

### To the Shareholders:

The net asset value per Acrofund share declined from \$1.94 at December 31, 1981 to a low of \$1.29 in June, thence rebounding to close the year at \$1.87. Including the 2.5¢ income dividend paid in November, shareholders experienced a modest decline of some 2.3%, in the worst economic conditions in over half a century. The broadly based Toronto Stock Exchange Composite Index bottomed in early July and ended the year virtually unchanged from the end of 1981.

In last year's Report to Shareholders we stated in part "Economic recovery will probably be slow in 1982". What may have sounded gloomy at the time turned out to be perhaps too optimistic. Canada's real Gross National Product declined in each of the six quarters from mid-1981 through to the end of the fourth quarter of 1982.

The extremely high level of interest rates, which was the principal cause of the current economic difficulties, has been declining for almost eighteen months. The chartered bank prime lending rate is just slightly more than half its 1981 peak. Yields on savings deposits which had provided a high real rate of return are now below the rate of inflation. Thus there is an impetus developing for consumers to shift out of savings and into long-delayed purchases of consumer durables. Already housing starts and automobile sales are turning upward.

The modest recovery underway has sparked a new fear of rampant inflation. One respectable journalist remarked "The fear of government deficits and the prospect of an economic upturn have plunged capital markets....into disarray".

We would think the prospect of an economic upturn might be better received by investors in the next several quarters, particularly when corporate profits improve. It does not appear that economic growth will accelerate rapidly but that a period of steady growth at lower rates of inflation could ensue for some time.

By spring the positive effect of cheaper credit should begin to make itself felt in better consumer spending, increased employment and less need for hasty additions to government deficits.

On behalf of the Board of Directors,

President

January 25, 1983 Montreal, Canada

STATEMENT OF INVESTMENTS AS AT DECEMBER 31, 1982 COMMON STOCKS	Number of shares	Average cost s	Market value \$	Percentage of total net assets at market value
Communications & Electronics  CAE Industries Ltd.  Comterm Inc. Develcon Electronics Ltd.  *Docutel-Olivetti Corp. Gandalf Technologies Inc. Leigh Instruments Limited Lumonics Inc. Mitel Corporation Nabu Manufacturing Corporation Spar Aerospace Limited	40,000 80,000 25,000 15,000 5,000 30,000 5,000 10,000 20,000	364,655 449,701 329,179 387,706 83,511 276,417 501,383 183,424 127,500 265,420 2,968,896	380,000 720,000 375,000 371,034 106,250 250,000 600,000 186,250 127,500 555,000 3,671,034	3.30 6.26 3.26 3.23 0.92 2.17 5.21 1.62 1.11 4.82 31.90
Finance  Bank of Montreal Warrants	45,000 35,000 50,000	226,696 245,444 375,815 847,955	337,500 323,750 475,000 1,136,250	2.94 2.82 4.13 9.89
Manufacturing Bombardier Inc. Class "B"  *Caressa, Inc. Cascades Inc. Haley Industries Limited Peerless Rug Limited Petro-Sun International Inc.  *Stocker & Yale, Inc.	20,000 10,000 15,000 45,000 20,000 45,000 10,000	332,710 183,284 75,000 259,544 151,939 99,732 142,583 1,244,792	280,000 172,074 75,000 211,500 100,000 85,050 147,492 1,071,116	2.43 1.50 0.65 1.84 0.87 0.74 1.28 9.31
Natural Resources Asamera Inc. Bow Valley Industries Ltd. Bralorne Resources Limited *Canada Northwest Australia Oil NL Canadian Occidental Petroleum Ltd. Exploration Aiguebelle Inc. Falmouth Petroleum Ltd. Onyx Petroleum Exploration Co. OPI Ltd. Scottie Gold Mines Ltd. "A"	10,000 10,000 30,000 600,000 20,000 40,000 110,000 30,000 40,000 2,500	159,017 203,852 223,003 224,783 315,641 293,936 261,697 287,115 139,836 	161,250 165,000 165,000 90,000 320,000 104,500 266,250 116,000 12,250	1.40 1.43 1.43 0.78 2.78 2.78 0.91 2.32 1.01 0.11 14.95
Services Acklands Limited Astral Bellevue Pathé Inc. Cara Operations Limited MDS Health Group Limited "A" MDS Health Group Limited "B" Provigo Inc. Sydney Development Corporation Taro Industries Limited Villacentres Limited Wajax Limited "A"	25,500 30,000 40,000 12,000 15,000 50,000 60,000 50,000 15,000	362,211 153,911 282,640 61,395 61,395 142,694 117,834 240,558 155,198 149,543	283,688 139,500 355,000 180,000 180,000 183,750 220,000 72,000 207,500 150,000	2.47 1.21 3.09 1.57 1.60 1.91 0.63 1.80 1.30
Debentures Scottie Gold Mines Ltd. Serial Debentures (1) TOTAL INVESTMENTS CASH AND OTHER ASSETS, NET TOTAL NET ASSETS *Denotes foreign security expressed in Canadian currency.	Principal amount \$150M	150,000 9,047,902	150,000 9,720,088 1,783,460 11,503,548	1.30 84.50 15.50 100.00

