inc.	16	16	
8 400	Dairy Mart Convenience Stores, Class B	87	49	
2 000	Dep Corp., Class A	35	7	
1 700	Ground Round Restaurants	8	14	
4 500	Houghton Mifflin Co.	286	275	
3 400	Marcus Corp.	49	122	
2 300	Piccadilly Cafeterias	43	31	
2 500	Plenum Publishing Corp.	51	92	
7 200	Sands Regent	90	122	
600	Scripps Howard Broadcasting Corp.	58	80	
4 400	Spelling Entertainment Co.	59	52	
2 400	Tecumseh Products Co., Class B	123	168	
		1 640	1 797	1.0%

ELECTRONIC TECHNOLOGY				
6 200	Advance Circuits Inc.	47	84	
8 300	Altron Inc.	94	169	
1 900	Analog Devices Inc.	49	76	
500	Analogic Corp.	9	11	
9 300	Apertus Technology Inc.	62	51	
1 600	Cherry Corp.	69	68	
4 900	Cray Research Inc.	155	153	
200	Curtiss-Wright Corp.	9	9	
2 700	Dataram Corp.	42	21	
400	E-Systems Inc.	22	21	
3 100	Electroglas Inc.	138	147	
2 400	Elron Electronic Industries Inc.	47	30	
1 900	Esco Electronics Corp.	26	22	
22 600	Executone Informations Systems Inc.	7	82	
2 900	Harris Corp.	158	177	
4 700	Helix Technology Corp.	86	164	
2 200	Herley Industries Inc.	17	11	
12 100	IMP Inc.	44	28	
16 000	Icot Corp.	61	19	
4 300	K-Tron International Inc.	65	68	
3 900	Kulicke & Soffa Industries, Inc.	42	74	
8 000	LSI Logic Corp.	208	276	
11 600	Lasermaster Technologies Inc.	147	118	
6 800	Logicon Inc.	195	254	

STATEMENT OF INVESTMENTS AND OTHER NET ASSETS (UNAUDITED) (IN \$000s)

30 JUNE 94

Holdings	Security	Cost	Market Value	% of Net Assets	Holdings	Security	Cost	Market Value	% of Net Assets
ELECTRONIC TECHNOLOGY (continued)					FINANCE (continued)				
7 500	MTS Systems Corp.	\$ 279	\$ 293		1 600	Health Equity Properties Inc.	\$ 22	\$ 20	
8 500	Media Logic Inc.	156	22		29 300	Hibernia Corp., Class A	312	349	
13 000	National Semiconductor	276	310		8 380	Hubco Inc.	174	232	
1 300	Nordstan Inc.	21	31		1 600	Integra Financial	87	103	
5 900	Park Electrochemical Co.	187	234		4 100	Integrated Device Technology Corp.	83	140	
11 000	Seagate Technology	318	300		8 800	Inter-Regional Financial Corp.	236	271	
5 300	Sparton Corp.	51	42		10 000	Interstate / Johnson Lane	100	116	
8 100	Tech-Sym Corp.	172	230		5 500	Jefferies Group Inc.	180	274	
3 500	Thiokol Corp.	96	117		2 600	Kansas City Life Insurance Co.	158	155	
3 700	UNC Inc.	29	28		10 600	L.L. & E. Royalty Trust	70	70	
5 800	Unisys Corp.	85	74		8 375	Legg Mason Inc.	228	219	
8 800	V Band Corp.	66	46		1 430	Leucadia National Corp.	44	71	
534	Vishay Intertechnology Corp.	37	30		200	Liberty National Bancorp.	8	9	
6 300	Watkins Johnson Co.	205	258		2 500	Magna Group	30	67	
		3 777	4 148	2.3%	4 000	Markel Corp.	118	220	
FINANCE					13 800	McDonald & Co., Investments	206	243	
600	Aaron Rents Inc.	9	10		2 100	Mercantile Bancorp.	90	102	
6 800	Agency Rent A Car Inc.	69	105		5 200	Meridian Insurance Group, Inc.	79	78	
10 300	Alex Brown Inc.	305	352		400	Mesa Royalty Trust	23	25	
2 100	Alexanders Inc.	157	150		8 050	Metro Bancshares Inc.	154	239	
1 134	Alleghany Corp.	234	233		5 500	Metropolitan Financial Corp.	122	120	
2 400	Ambac Inc.	137	130		1 300	Michigan National Corp.	136	129	
1 100	American National Insurance Co.	72	72		1 754	Mid American Bancorp.	40	45	
1 900	Amplicon Inc.	35	54		8 700	Midlantic Corp.	306	352	
200	Atlanta Sosnoff Capital Corp.	2	2		13 950	Money Store Inc.	270	323	
1 500	Banco De Santander	89	74		12 500	Morgan Keegan Inc.	177	218	
14 000	BankSouth Corp.	280	348		2 900	NBB Bancorp Inc.	92	188	
6 500	Banponce Corp.	273	281		800	NWNL Cos., Inc.	33	37	
3 100	Baybanks Inc.	223	258		600	National Re Corp.	28	21	
6 600	CV Reit Inc.	76	84		1 800	North American Mortgage Corp.	62	60	
1 140	CVB Financial Corp.	17	23		2 900	North Fork Bancorp.	57	53	
8 600	Centura Banks Inc.	234	259		400	Old Kentucky Financial Corp.	7	19	
2 200	Citizens First Bancorp.	7	27		2 800	Old Republic International Corp.	80	86	
5 400	Colonial Group Inc., Class A	115	202		4 425	Orion Capital Corp.	160	209	
12 900	Comdisco Inc.	287	341		900	PHH Corp.	44	44	
500	Commerce Bancshares Inc.	15	22		606	Pacific Crest Capital Inc.	4	6	
4 600	Compania Bolivia	150	141		3 000	Paine Webber Group, Inc.	67	65	
7 500	Continental Bank Corp.	255	376		2 496	Patten Corp.	11	11	
7 400	Continental Homes Holding Corp.	184	148		300	Pennsylvania Real Estate Co.	10	10	
2 600	Conversion Industries Inc.	36	13		3 100	Pioneer Financial Services Inc.	52	43	
1 000	Crestar Financial Corp.	53	63		2 600	Pioneer Group Inc.	143	131	
1 300	Cullen First Bankers Inc.	61	63		3 300	Piper Jaffray Inc.	57	57	
500	Dauphin Deposit Co.	15	18		5 100	Poe & Brown Inc.	142	143	
8 300	Deposit Guaranty Corp.	309	338		800	Pope Resources Ltd.	94	98	
5 400	Dime Savings Bank N.Y.	61	74		10 850	Premier Bancorp.	102	264	
3 600	Eagle Financial Corp.	67	116		5 500	Protective Life Corp.	238	306	
5 200	Edwards A.G. Inc.	141	124		6 417	Quick & Rielly Group Inc.	229	225	
10 050	Electro Rent Corp.	156	193		4 200	RE Capital Corp.	77	73	
1 700	Equit Iowa Cos., Class B	53	74		1 500	RLI Corp.	37	45	
12 100	Fahnestock Viner Holdings	119	109		8 200	Raymond James Financial Inc.	172	164	
9 450	Fidelity National Financial Corp.	198	167		6 800	Reliance Group Holdings Inc.	65	51	
1 400	First American Bank Corp.	71	69		2 300	Resource Mortgage Capital Inc.	63	76	
7 600	First American Corp.	304	344		4 000	Ryder Systems Inc.	121	139	
7 100	First American Financial Corp.	298	227		2 000	Sabine Royalty Trust	40	37	
1 700	First Bancorp., Ohio	51	58		9 200	San Juan Basin Royalty Trust	114	111	
1 700	First Citizen Bancorp.	108	105		4 200	Selective Insurance Group Inc.	146	146	
4 012	First Commerce Corp.	139	157		10 200	Shawmut National Corp.	320	310	
300	First Empire State Corp.	50	65		22 500	Sherwood Group Inc.	134	190	
12 300	First Financial Caribbean Co.	241	187		7 600	Signet Banking Corp.	283	424	
600	First Security Corp.	8	24		8 500	Southern National Corp.	222	235	
2 200	First Tennessee National Co.	61	133		1 350	Southtrust Corp.	16	38	
400	First Virginia Banks Inc.	17	20		6 800	Southwest Securities Group Inc.	90	108	
2 300	Firstier Financial Inc.	63	151		16 800	Southwestern Life Corp.	134	122	
15 000	Foothill Group Inc.	265	244		1 750	St. Paul Bancorp., Inc.	21	54	
4 000	Fourth Financial Corp.	147	159		9 500	Standard Federal Bank	314	328	
300	Gallagher Arthur J. & Co.	12	13		11 250	Stewart Information Services Inc.	230	282	
1 100	Gatx Corp.	57	62		2 500	Summit Bancorp.	38	75	
1 200	Green Tree Acceptance Inc.	35	93		800	Sunamerica Inc.	41	45	
600	Guaranty National Corp.	15	12		1 300	TCF Financial Corp.	54	61	

30 JUNE 94

STATEMENT OF INVESTMENTS AND OTHER NET ASSETS (UNAUDITED) (IN \$000s)

Holdings	Security	Cost	Market Value	% of Net Assets
FINANCE (continued)				
23 300	Tiphook Plc, ADR	\$ 84	\$ 68	
14 100	Trustmark Corp.	286	361	
6 500	U.S. Life Corp.	336	319	
2 000	U.S. Trust Corp.	143	140	
900	USlico Corp.	23	23	
9 600	Union Planters Corp.	297	355	
3 300	United Co.	193	185	
400	Universal Health Realty Inc.	9	9	
6 300	Washington National Corp.	197	185	
4 200	Waterhouse Investor Services Inc.	82	78	
1 400	West One Bancorp.	21	56	
2 500	Westamerica Bancorp.	47	105	
9 650	Whitney Holdings Corp.	282	353	
4 000	Worthen Banking Corp.	116	161	
500	Xtra Corp.	11	33	
2 600	Zenith National Insurance Inc.	85	83	
3 200	Ziegler Inc.	66	74	
3 300	Zions Bancorp.	180	181	
		16 791	19 316	10.9%

HEALTH INDUSTRIES

13 000	Adac Laboratories Inc.	192	150	
10 400	Allied Healthcare Products	175	208	
4 100	American Homepatient Co.	61	85	
3 400	Circa Pharmaceuticals Inc.	45	43	
3 800	Employee Benefit Plans	74	59	
5 600	Foxmeyer Corp.	109	108	
7 975	Geriatric & Medical Centers Inc.	41	25	
11 200	Hauser Chemical Research Inc.	120	104	
7 300	Healthcare Services Group Inc.	95	125	
10 000	Healthdyne Inc.	51	83	
8 300	Healthtrust Inc.	242	318	
5 700	Instrumentarium Corp.	36	86	
1 200	Kendall International Inc.	69	84	
1 100	Living Centers America Inc.	25	44	
7 600	Mentor Corp.	87	161	
2 600	National Intergroup	65	63	
300	PCI Services Inc.	4	4	
8 300	Regency Health Services Inc.	136	169	
1 000	SPI Pharmaceuticals Inc.	24	22	
5 600	Safeguard Health Enterprises Inc.	68	101	
2 000	Servicemaster Ltd.	70	68	
9 300	Universal Health Services Inc.	209	336	
900	West Company Inc.	25	27	
		2 025	2 476	1.4%

INDUSTRIAL PRODUCTS AND SERVICES

3 100	Banister Inc.	43	56	
600	CRSS Inc.	7	9	
4 400	Dreco Energy Services Ltd.	97	42	
4 400	Input / Output Inc.	7	144	
4 013	M A R C Inc.	55	50	
6 500	Newsco Well Service Ltd.	143	146	
2 400	O'Brien Environmental Energy Corp.	13	2	
2 600	Offshore Pipeline Inc.	31	70	
520	PDG Environmental Inc.	1	1	
700	Seitel Inc.	21	27	
2 800	Turner Corp.	46	32	
		464	581	0.3%

MINERALS

6 700	Acme Metals Inc.	\$ 216	\$ 211	
5 500	Acme-Cleveland Corp.	64	79	
1 300	Ameron Inc.	56	64	
12 400	Amersco Inc.	90	128	
4 100	Apco Argentina Corp.	111	96	
34 691	Ashland Coal Inc.	35	33	
4 800	Ashland Oil Inc.	235	223	
2 000	Basic Petroleum International Ltd.	109	108	
600	Carpenter Technology Corp.	46	49	
4 900	Cleveland Cliffs Inc.	269	257	
1 200	De Beers Consolidated Mines	37	37	
1 300	Fina Inc., Class A	121	137	
100	Florida Rock Industries Inc.	4	3	
5 500	Giant Industries Inc.	79	61	
5 300	Holly Corp.	199	209	
2 200	KCS Energy Inc.	64	61	
3 900	Lafarge Corp.	117	104	
800	Murphy Oil Corp.	42	47	
1 000	Prairie Oil Royalties Ltd.	13	10	
4 400	Puerto Rican Cement Inc.	141	174	
1 000	Republic Gypsum Co.	15	13	
6 300	Roanoke Electric Steel Corp.	151	126	
5 600	Steel of West Virginia Inc.	95	101	
14 700	Tesoro Petroleum Corp.	233	221	
1 000	Texas Industries Inc.	50	46	
3 400	Tosco Corp.	150	140	
17 100	Total Petroleum Corp.	234	284	
8 935	Total S A Sponsored, ADR	276	355	
9 500	Ultramar Corp.	363	345	
1 900	Wainoco Oil Corp.	12	12	
10 900	Wheeling Pittsburgh Corp.	278	264	
		3 908	3 999	2.2%

PROCESS INDUSTRIES

6 600	A.P. Green Industries Inc.	139	157	
11 350	AEP Industries Inc.	173	274	
7 800	Aceto Corp.	148	164	
1 700	Akzo N.V.	129	125	
800	American Maize Products, Class A	23	23	
12 900	BMC Industries Inc.	187	484	
2 200	Blessings Corp.	64	91	
2 300	Brady W.H. Co.	144	147	
6 700	Cambrex Corp.	122	197	
19 100	Culp Inc.	220	244	
11 500	Dyersburg Corp.	113	109	
1 600	Fab Industries Inc.	60	75	
1 300	Fieldcrest Cannon Inc.	44	44	
2 000	Forstmann & Co., Inc.	29	31	
800	Hanna H.A., Co.	34	28	
4 450	Johnston Industries Inc.	85	59	
400	Learonol Inc.	9	9	
2 600	Macdermid Inc.	94	104	
1 800	O'Sullivan Corp.	25	24	
4 700	Texfi Industries Inc.	49	20	
600	Velcro Industries NV	32	48	
700	Vigoro Corp.	27	27	
		1 951	2 487	1.4%

