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**THIRD CANADIAN GENERAL INVESTMENT
TRUST LIMITED**

1979

Annual Report

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**THIRD CANADIAN GENERAL INVESTMENT TRUST
LIMITED**

*Board of Directors*_____

ALEX E. BARRON	MICHAEL A. MEIGHEN
D. L. CAMPBELL	E. LOUISE MORGAN
A. BRUCE MATTHEWS, C.B.E., D.S.O.	JOHN C. RYKERT
M. C. G. MEIGHEN, O.B.E.	PATRICK O. G. WRIGHT

*Officers*_____

M. C. G. MEIGHEN, O.B.E.	- - - - -	<i>Chairman of the Board</i>
ALEX E. BARRON	- - - - -	<i>President</i>
JOHN C. RYKERT	- - - - -	<i>Vice President and Treasurer</i>
E. LOUISE MORGAN	- - - - -	<i>Secretary</i>
PATRICK O. G. WRIGHT	- - - - -	<i>Vice President</i>
FREDERICK L. MILNE, C.A.	- - - - -	<i>Assistant Treasurer</i>

*Auditors*_____

PRICE WATERHOUSE & CO. - - - - - Toronto

*Registrar and Transfer Agent*_____

THE CANADA TRUST COMPANY - - - - - Toronto and Montreal

*Office of Company*_____

110 YONGE STREET, SUITE 1702, M5C 1T4 (Telephone 416-366-2931) Toronto

THIRD CANADIAN GENERAL INVESTMENT TRUST LIMITED

To the Shareholders:

Your Directors have pleasure in submitting the Annual Report of your Company for the year ended December 31, 1979 consisting of the Balance Sheet and Statements of Income, Retained Earnings, Unrealized Gain on Investments and Changes in Net Assets.

The Balance Sheet discloses that the total assets of the Company as at December 31, 1979 amounted to \$44,905,331. From this amount is deducted the total liabilities of the Company, namely, \$5,589,330, which leaves a net value of \$39,316,001. After deducting the First Preferred Shares at the call price of \$52.50, namely, \$2,710,627 each of the 1,837,190 Common Shares outstanding as at December 31, 1979 had an apparent liquidating value of approximately \$19.92. It should be noted that while \$5.5 million in deferred income taxes was deducted from total assets in calculating the equity value per share, the \$5.5 million continues to work for the benefit of the shareholders. Such will be the case until future realization of capital gains necessitates payment to the government of part or all of these deferred taxes.

The Statement of Income discloses that your Company, after paying all expenses, had a net income for the year of \$3,633,730. After providing \$130,266 for dividends on the First Preferred Shares, the balance of net income, namely, \$3,503,464 is equivalent to \$1.91 for each of the outstanding Common Shares. Income from normal investment sources generated net income, after preferred dividends, of \$2,158,464 or \$1.17 per share. We also received a special dividend of 30,000 shares of Hollinger Argus Limited with a value, at date of distribution, of \$1,260,000 or \$0.69 per outstanding share. There was also a recovery of prior years losses for income tax purposes of \$85,000.

During 1979 the Common Shareholders received cash dividends of \$1.10 per share. For the first time in many years dividends received are taxable in the hands of the shareholders. The Directors declared a cash dividend of \$0.30 per common share on January 31, 1980, payable March 14, 1980.

The Board of Directors marked the untimely death of their fellow director, T. R. Meighen Q.C., by passing the following resolution at their meeting of August 16, 1979:

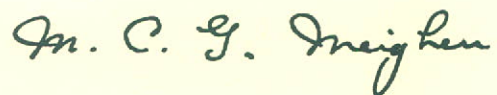
That the Board of Directors record with great sorrow and a deep sense of personal loss the death of T. R. Meighen on July 7, 1979.

Mr. Meighen joined the Board in 1955 and has made an outstanding contribution to the Company during his tenure as a director. His unique personality and warm friendship will be greatly missed by those privileged to have served with him on the Board.

