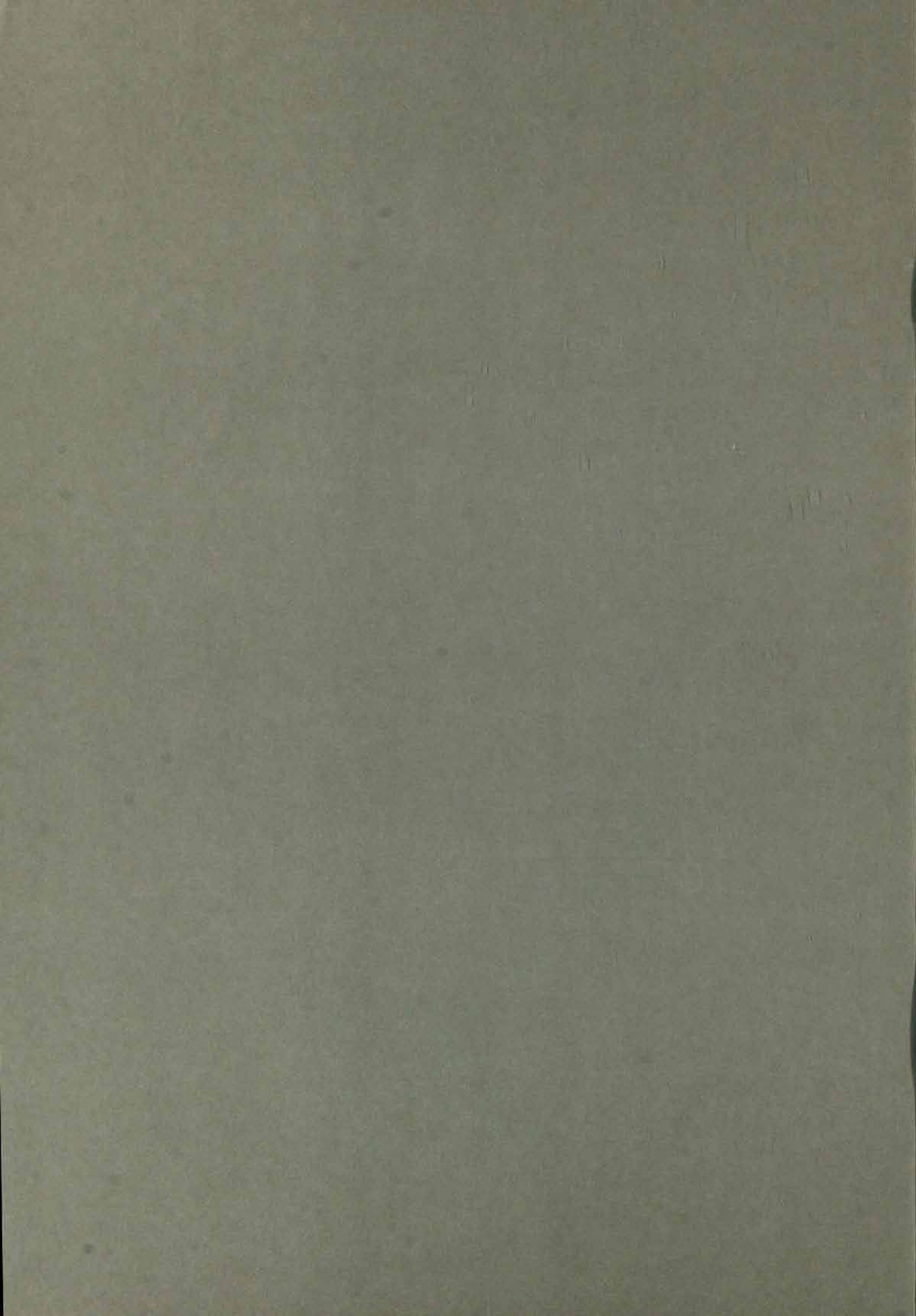


CAISSE
DE DÉPÔT
ET PLACEMENT
DU QUÉBEC

FINANCIAL
STATEMENTS
AND
FINANCIAL
STATISTICS
1985

20



CAISSE
DE DÉPÔT
ET PLACEMENT
DU QUÉBEC

INVESTMENTS
IN CORPORATE
SECURITIES
1985

20

INVESTMENTS IN CORPORATE SECURITIES
as at December 31, 1985
(at market value - in thousands of dollars)

ENTERPRISES	Shares		Convertible securities	Bonds	Subtotal	Total
	Number	Amount				
Agnico-Eagle Mines Limited	286,438	6,158	—	—	—	6,158
Alberta Energy Company Ltd.	367,070	6,378	—	—	—	6,378
Alcan Aluminium Limited ²	8,472,256	342,068	—	—	—	342,068
AMCA International Limited	594,260	9,359	—	—	—	9,359
American Express Company	71,900	5,304	—	—	—	5,304
Amsterdam-Rotterdam Bank NV	105,801	6,153	—	—	—	6,153
Artopex International Inc. ¹	1,018,954	4,484	—	—	—	4,484
Asamera Inc. ²	2,514,644	30,176	—	—	—	30,176
Bank of Montreal common warrants	3,945,121	136,107	—	—	136,107	—
	99,938	574	—	—	574	136,681
Bank of Montreal, Realty Inc.	—	—	—	5,190	—	5,190
Bank of Nova Scotia	9,507,848	135,487	10,984	—	—	146,471
Bell Canada Enterprises Inc.	10,795,413	454,757	—	29,537	—	484,294
Bow Valley Industries Ltd. ²	3,223,717	44,729	—	—	—	44,729
Brascade Holdings Inc. common preferred A, B, C, D	126,000	1,077	—	—	1,077	—
	447,000	160,446	—	—	160,446	161,523
Brascade Resources Inc.	2,758,621	37,603	—	—	—	37,603
Brascan Limited class A	212,175	7,559	—	—	7,559	7,559
Bristol-Myers Company	54,300	5,041	—	—	—	5,041
Brunswick Mining and Smelting Corporation Limited	1,256,674	16,337	—	—	—	16,337
CAE Industries Ltd.	634,500	10,945	—	—	—	10,945
C-I-L Inc.	298,439	9,028	—	—	—	9,028
Caisse Centrale Desjardins du Québec, La	—	—	—	20,086	—	20,086
Campbell Red Lake Mines Limited	199,564	6,062	—	—	—	6,062
Campbell Resources Inc. ¹ common warrants	2,831,120	9,343	—	—	9,343	—
	1,125,000	292	—	—	292	9,635
Campeau Corporation	21,900	569	—	30,306	—	30,875
Canada Northwest Energy Limited common warrants	785,976	18,863	8,033	—	8,033	—
	207,551	768	—	—	768	18,863
	—	—	—	—	—	768
Canadian Imperial Bank of Commerce	1,374,128	58,744	—	—	—	58,744
Canadian Marconi Company	362,480	7,748	—	—	—	7,748
Canadian Occidental Petroleum Ltd.	1,053,664	26,868	—	—	—	26,868
Canadian Pacific Limited ²	28,970,695	543,200	—	1,521	—	544,721
Canadian Tire Corporation, Limited class A	2,197,796	26,099	—	—	26,099	26,099
Canam Manac Inc., Groupe ¹	800,000	13,344	—	—	—	13,344
Canron Inc. ¹	1,370,000	24,660	—	—	—	24,660
Celanese Canada Inc.	477,994	5,079	—	—	—	5,079
Cominco Ltd.	2,005,888	23,318	—	—	—	23,318
Comterm Inc. ¹ common warrants	2,572,065	5,144	—	—	5,144	—
	1,056,264	1,215	—	—	1,215	6,359
Consolidated-Bathurst Inc.	1,497,264	27,699	—	—	—	27,699
Coopérative Fédérée de Québec	—	—	—	6,641	—	6,641
Crédit Industriel Desjardins Inc.	—	—	—	8,746	—	8,746
Denison Mines Limited class A class B	1,158,828	17,817	—	—	17,817	—
	727,328	10,728	—	—	10,728	28,545
Dofasco Inc. class A preferred	3,488,345	94,621	—	—	94,621	—
	193,000	7,093	—	—	7,093	101,714
Domco Industries Limited ¹	208,700	5,739	—	—	—	5,739
Dome Canada Limited	894,900	7,159	—	—	—	7,159
Dome Mines Limited	543,685	6,864	—	—	—	6,864
Dominion Textile Inc. ¹	2,449,066	37,349	—	467	—	37,816
Domtar Inc. ¹	5,978,366	138,997	—	—	—	138,997
Donohue Inc.	374,025	7,246	—	8,518	—	15,764
Dylox Limited preferred	2,199,503	34,642	—	—	34,642	34,642
Echo Bay Mines Ltd. ²	2,382,721	44,377	—	—	—	44,377
Falconbridge Limited common warrants	2,138,046	43,830	—	—	43,830	—
	66,900	2,676	—	—	2,676	46,506
Fédération des Caisses populaires Desjardins du Québec	—	—	—	5,154	—	5,154
Fiat common preferred	300,000	1,304	—	—	1,304	—
	904,000	3,940	—	—	3,940	5,244
Fujitsu, Ltd.	800,000	6,042	—	—	—	6,042
Gaz Métropolitain, inc. ¹	1,799,000	21,138	—	6,222	—	27,360
General Electric Company	52,400	5,332	—	—	—	5,332
Genstar Corporation ¹	2,686,219	89,317	—	—	—	89,317
Gulf Canada Limited	1,971,464	41,154	—	—	—	41,154
Imasco Limited	814,250	22,697	—	—	—	22,697
Imperial Oil Limited class A	4,295,759	219,085	—	4,426	4,426	219,085
	—	—	—	—	—	223,511
Inco Limited	1,199,861	22,047	—	11,741	—	33,788
Innopac Inc.	467,774	7,484	—	—	—	7,484
International Business Machines Corporation	46,200	10,015	—	—	—	10,015
Interprovincial Pipeline Limited	504,100	21,550	—	26,858	—	48,408
Ipsco Inc.	468,480	6,383	—	—	—	6,383
Ivaco Inc. class A preferred warrants	834,139	15,223	8,240	—	8,240	—
	336,500	9,843	—	—	15,223	—
	45,600	256	—	—	256	33,562
Karstadt AG	27,950	5,397	—	—	—	5,397
Kuraray Co., Ltd.	551,000	5,664	—	—	—	5,664
Labatt Limited, John	2,732,365	84,020	41,460	—	—	125,480
Lac Minerals Ltd.	682,811	24,923	—	—	—	24,923
Lafarge Corporation common preferred	139,774	1,642	—	—	1,642	—
	425,354	5,601	—	—	5,601	7,243
Logistec Corporation ¹	202,125	1,415	—	—	—	1,415
Lonvest Corporation	436,700	8,461	—	—	—	8,461
MacLean Hunter Limited	1,356,164	20,173	—	—	—	20,173
MacMillan Bloedel Limited common preferred	230,195	5,755	—	—	5,755	—
	105,000	2,546	—	—	2,546	8,301
Marine Industrie Limitée preferred	30,000	126	—	7,377	7,377	126
	—	—	—	—	—	7,503
Molson Companies Limited, The class A class B	607,211	11,613	1,378	—	1,378	—
	11,396	231	—	—	11,613	—
	—	—	—	—	231	13,222
Moore Corporation Limited ²	7,054,048	198,395	—	—	—	198,395
National Bank, Leasing Inc.	—	—	—	10,457	—	10,457
National Bank of Canada	2,490,617	62,577	—	11,687	—	74,264
Nationale-Nederlanden NV common participating certificates	492	23	—	—	—	23
	126,690	5,270	—	—	5,270	5,293
National Victoria and Grey Trustco Limited, The	630,550	14,503	—	—	—	14,503
Noranda Inc. common preferred	2,825,951	44,155	—	—	44,155	—
	29,500	723	—	—	723	44,878
Norcen Energy Resources Limited ¹ common class A	3,010,207	50,044	—	—	50,044	—
	585,148	9,070	—	—	9,070	59,114
Northern and Central Gas Corporation Limited	—	—	81,644	—	—	81,644
Northern Telecom Limited	3,867,626	188,547	—	—	—	188,547
Nova, an Alberta Corporation class A	9,686,712	69,018	—	—	69,018	69,018
Oshawa Group Limited, The class A	886,209	29,910	—	—	29,910	29,910
PanCana Minerals, Inc. ¹	524,540	2,596	—	—	—	2,596
PanCanadian Petroleum Limited	1,801,111	58,986	—	—	—	58,986
Peerless Rug Limited	—	—	—	7,552	—	7,552
Philip Morris, Inc.	46,200	5,710	—	—	—	5,710
Place Desjardins Inc.	—	—	—	8,426	—	8,426
Placer Development Limited ² common warrants receipts	2,726,867	64,763	—	—	64,763	—
	75,000	255	—	—	255	—
	150,000	1,613	—	—	1,613	66,631
Power Financial Corporation ¹	5,000,000	155,000	—	—	—	155,000
Prenor Group Ltd. ¹	609,130	8,832	—	—	—	8,832
Proviso Inc.	4,387,000	70,740	37,720	203	—	108,663
Québec-Téléphone ¹	743,845	31,986	—	252	—	32,238
Ranger Oil Limited ²	3,601,466	17,287	—	—	—	17,287
Reitman's (Canada) Limited common class A	14,900	387	—	—	—	387
	713,500	18,195	—	—	18,195	18,582
Rio Algom Limited	1,434,292	31,913	—	—	—	31,913
Royal Bank of Canada, The	6,682,712	231,389	14,863	10,206	—	256,458
Royal Trustco Limited class A	1,096,809	25,775	—	—	25,775	25,775
Sceptre Resources Limited ¹ common warrants	6,956,100	30,955	—	—	30,955	—
	1,000,000	350	—	—	350	31,305
Seagram Company Ltd., The	3,485,924	233,557	—	—	—	233,557
Sears Canada Inc.	540,504	6,148	—	—	—	6,148
Shell Canada Limited class A	1,014,694	23,338	—	7,322	7,322	30,660
	—	—	—	—	—	23,338
Siemens AG	19,611	8,366	—	—	—	8,366
Société d'investissement Desjardins	77,149	14,185	—	—	—	14,185
Sony Corporation	234,000	6,676	—	—	—	6,676
Southam Inc.	2,245,524	35,648	—	—	—	35,648
Steinberg Inc. common class A	209,996	7,350	—	—	7,350	—
	1,149,208	40,222	—	—	40,222	47,572
Stelco Inc.	1,868,504	42,742	—	—	—	42,742
Swiss Bank Corp.	15,050	5,887	—	—	—	5,887
Teck Corporation class B preferred	649,669	11,450	—	—	11,450	—
	97,750	3,006	—	—	3,006	14,456

