

Wise management to safeguard capital

This publication is available on the Internet: www.lacaisse.com

Note

All figures are expressed in Canadian dollars.

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

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

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

Highlights

	1997	1996
	(in millions of dollars)	
Net assets at fair value	63,611	57,214
Total net income	7,261	7,636
Net depositors' withdrawals	864	1,607
Increase in net assets	6,397	6,029
Total return	13.0 %	15.6 %

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

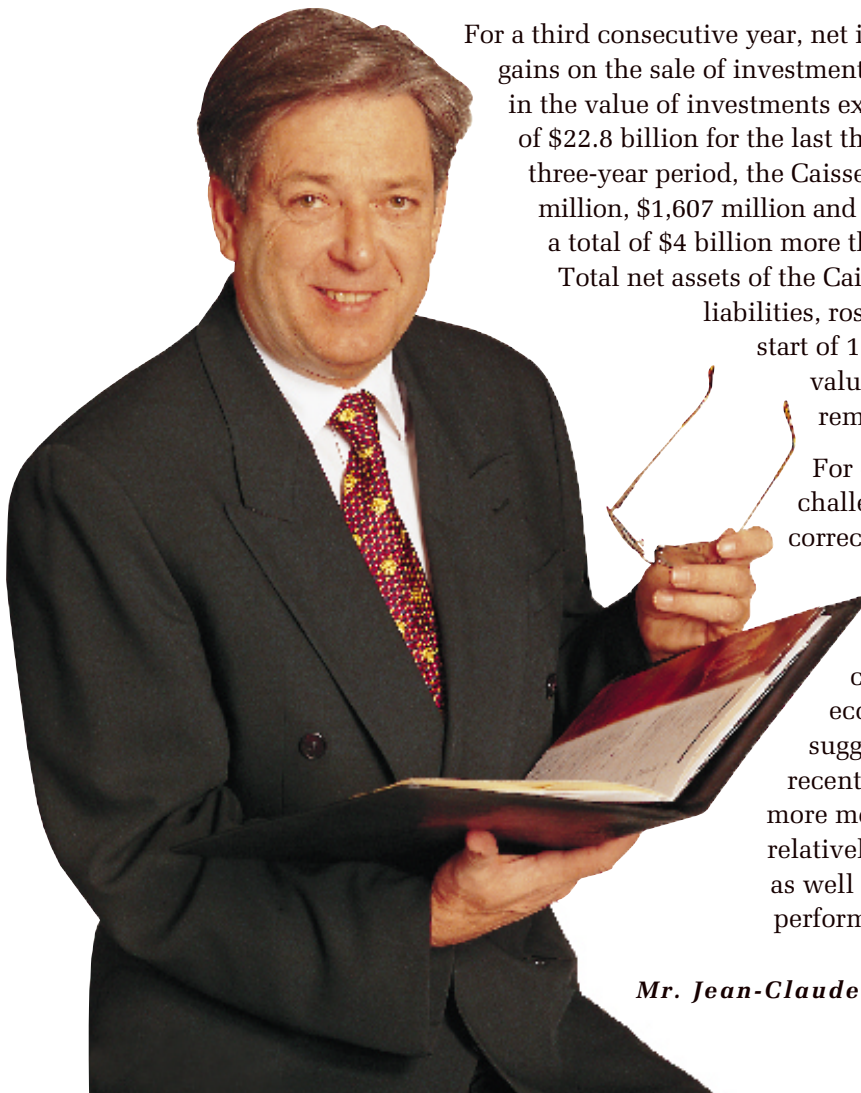
Because it is present in the world's most competitive financial markets, the Caisse had to contend with considerable volatility in 1997. Although the U.S. economy, and consequently that of Canada, experienced vigorous growth and low inflation, the Japanese economy was mired in a state of chronic weakness.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

Prudent strategies

For a third consecutive year, net income from investments, gains on the sale of investments and the unrealized increase in the value of investments exceeded \$7 billion, for a total of \$22.8 billion for the last three years. During this same three-year period, the Caisse paid its depositors \$1,617 million, \$1,607 million and \$864 million respectively, for a total of \$4 billion more than it received in deposits.

