

C

GBC
NORTH
AMERICA
FUND
INC.



ANNUAL
REPORT
1989

IME
2004.82

ITSE
3943.0

SP.500
349.15

DJIA
2692.82





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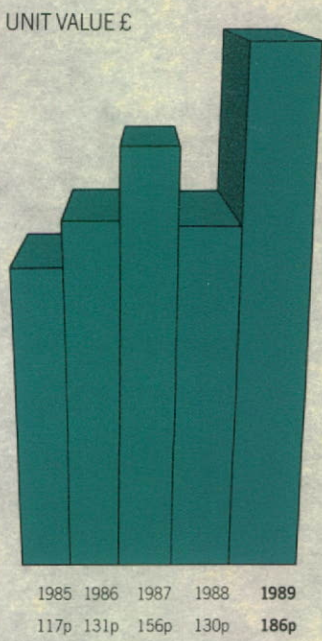
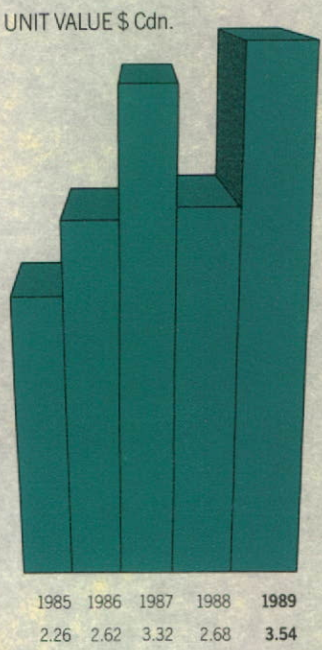
INVESTMENT OBJECTIVE

To achieve maximum investment return through investing in small to medium size growth companies in Canada and the United States.

FUND MANAGER

Ivory & Sime Pembroke Inc. (ISP) is the manager and distributor of the GBC Family of Funds offered to institutional and individual investors across Canada. ISP has offices in Montreal and Toronto.

FINANCIAL HIGHLIGHTS

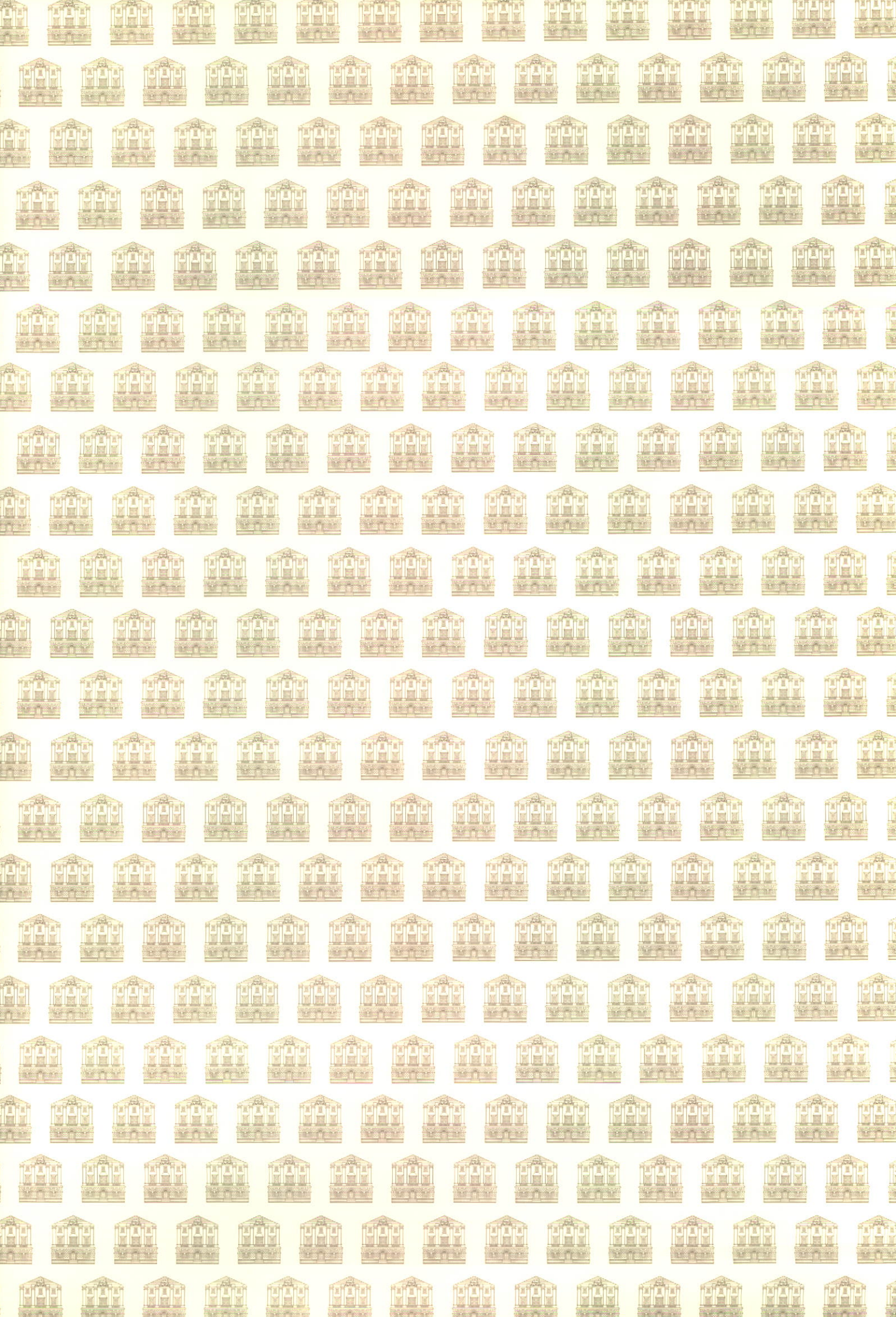


NET ASSETS \$MM						
	1989	1988	1987	1986	1985	
	173	199	266	211	182	

RATES OF RETURN	3 mo	9 mo	1 yr	3 yr	5 yr	10 yr
Simple \$ Cdn.	7.3%	29.3%	32.2%	35.1%	86.4%	279.7%
Simple £	4.7%	46.6%	43.0%	42.6%	59.4%	410.1%
Compound \$ Cdn.	—	—	—	10.5%	13.3%	14.3%
Compound £	—	—	—	12.6%	9.8%	17.7%

*Historical results are not indicative of future performance.





