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GBC NORTH AMERICA FUND INC.

ANNUAL REPORT 1990

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INVESTMENT OBJECTIVE

To achieve maximum investment return through investing in small to medium sized growth companies in Canada and the United States.

HIGHLIGHTS

- The GBC North America Fund achieved recognition in the United Kingdom by the Securities and Investment Board as an authorized unit trust.
- North American growth stocks were poor performers in fiscal 1990.
- The net asset value per share of the GBC North America Fund fell 26% to $2.62 for the fiscal year ended 30th September 1990. Net assets fell to $114,172,313.

PRESIDENT'S REPORT

For investors worldwide, the decade of the nineties has had a difficult start. Stock markets are in retreat as investors worry about debt, recession, global illiquidity and, more recently, the Iraqi invasion of Kuwait. These are legitimate concerns and they may not reverse quickly. But bear markets provide good opportunities for those with the courage and foresight to see through the gloom. When this crisis passes, as it inevitably will, share prices will rise substantially.

While stock markets fell in both the U.S. and Canada there was severe weakness in the emerging growth sector in the U.S. The communications, real estate, consumer and financial sectors were particularly hard hit, while energy and gold mining stocks ran counter to the general trend. GBC's net asset value per share fell 26% in the fiscal year ended 30th September 1990 to $2.62 per share. In sterling terms, the fall was 35% to 121 pence.

While somewhat controversial, there is good reason to believe that the U.S. and Canada have entered into a recession that is likely to stretch into 1991. To a considerable degree, the stock market has already discounted what is expected to be a mild recession.

The challenge for your investment manager is to identify and invest in the new leaders that are likely to emerge following the end of the current bear market. The relative underperformance of small to intermediate sized growth companies over the past several years has compressed valuations substantially, but from them we can expect significant stock market winners. GBC is well positioned in this area and should be a major beneficiary of the next bull market.

Over the twenty-two years that Pembroke Management has managed GBC's portfolio there have been only two other periods when the net asset value has declined by more than 20%. In each case the decline was followed by a substantial increase in the following year. While the timing is impossible to predict, the present degree of investor pessimism and the sharp declines that have characterized smaller capitalization growth stocks in the past year suggest that better times lie ahead.

This is not the time to lose faith in growth stocks!

DIRECTORATE

Isobel Hunter has decided not to stand for re-election as a director of the Fund. Ms. Hunter has been on the board of GBC since 1986. She will be greatly missed by her fellow directors and on behalf of the Corporation I thank her most sincerely for the substantial contribution she has made during her term on the board.

Mark R.J. Tyndall, a director of Ivory & Sime plc, has agreed to stand for election as a director at the forthcoming annual meeting.

SPECIAL AND ANNUAL MEETING

The special and annual meeting of GBC is scheduled to be held at the offices of Pembroke Management in Montreal on 14th January, 1991 at 10:00 a.m. At the meeting it will be proposed that the Fund change its name to The GBC North American Growth Fund Inc./Le Fonds de Croissance Nord-Américain GBC Inc.

Respectfully submitted

Ian A Soutar

Ian A. Soutar
President & Chief Executive Officer
29th October, 1990.

THE INVESTMENT MANAGEMENT TEAM

Pembroke Management Ltd. is an investment management company located in Montreal, Canada which specializes in selecting North American growth stocks. It has been the investment manager of GBC North America and its predecessor companies since its formation in 1968.

Scott Taylor and Ian Soutar, two of Pembroke's four founders, work with the three younger members of the investment team in the identification and analysis of small to medium sized growth companies. This focus has been maintained for over twenty years and has produced excellent results for Pembroke's clients.

All members of Pembroke, including the administrative support group, have ownership interests in the firm. The Pembroke accounting staff, including Richard Haller, the Secretary-Treasurer of your Fund for the past 17 years, has been together for over 30 years.

This continuity of management is vital to the success of any business. In addition, the directors of the Fund and all of Pembroke's employees are shareholders in the GBC North America Fund, which creates a common interest with the Fund's shareholders.

INVESTMENT PHILOSOPHY

It is Pembroke's belief that smaller companies, owned and operated by entrepreneurs who are masters of their own destiny, offer the best opportunities for wealth creation. Although the difficult markets of the past few years ran counter to this philosophy, we believe that the basic concept of a growing earnings stream being recognized in the form of increasing share prices, over time, remains valid.

