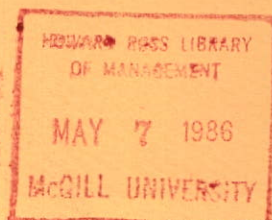


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# **Economic Investment Trust Limited**



**Fifty-Ninth Annual Report  
December 31, 1985**







# *Economic Investment Trust Limited*

## **THE YEAR AT A GLANCE 59th Annual Report**

	1985	1984
Total Revenues .....	\$ 3,264,986	\$ 3,362,988
Net Income .....	\$ 2,429,265	\$ 2,483,432
*Net Income per Common Share .....	\$1.55	\$1.58
*Dividend per Common Share .....	\$1.23	\$1.24
Total Net Assets (Market Value) .....	\$105,011,674	\$ 87,051,485
*Net Asset Value per Common Share .....	\$70.42	\$58.00
Number of Common Shares outstanding at year-end .....	1,457,309	1,394,061

\*Restated for 1 for 22 stock dividend in 1985

### **ANNUAL MEETING OF SHAREHOLDERS**

The Annual Meeting of Shareholders will be held at 11:30 A.M. on Wednesday, May 28, 1986 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	National Trust Company

# *Economic Investment Trust Limited*

## **BOARD OF DIRECTORS**

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HON. JOHN B. AIRD, O.C., Q.C., LL.D.	Senior Partner Aird & Berlis
JOHN B. CRONYN	Corporate Director
A. GEORGE DRAGONE	President Fleet Aerospace Corporation
IRVING R. GERSTEIN	President Peoples Jewellers Limited
HENRY N.R. JACKMAN	Chairman of the Board The Empire Life Insurance Company
A. BRUCE MATTHEWS, C.B.E., D.S.O.	Corporate Director
DONALD J. MIANO	Vice-President E-L Financial Corporation Limited
JOHN A. RHIND	Chairman Confederation Life Insurance Company
ADAM H. ZIMMERMAN	President Noranda Mines Limited

## **OFFICERS**

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HENRY N.R. JACKMAN	Chairman of the Board
DONALD J. MIANO	Managing Director
L. RUTH ROONEY	Secretary-Treasurer

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# *Economic Investment Trust Limited*

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

The total assets of Economic Investment Trust increased from \$92,965,000 to \$113,979,000 during the fiscal year ended December 31, 1985. After deducting our income debenture and preferred shares, the net asset value behind each common share was \$70.42 compared with \$58.00 per share a year ago. Net income for the Trust decreased from \$2,483,000 or \$1.58 per share in 1984 to \$2,429,000 or \$1.55 per share. Regular quarterly dividends were paid on our preference shares. Dividends out of income on the common shares outstanding, including the extra dividend paid at the year end, totalled \$1.23 per share compared with \$1.24 per share during 1984. The 1984 amounts per share have been restated to reflect the "capital gains" dividend of \$3.60 per common share paid in February 1985 in the form of \$0.90 per share in cash and a stock dividend of one additional share for every twenty-two shares owned. The issue price of these shares was \$59.40 per share.

Subsequent to the year end, on February 5, 1986, your Directors declared an additional dividend of \$3.00 per common share, payable on February 28, 1986, which again qualifies as a capital gains dividend under the Income Tax Act (Canada). Payment of this dividend was made in the form of \$0.75 per share in cash and \$2.25 per share by way of a stock dividend in common shares, based on an issue price of \$69.75 per share, being the approximate net asset value of each common share at December 31, 1985, less refundable capital gains tax on hand per share. Each shareholder will therefore receive one additional common share for every thirty-one shares owned.

Although the total amount of this dividend will be considered a capital gain to our shareholders in 1986, the dividend will result in a refund to Economic of approximately \$1,115,000 of taxes already paid on net realized capital gains.

It should be noted that the cost of the new common shares for Canadian tax purposes will be the issue price (\$69.75), which will have the effect of adjusting the average cost base of your existing post December 31, 1971 common shares of Economic.