INVESTMENTS IN CORPORATE SECURITIES
as at December 31, 1985
(at market value – in thousands of dollars)

ENTERPRISES	Shares		Convertible securities	Bonds	Subtotal	Total
	Number	Amount				
Télé-Métropole Inc.	394,489	13,018	—	—	—	13,018
Texaco Canada Inc.	—	—	—	—	—	—
common receipts	1,564,674	47,331	—	—	47,331	—
	205,000	2,614	—	—	2,614	49,945
Thomson Newspapers Limited class A	5,385,768	127,912	—	—	127,912	127,912
Tokyo Electric Power Corporation	272,000	5,478	—	—	—	5,478
Toronto-Dominion Bank, The	10,051,268	247,512	—	—	—	247,512
TransAlta Utilities Corporation	2,325,870	64,543	—	—	—	64,543
TransCanada Pipelines Limited ²	4,971,279	107,504	—	—	—	107,504
Trizec Corporation Ltd. class A	261,000	7,570	—	2,875	2,875	10,445
Trust Général du Canada ¹	1,945,365	20,427	—	5,050	—	25,477
Union Bank of Switzerland common participating certificates	1,378	4,912	—	—	4,912	—
	13,000	1,760	—	—	1,760	6,672
Vidéotron Ltée, Le Groupe ¹ class A	9,608,268	74,464	—	2,980	2,980	77,444
Volkswagenwerk AG	33,250	9,431	—	—	—	9,431
Walker Resources Ltd., Hiram ²	5,073,774	164,263	—	—	—	164,263
Westburne International Industries Ltd. ²	994,266	17,151	—	—	—	17,151
Weston Limited, George	55,844	5,696	—	—	—	5,696
Winterthur	1,447	5,178	—	—	—	5,178
Variation between investments reflected in the annual list and those on record at the Caisse						Nil

¹ Company where the Caisse is considered an insider within the meaning of applicable Canadian laws.

² Company where the Caisse would be considered an insider only within the meaning of applicable American laws.

Note

In this table are listed the major investments in corporate securities generally assessed at a market value exceeding \$5 million together with those of a similar nature in companies where the Caisse owns more than 10% of voting rights. 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 interest 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 variations between the investments in the annual list and those registered in the books of the Caisse, at December 31. However whenever possible without transgressing the above standards, the annual list must state the total amount of these variations. Investments in any closed corporation (under the definition of the Loi sur les valeurs mobilières du Québec) do not appear in this list unless the company has agreed to such disclosure.

CAISSE
DE DÉPÔT
ET PLACEMENT
DU QUÉBEC

1981 MCGILL COLLEGE AVENUE
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CAISSE
DE DÉPÔT
ET PLACEMENT
DU QUÉBEC

FINANCIAL
STATEMENTS
AND
FINANCIAL
STATISTICS
1985

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HIGHLIGHTS OF THE YEAR
(in millions of dollars)

ASSETS UNDER MANAGEMENT	1985	1984
Total book value	22,543.4	20,148.3
Excess market value over book value of investments	2,699.9	636.8
Total market value	25,243.3	20,785.1
BREAKDOWN OF ASSETS UNDER MANAGEMENT		
Investments		
Bonds	14,541.9	12,850.3
Shares and convertible securities	6,821.4	5,395.6
Mortgages	1,269.9	1,155.0
Real estate investments	372.9	339.0
Short-term investments	1,797.7	642.1
Total investments	24,803.8	20,382.0
Other assets	439.5	403.1
Total market value	25,243.3	20,785.1
DEPOSITORS' HOLDINGS		
Régie des rentes du Québec	12,423.2	10,538.8
Commission administrative des régimes de retraite et d'assurances	5,438.4	4,210.5
Régie de l'assurance automobile du Québec	3,290.9	2,514.2
Commission de la santé et de la sécurité du travail	2,177.9	1,956.4
Office de la construction du Québec	1,745.3	1,474.7
Other depositors	12.7	11.0
Total depositors' holdings	25,088.4	20,705.6
Liabilities	154.9	79.5
Total market value	25,243.3	20,785.1
NET DEPOSITORS' INCOME	2,299.5	1,963.9
NET DEPOSITORS' WITHDRAWALS	358.9	22.9
INTERNAL RATE OF RETURN ON TOTAL DEPOSITORS' HOLDINGS (in percentage)	24.0	10.1

CAISSE
DE DÉPÔT
ET PLACEMENT
DU QUÉBEC

FINANCIAL
STATEMENTS

COMBINED BALANCE SHEET
as at December 31, 1985
(in thousands of dollars)

ASSETS	1985	1984
Investments (Notes 3 and 4)		
Bonds	\$13,703,463	\$13,084,435
Shares and convertible securities	5,025,444	4,570,443
Mortgages	1,257,922	1,175,885
Real estate investments (Note 5)	317,825	273,178
Short-term investments	1,799,223	641,284
	22,103,877	19,745,225
Investment income, accrued and receivable	386,321	383,122
Other assets	53,181	20,001
	\$22,543,379	\$20,148,348
LIABILITIES		
Mortgage loans payable	\$ 61,845	\$ 17,736
Other liabilities	91,647	62,198
	153,492	79,934
DEPOSITORS' HOLDINGS (Note 6)		
General Fund	14,213,375	12,860,736
Individual Funds	8,176,512	7,207,678
	22,389,887	20,068,414
	\$22,543,379	\$20,148,348

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

AUDITOR'S REPORT

I have examined the combined balance sheet of the Caisse de dépôt et placement du Québec's funds as at December 31, 1985, the combined statement of income and expenditure, and the combined statement of financial operations for the year then ended. My examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these combined financial statements present fairly the financial position of these funds as at December 31, 1985 and the results of their transactions and financial operations for the year then ended, in accordance with the accounting policies disclosed in Note 2, applied on a basis consistent with that of the preceding year.

Le vérificateur général du Québec,
Rhéal Chatelain, F.C.A.
Québec City, February 28, 1986

COMBINED STATEMENT OF INCOME AND EXPENDITURE
for the year ended December 31, 1985
(in thousands of dollars)

INCOME	1985	1984
Investment income		
Interest on bonds	\$1,500,986	\$1,441,758
Dividends, interest on convertible securities	210,479	178,290
Interest on mortgage investments	143,736	138,078
Income from real estate investments	26,297	26,345
Interest on short-term investments - net	188,041	146,377
	2,069,539	1,930,848
Gains and losses on sales of investments	626,731	147,694
Other income	269	265
	2,696,539	2,078,807
EXPENDITURE		
Administrative expenses (Note 8)	16,158	13,104
Balance of income	2,680,381	2,065,703
Interest on demand and term deposits - net	20,559	32,583
Net income	2,659,822	2,033,120
Transfer of gains and losses on sales of investments to general reserve (Note 7)	380,885	106,291
Income allocated to participation deposit holders	\$2,278,937	\$1,926,829

COMBINED STATEMENT OF FINANCIAL OPERATIONS
for the year ended December 31, 1985
(in thousands of dollars)

SOURCE OF FINANCIAL RESOURCES	1985	1984
Investment income	\$2,069,539	\$1,930,848
Gains and losses on sales of investments	626,731	147,694
Other income	269	265
Net change in other assets and liabilities	37,180	(59,822)
	\$2,733,719	\$2,018,985
APPLICATION OF FINANCIAL RESOURCES		
Net investment increase		
Bonds	\$ 619,028	\$1,156,858
Shares and convertible securities	455,001	1,006,851
Mortgages	82,037	275
Real estate investments	44,647	7,197
Short-term investments	1,157,939	(188,221)
	2,358,652	1,982,960
Net depositors' withdrawals	358,909	22,921
Administrative expenses	16,158	13,104
	\$2,733,719	\$2,018,985

NOTES TO FINANCIAL STATEMENTS

December 31, 1985

1

CONSTITUTION AND OPERATIONS

The Caisse de dépôt et placement du Québec is a corporation within the meaning of the Civil Code, created by a special act (*R.S.Q., chapter C-2*).

The Caisse receives any funds, the deposit of which is provided for under a particular act.

GENERAL FUND

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

	1985		1984	
	Number of units	%	Number of units	%
Régie des rentes du Québec	14,324,770	79.0	12,102,386	80.7
Régie de l'assurance automobile du Québec	3,792,331	20.9	2,886,306	19.2
Fonds d'assurance-prêts agricoles et forestiers	13,597	0.1	12,167	0.1
	18,130,698	100.0	15,000,859	100.0

INDIVIDUAL FUNDS

The Individual Funds 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 - unionized level - administered by the Commission administrative des régimes de retraite et d'assurances.

Fund 302

For the Government and Public Employees Retirement Plan - non-unionized level - 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 304

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

Fund 311

For the Supplemental Pension Plan for Employees of the Québec Construction Industry - active participants - administered by the Office de la construction du Québec.

Fund 312

For the Supplemental Pension Plan for Employees of the Québec Construction Industry - retired participants - administered by the Office de la construction du Québec.

Fund 313

For the Supplemental Pension Plan for Employees of the Québec Construction Industry - additional contributions - administered by the Office de la construction du Québec.

Fund 330

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

SPECIALIZED PORTFOLIOS

All Funds can subscribe participation units of specialized portfolios which are pooled Funds grouping investments of the same category. As at December 31, 1985, only one specialized real estate investments portfolio was in operation. This portfolio was constituted on October 1, 1985, upon transferring real estate assets held on that date by the General Fund. The net equity and net income of the specialized real estate investments portfolio as at December 31, 1985 were distributed as follows:

	Number of units	%
General Fund	248,120	74.2
Individual Fund 301	61,500	18.4
Individual Fund 302	14,700	4.4
Individual Fund 330	10,000	3.0
	334,320	100.0

2

ACCOUNTING POLICIES

The combined financial statements of the Caisse have been prepared by Management on the accrual basis, within reasonable limits of materiality and according to the accounting policies which may be summarized as follows:

A- COMBINED FINANCIAL STATEMENTS

The combined financial statements of the Caisse comprise the accounts of the General Fund and those of the Individual Funds. The summary financial statements pertaining to these Funds are provided as supplementary information. They also include the accounts of the specialized real estate investments portfolio.

B- INVESTMENTS

Investments in bonds, mortgages, real estate and short-term investments are carried at amortized cost. Shares, land and convertible securities are carried at cost.

C- RECORDING OF TRANSACTIONS

Purchases and sales of investments are recorded as at the settlement date.

D- DIVIDEND INCOME

Dividend income is accounted for on the record date.