<sup>(1)</sup> Includes 25,000 Share Purchase Warrants.

(Incorporated under Canada Business Corporation Act)

STATEMENT OF NET ASSETS	Decem	nber 31
	1982	1981
100570	\$	\$
ASSETS		
Investments at market value (average cost 1982 — \$9,047,902, 1981 — \$10,035,188)  Cash on deposit, demand Interest accrued and dividends receivable Due by subscriber to share capital Receivable in respect of securities sold Income taxes recoverable Total assets	9,720,088 2,119,306 45,318 3,012 307,251 26,901 12,221,876	10,345,989 1,698,975 48,681 32,358 33,971 — 12,159,974
LIABILITIES		
Payable in respect of securities purchased	685,490	592,177
Management compensation payable	21,051	19,573
Accrued expenses and sundry accounts payable	2,958	6,169
Payable in respect of capital stock redeemed	8,829	16,939
Income taxes payable		52,895
T	740,000	
Total liabilities	718,328	687,753
Net assets at market value, representing shareholders' equity	11,503,548	11,472,221
Net asset value per share	\$1.87	\$1.94

APPROVED BY THE BOARD:

Lean Lin Roman, Director

STATEMENT OF CHANGES IN INVESTMENTS			
	Year ended December 31		
	1982	1981 \$	
Investments at average cost, at beginning of year	10,035,188	7,813,711	
Add: Cost of securities purchased	8,152,102 18,187,290	9,864,704 17,678,415	
Deduct:	0.702.002	9.014.330	
Proceeds from sales of securities	8,782,992 356,396	8,014,320 (371,093)	
Cost of securities sold	9,139,388	7,643,227	
Investments at average cost, at end of year	9,047,902	<u>10,035,188</u>	

