

Investors
MUTUAL OF CANADA LTD.

A balanced investment for long-term growth and stability

ANNUAL REPORT 1984



INVESTORS MUTUAL OF CANADA LTD.

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President

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Secretary

C.G. Turnbull
Treasurer

1984 HIGHLIGHTS

| | |
|------------------------------|---------------|
| Total Net Assets | \$222,515,873 |
| Number of Shareholders | 15,676 |
| Asset Value per Share: | |
| High | \$8.057 |
| Low | \$6.487 |
| Close | \$7.175 |
| Dividends Paid | \$16,846,362 |
| Dividends per Share | \$.565 |

Cover:

Telecommunications is a key growth industry. Carefully selected stocks from this group of "growth companies" form an important component of the Mutual of Canada portfolio. The portfolio is balanced to include fixed income and equity securities which provide the flexibility to meet the investment objectives of stability and long-term capital growth.

Si vous préférez recevoir ce rapport annuel en français, veuillez vous adresser au secrétaire: B.S. TONI, Le Groupe Investors, 280 Broadway Avenue, Winnipeg, Manitoba R3C 3B6.

PRESIDENT'S MESSAGE TO SHAREHOLDERS

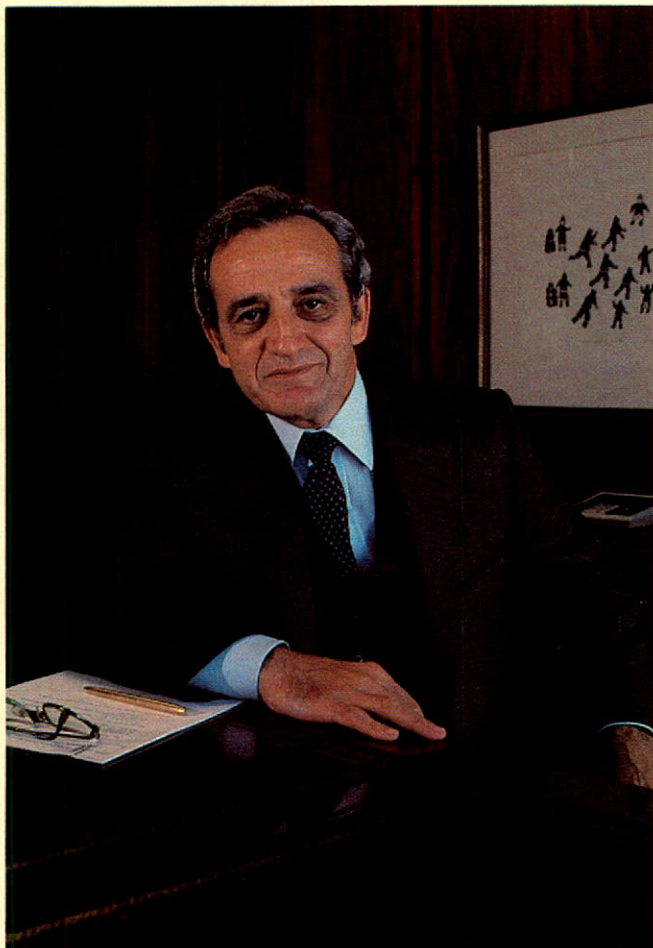
On behalf of the Board of Directors, I am pleased to enclose the Annual Report and financial statements for the year ended October 31, 1984.

Total net assets of your Fund at fiscal year end were \$222,516,000. During the year the Fund distributed a total of 56.5¢ by way of dividends. The year-over-year return was 1.5% which compares favourably with the Toronto Stock Exchange 300 Composite Index, which declined 0.3%, and long-term bond prices, which declined 2.9%. Over the five-year period from 1979, your Fund has increased at an average annual rate of 13.59%. During the same period the Toronto Stock Exchange Index and the Consumer Price Index increased at average annual rates of 12.98% and 8.42% respectively.

North American economies have now entered the third year of economic recovery, with the U.S. continuing to show more robust growth than its Canadian counterpart. As an example, first-quarter 1984 growth in the United States equalled 10.1% and the second quarter 7.1%. By contrast, Canadian growth achieved only 2.8% in the first quarter and 3.0% in the second. The U.S. growth rate, however, has declined to a more sustainable 3 - 4% rate which should provide the Canadian economy an opportunity to narrow the gap.

U.S. economic growth slows

The outlook for lower U.S. growth has reduced fears that prices and costs would begin to accelerate as the economic recovery lengthened, and we have witnessed a continuation of the process of disinflation. This has brought about a



Arthur V. Mauro, Q.C., *President*

dramatic decline in U.S. interest rates which has been followed by a similar downward movement in Canadian short- and long-term rates.

In Canada these lower borrowing costs, added to an historically high savings rate, increasing real income growth and the government's efforts to encourage job creation, will have a positive effect upon consumer sentiment. The change in consumer sentiment will provide the driving force behind the catch-up phase referred to above.

Canadian economy improves

In addition, business sentiment is also improving. In Canada there continues to be strong growth in manufacturers' new orders with backlogs at record levels and inventories under tight control. Raw material prices continue to decline and labour is in plentiful supply.

Pre-tax corporate profits, after rising by some 55% last year, are expected to increase by an additional 25% this year. Lower interest and inflation rates coupled with productivity increases and the new government's policy of transforming the economy into a more market-oriented system should result in corporations upgrading production facilities.

In order to take advantage of these emerging trends the Fund made major portfolio changes during the year. The Canadian content of the Fund in growth stocks, transportation and consumer products was increased while the U.S. components were reduced.

Investors Mutual has funds invested in both interest-sensitive and cyclical securities, and should benefit from the improving economic environment.



Arthur V. Mauro, Q.C.
President

Winnipeg, Canada
December 14, 1984

Investors

We put the 'personal' into financial planning.

Our company is dedicated to the concept of personal financial planning.

When we say personal, we mean just that.

Any one of our more than 1,100 professional financial planners will come to see you. With 48 offices across Canada, they make housecalls where you live.

When we say "financial planning", we mean the financial security and independence achievable by directing your money towards goals important to you.

That has been our tradition as a Canadian company for the past 44 years.

That tradition encompasses one basic idea: to help people manage their money successfully. That idea has made Investors one of the largest companies of its kind in Canada, with assets of \$15 billion under management or administration.

Our team of professional financial planners are trained experts, dedicated to the idea that every individual should have the opportunity to achieve personal dignity through financial security.

These men and women can work with you on your personal financial plan. This plan will help you arrive at affordable, creative solutions to assist in reaching your goals.

Investors financial planners have helped our 400,000 clients achieve financial success by moving them closer to reaching their objectives.

What kind of goals do our clients achieve?

It might be paying off a mortgage early, education for the children, saving taxes or planning for a comfortable retirement.

Our financial planners are trained to understand your investment goals, too.



Financial planning can assist individuals and families achieve important financial goals.

You can invest your money in any number of ways to achieve what you want: stability, growth, income, or whatever combination you find best.

