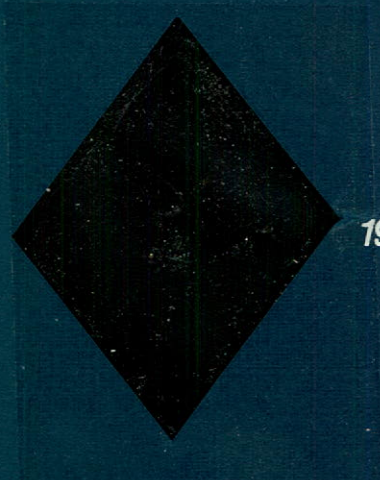


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*INVESTORS GROUP INC. ANNUAL REPORT*



*1986*



**INVESTORS:** *The goal — financial independence of our clients*

There is no typical Investors client.

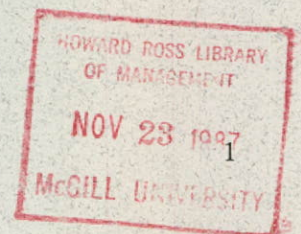
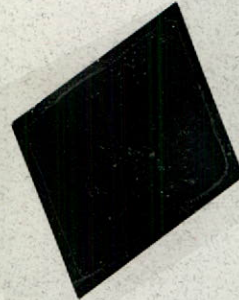
Our clients embrace a cross-section of ages, professions and income levels.

Each of our clients is unique, with their own particular situation and goals. But there is one thing they share: the desire to realize their goals, and, at the same time, achieve the peace of mind that comes with financial independence.

That is where the Investors Financial Planner makes all the difference. Whether he or she is advising a pharmacist in Edmonton, a farmer in Wynyard, Saskatchewan or a small business owner in Moncton, New Brunswick, the financial planning process is always the same: solid, professional advice coupled with ongoing personal service.

We are proud of the role we have to play in ensuring half a million Canadians can achieve their most important financial objectives.

As a Company, we will continue to strive to provide not only the professional financial planning advice that our clients have come to expect, but the personal one-on-one service that separates Investors from all the rest.



## CORPORATE PROFILE

The Investors Group story goes back to 1894.

The Investors Group beginnings were in Minneapolis, in 1894, when Investors Diversified Services was founded. The Company's objective was to encourage individuals to save. It achieved this by selling investment certificates directly to the public.

By 1926, IDS had expanded to Canada. In 1940, Investors Syndicate of Canada was formed, in Winnipeg, as a wholly-owned subsidiary of IDS. The Company's idea remained constant — to help

the average Canadian become financially independent. It offered a guaranteed savings plan to which clients could make regular monthly payments.

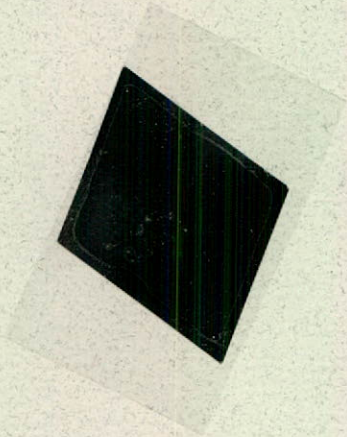
In 1950, Investors introduced its first mutual fund, Investors Mutual of Canada. The company continued to grow, and expanded the number and types of its financial products and services. In 1957, Investors was one of the first companies in Canada to offer Registered Retirement Savings Plans.

Investors became a Canadian-owned company in 1956, when IDS sold its shares to a group of

Canadian investors. In 1964, the corporate name was changed to The Investors Group, and the Company became a financial services holding company.

In 1986, a corporate restructuring took place under which Investors Group Inc. acquired the operating subsidiaries of The Investors Group.

Investors Group is one of the largest financial services companies in Canada, with total assets under management and administration of \$7.5 billion. It offers a full range of financial products and services.



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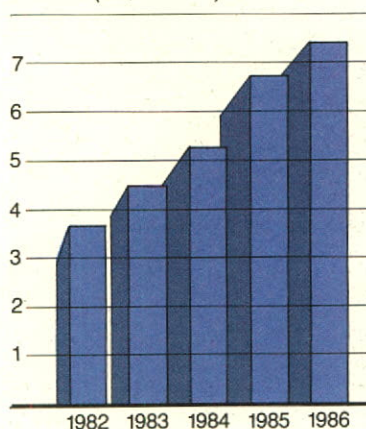
## HIGHLIGHTS OF THE YEAR

	1986	1985	Change
<b>Financial (Pro forma)</b>			
Consolidated net income	\$34,038,000	\$24,367,000	+ 40%
Earnings per share	\$1.43	\$1.02	+ 40
Return on invested capital	26.1%	23.4%	+ 12
Return on Common equity	28.2%	23.0%	+ 23
Total Assets under administration	7,562,000,000	6,334,000,000	+ 19
Corporate assets	1,403,900,000	1,352,600,000	+ 4
Investment income (tax equivalent basis)	178,988,000	166,812,000	+ 7
Return on assets	2.33%	1.75%	+ 33

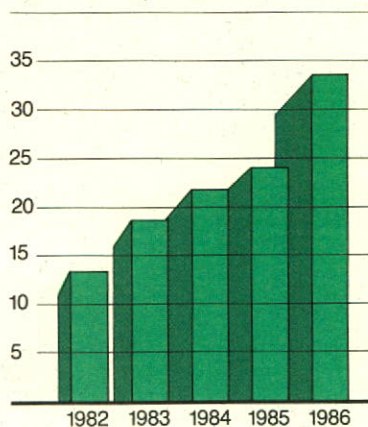
### Operational

Sales of financial products and services	\$1,419,300,000	\$1,056,200,000	+ 34%
Including: Mutual Funds	1,186,500,000	834,000,000	+ 42
Investment Certificates	154,300,000	121,400,000	+ 27
Insurance and Other	78,500,000	100,800,000	- 22
Mutual Fund assets under management	4,378,300,000	3,330,400,000	+ 31
Mutual Fund Shareholder accounts	454,800	339,900	+ 34
Dividends paid to Mutual Fund Shareholders	309,185,000	202,145,000	+ 53
Investment Certificates (Reserve Value)	1,109,000,000	1,152,000,000	- 4
Number of Employees and Representatives	2,416	2,078	+ 16
Number of Clients	588,079	489,199	+ 20
Financial Planning Centres	62	55	+ 13

**Assets (in \$ billions)**



**Net Income (in \$ millions)**



## DIRECTORS' REPORT



ROBERT H. JONES



ARTHUR V. MAURO, Q.C.

During the past year an organizational restructuring of Investors' wholly-owned operating companies was completed, along with an initial public offering of common shares. Sales and earnings of the operating companies continued at record levels.

### **Corporate Re-organization and Share Issue**

Investors Group Inc. became operational on October 1, 1986 following the acquisition of the wholly-owned subsidiaries of the former Investors Group. Consideration to the former Investors Group (now Power Financial Corporation) for the acquisition was the issue of 20,800,000 common shares of the Company; a 10.6% promissory note for \$50,000,000 due in 2006; a non-interest bearing demand note of \$70,000,000; and the assumption of certain liabilities.

On November 13, 1986, the Company completed a public distribution of 3,000,000 common shares at \$18 per share, resulting in net proceeds to the Company of \$51,495,000 of which \$35,000,000 was applied to the partial

redemption of the \$70,000,000 note held by Power Financial Corporation. The public issue brought to 23,800,010, the number of common shares of the Company issued and outstanding.

On February 16, 1987, the Company and Power Financial Corporation entered into underwriting agreements providing for the issue from treasury and sale by the Company of 1,000,000 common shares and a secondary offering by Power Financial of 3,000,000 common shares at a public offering price of \$23.50 per share. Subject to the terms of the agreements, these transactions will close not later than March 26, 1987, bringing the issued and outstanding common shares of the Company to 24,800,010. Net proceeds to the Company of \$22,750,000 from its part of the offering plus \$12,250,000 from general Company funds will be used to retire the \$35,000,000 balance outstanding on the demand note held by Power Financial Corporation.

### **Financial Results**

The consolidated statement of income presented with this report includes income for the 12 months of 1986, adjusted to eliminate the pre-acquisition net operating income of The Investors Group. The comparative income statement for 1985 is based on results of The Investors Group and its operating subsidiaries. Pro forma earnings per share assume that acquisition of the operating subsidiaries occurred as of January 1, 1985, and that 23,800,010

common shares were outstanding throughout 1985 and 1986.

The pro forma consolidated net operating income of the Company for 1986 was \$34,038,000 compared with \$24,367,000 in the prior year, an increase of 40%. Pro forma earnings per share for the year were \$1.43 per share compared with \$1.02 in 1985. After elimination of the pre-acquisition net operating income of The Investors Group for the first nine months of 1986, consolidated net income for the three months ended December 31, 1986 was \$9,991,000 or 45 cents per share. The principal contributor to higher operating income for the year was a 37.5% increase in distribution and management fees resulting from major increases in sales and mutual fund assets under management. A significant improvement in earnings from financial intermediary activities was also realized.

An initial quarterly dividend of 12.5 cents per share was paid on the common shares of the Company on January 30, 1987. A quarterly dividend of 12.5 cents per share on the common shares has been declared payable on May 1, 1987 to shareholders of record March 30, 1987.