Taking into account the \$0.75 cash payment to shareholders in February and the issue of additional common shares, the net asset value as of March 31, 1986 was \$76.61 based on the increased number of shares outstanding, compared to \$68.23 as at December 31, 1985.

During 1985 we were saddened by the passing of our fellow director and friend Dr. Frederick W.P Jones whose contribution to the Trust's growth and progress over the years was exemplary.

We are glad to welcome to our Board of Directors Hon. John B. Aird, O.C., Q.C., LL.D. who has rejoined our board after serving with distinction as Lieutenant Governor of Ontario.

Your Directors hope that the current uncertainties surrounding business conditions and security values will resolve themselves so Economic can continue its growth and progress.

Henry N.R. Jackman  
Chairman of the Board

# *Economic Investment Trust Limited*

## CONSOLIDATED BALANCE SHEET

	December 31	
	1985	1984
<b>ASSETS</b>		
Investments, at market value (cost: 1985 — \$54,567,782; 1984 — \$53,245,445) ..	\$ 110,914,830	\$ 92,375,685
Cash and short-term deposits .....	2,277,782	335,883
Accrued interest and dividends receivable .....	234,833	253,992
Income taxes recoverable .....	552,042	
	<u>\$ 113,979,487</u>	<u>\$ 92,965,560</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Liabilities:		
Due to brokers .....	\$ 405,004	\$ 672,827
Accounts payable and accrued liabilities .....	19,015	26,647
Income taxes payable .....		139,601
	<u>424,019</u>	<u>839,075</u>
Bank income debenture payable, due December 31, 1986 (note 3) .....	4,000,000	4,000,000
Deferred income taxes .....	4,543,794	1,075,000
	<u>8,967,813</u>	<u>5,914,075</u>
Shareholders' equity (note 8):		
Share capital —		
Authorized:		
168,356 preferred shares		
Unlimited common shares		
Issued:		
68,356 5% cumulative preferred shares Series A, redeemable at \$52.50 per share (72,246 in 1984) (note 4) .....	3,417,800	3,612,300
1,457,309 common shares (1,394,061 in 1984) (note 5) .....	26,448,251	22,691,319
	<u>29,866,051</u>	<u>26,303,619</u>
Surplus —		
Contributed surplus .....	1,227,967	1,135,072
Retained earnings .....	3,217,909	2,697,482
Undistributed net realized gain on sale of investments .	18,896,493	18,860,072
Unrealized appreciation of investments .....	51,803,254	38,055,240
	<u>105,011,674</u>	<u>87,051,485</u>
	<u>\$ 113,979,487</u>	<u>\$ 92,965,560</u>
On behalf of the Board:		
H.N.R. JACKMAN                      Director		
D.J. MIANO                              Director		

(See accompanying notes)



# *Economic Investment Trust Limited*

## **CONSOLIDATED STATEMENTS OF REVENUE AND EXPENSES AND RETAINED EARNINGS**

	Year ended December 31	
	1985	1984
<b>REVENUE AND EXPENSES</b>		
Revenue:		
Dividends from — taxable Canadian corporations .....	\$ 2,276,002	\$ 2,380,098
— foreign corporations .....	666,820	606,019
	2,942,822	2,986,117
Interest .....	322,164	376,871
	<u>3,264,986</u>	<u>3,362,988</u>
Expenses:		
Administrative .....	84,028	70,965
Directors' fees and management salaries .....	94,530	93,548
Interest on bank income debenture .....	262,014	292,644
Other bank interest and charges .....	41,213	35,944
Transfer agent's, audit and legal fees .....	39,936	61,755
	<u>521,721</u>	<u>554,856</u>
Income before income taxes .....	2,743,265	2,808,132
Income taxes (note 2) .....	314,000	324,700
Net income for the year (per common share 1985 — \$1.55; 1984 — \$1.58) (note 6) .....	<u>\$ 2,429,265</u>	<u>\$ 2,483,432</u>
<b>RETAINED EARNINGS</b>		
Balance, beginning of year .....	\$ 2,697,482	\$ 2,276,833
Add net income for the year .....	2,429,265	2,483,432
	<u>5,126,747</u>	<u>4,760,265</u>
Deduct:		
Dividends paid on		
Preferred shares (\$2.50 per share) .....	173,431	182,778
Common shares (1985 — \$1.23 per share; 1984 — \$1.24 per share) (note 6) .....	1,792,490	1,812,279
	1,965,921	1,995,057
Refundable income taxes, net (note 2) .....	(57,083)	67,726
	<u>1,908,838</u>	<u>2,062,783</u>
Balance, end of year .....	<u>\$ 3,217,909</u>	<u>\$ 2,697,482</u>

