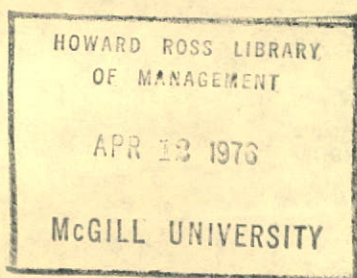


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EATON FINANCIAL SERVICES

EATON
GROWTH
FUND
LTD.

annual report
december 31st, 1975



ONE PLACE FOR ALL YOUR TOMORROWS

To the Shareholders:

The Board is pleased to present the 1975 Annual Report of Eaton Growth Fund Ltd.

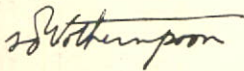
There was a significant recovery on world stock markets in 1975 as the contraction in economic activity in most industrial countries came to an end and economies began to recover. The rise in the Toronto Stock Exchange Industrial Index of 9.9% was below average compared to most markets. In New York the Dow Jones Industrial Index rose 38.3%, while the Tokyo Dow Jones rose 14.2%. The net asset value per share of your Fund increased 34.1%, including the dividend paid in December.

The weaker performance of the Canadian market likely reflects the fact that Canada faces the severe problem of a rate of inflation higher than that of the U.S. and some other major markets and competitors. The very high labour settlements and demands, especially in the public sector, which appeared to be accelerating over the year as various groups attempted to maintain and increase their real incomes, led to the federal government introducing an Anti-Inflation Program in October to limit increases in prices and wages. It remains to be seen whether the federal government will take the necessary steps to reduce the rate of increase in its spending and in the growth of the money supply, which are necessary to make the Program truly successful.

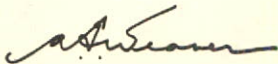
It is likely that the world-wide reduction in inflation rates, which appears to be taking place, will reduce the rate of inflation in Canada modestly this year even without help from the Anti-Inflation Program. This, together with the economic expansion taking place and the fact that Canadian equities are now lower priced in terms of earnings and dividend yield than U.S. equities, will likely result in a better performance for Canadian equities compared to U.S. equities than was experienced last year.

Your Fund is well diversified on a geographic basis to benefit as world economies and trade continue to recover. In the U.S. especially, we look for a lower rate of inflation and higher corporate profits to result in another good year for common stock shareholders.

On Behalf of the Board,



Chairman



President

Toronto, Canada,
March 10, 1976

statement of financial position

December 31, 1975

	1975	1974
ASSETS:		
Investments, at quoted value:		
(Average cost 1975 —		
\$26,507,257; 1974 —		
\$30,229,696)		
Canadian common stocks ..	\$12,512,488	\$12,246,101
Foreign common stocks	11,904,543	8,182,486
Foreign preferred stocks ..	767,269	510,494
	<u>25,184,300</u>	<u>20,939,081</u>
Cash, interest-bearing	434,896	76,291
Short-term notes	793,777	500,000
Accrued investment income	115,379	96,222
Accounts receivable	20,850	13,087
Refundable taxes (note 3)	—	33,094
	<u>26,549,202</u>	<u>21,657,775</u>
LIABILITIES:		
Accounts payable	30,570	26,495
Redemptions payable	330,424	206,187
Income taxes payable (note 3) ..	37,440	78,269
	<u>398,434</u>	<u>310,951</u>
NET ASSETS REPRESENTING SHAREHOLDERS' EQUITY ..	<u><u>\$26,150,768</u></u>	<u><u>\$21,346,824</u></u>
SHAREHOLDERS' EQUITY:		
Capital stock (note 2):		
Authorized —		
100 deferred shares of \$1		
par value each		
40,000,000 mutual fund		
shares of \$1 par value		
each less 8,592,108 shares		
redeemed (1974 —		
8,137,521 shares redeemed)		
Issued and outstanding —		
3,182,425 mutual fund shares		
(1974 — 3,411,787 shares)	\$ 3,182,425	\$ 3,411,787
Surplus:		
Deficit	(11,403,092)	(10,115,634)
Contributed surplus	35,694,392	37,341,286
Unrealized (depreciation)		
of investments	<u>(1,322,957)</u>	<u>(9,290,615)</u>
TOTAL SHAREHOLDERS' EQUITY	<u><u>\$26,150,768</u></u>	<u><u>\$21,346,824</u></u>

