

**1997**  
**OPERATIONS REPORT**

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CAISSE  
DE DÉPÔT  
ET PLACEMENT  
DU QUÉBEC

**The Caisse has designated Ms. Carmen Crépin, the Vice-President and Corporate secretary, as the person responsible for receiving complaints from the public and clients and for ensuring such complaints receive due consideration.**

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# 1997 OPERATIONS REPORT

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# FINANCIAL REVIEW AND RETURNS

	1997	1996	1995	1994	1993
	(in millions of dollars)				
<b>NET ASSETS</b>					
Investments at cost					
Bonds	28,653	23,653	22,661	21,948	20,689
Shares and convertible securities	22,653	19,742	16,127	15,504	14,179
Mortgages	1,444	1,487	1,642	1,874	1,847
Real estate holdings	4,874	4,375	3,424	2,412	2,094
Short-term investments	1,578	2,075	3,067	1,796	2,778
Securities acquired under reverse repurchase agreements	1,673	1,324	62	-	-
<b>Total investments</b>	<b>60,875</b>	<b>52,656</b>	<b>46,983</b>	<b>43,534</b>	<b>41,587</b>
Other assets and liabilities	(5,508)	(2,905)	(657)	333	560
<b>Total net assets at cost</b>	<b>55,367</b>	<b>49,751</b>	<b>46,326</b>	<b>43,867</b>	<b>42,147</b>
Excess fair value over cost of investments	8,244	7,463	4,859	993	4,970
<b>Total net assets at fair value</b>	<b>63,611</b>	<b>57,214</b>	<b>51,185</b>	<b>44,860</b>	<b>47,117</b>
<b>DEPOSITORS' HOLDINGS</b>					
Government and Public Employees					
Retirement Plan (unionized level)	22,781	19,828	16,690	13,706	13,524
Régie des rentes du Québec	15,838	15,660	15,361	14,409	16,401
Commission de la santé et de la sécurité du travail	6,883	5,705	4,962	4,219	4,315
Commission de la construction du Québec	6,128	5,568	4,943	4,264	4,360
Société de l'assurance automobile du Québec	6,027	5,543	4,974	4,692	5,710
Government and Public Employees					
Retirement Plan (non-unionized level)	3,722	3,309	2,812	2,340	2,393
Fonds d'amortissement des régimes de retraite gouvernementaux	1,232	1,088	939	803	-
Other depositors	1,000	513	504	427	414
<b>Total depositors' holdings</b>	<b>63,611</b>	<b>57,214</b>	<b>51,185</b>	<b>44,860</b>	<b>47,117</b>
<b>NET DEPOSITORS' INCOME</b>					
Net income from investments	2,757	2,819	2,867	2,717	2,631
Accumulated gains and losses on the sale of investments	3,726	2,213	1,212	166	1,358
Accumulated net income	6,483	5,032	4,079	2,883	3,989
Accumulated unrealized increase (decrease) in value	778	2,604	3,863	(3,975)	3,661
<b>Total net depositors' income</b>	<b>7,261</b>	<b>7,636</b>	<b>7,942</b>	<b>(1,092)</b>	<b>7,650</b>
Net depositors' withdrawals	864	1,607	1,617	1,165	1,840

Figures prior to 1995 have not been restated to conform with the presentation of 1997.

	1997	1993-1997 (5 years)	1988-1997 (10 years)
Total return	13.0	12.5	11.1

Fair value - in percentage.

Total return is calculated using the time-weighted method.

## **PROFILE**

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A portfolio manager, the Caisse de dépôt et placement du Québec invests the funds entrusted to it by Québec public pension and insurance plans as well as various public bodies. Since its creation by a special act of the National Assembly in 1965, the Caisse has had the objective of achieving optimal financial returns and contributing by its activities to the vitality of the Québec economy, while ensuring the safety of the capital under management.

The various teams of professionals make an astute selection of investments and actively manage the Caisse portfolio. In doing so, they make use of financial vehicles such as bonds, shares and convertible securities, mortgages, real estate and short-term investments, and derivative products. Active on all major financial markets, the Caisse ranks among the leading investors in the Canadian stock market and the largest portfolio managers in North America. Through its real estate and private investment subsidiaries, it is also one of the major sources of capital for private investments in Québec and North America.

Caisse operations extend to over forty countries on all five continents. Its principal place of business is located in Montréal, a major financial centre, while its Québec regional network Accès Capital has over 10 business offices throughout Québec. In addition, the Caisse maintains representative and business offices in various countries.

## **MESSAGE FROM THE CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER**

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In 1997, the management teams at the Caisse de dépôt et placement du Québec achieved an overall return of 13.0%, bringing the average annual return in recent years to 15.6% over three years, 12.5% over five years and 11.1% over 10 years.

Because it is present in the world's most competitive financial markets, the Caisse had to contend with considerable volatility in 1997. Although the U.S. economy, and consequently that of Canada, experienced vigorous growth and low inflation, the Japanese economy was mired in a state of chronic weakness. And while the United Kingdom again posted robust growth, the pace of the recovery in continental Europe continued to be rather slow. Overall, the most significant event of the year was the financial crisis in Southeast Asia. It was against this backdrop that the Caisse continued to invest the funds entrusted to it, ensuring capital security, and to contribute to the vitality of the Québec economy. The past year's results, like those of previous years, confirm that the Caisse is pursuing the right objectives: high returns, financial soundness and an unwavering commitment to the economic vitality of its milieu.

For a third consecutive year, net income from investments, gains on the sale of investments and the unrealized increase in the value of investments exceeded \$7 billion, for a total of \$22.8 billion for the last three years. During this same three-year period, the Caisse paid its depositors \$1,617 million, \$1,607 million and \$864 million respectively, for a total of \$4 billion more than it received in deposits. Total net assets of the Caisse, that is, total assets less liabilities, rose from \$44.9 billion at the start of 1995 to \$63.6 billion at fair value at the end of 1997, a remarkable record of growth.

For our portfolio managers, the challenge is to ride out market corrections in relative security while capitalizing on opportunities to optimize returns, and to do so, as is currently the case, under economic conditions which suggest that the high returns of recent years will be succeeded by more moderate ones, considering the relatively low level of interest rates as well as the spectacular recent performance of North American and European stock markets. The Caisse for this reason must act with a combination of prudence and boldness, keeping its focus on the big picture as a medium-term investor, and acting skillfully at the right time.

The asset mix was managed very actively in 1997. Although portfolio composition may have fluctuated during the year, the relative weighting of equities, bonds, mortgages and other fixed-income instruments varied only slightly between December 31, 1997 and the year-earlier date. The weighting of the real estate sector, however, increased significantly. The asset mix was selected based on economic forecasts, current conditions and the outlook for returns, as well as depositors' needs. Keeping equities at the maximum level then permitted by law and allocating additional funds to the real estate sector were wise decisions, as equities continued to offer the best returns during the year, in spite of some ups and downs in certain markets, and the real estate sector generated excellent results.

The managers responsible for the fixed-income sector, in which risk is related to interest rates, delivered remarkable returns on the bond, mortgage and short-term securities portfolios as a result of active management and the high calibre of their expertise. The various teams all exceeded their target returns in 1997.

Together, the management teams in Québec and Canadian equities outperformed their benchmark index, notably on account of the management style for private investments, which returned 8.5% more than the index.

In international equities, considering the cumulative market return, our managers were amply rewarded for their bold move to increase the share of their investments in Europe and the United States, markets which turned in very strong performances in 1997. Like most of the management portfolios in this



market, the U.S. equity portfolio was a scant few decimal points below its index, but the return obtained on European markets was higher than targeted. In Japan, although a short-sighted view might have been to underweight the portfolio more markedly compared to the index, the in-house management team nonetheless succeeded in attaining a return substantially higher than that of the Tokyo index. The return on international equity investments as a whole exceeded the index weighted according to its investment mix on these markets.

Furthermore, the real estate portfolio made an important contribution to overall return at the Caisse in 1997, as we had been anticipating for several years. It can therefore be affirmed that the kind of diversification and active management advocated at the Caisse Real Estate Group and its affiliates were a winning combination.

Private investment operations also generated noteworthy results. These operations account for an increasingly large share of our portfolio and are becoming more and more important in our investment philosophy. On December 31, the Québec and Canadian equity portfolios of the Caisse Private Investments Group outperformed the indices. International equities, for their part, yielded a return of 21.9%. New investments during the year totalled \$1.9 billion. Investing in Québec and Canadian businesses and foreign funds in this manner is an excellent way to develop long-term relationships with businesses and thus make a lasting contribution to their growth while maximizing returns. The management and board of the Caisse are satisfied with the results achieved to date; they fully support the growth of private investment portfolios at Group subsidiaries and are prepared to earmark the necessary resources to this end.

At the same time, the Caisse is developing its national and international network, and in 1997 established a presence in Warsaw, Milan and Manila. In Québec, the Accès Capital network now includes 11 investment companies in various regions. The Caisse intends to further expand its involvement with businesses in 1998 by stepping up investment in areas such as the new economy and new technologies. Expanding the Accès Capital network will help the Caisse get closer to small businesses in their start-up phase and a new subsidiary will assist companies seeking to export their products and services. The needs of mid-sized and large corporations will also be a special focus for the Caisse, corporations to which we offer intelligent capital to carry out their projects, along with a portfolio comprised of equities and debt securities, liquid securities and private investments. The growth in private investment activities and the rise in demand for this type of financing have led us to review our client service and approach, and we appointed a person responsible for relations with clients and examination of complaints. We also set up Services financiers CDPQ, a financial sector investment company which has the additional objective of increasing funds under management in Montréal and elsewhere in Québec by \$15 billion over the next five years.

The Caisse optimizes the return on its portfolio through active, dynamic management of its investments, which translates notably into a diversification of asset classes and management styles, sectorial specialization, increased tactical use of new financial products, effective administration of cash resources and the introduction of new integrated management styles for investments.

Supporting the Caisse in its pursuit of excellence, the Québec National Assembly adopted certain amendments to the incorporating Act of the Caisse on December 19, 1997. Among these were changes allowing greater flexibility in decision-making and management with respect to portfolio mix. The Act provides that equities may account for up to 70% of assets under management. As a result, the Caisse is in a better position to act and react according to developments in financial markets and in the Québec economy. In 1998, we plan to increase this asset class to approximately 45% of the portfolio at year end, in order to be more able to take advantage of the long-term benefits of this investment vehicle. Furthermore, the private investment subsidiaries are now allowed to hold an interest of more than 30% of the value of a company under certain circumstances such as start-up, restructuring, transition and growth before an initial public offering. These new provisions will undeniably help us to respond to our clients' needs and to optimize our actions on the economic and financial front in order to better achieve our twofold mission.


Today, what makes a successful portfolio manager is not just flexibility, but above all market intelligence. That means being able to sift through a mass of data available to everyone, identify those facts that are genuinely significant for the future, and then organize them into efficient, strategic information. That is why the Caisse makes a point of staying on the leading edge of technology by allocating the necessary resources to introduce new systems throughout the institution and developing various information projects, not to mention preparations for the transition to the year 2000, to which we are devoting our fullest attention and all the necessary resources. We trust that our concern in this specific area is shared by all companies.

The Caisse must constantly ensure that it is keeping pace with rapidly changing markets. Each management team therefore has an objective for excellence aimed at helping the Caisse become the leading North American fund manager by the year 2000. In addition to completing and consolidating the implementation of new investment and information management systems, we also intend to focus on improving the way we do things by bringing in a continuous improvement programme. In this regard, the Caisse received in 1997 certification of conformity to the strict international standards of the Association for Investment Management and Research and carried out resource optimization exercises in the areas of data processing services and quality of account rendering.

Leading the way towards excellence is the high calibre and expertise of our investment specialists, who are close to their products, their markets and their clients, and the professionalism and dedication of the members of all the other teams. The high quality of the results for the year and, even more importantly, for the previous few years, illustrates the dedication, teamwork and drive to succeed of the entire team at the Caisse and the subsidiaries in our financial group. The Board of Directors wishes to extend its warmest thanks for the results achieved by each and every team and by each person individually.

I would also like to express my appreciation to the members of the boards of the subsidiaries and affiliates for their invaluable assistance, their devotion and their strong public spirit, evidenced in their willingness to shoulder a heavy workload.

Finally, I wish to thank the members of the Board of Directors of the Caisse for their contribution and their unfailing support, particularly Mr. Michel Sanschagrín, who stepped down from the Board in 1997. We extend a sincere welcome to our new Board members, Mr. Luc Bessette, President of the Commission administrative des régimes de retraite et d'assurances, and Mr. Jean-Yves Gagnon, President and Chief Executive Officer of the Société de l'assurance automobile du Québec.



Jean-Claude Scraire  
Chairman of the Board and  
Chief Executive Officer

# ASSET ALLOCATION AND RETURNS

All major asset classes posted positive returns in 1997. Asset allocation nevertheless played a significant role, as investments in stock markets and real estate were much more profitable than were activities in the bond markets. The Caisse maintains its long-term orientation, which is to reduce the weighting of bonds while increasing that of stocks and real estate investments.

**1** **BREAKDOWN OF INVESTMENTS**  
*as at December 31, 1997*  
*fair value - in percentage*



In Canada, the bond market benefited from the continued deficit reduction measures, as well as from the low inflation rate. Long-term rates dropped to a 30-year low of 6%. The drop in interest rates pushed bonds up, and as a result the ScotiaMcLeod Universe bond index registered a 9.6% increase. In addition to these factors, the active management of the Caisse bond portfolio resulted in an 11.2% return, bettering the benchmark by 1.6%, an impressive result considering the weakness of interest rates.

In the last few years, mortgage portfolio operations concentrated on commercial loans, a wise choice considering this type of mortgages has outperformed residential mortgages. The mortgage yield was further improved by the movement in commercial rates, which have performed better than residential mortgages. At 5.7%, the yield on the mortgage portfolio compares very favourably to the ScotiaMcLeod mortgage index at 4.5%.

Returns on short-term investments were strongly influenced by the Bank of Canada's monetary policy. Economic growth was strong in Québec in 1997, as it was in the rest of Canada, but the Canadian dollar experienced a major drop against the U.S. currency. Faced with this set of conditions, the Bank of Canada was in a position to favour a hike in short-term interest rates to support the Canadian dollar, without the risk of triggering an economic recession. Accordingly, the three-month rate rose from 2.9% on January 1 to 4.0% at December 31. The Caisse short-term securities portfolio posted a return of 3.9%, against 3.2% for the benchmark.

Overall, the Québec and other Canadian stock markets were spurred by strong economic growth in conjunction with low inflation and low interest rates. This provided conditions for excellent corporate profits, which pushed the TSE 300 index up to nearly 15%. However, sectorial returns showed significant variances. The financial sector was strongly supported by low long-term interest rates and the growth in bank profits, returning over 55%. On the other hand, the gold sector lost ground with the drop in gold

prices and its return was - 43%. Judicious stock picking resulted in a 15.5% rate of return for the Caisse portfolio.

For the third year in a row, the return of the U.S. stock market remained exceptionally high. Among the Caisse major asset classes, the specific U.S. equities portfolio including shares and index units, at 29.9%, accounted for the highest returns in 1997. Shares alone posted 30.0%, comparing favourably to the 30.1% registered by the S & P 500 hedged index. The U.S. stock market was stimulated by good economic growth, improved inflation projections and low interest rates. In addition, the Asian crisis, despite the fluctuations it caused in most stock markets worldwide, had but one implication in the United States: delaying a possible hike in interest rates.

The non-U.S. foreign equities portfolio, including stocks from Europe, Asia, the Far East and emerging markets, generated an 11.2% return for the year. This overall result, however, hides major return variances between countries. For example, the Italian, Swiss and German stock market indices all registered returns in excess of 40%, while the Japanese market experienced a second difficult year in a row with a drop of more than 20%. Despite this situation, Caisse managers were able to generate a higher return on their foreign investments than the 10.2% benchmark.

The Caisse equities and bond portfolios also include private investments. In the last three years, the Caisse was strongly committed to the growth of its private investments portfolio, which required the addition of more professional resources than did investing in major markets. Rapid growth in investment subsidiaries requires a parallel increase in the resources available to them to fulfill their mandate. This choice has remained quite profitable in 1997, with the overall return on private investments, including debt securities and shares, reaching 21.4%, well above the objectives.

The Caisse real estate portfolio underwent a dramatic turnaround, achieving a 20.4% return and bettering its benchmark by 2.7%, represented by the MLH+A index, which finished 1997 positively with a 17.7% yield. This strong growth comes in part from the securities held in the portfolio, including Bentall and Cambridge. The increase in real estate values also had a positive impact on results. The portfolio returns breaks down to 9.0% in current return and an increase in value of 11.4%.

The overall return of the Caisse for 1997 is 13.0%, making this the third consecutive year of very high returns after inflation. These solid results also contributed to asset growth which rose from \$44.9 billion at the beginning of 1995 to \$63.6 billion in 1997, an increase of almost \$20 billion in only three years. The

<b>2</b>	<b>CAISSE RETURNS</b> <i>in percentage</i>
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	<b>1997</b>	<b>1993-1997 (5 years)</b>	<b>1988-1997 (10 years)</b>
Bonds	<b>11.2</b>	11.5	12.1
Canadian shares	<b>15.5</b>	17.0	11.3
U.S. shares	<b>29.9</b>	-	-
Other foreign shares <sup>1</sup>	<b>11.2</b>	10.8	8.4
Mortgages	<b>5.7</b>	8.8	10.7
Specific real estate investments portfolio	<b>20.4</b>	4.1	2.9
Short-term investments	<b>3.9</b>	5.7	-
<b>TOTAL RETURN<sup>2</sup></b>	<b>13.0</b>	12.5	11.1

<sup>1</sup> Data prior to April 1994 includes U.S. shares.

<sup>2</sup> The total return includes results of tactical currency transactions, tactical and strategic investments, as well as cash management operations.

Caisse's overall mid- and long-term returns are also high after inflation. In fact, the five-year return reached 12.5% and the ten-year return, 11.1%.

When it comes to returns, the Caisse has set itself the objective of doing better than the benchmark in all markets and in each asset class. Specifically, the benchmarks that apply to the Caisse portfolios are: ScotiaMcLeod Universe for bonds, ScotiaMcLeod-Mortgage (3 years), the Canadian TSE 300 stock index, the MLH+A real estate index, the Scotia McLeod-Canadian T-bills (91 days) and the following foreign indices, which are all hedged: S & P 500, MSCI - EAFE and MSCI - EMF.

The Caisse achieved its overall objective in 1997. Not only were returns well above the benchmarks, but the overall portfolio generated added value in excess of objectives.

### 3 FINANCIAL INDICES in percentage

	1997	1993-1997 (5 years)	1988-1997 (10 years)
<b>BONDS</b>			
ScotiaMcLeod Universe	9.6	10.9	11.6
ScotiaMcLeod Medium-Term	9.7	11.2	11.8
Salomon Brothers Canada <sup>1</sup>	9.7	10.4	-
<b>CANADIAN EQUITIES</b>			
TSE 35	16.4	17.9	11.3
TSE 100	15.0	17.4	11.1
TSE 200	14.9	18.2	10.2
TSE 300	15.0	17.5	11.0
XXM - Montréal	17.9	17.4	11.7
MSCI - Canada <sup>2</sup>	18.3	17.8	11.1
LBG Québec small caps	30.1	16.1	n.a.
<b>FOREIGN EQUITIES</b>			
S & P 500 <sup>2</sup>			
Hedged <sup>3</sup>	30.1	20.1	19.3
Unhedged	39.2	23.2	19.2
MSCI - US <sup>2,4</sup>	34.1	20.9	18.4
Dow Jones <sup>2,4</sup>	24.9	22.0	18.6
NYSE <sup>2,4,5</sup>	30.3	16.3	14.0
Wilshire 5000 <sup>2,4</sup>	29.2	16.7	14.4
MSCI - EAFE + EMF <sup>6</sup>	10.2	10.6	5.5
MSCI - EAFE			
Hedged <sup>3</sup>	12.6	13.7	8.9
Unhedged	6.3	14.1	7.3
Financial Times World, excluding U.S. <sup>2,4</sup>	11.5	11.7	7.5
CAC 40 - France <sup>2,4,5,7</sup>	29.5	10.1	11.6
DAX - Germany <sup>2,4,5</sup>	47.1	22.4	15.6
FT-SE 100 - United Kingdom <sup>2,4,5</sup>	24.7	12.5	11.6
NIKKEI 225 - Japan <sup>2,4,5</sup>	(21.2)	(2.1)	(3.4)
<b>REAL ESTATE SECTOR</b>			
<b>Mortgages</b>			
ScotiaMcLeod - residential mortgages (1 year) <sup>8</sup>	4.2	6.6	8.7
ScotiaMcLeod - residential mortgages (3 years) <sup>8</sup>	4.5	8.5	10.3
<b>Real estate investments</b>			
MLH+A <sup>9</sup>	17.7	0.2	3.1
<b>SHORT-TERM INVESTMENTS</b>			
ScotiaMcLeod - Canadian Treasury bills (91 days)	3.2	5.3	7.8

<sup>1</sup> Remaining maturities of at least one year.

<sup>2</sup> Without withholding taxes for foreigners not benefiting from any double taxation treaty.

<sup>3</sup> Hedged against foreign currency risk.

<sup>4</sup> Local currencies.

<sup>5</sup> Price index.

<sup>6</sup> Data prior to January 1991 does not include hedging against foreign exchange risk. The MSCI-World index is used for periods prior to April 1994, and the MSCI-EAFE is used for the period from April 1994 to December 1995.

<sup>7</sup> Includes the MSCI - France index return for the first six months of 1987.

<sup>8</sup> Does not account for non-performing loans or foreclosures.

<sup>9</sup> Prior to 1993, the reference index was the Frank Russell Canada.

# OPERATIONS - CORE PORTFOLIOS

## FIXED INCOME AND CURRENCIES

On December 31, 1997, the total fair value of the bond and short-term investment portfolios stood at \$32.6 billion. The securities included in these portfolios are managed mainly by the fixed income and currencies management team.

The Caisse traded \$13 billion in Québec and Hydro-Québec bonds in the secondary market, against \$13.9 billion in 1996. In 1997, Québec securities accounted for over 60% of the bond portfolio. The average daily transaction volume in the primary and secondary bond markets of issues denominated in Canadian dollars was \$491 million in 1997, compared with \$438 million in 1996. Investments totalling \$1 billion were made during the year in the primary market for Québec government securities.

By year end, the fair value of the short-term investments portfolio was \$1.6 billion, including 35% in Québec securities. Transaction volume was \$223.4 billion, an 8% decrease compared to the \$242.5 billion recorded in 1996. All transactions on derivative products and discount securities were conducted in the Montréal market, through the local offices of Canadian chartered banks and brokers operating in Montréal. The Caisse remained very active in derivative products traded on the Montréal Exchange.

By the end of the fiscal year, the currencies portfolio represented close to US\$8.6 billion and hedged almost all foreign investments. The Caisse traded in foreign currencies for a total of \$448 billion against \$262.4 billion in 1996. Almost 75% of foreign exchange transactions in 1997 were made through institutions established in Montréal.

### 4 SUMMARY OF BOND PORTFOLIO as at December 31, 1997 in millions of dollars

Securities	Fair value		Average nominal rate <sup>1</sup> (%)	Average maturity <sup>1</sup> (years)	Modified duration <sup>2</sup> (volatility)
	(\$)	(%)			
<b>Domestic</b>					
Government issued					
Gouvernement du Québec	10,835.3	34.95	8.03	8.48	5.44
Government of Canada	9,497.9	30.64	7.02	7.24	4.73
Other governments	652.9	2.11	7.16	19.72	10.02
Government guaranteed					
Gouvernement du Québec	5,305.5	17.11	7.26	12.64	7.42
Government of Canada	112.7	0.36	10.50	10.81	6.86
Other governments	251.3	0.81	8.06	4.71	3.92
Guaranteed by grants, municipalities and school boards	2,022.4	6.52	10.68	5.89	4.68
Corporate	1,243.9	4.01	6.42	7.23	4.55
	29,921.9	96.51	7.58	8.79	5.54
<b>Foreign</b>					
U.S. Government	715.1	2.31	5.80	4.01	2.69
Other	364.5	1.18	4.72	14.22	5.30
	<b>31,001.5</b>	<b>100.00</b>	<b>7.49</b>	<b>8.74</b>	<b>5.47</b>

<sup>1</sup> Weighted as per nominal value.

<sup>2</sup> Weighted as per fair value.

The active management of bonds and money market instruments consists mainly in obtaining optimal returns from the multiple fluctuations in interest and foreign exchange rates. That is why the Caisse selected a new name for this major sector, since *Fixed Income and Currencies* more accurately describes the scope of its operations. It also speaks of the firm intention of the Caisse to integrate within its active portfolio management the latest financial products and techniques which have erased traditional market borders. This integration allows managers to pursue more business opportunities and to do so in an innovative manner.

## The bond market

### Lower inflation projections in the U.S. market

High growth in demand in the United States at the beginning of the year resulted in a tighter monetary policy. The Federal Reserve increased federal fund rates from 5.25% to 5.50%, thereby affecting the 30-year bond rate which jumped from 6.50% to 7.20% in mid-April.

Restrained inflation, the financial crisis in southeast Asia in the second half of the year, and a preference for quality securities shown by investors were all factors in the slide in 30-year U.S. treasury bond rates, which were down to 5.92% at the end of the year. This decrease in long-term rates was the surprise of 1997.

### Narrowing of spreads between U.S. and Canadian securities

The less expansionist monetary policy adopted by the Bank of Canada translated into higher short-term interest rates, while the improvement in the financial position of governments and the low inflation resulted in lower long-term rates. As a result, the curve structure between 2-year and 30-year bond rates flattened by more than 250 basis points.

Canadian bonds produced much higher returns than did U.S. bonds. At the end of the year, 10-year Canadian bonds were 13 basis points below their U.S. counterparts, while 30-year bonds were only 4 basis points higher than their U.S. equivalent. In other words, the 10-year Canadian bond rate had started the year at 6.41% to end it at 5.61%, while the 30-year bond rate had dropped from 7.05% to 5.96%.

### Slight decrease in spreads on Québec bonds

Demand was high in the provincial bond market at the beginning of 1997. The deficit reduction trend in Québec and other provinces was maintained throughout the year, causing lower growth in the supply of securities. This, combined with an overall decrease in rates, created a preference for higher-yield securities, a trend favouring Québec issues.

## 5 ACQUISITIONS OF NEW BONDS ISSUED BY THE GOUVERNEMENT DU QUÉBEC AND THE QUÉBEC PUBLIC SECTOR IN 1997 *par value - in millions of dollars*

	Gouvernement du Québec			Hydro-Québec			Total		
	Issued	Acquisitions		Issued	Acquisitions		Issued	Acquisitions	
	(\$)	(\$)	(%)	(\$)	(\$)	(%)	(\$)	(\$)	(%)
Canadian market	5,734.8	1,000	17.4	861.5	-	-	6,596.3	1,000	15.2
World market	-	-	-	-	-	-	-	-	-
Other markets <sup>1</sup>	4,642.9	-	-	1,125.0	-	-	5,767.9	-	-
<b>Total</b>	<b>10,377.7</b>	<b>1,000</b>	<b>9.6</b>	<b>1,986.5</b>	<b>-</b>	<b>-</b>	<b>12,364.2</b>	<b>1,000</b>	<b>8.1</b>

<sup>1</sup> Issues in various currencies or in Canadian Eurodollars.



By mid-year, this trend lost strength, finally reversing itself in the third quarter. Uncertainty regarding the viability of Ontario Hydro's nuclear power plants and profit-taking on bond issues by many institutional investors resulted in a slight widening of spreads in Québec.

### **Crisis in Asia and interest rate convergence in Europe**

Bonds in emerging markets experienced a very productive period from April to mid-October. However, a large portion of the gains posted during the year in Asia, South America and Eastern Europe were diminished in October by the sharp decline in Asian markets.

The JP Morgan Emerging Markets Bond Index rate rose from 9.30% at the beginning of October to 12.87% by mid-November 1997. This caused the rate differential with the 30-year U.S. bond index to grow from 310 to 677 basis points. As a consequence, international markets were strongly influenced by fluctuations in Asian securities.

In Europe, the year was marked by a general drop in interest rates and in the spreads between several countries. Although this can be attributed to a convergence in their economic performances, the approaching monetary union remains the major driving force.

The newly independent status of the Bank of England, along with predictions of an economic slowdown, considerably narrowed the spread between British and German bond rates, in spite of the reticence of the new British government toward entering the monetary union.

### **Bond market strategies**

The 2- to 30-year gradient in the yield curve began the year at a very high level of 330 basis points. Caisse managers tried to take advantage of this situation by overweighting the portfolio with long-term bonds. The operation was successful, as the curve only showed a 75 basis points gradient by the end of the year.

Strategies were implemented to take advantage of the decrease in rates:

- buy positions based on anticipations of a decrease in rates. This is the usual strategy used by portfolio managers;
- option positions based on anticipated rate fluctuations in a predetermined range and over a specific period.

The Caisse has developed very sophisticated analytical methods for the Canadian government bond market in order to take advantage of arbitraging opportunities in the bonds' yield curve.

The fixed income and currencies management team has also created a portfolio with a fair value of \$665 million including debt securities from several Québec and other Canadian-based companies. Bonds issued by the owners of Promenades Saint-Bruno, Galeries d'Anjou and Eaton Centre, among others, were purchased in 1997.

During the year, managers also looked into a market sector where they had not been very active in the past, that of transactions on low face-value bonds, ranging from \$100,000 to \$500,000. This foray was profitable, generating profits in excess of \$100,000, while increasing our presence in Montréal's financial marketplace.

In addition, the financial engineering group focused on investment vehicles requiring quantitative analysis or a review of components, such as interest rates, foreign currency and credit derivatives, and products such as structured bonds and securitization blocks.

## Dynamic and integrated bond management

In keeping with the goal of optimizing returns and studying markets more closely in search of new opportunities, the Caisse implemented a management structure designed to integrate a network of portfolios, each with a specific objective.

This type of management is based on responsible, autonomous specialized units grouped by sectors: Québec government bonds, Canadian government bonds, U.S. government bonds, other foreign bonds, highly-rated corporate bonds, high-yield corporate bonds, or specific activities such as financial engineering, security borrowing and lending, and short-term investments.

This dynamic structure enhances development of expertise, diversification of styles and easier transfers between portfolios to optimize profitability, allocate and control risk, and measure contribution to return.

Risks and returns associated with each portfolio are controlled and assessed by a specialized group working independently from the Fixed Income and Currencies team.

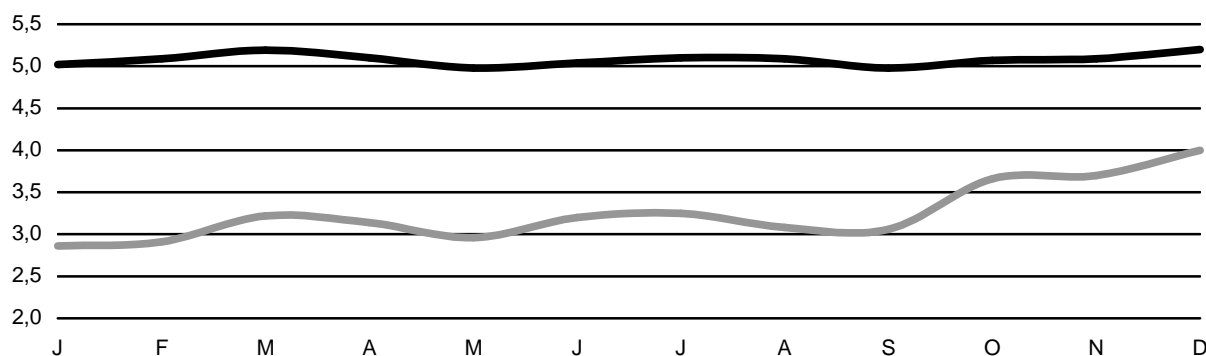
## Money market: higher interest rates

Canadian short-term interest rates went up in 1997. Three-month treasury bills rose from 2.90% to 4.0%, while the 12-month bond rate increased from 3.70% to 4.99%. This hike is due in part to the depreciation of the Canadian dollar against its U.S. counterpart and a healthy Canadian economy. The Bank of Canada raised the discount rate four times during the year, including one of 100 basis points in the fourth quarter, setting it at 4.50% by year end.

## Strategies

The major drop in new Canadian treasury bill issues caused a drop in the liquidity of these securities in the secondary market. Managers reacted by being more active in the under-2 year bond market and on forward contracts traded on the Montréal and Chicago exchanges. In 1997, the Caisse traded 114,505 BAX contracts in Montréal and 56,823 Euro-US contracts in Chicago.

**6** CHANGES IN YIELD ON  
TREASURY BILLS IN 1997  
*in percentage*



United States - 91 days

Canada - 91 days

## Foreign exchange markets: a strong US dollar

The Canadian dollar confounded every projection made for 1997. Worth mentioning, however, is that, on a traded-weighted basis with the major industrialized countries, the Canadian currency did in fact appreciate by 7.8%. Yet while several experts were predicting a firming up of the Canadian currency, it dropped by 4.3% against the US dollar to close the year below US\$0.6950. The lack of interest by investors in the Canadian dollar can be explained by the decision of the Bank of Canada to keep its discount rate lower than the U.S. rate, the Asian crisis and the heavy bond repayment schedule.

The US dollar appreciated markedly against all major currencies. In Europe, the Deutschmark dropped by 16.7% against the US dollar, to close 1997 at US\$1.7986, in a year marked by very high volatility.

Interest rate convergence linked to the march towards the Euro contributed to a drop in exchange volatility in several cross rates in Europe.

The Asian crisis caused a major depreciation of the currencies of Malaysia, Thailand, Indonesia and Korea against the US currency. In addition, it compounded domestic problems experienced by Japan, causing a 12.4% drop in the yen compared to the US dollar. The lingering concern at the end of the year related to the impact the crisis might have on North American and European economies, and new opportunities which could arise.

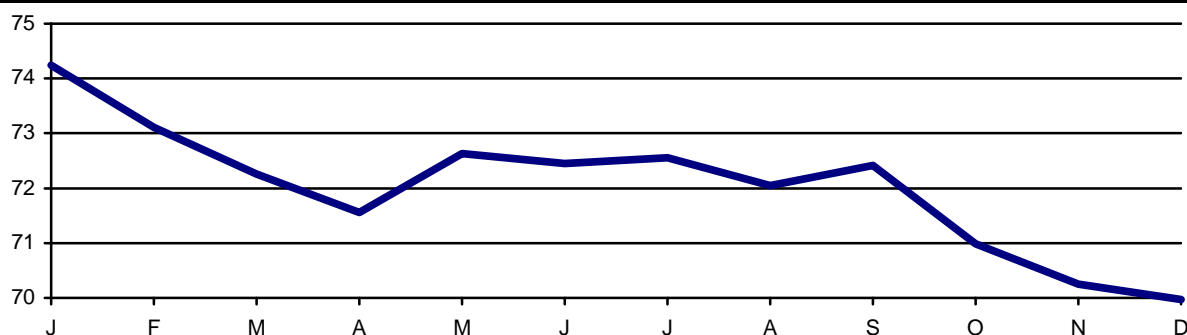
On the whole, the hedging of assets denominated in foreign currencies has been profitable, given the strong performance of the Canadian dollar against European and Asian currencies.

## New developments in currency management

Many changes and improvements were made this year:

- creation of a new portfolio in emerging markets currency positions;
- development of new software for the analysis of the value of the various volatility curves, allowing for a quantitative approach to options management;
- development of a new management style to profit from correlation and volatility arbitraging situations in the foreign currency options market;
- use of the latest applications in currency options, third generation options, in managing foreign exchange risk;
- in-depth review of the exchange risk hedging policy linked to foreign securities portfolios, conducted by a task force made up of Caisse experts and external specialists.

**7** CHANGES IN THE CANADIAN DOLLAR IN 1997  
*in US cents per CAN dollar*



## QUÉBEC AND CANADIAN STOCK MARKETS

The Québec and other Canadian equities portfolio had a fair value of \$13.4 billion by year end, against \$12.6 billion at the end of 1996. Transaction volume was very high, at over \$12 billion.

### Markets

In 1997, Canada experienced strong economic growth. Tighter fiscal policies, designed to balance budgets, did not greatly impede growth which, aided by the expansionist monetary policy of previous years, reached 3.8%, one of the best rates in the last ten years.

Faced with this strong economic activity in Canada and the United States and projections of an economic turnaround in Europe, several central banks increased their short-term interest rates to remove any potential pressure on prices, in spite of a widespread drop in inflation rates.

No one could have predicted that by mid-year, while stock markets were reaching historic highs, the Asian crisis was going to break, putting financial markets in turmoil with the drop in raw materials prices, the slide in the price of gold to US\$282, the depreciation of the Canadian dollar, the plunge of long-term interest rates below the 6% mark, and lower profits for some Canadian companies.

However, in 1997, after two periods in the spring and the fall where the stock market dropped by almost 10%, the overall return of the TSE 300 reached 14.98%. This average return reflects very high variances between sectorial returns. Interest-sensitive sectors and those closely linked to the domestic market achieved very high returns, while negative returns were recorded in the natural resources sector.

#### 8 TSE 300 - SECTORIAL RETURNS IN 1997

Positive	%
Financial services	55.3
Pipelines	49.8
Utilities	42.3
Transportation and environmental services	32.7
Negative	%
Gold and silver	(43.2)
Metals and minerals	(26.3)
Forest products	(11.4)

Wide spread in returns between certain stock market sectors in Canada.

Return variations based on relative capitalization was minimal. Return of the TSE 200, which includes small and medium caps, was 14.86%, while the large caps which make up the TSE 35 posted 16.38%.

The sectorial return variances noted above are well illustrated by the specialized indices such as the Barra Value and Barra Growth which went in opposite directions, posting yields of 28.63% and 3.99% respectively.

### Strategies

Despite turbulence in the gold market, the underweighting of the portfolio and the selection of securities in this sector had a positive impact on return. On the other hand, a slight underweighting in financial services and utilities and the overweighting in forest products and mines and had a negative effect on returns.

## **Risk allocation**

Risk related to active portfolio management, calculated on a static measure of three standard deviations, decreased to 2.9%. Allocation was determined by sectors, themes and securities which represented 15.2%, 14.3% and 70.4% respectively. Systematic risk remained very low, at 0.1%. This allocation attests to an investment strategy geared towards protecting portfolio return against major cyclical, economic and financial swings.

## **Management and administration**

The year 1997 marked the first full fiscal year for the team in charge of sectorial management. Managers study the markets and select corporate stocks with the most potential in each of the major international industrial sectors. This approach is based on a global vision of the commercial and financial reality of Québec and Canadian companies. In practical terms, this new approach started with the purchase of a few high-potential stocks in the United States and Europe.

The structure of the Caisse portfolio based on capitalization reflects over-representation of small and medium caps compared to large caps. The Caisse selected this ratio to achieve good investment diversification for optimal returns. It also implemented different management styles. In 1997, value, sectorial and non-cyclical were the styles that provided the best returns.

## **INTERNATIONAL STOCK MARKETS**

In 1997, as in previous years, prudence was the watchword. It was difficult to determine how far along the U.S. economy was into its cycle. There were questions as to whether inflation fears would prompt the Federal Reserve to tighten monetary policy. The Asian crisis also had an impact on industrialized economies. Initial deflationary concerns were replaced with more rational risk assessment. Japan wavered between its restrictive policy and a promise of fiscal expansion, while Europe benefited from the economic recovery in the second half of the year and the quasi-certainty that the monetary union will proceed as planned.

### **Markets**

The U.S. market appreciated sharply until the end of August, and then fluctuated for the rest of the year. Despite a 10% decline caused by the Asian crisis at the end of October, it boasted an increase of over 30% for the year, again confounding the skeptics. Throughout the year, inflation was not a factor.

In Japan, conditions in the first half of the year were up then down, as the impact on the economy of a sharp increase in the sales tax remained uncertain. In the second half of the year, the impact of the tax, coupled with the Asian crisis and the absence of appropriate economic recovery policies, caused a marked drop of some 21% in the market.

In the United Kingdom, the year was marked by strong growth, with the stock market recording an increase of almost 25%. However, the U.K. experienced uncertainties similar to those affecting U.S. markets. Concern about inflation and a subsequent tightening of monetary policy proved unfounded, as inflation remained under control. The appreciation of the British pound in the first half of the year and a slight increase in interest rates had a soothing effect on the markets.

In Europe, returns on the Italian market increased by 57.5%, in Germany by 45.3% and in Switzerland by 58.7%, ranking at the top among stock markets on a continent where excellent returns were achieved overall. Corporate streamlining continued and the monetary union is about to become a reality.

## **Strategies**

A 50% spread was observed between returns in Asian markets and those recorded on the U.S. and European markets. This spread created very interesting potential gains, depending on investment allocation. Caisse managers were able to take advantage of this situation by overweighting investments in Germany in the first half of the year, and in Italy and Spain in the second half. These positions compensated the losses recorded in Brazil and Japan.

Despite the poor performance recorded by the Japanese market index in absolute terms, good stock picking enabled the portfolio to outperform the benchmark by 860 basis points.

In view of major market trends observed in 1997, investors will have to closely monitor macro-economic trends in the U.S. to ensure that inflation remains under control, and managers will have to keep a close eye on major technological changes and their impact on companies. In Europe, corporate activity will continue to be driven by restructuring driven by the European Economic Union. In Japan, efforts to revive domestic demand will remain at the centre of investors' concerns. In southeast Asia, a stabilization of the financial crisis will provide a great opportunity for long-term investments.

## **Management**

Investments in international stock markets are made according to three management styles: active external management (26% of the total), indexed management (27%) and active internal management (47%). The internal management team includes fifteen professionals, specializing in regions covering the United States, the United Kingdom, continental Europe, Asia and Latin America. Geographical allocation of funds is done in-house using derivative products as well as cash transfers. Transactions in emerging markets are done mainly through external management. In coming years, the Caisse will work on bringing these operations under internal management.

## **TACTICAL INVESTMENTS**

### **Markets**

Economic activity remained strong and without inflation in the United States. A single increase in the Federal Reserve interest rate, in March, was triggered by a certain amount of pressure on wages. The fall was marked by great volatility due to the Asian crisis, but markets have recouped most of their losses.

The British situation was similar to that of the U.S. despite a much more stringent monetary policy applied by the Bank of England.

In the rest of Europe, the year was characterized by disagreements on the enforcement of the conditions surrounding the implementation of a single currency in 1999. Stock markets were deeply shaken by short- and long-term rates converging downward, while spurred by weak currencies. Most observers had not anticipated this last movement.

Japan was faced with major structural adjustment problems and, following a fiscal policy perceived as inadequate, the domestic economy dropped sharply while the southeast Asian crisis, triggered by a financial over-investment in dollars, caused a slowdown in Japanese exports.

### **Management and administration**

Tactical operations overlaid on the Caisse portfolio are managed through the use of stock, bond and foreign currency derivative products. Operations reached \$50 billion in volume in the major industrialized countries.

Tactical management operations doubled in June with the addition of four external tactical funds, including the Varan fund managed by the Caisse. This allowed the extension of operations to all potential markets worldwide through a network of managers based in Montréal, London, Hong Kong and Rio de Janeiro.

External management of these tactical funds is performed in partnership with Northern Trust Global Advisors. This agreement resulted in the creation of the group Conseillers en gestion de fonds NT du Québec and the opening of a Northern Trust office in Montréal, where an improved version of the Caisse management system (RMS) is used under licence.

## **STRATEGIC MANAGEMENT - ASSET ALLOCATION**

### **Markets**

Despite globalization which fosters convergence in economic, social, monetary and financial policies, wide discrepancies were observed in returns worldwide.

In Europe, the prospective introduction of the Euro, weak currencies, economic and market deregulation as well as corporate streamlining made for exceptional stock market returns.

In North America, despite high market prices, stocks rose by over 30% thanks to the major financial influx provided by baby boomers, comforted as they were by anticipations of a slower economic growth coupled with low inflation.

Asian markets dropped by over 15% due to Japan's weak economy; anemic domestic demand, the financial crisis in the rest of Asia and problems encountered by Japanese banks all darkened the economic picture for the region.

Following the readjustment of Asian currencies, emerging markets lost approximately 14%, which reflects the projected economic slowdown. Latin America continues to show better results than Asia.

All securities from industrialized countries provided positive returns due to a drop in long-term rates caused by the anticipation of low inflation worldwide, lower government deficits and an expected slowdown in economic growth. Bond yield variances however, while narrower than those recorded in the stock market, remain significant. For example, Italian bonds generated a yield of 22.49% while French fixed-income securities only posted 4.61%, based on the Salomon Brothers index.

Real estate returns were relatively good in the second part of the economic cycle, providing better results than short-term investments.

### **Management**

Two main management styles were used:

**Cyclical:** Given the contradiction between the anticipated economic slowdown and the high market valuation, the Caisse opted for a significant reduction in the risk level of its overall portfolio.

**Structural:** efforts were focused on a strategy aimed at significantly reducing the weight of fixed-income investments in favour of variable-return investments. In December, changes made to the Act Respecting the Caisse established that equities may account for 70% of total assets. The implementation of this strategy will be gradual.

## OPERATIONS - PRIVATE INVESTMENTS

In 1997, investments totalled \$3.3 billion. Of this amount, private investment subsidiaries invested \$1.9 billion while transactions by the mortgage and real estate subsidiaries reached close to \$1.4 billion. The Caisse is a major source of corporate funding through shares, debt securities, conventional and participating debentures as well as bridge loans and participating loans, in all sectors from corporate financing to real estate.

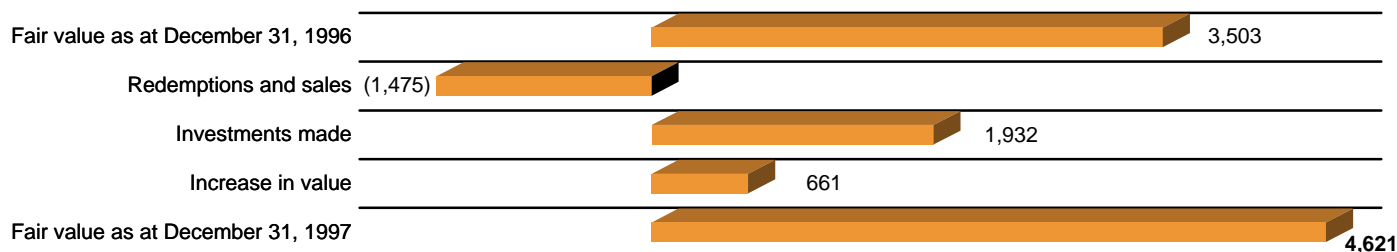
### CAISSE PRIVATE INVESTMENTS GROUP

Sustained efforts were made in 1997 to offer companies, mainly small and medium-sized Québec companies, an ever more complete array of financial products and services in all sectors. Authorized investments totalled \$3.0 billion. The value of such investments in Québec by the seven private investment subsidiaries increased by close to 60% over 1996, and the number of transactions rose from 90 to 137.

The total value of the consolidated portfolio stands at \$4.6 billion, or 6.6% of the total Caisse portfolio.

The portfolio is comprised of 367 investments, including 236 direct investments in corporations, 71 in investment funds and 60 in Québec companies securities.

#### 9 CHANGES IN PRIVATE INVESTMENTS *in millions of dollars*



#### 10 INVESTMENTS REALIZED BY THE SUBSIDIARIES IN 1997 *in millions of dollars*

	Direct		Indirect		Total	
	Number	\$	Number	\$	Number	\$
Accès Capital CDPQ	8	3.4	-	-	8	3.4
Capital CDPQ	30	12.3	5	4.3	35	16.6
Capital d'Amérique CDPQ						
Equities and convertible securities	74	271.5	10	37.2	84	308.7
Debt securities	30	1,122.0	-	-	30	1,122.0
Capital Communications CDPQ	29	138.7	5	4.9	34	143.6
Sofinov, Société financière d'innovation	52	170.6	15	29.5	67	200.1
Capital International CDPQ	-	-	18	137.5	18	137.5
<b>Total</b>	<b>223</b>	<b>1,718.5</b>	<b>53</b>	<b>213.4</b>	<b>276</b>	<b>1,931.9</b>



## **Accès Capital**

The mission assigned by the Caisse to this Québec-wide business network is to make an active contribution to the development of small and medium-sized companies throughout Québec by making investments ranging from \$50,000 to \$750,000. Companies in the network offer backing to emerging and growing companies, including start-up companies sponsored by recognized incubators or by business organizations. Accès Capital offices are linked to the national and international network of Caisse partners. They can also call on the expertise of Caisse personnel and the full line of products and services offered by the Caisse and its subsidiaries. The network is comprised of 11 investment companies throughout Québec.

### **Highlights**

Five new Accès Capital companies were launched, in the Québec City, Saguenay – Lac Saint-Jean, Bas Saint-Laurent, Gaspésie – Les Îles and Estrie areas;

The budget allocation was increased from \$60 million to \$90 million for the Accès Capital network;

Authorization of 21 investment proposals, including:

- \$1,000,000 million in Cuisines Gaspésiennes de Matane Ltée, in collaboration with Accès Capital Bas Saint-Laurent inc. and Accès Capital Gaspésie – Les Îles inc.;
- \$250,000 in Groupe ID of Chicoutimi;
- \$750,000 in Gestion Groupe RT (1996) Ltée of Rivière-au-Renard.

