

United Financial Mgt. Co. C

UNITED ACCUMULATIVE RETIREMENT FUND

QUALIFIED FOR REGISTERED RETIREMENT SAVINGS PLAN AND
REGISTERED RETIREMENT INCOME FUND INVESTMENTS

P R O S P E C T U S

April 26, 1979

NO SECURITIES COMMISSION OR SIMILAR AUTHORITY IN CANADA
HAS IN ANY WAY PASSED UPON THE MERITS OF THE SECURITIES
OFFERED HEREUNDER AND ANY REPRESENTATION TO THE
CONTRARY IS AN OFFENCE.

UNITS OF TRUST OFFERED BY THIS PROSPECTUS ARE OFFERED
AT NET ASSET VALUE NEXT DETERMINED AFTER THE TIME OF
SALE PLUS SALES COMMISSION AND ARE DISTRIBUTED
THROUGH UNITED INVESTMENT SERVICES LTD. AS PRINCIPAL
DISTRIBUTOR.

HOWARD ROSS LIBRARY
OF MANAGEMENT

MAY 6

McGILL UNIVERSITY

CONTENTS

PAGE

1	1. THE OFFERING
	1.01 General
	1.02 Investment Objectives and Policy
	1.03 The Registered Retirement Savings Plan and Registered Retirement Income Fund Concepts
	1.04 Distributions to Unitholders
	1.05 Tax Information in respect of Distributions on RRSPs and RRIFs
	1.06 Tax Status of the Fund
2	2. METHODS OF PURCHASE
	2.01 Available Accounts
	2.01.1 Accumulation Plan
	2.02 Issue Price and Acquisition Charges
	2.03 Conversions from certain other United Funds and Changes of Ownership
3	3. VALUATION AND REDEMPTION OF INVESTMENT
	3.01 Frequency of Valuation
	3.02 Method of Determining Net Asset Value
	3.03 Redemption
	3.04 Service Charge Summary
	3.05 Rights and Conditions
5	4. ORGANIZATION OF THE FUND
	4.01 Trust Information
	4.02 Trustees and Officers of the Fund
6	5. INVESTMENT MANAGEMENT
	5.01 The Manager
	5.02 Directors and Officers of the Manager
	5.03 Portfolio Management
	5.04 Investment Restrictions
	5.05 Custodian of Portfolio Securities
	5.06 Registrar and Transfer Agent Responsibility
10	6. DISTRIBUTION
	6.01 Principal Distributor
	6.02 Directors and Officers of the Distributor
10	7. ADDITIONAL INFORMATION
	7.01 Rights of Unitholders
	7.02 Purchaser's Statutory Rights of Withdrawal and Rescission
	7.03 Principal Holders of Securities
	7.04 Material Contracts
12	8. INVESTMENT PORTFOLIO AND OTHER FINANCIAL STATEMENTS

UNITED ACCUMULATIVE RETIREMENT FUND

1. THE OFFERING

1.01 General

United Accumulative Retirement Fund (the "Fund") is an open-end mutual fund investment trust having its assets invested in a portfolio consisting primarily of equity shares of Canadian corporations. The Fund will continue to operate in such a manner that it will be qualified for registered retirement savings plan and registered retirement income fund investments. The assets of the Fund are managed by United Funds Management Corporation (the "Manager"). United Investment Services Ltd. (the "Distributor") is the principal distributor of the units of trust ("units") of the Fund. The assets of the Fund are deposited for safekeeping with a Canadian Chartered Bank (the "Custodian") at Toronto. Continental Trust Company (the "Registrar") is the Registrar and Transfer Agent of the units of the Fund. Further, Continental Trust Company, under investment plans, will purchase units on behalf of the investor and hold the same in its name in trust for the beneficial owners thereof on the books of the Fund. Correspondence from investors should be directed to the Registrar or the Distributor at their principal office at 145 King Street West, Toronto, Ontario, M5H 2E2. Eight individuals act as trustees of the Fund (the "Fund Trustees") but they do not receive or take possession of the securities or other assets of the Fund. Such pass directly to and are held by the Custodian. Continental Trust Company also acts as trustee of the individual registered retirement savings plan and registered retirement income fund trusts (the "Plan Trustee") taken out by the investor for the purpose of investing in the Fund.

1.02 Investment Objectives and Policy

The primary investment objective of the Fund is the long-term growth of capital through investment in securities, primarily common stocks, which in the judgment of the Manager offer above average growth potential. The Fund may periodically invest in bonds and other fixed interest securities when such appears advisable. See also section 5.04, Investment Restrictions.

1.03 The Registered Retirement Savings Plan and Registered Retirement Income Fund Concepts

Registered Retirement Savings Plans ("RRSPs") are provided for under the Income Tax Act (Canada) to permit a taxpayer to accumulate funds for retirement purposes and in so doing, to reduce the amount of income on which he would otherwise currently pay tax by the amount invested in an RRSP. Such amounts must be invested during the taxation year or within 60 days after the end of such year.

The maximum amount generally permitted to be invested each year under the provisions of the Income Tax Act (Canada) in an RRSP is \$5,500 and, in the case of a contributor who is a member of an employer pension plan to which the employer has made or will make a contribution on his behalf with respect to the current year, \$3,500 less any personal contributions in the year to the other plan. Both levels of contribution are subject to a maximum of 20% of earned income. Future benefits received will form part of taxable income.

Between age 60 and the end of the calendar year in which he reaches age 71, the taxpayer must purchase a registered retirement income fund or retirement annuity with the amounts accumulated in his RRSP and treat the amounts received therefrom as income for tax purposes and pay tax thereon at his after-retirement tax rates.

Registered Retirement Income Funds ("RRIFs") are provided under the Income Tax Act (Canada) to permit an annuitant under an RRSP to transfer the proceeds of liquidation of the RRSP into a RRIF without paying tax thereon at the time of transfer provided that the transfer is made between the 60th birthday and the end of the calendar year in which the annuitant becomes age 71. The RRIF is an investment fund held by a trustee for the annuitant and investing in investments such as the Fund that qualify as investments for RRSPs. Periodic payments are made from the RRIF to the annuitant until the last day of the year in which he reaches age 90. The payments are of such amounts that those made in each year taken together are generally equal to the net asset value of the RRIF at the beginning of such year divided by the number of years left to age 90.

The Plan Trustee will hold the units of the Fund for the account of each such individual RRSP or RRIF trust as a separate trust fund account on the books of the Fund on behalf of the investor. For its services as RRSP or RRIF Plan Trustee, it shall be entitled to an administration fee as established under the RRSP or RRIF trust agreement. At present rates the Plan Trustee will receive for its services an annual fee of \$12.00 for each RRSP and \$25.00 for each RRIF; such fee to be realized on August 31 in each year from the account of the Planholder. Further, the Plan Trustee is entitled to deduct \$200.00 at the time of any closing or transfer prior to maturity at age 90.

Due to market fluctuations, the Fund provides no assurance of a return of the original investment.

1.04 Distributions to Unitholders

Distributions to provide a full flow through of net income and taxable realized capital gains shall be made once in each calendar year or more often, if, in the opinion of the Fund Trustees, it is in the interests of the investors as a class so to do. Such distributions will be automatically reinvested in additional units of the Fund at net asset value per unit without sales charges and credited to the unitholder's account.