E- INTEREST ON SHORT-TERM INVESTMENTS - NET

This item includes interest earned on short-term investments, interest expenses on loans and foreign exchange gains and losses.

F- FIXED ASSETS

Material and equipment purchases are charged to administrative expenses, except those costs related to the purchase of telephone, computer and office automation equipment, which have been capitalized since January 1, 1984 and depreciated over their estimated useful lives. Set-up costs for new premises in 1982 are amortized over a ten-year period. Leasehold improvement costs are amortized over the lease term.

G- FOREIGN CURRENCY TRANSLATION

Current assets and liabilities in foreign currencies are translated into Canadian dollars at the exchange rate prevailing on the balance sheet date. Long-term investments are translated at the rates in effect on the date of each transaction or at the value determined by forward exchange contracts. Income is translated at the average rate prevailing each quarter.

H- ADMINISTRATIVE EXPENSES

Administrative expenses are paid out of the General Fund and charged to the various Funds on a pro rata basis according to the weighted assets of each.

3

INVESTMENTS
 (at market value – in thousands of dollars)

	1985	1984
Bonds	\$14,541,922	\$12,850,307
Shares and convertible securities	6,821,373	5,395,630
Mortgages	1,269,880	1,155,024
Real estate investments	372,877	338,995
Short-term investments	1,797,712	642,038
	\$24,803,764	\$20,381,994

4

INVESTMENTS – FOREIGN SECURITIES
 (in thousands of Canadian dollars)

	1985		1984	
	At book value	At market value	At book value	At market value
Bonds	\$1,377,791	\$1,430,679	\$1,232,918	\$1,257,914
Shares	308,653	410,305	148,061	148,561
Short-term investments	6,686	6,686	905	907
	\$1,693,130	\$1,847,670	\$1,381,884	\$1,407,382

The foreign exchange position for bond and short-term investments is hedged by forward exchange contracts with a CA\$1,443,072,800 maturity value as at December 31, 1985 (1984, \$1,276,122,900).

5

REAL ESTATE INVESTMENTS
 (in thousands of dollars)

	1985	1984
Land and buildings held directly by the Funds	\$ 46,988	\$273,178
Land and buildings held through the specialized real estate investments portfolio*	270,837	—
	\$317,825	\$273,178

*The Funds subscribe participation deposit units of the portfolio and share its net equity and net income in proportion with the number of units held.

6

DEPOSITORS' HOLDINGS
 (in thousands of dollars)

	1985	1984
Indebtedness towards depositors		
Demand deposits	\$ 48,194	\$ 45,322
Term deposits	28,000	125,000
Interest on demand and term deposits	791	1,737
Net income to be paid out	607,474	521,503
	684,459	693,562
Participation deposit holders' holdings		
Participation deposits	21,705,428	18,958,453
General reserve (Note 7)	—	416,399
	21,705,428	19,374,852
	\$22,389,887	\$20,068,414

DEPOSITORS' HOLDINGS (cont'd)

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

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. The value of a unit of participation at the end of each quarter is established by dividing the market value of the net equity of a Fund by the total number of units outstanding on that date. At the end of the quarter, the net income is distributed to participation deposit holders. At the beginning of the following quarter, this net income is paid out to the depositors' demand deposit accounts.

7

GENERAL RESERVE

The general reserve, which is only included in the General Fund, comprised gains and losses on sales of investments and the variance between the book value and market value of cancelled units of participation deposits. On December 31, 1985, in accordance with the Caisse's regulations, the balance of the general reserve accumulated on that date was distributed to participation deposit unitholders and the proceeds from the distribution were paid out to the depositors in the form of participation deposits of the Fund.

8

ADMINISTRATIVE EXPENSES (in thousands of dollars)

	1985	1984
Salaries and employee benefits	\$ 7,269	\$ 6,735
Travelling expenses	342	299
Professional fees	2,148	1,094
Management of mortgage loans receivable	1,496	1,516
Service and safekeeping charges	1,032	591
Insurance	257	143
Premises	1,297	1,255
Material and equipment	495	351
Stationery and office supplies	133	118
Documentation and information	381	395
Communications	556	346
Depreciation of fixed assets	752	303
	16,158	13,146
Less:		
Expenses charged to portfolios under separate management	—	42
	\$16,158	\$13,104

9

COMPARATIVE FIGURES

Certain figures of the 1984 balance sheet have been reclassified to conform with the 1985 presentation.

SUPPLEMENTARY INFORMATION
SUMMARY FINANCIAL STATEMENTS FOR THE FUNDS
Balance sheet as at December 31, 1985
(in thousands of dollars)

	GENERAL FUND	
	1985	1984
ASSETS		
Investments		
Bonds	9,829,083	9,363,863
Shares and convertible securities	2,442,877	2,113,578
Mortgages	479,179	488,453
Real estate investments	221,860	269,075
Short-term investments	1,229,679	624,755
Demand deposits in the General Fund	—	—
	14,202,678	12,859,724
Investment income, accrued and receivable	260,313	265,446
Other assets	42,406	19,984
	14,505,397	13,145,154
LIABILITIES		
Demand and term deposits	310,128	369,258
Income to be paid out to depositors	344,113	328,439
Mortgage loans payable	—	30,333
Other liabilities	55,318	52,941
	709,559	780,971
PARTICIPATION DEPOSIT HOLDERS' HOLDINGS	13,795,838	12,364,183
	14,505,397	13,145,154

STATEMENT OF INCOME AND EXPENDITURE
for the year ended December 31, 1985

INCOME		
Investment income		
Interest on bonds	1,055,088	1,021,705
Dividends, interest on convertible securities	103,286	85,012
Interest on mortgage investments	54,386	54,076
Income from real estate investments	24,328	24,119
Interest on short-term investments - net	160,325	142,308
Interest on deposits in the General Fund	—	—
	1,397,413	1,327,220
Gains and losses on sales of investments	380,885	106,291
Other income	210	119
Total income	1,778,508	1,433,630
EXPENDITURE		
Administrative expenses	9,553	7,640
Interest on demand and term deposits - net	48,204	68,481
NET INCOME	1,720,751	1,357,509

MARKET VALUE OF INVESTMENTS
as at December 31, 1985

Bonds	10,348,708	9,096,536
Shares and convertible securities	3,406,507	2,555,322
Mortgages	463,440	462,022
Real estate investments	287,006	335,276
Short-term investments	1,228,594	625,510
Demand deposits in the General Fund	—	—
	15,734,255	13,074,666

INDIVIDUAL FUNDS

301	302	303	304	311	312	313	330	1985 total	1984 total
1,810,804	448,364	12,492	10,484	312,882	146,886	19,762	1,082,790	3,844,464	3,720,571
1,349,897	346,960	7,167	2,369	282,879	111,644	4,186	476,847	2,581,949	2,456,866
147,517	43,098	—	—	332,105	144,884	13,078	98,596	779,278	700,029
61,697	14,700	—	—	120	1,641	—	15,580	93,738	4,103
153,708	37,985	980	1,466	108,041	25,388	12,764	225,384	565,716	16,529
111,993	15,998	639	38	14,775	7,623	47	43,617	194,730	198,936
3,635,616	907,105	21,278	14,357	1,050,802	438,066	49,837	1,942,814	8,059,875	7,097,034
59,956	14,895	395	309	15,588	5,573	733	33,115	130,564	119,946
1,150	500	—	—	898	354	—	500	3,402	16
3,696,722	922,500	21,673	14,666	1,067,288	443,993	50,570	1,976,429	8,193,841	7,216,996
—	—	—	—	—	—	—	—	—	—
117,346	28,793	757	459	34,915	15,166	1,471	68,015	266,922	197,009
—	—	—	—	—	—	—	—	—	—
4,325	2,134	14	6	3,118	396	146	7,190	17,329	9,318
121,671	30,927	771	465	38,033	15,562	1,617	75,205	284,251	206,327
3,575,051	891,573	20,902	14,201	1,029,255	428,431	48,953	1,901,224	7,909,590	7,010,669
3,696,722	922,500	21,673	14,666	1,067,288	443,993	50,570	1,976,429	8,193,841	7,216,996
—	—	—	—	—	—	—	—	—	—
211,763	49,335	1,405	1,079	39,971	15,510	2,211	123,795	445,069	420,052
54,984	13,216	270	119	11,793	4,658	204	21,950	107,194	93,278
17,136	5,038	—	—	39,528	17,131	405	11,391	90,629	86,227
1,152	275	—	—	—	—	—	187	1,614	—
6,897	3,075	70	79	3,231	967	447	13,192	27,958	4,233
14,528	2,471	99	48	2,206	2,331	789	4,837	27,309	35,734
306,460	73,410	1,844	1,325	96,729	40,597	4,056	175,352	699,773	639,524
100,335	35,005	609	573	27,637	11,967	1,087	68,633	245,846	41,403
9	1	—	—	7	37	—	3	57	147
406,804	108,416	2,453	1,898	124,373	52,601	5,143	243,988	945,676	681,074
—	—	—	—	—	—	—	—	—	—
2,657	705	14	9	1,420	377	39	1,384	6,605	5,464
—	—	—	—	—	—	—	—	—	—
404,147	107,711	2,439	1,889	122,953	52,224	5,104	242,604	939,071	675,610
—	—	—	—	—	—	—	—	—	—
2,007,815	483,828	13,615	11,518	335,547	155,008	20,811	1,134,284	4,162,426	3,753,772
1,798,167	441,243	8,708	2,841	374,872	147,800	4,995	633,089	3,411,715	2,840,306
151,479	44,322	—	—	342,350	149,737	13,183	102,161	803,232	706,094
61,165	14,599	—	—	75	1,250	—	12,431	89,520	3,720
153,586	37,955	980	1,465	107,971	25,382	12,756	225,194	565,289	16,528
111,993	15,998	639	38	14,775	7,623	47	43,617	194,730	198,936
4,284,205	1,037,945	23,942	15,862	1,175,590	486,800	51,792	2,150,776	9,226,912	7,519,356

CAISSE
DE DÉPÔT
ET PLACEMENT
DU QUÉBEC

FINANCIAL
STATISTICS

DEPOSITORS' HOLDINGS

as at December 31, 1985

(at market value – in millions of dollars)

DEPOSITORS	Participation deposits ¹			Demand and term deposits (net)	Accrued interest and income	Depositors' holdings		Net change in 1985
	General Fund	Individual Funds	Sub-total			Amount	%	
Régie des rentes du Québec	12,109.9	—	12,109.9	43.9	269.4	12,423.2	49.52	1,884.4
Commission administrative des régimes de retraite et d'assurances								
Government and Public Employees Retirement Plan								
Unionized level	—	4,223.6	4,223.6	1.7	117.4	4,342.7	17.31	995.5
Non-unionized level	—	1,022.4	1,022.4	3.9	28.8	1,055.1	4.21	223.8
General Retirement Plan for Mayors and Councillors of Municipalities	—	15.7	15.7	—	0.5	16.2	0.06	3.7
Individual plans	—	23.6	23.6	0.1	0.7	24.4	0.10	4.9
Régie de l'assurance automobile du Québec	3,206.0	—	3,206.0	13.5	71.4	3,290.9	13.12	776.7
Commission de la santé et de la sécurité du travail	—	2,109.2	2,109.2	0.7	68.0	2,177.9	8.68	221.5
Office de la construction du Québec								
Supplemental Pension Plan for Employees of the Québec Construction Industry								
Active participants' account	—	1,154.0	1,154.0	11.5	35.0	1,200.5	4.78	168.6
Retired participants' account	—	477.2	477.2	—	15.2	492.4	1.96	85.2
Additional contributions account	—	50.9	50.9	—	1.5	52.4	0.21	17.1
Fonds d'assurance-prêts agricoles et forestiers	11.5	—	11.5	—	0.2	11.7	0.05	1.2
Régie des marchés agricoles du Québec	—	—	—	1.0	—	1.0	—	0.2
Régie de l'assurance-dépôts du Québec	—	—	—	—	—	—	—	—
1985 total	15,327.4	9,076.6	24,404.0	76.3	608.1	25,088.4	100.00	4,382.8
1984	12,579.1	7,433.0	20,012.1	170.4	523.1	20,705.6	—	
1983	11,540.6	6,794.0	18,334.6	115.3	449.9	18,899.8	—	
1982	9,996.1	5,425.4	15,421.5	275.1	337.0	16,033.6	—	
1981	7,102.0	3,703.9	10,805.9	292.3	315.3	11,413.5	—	

¹ On December 31, 1985, the depositors' participation deposits in the General Fund increased by \$797 million following the distribution of the general reserve accumulated on that date.