(See accompanying notes)

# *Economic Investment Trust Limited*

## **CONSOLIDATED STATEMENTS OF CONTRIBUTED SURPLUS, UNDISTRIBUTED NET REALIZED GAIN ON SALE OF INVESTMENTS, AND UNREALIZED APPRECIATION OF INVESTMENTS**

	Year ended December 31	
	1985	1984
<b>CONTRIBUTED SURPLUS</b>		
Balance, beginning of year .....	\$ 1,135,072	\$ 1,055,352
Add excess of assigned value of preferred shares redeemed over repurchase price thereof (note 4) .....	92,895	79,720
Balance, end of year .....	<u>\$ 1,227,967</u>	<u>\$ 1,135,072</u>
<b>UNDISTRIBUTED NET REALIZED GAIN ON SALE OF INVESTMENTS</b>		
Balance, beginning of year .....	\$18,860,072	\$18,885,938
Net realized gain on investments sold during the year:		
Proceeds of sales .....	30,617,748	15,222,394
Investments at cost, beginning of year .....	53,245,445	45,862,625
Investments purchased during the year .....	26,961,475	17,452,680
Investments at cost, end of year .....	(54,567,782)	(53,245,445)
Cost of investments sold .....	25,639,138	10,069,860
Gain before income taxes .....	4,978,610	5,152,534
Income taxes (note 2) .....	1,160,000	1,217,000
Net realized gain on investments sold .....	3,818,610	3,935,534
Capital gains dividends paid (1985 — \$5,018,620; 1984 — \$5,311,236), less related refund of income taxes (1985 — \$1,236,431; 1984 — \$1,349,836) (note 5) ...	(3,782,189)	(3,961,400)
Balance, end of year .....	<u>\$18,896,493</u>	<u>\$18,860,072</u>
<b>UNREALIZED APPRECIATION OF INVESTMENTS</b>		
Balance, beginning of year .....	\$38,055,240	\$39,089,377
Net increase (decrease) for the year (net of related deferred income taxes re subsidiaries of \$3,468,794; \$547,397 in 1984) .....	13,748,014	(1,034,137)
Balance, end of year .....	<u>\$51,803,254</u>	<u>\$38,055,240</u>

(See accompanying notes)



# *Economic Investment Trust Limited*

## CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

	Year ended December 31	
	1985	1984
Net assets, beginning of year .....	\$ 87,051,485	\$83,807,749
Increase (decrease) during the year:		
Due to investment activities —		
Net income for the year .....	2,429,265	2,483,432
Net unrealized appreciation (depreciation)		
of investments .....	13,748,014	(1,034,137)
Net realized gain on investments sold .....	3,818,610	3,935,534
Refundable income taxes .....	57,083	(67,726)
	<u>20,052,972</u>	<u>5,317,103</u>
Due to dividends paid and share capital transactions —		
Dividends paid on		
Preferred shares .....	(173,431)	(182,778)
Common shares .....	(1,792,490)	(1,812,279)
Capital gains dividends paid in cash		
(1985 — \$1,261,688; 1984 — \$1,336,116),		
less related refund of income taxes		
(1985 — \$1,236,431; 1984 — \$1,349,836)		
(note 5) .....	(25,257)	13,720
Cost of preferred shares redeemed (note 4) .....	(101,605)	(92,030)
	<u>(2,092,783)</u>	<u>(2,073,367)</u>
Net increase in net assets during the year .....	<u>17,960,189</u>	<u>3,243,736</u>
Net assets, end of year .....	<u>\$105,011,674</u>	<u>\$87,051,485</u>

