

LA FOUNDATION DE PLACEMENTS IFL (CANADA) LIMITÉE  
IFL INVESTMENT FOUNDATION (CANADA) LIMITED

**ANNUAL REPORT**  
**DECEMBER 31, 1981**

DIRECTORS

A. Scott Fraser, President  
Ian B. Campbell, C.A., Vice-President  
J.D. Hopkins, Secretary-Treasurer

Bradshaw D. Firstbrook  
Neil B. Ivory  
Ted Tilden  
A. Keith Ham  
Kenneth A. Wilson, Q.C.

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Miss Muriel M. Hay, Assistant Secretary-Treasurer

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The Class A and Class B Shares are listed and traded on the Montreal Stock Exchange, Montreal.

Transfer and Registry Agents: Canada Permanent Trust Company, Montreal

February 10th, 1982

TO THE SHAREHOLDERS:

This is our fourth annual report and the fifty-third including the predecessor company.

The past year was extremely difficult for all investors. The year commenced with the Toronto Stock Index at approximately 2270 and the prime interest rate of the Canadian chartered banks at 17%. At that time, the adverse effects that the National Energy Policy would have on the Canadian economy were not fully perceived in the market place and the T.S.E. index was only down some 5% from the high made at the end of November 1980. Interest rates, with only a minor pause, moved steadily higher to September when the prime rate peaked at the unprecedented level of 22 $\frac{3}{4}$ %. Surprisingly, fuelled by takeover bids, the T.S.E. index moved up in the spring closing the month of June at 2360. During the next three months, the index declined almost 20%, one of the sharpest declines during such a short time frame within memory.



Needless to say, the liquidating value of our shares was not immune to this decline. On June 30, 1981 the value was 133.44, three months later was 98.55 and closed the year at 106.80. All values are after provisions for capital gains tax.

During the year, earnings increased to \$5.00 per share from \$4.75 the previous year. Dividends paid to shareholders totalled \$7.00 per share compared with \$5.75 the previous year.

SHAREHOLDERS SHOULD NOTE, WHEN PREPARING THEIR INCOME TAX RETURNS THAT THE  
\$2.00 Dividend paid June 30, 1981 and  
\$0.50 of the Dividend paid December 31, 1981  
should be treated as capital gains.

In last year's report we stated that little relief from the recession could be expected until there was a reduction in interest rates. Interest rates are still high. Hopefully, we will see declines in rates during the next few months without the unsettling gyrations so prevalent in 1981. Since year end, there has been a further material decline in stock prices to a point where exceptional value are available to the investor who is prepared to take a longer view.

To achieve a better economic climate certain events must take place. An element of stability, permitting business to plan for future growth and cash flow, must be established within the energy sector if major capital projects are to proceed. A favourable decision by the National Energy Board to increase exports of natural gas would help to provide the cash flow so necessary for continuing exploration. Interest rates should be established at a rate where the pent up demand for new housing can be satisfied.

When these events occur, and they must in the course of time, they will signal an improvement in business activity and confidence will gradually return to equity markets. We will continue our efforts to be positioned in those areas that will outperform the general market when the turn comes.

We expect the current year to be difficult for the investor. We can only trust that the year will end on a brighter note than that on which it has begun.

Submitted on behalf of the Directors.

