

THE INVESTORS GROUP

44th
Annual Report
1984

Investors Investors Investors
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Providing Personal Financial Planning for Canadians

“The business mission of Investors is to satisfy clients in need of general and comprehensive financial planning. Through product development and a well-trained sales distribution organization, Investors will assist in implementing financial plans and provide effective on-going service.”

As a measure of its success in achieving this mission, The Investors Group is one of Canada's largest financial institutions. It has assets in excess of \$16 billion under the management or administration of its various subsidiaries.

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

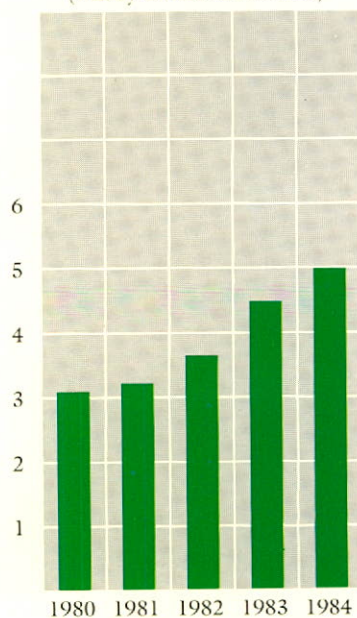
Highlights of the Year

| | 1984 | 1983 | Change |
|--|----------------|----------------|--------|
| Financial | | | |
| Consolidated net income | \$ 100,961,000 | \$ 83,303,000 | + 21 % |
| Sources: Wholly-owned subsidiaries | 21,214,000 | 18,937,000 | + 12 % |
| The Great-West Life Assurance Company | 75,327,000 | 60,225,000 | + 25 % |
| Montreal Trustco Inc. | 6,136,000 | 5,851,000 | + 5 % |
| Earnings per share | \$7.40 | \$6.03 | + 23 % |
| Return on invested capital | 18.5% | 17.0% | + 9 % |
| Return on Common equity | 23.2% | 21.9% | + 6 % |
| Total Assets under administration | 16,600,000,000 | 14,200,000,000 | + 17 % |
| Assets of wholly-owned subsidiaries | 5,036,000,000 | 4,576,000,000 | + 10 % |
| Return on assets | 1.72% | 1.49% | + 15 % |
| Dividends to Common and Class A Shareholders | 24,598,000 | 22,010,000 | + 12 % |
| Dividends paid per share | \$1.85 | \$1.65 | + 12 % |
| Capital and surplus (Shareholders' equity) | 572,349,000 | 505,620,000 | + 13 % |

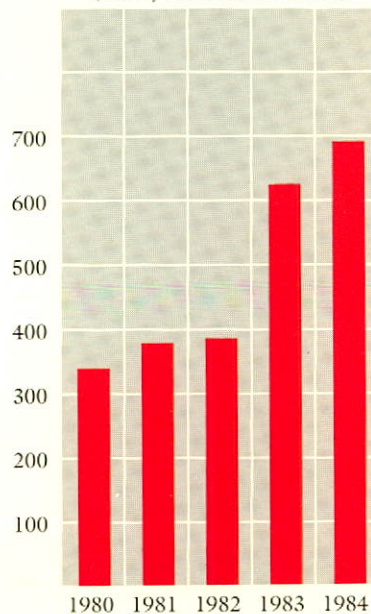
Operational

| | | | |
|--|----------------|----------------|--------|
| Sales of financial products and services | \$ 696,300,000 | \$ 623,800,000 | + 12 % |
| Including: Mutual Funds | 495,100,000 | 468,800,000 | + 6 % |
| Investment Certificates | 97,700,000 | 82,000,000 | + 19 % |
| Insurance and Other | 103,500,000 | 73,000,000 | + 41 % |
| Mutual Fund assets under management | 2,329,000,000 | 1,950,000,000 | + 19 % |
| Mutual Fund Shareholder accounts | 283,100 | 231,800 | + 22 % |
| Dividends paid to Mutual Fund Shareholders | 159,523,000 | 125,844,000 | + 27 % |
| Investment Certificates (Reserve Value) | 1,082,000,000 | 1,015,000,000 | + 7 % |
| Number of Employees and Representatives | 1,869 | 1,722 | |
| Number of Clients | 444,710 | 402,143 | |
| Financial Planning Centres | 51 | 46 | |

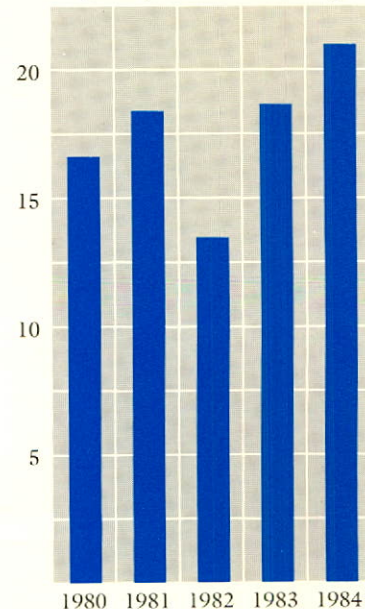
Assets (in \$ billions)
(wholly-owned subsidiaries)



Sales (in \$ millions)
(wholly-owned subsidiaries)



Net Income (in \$ millions)
(wholly-owned subsidiaries)



A Profile of Investors



An Investors financial planner discusses the “four cornerstones” approach of money management.

In 1940, with \$250,000 of capital, Investors Syndicate of Canada was formed in Winnipeg as a wholly-owned subsidiary of an American company, Investors Diversified Services. The new company had a simple idea – to help the average Canadian become financially independent. It was to accomplish this objective by offering a guaranteed savings plan in which its clients would make regular monthly payments. The idea caught on, and the company began to grow.

When World War II ended, the economy began to expand and the company was convinced that people wanted to invest in the growth of the country. In 1950, Investors introduced its first mutual fund, Investors Mutual of Canada. It was an innovative decision and it began a period of twenty years of excellent growth for the company. The company continued to expand its financial products and services available to the public. In 1957, it was one of the first companies in Canada to offer Registered Retirement Savings Plans to its clients.

The company became Canadian owned in 1957 and, in 1964, The Investors Group became a management and holding company. In due course, the company acquired majority interests in Great-West Life and Montreal Trust. In 1969, majority interest in the company was purchased by Power Corporation of Canada.

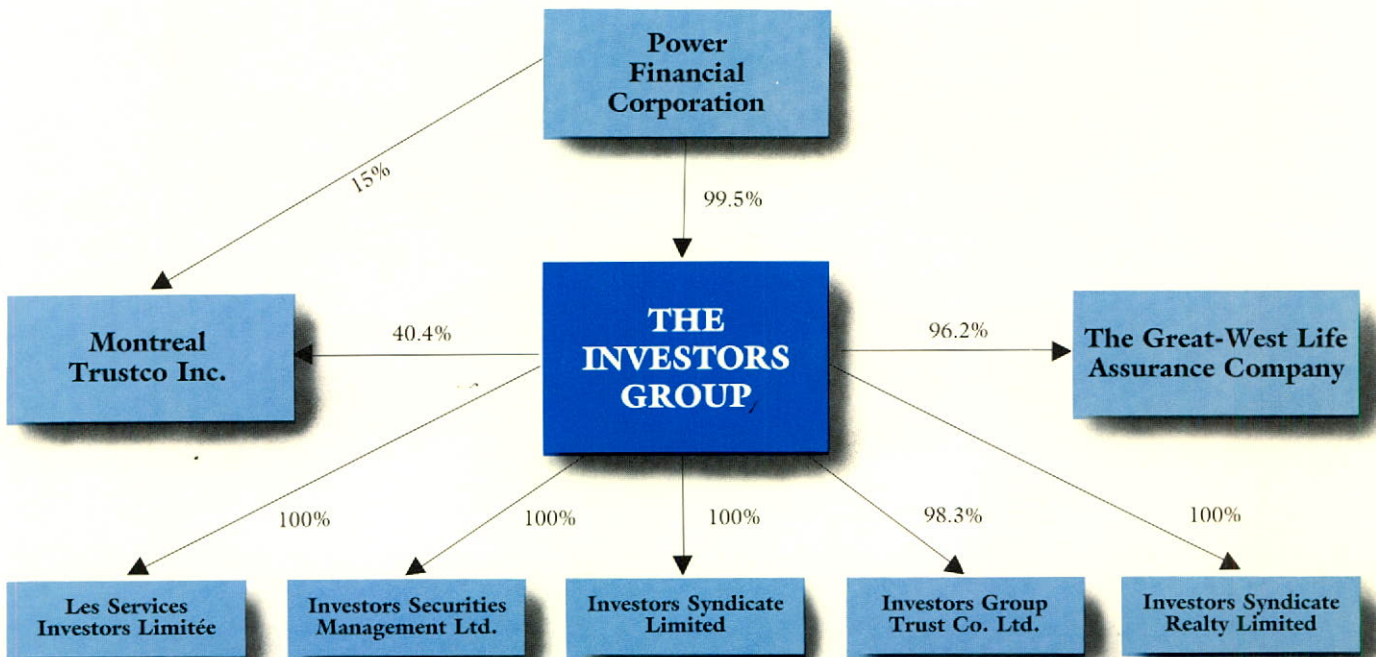
The company decided in the late 1970's that there was a vast market for personalized financial planning because of the growing complexity of tax and investment regulations and the proliferation of financial products and services. Because financial needs are highly personal, the company believed the most effective way to approach the market was the one-on-one approach practiced by financial planners across Canada.

To effectively meet the demand, Investors established a national network of Financial Planning Centres, staffed by a skilled group of professional financial planners. In dealing with clients, these men and women stress the “four cornerstones” of personal money management:

- a guaranteed savings plan for emergencies
- an insurance program in case of disability or premature death
- guaranteed assets to produce a specific amount of money in a given number of years
- equity assets for long-term growth of capital

Personal financial planning is becoming a popular notion. But for Investors it is more than a notion. It is the Investors way of doing business. Our success as a company, and the financial success of thousands of Investors clients, underlines the inherent value of the financial planning concept.

Full Range of Services Under Investors Umbrella



Through its wholly-owned subsidiaries, and ownership position in Great-West Life and Montreal Trustco, Investors has become a leader in Canada's financial services industry. It has \$16.6 billion of assets under management or administration.

Long before so-called conglomerates and financial supermarkets existed in the United States and Canada, Investors had formed an integrated network of companies to serve the financial needs of Canadians. It started in 1969 with the purchase of a controlling interest in The Great-West Life Assurance Company. Then, in 1972, a controlling interest in Montreal Trust was purchased.

The combination of these two corporate acquisitions and the scope of products the group of companies has to offer, enables Investors to provide its clients with a wide range of financial products and services.

The roles of the subsidiary companies and affiliates are:

Investors Syndicate Limited – the distributor of mutual funds, investment certificates, term life and disability insurance, pension plans, annuities, tax-sheltered plans and personal financial planning.

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

Investors Group Trust Co. Ltd. – issuer of guaranteed investment certificates and term certain annuities, available through the Investors sales force. It also provides a full range of individual, group and corporate pension plan services and acts as a trustee for RRSPs and other tax-shelter plans.

