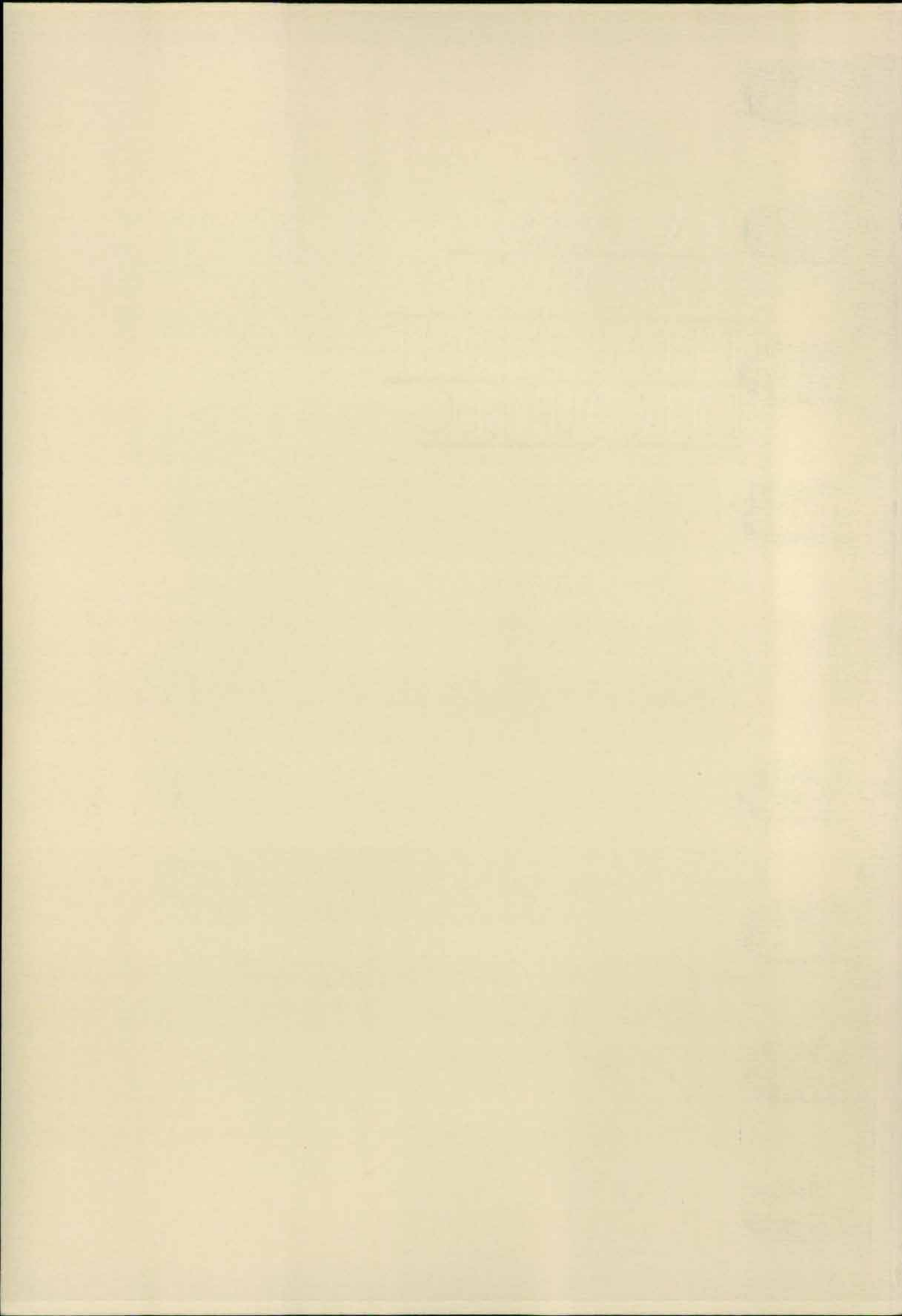


CAISSE
DE DÉPÔT
ET PLACEMENT
DU QUÉBEC

SIXTEENTH ANNUAL REPORT

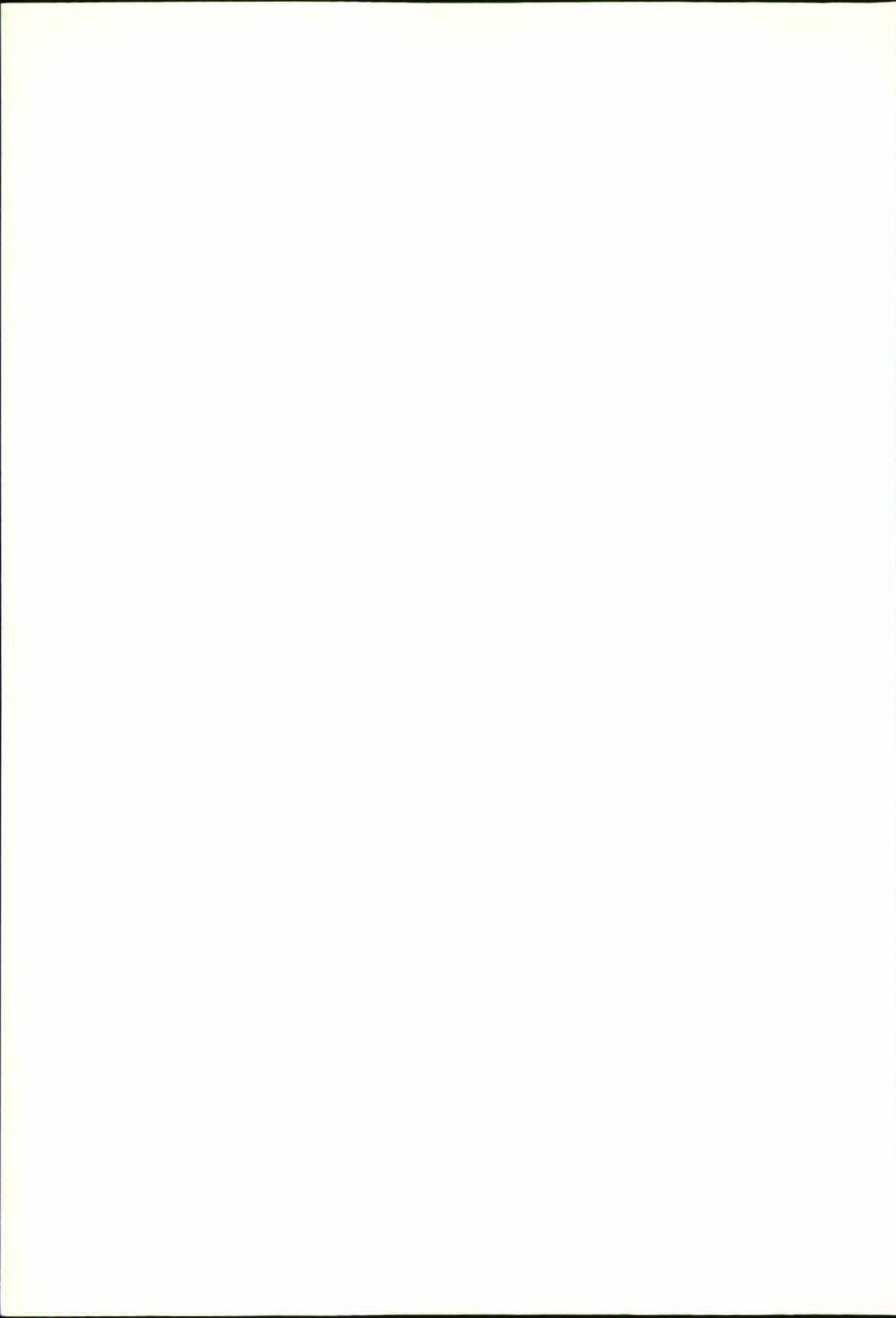
1981



CAISSE
DE DÉPÔT
ET PLACEMENT
DU QUÉBEC

SIXTEENTH ANNUAL REPORT

1981



CAISSE
DE DÉPÔT
ET PLACEMENT
DU QUÉBEC



Gouvernement du Québec
Cabinet du ministre
des Finances

Monsieur Jacques Parizeau
Ministre des Finances
Gouvernement du Québec
Québec

Monsieur Claude Vaillancourt
Président de l'Assemblée nationale
Québec

Monsieur le Ministre,

Conformément aux dispositions de la Loi sur la Caisse de dépôt et placement du Québec, j'ai l'honneur de vous soumettre le seizième rapport de gestion, soit pour l'exercice terminé le 31 décembre 1981.

Veuillez agréer, monsieur le Ministre, l'expression de mes meilleurs sentiments.

Le président du conseil d'administration et directeur général,

Jean Campeau

Monsieur le Président,

J'ai l'honneur de vous transmettre le rapport de gestion de la Caisse de dépôt et placement du Québec pour l'exercice terminé le 31 décembre 1981.

Veuillez croire, monsieur le Président, à l'expression de mes sentiments les meilleurs.

Le ministre des Finances,

Jacques Parizeau

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LIST OF DEPOSITORS

as at December 31, 1981

5

TO GENERAL FUND

	Initial deposit
Commission de la santé et de la sécurité du travail ^{1, 2}	1973
Fonds d'assurance-prêts agricoles et forestiers	1978
Fonds d'indemnisation automobile du Québec	1978
Régie de l'assurance automobile du Québec	1978
Régie de l'assurance-dépôts du Québec	1969
Régie des assurances agricoles du Québec	
Assurance-récolte du Québec	1968
Régimes d'assurance-stabilisation des revenus agricoles	1977
Régie des marchés agricoles du Québec	1967
Régie des rentes du Québec	1966

TO SEGREGATED FUNDS

Commission administrative du régime de retraite	
Government and public employees retirement plan ²	1973
General retirement plan for mayors and councillors of Québec municipalities	1975
Individual plans of the Commission administrative du régime de retraite	1977
Office de la construction du Québec as administrator of the Supplemental pension plan for employees of the Québec construction industry ²	1970
Supplemental pension plan of the Université du Québec	1971

TO INDIVIDUAL FUND

Commission de la santé et de la sécurité du travail	1977
---	------

- ¹ Prior to the 1977 creation of the individual funds, the Commission de la santé et de la sécurité du travail was empowered to make deposits into the General Fund alone.
- ² Caisse also administers a portfolio under management in this case.

This picture and the others in this Report reproduce part of the ten-panel mural which decorates the main entrance of the Caisse de dépôt et placement du Québec headquarters, at Montréal. The mural depicting various sectors of the Québec economy was carved in Brazil pine-wood by the heraldic sculptor André Genest.



HIGHLIGHTS OF THE YEAR

(millions of dollars)

TOTAL FUNDS

	1981	1980	Percentage increase
Assets under management	13 914.8	11 747.5	18.4
Total investments	13 639.3	11 507.6	18.5
Long-term investments	13 146.3	11 192.9	17.5
Total income	1 450.3	1 133.9	27.9
Net income	1 273.8	1 041.8	22.3
Net contributions ¹	732.3	888.1	(17.5)
Administrative expenditures	9.5	8.3	14.5

GENERAL FUND

Assets ²	9 442.5	8 169.1	15.6
Income to be paid out to participation deposit holders	863.8	724.9	19.2
Net contributions ¹	295.1	497.3	(40.7)
Yield on participation deposits (percentage)	10.50	10.20	—

SEGREGATED FUNDS

Combined assets ²	3 092.8	2 443.8	26.6
Income to be paid out to participation deposit holders	279.6	215.3	29.9
Net contributions ¹	327.2	292.2	12.0
Yield on participation deposits (percentage)			
Fund "O"	11.77	10.97	—
Fund "G"	10.04	9.89	—
Fund "A"	7.27	8.22	—
Fund "H"	11.16	10.45	—

INDIVIDUAL FUND

Assets	1 222.1	962.7	26.9
Income to be paid out to participation deposit holder	117.9	88.5	33.2
Net contributions ¹	110.0	98.6	11.6
Yield on participation deposits (percentage)	10.93	10.59	—

PORTFOLIOS UNDER MANAGEMENT

Combined assets	157.4	171.9	(8.4)
Net income	12.5	13.1	(4.6)
Net contributions ¹	—	—	—

¹ Net contributions are made up of deposits received less withdrawals made.

² For purposes of this presentation, assets of the General Fund do not reflect demand deposits of the segregated funds and the Individual Fund and interest accrued on those deposits. Assets of the segregated funds however reflect the deduction of advances by the General Fund and interest accrued on those advances.

1

BREAKDOWN OF ASSETS UNDER MANAGEMENT as at December 31

(percentage)

	1981	1980
Bonds	69.5	74.2
Stocks and convertible securities	16.7	12.7
Real estate and mortgages	8.3	8.4
Short-term investments and other assets	5.5	4.7

2

DISTRIBUTION OF ASSETS UNDER MANAGEMENT as at December 31

(percentage)

	1981	1980
General Fund	67.9	69.5
Segregated funds	22.2	20.8
Individual Fund	8.8	8.2
Portfolios under management	1.1	1.5

Jean Campeau

Chairman of the Board
General Manager
Caisse de dépôt et placement du
Québec

Claude Legault

Vice-Chairman of the Board
President
Régie des rentes du Québec

Judge Richard Beaulieu*

President
Commission municipale du
Québec

Michel Caron*

Deputy Minister
Ministère des Finances
Gouvernement du Québec

Louis Laberge

President
Fédération des travailleurs du
Québec

Georges Lafond*

Vice-President — Finance
Hydro-Québec

André Marier

President
Société québécoise d'initiatives
agro-alimentaires

Fernand Paré

General Manager
La Solidarité,
Compagnie d'assurance sur la vie

Pierre Péladeau

President
Quebecor Inc.

Gaston Pelletier

President
Lombard Odier Trust Company

Alfred Rouleau

Associate Administrator
Malette, Benoit, Boulanger,
Rondeau et associés

* Associate member

At December 31, 1981, there was one vacancy
on the Board of Directors.

The Board of Directors of the Caisse de dépôt et placement du Québec held eleven regular meetings in 1981 and the rate of attendance was close to 80 per cent. Two special meetings were also called; on February 9, to study the annual report and financial statements for the year ended December 31, 1980 and on July 22, to consider the setting up of Brascade Holdings Inc.

Investment policy

In keeping with the objectives set in 1979 for the coming decade, the Board during the year saw to it that Caisse resources should continue to be aimed at Québec's economic development without limiting the scope of its participation in the financing of the public sector or departing from the highest standards of security of capital, profitability and liquidity for its investments. The Board especially strove to step up Caisse activity in the financing of Québec-based firms through new forms of cooperation with various agents of economic development and earmarked sizable amounts for equity participation in private corporations deemed strategic.

As a result, through association with Brascan Limited, Caisse increased its interests in Noranda, a group whose operations in Québec are significant; likewise, with Société générale de financement du Québec in the wake of its acquisition of a substantial stake in Domtar Inc. While the amounts involved and the size of these firms explain the emphasis placed on these transactions, they were not the only instances. In point of fact, such decisions are indicative of the Board's broader investment goals gradually to reduce the proportion of fixed income securities in favor of variable income securities whose return in times of inflation better suits Caisse objectives. During the year, this stand was further evidenced by acquisition of real estate properties, increased short-term holdings and dealings in interest rate futures.

Major transactions authorized

In line with the existing investment policy, major financing proposals were the object of in-depth study by Caisse management and later submitted to the Board for approval, among which:

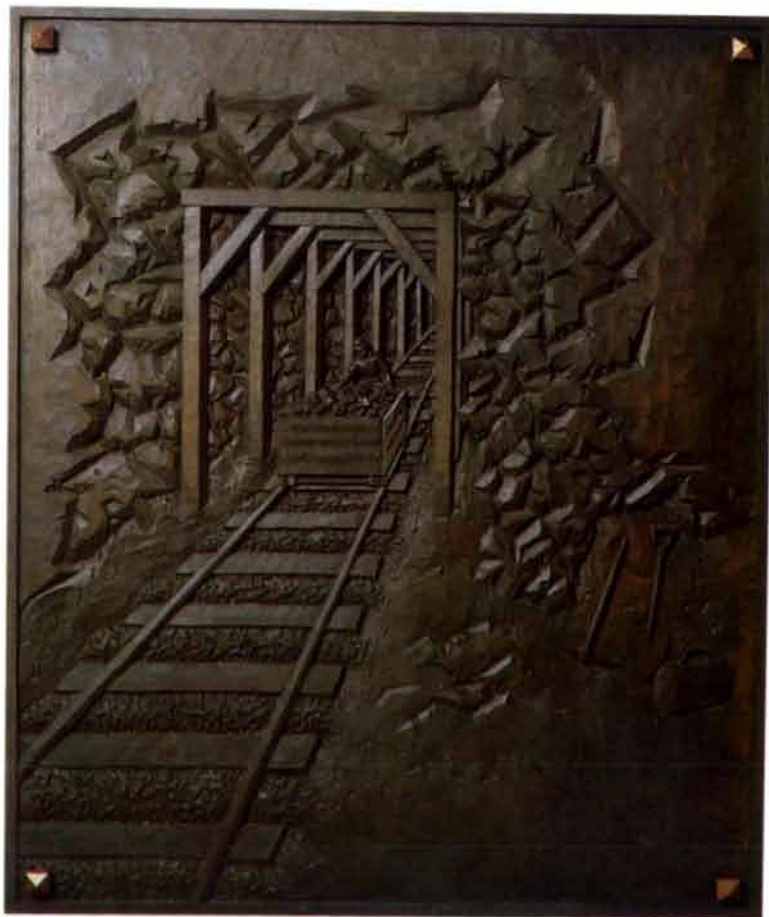
- the subscribing of a 30 per cent participation in the capital stock of Brascade Holdings Inc., a company controlling Brascade Resources Inc. whose main investment consists in a 42 per cent interest in Noranda Mines Limited;
- the authorization to subscribe to the common stock of Gaz Inter-Cité Inc., in which SOQUIP holds a 49 per cent participation;
- the authorization of a \$25 million mortgage financing to Placements Immobiliers La Laurentienne Inc., in which Caisse already holds half the equity; this financing covers an office building complex in Québec City;
- the subscribing up to an amount of \$8 million in debentures of Coopérative fédérée de Québec.

In line with a decision dating back to 1980, and following the setting up during the year of a real estate investment department for the purpose of rationalizing and coordinating a significant intervention in this field, the Board approved the creation of two new wholly-owned subsidiaries: Immeubles Cadimont Inc. and Immeubles Cadev Inc. Together with Cadim Inc. and Développements

Pasteur Inc., these subsidiaries are empowered to acquire, hold and administer real estate properties. In this context, the following transactions were authorized: the purchase of an office building located at 1440 Sainte-Catherine Street West in Montréal and of two buildings known as Place de Ville where, among others, the offices of the Sainte-Foy City Hall are located; and the acquisition of a joint 80 per cent interest in Centre Commercial Régional Carrefour in Gaspé.

Senior staff appointments

Upon recommendation of the General Manager, the Board approved the following appointments: Jean Labrecque, Deputy General Manager — Valeurs à revenu fixe; Jean Trudel, Director — Souscription à forfait; Dominique Colard, Director — Département des investissements immobiliers; Jacques Bouré, Director — Département des placements hypothécaires; and Michel Bastien, Director — Département des investissements en actions.



Amendments to regulations

During the year, amendments were made to Caisse regulations with orders in council 192-81 dated January 21, 1981 and 3569-81 dated December 22, 1981. The first allowed, among other changes, an increase in staff requirements and the second specified that transactions of all segregated funds and of the Individual Fund would henceforth be reported on a monthly basis rather than quarterly. However the latter change does not affect operations of the General Fund.

Administrative decisions and ratifications

As provided for in Section 15 of the regulations, the Board was during the year called upon to rule on the sale of shares likely to affect the control of a corporation; in addition, it ratified many decisions taken at various management levels. The year's investment program, the operating budget and the relocation of Caisse headquarters at 1981 McGill College Avenue in Montréal, scheduled for September 1982, have also been submitted to the Board for approval.

Report of the General Manager

In addition to its own report, the Board of Directors is pleased to present the report of the General Manager which gives an account of the administration of Caisse de dépôt et placement du Québec and testifies to its accomplishments in the various spheres of its activity.

On behalf of the Board of Directors,

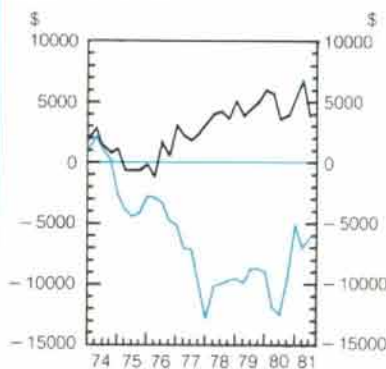


Jean Campeau
Chairman
Montréal, February 15, 1982

3 BUDGETARY POLICY

— Federal government surplus or deficit, on the national accounts basis (in millions).
 — Other levels of government surplus or deficit, on the national accounts basis (in millions).

Sources: Statistics Canada and Caisse de dépôt et placement du Québec.



World economic activity remained sluggish during 1981 due to spiraling interest rates and budgetary austerity at a time when the deflationary impact of the 1979-1980 oil shock was phasing out.

