
THIRD CANADIAN GENERAL INVESTMENT TRUST LIMITED

ANNUAL REPORT, DECEMBER 31

1982

BOARD OF DIRECTORS

ALEX E. BARRON
D. L. CAMPBELL
A. BRUCE MATTHEWS, C.B.E., D.S.O.
M. C. G. MEIGHEN, O.B.E.
MICHAEL A. MEIGHEN, Q.C.
E. LOUISE MORGAN
WARD C. PITFIELD
J. ALLYN TAYLOR
PATRICK O. G. WRIGHT

INVESTMENT COMMITTEE

ALEX E. BARRON
M. C. G. MEIGHEN, O.B.E.
WARD C. PITFIELD, Chairman
DONALD C. WEBSTER

AUDIT COMMITTEE

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A. BRUCE MATTHEWS, C.B.E., D.S.O.
MICHAEL A. MEIGHEN, Q.C.
PATRICK O. G. WRIGHT

OFFICERS

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Chairman of the Board
ALEX E. BARRON
President
E. LOUISE MORGAN
Secretary
FREDERICK L. MILNE, C.A.
Treasurer

AUDITORS

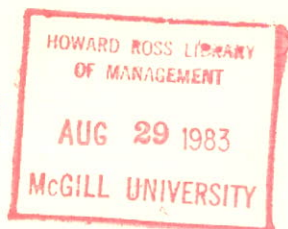
PRICE WATERHOUSE
Toronto

REGISTRAR AND TRANSFER AGENT

THE CANADA TRUST COMPANY
Toronto and Montreal

OFFICE OF COMPANY

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



TO THE SHAREHOLDERS:

Your Directors are pleased to present the Annual Report of your Company for the year ended December 31, 1982, consisting of the audited statements, the Portfolio of Investments, Changes in the Portfolio and a five year statistical record of assets, earnings and dividends.

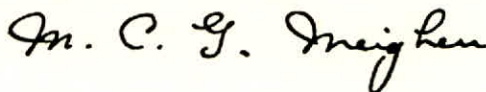
The Balance Sheet discloses that the total assets of the Company as at December 31, 1982 amounted to \$55,167,342. From this amount is deducted the total liabilities of the Company, namely \$7,666,190 which leaves a net value of \$47,501,152. After deducting the First Preferred Shares at the call price of \$52.50, namely \$1,091,003, each of the 1,858,307 Common Shares outstanding as at December 31, 1982 had an apparent liquidating value of \$24.97. It should be noted that while \$7.6 million in deferred income taxes was deducted from total assets in calculating the equity value per share, the \$7.6 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 \$2,810,166. After providing \$52,140 for dividends on the First Preferred Shares, the balance of net income, namely, \$2,758,026 is equivalent to \$1.48 for each of the outstanding Common Shares.

The year 1982 was not particularly eventful for your Company. However, the general improvement in the financial markets in the latter part of 1982 produced a significant increase in the liquidating value of the Common Shares which, as shown on page 7 of this report, amounted to \$24.97 per Common Share at December 31, 1982 compared to \$20.69 at the end of the previous year.

The Portfolio of Investments as at December 31, 1982 can be found on page 10 of this report.

Submitted on behalf of the Board



Chairman of the Board



President

TORONTO, February 24, 1983

FIVE YEAR PERFORMANCE SUMMARY

	1982	1981	1980	1979	1978
Net Assets	\$47,501,000	\$40,483,000	\$42,906,000	\$39,316,000	\$36,502,000
Per common share	24.97	20.69	21.78	19.92	18.37
Net earnings	2,810,000	2,766,000	2,524,000	2,289,000	1,831,000
Per common share	1.48	1.44	1.30	3,634,000*	4,434,000*
				1.17	.93
				1.91*	2.34*
Dividends paid per common share	1.30	1.25	1.25	1.10	.95
					2.08**
Market value of common shares					
High	22.50	25.25	20.50	18.50	18.50
Low	17.75	17.50	15.50	15.25	13.50

*Including Special Dividends received and Extraordinary Item

**Special Stock Dividend paid.

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, 1982 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, 1982 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, 1982.