STATEMENT OF INVESTMENTS AND OTHER NET ASSETS (UNAUDITED) (IN \$000s)

30 JUNE 94

Holdings	Security	Cost	Market Value	% of Net Assets	Holdings	Security	Cost	Market Value	% of Net Assets
PRODUCER MANUFACTURING					RETAIL TRADE				
6 600	Agco Corp.	\$ 324	\$ 334		2 400	Amre Inc.	\$ 19	\$ 11	
1 200	Amcast Industrial Corp.	35	36		2 100	Arden Group Inc., Class A	117	116	
1 400	Ampco-Pittsburg Corp.	17	12		6 800	Big B Inc.	33	109	
8 600	Astec Industries Inc.	163	169		9 800	Bon-Ton Stores Inc.	105	120	
2 000	Bel Fuse Inc.	40	18		700	Burlington Coat Factory	11	17	
3 000	CMI Corp.	26	22		2 600	Caseys General Stores Inc.	63	41	
4 100	Clark Equipment Co.	311	339		5 800	Claire's Stores Inc.	94	82	
400	Commercial Intertech Corp.	15	14		4 700	Comcoa Inc.	80	91	
466	Commercial Metals Co.	16	16		2 400	Delchamps Inc.	39	75	
6 400	Core Industries Inc.	109	89		8 400	Fay's Inc.	79	77	
3 400	Cummins Engine Inc.	181	203		800	Fingerhut Cos., Inc.	18	27	
5 900	Durakon Industries Inc.	143	141		4 200	Gander Mountain Inc.	68	71	
8 400	Elco Industries Inc.	194	197		6 700	Gantos Inc.	96	27	
1 600	Eljer Industries Inc.	18	15		10 200	Good Guys Inc.	195	183	
8 900	Essef Corp.	143	181		13 300	Inmac Corp.	118	628	
1 700	Franklin Electric Co.	60	65		1 300	Kroger Co.	30	42	
4 700	General Housewares Corp.	112	74		2 200	Lillian Vernon Corp.	46	56	
2 100	Hunt Manufacturing Co.	35	47		4 800	Luria & Sons Inc.	80	53	
4 200	Indresco Inc.	75	69		1 600	Marsh Supermarkets Inc.	28	23	
4 580	Insteel Industries Inc.	55	53		6 750	Microage Inc.	154	147	
18 500	Instrument Systems Corp.	168	188		1 600	Oshman's Sporting Goods	18	16	
6 000	JLG Industries Inc.	213	253		8 100	Payless Cashways Inc.	161	151	
2 625	Jason Inc.	42	34		1 100	Premark International Inc.	114	114	
1 900	Joslyn Corp.	29	67		11 400	Revco DS Inc.	284	252	
2 000	Keystone Consolidated Industries Inc.	26	40		4 100	Safeway Inc.	142	135	
590	Knap & Vogt Manufacturing Co.	12	16		4 700	Seaway Food Town Inc.	86	65	
1 500	Kysor Industrial Corp.	35	36		3 500	Strawbridge & Clothier Co.	104	95	
5 500	LSB Industries Inc.	71	56				2 386	2 260	1.3%
1 200	Magna International Corp.	47	66		TECHNOLOGY SERVICES				
1 400	Mascotech Co.	38	26		800	Arrow Electronics Inc.	34	41	
400	Midland Co.	23	20		5 648	Bell Industries Inc.	112	130	
800	Mueller Industries Inc.	24	32		2 500	Boole & Babbage Inc.	75	90	
6 600	Nam Tai Electronics Inc.	125	100		13 300	Caci Inc.	92	156	
500	Nashua Corp.	19	18		13 400	Computer Data Systems Inc.	220	255	
4 800	Newcor Inc.	115	71		11 400	Computer Language Research Inc.	80	122	
14 000	Oshkosh Truck Corp., Class B	197	198		5 800	Future Now Inc.	118	78	
2 700	Pacific Scientific Co.	71	96		12 100	Government Technology Services Inc.	97	176	
2 900	Penn Engineering & Manufacturing Corp.	136	189		2 200	Marshall Industries Inc.	70	67	
2 900	Pittston Co.	102	107		10 400	Merisel Inc.	138	1269	
1 500	Precision Castparts Co.	66	66		3 100	Par Technology Corp.	24	28	
5 900	Quixote Corp.	105	167		7 650	Pioneer Standard Electronics Corp.	182	264	
2 800	Raven Industries Inc.	55	74		2 600	Safeguard Scientifics Inc.	69	94	
700	Rogers Corp.	27	32		41 300	Triad Systems Corp.	284	257	
2 500	Scotsman Industries Inc.	37	46				1 598	1 884	1.1%
6 375	Shelter Components Corp.	85	113		TRANSPORTATION				
6 000	Smith A O Inc.	162	209		1 900	Airborne Freight Corp.	101	91	
2 900	Standex International Corp.	68	105		4 600	Anangel-American Shipholding Corp.	100	101	
3 600	Transtech Technology Corp.	68	63		14 800	Arkansas Best Corp.	267	256	
2 700	Trico Products Corp.	108	101		10 300	Consolidated Freightways Co.	344	338	
1 100	Trimas Corp.	18	35		4 500	Harper Group Inc.	86	90	
1 800	Varity Corp.	79	90		4 900	KLM Royal Dutch Airlines Co.	182	185	
7 700	Vista Resources Inc.	117	235		900	Kansas City Southern Inc.	22	51	
		4 564	5 052	2.8%	6 800	Mark VII Inc.	78	128	
					4 700	Matlack Systems Inc.	55	1051	
					1 900	Oglebay Norton Co.	63	66	
					5 300	Skywest Inc.	133	187	
					4 000	TNT Freightways Corp.	81	127	
					400	Transportacion Maritima Co.	5	4	
							1 518	1 729	1.0%

30 JUNE 94

STATEMENT OF INVESTMENTS AND OTHER NET ASSETS (UNAUDITED) (IN \$000s)

Holdings	Security	Cost	Market Value	% of Net Assets	Holdings	Security	Cost	Market Value	% of Net Assets
UTILITIES					UTILITIES (continued)				
200	ALC Communications Corp.	\$ 1	\$ 9		3 400	Mobile Gas Service Corp.	\$ 78	\$ 121	
3 200	Alatenn Resources Inc.	81	83		700	Nicor Inc.	25	26	
6 700	Allegheny & Western Energy Corp.	74	77		200	Nipsco Industries Inc.	6	8	
300	Aquarion Co.	10	11		3 400	Norex American Corp.	42	42	
2 500	Atmos Energy Corp.	77	64		50	North Carolina Natural Gas	1	2	
800	Bay State Gas Co.	28	27		3 600	Northwest National Gas Co.	162	149	
1 100	Boston Edison Co.	36	40		2 300	Northwestern Public Service Co.	93	87	
3 200	CMS Energy Corp.	98	92		1 400	PSI Resources Inc.	43	41	
2 000	California Water Services	98	99		3 200	Pinnacle West Capital Corp.	94	72	
700	Central Hudson Gas & Electric Co.	30	26		2 800	Portland General Corp.	71	66	
8 800	Columbia Gas Systems Inc.	282	329		3 100	Rochester Gas & Electric Corp.	100	93	
4 000	Commonwealth Energy Systems Co.	234	224		1 800	SJW Corp.	77	89	
2 400	Consumers Water Co.	57	55		4 000	Sierra Pacific Resources Corp.	107	104	
10 200	Eastern Utility Assn.	340	326		5 100	Southern Indiana Gas & Electric Co.	215	194	
7 300	Energen Corp.	220	211		1 545	Southern Union Corp.	48	38	
1 300	IES Industries Inc.	53	46		300	Southwest Energy Co.	6	7	
1 200	IWC Resources Corp.	33	34		9 400	Southwest Gas Corp.	214	234	
1 200	Indiana Energy Inc.	33	30		200	St. Joseph Light & Power Co.	9	7	
2 600	Iowa-Illinois Gas & Electric Co.	79	74		2 000	United Cities Gas Co.	42	44	
40 700	Kaneb Services Inc.	186	169		6 912	United Water Resources Inc.	134	123	
500	Laclede Gas Co.	68	15		3 400	Unitil Corp.	86	79	
2 600	MCN Corp.	140	144		8 000	Westcoast Energy Co.	183	163	
1 000	Maine Public Service Co.	33	36		1 000	Western Resources Corp.	43	37	
3 000	Midwest Resources Inc.	70	60		1 200	Wicor Inc.	50	49	
					1 600	Yankee Energy Systems Inc.	42	55	
							4 332	4 210	2.4%
SHORT-TERM INVESTMENTS							113 086	113 086	67.7%
TOTAL COST AND MARKET VALUE OF INVESTMENTS							164 215	170 503	95.8%
						Cash and receivables	57 835	57 835	
						Less total liabilities	(50 779)	(50 779)	
							7 056	7 056	4.2%
NET ASSETS AT COST AND MARKET							\$ 171 271	\$ 177 559	100.0%

COMMENTARY

OVER THE first half of 1994, European markets fell by 9.5% in local currency terms. However, due to the weakness of the U.S. and Canadian currencies, these markets actually showed a positive performance of 1.4%, compared with the Fund's return for the same period of a positive 4.3%.

In the first quarter, higher U.S. interest rates prompted a bond market sell-off in the U.S. which triggered a similar sell-off in European bond markets. The inability of European bond markets to decouple from the U.S. long bond dragged equity markets down. In what had been an unusually synchronized rally, all major European markets with the exception of Germany reached their twelve month peak on January 31, 1994. Germany began the quarter at its twelve month high.

In the second quarter, the markets were rocked by many issues including: the volatility and weakness of local bond markets and the moves in the U.S. dollar and U.S. interest rates; heightening concern regarding the flood of new issues on the calendar, particularly privatizations slated in Italy, France, Sweden and Germany; weakness in the U.S. dollar rather than widely forecasted strengthening which was expected to boost continental exporters' competitiveness and earnings; and a reduction in liquidity due to the reallocation and withdrawal of funds by foreign investors.

In the U.K., the London FT100 which peaked in early February at 3520, subsequently fell 12.5% off the high in the first quarter, suffering particularly from the authorities' decision to cut rates just three days after the U.S. Federal Reserve had raised rates for the first time in five years. The bond market suffered as investors viewed the rate cut as a political decision.

OUTLOOK

THE U.K. MARKET now appears to offer better long-term value. Corporate earnings are still 14% below trend levels with trend earnings growing at nearly 7%. This market's supportive fundamental value and limited downside risk suggest that current levels represent a buying opportunity.

On the continent volatility is expected to persist at high levels due to uncertainty about the direction of bond markets and the strength of economic recovery. European companies should benefit from ongoing restructuring and sustained economic recovery in European markets should occur in 1995.

It will probably be a while before monetary policy in most of the continental European economies will tighten. Recovery is just underway and inflation is in check. Bond markets are therefore likely to settle down and this should provide the basis for strong equity market performance in the region over the next twelve months.

Higher U.S. interest rates dragged down European bond and equity markets in the first half. Now there seems to be limited downside risk and the markets appear to offer good value at these levels.

Year Ended 31 Dec	Unit Value Close	Capital Gains	Annual Rate of Return
1994*	\$ 11.16	\$ -	4.3%†
1993	10.71	-	36.2
1992	7.86	-	-2.1
1991	8.03	-	5.6
1990	7.60	-	-12.7
1989	8.71	-	12.8
1988	7.72	-	-4.8
1987‡	8.11	0.03	-19.7

* FOR THE SIX MONTH PERIOD ENDED 30 JUNE
† TOTAL RETURN JAN. 1 - JUNE 30, 1994
‡ 5 MONTHS

Net Assets \$123.1 million

UNIT VALUES

High	Low	Close
\$11.78	\$10.75	\$11.16

SIX MONTHS ENDED 30 JUNE 94

TOTAL RATES OF RETURN

1 Year	3 Year	5 Year
24.5%	16.1%	6.7%

TO 30 JUNE 94

30 JUNE 94

STATEMENT OF INVESTMENTS AND OTHER NET ASSETS (UNAUDITED) (IN \$000s)

Holdings	Security	Cost	Market Value	% of Net Assets
AUSTRIA				
20 100	Mayr-Melnhof Karto Aush 100 ATS	\$ 1 741	\$ 1 712	
8 125	VA Technology AC	873	924	
		2 614	2 636	2.1%
BELGIUM				
7 520	Arbed SA	821	1 401	
12 045	Delhaize-Le Lion	580	675	
2 525	Solvay	1 344	1 513	
21 450	Union Minière	2 112	2 376	
25 000	Union Minière-Warrants	280	295	
		5 137	6 260	5.1%
DENMARK				
25 900	Tele Danmark Ser "B"	1 761	1 803	1.5%
FINLAND				
19 800	Valmet	472	445	0.4%
FRANCE				
7 356	Alcatel Alsthom (CGE)	1 141	1 105	
5 430	BSN	1 057	1 084	
4 370	Chargeurs SA	1 257	1 451	
20 200	Club Méditerranée	1 573	1 967	
15 490	DMC Dollfus-Mieg	1 286	1 560	
15 370	Elf Aquitaine	1 470	1 483	
9 300	LVMH Moët Hennessy Louis	1 668	1 979	
10 900	Lyonnaise Eaux	1 470	1 380	
7 600	Peugeot	1 494	1 492	
13 500	UAP	502	484	
		12 918	13 985	11.4%
GERMANY				
5 100	Bayer AG	1 460	1 533	
7 400	Deutsche Lufthansa AG (Konzern) PFR	1 078	1 188	
1 840	Kaufhof Holding AG	750	809	
5 000	Lufthansa Pr.	496	785	
174	Munchener Ruckversicherungs Regd	274	435	
19	Munchener Ruckversicherungs Regd Warrants 13/3/98	0	4	
4 600	Preussag AG	1 574	1 794	
1 700	Schering AG (Konzern)	1 470	1 410	
1 155	Siemens AG (Konzern)	572	651	
		7 674	8 609	7.0%
ITALY				
812 000	Credito Italiano	1 460	1 449	
620 000	Fiat	1 169	2 061	
60 000	IMI	525	558	
400 000	SIP	1 440	1 385	
		4 594	5 453	4.4%
NETHERLANDS				
4 400	Hoogovens & Staal Cva	229	244	
27 229	Hunter Douglas NV NTF1	0	35	
27 229	Hunter Douglas NV	1 334	1 551	
26 650	Internationale Nederlanden Groep	1 597	1 580	
41 700	KLM	1 344	1 608	
16 150	Nedlloyd	876	791	
30 820	OCE Grinten	1 365	1 781	
44 700	Philips	1 485	1 783	
5 790	Royal Dutch Petroleum Ltd.	638	842	
5 115	Unilever, CVA, D	716	719	
		9 584	10 934	8.9%