### **Sales Performance**

Sales of financial products and services offered through the Company's subsidiaries totalled \$1.4 billion in 1986, an increase of \$363 million or 34% over 1985.

Mutual fund sales were \$1.2 billion compared with \$834 million in the prior year. Investment certificate sales at \$154 million were 27% above 1985. Increased sales of insurance products were offset by a decline in annuity sales reflecting a switch from annuities to Registered Retirement Income Funds for maturing Registered Retirement Savings Plans.

### **Asset Growth**

Total assets under the administration of the Company's subsidiaries exceeded \$7.5 billion at year-end, an increase of 19%. Net assets of the 13 mutual funds increased by \$1 billion in 1986 and at year-end exceeded \$4.3 billion. The combined assets of the equity-based mutual funds reached \$2.9 billion, an increase of \$600 million. Investors Global Fund, introduced in October, contributed \$64 million to this increase. Fixed income funds totalled \$1.4 billion at year-end, an increase of \$398 million or 40% over prior year-end. Investors Money Market Fund had total assets of \$75 million at year-end. A 14th fund, Investors Summa Fund, was introduced in January of 1987.

The number of mutual fund shareholder accounts increased during the year by 114,900, to 454,800.

The reserve values of outstanding investment certificates at December

31, 1986 totalled \$1.11 billion compared with \$1.15 billion at prior year-end.

In keeping with the retirement policy of the Board of Directors, Mr. G.J. van den Berg will not be standing for election at the forthcoming annual meeting of shareholders. Mr. van den Berg has been a director of the Investors companies for many years throughout which his distinguished contribution to our affairs has been valued by both his colleagues and management of Investors.

The dedication and enterprise of the staff and sales representatives of the Investors companies is indicated by the outstanding results achieved during this year of change and challenge. Their contribution is gratefully acknowledged.



ROBERT H. JONES  
*Chairman of the Board*



ARTHUR V. MAURO, Q.C.  
*President and Chief Executive Officer*



## REPORT ON OPERATIONS

The past year was both challenging and successful. In October, the Company was reorganized as Investors Group Inc. and acquired from the former Investors Group, the wholly-owned subsidiaries. These companies have been restructured to better reflect the two major functions of the Company; namely, distribution and funds management. The subsequent successful distribution of 3,000,000 shares was completed in November.

The enclosed financial data reflects another year of achievement. Records were set in all areas of corporate operations, including sales, net income, return on assets, and assets under management. Total sales at \$1.419 billion were 34% above the preceding year. Sales of our mutual funds at \$1.186 billion, were 42% above 1985.

Investors has been a leader in the Canadian mutual fund industry since 1950. During this period we have witnessed a number of stock market cycles with corresponding impact on equity markets and mutual funds.

Press reports during the past year noted an increase in the number of individuals who were borrowing to invest in equity funds. While such a practice may be attractive in a rising market, it can prove unduly risky in a volatile or declining market. We instructed our sales force to dissuade our clients from "leveraged" purchase of mutual funds. As a result, less than 3% of Investors' sales were made on this basis.

Another factor which Investors has recommended over a number of years is the benefit of a balanced portfolio reflecting both equity and fixed income funds. During the past year, the sale of fixed funds increased from \$231.2 million to \$471.7 million and represented 39% of total fund sales, up from 28% in the prior year. This balanced approach provides an important degree of insulation against market volatility.

Along with the record level of sales, the Company continued to experience a low rate of redemptions. The redemption rate at 12% of assets on an annualized basis compares to an industry average during 1986 of 32%, as reported by members of the Investment Funds Institute of Canada.

### **Marketing Developments**

The past year witnessed a substantial growth in the retirement income planning field. Early in 1986, Investors introduced a program for retirement security entitled, "Managing for Retirement Income". The acceptance of this concept has been most encouraging. Reflecting this success is the increase in Registered Retirement Savings Plans assets under management which totalled \$1.8 billion at year-end, an increase of approximately \$500 million over the prior period. The assets associated with Registered Retirement Income Fund plans totalled \$124.8 million, up from \$64.9 million at the end of 1985.

In October Investors Group Trust expanded its range of Guaranteed Investment Certificates

and made these available for Registered Retirement Income Funds. At the same time, Investors Global Fund was successfully introduced. Since introduction, net cash sales have averaged in excess of \$1 million per day.

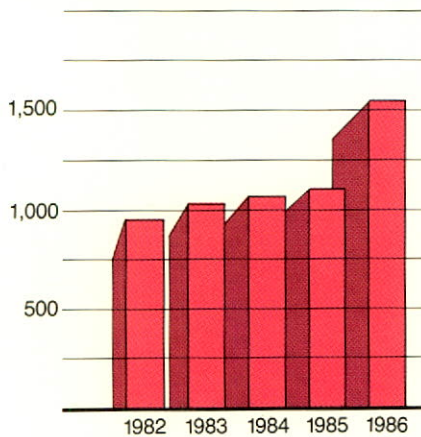
During the year, a separate marketing unit for group and employee benefit programs became fully operational and we anticipate a major increase of sales in these products and programs. At year-end Investors Group Trust had pooled pension funds of \$247.3 million and provided trusteeship and investment management services to segregated pension funds totalling \$1.78 billion.

In December, the Company accepted an offer to purchase our shares of Morison International Inc., a financial services company in Minneapolis. As previously indicated, this investment was not large and the purpose was to gain an insight into the U.S. market. Since our purpose had been achieved and the offer favourable, the decision was made to divest. We will continue to examine opportunities for expansion into the U.S. market.

The number of full-time Financial Planners increased by 297 and totalled 1,594 at year-end. More than 1,300 of these representatives are fully licensed to distribute both Investors' products and insurance products. This is the largest fully integrated dual-licensed direct sales force in Canada.



**Number of Representatives**

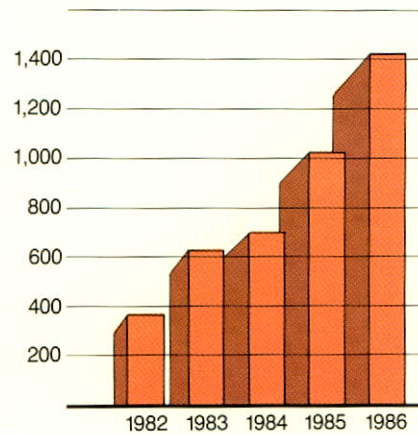


The Company now has 62 Financial Planning Centres throughout Canada, an increase of 7 over prior year. The computer program in the Region Offices is complete and branches now have instant access to necessary data. This has enhanced client servicing, a factor which continues to be of utmost importance to your Company.

### **Government Regulation**

At the end of 1986, both federal and provincial governments indicated an intention to introduce significant changes in the regulation of the financial services industry. The rapidly evolving global nature of the financial marketplace makes it inevitable that action be taken in Canada.

**Sales (in \$ millions)**



To the extent that government policies enable financial institutions to expand and improve services, Investors is well positioned to participate in a more competitive environment. In fact, corporate planning since the late 1970's has assumed that these trends would occur. Policies and programs have been developed to maintain our position in the market. It is imperative, however, that federal and provincial policies be consistent and that deregulation provide a more effective bureaucracy rather than a system resulting in increased costs to providers and purchasers of financial services.

### **1987 Initiatives**

Construction of the new headquarters building, "One Canada Centre", is proceeding on schedule and is expected to be completed by the end of 1987.

The Company will continue its recruiting program with the objective of 2,000 Financial Planners

by the end of 1988. Additional Financial Planning Centres are planned during the current year.

In light of the success of our two portfolio concepts, "Managing for Capital Growth" and "Managing for Retirement Income", we are designing a new investment concept directed at Canadians approaching or already retired. This concept will be introduced early in 1987.

To further improve productivity and client servicing, computer services will be enhanced with particular emphasis on improved design for individual financial planning on a nation-wide basis using micro-computers.

In January of the current year, we introduced Investors Summa Fund which is available for Registered Retirement Savings Plans and sales to date are encouraging.

While the difficulties resulting from volatile markets and increased competition are real, we are confident that personnel and policies are in place to achieve continued growth.

## THE CORPORATE ORGANIZATION

*Investors Syndicate Limited* is the issuer of investment certificates (investment contracts) and the distributor of the financial products offered by its sales force. It also provides administrative services to other subsidiaries of the Company.