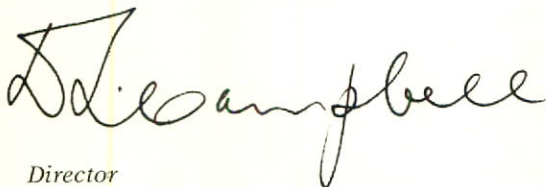
PRICE WATERHOUSE
Chartered Accountants

TORONTO, January 28, 1983

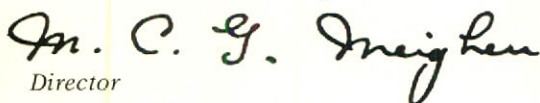
BALANCE SHEET

	December 31	
	1982	1981
ASSETS		
Investments at indicated market value (Note 1(a))		
Securities having a quoted market value	\$51,850,950	\$47,197,606
Securities not having a quoted market value	488,822	328,030
	<u>52,339,772</u>	<u>47,525,636</u>
(Cost as at-		
December 31, 1982-\$19,255,789		
December 31, 1981-\$22,141,190)		
Short-term investments, at cost plus accrued interest	2,764,407	1,101
Income taxes recoverable	54,370	-
Accounts receivable	-	5,022
Cash	8,793	21,298
	<u>\$55,167,342</u>	<u>\$47,553,057</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable	\$ 36,439	\$ 13,001
Dividends payable	15,896	31,390
Loan from Canadian General Investments Limited	-	1,065,504
Income taxes payable	-	400,347
Deferred income taxes (Note 3(b))	7,613,855	5,559,634
Shareholders' equity:		
Capital stock (Note 2)-		
Authorized-		
80,781 first preferred shares of the par		
value of \$50 each, issuable in series		
2,000,000 common shares of no par value		
Issued and outstanding-		
20,781 (1981-44,631) \$2.50 cumulative		
first preferred shares Series A		
redeemable at \$52.50 per share	1,039,050	2,231,550
1,858,307 (1981-1,843,128) common shares	13,670,647	13,284,738
	<u>14,709,697</u>	<u>15,516,288</u>
Contributed surplus, realized on purchase for		
cancellation of first preferred shares	1,036,856	324,099
Unrealized gain on investments	25,470,128	19,824,812
Retained earnings	6,284,471	4,817,982
	<u>47,501,152</u>	<u>40,483,181</u>
	<u>\$55,167,342</u>	<u>\$47,553,057</u>

APPROVED BY THE BOARD:



Director



Director

STATEMENT OF INCOME

	Year ended December 31	
	1982	1981
Income		
Dividends (Note 1(b)).....	\$2,597,133	\$2,450,337
Interest	697,958	711,745
Other	—	215,000
	<u>3,295,091</u>	<u>3,377,082</u>
Expenses		
Management fees (Note 4).....	107,705	106,312
Directors' fees	5,950	3,975
Miscellaneous	62,113	98,788
Provision for income taxes	309,157	401,603
	<u>484,925</u>	<u>610,678</u>
Net income for the year.....	<u>\$2,810,166</u>	<u>\$2,766,404</u>
Net income for the year per common share (after deducting preferred dividends).....	<u>\$1.48</u>	<u>\$1.44</u>

STATEMENT OF RETAINED EARNINGS

	Year ended December 31	
	1982	1981
Balance at beginning of year	\$ 4,817,982	\$ 3,381,779
Add (deduct)		
Net income for the year	2,810,166	2,766,404
Dividends paid or declared—		
On first preferred shares Series A	(52,140)	(117,297)
On common shares (Note 2(b))	(2,402,558)	(2,309,499)
	<u>(2,454,698)</u>	<u>(2,426,796)</u>
	355,468	339,608
	<u>5,173,450</u>	<u>3,721,387</u>
Excess of cash consideration paid over book value of common shares purchased under issuer bid (Note 2(c))	(101,878)	(305,646)
Gain on investments disposed of during the year	1,212,899	1,402,241
Balance at end of year	<u>\$ 6,284,471</u>	<u>\$ 4,817,982</u>
Dividends paid or declared per share		
Preferred	<u>\$2.50</u>	<u>\$2.50</u>
Common	<u>\$1.30</u>	<u>\$1.25</u>

