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Calvin Bullock, Ltd., Montreal

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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

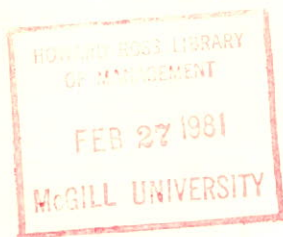
The Royal Trust Company
630 Dorchester Boulevard West
Montreal

Principal Distributor

Calvin Bullock, Ltd.
630 Dorchester Boulevard West
Montreal



Annual Report 1980



Supervised by:
CALVIN BULLOCK INVESTMENT ADVISERS LTD.

TO THE UNITHOLDERS:

Your Board of Trustees met on December 22 and declared the final distribution for 1980 consisting of 1.1¢ from income and 53.2¢ from realized capital gains. Total distributions for the year amounted to 67.5¢, of which 9.3¢ was income and 58.2¢ capital gains.

The year-end price per Banner Fund unit, after deducting the distribution, was \$7.36 compared to \$4.95 at the end of 1979. The 1980 total return to unitholders was 62.6%. During the year the U.S. Dow Jones Industrial Average rose by 14.9%. The broader based Standard and Poor 500 Index climbed 27.7% in 1980.

Last year was characterized by negative real economic growth and elevated rates of inflation. There were wide fluctuations in fiscal and monetary policy resulting in tremendous swings in interest rates. The Prime Rate started 1980 at 15%, moved to 20% by March then declined to 11% in July and then peaked at 21½% in early December. Despite these adverse conditions the stock market performed well during 1980. The Dow Jones Industrial Average opened the year at 833.1, then declined to a low of 759.9 in March and finally pushed through 1000 eight months later.

As we enter 1981 the big question is whether or not the economy is continuing to recover or is getting ready to plunge again. Indications are that interest rates have peaked, but any rapid decline may be precluded by high inflation rates. With credit continuing to be squeezed the result will be sluggish economic growth in the first half of 1981 and a slower recovery in corporate profits.

Internationally, the Polish crisis, Iraq-Iran, the hostages and OPEC oil price increases and production cutbacks illustrate the current fragile global environment.

The new Reagan administration, however, should have a positive impact on U.S. markets in 1981. The realization that the private sector must be stimulated and encouraged to grow, and that increasing productivity through fiscal incentives is vital, are important changes. The current resiliency of the U.S. equity market appears to be based on a willingness by investors to discount current economic problems and take a longer term view of the new administration's chances of success to revive the economy and reindustrialize the United States.

We view 1981 as a year of shifting economic and political priorities. This context of change should offer excellent investment opportunities in defense-related industries, technology, oil service, domestic oil and gas producers, and companies engaged in energy conservation.

We thank you for having invested in Banner Fund. Your management will continue its effort to provide you with superior results within the objectives set out for the Fund.

