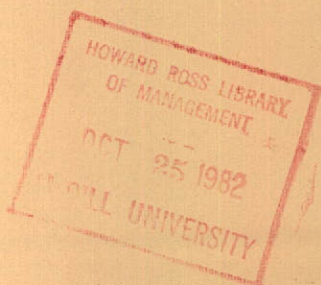


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# *Economic Investment Trust Limited*



*Fifty-Fourth Annual Report*  
*December 31, 1980*







# *Economic Investment Trust Limited*

## **THE YEAR AT A GLANCE** **54th Annual Report**

	<b>1980</b>	<b>1979</b>
Total Revenues .....	\$ 3,069,974	\$ 2,047,657
Net Income .....	\$ 2,406,263	\$ 1,542,999
Net Income per Common Share .....	\$2.12	\$1.28
Dividend per Common Share .....	\$2.38	\$1.12
Total Net Assets (Market Value) .....	\$69,727,109	\$52,745,880
Break-up Value per Common Share .....	\$66.14	\$47.90

### **ANNUAL MEETING OF SHAREHOLDERS**

The Annual Meeting of Shareholders will be held at 11:30 A.M. on Thursday, May 21, 1981 in the Board Room of The Dominion of Canada General Insurance Company, 10th Floor, 165 University Avenue, Toronto. All Shareholders are invited to attend.

HEAD OFFICE	Tenth Floor, 165 University Avenue, Toronto, Ontario
SHARES LISTED	Toronto Stock Exchange
BANKERS	Canadian Imperial Bank of Commerce
AUDITORS	Clarkson Gordon
TRANSFER AGENT AND REGISTRAR	Canada Permanent Trust Company

# *Economic Investment Trust Limited*

## **BOARD OF DIRECTORS**

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JOHN B. CRONYN	Corporate Director
A. GEORGE DRAGONE	Managing Director Canadian & Foreign Securities Co. Limited
HENRY N.R. JACKMAN	Chairman of the Board The Empire Life Insurance Company
FREDERICK W.P. JONES, LL.D.	Financial Consultant
A. BRUCE MATTHEWS, C.B.E., D.S.O.	Chairman of the Board Dome Mines Limited
DONALD J. MIANO	Vice-President E—L Financial Corporation Limited
JOHN A. RHIND	President Confederation Life Insurance Company
ADAM H. ZIMMERMAN	Executive Vice-President Noranda Mines Limited

## **OFFICERS**

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HENRY N.R. JACKMAN	Chairman of the Board
A. GEORGE DRAGONE	Managing Director
L. RUTH ROONEY	Secretary-Treasurer

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# *Economic Investment Trust Limited*

## **CHAIRMAN'S REMARKS TO THE SHAREHOLDERS**

The total assets of Economic Investment Trust Limited increased from \$57,487,000 to \$75,313,000 during the fiscal year ended December 31, 1980. After deducting our income debenture and preferred shares, the liquidating value behind each common share was a record \$66.14 compared with \$47.90 a year ago.

Net income of the Trust increased to \$2,406,000 or \$2.12 per common share from \$1,543,000 or \$1.28 per share in 1979.

Regular quarterly dividends were paid on our preference shares. Dividends on our common shares including the extra dividend paid at year end totalled \$2.38 per share compared with \$1.12 per share in 1979.

The net income of the Trust was increased during 1980 by a non-recurring dividend of \$450,000 (equivalent to \$.44 per share of Economic) from an affiliated company. It is not expected that a similar dividend will be received during 1981 so that your Trust's income and consequently the amount of the extra dividend paid in 1980 to our shareholders is not likely to be repeated in 1981.

The Honourable John B. Aird, O.C., Q.C., LL.D., one of our most distinguished directors retired from the Board during 1980 on assuming the position of Lieutenant Governor of Ontario. Although we will miss his counsel, we wish him the very best in his new responsibilities. During the year Mr. Adam H. Zimmerman, Executive Vice-President and a Director of Noranda Mines was elected to fill the vacancy.

Although the stock market has experienced very significant increases in the last three years, we look forward to the future with cautious optimism.