## **Capital CDPQ**

Capital CDPQ invests in small and medium-sized companies in all regions of Québec, recognized for their excellence, dynamism and potential for growth. Investments of up to \$1 million in share capital and \$2 million in loans are made directly or through the Accès Capital network. With 43 new financing operations totaling \$20 million, the fair value of the portfolio is now \$36.3 million, distributed in 58 investments.

### **Highlights**

Creation of two new business offices in Saint-Laurent and Anjou to better serve business people operating in the eastern and western parts of the Island of Montréal.

Authorization of 26 new investments, including:

- \$600,000 in Écolux inc. of Lachine;
- \$1,500,000 in the privatization of Groupe Goyette inc. of Saint-Hyacinthe;
- \$300,000 in Technodiesel inc. of Joliette.

Acceptance of a new incubator, the Société de développement économique de Drummondville, and, as part of its support programme to encourage sponsored companies, authorization of nine investment projects for a total of \$1.4 million.

Launch of the participating loan, a new product.

Implementation of simplified legal documentation, better adapted to the small and medium-sized business market.

## Capital d'Amérique CDPQ

Capital d'Amérique CDPQ invests in medium-sized and large corporations offering good potential for return and growth. It teams up with dynamic companies operating in many different industries. With 114 new investments totaling \$1.4 billion, the portfolio carries a fair value of \$2.6 billion, representing a total of 183 investments, of which 80 are equity investments, 43 are in debt instruments included in the long-term financing portfolio and 60 are in Québec small caps.

### Highlights

Authorization of a \$15 million investment in the creation of Sodémex II, a new development company for mining and exploration companies. Sodémex II will invest in Québec mining companies also operating outside Québec. Sodémex has a \$9 million portfolio with holdings in 55 companies.

Significant private investment in Mines McWatters Inc. for the purchase of the Kiena and Sigma mines from Placer Dome, making Mines McWatters one of the largest gold producers in Québec.

First year of activity for the Corporation de commercialisation de centres d'appel du Québec. The investment in this company was made in partnership with the Fonds de solidarité des travailleurs du Québec (FSTQ), Investissements Desjardins and Bell Canada. These three partners played a major role in the opening of six call centres, which created many new jobs.

Start-up in the fall of the Ressources Orléans inc. wallastonite mining and milling operations in Saint-Ludger-du-Milot, in the Lac-Saint-Jean region. Capital d'Amérique CDPQ is one of the main financing partners in the project.

Several authorizations of debt security investments, including Mont-Tremblant (\$57 million), Couche-Tard (\$45 million) and Les Industries Paperboard International (\$14 million). This investment vehicle has experienced significant growth, with the term financing portfolio reaching close to \$1 billion.

Major increase in the Québec small-cap portfolio, which rose from \$109 million to \$162 million, with a total of 60 investments.

### 11 BREAKDOWN OF PRIVATE INVESTMENTS UNDER MANAGEMENT BY SUBSIDIARY

*as at December 31, 1997*

*fair value - in millions of dollars*

Subsidiaries	Investments	
	Number	\$
Capital d'Amérique CDPQ		
Small capitalizations	60	162
Medium-sized businesses	58	294
Large companies	22	1,224
Debt securities	43	876
Accès Capital	8	3
Capital CDPQ	52	33
Capital International CDPQ	23	335
Sofinov, Société financière d'innovation	77	448
Capital Communications CDPQ	36	1,246
<b>Consolidated total<sup>1</sup></b>	<b>367</b>	<b>4,621</b>

<sup>1</sup> Certain investments are managed jointly by more than one subsidiary.

Other investments that were authorized and totally or partially completed include:

- \$2 million in the share capital of Société des chemins de fer du Québec for the acquisition of the Mont-Joli/Pacific Junction track segment;
- \$2.7 million in Trak inc., a manufacturer and distributor of cross-country skis, boots and bindings in Cowansville;
- \$4.7 million with Schroders Canada for the acquisition of Équipement industriel GBA inc. of Chicoutimi, a manufacturer of forestry equipment;
- \$32 million in Scierie Davidson inc. in the Outaouais region. This financing operation, including a financial package comprised of debt instruments, debentures and shares, was used partly to finance the acquisition of a sawmill in New Hampshire.

## **Capital Communications CDPQ**

Capital Communications CDPQ invests as a partner in companies active in the vast field of communications, with a view to entering or increasing their presence in promising markets, both in Québec and abroad. From audiovisual production to wireless technology, multimedia, Internet, publishing, radio, television, cable distribution and telephone, its expertise covers the entire realm of communications.

The company has authorized 21 investments totaling \$146.9 million. Its portfolio includes 36 investments, with a fair value of \$1.2 billion.

Major investments authorized and totally or partially completed include:

- \$4.5 million in Les Systèmes Proxima ltée, specializing in the creation and marketing of management and billing software for cable television distributors;
- \$10 million in Câble Satisfaction International of Longueuil, to back the expansion of this company in its cable distribution activities in Portugal;
- \$7 million in SSIG, as part of the creation of a geomatics corporation;
- \$11.5 million in the share capital of Téléystème Mobile International, to benefit from this company's expansion in the international wireless telephone arena;
- \$50 million in OpTel in return for 18% of the voting stock. This company, of which 82% is held by Vidéotron, offers cabledistribution and telecommunications services to multi-unit residential buildings, located mainly in southern U.S. markets.

## **Sofinov, Société financière d'innovation**

Sofinov provides strategic financing to technology companies with good potential for growth and return, on the leading-edge of technology. Its portfolio includes investments in companies of all sizes in the fields of health and biotechnology, and industrial and information technologies. Sofinov displayed strong leadership in 1997. It initiated 26 financial packages carried out in syndication with other investors from inside and outside Québec. Investments in the portfolio more than doubled, rising from 38 to 77, and the total fair value rose from \$303 million to \$448 million.

### **Biotechnology and health**

The portfolio in this sector includes 38 investments with a fair value of \$332 million. In 1997, 17 new direct investments were authorized, totaling close to \$52 million. Sofinov also increased its network of partners with the addition of three new funds dedicated to this sector, for an authorized amount of \$53 million. In

addition to first-round investments such as in Angiogène, Apoptogen and Anapharm, Sofinov is making more and more second-round investments. Major authorized investments include:

- \$6 million in CryoCath Technologies Inc., a Montréal-based company specializing in the design and manufacture of cryoablation catheters for cardiovascular, oncological and gynecological surgery. Sofinov led this investment in syndication with European and U.S. investors;
- \$4.2 million in Biovector Therapeutics SA, a company based in Toulouse, France, which established a strategic partnership with a portfolio company of Sofinov, Québec City-based BioChem Vaccins;
- Sofinov investments also cover specialized investment funds. Among other projects, it authorized a \$15 million investment in Genechem, a new venture fund specializing in genomics and concentrating on the potential commercial applications of medical research on the human genome. This fund will extend to all of North America. The transaction was made in partnership with BioChem Pharma and other Québec investment companies.

Some companies in the Sofinov portfolio have established major strategic alliances. For example:

- RTP Pharma Canada reached a joint development agreement for its IDD™ oral and injectable cyclosporin drug delivery technology with Elan Pharmaceutical Technologies Inc., the world leader in drug formulation;
- BioSignal Inc., signed a co-investment agreement for the development of a new generation of its biological reagents with Packard, a major U.S. company specializing in manufacturing tools for drug research and discovery.

### **Information technologies**

In this industry, the portfolio experienced major growth, with fair value rising from \$30 million in 1996 to \$79 million at December 31, 1997, for a total of 26 investments. Major investments authorized include:

- \$2 million in Galea Network Security, a Québec company specializing in the designing of security measures for computer networks;
- \$2 million in ServiceWare Corporation, a Hull company specializing in the development and marketing of process automation and management software for the repair and maintenance of high-tech products;
- \$2.4 million in Touchtunes Digital Jukebox, a Montréal company specializing in digital jukeboxes;
- \$2.5 million in Technologies Innovations AIKS, a company based in Saint-Laurent which develops and markets an integrated management software package for the retail sector;
- \$1.5 million in Gestion Pyderion Limitée, a company in Lasalle specializing in software packages for call centres.

Sofinov's holdings in CGI Group made a significant contribution to the increase in the fair value of the portfolio, as this partner's shares recorded phenomenal growth of 728.4% during the year.

### **Industrial technologies**

These investment operations benefited several sectors, including new energy sources, aerospace and new materials. The industrial technologies portfolio now includes 13 investments with a fair value in excess of \$36 million. Major investments authorized include:

- \$5 million in Aerospace Research Technologies (ART), a Canadian company specializing in infrared system detection;

- \$3 million in Pyrogenesis, a company in Lasalle specializing in materials atomization, dangerous materials destruction and recycling through the use of plasma-torch technology;
- US\$10 million in HPower Corporation, a New Jersey developer and manufacturer of hydrogen fuel cells. This investment contributed to the opening in Québec of HPower Canada;
- \$10 million in Société de Développement du Magnésium in partnership with the Société générale de financement du Québec and the Fonds de solidarité des travailleurs du Québec.

### **T<sup>2</sup>C<sup>2</sup>/Bio and T<sup>2</sup>C<sup>2</sup>/Info**

In conjunction with other investors, Sofinov created T<sup>2</sup>C<sup>2</sup>/Bio and T<sup>2</sup>C<sup>2</sup>/Info, two new satellite technological development companies, each with \$30 million in start-up capital: These two companies benefit from up to \$15 million in funding from Sofinov. Their mission is to provide seed money for the identification, evaluation and marketing of technologies emerging mainly from universities or private and public research centres. This ensures entrepreneurs a source of venture capital with T<sup>2</sup>C<sup>2</sup> and Sofinov together covering all stages of their development, from research to initial public offering.

By December 31, 1997, T<sup>2</sup>C<sup>2</sup>/Bio had entered agreements with research teams from four Québec universities and research centres. Technologies covered by these agreements are related to genomics, drug manufacturing and medical equipment.

As for T<sup>2</sup>C<sup>2</sup>/Info, it has signed an agreement with a Montréal company seeking to create a subsidiary to develop new Internet-related technology.

Since they were created in May 1997, these companies have received close to 150 proposals from researchers and entrepreneurs looking to develop profitable partnerships.

### **Services financiers CDPQ**

The Caisse created Services financiers CDPQ to enhance the structure, and act as a partner in the development of financial services, in particular mutual funds. Through its investments, this company will contribute to the promotion and development of mutual fund management in Québec by supporting partnerships with companies in Québec and elsewhere operating in the financial services. To strengthen activity in Québec in the management of these funds, it will invest in companies holding a significant interest in a fund or in a family of funds. The objective Services financiers CDPQ has set for itself is to increase mutual fund assets managed in Québec by \$15 billion over the next five years and to improve individual investors' awareness of Québec mutual funds.

Cartier Mutual Funds limited partnership was the first investment authorized, with a commitment of \$13.8 million. Cartier Mutual Funds is a Québec company operating throughout Canada. In cooperation with established mutual fund managers in all niches of the Canadian financial services industry, the company will supply its expertise and capital to develop and manage its products in Québec and to ensure their distribution.

### **Capital International CDPQ**

Thanks to its network of partners in Europe, the Middle East, Asia and the Americas, Capital International CDPQ invests in and accompanies Québec companies in their projects abroad. In addition, it manages a portfolio of investments in foreign merchant banks and funds.

At the end of the year, this portfolio included 23 investments and had a fair value of \$335 million.

## Major investments authorized

Association with AXA Asset Management and Gilde Investment Management for the creation in France of AXA Private Equity Fund, a FF625 million company acquisition fund in which Capital International invested FF105 million (\$24 million).

US\$20 million authorized in the Polish Enterprise Fund L.P., a new US\$164-million Polish fund targeting majority positions or significant holdings in Polish companies.

Widening of its business network and international activities through:

- opening of a business office in Warsaw to identify business opportunities throughout Eastern Europe which would be of interest for the Caisse Financial Group and Québec companies;
- opening of an office in Manila to identify business and investment opportunities in the region;
- opening of a business office in Milan, in partnership with the Québec ministère du Commerce, de la Science et de la Technologie, and the Italian Chamber of Commerce of Canada.

Authorizations in investment funds:

- \$76 million in Blackstone Capital Partners III of the United States;
- \$70 million in 3i UK Investment Partners II of the United Kingdom;
- \$60 million in BC European Capital VI, a fund targeting the European market.

Hiring of a business development consultant working with the companies held in the Caisse Private Investments Group portfolio. The consultant will help the Group companies evaluate their international investment potential and look for opportunities in foreign markets.

Carrying out of over 10 mandates involving Québec companies seeking to enter or increase their activities in markets outside Québec. These mandates were mainly to identify partners and to implement commercial ties abroad, as well as for acquisition projects.

## Infradev International

The role of this company is to meet the need for financial engineering expertise and capital input in the preparation stage of infrastructure projects on both national and international markets.

Some 40 projects were submitted and analyzed in various sectors of activity in Asia and Latin America. About 10 have interesting potential.

### 12 BREAKDOWN OF PRIVATE INVESTMENTS BY AMOUNT *as at December 31, 1997*

	Investments		Fair value	
	Number	%	\$	%
\$0 - 5 million	247	67	391	9
\$5 - 10 million	42	12	300	6
\$10 million and up	78	21	3,930	85
<b>Total</b>	<b>367</b>	<b>100</b>	<b>4,621</b>	<b>100</b>

## CAISSE REAL ESTATE GROUP

In 1997, the Group redefined the mission, orientation and operations of its various member companies:

**Ivanhoe** remains owner, manager, developer and investor in shopping centres located in major urban areas;

**SITQ IMMOBILIER** has refocused on its core activity, managing office buildings and industrial parks as well as small shopping centres, in particular local ones, in Québec;

**Cadim** specializes in the residential sector and on short-term and less conventional investment vehicles such as real estate securities and opportunity products;

**Cadev** continues to manage the Group's land assets in addition to promoting real estate projects such as Montréal's quartier international;

**Hypothèques CDPQ** remains the mortgage loans and securities specialist, but will expand its geographical area of operations.

The year was marked by acquisitions and new investments totalling \$1.4 billion. The combined net assets of the real estate and mortgage portfolios total \$4.8 billion, or 7.5% of total Caisse net assets.

### 13 CAISSE REAL ESTATE GROUP PORTFOLIO

*as at December 31, 1997*

*fair value - in millions of dollars*

Subsidiaries	Value of portfolio <sup>1</sup>	Percentage of the Group's portfolio
Cadim	566.8	12.0
Ivanhoe	1,423.2	30.2
SITQ Immobilier	1,173.5	24.9
Hypothèques CDPQ and other mortgage subsidiaries	1,548.2	32.9
<b>Total</b>	<b>4,711.7</b>	<b>100.0</b>

<sup>1</sup> Represents the value of the Caisse's net holdings in the company.

### 14 SECTORIAL DISTRIBUTION OF CAISSE REAL ESTATE GROUP PORTFOLIO

*as at December 31*

*fair value - in percentage*

	1997	1996
Real estate holdings	<b>60.1</b>	59.4
Mortgages	<b>24.9</b>	30.7
Shares and bonds	<b>12.1</b>	5.5
Land	<b>1.0</b>	2.4
Emphyteosis and leasebacks	<b>1.9</b>	2.0

## Real Estate

While the widespread deterioration experienced in the real estate market at the beginning of the decade made many investors and others in the industry wary, it has also served as a valuable learning experience, especially regarding investment diversification, liquidity, and debt.

As a result, the Caisse has established a strategy of geographical diversification, allowing its real estate subsidiaries to reap benefits from differing economic cycles in various parts of the world. At the same time, the Caisse continues to actively manage its portfolio of investments in Québec.

The real estate portfolio's net assets grew from \$2.4 billion on December 31, 1996 to \$3.2 billion on December 31, 1997, or from 4.2% to 5.1% of total Caisse net assets:

- the value of investments rose to \$5.2 billion, against \$4 billion the previous year;
- related bank and mortgage loans, third party minority interests and other assets and liabilities account for \$2.0 billion, compared to \$1.6 billion in 1996.

Net real estate holdings in the specific real estate portfolio, including related liabilities, account for 3.9% of Caisse total net assets, or \$2.5 billion, against 4.2% and \$2.4 billion respectively in 1996.

### 15 SECTORIAL BREAKDOWN OF REAL ESTATE PORTFOLIO as at December 31 fair value - in percentage

	1997	1996
Real estate holdings	81.2	88.1
Shares of other real estate companies	15.4	7.6
Mortgages	2.8	3.9
Short-term securities	0.6	0.3
Bonds	-	0.1

### 16 BREAKDOWN OF REAL ESTATE HOLDINGS as at December 31, 1997 fair value - in millions of dollars

Subsidiaries	Commercial buildings	Office	Industrial	Residential and hotels	Land <sup>1</sup>
Cadim	144.3	136.1	2.0	233.3	139.6
Ivanhoe	1,442.8	-	25.1	-	41.0
SITQ Immobilier	419.8	1,363.5	175.7	54.8	15.2
<b>Total</b>	<b>2,006.9</b>	<b>1,499.6</b>	<b>202.8</b>	<b>288.1</b>	<b>195.8</b>

<sup>1</sup> Combines subsidiaries' interests in Cadev.

## Acquisitions

Acquisitions made by the real estate subsidiaries totalled \$1.2 billion:

- Ivanhoe reinvested in Cambridge Shopping Centres Ltd, raising its interest to 38.9% by year-end. It also acquired 16.7% of the Rockland Centre, located in Mont-Royal: in combination with the 70.3% held by Cadim, the Caisse now owns 87% of this prestigious shopping mall;
- SITQ IMMOBILIER invested \$45.5 million in Bentall, a Vancouver-based real estate company; on December 31, 1997, it held 44.9% of the company's capital stock. It also repurchased interests held by partners and became sole owner of the Place Mercantile office building in Montréal. In addition, it increased its investment in the Bois-Fontaine office building in Québec City to 31.5%;



- Cadim co-invested in Phase II of Montréal's Technoparc - Saint-Laurent Campus, along with the Centre d'Initiative Technologique de Montréal (Citec), Solim, a subsidiary of the Fonds de solidarité des travailleurs du Québec and Assurance vie Desjardins-Laurentienne. Its share of the \$81-million project, which will be spread over four years, represents 29% of the total project.

## International operations

### Acquisitions in the United States

Ivanhoe signed a new partnership agreement with General Growth Properties. It also became co-owner of two regional shopping centres: The Oaks Mall in Florida and Westroads Mall in Nebraska, totalling 184,600 square metres. As part of its partnership with the Wilmorite Group, it acquired an interest in the Towne Mall of Elizabethtown, Kentucky, covering 31,600 square metres. These investments, totalling close to \$175 million, were made through private real estate investment trusts.

SITQ IMMOBILIER, with its partner Greystone Realty Corporation, took part in the acquisition of Republic Place, a 20,000-square metre office building located in Washington, D.C. and made a US\$25 million commitment in the second fund launched by Blackstone, a New York private business bank, to invest in commercial and office buildings as well as hotels and land.

Cadim invested approximately \$20 million in the residential sector. It acquired a 55-unit residential building in New York City with its Québec partner Wagner, and Stonehenge Partners. It also established a partnership with a group of institutional investors in a private real estate investment trust managed and headed by Boston Financial. Their first transaction culminated in the acquisition of a 180-unit residential complex in California.

<b>17</b>	<b>GEOGRAPHICAL BREAKDOWN OF THE REAL ESTATE PORTFOLIO</b> <i>as at December 31</i> <i>fair value - in percentage</i>
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	1997	1996
Québec	42.3	49.3
Canada outside Québec	15.2	23.5
Outside of Canada	42.5	27.2

### Acquisitions in Europe

SITQ IMMOBILIER invested \$62 million in the Middleton Grange in England, a shopping centre totalling close to 50,000 square metres, acquired with its British partner Pillar Property.

In an agreement with Compagnie Générale d'Immobilier et de Services, a subsidiary of Compagnie Générale des Eaux, SITQ IMMOBILIER acquired five latest generation office buildings covering a total area of 130,000 square metres in la Défense area in Paris. This transaction represented \$100 million in capital investment, and non-recourse loans related to the buildings amount to approximately \$550 million.

Cadim purchased a portfolio of six three- and four-star hotels in Paris, among them the Le Colbert and Madeleine Palace, totalling 351 rooms. This investment was made in cooperation with the French managing company Astotel, and with March Capital Trust and Lone Star Opportunity Fund.

Ivanhoe established its presence in Spain in partnership with Bankers Trust, acquiring a 16% interest in group Filo, a publicly traded real estate company specializing in shopping centres.

## **Other activities**

Cadim negotiated a partnership with Lazard Frères, to invest in a real estate fund focused on the United States. It also negotiated an agreement with Skanska International Building, AB, a Swedish company, to build houses in Poland.

## **Contribution to the vitality of the Québec economy**

Several projects were initiated to contribute to the vitality of the Québec economy, to promote Québec goods and services and to support the efforts of Québec entrepreneurs in international markets.

The Caisse organized networking initiatives and took part in a mission to Poland to support Québec companies exporting real estate goods and services and promote their use in foreign real estate projects abroad. Its subsidiary Cadim developed this approach by using Québec materials, technologies and expertise in the Willa Nowa residential project in Poland (the 137 house-project was completed during the year). In addition, Cadim brought together partners and players from Québec and abroad to work together on future projects of similar scope.

The Caisse worked in collaboration with the Partners Export Network of the Québec infrastructure and building trades, an initiative led by Contech and designed to promote and encourage the export of Québec goods and know-how, using among other means the Select Suppliers Network, accessible on the Internet.

Cadim revived residential development on Nuns' Island with Québec developer LSR Construction. Cadev managed the same type of project in Anjou-sur-le-Lac with Les Développements Montclair, used a similar approach again in Blainville and contributed to the development of the Anjou business park in collaboration with the municipal government.

Through Cadev, the Caisse played an active role in bringing together the major actors and proposing a development plan for Montréal's quartier international, dedicated to international operations and companies in the metropolis.

SITQ IMMOBILIER pursued its Destination Affaires programme, offering consulting, start-up, growth and financial support services to its tenants.

## **Capital expenditures**

In the area of capital expenditures, development, redevelopment and leasehold improvement projects reached close to \$80 million. The most significant achievements include:

- work on office buildings located at 1981 McGill College, Place Mercantile, 500 Sherbrooke Ouest, Place Dupuis and Westmount Square, all in Montréal; work at the Complexe de Ville and Le Delta in Sainte-Foy, and at 55 University in Toronto;
- redevelopment of the Mercat shopping centre in Kirkcaldy, Scotland;
- continuation of development of The Docks de Saint-Ouen industrial park, in France;
- expansion and renovation of Place Sainte-Foy shopping centre;
- revitalizing of Place Montréal Trust shopping mall in downtown Montréal.

Finally, in 1997, the real estate subsidiaries sold assets totalling \$182 million. The main dispositions were the Cedar Heights residential complex and the Princess at Turnbury lot, co-owned by Cadim in the United States, an interest in the Bayshore Centre and various lots in Ontario, which were owned by Ivanhoe, as well as shopping centres in England, the Weston Favell and The Meadows II Retail Park, owned by SITQ IMMOBILIER in partnership with Pillar Property.

## **Mortgages**

The mortgage portfolio reached \$1.5 billion, or 2.4% of Caisse net assets, compared to \$1.6 billion, or 2.7%, in 1996.

Investments made during the year were approximately \$250 million, of which close to \$215 million represent new loans made in Québec. Major transactions are as follows:

- \$49.3 million financing on a multi-purpose complex including two office towers, in Montréal;
- loans totalling \$54.5 million on shopping centres located in the Greater Montréal and Québec City areas;
- \$25 million financing on two Montréal hotels;
- \$17.8 million in loans, mainly for the acquisition and renovation of industrial buildings in the Montréal area;
- \$12.7 million financing on a real estate complex located in Sainte-Foy;
- various transactions on office, industrial and commercial buildings in Montréal and area.

Hypothèques CDPQ also invested outside Québec. Investments in 1997 included three financings of close to \$20 million on office buildings in the Toronto area and a \$12.5 million loan on a mainly commercial real estate complex in Banff, Alberta.

Loan renewals totalled \$112 million.

Foreclosures and non-performing loans amounted to \$113 million, representing 7.5% of the portfolio.

## DEPOSITORS' ACCOUNTS MANAGEMENT

The year began with the transfer in January of the deposits of the Société de l'assurance automobile du Québec (SAAQ) from the General Fund to a fund created especially for this purpose. Asset allocation in the SAAQ fund will thus be constantly adjusted to its specific needs. Following the \$5.5 billion transfer, the Régime de rentes du Québec now stands as the major depositor to the General Fund, and fund allocation will also be managed according to its needs.

During the year, the Caisse welcomed a new depositor, the Régime de rentes de survivants offered to management personnel employed by the gouvernement du Québec. This plan made an initial deposit of \$280 million in May.

### 18 DEPOSITORS as at December 31, 1997

	Abbreviation	First deposit	Number of contributors <sup>1</sup>	Depositors' holdings <sup>2</sup>
<i>Régie des rentes du Québec</i> Fonds du Régime de rentes du Québec	R.R.Q.	1966	3,135,000	15,838.0
<i>Régie des marchés agricoles et alimentaires du Québec</i> Fonds d'assurance-garantie	R.M.A.A.Q.	1967	73	3.4
Régie des assurances agricoles du Québec		1968	53,275	114.6
Régie de l'assurance-dépôts du Québec		1969	1,327	141.0
<i>Commission de la construction du Québec</i> Supplemental Pension Plan for Employees of the Québec Construction Industry	C.C.Q.	1970	91,962	6,128.2
<i>Commission administrative des régimes de retraite et d'assurances</i> Government and Public Employees Retirement Plan (unionized level)	CARRA RREGOP	1973	400,000	22,780.9
Government and Public Employees Retirement Plan (non-unionized level)	RREGOP	1973	22,000	3,722.3
Retirement Plan for Mayors and Councillors of Municipalities <sup>3</sup>		1975	-	-
Individual Plans		1977	350	156.2
Pension Plan for Elected Municipal Officers		1989	2,150	153.6
Commission de la santé et de la sécurité du travail	C.S.S.T.	1973	175,000	6,883.1
Société de l'assurance automobile du Québec	SAAQ	1978	4,386,763	6,027.4
Fonds d'assurance-prêts agricoles et forestiers	FAPAF	1978	1	46.8
La Fédération des producteurs de bovins du Québec		1989	25,745	2.1
Régime complémentaire de rentes des techniciens ambulanciers œuvrant au Québec	R.R.T.A.Q.	1990	3,136	76.4
Office de la protection du consommateur	O.P.C.	1992	1,153	8.8
Fonds d'amortissement des régimes de retraite gouvernementaux	F.A.R.R.G.	1994	1	1,232.2
Centre de recherche industrielle du Québec	CRIQ	1994	-	-
Société des alcools du Québec	SAQ	1994	-	-
Régime de rentes de survivants		1997	1	295.6

<sup>1</sup> Estimate.

<sup>2</sup> Fair value - in millions of dollars.

<sup>3</sup> In 1992, the net assets of this plan's fund were merged with that of the Pension Plan for Elected Municipal Officers.

The creation of specific portfolios over the last few years has allowed for easier management of funds and calculation of Caisse returns.

These procedures follow international performance calculation standards set by the Association for Investment Management and Research (AIMR). The Caisse also received external certification of conformity to these standards in calculating its 1996 and 1997 returns.

## Highlights

- Various investment policies were established for depositors.
- Depositors' portfolio management was improved by optimizing the allocation of non-invested amounts in the real estate and mortgage categories.
- In collaboration with certain depositors, strategies were developed to include cash management in the long-term portfolio management approach. This has contributed significantly to higher portfolio return.

## Services to depositors

Team members meet with all depositors on a regular basis to keep them informed of results generated by their funds invested with the Caisse, but also to discuss the specific needs of each depositor. Over 50 meetings were held during the year. In addition, monthly or in some cases quarterly reports were produced and presented to depositors, enabling them to follow the progress of their portfolio.

### 19 BREAKDOWN OF DEPOSITORS' HOLDINGS

*as at December 31*  
*fair value - in percentage*

	1997	1996	1995	1994	1993
CARRA - RREGOP <sup>1</sup>	35.8	34.6	32.6	30.6	28.7
R.R.Q.	24.9	27.4	30.0	32.1	34.8
C.S.S.T.	10.8	10.0	9.7	9.4	9.2
C.C.Q.	9.6	9.7	9.7	9.5	9.3
SAAQ	9.5	9.7	9.7	10.5	12.1
CARRA - RREGOP <sup>2</sup>	5.9	5.8	5.5	5.2	5.1
F.A.R.R.G.	1.9	1.9	1.8	1.8	-
OTHER	1.6	0.9	1.0	0.9	0.8

<sup>1</sup> Unionized level.

<sup>2</sup> Non-unionized level.

### 20 CHANGES IN DEPOSITORS' HOLDINGS

*in millions of dollars*

	Net income allocated	Deposits less withdrawals	Unrealized increase (decrease) in value <sup>1</sup>
1997	3,743	(864)	3,518
1996	5,682	(1,607)	1,954
1995	4,066	(1,617)	3,876
1994	2,983	(1,165)	(4,075)
1993	3,989	(1,840)	3,661

<sup>1</sup> As of January 1, 1997, gains and losses on the sale of investments in the specific portfolios are reinvested.

**21** VALUE ADDED TO DEPOSITORS' FUNDS SINCE 1966  
*as at December 31, 1997*  
*in millions of dollars*

Net deposits (1966 - 1983)	8,449
Net withdrawals (1984 - 1997)	(11,824)
Net investment income allocated	56,630
Excess fair value over cost <sup>1</sup>	10,356

<sup>1</sup> As of January 1, 1997, gains and losses on the sale of investments in the specific portfolios are reinvested.

The Caisse has a total of 19 depositors, including pension funds, insurance plans and other Québec public bodies.

## Pension plans

The **Government and Public Employees Retirement Plan**, the largest depositor, administered by the Commission administrative des régimes de retraite et d'assurances, includes the contributions made by management personnel as well as unionized permanent and occasional employees of the government and public sectors.

The **Fonds du Régime de rentes du Québec**, the second depositor in size, ensures a security of income for Québécois, particularly through benefits paid to pensioners. This fund is administered by the Régie des Rentes du Québec.

The **Commission de la construction du Québec** oversees the enforcement of collective agreements, and regulation for workforce placement, hiring and mobility, as well as the administration of supplemental benefits plans accounts.

The **Fonds d'amortissement des régimes de retraite gouvernementaux**, established to provide the Québec government with the sums necessary to pay its employer contributions to various pension plans.

The **Pension Plan for Elected Municipal Officers**, offered to elected council members of municipalities, is administered by the Commission administrative des régimes de retraite et d'assurances.

The **Régime complémentaire de rentes des techniciens ambulanciers œuvrant au Québec**.

Nine other pension plans, called **individual plans** and administered by the Commission administrative des régimes de retraite et d'assurances, cover certain contributors from municipalities, Crown corporations, hospitals and the Federal Government.

## Insurance plans

The **Commission de la santé et de la sécurité du travail** compensates workers who are victims of industrial accidents and facilitates their rehabilitation.

The **Société de l'assurance automobile du Québec**, whose mission is to reduce risks inherent to the use of roads by controlling access to the highway system and road transportation, promoting safety and compensating victims of traffic accidents.

The **Régime de rentes de survivants** pays a monthly pension to the spouse and children of persons eligible under the plan. The Plan covers management personnel in the government and public sectors.

The **Régie de l'assurance-dépôts du Québec** governs the solicitation and receiving of deposits from the public, guarantees the deposit of payments and manages the deposit insurance fund.

The **Régie des assurances agricoles du Québec** oversees the financial stability of agricultural enterprises by compensating significant losses in income.

The **Fonds d'assurance-prêts agricoles et forestiers** guarantees lenders repayment of losses resulting from loans granted under laws administered by the Société de financement agricole.

## **Public bodies**

The **Office de la protection du consommateur** manages the Fonds des cautionnements des agents de voyage and the fund of Protégez-Vous magazine, which publishes the Office's test results.

The **Régie des marchés agricoles et alimentaires du Québec** ensures the supervision, coordination and improvement of agricultural products marketing, and acts as an administrative tribunal to foster the efficient marketing of Québec agricultural, forest and food products.

The **Fédération des producteurs de bovins du Québec**, an agricultural association that oversees the study of problems associated with cattle production and marketing.

The **Centre de recherche industrielle du Québec** acts as a partner in the business, industry and government sectors to support Québec's economic development.

The **Société des alcools du Québec** is in charge of the alcoholic beverages business in Québec.

# **RISK MANAGEMENT AND RETURN CALCULATIONS**

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## **RISK MANAGEMENT**

Since 1993, the Caisse has been paying special attention to the management and follow-up of investment-related risk. To this end, it has implemented a system to assess the risks associated with its market investment operations.

### **Market portfolios**

Overall market risks are calculated on a regular basis by a team independent from portfolio managers. Using a variance-covariance matrix which includes all securities in the TSE 300 index, the ScotiaMcLeod Universe index and each portfolio position, value at risk of market portfolios is assessed both in absolute and relative terms, that is in comparison with the benchmarks. Managers are given regular statements of potential gains and losses which might affect their portfolios in extreme situations.

### **Derivative products**

The risk assessment systems take into account all risks related to derivative products traded by the Caisse. Each of these products may be examined separately or as a group, for example by type of product or by manager, based on relevant criteria. In addition, the systems allow for the examination of products based on their unique features.

The team in charge of research, risk assessment and return has also created mathematical models to evaluate fair value and assess risk on complex derivative calculation products. The integration of historical values in these mathematical models provides an assessment of risk for each position in derivative products. Results of these historical simulations automatically take into account market correlations and their impact on the diversification of the entire Caisse portfolio.

### **Implementation of recommendations by the Group of Thirty**

For our managers, assessing and analyzing risk are means of evaluating the potential impact on portfolios of extreme variations in markets where the Caisse invests. Monitoring inherent risks related to portfolios allows to determine on a regular basis the probability of achieving return objectives, for each individual manager and for Caisse market portfolios as a whole.

In addition, the team is gradually implementing recommendations made by the Group of Thirty, a committee of prominent individuals from the financial and academic fields in several countries. These recommendations, which have an impact on the management of Caisse portfolio risks, include laying down a global policy, creating an independent risk assessment team, evaluating the legal aspects of derivative product operations, managing counterpart risk, developing professional expertise, creating a database on derivative products, setting limits and ensuring periodic follow-up, and, finally, validating evaluation methods.



## **RESEARCH AND RETURN**

As part of the implementation of the Group of Thirty recommendations, the research and return team supplied the independent expertise for the evaluation of certain derivative products held in the portfolio.

The team concentrated efforts on designing ways to evaluate complex financial products, the risk induced by such products and the behaviour of Caisse portfolios comprising such products. Mathematical models were designed to study return variations in derivative product portfolios according to various market scenarios. The assessment of risk or return variability in such portfolios is used for management purposes.

In addition to maintaining close links with Québec universities and working on enhancements of Montréal as a financial centre, members of the team took part in numerous educational activities and seminars in 1997.

## **MEETING THE HIGHEST STANDARDS**

The operations of the Caisse are in accordance with the Act Respecting the Caisse, industry practices and public sector management principles outlined in the twelve dimensions of efficiency established by the Canadian Comprehensive Audit Foundation (CCAF-FCVI Inc.) Financial statements are prepared in accordance with generally accepted accounting principles, and the calculation of returns meets the requirements of the AIMR (Association for Investment Management and Research).

In pursuance of his mandate, the Auditor General of Québec audits the financial statements and ensures that the institution's activities are in accordance with the Act.

The Aon Consulting Group has certified that the presentation of results and calculation of returns are in conformity with the high standards established by the AIMR.

## **The Caisse de dépôt et placement du Québec, one of few financial institutions to obtain external certification of conformity to AIMR standards**

### **AIMR STANDARDS**

The *Association for Investment Management and Research (AIMR)* is an international body concerned with continued professional development in financial services industry. To this effect, the AIMR pays special attention to the training of financial analysts through the programme leading to the Certified Financial Analyst (CFA) designation, as well as the continuing education of these analysts. In addition, the AIMR puts special emphasis on professional ethics. More specifically, it has issued a very strict code of ethics by which all members must abide. In addition, given the importance of performance results both for the industry and the general public, the AIMR has produced the *AIMR-PPS Handbook*, a guide which deals exclusively with the standards the industry is encouraged to follow in reporting on performance.

### **The two main objectives of the AIMR-PPS are:**

- to achieve greater uniformity and comparability among performance presentation.
- to promote full disclosure and fair representation of performance results.

These objectives are aimed at helping potential clients choose their portfolio managers. Since returns achieved by managers play a major role in this decision, it was important for the AIMR-PPS to give this matter its full attention.

The AIMR recognizes that the AIMR-PPS standards will have to be updated on a regular basis in order to keep up with the rapid pace of the financial industry. That is why it insists on professional governance and full disclosure of relevant data when it comes to performance results.

### **Here are some of the standards established by the AIMR-PPS:**

- 1 Total return must be presented, including realized and unrealized gains plus income.
- 2 Returns must be calculated using the time-weighted method.
- 3 Cash and cash equivalents must be included in the portfolio on which return is calculated.
- 4 Returns must be presented over a minimum horizon of 10 years.
- 5 Return must be presented for each given year.
- 6 Market value of a portfolio must include accrued interest on bonds.
- 7 All discretionary portfolios must be included in the performance of a composite portfolio.
- 8 To determine composite portfolio performance, each portfolio must be weighted based on market value at the beginning of the period.
- 9 Return must be calculated after the deduction of trading expenses (e.g. broker commissions).
- 10 Real estate must be valued by an independent appraisal at least once every three years.

# ADMINISTRATION, MANAGEMENT AND INSTITUTIONAL AFFAIRS

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## ADMINISTRATION

Internal management had two main priorities in 1997:

- establish just-in-time administrative and accounting service approaches adapted to investment management operations;
- replace the computer platforms used in managing multi-currency investments, redesign of the accounting plan and acquisition of a new general ledger. These projects are to be completed over a two-year period.

### **Administrative and accounting services**

The year 1997 was marked chiefly by the adoption of specialized new management styles, such as sectorial and tactical management, for investments made in major national and international markets and by the accelerated growth of private investment operations.

The overall number of transactions was close to 90,000 in 1997, a 43% increase over the 63,000 transactions in the previous year. Derivative products, which alone represented one-third of all transactions, registered the fastest growth, 56% over the previous year, including foreign currency hedging operations.

In terms of processing, custody and compensation of foreign equity transactions, which amounted to almost \$11 billion in 1997, there were major changes regarding securities custodians:

- In addition to State Street and Royal Trust, Northern Trust now acts as foreign securities custodian.
- With the arrival of Northern Trust, and the renegotiation of the fees charged by other trustees, total fees related to the custody of non-U.S. foreign equities decreased by 50%.
- Optimal management of securities lending operations undertaken by these institutions resulted in a 40% increase in revenue, or \$1.8 million on an annual basis.

Projects involving a redesign of the investment accounting information structure and replacement of the institution's computerized investment management systems and general ledger, which together form the core of the *Grande Migration* conversion plan accounted for almost 15% of total time worked by the administration team, or five person-years. The scope of this effort attests to the significance of the reform, which targets systems but focuses more specifically on the structure and flow of information throughout the Caisse. The aim is to ensure close tracking of investment programme management, calculation of return and assessment of the various risks associated with investment management, and to ensure optimal control of cash and foreign currency hedging operations.

## **Investment management and administrative expenses**

Determined to keep expenses at optimal levels, the Caisse constantly re-evaluates its choice of internal vs external management for investments and administrative activities. The Caisse compares its expenses with those of institutional investors of equivalent size operating in similar fields. The goal of the Caisse is to hold its management expenses below the average for financial institutions of equivalent size.

Expenses incurred by subsidiaries also compare favourably to those of other companies operating in the same field. The goal is that such expenses be equal or below the market average for an appropriate period.

## **Information systems**

The year was marked by the implementation of major projects, both in applications and technology. The investment management project to replace the general ledger and the stock, bond and money market management systems was largely completed in 1997 and should be fully activated in 1998. Systems conversion to 2000 millenium compliance is also under way. Finally, a general information system for the sharing of strategic information was created and implemented for a high percentage of the Caisse personnel. Several technological projects designed to ensure the effectiveness of these new services are also being implemented.

### **INTERNSHIP PROGRAMME**

#### ***The Caisse hires 35 young graduates in 1997***

Training the next generation is part of a long-term vision for our economy, and therefore it should not be conditioned solely by an institution's or a company's profit objectives. While training takes into account the interests of the individuals involved, it also contributes to those of society as a whole. The Internship Programme, which allows young university graduates to work in the investment field and acquire the work experience required by Montréal financial employers, also provides the Caisse with an opportunity to train professionals with a view to mid- and long-term needs, and to reinforce its own expertise in activities where the interns' theoretical knowledge can prove useful.

## **Human resources**

Despite the growth in its portfolio, the Caisse, which has continued to work on its productivity, was able to maintain its staffing level at 218 employees, on a par with the previous year. Of these, 132 employees, or 61% of the total, have a university degree, giving the Caisse 5 Ph.D.s, 56 Masters and 71 Bachelors. In addition, 31 employees hold the prestigious designation of Certified Financial Analyst (CFA). With their knowledge base and professional approach, these 112 women and 106 men contribute to the high quality of the Caisse financial operations.

In the last year, a second internship programme was implemented, providing jobs varying from six months to a year to more than 35 recent university graduates. These interns were recruited in the areas of finance, economics and mathematics. In association with Montréal-based brokerage firms, the Caisse also contributed to the hiring of 35 young analysts.

## **THE EMBAUCHE PROGRAMME**

### ***The Caisse encourages the hiring of young analysts***

The Caisse Embauché programme has been in operation for 10 years as an incentive for brokerage firms to hire university graduates with less than one year of experience. To this end, the Caisse policy on brokerage fees supports the efforts of brokers who give young people an opportunity to get started in financial analysis and, in doing so, contributes to the expansion of a pool of expertise in the Montréal area. Since its inception, 163 young analysts have benefited from the programme.

### **The use of brokerage fees for securities under management**

Brokerage fees for securities under management, or directed commissions, are used to pay for research in the same way as regular commissions, except that this research is conducted by third parties rather than by brokerage firms staffers.

## **INSTITUTIONAL AFFAIRS**

In 1997, the Caisse's priority was the implementation of the *Code of Ethics and Professional Conduct*, including through training sessions with all the employees, in addition to the initial training provided to new employees. The Code's regulations and any provisions which might be included were reviewed closely to ensure that they are updated on a regular basis, at the Caisse as well as at each of its subsidiaries.

The Caisse follows its policy concerning contracts, which outlines the principles and rules that apply to the purchase or rental of goods and services requiring a contract. No contract is awarded without prior call for tenders, unless its estimated value is lower than the limit established or the exception parameters are in accordance with the policy.

The Caisse maintains its policy on air quality and the use of tobacco in the workplace.

On September 3 and 4, 1997, the Caisse accepted an invitation by the Québec National Assembly to report on its operations and orientations. At the request of parliamentarians, the Caisse took part in two additional meetings last fall to answer their questions in the most detailed and documented manner possible. As it does every year in April, the Caisse met with Members of the National Assembly in April as part of the Commission des finances, Étude des crédits.

## **Documentation management and complaints examination policy**

Following exchanges that took place at a Parliamentary Commission in September 1997, on October 16, 1997, the Chairman of the Board and Chief Executive Officer appointed the Vice-President and Corporate Secretary of the Caisse as the person in charge of receiving and examining complaints from client companies and citizens with all due care.

For this purpose, the Vice-President and Corporate Secretary reports to the Ethics and Corporate Governance Committee of the Board of Directors. This committee is currently examining a documentation management policy that outlines principles governing relations with clients and examination of complaints. This policy will be made public.

## **Act Respecting the Caisse de dépôt et placement du Québec**

At the fall 1997 session of the Québec National Assembly, the Minister of Finance tabled Bill 168, «Act Modifying the Act Respecting the Caisse de dépôt et placement du Québec». Following the Parliamentary Commission on Thursday, December 11, 1997, this bill was approved and enacted as of December 19.

The main changes are designed to give the Caisse more leeway in its investments in major public and private markets. The Act provides that equities may account for up to 70% of total assets. The Caisse is now in a better position to adapt its strategies to developments in financial markets and in the Québec economy. The Act was also amended to reflect market trends in real estate investments in order to cover all aspects of this industry. Regarding private investments, the most significant change is that a subsidiary may hold more than 30% of a company's common shares, subject to the circumstances and conditions provided in the Act. This flexibility affords the Caisse an opportunity to better fulfill the needs of companies and to adjust its investments to risk.

Finally, the bill includes amendments made following discussions with the Auditor General of Québec. Such amendments clarify the conformity of certain investments, or specify the terms and conditions related to other investments such as hydrocarbon reserves or the calculation of limits on real estate investments.

## **Communications and public affairs**

The Caisse has made its investment activities known by issuing a number of press releases. Clearly, the impact of Caisse investments is of interest to all Québécois and the institution must ensure that information is properly circulated.

With this objective in mind, the Caisse has maintained its efforts to broaden the dissemination of the information, especially through various publications specializing in economics, real estate and corporate financing, such as the twice-yearly *Cycles et Tendances* and the *ImmoCaisse* and *Accès Capital* newsletters, available on the institution's Internet site. In addition to press releases, speeches and business statistics, a number of reports on the economies of Québec, Canada, the United States, Europe and Asia can also be browsed on-site.

During the past year, the Caisse took part in several promotional activities, not only in Montréal and Québec City but also in the Abitibi, Saguenay–Lac-Saint-Jean, Estrie, Gaspésie and Bas Saint-Laurent areas. In addition, investment specialists and senior managers shared their vision of the economy and the financial and economic issues by taking part in over 70 public conferences. Representatives of the Caisse and subsidiaries also participated in various forums and events such as the *Congrès des jeunes entrepreneurs du centre du Québec*, *Opto-Contact Québec* and *BioContact Québec 97*, and the *Congrès Réseau Capital*.

The Caisse works with various agencies and associations, including the Fondation de l'Entrepreneurship, Cercle des chefs maillieurs du Québec, Relève financière des universités québécoises, Club financier de l'UQAM, the Commerce Games, the ACFAS Finance Award and the Association des économistes québécois.

Internal communications also underwent renewed activity in 1997 with the launching of information and promotional campaigns for new technologies developed for the Caisse staff. Events, newsletters, meetings and awareness days were organized to support *Sherpa*, the global information management programme, and to assist the *Grande Migration* operation, a major overhaul plan to make all computer-based daily tools millenium 2000 compliant.

## CAISSE RETURNS 1966-1997

	Global return	Consumer price index	Real return
<b>1997</b>	<b>13.0</b>	<b>0.7</b>	<b>12.3</b>
1996	15.6	2.0	13.6
1995	18.2	1.7	16.5
1994	(2.1)	0.2	(2.3)
1993	19.7	1.7	18.0
1992	4.5	2.1	2.4
1991	17.2	3.8	13.4
1990	0.5	5.0	(4.5)
1989	16.9	5.2	11.7
1988	10.5	4.0	6.5
1987	4.7	4.1	0.6
1986	13.5	4.2	9.3
1985	24.0	4.4	19.6
1984	10.1	3.8	6.3
1983	17.0	4.5	12.5
1982	32.8	9.2	23.6
1981	(1.9)	12.2	(14.1)
1980	9.9	11.2	(1.3)
1979	7.2	9.7	(2.5)
1978	9.9	8.4	1.5
1977	10.9	9.4	1.5
1976	18.3	5.9	12.4
1975	12.5	9.5	3.0
1974	(5.6)	12.3	(17.9)
1973	3.4	9.4	(6.0)
1972	10.8	4.9	5.9
1971	14.1	5.2	8.9
1970	12.8	1.3	11.5
1969	(4.4)	4.8	(9.2)
1968	4.4	3.9	0.5
1967	(1.2)	4.1	(5.3)
1966	6.4	3.5	2.9

*Fair value - in percentage.*

*Return is calculated using the time-weighted method.*

# **CONTRIBUTING TO QUÉBEC'S ECONOMIC VITALITY AND SUPPORTING MONTRÉAL AS A FINANCIAL CENTRE**

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Contributing to the economic well-being of Québécois remains a major priority for all Caisse managers. This commitment is conditioned, however, to its objectives in terms of returns and the safeguarding of capital, and takes place in three ways:

- through targeted investment activities to meet the needs of Québec companies;
- through operating approaches which favour the development of Québec companies, expertise or markets;
- through specific actions supporting the interests of Québec in economic and financial matters.

Over the last years, the Caisse has contributed to Québec's economic expansion through actions focusing on six institutional principles which reflect the economic needs and priorities of Québec society. Through such actions, the Caisse acts as a catalyst, stimulating activity in specific niches of our economy. The following is a partial list of elements involved in this action.

## **Montréal as a financial centre**

In 1997, the Caisse carried out 67% of its stock market transactions through the Montréal Exchange, or a total volume of \$7.7 billion. The volume of shares traded accounted for 8.15% of total 1997 transactions on the Montréal Exchange. In addition, the Caisse carried out 71% of its bond trading in the Montréal market, for a total of \$122.7 billion.

Contribution to investment management companies establishing activities in Montréal after receiving mandates from the Caisse.

Creation of Services financiers CDPQ, a subsidiary specializing in the promotion of financial services management in Québec, which authorized investments of \$24.3 million in 1997.

Market maker for Québec bonds. In 1997, the private Québec bonds purchase programme reached \$1 billion, or 21% of total bonds issued in the Canadian market.

Contribution to the development of Montréal's derivatives market by focusing operations on these products.