On behalf of the Board:

G. D. deS. Wotherspoon, Director

A. G. Weaver, Director

(See accompanying notes)

statement of earnings

for the year ended December 31, 1975

	1975	1974
INVESTMENT INCOME:		
Dividends	\$ 987,362	\$ 1,012,593
Interest	<u>74,262</u>	<u>56,320</u>
	1,061,624	1,068,913
EXPENSE:		
Management fee (note 4)	<u>312,584</u>	<u>313,922</u>
EARNINGS BEFORE PROVISION FOR INCOME TAXES	749,040	754,991
PROVISION FOR INCOME TAXES (note 3)	<u>65,500</u>	<u>71,200</u>
NET EARNINGS FOR THE YEAR	<u>\$ 683,540</u>	<u>\$ 683,791</u>
NET EARNINGS PER SHARE — Based on average number of shares outstanding during year	<u>20.8¢</u>	<u>19.2¢</u>

statement of surplus

for the year ended December 31, 1975

DEFICIT:		
Balance, beginning of year ..	\$(10,115,634)	\$(10,112,616)
Net earnings for the year	683,540	683,791
Net loss on sales of securities	<u>(1,424,558)</u>	<u>(120,529)</u>
	(10,856,652)	(9,549,354)
Dividends (note 2)	<u>(546,440)</u>	<u>(566,280)</u>
Balance, end of year	<u>\$(11,403,092)</u>	<u>\$(10,115,634)</u>
CONTRIBUTED SURPLUS:		
Balance, beginning of year ..	\$ 37,341,286	\$ 40,284,420
Excess of amounts received over par value of shares issued	<u>1,595,751</u>	<u>1,847,247</u>
	38,937,037	42,131,667
Excess of amounts paid over par value of shares redeemed	<u>3,242,645</u>	<u>4,790,381</u>
Balance, end of year	<u>\$ 35,694,392</u>	<u>\$ 37,341,286</u>
UNREALIZED (DEPRECIATION) OF INVESTMENTS:		
Balance, beginning of year ..	\$ (9,290,615)	\$ (911,970)
Unrealized appreciation (depreciation) of investments	<u>7,967,658</u>	<u>(8,378,645)</u>
Balance, end of year	<u>\$ (1,322,957)</u>	<u>\$ (9,290,615)</u>

(See accompanying notes)

statement of changes in net assets

for the year ended December 31, 1975

	1975	1974
NET ASSETS, BEGINNING OF YEAR	<u>\$21,346,824</u>	<u>\$33,091,790</u>
ADDITIONS TO NET ASSETS:		
Net earnings for the year	683,540	683,791
Proceeds from issue of mutual fund shares	1,291,845	1,595,806
Unrealized appreciation of investments	<u>7,967,658</u>	<u>—</u>
	<u>9,943,043</u>	<u>2,279,597</u>
DEDUCTIONS FROM NET ASSETS:		
*Net loss on sales of securities	1,424,558	120,529
Unrealized depreciation of investments	—	8,378,645
Non-resident tax and charges on stock dividend	17,308	12,647
Payment on redemption of mutual fund shares	<u>3,697,233</u>	<u>5,512,742</u>
	<u>5,139,099</u>	<u>14,024,563</u>
INCREASE (DECREASE) IN NET ASSETS	<u>4,803,944</u>	<u>(11,744,966)</u>
NET ASSETS, END OF YEAR ..	<u><u>\$26,150,768</u></u>	<u><u>\$21,346,824</u></u>
NET ASSET VALUE PER SHARE:		
Beginning of year	<u>\$ 6.26</u>	<u>\$ 8.64</u>
End of year	<u><u>\$ 8.22</u></u>	<u><u>\$ 6.26</u></u>
*NET LOSS ON SALES OF SECURITIES:		
Proceeds from sales of securities	<u>\$ 4,363,059</u>	<u>\$ 3,953,458</u>
Cost of securities sold:		
Securities at cost, beginning of year	30,229,696	33,436,050
Purchases	<u>2,065,178</u>	<u>867,633</u>
	32,294,874	34,303,683
Securities at cost, end of year	<u>26,507,257</u>	<u>30,229,696</u>
Cost of securities sold	<u>5,787,617</u>	<u>4,073,987</u>
Net loss on sales of securities	<u><u>\$ 1,424,558</u></u>	<u><u>\$ 120,529</u></u>