Investors can offer you eleven different mutual funds to meet your objectives.

Mutual funds can be an excellent way to reach those objectives. These funds are simply the "pooled" investments of many people whose investment goals are similar.

One of the most important benefits mutual funds offer the shareholder is the full-time services of a professional portfolio manager.

The portfolio manager has the expertise and information to build and constantly supervise a diversified portfolio designed to achieve the objectives of an investment fund.

Our investment funds also provide a variety of administrative and reporting services to simplify your record-keeping and tax reporting.

Investors financial planners can help you achieve financial security and independence.

At Investors, your financial success is still our only goal.

Investors

PROFILE:

Mutual of Canada Portfolio Manager Norm Young

Investors Mutual occupies a special position in the Investors "family of funds" — because it is the oldest, being founded in 1950.

Its Portfolio Manager is Norm Young, 59, one of the most experienced investment specialists in Canada's mutual fund industry. A native of Winnipeg, Mr. Young served as an officer in the Royal Canadian Air Force from 1943 to 1945. After the war he returned to Winnipeg and went to university, taking a Bachelor of Arts degree.

Upon graduation in 1949 he joined the Manitoba government's Department of Industry and Commerce. He later worked for an investment dealer firm in Toronto but returned to Winnipeg in 1964 to become portfolio manager of the Investors Growth Fund. Now, besides being responsible for Investors Mutual, he is the portfolio manager for Investors Dividend Fund.

"Many of Mutual's shareholders have been with us for 20 and 30 years," Mr. Young reports. "It's a balanced fund designed for a conservative type of investor, somebody who doesn't want to be exposed to too much risk and is looking for a reasonable rate of return plus some capital gain from the common stocks side of the portfolio."

"To meet these objectives we usually have a good proportion of preferred shares and emphasis on high-quality common stocks. Quite a lot of the shareholders are people who are taking regular income out of their investment, and we can provide them with that flow of income."

Interestingly, though, he said that during the past two



Norman H. Young, *Portfolio Manager*

or three years there has been a noticeable increase in the number of younger shareholders who invest in the Fund. It serves as a strong counter-balance to more variable investments.

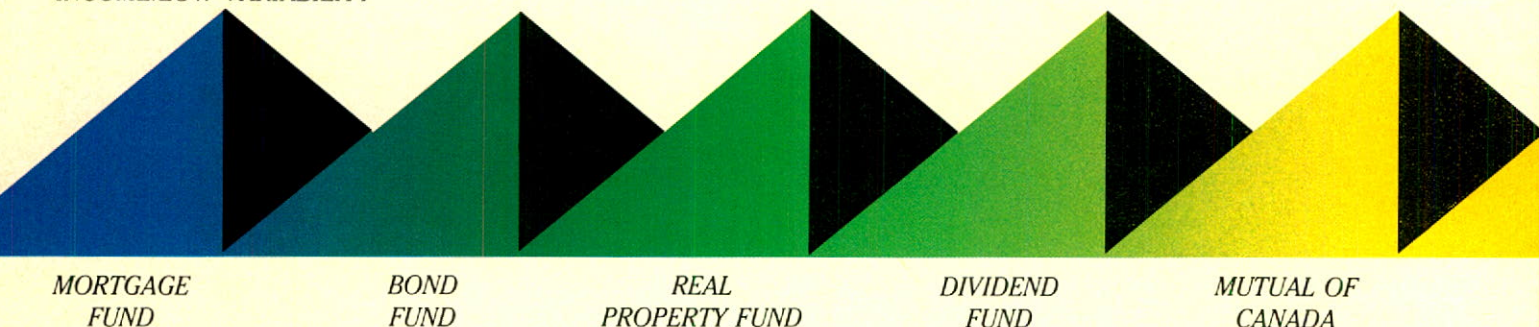
Mr. Young said he has no problem in selecting suitable companies for the portfolio, especially when it comes to preferred shares. A great many corporations during the last three years have been doing their financing through issuing preferred shares, which have shown a reasonable performance on behalf of the portfolio.

"What's been happening in the preferreds market is that because of tax changes it has been a good time to buy preferreds," he said.

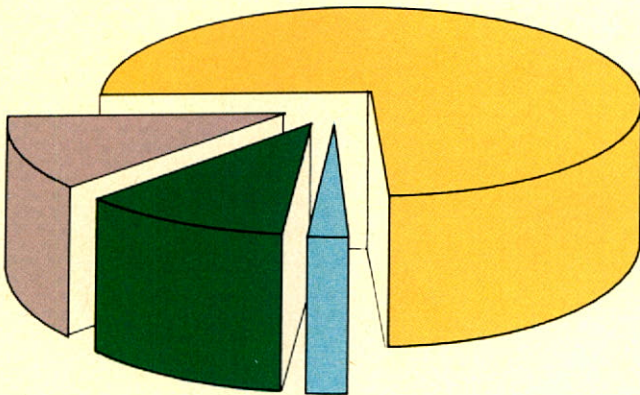
In the common stocks area, Canadian holdings represent about 67 per cent of the total while the balance has been U.S. stocks not readily available in Canada. The largest single U.S. holding is I.B.M., a long-time favourite.

"On the Canadian side, I buy a diversified list from the TSE (Toronto Stock Exchange) groups. We place special emphasis for this Fund on the natural resources and financial sectors. The financial sector is composed of the chartered banks. We look on these as being very reasonably priced in today's market context."

INCOME/LOW VARIABILITY



This is where Mutual of Canada's net assets were invested:



- 74.86% Canadian Equities
- 11.87% U.S. Equities
- 11.16% Preferreds
- 2.11% Reserves

"Another area we have emphasized is the manufacturing sector, particularly those companies which are highly export-oriented."

However, Mr. Young stressed, Investors Mutual has a low portfolio turnover rate. "The only time I'd change a position is if the company is starting to get into trouble. Generally we take the longer term view of each investment."

Mr. Young said he obtains an excellent flow of information from brokerage houses which he supplements through regular visits to corporations, to see things for himself and discuss matters with senior corporate officers.

"We are a large Fund, which helps to ensure we are kept well-informed," he said.

Investors Mutual also has a very solid reputation, with 35 years of history behind it.

THE INVESTORS INVESTMENT CONCEPT

As an Investors client, you have eleven different funds to choose from, each with unique investment objectives.

Your choices of funds will depend upon personal objectives, and the extent to which they change.

Our experience has shown that no single investment choice is best all the time. Economic conditions and investment opportunities change rapidly – and few individuals have the time, experience or resources to stay ahead of both consistently.