Distributions to unitholders in each of the fiscal periods ended December 31, assuming that the unit was held for the entire fiscal period were:

<u>Year</u>	<u>Per Unit From Income</u>
1974	16.5¢
1975	17¢
1976	14.5¢
1977	13¢
1978	11.75¢

1.05 Tax Information in respect of Distributions on RRSPs and RRIFs

So long as the unitholder's investment is held by his individual RRSP or RRIF, the distributions referred to in section 1.04 will be exempt from income tax in the year of distribution.

Subject to the provisions of the Income Tax Act (Canada) as they may be amended from time to time, in the event the investor liquidates to cash and deregisters a part or all of his RRSP prior to the purchase of a RRIF or an annuity, the proceeds of liquidation will normally be added to the taxable income of the investor in the taxation year of such liquidation. If such liquidation of his RRSP is by way of a qualified transfer to a registered retirement savings plan or RRIF, the amount thereof will not be so added to taxable income. The benefits payable under the RRIF or annuity are taxable as earned income in the year when received.

1.06 Tax Status of the Fund

The Fund, being a mutual fund trust, acts as a conduit and, therefore, is not itself under normal circumstances subject to Canadian taxes on income (including net taxable realized capital gains) under relevant tax legislation as the income and net realized capital gains are distributable to the unitholders under the terms of its Trust Deed in the manner and to the extent referred to in section 1.04.

2. METHODS OF PURCHASE

Units of the Fund are available for purchase through the Distributor and through its selected mutual fund dealers and brokers ("selected brokers") qualified to transact securities business in the provinces in which units may be offered for sale to the public as described below. Subscriptions for units received by a sales representative or agent shall be mailed to the principal office of the Distributor and the Registrar, 145 King Street West, Toronto, Ontario, M5H 2E2, the same day they are received. Further, at the subscriber's request and expense, a subscription request may be transmitted by wire or telephone to the said principal office. Any subscription may be rejected by the Distributor or the Registrar. The decision to accept or reject subscriptions will be exercised promptly and in any event within 2 days of receipt of the subscription and in the case of a rejection, all monies received with the subscription will be refunded to the subscriber immediately.

2.01 Available Accounts

Units are available on initial investment in amounts of \$1,000 or more and subsequent investments may be made in amounts of \$100 or more excepting for RRIF plans which require an initial investment of \$40,000.

2.01.1 Accumulation Plan

Amounts of less than \$1,000 will be accepted under the Accumulation Plan. Initial investments must be at least \$100 and subsequent investments must be at least \$50 each. If the initial investment is less than \$500, the application must be accompanied by a pre-authorized chequing plan to provide for subsequent investments. Subsequent investments of less than \$100 each must be by a pre-authorized chequing plan.

The Registrar reserves the right to redeem in full any Accumulation Plan account on the second Thursday in March of the third year, or any subsequent year, after the calendar year in which the account was opened if the amount invested therein, less redemptions, is then less than \$1,000.

2.02 Issue Price and Acquisition Charges

The issue price of each unit shall be the net asset value thereof next determined after the time of sale (being the time that a subscription with payment has been received at the principal office of the Distributor at Toronto, Ontario) plus the sales commission payable. Sales commission is payable on application. Sales made after the time of closing of The Toronto Stock Exchange on a day when net asset is determined shall be deemed to have been made after such determination of net asset value.

The Distributor receives the sales commission. The balance received is invested in the Fund. Sales commission rates are as follows:

where the "amount invested" is	commission as a % of price paid by investor shall not exceed	commission as a % of net asset value of units purchased shall not exceed
\$ 0 to \$ 24,999	9%	9.89%
\$ 25,000 to \$ 49,999	7%	7.53%
\$ 50,000 to \$ 99,999	5%	5.26%
\$100,000 to \$199,999	4%	4.17%
\$200,000 to \$299,999	3%	3.09%
\$300,000 to \$499,999	2%	2.04%
\$500,000 or more	1%	1.01%

To determine the "amount invested", the above table will be applied to each investment separately.

2.03 Conversions from certain other United Funds and Changes of Ownership

Where (i) an investment is converted from one fund to another or between the Fund and any fund associated with it or (ii) the registration of a change of ownership of the investment is requested by the investor and otherwise permitted by the prospectus of the fund effected, then no sales charge will be payable on the conversion or change of ownership. The shareholder or unitholder will be required to pay applicable tax, if any, on any gain realized on the redemption of shares or units converted. If such transaction is effected by redemption or conversion of part only of an account then a minimum balance of \$1,000 must be left in such account. No conversion to the Fund will be permitted from any Periodic Withdrawal Programme of an associated fund if, as a result, there is an amount of less than \$10,000 in net asset value remaining in such Programme.

Similar arrangements for conversion into other associated funds are currently offered by such funds to unitholders of this Fund.

3. VALUATION AND REDEMPTION OF INVESTMENT

3.01 Frequency of Valuation

The net asset value of each unit will be determined in accordance with the provisions of the Trust Deed and shall take effect at the times and for the purposes of pricing for sales and redemptions as set out in the paragraphs relating to such transactions and any determination of net asset value so made shall be binding on all parties. A determination of net asset value shall be made:

- as of the close of business of The Toronto Stock Exchange on (1) each Thursday in each week and in the event that Thursday is a holiday then on the next business day (as defined in sub-paragraph (iii) of section 3.03) following such Thursday and further (2) on the last business day of each calendar month, and
- in addition to the foregoing, at any particular time selected by the Manager on any day if such is for any reason deemed advisable.

3.02 Method of Determining Net Asset Value

The net asset value of each unit shall be determined in accordance with the Trust Deed as follows:

The net asset value of each unit as of any particular time shall be the quotient obtained by dividing the value, as at such time, of the net assets of the Fund (i.e. the value of the assets of the Fund less its liabilities) by the total number of units of the Fund outstanding at such time.

The value of any bond, time note, share of stock, subscription right or other security which shall be listed or dealt with upon any recognized stock exchange shall be determined as of the close of business by taking the last sale price (or lacking any sales, a price not higher than the closing asked price and not lower than the closing bid price therefor as the Manager may from time to time determine) on that exchange on the date as of which the net asset value is being determined, and, in the case of a determination made other than as of the close of business, the latest available quotations (i.e. last sale preceding the time as of which the determination is being made or latest bid and asked if there was no sale on that day) shall be used.

The value of any bond, time note, share of stock, subscription right or other security or other property which is not listed on a recognized stock exchange shall be determined by taking the last ascertainable sale price thereof or, in the event of any lack of sales or in the event that the Manager is of the opinion that such last ascertainable sale price does not accurately reflect the value of such security or property, then such value shall be determined by taking such price as the Manager may, from time to time, determine provided that it shall not be higher than the last quoted asking price and not lower than the last quoted bid price. Restricted securities and other non-liquid assets, if any, (further referred to in item 21 under section 5.04, Investment Restrictions) shall be valued while their disposition is restricted at a discount rate from the market price equal to that at which such securities were purchased.

Clearing corporation options, if purchased, shall be valued at current market value. Upon writing of covered clearing corporation options, the premium received shall immediately be set up as a liability. Thereafter, so long as the Fund's obligations under the option is outstanding, such liability shall be valued at an amount equal to the current market value of an option, the purchase of which would have the effect of extinguishing the Fund's liability under the written option. The stocks which are the subject of a clearing corporation option, shall continue to be valued at current market value.

