

Trustees

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- Thomas C. Camp, Q.C.
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- Chandler B. Converse
President, Calvin Bullock, Ltd., New York
- Carl J. S. MacCallum
Executive Vice-President, Investments,
Calvin Bullock, Ltd., Montreal
- J. D. H. Mackenzie
President,
Elgistan Management Limited

Manager

Calvin Bullock Investment Advisers Ltd.
630 Dorchester Boulevard West
Montreal

Custodian

Royal Trust Corporation of Canada
Royal Trust Tower, Toronto-Dominion Centre
Toronto

Transfer Agent and Registrar

Royal Trust Corporation of Canada
700 The Dome Tower, Oxford Square
Calgary

Royal Trust Corporation of Canada
Royal Trust Tower, Toronto-Dominion Centre
Toronto

The Royal Trust Company
630 Dorchester Boulevard West
Montreal

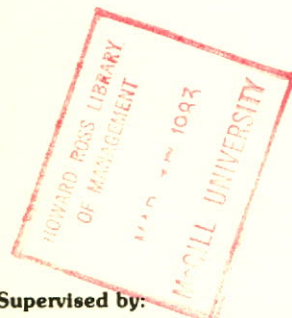
Principal Distributor

Calvin Bullock, Ltd.
630 Dorchester Boulevard West
Montreal, Canada H3B 1X1



Annual Report 1982

81?



Supervised by:
CALVIN BULLOCK INVESTMENT ADVISERS LTD.

TO THE UNITHOLDERS:

Your Board of Trustees met on December 20, 1982 and declared the final distribution for 1982 consisting of 2.28¢ from income and 40.09¢ from realized capital gains. Total distributions for the year amounted to 49.82¢ of which 9.73¢ was income and 40.09¢ capital gains.

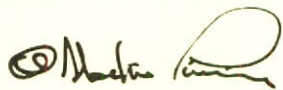
The year-end price per Banner Fund unit, after deducting the distributions was \$5.54 compared to \$6.15 at the end of 1981.

As we enter 1983 the economy is beginning to show signs of recovery with the housing and automotive sectors turning in a more positive performance. When this is coupled with the continuing decline in interest rates, the economic recovery will become more clearly visible. The further decline in interest rates is based upon the belief that inflation will average 4% in 1983 due to falling real energy prices, lower wage settlements and the fact the economy is currently operating at 65% of its capacity. As a result the Treasury should be able to finance the deficit without any problems.

With the recovery in the economy becoming more broadly based in 1983, corporate profits should increase by 25% - 30% from the lows of 1982. Notwithstanding the market surge in the second half of 1982, American equities remain undervalued and should provide excellent returns to investors in the coming low inflation environment.

We thank you for having invested in Banner Fund. Your management will continue its efforts to provide you with positive investment results.

On behalf of the Board of Trustees



Chairman

January 5, 1983

BANNER FUND STATEMENT OF INVESTMENTS

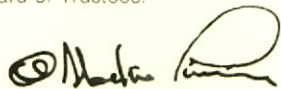
as at December 31, 1982

	Number of Shares	Average Cost	Market Value	% of Net Assets
COMMON STOCKS				
Cosmetics				
La Maur Inc.	10,000	\$ 177,124	\$ 199,729	4.17%
Electronics				
Printonix Inc.	9,000	300,429	294,523	6.16
Tandon Corporation ..	10,000	385,393	390,239	8.15
		<u>685,822</u>	<u>684,762</u>	<u>14.31</u>
Finance				
Fidelity Federal Savings and Loan Association	15,000	219,207	246,588	5.15
Health Care				
Charter Medical Corporation	10,000	340,460	404,067	8.44
National Medical Enterprises Inc.	10,000	310,419	356,439	7.45
Thompson Medical Inc.	10,000	330,699	291,911	6.10
		<u>981,578</u>	<u>1,052,417</u>	<u>21.99</u>
Home Building				
Fairfield Communities Inc.	12,000	378,216	424,039	8.86
Leisure				
Home Entertainment Group	15,000	223,056	225,847	4.72
Mattel Inc.	10,000	242,614	202,802	4.23
		<u>465,670</u>	<u>428,649</u>	<u>8.95</u>
Miscellaneous				
Manufacturing				
Kellwood Co.	10,000	276,393	256,575	5.36
Naico Chemical Co. .	10,000	350,540	356,439	7.45
Papercraft Corp.	10,000	315,436	319,566	6.67
		<u>942,369</u>	<u>932,580</u>	<u>19.48</u>
Retail				
Cole National Corp. ..	10,000	503,160	460,913	9.63
Steel				
Quanex Corp.	50,000	651,371	422,503	8.83
TOTAL INVESTMENTS		<u>\$5,004,517</u>	4,852,180	101.37
CASH AND OTHER				
ASSETS - NET			(65,704)	(1.37)
TOTAL NET ASSETS ...			<u>\$4,786,476</u>	<u>100.00%</u>