Total net assets of the Caisse, that is, total assets less liabilities, rose from \$44.9 billion at the start of 1995 to \$63.6 billion at fair value at the end of 1997, a remarkable record of growth.

For our portfolio managers, the challenge is to ride out market corrections in relative security while capitalizing on opportunities to optimize returns, and to do so, as is currently the case under economic conditions which suggest that the high returns of recent years will be succeeded by more moderate ones, considering the relatively low level of interest rates as well as the spectacular recent performance of North American



Mr. Jean-Claude Scraire

and European stock markets. The Caisse for this reason must act with a combination of prudence and boldness, keeping its focus on the big picture as a medium-term investor, and acting skillfully at the right time.

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

...for **growing** portfolios

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

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

In international equities, considering the cumulative market return, our managers were amply rewarded for their bold move to increase the share of their investments in Europe and the United States, markets which turned in very strong performances in 1997. Like most of the management portfolios in this market, the U.S. equity portfolio was a scant few decimal points below its index, but the return obtained on European markets was higher than targeted. In Japan, although a short-sighted view might have been to underweight the portfolio more markedly compared to the index, the in-house management team nonetheless succeeded in attaining a return substantially higher than that of the Tokyo index. The return on international equity investments as a whole exceeded the index weighted according to its investment mix on these markets.

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

Private investment operations also generated noteworthy results. These operations account for an increasingly large share of our portfolio and are becoming more and more important in our investment philosophy. On December 31, the Québec and

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

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

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

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

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

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

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

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

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

Jean-Claude Scraire

Achieving returns to benefit our local economy

As a manager of funds for pension and insurance plans as well as public bodies, the Caisse works for the benefit of all Québécois. Prudent in its management yet open to new opportunities for profit, backed by strong expertise, the Caisse succeeds, year after year, in optimizing financial returns while safeguarding capital under management, and contributing to the vitality of the Québec economy. To achieve this, it follows closely developments in the economies of trading partners, and takes a flexible and daring approach, investing both in the conventional manner and through innovative tactical or strategic approaches. Its specialists are always on the lookout for business opportunities and support a sound geographical diversification of investments, using a full array of investment strategies in major markets. They are rigorous yet creative in putting together private investments both in real estate and corporate financing.

Investment activities in 1997 generated income of \$7.3 billion which, after net withdrawals by depositors of \$864.4 million, increased net assets under management from \$57.2 billion in 1996 to \$63.6 billion at fair value, a new high. Each major investment category contributed significantly to asset growth, thanks to sound management and strategies which returned profits.

Activity by the Caisse in various markets can best be characterized as the pursuit of quality returns, that is outperforming the benchmarks. The importance of this financial goal, along with economic returns adding to the wealth of the community in which it is based, is the very basis of its mission. The Caisse meets this dual challenge both through its excellent performance and the efforts and imagination displayed in maximizing its economic impact on its milieu. Very active in Montréal financial and stock markets, where it carries out the bulk of its transactions, the Caisse multiplies wealth-generating initiatives by investing both in the new economy and in the growing field of mutual funds.

A strategic and tactical approach to management

To increase the value of its portfolio in global markets, which were highly volatile in 1997, the Caisse must use all means available to attain and surpass its objectives.



As part of its active asset management, the Caisse implements comprehensive strategies and tactical operations designed to minimize risk while reaching optimum portfolio returns. In addition, new sectorial portfolio management approaches have been introduced, giving managers more flexibility in allocating assets by specialized niches or by countries.

Tactical operations use derivative products, such as forward contracts and options, to take positions on the stock, bond or currency markets of the major industrialized countries. Tactical investments doubled in 1997, reaching a volume of \$50 billion. The Varan fund, managed in Montréal and linked to three other funds managed from London, Hong Kong and Rio de Janeiro by Northern Trust Global Advisers, enables managers to seize the best tactical investment opportunities worldwide.

Integration, diversification and growth on major markets

The Caisse practices integrated management of its bond, money market and currency portfolios. This approach focuses on organizing teams into responsible, autonomous and specialized units, grouped by types of issuers or fields of expertise.

This structure allows for the development of new specialties and the diversification of management styles, more dynamic exchanges between portfolios in order to optimize individual returns, better allocate and control risk and measure contribution to return.

