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Investors

HOWARD ROSS LIBRARY
OF MANAGEMENT
JUN 27 1980
MCGILL UNIVERSITY

Mutual of Canada Ltd.

ANNUAL REPORT 1979



Statement of Surplus

Year ended October 31, 1979 with comparative figures for 1978

	1979	1978
Retained Earnings		
Balance, beginning of year	<u>\$142,666,949</u>	<u>164,444,114</u>
Add (deduct):		
Net income	9,624,478	8,664,179
Profit on foreign exchange	74,973	142,255
Profit on sale of investments	22,459,719	1,365,882
Transfer to premium on shares	(518,068)	(513,980)
Excess of premiums paid on surrender of Mutual Fund shares in addition to amount charged to premium on shares	(25,063,583)	(23,089,453)
Dividends paid (note 2)	<u>(9,283,036)</u>	<u>(8,346,048)</u>
	<u>(2,705,517)</u>	<u>(21,777,165)</u>
Balance, end of year	<u>\$139,961,432</u>	<u>142,666,949</u>
Premium on Shares		
Balance, beginning of year	\$ —	7,265,177
Add:		
Premium received on sale of Mutual Fund shares	8,462,988	7,484,467
Transfer from retained earnings to equalize the equity per share in the amount available for dividends in respect of Mutual Fund shares sold or surrendered during the year	518,068	513,980
	<u>8,981,056</u>	<u>15,263,624</u>
Deduct:		
Premium paid on surrender of Mutual Fund shares less amount charged to retained earnings	8,981,056	15,263,624
Balance, end of year	<u>\$ —</u>	<u>—</u>
Unrealized Appreciation of Investments		
Balance, beginning of year	\$ 25,515,540	1,332,359
Unrealized appreciation for the year	2,836,262	24,183,181
Balance, end of year	<u>\$ 28,351,802</u>	<u>25,515,540</u>
Total Surplus, end of year	<u>\$168,313,234</u>	<u>168,182,489</u>

Investors Mutual of Canada Ltd.

Balance Sheet October 31, 1979 with comparative figures for 1978

Net Assets

Assets:	1979	1978
Investments, at market value in		
Canadian funds:		
Canadian Government bonds	\$ —	320,100
Canadian Provincial Guaranteed bonds	—	2,196,113
Canadian corporation bonds	1,687,050	606,280
Canadian preferred stocks	31,318,000	31,281,207
Canadian common stocks	92,272,891	109,093,576
United States common stocks	35,098,230	24,185,116
	<u>160,376,171</u>	<u>167,682,392</u>
<i>The average cost of the investments as at October 31, 1979 was \$132,024,369 (1978 — \$142,166,852)</i>		
Other assets:		
Bank deposits and cash in transit	62,302	—
Demand notes	16,493,044	11,207,936
Accrued interest and dividends receivable	674,321	553,489
Due from brokers	557,442	53,558
	<u>17,787,109</u>	<u>11,814,983</u>
Total assets	<u>178,163,280</u>	<u>179,497,375</u>
Liabilities:		
Outstanding cheques less bank deposits and cash in transit	—	592,306
Due to brokers	516,995	53,350
Income taxes payable	106,502	38,926
Accounts payable	63,790	32,800
Total liabilities	<u>687,287</u>	<u>717,382</u>
	<u>\$177,475,993</u>	<u>178,779,993</u>

See accompanying notes to financial statements.

Investors Services

Reduced Sales Charge

All of your investments in Mutual Funds distributed by Investors are added together so that you may qualify for a reduction in sales charges on future purchases.

Capital Fully Invested

Shares are issued in full and fractional amounts so that the full amount of your net investment is working constantly.

No Redemption Charges

All or part of your Fund shares may be redeemed without charge.

Prompt Cash Payments

A cheque will be sent promptly following receipt of a redemption request at the Head Office of the Company. Share price will be based on the Net Asset Value established for the day following the date the redemption request is received.

Transfer Provision

Should your investment objectives change you may transfer to any of the other Mutual Funds or guaranteed vehicles distributed by Investors Syndicate Limited.

Income Withdrawal Plans

The Fund makes available to you without charge, a variety of withdrawal options. Shareholders may schedule monthly, quarterly or semi-annual redemptions to provide required income.

Free Reinvestment of Dividends

Dividends are either paid to you quarterly, or, automatically re-invested, purchasing additional shares at no cost. These shares are credited to your account, enhancing the growth of your investment through compounding.