Expansion of the team of experts at the Caisse Private Investments Group from 56 to 72 professionals.

## **Active involvement in financing Québec companies**

The Caisse Private Investments Group takes an active part in financing Québec companies. In 1997, investments authorized totalled \$1.3 billion, as follows: Accès Capital authorized investments of \$6.9 million, Capital CDPQ \$12.0 million, Capital d'Amérique CDPQ \$999.4 million, Capital Communications CDPQ \$66.2 million, Sofinov \$168.0 million, and Services financiers CDPQ \$24.3 million.

## **Strong regional presence**

The Accès Capital network continued its expansion during the year, and its investment budget was increased to \$90 million.



### **Developing the new economy**

Creation of T<sup>2</sup>C<sup>2</sup>/Bio and T<sup>2</sup>C<sup>2</sup>/Info, two Sofinov satellite technological development companies, which fund the marketing of discoveries made by research centres.

Funding through Sofinov of Québec companies in the fields of information technology, biotechnology and cutting-edge industrial technologies.

### **Promoting employment and opening doors for the new generation**

Contribution to professional training through an internship programme and support for a hiring programme implemented by brokerage houses. The year 1997 was a banner year: 70 young graduates were hired through these two programmes.

### **Globalizing Québec companies' activities and promoting exports**

Creation by Capital International CDPQ of business structures providing links between certain target countries and Québec's business community;

Business offices in Mexico, Italy, Vietnam, the Philippines and Poland.

## **GOALS AND ACHIEVEMENTS FOR 1997**

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Since 1995, the Caisse has worked toward the objective of becoming the best fund manager in North America at the start of the new millenium. To attain this ambitious goal, it established the following priorities for 1997:

- the optimization of returns through active management of assets, portfolios and investment styles;
- the improved targeting of information required for effective investment management and development.

Significant progress was made in both these areas, as evidenced by the results of the major restructuring of human and material resources within the Caisse and the outstanding returns achieved in the last three fiscal years.

### **Major achievements**

#### **Core portfolios**

Implementation of sectorial management.

Increase in in-house management of foreign equities.

#### **Caisse Private Investments Group**

New investments total \$1.9 billion and portfolio increases by \$1.1 billion.

Increase in corporate debt operations, with disbursements in excess of \$1.1 billion.

Creation of specialized investments companies: Services financiers CDPQ in the financial sector and SODÉMEX II in mining; implementation of T<sup>2</sup>C<sup>2</sup>, specializing in biotechnology and industrial and information technologies.

Expansion of the Accès Capital network, with eleven regional companies throughout Québec.

#### **Caisse Real Estate Group**

Mark up in acquisitions of assets with high potential for returns.

Increased portfolio liquidity through a public stock offering;

#### **Administration and Finance**

Implementation of an expanded internship programme for university graduates, with an influx of 35 interns into a total staff of 218 employees.

#### **Development and Planning**

Third-party certification of AIMR conformity received from the Aon Consulting Group.

## **Future challenges**

In the coming year, the Caisse plans to move from a stage of adjusting its goals to a stage of consolidation. Our intention is not only to complete and strengthen the implementation of new investment and information management procedures, but also to improve our methodology. In addition to our two 1997 priorities, we will make a systematic effort to further improve the quality of operations and maintain consistent management of quality:

- further improvement of client relations;
- implementation of new investment management systems and of the new General Ledger;
- implementation of portfolios for new equity swaps and management of underlying assets;
- gradual and prudent increase in the weighting of equities following amendments to the Act Respecting the Caisse.

In addition, Caisse activities will continue to reflect three major institutional concerns, which are:

- the growth of Québec companies, and of Montréal as a financial centre;
- a presence in the regions and openness to cultural communities;
- the quality of its human resources and the need to provide opportunities for the next generation.

## Board of Directors

**Jean-Claude Scraire**  
Chairman of the Board and  
Chief Executive Officer



**Claude Legault**  
Deputy Chairman of the Board  
President and General Manager  
Régie des rentes du Québec



**Jean-Claude Bachand**  
Counsel  
Byers Casgrain



**Claude Béland**  
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La Confédération des caisses populaires  
et d'économie Desjardins du Québec



**Luc Bessette**  
President  
Commission administrative des régimes  
de retraite et d'assurances



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Corporate director  
Rodrigue Biron et Associés



**Yves Filion**  
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Chief Financial Officer  
Hydro-Québec



**Jean-Yves Gagnon**  
Chairman and  
Chief Executive Officer  
Société de l'assurance automobile  
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Fédération des travailleurs  
et travailleuses du Québec



**Gilles Godbout**  
Deputy Minister  
Ministère des Finances du Québec



**Thomas O. Hecht**  
Chairman Emeritus  
IBEX Technologies



**Gérald Larose**  
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Confédération des syndicats nationaux



**Jacques O'Bready**  
President  
Commission municipale du Québec



## Senior Management

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Chief Executive Officer

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Senior Vice-President,  
Core Portfolios, and  
Assistant General Manager

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Senior Vice-President  
Caisse Real Estate Group

**Serge Rémillard**  
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Administration and Finance

**Carmen Crépin**  
Vice-President and  
Corporate Secretary

## Management

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Legal Affairs

**Pierre Bouvier**  
Research and Return

**Jean-Claude Cyr**  
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Québec Economic Affairs

**André Duchesne**  
Fixed Income and Currencies

**Philippe Gabelier**  
Public Affairs and Corporate  
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Institutional Affairs

**François Grenier**  
Sectorial Management, Stock Markets

**Jacques Jobin**  
Economics

**Hubert Lapierre**  
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**Mario Lavallée**  
Depositors' Accounts Management

**Réjeanne Lizotte**  
Auditing

**Pierre Lussier**  
Strategic Management of  
Asset Mix

**Yves Moquin**  
Tactical Investments

**Adel Sarwat**  
International Stock Markets

**Alain Tessier**  
Finance and Control

■ Member of the Audit Committee

▲ Member of the Caisse Real Estate Group Board of Directors

● Member of the Resources Committee

▼ Member of the Ethics and Corporate Governance Committee

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Senior Vice-President and  
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Administration and Finance

**Pierre Duhaime**  
Vice-President, Investments  
Management

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Corporate Secretary of the  
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Director,  
Administration and Finance

**Louise Poirier-Landry**  
Director,  
Real Estate Portfolio  
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Real estate portfolio company -  
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Director, Stock Markets

**Jean Laramée**  
Director, Acquisitions  
Foreign Markets

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Corporate Secretary

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**Cadev**

Management of a portfolio of  
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President and Chief Operating  
Officer Cadim

**Richard Lasalle**  
President  
Richard Lasalle Construction

**René Tremblay**  
President and Chief Operating  
Officer Ivanhoe

**Ivanhoe**

Owner and manager of  
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**Gervais Levasseur**  
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**E. Claude Molleur**  
Vice-President,  
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**Gilbert Vocelle**  
Vice-President, Operations

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Corporate Secretary

**Suzanne Vézina**  
Assistant Corporate Secretary

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Vice-President,  
Administration  
Régime de rentes du Mouvement  
des caisses Desjardins

**Jacques Marleau**  
Assistant Manager  
Pension fund financial  
management  
City of Montréal

**Jacques Perron**  
President and General Manager  
and Chairman of the Board  
Association de bienfaisance et  
de retraite des policiers de la  
Communauté urbaine  
de Montréal

**Serge Rémillard**  
Senior Vice-President,  
Administration and Finance  
Caisse de dépôt et placement  
du Québec

**Michel Sanschagrin**  
Vice-President and  
General Manager Actuarial  
and Control Services  
Industrial Alliance

**René Tremblay**  
President and Chief Operating  
Officer Ivanhoe

**SITQ Immobilier  
and Pen York Properties**

Management of industrial and  
office buildings, and shopping  
centres

SITQ Immobilier  
380, rue Saint-Antoine Ouest,  
bureau 6000  
Montréal (Québec) H2Y 3X7  
Tel.: (514) 287-1852  
Fax: (514) 287-0871  
Internet:  
<http://sitqimm.lacaisse.com>

**Management**

**Yvon Tessier**  
Senior Vice-President,  
Investments and  
Asset Management

**Jean-Louis Dubé**  
Senior Vice-President, Operations

**Sylvain Boily**  
Vice-President, Shopping Centres

**Jean-François Fournier**  
Vice-President, Portfolio  
Management and Planning

**André Girard**  
Vice-President, Industrial  
Division

**Pierre Lefebvre**  
Vice-President, Human  
Resources, Public Affairs  
and Quality

**Louiselle Paquin**  
Vice-President, Finance and  
Information Systems

**Michel Paquin**  
Vice-President, Offices, Montréal

**Jacques Plante**  
Vice-President, Offices, Québec

**Daniel Brisson**  
General Manager, Development  
and construction

**Geneviève B. Beaulieu**  
Corporate Secretary

**Lisette Roy**  
Assistant Corporate Secretary

**Board of Directors**

**Fernand Perreault**  
Chairman of the Board  
Senior Vice-President,  
Caisse Real Estate Group

**Jean Cartier**  
Assistant Vice-Rector Executive  
Fonds commun de placement  
des régimes de retraite de  
l'Université Laval

**André Charest**  
Vice-President, Administration  
and Finance  
Caisse Real Estate Group

**Claude Dalphond**  
Director  
Fiducie globale des régimes  
complémentaires de retraite  
de la Société de transport  
de la Communauté urbaine  
de Montréal

**Pierre Duhaime**  
Vice-President, Investments  
Management, Caisse Real  
Estate Group

**Francine Harel-Giasson**  
Professor, École des  
Hautes Études Commerciales  
de Montréal

**Raymond Laurin**  
Vice-President,  
Administration  
Régime de rentes du Mouvement  
des caisses Desjardins

**Claude Legault**  
President and General Manager  
Régie des rentes du Québec

**Jacques Marleau**  
Assistant Manager  
Pension fund financial  
management  
City of Montréal

**Gaston Pelletier**  
Vice-President  
Les conseillers financiers  
du St-Laurent

**Jacques Perron**  
President and General Manager  
and Chairman of the Board  
Association de bienfaisance et  
de retraite des policiers de la  
Communauté urbaine  
de Montréal

**Serge Rémillard**  
Senior Vice-President  
Administration and  
Finance, Caisse de dépôt  
et placement du Québec

**Pen York Properties**

4 Eva Road, Suite 427  
Etobicoke, Ontario M9C 2A8  
Tel.: (416) 695-0600  
Fax: (416) 695-0608  
E-mail:  
CorporateServices@penyork.com  
Internet:  
http://penyork.lacaisse.com

**Management**

**David Hicks**  
Vice-President, Operations

**Lisette Roy**  
Assistant Corporate Secretary

**Board of Directors**

**Jean-Louis Dubé**  
Senior Vice-President,  
Operations  
SITQ Immobilier

**Louiselle Paquin**  
Vice-President, Finance  
and Information Systems  
SITQ Immobilier

**Jacques Perron**  
President and General Manager  
and Chairman of the Board  
Association de bienfaisance et  
de retraite des policiers de la  
Communauté urbaine  
de Montréal

**Hypothèques CDPQ**

Mortgage loans and securities

1981, avenue McGill College  
Montréal (Québec) H3A 3C7  
Tel.: (514) 842-3261  
Fax: (514) 847-2397  
E-mail: hyp\_cdpq@lacaisse.com  
Internet:  
http://hypcdpq.lacaisse.com

**Management**

**Jean C. Pinard**  
President and Chief  
Operating Officer

**Geneviève B. Beaulieu**  
Corporate Secretary

**Madeleine Amyot**  
Assistant Corporate Secretary

**Rock Daneau**  
Director, Western Québec Region

**Réjean Falardeau**  
Director

**Lucien Goulet**  
Director, Eastern Québec Region

**Board of Directors**

**Fernand Perreault**  
Chairman of the Board  
Senior Vice-President  
Caisse Real Estate Group

**André Charest**  
Vice-President,  
Administration and Finance,  
Caisse Real Estate Group

**Jean-Claude Cyr**  
Vice-President, Development  
and Planning, Caisse de dépôt  
et placement du Québec

**Pierre Duhaime**  
Vice-President,  
Investments Management,  
Caisse Real Estate Group

**Jean-Yves Gagnon**  
Chairman of the Board and  
General Manager  
Société de l'assurance  
automobile du Québec

**Ghislaine Laberge**  
Consultant in real  
estate financing

**Gérald Larose**  
President  
Confédération des syndicats  
nationaux

**Peter Martin**  
President  
Place Bonaventure

**Jean C. Pinard**  
President and Chief Operating  
Officer, Hypothèques CDPQ

**Serge Rémillard**  
Senior Vice-President,  
Administration and Finance  
Caisse de dépôt et placement  
du Québec

**Management**

**Normand Provost**  
Coordinating  
Vice-President

**Carmen Crépin**  
Corporate Secretary of  
Group companies

**Ginette Depelteau**  
Assistant Corporate Secretary  
of Group companies

**Nathalie Cyrenne**  
Director, Administration and  
Finance

**Anatole Pouliot**  
Director, Business  
Development

**Accès Capital**

Regional network of  
investment companies

1-888-PME-3456

1981, avenue McGill College, 9<sup>e</sup> étage  
Montréal (Québec) H3A 3C7  
Tel.: (514) 847-5454  
Fax: (514) 847-5978  
E-mail: accescapital@lacaisse.com  
Internet:  
http://accescapital.lacaisse.com

**Management**

**Paul Juneau**  
President

**Pierre-André Pomerleau**  
Director

**Offices in Québec**

Accès Capital Abitibi -  
Témiscamingue

640, 3<sup>e</sup> Avenue  
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Fax: (819) 825-6224  
E-mail: accescap@lino.com

**Pierre Ouellet**  
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**Accès Capital Bas-St-Laurent**

431, rue des Artisans  
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Rimouski (Québec) G5L 7C9  
Tel.: (418) 725-2717  
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**Pierre Lemieux**  
Director

**Accès Capital  
Centre du Québec**

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E-mail: acceslh@bois-francs.qc.ca

**Laury Harvey**  
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**Accès Capital Estrie**

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E-mail: accescape@sympatico.ca

**André Bonneau**  
Director

**Accès Capital Gaspésie-les-Îles**

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C.P. 66  
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Fax: (418) 368-5321  
E-mail: accesgas@globetrotter.qc.ca

**Janick Boulay**  
Director

**Accès Capital Montérégie**

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101, boulevard Roland-Therrien  
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Fax: (514) 670-3553

**Paul-André Locas**  
Director

**Accès Capital Québec**

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Fax: (418) 652-7916  
E-mail: accescapqc@avantage.com

**Gilles Desharnais**  
Associate Director

**Serge Olivier**  
Associate Director

**Accès Capital Saguenay -  
Lac-Saint-Jean**

3780, rue Panet  
Jonquièrre (Québec) G7X 0E5  
Tel.: (418) 547-2274  
Fax: (418) 695-3340  
E-mail: accescapslj@videotron.ca

**Luc Imbeault**  
Director

**Capimont inc.**

393, rue saint-Jacques Ouest  
Bureau 258  
Montréal (Québec) H2Y 1N9  
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Fax: (514) 281-0906

**Hubert d'Amours**  
President

**Capital CGD**

975, boulevard Saint-Joseph  
Bureau 206  
Hull (Québec) J8Z 1W8  
Tel.: (819) 771-2707  
Fax: (819) 771-3624  
E-mail: capital-cgd@cactuscom.com

**Pierre L. Raymond**  
President

**Investissements 3L**

3100, boulevard Le Carrefour  
Bureau 553  
Laval (Québec) H7T 2K7  
Tel.: (514) 688-4545  
Fax: (514) 688-8587  
E-mail: inv.3l@sympatico.ca

**Normand Chartrand**  
General Manager

**Capital CDPQ**

Investments up to  
one million dollars

1981, avenue McGill College, 9<sup>e</sup> étage  
Montréal (Québec) H3A 3C7  
Tel.: (514) 847-2611  
Fax: (514) 847-2493  
Internet:  
<http://capcdpq.lacaisse.com>

**Management**

**Paul Juneau**  
President

**Carmen Crépin**  
Corporate Secretary

**Ginette Depelteau**  
Assistant Corporate Secretary

**Charles Cazabon**  
Director

**Nathalie Cyrenne**  
Director, Administration  
and Finance

**Anatole Pouliot**  
Director, Business Development

**Board of Directors of Capital  
CDPQ and Accès Capital**

**Jean-Claude Scraire**  
Chairman of the Board

**Reynald Brisson**  
Chartered Accountant  
R. Brisson & Associés

**Paul Juneau**  
President  
Capital CDPQ

**Germain Jutras**  
Attorney  
Jutras & Associés

**Emmanuel Marcotte**  
President  
Planification financière  
Marcotte & Marcotte

**Pierre Parent**  
President and General Manager  
Groupe Promexpo

**Normand Provost**  
Coordinating Vice-President,  
Caisse Private Investments Group

**Serge Rémillard**  
Senior Vice-President,  
Administration and Finance  
Caisse de dépôt et placement  
du Québec

**Lisette M. Therrien**  
President  
Gestion Devenir

**Capital d'Amérique CDPQ**

Medium-size and large  
companies with high return  
and growth potential

1981, avenue McGill College, 9<sup>e</sup> étage  
Montréal (Québec) H3A 3C7  
Tel.: (514) 847-2612  
Fax: (514) 847-2493  
Internet:  
<http://capdamer.lacaisse.com>

**Management**

**Normand Provost**  
President

**Carmen Crépin**  
Corporate Secretary

**Paul-Henri Couture**  
Vice-President

**Ghislain Gauthier**  
Vice-President

**Luc Houle**  
Vice-President

**Lucie Rousseau**  
Vice-President

**Ginette Depelteau**  
Assistant Corporate Secretary

**Nathalie Cyrenne**  
Director, Administration  
and Finance

**Anatole Pouliot**  
Director, Business Development

**Board of Directors**

**Jean-Claude Scraire**  
Chairman of the Board

**Sylvie Archambault**  
President and  
General Manager  
Procurement and Services  
Subsidiary,  
Hydro-Québec

**Rodrigue Biron**  
Corporate director  
Rodrigue Biron et Associés

**Roger Chiniara**  
Financial Advisor

**Carmen Crépin**  
Vice-President and  
Corporate Secretary,  
Caisse de dépôt et  
placement du Québec

**Thomas O. Hecht**  
Chairman Emeritus  
IBEX Technologies

**Pierre Michaud**  
Chairman of the Board  
Provigo, and Chairman  
of the Board Réno-Dépôt

**Michel Nadeau**  
Senior Vice-President,  
Core Portfolios, and Assistant  
General Manager  
Caisse de dépôt et placement  
du Québec

**Normand Provost**  
President  
Capital d'Amérique CDPQ

**Alain Rhéaume**  
Chief Financial Officer and  
Treasurer, Microcell  
Télécommunications

**John D. Thompson**  
Deputy Chairman of the Board  
Montréal Trustco

### Capital Communications CDPQ

Companies in the communications and telecommunications industries

1981, avenue McGill College, 6<sup>e</sup> étage  
Montréal (Québec) H3A 3C7  
Tel.: (514) 847-2614  
Fax: (514) 847-2493  
Internet:  
<http://capcomm.lacaisse.com>

#### Management

**Pierre Bélanger**  
President

**André De Montigny**  
Vice-President

**Pierre Fortier**  
Vice-President

**Carmen Crépin**  
Corporate Secretary

**Ginette Depelteau**  
Assistant Corporate Secretary

**Hélène Bélanger**  
Director

**Nathalie Cyrenne**  
Director, Administration  
and Finance

**Anatole Pouliot**  
Director, Business Development

#### Board of Directors

**Jean-Claude Scraire**  
Chairman of the Board

**Pierre Bélanger**  
President  
Capital Communications CDPQ

**Luc Bessette**  
President  
Commission administrative  
des régimes de retraite et  
d'assurances

**Jean-Claude Delorme**  
Corporate Director and  
Consultant

**Denis Dionne**  
President  
Sofinov

**Yves Filion**  
Deputy Chief Executive Officer  
and Chief Financial Officer  
Hydro-Québec

**Paul Major**  
Corporate Director

**Michel Nadeau**  
Senior Vice-President,  
Core Portfolios, and Assistant  
General Manager  
Caisse de dépôt et placement  
du Québec

**Gilbert Paquette**  
Manager, Technological Services  
Télé-Université

**Normand Provost**  
Coordinating Vice-President,  
Caisse Private Investments Group

#### Advisor

**Serge Godin**  
President and Chief Executive  
Officer, Groupe CGI

### Capital International CDPQ

Business networks, strategic  
alliances

1981, avenue McGill College, 5<sup>e</sup> étage  
Montréal (Québec) H3A 3C7  
Tel.: (514) 847-2615  
Fax: (514) 847-2383  
Internet:  
<http://capintern.lacaisse.com>

#### Management

**Jean Lamothe**  
President

**Carmen Crépin**  
Corporate Secretary

**Ginette Depelteau**  
Assistant Corporate Secretary

**Bruno Arsenault**  
Director

**Suzanne Brochu**  
Director, Business Networks

**Nathalie Cyrenne**  
Director, Administration  
and Finance

**Serge L. Desjardins**  
Director, Investments Funds  
and Companies

**Daniel Dupont**  
Director, Asia

**Anatole Pouliot**  
Director, Business Development

**Helen Steers**  
Director, Europe

#### Board of Directors

**Jean-Claude Scraire**  
Chairman of the Board

**Jean-Claude Bachand**  
Counsel  
Byers Casgrain

**Gretta Chambers**  
Chancellor  
McGill University

**Emmanuel G. Kampouris**  
President  
Bethune Import-Export  
Executive Vice-President  
Québec Association of Export  
Trading Houses

**Jean Lamothe**  
President  
Capital International CDPQ

**Gérald Larose**  
President  
Confédération des syndicats  
nationaux

**Fernand Perreault**  
Senior Vice-President  
Caisse Real Estate Group

**Normand Provost**  
Coordinating Vice-President,  
Caisse Private Investments Group

**Louis Roquet**  
President and General Manager  
Société de développement  
industriel du Québec (S.D.I.)

**Pierre-André Roy**  
President  
Bombardier Capital

#### Advisor

**Bernard Lamarre**  
Advisor  
SNC-Lavalin  
Chairman of the Board  
InfraDev International

### Sofinov

Companies in the  
high-tech industry

1981, avenue McGill College, 7<sup>e</sup> étage  
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Fax: (514) 847-2628  
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<http://sofinov.lacaisse.com>

#### Management

**Denis Dionne**  
President

**Claude Miron**  
Vice-President, Health  
and Biotechnology

**Marcel Paquette**  
Vice-President, Industrial  
Technologies

**Pierre Pharand**  
Vice-President, Information  
Technologies

**Carmen Crépin**  
Corporate Secretary

**Ginette Depelteau**  
Assistant Corporate Secretary

**Nathalie Cyrenne**  
Director, Administration  
and Finance

**Anatole Pouliot**  
Director, Business Development

#### Board of Directors

**Jean-Claude Scraire**  
Chairman of the Board

**Line Boisvert**  
Executive Portfolio  
Manager  
Caisse de dépôt et placement  
du Québec

**Jacques M. Brault**  
Senior Vice-President  
Lévesque Beaubien Geoffrion

**Carmen Crépin**  
Vice-President and  
Corporate Secretary  
Caisse de dépôt et placement  
du Québec

**Denis Dionne**  
President  
Sofinov

**Clément Godbout**  
President  
Fédération des travailleurs  
et travailleuses du Québec

**Claude Lajeunesse**  
President and Vice-Chancellor  
Ryerson Polytechnic University

**Serge Martin**  
President  
Martin International

**Normand Provost**  
Coordinating Vice-President,  
Caisse Private Investments Group

#### Advisors

**Marc J. Jetté**  
President  
MarkeTek

**Livia Masnagheti**  
Partner  
Raymond, Chabot, Martin, Paré

### Services financiers CDPQ

Financial services companies

1981, avenue McGill College  
Montréal (Québec) H3A 3C7  
Tel.: (514) 847-5999  
Fax: (514) 847-5950  
Internet:  
<http://serfin.lacaisse.com>

#### Management

**Serge Rémillard**  
President

**Carmen Crépin**  
Corporate Secretary

**Ginette Depelteau**  
Assistant Corporate Secretary

**Denis Auclair**  
Director



**Nathalie Cyrenne**  
Director, Administration  
and Finance

**Diane Elsliger**  
Director

#### **Board of Directors**

**Jean-Claude Scraire**  
Chairman of the Board

**Nathalie Bourque**  
Partner  
National Public Relations

**Claude Dalphond**  
Director  
Fiducie globale des régimes  
complémentaires de retraite de  
la Société de transport de la  
Communauté urbaine de  
Montréal

**Gilles Godbout**  
Deputy Minister  
Ministère des Finances  
du Québec

**Nicole Lacombe**  
Portfolio Manager  
Gestion de portefeuille Natcan

**Claude Legault**  
President and General Manager  
Régie des rentes du Québec

**Michel Nadeau**  
Senior Vice-President,  
Core Portfolios, and Assistant  
General Manager  
Caisse de dépôt et placement  
du Québec

**Nancy Orr-Gaucher**  
President  
Le Groupe Dynamis

**Élaine Phénix**  
Senior Vice-President,  
Capital Development  
Montréal Exchange

**Normand Provost**  
Coordinating Vice-President,  
Caisse Private Investments Group

**Serge Rémillard**  
President  
Services financiers CDPQ

#### **Other business investments**

##### **Infradev International**

Financing and financial  
package expertise for  
infrastructure projects

2190, rue Crescent, 1<sup>er</sup> étage  
Montréal (Québec) H3G 2B8  
Tel.: (514) 286-4477  
Fax: (514) 286-4083  
Internet:  
<http://infradev.lacaisse.com>

**Bernard Lamarre**  
Chairman of the Board

**Michel Branchaud**  
President and Chief Executive  
Officer

##### **Sodémex**

Private investments in junior  
exploration companies

2525, boulevard Laurier  
Sainte-Foy (Québec) G1V 2L2  
Tel.: (418) 656-4331  
Fax: (418) 656-6577

**Denis Landry**  
President

##### **T<sup>2</sup>C<sup>2</sup> Bio/Info**

Expertise to bring promising  
new technologies to the market

1550, rue Metcalfe, bureau 502  
Montréal (Québec) H3A 1X6  
Tel.: (514) 842-9849  
Fax: (514) 842-1505  
Internet:  
<http://t2c2.sofinov.lacaisse.com>

**Bernard Coupal**  
President

**Bertrand Cayrol**  
Vice-President  
T<sup>2</sup>C<sup>2</sup>/Bio

**André Duquenne**  
Vice-President  
T<sup>2</sup>C<sup>2</sup>/Info

#### **Caisse offices abroad**

##### **Vietnam**

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##### **Mexico**

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##### **Italy**

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**Sandra Bonanni**  
Commercial Representative

##### **Philippines**

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**Serge Lépine**  
Director

##### **Poland**

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E-mail: [renatam@ikp.atm.com.pl](mailto:renatam@ikp.atm.com.pl)  
Internet:  
<http://capintern.lacaisse.com>

**Renata Eva Milczarek**  
Managing Director

#### **Sponsored companies**

Capital CDPQ supports  
small companies with a  
high potential for return:

Centre de haute technologie  
Jonquière inc. (CHTJ)

Centre d'entrepreneurship  
technologique de l'École de  
technologie supérieure  
(CENTECH)

Centre d'entreprises et  
d'innovation de Montréal (CEIM)

Centre d'entreprises  
technologiques Montérégien  
(CETM)

Centre d'incubation  
technologique d'entreprises 2001

Centre régional de  
développement d'entreprises  
de Québec (CREDEQ)

Centre régional d'entrepreneurship  
(CRE)

Enviro-Accès

Fondation de l'Entrepreneurship  
(Base)

Inno-Centre Québec inc.

Société de développement  
économique de Drummondville

## REPORT OF MANAGEMENT

The financial statements of the Caisse de dépôt et placement du Québec were prepared by management, which is responsible for their preparation and presentation, including estimates and material judgements. This responsibility includes selecting the appropriate accounting policies in accordance with generally accepted accounting principles in Canada. Management is also responsible for the information and declarations disclosed in other sections of the Operations report, and ensures that the financial information presented elsewhere in this annual report is consistent with that shown in the financial statements.

Management maintains systems of internal accounting controls which are designed to provide reasonable assurance that assets are safeguarded and that transactions are recorded in an appropriate and timely manner, that they are duly authorized and allow for the preparation of reliable financial statements. The internal audit team reviews the internal controls on a regular basis to ensure they are adequate and applied consistently by the Caisse.

The Caisse is aware of its responsibility to manage its operations in accordance with the rules and regulations that govern the institution.

The Board of Directors supervises the manner in which management assumes its responsibility regarding financial information, and it has approved the financial statements. The Board of Directors is assisted by the Audit Committee, of which only one member is also an officer of the Caisse. The Audit Committee meets with management and the auditor, examines the financial statements and recommends their approval by the Board of Directors.

The financial statements of the Caisse are audited by the Auditor General of Québec, who conducted his audit in accordance with generally accepted auditing standards. The auditor's report covers the nature and scope of the audit and expresses the auditor's opinion on the financial statements. The Auditor General has unrestricted access to the Audit Committee to discuss any matter relating to his audit.

Jean-Claude Scraire  
Chairman of the Board and Chief Executive Officer

Serge Rémillard  
Senior Vice-President, Administration and Finance

Montréal, March 13, 1998

## AUDITOR'S REPORT

To the National Assembly

I have audited the combined statement of net assets of the Funds of the Caisse de dépôt et placement du Québec as at December 31, 1997, the combined statement of income, and the combined statement of changes in net assets for the year then ended. These financial statements are the responsibility of the Caisse's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these combined financial statements present fairly, in all material respects, the financial position of these Funds as at December 31, 1997 and the results of their operations and the changes in their net assets for the year then ended in accordance with generally accepted accounting principles. As required by the *Auditor General Act* (R.S.Q., chapter V-5.01), I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Guy Breton, FCA  
Auditor General of Québec  
Québec City, March 13, 1998

## FINANCIAL STATEMENTS

### COMBINED STATEMENT OF NET ASSETS AS AT DECEMBER 31, 1997

	1997	1996
	(in millions of dollars)	
<b>ASSETS</b>		
Investments at fair value <i>(Note 3)</i>		
Bonds	31,001	25,836
Shares and convertible securities	29,520	26,073
Mortgages	1,497	1,567
Real estate holdings	4,281	3,610
Short-term investments	1,618	2,094
Securities acquired under reverse repurchase agreements	1,669	1,252
	<b>69,586</b>	60,432
Investment income, accrued and receivable	671	602
Transactions being settled	43	62
Other assets	224	237
	<b>70,524</b>	61,333
<b>LIABILITIES</b>		
Deposits on loans of securities <i>(Note 3)</i>	2,992	645
Bank loans and notes payable <i>(Note 3)</i>	137	153
Transactions being settled	105	154
Commitments related to short selling of securities <i>(Note 3)</i>	1,340	1,606
Mortgage loans payable <i>(Note 3)</i>	1,520	930
Derivative financial instruments <i>(Note 3)</i>	500	304
Other liabilities	175	155
Non-controlling interests <i>(Note 3)</i>	144	172
	<b>6,913</b>	4,119
<b>DEPOSITORS' HOLDINGS</b> <i>(Note 4)</i>	<b>63,611</b>	57,214
<b>DERIVATIVE FINANCIAL INSTRUMENTS</b> <i>(Note 6)</i>		
<b>BREAKDOWN OF COMBINED NET ASSETS</b> <i>(complementary statistics)</i>		

On behalf of the Board of Directors,  
Jean-Claude Scraire  
Jean-Claude Bachand

**COMBINED STATEMENT OF INCOME FOR  
THE YEAR ENDED DECEMBER 31, 1997**

	1997	1996
	(in millions of dollars)	
<b>INCOME</b>		
Investment income		
Interest on bonds	2,021	2,027
Dividends and interest on convertible securities	435	472
Interest on mortgages	126	118
Net income from real estate holdings	148	197
Interest on short-term investments	97	76
	<b>2,827</b>	2,890
Other income	25	16
	<b>2,852</b>	2,906
Less:		
Investment management expenses ( <i>Note 5</i> )	61	54
	<b>2,791</b>	2,852
<b>EXPENDITURES</b>		
Administrative expenses ( <i>Note 5</i> )	20	22
<b>INCOME BEFORE THE FOLLOWING ITEM</b>	<b>2,771</b>	2,830
Less:		
Non-controlling interests	14	11
<b>NET INVESTMENT INCOME</b>	<b>2,757</b>	2,819

**COMBINED STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 1997**

	1997	1996
	(in millions of dollars)	
<b>INVESTMENT OPERATIONS</b>		
Net investment income	2,757	2,819
Gains (losses) on sale of investments		
Bonds	787	498
Shares and convertible securities	3,012	1,761
Mortgages	6	7
Real estate holdings	(59)	(1)
Short-term investments	(22)	(51)
	3,724	2,214
Less:		
Non-controlling interests	(2)	1
	3,726	2,213
Unrealized increase (decrease) in value		
Investments		
Bonds	166	550
Shares and convertible securities	536	2,242
Mortgages	(27)	34
Real estate holdings	169	90
Short-term investments	21	16
Securities acquired under reverse repurchase agreements	68	(72)
	933	2,860
Less:		
Bank loans and notes payable	1	-
Commitments related to short selling of securities	27	59
Mortgage loans payable	10	-
Derivative financial instruments	142	157
Non-controlling interests	(25)	40
	155	256
	778	2,604
Total investment operations	7,261	7,636
Excess depositors' withdrawals over deposits	864	1,607
<b>INCREASE IN COMBINED NET ASSETS</b>	<b>6,397</b>	<b>6,029</b>
<b>COMBINED NET ASSETS, BEGINNING OF YEAR</b>	<b>57,214</b>	<b>51,185</b>
<b>COMBINED NET ASSETS, END OF YEAR</b>	<b>63,611</b>	<b>57,214</b>

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1997**

**1 CONSTITUTION AND OPERATIONS**

The Caisse de dépôt et placement du Québec is a legal person within the meaning of the Civil Code, created by a special act (R.S.Q., chapter C-2). It receives funds, the deposit of which is provided for under a particular act.

**GENERAL FUND**

The General Fund is comprised of diversified investments and is a pooled fund for demand, term and participation deposits. The General Fund's net equity and net income as at December 31 were shared among participation deposit holders as follows:

	1997		1996	
	Number of units	%	Number of units	%
Régie des rentes du Québec				
Fonds du Régime de rentes du Québec	<b>16,923,363</b>	98.0	17,585,369	74.1
Société de l'assurance automobile du Québec	-	-	6,120,094	25.8
Régime de rentes de survivants*	<b>309,976</b>	1.8	-	-
Régie des assurances agricoles du Québec	<b>10,578</b>	0.1	-	-
Fonds d'assurance-prêts agricoles et forestiers	<b>12,871</b>	0.1	12,871	0.1
Office de la protection du consommateur				
Fonds des cautionnements collectifs				
des agents de voyages				
Détaillants	<b>4,235</b>	-	3,997	-
Grossistes	<b>1,450</b>	-	2,287	-
Magazine Protégez-Vous	<b>2,100</b>	-	2,100	-
Régie des marchés agricoles et alimentaires du Québec				
Fonds d'assurance-garantie	<b>3,496</b>	-	3,006	-
Fédération des producteurs de bovins du Québec	<b>2,007</b>	-	1,448	-
	<b>17,270,076</b>	<b>100.0</b>	23,731,172	100.0

\* For the administration of survivor benefits for the management personnel of the government and public sector, under the responsibility of the secrétariat du Conseil du Trésor.

On January 1, 1997, the Société de l'assurance automobile du Québec's share of the General Fund's net assets, or 25.8% of the net holdings of the Fund's participation deposit holders, was transferred to the Fund 307 created at that date for this depositor. The fair value of the net assets transferred, established as at December 31, 1996, was \$5,481 million.

**INDIVIDUAL FUNDS**

The Individual Funds are comprised of diversified investments and each have only one depositor who exclusively makes participation deposits therein. The various Individual Funds are:

**Fund 301**

For the Government and Public Employees Retirement Plan - contributions from unionized level employees and transfer from supplemental pension plans - administered by the Commission administrative des régimes de retraite et d'assurances.

**Fund 302**

For the Government and Public Employees Retirement Plan - contributions from non-unionized level employees - administered by the Commission administrative des régimes de retraite et d'assurances.

**Fund 303**

For the Individual Plans administered by the Commission administrative des régimes de retraite et d'assurances.

**Fund 305**

For the Pension Plan for Elected Municipal Officers and the Retirement Plan for Mayors and Councillors of Municipalities, administered by the Commission administrative des régimes de retraite et d'assurances.

**Fund 306**

For the Régime complémentaire de rentes des techniciens ambulanciers œuvrant au Québec.

**Fund 307**

For the Société de l'assurance automobile du Québec.

**Fund 308**

For the Fonds d'amortissement des régimes de retraite gouvernementaux administered by the ministère des Finances du Québec.

**Fund 311**

For the Supplemental Pension Plan for Employees of the Québec Construction Industry - general account - administered by the Commission de la construction du Québec.

**Fund 312**

For the Supplemental Pension Plan for Employees of the Québec Construction Industry - retirees account - administered by the Commission de la construction du Québec.

**Fund 313**

For the Supplemental Pension Plan for Employees of the Québec Construction Industry - supplementary account - administered by the Commission de la construction du Québec.

**Fund 330**

For the Commission de la santé et de la sécurité du travail.

**SPECIFIC PORTFOLIOS**

The specific portfolios are comprised of one category of investments only. The portfolios are pooled funds for participation deposits of the various Funds. As at December 31, 1997, the seven following specific portfolios were in operation: the bond portfolio, the Canadian equities portfolio, the U.S. equities portfolio, the emerging market equities portfolio, the foreign equities portfolio, the mortgage portfolio and the real estate investments portfolio.

**2 ACCOUNTING POLICIES**

The combined financial statements of the Caisse have been prepared by management in accordance with generally accepted accounting principles. These statements include amounts based on best judgement and estimates.

**a) COMBINED FINANCIAL STATEMENTS**

The combined financial statements comprise the accounts of the Caisse's subsidiaries, those of the General Fund and the Individual Funds, as well as those of the specific portfolios. The accounts of each of these Funds and of each of these portfolios are reflected in separate financial statements audited by the Auditor General of Québec.

**b) INVESTMENTS AND JOINT OPERATIONS**

Purchases and sales of investments are recorded as at the commitment date, except transactions involving bonds, mortgages and real estate holdings, which are recorded as at the settlement date.

Investments and related assets and liabilities are accounted for at fair value, which is the estimated exchange value which would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act, established at year-end. Such values are determined using valuation methods used in capital markets, such as the annualization of future cash flows at the current interest rate and the closing prices of the major stock exchanges as well as those provided by recognized brokerage firms. In addition, valuations are made by independent valuers while others are made in-house based on commonly used valuation methods.

Transactions by way of commitments related to short selling of securities result in the acquisition of securities under reverse repurchase agreements as well as in transactions on loans on securities.

c) **INCOME**

Income from derivative financial instruments is included in the income from the underlying investments.

Interest income on bonds includes income derived from securities acquired under reverse repurchase agreements reduced by interest expenses on deposits on loans of securities.

Dividend income is recognized on the ex-dividend date. Income from loans of shares and convertible securities is presented under the item Dividends and interest on convertible securities.

Income from real estate holdings is reduced by interest on bank and mortgage loans payable.

Interest on short-term investments is reduced by interest expenses on notes payable.

d) **GAINS AND LOSSES ON SALE OF INVESTMENTS**

The gains and losses on the sale of investments are calculated using the average unamortized cost in the case of bonds, mortgages and short-term investments, the average cost in the case of shares and convertible securities, and the specific cost in the case of real estate holdings. The average unamortized cost is the acquisition cost restated to take into account the amortization of the premium and the discount that allows the investment to maintain a constant real return until maturity.

Gains and losses derived from derivative financial instruments are combined with gains and losses from underlying investments.

e) **FOREIGN CURRENCY TRANSLATION**

The fair value of investments and any other assets and liabilities denominated in foreign currencies is translated into Canadian dollars at the rate of exchange prevailing at year-end.

The cost of investments in shares and that of real estate holdings from integrated foreign operations are translated at the rate prevailing on the acquisition date. The cost of real estate holdings from self-sustaining foreign operations is translated at the rate prevailing at year-end. The unamortized cost of hedged investments in bonds, mortgages and short-term investments is translated at the average rate of the financial foreign exchange risk hedging instruments held at year-end, and that of unhedged investments is translated at the rate prevailing at year-end.

Income is translated at the average rate prevailing in each of the fiscal periods of the various Funds and portfolios, except dividend income, which is translated at the rates prevailing on the ex-dividend date. Gains and losses from derivative financial foreign exchange risk hedging instruments related to investments denominated in foreign currency are deferred and accounted for in gains and losses on the sale of investments, upon realization.

f) **FIXED ASSETS**

Costs related to the acquisition of telephone, computer and office automation equipment are capitalized and amortized over the useful life of each asset. Set-up costs for the premises and other leasehold improvement costs are amortized over the term of the lease. These fixed assets are presented under the item Other assets.

g) **INVESTMENT MANAGEMENT EXPENSES AND ADMINISTRATIVE EXPENSES**

Investment management expenses cover all expenses related directly to investment operations, including expenses paid to external financial institutions. These expenses are presented under a specific item, and are deducted from investment income. General administrative expenses are presented under the item Administrative expenses.



### 3 INVESTMENTS AND LIABILITIES

Investments and liabilities whose cost differs from fair value are as follows:

	1997 (in millions of dollars)			Cost
	Fair value			
	Canadian	Foreign	Total	
<b>ASSETS</b>				
Investments				
Bonds	29,800	1,077	30,877	28,643
Shares and convertible securities	17,470	11,748	29,218	22,646
Mortgages	1,396	99	1,495	1,444
Real estate holdings	2,413	1,858	4,271	4,874
Short-term investments	1,083	418	1,501	1,515
Securities acquired under reverse repurchase agreements	1,026	643	1,669	1,673
	53,188	15,843	69,031	60,795
Derivative financial instruments	130	425	555	80
	53,318	16,268	69,586	60,875
<b>LIABILITIES</b>				
Deposits on loans of securities	2,411	581	2,992	2,992
Bank loans and notes payable	98	39	137	136
Commitments related to short selling of securities	821	519	1,340	1,245
Mortgage loans payable	246	1,274	1,520	1,494
Derivative financial instruments	184	316	500	123
Non-controlling interests	130	14	144	175
<b>ASSETS</b>				
Investments				
Bonds	25,202	609	25,811	23,653
Shares and convertible securities	15,571	10,455	26,026	19,737
Mortgages	1,445	122	1,567	1,487
Real estate holdings	2,680	922	3,602	4,375
Short-term investments	1,599	450	2,049	2,046
Securities acquired under reverse repurchase agreements	771	481	1,252	1,324
	47,268	13,039	60,307	52,622
Derivative financial instruments	19	106	125	34
	47,287	13,145	60,432	52,656
<b>LIABILITIES</b>				
Deposits on loans of securities	142	503	645	645
Bank loans and notes payable	146	7	153	153
Commitments related to short selling of securities	1,117	489	1,606	1,538
Mortgage loans payable	575	355	930	914
Derivative financial instruments	57	247	304	69
Non-controlling interests	169	3	172	178

The foreign exchange position for investments in foreign securities, other than those hedged by a corresponding financial liability, is hedged by derivative financial instruments as shown in note 6, with the exception of those from emerging markets in the amount of \$1,160 million as at December 31, 1997 (\$958 million in 1996), which are hedged for risks related to fluctuations in the US currency only.

The cost of investments was increased by the amount of the gains (losses) carried over to derivative financial foreign exchange risk hedging instruments which totalled \$122 million as at December 31, 1997 (decreased by \$160 million in 1996).

The fair value of shares and convertible securities includes certain private investment securities, in the amount of \$1,302 million as at December 31, 1997 (\$944 million in 1996), for which market prices are not available. The fair value of these securities is established based on commonly used valuation methods.

#### **4 DEPOSITORS' HOLDINGS**

Demand and term deposits bear interest and constitute the Caisse's indebtedness toward the depositors.

Participation deposits are expressed in units and each unit gives its holder a proportionate share in the net equity and net income of a particular Fund. At the end of each fiscal period of a Fund, which is one month for the General Fund and three months for the Individual Funds, the net investment income and gains and losses on the sale of investments are distributed to participation deposit holders. At the beginning of the following period, the amounts distributed are paid out to (recovered from) the depositors' demand deposit accounts.

	<b>1997</b>	1996
	<b>(in millions of dollars)</b>	
Indebtedness toward depositors		
Demand deposits	<b>181</b>	91
Advances to depositors	<b>(435)</b>	(200)
Term deposits	<b>130</b>	110
Interest on demand and term deposits	<b>1</b>	1
Net income to be paid out to participation deposit holders	<b>580</b>	1,167
	<b>457</b>	1,169
Participation deposit holders' holdings		
Participation deposits		
Balance, beginning of year	<b>49,207</b>	45,488
Units issued	<b>4,471</b>	4,053
Units cancelled	<b>(942)</b>	(334)
Units to be issued	<b>62</b>	-
Balance, end of year	<b>52,798</b>	49,207
Amount not allocated with respect to real estate holdings*	<b>108</b>	111
Amount not allocated (allocated) with respect to gains and losses on the sale of investments**	<b>2,004</b>	(736)
Unrealized increase (decrease) in value of investments and other related assets and liabilities	<b>8,244</b>	7,463
	<b>63,154</b>	56,045
<b>DEPOSITORS' HOLDINGS</b>	<b>63,611</b>	57,214

\* Represents the restated amount of accumulated amortization of real estate properties resulting from the recording of investments at fair value. This amount will be allocated upon the sale of the properties.

\*\* As of January 1, 1997, following amendments to the internal management by-laws of the Caisse de dépôt et placement du Québec adopted by the government on November 6, 1996, the gains and losses on the sale of investments held in the specific portfolios are no longer distributed to participation unit holders at the end of each period. Such gains and losses, as well as the increase in value following interfund transactions, are included in the participation deposit holders' holdings.

## 5 INVESTMENT MANAGEMENT EXPENSES AND ADMINISTRATIVE EXPENSES

a) Investment management expenses and administrative expenses detail as follows:

	1997		1996	
	(in millions of dollars)			
	Management expenses	Administrative expenses	Management expenses	Administrative expenses
Salaries and employee benefits	26	11	23	12
Professional fees	21	3	19	3
Premises and material	5	2	5	2
Depreciation of fixed assets	3	1	2	1
Other	6	3	5	4
	61	20	54	22

b) Management expenses are attributable to investment categories as follows:

	1997	1996
	(in millions of dollars)	
Bonds	12	9
Shares and convertible securities	35	32
Mortgages	3	3
Real estate holdings	10	9
Short-term investments	1	1
	61	54

## 6 DERIVATIVE FINANCIAL INSTRUMENTS

Pursuant to its investment operations management, the Caisse conducts transactions involving various derivative financial instruments either to hedge against the risks associated with fluctuations in exchange rates or to manage risks associated with interest rate and market fluctuations. As at December 31, these instruments, the favourable fair value of which is grouped with that of the underlying investments while the unfavourable fair value is recorded in liabilities, including amounts payable on these instruments, under the item Derivative financial instruments, were as follows:

	1997		1996	
	(in millions of dollars)			
	Fair value	Notional amount	Fair value	Notional amount
<b>Over-the-counter products</b>				
Foreign exchange risk hedging*				
Forward exchange contracts				
Purchases	(113)	234	4	166
Sales	244	13,134	(131)	10,914
Foreign currency options				
Purchases	-	29	-	4
Foreign currency swaps				
Sales	8	156	4	366
Interest rate and market risk management				
Forward exchange contracts				
Purchases	8	1,152	4	334
Sales	(6)	679	(11)	1,124
Equity index forwards				
Purchases	90	1,343	(5)	88
Sales	(89)	1,343	5	88
Forward rate agreements				
Purchases	1	500	-	80
Sales	(1)	500	-	-

(continued)	1997		1996	
	Fair value	Notional amount	Fair value	Notional amount
(in millions of dollars)				
Interest rate and market risk management (continued)				
Forward currency volatility agreements				
Purchases	-	36	-	-
Sales	-	37	-	55
Interest rate swaps	(38)	2,034	(29)	1,349
Options on interest rate swaps				
Purchases	1	325	-	42
Sales	-	400	-	-
Options on interest rates				
Purchases	1	74	-	-
Options on equity indices				
Purchases	2	101	-	-
Sales	(1)	68	-	-
Foreign currency options				
Purchases	93	3,911	37	2,460
Sales	(99)	2,934	(25)	1,651
Equity options				
Purchases	3	27	3	49
Sales	-	30	(1)	41
Options on foreign currency futures				
Purchases	5	587	-	-
Sales	(1)	286	-	-
<b>Organized market products</b>				
Interest rate and market risk management				
Bonds futures				
Purchases	-	491	-	492
Sales	-	398	-	974
Equity index futures				
Purchases	-	1,739	-	853
Sales	-	1,148	-	703
Interest rate futures				
Purchases	-	4,432	-	87
Sales	-	5,984	-	228
Foreign currency futures				
Purchases	-	-	-	17
Sales	-	88	-	-
Options on bond futures				
Purchases	1	528	-	59
Sales	(3)	833	(1)	1,051
Options on equity index futures				
Purchases	-	49	-	12
Sales	-	14	-	-
Options on interest rate futures				
Purchases	-	808	-	56
Sales	-	67	-	-
Options on foreign currency futures				
Purchases	1	189	-	-
Sales	-	21	-	-
Equity options				
Sales	-	14	-	5
Options on equity indices				
Purchases	-	44	-	-

\* Where hedging transactions imply simultaneous use of the US currency and other foreign currencies, the notional amount recorded herein represents the final value expressed in Canadian dollars.