BANNER FUND STATEMENT OF NET ASSETS

	December 31	
	1982	1981
ASSETS		
Investments at market value (average cost 1982 - \$5,004,517; 1981 - \$4,984,146)	\$4,852,180	\$5,446,531
Cash on deposit, demand	239,262	876,999
Receivable in respect of securities sold	317,209	—
Interest accrued and dividends receivable	6,582	9,396
Due by subscriber to capital units	24,934	100
	<u>5,440,167</u>	<u>6,333,026</u>
LIABILITIES		
Payable in respect of securities purchased	266,715	74,263
Payable for capital units redeemed	—	93,524
Distribution payable	364,482	436,448
Management and trustees' compensation payable	22,494	25,689
United States withholding tax	—	90
	<u>653,691</u>	<u>630,014</u>
NET ASSETS AT MARKET VALUE, REPRESENTING UNITHOLDERS' EQUITY	<u>\$4,786,476</u>	<u>\$5,703,012</u>
NET ASSET VALUE PER UNIT	<u>\$5.5353</u>	<u>\$6.1532</u>

Approved by the Board of Trustees:



....., Trustee



....., Trustee

AUDITORS' REPORT

To the Unitholders of Banner Fund:

We have examined the statement of net assets of Banner Fund as at December 31, 1982 and 1981, the statement of investments as at December 31, 1982 and the statements of income, undistributed income, changes in net assets and changes in investments for each of the two years in the period ended December 31, 1982. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Corporation as at December 31, 1982 and 1981 and the results of its operations and the changes in net assets and in investments for each of the two years in the period ended December 31, 1982, in accordance with generally accepted accounting principles applied on a consistent basis.

Toronto, Ontario
January 7, 1983

DELOITTE HASKINS & SELLS
CHARTERED ACCOUNTANTS

4. Management fees and other expenses, excluding taxes, expressed as a percentage of average net assets (determined on the basis of the average of the net assets at the end of each month in the relevant financial year) for the periods from inception are as follows:

	1982	1981	1980	1979	1978
Average net assets	\$5,009,728	\$6,012,080	\$4,265,125	\$3,687,493	\$3,167,714
Management fees and other expenses	87,152	99,179	75,195	67,208	58,230
Management expense ratio	1.74%	1.65%	1.76%	1.82%	1.84%

5. Total commissions paid to dealers in connection with portfolio transactions for the year ended December 31, 1982 amounted to U.S. \$137,998 (1981 — U.S. \$46,978).

6. The net asset value representing unitholders' equity and distributions paid for each of the periods since inception are as follows:

	1982	1981	1980	1979	1978
Net asset value representing unitholders' equity per unit —					
At end of year	5.5353	6.1532	7.3601	4.9495	4.9284
At beginning of year	6.1532	7.3601	4.9495	4.9284	4.9921
Distribution per unit out of —					
Net investment income	0.0973	0.1028	0.0928	0.1764	0.1606
Realized profits from sales of securities	0.4009	0.5388	0.5819	0.0698	0.2620

A statement of Portfolio Transactions for the year ended December 31, 1982 will be provided, without charge, by writing to:

*Banner Fund
630 Dorchester Boulevard West
Suite 2960
Montreal, Quebec
H3B 1X1*

THE INVESTMENT RESULT (five years)

	Dec. 31, 1977	Dec. 31, 1982	Percent Change
BANNER FUND — net asset value	\$5 0000	\$5.5353	+10.7%
Increase in net asset value		\$0.5353	
Add: Distribution paid during period			
— from Capital Gains		\$1.9271	+38.5%
— from Income		\$0.6685	+13.4%
Total return (increase in net asset value plus distribution paid)		\$3.1309	+62.6%
Dow Jones Industrial Averages	831.17	1,046.54	+25.9%
Standard & Poor 500 Index	95.10	140.64	+47.9%

BANNER FUND NOTES TO THE FINANCIAL STATEMENTS

as at December 31, 1982

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with generally accepted accounting principles, and reflect the following policies:

Investments

Investments are recorded at market value established by the published last sales prices on national securities exchanges at the year-end or, in the absence of recorded sales, at the average of available closing bid and asked prices on such exchanges or over-the-counter.

Investment transactions are accounted for on the trade date, and realized gains and losses resulting from such transactions are calculated on an average cost basis.

Income recognition

Dividend income is recorded on the ex-dividend date and interest income is recorded on the accrual basis.

Foreign exchange

Foreign currency amounts are expressed in Canadian dollars on the following basis:

Market value of investments, other assets and liabilities — at the rate of exchange prevailing at the year-end.

Purchases and sales of investments — at the average rate of exchange for the semi-monthly period in which the transaction took place.