Investors Securities Management Ltd. – provides investment management functions for the Investors mutual funds. It performs the same service for the pension plans administered by Investors Group Trust.

Investors Syndicate Realty Limited – is a major lender of first mortgages on residential, industrial and commercial properties across Canada.

The Great-West Life Assurance Company – is the largest shareholder-owned life insurance company in Canada. It offers a wide range of life and health insurance products and annuities, and other income-protection services.

Montreal Trustco Inc. – is one of Canada's largest trust companies with branches in the major cities of all 10 provinces. It provides a full range of trust services as well as pension plan management and an extensive network of real estate agents.

Chairman's Report

Facing Up To New Realities

In most industrial nations the process of restructuring the financial services industries is gathering momentum. Canada is no exception. Events here have been overtaking the traditional means by which capital has been accumulated and put to productive use.

While details and methods of restructuring differ significantly among various countries, two common factors have provided the motive force for change. The first had been widespread consumer discontent with the results being achieved by the financial products and services then available. The second was spectacular advances in computer technology which created innovative ways for information and money to be transferred.

The consumer-led pressure for change originated with savers and investors who were adversely affected by the high level of inflation, particularly during the latter years of the Seventies. Faced with a substantial loss of purchasing power, many consumers became fearful of an uncertain financial future. Criticism of the returns provided by many of the savings and investment vehicles resulted. Also, mindful of the advances being made in technology, questions were directed to the archaic methods and facilities then existing for the handling of financial transactions.

In essence, the consumer was demanding higher yields, capital appreciation vehicles to offset inflation, better and more convenient services, and – importantly – a total financial planning capability, to make effective choices from among a bewildering array of available financial products.

The financial services industry in Canada has been responding to these new consumer needs and perceptions. Sensitive to a marketplace identity crisis, the traditional financial institutions – banks, trust companies, insurance companies and investment dealers – are becoming diversified. They have begun to offer a broader range of products and new types of services. Previously these participants acted in “specialty” roles; today they have taken on a “generalist” character as they expand beyond their traditional core functions.

At the same time other participants in the modern-day financial industry are aggressively performing many of the functions required in serving the consumer and capital-assembly needs of the country. These include credit unions, caisses populaire, government savings banks,



Robert H. Jones

mutual funds, leasing and factoring firms, general insurance companies, venture capital companies and foreign-based merchant banks. Several of these institutions also have started to break out of their specialist areas in order to serve a wider marketplace.

The diversification and expansion of the financial industry has been beneficial to savers and investors. Rates of return have been improved, due in part to increased competition, and new specialized products have been introduced to meet consumer needs. As well, the development of data processing and communication systems have modernized financial transaction services.

These benefits have not been without cost. Traditional groupings have been disrupted and the regulatory structures designed to protect the public interest have yet to be adapted to meet the fresh challenges. Legislators and regulators are attempting through public hearings, formation of advisory committees and private consultations with industry segments, to come to grips with the problems posed by the new realities.

In Canada the regulatory adjustment has been hindered by preoccupation with the "Four Pillars" characterization of the financial services industry. This inadequate perception of the industry fails to recognize the extent to which previously clear-cut distinctions between the banks, trust firms, insurance companies and investment dealers have long been imprecise. Also, full account of the active role played in the overall industry by other participants is not acknowledged.

It is therefore imperative that a new legislative framework, with appropriate regulatory mechanisms, be established with recognition of the actual composition and workings of the industry today.

The task is major in scope and complexity. There are numerous federal and provincial statutes with their accompanying rules and restrictions. The problem is compounded by the constitutional difficulties created by jurisdictional divisions within Canada between the federal and provincial governments. Nonetheless, there is encouraging evidence that in the current political climate genuine efforts will be made to rationalize the regulatory environment.

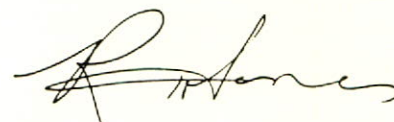
The need for legislative change should not be obscured by misconceptions as to the "Four Pillars" status quo. Concern has been expressed that any reduction in the array of regulations presently existing in individual institutional legislation would lead to undue concentration of the financial services industry. Such concern fails to

allow for the development of newer and more effective forms of regulation better defined to cope with the underlying reality of the industry.

In a more general economic context, the notion that consumers will entrust to a single provider all their financial wants and needs is not supported by the experience of Investors, which is helping some half-a-million Canadians achieve financial security. We have established that certain financial products, such as interest-sensitive investment certificates or term deposits, are generally purchased on a rate basis from a conveniently situated financial institution. This preference is unlikely to change.

On the other hand, many of the investment and insurance products which form components of a long-term financial plan encourage different methods of distribution. These involve the distributor adapting not only to the consumer's sense of convenience, but also his expectation of personal service and needs for specific products. Our experience shows clearly many individuals desire a personalized financial planning service embracing a wide range of savings and investment vehicles. This is not to be confused with simply offering a mass market a total package of financial products, but instead a range of options which satisfies the needs of many people within particular segments of the marketplace.

The savings and investments of Canadians, if prudently handled, provide an essential financial fibre to the national economic growth process. An effective regulatory system which encourages the accumulation of wealth, competition and innovation is highly desirable. The overriding principle must be the preservation of confidence in Canada's financial system. The requirements are not incompatible.



Robert H. Jones
Chairman of the Board

President's Report

A notable development during 1984 was the emergence of Power Financial Corporation which is now the majority shareholder of The Investors Group. Through its ownership of the Company and its broad international connections in the United States and Europe, new opportunities are anticipated for Investors to expand within the financial services industry.

The past year was also notable for the number of new records established in many of Investors' operational areas.

Assets Under Administration

During 1984 total assets under administration exceeded \$16 billion. These assets include those of The Great-West Life Assurance Company, one of the largest life insurance firms in North America, and Montreal Trustco Inc., one of Canada's leading trust companies. Total assets of the wholly-owned subsidiaries reached \$5 billion compared with \$4.6 billion at prior year-end, an increase of 10%.

Earnings Results

The Company's consolidated net income at \$100,961,000 was 21% above the prior year level of \$83,303,000. Earnings per share were \$7.40 compared with \$6.03 in 1983. The return on invested capital increased to 18.5% from 17.0% in 1983, while return on Common equity increased to 23.2% from 21.9%.

The Company's share of the net income of Great-West Life totalled \$75,327,000 compared with the year-ago figure of \$60,225,000. The increase is attributable to improved investment income and gains in the group life and health insurance business.

The Company's share of the earnings of Montreal Trustco increased from \$5,851,000 in 1983 to \$6,136,000. Asset growth and higher dividend income accounted for this increase.

The financial statements of Great-West Life and Montreal Trustco are contained elsewhere in this report.

The net income from operations contributed by the wholly-owned subsidiaries totalled \$21,214,000 compared with \$18,937,000 in 1983. This improvement was due to an increase in investment certificate earnings and to higher management and distribution fee income resulting in part from the 19% increase in asset value of the eleven mutual funds under management.

Dividends declared during 1984 totalled \$29,744,000 compared with \$27,219,000 in the previous year. The



Arthur V. Mauro, Q.C.

dividend rate on common and Class A voting shares was increased from 45 cents to 50 cents per share in the fourth quarter. This brought the total dividend for 1984 to \$1.85 per share. Regular quarterly dividends of 31¼¢ per share on the Preferred Shares 1969 Series and 37½¢ per share on the Preferred Shares 1978 Series were also paid during 1984.

Sales Performance

Sales by the Company's wholly-owned subsidiaries totalled \$696 million compared with \$624 million in 1983. Over the period 1980 - 1984, sales have increased from \$257 million to \$696 million - a compound annual growth rate of 22%.

Sales of mutual funds reached a record level of \$495 million, compared with \$468 million in 1983. Total net assets of the eleven Investors mutual funds now exceed \$2.3 billion. The number of fund shareholders increased from 231,800 to 283,100.

The most significant growth was in Investors Dividend Fund, which had a 52% growth from \$337 million to \$510.5 million. Investors Real Property Fund, introduced January 2, 1984, had total assets of \$19.8 million by year-end.

Investors continues to maintain its leadership position in Canada's mutual fund industry. Among funds which are members of the Investment Funds Institute of Canada, the Investors group of funds account for approximately 35% of total net assets. The net cash sales of Investors in 1984 represented over 45% of the total.

Sales of investment certificates increased during 1984, reversing declines in the previous two years which had been a direct result of the November, 1981 federal budget provisions relative to tax treatment of investment contracts. In 1984, sales of investment certificates totalled \$98 million compared with \$82 million in 1983. The reserve values of outstanding certificates at December 31, 1984 totalled \$1.1 billion compared to \$1 billion at prior year-end.

Another area of sales growth has been in term life insurance. During the year Great-West Life provided the Investors sales force with a specifically designed "Flexiterm" policy which rapidly achieved market acceptance. Sales totalled over \$2 million of premium income. At year-end, 985 of the 1,129 Investors sales representatives were qualified to sell both insurance products and mutual funds. This is the largest dual-licensed sales force in Canada.

The Investors Approach

The sales achievements of 1984 are the culmination of a program initiated in 1978. This program resulted from a carefully planned approach to meet public needs in the financial services field. Market research coupled with the Company's experience since 1940 led to the decision to serve an expanding market for integrated financial planning. To that end the Company has developed a broad range of savings and investment products provided by a direct sales force emphasizing a one-on-one personal approach.

Through Personal Financial Reviews, the basic goals of the individual client are identified. These goals are related to the age and financial circumstances of the investor and the acceptable degree of investment risk. Based on this data, a Personal Financial Plan is designed to meet the individual's needs.

This approach requires well-trained and knowledgeable representatives. In order to meet this need the Company conducts intensive and continuing training programs. During 1984 over \$1 million was spent on initial and advanced training programs. The scope of this corporate commitment to training has been a major factor in attracting highly qualified individuals. Sales force growth continued to exceed planned levels and totalled 1,129 at year-end.

New Initiatives for 1985

In order to further strengthen the Company's position, there will be continued emphasis on recruitment in the coming year. This expansion program will involve the opening of additional Financial Planning Centres across Canada.

The Company also intends to broaden the range of financial products and services offered. This will include a money market fund, which will be the twelfth mutual fund offered by Investors. In addition, a major marketing thrust will assist Canadians to more effectively provide for their retirement income needs.

New and improved guaranteed investment certificates and pension plans for small businesses will be offered by Investors Group Trust Co. Ltd. As well, there will be a multi-million-dollar expansion in data processing and computer facilities to further enhance client services and accommodate the rapidly increasing volume of business.

While general business conditions, the level of interest rates and the performance of stock markets during 1985 are difficult to predict, we anticipate continued growth for your Company.

* * *

Finally, the directors and officers wish to express their warm appreciation to the management, staff and field representatives for their outstanding contribution to the excellent corporate results of last year.