Foreign exchange risks associated with investments denominated in foreign currency and other related assets and liabilities are hedged using derivative financial instruments. In the case of bonds, mortgages, real estate investments and short-term investments, these derivative financial instruments are representative of the value and the currency in which investments are expressed. In the case of foreign equities, the portfolio weighting by country is comparable to the major international indices, and the value of derivative financial instruments is representative of the relative weight of the countries whose securities make up such indices. These instruments are negotiated with banks. Terms generally range from one to three months in the case of forward exchange contracts and options, and from one to two years in the case of foreign currency swaps. Upon maturity, new derivative financial instruments are negotiated to maintain an effective long-term hedge against the exchange risk associated with foreign investments.

Moreover, futures and options traded on stock exchanges, forward exchange contracts, equity index forwards, forward rate agreements and forward currency volatility agreements, interest rate swaps and options negotiated with banks and brokerage firms, are used to manage the interest rate and market risks of the total investment portfolio in addition to generating income from negotiation activities.

These transactions are negotiated with financial institutions whose credit rating is established by a recognized credit rating agency and operational limits are duly approved by an internal credit committee, which supports compensation agreements in order to limit credit risk.

In addition, interest rate swaps on bonds for a nominal value of \$269 million as at December 31, 1997 (\$225 million in 1996) have allowed to convert the income of certain fixed interest-rate bonds into variable income.

## **7** **COMPARATIVE FIGURES**

Certain figures from the 1996 financial statements have been reclassified in order to conform with the presentation adopted in 1997.

COMPLEMENTARY STATISTICS  
BREAKDOWN OF COMBINED NET ASSETS

as at December 31, 1997 (in millions of dollars)

Fair value %	Breakdown of portfolios	1997			Notional amount <sup>1</sup>	Effective interest rate %	Fair value	Cost <sup>2</sup>
		Notional amount - Maturities						
		Under 2 years	2 to 5 years	Over 5 years				
<b>ASSETS</b>								
<b>Bonds</b>								
Domestic securities								
Government issued								
15.19	Gouvernement du Québec	1,178.0	1,879.5	6,708.2	9,765.7	7.8	10,713.7	9,792.6
13.47	Government of Canada	11.5	5,537.7	3,188.6	8,737.8	5.3	9,497.9	9,439.9
0.93	Other governments	-	-	583.2	583.2	6.4	652.9	629.7
29.59		1,189.5	7,417.2	10,480.0	19,086.7	6.6	20,864.5	19,862.2
Government guaranteed								
Gouvernement du Québec								
6.98	Hydro-Québec	195.4	841.7	3,534.4	4,571.5	8.5	4,922.6	4,158.7
0.54	Other	-	185.5	128.3	313.8	10.4	382.9	318.0
0.16	Government of Canada	-	-	83.5	83.5	9.2	112.7	92.3
0.36	Other	-	-	229.1	229.1	5.4	251.3	253.3
8.04		195.4	1,027.2	3,975.3	5,197.9	8.5	5,669.5	4,822.3
Guaranteed by grants								
0.10	Colleges	1.3	33.4	26.1	60.8	9.6	72.0	63.1
0.52	Hospitals	7.0	249.3	56.1	312.4	10.5	367.0	318.7
0.15	Universities and affiliated schools	7.6	34.0	46.6	88.2	8.6	107.0	93.6
0.03	Social service centres	-	9.6	6.2	15.8	10.5	19.3	16.1
0.61	School boards	6.7	204.7	142.6	354.0	11.3	432.8	361.0
0.02	Other	0.5	3.0	5.0	8.5	10.2	11.1	9.4
1.43		23.1	534.0	282.6	839.7	10.6	1,009.2	861.9
Municipalities and school boards								
1.30	Municipalities and municipal bodies	63.0	280.3	416.2	759.5	9.2	913.8	782.4
0.14	School boards	3.5	19.2	55.2	77.9	9.8	99.4	81.6
1.44		66.5	299.5	471.4	837.4	9.3	1,013.2	864.0
1.76	Corporate	31.5	140.2	1,112.6	1,284.3	7.9	1,243.9	1,222.2
42.26		1,506.0	9,418.1	16,321.9	27,246.0	7.2	29,800.3	27,632.6
0.17	Derivative financial instruments	95.1	75.0	1,343.5	1,513.6		121.6	-
42.43							29,921.9	27,632.6
Foreign securities								
1.01	U.S. Government	-	610.1	100.0	710.1	5.8	712.0	673.6
0.52	Other	9.6	-	391.9	401.5	9.4	364.5	336.9
1.53		9.6	610.1	491.9	1,111.6	7.0	1,076.5	1,010.5
-	Derivative financial instruments	1,254.4	7.3	-	1,261.7		3.1	9.1
1.53							1,079.6	1,019.6
<b>43.96</b>							<b>31,001.5</b>	<b>28,652.2</b>
<b>Shares and convertible securities</b>								
Domestic securities								
1.06	Metals and minerals						745.1	815.7
1.02	Gold and silver						721.0	856.1
2.40	Oil and gas						1,692.5	1,366.8
1.37	Paper and forest products						966.2	929.7
1.54	Consumer products						1,086.1	777.4
3.58	Industrial products						2,524.2	1,778.2
1.48	Real estate and construction						1,041.8	858.8
0.94	Transportation and environmental services						665.1	514.3
0.37	Pipelines						259.1	186.5
2.56	Utilities						1,808.3	994.5
1.96	Communications						1,381.4	653.3
1.24	Distribution and services						877.6	664.3
4.46	Financial services						3,148.5	1,503.1
0.48	Conglomerates						338.1	187.3
0.31	Index participation units - TSE 35						215.5	202.7
24.77							17,470.5	12,288.7
0.01	Derivative financial instruments	43.0	47.0	20.0	110.0		5.9	0.1
24.78							17,476.4	12,288.8
Foreign securities								
External funds								
0.60	United States						423.4	317.0
0.85	United Kingdom						599.2	456.5
0.21	France						146.7	120.7
0.15	Germany						105.0	82.3
2.12	Other European countries						1,494.7	1,103.3
1.87	Japan						1,320.3	1,613.2
0.05	Hong Kong						37.3	39.5
0.52	Other Asian countries and Oceania						366.7	426.5
1.62	Emerging markets						1,141.1	1,304.7
Internal funds								
3.71	United States						2,617.7	2,148.4
1.53	United Kingdom						1,079.1	750.7
0.65	France						457.5	372.1
0.38	Germany						268.6	204.1
1.45	Other European countries						1,020.1	720.3
0.67	Japan						474.5	495.7
0.10	Hong Kong						73.1	75.0
0.15	Other Asian countries and Oceania						103.6	120.3
0.03	Emerging markets						19.2	7.2
16.66							11,747.8	10,357.5
0.42	Derivative financial instruments	25,940.7	-	-	25,940.7		296.0	6.9

1996

Breakdown of portfolios	Fair value	Cost <sup>2</sup>
<b>ASSETS</b>		
<b>Bonds</b>		
Domestic securities		
Government issued		
Gouvernement du Québec	10,633.5	9,685.5
Government of Canada	6,684.8	6,456.5
Other governments	14.7	13.9
	17,333.0	16,155.9
Government guaranteed		
Gouvernement du Québec		
Hydro-Québec	5,050.3	4,482.1
Other	386.0	317.7
Government of Canada	110.0	93.8
Other	-	-
	5,546.3	4,893.6
Guaranteed by grants		
Colleges	70.1	60.6
Hospitals	375.4	316.3
Universities and affiliated schools	92.3	79.4
Social service centres	19.3	16.1
School boards	448.6	367.9
Other	11.8	10.2
	1,017.5	850.5
Municipalities and school boards		
Municipalities and municipal bodies		
	898.9	775.9
School boards	105.2	89.3
	1,004.1	865.2
Corporate		
	301.4	287.0
	25,202.3	23,052.2
Derivative financial instruments	15.7	-
	25,218.0	23,052.2
Foreign securities		
U.S. Government		
	485.9	484.4
Other	122.4	116.2
	608.3	600.6
Derivative financial instruments	9.9	0.3
	618.2	600.9
	<b>25,836.2</b>	<b>23,653.1</b>
<b>Shares and convertible securities</b>		
Domestic securities		
Metals and minerals		
Gold and silver	1,118.3	874.1
Oil and gas	1,295.4	988.3
Paper and forest products	1,773.5	1,189.8
Consumer products	1,026.5	878.6
Industrial products	1,029.4	557.4
Real estate and construction	2,135.9	1,463.4
Transportation and environmental services	450.3	535.2
Pipelines	414.0	355.9
Utilities	138.8	99.9
Communications	1,674.1	987.1
Distribution and services	1,090.5	555.2
Financial services	686.0	717.4
Conglomerates	2,376.3	1,292.4
Index participation units - TSE 35	361.2	207.2
	-	-
	15,570.2	10,701.9
Derivative financial instruments	3.0	4.5
	15,573.2	10,706.4
Foreign securities		
External funds		
United States		
	564.7	378.1
United Kingdom		
	166.1	128.6
France		
	180.0	147.0
Germany		
	207.3	160.6
Other European countries		
	749.0	618.1
Japan		
	1,246.1	1,289.2
Hong Kong		
	-	-
Other Asian countries and Oceania		
	336.8	249.0
Emerging markets		
	907.4	926.8
Internal funds		
United States		
	1,991.2	1,683.4
United Kingdom		
	1,115.2	817.0
France		
	269.6	243.4
Germany		
	269.2	203.2
Other European countries		
	1,062.5	811.2
Japan		
	921.1	992.6
Hong Kong		
	169.2	122.9
Other Asian countries and Oceania		
	249.3	211.3
Emerging markets		
	50.9	52.5
	10,455.6	9,034.9
Derivative financial instruments	43.7	0.1

17.08							12,043.8	10,364.4
41.86							29,520.2	22,653.2

COMPLEMENTARY STATISTICS

BREAKDOWN OF COMBINED NET ASSETS (continued)

as at December 31, 1997 (in millions of dollars)

Fair value %	Breakdown of portfolios	1997			Notional amount <sup>1</sup>	Effective interest rate %	Fair value	Cost <sup>2</sup>
		Notional amount - Maturities						
		Under 2 years	2 to 5 years	Over 5 years				
<b>ASSETS</b>								
<b>Mortgages</b>								
Domestic securities								
Residential								
0.07	Insured	33.5	16.2	1.9	51.6	7.7	52.4	51.7
0.16	Conventional	57.3	19.0	27.2	103.5	8.8	109.3	103.4
0.23		90.8	35.2	29.1	155.1	8.5	161.7	155.1
1.40	Commercial and office buildings	404.1	484.8	73.1	962.0	8.8	987.3	962.0
0.35	Industrial	137.7	88.5	12.6	238.8	8.4	247.0	238.9
1.98		632.6	608.5	114.8	1,355.9	8.7	1,396.0	1,356.0
-	Derivative financial instruments	-	-	40.0	40.0		2.0	-
1.98							1,398.0	1,356.0
U.S. securities								
0.03	Residential	3.4	13.8	1.3	18.5	11.9	19.1	21.4
0.11	Commercial and office buildings	-	6.3	63.3	69.6	11.4	79.7	66.7
0.14		3.4	20.1	64.6	88.1	11.5	98.8	88.1
-	Derivative financial instruments	-	47.6	-	47.6		-	-
0.14							98.8	88.1
2.12							1,496.8	1,444.1
<b>Real estate holdings</b>								
3.42	Canada						2,413.3	3,085.8
2.64	Abroad						1,857.7	1,787.9
0.01	Derivative financial instruments	149.9	189.0	-	338.9		10.5	0.4
2.65							1,868.2	1,788.3
6.07							4,281.5	4,874.1
94.01	<b>Total long-term investments</b>						66,300.0	57,623.6
<b>Short-term investments</b>								
1.54	Domestic securities	1,059.9	26.0	-	1,085.9	4.2	1,083.1	1,086.3
-	Derivative financial instruments	1,612.4	-	-	1,612.4		1.2	-
1.54							1,084.3	1,086.3
0.59	Foreign securities	358.4	-	-	358.4	9.8	418.1	428.4
0.16	Derivative financial instruments	12,789.3	-	-	12,789.3		115.3	63.4
0.75							533.4	491.8
2.29							1,617.7	1,578.1
<b>Securities acquired under reverse repurchase agreements</b>								
1.46	Domestic securities	845.1	-	-	845.1		1,025.7	1,024.1
0.91	Foreign securities	626.5	-	-	626.5		642.9	649.2
2.37		1,471.6	-	-	1,471.6		1,668.6	1,673.3
4.66	<b>Total short-term investments</b>						3,286.3	3,251.4
98.67	<b>Total investments</b>						69,586.3	60,875.0
0.95	Investment income, accrued and receivable	670.6	-	-	670.6		670.6	670.6
0.06	Transactions being settled	42.7	-	-	42.7		42.7	42.7
0.32	Other assets						224.0	224.0
100.00	<b>TOTAL ASSETS</b>						70,523.6	61,812.3
<b>LIABILITIES</b>								
43.28	Deposits on loans of securities	2,885.8	-	-	2,885.8		2,991.9	2,991.9
1.99	Bank loans and notes payable	131.6	-	-	131.6	2.9	137.5	135.5
21.98	Mortgages loans	271.9	206.2	1,016.4	1,494.5	5.2	1,519.7	1,494.3
1.51	Transactions being settled	104.7	-	-	104.7		104.7	104.7
11.75	Commitments related to short selling of bonds	740.4	-	-	740.4		812.0	778.2
7.64	Commitments related to short selling of equities						527.9	467.2
7.23	Derivative financial instruments	21,288.3	684.7	2,087.6	24,060.6		499.8	123.0
2.54	Other liabilities						175.5	175.5
2.08	Non-controlling interests						144.0	175.3
100.00	<b>TOTAL LIABILITIES</b>						6,913.0	6,445.6
<b>COMBINED NET ASSETS</b>							63,610.6	55,366.7

<sup>1</sup> The notional amount represents the exchange value used for the evaluation of future cash flows in the case of investments and certain assets and liabilities with a determined maturity date; in the case of derivative financial instruments, the notional amount represents the value of the notional principal, to which a rate or a price is applied to determine the exchange of future cash flows.

<sup>2</sup> Certain investment categories are reported at unamortized cost.



	10,499.3	9,035.0
	<b>26,072.5</b>	<b>19,741.4</b>

1996		
Breakdown of portfolios	Fair value	Cost <sup>2</sup>
<b>ASSETS</b>		
<b>Mortgages</b>		
Domestic securities		
Residential		
Insured	67.1	65.0
Conventional	119.0	111.2
	186.1	176.2
Commercial and office buildings	1,025.2	978.3
Industrial	234.4	219.5
	1,445.7	1,374.0
Derivative financial instruments	-	-
	1,445.7	1,374.0
U.S. securities		
Residential	54.6	53.4
Commercial and office buildings	67.0	59.7
	121.6	113.1
Derivative financial instruments	-	-
	121.6	113.1
	<b>1,567.3</b>	<b>1,487.1</b>
<b>Real estate holdings</b>		
Canada	2,679.8	3,455.9
Abroad	922.6	918.9
Derivative financial instruments	7.9	0.1
	930.5	919.0
	<b>3,610.3</b>	<b>4,374.9</b>
<b>Total long-term investments</b>	<b>57,086.3</b>	<b>49,256.5</b>
<b>Short-term investments</b>		
Domestic securities	1,599.3	1,599.7
Derivative financial instruments	-	-
	1,599.3	1,599.7
Foreign securities	450.1	446.6
Derivative financial instruments	44.1	28.8
	494.2	475.4
	<b>2,093.5</b>	<b>2,075.1</b>
<b>Securities acquired under reverse repurchase agreements</b>		
Domestic securities	770.7	833.3
Foreign securities	481.7	490.6
	<b>1,252.4</b>	<b>1,323.9</b>
<b>Total short-term investments</b>	<b>3,345.9</b>	<b>3,399.0</b>
<b>Total investments</b>	<b>60,432.2</b>	<b>52,655.5</b>
Investment income, accrued and receivable	601.8	601.8
Transactions being settled	61.7	61.7
Other assets	237.0	237.0
<b>TOTAL ASSETS</b>	<b>61,332.7</b>	<b>53,556.0</b>
<b>LIABILITIES</b>		
Deposits on loans of securities	645.4	645.4
Bank loans and notes payable	152.8	152.8
Mortgages loans	929.4	914.2
Transactions being settled	154.2	154.2
Commitments related to short selling of bonds	1,194.5	1,153.5
Commitments related to short selling of equities	411.1	384.0
Derivative financial instruments	304.4	69.1
Other liabilities	154.5	154.5
Non-controlling interests	172.3	177.7
<b>TOTAL LIABILITIES</b>	<b>4,118.6</b>	<b>3,805.4</b>
<b>COMBINED NET ASSETS</b>	<b>57,214.1</b>	<b>49,750.6</b>

**SUPPLEMENTARY INFORMATION**  
**SUMMARY FINANCIAL STATEMENTS FOR THE FUNDS**

(in millions of dollars)

<b>GENERAL FUND</b>								
			301		302		303	
<b>NET ASSETS AS AT DECEMBER 31, 1997</b>	<b>1997</b>	<b>1996</b>	<b>1997</b>	<b>1996</b>	<b>1997</b>	<b>1996</b>	<b>1997</b>	<b>1996</b>
<b>ASSETS</b>								
Investments at fair value								
Bonds	8,145.3	9,732.0	10,431.5	8,510.3	1,694.4	1,386.1	56.2	45.8
Shares and convertible securities	7,173.9	9,161.6	10,669.0	8,845.6	1,771.1	1,504.8	65.3	45.1
Mortgages	192.3	163.5	270.6	347.4	44.0	57.8	20.3	19.5
Real estate investments	827.3	933.5	1,245.8	891.8	191.4	150.6	8.5	6.6
Short-term investments and demand deposits in the General Fund	1,621.6	2,414.7	107.8	1,071.8	13.8	172.3	5.4	24.4
	17,960.4	22,405.3	22,724.7	19,666.9	3,714.7	3,271.6	155.7	141.4
Other assets	784.5	1,337.2	76.8	162.1	12.4	27.1	0.6	1.1
	18,744.9	23,742.5	22,801.5	19,829.0	3,727.1	3,298.7	156.3	142.5
<b>LIABILITIES</b>								
Demand and term deposits	1,426.1	2,206.6	-	-	-	-	-	-
Notes payable	685.8	13.8	-	-	-	-	-	-
Derivative financial instruments	117.0	52.3	16.7	5.1	2.7	0.9	0.1	-
Other liabilities	198.4	216.8	260.5	559.6	65.8	93.8	1.7	3.9
	2,427.3	2,489.5	277.2	564.7	68.5	94.7	1.8	3.9
<b>PARTICIPATION DEPOSIT HOLDERS' NET HOLDINGS</b>								
	16,317.6	21,253.0	22,524.3	19,264.3	3,658.6	3,204.0	154.5	138.6
<b>STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 1997</b>								
<b>INCOME</b>								
Investment income								
Income on bonds	542.7	848.4	686.9	624.4	110.2	104.5	3.6	3.5
Income from shares and convertible securities	111.4	168.2	155.1	169.3	25.9	28.9	0.9	0.9
Income from mortgages	10.6	21.1	23.2	27.9	3.8	4.7	1.5	1.5
Income from real estate investments	39.8	75.2	57.6	70.2	9.4	11.8	0.4	0.5
Interest on short-term investments and deposits in the General Fund	83.9	82.4	27.8	25.2	4.2	3.9	0.7	1.0
	788.4	1,195.3	950.6	917.0	153.5	153.8	7.1	7.4
Other income	0.2	0.3	-	-	-	-	-	-
Total income	788.6	1,195.6	950.6	917.0	153.5	153.8	7.1	7.4
Investment management expenses	0.4	3.6	0.4	2.4	-	0.4	-	-
	788.2	1,192.0	950.2	914.6	153.5	153.4	7.1	7.4
<b>EXPENDITURES</b>								
Administrative expenses	0.1	2.4	0.1	1.7	-	0.3	-	-
Interest on demand and term deposits	59.3	78.1	-	-	-	-	-	-
<b>NET INVESTMENT INCOME</b>	<b>728.8</b>	<b>1,111.5</b>	<b>950.1</b>	<b>912.9</b>	<b>153.5</b>	<b>153.1</b>	<b>7.1</b>	<b>7.4</b>
<b>CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 1997</b>								
<b>INVESTMENT OPERATIONS</b>								
Net investment income	728.8	1,111.5	950.1	912.9	153.5	153.1	7.1	7.4
Gains (losses) on sale of investments	378.9	1,163.3	282.3	950.4	51.3	161.0	0.9	5.6
Unrealized increase (decrease) in value of investments and other assets and liabilities	770.0	495.2	1,377.1	830.8	222.3	140.4	7.3	4.6
Total investment operations	1,877.7	2,770.0	2,609.5	2,694.1	427.1	454.5	15.3	17.6
Participation deposits	(224.4)	366.4	1,882.9	2,076.8	232.3	312.1	8.6	10.0
Transfer of a depositor's net assets	(5,481.0)	-	-	-	-	-	-	-
Net income allocated to participation deposit holders	(1,107.7)	(2,274.8)	(1,232.4)	(1,863.3)	(204.8)	(314.1)	(8.0)	(13.0)
<b>INCREASE IN NET ASSETS</b>	<b>(4,935.4)</b>	<b>861.6</b>	<b>3,260.0</b>	<b>2,907.6</b>	<b>454.6</b>	<b>452.5</b>	<b>15.9</b>	<b>14.6</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>21,253.0</b>	<b>20,391.4</b>	<b>19,264.3</b>	<b>16,356.7</b>	<b>3,204.0</b>	<b>2,751.5</b>	<b>138.6</b>	<b>124.0</b>
<b>NET ASSETS, END OF YEAR</b>	<b>16,317.6</b>	<b>21,253.0</b>	<b>22,524.3</b>	<b>19,264.3</b>	<b>3,658.6</b>	<b>3,204.0</b>	<b>154.5</b>	<b>138.6</b>
<b>INVESTMENTS AND CERTAIN LIABILITIES AT COST AS AT DECEMBER 31, 1997</b>								
<b>ASSETS</b>								
Investments								
Bonds	7,348.8	8,958.4	9,374.5	7,799.0	1,515.2	1,261.8	50.8	42.1
Shares and convertible securities	5,126.8	7,026.5	7,827.8	6,910.5	1,285.3	1,167.0	51.9	36.9
Mortgages	190.8	155.9	265.9	332.0	43.2	55.3	19.9	18.6
Real estate investments	969.7	1,261.9	1,354.8	1,138.9	211.1	191.8	8.7	7.7
Short-term investments and demand deposits in the General Fund	1,581.1	2,396.2	107.9	1,071.8	13.8	172.3	5.4	24.4
	15,217.2	19,798.9	18,930.9	17,252.3	3,068.6	2,848.2	136.7	129.7
<b>LIABILITIES</b>								
Term deposits	130.0	110.0	-	-	-	-	-	-
Notes payable	684.7	13.8	-	-	-	-	-	-
Derivative financial instruments	70.8	32.0	10.6	0.9	1.7	0.1	0.1	-

**INDIVIDUAL FUNDS**

305		306		307		308		311		312		313		330	
1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996
65.4	57.3	47.8	38.3	2,939.1	-	588.7	478.9	777.3	675.7	906.9	741.4	326.3	265.2	3,899.6	2,935.1
76.2	59.3	27.4	21.1	2,662.3	-	540.7	452.7	1,607.6	1,459.1	890.8	746.7	221.2	183.5	2,832.8	2,197.4
1.8	2.4	-	-	71.4	-	14.6	19.1	413.4	429.2	306.0	295.5	189.6	177.9	14.7	44.0
9.3	7.4	-	-	325.3	-	74.7	59.8	136.6	107.0	74.2	36.1	37.1	25.6	295.9	208.7
0.6	8.3	0.9	2.5	22.8	-	10.7	68.6	124.3	208.4	71.2	131.8	30.9	48.7	58.3	260.7
153.3	134.7	76.1	61.9	6,020.9	-	1,229.4	1,079.1	3,059.2	2,879.4	2,249.1	1,951.5	805.1	700.9	7,101.3	5,645.9
0.5	1.2	0.3	0.5	21.4	-	4.3	9.4	10.0	24.1	8.7	15.9	3.5	5.9	26.4	46.2
153.8	135.9	76.4	62.4	6,042.3	-	1,233.7	1,088.5	3,069.2	2,903.5	2,257.8	1,967.4	808.6	706.8	7,127.7	5,692.1
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0.1	-	0.1	-	4.8	-	1.0	0.3	2.3	5.2	1.6	3.5	0.6	1.2	5.3	1.8
2.5	4.0	0.9	1.7	72.9	-	14.5	32.1	34.6	87.8	32.5	60.3	11.3	19.3	86.2	154.6
2.6	4.0	1.0	1.7	77.7	-	15.5	32.4	36.9	93.0	34.1	63.8	11.9	20.5	91.5	156.4
151.2	131.9	75.4	60.7	5,964.6	-	1,218.2	1,056.1	3,032.3	2,810.5	2,223.7	1,903.6	796.7	686.3	7,036.2	5,535.7
4.4	4.3	3.2	2.7	196.4	-	38.1	34.2	53.6	54.7	61.2	55.2	21.5	19.7	244.8	217.1
1.0	1.1	0.4	0.4	40.3	-	7.8	8.9	23.7	28.9	12.9	14.4	3.2	3.5	40.1	41.0
0.2	0.2	-	-	3.8	-	1.3	1.6	32.6	31.4	23.3	21.4	13.8	12.6	2.1	3.9
0.5	0.6	-	-	14.4	-	3.7	4.7	6.5	8.6	2.3	2.9	1.6	2.0	13.1	16.5
0.2	0.3	-	-	11.8	-	2.0	1.5	6.2	6.9	3.8	5.2	1.4	1.8	11.3	11.1
6.3	6.5	3.6	3.1	266.7	-	52.9	50.9	122.6	130.5	103.5	99.1	41.5	39.6	311.4	289.6
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.3	6.5	3.6	3.1	266.7	-	52.9	50.9	122.6	130.5	103.5	99.1	41.5	39.6	311.4	289.6
-	-	-	-	0.1	-	-	0.1	0.1	0.2	-	0.2	-	0.1	0.2	0.8
6.3	6.5	3.6	3.1	266.6	-	52.9	50.8	122.5	130.3	103.5	98.9	41.5	39.5	311.2	288.8
-	-	-	-	0.1	-	-	0.1	-	0.2	-	0.2	-	0.1	-	0.6
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.3	6.5	3.6	3.1	266.5	-	52.9	50.7	122.5	130.1	103.5	98.7	41.5	39.4	311.2	288.2
2.7	6.5	0.4	2.0	89.0	-	13.5	47.6	71.7	169.9	32.2	94.1	10.7	24.0	53.0	237.9
8.0	6.2	3.8	3.1	339.5	-	77.5	50.7	170.9	122.2	112.6	70.3	27.9	21.4	400.2	212.0
17.0	19.2	7.8	8.2	695.0	-	143.9	149.0	365.1	422.2	248.3	263.1	80.1	84.8	764.4	738.1
11.3	11.9	10.9	10.7	144.1	-	84.6	84.6	50.9	101.9	207.5	158.0	82.5	70.9	1,100.3	515.7
-	-	-	-	5,481.0	-	-	-	-	-	-	-	-	-	-	-
(9.0)	(13.0)	(4.0)	(5.1)	(355.5)	-	(66.4)	(98.3)	(194.2)	(300.0)	(135.7)	(192.8)	(52.2)	(63.4)	(364.2)	(526.1)
19.3	18.1	14.7	13.8	5,964.6	-	162.1	135.3	221.8	224.1	320.1	228.3	110.4	92.3	1,500.5	727.7
131.9	113.8	60.7	46.9	-	-	1,056.1	920.8	2,810.5	2,586.4	1,903.6	1,675.3	686.3	594.0	5,535.7	4,808.0
151.2	131.9	75.4	60.7	5,964.6	-	1,218.2	1,056.1	3,032.3	2,810.5	2,223.7	1,903.6	796.7	686.3	7,036.2	5,535.7
58.2	52.0	43.2	35.2	2,646.7	-	542.3	450.7	688.4	609.8	818.7	681.5	294.1	242.7	3,530.1	2,688.3
57.1	45.4	22.3	18.3	1,907.1	-	425.3	389.1	1,112.2	1,106.9	651.0	590.4	170.5	151.2	2,133.0	1,744.8
1.8	2.3	-	-	70.9	-	14.1	17.8	410.3	416.0	302.0	284.2	186.6	170.8	14.6	42.2
10.2	9.3	-	-	371.4	-	69.7	63.2	154.0	139.6	75.3	45.8	39.9	32.4	338.9	284.2
0.6	8.3	1.0	2.5	22.9	-	10.7	68.6	124.3	208.4	71.2	131.8	30.9	48.7	58.4	260.7
127.9	117.3	66.5	56.0	5,019.0	-	1,062.1	989.4	2,489.2	2,480.7	1,918.2	1,733.7	722.0	645.8	6,075.0	5,020.2
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0.1	-	-	-	3.0	-	(0.6)	-	1.5	4.8	1.1	3.3	0.4	1.1	3.3	0.3

	OBLIGATIONS		ACTIONS CANADIENNES	
	(constitué le 01-10-96)		1997	1996
<b>ACTIF NET CONSOLIDÉ AU 31 DÉCEMBRE 1997</b>	<b>1997</b>	<b>1996</b>	<b>1997</b>	<b>1996</b>
<b>ACTIF</b>				
Placements à la juste valeur				
Obligations	30 780,0	25 591,3	12,3	1,8
Actions et valeurs convertibles	-	-	17 268,8	15 447,7
Financements hypothécaires	-	-	-	-
Biens immobiliers	-	-	-	-
Valeurs à court terme	8,1	-	5,0	19,8
Dépôts à vue au fonds général	696,0	-	-	-
Titres achetés en vertu de conventions de revente	1 668,6	1 252,4	-	-
	33 152,7	26 843,7	17 286,1	15 469,3
Autres éléments d'actif	540,6	487,8	64,4	54,9
	33 693,3	27 331,5	17 350,5	15 524,2
<b>PASSIF</b>				
Avances du fonds général	-	507,2	191,2	244,7
Dépôts sur prêts de titres	2 883,8	645,4	-	-
Engagements liés à des titres vendus à découvert	812,0	1 194,5	515,0	411,1
Emprunts hypothécaires	-	-	-	-
Instruments financiers dérivés	160,5	24,7	9,2	11,5
Autres éléments de passif	167,9	308,7	37,5	187,9
Part des actionnaires sans contrôle	-	-	-	-
	4 024,2	2 680,5	752,9	855,2
<b>AVOIR NET DES FONDS</b>	<b>29 669,1</b>	<b>24 651,0</b>	<b>16 597,6</b>	<b>14 669,0</b>
<b>RÉSULTATS CONSOLIDÉS DE L'EXERCICE TERMINÉ LE 31 DÉCEMBRE 1997</b>				
<b>REVENUS</b>				
Revenus de placement				
Intérêts sur obligations	1 983,9	480,4	0,4	26,6
Dividendes et intérêts sur valeurs convertibles	-	-	257,6	292,4
Intérêts sur financements hypothécaires	-	-	-	-
Revenus nets tirés des biens immobiliers	-	-	-	-
Intérêts sur valeurs à court terme	0,1	-	0,9	0,5
Intérêts sur dépôts au fonds général	(13,7)	(7,6)	(6,3)	(3,8)
	1 970,3	472,8	252,6	315,7
Autres revenus	5,1	-	2,1	9,1
Total des revenus	1 975,4	472,8	254,7	324,8
Frais de gestion des placements	11,0	2,3	17,1	14,7
	1 964,4	470,5	237,6	310,1
<b>DÉPENSES</b>				
Frais d'administration	5,3	1,6	3,6	4,1
<b>REVENU AVANT POSTE SUIVANT</b>	<b>1 959,1</b>	<b>468,9</b>	<b>234,0</b>	<b>306,0</b>
Part des actionnaires sans contrôle	-	-	-	-
<b>REVENU NET DE PLACEMENT</b>	<b>1 959,1</b>	<b>468,9</b>	<b>234,0</b>	<b>306,0</b>
<b>ÉVOLUTION DE L'ACTIF NET CONSOLIDÉ DE L'EXERCICE TERMINÉ LE 31 DÉCEMBRE 1997</b>				
<b>ACTIVITÉS DE PLACEMENT</b>				
Revenu net de placement	1 959,1	468,9	234,0	306,0
Gains (pertes) à la vente de placements	877,0	331,4	1 896,0	1 310,0
Plus-value (moins-value) non matérialisée des placements et postes du passif	28,9	485,1	149,1	1 713,3
Total des activités de placement	2 865,0	1 285,4	2 279,1	3 329,3
Unités de participation	3 837,4	(1 596,7)	158,3	(338,2)
Transfert des fonds et de portefeuille	274,8	25 762,6	(274,8)	(455,0)
Revenu net attribué aux détenteurs des unités de participation	(1 959,1)	(800,3)	(234,0)	(1 616,0)
<b>AUGMENTATION (DIMINUTION) DE L'ACTIF NET CONSOLIDÉ</b>	<b>5 018,1</b>	<b>24 651,0</b>	<b>1 928,6</b>	<b>920,1</b>
<b>ACTIF NET CONSOLIDÉ AU DÉBUT</b>	<b>24 651,0</b>	<b>-</b>	<b>14 669,0</b>	<b>13 748,9</b>
<b>ACTIF NET CONSOLIDÉ À LA FIN</b>	<b>29 669,1</b>	<b>24 651,0</b>	<b>16 597,6</b>	<b>14 669,0</b>
<b>PLACEMENTS ET CERTAINS POSTES DU PASSIF AU COÛT AU 31 DÉCEMBRE 1997</b>				
<b>ACTIF</b>				
Placements				
Obligations	28 434,0	23 423,2	11,3	1,8
Actions et valeurs convertibles	-	-	12 221,7	10 492,8
Financements hypothécaires	-	-	-	-
Biens immobiliers	-	-	-	-
Valeurs à court terme	8,7	-	5,0	19,8
Dépôts à vue au fonds général	696,0	-	-	-
Titres achetés en vertu de conventions de revente	1 673,3	1 323,8	-	-
	30 812,0	24 747,0	12 238,0	10 514,4
<b>PASSIF</b>				
Engagements liés à des titres vendus à découvert	778,2	1 153,6	454,7	384,0
Emprunts hypothécaires	-	-	-	-
Instruments financiers dérivés	6,7	5,0	1,0	2,3
Part des actionnaires sans contrôle	-	-	-	-
<b>QUOTE-PART DES FONDS (en pourcentage)</b>				
Fonds général	27,2	39,0	24,9	36,7
Fonds particulier 301	34,9	34,3	37,9	36,3
Fonds particulier 302	5,7	5,6	6,4	6,3
Fonds particulier 303	0,2	0,2	0,2	0,2
Fonds particulier 305	0,2	0,2	0,3	0,3
Fonds particulier 306	0,2	0,2	0,1	0,1
Fonds particulier 307	9,8	-	9,2	-
Fonds particulier 308	2,0	1,9	2,3	2,2
Fonds particulier 311	2,6	2,7	6,3	6,6
Fonds particulier 312	3,0	3,0	2,9	2,8
Fonds particulier 313	1,1	1,1	0,7	0,6
Fonds particulier 330	13,1	11,8	8,8	7,9
	100,0	100,0	100,0	100,0

ACTIONS AMÉRICAINES		ACTIONS DES MARCHÉS EN ÉMERGENCE		ACTIONS ÉTRANGÈRES		FINANCEMENTS HYPOTHÉCAIRES		IMMEUBLES	
1997	1996	1997	1996	1997	1996	1997	1996	1997	1996
-	25,7	-	-	-	-	-	-	0,2	2,9
2 419,7	2 403,3	1 061,7	926,1	7 902,9	6 991,1	-	-	798,8	303,7
-	-	-	-	-	-	1 404,6	1 465,0	143,7	155,8
-	-	-	-	-	-	91,0	84,3	4 193,2	3 525,8
676,2	-	-	-	-	-	-	-	30,5	14,0
-	-	-	-	75,5	-	45,8	6,1	57,0	1,4
-	-	-	-	-	-	-	-	-	-
3 095,9	2 429,0	1 061,7	926,1	7 978,4	6 991,1	1 541,4	1 555,4	5 223,4	4 003,6
8,7	6,5	1,5	1,9	41,1	39,6	14,5	16,8	225,8	237,1
3 104,6	2 435,5	1 063,2	928,0	8 019,5	7 030,7	1 555,9	1 572,2	5 449,2	4 240,7
39,9	112,4	23,4	4,9	-	39,7	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	1 571,3	982,9
3,8	30,6	0,5	15,6	145,4	142,3	-	-	30,6	9,3
12,3	13,5	6,6	8,4	83,1	19,0	17,4	16,0	477,0	648,9
-	-	-	-	-	-	-	-	144,0	172,3
56,0	156,5	30,5	28,9	228,5	201,0	17,4	16,0	2 222,9	1 813,4
3 048,6	2 279,0	1 032,7	899,1	7 791,0	6 829,7	1 538,5	1 556,2	3 226,3	2 427,3
3,5	5,4	-	-	-	-	-	-	0,3	0,3
33,3	43,8	21,3	6,4	146,1	119,0	-	-	7,2	10,3
-	-	-	-	-	-	119,4	129,7	12,5	9,9
-	-	-	-	-	-	-	-	139,5	186,5
4,4	-	-	-	-	-	-	-	5,2	5,5
(0,2)	0,9	(0,2)	0,3	0,7	3,0	0,3	0,3	1,6	1,9
41,0	50,1	21,1	6,7	146,8	122,0	119,7	130,0	166,3	214,4
0,2	0,1	-	-	0,2	0,1	0,6	0,4	15,3	6,6
41,2	50,2	21,1	6,7	147,0	122,1	120,3	130,4	181,6	221,0
2,6	2,5	4,7	2,0	11,2	12,5	3,6	3,4	9,8	8,6
38,6	47,7	16,4	4,7	135,8	109,6	116,7	127,0	171,8	212,4
0,6	0,7	0,1	0,1	1,4	1,5	0,5	0,7	8,2	7,9
38,0	47,0	16,3	4,6	134,4	108,1	116,2	126,3	163,6	204,5
-	-	-	-	-	-	-	-	14,2	11,4
38,0	47,0	16,3	4,6	134,4	108,1	116,2	126,3	149,4	193,1
38,0	47,0	16,3	4,6	134,4	108,1	116,2	126,3	149,4	193,1
450,0	386,1	0,8	(2,1)	589,6	212,8	6,2	14,3	(56,8)	(8,7)
150,6	(1,4)	(116,7)	(29,3)	236,7	401,2	(40,9)	32,8	414,8	70,9
638,6	431,7	(99,6)	(26,8)	960,7	722,1	81,5	173,4	507,4	255,3
169,0	155,9	249,5	870,9	135,0	2 507,6	17,0	(270,2)	441,0	127,7
-	-	-	-	-	-	-	-	-	-
(38,0)	(433,1)	(16,3)	(2,5)	(134,4)	(320,9)	(116,2)	(140,6)	(149,4)	(184,3)
769,6	154,5	133,6	841,6	961,3	2 908,8	(17,7)	(237,4)	799,0	198,7
2 279,0	2 124,5	899,1	57,5	6 829,7	3 920,9	1 556,2	1 793,6	2 427,3	2 228,6
3 048,6	2 279,0	1 032,7	899,1	7 791,0	6 829,7	1 538,5	1 556,2	3 226,3	2 427,3
-	25,3	-	-	-	-	-	-	0,2	2,6
1 823,0	1 935,3	1 210,0	944,1	6 674,8	5 998,2	-	-	667,7	404,9
-	-	-	-	-	-	1 348,9	1 363,9	139,4	167,8
-	-	-	-	-	-	113,6	111,4	4 731,9	4 235,4
676,8	-	-	-	-	-	-	-	30,4	14,0
-	-	-	-	75,4	-	45,7	6,1	57,0	1,4
-	-	-	-	-	-	-	-	-	-
2 499,8	1 960,6	1 210,0	944,1	6 750,2	5 998,2	1 508,2	1 481,4	5 626,6	4826,1
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	1 538,5	958,7
0,6	4,5	0,4	1,9	16,4	11,8	-	-	3,4	1,0
-	-	-	-	-	-	-	-	175,3	177,7
19,5	27,5	27,7	41,0	27,4	40,7	12,5	10,5	25,6	38,5
38,8	36,8	36,5	34,8	36,0	34,8	17,6	22,3	38,6	36,7
6,3	6,1	5,9	5,8	5,8	5,8	2,9	3,7	5,9	6,2
0,2	0,2	0,2	-	0,2	0,2	1,3	1,3	0,3	0,3
0,2	0,2	0,3	-	0,3	0,2	0,1	0,2	0,3	0,3
-	-	0,1	0,1	0,1	0,1	-	-	-	-
7,3	-	10,3	-	10,2	-	4,6	-	10,1	-
1,7	1,6	-	-	1,4	1,3	0,9	1,2	2,3	2,5
7,2	9,0	3,9	4,3	3,8	3,6	26,9	27,6	4,2	4,4
5,3	6,2	2,9	3,0	2,8	2,5	19,9	19,0	2,3	1,5
1,4	1,6	0,8	0,8	0,7	0,6	12,3	11,4	1,2	1,0
12,1	10,8	11,4	10,2	11,3	10,2	1,0	2,8	9,2	8,6
100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0

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**CHANGES IN DEPOSITORS' HOLDINGS IN 1997**  
(in millions of dollars)

DEPOSITORS	Fund	Cost					Fair value			Excess over cost
		Holdings, beginning of year	Cash		Holdings, end of year	Holdings, beginning of year	Change		Holdings, end of year	
			Net income allocated <sup>1</sup>	Deposits (with-drawals)			Unrealized increase (decrease) in value	Cash		
Commission administrative des régimes de retraite et d'assurances										
Government and Public Employees Retirement Plan										
Unionized level	301	17,417.8	1,232.6	343.0	18,993.4	19,828.2	1,377.1	1,575.6	22,780.9	<b>3,787.5</b>
Government and Public Employees Retirement Plan										
Non-unionized level	302	2,886.3	205.0	(14.0)	3,077.3	3,309.0	222.3	191.0	3,722.3	<b>645.0</b>
Individual plans	303	130.8	8.0	(1.6)	137.2	142.5	7.3	6.4	156.2	<b>19.0</b>
Pension Plan of Elected Municipal Officers	305	118.9	9.0	0.3	128.2	136.3	8.0	9.3	153.6	<b>25.4</b>
		20,553.8	1,454.6	327.7	22,336.1	23,416.0	1,614.7	1,782.3	26,813.0	<b>4,476.9</b>
Régie des rentes du Québec	FG	13,737.6	1,096.6	(1,680.2)	13,154.0	15,660.1	761.5	(583.6)	15,838.0	<b>2,684.0</b>
Commission de la santé et de la sécurité du travail	330	5,081.1	363.8	413.8	5,858.7	5,705.3	400.2	777.6	6,883.1	<b>1,024.4</b>
Commission de la construction du Québec										
Supplemental Pension Plan for Employees of the Québec Construction Industry										
General account	311	2,500.0	194.2	(198.0)	2,496.2	2,898.4	170.8	(3.8)	3,065.4	<b>569.2</b>
Retirees' account	312	1,746.3	135.7	43.0	1,925.0	1,963.9	112.6	178.7	2,255.2	<b>330.2</b>
Supplementary account	313	650.5	52.2	22.0	724.7	705.5	27.9	74.2	807.6	<b>82.9</b>
		4,896.8	382.1	(133.0)	5,145.9	5,567.8	311.3	249.1	6,128.2	<b>982.3</b>
Société de l'assurance automobile du Québec	307	4,882.4	356.2	(211.3)	5,027.3	5,542.9	339.6	144.9	6,027.4	<b>1,000.1</b>
Fonds d'amortissement des régimes de retraite gouvernementaux	308	998.8	66.4	-	1,065.2	1,088.2	77.6	66.4	1,232.2	<b>167.0</b>
Régime de rentes de survivants	FG	-	10.4	277.9	288.3	-	7.3	288.3	295.6	<b>7.3</b>
Régie de l'assurance-dépôts du Québec	FG	119.5	4.7	15.8	140.0	120.1	0.4	20.5	141.0	<b>1.0</b>
Régie des assurances agricoles du Québec	FG	-	1.6	113.0	114.6	-	-	114.6	114.6	<b>-</b>
Régime complémentaire de rentes des techniciens ambulanciers œuvrant au Québec	306	56.6	4.0	6.1	66.7	62.5	3.8	10.1	76.4	<b>9.7</b>
Fonds d'assurance-prêts agricoles et forestiers du Québec	FG	35.9	1.9	6.8	44.6	37.4	0.7	8.7	46.8	<b>2.2</b>
Office de la protection du consommateur										
Fonds des cautionnements collectifs des agents de voyages	FG	6.7	0.5	(1.2)	6.0	7.0	0.2	(0.7)	6.5	<b>0.5</b>
Magazine Protégez-Vous	FG	2.0	0.1	-	2.1	2.1	0.1	0.1	2.3	<b>0.2</b>
		8.7	0.6	(1.2)	8.1	9.1	0.3	(0.6)	8.8	<b>0.7</b>
Régie des marchés agricoles et alimentaires du Québec	FG	2.6	0.2	0.2	3.0	2.8	0.2	0.4	3.4	<b>0.4</b>
La Fédération des producteurs de bovins du Québec	FG	1.8	0.1	-	1.9	1.9	0.1	0.1	2.1	<b>0.2</b>
Centre de recherche industrielle du Québec <sup>2</sup>	FG	-	-	-	-	-	-	-	-	<b>-</b>
Société des alcools du Québec <sup>2</sup>	FG	-	-	-	-	-	-	-	-	<b>-</b>
<b>Depositors' holdings</b>		<b>50,375.6</b>	<b>3,743.2</b>	<b>(864.4)</b>	<b>53,254.4</b>	<b>57,214.1</b>	<b>3,517.7</b>	<b>2,878.8</b>	<b>63,610.6</b>	<b>10,356.2</b>

1996	46,301.0	5,682.0	(1,607.4)	50,375.6	51,184.5	1,955.0	4,074.6	57,214.1	<b>6,838.5</b>
1995	43,852.2	4,065.5	(1,616.7)	46,301.0	44,859.9	3,875.8	2,448.8	51,184.5	<b>4,883.5</b>
1994	42,034.0	2,983.2	(1,165.0)	43,852.2	47,116.7	(4,075.0)	1,818.2	44,859.9	<b>1,007.7</b>
1993	39,885.0	3,989.2	(1,840.2)	42,034.0	41,307.2	3,660.5	2,149.0	47,116.7	<b>5,082.7</b>

GF: General Fund

<sup>1</sup> As of 1997, gains and losses from the sale of investments in the specific portfolios are no longer distributed to participation deposit unit holders.

<sup>2</sup> These depositors only benefit from the Caisse's cash management services.

## 2 ANNUAL INTEREST OR INCOME PAID OUT ON AVERAGE DEPOSITS (rate in percentage)

CATEGORIES OF DEPOSITS	1997	1996
Demand deposits <sup>1</sup>	<b>3.201</b>	4.744
Term deposits <sup>1</sup>	<b>3.728</b>	5.241
Participation deposits <sup>2</sup>	<b>6.875</b>	11.854

<sup>1</sup> The General Fund receives demand and term deposits from depositors and pays out interest on these deposits. The rate indicated is the average rate paid out during the year.

<sup>2</sup> Income earned on the investments of the Caisse's General Fund and Individual Funds is paid out or allocated to participation deposit holders. The rate indicated is the average annual rate. The rate represents only the income accounted for during the year on depositors' investments. It does not account for the change in the fair value of investments. For purposes of this calculation, participation deposits are computed at cost. The rate is different from the time-weighted rate of return which includes both income and changes in the fair value of investments.