Henry N.R. Jackman  
Chairman of the Board

April 30, 1981.

# Economic Investment Trust Limited

## CONSOLIDATED BALANCE SHEET

	December 31	
	1980	1979
<b>ASSETS</b>		
Investments, at market value (cost 1980 — \$38,066,078; 1979 — \$30,912,434).....	\$75,248,863	\$56,702,480
Cash and short-term bank deposits .....	64,472	125,057
Due from brokers for securities sold .....		650,181
Dividend receivable .....		9,762
	<u>\$75,313,335</u>	<u>\$57,487,480</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Liabilities:		
Bank indebtedness (note 3) .....	\$ 346,933	
Due to brokers for securities purchased .....	180,288	\$ 236,990
Accounts payable and accrued charges .....	19,963	6,751
Income taxes payable .....	1,039,042	497,859
	<u>1,586,226</u>	<u>741,600</u>
Bank income debenture payable (note 4) .....	4,000,000	4,000,000
	<u>5,586,226</u>	<u>4,741,600</u>
Shareholders' equity:		
Share capital —		
Authorized:		
183,346 preferred shares (exclusive of 16,654 shares redeemed)		
Unlimited number of common shares		
Issued:		
83,346 5% cumulative preferred shares Series A, redeemable at \$52.50 (86,216 in 1979) (note 5) .....	4,167,300	4,310,800
1,032,940 common shares.....	4,116,691	4,116,691
Surplus (note 7) —		
Contributed surplus .....	860,792	799,654
Earned surplus .....	1,663,421	1,927,311
Accumulated surplus on sale of investments .....	21,736,120	15,801,378
Unrealized appreciation of investments .....	37,182,785	25,790,046
	<u>69,727,109</u>	<u>52,745,880</u>
	<u>\$75,313,335</u>	<u>\$57,487,480</u>

On behalf of the Board:

H.N.R. JACKMAN Director

A. GEORGE DRAGONE Director

(See accompanying notes)

# *Economic Investment Trust Limited*

## CONSOLIDATED STATEMENTS OF REVENUE AND EXPENSES AND EARNED SURPLUS

	Year ended December 31	
	1980	1979
<b>REVENUE AND EXPENSES</b>		
Revenue:		
Dividends from - taxable Canadian corporations .....	\$2,357,495	\$1,675,425
- foreign corporations .....	463,425	190,257
	2,820,920	1,865,682
Interest .....	249,054	181,975
	<u>3,069,974</u>	<u>2,047,657</u>
Expenses:		
Administrative expenses .....	47,638	42,870
Directors' fees and management salaries .....	58,000	53,210
Interest on bank income debenture .....	337,890	305,274
Other bank interest and charges .....	11,338	4,168
Transfer agent's and auditors' fees .....	11,343	9,375
Legal fees .....	2,502	3,261
	<u>468,711</u>	<u>418,158</u>
Income before income taxes .....	2,601,263	1,629,499
Income taxes (note 2) .....	195,000	86,500
Net income for the year (per common share 1980 — \$2.12; 1979 — \$1.28) .....	<u>\$2,406,263</u>	<u>\$1,542,999</u>
<b>EARNED SURPLUS</b>		
Earned surplus, beginning of year .....	\$1,927,311	\$1,759,798
Add net income for the year .....	2,406,263	1,542,999
	<u>4,333,574</u>	<u>3,302,797</u>
Deduct:		
Dividends paid out of investment income on —		
Preferred shares (\$2.50 per share) .....	211,756	218,593
Common shares (1980 — \$2.38 per share; 1979 — \$1.12 per share) .....	2,458,397	1,156,893
	<u>2,670,153</u>	<u>1,375,486</u>
Earned surplus, end of year (note 7) .....	<u>\$1,663,421</u>	<u>\$1,927,311</u>

(See accompanying notes)







# Economic Investment Trust Limited

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — DECEMBER 31, 1980

### 1. Summary of accounting policies

The following is a summary of the accounting policies consistently followed by the corporation:

#### (a) Consolidation —

The consolidated financial statements include the accounts of the corporation, which was continued under the Canada Business Corporations Act effective June 20, 1980, and its wholly-owned subsidiary, Econos Foreign Investment Company Limited which was incorporated on December 9, 1980.