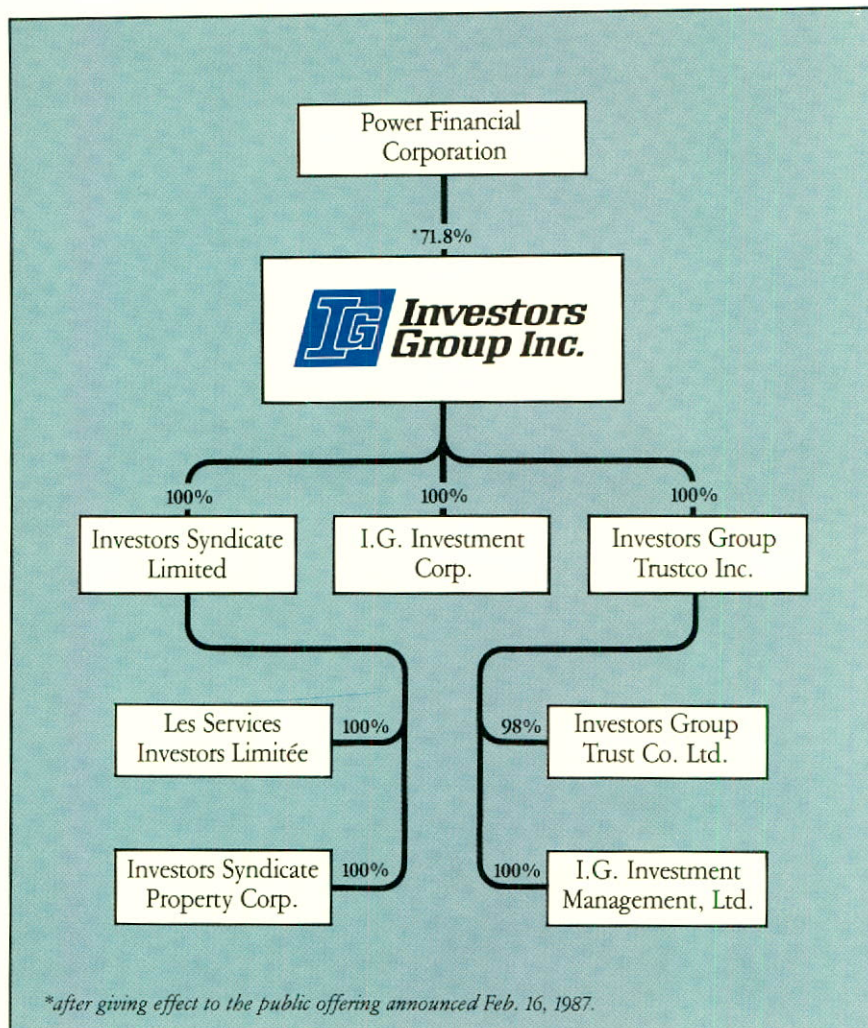
*Les Services Investors Limitée* is the distributor of Investors' full range of financial services and products in the Province of Quebec.

*Investors Syndicate Property Corp.* holds the Company's Canadian real estate investments and is committed to the construction of a \$37.5 million office building in Winnipeg. Investors will occupy a major portion of this building.

*Investors Group Trustco Inc.* is a holding company for Investors Group Trust Co. Ltd. and I.G. Investment Management, Ltd.

*Investors Group Trust Co. Ltd.* is the issuer of guaranteed investment certificates and term certain annuities. It acts as trustee for registered retirement savings plans, registered retirement income funds and other tax-sheltered plans. It also provides a complete range of individual, group and corporate pension plan services including administration.

*I.G. Investment Management, Ltd.* provides investment management and administrative services to Investors' fourteen mutual funds and to the subsidiaries of the



Company. It originates first mortgages across Canada on residential, commercial and industrial property. It also performs investment management and administrative services for pension plans administered by Investors Group Trust Co. Ltd. It carries on all of the business activities formerly

carried on by Investors Syndicate Realty Limited and Investors Securities Management Ltd.

*I.G. Investment Corp.* holds investments in real estate joint ventures in the United States.

## THE COMPANY IN REVIEW

In 1986, Investors initiated a corporate restructuring to more clearly define the activities of each of the subsidiary companies, and to provide for the issuance of shares to the public. (The corporate organization chart is shown on the facing page.)

The new structure emphasizes the two fundamental functions of the subsidiary companies — distribution and services.

The reorganization undertaken in 1986 reflects, and is a result of, the substantial growth achieved by Investors since its inception, and in particular over the past five years.

The roots of that most recent growth go back to the late 1970's, when Investors conducted a wide-ranging analysis of the likely future market for financial services, and of its own position in that marketplace.

Investors decided that its historic mandate was well-suited to the growing market for personalized financial planning, a market made even more relevant because of the growing complexity of legislation and regulations, and the rapid proliferation of financial products and services.

It was recognized that financial needs are highly personal, and that the most effective way to meet those needs would be a one-on-one approach through a team of financial planners across Canada.

To meet the demand most effectively, Investors established a national network of Financial

### **Investors Corporate Mission**

Investors Group accepts, as a central premise of social and economic life, that it is desirable for individuals to achieve financial security.

Guided by this principle, Investors will deliver personalized financial services that provide value to its clients and profit to its shareholders.

As a leading integrated financial organization, Investors will serve individuals and corporations through a network of financial planning professionals.

In all endeavours Investors will act with integrity and maintain an environment that encourages teamwork, personal growth and the achievement of excellence.

Planning Centres, staffed by a skilled group of well-trained, professional financial planners.

By accelerating this process in the late 1970's, Investors was well-positioned to take advantage of two inter-related developments in the mid-1980's:

- The general economic recovery in North America;
- The growing interest in financial products as the post-war "baby boom" generation matures and becomes more interested in financial planning.

Along with that renewed commitment to personal financial planning as the key to marketing integrated financial services, Investors has taken great care to

develop the right mix of products and services to meet its clients' needs.

Investors is the largest distributor of mutual funds in Canada. The Company's mutual funds had total net assets of \$4.3 billion at the end of 1986, representing approximately 25 per cent of the total assets in mutual funds of the member-companies of the Investment Funds Institute of Canada.

Each Investors mutual fund has been designed to serve a unique financial objective — from funds which are based on Canadian equities to money market funds to funds based on real property.

An outstanding feature of the Investors portfolio approach allows an Investors' client to move from one Investors mutual fund to another as either market conditions or the client's investment needs change.

Investors' success in meeting the needs of the clients is demonstrated by comparing the redemption rates for the company's mutual funds with the redemption rates for the industry. For the 12 months ended December 31, 1986, the redemption rate, excluding Investors funds as reported by the members of Investment Funds Institute of Canada, averaged 32 per cent. Investors' redemption rate was only 12 per cent.

Because Investors offers mutual funds based on bonds, mortgages and real property as well as equity-based funds, the company's clients are able to secure insulation against market volatility.

The company itself is also diversified. In addition to the \$4.3

billion in mutual fund assets, the company has proprietary assets of \$1.4 billion, which provide the underlying security for the certificate operations of Investors.

Thus, the Company's income is based on two main sources — its role as a financial intermediary, and its role in generating fee income from the sales of financial products and services.

Today, Investors' financial planners are able to offer their clients a comprehensive range of financial products and services:

- \* Financial planning for individuals and businesses
- \* Mutual funds
- \* Investment certificates
- \* Pension plans for individuals and corporations
- \* Tax-sheltered plans, including RRSPs and RRIFs
- \* Life insurance and disability insurance
- \* Trust services

It is this diversified range of products and services, offered within an integrated financial planning approach, that has formed, and will continue to form, the basis for Investors' success.

## **Investors Products and Services**

### **For individuals**

Mutual Fund Portfolios  
Guaranteed Investment Certificates  
Registered Retirement Savings Plans  
Registered Retirement Income Funds  
Income Deferred Certificates  
Life Annuities  
Term Certain Annuities  
Disability Insurance  
Life Insurance  
Pension Plans  
Estate Planning Services  
First Mortgage Loans

### **For corporations**

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

## THE CORNERSTONES OF OUR SUCCESS



*Financial Planner Elaine Andrew, (right) of the Toronto West Region Office, talks to clients Cameron and Lynn Douglas about an update to their financial plan. Both Cameron and Lynn, as two active career people, maintain they "need the kind of professional guidance provided by Elaine and Investors." Cameron adds, "without a doubt, we now have what we are looking for — financial peace of mind, both for the short and long-term." For Elaine, as a financial planner, challenge is the thing. "I enjoy the different challenges presented by my clients and I get great satisfaction from helping them achieve their financial goals."*

Michael Johnson operates a small business in Halifax. Lise Ouimet is a nursing supervisor in Montreal. And Arthur Smith is a computer analyst in Vancouver.

They come from different backgrounds; they pursue different careers. But they have two important things in common.

All three are committed to building financial security for themselves and for their families. And all three are clients of Investors.

Together with hundreds of thousands of other Canadians, they comprise one of the four key groups on which Investors' success is based:

- Our clients
- Our financial planners
- Our support staff
- Our investment managers

Typical of our financial planners is Jacinta Moylan, who has worked with Vancouverite Arthur Smith since 1984 to develop the financial program best-suited to his immediate and long-term needs.

Like all of Investors' 1,600 representatives, Division Manager Jacinta Moylan stresses the 'Four Cornerstones' approach to sound personal financial planning:

- A short-term reserve of savings, for unexpected needs or emergencies;

## THE CORNERSTONES OF OUR SUCCESS

- An income-protection program, including both life insurance and disability insurance;
- Fixed investments, to produce a specific amount of money in a given number of years;
- Equity assets — money invested in a diversified list of common stocks, to achieve long-term growth of capital.

Like most Investors representatives, Jacinta Moylan in Vancouver has also benefitted from Investors' career development program. In 1983, she completed the work required for the designation Chartered Financial Planner — a program originally developed by Investors.

Investors encourages its representatives to become financial planners through a program of training and subsidies. Today, about 30 percent of all the Chartered Financial Planners in Canada are Investors representatives.

