

*Investors* Mutual of Canada Ltd.

# ANNUAL REPORT 1977



ROBERTSON LIBRARY  
OF MANAGEMENT

JAN 6 1978

McGill

# Annual Report for the Year Ended October 31, 1977

## Comparative Highlights

	1977	1976
Total Net Assets . . . . .	\$185,695,345	221,836,169
Number of Shareholders . . . . .	25,887	29,983
Asset Value Per Share . . . . .	\$ 4.89	5.13
Dividends Paid . . . . .	\$ 11,448,399	10,877,680
Dividends Per Share . . . . .	\$ .29	.24

### Board of Directors

C. E. ATCHISON  
Winnipeg

J. L. CARPENTER  
Toronto

E. A. GALVIN  
Calgary

R. H. JONES  
Winnipeg

J. A. MacDONELL, M.D.  
Winnipeg

D. J. McDONALD  
Winnipeg

F. O. MEIGHEN, Q.C.  
Brandon

P. E. NEWMAN  
Winnipeg

R. O. A. HUNTER  
Winnipeg

H. A. BENHAM  
Winnipeg

### Executive Officers

C. E. ATCHISON  
*Chairman of the Board*

R. H. JONES  
*President*

P. M. DAFOE  
*Secretary*

C. G. TURNBULL  
*Treasurer*

INVESTMENT MANAGER  
*Investors Securities Management Ltd.*

DISTRIBUTOR  
*Investors Syndicate Limited*

HEAD OFFICE  
*280 Broadway Avenue  
Winnipeg, Manitoba  
R3C 3B6*



ROBERT H. JONES  
*President*

## Report to Shareholders

Your Directors are pleased to submit the Fund's annual report together with audited financial statements for the year ended October 31, 1977.

During the past fiscal year, the economic pattern in Canada has been disappointing. Since mid-1976, the Canadian economy has experienced three quarters of negative real growth and it is anticipated that for the full calendar year of 1977 real growth will range between 1.5% and 2%. During the same period, unemployment has continued to rise and at the time of writing stands at 8.3% of the labour force. These economic factors, coupled with the substantial Federal deficit, have weakened the Canadian dollar in terms of the U.S. dollar to the lowest value in 27 years.

In contrast, growth in the United States has been relatively strong, although an interruption in this trend during the current quarter is causing concern as to whether this growth can be sustained over the near term. While both countries have achieved modest progress in restraining inflationary pressures, the absolute level remains higher than desirable for long term economic growth. The price pressures in oil and other energy related sources remain a major factor in resolving the inflation problem.

As the fiscal year of your Company progressed, stock market prices in both Canada and the United States reflected these negative factors. As a consequence, the net asset value per share of your Fund declined 4.7% to \$4.89. Including the income dividend of 25¢ plus the capital gain dividend of 4¢ per share, the Fund had a positive performance of 1.0%. During the same period the Toronto Stock Exchange Index declined by 1.9% and the Dow Jones Industrial Average by 15.2%.



	Value	Asset Value On Split Basis	Dividends	Div. Yield	Capital Gain	Total Gain
March 2, 1950	\$5.02	\$1.67	(Commencement of Fund)			
October 31, 1950	5.46	1.82	\$ .12½	2.49%	8.74%	11.23%
October 31, 1951	6.44	2.15	.28½	5.22	17.85	23.07
October 31, 1952	6.20	2.07	.28½	4.43	3.72	.71
October 31, 1953	6.26	2.09	.28½	4.60	1.06	5.66
October 31, 1954	7.59	2.53	.29	4.63	21.20	25.83
October 31, 1955	9.34	3.11	.30	3.95	22.99	26.94
October 31, 1956	9.87	3.29	.31	3.32	5.66	8.98
October 31, 1957	8.84	2.95	.32	3.24	(10.36)	(7.12)
October 31, 1958	10.71	3.57	.32	3.62	21.04	24.66
October 31, 1959	10.89	3.63	.33	3.08	1.69	4.77
October 31, 1960	10.62	3.54	.36	3.31	(2.46)	.85
October 31, 1961	12.86	4.29	.37	3.48	21.08	24.56
October 31, 1962	11.44	3.81	.37	2.88	(11.06)	(8.18)
October 31, 1963	12.93	4.31	.39	3.41	13.09	16.50
October 31, 1964	14.76	4.92	.40	3.09	14.10	17.19
October 31, 1965		5.05	.14	2.85	2.62	5.47
October 31, 1966		4.51	.14½	2.87	(10.68)	(7.81)
October 31, 1967		5.12	.15	3.33	13.48	16.81
October 31, 1968		5.67	.16	3.13	10.89	14.02
October 31, 1969		5.37	.17	3.00	(5.38)	(2.38)
October 31, 1970		4.78	.18	3.35	(11.03)	(7.68)
October 31, 1971		4.97	.18	3.77	4.10	7.87
October 31, 1972		5.75	.18	3.62	15.68	19.30
October 31, 1973		6.18	.20	3.48	7.47	10.95
October 31, 1974		4.56	.21	3.40	(26.30)	(22.90)
October 31, 1975		4.75	.23	5.05	4.32	9.37
October 31, 1976		5.13	.24	5.05	7.99	13.04
October 31, 1977		4.89	.29	5.65	(4.68)	.97

As to the immediate future, there are a number of factors which will impact the growth of both net assets and income. Significant among these factors will be the ability of governments in both Canada and the United States to restrain the increase in the rate of inflation. This is a difficult undertaking in the face of ever-increasing energy costs, but a determined policy supported by the general public should result in gradual improvement.