Arthur V. Mauro, Q.C.
President

Sales and Marketing



Wayne Walker, Vice-President, Executive and Corporate Sales; Sterling McLeod, Senior Vice-President, Sales, and Ronald Sprague, Regional Vice-President, Mid-Western Canada.

“Our one-on-one personal approach is the best way to serve people . . .”

Sterling J. McLeod
Senior Vice-President, Sales

Most Canadians express a strong desire to have a personal financial plan. Yet they are often reluctant to admit they do not have one. Because everyone has different financial goals, the concept of financial planning is highly personal. That is why Investors markets its products and services through a direct sales force. The concept of personal money management must be offered to individuals on a one-on-one basis.

It is this personal approach which distinguishes Investors as a leader in the financial services industry. Our clients are treated as individuals and over 400,000 of them are achieving financial success because they are implementing their own unique financial programs.

The Financial Planning Process

Investors personal financial planners help people manage their money successfully. The national sales force is made up of more than 1,100 men and women in 51 Financial Planning Centres across Canada. This team of professional financial planners are dedicated to the idea that every individual should have the opportunity to achieve personal dignity through financial security.

They provide their clients with a simple and effective financial planning process:

- a Personal Financial Review, to establish net worth, to set financial objectives, and to determine deficiencies in basic needs coverage
- a Personal Financial Program, to chart a long-term strategy to achieve financial goals
- an Annual Review, to ensure the plan achieves the goals of personal financial security

The company has also developed a unique investment concept designed to assist its clients to select investments appropriate to their financial goals. This approach, called “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 and different financial objectives.



Clare Bell, Manager, Career Development Centre.



Stuart Watson, Marketing Manager, Investment Fund Services, and Rosanna Albo, Market Research Analyst.

Education and Training

Because the concept of personal financial planning is a basic need of the majority of Canadians, many talented and skilled men and women have accepted the career opportunity to become a personal financial planner with Investors. Planners are given intensive, ongoing training and product education. After their initial field training is completed at the local Financial Planning Centre, the financial planner participates in two separate career development courses at the corporate headquarters in Winnipeg. Follow-up seminars are provided to maintain a high degree of knowledge in income tax planning, investment management, and other specialized areas.

The training program also includes education and product knowledge in life and disability insurance, in order to provide the Investors financial planner with the skills necessary to give their clients adequate coverage in this important area of income protection.

The company actively encourages its staff to achieve the designation of Chartered Financial Planner, a rigorous two-year program on financial planning administered by The Investment Funds Institute of Canada. At present, over one-third of all those entitled to use the CFP designation are Investors financial planners.

In total, over \$1 million a year is spent by the company on sales training and education programs. That is our commitment to ensuring our financial planners attain a high level of professionalism in their financial planning careers.

Marketing

In addition to its responsibilities in corporate planning, the Marketing department performs three important functions:

- new market and product development
- advertising, public relations and sales promotion
- sales support in product knowledge and market development

Because consumers are increasingly demanding more varied products and services to satisfy their saving and investment requirements, the company has introduced a number of new products in the last five years. In 1980, Guaranteed Investment Certificates for both regular savings and R.R.S.P. accounts were introduced. More recently, new kinds of income deferred certificates, term certain annuities, and an instalment G.I.C. were offered to the market.

To meet the growing demands of the investing market, three new investment funds, the Bond Fund, the Real Property Fund and the Indexed Stock Fund, were developed. In addition, a money market fund is planned for introduction in 1985.

In 1984, in conjunction with Great-West Life, an innovative term life insurance policy was developed. The product, known as Flexitem, is distributed exclusively

by Investors financial planners. A similar disability insurance package is also being developed and will be available for distribution in 1985.

Finally, new services designed to meet the pension and retirement needs of small businesses and individuals are being introduced in 1985.

The company is committed to the concept of personal financial planning. For a number of years, Investors has supported this belief through national and co-operative advertising campaigns. More recently, the company has developed a number of financial planning seminars and offers them to the public through its national sales network. In 1984, over 2,000 seminars were held across Canada. This is an important and effective way to provide information about personal financial planning to the public.



Renee DeMeyer Mesman, Marketing Services Supervisor; David Schwartz, Senior Vice-President, Marketing, and David Horne, Marketing Manager, Trust and Guaranteed Services.

Investments



Philip Newman, Senior Vice-President, Investments, and Quinn Bamford, President, Investors Securities Management Ltd.

“We are a risk-averse investment operation . . .”

Philip E. Newman
Senior Vice-President, Investments

A major part of the company's business involves the management of investment funds. During 1984, almost \$2 million a day flowed into the investment management division, to be invested in a broad range of eleven mutual funds.

Each fund is specifically designed to invest in a class of investment vehicle that will achieve a clearly defined investment objective. The Investors family of funds provides investment opportunities in bonds, mortgages and real estate, as well as U.S., Japanese, and Canadian equities. It is the responsibility of the investment department to ensure the funds achieve their stated investment objectives.

A team of sixteen senior investment and trading specialists, under the direction of Quinn C.W. Bamford, President, Investors Securities Management Ltd., have the challenging task of managing the largest mutual fund complex in Canada. At the end of 1984, the assets of the eleven funds totalled \$2.3 billion.

The Mutual Fund Concept

The mutual fund investment principle is based on the fact that many Canadians do not have the time, knowledge or inclination to manage their own investments. Instead, by pooling their investment dollars in a mutual fund, they obtain the fulltime services of a professional portfolio manager. In addition, because mutual funds invest in a wide variety of investment vehicles, the shareholders derive another important benefit – diversification. This reduces risk and offers the opportunity for long-term growth.

Experience has shown that no single investment is best all the time. The best results come from investing in a combination of funds structured to conform to the appropriate level of risk and reward. Investors' clients also have the right to switch their investments from fund to fund without any charge.



William Vieira, Portfolio Manager, Investors International Mutual Fund, and Norman Young, Portfolio Manager, Investors Dividend Fund.

How the Funds are Managed

The Investors money management philosophy is, first and foremost, the preservation of capital entrusted to it by our clients. The investment strategy is not oriented to short-term gain; it is positioned to achieve long-term growth of capital and income. This is achieved through sound investment research and a thorough knowledge of the factors affecting the investment marketplace.

The management of each fund is assigned to an individual who is a specialist in his field. Although portfolio managers have a good degree of judgment latitude, they meet as a group once a day to exchange market information and investment ideas. Once a week, the Securities Investment Committee, consisting of senior officers of the company, reviews the performance of each portfolio and provides overall direction.

The investment decision-making process is based on thorough research work both in the office and in the field by the portfolio managers and their support staff. Research information is augmented by reports from economic consultants and other investment specialists.

Mutual Fund Assets

At the 1984 year-end, the status of the funds was:

| | Total Net Assets | Shareholder Accounts |
|---------------------------|------------------------|-------------------------|
| Investors Mortgage | \$ 556,820,000 | 62,206 |
| Investors Dividend | 510,500,000 | 25,297 |
| Investors Retirement | 382,968,000 | 71,767 |
| Investors Growth | 229,837,000 | 29,420 |
| Investors Mutual | 225,633,000 | 15,696 |
| Investors Bond | 185,790,000 | 29,912 |
| Investors International | 87,826,000 | 17,201 |
| Investors Japanese Growth | 74,806,000 | 10,171 |
| Provident Stock | 41,657,000 | 16,141 |
| Investors Real Property | 19,827,000 | 3,465 |
| Investors Indexed Stock | 13,167,000 | 1,860 |
| | <u>\$2,328,831,000</u> | <u>283,136</u> |

Trust



Dale Parkinson, President, and Andrew Jackson, Chairman of Investors Group Trust.

“People don’t have to come to us, we take our trust services to them . . .”

Dale A.G. Parkinson, President
Investors Group Trust Co. Ltd.

Investors Group Trust is unique in that it does not have a single retail branch. Yet, it is one of Canada’s major trust companies, with its products and services distributed throughout Canada.

This is made possible by the fact the company is represented across Canada by Investors financial planners. These professional men and women advise clients how best to take advantage of the range of trust services available. This personalized service is provided to clients in the convenience of their home or office.

The effectiveness of this client-oriented approach has been proven by the steady growth of the company’s business over the years. At the end of 1984 it had \$1 billion of assets under direct management or administration, an increase of \$72 million over the previous year.

Investors Group Trust also acts as the trustee for over \$1.2 billion of Registered Retirement Savings Plans invested with Investors. It performs the same trusteeship function for the self-directed R.R.S.P.s sold and administered by Richardson Greenshields of Canada Limited, one of the nation’s largest investment dealers. The company also provides trustee services for a full range of other tax-sheltered savings and investment programs. These include Registered Home Ownership Savings Plans, Deferred Profit Sharing Plans, Employee Savings Benefit Plans and Registered Retirement Income Funds.

The area of greatest percentage growth in trust business during 1984 was Guaranteed Investment Certificates. At the year-end, there was \$290 million in GICs, an increase of \$65 million – or 29 percent – over the previous year.

There was also excellent growth in the sale of Term Certain Annuities. At the end of 1984, deposits in this product totalled \$18 million compared with \$13 million at the close of 1983.

Investors Group Trust is active in the pension plan business throughout Canada, providing family-owned businesses, institutions and corporations with a complete package of pension services. At the end of 1984, the company had \$1 billion of assets under management in three pooled trust funds and pension accounts.

The package of trust services, offered through Investors financial planners, provides Canadians with the opportunity to enjoy one of the most comprehensive ranges of personal and corporate financial services available. The combination of personal attention to client needs and a wide choice of trust services has helped the company to maintain a strong and growing position in the trust industry.

Realty



Pyers Bailey, Portfolio Manager, Investors Mortgage Fund; Richard Archer, President, Investors Syndicate Realty, and Ernest Roberts, Portfolio Manager, Investors Real Property Fund.

*“We don’t take undue risks
with other people’s money . . .”*

Richard E. Archer
President, Investors Syndicate Realty Ltd.

Investors’ coast-to-coast mortgage lending activities provide significant strength and overall balance to the company’s investment operations. There are now in excess of 19,000 first mortgage loans outstanding, with a total value of \$1.532 billion.

Investors Syndicate Realty Ltd. manages the company’s mortgage investments. At the 1984 year-end, the portfolio structure by property type was:

- single-family dwellings,
condominiums \$659 million
- apartment buildings 513 million
- commercial, industrial,
shopping centres 360 million

The properties are located in many communities across Canada, thus providing geographic diversification to help minimize the exposure risk.

Investors has been active in the mortgage business nationwide for 44 years. The mortgage loans are issued to match the long-term obligations the company undertakes from the sale of investment certificates to its clients. At the end of 1984, there were \$1.1 billion of certificate reserve values, the majority of which represented high-quality first mortgages.

The sale of Investors Mortgage Fund units provides a rapidly growing source of funds to expand the mortgage lending operations. This mutual fund is the largest of its kind in Canada, with assets at 1984 year-end of \$556.8 million.

A new and growing activity for this division is in real estate investment on behalf of the shareholders of Investors Real Property Fund. This fund commenced operations in January, 1984, and by year-end had assets totaling \$19.8 million. The fund takes ownership positions in income-producing properties, commercial and industrial, either as sole owner or on a joint basis. At year-end, the fund held properties in Toronto, Winnipeg and Vancouver.