STATEMENT OF UNREALIZED GAIN ON INVESTMENTS

	Year ended December 31	
	1982	1981
Increase (decrease) during the year	\$ 7,699,537	\$ (5,024,041)
Deferred income taxes	(2,054,221)	1,087,366
	5,645,316	(3,936,675)
Balance at beginning of year	19,824,812	23,761,487
Balance at end of year	<u>\$25,470,128</u>	<u>\$19,824,812</u>

STATEMENT OF CHANGES IN NET ASSETS

	Year ended December 31	
	1982	1981
Net assets at beginning of year	\$40,483,181	\$42,905,976
Add		
Net income for the year	2,810,166	2,766,404
Gain on purchase for cancellation of first preferred shares	712,757	157,072
Increase in unrealized gain on investments	5,645,316	—
Gain on investments disposed of during the year	1,212,899	1,402,241
	<u>50,864,319</u>	<u>47,231,693</u>
Deduct		
Cash dividends paid or declared—		
On first preferred shares Series A	52,140	117,297
On common shares	1,955,182	1,921,644
First preferred shares Series A purchased for cancellation	1,192,500	297,500
Decrease in unrealized gain on investments	—	3,936,675
Common shares purchased under issuer bid (Note 2(c))	163,345	475,396
	<u>3,363,167</u>	<u>6,748,512</u>
Net assets at end of year	<u>\$47,501,152</u>	<u>\$40,483,181</u>
Gain on investments disposed of during the year		
Cost of investments at beginning of year	\$22,141,190	\$16,857,978
Add: Purchase of investments during year	4,540,249	7,717,204
	<u>26,681,439</u>	<u>24,575,182</u>
Deduct: Cost of investments at end of year	19,255,789	22,141,190
Cost of investments disposed of during year	7,425,650	2,433,992
Proceeds from disposition of investments during year	9,021,017	3,938,420
	<u>1,595,367</u>	<u>1,504,428</u>
Provision for income taxes	382,468	102,187
Gain on investments disposed of during the year	<u>\$ 1,212,899</u>	<u>\$ 1,402,241</u>
Apparent liquidating value per common share (after deducting outstanding preferred shares at call price)		
At beginning of year	\$20.69	\$21.78
At end of year	<u>\$24.97</u>	<u>\$20.69</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 1982

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.

(c) Foreign exchange—

Amounts stated in foreign currencies are translated into Canadian dollars as follows:

(i) Assets and liabilities at the prevailing year end rates

(ii) Income, expenses and gains or losses on disposal of investments at the average rate prevailing during the year.

2. CAPITAL STOCK

(a) During the year, the Company purchased and cancelled 23,850 of the first preferred shares Series A for an aggregate cash consideration of \$479,743. The resulting gain of \$712,757 was allocated to contributed surplus.

(b) Effective July 1, 1980, the Company allotted and reserved 162,810 of the authorized common shares of the corporation for distribution under an Optional Stock Dividend Policy. Accordingly dividends declared payable on the outstanding common shares may be paid in cash or, at the option of the shareholder, by way of a stock dividend of common shares having a value equivalent to the cash dividend.

During the year, certain shareholders exercised their right under the Optional Stock Dividend Policy and were issued 23,707 (1981–19,059) common shares, in lieu of cash dividends, with an aggregate value of \$447,376 (1981–\$387,855).