A.S. FRASER  
President

SECURITY HOLDINGS AS AT DECEMBER 31ST 1981

		<u>CONVERTIBLE BONDS</u>	<u>MARKET VALUE</u>		
\$300,000.	Canadian Occidental Petroleum Ltd. 10% Conv't.Sub.Debs.	\$	285,000.	\$285,000.	3.4%
<u>SHARES</u>					
		<u>PREFERRED STOCK</u>			
25,000	Torstar Corporation 2.68 Pfd.	\$	575,000.	\$575,000.	6.8%
		<u>CONVERTIBLE PREFERRED STOCKS</u>			
2,148	Brascade Resources Inc. Conv't. Pfd.	\$	70,616.		
10,000	Carma Developers Ltd. 8½% Conv't. Pfd.		152,500.		
10,000	Hiram Walker Resources Ltd. 7½% Conv't. Pfd.		225,000.	\$448,116.	5.3%
		<u>COMMON STOCKS</u>			
		<u>BEVERAGES</u>			
20,000	Andres Wines Ltd. "A"	\$	265,000.		
10,000	Andres Wines Ltd. "B"		127,500.	\$392,500.	4.6%
		<u>BUILDING PRODUCTS</u>			
9,000	Canada Cement Lafarge	\$	108,000.		
13,700	St. Lawrence Cement Co. "A"		219,200.	\$327,200.	3.8%
		<u>CHEMICALS</u>			
5,000	Canadian Industries Limited	\$	163,750.		
16,000	Union Carbide Canada Limited		272,000.	\$435,750.	5.1%
		<u>FINANCIAL</u>			
9,000	Bank of Nova Scotia	\$	254,250.	\$254,250.	3.0%
		<u>FOREST PRODUCTS</u>			
20,000	Fraser Companies Ltd.	\$	357,500.		
26,000	Whonnock Industries Limited "A"		208,000.	\$565,500.	6.7%
		<u>MANUFACTURING</u>			
40,000	Haley Industries Ltd.	\$	198,000.		
10,000	Ivaco Industries Limited		250,000.		
32,000	Jannock Corporation Limited		344,000.		
30,000	Magna International Inc. "A"		202,500.	\$994,500.	11.7%
		<u>MINES</u>			
12,136	Noranda Mines Limited	\$	273,060.		
30,000	Westmin Resources Limited		266,250.	\$539,310.	6.3%
		<u>MISCELLANEOUS</u>			
20,000	Costain Limited	\$	200,000.		
25,000	Peoples Jewellers Limited "A"		337,500.		
24,500	Torstar Warrants		57,575.	\$595,075.	7.0%
		<u>PETROLEUM &amp; SERVICES</u>			
12,000	Ocelot Industries Ltd. "B"	\$	426,000.		
10,000	Pembina Pipe Line Ltd.		87,500.		
17,700	Sceptre Resources		230,100.		
63,000	Trimac Limited		748,125.		
14,000	Westburne International Industries Ltd.		311,500.	\$1,803,225.	21.2%
		<u>UTILITIES</u>			
25,000	Bell Canada	\$	481,250.		
8,000	Interprovincial Pipe Line Company		120,000.		
10,000	Maritime Telegraph & Telephone Company Limited		220,000.	\$821,250.	9.7%
		<u>U.S. COMPANIES</u>			
40,000	Mark Products Inc.	\$	457,188.	\$457,188.	5.4%
					100.0%
		TOTAL PORTFOLIO		\$8,493,864.	



LA FONDATION DE PLACEMENTS IFL (CANADA) LIMITEE  
IFL INVESTMENT FOUNDATION (CANADA) LIMITED

BALANCE SHEET AS AT DECEMBER 31, 1981

ASSETS

	1981	1980
Current		
Cash	\$ 35,184	\$ 9,217
Short-term deposits	350,000	-
Accrued dividends and interest	73,779	64,952
Income taxes recoverable	<u>1,058</u>	<u>-</u>
	460,021	74,169
Investments (note 1)	8,493,864	11,847,170
Furniture and fixtures - at depreciated value	<u>1</u>	<u>1</u>
	<u>\$ 8,953,886</u>	<u>\$ 11,921,340</u>

LIABILITIES

Current		
Bank loan	\$ -	\$ 530,000
Accounts payable - brokers	-	289,510
- other	5,600	6,657
Income taxes payable	<u>-</u>	<u>106,391</u>
	5,600	932,558

SHAREHOLDERS' EQUITY

Capital stock		
Authorized (note 2)		
100,000 class A common shares of no par value		
100,000 class B common shares of no par value		
Issued		
51,164 class A common shares (1980 - 42,035)	990,302	813,608
28,785 class B common shares (1980 - 37,914)	<u>557,148</u>	<u>733,842</u>
	1,547,450	1,547,450
Retained earnings	567,658	528,040
Net realized gain on investments	4,417,000	3,740,377
Unrealized gain on investments (note 1)	<u>2,416,178</u>	<u>5,172,915</u>
	<u>8,948,286</u>	<u>10,988,782</u>
Approved by the Board of Directors	<u>\$ 8,953,886</u>	<u>\$ 11,921,340</u>