On behalf of the Board of Trustees



January 7, 1981

Chairman

BANNER FUND STATEMENT OF INVESTMENTS

As at December 31, 1980

	Number of Shares	Average Cost	Market Value	% of Net Assets
COMMON STOCKS				
Electronics				
Apple Computer, Inc.	550	\$ 14,476	\$ 22,397	0.43%
Epsco Incorporated	5,000	94,736	76,073	1.48
Storage Technology Corporation	4,000	87,085	107,994	2.10
		<u>196,297</u>	<u>206,464</u>	<u>4.01</u>
Miscellaneous				
Numex Corporation	10,000	77,037	73,090	1.42
Oregon Metallurgical Corporation	4,000	159,540	325,771	6.32
Quadrex Corporation	10,000	192,366	287,884	5.59
Technicolor, Inc.	5,500	156,701	143,569	2.79
Tracor, Inc.	5,000	224,968	222,252	4.31
		<u>810,612</u>	<u>1,052,566</u>	<u>20.43</u>
Natural Gas Pipelines				
Valero Energy Corporation ...	5,000	91,032	231,202	4.49
Offshore Drilling				
Global Marine Inc.	4,000	111,963	343,670	6.67
Reading & Bates Corp.	4,500	171,229	285,944	5.55
		<u>283,192</u>	<u>629,614</u>	<u>12.22</u>
Oil				
The Broken Hill Proprietary Co. Ltd. (A.D.R.)	5,000	100,695	116,347	2.26
Felmont Oil Corporation	6,000	139,757	429,588	8.34
Kaneb Services, Inc.	5,000	122,397	202,861	3.94
Kerr-McGee Corporation	3,000	259,025	282,812	5.49
Kirby Exploration Company ..	2,000	145,031	329,351	6.39
Natamco Company	5,000	143,988	219,269	4.26
		<u>910,893</u>	<u>1,580,228</u>	<u>30.68</u>
Oil Well Equipment and Services				
Dreco Energy Services Ltd. ..	5,000	164,193	157,366	3.05
Quanex Corporation	5,000	235,209	234,185	4.55
Petroleum Equipment Tools Co.	3,000	145,709	196,894	3.82
Trico Industries, Inc.	6,000	139,945	266,703	5.18
Tucker Drilling Company, Inc.	5,000	129,201	141,704	2.75
		<u>814,257</u>	<u>996,852</u>	<u>19.35</u>
TOTAL PORTFOLIO		<u>\$3,106,283</u>	<u>4,696,926</u>	<u>91.18</u>
CASH AND OTHER ASSETS				
— NET			<u>454,204</u>	<u>8.82</u>
TOTAL NET ASSETS			<u>\$5,151,130</u>	<u>100.00%</u>

BANNER FUND STATEMENT OF NET ASSETS

As at December 31, 1980

	1980	1979
ASSETS		
Investments at market value (average cost 1980 - \$3,106,283; 1979 - \$3,121,812)	\$4,696,926	\$3,005,648
Cash on deposit, demand	994,515	603,332
Receivable in respect of securities sold	5,287	—
Interest accrued and dividends receivable	12,133	14,167
Due by subscriber to capital units	13,582	—
	<u>5,722,443</u>	<u>3,623,147</u>
LIABILITIES		
Payable in respect of securities purchased	167,944	—
Management and trustee's compensation payable	23,010	16,525
United States withholding tax	1,359	1,817
Distribution payable	379,000	84,438
	<u>571,313</u>	<u>102,780</u>
NET ASSETS AT MARKET VALUE, REPRESENTING UNITHOLDER'S EQUITY	<u>\$5,151,130</u>	<u>\$3,520,367</u>
NET ASSET VALUE PER UNIT	<u>\$ 7.3601</u>	<u>\$ 5.9495</u>

Approved by the Board of Trustees:

....., Trustee

....., Trustee

AUDITORS' REPORT

To the Unitholders of Banner Fund:

We have examined the statements of net assets and of investments of Banner Fund as at December 31, 1980 and the statements of income, of undistributed income, of changes in net assets and of changes in investments for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of Banner Fund and its investment portfolio as at December 31, 1980 and the results of its operations and the changes in its net assets and in its investments for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario
January 8, 1981

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) are as follows:

	<u>1980</u>	<u>1979</u>
Average net assets	\$4,265,125	\$3,687,493
Management fees and other expenses	\$ 75,195	\$ 67,208
Management expense ratio	1.76%	1.82%

5. Total commissions paid to dealers in connection with portfolio transactions for the year ended December 31, 1980 amounted to U.S. \$57,945.

A Statement of Portfolio Transactions for the fiscal year ended December 31, 1980 will be provided without charge, by writing to:

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

BANNER FUND

NOTES TO THE FINANCIAL STATEMENTS

as at December 31, 1980

1. SIGNIFICANT ACCOUNTING 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:

	1980	1979
Outstanding at beginning of year	711,255,460	725,499,459
Increase (decrease) during the year		
Issued		
For cash	111,184,703	27,928,738
As reinvested distribution	15,621,564	17,641,012
Redeemed	(138,192,924)	(59,813,749)
Outstanding at end of year	<u>699,868,803</u>	<u>711,255,460</u>

