

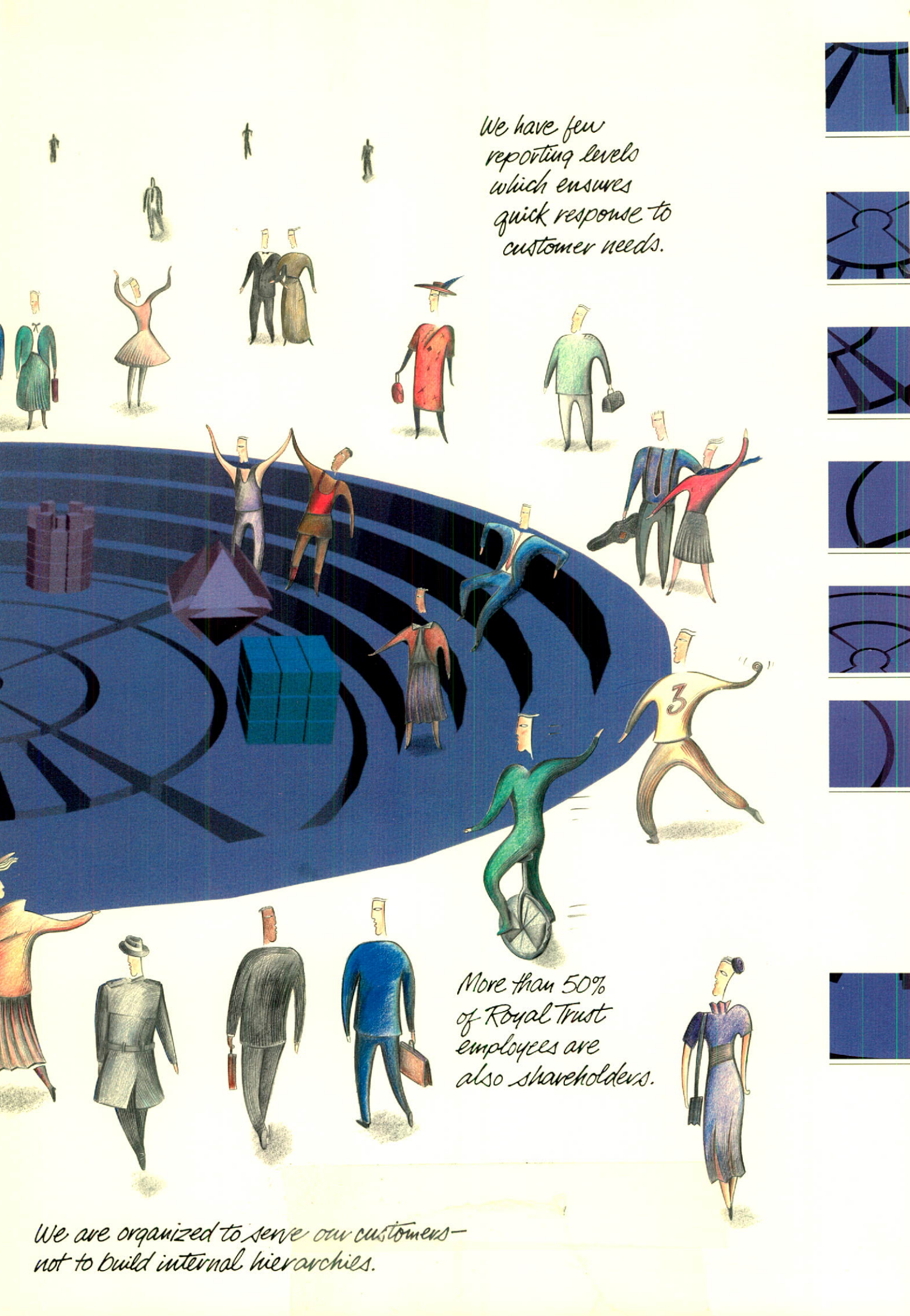


ANNUAL REPORT 1987

*Handwritten signature or initials in a circle*







*We have few reporting levels which ensures quick response to customer needs.*

*More than 50% of Royal Trust employees are also shareholders.*

*We are organized to serve our customers— not to build internal hierarchies.*



Royal Trust's circular organization chart represents what we strive to be—a non-bureaucratic group of people focused outwards on our customers and shareholders.

Innovation is a way of life at Royal Trust. Here, "icons" represent some of our leading products.



We work through informal networks and work groups, defined by client needs rather than internal considerations. Our people share a sense of urgency and accountability in their work.

*We believe that companies with traditional hierarchical organization structures will find it increasingly difficult to respond to the rapidly changing financial services environment.*

*International Financial Services*

*Personal  
Financial Services*

*Corporate  
Financial Services*

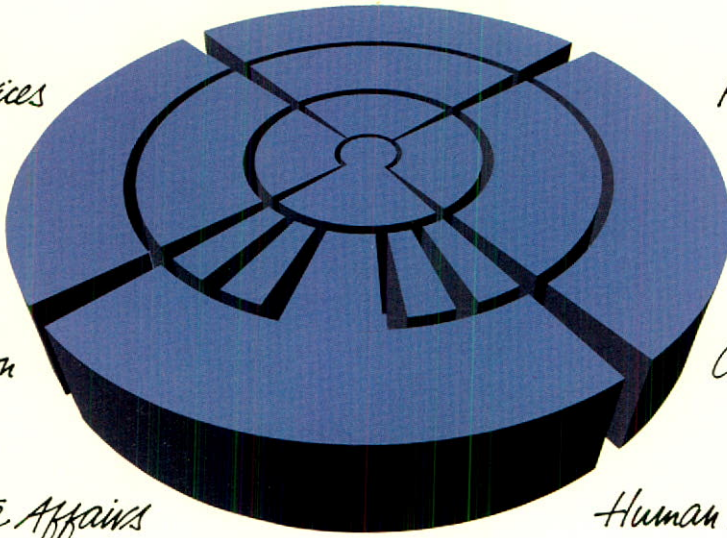
*Administration*

*Corporate Finance*

*Legal and  
Corporate Affairs*

*Human Resources*

*Board of Directors*



#### **C O R P O R A T E   P R O F I L E**

Royal Trustco Limited is Canada's largest trust company with assets under administration of \$84 billion. Founded in 1899, Royal Trust provides the highest quality financial services and advice available to help clients meet their financial goals.

The only Canadian trust company with an established and expanding presence internationally, Royal Trust opened its first overseas office in London in 1929. Today, the Company has 17 offices in key international financial centres in the United Kingdom, Europe and Asia. Through these offices, and its nation-wide network of branches in Canada, Royal Trust provides a full range of financial products, services and advice. These include personal and corporate banking services, as well as international investment advice, management and administration for private and corporate clients.

Royal Trust employs approximately 6,000 people worldwide. The Company's shares are listed on Canada's major stock exchanges and its Class A common shares are also listed on the Tokyo Stock Exchange. One of the most conservatively capitalized financial institutions in North America, Royal Trust's long term debt is rated AA.

Royal Trust is affiliated with Trilon Financial Corporation, a major diversified financial services company based in Toronto, which owns approximately 50% of the Company's common shares.



**CONTENTS**

Performance Charts	2
Chairman's Letter	3

President's Report	6
--------------------	---

Our Culture and Values	12
---------------------------	----

Personal Financial Services	14
--------------------------------	----

International Financial Services	22
-------------------------------------	----

Corporate Financial Services	26
---------------------------------	----

Shareholder Services	32
----------------------	----

Share Trading Summary	34
-----------------------	----

Financial Information	36
-----------------------	----

Board of Directors	52
--------------------	----

Regional Management and Advisory Boards	54
--	----

Corporate Officers	57
--------------------	----

Principal Subsidiaries	58
------------------------	----

**FINANCIAL HIGHLIGHTS**

At December 31

	<b>1987</b>	1986	% Change
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**Operating summary** (\$ millions)

Total revenue	<b>2,269</b>	1,856	<b>22</b>
Net income	<b>188</b>	154	<b>22</b>

**Financial position at year end** (\$ millions)

Assets	<b>24,518</b>	19,346	<b>27</b>
Estimated market value of estates, trusts and agency accounts under administration	<b>59,243</b>	52,306	<b>13</b>
Total assets under administration	<b>83,761</b>	71,652	<b>17</b>
<b>Shareholders' equity</b>	<b>1,626</b>	1,291	<b>26</b>

**Per share data**

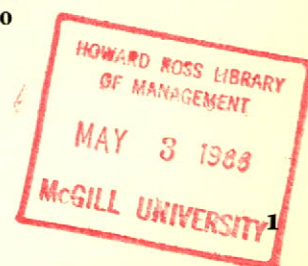
Net income per common share			
— basic	<b>\$1.28</b>	\$1.10	<b>16</b>
— fully diluted	<b>\$1.25</b>	\$1.08	<b>16</b>
Dividends	<b>\$0.54</b>	\$0.47	<b>15</b>

**Ratios**

Return on common equity	<b>17.4%</b>	18.4%	<b>(4)</b>
Return on assets	<b>0.88%</b>	0.95%	<b>(7)</b>
Capital to assets ratio	<b>7.6%</b>	8.0%	<b>(5)</b>
Investment margin	<b>1.87%</b>	2.09%	<b>(10)</b>

Royal Trust's Annual Shareholders' Meeting  
will be held:

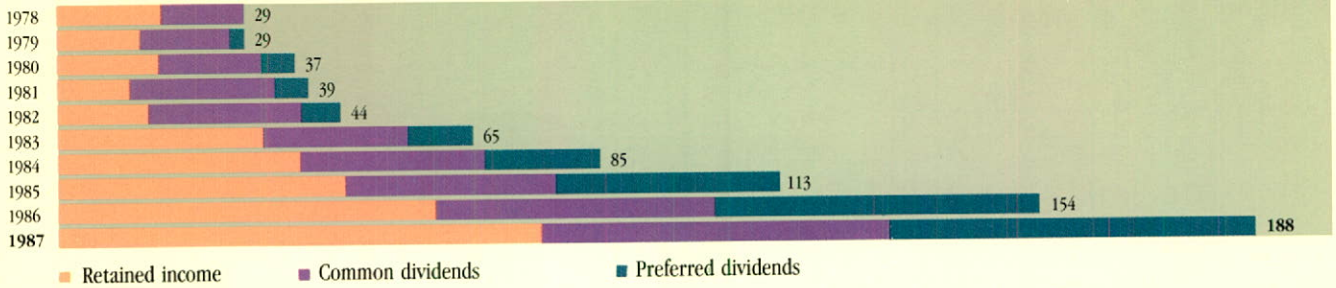
Thursday, April 7, 1988  
10:30 a.m.  
Roy Thomson Hall  
60 Simcoe Street  
Toronto, Ontario



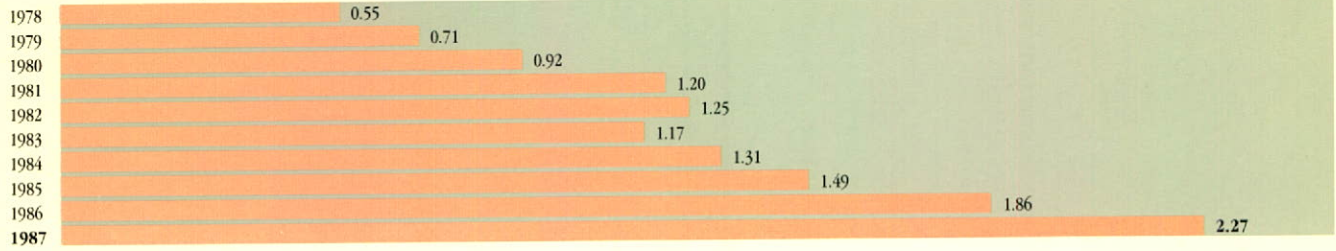


## PERFORMANCE CHARTS

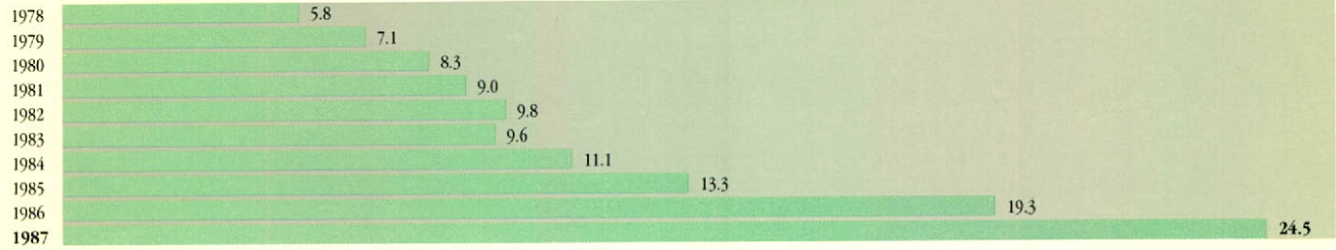
Net Income (\$ millions)



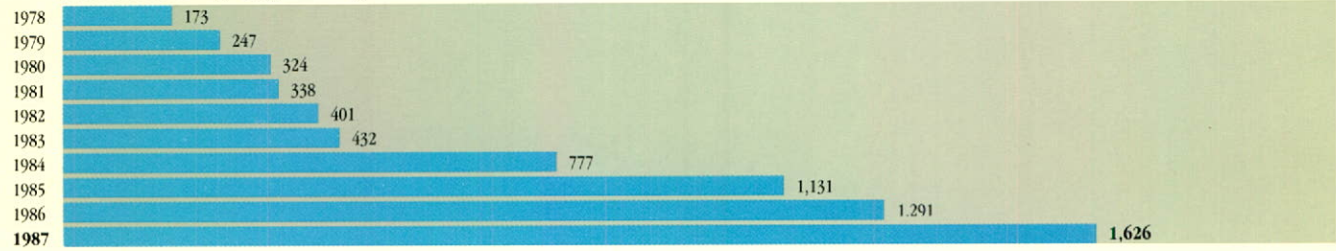
Total Revenue (\$ billions)



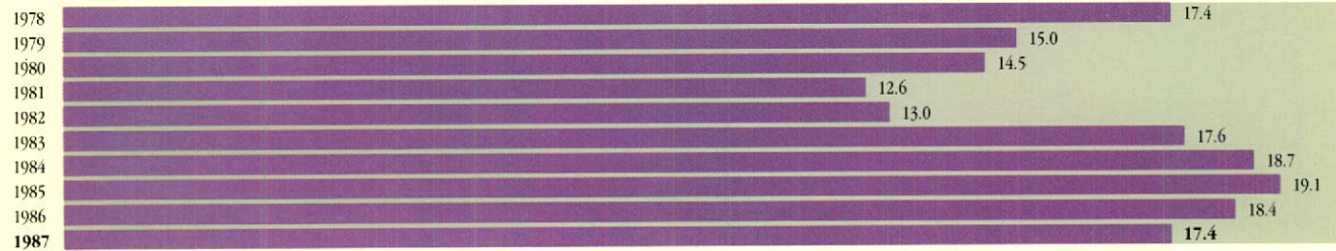
Balance Sheet Assets (\$ billions)



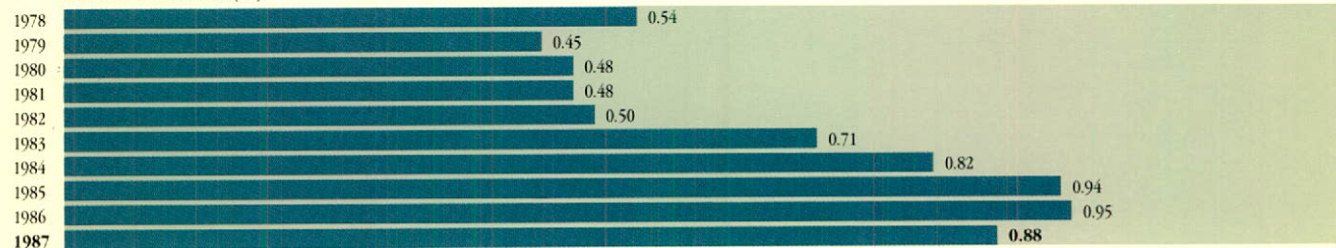
Shareholders' Equity (\$ millions)



Return on Equity (%)



Return on Assets (%)





## CHAIRMAN'S LETTER

Dear Shareholder,

Two landmark events in 1987 had particular significance for Royal Trust. Firstly, the Canadian government introduced long-awaited legislative proposals to modernize the rules under which we operate. As reported to you last year, Royal Trust has played an active role in the extensive discussions that have led to these proposals. When enacted, this legislation will create new business opportunities, enhance competition and provide a more flexible and realistic regulatory environment. We applaud the Government for recognizing these aims in its draft legislation, which virtually completes the integration of our financial system.

Secondly, world stock markets experienced huge shocks in October. I am proud to say that Royal Trust emerged unscathed. Our risk averse strategies, combined with a deliberate decision not to enter the securities underwriting business, have ensured continued financial strength.

### SHAREHOLDER VALUES

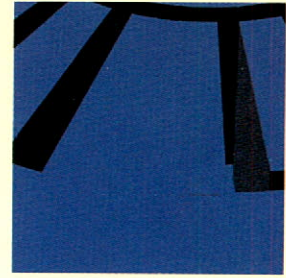
The responsibilities of corporate directors have justifiably come under close scrutiny. The failures of a number of financial institutions have focused attention on the crucial role Directors play in safeguarding the interests of shareholders and depositors. Royal Trust has long recognized this role. We go to extraordinary lengths to ensure our Board is fully informed about the Company's affairs. Well over half of our Directors are totally independent of our largest shareholder, Trilon Financial Corporation, and of its major owners. In addition, about 50% of our shares are publicly held. Royal Trust therefore already meets the new ownership and independence requirements proposed in the Government's draft legislation.

The proposals also introduce the concept of the Business Conduct Review Committee, made up of Directors completely independent of management and major shareholders. This concept is patterned after Royal Trust's committee, which has been in place for four years. We provide further protection to minority shareholders through cumulative voting in the election of Directors, another proposed requirement.

In 1987, I accepted the position of Chairman of the Trust Companies Association of Canada. As a member company, Royal Trust will strive to ensure that the Association meets its mandate of representing all interests of the industry in this period of vital change.

### DIRECTORS AND ADVISORY BOARDS

Two of our longest-serving Directors, Conrad F. Harrington, C.M., C.D and Donald N. Byers, Q.C., will not be candidates for re-election at our Annual Meeting in April. Mr. Harrington, a former Chairman, President and Chief Executive Officer of Royal Trust, has been a Director for 28 years. He has had a distinguished career with the Company, and we are most grateful



*“...shareholders' interests are shared by senior management whose compensation combines significant share ownership with modest fixed salaries. This arrangement reaffirms management's commitment to long term earnings growth.”*

Walwyn Stodgell Cochran Murray Limited  
August, 1987



*“While opera lovers across Canada hear the COC regularly on CBC Radio, it is only through generous corporate sponsorships such as Royal Trust’s that we are able to take our productions on tour.”*

Lotfi Mansouri  
General Director  
The Canadian Opera Company

for his valued counsel over the years. Mr. Byers joined our Board in 1968. He has served on the Executive and Audit committees, and most recently held the demanding position of Chairman of our Business Conduct Review Committee. We thank Mr. Harrington and Mr. Byers for the tremendous contributions they have made to Royal Trust. We are pleased to advise that another longtime independent Director, Charles J. Clark, Q.C., will succeed Mr. Byers as Chairman of the Business Conduct Review Committee.

We are delighted to announce that Adrienne Clarkson, President and Publisher of McClelland and Stewart, will be proposed for election as a Director at our Annual Meeting.

A third Director, Albert Reichmann, will be stepping down in 1988. We extend our sincere thanks to Mr. Reichmann for his valued contribution over the past six years. At our Annual Meeting it will be proposed that Kenneth Leung, Olympia & York’s Chief Financial Officer, be elected as a Director to replace Mr. Reichmann.

We extend our congratulations to two Directors, Jean Fournier, C.D. and Margaret E. Southern, on their appointments to The Order of Canada.

Our Advisory Boards continue to actively assist management at the local, regional and national levels. During 1987, we were pleased to welcome the following new members to these boards: G. Melvin Turner of New Brunswick; Charles T. Le Brun, Q.C. of Kitchener; Ross T. Morton of Sarnia; Barbara J. Rae and H. Richard Whittall of Vancouver and Alan G. Aldous, Reginald W. Hind and Alfred W.B. Mendels of Victoria. In 1987, we created a Technology Advisory Board to advise management on issues relating to Royal Trust’s substantial investments in technology. Its members are: Jeffrey Gandz of London, Ontario; Anthony B. Lash, John J. Leppik and Frederick T. White of Toronto; and Paul Lindfors of Raleigh, North Carolina.