PRESIDENT'S REPORT

The 30th of September, 1989 marked the end of GBC North America's highly successful first year as a mutual fund (unit trust in the U.K.). After a very difficult fiscal 1988, which included the stock market crash of October 1987, the high costs of converting to a mutual fund and the tragic loss of Neil Ivory as President, fiscal 1989 provided a very positive contrast.

The net asset value per share rose 32.2% in fiscal 1989 to a record high \$3.54, equivalent to 186p (43.0%) in sterling terms. This increase was significantly better than most North American stock market indices during the same period. GBC North America also achieved these results despite holding a larger than normal cash reserve throughout the first half of the year. The cash reserves were raised in order to meet redemptions expected from a number of U.K. institutional shareholders unable to continue holding GBC after it converted from an investment company to a mutual fund company.

As a result of redemptions from U.K. institutions, shares outstanding have decreased 34% to 48,785,574. Net assets of the fund decreased 13% to \$172,979,007. A strong marketing effort and continued good performance should help to reverse this redemption trend. We also expect that increased global awareness of investment opportunities in geographic areas with free trade policies, such as North America, will help to generate interest in the GBC North America Fund.

The positive offset to the higher than normal cash reserves that GBC maintained during the first half of the year was the realization in fiscal 1989 of net income of \$1,150,892 and net capital gains of \$36,768,808. The board has declared a dividend of \$0.021 (1.1p) per share payable on November 29, 1989 to shareholders of record October 30, 1989.

Ivory & Sime Pembroke Inc., GBC's manager and Canadian distributor, had a successful first year of operation, achieving Canada-wide registration for the distribution of GBC North America and initiated sales in Canada for the Fund. In the United Kingdom, Ivory & Sime plc, made good progress in its application to the Securities and Investments Board for recognition of GBC North America as an authorized unit trust. It is hoped that GBC will be fully approved for distribution in the U.K. early in the new year.

Pembroke Management has been GBC North America's investment manager for the past year and for the twenty previous years the investment manager of the predecessor company GBC Capital. Pembroke responded positively to the transition of GBC to a mutual fund. The investment team remains the same and is strongly committed to continuing GBC North America's record as a highly successful fund.

ANNUAL MEETING

The annual meeting of GBC is scheduled to be held at the offices of Pembroke Management in Montreal on January 16, 1990 at 10:00 a.m.

OUTLOOK

While the economies of both Canada and the U.S. are expected to experience somewhat sluggish growth for the remainder of 1989 and throughout 1990, interest rates are not expected to move higher. This may well be a reasonably positive environment for growth stocks and your managers continue to find interesting opportunities in this area for long term investment. GBC plans to continue concentrating on rapidly growing companies run by owner/entrepreneurs who are attempting to build long-term value for their shareholders. While there will be bumps along the road, the strategy has produced highly satisfactory results for patient investors in the past and we expect will do so in the future.

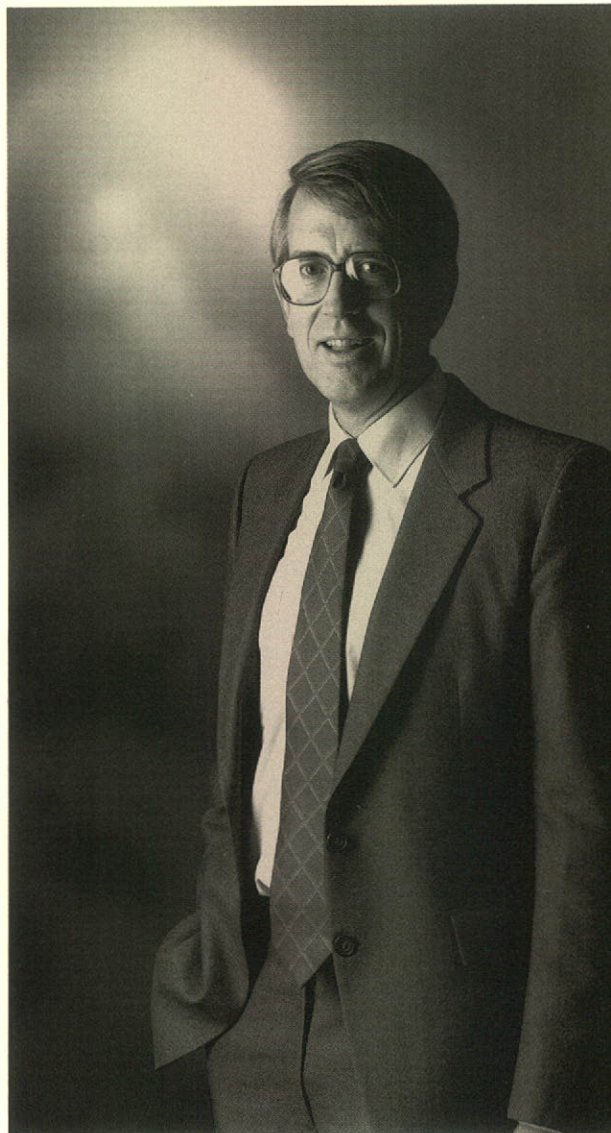
Respectfully submitted,



Ian A. Soutar

President & Chief Executive Officer

30th October, 1989



THE INVESTMENT MANAGEMENT TEAM

Pembroke Management Ltd. is an investment management company founded in 1968 and located in Montreal. Pembroke has been investment manager for GBC North America and its predecessor companies since 1968.

INVESTMENT PHILOSOPHY

Pembroke believes that superior long-term investment returns can only be achieved through a consistent and disciplined investment policy. Consistency is derived from strong convictions which are adhered to, irrespective of popular sentiment.

It is Pembroke's belief that smaller companies owned and operated by entrepreneurs who are masters of their own destiny offer the best opportunities for growth. By staying with the winners over many years of growth and weeding out the losers at an early stage, superior investment returns have been realized. Pembroke believes that it can identify these opportunities through sound research and careful stock selection.

Investing in small companies is not always in vogue. In this sector, long-term success requires a consistent focus. Past success has led to a deep conviction in the appropriateness of this philosophy. This focus has been maintained consistently for more than twenty years.