## 3 ACQUISITIONS OF NEW BONDS ISSUED BY THE GOUVERNEMENT DU QUÉBEC AND THE QUÉBEC PUBLIC SECTOR (par value - in millions of dollars)

	Government	Public sector	Total
<b>1997</b>	<b>1,000.0</b>	-	<b>1,000.0</b>
1996	1,100.0	200.0	1,300.0
1995	1,200.0	300.0	1,500.0
1994	1,405.0	-	1,405.0
1993	625.0	500.0	1,125.0
	<b>5,330.0</b>	<b>1,000.0</b>	<b>6,330.0</b>



**4** INVESTMENTS IN CANADIAN CORPORATE SHARES AND BONDS  
BY SECTOR OF ACTIVITY  
as at December 31, 1997  
(fair value - in millions of dollars)

	Shares and convertible securities	Bonds	Total	%	Weighting in TSE 300
Metals and minerals	745.1	7.1	752.2	4.0	5.0
Gold and silver	721.0	-	721.0	3.9	5.4
Oil and gas	1,692.5	56.2	1,748.7	9.3	12.5
Paper and forest products	966.2	60.7	1,026.9	5.5	2.8
Consumer products	1,086.1	42.9	1,129.0	6.0	5.6
Industrial products	2,524.2	42.5	2,566.7	13.7	17.0
Real estate and construction	1,041.8	233.9	1,275.7	6.8	1.6
Transportation and environmental services	665.1	8.1	673.2	3.6	3.3
Pipelines	259.1	37.4	296.5	1.6	2.9
Utilities	1,808.3	195.6	2,003.9	10.7	10.5
Communications	1,381.4	60.7	1,442.1	7.7	3.4
Distribution and services	877.6	206.2	1,083.8	5.8	3.8
Financial services	3,154.4	292.6	3,447.0	18.4	22.1
Conglomerates	338.1	-	338.1	1.8	4.1
Index participation units - TSE 35	215.5	-	215.5	1.2	-
	<b>17,476.4</b>	<b>1,243.9</b>	<b>18,720.3</b>	<b>100.0</b>	<b>100.0</b>

**5** PARTICIPATION IN NEW BOND ISSUES OF THE  
GOUVERNEMENT DU QUÉBEC IN 1997  
(in millions of dollars)

Date of offer	Par value	Date of maturity	Nominal rate %	Yield to maturity %	Unit price	Acquisitions by the Caisse
1997-05-29	300	2002-04-01	5.25	6.18	96.14	300
1997-06-02	200	2026-04-01	8.50	7.44	112.55	200
1997-11-05	80	2026-04-01	8.50	6.60	124.20	80
1997-11-05	70	2009-04-01	11.00	6.11	139.68	70
1997-11-13	100	2002-04-01	5.25	5.22	100.12	100
1997-11-13	100	2003-12-01	7.50	5.45	110.43	100
1997-12-08	100	2006-03-30	7.75	6.02	111.18	100
1997-12-09	50	2007-10-01	6.50	6.16	102.46	50
	<b>1,000</b>					<b>1,000</b>

STATEMENT OF BONDS ACQUIRED DIRECTLY FROM THE  
GOUVERNEMENT DU QUÉBEC OR HYDRO-QUÉBEC  
as at December 31, 1997

GOUVERNEMENT DU QUÉBEC			
Nominal rate	Date of maturity	Cumulative amount <sup>1</sup>	Percentage held by the Caisse <sup>2</sup>
8.00	1998-03-30	75	100
10.25	1998-04-07	500	87
10.00	1998-06-12 <sup>3</sup>	200	-
9.75	1998-07-07	125	97
10.75	1998-07-31	75	-
6.00	1999-04-01	30	82
10.70	1999-05-01	60	-
10.75	1999-09-04 <sup>3</sup>	35	-
10.00	2000-04-26	875	55
7.25	2000-09-01	250	68
10.00	2000-10-16 <sup>3</sup>	125	-
10.50	2001-01-15	375	99
11.75	2001-02-15	100	100
9.75	2001-03-15 <sup>3</sup>	125	-
10.25	2001-05-04 <sup>3</sup>	225	-
10.25	2001-10-15	475	100
5.25	2002-04-01	400	100
9.25	2002-04-01	725	9
10.35	2002-06-15 <sup>3</sup>	150	-
10.00	2002-12-15 <sup>3</sup>	300	49
13.00	2003-04-07	75	-
10.63	2003-04-17 <sup>3</sup>	150	-
9.00	2003-05-01	725	76
7.50	2003-12-01	775	67
14.63	2004-05-31	150	-
10.90	2004-09-24 <sup>3</sup>	125	-
8.00	2004-10-01	200	100
9.75	2004-10-01	400	91
12.75	2004-11-29	175	11
11.70	2004-12-27 <sup>3</sup>	75	87
12.60	2004-12-28	75	-
9.50	2005-04-01	350	98
12.25	2005-06-30	100	-
11.38	2005-10-03	75	100
7.75	2006-03-30	350	100
9.50	2006-05-01	100	68
10.00	2006-07-07	75	97
6.50	2007-10-01	50	100
11.00	2009-04-01	645	39

STATEMENT OF BONDS ACQUIRED DIRECTLY FROM THE  
GOUVERNEMENT DU QUÉBEC OR HYDRO-QUÉBEC (continued)  
as at December 31, 1997

GOUVERNEMENT DU QUÉBEC			
Nominal rate	Date of maturity	Cumulative amount <sup>1</sup>	Percentage held by the Caisse <sup>2</sup>
10.75	2009-06-26 <sup>3</sup>	125	16
10.00	2010-06-28	100	100
10.75	2011-03-28	75	100
9.50	2011-09-02	210	100
9.00	2012-02-10	25	100
10.50	2012-06-04	200	-
11.88	2012-10-09	100	-
10.50	2014-06-01	125	88
13.25	2014-09-15 <sup>3</sup>	37	-
11.00	2015-06-15 <sup>3</sup>	16	-
11.00	2015-07-27	50	100
9.38	2023-01-16	650	25
9.50	2023-03-30	75	100
8.50	2026-04-01	280	100

HYDRO-QUÉBEC			
Nominal rate	Date of maturity	Cumulative amount <sup>1</sup>	Percentage held by the Caisse <sup>2</sup>
8.50	1998-04-01	150	67
8.50	1998-12-03 <sup>3</sup>	50	-
10.75	1999-02-01	100	100
9.00	1999-04-01 <sup>3</sup>	60	-
9.75	2000-02-06 <sup>3</sup>	55	-
11.25	2000-10-10	50	50
7.00	2000-10-15	200	100
13.25	2000-12-14	85	9
10.88	2001-07-25	100	100
10.00	2001-10-21 <sup>3</sup>	55	-
15.75	2002-09-15 <sup>3</sup>	46	4
10.25	2003-05-15 <sup>3</sup>	140	9
9.00	2003-06-01	100	75
10.00	2003-07-05 <sup>3</sup>	125	-
10.75	2004-03-27 <sup>3</sup>	180	-
11.00	2004-10-15 <sup>3</sup>	55	2
11.75	2005-07-15 <sup>3</sup>	90	59
8.50	2005-08-15	450	67
13.25	2005-09-30 <sup>3</sup>	150	85
11.25	2008-06-01	100	100
10.00	2011-09-26	100	100
10.25	2012-07-16	320	11

HYDRO-QUÉBEC (continued)			
Nominal rate	Date of maturity	Cumulative amount <sup>1</sup>	Percentage held by the Caisse <sup>2</sup>
11.00	2020-08-15	525	53
10.50	2021-10-15	100	100
9.63	2022-07-15	350	100

<sup>1</sup> Represents the total, in millions of dollars, of all investments traded by the Caisse in new bond issues of the Gouvernement du Québec or Hydro-Québec.

<sup>2</sup> Represents the proportion of the cumulative acquisitions in the Caisse's portfolio as at December 31, 1997.

<sup>3</sup> Callable bonds.

**STATEMENT OF REAL ESTATE HOLDINGS**  
 as at December 31, 1997

Location	Land and buildings
<b>CADEV</b>	
Anjou	Land, boulevard Bombardier
Baie d'Urfé	Land, route Transcanadienne
Blainville	Land, autoroute des Laurentides
Laval	2900, rue Édouard-Montpetit
Laval	Land, boulevard St-Elzéar
Laval	Land, boulevard St-Martin
Laval	Land, autoroute 440, rue Dagenais
Laval	Land, boulevard Le Carrefour
Mercier	Land, boulevard St-Jean-Baptiste
Montréal	Land, 5400 to 5414 rue Hochelaga
Outremont	1180, rue Bernard
Québec City	Land, boulevard de l'Ormière
Saint-Laurent	Land, rue Gougeon and chemin Côte-de-Liesse
<b>CADIM</b>	
Baie-Comeau	115, boulevard Comeau
Charlesbourg	4155, 4e Avenue Ouest
Côte-Saint-Luc	Land, 7600, rue Earle
Dorval	1325, boulevard Hymus
Longueuil	1999, boulevard Roland-Therrien
Montréal	1170, rue Peel
Montréal	Land, 2020, rue University
Montréal	1500 and land, 1800, avenue McGill College
Montréal	747, Square Victoria
Montréal	360, rue Saint-Antoine Ouest
Montréal	800, place Victoria
Mont-Royal	2305, chemin Rockland
Pointe-Claire	241, boulevard Hymus
Québec City	500, avenue Grande Allée Est
Québec City	1 to 8, place Mérici
Québec City	Terrain Mérici
Québec City	Land, 690 and 700, boulevard René-Lévesque Est
Rivière-du-Loup	Land, 385, rue Lafontaine
Saint-Laurent	2300, boulevard Alfred-Nobel
Saint-Laurent	7190 and 7220, rue Frederick-Banting
Saint-Laurent	Land, rue Gougeon and chemin Côte-de-Liesse
Sainte-Foy	2986 to 3004, rue Laverdure and 3001 to 3005, rue D'Entremont
Scarborough	3895 Lawrence Avenue East
Sherbrooke	2775 and 2835, rue du Manoir

Location	Land and buildings
Sherbrooke	3333, rue King Ouest
Verdun	Land, portion of lot 4740 et al. (Île des Sœurs)
<b>Foreign investments</b>	
Boca Raton (Fla., U.S.)	8207 Severn Drive
Charlotte (N.C., U.S.)	839 Scaleybark Road
Fairfield (Calif., U.S.)	3001 North Texas Street
Greensboro (N.C., U.S.)	1921 New Garden Road
New York (N.Y., U.S.)	6 West 107th Street
New York (N.Y., U.S.)	108 West 15th Street
New York (N.Y., U.S.)	210 West 89th Street
New York (N.Y., U.S.)	230 East 44th Street
New York (N.Y., U.S.)	231 - 237 Second Avenue
New York (N.Y., U.S.)	235 - 236 West 48th Street
New York (N.Y., U.S.)	359 Second Avenue
New York (N.Y., U.S.)	401 West 56th Street
New York (N.Y., U.S.)	788 Lexington
New York (N.Y., U.S.)	2373 Broadway
New York (N.Y., U.S.)	2700 Broadway
North Dallas (Tex., U.S.)	9030 - 9050 Markville Drive
Paris (France)	8, rue Cambon
Paris (France)	35, rue Jean-Goujon
Paris (France)	7, rue de l'Hôtel-Colbert
Paris (France)	3, boulevard Montmartre

Location	Land and buildings
Paris (France)	34, rue Fontaine
Paris (France)	9, villa de Saxe
Piaseczno (Pologne)	Wifjska
<b>IVANHOE</b>	
Beaconsfield	50, boulevard St-Charles and adjacent land
Brossard	2150, boulevard Lapinière
Burlington	3365 Fairview Street
Cap-de-la-Madeleine	180, rue de Grandmont
Charlesbourg	4296, 1ère Avenue
Cobourg	1111 Elgin Street West
Côte-Saint-Luc	7155, chemin Côte-St-Luc
Côte-Saint-Luc	Land, boulevard Cavendish and chemin Kildare
Delson	1000, boulevard Georges-Gagné and adjacent land
Dollard-des-Ormeaux	3237, boulevard des Sources
Dorval	310, avenue Dorval and adjacent land
Dundas	2-101 and 119 Osler Drive
Greenfield Park	345 to 545, boulevard Taschereau
Hamilton	751 Upper James Street
Hull	320, boulevard St-Joseph
Lachenaie	Land, montée Masson
Lachine	2972, rue Remembrance
LaSalle	395, avenue Dollard
LaSalle	8051, rue Georges
Laval	901, boulevard Curé-Labelle
Laval	1055 to 1085, boulevard des Laurentides
Laval	2999, autoroute 440 and land
Laval	3003, boulevard Le Carrefour
Lévis	Land, route du Président-Kennedy
London	509 Commissioners Road
Longueuil	1401, chemin Chambly
Markham	5000 Highway 7
Mascouche	Land, montée Masson
Montréal	1745 to 1775, rue Fleury Est
Montréal	4801 to 4885, avenue Van Horne
Montréal	4815, rue Buchan
Montréal	4901, rue Jean Talon Ouest
Montréal	4300 to 4700 and 4950, rue de la Savane

**STATEMENT OF REAL ESTATE HOLDINGS  
as at December 31, 1997**

Location	Land and buildings	Location	Land and buildings	Location	Land and buildings
<b>IVANHOE (continued)</b>					
Montréal	5010, rue Paré	Trois-Rivières	4015 and 4025, boulevard des Forges and land	Dorval	9045, 9245 to 9255, 9341 to 9395, 9405 to 9475, 9501 to 9539, 9545, 9551 to 9579, 9601 to 9665, 9675 to 9685, 9701 to 9745, 10105 to 10195, 10205 to 10255, chemin Côte-de-Liesse
Montréal	5400, avenue Pierre-de-Coubertin			Dorval	700 to 740, 735 to 745, 742 to 760, rue Renaud
Montréal	2615 to 2865, avenue Van Horne and adjacent land	<b>Foreign investments</b>		Dorval	9010 to 9050, rue Ryan
Montréal	6550, rue Sherbrooke Est	Danbury (Conn., U.S.)	7 Backus Avenue	Forestville	25, route 138
Montréal	7500, rue Victoria	Elizabethtown (Ky., U.S.)	1704 North Dixie Highway	Gaspé	39, montée Sandy Beach
Montréal	8275, boulevard St-Laurent	Gainesville (Fla., U.S.)	6419 Newberry Road	Jonquière	3460, boulevard Saint-François and adjacent land
Montréal	Land, rue Jean-Talon Ouest (lots 100-2, 9, 16 of village de Côte-des-Neiges)	Holland (Mich., U.S.)	12331 James Street	La Pocatière	126, route 230 Ouest
Montréal	Land, rues Paré et Buchan	Kingsport (Tenn., U.S.)	2101 Fort Henry Drive	Laval	2345, autoroute des Laurentides
Montréal-Nord	10521 to 10707, boulevard Pie-IX	Minnetonka (Minn., U.S.)	12401 Wayzata Boulevard	Laval	1 to 4, place Laval
Montréal-Nord	6000, boulevard Henri-Bourassa Est and adjacent land	Omaha (Nebr., U.S.)	10000 California Street	Lévis	20, rue Saint-Georges Est
Montréal-Ouest	6645, rue Somerled	St. Charles (Ill., U.S.)	3800 East Main Street	Longueuil	370, chemin Chambly
Mont-Royal	2305, chemin Rockland	Taylor (Mich., U.S.)	2300 Eureka Road	Longueuil	601 to 623, rue Le Breton
Mont-Royal	2375, rue Lucerne	Victor (N.Y., U.S.)	7979 Route 96, Pittford Victor Road	Longueuil	601 to 631, rue Bériault
North York	2450 Sheppard Avenue East	<b>PENYORK PROPERTIES</b>		Longueuil	2115 to 2147, rue de la Province
Pincourt	107, boulevard Cardinal-Léger	Etobicoke	2, 4 and 6 Eva Road	Magog	1700, rue Sherbrooke
Québec City	225, chemin Sainte-Foy	Mississauga	4600 to 4900 Dixie Road	Montréal	1650, rue Berri
Québec City	440, rue Bouvier	Mississauga	2630 Skymark Avenue	Montréal	777, rue University
Repentigny	86 and 100, boulevard Brien and adjacent land	Mississauga	Land, College Square	Montréal	800, boulevard de Maisonneuve Est and 1415, rue Saint-Hubert
Repentigny	175, rue Notre-Dame	North York	5001 Yonge Street	Montréal	1200, avenue McGill College
Rosemère	201 to 257, boulevard Labelle	Toronto	55 University Avenue	Montréal	1981, avenue McGill College
Scarborough	325 to 395 Bamburg Circle	<b>SITQ IMMOBILIER</b>		Montréal	500, rue Sherbrooke Ouest
Scarborough	5107 Sheppard Avenue East	Alma	705, avenue du Pont Nord and adjacent land	Montréal	747, Square Victoria
Sherbrooke	350, rue Belvédère Sud	Beauport	1100, boulevard des Chutes	Montréal	752 to 772, rue Sherbrooke Ouest
Sorel	250, boulevard Fiset	Brossard	1, 2, 3, 5, 7, 8, 9 and 11, place du Commerce and Land	Montréal	1055, boulevard René-Lévesque Est
Saint-Bruno	1, boulevard des Promenades and adjacent land	Brossard	8705, boulevard Taschereau	Montréal	2000, rue Notre-Dame Est
Saint-Hubert	5025, boulevard Cousineau and land	Cap-Rouge	1100, boulevard Chaudière	Montréal	3901, rue Jarry Est and adjacent land boulevard Pie-IX
Saint-Léonard	4400, rue Jean-Talon Est	Chandler	175, rue Daigneault and adjacent land	Montréal	4001 to 4011, boulevard Robert
Saint-Léonard	Land, rues Jean-Talon Est and Provencher	Charlesbourg	4000, boulevard du Jardin	Nicolet	150, rue Éloi-de-Grandmont and adjacent land
Saint-Léonard	Land, rue Jean-Talon Est (near Palerme)	Chicoutimi	1212 and 1324, boulevard Talbot and adjacent land	Plessisville	1971, rue Bilodeau
Saint-Léonard	4325 to 4505, rue Jean-Talon Est	Chicoutimi	299, rue des Saguenéens	Pointe-aux-Trembles	12675, rue Sherbrooke Est
Sainte-Agathe	Land, chemin Palomino	Cowansville	175, rue Principale	Pointe-Claire	300, rue Labrosse
Sainte-Foy	2452, boulevard Laurier and adjacent land			Pointe-Claire	955 to 975 and 985, boulevard St-Jean
Thetford Mines	166, rue St-Charles			Pointe-Claire	1 to 245, place Frontenac
Thornhill	800 Stell West Avenue			Québec City	2405, rue De Celles
Toronto	4763 to 4781 Yonge Street				
Trois-Rivières	1650, rue Royale				

Location	Land and buildings
<b>SITQ IMMOBILIER (continued)</b>	
Québec City	690 and 700, boulevard René-Lévesque Est
Québec City	801, chemin Saint-Louis
Québec City	880 and 930, chemin Sainte-Foy
Québec City	9550, boulevard de l'Ornière
Québec City	Land, corner of boulevard Lebourgneuf and boulevard Des Gradins
Québec City	5700 to 5780, boulevard des Gradins, 565 to 585, boulevard Lebourgneuf and 300 to 350, rue Bouvier
Rimouski	419, boulevard Jessop
Rimouski	80 to 84 and 114, rue Saint-Germain
Rivière-du-Loup	298, boulevard Thériault and adjacent land
Roberval	1221, boulevard Saint-Dominique
Saint-Georges-de-Beauce	8585, boulevard Lacroix
Saint-Laurent	155, rue Authier
Saint-Laurent	3300, 3350 to 3450, 3500 and land, chemin de la Côte-Vertu
Saint-Laurent	1055 to 1105, 1435 to 1473, 1475 to 1499, rue Bégin
Saint-Laurent	105, 145, 295 to 371, 375 to 455, 457 to 533, 470, 500 to 510, 555, 602 to 678, 605 and 607, rue Deslauriers
Saint-Laurent	4405, 4420 to 4440, 4445, 4448 to 4454, 4475, 4488 to 4492, 4500 to 4520, 4600 to 4620, 4700 to 4720, rue Garand
Saint-Laurent	655 to 817, rue Gougeon
Saint-Laurent	200 to 210, 220 to 232, 350 to 354, 358 and 360, boulevard Lebeau
Saint-Laurent	280 to 350 and 295 to 341, rue Benjamin-Hudon
Saint-Laurent	Land, rue Pitfield
Saint-Laurent	4150, 4155, 4200, 4205 to 4395, 4300 to 4320, 4400 to 4420, 4405 to 4515, rue Poirier
Saint-Laurent	1400, rue Pomba
Saint-Laurent	4600 to 4650, rue Thimens
Saint-Laurent	6969, 7031 to 7045, 7875, 7905, 7945 to 7955, 8085 to 8089, route Transcanadienne
Saint-Léonard	6801, boulevard des Grandes Prairies
Saint-Raymond-de-Portneuf	333, côte Joyeuse
Sainte-Anne-de-Beaupré	10516, boulevard Sainte-Anne
Sainte-Foy	2095, boulevard Charest Ouest

Location	Land and buildings
Sainte Foy	1000 and 1020, route de l'Église
Sainte-Foy	650, avenue Graham-Bell
Sainte Foy	2875, boulevard Laurier
Sherbrooke	2775 and 2835, rue du Manoir
Thetford Mines	8051, boulevard Smith Nord and adjacent land
Trois-Rivières	225, rue Des Forges
Trois-Rivières-Ouest	4520, boulevard Royal and 4000 to 4100, boulevard des Récollets
Westmount	1 to 4, Westmount Square
<b>Foreign investments</b>	
Accrington (U.K.)	Broadway Street and Cornhill Street (Arndale Shopping Center)
Bangor (U.K.)	Bloomfield Road South and Circular Road
Bruxelles (Belgium)	9, 13 and 13A, rue Bréderode, 28, 32, 48 and 52, rue Namur and rue Thérésienne
Charlotte (N.C., U.S.)	4201 Congress Street
Charlotte (N.C., U.S.)	6805 Morrison Boulevard at Colony Road
Chelmsford (U.K.)	High Street Springfield (Meadows Shopping Center)
Cross Gates (U.K.)	Station Road (Arndale Shopping Center)
Gleendale (Denver, Colo., U.S.)	4500 Cherry Creek South Drive
Hartlepool (U.K.)	A-689 Stranton-Stockton Road and Square Victoria, county of Cleveland Middleton Grange
Juarez (Mexico)	
Kirkcaldy (U.K.)	Land, Azlécas and Panamericano High Street et Esplanade Avenue (Mercat Shopping Center)
Mansfield (R.-U.)	West Gate and Stockwell Gate (Four Seasons shopping center)
Paris (France)	11 and 13, cours Valmy, La Défense

Location	Land and buildings
Paris (France)	1, place Carpeaux, La Défense
Paris (France)	Centre d'affaires La Défense
Paris (France)	cedex 3810, La Défense
Puteaux (France)	14, avenue de la République
St-Ouen (France)	28 to 60, rue Andouin and Quay de Seine
Washington D.C. (U.S.)	1776 Eye Street, Republic Place

<b>BORROWERS</b>	<b>Address</b>	<b>Location</b>	<b>Balance</b>
Accurso/Solim	1535 to 1565, boulevard Le Corbusier	Laval	6.0
Alexis Nihon (Québec) Inc.	1500, rue Atwater	Westmount	9.8
Aménagement Lyndale Ltée	1125, rue Moody	Terrebonne	23.6
Aménagement Westcliff Ltée	20, rue Évangéline	Granby	25.8
Appartements Le Neuville inc.	111 and 121, rue de la Barre	Longueuil	5.3
Appartements Le Neuville inc.	130, rue de la Barre	Longueuil	6.2
Carrefour de l'Estrie Inc.	3100, boulevard Portland	Sherbrooke	7.4
Centre commercial Cavendish Cie Ltée	5800, boulevard Cavendish	Côte-Saint-Luc	20.8
Centre commercial Place du Royaume (Chicoutimi) Inc. et al.	1401, boulevard Talbot	Chicoutimi	30.9
Centres Commerciaux Régionaux du Québec Ltée.	320, boulevard Saint-Joseph	Hull	14.2
CLSC Asset Management Partnership IV	874 to 896, Place trans-Canada	Boucherville	5.2
Compagnie WHWW Hotels (Sherbrooke)	450, rue Sherbrooke Ouest	Montréal	21.3
Complexe Pointe-Claire Inc.	6301, route Transcanadienne	Pointe-Claire	18.4
Construction Olymbec inc., Richard Stern et Derek Stern	8255 to 8275, boulevard Saint-Michel	Montréal	6.0
Construction Olymbec inc., Richard Stern et Derek Stern	6355, rue Sherbrooke Est	Montréal	8.6
Construction Sarino inc.	10200, rue Renaude-Lapointe	Anjou	7.1
Devcorp Inc.	200, chemin Sainte-Foy	Québec City	29.0
Édifice d' Youville inc.	800, place d' Youville	Québec City	16.1
Galeries Montmagny (1988) Inc., Les	101, boulevard Taché Ouest	Montmagny	5.5
Germain Pelletier Ltée	92, 2e Rue Ouest	Rimouski	5.4
Gestion DWS-Hines Itée et al.	1801, avenue McGill College	Montréal	23.4
Gestion Place du Royaume Inc. et al.	1401, boulevard Talbot	Chicoutimi	18.5
Immeubles Cominar inc.	3175, chemin des Quatre-Bourgeois	Sainte-Foy	6.4
Immeubles DSA Inc.	1200, boulevard Saint-Martin Ouest	Laval	5.2
Immeubles La Hada Ltée et al.	4751, boulevard Grandes-Prairies	Saint-Léonard	5.9
Immeubles Plaza Z Corp. Inc. et al., Les	300, rue Barkoff	Cap-de-la-Madeleine	9.2
Investissements Metco Ltée	202, rue Berlioz	Verdun	27.1
Investissements Roywest Ltée, Les	14 and 16, rue Prince-Arthur	Montréal	6.0
Ivanhoé II and Ivanhoé III inc.	2100, boulevard Lapinière	Brossard	26.6
J.K. Investments inc.	1130, rue Sherbrooke Ouest	Montréal	10.8
Landing Holdings Limited	361 Water Street	Vancouver	10.6
Lyndale Development Ltd. et al.	30 to 70, rue Dufferin	Salaberry-de-Valleyfield	10.3
Maron Land Development Inc.	698 and 700 Lawrence Avenue	North York	11.4
Pensionfund Realty Ltd.	5505 to 5559, avenue Royalmount	Mont-Royal	5.5
Placements Placevic inc. et al., Les	800, place Victoria	Montréal	15.3
Projets d'Urbanisation 2000 Inc.	2100, boulevard de Maisonneuve	Montréal	5.6
Promo Hotels Canada inc.	1321, rue Sherbrooke Ouest	Montréal	15.9
Robert Rouleau, Bella Buciuminsky, Mortimer D. Gross et al.	1, Plaza de la Mauricie	Shawinigan	10.0
SITQ bureaux inc.	801, chemin Saint-Louis	Québec City	8.0
SITQ bureaux inc. et al.	880 and 930, chemin Sainte-Foy	Québec City	8.4
Société en commandite Cominar	2600, boulevard Laurier	Sainte-Foy	27.3
Société en commandite, Les Appartements d'Assigny	110, rue de la Barre	Longueuil	9.3
Société Immobilière TrizecHahn Itée.	500, boulevard René-Lévesque Ouest	Montréal	36.5
Southwest Properties Limited	1595 and 1597 Bedford Highway	Halifax	12.4
159469 Canada Inc. (Les Associés Présud) and Les Immeubles 5500 Royalmount Inc.	5500, avenue Royalmount	Mont-Royal	5.3

2423-5632 Québec inc.	200, rue Belvédère Nord	Sherbrooke	8.7
157173 Canada inc., Société mutuelle d'assurance vie et al.	1324, boulevard Talbot	Chicoutimi	8.8
157173 Canada inc., Société mutuelle d'assurance vie et al.	419, boulevard Jessop	Rimouski	11.4

**9**

**STATEMENT OF PROPERTIES HELD FOR RESALE  
as at December 31, 1997**

<b>Location</b>	<b>Address</b>
Alma	1055, rue Du Pont Sud
Anjou	7333, boulevard Des Roseraies
Baie-Comeau	300, boulevard LaSalle
Beaupré	1000, boulevard Beaupré, apt. 101 and 102
Charlesbourg	744 to 746 and 748 to 750, rue St-Viateur
Dorval	707, avenue Lajoie
Dorval	810 to 850, avenue Halpern
Gaspé	142, boulevard Gaspé
Jonquière	2675, boulevard du Royaume
La Baie	993 to 997 and 1013, rue Bagot
Lachine	795, 1re Avenue
Laval	1600, boulevard Le Corbusier
Laval	5305 to 5321, rue Notre-Dame
Laval	3603, autoroute 440 Ouest
Laval	2880 and 2895, rue Bergman
Montréal	8000, boulevard Décarie
Montréal	5340, rue Ferrier
Montréal	5010 and 5012, boulevard de Maisonneuve Ouest
Montréal	11850, rue Sherbrooke Est
Montréal-Nord	12315, boulevard Rolland
Pierrefonds	4886, boulevard Saint-Charles
Port-Cartier	24, boulevard des Îles
Québec City	135 to 163, rue Des Chênes Ouest
Québec City	450, rue Saint-Jean-Baptiste
Québec City	5237, rue Hamel
Repentigny	818, rue Notre-Dame
Rimouski	40 to 44, rue Saint-Germain Est
Rosemère	395, chemin Grande-Côte
Saint-Eustache	15, chemin Grande-Côte
Saint-Hubert	2103, boulevard Édouard
Saint-Jean-sur-Richelieu	800, boulevard Industriel
Saint-Laurent	391 to 395, rue Sainte-Croix
Saint-Léonard	5750, boulevard Métropolitain Est
Saint-Léonard	6191 to 6199, boulevard Métropolitain Est
Saint-Sauveur-Des-Monts	200, rue Principale
Sainte-Foy	2670, rue Dalton
Trois-Rivières	525, rue Charlevoix
Trois-Rivières-Ouest	1090 and 1110, boulevard Mauricien

The properties hereinabove mentioned are held by the Caisse or one of the following subsidiaries: Placements P.H.C. inc., 2954834 Canada inc., 3097-1618 Québec inc. and 3097-1626 Québec inc.



REAL ESTATE INVESTMENTS		
Investments <sup>1</sup>	Fair value (in millions of dollars)	Cost
Real estate holdings		
Buildings	4,124.7	4,558.7
Land	68.5	173.5
	4,193.2	4,732.2
Bonds	0.2	0.2
Shares and convertible securities	798.8	667.2
Mortgages	143.7	139.4
Short-term investments and demand deposits in the General Fund	87.5	87.5
<b>Total investments</b>	<b>5,223.4</b>	<b>5,626.5</b>
Related bank and mortgage loans	1,913.4	1,880.6
Non-controlling interest	144.0	175.3
Other assets and liabilities	(60.3)	(87.6)
	1,997.1	1,968.3
<b>Net holdings</b>	<b>3,226.3</b>	<b>3,658.2</b>

<sup>1</sup> These investments include those of the Caisse and its consolidated subsidiaries in the specific real estate investments portfolio.

<sup>2</sup> The fair value of the real estate holdings of the Caisse and its subsidiaries in Canada was certified by one of the following appraisal firms: Leonard, Chevalier, Bernard & Associés, Lecours, Bernèche & Associés, Desjarlais, Prévost et Associés, inc., Lincoln North & Company Limited, and the real estate consulting service of Raymond, Chabot, Martin, Paré.

Certain properties are jointly held by more than one subsidiary.

MORTGAGES		
Investments <sup>1</sup>	Fair value (in millions of dollars)	Cost
Mortgages	1,404.6	1,348.9
Properties held for resale	91.0	113.6
Demand deposits in the General Fund	45.8	45.8
<b>Total investments</b>	<b>1,541.4</b>	<b>1,508.3</b>
Other assets and liabilities	(2.9)	(2.9)
<b>Net holdings</b>	<b>1,538.5</b>	<b>1,505.4</b>

<sup>1</sup> These investments include those of the Caisse and its consolidated subsidiaries in the specific mortgages portfolio.

<sup>2</sup> The fair value of the mortgages of the Caisse was based on the interest rates of the commercial and residential sectors as at December 31, 1997. The fair value of the real estate holdings was appraised by internal certified appraisers or, in some particular cases, by the appraisal firm Lecours, Bernèche & Associés.

**INVESTMENTS IN SHARES AND BONDS OF PUBLIC CORPORATIONS**

as at December 31, 1997

(fair value - in millions of dollars)

Some investments are managed and/or held by one of the following subsidiaries:

A Capital d'Amérique CDPQ inc.

D Capital International CDPQ inc.

G Refers to the Caisse where the subsidiary manages and/or holds only part of the investment.

B Sofinov, Société financière d'innovation inc.

E Capital CDPQ inc.

C Capital Communications CDPQ inc.

F Ivanhoe Inc.

H SITQ Vancouver Inc.

CORPORATIONS	Designation	Subsidiaries	Shares		Convertible Securities	Bonds	Subtotal	Total
			Number	Amount				
ABB AB	class A		842,160	14.3				14.3
ABB AG - Beaver			2,311	2.8				2.8
ABL Canada Inc.		A	718,236	1.0	0.2			1.2
ABSA Group Limited			340,783	2.8				2.8
ACEC-Union Minière	class T		4,381	0.4				0.4
ADS inc.	class A	A	1,540,132	12.7			12.7	
	purchase options	A	7,000	-			-	12.7
AEC Pipelines, L.P.	receipts		200,000	1.4				1.4
AGA AB			130,000	2.5				2.5
AGF Management Limited	class B		71,900	4.0				4.0
AGRA Industries Limited			2,093,304	23.0				23.0
A. H. Belo Corporation			212,400	17.1				17.1
ALFA, S.A. de C.V.	class A		600,400	5.8				5.8
ALLTEL Corp.			29,100	1.7				1.7
AMR Corporation			10,700	2.0				2.0
AO Tatneft			2,000	0.4				0.4
APF Energy Trust	trust units		254,500	2.3				2.3
ARA S.A. de C.V., Consorcio			166,200	1.2				1.2
A.R.C. Resins International Corporation		A	94,400	-				-
ARIG (Arab Insurance Group)			22,000	1.4				1.4
ASA Holdings Inc.			261,400	10.6				10.6
ASDA Group Plc			1,080,000	4.6				4.6
ASM Lithography Holding			53,000	5.0				5.0
ASM Pacific Technology Limited			2,046,000	1.9				1.9
ATI Technologies Inc.			889,700	29.4				29.4
ATS Automation Tooling Systems Inc.			949,600	25.2				25.2
Aachener und Münchener Beteiligung			32,050	5.0				5.0
Aarhus Oliefabrik A/S	class A		141	-			-	-
	class B		537	-			-	-
Abbey National Plc			541,500	13.9				13.9
Abbott Laboratories			9,200	0.9				0.9
Aber Resources Ltd.			1,729,600	26.1				26.1
Abitibi-Consolidated Inc.		A, G	8,480,449	169.2				169.2
Accor			48,150	12.8				12.8
Accton Technology Corporation			53,680	0.3				0.3

Acindar Industria Argentina de Aceros S.A.			73,600	0.3			0.3
Adapteq, Inc.			413,000	21.9			21.9
Adecco SA			2,816	1.2			1.2
Adidas AG			3,800	0.7			0.7
Administradora de Fondos de Pensiones Provida			16,000	0.4			0.4
Advance Agro Public Company Limited			165,000	0.2			0.2
Advanced Info Service Public Co., Ltd.			67,500	0.5			0.5
Advanced Micro Devices, Inc.			34,600	0.9			0.9
Advantest Corp.			47,880	3.9			3.9
Adventure Electronics Inc.	purchase options	A	125,000	-	2.0	2.0	
		A	376,219	0.2		0.2	2.2
Aegon Insurance			70,000	8.9			8.9
Aetna Life and Casualty Company			15,700	1.6			1.6
Agan Chemical Manufacturers Ltd.			20,250	0.9			0.9
Agiv AG			137,999	3.7			3.7
Agnigo-Eagle Mines Limited			425,000	3.3			3.3
Agrium Inc.			6,092,367	106.0			106.0
Ahold			173,000	6.5			6.5
Air Canada			1,390,000	20.5	23.8	44.3	
	class A		2,676,400	36.5		36.5	
		A			5.1	5.1	85.9
Air Liquide (L')			90,640	20.3			20.3
Air Products & Chemicals, Inc.			177,600	20.9			20.9
Akcansa Cimento A.S.			1,960,678	0.4			0.4
Aksa Akrilik Kimya Sanayii A.S.			1,248,000	0.1			0.1
Aksigorta A.S.			8,050,000	0.7			0.7
Akzo Nobel NV			81,886	20.2			20.2
Alberta Energy Company Ltd.			933,555	25.9			25.9
Alcan Aluminium Limited			5,678,459	223.7			223.7
Alcatel Alsthom			25,893	4.7			4.7
Algemene Maatschappij voor Nijverheidskredit NV (Almanij)			13,658	1.0			1.0
Alimentation Couche-Tard Inc.		A	416,400	5.4			5.4
Alleanza Assicuraz			2,128,199	30.5		30.5	
	preferred		165,000	1.5		1.5	32.0
Allegheny Energy, Inc.			37,900	1.8			1.8
Allelix Biopharmaceuticals Inc.			741,000	8.5			8.5
Alliance Inc., Produits forestiers		A, G	861,800	20.3			20.3
Allianz Holding			60,870	22.6			22.6
Allied Domecq			555,541	6.9			6.9
Allied Irish Banks			357,812	4.9			4.9
Allied-Signal Inc.			597,200	33.3			33.3
Allmerica Financial Corporation			186,800	13.3			13.3
Allstate Corp.			258,700	33.6			33.6
Alpha Credit Bank			6,653	0.6			0.6
AlphaNet Telecom Inc.			921,000	17.3			17.3
Alumax Inc.			200,000	9.7			9.7

## INVESTMENTS IN SHARES AND BONDS OF PUBLIC CORPORATIONS (continued)

as at December 31, 1997

(fair value - in millions of dollars)

CORPORATIONS	Designation	Subsidiaries	Shares		Convertible Securities	Bonds	Subtotal	Total
			Number	Amount				
Alusuisse-Lonza Holding AG			2,854	3.9				3.9
Amber Energy Inc.			986,000	19.7				19.7
Amcor Ltd.			300,000	1.9				1.9
American Electric Power Company, Inc.			29,700	2.2				2.2
American Express Company			143,400	18.3				18.3
American General Corporation			33,898	2.6				2.6
American Home Products Corporation			5,000	0.5				0.5
American International Group, Inc.			327,050	50.8				50.8
American Telephone and Telegraph Co.			23,900	2.1				2.1
Ameritech Corporation			33,700	3.9				3.9
Amoco Corporation			25,500	3.1				3.1
Anderson Exploration Ltd.			4,258,969	59.6				59.6
Andina S.A., Embotelladora			6,700	0.2				0.2
Andyne Computing Limited			61,300	0.5				0.5
Anglo American Platinum Corporation Limited			108,842	2.1				2.1
Anheuser-Busch Companies, Inc.			37,600	2.4				2.4
Aoyama Trading Co., Ltd.			105,000	2.7				2.7
Apasco S.A. de C.V.			75,000	0.7				0.7
Apic Yamada Corporation			300	-				-
Aracruz Celulose S.A.	preferred		386,000	0.8				0.8
Archer Daniels Midland Company			68,250	2.1				2.1
Argos			1,059,100	13.7				13.7
Arjo Wiggins Appleton			518,000	2.0				2.0
Arrow Electronics, Inc.			32,200	1.5				1.5
Arvind Mills Limited			226,100	0.6				0.6
Asahi Bank, Ltd., The			292,000	1.7				1.7
Asahi Breweries, Ltd.			251,000	5.2				5.2
Asbestos Limitée, Société			259,065	6.7				6.7
Ashok Leyland Ltd.			193,700	0.7				0.7
Asia Pulp & Paper Company Ltd.			210,000	3.0				3.0
Assicurazioni Generali			920,888	32.4				32.4
Associates First Capital Corporation	class A		93,000	9.5				9.5
Astra	class A		981,523	24.3				24.3
Astra Cia Argentina De Petroleo S.A.	class B		276,450	0.7				0.7
Astra International			1,096,000	0.4				0.4
Astral Communications Inc.	class A	A	257,200	4.8			4.8	
	class B	A	1,200	-			-	4.8
Atco Ltd.	class I		200,000	6.8				6.8
Athens Medical Center S.A.			39,000	0.7				0.7
Atlantic Richfield Company			22,600	2.6				2.6

Atlas Copco AB	class A	10,400	0.4		0.4	
	class B	5,200	0.2		0.2	0.6
Au Printemps SA		22,237	17.0			17.0
Aur Resources Inc.		2,625,208	9.0			9.0
Australia & New Zealand Banking Group		290,000	2.7			2.7
Austria Mikro Systeme International AG		714	0.1			0.1
Austrian Airlines		6,453	0.2			0.2
Autogrill SpA		802,400	6.2			6.2
Automatic Data Processing, Inc.		136,700	12.0			12.0
Avco Financial Services Canada Limited					19.8	19.8
Avcorp Inc., Les Industries	A	346,539	1.3			1.3
Avenor Inc. <sup>1,2</sup>	A, G	5,830,095	118.9	22.6	6.5	148.0
Avesta Sheffield		135,256	1.3			1.3
Avnet, Inc.		7,300	0.7			0.7
Avon Products Inc.		274,900	24.1			24.1
AXA-UAP		52,527	5.8			5.8
Axcan Pharma Inc. <sup>1</sup>	B	2,044,700	28.1			28.1
Axime		114,000	21.0			21.0
Ayala Land, Inc.	class B	990,590	0.6			0.6
BAA Plc		1,933,475	22.7			22.7
BASF		448,000	22.7			22.7
B.A.T. Industries		1,844,658	24.1			24.1
B Split Corp.	appreciation stocks	132,800	2.9			2.9
BC Gas Inc.		1,440,387	40.0			40.0
BC Gas Utility Limited					10.0	10.0
BC Telecom Inc.		826,721	36.8			36.8
BCE Inc.		14,554,187	693.5			693.5
BCE Mobile Inc., Radiocommunication		632,486	22.8			22.8
BMC Software		550,900	51.7			51.7
BOC Group		461,600	10.9			10.9
BSES, Ltd.		85,300	2.1			2.1
BTR	warrants	33,555	-		-	-
		3,522,000	15.3		15.3	15.3
BWT AG		382	0.1			0.1
Backus & Johnston, UCP		314,748	0.4			0.4
Bajaj Auto Ltd.		84,300	2.4			2.4
Ball Corporation		30,600	1.5			1.5
Ballard Power Systems Inc.		670,100	73.0			73.0
Bâloise		2,980	7.9			7.9
Banca Commerciale Italiana		307,149	1.5			1.5
Banca Popolare di Milano (BPM)		38,715	0.3			0.3
Banco Ambrosiano Veneto SpA		85,889	0.5		0.5	-
	preferred rights	38,285	0.1		0.1	-
		248,348	-		-	0.6

## INVESTMENTS IN SHARES AND BONDS OF PUBLIC CORPORATIONS (continued)

as at December 31, 1997

(fair value - in millions of dollars)

CORPORATIONS	Designation	Subsidiaries	Shares		Convertible Securities	Bonds	Subtotal	Total
			Number	Amount				
Banco Bradesco S.A.	preferred rights		179,852,000	2.5			2.5	
			7,689,603	-			-	2.5
Banco de Bogota			15,722	0.1				0.1
Banco de Galicia			100,537	1.6				1.6
Banco de Santander			314,550	15.0				15.0
Banco Espirito Santo e Comercial de Lisboa, SA			18,800	0.8				0.8
Banco Frances del Rio de la Plata S.A.			79,997	1.8				1.8
Banco Ganadero S.A.			21,100	0.7				0.7
Banco Itau SA	preferred		6,734,000	5.2				5.2
Banco Provincial, S.A.			601,000	1.6				1.6
Bang & Olufsen Holding A/S			2,159	0.2				0.2
Bangkok Bank			219,200	0.7				0.7
Bangkok Expressway Public Company Limited			934,000	0.7				0.7
Bank Austria AG			16,393	1.2			1.2	
	class A		9,772	0.7			0.7	
	class D		5,348	0.3			0.3	
	preferred		53,567	3.6			3.6	5.8
Bank Dagang Nasional Indonesia Tbk			2,438,500	0.2				0.2
Bank Handlowy Warszawie			31,500	0.6				0.6
Bank Hapoalim Ltd.			669,457	2.3				2.3
Bank International Indonesia			1,384,678	0.1				0.1
Bank Negara Indonesia			955,500	0.1				0.1
Bank of Piraeus S.A.			25,020	0.6				0.6
Bank of Scotland			1,626,000	21.2				21.2
Bankamerica Corporation			278,800	29.1				29.1
Banpu Coal			79,000	0.5				0.5
Banque Audi			20,000	0.8				0.8
Bank of Montréal			6,066,303	384.3				384.3
Banque Nationale de Paris			271,163	20.6				20.6
Bansud S.A.			32,500	0.5				0.5
Barclays Bank Plc			1,230,959	47.0				47.0
Barco N.V.			3,198	0.8				0.8
Barito Pacific Timber			2,040,000	0.8				0.8
Barlow Rand Limited			91,387	1.1				1.1
Barrett Resources Corporation			100,000	4.3				4.3
Barrick Gold Corporation			11,646,340	310.4				310.4
Bass			408,818	9.1				9.1
Baticim Bati Anadolu Cimento Sanayii A.S.			1,800,000	0.3				0.3
Baton Broadcasting Incorporated			525,000	13.1				13.1
Battle Mountain Canada Ltd.			249,015	2.1				2.1

Bau Holding AG			1,171	0.1		0.1	
	preferred		491	-		-	
	rights		1,669	-		-	0.1
Bausch & Lomb, Inc.			29,200	1.7			1.7
Bavaria S.A.			82,337	1.2			1.2
Baxter International Inc.			239,800	17.3			17.3
Bayer AG			571,600	30.6			30.6
Beau Canada Exploration Ltd.			1,251,400	3.6			3.6
Behaviour Communications Inc.	class A	A	5,000	-		-	
	class B	A	237,143	0.2		0.2	0.2
Bekaert SA	class T		384	0.3			0.3
Bell Atlantic Corporation			75,200	9.8			9.8
Bell Canada International Inc.			1,178,000	25.7			25.7
Bell Mobility					10.1		10.1
Belle Corporation			973,000	0.1		0.1	
	warrants		194,600	-		-	0.1
BellSouth Corporation			80,200	6.5			6.5
Benetton Group SpA			31,068	0.7			0.7
Bentall Corporation <sup>1</sup>		H	12,523,708	288.0		288.0	
	warrants	H	1,000,000	23.0		23.0	311.0
Benvest Capital Inc.		A			1.5		1.5
Bergesen D.Y. A/S	class A		86,500	2.9			2.9
Berjaya Sports Toto Bhd			533,000	1.9			1.9
Berkley Petroleum Corp.			1,274,600	19.1			19.1
Bestar inc.		A	590,700	1.5			1.5
BetzDearborn, Inc.			170,000	14.9			14.9
Bezea Israel Telecom			237,141	0.9			0.9
Bic (Sté)			8,798	0.9			0.9
Bimantara Citra			886,000	0.2			0.2
Bimbo	class A		228,000	3.2			3.2
BioChem Pharma Inc. <sup>4</sup>		B, G	7,428,610	226.6			226.6
Biomira Inc.		A, G	806,966	2.5			2.5
Biovail Corporation International			325,100	17.9			17.9
Blue Range Resource Corporation	class A		300,000	2.0			2.0
Boeing Company, The			4,200	0.3			0.3
Böhler-Uddeholm AG			2,782	0.2			0.2
Boliden Limited	receipts		1,000,000	3.7			3.7
Bombardier Inc.	class A		3,894,800	114.9		114.9	
	class B		2,285,818	67.2		67.2	182.1
Bongrain SA			336	0.2			0.2
Bonus Resource Services Corp.			425,000	2.5			2.5
Booker Plc			540,000	4.1			4.1
Boots Company, Plc			735,000	15.2			15.2
Boralex Inc.		A	6,900	-			-
Borsodchem Rt			10,250	0.5			0.5

## INVESTMENTS IN SHARES AND BONDS OF PUBLIC CORPORATIONS (continued)

as at December 31, 1997

(fair value - in millions of dollars)

CORPORATIONS	Designation	Subsidiaries	Shares		Convertible Securities	Bonds	Subtotal	Total
			Number	Amount				
Bouygues			34,084	5.5				5.5
Bowater Inc.			200,000	12.7				12.7
Brahma, Cia Cervejaria	preferred		1,714,000	1.6			1.6	
			41,543	0.8			0.8	2.4
Brambles Industries Limited			365,000	10.4				10.4
Brasmotor S.A.	preferred		3,001,000	0.4				0.4
Brazil Fast Food Corporation			170,000	0.7				0.7
Bresea Resources Ltd.			1,983,500	-				-
Bridgestone Corp.			505,000	15.7				15.7
Briggs & Stratton Corporation			21,600	1.5				1.5
Bristol-Myers Squibb Company			376,600	51.0				51.0
British Aerospace Plc			512,380	20.9				20.9
British Airways			591,186	7.8				7.8
British Petroleum Company Plc			3,749,816	71.1				71.1
British Telecom			3,360,700	37.7				37.7
Broken Hill Proprietary			258,600	3.4				3.4
Brookfield Properties Corporation			300,000	7.2				7.2
Browning-Ferris Industries, Inc.			37,400	2.0				2.0
Bro-X Minerals Ltd.			7,920	-				-
Bruxelles Lambert SA, Groupe	class T		4,158	0.9				0.9
Buenaventura S.A., Compania de Minas			23,900	0.5				0.5
Bulgari SpA			49,295	0.4				0.4
Burgo (Cartiere) SpA			21,873	0.2				0.2
Burlington Northern Santa Fe Inc.			15,300	2.0				2.0
CAE Inc.		A, G	3,548,503	39.7				39.7
CCL Industries Inc.	class A		40,000	0.7			0.7	
	class B		736,580	12.5			12.5	13.2
CEZ A.S.			16,990	0.8				0.8
CGI Group Inc., The	class A	A, B	1,205,068	28.1				28.1
CHC Helicopter Corporation	special warrants		17,500	0.2				0.2
CHUM Limited	class B		81,900	3.4				3.4
C.I. Fund Management Inc.			150,000	4.1				4.1
CIFRA S.A.	class B		1,871,236	6.6				6.6
CIGNA Corporation			8,900	2.2				2.2
C-MAC Industries Inc.		A, G	305,126	5.6				5.6
COM DEV International Ltd.			340,800	10.4				10.4
COMPAQ Computer Corporation			172,500	13.9				13.9
CPR (Parisienne de réescompte)			1,694	0.2				0.2
C.R. Bard, Inc.			10,300	0.5				0.5
CRH Plc			32,050	0.5				0.5