Statement of Investments

October 31, 1979

BONDS

	Par Value	Average Cost	Market Value
Corporation Bonds			
Hudson's Bay Company 6.0% exchangeable sub. debts. 7-15-93	\$1,035,000	\$ 1,605,056	\$ 1,687,050
Total Bonds		<u>\$ 1,605,056</u>	<u>\$ 1,687,050</u>

No. of
Shares

PREFERRED STOCKS

Anglo-Canadian Telephone Company \$2.65 cum. red. \$50 p.v.	20,000	\$ 1,000,000	\$ 570,000
Ansell (Canada) Limited \$6.00 cum. red. n.p.v.	30,539	3,053,900	3,053,900
Bell Canada 7.84% convertible \$25 p.v.	108,000	2,700,000	2,619,000
British Columbia Telephone Company 5.15% cum. red. \$100 p.v.	29,815	3,012,255	1,654,732
British Columbia Telephone Company 7.40% \$25 p.v.	60,000	1,500,000	1,410,000
Carling O'Keefe Limited \$2.65 cum. red. Series B \$50 p.v.	121,995	6,197,024	3,659,850
Celanese Canada Ltd. \$1.75 cum. red. \$25 p.v.	20,573	740,729	365,171
Dome Petroleum Limited 7.76% \$25 p.v.	50,000	1,175,000	1,025,000
Debhold (Canada) Limited 6.0% cum. red. Series A \$100 p.v.	47,000	4,700,000	3,113,750
Debhold (Canada) Limited 6.25% cum. red. Series B \$100 p.v.	2,500	246,250	167,187
Grafton Group Ltd. Series A \$3.00	43,750	1,654,871	1,378,125
Hudson's Bay Company \$1.80 cum. red. Series A \$22.50 p.v.	61,279	1,388,185	1,309,839
Inter-City Gas Limited 8.25% 1st pfd. shares, Series B \$20 p.v.	82,500	1,650,000	1,608,750
Power Corporation of Canada Limited 4.75% cum. red. 1st pfd. shares 1965 Series \$50 p.v.	125,250	5,949,375	3,632,250
Quebec-Telephone 4.75% cum. red. 1965 Series \$20 p.v.	90,500	1,728,550	905,000
Toronto-Dominion Realty Co. Ltd. \$1.835 \$25 p.v. Series A	200,000	5,000,000	4,225,000
United Corporations Limited cum. red. 5.0% 2nd pfd. 1963 Series n.p.v.	25,225	752,381	425,672
George Weston Limited 6.0% cum. red. 2nd Series \$100 p.v.	2,800	278,872	194,774
Total Preferred Stocks		<u>\$ 42,727,392</u>	<u>\$ 31,318,000</u>

COMMON STOCKS

METALS AND MINERALS

Inco Limited Class "A"	191,475	\$ 5,454,640	\$ 4,284,253
Noranda Mines, Limited Class "A"	239,243	1,417,165	4,425,995
*Texasgulf Inc.	114,600	3,811,880	3,532,316
		<u>10,683,685</u>	<u>12,242,564</u>



Report to Shareholders

On behalf of the Board of Directors, I am pleased to enclose the Shareholders' Report for the fiscal year ended October 31, 1979.

The year 1979 proved to be a profitable one for Fund shareholders. Net asset value increased from \$5.62 to \$6.46 per share, or 14.9%. In addition the Fund raised its annual dividend payment from 25c per share to 33c per share — an increase of 32%. Combining the capital gain and dividend payment, the annual rate of return was 20.8%. Over the same period, the rate of inflation as measured by the Consumer Price Index was 9.6% resulting in a real rate of return of 11.2%. Over the five year period from October 31, 1974 to October 31, 1979 the C.P.I. increased at an annual rate of 8.7% while the return on your investment in Investors Mutual has averaged 12.5%. This underlines the ability of a balanced Fund to provide an attractive hedge against the impact of inflation.

The major strength in the Canadian market during the year came from resource based industries, in particular the oil and gas industry. The spectacular performance of this group which weighs heavily in the performance of the Toronto Stock Exchange 300 Composite Index resulted in that Index advancing by 29.9%. The Canadian market outperformed by a wide margin its counterpart in the U.S. which showed a 2.9% increase.

Estimates of real growth for the North American economies continued to be shaded downward. Current analysis leads to the conclusion that the United States economy has already entered a recessionary phase and that as this recession develops it will have an increasing impact on Canadian economic performance. The latter to date has shown surprising resiliency to this downturn but exports to the U.S. market will come under increasing pressure.