3.03 Redemption

Any investor may require the Registrar at any time and from time to time to accept for redemption at the net asset value thereof, all of the units registered in his name by delivering a written request (a) to the Distributor or to it at their principal office, at Toronto, Ontario or (b) to a sales manager, representative or agent of the Distributor who shall mail it to the Registrar at Toronto the same day it is received. A redemption request may be transmitted to the Registrar at Toronto by wire or telephone at the investor's request and expense and the representative or agent shall so advise the investor. The redemption will be carried out subject to the following terms and conditions:

(i) Units to be redeemed pursuant to any notice deposited with the Registrar at Toronto, shall be redeemed at the net asset value next determined following such deposit; provided, however, that any notice deposited after the close of business of The Toronto Stock Exchange on a day when net asset value is determined, shall be deemed to have been deposited on the next business day.

A minimum balance of \$1,000 in net asset value of the remaining units must be left invested at the time of any partial redemption or the Registrar has the right to redeem the remaining units, make appropriate payment therefor and close the account.

(ii) Notwithstanding the foregoing, where units being redeemed have been purchased by payment to the Fund made within 90 days of the deposit of notice of redemption at a sales commission of less than 2% of the sales price, then a redemption fee will be charged and deducted from the redemption price of the units in an amount equal to the difference between the sales commission actually charged on the units being redeemed and 2% of the sales price. Such redemption fee will be retained by the Fund.

(iii) A business day shall mean a business day of the Fund which is normally a day when The Toronto Stock Exchange is open for trading.

(iv) Deposit of notice of redemption shall be valid only when a written request from the investor has been delivered to and received at the principal office of the Registrar at Toronto, Ontario, in a form satisfactory to the Registrar and with signature guaranteed by a Canadian Chartered Bank, a Trust Company authorized to do business in Canada, a Caisse Populaire or a selected broker together with evidence of compliance with the requirements of the Plan Trustee and all laws and regulatory requirements pertaining to such redemption.

(v) Payment for such units shall be made within 7 days after the date as of which the units are valued for redemption. Payment for such units so to be redeemed (less federal and other taxes, if any, and Plan Trustee fees) shall be made by cheque payable to the Plan Trustee or in accordance with its direction.

(vi) Redemption of units owned by the investor is only permitted upon the written request of such investor or for the purposes of payment of service fees, taxes and other lawful charges and the liquidation of small accounts as provided for herein.

3.04 Service Charge Summary

(i)	Plan Trustee's fees (see section 1.03)	
	RRSP — administration per year	\$ 12.00
	RRIF — administration per year	25.00
	— premature closing	200.00
(ii)	Sales charges (see section 2.02)	
(iii)	Management fees (see section 5.01)	

3.05 Rights and Conditions

The rights, limitations and conditions related to the purchase of units of the Fund shall be such as are provided in the then current prospectus and the unitholder will be provided with a copy of the current prospectus or otherwise advised of changes, if any, to such rights, limitations and conditions. The rights, limitations and conditions (other than those related to acquisition fee under Retirement Savings Periodic Investment Plans sold under a previous prospectus) related to the investment shall be such as are established from time to time by the Fund Trustees for the orderly regulation and administration of unitholders' accounts as such are evidenced by the provisions of the Trust Deed, laws, regulations and administrative policies to which the Fund becomes subject, as such may be amended from time to time. Such rights, limitations and conditions shall include but not be limited to rights to redemption, transfer, distributions to unitholders and the maintenance of investment records and accounts in respect of any and all forms of investments in the Fund.

4. ORGANIZATION OF THE FUND

4.01 Trust Information

United Financial Management Ltd. (the "Parent Company") established and promoted the Fund in accordance with the laws of Ontario by a Declaration of Trust dated August 31, 1971. The Declaration of Trust was superseded by a Trust Deed dated November 30, 1971 under which the Parent Company as Settlor of the trust appointed Trustees of the Fund. The Fund has its head office and principal place of business at 145 King Street West, Toronto, Ontario.

4.02 Trustees and Officers of the Fund

The names and home addresses in full of all Trustees and Officers of the Fund, the positions with the Fund held by each and the principal occupations of each within the 5 preceding years are as follows:

<u>Name and Home Address</u>	<u>Position with the Fund</u>	<u>Principal Occupation</u>
John Hewson Coleman, LL.D. (Hon.), K.M. Apartment No. 603-4, 561 Avenue Road, Toronto, Ontario.	Chairman of the Board, President and Trustee	President, J.H.C. Associates Ltd.
Stanley Roy Anderson 64 Ravine Park Crescent, West Hill, Ontario.	Vice-President, Secretary and Trustee	Secretary, United Financial Management Ltd.
Gordon Arthur Christopher, B.A., LL.B., 1668 West 40th Avenue, Vancouver, British Columbia.	Trustee	President, Christopher Enterprises Ltd.
H. Reuben Cohen, Q.C., D.C.L. 115 Hillcrest Drive, Moncton, New Brunswick.	Trustee	Barrister and Solicitor
Jacques de Billy, Q.C. 1410 Oak Avenue, Quebec City, Quebec.	Trustee	Senior Partner, Gagnon, de Billy, Cantin, Dionne, Martin, Beaudoin & Lesage

<u>Name and Home Address</u>	<u>Position with the Fund</u>	<u>Principal Occupation</u>
Leonard Ellen..... 94 Summit Crescent Westmount, Quebec.	Trustee	President, Leonard Ellen Incorporated (Prior to March, 1977— Chairman of the Board and Managing Director, C.J. Hodgson, Richardson Inc.)
Graham Martin MacLachlan 6 Wilket Road, Willowdale, Ontario.	Trustee	Retired Executive
James Bernard Prendergast 58 Old Forest Hill Road, Toronto, Ontario.	Trustee	President, Westroc Industries Limited (Prior to September, 1975— President, United Financial Management Ltd.)
William James Clarke..... 1188 Carey Road, Oakville, Ontario.	Executive Vice-President.....	President, United Financial Management Ltd. (Prior to January, 1975— Vice-President, The Metropolitan Trust Company)
Gerald Francis Coleman 2510 Winthrop Crescent, Mississauga, Ontario.	Vice-President	Vice-President, United Funds Management Corporation (Prior to September, 1978 — Regional Manager, Pension Investment Services, Montreal Trust Company)
James Lionel Dent 100 Ranstone Gardens, Scarborough, Ontario.	Vice-President	Vice-President, United Financial Management Ltd.
Engelbert Joseph Dessailly 56 Cassandra Boulevard, Town House 4, Don Mills, Ontario.	Treasurer	Treasurer, United Financial Management Ltd. (Prior to January, 1975— Treasurer, Canadian Security Management Ltd.)
John Winston Henry Davies Jones 40 Onslow Court, Oakville, Ontario.	Controller	Controller, United Financial Management Ltd. (Prior to March, 1976— Supervisor, General Accounting, United Financial Management Ltd.)

5. INVESTMENT MANAGEMENT

5.01 The Manager

United Funds Management Corporation, a professional investment management company, incorporated under the laws of Ontario, with head office and principal place of business at 145 King Street West, Toronto, Ontario, is the Manager of the Fund. Under its Agreement (as amended) dated November 30, 1971, the Manager is responsible to supervise, manage and direct the investment of the cash, securities and other property comprising the assets of the Fund and to recommend what securities should be purchased or sold and what portion of the Fund's assets should be held uninvested. The Manager also provides and pays for adequate office space and equipment, pays for any other expenses incidental to the operation thereof including the costs and fees of the Fund Trustees, maintains the financial accounts of the Fund, calculates, when required, the net asset value of the units and places orders for the purchase and sale of securities on behalf of the Fund.

Any brokerage fees and commissions, costs, claims and adjustments on the purchase and sale of portfolio securities and taxes of all kinds to which the Fund is or might be subject will be borne by the Fund. All other fees and expenses incurred by the Fund in the ordinary course of its business relating to its organization, management and operation will be paid by the Manager.