2

RETURN
 (at market value – in percentage)

	1985	Compound average annual rate for the period	
		1982-1985 (4 years)	1978-1985 (8 years)
Internal rate of return			
Total depositors' holdings	24.0	20.8	13.9
General Fund	24.3	21.1	13.7
Individual Funds	22.7	20.1	14.2
Weighted rate of return			
Financial assets			
Bonds	25.3	23.9	12.5
Mortgages	16.0	18.0	12.0
Canadian equities	25.7	16.6	17.9
Foreign equities	56.1	—	—
Real estate investments	13.3	22.2	—

3

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

CATEGORY OF DEPOSITS	1985	1984
Demand deposits ¹	9.299	11.303
Term deposits ¹	9.417	11.213
Participation deposits ²		
General Fund ³	10.554	10.760
Individual Funds		
301	12.192	10.669
302	12.790	9.602
303	12.326	11.023
304	14.663	11.294
311	12.369	9.978
312	12.602	10.831
313	12.373	10.823
330	12.826	9.811

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

² Income earned on the investments of the Caisse's various Funds is paid out or attributed to participation deposit holders; the rate given 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 market value of investments. It is different from the internal rate of return which includes both income and change in the market value of investments. In this table, participation deposits are computed at book value.

³ The rate indicated excludes gains and losses on sales of investments deposited in the Fund's general reserve up to December 31, 1985.

TOTAL FUNDS

Summary of investments as at December 31, 1985
(in millions of dollars)

At book value	Breakdown of portfolios	General Fund	Individual Funds	At par value	At book value	At market value	Net change in 1985
%					Total		(at book value)
	Bonds						
	Government issued						
32.50	Gouvernement du Québec	5,395.1	1,775.9	7,208.1	7,171.0	7,698.5	180.0
3.85	Government of Canada	336.1	514.5	831.6	850.6	893.7	194.6
5.87	U.S. government	1,187.6	107.4	1,277.8	1,295.0	1,343.0	84.7
0.01	Other governments	2.0	—	2.0	2.0	2.1	(5.9)
42.23	Government guaranteed	6,920.8	2,397.8	9,319.5	9,318.6	9,937.3	453.4
	Gouvernement du Québec						
10.22	Hydro-Québec	1,646.4	608.8	2,297.9	2,255.1	2,348.4	29.3
0.49	Other	92.7	14.9	108.0	107.7	108.6	(2.9)
0.17	Government of Canada	26.2	11.7	37.7	37.9	40.0	27.2
0.03	Other governments	6.0	0.1	7.2	6.1	6.2	(76.9)
10.91	Guaranteed by grants	1,771.3	635.5	2,450.8	2,406.8	2,503.2	(23.3)
0.91	Colleges	101.8	100.0	202.8	201.8	210.9	93.9
0.83	Hospitals	82.0	101.6	184.5	183.6	205.0	10.1
0.65	Universities and affiliated schools	70.5	72.1	144.8	142.7	151.1	6.1
0.04	Social service centers	8.1	0.9	9.0	9.0	9.4	6.4
1.42	School boards	147.3	166.8	314.8	314.1	359.2	31.0
0.03	Other	2.9	3.3	6.6	6.1	6.9	1.0
3.88	Municipalities and school boards	412.6	444.7	862.5	857.3	942.5	148.5
2.41	Municipalities and municipal bodies	315.6	215.5	539.9	531.1	558.4	25.3
0.82	School boards	115.4	66.1	184.2	181.5	185.3	(24.4)
3.23	Corporate	431.0	281.6	724.1	712.6	743.7	0.9
1.71		293.4	84.8	373.3	378.2	384.4	9.6
61.96		9,829.1	3,844.4	13,730.2	13,673.5	14,511.1	589.1

Mortgages							
Residential							
2.86	Insured mortgages	203.5	428.1	—	631.6	638.6	17.0
0.51	Conventional mortgages	13.1	100.4	—	113.5	115.7	47.1
3.37		216.6	528.5	—	745.1	754.3	64.1
2.00	Commercial	249.0	192.2	—	441.2	437.2	5.7
0.33	Industrial	13.6	58.6	—	72.2	75.2	0.2
—	Other	—	—	—	—	—	—
5.70		479.2	779.3	—	1,258.5	1,266.7	70.0
67.66	Total fixed income securities	10,308.3	4,623.7	—	14,932.0	15,777.8	659.1
Shares and convertible securities							
Canadian securities							
4.82	Metals and minerals	526.3	536.7	—	1,063.0	853.1	(24.9)
0.36	Gold	36.5	43.0	—	79.5	99.1	13.1
2.61	Oil and gas	253.0	323.5	—	576.5	657.8	(105.1)
0.55	Paper and forest products	65.9	55.5	—	121.4	186.4	(20.4)
1.46	Consumer products	150.1	172.4	—	322.5	616.4	25.2
2.56	Industrial products	268.1	297.9	—	566.0	797.7	36.7
0.06	Real estate and construction	6.9	6.5	—	13.4	14.8	5.1
1.45	Transportation	135.7	183.8	—	319.5	544.6	83.4
0.78	Pipelines	78.7	93.3	—	172.0	198.1	46.5
2.20	Utilities	236.9	248.0	—	484.9	658.8	210.3
0.45	Communications	49.7	49.2	—	98.9	280.2	(16.8)
0.67	Distribution and services	78.5	69.6	—	148.1	314.7	1.7
2.88	Financial services	287.0	348.6	—	635.6	980.0	139.6
0.52	Investment companies	52.1	63.5	—	115.6	206.5	(99.7)
—	Options on market indices	(0.7)	—	—	(0.7)	(0.3)	(0.8)
21.37		2,224.7	2,491.5	—	4,716.2	6,407.9	293.9
1.40	Foreign securities	218.2	90.4	—	308.6	410.3	160.5
22.77		2,442.9	2,581.9	—	5,024.8	6,818.2	454.4
Real estate investments							
1.22	Participation deposit units of the specialized real estate investments portfolio ¹	182.4	86.2	—	268.6	332.0	253.2
0.21	Land and buildings	39.4	7.6	—	47.0	44.5	(210.8)
1.43		221.8	93.8	—	315.6	376.5	42.4
24.20	Total variable income securities	2,664.7	2,675.7	—	5,340.4	7,194.7	496.8
91.86	Total long-term investments	12,973.0	7,299.4	—	20,272.4	22,972.5	1,155.9
7.26	Short-term investments	1,034.9	565.8	1,643.6	1,600.7	1,599.2	1,158.3
0.88	Deposits in the General Fund	—	194.7	—	194.7	194.7	(4.2)
100.00	Total investments ²	14,007.9	8,059.9	—	22,067.8	24,766.4	2,310.0

Certain 1984 figures have been reclassified to conform with the 1985 presentation.

¹ The specialized real estate investments portfolio was constituted on October 1, 1985 upon transferring real estate assets held on that date by the General Fund and by real estate subsidiaries.

² For purposes of this presentation, total investments of the General Fund were reduced by the amount of demand deposits of the Individual Funds.

GENERAL FUND

Summary of investments as at December 31, 1985
(in thousands of dollars)

At book value %	Breakdown of portfolios	At par value	At book value	At market value	Yield %	Net change in 1985 (at book value)
	Bonds					
	Government issued					
38.51	Gouvernement du Québec	5,425,585	5,395,141	5,765,458	11.65	186,998
2.40	Government of Canada	335,507	336,085	350,606	10.44	83,846
8.48	U.S. government	1,171,592	1,187,599	1,232,018	9.27	106,029
0.01	Other governments	2,000	1,975	2,143	12.68	5
49.40	Government guaranteed	6,934,684	6,920,800	7,350,225	11.18	376,878
	Gouvernement du Québec					
11.76	Hydro-Québec	1,681,478	1,646,372	1,680,829	10.63	32,971
0.66	Other	92,950	92,758	93,201	10.10	(2,940)
0.19	Government of Canada	26,029	26,200	27,263	11.03	18,124
0.04	Other governments	7,064	6,010	6,130	10.63	(67,560)
12.65	Guaranteed by grants	1,807,521	1,771,340	1,807,423	10.61	(19,405)
0.73	Colleges	102,252	101,801	103,979	10.69	57,568
0.59	Hospitals	82,469	81,959	89,388	12.82	1,531
0.50	Universities and affiliated schools	71,631	70,543	73,240	13.21	(7,045)
0.06	Social service centers	8,158	8,129	8,531	11.58	6,646
1.05	School boards	147,749	147,301	169,129	13.38	5,260
0.02	Other	3,143	2,860	3,024	11.62	1,069
2.95	Municipalities and school boards	415,402	412,593	447,291	12.53	65,029
2.25	Municipalities and municipal bodies	320,466	315,616	330,303	11.85	21,128
0.83	School boards	117,114	115,389	116,294	10.41	(13,095)
3.08	Corporate	437,580	431,005	446,597	11.46	8,033
2.09		287,937	293,345	297,172	11.78	34,685
70.17		9,883,124	9,829,083	10,348,708	11.16	465,220
	Mortgages					
	Residential					
1.45	Insured mortgages	—	203,498	199,234	9.97	22,893
0.09	Conventional mortgages	—	13,127	12,221	10.40	2,258
1.54	Commercial	—	216,625	211,455	9.99	25,151
1.78	Industrial	—	249,011	238,540	10.90	(26,138)
0.10	Other	—	13,543	13,445	11.30	(8,287)
3.42		—	479,179	463,440	10.50	(9,274)
73.59	Total fixed income securities	—	10,308,262	10,812,148	11.13	455,946

Shares and convertible securities						
Canadian securities						
3.76	Metals and minerals	—	526,399	421,689	1.43	3,961
0.26	Golds	—	36,534	45,229	0.88	7,057
1.81	Oil and gas	—	252,980	304,667	3.17	(39,772)
0.47	Paper and forest products	—	65,880	102,442	5.69	(24,514)
1.07	Consumer products	—	150,075	294,027	5.94	22,747
1.91	Industrial products	—	268,091	390,637	4.04	27,420
0.05	Real estate and construction	—	6,877	7,556	1.47	3,401
0.97	Transportation	—	135,714	251,438	4.77	39,526
0.56	Pipelines	—	78,665	92,633	6.20	24,764
1.69	Utilities	—	236,905	321,572	8.34	103,321
0.35	Communications	—	49,679	168,596	3.80	(4,057)
0.56	Distribution and services	—	78,548	170,675	5.92	3,554
2.05	Financial services	—	286,958	464,706	8.17	74,568
0.37	Investment companies	—	52,135	82,146	3.09	(32,281)
—	Options on market indices	—	(744)	(314)	—	(820)
15.88		—	2,224,696	3,117,699	4.59	208,875
1.56	Foreign securities	—	218,181	288,808	1.53	120,424
17.44		—	2,442,877	3,406,507	4.32	329,299
Real estate investments						
1.30	Participation deposit units of the specialized real estate investments portfolio	—	182,411	246,412	10.63	182,411
0.28	Land and buildings	—	39,449	40,594	14.67	(229,626)
1.58		—	221,860	287,006	11.35	(47,215)
19.02	Total variable income securities	—	2,664,737	3,693,513	4.91	282,084
92.61	Total long-term investments	—	12,972,999	14,505,661	9.85	738,030
7.39	Short-term investments	1,064,340	1,034,948	1,033,863	9.25	609,128
100.00	Total investments ²	—	14,007,947	15,539,524	9.81	1,347,158

Certain 1984 figures have been reclassified to conform with the 1985 presentation.

¹ Yield is expressed in weighted average; gains and losses on sales of investments are not taken into account.

² For purposes of this presentation, the assets of the General Fund were reduced by the amount of demand deposits of the Individual Funds.