We are grateful for the many contributions made by Advisory Board members who retired during 1987 including Leonard A. Kitz, Q.C. of Nova Scotia, J. Robert Ouimet of Montreal, Roy G. Cole of Hamilton, Douglas Joyce of Sault Ste. Marie, Pierre Leblanc of Trois-Rivières, Stanley Wilk of Sarnia and Frederick A. McKinnon of Calgary. We thank them for their much valued participation over the years. We were saddened by the deaths of two Advisory Board members, Robert L. Curran of Sault Ste. Marie and Walter R. Ross, C.M. of Lethbridge. Both will be greatly missed.



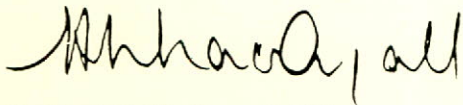
## COMMUNITY ACTIVITIES

Royal Trust is totally committed to the communities it serves. We are particularly proud that so many of our employees share in this commitment on a personal level. They give generously of their time, energy and money to a wide variety of causes. Royal Trust channels its charitable support to health and welfare, education, culture, community and sports organizations. Our program, which consists of direct financial support and sponsorships, covers all regions of Canada and exceeded \$1 million in 1987.

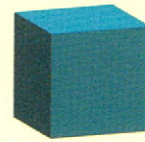
We provided significant financial support to such diverse projects as Cancer Ontario, an atrium for faculty and students at Memorial University of Newfoundland and the Banff Centre. A major sponsorship undertaken by Royal Trust took the Canadian Opera Company Ensemble on its first tour in seven years. At our request, this tour was specifically designed to travel to Canadian communities that do not normally have the opportunity to see such performances. The production of *The Tales of Hoffmann* travelled to 19 such communities. In the sports field, we increased our support for Canada's Olympic athletes and continued to sponsor both the World Professional Squash Championships and the International Equestrian competition at the Royal Agricultural Winter Fair in Toronto.

## FUTURE

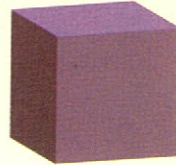
We look forward to the opportunities in the coming year with the knowledge and confidence that Royal Trust is already competing effectively on a global stage. We have the key elements in place to achieve our goals — an ambitious yet practical strategic plan, a strongly focused management team, dedicated and hardworking employees throughout our Company and an active and experienced Board of Directors. We know the future promises even stiffer competition, particularly in Canada where a new legislative framework will foster greater innovation and consumer choice. We welcome this environment and will continue to focus on what we do best — delivering superior products, services and advice to our customers.



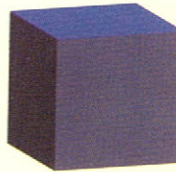
Hartland M. MacDougall, C.M.  
Chairman  
February 11, 1988



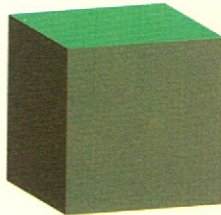
Sports 6%



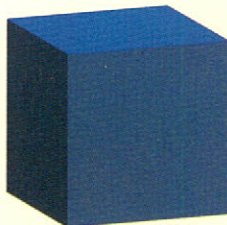
Culture 13%



Community 15%



Education 32%

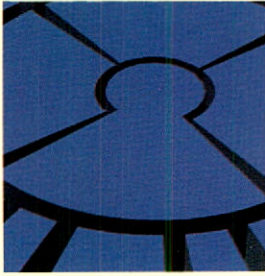


Health & Welfare 34%

**Charitable Donations — 1987**



## PRESIDENT'S REPORT



### OVERVIEW

Royal Trust achieved record earnings in 1987, more than double the earnings of five years ago. Net income increased 22% to \$188 million from \$154 million in 1986, reflecting market share growth in all major product areas. Earnings per common share increased by 16% to \$1.25 from \$1.08, exceeding our annual growth objective of 15%. Dividends per share were increased by 15% to 14 $\frac{3}{8}$  cents from 12 $\frac{1}{2}$  cents. Despite the severe correction in world stock markets in October, we made steady progress in our mission to increase the wealth of our shareholders, clients and employees. Major achievements during the year included:

- Improved profitability in all major domestic operations, with particularly strong growth in services generating recurring fee income.
- Consolidation and integration of the overseas banking and asset management businesses acquired in 1986. We now have a strong and profitable presence in Switzerland, Hong Kong and Singapore, in addition to our long-established operations in the United Kingdom and Channel Islands.
- The restructuring of our interest in Royal LePage to maintain earnings stability and eliminate the downside risks associated with the real estate market's cyclicity.
- The sale of Savory Milln, a commission-driven stock brokerage firm whose business was inconsistent with our role as independent asset managers.

*National Office  
Management Team*



Left to right: Hartland M. MacDougall, D. Murray Wallace, Sheila J. Robb, Charles F. Macfarlane, Thomas J. Wacker, Paul E. Starita, B. Lee Bentley.



- The establishment of a strategic portfolio of investments in financial services companies in the United States.

Royal Trust continues to be one of the most strongly capitalized financial institutions in North America. In 1987, we further strengthened our capital base through a \$155 million common share issue and by raising \$893 million of long term debt financing in the international markets. Our ability to access these markets is due to our strong credit ratings coupled with an extensive investor relations program in Europe and Asia. We are still the only Canadian trust company with significant international operations, located in key financial centres overseas to meet the global needs of clients.

#### P E R F O R M A N C E   A G A I N S T   O B J E C T I V E S

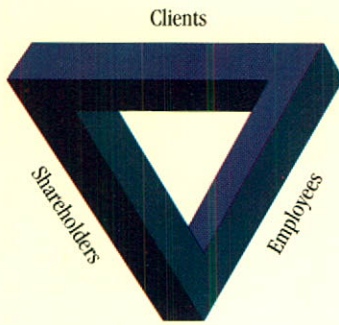
Our five-year plan has four major operating objectives. During 1987, we made significant progress towards these objectives, which are:

- To substantially increase deposits. Retail demand and term deposits increased, with important gains in market share.
- To double mortgage lending activities. We disbursed more than \$4.3 billion of mortgages, representing growth of 16% over 1986 and a further increase in Canadian market share.
- To increase fee income from personal and corporate financial services to 50% of net income. Substantial progress was made in 1987 to reduce our dependence on spread income, with recurring fee income from personal and corporate financial services increasing by 29% over 1986.



William C. Harker, William J. Inwood, Laurent M. Joly, David W.S. Dunlop, Wayne Johnson, Ian A.C. McCallum, Barry A. Henstock, Michael A. Cornelissen.





## *Wealth Triangle*

Royal Trust's mission is to create wealth for our shareholders, employees and clients.

We use a triangle to symbolize the mutuality of interests of these three groups.

- To achieve 15% growth in earnings per common share while maintaining conservative capital ratios consistent with high credit ratings. Earnings per common share objectives were exceeded for the fifth consecutive year. Our capital to assets ratio remained high at 7.6%. Credit ratings on our long term debt were increased to AA by Canadian and international rating agencies.

### S T R A T E G I E S

To ensure these results are maintained, we will:

- reinvest a significant portion of net income in staff training, computer and systems technology, and research and development of new services and distribution systems;
- build on our success in providing informed and independent advice to customers as an essential element of our strong sales culture;
- continually upgrade the quality of service in all aspects of our business, especially in administrative support;
- rapidly and profitably expand the scope of our international operations.

### I N V E S T M E N T I N T E C H N O L O G Y

High standards of excellence in delivering products and services to clients are an important competitive edge in today's financial services marketplace. In 1987, Royal Trust invested more than \$37 million in technology as part of our ongoing program to ensure long term competitiveness. Major initiatives, some executed in partnership with our major supplier, IBM, included:

- the expansion of an extremely effective electronic mail and communications management system;
- an improved ratio of 1.6 employees per terminal compared with a 2 to 1 ratio a year ago;
- the development and implementation of ten major new systems, all completed on time and within budget;
- increased use of technology at the point of sale, improving client service;
- a 23% improvement in the efficiency of new systems development and a 40% reduction in unit computing costs per transaction;
- the design of an integrated telecommunications network which in 1988 will link all Trilon group employees and reduce costs.

We also expanded the scope of our automated banking services in 1987 by linking with the Interac network. Royal Trust clients now have access to more than 20,000 banking terminals throughout North America.

### A D V I S O R Y P O S I T I O N I N G

Consistent with our mission to increase the wealth of our clients, we



are expanding our role as an independent financial advisor. Royal Trust has provided advice through its traditional trust services since 1899. Today, our services cover a much broader range of personal and corporate financial requirements, both in Canada and overseas. At the same time, client needs have become increasingly sophisticated, demanding and specialized. All of these factors underline the necessity for financial advice.

Royal Trust has already differentiated itself from other financial institutions by building on its ability to provide independent and knowledgeable advice to clients. For example, in early 1987 we advised first-time home buyers against six month mortgages when we believed interest rates would increase. We advised investors to take conservative stock positions before the market collapse and counselled them on how to react in its aftermath. We will increasingly provide advice in all aspects of our business.

#### I N T E R N A T I O N A L

The overseas businesses acquired from Dow Financial Services in 1986 continued to produce profits consistent with our expectations. The integration of these businesses is now complete and we are developing Royal Trust's entrepreneurial culture throughout all our offshore operations.

Three reorganizations completed in 1987 have improved and strengthened operating efficiencies. Firstly, we introduced a new senior management team in London under the leadership of Thomas J. Wacker, Senior Vice President, International Financial Services. Secondly, we consolidated all our asset management businesses in the United Kingdom and Jersey under Royal Trust Asset Management in London, which in turn extended its international asset management network to Luxembourg and Hong Kong. Thirdly, Dow MBf Limited in Hong Kong became a wholly-owned subsidiary and was renamed Royal Trust Asia Limited.

#### A D M I N I S T R A T I V E E X C E L L E N C E

The success of our sales programs has almost doubled business volumes over the past four years. This rapid growth created major challenges for our administrative support staff. A combination of outdated systems, and employees too immersed in the work at hand to change them, resulted in administrative delays in 1986 and the first half of 1987. To alleviate this situation, our administrative staff initiated a program called "Mission Accomplish". They avoided the questionable and expensive solution of simply adding more employees. Instead, they focused on substantially upgrading and enhancing existing systems to streamline operations. By assuming personal accountability for

*“Royal Trustco's primary strength has been their ability to maintain consistent growth in earnings over the past five years while maintaining a quality oriented balance sheet. Throughout this time period profitability ratios have been superior to the industry average despite their conservative leverage ratios and accounting policies.”*

Canadian Bond Rating Service  
September, 1987



*“Royal Trustco management has a sense of purpose and vision of the future and a credible plan to maximize the company’s potential which are unparalleled in the financial services industry in Canada. Moreover, the company’s senior management has greater rewards for superior achievement and greater penalties for failure than that of any other financial services company.”*

Andras Research Capital Inc.  
March, 1987

the challenge, they have strengthened their sense of ownership and pride in the resulting operating successes.

#### SECURITY IN TROUBLED TIMES

Although the severe stock market correction of October 19 reduced equity values around the world, Royal Trust clients were well protected. During the previous six months, they were advised to take profits and increase the fixed income component of their portfolios. Subsequent to October 19, mutual funds and pension funds under our management declined, but substantially less than market indices. Our mortgage, bond and money market funds increased in value.

Times like these emphasize the true value of Royal Trust’s conservative investment, lending and accounting policies. We avoid cyclical sources of earnings and have minimal exposure to lesser developed country, energy-related and foreign currency risks. In addition, we negotiated a \$1 billion standby equity facility with Great Lakes Group Inc. in 1986. This facility entitles Royal Trust access to new equity capital during good and bad market conditions through to 1991. This unique and important ‘backstop’ provides significant additional protection to depositors, bondholders and shareholders and was instrumental in the upgrade of our credit rating subsequent to October 19.

#### MANAGEMENT

An important strength of Royal Trust is the quality of our management. It comprises a blend of two groups of people — those with long standing experience in the trust industry and more recent members with talents usually found in other service sectors. This combination gives Royal Trust the expertise to both anticipate and respond to the rapidly changing environment. The depth and breadth of our management also proved to be an invaluable asset this year when two executives took on more senior positions with affiliated companies to further their career development in the Group.

In November, Courtney Pratt, Senior Vice-President of Human Resources, joined Noranda Inc. where he has assumed broader responsibilities. Courtney was responsible for introducing and instilling the new culture and business values at Royal Trust during the past five years. His legacy will permeate the Company for many years to come under the leadership of Wayne Johnson, who was promoted from within the Company.

In January of this year, Murray Wallace, Executive Vice-President of Corporate Financial Services, became President and Chief Executive Officer of Wellington Insurance Company. Murray was responsible for acquiring and rationalizing the purchase of Dow Financial Services,



a major acquisition that has solidified Royal Trust's presence in the international arena. Domestically, he created a sales and service culture which has seen business volumes increase by 20% or more during the last two years. Murray's vision for 1990 and beyond will be fulfilled by his successors, David Dunlop, Senior Vice-President of Corporate Financial Services and Tom Wacker, Senior Vice-President of International Financial Services.

Bill Harker, previously Executive Vice-President of Personal Financial Services, was promoted to Chief Operating Officer, Canadian operations. His increased responsibilities recognize Bill's outstanding contribution to Royal Trust's recent operating success.

We recognize that it is critically important to have the best people managing the business and serving our clients at all levels of our operations. We are very proud of our employees. They have done a tremendous job in responding to the challenges faced in 1987. We thank them for their contribution and applaud their dedication and professionalism.

#### FUTURE DIRECTION

Royal Trust's objectives are challenging but achievable. We will work hard to maintain annual earnings growth of 15% and return on equity of 15% to 20%. We will build on our tradition of providing advice to clients, which will increasingly distinguish Royal Trust in an intensely competitive marketplace. In 1988, there will be a continued concentration on customer service, on excellence in administrative systems, on value-added services and in augmenting recurring fee income.

We will increase the proportion of international income against income from domestic operations as part of Royal Trust's long term development. We will continue to be one of the most conservatively capitalized financial institutions in North America. We will maintain a strong aversion to investment risk and currency and interest rate exposures. This will entail foregoing a major portion of upside opportunities in favour of substantial protection against downside risks.

Royal Trust's year of record earnings reflects the hard work and dedication of many people: our Directors who provided most valuable counsel and support, our 6,000 employees in Canada and overseas, our customers and our shareholders. We thank them all for their confidence, encouragement and commitment throughout 1987.



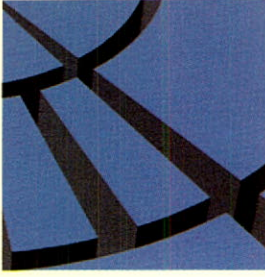
Michael A. Cornelissen  
President and Chief Executive Officer  
February 11, 1988

*“We continue to like the long term prospects for the company and believe that with the current management team and the corporate strategy, profits will continue to grow at current levels.”*

Merrill Lynch Canada Inc.  
August, 1987



## OUR CULTURE AND VALUES



*“In 1983, Royal Trustco brought in new ‘entrepreneurial driven’ senior management who have concentrated on creating a more productive corporate culture. The company’s organizational structure was simplified making it less bureaucratic than it was before and much less than its main competitors, the Banks.”*

Walwyn Stodgell Cochran Murray Limited  
August, 1987

Most companies claim their employees are their greatest strength and most important resource. At Royal Trust, we take action to bring this statement to life.

We place the highest priority on ensuring our corporate culture is one that best enables our employees’ talents, their hard work and their initiatives to flourish. Our culture is entrepreneurial — we encourage and reward individuals who are motivated from within, who are willing to take soundly-based risks and who are accountable for their actions. It is also team-oriented — we operate through informal networks and work groups, defined by our clients’ needs rather than internal considerations. The glue that binds us is our shared values.

Our organizational structure is focused outwards on our customers. We have as few reporting levels as possible between senior management and our clients. This gives us both the closeness and the flexibility we need to be responsive to their changing needs. Moreover, this closeness enables us to operate in partnership with customers to create even better products and services. Successful innovators regard their clients as welcome partners in the innovation process. Our structure sets us apart from traditional organizations, which emphasize management hierarchies and which compartmentalize employees. Not only do such structures produce layers of bureaucracy, they dissipate energy internally and dilute the contribution of each employee.

Royal Trust’s values reflect a commitment to recruiting, training, promoting and retaining the best talent available. Our human resources initiatives are centred on employee development and promotion from within. During 1987, we invested in excess of \$8 million on employee training and development. More than 600 employees took the Vision 1990 Manager Program, an intensive five-day session aimed at strengthening their management skills and their understanding of the vision, direction and culture of Royal Trust. We are also creating a strong feeling of ownership in the Company through our various share ownership plans. More than half of our employees own Royal Trust stock, which encourages them to act, think and function like proprietors.

Royal Trust is not a company where everyone will excel or even feel comfortable. Only those with an entrepreneurial flair, a strong sense of commitment to our customers and a mutuality of interest with our shareholders will truly thrive. In short, we strive to make Royal Trust a great place to work for the right people.



*An individual's importance and rewards are based on accomplishments rather than title or position in a hierarchy.*

*The glue that binds us is our shared values.*

*Shareholders and management share the same interests: creation of long-term wealth for all clients, shareholders and employees.*

*We value teamwork while encouraging entrepreneurship and controlled risk taking.*







Re-regulation of the financial services industry means that trust companies, banks and insurance firms will be permitted to provide a wider range of personal financial services than before. This will result in fierce competition from which consumers will benefit. Consumers of financial services have become more sophisticated and demanding of specialized levels of service, product quality and price. At the same time, increased competition for the attention of consumers has created a bewildering and confusing array of options in the marketplace.

While product range and service quality are important to consumers, they also need informed, independent advice on meeting their personal financial objectives from an organization they can trust. Royal Trust has been providing advice in traditional trust services for almost 90 years. We have built on this traditional expertise by adding an advisory focus to all financial services provided to our clients.

Our 1987 results reflect the success of this strategy, with market share gains in virtually all major product areas. Net income increased 18% over 1986, led by strong growth in mutual funds, term deposits and mortgages. Mutual fund balances were up 42%, notwithstanding the stock market collapse in October. In fact, Royal Trust's share of the mutual fund market increased after October 19, reflecting the 'flight to quality' and consumer comfort with the conservative asset mix of Royal Trust's Portfolio of Performance Mutual Funds.

The key strategies on which these results were achieved are:

- to expand our role as a financial advisor;
- to increase our investment in employee training, providing our staff with the skills to deliver informed and objective financial advice;
- to continue the introduction of products and services that address client needs as opposed to our corporate preferences;
- to direct investments in computer technology towards improving client service, with convenience and excellent administration;
- to provide complementary services from other members of the Trilon group of companies to clients when needed, through continuous development of cooperative intergroup initiatives.

In 1987, we opened, relocated or substantially renovated 12 branches and increased client access to automated banking machines by linking up with the Interac network. Royal Trust clients can now use more than 20,000 machines throughout North America.

#### **A D V I S O R Y S E R V I C E S**

In 1987, we further developed the successful Personal Financial Planning service introduced in 1986. This service provides clients with in-depth analysis of their financial position and needs, followed by advice on achieving their financial goals. Royal Trust's service is based on a



one-time fee rather than commissions to ensure objective advice. Our professional advisors serve as a single resource to counsel clients on cash flow management, taxation matters, investments, insurance, and educational and retirement planning. We increased the number of financial planners by 50% in 1987 and have extended the service across Canada.

Almost 2,000 clients have taken advantage of our Investment Advisory Service, which is offered free of charge. This service helps clients decide on the mix of investments that best meet their individual objectives. Research shows that 77% of clients using this service acted upon the advice received while 88% said they would recommend this service to others.

To increase customer convenience, we introduced SelecTouch, the computerized version of the Investment Advisory Service. By touching a screen to answer a series of questions, clients can analyze their personal financial situation and select investment strategies that best suit their needs. SelecTouch also provides clients with current information on interest rates and locations of other Royal Trust branches and automated banking machines.

The Advisor account, introduced in 1986, complements our Investment Advisory Service. The Advisor is a single investment account which combines savings, term deposits and a wide range of mutual funds. A personal account manager is assigned to clients with portfolios in the \$50,000 to \$200,000 range to provide investment management at an affordable price.