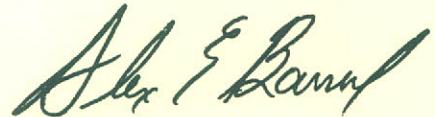
That the Secretary of the Company forward a copy of this resolution to Mrs. Meighen to express the sympathy of the Board of Directors.

The portfolio of investments as at December 31, 1979 is to be found on pages 10 and 11 of this report.

Submitted on behalf of the Board.



Chairman of the Board



President

TORONTO, January 31, 1980.

T H I R D C A N A D I A N G E N E R A L

Balance Sheet

<i>Assets</i>	December 31	
	1979	1978
Investments at indicated market value (Note 1(a)):		
Securities having a quoted market value - - - - -	\$42,384,771	\$38,897,413
Securities not having a quoted market value - - - - -	211,268	188,850
(Cost as at—	42,596,039	39,086,263
December 31, 1979—\$16,625,852		
December 31, 1978—\$15,076,937)		
Short-term investments, at cost plus accrued interest - - - - -	2,286,559	2,403,264
Dividends receivable - - - - -	—	1,355
Cash - - - - -	22,733	14,988
	\$44,905,331	\$41,505,870
<i>Liabilities and Shareholders' Equity</i>		
Accrued liabilities and accounts payable - - - - -	\$ 2,153	\$ 19,588
Dividends payable - - - - -	35,177	35,677
Deferred income taxes (Note 4(b)) - - - - -	5,552,000	4,949,000
Shareholders' equity:		
Capital stock (Note 2)—		
Authorized—		
112,431 first preferred shares of the par value of \$50 each, issuable in series		
52,628,930 3% non-cumulative second preferred shares of the par value of 5¢ each redeemable at the amount paid up thereon		
2,000,000 common shares of no par value		
Issued and outstanding—		
51,631 (1978—52,431) \$2.50 cumulative first preferred shares Series A redeemable at \$52.50 per share - - - - -	2,581,550	2,621,550
1,837,190 common shares - - - - -	12,860,330	12,860,330
	15,441,880	15,481,880
Contributed surplus, realized on purchase for cancellation of first preferred shares (including \$13,980 arising during the year ended December 31, 1979) - - - - -	144,239	130,259
Unrealized gain on investments - - - - -	20,418,187	19,060,326
Retained earnings, including \$40,000 appropriated under section 62 of the Canada Corporations Act (Note 2) - - - - -	3,311,695	1,829,140
	39,316,001	36,501,605
	\$44,905,331	\$41,505,870

APPROVED BY THE BOARD:
 ALEX E. BARRON, *Director*
 M. C. G. MEIGHEN, *Director*

Auditors' Report to the Shareholders of
 Third Canadian General Investment Trust Limited:

We have examined the balance sheet of Third Canadian General Investment Trust Limited as at December 31, 1979 and the statements of income, retained earnings, unrealized gain on investments and changes in net assets for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Company as at December 31, 1979 and the results of its operations and the changes in its net assets for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

As part of our tests referred to in the first paragraph above, we examined share certificates and other evidence supporting the investments held by the Company as at December 31, 1979.

TORONTO, January 18, 1980

PRICE WATERHOUSE & CO.
 Chartered Accountants

I N V E S T M E N T T R U S T L I M I T E D

Statement of Income

	Year ended December 31	
	1979	1978
Income:		
Dividends (Note 1(b)) - - - - -	\$ 2,225,001	\$ 1,921,493
Interest - - - - -	268,366	34,977
	2,493,367	1,956,470
Expenses:		
Management fees - - - - -	91,252	80,088
Directors' fees (Note 3) - - - - -	1,100	1,550
Miscellaneous - - - - -	27,285	43,657
Provision for income taxes - - - - -	85,000	-
	204,637	125,295
Income before special dividends and extraordinary item - - - - -	2,288,730	1,831,175
Special dividend received in shares of Hollinger Argus Limited (1978—Moore Corporation Limited) - - - - -	1,260,000	2,603,018
Extraordinary item:		
Recovery of income taxes on the carry forward of losses for income tax purposes of prior years - - - - -	85,000	-
Net income for the year - - - - -	\$ 3,633,730	\$ 4,434,193
Net income for the year per common share (after deducting preferred dividends)—		
Before special dividend received and extraordinary item - - - - -	\$ 1.17	\$ 0.93
After special dividend received and extraordinary item - - - - -	\$ 1.91	\$ 2.34