INDIVIDUAL FUNDS

Summary of investments as at December 31, 1985
(in thousands of dollars)

At book value %	Breakdown of portfolios	At par value	At book value	At market value	Yield' %	Net change in 1985 (at book value)
Bonds						
Government issued						
22.04	Gouvernement du Québec	1,782,524	1,775,920	1,932,989	11.89	(6,925)
6.38	Government of Canada	496,131	514,488	543,113	11.89	110,689
1.33	U.S. government	106,178	107,436	110,926	9.31	(21,304)
—	Other governments	—	—	—	—	(5,925)
29.75		2,384,833	2,397,844	2,587,028	11.77	76,535
Government guaranteed						
Gouvernement du Québec						
7.55	Hydro-Québec	616,467	608,755	667,602	12.19	(3,595)
0.19	Other	15,000	14,939	15,340	10.64	2
0.15	Government of Canada	11,695	11,703	12,740	12.29	9,140
0.00	Other governments	91	89	90	10.34	(9,410)
7.89		643,253	635,486	695,772	12.16	(3,863)
Guaranteed by grants						
1.24	Colleges	100,507	99,982	106,942	11.57	36,344
1.26	Hospitals	102,029	101,646	115,568	13.35	8,614
0.90	Universities and affiliated schools	73,163	72,131	77,834	12.72	13,061
0.01	Social service centers	865	855	894	12.10	(246)
2.07	School boards	167,093	168,819	190,102	12.78	25,758
0.04	Other	3,440	3,310	3,852	13.13	4
5.52		447,097	444,743	495,192	12.63	83,535
Municipalities and school boards						
2.67	Municipalities and municipal bodies	219,458	215,497	228,156	11.85	4,203
0.82	School boards	67,021	66,070	68,988	11.06	(11,388)
3.49		286,479	281,567	297,144	11.66	(7,185)
1.05	Corporate	85,419	84,824	87,288	11.39	(25,130)
47.70		3,847,081	3,844,464	4,162,424	11.92	123,892
Mortgages						
Residential						
5.31	Insured mortgages	—	428,114	439,370	12.68	(5,926)
1.25	Conventional mortgages	—	100,352	103,489	12.65	44,846
6.56		—	528,466	542,859	12.67	38,920
2.38	Commercial	—	192,168	198,655	12.43	31,804
0.73	Industrial	—	58,644	61,717	12.84	8,525
9.67		—	779,278	803,231	12.62	79,249
57.37	Total fixed income securities	—	4,623,742	4,965,655	12.04	203,141

Shares and convertible securities						
Canadian securities						
6.66	Metals and minerals	—	536,660	431,431	1.51	(28,807)
0.53	Golds	—	42,997	53,837	0.92	6,097
4.01	Oil and gas	—	323,541	353,178	2.86	(65,327)
0.69	Paper and forest products	—	55,482	83,989	5.27	4,029
2.14	Consumer products	—	172,423	322,346	5.73	2,433
3.70	Industrial products	—	297,874	407,087	4.02	9,223
0.08	Real estate and construction	—	6,527	7,251	1.23	1,712
2.28	Transportation	—	183,761	293,177	4.09	43,868
1.16	Pipelines	—	93,327	105,440	5.97	21,686
3.08	Utilities	—	248,012	337,181	8.16	106,985
0.61	Communications	—	49,253	111,595	4.78	(12,683)
0.86	Distribution and services	—	69,599	144,063	4.33	(1,785)
4.32	Financial services	—	348,601	515,256	7.07	64,970
0.79	Investment companies	—	63,420	124,387	4.96	(67,486)
30.91		—	2,491,477	3,290,218	4.38	84,915
1.12	Foreign securities	—	90,472	121,497	1.60	40,168
32.03		—	2,581,949	3,411,715	4.28	125,083
Real estate investments						
1.07	Participation deposit units of the specialized real estate investments portfolio	—	86,200	85,607	10.63	86,200
0.09	Land and buildings	—	7,539	3,914	—	3,436
1.16		—	93,739	89,521	9.78	89,636
33.19	Total variable income securities	—	2,675,688	3,501,236	4.47	214,719
90.56	Total long-term investments	—	7,299,430	8,466,891	9.27	417,860
7.02	Short-term investments	579,287	565,715	565,289	9.08	549,186
2.42	Deposits in the General Fund	—	194,731	194,731	9.32	(4,204)
100.00	Total investments	—	8,059,876	9,226,911	9.25	962,842

¹ Yield is expressed in weighted average; gains and losses on sales of investments are not taken into account.

NEW ISSUES OF THE GOUVERNEMENT DU QUÉBEC IN 1985
(in millions of dollars)

Date of offer	Par value	Date of maturity	Nominal rate %	Yield to maturity %	Unit price	Acquisitions by the Caisse
April 17	100	November 29, 2004	12.75	12.34	102.98	100
May 9	100	June 30, 2005	12.25	12.15	100.72	100
June 5	171	June 26, 2009	10.75	10.93	98.50	75
June 18	373	June 15, 2015	11.00	11.03	99.75	16
July 10	50	July 31, 1990	10.50	10.55	99.81	50
July 10	50	July 31, 1998	10.75	10.95	98.63	50
July 10	50	June 26, 2009	10.75	11.10	97.06	50
September 13	75	October 3, 1990	10.75	10.72	100.11	75
September 13	75	October 3, 2005	11.375	11.42	99.65	75
December 4	50	January 15, 1991	9.75	9.97	99.11	50
December 4	100	January 15, 1997	10.50	10.51	99.885	100
December 12	225	January 15, 2001	10.50	10.61	99.17	225
Total						966

**BREAKDOWN BETWEEN THE FUNDS OF ACQUISITIONS OF NEW BONDS
ISSUED BY THE GOUVERNEMENT DU QUÉBEC SINCE 1966**
(at par value – in millions of dollars)

	General Fund	Individual Funds ¹	Total
1966-1980	3,390.6	786.6	4,177.2
1981	740.0	160.0	900.0
1982	720.0	155.0	875.0
1983	559.0	266.0	825.0
1984	464.0	398.0	862.0
1985	703.0	263.0	966.0
Total	6,576.6	2,028.6	8,605.2

¹ Prior to January 1, 1983, total investments of the Individual Funds included those of the Segregated Funds and the Individual Fund.

ACQUISITIONS OF NEW BONDS ISSUED BY THE QUÉBEC PUBLIC SECTOR
 as at December 31
 (at par value – in millions of dollars)

	Government guaranteed	Municipalities and municipal bodies	School boards	Guaranteed by grants		Total
	Hydro-Québec			Education sector	Social affairs sector	
1981	150	67.5	5.2	31.7	36.7	291.1
1982	150	36.4	–	18.5	17.1	222.0
1983	150	9.7	–	30.2	1.1	191.0
1984	150	15.5	–	212.1	40.6	418.2
1985	150	37.4	–	236.9	36.5	460.8

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**NUMBER OF QUÉBEC PUBLIC SECTOR ISSUERS
 BY CATEGORY OF BONDS HELD**

ISSUER	1985	1984	1983	1982
Colleges	42	38	38	38
Hospitals	62	74	74	72
Universities and affiliated schools	9	9	9	8
Social service centers	10	6	5	4
School boards	157	147	119	123
Municipalities and municipal bodies	316	295	286	272

MORTGAGE INVESTMENTS – ORIGINAL AMOUNT OF \$5 MILLION AND OVER
as at December 31, 1985
(in thousands of dollars)

CORPORATION OR ORGANIZATION	Address	Location	Original amount	Year
ABBDL – Tecsubt	85 Sainte-Catherine West	Montréal	5,700	1977
Aménagement Westcliff Ltée	861 Principale	Granby	12,671	1981
Bois-Fontaine Inc.	880 Chemin Sainte-Foy	Québec City	7,180	1981
Carrefour de l'Estrie Inc.	3100 Portland Blvd.	Sherbrooke	15,000	1974
Centre Capitol, Le	1200 McGill College Ave.	Montréal	25,000	1983
Centre Commercial Côte des Neiges Inc.	6600 Côte des Neiges	Montréal	14,750	1983
Centre Commercial Manicouagan Ltée	600 Lafèche Blvd.	Hauterive	5,400	1975
Centre Commercial Victoriaville Ltée	475 Jutras Blvd. East	Victoriaville	7,700	1977
Centre Métro Inc.	2020 University	Montréal	7,000	1974
Compagnie Canaprev Inc., La	700 Dorchester Blvd. West	Montréal	14,200	1982
Épiciers Unis Métro-Richelieu Inc.	11,011 Maurice Duplessis Blvd.	Montréal	18,000	1983
Gestion DWS Hines Ltée	1801 McGill College Ave.	Montréal	15,000	1978
Groupe immobilier R. et G. St-Jacques	Chemin du Golf	Verdun	7,832	1985
Groupe Ro-Na Inc., Le	12,504 Nobel	Boucherville	6,900	1982
Immeubles Alliance Ltée, Les	680 Sherbrooke West	Montréal	10,000	1977
Immeubles Centreshop Inc., Les	Talbot Blvd.	Chicoutimi	5,800	1973
Immeubles Cominar Inc., Les	8500 Henri-Bourassa Blvd.	Charlesbourg	5,291	1977
Ivanhoe Inc. and Kerrybrooke Development Ltd.	2100 Lapinière Blvd.	Brossard	23,500	1978
Jalbec Inc.	200-300 Place Juge-Desnoyers	Laval	7,500	1985
Jardins Mérici Inc., Les	7 Jardins de Mérici	Québec City	11,920	1976
La Laurentienne Mutuelle d' Assurance et Cadim (1983) Inc.	500 Grande-Allée East	Québec City	25,000	1984
L'Industrielle, Compagnie d' Assurance sur la Vie	3800 Marly	Sainte-Foy	15,000	1979
Place du Royaume Inc.	Talbot Blvd.	Chicoutimi	7,800	1979
Placements Jonsag Inc.	2675 du Royaume Blvd.	Jonquière	5,400	1981
Premium Hotels Ltd. Partnership	395 de la Couronne	Québec City	6,721	1981
Progressive Holding Inc.	183 Hymus Blvd.	Pointe-Claire	5,000	1976
Régie de l'assurance-maladie du Québec	1125 Chemin Saint-Louis	Sillery	17,735	1983
Schaan Properties Limited	101 Place Charles-Lemoyne	Longueuil	6,793	1974
Société municipale d'habitation de Montréal	425 Sherbrooke East	Montréal	6,048	1980
Université Laval	Cité Universitaire	Québec City	7,947	1979
426873 Ontario Inc.	1001 de Montarville	Boucherville	5,800	1980
2326-0102 Québec Inc.	9820 Gouin Blvd.	Pierrefonds	6,800	1985
Total			342,388	

CANADIAN INVESTMENTS IN CORPORATE SECURITIES BY SECTOR OF ACTIVITY

as at December 31, 1985

(at market value – in millions of dollars)

SECTOR OF ACTIVITY	Shares and convertible securities	Bonds	Total	%
Metals and minerals	853.1	12.7	865.8	12.7
Gold	99.1	—	99.1	1.4
Oil and gas	657.8	11.8	669.6	9.8
Paper and forest products	186.4	29.8	216.2	3.2
Consumer products	616.4	31.5	647.9	9.5
Industrial products	797.7	31.8	829.5	12.2
Real estate and construction	18.0	85.1	103.1	1.5
Transportation	544.6	4.1	548.7	8.1
Pipelines	198.1	26.8	224.9	3.3
Utilities	658.8	38.7	697.5	10.3
Communications	280.2	4.8	285.0	4.2
Distribution and services	314.7	14.8	329.5	4.8
Financial services	980.0	99.2	1,079.2	15.9
Investment companies	206.5	1.7	208.2	3.1
Total	6,411.4	392.8	6,804.2	100.0

INVESTMENTS IN CORPORATE SECURITIES
as at December 31, 1985
(at market value – in thousands of dollars)

ENTERPRISES	Shares		Convertible securities	Bonds	Subtotal	Total
	Number	Amount				
Agnico-Eagle Mines Limited	286,438	6,158	—	—	—	6,158
Alberta Energy Company Ltd.	367,070	6,378	—	—	—	6,378
Alcan Aluminium Limited ²	8,472,256	342,068	—	—	—	342,068
AMCA International Limited	594,260	9,359	—	—	—	9,359
American Express Company	71,900	5,304	—	—	—	5,304
Amsterdam-Rotherdam Bank NV	105,801	6,153	—	—	—	6,153
Artopex International Inc. ¹	1,018,954	4,484	—	—	—	4,484
Asamera Inc. ²	2,514,644	30,176	—	—	—	30,176
Bank of Montreal						
common	3,945,121	136,107	—	—	136,107	—
warrants	99,938	574	—	—	574	136,681
Bank of Montreal, Realty Inc.	—	—	—	5,190	—	5,190
Bank of Nova Scotia	9,507,848	135,487	10,984	—	—	146,471
Bell Canada Enterprises Inc.	10,795,413	454,757	—	29,537	—	484,294
Bow Valley Industries Ltd. ²	3,223,717	44,729	—	—	—	44,729
Brascade Holdings Inc.						
common	126,000	1,077	—	—	1,077	—
preferred A, B, C, D	447,000	160,446	—	—	160,446	161,523
Brascade Resources Inc.	2,758,621	37,603	—	—	—	37,603
Brascan Limited						
class A	212,175	7,559	—	—	7,559	7,559
Bristol-Myers Company	54,300	5,041	—	—	—	5,041
Brunswick Mining and Smelting Corporation Limited	1,256,674	16,337	—	—	—	16,337
CAE Industries Ltd.	634,500	10,945	—	—	—	10,945
C-I-L Inc.	298,439	9,028	—	—	—	9,028
Caisse Centrale Desjardins du Québec, La	—	—	—	20,086	—	20,086
Campbell Red Lake Mines Limited	199,564	6,062	—	—	—	6,062
Campbell Resources Inc. ¹						
common	2,831,120	9,343	—	—	9,343	—
warrants	1,125,000	292	—	—	292	9,635
Campeau Corporation	21,900	569	—	30,306	—	30,875
Canada Northwest Energy Limited						
common	785,976	18,863	8,033	—	8,033	18,863
warrants	207,551	768	—	—	768	27,664
Canadian Imperial Bank of Commerce	1,374,128	58,744	—	—	—	58,744
Canadian Marconi Company	362,480	7,748	—	—	—	7,748
Canadian Occidental Petroleum Ltd.	1,053,664	26,868	—	—	—	26,868
Canadian Pacific Limited ²	28,970,695	543,200	—	1,521	—	544,721
Canadian Tire Corporation, Limited						
class A	2,197,796	26,099	—	—	26,099	26,099