The delivery of sound financial advice depends on the availability and expertise of our professional staff. While expanding our complement of personal financial planners in 1987, we also tripled the number of account managers in branches. Each account manager is responsible for a group of clients, advising them on the best combination of products and services to meet their needs. Because we place strong emphasis on professional training and accreditation, we are particularly proud of the results our staff have achieved in examinations undertaken to gain professional qualifications. Royal Trust employees consistently perform well above average in courses administered by the Canadian Securities Institute and the Investment Funds Institute of Canada.

As an additional service, Royal Trust maintains a series of financial seminars across Canada to inform clients about topical issues, developments, changing regulations and new services.



## *Account Managers*

Central to our advisory role is the team of Account Managers in our branches. They are dedicated to provide advice to clients and to build long term relationships with them.

## DEPOSIT PRODUCTS

In 1987, we continued to expand the scope of services available to clients by introducing eleven new products. Two of the most innovative were the Diversified Guaranteed Investment Certificate (DGIC) and



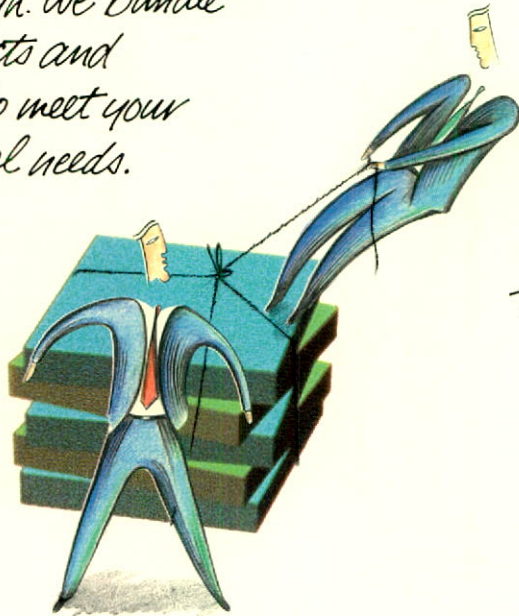
Everyone's financial needs are different. We have the range of products and services and offer advice to help you make the best choices.

Advantage Funds

Guaranteed Market Index Investment

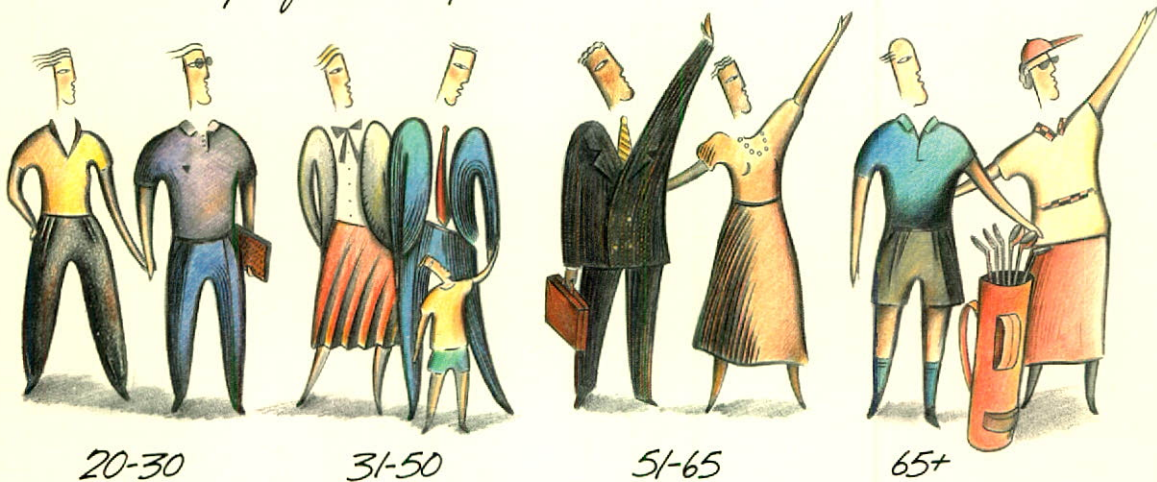
RRAP

Often a single product isn't enough. We bundle our products and services to meet your individual needs.



Funds Available For Investment

Life's different phases create changing financial needs. Our advice can help at each step of the way.



20-30

31-50

51-65

65+



*Royal Trust—Where Advice Comes First.*

*Investment  
Advisory Service*

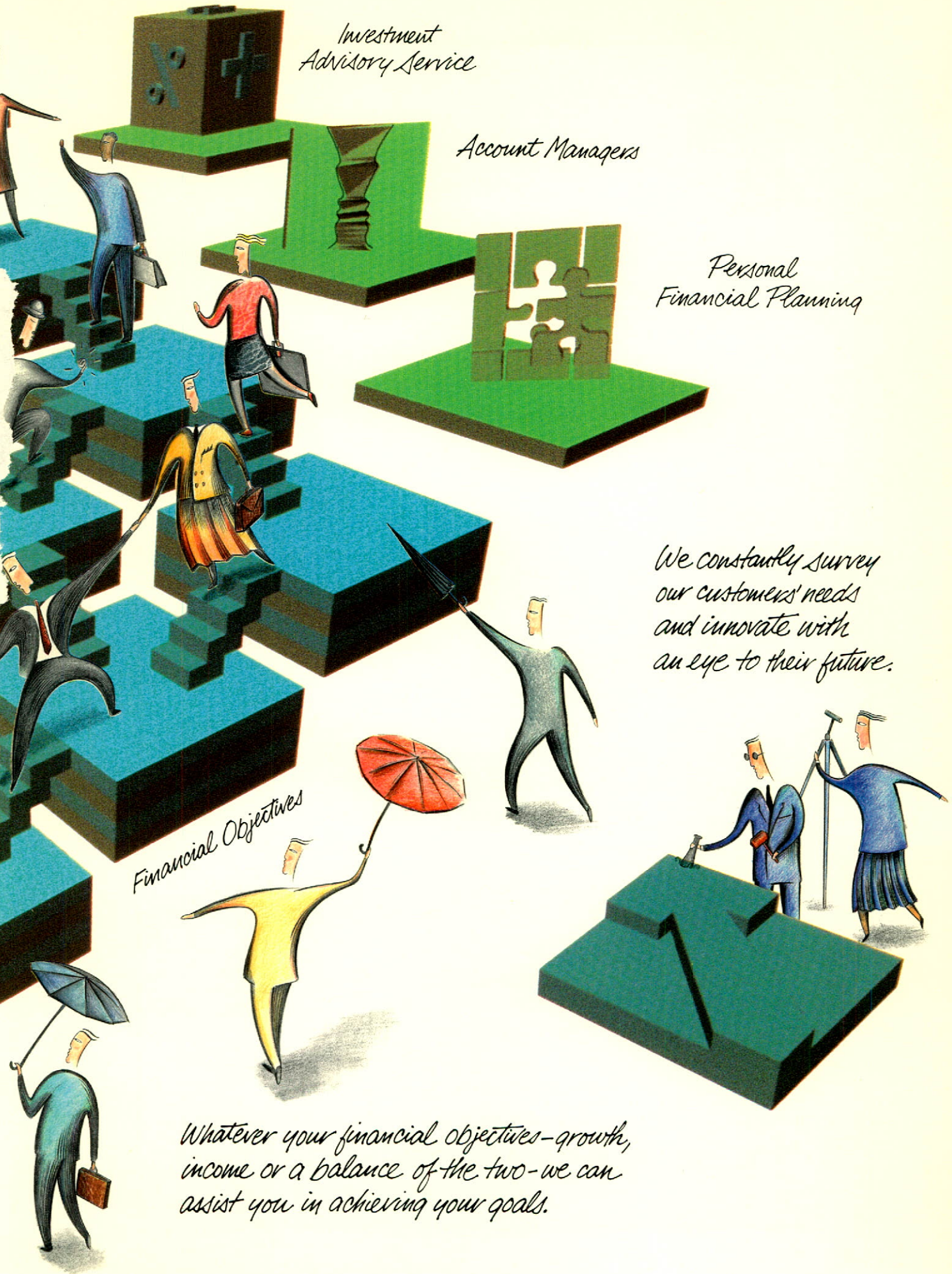
*Account Managers*

*Personal  
Financial Planning*

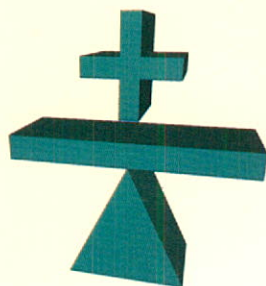
*We constantly survey  
our customers' needs  
and innovate with  
an eye to their future.*

*Financial Objectives*

*Whatever your financial objectives—growth,  
income or a balance of the two—we can  
assist you in achieving your goals.*







## *Guaranteed Market Index Investment*

This innovative product allows clients to participate in both bull and bear markets without risk to principal.

the Guaranteed Market Index Investment (GMII). These products bridge the gap between low risk fixed term products and higher risk stock market investments. Each is structured to meet the needs of a specific type of investor.

The DGIC is designed for investors who want higher returns than those from traditional guaranteed investments without risking any principal value. The DGIC achieves this by combining traditional term deposit security with the higher returns found in a mortgage mutual fund. 75% of the client's funds are invested in a conventional GIC and the remainder in Royal Trust Mortgage Fund. The client's original investment is guaranteed.

The GMII was designed for investors who wish to participate in the higher, though riskier yields of the stock and commodity markets without any risk to the capital value of their investment. The interest rate on the GMII is based on the index performance of either The Toronto Stock Exchange, The New York Stock Exchange or the price of gold. Clients select the index they prefer, and the interest rate is then tied to the percentage growth or decline of the chosen index. The value of the client's original investment remains guaranteed.

T-Bill Savings deposits more than doubled in 1987, as a result of product enhancements. Our 1987 Canada Savings Bond campaign was also extremely successful, with revenue almost tripling over the previous year.

### MUTUAL FUNDS

Five new mutual funds were introduced in 1987 bringing our total mutual fund portfolio to eleven products. Royal Trust manages and supplies the largest portfolio of no load mutual funds in Canada with only two 'front end loaded' fund managers of greater size.

Our Global Investment Fund offers clients the opportunity to diversify their equity investments in a variety of markets around the world. This fund is managed by Royal Trust Asset Management in London, England.

Our Canadian Money Market Fund enables clients to participate in the high yields available from government and corporate short term paper. From its inception in July, this fund grew to \$132 million by the end of the year.

Our three Advantage mutual funds, introduced in 1986, help clients meet their personal objectives through a single investment vehicle. Each Advantage Fund is made up of a pool of individual Royal Trust funds which concentrate on the investment objectives of either growth or income or a balance of the two. Once a fund is selected, there is no need for the client to make additional investment decisions — even if market conditions change. Royal Trust's Advantage Fund manager makes appropriate adjustments to the asset mix of the funds. Three similar



funds were created for clients with estate and trust accounts too small to achieve adequate diversification by investing on their own.

#### RETIREMENT PRODUCTS

Our 1987 RRSP campaign was the most successful ever, with new deposits increasing by 24% over 1986. Much of this growth resulted from higher interest rates and good front counter service and advice. A record number of clients transferred their RRSPs to Royal Trust from other institutions.

The Registered Retirement Income Fund (RRIF) has become a much more flexible retirement investment choice as the result of a change in government legislation. Anticipating increased demand for this product, we added a much broader range of investment options. As a result, the number of Royal Trust RRIF clients tripled during the year producing a twofold increase in total balances.

#### MORTGAGES, LOANS AND CREDIT

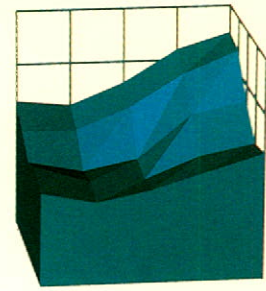
In 1987, Royal Trust maintained its position as one of the largest mortgage lenders in Canada. The total amount of mortgages increased 22% over 1986. Royal LePage once again was an important source of mortgage business for Royal Trust. The Royal LePage Mortgage features pre-approval of borrowers and homes for mortgages by Royal LePage real estate agents and managers.

Royal Trust's Personal Line of Credit continued to be a strong performer, with 40% growth in 1987. Clients appreciate the convenience and flexibility this product provides in allowing them to 'write their own loans'. The Personal Line of Credit has been enhanced to feature interest rates that vary according to the size and type of loan involved. For example, a secured line of credit is available at rates as low as prime. Many clients have taken advantage of this low cost alternative for automobile, home renovation and investment loans.

The Canadian Plus Royal Trust MasterCard is the first credit card in Canada to allow clients to earn travel points on all purchases made on the card. This new product has been extremely well received in the marketplace. Royal Trust's Gold MasterCard popularity continues to grow as the only credit card in Canada featuring a 1% cash rebate on purchases and one of the lowest interest rates on outstanding balances.

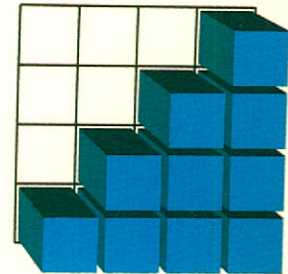
#### BUSINESS ALLIANCES

A major element of Royal Trust's operating strategy is the development of joint business opportunities with other members of the Trilon group of companies. Similar opportunities are also presented by the recent expansion of our international operations. Our objective is to improve



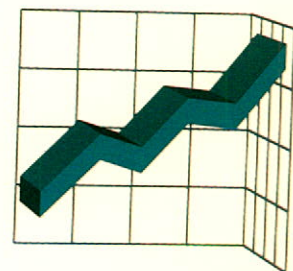
### *Global Investment Fund*

Clients can participate in world equity markets by investing in this mutual fund.



### *Canadian Money Market Fund*

Introduced in October, this mutual fund has grown dramatically to \$132 million at year end.



### *Advantage Funds*

Funds of funds offering investment options of growth, income or a balance of the two.



and expand the scope of services offered. We have already achieved major cost savings by sharing printing facilities, jointly developing large-scale automation programs and combining purchasing initiatives. In 1987, we established shared communications networks and installed a major joint computer facility with London Life.

For our customers, these business alliances permit access to more products from one source than would otherwise be available through one bank, trust company, brokerage firm or insurance company. The Royal LePage Mortgage is a good example of the results that can be achieved through such alliances. In 1987, this product alone accounted for more than \$1 billion of new mortgage loans.

Our association with the Trilon group potentially expands the number of locations where clients can obtain our products and services. During 1987, we continued to evaluate combinations of locations and services that best meet customer needs. Such combinations include insurance offices providing home, life and automobile coverage from premises adjacent to a Royal Trust branch. There are 27 shared Royal Trust/Royal LePage offices across Canada.

#### T E C H N O L O G Y

Technology is an essential competitive tool in today's electronic marketplace. It enables us to develop and deliver products and services to clients quickly, efficiently and accurately. Technology gives staff more time to spend advising clients by reducing the amount of time required for administration.

We are revising internal administrative procedures in response to increased transaction volumes and client requirements for faster service. For example, RRSP tax receipts are issued through terminals located in our branches at the time a client makes a deposit; mortgage records are set up instantly at computer terminals; and mutual fund orders will soon be processed in a similar manner. This will eliminate time consuming record keeping and reduce the possibility of delays and errors.

In 1987, major enhancements to administrative support and communications systems included:

- a new computerized mortgage system that enables us to serve clients better despite dramatic increases in business volumes;
- installation of a new personal lending system, offering clients more flexibility through a tiered interest rate structure, with room for significant future growth;

*“We think a sizable investment in technology and systems, an expanding branch network, and strong commitments to customer service augur well for this company. New products, such as the Guaranteed Market Index Investment, enlarge the alternatives available to increasingly sophisticated depositors.”*

ValueLine Investment Survey  
January, 1988



- a new office automation system, linking all our branches and operating units. This system has reduced paperwork, eliminated delays and enhanced customer service by improved response time;
- a significant increase in the number of computer terminals and personal computers in our branches, permitting our employees to spend more time with clients.

Technology is also helping Royal Trust increase contact with clients by expanding the use of direct mail and through Straightline, our customer telephone service.

*“ We view Royal Trust very favourably. Its solid balance sheet, entrepreneurial style and marketing acumen are well suited to the deregulated financial marketplace.”*

Dominick & Dominick Securities Inc.  
February, 1988

## F U T U R E

Personal Financial Services will continue to focus on expanding Royal Trust's role as a financial advisor to clients. We are committed to being the financial institution “where advice comes first”. Research shows that clients believe we are already delivering on this commitment. Royal Trust's continued success will depend upon our ability to anticipate and respond quickly to client needs. This is particularly important given today's fast changing and increasing complex financial services marketplace.

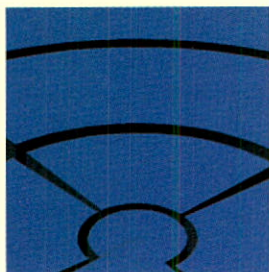
We will increase the number of financial advisors in our branches. We will invest heavily in employee training to maintain consistently high quality advice. In developing new advisory related products and services, we will conduct extensive market research to continue to address client needs. Fees will generate an increasing proportion of our income.

Our expanded international network will provide clients with a wider variety of products and services. We will also pursue new and more effective ways of building on our relationships with other members of the Trilon group. By doing so, we will expand the number of sales locations and products available to clients.

Technological advances will ensure the delivery of superior products and services. We will continue to emphasize technology capability at the point of sale to capture a full profile of client information, reducing record duplication and errors. It will also enable us to identify further product and service opportunities for clients.

By focusing on these priorities, we will expand our client base and live up to our promise of being the financial institution where advice comes first.





Internationally, Royal Trust is focused on developing its core businesses — private banking, asset management and specialized banking, advisory and administrative services. We do not compete head-on with the major multinational banks in all markets. Instead, we concentrate on providing personalized service in specialized areas where we have proven strengths to meet specific client needs. As with Royal Trust's domestic operations, we place strong emphasis on adding value to transactions with informed, independent advice.

The consolidation of the international businesses acquired from Dow Financial Services in 1986 was completed during 1987. We now have 17 offices located in key financial centres around the world. Savory Milln, a London-based stock brokerage firm acquired from Dow, was sold in 1987 at a price approximating book value. This sale eliminated the inevitable conflict of interest between brokerage activities and our established position as independent asset managers.

ROYAL TRUST BANK - LONDON

Consistent growth, led by commercial and mortgage lending, foreign exchange and money market operations, produced a 15% increase in profit before tax. Substantial growth was also achieved in global custody business and related fee income. A new regional office was opened in Leeds as part of Royal Trust Bank's continuing strategy to extend individual and commercial banking services beyond London. A fourth regional office is planned for Bristol in 1988.

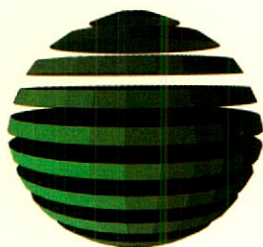
1987 was another profitable year for Royal Trust Bank (Isle of Man), with significant contributions from personal banking and treasury operations.

ROYAL TRUST  
ASSET MANAGEMENT - LONDON

Assets under management increased to \$1.3 billion during 1987 with some notable performance achievements. Our Preference Fund was ranked fifth out of all unit trusts, producing a one year return of over 50% — notwithstanding the market collapse. A unit trust product, the Prestige Portfolio Trust, was relaunched at the start of 1987 with four new funds, including a Canadian equity fund. A Global Bond Fund was also introduced as a complement to our equity funds. The scope of our operations was extended in 1987 through the establishment of subsidiaries in Luxembourg and Hong Kong.

ROYAL TRUST BANK - ZURICH

Royal Trust Bank (Switzerland) had a profitable year, maintaining focus on expanding established operations in private, wholesale and merchant banking. In the capital markets, we led and co-managed a number of Swiss franc issues for Japanese and Canadian investors. Royal



*Asset Management*

Our Prestige Portfolio Trust has attracted widespread attention for its innovative approach to fees and commissions. In addition to reducing the initial fee by almost 50%, there are no charges or commissions on switching between its eleven funds.



Trust Bank also acquired a 55% interest in Bruxinter, S.A. an asset management company based in Geneva.

#### ROYAL TRUST - JERSEY

Dramatic growth in mortgage lending, combined with strong increases in fees and commissions, produced another profitable year for Royal Trust's Jersey subsidiaries. Continued emphasis was placed on developing tax-effective personal trust, investment and global custody products for international clients. Business growth has demanded a move to new larger premises, scheduled for completion in 1990.