During the Anti-Inflation program, the rate of increase in wages in Canada has declined and is currently more in line with that in the United States, our major customer. We still must achieve improved levels of productivity, but our competitive position is improving.

In the same context, the Canadian dollar, which reached a level in excess of \$1.03 U.S. in mid-1976, is now at the 90¢ level which will have a continuing positive impact on our export industries. At the same time the increased costs of imports should assist domestic manufacturers.

Towards the end of 1978, the Canadian economy should begin to feel the impact of capital investment resulting from the construction of the gas pipeline from Alaska to U.S. markets. The lower interest rates now prevailing should be a further inducement to expanded economic activity.

During the presentation of the last Budget, the Minister of Finance tabled a resolution which would have the effect of reducing the tax burden on Canadian dividend recipients. These changes, effective January 1, 1978, are a positive incentive for equity investment.

While it is impossible to quantify the effect of these various factors, we remain cautiously optimistic as to near term growth in the Canadian economy and feel satisfied that your Fund can return to a period of stable growth in both assets and earnings.

Winnipeg, Manitoba  
November 21, 1977



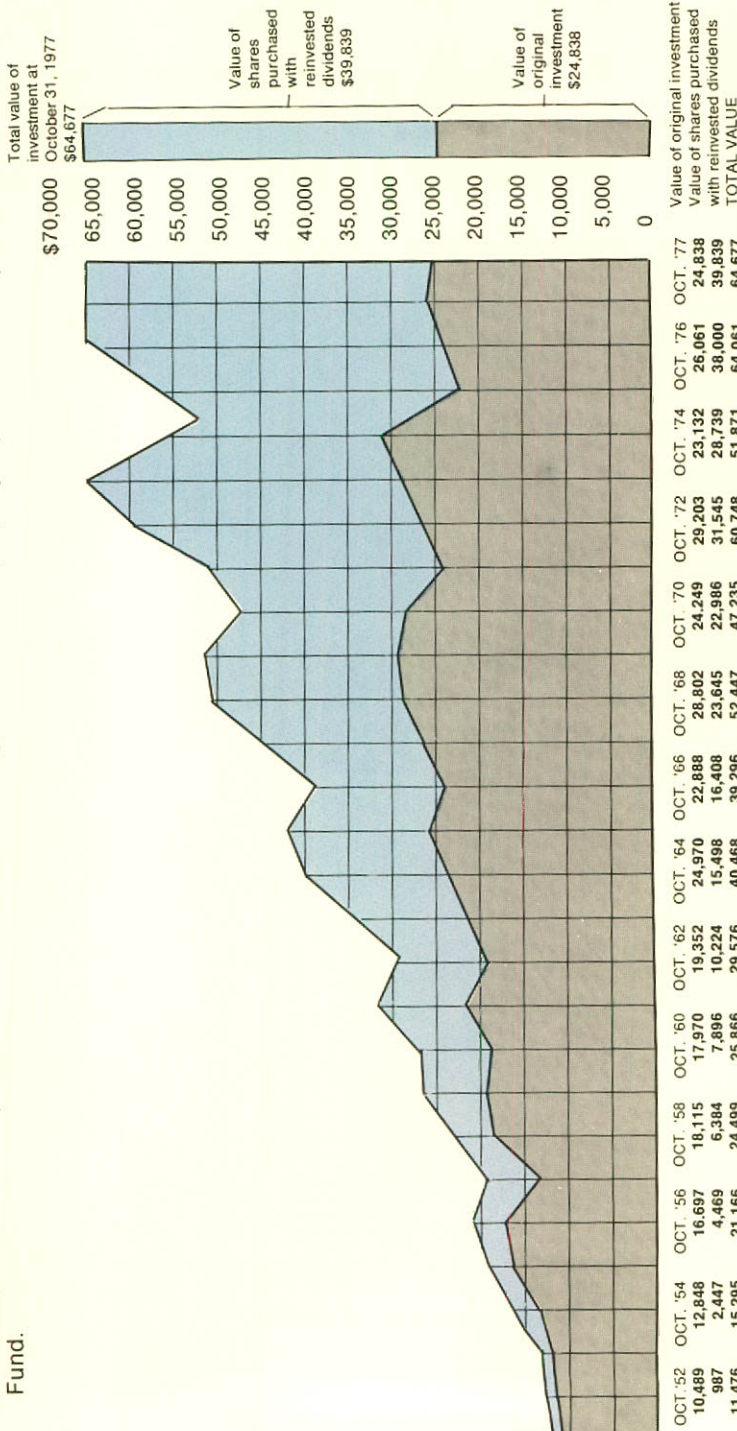
Robert H. Jones  
President

## ILLUSTRATION OF A LUMP-SUM INVESTMENT

The graph below shows the record of an assumed investment of \$10,000 in shares of Investors Mutual of Canada Ltd. on October 31, 1950.