STATEMENT OF INCOME		Year ended D 1982	ecember 31 1981 \$
Income			
Interest on cash deposits		204,553	175,865
Bond interest		26,915	36,515
Dividends		96,090	152,789
		327,558	365,169
Expenses			
Management fees		69.226	90,704
Transfer and dividend paying fees		11.088	19.459
Custodian's fees		10,003	11.541
General expenses		17,149	16,990
Audit fees		7,000	6,800
Taxes, other than income taxes		7,054	3,420
Legal fees and expenses		14,333	11,639
Directors' compensation		6,600	6,000
Stationery and printing supplies		12,149	15,288
Rent		8,214	6,006
		162,816	187,847
INCOME BEFORE INCOME AND WITHHOLDING TAXES		164,742	177,322
UNITED STATES WITHHOLDING AND CANADIAN			
INCOME TAXES PAID AND PROVIDED FOR (TO BE RECOVERED)		(25,542)	65,540
		(20,042)	
NET INCOME, EXCLUSIVE OF PROFIT OR LOSS		400.004	111 700
FROM SALES OF SECURITIES		190,284	111,782
NET INCOME PER SHARE based on the weighted average number of shares outstanding during the year		3.4¢	2.2¢
STATEMENT OF CHANGES IN NET ASSETS			
		Year ended D	ecember 31
A Landau and the support of the supp		1982	1981
Net assets at market value, representing		\$	\$
Net assets at market value, representing shareholders' equity — at beginning of year			
shareholders' equity — at beginning of year		\$ 11,472,221	\$ 12,740,604
shareholders' equity — at beginning of year		\$ 11,472,221 190,284	\$ 1'2,740,604 111,782
shareholders' equity — at beginning of year		\$ 11,472,221 190,284 (356,396)	\$ 12,740,604 111,782 371,093
shareholders' equity — at beginning of year	: : :	\$ 11,472,221 190,284 (356,396) 361,385	\$ 12,740,604 111,782 371,093 (3,500,675)
shareholders' equity — at beginning of year		\$ 11,472,221 190,284 (356,396) 361,385 3,670,562	\$ 12,740,604 111,782 371,093 (3,500,675) 7,974,278
shareholders' equity — at beginning of year		\$ 11,472,221 190,284 (356,396) 361,385	\$ 12,740,604 111,782 371,093 (3,500,675)
shareholders' equity — at beginning of year		\$ 11,472,221 190,284 (356,396) 361,385 3,670,562 (3,679,909)	\$ 12,740,604 111,782 371,093 (3,500,675) 7,974,278 (3,694,265)
shareholders' equity — at beginning of year  Add (deduct) changes during year:  Net income		\$ 11,472,221 190,284 (356,396) 361,385 3,670,562	\$ 1/2,740,604 111,782 371,093 (3,500,675) 7,974,278 (3,694,265) (130,013)
shareholders' equity — at beginning of year  Add (deduct) changes during year:  Net income Realized profits (losses) from sales of securities Increase (decrease) in unrealized appreciation of investments Proceeds from subscriptions to share capital Consideration paid on redemption of mutual fund shares Dividends paid on share capital — from net investment income — from realized profits from sales of securities		\$ 11,472,221 190,284 (356,396) 361,385 3,670,562 (3,679,909) (154,599)	\$ 12,740,604 111,782 371,093 (3,500,675) 7,974,278 (3,694,265) (130,013) (2,400,583)
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shareholders' equity — at beginning of year  Add (deduct) changes during year:  Net income Realized profits (losses) from sales of securities Increase (decrease) in unrealized appreciation of investments Proceeds from subscriptions to share capital Consideration paid on redemption of mutual fund shares Dividends paid on share capital — from net investment income — from realized profits from sales of securities Increase (decrease) for the year  Net assets at market value, representing shareholders' equity — at end of year		\$ 11,472,221  190,284 (356,396) 361,385 3,670,562 (3,679,909) (154,599) 31,327  11,503,548	\$ 12,740,604 111,782 371,093 (3,500,675) 7,974,278 (3,694,265) (130,013) (2,400,583) (1,268,383) 11,472,221
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Shareholders' equity — at beginning of year  Add (deduct) changes during year:  Net income Realized profits (losses) from sales of securities Increase (decrease) in unrealized appreciation of investments Proceeds from subscriptions to share capital Consideration paid on redemption of mutual fund shares Dividends paid on share capital — from net investment income — from realized profits from sales of securities Increase (decrease) for the year Net assets at market value, representing shareholders' equity — at end of year  THE INVESTMENT RESULT (Five Years)  Acrofund Ltd. — net asset value Increase in net asset value Add: Dividends paid — from Capital Gains — from Income Total return — (increase in net asset value plus dividends paid)	Dec. 31 1977 \$1.43	\$ 11,472,221  190,284 (356,396) 361,385 3,670,562 (3,679,909) (154,599)	\$ 1/2,740,604  111,782 371,093 (3,500,675) 7,974,278 (3,694,265)  (130,013) (2,400,583) (1,268,383)  11,472,221  Percent Change +30.8%  +55.9% +12.6% +99.3%
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shareholders' equity — at beginning of year  Add (deduct) changes during year: Net income Realized profits (losses) from sales of securities Increase (decrease) in unrealized appreciation of investments Proceeds from subscriptions to share capital Consideration paid on redemption of mutual fund shares Dividends paid on share capital — from net investment income — from realized profits from sales of securities Increase (decrease) for the year Net assets at market value, representing shareholders' equity — at end of year  THE INVESTMENT RESULT (Five Years)  Acrofund Ltd. — net asset value Increase in net asset value Add: Dividends paid — from Capital Gains — from Income  Total return — (increase in net asset value plus dividends paid)	Dec. 31 1977 \$1.43	\$ 11,472,221  190,284 (356,396) 361,385 3,670,562 (3,679,909) (154,599)  31,327  11,503,548  Dec. 31 1982 \$1.87 \$0.44 \$0.80 \$0.18 \$1.42 1,958.08	\$ 1/2,740,604  111,782 371,093 (3,500,675) 7,974,278 (3,694,265)  (130,013) (2,400,583) (1,268,383)  11,472,221  Percent Change +30.8%  +55.9% +12.6% +99.3%