(See accompanying notes)

schedule of investments and other net assets

December 31, 1975

COMMON STOCKS — 93.37%

BANKS — 12.59%

The Bank of Nova Scotia
The Royal Bank of Canada

COMMUNICATIONS — 6.15%

*American Broadcasting Companies, Inc.
Thomson Newspapers Limited

FOOD, BEVERAGES AND TOBACCO — 11.82%

*Borden Incorporated
*Heublein, Incorporated
*Reynolds (R.J.) Industries, Inc.

LEISURE — 8.94%

*Eastman Kodak Company
*Fuji Photo Film Co. Ltd.
*Hilton Hotels Corporation

MERCHANDISING — 3.11%

Consumers Distributing Company Ltd.
Grafton Group Limited

METALS AND MINING — 8.74%

Cominco Ltd.
The International Nickel Company of Canada, Limited
McIntyre Mines Limited
*Reynolds Metals Company

OFFICE SYSTEMS AND EQUIPMENT — 11.49%

*International Business Machines Corporation
Moore Corporation Limited

OIL AND GAS — 7.86%

Alminex Limited
Dome Petroleum Limited
Shell Canada Limited "A"

PIPELINES — 3.26%

The Alberta Gas Trunk Line Co., Ltd. "A"

STEEL — 3.03%

Dominion Foundries and Steel, Limited

TRANSPORTATION — 4.25%

*Union Pacific Corp.

MISCELLANEOUS — 12.13%

*Jonathan Logan, Inc.
*Merck and Co., Inc.
*Morton-Norwich Products, Inc.
*Pioneer Hy-Bred International Inc.
*Scovill Manufacturing Company
Westburne International Industries Ltd.

TOTAL COMMON STOCKS

PREFERRED STOCKS — 2.93%

*Champion International Corp. \$1.20 Conv.

TOTAL INVESTMENT PORTFOLIO — 96.30%

Short-term notes — 3.04%

Other — 0.66%

TOTAL NET ASSETS — 100.00%

*Foreign Stocks

(See accompanying notes)

Number of shares	Quoted value	Diversification of \$10,000 of net assets
43,000	\$ 1,746,875	\$ 668
51,700	1,544,538	591
44,000	877,532	336
55,000	728,750	279
33,000	892,903	341
20,000	950,194	363
20,000	1,249,988	478
10,000	1,078,495	412
450,000	616,915	236
20,000	642,778	246
44,000	173,800	66
20,000	640,000	245
21,000	724,500	277
25,500	650,250	249
5,900	234,525	90
30,000	674,536	258
5,000	1,139,470	436
39,000	1,867,125	713
142,000	710,000	272
20,000	685,000	262
45,000	658,125	252
75,000	853,125	326
35,000	791,875	303
14,100	1,112,298	425
30,000	403,959	154
12,000	844,504	323
30,000	411,581	157
25,000	603,398	231
34,000	405,992	155
63,000	504,000	193
	<u>24,417,031</u>	<u>9,337</u>
40,000	767,269	293
	<u>25,184,300</u>	<u>9,630</u>
	793,777	304
	<u>172,691</u>	<u>66</u>
	<u>\$26,150,768</u>	<u>\$10,000</u>

auditors' report

To the Shareholders of
Eaton Growth Fund Ltd.:

We have examined the statement of financial position and the schedule of investments and other net assets of Eaton Growth Fund Ltd. as at December 31, 1975 and the statements of earnings, surplus and changes in net assets for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence 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, 1975 and the results of its operations and changes in 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.

Toronto, Canada,
March 8, 1976

Clarkson, Gordon & Co.
Chartered Accountants

notes to financial statements

December 31, 1975

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments are recorded in the accounts at their quoted value at the close of each business day, with the difference between this amount and average cost being shown as unrealized appreciation (depreciation) of investments.

The quoted value of foreign investments is translated to Canadian dollars at exchange rates prevailing at the close of each business day.

Purchases and sales of foreign securities and the related income are translated to Canadian dollars at the rates of exchange prevailing on the respective dates of such transactions.

Average cost is used to determine the gain or loss on sales of securities.