T H I R D C A N A D I A N G E N E R A L

Statement of Retained Earnings

	Year ended December 31	
	1979	1978
Balance at beginning of year	\$ 1,829,140	\$ 4,001,790
Add (less):		
Net income for the year	3,633,730	4,434,193
Dividends paid or declared—		
On first preferred shares Series A	(130,266)	(131,578)
On common shares—		
Cash	(2,020,909)	(1,745,330)
Shares of Moore Corporation Limited	—	(3,830,541)
	(2,151,175)	(5,707,449)
	1,482,555	(1,273,256)
	3,311,695	2,728,534
Add (less):		
Gain on investments sold or redeemed	—	2,774,986
Transfer of retained earnings to paid-up capital of common shares (Note 2)	—	(3,674,380)
	—	(899,394)
Balance at end of year	\$ 3,311,695	\$ 1,829,140
Dividends paid or declared per share:		
Preferred	\$ 2.500	\$ 2.500
Common—		
Cash	\$ 1.100	\$ 0.950
Shares of Moore Corporation Limited	—	2.085
	\$ 1.100	\$ 3.035

Statement of Unrealized Gain on Investments

	Year ended December 31	
	1979	1978
Increase during the year	\$ 1,960,861	\$ 5,608,412
Deferred income taxes	(603,000)	(2,621,000)
	1,357,861	2,987,412
Balance at beginning of year	19,060,326	16,072,914
Balance at end of year	\$20,418,187	\$19,060,326

I N V E S T M E N T T R U S T L I M I T E D

Statement of Changes in Net Assets

	Year ended December 31	
	1979	1978
Net assets at beginning of year - - - - -	\$36,501,605	\$32,037,447
Add:		
Net income for the year - - - - -	3,633,730	4,434,193
Gain on investments disposed of during year - - - - -	-	2,774,986
Gain on purchase for cancellation of first preferred shares - - - - -	13,980	16,016
Increase in paid-up capital of common shares transferred from retained earnings -	-	3,674,380
Increase in unrealized gain on investments - - - - -	1,357,861	2,987,412
	41,507,176	45,924,434
Less:		
Dividends paid or declared—		
On first preferred shares Series A - - - - -	130,266	131,578
On common shares - - - - -	2,020,909	5,575,871
Transfer of retained earnings to paid-up capital of common shares - - - - -	-	3,674,380
First preferred shares Series A purchased for cancellation - - - - -	40,000	41,000
	2,191,175	9,422,829
Net assets at end of year - - - - -	\$39,316,001	\$36,501,605
Gain on investments disposed of during year:		
Cost of investments at beginning of year - - - - -	\$15,076,937	\$15,883,663
Add:		
Purchase of investments during year - - - - -	288,915	556,429
Dividend received in shares of Hollinger Argus Limited (1978—Moore Corporation Limited) - - - - -	1,260,000	2,603,018
	16,625,852	19,043,110
Less: Cost of investments at end of year - - - - -	16,625,852	15,076,937
Cost of investments disposed of during year, including cost of \$2,490,306 of shares of Moore Corporation Limited distributed as a dividend - - - - -	-	3,966,173
Proceeds from disposition of investments during year, including value assigned to shares of Moore Corporation Limited distributed as a dividend - - - - -	-	6,741,159
Gain on investments disposed of during year - - - - -	\$ -	\$ 2,774,986
Apparent liquidating value per common share (after deducting outstanding preferred shares at call price):		
At beginning of year - - - - -	\$ 18.37	\$ 15.92
At end of year - - - - -	\$ 19.92	\$ 18.37

**THIRD CANADIAN GENERAL INVESTMENT TRUST
LIMITED**

Notes to Financial Statements

DECEMBER 31, 1979

1. Accounting policies

(a) Valuation of investments—

The indicated market values of quoted securities are the result of pricing the Company's holdings at the closing quoted market prices as at December 31. Such amounts do not necessarily represent the value of the total holdings in any company which may be more or less than that indicated by market quotations. Securities not having a quoted market value have been included at values determined by the directors based principally on the underlying value of the assets represented by these securities.