Inflation remains a stubborn problem in both countries. Central banks have opted for significant increases in interest rates to control the demand for funds and indirectly the money supply. As an example, since our last report, the central bank rate in Canada has increased from 10-1/4% to 14% — an unprecedented level. These high rates will act as a depressant on growth prospects.

The newly elected Government in Ottawa, in order to limit its budgetary deficit, may also act as a dampening factor.

The North American economies are therefore passing through a

Cover Photo:

Our cover photo shows some of the more than 5,000 Manitobans who participated in the first Manitoba Marathon for the Mentally Retarded. In all, over \$400,000 was raised from this one day event with 1,600 participants completing the 26 mile plus course. We chose this photo for our annual report because it typified people helping people, a concept inherent in an investment fund. Investors was proud to be the first corporate donor to the project providing seed financing.



(c) Net income — on the average of the number of shares outstanding at each month end during the fiscal year.

(d) Source of dividends — on the number of shares outstanding at the date of record for the dividends paid during the fiscal year.

3. Mutual Fund shares outstanding:	1979	1978
Mutual Fund shares outstanding, beginning of year	31,789,513	37,958,084
Add Mutual Fund shares sold in year	<u>1,413,624</u>	<u>1,485,181</u>
	33,203,137	39,443,265
Deduct Mutual Fund shares surrendered in year	<u>5,717,861</u>	<u>7,653,752</u>
Mutual Fund shares outstanding, end of year	<u>27,485,276</u>	<u>31,789,513</u>

4. Investors Securities Management Ltd. is the investment manager and in consideration of the management fee provides investment management, advisor and administration services and pays substantially all expenses of the Fund.

5. Total commissions paid to dealers in connection with portfolio transactions for the year ended October 31, 1979 amounted to \$289,673.

6. A Statement of Portfolio Transactions (unaudited) for the fiscal year ended October 31, 1979 will be provided, without charge, by writing to:

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

Auditors' Report to the Shareholders

We have examined the balance sheet and statement of investments of Investors Mutual of Canada Ltd. as at October 31, 1979 and the statements of surplus, income, changes in investments and changes in net assets for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position and investments of the company as at October 31, 1979 and the results of its operations and the changes in its investments and net assets for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Winnipeg, Canada
November 29, 1979

PEAT, MARWICK, MITCHELL & CO.
Chartered Accountants

Notes to Financial Statements October 31, 1979

1. The accounting policies of the company conform with generally accepted accounting principles appropriate to the mutual fund industry. The significant policies are summarized below:
 - (a) Investments are recorded at market value substantially established by the closing sale price for trading on the Toronto Stock Exchange or alternatively the recognized exchange on which the security is listed or principally traded.
 - (b) Demand notes are not considered to be portfolio investments and are therefore excluded from the statement of changes in investments.
 - (c) Foreign currency balances included in the financial statements have been expressed in Canadian dollars on the following basis:
 - (i) market value of investments, other assets and liabilities at the rate of exchange at the fiscal year-end
 - (ii) income, expenses, purchases and sales of investments at the rate of exchange prevailing on the respective dates of such transactions.
 - (d) Dividend income is recognized at the time the related security trades on an ex-dividend basis.
 - (e) Taxes payable on realized net capital gains are recoverable because of capital gains redemptions of Mutual Fund shares and/or by the payment of capital gains dividends. Such taxes and their recovery are netted in the accompanying financial statements and accordingly have no effect on net income or net assets.
2. Net asset value, average management fees, average net income and source of dividends per share information is given below:

	1979	1978
The net asset value per share at October 31	\$ <u>6.46</u>	<u>5.62</u>
The average percentage of management fees to average net assets	<u>0.89%</u>	<u>0.89</u>
The average net income per share	<u>32.9c</u>	<u>24.9</u>
The source of dividends paid per share:		
Net income	<u>33.0c</u>	<u>25.0</u>

Per share calculations were made as undernoted:

- (a) Net asset value — on the number of shares outstanding at the end of the fiscal year.
- (b) Average management fees — on the average of the net asset value determined at the end of each business day in the fiscal year.

Planning Your Financial Freedom is our Business

At Investors we design individual, realistic programs for our clients by coordinating cash flow, insurance, tax, estate and investment planning. The result is a program that meets current needs and provides for the future.