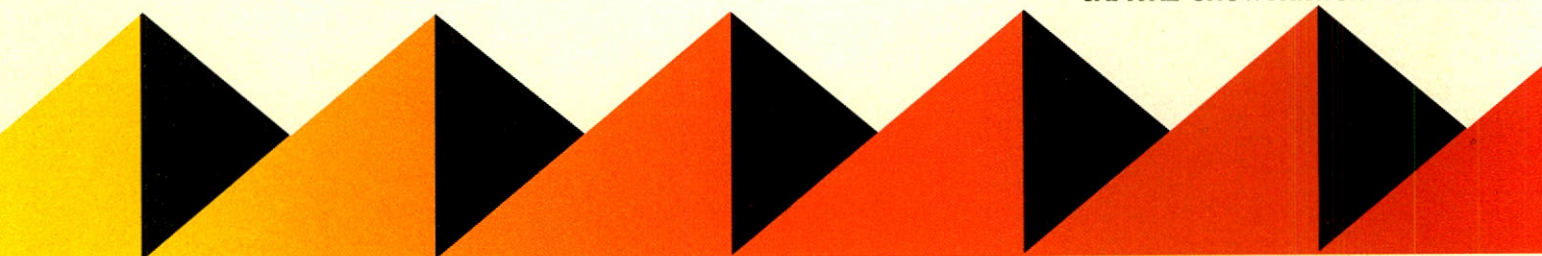
Our investment concept, "Managing for Capital Growth" is a sound way of maximizing investment returns by creating a portfolio of investment funds with clearly defined objectives and the flexibility to adapt to economic changes.

The colour spectrum below illustrates the degree of variability among Investors' funds, relative to each other.

High variability funds on the right normally experience the greatest price advances/declines over the short to medium term. These funds also generate smaller investment income returns than the lower variability/high income funds to the left.

Over the longer term, our experience has been that high variability funds have generally provided the greatest overall returns after inflation and taxation. The choice you make depends on your objectives and your own "comfort zone."

CAPITAL GROWTH/HIGH VARIABILITY



RETIREMENT
MUTUAL

GROWTH FUND
OF CANADA

INTERNATIONAL
MUTUAL

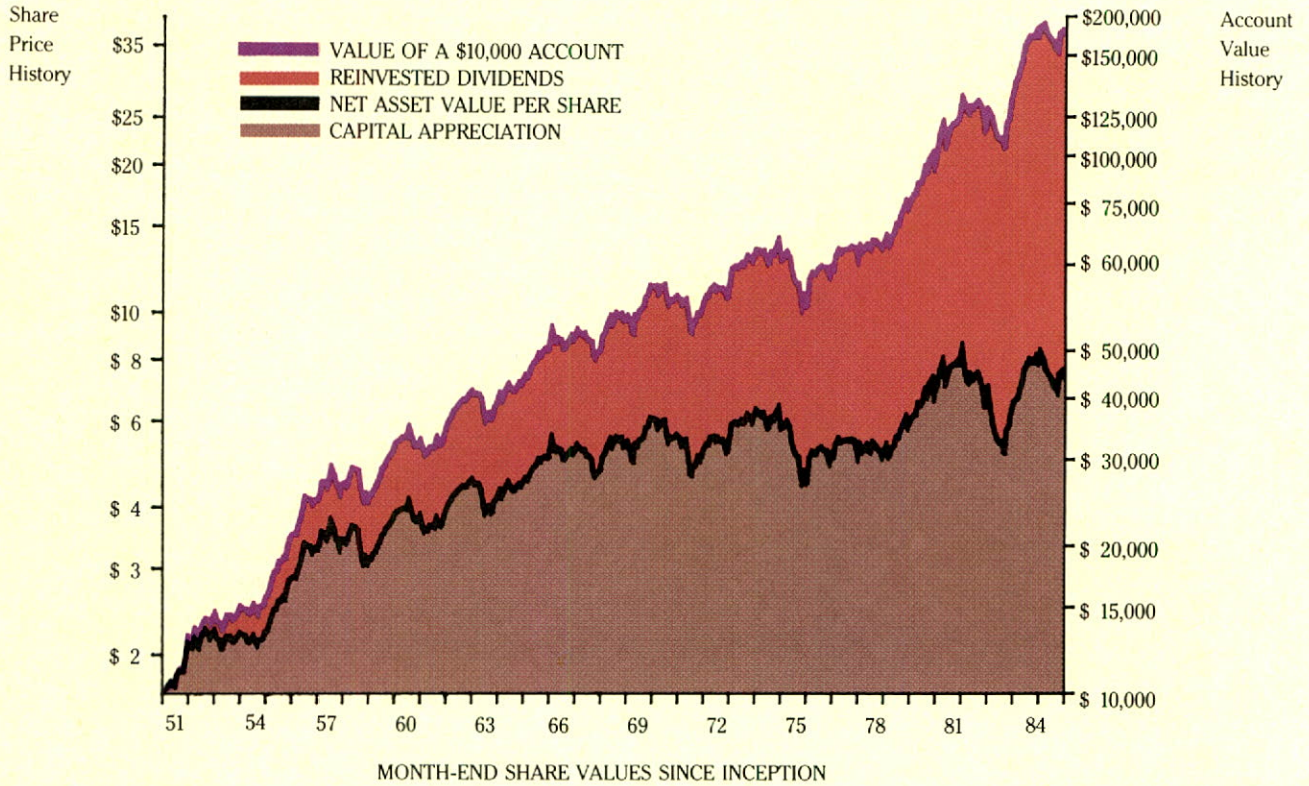
INDEXED
STOCK FUND

PROVIDENT
STOCK

JAPANESE
GROWTH

Historical Growth Pattern

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INVESTORS MUTUAL OF CANADA LTD.
SHARE PRICE RANGE AND DIVIDEND HISTORY - LAST 10 YEARS

| Year Ending Oct. 31 | Highest Share Price | Lowest Share Price | Closing Share Price | Income Dividends per Share | Capital Gains Dividends per Share | Annual Rate of Return |
|---------------------|---------------------|--------------------|---------------------|----------------------------|-----------------------------------|-----------------------|
| 1975 | \$5.318 | \$4.250 | \$4.754 | \$0.230 | - | + 9.3% |
| 1976 | 5.451 | 4.751 | 5.134 | 0.240 | - | + 13.0% |
| 1977 | 5.394 | 4.853 | 4.893 | 0.250 | \$0.040 | + 1.0% |
| 1978 | 6.103 | 4.857 | 5.624 | 0.250 | - | + 20.4% |
| 1979 | 7.252 | 5.608 | 6.426 | 0.330 | - | + 20.3% |
| 1980 | 8.142 | 6.455 | 7.614 | 0.440 | 0.165 | + 28.5% |
| 1981 | 8.284 | 6.092 | 6.279 | 0.355 | 0.675 | - 5.0% |
| 1982 | 6.786 | 4.992 | 6.138 | 0.360 | 0.580 | + 14.2% |
| 1983 | 8.112 | 6.194 | 7.624 | 0.290 | 0.215 | + 33.7% |
| 1984 | 8.057 | 6.487 | 7.175 | 0.265 | 0.300 | + 1.5% |

Cumulative Returns - Dividends Reinvested

| | | |
|--|---|--|
| Last 5 years Oct. 31, 1979-1984 13.6% p.a. | Last 10 Years Oct. 31, 1974-1984 13.1% p.a. | Average 5 Yr. Return During Last 10 Years 14.6% p.a. |
|--|---|--|

Dollar Averaging with

INVESTORS MUTUAL OF CANADA LTD.