Information about potential investment opportunities is obtained through a network of I.S.R.L. offices in major cities across Canada as well as a number of regional mortgage correspondents. This local presence is invaluable as a source of first-hand information about regional economic conditions, property values and construction activities. When property purchase or mortgage financing opportunities arise, they are thoroughly examined at the local office and then submitted to the head office. After careful review by the Mortgage Investment Committee, a decision is made concerning the potential opportunity. Because of this measured approach, Investors has maintained an impressive mortgage underwriting record.

Administrative Services



Harold Mahwhinney, Vice-President, and Walter Hill, Senior Vice-President, Information Systems and Data Processing.

*“Our after-sale service
is the key to our success . . .”*

Andrew S. Jackson,
*Executive Vice-President,
The Investors Group*

It is not enough to simply provide clients with a comprehensive range of savings and investment products. The ongoing client service provided after the sale is made, and our commitment to it, is equally important.

After-sale service begins from the moment a client's application form arrives at the head office in Winnipeg. Over 700 skilled administrative and technical personnel stand ready to provide a complete and efficient service to every client.

In the financial services business, the level of trust between the client and the company is of paramount importance. The support provided by Investors' administrative staff is at a level which will ensure the continued confidence by our clients in our commitment to an efficient system of customer service.

Data Processing

The maintenance of over 400,000 individual accounts can only be done efficiently through the use of computers and technology. That is why the company continues to invest time and money to make sure that the necessary systems are in place to handle the growing and increasingly complex area of file management. In addition to detailed client record keeping, timely reporting of the investment status of each account is maintained through the issuance of regular statements. As well, the responsibility of preparing comprehensive tax information to make it easier for clients to complete their own income tax filing is an integral part of the client service package.

Client Relations

The Client Relations group consists of specially trained men and women who are responsible for maintaining a high level of customer service in both official languages. This group deals directly with our clients and handles a wide range of questions and problems. They answer questions about the status of accounts, facilitate the transfer of investments, and generally assist clients in all aspects of account management. Each inquiry is handled promptly and directly, forging a personal link with clients who need information concerning their financial programs.

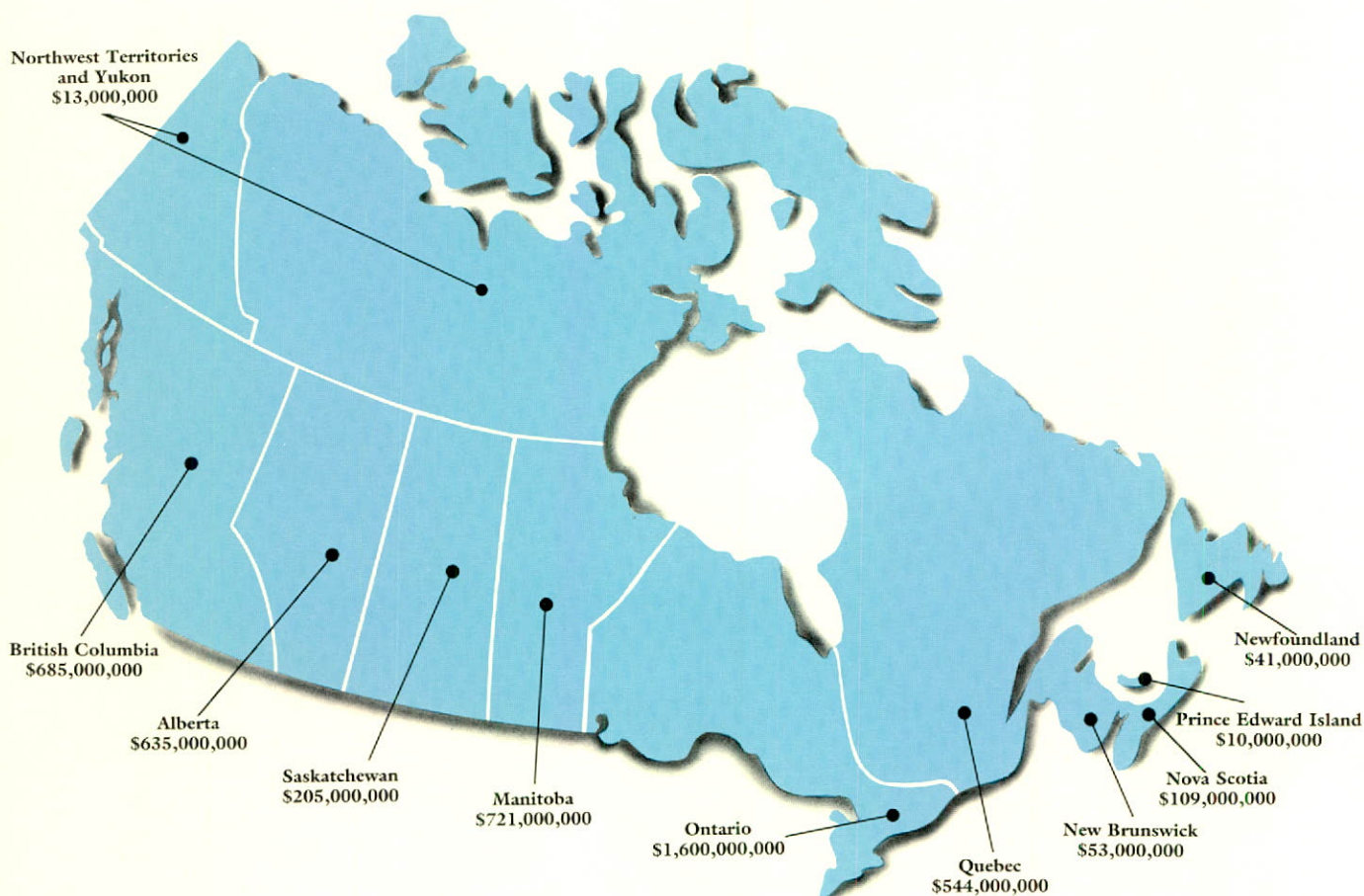
Legal Department

As a large company in a highly regulated industry, it is not only important to maintain contact with federal and provincial regulators, but it is also important to be very aware of changing rules and regulations. The company maintains an in-house legal department to keep the company and its clients apprised of changing regulatory matters as they pertain to our financial services and products. The legal staff is also used on a consultative basis in the development of new products.

Internal Audit

In order to ensure that the assets under administration are properly protected, the company maintains a comprehensive system of internal controls and supports an extensive program of internal audits. It has also made organizational arrangements providing appropriate divisions of responsibility and established communications programmes aimed at assuring that its policies, procedures, and codes of conduct are understood and practised by its employees.

Savings and Investments Put to Productive Work



The \$5 billion of assets managed on behalf of our clients have been put to work productively across Canada and elsewhere.

As the map shows, the pooled investment and savings dollars of hundreds of thousands of Canadians – totalling \$4.6 billion – help the economies of the 10 Provinces and two northern Territories. The amount invested in each province is roughly proportionate to the total amount the people of that province have entrusted to Investors.

In addition, \$418 million of investments have been made in the United States and other foreign countries.

These foreign placements fulfil specific investment requirements of clients. For example, the \$69 million invested in Japan is to meet the portfolio needs of the Investors Japanese Growth Fund.

The assets by type of investment are:

| | |
|-----------------------|------------------------|
| Common Stocks | \$1,686,000,000 |
| Preferred Stocks | 525,000,000 |
| Bonds and Debentures | 646,000,000 |
| Mortgages | 1,532,000,000 |
| Cash and other Assets | 647,000,000 |
| | <u>\$5,036,000,000</u> |

Corporate Announcement



ROBERT H. JONES



ARTHUR V. MAURO, Q.C.

Following the Annual General Meeting of Shareholders on April 30, 1985, Mr. Robert H. Jones retires as Chief Executive Officer of the Company and will be succeeded by Mr. Arthur V. Mauro, Q.C.

In his thirty-seven years with Investors Mr. Jones has served in various executive capacities. For the past fourteen years as its chief executive officer he has guided the Company through a period of record growth and accomplishment.

Mr. Jones will remain as Chairman of the Board of Directors.

Following a distinguished career in Law and experience in business operations, Mr. Mauro became associated with Investors in 1976 and was appointed Executive Vice-President in 1977. He has served as President and Chief Operating Officer since 1981.

The Investors Group Ten-Year Review

Condensed Summary of Operations (\$000)

| | 1984 | 1983 | 1982 |
|--|----------------|----------------|----------------|
| Investment income | 139,344 | 129,995 | 118,401 |
| Fee income | 70,286 | 58,711 | 30,894 |
| Net gain on investments | 192 | 2,790 | 1,063 |
| | <u>209,822</u> | <u>191,496</u> | <u>150,358</u> |
| Interest expense | 112,294 | 105,280 | 92,833 |
| Operating expenses | 71,529 | 62,869 | 44,285 |
| Income tax | 4,785 | 4,410 | (1,132) |
| | <u>188,608</u> | <u>172,559</u> | <u>135,986</u> |
| Net income – Company and wholly-owned subsidiaries | 21,214 | 18,937 | 14,372 |
| Share of earnings of: | | | |
| The Great-West Life Assurance Company | 75,327 | 60,225 | 39,553 |
| Montreal Trustco Inc. | 6,136 | 5,851 | 2,699 |
| Net income before debenture interest | 102,677 | 85,013 | 56,624 |
| Debenture interest net of tax | 1,716 | 1,710 | 1,759 |
| Net income | <u>100,961</u> | <u>83,303</u> | <u>54,865</u> |

Per-Share Data

| | | | |
|-------------------------|-------|-------|-------|
| Earnings | 7.40 | 6.03 | 3.84 |
| Dividends paid | 1.85 | 1.65 | 1.60 |
| Book value per share | 37.41 | 31.94 | 27.60 |
| Return on common equity | 23.2% | 21.9% | 15.1% |