Holdings	Security	Cost	Market Value	% of Net Assets
SPAIN				
9 366	Fomento De Const.	\$ 1 499	\$ 1 365	1.1%
SWEDEN				
47 630	Astra "A" Free	1 279	1 331	
37 000	Auto Liv AB Reg S Sek	1 152	1 161	
1 600 000	Munksjo AB	1 102	1 572	
57 400	SKF	1 463	1 397	
51 300	Skanska AB Ser "B"	1 663	1 360	
		6 659	6 821	5.5%
SWITZERLAND				
1 400	BBC	1 414	1 705	
790	Ciba-Geigy AG	483	647	
736	Nestle SA	610	858	
		2 507	3 210	2.6%
UNITED KINGDOM				
502 000	Argyll Group PLC	2 851	2 471	
138 500	BOC Group Ord	1 855	2 048	
298 500	BPB Industries PLC	1 567	1 929	
62 200	BTR	504	471	
200 000	Barclays PLC	2 075	2 221	
66 400	Blue Circle Industries PLC	295	404	
310 400	British Gas PLC	1 957	1 780	
405 300	British Telecom	2 791	2 168	
225 000	Coutaulds	2 078	2 282	
250 000	Grand Metropolitan PLC	2 211	2 183	
168 000	Great Universal Stores 'A'	1 654	2 028	
944 000	Guardian Royal Exchange PLC	3 980	3 434	
11 890	HSBC Holdings (UK Reg)	123	180	
321 700	Harrison and Crossfield PLC	1 283	1 122	
11 373	Hong Kong & Shanghai Banking Corp.	118	168	
500 000	House of Fraser	1 822	1 974	
66 000	Imperial Chemical Industries PLC	829	1 097	
981 500	Lasmo PLC	2 599	2 825	
150 000	Northern Electric PLC	1 723	2 189	
151 714	Proudfoot PLC	677	188	
250 000	Rank Organisation PLC	2 043	1 977	
679 600	Sedgwick Group PLC	2 533	2 516	
284 643	Smithkline Beecham/Beckman-Units	2 101	2 205	
355 330	The General Electric Co. PLC	2 237	2 144	
177 500	The Shell Transport and Trading Co. PLC	2 354	2 581	
279 000	Unigate PLC	1 995	2 161	
56 312	Zeneca Group PLC	652	877	
		46 907	47 623	38.7%
OTHER INVESTMENTS				
		0	(229)	(0.2)%
TOTAL COST AND MARKET VALUE OF INVESTMENTS				
		102 326	108 915	88.5%
Cash and receivables		14 256	14 256	
Less total liabilities		(116)	(116)	
		14 140	14 140	11.5%
NET ASSETS AT COST AND MARKET				
		\$ 116 466	\$ 123 055	100.0%

COMMENTARY

THE JAPANESE stock market rallied significantly and rose 18.5% in the first six months of 1994. This resulted from increasing signs of economic recovery, an upswing in corporate profits and increased consumer spending as a result of this year's tax cuts. In addition, economic recovery in the United States and the United Kingdom helped boost exports in the high-tech sector.

Japanese high-tech companies have undergone corporate restructuring for the first time since World War II and have regained competitiveness in the global market. Drastic cost cutting efforts, including layoffs and relocation of production facilities abroad, have enabled many Japanese companies to increase profits even without an increase in sales.

The Japanese stock market is 45% below the historical peak recorded in 1989. Although current stock valuations are expensive they should fall into a more comfortable range as corporate profits increase.

OUTLOOK

BACKED BY a strong economy and further corporate earnings growth, we expect the Japanese stock market to continue to be strong over the next six months. A weak bond market should force a major shift from bonds to stocks in Japan. As a result, the Nikkei should reach a range of 25,000 to 26,000 by the end of 1994.

Given this positive outlook, the focus will be on stocks with a heavy bias toward the high-tech sector and other economically sensitive sectors. Small companies with strong long-term earnings growth potential will continue to form the core holdings in the Fund. As the economy continues to recover, smaller capitalization stocks should outperform the market average on the basis of faster earnings growth. We will seek out small corporations with the potential to grow into industry leaders within a short period of time due to superior products or services.

Backed by an upswing in corporate profits, signs of an economic recovery and increased consumer spending, the Japanese stock market rallied strongly in the first half. This strength is expected to continue and the Nikkei should reach a range of 25,000 to 26,000 by the end of 1994.

Year Ended 31 Dec	Unit Value Close	Capital Gains	Annual Rate of Return
1994*	\$ 19.47	\$ -	31.6%†
1993	14.80	-	26.8
1992	11.67	-	-5.7
1991	12.37	-	7.2
1990	11.53	-	-28.4
1989	16.11	-	-5.7
1988	17.09	2.76	3.9
1987	19.11	4.09	16.9
1986	19.84	1.11	63.5
1985‡	12.81	0.42	32.3

* FOR THE SIX MONTH PERIOD ENDED 30 JUNE

† TOTAL RETURN JAN. 1 - JUNE 30, 1994

‡ 10 MONTHS

Net Assets \$56.5 million

UNIT VALUES

High	Low	Close
\$19.88	\$14.76	\$19.47

SIX MONTHS ENDED 30 JUNE 94

TOTAL RATES OF RETURN

1 Year	3 Year	5 Year
32.4%	13.5%	5.0%

TO 30 JUNE 94

30 JUNE 94

STATEMENT OF INVESTMENTS AND OTHER NET ASSETS (UNAUDITED) (IN \$000s)

Holdings	Security	Cost	Market Value	% of Net Assets
BANKING AND TRUST				
20 000	Acom Co., Ltd.	\$ 1 159	\$ 1 261	
22 000	Japan Foundation	648	735	
		1 807	1 996	3.5%
COMMERCE				
29 000	Bandai Co. Ltd.	1 600	1 938	
11	DDI Corporation	699	1 454	
22 000	Denyo Co.	454	574	
11 000	General Co. Ltd.	139	141	
30 000	Kato Denki Co.	1 177	1 234	
28 000	Kel Corp.	525	708	
15 000	Tokyo Electron Ltd.	437	693	
		5 031	6 742	11.9%
CONSTRUCTION				
20 000	Daiho Construction Co., Ltd.	206	292	
10 000	Komatsu Wall	435	438	
26 500	Mitsui Home Co. Ltd.	590	636	
6 000	Sanko	237	253	
30 000	Shinkawa	1 157	1 558	
15 000	Tokyo Ohka Kogyo	809	834	
		3 434	4 011	7.1%
CONSUMER ELECTRONICS AND ELECTRICAL				
20 000	Aiwa Co.	616	761	
25 000	Canon Aptex Inc.	1 092	1 172	
20 000	I.O. Data Device Inc.	1 001	3 172	
10 000	Matsushita Kotobuk Electronics	463	484	
15 000	Mitsui High-Tec Inc.	540	606	
20 000	Rohm Co.	1 001	1 286	
80 000	Sharp Corporation	1 255	2 010	
17 587	Sony Music Entertainment Inc.	874	1 570	
10 000	Uniden Corp.	382	463	
		7 224	11 524	20.4%
DRUGS, COSMETICS				
450	Hogy Medical Co., Ltd.	32	39	
61 000	Koa Corporation	746	1 490	
10 000	Ono Pharmaceutical Co., Ltd.	676	706	
2 640	SKK Biochemicals Corporation	212	182	
19 000	Toshiba Chemical Co.	359	341	
		2 025	2 758	4.9%
ELECTRIC				
10 000	Hirose Electric Co., Ltd.	773	910	
22 000	Kyocera Corp.	1 534	2 276	
10 000	Mabuchi Motor Co., Ltd.	598	1 047	
100 000	Nippon Electric Co., Ltd.	1 243	1 712	
60 000	Nissan Motor Co.	673	737	
		4 821	6 682	11.8%
FOODS				
70 000	Nichirei Corp.	750	698	1.2%
GLASS, CERAMICS				
60 000	NGK Spark Plug Co.	741	1 154	
110 000	Sumitomo Bakelite Co.	1 032	1 116	
		1 773	2 270	4.0%
MANUFACTURING				
20 240	Capcom Co., Ltd.	1 444	1 295	
45 000	Fujicopian Co.	773	1 080	
70 000	Japan Synthetic Rubber Co., Ltd.	534	681	
100 000	Nikon	1 143	1 516	
		3 894	4 572	8.1%
MEASURING INSTRUMENTS AND PRECISION MACHINERY				
86 000	Dainippon Screen Co., Ltd.	863	1 068	
11 000	Keyence Corporation	1 097	1 822	
		1 960	2 890	5.1%

Holdings	Security	Cost	Market Value	% of Net Assets
NONFERROUS METALS				
20 000	Sumitomo Electric Industries Ltd.	\$ 254	\$ 424	0.8%
PULP AND PAPER				
20 000	Nippon Hi Pack Co., Ltd.	334	587	1.1%
SERVICES				
40 000	Daiwa Securities	364	971	
10 000	Ito-Yokado Co., Ltd.	669	765	
23 000	Nittoku Engineering Co.	842	826	
15 000	TKC Corporation	719	790	
		2 594	3 352	5.9%
TRANSPORTATION				
150	East Japan Railway	1 002	1 063	1.9%
UTILITIES				
60	Nippon Telegraph and Telephone Corp.	566	737	1.3%
	Total Japan	37 469	50 306	89.0%
HONG KONG				
25 000	Cheung Kong (Holdings) Ltd.	164	151	
110 000	Great Eagle Holdings Ltd.	105	85	
18 802	HSBC Holdings PLC	103	284	
86 400	Hong Kong & China Gas Co. Ltd.	77	229	
7 200	Hong Kong & China Gas Co. Ltd.-Warrants	0	4	
60 000	Wharf (Holdings) Ltd.	78	306	
		527	1 059	1.9%
MALAYSIA				
65 000	Aokam Perdana Berhad	47	566	
70 000	Aokam Perdana Berhad-Rights	0	554	
26 000	Genting Berhad (MYR)	149	428	
800	Genting International	2	2	
15 000	Golden Plus Holdings	78	60	
5 000	Golden Plus Holdings-Class A	28	22	
75 000	Granite Industries Ltd.	291	235	
20 000	Leader Universal Holdings (MYR)	144	147	
45 000	Tech. Res. Inds.-Class A	101	190	
22 500	United Engineers	12	12	
45 000	United Engineering Malaysia FN	83	251	
		935	2 467	4.4%
SINGAPORE				
80 000	Amtek Engineering	229	200	
50 000	Aztech Systems	61	74	
10 700	Creative Technology Ltd.	272	267	
14 000	Cycle & Carriage Ltd.	77	145	
73 000	Hour Glass	134	114	
33 000	Keppel Corp.Ltd.	146	314	
13 000	Overseas Union Enterprise	71	101	
128 750	Pentax Schweizer Circuits Ltd.	222	280	
11 200	Overseas Union Enterprises-Warrants	11	33	
33 412	United Overseas Bank(F)	154	369	
		1 377	1 897	3.4%
THAILAND				
9 000	Banpu Co. Ltd.	174	205	
9 000	Far East Advertising Ltd.	192	179	
5 900	Finance One	135	125	
		501	509	0.9%
TOTAL COST AND MARKET VALUE OF INVESTMENTS				
		40 809	56 238	99.6%
	Cash and receivables	1 312	1 312	
	Less total liabilities	(1 063)	(1 063)	
		249	249	0.4%
NET ASSETS AT COST AND MARKET				
		\$ 41 058	\$ 56 487	100.0%

COMMENTARY

THE RETURN for the TSE Oil and Gas Index was 24% for the first six months of 1994 versus the TSE 300 Index which was down by -5.7%. In comparison the Royal Trust Energy Fund climbed by 11.1% in the first half.

The fundamentals underlying the Canadian oil and gas industry have rarely been better. Crude oil and natural gas are selling at excellent levels resulting in rising cash flows and an upswing in corporate earnings. Exploration and development also expanded this year with new well completions expected to challenge the 10,000 well target set in 1985. Company financial conditions have also continued to improve with most exploration companies maintaining a debt to cash flow ratio of less than 2 times. These fundamentals should continue to provide good performance for oil and gas stocks; however, there could be some temporary setbacks while the overall stock market continues to correct.

OUTLOOK

WITH GOOD crude oil and natural gas prices, exciting exploration and rising demand, the oil and gas sector should outperform the market on a relative basis. While the lower Canadian dollar has the potential to force interest rates up, it should improve the cash flow and profits of the oil and gas companies because crude oil is sold in U.S. dollars or their equivalent.

The Energy Fund portfolio consists of approximately 5% integrated oil companies, 60% large oil and gas producers, 25% smaller producers and 10% cash and other companies. Looking forward, it is expected that the best value and stronger growth will come from the smaller producers like Pan East Petroleum and we will add to this area when market conditions settle. Selected larger producers such as Canadian Natural Resources, Northstar Energy and Morrison Petroleum should have an excellent year and we plan to maintain these holdings. We also expect takeovers and mergers to provide good trading opportunities when shares are bought at distressed prices. This activity will likely reduce the number of companies held in the Fund portfolio and will lead to larger holdings of the best growth companies.

Fundamentals underlying the Canadian Oil and Gas Industry have rarely been better. Good performance from oil and gas stocks is expected to continue, but temporary setbacks could occur as the overall market continues to correct.