10-Year Illustration – \$100 per month

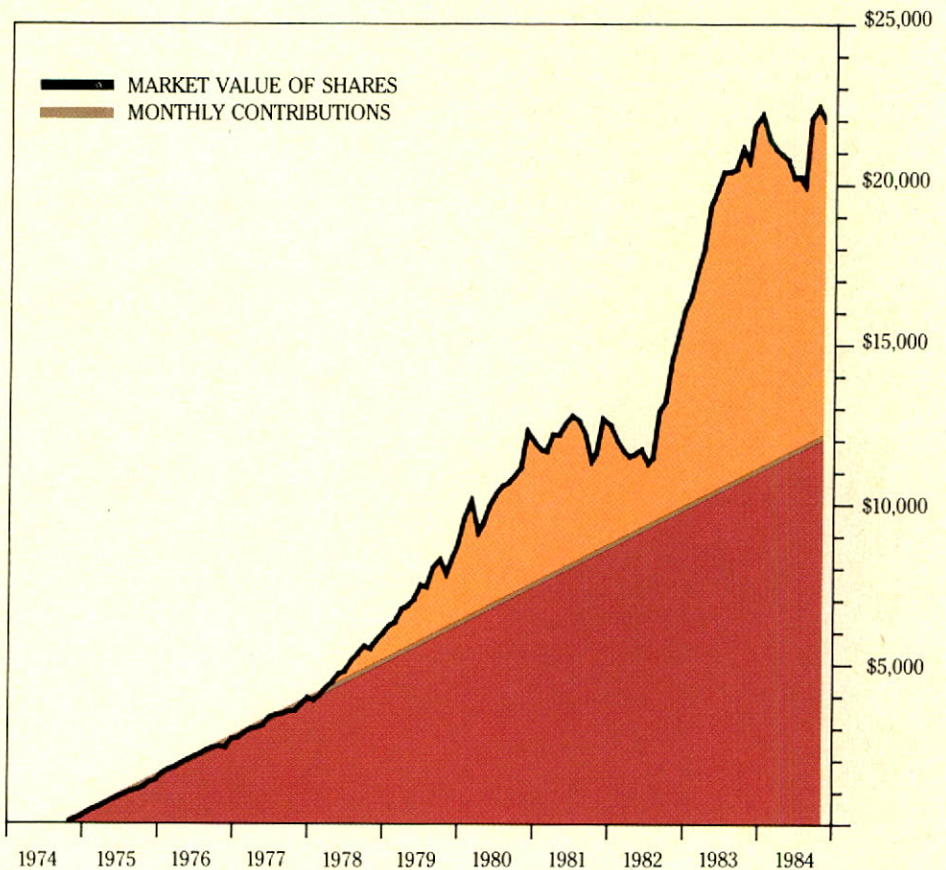
When to buy stocks most advantageously is the perennial problem every investor faces.

One of the simplest and most practical ways to overcome the question of the “right time to buy” is the concept of “dollar cost averaging.”

Dollar cost averaging is simply the buying of equal dollar amounts of a given stock at specified time intervals. Employing this concept reduces timing risks and improves returns.

How does dollar averaging work? A regular sum of money is collected automatically from the shareholder’s bank each month and invested at the Fund’s current market price. The shareholder acquires many more shares at the low points and reaps the reward through a reduced average cost and enhanced values when prices recover.

The chart demonstrates how, over a 10-year period, an investment of \$100 per month grew.



8.5% Acquisition Fee deducted from contributions – Free Dividend Reinvestment

| <u>Year Ending Oct. 31</u> | <u>Cumulative Contributions</u> | <u>Cumulative Dividends Reinvested</u> | <u>Number of Shares in Account</u> | <u>Closing Share Price</u> | <u>Closing Market Valuation</u> |
|----------------------------|---------------------------------|--|------------------------------------|----------------------------|---------------------------------|
| 1975 | \$ 1,200 | \$ 36 | 232.152 | \$4.754 | \$ 1,104 |
| 1976 | 2,400 | 128 | 460.096 | 5.134 | 2,362 |
| 1977 | 3,600 | 304 | 709.945 | 4.893 | 3,474 |
| 1978 | 4,800 | 522 | 958.185 | 5.624 | 5,389 |
| 1979 | 6,000 | 887 | 1,190.593 | 6.426 | 7,651 |
| 1980 | 7,200 | 1,687 | 1,450.505 | 7.614 | 11,044 |
| 1981 | 8,400 | 3,292 | 1,831.662 | 6.279 | 11,501 |
| 1982 | 9,600 | 5,159 | 2,346.077 | 6.138 | 14,400 |
| 1983 | 10,800 | 6,412 | 2,684.612 | 7.624 | 20,467 |
| 1984 | 12,000 | 8,001 | 3,050.903 | 7.175 | 21,890 |

Effective annual rate of return on \$100 monthly contributions – 11.56%

INVESTORS MUTUAL OF CANADA LTD.


Statement of Net Assets

October 31, 1984 with comparative figures for 1983

| | 1984 | 1983 |
|--|----------------------|--------------------|
| ASSETS: | | |
| Investments, at market value in Canadian funds: | | |
| Canadian corporation bonds | \$ 1,590,000 | 2,557,500 |
| Canadian preferred stocks | 41,593,835 | 51,394,445 |
| Canadian common stocks | 148,220,640 | 128,033,274 |
| United States common stocks | <u>26,417,393</u> | <u>31,587,787</u> |
| | <u>217,821,868</u> | <u>213,573,006</u> |
| <p>The average cost of the investments as at October 31, 1984 was \$190,196,580 (1983 - \$173,065,614)</p> | | |
| OTHER ASSETS: | | |
| Demand notes | 4,945,256 | 6,292,758 |
| Accrued interest and dividends receivable | 686,732 | 796,414 |
| Due from brokers | - | 1,259,196 |
| Income taxes receivable | <u>243,971</u> | <u>250,309</u> |
| | <u>5,875,959</u> | <u>8,598,677</u> |
| Total Assets | <u>223,697,827</u> | <u>222,171,683</u> |
| LIABILITIES: | | |
| Outstanding cheques less bank deposits and cash in transit | 884,791 | 102,211 |
| Due to brokers | 99,360 | - |
| Accrued expense | 53,503 | 46,117 |
| Accounts payable | <u>144,300</u> | <u>371,807</u> |
| Total Liabilities | <u>1,181,954</u> | <u>520,135</u> |
| NET ASSETS APPLICABLE TO OUTSTANDING SHARES | <u>\$222,515,873</u> | <u>221,651,548</u> |
| Represented by: | | |
| Contributed capital | 37,606,898 | 23,357,054 |
| Undistributed net investment income | 292,950 | 238,326 |
| Undistributed net realized gains from investments | 156,990,737 | 157,548,776 |
| Unrealized appreciation of investments | <u>27,625,288</u> | <u>40,507,392</u> |
| Total - representing net assets applicable to outstanding shares (note 3) | <u>\$222,515,873</u> | <u>221,651,548</u> |