#### ROYAL TRUST MERCHANT BANK - SINGAPORE

Development of commercial and private banking, corporate lending and mortgage businesses continued successfully in 1987. These activities were supported by profitable foreign exchange and money market operations. The Bank maintains its focus on expanding services from its base in Singapore to Malaysia, Thailand, Australia and New Zealand.

#### ROYAL TRUST ASIA - HONG KONG

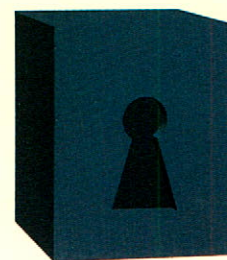
In 1987, Dow MBf Limited became a wholly-owned subsidiary and was renamed Royal Trust Asia Limited. Its operating focus has been sharpened through a reorganization emphasizing four core activities — merchant banking, private banking, investment management and corporate administrative services. All these businesses complement Royal Trust's established expertise in other international markets.

#### ROYAL TRUST - JAPAN

We established a representative office in Tokyo in 1986 to service our substantial book of corporate business with Japanese clients. This office, together with the existing representative office of Royal Trust Bank (Switzerland), was instrumental in bringing Canadian investment opportunities to Japanese clients and in identifying merchant banking business for Royal Trust in Switzerland.

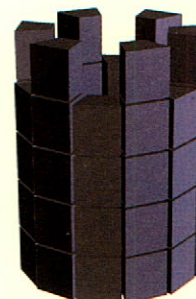
#### FUTURE

Intense competition, coupled with an increasingly deregulated operating environment, is propelling the worldwide consolidation of financial institutions. This will lead to a small group of large global entities offering a very wide range of services. We will not attempt to be all things to our international clients. We will concentrate on expanding both the range and geographic scope of private banking, asset management and specialized banking and administrative products offered. Royal Trust will succeed in this environment by building on its proven strengths and by providing personalized services to high net worth individuals and medium sized corporations.



### *Private Banking*

Our international private banking network was expanded in 1987 and is being further enhanced by the creation of a private banking centre in Canada.

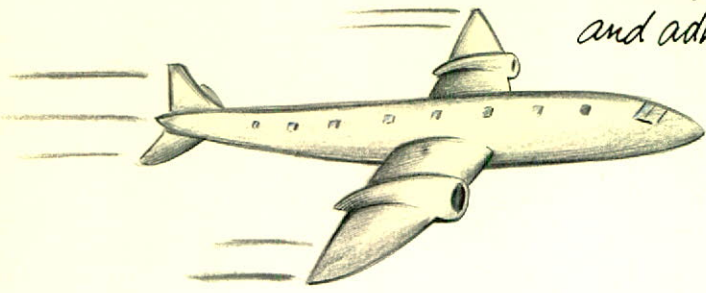


### *Global Custody*

A customized and personal approach to administering corporate clients' assets anywhere in the world through our correspondent network. In 1987, assets under administration grew by 35%.



*Royal Trust has a global perspective on advising its clients, managing their wealth and administering their affairs.*

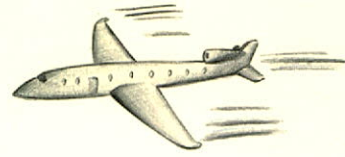


*We focus on businesses where we have proven strengths—private banking, asset management and specialized banking and advisory services.*





*We avoid head-on competition with large multinational banks and concentrate on very personalized service to meet special client needs.*



*Our international network enables us to meet client needs—at home and abroad.*

*Our lean management structure means there are only two levels between our President and the senior account executive of each international operation.*







While Royal Trust offers a wide range of financial products to corporate clients, we realize that products alone will not meet their needs in today's complex marketplace. We are therefore focusing increasingly on providing advice to our clients, with products that add value to their operations. This strategy, in combination with our strong sales culture, will enable us to meet our objective of being the market leader in solving corporate financial problems.

In 1987, we exceeded all our operating objectives. Market share gains were achieved in every major product line, with new business more than double that of the previous year. Fee and interest income increased by 13% and net income was up 23%. We continued to build on the strengths of our traditional trust, investment and lending operations by concentrating on the following initiatives:

- A strong focus on sales. Challenging sales targets were not only met but exceeded. Our sales force was expanded and major action plans were put in place to further enhance our marketing efforts.
- Emphasis on client service. "Mission Accomplish" was adopted as the rallying cry of our administrative staff in meeting the challenge of maintaining high quality service while sales volumes increased dramatically.
- Technological advances. We continued to invest heavily in technology, both to improve the efficiency of existing systems and to support the introduction of new services.
- New products. A series of products were introduced to better serve our clients. These included financial planning for employees, strategic planning for mid-market companies, group mortgages and a wider range of group benefit plans.
- Broadening our client base. Royal Trust has enjoyed strong market share among large corporate clients for many years. We are expanding the scope of services we offer others — including mid-sized companies, junior resource firms, mutual fund sponsors, labour unions and governments. With a growing number of Canadian firms seeking to invest abroad, and offshore investment interest in Canada high, particular success is being achieved in creating synergies through our international network.

*"Over the 15 years I've had the pleasure to work with various Royal Trust people, I have regularly been impressed by their professionalism, motivation and desire to understand and service their clients' needs. Royal Trust is a first class organization."*

Mr. R.N. Steeves  
Treasurer  
General Foods Inc.

C O R P O R A T E I N V E S T M E N T A S S O C I A T E S

Royal Trust's Canadian asset management subsidiary, Corporate Investment Associates (CIA), manages \$6 billion on behalf of domestic and international pension plans, charitable endowment organizations, insurance firms and pooled funds. CIA's employees have substantial equity ownership, which ensures mutuality of interest with clients and Royal Trust shareholders. Notwithstanding the market correction, CIA's investment management produced positive rates of return for pension and other fund clients. Based on a preliminary survey conducted by SEI Financial



Services Limited, a performance measurement organization, our performance ranked in the top 25% or first quartile of all Canadian fund managers. This outstanding performance was also reflected in results for our Pooled Funds.

Classified Pooled Funds  
One Year Performance to December 31, 1987

Fund	Return	Rank*
Canadian Equities	6.8%	11 out of 38
Fixed Income	4.2	16 out of 30
U.S. Equities	2.3	8 out of 28
Offshore Equities	9.0	2 out of 28

\* Based on the TPF & C Ltd. monthly "Pooled Pension Fund Survey".

Up to six months before the market collapse of October 19, CIA had been advising clients to lock in profits. As a result of this strategy, total fund performance for pension portfolios under our management continued to experience positive investment returns despite the market correction.

#### BUILDERS CAPITAL

In keeping with Royal Trust's philosophy of encouraging ownership and entrepreneurial teams, Builders Capital was reorganized as a partnership in 1987. Its senior employees are now equity partners, with their rewards mutually integrated with the interests of Royal Trust.

Builders Capital finances, acquires and manages Canadian commercial and industrial real estate for domestic and foreign institutional clients. Assets managed for clients exceeded \$600 million at year-end. In 1987, Builders Capital negotiated the acquisition of a 50% interest in The Consilium, a major commercial development located in the Toronto suburb of Scarborough. Participation in part of our interest is being offered to a limited number of institutional investors.

#### ROYAL TRUST ENERGY CORPORATION

Royal Trust Energy Corporation, a wholly-owned subsidiary based in Calgary, acquires and manages energy-related investments, primarily for Canadian pension funds. In early 1987, Royal Trust Energy launched the Royal Trust Energy Income Fund to acquire income-producing oil and gas properties in western Canada. Structured as a closed-end investment trust, units totalling \$40 million were issued and listed on The Toronto Stock Exchange. Proceeds of the issue were invested before year-end and planning for a second issue is well underway.

#### TREASURY

Despite volatility in financial markets, we successfully maintained funding and liquidity to support our strong domestic asset growth in 1987. Management of interest rate risks and matching strategies, together with our money market and securities trading activities, provided a strong

*“What impresses us about Royal Trust’s corporate services is their flexibility regarding novel trust needs, their comprehensive range of services, which are available internationally, the direct personal contact with decision-makers within the Company and their state-of-the-art transfer agency system.”*

Mr. Bo Sirota  
Secretary and General Counsel  
Lawson Mardon Group Limited

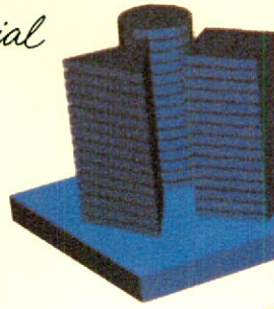
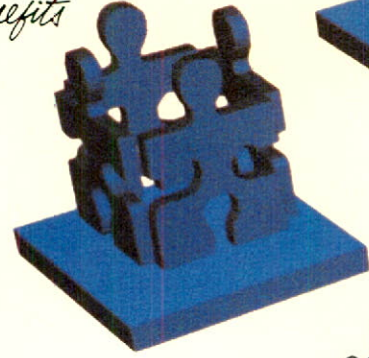
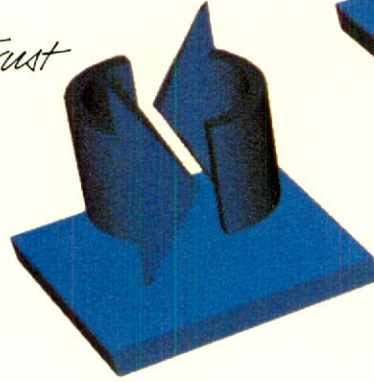


*In today's complex business environment, clients need more than products alone. We are increasingly supplementing our products with advice.*

*Pension/Custodial*

*Group Benefits*

*Corporate Trust*

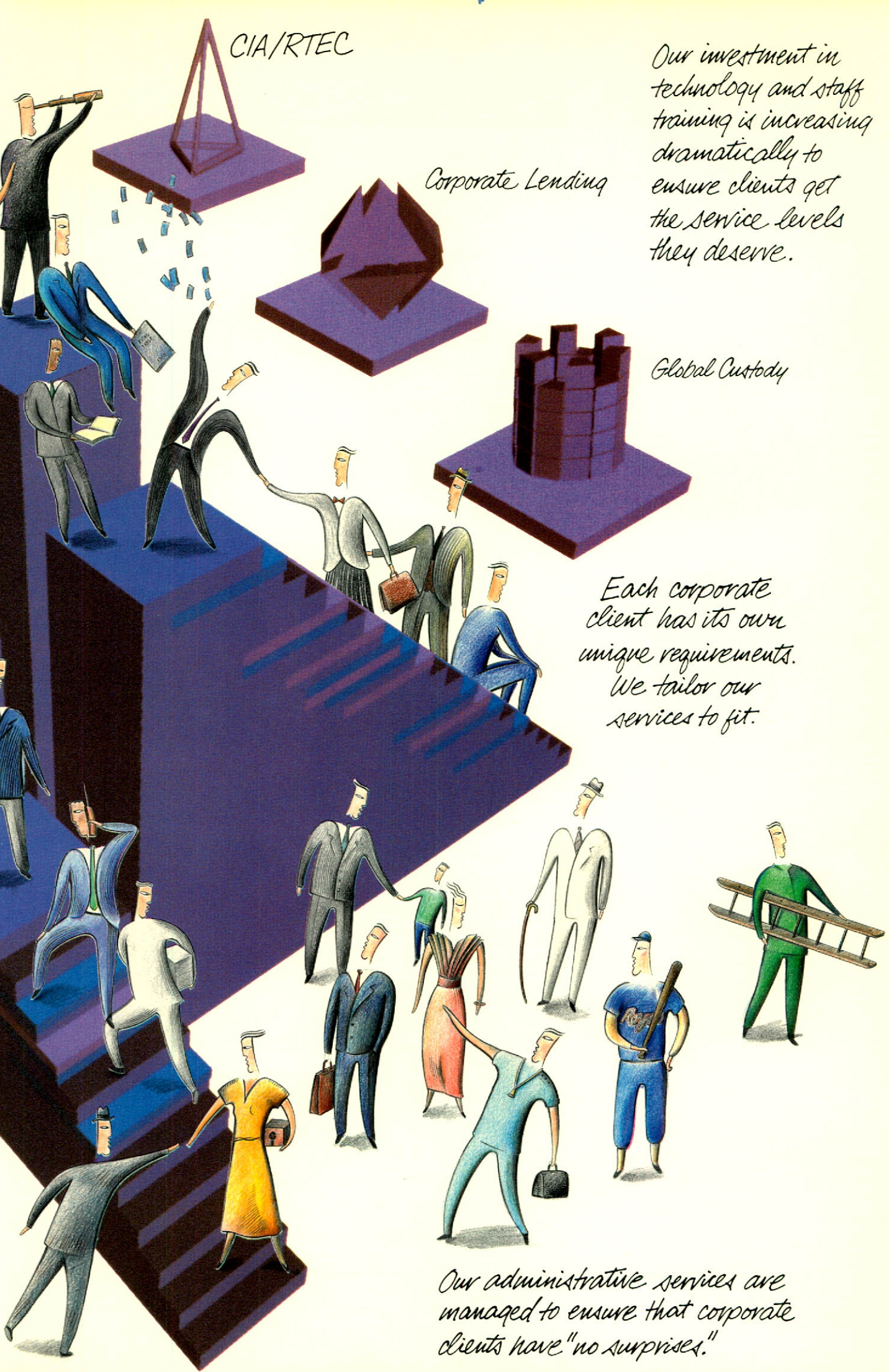


*Our international network assists Canadian firms seeking to invest abroad, and foreign investors looking for opportunities in Canada.*





CIA/RTEC



Our investment in technology and staff training is increasing dramatically to ensure clients get the service levels they deserve.

Corporate Lending

Global Custody

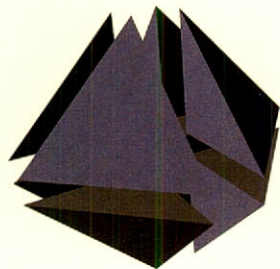
Each corporate client has its own unique requirements. We tailor our services to fit.

Our administrative services are managed to ensure that corporate clients have "no surprises."



profit contribution. We also established a foreign exchange trading operation in Canada, which complements similar services already offered by our overseas banking operations.

We made greater use of alternate funding methods in 1987, including several swap products, and launched a Euro-Commercial Paper program to further diversify our funding base. Our Commercial Paper was rated A1+ by Standard & Poor's and P-1 by Moody's, the highest ratings accorded by these agencies.



### *Corporate Lending*

By providing advice and creative loan structuring to meet client needs, we added more than \$900 million of new business in 1987.

#### L E N D I N G

The Corporate Lending, Real Estate Finance and Leasing teams together put more than \$900 million of new business on the books in 1987.

By adhering to a strategy of conservative credit exposure, we maintained the strong quality of these portfolios.

Despite a very competitive lending environment, we met our profit targets by providing financial engineering and value-added advice to clients. This refers to our approach of structuring transactions on an individual basis to address specific client needs. We also met our objective of becoming an active originator of lending through the use of syndications and participations, which has enabled us to expand the scope of lending services offered.

#### C O R P O R A T E T R U S T

Corporate Trust exceeded its profitability and market share objectives for the year, with new business up 10%. Growth was achieved by acquiring existing transfer appointments from competitors and through new corporate underwritings.

By broadening sales efforts we significantly increased international business, notably our appointment as agent for further British privatization issues. We act for all United Kingdom privatization issues offered in Canada over the past two years.

Our ability to handle major corporate reorganizations was confirmed through the successful completion of the restructuring of Placer Dome Inc., which created North America's largest gold producer. We also acted for JMB Institutional Realty Corporation with respect to the \$2.6 billion acquisition of The Cadillac Fairview Corporation Limited. A third major achievement was our appointment as transfer agent for all Quebec Savings Bond issues.

During 1987, Corporate Trust introduced "Executive Reporting", a personal computer based product offering customized information to clients on their shareholder bases. New regulations governing communications to beneficial shareholders become effective in early 1988. Royal Trust was the only trust company to hold presentations throughout Canada to outline the impact of these changes to clients.



### *Corporate Trust*

1987 was an excellent year for our stock transfer and bond trusteeship operations. New business increased by 10%, reflecting our sales and client service culture.



## PENSION AND CUSTODIAL

1987 was a record year in terms of new clients and growth in assets under administration, which now exceed \$45 billion. Volumes within our core master trust and custodial banking operations increased dramatically, with assets of more than \$6.5 billion generated from new business.

In order to meet the increasing financial information needs of clients, improvements to our communications facilities were undertaken in 1987. These included message switching using the S.W.I.F.T. network and dial access on-line to our clients' financial information data bases.

In response to the increased responsibilities facing pension plan sponsors, we introduced a unique decision-support software system call Prediktor4. An "expert system", it integrates the four essential disciplines for effectively managing pension plans with the new Canadian accounting rules.

## GROUP BENEFITS

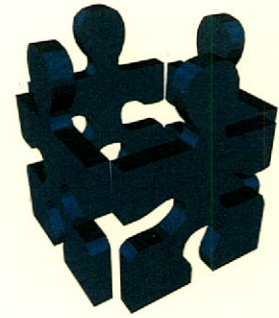
Pension reform in Canada is the catalyst for the development of new products and services to augment existing benefit plans. Group Benefits was established as a separate business unit in 1987 to focus on opportunities available in this fast-growing market. Aided by the success of PERKS, a participant record keeping system introduced last year, volumes have grown steadily putting Royal Trust at the forefront of the record keeping business in Canada.

## SECURITIES OPERATIONS

Growing complexity, unprecedented volatility and increased volumes of security processing-related activities have reinforced the need for enhanced technology. We installed a highly automated securities movement and control system in 1987 as the first phase of a major upgrading of our trust accounting systems. Royal Trust is the market leader in securities lending, and a growing number of larger clients are participating in this service.

## FUTURE

The business environment will become even more complex and competitive. Government initiatives in free trade, re-regulation and taxation reform will greatly impact the way business is done. Companies and institutions will increasingly need and seek out financial advice. Anticipating this need, Royal Trust will maintain its focus on becoming a financial advisor to clients. We will work hard to build upon the momentum established in expanding the scope of our consultative activities. We will introduce product enhancements and new services that add value to our clients. We will continue to invest heavily in employee training and technology to ensure the highest standards in client service. At the same time, we will remain committed to maintaining excellence in the more traditional services we provide to the corporate sector.



### *Group Benefits*

New pension legislation is highlighting the need for company-sponsored retirement and savings programs. Demand for mutual fund administration is also increasing. Group Benefits is focusing on these growth areas.

*“The biggest challenge for a new company is to get on a sound financial footing in the shortest possible time. Our Royal Trust Business Plan, tailored to our needs and updated periodically, has been invaluable. Royal Trust’s Mid-Market Group is being supportive and interested in our business.”*

Joan Watson  
Vice-President  
Robert, Watson, Airey Associates



## SHAREHOLDER SERVICES AND INVESTMENT FACTS

**Q.** How did Royal Trustco's common shares perform in 1987?

**A.** The closing price of Royal Trustco's Class A common shares on The Toronto Stock Exchange was \$13 $\frac{7}{8}$  on December 31, 1987. This represented a decrease of 6% over the previous year. By comparison, the TSE 300 index rose by 3% during the same period. For the five year period 1983 to 1987 inclusive, our common stock value has appreciated 181%, compared with a 161% rise in the TSE 300 Index. Royal Trust's shares have also outperformed other trust companies' and banks' shares over the same period (the charts on page 34 give detailed information). The high and low trading prices of common shares for 1987 were \$19 and \$11 respectively, on a volume of 21,938,600 shares.

The market confirmed its confidence in Royal Trust's stock when share values plunged on markets around the world on October 19 and 20. The TSE 300 Index fell by 17% while Royal Trust's common shares were down 7%. This decline was also significantly less than the 12% drop in the Trust, Savings and Loans Composite Index. Our shareholders' wealth is continually protected by our conservative financial policies and structure.

**Q.** How many shareholders does Royal Trust have?

**A.** Royal Trust had 7,413 registered common shareholders at the end of 1987. Most of them (approximately 89%) had registered addresses in Canada. A considerable number of Royal Trust shareholders hold their shares through brokers or other intermediaries.

**Q.** If I hold my Royal Trust shares through my broker, can I still receive information about Royal Trust and attend the Annual Meeting?

**A.** Certainly. Just contact Share Enquiry Services, Royal Trust, P.O. Box 7500 Station "A", Toronto, Ontario M5W 1P9, telephone (416) 864-6500. We encourage all our shareholders, both registered and unregistered, to receive all our shareholder reports and attend our Annual Meeting.