For all services and facilities which the Manager provides to the Fund, it is paid effective May 1, 1979 for each day 1/365 of the sum of:- 1¼% of the first \$40,000,000, plus 1½% of the excess over \$40,000,000 up to \$80,000,000, plus 1¼% of the excess over \$80,000,000 up to \$120,000,000, plus 1% of the excess over \$120,000,000 of the net assets of the Fund. The Manager's fee for each day in any period commencing with the day that net asset value of the assets of the Fund is determined and ending with the next day that such net asset value is again determined shall be based upon the net asset value determined at the beginning of such period.

Any changes in management fees will not be made without prior approval by a vote of at least 50% of the units represented by a return of proxies solicited by prior notice of at least 21 days and at which a quorum of at least 10% of the issued and outstanding units has been obtained in accordance with National Policy Statement No. 7.

Charges to the Fund over the last 5 years were as follows, based on management fees in effect during the period:

	<u>Net asset value per unit</u>		<u>Distributions per unit (b)</u>	<u>Total fees charged to the Fund (c)</u>	<u>Total charges as a per cent of average net assets (d)</u>
	<u>At beginning of year</u>	<u>At end of year</u>			
1974	\$5.14	\$3.65	16.5¢	\$154,958	0.992%
1975	3.65	4.01	17¢	169,358	1.017%
1976	4.01	4.00	14¢	178,540	1.077%
1977	4.00	4.33	13¢	150,274	1.100%
1978	4.33	5.84	11.75¢	166,561(a)	1.258%

- Had the rate of management fee effective from May 1, 1979 been applied to 1978 average net assets, the column for total fees charged to the Fund would show \$231,703 and the column for total charges as a per cent of average net assets would show 1.75% for 1978 in the above table.
- Cumulative distributions for the 5 years were 72.25¢ per unit.
- All charges were paid by the Fund except for transaction charges. Plan Trustee fees and other fees for services provided to unitholders on elective basis.
- Average net assets are calculated to be the average of the net asset value determined at the end of each month.
- Management charges vary from one mutual fund to another.

The amount of remuneration paid by the Fund to the Manager during the last completed financial year was \$166,561.

The total amount of brokerage paid by the Fund during each of the financial years ended December 31, 1976, 1977 and 1978 was \$132,466; \$64,979 and \$83,483 respectively. The amounts thereof paid to principal brokers by the Fund were in 1976 to C.J. Hodgson, Richardson Inc., \$34,442, being 26% of such total amount of brokerage; in 1977 to McLeod Young Weir Limited, \$13,115, being 20% of such total amount of brokerage and in 1978 to Loewen, Ondaatje, McCutcheon & Company Limited, \$13,809, being 16.54% of such total amount of brokerage.

5.02 Directors and Officers of the Manager

The names and home addresses in full of all Directors and Officers of the Manager and the positions with the Manager held by each are as follows:

<u>Name</u>	<u>Home Address</u>	<u>Position with the Manager</u>
William James Clarke	1188 Carey Road	President and Director
	Oakville, Ontario	
Stanley Roy Anderson	64 Ravine Park Crescent	Vice-President,
	West Hill, Ontario	Secretary and Director
Gerald Francis Coleman	2510 Winthrop Crescent	Vice-President and Director
	Mississauga, Ontario	

<u>Name</u>	<u>Home Address</u>	<u>Position with the Manager</u>
James Lionel Dent	100 Ranstone Gardens..... Scarborough, Ontario	Vice-President and Director
James Montague Farley	234 Cardinal Drive..... Oakville, Ontario	Director
Engelbert Joseph Dessailly	56 Cassandra Boulevard Town House 4 Don Mills, Ontario	Treasurer
John Winston Henry Davies Jones ...	40 Onslow Court Oakville, Ontario	Controller

5.03 Portfolio Management

The Manager retains a staff of professional and trained investment managers who analyse and study data, information and recommendations obtained from all available sources including direct discussion with management of a company whose securities are being considered for purchase and recommendations and studies offered by brokers and economists. All purchases and sales of securities must be authorized by the Manager. Each Fund Trustee and each member of the Board of Directors of the Manager is provided with a detailed monthly report of such purchases and sales. The portfolio is reviewed frequently by the Manager and, if warranted, is further considered at meetings of the Fund Trustees. Transactions are normally arranged through a large number of brokerage houses. Payments for and settlement of transactions are formally carried out by the Custodian of the securities. The Manager and its personnel never have custody of any portfolio securities at any time. In determining the allocation of brokerage business, the Manager's objectives will include ensuring that the stock exchange and brokerage firm used will be such as to provide for execution of the portfolio transaction as expeditiously as possible at favourable prices and that, where not inconsistent with the transaction objective, allocation of brokerage business will result in the generation of research services and securities trading services and market information from the brokerage community consistent with good portfolio management practice.

The total cost of securities of the Fund portfolio at December 31, 1977 was \$13,334,403 and at December 31, 1978 was \$13,456,765. The total cost of securities purchased during the financial year ended December 31, 1978 was as follows:

(a) Short term notes:	
Government issued or guaranteed securities	\$ 586,227
Other short term notes	7,168,789
(b) Other securities	4,441,112
Total	<u>\$12,196,128</u>

5.04 Investment Restrictions

The Fund will continue to be operated as a fully managed mutual fund. Subject to the following investment restrictions, the Fund's assets may be invested in securities of any class or kind in any country. Investment of the Fund's assets is restricted and all investors will be notified within 15 days of any amendment to the Trust Deed which changes such restrictions. The Fund:

1. shall not borrow money or hypothecate, mortgage or pledge any of its property, real or personal, movable or immovable;
2. shall not purchase on margin securities of any sort;
3. shall not sell short any security;
4. shall not underwrite or participate in the underwriting of any securities;
5. shall not participate on a joint or joint and several basis in any trading account in securities;
6. shall not lend any of its funds or other assets to any person, directly or indirectly, other than through the purchase, in accordance with the investment policies of the Fund, of securities of a person who does not control and is not under common control with the Fund;
7. shall not purchase or otherwise acquire any security issued by or any other interest in the business of any person who is a broker or dealer or is engaged in the business of underwriting or is an investment adviser;
8. shall not knowingly acquire any security:
 - (a) if, after giving effect thereto, the Fund would at the time of such acquisition directly or indirectly own, control or hold with power to vote 10% or more of the outstanding voting securities of any other company;