(b) Dividend income—

Dividend income is recorded on the date the dividend is payable by the issuing company.

2. Capital stock and retained earnings:

During the year ended December 31, 1979, 800 \$2.50 cumulative first preferred shares Series A were purchased for cancellation for an aggregate cash consideration of \$26,020.

On December 28, 1978, by supplementary letters patent, the capital and retained earnings of the Company were altered as follows:

(a) Authorized first preferred share capital was reduced by the cancellation of 6,046 shares that were previously purchased;

(b) The sum of \$302,300, previously appropriated under Section 62 of the Canada Corporations Act, was restored to retained earnings;

(c) The paid-up capital of the issued and outstanding common shares was increased by \$3,674,380 as a result of a transfer of that amount from retained earnings.

3. Remuneration of directors and officers:

The aggregate remuneration of three of the eight directors was \$1,100 (1978—\$1,550). The remaining five directors, who are also the five officers of the Company, are employees of the management company and did not receive any remuneration as directors or officers of Third Canadian General Investment Trust Limited.

4. Taxation:

(a) The Company does not qualify as an "investment corporation" as defined in Section 130 of the Canadian Income Tax Act; accordingly, it is subject to income tax as a "public corporation". "Taxable dividends" received from "taxable Canadian corporations", as defined by the Act, are excluded from taxable income; one-half of gains on disposal of investments, to the extent that these have accrued since December 31, 1971, are subject to income tax at full corporate rates.

(b) Unrealized gain on investments includes approximately \$11,424,000 which has accrued since December 31, 1971. In addition, the Company has received dividends of approximately \$11,114,000 since December 31, 1971 which were paid out of "tax-paid undistributed surplus on hand" and "1971 capital surplus on hand" of the payor corporations and, therefore, must be applied to reduce the adjusted cost base of the investments in the payor corporations resulting in a corresponding increase in the gain which may ultimately be realized on these investments. Provision for deferred income taxes on these unrealized gains has been made in the accounts.

THIRD CANADIAN GENERAL INVESTMENT TRUST LIMITED

Summary of Portfolio by Industry

	VALUE AS OF DEC. 31, 1979	PERCENT OF PORTFOLIO
Investment Trust - - - -	28,714,672	67.4
Finance - - - - - - -	\$ 2,277,525	5.4
Beverages - - - - - -	1,900,000	4.5
U.S. Securities - - - - -	1,809,355	4.3
Steel - - - - - - - -	1,790,625	4.2
Energy - - - - - - - -	1,667,300	3.9
Metals - - - - - - - -	1,621,875	3.8
Industrial Management - -	825,000	1.9
Miscellaneous - - - - -	580,794	1.3
Real Estate - - - - - -	382,500	.9
Forest Products - - - - -	268,750	.6
Merchandising - - - - -	149,625	.4
Business Forms - - - - -	173,750	.4
Manufacturing - - - - -	186,015	.4
Communications - - - - -	111,000	.3
Venture Capital - - - - -	137,253	.3
	\$42,596,039	100.0

Summary of Changes in Portfolio

in 1979

Additions to Portfolio

Bank of Nova Scotia - - - - -	1,000 shares
Canada Trustco Mortgage Company 'A'	8,500 shares
Canvil Ltd. - - - - - - - - -	979 shares
(1) Extencicare Ltd. 'A' - - - - -	20,000 shares
(2) Hollinger Argus Ltd. 'A' - - - - -	30,000 shares
(3) Intel Corporation Ltd. - - - - -	1,250 shares
McEwans Ltd. - - - - - - - - -	21,200 shares
Moore Corporation Limited - - - - -	261 shares
Ram Petroleum Limited - - - - -	1,000 shares
(4) Shared Medical Systems Corporation -	30,000 shares