These professional financial planners provide their clients with a simple but effective financial planning process:

- A Personal Financial Review, to establish the individual's net worth and basic financial needs;



*Investors Financial Planner U.J. Vigneux of Toronto, (right) is shown in discussion with client Mr. Louis Smith. A 23-year veteran with the Company, Mr. Vigneux continually communicates with his clients. "That is part of the Investors service I offer, one I know my clients genuinely value. What I enjoy most is helping people to ensure their financial success." His client agrees. First introduced to Investors 50 years ago, Mr. Smith emphasizes, "I have been consistently impressed with the service and the products. The Investors philosophy has proved itself to my satisfaction."*



*Financial Planner Steve McEachern, Edmonton Region Office, (right) drops by for a friendly chat with client Gerald Howatt. A client for over 20 years, Mr. Howatt says Investors has given him the "opportunity of time." "Time," he adds, "to spend running my business and enjoying leisure hours, too. My Investors Financial Planner has provided not only valued advice over the years, but is also a personal friend." In turn, Mr. McEachern feels he has "an opportunity to provide a valuable service to people," adding, "the integrity of the Investors Group management makes it easy to be proud of our association."*

- Identification of the individual's basic goals, both short and long term. These goals are related to the client's age, and an investment "comfort zone" is determined with each client;
- A Personal Financial Program is designed to achieve the financial goals.

Investors Division Manager Gordon Chipperfield, in Saskatoon, expects to complete his course work for the Chartered Financial Planner designation in 1987. He finds the financial planning process effective, and adds:

"In addition, we stress the need for a regular annual review of the client's program, to ensure the plan is still right for the individual as circumstances change."

This follow-up Annual Review is an important part of what makes the Investors process work so effectively — part of the commitment to service that appeals to clients and helps to enhance Investors' leadership position in the financial planning field.

Within that process, Investors representatives like Jacinta Moylan and Gordon Chipperfield make use of two unique investment concepts developed by Investors.

One is called "Managing for Capital Growth", and is a proven way of creating a portfolio of mutual funds with clearly-defined objectives, while still maintaining the flexibility to change if required.

## THE CORNERSTONES OF OUR SUCCESS

The other is called “Managing for Retirement Income”, and is based on the latest legislation affecting RRSPs, annuities, and Registered Retirement Income Funds.

The Investors approach has also proved useful to small and medium-sized businesses, as well as individual clients. The approach is readily adapted to business requirements.

The Investors client-financial planner relationship is the most visible and widespread part of the Investors story. But that relationship is based on two other key groups — the support staff that provides the after-sale service and up-to-date information required by clients and financial planners alike, and the investment specialists who manage the funds for which Investors is responsible.

More than 700 skilled personnel at Investors’ head office provide the support to make the process work — from the computer programmers who keep our information system on-line and on-time, to the tax specialists, pension consultants, and investment experts who regularly inform Investors financial planners on the latest developments, and who help them deal with special situations.



*Investors Financial Planner Frank Cameron, (right) of the Sherbrooke Region Office, takes a tour of the shop floor with client Michel Lasalle, Vice-President, Camoplast Inc., Kingsbury. As a businessman, Mr. Lasalle “likes the feeling of security provided by the diversification and liquidity that Investors offers.” He adds, “I do a lot of buying and selling as a businessman, but I leave my personal security in the hands of Investors.”*





*Reg Hilchie, Investors Division Manager in the Saint John Region Office, (left) discusses a new Investors investment fund with client John R. Simson. Mr. Hilchie comments: "The one-to-one work I do with clients such as John is what I enjoy most. Our Company offers a sound financial package plus professional advice and ongoing service." Client John Simson, a chartered accountant, is well aware of the benefits of planning and money management. He adds: "the benefits of planning are rewarded many times. Without a course of action, one will never reach the preferred destination or be able to evaluate performance."*

Investors' money managers are responsible for the prudent investment of more than \$7.5 billion which clients have entrusted to our care:

- Funds in 14 mutual funds, each with its own distinctive investment objective;
- Funds invested in first mortgages and real property;
- Pension funds managed and invested on behalf of a number of Canadian corporations.

These, then, are the four key groups — clients, financial planners, support staff, investment managers — on which the success of Investors is based. By developing an effective process to tie these groups together, and by constantly refining and improving that process, Investors Group is well-positioned to serve the evolving financial services market in Canada.

## OUR INVESTMENT SPECIALISTS: Prudent money management

Investors' team of investment specialists operates with a fundamental philosophy — their foremost responsibility is to preserve the capital entrusted to Investors by our clients.

The overall investment strategy is oriented toward achieving long-term growth of capital and income.

Each of Investors' 14 mutual funds has its own unique investment objective, summarized in the individual fund prospectus. This objective sets limitations on the type of investment holding allowed in the fund, and the degree of risk variability.

The investments in each mutual fund are carefully selected and managed by a highly-trained, experienced professional portfolio manager, who is responsible for the fund.

Under the guidance of our investment professionals, total assets of Investors' mutual funds have grown from \$2.3 billion at the end of 1984, to \$3.3 billion at the end of 1985, to \$4.3 billion at the end of 1986.

In support of our own in-house resources, Investors also calls on outside economic and technical expertise to add to the analyses which form part of the decision-making process.

Investors' mortgage investment specialists are also responsible for \$1.7 billion of first mortgage loans,



*Paul Rathegeber, Vice-President, Securities and Portfolio Manager of Investors Retirement Mutual Fund, discusses the latest reports on stock-buying opportunities with Jackee Pratt, Portfolio Manager for the Investors Summa Fund. Investors clients enjoy the benefits of investment research expertise as a key element in overall professional fund management.*

of which \$813 million are held as part of the underlying security of the investment certificates issued by the company.

In addition, Investors provides individuals and corporations with a

complete package of pension fund management services. At the end of 1986, it had \$1.8 billion of assets under management in pooled trust funds and pension accounts.

## Mutual Funds

Investors offers 14 mutual funds, each with its own distinct investment objective:

### *DIVIDEND FUND*

Provides an above-average yield through investment in Canadian "blue chip" income-producing securities.

### *MORTGAGE FUND*

Diversified mortgage portfolio with good income yield. Tax deferral options.

### *RETIREMENT MUTUAL FUND*

Seeks long-term capital growth. Tax deferral options.

### *BOND FUND*

High income portfolio of quality bonds. Tax deferral options.

### *GROWTH FUND OF CANADA*

Diversified portfolio of primarily Canadian growth companies.

### *MUTUAL OF CANADA*

Balanced stock fund providing income, stability and long-term growth.

### *INTERNATIONAL MUTUAL FUND*

Seeks capital appreciation through participation in U.S. growth companies.

### *JAPANESE GROWTH FUND*

A capital growth opportunity with "blue chip" Japanese companies.

### *MONEY MARKET FUND*

Provides a good level of current income through investment in short-term Canadian money market securities. Tax deferral options.

### *PROVIDENT STOCK FUND*

Seeks capital growth with smaller

<b>Our Mutual Funds</b>		
At the 1986 year-end the status of the funds was:		
	Total Net Assets	Shareholder Accounts
Investors Dividend Fund	\$1,105,800,000	42,906
Investors Mortgage Fund	903,200,000	88,721
Investors Retirement Mutual Fund	587,000,000	103,210
Investors Bond Fund	424,500,000	59,322
Investors Growth Fund of Canada	404,500,000	48,017
Investors Mutual of Canada	273,000,000	16,368
Investors International Mutual Fund	191,600,000	27,902
Investors Japanese Growth Fund	173,000,000	17,362
Investors Money Market Fund	75,100,000	6,155
Provident Stock Fund	69,700,000	17,640
Investors Global Fund	63,900,000	12,196
Investors Real Property Fund	56,200,000	7,853
Investors Canadian Equity Fund	50,800,000	7,142
	<u>\$4,378,300,000</u>	<u>454,794</u>

*Investors Summa Fund - introduced January, 1987*

Canadian and U.S. companies.

### *GLOBAL FUND*

Seeks opportunities for capital growth in both stronger world economies as well as those in less mature emerging markets.

### *REAL PROPERTY FUND*

Provides income and long-term capital growth through investment in quality Canadian commercial real estate. Tax deferral options.

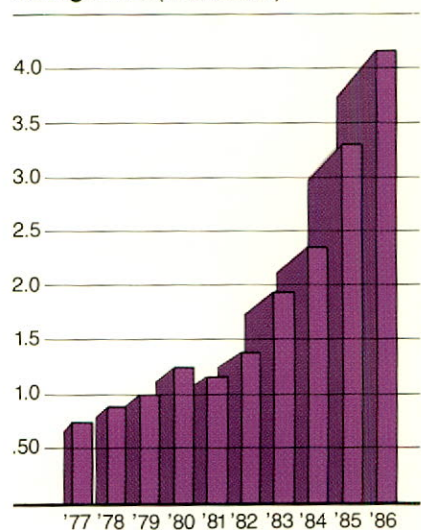
### *CANADIAN EQUITY FUND*

Seeks capital appreciation through investment in Canadian common stocks. Tax deferral options.

### *SUMMA FUND*

Offers an opportunity to achieve long-term capital growth through investment in the securities of companies which meet the highest standards of corporate citizenship. Tax deferral options.

**Mutual Fund Assets Under Management (in \$ billions)**



## OUR SUPPORT STAFF: On-line and on-time

Investors believes that after-sale service is just as important as the original transaction, to help our clients achieve their personal financial goals.