RESEARCH PROCESS

Research emphasis is placed on individual companies and the industries they serve rather than on broader economic factors. The analytical process involves two key elements: the monitoring of existing holdings and the examination of new investment ideas. The former is of prime importance because it helps to separate the ordinary from the truly great growth companies that can so positively affect a fund's long-term performance.

Before any new investment is undertaken, visits are made with company management at their offices and facilities by various members of the Pembroke team. To be considered as a potential investment, the business must be comprehensible, the financial record sound and the valuation reasonable.

Management contacts are maintained at each company invested in. Financial results are closely followed and deviations from expected results are reviewed with company management and industry analysts.



From left to right

A. Ian Aitken

A. Scott Taylor

Jeffrey S.D. Tory

Ian A. Soutar

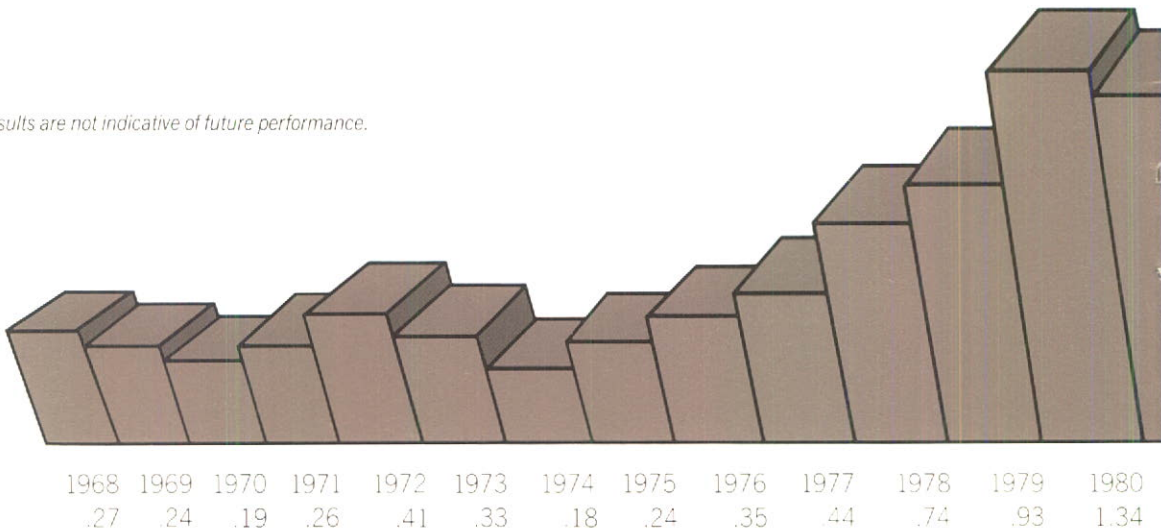
Ann E. Thompson

10 YEAR FINANCIAL SUMMARY

FISCAL YEARS ENDED SEPT. 30	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Net Income (\$,000)	1,151	2,036	2,820	2,379	2,610	2,623	1,965	1,832	2,081	1,559
Per Common Share Net Income (\$)	0.0220	0.0274	0.0344	0.0284	0.0315	0.0317	0.0226	0.0207	0.0244	0.0170
Dividends Paid (\$)	—	0.0750 ¹	0.0300	0.0150	0.0252	0.0244	0.0211	0.0200	0.0252	0.0133
Net Assets (\$,000)	172,979	199,517	266,456	211,678	182,898	155,120	171,899	106,345	107,410	110,934
Per Common Share Unit Value (\$) ²	3.54	2.68	3.32	2.62	2.26	1.90	2.12	1.28	1.29	1.34
Per Common Share unit Value (PENCE) ^{2,3}	186p	130p	156p	131p	117p	117p	115p	61p	59p	48p

- 1 Includes 3 cents paid in 1988 in respect of 1987.
- 2 Adjusted to reflect the effect of dilution from warrants to show appreciation per share since 1978 excluding dividends.
- 3 Conversions were effected at the rate applicable at the end of each fiscal period.

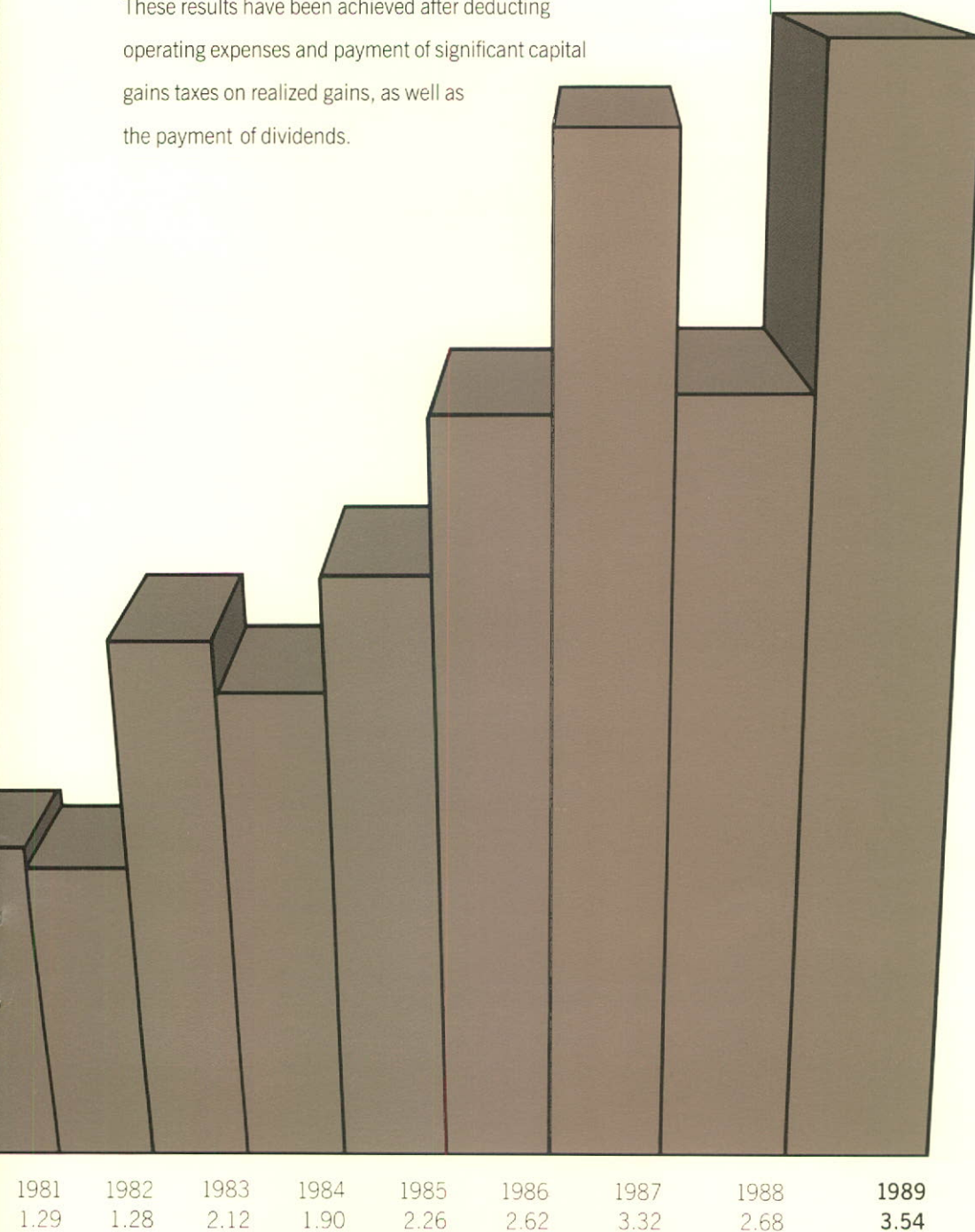
**Historical results are not indicative of future performance.*