#### (b) Investments —

The corporation's investments are stated at market value in these financial statements to facilitate the computation of net asset value on a market value basis. In the accounts of the corporation, however, investments are stated at cost and not adjusted for fluctuations in market value.

The market value of each listed security is determined as the latest sale price thereof reported by the principal securities exchange on which the issue is traded or, if no sale is reported, the latest bid price is used. Securities which are traded over-the-counter are priced at the bid price quoted by a major dealer in such securities. Other investments are valued at their net asset values based on the market value of the underlying marketable securities held by them.

#### (c) Investment transactions —

Investment transactions are accounted for on the trade date (date the order to buy or sell is executed). Realized gains and losses from investment transactions and unrealized appreciation of investments are calculated on an average cost basis.

#### (d) Foreign exchange —

Foreign currency amounts included in the financial statements are stated in Canadian dollars on the following bases:

(i) Market value of investment securities, other assets and liabilities — at the closing rate of exchange in each year.

(ii) Purchases and sales of investment securities, revenue and expenses — at the rate of exchange prevailing when the transactions giving rise to such items occurred.

### 2. Income taxes

Throughout the years ended December 31, 1972 to 1980, the corporation has qualified as an "investment corporation" under Section 130 of the Income Tax Act (Canada). The investment income of an investment corporation, other than dividends received from taxable Canadian corporations (which are not taxed in the corporation), is taxed at a reduced rate.

Taxes totalling \$2,970,000 (including \$1,716,000 in 1980) paid by the corporation to December 31, 1980 on net taxable capital gains realized by it after January 1, 1972 have been charged during such period against accumulated surplus on sale of investments. Such taxes are refundable to the corporation as long as it continues to qualify as an investment corporation, and will be refunded to the corporation on any distribution of such gains to shareholders in the form of capital gains dividends, on the basis of approximately \$1 of tax for each \$4 of such distributions made.

At December 31, 1980, the corporation had approximately \$32,000,000 of unrealized capital gains for tax purposes, net of unrealized capital losses, on securities held in its investment portfolio. No provision has been made for refundable capital gains taxes of approximately \$8,000,000 that would have been payable if the investments had been disposed of at their quoted market value at December 31, 1980. Any such taxes would be refundable to the corporation on distribution of such gains to shareholders in the manner referred to in the preceding paragraph.

### 3. Bank indebtedness

The bank indebtedness is payable on demand. Certain of the marketable securities have been pledged as security against such indebtedness.

### 4. Bank income debenture payable

The bank income debenture payable of \$4,000,000 qualifies as an "income debenture" under the Income Tax Act (Canada); bears interest at one-half of the aggregate of the bank's prime rate plus 2-1/2%, such interest being payable, however, only to the extent that the corporation has net income during the period that the debenture is outstanding; matures on December 31, 1986; may be prepaid at the option of the corporation at any time without bonus; and is secured by certain of the corporation's investments.

### 5. Preferred shares

During the year the corporation purchased 2,870 of its preferred shares for cancellation at a cost of \$82,362. The excess (\$61,138) of the assigned value of these shares (\$143,500) over the purchase price has been credited to contributed surplus.

### 6. Net asset value per common share

Net asset value per common share was \$66.14 at December 31, 1980 (\$47.90 and \$37.63 at December 31, 1979 and 1978, respectively).

Net asset value per common share is determined by dividing the amount of the net assets of the corporation on a market value basis plus the total refundable capital gains tax on hand (see note 2), less the outstanding preferred shares at their stated redemption price of \$52.50 per share, all divided by the total number of common shares outstanding.

### 7. Dividend commitments

In January 1981, the corporation declared four quarterly preferred dividends of 62.5 cents per quarter and three quarterly common dividends of 20 cents per quarter payable in 1981.