We do this by helping you define and then establish personal and family objectives:

- reduce the tax burden
- accumulate capital
- protect income
- maximize investment return
- retirement financial planning
- wills
- gifting

It is accomplished through a step by step process:

- collection of personal financial data
- analysis
- provide recommendations
- implementation, service and review

Investors provides the kinds of financial planning services usually associated with banks, trust companies, stock brokers and insurance companies.

CHEMICALS	No. of Shares	Average Cost	Market Value
Du Pont of Canada Limited	115,975	\$ 5,943,800	\$ 2,609,438
*Union Carbide Corporation	38,100	1,772,319	1,772,831
		<u>7,716,119</u>	<u>4,382,269</u>
OFFICE EQUIPMENT AND SUPPLIES			
*International Business Machines Corporation	44,628	1,827,629	3,300,062
Moore Corporation, Limited	126,130	2,361,778	4,319,953
		<u>4,189,407</u>	<u>7,620,015</u>
INDUSTRIAL PRODUCTS— MISC.			
*Crown Cork & Seal Company, Inc.	59,000	2,043,008	2,054,616
*Northwest Industries, Inc.	50,000	1,910,750	1,933,850
		<u>3,953,758</u>	<u>3,988,466</u>
TRANSPORTATION			
Canadian Pacific Limited	97,950	1,237,665	3,330,300
PIPELINES			
TransCanada PipeLines Limited	190,343	2,189,816	4,282,717
Westcoast Transmission Company Limited	91,500	1,317,458	1,189,500
		<u>3,507,274</u>	<u>5,472,217</u>
UTILITIES			
Bell Canada	336,275	5,478,767	6,725,500
The Consumers' Gas Company	127,838	1,378,920	2,780,476
Union Gas Limited Class "A"	242,455	2,233,303	2,606,391
		<u>9,090,990</u>	<u>12,112,367</u>
MERCHANDISING			
Grafton Group Limited Class "A"	48,100	754,025	685,425
Hudson's Bay Company	5,700	130,252	141,787
		<u>884,277</u>	<u>827,212</u>
BANKS			
Canadian Imperial Bank of Commerce	184,700	1,678,624	4,340,450
The Royal Bank of Canada	94,178	1,261,278	3,519,903
The Toronto-Dominion Bank	208,390	1,220,466	4,506,434
		<u>4,160,368</u>	<u>12,366,787</u>
Total Common Stocks		<u>\$ 87,691,921</u>	<u>\$127,371,121</u>
Total Investments		<u>\$132,024,369</u>	<u>\$160,376,171</u>
NET ASSETS:			
Total Investments			\$160,376,171
Demand Notes			
Public Rated Demand Notes			15,743,044
International Standard Electric			
Canadian Finance Ltd. 12.9% 11-20-79			750,000
Other Net Assets			606,778
Total Net Assets			<u>\$177,475,993</u>

*United States Investments — See note 1(c).

See accompanying notes to financial statements.

What is a Mutual Fund?

In its simplest terms it is the pooling of investment resources which enables the individual shareholder to enjoy the advantages of:

- capital protection through broad diversification of investment
- good rate of return
- safety through professional management
- simplified tax reporting
- free re-investment of dividends
- shares redeemable on demand

Objectives of Investors Mutual

The principal objectives of the Fund are long term capital growth; protection of investment value; a reasonable rate of return consistent with fulfillment of the first two objectives.

To achieve these objectives the investment policy involves a program of balanced investment, including both fixed value and equity securities, with relative emphasis placed on each segment depending on changing economic conditions. Diversification is provided through investment in a large number of securities, primarily the common and preferred stocks and bonds of major Canadian corporations.

Your Professional Investment Manager

Providing Investors Mutual of Canada and other Investors portfolios with experienced investment management, advisory and administrative services, is Investors Securities Management Ltd., responsible for well over a billion dollars in assets under administration. This wholly owned operating subsidiary of The Investors Group has a securities investment staff consisting of 18 professional investment personnel. These include 6 portfolio managers and 6 full-time investment analysts. All of the major Canadian public companies are followed by the investment staff, and the U.S. and Japanese securities markets are also given extensive coverage. Internal research capabilities are augmented by long-established relationships with the brokerage community and by consulting arrangements with leading Canadian and U.S. economists.

Income, Protection and Growth

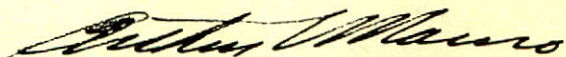
The Fund's managers seek to achieve the objectives stated earlier by making available, in one security, an investment which is diversified geographically, by industry, by individual companies within each industry, and by mixture of equity and fixed value holdings.

recessionary phase which will reduce the real growth rates in both countries.