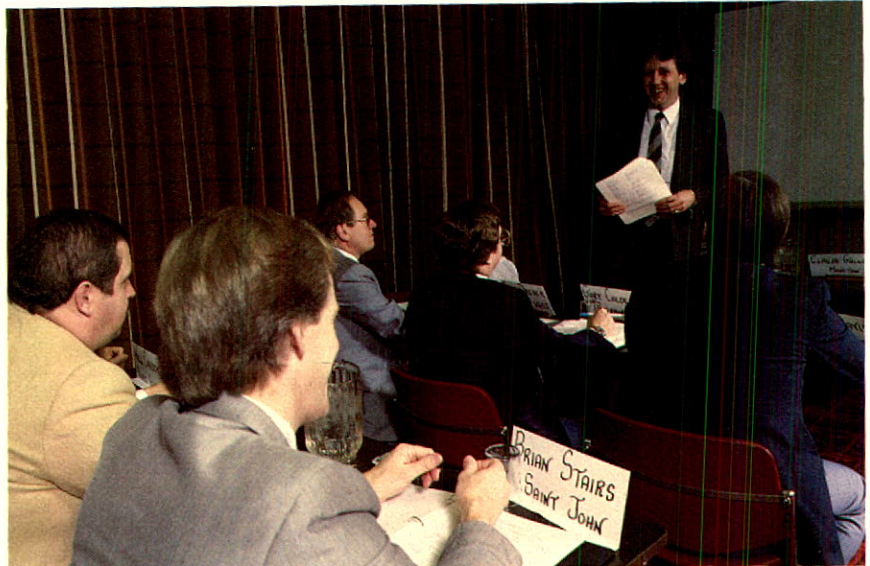
The company recognizes that an efficient, client-oriented administrative support system is absolutely essential in the financial services business.

That commitment to efficient administration is demonstrated in a number of ways:

- Through our computer communications network, which links head office with regional Financial Planning Centres across Canada.
- Through our up-to-date records system, which allows the company to issue regular reports to each client.
- Through our Client Relations group, which is composed of knowledgeable men and women who are available to provide a personal information service to clients, in both official languages.

The sales support system is further enhanced by a team of tax specialists, pension consultants and investment experts who make regular visits from head office to all the major cities across Canada, to conduct seminars and deal with special situations.

The development of innovative financial products and services is given a high priority at Investors —



*One of the most important elements of the Investors career path is training. The Investors training program is among the best in the financial services industry. The Company's Financial Planners come to Winnipeg Head Office for week-long training sessions to increase their technical knowledge in investment, taxation and insurance matters. Michael Craig, Manager of Taxation Services, leads a taxation session during an Advanced Training Seminar.*



*As a consultant to the Marketing and Sales Divisions, Bob Mizak is responsible for the evaluation and development of computer programs necessary to effectively assist Investors Financial Planners and their clients during the financial planning process. Enhanced approaches to our various marketplaces through such programs are the finishing touch to the complete financial services package Investors offers.*

in order to offer a comprehensive range of savings and investment vehicles to our clients. These research and marketing activities are designed to maintain our leadership position in the financial services industry.

# *The Investors Service Ethic*

*"The Investors Service Ethic reflects the principles which govern the conduct of our business as providers of financial services. These values are fundamental to our success. We must constantly strive to offer the highest standard of service in our industry."*

*Arthur V. Mauro, Q.C.  
President and Chief Executive Officer*

*Responding to client expectations.*



*Maintaining honesty and integrity in our client relationships.*



*Striving to achieve excellence in all we do.*



*Assuming responsibility for getting the job done.*



*Promoting teamwork.*



*Recognizing those employees who provide outstanding service.*

## INVESTORS GROUP INC. TEN-YEAR REVIEW

### Condensed Summary of Operations (\$000)

— Pro forma

	1986	1985	1984
Investment income	151,055	146,638	139,344
Fee income	130,586	95,239	70,286
Net gain on investments	<u>3,384</u>	<u>2,431</u>	<u>192</u>
	<u>285,025</u>	<u>244,308</u>	<u>209,822</u>
Interest expense	121,904	123,366	112,294
Operating expenses	117,399	90,401	71,529
Income tax	<u>11,684</u>	<u>6,174</u>	<u>4,785</u>
	<u>250,987</u>	<u>219,941</u>	<u>188,608</u>
Net income — Company and wholly-owned subsidiaries	<u>34,038</u>	<u>24,367</u>	<u>21,214</u>
Earnings per share (basis — 23,800,010 shares)	<u>\$1.43</u>	<u>\$1.02</u>	<u>\$ .89</u>

### Statistical Data

Sales (in \$ millions) Mutual Funds	1,186.5	834.0	495.1
Certificates	154.3	121.4	97.7
Insurance and other	<u>78.5</u>	<u>100.8</u>	<u>103.5</u>
	<u>1,419.3</u>	<u>1,056.2</u>	<u>696.3</u>
Number of sales representatives	<u>1,594</u>	<u>1,297</u>	<u>1,129</u>
Assets (in \$ millions) Corporate	1,403.9	1,352.6	1,256.4
Mutual Funds	4,378.3	3,330.4	2,328.8
Pension Funds	<u>1,780.1</u>	<u>1,651.4</u>	<u>1,260.3</u>
	<u>7,562.3</u>	<u>6,334.4</u>	<u>4,845.6</u>

1983	1982	1981	1980	1979	1978	1977
129,995	118,401	105,053	84,221	72,813	60,882	54,050
58,711	30,894	23,758	20,811	17,256	14,995	13,810
2,790	1,063	(935)	252	983	(5,026)	(601)
<u>191,496</u>	<u>150,358</u>	<u>127,876</u>	<u>105,284</u>	<u>91,052</u>	<u>70,851</u>	<u>67,259</u>
105,280	92,833	67,675	52,846	43,935	37,430	32,299
62,869	44,285	38,469	32,058	27,198	24,339	22,336
4,410	(1,132)	3,254	3,901	3,668	1,025	4,266
<u>172,559</u>	<u>135,986</u>	<u>109,398</u>	<u>88,805</u>	<u>74,801</u>	<u>62,794</u>	<u>58,901</u>
<u>18,937</u>	<u>14,372</u>	<u>18,478</u>	<u>16,479</u>	<u>16,251</u>	<u>8,057</u>	<u>8,358</u>
<u>\$ .80</u>	<u>\$ .60</u>	<u>\$ .78</u>	<u>\$ .69</u>	<u>\$ .68</u>	<u>\$ .34</u>	<u>\$ .35</u>

468.8	193.2	127.6	113.9	91.1	77.3	66.4
82.0	116.4	166.4	143.1	97.8	98.2	65.3
73.0	83.4	94.0	76.4	68.6	67.1	42.0
<u>623.8</u>	<u>393.0</u>	<u>388.0</u>	<u>333.4</u>	<u>257.5</u>	<u>242.6</u>	<u>173.7</u>
<u>1,028</u>	<u>956</u>	<u>793</u>	<u>827</u>	<u>727</u>	<u>681</u>	<u>718</u>
1,171.9	1,099.4	1,015.1	925.3	825.3	738.8	633.2
1,954.5	1,363.8	1,115.7	1,169.1	1,006.8	874.0	787.5
1,258.9	1,054.4	907.7	823.8	628.8	554.0	449.7
<u>4,385.3</u>	<u>3,517.6</u>	<u>3,038.5</u>	<u>2,918.2</u>	<u>2,460.9</u>	<u>2,166.8</u>	<u>1,870.4</u>

# INVESTORS GROUP INC.

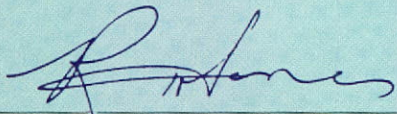
## CONSOLIDATED BALANCE SHEET

As at December 31, 1986

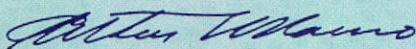
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	<u>\$000</u>
<b>Assets</b>	
Cash and investments	
Cash and temporary investments	\$ 67,088
Marketable securities and accrued income (Note 4)	458,209
Mortgages on real estate and accrued income	813,264
Real estate	27,742
Loans to certificate holders	<u>6,801</u>
	1,373,104
Accounts and notes receivable	12,970
Deferred expenses	6,872
Other assets	<u>10,925</u>
	<u>\$1,403,871</u>

On behalf of the Board



Director



Director



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\$000

**Liabilities**

Certificate and other liabilities	
Certificate liabilities (Note 5)	\$ 672,320
Provision for additional certificate credits	3,876
Guaranteed trust accounts (Note 3)	432,896
Demand note payable to parent company (Note 7)	35,000
Tax deposits on mortgages	21,246
Dividends payable	2,975
Other liabilities	30,104
Income taxes payable	12,530
	<u>1,210,947</u>
Income deferred to future years	3,762
Deferred income taxes	2,415
Long-term debt (Note 8)	50,000
	<u>1,267,124</u>

Contingencies and commitments (Note 11)

**Shareholders' Equity**

Capital stock (Note 9)	130,901
Retained earnings	5,846
	<u>136,747</u>
	<u>\$1,403,871</u>

