

Investors

HOWARD
OF MANAGEMENT

Mutual of Canada Ltd.

APR 12 1984

ANNUAL REPORT 1980

McGILL UNIVERSITY



Statement of Surplus and Shareholders' Equity

Year ended October 31, 1980 with comparative figures for 1979

	1980	1979
Retained Earnings		
Balance, beginning of year	\$149,124,191	153,264,453
Add (deduct):		
Net income.	11,275,651	9,624,478
Profit on foreign exchange	35,599	74,973
Profit on sale of investments.	28,703,658	22,459,719
Transfer to contributed capital	(342,565)	(518,068)
Amount paid on redemption of Mutual Fund shares in excess of amount charged to contributed capital.	(13,608,010)	(26,498,328)
Dividends paid (note 2)	(15,567,630)	(9,283,036)
	<u>10,496,703</u>	<u>(4,140,262)</u>
Balance, end of year	<u>\$159,620,894</u>	<u>149,124,191</u>
Contributed Capital		
Balance, beginning of year	\$ —	—
Add:		
Proceeds received on sale of Mutual Fund shares . .	16,494,213	8,934,196
Transfer from retained earnings to equalize the equity per share in the amount available for dividends in respect of Mutual Fund shares sold or redeemed during the year.	342,565	518,068
	<u>16,836,778</u>	<u>9,452,264</u>
Deduct:		
Amount paid on redemption of Mutual Fund shares less amount charged to retained earnings.	<u>16,836,778</u>	<u>9,452,264</u>
Balance, end of year.	<u>\$ —</u>	<u>—</u>
Unrealized Appreciation of Investments		
Balance, beginning of year	\$ 28,351,802	25,515,540
Unrealized appreciation for the year	<u>6,614,996</u>	<u>2,836,262</u>
Balance, end of year	<u>\$ 34,966,798</u>	<u>28,351,802</u>
Total Surplus and Shareholders' Equity, end of year (note 3)	<u>\$194,587,692</u>	<u>177,475,993</u>

See accompanying notes to financial statements.

Investors Mutual of Canada Ltd.

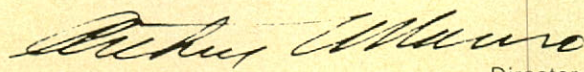
Statement of Net Assets and Shareholders' Equity

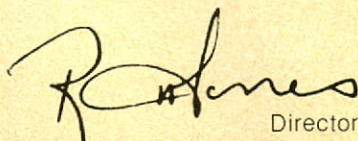
October 31, 1980 with comparative figures for 1979

Assets:	1980	1979
Investments, at market value in		
Canadian funds:		
Canadian Government bonds	\$ 12,326,250	—
Canadian corporation bonds	2,724,607	1,687,050
United States corporation bonds	1,185,512	—
Canadian preferred stocks	46,489,683	31,318,000
Canadian common stocks	83,578,276	92,272,891
United States common stocks	44,503,426	35,098,230
	<hr/>	<hr/>
<i>The average cost of the investments as at October 31, 1980 was \$155,840,956 (1979 — \$132,024,369)</i>	190,807,754	160,376,171
	<hr/>	<hr/>
Other assets:		
Bank deposits and cash in transit less outstanding cheques	—	62,302
Demand notes	—	16,493,044
Accrued interest and dividends receivable	1,175,164	674,321
Due from brokers	4,815,313	557,442
	<hr/>	<hr/>
	5,990,477	17,787,109
	<hr/>	<hr/>
Total assets	196,798,231	178,163,280
	<hr/>	<hr/>
Liabilities:		
Outstanding cheques less bank deposits and cash in transit	750,767	—
Due to brokers	1,156,243	516,995
Accrued expense	34,380	—
Income taxes payable	223,340	106,502
Accounts payable	45,809	63,790
	<hr/>	<hr/>
Total liabilities	2,210,539	687,287
	<hr/>	<hr/>
Net Assets and Shareholders' Equity	\$194,587,692	177,475,993
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See accompanying notes to financial statements.