Pembroke's past success in growth stock investing has led to a deep conviction in the appropriateness of this philosophy.

RESEARCH PROCESS

Research emphasis is placed primarily on individual companies and the industries they serve rather than on broader economic factors. The analytical process involves two key elements: the monitoring of existing holdings and the examination of new ideas.

Before any new investment is undertaken, visits are made with company managements by various members of the Pembroke team.

To be considered as a potential investment, the business must be one which is easily understood and where the management has significant personal ownership. Other key criteria are sound financial condition and a solid growth record.

By staying with the winners over many years and by weeding out the losers at an early stage, superior returns have been realized in the growth stock area.

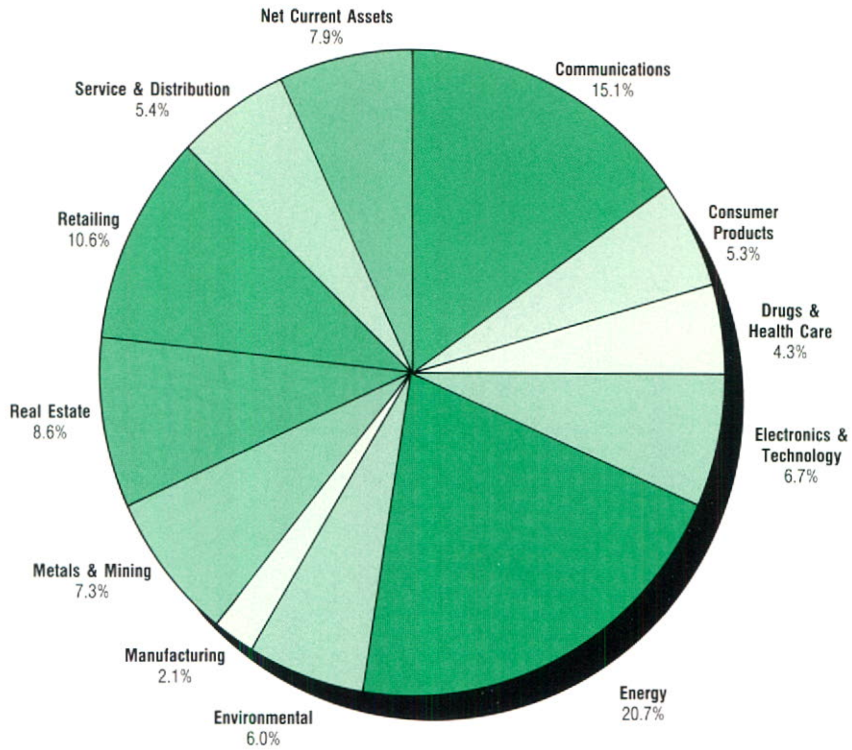
Back row, from left to right

Ann E. Thompson, Jeffrey S. D. Tory, A. Ian Aitken

Front

Ian A. Soutar, A. Scott Taylor

DISTRIBUTION OF ASSETS BY SECTOR



GBC NORTH AMERICA AND THE STOCK MARKET CYCLE

During the twenty-two years that Pembroke has managed the GBC North America Fund, the Fund and growth stocks in general have experienced several distinct cycles.

Small growth companies tend to underperform larger companies in periods where the earnings growth and expectations for larger companies are rising. The 1980's were generally a decade of under-performance for small companies as liquidity and strong relative earnings growth propelled the shares of large companies.

1968-1974

- This period encompassed the concept stock and conglomerate era.
- In 1972-1973, the "Nifty Fifty" group of large growth stocks moved to extraordinary valuations.
- The recession of 1973-74 and the resultant poor earnings results induced the worst bear market of the post World War II era. Small growth stocks fell to historically low valuations.

GBC North America Compound Annual Return: December 1968 - December 1974 -6.9%

1975-1983

- Small growth stocks were trading at very low relative valuations coming out of the 1974 bear market.
- The strong performance of small growth stocks occurred despite political and economic uncertainties including two recessions and high inflation.
- This period was marked by strong relative earnings performance by small growth companies.

GBC North America Compound Annual Return: December 1974 - September 1983 +32.9%

1983-1990

- Small growth stocks became overvalued in 1983-1984 due to a high degree of institutional sponsorship, which when combined with a large volume of new issues, left the market for small stocks with a hang-over.
- Takeovers and asset values, not earnings growth, drove stock prices in this period of financial engineering. In addition, the relative earnings performance of large companies was good.