CSN Iron SA			13,000	0.5		0.5
CSX Corporation			27,200	2.1		2.1
Cabano Kingsway inc.		A	600,000	0.8		0.8
Cable & Wireless Plc			1,855,940	23.6		23.6
Cabot Corporation			37,200	1.5		1.5
Cabre Exploration Ltd.			277,500	5.3		5.3
Cadbury Schweppes Plc			1,365,000	19.8		19.8
Cadillac Fairview Corporation			475,000	15.8		15.8
Caemi Mineracao e Metalurgia SA	preferred		13,089,960	0.7		0.7
Caima - Companhia de Celulose do Caima, SA			12,900	0.2		0.2
Call-Net Enterprises Inc.	class B	A, G	529,700	11.9	22.4	34.3
Calvalley Petroleum Inc.	class A		200,000	0.4		0.4
Cambiex Inc., Exploration <sup>1</sup>		A	3,591,300	0.9		0.9
Cambior Inc. <sup>1,2</sup>		A, G	6,815,678	57.6		57.6
Cambridge Shopping Centers Limited <sup>1</sup>		F, G	25,648,960	369.3	77.8	447.1
Camco International Inc.			499,800	45.6		45.6
Cameco Corporation			1,423,610	66.1		66.1
Canadian Airlines Corporation			2,850,000	9.6		9.6
Canadian 88 Energy Corporation			1,166,000	5.0		5.0
Canadian Fracmaster Ltd.			634,178	13.3		13.3
	receipts		446,600	5.4		5.4
Canadian Imperial Bank of Commerce			8,121,707	362.2		362.2
Canadian Marconi Company			295,091	5.6		5.6
Canadian National Railway Company			1,567,700	105.5		105.5
Canadian Natural Resources Limited			3,517,260	107.6		107.6
Canadian Occidental Petroleum Ltd.			3,476,519	112.5	21.7	134.2
Canadian Pacific Limited			4,275,050	164.6		164.6
Canadian Tire Corporation Limited	class A		1,748,000	53.7		53.7
Canadian Utilities Limited	class A		247,982	10.1		10.1
	class B		180,318	7.3		7.3
Canal Plus			4,987	1.3		1.3
Canam Manac Inc., Le Groupe	class A	A, G	1,508,639	6.1		6.1
	purchase options	A	12,500	-		-
Canfor Corporation			200,000	1.7		1.7
Canon Copyer Sales Co., Ltd.			200	-		-
Canon Inc.			494,000	16.5		16.5
Canon Sales Co., Ltd.			109,000	1.8		1.8
Canwest Global Communication Corporation			704,606	18.2		18.2
Cara Operations Limited			95,324	0.7		0.7
	class A		3,739,709	27.3		27.3
Caradon Plc			1,625,000	6.8		6.8
Carlsberg A/S	class A		4,971	0.4		0.4
	class B		5,956	0.5		0.5
Carlton Communications Plc			762,250	8.4		8.4
Carmanah Resources Limited			1,812,100	10.1		10.1

INVESTMENTS IN SHARES AND BONDS OF PUBLIC CORPORATIONS (continued)  
as at December 31, 1997  
(fair value - in millions of dollars)

CORPORATIONS	Designation	Subsidiaries	Shares		Convertible Securities	Bonds	Subtotal	Total
			Number	Amount				
Carrefour			6,120	4.6				4.6
Cascades Inc.		A	100,000	1.0				1.0
Casino Guichard-Perrachon SA			10,143	0.8			0.8	
	preferred		2,788	0.2			0.2	1.0
Castellum AB			220,000	3.1				3.1
Celanese Canada Inc.			2,609,065	68.5				68.5
Cementir SpA			43,578	0.1				0.1
Cementos Argos			73,347	0.6				0.6
Cementos Lima S.A.			56,000	0.2				0.2
Cemex S.A. de C.V.			207,700	1.3				1.3
Centex Corporation			25,800	2.3				2.3
Centrais Electricas Brasileiras S.A.			164,459,980	11.7			11.7	
	preferred		32,450,000	2.4			2.4	14.1
Central Puerto S.A.			102,000	0.4				0.4
Ceramica Carabobo	class A		348,000	0.4				0.4
Cerveceria del Sur S.A.			1,005,355	0.5				0.5
Ceska Sporitelna A.S.			64,500	0.6				0.6
Champion International			21,600	1.4				1.4
Chargeurs SA			48,768	4.2				4.2
Chase Manhattan Corporation, The			54,628	8.6				8.6
Chauvco Resources International Ltd.			1,065,000	1.3				1.3
Chauvco Resources Ltd.	rights		1,065,000	0.3				0.3
Cheil Foods & Chemicals			17,800	0.4				0.4
Chemical Company of Malaysia			50,000	0.1				0.1
Cheung Kong			917,000	8.6				8.6
Cheung Kong Infrastructure Holdings			1,700,000	6.9				6.9
Chevron Corporation			148,200	16.3				16.3
Chieftain International, Inc.			206,024	6.3				6.3
Chilgener			52,136	1.8				1.8
China International Marine Containers Ltd.			438,624	0.6				0.6
China Telecom (Hong Kong) Ltd.			380,000	0.9				0.9
Chrysler Credit Canada Ltd.						24.8		24.8
Chubb Corporation, The			181,500	19.6				19.6
Cia Energetica de Minas Gerais (CEMIG)			30,600	1.9			1.9	
	preferred		73,137,785	4.5			4.5	6.4
Ciba Specialty Chemicals AG			30,000	5.1				5.1
Cimenteries CBR Cementbedrijven	class T		3,915	0.5				0.5
CINAR Films, Inc.	class B	A, G	116,600	6.5				6.5
Cinram International Inc.			164,174	8.0				8.0
Cisco Systems, Inc.			547,350	43.7				43.7

Citic Pacific Ltd.			1,000,000	5.7		5.7
Citicorp			242,400	43.7		43.7
Citizen Watch Co., Ltd.			218,000	2.1		2.1
Citra Marga Nusaphala Persada			927,500	0.1		0.1
City Developments			200,000	1.3		1.3
Clal Insurance Enterprise Holdings Ltd.			53,343	0.7		0.7
Clarnet Communications Inc. <sup>4</sup>	class A	A, G	1,737,630	27.4	61.1	88.5
Club Mediterranee SA			2,191	0.2		0.2
Cobepa S.A.		D	891,500	58.0	58.0	
	class VVPR	D	33,500	2.2	2.2	60.2
Coca-Cola Amatil Ltd.			371,934	4.0		4.0
Coca-Cola Company, The			195,400	18.6		18.6
Cofap - Companhia Fabricadora de Pecas			56,400	0.2		0.2
Coflexip SA			100,000	7.9		7.9
Cogeco Inc.		A, G	284,000	3.3		3.3
Cognicase Inc.		B	290,300	5.0		5.0
Cognos Incorporated			1,192,247	39.3		39.3
Cokoladovny A.S.			1,400	0.3		0.3
Coles Myer Limited			990,145	6.8		6.8
Colgate-Palmolive Company			418,400	44.0		44.0
Colonia Konzern AG			8,889	1.2		1.2
Colonial Limited			493,000	2.0		2.0
Columbia / HCA Healthcare Corporation			108,200	4.6		4.6
Comalco Limited			843,000	5.0		5.0
Comerci UBC			645,000	1.2		1.2
Cominco Ltée			2,513,470	54.9		54.9
Commercial Union Assurance Company			907,991	18.2		18.2
Commerzbank AG			276,478	16.1		16.1
Compagnie Bancaire			20,968	4.9		4.9
Compagnie financière Paribas			19,799	2.5		2.5
Compagnie Générale de Géophysique (CGG)			804	0.1		0.1
Companhia Antarctica Paulista			3,150	0.3		0.3
Companhia Paranaense de Energia - Copel	preferred		44,040,000	1.6		1.6
Companhia Vale do Rio Doce (CVRD)			70,000	2.0		2.0
Companhia Telefonica da Borda do Campo	preferred		100,000	0.1		0.1
Compañía Cerveceras Unidas S.A.			35,460	1.5		1.5
Compañía Telefónica Nacional de España S.A.			376,650	15.4		15.4
Compañía anónima nacional Tsle			137,700	8.2		8.2
Compass Group			1,526,000	26.9		26.9
Comptoirs Modernes			827	0.6		0.6
Computalog Ltd.			126,000	3.0		3.0
Computer Associates International, Inc.			125,525	9.5		9.5
Conagra, Inc.			809,900	38.0		38.0
Concert Industries Ltd.		A	166,666	0.3		0.3
Confecoes Guararapes			82,273	0.4		0.4
Consolidated Edison Company of New York, Inc.			41,400	2.4		2.4

## INVESTMENTS IN SHARES AND BONDS OF PUBLIC CORPORATIONS (continued)

as at December 31, 1997

(fair value - in millions of dollars)

CORPORATIONS	Designation	Subsidiaries	Shares		Convertible Securities	Bonds	Subtotal	Total
			Number	Amount				
Continente			179,000	4.8				4.8
Cookson Group Plc			2,472,700	11.5				11.5
Cooper Cameron Corporation			285,000	24.9				24.9
Cooper Tire & Rubber Company			45,300	1.6				1.6
Copene-Petroquimica do Nordeste SA	preferred A		190,000	0.1				0.1
Coreco Inc.		A	309,190	3.6				3.6
Corporación Venezolana de Cementos, S.A. C.A.			163,422	0.4				0.4
Corriente Resources Inc.	warrants		125,000	-				-
Cortefiel S.A.			467,040	13.4				13.4
Coscient Group Inc. '	class A	A, G	403,000	1.5			1.5	
	preferred	C	1,862,126	7.0			7.0	
	purchase options	C	100,000	0.2			0.2	8.7
Cosco Pacific Ltd.			1,850,000	2.2				2.2
Cosmos Bottling Co.			4,172,000	0.5			0.5	
	preferred		711,999	0.1			0.1	0.6
Co-Steel Inc.			1,302,000	24.7	10.0			34.7
Cott Corporation			1,802,100	21.6				21.6
Counsel Corporation <sup>c</sup>			1,271,099	23.4	12.7			36.1
Countrywide Credit Industries, Inc.			19,200	1.2				1.2
Credicorp Limited			34,560	0.9				0.9
Crédit Local de France			24,700	4.1				4.1
Crédit National Group			2,369	0.2				0.2
Crédit Saison Co., Ltd.			367,965	13.0				13.0
Credit Suisse Group			154,004	34.1				34.1
Credito Italiano			1,729,217	7.7				7.7
Crestar Energy Inc.			2,484,376	54.7				54.7
Cristalerias de Chile			8,100	0.2				0.2
CrossKeys Systems Corporation			640,000	11.9				11.9
Crystal Systems			15,000	0.5				0.5
Cummins Engine Co., Inc.			13,600	1.1				1.1
DBS Land Limited			1,177,000	2.6				2.6
DDI Corporation			506	1.9				1.9
D.G. Khan Cement			660,000	0.2				0.2
DQE, Inc.			35,600	1.8				1.8
Daewoo Heavy Industries			171,100	0.7				0.7
Dai Nippon Printing Co., Ltd.			256,000	6.9				6.9
Daimler-Benz AG			273,690	27.5				27.5
Dainippon Ink & Chemicals, Inc.			588,000	2.1				2.1
Daito Trust Construction Co., Ltd.			319,700	2.8				2.8
Daiwabo Information System Co., Ltd.			300	-				-

Dakota Mining Corporation				0.8		0.8
Dampskibsselskabet AF 1912	class B		38	2.5		2.5
Dampskip Svenborg	class B		26	2.4		2.4
Danieli & Company			12,473	0.1		0.1
Danisco A/S			10,290	0.8		0.8
Danone, Le Groupe			47,043	12.0		12.0
Danzas Holding AG			432	0.1		0.1
Datamark Inc.		A	490,600	2.0		2.0
Daya Guna Samudera			215,000	0.2		0.2
Dayton Hudson Corporation			28,300	2.7		2.7
Dayton Mining Corporation			456,900	1.2		1.2
De Beers Centenary AG			43,200	1.3		1.3
De La Rue Plc			156,736	1.5		1.5
Delhaize - Le Lion SA	class T		8,852	0.6		0.6
Dell Computer Corporation			42,000	5.0		5.0
Delrina Corporation			151,200	4.7		4.7
Delta Electronics Inc.			55,700	0.7		0.7
Den Danske Bank			42,460	8.1		8.1
Depan-Escompte Couche-Tard inc.		A			37.4	37.4
Desc S.A. de C.V.			66,863	3.6		3.6
	class B		201,000	2.8		2.8
Deutsche Bank AG			255,103	25.8		25.8
Development Bank of Singapore			717,000	8.8		8.8
Dewan Salman Fibre Ltd.			500	-		-
Deza Valasske Mezirici A.S.			2,510	0.2		0.2
Diageo Plc			2,471,000	32.4		32.4
DiagnoCure Inc. <sup>1</sup>		B	3,000,000	6.9		6.9
Dial Corporation, The			28,700	0.9		0.9
Dillard's Inc.	class A		34,300	1.7		1.7
Dimension Data Holdings Limited			318,941	2.0		2.0
Disney (Walt) Co.			9,300	1.3		1.3
Dollfus - Miege & Cie SA			1,162	-		-
Doman Industries Limited	class B		385,800	2.0		2.0
Domco Inc.		A, G	319,420	5.8	5.1	10.9
	warrants	A	125,000	1.0		1.0
Domtar Inc. <sup>1,2</sup>		A, G	32,891,094	327.3		327.3
Dongkuk Steel Mill			39,890	0.2		0.2
Dongwon Securities Co.			43,250	0.3		0.3
Donohue Inc.	class A		3,186,411	82.7		82.7
Donohue Inc. (Quono Corporation)		A			19.8	19.8
Dorel Industries Inc.	class B	A	131,100	4.5		4.5
Douglas Holding AG			176,770	7.6		7.6
Dow Chemical Company			18,900	2.7		2.7
Dresdner Bank AG			171,590	11.3		11.3
Driefontain Consolidated Ltd.			35,755	0.3		0.3
Du Pont (E.I.) De Nemours & Company			189,400	16.3		16.3

**INVESTMENTS IN SHARES AND BONDS OF PUBLIC CORPORATIONS (continued)**  
as at December 31, 1997  
(fair value - in millions of dollars)

CORPORATIONS	Designation	Subsidiaries	Shares		Convertible Securities	Bonds	Subtotal	Total
			Number	Amount				
Dundee Bancorp Inc.	class A					14.9		14.9
Dupont Canada Inc.	class A		171,514	6.0				6.0
Dynatec Cororation	warrants		1,309,700	-			-	
			5,238,800	2.3			2.3	2.3
EA-Generali AG			1,798	0.7			0.7	
	preferred		220	-			-	0.7
ECI Telecommunications Limited			17,057	0.6				0.6
EGE Biracilik ve Malt Sanayii A.S.			1,063,254	0.1				0.1
ENSCO International Inc.			50,000	2.4				2.4
East Asiatic Company Ltd. A/S (Det Ostasiatiske Kompagni)			5,105	0.1				0.1
East India Hotels Limited			77,900	1.5				1.5
East Japan Railway			1,789	11.6				11.6
Eastern Tobacco Co.			11,150	0.4				0.4
Eastman Chemical Co.			19,200	1.6				1.6
Eaton Corporation			102,100	13.0				13.0
Eaux, Générale des			216,065	43.2				43.2
Edaran Otomobil Nasional			206,000	0.6				0.6
Edgars Stores Limited			18,100	0.4				0.4
Edison			108,498	0.9				0.9
Edper Brascan Corporation	class A		2,090,818	54.4	0.8			55.2
Egyptian International Pharmaceuticals			4,000	0.4				0.4
Eicon Technology Corporation		A	300,000	1.1				1.1
Eisai Company, Ltd.			450	-				-
Elec & Eltek International Company Ltd.			264,000	1.7				1.7
Electrabel SA	class T		9,348	3.1				3.1
Eléctricas Brasileiras (Electrobrás), Centrais			240,000	8.7				8.7
Electricidad de Caracas, C.A. La			2,629,387	4.5				4.5
Electricidade de São Paulo S.A. (Electropaulo)	preferred B		1,350,000	0.4				0.4
Electricity Generating Authority of Thailand			638,000	1.6				1.6
Electrolux	class B		6,300	0.6				0.6
Elf Aquitaine			477,821	79.6				79.6
Elf Sanofi			16,819	2.7				2.7
Elk Point Resources Inc.			125,000	0.9				0.9
Elsevier-NDU NV			478,890	11.1				11.1
Embotelladores del Valle de Anahuac, SA	class B		477,000	0.7				0.7
Emerging Markets Taiwan			15,270,637	20.1				20.1
Emerson Electric Co.			411,600	33.2				33.2
Empire Company Ltd.	class A		246,900	5.4				5.4
Empresa Brasileira de Compressores SA - Embraco	preferred		290,000	0.1				0.1
Empresa Nacional de Electricidad, S.A. (Endesa)			66,840	1.7				1.7

Empresa Nacional de Celulosas SA			150,361	2.9		2.9
Enator AB			509,000	14.4		14.4
Enerflex Systems Ltd.			120,000	3.9		3.9
Energy Group Plc			242,000	3.8		3.8
EnerMark Income Fund	units	A	2,250,000	14.4		14.4
Enerplus Resources Corporation <sup>1</sup>	trust units G	A	5,181,250	20.2		20.2
Enersis			51,000	2.1		2.1
Engen Limited			57,000	0.4		0.4
Enron Corporation			600,000	35.7		35.7
Enron Oil & Gas Co.			464,100	14.1		14.1
Ensign Resource Service Group Inc.			354,500	12.3		12.3
Ente Nazionale Idrocarburi			5,597,442	45.8		45.8
Enterprise Oil Plc			150,000	2.0		2.0
Ergo Bank S.A.			4,872	0.4		0.4
Ericsson (LM) Telephone Company	class B		529,575	28.5		28.5
Ericsson Teleco S.A.	preferred		14,000,000	0.6		0.6
Eridania Beghin-Say			4,134	0.9		0.9
Essilor			1,548	0.7		0.7
Eurafrance SA, Société			590	0.3		0.3
Euro-Nevada Mining Corporation Limited			1,493,100	28.9		28.9
Europe 1 Communication			262	0.1		0.1
Evander Gold Mines Limited			53,690	0.1		0.1
Extencicare Inc. <sup>4</sup>			3,140,741	61.2		61.2
Exxon Corporation			77,000	6.7		6.7
FCA International Ltd.		A	118,700	0.3		0.3
FCC Co., Ltd.			630	-		-
FLS Industries A/S	class B		7,891	0.3		0.3
FMC Corporation			12,100	1.2		1.2
FORE Systems, Inc.			1,650,000	36.0		36.0
Fairfax Financial Holdings Limited			201,239	64.4		64.4
Fairview Mall					14.2	14.2
Falck Acciaierie & Ferriere Lombarde			19,761	0.1		0.1
Falconbridge Limited			3,386,140	61.6		61.6
Fannie Mae			744,200	60.8		60.8
Faro Technologies Inc.		E	118,069	2.0		2.0
Fauji Fertilizer Company Ltd.			249,800	0.7		0.7
Faysal Bank Limited			127,500	0.1		0.1
Federal Express Corporation			21,200	1.9		1.9
Federal Home Loan Mortgage Corp.			451,300	27.1		27.1
Federated Department Stores			233,800	14.4		14.4
Fedsure Holdings Limited			40,000	0.7		0.7
Fernz Corporation Limited			1,354,000	5.0		5.0
Fiat SpA			628,674	2.6	2.6	
	preferred		313,251	0.7	0.7	3.3
Filipacchi Medias			16,100	4.8		4.8
Filo, S.A.		F	6,803,743	26.1		26.1

## INVESTMENTS IN SHARES AND BONDS OF PUBLIC CORPORATIONS (continued)

as at December 31, 1997

(fair value - in millions of dollars)

CORPORATIONS	Designation	Subsidiaries	Shares		Convertible Securities	Bonds	Subtotal	Total
			Number	Amount				
Financial & Industrial Co.			4,000	0.3				0.3
Finaxa					4.0			4.0
Finning Ltd.			328,000	5.9				5.9
First Leisure Corporation			100,000	0.7				0.7
First National Bank Holdings Ltd.			210,537	2.7				2.7
First Union Corp.			21,800	1.6				1.6
Fiskaragung Perkasa			1,447,300	0.3				0.3
Fleet Financial Group			26,500	2.8				2.8
Fleetwood Enterprises, Inc.			37,700	2.3				2.3
Fletcher Challenge Canada Limited	class A		3,333,347	65.0				65.0
Fletcher Challenge Ltd.			239,000	1.2				1.2
Fomento Economico Mexicano, SA de C.V.			161,893	1.9				1.9
External funds								
United States	units		123,047	49.0				49.0
Europe	units		5,911,600	1,024.3				1,024.3
United Kingdom	units		2,224,336	255.1				255.1
Japan	units		10,368,088	989.3				989.3
Other Asian countries and Oceania	units		1,393,152	274.1				274.1
Emerging markets	units		26,190,326	596.1				596.1
Fonorola Inc.			250,000	8.0				8.0
Forbo Holding AG			3,401	2.0				2.0
Ford Credit Canada Limited						50.3		50.3
Ford Motor Company			60,800	4.2				4.2
Forex Inc., Le Groupe	class A	A	90,000	0.4				0.4
Formula Systems Ltd.			28,500	1.3				1.3
Fortis Inc.	class T		7,150	2.1				2.1
Foster's Brewing Group Ltd.			540,000	1.5				1.5
Foundation Health Corporation			43,100	1.4				1.4
Founder Hong Kong Limited			800,000	0.7				0.7
France Telecom S.A.			158,764	8.2				8.2
Francisco Gold Corp.			85,300	0.9				0.9
Franco-Nevada Mining Corporation Limited			400,300	11.2				11.2
Fraser & Neave			356,000	2.2				2.2
Freeport-McMoran Cooper & Gold, Inc.			400,000	9.0				9.0
Fresenius Medical Care AG			37,267	3.5				3.5
Frigobras-Cia. Brasileira de Frigorificos	preferred		1,035,000	0.9				0.9
Fuji Machine Mfg. Co., Ltd.			48,000	1.7				1.7
Fuji Photo Film Company, Ltd.			469,000	25.8				25.8
Fujikura Ltd.			667,000	6.3				6.3
Fujitsu Ltd.			1,029,000	15.9				15.9
Futuris Corporation Ltd.			1,350,000	2.1				2.1



Fyffes			25,500	0.1			0.1
GEA AG	preferred		6,000	2.8		2.8	
			19,200	10.4		10.4	13.2
GIO Australia Holdings Limited			537,000	2.0			2.0
GKN Plc			110,000	3.2			3.2
GN Store Nord A/S			6,087	0.1			0.1
GP Batteries International Ltd.			340,000	1.3			1.3
GPU, Inc.			25,000	1.5			1.5
GST Telecommunications Inc.			348,600	5.9		5.9	
	warrants		85,000	-		-	5.9
G.T.C. Ltée, Groupe Transcontinental	class B	A	208,667	2.7		17.9	20.6
GTE Corp.			7,300	0.5			0.5
GTM Entrepose			2,399	0.2			0.2
Gadjan Tunggal			2,224,500	0.3			0.3
Galleries d'Anjou						20.1	20.1
Gannett Company Inc.			14,000	1.2			1.2
Gazprom			39,400	1.4			1.4
Geac Computer Corporation Limited			844,180	39.8			39.8
Gebrueder Sulzer AG			687	0.6			0.6
Génécan, Corporation Financière		A	2,912,342	-	0.9		0.9
General Electric Co.			948,000	99.5			99.5
General Electric Plc			1,325,000	12.3			12.3
General Motors Acceptance Corporation of Canada Limited						23.2	23.2
General Motors Corporation			9,300	0.8			0.8
Generale de Banque SA			14,717	9.2			9.2
Genum Corporation			116,200	3.5			3.5
Geomaque Explorations Ltd.			500,000	1.3		1.3	
	warrants		150,000	-		-	1.3
Georg Fisher Corporation			182	0.2			0.2
Gilat Satellite Networks			11,000	0.5			0.5
Gillette Company, The			237,600	34.0			34.0
Glaverbel SA	class T		1,713	0.4			0.4
Glaxo Wellcome Plc			2,110,900	72.1			72.1
Global Marine Inc.			403,200	14.1			14.1
Goldcorp Inc.	class A		1,224,800	6.9			6.9
Golden West Financial Corp.			11,000	1.5			1.5
Goldlion Holdings Ltd.			3,500,000	1.7			1.7
Goodman Fielder Limited			750,000	1.7			1.7
Goodyear Tire & Rubber Company			18,200	1.7			1.7
Goran Capital, Inc.			117,200	4.9			4.9
Gorazdze S.A.			5,850	0.2			0.2
Graboplast Rt.			5,100	0.4			0.4
Grammy Entertainment Public Company Limited			28,300	0.2			0.2
Granada Group Plc			1,095,432	24.0			24.0
Grand Optical Photoservice			44,200	2.6			2.6
Grands Magasins Jelmoli			387	0.2			0.2

## INVESTMENTS IN SHARES AND BONDS OF PUBLIC CORPORATIONS (continued)

as at December 31, 1997

(fair value - in millions of dollars)

CORPORATIONS	Designation	Subsidiaries	Shares		Convertible Securities	Bonds	Subtotal	Total
			Number	Amount				
Granges AB			3,150	0.1				0.1
Great Lakes Chemical Corporation			22,600	1.5				1.5
Great Universal Stores, P.L.C.			155,000	2.8				2.8
Great-West Lifeco Inc.			3,338,700	128.5				128.5
Greencore Group Plc			15,620	0.1				0.1
Greenstone Resources Ltd.			2,482,400	16.9			16.9	
	warrants		70,000	0.2			0.2	17.1
Grilli Inc., Groupe Immobilier	preferred	A	89,248	-				-
Groupe Covitec inc. <sup>1</sup>		A, E	3,344,133	1.7	1.2			2.9
Grupo Carso S.A. de C.V.	class A		167,500	1.6				1.6
Grupo Elektra S.A. de C.V.			360,000	0.9				0.9
Grupo financiero Banamex-Accival	class B		818,000	3.5			3.5	
	class L		151,000	0.6			0.6	4.1
Grupo Financiero Bancomer	class B		917,000	0.8			0.8	
			83,000	1.5			1.5	2.3
Grupo Herdez S.A.	class B		750,000	0.9				0.9
Grupo Iusacell S.A.			28,000	0.9				0.9
Grupo Mexico S.A. de C.V.	class B		243,000	1.3				1.3
Grupo Minsa, S.A. de C.V.			29,000	0.3				0.3
Grupo Modelo S.A. de C.V.	class C		315,000	3.8				3.8
Grupo Televisa S.A.			184,500	5.7				5.7
Guangdong Brewery Holdings Limited			11,296	-				-
Guangdong Electric Power Development			420,400	0.4				0.4
Guangdong Investments Limited	warrants		9,036	-				-
Guangshen Railway Company Limited			1,394,000	0.5				0.5
Gucci Group			96,621	5.6				5.6
Gudang Garam			442,500	1.0				1.0
Gujarat Ambuja Cements Ltd.			98,800	1.0				1.0
Gul Technologies			100,000	0.1				0.1
Gulf Canada Resources Limited			5,001,590	50.0				50.0
Gulfstream Resources Canada Limited			129,300	0.9				0.9
Guoco Group			345,000	1.2				1.2
HSBC Holdings			1,321,218	47.0				47.0
Hagemeyer N.V.			104,400	6.2				6.2
Halifax Plc			434,600	7.8				7.8
Halliburton Company			190,000	14.1				14.1
Halma Plc			3,501,332	9.5				9.5
Hanson Plc			302,500	1.9				1.9
Harmac Pacific Inc.			30,000	0.3	7.0			7.3
Harmony Gold Mining Co., Ltd.			39,000	0.1				0.1

Harnischfeger Industries Inc.		5,400	0.3		0.3
Harrah's Entertainment, Inc.		59,400	1.6		1.6
Hartco Enterprises Inc.	A	32,200	0.4		0.4
Havas		12,986	1.3		1.3
Havas Advertising SA		109,033	20.2		20.2
Heidelberger Zement		12,826	1.3		1.3
Heineken NV		17,000	4.2		4.2
Heinz Co., H. J.		33,500	2.4		2.4
Hellenic Telecommunication Organization S.A.		37,257	1.1		1.1
Hemosol Inc.		106,189	0.2		0.2
Henkel KGaA	preferred	34,000	3.1		3.1
Hennes & Mauritz AB	class B	125,000	7.9		7.9
Heracles General Cement Co.		10,027	0.3		0.3
Hercules Inc.		8,900	0.6		0.6
Héroux Inc. <sup>1</sup>	A	2,104,400	8.6		8.6
Hewlett-Packard Company		89,000	8.0		8.0
Hibernia Corporation		340,000	9.2		9.2
High River Gold Mines Ltd.		76,000	0.1		0.1
Hindalco Industries Ltd.		116,763	3.3		3.3
Hitachi, Ltd.		1,568,000	16.0		16.0
Hochtief AG		18,534	1.0		1.0
Hoechst AG		65,000	3.3		3.3
Holderbank Financière		6,273	7.3		7.3
Hollinger Canadian Publishing Holdings Inc.	special	829,500	10.0		10.0
Hollinger Inc.	preferred series 1	97,000	0.4	0.4	
	preferred series 2	219,700	2.0	2.0	2.4
Hollinger International Inc.		280,000	5.6		5.6
Holzstoff - und Lederpappen - fabrik Olef GmbH		1,729	0.4		0.4
Honda Motor Co.		398,000	21.3		21.3
Hong Kong Electric Holdings Limited		1,350,000	7.3		7.3
Hong Kong Telecommunications Limited		1,900,000	5.6		5.6
Hong Kong & China Gas Company Limited, The		2,450,000	6.8		6.8
Hôtels Quatre Saisons Inc.		813,306	36.6		36.6
Hoya Corp. (Hoya Garasu)		60,000	2.7		2.7
Hub Power Company Limited, The		335,000	0.6		0.6
Hudson's Bay Company		1,997,758	63.6	30.5	94.1
	receipts	200,000	2.8		2.8
Humana, Inc.		42,700	1.3		1.3
Hummingbird Communications Ltd. <sup>4</sup>		1,188,309	54.7		54.7
Hutchison Whampoa Limited		2,490,000	22.4		22.4
Hyundai Engineering & Construction Company		27,582	0.3		0.3
Hyundai Motor Company Ltd.		61,550	1.0		1.0
Hyundai Securities Co.		36,600	0.2		0.2
IBEX Technologies Inc.	B	1,109,096	3.6		3.6
ICA		95,650	2.3		2.3
ICI Pakistan Ltd.		287,000	0.2		0.2

## INVESTMENTS IN SHARES AND BONDS OF PUBLIC CORPORATIONS (continued)

as at December 31, 1997

(fair value - in millions of dollars)

CORPORATIONS	Designation	Subsidiaries	Shares		Convertible Securities	Bonds	Subtotal	Total
			Number	Amount				
IES Industries			24,400	1.3				1.3
IMI (Istituto Mobiliare Italiano SpA)			102,678	1.7				1.7
IOI Properties Berhad			949,000	0.4				0.4
IPL Energy Inc.			611,414	40.0				40.0
IPL Inc.		A	495,500	6.6				6.6
IPSCO Inc.			449,010	24.9				24.9
IRSA Inversiones y Representaciones S.A.	class B		46,552	0.2			0.2	
			10,000	0.5			0.5	0.7
ISS-Intl Serv Sys	class B		273,819	14.4				14.4
iSTAR internet inc.	warrants		1,500,000	1.1				1.1
ITEC - Mineral Inc.	receipts		1,330	-			-	
	warrants		212,800	0.1			0.1	
			1,064,000	0.9	0.8		1.7	1.8
Iberdrola SA			960,000	18.1				18.1
Illovo Sugar Ltd.			259,800	0.6				0.6
Il Shin Spinning Company			2,840	0.1				0.1
Illinois Tool Works, Inc.			221,600	19.1				19.1
Imasco Limitée			1,706,403	86.2				86.2
Imax Corp.			310,000	9.6				9.6
Imetal SA			2,375	0.4				0.4
Imperial Chemical Industries, Plc			175,000	3.9				3.9
Imperial Holdings Limited			107,848	1.8				1.8
Imperial Tobacco Group Plc			242,000	2.2				2.2
Impériale Ltée, Compagnie Pétrolière			447,186	41.1				41.1
Impregilo SpA			85,883	0.1				0.1
Imutec Pharma Inc. <sup>14</sup>		B	3,571,429	3.6			3.6	
	warrants	B	892,857	-			-	3.6
Inco Limited			2,228,066	54.1				54.1
Independent News			21,533	0.2				0.2
Index participation units - TSE 35			202,711,210	215.5				215.5
India Access Fund			100,000	1.3				1.3
Indian Petrochemicals Corporation Ltd.			59,800	0.5				0.5
Indian Rayon & Industries Ltd.			90,450	0.6				0.6
Indian Tobacco Company Limited (ITC)			219,300	5.0				5.0
Indo Gulf Fertilisers and Chemical Corp., Ltd.			856,400	1.1				1.1
Indofood Sukses Makmur			385,000	0.2				0.2
Industria Macchine Automatiche (IMA)			1,143,936	6.9				6.9
Industrial Bank of Japan			127,800	1.3				1.3
Industrial Credit & Investment Corp.			139,000	2.6				2.6
Industrial Finance Corp. of Thailand			260,500	0.1				0.1

Industrielle-Alliance Life Insurance Company				5.7		5.7
Inex Pharmaceuticals Corporation		75,000	0.3			0.3
Inmet Mining Corporation		1,598,300	9.2	3.8		13.0
	warrants	300,000	-		-	13.0
Inner Mongolia Erdos Cashmere Products Co., Ltd.	class B	400,000	0.2			0.2
Innova Technologies Corporation		310,700	0.3		0.3	
	warrants	255,000	-		-	0.3
Inparsa - Industria e Participacoes SGPS SA		3,156	0.1			0.1
Input/Output Inc.		50,000	2.1			2.1
Intel Corporation		606,200	60.9			60.9
Internatio-Mueller NV		64,237	2.9			2.9
International Briquettes Holding, Inc.		21,167	0.5			0.5
International Business Machines Corp.		272,600	40.6			40.6
International Container Systems, Inc.		2,606,400	0.5			0.5
International Forest Products Limited	class A	854,592	5.2			5.2
International Hospitality Inc.		520,000	0.5	1.9	2.4	
	warrants	130,000	-		-	2.4
International Paper Company		31,200	1.9			1.9
Internationale Nederlanden Groep NV		250,925	15.1			15.1
Interprovincial Pipe Line System Inc.				5.1		5.1
Intertape Polymer Group Inc.		810,212	24.9			24.9
Intracom S.A.	preferred	4,820	0.3		0.3	
		6,300	0.4		0.4	0.7
Intrawest Corporation <sup>1,2</sup>		3,521,792	88.0	19.8	107.8	
	preferred	2,185,571	5.9		5.9	113.7
Investec Group Limited		33,795	1.9			1.9
Investor AB	class B	45,804	3.2			3.2
Investors Group Inc.		496,609	22.4	7.0		29.4
Ipiranga, Companhia Brasileira de Petroleo	preferred	21,350,000	0.5			0.5
Irish Life		24,587	0.2			0.2
Israel Chemicals Limited		69,687	0.1			0.1
Istituto Bancario San Paolo di Torino SpA		2,493,349	34.3			34.3
Istituto Nazionale delle Assicurazioni (INA)		684,535	2.0			2.0
Italcementi		29,152	0.3		0.3	
	preferred	17,329	0.1		0.1	0.4
Italgas SpA		119,224	0.7			0.7
Itoen, Ltd.		333,000	12.6			12.6
Ito-Yokado Co., Ltd.		87,000	6.4			6.4
Iwka AG		11,482	3.9			3.9
JD Wetherspoon		451,285	3.5			3.5
Jafco Co., Ltd.		94,000	4.8			4.8
James Crean Plc	units	3,574	-			-
Jannock Limited		200,000	3.7			3.7
Japan Tobacco Inc.		330	3.4			3.4
Jasmine International Public Company		49,400	-			-

INVESTMENTS IN SHARES AND BONDS OF PUBLIC CORPORATIONS (continued)  
as at December 31, 1997  
(fair value - in millions of dollars)

CORPORATIONS	Designation	Subsidiaries	Shares		Convertible Securities	Bonds	Subtotal	Total
			Number	Amount				
Jean Coutu (PJC) Inc., Le Groupe	class A		1,779,300	29.1				29.1
John Keells Holdings Ltd.			60,571	0.5				0.5
Johnson Matthey Plc			815,000	10.5				10.5
Johnson & Johnson			526,000	49.6				49.6
Jordan Petroleum Refinery			16,500	0.3				0.3
Jordan Phosphate Mines			51,000	0.4				0.4
Jordan Worsted Mills, The			22,000	0.3				0.3
Jusco Co., Ltd.			392,000	7.9				7.9
K. R. Precision Public Company Limited			78,500	0.4				0.4
Kalbe Farma			645,000	0.2				0.2
Kansai Electric Power Company, Inc.			200,000	4.9				4.9
Kao Corp.			120,000	2.5				2.5
Kap Resources Ltd. <sup>1</sup>	warrants A		558,071	0.4			0.4	
			4,934,043	14.3			14.3	14.7
Kappa Energy Company Inc.	special warrants		1,500,000	4.5				4.5
Kawasaki Steel Corp.			1,795,000	3.5				3.5
Kenya Commercial Bank Limited			109,788	0.2				0.2
Kenya Power and Lighting Company Limited			43,400	0.2				0.2
Keppel Land Limited			756,000	1.5				1.5
Kerry Group	class A		14,100	0.2				0.2
KeyCorp			12,200	1.2				1.2
Keyence Corp.			70	-				-
Kian Joo Can Factory			1,106,000	1.4				1.4
Kimberly-Clark Corporation			206,200	14.6				14.6
Kimberly-Clark de Mexico, SA de CV	class A		280,000	2.0				2.0
Kinden Corporation			500	-				-
Kingfisher			189,700	3.8				3.8
Kinross Gold Corporation			2,157,900	10.5				10.5
Kokuyo Co., Ltd.			56,000	1.4				1.4
Kon Ned Papierfabrieken			579,665	19.1				19.1
Kon Pakhoed NV			614,229	25.4				25.4
Konami Co., Ltd.			154,000	5.4				5.4
Koor Industries Limited			6,115	1.0				1.0
Korea Asia Fund			250,000	0.4				0.4
Korea Electric Power Corporation			109,370	1.4				1.4
Korea Green Cross Corporation			7,477	0.3				0.3
Korea Zinc Co.			19,050	0.1				0.1
Korn-OG Foderstof Kompagniet AS			2,079	0.1				0.1
Kredietbank			362	0.2			0.2	
	class T		2,270	1.4			1.4	1.6
Kuoni Reisen			4,585	24.6				24.6

Kuritomo, Ltd.			808,000	3.2			3.2
Kvaerner ASA	class A		216,100	15.8			15.8
Kyocera Corp.			58,100	3.8			3.8
L.G. Chemical Limited			102,230	0.7			0.7
LG Electronics Inc.			67,910	0.7			0.7
LG Information & Communication			9,420	0.4			0.4
L.G. Metals Corp.			15,440	0.1			0.1
LG Semiconductor Company			25,770	0.4			0.4
L.G. Technologies Group Inc. <sup>1</sup>		B	1,000,000	1.7		1.7	
	warrants	B	650,000	-		-	1.7
L.V.M.H. (Moët Hennessy-Louis Vuitton)			13,937	3.3			3.3
La Previdente			9,874	0.1			0.1
Labopharm Inc.		A, B	150,000	0.5			0.5
Laboratorio Chile S.A.			11,400	0.4			0.4
Lafarge Canada Inc.	preferred		162,319	6.8			6.8
Lafarge Coppee			81,492	7.7			7.7
Lagardère Groupe			18,985	0.9			0.9
Laidlaw Environmental Services, Inc.			125,000	0.9			0.9
Laidlaw Inc. <sup>4</sup>			15,497,400	302.2		302.2	
	receipts		220,000	2.3		2.3	304.5
Land Securities			171,967	3.9			3.9
Langar Company Ltd.					37.4		37.4
Laperrière & Verreault Inc., Groupe <sup>1</sup>	class A	A	589,700	3.2			3.2
Larsan & Toubro Ltd.			163,600	2.4			2.4
Lassonde Inc., Industries	class A	A	54,700	1.0			1.0
Lattice Semiconductor Corporation			241,700	16.4			16.4
Laurentian Bank of Canada		A, G	302,500	8.5	43.6	52.1	
	receipts		850,000	15.5		15.5	67.6
Lauritzen Holding A/S, J.	class B		459	0.1			0.1
Leader Industries Inc.		A	150,000	0.3	0.1	0.4	
	warrants	A	10,000	-		-	0.4
Ledesma S.A.			348,044	0.5			0.5
Legacy Hotels Real Estate Investment Trust					49.1		49.1
Legal & General Group Plc			1,268,000	16.1			16.1
Legrand			4,481	1.3			1.3
Leitch Technology Corporation			523,400	22.5			22.5
Lend Lease Corporation Limited			89,600	2.5			2.5
Lenzing AG			930	0.1			0.1
Liberty Life Association of Africa Ltd.			97,544	3.6			3.6
Light - Servicos de Electricidade S/A			2,000,000	1.2			1.2
Lilly (Eli) & Company			138,200	13.8			13.8
Limited Inc., The			48,700	1.8			1.8
Lincoln National Corp.			19,700	2.2			2.2
Linde AG			6,096	5.3			5.3
Lippo Bank			600,000	0.1			0.1

## INVESTMENTS IN SHARES AND BONDS OF PUBLIC CORPORATIONS (continued)

as at December 31, 1997

(fair value - in millions of dollars)

CORPORATIONS	Designation	Subsidiaries	Shares		Convertible Securities	Bonds	Subtotal	Total
			Number	Amount				
Lippo Life Insurance			1,649,700	0.1				0.1
Lithos Corporation		A, B	205,385	0.1			0.1	
	warrants	B	115,385	-			-	0.1
Lloyds TSB Group Plc			3,655,400	68.2				68.2
Loblaw Companies Limited			1,160,258	30.1				30.1
Lockheed Martin Corp.			11,200	1.6				1.6
Loewen Group Inc., The			574,768	21.2		19.5	40.7	
	preferred		319,300	9.3			9.3	50.0
Loews Corporation			13,600	2.1				2.1
Logistec Corporation <sup>1</sup>	class A	A	172,125	5.5				5.5
Lojas Renner S.A.	preferred		8,400,000	0.4				0.4
London Sumatra Indonesia			317,000	0.3				0.3
L'Oréal			15,757	8.8				8.8
Lucas Varsity Plc			712,084	3.6				3.6
Lucent Technologies Inc.			30,810	3.5				3.5
Lukoil Holding			40,200	5.3			5.3	
	preferred		20,000	0.9			0.9	6.2
Lyon Lake Mines Ltd.		A	4,149,200	1.5				1.5
MAAX Inc.		A	1,241,064	16.1				16.1
M.A.N. AG			26,300	10.9				10.9
MCI Communications Corporation			34,600	2.1				2.1
MDS Inc.	class B		429,053	14.1				14.1
MEPC Plc			681,500	8.2				8.2
MPACT Immedia Corporation		C	583,333	1.9			1.9	
	warrants	A	75,000	-			-	1.9
Maanshan Iron & Steel Company			1,566,000	0.2				0.2
Mackenzie Financial Corporation			3,549,558	65.1				65.1
MacMillan Bloedel Limitée			2,621,182	38.9	3.8			42.7
Macronix International Co., Ltd.			61,290	1.2				1.2
Magna International Inc.	class A		706,794	63.3	16.3			79.6
Magneti Marelli			74,509	0.2				0.2
Magyar Olaj Es Gas			53,098	1.8				1.8
Mahanagar Telephone Nigam Ltd.			346,000	7.7				7.7
Mahindra & Mahindra Ltd.			206,000	3.1				3.1
Malaysian Assurance Alliance Berhad			480,900	0.8				0.8
Malaysian Oxygen Bhd			273,000	0.9				0.9
Malaysian Pacific Industries Bhd			360,000	1.2				1.2
Manila Electric Company	class B		281,171	1.4				1.4
Manitoba Telecom Services Inc.			1,182,800	19.0				19.0
Mannesmann AG			39,669	28.7				28.7



Marks & Spencer			2,297,268	32.4		32.4
Marzotto & Figli SpA			10,076	0.2	0.2	
	preferred		2,275	-	-	0.2
Masco Corporation			25,200	1.8		1.8
Matahari Putra Prima			1,682,000	0.2		0.2
Matsushita Electric Industrial Company, Ltd.			710,000	14.9		14.9
Matsushita Electric Works			300,000	3.7		3.7
Mattel, Inc.			352,600	18.8		18.8
Mavesa, S.A.			1,320,000	0.3		0.3
Maxim Integrated Products, Inc.			261,600	12.9		12.9
May Department Stores Company			27,400	2.1		2.1
Mayr - Melnhof Karton AG			3,054	0.2		0.2
Maytag Corp., The			19,800	1.1		1.1
Mazarin Mining Corporation Inc.		A	2,867,000	2.7		2.7
McDonald's Corporation			6,400	0.4		0.4
McWatters inc., Les Mines'			42,300	-	-	
	units	A, G	5,263,158	6.1	6.1	6.1
Mead Corp.			1,600	0.1		0.1
Mediaset SpA			201,247	1.4		1.4
Mediobanca SpA			1,784,966	20.1		20.1
Medtronic, Inc.			540,400	40.5		40.5
Meikles Africa Limited			204,000	0.3		0.3
Meitec Corp.			281,000	11.4		11.4
Merck & Co., Inc.			299,400	45.4		45.4
Merrill Lynch & Company, Inc.			107,000	11.2		11.2
Metallica Resources Inc.			304,700	0.8		0.8
Metalurgica Gerdau			832,749	-		-
Methanex Corporation			232,500	2.6		2.6
Metro AG			140,256	7.2		7.2
Metro Cash & Carry Limited			500,000	0.6		0.6
Metropolitan Bank & Trust Company			159,634	1.6		1.6
Métro-Richelieu Inc.	class A	A, G	626,600	9.4		9.4
Metrowerks Inc. <sup>14</sup>		B, G	1,188,633	15.0	15.0	
	special warrants		448,000	5.6	5.6	20.6
Michelin & Cie			97,413	7.0		7.0
Microcell Telecommunications Inc.	class B	A	334,700	3.2	48.3	51.5
Microchip Technology, Inc.			931,700	40.0		40.0
Micrologix Biotech Inc.			185,000	0.7		0.7
Microsoft Corporation			313,500	58.0		58.0
Microtec Inc., Les Entreprises'		A, C	938,400	3.4		3.4
Milltronics Ltd.			432,200	7.5		7.5
Minebea Co., Ltd.			337,000	5.2		5.2
Minefinders Corporation Ltd.			130,000	0.3		0.3
Minnesota Mining and Manufacturing Company			2,800	0.3		0.3

## INVESTMENTS IN SHARES AND BONDS OF PUBLIC CORPORATIONS (continued)

as at December 31, 1997

(fair value - in millions of dollars)

CORPORATIONS	Designation	Subsidiaries	Shares		Convertible Securities	Bonds	Subtotal	Total
			Number	Amount				
Minorca Resources Inc.			1,547,900	1.4			1.4	
	warrants		350,000	-			-	1.4
Mirror Group Plc			2,590,200	11.9				11.9
Mitel Corporation			300,000	3.3				3.3
Mitsubishi Bank, Ltd.			1,524,000	30.2				30.2
Mitsubishi Estate Co., Ltd.			780,000	12.2				12.2
Mitsubishi Trust & Banking Corp., The			221,000	3.2				3.2
Mitsui Fudosan Co.			636,000	8.8				8.8
Mitsui & Co., Ltd.			1,005,000	8.5				8.5
Mobil Corporation			395,400	40.8				40.8
Moebel Walther AG			27,000	1.1				1.1
Molson Companies Limited, The	class A		4,526,007	115.6			115.6	
	class B		435,344	11.1			11.1	126.7
Mondadori			22,054	0.2				0.2
Montedison SpA			854,484	1.1			1.1	
	preferred		123,878	0.1			0.1	1.2
Montreal Eaton Centre						10.0		10.0
Montrusco Associates Inc.			52,500	1.4				1.4
Moore Corporation Limited			1,764,324	37.9				37.9
Morgan Crucible			425,000	4.6				4.6
Morgan Stanley, Dean Witter, Discover & Co.			36,180	3.1				3.1
Morgan & Company, Inc., J.P.			8,900	1.4				1.4
Morguard Real Estate Investment Trust						4.9		4.9
Morton International Inc.			651,200	32.0				32.0
Mosenergo			7,200	0.4				0.4
Motorola, Inc.			4,300	0.4				0.4
Moulinex			658,900	23.3				23.3
Mövenpick Holdings			190	0.1				0.1
Multivision Communications Corporation			142,000	0.3				0.3
Münchener Rückversicherungen			20,400	11.0				11.0
NBM-Amstelland N.V.			449,477	16.6				16.6
NEC Corporation			717,000	11.4				11.4
NGK Insulators, Ltd.			694,000	8.9				8.9
NHC Communications Inc.		A	1,112,400	0.6				0.6
NICE - Systems Ltd.			7,900	0.5				0.5
NKT Holding A/S			1,283	0.1				0.1
NSK Ltd.			105,000	0.4				0.4
NTT Data Corp.			192	14.9				14.9
Nacional de Drogas SA de C.V.	class L		279,000	0.3				0.3