On behalf of the Board:


Director


Director

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 reinvested, 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, 1980

	<u>Par Value</u>	<u>Average Cost</u>	<u>Market Value</u>
BONDS			
Government of Canada Bonds			
11.25% 12-15-2002	\$5,000,000	\$ 4,927,405	\$ 4,218,750
11.75% 02-01-2003	2,000,000	1,958,550	1,767,500
10.5% 10-01-2004	8,000,000	7,448,990	6,340,000
		<u>14,334,945</u>	<u>12,326,250</u>
Other Bonds			
* Digital Equipment Corporation conv. deb. 8.875% 06-15-2005	800,000	947,200	1,185,512
Hudson's Bay Company 6.0% exchangeable sub. debts. 07-15-1993	1,035,000	1,605,056	2,199,375
MacLean-Hunter Limited conv. deb. 8.5% 06-15-2000	415,000	427,375	525,232
		<u>2,979,631</u>	<u>3,910,119</u>
Total Bonds		<u>\$17,314,576</u>	<u>\$16,236,369</u>

	<u>No. of Shares</u>		
PREFERRED STOCKS			
Anglo-Canadian Telephone Company \$2.65 cum. red. \$50 p.v.	20,000	\$ 1,000,000	\$ 480,000
Anglo American Corporation of Canada Limited 6% redeemable non-voting special \$100 p.v.	20,359	2,035,900	2,035,900
Anglo American Corporation of Canada Limited 6% Series "A" preference shares	47,000	4,700,000	2,820,000
Anglo American Corporation of Canada Limited 6.25% Series "B" preference shares	2,500	246,250	140,000
British Columbia Telephone Company 5.15% cum. red. \$100 p.v.	29,815	3,012,255	1,460,935
British Columbia Telephone Company 7.40% cum. red. \$25 p.v.	60,000	1,500,000	1,200,000
British Columbia Telephone Company 8.75% \$25 p.v.	32,000	800,000	736,000
Carling O'Keefe Limited \$2.65 cum. red. Series "B" \$50 p.v.	121,995	6,197,024	3,110,873
Canadian Utilities Limited cum. red. 2nd Series \$2.56 \$25 p.v.	49,750	1,243,750	1,256,188
Celanese Canada Inc. \$1.75 cum. red. \$25 p.v.	20,573	740,729	318,881
Dofasco Inc. 9.4% cum. red. \$25 p.v.	47,800	1,195,000	1,051,600
Dome Petroleum Limited 7.76% Pfd. \$25 p.v.	50,000	1,175,000	912,500
George Weston Limited 6.0% cum. red. 2nd Series \$100 p.v.	2,800	278,872	163,974
Grafton Group Limited Series "A" \$3.00	43,750	1,654,871	1,290,625
Hiram Walker-Consumers Home Ltd. 7.5% convertible \$25 p.v.	278,500	7,306,196	8,703,125
Hudson's Bay Company \$1.80 cum. red. Series "A" \$22.50 p.v.	61,279	1,388,185	1,041,743
Inter-City Gas Limited 8.25% 1st Pfd. shares, Series "B" \$20 p.v.	74,255	1,485,100	1,336,590
Power Corporation of Canada Limited 4.75% cum. red. 1st Pfd. shares 1965 series \$50 p.v.	100,250	4,761,875	2,593,969
Quebec-Telephone 4.75% cum. red. 1965 series \$20 p.v.	90,500	1,728,550	814,500
Nova, An Alberta Corporation 6.5% conv. Pfd. \$25 p.v.	80,000	2,000,000	2,340,000
Seco-Cemp Limited \$2.25 cum. red. Series "A" Ret.	112,000	2,676,250	2,408,000
The Shipping Corporation of New Zealand (Canada) Limited \$2.19 cum. red. ret. Series "A"	51,000	1,275,000	1,173,000
Stelco Inc. Series "D" cum. red. 10% \$25 p.v.	57,500	1,437,500	1,477,002



Report to Shareholders

On behalf of the Board of Directors, I am pleased to enclose the Shareholders' Report for the year ended October 31, 1980.