## AUDITORS' REPORT

To the Shareholders of

Economic Investment Trust Limited:

We have examined the consolidated balance sheet and consolidated investment portfolio of Economic Investment Trust Limited as at December 31, 1980 and the consolidated statements of revenue and expenses, earned surplus, contributed surplus, accumulated surplus on sale of investments, unrealized appreciation of 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 consolidated financial statements present fairly the financial position and investment portfolio of the corporation as at December 31, 1980 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.

Toronto, Canada,  
February 2, 1981.

Clarkson Gordon  
Chartered Accountants

# Economic Investment Trust Limited

## CONSOLIDATED INVESTMENT PORTFOLIO AS AT DECEMBER 31, 1980

	Number of shares	Cost	Market value
<b>BANKS (17.9% of net assets) —</b>			
The Bank of Nova Scotia .....	135,000	\$1,409,419	\$4,522,500
Canadian Imperial Bank of Commerce .....	45,000	574,774	1,260,000
The Royal Bank of Canada .....	38,250	1,157,379	2,304,563
The Toronto-Dominion Bank .....	130,000	989,439	4,403,750
		<u>4,131,011</u>	<u>12,490,813</u>
<b>TRUST COMPANIES (11.4% of net assets) —</b>			
TGV Holdings Limited, preference .....	284,375	284,375	284,375
TGV Holdings Limited, Class B Special .....	4,550	1,764,651	3,175,536
VGM Trustco Limited .....	569,020	1,858,512	4,481,036
		<u>3,907,538</u>	<u>7,940,947</u>
<b>FINANCIAL, INSURANCE AND FUNDS</b>			
(6.0% of net assets) —			
E-L Financial Corporation Limited, convertible preferred "A" .....	117,570	1,206,008	1,587,195
E-L Financial Corporation Limited .....	88,931	1,073,507	1,156,103
The Fulcrum Investment Company Limited, 6% cumulative preferred "A" .....	38,849	340,546	407,915
The Fulcrum Investment Company Limited .....	61,200	411,623	1,009,800
		<u>3,031,684</u>	<u>4,161,013</u>
<b>FOOD, BEVERAGE AND TOBACCO</b>			
(4.1% of net assets) —			
T.G. Bright & Co., Limited, "A" .....	50,000	363,087	787,500
Canada Packers Inc. ....	9,900	318,620	326,700
Dominion Citrus & Drugs Ltd., "A" .....	40,000	187,114	194,000
Hiram Walker-Consumers Home Ltd., 7-1/2% cumulative convertible preferred .....	20,000	162,396	600,000
Imasco Limited, "A" .....	22,000	323,012	704,000
VS Services Limited .....	20,000	162,105	202,500
		<u>1,516,334</u>	<u>2,814,700</u>
<b>GENERAL MANUFACTURING</b>			
(3.8% of net assets) —			
Canadian Marconi Company, "A" .....	50,000	224,192	1,081,250
Genstar Limited .....	10,000	112,449	386,250
Shaw Industries Ltd. ....	30,000	267,858	397,500
Trans Canada Glass Ltd. ....	25,000	252,475	318,750
United Westburne Industries Ltd. ....	10,000	265,295	490,000
		<u>1,122,269</u>	<u>2,673,750</u>