(See accompanying notes)

# Economic Investment Trust Limited

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — DECEMBER 31, 1985

### 1. Summary of accounting policies

These financial statements have been prepared by management in accordance with generally accepted accounting principles. 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, and its wholly-owned subsidiaries, Econos Foreign Investment Company Limited, Econos Canadian Investment Company Limited, and Econos N.V.G. Investment Company Limited.

#### (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 recorded 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. Investment holding companies and non-publicly traded investments are valued at their net asset values based on the net market value of the underlying marketable securities held by them (see note 1(e)).

#### (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.

Dividend income is recorded on the ex-dividend date. Interest income is recorded on an accrual 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 investments, other monetary assets and liabilities — at the closing rate of exchange in each year;

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

#### (e) Deferred income taxes —

Deferred income taxes are recorded for the potential tax liability related to the unrealized appreciation of the investments held by the corporation's subsidiaries where such taxes would not generally be recoverable by the corporation (see note 2).

### 2. Income taxes

Throughout the years ended December 31, 1972 to 1985, 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 and net taxable capital gains, is taxed at a reduced rate. The corporation's provision for income taxes is determined as follows:

	1985	1984
Basic combined federal and provincial tax rate .....	51.0%	51.0%
Investment corporation reduction .....	(16.7)	(16.7)
	34.3	34.3
Effect of tax on subsidiaries' income at basic tax rate .....	8.8	10.8
Effective tax rate .....	43.1%	45.1%
Applied to:		
Income before income taxes .....	\$ 2,743,265	\$ 2,808,132
Add non-deductible bank income		
debenture interest .....	262,014	292,644
Less dividends from taxable		
Canadian corporations .....	(2,276,002)	(2,380,098)
	\$ 729,277	\$ 720,678
Provision for income taxes .....	\$ 314,000	\$ 324,700

— continued —



# *Economic Investment Trust Limited*

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — DECEMBER 31, 1985 (continued)**

The corporation is also classified as a "subject corporation" under the Income Tax Act (Canada), subject to refundable income taxes on dividends received from taxable Canadian corporations. Refundable income taxes incurred each year are charged directly against retained earnings. These refundable income taxes are recoverable by the corporation, through the payment of dividends, on the basis of \$1 for each \$4 of taxable dividends (including debenture interest) paid by the corporation. Refunds of such taxes are credited to retained earnings in the year such dividends are paid.

During the year, the corporation and its subsidiaries incurred refundable income taxes of \$532,706; however, the corporation and its subsidiaries paid sufficient dividends during the year to recover \$589,789 of refundable income taxes. The remaining balance of such taxes amounting to \$24,000 at December 31, 1985 may be recovered by the corporation or its subsidiaries in future years as noted above.

Taxes are also payable by the corporation on net taxable capital gains realized by it, and such taxes are charged against the realized gain on sale of investments. As the corporation qualifies as an investment corporation, a substantial portion of these taxes are recoverable by the corporation through the distribution of capital gains dividends on the basis of \$1 of tax for each \$4 of such distributions made. Refunds of such taxes are credited to undistributed net realized gain on sale of investments in the year such dividends are paid.

The recoverable portion of such taxes paid by the corporation to December 31, 1985 is determined as follows:

Balance, December 31, 1984 .....	\$1,277,863
Taxes incurred on net taxable capital gains realized during the year .....	1,160,000
	<u>2,437,863</u>
Recovery during the year through payment of capital gains dividends (see note 5) .....	1,236,431
Balance, December 31, 1985 .....	<u>\$1,201,432</u>

The remaining balance of such taxes may be recovered by the corporation as noted above (see note 8). At December 31, 1985, the corporation had approximately \$54,165,000 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 \$13,812,000 that would have been payable by the parent corporation if the investments had been disposed of at their market value at December 31, 1985. Such taxes would be refundable to the corporation on distribution of such gains to shareholders in the manner referred to above.