See accompanying notes to financial statements.
On Behalf of the Board:


Director


Director

Statement of Changes in Investments

Year Ended October 31, 1984
with comparative figures for 1983

| | 1984 | 1983 |
|---|----------------------|--------------------|
| Investments at average cost, beginning of year | <u>\$173,065,614</u> | 164,731,958 |
| Add: Cost of investments purchased | <u>40,993,981</u> | <u>51,640,333</u> |
| | <u>214,059,595</u> | <u>216,372,291</u> |
| Deduct: | | |
| Proceeds from sale of investments | 32,073,941 | 52,737,439 |
| Less profit from sale of investments | <u>8,210,926</u> | <u>9,430,762</u> |
| Cost of investments sold | <u>23,863,015</u> | <u>43,306,677</u> |
| Investments at average cost, end of year | <u>\$190,196,580</u> | <u>173,065,614</u> |

See accompanying notes to financial statements.

Statement of Operations

Year Ended October 31, 1984 with comparative figures for 1983

| | 1984 | 1983 |
|---|---------------------|-------------------|
| Investment Income | | |
| Income: | | |
| Dividends | \$10,414,857 | 10,072,259 |
| Interest | 718,294 | 703,197 |
| Other | 13,532 | - |
| | <u>11,146,683</u> | <u>10,775,456</u> |
| Expense: (note 4) | | |
| Management fees | 2,769,584 | 2,327,972 |
| Audit fees | 10,620 | 10,744 |
| Directors fees and expense | 9,792 | 15,551 |
| Custodian fees | 10,218 | 20,454 |
| Postage | 46,770 | 34,585 |
| Printing and stationery | 36,523 | 30,288 |
| Other expense | 20,605 | 31,135 |
| | <u>2,904,112</u> | <u>2,470,729</u> |
| Income before taxes | 8,242,571 | 8,304,727 |
| Income taxes (note 1) | 168,337 | 189,884 |
| Net investment income (note 2) | <u>\$ 8,074,234</u> | <u>8,114,843</u> |
| Realized and unrealized gains from investments: (note 1) | | |
| Realized gains from investment transactions | | |
| Profit from sale of investments | | |
| Proceeds from sales | 32,073,941 | 52,737,439 |
| Cost of investments sold | 23,863,015 | 43,306,677 |
| Net realized profit | 8,210,926 | 9,430,762 |
| Loss from foreign exchange | 11,935 | 9,495 |
| Total realized gains from investments | <u>8,198,991</u> | <u>9,421,267</u> |
| Unrealized appreciation of investments: | | |
| Balance, beginning of year | 40,507,392 | 1,537,168 |
| Unrealized (depreciation) appreciation for the year - net | (12,882,104) | 38,970,224 |
| Balance, end of period | <u>\$27,625,288</u> | <u>40,507,392</u> |

See accompanying notes to financial statements.

Statement of Changes in Net Assets

Year Ended October 31, 1984
with comparative figures for 1983

| | 1984 | 1983 |
|--|----------------------|--------------------|
| Net assets, beginning of year | \$ 221,651,548 | 172,072,994 |
| Add: | | |
| Net investment income | 8,074,234 | 8,114,843 |
| Profit from sale of investments and from foreign exchange - net | 8,198,991 | 9,421,267 |
| Proceeds from sale of Mutual Fund shares less commission paid | 39,011,779 | 32,708,117 |
| | <u>276,936,552</u> | <u>222,317,221</u> |
| Deduct: | | |
| Payments on redemption of Mutual Fund shares | 24,692,213 | 25,385,420 |
| Unrealized depreciation (appreciation) of investments for the year - net | 12,882,104 | (38,970,224) |
| Dividends paid from: (note 2) | | |
| Net investment income | 8,089,332 | 8,291,279 |
| Profit from sale of investments | 8,757,030 | 5,959,198 |
| | <u>54,420,679</u> | <u>665,673</u> |
| Net assets, end of year | <u>\$222,515,873</u> | <u>221,651,548</u> |

See accompanying notes to financial statements.

INVESTORS MUTUAL OF CANADA LTD.