GBC North America Compound Annual Return: September 1983 - September 1990 +3.1%

10 YEAR FINANCIAL SUMMARY

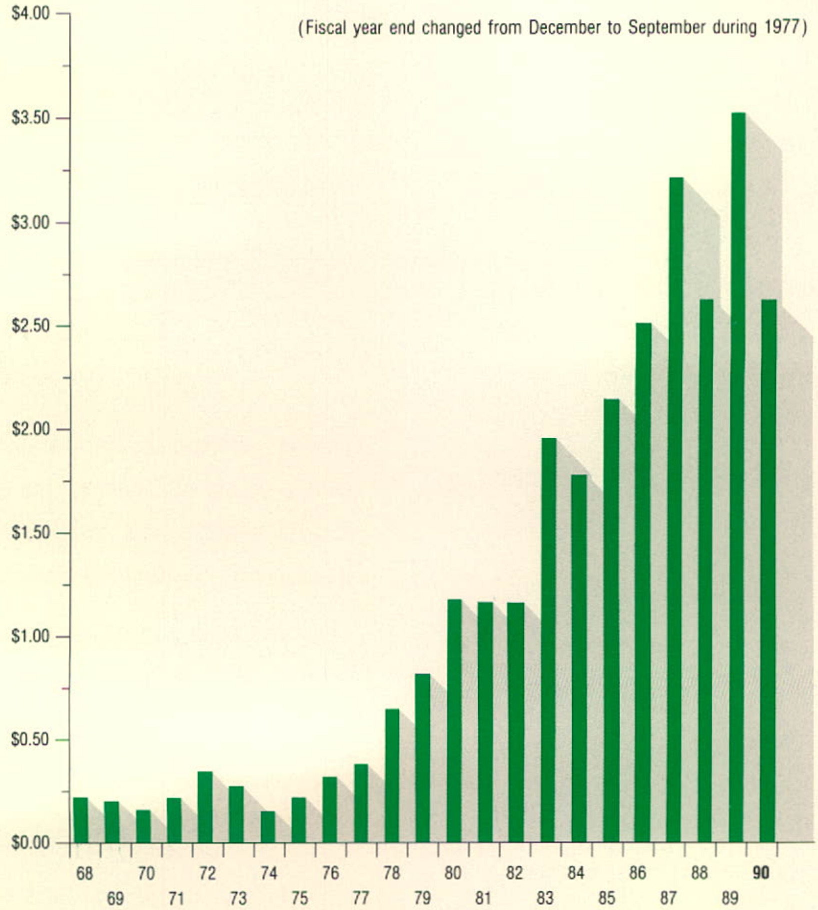
Fiscal years ended 30th Sept.	Net Income (loss) ($'000)	Per Common Share Net Income (loss) $	Per Common Share Dividends Paid $	Net Assets ($'000)	Per Common Share Unit Value ($)[1]	Per Common Share Unit Value (pence)[1,2]
1990	(188)	(0.0040)	0.0210	114,172	2.62	121p
1989	1,151	0.0220	—	172,979	3.54	186p
1988	2,036	0.0274	0.0750[3]	199,517	2.68	130p
1987	2,820	0.0344	0.0300	266,456	3.32	156p
1986	2,379	0.0284	0.0150	211,678	2.62	131p
1985	2,610	0.0315	0.0252	182,898	2.26	117p
1984	2,623	0.0317	0.0244	155,120	1.90	117p
1983	1,965	0.0226	0.0211	171,899	2.12	115p
1982	1,832	0.0207	0.0200	106,345	1.28	61p
1981	2,081	0.0244	0.0252	107,410	1.29	59p

[1] Adjusted to reflect the effect of dilution from warrants to show appreciation per share since 1981 excluding dividends.

[2] Conversions were effected at the rate applicable at the end of each fiscal period.

[3] Includes 3 cents paid in 1988 in respect of 1987.

UNIT VALUE OF GBC NORTH AMERICA FUND INC.



TOP HOLDINGS: CANADA

Renaissance Energy Ltd.

Renaissance Energy continued its record of success in 1989-90 and has evolved into the premier Canadian growth oil and gas producer. The company operates exclusively in the Plains area of Alberta, Canada where it has had an excellent track record in the development of oil and gas reserves.

Renaissance has been very successful in expanding its asset base during the past several years as competition has been limited in a poor oil pricing environment. The company's extensive low cost land inventory will ensure future exploration opportunities. A strong balance sheet and a timely shift in exploration to natural gas will provide the impetus for Renaissance's growth in the 1990's.