In the area of currencies, managers have implemented a new emerging markets currency position portfolio and created innovative tools of analysis.

As of December 31, 1997 total bonds reached a value of \$32.7 billion, or 48.2% of total investments, and the specific bond portfolio posted an 11.2% return. As for short-term investments, they represented 2.3% of total investments, had a fair value of \$1.6 billion, and generated a 3.9% return.

The sectors and management styles in use in the Canadian stock market varied greatly in 1997, as did world stock markets, which displayed substantial variance in returns. A good example of such variances is the spread of nearly 50% observed between European and Asian markets.

Returns

	1997	1993-1997 (5 years)	1988-1997 (10 years)
Bonds	11.2	11.5	12.1
Canadian shares	15.5	17.0	11.3
U.S. shares	29.9	-	-
Other foreign shares ¹	11.2	10.8	8.4
Mortgages	5.7	8.8	10.7
Specific real estate investments portfolio	20.4	4.1	2.9
Short-term investments	3.9	5.7	-
Total return²	13.0	12.5	11.1

in percentage

1 Data prior to April 1994 includes U.S. shares.

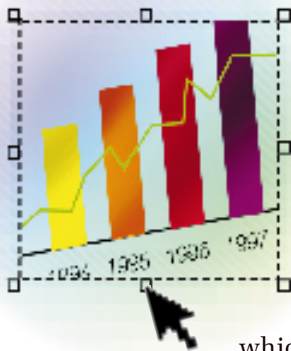
2 The total return includes results of tactical currency transactions, tactical and strategic investments, as well as cash management operations.

That is why the Caisse combines external and internal management styles in order to cap the risk, and sets for each market return objectives which maximize the overall return while providing investment teams with enough room to manoeuvre.

Upstream and downstream, on local and on foreign markets, wherever there is potential for returns, the Caisse applies its strategies and skills to bring investment projects to fruition. Its combined activities on the generally bullish Canadian, U.S. and European stock markets have contributed to generating wealth for depositors in 1997.

A constant lookout on economic developments

The risk allocation policy adopted by the Caisse is also designed to protect portfolio returns against major cyclical, economic and financial swings. Private investments in corporate financing also contributed significantly to returns.



The Canadian shares portfolio generated a 15.5% return in 1997, bringing the three-year annualized return to 19.6%. Net assets under management reached \$16.6 billion, against \$14.7 billion in 1996. On the secondary market, transaction volume was quite high, reaching a level of \$12 billion.

Caisse investments on international stock markets reached a 29.9% return on the U.S. market, while investments made on European, Asian and emerging markets generated 11.2%. This return results from significant spreads between European countries such as Italy, Switzerland and Germany, which yielded more than 40%, while the Japanese market experienced a major drop, with the index declining at -21.2%.

Breakdown of investments

Bonds	48.2	
Canadian shares	25.8	
Foreign shares	17.8	
Net real estate holdings	3.7	
Short-term investments	2.3	
Mortgages	2.2	

as at December 31, 1997
fair value - in percentage

A strong corporate presence

A major source of corporate funding, through share capital, debt securities and debentures, as well as bridge and participating loans, the private investments subsidiaries authorized investments of \$3.0 billion. The value of private investments, including sales of \$1.5 billion, investments of \$1.9 billion and gains in value, reached \$4.6 billion, compared with \$3.5 billion in 1996.

Sustained efforts were made in 1997 to offer companies an ever wider range of financial products and services in all sectors of activity.

The Accès Capital network, with a mission to make an active contribution to the development of small and medium-sized companies throughout Québec by way of investments ranging from \$50,000 to \$750,000, now comprises 11 investment companies. Five new companies began operations in 1997, in the Saguenay–Lac-Saint-Jean, Bas-Saint-Laurent, Estrie, Gaspésie–les-Îles and Québec City areas. The other areas covered by the network are: Abitibi–Témiscamingue, Central Québec, Laval–Laurentides–Lanaudière, Montérégie, Montréal and the Outaouais region.