**Q.** Will Royal Trust continue to send interim financial statements to its shareholders even though it is no longer mandatory for the Company to do so?

**A.** Yes. Royal Trust is committed to a policy of full disclosure to ensure that all shareholders, both registered and unregistered, receive the best information possible on the performance of their investment.

**Q.** Does Royal Trust have a Dividend Reinvestment Plan?

**A.** Common shareholders can reinvest their dividends by converting from Class A to Class B. The dividends on these shares consist of Class B common shares, equivalent in value to the cash dividends paid on the Class A. Shareholders are not able to invest amounts which exceed their dividends. **Registered shareholders with addresses outside Canada, and shareholders in Japan who purchase their shares through the Tokyo Stock Exchange, are not eligible to hold Class B common shares.**



**Q.** I am already a shareholder of Royal Trust but want to consider other equity options. What does Royal Trust have to offer?

**A.** Royal Trust has a number of publicly traded preferred share issues, each offering different investor options. For a detailed description, see Note 6 to the consolidated financial statements on page 46.

**Q.** What stock exchanges is Royal Trust listed on?

**A.** Our common shares, warrants, and several issues of preferred shares are listed on the Toronto, Montreal, Alberta and Vancouver Stock Exchanges. In addition, the Class A common shares are listed on the Tokyo Stock Exchange. See page 34 for detailed five-year trading statistics of Royal Trust's publicly listed shares.

**Q.** What are "share buy-back" plans, and does Royal Trust have one?

**A.** These plans, more formally known as "normal course issuer bids", permit companies to buy their own shares in the public markets. Royal Trust does have such a plan, which was approved by the Board of Directors in November 1987. Copies of the plan were sent to all registered shareholders for information purposes only. **The plan is not an offer to buy shares from individual shareholders.**

The Company believes that current market prices of its Class A common shares do not adequately reflect the value of its business and its future prospects. As a result, an investment in these shares could represent an appropriate and desirable use of available Company funds. No market purchases of Class A common shares had been made under the plan as at December 31, 1987.

**Q.** Can I get my cash dividends deposited directly into my Royal Trust savings or chequing account?

**A.** Yes. By doing so, you receive the funds the day they are payable instead of waiting for a cheque in the mail. Just contact Share Enquiry Services, Royal Trust, P.O. Box 7500 Station "A", Toronto, Ontario M5W 1P9, telephone (416) 864-6500.

**Q.** Who do I call if I have any questions about Royal Trust shares?

**A.** Any of the officers listed in this Annual Report will be glad to help. However, we suggest you contact one of the following:

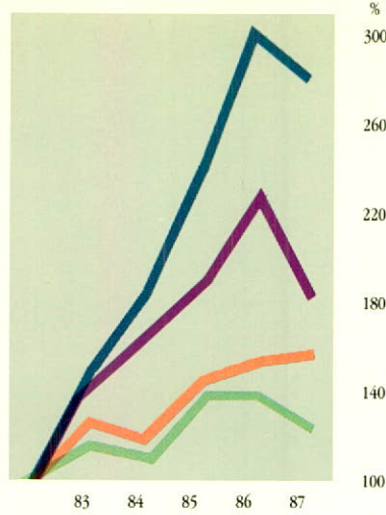
Barry A. Henstock (416) 864-6407  
Senior Vice President and  
Chief Financial Officer

Laurent M. Joly (416) 864-6428  
Senior Vice President,  
Corporate Finance

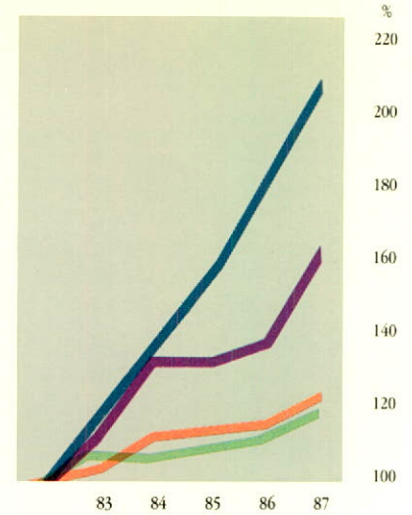
Nicolas W.R. Burbidge (416) 864-6425  
Corporate Secretary



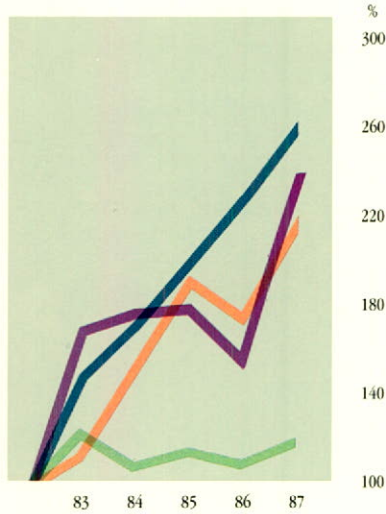
## SHARE TRADING SUMMARY



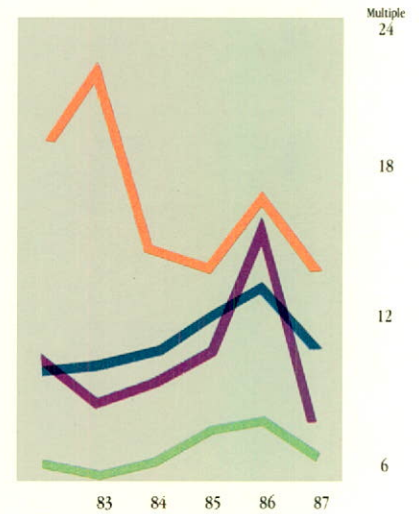
**Share Price Growth**  
...creating long-term value



**Dividend Growth**  
...higher cash returns



**Earnings Growth**  
...rapid and consistent



**Price-Earnings Multiple**  
...good relative value

■ Royal Trustco Common  
■ Other Trust Companies  
■ Chartered Banks  
■ TSE 300

## COMMON SHARES

Stock Symbol

**Class A** — RYL.A. R. トラスト

**Class B** — RYL.B

	1987	1986	1985	1984	1983
Number of shareholders at December 31	<b>7,413</b>	6,553	6,170	6,497	6,512
Average number of shares outstanding	<b>101,914,000</b>	93,674,000	83,282,000	76,900,000	70,056,000
Shares traded	<b>21,938,600</b>	21,418,000	18,438,000	16,116,000	15,956,000
Price — high	<b>\$19</b>	\$17 <sup>7</sup> / <sub>8</sub>	\$11 <sup>7</sup> / <sub>8</sub>	\$ 9 <sup>3</sup> / <sub>4</sub>	\$ 7 <sup>3</sup> / <sub>8</sub>
— low	<b>11</b>	10 <sup>3</sup> / <sub>4</sub>	8 <sup>3</sup> / <sub>8</sub>	5 <sup>7</sup> / <sub>8</sub>	4 <sup>3</sup> / <sub>4</sub>
— close	<b>13<sup>7</sup>/<sub>8</sub></b>	14 <sup>3</sup> / <sub>4</sub>	11 <sup>3</sup> / <sub>4</sub>	9	7 <sup>3</sup> / <sub>8</sub>
Market value of shares outstanding (millions)	<b>\$1,448.5</b>	\$1,387.5	\$978.6	\$692.1	\$516.7
Net income per share	<b>\$1.28</b>	\$1.10	\$0.94	\$0.84	\$0.74
Dividends per share	<b>\$0.54</b>	\$0.47	\$0.40	\$0.35	\$0.30

**Notes:** "V-Day" valuation price of common shares for Canadian capital gains tax purposes established as at December 22, 1971 is \$14.06.

The above figures have been adjusted to reflect the June 1987 one-for-one stock dividend on Class A and Class B common shares.



**FLOATING RATE CUMULATIVE  
REDEEMABLE RETRACTABLE PREFERRED SHARES**

<b>Series F — RYL.PR.F</b>	<b>1987</b>	1986	1985	1984
Number of shareholders at December 31	<b>113</b>	155	185	105
Average number of shares outstanding	<b>1,495,000</b>	1,499,000	1,500,000	1,500,000
Shares traded	<b>600,400</b>	510,000	793,000	-
Price — high	<b>\$101</b>	\$101¼	\$101½	-
— low	<b>100</b>	99½	99½	-
— close	<b>100¾</b>	100	101	-
Market value of shares outstanding (millions)	<b>\$149.9</b>	\$149.9	\$151.5	-

**CUMULATIVE REDEEMABLE PREFERRED SHARES**

<b>Series G — RYL.PR.G</b>	<b>1987</b>	1986	1985
Number of shareholders at December 31	<b>2,680</b>	2,669	2,430
Average number of shares outstanding	<b>4,000,000</b>	4,000,000	4,000,000
Shares traded	<b>1,053,600</b>	981,000	222,000
Price — high	<b>\$26</b>	\$26¾	\$26½
— low	<b>20½</b>	23½	25½
— close	<b>22</b>	25¾	26¼
Market value of shares outstanding (millions)	<b>\$88.0</b>	\$103.5	\$104.5

<b>Series J — RYL.PR.J</b>	<b>1987</b>	1986
Number of shareholders at December 31	<b>350</b>	405
Average number of shares outstanding	<b>8,000,000</b>	8,000,000
Shares traded	<b>1,503,100</b>	272,000
Price — high	<b>\$24¾</b>	\$25¼
— low	<b>19½</b>	23¾
— close	<b>20</b>	24¾
Market value of shares outstanding (millions)	<b>\$160.0</b>	\$197.0

<b>Series M — RYL.PR.M</b>	<b>1987</b>
Number of shareholders at December 31	<b>813</b>
Average number of shares outstanding	<b>4,000,000</b>
Shares traded	<b>1,333,300</b>
Price — high	<b>\$25½</b>
— low	<b>20½</b>
— close	<b>21½</b>
Market value of shares outstanding (millions)	<b>\$86.0</b>



## FIVE YEAR REVIEW (\$ millions)

## CONSOLIDATED BALANCE SHEET

as at December 31	1987	1986	1985	1984	1983
<b>Assets</b>					
Cash and short term deposits	4,279	3,453	2,182	2,090	2,107
Securities	3,616	2,530	1,873	1,635	1,016
Mortgage loans	11,741	9,509	7,258	5,641	5,170
Other loans and investments	4,503	3,559	1,923	1,634	1,174
Other assets	379	295	100	63	167
	<u>24,518</u>	<u>19,346</u>	<u>13,336</u>	<u>11,063</u>	<u>9,634</u>
<b>Liabilities and Shareholders' Equity</b>					
Demand deposits	3,900	4,450	2,027	1,735	1,672
Term deposits and borrowings	18,472	13,116	9,963	8,378	7,376
Other liabilities	253	192	149	102	76
Deferred income taxes	18	32	61	66	73
	<u>22,643</u>	<u>17,790</u>	<u>12,200</u>	<u>10,281</u>	<u>9,197</u>
Capital:					
Minority interest	53	58	5	5	5
Subordinated capital debentures	196	207	—	—	—
Shareholders' equity	1,626	1,291	1,131	777	432
	<u>1,875</u>	<u>1,556</u>	<u>1,136</u>	<u>782</u>	<u>437</u>
	<u>24,518</u>	<u>19,346</u>	<u>13,336</u>	<u>11,063</u>	<u>9,634</u>

## CONSOLIDATED INCOME STATEMENT

<b>Revenue</b>					
Investment income	2,073	1,704	1,369	1,201	1,063
Taxable equivalent adjustment*	145	124	101	69	38
Fees	196	152	116	112	103
Total revenue	<u>2,414</u>	<u>1,980</u>	<u>1,586</u>	<u>1,382</u>	<u>1,204</u>
<b>Expense</b>					
Interest	1,638	1,351	1,108	987	866
Salaries and benefits	187	162	131	114	104
Other operating expense	225	163	128	99	104
Provision for loan losses	26	18	12	16	18
Total expense	<u>2,076</u>	<u>1,694</u>	<u>1,379</u>	<u>1,216</u>	<u>1,092</u>
<b>Operating income</b>					
	338	286	207	166	112
Income taxes and minority interest	150	132	94	81	47
	<u>188</u>	<u>154</u>	<u>113</u>	<u>85</u>	<u>65</u>
<b>Net income</b>					
	<u>188</u>	<u>154</u>	<u>113</u>	<u>85</u>	<u>65</u>
<b>Net income to common shareholders</b>					
	<u>130</u>	<u>103</u>	<u>78</u>	<u>64</u>	<u>52</u>
<b>Earnings per share (\$)</b>					
— basic	1.28	1.10	0.94	0.84	0.74
— fully diluted	1.25	1.08	0.93	0.80	0.68

\*Certain investment income is received by the Company net of income tax with the proportion varying from year to year. The gross-up of this income to a taxable equivalent basis permits a uniform measurement and comparison of revenue.



## FINANCIAL REVIEW

### FINANCIAL OBJECTIVES

In 1987, Royal Trust achieved its three principal financial objectives as follows:

**To achieve a substantial return of 15 to 20 per cent on common shareholders' equity.**

The return on common shareholders' equity on a fully diluted basis was 17.4%. The decrease from 18.4% in 1986 was attributable to the \$155 million common equity issued in March 1987.

**To achieve a 15 per cent annual growth rate in after tax net income per common share over time.**

Net income after tax per common share on a fully diluted basis increased 15.7%.

**To emphasize stable earnings growth and maintain risk levels which are compatible with a high credit rating.**

The Company's credit rating on its debt has been strengthened at the AA level due to continued Balance Sheet strength and consistently high levels of profitability.

### FINANCIAL POLICIES

Important initiatives in 1987 relative to key financial policies were:

**Royal Trust values its common equity base and will avoid dilution except where appropriate.**

\$155 million common shares and \$100 million perpetual preferred shares were issued. The preferred shares yield 7.84% for approximately five years and 70% of prime thereafter. These issues did not dilute the interests of existing shareholders.

**Royal Trust will maintain conservative debt leverage ratios.**

In conjunction with the increases in capital base additional long term debt of \$893 million was issued. The ratio of deposits, borrowings and other liabilities to capital base has been maintained at 12 times, or a capital to assets ratio of 7.6%, a more conservative ratio than any other major financial institution in Canada.

**Royal Trust supports a stable consistent dividend policy and will increase dividends over time as earnings increase.**

The quarterly dividend paid on common shares was raised to 14 $\frac{3}{8}$  cents from 12 $\frac{1}{2}$  cents in the third quarter of 1987, an increase of 15%. In 1987 and 1986, common dividends paid comprised 42% of earnings.

**Royal Trust will invest both client and corporate funds in high quality investments within parameters approved by the Investment Committee and Board of Directors.**

The investment performance of individually managed institutional accounts ranked within the top quartile in Canada and pooled funds were also above average. Loan losses represent 0.16% of the total portfolio.

**Royal Trust will endeavour to match fixed rate term assets with similar term fixed rate liabilities. Unmatched positions will be managed within strict parameters approved by the Board of Directors.**

The unmatched excess of interest sensitive liabilities was \$1,795 million or 7% of total assets at December 31, 1987. This position remains within Board approved levels and was established to take advantage of market conditions during the year.

**Royal Trust will grow by internal growth and by the acquisition of companies in the financial services and complementary industries in Canada and elsewhere which meet strict investment criteria.**

Income increased \$26 million or 22% and assets increased \$5.2 billion or 27% entirely through internal growth.

**Royal Trust will endeavour to match foreign currency positions and will manage investments with foreign exchange exposures within narrow limits.**

Euro debt issues in various currencies, adjusted through swaps, have contributed to maintaining a fully hedged foreign exchange position. The Company has no significant foreign exchange exposure.

**Royal Trust will constantly review expense items to ensure their continued relevance and necessity to achieve the Company's objectives, and that full value is received.**

Operating expenses other than interest represent 1.92% of average assets in 1987, a decrease of 5% from 2.02% in 1986.

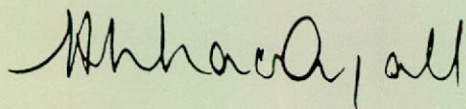
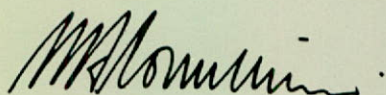


**CONSOLIDATED BALANCE SHEET**

(\$ millions)

as at December 31	note	1987	1986
<b>Assets</b>			
Cash and short term deposits	8	4,279	3,453
Securities	9	3,616	2,530
Mortgage loans		11,741	9,509
Other loans and investments		4,503	3,559
Other assets		379	295
		<u>24,518</u>	<u>19,346</u>
<b>Liabilities and Shareholders' Equity</b>			
Demand deposits		3,900	4,450
Term deposits and borrowings		18,472	13,116
Other liabilities		253	192
Deferred income taxes		18	32
		<u>22,643</u>	<u>17,790</u>
Minority interest		53	58
Subordinated capital debentures	5	196	207
Shareholders' equity	6	1,626	1,291
		<u>24,518</u>	<u>19,346</u>

Approved by the Board:


Hartland M. MacDougall, C.M.  
Director

Michael A. Cornelissen  
Director



## FINANCIAL POSITION

### Asset growth in 1987 was \$5.2 billion or 27%, all of which occurred through strong internal growth.

The balance sheet continues to show strength and strong liquidity. Cash, short term deposits and securities total \$7.9 billion and represent 32% of total assets. Mortgage loans of \$11.7 billion are 48% of total assets with 52% maturing within two years.

Asset quality continues to be exceptionally strong with negligible non-performing loans and investments. The market correction in October had a minimal impact on the portfolio of securities, which are generally held as long term investments and funded through long term borrowings and preferred share issues at positive spreads. At December 31, 1987, book values are \$19 million in excess of market. Full provision has been made for possible securities losses.

Full provision continues to be made for potential mortgage loan losses with losses for the year less than 0.1% of loans outstanding. There are no geographical areas where exposure is significantly concentrated.

Information regarding the maturity of assets and term of liabilities and capital, with an analysis of interest rate sensitivity is included on pages 50 and 51 of this report.

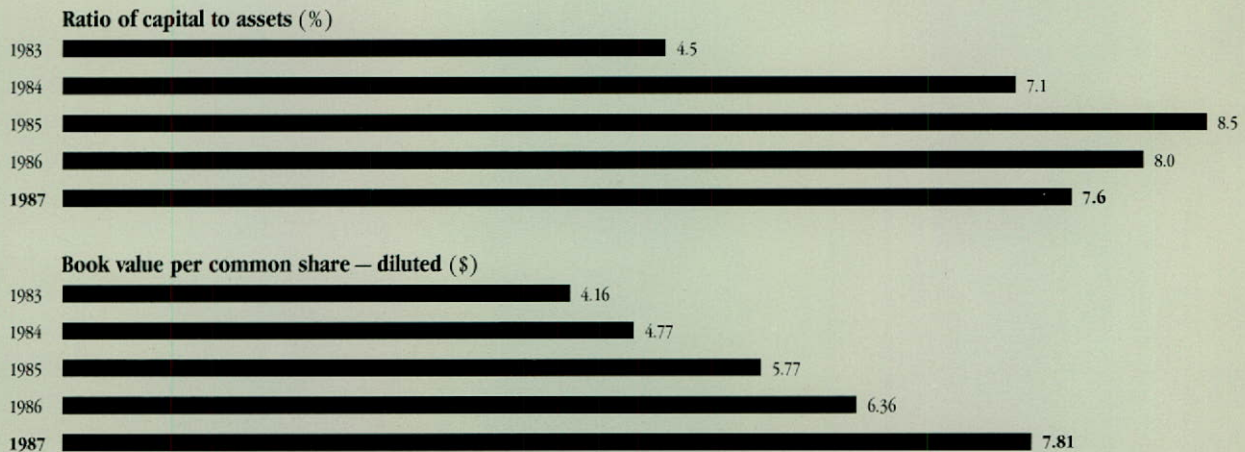
The level of deposits and other liabilities to capital, a multiple of 12.1 times, continues to be the lowest of any major financial institution in Canada. For this comparison, capital includes equity provided

by minority shareholders of subsidiaries as well as equity provided by the Company's shareholders together with subordinated capital debentures. The latter are considered to be capital because of their 99 year term, their subordinate status and the Company's ability to issue common shares in satisfaction of its interest obligations under certain circumstances.

Following strong asset growth during a year of low interest rates, return on assets of 0.88% was achieved in 1987 compared to 0.95% in 1986.

During 1987, the Company completed the sale of Savory Milln which concluded the rationalization of the assets acquired from Dow Financial Services Corporation in 1986. Sale proceeds approximated book value.