RENAISSANCE ENERGY LTD.

8.5% OF NET ASSETS

SHARES HELD	MARKET VALUE	% OF NET ASSETS
600,000	$9,750,000	8.5

FINANCIAL INFORMATION

Nine months to 30th September	1990	1989	1988
Revenues $MM	**134.3**	91.7	65.2
Cash Flow $MM	**69.0**	47.7	31.8
Cash Flow per Share	**$1.10**	$0.79	$0.57

In fiscal 1990, Renaissance has continued to exhibit very strong production and cash flow growth and will benefit from the higher oil prices which have resulted from the crisis in the Middle East. Reserves of oil and gas are expected to be significantly higher at year end than they were last year.

LAIDLAW

Laidlaw remains a North American leader in two non-cyclical industries: waste management and school bus passenger services. Both industries are very fragmented and Laidlaw should benefit from increased privatization of these services.

Recent changes in legislation for sanitary landfills will increase the costs of operating these sites and cause the cash poor municipalities to turn to the established waste operators like Laidlaw.

The passenger services division has suffered margin pressure over the past two years, particularly in the United States. Low unemployment and high employee turnover have caused this division to underperform. The weakening demand for labour as the economy slows should provide a broader pool of drivers for Laidlaw.

Laidlaw is also progressing in its efforts to build a North American scale chemical waste business. The company is now the second largest participant in this area.

LAIDLAW INC.

5.9% OF NET ASSETS

SHARES HELD	MARKET VALUE	% OF NET ASSETS
325,000	$6,784,375	5.9

FINANCIAL INFORMATION

Year ended 31st August	1990	U.S. Dollars 1989	1988
Revenues $MM	**1,737.5**	1,339.4	1,113.6
Net Income	**265.5**	207.7	144.2
Earnings Per Share	**$1.10**	**$0.94**	**$0.74**

Laidlaw's investments in Atwoods, a solid waste company, and ADT Limited, the world's leading security services firm, continue to contribute positively to the company's overall results.

There has been a management change at Laidlaw recently. Michael DeGroote, the founder, has retired as Chief Executive Officer and he has been replaced by Donald Jackson, a veteran of the transportation and waste industries.

Chauvco Resources Ltd.

Chauvco Resources has emerged in 1990 as one of Canada's most dynamic intermediate sized oil and gas producing companies.

In 1990, through the combination of strong internal growth and a series of strategic acquisitions, Chauvco has more than doubled its production and reserve base. In conjunction with these acquisitions, Chauvco successfully completed equity offerings which increased the company's share float and kept borrowings at a reasonable level. The 1991 capital program will also be funded internally and leave excess cash flow to repay bank debt.

CHAUVCO RESOURCES
5.8% OF NET ASSETS

SHARES HELD	MARKET VALUE	% OF NET ASSETS
375,000	$6,562,500	5.8

FINANCIAL INFORMATION

Nine months to 30th September	**1990**	**1989**	**1988**
Revenues $MM	**50.0**	18.6	12.5
Cash Flow $MM	**25.2**	11.4	7.3
Cash Flow per Share	**$1.54**	$0.85	$0.56

Operating largely in Alberta and Saskatchewan, Canada, Chauvco has experienced significant success in its oil and gas exploration and development program. Production in 1990 is expected to be 8500 b/d, up 20% from 1989.

TOP HOLDINGS: UNITED STATES

PEP BOYS®

Pep Boys operates a chain of approximately 293 auto parts and accessories stores, most of which offer automobile maintenance and repair services. The majority of the stores are located in Southern California, Arizona, Texas and on the East Coast of the United States. A restructuring of the store format into one-stop automotive supercentres distinguishes the company from its competition.

The shortage of convenient and reliable service outlets in the United States and the lack of strongly entrenched competition should allow Pep Boys to make great inroads in a very fragmented market because of its strong brand image. The increasing complexity of cars and a shift by consumers away from "do it yourself" repairs supports Pep Boys' strategy of building combined service and retail centres.