3. Calvin Bullock Investment Advisers Ltd. is the fund manager and provides investment management, advisor and administration services and pays substantially all expenses of the Fund. In consideration for 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 market 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 .....	.5000	2.00
\$1 million up to \$3 million .....	.4375	1.75
\$3 million up to \$5 million .....	.3750	1.50
\$5 million up to \$10 million .....	.3125	1.25
\$10 million up to \$100 million .....	.2500	1.00
\$100 million and over .....	.1875	0.75

BANNER FUND STATEMENT OF INCOME

Year ended December 31, 1980

	1980	1979
INCOME		
Dividends	\$102,829	\$161,824
Interest	53,129	62,038
	<u>155,958</u>	<u>223,862</u>
EXPENSES		
Management fees	73,195	65,208
Trustee's compensation	2,000	2,000
	<u>75,195</u>	<u>67,208</u>
INCOME BEFORE WITHHOLDING TAXES	80,763	156,654
UNITED STATES WITHHOLDING TAXES PAID AND PROVIDED FOR	<u>15,424</u>	<u>24,317</u>
NET INCOME , exclusive of profit or loss from sales of securities	<u>\$ 65,339</u>	<u>\$132,337</u>
NET INCOME PER UNIT , based on the average number of units outstanding during the year	<u>\$0.0932</u>	<u>\$0.1770</u>

STATEMENT OF CHANGES IN INVESTMENTS

Year ended December 31, 1980

	1980	1979
INVESTMENTS AT AVERAGE COST AT BEGINNING OF YEAR	\$3,121,812	\$3,582,661
ADD: Cost of securities purchased	<u>5,982,608</u>	<u>3,965,869</u>
	<u>9,104,420</u>	<u>7,548,530</u>
DEDUCT:		
Proceeds from sales of securities	6,404,928	4,476,393
Less: Profit from sales of securities	406,791	49,675
COST OF SECURITIES SOLD	<u>5,998,137</u>	<u>4,426,718</u>
INVESTMENTS AT AVERAGE COST AT END OF YEAR	<u>\$3,106,283</u>	<u>\$3,121,812</u>

BANNER FUND STATEMENT OF CHANGES IN NET ASSETS

Year ended December 31, 1980

	1980	1979
NET ASSETS AT MARKET VALUE , representing unitholders' equity — beginning of year	<u>\$3,520,367</u>	<u>\$3,575,568</u>
ADD (DEDUCT) CHANGES DURING YEAR		
Net income	65,339	132,337
Realized profits from sales of securities	406,791	49,675
Increase in unrealized appreciation of securities	1,706,807	42,167
Increase in unrealized gain (loss) on foreign exchange	20,465	(32,945)
Proceeds from subscriptions to units	679,422	140,932
Consideration attached to re-investment of distributions	86,611	87,251
Consideration paid on redemption of units	(863,839)	(294,436)
Distributions to unitholders	<u>(470,833)</u>	<u>(180,182)</u>
INCREASE (DECREASE) FOR THE YEAR	<u>1,630,763</u>	<u>(55,201)</u>
NET ASSETS AT MARKET VALUE , representing unitholders' equity — end of year	<u>\$5,151,130</u>	<u>\$3,520,367</u>
	Per Unit	
NET ASSET VALUE REPRESENTING UNITHOLDERS' EQUITY		
At end of year	\$7.3601	\$4.9495
At beginning of year	\$4.9495	\$4.9284
DISTRIBUTION OUT OF		
Net investment income	\$0.0928	\$0.1764
Realized profits from sales of securities	\$0.5819	\$0.0698

STATEMENT OF UNDISTRIBUTED INCOME

Year ended December 31, 1980

	1980	1979
BALANCE AT BEGINNING OF YEAR	\$ —	\$ —
NET INCOME AS PER STATEMENT OF INCOME	65,339	132,337
INCOME EQUALIZATION DEBITS, NET	(1,297)	(1,830)
PROFIT FROM SALES OF SECURITIES	<u>406,791</u>	<u>49,675</u>
	<u>470,833</u>	<u>180,182</u>
DISTRIBUTIONS TO UNITHOLDERS	<u>470,833</u>	<u>180,182</u>
BALANCE AT END OF YEAR	<u>\$ —</u>	<u>\$ —</u>