### **3. 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.

### **4. Preferred shares**

During the year, the corporation purchased 3,890 of its preferred shares for cancellation at a cost of \$101,605. The excess (\$92,895) of the assigned value of these shares (\$194,500) over the cancellation cost has been credited to contributed surplus. The corporation is obligated under certain circumstances to purchase 2,500 preferred shares per annum for cancellation.

### **5. Capital gains dividends and share capital**

On February 28, 1985, the corporation paid a dividend of \$3.60 per common share, which qualified as a capital gains dividend under the Income Tax Act (Canada) (see note 2). Payment of the dividend was made as follows:

- (i) \$0.90 per share by way of cash dividend, and
- (ii) \$2.70 per share by way of a stock dividend in common shares of the corporation based on an issue price of \$59.40 per share, being the approximate net asset value of each common share at December 31, 1984 less refundable capital gains tax on hand per share. Thus, each shareholder was entitled to receive one additional common share for every twenty-two shares owned at December 31, 1984. Those shareholders entitled to a fractional share received a cash payment at the above rate.



# *Economic Investment Trust Limited*

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — DECEMBER 31, 1985 (continued)**

As a result, a cash dividend of \$1,261,688 was distributed and 63,248 common shares (\$3,756,932) were issued by the corporation (total \$5,018,620).

The payment of this dividend resulted in a refund of \$1,236,431 of taxes paid to date on net realized capital gains (see note 2).

### **6. Net income, dividends paid and net asset value per common share**

Net income per common share, dividends paid per common share and net asset value per common share have been determined recognizing the new subdivision of share capital (see note 5) as though it had existed throughout the years. The comparative figures for prior years have been restated accordingly.

Net asset value per common share, after reflecting the above, was \$70.42 at December 31, 1985 (\$58.00 and \$55.75 at December 31, 1984 and 1983, 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 balance of refundable capital gains tax on hand (see note 2) less the outstanding preferred shares at their stated redemption price of \$52.50 per share, by the total number of common shares outstanding.

### **7. Dividend commitments**

In November and December 1985, the corporation declared four quarterly preferred dividends of 62.5 cents per quarter payable in 1986 and three quarterly common dividends of 20 cents per quarter payable in 1986.

### **8. Subsequent event**

Subsequent to the year-end, on February 5, 1986, the corporation declared a dividend of \$3.00 per common share, payable on February 28, 1986, which qualifies as a capital gains dividend under the Income Tax Act (Canada). Payment of the dividend shall be made in the following manner:

- (i) \$0.75 per share (total \$1,092,982) by way of a cash dividend, and
- (ii) \$2.25 per share (total \$3,278,945) by way of a stock dividend in common shares (approximately 47,010 shares) of the corporation based on an issue price of \$69.75 per share, being the approximate net asset value of each common share at December 31, 1985 less refundable capital gains tax on hand per share. Thus, each shareholder will receive one additional common share for every thirty-one shares owned.

The payment of this dividend will result in a refund of approximately \$1,115,000 of taxes paid to date on net realized taxable capital gains (see note 2).

## **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, 1985 and the consolidated statements of revenue and expenses, retained earnings, contributed surplus, undistributed net realized gain 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, 1985 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 17, 1986.