Year Ended 31 Dec	Unit Value Close	Net Income Per Unit	Capital Gains Per Unit	Annual Rate of Return
1994*	\$ 13.47	\$ -	\$ -	11.1%†
1993	12.12	-	1.96	45.6
1992	9.67	-	-	37.1
1991	7.06	0.01	-	-12.4
1990	8.06	0.06	0.46	-6.8
1989	9.18	0.05	-	37.5
1988	6.71	0.04	-	0.7
1987	6.70	0.06	-	9.7
1986	6.16	0.08	-	-11.5
1985	7.06	0.05	-	11.0
1984	6.40	0.05	-	-13.4

* FOR THE SIX MONTH PERIOD ENDED 30 JUNE

† TOTAL RETURN JAN. 1 - JUNE 30, 1994

Net Assets \$82.9 million

UNIT VALUES

High	Low	Close
\$13.83	\$12.14	\$13.47

SIX MONTHS ENDED 30 JUNE 94

TOTAL RATES OF RETURN

1 Year	3 Year	5 Year	10 Year
-7.7%	27.3%	15.9%	9.5%

TO 30 JUNE 94

30 JUNE 94

STATEMENT OF INVESTMENTS AND OTHER NET ASSETS (UNAUDITED) (IN \$000s)

Holdings	Security	Cost	Market Value	% of Net Assets	Holdings	Security	Cost	Market Value	% of Net Assets
OIL AND GAS					OIL AND GAS (continued)				
235 900	Alberta Energy Company Ltd.	\$ 4 712	\$ 4 836		200 000	Mark Resources Inc.	\$ 1 771	\$ 1 800	
700 000	Atlantis Resources Ltd.	1 127	1 155		484 500	Maxx Petroleum Ltd.	553	717	
300 000	Barrington Petroleum Ltd.	905	900		5 500	Morgan Hydrocarbons Inc.	28	30	
300 000	Beau Canada Exploration Ltd.	675	693		100 000	Morrison Petroleum Ltd.	1 035	1 038	
150 000	Blue Range Resources Ltd.- Class A	1 464	1 613		38 700	New Cache Petroleum Ltd.	52	43	
50 000	Blue Range Resources Ltd.- Special warrants	531	538		100 000	Newport Petroleum Corporation	309	310	
48 500	Cabre Exploration Ltd.	595	715		100 000	Norcen Energy Resources Limited	1 823	1 387	
385 900	Camberly Energy Ltd.	627	502		85 400	Northridge Exploration Ltd.	107	79	
300 000	Canadian 88 Energy Corp.- Class A	701	693		100 000	Northstar Energy Corporation	1 383	1 550	
200 000	Canadian Jorex Limited	340	300		7 700	Ogy Petroleum Ltd.	18	19	
900 000	Canadian Natural Resources Limited	1 111	1 778		494 500	Olympia Energy Inc. - Class A	198	450	
310 100	Canadian Pioneer Energy Inc.- Class A	1 068	1 861		100 000	Orbit Oil & Gas Ltd.	273	165	
407 200	Chancellor Energy Resources Inc.	428	1 140		200 000	Paloma Petroleum Ltd.	717	850	
75 000	Chauvco Resources Ltd.	1 326	1 247		81 900	PanCanadian Petroleum Limited	3 208	3 460	
130 000	Cimarron Petroleum Ltd.	1 003	1 528		1 600 000	Pan East Petroleum Corp.	1 197	6 720	
43 100	Crestar Energy Inc.	701	700		70 000	Paramount Resources Ltd.	1 317	1 260	
94 500	Cube Energy Corp.	914	839		127 100	Petro-Canada Ltd.	1 592	1 446	
205 100	Encal Energy Ltd.	919	718		300 531	Poco Petroleum Ltd.	2 589	2 817	
77 719	Excel Energy Inc.	720	233		98 200	Precision Drilling Corporation- Class A	1 503	1 645	
300 000	Gulf Canada Resources Limited	1 660	1 350		500 000	Ranchmen's Resources Ltd.- Class A	311	350	
218 800	HCO Energy Limited	424	547		100 000	Rigel Energy Corp.	2 101	2 100	
1	Harbour Petroleum Company Limited (Ltd. Partner)	129	4		25 000	Rio Alto Exploration Ltd.	232	225	
200 000	Harbour Petroleum Company Limited-Special warrants	600	660		87 900	Serenpet Inc.	866	659	
264 600	Hillcrest Resources Ltd.	1 355	1 283		200 000	Stampeder Exploration Ltd.	1 095	1 150	
200 000	Home Oil Company Limited	3 546	3 650		25 000	Shell Canada Limited-Class A	1 027	1 025	
25 000	Imperial Oil Limited	1 114	1 012		250 000	Summit Resources Limited	1 667	2 250	
136 200	International Colin Energy Corporation	2 766	2 179		110 000	Talisman Energy Inc.	2 279	2 997	
530 500	International Oiltex Ltd.	412	318		400 000	Transwest Energy Inc.	990	1 140	
82 500	Inverness Petroleum Ltd.	904	949		400 000	Ulster Petroleum Ltd.	1 521	1 580	
150 000	Jordan Petroleum Ltd.	1 439	1 500				67 527	76 109	91.9%
225 000	Manville Oil & Gas Ltd.	1 549	1 406		CONVERTIBLE DEBENTURE				
					Par Value				
					\$ 500	Startech Energy Ltd.- 7.50%-31/01/99	500	409	0.5%
					SHORT-TERM INVESTMENTS				
							5 908	5 908	7.1%
					TOTAL COST AND MARKET VALUE OF INVESTMENTS				
							73 935	82 426	99.5%
						Cash and receivables	663	663	
						Less total liabilities	(228)	(228)	
							435	435	0.5%
					NET ASSETS AT COST AND MARKET				
							\$ 74 370	\$ 82 861	100.0%

COMMENTARY

IN THE first half of the year gold bullion declined by under 2% and the TSE gold sub index declined by more than 10%. This was not unexpected. Gold stocks performed dramatically better than bullion throughout 1993 and were very expensive in a historical context. Within the realm of individual stocks, a number of smaller gold entities with new projects or excellent growth profiles have outperformed the 'household' names.

The Fund declined by 5.5% over the first half of the year. This performance reflects the asset mix of the Fund which is approximately 42% bullion, 54% stocks and 4% cash. The stock portion of the Fund was predominantly invested in 'household' name companies such as Americal Barrick and Placer Dome.

OUTLOOK

THE OUTLOOK for gold bullion and gold stocks is positive; however, things may continue to be dull in the near term. The supply-demand conditions in the gold bullion market are excellent. The amount of gold being consumed far exceeds the amount being mined and the shortfall is being supplied by producer hedging, fund short selling, and central bank sales. This puts a solid floor under the bullion price. Public perception will have to turn more negative against other financial assets in order to push the price of gold bullion up. In such an event, the upside could be more explosive.

If the bullion price begins to move higher, the Fund will move more aggressively into stocks as there is more upside leverage there. The focus will be on the smaller or junior gold companies such as Dayton Mining, Goldcorp, High River Gold, Kinross and Orvana which have been added to the portfolio in recent months.

The outlook for gold bullion and gold stocks is positive. The Fund will move more aggressively into stocks as the price of bullion moves higher as there is more upside potential there.

Year Ended 31 Dec	Unit Value Close	Net Income Per Unit	Annual Rate of Return
1994*	\$ 12.96	\$ -	-5.5%†
1993	13.71	-	44.0
1992	9.52	-	5.9
1991	9.00	-	-7.7
1990	9.75	-	-5.9
1989	10.34	-	5.2
1988	10.00	0.10‡	1.0

* FOR THE SIX MONTH PERIOD ENDED 30 JUNE

† TOTAL RETURN JAN. 1 - JUNE 30, 1994

‡ 2 MONTHS

Net Assets \$44.8 million

UNIT VALUES

High	Low	Close
\$14.22	\$12.38	\$12.96

SIX MONTHS ENDED 30 JUNE 94

TOTAL RATES OF RETURN

1 Year	3 Year	5 Year
1.0%	12.7%	5.1%

TO 30 JUNE 94

STATEMENT OF INVESTMENTS AND OTHER NET ASSETS (UNAUDITED) (IN \$000s)

30 JUNE 94

Holdings	Security	Cost	Market Value	% of Net Assets
GOLD AND SILVER				
90 000	American Barrick Resources Corporation	\$ 2 405	\$ 2 970	
450 000	Dayton Mining Corporation	2 025	1 845	
40 000	Franco-Nevada Mining Corp. Ltd.	2 365	2 940	
360 000	Goldcorp Inc.-Class A	3 109	2 790	
103 300	Hemlo Gold Mines Inc.	1 296	1 227	
426 300	High River Gold Mines Ltd.	990	1 066	
340 000	Kinross Gold Corporation	2 151	1 912	
150 000	LAC Minerals Ltd.	1 611	1 725	
250 000	Orvana Minerals Corporation	1 765	1 687	
120 000	Placer Dome Inc.	3 300	3 555	
225 000	TVX Gold Inc.	1 958	1 800	
50 000	Wharf Resources Ltd.	490	638	
		23 465	24 155	54.0%
PRECIOUS METALS				
35 000	The Bank of Nova Scotia Gold Certificate	17 162	18 784	42.0%
		1 854	1 854	4.1%
CANADA TREASURY BILLS				
TOTAL COST AND MARKET VALUE OF INVESTMENTS				
	Cash and receivables	31	31	
	Less total liabilities	(68)	(68)	
		(37)	(37)	(0.1)%
NET ASSETS AT COST AND MARKET				
		\$ 42 444	\$ 44 756	100.0%

A correction, triggered by a global sell-off as the U.S. Federal Reserve tightened monetary policy, plagued the Asian markets in the first half of 1994. More volatility is expected but the outlook for the Asian Markets over the next twelve months is positive.

Year Ended 31 Dec	Unit Value Close	Annual Rate of Return
1994*	\$ 12.24	-14.8%†
1993‡	14.36	-

* FOR THE SIX MONTH PERIOD ENDED 30 JUNE

† TOTAL RETURN JAN. 1 - JUNE 30, 1994

‡ 5 MONTHS

Net Assets \$251.5 million

UNIT VALUES

High	Low	Close
\$14.86	\$11.39	\$12.24

SIX MONTHS ENDED 30 JUNE 94

COMMENTARY

EAST ASIAN markets opened the year on a strong note but fell 14.46% as measured by the Morgan Stanley Combined Far East index in the first quarter. March-end levels proved to be the lows, and since then this regional index has rallied 7.1% for a net decline in the first half of 8.4%.

Excessive global liquidity caused a bubble in financial markets last year. Low interest rates in world bond markets were an aberration, driven by huge speculative investment flows and excessive leverage. Global stock markets also felt the effects of financial inflation with valuation levels above their historic norms. In Asia where markets are characterized by high growth, but often thin liquidity, the effects of these capital inflows had a significant impact. However, since the fourth quarter of 1993, market declines and corporate profit recoveries have made valuations less extreme. As the world recovery moves forward, the Asian markets should be driven by the strength of their economies and corporate earnings growth.

Mid cycle corrections as markets change from interest rate-driven to earnings-driven are difficult to predict and they do not unravel smoothly. The Fund has reduced its exposure to those markets where the earnings and economic cycle are seen as mature, such as Hong Kong, and focused on those centres that are capable of generating well balanced, non-inflationary, above average GDP growth on a sustainable basis such as Malaysia and Singapore.

OUTLOOK

HONG KONG was the worst performing market in the region having declined 20.61%, and the exposure to this country has been limited in the Fund.

Singapore has been a good defensive market this year having fallen only 2.47%. First quarter economic growth was reported to be 11% with inflation remaining subdued despite the introduction of a 3% Goods and Services Tax at the beginning of April.

International investor sentiment towards Malaysia was soured when the Central Bank weakened the currency by 8% in December and January of 1994. This policy could lead to increased domestic consumption but the pace of reflation should not get out of hand. Malaysia is now the largest country weighting in the Fund.

Other major changes in the portfolio include a modest increase in South Korean exposure and investments in the Philippines have been made for the first time since the launch of the Fund. A low level of foreign participation coupled with improving economic fundamentals should help this market to perform well as compared to some of the other smaller markets in the region.

1994 will continue to be a difficult year for the region as U.S. monetary policy is adjusted. The smaller Asian markets will remain volatile but the region should outperform the global pack once markets focus on economic growth and earnings later in the year. The outlook for the region over the next twelve months is positive and no major strategy changes will be made at this point.

STATEMENT OF INVESTMENTS AND OTHER NET ASSETS (UNAUDITED) (IN \$000s)