20 +
YEARS
OF
GROWTH

GBC North America's net asset value has grown from \$0.27 in December, 1968 to \$3.54 at the 30th of September, 1989. This represents a compound annual growth rate of 13.1% over the twenty and three quarter years that Pembroke has managed the fund.

These results have been achieved after deducting operating expenses and payment of significant capital gains taxes on realized gains, as well as the payment of dividends.



**INVESTMENT
PORTFOLIO
RANKED
BY VALUE**

As is the tradition of GBC North America Fund Inc., the portfolio of investments and their respective percentage of net assets is set out in this report. Descriptions of the fund's four largest investments are also included.

This year Comcast Corporation has moved into the top four holdings. Other additions to the top ten this year included Teck Corporation, a large integrated Canadian mining company and FlightSafety International, an American provider of pilot training programs.



ROGERS COMMUNICATIONS INC.

	SHARES	VALUE	% OF NET ASSETS
(Class B)	135,000	\$14,715,000	8.51%

FINANCIAL INFORMATION

6 months to 31st May	1989	1988	1987
Revenues \$MM	440.4	231.7	N/A
Cash Flow \$MM	141.4	103.9	N/A
Cash Flow per Share	\$9.77	\$4.69	N/A

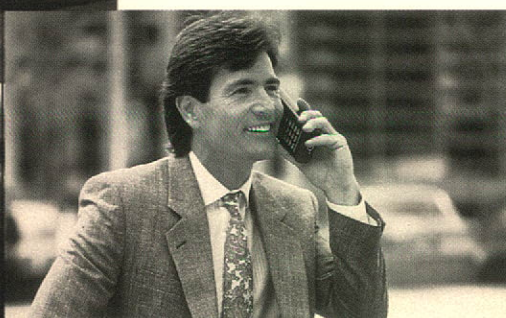
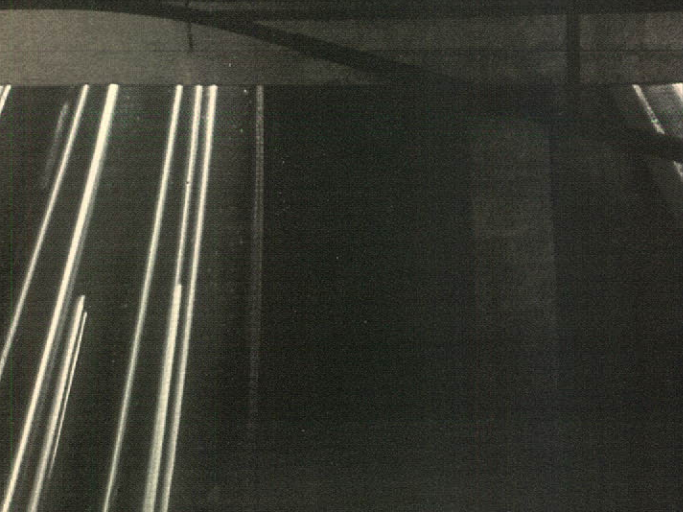
Rogers Communications is Canada's largest cable television operator with over 1.5 million subscribers.

Cantel, its 100% owned subsidiary, is the only national non-wire line cellular operator in Canada.

Although cable is considered to be a maturing business in Canada, subscriber growth remains good and in the first 6 months of 1989, cable revenues rose 20.4%.

Cantel presently has over 150,000 subscribers and is experiencing 70-100% annual growth in revenues.

Rogers' latest move in telecommunications was the purchase of a 40% interest in CNCP Telecommunications Ltd. The bulk of this company's \$320 million in annual revenues is now in data communications, but with Rogers, CNCP plans to apply for a license to offer long distance voice service in competition with Bell Canada. This \$8 billion market offers major growth opportunities for CNCP over the longer term.