The graph, together with figures below it, indicates the results of such an investment if dividends are taken in cash, as well as the results if dividends are reinvested in additional shares. (This option is available to all shareholders and no acquisition fee is charged on such purchases.)

Although Investors Mutual started operations early in 1950, and paid its first two dividends in that year, 1951 was the first full year of operations. The record begins at the first year-end (October 31, 1950) because, prior to that date, the investment portfolio was in its formative stages and did not properly represent the objectives of the Fund.



\*Total dividends if taken in cash and not reinvested — \$21,738



## Record of a continuous investment program

### \$1000 INITIAL INVESTMENT — \$100 PER MONTH

Investors Mutual shareholders may start accounts on a relatively moderate basis and increase their accounts by making regular purchases of additional shares to reach their objectives.

The following illustration is based on an assumed initial investment of \$1,000 on March 1, 1950, and subsequent investments of \$100 per month with dividends reinvested in additional shares.

Year	Cash Investment	Dividends Reinvested	Shares Credited	Accumulated Shares
1950	\$1,900	\$ 35.63	348.765	348.765
1951	1,200	126.01	197.718	546.483
1952	1,200	181.80	204.761	751.244
1953	1,200	240.98	213.114	964.358
1954	1,200	306.21	195.993	1,160.351
1955	1,200	370.95	162.854	1,323.205
1956	1,200	431.87	152.033	1,475.238
1957	1,200	495.14	162.952	1,638.190
1958	1,200	548.05	166.735	1,804.925
1959	1,200	617.08	151.210	1,956.135
1960	1,200	731.06	172.023	2,128.158
1961	1,200	812.43	154.365	2,282.523
1962	1,200	869.34	163.496	2,446.019
1963	1,200	981.85	164.562	2,610.581
1964	1,200	1,071.84	155.602	2,766.183
	Adjusted for 3 to 1 stock split			8,298.549
1965	1,200	1,189.90	462.076	8,760.625
1966	1,200	1,300.80	502.142	9,262.767
1967	1,200	1,421.70	493.201	9,755.968
1968	1,200	1,595.46	513.612	10,269.580
1969	1,200	1,781.66	524.219	10,793.799
1970	1,200	1,989.54	638.984	11,432.783
1971	1,200	2,103.37	622.260	12,055.043
1972	1,200	2,212.90	577.728	12,632.771
1973	1,200	2,577.63	618.341	13,251.112
1974	1,200	2,846.06	799.951	14,051.063
1975	1,200	3,313.99	901.998	14,953.061
1976	1,200	4,310.52	1,047.451	16,000.520
1977	1,000	4,107.23	1,004.188	17,004.708

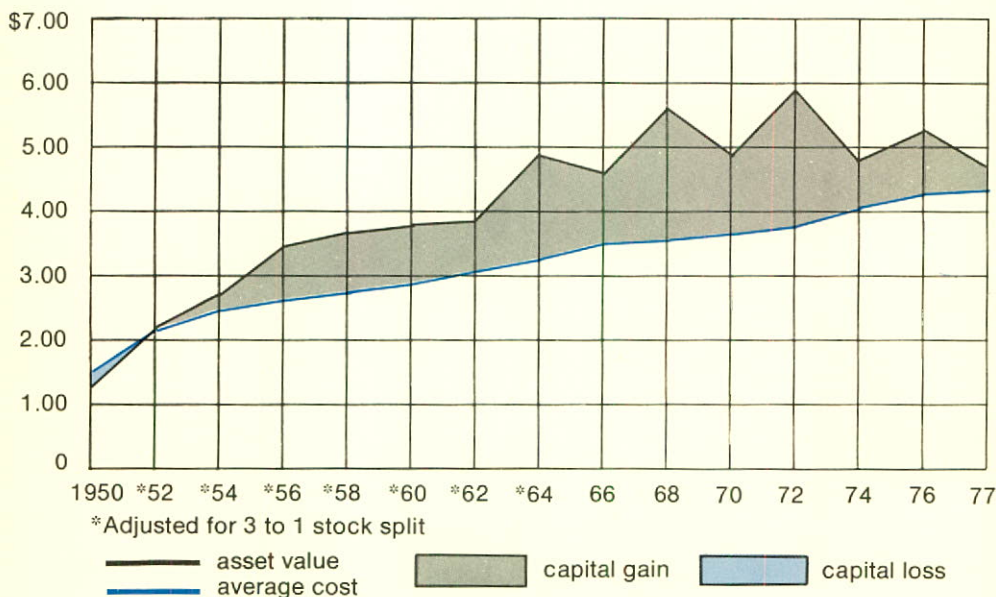
### Valuation of Account at October 31, 1977