*See accompanying notes to consolidated financial statements.*

## CONSOLIDATED STATEMENT OF INCOME

For the three months ended December 31, 1986

	\$000	
	<u>1986</u>	<u>1985</u>
Income for the year		
Investment income	\$149,303	\$144,935
Service fees	1,752	1,703
Management and distribution fees	126,476	91,929
Trust fees	4,110	3,310
Net gain on investments	<u>3,384</u>	<u>2,431</u>
	<u>285,025</u>	<u>244,308</u>
Expenses for the year		
Interest on certificate and trust liabilities	85,495	85,426
Additional credits to certificates	31,327	37,940
Interest on long-term debt	5,082	—
Certificate and service fee costs	19,376	19,741
Management and distribution costs	94,857	68,049
Trust operating costs	<u>3,166</u>	<u>2,611</u>
	<u>239,303</u>	<u>213,767</u>
Income from operations for the year	45,722	30,541
Provision for income taxes (Note 10)	<u>11,684</u>	<u>6,174</u>
Net operating income for the year	34,038	<u>\$ 24,367</u>
Pre-acquisition net operating income (nine months) (Note 1)	<u>24,047</u>	
Net income for the three month period	<u>\$ 9,991</u>	
Earnings per share for the three month period	<u>\$ .45</u>	
Pro forma earnings per share for the year (Note 1)		
Net operating income	<u>\$1.43</u>	<u>\$1.02</u>

To facilitate comparison the consolidated statement of income has been shown for the whole year with adjustment made to eliminate pre-acquisition net operating income. The comparative figures for 1985 represent information respecting the former The Investors Group and its operating subsidiaries.

See accompanying notes to consolidated financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

For the three months ended December 31, 1986 (Note 1)

	\$000
Operations	
Net income	\$ 9,991
Non-cash charges (credits) to operations	
Deferred income taxes	(3,053)
Other	811
	<u>7,749</u>
Add (deduct)	
Interest and additional credits on certificate and trust liabilities	26,141
Certificate and guaranteed trust sales and receipts	64,400
Certificate maturities and surrenders	(128,634)
Other	8,457
Cash deficiency from operations	<u>(21,887)</u>
Financing	
Proceeds from issue of shares	54,000
Demand note repayment to parent company	(35,000)
Share issue expenses	(2,505)
	<u>16,495</u>
Investment activities	
Proceeds from security transactions	2,525
Mortgage principal collections and sales	27,587
Net additions to real estate	(7,072)
Decrease in loans to certificate holders	492
Investment in marketable securities	(14,879)
Investment in mortgages	(17,653)
	<u>(9,000)</u>
Decrease in cash and temporary investments	(14,392)
Opening balance on acquisition of subsidiaries	<u>81,480</u>
Cash and temporary investments, end of period	<u>\$67,088</u>

See accompanying notes to consolidated financial statements.

## CONSOLIDATED STATEMENT OF RETAINED EARNINGS

For the three months ended December 31, 1986 (Note 1)

---

	<u>\$000</u>
Balance, commencement of operations	\$ —
Net income	9,991
Share issue expenses, net of income taxes of \$1,335,000	(1,170)
Dividends	<u>(2,975)</u>
Balance, end of period	<u>\$5,846</u>

See accompanying notes to consolidated financial statements.

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1986

1. The company became operational on October 1, 1986 when it acquired from Power Financial Corporation (formerly The Investors Group) its interest in the wholly-owned subsidiary companies.  
The pro forma earnings per share for the year as set out in the consolidated statement of income are presented to show what the company's earnings per share in 1986 and 1985 would have been if Investors Group Inc. had acquired the wholly-owned subsidiary companies at the beginning of 1985. The pro forma earnings per share have been calculated for both years on the basis of 23,800,010 common shares being outstanding for the complete period.
2. Summary of significant accounting policies  
The accounting principles followed by Investors Group Inc. and its subsidiaries are in accordance with generally accepted accounting principles.
  - a. Principles of consolidation  
The consolidated financial statements include the accounts of all subsidiary companies.
  - b. Marketable securities  
The company amortizes any differences between the original cost of bonds and debentures and their par value over the period to maturity in such a manner as to equalize the yield to maturity. The bonds and debentures included in this category are carried at amortized cost and all other securities are carried at original cost.
  - c. Mortgages and real estate  
Mortgages are valued at amortized cost less provision for losses. Real estate is valued at cost less provision for losses.
  - d. Certificate liabilities  
Investment certificates entitle certificate holders to receive at maturity a definite sum of money. A portion of payments made by instalment certificate holders is added to certificate liabilities and the balance to service fee income. The portion of the certificate payments added to certificate liabilities, when combined with the interest compounded at government approved rates, will accumulate to equal the specified maturity value at the maturity date. The aggregate accumulated certificate liabilities always exceed the aggregate cash surrender values of the outstanding investment certificates.
  - e. Deferred expenses  
Commissions and other selling expenses on Single Payment and Guaranteed Investment Certificates, Term Certain Annuities and Registered Retirement Income Funds are deferred and amortized over the terms of the certificates or contracts, with a maximum amortization period of five years.
  - f. Additional credits  
In addition to the guaranteed maturity and cash surrender values, certificate holders are entitled to additional amounts. Full provision has been made for

all additional credits, both earned and accrued.

g. Income taxes

The company follows the tax allocation basis in accounting for income taxes. Deferred income taxes shown on the financial statements represent taxes deferred as a result of claims made in excess of charges in the accounts for capital cost allowances, mortgage reserves and certificate selling costs.

3. Assets held for guaranteed trust accounts

Included in the consolidated balance sheet are the following assets of the guaranteed trust accounts of Investors Group Trust Co. Ltd.

	<u>\$000</u>
Cash and temporary investments	\$ 76,795
Marketable securities	38,514
First mortgages	<u>317,587</u>
	<u>\$432,896</u>

4. Marketable securities and accrued income

	<u>\$000</u>	
	<u>Cost</u>	<u>Market</u>
Canadian government and corporate bonds	\$112,900	\$121,104
Canadian preferred stocks	295,557	293,553
Canadian common stocks	47,410	69,787
Aircraft certificates*	<u>2,342</u>	<u>2,342</u>
	<u>\$458,209</u>	<u>\$486,786</u>

\*Aircraft certificates represent part ownership of two aircraft leased to a major Canadian airline after deducting a liability of 11% serial debentures. The debentures amount to \$1,239,000, mature in 1991 and are secured by a mortgage on one aircraft and the related lease payments.

5. Certificate liabilities

As security for investment certificates issued by a subsidiary, assets which qualify as investments under the Canadian and British Insurance Companies Act having a value in excess of net certificate liabilities must be lodged by the subsidiary with an approved depository. As at December 31, 1986 the excess was \$132,254,000.

6. Acquisition of subsidiary companies

Pursuant to the terms of an agreement dated September 23, 1986, the company acquired on September 30, 1986 from its parent company all of the common and preferred shares of Investors Syndicate Limited, Investors Group Trustco Inc., I.G. Investment Management, Ltd., and I.G.

Investment Corp., notes receivable from I.G. Investment Management, Ltd. and other miscellaneous assets, net of liabilities assumed in exchange for:

- a. the issue of a note for \$50,000,000 due January 16, 2006 bearing interest at the rate of 10.60% per annum and a non-interest bearing demand note for \$70,000,000,
- and
- b. the issue of 20,800,000 common shares of the company for a stated capital amount of \$76,901,179 being the carrying value of the net assets acquired less the aggregate face value of the above notes.

7. Demand note payable to parent company

Under the terms of the acquisition referred to in Note 6, the company issued a non-interest bearing demand note to its parent company, Power Financial Corporation, for \$70,000,000. Subsequently, the company paid \$35,000,000 from the proceeds of an issue of common shares to reduce this liability.

8. Long-term debt

Under the terms of the acquisition referred to in Note 6, the company issued a promissory note to its parent company in the principal amount of \$50,000,000 which matures on January 16, 2006, bears interest at 10.60% per annum and has a sinking fund requirement of \$1,785,000 per annum commencing on January 16, 1992.

9. Capital stock

Authorized

First preferred shares, issuable in series	- unlimited
Second preferred shares, issuable in series	- unlimited
Common shares	- unlimited
Class 1 non-voting shares	- unlimited

Issued and outstanding

Common Shares

	<u>Number</u>	<u>\$000</u>
Balance, beginning of period	10	\$ —
Issued for assets acquired	20,800,000	76,901
Issued for cash	<u>3,000,000</u>	<u>54,000</u>
Balance, end of year	<u>23,800,010</u>	<u>\$130,901</u>

10. Income taxes

	<u>\$000</u>	
	<u>1986</u>	<u>1985</u>
Income from operations for the year	\$45,722	\$30,541
Deduct dividend and other non-taxable income	<u>23,755</u>	<u>20,825</u>
Adjusted income from operations	<u>\$21,967</u>	<u>\$ 9,716</u>
Effective rate of income taxes	53.19%	51.52%
Provision for income taxes based on effective rate	\$11,684	\$ 5,006
Provision for prior years' income tax adjustments	<u>—</u>	<u>1,168</u>
Provision for taxes on income from operations	<u>\$11,684</u>	<u>\$ 6,174</u>

11. Contingencies and commitments

The company has agreed to indemnify its parent company, Power Financial Corporation (PFC) against any liabilities or commitments existing as at September 30, 1986 resulting from its business operations and the business operations of its operating subsidiaries, and against any costs or losses resulting from commitments and guarantees given by the parent company and directly related to the operations of the company and its subsidiaries as follows:

- a) In connection with the company's real estate investments, PFC is contingently liable for guarantees of mortgage financing totalling \$1,750,000 and letters of credit totalling \$8,341,000, less guarantees of \$3,628,000 from a participant in certain real estate projects.
- b) Investors Mortgage Fund, a mutual fund managed by a subsidiary, invests in first mortgages on improved real estate in Canada. It is anticipated that there will always be ample cash and marketable securities in the Fund available to meet future withdrawals. However, should the withdrawals exceed cash and marketable securities, PFC has guaranteed to find a purchaser for (or failing to do so, purchase itself) sufficient mortgages at prices not less than 95% of the then prevailing market value thereof, to realize sufficient monies to enable the Trustee to meet all such withdrawals.