The Company also exchanged its interest in Royal LePage Limited for \$6.3 million cash and \$74 million of preferred shares of Royal LePage Holdings Ltd., a company controlled by Trilon Financial Corporation. Subsequently, the Company subscribed for \$1 million in common shares of Royal LePage Holdings Ltd., representing a 5% equity ownership. This transaction was undertaken to maintain the stability of the Company's earnings and future growth by minimizing the downside risks associated with the real estate market's cyclicality. The excess value of the preferred shares received over their carrying value will be recognized when realized.





**CONSOLIDATED STATEMENT OF INCOME**

(\$ millions)

for the year ended December 31,	note	1987	1986
<b>Revenue</b>	8		
Investment income		2,073	1,704
Fees		196	152
Total revenue		<u>2,269</u>	<u>1,856</u>
<b>Expense</b>			
Interest		1,638	1,351
Salaries and benefits		187	162
Other operating expense		225	163
Provision for loan losses		26	18
Total expense		<u>2,076</u>	<u>1,694</u>
Operating income		193	162
Income taxes	10	1	5
Minority interest		<u>4</u>	<u>3</u>
<b>Net income</b>		<u>188</u>	<u>154</u>
Earning per share — basic	7	\$1.28	\$1.10
fully diluted	7	\$1.25	\$1.08



## OPERATING RESULTS

**Net income for the year was \$188 million in 1987 compared to \$154 million in 1986. Fully diluted earnings per share were \$1.25 compared to \$1.08 in 1986, an increase of 16%.**

Earnings per share:

	1987	1986	% Increase
1st quarter	\$0.30	\$0.26	15
2nd quarter	0.36	0.31	16
3rd quarter	0.32	0.26	23
4th quarter	0.27	0.25	8
	<u>\$1.25</u>	<u>\$1.08</u>	<u>16</u>

Revenue increased in both business segments.

(\$ millions)	1987	1986	% Increase
Financial	2,091	1,715	22
Trust	178	141	26
	<u>2,269</u>	<u>1,856</u>	<u>22</u>

Net income also increased in both business segments. The increase in net financial income resulted from strong asset growth, particularly in mortgages, more than offsetting spreads which were lower in 1987 than in 1986. Net income from the operations of Royal LePage Limited to the date of exchange has been

reclassified, and together with income from the preferred shares of Royal LePage Holdings Ltd. subsequent to the sale, has been included with investment income.

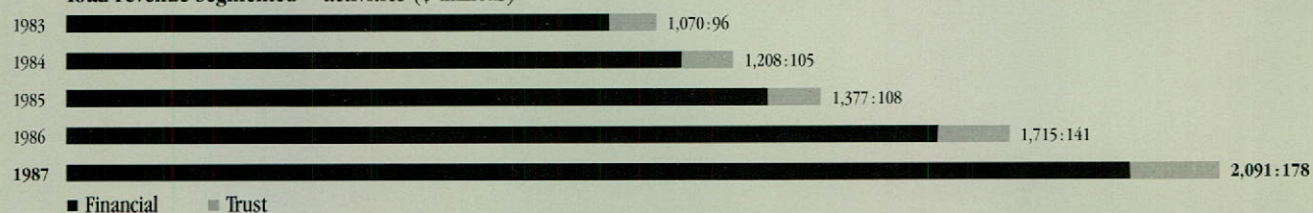
The following table of average rates of return and costs (adjusted to a taxable equivalent basis) shows the overall changes in investment margin:

Investment yields:	1987	1986
Cash and short term deposits	8.85%	10.52%
Securities	13.43	13.78
Mortgage loans	10.70	11.36
Other loans and investments	8.79	8.94
Total investment yield	<u>10.44</u>	<u>11.17</u>
Deposit and borrowing costs	8.57	9.08
Investment margin	<u>1.87%</u>	<u>2.09%</u>

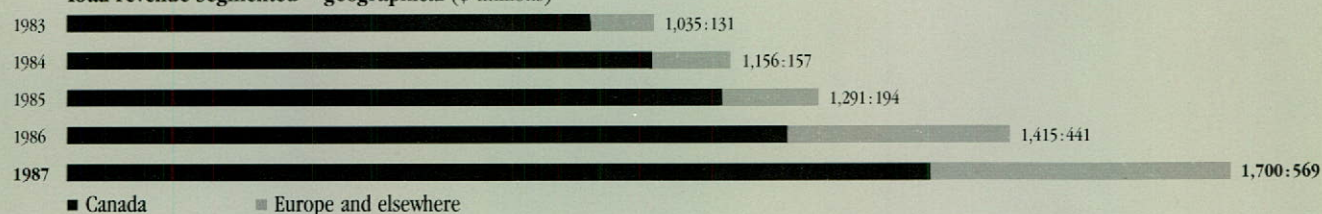
The lower margin has been caused mainly by the increasing percentage of the Company's activities which are overseas where interest rates are substantially lower than in Canada.

Trust services' income has improved substantially over 1986 with an increase of 21% to \$23 million. Aggressive marketing combined with improved computer systems and some service fee increases has contributed to this growth. Increases arose from services to both corporate and personal clients.

### Total revenue segmented — activities (\$ millions)



### Total revenue segmented — geographical (\$ millions)





**CONSOLIDATED STATEMENT OF RETAINED INCOME**

(\$ millions)

for the year ended December 31,	note	1987	1986
Retained income — beginning of year		281	230
Net income		188	154
Dividends:			
— preferred		58	51
— common		58	46
Share issue expenses	6	5	1
Deferred foreign exchange	6	(2)	5
		<u>69</u>	<u>51</u>
Retained income — end of year		<u>350</u>	<u>281</u>

**CONSOLIDATED STATEMENT OF SOURCE AND USE OF FUNDS**

for the year ended December 31,	note	1987	1986
<b>Source of funds</b>	8		
Net income		188	154
Add non-cash charges		41	17
		<u>229</u>	<u>171</u>
Common shares		153	1
Preferred shares		98	99
Subordinated capital debentures		—	208
Deposits and borrowings		<u>4,791</u>	<u>3,254</u>
		<u>5,271</u>	<u>3,733</u>
<b>Use of funds</b>			
Cash and short term deposits		825	502
Securities		1,123	82
Mortgage loans		2,217	2,245
Other loans and investments		915	558
Net investment in Dow Financial Services		—	175
Cash dividends		111	93
Other		80	78
		<u>5,271</u>	<u>3,733</u>



## CHANGES IN 1987

**During 1987, \$1.1 billion was raised in public international and Canadian debt and equity markets. Client deposits increased by \$3.9 billion. Investments included the purchase of \$160 million of selected listed holdings in the financial services industry in the United States. The mortgage portfolio increased by \$2.2 billion over 1986.**

Equity financings completed in 1987 included 4,500,000 common shares which were issued in March for \$155 million and in June shareholders received a stock dividend which doubled the number of shares previously held. In addition, a \$100 million Series M preferred share issue was completed which yields dividends at 7.84% until November 1990, after which dividends will be 70% of prime. Debt financings in 1987, all in international markets, included the following:

- Australian \$50 million debentures due 1992
- Yen 10 billion debentures due 1992
- Swiss Franc 50 million notes due 1996
- \$75 million debentures due 1992
- Yen 12 billion reverse dual-currency debentures due 1992
- Yen 7 billion step-up debentures due 1992
- \$100 million debentures due 1992
- Australian \$50 million debentures due 1992
- £50 million debentures due 1992

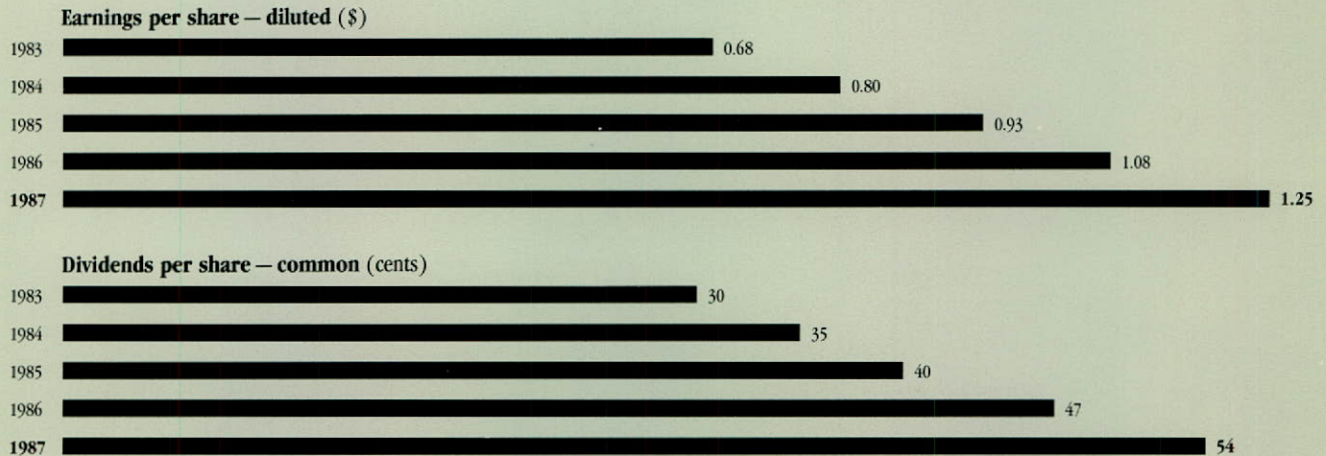
Currency and interest rate risks have been eliminated where appropriate through swaps.

Cash from operations included a \$4.8 billion increase in deposits and borrowings of which \$3.9 billion represents increased deposits by clients. Deposits in Canada, of which \$10.7 billion is from retail sources, represent approximately 61% of total deposits and borrowings.

These funds have been used to meet the strong demand for residential mortgages. The Company and Royal LePage have continued to build on their highly successful mortgage referral relationship which accounted for \$1.2 billion in mortgage sales in 1987.

The Company has made a number of selected investments in the financial services industry in the United States. The largest of these is a 9.9% holding in Glenfed Inc. Glenfed is one of the largest savings and loan companies in the United States, operating in California and Florida, two of the fastest growing states in that country. These investments have been made in the overall context of the Company's growing presence in the international financial services industry.

In August, the Company increased the dividend paid to shareholders of Class A and Class B common shares to 14<sup>3</sup>/<sub>8</sub> cents from 12<sup>1</sup>/<sub>2</sub> cents, an increase of 15%.





**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****1. CORPORATE ORGANIZATION**

Royal Trustco Limited, incorporated under the Canada Business Corporations Act, is the parent of the Royal Trust group of companies. The group includes the following principal subsidiaries which are wholly owned except as noted:

## Canada —

Royal Trust Corporation of Canada  
The Royal Trust Company  
The Royal Trust Company Mortgage Corporation  
Royal Trust Energy Corporation

## International —

Royal Trust Bank (U.K.)  
Royal Trust Asset Management Limited (75% owned)  
Royal Trust Bank (Jersey) Limited  
The Royal Trust Company of Canada (C.I.) Ltd. (Jersey)  
Royal Trust Bank (Switzerland) (81.2% owned)  
Royal Trust International Limited  
Royal Trust Merchant Bank Ltd. (Singapore)  
Royal Trust Asia Limited (Hong Kong)

**2. ACCOUNTING POLICIES****(i) Principles of consolidation**

All subsidiary companies are included in the consolidated financial statements. Investments in non-subsidiaries over which the Company exercises significant influence are included on the equity basis of accounting.

**(ii) Translation of foreign currencies**

Assets and liabilities of foreign operations, all of which are operationally self-sustaining, are translated into Canadian dollars at the rate of exchange prevailing at year end. Revenue and expense are translated monthly at average rates. Gains and losses resulting from translation are deferred and included in Shareholders' Equity.

Net investments in foreign operations are hedged through foreign currency borrowings and are translated at year end rates.

**(iii) Depreciation and amortization**

Premises and equipment, leasehold improvements, and intangible assets are recorded at cost and depreciated or amortized on the straight-line method over their estimated useful lives, as follows:

Premises — up to 10 years.

Leasehold improvements — up to 10 years.

Intangible assets — up to 40 years.

Equipment and other assets — over approximately 5 years.

**(iv) Recognition of revenue and expenses**

Estate administration fees and commissions are taken into income when collected. Other fees are accrued as work is completed. Income from dividends and interest is accrued on a daily basis except dividends on common shares which are recognized as declared.

**(v) Mortgages and other loans**

Mortgages and other loans are recorded at cost including applicable accrued interest, less provision for losses.

**(vi) Securities**

Securities are recorded at cost or amortized cost including applicable accrued interest and dividends, less provision for losses.

Gains and losses on securities are recorded in investment income upon sale of such securities. When there is an other than temporary decline in value a provision for estimated losses is recorded.

**(vii) Employee pensions**

The Company and its subsidiaries have various pension plans which are primarily defined benefit plans. The Company has adopted, on a prospective basis from January 1, 1987, the Recommendations of the Canadian Institute of Chartered Accountants relating to accounting for pension costs. The effects of this change in accounting policy on the consolidated net income of the Company for the year ended December 31, 1987 are not material.

Pension plan assets are valued on a five year moving average market value basis. The difference between the accrued pension benefits and the average market value of the pension fund assets as at January 1, 1987 is being amortized to income on a straight-line basis over the expected average remaining service life of the employee group covered by the pension plans.

**(viii) Trust funds**

Trust assets under administration are maintained separately from the Company's assets and are excluded from the Consolidated Balance Sheet.



### 3 . S E G M E N T E D I N F O R M A T I O N

The directors of the Company have determined that the major classes of business comprise personal and corporate financial and trust activities.

Trust activities include estate, personal, pension and corporate fiduciary services, including custodial, trustee and management capacities.

Financial activities include deposit and borrowing operations with related investment and lending activities. Fees and commissions from related services are also included.

(\$ millions)	1987		1986	
	Revenue	Operating Income	Revenue	Operating Income
<b>Activities</b>				
Financial	2,091	170	1,715	143
Trust	178	23	141	19
	<u>2,269</u>	<u>193</u>	<u>1,856</u>	<u>162</u>
<b>Geographical distribution:</b>				
Canada	1,700	144	1,415	121
Europe and elsewhere	569	49	441	41
	<u>2,269</u>	<u>193</u>	<u>1,856</u>	<u>162</u>

**Note:** National office and administration expenses have been fully allocated.

#### **Geographical distribution of assets employed:**

Canada	17,477	13,315
Europe and elsewhere	7,041	6,031
	<u>24,518</u>	<u>19,346</u>

### 4 . C O M M I T M E N T S

**(i)** Outstanding commitments as at December 31, 1987 for future advances to be secured by mortgages were \$515 million of which \$5 million is on behalf of trust clients whose accounts are administered by the Company.

**(ii)** Operating lease obligations at December 31, 1987 are \$373 million of which \$175 million is due within 5 years.

### 5 . S U B O R D I N A T E D C A P I T A L D E B E N T U R E S

Floating rate interest is payable on US \$150 million subordinated capital debentures at an annual rate of 0.15% plus the average London inter-bank offered rate for six month US dollar deposits. Should the rate of regular dividends on the Company's common shares be reduced, the rate of interest on the debentures will be reduced and common shares to a value equal to the reduction issued by way of compensation for the interest reduction.

The debentures mature in 2085 but are redeemable at the Company's option in September 1991 and semi-annually thereafter.

The debentures are shown separately in recognition of their term, subordinate status and the Company's ability to issue, under the aforementioned circumstances, common shares in satisfaction of its interest obligations.



## 6. SHAREHOLDERS' EQUITY

(\$ millions)	1987	1986
Capital stock	1,276	1,010
Retained income	350	281
	<u>1,626</u>	<u>1,291</u>

### (I) Capital stock

	note	Authorized Number	Issued Number	\$ millions
Class A & B common				
— shares	(i)	unlimited	104,397,280	465
— warrants	(ii)	2,956,579	2,956,579	—
Senior preferred	(iii)	890,429	590,429	59
Preferred	(iv)	unlimited		
— Series A	(v)		7,830	—
— Series B	(vi)		1,284	—
— Series C	(vii)		1,000,000	25
— Series D	(viii)		800,000	28
— Series F	(ix)		1,493,196	149
— Series G	(x)		4,000,000	100
— Series J	(xi)		8,000,000	200
— Series K	(xii)		300	150
— Series M	(xiii)		4,000,000	100
Balance December 31, 1987				<u>1,276</u>

(i) Class A and Class B common shares have identical rights, privileges and conditions except that dividends on Class B common shares are stock dividends of Class B common shares in amounts substantially equivalent in value to cash dividends on Class A common shares. On June 26, 1987 a stock dividend of one additional Class A or Class B common share for each Class A or Class B common share outstanding was paid to shareholders of record on June 5, 1987. This action doubled the number of common shares outstanding without change to the stated capital account. All references herein and in note 7 to numbers of Class A and Class B common shares outstanding give retroactive effect to this stock dividend. During 1987, 22,168 Class B common shares were issued as stock dividends on Series B preferred shares and Class B common shares for a value of \$364,000 and 392,418 Class A and B common shares were issued on conversion of 68,847 Series A and B preferred shares. The conversion privilege expired August 14, 1987.

Under share purchase, option and thrift plans, the Company has reserved for issue to management a number of shares equal to 10% of issued and outstanding Class A common shares. Shares reserved at December 31, 1987 totalled 10,366,508 shares of which 4,121,590 shares are unallocated. Options, at prices of \$6.625 to \$18.125 per share, which were outstanding at December 31, 1987 totalled 1,870,360 shares of which 495,000 expire in 1988, 171,500 expire in 1989, 303,120 expire in 1990, 335,480 expire in 1991 and 565,260 expire in 1992. In 1987 options to purchase 1,739,100 shares

were issued under these plans at prices of \$11.70 to \$18.125 per share for a value of \$25,708,000 and 923,076 shares were issued under the plans for \$12,728,000.

The Company has given notice that it proposes to repurchase on the open market up to 5,181,862 Class A common shares during the period to November 3, 1988. No purchases have been made to date.

On March 26, 1987, 9,000,000 Class A common shares were issued for \$154,687,500 cash.

The Company has undertaken to issue Class A common shares to holders of its subordinated capital debentures under the circumstances described in note 5.

The statutory common share stated capital account is \$536 million.

(ii) 2,956,579 warrants to purchase Class A common shares were outstanding at December 31, 1987. The warrants are transferable and until expiry on December 21, 1989, permit the holders to purchase two Class A common shares by tendering one warrant and \$18.50 cash.

(iii) The Senior preferred shares carry a cumulative dividend of \$8 per share and are redeemable at \$100 on August 1, 1990.



**(iv) Preferred shares**

Preferred shares are issuable in series, the terms of which are noted below. All dividends are cumulative.

	Series	Issue price	Annual dividend	Redeemable	Other
<b>(v)</b>	A	\$25	\$1.875 payable quarterly.	At \$25.75 until August 14, 1988, reducing thereafter by \$0.25 annually to \$25 on August 14, 1990.	Interchangeable with Series B except by non-resident holders.
<b>(vi)</b>	B	\$25	Dividends are stock dividends substantially equivalent in value to cash dividends on Series A.	Same as Series A.	Interchangeable with Series A except by non-resident holders.
<b>(vii)</b>	C	\$25	\$2.9375 payable quarterly.	Shares were redeemed on January 4, 1988 at \$26.41849 per share.	
<b>(viii)</b>	D	U.S. \$25	U.S. \$2.6875 payable quarterly.	Shares were redeemed on January 4, 1988 at U.S. \$26.38288 per share.	
<b>(ix)</b>	F	\$100	Floating rate, payable monthly at an annual rate equal to 63% of the average bank prime rate on a specified date in the month preceding the month for which the dividend is payable.	At \$100 on January 1, April 1, July 1 and October 1.	Retractable at the option of the holder at \$100 on January 1, April 1, July 1 and October 1. 6,804 shares were retracted for \$680,400 in 1987.
<b>(x)</b>	G	\$25	Payable quarterly at 8.5% until November 13, 1990 and at 70% of the average bank prime rate for specified three month periods thereafter.	At \$25 on 30 days notice on and after October 10, 1990.	
<b>(xi)</b>	J	\$25	Floating rate, payable quarterly at an annual rate equal to 70% of the average bank prime rate for the previous quarter.	At \$25 after March 3, 1991.	In March 1987, 6,000,000 Series L shares were reclassified as Series J.
<b>(xii)</b>	K	\$500,000	Dividend rates are established monthly by auction to a maximum of the bankers' acceptance rate plus 0.4%.	At \$500,000 on 10 days notice prior to any auction.	
<b>(xiii)</b>	M	\$25	Payable quarterly at 7.84% until November 13, 1990 and thereafter at 70% of the average bank prime rate for the previous quarter.	At \$25 after March 13, 1991.	Shares were issued on January 8, 1987.