However, this short term adjustment should not obscure the basic strengths which underlie the Canadian economy. These include:

- (1) Our enviable position as a country relatively self-sufficient in energy.
- (2) Our vast reserve of raw materials available to a commodity hungry world.
- (3) The low value of the Canadian dollar which allows our export industry to compete advantageously in world markets.

These factors will lay the groundwork for the emergence of a strong Canadian economy in the 1980's. Since your Fund has the major portion of its assets invested in Canadian securities, it is well positioned to participate in this growth.



November 29, 1979
Winnipeg, Canada

Arthur V. Mauro, Q.C.
President

Board of Directors

C. E. ATCHISON Winnipeg	J. L. CARPENTER Winnipeg	R. O. A. HUNTER Winnipeg	A. V. MAURO, Q.C. Winnipeg	D. J. McDONALD Toronto
J. A. BELIVEAU Montreal	E. A. GALVIN Calgary	R. H. JONES Winnipeg	J. A. K. MacDONELL, M.D. Winnipeg	P. E. NEWMAN Winnipeg
H. A. BENHAM Winnipeg				

Executive Officers

R. H. JONES Chairman of the Board	A. V. MAURO, Q.C. President	B. S. TONI Secretary	C. G. TURNBULL Treasurer
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Highlights

	1979	1978
Total Net Assets	\$177,475,993	178,779,993
Number of Shareholders	18,867	21,918
Asset Value Per Share	\$ 6.46	5.62
Dividends Paid	\$ 9,283,036	8,346,048
Dividends Per Share	\$.33	.25

INTEGRATED OILS

*Atlantic Richfield Company	45,000	\$ 3,177,576	\$ 3,881,025
*Conoco Inc.	20,000	1,017,815	1,001,740
Gulf Canada Limited	109,300	2,164,188	9,604,738
*Marathon Oil Company	90,000	3,969,723	4,667,940
Shell Canada Limited Class "A"	132,175	764,720	3,899,162
*Union Oil Company of California	50,000	2,313,991	2,548,850
		<u>13,408,013</u>	<u>25,603,455</u>

OIL AND GAS PRODUCERS

Bow Valley Industries Ltd.	79,000	2,054,000	3,288,375
Hudson's Bay Oil and Gas Company Limited	12,000	739,391	954,000
Norcen Energy Resources Limited	264,700	3,618,289	6,782,938
*Standard Oil of Ohio Inc.	15,000	1,008,405	1,289,235
		<u>7,420,085</u>	<u>12,314,548</u>

OIL WELL EQUIPMENT AND SERVICES

*NL Industries, Inc.	20,000	673,233	652,020
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PAPER AND FOREST PRODUCTS

Abitibi-Price Inc.	113,100	1,437,044	2,007,525
Domtar Inc.	85,000	2,162,292	2,061,250
MacMillan Bloedel Limited	121,046	2,530,044	2,935,365
		<u>6,129,380</u>	<u>7,004,140</u>

DISTILLERIES

The Seagram Company Ltd.	32,750	670,866	1,326,375
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BREWERIES

The Molson Companies Limited Class "A"	130,768	1,194,446	2,991,318
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DRUGS AND COSMETICS

*Baxter Travenol Laboratories, Inc.	15,000	638,358	804,660
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CONSUMER PRODUCTS — MISC.

*Philip Morris Incorporated	35,000	1,381,273	1,353,695
Rothmans of Pall Mall Canada Limited	40,000	1,025,000	720,000
		<u>2,406,273</u>	<u>2,073,695</u>

STEELS

Dominion Foundries and Steel, Limited Class "A"	72,252	1,020,728	2,312,064
The Steel Company of Canada, Limited Class "A"	93,279	2,150,022	2,460,234
		<u>3,170,750</u>	<u>4,772,298</u>

AIRCRAFT — AEROSPACE

*The Boeing Company	45,000	2,516,952	2,280,600
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ELECTRICAL AND ELECTRONICS

*General Electric Company	70,000	3,356,003	4,024,790
Northern Telecom Limited	26,100	684,019	1,181,025
		<u>4,040,022</u>	<u>5,205,815</u>

Inflation Hedge — through stock ownership

The 1959 dollar would have to be worth \$2.65 to have the same purchasing power today as it did 20 years ago.

The same dollar invested in stock ownership had grown to \$5.82 by mid 1979.