Redemption Value . . . . .		\$83,204.04
Original Investment . . . . .	\$ 1,000.00	
Monthly Purchases . . . . .	<u>33,100.00</u>	<u>34,100.00</u>
Total Net Gain . . . . .		49,104.04
Dividends Reinvested . . . . .		<u>38,571.00</u>
Capital Gain in 332 month period . . . . .		<u>\$10,533.04</u>

# Dollar Cost Averaging

The record of a continuous investment program detailed on the previous page can also serve as a very good example of the investment technique known as Dollar Cost Averaging. This technique, widely practised by prudent investors everywhere consists of investing a fixed amount of money in a given security at regular intervals, regardless of the ups and downs in the market price. As a result of the fluctuations in price more shares are purchased when the price is low and fewer shares are purchased when the price is high.

In the example on the previous page after an initial investment of \$1,000 an amount of \$100 per month has been invested. Dividends have also been re-invested as they were declared. Throughout the 332 month period in the example, a total of \$34,100 plus dividends of \$38,571 have been invested and 17,004.708 shares have been purchased at an average cost of \$4.27 per share. The graph reproduced below illustrates both the asset value per share and the average cost per share year by year since the investment program originated, and the period and extent of capital gains and capital losses, on a per share basis.



It is obvious from the graph that over the past 27 years the asset value has fluctuated through a series of highs and lows but on a gradually rising plain. The investor who Dollar Cost Averages assumes that the market will continue to fluctuate as it always has in the past. He is a long term investor who has carefully considered his own financial ability to sustain his pattern of investment in down markets as well as up and he is committed to a continuing program. He is an investor who is just as enthusiastic about investing when the market is down as when it is up for he realizes that down markets give him the opportunity of obtaining more shares for the same total cost.



# The four cornerstones of sound personal money management

Investors Syndicate believes that a well-balanced investment program should consist of these Four Cornerstones for sound personal money management.

## 1. A BANK CHEQUING OR SAVINGS ACCOUNT

These are spending dollars rather than long-term savings accounts. The money deposited is generally for current living needs, or for short-term emergencies or opportunities.

## 2. ADEQUATE LIFE INSURANCE

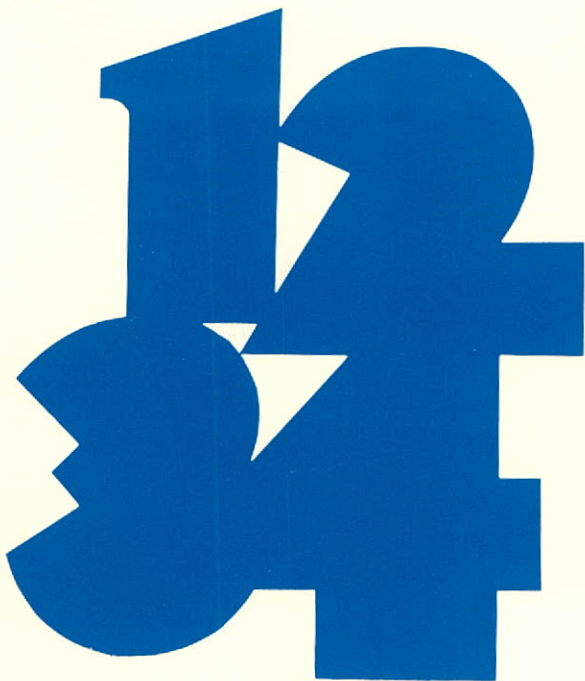
For family or business protection in the event of premature death. The Investors Series Life Insurance provided by your Investors Representative is underwritten by The Great-West Life Assurance Company, an Investors Group subsidiary.

## 3. GUARANTEED DOLLARS

Provided by Investors Syndicate's guaranteed Money Accumulation Plans or Single Payment Certificates to produce a specific amount of money in a stated number of years.

## 4. GROWTH DOLLARS

Money soundly invested in a selected and diversified list of common stocks through any of Investors seven mutual funds. Because their growth reflects the development of the economy, mutual funds provide an excellent hedge against inflation.