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1982

#### 1. SIGNIFICANT ACCOUNTING POLICIES

Basis of determining market value

The market value of investments is based on the published last sales prices on national securities exchanges at the year-end and at the close of each business day throughout the year, or, in the absence of recorded sales, at the average of readily available closing bid and asked prices on such exchanges or over-the-counter.

#### Income recognition

Dividend income is recorded on the ex-dividend date. Interest income is recorded on the accrual basis. Realized profits and losses from sales of securities and unrealized appreciation and depreciation of investments are calculated on an average cost basis.

#### Foreign exchange

The market value of investments quoted in U.S. funds has been translated into Canadian dollars at the rate of exchange prevailing at December 31, 1982 and at exchange rates prevailing at the close of each business day throughout the year. Purchases and sales of foreign securities and the related income are translated into Canadian dollars at the rates of exchange prevailing on the respective dates of such transactions.

#### 2. SHAREHOLDERS' EQUITY

Shareholders' equity includes the amounts representing share capital, paid-in surplus up to April 21, 1980 (the date of continuance), earned surplus and unrealized appreciation of investments.

The number of mutual fund shares issued and redeemed is as follows:

	1982	1981
Outstanding — beginning		
of year	5,905,082	4,028,488
Changes during the year —		
Issued	2,406,057	3,422,736
Redeemed	2,175,774	1,546,142
Net increase	230,283	1,876,594
Outstanding — end of year	6,135,365	5,905,082

#### 3. MANAGEMENT FEES

Calvin Bullock Investment Advisers Ltd. has been engaged to supervise the investments and to furnish investment advice pursuant to an agreement which is renewable annually. The agreement provides a fee for services based on the average net assets of the company during the quarterly periods ending on the last day of March, June, September and December in each year of  $^3\!\!/_6$ ths of 1% being equivalent to  $^3\!\!/_6$ ths of 1% per annum (1981 —  $^3\!\!/_6$ ths of 1%, being equivalent to  $^3\!\!/_6$ ths of 1% per annum).