Tax Advantage

In addition to the dividend tax credit system there are other tax advantages through owning shares of Investors Mutual of Canada.

1. Each year the first \$1,000 of taxable dividends is eligible for the investment income exemption.
2. Only one-half of any realized capital gain is subject to tax and the \$1,000 investment income exemption applies to the aggregate of taxable capital gains from disposition of Canadian securities.
3. Tax Reporting Service eliminates the need for you to maintain individual transaction records. You receive one T-5. In addition Investors issues a "Capital Gains Accounting Advice" to show the result of any disposition.

Automatic Invest-A-Check

You can make additions to your account through automatic bank authorization.

Dollar-Cost Averaging

The principle of dollar-cost averaging entails the investment of a constant sum of money at regular intervals. By using this method the investor acquires more shares in periods of lower share prices and fewer shares in periods of higher share prices. The end result is a lower average price on all shares purchased. Your representative will be pleased to discuss this technique with you.

Regular Reports

All shareholders will receive reports twice a year. At the Fund's year-end an annual report will be mailed to every shareholder and a semi-annual report will be sent at mid-year. In addition you will receive confirmation of any transactions initiated by you.

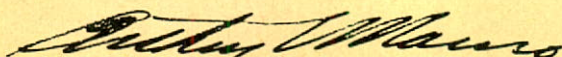
Shareholders' Equity

			1979	1978
Capital Stock:				
Common shares of the par value of 33-1/3c each.				
Authorized and issued 3,000 shares			\$ 1,000	1,000
Mutual Fund shares of the par value of 33-1/3c each. (note 3)				
	Shares—1979	Shares—1978		
Authorized	360,000,000	360,000,000		
Surrendered	207,359,820	201,641,959		
	<u>152,640,180</u>	<u>158,358,041</u>		
Outstanding	<u>27,485,276</u>	<u>31,789,513</u>	9,161,759	10,596,504
			9,162,759	10,597,504
Surplus			168,313,234	168,182,489

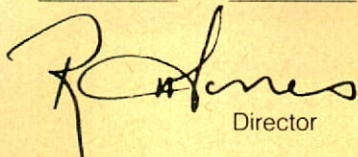
\$177,475,993

178,779,993

On behalf of the Board:



Director



Director

Statement of Income

Year ended October 31, 1979 with comparative figures for 1978

	1979	1978
Income:		
Dividends	\$ 10,244,845	9,288,481
Interest	1,423,253	1,254,266
	<u>11,668,098</u>	<u>10,542,747</u>
Management fees expense (note 4)	1,636,068	1,637,940
Income before taxes	10,032,030	8,904,807
Income taxes	407,552	240,628
Net income (note 2)	<u>\$ 9,624,478</u>	<u>8,664,179</u>

Statement of Changes in Investments

Year ended October 31, 1979 with comparative figures for 1978

	1979	1978
Investments at average cost, beginning of year	\$142,166,852	172,190,923
Add cost of investments purchased	44,308,067	15,480,734
	<u>186,474,919</u>	<u>187,671,657</u>
Deduct:		
Proceeds of investments sold	76,910,269	46,870,687
Less profit on sale of investments	22,459,719	1,365,882
	<u>54,450,550</u>	<u>45,504,805</u>
Investments at average cost, end of year	<u>\$132,024,369</u>	<u>142,166,852</u>

Statement of Changes in Net Assets

Year ended October 31, 1979 with comparative figures for 1978

	1979	1978
Net assets, beginning of year	\$178,779,993	185,695,345
Add:		
Net income	9,624,478	8,664,179
Profit on sale of investments and on foreign exchange	22,534,692	1,508,137
Unrealized appreciation of investments for the year	2,836,262	24,183,181
Proceeds on sale of Mutual Fund shares less commission paid	8,934,196	7,979,527
	<u>222,709,621</u>	<u>228,030,369</u>
Deduct:		
Payments on surrender of Mutual Fund shares	35,950,592	40,904,328
Dividends paid from net income (note 2)	9,283,036	8,346,048
	<u>45,233,628</u>	<u>49,250,376</u>
Net assets, end of year (note 2)	<u>\$177,475,993</u>	<u>178,779,993</u>

See accompanying notes to financial statements.

Investors **Mutual of Canada Ltd.**

INVESTMENT MANAGER
Investors Securities
Management Ltd.

DISTRIBUTOR
Investors Syndicate Limited
Les Services Investors Limitée
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