30 JUNE 94

Holdings	Security	Cost	Market Value	% of Net Assets	Holdings	Security	Cost	Market Value	% of Net Assets
CANADA					INDONESIA				
80 000	Chai-Na-Ta Ginseng Products Ltd.	\$ 500	\$ 420	0.2%	106 000	Andayani Megah (F)	\$ 454	\$ 365	
HONG KONG					208 900	Astra International Ltd.	2 595	2 063	
832 000	Amoy Properties Ltd.	1 361	1 354		469 500	Bakrie Sumatra Plantations (F)	1 074	927	
540 000	Cathay Pacific Co. Ltd.	1 157	1 101		152 000	Bank Bali (F)	725	513	
471 0000	Cheung Kong (Holdings) Ltd.	3 068	2 843		371 000	Bank Dagang Nasional Indonesia	889	733	
572 400	China Light & Power Co. Ltd.	4 234	4 044		426 000	Bank International Indonesia (F)	1 823	1 866	
412 000	Citic Pacific Limited	1 399	1 540		414 000	Barito Pacific Timber	3 042	2 242	
381 400	Hang Seng Bank Ltd.	3 989	3 479		694 000	Berlian L. Tanker	1 643	1 183	
655 000	Hong Kong Land	2 395	2 284		168 000	Duta Anggada (F)	674	546	
560 800	Hong Kong & China Gas Co. Ltd.	1 396	1 484		421 000	Hadtex Indosyntec	691	506	
1 963 600	Hong Kong Telecommunications Ltd.	4 992	5 127		190 000	Hero Supermarkets (F)	652	599	
302 400	HSBC Holdings PLC	4 762	4 570		222 000	Matahari Putra Pri (F)	476	452	
651 000	Hutchison Whampoa	3 406	3 697		100 000	Metrodata	300	325	
151 200	Jardine Matheson Holdings Ltd.	1 805	1 609		137 000	Modern Land (F)	757	681	
321 500	Johnson Electric Holdings Ltd.	1 043	1 041		118 000	Modern Photo (F)	624	714	
643 000	Kumagai Gumi (Hong Kong) Ltd.	1 151	1 070		278 000	Pakuwon Jati (F)	667	655	
69 000	Mandarin Oriental	103	134		554 500	Pan Brothers Text (F)	592	424	
2 026 000	National Mutual Asia Ltd.	1 810	1 640		589 500	Pt Mas Murni Indonesia	830	573	
357 000	New World Development Co. Ltd.	1 646	1 373		300 000	Pt Mulialand	546	545	
657 000	Peregrine Investment Ltd.	1 664	1 492		343 000	Pt Putra Surya Perkasa	736	677	
233 300	Sun Hung Kai Properties Ltd.	1 965	1 857		137 000	Semen Cibinong	967	744	
362 000	Swire Pacific Ltd. "A"	3 241	3 593		102 000	Sucaco	876	650	
782 680	Tai Cheung Holdings Ltd.	1 527	1 610		241 500	Surabaya Agung (F)	438	319	
483 000	Wheelock & Company	1 458	1 434		135 000	Surya Toto Indo	652	658	
		49 572	48 376	19.2%	145 000	Tjiwa Kimia Cross (F)	396	490	
					304 000	Toko Gunung Agung (F)	596	349	
KOREA							23 715	19 799	7.9%
16 800	Asia Motors	450	528		MALAYSIA				
8 820	Bing Grae	246	256		525 000	Arab Malaysian Corp.	1 827	1 784	
1 280	Chosun Brewery Co.	49	52		395 000	Cement Industries Malaysia	1 765	1 636	
6 480	Chosun Brewery Co. - Pr.	182	203		1 046 000	D & C Bank (Myr)	2 499	3 304	
1 820	Coryo Securities - Ordinary	49	49		230 000	Edaran Otomobil Nasional	1 810	1 990	
11 800	Coryo Securities - Pr.	331	296		26 000	Ekran Berhad	209	241	
20 000	Daewoo Electronics	447	484		236 000	Genting (Myr)	3 327	3 884	
717	Daewoo Heavy Industry	14	16		384 000	IJM Corporation Berhad	1 619	1 774	
12 780	Daewoo Heavy Industry - Pr.	244	248		560 000	Land & General	2 227	2 587	
1 450	Daihan Paint & Ink - Pr.	84	84		551 000	Leader Universal Holdings (Myr)	3 801	4 066	
3 520	Daihan Paint & Ink	220	260		1 209 000	Magnum Corp. Berhad	4 168	3 562	
100	Gold Star Co.	4	5		343 000	Malayan Banking Corp.	2 289	2 659	
20 000	Hanbo Steel & General Construction	436	419		720 000	Malaysian Int'l Shipping Corp. BHD (F)	2 965	3 459	
5 130	Hanil Development	141	147		689 0000	Nan Yang Press (Myr)	2 577	2 085	
39	Il Yang Pharm.	2	2		220 000	Nestle Malaysia	1 720	1 962	
14 430	Kia Services	466	468		884 000	Pilecon Engineering BHD	2 002	1 757	
40 000	Korea Electric Power	1 325	1 841		252 333	Pilecon Engineering BHD - Warrants	53	53	
25 000	Korea Exchange Bank	376	391		973 000	Public Finance BHD	1 644	1 860	
21 390	Korea Investment & Securities Co.	648	588		475 000	Resorts World BHD	3 370	3 783	
12 120	Korea Iron & Steel	487	541		277 000	Rothmans Pall Mall Malaysia	2 840	2 426	
30 000	Korea L-T Credit Bank	1 427	1 252		1 050 000	Sime Darby (Myr)	3 269	3 679	
11 960	Kumho Construction (Kwangju Highway Lines)	257	252		1 021 000	Sime Uep (Myr)	2 595	2 613	
29 110	Kyungki Bank	543	475		438 000	Sungei Way	1 590	1 814	
40	Lucky Securities - Pr.	0	1		73 000	Sungei Way - rights	0	302	
8 710	Midopa	235	220		575 000	Tanjong PLC	4 446	3 450	
10 000	Poong Lim Industries Co.	182	223		880 000	Telekom Malaysia Berhad	8 471	9 063	
15 969	Shinhan Investment Finance	449	584		1 653 000	Tenaga Nasional Berhad	11 986	12 813	
2 000	Sungchang Enterprise	217	199		630 000	UMW Holdings Berhad	2 315	2 074	
20 000	Sunkyoung Ltd.	1 137	848		580 000	Uniphone (Myr)	3 637	3 757	
3 000	Tongyang Cement - Pr.	168	137		306 000	United Engineering Malaysia	1 756	1 706	
3 0000	Yukong	199	176		331 200	YTL Corporation	1 424	2 092	
		11 015	11 245	4.5%	500	YTL Corporation-Sub-rights	0	1	
							84 201	88 236	35.1%

30 JUNE 94

STATEMENT OF INVESTMENTS AND OTHER NET ASSETS (UNAUDITED) (IN \$000s)

Holdings	Security	Cost	Market Value	% of Net Assets	Holdings	Security	Cost	Market Value	% of Net Assets
PHILIPPINES					THAILAND				
1 073 040	Ayala Corp B	\$ 1 880	\$ 2 033		18 500	American Standard (F)	\$ 1 228	\$ 817	
831 250	Ayala Land Inc B	1 068	1 170		1 000	Asia Credit (F)	11	15	
256 200	First Philippines Holding Corp. B	1 070	1 390		122 000	Asia Credit Thailand	1 322	1 684	
1140 000	Jg Summit Holdings	580	537		668 000	Bangkok Bank (Scripless)	5 866	6 564	
69 000	Meralco B	1 031	1 192		247 000	Bangkok Land (Local)	1 283	1 091	
23 000	Philippine Long Distance Telephone	2 248	1 966		236 000	Bank of Ayudhya Ltd. (F)	1 030	1 075	
53 000	Philippine National Bank Corporation	1 597	1 180		83 000	Charoen Pokphand Feedmill Co. (Scripless)	613	664	
1 700 000	Robinson's Land Corporation	346	339		113 200	Deves Insurance Co.	1 090	1 062	
252 000	San Miguel Corporation	1 332	1 742		29 200	Dynamic Eastern Finance Thailand (1991)	635	596	
500 000	Universal Robina Corporation	500	563		50 000	Finance One	128	137	
430 500	Victoria Milling	478	380		78 000	International Cosmetics	1 073	1 653	
		12 130	12 492	4.9%	17 850	Land & House (Scripless) (F)	859	686	
SINGAPORE					33 000	MDX Co. Ltd.	754	802	
399 000	CWT Distribution Ltd.	951	933		175 000	Matichon (Scripless)	1 343	1 130	
365 500	Centre Point (SGD)	877	974		70 000	Phatra Thanakit	887	889	
30 400	City Development - Warrants	0	104		33 000	Shinawatra Computer Co. Ltd. (F)	1 075	1 472	
152 000	City Development Ltd.	790	889		68 000	Sian Commercial Bank	1 915	2 102	
27 500	Creative Technology Ltd.	698	686		234 000	Sino Thai Engineering (F)	2 084	2 273	
98 000	Cycle and Carriage	643	1 013		57 000	Sri Thai Superware	1 285	1 246	
212 000	DBS Land Ltd.	771	846		104 000	Swedish Motor	1 145	1 148	
215 750	Development Bank of Singapore (F)	2 757	2 855		68 000	Telecomasia Corporation	1 113	1 111	
80 000	Fraser & Neave	1 052	1 218		447 000	Thai Farmers Bank	2 580	1 974	
478 500	Haw Par Bros (SGD)	1 278	1 345		508 000	Tipco Asphalt Public Co. (F)	2 794	3 281	
77 000	Jurong Shipyard Ltd.	872	942		174 800	Tipco Asphalt Public Co. (Local)	1 279	2 528	
106 000	Keppel Corp. Ltd.	894	1 009		9 200	Union Asian Finance	67	79	
300 000	Malayan Credit Ltd.	842	832		14 000	Union Asian Finance (F)	120	139	
252 000	Metro Holdings	1 093	1 119		136 000		1 163	1 381	
244 833	Overseas Chinese Banking Corp. (F)	2 842	2 996				34 742	37 599	14.9%
788 000	QAF Limited	1 076	943		UNITED STATES				
149 000	SIA (F)	1 459	1 702		108 000	Osprey Maritime US	631	585	
199 000	ST Steamship	712	667		500 500	Sm Prime Holdings	140	138	
155 000	Sembanwang Maritime	839	829				771	723	0.3%
26 000	Singapore Aerospace (F)	63	70		WARRANTS				
902 000	Singapore Telecomm (F)	2 906	2 862		61 400	Hong Kong & China Gas Co. Ltd. 31/12/95	0	38	0.0%
102 000	Singapore Land	708	693		TOTAL COST AND MARKET VALUE OF INVESTMENTS				
57 000	Singapore Press (F)	1 105	1 318				247 652	251 595	100.0%
280 000	Singapore Petroleum (F)	987	980			Cash and receivables	599	599	
555 000	Singapore Technologies	954	936			Less total liabilities	(687)	(687)	
210 000	Trans-Island Bus Services Ltd. (SGD)	1 116	971				(88)	(88)	0.0%
265 375	United Overseas Bank (F)	2 721	2 935		NET ASSETS AT COST AND MARKET				
		31 006	32 667	13.0%			\$ 247 564	\$ 251 507	100.0%

COMMENTARY

OVER THE first half of 1994, transaction activity in the real estate sector increased and values stabilized in the industrial and retail sectors and in the major market areas such as Vancouver, Calgary and Toronto.

There were, and continue to be, many positive signs for this market. Institutional investors aggressively added real estate to their portfolios. Sublet space was withdrawn from the market as tenants planned expansion of employment and increased their required space. This resulted in lower overall vacancy rates in the office and industrial sectors. And, there has been a renewed interest in the rental apartment market which signifies a return of the private investor to real estate investment.

In the first half of the year, two property appraisals, comprising 36% of the Fund portfolio, were completed and an overall property change of -\$143,000 was recorded. Approximately 25% of the decline is attributable to a change in accounting policy which affects the way that the fund accounts for deferred leasing costs. Positive returns for real estate in 1994 would indicate that values have stopped falling and that the recovery in the real estate market is around the corner. The occupancy of the properties held in the Fund remains stable at just over 92% and income distributions from the Fund have remained stable.

OUTLOOK

COMMERCIAL REAL estate transaction activity should increase over the next six months. However, increased interest rates have driven mortgage rates to uneconomically high yields and real estate activity could slow down if rates remain at these levels or go higher.

Profits of public real estate companies should improve. This will signify that the worst of the recession has been experienced by investors, lenders and tenants.

We expect that the asset values of the properties held by the Fund will stabilize this year. While income distributions have been steady, additional income should be generated by the new tenancies in the expanded Shedd Medical Centre in Oakville and improving income from the Village Centre property.

We will continue to maintain the low leverage position and will use new subscription capital to reduce the debt exposure in the Fund.

The industrial real estate sector is becoming an attractive market in which to invest. As manufacturing strengthens, and vacancy levels fall, rent levels should stabilize and then improve. Business capital spending is predicted to rise by 6% to 8% in 1994. This is also good for the industrial real estate sector, and the conclusion we draw is that 1995 and onward looks to be the start of the recovery in real estate.

There continue to be positive signs for the real estate market. Where possible, the Fund will sell properties whose values have maximized and reinvest the proceeds in areas where the recovery is beginning.

Year Ended 31 Dec	Unit Value Close	Net Income Per Unit	Annual Rate of Return
1994*	\$ 8.38	\$ 0.24	2.2%†
1993	8.44	0.44	-5.7
1992	9.41	0.30	-3.1
1991	10.01	0.56	3.9
1990	10.16	0.75	9.3
1989	10.00	0.90‡	-

* FOR THE SIX MONTH PERIOD ENDED 30 JUNE

† TOTAL RETURN JAN. 1 - JUNE 3, 1994

‡ FIGURES ARE FOR THE PERIOD FROM JANUARY 9, 1989
TO DECEMBER 31, 1989

Net Assets \$20.6 million

UNIT VALUES

High	Low	Close
\$8.44	\$8.38	\$8.38

SIX MONTHS ENDED 30 JUNE 94

TOTAL RATES OF RETURN

1 Year	3 Year	5 Year
-0.4%	-1.7%	2.1%

TO 30 JUNE 94

Investment by the Fund in 1994 will ensure that entry into the real estate market is at the low end of the pricing scale, with capital appreciation potential maximized. However, selectivity will be crucial as there is slow growth and fierce competition in all areas and markets.

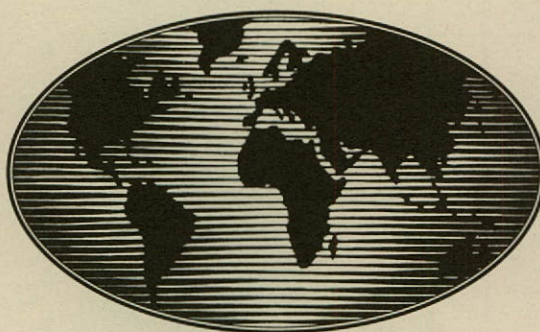
During this period, the Fund will remain aggressive in its leasing activities, attempting to upgrade the quality of tenants in properties held by the Fund, the cash flow generated, and the overall occupancy rate. New

acquisitions will be explored in the industrial market with attention to those locations that will benefit from increasing activity with the United States. Investment in retail property opportunities will continue to be a high priority for the Fund.

The Fund also will explore the possibilities of selling properties whose values have been maximized in the medium term. The proceeds would be used for reinvestment in areas where the recovery is beginning.