LIDLAW TRANSPORTATION LIMITED

SHARES	VALUE	% OF NET ASSETS
(Class B) 550,000	\$12,237,500	7.07%

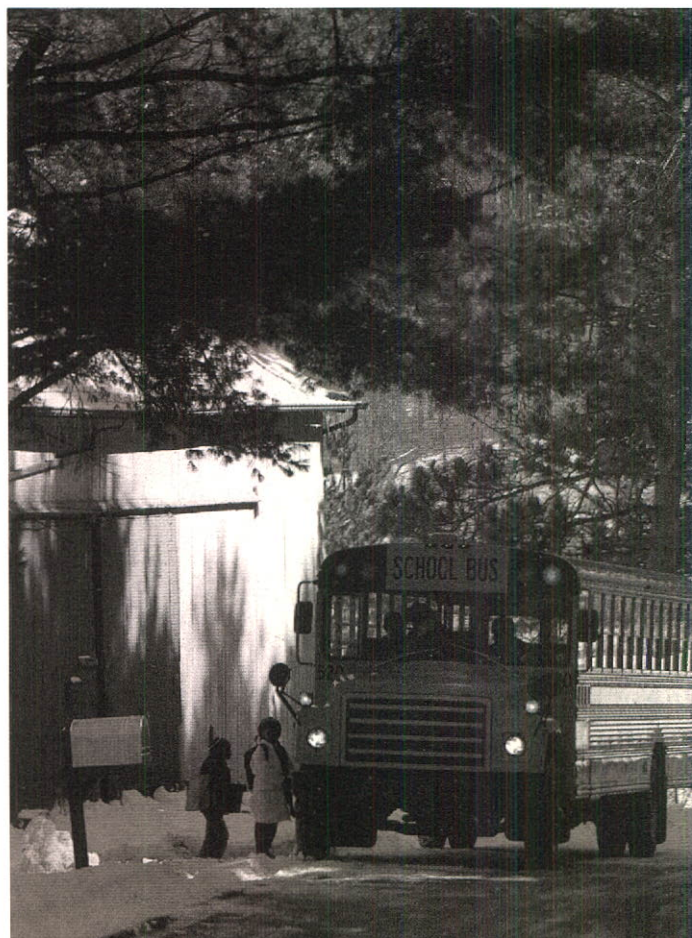
FINANCIAL INFORMATION

Year ended 31st August	US Dollars		
	1989	1988	1987
Revenues \$MM	1,413.4	1,183.0	892.9
Net Earnings \$MM	198.5	147.4	92.3
Earnings per Share	\$0.94	\$0.76	\$0.53

Laidlaw Transportation is a North American leader in two non-cyclical industries: school-bussing and waste management. Laidlaw is the largest school bus operator in North America and is the third largest waste management company behind Waste Management and Browning Ferris Industries.

A recent Alberta Court ruling ordering the transfer of Tricil Ltd. to Laidlaw will increase Laidlaw's involvement in hazardous waste handling to \$375 million annually, making it the second largest firm in this fast-growing industry in North America.

Laidlaw has purchased a 30% interest in ADT Limited, the world's largest provider of security protection services and vehicle auction services. Despite its large size (revenues will exceed \$2.0 billion U.S. this year) ADT is still growing rapidly and provides Laidlaw with a third leg to its school bus and waste handling businesses.



RENAISSANCE ENERGY LTD.

SHARES	VALUE	% OF NET ASSETS
500,003	\$10,937,566	6.32%

FINANCIAL INFORMATION

9 months to 30th September	1989	1988	1987
Revenues \$MM	92.5	65.2	37.1
Cash Flow \$MM	47.7	31.8	20.8
Cash Flow per Share	\$1.57	\$1.13	\$0.88

Renaissance Energy Ltd. is an intermediate-sized oil and gas exploration and production company. The company operates exclusively in the Plains area of Alberta, Canada, where the company has had an excellent track record in the development of oil and gas deposits.

In a poor pricing environment for oil and gas, the company has managed to produce above average growth in annual production and in cash-flow. It has done this while maintaining a healthy balance sheet.

By assuming a contrarian investment stance when oil prices were plummeting in the 1986-1987 period, the company was able to buy a large undeveloped acreage position in the Plains sector at reasonable prices. This will provide Renaissance with a large land reserve for future exploration and development.



	SHARES	VALUE	% OF NET ASSETS
(Class A)	200,000	\$7,132,398	4.12%
(Class A Special)	25,100	—	—

FINANCIAL INFORMATION

6 months to 30th June	US Dollars		
	1989	1988	1987
Revenues \$MM	263.7	211.4	145.1
Cash Flow \$MM	103.9	82.1	50.1
Cash Flow per Share	\$1.53	\$1.23	\$0.81



Comcast Corporation is engaged in the construction, development and operation of cable communications systems throughout the United States. The company's systems provide an array of entertainment, sports, news and other programming to subscribers.

Comcast is one of the United States' largest cable companies with more than 2,300,000 subscribers in its owned and affiliated systems.

Last year the company entered into the fast-growing cellular telephone industry through its purchase of American Cellular Network (AMCELL). Amcell's subscriber base is now 22,000 up from 13,000 when the company was purchased. The company owns and operates cellular systems, principally in New Jersey and Delaware. These markets have a population of approximately 2,300,000 people and are characterized by highly developed highway systems which foster cellular use.



(For the complete list of investment portfolio ranked by value, see pages 18 and 19.)

AUDITORS' REPORT


The Shareholders

GBC North America Fund Inc.

We have examined the statement of net assets and the statement of investment portfolio of GBC North America Fund Inc. as at 30th September, 1989 and the statements of net income and changes in net assets for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Corporation as at 30th September, 1989 and the results of its operations and the changes in its net assets for the year then ended in accordance with Canadian generally accepted accounting principles.

Montreal, Quebec,
23rd October, 1989.


Chartered Accountants



FINANCIAL
REVIEW

STATEMENT OF NET INCOME
FOR THE YEAR ENDED 30th SEPTEMBER, 1989

Income	
Interest	\$2,703,459
Dividends	1,842,920
	<u>4,546,379</u>
Expense	
Management fees	2,396,129
Directors' fees	47,400
Audit fees	15,000
Legal fees	142,349
Shareholder information	395,567
Custodial fees	79,280
Other expenses	94,935
	<u>3,170,660</u>
Income before taxes	1,375,719
Income taxes	224,827
Net income	<u>\$1,150,892</u>
Net income per share	
(Based on the average number of shares outstanding during the year)	<u>\$0.022</u>
Expenses as a percentage of the average net assets	
Management fees	1.500%
Other fees and expenses	.453%
Total expenses	<u>1.953%</u>

STATEMENT OF NET ASSETS
AS AT 30th SEPTEMBER, 1989

Assets

Investments	
Securities, at market value (Note 3)	
(average cost \$93,359,425)	\$163,571,719
Cash and term deposits	9,783,882
Net subscriptions receivable	17,401
Accrued income	137,573
Income taxes recoverable (Note 7)	426,409
	<u>173,936,984</u>

Liabilities

Due to brokers	721,821
Accrued expenses	236,156
	<u>957,977</u>

Net Assets \$172,979,007

Represented by shareholders' equity	
Net invested capital (Note 4)	\$ 64,847,013
Undistributed income	1,150,892
Net realized gain on disposal of investments	36,768,808
Unrealized appreciation of investments	70,212,294
	<u>\$172,979,007</u>