Canam Manac Inc., Groupe ¹	800,000	13,344	—	—	—	13,344
Carron Inc. ¹	1,370,000	24,660	—	—	—	24,660
Celanese Canada Inc.	477,994	5,079	—	—	—	5,079
Cominco Ltd.	2,005,888	23,318	—	—	—	23,318
Comterm Inc. ¹			—	—	—	
common	2,572,065	5,144	—	—	5,144	
warrants	1,056,264	1,215	—	—	1,215	6,359
Consolidated-Bathurst Inc.	1,497,264	27,699	—	—	—	27,699
Coopérative Fédérée de Québec	—	—	—	6,641	—	6,641
Crédit Industriel Desjardins Inc.	—	—	—	8,746	—	8,746
Denison Mines Limited			—	—	—	
class A	1,158,828	17,817	—	—	17,817	
class B	727,328	10,728	—	—	10,728	28,545
Dofasco Inc.			—	—	—	
class A	3,488,345	94,621	—	—	94,621	
preferred	193,000	7,093	—	—	7,093	101,714
Domco Industries Limited ¹	208,700	5,739	—	—	—	5,739
Dome Canada Limited	894,900	7,159	—	—	—	7,159
Dome Mines Limited	543,685	6,864	—	—	—	6,864
Dominion Textile Inc. ¹	2,449,066	37,349	—	467	—	37,816
Domtar Inc. ¹	5,978,366	138,997	—	—	—	138,997
Donohue Inc.	374,025	7,246	—	8,518	—	15,764
Dylex Limited			—	—	—	
preferred	2,199,503	34,642	—	—	34,642	34,642
Echo Bay Mines Ltd. ²	2,382,721	44,377	—	—	—	44,377
Falconbridge Limited			—	—	—	
common	2,138,046	43,830	—	—	43,830	
warrants	66,900	2,676	—	—	2,676	46,506
Fédération des Caisses populaires Desjardins du Québec	—	—	—	5,154	—	5,154
Fiat			—	—	—	
common	300,000	1,304	—	—	1,304	
preferred	904,000	3,940	—	—	3,940	5,244
Fujitsu, Ltd.	800,000	6,042	—	—	—	6,042
Gaz Métropolitain, inc. ¹	1,799,000	21,138	—	6,222	—	27,360
General Electric Company	52,400	5,332	—	—	—	5,332
Genstar Corporation ²	2,686,219	89,317	—	—	—	89,317
Gulf Canada Limited	1,971,464	41,154	—	—	—	41,154
Imasco Limited	814,250	22,697	—	—	—	22,697
Imperial Oil Limited			—	4,426	4,426	
class A	4,295,759	219,085	—	—	219,085	223,511

INVESTMENTS IN CORPORATE SECURITIES
as at December 31, 1985
(at market value – in thousands of dollars)

ENTERPRISES	Shares		Convertible securities	Bonds	Subtotal	Total
	Number	Amount				
Inco Limited	1,199,861	22,047	—	11,741		33,788
Innopac Inc.	467,774	7,484	—	—		7,484
International Business Machines Corporation	46,200	10,015	—	—		10,015
Interprovincial Pipeline Limited	504,100	21,550	—	26,858		48,408
Ipsco Inc.	468,480	6,383	—	—		6,383
Ivaco Inc.			8,240	—	8,240	
class A	834,139	15,223			15,223	
preferred	336,500	9,843			9,843	
warrants	45,600	256			256	33,562
Karstadt AG	27,950	5,397	—	—		5,397
Kuraray Co., Ltd.	551,000	5,664	—	—		5,664
Labatt Limited, John	2,732,365	84,020	41,460	—		125,480
Lac Minerals Ltd.	682,811	24,923	—	—		24,923
Lafarge Corporation						
common	139,774	1,642			1,642	
preferred	425,354	5,601			5,601	7,243
Logistec Corporation ¹	202,125	1,415	—	—		1,415
Lonvest Corporation	436,700	8,461	—	—		8,461
MacLean Hunter Limited	1,356,164	20,173	—	—		20,173
MacMillan Bloedel Limited						
common	230,195	5,755			5,755	
preferred	105,000	2,546			2,546	8,301
Marine Industrie Limitée						
preferred	30,000	126	—	7,377	7,377	7,503
Molson Companies Limited, The			1,378	—	1,378	
class A	607,211	11,613			11,613	
class B	11,396	231			231	13,222
Moore Corporation Limited ²	7,054,048	198,395	—	—		198,395
National Bank, Leasing Inc.	—	—	—	10,457		10,457
National Bank of Canada	2,490,617	62,577	—	11,687		74,264
Nationale-Nederlanden NV						
common	492	23			23	
participating certificates	126,690	5,270			5,270	5,293
National Victoria and Grey Trustco Limited, The	630,550	14,503	—	—		14,503
Noranda Inc.						
common	2,825,951	44,155			44,155	
preferred	29,500	723			723	44,878
Norcen Energy Resources Limited ¹						
common	3,010,207	50,044			50,044	
class A	585,148	9,070			9,070	59,114

Northern and Central Gas Corporation Limited	—	—	81,644	—	—	81,644
Northern Telecom Limited	3,867,626	188,547	—	—	—	188,547
Nova, an Alberta Corporation class A	9,686,712	69,018	—	—	69,018	69,018
Oshawa Group Limited, The class A	886,209	29,910	—	—	29,910	29,910
PanCan Minerals, Inc. ¹	524,540	2,596	—	—	—	2,596
PanCanadian Petroleum Limited	1,801,111	58,986	—	—	—	58,986
Peerless Rug Limited	—	—	—	7,552	—	7,552
Philip Morris, Inc.	46,200	5,710	—	—	—	5,710
Place Desjardins Inc.	—	—	—	8,426	—	8,426
Placer Development Limited ² common	2,726,867	64,763	—	—	64,763	—
warrants	75,000	255	—	—	255	—
receipts	150,000	1,613	—	—	1,613	66,631
Power Financial Corporation ¹	5,000,000	155,000	—	—	—	155,000
Prenor Group Ltd. ¹	609,130	8,832	—	—	—	8,832
Provigo Inc. ¹	4,387,000	70,740	37,720	203	—	108,663
Québec-Téléphone ¹	743,845	31,986	—	252	—	32,238
Ranger Oil Limited ²	3,601,466	17,287	—	—	—	17,287
Reitman's (Canada) Limited common	14,900	387	—	—	387	—
class A	713,500	18,195	—	—	18,195	18,582
Rio Algom Limited	1,434,292	31,913	—	—	—	31,913
Royal Bank of Canada, The	6,682,712	231,389	14,863	10,206	—	256,458
Royal Trustco Limited class A	1,096,809	25,775	—	—	25,775	25,775
Sceptre Resources Limited ¹ common	6,956,100	30,955	—	—	30,955	—
warrants	1,000,000	350	—	—	350	31,305
Seagram Company Ltd., The	3,485,924	233,557	—	—	—	233,557
Sears Canada Inc.	540,504	6,148	—	—	—	6,148
Shell Canada Limited class A	1,014,694	23,338	—	7,322	7,322	30,660
Siemens AG	19,611	8,366	—	—	—	8,366
Société d'investissement Desjardins	77,149	14,185	—	—	—	14,185
Sony Corporation	234,000	6,676	—	—	—	6,676
Southam Inc.	2,245,524	35,648	—	—	—	35,648
Steinberg Inc. common	209,996	7,350	—	—	7,350	—
class A	1,149,208	40,222	—	—	40,222	47,572
Stelco Inc.	1,868,504	42,742	—	—	—	42,742
Swiss Bank Corp.	15,050	5,887	—	—	—	5,887
Teck Corporation class B	649,669	11,450	—	—	11,450	—
preferred	97,750	3,006	—	—	3,006	14,456

INVESTMENTS IN CORPORATE SECURITIES
as at December 31, 1985
(at market value – in thousands of dollars)

ENTERPRISES	Shares		Convertible securities	Bonds	Subtotal	Total
	Number	Amount				
Télé-Métropole Inc.	394,489	13,018	—	—	—	13,018
Texaco Canada Inc.			—	—	—	
common	1,564,674	47,331			47,331	
receipts	205,000	2,614			2,614	49,945
Thomson Newspapers Limited class A	5,385,768	127,912	—	—	127,912	127,912
Tokyo Electric Power Corporation	272,000	5,478	—	—	—	5,478
Toronto-Dominion Bank, The	10,051,268	247,512	—	—	—	247,512
TransAlta Utilities Corporation	2,325,870	64,543	—	—	—	64,543
TransCanada PipeLines Limited ¹	4,971,279	107,504	—	—	—	107,504
Trizec Corporation Ltd. class A	261,000	7,570	—	2,875	2,875	10,445
Trust Général du Canada ¹	1,945,365	20,427	—	5,050	—	25,477
Union Bank of Switzerland common	1,378	4,912	—	—	4,912	
participating certificates	13,000	1,760	—	—	1,760	6,672
Vidéotron Ltée, Le Groupe ¹ class A	9,608,268	74,464	—	2,980	2,980	77,444
Volkswagenwerke AG	33,250	9,431	—	—	—	9,431
Walker Resources Ltd., Hiram ²	5,073,774	164,263	—	—	—	164,263
Westburne International Industries Ltd. ²	994,266	17,151	—	—	—	17,151
Weston Limited, George	55,844	5,696	—	—	—	5,696
Winterthur	1,447	5,178	—	—	—	5,178
Variation between investments reflected in the annual list and those on record at the Caisse						Nil

¹ Company where the Caisse is considered an insider within the meaning of applicable Canadian laws.

² Company where the Caisse would be considered an insider only within the meaning of applicable American laws.

Note

In this table are listed the major investments in corporate securities generally assessed at a market value exceeding \$5 million together with those of a similar nature in companies where the Caisse owns more than 10% of voting rights. 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 interest 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 variations between the investments in the annual list and those registered in the books of the Caisse, at December 31. However, whenever possible without transgressing the above standards, the annual list must state the total amount of these variations. Investments in any closed corporation (under the definition of the Loi sur les valeurs mobilières du Québec) do not appear in this list unless the company has agreed to such disclosure.