30 JUNE 94 STATEMENT OF INVESTMENTS AND OTHER NET ASSETS (UNAUDITED) (IN \$000s)

Description	Date of Acquisition	Ownership Interest	Square Footage	Leased	Date of Last Appraisal	Market Value	Cost	Mortgage Payable	Net Operating Income
Village Centre Shopping Centre, Bedford, N.S.	May 1989	100%	21 842	65.6%	May 30, 1994	\$ 2 306	\$ 4 062	\$ n/a	\$ 103
Canarama Shopping Centre, Saskatoon, Saskatchewan	June 1989	100%	59 576	100%	March 31, 1994	4 930	5 096	1 000	290
Westbrook Shopping Centre, Langford, British Columbia	July 1989	100%	59 537	97.6%	July 31, 1993	5 650	5 327	n/a	269
Sheddon Medical Centre, Oakville, Ontario	May 1990	100%	23 195	78.2%	May 30, 1993	4 037	5 772	1 000	161
Co-Operators, Meadowvale, Mississauga, Ontario	Sept. 1992	50%	125 665	100%	Sept. 30, 1993	5 900	6 681	3 917	103
						22 823	26 938	\$ 5 917	\$ 926
SHORT-TERM INVESTMENTS						2 808	2 808		
TOTAL COST AND MARKET VALUE OF INCOME PROPERTIES AND INVESTMENTS						25 631	29 746		
Cash, receivables, deferred leasing costs and other assets						1 721	1 720		
Less total liabilities						(6 703)	(6 703)		
						(4 982)	(4 982)		
NET ASSETS AT COST AND MARKET						\$ 20 649	\$ 24 764		



FINANCIAL STATEMENTS

JUNE 30, 1994

STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

June 30	Canadian Money Market Fund		Canadian T-Bill Money Market Fund		\$U.S. Money Market Fund (\$U.S.)	
	1994	1993	1994	1993	1994	1993
ASSETS						
Investments at market value	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Short-term investments	744 875	813 555	8 069	27 211	89 723	88 797
TOTAL INVESTMENTS AT MARKET VALUE	744 875	813 555	8 069	27 211	89 723	88 797
Cash (overdraft)	(629)	1 522	1 991	7	8	2 692
Due from investment dealers	—	—	—	—	—	—
Accrued income receivable	2 955	2 373	53	127	222	436
OTHER ASSETS	2 326	3 895	2 044	134	230	3 128
TOTAL ASSETS AT MARKET VALUE	747 201	817 450	10 113	27 345	89 953	91 925
LIABILITIES						
Income payable to participants	2 194	1 606	28	50	61	43
Due to investment dealers	—	—	—	—	—	—
Accrued expenses	282	252	29	27	86	71
TOTAL LIABILITIES	2 476	1 858	57	77	147	114
NET ASSETS AT MARKET VALUE	\$ 744 725	\$ 815 592	\$ 10 056	\$ 27 268	\$ 89 806	\$ 91 811
EQUITY						
Net subscriptions received	\$ 744 725	\$ 815 592	\$ 10 056	\$ 27 268	\$ 89 806	\$ 91 811
Net realized gains (losses) on disposals	—	—	—	—	—	—
Other distributions	—	—	—	—	—	—
Net unrealized appreciation (depreciation)	—	—	—	—	—	—
Net gains (losses) on mortgage prepayments and foreclosures and foreign exchange	—	—	—	—	—	—
PARTICIPANTS' EQUITY AT MARKET VALUE	\$ 744 725	\$ 815 592	\$ 10 056	\$ 27 268	\$ 89 806	\$ 91 811
UNITS OUTSTANDING	74 472	81 559	1 005	2 727	8 981	9 181
NET ASSET VALUE PER UNIT	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00

STATEMENTS OF INCOME (UNAUDITED)

For the six months ended June 30	Canadian Money Market Fund		Canadian T-Bill Money Market Fund		\$U.S. Money Market Fund (\$U.S.)	
	1994	1993	1994	1993	1994	1993
REVENUE						
Interest						
Bonds	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Mortgages	—	—	—	—	—	—
Cash and short-term investments	20 550	25 136	255	550	1 602	1 393
Dividends	—	—	—	—	—	—
Less: foreign withholding tax	—	—	—	—	—	—
TOTAL REVENUE	20 550	25 136	255	550	1 602	1 393
EXPENSES						
Management fee	4 428	4 417	57	102	453	421
Administrative charge	618	661	31	64	24	95
Audit fees	16	16	4	4	7	7
Goods and Services Tax	354	356	6	11	34	38
Mortgage fee	—	—	—	—	—	—
TOTAL EXPENSES	5 416	5 450	98	181	518	561
NET INCOME	\$ 15 134	\$ 19 686	\$ 157	\$ 369	\$ 1 084	\$ 832
NET INCOME PER UNIT	\$ 0.17	\$ 0.22	\$ 0.14	\$ 0.18	\$ 0.12	\$ 0.10

(IN THOUSANDS EXCEPT PER UNIT AMOUNTS)

Mortgage Fund		Bond Fund		International Bond Fund		Growth and Income Fund	
1994	1993	1994	1993	1994	1993	1994	1993
\$1 134 458	\$1 253 977	\$ 563 235	\$ 451 664	\$ 365 241	\$ 175 974	\$ 12 109	\$ 9 156
78 887	67 381	57 272	4 746	24 537	2 655	3 262	975
1 213 345	1 321 358	620 507	456 410	389 778	178 629	15 371	10 131
4 009	8 264	(1 692)	(617)	(208)	(41)	152	199
9 100	—	2 821	—	22 017	52 976	242	106
10 229	9 593	10 611	9 563	5 737	6 573	169	60
23 338	17 857	11 740	8 946	27 546	59 508	563	365
1 236 683	1 339 215	632 247	465 356	417 324	238 137	15 934	10 496
5 829	6 299	1 662	1 755	1 110	542	102	23
—	15 154	—	—	39 263	52 863	59	24
379	412	182	206	132	50	43	56
6 208	21 865	1 844	1 961	40 505	53 455	204	103
\$1 230 475	\$1 317 350	\$ 630 403	\$ 463 395	\$ 376 819	\$ 184 682	\$ 15 730	\$ 10 393
\$1 279 266	\$1 273 659	\$ 656 384	\$ 430 901	\$ 386 573	\$ 170 197	\$ 18 614	\$ 12 545
(4 458)	5 791	15 028	6 447	(11 002)	11 421	(2 070)	(2 022)
—	—	—	—	(68)	—	(366)	(366)
(54 852)	30 680	(40 925)	26 047	2 460	3 127	(447)	232
10 519	7 220	(84)	—	(1 144)	(63)	(1)	4
\$1 230 475	\$1 317 350	\$ 630 403	\$ 463 395	\$ 376 819	\$ 184 682	\$ 15 730	\$ 10 393
119 752	120 187	67 877	46 117	31 852	15 086	1 703	1 101
\$ 10.28	\$ 10.96	\$ 9.29	\$ 10.05	\$ 11.83	\$ 12.24	\$ 9.24	\$ 9.44

(IN THOUSANDS EXCEPT PER UNIT AMOUNTS)

Mortgage Fund		Bond Fund		International Bond Fund		Growth and Income Fund	
1994	1993	1994	1993	1994	1993	1994	1993
\$ 5 782	\$ 2 144	\$ 19 039	\$ 20 130	\$ 11 779	\$ 4 418	\$ 249	\$ 90
50 386	53 991	—	—	—	—	—	—
782	1 575	4 498	677	151	127	52	1
—	—	—	—	—	—	85	137
—	—	—	—	—	—	(1)	—
56 950	57 710	23 537	20 807	11 930	4 545	385	228
10 669	9 672	3 744	2 882	2 948	1 057	122	73
1 235	1 039	379	458	441	213	56	98
17	17	15	15	7	7	6	6
835	883	289	235	238	90	13	12
1 837	1 889	—	—	—	—	—	—
14 593	13 500	4 427	3 590	3 634	1 367	197	189
\$ 42 357	\$ 44 210	\$ 19 110	\$ 17 217	\$ 8 296	\$ 3 178	\$ 188	\$ 39
\$ 0.32	\$ 0.37	\$ 0.30	\$ 0.35	\$ 0.25	\$ 0.26	\$ 0.11	\$ 0.04

See accompanying notes.

STATEMENTS OF CHANGES IN NET ASSETS (UNAUDITED)

For the six months ended June 30	Canadian Money Market Fund		Canadian T-Bill Money Market Fund		U.S. Money Market Fund (U.S.)	
	1994	1993	1994	1993	1994	1993
NET ASSETS AT BEGINNING OF PERIOD	\$ 854 470	\$ 1 027 045	\$ 9 851	\$ 13 970	\$ 81 520	\$ 90 874
INCOME						
Net income	15 134	19 686	157	369	1 084	832
Income distributed or payable to participants	(15 134)	(19 686)	(157)	(369)	(1 084)	(832)
	—	—	—	—	—	—
UNITS						
Proceeds from issue of units	1 502 524	1 112 713	15 233	34 798	207 539	121 437
Redemption of units	(1 612 269)	(1 324 166)	(15 028)	(21 500)	(199 253)	(120 500)
	(109 745)	(211 453)	205	13 298	8 286	937
NET REALIZED GAINS (LOSSES) ON SECURITY INVESTMENTS SOLD†						
Cost of security investments at beginning of period	854 792	996 622	10 460	11 593	85 270	90 400
Purchase of investments	23 691 967	22 801 835	45 116	77 384	1 833 676	918 390
	24 546 759	23 798 457	55 576	88 977	1 918 946	1 008 790
Cost of security investments at end of period	744 875	813 555	8 069	27 211	89 723	88 797
Cost of security investments sold, matured or repaid	23 801 884	22 984 902	47 507	61 766	1 829 223	919 993
Proceeds from investments sold, matured or repaid	23 801 884	22 984 902	47 507	61 766	1 829 223	919 993
NET REALIZED GAINS (LOSSES) ON SECURITY INVESTMENTS SOLD	—	—	—	—	—	—
NET GAINS (LOSSES) ON MORTGAGE PREPAYMENTS AND FORECLOSURES AND FOREIGN EXCHANGE	—	—	—	—	—	—
UNREALIZED APPRECIATION (DEPRECIATION) DURING THE PERIOD	—	—	—	—	—	—
NET ASSETS AT END OF PERIOD	\$ 744 725	\$ 815 592	\$ 10 056	\$ 27 268	\$ 89 806	\$ 91 811
NET ASSET VALUE PER UNIT AT END OF PERIOD	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00

† With the exception of the Canadian Money Market Fund, Canadian T-Bill Money Market Fund and the U.S. Money Market Fund, purchases and sales of security investments do not include short-term investments.

(IN THOUSANDS EXCEPT PER UNIT AMOUNTS)

Mortgage Fund		Bond Fund		International Bond Fund		Growth and Income Fund	
1994	1993	1994	1993	1994	1993	1994	1993
\$ 1 467 561	\$ 1 348 428	\$ 554 199	\$ 525 267	\$ 386 189	\$ 102 013	\$ 12 500	\$ 10 357
42 357	44 210	19 110	17 217	8 296	3 178	188	39
(42 357)	(44 210)	(19 110)	(17 217)	(8 296)	(3 178)	(188)	(39)
—	—	—	—	—	—	—	—
439 382	309 677	266 662	51 247	154 222	111 181	9 855	2 544
(561 878)	(351 301)	(107 067)	(130 424)	(154 482)	(39 372)	(5 283)	(3 502)
(122 496)	(41 624)	159 595	(79 177)	(260)	71 809	4 572	(958)
1 291 346	1 261 919	485 764	482 500	395 450	98 784	8 677	11 097
205 658	103 515	706 323	168 196	555 563	289 730	9 077	2 098
1 497 004	1 365 434	1 192 087	650 696	951 013	388 514	17 754	13 195
1 189 310	1 223 296	604 160	425 617	362 781	172 846	12 556	8 924
307 694	142 138	587 927	225 079	588 232	215 668	5 198	4 271
297 035	142 456	588 565	230 473	576 304	226 163	5 440	3 738
(10 659)	318	638	5 394	(11 928)	10 495	242	(533)
1 113	(205)	(84)	—	(1 080)	12	(1)	4
(105 044)	10 433	(83 945)	11 911	3 898	353	(1 583)	1 523
\$ 1 230 475	\$ 1 317 350	\$ 630 403	\$ 463 395	\$ 376 819	\$ 184 682	\$ 15 730	\$ 10 393
\$ 10.28	\$ 10.96	\$ 9.29	\$ 10.05	\$ 11.83	\$ 12.24	\$ 9.24	\$ 9.44

See accompanying notes.

STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

June 30	Advantage Income Fund		Advantage Balanced Fund		Advantage Growth Fund	
	1994	1993	1994	1993	1994	1993
ASSETS						
Investments at market value	\$ 195 597	\$ 100 243	\$ 437 680	\$ 219 025	\$ 135 566	\$ 46 925
Short-term investments	—	—	—	—	—	—
TOTAL INVESTMENTS AT MARKET VALUE	195 597	100 243	437 680	219 025	135 566	46 925
Cash	569	461	1 160	1 409	360	614
Accrued income receivable	—	1	3 404	3	1	127
Due from investment dealers	700	—	1 504	—	501	—
Subscriptions receivable	—	—	—	—	—	—
OTHER ASSETS	1 269	462	6 068	1 412	862	741
TOTAL ASSETS AT MARKET VALUE	196 866	100 705	443 748	220 437	136 428	47 666
LIABILITIES						
Income payable to participants	1 685	748	6 428	1 517	647	164
Mortgages payable	—	—	—	—	—	—
Redemptions payable	—	—	—	—	—	—
Due to investment dealers	—	—	—	—	—	—
Accrued expenses	53	80	—	72	—	33
TOTAL LIABILITIES	1 738	828	6 428	1 589	647	197
NET ASSETS AT MARKET VALUE	\$ 195 128	\$ 99 877	\$ 437 320	\$ 218 848	\$ 135 781	\$ 47 469
EQUITY						
Net subscriptions received	\$ 194 566	\$ 89 741	\$ 427 109	\$ 193 270	\$ 135 076	\$ 43 388
Net realized gains (losses) on disposals and net foreign exchange gains (losses)	2 498	554	4 788	1 175	166	(714)
Other distributions	—	—	—	—	—	—
Net unrealized appreciation (depreciation)	(1 936)	9 582	5 423	24 403	539	4 795
Accumulated losses	—	—	—	—	—	—
PARTICIPANTS' EQUITY AT MARKET VALUE	\$ 195 128	\$ 99 877	\$ 437 320	\$ 218 848	\$ 135 781	\$ 47 469
UNITS OUTSTANDING	17 599	8 813	36 162	17 968	10 637	3 760
NET ASSET VALUE PER UNIT	\$ 11.09	\$ 11.33	\$ 12.09	\$ 12.18	\$ 12.77	\$ 12.63

STATEMENTS OF INCOME (UNAUDITED)

For the six months ended June 30	Advantage Income Fund		Advantage Balanced Fund		Advantage Growth Fund	
	1994	1993	1994	1993	1994	1993
REVENUE						
Royal Trust Mutual Funds*	\$ 3 921	\$ 2 251	\$ 6 474	\$ 3 758	\$ 1 414	\$ 439
Rents from income properties	—	—	—	—	—	—
Dividends	—	—	—	—	—	—
Interest income on cash, debentures, short-term investments and borrowings	9	2	29	10	10	6
TOTAL REVENUE	3 930	2 253	6 503	3 768	1 424	445
EXPENSES						
Management fee	—	—	—	—	—	—
Administrative charge	119	170	260	322	130	142
Audit fees	5	5	7	7	5	5
Goods and Services Tax	8	12	18	23	10	10
Advisory fees	—	—	—	—	—	—
Other expenses of Real Estate Fund	—	—	—	—	—	—
TOTAL EXPENSES	132	187	285	352	145	157
NET INCOME (LOSS)	\$ 3 798	\$ 2 066	\$ 6 218	\$ 3 416	\$ 1 279	\$ 288
NET INCOME (LOSS) PER UNIT	\$ 0.22	\$ 0.23	\$ 0.18	\$ 0.19	\$ 0.13	\$ 0.09