PEP BOYS-MANNY, MOE & JACK
2.9% OF NET ASSETS

SHARES HELD	MARKET VALUE	% OF NET ASSETS
250,000	$3,361,078	2.9

FINANCIAL INFORMATION

Six months to 29th July	**1990**	U.S. Dollars **1989**	**1988**
Revenues $MM	**447.3**	378.0	315.0
Net Income $MM	**22.56**	17.65	17.49
Earnings Per Share	**$0.40**	$0.32	$0.32

The company is continuing its ambitious store opening program, with 36 stores being opened in 1990 and an ongoing target of 10-12% of the store base to be opened each year.

The automotive distribution business is somewhat recession resistant; it should be helped by the Clean Air Act, which will mandate compulsory inspections of automobile exhaust systems in many states.

FFMC

First Financial Management Corporation

First Financial Management (FFMC) has grown rapidly over the past five years, both from internal growth and an aggressive acquisition program. Starting as a processor of financial data for small banks, FFMC has diversified into credit card processing, microfilm services, medicaid claims processing, data communications and collection services. In 1989, FFMC acquired Georgia Federal Bank, the largest savings bank in Georgia, with assets of $4.2 billion.

The present crisis of confidence in the U.S. savings and loan industry has depressed valuations in the financial sector substantially, and despite the fact the Georgia Federal appears sound and its contribution to FFMC's earnings is under 30%, the ownership of Georgia Federal has resulted in a very low valuation for FFMC.

FIRST FINANCIAL MANAGEMENT
2.9% OF NET ASSETS

SHARES HELD	MARKET VALUE	% OF NET ASSETS
178,000	$3,288,797	2.9

FINANCIAL INFORMATION

Nine months to 30th September	U.S. Dollars 1990	1989	1988
Revenues $MM	**634.5**	419.7	270.9
Net Income $MM	**46.0**	32.8	19.2
Earnings per Share	**$1.62**	$1.49	$1.13

This year FFMC should produce another year of record earnings. This well managed, diversified financial services company appears to have an excellent outlook and is very cheap in relation to its past growth and bright prospects.

COMCAST CORPORATION

Comcast has emerged in recent years as one of the largest and most successful U.S. cable television operators. The share prices of all U.S. cable operators have been under great pressure over the past year due to fears of regulation and credit problems for this highly leveraged industry. Comcast is among the least levered of the U.S. cable companies. However, the disappointing stock market performance has masked continuing excellent progress in these companies' core cable businesses.

Comcast has grown substantially through both internal expansion and a series of successful acquisitions. In fact, its cash flow is up 28% so far in 1990 after an excellent 1989. In addition to its

COMCAST CORPORATION
2.9% OF NET ASSETS

SHARES HELD	MARKET VALUE	% OF NET ASSETS
200,000 A 100,000 Special	$3,252,656	2.9

FINANCIAL INFORMATION

Six months to 30th June	U.S. Dollars 1990	1989	1988
Revenues $MM	**319.0**	263.7	211.4
Operating Cash Flow $MM	**133.2**	103.9	82.1
Operating Cash Flow per Share	**$1.18**	$1.03	$0.82

wholly owned systems, Comcast's equity investments in other cable systems also continue to perform very well.

Comcast also owns a rapidly growing cellular telephone business, which is located in the lucrative Philadelphia corridor.

AUDITOR'S REPORT

The Shareholders,
GBC North America Fund Inc.

We have examined the statements of net assets of GBC North America Fund Inc. as at 30th September, 1990 and 1989, the statements of income and changes in net assets for the years then ended, and the statement of investment portfolio as at 30th September 1990. Our examinations were 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 Corporation as at 30th September, 1990 and 1989, and the results of its operations and the changes in its net assets for the years then ended in accordance with Canadian generally accepted accounting principles applied on a consistent basis.

Montreal, Quebec,
29th October, 1990.

Deloitte & Touche
Chartered Accountants

STATEMENTS OF NET ASSETS
AS AT 30th SEPTEMBER

Assets	**1990**	1989
Investments		
Securities, at market value (Note 3) (average cost $90,151,424; $93,359,425 — 1989)	**$104,788,062**	$163,571,719
Cash and term deposits	**6,989,577**	9,783,882
Net subscriptions receivable	**4,846**	17,401
Due from brokers	**298,880**	—
Accrued income	**70,500**	137,573
Income taxes recoverable (Note 7)	**2,469,141**	426,409
	114,621,006	173,936,984
Liabilities		
Due to brokers	**291,438**	721,821
Accrued expenses	**157,255**	236,156
	448,693	957,977
Net assets	**$114,172,313**	$172,979,007
Represented by shareholders' equity		
Net invested capital (Note 4)	**$ 47,817,508**	$ 64,847,013
Undistributed income (deficit)	**(60,526)**	1,150,892
Net realized gain on disposal of investments	**51,778,693**	36,768,808
Unrealized appreciation of investments	**14,636,638**	70,212,294
	$114,172,313	$172,979,007
Net asset value per common share	**$2.629**	$3.545