Statistical Data

| | | | |
|---------------------------------|----------------|----------------|----------------|
| Sales (in \$ millions) | | | |
| Mutual Funds | 495.1 | 468.8 | 193.2 |
| Certificates | 97.7 | 82.0 | 116.4 |
| Insurance and other | 103.5 | 73.0 | 83.4 |
| | <u>696.3</u> | <u>623.8</u> | <u>393.0</u> |
| Number of sales representatives | 1,129 | 1,028 | 956 |
| Assets (in \$ millions) | | | |
| Corporate | 1,447.2 | 1,362.7 | 1,289.7 |
| Mutual Funds | 2,328.8 | 1,954.5 | 1,363.8 |
| Pension Funds | 1,260.3 | 1,258.9 | 1,054.4 |
| | <u>5,036.3</u> | <u>4,576.1</u> | <u>3,707.9</u> |

| 1981 | 1980 | 1979 | 1978 | 1977 | 1976 | 1975 |
|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| 105,053 | 84,221 | 72,813 | 60,882 | 54,050 | 47,103 | 40,690 |
| 23,758 | 20,811 | 17,256 | 14,995 | 13,810 | 12,542 | 13,443 |
| (935) | 252 | 983 | (5,026) | (601) | (183) | 63 |
| <u>127,876</u> | <u>105,284</u> | <u>91,052</u> | <u>70,851</u> | <u>67,259</u> | <u>59,462</u> | <u>54,196</u> |
| 67,675 | 52,846 | 43,935 | 37,430 | 32,299 | 27,620 | 23,676 |
| 38,469 | 32,058 | 27,198 | 24,339 | 22,336 | 20,295 | 18,179 |
| 3,254 | 3,901 | 3,668 | 1,025 | 4,266 | 4,657 | 5,365 |
| <u>109,398</u> | <u>88,805</u> | <u>74,801</u> | <u>62,794</u> | <u>58,901</u> | <u>52,572</u> | <u>47,220</u> |
| 18,478 | 16,479 | 16,251 | 8,057 | 8,358 | 6,890 | 6,976 |
| 40,422 | 54,441 | 45,380 | 24,351 | 10,014 | 7,927 | 8,514 |
| 3,418 | 5,055 | 3,177 | 3,573 | 2,905 | 2,531 | 2,244 |
| 62,318 | 75,975 | 64,808 | 35,981 | 21,277 | 17,348 | 17,734 |
| 1,795 | 1,812 | 1,935 | 926 | - | - | - |
| <u>60,523</u> | <u>74,163</u> | <u>62,873</u> | <u>35,055</u> | <u>21,277</u> | <u>17,348</u> | <u>17,734</u> |
| 4.27 | 5.33 | 4.45 | 2.52 | 1.52 | 1.22 | 1.25 |
| 1.55 | 1.30 | .775 | .50 | .50 | .50 | .50 |
| 25.37 | 22.70 | 15.32 | 13.53 | 10.90 | 10.04 | 9.49 |
| 18.8% | 28.4% | 29.3% | 21.2% | 14.4% | 12.5% | 13.9% |
| 127.6 | 113.9 | 91.1 | 77.3 | 66.4 | 40.8 | 46.2 |
| 166.4 | 143.1 | 97.8 | 98.2 | 65.3 | 65.3 | 49.7 |
| 94.0 | 76.4 | 68.6 | 67.1 | 42.0 | 65.2 | 45.2 |
| <u>388.0</u> | <u>333.4</u> | <u>257.5</u> | <u>242.6</u> | <u>173.7</u> | <u>171.3</u> | <u>141.1</u> |
| 793 | 827 | 727 | 681 | 718 | 763 | 777 |
| 1,204.5 | 1,114.7 | 1,014.5 | 927.8 | 730.7 | 672.7 | 618.0 |
| 1,115.7 | 1,169.1 | 1,006.8 | 874.0 | 787.5 | 800.1 | 827.0 |
| 907.7 | 823.8 | 628.8 | 554.0 | 449.7 | 393.5 | 324.0 |
| <u>3,227.9</u> | <u>3,107.6</u> | <u>2,650.1</u> | <u>2,355.8</u> | <u>1,967.9</u> | <u>1,866.3</u> | <u>1,769.0</u> |

The Investors Group and Consolidated Subsidiary Companies

Consolidated Financial Statements

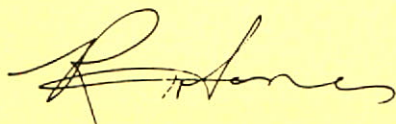
Consolidated Balance Sheet

as at December 31, 1984

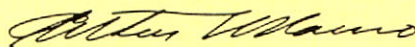
| | ASSETS | 1984 | \$000 | 1983 |
|--|--------|--------------------|-------|--------------------|
| Cash and investments | | | | |
| Cash and temporary investments | | \$ 74,251 | | \$ 58,838 |
| Marketable securities and accrued income (Note 3) | | 302,008 | | 261,889 |
| Mortgages on real estate and accrued income | | 823,705 | | 805,896 |
| Real estate | | 20,734 | | 7,652 |
| Loans to certificate holders | | <u>11,924</u> | | <u>13,711</u> |
| | | 1,232,622 | | 1,147,986 |
| Investment in unconsolidated subsidiary and affiliate (Note 4) | | 499,307 | | 443,365 |
| Office premises | | 5,949 | | 5,516 |
| Accounts and notes receivable | | 7,450 | | 7,546 |
| Income taxes recoverable | | 177 | | - |
| Deferred expenses | | 7,322 | | 9,062 |
| Other assets | | 2,885 | | 1,781 |
| | | \$1,755,712 | | \$1,615,256 |

| LIABILITIES | 1984 | \$000 | 1983 |
|--|--------------------|-------|--------------------|
| Certificate and other liabilities | | | |
| Certificate liabilities (Note 6) | \$ 750,434 | | \$ 753,601 |
| Provision for additional certificate credits | 4,939 | | 5,574 |
| Guaranteed trust accounts (Note 2) | 326,291 | | 256,322 |
| Bank loans | 1,288 | | 1,107 |
| Tax deposits on mortgages | 21,282 | | 20,379 |
| Dividends payable | 6,876 | | 6,228 |
| Mortgage on real estate | 6,136 | | - |
| Other liabilities | 19,555 | | 16,662 |
| Income taxes payable | - | | 243 |
| | <u>1,136,801</u> | | <u>1,060,116</u> |
| Income deferred to future years | 5,029 | | 2,823 |
| Deferred income taxes | 8,737 | | 11,397 |
| 9 ⁷ / ₈ % Debentures, 1978 Series (Note 7) | <u>32,796</u> | | <u>35,300</u> |
| | <u>1,183,363</u> | | <u>1,109,636</u> |
| SHAREHOLDERS' EQUITY | | | |
| Capital stock (Note 8) | 96,416 | | 100,616 |
| Contributed surplus arising from premium on capital stock | 46,777 | | 46,777 |
| Retained earnings | | | |
| Appropriated (Note 9) | 158,208 | | 136,293 |
| Unappropriated | <u>270,948</u> | | <u>221,934</u> |
| | <u>572,349</u> | | <u>505,620</u> |
| | <u>\$1,755,712</u> | | <u>\$1,615,256</u> |

On behalf of the Board



DIRECTOR



DIRECTOR

See accompanying notes to financial statements.

Consolidated Statement of Income

for the year ended December 31, 1984

| | 1984 | \$000 | 1983 |
|--|------------------|-------|-----------|
| Income | | | |
| Investment income | \$137,635 | | \$127,656 |
| Service fees | 1,709 | | 2,340 |
| Management and distribution fees | 67,290 | | 55,896 |
| Trust fees | 2,996 | | 2,815 |
| | 209,630 | | 188,707 |
| Expenses | | | |
| Interest on certificate and trust liabilities | 72,982 | | 65,253 |
| Additional credits to certificates | 39,312 | | 40,028 |
| Certificate and service fee costs | 17,077 | | 15,623 |
| Management and distribution costs | 51,917 | | 44,814 |
| Trust operating costs | 2,535 | | 2,433 |
| | 183,823 | | 168,151 |
| Gross income from operations | 25,807 | | 20,556 |
| Provision for income taxes (Note 10) | 5,030 | | 3,662 |
| Income from operations | 20,777 | | 16,894 |
| Net gain on investments net of tax (Note 11) | 437 | | 2,043 |
| Net income from operations | 21,214 | | 18,937 |
| Share of earnings of unconsolidated subsidiary and affiliate (Note 4) | 80,977 | | 59,200 |
| | 102,191 | | 78,137 |
| Debenture interest costs net of tax (Note 7) | 1,716 | | 1,710 |
| Net operating income (Note 11) | 100,475 | | 76,427 |
| Share of other items of unconsolidated subsidiary | 486 | | 6,876 |
| Net income | \$100,961 | | \$ 83,303 |
| Earnings per share after deducting dividends on preferred stock: | | | |
| Net operating income (Note 11) | \$ 7.36 | | \$ 5.50 |
| Net income | \$ 7.40 | | \$ 6.03 |

See accompanying notes to financial statements.

Consolidated Statement of Retained Earnings

for the year ended December 31, 1984

| | 1984 | \$000 | 1983 |
|--|------------------|-------|-----------|
| Appropriated (Note 9) | | | |
| Balance, beginning of year | \$136,293 | | \$148,965 |
| Company's share of changes in special reserves made by The Great-West Life Assurance Company | 21,915 | | (12,672) |
| Balance, end of year | \$158,208 | | \$136,293 |
| Unappropriated | | | |
| Balance, beginning of year | \$221,934 | | \$153,178 |
| Add (deduct) | | | |
| Net income for the year | 100,961 | | 83,303 |
| Company's share of changes in special reserves made by The Great-West Life Assurance Company | (21,915) | | 12,672 |
| Company's share of charges to retained earnings by Montreal Trustco Inc. | (288) | | - |
| Dividends – preferred shares | (5,146) | | (5,209) |
| – common shares | (24,598) | | (22,010) |
| Balance, end of year | \$270,948 | | \$221,934 |

See accompanying notes to financial statements.

Consolidated Statement of Changes in Financial Position

for the year ended December 31, 1984

| | 1984 | \$000 | 1983 |
|--|------------------|-------|------------|
| Source of funds | | | |
| From operations | | | |
| Net operating income | \$100,475 | | \$ 76,427 |
| Less share of earnings retained by unconsolidated subsidiary and affiliate | 55,709 | | 37,190 |
| | 44,766 | | 39,237 |
| | | | |
| Deduct non-cash credits to operations net of a deferred income tax charge (credit) of \$(2,660) (1983 - \$2,134) | 926 | | 1,257 |
| | 43,840 | | 37,980 |
| | | | |
| Interest and additional credits on certificate and trust liabilities | 112,294 | | 105,281 |
| Certificate and guaranteed trust sales and receipts | 126,717 | | 104,765 |
| Proceeds from security transactions | 58,000 | | 31,434 |
| Mortgage principal collections and sales | 75,401 | | 67,404 |
| Proceeds from sale of real estate | 5,880 | | 1,731 |
| Decrease in loans to certificate holders | 1,688 | | 7,653 |
| Mortgage on real estate | 6,136 | | - |
| Miscellaneous | 4,065 | | 6,981 |
| | 434,021 | | 363,229 |
| | | | |
| Use of funds | | | |
| Certificate maturities and surrenders | 172,782 | | 144,185 |
| Investment in marketable securities | 99,653 | | 45,163 |
| Investment in mortgages | 101,278 | | 202,828 |
| Net additions to real estate and office premises | 9,240 | | 1,833 |
| Decrease (increase) in bank loans | (181) | | 11,314 |
| Reduction in 9% debentures | 2,504 | | 2,100 |
| Redemption of preferred shares, 1978 series | 4,200 | | - |
| Dividends paid | 29,097 | | 26,571 |
| Investment in The Great-West Life Assurance Company | 35 | | 507 |
| | 418,608 | | 434,501 |
| | | | |
| Increase (decrease) in cash and temporary investments | \$ 15,413 | | \$(71,272) |

See accompanying notes to financial statements.