American economy

The recovery which followed the short-lived recession of 1980 was suddenly stopped early in 1981, to be followed in mid-year by another recession. The prevailing climate of uncertainty and the financial tensions arising from the supply-side approach of the Reagan administration were largely responsible for this cyclical jolt. Delays and difficulties experienced in the curtailment of government expenditures allowed for only partial application of this policy. Actually, in lightening the fiscal burden, the budgetary authorities in the end played a stimulative role owing to the fact that they could not reduce expenditures to the same degree. Under the circumstances, the monetary authorities alone assumed responsibility for the fight against inflation. Consequently, the cost of credit reached intolerable heights during the year forcing credit-sensitive expenditures to remain at a standstill while a heavier budget deficit eroded the confidence of financial markets.

Canadian economy

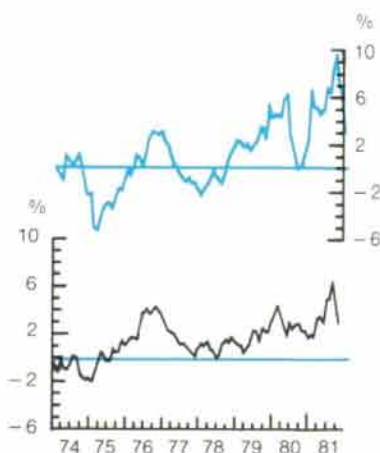
Following a brief but deep recession in 1980, the Canadian economy underwent a very strong recovery until mid-1981 to sink into another recession which gives sign of being at least as serious. During both these phases, domestic demand items most sensitive to credit conditions, such as durable consumer goods and capital expenditure recorded the greatest fluctuations, thus shaping the overall picture of the 1981 economic scene. Despite the sharp decline in growth in the second semester, the dynamic spurt of the first six months proved strong enough to ensure a rise in the Gross National Product which, in volume, was at least 2.5 per cent in 1981, as opposed to the 1980 slump. Similarly, the increase in consumer prices reached 12.5 per cent in 1981 compared to 10.2 per cent the previous year.

Unlike what happened in the U.S., the stringency of the Canadian economic policies in 1981 affected both budgetary and monetary levels. In the first case, the implementation of the energy program and the marked growth during the first semester resulted in a rapid reduction of the federal deficit and confirmed the increasing trend in surplus at all levels of

4 MONETARY POLICY

— Real yield, short-term security: yield on the 90-day commercial paper adjusted for inflation as measured by the consumer price index.
 — Real yield, long-term security: 10 corporates, bond yield average adjusted for inflation as measured by the consumer price index.

Sources: Statistics Canada, McLeod, Young, Weir and Caisse de dépôt et placement du Québec.



government (**Graph 3**). In the second instance, the Bank of Canada favored interest rates which in real terms were exceptionally high compared to previous years average, both on short-term and long-term securities (**Graph 4**). Under the circumstances, monetary authorities were compelled to check the fall of the Canadian currency under the impact of a major deterioration of the current account, the result of the cyclical variance of the Canadian economy with that of the rest of the world. The effects of these restrictive economic policies, in line with those followed the previous years, may finally be observed in the per-

formance of the Canadian economy which at the end of 1981 stood at a level of approximately 5 per cent off the previous ten-year trend (**Graph 5**).

Québec economy

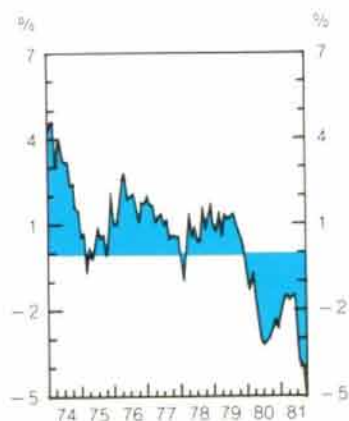
Within this context of worldwide lagging economy and stringent overall stabilization policies in Canada, the situation in Québec rapidly deteriorated in 1981 in absolute terms and as regards the situation in Canada (**Graph 6**). In fact, when Québec experienced strong economic activity in 1979, this stemmed from dynamic small- and medium-sized firms, much more important in terms of employment than those in Ontario. But the policy of high interest rates followed in the last two years by the Bank of Canada proved very restricting for these enterprises so that employment in that sector had dropped by 75 000 in December 1981, as compared with December 1980. With conditions prevailing on the labour market, Québec consumers were extremely wary and the volume of retail sales declined by 7.5 per cent from October 1980 to October 1981. Such uncertain economic conditions coupled with the precarious financial position of companies caused the volume of investments to stagnate in 1981 except for the housing construction sector which posted slight gains from an especially depressed level, it must be said.

The immediate outlook is not very encouraging, given that a struggling U.S. economy carries along that of Québec and the rest of Canada. But although signs of recovery are few at the moment, a rebound may well materialize in the second half of the year so that economic performance in 1983 ought to be clearly better than in 1982.

5 GROSS DOMESTIC PRODUCT

Ratio of the Canadian gross domestic product to its trend for the last ten years.

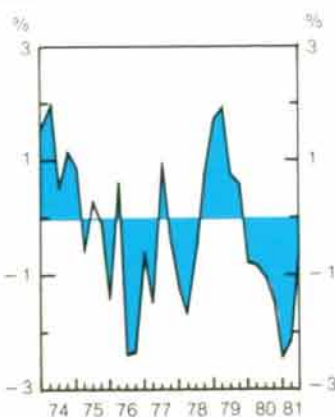
Sources: Statistics Canada and Caisse de dépôt et placement du Québec.



6 GROSS DOMESTIC PRODUCT

Growth differential in real gross domestic product: Québec less Canada

Sources: Statistics Canada, Conference Board of Canada and Caisse de dépôt et placement du Québec.





Jean Campeau

The year 1981 was the most active in the history of the Caisse de dépôt et placement du Québec with results testifying to major advances and significant changes in many respects. It must first be underlined that, for the first time during one given year, funds under management soared by more than \$2 billion, reaching \$13.9 billion at year-end, compared with \$11.7 billion at the end of 1980. Considering that annual growth of funds under management has since 1978 exceeded \$1.5 billion and that assets have more than doubled every five years since 1966, it is no wonder that Caisse has become the government corporation fourth in importance in Canada and one of the ten largest financial institutions in the country.

The \$2.2 billion increase registered in 1981 stems mainly

from the year's net income totaling \$1.3 billion, depositors' net contributions of \$732.3 million and net gains of \$87.4 million from the sale of investments. Upon transfer of this amount to appropriate general reserve accounts, and payment of a net sum of \$79.5 million as interest on demand and term deposits, Caisse attributed the net income to participation deposit holders in its different funds as shown in the "Highlights" Table.

The summary of assets under management given in **Table 7** indicates the stated value of investments to be \$13.6 billion and realization value, \$11.2 billion, a shortfall of \$2.4 billion. The variance, it will be noted, is greater in the case of Bonds and Mortgage Financing — fixed income securities. Yet, with respect to Stocks and Convertible Securities and Real Estate Investments — variable income securities — an appreciation in value is recorded. The high interest rates prevailing in 1981 caused a dramatic drop in the value of fixed income securities, whose preponderance within Caisse portfolios contributed to widen the spread already existing at the end of the previous fiscal year. But as a result of the planning initiated in 1980, together with the 1981 investment program, the ratio of fixed income securities to aggregate long-term investments was brought from 86.4 per cent to 82 per cent, thereby raising up the ratio of variable income securities to 18 per cent.

BOND INVESTMENTS

The stated value of bond investments totalled \$9.7 billion at December 31, 1981 or 70.9 per cent of Caisse overall investments as compared with 75.7 per cent the previous year. The breakdown of portfolios was as follows: General Fund, \$7.1 billion; Segregated Bond Fund, \$1.4 billion; Segregated Government Bond Fund, \$103.9 million; Individual Fund, \$930.1 million and portfolios under management, \$145.5 million. The summary of these investments appears in **Table 20** and data regarding market value, yield and relative importance of each category of bond securities is presented in **Tables 21, 22 and 23**.

Investment strategy

As may be observed in **Graph 8**, for the second year in a row, the volatility of the bond market was such that the investment strategy had to be reconsidered. More specifically, portfolio managers felt the need to question their traditional perception of the main variables relating to investments and revised their concept of security, profitability and liquidity.

Security of capital

Any bond investment entails two types of risk: the specific risk, attributable to the borrower and the market risk. Although the first may, to a large extent, be minimized by

7 SUMMARY OF ASSETS UNDER MANAGEMENT as at December 31, 1981

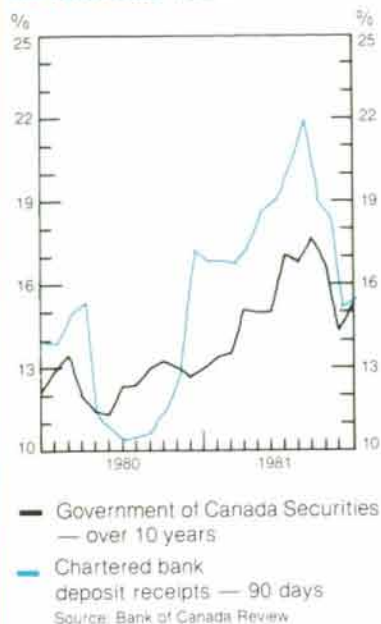
(stated value — millions of dollars)

Investments	General Fund	Segregated funds	Individual Fund	Portfolios under management	Total	Net change in 1981	Realization value
Bonds	7 120.6	1 473.4	930.2	145.5	9 669.7	955.2	7 259.7
Stocks and convertible securities	1 221.9	961.9	131.5	1.4	2 316.7	820.3	2 447.8
Mortgage financing	452.6	615.7	29.0	7.3	1 104.6	153.6	913.7
Real estate investments	55.0	0.3	—	—	55.3	24.3	57.9
Short-term investments	493.0	—	—	—	493.0	178.3	493.0
Deposits in General Fund	(118.1)	13.5	104.6	—	—	—	—
Total investments	9 225.0	3 064.8	1 195.3	154.2	13 639.3	2 131.7	11 172.1
Other assets	217.5	28.0	26.8	3.2	275.5	35.6	275.5
Total assets under management¹	9 442.5	3 092.8	1 222.1	157.4	13 914.8	2 167.3	11 447.6

¹ In the total assets under management, the assets of the General Fund do not include the amount of demand deposits of the segregated funds and the Individual Fund and interest accrued on those deposits. The assets of the segregated funds moreover reflect the deduction of advances by the General Fund and interest accrued on those advances.

8

EVOLUTION OF YIELD ON CANADIAN SECURITIES IN 1980 AND 1981



the acquisition of high-quality securities, such is not the case with the other.

In the past, long-term securities issued by governments and large corporations were considered safe, the investor being satisfied that he would recover principal at maturity, after having obtained a fixed and guaranteed income. Also, when needed the near-total of principal could be recouped by way of the secondary market. Such understanding of long-term bonds was based on the assumption that inflation would more or less level off and that interest rates would, on the average, remain the same; consequently the realization value of a given security would hold and the purchasing power of the invested capital would be protected. There was no question of the market presenting any risk.

Such a view is no longer true; for two years now the market value of long-term bonds has fluctuated as much, if not more, than that of stocks. Yet, bond investment mathematics is such that the market value of these securities is more likely to fluctuate with interest rate movements when the due date is distant, coupon and yield, low. Conversely, the higher the coupon and yield and the closer the maturity, the lesser will the impact be of interest rate fluctua-

tuations on the market value of the investment. To ensure genuine security of capital it is therefore necessary to figure out between maturity, coupon and yield a mix which will offer to the investor the risk he is willing to assume, considering yield sought and interest rate outlook.

As regards the quality of investments in Caisse bond portfolios, the degree of risk is rather small; with respect to the market however, the risk is relatively high. Actually, the market value of these portfolios recorded pronounced fluctuations during the last two years mainly due to a high content in long-term, relatively low-coupon and yield securities, when compared with prevailing rates. One of the objectives pursued during the year was to bring to a more acceptable level the degree of risk and this was achieved by purchasing, on the primary market, medium-term securities, extensible or retractable bonds and, on the secondary market, by exchanging long-term securities for others maturing earlier, as well as floating-rates bonds.

Profitability

One of Caisse major objectives is to ensure profitability of funds invested. In this respect however, bond performance measure is more accurate when based on realized yield than on yield to maturity. The notion of realized yield actually takes into consideration both income and change in market value for a set period. It must be underscored at this point that unlike realized yield, yield to maturity is not a proper benchmark for comparison with alternate types of investments. Hence, on the basis of realized yield, long-term bonds have not only displayed very high volatility but, generally speaking, their yield was weak despite current income often higher than other types of investments.

Bond trading programs and transactions aimed at reducing average maturity term caused sizable losses to be recorded. However, in the long run, performance of the various bond portfolios should improve through reinvestment at higher interest rates of the proceeds from the sale of securities.



Liquidity

Until the early part of 1981, it was still possible and relatively easy to sell on a buoyant secondary market high quality bonds irrespective of maturity date. Since then, liquidity must be secured through other channels, for instance, reduced maturities or retractable features. This need however is lessened when the coupon and yield gain in importance for the cash flow of the investment grows proportionately.

The near-total absence of a secondary bond market is no doubt temporary, yet even if its activity perked up, it could not easily meet investors' increased need for liquidity. Caisse strategy therefore aimed at making punctual use of the recoveries on the secondary market as well as of new financial vehicles to compensate for the shortfall in liquidity on bond markets.

Economic impact

Caisse contribution to the progress of the Québec community is very closely linked to its own growth. Such a view constitutes the backdrop of its investment management and, accordingly, its policy stand is set on that goal.

As regards the Québec public sector for instance, the support given by Caisse to the investment programs of public bodies is evidenced by **Tables 9 and 10** which indicate that its purchases of new bond issues of the Gouvernement du Québec and Hydro-Québec and of securities of other issuers amounted to \$1.1 billion and to \$141.1 million, respectively in 1981. Caisse was more active than in the past on the secondary market for bonds issued by public and parapublic bodies, its strategy being to ensure greater liquidity for such securities and making them more attractive in the

eyes of investors.

Furthermore, Caisse was not as involved as previously on the primary and secondary markets for corporate bonds. It was very active however on the money market where large Canadian corporations met their financial requirements, to a large extent. As for those companies operating in Québec, Caisse elected to invest in stocks rather than bonds and when it intervened on the bond market, it generally favored corporations in which it already held equity participation.

Operations

Overall bonds held by Caisse during the fiscal year increased by \$955.2 million. The most notable increment was registered in bonds issued or guaranteed by the Gouvernement du Québec, \$1.1 billion; municipal and school bonds advanced by \$74.5 million while securities guaranteed by grants, \$64.8 million. Government of Canada bonds for their part decreased by \$187.5 million. Pursuant to its strategy, Caisse substituted part of these with extensible and retractable bonds and treasury bills. A \$76.9 million reduction was also recorded in corporate bonds, due to securities coming to maturity and sales on the secondary market. The proceeds of the latter were partially re-invested on the money market and in the financing of small- and medium-sized firms.

The result of these transactions on the whole was to shorten notably the average maturity of the bond portfolios, from **15 years, 9 months** at the end of the previous year, to **13 years, 9 months** at December 31, 1981; the average coupon was also on the rise, from **10.33 per cent to 11.12 per cent**.

The active trading policy which Caisse had favored in the past was temporarily left in abeyance; early in the year, conditions prevailing on the bond market allowed for the pursuit of such a policy but the ensuing disturbances later made its application difficult.

Late in the year, Caisse entered the interest rate futures market. Such participation should enable Caisse to meet its investment objectives while protecting certain transactions against unexpected interest rate fluctuations and adding an important element of liquidity to portfolios.

9 SUMMARY OF ACQUISITIONS BY CAISSE OF NEW BONDS ISSUED OR GUARANTEED BY THE GOUVERNEMENT DU QUÉBEC ON THE CANADIAN MARKET IN 1981

(nominal value — thousands of dollars)

	Amounts of issues			Amount acquired by the Caisse	
	Public	Private	Total	Amount	Percentage of total
Gouvernement du Québec	500	875	1 375	900	65
Hydro-Québec	605	75	680	150	22
Total	1 105	950	2 055	1 050	51

The figures in this table do not include savings bonds. Tables 39 and 40 in the Financial Statistics Section give a breakdown of the acquisitions.

10 SUMMARY OF ACQUISITIONS BY CAISSE OF NEW MUNICIPAL AND SCHOOL BONDS AS WELL AS BONDS GUARANTEED BY GRANTS OF THE QUÉBEC PUBLIC SECTOR ISSUED ON THE CANADIAN MARKET

(nominal value — thousands of dollars)

Categories	1981	1980	1979	1978	1977
Municipalities and municipal bodies	67 484	64 628	54 754	24 077	61 994
School boards	5 200	15 803	9 274	12 295	24 955
	72 684	80 431	64 028	36 372	86 949
Cegeps	1 700	2 381	700	—	7 559
Hospitals	11 674	7 580	744	17 400	6 527
Universities	30 050	6 540	2 263	1 325	14 550
Social service centres	24 950	13 905	—	—	—
	68 374	30 406	3 707	18 725	28 636
Total	141 058	110 837	67 735	55 097	115 585

Bond investment performance

At year-end, the average yield to maturity of Caisse various bond portfolios reached 11.38 per cent but in view of escalating interest rates in 1981, the market value of these securities shrank by an amount almost equal to their income for the year.

Cash management and short-term investments

Caisse also took advantage of the high interest rates on the money market in 1981, investing its largest amounts when rates reached their peaks in July and August. At the end of July, the aggregate short-term investments exceeded \$725 million.

Within the overall investment strategy, short-term securities grew in importance. Given their outstanding return and the volatility of longer-term securities, judicious choice of short-term investments coupled with strict cash management improved total yield while ensuring greater flexibility in the pursuit of the objectives of security of capital, profitability and liquidity. As will be seen in **Table 20**, at December 31, short-term investments amounted to \$493 million, or 3.6 per cent of overall investments; compared to the previous year, the increase was \$178.3 million.

INVESTMENTS IN STOCKS

At year end, Caisse was managing assets totalling \$2.3 billion — quoted market value, \$2.4 billion — in stocks and convertible securities of Canadian corporations, broken down as follows: \$1.2 billion in the General Fund, \$962 million in the Segregated Stock Fund, \$133 million in the Individual Fund and portfolios under management. **Table 11** shows the total to correspond to 72.5 per cent of the \$3.2 billion invested as at December 31, in stocks and bonds of 281 corporations, as regards \$2.5 billion — 283 corporations — at the end of the preceding year. The \$820.3 million rise in stocks and convertible securities in 1981 is a peak never before reached by Caisse. Moreover, as reported in **Graph 12**, these investments have, on the whole, more than doubled since 1979.

North American economic situation in 1981

A short-lived but strongly-felt recession hit in mid-1980; again, in the second half of 1981, it shook the Canadian and American economies. Interest rates likewise were jerky as they reacted to fluctuating credit demands and changes in inflationary expectations. Such a context left its stamp on the financial markets, especially the equity market, the latter reacting in a typical bearish manner.

Stock markets

Early in the year, as shown by the TSE 300 index, the Canadian market displayed signs of weakness, a trend already evident late in 1980.

The fear of new sharp increases in interest rates kindled by the pessimistic forecast of some economists eroded the confidence of investors who opted out. As a result, the TSE 300 registered a drop of 7 per cent from the beginning of the year until February 20.

Later, the harsh takeover disputes between large corporations, both in Canada and in the U.S., stirred up new confidence among investors and contributed to the recovery of an otherwise lackluster market. At the same time, interest rates dropped, due to a slackening in credit demand.

Resumed exploration activities in the oil and gas sector, added to the prospect of an agreement between the Canadian government and that of Alberta on the price of oil and the sharing of revenue, also helped maintain the buoyancy of the stock market. Following a recovery of some 12 per cent between the end of February and late April, the market stabilized to some degree with the TSE 300 index settling around the 2350 mark until mid-July.

Interest rates in the meantime had started climbing again hitting historical highs in September. The TSE 300, after nearly reaching in mid-July the peak recorded in December 1980, dropped by 23 per cent in a little over a month.