Nafta Gbely AS		5,550	0.3			0.3
Nalco Chemical Company		23,500	1.3			1.3
Namco Ltd.		248,600	10.4			10.4
National Australia Bank Limited		751,000	15.0			15.0
National Bank of Canada		4,857,100	114.6			114.6
National Bank of Greece S.A.		6,955	0.9			0.9
National Grid Group		1,374,763	9.4			9.4
National Mutual Asia Ltd.		2,631,000	3.7			3.7
National Mutual Holdings Limited		2,100,000	5.7			5.7
National Petrochemical Public Company		661,000	0.5			0.5
National Power Plc		929,000	13.1			13.1
National Semiconductor Corporation		31,800	1.2			1.2
National Westminster Bank Plc		154,000	3.7			3.7
Nationsbank Corp.		25,200	2.2			2.2
Nedcor Limited		151,310	4.8			4.8
Nestlé S.A.		18,611	40.0			40.0
Nestle (Malaysia) Bhd		190,000	1.3			1.3
Netas Northern Electric Telekomunikasyon A.S.		901,000	0.5			0.5
New Clicks Holdings Limited		320,000	0.6			0.6
New World Development Company Limited		206,893	1.0			1.0
New World Infrastructure		1,706,000	5.5			5.5
Newbridge Network Corporation		6,169,920	308.8			308.8
Newcourt Inc., Groupe Crédit		196,000	9.4	40.2	49.6	
	rights	683,800	32.3		32.3	81.9
Newmont Mining Corp.		425,000	17.9			17.9
Newport Petroleum Corporation		768,200	4.0			4.0
News Corporation		779,261	6.2		6.2	
	preferred	328,753	2.3		2.3	8.5
Next Plc		249,200	4.1			4.1
Nichiei Co., Ltd.		83,500	12.8			12.8
Nike, Inc.	class B	50,000	2.8			2.8
Nikon Corporation		266,000	3.8			3.8
Nippon COMSYS Corp.		138,000	2.4			2.4
Nippon Denko Co., Ltd.		135,000	3.5			3.5
Nippon Koei, Co., Ltd.		800	-			-
Nippon Sanso Corp.		373,000	1.0			1.0
Nippon Steel Corporation		3,233,000	6.9			6.9
Nippon Telegraph and Telephone Corporation		5,040	62.1			62.1
Nishat Textile Mills Ltd.		7,500	-			-
Nissan Motor Co., Ltd.		862,000	5.1			5.1
Nitto Denko Corp.		85,000	2.1			2.1
Nitto Kohki Co., Ltd.		20	-			-
Noble China Inc.		892,800	2.7			2.7
Noble Drilling Corporation		100,000	4.4			4.4
Nobleza Piccardo S.A.		160,619	1.0			1.0
Nokia Corporation	class A	101,503	10.3			10.3

**INVESTMENTS IN SHARES AND BONDS OF PUBLIC CORPORATIONS (continued)**  
as at December 31, 1997  
(fair value - in millions of dollars)

CORPORATIONS	Designation	Subsidiaries	Shares		Convertible Securities	Bonds	Subtotal	Total
			Number	Amount				
Nomura Securities Co., Ltd., The			1,731,000	33.2				33.2
Noranda Inc.			3,790,602	93.2	0.9			94.1
Noranda Inc., Foresterie			1,473,668	11.4				11.4
Norcen Limitée, Ressources énergétiques			5,454,136	89.4				89.4
Nordbanken AB			875,000	7.1				7.1
Nord-Est S.A.			2,240	0.1				0.1
Norfolk Southern Corporation			26,400	1.2				1.2
Norsk Hydro			216,100	15.1				15.1
North Limited			1,047,724	3.9				3.9
North West Company Fund	units		1,447,100	20.3				20.3
Northern Telecom Limitée			2,060,352	262.0				262.0
Northern Trust Corp.			251,000	25.1				25.1
Northrop Grumman			14,400	2.4				2.4
Northstar Energy Corporation			3,293,410	33.1				33.1
Northwest Natural Gas Co.			376,800	20.8				20.8
Nova Corporation			17,721,543	241.0				241.0
Nova Hut			38,000	0.7				0.7
Nova Scotia Power Corporation			1,046,000	18.2				18.2
Novartis S.A.			48,722	113.3				113.3
Novicourt Inc.			854,600	4.1				4.1
Novo Nordisk AS	class B		12,844	2.6				2.6
Nymox, Pharmaceutical Corporation			257,692	2.6				2.6
OEMV AG			37,380	7.4				7.4
OSA S.A.	preferred		14,000,000	0.1				0.1
OTP Bank Rt.			13,000	0.7				0.7
Obayashi Corporation			475,000	2.3				2.3
Occidental Petroleum Corp.			47,900	2.0				2.0
Oest El Wirtsch	class A		7,875	1.2				1.2
Oesterich. Brau AG			2,234	0.2				0.2
Old Republic International Corp.			33,750	1.8				1.8
Olivetti Group			402,699	0.3				0.3
Onex Corporation	receipts		4,000,000	2.0			2.0	
			843,782	24.1			24.1	26.1
Ono Pharmaceutical Co., Ltd.			68,000	1.9				1.9
Optimum General Inc.	class A	A	300,000	2.3				2.3
Orbotech, Ltd.			13,000	0.6				0.6
Oriental Weavers Group			8,500	0.2				0.2
Orix Corp.			135,000	13.5				13.5

Orkla A.S.	class A		66,000	8.1				8.1
Orleans Resources Inc.		A	167,107	0.4	7.7	7.1	15.2	
	warrants	A	787,500	0.4			0.4	15.6
Oshawa Group Limited, The	class A		1,155,460	28.9				28.9
Outokumpu Oy	class A		313,200	5.5				5.5
Oversea-Chinese Banking Corporation			364,600	3.0				3.0
Owens-Corning Fiberglas			19,800	1.0				1.0
Oxford Properties Group Inc.						19.7		19.7
Oxiteno Industria e Comercio, SA			48,893	0.2				0.2
PT Indah Kiat Pulp & Paper Corporation Tbk			2,268,500	0.6				0.6
PT Indorama Synthetics			445,000	0.3				0.3
PT Ramayana Lestari Sentosa			417,500	0.6				0.6
PT Tambang Timah			369,000	0.6				0.6
PT Telekomunikasi Indonesia			5,380,500	4.1				4.1
PTT Exploration & Production Public Co., Ltd.			158,900	2.6				2.6
Pacalta Resources Ltd.			600,000	10.1				10.1
Pacific Gas & Electric Company			53,800	2.3				2.3
PacifiCare Health Systems, Inc.	class B		11,500	0.9				0.9
Padaeng Industry Public Co., Ltd.			806,500	0.2				0.2
Pakistan State Oil Co., Ltd.			120,624	1.5				1.5
Pakistan Telecommunications Corporation			756,440	1.4				1.4
Pakuwon Jati			894,000	0.1				0.1
Palabora Mining Company Limited			18,000	0.3				0.3
Panamerican Beverages, Inc.			20,000	0.9				0.9
PanCanadian Petroleum Limited			2,574,088	59.2				59.2
Paperboard Industries International Inc.		A	3,900,600	21.8		14.4		36.2
Parmalat Finanziaria SpA			253,501	0.5				0.5
Pason Systems Inc.			175,000	1.1				1.1
Pathe S.A.			1,221	0.3				0.3
Péchiney	class A		251,041	14.2				14.2
Peninsular & Orié			544,862	8.9				8.9
Penney (J.C.) Company, Inc.			25,900	2.2				2.2
Peñoles S.A. de C.V., Industrias			244,100	1.6				1.6
Pepsico, Inc.			32,000	1.7				1.7
Pepsi-Gemex S.A.			35,000	0.7				0.7
Perez Companc S.A.	class B		205,105	2.1				2.1
Perkins Ltée, Les Papiers		A, G	952,700	7.1				7.1
Pernod Ricard			8,972	0.8				0.8
Petkim Petrokimya Holding A.S.			570,000	0.4				0.4
Petro-Canada			9,955,031	258.8				258.8
Petrofina SA	class T		31,248	16.5				16.5
Petrol Ofisi A.S.			1,725,497	0.6				0.6
Petrolo Brasileiro S.A.	preferred		34,921,000	11.7				11.7
Petron Corp.	class A		432,636	0.1				0.1
Peugeot SA			33,873	6.1				6.1
Pfeiffer Vacuum Technology AG			78,100	3.2				3.2

**INVESTMENTS IN SHARES AND BONDS OF PUBLIC CORPORATIONS (continued)**  
as at December 31, 1997  
(fair value - in millions of dollars)

CORPORATIONS	Designation	Subsidiaries	Shares		Convertible Securities	Bonds	Subtotal	Total
			Number	Amount				
Pfizer Inc.			654,400	69.8				69.8
Pharmacia & Upjohn, Inc.			37,900	2.0				2.0
Phatra Thanakit Company, Ltd.			329,500	0.3				0.3
Philex Gold Inc.			223,000	0.4				0.4
Philex Mining Corp.			4,670,000	0.2				0.2
Philip Morris Companies Inc.			632,300	41.0				41.0
Philip Services Corp.			4,146,560	85.8				85.8
Philippine Long Distance Telephone Company	class T		83,372	2.6				2.6
Philippine National Bank			9,187	-				-
Phillips Petroleum Company			32,000	2.2				2.2
Phoenix International Life Sciences		A, G	506,400	5.2				5.2
Pinnacle Resources Ltd.			337,400	6.0				6.0
Pioneer International Ltd.			809,300	3.2				3.2
Pioneer Natural Resources Company			514,725	21.4				21.4
Pirelli SpA			279,109	1.1			1.1	
	preferred		15,059	-			-	1.1
Placer Dome Inc.			3,498,634	63.0				63.0
Plettac AG			12,500	2.5				2.5
Poco Petroleum Ltd.			5,303,838	67.6		10.0		77.6
Pohang Iron & Steel Co.			45,250	1.8				1.8
PolyGram NV			69,575	4.8				4.8
Portugal Telecom S.A.			16,000	1.1				1.1
Potash Corporation of Saskatchewan			927,680	110.4				110.4
Potlatch Corporation			21,700	1.3				1.3
Power Corporation du Canada			1,856,254	95.0				95.0
Power, Corporation Financière		A, G	6,582,485	329.1	104.8			433.9
Precision Drilling Corporation			883,600	30.8		24.5		55.3
Premdor Inc. <sup>4</sup>			1,672,135	22.4				22.4
Premier CDN Ltée, Entreprises	class A	A	100,001	0.2			0.2	
	preferred E	A	3,787,879	5.0			5.0	5.2
Premier Farnell Plc			1,278,000	13.2				13.2
Pretoria Portland Cement Company Limited			19,100	0.3				0.3
Preussag AG			5,285	2.3				2.3
Primagaz Company			3,213	0.4				0.4
Prime Resources Group Inc.			640,000	6.1				6.1
Probe Exploration Inc.			918,700	4.5				4.5
Procter & Gamble Company, The			393,600	45.0				45.0
Promenades St-Bruno						43.4		43.4
Promodes			12,046	7.2				7.2
Provident Companies Inc.			446,400	24.7				24.7

Proviso inc. <sup>1</sup>		A	28,273,405	246.0	38.9		284.9	
	warrants	A	10,000	-		38.2	38.2	323.1
Prudential Corporation Plc			1,050,000	18.3				18.3
Puget Sound Power & Light Company			35,800	1.5				1.5
Pulte Corporation			28,700	1.7				1.7
Putra Sumatra Indonesia			174,000	-				-
QLT Phototherapeutics Inc.			617,100	9.9				9.9
Qingling Motors Company Limited	class H		1,412,000	1.0				1.0
Quantum Corporation			56,200	1.6				1.6
Quebecor inc.	class A		1,237,040	31.5			31.5	
	class B		1,136,739	29.2			29.2	60.7
Quebecor Inc., Imprimeries <sup>1,2</sup>		C, G	7,773,274	190.1				190.1
QuébecTel Group Inc., The		A, G	378,965	11.4				11.4
Queenstake Resources Ltd.			350,000	0.3			0.3	
	warrants		175,000	-			-	0.3
Quilmes Industrial SA			29,750	0.6				0.6
RJR Nabisco Holdings Corp.			29,800	1.6				1.6
Radex-Heraklith Industriebeteiligungs AG			3,580	0.2				0.2
Radiometer A/S	class B		1,766	0.1				0.1
Radiomutuel Inc.	class A	A	185,800	3.8				3.8
Ranbaxy Laboratories Limited			53,200	1.8				1.8
Randgold & Exploration Company Limited			64,100	0.1				0.1
Randon Participacoes S.A.	parts		540,000,000	0.2				0.2
Ranger Oil Limited			1,255,106	12.2				12.2
Rank Organisation, P.L.C., The			1,247,200	10.0				10.0
Raytheon Company	class A		593	-			-	
	class B		28,000	2.0			2.0	2.0
RealFund Management						22.8		22.8
Reckitt & Colman Plc			190,000	4.3				4.3
Reebok International Ltd.			27,900	1.2				1.2
Reed International, Plc			1,712,000	23.4				23.4
Regent Pacific Group Ltd.			5,400,000	2.4				2.4
Reitmans (Canada) Limitée			2,480	-			-	
	class A		173,553	3.0			3.0	3.0
Reliance Industries Ltd.			456,000	5.5				5.5
Rembrandt Group Limited			94,700	1.0				1.0
Remington Energy Ltd.			540,300	13.0				13.0
Renaissance Energy Ltd.			4,733,513	139.6				139.6
Renata Resources Inc.			7,850,000	10.0				10.0
Renault			99,700	4.0				4.0
Renner Herrmann S.A.	preferred		350,000	0.6				0.6
Reno de Medici SpA			8,942	-				-
Rentokil Initial Plc			3,819,400	24.2				24.2
Repadre Capital Corporation			800,000	4.6				4.6
Repap Inc., Les Entreprises			6,773,373	1.2				1.2

**INVESTMENTS IN SHARES AND BONDS OF PUBLIC CORPORATIONS (continued)**  
as at December 31, 1997  
(fair value - in millions of dollars)

CORPORATIONS	Designation	Subsidiaries	Shares		Convertible Securities	Bonds	Subtotal	Total
			Number	Amount				
Repsol S.A.			67,830	4.1				4.1
Republic Glass Holdings Corp.			667,000	-				-
Republic New York Corp.			11,700	1.9				1.9
Reserve Royalty Corporation			100,000	0.4			0.4	
	special warrants		1,600,000	6.9			6.9	7.3
Resorts World			490,000	1.2				1.2
ResourceCan Ltd.		C				7.1		7.1
Reuters Holdings Plc			1,208,620	18.9				18.9
Revenue Properties Co. Ltd.					10.9			10.9
Rex Diamond Mining Corporation			655,000	0.6			0.6	
	warrants		200,000	-			-	0.6
Rexam Plc			477,600	3.4				3.4
Rheinisch-Westfälisches Elektrizitätswerk AG			115,127	8.8				8.8
Rhone Poulenc			238,493	15.3				15.3
Richelieu Hardware Ltd.		A, G	824,700	9.9				9.9
Richmont Mines Inc. <sup>1</sup>		A	1,790,834	5.9				5.9
Richter Gedeon VEG			4,882	0.8				0.8
Rigel Energy Corporation			1,200,535	14.0				14.0
Rinascente SpA, La			35,339	0.4			0.4	
	preferred		14,629	0.1			0.1	0.5
Rio Algom Limited			1,035,500	25.0			25.0	
	receipts		18,857,000	8.3			8.3	33.3
Rio Tinto Plc			608,550	10.7				10.7
RioCan Real Estate Investment Trust						10.0		10.0
Riunione Adriatica di Sicurtà SpA (RAS)			56,524	0.8			0.8	
	preferred		22,296	0.2			0.2	1.0
Roche Holdings AG			5,861	86.6				86.6
Rogers Cantel Mobile Communications Inc. <sup>4</sup>	class B		1,263,260	16.5				16.5
Rogers Communications Inc.	class A		588,700	4.6			4.6	
	class B		7,264,392	50.1			50.1	54.7
Rohm Co., Ltd.			73,000	10.7				10.7
Rolls Royce Plc			2,898,203	16.0				16.0
Rossi Residencial S.A.			165,000	0.3				0.3
Rostelecom			200,000	1.0				1.0
Royal Bank of Canada		A	7,999,943	604.8		4.7		609.5
Royal Dutch Petroleum Company, The			1,517,048	118.5				118.5
Royal Group Technologies Limited			557,600	18.6				18.6
Royal & Sun Alliance Insurance Group Plc			816,885	11.8				11.8
Royale Belge	class I		2,738	1.1				1.1



Russel Metals Inc.	class A		660,450	2.9		2.9
Ryan Energy Technologies Inc.			208,000	2.2		2.2
Ryder System, Inc.			12,200	0.6		0.6
SABESP - Companhia de Saneamento Brasico do Estado de Sao Paulo			1,820,000	0.6	0.6	
	rights		5,781	0.5	0.5	1.1
SAGEM S.A.			635	0.4		0.4
SANLUIS Corporación S.A. de C.V.			100,000	1.2		1.2
SAP AG			5,100	2.2	2.2	
	preferred		11,250	5.3	5.3	7.5
SAS Danmark A/S			8,046	0.2		0.2
SBC Communications Inc.			34,450	3.6		3.6
SCHW Bankgesellschaft			10,716	22.2		22.2
SEFIMEG - Société Française d'Investissements Immobiliers et de Gestion			2,523	0.2		0.2
SEITA			8,235	0.4		0.4
SEMAFO Inc.			130,300	0.3		0.3
SK Telecom Co.,Ltd.			480	0.2		0.2
SKB Banka			7,500	0.2		0.2
SKF AB	class A		4,200	0.1	0.1	
	class B		5,400	0.2	0.2	0.3
SM Prime Holdings Inc.			7,390,730	1.6		1.6
SMH AG			46,136	9.3		9.3
SNC-Lavalin Group Inc.		A, G	3,693,840	40.6		40.6
SPT Telecom AS			13,630	2.1		2.1
SR Telecom Inc.			632,142	4.6		4.6
Sadia-Concordia SA	preferred		694,000	0.6		0.6
Safeco Corporation			25,600	1.8		1.8
Safety-Kleen Corp.			150,000	5.9		5.9
Safeway Plc			1,261,600	10.2		10.2
Saga Petroleum ASA	class A		213,488	5.3		5.3
Sage Group Plc (The)			150,000	2.9		2.9
Saint-Gobain			14,538	3.0		3.0
Saipem SpA			750,000	5.7		5.7
Sakura Bank			1,700,000	7.0		7.0
Salomon SA			2,457	0.3		0.3
Sampath Bank Limited			268,000	0.4		0.4
Samsung Corporation			86,700	0.4		0.4
Samsung Display Devices Company			21,640	0.6		0.6
Samsung Electronics Co., Ltd.			53,949	1.7		1.7
Samsung Fire & Marine Insurance			1,100	0.2		0.2
San Miguel Corporation	class B		548,407	1.0		1.0
Sani Mobile Inc., Groupe	class A	A	559,900	0.7		0.7
Sanki Engineering Co.,Ltd.			400,000	4.1		4.1
Sankyo Company Limited			234,000	7.6		7.6
Santos Limited			450,000	2.7		2.7

## INVESTMENTS IN SHARES AND BONDS OF PUBLIC CORPORATIONS (continued)

as at December 31, 1997

(fair value - in millions of dollars)

CORPORATIONS	Designation	Subsidiaries	Shares		Convertible Securities	Bonds	Subtotal	Total
			Number	Amount				
Sanwa Bank, Ltd., The			140,000	2.0				2.0
Sao Paulo Alparbatas SA			3,960,000	0.2				0.2
Saputo Group Inc.		A	212,100	5.4				5.4
Sarkuysan Electrolitik Bakir Sanayi ve Ticaret A.S.			3,200,000	0.4				0.4
Sasol Limited			348,230	5.2				5.2
Satori Electric Co., Ltd.			440	-				-
Saturn (Solutions) Inc.		A	275,000	0.8				0.8
Sawako Corp.			240,250	2.3				2.3
Schering AG			14,248	2.0				2.0
Schibsted ASA			50,000	1.2				1.2
Schindler Holding AG			235	0.4				0.4
Schlumberger Limited			449,600	51.8				51.8
Schneider Corporation	class A		212,645	5.3				5.3
Schneider SA			307,840	23.9				23.9
Schwab Corporation, The Charles			547,500	32.9				32.9
Schweizerische Bankgesellschaft			3,781	1.6				1.6
Schweizerischer Bankverein			13,280	5.9				5.9
Scorpion Minerals Inc.	warrants		100,000	-				-
Scotia Bank			7,079,548	476.8				476.8
Scottish & Newcastle Breweries Plc			174,000	3.1				3.1
Seagram Ltée, La Compagnie			7,571,523	350.2				350.2
Sears Canada Inc.			175,000	3.5				3.5
Sears, Roebuck and Co.			15,900	1.0				1.0
Seat SpA			450,000	0.3				0.3
Secom Co.			51,000	4.7				4.7
Securitas AB			38,000	1.6				1.6
Sedgwick Group Plc			800,600	2.6				2.6
Sekisui Chemical Co., Ltd.			274,000	2.0				2.0
Sekisui House, Ltd.			241,000	2.2				2.2
Semen Gresik			712,000	0.6				0.6
Semi-Tech Corporation	class A		152,500	0.2				0.2
Service Corp. International			325,000	17.2				17.2
Seven-Eleven Japan Co., Ltd.			107,200	10.9				10.9
Severn Trent			583,335	13.4				13.4
Severoceske Doly			2,811	0.1				0.1
Shangai Haixin Group Co.,Ltd.			788,000	0.3				0.3
Shanghai Dazhong Taxi Co.	class B		700,000	0.7				0.7
Shanghai Diesel Engine Co. Ltd.			557,059	0.1				0.1
Shanghai New Asia (Group) Co., Ltd.	class B		390,000	0.2				0.2
Shanghai Petrochemical Company Limited	class H		1,948,000	0.4				0.4
Shanghai Refrigerator Compressor Co., Ltd.	class B		630,000	0.3				0.3

Shanghai Shanglin Electric Appliance Co., Ltd.			260,810	0.1		0.1
Shaw Communications Inc.	class B	A	941,600	14.3	18.9	33.2
Shaw Industries Ltd.	class A		133,400	6.5		6.5
Shell Canada Limitée	class A		700,591	18.0		18.0
Shell Transport & Trading Company, Plc, The			977,546	9.8		9.8
Shermag Inc.		A	168,000	2.9		2.9
Sherritt International Corporation <sup>1</sup>			4,413,800	25.6	49.4	75.0
Sherwin-Williams Company			243,200	9.7		9.7
Shinawatra Computer & Communications Plc			151,000	0.7		0.7
Shin-Etsu Chemical Co., Ltd.			184,100	5.0		5.0
Shinseido Company Limited			210,000	4.1		4.1
Shirmax Fashions Ltd.		A	113,800	0.4		0.4
Shiva Corporation			293,700	3.6		3.6
Shizuoka Bank, Ltd., The			523,000	8.1		8.1
Shohkoh Fund			11,500	5.0		5.0
Siam Cement Public Company Limited			77,250	0.9		0.9
Siam Commercial Bank Public Company Limited			118,800	0.2		0.2
	rights		11,500	-		0.2
Sico Inc.		A	317,548	5.2		5.2
Sidel, SA			34,424	3.3		3.3
Siderca S.A.			391,546	1.6		1.6
Siderurgica Venezolana "Sivensa" S.A.C.A.	class A		902,000	0.5		0.5
Siebe Plc			210,000	5.9		5.9
Siemens AG			148,286	12.6		12.6
Sigma-Aldrich Corporation			14,500	0.8		0.8
Sika Finanz AG			405	0.2		0.2
Simco SA			2,457	0.2		0.2
Sime Darby Berhad (Malaysia)			346,000	0.5		0.5
Singapore International Airlines			175,000	1.6		1.6
Singapore Land			463,000	1.5		1.5
Singapore Press Holdings			345,000	6.2		6.2
Singapore Telecommunications, Ltd.			1,300,000	3.5		3.5
Sino-Forest Corporation	class A		3,032,800	7.6		7.6
Siparex Associés S.A.		D	15,624	0.4		0.4
Siparex S.C.A.		D	83,649	2.3		2.3
Sirti SpA			37,634	0.3		0.3
Skandia Forsakrings AB			8,800	0.6		0.6
Skanska AB	class B		10,700	0.6		0.6
Skis Rossignol SA			1,981	0.1		0.1
Skoda Plzen A.S.			4,862	0.1		0.1
Skyjack Inc.			374,500	6.4		6.4
Slocan Forest Products Ltd.			438,900	3.4		3.4
Smedvig ASA			315,500	9.6		9.6
Smith & Nephew Associates Plc			3,130,000	13.3		13.3
Smithkline Beecham			3,706,978	54.4		54.4
Smiths Industries Plc			713,145	14.2		14.2

## INVESTMENTS IN SHARES AND BONDS OF PUBLIC CORPORATIONS (continued)

as at December 31, 1997

(fair value - in millions of dollars)

CORPORATIONS	Designation	Subsidiaries	Shares		Convertible Securities	Bonds	Subtotal	Total
			Number	Amount				
Smurfit (Jefferson)			101,144	0.4				0.4
Snia BPD SpA			118,340	0.2			0.2	
	preferred		12,857	-			-	0.2
Sociedad Quimica y Minera de Chile S.A.			4,200	0.3				0.3
Societa Assicuratrice Industriale (SAI)	preferred		10,027	0.1			0.1	
			20,996	0.3			0.3	0.4
Société financière Desjardins Laurentienne Inc.	class A	A	155,856	3.8				3.8
Société Générale			125,346	24.5				24.5
Société Générale de Belgique			5,000	0.7				0.7
Sodexho Alliance			1,196	0.9				0.9
Sodisco-Howden Inc., Groupe <sup>1</sup>		A	22,332,867	2.0				2.0
Softbank Corp.			27,280	1.0				1.0
SoftKey Software Products Inc.	special warrants		17,000	0.4				0.4
Solidere			15,200	0.3				0.3
Solvay SA	class T		21,341	1.9				1.9
Sommer-Allibert			3,425	0.2				0.2
Sony Corporation			307,700	39.3				39.3
Sophus Berendsen A/S	class A		1,127	0.3			0.3	
	class B		3,407	0.8			0.8	1.1
South African Breweries Ltd.			133,722	4.7				4.7
Southam Inc.			400,000	10.9				10.9
Southern Peru Copper Corporation	class T		100,000	0.5				0.5
Southern Peru Limited			30,500	0.6				0.6
Souza Cruz S.A.			35,000	0.4				0.4
Sparbanken Sverige AB	class A		128,800	4.2				4.2
Spectra Premium Industries Inc.		A	135,000	1.4				1.4
Sprint Corporation			30,900	2.6				2.6
Standard Chartered Plc			228,683	3.6				3.6
Starch & Glucose			425	-				-
State Bank of India			229,600	5.9				5.9
Steel & Tube Holdings Ltd.			530,000	0.9				0.9
Stelco Inc. <sup>1</sup>	class A	A	12,962,131	122.5		27.2		149.7
Stellarton Energy Corporation	class A		100,000	0.5				0.5
Steyr-Daimler-Puch			2,613	0.1				0.1
St. Laurent Paperboard Inc.		A, G	1,480,775	27.2				27.2
Stora Kopparbergs	class A		22,400	0.4			0.4	
	class B		5,100	0.1			0.1	0.5
Storehouse Plc			1,007,000	5.6				5.6
Stork N.V.			310,000	15.3				15.3
St. Paul Companies Inc., The			15,800	1.9				1.9

Strabag Bau AG			2,300	0.2		0.2
Strafor Facom SA			97,636	9.6		9.6
St. Laurent Paperboard (U.S.) Inc.		A			37.2	37.2
Sudamtex de Venezuela	class B		5,438,972	0.4		0.4
Suez Lyonnaise des Eaux			225,644	35.7		35.7
Sui Northern Gas Pipelines			400,000	0.3		0.3
Sumitomo Bakelite Co., Ltd.			391,000	3.3		3.3
Sumitomo Bank, Ltd., The			990,000	16.2		16.2
Sumitomo Electric Industries, Ltd.			295,000	5.8		5.8
Sumitomo Forestry Co., Ltd.			187,000	1.3		1.3
Sumitomo Metal Industries, Ltd.			1,500,000	2.8		2.8
Sumitomo Metal Mining Co., Ltd.			649,000	3.1		3.1
Sumitomo Realty & Development Co., Ltd.			354,000	2.9		2.9
Sumitomo Trust & Banking Co., Ltd., The			158,000	1.2	1.3	2.5
Summit Bancorp			400,000	30.5		30.5
Sun Co.			35,900	2.2		2.2
Sun Hung Kai Properties			200,000	2.0		2.0
Sun Life of Canada (U.S.) Capital Trust I		A			76.4	76.4
Sun Media Corporation			1,443,000	19.6		19.6
Sun Microsystems			17,500	1.0		1.0
Suncor Energy Inc.			1,893,140	92.8		92.8
Superfos A/S			5,284	0.2		0.2
Super-Sol Limited			57,929	0.2		0.2
Supervalu Inc.			25,700	1.5		1.5
Suramericana de Seguros S.A.			12,455	0.3		0.3
Surgutneftegaz			59,000	0.9		0.9
Sutton Resources Ltd.			240,000	2.3		2.3
Suzuki Motor			290,000	3.8		3.8
Svenska Cellulosa AB	class B		16,800	0.5		0.5
Swire Pacific "A"	class A		620,000	4.9		4.9
Swiss Reinsurance Co.			2,504	6.7		6.7
Swissair AG			395	0.8		0.8
Swisslog Holding AG			125,000	13.2		13.2
Sydney Harbor Casino Holdings Limited			2,300,000	3.1		3.1
Synopsys Inc.			182,800	9.4		9.4
Synthelabo			20,000	3.6		3.6
TDK Corp.			27,000	2.9		2.9
TI Group Plc			266,000	2.9		2.9
TRICON Global Restaurants, Inc.			2,500	0.1		0.1
TV Azteca, S.A. de C.V.			7,500	0.2		0.2
TVX Gold Inc.			4,996,624	24.2	3.0	27.2
Tabak A.S.			1,239	0.4		0.4
Tablex, S.A. de C.V.			101,297	0.3		0.3
Taisho Pharmaceutical Co., Ltd.			85,000	3.1		3.1
Taiwan Semiconductor Manufacturing Company			21,780	0.6		0.6
Takashimaya & Co., Ltd.			300,000	2.6		2.6

**INVESTMENTS IN SHARES AND BONDS OF PUBLIC CORPORATIONS (continued)**  
as at December 31, 1997  
(fair value - in millions of dollars)

CORPORATIONS	Designation	Subsidiaries	Shares		Convertible Securities	Bonds	Subtotal	Total
			Number	Amount				
Takeda Chemical Industries, Ltd.			593,000	24.3				24.3
Talisman Energy Inc.			3,169,390	138.7				138.7
Tarragon Oil and Gas Limited			730,000	8.2				8.2
Tata Electric Companies, The			1,900	0.5				0.5
Tate & Lyle, Plc			1,355,500	16.0				16.0
Tech Data Corporation			4,400	0.2				0.2
Technical Maintenance Corporation	class A	B	60	-				-
Technilab Pharma Inc.		A	70,000	0.6				0.6
Technip, Compagnie Française d'Études et de Construction			2,609	0.4				0.4
Technology Resources Industries			900,000	0.8				0.8
Teck Corporation <sup>1</sup>	class A		741,200	16.7	14.3		31.0	
	class B		2,204,451	47.5			47.5	78.5
Tecnomatix Technologies Ltd.			18,000	0.9				0.9
Tee-Comm Electronics Inc.					0.6			0.6
Telco			189,300	2.3				2.3
Tele Danmark A/S	class B		22,425	2.0				2.0
Telebras - Telecomunicacoes Brasileiras S/A			67,005,000	9.8				9.8
Telecom Argentina S.A.			20,500	1.0				1.0
Telecom Corp. of New Zealand			997,502	6.9				6.9
Telecom Mobilia SpA			3,685,611	33.8			33.8	
	preferred		655,673	4.1			4.1	37.9
Telecom Italia Mobile SpA			3,553,995	23.5			23.5	
	preferred		727,620	2.9			2.9	26.4
Telecomunicacoes de Sao Paulo	preferred		4,480,000	1.7				1.7
Telecomunicacoes Brasileiras S.A. - Telebras			68,152	11.4			11.4	
	preferred		35,296,990	5.8			5.8	17.2
Telefonica de Argentina S.A.			626,545	5.5				5.5
Telefonica del Peru S.A.	class B		445,809	1.4				1.4
Telefonos de Chile			112,225	4.8				4.8
Telefonos de Mexico SA			85,600	6.9			6.9	
	class L		1,282,000	5.2			5.2	12.1
Télélobe Inc. <sup>1,2</sup>		C, G	8,109,524	352.8		5.9		358.7
Télé-Métropole Inc.	class B		487,022	15.8				15.8
Telerj - Telecomunicacoes do Rio de Janeiro S/A			10,000,000	1.3				1.3
Telescene Film Group Inc.	class B		16,400	0.2				0.2
Telesysteme International Wireless Corporation <sup>1</sup>		A, C, G	7,663,414	157.1		62.6		219.7
Télévision française (TF1)			42,581	6.2				6.2
Telstra Corporation Limited	receipts		3,895,000	11.8				11.8
Telus Corporation			3,351,307	106.2				106.2

Tembec Inc.	class A	1,954,500	15.1	2.2		17.3
Tenet Healthcare Corp.		355,000	16.8			16.8
Tesco		945,000	11.0			11.0
Tesco Corporation		598,900	12.7			12.7
Teva Pharmaceutical Industries Ltd.		16,252	1.1			1.1
Texaco Inc.		133,400	10.4			10.4
Texas Instruments Incorporated		66,000	4.3			4.3
Textron, Inc.		198,800	17.8			17.8
Thai Farmers Bank Co., Ltd.		353,100	0.9		0.9	
	warrants	6,150	-		-	0.9
Thai Petrochemical Industry Public Company Limited		1,765,500	0.2			0.2
Thomson Corporation, The		5,680,449	223.0			223.0
Thomson-CSF		19,021	0.9			0.9
Thorn Emi, Plc		241,560	2.9			2.9
Thyssen AG		18,189	5.6			5.6
Tipco Asphalt Public Company Limited		87,400	0.1			0.1
Tisza Vegyi Kombinat R+		4,180	0.1			0.1
Titan Cement Co.		10,850	0.7			0.7
Tofas Turk Otomobil Fabrikasi A.S.		6,800,000	0.6			0.6
Tokio Marine & Fire Insurance Company, Ltd., The		610,000	9.9			9.9
Tokyo Electric Power Co., Inc., The		643,700	16.9			16.9
Tokyo Electron Ltd.		124,300	5.7			5.7
Tongaat - Hulett Group Limited, The		49,161	0.9			0.9
Torchmark Corporation		21,800	1.3			1.3
Toronto-Dominion Bank, The		5,965,162	320.9			320.9
Torrington Resources Ltd.		20,000	0.1			0.1
Torstar Corporation	class B	1,340,900	67.0			67.0
Total, Cie française pétrolière	class B	231,329	36.0			36.0
Toyo Trust & Banking Co., Ltd.				2.2		2.2
Toyota Motor Corporation		950,000	39.1			39.1
Toys "R" Us, Inc.		36,100	1.6			1.6
Tractebel	class T	20,213	2.5			2.5
Trans Zambezi Industries Limited		500,000	0.2			0.2
TransAlta Corporation		1,468,402	33.1			33.1
Transat A.T. Inc.		1,839,307	23.7	A, G		23.7
TransCanada PipeLines Limited		5,039,116	160.7		11.4	172.1
Travelers Group Inc.		657,251	50.7			50.7
Trelleborg AB	class B	10,000	0.2			0.2
Trilon Financial Corporation	class A	100,000	1.2			1.2
Trimark Financial Corporation		175,426	11.4			11.4
Triton Mining Corporation		652,900	0.3			0.3
Trizec Hahn Corporation		4,452,516	148.7	42.2	19.4	210.3
	warrants	100,000	0.7			0.7
Tupras-Turkiye Petrol Rafinerileri A.S.		2,875,000	0.5			0.5
Turkish Garanti Bankasi		20,593,006	1.5			1.5
Turkish Siemens		1,771,123	0.2			0.2

## INVESTMENTS IN SHARES AND BONDS OF PUBLIC CORPORATIONS (continued)

as at December 31, 1997

(fair value - in millions of dollars)

CORPORATIONS	Designation	Subsidiaries	Shares		Convertible Securities	Bonds	Subtotal	Total
			Number	Amount				
Turkiye Garanti Bankasi A.S.			9,300,000	2.4				2.4
U A P Inc.	class A	A	89,300	1.5				1.5
UPM - Kymmene Oyj			177,400	5.1				5.1
U.S. Bancorp			130,700	20.8				20.8
U S West Inc.			44,200	2.9				2.9
Ulster Petroleums Ltd.			652,283	9.0				9.0
Ultramar Diamond Shamrock Corporation			211,760	9.7				9.7
Uniao de Bancos Brasileiros S.A. (Unibanco)	units		14,100,000	1.4			1.4	
			25,900	1.2			1.2	2.6
Unibail			1,501	0.2				0.2
Unican Security Systems Ltd.	class B		127,000	4.0				4.0
Unidanmark A/S	class A		79,154	8.3				8.3
Unified Energy Systems			156,000	6.8				6.8
Unigold Resources Inc.			5,400	-				-
Unilever NV			53,300	4.7				4.7
Unilever Plc			260,000	3.2				3.2
Union Camp Corporation			20,700	1.6				1.6
Union Carbide Corporation			28,900	1.8				1.8
Union Immobilière de France (UIF)			1,327	0.1				0.1
Union Pacific Corp.			24,500	2.2				2.2
Unipetrol A.S.			139,600	0.6				0.6
Uni-Sélect Inc.		A	738,000	16.9				16.9
United Dominion Industries Ltd.			170,900	6.2				6.2
United Engineers (Malaysia)			348,042	0.4				0.4
United Healthcare Corporation			212,800	15.1				15.1
United Overseas Bank Limited			100,000	0.8				0.8
Universale-Bau AG			769	-				-
Unocal Corp.			213,500	11.9				11.9
Upper Egypt Flour Mills			17,500	0.4				0.4
Upton Resources Inc.			10,000	-				-
Uralita			1,391,251	22.7				22.7
Ushio Inc.			220,000	2.1				2.1
Usinas Siderurgicas de Minas Gerais	preferred		107,624	0.9				0.9
Usinor Sacilor SA			219,820	4.5				4.5
VA Technologie AG			3,767	0.8				0.8
VAE Eisenbahn systeme AG			24,691	3.1				3.1
VF Corporation			30,800	2.0				2.0
VIAG AG			13,831	10.7				10.7
VSZ AS/ Vychodoslovenske Zeleziarne			19,000	0.5				0.5
Vaal Reefs Exploration & Mining Company			6,000	0.3				0.3
Vale do Rio Doce, Companhia	preferred		189,254	5.4	-			5.4



Valeo SA			63,422	6.2		6.2
Valora Holding AG			89,756	27.1		27.1
Van Houtte Ltée, A.L.		A	470,900	11.0		11.0
Van Melle N.V.			12,317	1.3		1.3
Veba AG			404,978	39.5		39.5
Velan Inc.		A	52,700	1.4		1.4
Vendex International N.V.			87,000	6.9		6.9
Venezolana de pulpa y papel CA			112,000	0.3		0.3
Vereniging Nederlandse Uitgevers Vb			199,000	8.0		8.0
Vidéotron Ltée, Le Groupe <sup>1</sup>		C, G	6,232,408	78.5	78.5	
	class A	C, G	9,451,576	119.1	119.1	197.6
Videsh Sanchar Nigam Ltd.			179,300	3.6		3.6
Vienna International Airport			37,844	2.1		2.1
Village Roadshow Ltd.	preferred A		676,030	2.0		2.0
Virginia Gold Mines Inc.			701,400	1.2	1.2	
	warrants		300,000	-	-	1.2
Vitro SA			405,000	3.0		3.0
VocalTec Communications Ltd.			10,600	0.3		0.3
Vodafone Group Plc			1,257,000	13.0		13.0
Vogue Resources Inc.			63,500	0.1		0.1
Volkswagenwerk AG			6,500	5.2	5.2	
	preferred		8,500	5.2	5.2	10.4
Volvo	class A		12,100	0.5	0.5	
	class B		127,400	4.9	4.9	5.4
Votorantim Celulose e Papel SA			52,600	0.7		0.7
WIC Western International Communications Ltd.	class B		315,800	9.9		9.9
WPP Group Plc			527,000	3.3		3.3
Walbro Corporation <sup>c</sup>			750,400	14.4		14.4
Wal-Mart Stores, Inc.			68,600	3.9		3.9
Waterford Wedgwood	units		560,326	1.1		1.1
Wescast Industries Inc.	class A		178,100	6.9		6.9
West Fraser Timber Co. Ltd.			195,600	6.9	15.0	21.9
Westaim Corporation			3,887,321	27.8		27.8
Westburne, Inc. <sup>1</sup>		A, G	6,832,648	109.3	109.3	
	warrants		400,000	1.7	1.7	111.0
Westcoast Energy Inc.			1,726,288	57.0	11.0	68.0
Western Mining Corporation Holdings Limited			1,128,066	5.6		5.6
Western Star Trucks Holdings Ltd.			530,300	16.7		16.7
Westmin Resources Limited			1,509,851	8.3	8.3	
	warrants		76,890	-	-	8.3
Westpac Banking Corporation			2,175,900	19.9		19.9
Westshore Terminals Inc.	receipts		377,400	1.4		1.4
Westvaco Corporation			34,400	1.5		1.5
Wharf (Holdings) Limited, The	class B		540,000	0.2		0.2
Whirlpool Corporation			16,600	1.3		1.3

**INVESTMENTS IN SHARES AND BONDS OF PUBLIC CORPORATIONS (continued)**  
as at December 31, 1997  
(fair value - in millions of dollars)

CORPORATIONS	Designation	Subsidiaries	Shares		Convertible Securities	Bonds	Subtotal	Total
			Number	Amount				
White Rose Crafts & Nursery Sales Limited			101,400	0.1				0.1
Wienerberger Baustoffindustrie AG			1,986	0.5				0.5
William Resources Inc.	warrants		762,000	-			-	
			4,894,301	1.7	1.8		3.5	3.5
Williams Companies, Inc., The			900,000	36.5				36.5
Williams Holdings Plc			1,605,000	12.8				12.8
Wisconsin Energy Corp.			43,500	1.8				1.8
Wolseley Plc			598,300	6.8				6.8
Wolters Kluwer			38,512	7.1				7.1
Wolverhampton & Dudley Breweries Plc			1,004,000	11.1				11.1
Woodchester Investments Plc	units		16,796	0.1				0.1
WorldCom, Inc.			120,000	5.2				5.2
Xilinx Inc.			10,000	0.5				0.5
YBM Magnex International, Inc.			187,500	2.8				2.8
YPF S.A.	class D		104,562	5.0			5.0	
			48,500	2.4			2.4	7.4
Yapi ve Kredi Bankasi A.S.			20,100,000	1.1				1.1
Yasuda Fire & Marine Insurance Co., Ltd., The			718,000	4.4				4.4
Yukong Ltd.			45,810	0.5				0.5
Zeneca Group Plc			968,537	49.2				49.2
Zurich Versicherungen			12,858	8.8				8.8

<sup>1</sup> Company in which the Caisse is considered an insider within the meaning of applicable Canadian laws.

<sup>2</sup> Company in which the Caisse would be considered an insider only within the meaning of applicable American laws.

In this table are listed the major investments in shares and bonds of public corporations. This table does not account for the hedging of foreign exchange risks. This table is subject to the disclosure standards applicable to the annual list of such investments.