STATEMENT OF REAL ESTATE INVESTMENTS OF THE CAISSE AND ITS SUBSIDIARIES
as at December 31, 1985
(in thousands of dollars)

Location	Land and buildings	Location	Land and buildings	Location	Land and buildings		
Anjou	10,251 Ray-Lawson Blvd.	Montréal	1200 McGill College Ave.	Sainte-Foy	2725 Dalton and 2700 Watt		
Baie-Comeau	Route 138 West (Block 59, Lafleche Township)	Montréal	505 Sherbrooke East	Saint-Laurent	5605 - 15 - 25 Côte de Liesse and 155 Authier		
Chandler	Place du Havre	Montréal	1440 Sainte-Catherine West	Saint-Léonard	6801 des Grandes Prairies		
Charlesbourg	4155-4th Ave. West	Montréal	1650 Berri	Sept-Îles	924 Cartier		
Baie d'Urfé	1900 Trans Canada	Pointe-Claire	241 Hymus Blvd.	Sept-Îles	379-381 Cartier		
Deux-Montagnes	2801 des Promenades Blvd.	Pointe-Claire	5901 Trans Canada	Sept-Îles	460 Gamache		
Dorval	1325 Hymus Blvd.	Port-Cartier	6 Bordages	Sherbrooke	3333 King West		
Gaspé	39 Sandy Beach	Port-Cartier	24 des Îles Blvd.	T. of Mt. Royal	2305 Rockland		
L'Annonciation	Principale - South	Port Cartier	15-2nd Street	T. of Mt. Royal	8191 Montview		
Laval	1640 Saint-Martin Blvd.	Port-Cartier	52 Élie Rochefort	Trois-Rivières	225 Des Forges		
Laval	2775 Bovet	Québec City	Condominiums Mérici	Westmount	1 Westmount Square		
Laval	2345 Montée Saint-Aubin	Québec City	690 and 700 Saint-Cyrille Blvd. East	Québec City,			
Laval	1-2-3 Place Laval	Québec City	500 Grande-Allée East	Chicoutimi,			
Laval	1550 Daniel Johnson Blvd.	Québec City	1091 Chemin Saint-Louis	Rimouski,			
Montréal	500 Sherbrooke West	Rimouski	80-84 Saint-Germain	Sainte-Foy,			
Montréal	2000 Berri	Sainte-Foy	1000 and 1020 de l'Église	Trois-Rivières,			
Montréal	800 de Maisonneuve Blvd. East	Sainte-Foy	2875 Laurier Blvd.	Sept-Îles	Auberge des Gouverneurs		
						At book value	At market value
				Total - Land and buildings		274,567	338,162
Location	Land	Location	Land	Location	Land		
Alma	Dupont Ave.	Montréal	5425 Casgrain	Sainte-Foy	3385 Maricourt		
Baie-Comeau	232 LaSalle	Montréal	2020 University	Sainte-Foy	2280 Chemin Sainte-Foy		
Cap-de-la-Madeleine	300 Barkoff	Québec City	2770 Duval	Sept-Îles	490 Laure Blvd.		
Côte Saint-Luc	7600 Earle	Québec City	Les Jardins de Mérici Inc.	Sept-Îles	781 Laure Blvd.		
Laval	1716 des Laurentides Blvd.	Québec City	Méridien - Chemin Saint-Louis	T. of Mt. Royal	2305 Rockland		
Laval	Grenoble St.	Québec City	690 and 700 Saint-Cyrille Blvd. East	Provinces of			
Longueuil	1999 Roland-Therrien Blvd.	Rivière-du-Loup	385 Lafontaine	Alberta and	oil fields -		
Montréal	800 de Maisonneuve Blvd. East	Sainte-Foy	2986-88-90-3000-02-04 Laverdure and 3001-03-05 D'Entremont	Saskatchewan	oil and gas reserves		
						At book value	At market value
				Total - Land		20,731	34,715
				Total - Real estate investments		295,298	372,877

FUNDS' ASSETS – TEN-YEAR REVIEW
as at December 31
(at book value – in millions of dollars)

	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976
General Fund ¹	14,308.1	12,944.0	11,831.9	10,813.8	9,442.5	8,169.1	6,909.7	5,872.8	4,891.0	4,299.1
Individual Funds										
301	3,696.7	3,058.0	2,589.0							
302	922.5	793.5	641.4							
303	21.7	18.8	16.1							
304	14.6	11.9	9.7							
311	1,067.3	987.4	1,278.2							
312	444.0	388.8	—							
313	50.6	34.6	22.9							
330	1,976.4	1,923.9	1,832.7	1,580.9	1,345.9	1,096.2	897.9	663.3	485.4	—
Segregated Funds	—	—	—	3,844.1	3,126.4	2,482.2	1,946.1	1,452.0	1,117.7	1,021.7
	8,193.8	7,216.9	6,390.0	5,425.0	4,472.3	3,578.4	2,844.0	2,115.3	1,603.1	1,021.7
Total	22,501.9	20,160.9	18,221.9	16,238.8	13,914.8	11,747.5	9,753.7	7,988.1	6,494.1	5,320.8

Certain 1984 figures have been reclassified to conform with the 1985 presentation.

¹ For purposes of this presentation, the assets of the General Fund were reduced by the amount of demand deposits of the Individual Funds and accrued interest thereon. Assets of the Individual Funds are reduced, if any, by the advances of the General Fund and accrued interest thereon.

NET DEPOSITORS' INCOME – TEN-YEAR REVIEW
as at December 31
(at book value – in millions of dollars)

	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976
Income allocated to participation deposit holders										
General Fund	1,339.9	1,251.2	1,141.6	1,029.7	863.8	724.9	580.2	455.9	381.1	327.0
Individual Funds										
301	404.1	293.4	249.7							
302	107.7	70.5	56.7							
303	2.4	1.2	1.7							
304	1.9	1.9	1.1							
311	123.0	119.6	125.3							
312	52.2	10.1	1.7							
313	5.1	3.0	—							
320	—	—	2.8							
330	242.6	180.4	161.1	151.0	127.9	99.1	73.4	49.0	36.5	—
Segregated Funds	—	—	—	350.7	282.1	217.8	183.2	122.3	83.5	76.5
	939.0	680.1	600.1	501.7	410.0	316.9	256.6	171.3	120.0	76.5
Interest on demand and term deposits	20.6	32.6	30.6	37.6	58.5	25.2	22.6	13.5	3.9	7.5
Total	2,299.5	1,963.9	1,772.3	1,569.0	1,332.3	1,067.0	859.4	640.7	505.0	411.0

FUNDS ENTRUSTED BY THE DEPOSITORS – TEN-YEAR REVIEW

as at December 31

(at book value – in millions of dollars)

	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976
Régie des rentes du Québec¹										
Funds entrusted	11,328.0	10,119.2	9,449.1	8,648.2	7,757.8	6,858.2	5,991.4	5,272.0	4,617.0	4,009.0
Net income	1,083.0	1,041.6	957.9	889.1	767.0	652.7	538.8	443.0	371.9	317.1
Net contributions	(548.8)	(371.5)	(157.0)	1.3	132.6	214.1	180.6	212.0	236.1	298.8
Annual increase	534.2	670.1	800.9	890.4	899.6	866.8	719.4	655.0	608.0	615.9
Annual increase in percentage of total increase	27.5	36.3	41.7	40.3	43.6	44.3	41.8	43.5	58.8	61.3
Régie de l'assurance automobile du Québec¹										
Funds entrusted	2,855.6	2,302.7	1,913.2	1,584.6	1,195.7	885.4	587.2	291.5	—	—
Net income	273.2	232.8	197.7	164.7	119.7	78.7	47.8	17.1	—	—
Net contributions	157.5	156.7	130.9	224.2	190.6	219.5	247.9	274.4	—	—
Annual increase	430.7	389.5	328.6	388.9	310.3	298.2	295.7	291.5	—	—
Annual increase in percentage of total increase	22.2	21.1	17.1	17.6	15.0	15.3	17.2	19.4	—	—
Commission administrative des régimes de retraite et d'assurances										
Government and Public Employees Retirement Plan (RREGOP)¹										
Funds entrusted	4,618.4	3,856.5	3,230.3	2,582.6	2,035.4	1,557.7	1,166.1	830.5	571.5	312.0
Net income	512.8	365.1	308.3	236.6	182.8	133.5	113.3	66.0	41.1	21.5
Net contributions	249.1	261.1	265.2	310.6	294.9	258.6	222.3	181.8	209.1	139.9
Annual increase	761.9	626.2	573.5	547.2	477.7	392.1	335.6	247.8	250.2	161.4
Annual increase in percentage of total increase	39.3	33.9	29.9	24.8	23.1	20.1	19.5	16.4	24.2	16.1
Office de la construction du Québec										
Supplemental Pension Plan for Employees of the Québec Construction Industry¹										
Funds entrusted	1,569.7	1,411.2	1,302.2	1,181.8	1,052.4	920.4	797.4	670.2	545.9	394.7
Net income	181.2	133.6	128.1	115.6	100.9	85.3	72.7	55.4	41.3	30.2
Net contributions	(22.7)	(24.6)	(27.4)	13.8	31.1	28.8	54.5	68.9	74.8	84.2
Annual increase	158.5	109.0	100.7	129.4	132.0	114.1	127.2	124.3	116.1	114.4
Annual increase in percentage of total increase	8.2	5.9	5.3	5.8	6.4	5.8	7.4	8.2	11.2	11.4

Commission de la santé et de la sécurité du travail

Funds entrusted	1,970.0	1,921.0	1,856.7	1,683.9	1,445.6	1,221.9	954.6	725.6	539.1	414.9
Net income	243.9	184.0	170.1	149.9	149.8	109.5	78.8	54.0	41.1	30.8
Net contributions	(194.9)	(119.7)	3.4	88.4	73.9	157.8	150.2	132.5	83.1	72.5
Annual increase	49.0	64.3	173.5	238.3	223.7	267.3	229.0	186.5	124.2	103.3
Annual increase in percentage of total increase	2.5	3.5	9.0	10.8	10.8	13.7	13.3	12.4	12.0	10.3
Other depositors^{1,2}										
Funds entrusted	48.2	41.6	55.0	113.1	97.1	75.8	59.2	44.1	42.9	107.0
Net income	5.4	6.8	10.2	13.1	12.1	7.3	8.0	5.2	9.6	11.4
Net contributions	0.9	(20.2)	(68.5)	2.9	9.2	9.3	7.1	(4.0)	(73.7)	(2.6)
Annual increase	6.3	(13.4)	(58.3)	16.0	21.3	16.6	15.1	1.2	(64.1)	8.8
Annual increase in percentage of total increase	0.3	(0.7)	(3.0)	0.7	1.1	0.8	0.8	0.1	(6.2)	0.9
Total depositors³										
Funds entrusted	22,389.9	19,652.2	17,806.5	15,794.2	13,584.0	11,519.4	9,555.9	7,833.9	6,316.4	5,237.6
Net income	2,299.5	1,963.9	1,772.3	1,569.0	1,332.3	1,067.0	859.4	640.7	505.0	411.0
Net contributions	(358.9)	(118.2)	146.6	641.2	732.3	888.1	862.6	865.6	529.4	592.8
Annual increase	1,940.6	1,845.7	1,918.9	2,210.2	2,064.6	1,955.1	1,722.0	1,506.3	1,034.4	1,003.8
Annual increase in percentage of total increase	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Certain 1984 figures have been reclassified to conform with the 1985 presentation.

¹ As at December 31, 1985, the general reserve accumulated in the General Fund was distributed among the Fund's participation deposit unitholders on that date, increasing the funds entrusted by the Régie des rentes du Québec, the Régie de l'assurance automobile du Québec and the Fonds d'assurance-prêts agricoles et forestiers.

² As at January 1, 1983, holders of participation deposits of the Segregated Funds received their share of the Funds' assets which was transferred to their respective Individual Funds. Funds entrusted to the Caisse by these holders were increased by their share of the Segregated Funds' general reserve.

ADMINISTRATIVE STATISTICS – TEN-YEAR REVIEW
as at December 31

	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976
Administrative expenses (in millions of dollars)	16.2	13.1	11.9	11.1	9.5	8.3	7.1	5.9	6.7	4.6
Assets per employee (in millions of dollars)	127.4	116.4	103.5	96.1	90.4	83.9	72.8	70.1	53.2	47.1
Number of depositors	11	11	12	14	14	14	14	17	14	13
Number of employees	177	173	176	169	154	140	134	114	122	113

TOTAL INVESTMENTS – TEN-YEAR REVIEW

as at December 31

(at book value – in millions of dollars)