Statement of Investments as at October 31, 1984

| | Par Value | Average Cost | Market Value |
|---|---------------|----------------------|----------------------|
| CORPORATION BONDS | | | |
| The Royal Bank of Canada 11.25% Conv. Deb. 12-09-91 | \$ 1,500,000 | \$ 1,755,000 | \$ 1,590,000 |
| | No. of Shares | Average Cost | Market Value |
| PREFERRED STOCK - FIXED | | | |
| Anglo-Canadian Telephone Company \$2.65 Cum. Red. \$50 p.v. | 20,000 | \$ 1,000,000 | \$ 545,000 |
| British Columbia Telephone Company 5.15% Cum. Red. \$100 p.v. | 29,815 | 3,012,255 | 1,595,102 |
| British Columbia Telephone Company 7.40% Cum. Red. \$25 p.v. | 60,000 | 1,500,000 | 1,080,000 |
| Carling O'Keefe Limited \$2.65 Cum. Red. Series B \$50 p.v. | 121,995 | 6,197,024 | 3,415,860 |
| Celanese Canada Inc. \$1.75 Cum. Red. \$25 p.v. | 20,573 | 740,729 | 354,884 |
| Dome Petroleum Limited 7.76% Cum. Red. Series A \$25 p.v. | 50,000 | 1,175,000 | 618,751 |
| George Weston Limited 6.0% Cum. Red. 2nd Series \$100 p.v. | 2,800 | 278,872 | 186,200 |
| Grafton Group Limited Series A \$3.00 n.p.v. | 43,750 | 1,654,871 | 1,358,962 |
| Hudson's Bay Company \$1.80 Cum. Red. Series A \$22.50 p.v. | 61,279 | 1,388,185 | 1,064,722 |
| Inter-City Gas Corporation 8.25% 1st Pfd. Series B Cum. Red. \$20 p.v. | 25,944 | 518,880 | 363,216 |
| Minorco Canada Limited 6% Cum. Red. Pfd. Series A \$100 p.v. | 47,000 | 4,700,000 | 2,350,000 |
| Minorco Canada Limited 6.25% Cum. Red. Pfd. Series B \$100 p.v. | 2,500 | 246,250 | 140,625 |
| Power Corporation of Canada Limited 4.75% Cum. Red. 1st Pfd. shares 1965 Series \$50 p.v. | 90,750 | 4,310,625 | 2,949,375 |
| Quebec-Telephone 4.75% Cum. Red. 1965 Series \$20 p.v. | 90,500 | 1,728,550 | 927,625 |
| The Toronto-Dominion Bank \$1.835 First Pfd. Class A Cum. Red. \$25 p.v. | 175,400 | 4,385,000 | 3,595,700 |
| United Corporations Limited Cum. Red. \$1.50 2nd Pfd. 1963 Series n.p.v. | 25,225 | 752,381 | 390,988 |
| | | <u>33,588,622</u> | <u>20,937,010</u> |
| PREFERRED STOCK - EQUITY | | | |
| Canada Development Corporation 8% Conv. Class B Ret. 10-2-1985 to 10-1-1986 | 27,850 | 3,194,841 | 2,722,338 |
| Hiram Walker Resources Ltd. 7.5% Cum. Red. Conv. Class D First Series \$25 p.v. | 278,500 | 7,306,196 | 6,788,437 |
| Nova, an Alberta Corporation 6.5% Cum. Red. Conv. 2nd Pfd. \$25 p.v. | 53,300 | 1,332,500 | 1,185,925 |
| Nova, an Alberta Corporation 12% Cum. Red. Conv. 2nd Pfd. \$25 p.v. | 105,000 | 2,606,250 | 3,438,750 |
| Nu-West Group Limited 8% Cum. Red. Conv. Second Preferred Series A \$20 p.v. | 175,000 | 3,562,199 | 187,250 |
| Systemhouse Ltd. Series 1 Red. Conv. 1st Preference Shares | 89,500 | 447,500 | 268,500 |
| Westmin Resources Limited 8.5% Conv. Pfd. Class B Series 1 \$25 p.v. | 80,000 | 2,000,000 | 2,180,000 |
| | | <u>20,449,486</u> | <u>16,771,200</u> |
| PREFERRED STOCK - RETRACTABLES | | | |
| Stelco Inc. Series D 10% \$25 p.v. Cum. Red. Ret. on 11-01-85 & 11-01-90 | 57,500 | 1,437,500 | 1,495,000 |
| Union Gas Limited 9.875% \$20 p.v. Class B Cum. Red. Series 4 Ret. on 08-30-90 | 127,500 | 2,550,000 | 2,390,625 |
| | | <u>3,987,500</u> | <u>3,885,625</u> |
| | | <u>\$ 58,025,608</u> | <u>\$ 41,593,835</u> |
| TOTAL PREFERRED STOCK | | | |
| | No. of Shares | Average Cost | Market Value |
| COMMON STOCK | | | |
| Metals and Minerals | | | |
| Alcan Aluminum Limited | 213,800 | \$ 8,982,482 | \$ 7,883,875 |
| Alcan Aluminum Limited Warrants | 95,250 | 862,323 | 928,687 |
| Echo Bay Mines Ltd. | 113,400 | 875,684 | 1,474,200 |
| Echo Bay Mines Ltd. Gold Purchase Warrants C 1988 | 40,000 | 250,000 | 245,000 |
| Echo Bay Mines Ltd. Gold Purchase Warrants D 1989 | 40,000 | 250,000 | 285,000 |
| Noranda Inc. | 161,197 | 954,847 | 2,961,995 |
| Placer Development Limited | 124,000 | 2,852,925 | 2,914,000 |
| Placer Development Limited Warrants | 64,500 | 384,112 | 261,225 |
| Westmin Resources Limited | 172,300 | 2,464,636 | 2,196,825 |
| | | <u>17,877,009</u> | <u>19,150,807</u> |
| Integrated Oils | | | |
| Gulf Canada Limited | 137,000 | 542,537 | 2,329,000 |
| Shell Canada Limited Class A | 94,175 | 544,852 | 2,224,884 |
| | | <u>1,087,389</u> | <u>4,553,884</u> |
| Oil and Gas Producers | | | |
| Bow Valley Industries Ltd. | 227,400 | 1,970,798 | 4,206,900 |
| * Kerr-McGee Corporation | 40,000 | 1,909,730 | 1,505,000 |

Statement of Investments as at October 31, 1984

COMMON STOCK, continued

| | No. of Shares | Average Cost | Market Value |
|--|---------------|----------------------|----------------------|
| Norcen Energy Resources Limited voting ordinary | 87,100 | \$ 595,325 | \$ 1,556,912 |
| Norcen Energy Resources Limited non-voting ordinary | 87,100 | 595,325 | 1,393,600 |
| Numac Oil & Gas Ltd. | 150,000 | 2,334,971 | 2,268,750 |
| Precambrian Shield Resources Limited | 181,600 | 1,191,189 | 1,044,200 |
| | | <u>8,597,338</u> | <u>11,975,362</u> |
| Oil Well Equipment and Services | | | |
| * Schlumberger | 33,750 | 2,010,926 | 1,857,634 |
| Transportation | | | |
| * Burlington Northern Inc. | 60,000 | 1,257,769 | 3,588,300 |
| Canadian Pacific Limited | 172,950 | 5,324,215 | 7,977,319 |
| | | <u>6,581,984</u> | <u>11,565,619</u> |
| Natural Resource - Other | | | |
| Canada Development Corporation | 14,900 | 193,864 | 85,675 |
| Distilleries | | | |
| The Seagram Company Ltd. | 152,550 | 3,481,238 | 7,417,744 |
| Consumer Products - Misc. | | | |
| Magna International Inc. Class A | 255,000 | 2,821,000 | 4,494,375 |
| Rothmans of Pall Mall Canada Limited | 70,000 | 2,502,500 | 2,756,250 |
| | | <u>5,323,500</u> | <u>7,250,625</u> |
| Communication and Media | | | |
| International Thomson Organisation Limited | 360,000 | 2,812,811 | 2,880,000 |
| MacLean Hunter Limited Class X | 127,000 | 1,005,125 | 2,730,500 |
| MacLean Hunter Limited Class Y | 73,552 | 962,292 | 1,535,398 |
| | | <u>4,780,228</u> | <u>7,145,898</u> |
| Merchandising | | | |
| Canadian Tire Corp. Limited Class A | 85,000 | 980,449 | 828,750 |
| Grafton Group Limited Class A | 122,400 | 1,843,579 | 3,113,489 |
| | | <u>2,824,028</u> | <u>3,942,239</u> |
| Banks | | | |
| Bank of Montreal | 100,000 | 2,331,545 | 2,362,500 |
| Canadian Imperial Bank of Commerce | 339,700 | 5,760,168 | 9,129,437 |
| The Royal Bank of Canada | 216,150 | 3,794,114 | 6,133,256 |
| The Royal Bank of Canada Warrants | 154,500 | 1,110,961 | 648,900 |
| The Toronto-Dominion Bank | 222,338 | 786,257 | 3,751,954 |
| | | <u>13,783,045</u> | <u>22,026,047</u> |
| Insurance and Financial Service | | | |
| * Safecard Services, Inc. | 25,000 | 867,558 | 418,975 |
| Utilities | | | |
| British Columbia Telephone Company | 160,000 | 3,159,325 | 3,220,000 |
| Bell Canada Enterprises Inc. | 402,075 | 8,396,325 | 13,469,512 |
| | | <u>11,555,650</u> | <u>16,689,512</u> |
| Steel | | | |
| AMCA International Limited | 372,400 | 7,583,177 | 7,261,800 |
| Dofasco Inc. Class A | 111,756 | 526,282 | 2,654,205 |
| Stelco Inc. Series A | 150,000 | 3,852,500 | 3,187,500 |
| Stelco Inc. Warrants | 79,100 | 601,034 | 316,400 |
| | | <u>12,562,993</u> | <u>13,419,905</u> |
| Electrical | | | |
| * General Electric Company | 90,000 | 5,496,059 | 6,802,020 |
| Chemicals | | | |
| Dupont Canada Inc. Class A | 231,950 | 5,943,800 | 4,088,119 |
| Electronics | | | |
| Leigh Instruments Limited | 276,923 | 900,000 | 816,923 |
| Telecommunications | | | |
| Mitel Corporation | 145,000 | 2,188,848 | 1,250,625 |
| Northern Telecom Limited | 182,100 | 3,853,794 | 9,150,525 |
| Trillium Telephone Systems, Inc. | 100,000 | 965,625 | 818,700 |
| | | <u>7,008,267</u> | <u>11,219,850</u> |
| Computer and Related | | | |
| Computer Innovations Distribution Inc. | 375,880 | 1,270,438 | 853,248 |
| GEAC Computer Corporation Limited | 86,400 | 1,613,998 | 928,800 |
| * International Business Machines Corporation | 63,928 | 3,962,710 | 10,471,854 |
| Nabu Network Corporation | 275,167 | 770,443 | 74,295 |
| Systemhouse Ltd. Class A | 179,000 | 2,108,867 | 214,800 |
| | | <u>9,726,456</u> | <u>12,542,997</u> |
| Growth - Other | | | |
| Lumonics Inc. | 457,100 | 4,905,046 | 7,942,113 |
| Moore Corporation Limited | 29,100 | 1,552,620 | 1,607,775 |
| Siltronics Ltd. | 90,000 | 434,375 | 306,000 |
| Siltronics Ltd. Warrants | 45,000 | 45,000 | 38,700 |
| | | <u>6,937,041</u> | <u>9,894,588</u> |
| Miscellaneous | | | |
| * I.U. International | 85,000 | 2,877,599 | 1,773,610 |
| TOTAL COMMON STOCK | | <u>\$130,415,972</u> | <u>\$174,638,033</u> |
| TOTAL INVESTMENTS | | <u>\$190,196,580</u> | <u>\$217,821,868</u> |
| NET ASSETS: | | | |
| Total Investments | | | \$217,821,868 |
| Investment rated demand notes | | | 4,945,256 |
| Cash and current assets | | | (251,251) |
| TOTAL NET ASSETS | | | <u>\$222,515,873</u> |