Deletions from Portfolio

NIL

- (1) Stock Split—2 for 1
- (2) Stock Dividend
- (3) Stock Split—3 for 2
- (4) Stock Split—2 for 1

THIRD CANADIAN GENERAL INVESTMENT TRUST LIMITED

Portfolio of Investments

AS AT DECEMBER 31, 1979

No. of Shares		Total Market Value \$	% of Portfolio	No. of Shares		Total Market Value \$	% of Portfolio
	Beverages	1,900,000	4.5		Finance	2,277,525	5.4
40,000	The Seagram Company Ltd. -	1,900,000			(A) BANKS - - - - -	613,650	
				3,000	Bank of Montreal - - - -	74,625	
	Business Forms	173,750	.4	8,000	Bank of Nova Scotia - - -	194,000	
5,000	Moore Corporation Limited -	173,750		5,000	Royal Bank of Canada - - -	210,625	
				5,600	The Toronto-Dominion Bank	134,400	
	Communications	111,000	.3		(B) TRUST COMPANY - -	1,663,875	
4,000	Southam Incorporated - - -	111,000		76,500	Canada Trustco Mortgage Company 'A' - - - - -	1,663,875	
	Energy	1,667,300	3.9		Forest Products	268,750	.6
	(A) OILS - - - - -	636,500		10,000	MacMillan Bloedel Ltd. - -	268,750	
2,000	Hudson's Bay Oil & Gas Co. Ltd.	206,000			Industrial Management	825,000	1.9
9,000	Shell Canada Ltd. 'A' - - - -	315,000		120,000	Argus Corporation Ltd.		
11,000	Ram Petroleums Limited - -	115,500			Class 'C' Prefd. - - - -	825,000	
	(B) OTHER - - - - -	1,030,800			Investment Trust	28,714,672	67.4
5,800	Calgary Power Ltd. 'A' - - -	266,800		1,248,464	Canadian General Investments Limited - -	28,714,672	
1,000	Canadian Utilities Ltd. - - -	19,000					
10,000	The Consumers' Gas Co. - - -	268,750					
15,000	Rio Algom Ltd. - - - - -	476,250					

THIRD CANADIAN GENERAL INVESTMENT TRUST LIMITED

No. of Shares		Total Market Value \$	% of Portfolio	No. of Shares		Total Market Value \$	% of Portfolio
	Merchandising	149,625	.4		Steel	1,790,625	4.2
500	Canadian Tire Corporation Ltd. 'A' - - -	13,375		20,000	The Algoma Steel Corp. Ltd. -	610,000	
5,000	Canadian Tire Corporation Ltd. - - - -	136,250		25,000	Dominion Foundries and Steel Ltd. 'A' - - - - -	865,625	
				12,000	The Steel Co. of Canada Ltd. 'A' - - - - -	315,000	
					Venture Capital	137,253	.3
				650	CGI and Third Venture Capital Limited Prefd. - -	65,000	
	Manufacturing	186,015	.4	10,000	CGI and Third Venture Capital Limited - - - - -	72,253	
4,000	Canadian General Electric Co. Ltd. - - - - -	112,000			Miscellaneous	580,794	1.3
7,049	Canvil Ltd. - - - - -	74,015		20,000	Extencicare Ltd. - - - - -	195,000	
				20,000	Extencicare Ltd. 'A' - - - -	190,000	
				10,100	Firan Glendale Corporation -	6,060	
	Metals	1,621,875	3.8	21,200	McEwans Ltd. - - - - -	39,734	
5,000	Alcan Aluminium Ltd. - - -	271,875		10,000	Scott's Restaurants Co. Ltd. 'A' -	150,000	
30,000	Hollinger Argus Ltd. 'A' - - -	1,350,000			U.S. Securities	1,809,355	4.3
				3,000	Halliburton Company - - -	296,580	
				3,750	Intel Corporation Ltd. - - -	295,275	
				5,000	National Mine Service Company - - - - -	80,200	
	Real Estate	382,500	.9	60,000	Shared Medical Systems Corporation - - - - -	1,137,300	
15,000	Trizec Corporation Ltd. - - -	382,500					