INVESTMENTS	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976
Bonds										
Gouvernement du Québec	7,171.0	6,991.0	6,750.1	5,965.8	5,023.7	4,094.2	3,166.8	2,426.4	1,867.6	1,463.9
Government of Canada	850.6	656.0	515.9	382.0	439.1	626.6	415.5	224.3	125.7	81.3
Other governments	1,297.0	1,218.2	384.4	0.1	0.4	0.4	0.4	0.4	0.9	0.6
Guaranteed by Gouvernement du Québec	2,362.8	2,336.4	2,517.0	2,388.5	2,198.0	2,051.2	1,622.2	1,284.4	1,120.8	1,006.2
Guaranteed by other governments	44.0	93.7	87.8	33.9	4.7	0.7	0.8	0.8	1.4	0.9
Guaranteed by grants	857.3	708.8	461.8	398.7	352.1	287.3	261.8	263.8	254.2	221.4
Municipalities and school boards	712.6	711.7	776.7	788.9	764.3	689.8	619.0	552.4	525.4	422.6
Corporate	378.2	368.6	519.7	746.6	887.4	964.3	945.9	677.8	593.2	534.5
	13,673.5	13,084.4	12,013.4	10,704.5	9,669.7	8,714.5	7,032.4	5,430.3	4,489.2	3,731.4
Mortgages	1,258.5	1,175.9	1,178.8	1,084.1	1,104.6	951.0	856.1	652.1	495.7	371.1
Total fixed income securities	14,932.0	14,260.3	13,192.2	11,788.6	10,774.3	9,665.5	7,888.5	6,082.4	4,984.9	4,102.5
Shares and convertible securities										
Canadian securities										
Metals and minerals	1,063.0	1,087.9	834.7	667.4	591.0	218.5	164.8	181.0	157.1	
Gold	79.5	66.4	36.7	17.9	12.0	—	2.5	4.5	5.1	
Oil and gas	576.5	681.6	532.3	300.1	228.0	149.6	103.6	105.6	104.0	
Paper and forest products	121.4	141.8	192.9	236.1	157.6	141.1	119.0	40.7	48.9	
Consumer products	322.5	297.3	287.5	235.0	222.0	181.7	100.3	68.3	57.7	
Industrial products	566.0	529.3	366.3	195.9	165.0	135.2	116.8	106.3	94.1	
Real estate and construction	13.4	8.3	0.6	1.1	2.3	3.8	5.0	6.2	8.2	
Transportation	319.5	236.1	236.5	227.5	170.8	95.7	43.7	41.7	36.3	
Pipelines	172.0	125.5	170.3	107.8	58.2	24.9	15.0	32.4	39.4	
Utilities	484.9	274.6	145.5	161.3	207.8	143.6	143.7	93.6	79.1	
Communications	98.9	115.7	90.4	52.8	49.3	38.8	26.7	12.0	5.0	
Distribution and services	148.1	146.4	127.4	96.4	92.3	64.9	40.8	46.1	39.1	
Financial services	635.6	496.0	439.1	397.7	331.0	275.6	197.2	160.9	142.5	
Investment companies	115.6	215.3	60.6	62.6	29.4	23.0	26.6	20.8	24.9	
Options on market indices	(0.7)	0.1	—	—	—	—	—	—	—	
	4,716.2	4,422.3	3,520.8	2,759.6	2,316.7	1,496.4	1,105.7	920.1	841.4	823.8
Foreign securities	308.6	148.1	42.8	—	—	—	—	—	—	—
	5,024.8	4,570.4	3,563.6	2,759.6	2,316.7	1,496.4	1,105.7	920.1	841.4	823.8
Real estate investments	315.6	273.2	266.0	187.6	55.3	31.0	25.1	25.4	25.4	25.4
Total variable income securities	5,340.4	4,843.6	3,829.6	2,947.2	2,372.0	1,527.4	1,130.8	945.5	866.8	849.2
Total long-term investments	20,272.4	19,103.9	17,021.8	14,735.8	13,146.3	11,192.9	9,019.3	7,027.9	5,851.7	4,951.7
Deposits and short-term investments	1,795.4	641.3	829.5	1,168.6	493.0	314.7	535.5	797.6	436.3	272.2
Total investments	22,067.8	19,745.2	17,851.3	15,904.4	13,639.3	11,507.6	9,554.8	7,825.5	6,288.0	5,223.9

Certain 1984 figures have been reclassified to conform with the 1985 presentation.

INVESTMENTS OF THE GENERAL FUND – TEN-YEAR REVIEW
as at December 31
(at book value – in millions of dollars)

INVESTMENTS	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976
Bonds										
Gouvernement du Québec	5,395.1	5,208.1	5,211.2	4,695.5	3,969.5	3,246.0	2,520.3	1,934.8	1,508.8	1,253.7
Government of Canada	336.1	252.2	171.5	147.3	195.5	344.5	216.1	122.3	81.5	56.4
Other governments	1,189.6	1,083.6	284.3	—	—	—	—	—	—	—
Guaranteed by Gouvernement du Québec	1,739.1	1,709.1	1,758.2	1,767.9	1,719.1	1,658.7	1,385.3	1,135.8	1,030.1	954.9
Guaranteed by other governments	32.2	81.6	57.0	27.0	2.3	—	—	—	—	—
Guaranteed by grants	412.6	347.6	270.6	226.2	197.5	170.6	158.1	158.0	156.3	148.2
Municipalities and school boards	431.0	423.0	436.6	460.1	433.8	390.8	355.0	314.8	304.3	267.6
Corporate	293.4	258.6	339.2	490.3	602.9	674.6	682.6	495.5	444.8	420.4
	9,829.1	9,363.8	8,528.6	7,814.3	7,120.6	6,485.2	5,317.4	4,161.2	3,525.8	3,101.2
Mortgages	479.2	488.5	482.9	403.6	452.6	417.1	391.6	315.3	269.5	224.4
Total fixed income securities	10,308.3	9,852.3	9,011.5	8,217.9	7,573.2	6,902.3	5,709.0	4,476.5	3,795.3	3,325.6
Shares and convertible securities										
Canadian securities	2,224.7	2,015.8	1,596.7	1,384.1	1,221.9	879.4	720.2	612.8	618.3	661.4
Foreign securities	218.2	97.8	38.2	—	—	—	—	—	—	—
	2,442.9	2,113.6	1,634.9	1,384.1	1,221.9	879.4	720.2	612.8	618.3	661.4
Real estate investments	221.8	269.1	263.3	187.4	55.0	31.0	25.1	25.4	25.4	25.4
Total variable income securities	2,664.7	2,382.7	1,898.2	1,571.5	1,276.9	910.4	745.3	638.2	643.7	686.8
Total long-term investments	12,973.0	12,235.0	10,909.7	9,789.4	8,850.1	7,812.7	6,454.3	5,114.7	4,439.0	4,012.4
Short-term investments	1,034.9	425.8	667.6	791.8	374.9	189.2	316.8	635.7	313.9	207.1
Total investments of the General Fund	14,007.9	12,660.8	11,577.3	10,581.2	9,225.0	8,001.9	6,771.1	5,750.4	4,752.9	4,219.5
Unit market value (in dollars)¹	845	839	835	800	674	784	812	849	851	839

Certain 1984 figures have been reclassified to conform with the 1985 presentation.

¹ For purposes of this presentation, total investments of the General Fund were reduced by the amount of demand deposits of the Individual Funds.

INVESTMENTS OF THE INDIVIDUAL FUNDS – TEN-YEAR REVIEW
as at December 31
(at book value – in millions of dollars)

INVESTMENTS	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976
Bonds										
Gouvernement du Québec	1,775.9	1,782.9	1,538.9	1,270.3	1,054.2	848.2	646.5	491.6	358.8	210.2
Government of Canada	514.5	403.8	344.4	234.7	243.6	282.1	199.4	102.0	44.2	24.9
Other governments	107.5	134.6	100.1	0.1	0.4	0.4	0.4	0.4	0.9	0.6
Guaranteed by Gouvernement du Québec	623.7	627.3	758.8	620.6	478.9	392.5	236.9	148.6	90.7	51.3
Guaranteed by other governments	11.8	12.1	30.8	6.9	2.4	0.7	0.8	0.8	1.4	0.9
Guaranteed by grants	444.7	361.2	191.2	172.5	154.6	116.7	103.7	105.8	97.9	73.2
Municipalities and school boards	281.6	288.7	340.1	328.8	330.5	299.0	264.0	237.6	221.1	155.0
Corporate	84.8	110.0	180.5	256.3	284.5	289.7	263.3	182.3	148.4	114.1
	3,844.5	3,720.6	3,484.8	2,890.2	2,549.1	2,229.3	1,715.0	1,269.1	963.4	630.2
Mortgages	779.3	687.4	695.9	680.5	652.0	533.9	464.5	336.8	226.2	146.7
Total fixed income securities	4,623.8	4,408.0	4,180.7	3,570.7	3,201.1	2,763.2	2,179.5	1,605.9	1,189.6	776.9
Shares and convertible securities										
Canadian securities	2,491.5	2,406.5	1,924.1	1,375.5	1,094.8	617.0	385.5	307.3	223.1	162.4
Foreign securities	90.5	50.3	4.6	—	—	—	—	—	—	—
	2,582.0	2,456.8	1,928.7	1,375.5	1,094.8	617.0	385.5	307.3	223.1	162.4
Real estate investments	93.7	4.1	2.7	0.2	0.3	—	—	—	—	—
Total variable income securities	2,675.7	2,460.9	1,931.4	1,375.7	1,095.1	617.0	385.5	307.3	223.1	162.4
Total long-term investments	7,299.5	6,868.9	6,112.1	4,946.4	4,296.2	3,380.2	2,565.0	1,913.2	1,412.7	939.3
Deposits and short-term investments	760.4	215.5	161.9	376.8	118.1	125.5	218.7	161.9	122.4	65.1
Total investments of the Individual Funds¹	8,059.9	7,084.4	6,274.0	5,323.2	4,414.3	3,505.7	2,783.7	2,075.1	1,535.1	1,004.4

¹ Since November 1, 1982, units in an Individual Fund have been issued at a par value of \$1,000 per unit so that the unit market value is meaningless. For purposes of this presentation, total investments of the Individual Funds are reduced, if any, by the advances of the General Fund.

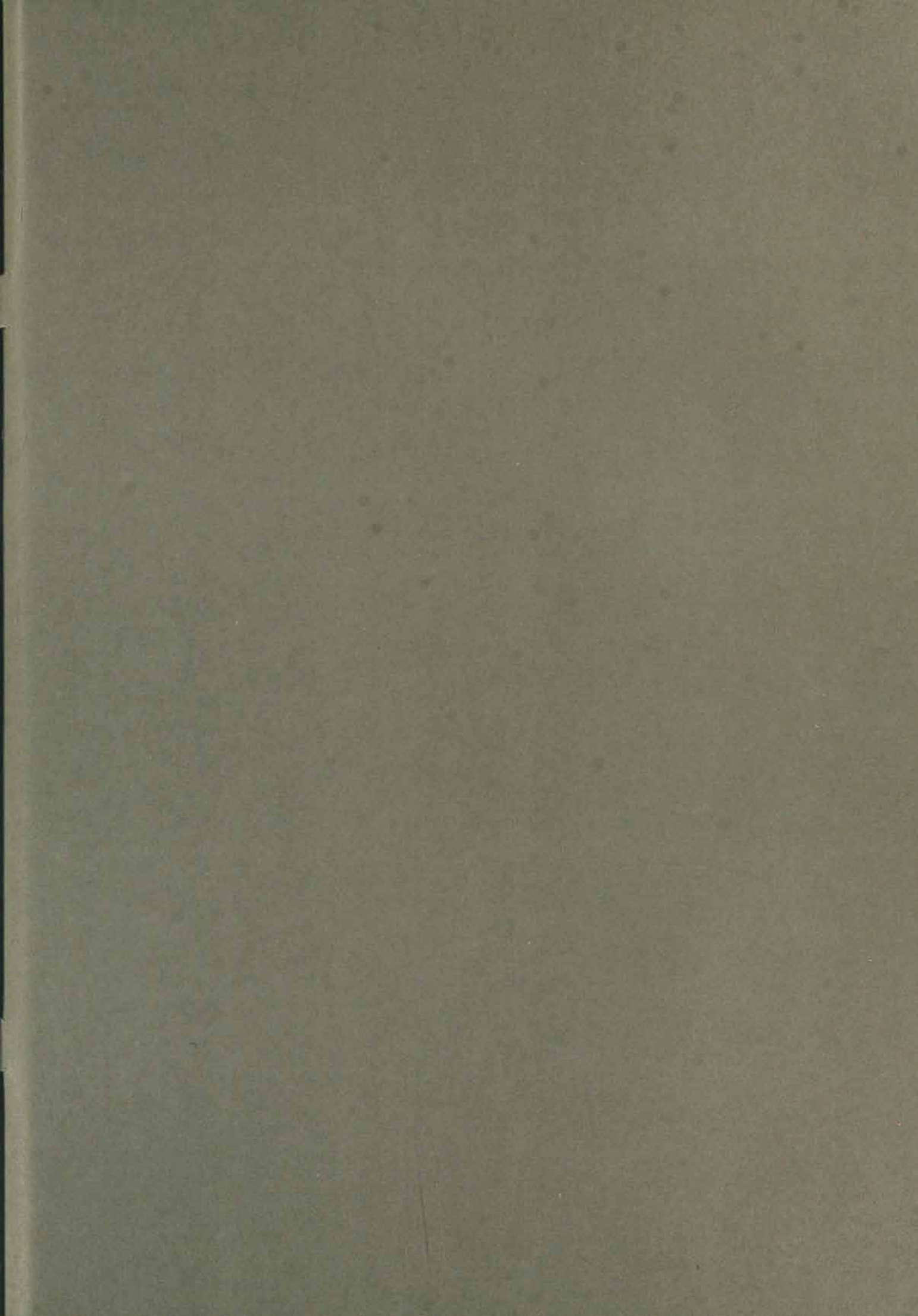
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