A. Scott Fraser Director  
Ian B. Campbell Director

LA FONDATION DE PLACEMENTS IFL (CANADA) LIMITEE  
IFL INVESTMENT FOUNDATION (CANADA) LIMITED

STATEMENT OF EARNINGS

YEAR ENDED DECEMBER 31, 1981

	1981	1980
Revenue		
Dividends	\$ 463,364	\$ 409,945
Interest	<u>80,583</u>	<u>50,586</u>
	543,947	460,531
Expenses		
Directors' fees	4,800	4,638
General (including interest expense 1981 - \$ 75,281; 1980 - \$ 7,100)	<u>139,759</u>	<u>67,496</u>
	<u>144,559</u>	<u>72,134</u>
Earnings before income taxes	399,388	388,397
Income taxes	<u>-</u>	<u>2,184</u>
Net earnings for the year	<u>\$ 399,388</u>	<u>\$ 386,213</u>
Earnings per class A and class B common share	<u>\$ 5.00</u>	<u>\$ 4.83</u>

STATEMENT OF RETAINED EARNINGS

YEAR ENDED DECEMBER 31, 1981

Balance at beginning of year	\$ 528,040	\$ 521,585
Net earnings for the year	<u>399,388</u>	<u>386,213</u>
	927,428	907,798
Dividends paid (note 3)	<u>359,770</u>	<u>379,758</u>
Balance at end of year	<u>\$ 567,658</u>	<u>\$ 528,040</u>

STATEMENT OF NET REALIZED GAIN ON INVESTMENTS

YEAR ENDED DECEMBER 31, 1981

Net realized gain on investments	\$ 987,487	\$ 745,498
Income taxes	<u>110,991</u>	<u>119,577</u>
Net realized gain on investments for the year	876,496	625,921
Balance at beginning of year	<u>3,740,377</u>	<u>3,194,405</u>
	4,616,873	3,820,326
Dividends paid (note 3)	<u>199,873</u>	<u>79,949</u>
Balance at end of year	<u>\$ 4,417,000</u>	<u>\$ 3,740,377</u>



LA FONDATION DE PLACEMENTS IFL (CANADA) LIMITEE  
IFL INVESTMENT FOUNDATION (CANADA) LIMITED

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 1981

	1981	1980
Net assets at beginning of year	\$ 10,988,782	\$ 8,303,995
Net earnings for the year	399,388	386,213
Investments at cost at beginning of year	6,674,255	5,007,737
Purchases of investments during the year	<u>2,220,003</u>	<u>2,944,893</u>
	8,894,258	7,952,630
Investments at cost at end of year	<u>6,077,686</u>	<u>6,674,255</u>
Cost of investments sold during the year	2,816,572	1,278,375
Proceeds of investments sold during the year	<u>3,804,059</u>	<u>2,023,873</u>
Net realized gain on investments	987,487	745,498
Income taxes	<u>110,991</u>	<u>119,577</u>
Net realized gain on investments for the year	876,496	625,921
Increase (decrease) in unrealized appreciation for the year	(2,756,737)	2,132,360
Dividends paid (note 3)	<u>(559,643)</u>	<u>(459,707)</u>
Net increase (decrease) for the year	(2,040,496)	2,684,787
Net assets at end of year	<u><u>\$ 8,948,286</u></u>	<u><u>\$ 10,988,782</u></u>

LA FONDATION DE PLACEMENTS IFL (CANADA) LIMITEE  
IFL INVESTMENT FOUNDATION (CANADA) LIMITED

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 1981

1. Investments

Investments are carried at market value for financial statement purposes, and the difference between cost and market value is shown as "Unrealized gain on investments" included in the shareholders' equity section of the balance sheet.

2. Capital stock

The class A and class B shares are inter-convertible on a one-for-one basis. The rights of the class A and class B shares are identical.

3. Dividends paid

During the year, dividends totalling \$ 359,770 (\$ 4.50 per share) were paid out of retained earnings and dividends totalling \$ 199,873 (\$ 2.50 per share) were paid out of net realized gain on investments.



# Hyde, Houghton & Cie Co.

COMPTABLES AGRÉÉS - CHARTERED ACCOUNTANTS

## AUDITORS' REPORT

To the Shareholders,  
La Fondation de Placements IFL (Canada) Limitée  
IFL Investment Foundation (Canada) Limited

We have examined the balance sheet of La Fondation de Placements IFL (Canada) Limitée/IFL Investment Foundation (Canada) Limited as at December 31, 1981 and the statements of earnings, retained earnings, net realized gain on investments and changes in net assets for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at December 31, 1981 and the results of its operations and the changes in its net assets for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*Hyde, Houghton & Co.*  
Chartered Accountants

Montreal, Quebec  
February 10, 1982