# Economic Investment Trust Limited

## CONSOLIDATED INVESTMENT PORTFOLIO AS AT DECEMBER 31, 1980 (continued)

	Number of shares	Cost	Market value
<b>METALS AND MINING (16.4% of net assets) —</b>			
Argo Gold Mining Inc. ....	20,000	\$ 317,040	\$ 310,000
Campbell Red Lake Mines Limited .....	20,000	454,565	1,375,000
Denison Mines Limited .....	10,000	135,681	570,000
Dome Mines Limited .....	45,000	404,994	4,680,000
Giant Yellowknife Mines Limited .....	25,000	676,441	637,500
Pamour Porcupine Mines, Limited, Class A convertible .....	60,000	482,494	1,230,000
Sigma Mines (Quebec) Limited .....	60,000	407,322	2,400,000
United Keno Hill Mines Limited .....	5,000	162,234	217,500
		<u>3,040,771</u>	<u>11,420,000</u>
<b>OIL, GAS AND PIPELINES (4.4% of net assets) —</b>			
Alberta Natural Gas Company Ltd. ....	24,000	121,458	462,000
Canadian Reserve Oil and Gas Ltd. ....	10,000	206,147	216,250
Candel Oil Ltd. ....	18,000	113,599	513,000
Gulf Canada Limited .....	20,000	112,057	467,500
Husky Oil Ltd. ....	70,000	208,823	1,435,000
		<u>762,084</u>	<u>3,093,750</u>
<b>PRINTING AND PUBLISHING (4.4% of net assets) —</b>			
Abitibi-Price Inc. ....	20,000	389,650	490,000
Maclean-Hunter Limited, "A" .....	80,000	163,708	1,010,000
Moore Corporation Limited .....	15,000	206,379	618,750
Southam Inc. ....	10,000	280,647	423,750
The Toronto Sun Publishing Corporation .....	20,000	279,350	542,500
		<u>1,319,734</u>	<u>3,085,000</u>
<b>REAL ESTATE (1.6% of net assets) —</b>			
The Cadillac-Fairview Corp. Limited .....	15,000	132,941	345,000
Carma Developers Ltd., "A" .....	51,000	223,023	790,500
		<u>355,964</u>	<u>1,135,500</u>
<b>TRANSPORTATION (14.2% of net assets) —</b>			
Algoma Central Railway .....	179,178	2,392,598	4,143,481
Canadian Pacific Limited .....	30,000	510,640	1,305,000
Ecando Investments Limited, Class A, Class B and common .....	31,776	4,138,676	4,350,770
Laidlaw Transportation Limited, "B" .....	7,200	62,326	63,000
		<u>7,104,240</u>	<u>9,862,251</u>
<b>MISCELLANEOUS (1.9% of net assets) —</b>			
D.H. Howden & Co. Limited .....	1,000	11,015	12,250
Extendicare Ltd., convertible preferred .....	20,000	84,057	260,000
Extendicare Ltd., Class A .....	20,000	79,553	257,500
Kelsey-Hayes Canada Limited .....	8,500	204,410	238,000
Leon's Furniture Limited .....	15,000	242,249	262,500
Quebecor Inc. ....	29,800	321,787	312,900
		<u>943,071</u>	<u>1,343,150</u>

# Economic Investment Trust Limited

## CONSOLIDATED INVESTMENT PORTFOLIO AS AT DECEMBER 31, 1980 (continued)

	Number of shares	Cost	Market value
FOREIGN SECURITIES (21.8% of net assets) —			
Amax Inc. ....	6,880	\$ 137,503	\$ 339,056
American Equity Investment Trust .....	25,000	505,710	395,744
The American Welding & Manufacturing Company .....	5,000	215,938	397,238
Artra Group Incorporated .....	10,000	201,953	182,192
Avco Corp. ....	20,000	232,856	692,926
Cenco Inc. ....	30,000	341,505	362,890
Clark Oil & Refining Corporation .....	16,000	316,486	528,057
Crane Co. ....	8,160	338,898	436,257
Gold Fields of South Africa .....	10,000	176,180	1,087,177
Gotaas-Larsen Shipping Corporation .....	35,000	285,192	418,145
IU International Corporation .....	5,555	66,322	116,140
Jewel Companies, Inc. ....	10,000	307,560	409,185
Kaiser Steel Corporation .....	6,000	307,490	291,208
Kerr-McGee Corporation .....	3,000	317,400	283,144
London and Manchester Assurance Company Limited .....	697,500	2,975,872	3,787,425
Masonite Corporation .....	10,000	321,782	361,397
Mobil Corporation .....	4,000	314,742	385,888
Modern Merchandising, Inc. ....	25,000	333,734	291,208
Monsanto Company .....	5,000	342,396	409,931
The Montana Power Company .....	10,000	314,703	353,930
North American Royalties, Inc. ....	10,000	242,082	513,721
Sun Company, Inc. ....	8,000	361,376	465,933
Sundance Oil Co. ....	20,000	313,590	746,688
The Superior Oil Company .....	5,725	882,733	1,354,252
Wickes Companies, Inc. ....	20,000	376,444	322,569
F.W. Woolworth Co. ....	10,000	300,931	295,688
		<u>10,831,378</u>	<u>15,227,989</u>
 TOTAL INVESTMENT PORTFOLIO .....		<u>\$38,066,078</u>	<u>\$75,248,863</u>