On behalf on the Board

Director

Director

STATEMENTS OF INCOME
FOR THE YEARS ENDED 30th SEPTEMBER

	1990	1989
Income		
Interest	**$ 649,936**	$2,703,459
Dividends	**1,893,866**	1,842,920
	2,543,802	4,546,379
Expenses		
Management fees	**2,192,128**	2,396,129
Directors' fees	**51,500**	47,400
Audit fees	**16,000**	15,000
Legal fees	**105,083**	142,349
Shareholder information	**182,785**	395,567
Custodial fees	**91,807**	79,280
Other expenses	**92,301**	94,935
	2,731,604	3,170,660
Income (loss) before income taxes	**(187,802)**	1,375,719
Income taxes	**—**	224,827
Net income (loss)	**$(187,802)**	$1,150,892
Net income (loss) per share		
(Based on the average number of shares outstanding during the year)	**$(0.004)**	$0.022
Expenses as a percentage of the average net assets		
Management fees	**1.500%**	1.500%
Other fees and expenses	**.369%**	.453%
Total expenses	**1.869%**	1.953%

STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED 30th SEPTEMBER

	1990	1989
Additions to net assets		
Net income (loss)	$ (187,802)	$ 1,150,892
Net realized gain on sale of investments		
Proceeds from sale of investments	44,994,537	72,772,030
Investments at cost, beginning of year	93,359,425	90,757,655
Investments purchased	26,693,509	38,625,775
Less investments at cost, end of year	(90,151,424)	(93,359,425)
Cost of investments sold	29,901,510	36,024,005
	15,093,027	36,748,025
Foreign exchange gain (loss)	(83,143)	20,783
Net realized gain on sale of investments	15,009,884	36,768,808
Proceeds on issue of shares	1,505,034	1,254,012
Increase in unrealized appreciation of investments	—	5,291,838
Total additions	16,327,116	44,465,550
Deductions from net assets		
Redemption of shares	18,534,539	71,003,706
Dividends paid	1,023,615	—
Decrease in unrealized appreciation of investments	55,575,656	—
Total deductions	75,133,810	71,003,706
Decrease in net assets	58,806,694	26,538,156
Net assets, beginning of year	172,979,007	199,517,163
Net assets, end of year	$114,172,313	$172,979,007

NOTES TO FINANCIAL STATEMENTS
30th SEPTEMBER, 1990 AND 1989

1. **The Fund**

GBC North America Fund Inc. is the successor to GBC Capital Ltd., a closed-end investment corporation until 1st October, 1988, when Articles of Amendment were issued converting the Corporation to an open-end mutual fund corporation. The Corporation changed its name to GBC North America Fund Inc. (the Fund) pursuant to Articles of Amendment dated January 25, 1989.

2. **Accounting policies**

a. Investments

Investments are recorded at market values determined by the latest sale price recorded by the security exchange on which the security is principally traded or, lacking any recent sales, the mean of the latest available bid and ask price. Investments with no quoted market value are valued at directors' valuation. The difference between the market value and the average cost of investments is reported as unrealized appreciation of investments and is included in shareholders' equity.

Investment transactions are accounted for on the trade date. Average cost is used to determine the realized gain or loss on sale of investments.

Purchases and sales of investments in foreign currencies are recorded at the rate of exchange prevailing on the respective dates of such transactions. The market values of foreign investments represent their quoted market values converted at rates of exchange prevailing at year-end.

b. Recognition of income and expenses

Income and expenses are recorded using the accrual method. Dividend income is recognized on the ex dividend date and interest income is recognized as earned. Foreign investment income is converted into Canadian dollars at the rate of exchange prevailing on the respective dates income is received.

c. Issue and redemption of common shares

The value at which shares are issued or redeemed by the Fund is determined by dividing the net assets at market value of the Fund by the total number of shares outstanding.

Amounts receivable on the issuance of shares and amounts payable on the redemption of shares are credited or charged to net subscriptions receivable.

3. **Securities**

Investments include securities, with an aggregate cost of $6,579,353, which have no quoted market value. These securities are valued by the directors at $2,452,440 (1989 — $3,715,755).