Net asset value per common share \$3.54

On behalf of the Board

Director

Director

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30th SEPTEMBER, 1989

Additions to net assets		
Net income		\$ 1,150,892
Net realized gain on disposal of investments		
Proceeds from sale of investments	\$ 72,772,030	
Investments at cost, beginning of year	90,757,655	
Investments purchased	38,625,775	
Less investments at cost, end of year	(93,359,425)	
Cost of investments sold	36,024,005	
	36,748,025	
Foreign exchange gain	20,783	
Net realized gain on disposal of investments		36,768,808
Proceeds on issue of shares		1,254,012
Increase in unrealized appreciation of investments		5,291,838
Total additions		44,465,550
Deduction from net assets		
Redemption of shares		71,003,706
Decrease in net assets		26,538,156
Net assets, beginning of year		199,517,163
Net assets, end of year		<u>\$172,979,007</u>

NOTES TO FINANCIAL STATEMENTS 30th SEPTEMBER, 1989

1. The Fund

GBC North America Fund Inc. is the successor to GBC Capital Ltd., a closed-end investment corporation until 1st October, 1988, when Articles of Amendment were issued converting the latter corporation to an open-end mutual fund corporation. The Corporation changed its name to GBC North America Fund Inc. (the Fund) pursuant to Articles of Amendment dated January 25, 1989.

Comparative figures are not provided as this is the Fund's first year of operation as an open-end mutual fund.

2. Accounting policies

a. Investments

Investments are recorded at market values determined by the latest sale price recorded by the security exchange on which the security is principally traded or, lacking any recent sales, the mean of the latest available bid and ask price. Investments with no quoted market value are valued at directors' valuation. The difference between the market value and the average cost of investments is reported as unrealized appreciation of investments and is included in shareholders' equity.

Investment transactions are accounted for on the trade date.

Average cost is used to determine the realized gain or loss on sale of investments.

Purchases and sales of investments in foreign currencies are recorded at the rate of exchange prevailing on the respective dates of such transactions. The market values of foreign investments represent their quoted market values converted at rates of exchange prevailing at year-end.

b. Recognition of income and expenses

Income and expenses are recorded using the accrual method. Dividend income is recognized on the ex dividend date and interest income is recognized as earned. Foreign investment income is converted into Canadian dollars at the rate of exchange prevailing on the respective dates income is received.

c. Issue and redemption of common shares

The value at which shares are issued or redeemed by the Fund is determined by dividing the net assets at market value of the Fund by the total number of shares outstanding.

Amounts receivable on the issuance of shares and amounts payable on the redemption of shares are credited or charged to net subscriptions receivable.

3. **Securities**

Investments include securities, with an aggregate cost of \$6,579,352, which have no quoted market value. These securities are valued by the directors at \$3,715,755.

4. **Net invested capital**

The capital of the Fund consists of an unlimited number of common shares without nominal or par value. All common shares have equal rights and privileges. Common shares are redeemable at the shareholders' option at net asset value. The following is a summary of the changes in issued and outstanding common shares during the year:

	Number of common shares	Value
Outstanding, beginning of year	74,414,861.00	\$134,596,707
Issued during the year	389,675.59	1,254,012
Redeemed during the year	(26,018,962.12)	(71,003,706)
Outstanding, end of year	<u>48,785,574.47</u>	<u>\$ 64,847,013</u>

The net invested capital at the beginning of the year results from the combination of the capital stock and retained earnings of the corporation upon conversion to an open end mutual fund.

5. **Management fees**

Management fees are paid to the manager, Ivory & Sime Pembroke Inc., in consideration for investment management, administrative and advisory services calculated at a rate of 1.5% per annum based on the net asset value of the Fund at the end of each month.

6. **Brokerage commissions**

Brokerage commissions paid to brokers on portfolio transactions during the year aggregate \$504,781.

7. **Income taxes**

The Fund is treated as a Mutual Fund Corporation under the Income Tax Act. Income tax on net realized capital gains is recoverable by the Fund as

capital gains are distributed to shareholders either through share redemptions or the declaration of capital gains dividends. Income taxes paid on dividends from Canadian corporations may be refunded, generally at the rate of \$1 for every \$4 of taxable dividends paid. Refundable dividend taxes as at 30th September, 1989 aggregate \$211,700.

8. Redemption of shares

A shareholder may at any time redeem all or, subject to the Fund's minimum investment requirements, any of the shares held in the Fund. A notice of redemption must be given in writing to the manager at any of its offices in Canada. The value of the shares to be redeemed will be established as of the valuation date following the receipt of such notice. Within five business days following the valuation date, the manager will pay the shareholder by cheque the value of the shares redeemed.

9. Statement of portfolio transactions

A statement of portfolio transactions will be provided without charge upon request by writing to the manager: Ivory & Sime Pembroke Inc., 1010 Sherbrooke St. West, Suite 818, Montreal, Quebec, H3A 2R7.