In February, Investors Mutual celebrated its 30th anniversary. Your Fund was one of the first mutual funds established in Canada and today it remains one of the largest. An investment of \$1,000 made on February 1, 1950 with all dividends reinvested would have a present value of \$15,547. Over the past 30 years the Fund has paid out dividends of more than \$305,000,000. This record of achievement was maintained during the past year.

Total net assets of your Fund increased from \$177.5 million at October 31, 1979 to \$194.6 million at the 1980 fiscal year end. Net asset value advanced from \$6.46 to \$7.62 per share, an increase of 18.0%. This followed an increase of 14.9% in 1979 and 14.9% in 1978 — a total increase of 47.8% over the three year period.

The 1980 cash dividend was raised to 44¢ per share — a 33.3% increase. This followed a 32% increase in 1979. Including cash and capital gains dividends the Fund showed a 27.3% return for the year ended October 31, 1980 and an average annual return of 23% over the past three years.

The critical factor facing Canadians today is to preserve their savings from the destructive impact of inflation. Your investment in Investors Mutual has more than met this challenge.

During the twelve month period ending October 31, 1980 the consumer price index advanced by 10.9% while your Fund grew by 27.3%. The average annual increase in the consumer price index over the past five years was 8.6%. Over the same period your Fund has grown at an average annual rate of 16.3%. In short, the purchasing power of your investment has been not only maintained but enhanced.

During the past year natural resource industries were the main contributors to the performance of both Canadian and U.S. markets. Some 40% of your Fund assets fall within this category which had a positive influence upon performance.

The last annual report indicated that the economy of the United States had entered a recessionary phase with negative implications for Canada. The recession which we are currently experiencing in Canada is a mild one considering the extent of the economic downturn which has occurred in the United States. This sluggish pace will continue for the balance of 1980, but the most dramatic fall-off is behind us.

COVER STORY

The Cover of our 1980 Annual Report is a photo mosaic depicting the different ethnic backgrounds of Canadians from coast to coast. This diversity of ethnic and cultural background is reflected in Winnipeg's week-long "Folkiorama" festival, an event in which the public are invited to share the sights, sounds and tastes of our rich, diverse heritage. At Investors, we are proud to be part of this annual cultural event.

PHOTOS COURTESY: COMMUNITY FOLK ART COUNCIL OF WINNIPEG



3. Shares outstanding:	1980	1979
Mutual Fund shares outstanding, beginning of year	27,485,276	31,789,513
Add:		
Mutual Fund shares sold in year	<u>2,240,081</u>	<u>1,413,624</u>
	29,725,357	33,203,137
Deduct:		
Mutual Fund shares redeemed in year	<u>4,188,767</u>	<u>5,717,861</u>
Mutual Fund shares outstanding, end of year	25,536,590	27,485,276
Common shares outstanding	<u>3,000</u>	<u>3,000</u>
Total shares outstanding	<u><u>25,539,590</u></u>	<u><u>27,488,276</u></u>

4. Expense:

- (a) Investors Securities Management Ltd. is the investment manager and in consideration of the management fee provides investment, advisory and administration services.
- (b) The Investment Management and Service Agreement was amended effective February 14, 1980 which provides for certain expenses to be paid by the company.
- (c) Other expense comprises postage, printing, stationery and miscellaneous.

5. On June 27, 1980 the company was continued under the Canada Business Corporations Act.

6. The company is a mutual fund corporation which qualifies as an investment corporation as defined in the Income Tax Act (Canada) and provides for income taxes on the "taxes payable basis".

7. Total commissions paid to brokers in connection with portfolio transactions for the year ended October 31, 1980 amounted to \$361,935. The Manager may act as agent in connection with the sale or purchase of portfolio securities between the company and other Investors Mutual Funds or Pooled Trusts of which it is the Manager. No commission is paid on such transactions.