Reaction to the September 1 Canada-Alberta agreement was mixed at the onset; subsequently, it became negative as investors realized the implications and impact of the agreement on the self-financing capacity of oil-producing companies. Furthermore, the drop in interest rates at year-end together with inflation threats moderating, the stock market regained momentum, the TSE 300 closing at 1954, a 14 per cent setback in comparison with the end of 1980, but still 11 per cent higher than the September slump. Actually, what stirred up worry among investors that the recession would be deeper and longer than anticipated, were the year-end

11

SUMMARY OF CORPORATE INVESTMENTS as at December 31, 1981

(Quoted value — Millions of dollars)

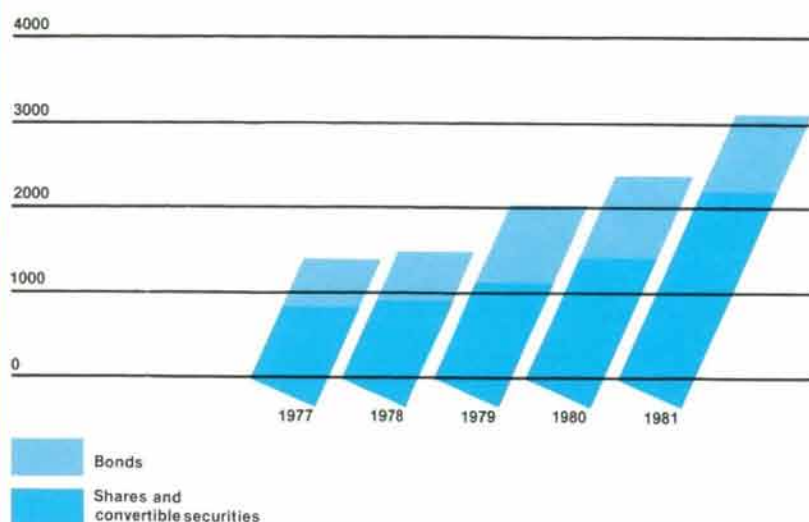
Status of corporations	Number of corporations	Shares and convertible securities	Bonds	Total	Percentage
Corporations and subsidiaries whose shares are listed on stock exchanges	183	2 276.2	667.0	2 943.2	91.9
Private corporations	76	25.4	129.6	155.0	4.8
Public corporations and cooperatives	22	15.1	90.8	105.9	3.3
Total	281	2 316.7	887.4	3 204.1¹	100.0

¹ At December 31, 1981 the realization value of these investments was 3 141.2 million dollars.

12

EVOLUTION OF INVESTMENTS IN SHARES AND CORPORATE BONDS as at December 31

(Stated value — million of dollars)



statistics and the evidence of serious deterioration of the economy.

Investment strategy

With the prospect of a recurring slump in 1981 and an extension of the stock market cycle, Caisse maintained the defensive strategy initiated in 1980. Although that strategy proved premature the first year mostly because of numerous takeover bids, it nonetheless brought results in 1981 when economic conditions and the stock market behaved as forecast. Taking into consideration the anticipated recovery in the second semester of 1982, it would seem suitable gradually to follow a more dynamic policy thrust with respect to stocks.

Operations and transactions

Caisse was most active on the stock market in 1981. Through acquisition of substantial equity participation in certain corporations, among other things, it increased the proportion of shares and convertible securities within its overall investments from 13 to 17 per cent in 1981, the highest level since 1975.

Distribution of corporate investments in shares and bonds by order of importance appears in **Table 13**: at December 31, Caisse boasted \$2.7 billion in investments exceeding \$10 million, in 56 companies, an average of \$47.8 million, as opposed to \$36 million last year.

A dizzy sequence of takeovers, several of these transactions involving major corporations engaged in the development of natural resources, shook the market in 1981 both in Canada and in the U.S. The most important mergers and acquisitions in the history of the North American economy were recorded. This phenomenon in Canada may notably be explained by the diligent action of some corporations in taking advantage of the oil industry canadianization program introduced by the federal government in October 1980.

Among examples of this timely intervention, the following are worth mentioning: the acquisition of Petrofina Canada by Petro-Canada (\$1.5 billion); the transaction involving Dome Petroleum Limited and Conoco Inc. for a 52.9 per cent interest in Hudson Bay's Oil and Gas (\$1.7 billion U.S.); the purchase by Canada Development Corporation of a near-75 per cent participation in Aquitaine Canada (\$1.6 billion) then held by Société Nationale Elf Aquitaine of France.

Brascade Resources Inc.

Such was the framework of the negotiations between Brascan Limited ("Brascan") and Caisse for the setting up of a new investment company under the name Brascade Holdings Inc. ("Holdings") whose object would be the development of natural resources in Canada through its subsidiary, Brascade Resources Inc. ("Brascade"). A press release issued on July 23, 1981 by both parties to the agreement announced that (1) the share capital of Holdings would be held by Brascan and Caisse on a 70 per cent and 30 per cent basis, respectively; (2) the partners would pool their holdings in common and preferred shares of Noranda Mines Limited ("Noranda"), initially giving Brascade a 28 per cent interest in Noranda; (3) they had authorized subscription of an additional \$600 million in Holdings' treasury common shares; (4) Brascade would arrange a \$1 billion bank line with major Canadian chartered banks for the purchase of Noranda common shares and (5) they contemplated a widespread public distribution of Brascade shares. In

13

DISTRIBUTION OF CORPORATE INVESTMENTS IN SHARES AND BONDS BY ORDER OF IMPORTANCE as at December 31, 1981

(stated value — millions of dollars)

Categories	Number of corporations	Shares and convertible securities	Bonds	Total	Percentage
To 10 million	225	226.7	298.4	525.1	16.4
10 to 25 million	28	317.9	127.4	445.3	13.9
25 to 50 million	14	331.6	192.0	523.6	16.3
50 to 100 million	9	537.5	107.4	644.9	20.1
100 million and more	5	903.0	162.2	1 065.2	33.3
Total	281	2 316.7	887.4	3 204.1¹	100.0

¹ Realization value of these investments at December 31, 1981 was 3 141.2 million dollars.

the press release, the following was also stated, "Brascan and Caisse, as the two largest shareholders of Noranda, are hopeful that by increasing their holdings they can be assured of board representation to give them and other shareholders an effective voice in the affairs of Noranda".

Before the offer to purchase dated September 1 was sent to Noranda common and preferred shareholders, an agreement was reached between the management of Brascade and Noranda whereby Brascade was to subscribe 12.5 million Noranda common treasury shares for an aggregate amount of \$500 million and secure adequate representation to an expanded board. On September 25, Brascade announced that approximately 69.8 million common and some 3.2 million preferred share certificates of Noranda had been tendered. Then owner of 42 per cent of Noranda common shares, Brascade listed its convertible preferred shares with both the Bourse de Montréal and the Toronto Stock Exchange on November 23.

Domtar Inc.

Several other major transactions in the resource field were completed in 1981: acquisition of Abitibi-Price Inc. by Olympia & York Developments Ltd. (\$620 million) and that of Canadian International Paper Company by Canadian Pacific Enterprises Limited (\$1.1 billion). It must also be recalled that on August 18, Société générale de financement du Québec and Caisse announced that they held 22 per cent and 20 per cent, respectively, of Domtar Inc. common shares and as a result, they were the two major shareholders. After consultation with the management of Domtar, it was announced by the latter that adequate board representation would be granted to the two shareholders within an expanded board of directors and also, on the executive committee.

Relative importance of sectors of activity

Table 14 presents the components of corporate investments in shares

and bonds according to the 14 major sectors of activity of the TSE 300 and confirms the investment policy outlined in this report. The net \$743.4 million change is the result of a rise of \$820.3 million in equities and a \$76.9 million decrease in bonds.

In addition, this table shows that the main changes to be found first are under "Metals and minerals", then "Oil and gas", "Transportation" and "Utilities". The first entry recorded a \$372.5 million increase due mainly to the Brascade transaction. In the second case, the change is a normal stabilization adjustment of this sector within the overall portfolios. The variation under "Transportation" reflects particularly Caisse increased holdings in Canadian Pacific Limited, of which it had been a major shareholder for some years.

The \$57.7 million increment in "Utilities" is for the most part the result of a transaction concluded March 30, 1981 for a \$55 016 392 issue of subordinated debentures, 13 per cent, of Northern and Central Gas Corporation Limited, exchangeable at the option of Caisse over a 7 1/2-year period for 6 877 049 Gaz Métropolitain, inc. common shares at an exchange price of \$8 each. Under the terms of this transaction, Caisse may use the voting rights attached to the common shares of this company for which these debentures are exchangeable. Thereby, Caisse which beneficially owned 2 314 000 (12.9 per cent) of Gaz Métropolitain outstanding common shares could exercise the voting rights attached to 9 191 049 (51.2 per cent) outstanding common shares of that company. At December 31, 1981, Caisse had not exercised its exchange privilege.



SHARES AND CORPORATE BONDS BY SECTORS OF ACTIVITY as at December 31, 1981

(Market value — millions of dollars)

Sectors of activity	Number of corporations	Shares and convertible securities	Bonds	Total	Net change in 1981
Metals and minerals	11	591.0	48.0	639.0	372.5
Gold	2	12.0	—	12.0	12.0
Oil and gas	14	228.0	41.0	269.0	76.9
Paper and forest products	17	157.6	33.9	191.5	15.3
Consumer products	46	222.0	116.9	338.9	52.2
Industrial products	51	165.0	125.9	290.9	37.1
Real estate and construction	19	2.3	56.0	58.3	(17.4)
Transportation	8	170.8	10.0	180.8	74.2
Pipelines	5	58.2	0.7	58.9	27.3
Utilities	15	207.8	183.6	391.4	57.7
Communications and media	10	49.3	11.9	61.2	11.5
Merchandising	36	92.3	42.7	135.0	23.5
Financial services	38	331.0	214.1	545.1	(11.4)
Investment companies	9	29.4	2.7	32.1	12.0
Total	281	2 316.7	887.4	3 204.1¹	743.4

¹ Realization value of these investments at December 31, 1981 was 3 141.2 million dollars.

Stock portfolio yield

Income from investments in shares and convertible securities of the General Fund, the Segregated Stock Fund and the Individual Fund totalled \$316.4 million, \$130 million of which in dividends and interest and \$186.4 million in net gains from sales of investments. The greater part of this last amount stems from the disposal of interests in Abitibi-Price, Aquitaine Company of Canada Ltd., MacMillan Bloedel Limited, Petrofina Canada Inc., The Seagram Company Ltd. and Texasgulf Inc., following private or public offers to purchase.

Despite unfavorable conditions on the stock market in 1981, Caisse has nevertheless managed to record on the whole a rate of return slightly higher than the TSE 300 which stood at -13.9 per cent, excluding dividends, and at -10.3 per cent when including them. The General Fund stock portfolio registered a total yield of -9.8 per cent, -14.1 per cent as to capital and 4.3 per cent, income. The Segregated Stock Fund for its part reported a total return of -9.9 per cent, considering a 4.7 per cent income. Investments in shares and convertible securities of the Individual Fund, first purchases of which go back to January 1981,

yielded -8.8 per cent for the eleven-month period, -13.7 per cent attributable to capital and 4.9 per cent, to income.



CORPORATE FINANCING

Under the heading of *corporate financing* are included the investments made by Caisse since 1967 in medium-sized private firms not listed on the stock market and corporations in the Québec public and cooperative sectors. Such investments do not however include mortgage loans on commercial and industrial buildings nor sale and leaseback transactions.

The year 1981 was one of transition and policy change for the *département des financements d'entreprises* which was entrusted with coordinating all operations related to the financing of Québec small- and medium-sized firms. Under the terms of this new mandate, the department is considering, in addition to maintaining regular service to its existing customers, acquiring equity participation through subscription to convertible debenture issues, common or convertible preferred shares in companies of good standing, dynamic, profitable and likely to expand rapidly. By means of participation in the share capital, ranging from 10 per cent to 30 per cent and for a minimum of \$500 000, the department is looking for service or manufacturing corporations whose owners/managers are willing to work with one or more experienced financial

partners. Associations of this type will aim at promoting modernization and expansion projects, as well as acquisitions or mergers and, in certain instances, providing the consolidation of financial structures.

As indicated in **Table 11**, this activity at December 31, involved \$261 million — 98 corporations, or 8.1 per cent of the aggregate amounts invested in Canadian enterprises. During the year, 73 financing proposals were filed: a total of \$19.5 million was subscribed, compared to \$61.4 million in 1980. Despite this drop in volume, a rise exceeding \$100 million in such holdings must be noted since 1978, following analysis of more than 200 projects. In 1981, the department's outlays reached \$29.5 million and at December 31, the balance of commitments totalled \$5.2 million.

Moreover, **Graph 15** illustrates apportionment of investments and commitments in 93 corporations — \$238.5 million at December 31 — according to headquarters. With regard to regional development, it must be recalled that in line with Caisse policy, no type of business concern is excluded at the outset and the same holds true of any region. Actually, Caisse has already invested in 11 of the 14 sectors of activity listed in **Table 14**, including \$64 million in consumer products.

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APPORTIONMENT OF INVESTMENTS AND COMMITMENTS OF THE DÉPARTEMENT DES FINANCEMENTS D'ENTREPRISES as at December 31, 1981

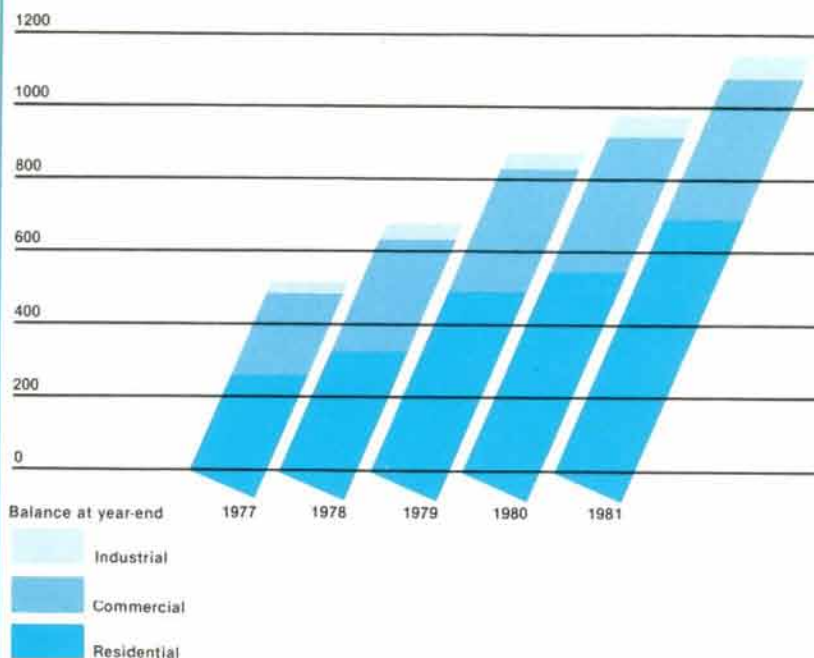
(in millions of dollars)

	Amount	Percentage
Montréal, Laval and North of Montréal	109.2	45.8
South of Montréal and Estrie	45.0	18.9
Québec	41.6	17.4
North-west Québec and Outaouais	22.9	9.6
Trois-Rivières	11.1	4.7
Saguenay — Lac Saint-Jean and other regions	8.7	3.6
	238.5	100.0

Apportionment is determined according to the company's head office; it does not include mortgage financing and real estate investments.

MORTGAGE FINANCING AND REAL ESTATE INVESTMENTS as at December 31

(STATED VALUE — million of dollars)



MORTGAGE FINANCING

Caisse mortgage holdings during the year exceeded \$1 billion to reach the \$1.1 billion mark at December 31. As observed in **Table 20**, this portfolio included first mortgages on dwellings for \$601.6 million, commercial and industrial building financing for \$478 million and other types of debt amounting to \$25 million. Within the overall Caisse investments, the proportion of mortgage financing receded to 8.10 per cent in 1981 compared to 8.27 per cent at the end of 1980.

Outlays for the year totalled \$195 million, 50 per cent more than in 1980 and broken down as follows: \$47 million for the General Fund, \$120 million for the Segregated Mortgage Fund and \$28 million for the Individual Fund. The housing sector for its part claimed 58 per cent of these disbursements while the commercial and industrial building categories represented 36 per cent and 6 per cent, respectively. The housing construction industry showed small gains in Québec in



1981, with housing starts numbering 29 645 units as opposed to 29 186 in 1980.

The mortgage financing portfolios posted the following yields: 10.54 per cent for the General Fund, 11.81 per cent for the Segregated Mortgage Fund and 19.89 per cent for the Individual Fund, such securities being included in the latter for the first time. The balance of mortgage commitments at the end of the year amounted to \$91 million, 82 per cent of which earmarked for the housing sector.

REAL ESTATE INVESTMENTS

Caisse, like many other investors, is constantly on the look out for ways to safeguard its funds against erosion. Having reduced the terms of mortgage loans, it endeavoured to share in the appreciation of the real estate properties it had financed notably through partnership with real estate developers, later to implement a policy dealing with acquisition of commercial or industrial buildings.

Supply in this field increased noticeably due to difficult financing conditions and, to a certain extent, this gave momentum to Caisse new orientation. Whenever sale is contemplated, the potential buyer is whoever can produce a substantial down payment and wait until interest rates stabilize pending sound long-term financing. From this point of view, Caisse foresees a marked rise in its real estate activity.

Since this kind of operations require facilities to be provided on a daily basis, Caisse expanded its operating framework through wholly-owned subsidiaries, Cadim Inc., Développements Pasteur Inc., Immeubles Cadimont Inc. and Immeubles Cadev Inc., whose object is to acquire, hold, rent and administer real estate properties. The financial statements of these subsidiaries are consolidated with the General Fund.

Three purchase offers were approved and completed during the year for an overall investment of \$19 million. The real estate properties involved are an office building at Montréal, another at Québec

and a shopping center at Gaspé. With respect to Montréal and Québec, Caisse is the exclusive owner. In the third case, it holds an 80 per cent interest. In the wake of these transactions, real estate investments at year-end amounted to \$55.3 million, a \$24.3 million increase over the preceding year. A summary of real estate investments is provided in **Table 42**.

FUNDS UNDER MANAGEMENT

There are six different funds through which Caisse manages the holdings of its depositors; the financial position of each is presented in the Financial Statements Section of this report. The following is a summary of the operating results for the year ended December 31, 1981. In the latter part of the fiscal year, a minor change was brought to the regulations whereby the transactions of depositors in the segregated funds and the Individual Fund are to be reported on a monthly rather than quarterly basis from January 1, 1982.

General Fund

Among the assets in this fund are those of the Régie des rentes du Québec and the Régie de l'assurance automobile du Québec; this fund also acts in a banking capacity to all depositors and the various other funds.

General Fund assets were \$9.6 billion at December 31, an increase of \$1.3 billion over last year. Mainly responsible for this increment are net income of \$904.2 million and net contributions of \$295.1 million as compared to \$497.3 million in 1980.

Investments of the General Fund reached \$9.3 billion. **Table 21** shows the summary of these investments, various item changes as well as the realization value set at \$7.6 billion. The weighted average yield — current income — was 10.82 per cent against 10.42 per cent the previous year.

For reasons already dealt with, realization value of a General Fund unit stood at \$674 from \$784 at the end of 1980. But as will be seen in **Table 24**, the current yield on average participation deposits advanced to 10.50 per cent from 10.20 per cent.

Segregated funds

In these four funds are managed holdings of public and parapublic supplemental pension plans and of the construction industry. Through these pooled funds, the administrators of these plans, together with Caisse authorities, may allocate their funds according to specific requirements and objectives.

The combined assets of the four segregated funds amounted to \$3.1 billion at December 31, a \$678.6 million increase from 1980. In addition, these funds represented at year-end 22.2 per cent of Caisse overall assets under management; in 1980, this percentage was 20.8.

Fund "O" investments of \$1.4 billion and Fund "G", \$108.2 million, account for 48.2 per cent of segregated funds investments; the \$971.1 million of Fund "A", 31.7 per cent and the \$616 million of Fund "H", 20.1 per cent.

The five plans in the segregated funds recorded deposits of \$327.2 million during the year, against \$292.2 million in 1980. Overall net income of the four funds for the year was \$336.9 million, compared with last year's total of \$224.5 million.

Table 22 provides the summary of investments by categories, changes during the year and weighted average yields. Their total increased by \$666.4 million to reach \$3.1 billion at year-end.

Fund "O"

Assets of the Segregated Bond Fund surged by \$335.5 million to reach \$1.4 billion at December 31. Investments in bonds represented \$1.37 billion, with realization value of \$1.1 billion.

Net income of the fund totalled \$133.4 million; the fund's unit realization value declined from \$1924 in 1980 to \$1644 in 1981. Income paid to participation deposit holders expressed as a percentage of the average participation deposits of the fund was 11.77 per cent, as given in **Table 26**.

Fund "G"

At December 31, the Segregated Government Bond Fund recorded assets of \$111.3 million and investments of \$108.2 million, the realization value of the latter was \$75.5 million. The fund's net income for the year amounted to \$10.4 million; income paid to holder represented a 10.04 per cent yield on the average participation deposits as shown in **Table 27**. As to unit realization value, it was \$914 at the end of the year.

Fund "A"

Assets of the Segregated Stock Fund were \$979 million at December 31, a surge of \$259.8 million. Holdings of the participation deposit holders were on the rise by \$262.4 million following \$188.1 million issue of units and taking account of \$74.3 million in gains realized and recorded in the general reserve. Investments of fund "A" were \$971.1 million, with realization value, approximately of the same order. The fund's net income for the year amounted to \$130.8 million and the portion paid to participation deposit holders represented a 7.27 per cent yield on average deposits, as listed in **Table 28**. Unit realization value amounted to \$2427 at year-end.

Fund "H"

The Segregated Mortgage Fund recorded assets higher by \$84 million, totalling \$626.4 million at December 31.