Income — at the cumulative average rate of exchange for the quarter in which the transaction took place.

Income taxes

The Fund is classified as a "Mutual Fund Trust" for income tax purposes. Accordingly, no income taxes are payable as it is the policy of the Fund to distribute its income to its Unitholders.

2. UNITS OUTSTANDING

The number of units issued and redeemed is as follows:

	1982	1981
Outstanding — beginning of year	926,836,216	699,868,803
Increase (decrease) during the year		
Issued		
For cash	99,509,899	325,722,587
As reinvested distribution	58,311,387	49,097,755
Redeemed	(219,939,517)	(147,852,929)
Outstanding — end of year	<u>864,717,985</u>	<u>926,836,216</u>

3. Calvin Bullock Investment Advisers Ltd. is the fund manager and provides investment management, advisor and administrative services and pays substantially all expenses of the Fund. In consideration of such services, the Management agreement provides that the Manager is entitled to receive quarterly, on the last day of March, June, September and December in each year, a fee based on the average value of the Fund's net assets during each such calendar quarter and calculated as follows:

Net Assets of the Fund	Quarterly	Equivalent Annual %
Up to \$1 million	0.5000	2.00
\$1 million up to \$3 million	0.4375	1.75
\$3 million up to \$5 million	0.3750	1.50
\$5 million up to \$10 million	0.3125	1.25
\$10 million up to \$100 million	0.2500	1.00
\$100 million and over	0.1875	0.75

BANNER FUND STATEMENT OF INCOME

	Year ended December 31	
	1982	1981
INCOME		
Dividends	\$ 91,311	\$ 50,350
Interest	98,617	141,298
	<u>189,928</u>	<u>191,648</u>
EXPENSES		
Management fees	85,152	97,179
Trustees' compensation	2,000	2,000
	<u>87,152</u>	<u>99,179</u>
INCOME BEFORE WITHHOLDING TAXES	102,776	92,469
UNITED STATES WITHHOLDING TAXES PAID AND PROVIDED FOR	13,516	7,175
NET INCOME , exclusive of profit or loss from sales of securities	<u>\$89,260</u>	<u>\$ 85,294</u>
NET INCOME PER UNIT , based on the average number of units outstanding during the year	<u>\$0.0971</u>	<u>\$0.0996</u>

STATEMENT OF UNDISTRIBUTED INCOME

	Year ended December 31	
	1982	1981
BALANCE - BEGINNING OF YEAR	\$ —	\$ —
NET INCOME AS PER STATEMENT OF INCOME	89,260	85,294
INCOME EQUALIZATION (DEBITS) CREDITS, NET	(2,131)	2,627
PROFIT FROM SALES OF SECURITIES	<u>344,862</u>	<u>494,576</u>
	431,991	582,497
DISTRIBUTIONS TO UNITHOLDERS	<u>431,991</u>	<u>582,497</u>
BALANCE - END OF YEAR	<u>\$ —</u>	<u>\$ —</u>

BANNER FUND STATEMENT OF CHANGES IN NET ASSETS

	Year ended December 31	
	1982	1981
NET ASSETS AT MARKET VALUE , representing unitholders' equity — beginning of year	<u>\$5,703,012</u>	<u>\$5,151,130</u>
ADD (DEDUCT) CHANGES DURING THE YEAR		
Net income as per statement of income	89,260	85,294
Realized profits from sales of securities	344,862	494,576
Decrease in unrealized appreciation of securities	(614,722)	(1,128,258)
Increase in unrealized gain on foreign exchange	7,953	16,715
Proceeds from subscriptions to units	530,302	2,294,828
Consideration attached to re-investment of distribution	357,048	338,140
Consideration paid on redemption of units	(1,199,248)	(966,916)
Distributions to unitholders	<u>(431,991)</u>	<u>(582,497)</u>
(DECREASE) INCREASE FOR THE YEAR	<u>(916,536)</u>	<u>551,882</u>

NET ASSETS AT MARKET VALUE , representing unitholders' equity — end of year	<u>\$4,786,476</u>	<u>\$5,703,012</u>
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STATEMENT OF CHANGES IN INVESTMENTS

	Year ended December 31	
	1982	1981
INVESTMENTS AT AVERAGE COST — BEGINNING OF YEAR	\$4,984,146	\$3,106,283
ADD: Cost of securities purchased	<u>19,587,023</u>	<u>6,867,566</u>
	<u>24,571,169</u>	<u>9,973,849</u>
DEDUCT:		
Proceeds from sales of securities	19,911,514	5,484,279
Less: Profit from sales of securities	<u>344,862</u>	<u>494,576</u>
COST OF SECURITIES SOLD	<u>19,566,652</u>	<u>4,989,703</u>
INVESTMENTS AT AVERAGE COST — END OF YEAR	<u>\$5,004,517</u>	<u>\$4,984,146</u>