Capital CDPQ also supports small and medium-sized companies with investments of up to \$1 million in stocks and \$2 million in loans, made either directly or through the Accès Capital companies. In 1997, it carried out 43 new financing operations totalling \$20 million. The company also authorized 26 new investments during the year and opened two new business offices, in Saint-Laurent and Anjou, to better service business people operating in the eastern and western parts of the Island of Montréal.

Capital d'Amérique CDPQ, which invests in dynamic large and medium-sized companies in various industries, made 114 new investments. Its portfolio now includes

Portefeuille du Groupe Participations Caisse

Subsidiaries	Investments	
	Number	M\$
Capital d'Amérique CDPQ		
Small capitalizations	60	162
Medium-sized businesses	58	294
Large companies	22	1,224
Debt securities	43	876
Accès Capital	8	3
Capital CDPQ	52	33
Capital International CDPQ	23	335
Sofinov, Société financière d'innovation	77	448
Capital Communications CDPQ	36	1,246
Consolidated total¹	367	4,621

as at December 31, 1997

fair value - in millions of dollars

¹ Certain investments are managed jointly by more than one subsidiary

183 investments with a value of \$2.6 billion. It also increased its small-cap portfolio significantly, from \$109 million to \$162 million. The term financing portfolio experienced strong growth, reaching almost \$1 billion by year end.

Capital Communications CDPQ invests as a partner in companies operating in the vast sector of communications. The portfolio comprises 36 investments with a value of \$1.2 billion, and new authorized investments total \$146.9 million. Activities cover all areas related to communications, from audio-visual production to wireless technology, multimedia, publishing, media and cable distribution.

Financial **know-how** for **our** milieu

Sofinov provides strategic financing to technological innovation companies of all sizes in the fields of health, biotechnology, and information and industrial technologies. The number of portfolio investments rose from 38 to 77, with a value of \$448 million. In collaboration with other investors, Sofinov also created two satellite technological development companies, T²C²/Bio and T²C²/Info.



With the goal of enhancing the structure and anticipating the needs of the financial services sector, especially in mutual funds, the Caisse also created a new subsidiary. Services financiers CDPQ has a mission to invest in financial services and the objective of increasing mutual fund assets managed in Québec by \$15 billion over the next five years.

At the end of the year, Capital International CDPQ's portfolio included 23 investments with a total fair value of \$335 million. Through the company's network of partners in Europe, the Middle East, Asia and the Americas, the Caisse supports and accompanies Québec companies in their projects abroad. Business offices have also been established in Mexico, Manila, Hanoi, Milan and Warsaw.

Real estate: partnership and diversification

The real estate market registered an excellent performance in 1997. After some difficult years, this spectacular turnaround, with the specific real estate portfolio generating over 20%, made a significant contribution to the total Caisse return. To maximize its effectiveness in this sector, the Caisse established several subsidiaries over the years, each with its own specific vocation.

Ivanhoe focuses on the area of urban shopping centres, while SITQ Immobilier specializes in office buildings, industrial parks and smaller shopping centres, mainly in outlying areas.

Cadim specializes in the residential sector, in partnerships with developers and contractors, and in short-term and less conventional investment vehicles such as real estate securities and opportunity products, while Cadev continues its mission in land management and the real estate development of certain projects. And finally, Hypothèques CDPQ, now covering a wider geographical area, remains focused on mortgage-backed loans.

In order to actively manage the Caisse portfolio, investment managers purchased real estate assets with high potential, increased portfolio liquidity through the public issue of Bentall, a Vancouver-based real estate company, and continued the geographical diversification of investments.

The year was marked by real estate acquisitions and new investments, which totalled \$1.4 billion. The combined net assets of the real estate and mortgage portfolios amounted to \$4.8 billion, or 7.5% of total Caisse net assets. The mortgage portfolio totalled \$1.5 billion, and investments made during the year reached close to \$250 million, of which over \$215 million related to new loans made in Québec.

Caisse Real Estate Group portfolio

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

*as at December 31, 1997
fair value - in millions of dollars*

1 Represents the value of the Caisse's net holdings in the company.

Qualified resources

The Caisse team is both highly diverse and highly qualified and is made up of investment professionals who rely on a strong support services team. Of its 218 employees, 132 hold university degrees, including 5 Ph.D.s and 56 Masters; in addition, 31 Certified Financial Analysts contribute their expertise. Together, these 112 women and 106 men contribute to the institution's top-quality financial operations.