Notes to the Consolidated Financial Statements

December 31, 1984

I. Summary of significant accounting policies

The accounting principles followed by The Investors Group and its subsidiaries and affiliate are in accordance with generally accepted accounting principles, except that the accounting practices followed by The Great-West Life Assurance Company are as prescribed or permitted by the Department of Insurance of Canada, as described in the notes to the financial statements of that Company contained on Pages 31 to 36.

a. Principles of consolidation

The consolidated financial statements include the accounts of all subsidiary companies except The Great-West Life Assurance Company, which operates within a regulated industry and it is not considered appropriate to consolidate in the circumstances.

The investments in The Great-West Life Assurance Company and the affiliated company, Montreal Trustco Inc., are accounted for on the equity basis. Financial information for these companies is presented on Pages 31 to 38.

b. Marketable securities

It is a statutory requirement of the investment contract industry to amortize 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 accumulated depreciation and provision for losses.

d. Office premises

Office premises are recorded at cost less accumulated depreciation of \$5,786,000 (1983 - \$5,376,000). The depreciable properties and related equipment and furnishings are depreciated on a straight-line basis over their estimated life.

e. 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.

f. Service fee income and selling expenses

On instalment investment certificates, service fees received during the first year may exceed or be less than the aggregate of commissions paid to sales representatives and selling costs incurred. To achieve a better matching of income and expense, the differential is amortized over the first 60 months that instalment certificates are in force.

On single payment certificates, first year commissions paid to sales representatives are amortized over the first 36 months that they are in force with all other selling expenses being charged against income in the year of sale. A special commission which is payable on the tenth anniversary of certain certificates is being provided for by an annual charge against income.

On guaranteed investment certificates, all commissions paid to sales representatives and all other selling expenses are amortized over the terms of the certificates.

g. 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.

h. 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.

2. 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.

| | 1984 | \$000 | 1983 |
|----------------------------|------------------|-------|------------------|
| Cash and other investments | \$ 42,472 | | \$ 22,189 |
| Marketable securities | 28,223 | | 13,452 |
| First mortgages | 255,596 | | 220,681 |
| | \$326,291 | | \$256,322 |

3. Marketable securities and accrued income

| | \$000 | | | |
|---|------------------|------------------|------------------|------------------|
| | 1984 | | 1983 | |
| | Cost | Market | Cost | Market |
| Canadian government and corporate bonds and obligations | \$ 81,529 | \$ 75,823 | \$104,832 | \$ 98,283 |
| Canadian preferred stocks | 193,089 | 179,275 | 129,727 | 115,206 |
| Canadian common stocks | 24,136 | 42,439 | 23,659 | 39,809 |
| Aircraft certificates* | 3,254 | 3,254 | 3,671 | 3,671 |
| | <u>\$302,008</u> | <u>\$300,791</u> | <u>\$261,889</u> | <u>\$256,969</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 \$1,625,500 (1983 - \$1,789,500), mature in 1991 and are secured by a mortgage on one aircraft and the related lease payments.

4. Investment in unconsolidated subsidiary and affiliate

| | <u>Subsidiary</u> The Great-West Life Assurance Company | <u>Affiliate</u> Montreal Trustco Inc. | <u>Total</u> |
|---|--|---|------------------|
| Equity interest, December 31, 1984 | 96.2% | 40.4% | |
| | | \$000 | |
| Carrying value of investments, beginning of year | \$395,989 | \$47,376 | \$443,365 |
| Add (deduct) | | | |
| Cost of shares acquired during the year | 35 | - | 35 |
| Share of net operating income | 74,841 | 6,136 | 80,977 |
| Share of other items | 486 | - | 486 |
| Share of charges to retained earnings | - | (288) | (288) |
| Dividends received | <u>(23,083)</u> | <u>(2,185)</u> | <u>(25,268)</u> |
| Carrying value of investments, end of year | <u>\$448,268</u> | <u>\$51,039</u> | <u>\$499,307</u> |
| Share of equity, December 31, 1984 | <u>\$497,247</u> | <u>\$46,165</u> | <u>\$543,412</u> |

During 1984 Montreal Trustco Inc. issued 2,200,000 Series A common shares from treasury. After giving effect to this transaction, the Company's equity interest in Montreal Trustco Inc. was reduced from 50.1% to 40.4%. A further 15.0% of the shares of Montreal Trustco Inc. are owned by the parent company, Power Financial Corporation.

5. Accounting practices for The Great-West Life Assurance Company

As noted in Note 1, the accounting practices employed by The Great-West Life Assurance Company are those prescribed or permitted by The Department of Insurance of Canada.

During 1984, the Company's income has been affected by the following changes in accounting practices and other unusual items, net of income taxes, which have been reflected in the financial statements of The Great-West Life Assurance Company:

- a. A change to the rate at which realized and unrealized gains and losses on equity securities are recognized in income from 7% to 15%. This change in applicable regulation was promulgated by The Department of Insurance of Canada in December 1984 and resulted in an increase in the Company's net operating income of \$14,908,000.
- b. Income from subsidiaries includes an amount to conform the accounting methods of the subsidiaries to the accounting practices prescribed for The Great-West Life Assurance Company, resulting in an increase in the Company's share of other items of unconsolidated subsidiary of \$5,615,000.

c. The deferred asset in respect of computer systems development has been written off, resulting in a decrease in the Company's net operating income of \$4,010,000.

d. Asset values in respect of real estate properties which are in the process of development have been written down resulting in a decrease in the Company's share of other items of unconsolidated subsidiary of \$7,088,000.

e. Provision has been made for possible assessments by insurance guarantee associations resulting in a decrease in the Company's share of other items of unconsolidated subsidiary of \$3,532,000.

The net effect after income taxes of the changes in accounting practices and other unusual items reflected in the financial statements of The Great-West Life Assurance Company is an increase in the Company's net income of \$5,893,000.

Further information on the other items of The Great-West Life Assurance Company may be found in Note 3 of the notes to the financial statements of that company contained on Page 35.

6. 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, 1984 the excess was \$104,124,000 (1983 - \$57,606,000).

7. 9⁷/₈% Debentures, 1978 Series

The debentures are due October 4, 1998 with a sinking fund requirement of \$1,500,000 per annum, which may be increased to \$2,500,000 at the Company's option.

The debentures were issued in 1978 as part of the financing for the purchase of shares of the unconsolidated subsidiary.

8. Capital stock

a. Authorized

- 3,687,152 preferred shares
- 20,000,000 voting common shares
- 20,622,022 Class A non-voting shares

b. Issued and outstanding

Preferred shares, 1969 Series
Preferred shares, 1978 Series

Common shares
Class A non-voting shares
Surplus arising from conversion
of preferred shares

Total capital stock

| | Number of Shares | \$000 |
|--|---------------------|-----------------|
| | 1,287,152 | \$32,179 |
| | 2,232,000 | 55,800 |
| | <u>3,519,152</u> | <u>87,979</u> |
| | 6,842,105 | 342 |
| | 6,104,461 | 305 |
| | - | 7,790 |
| | <u>12,946,566</u> | <u>8,437</u> |
| | | <u>\$96,416</u> |

c. Principal features

- i. The preferred shares, 1969 Series are entitled to a \$1.25 annual cumulative dividend and are redeemable at \$25 per share.
- ii. The preferred shares, 1978 Series are entitled to an annual cumulative dividend of \$1.50 to September 1, 1985 and thereafter at a floating rate equal to 1/2 of the prime rate plus 1¼%; redeemable at \$26 per share to August 31, 1988, decreasing to \$25¼ per share during the period to August 31, 1991 and \$25 per share thereafter.

Under the terms of the preferred shares, 1978 Series, the Company is required to purchase 168,000 shares at \$25 per share on September 1 in each year to 1993 inclusive. The Company purchased 168,000 shares for cash on September 1, 1984. The holders of the shares outstanding on September 1, 1993 have the right to have the Company redeem them on that date; otherwise 20% of the shares then outstanding will be purchased by the Company on September 1 in each of the years 1994 to 1998.

9. Appropriated retained earnings

Appropriated retained earnings represent the Company's share of special reserves made by The Great-West Life

Assurance Company as required by the Department of Insurance of Canada.

10. Income Taxes

\$000

| | <u>1984</u> | <u>1983</u> |
|--|-----------------|-----------------|
| Gross income from operations | \$25,807 | \$20,556 |
| Deduct dividend and other non-taxable income | <u>16,129</u> | <u>13,237</u> |
| Adjusted net operating income | <u>9,678</u> | <u>7,319</u> |
| Effective rate of income taxes | <u>51.97%</u> | <u>52.75%</u> |
| Provision for income taxes based on effective rate | 5,030 | 3,861 |
| Deduct adjustment for accumulated provincial royalty tax rebates | <u>—</u> | <u>199</u> |
| Provision for income taxes on operating income | 5,030 | 3,662 |
| Provision for (recovery of) taxes on gains and losses on investments | (245) | 748 |
| Income taxes recovered on debenture interest costs | <u>(1,859)</u> | <u>(1,920)</u> |
| Total provision for income taxes | <u>\$ 2,926</u> | <u>\$ 2,490</u> |

11. Extraordinary and other items

The Company and Montreal Trustco Inc. have changed their presentation of net gains and losses on investment transactions, so that such amounts are now included in the determination of net operating income. Previously,

such items were reported as extraordinary items. The 1983 figures have been restated to conform with the 1984 presentation.

12. Contingencies and commitments

- a. In connection with the Company's real estate investments the Company is contingently liable for guarantees of mortgage financing totalling \$5,793,000 and letters of credit totalling \$8,630,000 less a guarantee of \$2,974,000 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 available cash and marketable securities, The Investors Group 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, 1984 total assets of Investors Mortgage Fund were \$561,873,000 comprising \$73,904,000 in cash and other liquid assets and \$487,969,000 in mortgages.

13. 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.

- b. The provision of investment management services by wholly-owned subsidiaries to eleven affiliated mutual funds.

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

14. Segmented information

The Company operates in three distinct industry segments; the life insurance industry as represented by its controlling interest in The Great-West Life Assurance Company, the trust industry as represented by its interest in Montreal Trustco Inc. and the financial services indus-

try as represented by the operations of the Company and its wholly owned subsidiaries. Financial information on each segment is provided in the consolidated financial statements and on Pages 31 to 38.

15. Other

- a. Included as charges against net income are the following:

| | <u>1984</u> | \$000 | <u>1983</u> |
|---|-------------|-------|-------------|
| Depreciation and amortization | \$ 956 | | \$ 874 |
| Remuneration of directors and senior officers | | | |
| As directors - 13 (1983 - 14) | 162 | | 141 |
| As officers - 12 (1983 - 12) | 1,678 | | 1,554 |
| 2 officers were also directors of the Company (1983 - 2 officers) | | | |

- b. Aggregate remuneration paid by the Company's unconsolidated subsidiary to directors of the Company for services as directors or senior officers of the unconsolidated subsidiary including the cost of pension benefits amounted to \$157,000 (1983 - \$160,000).

- c. Certain comparative figures have been reclassified to conform with the current presentation.