* See Note 5 to the Financial Statements

(IN THOUSANDS EXCEPT PER UNIT AMOUNTS)

Royal LePage Commercial Real Estate Fund		Energy Fund		Precious Metals Fund	
1994	1993	1994	1993	1994	1993
\$ 22 823	\$ 24 069	\$ 76 518	\$ 118 830	\$ 42 939	\$ 19 624
2 808	2 128	5 908	36 651	1 854	1 794
25 631	26 197	82 426	155 481	44 793	21 418
386	789	503	5 563	28	205
1 050	953	160	125	3	—
—	—	—	—	—	—
318	132	—	—	—	—
1 754	1 874	663	5 688	31	205
27 385	28 071	83 089	161 169	44 824	21 623
255	222	—	—	—	—
5 917	4 994	—	—	—	—
213	463	—	—	—	—
—	—	18	7 417	—	—
351	342	210	32	68	6
6 736	6 021	228	7 449	68	6
\$ 20 649	\$ 22 050	\$ 82 861	\$ 153 720	\$ 44 756	\$ 21 617
\$ 24 764	\$ 24 890	\$ 61 432	\$ 110 486	\$ 43 419	\$ 19 524
—	—	14 782	5 398	445	(706)
—	—	(58)	(58)	(31)	(31)
(4 115)	(2 840)	8 491	38 401	2 312	3 453
—	—	(1 786)	(507)	(1 389)	(623)
\$ 20 649	\$ 22 050	\$ 82 861	\$ 153 720	\$ 44 756	\$ 21 617
2 463	2 477	6 153	9 068	3 454	1 684
\$ 8.38	\$ 8.90	\$ 13.47	\$ 16.95	\$ 12.96	\$ 12.84

(IN THOUSANDS EXCEPT PER UNIT AMOUNTS)

Royal LePage Commercial Real Estate Fund		Energy Fund		Precious Metals Fund	
1994	1993	1994	1993	1994	1993
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
1 942	1 852	—	—	—	—
—	—	210	112	70	19
63	94	143	547	52	17
2 005	1 946	353	659	122	36
78	89	647	652	376	85
3	4	237	103	114	97
15	13	9	7	8	8
6	10	66	54	36	14
129	150	—	—	—	—
1 177	1 159	—	—	—	—
1 408	1 425	959	816	534	204
\$ 597	\$ 521	\$ (606)	\$ (157)	\$ (412)	\$ (168)
\$ 0.24	\$ 0.21	\$ (0.11)	\$ (0.02)	\$ (0.13)	\$ (0.23)

See accompanying notes.

STATEMENTS OF CHANGES IN NET ASSETS (UNAUDITED)

For the six months ended June 30	Advantage Income Fund		Advantage Balanced Fund		Advantage Growth Fund	
	1994	1993	1994	1993	1994	1993
NET ASSETS AT BEGINNING OF PERIOD	\$ 147 867	\$ 99 480	\$ 314 664	\$ 207 146	\$ 84 425	\$ 31 135
INCOME						
Net income (loss)	3 798	2 066	6 218	3 416	1 279	288
Income distributed or payable to participants	(3 798)	(2 066)	(6 218)	(3 416)	(1 279)	(288)
	—	—	—	—	—	—
UNITS						
Proceeds from issue of units	102 900	14 126	228 174	42 038	88 867	20 607
Redemption of units	(40 165)	(18 952)	(76 042)	(45 847)	(30 387)	(8 055)
	62 735	(4 826)	152 132	(3 809)	58 480	12 552
NET REALIZED GAINS ON INVESTMENTS SOLD*						
Cost of investments at beginning of period	133 092	94 258	276 119	196 670	75 768	29 756
Purchase of investments	76 855	9 205	172 312	21 300	64 106	13 346
	209 947	103 463	448 431	217 970	139 874	43 102
Cost of investments at end of period	197 533	90 660	432 257	194 622	135 027	42 130
Cost of investments sold, matured or repaid	12 414	12 803	16 174	23 348	4 847	972
Proceeds from investments sold, matured or repaid	13 090	14 005	17 314	25 483	4 944	999
NET REALIZED GAINS ON SECURITY INVESTMENTS SOLD*	676	1 202	1 140	2 135	97	27
UNREALIZED APPRECIATION (DEPRECIATION) DURING THE PERIOD	(16 150)	4 021	(30 616)	13 376	(7 221)	3 755
NET ASSETS AT END OF PERIOD	\$ 195 128	\$ 99 877	\$ 437 320	\$ 218 848	\$ 135 781	\$ 47 469
NET ASSET VALUE PER UNIT AT END OF PERIOD	\$ 11.09	\$ 11.33	\$ 12.09	\$ 12.18	\$ 12.77	\$ 12.63

* Purchases and sales of investments do not include short-term investments.

(IN THOUSANDS EXCEPT PER UNIT AMOUNTS)

Royal LePage Commercial Real Estate Fund		Energy Fund		Precious Metals Fund	
1994	1993	1994	1993	1994	1993
\$ 20 773	\$ 24 165	\$ 57 908	\$ 27 430	\$ 42 107	\$ 5 197
597	521	(606)	(157)	(412)	(168)
(597)	(521)	—	—	—	—
—	—	(606)	(157)	(412)	(168)
1 040	563	72 616	137 338	55 122	27 470
(1 020)	(1 400)	(55 538)	(51 817)	(50 020)	(14 126)
20	(837)	17 078	85 521	5 102	13 344
26 938	26 554	58 182	23 261	31 867	4 679
—	356	27 886	67 377	23 599	12 851
26 938	26 910	86 068	90 638	55 466	17 530
26 938	26 910	68 027	80 429	40 627	16 172
—	—	18 041	10 209	14 839	1 358
—	—	20 248	14 691	15 791	1 569
—	—	2 207	4 482	952	211
(144)	(1 278)	6 274	36 444	(2 993)	3 033
\$ 20 649	\$ 22 050	\$ 82 861	\$ 153 720	\$ 44 756	\$ 21 617
\$ 8.38	\$ 8.90	\$ 13.47	\$ 16.95	\$ 12.96	\$ 12.84

See accompanying notes.

GROWTH OR STOCK FUNDS

STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

June 30	Canadian Stock Fund		American Stock Fund		European Growth Fund	
	1994	1993	1994	1993	1994	1993
ASSETS						
Investments at market value	\$ 545 091	\$ 421 831	\$ 92 920	\$ 104 376	\$ 108 915	\$ 15 373
Short-term investments	41 854	17 841	7 562	3 520	—	—
TOTAL INVESTMENTS AT MARKET VALUE	586 945	439 672	100 482	107 896	108 915	15 373
Cash (overdraft)	(714)	(540)	89	(69)	13 450	609
Due from investment dealers	5 116	—	1 302	—	211	—
Accrued income receivable	1 574	1 163	111	227	595	103
OTHER ASSETS	5 976	623	1 502	158	14 256	712
TOTAL ASSETS AT MARKET VALUE	592 921	440 295	101 984	108 054	123 171	16 085
LIABILITIES						
Income payable to participants	698	521	—	53	—	—
Due to investment dealers	2 534	—	162	—	116	—
Accrued expenses	157	252	33	61	—	33
TOTAL LIABILITIES	3 389	773	195	114	116	33
NET ASSETS AT MARKET VALUE	\$ 589 532	\$ 439 522	\$ 101 789	\$ 107 940	\$ 123 055	\$ 16 052
EQUITY						
Net subscriptions received	\$ 470 297	\$ 318 876	\$ 76 042	\$ 77 638	\$ 115 533	\$ 17 067
Net realized gains (losses) on disposals and net foreign exchange gains (losses)	73 609	40 121	20 429	(1 171)	1 124	(1 634)
Other distributions	(1 214)	(1 214)	(380)	(327)	—	—
Net unrealized appreciation	46 840	81 739	5 698	31 800	6 589	1 095
Accumulated losses	—	—	—	—	(191)	(476)
PARTICIPANTS' EQUITY AT MARKET VALUE	\$ 589 532	\$ 439 522	\$ 101 789	\$ 107 940	\$ 123 055	\$ 16 052
UNITS OUTSTANDING	44 251	33 565	8 841	8 912	11 023	1 790
NET ASSET VALUE PER UNIT	\$ 13.32	\$ 13.09	\$ 11.51	\$ 12.11	\$ 11.16	\$ 8.97

STATEMENTS OF INCOME (UNAUDITED)

For the six months ended June 30	Canadian Stock Fund		American Stock Fund		European Growth Fund	
	1994	1993	1994	1993	1994	1993
REVENUE						
Dividends	\$ 6 552	\$ 5 020	\$ 888	\$ 1 041	\$ 1 600	\$ 313
Interest on cash, debentures, short-term investments and borrowings	1 640	564	545	348	292	(13)
Less: foreign withholding tax	(128)	(108)	(129)	(146)	(280)	(57)
TOTAL REVENUE	8 064	5 476	1 304	1 243	1 612	243
EXPENSES						
Management fee	4 808	3 352	855	890	1 071	147
Administrative charge	421	452	116	157	113	110
Audit fees	15	15	7	7	17	17
Goods and Services Tax	368	246	69	75	84	18
TOTAL EXPENSES	5 612	4 065	1 047	1 129	1 285	292
NET INCOME (LOSS)	\$ 2 452	\$ 1 411	\$ 257	\$ 114	\$ 327	\$ (49)
NET INCOME (LOSS) PER UNIT	\$ 0.05	\$ 0.04	\$ 0.04	\$ 0.01	\$ 0.02	\$ (0.03)

* Comparative financial information does not exist as this Fund commenced operations in August, 1993.

(IN THOUSANDS EXCEPT PER UNIT AMOUNTS)

Japanese Stock Fund		Canadian Special Growth Fund		Zweig Strategic Growth Fund		Asian Growth Fund
1994	1993	1994	1993	1994	1993	1994*
\$ 56 238	\$ 24 843	\$ 213 040	\$ 148 225	\$ 57 417	\$ 62 495	\$ 251 595
—	—	21 995	18 035	113 086	17 858	—
56 238	24 843	235 035	166 260	170 503	80 353	251 595
1 286	(43)	51	268	504	(542)	(2 114)
—	125	1 340	127	57 016	8 899	2 460
26	6	132	216	315	125	253
1 312	88	1 523	611	57 835	8 482	599
57 550	24 931	236 558	166 871	228 338	88 835	252 194
—	—	—	—	—	—	—
986	—	1 052	5 829	50 322	8 899	153
77	15	179	53	457	173	534
1 063	15	1 231	5 882	50 779	9 072	687
\$ 56 487	\$ 24 916	\$ 235 327	\$ 160 989	\$ 177 559	\$ 79 763	\$ 251 507
\$ 41 315	\$ 21 046	\$ 216 638	\$ 139 163	\$ 153 758	\$ 68 074	\$ 245 090
3 657	2 925	11 997	996	18 066	3 603	5 082
—	—	(115)	(65)	—	—	—
15 429	3 832	9 663	20 955	6 288	8 405	3 943
(3 914)	(2 887)	(2 856)	(60)	(553)	(319)	(2 608)
\$ 56 487	\$ 24 916	\$ 235 327	\$ 160 989	\$ 117 559	\$ 79 763	\$ 251 507
2 901	1 694	16 979	11 719	12 599	6 392	20 549
\$ 19.47	\$ 14.71	\$ 13.86	\$ 13.74	\$ 14.09	\$ 12.48	\$ 12.24

(IN THOUSANDS EXCEPT PER UNIT AMOUNTS)

Japanese Stock Fund		Canadian Special Growth Fund		Zweig Strategic Growth Fund		Asian Growth Fund
1994	1993	1994	1993	1994	1993	1994*
\$ 137	\$ 57	\$ 556	\$ 354	\$ 738	\$ 601	\$ 3 160
(30)	5	703	672	1 639	216	8
(18)	(8)	(11)	—	(122)	(72)	(464)
89	54	1 248	1 026	2 255	745	2 704
449	157	2 193	909	1 615	673	2 622
123	142	508	105	400	142	2 013
12	12	7	1	23	13	16
41	23	192	71	143	58	309
625	334	2 900	1 086	2 181	886	4 960
\$ (536)	\$ (280)	\$ (1 652)	\$ (60)	\$ 74	\$ (141)	\$ (2 256)
\$ (0.21)	\$ (0.25)	\$ (0.10)	\$ (0.01)	\$ 0.01	\$ (0.01)	\$ (0.11)

See accompanying notes.

STATEMENTS OF CHANGES IN NET ASSETS (UNAUDITED)

For the six months ended June 30	Canadian Stock Fund		American Stock Fund		European Growth Fund	
	1994	1993	1994	1993	1994	1993
NET ASSETS AT BEGINNING OF PERIOD	\$ 520 858	\$ 427 692	\$ 89 123	\$ 100 945	\$ 64 264	\$ 13 705
INCOME						
Net income (loss)	2 452	1 411	257	114	327	(49)
Income distributed or payable to participants	(2 452)	(1 411)	(257)	(114)	—	—
	—	—	—	—	327	(49)
UNITS						
Proceeds from issue of units	245 097	65 989	48 574	40 541	98 044	6 481
Redemption of units	(147 717)	(103 014)	(35 101)	(33 709)	(41 891)	(6 028)
	97 380	(37 025)	13 473	6 832	56 153	453
NET REALIZED GAINS ON SECURITY INVESTMENTS SOLD*						
Cost of security investments at beginning of period	362 193	373 285	82 603	61 037	50 932	15 094
Purchase of security investments	200 480	39 033	39 532	16 381	59 222	4 752
	562 673	412 318	122 135	77 418	110 154	19 846
Cost of security investments at end of period	498 251	340 092	87 222	72 588	102 326	14 278
Cost of security investments sold, matured or repaid	64 422	72 226	34 913	4 830	7 828	5 568
Proceeds from security investments sold, matured or repaid	78 604	78 879	44 055	5 034	10 228	5 784
NET REALIZED GAINS ON SECURITY INVESTMENTS SOLD	14 182	6 653	9 142	204	2 400	216
NET FOREIGN EXCHANGE GAINS (LOSSES)	(90)	(16)	(130)	3	(19)	502
OTHER DISTRIBUTIONS	—	—	—	—	—	—
UNREALIZED APPRECIATION (DEPRECIATION) DURING THE PERIOD	(42 798)	42 218	(9 819)	(44)	(70)	1 225
NET ASSETS AT END OF PERIOD	\$ 589 532	\$ 439 522	\$ 101 789	\$ 107 940	\$ 123 055	\$ 16 052
NET ASSET VALUE PER UNIT AT END OF PERIOD	\$ 13.32	\$ 13.09	\$ 11.51	\$ 12.11	\$ 11.16	\$ 8.97

* Purchases and sales of security investments do not include short-term investments.