Management fees and other expenses, excluding taxes, expressed as a percentage of average net assets (determined on the basis of the average of the net assets at the end of each month in the relevant financial year) for each of the last five years are as follows:

	Average net assets	Management fees and other expenses \$	Management expense ratio %
1978	6,678,216	101,061	1.51
1979	7,166,790	118,155	1.65
1980	10,203,925	160,908	1.58
1981	12,231,849	184,427	1.51
1982	9,263,771	155,762	1.68

4. The net asset value representing shareholders' equity and dividends paid for each of the last five years is as follows:

982 \$	1981	1980	1979	1978
.87	1.94	3.16	2.12	1.54
.94	3.16	2.12	1.54	1.43
2.5¢	2.5¢	2.5¢	6¢	4.5¢
_	60¢	20¢	_	_
	\$ 1.87 1.94	1.87 1.94 1.94 3.16 2.5¢ 2.5¢	1.87 1.94 3.16 1.94 3.16 2.12 2.5¢ 2.5¢ 2.5¢	1.87 1.94 3.16 2.12 1.94 3.16 2.12 1.54 2.5¢ 2.5¢ 2.5¢ 6¢

#### 5. COMMISSIONS PAID

Commissions paid to security dealers during the year with respect to portfolio transactions amounted to \$179,362 (1981 — \$150,924).

#### 6. INCOME TAXES

Under the Income Tax Act of Canada, the Corporation is classified as a mutual fund corporation. Income taxes otherwise payable in respect of capital gains are reduced by the amount of available capital gains refund arising from capital gains redemptions during the year. Any balance of capital gains tax can be eliminated by the payment of a capital gains dividend.

In 1981 the balance of capital gains tax in the amount of \$40,580 was paid and charged in the statement of income. As a result of capital losses in 1982 an amount of \$37,797 of capital gains tax will be recovered and the recovery has been credited in the statement of income.

A statement of portfolio transactions for the year ended December 31, 1982 may be obtained without charge by writing to:

> Acrofund Ltd. 630 Dorchester Blvd. W. Suite 2960 Montreal, Quebec H3B 1X1

## **AUDITORS' REPORT**

To the shareholders of Acrofund Ltd.

We have examined the statement of net assets of Acrofund Ltd. as at December 31, 1982 and 1981 and the statement of investments as at December 31, 1982 and the statements of income, changes in net assets and changes in investments for the years 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 corporation as at December 31, 1982 and 1981 and the results of its operations and the changes in net assets and in investments for the years then ended in accordance with generally accepted accounting principles applied on a consistent basis.

COOPERS & LYBRAND Chartered Accountants

Montreal, January 11, 1983

#### BOARD OF DIRECTORS

A. Blaikie Purvis, Chairman\* Ian B. Campbell, C.A. Jean Des Rosiers, C.A.\* Carl J.S. MacCallum Alastair H. Ross\*

\*Member of Audit Committee.

#### **OFFICERS**

A. Blaikie Purvis, Chairman Carl J.S. MacCallum, President Robert A. Bengough, Vice-President and Treasurer Priscilla M. Beaulieu, Secretary

#### CUSTODIAN AND TRANSFER AGENT

The Royal Trust Company, Montreal, Toronto, Winnipeg, Regina, Calgary and Vancouver

#### AUDITORS

Coopers & Lybrand, Montreal

## ACROFUND LTD.,

630 Dorchester Blvd. West, Montreal, Canada, H3B 1X1.

#### **GROWTH PLAN**

A plan designed for those who wish to build on investment in Acro by making regular periodic contributions; dividends are automatically reinvested at net asset value. There are no penalties involved if a shareholder does not meet the schedule of payments originally proposed.

# REGISTERED RETIREMENT SAVINGS PLAN

Anyone wishing to take advantage of the provisions of the Income Tax Act can use our RRSP in which both the contributions and dividends are exempt from current tax. The Plan allows individuals in Canada to utilize these current tax savings to provide improved retirement income.

#### CALVIN BULLOCK REGISTERED HOME OWNERSHIP SAVINGS PLAN

This Plan utilizes the provisions of Section 146.2 of the Income Tax Act which permits indivduals to contribute up to \$1,000 a year to a plan, regardless of taxable income, for ten years. These RHOSP savings which include reinvested dividends can subsequently be withdrawn tax free to apply to the purchase of a home within prescribed limits.