Auditors' Report

To the Shareholders, The Investors Group

We have examined the consolidated balance sheet of The Investors Group and its consolidated subsidiary companies as at December 31, 1984 and the consolidated statements of income, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at De-

cember 31, 1984 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied, except for the change in the methods of accounting for investment income and income from subsidiaries adopted by The Great-West Life Assurance Company as explained in Notes 5a and 5b to the financial statements, on a basis consistent with that of the preceding year.

Winnipeg, Manitoba
February 12, 1985

TOUCHE ROSS & CO.
CHARTERED ACCOUNTANTS

The Great-West Life Assurance Company Balance Sheet

December 31, 1984 (In thousands of dollars)

| ASSETS | 1984 | 1983 |
|---|--------------------|--------------------|
| Bonds (Note 1a) | \$2,571,281 | \$1,941,362 |
| Mortgages and sale agreements (Note 1a) | 3,596,052 | 3,100,360 |
| Stocks (Note 1 b) | 471,009 | 365,101 |
| Real estate (Note 1c) | 560,578 | 683,884 |
| Loans to policyholders | 322,842 | 325,998 |
| Cash and certificates of deposit | 74,252 | 94,366 |
| Premiums in course of collection | 95,304 | 75,267 |
| Interest due and accrued | 129,990 | 97,905 |
| Segregated investment funds (Note 1d) | 1,135,801 | 1,038,000 |
| Other assets | 109,757 | 101,392 |
| | \$9,066,866 | \$7,823,635 |
| LIABILITIES | | |
| Policy benefit liabilities | | |
| Policy reserves (Note 1 g) | \$5,839,481 | \$4,823,189 |
| Segregated investment funds | 1,135,801 | 1,038,000 |
| Provision for claims | 393,736 | 343,575 |
| Provision for 1985 policyholders' dividends | 64,839 | 60,648 |
| Provision for experience rating refunds | 78,939 | 64,876 |
| | 7,512,796 | 6,330,288 |
| Policyholders' funds | 365,490 | 323,242 |
| Mortgages on real estate | 259,393 | 333,184 |
| Income taxes payable | 4,940 | 13,288 |
| Deferred income taxes (Note 1e) | 4,066 | 21,690 |
| Other liabilities | 103,942 | 80,986 |
| | 8,250,627 | 7,102,678 |
| Capital stock and surplus | | |
| Capital stock | | |
| Authorized, issued and fully paid - 2,000,000 common shares of \$1 par value | 2,000 | 2,000 |
| Appropriated surplus (Note 4) | | |
| - participating policyholders | 70,861 | 61,174 |
| - shareholders | 201,327 | 178,541 |
| Unappropriated surplus | | |
| - participating policyholders | 228,377 | 197,103 |
| - shareholders | 313,674 | 282,139 |
| | 816,239 | 720,957 |
| | \$9,066,866 | \$7,823,635 |

See accompanying notes to financial statements.

The Great-West Life Assurance Company

Summary of Operations

(In thousands of dollars)

| | | |
|---|-------------------|------------------|
| Income | | |
| Life insurance and annuity premiums | \$1,482,939 | \$1,089,331 |
| Accident and health premiums | 520,265 | 511,985 |
| Net investment income (Note 2a) | 844,072 | 687,792 |
| Net realized and unrealized capital gains on assets of segregated investment funds (Note 1d) | 9,493 | 42,685 |
| Total Income | 2,856,769 | 2,331,793 |
| Benefits and Expenses | | |
| Life and annuity benefits | 916,093 | 807,072 |
| Accident and health benefits | 410,430 | 407,273 |
| Interest on funds on deposit | 35,831 | 31,715 |
| Increase in policy reserves (Note 1g) | 989,415 | 682,928 |
| Dividends to policyholders | 64,500 | 59,723 |
| Total paid or credited to policyholders | 2,416,269 | 1,988,711 |
| Commissions and operating expenses | 318,483 | 249,036 |
| Premium taxes | 21,633 | 20,429 |
| Net operating income before income taxes | 100,384 | 73,617 |
| Income taxes - current | 4,944 | 5,036 |
| - deferred | (5,705) | (1,931) |
| Net income from operations | 101,145 | 70,512 |
| Other Items (Note 3) | 18,137 | 9,449 |
| Net Income | \$ 119,282 | \$ 79,961 |
| Summary of Net Income (note 1h) | | |
| Attributable to participating policyholders | | |
| Net income before policyholder dividends | \$ 87,829 | \$ 74,743 |
| Policyholder dividends | 64,500 | 59,723 |
| Net income from operations | 23,329 | 15,020 |
| Other items | 17,632 | 2,297 |
| Net Income - participating policyholders | \$ 40,961 | \$ 17,317 |
| Attributable to shareholders | | |
| Net income from operations | \$ 77,816 | \$ 55,492 |
| Other items | 505 | 7,152 |
| Net Income - shareholders | \$ 78,321 | \$ 62,644 |
| Earnings per share | | |
| From operations | \$ 38.90 | \$ 27.74 |
| Including other items | \$ 39.16 | \$ 31.32 |

See accompanying notes to financial statements.

The Great-West Life Assurance Company Statement of Surplus

for the year 1984 (In thousands of dollars)

| | Participating Policyholders | Shareholders | Total |
|--|--------------------------------|---------------|---------------|
| APPROPRIATED | | | |
| Balance, January 1 | \$ 61,174 | \$178,541 | \$239,715 |
| Add: | | | |
| Increase in special reserves | | | |
| Investment valuation and currency reserve - net | 1,389 | 7,359 | 8,748 |
| Reserve for cash value deficiencies and amounts of negative reserves | 7,863 | 4,509 | 12,372 |
| Reserve for miscellaneous assets | 435 | 10,918 | 11,353 |
| | <u>9,687</u> | <u>22,786</u> | <u>32,473</u> |
| Balance, December 31 | \$ 70,861 | \$201,327 | \$272,188 |
| UNAPPROPRIATED | | | |
| Balance, January 1 | \$197,103 | \$282,139 | \$479,242 |
| Add: | | | |
| Total net income for year from summary of operations | 40,961 | 78,321 | 119,282 |
| Deduct: | | | |
| Dividends to shareholders | — | 24,000 | 24,000 |
| Changes in special reserves appropriated from surplus | 9,687 | 22,786 | 32,473 |
| Balance, December 31 | \$228,377 | \$313,674 | \$542,051 |

See accompanying notes to financial statements.

The Great-West Life Assurance Company Notes to 1984 Financial Statements

1. Significant Accounting Practices

The accounting practices followed by the Company are as prescribed or permitted by the Department of Insurance of Canada for the purpose of reporting to policyholders and shareholders.

(a) Investments in bonds, mortgages and sale agreements (debt securities) are basically carried at amortized cost with the securities of the life account adjusted by the unamortized balance of losses or gains on sales of securities. The difference between the proceeds on the sale of a debt security and its amortized cost is considered to be an adjustment of future portfolio yield, and is deferred and amortized over the period to maturity of the security sold. The unamortized balances at December 31, 1984 are \$41,014,000 of net losses for bonds (\$46,138,000 in 1983) and \$200,000 of net gains for mortgages (\$780,000 in 1983).

Bonds, mortgages and sale agreements have a market value authorized by the Department of Insurance of \$5,839,278,000 (\$4,641,560,000 in 1983). In most instances, the carrying value of debt securities will be realized since they will be held to maturity to discharge policy contract liabilities maturing at the same time.

(b) Investments in stocks (equity securities) in the life account are carried at cost less an adjustment which consists of realized gains and losses as well as a market value adjustment which is a portion of the difference between adjusted book value and year-end market value of all equity securities. The adjustment at December 31, 1984 amounted to \$63,653,000 (\$92,443,000 in 1983). Equity investments in respect of the accident and health business are carried at cost.

Equity securities have a market value authorized by the Department of Insurance of \$684,492,000 (\$593,091,000 in 1983).

(c) Real estate at December 31, 1984 is carried at a written down cost of \$592,836,000 (\$711,204,000 in 1983) less accumulated depreciation of \$32,258,000 (\$27,320,000 in 1983).

The market value of the real estate portfolio has been calculated at \$660,448,000 (\$810,102,000 in 1983).

(d) Investments held for segregated investment funds are carried at market value. Net realized and unrealized capital gains on segregated investment funds were \$9,493,000 in 1984 (\$42,685,000 in 1983). Such capital gains to the funds are reflected in the increase in policy reserves and do not affect net income of the Company.

(e) Income taxes are calculated using the deferred-tax method on a present value basis.

(f) Income from subsidiaries is included using the equity method of accounting. The Company's principal subsidiaries are listed below:

Great-West Life & Annuity Insurance Company
Torwest Properties U.S.A. Limited
Gold Circle Insurance Company
G.W.L. Properties Ltd.
G.W.L. Realty Investments Inc.

(g) Policy reserves represent the amount which, in the judgement of the Valuation Actuary, is required, together with future premiums and investment income, to provide for future policy benefits, administrative expenses and taxes on insurance and annuity policies. Asset values and projected maturities of assets and liabilities are continuously monitored and appropriately considered in the determination of policy reserves.

Policy reserves are calculated using assumptions considered to be appropriate to the policies in force and recognize the deferral of certain costs of acquiring policies. The amount of unamortized deferred acquisition costs deducted in arriving at the policy reserves was \$169,538,000 at December 31, 1984 (\$131,942,000 at December 31, 1983).

(h) Net income includes earnings of the participating, non-participating and the health insurance accounts. Earnings applicable to shareholders include net earnings of the non-participating and the health accounts and 2½%, as restricted by law, of the distributions from the participating account.

2. The following changes in accounting practices and other unusual items, net of income taxes, have been reflected in the financial statements:

- (a) A change to the rate at which realized and unrealized gains and losses on equity securities (Note 1(b)) are recognized in income from 7% to 15%. This change in applicable regulation was promulgated by the Department of Insurance of Canada in December, 1984 and has resulted in an increase in net income from operations of \$18,892,000.
- (b) Income from subsidiaries includes an amount of \$7,109,000 to conform the accounting methods of the subsidiaries to the accounting practices prescribed

for the parent company, resulting in an increase in other items.

- (c) The deferred asset in respect of computer systems development amounting to \$5,162,000 has been written-off, resulting in a decrease in net income from operations.
- (d) Asset values in respect of real estate properties which are in the process of development have been written down by \$8,160,000, resulting in a decrease in other items.
- (e) Provision has been made for possible assessments by insurance guarantee associations amounting to \$4,080,000, resulting in a decrease in other items.