The portfolios, made up mainly of mortgage financing, also include real estate properties from foreclosure, stood at \$616 million and were valued at \$534.2 million. The fund's net income for the year totalled \$62.3 million. **Table 29** shows for 1981 a yield of 11.16 per

cent on average participation deposits, as against 10.45 per cent the previous year. The fund's unit realization value was \$1844 at year-end.

Individual Fund

The Individual Fund for the Commission de la santé et de la sécurité du travail was created in 1977. At December 31, its assets had increased by \$259.4 million to reach \$1.2 billion.

During the year, the Commission acquired \$254 million in participation deposits, \$110 million of which from receipts and the rest from reinvested income. **Table 25** indicates the yield on average participation deposits to be 10.93 per cent.

The Individual Fund's investments, which until now mostly included bonds, were diversified during fiscal 1981. At year-end, they reached \$1.2 billion, of that amount \$131.5 million in shares and convertible securities and \$29 million in mortgage financing. Total realization value was \$928.8 million, as appears in **Table 23**, which also gives the breakdown of portfolios, changes during the year together with yield.

DEPOSITORS

Net Contributions and Depositors' Holdings

Depositors' net contributions — deposits received less withdrawals made — registered a 17.5 per cent decline in 1981, from \$888.1 million to \$732.3 million. **Graph 17** indicates the source of these contributions in percentage during the fiscal year and **Table 30** compares their evolution during the last five years. The effects of inflation and of the sluggish economy were also felt by depositors.

With respect to net contributions, the Government and public employees retirement plan was the most important depositor in 1980 and 1981 with contributions grow-

ing at an average rate of 16.1 per cent over the last five years.

Depositors' holdings with Caisse at realization value, as shown in **Table 31**, were \$11.4 billion at year-end, at December 31, 1980 that amount was \$10.9 billion.

As will be seen in **Graph 18**, the Régie des rentes du Québec remains the major Caisse depositor even though its relative share of holdings is decreasing every year, representing 56 per cent of the total year-end as compared with 58.7 per cent in 1980 and 62.4 per cent in 1979. For its part, the Régie de l'assurance automobile du Québec is gaining in importance as a depositor since its inception in 1978; at year-end, its share was

8.9 per cent.

Supplemental pension plans of the Commission administrative du régime de retraite, Office de la construction du Québec and Université du Québec accounted for 24.7 per cent of the depositors' holdings as regards 22 per cent in 1979 and 23.6 per cent in 1980.

The Commission de la santé et de la sécurité du travail is another depositor whose holdings are growing from 9.2 per cent in 1979 to 9.6 per cent in 1980 and 9.8 per cent at the end of 1981.

Participation deposits constitute the major part of depositors' holdings, some 93.7 per cent.

Tables 32 to 37 inclusive give the respective financial position of the main depositors.

For some years, Caisse has been working very closely with its depositors to select the type of investments best suited to their requirements as to return, risk, income and liquidity. Caisse intends to maintain this exchange of views and intensify its efforts to promote the success of this team work.

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SOURCE OF DEPOSITORS' NET CONTRIBUTIONS

(percentages)

	1981	1980
Commission administrative du régime de retraite	40.3	29.1
Régie de l'assurance automobile du Québec	26.3	27.1
Régie des rentes du Québec	18.1	24.1
Commission de la santé et de la sécurité du travail	10.1	17.8
Other depositors	5.2	1.9

Detailed information as to the source of depositors' net contributions will be found in the Financial Statistics Section, Table 30.

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DEPOSITORS' HOLDINGS AT REALIZATION VALUE as at December 31

(percentages)

	1981	1980
Régie des rentes du Québec	56.0	58.7
Commission administrative du régime de retraite	16.5	15.3
Commission de la santé et de la sécurité du travail	9.8	9.6
Régie de l'assurance automobile du Québec	8.9	7.5
Other depositors	8.8	8.8

Detailed information on depositors' holdings will be found in the Financial Statistics Section, Table 31.

Administrative expenditures

In compliance with its regulations, Caisse records in the General Fund all administrative expenditures later to apportion them among the various funds and portfolios on a pro rata basis of the weighted assets of each.

For 1981, administrative expenditures amounted to \$9 510 000, an increase of approximately 15 per cent over the previous year when the rate was 15.9 per cent. Distribution of these expenses appears in **Table 19**; the General Fund absorbed 59.5 per cent of them, the segregated funds, 32.6 per cent, the Individual Fund, 6.7 per cent and the portfolios under management, 1.2 per cent.

Expenditures charged to "Salaries and Fringe Benefits" amounted to \$5 056 000. This total represents 53.2 per cent of the overall administrative expenditures and the \$505 000 increase for the year is partly due to additional staff and higher salaries paid in keeping with Caisse's regulations and Norms and standards of remuneration in force. At year-end, regular staff numbered 154. The \$364 000 increment under "Premises" is due to additional office space rented, for a twelve-month period, at Montréal and to the renewal on April 30, 1981 of the main lease which had come due. All together, these two items account for nearly 70 per cent of the \$1 244 000 increase recorded under the year's administrative expenditures.

TRIBUTE TO STAFF

Glancing at this report it becomes clear, given the present complexity of financial administration, that Caisse had the unfailing support of first-rate personnel to overcome the sizable challenges of the past months and to look to the coming year with optimism. This tribute therefore is not mere formality; it is the expression of the deep gratitude of the Board of Directors and the General Manager to a team as efficient as it is loyal and dedicated.



Jean Campeau
Montréal, February 15, 1982

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DISTRIBUTION OF ADMINISTRATIVE EXPENDITURES AMONG FUNDS IN 1981

(thousands of dollars)

	Amount	Percentage
General Fund	5 661	59.5
Fund "H"	1 593	16.8
Fund "O"	727	7.6
Fund "A"	711	7.5
Individual Fund	640	6.7
Portfolios under management	116	1.2
Fund "G"	62	0.7
Total	9 510	100.00

	Page
General Fund	26
Segregated Fund — Bonds (Fund "O")	30
Segregated Fund — Government Bonds (Fund "G")	32
Segregated Fund — Stocks (Fund "A")	34
Segregated Fund — Mortgages (Fund "H")	36
Individual Fund	38

The Caisse de dépôt et placement du Québec is required to submit to the ministre des Finances before March 15 of each year a report of its operations which must be forthwith tabled before the Assemblée nationale. This document must include the financial statements of Caisse various funds, duly audited, the report by the Vérificateur général du Québec testifies in each case that all investments and transactions have been made in compliance with the Act respecting the Caisse de dépôt et placement du Québec (R.S.Q., chapter C-3).

The **General Fund** is a pooled fund consisting of different categories of investments whose make-up is established by the Board.

The **segregated funds** — four in number — also are pooled funds but are made up, respectively, of investments of the same type and in proportions reflecting directives issued to Caisse by administrators of the supplemental pension plans.

An **Individual Fund** is managed separately and comprises investments which meet the specific requirements of a given depositor.

The Act respecting the Caisse provides for three types of deposits: **demand deposits, term deposits and participation deposits** which, according to each case, are assigned to the General Fund, an Individual Fund or, for supplemental pension plans, to segregated funds.

Caisse accepts demand deposits and term deposits from day to day; it accepts participation deposits in its funds or withdrawals of such deposits only on the dates stipulated in the regulations. Demand and term deposits constitute evidences of indebtedness of Caisse towards the depositors.

As for participation deposits in a determined fund, they are expressed in the form of units whose holders, on a pro rata basis, share the net income of the fund for the year; net income is established after the capital gains or losses on the sale of securities have been transferred to the general reserve account.

Caisse administrative expenditures are recorded in the General Fund and apportioned among its various funds and portfolios on a pro rata basis of the weighted assets of each.

BALANCE SHEETas at December 31, 1981
(thousands of dollars)

Assets	1981	1980
Investments (Note 3)		(Note 9)
Portfolios:		
— Bonds	\$ 7 120 682	\$ 6 485 205
— Shares and convertible securities	1 221 867	879 393
— Mortgage and real estate investments	452 591	417 126
— Real estate	54 972	30 974
— Short-term investments	492 950	314 738
	9 343 062	8 127 436
Cash	448	451
Investment income accrued and receivable	189 073	168 098
Advances to segregated funds	29 276	—
Other assets	444	463
	219 241	169 012
	\$ 9 562 303	\$ 8 296 448
Liabilities		
Deposits (Note 4)		
Demand	\$ 302 356	\$ 210 483
Term	107 969	122 555
Income and interest to be paid out to depositors and other funds	240 772	205 871
Transactions in process of settlement	4 018	5 449
Mortgages payable	5 933	774
Other liabilities	7 922	4 397
	668 970	549 529
Participation deposit holders' equity		
Participation deposits (Note 6)	8 651 502	7 545 443
General reserve (Note 7)	241 831	201 476
	8 893 333	7 746 919
	\$ 9 562 303	\$ 8 296 448

The accompanying notes are an integral part of the financial statements.

On behalf of the Board of Directors,

Jean Campeau

Claude Legault

**AUDITOR'S
REPORT**

I have examined the balance sheet of the General Fund of the Caisse de dépôt et placement du Québec as at December 31, 1981 and the statement of income and expenditure and the statement of income and interest to be paid out to depositors and to other funds for the year then ended. My examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, the investments and the financial transactions of the Fund were made in compliance with the Act respecting the Caisse de dépôt et placement du Québec and these financial statements present fairly the financial position of this Fund as at December 31, 1981 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles and the particular accounting policies mentioned in the financial statements, applied on a basis consistent with that of the preceding year.

Rhéal Chatelain, F.C.A.,
Vérificateur général,
Québec, March 5, 1982.

INCOME AND EXPENDITURE

for the year ended
December 31, 1981
(thousands of dollars)

Income	1981	1980
Investment income		
Interest on bonds	\$ 745 454	\$ 593 449
Dividends, interest on convertible securities	75 033	61 554
Interest on mortgage and real estate investments	45 340	41 451
Income on real estate investments	3 646	2 764
Interest on short-term investments — net	79 441	77 828
	948 914	777 046
Gain and loss on sale of investments	40 355	31 133
Other income	98	12
Total income	989 367	808 191
Expenditure		
Administrative expenditures		
Salaries and fringe benefits	5 056	4 551
Travel expenses	214	178
Professional fees	380	399
Service fees on mortgages	1 497	1 323
Service and safekeeping charges	297	303
Fidelity and other insurance	203	183
Premises	943	579
Material and equipment	397	358
Stationery and office supplies	74	111
Documentation and information	258	139
Communications	191	142
	9 510	8 266
Allocation of administrative expenditures to other funds and portfolios (Note 8)	3 849	3 174
Administrative expenditures of the General Fund	5 661	5 092
Balance of income	983 706	803 099
Interest on demand and term deposits — net	79 522	47 024
Net income for the year	904 184	756 075
Transfer of gain and loss on sale of investments to general reserve (Note 7)	(40 355)	(31 133)
Income attributed to participation deposit holders	\$ 863 829	\$ 724 942

INCOME AND INTEREST TO BE PAID OUT TO DEPOSITORS AND TO OTHER FUNDS

for the year ended
December 31, 1981
(thousands of dollars)

	Deposits		Total
	Demand and term	Participation	
Balance to be paid out at beginning of year	\$ 5 079	\$ 200 792	\$ 205 871
Interest on demand and term deposits and income attributed to participation deposit holders	79 522	863 829	943 351
	84 601	1 064 621	1 149 222
Amounts paid	78 922	829 528	908 450
Balance to be paid out at year-end	\$ 5 679	\$ 235 093	\$ 240 772

The accompanying notes are an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS

1. Disclosure of significant accounting policies

a) Investments

Investments in bonds, mortgage financing and real estate investments, real estate, and short-term investments are accounted for at amortized cost; shares, convertible securities and land, at cost.

b) Recording of transactions

Purchases and sales of investments are recorded according to the settlement date.

c) Participation deposits

Participation deposits are expressed in units, each unit giving its holder a proportionate share in the net equity and net income of the Fund. The value of a unit of participation at the end of a quarter is established by dividing the realization value of the net assets of such Fund by the total number of units outstanding at that date; such value is used to calculate the price at which a unit is to be issued or cancelled at the beginning of the following quarter.

d) Dividend income

Dividends are taken into income on record date.

e) Interest on short-term investments — net

Interest paid on borrowings is deducted from interest earned on short-term investments.

f) Fixed assets

Furniture and equipment purchases and disbursements for leasehold improvements are charged to administrative expenditures.

g) Interest earned on advances

Interest earned on advances to participation deposit holders, to segregated funds or to the Individual Fund, is deducted from interest on demand and term deposits.

2. Consolidation

The financial statements include the accounts of the General Fund of the Caisse de dépôt et placement du Québec and its wholly-owned subsidiaries, Cadim Inc., Développements Pasteur Inc., Immeubles Cadimont Inc. and Immeubles Cadev Inc. whose object is to acquire, hold, rent or administer real estate properties. Separate financial statements cover the segregated funds and the Individual Fund.

3. Realization value of investments

At December 31, the realization value of investments was as follows:

	1981	1980
	(thousands of dollars)	(thousands of dollars)
Portfolios:		
— Bonds	\$ 5 286 413	\$ 5 364 750
— Shares and convertible securities	1 371 419	1 375 864
— Mortgage financing and real estate investments	343 401	333 651
— Real estate	57 543	32 798
— Short-term investments	492 950	314 738
	\$ 7 551 726	\$ 7 421 801

4. Deposits

Moneys entrusted to the Caisse are deposited on a demand, term or participation basis, at the option of the depositor. Demand and term deposits constitute an indebtedness of the Caisse towards the depositors and bear interest.

Demand and term deposits of the General Fund include the following deposits of the segregated funds and the Individual Fund, broken down as follows at December 31:

	1981	1980
	(thousands of dollars)	(thousands of dollars)
Segregated funds		
Bonds (Fund "O")	\$ —	\$ 14 816
Government bonds (Fund "G")	4 315	2 682
Stocks (Fund "A")	9 122	96 437
Mortgages (Fund "H")	—	9 334
Individual Fund	104 621	2 240
	\$ 118 058	\$ 125 509

5. Distribution of net income

At the end of each quarter, the net income of the Fund, after deduction of the amount transferred to general reserve, is apportioned among holders of participation deposits. At the beginning of the following quarter, such income is credited to the demand deposit account of the depositors.

6. Participation deposits

a) Changes during the year

	1981		1980	
	Number of units	(thousands of dollars)	Number of units	(thousands of dollars)
Balance at beginning of year	8 982 303	\$ 7 545 443	7 587 916	\$ 6 451 482
Units issued	1 556 999	1 106 059	1 395 445	1 094 859
	10 539 302	8 651 502	8 983 361	7 546 341
Units cancelled	—	—	1 058	898
Balance at year-end	10 539 302	\$ 8 651 502	8 982 303	\$ 7 545 443

b) Realization value at December 31

	1981	1980
	(thousands of dollars)	(thousands of dollars)
Net assets of the Fund according to balance sheet	\$ 8 893 333	\$ 7 746 919
Deduct:		
Investments		
According to balance sheet	9 343 062	8 127 436
According to realization value (Note 3)	7 551 726	7 421 801
	1 791 336	705 635
Total realization value of units	\$ 7 101 997	\$ 7 041 284
Unit realization value (in dollars)	\$ 674	\$ 784

7. General reserve

The general reserve is made up of capital gain or loss on the sale of investments and the variance between the book value and the realization value of cancelled units of participation deposits.

	1981	1980
	(thousands of dollars)	(thousands of dollars)
Balance at beginning of year	\$ 201 476	\$ 170 223
Transfer from statement of income and expenditure	40 355	31 133
	241 831	201 356
Variance between book value and realization value of cancelled units of participation deposits	—	120
Balance at year-end	\$ 241 831	\$ 201 476

8. Administrative expenditures

Administrative expenditures are paid for by the General Fund and apportioned among the various funds and portfolios on a pro rata basis of the weighted assets of each. Administrative expenditures apportioned during the fiscal year ended December 31 have been charged as follows:

	1981	1980
	(thousands of dollars)	(thousands of dollars)
Segregated funds		
Bonds (Fund "O")	\$ 727	\$ 559
Government bonds (Fund "G")	62	66
Stocks (Fund "A")	711	496
Mortgages (Fund "H")	1 593	1 402
Portfolios under management	116	136
Individual Fund	640	515
	\$ 3 849	\$ 3 174

9. Comparative figures

Certain figures of the 1980 balance sheet have been reclassified to conform with the presentation adopted in 1981.

SEGREGATED FUND — BONDS (FUND "O")

Caisse de dépôt et placement du Québec
(R.S.Q., chapitre C-2)

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BALANCE SHEET

as at December 31, 1981
(thousands of dollars)

Assets	1981	1980
Investments (Note 2)		
Bonds	\$ 1 369 505	\$ 1 028 221
Demand deposits in General Fund	—	14 816
	1 369 505	1 043 037
Accrued interest	36 202	27 125
	\$ 1 405 707	\$ 1 070 162
Liabilities		
Income to be paid out to depositors	\$ 14 588	\$ 10 167
Advances from General Fund	1 760	—
Transactions in process of settlement	2 424	1 533
	18 772	11 700
Participation deposit holders' equity		
Participation deposits (Note 3)	1 232 847	887 603
Accumulated income at December 31, 1979 (Note 5)	183 248	183 248
General reserve (Notes 4 and 5)	(29 160)	(12 389)
	1 386 935	1 058 462
	\$ 1 405 707	\$ 1 070 162

On behalf of the Board of Directors,
Jean Campeau
Claude Legault

INCOME AND EXPENDITURE

for the year ended
December 31, 1981
(thousands of dollars)

Income	1981	1980
Investment income		
Interest on bonds	\$ 144 018	\$ 96 773
Interest on short-term investments	—	2 560
Interest on deposits in General Fund — net	6 837	3 200
	150 855	102 533
Gain and loss on sale of investments	(16 771)	(12 542)
	134 084	89 991
Expenditure		
Administrative expenditures	727	559
Net income for the year	133 357	89 432
Transfer of gain and loss on sale of investments to general reserve (Notes 4 and 5)	16 771	12 542
Income attributed to participation deposit holders (Note 5)	\$ 150 128	\$ 101 974

The accompanying notes are an integral part of the financial statements.

AUDITOR'S REPORT

I have examined the balance sheet of the Segregated Fund-Bonds (Fund "O") of the Caisse de dépôt et placement du Québec as at December 31, 1981 and the statement of income and expenditure for the year then ended. My examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as I considered necessary in the circumstances.

As stated in Note 5, the Caisse has been applying Section 45 of its new regulations since January 1, 1980 and in this connection, it appears doubtful that the provisions of the Act and regulations of the Caisse make it possible to establish the income to be attributed to the participation deposit holders by adding to the net income for the year a transfer which results in a debit balance in the general reserve.

In my opinion, except for the fact that doubts exist as to the application of provisions of the Act and regulations concerning apportionment of income to the participation deposit holders as stated in the preceding paragraph, the investments and the financial transactions of the Fund were made in compliance with the Act respecting the Caisse de dépôt et placement du Québec and these financial statements present fairly the financial position of this Fund as at December 31, 1981 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles and the particular accounting policies mentioned in the financial statements, applied on a basis consistent with that of the preceding year.

Rhéal Chatelain, F.C.A.,
Vérificateur général,
Québec, March 5, 1982.

NOTES TO FINANCIAL STATEMENTS

1. Disclosure of significant accounting policies

a) Investments

Bond and short-term investments are accounted for at amortized cost; deposits in the General Fund, at cost.

b) Recording of transactions

Purchases and sales of investments are recorded according to the settlement date.

c) Participation deposits

Participation deposits are expressed in units, each unit giving its holder a proportionate share in the net equity and net income of the Fund. The value of a unit of participation at the end of each month is established by dividing the realization value of the net assets of such Fund by the total number of units outstanding at that date; such value is used to calculate the price at which a unit is to be issued or cancelled at the beginning of the following month.

d) Interest paid on advances

Interest paid on advances by the General Fund is deducted from interest on deposits in the General Fund.

e) Administrative expenditures

Administrative expenditures are paid for by the General Fund and apportioned among the various funds and portfolios on a pro rata basis of the weighted assets of each.

2. Realization value of investments

At December 31, 1981, the realization value of investments was \$1 120 219 000 (1980, \$925 665 000).

3. Participation deposits

a) Changes during the year

	1981		1980	
	Number of units	(thousands of dollars)	Number of units	(thousands of dollars)
Balance at beginning of year	489 210	\$ 887 603	342 091	\$ 598 971
Units issued	202 883	345 244	147 119	288 632
Balance at year-end	692 093	\$ 1 232 847	489 210	\$ 887 603

b) Realization value at December 31

	1981	1980
	(thousands of dollars)	(thousands of dollars)
Net assets of the Fund according to balance sheet	\$ 1 386 935	\$ 1 058 462
Deduct:		
Investments		
According to balance sheet	1 369 505	1 043 037
According to realization value (Note 2)	1 120 219	925 665
	249 286	117 372
Total realization value of units	\$ 1 137 649	\$ 941 090
Unit realization value (in dollars)	\$ 1 644	\$ 1 924

4. General reserve

The general reserve is made up of capital gain or loss on the sale of investments and the variance between book value and realization value of cancelled units of participation deposits.