As at December 31, 1986 total net assets of Investors Mortgage Fund were \$903,311,000 comprising \$178,472,000 in cash and other liquid assets, net of liabilities, and \$724,839,000 in mortgages.

- c) A subsidiary, Investors Syndicate Property Corp., and PFC as a covenantor, are committed to the construction and completion of an office building by March 31,

1988 at an estimated cost of \$37,500,000.

12. Related party transactions

Transactions with related companies comprise the following:

- a. The provision of life and health insurance by The Great-West Life Assurance Company and transfer agent services by Montreal Trustco Inc. These transactions are not significant.
- b. The provision of investment management services by wholly-owned subsidiaries to affiliated mutual funds.

In all cases, such services are made in the normal course of business and at competitive rates.

13. Segmented information

The company operates only in the financial services industry.

14. Expenses for the year include depreciation and amortization charges of \$1,932,000 (1985 - \$1,097,000).

15. Subsequent Event

On February 16, 1987, the company entered into an agreement providing for the issue and sale to underwriters of 1,000,000 common shares from treasury for net proceeds of \$22.7 million which will be used to reduce the company's demand note payable to its parent company, Power Financial Corporation. It is the intention of the company to repay the \$12.3 million balance of the demand note payable from its general funds.

**Auditors' Report**

To the Shareholders,  
Investors Group Inc.

We have examined the consolidated balance sheet of Investors Group Inc. as at December 31, 1986 and the consolidated statements of income, retained earnings and changes in financial position for the three months 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 of the company as at December 31, 1986 and the results of its operations and the changes in its financial position for the three months then ended in accordance with generally accepted accounting principles which are consistent with those applied by the former The Investors Group in the preceding year.

Winnipeg, Manitoba  
February 5, 1987.

(Except as to Note 15 which  
is as of February 16, 1987)

**Touche Ross & Co.**  
Chartered Accountants

## BOARD OF DIRECTORS



DOUGLAS A. BERLIS, Q.C.\*  
Counsel  
Messrs. Aird & Berlis  
Toronto, Ontario



A. GARNET BROWN†  
President  
A.G. Brown and Sons Limited  
Halifax, Nova Scotia



JAMES W. BURNS\*†  
Chairman and Chief Executive Officer  
Power Financial Corporation;  
Deputy Chairman  
Power Corporation of Canada  
Montreal, Quebec



GORDON H.  
COWPERTHWAITTE, F.C.A.\*\*  
Company Director  
Toronto, Ontario



PAUL DESMARAIS, C.C.  
Chairman and  
Chief Executive Officer  
Power Corporation of Canada  
Montreal, Quebec



PAUL DESMARAIS, JR.\*  
President and  
Chief Operating Officer  
Power Financial Corporation  
Montreal, Quebec



F. WILLIAM FITZPATRICK\*  
Chairman and  
Chief Executive Officer  
Bralorne Resources Limited  
Calgary, Alberta



J. F. FRASER\*\*\*  
President and  
Chief Executive Officer  
Federal Industries Ltd.  
Winnipeg, Manitoba



ROBERT H. JONES\*  
Chairman of the Board  
Investors Group Inc.  
Winnipeg, Manitoba



A.F. KNOWLES, C.A.\*\*\*  
President and  
Chief Operating Officer  
Power Corporation of Canada  
Montreal, Quebec



ARTHUR V. MAURO, Q.C.\*  
President and  
Chief Executive Officer  
Investors Group Inc.  
Winnipeg, Manitoba



HON. W.J. McKEAG†  
President  
McKeag Realty Ltd.  
Winnipeg, Manitoba



HON. P. MICHAEL  
PITFIELD, P.C., Q.C.\*\*  
Vice-Chairman  
Power Corporation of Canada  
Montreal, Quebec



G.J. VAN DEN BERG\*\*  
Company Director  
Toronto, Ontario  
*Retiring on April 23, 1987*

\* Member of the Executive Committee

\*\* Member of the Audit Committee

† Member of the Public Policy Committee

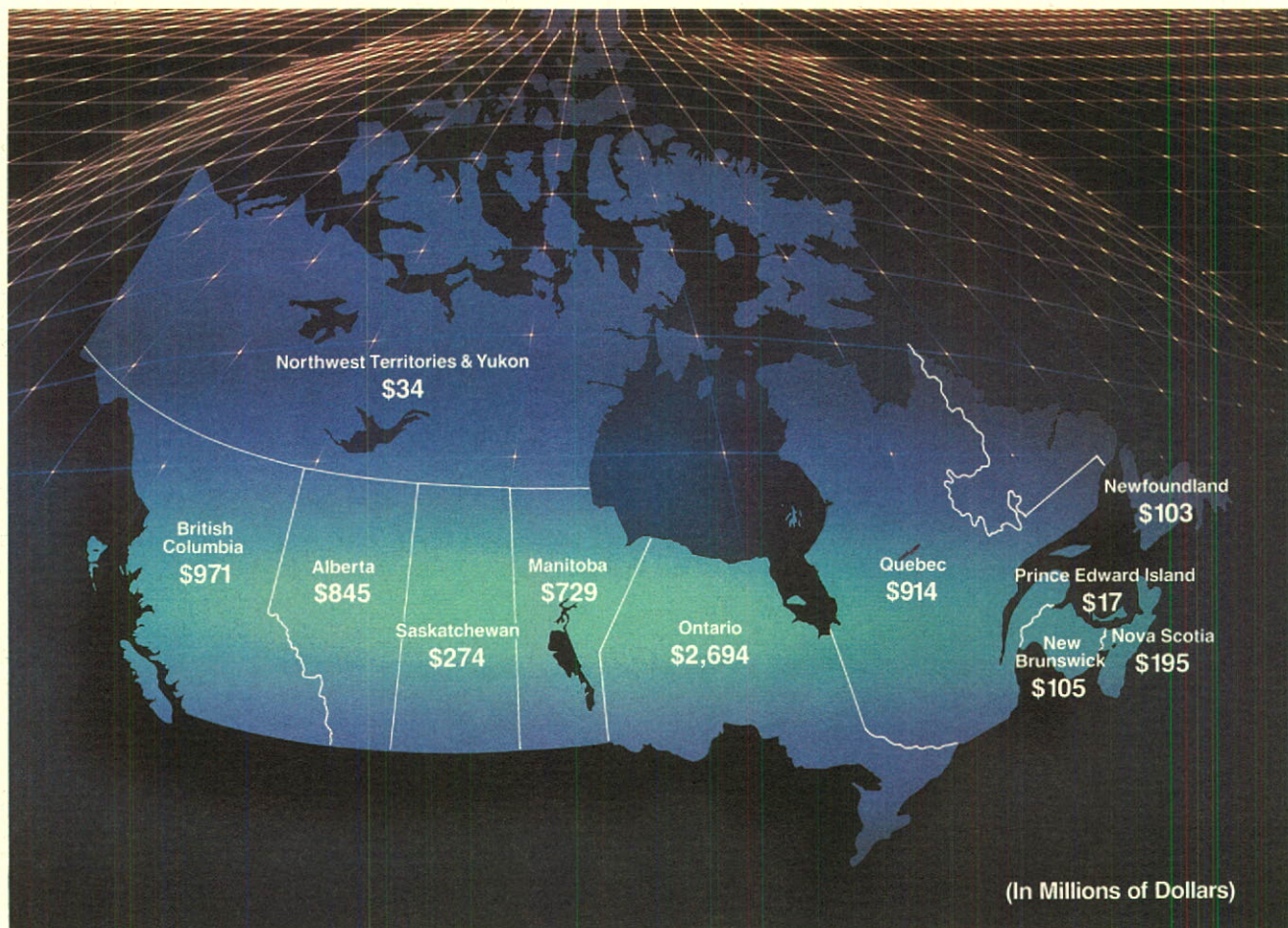
## Officers

ROBERT H. JONES  
Chairman of the Board  
ARTHUR V. MAURO, Q.C.  
President and Chief Executive Officer  
ANDREW S. JACKSON, F.C.A.  
Executive Vice-President, Finance  
and Administration  
RICHARD E. ARCHER, C.F.A.  
Senior Vice-President, Investments

WALTER S. HILL, C.A.  
Senior Vice-President, Information  
Systems and Data Processing  
STERLING J. McLEOD  
Senior Vice-President, Sales  
DALE A.G. PARKINSON, F.C.A.  
Senior Vice-President, Operations  
WAYNE S. WALKER, C.A., C.F.P.  
Senior Vice-President, Marketing

D. CARL BJARNASON  
Vice-President, Secretary and Counsel  
DONALD E. RETTIE, C.A.  
Vice-President and Treasurer  
G. LAURENCE F. RIDDELL  
Vice-President, Human Resources  
HERBERT W. MIDDLESTEAD, C.M.A.  
Vice-President and Controller

## INVESTMENTS THROUGHOUT CANADA



We continue to pursue our investment policy of diversification, as good investment practice.