STATEMENT OF INVESTMENT PORTFOLIO AS AT 30th SEPTEMBER, 1989

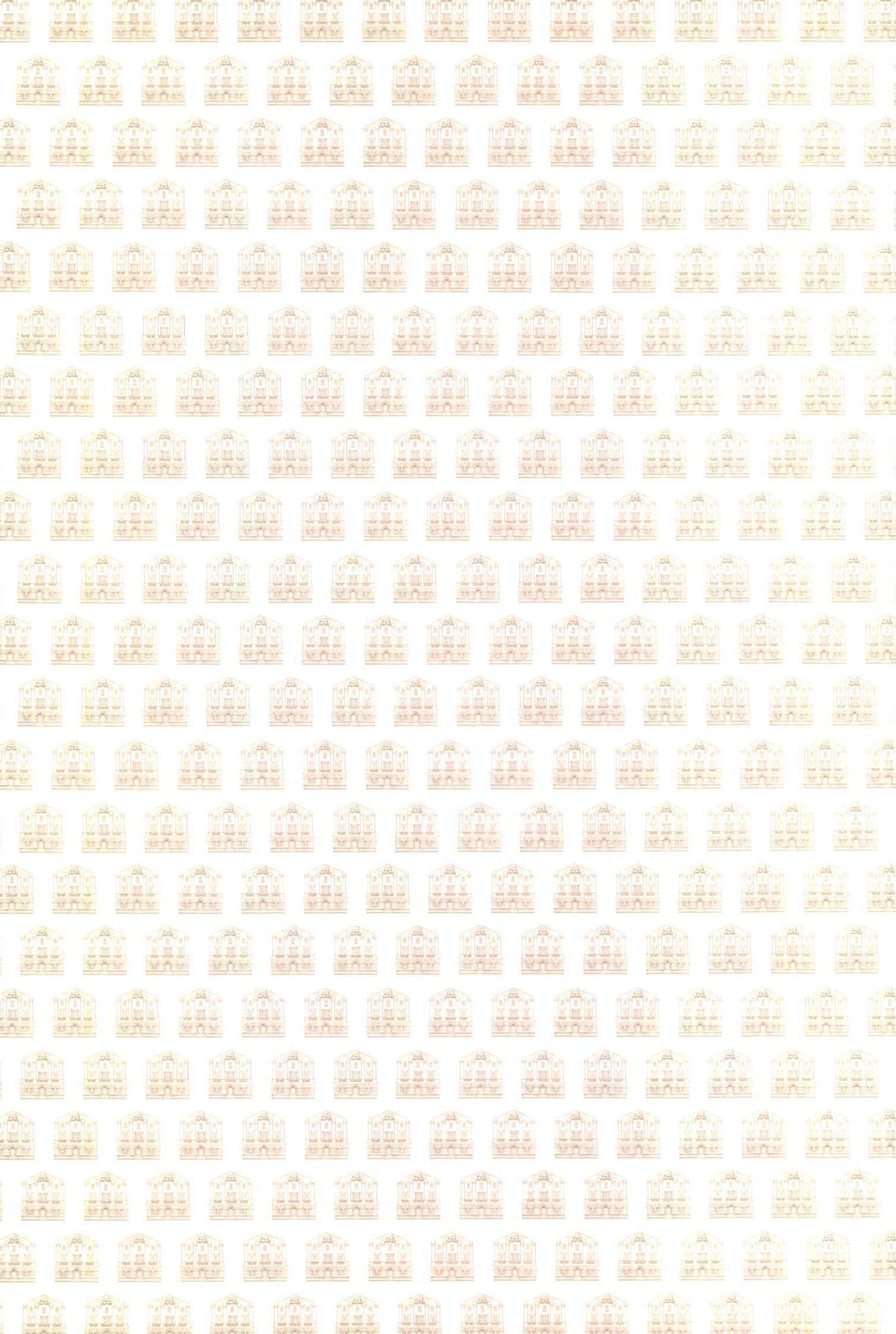
NO	SHARES	SECURITY NAME	COST	MARKET VALUE		% OF NET ASSETS	MAIN ACTIVITY
				CANADA	U.S.A.		
1.	135,000	Rogers Communications "B"	\$2,761,689	\$14,715,000	\$ —	8.51%	Cable television, cellular communications
2.	550,000	Laidlaw Transportation "B"	2,771,522	12,237,500	—	7.07%	Waste management & transportation
3.	500,003	Renaissance Energy Ltd.	2,338,331	10,937,566	—	6.32%	Oil and gas
4.	200,000	Comcast Corp A	3,069,382	—	7,132,398	4.12%	Cable television
	25,100	Comcast Corp A Special	—	—	—	—	—
5.	275,000	Teck Corporation "B"	3,973,827	6,703,125	—	3.87%	Mining
6.	143,325	First Financial Mgmt.	3,088,486	—	6,375,214	3.69%	Financial processing
7.	160,000	Rouse Co.	289,600	—	5,373,048	3.11%	Real estate development
8.	250,000	Cousins Properties Inc.	295,235	—	5,265,528	3.04%	Real estate development
9.	150,000	Scotts Hospitality Inc. "C"	387,317	5,062,500	—	2.93%	Hotel and fast foods
	100,000	Scotts Hospitality Inc.	—	—	—	—	—
10.	100,000	Flight Safety Intl	1,728,480	—	4,993,046	2.89%	Training simulators
TOP 10 SECURITIES			20,703,869	49,655,691	29,139,234	45.55%	

STATEMENT OF INVESTMENT PORTFOLIO AS AT 30th SEPTEMBER, 1989

(CONTINUED)