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

9. A statement of portfolio transactions (unaudited) for the year ended October 31, 1980 will be provided, without charge, by writing to:

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

Notes to Financial Statements October 31, 1980

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, expense, 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 and other expenses, net income and source of dividends per share information is given below:

	1980	1979
The net asset value per share at October 31	<u>\$7.62</u>	<u>6.46</u>
The average percentage of management fees and other expenses to average net assets	<u>0.92%</u>	<u>0.89</u>
The average net income per share	<u>43.2¢</u>	<u>32.9</u>
The source of dividends paid per share:		
Net income	44.0¢	33.0
Profit on sale of investments	16.5	—
Total dividends	<u>60.5¢</u>	<u>33.0</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 and other expenses — on the average of the net asset value determined at the end of each business day in the fiscal year.
- (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 dividend paid during 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.

	No. of Shares	Average Cost	Market Value
ELECTRICAL AND ELECTRONIC			
Mitel Corporation	89,900	\$ 758,625	\$ 1,730,575
Northern Telecom Limited	20,000	846,451	655,000
		<u>1,605,076</u>	<u>2,385,575</u>
CHEMICALS			
DuPont of Canada Limited	115,975	5,943,800	3,044,344
* Union Carbide Corporation	38,100	1,772,319	2,033,244
		<u>7,716,119</u>	<u>5,077,588</u>
OFFICE EQUIPMENT AND SUPPLIES			
* Digital Equipment Corporation	20,000	1,980,377	2,040,540
* International Business Machines Corporation	51,628	2,829,247	4,045,467
Moore Corporation, Limited	67,430	1,262,620	2,604,484
		<u>6,072,244</u>	<u>8,690,491</u>
INDUSTRIAL PRODUCTS — MISC.			
* Crown Cork & Seal Company, Inc.	45,200	1,565,156	1,422,037
* Northwest Industries, Inc.	50,000	1,910,750	2,117,000
		<u>3,475,906</u>	<u>3,539,037</u>
TRANSPORTATION			
* Burlington Northern Inc.	40,000	1,677,029	2,640,360
Canadian Pacific Limited	77,950	984,945	3,722,112
		<u>2,661,974</u>	<u>6,362,472</u>
PIPELINES			
TransCanada PipeLines Limited	165,343	1,902,191	3,740,885
Westcoast Transmission Company Limited	91,500	1,317,458	1,166,625
		<u>3,219,649</u>	<u>4,907,510</u>
UTILITIES			
Bell Canada	346,375	6,080,825	6,494,531
Union Gas Limited Class "A"	242,455	2,233,303	3,000,381
		<u>8,314,128</u>	<u>9,494,912</u>
COMMUNICATION AND MEDIA			
Macleam-Hunter Limited Class "A"	98,500	1,559,115	1,970,000
MERCHANDISING			
Canadian Tire Corporation, Limited Class "A"	4,600	122,815	121,900
Grafton Group Limited Class "A"	122,400	1,843,579	1,958,400
		<u>1,966,394</u>	<u>2,080,300</u>
BANKS			
Canadian Imperial Bank of Commerce	164,700	1,496,864	4,199,850
The Royal Bank of Canada	71,075	1,271,563	3,802,513
The Toronto-Dominion Bank	188,390	1,103,326	6,028,480
		<u>3,871,753</u>	<u>14,030,843</u>
INSURANCE AND FINANCIAL SERVICE			
* Aetna Life & Casualty Company	40,000	1,668,426	1,658,320
Total Common Stocks		<u>\$ 79,463,687</u>	<u>\$128,081,702</u>
Total Investments		<u>\$155,840,956</u>	<u>\$190,807,754</u>
NET ASSETS:			
Total investments			\$190,807,754
Cash and other net assets			3,779,938
Total Net Assets			<u>\$194,587,692</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 this objective 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 16 professional investment personnel. 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.