The map shows how \$6.8 billion of the savings and investments entrusted to us have been put to productive work throughout the nation. The total invested in each province or territory roughly matches the amount consigned to our care by clients living in that jurisdiction.

As well, \$681 million of investments have been placed in the United States and abroad. These foreign investments are managed to achieve specific objectives of our clientele. For instance, \$146 million have been invested in Japan to enable shareholders of Investors Japanese Growth Fund to benefit from that country's dynamic economy.

The assets we directly manage on behalf of our clients, by type of investment are:

Common Stocks	\$2,714,000,000
Preferred Stocks	1,037,000,000
Bonds and Debentures	1,152,000,000
Mortgages	1,757,000,000
Cash and Other Assets	902,000,000
	<hr/>
	\$7,562,000,000



# INVESTORS FINANCIAL PLANNING CENTRES

## Western Canada

Reginald M. YOUNG, *Regional Vice-President*

### British Columbia

#### ABBOTSFORD

Fred Veldhuis, *Division Manager*  
101-33119 South Fraser Way

#### KAMLOOPS

Norman Martin, *Division Manager*  
101-125-4th Avenue

#### KELOWNA

John Wickstrom, *Region Manager*  
100-565 Bernard Avenue

#### NANAIMO

Gerry Legge, *Region Manager*  
256 Wallace Street

#### NELSON

Bruce Morrison, *Division Manager*  
715 Vernon Street

#### NEW WESTMINSTER

Jack Meier, *Region Manager*  
337 Sixth Street

#### PENTICTON

Eugene Walsh, *Region Manager*  
201-246 Marion Street

#### PRINCE GEORGE

Ken Loveridge, *Region Manager*  
696 Brunswick Street

#### VANCOUVER

Jerry Munn, *Region Manager*  
789 West Pender Street

#### VANCOUVER

Fred Snyder, *Region Manager*  
310-1755 West Broadway

#### VANCOUVER

Jack Meier, *Region Manager*  
202-5701 Granville Street

#### VERNON

Lyle Regier, *Division Manager*  
103-2802-30th Street

#### VICTORIA

Don Jensen, *Region Manager*  
734 Broughton Street

### Alberta

#### CALGARY

George Thomson, *Region Manager*  
1003-1333 8th Street S.W.

#### CALGARY

Lee Loveridge, *Region Manager*  
806-7015 MacLeod Trail, South

#### EDMONTON

John Evans, *Region Manager*  
4445 Calgary Trail, South

#### EDMONTON

Floyd Black, *Region Manager*  
9109-82nd Avenue

#### LETHBRIDGE

Terry Basaraba, *Division Manager*  
102-1122-3rd Ave. S.

#### RED DEER

Phil Foreman, *Region Manager*  
302 5010-43rd Street

## Mid-Western Canada

Ronald D. SPRAGUE, *Regional Vice-President*

### Saskatchewan

#### REGINA

Ed McLachlan, *Region Manager*  
1570-2002 Victoria Avenue

#### SASKATOON

Eric Reid, *Region Manager*  
300-402 21st Street, East

### Manitoba

#### BRANDON

Ron Finley, *Region Manager*  
151-6th Street

#### WINNIPEG

George Fellowes, *Region Manager*  
200-444 St. Mary Avenue

#### WINNIPEG

Glen Torgerson, *Region Manager*  
600-310 Broadway Avenue

### Ontario

#### NORTH BAY

Rob O'Keefe, *Division Manager*  
205 Main Street, East

#### SAULT STE. MARIE

Ken Desaulnier, *Division Manager*  
123 East Street

#### SUDBURY

Ab Dennis, *Region Manager*  
128 Larch Street

#### THUNDER BAY

Garth McGinnis, *Region Manager*  
581 Red River Road

## Central Ontario

R. William ROTH, *Regional Vice-President*

### Ontario

#### BARRIE

Wayne Stephenson, *Region Manager*  
85 Bayfield Street

#### HAMILTON

Tim Tufford, *Region Manager*  
310-25 Main Street, West

#### OAKVILLE

Mike Croucher, *Region Manager*  
610-700 Dorval Drive

#### ST. CATHARINES

Paul Moroz, *Region Manager*  
400-55 King Street

#### TORONTO

Ron Lalonde, *Region Manager*  
204-1210 Sheppard Avenue, East

#### TORONTO

Ken Beck, *Region Manager*  
604-304 The East Mall

#### TORONTO

George Morrison, *Region Manager*  
301-40 Wynford Drive

#### TORONTO

Dave Ofrenchuk, *Division Manager*  
Hall Spafford, *Division Manager*  
1502-180 Dundas Street, West

## INVESTORS FINANCIAL PLANNING CENTRES CONT'D

### Southern Ontario

David S. GLUCKSTEIN, *Regional Vice-President*

#### Ontario

##### GUELPH

Frank Kalcsa, *Division Manager*  
170 Silvercreek Parkway N.

##### KINGSTON

Alex MacDonald, *Region Manager*  
412-259 King Street, East

##### KITCHENER

John Hamilton, *Region Manager*  
1001-20 Erb Street, West

##### LONDON

Tony Priamo, *Region Manager*  
200-401 Clarence Street

##### OSHAWA

David Roth, *Division Manager*  
506-40 King Street, West

##### OTTAWA

Earl Hunter, *Region Manager*  
441 MacLaren Street

##### OTTAWA-NEPEAN

Ron Dobson, *Region Manager*  
210-1547 Merivale Road  
Nepean

##### PETERBOROUGH

Mark Soltermann, *Region Manager*  
197 George Street, North

##### SARNIA

Jim Towle, *Division Manager*  
155 North Front Street

##### WINDSOR

Len Buckborough, *Region Manager*  
200-660 Ouellette Avenue

### Quebec

Gerard BOYER, *Regional Vice-President*

#### CHICOUTIMI

Rejean Deraspe, *Division Manager*  
2655 Boulevard du Royaume  
Jonquiere

#### MONTREAL

André Marcotte, *Region Manager*  
240-1 Place du Commerce  
Ile des Soeurs

#### MONTREAL

Denis Belanger, *Region Manager*  
202-1303 Avenue Greene, Westmount

#### MONTREAL

Laurent Wermentinger, *Region Manager*  
920-1980 Cote du Beaver Hall

#### MONTREAL

Rene Muller, *Region Manager*  
105-1303 Avenue Greene, Westmount

#### QUEBEC

Lucien Larochelle, *Region Manager*  
30-580 Grande Allée Est

#### RIMOUSKI

Jacques Hamel, *Division Manager*  
140 Rue St-Germain Ouest

#### SHERBROOKE

Jean-Yves Dupuis, *Region Manager*  
3-2355 Rue King, Ouest

#### VAL D'OR

Jules Dionne, *Division Manager*  
665, 3ieme Avenue  
Ziemme Plancher

### Atlantic Canada

Gerry BRAY, *Regional Vice-President*

#### New Brunswick

##### MONCTON

Ron Hatcher, *Region Manager*  
250-1077 St. George Blvd.

##### SAINT JOHN

Brice Belyea, *Region Manager*  
50 Crown Street

##### FREDERICTON

Dan Drapeau, *Division Manager*  
204-1133 Regent Street

#### Prince Edward Island

##### CHARLOTTETOWN

Tom Garvey, *Division Manager*  
51 University Avenue

#### Nova Scotia

##### HALIFAX

George Bray, *Region Manager*  
8960 Mumford Road

#### Newfoundland

##### CORNER BROOK

David Reid, *Division Manager*  
Robert Bursey, *Division Manager*  
44 Maple Valley Road

##### ST. JOHN'S

Barry Mann, *Region Manager*  
33 Pippy Place



#### HEAD OFFICE

280 Broadway  
Winnipeg, Manitoba  
R3C 3B6

#### AUDITORS

Touche Ross & Co.

#### TRANSFER AGENTS AND REGISTRARS

Montreal Trust Company  
of Canada:

Vancouver, Calgary, Regina  
Winnipeg, Toronto, Halifax  
Montreal Trust Company:  
Montreal

#### STOCK EXCHANGE LISTINGS

The Toronto Stock Exchange  
The Montreal Stock Exchange  
The Winnipeg Stock Exchange

#### ANNUAL MEETING

The annual meeting of shareholders of Investors Group Inc. will be held at the Holiday Inn, 350 St. Mary Avenue, Winnipeg, Manitoba on Thursday, April 23, 1987 at 2:30 p.m. Central Daylight Time.

*Si vous préférez recevoir ce rapport en français, veuillez vous adresser au secrétaire Groupe Investors Inc., 280 Broadway, Winnipeg, Manitoba R3C 3B6.*