- (b) of an issuer (other than securities issued or guaranteed by the Government of Canada or any province thereof or any agency of any such government) if, after giving effect thereto, the Fund would have invested more than 10% of its net assets determined in accordance with the provisions of its Trust Deed, in securities of such issuer;
- 9. shall not deal with a Trustee or the Manager, any affiliate or any officer or director or employee thereof as principal in making purchases or sales of securities (other than units which may be issued by the Fund itself); provided that any affiliate or any officer or director or employee of the Manager may, upon compliance with applicable laws and regulations, either directly or through a firm, act as a broker and they may accept the customary commissions in the purchase and sale of securities by or for the account of the Fund and the Distributor referred to in section 6.01 may act as such in connection with the purchase or sale of any units issued by the Fund;
- 10. shall not purchase or sell real estate;
- 11. shall not purchase or sell commodities or commodity future contracts;
- 12. shall not purchase or write options; except that with respect to clearing corporation options issued by such corporations as are recognized by the Ontario Securities Commission, the Fund may
 - i) purchase such options provided that immediately following such purchase the value of all rights, warrants and options collectively held shall not exceed 5% of the value of the Fund's net assets;
 - ii) write such "covered" options provided that immediately following such writing the value of the securities underlying all options written and outstanding shall not exceed 10% of the Fund's assets invested in stock;
- 13. shall not purchase securities of its management company or contractual distributor;
- 14. shall not issue purchase warrants or any obligations, bonds, notes, debentures or other senior securities;
- 15. shall not purchase securities which are the object of an initial sale or distribution, unless (a) such securities may be lawfully sold in the jurisdiction in which the Fund and its Manager are situate, and (b) such securities may be lawfully sold in the jurisdiction in which the issuer is situate;
- 16. shall not invest in any security which may, by its terms, require the Fund to make an additional contribution;
- 17. shall not invest in the securities of mutual funds or in the securities of any other pooled investment vehicles from which investment advisory or management fees are exigible;
- 18. shall not purchase securities other than through normal public market facilities unless the purchase price approximates the prevailing market price and is negotiated on an arm's length basis;
- 19. shall require the Trustees and any director, officer or employee of the Manager engaged in investment research or participating in any way in any investment decision with respect to the securities of a company in which such Trustee, director, officer or employee has any interest, direct or indirect, to disclose immediately such interest and refrain from voting on such investment decision;
- 20. shall not invest in mortgages;
- 21. shall not invest in excess of 10% of the net asset value of the Fund in restricted securities and other non-liquid assets which term shall include options, rights and warrants;
- 22. shall not invest in excess of 10% of its assets in foreign property as defined in the Income Tax Act (Canada).

5.05 Custodian of Portfolio Securities

Securities and cash owned by the Fund are deposited for safekeeping with and are kept by the Custodian, a Canadian Chartered Bank, 44 King Street West, Toronto, Ontario or such other depository as may be necessary or advisable in the due operation of the Fund and is arranged through the Custodian. The Manager pays the fees of the Custodian.

5.06 Registrar and Transfer Agent Responsibility

By agreement dated April 26, 1974, as amended, Continental Trust Company, a 99.8% owned subsidiary of United Financial Management Ltd., was appointed Registrar and Transfer Agent for the Fund in the cities of Toronto, Montreal, Edmonton, and Vancouver. The costs of the registrar and transfer agent services that would otherwise be payable by the Fund are borne by the Manager under the management contract. Estates of investors who were residents of the Provinces of Saskatchewan, Manitoba, Nova Scotia, New Brunswick, Prince Edward Island or Newfoundland are required to file Form 3 under the Succession Duty Act of the Province of Ontario and obtain a release or pay duty where the circumstances so require.

6. DISTRIBUTION

6.01 Principal Distributor

United Investment Services Ltd. with head office at 1201 Place du Canada, 1010 La Gauchetière Street West, Montreal, Quebec is the principal distributor of the Fund. The offers and applications together with any payments in respect thereof are sent to it at 145 King Street West, Toronto, Ontario. It is the intention of the Fund Trustees and of the Distributor to offer the units in continuous offering.

6.02 Directors and Officers of the Distributor

The names and home addresses in full of all Directors and Officers of the Distributor and the positions with the Distributor held by each are as follows:

<u>Name</u>	<u>Home Address</u>	<u>Position with the Distributor</u>
William James Clarke	1188 Carey Road	President and Director
	Oakville, Ontario	
Stanley Roy Anderson	64 Ravine Park Crescent	Vice-President, Secretary
	West Hill, Ontario	and Director
Gerald Francis Coleman	2510 Winthrop Crescent	Vice-President and Director
	Mississauga, Ontario	
James Lionel Dent	100 Ranstone Gardens	Vice-President and Director
	Scarborough, Ontario	
James Montague Farley	234 Cardinal Drive	Director
	Oakville, Ontario	
Marcel Rosaire LaRochelle	774 Colonel Jones Avenue ...	Vice-President
	Ste Foy, Quebec	
Engelbert Joseph Dessailly	56 Cassandra Boulevard	Treasurer
	Town House 4	
	Don Mills, Ontario	
John Winston Henry Davies Jones ...	40 Onslow Court	Controller
	Oakville, Ontario	
Judith Ann Kavanagh	1645 DeMaisonneuve	Assistant Secretary
	Boulevard West	
	Apartment 515	
	Montreal, Quebec	

7. ADDITIONAL INFORMATION

7.01 Rights of Unitholders

The units of the Fund rank equally in respect of all unitholder rights. The Fund is operated and controlled under the Trust Deed. Fractional units shall have the same rights, limitations and conditions which are provided for whole units in the proportions which they bear to one unit of the Fund. Unitholders will be provided with the proxy material issued by the Fund and given an opportunity to vote in person or by proxy.

The Fund Trustees will refer for determination by the vote of unitholders, any material changes to investment policy, fees paid by the Fund and negotiated on other than a fully arm's length basis with the Fund Trustees, the renewal of the management contract in the fifth year, any material amendment to the Trust Deed and any other matter deemed by the Fund Trustees to be a proper matter under the Trust Deed for reference to unitholders and the cost of such reference shall be borne by the Manager. Matters other than those referred to above which affect unitholders as a class may be referred to a vote of unitholders by unitholders representing 5% of the units of the Fund and the cost of such reference shall be borne by such last mentioned unitholders.

7.02 Purchaser's Statutory Rights of Withdrawal and Rescission

Sections 64 and 65 of The Securities Act (Ontario), Sections 63 and 64 of The Securities Act (Manitoba), Sections 70 and 71 of The Securities Act, 1967 (Saskatchewan) and Sections 64 and 65 of The Securities Act (Alberta) provide, in effect, that where a security is offered to the public in the course of distribution:

- (i) a purchaser will not be bound by a contract for the purchase of such security if written or telegraphic notice of his intention not to be bound is received by the vendor not later than midnight on the second business day after the prospectus offering such security is received or is deemed to be received by the purchaser or his agent; and
- (ii) a purchaser has the right to rescind a contract for the purchase of such security, while still the owner thereof, if the prospectus or any amended prospectus offering such security contains an untrue statement of a

material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made, but no action to enforce this right can be commenced by a purchaser after the expiration of 90 days from the later of the date of such contract or the date on which such prospectus or amended prospectus is received or is deemed to be received by the purchaser or his agent.

Sections 61 and 62 of the Securities Act (British Columbia) provide in effect that, where a security is offered to the public in the course of primary distribution, a purchaser has the same right of rescission described in (ii) above and also that a purchaser has a right to rescind a contract for the purchase of a security, while still the owner thereof, if a copy of the last prospectus, together with financial statements and reports and summaries of reports relating to the securities as filed with the Superintendent of Brokers, was not delivered to him or his agent prior to delivery to either of them of the written confirmation of the sale of the securities. Written notice of intention to commence an action for rescission must be served on the person who contracted to sell within 60 days of the date of delivery of the written confirmation, but no action shall be commenced after the expiration of three months from the date of such notice.

Reference is made to the said Acts for the complete texts of the provisions under which the foregoing rights are conferred and the foregoing summary is subject to the express provisions thereof.