Valuable expertise

In 1997, the Caisse expanded its internship programme, allowing 35 recent university graduates to acquire relevant work experience. In addition, it collaborated with brokerage firms active in Montréal to contribute to the hiring of 35 young analysts in 1997, bringing to more than 163 the number of young graduates hired since the creation of this programme.



Over the last three years, the growth experienced by the private investments portfolio has required more additional professional resources than have investments on major markets. The rapid growth in private investment subsidiaries requires parallel growth in the resources available to reach their objectives.

On an administrative level, the Caisse had two major priorities in 1997: establishing administrative and accounting service approaches adapted to investment management operations, replacing the computerized platforms in use in multi-currency investment management, and redesigning of the accounting plan and the acquisition of a new general ledger.

The year 1997 also began with the implementation of several major technological projects and systems conversion to 2000 millenium compliance.

A vision focused on excellence

The objective of the Caisse is to become one of the top fund managers in North America. In parallel, each of its specialized teams is striving to reach the front of the pack among managers in its field.

In addition to giving priority to optimizing returns through active management, the Caisse puts considerable efforts into getting the most out of the information required in order to improve returns on its investment operations.

The goal of the Caisse is not only to complete the implementation of new investment and information management approaches, it also aims to improve its operational methods. A systematic effort to improve operational quality and continued quality management guarantee superior financial returns.

With the help of sophisticated analytical tools, the Caisse is plunging into the knowledge economy, supported by a team of qualified and motivated experts concerned with the interests of its depositors. The Caisse relies on well-informed portfolio managers and seasoned private investment negotiators who, as part of a global business relations and information network, manage its investments in a rigorous, strategic and diversified manner to achieve top financial and economic returns.

A financial institution **active** in its milieu

Well aware of the quality of financial expertise available in Québec and of the efficiency of the services offered in the Montréal financial marketplace, the Caisse carries out most of its stock, bond and currency market operations in Montréal. It works with Montréal-based management companies to develop international and derivative products portfolios.

This is how the institution can attest to the fact that Montréal has the resources and features of a major financial centre, and can offer quality services to investors and corporations.

Caisse activities will continue to reflect three major institutional concerns: preserving the quality of human resources and opening doors for the next generation, supporting the growth of Québec companies and of Montréal as a financial market, and ensuring a presence in the regions and with the various communities that make up Québec society.

Every year, portfolio managers have to report to their depositors and their peers on their performance. As a public institution, the Caisse must also demonstrate effective, efficient and rigorous management to the Québec National Assembly and to the general public.

Certified returns for the benefit of our depositors

That is why every year the Caisse submits all the information required under its incorporating act. Its financial statements are presented in conformity with generally accepted accounting principles and audited by the Auditor General of Québec. In addition, reporting is done consistent with practices in fund management and financial institutions, including the 12 effectiveness dimensions outlined by the Canadian Comprehensive Auditing Foundation.

1997	1996
29,9	21,6
20,4	12,2
	12,7

The Caisse was one of the first institutions to implement the stringent international standards established by the Association for Investment Management and Research (AIMR), and to have received an external certificate of conformity to these standards. Although these standards remain optional in the industry, the Caisse chose to adopt them in order to provide a consistent method of presenting returns and to make its results much easier to understand. All in all, these practices allow for an informed evaluation of the results achieved by the Caisse and its management teams. An active presence on the Internet also helps give almost immediate access to a wide range of information about the Caisse, provided in the public interest.

Depositors

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

¹ Estimate.

² Fair value - in millions of dollars.

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

Cash flows of depositors in 1997

	Net income allocated	Deposits (withdrawals)	Increase (decrease) in funds available for investment
CARRA - RREGOP ¹	1,232.6	343.0	1,575.6
R.R.Q.	1,096.6	(1,680.2)	(583.6)
C.S.S.T.	363.8	413.8	777.6
C.C.Q.	382.1	(133.0)	249.1
SAAQ	356.2	(211.3)	144.9
CARRA - RREGOP ²	205.0	(14.0)	191.0
F.A.R.R.G.	66.4	-	66.4
Others	40.5	417.3	457.8

in millions of dollars

¹ Unionized level employees.