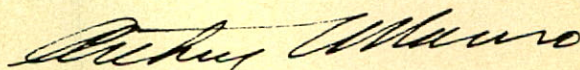
Through the first half of 1981 we expect to see:

- (1) A decline in short term interest rates;
- (2) A moderation in the rate of inflation;
- (3) A continuation of positive performance in Canada's merchandise trade surplus;

(4) A decline in the growth of capital expenditures due to uncertainties resulting from the national energy policy. However, actual expenditures should remain at historically high levels.

These positive factors will help cushion any economic downturn and set the stage for a recovery.

Investors Mutual with its balanced portfolio of investments is structured to continue its record of growth.



Arthur V. Mauro, Q.C.
President

Winnipeg, Canada
November 28, 1980

Board of Directors

C. E. ATCHISON Winnipeg	J. L. CARPENTER Rosemont	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. MacDONNELL, 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

	1980	1979
Total Net Assets	\$194,587,692	177,475,993
Number of Shareholders	16,839	18,867
Asset Value Per Share	\$ 7.62	6.46
Dividends Paid	\$ 15,567,630	9,283,036
Dividends Per Share	\$.605	.33

	No. of Shares	Average Cost	Market Value
Toronto-Dominion Realty Co. Limited			
\$1.835 cum. red. Series "A" \$25 p.v.	175,400	\$ 4,385,000	\$ 3,179,125
Tordom Corporation \$2.375 cum. red. 1st Pfd. \$25 p.v.	47,600	1,087,005	1,088,850
United Corporations Limited cum. red. \$1.50 2nd Pfd. 1963 series n.p.v.	25,225	752,381	356,303
Union Gas Limited 9.875% cum. red. ret. p.p. Class "B" Series 4 \$20 p.v.	150,000	3,000,000	3,000,000
Total Preferred Stocks		<u>\$59,062,693</u>	<u>\$46,489,683</u>
COMMON STOCKS			
METALS AND MINERALS			
Alcan Aluminum Limited	40,000	\$ 1,713,335	\$ 1,640,000
Noranda Mines Limited	213,143	1,262,549	6,287,719
* Texasgulf Inc.	54,600	1,816,135	3,636,196
		<u>4,792,019</u>	<u>11,563,915</u>
INTEGRATED OILS			
* Atlantic Richfield Company	22,000	776,741	1,552,452
* Conoco Inc.	16,000	814,251	1,103,184
Gulf Canada Limited	137,000	542,537	3,322,250
* Marathon Oil Company	54,200	2,390,657	4,063,699
* Mobil Corporation	25,000	2,187,734	2,197,825
Shell Canada Limited Class "A"	94,175	544,852	2,754,619
* Standard Oil Company of California	25,000	1,959,706	2,473,475
		<u>9,216,478</u>	<u>17,467,504</u>
OIL AND GAS PRODUCERS			
Bow Valley Industries Ltd.	232,800	2,017,600	5,354,400
* Felmont Oil Corporation	25,000	1,415,737	1,525,250
Hudson's Bay Oil and Gas Company Limited	38,000	585,351	1,045,000
* The Louisiana Land & Exploration Co.	10,000	605,522	676,260
Norcen Energy Resources Limited	87,100	1,190,649	2,961,400
* The Standard Oil Company, (An Ohio Corporation)	20,000	672,268	1,584,800
		<u>6,487,127</u>	<u>13,147,110</u>
OIL WELL EQUIPMENT AND SERVICES			
* NL Industries, Inc.	20,000	673,233	1,464,240
* Schlumberger Limited	22,500	2,010,926	2,861,235
		<u>2,684,159</u>	<u>4,325,475</u>
PAPER AND FOREST PRODUCTS			
Abitibi-Price Inc.	50,600	642,919	1,106,875
Domtar Inc.	125,000	3,048,857	3,218,750
MacMillan Bloedel Limited	71,046	1,484,967	2,619,821
		<u>5,176,743</u>	<u>6,945,446</u>
DISTILLERIES			
The Seagram Company Ltd.	22,750	466,026	1,478,750
BREWERIES			
The Molson Companies Limited Class "A"	130,768	1,194,446	3,857,656
DRUGS AND COSMETICS			
* Merck & Co., Inc.	30,000	2,555,769	2,628,570
CONSUMER PRODUCTS — MISC.			
* Hospital Corporation of America	48,850	2,319,616	2,779,272
Rothmans of Pall Mall Canada Limited	40,000	1,025,000	1,085,000
		<u>3,344,616</u>	<u>3,864,272</u>
STEEL			
Dofasco Inc. Class "A"	37,252	526,282	1,508,706
Dominion Bridge Company, Limited	57,000	889,238	1,097,250
		<u>1,415,520</u>	<u>2,605,956</u>