7.03 Principal Holders of Securities

As of March 31, 1979, units or shares of the Fund, of the Manager and of the Distributor held by any one shareholder holding more than 10% of any class of each such corporation's or trust's shares or units were as follows:

<u>Name and Address of Shareholders</u>	<u>Name of Corporation</u>	<u>Relationship to Issuer</u>	<u>Designation of Class</u>	<u>Type of Owner- ship</u>	<u>Number of Shares owned</u>	<u>Percent of Class</u>
Exco Corporation Limited 1583 Hollis Street Halifax, Nova Scotia	United Financial Management Ltd. 145 King St. W. Toronto, Ontario	Direct Shareholder of Manager	Common	Bene- ficial and of Record	1,151,711	92.25%
United Financial Management Ltd. 145 King St. W. Toronto, Ontario	United Funds Management Corporation 145 King St. W. Toronto, Ontario	Manager	Common	Bene- ficial and of Record	252,500	100%
United Funds Management Corporation 145 King St. W. Toronto, Ontario	United Investment Services Ltd. 1201 Place du Canada 1010 La Gauchetière St. W. Montreal, Quebec	Principal Distributor	Common	Bene- ficial and of Record	5,000	100%

H. Reuben Cohen, Q.C., 115 Hillcrest Drive, Moncton, New Brunswick owns 50% and Leonard Ellen, 94 Summit Crescent, Westmount, Quebec owns 49.96% of the issued and outstanding shares of Exco Corporation Limited.

As of March 31, 1979, the directors and senior officers of the Manager as a group, owned, directly and indirectly, less than 1% of its common shares. The Trustees and senior officers of the Fund as a group owned less than 1% of its units.

7.04 Material Contracts

The Trust Deed dated November 30, 1971, as amended - See section 4.01.

The Management Agreement dated November 30, 1971, was amended to provide for an increase in management fees to those described in section 5.01. This increase will be effective May 1, 1979.

The Registrar Agreement dated April 26, 1974, as amended - See section 5.06.

The Custodian Agreement with a Canadian Chartered Bank dated November 30, 1971 - See section 5.05. The Distributor Agreement dated November 30, 1971, as amended - See section 6.01.

Copies of all contracts referred to in this prospectus may be inspected at the principal office of the Registrar, 145 King Street West, Toronto, Ontario during normal office hours. These contracts may also be inspected at the head office of the Distributor at 1201 Place du Canada, 1010 La Gauchetière Street West, Montreal, Quebec.

UNITED ACCUMULATIVE RETIREMENT FUND
INVESTMENT PORTFOLIO — December 31, 1978

	Number of Shares or Par Value	Average Cost	Market Value
Common Shares: 76.61%			
Banks, Finance, Trust and Loan: 13.31%			
Canada Trustco Mortgage Company "A"	15,100	\$ 364,351	\$ 366,175
IAC Limited	15,200	313,519	271,700
MICC Investments Limited	50,000	497,514	500,000
The Royal Bank of Canada	23,000	839,475	876,875
		<u>\$ 2,014,859</u>	<u>\$ 2,014,750</u>
Merchandising: 2.25%			
Hudson's Bay Company	16,800	365,459	340,200
Metals and Mining: 17.20%			
Brenda Mines Ltd.	10,000	77,637	143,750
Gibraltar Mines Limited	100,000	754,258	587,500
Mattagami Lake Mines Limited	53,100	921,644	823,050
Placer Development Limited	40,000	727,949	1,050,000
		<u>2,481,488</u>	<u>2,604,300</u>
Oil and Gas: 9.94%			
Canadian Reserve Oil and Gas Ltd.	20,000	184,160	290,000
Pacific Petroleum Ltd.	15,000	495,193	928,125
Universal Gas Co. Ltd.	25,000	152,072	287,500
		<u>831,425</u>	<u>1,505,625</u>
Paper and Forest Products: 14.86%			
Consolidated-Bathurst Inc. "A"	60,000	535,177	855,000
Domtar Inc.	30,000	678,725	738,750
MacMillan Bloedel Limited	30,000	683,654	656,250
		<u>1,897,556</u>	<u>2,250,000</u>
Steel: 8.75%			
Interprovincial Steel and Pipe Corporation Ltd.	24,955	442,524	480,383
The Steel Company of Canada, Limited "A"	30,000	884,017	843,750
		<u>1,326,541</u>	<u>1,324,133</u>
Textiles: 1.88%			
Dominion Textile Limited	25,000	277,991	284,375
Transportation: 8.42%			
Canadian Pacific Limited	50,000	917,339	1,275,000
TOTAL COMMON SHARES: 76.61%		<u>10,112,658</u>	<u>11,598,383</u>
Short Term Commercial Notes: 22.09%			
Bank of Montreal, Bankers Acceptance, 10.60%, March 15, 1979	\$500,000	488,925	488,925
Canadian Tire Acceptance, 10.35%, February 7, 1979	\$300,000	294,571	294,571
Canadian Tire Acceptance, 10.35%, February 7, 1979	\$500,000	490,951	490,951
IAC Limited, 10.40%, March 12, 1979	\$500,000	500,000	500,000
The Mercantile Bank of Canada, 10.25%, February 7, 1979	\$500,000	491,035	491,035
The Mercantile Bank of Canada, 10.15%, February 12, 1979	\$500,000	490,585	490,585
Saskatchewan Treasury Bills, 10.40%, February 28, 1979	\$500,000	488,040	488,040
Union Gas Limited, 10.50%, March 12, 1979	\$100,000	100,000	100,000
		<u>3,344,107</u>	<u>3,344,107</u>
TOTAL INVESTMENT PORTFOLIO		<u>\$ 13,456,765</u>	<u>\$ 14,942,490</u>
Summary:			
Investment Portfolio		<u>98.70%</u>	<u>\$ 14,942,490</u>
Other Assets (Liabilities)(Net)		<u>1.30</u>	<u>197,533</u>
Net Assets		<u>100.00%</u>	<u>\$ 15,140,023</u>

See accompanying notes

UNITED ACCUMULATIVE RETIREMENT FUND

(A Mutual Fund established by declaration of trust)

ASSETS AND LIABILITIES

December 31, 1978

ASSETS:

Investment portfolio at market value (average cost \$13,456,765)	\$ 14,942,490
Interest bearing bank deposits	344,068
Accounts receivable:	
Units sold	10,428
Dividends and accrued interest receivable	92,850
	<u>15,389,836</u>

LIABILITIES:

Accounts payable:

Securities purchased	172,163	
Units redeemed	61,073	
Other	<u>16,577</u>	249,813

Net assets	<u>\$ 15,140,023</u>
------------------	----------------------

UNITHOLDERS' EQUITY

December 31, 1978

CAPITAL:

Units outstanding —

2,592,181 units	\$ 13,750,330
-----------------------	---------------

Undistributed net income (deficit)	(10,983)
------------------------------------------	----------

Undistributed net realized loss on sale of investments	(85,649)
--------------------------------------------------------------	----------

Unrealized appreciation of investments	1,485,725
----------------------------------------------	-----------

\$ 15,140,023

On behalf of the Trustees:

JOHN H. COLEMAN, Trustee

STANLEY R. ANDERSON, Trustee

See accompanying notes

UNITED ACCUMULATIVE RETIREMENT FUND
STATEMENT OF CHANGES IN NET ASSETS
For the Five Years Ended December 31, 1978