	1981	1980
	(thousands of dollars)	(thousands of dollars)
Balance at beginning of year (debit)	\$ (12 389)	\$ 153
Transfer from statement of income and expenditure	(16 771)	(12 542)
Balance at year-end (debit)	\$ (29 160)	\$ (12 389)

5. Distribution of net income

The Caisse has been applying Section 45 of its regulations since its coming into force January 1, 1980 and which reads as follows: "At the closing of the fiscal period of a fund, the net income of the fiscal period is established and, after transfer of the amount of capital gain or loss on the sale of securities to the general reserve account of the fund, the balance of net income is apportioned among the depositors of the fund on a pro rata basis of the number of units of participation held by each of them." At the beginning of the next fiscal year, such income is paid into the demand deposit account of the depositors in the General Fund.

It appears doubtful as was the case in 1980 that the provisions of the Act and regulations of the Caisse make it possible to establish the income to be attributed to the participation deposit holders by adding to the net income for the year a transfer which results in a debit balance in the general reserve.

Until December 31, 1979, the net income of segregated funds was held as accumulated income in each fund.

The Caisse is still studying amendments to be made to its Act and regulations with a view to regularizing this situation and defining the terms and conditions for disposal of accumulated income at December 31, 1979.

SEGREGATED FUND — GOVERNMENT BONDS (FUND "G")

Caisse de dépôt et placement du Québec
(R.S.Q., chapitre C-2)

32

BALANCE SHEET

as at December 31, 1981
(thousands of dollars)

Assets	1981	1980
Investments (Note 2)		
Bonds	\$ 103 898	\$ 106 302
Demand deposits in General Fund	4 315	2 682
	108 213	108 984
Accrued interest	3 037	3 051
	\$ 111 250	\$ 112 035
Liabilities		
Income to be paid out to depositor	\$ 939	\$ 938
Participation deposit holder's equity		
Participation deposits (Note 3)	86 116	86 116
Accumulated income at December 31, 1979 (Note 5)	25 293	25 293
General reserve (Notes 4 and 5)	(1 098)	(312)
	110 311	111 097
	\$ 111 250	\$ 112 035

On behalf of the Board of Directors,

Jean Campeau
Claude Legault

INCOME AND EXPENDITURE

for the year ended
December 31, 1981
(thousands of dollars)

Income	1981	1980
Investment income		
Interest on bonds	\$ 10 628	\$ 10 754
Interest on deposits in General Fund — net	620	327
	11 248	11 081
Gain and loss on sale of investments	(786)	—
	10 462	11 081
Expenditure		
Administrative expenditures	62	66
Net income for the year	10 400	11 015
Transfer of gain and loss on sale of investments to general reserve (Notes 4 and 5)	786	—
Income attributed to participation deposit holder (Note 5)	\$ 11 186	\$ 11 015

The accompanying notes are an integral part of the financial statements.

AUDITOR'S REPORT

I have examined the balance sheet of the Segregated Fund-Government Bonds (Fund "G") of the Caisse de dépôt et placement du Québec as at December 31, 1981 and the statement of income and expenditure for the year then ended. My examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as I considered necessary in the circumstances.

As stated in Note 5, the Caisse has been applying Section 45 of its new regulations since January 1, 1980 and in this connection, it appears doubtful that the provisions of the Act and regulations of the Caisse make it possible to establish the income to be attributed to the participation deposit holder by adding to the net income for the year a transfer which results in a debit balance in the general reserve.

In my opinion, except for the fact that doubts exist as to the application of provisions of the Act and regulations concerning apportionment of income to the participation deposit holder as stated in the preceding paragraph, the investments and the financial transactions of the Fund were made in compliance with the Act respecting the Caisse de dépôt et placement du Québec and these financial statements present fairly the financial position of this Fund as at December 31, 1981 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles and the particular accounting policies mentioned in the financial statements, applied on a basis consistent with that of the preceding year.

Rhéal Chatelain, F.C.A.,
Vérificateur général,
Québec, March 5, 1982.

NOTES TO FINANCIAL STATEMENTS

1. Disclosure of significant accounting policies

a) Investments

Bond investments are accounted for at amortized cost; deposits in the General Fund, at cost.

b) Recording of transactions

Purchases and sales of investments are recorded according to the settlement date.

c) Participation deposits

Participation deposits are expressed in units, each unit giving its holder a proportionate share in the net equity and net income of the Fund. The value of a unit of participation at the end of each month is established by dividing the realization value of the net assets of such Fund by the total number of units outstanding at that date; such value is used to calculate the price at which a unit is to be issued or cancelled at the beginning of the following month.

d) Interest paid on advances

Interest paid on advances by the General Fund is deducted from interest on deposits in the General Fund.

e) Administrative expenditures

Administrative expenditures are paid for by the General Fund and apportioned among the various funds and portfolios on a pro rata basis of the weighted assets of each.

2. Realization value of investments

At December 31, 1981, the realization value of investments was \$75 452 000 (1980, \$88 249 000).

3. Participation deposits

At December 31, 1980 and 1981, there was only one deposit holder in this Fund.

a) Changes during the year

	1981		1980	
	Number of units	(thousands of dollars)	Number of units	(thousands of dollars)
Balance at beginning and year-end	84 816	\$ 86 116	84 816	\$ 86 116

b) Realization value at December 31

	1981	1980
	(thousands of dollars)	(thousands of dollars)
Net assets of the Fund according to balance sheet	\$ 110 311	\$ 111 097
Deduct:		
Investments		
According to balance sheet	108 213	108 984
According to realization value (Note 2)	75 452	88 249
	32 761	20 735
Total realization value of units	\$ 77 550	\$ 90 362
Unit realization value (in dollars)	\$ 914	\$ 1 065

4. General reserve

The general reserve is made up of capital gain or loss on the sale of investments and the variance between book value and realization value of cancelled units of participation deposits.

	1981	1980
	(thousands of dollars)	(thousands of dollars)
Balance at beginning of year (debit)	\$ (312)	\$ (312)
Transfer from statement of income and expenditure	\$ (786)	—
Balance at year-end (debit)	\$ (1 098)	\$ (312)

5. Distribution of net income

The Caisse has been applying Section 45 of its regulations since its coming into force January 1, 1980 and which reads as follows: "At the closing of the fiscal period of a fund, the net income of the fiscal period is established and, after transfer of the amount of capital gain or loss on the sale of securities to the general reserve account of the fund, the balance of net income is apportioned among the depositors of the fund on a pro rata basis of the number of units of participation held by each of them." At the beginning of the next fiscal year, such income is paid into the demand deposit account of the depositors in the General Fund.

It appears doubtful that the provisions of the Act and regulations of the Caisse make it possible to establish the income to be attributed to the participation deposit holders by adding to the net income for the year a transfer which results in a debit balance in the general reserve.

Until December 31, 1979, the net income of segregated funds was held as accumulated income in each fund.

The Caisse is still studying amendments to be made to its Act and regulations with a view to regularizing this situation and defining the terms and conditions for disposal of accumulated income at December 31, 1979.

SEGREGATED FUND — STOCKS (FUND "A")

Caisse de dépôt et placement du Québec
(R.S.Q., chapitre C-2)

34

BALANCE SHEET

as at December 31, 1981
(thousands of dollars)

Assets	1981	1980
Investments (Note 2)		
Shares and convertible securities	\$ 961 961	\$ 615 106
Demand deposits in General Fund	9 122	96 437
	971 083	711 543
Investment income accrued and receivable	7 883	7 584
	\$ 978 966	\$ 719 127
Liabilities		
Income to be paid out to depositors	\$ 8 320	\$ 7 463
Transactions in process of settlement	—	3 390
	8 320	10 853
Participation deposit holders' equity		
Participation deposits (Note 3)	745 337	557 232
Accumulated income at December 31, 1979 (Note 5)	129 634	129 634
General reserve (Notes 4 and 5)	95 675	21 408
	970 646	708 274
	\$ 978 966	\$ 719 127

On behalf of the Board of Directors,
Jean Campeau
Claude Legault

INCOME AND EXPENDITURE

for the year ended
December 31, 1981
(thousands of dollars)

Income	1981	1980
Investment income		
Dividends, interest on convertible securities	\$ 50 773	\$ 34 870
Interest on short-term investments	—	737
Interest on deposits in General Fund — net	6 494	14 362
	57 267	49 969
Gain and loss on sale of investments	74 267	22 139
	131 534	72 108
Expenditure		
Administrative expenditures	711	496
Net income for the year	130 823	71 612
Transfer of gain and loss on sale of investments to general reserve (Notes 4 and 5)	(74 267)	(22 139)
Income attributed to participation deposit holders (Note 5)	\$ 56 556	\$ 49 473

The accompanying notes are an integral part of the financial statements.

AUDITOR'S REPORT

I have examined the balance sheet of the Segregated Fund-Stocks (Fund "A") of the Caisse de dépôt et placement du Québec as at December 31, 1981 and the statement of income and expenditure for the year then ended. My examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, the investments and the financial transactions of the Fund were made in compliance with the Act respecting the Caisse de dépôt et placement du Québec and these financial statements present fairly the financial position of this Fund as at December 31, 1981 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles and the particular accounting policies mentioned in the financial statements, applied on a basis consistent with that of the preceding year.

Rhéal Chatelain, F.C.A.,
Vérificateur général,
Québec, March 5, 1982.

NOTES TO FINANCIAL STATEMENTS

1. Disclosure of significant accounting policies

a) Investments

Investments in shares and convertible securities as well as the deposits in the General Fund are accounted for at cost; short-term investments, at amortized cost.

b) Recording of transactions

Purchases and sales of investments are recorded according to the settlement date.

c) Participation deposits

Participation deposits are expressed in units, each unit giving its holder a proportionate share in the net equity and net income of the Fund. The value of a unit of participation at the end of each month is established by dividing the realization value of the net assets of such Fund by the total number of units outstanding at that date; such value is used to calculate the price at which a unit is to be issued or cancelled at the beginning of the following month.

d) Dividend income

Dividends are taken into income on record date.

e) Interest paid on advances

Interest paid on advances by the General Fund is deducted from interest on deposits in the General Fund.

f) Administrative expenditures

Administrative expenditures are paid for by the General Fund and apportioned among the various funds and portfolios on a pro rata basis of the weighted assets of each.

2. Realization value of investments

At December 31, 1981, the realization value of investments was \$971 167 000 (1980, \$970 160 000).

3. Participation deposits

a) Changes during the year

	1981		1980	
	Number of units	(thousands of dollars)	Number of units	(thousands of dollars)
Balance at beginning of year	330 708	\$ 557 232	275 077	\$ 404 179
Units issued	69 268	188 105	55 631	153 053
Balance at year-end	399 976	\$ 745 337	330 708	\$ 557 232

b) Realization value at December 31

	1981	1980
	(thousands of dollars)	(thousands of dollars)
Net assets of the Fund according to balance sheet	\$ 970 646	\$ 708 274
Add:		
Investments		
According to realization value (Note 2)	971 167	970 160
According to balance sheet	971 083	711 543
	84	258 617
Total realization value of units	\$ 970 730	\$ 966 891
Unit realization value (in dollars)	\$ 2 427	\$ 2 924

4. General reserve

The general reserve is made up of capital gain or loss on the sale of investments and the variance between book value and realization value of cancelled units of participation deposits.

	1981	1980
	(thousands of dollars)	(thousands of dollars)
Balance at beginning of year (debit)	\$ 21 408	\$ (731)
Transfer from statement of income and expenditure	74 267	22 139
Balance at year-end	\$ 95 675	\$ 21 408

5. Distribution of net income

The Caisse has been applying Section 45 of its regulations since its coming into force January 1, 1980 and which reads as follows: "At the closing of the fiscal period of a fund, the net income of the fiscal period is established and, after transfer of the amount of capital gain or loss on the sale of securities to the general reserve account of the fund, the balance of net income is apportioned among the depositors of the fund on a pro rata basis of the number of units of participation held by each of them." At the beginning of the next fiscal year, such income is paid into the demand deposit account of the depositors in the General Fund.

Until December 31, 1979, the net income of segregated funds was held as accumulated income in each fund.

The Caisse is still studying amendments to be made to its Act and regulations with a view to regularizing this situation and defining the terms and conditions for disposal of accumulated income at December 31, 1979.

SEGREGATED FUND — MORTGAGES (FUND "H")

Caisse de dépôt et placement du Québec
(R.S.Q., chapitre C-2)

36

BALANCE SHEET

as at December 31, 1981
(thousands of dollars)

Assets	1981	1980
Investments (Note 2)		
Portfolios:		
— Mortgage financing	\$ 615 704	\$ 525 555
— Real estate investments (Note 3)	311	—
	616 015	525 555
Demand deposits in General Fund	—	9 334
	616 015	534 889
Accrued interest	10 429	7 575
	\$ 626 444	\$ 542 464
Liabilities		
Income to be paid out to depositors	\$ 16 143	\$ 14 160
Advances from General Fund	27 516	—
Other liabilities	5 984	3 508
	49 643	17 668
Participation deposit holders' equity		
Participation deposits (Note 4)	447 020	395 621
Accumulated income at December 31, 1979 (Note 6)	129 482	129 482
General reserve (Notes 5 and 6)	299	(307)
	576 801	524 796
	\$ 626 444	\$ 542 464

On behalf of the Board of Directors,
Jean Campeau
Claude Legault

INCOME AND EXPENDITURE

for the year ended
December 31, 1981
(thousands of dollars)

Income	1981	1980
Investment income		
Interest on mortgage financing	\$ 65 279	\$ 51 992
Interest on deposits in General Fund — net	(2 029)	2 253
	63 250	54 245
Other income	14	6
	63 264	54 251
Gain and loss on sale of investments	606	(423)
	63 870	53 828
Expenditure		
Administrative expenditures	1 593	1 402
Net income for the year	62 277	52 426
Transfer of gain and loss on sale of investments to general reserve (Notes 5 and 6)	(606)	423
Income attributed to participation deposit holders (Note 6)	\$ 61 671	\$ 52 849

The accompanying notes are an integral part of the financial statements.

AUDITOR'S REPORT

I have examined the balance sheet of the Segregated Fund-Mortgages (Fund "H") of the Caisse de dépôt et placement du Québec as at December 31, 1981 and the statement of income and expenditure for the year then ended. My examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, the investments and the financial transactions of the Fund were made in compliance with the Act respecting the Caisse de dépôt et placement du Québec and these financial statements present fairly the financial position of this Fund as at December 31, 1981 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles and the particular accounting policies mentioned in the financial statements, applied on a basis consistent with that of the preceding year.

Rhéal Chatelain, F.C.A.,
Vérificateur général,
Québec, March 5, 1982.

NOTES TO FINANCIAL STATEMENTS

1. Disclosure of significant accounting policies

a) Investments

Mortgage financing and real estate investments are accounted for at amortized cost; deposits in the General Fund, at cost.

b) Participation deposits

Participation deposits are expressed in units, each unit giving its holder a proportionate share in the net equity and net income of the Fund. The value of a unit of participation at the end of each quarter is established by dividing the realization value of the net assets of such Fund by the total number of units outstanding at that date; such value is used to calculate the price at which a unit is to be issued or cancelled at the beginning of the following quarter.

c) Interest paid on advances

Interest paid on advances by the General Fund is deducted from interest on deposits in the General Fund.

d) Administrative expenditures

Administrative expenditures are paid for by the General Fund and apportioned among the various funds and portfolios on a pro rata basis of the weighted assets of each.

2. Realization value of investments

At December 31, the realization value of investments was as follows:

	1981 (thousands of dollars)	1980 (thousands of dollars)
Portfolios:		
— Mortgage financing	\$ 533 825	\$ 469 633
— Real estate investments	354	—
	534 179	469 633
Demand deposits in General Fund	—	9 334
	\$ 534 179	\$ 478 967

3. Real estate investments

Real estate investments represent the net balance of foreclosed mortgages on residential buildings.

4. Participation deposits

a) Changes during the year

	1981		1980	
	Number of units	(thousands of dollars)	Number of units	(thousands of dollars)
Balance at beginning of year	240 233	\$ 395 621	216 245	\$ 347 545
Units issued	28 157	51 399	23 988	48 076
Balance at year-end	268 390	\$ 447 020	240 233	\$ 395 621

b) Realization value at December 31

	1981 (thousands of dollars)	1980 (thousands of dollars)
Net assets of the Fund according to balance sheet	\$ 576 801	\$ 524 796
Deduct:		
Investments		
According to balance sheet	616 015	534 889
According to realization value (Note 2)	534 179	478 967
	81 836	55 922
Total realization value of units	\$ 494 965	\$ 468 874
Unit realization value (in dollars)	\$ 1 844	\$ 1 952

5. General reserve

The general reserve is made up of capital gain or loss on the sale of investments and the variance between book value and realization value of cancelled units of participation deposits.

	1981 (thousands of dollars)	1980 (thousands of dollars)
Balance at beginning of year (debit)	\$ (307)	\$ 116
Transfer from statement of income and expenditure	606	(423)
Balance at year-end (debit)	\$ 299	\$ (307)

6. Distribution of net income

The Caisse has been applying Section 45 of its regulations since its coming into force January 1, 1980 and which reads as follows: "At the closing of the fiscal period of a fund, the net income of the fiscal period is established and, after transfer of the amount of capital gain or loss on the sale of securities to the general reserve account of the fund, the balance of net income is apportioned among the depositors of the fund on a pro rata basis of the number of units of participation held by each of them." At the beginning of the next fiscal year, such income is paid into the demand deposit account of the depositors in the General Fund.

Until December 31, 1979, the net income of segregated funds was held as accumulated income in each fund.

The Caisse is still studying amendments to be made to its Act and regulations with a view to regularizing the situation and defining the terms and conditions for disposal of accumulated income at December 31, 1979.

BALANCE SHEETas at December 31, 1981
(thousands of dollars)

Assets	1981	1980
Investments (Note 2)		
Portfolios:		
— Bonds	\$ 930 136	\$ 936 589
— Shares and convertible securities	131 480	—
— Mortgage financing	29 015	—
	1 090 631	936 589
Demand deposits in General Fund	104 621	2 240
	1 195 252	938 829
Investment income accrued and receivable	26 802	23 829
	\$ 1 222 054	\$ 962 658
Liabilities		
Income to be paid out to depositor (Note 5)	\$ 133 884	\$ 126 377
Other liabilities	8 150	20
	142 034	126 397
Participation deposit holder's equity		
Participation deposits (Note 3)	1 093 795	839 760
General reserve (Notes 4 and 5)	(13 775)	(3 499)
	1 080 020	836 261
	\$ 1 222 054	\$ 962 658

The accompanying notes are an integral part of the financial statements.

On behalf of the Board of Directors,

Jean Campeau

Claude Legault

**AUDITOR'S
REPORT**

I have examined the balance sheet of the Individual Fund of the Caisse de dépôt et placement du Québec as at December 31, 1981 and the statement of income and expenditure for the year then ended. My examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as I considered necessary in the circumstances.

As stated in Note 5, the Caisse has been applying Section 45 of its new regulations since January 1, 1980 and in this connection, it appears doubtful that the provisions of the Act and regulations of the Caisse make it possible to establish the income to be attributed to the participation deposit holder by adding to the net income for the year a transfer which results in a debit balance in the general reserve.

In my opinion, except for the fact that doubts exist as to the application of provisions of the Act and regulations concerning apportionment of income to the participation deposit holder as stated in the preceding paragraph, the investments and the financial transactions of the Fund were made in compliance with the Act respecting the Caisse de dépôt et placement du Québec and these financial statements present fairly the financial position of this Fund as at December 31, 1981 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles and the particular accounting policies mentioned in the financial statements, applied on a basis consistent with that of the preceding year.

Rhéal Chatelain, F.C.A.,
Vérificateur général,
Québec, March 5, 1982.

INCOME AND EXPENDITURE

for the year ended
December 31, 1981
(thousands of dollars)

Income	1981	1980
Investment income		
Interest on bonds	\$ 104 504	\$ 87 905
Dividends, interest on convertible securities	4 222	—
Interest on mortgage financing	1 092	—
Interest on deposits in General Fund — net	8 735	1 129
	118 553	89 034
Other income	10	—
	118 563	89 034
Gain and loss on sale of investments	(10 276)	(3 499)
	108 287	85 535
Expenditure		
Administrative expenditures	640	515
Net income for the year	107 647	85 020
Transfer of gain and loss on sale of investments to general reserve (Notes 4 and 5)	10 276	3 499
Income attributed to participation deposit holder (Note 5)	\$ 117 923	\$ 88 519

The accompanying notes are an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS

1. Disclosure of significant accounting policies

a) Investments

Investments in shares and convertible securities, mortgage financing and deposits in the General Fund are accounted for at cost; bond investments, at amortized cost.

b) Recording of transactions

Purchases and sales of investments are recorded according to the settlement date.

c) Participation deposits

Participation deposits are expressed in units, each unit giving its holder a proportionate share in the net equity and net income of the Fund. The value of a unit of participation at the end of each quarter is established by dividing the realization value of the net assets of such Fund by the total number of units outstanding at that date; such value is used to calculate the price at which a unit is to be issued or cancelled at the beginning of the following quarter. There is only one participation deposit holder in an individual fund.

d) Dividend income

Dividends are taken into income on record date.

e) Interest paid on advances

Interest paid on advances by the General Fund is deducted from interest on deposits in the General Fund.

f) Administrative expenditures

Administrative expenditures are paid for by the General Fund and apportioned among the various funds and portfolios on a pro rata basis of the weighted assets of each.