11. .	200,000	Baker J Inc	3,323,954	—	4,948,860	2.86%	Shoe retailer
12.	100,000	Golden Valley Microwave	3,008,130	—	3,976,763	2.30%	Microwave food products
13.	265,000	Pep Boys-Manny Moe & Jack	1,959,805	—	3,942,150	2.28%	Automotive parts retailer
14.	175,000	QVC Network	2,259,122	—	3,788,971	2.19%	Home shopping
15.	97,222	Cambridge Shopping Centres	2,122,500	3,572,908	—	2.07%	Real estate development
16.	160,000	TCA Cable TV	2,213,572	—	3,534,900	2.04%	Cable television
17.	10,000	Washington Post B	2,105,193	—	3,487,768	2.02%	Newspaper publisher
18.	100,000	Four Seasons Hotels	1,444,482	3,487,500	—	2.02%	Hotels
19.	75,000	Jan Bell Marketing	1,227,251	—	2,618,035	1.51%	Jewellery retailer
20.	200,000	Repap Enterprises	2,535,000	2,450,000	—	1.42%	Paper manufacturer
21. .	300,000	Chauvco Resources "A"	1,195,389	2,400,000	—	1.39%	Oil and gas
22.	150,000	Genzyme Corp	2,189,328	—	2,386,058	1.38%	Biotechnology
23.	207,322	GBC Money Market Fund	2,073,225	2,073,220	—	1.20%	Money market fund
24.	60,000	Legent Corporation	1,757,951	—	2,014,893	1.16%	Computer software
25.	100,000	Blockbuster Entertainment	1,797,274	—	1,929,466	1.11%	Home video rental
26.	100,000	Videotron	1,813,900	1,900,000	—	1.10%	Cable television
27.	100,000	Shared Medical Systems	90,513	—	1,885,280	1.09%	Hospital data processing
28.	310,000	Harris Steel Group "B"	524,584	1,782,500	—	1.03%	Steel producer
29.	70,000	Symbol Technologies	1,557,187	—	1,711,481	0.99%	Barcode scanning
30.	60,000	Digital Microwave	1,926,102	—	1,696,752	0.98%	Transmission equipment
31. .	140,000	Archive Corporation	2,137,010	—	1,649,620	0.95%	Computer tape back-up
32.	61,880	Stellar Compr C Rstr	2,613,159	—	1,583,714	0.92%	Computer workstations
	272,718	Stellar Compr B Rstr	—	—	—	—	—
33.	150,000	Aur Resources Inc.	1,645,400	1,556,250	—	0.90%	Mining
34.	125,000	Kaufel Group Ltd.	1,408,000	1,531,250	—	0.89%	Lighting
35.	260,000	Pancontinental Oil Ltd.	1,405,625	1,495,000	—	0.86%	Oil & gas
36.	80,000	TecSyn Intl CV Pr. C	2,000,000	1,480,000	—	0.85%	Polymer products
37.	100,000	3 Com Corp	2,164,600	—	1,428,689	0.83%	Computer networks
38.	52,500	Tandy Brands Inc.	1,323,373	—	1,337,739	0.77%	Furniture retailer
39.	60,000	G & K Services	1,220,113	—	1,281,400	0.74%	Uniform rental
40.	60,000	Adobe Systems Inc.	1,461,150	—	1,254,890	0.73%	Imaging software
41. .	300,000	Viceroy Resource Corp	1,959,897	1,230,000	—	0.71%	Gold mining
42.	150,000	Ciatti's Inc.	730,758	—	1,126,749	0.65%	Restaurants
43.	150,000	Cimarron Petroleum Ltd.	1,134,000	1,106,250	—	0.64%	Oil & gas
44.	40,000	Circuit City	1,143,363	—	995,664	0.58%	Electronics retailer
45.	100,000	Babbages Inc.	1,398,481	—	986,826	0.57%	Software retailer
46.	52,500	Buffets Inc.	744,308	—	974,307	0.56%	Restaurant
47.	105,000	Cabre Explor'n cv B	1,050,000	942,900	—	0.54%	Oil & gas
48.	524,520	C1 Cablesystems	942,893	942,893	—	0.54%	Cable television
	485,208	C1 Cablesystems Special	—	—	—	—	—
49.	100,000	IDB Communications Group	891,020	—	913,182	0.53%	Electronic communications
50.	50,000	Nutmeg Industries Inc.	978,312	—	883,725	0.51%	Apparel manufacture
51. .	50,000	One Price Clothing Stores	925,235	—	832,174	0.48%	Clothing retailer
52.	60,000	Ashton-Tate	1,662,631	—	760,004	0.44%	Micro-computer software
53.	40,000	Tech Data Corp	726,993	—	736,438	0.43%	Electronics distributor
54.	114,284	Tragson Inc.	750,000	599,991	—	0.34%	Photo sensitive materials
55.	29,240	Thinking Machines A	689,100	—	589,155	0.34%	Super computers
56.	27,450	Bio-Medicus Inc.	416,296	—	533,682	0.31%	Blood pumps
57.	20,000	PSICOR Inc.	295,997	—	306,358	0.18%	Hospital service
58.	8,200	Gundle Environmental Sys.	129,180	—	130,436	0.08%	Environmental products
		Other Investments	1,584,200	—	3	—	—

SUB-TOTAL SECURITIES	72,655,556	28,550,662	56,226,132	49.01%
TOTAL SECURITIES	93,359,425	78,206,353	85,365,366	94.56%
NET CURRENT ASSETS		8,733,640	673,648	5.44%
SUB-TOTAL PER COUNTRY	\$93,359,425	86,939,993	86,039,014	100%
GRAND TOTAL		\$172,979,007		
PERCENT OF ASSETS PER COUNTRY		50.26%	49.74%	



DIRECTORS

- *Douglas T. Bourke
Business Executive,
Westmount, Quebec
- *Donald E. Dunn, C.A.
Senior Vice-President,
Henry Birks & Sons Limited,
Dorval, Quebec
- *George A. Fierheller
President & Chief Executive Officer,
Cantel Inc.,
Toronto, Ontario
- R. Alexander Hammond-Chambers
Chairman,
Ivory & Sime plc,
Edinburgh, Scotland
- Isobel J. Hunter
Director,
Ivory & Sime Investment
Companies Limited,
Edinburgh, Scotland
- Hugh R. Snyder
President & Chief Executive Officer,
SouthernEra Resources Ltd.,
Toronto, Ontario
- Ian A. Soutar
President & Chief Executive Officer,
Pembroke Management Ltd.,
Westmount, Quebec
- *Members of the Audit Committee

OFFICERS

- Ian A. Soutar, CFA
President & Chief Executive Officer
- A. Scott Taylor, CFA
Vice-President
- Richard Haller
Secretary-Treasurer
- Cyril F. Reid
Assistant Secretary-Treasurer

MANAGER/DISTRIBUTOR

Ivory & Sime Pembroke Inc.
1010 Sherbrooke Street West,
Suite 818,
Montreal, Quebec H3A 2R7
Tel. 514-848-0716 Fax. 514-848-1725
and

55 University Avenue,
Suite 616,
Toronto, Ontario M5J 2H7
Tel. 416-366-2550 Fax. 416-366-6833
Toll Free: 1-800-668-7383

INVESTMENT MANAGER

Pembroke Management Ltd.
1010 Sherbrooke Street West,
Suite 818,
Montreal, Quebec H3A 2R7

U.K. DISTRIBUTORS

Ivory & Sime plc
7 Chesham Place,
London, England, SW1X 8HN
TEL: 01-823-1520

Ivory & Sime plc
One Charlotte Square
Edinburgh, Scotland EH2 4DZ
Tel: 031-225-1357

AUDITORS

Touche Ross
Chartered Accountants,
1 Place Ville Marie,
Montreal, Quebec H3B 4T9

TRANSFER AGENTS AND REGISTRARS

Montreal Trust Company,
Montreal, Toronto and Calgary
Bank of Scotland, Edinburgh

ANNUAL MEETING

January 16, 1990, 10:00 a.m.
1010 Sherbrooke Street West,
Suite 818,
Montreal, Quebec

Ce rapport est disponible en Français.



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