(xiv) Great Lakes Group Inc., considered as a related party for purposes of note 8, has agreed with the Company to ensure the successful issue of additional preferred and common share capital under all market conditions to a combined maximum of \$1 billion over a five year period from January 28, 1987. Under the terms of the agreement, shares may be purchased or placed by Great Lakes Group Inc. directly or through underwriters. The Company has agreed

to pay an annual standby fee of \$1.65 million which together with transaction fees will not exceed in total \$12 million over the life of the agreement. The Company may terminate the agreement on two months' notice.

This original commitment has been reduced by an issue of common share capital totalling \$155 million.

## (II) Retained income

(i) Retained income at December 31, 1987 includes deferred losses of \$5 million arising from foreign exchange translation (\$7 million in 1986).

(ii) Share issue expenses relate to the issue of Class A common and Series M preferred shares and are net of income taxes of \$5 million (\$1 million in 1986).

## 7. EARNINGS PER SHARE

(thousands)	1987	1986
Basic weighted monthly average number of shares outstanding	101,914	93,674
Additional shares issuable on:		
— Conversion of preferred shares	—	520
— Exercise of options and warrants	6,689	6,976
Fully diluted Class A and Class B common shares	108,603	101,170

Basic and fully diluted net income are calculated as follows:

(\$ millions)	1987	1986
Net income	188	154
Dividends on preferred shares	58	51
Basic net income	130	103
Imputed income, net of income tax, on cash which would be received on the exercise of options and warrants	6	6
Fully diluted net income	136	109

## 8. RELATED PARTY TRANSACTIONS

In May 1987, the Company exchanged its interest in Royal LePage Limited for \$6.3 million cash and \$74 million of preferred shares of Royal LePage Holdings Limited, a company controlled by Trilon Financial Corporation. Subsequently, the Company subscribed for \$1 million in common shares of Royal LePage Holdings Limited, representing a 5% equity ownership. 1986 figures have been restated to reflect the former investment on the equity basis. This transaction

was completed at appraised marketvalue and was approved by the Business Conduct Review Committee.

Other transactions with related parties are on terms that are equivalent to those with unrelated parties. The effect of these transactions on net income and financial position is not significant.

## 9. OTHER INFORMATION

(i) Depreciation of premises and equipment and amortization of leasehold improvements and intangible assets charged to operations amounted to \$21 million in 1987 (\$15 million in 1986).

market value over cost of 1986).

(ii) The excess of cost of securities over market value at December 31, 1987 was \$19 million (\$16 million excess of

(iii) At December 31, 1987, the average value of the Company's pension fund assets was \$175 million (\$174 million in 1986) and the present value of the accrued pension obligations was \$120 million (\$112 million in 1986).



## 10. INCOME TAXES

(\$ millions)	1987	1986
Income taxes provided:		
Current	18	12
Deferred	<u>(17)</u>	<u>(7)</u>
	<u>1</u>	<u>5</u>
	%	%
Effective rate as a percentage of income before income taxes is:		
Statutory federal and provincial tax rate	48.5	46.8
Income received on an after tax basis	(36.8)	(41.0)
Foreign income taxed at lower rates	(11.1)	(3.5)
Other	<u>(0.2)</u>	<u>0.6</u>
	<u>0.4</u>	<u>2.9</u>

Included in other operating expense is \$7 million (\$3 million in 1986) of capital tax and regulatory assessments.

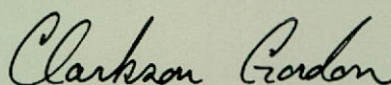
## AUDITORS' REPORT

To the Shareholders of Royal Trustco Limited:

We have examined the consolidated balance sheet of Royal Trustco Limited as at December 31, 1987 and the consolidated statements of income, retained income and source and use of funds 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 (appearing on pages 38, 40, 42 and 44 to 49 of this Annual Report) present fairly the financial position of the company as at December 31, 1987 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 on a basis consistent with that of the preceding year.



Chartered Accountants

Toronto, Canada,  
February 10, 1988



## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

All information and the consolidated financial statements in this Annual Report of Royal Trustco Limited are the responsibility of management and have been approved by the Directors. Financial information presented throughout this Report is consistent with the data presented in the financial statements which are prepared in accordance with accounting principles generally accepted in Canada and conform in all material respects with International Accounting Standards.

The Board of Directors carries out its responsibilities for the financial statements primarily through its Audit Committee which comprises six Directors of whom the majority are not associated with major shareholders and none are members of management. The Audit Committee meets regularly with management, internal auditors and the independent auditors all of whom have full and free access to the Committee.

The independent auditors are responsible for examining the financial statements and giving an opinion thereon.

### MATURITY OF ASSETS

as at December 31				1987	1986
(\$ millions)	Cash and Securities	Mortgages & Other Loans	Other Assets	Total	Total
Within 1 year	5,176	6,533	161	11,870	8,972
1 to 5 years	1,801	7,559	63	9,423	7,725
Beyond 5 years and no term	918	2,152	155	3,225	2,649
	<u>7,895</u>	<u>16,244</u>	<u>379</u>	<u>24,518</u>	<u>19,346</u>

### TERM OF LIABILITIES AND CAPITAL

as at December 31				1987	1986
(\$ millions)	Demand Deposits	Term Borrowings	Other Liabilities & Capital	Total	Total
Within 1 year	3,900	10,984	454	15,338	11,832
1 to 5 years	—	6,391	60	6,451	5,487
Beyond 5 years and no term	—	1,097	1,632	2,729	2,027
	<u>3,900</u>	<u>18,472</u>	<u>2,146</u>	<u>24,518</u>	<u>19,346</u>



## INTEREST RATE SENSITIVITY

On December 31, 1987 the excess of interest sensitive liabilities amounted to \$1,795 million compared to \$1,110 million at December 31, 1986. This increase continues to be within the strict parameters established by the Board of Directors. These parameters permit the Company to take advantage of interest rate cycles within acceptable risk limits.

Royal Trust's investments, deposits and borrowings and non-convertible preferred shares are grouped by interest rate sensitivity as follows:

as at December 31, 1987

(\$ millions)	Floating Rate	Fixed Rate Under 1 year	Total Under 1 year	Fixed Rate Over 1 year	Total
<b>Investments</b>					
Cash and marketable securities	785	4,491	5,276	2,482	7,758
Loans and other investments	3,382	5,550	8,932	7,165	16,097
Accrued dividends and interest	—	284	284	—	284
	<u>4,167</u>	<u>10,325</u>	<u>14,492</u>	<u>9,647</u>	<u>24,139</u>
<b>Deposits and Borrowings</b>					
Demand deposits	3,384	501	3,885	—	3,885
Term borrowings	992	10,254	11,246	6,820	18,066
Accrued interest	—	421	421	—	421
	<u>4,376</u>	<u>11,176</u>	<u>15,552</u>	<u>6,820</u>	<u>22,372</u>
Non-convertible preferred shares and subordinated capital debentures	682	53	735	273	1,008
	<u>5,058</u>	<u>11,229</u>	<u>16,287</u>	<u>7,093</u>	<u>23,380</u>
<b>Interest rate sensitivity</b>	<u>891</u>	<u>904</u>	<u>1,795</u>		

as at December 31, 1986

(\$ millions)	Floating Rate	Fixed Rate Under 1 year	Total Under 1 year	Fixed Rate Over 1 year	Total
<b>Investments</b>					
Cash and marketable securities	742	3,470	4,212	1,653	5,865
Loans and other investments	2,230	4,572	6,802	6,156	12,958
Accrued dividends and interest	—	228	228	—	228
	<u>2,972</u>	<u>8,270</u>	<u>11,242</u>	<u>7,809</u>	<u>19,051</u>
<b>Deposits and Borrowings</b>					
Demand deposits	2,763	1,627	4,390	—	4,390
Term borrowings	340	6,557	6,897	5,907	12,804
Accrued interest	—	372	372	—	372
	<u>3,103</u>	<u>8,556</u>	<u>11,659</u>	<u>5,907</u>	<u>17,566</u>
Non-convertible preferred shares and subordinated capital debentures	693	—	693	225	918
	<u>3,796</u>	<u>8,556</u>	<u>12,352</u>	<u>6,132</u>	<u>18,484</u>
<b>Interest rate sensitivity</b>	<u>824</u>	<u>286</u>	<u>1,110</u>		



## COMMITTEES

### Executive Committee

The Executive Committee deals with unexpected and urgent matters at short notice, but is not empowered to take actions reserved to the Board under the Canada Business Corporations Act.

### Members

C.J. Clark, M.A. Cornelissen, J.T. Eyton, E.M. Fell, C.E. Harrington, M.M. Hawkrigg\*, A.T. Lambert, H.M. MacDougall, E.H. Orser, A. Reichmann, D.G. Waldon

### Audit Committee

The Audit Committee consists of a majority of Directors who are independent of a major shareholder or its affiliates. This committee, in addition to dealing with matters stipulated in the Canada Business Corporations Act, reviews the scope and examination of the external audit; the independent Auditor's fees; and the performance of the Internal Audit Department.

### Members

T.R. Bell, E.M. Fell, G.I. Newman, E.H. Orser, M.M. Williams, W.G. Wilson\*

### Business Conduct Review Committee


The Business Conduct Review Committee, comprised only of independent Directors, monitors all significant business transactions exhibiting the potential for a material conflict of interest.

### Members


Hon. R.J. Balfour, T.R. Bell, D.N. Byers\*, C.J. Clark, C.E. Harrington, Hon. M. Riel, P. Taschereau

## BOARD OF DIRECTORS


### Hartland M. MacDougall, C.M.

  
*Chairman of the Board*  
Toronto, Ontario  
Age: 57  
Elected to Board: 1984


### Michael A. Cornelissen

  
*President and Chief Executive Officer*  
Toronto, Ontario  
Age: 44  
Elected to Board: 1981


### The Hon. R. James Balfour, Q.C.

  
Senator  
*Partner*  
Balfour, Moss, Milliken, Laschuk & Kyle  
Regina, Saskatchewan  
Age: 59  
Elected to Board: 1969


### Jean A. Béliveau, O.C.

  
*Senior Vice-President and Director,  
Corporate Affairs*  
Club de Hockey Canadien Inc.  
Montreal, Quebec  
Age: 56  
Elected to Board: 1984


### Thomas R. Bell

  
*Chairman, President and  
Chief Executive Officer*  
Dominion Textile Inc.  
Montreal, Quebec  
Age: 64  
Elected to Board: 1984


### Robert G. Bentall

  
*President and Chief Executive Officer*  
The Bentall Group Limited  
Vancouver, British Columbia  
Age: 65  
Elected to Board: 1977


### G. Drummond Birks

  
*President and Chief Executive Officer*  
Henry Birks & Sons Ltd.  
Montreal, Quebec  
Age: 68  
Elected to Board: 1968


### Donald N. Byers, Q.C.

  
*Consultant*  
Byers Casgrain  
Montreal, Quebec  
Age: 75  
Elected to Board: 1968

### Charles J. Clark, Q.C.

  
*Senior Partner*  
McTague, Clark  
Windsor, Ontario  
Age: 67  
Elected to Board: 1977


### Henry Collingwood

  
*Chairman and  
Chief Executive Officer*  
Baine, Johnston & Co. Ltd.  
St. John's, Newfoundland  
Age: 69  
Elected to Board: 1968


### Gordon R. Cunningham

*Executive Vice-President and  
Chief Operating Officer*  
Trilon Financial Corporation  
Toronto, Ontario  
Age: 43  
Elected to Board: 1984


### J. Trevor Eyton, O.C.

  
*President and Chief Executive Officer*  
Brascan Limited  
*Deputy Chairman*  
Royal Trustco Limited  
Toronto, Ontario  
Age: 53  
Elected to Board: 1983


### Fraser M. Fell, Q.C.

  
*Chairman of the Board*  
Placer Dome Inc.  
Toronto, Ontario  
Age: 59  
Elected to Board: 1969


### Jean Fournier, O.C., C.D.

  
*Former Foreign Service Officer,  
Government of Canada*  
Montreal, Quebec  
Age: 73  
Elected to Board: 1984

### Conrad F. Harrington, C.M., C.D.

  
*Former Chairman and President*  
The Royal Trust Company  
Montreal, Quebec  
Age: 75  
Elected to Board: 1960

### Melvin M. Hawkrigg

  
*President and Chief Executive Officer*  
Trilon Financial Corporation  
Toronto, Ontario  
Age: 57  
Elected to Board: 1982



**Egerton W. King**

■  
*Former President and  
 Chief Executive Officer*  
 Canadian Utilities Limited  
 Edmonton, Alberta  
 Age: 68  
 Elected to Board: 1978

**Allen T. Lambert, O.C.**

■ ■  
*Chairman of the Board*  
 Trilon Financial Corporation  
 Toronto, Ontario  
 Age: 76  
 Elected to Board: 1983

**Gilbert I. Newman**

■ ■  
*Executive Vice-President*  
 Olympia & York Developments Limited  
 Toronto, Ontario  
 Age: 66  
 Elected to Board: 1981

**Earl H. Orser**

■ ■  
*President and Chief Executive Officer*  
 London Life Insurance Company  
 London, Ontario  
 Age: 59  
 Elected to Board: 1982

**Roger Phillips**

■ ■  
*President and Chief Executive Officer*  
 IPSCO Inc.  
 Regina, Saskatchewan  
 Age: 48  
 Elected to Board: 1986

**Albert Reichmann**

■  
*President*  
 Olympia & York Developments Limited  
 Toronto, Ontario  
 Age: 59  
 Elected to Board: 1981

**The Hon. Maurice Riel, P.C., Q.C.**

■  
 Senator  
*Counsel and Partner*  
 Stikeman, Elliott  
 Montreal, Quebec  
 Age: 65  
 Elected to Board: 1971

**Nigel J. Robson**

■  
*Chairman*  
 Alexander Howden & Beck Limited  
 London, England  
 Age: 61  
 Elected to Board: 1985

**Margaret E. Southern, C.M.**

■  
*President and General Manager*  
 Spruce Meadows Farms Limited  
 Calgary, Alberta  
 Age: 56  
 Elected to Board: 1985

**Pierre Taschereau, Q.C.**

■  
*Former Chairman*  
 Air Canada  
 Montreal, Quebec  
 Age: 68  
 Elected to Board: 1984

**James M. Tory, Q.C.**

■ ■  
*Partner*  
 Tory, Tory, DesLauriers & Binnington  
 Toronto, Ontario  
 Age: 57  
 Elected to Board: 1981

**Jean C. Wadds, O.C.**

■  
*Former High Commissioner to the  
 United Kingdom, former Commissioner,  
 Royal Commission on the Economic  
 Union and Development Prospects  
 for Canada*  
 Prescott, Ontario  
 Age: 67  
 Elected to Board: 1985

**David G. Waldon**

■ ■  
*Former Chairman and  
 Chief Executive Officer*  
 Interprovincial Pipe Line Limited  
 Toronto, Ontario  
 Age: 71  
 Elected to Board: 1974

**Marshall M. Williams**

■ ■  
*Chairman and  
 Chief Executive Officer*  
 TransAlta Utilities Corporation  
 Calgary, Alberta  
 Age: 64  
 Elected to Board: 1975

**William G. Wilson**

■  
*Executive Vice-President  
 & Chief Financial Officer*  
 NOVA Corporation of Alberta  
 Age: 52  
 Elected to Board: 1982

**HONORARY DIRECTORS**

**Alistair M. Campbell**  
**Keith Campbell**  
**George E.S. Clarke**  
**Harold Husband**  
**John F. McDougall**

**■ Directors' Nominating Committee**

The Directors' Nominating Committee considers nominees for election to the Board of Directors and makes such recommendations to the Board.

**Members**

J.A. Béliveau, R.G. Bentall,  
 H. Collingwood, J.T. Eyton,\* F.M. Fell,  
 H.M. MacDougall, J.M. Tory

**■ Investment Committee**

The Investment Committee reviews investment policies and decisions for both own and trust funds; reviews or approves all investments between \$25 million and \$75 million; and recommends investments exceeding the latter amount to the Board. No member of this committee may vote on any proposed investment involving a substantial shareholder with which he or she is affiliated.

**Members**

M.A. Cornelissen, M.M. Hawkrigg,  
 E.W. King, A.T. Lambert,\* H.M. MacDougall,  
 J.M. Tory, J.C. Wadds, D.G. Waldon,  
 M.M. Williams

**■ Human Resources and Compensation Committee**

The Human Resources and Compensation Committee reviews the performance, development, compensation and succession plans of senior management.

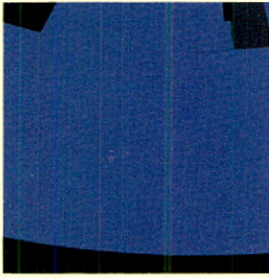
**Members**

G.D. Birks, C.J. Clark, J.T. Eyton,\*  
 J. Fournier, M.M. Hawkrigg, G.I. Newman,  
 M.E. Southern

\* Chairman



## REGIONAL MANAGEMENT AND ADVISORY BOARDS



### ATLANTIC

#### Halifax

Nova Scotia  
Centennial Building  
1660 Hollis Street  
B3J 1V7  
(902) 420-3800

#### Murray H. Dittburner

Vice-President, Personal Financial Services,  
Atlantic Region and Manager, Halifax Branch

#### *Nova Scotia Advisory Board:*

George F. Publicover  
L. Robert Shaw  
Hugh K. Smith, q.c.  
John W. Snook  
Michael S. Zatzman  
Sherman F.H. Zwicker

#### Charlottetown

Prince Edward Island  
72 University Avenue  
CIA 7M3  
(902) 892-2434

#### Robert E. Anderson

Manager

#### Saint John

New Brunswick  
Brunswick House  
1 King Street  
E2L 1G1  
(506) 634-4000

#### Frank J. Boers

Manager

#### *New Brunswick Advisory Board:*

Paul L. Bourque  
Peter W. Carrodus  
Harold C. Gunter  
E. Neil McKelvey, q.c.  
Philip W. Oland, o.c.  
Joseph V. Streeter  
G. Melvin Turner  
John R. Willett  
Keith M. Wilson

#### St. John's

Newfoundland  
Royal Trust Building  
139 Water Street  
A1C 1B2  
(709) 726-1693

#### Damian Leonard

Manager

#### *Newfoundland Advisory Board:*

Wilfrid J. Ayre  
C. Randolph Bell  
Henry Collingwood  
Harold L. Lake  
John J. Murphy  
James W. Parker  
Ian J. Reid  
Frederick W. Russell, o.c.  
Charles W. White, q.c.

### QUEBEC

#### Montreal

Maison Trust Royal  
630 Dorchester Boulevard West  
H3B 1S6  
(514) 876-2525

#### Philip E. Johnston

Vice-Chairman

#### Michel W. Petit

Vice-President, Eastern Region,  
Corporate Financial Services

#### Gilles Girard

Vice-President, Quebec  
Region and Manager,  
Montreal Branch

#### *Montreal Advisory Board:*

Jean A. Béliveau, o.c.  
Peter M. Blaikie, q.c.  
Pierre Brunet  
Jean Coutu  
Pierre A.H. Franche  
Guy Saint-Pierre  
Guylaine Saucier

#### Quebec

Edifice Trust Royal  
1122 Chemin St. Louis, Sillery  
G1S 1E5  
(418) 681-7241

#### Brendan Rooney

District Manager

#### *Quebec Advisory Board:*

Stanley E. Brock, c.m.  
Pierre Côté, o.c.  
Jacques de Billy, q.c.  
Pierre Tremblay

#### Sherbrooke

Royal Trust Building  
25 Wellington Street North  
J1H 5B3  
(819) 569-9371

#### Richard Labrosse

Manager

#### *Advisory Board:*

Clément Fortier  
B. Gen. Jean P. Gautier, D.S.O., C.D., D.C.L.  
Raymond Martin  
A. Jackson Noble  
Mortimer M. Vineberg

#### Trois-Rivières

Royal Trust Building  
1300 Notre-Dame Street  
G9A 5M7  
(819) 378-4545

#### Jean Michelin

Manager

#### *Advisory Board:*

Yvan Godin  
Pierre Lajoie



**EASTERN ONTARIO****Ottawa**

76 Metcalfe Street  
K1P 5L8  
(613) 237-4410

**John E. Harley**

Vice-President, Eastern Ontario Region,  
Personal Financial Services and Manager,  
Ottawa Branch

*Advisory Board:*

Alistair M. Campbell  
L. Gen. Frank J. Fleury, C.B.E., E.D., C.D.  
David A. Golden, O.C.  
Gordon E. Henderson, O.C., Q.C.  
M. Gen. Harry E.G. Letson, C.B., C.B.E., M.C., E.D., C.D.  
George Perley-Robertson, Q.C.  
Richard P. White, O.B.E., C.M., V.R.D.