† Comparative financial information does not exist as this Fund commenced operations in August 1993.

(IN THOUSANDS EXCEPT PER UNIT AMOUNTS)

Japanese Stock Fund		Canadian Special Growth Fund		Zweig Strategic Growth Fund		Asian Growth Fund
1994	1993	1994	1993	1994	1993	1994†
\$ 42 864	\$ 10 454	\$ 216 582	\$ 25 397	\$ 130 613	\$ 48 724	\$ 256 094
(536)	(280)	(1 652)	(60)	74	(141)	(2 256)
—	—	—	—	—	—	—
(536)	(280)	(1 652)	(60)	74	(141)	(2 256)
53 058	27 775	121 177	151 474	82 491	43 821	230 117
(51 711)	(16 041)	(85 031)	(36 616)	(38 890)	(18 642)	(189 422)
1 347	11 734	36 146	114 858	43 601	25 179	40 695
37 714	9 539	153 500	12 114	65 344	25 841	199 092
21 275	16 700	115 727	119 985	39 187	40 990	146 396
58 989	26 239	269 227	132 099	104 531	66 831	345 488
40 809	21 012	203 377	127 270	51 129	54 094	247 652
18 180	5 227	65 850	4 829	53 402	12 737	97 836
18 794	5 330	75 464	5 817	61 606	13 553	102 139
614	103	9 614	988	8 204	816	4 303
184	54	(39)	—	1 899	1 881	(589)
—	—	—	(65)	—	—	—
12 014	2 851	(25 324)	19 871	(6 832)	3 304	(46 740)
\$ 56 487	\$ 24 916	\$ 235 327	\$ 160 989	\$ 177 559	\$ 79 763	\$ 251 507
\$ 19.47	\$ 14.71	\$ 13.86	\$ 13.74	\$ 14.09	\$ 12.48	\$ 12.24

See accompanying notes.

1. ACCOUNTING POLICIES

(i) **INVESTMENTS** Investments, other than investments of the Canadian Money Market Fund, the Canadian T-Bill Money Market Fund, ("Canadian T-Bill Fund"), the \$U.S. Money Market Fund, real property investments of the Royal LePage Commercial Real Estate Fund ("Real Estate Fund") and short-term investments in all the Funds, are recorded at their quoted market value with the difference between this amount and average cost being shown as unrealized appreciation (depreciation). Average cost is used to determine the gain or loss on investments sold. Investments of the Canadian Money Market Fund, the \$U.S. Money Market Fund, the Canadian T-Bill Fund and short-term investments in all the Funds are valued at cost, which together with accrued interest approximates market value.

Mortgages are valued to produce a principal amount which will give a yield equal to or not more than one quarter of one percent below the interest rate at which major lending institutions are making commitments to loan on the security of comparable mortgages on each valuation date. The difference between this value and the outstanding principal balance is shown as unrealized appreciation (depreciation).

The Real Estate Fund values its income property investments at purchase cost during the year of acquisition. Thereafter, real property investments are valued at their appraised value, which does not necessarily correspond to the price at which a real property investment could be sold. Appraisals are obtained annually as of the anniversary date of acquisition from qualified appraisers who are independent of the Trustee and the Adviser of the Fund. In the event of a material change in the value of any such investment in any year, the Investment Committee of the Fund may obtain an appraisal more often than once in that year. An independent Review Appraiser reviews all appraisals to ensure they are performed on a consistent basis. Capital improvements or additions to income properties which occur subsequent to the annual appraisal of a property are included in the carrying value of that property until the next appraisal. Depreciation is not recorded on real property investments.

(ii) **FOREIGN EXCHANGE** The market value of foreign investments, other assets and liabilities is translated to Canadian dollars at the exchange rate prevailing as at each valuation date. Purchases and sales of foreign investments and income and expenses are translated to Canadian dollars at rates in effect on the dates of such transactions.

(iii) **RECOGNITION OF REVENUE AND EXPENSES** The accrual method of recording revenue and expenses is followed by the Funds with dividends being recorded on the ex-dividend date.

(iv) **PENALTIES RECEIVED ON MORTGAGE PREPAYMENTS** Penalties are included in equity as received and these amounts are increased by gains or reduced by losses on foreclosure of mortgages, if any.

(v) **PURCHASE AND REDEMPTION OF UNITS** The value at which units are issued or redeemed by each Fund is determined by dividing the net assets at market value of the Fund by the total number of units outstanding. Amounts received on the issuance of units and amounts paid on the redemption of units are credited or charged to net subscriptions received. Units of the Real Estate Fund are valued as of four valuation dates in each year, namely the last Friday in March, June and September and on December 31. The units of the remaining Funds are valued on a daily basis.

(vi) **ACQUISITION COSTS AND LEASING COSTS FOR REAL PROPERTY INVESTMENTS** Acquisition costs are capitalized as part of the cost of income property investments. Leasing costs are deferred and amortized over the remaining term of the related leases.

2. SIGNIFICANT ACTIVITIES

ASIAN GROWTH FUND The Asian Growth Fund was created under the laws of Ontario by a Declaration of Trust dated July 12, 1993. The Royal Trust Company made an initial investment of \$1 000 000 for 100 000 units to establish the Fund. The Fund invests in equity securities issued by companies located in Asian countries.

3. INCOME TAXES

The Funds qualify as mutual fund trusts under the Income Tax Act and as such are not required to pay income taxes on net income that is distributed to unitholders. The Funds have distributed substantially all of their net income for the six-month period.

4. EXPENSES AND RELATED PARTY TRANSACTIONS

EXPENSES The Royal Trust Company, an affiliate of the Royal Bank of Canada, is Trustee and the Royal Trust Mutual Funds Partnership is the Manager of all the Funds except for the Real Estate Fund. The Royal Trust Company is Trustee of the Real Estate Fund and Royal LePage Capital Property Services Limited is the Adviser. They provide investment advice for the Funds, safekeeping for the assets, collect income and distribute it to the unitholders and provide statements of participation to the unitholders on a regular basis. For these services management fees paid by each of the Funds were calculated at the following percentages of the average daily/quarterly total value of the net assets of each of the Funds.

Canadian Money Market Fund	1/365 of	1.00%
Canadian T-Bill Money Market Fund	1/365 of	1.00%
\$U.S. Money Market Fund	1/365 of	1.00%
Bond Fund	1/365 of	1.20%
International Bond Fund	1/365 of	1.50%
Mortgage Fund	1/365 of	1.50%
Growth and Income Fund	1/365 of	1.50%
Canadian Stock Fund	1/365 of	1.60%
Canadian Special Growth Fund	1/365 of	1.75%
American Stock Fund	1/365 of	1.60%
Zweig Strategic Growth Fund	1/365 of	2.00%
European Growth Fund	1/365 of	2.00%
Japanese Stock Fund	1/365 of	2.00%
Energy Fund	1/365 of	1.75%
Precious Metals Fund	1/365 of	1.75%
Asian Growth Fund	1/365 of	2.00%
Royal LePage Commercial Real Estate Fund	1/4 of	0.75%

Management fees are not charged to the Advantage Funds as these Funds invest in the units of other Funds in the Royal Trust Mutual Funds.

When it acts as trustee for and administers a registered retirement savings plan ("RRSP") and/or a registered retirement income fund ("RRIF") and/or a registered home ownership savings plan ("RHOSP") or other deferred income plan established by a unitholder including self-directed plans, the Trustee charges the RRSP and/or RRIF and/or RHOSP and/or plan account(s) (in both 1994 and 1993) the following fees:

(i) $\frac{1}{365}$ of 0.2% of the net asset value of the units held in the RRSP and/or RRIF and/or RHOSP and/or plan account(s) in the Canadian Money Market Fund, the Canadian T-Bill Fund, the \$U.S. Money Market Fund, the International Bond Fund, the Mortgage Fund, the Bond Fund, the Growth and Income Fund, the Canadian Stock Fund, the Canadian Special Growth Fund, the American Stock Fund, the Zweig Strategic Growth Fund, the European Growth Fund, the Japanese Stock Fund, the Asian Growth Fund, the Energy Fund, the Precious Metals Fund, the Advantage Income Fund, the Advantage Growth Fund and the Advantage Balanced Fund.

(ii) $\frac{1}{4}$ of 0.2% of the net asset value of the units held in the RRSP and/or RRIF and/or RHOSP and/or plan account(s) in the Real Estate Fund.

The Adviser is responsible for proposing a continuing investment program, presenting investment opportunities and managing and administering the Real Estate Fund's day-to-day operations. For these services, the Adviser is paid a quarterly fee of $\frac{1}{4}$ of 1.25% of the net asset value of the Fund. The Fund is also responsible for the payment to the Adviser of fees in the amount of 0.5% of the gross acquisition cost or gross disposition price in respect of real property purchased or sold by the Fund. The investment committee approves all proposed investments and dispositions of investments by the Real Estate Fund. Fees are not paid to members of the investment committee who are representatives of the Adviser or Trustee. Other members receive \$6 000 per year plus \$400 for each meeting of the investment committee attended.

Reasonable expenses incurred in the administration of the Funds are paid by The Royal Trust Company and charged to the Funds. In addition, certain office overhead expenses are paid by The Royal Trust Company and are allocated to the Funds. This administrative charge is included as an expense to the Funds in the statements of income.

Royal Trust Corporation provides origination and administration services to the mortgage portfolio of the Mortgage Fund. For these services it was paid, as an expense to the Fund, an annualized mortgage fee of 0.32% of the market value of the mortgage portfolio.

RELATED PARTY TRANSACTIONS The Funds pay a management fee to the manager, pay interest on temporary cash advances and receive interest on cash deposits and guaranteed investment certificates to or from The Royal Trust Company.

The Mortgage Fund acquired all mortgages through The Royal Trust Company or its affiliate, Royal Trust Corporation of Canada.

In the usual course of business, the Real Estate Fund contracts the services of various property management firms to carry out day-to-day property management activities.

The European Growth Fund and Asian Growth Fund pay custodial fees to an affiliate of the Trustee.

5. ADVANTAGE FUNDS REVENUE

Revenue of the Advantage Funds is earned from investing in other Royal Trust Mutual Funds the details of which are as follows:

(000s)	Advantage Income Fund		Advantage Balanced Fund		Advantage Growth Fund	
	1994	1993	1994	1993	1994	1993
Canadian Money Market Fund	\$ 133	\$ 42	\$ 344	\$ 106	\$ 105	\$ 19
Mortgage Fund	1 334	644	572	487	113	37
Bond Fund	2 143	1 435	4 788	2 792	930	306
International Bond Fund	134	68	175	98	70	16
Canadian Special Growth Fund	-	4	-	12	-	4
Canadian Stock Fund	162	53	557	252	188	55
American Stock Fund	15	5	38	11	8	2
Total	\$3 921	\$2 251	\$6 474	\$3 758	\$1 414	\$ 439

6. COMPARATIVE FIGURES

Certain of the 1993 statement of income figures have been reclassified to conform to the presentation adopted in 1994.

7. PORTFOLIO TRANSACTIONS

A statement of portfolio transactions (unaudited) for the Royal Trust Mutual Funds for the six months ended June 30, 1994 will be provided, without charge, by writing to:

Royal Trust Personal Financial Services Operations
630 René-Lévesque Blvd. W., First Floor
Montréal, Québec H3B 1S6

PLEASE CALL US

If you have questions regarding your Mutual Fund holdings or if you need general investment advice, you can call your local branch or call:

TOLL-FREE 1-800-463-3863.

If you would like to speak with one of the Royal Trust Mutual Funds Management Team, we're always available. Please call any one of us at the numbers listed below.

SIMON LEWIS	☎	416 981 6572	JOE PETTINICCHIO	☎	514 876 2564
SHARON ACORN	☎	416 981 7109	PIERRE DANIS	☎	514 876 3114
DOUGLAS CROWE	☎	416 981 6542	DON ROLFE	☎	514 876 3025
KAREN EDWARDS	☎	416 981 6493	DAVE CHRISTIE	☎	204 988 3586
JOHN LIGHTFOOT	☎	416 981 6049	STEVEN KING	☎	306 780 2160
WAYNE MAH	☎	416 981 6036	CHRISTINE SUSKI	☎	403 292 3362
KEN MANN	☎	416 981 7128	BRIAN CONWAY	☎	506 859 1858
SAM PALUMBO	☎	416 981 6579	WILLIAM HILL	☎	519 271 5113
PAULA TYRRELL	☎	416 981 7139	DAVID MELLOR	☎	604 662 2060
			DAVID STEWART	☎	613 239 3208

REDEMPTION REQUESTS

Requests to withdraw units from a Fund may be made at any Royal Trust branch or by giving notice in writing to the mailing address of the Funds. Royal Trust will pay you the total net asset value of the units you wish to withdraw determined as of the relevant valuation date (the 'redemption proceeds') within five business days of such valuation date except in the case of the Canadian Money Market Fund, Canadian T-Bill Fund and \$U.S. Money Market Fund where the redemption proceeds will be paid the next business day. There is no charge to withdraw your units. In the case of the \$U.S. Money Market Fund, redemption proceeds will be paid in U.S. dollars.

As an added convenience to investors, Royal Trust offers chequing privileges against holdings

of units in the Canadian Money Market Fund provided that such units are not held in a registered account. You may obtain such privileges by completing an application form available at any branch of Royal Trust or by writing to the mailing address of the Funds. Under the chequing program, Royal Trust will withdraw a sufficient number of units of the Canadian Market Fund as required to satisfy the amount of your cheque plus any applicable processing or service charges. Redemption requests effected through the chequing program are implemented on the date on which the cheque is presented to Royal Trust for payment. Full details of the chequing feature are contained on the application form.



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