# Balance Sheet

October 31, 1977 with comparative figures for 1976

## Net Assets

	1977	1976
<b>Assets:</b>		
Investments, at market value in Canadian funds:		
Canadian Provincial Guaranteed bonds . . . . .	\$ 2,252,935	2,142,715
Canadian corporation bonds . . . . .	957,925	1,945,265
Canadian preferred stocks . . . . .	27,057,713	52,099,295
Canadian common stocks . . . . .	117,684,704	133,206,464
United States common stocks . . . . .	25,570,005	26,097,850
	<u>173,523,282</u>	<u>215,491,589</u>
<i>The average cost of the investments as at October 31, 1977 was \$172,190,923 (1976—\$213,878,802)</i>		
Other assets:		
Bank deposits and cash in transit . . . . .	-	3,644,251
Demand notes . . . . .	12,228,061	998,980
Accrued interest and dividends receivable . . . . .	423,527	716,735
Due from brokers . . . . .	-	626,781
Income and capital taxes receivable . . . . .	434,486	404,910
	<u>13,086,074</u>	<u>6,391,657</u>
Total assets . . . . .	<u>186,609,356</u>	<u>221,883,246</u>
<b>Liabilities:</b>		
Outstanding cheques less bank deposits and cash in transit . . . . .	885,444	-
Due to brokers . . . . .	-	16,750
Other liabilities . . . . .	28,567	30,327
	<u>914,011</u>	<u>47,077</u>
Total liabilities . . . . .	<u>914,011</u>	<u>47,077</u>
	<u>\$185,695,345</u>	<u>221,836,169</u>

See accompanying notes to financial statements.

## Shareholders' Equity

			1977	1976
<b>Capital Stock:</b>				
Common shares of the par value of 33⅓¢ each.				
Authorized and issued 3,000 shares . . . . .			\$ 1,000	1,000
Mutual Fund shares of the par value of 33⅓¢ each. (note 3)				
	<b>Shares—1977</b>	<b>Shares—1976</b>		
Authorized . . .	360,000,000	360,000,000		
Surrendered . .	<u>193,988,207</u>	<u>186,519,899</u>		
	<u>166,011,793</u>	<u>173,480,101</u>		
Outstanding . .	<u>37,958,084</u>	<u>43,205,874</u>	12,652,695	14,401,958
			12,653,695	14,402,958
<b>Surplus . . . . .</b>			173,041,650	207,433,211
			<u>\$185,695,345</u>	<u>221,836,169</u>

On behalf of the Board:


Director

Director



# Statement of Surplus

Year ended October 31, 1977 with comparative figures for 1976

	1977	1976
<b>Retained Earnings</b>		
Balance, beginning of year . . . . .	\$173,653,770	168,872,120
Add (deduct):		
Net income . . . . .	9,945,703	11,621,926
Profit (loss) on foreign exchange . . . . .	436,833	(123,588)
(Loss) profit on sale of investments . . . . .	(7,639,931)	4,838,139
Transfer to premium on shares . . . . .	(503,862)	(677,147)
Dividend paid (note 2) . . . . .	<u>(11,448,399)</u>	<u>(10,877,680)</u>
	<u>(9,209,656)</u>	<u>4,781,650</u>
Balance, end of year . . . . .	<u>\$164,444,114</u>	<u>173,653,770</u>
<b>Premium on Shares</b>		
Balance, beginning of year . . . . .	\$ 32,166,654	71,544,345
Add:		
Premium received on sale of Mutual Fund shares . . . . .	10,388,484	10,019,762
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 . . . . .	<u>503,862</u>	<u>677,147</u>
	<u>43,059,000</u>	<u>82,241,254</u>
Deduct:		
Premium paid on surrender of Mutual Fund shares . . . . .	<u>35,793,823</u>	<u>50,074,600</u>
Balance, end of year . . . . .	<u>\$ 7,265,177</u>	<u>32,166,654</u>
<b>Unrealized Appreciation of Investments</b>		
Balance, beginning of year . . . . .	\$ 1,612,787	(13,728,350)
Unrealized (depreciation) appreciation for the year . . . . .	<u>(280,428)</u>	<u>15,341,137</u>
Balance, end of year . . . . .	<u>\$ 1,332,359</u>	<u>1,612,787</u>
Total Surplus, end of year . . . . .	<u>\$173,041,650</u>	<u>207,433,211</u>

See accompanying notes to financial statements.

# Statement of Income

Year ended October 31, 1977 with comparative figures for 1976

	1977	1976
<b>INCOME:</b>		
Dividends . . . . .	\$ 11,013,628	13,110,709
Interest . . . . .	879,492	778,140
	<u>11,893,120</u>	<u>13,888,849</u>
Management fees expense (note 4) . . . . .	1,796,030	2,101,623
Income before taxes . . . . .	10,097,090	11,787,226
Income and capital taxes . . . . .	151,387	165,300
Net income (note 2) . . . . .	<u>\$ 9,945,703</u>	<u>11,621,926</u>

# Statement of Changes in Investments

Year ended October 31, 1977 with comparative figures for 1976

	1977	1976
Investments at average cost, beginning of year . . . . .	\$213,878,802	251,244,088
Add cost of investments purchased . . . . .	11,027,083	9,973,248
	<u>224,905,885</u>	<u>261,217,336</u>
Deduct:		
Proceeds of investments sold . . . . .	45,075,031	52,176,673
Loss (profit) on sale of investments . . . . .	7,639,931	(4,838,139)
Cost of investments sold . . . . .	52,714,962	47,338,534
Investments at average cost, end of year . . . . .	<u>\$172,190,923</u>	<u>213,878,802</u>

See accompanying notes to financial statements.