	1978	1977	1976	1975	1974
Net assets, beginning of year	<u>\$ 13,440,536</u>	<u>\$ 14,746,344</u>	<u>\$ 16,496,178</u>	<u>\$ 13,973,753</u>	<u>\$ 17,252,031</u>
Changes during the year:					
Due to investment activities:					
Net income for the year	303,058	388,071	493,752	663,435	605,344
Distribution from net income (a)	(299,493)	(392,127)	(500,028)	(670,391)	(602,004)
Realized gain (loss) on sale of investments (b)	2,661,688	16,734	118,169	(296,080)	(2,580,468)
Unrealized appreciation (depreciation) of investments	<u>1,373,815</u>	<u>1,052,972</u>	<u>24,588</u>	<u>1,684,249</u>	<u>(2,717,165)</u>
	<u>4,039,068</u>	<u>1,065,650</u>	<u>136,481</u>	<u>1,381,213</u>	<u>(5,294,293)</u>
Due to capital transactions:					
Proceeds from issue of units (d)	926,229	1,366,004	2,158,484	3,270,392	3,913,942
Amounts paid for units redeemed (e)	<u>(3,265,810)</u>	<u>(3,737,462)</u>	<u>(4,044,799)</u>	<u>(2,129,180)</u>	<u>(1,897,927)</u>
	<u>(2,339,581)</u>	<u>(2,371,458)</u>	<u>(1,886,315)</u>	<u>1,141,212</u>	<u>2,016,015</u>
Net assets, end of year	<u>\$ 15,140,023</u>	<u>\$ 13,440,536</u>	<u>\$ 14,746,344</u>	<u>\$ 16,496,178</u>	<u>\$ 13,973,753</u>
(a) Distribution per unit	11.75c	13c	14c	17c	16.5c
(b) Realized gain (loss) on sale of investments:					
Proceeds on sale of investments, including foreign exchange adjustments (c)	<u>\$ 10,174,545</u>	<u>\$ 5,657,226</u>	<u>\$ 9,866,984</u>	<u>\$ 12,407,799</u>	<u>\$ 9,814,765</u>
Cost of investments sold (c):					
Investments at cost, beginning of year	13,334,403	15,661,677	17,381,475	15,698,963	16,507,123
Shares, bonds and debentures purchased	4,441,112	3,613,218	9,264,965	14,098,557	11,435,214
Net change during the year in investment at cost, in short-term commercial notes	3,194,107	(300,000)	(1,235,948)	287,834	151,859
Investments at cost, end of year	<u>(13,456,765)</u>	<u>(13,334,403)</u>	<u>(15,661,677)</u>	<u>(17,381,475)</u>	<u>(15,698,963)</u>
	<u>7,512,857</u>	<u>5,640,492</u>	<u>9,748,815</u>	<u>12,703,879</u>	<u>12,395,233</u>
Realized gain (loss) on sale of investments, including foreign exchange adjustments	<u>\$ 2,661,688</u>	<u>\$ 16,734</u>	<u>\$ 118,169</u>	<u>\$ (296,080)</u>	<u>\$ (2,580,468)</u>
(c) Excluding short-term commercial note redemptions during the year of	<u>\$ 4,560,909</u>	<u>\$ 4,387,280</u>	<u>\$ 16,643,529</u>	<u>\$ 29,127,154</u>	<u>\$ 21,611,943</u>
(d) Units issued	189,991	331,492	502,161	789,259	887,333
(e) Units redeemed	704,767	915,421	920,748	508,075	417,872
(f) Net asset value per unit:					
At beginning of year	\$4.33	\$4.00	\$4.01	\$3.65	\$5.14
At end of year	5.84	4.33	4.00	4.01	3.65
(g) Per unit information for a unit outstanding throughout the year:					
Net income108	.116	.13	.16	.165
Net realized and unrealized gain (loss) on investments	1.5195	.344		.37	(1.49)

See accompanying notes

UNITED ACCUMULATIVE RETIREMENT FUND

STATEMENT OF INCOME AND EXPENSE

For the Five Years Ended December 31, 1978

	1978	1977	1976	1975	1974
Income from investments	\$ 469,619	\$ 540,635	\$ 675,653	\$ 836,907	\$ 763,565
Management fees (note 3)	166,561	150,274	178,540	169,358	154,958
Withholding taxes		2,290	3,361	4,114	3,263
	<u>166,561</u>	<u>152,564</u>	<u>181,901</u>	<u>173,472</u>	<u>158,221</u>
Net income for the year (note 2)	<u>\$ 303,058</u>	<u>\$ 388,071</u>	<u>\$ 493,752</u>	<u>\$ 663,435</u>	<u>\$ 605,344</u>

STATEMENT OF UNDISTRIBUTED NET INCOME (DEFICIT)

For the Five Years Ended December 31, 1978

	1978	1977	1976	1975	1974
Balance, beginning of year	\$ (13,948)	\$ (9,892)	\$ (3,616)	\$ 3,340	\$
Net income for the year (note 2)	303,058	388,071	493,752	663,435	605,344
Distribution from net income	(299,493)	(392,127)	(500,028)	(670,391)	(602,004)
Balance, end of year	<u>\$ (10,383)</u>	<u>\$ (13,948)</u>	<u>\$ (9,892)</u>	<u>\$ (3,616)</u>	<u>\$ 3,340</u>

STATEMENT OF UNDISTRIBUTED NET REALIZED LOSS ON SALE OF INVESTMENTS

For the Five Years Ended December 31, 1978

	1978	1977	1976	1975	1974
Balance, beginning of year	\$ (2,747,337)	\$ (2,764,071)	\$ (2,882,240)	\$ (2,586,160)	\$ (5,692)
Realized gain (loss) on sale of investments during the year including foreign exchange adjustments	2,661,688	16,734	118,169	(296,080)	(2,580,468)
Balance, end of year	<u>\$ (85,649)</u>	<u>\$ (2,747,337)</u>	<u>\$ (2,764,071)</u>	<u>\$ (2,882,240)</u>	<u>\$ (2,586,160)</u>

STATEMENT OF UNREALIZED APPRECIATION (DEPRECIATION) OF INVESTMENTS

For the Five Years Ended December 31, 1978

	1978	1977	1976	1975	1974
Balance, beginning of year	\$ 111,910	\$ (941,062)	\$ (965,650)	\$ (2,649,899)	\$ 67,266
Unrealized appreciation (depreciation) of investments during the year	1,373,815	1,052,972	24,588	1,684,249	(2,717,165)
Balance, end of year	<u>\$ 1,485,725</u>	<u>\$ 111,910</u>	<u>\$ (941,062)</u>	<u>\$ (965,650)</u>	<u>\$ (2,649,899)</u>

See accompanying notes

UNITED ACCUMULATIVE RETIREMENT FUND
NOTES TO FINANCIAL STATEMENTS
 December 31, 1978

1. Significant accounting policies

The following is a summary of significant accounting policies consistently followed by the Fund:

- (a) **Basis of determining market value** Each listed security is valued at the latest sale price thereof reported by the principal securities exchange on which the issue is traded or, if no sale is reported, the average of the latest bid and asked price is used. Securities which are traded over-the-counter are priced at the average of the latest bid and asked prices quoted by a major dealer in such securities. Securities having no quoted market value are valued at fair value as determined by the Board of Trustees of the Fund.
- (b) **Investment transactions and income** Investment transactions are accounted for on the trade date (date the order to buy or sell is executed). Dividend income is recorded on the ex-dividend date. Interest income is recorded on the accrual basis. Realized gains and losses from investment transactions and unrealized appreciation or depreciation of investments are calculated on an average cost basis.
- (c) **Fund unit valuation** The issue price of each unit of the Fund is an amount equal to the aggregate of the net asset value of each unit outstanding at the date of issue (received by the Fund) and the distributor's commission (retained by the distributor). The units of the Fund are redeemable at the option of the holder at their net asset value. Net asset value per unit is determined at least weekly as of the close of business of the last to close of The Toronto Stock Exchange or the New York Stock Exchange when either of the said exchanges are open for trading, by dividing the total value of the Fund's net assets by the number of units outstanding.
- (d) **Foreign exchange** Foreign currency amounts are expressed in Canadian dollars on the following bases:
 - (i) Market value of investment securities, other assets and liabilities at the closing daily rate of exchange.
 - (ii) Purchases and sales of investment securities, income and expense at the rate of exchange prevailing on the respective dates of such transactions.