(c) In 1981, the Company gave notice of its intention to make an issuer bid, effective June 1, 1981 to May

29, 1982, to purchase through the Toronto Stock Exchange up to that number of its issued and outstanding common shares without par value (common shares) equal to the number of its common shares as may be issued from time to time as stock dividends, to a maximum of 92,382 (1981–92,403) common shares. Common shares so purchased will not be cancelled but will be restored to the status of authorized but unissued shares. The provisions of the issuer bid were extended to May 29, 1983.

During the year, the Company purchased 8,528 (1981–24,008) common shares under this issuer bid for cash consideration of \$163,345 (1981–\$475,396). The excess of the cash consideration over the book value of these shares of \$101,878 (1981–\$305,646) was charged to retained earnings.

3. 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 \$19,196,000 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.

4. RELATED PARTY TRANSACTIONS

Management fees are paid to a related corporation for services received in connection with the administration of the Company's financial accounts and investment portfolio.

SUMMARY OF PORTFOLIO BY INDUSTRY

	Value as of Dec. 31, 1982	Percent of Portfolio
Investment Trust	\$31,211,600	59.6
U.S. Securities	5,436,040	10.4
Beverages	3,630,000	6.9
Finance	3,498,400	6.7
Energy	2,697,335	5.2
Merchandising	1,791,575	3.4
Steel	843,000	1.6
Real Estate	792,000	1.5
Communications	732,250	1.4
Miscellaneous	620,000	1.2
Metals	342,500	.7
Venture Capital	323,462	.6
Business Forms	256,250	.5
Manufacturing	165,360	.3
	<u>\$52,339,772</u>	<u>100.0</u>

SUMMARY OF CHANGES TO PORTFOLIO

in 1982

ADDITIONS TO PORTFOLIO

	Shares
Adac Laboratories	5,000
Allied Bancshares Inc.	1,600
Bell Canada \$2.05 Prefd.	25,000
Bergen Brunswig Corp.	1,500
Canadian Tire Corporation Limited 'A' ¹	550
Canvil Ltd.	1,086
Community Psychiatric Centers	1,700
Datapoint Corp.	300
Dome Petroleum Limited Warrants ²	10,666
Dome Resources Limited \$5.75 'A' Prefd. ²	8,000
EG&G Inc. ³	1,200
Federal Express Corp.	700
Harte-Hanks Communications Inc.	1,200
Healthydyne Inc.	5,700
Healthydyne Inc. ⁴	1,700
Imasco Limited	50,000
Jackson National Life Insurance Co.	2,500
La Quinta Motor Inns Inc.	2,000

Masco Corp.	600
Nova, an Alberta Corporation 12% Prefd.	25,000
Paradyne Corporation	1,000
Premier Industrial Corp.	1,600
Raychem Corp.	500
Safety-Kleen Corp.	1,700
Tandon Corporation	5,000
United States Surgical Corp.	300
Hiram Walker Resources Ltd.	30,000
Warner Communications Inc.	800
Waste Management Inc.	3,000

DELETIONS FROM PORTFOLIO

	Shares
Allied Bancshares Inc.	1,600
Bergen Brunswig Corp.	1,500
Community Psychiatric Centers	1,700
Computervision Corp.	1,500
Cray Research Inc.	1,400
Cullinane Database Systems Inc.	1,550
Datapoint Corp.	1,300
Digital Equipment Corp.	550
Domtar Inc.	10,000
EG&G Inc.	2,400
Evans & Sutherland Computer Corp.	1,100
Federal Express Corp.	700
Flightsafety International Inc.	1,950
Harte-Hanks Communications Inc.	1,200
Healthydyne Inc.	3,400
Hudson's Bay Oil & Gas Co. Ltd. ⁵	8,000
Intermedics Inc.	1,600
La Quinta Motor Inns Inc.	2,000
Masco Corp.	600
McEwans Limited.	21,200
Nucor Corp.	850
Paradyne Corporation	1,000
Premier Industrial Corp.	1,600
Raychem Corp.	500
Rio Algom Limited	15,000
Rolm Corp.	1,350
Safety-Kleen Corp.	1,700
Scientific-Atlanta Inc.	1,800
The Seagram Company Ltd.	100,000
Sensormatic Electronics Inc.	1,400
Servicemaster Ind.	1,800
Shared Medical Systems Corporation	1,900
Tandem Computers Inc.	1,550
Tandy Corp.	1,500
Triad Systems Corp.	1,200
United States Surgical Corp.	2,600
Warner Communications Inc.	800
Waste Management Inc.	1,800