2. Realization value of investments

At December 31, the realization value of investments was as follows:

	1981	1980
	(thousands of dollars)	(thousands of dollars)
Portfolios:		
— Bonds	\$ 680 217	\$ 795 120
— Shares and convertible securities	113 938	—
— Mortgage financing	30 005	—
	824 160	795 120
Demand deposits in General Fund	104 621	2 240
	\$ 928 781	\$ 797 360

3. Participation deposits

The holder of participation deposits in this Fund is the Commission de la santé et de la sécurité du travail.

a) Changes during the year

	1981		1980	
	Number of units	(thousands of dollars)	Number of units	(thousands of dollars)
Balance at beginning of year	761 585	\$ 839 760	569 051	\$ 649 761
Units issued	326 029	254 035	192 534	189 999
Balance at year-end	1 087 614	\$ 1 093 795	761 585	\$ 839 760

b) Realization value at December 31

	1981	1980
	(thousands of dollars)	(thousands of dollars)
Net assets of the Fund according to balance sheet	\$ 1 080 020	\$ 836 261
Deduct:		
Investments		
According to balance sheet	1 195 252	938 829
According to realization value (Note 2)	928 781	797 360
	266 471	141 469
Total realization value of units	\$ 813 549	\$ 694 792
Unit realization value (in dollars)	\$ 748	\$ 912

4. General reserve

The general reserve is made up of capital gain or loss on the sale of investments.

	1981	1980
	(thousands of dollars)	(thousands of dollars)
Balance at beginning of year (debit)	\$ (3 499)	\$ —
Transfer from statement of income and expenditure	(10 276)	(3 499)
Balance at year-end (debit)	\$ (13 775)	\$ (3 499)

5. Distribution of net income

The Caisse has been applying Section 45 of its regulations since its coming into force January 1, 1980 and which reads as follows: "At the closing of the fiscal period of a fund, the net income of the fiscal period is established and, after transfer of the amount of capital gain or loss on the sale of securities to the general reserve account of the fund, the balance of net income is apportioned among the depositors of the fund on a pro rata basis of the number of units of participation held by each of them." At the beginning of the next fiscal year, such income is paid into the demand deposit account of the depositors in the General Fund.

It appears doubtful as was the case in 1980 that the provisions of the Act and regulations of the Caisse make it possible to establish the income to be attributed to the participation deposit holder by adding to the net income for the year a transfer which results in a debit balance in the general reserve.

Income to be paid out to the depositor at December 31, 1981 consisted of \$33 002 000 representing income of the last quarter of the year 1981, paid to the depositor January 1, 1982 and of \$100 882 000, representing net income for the years 1978 and 1979.

The Caisse is still studying amendments to be made to its Act and regulations with a view to regularizing this situation and defining the terms and conditions for disposal of the net income for the years 1978 and 1979.

FINANCIAL STATISTICS

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INVESTMENTS

TOTAL FUNDS

Summary of investments as at December 31, 1981
(millions of dollars)

BONDS

Stated value %	Breakdown of portfolios	General Fund	Segregated funds	Individual Fund	Portfolios under management	Total ¹		Net change in 1981 (stated value)
						Nominal value	Stated value	
	Bonds							
	Issued or guaranteed by the Government of Canada							
3.22	Government of Canada	195.5	132.2	110.2	1.2	499.8	439.1	(187.5)
—	Other	—	—	—	0.2	0.2	0.2	—
3.22		195.5	132.2	110.2	1.4	500.0	439.3	(187.5)
	Issued or guaranteed by the Gouvernement du Québec							
36.83	Gouvernement du Québec	3 969.5	637.9	378.8	37.5	5 067.3	5 023.7	929.5
15.21	Hydro-Québec	1 610.8	280.3	168.8	13.8	2 130.3	2 073.7	150.8
0.83	Sidbec	98.3	10.0	5.0	—	113.6	113.3	(2.5)
0.08	Other	10.0	—	—	1.0	11.6	11.0	(1.5)
52.95		5 688.6	928.2	552.6	52.3	7 322.8	7 221.7	1 076.3
	Guaranteed by grants							
0.77	Cegeps	67.1	21.2	12.2	3.9	106.7	104.4	0.4
0.55	Hospitals	38.1	24.0	6.2	7.3	76.8	75.6	6.7
0.96	Universities	73.4	34.4	19.2	3.7	133.2	130.7	29.7
0.30	Social service centers	18.9	16.8	4.4	1.3	42.5	41.4	28.0
2.58		197.5	96.4	42.0	16.2	359.2	352.1	64.8
	Municipal and school Municipalities and municipal bodies							
3.92		284.2	144.3	61.4	45.4	552.0	535.3	77.6
1.68	School boards	149.6	29.7	30.1	19.6	234.0	229.0	(3.1)
5.60		433.8	174.0	91.5	65.0	786.0	764.3	74.5
0.04	Other governments	2.3	1.6	—	1.0	5.3	4.9	4.0
6.51	Corporate	602.9	141.0	133.9	9.6	912.3	887.4	(76.9)
70.90	TOTAL BONDS	7 120.6	1 473.4	930.2	145.5	9 885.6	9 669.7	955.2

MORTGAGE FINANCING

	Mortgage financing							
	Residential							
4.17	Insured mortgages	82.8	479.0	0.1	6.9	—	568.8	72.0
0.24	Conventional mortgages	7.1	24.7	0.7	0.3	—	32.8	5.1
4.41		89.9	503.7	0.8	7.2	—	601.6	77.1

3.06	Commercial	306.9	82.8	27.9	0.1	—	417.7	68.5
0.44	Industrial	30.8	29.2	0.3	—	—	60.3	8.0
0.19	Other	25.0	—	—	—	—	25.0	—
8.10	TOTAL MORTGAGE FINANCING	452.6	615.7	29.0	7.3	—	1 104.6	153.6
	Shares and convertible securities							
4.33	Metals and minerals	307.3	258.1	25.6	—	—	591.0	372.5
0.09	Gold	3.3	6.5	2.2	—	—	12.0	12.0
1.67	Oil and gas	101.4	104.4	22.2	—	—	228.0	78.4
1.15	Paper and forest products	90.1	60.2	7.3	—	—	157.6	16.5
1.63	Consumer products	116.6	93.5	11.9	—	—	222.0	40.3
1.21	Industrial products	85.9	67.5	10.6	1.0	—	165.0	29.8
0.02	Real estate and construction	2.3	—	—	—	—	2.3	(1.5)
1.25	Transportation	91.1	68.5	11.2	—	—	170.8	75.1
0.43	Pipelines	25.4	28.3	4.5	—	—	58.2	33.3
1.52	Utilities	119.3	79.7	8.6	0.2	—	207.8	64.2
0.36	Communications and media	30.2	17.1	2.0	—	—	49.3	10.5
0.68	Merchandising	52.4	36.0	3.7	0.2	—	92.3	27.4
2.43	Financial services	178.3	133.2	19.5	—	—	331.0	55.4
0.22	Investment companies	18.3	8.9	2.2	—	—	29.4	6.4
16.99	TOTAL SHARES AND CONVERTIBLE SECURITIES	1 221.9	961.9	131.5	1.4	—	2 316.7	820.3
	Real estate investments							
0.09	Land	13.2	—	—	—	—	13.2	(0.5)
0.31	Land and buildings	41.8	0.3	—	—	—	42.1	24.8
0.40	TOTAL REAL ESTATE INVESTMENTS	55.0	0.3	—	—	—	55.3	24.3
96.39	TOTAL LONG-TERM INVESTMENTS	8 850.1	3 051.3	1 090.7	154.2	—	13 146.3	1 953.4
3.61	SHORT-TERM INVESTMENTS	493.0	—	—	—	505.3	493.0	178.3
—	DEPOSITS IN GENERAL FUND	(118.1)	13.5	104.6	—	—	—	—
100.00	TOTAL INVESTMENTS²	9 225.0	3 064.8	1 195.3	154.2	—	13 639.3	2 131.7

¹ Investments of the various funds and portfolios are accounted for separately.

² For purposes of this presentation, investments of the General Fund do not reflect demand deposits of the segregated funds and the Individual Fund, which are included in their respective investments.

SHARES AND CONVERTIBLE SECURITIES

REAL ESTATE INVESTMENTS

INVESTMENTS

GENERAL FUND

Summary of investments as at December 31, 1981
(thousands of dollars)

BONDS

Stated value %	Breakdown of portfolios	Number of issuers	Nominal value	Stated value	Realization value	Yield ¹ %	Net change in 1981 (stated value)
	Bonds						
	Issued or guaranteed by the Government of Canada						
2.09	Government of Canada	1	223 370	195 470	178 654	13.86	(149 026)
	Issued or guaranteed by the Gouvernement du Québec						
42.49	Gouvernement du Québec	1	4 010 267	3 969 457	2 959 668	11.42	723 426
17.24	Hydro-Québec	1	1 659 297	1 610 811	1 107 228	10.62	64 462
1.05	Sidbec	1	98 550	98 330	67 951	10.17	(2 489)
0.11	Other	6	10 608	10 021	6 242	7.57	(1 459)
60.89		9	5 778 722	5 688 619	4 141 089	11.17	783 940
	Guaranteed by grants						
0.72	Cegeps	32	68 485	67 136	51 917	9.66	(80)
0.41	Hospitals	37	38 804	38 083	28 054	9.81	(4 685)
0.78	Universities	9	74 894	73 413	57 689	12.65	19 188
0.20	Social service centers	3	19 680	18 882	17 475	16.20	12 500
2.11		81	201 863	197 514	155 135	11.43	26 923
	Municipal and school						
3.04	Municipalities and municipal bodies	197	294 713	284 197	224 497	11.66	46 892
1.60	School boards	103	153 138	149 624	107 192	10.03	(3 876)
4.64		300	447 851	433 821	331 689	11.10	43 016
0.03	Other governments	1	2 580	2 293	2 080	14.68	2 293
6.45	Corporate	154	613 456	602 965	477 766	11.32	(71 669)
76.21	TOTAL BONDS	546	7 267 842	7 120 682	5 286 413	11.26	635 477

MORTGAGE FINANCING

	Mortgage financing						
	Residential						
0.88	Insured mortgages	835	—	82 780	61 795		(484)
0.08	Conventional mortgages	8	—	7 160	4 518		(429)
0.96		843	—	89 940	66 313		(913)
3.28	Commercial	90	—	306 912	229 961		31 373
0.33	Industrial	31	—	30 739	25 843		5 005
0.27	Other	1	—	25 000	21 284		—
4.84	TOTAL MORTGAGE FINANCING	965	—	452 591	343 401	10.54	35 465

SHARES AND CONVERTIBLE SECURITIES

Shares and convertible securities							
3.29	Metals and minerals	9	—	307 293	228 622	1.60	177 729
0.04	Gold	2	—	3 328	2 425	0.94	3 328
1.09	Oil and gas	12	—	101 386	157 636	4.82	18 662
0.96	Paper and forest products	9	—	90 113	70 057	6.58	7 534
1.25	Consumer products	12	—	116 634	137 873	6.17	9 281
0.92	Industrial products	22	—	85 856	117 228	6.10	6 869
0.02	Real estate and construction	3	—	2 319	6 136	1.82	(1 422)
0.97	Transportation	4	—	91 096	128 526	6.32	35 862
0.27	Pipelines	5	—	25 373	28 393	5.85	11 446
1.28	Utilities	6	—	119 352	120 112	11.20	34 658
0.32	Communications and media	6	—	30 176	36 663	3.66	2 768
0.56	Merchandising	17	—	52 378	70 982	6.23	13 931
1.91	Financial services	14	—	178 285	238 297	9.11	21 051
0.20	Investment companies	8	—	18 278	28 469	9.74	777

13.08	TOTAL SHARES AND CONVERTIBLE SECURITIES	129	—	1 221 867	1 371 419	5.83	342 474
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REAL ESTATE INVESTMENTS

Real estate investments							
0.14	Land	23	—	13 159	14 595	13.31	(535)
0.45	Land and buildings	17	—	41 813	42 948	9.98	24 533

0.59	TOTAL REAL ESTATE INVESTMENTS	40	—	54 972	57 543	10.81	23 998
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94.72	TOTAL LONG-TERM INVESTMENTS	—	—	8 850 112	7 058 776	10.47	1 037 414
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5.28	SHORT-TERM INVESTMENTS	12	505 325	492 950	492 950	17.16	178 212
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100.00	TOTAL INVESTMENTS	—	—	9 343 062	7 551 726	10.82	1 215 626
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¹ This weighted average yield does not take into account gain and loss on sale of investments.

INVESTMENTS

SEGREGATED FUNDS

Summary of investments as at December 31, 1981
(thousands of dollars)

FUND "O" BONDS

Stated value %	Breakdown of portfolios	Number of issuers	Nominal value	Stated value	Realization value	Yield ¹ %	Net change in 1981 (stated value)
	Bonds						
	Issued or guaranteed by the Government of Canada						
4.31	Government of Canada	1	151 125	132 201	120 741	13.82	(26 161)
	Issued or guaranteed by the Gouvernement du Québec						
18.86	Gouvernement du Québec	1	578 632	577 966	463 560	12.52	203 346
8.68	Hydro-Québec	1	270 325	266 118	222 450	13.08	90 834
0.33	Sidbec	1	10 000	9 968	6 801	10.64	1
27.87		3	858 957	854 052	692 811	12.67	294 181
	Guaranteed by grants						
0.57	Cegeps	17	18 104	17 602	13 359	11.07	1 299
0.73	Hospitals	22	22 389	22 225	19 261	14.61	11 719
1.04	Universities	8	32 426	31 904	25 180	13.53	11 836
0.55	Social service centres	2	17 040	16 834	16 513	17.58	12 834
2.89		49	89 959	88 565	74 313	14.08	37 688
	Municipal and school						
4.07	Municipalities and municipal bodies	109	127 438	124 691	101 926	13.09	32 605
0.90	School boards	30	27 908	27 432	19 703	11.32	2 495
4.97		139	155 346	152 123	121 629	12.77	35 100
	Other governments						
0.05	Corporate	1	1 750	1 616	1 494	14.88	1 616
4.60		54	151 231	140 948	109 231	11.64	(1 140)
44.69	TOTAL BONDS	247	1 408 368	1 369 505	1 120 219	12.78	341 284
—	DEPOSITS IN GENERAL FUND	—	—	—	—	—	(14 816)
44.69	TOTAL INVESTMENTS — FUND "O"	247	1 408 368	1 369 505	1 120 219	12.78	326 468

FUND "G" GOVERNMENT BONDS

	Government bonds						
	Issued or guaranteed by the Gouvernement du Québec						
1.96	Gouvernement du Québec	1	60 000	59 915	41 076	9.83	2
0.46	Hydro-Québec	1	14 600	14 224	9 328	10.48	(2 355)
2.42		2	74 600	74 139	50 404	9.96	(2 353)
	Guaranteed by grants						
0.12	Cegeps	9	3 690	3 612	2 757	10.54	10
0.06	Hospitals	3	1 800	1 769	1 309	10.40	4

**FUND "A"
SHARES AND
CONVERTIBLE SECURITIES**

0.08	Universities	3	2 550	2 490	1 516	10.46	1
0.26		15	8 040	7 871	5 582	10.49	15
	Municipal and school						
0.64	Municipalities and municipal bodies	27	19 974	19 609	13 392	10.51	29
0.07	School boards	12	2 313	2 279	1 759	10.45	(95)
0.71		39	22 287	21 888	15 151	10.51	(66)
3.39	TOTAL BONDS	56	104 927	103 898	71 137	10.11	(2 404)
0.14	DEPOSITS IN GENERAL FUND	—	4 315	4 315	4 315	14.50	1 633
3.53	TOTAL INVESTMENTS — FUND "G"	56	109 242	108 213	75 452	10.29	(771)
	Shares and convertible securities						
8.42	Metals and minerals	9	—	258 055	177 993	1.52	169 086
0.21	Gold	2	—	6 541	5 140	1.18	6 541
3.41	Oil and gas	12	—	104 421	121 326	3.73	37 553
1.97	Paper and forest products	8	—	60 247	45 978	6.04	1 752
3.05	Consumer products	9	—	93 469	105 492	5.91	19 334
2.20	Industrial products	17	—	67 460	84 059	5.87	12 521
—	Real estate and construction	—	—	—	—	—	(85)
2.23	Transportation	3	—	68 484	84 619	5.61	28 080
0.92	Pipelines	4	—	28 272	26 765	4.89	17 262
2.60	Utilities	4	—	79 739	75 133	10.91	21 074
0.56	Communications and media	5	—	17 135	21 423	5.12	5 713
1.17	Merchandising	10	—	36 004	43 164	5.23	9 854
4.35	Financial services	9	—	133 201	159 604	8.44	14 802
0.29	Investment companies	3	—	8 933	11 349	7.13	3 368
31.38	TOTAL SHARES AND CONVERTIBLE SECURITIES	95	—	961 961	962 045	5.15	346 855
0.30	DEPOSITS IN GENERAL FUND	—	9 122	9 122	9 122	14.50	(87 315)
31.68	TOTAL INVESTMENTS — FUND "A"	95	—	971 083	971 167	5.24	259 540
	Mortgage financing						
	Residential						
15.63	Insured mortgages	20 227	—	479 036	417 435	—	65 723
0.81	Conventional mortgages	259	—	24 654	22 321	—	12 626
16.44		20 486	—	503 690	439 756	—	78 349
2.70	Commercial	140	—	82 765	68 610	—	9 166
0.95	Industrial	61	—	29 249	25 459	—	2 634
20.09	MORTGAGE FINANCING	20 687	—	615 704	533 825	11.81	90 149
0.01	REAL ESTATE INVESTMENTS	9	—	311	354	—	311
20.10	TOTAL MORTGAGE FINANCING AND REAL ESTATE INVESTMENTS	20 696	—	616 015	534 179	11.81	90 460
—	DEPOSITS IN GENERAL FUND	—	—	—	—	—	(9 334)
20.10	TOTAL INVESTMENTS — FUND "H"	20 696	—	616 015	534 179	11.81	81 126
100.00	TOTAL INVESTMENTS	—	—	3 064 816	2 701 017	10.11	666 363

**FUND "H"
MORTGAGE FINANCING**

¹ This weighted average yield does not take into account gain and loss on sale of investments.

INVESTMENTS

INDIVIDUAL FUND

Summary of investments as at December 31, 1981
(thousands of dollars)

BONDS

Stated value %	Breakdown of portfolios	Number of issuers	Nominal value	Stated value	Realization value	Yield ¹ %	Net change in 1981 (stated value)
	Bonds						
	Issued or guaranteed by the Government of Canada						
9.22	Government of Canada	1	123 975	110 229	89 835	12.22	(12 202)
	Issued or guaranteed by the Gouvernement du Québec						
31.69	Gouvernement du Québec	1	380 465	378 812	266 312	11.04	4 813
14.12	Hydro-Québec	1	172 100	168 756	122 118	11.46	(11)
0.42	Sidbec	1	5 000	4 984	3 389	10.59	—
46.23		3	557 565	552 552	391 819	11.16	4 802
	Guaranteed by grants						
1.02	Cegeps	14	12 447	12 204	9 331	10.97	(69)
0.52	Hospitals	7	6 340	6 202	5 025	12.13	977
1.61	Universities	7	19 587	19 154	12 447	10.63	(1 133)
0.37	Social service centers	2	4 500	4 446	3 569	13.68	1 446
3.52		30	42 874	42 006	30 372	11.28	1 221
	Municipal and school						
5.13	Municipalities and municipal bodies	99	63 400	61 365	46 017	11.47	217
2.52	School boards	35	30 569	30 103	22 638	10.93	(40)
7.65		134	93 969	91 468	68 655	11.29	177
11.20	Corporate	51	137 522	133 881	99 536	11.07	(451)
77.82	TOTAL BONDS	219	955 905	930 136	680 217	11.29	(6 453)

MORTGAGE FINANCING

	Mortgage financing						
	Residential						
0.01	Insured mortgages	2	—	134	137		134
0.06	Conventional mortgages	4	—	694	702		694
0.07		6	—	828	839		828
2.34	Commercial	7	—	27 911	28 894		27 911
0.02	Industrial	2	—	276	272		276
2.43	TOTAL MORTGAGE FINANCING	15	—	29 015	30 005	19.89	29 015

**SHARES AND CONVERTIBLE
SECURITIES**

		Shares and convertible securities					
2.14	Metals and minerals	7	—	25 642	18 777	2.64	25 642
0.18	Gold	2	—	2 179	1 625	0.98	2 179
1.86	Oil and gas	11	—	22 176	19 465	2.84	22 176
0.61	Paper and forest products	3	—	7 277	5 298	6.12	7 277
0.99	Consumer products	6	—	11 859	11 215	6.80	11 859
0.89	Industrial products	8	—	10 692	10 396	5.10	10 692
—	Real estate and construction	—	—	—	—	—	—
0.94	Transportation	1	—	11 216	10 469	4.24	11 216
0.38	Pipelines	4	—	4 529	4 095	5.32	4 529
0.72	Utilities	2	—	8 610	8 100	11.24	8 610
0.17	Communications and media	2	—	1 982	1 603	4.34	1 982
0.31	Merchandising	6	—	3 659	3 310	3.42	3 659
1.63	Financial services	6	—	19 483	17 722	7.86	19 483
0.18	Investment companies	1	—	2 176	1 863	5.15	2 176
11.00	TOTAL SHARES AND CONVERTIBLE SECURITIES	59	—	131 480	113 938	5.07	131 480
91.25	TOTAL LONG-TERM INVESTMENTS	—	—	1 090 631	824 160	10.77	154 042
8.75	DEPOSITS IN GENERAL FUND	—	104 621	104 621	104 621	14.50	102 381
100.00	TOTAL INVESTMENTS	—	—	1 195 252	928 781	11.10	256 423

¹ This weighted average yield does not take into account gain and loss on sale of investments.