3. Other items, net of income taxes includes the results of:

| Attributable to: | 1984 | | 1983 | |
|---|--------------------------------------|-----------------------|--------------------------------------|-----------------------|
| | Participating Policyholders (000) | Shareholders (000) | Participating Policyholders (000) | Shareholders (000) |
| Net write-down of assets | \$(2,436) | \$(15,542) | \$ (347) | \$(1,185) |
| Realized gains/losses on sale of assets (Note 3a) | 1,371 | 8,548 | 1,957 | 8,818 |
| Prior years' income tax adjustment (Note 3b) | 13,614 | 2,810 | (10,500) | (1,200) |
| Gain due to change in book rates of exchange (Note 3c) | 5,441 | 11,043 | — | — |
| Changes in actuarial reserves | — | (2,780) | 11,956 | 3,814 |
| Provision for strengthening of employee benefit plans | (426) | (2,150) | (277) | (1,443) |
| Provision for insurance guarantee association assessments (Note 2c) | (408) | (3,672) | — | — |
| Share of earnings of subsidiaries (Note 1f) | (796) | (3,589) | (492) | (1,652) |
| Accounting basis change for subsidiaries (Note 2b) | 1,272 | 5,837 | — | — |
| | <u>\$17,632</u> | <u>\$ 505</u> | <u>\$ 2,297</u> | <u>\$ 7,152</u> |
| | <u>\$18,137</u> | | <u>\$9,449</u> | |

(a) Realized gains, net of income taxes of \$833,000, on sales of assets include the results of:

- i) all disposals of assets of the accident and health account;
- ii) disposals of real estate in the life account.

(b) The prior years' tax adjustment includes the results of:

- i) A partial reversal of amounts set aside in 1983 to provide for Canadian tax issues.
- ii) A reduction of U.S. deferred tax liabilities resulting

from the Deficit Reduction Act of 1984 which introduced changes in the taxation of life insurance companies in the United States.

- (c) Effective January 1, 1984 United States currency items are translated at a book rate of \$1.20 in Canadian dollars compared to a \$1.15 in 1983. It is the intention of the Company to alter this rate whenever it is evident that currency rates have changed significantly and in the opinion of the Company the rate will not be reversed in the near term.

4. Appropriated surplus represents reserves required by the Department of Insurance of Canada and comprises the following:

| | 1984 (000) | 1983 (000) |
|---|------------------|------------------|
| Participating account: | | |
| Investment valuation and currency reserve – net | \$ 17,004 | \$ 15,615 |
| Reserve for cash value deficiencies and amounts of negative reserves | 31,835 | 23,972 |
| Reserve for miscellaneous assets | <u>22,022</u> | <u>21,587</u> |
| Total | <u>\$ 70,861</u> | <u>\$ 61,174</u> |
| Non-participating and health accounts: | | |
| Investment valuation and currency reserve – net | \$ 58,113 | \$ 50,754 |
| Reserve for cash value deficiencies and amounts of negative reserves | 76,680 | 72,171 |
| Reserve for miscellaneous assets | <u>66,534</u> | <u>55,616</u> |
| Total | <u>\$201,327</u> | <u>\$178,541</u> |

5. Conversion to Canadian dollars of the excess of United States dollar assets over United States dollar liabilities at the December 31, 1984 exchange rate rather than the book rate of \$1.20 would have produced an increase in net assets of approximately \$42,204,000. In accordance with reporting requirements \$30,651,000 is reflected in the balance sheet by a reduction in the investment valuation reserve shown in note 4.

6. Transactions with related companies consist mainly of the provision of insurance benefits to other companies within the Power Corporation of Canada group of companies. In all cases, such transactions are made in the normal course of business and at competitive prices.

A copy of the Annual Report may be obtained by writing to the Secretary of The Great-West Life Assurance Company, 100 Osborne Street North, Winnipeg, Manitoba, R3C 3A5.

Montreal Trustco Inc. Condensed Consolidated Balance Sheet

as at December 31, 1984

| Assets | 1984 | \$000 1983 |
|--|--------------------|--------------------|
| Cash, bank deposit receipts and treasury bills | \$ 271,368 | \$ 324,685 |
| Short-term notes and demand loans | 389,535 | 413,353 |
| Securities | 321,127 | 175,659 |
| Corporate/Government loans | 130,469 | — |
| Mortgages | 1,374,780 | 1,086,586 |
| Premises and equipment | 17,240 | 16,899 |
| Other assets | 24,698 | 19,570 |
| | \$2,529,217 | \$2,036,752 |
| Liabilities and shareholders' equity | | |
| Deposits | | |
| Savings, chequing and other | \$ 471,683 | \$ 512,483 |
| Investment certificates | 1,858,204 | 1,409,333 |
| | 2,329,887 | 1,921,816 |
| Other liabilities | 34,943 | 37,038 |
| Subordinated equity commitment debentures | 30,000 | — |
| | 2,394,830 | 1,958,854 |
| Shareholders' equity | | |
| Preferred and common stock | 50,119 | 2,619 |
| Contributed surplus | 6,063 | 6,063 |
| Retained earnings | 78,205 | 69,216 |
| | 134,387 | 77,898 |
| | \$2,529,217 | \$2,036,752 |

Montreal Trustco Inc.
Condensed Consolidated Statement of Income

for the year ended December 31, 1984

| | 1984 | \$000 | 1983 |
|----------------------------|------------|-------|------------|
| Gross revenue | \$ 338,880 | | \$ 292,141 |
| Net revenue | | | |
| Fiduciary | 62,090 | | 59,748 |
| Financial intermediary | 38,528 | | 31,078 |
| Real estate commissions | 11,206 | | 12,373 |
| | 111,824 | | 103,199 |
| Expenses | 97,340 | | 85,784 |
| Income before income taxes | 14,484 | | 17,415 |
| Income taxes | (1,149) | | 5,746 |
| Net income | \$ 15,633 | | \$ 11,669 |
| Net income per share | \$ 1.35 | | \$ 1.29 |

The preceding statements represent a summary of information contained in the audited financial statements included in the Annual Report of Montreal Trustco Inc. A copy of the Annual Report may be obtained by writing to the Secretary of Montreal Trustco Inc., 1 Place Ville Marie, Montreal, Quebec, H3B 3L6.

Auditors

TOUCHE ROSS & CO.

Transfer Agent

MONTREAL TRUST COMPANY
 Vancouver, Calgary, Regina, Winnipeg, Toronto, Montreal

Stock Exchange Listings

THE MONTREAL STOCK EXCHANGE
 THE WINNIPEG STOCK EXCHANGE

Annual Meeting

The annual meeting of shareholders of The Investors Group will be held at The Westin Hotel, Winnipeg Manitoba, Canada on Tuesday, April 30, 1985, at 2:30 p.m. Central Daylight Time.

The Investors Group

Board of Directors

- | | | |
|--|---|---|
| ** DOUGLAS A. BERLIS, Q.C. <i>Senior Partner</i> Messrs. Aird & Berlis Toronto, Ontario | ** PAUL DESMARAIS, O.C. <i>Chairman of the Board</i> Power Financial Corporation Montreal, Quebec | ** ROBERT H. JONES <i>Chairman and Chief Executive Officer</i> The Investors Group Winnipeg, Manitoba |
| + A. GARNET BROWN <i>President</i> A.G. Brown and Son Ltd. Halifax, Nova Scotia | * PAUL DESMARAIS, JR. <i>Vice-President</i> Power Financial Corporation Montreal, Quebec | ** A.F. KNOWLES, C.A. <i>Senior Vice-President</i> Power Financial Corporation Montreal, Quebec |
| ** JAMES W. BURNS + <i>President and Chief Executive Officer</i> Power Financial Corporation Montreal, Quebec | ** F. WILLIAM FITZPATRICK <i>Chairman and Chief Executive Officer</i> Bralone Resources Limited Calgary, Alberta | ** ARTHUR V. MAURO, Q.C. <i>President and Chief Operating Officer</i> The Investors Group Winnipeg, Manitoba |
| * GORDON H. COWPERTHWAITTE, F.C.A. <i>Company Director</i> Toronto, Ontario | * J.R. FRASER + <i>President and Chief Executive Officer</i> Federal Industries Ltd. Winnipeg, Manitoba | + HON. W.J. McKEAG <i>President</i> McKeag Realty Ltd. Winnipeg, Manitoba |
| ** Member of the Executive Committee | | * G.J. VANDENBERG <i>Company Director</i> Toronto, Ontario |
| * Member of the Audit Committee | | |
| + Member of the Public Policy Committee | | |

Executive Officers

- | | |
|-----------------------------|---|
| ROBERT H. JONES | <i>Chairman of the Board and Chief Executive Officer</i> |
| ARTHUR V. MAURO, Q.C. | <i>President and Chief Operating Officer</i> |
| ANDREW S. JACKSON, F.C.A. | <i>Executive Vice-President, Finance and Administration</i> |
| WALTER S. HILL, C.A. | <i>Senior Vice-President, Information Systems and Data Processing</i> |
| STERLING J. McLEOD | <i>Senior Vice-President, Sales</i> |
| PHILIP E. NEWMAN | <i>Senior Vice-President, Investments</i> |
| DALE A.G. PARKINSON, F.C.A. | <i>Senior Vice-President, Operations</i> |
| DAVID M. SCHWARTZ | <i>Senior Vice-President, Marketing</i> |
| D. CARL BJARNASON | <i>Vice-President, Secretary and Counsel</i> |
| DONALD E. RETTIE, C.A. | <i>Vice-President and Treasurer</i> |
| G. LAURENCE F. RIDDELL | <i>Vice-President, Human Resources</i> |
| HERBERT W. MIDDLESTEAD | <i>Controller</i> |
-

Investors Financial Planning Centres

Western Canada

Reginald M. YOUNG, *Regional Vice-President*

British Columbia

ABBOTSFORD
Murray Reimer, *Division Manager*
101-33119 South Fraser Way

KAMLOOPS
David Page, *Division Manager*
101 125-4th Avenue

KELOWNA
Wayne Scabrook, *Region Manager*
100-565 Bernard Avenue

NANAIMO
John Rodger, *Division Manager*
204-96 Cavan Street

NEW WESTMINSTER
Jack Meier, *Region Manager*
300-403 Sixth Street

PENTICTON
Don Eirich, *Division Manager*
205-246 Martin Street

PRINCE GEORGE
Gerry Legge, *Region Manager*
696 Brunswick Street

VANCOUVER
Jerry Munn, *Region Manager*
789 West Pender Street

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

VERNON
Barry Bellward, *Division Manager*
103 2802-30th Street

VICTORIA
Don Jenson, *Region Manager*
707 Fort Street

Alberta

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

CALGARY
Armand Magotiaux, *Region Manager*
806-7015 MacLeod Trail, South

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

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

RED DEER
Phil Foreman, *Division Manager*
502 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*
406-21st Street, East

Manitoba

BRANDON
Ron Finley, *Region Manager*
151-8th Street

WINNIPEG
George Fellowes, *Region Manager*
204-1120 Grant Avenue

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

Ontario

NORTH BAY
Ab Dennis, *Region Manager*
1221 Algonquin Avenue

THUNDER BAY
Garth McGinnis, *Region Manager*
581 Red River Road

Central Canada

R. William ROTH, *Regional Vice-President*

Ontario

BARRIE
Wayne Stephenson, *Division Manager*
105 Collier Street

HAMILTON
Tim Tufford, *Region Manager*
220 Main Street W.

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

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

OSHAWA
Peter Anderson, *Division Manager*
302-172 King Street, East

OTTAWA
George Morrison, *Region Manager*
441 MacLaren Street

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

ST. CATHARINES
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