# Statement of Changes in Net Assets

Year ended October 31, 1977 with comparative figures for 1976

	1977	1976
Net assets, beginning of year . . . . .	\$221,836,169	243,787,418
Add:		
Net income . . . . .	9,945,703	11,621,926
Proceeds on sale of Mutual Fund shares less commission paid . . . . .	<u>11,128,657</u>	<u>10,699,802</u>
	<u>242,910,529</u>	<u>266,109,146</u>
Deduct:		
Payments on surrender of Mutual Fund shares . . . . .	38,283,259	53,450,985
Unrealized depreciation (appreciation) of investments . . . . .	280,428	(15,341,137)
Loss (profit) on sale of investments and on foreign exchange . . . . .	7,203,098	(4,714,551)
Dividend paid from: (note 2)		
Net income . . . . .	9,765,567	10,877,680
Profit on sale of investments. . . . .	<u>1,682,832</u>	<u>-</u>
	<u>57,215,184</u>	<u>44,272,977</u>
Net assets, end of year (note 2). . . . .	<u>\$185,695,345</u>	<u>221,836,169</u>

See accompanying notes to financial statements.

# Statement of Investments

October 31, 1977

## BONDS

### CANADIAN PROVINCIAL GUARANTEED BONDS

	Par Value	Market Value	Portfolio Distribution per \$1,000 of Net Assets
British Columbia Electric Company Limited			
4.0% 8-1-86 . . . . .	\$ 100,000	\$ 74,125	\$ .40
4.75% Series "AD" 8-1-86 . . . . .	226,000	176,280	.95
Quebec Hydro—Electric Commission			
5.5% 2-15-87 . . . . .	650,000	501,930	2.70
5.5% 6-1-86/88 . . . . .	2,000,000	<u>1,500,600</u>	<u>8.08</u>
		<u>2,252,935</u>	<u>12.13</u>

### CANADIAN CORPORATION BONDS

Hudson's Bay Company Properties Limited			
5.75% 1st Mtge. Bonds Series "A" 7-2-90	750,000	549,675	2.96
IAC Limited 5.75% Secured Notes Series 31 3-1-85. . . . .	500,000	<u>408,250</u>	<u>2.20</u>
		<u>957,925</u>	<u>5.16</u>
Total Bonds . . . . .		<u>\$ 3,210,860</u>	<u>\$ 17.29</u>



**CANADIAN PREFERRED STOCKS**

	No. of Shares	Market Value	Portfolio Distribution per \$1,000 of Net Assets
Anglo-Canadian Telephone Company \$2.65 cum. red. \$50 p.v. . . . .	20,000	\$ 635,000	\$ 3.42
British Columbia Telephone Company 4.84% cum. red. \$25 p.v. . . . .	91,800	1,514,700	8.16
5.15% cum. red. \$100 p.v. . . . .	29,815	1,863,437	10.03
Carling O'Keefe Limited \$2.65 cum. red. Series "B" \$50 p.v. . . . .	121,995	3,644,601	19.63
Canadian & Foreign Securities Co. Limited \$2.50 cum. red. Series "A" \$50 p.v. . . . .	50,000	1,425,000	7.67
Celanese Canada Ltd. \$1.75 cum. red. \$25 p.v. . . . .	20,573	344,598	1.86
Debhold (Canada) Limited 6.0% cum. red. Series "A" \$100 p.v. . . . .	47,000	3,149,000	16.96
6.25% cum. red. Series "B" \$100 p.v. . . . .	2,500	172,500	.93
Economic Investment Trust Limited 5.0% cum. red. Series "A" \$50 p.v. . . . .	26,300	815,300	4.39
Inter-City Gas Limited 8.25% 1st pfd. shares, Series "B" \$20 p.v. . . . .	89,500	1,868,312	10.06
Power Corporation of Canada Limited 4.75% cum. red. 1st pfd. shares 1965 Series \$50 p.v. . . . .	176,750	5,666,958	30.52
Quebec-Telephone 4.75% cum. red. 1965 Series \$20 p.v. . . . .	90,500	1,086,000	5.85
Rothmans of Pall Mall Canada Limited 6.625% 2nd pfd. conv. \$20 p.v. . . . .	50,000	825,000	4.44
Third Canadian General Investment Trust Limited \$2.50 cum. red. 1st pfd. Series "A" \$50 p.v. . . . .	23,450	685,913	3.69
Union Gas Limited 8.75% cum. conv. red. Class B Series 1 \$20 p.v. . . . .	112,300	2,723,275	14.67
United Corporations Limited 5.0% cum. red. 1963 Series \$30 p.v. . . . .	25,225	422,519	2.27
George Weston Limited 6.0% cum. red. 2nd Series \$100 p.v. . . . .	2,800	215,600	1.16
Total Preferred Stocks . . . . .		<u>\$27,057,713</u>	<u>\$145.71</u>