**Clarkson Gordon**  
Chartered Accountants



# Economic Investment Trust Limited

## CONSOLIDATED INVESTMENT PORTFOLIO AS AT DECEMBER 31, 1985

	Number of shares	Cost	Market value
<b>BANKS (9.1% of net assets) —</b>			
Bank of Montreal — warrants .....	150,000	\$ 827,536	\$ 862,500
The Bank of Nova Scotia .....	175,000	609,020	2,493,750
The Royal Bank of Canada .....	51,500	779,129	1,783,188
The Toronto-Dominion Bank .....	180,000	456,796	4,432,500
		<u>2,672,481</u>	<u>9,571,938</u>
<b>INSURANCE COMPANIES</b>			
(17.6% of net assets) —			
Canadian (Refuge) Holdings Limited —			
non-voting participating .....	104,055	4,212,726	10,361,796
Canadian (Refuge) Holdings Limited .....	3	302	299
E-L Financial Corporation Limited,			
convertible preferred "A" .....	117,570	1,206,008	4,585,230
E-L Financial Corporation Limited .....	88,931	1,073,507	3,512,775
		<u>6,492,543</u>	<u>18,460,100</u>
<b>INVESTMENT COMPANIES</b>			
(10.1% of net assets) —			
Ecando Investments Limited, Class A,			
Class B and common .....	31,776	4,138,676	7,308,162
Ecando Investments Limited,			
non-interest bearing demand loan .....		330,624	330,624
The Fulcrum Investment Company Limited,			
6% cumulative preferred "A" .....	38,849	340,546	437,051
The Fulcrum Investment Company Limited ..	90,159	464,423	2,569,532
		<u>5,274,269</u>	<u>10,645,369</u>
<b>TRUST COMPANIES* (34.4% of net assets) —</b>			
NVG Holdings Limited, Class A .....	207,137	9,446,440	27,698,359
NVG Holdings Limited .....	2	248	268
TGV Holdings Limited, preference .....	1,156,370	1,156,370	1,156,370
TGV Holdings Limited, Class B Special .....	4,765	1,916,987	7,311,368
		<u>12,520,045</u>	<u>36,166,365</u>
<b>FOOD, BEVERAGE, TOBACCO AND RETAIL</b>			
(3.9% of net assets) —			
Canadian Tire Corp. "A" .....	50,000	462,925	593,750
Carling O'Keefe Limited .....	10,000	216,100	136,250
Consumers Distributing "B" .....	65,000	475,050	398,125
Keg Restaurants Ltd., "A" .....	99,950	457,250	254,873
Leon's Furniture Limited .....	30,000	242,249	690,000
Peoples Jewellers "A" .....	40,000	330,000	530,000
Peoples Jewellers warrants .....	20,000	20,000	81,000
Silcorp Ltd. "A" .....	20,000	254,850	322,500
VS Services Limited .....	22,500	190,841	677,813
Woodwards Limited "A" .....	50,000	260,597	362,500
		<u>2,909,862</u>	<u>4,046,811</u>

\* The net assets of NVG Holdings Limited and TGV Holdings Limited are invested in shares of National Victoria and Grey Trustco Limited.