¹ Stock Dividend² Received in Exchange for Hudson's Bay Oil & Gas Co. Ltd.³ Stock Split—two for one⁴ Stock Split—two for one⁵ Exchanged for Dome Resources Limited \$5.75 'A' Prefd. and Dome Petroleum Limited Warrants

PORTFOLIO OF INVESTMENTS

as at December 31, 1982

No. of Shares		Total Market Value \$	% of Portfolio	No. of Shares		Total Market Value \$	% of Portfolio
	BEVERAGES	3,630,000	6.9		REAL ESTATE	792,000	1.5
40,000	The Seagram Com. Ltd. . .	3,630,000		36,000	Trizec Corporation Ltd. . .	792,000	
	BUSINESS FORMS	256,250	.5		STEEL	843,000	1.6
5,000	Moore Corporation Ltd. . .	256,250		24,000	The Algoma Steel Corp. Ltd.	591,000	
	COMMUNICATIONS	732,250	1.4	12,000	Stelco Inc.	252,000	
25,000	Bell Canada \$2.05 Prefd. . .	606,250			VENTURE CAPITAL	323,462	.6
4,000	Southam Inc.	126,000		650	CGI and Third Venture Capital Limited Preference	65,000	
	ENERGY	2,697,335	5.2		CGI and Third Venture Capital Limited	258,462	
	(A) OILS	638,835		10,000	MISCELLANEOUS	620,000	1.2
10,666	Dome Petroleum Limited warrants	960			Extencicare Ltd.	235,000	
8,000	Dome Resources Limited \$5.75 Prefd.	450,000		20,000	Extencicare Ltd. 'A'	230,000	
9,000	Shell Canada Ltd. 'A'	187,875		20,000	Scott's Hospitality Inc.	77,500	
	(B) OTHER	2,058,500		10,000	Scott's Hospitality Inc. 'C'	77,500	
40,000	Hiram Walker Resources Ltd.	785,000		10,000	U.S. SECURITIES	5,436,040	10.4
25,000	Nova, an Alberta Corp. 12% Prefd.	853,125		6,000	Halliburton Company	260,820	
19,000	Transalta Utilities Corporation 'A'	420,375		7,500	Intel Corporation	357,150	
	FINANCE	3,498,400	6.7	60,000	Shared Medical Systems Corporation	4,027,200	
	(A) BANKS	935,650			OTHER U.S. SECURITIES		
3,500	Bank of Montreal	92,750		5,000	Adac Laboratories	117,500	
8,000	Bank of Nova Scotia	279,000		4,000	Healthdyne Inc.	160,960	
12,000	Royal Bank of Canada	342,000		2,500	Jackson National Life Insurance Co.	125,950	
5,600	The Toronto-Dominion Bank .	221,900		5,000	Tandon Corporation.	192,000	
	(B) TRUST COMPANY	2,562,750		3,000	Waste Management Inc.	194,460	
76,500	Canada Trustco Mortgage Company 'A'	2,562,750					
	INVESTMENT TRUST	31,211,600	59.6				
*1,248,464	Canadian General Investments Limited	31,211,600					
	MERCHANDISING	1,791,575	3.4				
1,050	Canadian Tire Corporation Limited 'A'	54,075					
5,000	Canadian Tire Corporation Limited	250,000					
50,000	Imasco Limited	1,487,500					
	MANUFACTURING	165,360	.3				
8,268	Canvil Ltd. .	165,360					
	METALS	342,500	.7				
10,000	Alcan Aluminium Ltd.	342,500					

*Canadian General Investments Limited holds 652,000 shares of Third Canadian General Investment Trust Limited.