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YIELD ON VARIOUS CATEGORIES OF AVERAGE DEPOSITS IN GENERAL FUND

	Average deposits (thousands of dollars)	Interest paid or due (thousands of dollars)	Yield	
			1981	1980
Demand deposits	250 809	45 700	18.221	12.719
Term deposits	192 871	33 822	17.536	12.541
Participation deposits	8 226 687	863 829	10.500	10.198

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YIELD ON VARIOUS CATEGORIES OF AVERAGE DEPOSITS IN INDIVIDUAL FUND

	Average deposits (thousands of dollars)	Interest paid or due (thousands of dollars)	Yield	
			1981	1980
Demand deposits	46 377	8 790	18.954	14.495
Term deposits	—	—	—	13.949
Participation deposits ¹	1 078 961	117 923	10.929	10.587

¹ Participation deposits include income to be paid out to depositor for the years 1978 and 1979.

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YIELD ON VARIOUS CATEGORIES OF AVERAGE DEPOSITS IN SEGREGATED FUND — BONDS (FUND "O")

	Average deposits (thousands of dollars)	Interest paid or due (thousands of dollars)	Yield	
			1981	1980
Demand deposits	33 814	6 274	18.553	14.083
Term deposits	3 219	563	17.500	12.660
Participation deposits ¹	1 275 438	150 127	11.771	10.965

¹ Participation deposits include accumulated income at December 31, 1979.

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YIELD ON VARIOUS CATEGORIES OF AVERAGE DEPOSITS IN SEGREGATED FUND — GOVERNMENT BONDS (FUND "Q")

	Average deposits (thousands of dollars)	Interest paid or due (thousands of dollars)	Yield	
			1981	1980
Demand deposits	3 417	620	18.139	12.667
Term deposits	—	—	—	—
Participation deposits ¹	111 409	11 186	10.041	9.887

¹ Participation deposits include accumulated income at December 31, 1979.

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YIELD ON VARIOUS CATEGORIES OF AVERAGE DEPOSITS IN SEGREGATED FUND — STOCKS (FUND "A")

	Average deposits (thousands of dollars)	Interest paid or due (thousands of dollars)	Yield	
			1981	1980
Demand deposits	32 803	5 680	17.316	12.569
Term deposits	4 932	814	16.500	14.371
Participation deposits ¹	777 659	56 555	7.273	8.217

¹ Participation deposits include accumulated income at December 31, 1979.

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YIELD ON VARIOUS CATEGORIES OF AVERAGE DEPOSITS IN SEGREGATED FUND — MORTGAGES (FUND "H")

	Average deposits (thousands of dollars)	Interest paid or due (thousands of dollars)	Yield	
			1981	1980
Demand deposits	(10 960)	(2 024)	(18.463)	13.336
Term deposits	—	—	—	—
Participation deposits ¹	552 423	61 671	11.164	10.454

¹ Participation deposits include accumulated income at December 31, 1979.

NET CONTRIBUTIONS BY DEPOSITORS

(millions of dollars)

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DEPOSITORS

	1981	1980	1979	1978	1977
Commission administrative du régime de retraite Government and public employees retirement plan	235.8	217.3	175.0	150.7	144.9
— Contributions of unionized employees					
— Contributions of non-unionized employees and of employers	59.1	41.3	47.3	31.1	64.2
	294.9	258.6	222.3	181.8	209.1
Régie de l'assurance automobile du Québec	192.9	240.8	233.1	261.8	—
Régie des rentes du Québec	132.6	214.1	180.6	212.0	236.1
Commission de la santé et de la sécurité du travail	73.9	157.8	150.2	132.5	83.1
Office de la construction du Québec	31.1	28.8	54.5	68.9	74.8
Other	6.9	(12.0)	21.9	8.6	(73.7)
TOTAL	732.3	888.1	862.6	865.6	529.4

Net contributions are made up of deposits received less withdrawals made.

DEPOSITORS

DEPOSITORS' HOLDINGS WITH CAISSE AT REALIZATION VALUE as at December 31, 1981 (thousands of dollars)

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	Participation deposits				Portfolios under man- agement	Total long - term holdings	Net demand and term deposits	Accrued interest and income	Depositors' holdings	
	General Fund	Segregated funds	Individual Fund	Sub-total					Amount	Percent- age
Régie des rentes du Québec	6 143 403	—	—	6 143 403	—	6 143 403	45 708	204 066	6 393 177	56.01
Commission administrative du régime de retraite Government and public employees retirement plan	—	1 788 949	—	1 788 949	6 093	1 795 042	53 981	23 261	1 872 284	16.41
General retirement plan for the mayors and councillors of the municipalities of Québec	—	4 920	—	4 920	—	4 920	68	61	5 049	0.04
Individual plans	—	6 869	—	6 869	—	6 869	35	86	6 990	0.06
	—	1 800 738	—	1 800 738	6 093	1 806 831	54 084	23 408	1 884 323	16.51
Commission de la santé et de la sécurité du travail	41 899	—	914 432	956 331	87 026	1 043 357	39 435	35 281	1 118 073	9.80
Régie de l'assurance automobile du Québec	905 581	—	—	905 581	—	905 581	78 142	30 616	1 014 339	8.89
Office de la construction du Québec	—	—	—	—	—	—	13 000	159	13 159	0.11
Supplemental pension plan for employees of the Québec construction industry	—	858 741	—	858 741	18 716	877 457	20 543	17 036	915 036	8.02
Supplemental pension plan of the Université du Québec	—	21 416	—	21 416	—	21 416	1 802	345	23 563	0.21
Régie des assurances agricoles du Québec	—	—	—	—	—	—	10 115	157	10 272	0.09
Assurance-récolte du Québec	—	—	—	—	—	—	17 531	260	17 791	0.15
Régimes d'assurance-stabilisation des revenus agricoles	—	—	—	—	—	—	9 032	343	11 184	0.10
Fonds d'indemnisation automobile du Québec	1 809	—	—	1 809	—	1 809	1 369	373	11 047	0.10
Fonds d'assurance-prêts agricoles et forestiers	9 305	—	—	9 305	—	9 305	1 506	20	1 526	0.01
Régie des marchés agricoles du Québec	—	—	—	—	—	—	—	—	—	—
TOTAL	7 101 997	2 680 895	914 432	10 697 324	111 835	10 809 159	292 267	312 064	11 413 490	100.00

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**FUNDS OF THE RÉGIE DES RENTES DU QUÉBEC
ENTRUSTED TO MANAGEMENT OF CAISSE
as at December 31**

(stated value — millions of dollars)

	1981	1980	1979	1978	1977
FUNDS OF THE RÉGIE					
Deposits in General Fund					
Participation deposits	7 508.0	6 668.2	5 853.7	5 159.0	4 514.2
Income receivable	204.1	177.6	137.7	113.0	98.3
Term deposits	35.0	—	—	—	—
Demand deposits	10.7	12.4	—	—	4.5
FUNDS ENTRUSTED TO CAISSE	7 757.8¹	6 858.2	5 991.4	5 272.0	4 617.0
NET INCOME	767.0	652.7	538.8	443.0	371.9
NET CONTRIBUTIONS	132.6	214.1	180.6	212.0	236.1

¹ Realization value of these funds was 6 393.2 million dollars at December 31, 1981.

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**FUNDS OF THE RÉGIE DE L'ASSURANCE AUTOMOBILE
DU QUÉBEC ENTRUSTED TO MANAGEMENT
OF CAISSE**

as at December 31

(stated value — millions of dollars)

	1981	1980	1979	1978
FUNDS OF THE RÉGIE				
Deposits in General Fund				
Participation deposits	1 075.2	809.8	533.0	198.5
Income receivable	30.6	22.5	13.4	6.3
Term deposits	—	30.0	—	40.0
Demand deposits	78.2	10.9	9.5	33.4
FUNDS ENTRUSTED TO CAISSE	1 184.0¹	873.2	555.9	278.2
NET INCOME	117.9	76.5	44.6	16.4
NET CONTRIBUTIONS	192.9	240.8	233.1	261.8

¹ Realization value of these funds was 1 014.3 million dollars at December 31, 1981.

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FUNDS OF THE COMMISSION DE LA SANTÉ ET DE LA SÉCURITÉ DU TRAVAIL ENTRUSTED TO MANAGEMENT OF CAISSE

as at December 31

(stated value — millions of dollars)

	1981	1980	1979	1978	1977
FUNDS OF THE COMMISSION					
Deposits in General Fund					
Participation deposits	52.4	52.4	52.4	52.4	52.4
Term deposits	35.0	60.0	—	—	—
Demand deposits	6.7	9.8	4.1	10.8	1.3
	94.1	122.2	56.5	63.2	53.7
Deposits in Individual Fund					
Participation deposits	1 093.8	839.8	649.7	464.8	302.0
Income receivable	133.9	126.4	100.9	37.9	7.8
	1 227.7	966.2	750.6	502.7	309.8
Portfolio under management	123.8	133.5	147.5	159.7	175.6
FUNDS ENTRUSTED TO CAISSE	1 445.6¹	1 221.9	954.6	725.6	539.1
NET INCOME	149.8	109.5	78.8	54.0	41.1
NET CONTRIBUTIONS	73.9	157.8	150.2	132.5	83.1

¹ Realization value of these funds was 1 118.1 million dollars at December 31, 1981.

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FUNDS OF THE GOVERNMENT AND PUBLIC EMPLOYEES RETIREMENT PLAN ENTRUSTED TO MANAGEMENT OF CAISSE

as at December 31

(stated value — millions of dollars)

	1981	1980	1979	1978	1977
FUNDS OF THE PLAN					
Deposits in General Fund	54.5	43.9	37.7	72.5	29.8
Deposits in segregated funds					
Participation deposits					
Bonds (Fund "O")	996.3	705.4	458.9	329.8	230.2
Government bonds (Fund "G")	111.4	111.4	111.9	101.4	92.1
Stocks (Fund "A")	669.3	519.4	415.1	236.8	140.4
Mortgages (Fund "H")	173.6	151.5	133.1	79.3	62.0
	1 950.6	1 487.7	1 119.0	747.3	524.7
Income receivable	22.7	17.5	—	—	—
	1 973.3	1 505.2	1 119.0	747.3	524.7
Portfolios under management	7.6	8.6	9.4	10.7	17.0
FUNDS ENTRUSTED TO CAISSE	2 035.4¹	1 557.7	1 166.1	830.5	571.5
NET INCOME	182.8	133.5	113.3	66.0	41.1
NET CONTRIBUTIONS	294.9	258.6	222.3	181.8	209.1

¹ Realization value of these funds was 1 872.3 million dollars at December 31, 1981.

**FUNDS OF THE SUPPLEMENTAL PENSION PLAN FOR
EMPLOYEES OF THE QUÉBEC CONSTRUCTION INDUSTRY
ENTRUSTED TO MANAGEMENT OF CAISSE
as at December 31**

(stated value — millions of dollars)

	1981	1980	1979	1978	1977
FUNDS OF THE PLAN					
Deposits in General Fund	20.8	5.2	12.3	14.6	32.7
Deposits in segregated funds					
Participation deposits					
Bonds (Fund "O")	390.3	339.4	305.1	249.1	175.1
Stocks (Fund "A")	199.8	161.7	113.1	96.7	88.9
Mortgages (Fund "H")	398.7	369.4	339.7	279.8	212.4
	988.8	870.5	757.9	625.6	476.4
Income receivable	16.8	14.8	—	—	—
	1 005.6	885.3	757.9	625.6	476.4
Portfolios under management	26.0	29.9	27.2	30.0	36.8
FUNDS ENTRUSTED TO CAISSE					
	1 052.4 ¹	920.4	797.4	670.2	545.9
NET INCOME					
	100.9	85.3	72.7	55.4	41.3
NET CONTRIBUTIONS					
	31.1	28.8	54.5	68.9	74.8

¹ Realization value of these funds was 915 million dollars at December 31, 1981.

**FUNDS OF THE SUPPLEMENTAL PENSION PLAN OF THE
UNIVERSITÉ DU QUÉBEC ENTRUSTED TO MANAGEMENT
OF CAISSE
as at December 31**

(stated value — thousands of dollars)

	1981	1980	1979	1978	1977
FUNDS OF THE PLAN					
Deposits in General Fund	1 826.9	0.5	257.0	284.8	224.3
Deposits in segregated funds					
Participation deposits					
Bonds (Fund "O")	16 204.6	15 245.4	9 641.7	6 585.7	4 507.8
Stocks (Fund "A")	4 333.4	4 333.4	4 333.4	3 178.3	2 141.4
Mortgages (Fund "H")	4 192.5	4 192.5	4 192.5	3 181.8	2 217.6
	24 730.5	23 771.3	18 167.6	12 945.8	8 866.8
Income receivable	320.8	309.6	—	—	—
	25 051.3	24 080.9	18 167.6	12 945.8	8 866.8
FUNDS ENTRUSTED TO CAISSE					
	26 878.2 ¹	24 081.4	18 424.6	13 230.6	9 091.1
NET INCOME					
	2 796.8	2 251.8	1 678.9	1 045.5	663.7
NET CONTRIBUTIONS					
	—	3 405.0	3 515.0	3 094.0	2 591.0

¹ Realization value of these funds was \$23 563 200 at December 31, 1981.

PARTICIPATIONS — BONDS ISSUED OR GUARANTEED BY THE GOUVERNEMENT DU QUÉBEC

PARTICIPATION IN NEW GOUVERNEMENT DU QUÉBEC AND HYDRO-QUÉBEC ISSUES ON THE CANADIAN MARKET IN 1981

38

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Date of issue	Nature	Amount in nominal value	Date of maturity	Redeemable on or after	Interest rate	Yield to maturity	Price	Amount purchased by Caisse (nominal value)
		\$						\$
January 26	Public	118 000 000	December 22, 1985-1994	—	13.25	13.25	100.00	25 000 000
January 26	Public	82 000 000	December 22, 1995	—	13.75	13.75	100.00	50 000 000
February 9	Private	32 000 000	December 22, 1985-1994	—	13.25	13.05 - 13.14	100.65	32 000 000
February 9	Private	93 000 000	December 22, 1995	—	13.75	13.57	101.09	93 000 000
February 18	Private	100 000 000	March 9, 1990	—	14.00	14.00	100.00	100 000 000
March 13	Private	100 000 000	September 30, 1991	Redeemable in 1984	13.75	13.75	100.00	100 000 000
April 27	Private	100 000 000	November 7, 1993	Redeemable in 1983 and 1989	15.00	15.00	100.00	100 000 000
April 27	Private	100 000 000	November 7, 1993	Redeemable in 1983 and 1987	15.00	15.00	100.00	100 000 000
May 22	Public	150 000 000	June 18, 1984-1996	—	16.50	16.50	100.00	50 000 000
September 22	Public	150 000 000	October 20, 1984-1996	—	17.25	17.25	100.00	50 000 000
October 30	Private	50 000 000	October 20, 1984-1996	—	17.25	17.12 - 17.20	100.26	50 000 000
October 30	Private	100 000 000	April 1, 1986-1993	—	17.25	17.25	100.00	100 000 000
December 11	Private	50 000 000	June 23, 1986-1991	—	15.25	15.25	100.00	50 000 000
TOTAL—GOUVERNEMENT DU QUÉBEC								900 000 000
February 23	Public	185 000 000	September 24, 1984-1991	—	13.50	13.68 - 13.59	99.50	50 000 000
June 9	Public	160 000 000	July 7, 1984-1996	—	15.75	15.97 - 15.84	99.50	50 000 000
August 27	Public	130 000 000	September 16, 1984-1996	—	17.50	17.72 - 17.59	99.50	25 000 000
October 21	Public	130 000 000	November 24, 1986-1991	—	17.50	17.50	100.00	25 000 000
TOTAL — HYDRO-QUÉBEC								150 000 000
TOTAL								1 050 000 000

BREAKDOWN OF ACQUISITIONS BY CAISSE OF NEW BONDS ISSUED OR GUARANTEED BY THE GOUVERNEMENT DU QUÉBEC ON THE CANADIAN MARKET (nominal value — millions of dollars)

39

Years ended December 31	General Fund	Segregated funds	Individual Fund	Total	Private	Issues	Public
1966-1970	610.8	—	—	610.8	225.0		385.8
1971-1975	1 260.1	31.7	—	1 291.8	643.0		648.8
1976	378.8	45.2	51.0	475.0	255.0		220.0
1977	375.0	120.0	65.0	560.0	450.0		110.0
1978	555.5	89.0	125.5	770.0	585.0		185.0
1979	837.0	121.0	132.0	1 090.0	910.0		180.0
1980	1 030.0	185.0	160.0	1 375.0	1 050.0		325.0
1981	815.0	230.0	5.0	1 050.0	725.0		325.0
TOTAL	5 862.2	821.9	538.5	7 222.6	4 843.0		2 379.6

**ACQUISITIONS BY CAISSE OF NEW BONDS ISSUED OR
GUARANTEED BY THE GOUVERNEMENT DU QUÉBEC ON THE CANADIAN MARKET**
(nominal value — millions of dollars)

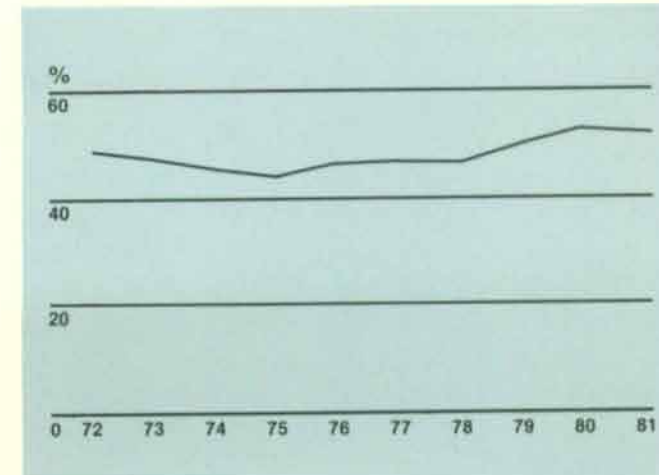
40

Years ended December 31	Gouvernement du Québec	Hydro- Québec	Sidbec	Other	Total
1966-1970	426.5	174.3	10.0	—	610.8
1971-1975	570.7	615.0	104.3	1.8	1 291.8
1976	395.0	50.0	30.0	—	475.0
1977	450.0	110.0	—	—	560.0
1978	585.0	185.0	—	—	770.0
1979	775.0	315.0	—	—	1 090.0
1980	975.0	400.0	—	—	1 375.0
1981	900.0	150.0	—	—	1 050.0
TOTAL	5 077.2	1 999.3	144.3	1.8	7 222.6

**PERCENTAGE OF SECURITIES ISSUED OR GUARANTEED BY THE GOUVERNEMENT
DU QUÉBEC AND HELD BY CAISSE IN RELATION TO TOTAL INVESTMENTS
as at December 31**

41

	Total Caisse Investments (stated value — millions of dollars)	Securities issued or guaranteed by the Gouvernement du Québec (stated value — millions of dollars)					Total	%
		Gouvernement du Québec	Hydro- Québec	Sidbec	Other			
1972	2 196.0	641.2	442.2	—	10.9	1 094.3	49.8	
1973	2 900.8	776.7	588.0	29.9	12.2	1 406.8	48.5	
1974	3 499.2	897.2	657.9	59.9	12.0	1 627.0	46.5	
1975	4 235.3	1 003.1	796.7	112.1	11.8	1 923.7	45.4	
1976	5 223.9	1 463.9	848.9	138.9	18.4	2 470.1	47.3	
1977	6 288.0	1 867.6	963.5	143.4	13.9	2 988.4	47.5	
1978	7 825.5	2 426.4	1 147.1	123.7	13.6	3 710.8	47.4	
1979	9 554.8	3 166.8	1 491.3	118.2	12.7	4 789.0	50.1	
1980	11 507.6	4 094.2	1 922.9	115.8	12.5	6 145.4	53.4	
1981	13 639.3	5 023.7	2 073.7	113.3	11.0	7 221.7	52.9	