The accrual method of recording income and expenses is followed by the company with dividends being recorded on their ex-dividend date.

For each mutual fund share sold the company receives an amount equal to the net asset value per share at the date of sale. Of this amount the par value of \$1.00 is allocated to capital stock and the remainder to contributed surplus. The mutual fund shares are redeemable at the option of the shareholder at their net asset value

and for each share redeemed a corresponding allocation of the net asset value is made.

2. CAPITAL STOCK TRANSACTIONS

Capital stock transactions during the year were as follows:

	1975		1974	
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>
Subscriptions	160,381	\$1,291,845	213,753	\$1,595,806
Redemptions	454,587	\$3,697,233	722,361	\$5,512,742

In addition, 64,844 mutual fund shares (1974 — 88,439 shares) were issued at their net asset value in settlement of stock dividends as follows:

	1975		1974	
	<u>Per share</u>	<u>Amount</u>	<u>Per share</u>	<u>Amount</u>
Out of net earnings	17.5¢	\$546,440	16.5¢	\$549,625
Out of net gain on sales of securities	—	—	.5¢	16,655
	<u>17.5¢</u>	<u>\$546,440</u>	<u>17.0¢</u>	<u>\$566,280</u>

3. INCOME TAXES

The company qualifies as a mutual fund corporation for income tax purposes. Federal income taxes payable on taxable capital gains and dividends received from taxable Canadian corporations are refundable and accordingly are shown as an asset and not deducted in arriving at the net earnings for the year. The provision for income taxes on the statement of earnings includes all taxes on interest income and dividends from foreign corporations.

4. MANAGEMENT FEE

Under the terms of an agreement between the company and Eaton Fund Management Limited, all expenses incurred in the ordinary course of business, including remuneration of directors and officers, other than brokerage fees and all taxes, are paid by Eaton Fund Management Limited. In return for this and other investment management and administrative services, Eaton Fund Management Limited receives a management fee based on the average net assets of the company.

5. DIRECTORS AND OFFICERS

During the year the company had seventeen directors and seven officers. Three of the officers also served as directors.

officers

GORDON D. deS. WOTHERSPOON	Chairman of the Board
ARTHUR G. WEAVER	President
WILLIAM H. ZIMMERMAN	Vice-Chairman
C. VERNER CHRISTENSEN	Treasurer
ROBERT A. DUNFORD	Secretary
ROGER J. McGRAW	Assistant Treasurer
MAX W. ZIESACK	Assistant Secretary

directors

CHARLES W. BRAZIER	Vancouver, B.C.
ROBERT J. BUTLER	Don Mills, Ont.
EDMOND J. COURTOIS	Montreal, Que.
ROBERT E. DAVIES	Banff, Alta.
FREDRIK S. EATON	Toronto, Ont.
JOHN C. EATON	Toronto, Ont.
DOUGLAS D. EVERETT	Winnipeg, Man.
PHILLIP B. HOPGOOD	Halifax, N.S.
MURRAY J. HOWE	Burlington, Ont.
DAVID KINNEAR	Toronto, Ont.
CHARLES R. MacFADDEN	Halifax, N.S.
TREVOR F. MOORE	Toronto, Ont.
JOHN SAYWELL	Victoria, B.C.
ERIC D. SCOTT	Toronto, Ont.
ARTHUR G. WEAVER	Toronto, Ont.
GORDON D. deS. WOTHERSPOON	Uxbridge, Ont.
WILLIAM H. ZIMMERMAN	Toronto, Ont.

business office

Suite 3023, Place Victoria,
Montreal, Quebec H4Z 1B8

investment manager and distributor

Eaton Fund Management Limited
Toronto, Ontario

transfer agent and registrar

Eaton Trust Company
Montreal, Quebec

custodian of investments

International Trust Company
Toronto, Ontario

auditors

Clarkson, Gordon & Co.
Toronto, Ontario



fund highlights

- No initial sales charges.
- Low initial investment. \$200 minimum plus a \$10 administrative fee.
- Voluntary investments. No long term contract.
- Convenient payment system. Automatic monthly transfers from your bank account.
- Annual inter-fund transfer privilege.
- Invested internationally for strong growth potential.
- Service at any Eaton Financial Centre.

For further information, please contact your nearest
Eaton Financial Centre.