*United States Investments

INVESTORS MUTUAL OF CANADA LTD.

Notes to Financial Statements – October 31, 1984

1. Summary of Significant Accounting Policies:

- The accounting policies of the company conform with generally accepted accounting principles appropriate to the mutual fund industry. The significant policies are summarized below:
- Investments are recorded at market value which is substantially established by the closing sale price for trading on the Toronto Stock Exchange or alternatively the recognized exchange on which the security is listed or principally traded.
 - Demand notes are not considered to be portfolio investments and are therefore excluded from the Statement of Changes in Investments.
 - Foreign currency amounts included in the financial statements have been expressed in Canadian dollars on the following basis:
 - investments, other assets and liabilities at the rate of exchange at the fiscal year end
 - income, expense, purchases and sales of investments at the rate of exchange prevailing on the respective dates of such transactions.
 - realized gains and losses on foreign exchange are reflected in the Statement of Operations. Unrealized gains and losses on foreign exchange are included in unrealized appreciation of investments.
 - Dividend income is recognized at the time the security trades on an ex-dividend basis.
 - The company is a mutual fund corporation which qualifies as an investment corporation as defined in the Income Tax Act (Canada). Income taxes are calculated on the "taxes payable" basis. Taxes payable on realized net capital gains are recoverable because of capital gains redemptions of Mutual Fund shares or by the payment of capital gains dividends. Such taxes and their recovery have no effect on net income or net assets and accordingly are netted in the accompanying financial statements. Income tax expense is comprised of capital tax and of foreign withholding taxes which are not recoverable.

2. Per share information:

Net asset value, average net income, source of dividends paid per share and average management fees and other expense information is given below:

| | 1984 | 1983 | 1982 | 1981 | 1980 |
|--|---------|------|------|-------|------|
| Net asset value per share at October 31 | \$ 7.18 | 7.62 | 6.14 | 6.28 | 7.62 |
| The average net income per share | \$.266 | .283 | .362 | .348 | .432 |
| The source of dividends paid per share: | | | | | |
| Net income | \$.265 | .290 | .360 | .355 | .440 |
| Profit from sale of investments | .300 | .215 | .580 | .675 | .165 |
| Total dividends per share | \$.565 | .505 | .940 | 1.030 | .605 |
| The average percentage of management fees and other expense to average net assets: | | | | | |
| Management fees | % 1.25 | 1.13 | .91 | .88 | .88 |
| Other expense | .06 | .07 | .10 | .05 | .04 |
| | % 1.31 | 1.20 | 1.01 | .93 | .92 |

Per share calculations were made as undernoted:

- Net asset value – on the number of shares outstanding at the end of the fiscal year.
- Net income – on the average of the number of shares outstanding at each month end during the fiscal year.
- Source of dividends – on the number of shares outstanding at the date of record for the dividends paid during the fiscal year.
- Average management fees and other expense – on the average of the net asset value determined at the end of each business day in the fiscal year.

3. Shares outstanding:

| | 1984 | 1983 |
|---|-------------|-------------|
| Mutual Fund shares outstanding, beginning of year | 29,083,505 | 28,031,908 |
| Add (deduct): | | |
| Mutual Fund shares sold in year | 5,312,057 | 4,553,095 |
| Mutual Fund shares redeemed in year | (3,382,903) | (3,501,498) |
| Mutual Fund shares outstanding, end of year | 31,012,659 | 29,083,505 |
| Common shares outstanding, end of year | 3,000 | 3,000 |
| Total shares outstanding, end of year | 31,015,659 | 29,086,505 |

4. Management fees and other expense:

- Investors Securities Management Ltd. is the investment manager and in consideration of the management fee provides investment, advisory and administrative services.
- The Investment Management and Service Agreement was amended effective February 14, 1980 and provides for certain expenses to be paid by the company; the Agreement was further amended effective March 1, 1983 increasing the monthly fee to 5/48 of 1% of the average net assets from 1/12 of 1% of the first \$100,000,000 of the average net assets and 1/16 of 1% of the average net assets in excess of \$100,000,000.
- Other expense comprises bank charges and miscellaneous.
- The management fees and other expense ratio may vary from mutual fund to mutual fund.