4. **Net invested capital**

The capital of the Fund consists of an unlimited number of common shares without nominal or par value. All common shares have equal rights and privileges. Common shares are redeemable at the shareholder's option at net asset value. The following is a summary of the changes in issued and outstanding common shares during each year:

	1990		1989	
	Number of common shares	**Value**	Number of common shares	Value
Outstanding, beginning of year	**48,785,574.47**	**$64,847,013**	74,414,861.00	$134,596,707
Issuances	**461,262.80**	**1,505,034**	389,675.59	1,254,012
Redemptions	**5,819,595.28**	**18,534,539**	26,018,962.12	71,003,706
Outstanding, end of year	**43,427,241.99**	**$47,817,508**	48,785,574.47	$ 64.847,013

5. **Management fees**

Management fees are paid to the manager, Ivory & Sime Pembroke Inc., in consideration for investment management, administrative and advisory services calculated at a rate of 1.5% per annum based on the net asset value of the Fund at the end of each month.

6. **Brokerage commissions**

Brokerage commissions paid to brokers on portfolio transactions during the year aggregate $409,927 (1989 — $504,781).

7. **Income taxes**

The Fund is treated as a Mutual Fund Corporation under the Income Tax Act. Income tax on net realized capital gains is recoverable by the Fund as capital gains are distributed to shareholders either through share redemptions or the declaration of capital gains dividends. Income taxes paid on dividends from taxable Canadian corporations may be refunded, generally at the rate of $1 for every $4 of taxable dividends paid. Refundable dividend taxes as at 30th September, 1990 aggregate $551,800 (1989 — $211,700).

8. **Redemption of shares**

A shareholder may at any time redeem all or, subject to the Fund's minimum investment requirements, any of the shares held in the Fund. A notice of redemption must be given in writing to the manager at any of its offices in Canada. The value of the shares to be redeemed will be established as of the valuation date following the receipt of such notice. Within five business days following the valuation date, the manager will pay the shareholder by cheque the value of the shares redeemed.

9. **Statement of portfolio transactions**

A statement of portfolio transactions will be provided without charge upon request by writing to the manager: Ivory & Sime Pembroke Inc., 1010 Sherbrooke St. West, Suite 818, Montreal, Quebec, H3A 2R7.