— continued —

# Economic Investment Trust Limited

## CONSOLIDATED INVESTMENT PORTFOLIO AS AT DECEMBER 31, 1985 (continued)

	Number of shares	Cost	Market value
<b>GENERAL MANUFACTURING</b>			
(5.7% of net assets) —			
Alcan Aluminum Limited .....	15,000	\$ 549,269	\$ 605,625
Algoma Steel Corp. ....	30,936	650,067	618,720
AMCA Int'l Limited .....	20,400	388,471	321,300
Atco Ltd. "I" .....	10,000	114,793	106,250
Atco Ltd. "II" .....	20,000	222,483	215,000
Camco Inc. ....	24,000	192,000	381,000
Crestbrook Forest Industries .....	40,000	341,786	345,000
Dupont Canada Inc. "A" .....	20,000	461,400	570,000
Great West Steel Industries Ltd. ....	190,100	353,448	361,190
Kelsey-Hayes Canada Limited .....	25,000	204,410	1,007,250
Shaw Industries Ltd. ....	30,000	267,858	337,500
Taro Industries Limited .....	331,000	338,615	681,860
United Canadian Shares Limited .....	11,700	188,655	108,225
Versatile Corp. ....	75,000	366,750	303,750
		<u>4,640,005</u>	<u>5,962,670</u>
<b>METALS AND MINING</b>			
(3.4% of net assets) —			
Canada Tungsten Mining Corp. ....	15,117	211,489	124,715
Dome Mines Limited .....	40,000	482,268	505,000
Echo Bay Mines Ltd. ....	5,555	40,383	103,462
Hudson Bay Mining & Smelting .....	40,000	265,300	270,000
Inco Limited 10% "C" Pfd. ....	24,000	600,000	642,000
LAC Minerals Ltd. ....	10,000	348,500	365,000
Noranda Inc. ....	45,000	682,830	703,125
Noranda Inc. "B" Pfd. ....	25,200	481,068	617,400
Sherritt Gordon Mines Ltd. ....	35,400	223,599	274,350
		<u>3,335,437</u>	<u>3,605,052</u>
<b>OIL, GAS AND PIPELINES</b>			
(1.4% of net assets) —			
Bonanza Resources Ltd. ....	66,600	253,080	243,090
Canadian Occidental Petroleum .....	10,000	260,000	255,000
Canterra Energy Limited .....	45,000	475,650	410,625
Gulf Canada Inc. ....	25,000	505,100	521,875
		<u>1,493,830</u>	<u>1,430,590</u>
<b>COMMUNICATIONS (2.3% of net assets) —</b>			
Baton Broadcasting Incorporated, "A" .....	10,000	119,750	240,000
Baton Broadcasting Incorporated, "B" .....	40,000	564,000	935,000
Canadian Satellite Communications Inc., Units .....	4,000	355,308	355,308
Mitel Corp. ....	30,000	285,275	262,500
Southam Inc. ....	14,500	191,541	230,188
Tele-Metropole Inc. "B" .....	12,100	264,143	393,250
		<u>1,780,017</u>	<u>2,416,246</u>

— continued —



# Economic Investment Trust Limited

## CONSOLIDATED INVESTMENT PORTFOLIO AS AT DECEMBER 31, 1985 (continued)

	Number of shares	Cost	Market value
REAL ESTATE (1.2% of net assets) —			
Campeau Corporation .....	48,000	\$ 888,000	\$ 1,248,000
TRANSPORTATION (7.9% of net assets) —			
Algoma Central Railway .....	212,638	2,973,458	4,359,079
Canadian Pacific Limited .....	90,000	510,640	1,687,500
Laidlaw Transportation Limited, "B" .....	80,000	186,928	1,270,000
Pacific Western Airlines Corporation .....	65,000	690,000	934,375
		<u>4,361,026</u>	<u>8,250,954</u>
FOREIGN SECURITIES (8.1% of net assets) —			
Battle Mountain Gold Co. "A" .....	65,000	1,031,384	1,124,758
Bohemia Incorporated .....	26,368	600,093	553,056
Cable and Wireless PLC (U.K.) .....	40,000	248,000	239,997
Genesco Inc. ....	146,900	930,224	718,936
International Harvester .....	30,000	352,356	356,567
MCI Communications .....	30,000	359,179	471,926
Mercury Securities PLC (U.K.) .....	28,750	398,906	418,740
Minerals and Resources Corp. (ADR) .....	50,000	532,847	568,059
Petroleum Helicopters .....	15,000	160,685	162,552
Pioneer Systems .....	60,000	530,124	262,181
SEI Corp. ....	24,000	677,090	788,641
Unilever N.V. ....	10,000	863,678	2,058,997
Western Airlines .....	25,000	301,490	240,333
Winners Corporation .....	47,000	740,464	435,395
Zycad Corp. ....	10,000	183,916	150,316
		<u>7,910,436</u>	<u>8,550,454</u>
MISCELLANEOUS (.5% of net assets) —			
Government of Canada coupons .....		289,831	560,281
TOTAL INVESTMENTS .....		<u>\$ 54,567,782</u>	<u>\$ 110,914,830</u>

## SUMMARY

	Market value	% of net assets
Investments .....	\$ 110,914,830	105.6%
Bank income debenture payable .....	(4,000,000)	(3.8)
Other assets and liabilities (net) .....	(1,903,156)	(1.8)
TOTAL NET ASSETS .....	<u>\$ 105,011,674</u>	<u>100.0%</u>