Inflation Hedge — through stock ownership

Since Investors first introduced Investors Mutual of Canada Ltd. in 1950 consumer prices in Canada have increased by 272% which means that a 1950 dollar is presently worth 27 cents. That same dollar invested in the Fund would have grown by 1,366% (9.4% annually for 30 years) which means that the 1950 dollar invested in the Fund now has a purchasing power of \$3.94.

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.

Statement of Income

Year ended October 31, 1980 with comparative figures for 1979

Income:	1980	1979
Dividends	\$ 10,900,325	10,244,845
Interest	3,018,775	1,423,253
	<u>13,919,100</u>	<u>11,668,098</u>
Expense: (note 4)		
Management fees	1,686,650	1,636,068
Audit fees	5,550	—
Directors fees and expense	14,646	—
Custodian fees	12,119	—
Other expense	35,558	—
	<u>1,754,523</u>	<u>1,636,068</u>
Income before taxes	12,164,577	10,032,030
Income taxes (note 6)	888,926	407,552
Net income (note 2)	<u>\$ 11,275,651</u>	<u>9,624,478</u>

See accompanying notes to financial statements.

Statement of Changes in Net Assets

Year ended October 31, 1980 with comparative figures for 1979

	1980	1979
Net assets, beginning of year	\$177,475,993	178,779,993
Add:		
Net income	11,275,651	9,624,478
Profit on sale of investments and on foreign exchange	28,739,257	22,534,692
Unrealized appreciation of investments for the year	6,614,996	2,836,262
Proceeds on sale of Mutual Fund shares less commission paid	16,494,213	8,934,196
	<u>240,600,110</u>	<u>222,709,621</u>
Deduct:		
Payments on redemption of Mutual Fund shares	30,444,788	35,950,592

Dividend paid from: (note 2)		
Net income	11,171,250	9,283,036
Profit on sale of investments	4,396,380	—
	<u>46,012,418</u>	<u>45,233,628</u>
Net assets, end of year (note 2)	<u>\$194,587,692</u>	<u>177,475,993</u>

See accompanying notes to financial statements.

Statement of Changes in Investments

Year ended October 31, 1980 with comparative figures for 1979

	1980	1979
Investments at average cost, beginning of year	\$132,024,369	142,166,852
Add cost of investments purchased	97,965,800	44,308,067
	<u>229,990,169</u>	<u>186,474,919</u>
Deduct:		
Proceeds of investments sold	102,852,871	76,910,269
Less profit on sale of investments	28,703,658	22,459,719
	<u>74,149,213</u>	<u>54,450,550</u>
Investments at average cost, end of year	<u>\$155,840,956</u>	<u>132,024,369</u>

See accompanying notes to financial statements.

Auditors' Report to the Shareholders

We have examined the statement of net assets and shareholders' equity and statement of investments of Investors Mutual of Canada Ltd. as at October 31, 1980 and the statements of surplus and shareholders' equity, income, changes in net assets and changes in investments 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, 1980 and the results of its operations and the changes in its net assets and investments for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Investors **Mutual of Canada Ltd.**

INVESTMENT MANAGER
Investors Securities
Management Ltd.

DISTRIBUTOR
Investors Syndicate Limited
Les Services Investors Limitée
in Quebec

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FORM No. M109