**COMMON STOCKS****METALS AND MINERALS**

+ Anglo American Corporation of Canada Limited Class "A" . . . . .	643,440	\$ 5,482,109	\$ 29.52
Falconbridge Nickel Mines Limited . . . . .	48,275	977,568	5.26
INCO Limited Class "A" . . . . .	335,775	6,421,697	34.58
Noranda Mines, Limited Class "A" . . . . .	113,081	2,346,432	12.64
*Texasgulf Inc. . . . .	144,600	3,039,202	16.37
		<u>18,267,008</u>	<u>98.37</u>

**INTEGRATED OILS**

Gulf Oil Canada Limited . . . . .	186,200	4,701,550	25.32
Shell Canada Limited Class "A" . . . . .	132,175	2,015,669	10.85
		<u>6,717,219</u>	<u>36.17</u>

**OIL AND GAS PRODUCERS**

Norcen Energy Resources Limited . . . . .	325,200	4,959,300	26.71
---	---------	-----------	-------

## COMMON STOCKS—Continued

	No. of Shares	Market Value	Portfolio Distribution per \$1,000 of Net Assets
<b>PAPER AND FOREST PRODUCTS</b>			
Abitibi Paper Company Ltd. . . . .	217,100	\$ 2,062,450	\$ 11.10
MacMillan Bloedel Limited . . . . .	205,746	3,497,682	18.84
		<u>5,560,132</u>	<u>29.94</u>
<b>FOOD PROCESSING</b>			
George Weston Limited . . . . .	161,800	2,062,950	11.11
<b>DISTILLERIES</b>			
The Seagram Company Ltd. . . . .	167,750	3,669,531	19.76
Hiram Walker-Gooderham & Worts Limited . . . . .	113,260	3,157,123	17.00
		<u>6,826,654</u>	<u>36.76</u>
<b>BREWERIES</b>			
The Molson Companies Limited Class "A"	130,768	1,994,212	10.74
<b>STEELS</b>			
The Algoma Steel Corporation, Limited. .	86,770	1,269,011	6.84
Dominion Foundries and Steel, Limited Class "A" . . . . .	230,552	5,072,144	27.31
The Steel Company of Canada, Limited Class "A" . . . . .	180,279	4,394,301	23.66
		<u>10,735,456</u>	<u>57.81</u>
<b>ELECTRICAL AND ELECTRONICS</b>			
*General Electric Company . . . . .	70,000	3,881,360	20.91
Northern Telecom Limited . . . . .	161,100	4,349,700	23.42
		<u>8,231,060</u>	<u>44.33</u>
<b>CHEMICALS</b>			
Du Pont of Canada Limited . . . . .	115,975	1,391,700	7.49
*Union Carbide Corporation . . . . .	66,500	3,062,059	16.49
		<u>4,453,759</u>	<u>23.98</u>
<b>OFFICE EQUIPMENT AND SUPPLIES</b>			
*International Business Machines Corporation . . . . .	47,457	13,504,839	72.73
Moore Corporation, Limited. . . . .	184,630	4,961,931	26.72
		<u>18,466,770</u>	<u>99.45</u>
<b>TRANSPORTATION</b>			
Canadian Pacific Limited . . . . .	349,350	5,895,281	31.75
*Northwest Airlines, Inc. . . . .	33,800	775,845	4.18
*UAL, Inc. . . . .	25,000	483,975	2.60
		<u>7,155,101</u>	<u>38.53</u>

## COMMON STOCKS—Continued

	No. of Shares	Market Value	Portfolio Distribution per \$1,000 of Net Assets
<b>PIPELINES</b>			
TransCanada PipeLines Limited . . . . .	371,078	\$ 5,473,400	\$ 29.48
<b>UTILITIES</b>			
Bell Canada . . . . .	265,025	14,112,581	76.00
The Consumers' Gas Company . . . . .	127,838	1,933,550	10.41
Union Gas Limited Class "A" . . . . .	80,655	796,468	4.29
		<u>16,842,599</u>	<u>90.70</u>
<b>MERCHANDISING</b>			
*K mart Corporation . . . . .	25,000	822,725	4.43
Simpsons, Limited . . . . .	366,340	1,648,530	8.88
		<u>2,471,255</u>	<u>13.31</u>
<b>BANKS</b>			
Canadian Imperial Bank of Commerce . .	417,500	9,445,937	50.87
The Royal Bank of Canada . . . . .	260,178	6,471,928	34.85
The Toronto-Dominion Bank . . . . .	340,390	5,744,081	30.93
		<u>21,661,946</u>	<u>116.65</u>
<b>INSURANCE AND FINANCIAL SERVICES</b>			
IAC Limited . . . . .	84,670	1,375,888	7.41
Total Common Stocks . . . . .		<u>\$143,254,709</u>	<u>\$771.45</u>
Total Investments . . . . .		<u>\$173,523,282</u>	<u>\$934.45</u>
<b>NET ASSETS:</b>			
Total Investments . . . . .		\$173,523,282	\$934.45
Demand Notes and Other Net Assets . . .		12,172,063	65.55
Total Net Assets . . . . .		<u>\$185,695,345</u>	<u>\$1,000.00</u>