STATEMENT OF INVESTMENT PORTFOLIO
AS AT 30th SEPTEMBER, 1990

Number of shares		Cost	Market value Canada	Market value U.S.A.	% of net assets	Main activity
600,000	Renaissance Energy Ltd	$ 1,402,989	$ 9,750,000		8.54%	Oil and gas
325,000	Laidlaw Inc. "B"	1,637,715	6,784,375		5.94%	Waste management & Transportation
375,000	Chauvco Resources "A"	2,104,764	6,562,500		5.75%	Oil and gas
250,000	Teck Corporation "B"	3,612,570	6,125,000		5.36%	Mining
945,000	Rogers Communications "B"	2,761,689	6,024,375		5.28%	Cable television & Cellular communication
250,000	Pep Boys-Manny, Moe & Jack	1,848,873		$ 3,361,078	2.94%	Automotive parts retailer
175,000	First Financial Management	3,896,869		3,288,797	2.88%	Financial processing
300,000	Comcast Corp	2,728,336		3,252,656	2.85%	Cable television
225,000	Cousins Properties Inc.	265,711		3,057,497	2.68%	Real estate development
190,000	Four Seasons Hotels	1,372,257	2,850,000		2.50%	Hotels
Top 10 Securities		**21,631,773**	**38,096,250**	**12,960,028**	**44.72%**	
120,000	Genzyme Corp.	1,751,462		2,584,778	2.26%	Biotechnology
50,000	FlightSafety International	864,240		2,500,931	2.19%	Training simulators
150,000	Rouse Company	191,157		2,341,913	2.05%	Real estate development
184,000	Cimarron Petroleum Ltd	1,498,708	2,208,000		1.93%	Oil and gas
105,000	Blockbuster Entertainment	1,898,534		2,185,785	1.91%	Home video rental
160,000	TCA Cable TV	2,213,572		2,151,090	1.88%	Cable television
275,000	QVC Network	3,873,313		1,947,980	1.70%	Home shopping
112,500	Golden Valley Microwave	2,256,098		1,870,277	1.63%	Microwave food products
100,000	Anderson Exploration	1,926,855	1,837,500		1.61%	Oil and gas
200,000	Cabre Exploration Ltd	1,050,000	1,775,000		1.55%	Oil and gas
120,000	Gendex Corp.	1,665,843		1,734,750	1.52%	Medical equipment
7,000	Washington Post "B"	1,473,635		1,708,151	1.50%	Newspaper publisher
130,000	Tandy Brands Inc.	3,244,644		1,672,588	1.46%	Furniture retailer
195,000	Jan Bell Marketing	3,316,567		1,578,623	1.38%	Jewelery retailer
70,000	Cambridge Shopping Centres	1,528,204	1,505,000		1.32%	Real estate development
300,000	Viceroy Resource Corp.	1,959,897	1,470,000		1.29%	Gold mining
260,000	Pancontinental Oil Ltd	1,405,625	1,462,500		1.28%	Oil and gas
60,000	Adobe Systems Inc	1,434,070		1,335,758	1.17%	Imaging software
150,000	J. Baker Inc.	2,492,966		1,279,378	1.12%	Shoe retailer
80,000	TecSyn International cv "C"	2,000,000	1,200,000		1.05%	Polymer products
50,000	Centex Telemanagement	1,061,968		1,192,641	1.04%	Telecommunications management
200,000	Repap Enterprises	2,535,000	1,175,000		1.03%	Paper manufacturer
300,000	Heritage Media "A"	1,315,224		1,170,956	1.03%	Communication
60,000	Circuit City	1,679,887		1,127,588	0.99%	Electronics retailer
90,000	G & K Services	1,220,113		1,105,903	0.97%	Uniform rental
125,000	3 Com Corp.	2,580,970		1,011,938	0.89%	Computer network
100,000	Videotron	1,813,900	1,000,000		0.88%	Cable television
60,000	Digital Microwave	1,926,102		954,113	0.84%	Transmission equipment
403,891	C1 Cablesystems	942,893	942,893		0.83%	Cable television
402,632	Stardent Computer Restr.	2,613,159		931,288	0.82%	Computer workstations
40,000	National Pizza	933,069		878,940	0.77%	Restaurants
150,000	Ciatti's Inc. Units	730,758		802,322	0.70%	Restaurants
40,000	Buffets Inc.	621,111		797,985	0.70%	Restaurants
200,000	Aur Resources Inc.	1,096,933	700,000		0.62%	Mining
100,000	Archive Corporation	1,526,436		679,444	0.60%	Computer tape back-up
100,000	Ashton-Tate	2,291,742		592,706	0.52%	Micro computer software
29,240	Thinking Machines "A"	689,100		578,250	0.51%	Super computers
50,000	National Data Corporation	865,656		549,338	0.48%	Transaction processing
30,000	Williams-Sonoma	868,736		485,730	0.43%	Retailer
10,000	Ballard Medical Products	322,200		294,908	0.26%	Medical products
10,000	Medco Containment Services	269,445		290,571	0.25%	Prescription drug distributor
25,000	Max & Erma's Restaurants	235,659		119,264	0.10%	Restaurants
	Other investments	2,334,200	1	3	—	—
Sub-total other securities		**68,519,651**	**15,275,894**	**38,455,890**	**47.06%**	
Total securities		**$90,151,424**	**53,372,144**	**51,415,918**	**91.78%**	
Net current assets			**5,207,898**	**4,176,353**	**8.22%**	
Sub-total per country			**58,580,042**	**55,592,271**	**100.00%**	
Total net assets			**$114,172,313**			
Percent of assets per country			**51.31%**	**48.69%**		

DIRECTORS

*Douglas T. Bourke
Business Executive,
Westmount, Quebec

*Donald E. Dunn, C.A.
Business Executive,
Dorval, Quebec

*George A. Fierheller
Chairman & Chief Executive Officer,
Rogers Cantel Inc.,
Toronto, Ontario

R. Alexander Hammond-Chambers
Chairman,
Ivory & Sime plc,
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Investment Manager,
Adam & Company
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Toronto, Ontario

Ian A. Soutar, CFA
President & Chief Executive Officer,
Pembroke Management Ltd.,
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*Members of the Audit Committee

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Montreal, Toronto and Calgary

Bank of Scotland, Edinburgh

ANNUAL MEETING

14th January, 1991, 10:00 a.m.
1010 Sherbrooke Street West,
Suite 818,
Montreal, Quebec

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