2. Income taxes

The Fund distributes annually to its unitholders all of its taxable income and all of its net realized capital gains for tax purposes, to the extent that such gains are not offset by capital losses carried forward from prior years or deemed to have been distributed to unitholders who have redeemed their units during each year. Such income and net realized capital gains are taxable in the hands of the unitholders and not in the Fund. Accordingly no provisions for Canadian income taxes have been made in the accompanying financial statements. Realized capital losses, net of capital gains, accumulated in the Fund which are available to reduce future capital gains otherwise subject to tax amount to \$120,000 at December 31, 1978.

3. Management fees

In the 1974 to 1977 fiscal years, management fees payable to the Manager, United Funds Management Corporation (U'FMC), have been computed on the basis of 1% per annum of average daily net assets until April 30, 1976, and thereafter to April 30, 1978 on the basis of 1.1% per annum of average daily net assets.

Effective May 1, 1978, management fees have been computed for each day on the basis of 1.365% of the sum of 1 1/2% of the first \$3,000,000, plus 1 1/2% of the excess over \$3,000,000 up to \$5,000,000, plus 1 1/4% of the excess over \$5,000,000 up to \$10,000,000, plus 1% of the excess over \$10,000,000 up to \$100,000,000, plus .75 of 1% of the excess over \$100,000,000 of net asset value.

Effective May 1, 1979, management fees will be computed for each day on the basis of 1.365% of the sum of 1 1/2% of the first \$40,000,000, plus 1 1/2% of the excess over \$40,000,000 up to \$80,000,000, plus 1 1/4% of the excess over \$80,000,000 up to \$120,000,000, plus 1% of the excess over \$120,000,000 of net asset value.

For these fees the Manager supervises, manages and directs the investment of the assets of the Fund, and recommends the securities to be purchased and sold. The Manager also pays all expenses of the Fund incurred in the ordinary course of business relating to its organization, management and operation, with the exception of any claims or actions against the Fund, brokerage commissions on the purchase and on the sale of securities and taxes of all kinds to which the Fund is or might be subject.

Charges to the Fund over the last 5 years were as follows, based on management fees in effect during the period

	<u>Net asset value per unit</u>		<u>Distributions per unit (b)</u>	<u>Total fees charged to the Fund (c)</u>	<u>Total charges as a per cent of average net assets (d)</u>
	<u>At beginning of year</u>	<u>At end of year</u>			
1974	\$5.14	\$3.65	16.5c	\$154,958	0.992%
1975	3.65	4.01	17c	169,358	1.017%
1976	4.01	4.00	14c	178,540	1.077%
1977	4.00	4.33	13c	150,274	1.100%
1978	4.33	5.84	11.75c	166,561(a)	1.258%

- (a) Had the rate of management fee effective from May 1, 1979 been applied to 1978 average net assets, the column for total fees charged to the Fund would show \$231,703 and the column for total charges as a per cent of average net assets would show 1.75% for 1978 in the above table.
- (b) Cumulative distributions for the 5 years were 72.25c per unit.
- (c) All charges were paid by the Fund except for transaction charges, Plan Trustee fees and other fees for services provided to unitholders on an elective basis.
- (d) Average net assets are calculated to be the average of the net asset value determined at the end of each month.
- (e) Management charges vary from one mutual fund to another.

UNITED ACCUMULATIVE RETIREMENT FUND

AUDITORS' REPORT

To the Trustees of
UNITED ACCUMULATIVE RETIREMENT FUND:

We have examined the following financial statements of United Accumulative Retirement Fund:

AT DECEMBER 31, 1978 —

Assets and liabilities

Unitholders' equity

Investment portfolio

FOR THE FIVE YEARS ENDED DECEMBER 31, 1978 —

Changes in net assets

Income and expense

Undistributed net income (deficit)

Undistributed net realized loss on sale of investments

Unrealized appreciation (depreciation) of investments

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 and investment portfolio of the Fund as at December 31, 1978 and the results of its operations and the changes in its net assets for the five years then ended in accordance with generally accepted accounting principles applied on a consistent basis during the period.

Toronto, Canada,
January 19, 1979.

CLARKSON, GORDON & CO.
Chartered Accountants

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of The Securities Act (Ontario) and the regulations thereunder, by Part VII of The Securities Act (Manitoba) and the regulations thereunder, by Part VII of the Securities Act (British Columbia) and the regulations thereunder, by Part 7 of The Securities Act (Alberta) and the regulations thereunder, by Part VIII of The Securities Act, 1967 (Saskatchewan) and the regulations thereunder, by Section 13 of the Securities Act (New Brunswick) and by the Securities Act (Quebec) and the Regulation thereunder.

Dated April 26, 1979.

(Signed) JOHN H. COLEMAN
Chief Executive Officer

(Signed) ENGELBERT J. DESSAILLY
Chief Financial Officer

On behalf of the Board of Trustees

(Signed) JOHN H. COLEMAN

*(Signed) JACQUES DE BILLY

(Signed) STANLEY R. ANDERSON

*(Signed) LEONARD ELLEN

*(Signed) GORDON A. CHRISTOPHER

*(Signed) GRAHAM M. MACLACHLAN

*(Signed) H. REUBEN COHEN

(Signed) JAMES B. PRENDERGAST

*Signed by his appointed agent, STANLEY R. ANDERSON

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of The Securities Act (Ontario) and the regulations thereunder, by Part VII of The Securities Act (Manitoba) and the regulations thereunder, by Part VII of the Securities Act (British Columbia) and the regulations thereunder, by Part 7 of The Securities Act (Alberta) and the regulations thereunder, by Part VIII of The Securities Act, 1967 (Saskatchewan) and the regulations thereunder, by Section 13 of the Securities Act (New Brunswick) and by the Securities Act (Quebec) and the Regulation thereunder.

Dated April 26, 1979.

(Principal Distributor) UNITED INVESTMENT SERVICES LTD.

by (Signed) STANLEY R. ANDERSON

THE FUND

United Accumulative Retirement Fund

INVESTMENT MANAGER

United Funds Management Corporation

PRINCIPAL DISTRIBUTOR

United Investment Services Ltd.

145 King Street West, Toronto, Ontario

(Head Office)

1201 Place du Canada

1010 La Gauchetière Street West, Montreal, Quebec)

REGISTRAR AND TRANSFER AGENT

Continental Trust Company

145 King Street West, Toronto, Ontario

Telephone: 366-9181

1201 Place du Canada

1010 La Gauchetière Street West, Montreal, Quebec

Telephone: 866-8885

9939 Bellamy Hill Road, Edmonton, Alberta

Telephone: 424-9104

P.O. Box 10280, Pacific Centre

701 West Georgia Street, Vancouver, British Columbia

Telephone: 684-7548

AUDITORS

Clarkson, Gordon & Co.

Toronto, Ontario

CUSTODIAN OF PORTFOLIO SECURITIES

A Canadian Chartered Bank

44 King Street West

Toronto, Ontario

**United
Accumulative
Retirement
Fund**

PROSPECTUS

April 26, 1979

A MUTUAL FUND

FOR CANADIANS TO SHARE

IN ECONOMIC GROWTH