+ At estimated fair value—unquoted.

\*United States investments—see note 1(c).

See accompanying notes to financial statements.



# Notes to Financial Statements

October 31, 1977

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 values 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 net income and source of dividend paid per share information is given below:

	1977	1976
The net asset value per share at October 31 . . . . .	\$ 4.89	<u>5.13</u>
The average net income per share . . . . .	<u>24.7¢</u>	<u>24.7</u>
Dividend paid per share from:		
Net income . . . . .	25.0¢	24.0
Profit on sale of investments . . . . .	4.0	-
	<u>29.0¢</u>	<u>24.0</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) Net income — on the average of the number of shares outstanding at each month end during the fiscal year.
- (c) Source of dividend — on the number of shares outstanding at the date of record for the dividend paid during the fiscal year.

3. Mutual Fund shares outstanding:	1977	1976
Mutual Fund shares outstanding, beginning of year . . . . .	43,205,874	51,294,910
Add Mutual Fund shares sold in year . . . . .	<u>2,220,518</u>	<u>2,040,120</u>
	45,426,392	53,335,030
Deduct Mutual Fund shares surrendered in year . . . . .	<u>7,468,308</u>	<u>10,129,156</u>
Mutual Fund shares outstanding, end of year . .	<u>37,958,084</u>	<u>43,205,874</u>

- Under the terms of an investment management and service contract with Investors Securities Management Ltd., substantially all expenses of the fund are borne by the investment manager.
- Certain comparative figures have been reclassified to conform to the current year's financial statement presentation.

## 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, 1977 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, including confirmation of securities owned at October 31, 1977 by correspondence with the custodian.

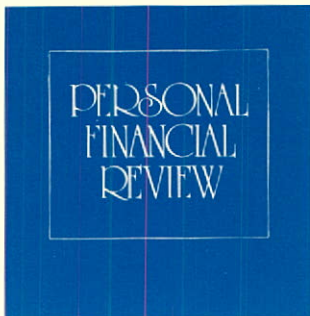
In our opinion, these financial statements present fairly the financial position and investments of the company as at October 31, 1977 and the results of its operations and the changes in its investments and net assets for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Winnipeg, Canada  
November 25, 1977

Peat, Marwick, Mitchell & Co.  
Chartered Accountants

# Is it time for you to have a Personal Financial Review?

*As your needs change, as tax laws change, as your income changes, as your plans for the future change . . . it pays to let your Investors Financial Planner get involved.*



You may find this hard to believe, but the most valuable service available today from Investors actually costs our clients not a single penny! Only your time. The time it takes to sit down with a financial planning expert, your Investors Representative, and complete a Personal Financial Review, a confidential, thorough inventory of all personal assets and liabilities. The information that appears will enable your Representative to help you plan intelligently for your future well-being. And if there have been any changes in your life since the last time you saw your Representative, an updated Review is well worthwhile, if you honestly want to keep on track to financial success.

For example—if you sell or buy a house or a business, get a raise, get married, have an addition to your family, get ready to retire, become disabled, change your job, receive an inheritance, have a bond maturing—or undergo any of numerous other events, your financial situation, and hence your needs, may be substantially altered. New pitfalls may pop up—such as a potentially huge tax bill. A glimpse at your freshly completed Personal Financial Review and a discussion of your objectives will alert your Investors Representative, who can then alert you and give you sound, timely financial planning advice, based on our balanced Four Cornerstone approach.

Just a gimmick to sell you something? Decide for yourself. Sure, if a need is spotted that an Investors service can satisfy, you will be told so. But you are under no obligation whatever. Keep an open mind though, because these very circumstances have resulted in our saving and earning many people thousands of dollars. We have plenty of evidence from some very satisfied clients, who have good reason to be glad their Investors Representative paid a return visit.

Whether your need is for guaranteed or growth dollars, immediate tax savings, an education plan, family protection through low-cost life and disability insurance, a business reserve or employee benefits plan, etc., Investors is again ready to serve you, the professional way . . . privately . . . conveniently.

*It's Easy. Just call us.*

*Investors*