The annual list must not provide any information deemed to be detrimental to the operations of the Caisse, to its economic interests or competitiveness or which may reveal an intended transaction, a transaction or series of transactions in process or which may cause prejudice to a company. Consequently, there may occasionally exist differences between the investments in the annual list and those recorded in the books of the Caisse, at December 31. However, whenever possible and without transgressing the above standards, the annual list states the total amount of

**INVESTMENTS IN SHARES AND BONDS OF PRIVATE CORPORATIONS**  
as at December 31, 1997  
(fair value - in millions of dollars)

Investment amounts :

A = \$0 to \$5 million      C = \$10 to \$30 million      E = \$50 to \$75 million      G = \$100 to \$150 million  
B = \$5 to \$10 million      D = \$30 to \$50 million      F = \$75 to \$100 million      H = \$150 million and over

CORPORATIONS	Designation	Units	Shares	Convertible securities	Bonds	Investment amounts
<b>CAISSE REAL ESTATE GROUP</b>						
<b>Cadim inc.</b>						
	Domaine d'Iberville (Est) Limitée		X			B
	Lone Star Opportunity Fund L.P.	X				B
	PSR-Boca Associates Limited Partnership	X				A
	Skanska Cadim B.V.		X			A
	Société en commandite Condominiums Mérici	X				A
	Société en commandite Les Développements du Lac du Haut Anjou	X				A
<b>Ivanhoe Inc.</b>						
	Centre commercial Cavendish Cie Ltée		X			A
<b>SITQ inc.</b>						
	Alizé, Gestion technique d'immeubles inc.		X			A
	Grupo Inmobiliario Caisse, S.A. de C.V.		X			A
	Immeubles Pen York Inc., Les		X			A
	PillarCaisse Management Limited		X			A
<b>SITQ-BST REIT INC.</b>						
	Blackstone Real Estate Partners II	X				A
<b>SITQ E.-U. INC.</b>						
	Blackstone Real Estate Partners II	X				A
<b>SITQ International inc.</b>						
	Épic S.A.		X			C
	Parsitec, SNC		X			A
	Royal Bréderode S.A.		X			A
<b>SITQ-MEXIQUE</b>						
	Desarrollos Cordillera S.A. de C.V.			X		A
	Desarrollos Madeira S.A. de C.V.			X		A
<b>SITQ Placements inc.</b>						
	3269655 Canada inc.		X			A
<b>CAISSE PRIVATE INVESTMENTS GROUP</b>						
<b>Accès Capital Bas-Saint-Laurent inc.<sup>1</sup></b>						
	Cuisines Gaspésiennes de Matane Itée, Les	class A		X	X	A
	Sablynx inc.	class A		X	X	A
<b>Accès Capital Estrie inc.<sup>1</sup></b>						
	Zeppelin Technologies Inc.	class A		X	X	A
	9024-5804 Québec Inc. (Euroflor inc.)	class B		X		A
		preferred		X	X	A

<b>Accès Capital Gaspésie-Les-Îles inc.<sup>1</sup></b>					
Cuisines Gaspésiennes de Matane ltée, Les	class A			X	A
Gestion Groupe RT (1996) ltée	class A			X	A
<b>Accès Capital Saguenay-Lac-Saint-Jean inc.<sup>1</sup></b>					
Specialized Access Systems Inc. (S.A.S.)	class A			X	A
Vinya Plastiques Inc.	class A			X	A
162894 Canada Inc. (ID Group)	class A			X	A
<b>Capital CDPQ inc.<sup>1</sup></b>					
ACME Multimedia Inc.	purchase options			X	A
Accès Capital Abitibi-Témiscamingue, S.E.C.		X			A
Accès Capital Québec, S.E.C.		X			A
Avantages Services Financiers inc.				X	A
BIOMA Research Inc.			X		A
Canamex, Les Produits Pétroliers Inc.	class A			X	A
Choisy Inc., Le Groupe				X	A
Clé Ltée, Compagnie de location d'équipement	class B			X	A
Collections Shan inc., Les				X	A
Copieurs Rive-Sud inc.				X	A
Distributions Alimentaires Le Marquis	class A		X		A
Dubuc Mode de Vie inc.	purchase options			X	A
Écolux Inc.				X	A
Ecoval Inc.				X	A
Enterprise Planning Systems Inc.				X	A
Fashion Société Design Inc.	class A			X	A
GéniMédic inc.	purchase options			X	A
Géo-3D Inc.	purchase options			X	A
Gestion Capital 07 Enr., Société en commandite		X			A
Gestion Groupe RT (1996) ltée	class A			X	A
Hemera Technologies Inc.	purchase options			X	A
Idex inc.	class A			X	A
Investissements 3L (Laval-Laurentides-Lanaudière) S.E.C.		X			A
Investissements Bas-Saint-Laurent-Gaspésie- Les-Iles-de-la-Madeleine Enr.		X			A
Kogeva Investissements Internationaux inc.				X	A
Laminage Lamcom Inc.			X		A
MerzCom Inc.	purchase options			X	A
Metcor Inc.				X	A
Meunier Inc., John	class A			X	A
Office Perks inc., Service de café Gourmet	class A			X	A
Placetel inc.			X		A
Planon Téléexpertise inc.	purchase options			X	A
Ragzoo 1 inc.				X	A
Resort One Inc.			X		A
Société d'investissements Capimont Enr.		X			A
Société en commandite Capidem Enr.		X			A
Société en commandite Capital de l'Estrie Enr.		X			A

**12** INVESTMENTS IN SHARES AND BONDS OF PRIVATE CORPORATIONS (continued)  
as at December 31, 1997  
(fair value - in millions of dollars)

CORPORATIONS	Designation	Units	Shares	Convertible securities	Bonds	Investment amounts
Société en commandite Capital Montérégie Enr.		X				A
Société en commandite Investissements Mauricie-Bois-Francs-Drummond		X				A
St-Jean Ltée, Emballage			X			A
Studio Thomas Wallace Inc.	classes A, C		X		X	A
Techno Diesel Inc.					X	A
Vinya Plastiques Inc.	purchase options		X		X	A
3319954 Canada Inc. (Groupe Goyette Inc.)	class A		X		X	A
3427188 Canada Inc. (Sydsons Cavaliers inc.)			X			A
9013-8082 Québec Inc. (Verity Audio Inc.)	purchase options		X		X	A
9039-0246 Québec Inc. (Paradox)	purchase options		X		X	A
9045-1287 Québec Inc. (Ike & Dean)	purchase options		X		X	A
9046-1120 Québec Inc. (Société de gestion Énard)					X	A
<b>Capital Communications CDPQ inc.<sup>1</sup></b>						
Accel IV L.P.		X				C
B & B Jocus Inc.					X	A
Cable Satisfaction International Inc.				X		C
Canal des Affaires, Le					X	A
Centennial Fund IV, L.P.		X				B
Com 2i et Cie SCA		X				A
Communications Services Inc., Groupe	purchase options class A		X	X		A
GSM Capital Limited Partnership		X	X		X	B
Groupe Image Buzz Inc.	class A		X			A
	preferred		X			A
Les Services CartoGraphiques 2+1 Inc.	class A		X			A
MaxLink Communications Inc.	class A		X		X	A
NetStar Communications	classes A, B		X	X	X	E
Newbury Ventures Associates, L.P.		X				A
Omni Science IV - V, Société en commandite		X				A
OpTel Inc.	class B		X			E
Proxima Systems Ltd.			X	X		A
Public Technologies Multimédia (PTM) inc.			X	X		A
SSIG Group Inc.	class A		X			A
Société en commandite d'affichage Omni		X				B
Société Européenne d'Investissement CFI/CDPQ		X				A
Téléystème Itée	class A		X			H
	preferred E		X			D
Téléystème, Corporation financière <sup>2</sup>	preferred D		X			A
	class A		X			E
Telexis Corporation			X			A
Toon Boom Technology Inc.	class A		X			A

Vision Régionale Inc.	class A		X		X	A
3163199 Canada Inc. (Netstar Communications)	class A		X	X	X	B
3321118 Canada Inc. (CF Télévision inc.)			X			C
3420582 Canada Inc. (QPS Technology Inc.)	class A		X	X		A
<b>Capital d'Amérique CDPQ inc.<sup>1</sup></b>						
Almiria Capital Corporation	class A		X			A
Altamira Investment Services Inc.	class B		X			A
	preferred X		X		X	E
Ares Leveraged Investment Fund, L.P.		X				C
Artel Cuisifrance Inc.	class A		X	X	X	B
Artopex International Inc.					X	A
Bail Montmorency Ltée					X	A
Bail St-Jérôme Limitée					X	A
Biogénie S.R.D.C. Inc.	class A		X			A
Biothermica Énergie Inc.			X		X	A
Blackstone Offshore Capital Partners III, L.P.		X				A
Bolton Tremblay (1994) Inc.					X	A
CAI Capital Partners & Co., L.P.		X				B
Canadian Pension Equity and Company, L.P.		X				A
Capital de participation québécois, Société en commandite		X				A
Cavalier Textiles Group L.P.	classes A, B	X			X	C
Celestica International Holdings Inc.	class A		X			C
Centreville (Longueuil) Inc.					X	A
CGTX Inc.					X	A
Chapais Énergie, Société en commandite		X			X	C
Château des Laurets S.A.S.	purchase options		X			A
			X		X	A
Chemins de fer Charlevoix Inc.					X	A
Chemins de fer du Québec Inc., Société des			X			A
Cimbec Inc.					X	A
Commercial Alcools Inc.			X			B
	special		X			A
Corporation de Commercialisation des Centres d'appels du Québec			X			A
	preferred		X			A
Cramex, Société en commandite					X	A
Culinar inc.			X	X		B
Datamark-Lithochrome Inc.			X	X		A
	preferred H		X			A
Davidson Industries Inc.	class A		X		X	C
Domaine d'Iberville (Est) Limitée					X	A
Drolet Inc., Groupe			X	X		A
Duopac Inc., Emballages			X		X	A
Énergie CDPQ (1996) Inc.			X			A
Environmental Private Equity Fund II, L.P.		X				B
Environmental Research and Development Capital, L.P.		X				A
F.M.E. Corporation					X	C

**12** INVESTMENTS IN SHARES AND BONDS OF PRIVATE CORPORATIONS (continued)  
as at December 31, 1997  
(fair value - in millions of dollars)

CORPORATIONS	Designation	Units	Shares	Convertible securities	Bonds	Investment amounts
Financière Neopost S.A.					X	B
Finoblig S.A. & Cie					X	C
Hidroeléctrica Rio Lajas, S.A.					X	B
Huntingdon Mills Canada Ltd.	class A		X			A
Hydro-Bromptonville Inc.					X	C
Hydroméga Inc., Développements					X	B
Hydroméga I, Société en commandite					X	A
Industrial-Alliance Life Insurance Company				X		E
Infrastructure and Environmental Private Equity Fund III, L.P.		X				A
Innergex inc.					X	C
JM Asbestos inc.			X			A
	preferred		X			A
John Lewis Industries Ltd.			X		X	A
L.I.I. Holdings Corp.	class A		X	X		A
LR Jet Corporation					X	E
Les Équipements de Sécurité Arkon Inc.	class A		X		X	B
Miralta Capital Inc.			X		X	A
Mobicom inc., Capital	preferred A, B, C		X			E
			X			A
Mont Tremblant Resorts and Company, Limited Partnership					X	D
Novacap Inc., Investissements	class A		X			C
Noverco Inc.3			X			A
Novergaz inc.			X			A
Optimum Inc., Groupe	class B		X			A
Papeteries Lafayette Limitée			X			A
Paul Masson Inc., Groupe			X			A
Pine Falls Paper Company Limited					X	C
Poirier Inc., Magnus			X		X	A
Premier Caskets Corporation	class C		X			A
Prémoulé inc.	class A		X	X		A
Previc Corporation, Les Cercueils	class C		X			A
R & M Metaltek	classes A, B		X		X	A
Ronor Innovations Inc.			X	X		A
R.S.P. Hydro inc.					X	C
SOQUIP Inc., Exploration	preferred		X			A
Sabex inc.	preferred A, G		X			A
			X		X	C
Schroders II, Fonds d'acquisitions canadien		X				A
Société en commandite Gazmont					X	B
Société en commandite hydro-électrique Buckingham		X				A
Sodémex II, Société en commandite		X				B
Sodémex inc., Gestion	classes A, B		X			A

Sodémex, Société en commandite		X			A
Solstice Canada II				X	A
Tour de Mons, La, SA	purchase options		X		A
			X		B
Trak inc.			X		A
Vacances Air Transat A.T. Inc.				X	C
Vic Royal Inc., Les Cercueils	class E		X		A
Victoriaville Ltée, Cercueils	class A		X		A
Zorro Holding Corp.	classes B, D		X	X	C
2318-4518 Québec Inc. (Réserves d'hydrocarbure)	preferred		X		A
			X		A
3006696 Nova Scotia Resources Limited (K-Mart)	class A		X		A
	special		X		A
	preferred A		X		B
3189180 Canada Inc. (EMC <sup>2</sup> )			X	X	A
9003-3291 Québec Inc. (Subsidiary of ADS inc.)	class B		X	X	A
9049-1051 Québec Inc. (Équipement industriel GBA inc.)			X		A
<b>Capital International CDPQ inc.<sup>1</sup></b>					
AXA Asset Management Private Equity			X		A
AXA Private Equity Fund		X			A
Asia Pacific Growth Fund II, L.P.		X			C
BC European Capital V		X			D
Blackstone Offshore Capital Partners III, L.P.		X			A
Blackstone Offshore Capital, L.P.		X			D
China Renaissance Industries, L.P.		X			C
Corporate Partners L.P.		X			A
Euro-Clinvest			X		A
Exxel Capital Partners V, L.P.		X			C
Harbour Group Investments III, L.P.		X			C
Infradev International		X			A
Japan/U.S. Venture Partners		X			A
KKR 1996 Fund L.P.		X			B
Martin-Maurel, Compagnie financière			X		A
Polish Enterprise Fund L.P. ("the Fund")		X			B
Renaissance Funds LDC, The		X			D
Schroder UK Buy-Out Fund III		X			D
Schroder Ventures European Fund L.P.		X			B
TA/Advent VIII, L.P.		X			A
3i UK Investment Partners		X			C
3i UK Investment Partners II, L.P.		X			A
<b>Services financiers CDPQ inc.<sup>1</sup></b>					
Fonds mutuels Cartier Ltée			X		A
Fonds mutuels Cartier, Société en commandite	voting units	X			A
	participating units	X			A
<b>Sofinov, Société financière d'innovation inc.<sup>1</sup></b>					
AIKS Inc., Technologies Innovations			X		A
Aerospace Research Technologies Inc. (ART)	class B		X		B



**12** INVESTMENTS IN SHARES AND BONDS OF PRIVATE CORPORATIONS (continued)  
as at December 31, 1997  
(fair value - in millions of dollars)

CORPORATIONS	Designation	Units	Shares	Convertible securities	Bonds	Investment amounts
AXA Asset Management Private Equity			X			A
AXA Private Equity Fund		X				A
Air Data inc.			X	X	X	A
Alex Informatique Inc.	class A		X			A
Anapharm Inc.	warrants		X			A
			X			A
Angiogène inc.	warrants		X			A
			X			A
Apoptogen Inc.	preferred class B		X			A
Atlas Venture Fund III, L.P.		X				A
BioChem Vaccins Inc.			X			C
Bio-Recherches Ltée, Laboratoires			X			A
Biosignal Inc.	class A		X			A
Biovector Therapeutics S.A.	class D		X			A
BondFace Technologies inc.			X			A
CML Technologies Inc.	classes A, B, C		X			A
	preferred A		X			A
Cératel Inc., Micro-électronique	class A		X		X	A
Conik Technologies inc.			X	X		A
CryoCath Technologies Inc.			X			A
Domain Partners III, L.P.		X				B
Electromed International Limitée			X			A
Equiconcept Inc.	class A		X			B
Exogen Neurosciences inc.	warrants		X			A
	preferred class A		X			A
GL & VH - Hydrogen Technologies Inc.	class A		X			A
	preferred class B		X			A
Galea Network Security Inc.			X			A
Galen Partners II, L.P.		X				C
GeminX Biotechnologies Inc.	preferred		X			A
	warrants		X			A
GeneChem Technologies Venture Fund, L.P.		X				A
HexaVision Technologies Inc.	class A		X	X		A
HPower Corporation			X			C
Hydrogen Systems N.V.	class B		X			A
Imagemed Corporation	notes				X	A
LM Soft inc.			X			A
Logibro inc.	class A		X	X		B
	purchase options		X			A
M3i Inc., Systèmes				X		A
MDS Health Ventures Capital Corp.			X			B

MDS Health Ventures Inc.				X					B
	preferred			X					A
MDS Life Sciences Technology Fund, L.P.			X						A
Motus Technologies inc.	class A			X		X			A
Nertec Design inc.				X					A
Neurochem Inc.	special			X					A
Neuroscience Partners, L.P.			X						C
Neuroscience Pharma (NPT) Inc.	preferred				X				B
					X				A
	warrants				X				A
Nexia Biotechnologies inc.	preferred A				X				A
	class A				X				A
Onset Enterprise Associates, L.P. (OEA III)			X						A
Organogel Canada Ltée	purchase options				X				A
	class A				X				A
Phoenix Gas Systems LLC (PGS)			X						A
Phoenix Hydrogen Systems LLC			X						A
PROCREA BioSciences Inc.	purchase options				X				A
					X				A
Pyderion Management Limited	class B				X				A
PyroGenesis Inc.	class A				X				A
RTP Pharma inc.					X				A
Research Triangle Pharmaceuticals Ltd.					X				A
	warrants				X				A
Sabex inc.	preferred A, H				X			X	A
					X				C
Sanderling Venture Partners IV, L.P.			X						A
Seragen Biopharmaceutique Ltée					X				A
Seragen Inc.	purchase options				X				A
ServiceWare Corporation	class A				X		X		A
Silonex Inc.					X		X		A
Société de développement du magnésium (SDM)			X						A
Solfitech inc.					X				A
	preferred				X				B
Spinex International Inc.	preferred C				X				A
	classes A, B				X				A
T <sup>2</sup> C <sup>2</sup> /Bio, Limited Partnership			X						A
T <sup>2</sup> C <sup>2</sup> /Info, Limited Partnership			X						A
TA Associates - Advent VII L.P.			X						C
Technocap Inc., Fonds	preferred				X				C
Tetra Technologies inc.	purchase options				X				A
Touchtunes Digital Jukebox inc.	classes B, C				X				A
Ventures West B.C. Technology Investment Fund, The			X						A
Virtual Prototypes Inc.	class D				X				A
3362469 Canada Inc. (HPower Enterprises of Canada)					X				A

Difference between investments reflected in the annual list and those on record at the Caisse: 9 files

nil

**12** INVESTMENTS IN SHARES AND BONDS OF PRIVATE CORPORATIONS (continued)  
as at December 31, 1997  
(fair value - in millions of dollars)

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There may exist differences of up to 20% between the fair value of these investments and the classification assigned to them by the Caisse.

<sup>1</sup> Investment made or held by a subsidiary in accordance with Section 37.1 of the act respecting the Caisse.

<sup>2</sup> The Caisse holds and manages, through its Canadian Stock Markets team, convertible securities of Telesystem Financial Corporation for an amount of \$75.6 million.

In this table are listed the major investments in shares and bonds of private corporations. This table does not account for the hedging of foreign exchange risks. This table is subject to the disclosure standards applicable to the annual list of such investments.

The annual list must not provide any information deemed to be detrimental to the operations of the Caisse, to its economic interests or competitiveness or which may reveal an intended transaction, a transaction or series of transactions in process or which may cause prejudice to a company. Consequently, there may occasionally exist differences between the investments in the annual list and those recorded in the books of the Caisse, at December 31. However, whenever possible and without transgressing the above standards, the annual list states the total amount of these differences.

The specific value of investments in any closed company (according to the definition of the Québec Securities Act) does not appear in this list unless the company has agreed to such disclosure.

**13** ADMINISTRATIVE STATISTICS  
as at December 31  
(in millions of dollars)

	1997	1996	1995	1994	1993
Net assets at cost	55,367	49,751	46,326	43,867	42,147
Investment management expenses and administrative expenses	36.2	35.4	35.9	35.7	34.4
Amount per 1,000 dollars of net assets	0.65	0.71	0.77	0.81	0.82
Net assets per employee	254.0	222.1	168.5	137.9	131.3
Number of depositors	19	18	18	18	15
Number of employees	218	224	275	318	321

The Caisse establishes the general orientations concerning the management of global assets, as well as the investment policies and optimal allocation of the various asset classes for the Groupe financier Caisse as a whole. In addition, the Caisse manages directly certain core portfolio investments.

**14** ADMINISTRATIVE STATISTICS - EXTERNAL MANAGEMENT  
as at December 31  
(in millions of dollars)

	1997	1996	1995	1994	1993
<b>Caisse - external management</b>					
Investments in foreign shares at cost <sup>1</sup>	10,364	9,035	5,281	4,620	4,288
Expenses related to international consultants, securities handling and safekeeping	13.1	12.5	5.9	5.5	7.1
Amount per 1,000 dollars of investments	1.26	1.39	1.12	1.20	1.66
<b>Caisse Private Investments Group</b>					
Private investments at cost <sup>1</sup>	3,173	2,151	1,914	1,783	1,613
Investment management expenses and administrative expenses	12.1	9.0	7.4	6.5	6.1
Amount per 1,000 dollars of investments	3.82	4.17	3.86	3.62	3.76
<b>Caisse Real Estate Group</b>					
Real estate investments and mortgages at cost <sup>1</sup>	7,135	6,307	5,649	5,401	4,720
Investment management expenses and administrative expenses	20.1	18.5	17.1	15.1	12.0
Amount per 1,000 dollars of investments	2.81	2.94	3.02	2.80	2.55

<sup>1</sup> Included in Caisse net assets at cost.

External management is based on management orientations for global assets, and on investment policies and optimal allocation of various asset classes as determined by the Caisse.

**FUNDS ENTRUSTED BY DEPOSITORS**  
as at December 31  
(in millions of dollars)

	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988
<b>Commission administrative des régimes de retraite et d'assurances</b>										
Government and Public Employees Retirement Plan (unionized level)										
Funds entrusted	18,993.4	17,417.8	15,110.5	13,448.7	12,096.3	10,403.3	9,201.8	8,035.9	7,069.9	5,991.7
Net income allocated*	1,232.6	1,863.6	1,180.4	873.7	1,059.0	784.2	785.0	577.3	742.8	499.9
Deposits (withdrawals)	343.0	443.7	481.4	478.7	634.0	417.3	380.4	388.7	335.4	315.5
Funds available for investments	1,575.6	2,307.3	1,661.8	1,352.4	1,693.0	1,201.5	1,165.4	966.0	1,078.2	815.4
Percentage of total funds available for investments	54.7	56.6	67.8	74.4	78.8	64.7	49.3	41.3	31.4	32.1
<b>Régie des rentes du Québec</b>										
Funds entrusted	13,154.0	13,737.6	13,802.9	14,016.8	14,560.7	14,599.7	14,689.4	14,408.6	14,071.9	13,428.4
Net income allocated*	1,096.6	1,709.8	1,392.8	1,021.1	1,522.5	1,262.3	1,521.0	1,156.8	1,546.3	1,222.3
Deposits (withdrawals)	(1,680.2)	(1,775.1)	(1,606.7)	(1,565.0)	(1,561.5)	(1,352.0)	(1,240.2)	(820.1)	(902.8)	(741.6)
Funds available for investments	(583.6)	(65.3)	(213.9)	(543.9)	(39.0)	(89.7)	280.8	336.7	643.5	480.7
Percentage of total funds available for investments	(20.3)	(1.6)	(8.7)	(29.9)	(1.8)	(4.8)	11.9	14.4	18.7	18.9
<b>Commission de la santé et de la sécurité du travail</b>										
Funds entrusted	5,858.7	5,081.1	4,549.1	4,163.8	3,885.5	3,747.1	3,728.8	3,595.7	3,339.7	2,610.6
Net income allocated*	363.8	527.1	401.0	278.3	351.6	331.7	395.4	275.0	340.8	211.7
Deposits (withdrawals)	413.8	4.9	(15.7)	-	(213.2)	(313.4)	(262.3)	(19.0)	388.3	248.9
Funds available for investments	777.6	532.0	385.3	278.3	138.4	18.3	133.1	256.0	729.1	460.6
Percentage of total funds available for investments	27.0	13.0	15.7	15.3	6.4	1.0	5.6	10.9	21.2	18.1
<b>Commission de la construction du Québec</b>										
Supplemental Pension Plan for Employees of the Québec Construction Industry										
Funds entrusted	5,145.9	4,896.8	4,485.5	4,174.8	3,950.7	3,672.8	3,350.6	2,998.5	2,612.0	2,263.2
Net income allocated*	382.1	556.3	355.7	289.1	321.6	281.2	275.6	233.5	271.3	196.4
Deposits (withdrawals)	(133.0)	(145.0)	(45.0)	(65.0)	(43.7)	41.0	76.5	153.0	77.5	58.5
Funds available for investments	249.1	411.3	310.7	224.1	277.9	322.2	352.1	386.5	348.8	254.9
Percentage of total funds available for investments	8.7	10.1	12.7	12.3	12.9	17.3	14.9	16.5	10.1	10.1
<b>Société de l'assurance automobile du Québec</b>										
Funds entrusted	5,027.3	4,882.4	4,444.2	4,506.2	5,012.6	5,062.8	4,921.6	4,735.6	4,621.5	4,155.0
Net income allocated*	356.2	570.6	439.0	360.1	527.8	437.7	514.5	388.8	501.2	377.3
Deposits (withdrawals)	(211.3)	(132.4)	(501.0)	(866.5)	(578.0)	(296.5)	(328.5)	(274.7)	(34.7)	(8.1)
Funds available for investments	144.9	438.2	(62.0)	(506.4)	(50.2)	141.2	186.0	114.1	466.5	369.2
Percentage of total funds available for investments	5.0	10.8	(2.5)	(27.8)	(2.3)	7.6	7.9	4.9	13.6	14.5

**Commission administrative des régimes de  
retraite et d'assurances**

Government and Public Employees Retirement Plan

(non-unionized level)

Funds entrusted	<b>3,077.3</b>	2,886.3	2,529.2	2,277.2	2,131.6	2,104.5	1,891.1	1,651.6	1,492.9	1,323.3
Net income allocated*	<b>205.0</b>	314.8	198.7	149.8	181.2	153.4	159.7	122.0	159.9	113.1
Deposits (withdrawals)	<b>(14.0)</b>	42.3	53.3	(4.2)	(154.1)	60.0	80.3	36.7	9.7	12.1
Funds available for investments	<b>191.0</b>	357.1	252.0	145.6	27.1	213.4	240.0	158.7	169.6	125.2
Percentage of total funds available for investments	<b>6.6</b>	8.8	10.3	8.0	1.3	11.5	10.1	6.8	4.9	4.9

**Fonds d'amortissement des régimes**

**de retraite gouvernementaux**

Funds entrusted	<b>1,065.2</b>	998.8	900.5	836.9	-	-	-	-	-	-
Net income allocated*	<b>66.4</b>	98.3	63.6	(13.1)	-	-	-	-	-	-
Deposits (withdrawals)	-	-	-	850.0	-	-	-	-	-	-
Funds available for investments	<b>66.4</b>	98.3	63.6	836.9	-	-	-	-	-	-
Percentage of total funds available for investments	<b>2.3</b>	2.4	2.6	46.0	-	-	-	-	-	-

**Other depositors**

Funds entrusted	<b>932.6</b>	474.8	479.1	427.8	396.6	294.8	244.0	236.8	116.5	112.4
Net income allocated*	<b>40.5</b>	41.5	34.3	24.2	25.5	19.3	21.9	21.5	13.1	12.0
Deposits (withdrawals)	<b>417.3</b>	(45.8)	17.0	7.0	76.3	31.5	(14.7)	98.8	(9.0)	23.0
Funds available for investments	<b>457.8</b>	(4.3)	51.3	31.2	101.8	50.8	7.2	120.3	4.1	35.0
Percentage of total funds available for investments	<b>16.0</b>	(0.1)	2.1	1.7	4.7	2.7	0.3	5.2	0.1	1.4

**Total depositors**

Funds entrusted	<b>53,254.4</b>	50,375.6	46,301.0	43,852.2	42,034.0	39,885.0	38,027.3	35,662.7	33,324.4	29,884.6
Net income allocated*	<b>3,743.2</b>	5,682.0	4,065.5	2,983.2	3,989.2	3,269.8	3,673.1	2,774.9	3,575.4	2,632.7
Deposits (withdrawals)	<b>(864.4)</b>	(1,607.4)	(1,616.7)	(1,165.0)	(1,840.2)	(1,412.1)	(1,308.5)	(436.6)	(135.6)	(91.7)
Funds available for investments	<b>2,878.8</b>	4,074.6	2,448.8	1,818.2	2,149.0	1,857.7	2,364.6	2,338.3	3,439.8	2,541.0

\* As of 1997, gains and losses from the sale of investments in the specific portfolios are no longer distributed to participation deposit unit holders.

**16** SUMMARY OF DEPOSITORS' HOLDINGS  
as at December 31  
(fair value - in percentage)

	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988
Commission administrative des régimes de retraite et d'assurances - RREGOP <sup>1</sup>	35.8	34.6	32.6	30.6	28.7	26.0	24.2	22.7	21.7	20.5
Régie des rentes du Québec	24.9	27.4	30.0	32.1	34.8	36.8	38.7	40.4	42.1	44.6
Commission de la santé et de la sécurité du travail	10.8	10.0	9.7	9.4	9.2	9.3	9.7	9.9	9.7	8.6
Commission de la construction du Québec	9.6	9.7	9.7	9.5	9.3	9.1	8.7	8.3	7.7	7.5
Société de l'assurance automobile du Québec	9.5	9.7	9.7	10.5	12.1	12.9	13.1	13.5	14.0	14.1
Commission administrative des régimes de retraite et d'assurances - RREGOP <sup>2</sup>	5.9	5.8	5.5	5.2	5.1	5.2	5.0	4.6	4.5	4.5
Fonds d'amortissement des régimes de retraite gouvernementaux	1.9	1.9	1.8	1.8	-	-	-	-	-	-
Other depositors	1.6	0.9	1.0	0.9	0.8	0.7	0.6	0.6	0.3	0.2
	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

<sup>1</sup> Unionized level.

<sup>2</sup> Non-unionized level.

**17** FUNDS' NET ASSETS  
as at December 31  
(in millions of dollars)

	Cost	Fair value									
	1997	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988
<b>General Fund</b>	<b>13,622.8</b>	<b>16,317.6</b>	21,253.0	20,391.4	19,493.6	21,945.0	20,263.8	20,957.8	19,379.1	20,318.4	18,372.8
<b>Individual Funds</b>											
301	18,736.8	22,524.3	19,264.3	16,356.7	13,464.8	13,169.7	10,557.4	9,691.6	8,049.4	7,739.6	6,294.8
302	3,013.6	3,658.6	3,204.0	2,751.5	2,295.4	2,305.5	2,126.4	1,979.2	1,634.2	1,608.3	1,369.2
303	135.5	154.5	138.6	124.0	109.5	103.8	41.2	39.9	35.6	35.0	30.7
304	-	-	-	-	-	-	-	14.2	23.6	24.4	21.8
305	125.9	151.2	131.9	113.8	96.1	93.7	77.4	55.5	27.5	-	-
306	65.8	75.4	60.7	46.9	-	-	-	-	-	-	-
307	4,964.4	5,964.6	-	-	-	-	-	-	-	-	-
308	1,051.3	1,218.2	1,056.1	920.8	794.1	-	-	-	-	-	-
311	2,463.1	3,032.3	2,810.5	2,586.4	2,351.6	2,468.6	2,247.7	2,255.5	2,063.5	1,962.3	1,650.5
312	1,893.5	2,223.7	1,903.6	1,675.3	1,397.1	1,350.9	1,090.8	949.2	679.0	636.0	549.3
313	713.8	796.7	686.3	594.0	445.4	425.0	345.2	286.9	204.5	148.5	102.7
330	6,011.9	7,036.2	5,535.7	4,808.0	4,151.8	4,198.1	3,761.1	3,888.7	3,487.5	3,438.7	2,653.5
	39,175.6	46,835.7	34,791.7	29,977.4	25,105.8	24,115.3	20,247.2	19,160.7	16,204.8	15,592.8	12,672.5
	52,798.4	63,153.3	56,044.7	50,368.8	44,599.4	46,060.3	40,511.0	40,118.5	35,583.9	35,911.2	31,045.3

**18** NET INCOME ALLOCATED TO DEPOSITORS  
as at December 31  
(in millions of dollars)

	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988
<b>Participation deposits</b>										
<b>General Fund</b>	<b>1,107.7</b>	2,274.8	1,824.2	1,384.0	2,042.4	1,668.1	2,008.6	1,520.3	2,027.2	1,592.2
<b>Individual Funds</b>										
301	<b>1,232.4</b>	1,863.3	1,180.0	873.3	1,058.7	783.8	785.0	576.4	741.8	498.9
302	<b>204.8</b>	314.1	197.6	149.2	180.1	152.8	158.7	121.0	159.2	112.4
303	<b>8.0</b>	13.0	8.5	7.0	5.9	3.0	3.4	3.1	3.8	2.9
304	-	-	-	-	-	-	1.5	2.1	2.6	1.4
305	<b>9.0</b>	13.0	8.0	5.5	7.5	5.5	4.2	1.0	-	-
306	<b>4.0</b>	5.1	3.0	-	-	-	-	-	-	-
307	<b>355.5</b>	-	-	-	-	-	-	-	-	-
308	<b>66.4</b>	98.3	63.6	(13.1)	-	-	-	-	-	-
311	<b>194.2</b>	300.0	181.0	169.4	192.0	174.7	183.9	162.8	196.0	136.6
312	<b>135.7</b>	192.8	133.9	91.3	95.8	79.1	68.6	53.7	62.3	52.2
313	<b>52.2</b>	63.4	40.8	28.4	33.8	27.4	23.1	16.9	13.0	7.5
330	<b>364.2</b>	526.1	399.5	277.9	351.5	331.2	394.2	268.9	331.0	210.6
	<b>2,626.4</b>	3,389.1	2,215.9	1,588.9	1,925.3	1,557.5	1,622.6	1,205.9	1,509.7	1,022.5
<b>Demand and term deposits</b>	<b>9.1</b>	18.1	25.4	10.3	21.5	44.2	41.9	48.7	38.5	18.0
	<b>3,743.2</b>	5,682.0	4,065.5	2,983.2	3,989.2	3,269.8	3,673.1	2,774.9	3,575.4	2,632.7

**19** CHANGES IN INVESTMENTS AS PART OF NET ASSETS  
as at December 31  
(in percentage)

	Cost		Fair value								
	1997	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988
Variable-income securities <sup>1</sup>	<b>45.2</b>	<b>48.6</b>	49.1	43.1	43.6	41.5	41.4	41.9	41.2	41.2	35.7
Fixed-income securities <sup>2</sup>	<b>54.8</b>	<b>51.4</b>	50.9	56.9	56.4	58.5	58.6	58.1	58.8	58.8	64.3

<sup>1</sup> Shares, convertible securities, real estate holdings.

<sup>2</sup> Bonds, mortgages, short-term investments, securities acquired under reverse repurchase agreements.

Figures prior to 1996 have not been restated to conform with the presentation of 1997.



**20** SUMMARY OF INVESTMENTS  
as at December 31  
(in percentage)

	Cost	Fair value									
	1997	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988
Bonds and securities acquired under reverse repurchase agreements	<b>49.8</b>	<b>46.9</b>	44.8	47.6	48.3	48.3	48.7	48.4	48.3	46.7	52.0
Canadian shares	<b>20.2</b>	<b>25.1</b>	25.7	27.4	29.6	28.1	27.5	28.3	27.6	28.0	28.7
Foreign shares	<b>17.0</b>	<b>17.3</b>	17.4	12.1	10.4	10.1	10.2	9.3	8.6	8.2	4.6
Mortgages	<b>2.4</b>	<b>2.2</b>	2.6	3.3	4.1	4.2	5.0	5.2	5.5	5.3	5.8
Real estate holdings	<b>8.0</b>	<b>6.2</b>	6.0	3.6	3.6	3.3	3.7	4.3	5.0	5.0	2.4
Short-term investments	<b>2.6</b>	<b>2.3</b>	3.5	6.0	4.0	6.0	4.9	4.5	5.0	6.8	6.5
	<b>100.0</b>	<b>100.0</b>	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Figures prior to 1996 have not been restated to conform with the presentation of 1997.

**21** SUMMARY OF FOREIGN INVESTMENTS  
as at December 31  
(in millions of dollars)

	Cost	Fair value									
	1997	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988
Bonds and securities acquired under reverse repurchase agreements	<b>1,669</b>	<b>1,723</b>	1,100	84	391	804	1,760	2,282	1,742	1,762	1,400
Shares and convertible securities	<b>10,364</b>	<b>12,044</b>	10,499	6,184	4,639	4,666	4,196	3,757	3,132	2,991	1,429
Mortgages	<b>88</b>	<b>99</b>	122	29	-	-	-	-	-	-	-
Real estate holdings	<b>1,788</b>	<b>1,868</b>	930	211	74	-	-	-	-	-	-
Short-term investments	<b>492</b>	<b>534</b>	494	114	324	102	225	70	416	592	387
Foreign investments	<b>14,401</b>	<b>16,268</b>	13,145	6,622	5,428	5,572	6,181	6,109	5,290	5,345	3,216
Total investments	<b>60,875</b>	<b>69,586</b>	60,432	51,042	44,536	46,557	40,915	40,551	36,108	36,829	31,157
Percentage	<b>23.7</b>	<b>23.4</b>	21.8	13.0	12.2	12.0	15.1	15.1	14.6	14.5	10.3

Figures prior to 1996 have not been restated to conform with the presentation of 1997.

**22** SUMMARY OF SHORT-TERM INVESTMENTS  
as at December 31  
(in percentage)

	Fair value	Par value									
	1997	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988
Treasury bills	27.4	27.6	48.6	50.4	52.3	53.3	56.7	67.2	45.8	33.5	57.6
Financial institution paper	24.8	24.9	31.3	31.0	21.8	17.6	13.0	15.8	10.5	29.4	21.5
Government corporation notes	7.7	7.7	9.2	14.4	16.7	16.7	18.1	12.3	20.9	12.3	10.1
Commercial paper	40.1	39.8	10.9	4.2	9.2	12.4	12.2	4.6	22.3	23.5	6.3
Other commercial paper	-	-	-	-	-	-	-	0.1	0.5	1.3	4.5
	<b>100.0</b>	<b>100.0</b>	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

**23** CHANGES IN PRIVATE INVESTMENTS  
as at December 31

	Cost	Fair value									
	1997	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988
In millions of dollars	3,102	4,621	3,503	2,817	2,288	2,278	1,715	1,802	1,887	2,025	1,893
Number of investments	367	367	269	206	183	149	124	128	138	140	129

**BREAKDOWN OF INVESTMENTS IN PERCENTAGE**  
 as at December 31

INVESTMENTS	Cost		Fair value									
	1997	1997	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988
<b>Bonds</b>												
Domestic securities												
Gouvernement du Québec	16.1	15.6	17.6	19.1	22.1	21.8	20.0	21.6	24.3	23.7	26.3	
Government of Canada	15.5	13.6	11.1	11.3	6.5	4.3	5.7	2.8	2.0	3.0	5.5	
Other governments	1.0	0.9	-	-	0.4	0.1	-	0.2	-	-	-	
Guaranteed by gouvernement du Québec	7.4	7.6	9.0	12.0	12.8	14.5	12.7	11.3	9.6	7.0	7.6	
Guaranteed by other governments	0.6	0.5	0.2	0.2	0.3	0.4	0.4	0.6	0.5	0.6	0.6	
Guaranteed by grants	1.4	1.5	1.7	2.2	2.4	2.6	2.6	3.0	3.5	3.7	4.0	
Municipalities and school boards	1.4	1.5	1.7	2.1	2.6	2.6	2.6	2.9	3.1	2.8	2.6	
Corporate	2.0	1.8	0.5	0.5	0.3	0.3	0.4	0.4	0.4	1.1	0.9	
	45.4	43.0	41.8	47.4	47.4	46.6	44.4	42.8	43.4	41.9	47.5	
Foreign securities												
U.S. Government	1.1	1.1	0.8	-	0.9	1.7	1.4	2.0	2.2	4.1	4.5	
Government of France	-	-	-	-	-	-	1.2	1.7	1.4	0.6	-	
Government of Germany	-	-	-	-	-	-	1.3	1.0	1.0	-	-	
Government of the United Kingdom	-	-	-	-	-	-	0.2	0.8	0.3	-	-	
Other	0.6	0.5	0.2	0.2	-	-	0.2	0.1	-	0.1	-	
	1.7	1.6	1.0	0.2	0.9	1.7	4.3	5.6	4.9	4.8	4.5	
	47.1	44.6	42.8	47.6	48.3	48.3	48.7	48.4	48.3	46.7	52.0	
<b>Shares and convertible securities</b>												
Domestic securities												
Metals and minerals	1.3	1.1	1.9	2.2	2.4	2.1	1.9	1.7	1.6	1.9	2.9	
Gold and silver	1.4	1.0	2.2	2.2	2.3	1.9	1.4	1.5	1.9	1.8	1.5	
Oil and gas	2.3	2.4	2.9	2.9	2.9	2.7	2.2	2.0	2.3	2.0	1.9	
Paper and forest products	1.5	1.4	1.7	1.9	2.0	1.6	1.0	0.8	0.9	0.9	1.3	
Consumer products	1.3	1.5	1.7	1.9	1.9	2.1	2.8	2.5	2.3	2.7	2.6	
Industrial products	2.9	3.6	3.5	3.7	4.2	3.3	3.3	3.0	2.5	2.6	3.0	
Real estate and construction	1.4	1.5	0.7	0.6	0.8	0.6	0.2	0.4	0.2	0.2	0.1	
Transportation and environmental services	0.9	1.0	0.7	0.6	0.8	0.6	0.7	0.7	1.0	1.0	0.5	
Pipelines	0.3	0.4	0.2	0.4	0.3	0.4	0.5	0.6	0.6	0.5	0.4	
Utilities	1.6	2.6	2.8	2.6	2.8	2.6	2.8	3.0	3.2	3.1	3.1	
Communications	1.1	2.0	1.8	1.9	2.1	2.4	2.7	2.4	2.2	2.0	2.0	
Distribution and services	1.1	1.3	1.1	1.6	1.6	1.7	1.4	2.0	2.1	2.0	2.4	
Financial services	2.5	4.5	3.9	3.9	4.3	4.7	5.0	6.0	5.3	5.6	5.4	
Conglomerates	0.3	0.5	0.6	1.0	1.2	1.4	1.5	1.6	1.5	1.7	1.6	
Index participation units - TSE 35	0.3	0.3	-	-	-	-	0.1	0.1	-	-	-	
	20.2	25.1	25.7	27.4	29.6	28.1	27.5	28.3	27.6	28.0	28.7	

Foreign securities												
External funds	<b>9.0</b>	<b>8.5</b>	7.2	5.7	5.4	3.8	4.5	5.4	6.0	5.6	2.1	
Internal funds	<b>8.0</b>	<b>8.8</b>	10.2	6.4	5.0	6.3	5.7	3.9	2.6	2.6	2.5	
	<b>17.0</b>	<b>17.3</b>	17.4	12.1	10.4	10.1	10.2	9.3	8.6	8.2	4.6	
	<b>37.2</b>	<b>42.4</b>	43.1	39.5	40.0	38.2	37.7	37.6	36.2	36.2	33.3	
<b>Mortgages</b>												
Canada	<b>2.2</b>	<b>2.0</b>	2.4	3.2	4.1	4.2	5.0	5.2	5.5	5.3	5.8	
United States	<b>0.2</b>	<b>0.1</b>	0.2	0.1	-	-	-	-	-	-	-	
	<b>2.4</b>	<b>2.1</b>	2.6	3.3	4.1	4.2	5.0	5.2	5.5	5.3	5.8	
<b>Real estate holdings</b>												
Canada	<b>5.1</b>	<b>3.5</b>	4.5	3.2	3.4	3.3	3.7	4.3	5.0	5.0	2.4	
Abroad	<b>2.9</b>	<b>2.7</b>	1.5	0.4	0.2	-	-	-	-	-	-	
	<b>8.0</b>	<b>6.2</b>	6.0	3.6	3.6	3.3	3.7	4.3	5.0	5.0	2.4	
<b>Total long-term investments</b>	<b>94.7</b>	<b>95.3</b>	94.5	94.0	96.0	94.0	95.1	95.5	95.0	93.2	93.5	
<b>Short-term investments</b>												
Domestic securities	<b>1.8</b>	<b>1.5</b>	2.7	5.8	3.3	5.8	4.3	4.3	3.9	5.2	5.3	
Foreign securities	<b>0.8</b>	<b>0.8</b>	0.8	0.2	0.7	0.2	0.6	0.2	1.1	1.6	1.2	
	<b>2.6</b>	<b>2.3</b>	3.5	6.0	4.0	6.0	4.9	4.5	5.0	6.8	6.5	
<b>Securities acquired under reverse repurchase agreements</b>												
Domestic securities	<b>1.7</b>	<b>1.5</b>	1.2	-	-	-	-	-	-	-	-	
Foreign securities	<b>1.0</b>	<b>0.9</b>	0.8	-	-	-	-	-	-	-	-	
	<b>2.7</b>	<b>2.4</b>	2.0	-	-	-	-	-	-	-	-	
<b>Total short-term investments</b>	<b>5.3</b>	<b>4.7</b>	5.5	6.0	4.0	6.0	4.9	4.5	5.0	6.8	6.5	
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
<b>Breakdown of long-term investments</b>												
Public sector	<b>47.4</b>	<b>44.7</b>	44.5	50.1	50.0	51.1	50.7	50.3	50.3	49.0	54.6	
Private sector	<b>52.6</b>	<b>55.3</b>	55.5	49.9	50.0	48.9	49.3	49.7	49.7	51.0	45.4	
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	

Figures prior to 1996 have not been restated to conform with the presentation of 1997.

INVESTMENTS	Cost		Fair value									
	1997	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988	
<b>Bonds</b>												
Domestic securities												
Gouvernement du Québec	9,792.6	10,835.3	10,649.2	9,735.3	9,830.3	10,158.6	8,173.2	8,771.1	8,773.8	8,717.7	8,204.9	
Government of Canada	9,439.9	9,497.9	6,684.8	5,778.9	2,900.2	1,988.4	2,304.3	1,125.7	713.8	1,105.4	1,718.0	
Other governments	629.7	652.9	14.7	7.2	176.8	44.2	18.1	65.9	14.8	-	-	
Guaranteed by gouvernement du Québec	4,476.7	5,305.5	5,436.3	6,110.9	5,717.0	6,762.5	5,190.2	4,588.2	3,454.7	2,573.1	2,367.8	
Guaranteed by other governments	345.6	364.0	110.0	104.8	133.4	177.9	175.5	228.3	154.7	215.9	196.9	
Guaranteed by grants	861.9	1,009.2	1,017.5	1,107.0	1,086.9	1,217.5	1,076.2	1,264.5	1,266.6	1,393.6	1,229.2	
Municipalities and school boards	864.0	1,013.2	1,004.1	1,090.1	1,124.8	1,230.7	1,051.8	1,174.8	1,121.7	1,028.3	784.6	
Corporate	1,222.2	1,243.9	301.4	246.7	138.9	121.7	146.9	169.8	150.6	421.2	291.4	
	<b>27,632.6</b>	<b>29,921.9</b>	25,218.0	24,180.9	21,108.3	21,701.5	18,136.2	17,388.3	15,650.7	15,455.2	14,792.8	
Foreign securities												
U.S. Government	682.7	715.1	495.8	0.2	390.6	775.7	580.8	813.4	777.0	1,491.8	1,399.9	
Government of France	-	-	-	-	-	10.1	508.6	669.9	497.2	244.2	-	
Government of Germany	-	-	-	-	-	3.6	528.9	423.4	374.8	-	-	
Government of the United Kingdom	-	-	-	-	-	-	69.3	326.2	93.3	-	-	
Other	336.9	364.5	122.4	84.0	-	14.8	72.5	48.7	-	26.2	-	
	<b>1,019.6</b>	<b>1,079.6</b>	618.2	84.2	390.6	804.2	1,760.1	2,281.6	1,742.3	1,762.2	1,399.9	
	<b>28,652.2</b>	<b>31,001.5</b>	25,836.2	24,265.1	21,498.9	22,505.7	19,896.3	19,669.9	17,393.0	17,217.4	16,192.7	
<b>Shares and convertible securities</b>												
Domestic securities												
Metals and minerals	815.7	745.1	1,118.3	1,143.9	1,071.1	966.5	773.8	722.3	563.0	700.7	889.6	
Gold and silver	856.1	721.0	1,295.4	1,122.3	1,025.0	882.0	590.2	590.4	693.8	661.1	474.1	
Oil and gas	1,366.8	1,692.5	1,773.5	1,482.3	1,312.9	1,272.1	898.5	792.0	845.8	741.1	599.5	
Paper and forest products	929.7	966.2	1,026.5	958.6	888.8	752.4	426.8	322.2	325.6	331.3	405.9	
Consumer products	777.4	1,086.1	1,029.4	942.8	837.5	988.8	1,141.6	1,030.4	822.3	1,006.7	819.1	
Industrial products	1,778.2	2,524.2	2,135.9	1,905.1	1,861.7	1,522.0	1,340.4	1,210.5	901.6	946.0	928.9	
Real estate and construction	858.8	1,041.8	450.3	319.6	339.8	295.7	91.5	151.3	63.5	77.0	41.1	
Transportation and environmental services	514.3	665.1	414.0	323.1	332.1	272.1	294.9	268.6	351.3	373.5	165.7	
Pipelines	186.5	259.1	138.8	180.0	135.9	176.2	213.5	255.8	207.7	181.5	131.9	
Utilities	994.5	1,808.3	1,674.1	1,312.6	1,258.1	1,197.5	1,134.1	1,224.0	1,153.8	1,141.6	968.9	
Communications	653.3	1,381.4	1,090.5	986.1	945.0	1,139.4	1,089.8	963.7	811.6	724.8	624.0	
Distribution and services	664.3	877.6	686.0	842.7	705.5	798.0	581.7	826.0	760.3	748.9	736.1	
Financial services	1,503.2	3,154.4	2,379.3	1,969.4	1,905.8	2,191.3	2,056.6	2,439.7	1,925.0	2,069.2	1,652.7	
Conglomerates	187.3	338.1	361.2	502.1	540.7	661.8	605.5	645.4	556.4	591.2	505.7	
Index participation units - TSE 35	202.7	215.5	-	-	-	-	28.7	28.8	8.9	-	-	
	<b>12,288.8</b>	<b>17,476.4</b>	15,573.2	13,990.6	13,159.9	13,115.8	11,267.6	11,471.1	9,990.6	10,294.6	8,943.2	

Foreign securities											
External funds	5,470.6	5,930.4	4,357.4	2,913.1	2,415.3	1,769.5	1,852.7	2,184.4	2,179.2	2,050.4	658.1
Internal funds	4,893.8	6,113.4	6,141.9	3,271.2	2,223.9	2,896.2	2,343.7	1,573.1	953.2	940.8	771.1
	10,364.4	12,043.8	10,499.3	6,184.3	4,639.2	4,665.7	4,196.4	3,757.5	3,132.4	2,991.2	1,429.2
	22,653.2	29,520.2	26,072.5	20,174.9	17,799.1	17,781.5	15,464.0	15,228.6	13,123.0	13,285.8	10,372.4
<b>Mortgages</b>											
Canada	1,356.0	1,398.0	1,445.7	1,659.8	1,842.0	1,957.9	2,047.4	2,104.9	1,984.0	1,969.2	1,813.2
United States	88.1	98.8	121.6	28.5	-	-	-	-	-	-	-
	1,444.1	1,496.8	1,567.3	1,688.3	1,842.0	1,957.9	2,047.4	2,104.9	1,984.0	1,969.2	1,813.2
<b>Real estate holdings</b>											
Canada	3,085.8	2,413.3	2,679.8	1,634.2	1,527.4	1,517.2	1,519.0	1,744.0	1,788.0	1,836.3	749.0
Abroad	1,788.3	1,868.2	930.5	210.6	74.0	-	-	-	-	-	-
	4,874.1	4,281.5	3,610.3	1,844.8	1,601.4	1,517.2	1,519.0	1,744.0	1,788.0	1,836.3	749.0
<b>Total long-term investments</b>	57,623.6	66,300.0	57,086.3	47,973.1	42,741.4	43,762.3	38,926.7	38,747.4	34,288.0	34,308.7	29,127.3
<b>Short-term investments</b>											
Domestic securities	1,086.3	1,084.3	1,599.3	2,954.7	1,471.1	2,692.6	1,763.5	1,733.5	1,404.1	1,928.2	1,643.1
Foreign securities	491.8	533.4	494.2	114.1	323.9	101.6	224.9	70.0	416.0	592.0	387.0
	1,578.1	1,617.7	2,093.5	3,068.8	1,795.0	2,794.2	1,988.4	1,803.5	1,820.1	2,520.2	2,030.1
<b>Securities acquired under reverse repurchase agreements</b>											
Domestic securities	1,024.1	1,025.7	770.7	-	-	-	-	-	-	-	-
Foreign securities	649.2	642.9	481.7	-	-	-	-	-	-	-	-
	1,673.3	1,668.6	1,252.4	-	-	-	-	-	-	-	-
<b>Total short-term investments</b>	3,251.4	3,286.3	3,345.9	3,068.8	1,795.0	2,794.2	1,988.4	1,803.5	1,820.1	2,520.2	2,030.1
<b>Total</b>	60,875.0	69,586.3	60,432.2	51,041.9	44,536.4	46,556.5	40,915.1	40,550.9	36,108.1	36,828.9	31,157.4
<b>Breakdown of long-term investments</b>											
Public sector	27,305.2	29,632.1	25,412.4	24,018.4	21,360.0	22,384.0	19,749.4	19,500.1	17,242.4	16,796.2	15,901.3
Private sector	30,318.4	36,667.9	31,673.9	23,954.7	21,381.4	21,378.3	19,177.3	19,247.3	17,045.6	17,512.5	13,226.0
<b>Total</b>	57,623.6	66,300.0	57,086.3	47,973.1	42,741.4	43,762.3	38,926.7	38,747.4	34,288.0	34,308.7	29,127.3

Figures prior to 1996 have not been restated to conform with the presentation of 1997.

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