## SUMMARY

	Market value	% of net assets
Investments .....	\$75,248,863	107.9
Cash and cash items (net) .....	(1,521,754)	(2.2)
Bank income debenture payable .....	(4,000,000)	(5.7)
Total net assets .....	<u>\$69,727,109</u>	<u>100.0%</u>



# Economic Investment Trust Limited

## FINANCIAL RECORD — 1928 - 1980

Year Ended March 31	Total Net Assets at Market Value*	Funded Debt and Preferred Shares†	Available for Common Shares	Common Shares Outstanding**	Asset Value per Common Share**	Net Income	Net In- come per Common Share	Common Dividend per Share**
1928	\$ 1,794,643	\$ 1,000,000	\$ 794,643	403,125	\$ 1.97	\$ 59,836	0.15	0.16
1933	1,161,715	962,500	199,215	499,062	0.40	36,538	0.07	0.06
1938	2,028,005	1,000,000	1,028,005	499,062	2.06	89,381	0.18	0.16
1943	2,604,866	1,000,000	1,604,866	499,062	3.22	79,552	0.16	0.15
1948	3,522,969	1,000,000	2,522,969	500,000	5.05	110,054	0.22	0.20
Year Ended Dec. 31								
1953	5,197,984	1,250,000	3,947,984	625,000	6.32	189,902	0.30	0.30
1961	15,222,286	2,509,500	12,712,786	969,855	13.11	348,260	0.36	0.34
1962	15,959,654	4,100,000	11,859,654	1,032,940	11.48	427,727	0.26	0.34
1963	17,633,299	4,100,000	13,533,299	1,032,940	13.10	495,390	0.38	0.35
1964	20,955,088	5,250,000	15,705,088	1,032,940	15.20	616,158	0.41	0.37
1965	21,897,735	5,250,000	16,647,735	1,032,940	16.12	703,888	0.44	0.40
1966	19,613,106	5,250,000	14,363,106	1,032,940	13.91	737,222	0.47	0.40
1967	23,076,097	5,128,462	17,947,635	1,032,940	17.38	788,772	0.52	0.44
1968	27,392,675	5,061,263	22,331,412	1,032,940	21.62	732,823	0.48	0.44
1969	25,942,615	5,061,263	20,881,352	1,032,940	20.22	759,294	0.50	0.46
1970	24,365,591	5,061,263	19,304,328	1,032,940	18.69	798,172	0.54	0.46
1971	27,254,532	5,056,013	22,198,519	1,032,940	21.49	781,332	0.52	0.46
1972	34,784,901	5,056,013	29,832,388***	1,032,940	28.88	835,490	0.58	0.46
1973	32,502,656	5,056,013	27,556,643***	1,032,940	26.67	862,673	0.60	0.54
1974	24,025,473	5,024,513	19,110,960***	1,032,940	18.50	966,022	0.70	0.65
1975	26,475,662	4,870,950	21,714,712***	1,032,940	21.02	1,097,837	0.84	0.70
1976	31,527,836	7,738,387	23,899,449***	1,032,940	23.14	1,104,158	0.85	0.74
1977	36,885,088	7,685,677	29,309,411***	1,032,940	28.37	1,125,886	0.87	0.74
1978	47,035,243	8,622,677	38,870,556***	1,032,940	37.63	1,474,268	1.21	0.845
1979	56,745,880	8,526,340	49,473,540***	1,032,940	47.90	1,542,999	1.28	1.12
1980	69,727,109	8,375,665	64,321,444***	1,032,940	66.14	2,406,263	2.12	2.38

\* Total assets at market value less liabilities exclusive of long term debt and preferred and common shares.

† Preferred Shares at redemption price of \$52.50 per share.

\*\* Adjusted for 5-for-2 split in 1951 and 5-for-1 split in 1963.

\*\*\* Including refundable capital gains tax on hand.

## NOTES