5. Brokers' commissions:

Total commissions paid to brokers in connection with portfolio transactions for the year ended October 31, 1984 amounted to \$211,262 (1983 - \$198,890). During the year ended October 31, 1984 the Manager acted as an agent in connection with sales of \$6,832,250 (1983 - \$8,669,724) and purchases of \$1,429,525 (1983 - \$4,391,713) of portfolio securities between the company and other Investors Mutual Funds or Pooled Trusts of which it is the manager. The transactions were at market value with normal terms of settlement. No commission is paid on these transactions.

6. Portfolio transactions:

A statement of portfolio transactions (unaudited) for the year ended October 31, 1984 will be provided, without charge, by writing to:

Investors Mutual of Canada Ltd.
280 Broadway, Winnipeg, Manitoba
R3C 3B6

- Certain prior year comparative figures have been reclassified to conform with the current year's presentation.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the statement of net assets of Investors Mutual of Canada Ltd. as at October 31, 1984 and 1983 and the statements of operations, changes in net assets and changes in investments for the two years then ended. We have also examined the statement of investments as at October 31, 1984. Our examinations were 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 October 31, 1984 and 1983, the investments of the company as at October 31, 1984 and the results of its operations and the changes in its net assets and investments for the two years ended October 31, 1984 in accordance with generally accepted accounting principles applied on a consistent basis.

Peat, Marwick
Mitchell & Co.

Winnipeg, Canada
December 14, 1984
Chartered
Accountants

Current Prospectus

Upon request made to the Company any shareholder is entitled to receive a copy of the Company's current prospectus.

Dividend Reinvestment

By notice to the Company a shareholder may terminate any authorization given providing for automatic reinvestment of income or capital gains dividends.

INVESTORS PERSONAL FINANCIAL PLANNING

For Individuals

Guaranteed Investment Certificates
Registered Retirement Savings Plans
Registered Retirement Income Funds
Registered Home Ownership Savings Plans
Employee Benefit Plans
Income Deferred Certificates
Life Annuities
Term Certain Annuities
Term Life Insurance
Disability Insurance
Pension Plans
Estate Planning Services
Mortgage Loans
Investors Growth Fund of Canada
Investors International Mutual Fund
Provident Stock Fund
Investors Dividend Fund
Investors Mutual of Canada
Investors Japanese Growth Fund

Investors Retirement Mutual Fund
Investors Bond Fund
Investors Mortgage Fund
Investors Real Property Fund
Investors Indexed Stock Fund

For Corporations

Complete package of services related to employee benefit programs including:

Pension Plans
Employee Share Ownership Plans
Deferred Profit Sharing Plans
Group Registered Retirement Savings Plans
Employee Benefit Plans
Group Life and Health Insurance
Individual Financial Counselling for employees
Group Seminars for employees
Mortgage Financing

Investors Financial Planning Centres

BRITISH COLUMBIA

Kelowna
100-565 Bernard Avenue
(604) 762-3329

New Westminster
300-403 Sixth Street
(604) 526-3725

Prince George
696 Brunswick Street
(604) 564-2310

Vancouver
789 West Pender Street
(604) 682-5431

Vancouver
310-1755 West Broadway
(604) 736-4324

Victoria
707 Fort Street
(604) 388-4234

ALBERTA

Calgary
1003-1333 8th Street S.W.
(403) 229-0555

Calgary
7015 MacLeod Trail, South
(403) 259-5192

Edmonton
4445 Calgary Trail, South
(403) 437-6560

Edmonton
9109-82nd Avenue
(403) 468-1658

SASKATCHEWAN

Regina
1570-2002 Victoria Avenue
(306) 757-3511

Saskatoon
406-21st Street East
(306) 653-3207

MANITOBA

Brandon
151-8th Street
(204) 727-0488

Winnipeg
204-1120 Grant Avenue
(204) 284-0570

Winnipeg
101-310 Broadway Avenue
(204) 956-0480

ONTARIO

Hamilton
220 Main Street, West
(416) 529-7165

Kingston
412-259 King Street, East
(613) 542-4941

Kitchener
1001-20 Erb Street, West
(519) 886-2360

London
200-401 Clarence Street
(519) 679-8993

North Bay
1221 Algonquin Avenue
(705) 472-4731

Oakville

610-700 Dorval Drive
(416) 842-4630

Ottawa

441 MacLaren Street
(613) 238-1551

Peterborough

197 George Street, North
(705) 876-1282

St. Catharines

89 St. Paul Street
(416) 682-7292

Thunder Bay

581 Red River Road
(807) 345-6363

Toronto

204-1210 Sheppard Avenue, East
(416) 491-7400

Toronto

604-304 The East Mall
(416) 236-2564

Toronto

301-40 Wynford Drive
(416) 449-0600

Windsor

200-660 Ouellette Avenue
(519) 258-3940

QUÉBEC

Montréal

240-1 Place du Commerce
Ile des Soeurs
(514) 766-7736

Montréal

202-1303 Avenue Greene, Westmount
(514) 935-3553

Montréal

920-1080 Côte du Beaver Hall
(514) 395-2260

Montréal

105-1303 Avenue Greene, Westmount
(514) 935-3553

Québec

1301, Chemin Ste-Foy
(418) 681-4666

Sherbrooke

3-2355 King Street, West
(819) 566-0666

NEW BRUNSWICK

Saint John

93 Prince William Street
(506) 652-8930

Moncton

250-1077 St. George Blvd.
(506) 388-9055

NOVA SCOTIA

Halifax

6960 Mumford Road
(902) 423-8294

PRINCE EDWARD ISLAND

Charlottetown

51 University Avenue
(902) 566-4661

NEWFOUNDLAND

St. John's

136 Crosbie Road
(709) 753-4300

THE INVESTORS GROUP

The Investors Group is one of Canada's largest financial institutions.

It has assets in excess of 15 billion dollars under the management or administration of its various subsidiaries. The major operating subsidiaries of The Investors Group provide a full range of financial services and products to individuals and corporations.

Investors Syndicate Limited

Investors Syndicate Limited provides the financial planning products and services offered through Investors representatives across Canada.

Investors Syndicate Realty Limited

Investors Syndicate Realty Limited manages mortgage investments and all the mortgage functions of The Investors Group.

Investors Group Trust Co. Ltd.

Investors Group Trust Company Limited operates in the employee benefit planning field, including pension plan consulting, design and administration.

Investors Securities Management Ltd.

Investors Securities Management Limited manages the portfolios of nine of the eleven Investors investment funds and handles securities for Investors Syndicate and Investors Group Trust.

The Great-West Life Assurance Company

The Great-West Life Assurance Company offers both individual and group life insurance policies.

Montreal Trust Company

Montreal Trust Company provides a complete range of personal and corporate trust services.

Investors SYNDICATE LIMITED

HEAD OFFICE:
280 Broadway, Winnipeg, Manitoba R3C 3B6 (204) 943-0361

The Investors Group is a member of the Power Financial Corporation group of companies