(See accompanying notes)

# Economic Investment Trust Limited

## FINANCIAL RECORD — 1928 - 1985

Year Ended March 31	Total Net Assets at Market Value*	Funded Debt and Preferred Shares†	Available for Common Shares***	Common Shares Outstanding**	Net Asset Value per Common Share**	Net Income	Net Income per Common Share**	Common Dividend per Common Share**
1928	\$ 1,794,643	\$1,000,000	\$ 794,643	568,906	1.40	\$ 59,836	0.10	0.11
1933	1,161,715	962,500	199,215	704,297	0.29	36,538	0.05	0.04
1938	2,028,005	1,000,000	1,028,005	704,297	1.46	89,381	0.12	0.11
1943	2,604,866	1,000,000	1,604,866	704,297	2.28	79,552	0.11	0.10
1948	3,522,969	1,000,000	2,522,969	705,620	3.58	110,054	0.15	0.14
Year Ended Dec. 31								
1953	5,197,984	1,250,000	3,947,984	882,025	4.48	189,902	0.21	0.21
1963	17,633,299	4,100,000	13,533,299	1,457,309	9.29	495,390	0.28	0.25
1964	20,955,088	5,250,000	15,705,088	1,457,309	10.78	616,158	0.29	0.27
1965	21,897,735	5,250,000	16,647,735	1,457,309	11.42	703,888	0.31	0.28
1966	19,613,106	5,250,000	14,363,106	1,457,309	9.85	737,222	0.33	0.28
1967	23,076,097	5,128,462	17,947,635	1,457,309	12.31	788,772	0.36	0.31
1968	27,392,675	5,061,263	22,331,412	1,457,309	15.32	732,823	0.34	0.31
1969	25,942,615	5,061,263	20,881,352	1,457,309	14.33	759,294	0.34	0.33
1970	24,365,591	5,061,263	19,304,328	1,457,309	13.25	798,172	0.38	0.33
1971	27,254,532	5,056,013	22,198,519	1,457,309	15.23	781,332	0.36	0.33
1972	34,784,901	5,056,013	29,832,388	1,457,309	20.47	835,490	0.41	0.33
1973	32,502,656	5,056,013	27,556,643	1,457,309	18.91	862,673	0.42	0.38
1974	24,025,473	5,024,513	19,110,960	1,457,309	13.11	966,022	0.49	0.46
1975	26,475,662	4,870,950	21,714,712	1,457,309	14.90	1,097,837	0.60	0.49
1976	31,527,836	7,738,387	23,899,449	1,457,309	16.40	1,104,158	0.60	0.53
1977	36,885,088	7,685,677	29,309,411	1,457,309	20.11	1,125,886	0.61	0.53
1978	47,035,243	8,622,677	38,870,556	1,457,309	26.67	1,474,268	0.86	0.60
1979	56,745,880	8,526,340	49,473,540	1,457,309	33.95	1,542,999	0.91	0.79
1980	73,727,109	8,375,665	68,321,744	1,457,309	46.88	2,406,263	1.49	1.68
1981	59,815,872	8,239,165	55,666,756	1,457,309	38.20	1,840,964	1.12	1.01
1982	65,149,238	8,104,503	60,074,396	1,457,309	41.22	2,216,486	1.38	1.16A
1983	87,807,749	7,973,253	81,245,195	1,457,309	55.75	2,194,598	1.37	1.27A
1984	91,051,485	7,792,915	84,536,433	1,457,309	58.00	2,483,432	1.58	1.24A
1985	109,011,674	7,588,690	102,624,416	1,457,309	70.42	2,429,265	1.55	1.23A

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

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

\*\* Restated for 5-for-2 split in 1951, 5-for-1 split in 1963, 1-for-8 stock dividend in 1982, 1-for-7 stock dividend in 1983, 1-for-20 stock dividend in 1984, 1-for-22 stock dividend in 1985.

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

A Not including capital gains dividends in cash and shares.



## NOTES

## NOTES