STATEMENT OF REAL ESTATE INVESTMENTS OF CAISSE AND SUBSIDIARIES held at December 31, 1981

Section 46d) of the Act respecting the Caisse de dépôt et placement du Québec (R.S.Q., chapter C-2)

Municipalities	Land and buildings	Cost	Net stated value
Directly held by Caisse			
Baie-Comeau	Lots (part C-2, C-2-26, C-116, C-158 and C-164), Lafèche District	\$ 6 071 120	\$ 5 999 625
Baie d'Urfé	Lots (327-1, part 58-1 and part 343), Parish of Sainte-Anne	831 813	759 596
Dorval	Lots (87 and 88), Parish of Pointe-Claire	725 000	664 253
Hauterive	Lot (8-1-94-1) Rang 1, Lafèche Township	31 900	31 900
Hauterive	Lot (8-1-96) Rang 1, Lafèche Township	33 325	33 325
Hauterive	Lot (8-1-91) Rang 1, Lafèche Township	32 418	32 418
Hauterive	Lot (8-1-98) Rang 1, Lafèche Township	33 116	33 116
Hauterive	Lot (9-1-77) Rang 1, Lafèche Township	33 354	33 354
Jonquière	Lot (29-1) Rang 4, Jonquière Township	809 000	793 320
Laval	Lots (352-1-19, 20, 21, 22), Parish of Saint-Martin	170 000	163 828
Laval	Lot (616-3), Parish of Saint-Martin	900 000	796 695
Laval	Lots (616-7, 617-3, 618-12), Parish of Saint-Martin	1 602 516	1 399 686
Pointe-Claire	Lot (130-17), Parish of Pointe-Claire	1 680 000	1 575 076
Pointe-Claire	Lots (116-7, 117-6), Parish of Pointe-Claire	1 300 000	1 131 188
Port-Cartier	Lot (6-467), Babel Township	36 421	36 421
Sainte-Foy	Lots (86-51, 87-122, 91-48), Parish of Sainte-Foy	653 000	557 532
Saint-Laurent	Lots (477-3, 475-413), Parish of Saint-Laurent	1 400 000	1 160 989
Sept-Îles	Lot (369-20) Rang 3, Village of Sept-Îles, Letellier Township	37 756	37 756
Sept-Îles	Lots (369-1, 369-2) Rang 3, Village of Sept-Îles, Letellier Township	41 937	41 937
Sept-Îles	Lot (46) Rang 3, Village of Sept-Îles, Letellier Township	30 500	30 500
Sherbrooke	Lots (113-5-1-1, 113-5-2-1, 113-11, 113-12-1, 113-12-2, 113-22, 113-23), Orford Township	425 000	400 322
Ville Mont-Royal	Lot (577-4), Parish of Saint-Laurent	1 712 639	1 622 663
		18 590 815	17 335 500
Held by Cadim Inc.			
Charlesbourg	Lot (part 271-90), Parish of Charlesbourg	755 709	755 709
Held by Développements Pasteur Inc.			
Québec	Lot (407), Parish of Saint-Colomb-de-Sillery	2 116 346	2 116 346
Sainte-Foy	Lots (288-9, 288-10, 288-11, part 288), Parish of Sainte-Foy	7 351 836	7 298 807
		9 468 182	9 415 153
Held by Immeubles Cadev Inc.			
Gaspé	Lots (C-5-21, C-5-7-2, C-5-8-1, C-5-8 part 5, C-5-8 part 6) York Township,	5 536 905	5 526 983
Held by Immeubles Cadimont Inc.			
Montréal	Lot (1946), District of Saint-Antoine	9 090 349	9 090 349
TOTAL — LAND AND BUILDINGS		\$43 441 960	\$42 123 694

Municipalities	Land	Cost	Net stated value
Directly held by Caisse			
Alma	Lots (36-B-1, 37-1) Rang 4, Labarre District	\$ 300 000	\$ 300 000
Baie-Comeau	Lots (9-240, 241) Lafleche District,	40 000	40 000
Cap-de-la-Madeleine	Lots (552-5, 6, 7, 553-4, 5, 6, 554-21, 22) in the plan and official records of Champlain District, now incorporated into the Ville de Cap-de-la-Madeleine	200 000	200 000
Côte Saint-Luc	Lot (101-141), Municipality of the Parish of Montréal	80 000	80 000
Hull	Lots (244-626, 244-363, 364, 365, 366, 244-408, 409, 410, 244 part 595), Subdivision 1	560 000	560 000
Laval	Lots (654-20, 21, 22, 23, part 654-57), Parish of Saint-Martin	84 000	84 000
Longueuil	Lot (part 68-69), Parish of Saint-Antoine	500 000	500 000
Montréal	Lots (816, 817-1, 817-2, 818, 819, 820-1, 820-2, 821-1, 821-2, 1261, 1262), District of Saint-Jacques	2 400 000	2 400 000
Montréal	Lots (182-1 and 2), District of Saint-Laurent	250 000	250 000
Montréal	Lots (10-274A to 277A, 275 to 277, part 278, part 287, 291 and 294, 291A to 293A, and part 294A) of the Incorporated Village of Côte Saint-Louis	230 000	230 000
Montréal	Lots (1275 to 1279), Parish of Saint-Antoine	600 000	600 000
Montréal	Lots (1286, 1287, 1288, 1289, 1290, (-1-6) 1297A, 1297B, 1297B-1, 1297C, 1297D, 1901), Parish of Saint-Antoine	1 275 000	1 275 000
Québec	Lot (part 417-4), Parish of Saint-Roch Nord	66 680	66 680
Québec	Lots (227 N.S., part 227-361, 227-383 and 227-400), Parish of Saint-Colomb-de-Sillery	2 494 071	2 494 071
Québec	Lots (585-46, 585-54-3, 585-54-7, 585-54-4, 585-49-2, 585-49-1, 585-53-4-4), Parish of Saint-Roch Nord	85 000	85 000
Rivière-du-Loup	Lots (202-255, 246, 247, 248, 239-240), Ville de Fraserville	155 000	155 000
Sainte-Foy	Lot (61-55), Parish of Sainte-Foy	100 000	100 000
Sainte-Foy	Lot (403-540), Parish of Sainte-Foy	40 000	40 000
Sainte-Foy	Lot (110-1) Parish of Sainte-Foy	78 029	78 029
Sept-Îles	Lot (497 part 2) Rang 2, Village of Sept-Îles, Letellier Township	71 500	71 500
Sept-Îles	Lots (1842-1, 1493-1) Rang 2, Village of Sept-Îles, Letellier Township	31 500	31 500
		9 640 780	9 640 780
Held by Cadim Inc.			
Québec	Lots (227-397, 398, 399), Parish of Saint-Colomb-de-Sillery	1 018 277	1 018 277
Québec	Lots (4536 and 4547), Montcalm District	2 500 000	2 500 000
		3 518 277	3 518 277
TOTAL — LAND		\$13 159 057	\$13 159 057
TOTAL REAL ESTATE INVESTMENTS		\$56 601 017	\$55 282 751

FINANCIAL RETROSPECTIVE

TEN-YEAR RETROSPECTIVE OF INVESTMENTS as at December 31

(stated value — millions of dollars)

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	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972
GENERAL FUND										
Bonds										
Government of Canada	195.5	344.5	216.1	122.3	81.5	56.4	64.2	36.7	57.1	55.7
Gouvernement du Québec and guaranteed ¹	5 688.6	4 904.7	3 905.6	3 070.6	2 538.9	2 208.6	1 799.3	1 534.3	1 317.5	1 088.5
Guaranteed by grants	197.5	170.6	158.1	158.0	156.3	148.2	123.7	103.3	87.8	65.0
Municipal and school	433.8	390.8	355.0	314.8	304.3	267.6	233.4	183.7	141.3	121.6
Other governments	2.3	—	—	—	—	—	—	—	—	—
Corporate	602.9	674.6	682.6	495.5	444.8	420.4	357.3	318.5	261.9	244.3
Total bonds	7 120.6	6 485.2	5 317.4	4 161.2	3 525.8	3 101.2	2 577.9	2 176.5	1 865.6	1 575.1
Shares and convertible securities	1 221.9	879.4	720.2	612.8	618.3	661.4	638.7	601.9	491.7	352.6
Mortgage financing	452.6	417.1	391.6	315.3	269.5	224.4	199.0	197.9	128.9	72.9
Real estate investments	55.0	31.0	25.1	25.4	25.4	25.4	26.0	25.7	23.9	21.9
Short-term investments ²	374.9	189.2	316.8	635.7	313.9	207.1	181.5	97.9	75.0	81.4
TOTAL INVESTMENTS	9 225.0	8 001.9	6 771.1	5 750.4	4 752.9	4 219.5	3 623.1	3 099.9	2 585.1	2 103.9
SEGREGATED FUNDS										
Bonds										
Government of Canada	132.2	158.3	110.7	59.5	18.3	7.8	10.8	0.8	1.5	0.5
Gouvernement du Québec and guaranteed ¹	928.2	636.4	436.3	319.6	236.6	114.1	44.1	12.1	3.0	1.7
Guaranteed by grants	96.4	58.7	50.4	50.6	45.2	31.9	20.0	13.9	5.0	1.1
Municipal and school	174.0	139.0	116.3	92.6	81.0	36.6	21.2	8.8	3.1	1.8
Other governments	1.6	—	—	—	—	—	—	—	—	—
Corporate	141.0	142.1	127.3	98.6	87.5	65.3	49.2	32.2	17.6	7.4
Total bonds	1 473.4	1 134.5	841.0	620.9	468.6	255.7	145.3	67.8	30.2	12.5
Shares and convertible securities	961.9	615.1	382.9	304.2	215.5	150.3	75.6	46.3	18.6	11.3
Mortgage financing	615.7	525.6	463.8	336.0	225.3	145.1	100.6	44.7	25.3	18.1
Real estate investments	0.3	—	—	—	—	—	—	—	—	—
Deposits in General Fund	13.5	123.3	182.1	125.6	98.3	60.6	43.8	21.6	10.9	9.5
TOTAL INVESTMENTS	3 064.8	2 398.5	1 869.8	1 386.7	1 007.7	611.7	365.3	180.4	85.0	51.4
INDIVIDUAL FUND										
Bonds										
Government of Canada	110.2	122.4	87.0	40.5	20.5	—	—	—	—	—
Gouvernement du Québec and guaranteed ¹	552.6	547.8	383.3	251.1	137.2	—	—	—	—	—

Guaranteed by grants	42.0	40.8	34.9	34.7	29.2	—	—	—	—	—
Municipal and school	91.5	91.3	73.3	65.0	56.1	—	—	—	—	—
Corporate	133.9	134.3	118.5	64.7	43.5	—	—	—	—	—
Total bonds	930.2	936.6	697.0	456.0	286.5	—	—	—	—	—
Shares and convertible securities	131.5	—	—	—	—	—	—	—	—	—
Mortgage financing	29.0	—	—	—	—	—	—	—	—	—
Deposits in General Fund	104.6	2.2	36.6	36.3	15.7	—	—	—	—	—
TOTAL INVESTMENTS	1 195.3	938.8	733.6	492.3	302.2	—	—	—	—	—
PORTFOLIOS UNDER MANAGEMENT										
Bonds										
Government of Canada	1.4	1.6	1.9	2.2	5.6	17.3	11.1	5.9	5.9	1.0
Gouvernement du Québec and guaranteed ¹	52.3	56.5	63.8	69.5	75.7	147.4	80.3	80.6	86.3	4.1
Guaranteed by grants	16.2	17.2	18.4	20.5	23.5	41.3	21.7	21.1	21.0	0.6
Municipal and school	65.0	68.7	74.4	80.0	84.0	118.4	94.9	88.9	88.7	2.1
Other governments	1.0	0.9	1.0	1.0	2.1	1.3	1.5	1.4	1.4	0.9
Corporate	9.6	13.3	17.5	19.0	17.4	48.8	23.7	10.9	11.1	12.3
Total bonds	145.5	158.2	177.0	192.2	208.3	374.5	233.2	208.8	214.4	21.0
Shares and convertible securities	1.4	1.9	2.6	3.1	7.6	12.1	7.2	7.9	8.3	8.0
Mortgage financing	7.3	8.3	0.7	0.8	0.9	1.6	1.6	2.2	8.0	11.7
Short-term investments	—	—	—	—	8.4	4.5	—	—	—	—
TOTAL INVESTMENTS	154.2	168.4	180.3	196.1	225.2	392.7	242.0	218.9	230.7	40.7
TOTAL FUNDS										
Bonds										
Government of Canada	439.3	626.8	415.7	224.5	125.9	81.5	86.1	43.4	64.5	57.2
Gouvernement du Québec and guaranteed ¹	7 221.7	6 145.4	4 789.0	3 710.8	2 988.4	2 470.1	1 923.7	1 627.0	1 406.8	1 094.3
Guaranteed by grants	352.1	287.3	261.8	263.8	254.2	221.4	165.4	138.3	113.8	66.7
Municipal and school	764.3	689.8	619.0	552.4	525.4	422.6	349.5	281.4	233.1	125.5
Other governments	4.9	0.9	1.0	1.0	2.1	1.3	1.5	1.4	1.4	0.9
Corporate	887.4	964.3	945.9	677.8	593.2	534.5	430.2	361.6	290.6	264.0
Total bonds	9 669.7	8 714.5	7 032.4	5 430.3	4 489.2	3 731.4	2 956.4	2 453.1	2 110.2	1 608.6
Shares and convertible securities	2 316.7	1 496.4	1 105.7	920.1	841.4	823.8	721.5	656.1	518.6	371.9
Mortgage financing	1 104.6	951.0	856.1	652.1	495.7	371.1	301.2	244.8	162.2	102.7
Real estate investments	55.3	31.0	25.1	25.4	25.4	25.4	26.0	25.7	23.9	21.9
Deposits and short-term investments ²	493.0	314.7	535.5	797.6	436.3	272.2	225.3	119.5	85.9	90.9
TOTAL INVESTMENTS	13 639.3	11 507.6	9 554.8	7 825.5	6 288.0	5 223.9	4 230.4	3 499.2	2 900.8	2 196.0

¹ Under this item are the bonds issued or guaranteed by the Gouvernement du Québec including Hydro-Québec and Sidbec bonds.

² For purposes of this presentation, investments of the General Fund do not reflect demand and term deposits of the segregated funds and the Individual Fund which are included with their respective investments.

FINANCIAL RETROSPECTIVE

TOTAL FUNDS — TEN-YEAR RETROSPECTIVE OF FINANCIAL DATA as at December 31 (millions of dollars)

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	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972
ASSETS UNDER MANAGEMENT¹										
General Fund	9 442.5	8 169.1	6 909.7	5 872.8	4 891.0	4 299.1	3 688.9	3 156.4	2 630.9	2 138.1
Segregated funds										
Fund "O"	1 403.9	1 070.2	785.8	599.9	435.9	281.5	161.1	77.6	31.2	17.2
Fund "G"	111.3	112.0	111.1	100.6	91.3	—	—	—	—	—
Fund "A"	979.0	719.1	534.6	343.2	236.1	166.1	99.3	46.8	21.6	13.6
Fund "H"	598.6	542.5	478.1	367.5	300.2	172.9	109.7	58.3	33.0	20.9
Individual Fund	3 092.8	2 443.8	1 909.6	1 411.2	1 063.5	620.5	370.1	182.7	85.8	51.7
Portfolios under management	1 222.1	962.7	750.4	503.6	309.8	—	—	—	—	—
	157.4	171.9	184.0	200.5	229.8	401.2	246.4	219.4	234.8	46.1
	13 914.8	11 747.5	9 753.7	7 988.1	6 494.1	5 320.8	4 305.4	3 558.5	2 951.5	2 235.9
NET INCOME										
General Fund	863.8	724.9	580.2	455.9	381.1	327.0	262.6	213.4	165.8	133.3
Segregated funds										
Fund "O"	150.1	102.0	58.0	48.9	35.3	24.0	10.3	4.5	1.8	1.1
Fund "G"	11.2	11.0	10.5	9.3	6.0	—	—	—	—	—
Fund "A"	56.6	49.5	68.6	26.9	12.5	10.1	6.4	2.2	2.1	0.9
Fund "H"	61.7	52.8	43.2	32.6	23.9	14.7	8.2	4.3	2.4	1.2
Individual Fund	279.6	215.3	180.3	117.7	77.7	48.8	24.9	11.0	6.3	3.2
Portfolios under management	117.9	88.5	63.0	37.9	23.2	—	—	—	—	—
	12.5	13.1	13.3	15.7	19.1	27.7	17.3	15.7	9.0	3.2
	1 273.8	1 041.8	836.8	627.2	501.1	403.5	304.8	240.1	181.1	139.7
NET CONTRIBUTIONS										
General Fund	295.1	497.3	437.4	475.9	158.4	249.1	265.4	280.9	293.5	302.5
Segregated funds	327.2	292.2	275.0	257.2	287.9	227.5	170.4	86.8	21.3	13.3
Individual Fund and portfolios under management	110.0	98.6	150.2	132.5	83.1	116.2	11.0	—	—	—
	732.3	888.1	862.6	865.6	529.4	592.8	446.8	367.7	314.8	315.8

BREAKDOWN IN PERCENTAGE OF INVESTMENT CATEGORIES

Bonds										
Gouvernement du Québec and guaranteed	52.9	53.4	50.1	47.4	47.5	47.3	45.4	46.5	48.5	49.8
Guaranteed by grants	2.6	2.5	2.7	3.4	4.1	4.2	3.9	4.0	3.9	3.1
Municipal and school	5.6	6.0	6.5	7.0	8.4	8.1	8.3	8.0	8.0	5.7
	61.1	61.9	59.3	57.8	60.0	59.6	57.6	58.5	60.4	58.6
Government of Canada and other governments	3.3	5.4	4.4	2.9	2.0	1.6	2.0	1.3	2.3	2.6
Corporate	6.5	8.4	9.9	8.7	9.4	10.2	10.2	10.3	10.0	12.0
	70.9	75.7	73.6	69.4	71.4	71.4	69.8	70.1	72.7	73.2
Total bonds	17.0	13.0	11.6	11.8	13.4	15.8	17.2	18.8	17.9	16.9
Shares and convertible securities	8.1	8.3	8.9	8.3	7.9	7.1	7.1	7.0	5.6	4.7
Mortgage financing	0.4	0.3	0.3	0.3	0.4	0.5	0.6	0.7	0.8	1.0
Real estate investments										
	96.4	97.3	94.4	89.8	93.1	94.8	94.7	96.6	97.0	95.8
Deposits and short-term investments	3.6	2.7	5.6	10.2	6.9	5.2	5.3	3.4	3.0	4.2
	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

BREAKDOWN IN PERCENTAGE OF LONG-TERM INVESTMENTS

Public sector	66.8	69.2	67.5	67.6	66.6	64.6	63.1	61.9	64.6	63.9
Private sector	33.2	30.8	32.5	32.4	33.4	35.4	36.9	38.1	35.4	36.1
	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Fixed income securities	82.0	86.4	87.5	86.5	85.2	82.9	81.3	79.8	80.7	81.3
Variable income securities	18.0	13.6	12.5	13.5	14.8	17.1	18.7	20.2	19.3	18.7
	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

OTHER FINANCIAL DATA

Unit realization value (in dollars)										
General Fund	674	784	812	849	851	839	786	774	883	926
Segregated funds										
Fund "O" ²	1 644	1 924	2 081	2 085	1 960	1 783	1 516	1 389	1 376	1 331
Fund "G" ²	914	1 065	1 149	1 158	1 089	—	—	—	—	—
Fund "A" ²	2 427	2 924	2 506	1 851	1 445	1 283	1 138	940	1 266	1 256
Fund "H" ²	1 844	1 952	2 048	1 965	1 813	1 647	1 491	1 356	1 235	1 134
Individual Fund	748	912	—	—	—	—	—	—	—	—
Administrative expenditures	9.5	8.3	7.1	5.9	6.7	4.6	3.9	2.6	2.3	1.5
Number of depositors	14	14	14	17	14	13	12	11	11	9
Number of employees	154	140	134	114	122	113	102	86	84	80
Assets per employee	90.4	83.9	72.8	70.1	53.2	47.1	42.2	41.4	35.1	27.9

1 For purposes of this presentation, assets of the General Fund do not reflect demand and term deposits of the segregated funds and the Individual Fund and the interest accrued on those deposits. Assets of the segregated funds and the Individual Fund however reflect the deduction of advances by the General Fund and interest accrued on those advances when applicable.

2 Until December 31, 1979, income from the segregated funds was accumulated in each fund; as of January 1, 1980, it has been paid to the depositors.

Jean Campeau

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Director — Ressources humaines

Caisse de dépôt et placement du Québec

Annual Report 1981

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