**Kingston**

100 Princess Street  
K7L 1A7  
(613) 544-2121

**Jack G. Gilfillan**

District Manager

*Advisory Board:*

Douglas G. Cunningham, C.B.E., D.S.O., E.D., C.D., Q.C.  
Professor John R.M. Gordon  
William A. Kelly  
John J. MacKay  
Dr. John A. Milliken  
Sylvia Rosen

**Peterborough**

Peterborough Square  
360 George Street North  
K9H 7E7  
(705) 743-1471

**Donald M. Montgomery**

Manager

**Sault Ste. Marie**

388 Queen Street East  
P6A 1Z1  
(705) 254-7367

**Andrew S. Graham**

Manager

*Advisory Board:*

Leonard N. Savoie

**CENTRAL ONTARIO****Toronto**

Royal Trust Tower  
M5W 1P9  
(416) 864-7000

**William D. Gordon**

Vice-President, Central Ontario Region,  
Personal Financial Services and Manager,  
Toronto Branch

*Advisory Board:*

Robert A. Cranston, Q.C.  
Lawson A. Kaake  
John P.G. Kemp  
David G. Waldon

**Hamilton**

Stelco Tower  
Lloyd D. Jackson Square  
100 King Street West  
L8P 1A2  
(416) 522-8692

**Robert E. Skene**

Manager

*Advisory Board:*

William G. Charlton, Q.C.  
Ronald K. Fraser  
Robert G. Hunter

**WESTERN ONTARIO****London**

137 Dundas Street  
N6A 1E9  
(519) 672-2550

**Ian D. Sneddon**

Vice-President, Western Ontario Region,  
Personal Financial Services and Manager,  
London Branch

*Advisory Board:*

David M. Gunn  
D. Donald C. McGeachy  
John C. Nash  
Earl H. Orser  
John F. Quinney

**Kitchener**

73 King Street West  
N2G 1A7  
(519) 578-6900

**A.T. (Sam) Smyth**

Manager

*Advisory Board:*

Hartman H.L. Krug  
Dr. H. John Lackner  
Charles T. Le Brun, Q.C.  
Theodore A. Witzel  
John A. Young

**St. Catharines**

4 Queen Street  
L2R 5G3  
(416) 688-4510

**Robert Bowen**

Manager

*Advisory Board:*

James B. Brown  
Alan S. Notman

**Sarnia**

201 North Front Street  
N7T 7T9  
(519) 336-0490

**Gordon D. Morrison**

District Manager

*Advisory Board:*

Gordon Ferguson  
Ross T. Morton  
George W. Parker

**Windsor**

315 Ouellette Avenue  
N9A 4J1  
(519) 255-1144

**J.W. Miller**

Manager

*Advisory Board:*

Charles J. Clark, Q.C.  
A. Gerry Cole  
John A. Giffen  
Robert E. Kiborn, Q.C.  
Lawrence W. Pastorius



**M I D - W E S T E R N****Manitoba****Winnipeg**

330 St. Mary Avenue  
R3C 3Z5  
(204) 943-0431

**Sam G. Cukierman**

Vice-President, Mid-Western Region,  
Personal Financial Services and Manager,  
Winnipeg Branch

*Advisory Board:*

Samuel N. Cohen  
Augustus S. Leach, Jr.  
The Hon. Pearl McGonigal  
J. Derek Riley  
D. Donald Ross  
Stewart A. Searle, Jr.

**Ontario****Thunder Bay**

202 Red River Road  
P7B 1A4  
(807) 345-3311

**John W. Corbishley**

Manager

*Advisory Board:*

Ruth Armstrong  
Charles J. Carter  
James A. Crooks  
William J.R. Paton

**Saskatchewan****Regina**

2201-11th Avenue  
S4P 3B2  
(306) 359-1555

**Wayne M. Pritchard**

District Manager

*Advisory Board:*

The Hon. R. James Balfour, q.c.  
The Hon. Dr. E. William Barootes  
Roger Phillips  
R. John Rushford, q.c.  
Jack J. Sharp

**Saskatoon**

Midtown Plaza  
S7K 1J9  
(306) 652-8755

**Leonard C. Armstrong**

Manager

*Advisory Board:*

Jack M. Byers  
Warren C. Champ  
Sylvia O. Fedoruk, o.c.  
Robert H. McKercher, q.c.  
G. Blair Nelson

**A L B E R T A****Calgary**

700 The Dome Tower  
333-7th Avenue S.W.  
T2P 2Z3  
(403) 237-1700

**Robert B. Hamilton**

Vice-President, Alberta, Saskatchewan and  
Manitoba Region, Corporate Financial Services

**David S. Mellor**

Vice-President, Alberta Region,  
Personal Financial Services and Manager,  
Calgary Branch

*Advisory Board:*

Robert G. Black, q.c.  
Donald A.J. Cross  
David E. Mitchell  
Alastair H. Ross  
Margaret E. Southern, c.m.  
Marshall M. Williams

**Edmonton**

500 Royal Trust Tower  
Edmonton Centre  
T5J 2Z2  
(403) 426-7710

**Robert A. De Luca**

Manager

*Advisory Board:*

Louis A. Desrochers, q.c.  
Harry Hole  
Egerton W. King  
John R. McDougall  
Dr. G. Richard A. Rice, c.m.

**Lethbridge**

740-4th Avenue South  
T1J 0N9  
(403) 328-5516

**R. Perry Lund**

Manager

*Advisory Board:*

Dale A. Martin  
Hugh H. Michael  
Logan Tait  
Ralph A. Thrall, Jr.

**P A C I F I C****Vancouver**

Royal Trust Tower,  
Bentall Centre  
505 Burrard Street  
V7X 1R5  
(604) 662-2222

**Douglas J. Dersch**

Vice-President, Pacific Region,  
Corporate Financial Services

**John A. Burleton**

Vice-President, Pacific Region,  
Personal Financial Services and Manager,  
Vancouver Branch

*Advisory Board:*

Robert G. Bentall  
David Devine  
A. John Ellis, o.c.  
Ian E. Greenwood  
Mark H. Gunther  
The Hon. John L. Nichol, o.c.  
Barbara J. Rae  
H. Richard Whittall

**Kelowna**

248 Bernard Avenue  
VIY 6N3  
(604) 762-5200

**Don A. McIntosh**

District Manager

*Advisory Board:*

Rendina Hamilton, q.c.  
Dr. Harold R. Henderson  
John D. Hindle  
J. Bruce Smith  
Richard Stewart

**Victoria**

1205 Government Street  
V8W 1Y5  
(604) 388-4311

**John N. Slauenwhite**

Manager

*Advisory Board:*

Alan G. Aldous  
David Angus  
S. Joseph Cunliffe, c.m.  
Reginald W. Hind  
Harold Husband  
Alfred W.B. Mendels  
Hector C. Stone



## C O R P O R A T E O F F I C E R S

### National Office Management Team

Chairman of the Board	Hartland M. MacDougall, c.m.
President and Chief Executive Officer	Michael A. Cornelissen
Executive Vice-President and Chief Operating Officer — Canadian Operations	William C. Harker
Senior Vice-Presidents	
Vice-Chairman, Investment Services	B. Lee Bentley
Corporate Financial Services	David W.S. Dunlop
Chief Financial Officer	Barry A. Henstock
General Counsel	William J. Inwood
Corporate Finance	Laurent M. Joly
Personal Financial Services, Marketing and Sales	Charles F. Macfarlane
Treasury and Corporate Lending	Ian A.C. McCallum
Information Systems	Paul F. Starita
International Financial Services	Thomas J. Wacker
Vice-Presidents	
Human Resources	Wayne Johnson
Public Affairs	Sheila J. Robb

### Personal Financial Services

Senior Vice-President, Operations	David R. Cooper
Vice-Presidents	
Personal Credit	Philip A. Armstrong
Personal Advisory Services	Paul K. Bates
Pacific Region	John A. Burleton
Distribution	Ruth M. Corbin
Mid-Western Region	Sam G. Cukierman
Atlantic Region	Murray H. Dittburner
Quebec Region	Gilles Girard
Personal Banking	Cellie Gonsalves
Central Ontario Region	William D. Gordon
Eastern Ontario Region	John E. Harley
Lending Operations	Jacques G. Lebeuf
Alberta Region	David S. Mellor
Agent Distribution	Steven C. Pozel
Sales	Jane A. Reid
Card Operations	E. Paul Rosati
Western Ontario Region	Ian D. Sneddon

### Corporate Financial Services

Vice-Presidents	
International Services	M. Fraser Blakely
International Treasury and Lending	E. Milne Breakwell
Pacific Region	Douglas J. Dersch
Western Region	Robert B. Hamilton
Corporate Lending	D.E. (Ted) Milner
Corporate Trust	Donald P. Moroz
Eastern Region	Michel W. Petit
Group Benefits	A. Lyn Statten
Marketing	Arnold H. Stoller
Sales	Mary C. Taylor
Treasury	Richard P. Vaillancourt
Corporate Trust Relations	George Wiebe
President, Royal Trust Energy Corporation	Peter G. Barr
President, Corporate Investment Associates (RT) Inc.	Stephen J. Donihee
Vice-Chairman, The Royal Trust Company	Philip E. Johnston
Managing Partner, Builders Capital	H. Thomas Tucker

### Corporate Accounting, Audit & Taxation Services

Vice-Presidents	
Corporate Accounting Controller	James A.C. Ferenbach
Audit	Anthony Flynn
Taxation	H. Richard Gourlay A. Van Ruiter

### Legal and Secretarial Services

Vice-Presidents	
Associate General Counsel	David E. Burt
Associate General Counsel	John R. Moffat
Corporate Secretary	Nicolas W.R. Burbidge

### Support Services

Vice-Presidents	
Deposit Services	John R. Dorken
Compensation & Staffing	B.V. (Dan) Marmash
Facilities Management	E. Sandy Milligan
Operations and Communications	Robert M. Smythe
Systems Development	Michael H. Velshi

### International Financial Services

#### London

Managing Directors	
Royal Trust Asset Management	Adrian J.R. Collins
Royal Trust Bank	Jan-Arne Farstad
Vice-Presidents	
Risk Assessment	Brian E. Barr
Private Banking	Nicholas Hurst
Associate General Counsel (International)	Douglas S. Keller-Hobson
International Systems	Tim M. Nelson

#### Isle of Man

Managing Director	William S. Cowie
Royal Trust Bank (Isle of Man)	

#### Jersey

Managing Director	William J. Noble
Royal Trust Bank (Jersey)	

#### Zurich

Speaker of the Management Committee	Beat Wermelinger
Royal Trust Bank (Switzerland)	

#### Amsterdam

Managing Director	Jacques Beaudoin
RT Securities B.V.	
Royalco International B.V.	

#### Luxembourg

Managing Director	Roy J. Painter
Royal Trust Asset Management	

#### Cayman Islands

Managing Director	Peter A. Fox
Royal Trust (Overseas) Limited	

#### Singapore

Managing Director	Laura Hwang
Royal Trust Merchant Bank	

#### Hong Kong

Managing Directors	
Royal Trust Asia Limited	Thomas F. Greer
Royal Trust Asset Management	Thomas Waring

#### Tokyo

Chief Representative	G. Roger Otley
Representative	Masahisa Segawa

#### Vancouver

Vice-President, Private Banking	Ivor E.R. Mills
------------------------------------	-----------------



**PRINCIPAL SUBSIDIARIES AND ASSOCIATED COMPANIES**

**Royal Trust Corporation of Canada**

Royal Trust Tower, P.O. Box 7500, Station A  
Toronto, Ontario M5W 1P9  
Tel: (416) 864-7000  
Fax: (416) 864-9021  
Telex: 06524306

*Chairman of the Board*

Hartland M. MacDougall, C.M.

*President and Chief Executive Officer*

Michael A. Cornelissen

*Directors*

Gordon R. Cunningham  
J. Trevor Eyton, o.c.  
Fraser M. Fell, q.c.  
Conrad F. Harrington, C.M., C.D.  
Melvin M. Hawkrigg  
Gilbert I. Newman  
Earl H. Orser  
David G. Waldon

**The Royal Trust Company**

Maison Trust Royal  
630 Dorchester Boulevard, West  
Montreal, Quebec H3B 1S6  
Tel: (514) 876-2525  
Fax: (514) 876-7604

*Chairman of the Board*

Hartland M. MacDougall, C.M.

*Vice-Chairman*

Philip E. Johnston

*President and Chief Executive Officer*

Michael A. Cornelissen

*Directors*

Jean A. Béliveau, o.c.  
Thomas R. Bell  
G. Drummond Birks  
Donald N. Byers, q.c.  
Gordon R. Cunningham  
J. Trevor Eyton, o.c.  
Fraser M. Fell, q.c.  
André Forest  
Jean Fournier, o.c., C.D.  
William C. Harker  
Conrad F. Harrington, C.M., C.D.  
Melvin M. Hawkrigg  
Michel Petit  
Hon. Maurice Riel, P.C., Q.C.  
Pierre Taschereau, q.c.

**The Royal Trust Company Mortgage Corporation (99.9%)**

Royal Trust Tower, P.O. Box 7500, Station A  
Toronto, Ontario M5W 1P9  
Tel: (416) 864-7000  
Fax: (416) 864-9021

*Chairman of the Board*

Hartland M. MacDougall, C.M.

*President and Chief Executive Officer*

Michael A. Cornelissen

*Directors*

Thomas R. Bell  
Donald N. Byers, q.c.  
Jean Fournier, C.D.  
Conrad F. Harrington, C.M., C.D.  
Melvin M. Hawkrigg  
William J. Inwood  
Hon. Maurice Riel, P.C., Q.C.

**Canada Systems Group Limited (49%)**

393 University Avenue  
Toronto, Ontario M5G 2H9  
Tel: (416) 979-3900

*Chairman of the Board*

William C. Harker

*President and Chief Executive Officer*

John F. Ricketts

**Royal Trust Energy Corporation**

Suite 3300, Scotia Centre  
700-2nd Street, S.W.  
Calgary, Alberta T2P 2W2  
Tel: (403) 262-6545

*Chairman of the Board*

B. Lee Bentley

*President*

Peter G. Barr

**Royal Trust Bank**

Royal Trust House  
48/50 Cannon Street  
London, England EC4N 6LD  
Tel: (01) 236-6044  
Fax: (01) 248-0828  
Telex: 8952879

*Chairman of the Board*

Nigel J. Robson

*Managing Director*

Jan-Arne Farstad

*Directors*

Michael A. Cornelissen  
Adrian J.R. Collins  
Maurice H. Davenport  
David L. Donne  
H. Roy Gamble  
The Right Honourable The Lord Kimball, D.L.  
Allen T. Lambert, o.c.  
John R. Lovesey  
Hartland M. MacDougall, C.M.  
Colin S.R. Stroyan, TD., W.S.  
Thomas J. Wacker  
Stanley H. Wright

**Royal Trust Bank (Jersey) Limited**

P.O. Box 194  
Royal Trust House  
Colomberie  
St. Helier, Jersey  
Channel Islands  
Tel: (0534) 27441  
Fax: (0534) 32513

*Chairman*

The Right Honourable The Earl of Cromer,

K.G., G.C.M.G., M.B.E., P.C.

*Managing Director*

William J. Noble

*Directors*

Douglas J.E. Clothier  
Michael A. Cornelissen  
Henri L. Dubras  
Jurat Geoffrey H. Hamon  
Allen T. Lambert, o.c.  
John R. Lovesey  
Hartland M. MacDougall, C.M.  
Sir Robert Le Masurier, D.S.C.  
Thomas J. Wacker

**The Royal Trust Company of Canada (C.I.) Limited**

P.O. Box 194  
Royal Trust House  
Colomberie  
St. Helier, Jersey  
Channel Islands  
Tel: (0534) 27441  
Fax: (0534) 32513

*Chairman*

The Right Honourable The Earl of Cromer,

K.G., G.C.M.G., M.B.E., P.C.

*Managing Director*

William J. Noble

*Directors*

Douglas J.E. Clothier  
Michael A. Cornelissen  
Henri L. Dubras  
Jurat Geoffrey H. Hamon  
Sen. Reginald R. Jeune, O.B.E.  
Allen T. Lambert, o.c.  
Hartland M. MacDougall, C.M.  
Sir Robert Le Masurier, D.S.C.  
Thomas J. Wacker

**Royal Trust Bank (Isle of Man)**

Royal Trust House  
60/62 Athol Street  
Douglas, Isle of Man  
Tel: (0624) 29521  
Fax: (0624) 72203  
Telex: 628520

*Chairman*

Edward R.M. Gawne

*Managing Director*

William S. Cowie

*Directors*

Michael A. Cornelissen  
John R. Lovesey  
Hartland M. MacDougall, C.M.  
Thomas E. Osborne

**Royal Trust Bank (Switzerland) (81%)**

Limmatquai 4  
CH-8024 Zurich  
Switzerland  
Tel: (1) 250-9111  
Fax: (1) 252-7940  
Telex: 816069

*Chairman*

Hartland M. MacDougall, C.M.

*Directors*

Hans P. Bodmer  
Michael A. Cornelissen  
Edmund P. Faessler  
Dr. Louis Johannot  
Leslie G. Merszei  
Dr. Anton E. Schrafl  
Dr. Lelio P. Vieli  
*Speaker of the Management Committee*  
Beat Wermelinger  
*Director-elect*  
Thomas J. Wacker



**Royal Trust (Overseas) Limited**

First Home Tower, 2nd Floor  
 P.O. Box 1586, Grand Cayman  
 Cayman Islands  
 British West Indies  
 Tel: (809) 949-7405  
 Fax: (809) 949-7173  
 Telex: CP 4332  
*Managing Director*  
 Peter A. Fox

**Royal Trust Asia Limited**

Bank of America Tower  
 32nd Floor  
 One Exchange Square  
 8 Connaught Place  
 Hong Kong  
 Tel: 5-8478666  
 Fax: 5-8450346  
 Telex: 64877  
*Chairman of the Board*  
 Hartland M. MacDougall, C.M.  
*Managing Director*  
 Thomas E. Greer  
*Directors*  
 Barry A. Henstock  
 Laura Hwang  
 Steven Kwan  
 Thomas J. Wacker

**Royal Trust Merchant Bank Ltd.**

1901 Shell Tower  
 50 Raffles Place  
 Singapore 0104  
 Tel: 2249111  
 Fax: 2253809  
 Telex: RS21985  
*Chairman of the Board*  
 Hartland M. MacDougall, C.M.  
*Managing Director*  
 Laura Hwang  
*Directors*  
 Michael A. Cornelissen  
 Thomas E. Greer  
 Barry A. Henstock  
 Wong Chin Kheng  
 Thomas J. Wacker

**Royal Trust International Limited**

Royal Trust House  
 48/50 Cannon Street  
 London, England EC4N 6LD  
 Tel: (01) 236-6044  
 Fax: (01) 248-0828  
 Telex: 8952879  
*President*  
 Thomas J. Wacker

**Royal Trust Corporate Funds Management Services S.A.**

41 avenue de la Gare  
 L-1611 Luxembourg  
 Tel: 489061

**Royal Trust Asset Management Holdings (U.K.) Limited**

3 Finsbury Square  
 London, England EC2A 1RT  
 Tel: (01) 638-2433  
 Fax: (01) 638-2655  
 Telex: 9413849

*Chairman*

Stanley H. Wright

*Chief Executive*

Adrian J. R. Collins

*Directors*

Anthony M. Armitage

Simon P. L. Gordon

The Right Honourable The Lord Kimball, D.L.

David E. P. Mashiter

Neil Millward

Roy J. Painter

Colin S. R. Stroyan, T.D., W.S.

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 に御請求下さい。

Le secrétaire général se fera un plaisir de faire  
 parvenir un exemplaire de ce rapport en  
 français aux personnes qui en feront la demande.

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