² Non-unionized level employees.

Financial highlights as December 31

NET ASSETS (in millions of dollars)	1997	1996
ASSETS		
Investments at fair value		
Bonds	32,670	27,088
Shares and convertible securities	29,520	26,073
Mortgages	1,497	1,567
Net real estate holdings	2,489	2,359
Short-term investments	1,618	2,094
	67,794	59,181
Accrued investment income and other assets	938	901
	68,732	60,082
LIABILITIES		
Deposits on loans of securities and commitments related to short selling of securities	4,332	2,251
Derivative financial instruments	500	304
Other liabilities	289	313
	5,121	2,868
DEPOSITORS' HOLDINGS	63,611	57,214
CHANGES IN NET ASSETS FOR THE YEAR (in millions of dollars)		
	1997	1996
INVESTMENT OPERATIONS		
Net investment income	2,757	2,819
GAINS AND LOSSES ON THE SALE OF INVESTMENTS		
Bonds	787	498
Shares and convertible securities	3,012	1,761
Other investments	(73)	(46)
	3,726	2,213
UNREALIZED INCREASE (DECREASE) IN VALUE		
Investments		
Bonds	166	550
Shares and convertible securities	536	2,242
Other investments	245	28
	947	2,820
Less:		
Liabilities		
Commitments related to short selling of securities and mortgage loans payable	27	59
Derivative financial instruments	142	157
	169	216
	778	2,604
TOTAL INVESTMENT OPERATIONS	7,261	7,636
Excess depositors' withdrawals over deposits	864	1,607
INCREASE IN NET ASSETS	6,397	6,029
NET ASSETS, BEGINNING OF YEAR	57,214	51,185
NET ASSETS, END OF YEAR	63,611	57,214

Breakdown of depositors' holdings

	1997		1996	
	Amount	%	Amount	%
Commission administrative des régimes de retraite et d'assurances - RREGOP ¹	22,781	35.8	19,828	34.6
Régie des rentes du Québec	15,838	24.9	15,660	27.4
Commission de la santé et de la sécurité du travail	6,883	10.8	5,705	10.0
Commission de la construction du Québec	6,128	9.6	5,568	9.7
Société de l'assurance automobile du Québec	6,027	9.5	5,543	9.7
Commission administrative des régimes de retraite et d'assurances - RREGOP ²	3,722	5.9	3,309	5.8
Fonds d'amortissement des régimes de retraite gouvernementaux	1,232	1.9	1,088	1.9
Other depositors	1,000	1.6	513	0.9
Total depositors' holdings	63,611	100.0	57,214	100.0

1 Unionized level employees.

2 Non-unionized level employees.

Changes in investments as part of net assets

(in percentage)

	Fair value				
	1997	1996	1995	1994	1993
Variable-income securities ¹	47.3	48.1	43.1	43.6	41.5
Fixed-income securities ²	52.7	51.9	56.9	56.4	58.5

1 Shares, convertible securities, net real estate holdings.

2 Bonds, mortgages, short-term investment, other.

Summary of investments

(in percentage)

	Cost	Fair value				
	1997	1997	1996	1995	1994	1993
Bonds	50.8	48.2	45.8	47.6	48.3	48.3
Canadian shares	21.6	25.8	26.3	27.4	29.6	28.1
Foreign shares	17.4	17.8	17.8	12.1	10.4	10.1
Mortgages	2.4	2.2	2.6	3.3	4.1	4.2
Net real estate holdings	5.2	3.7	4.0	3.6	3.6	3.3
Short-term investments	2.6	2.3	3.5	6.0	4.0	6.0

Breakdown of investments

(in millions of dollars)	1997				1996			
	Notional amount	Fair value	Cost	Effective interest rate %	Notional amount	Fair value	Cost	Effective interest rate %
Bonds								
Gouvernement du Québec	9,766	10,714	9,793	7,8	9,934	10,633	9,686	8,6
Government of Canada	8,738	9,498	9,440	5,3	5,956	6,685	6,457	6,6
Other governments	1,293	1,365	1,303	6,1	486	501	498	6,6
Government guaranteed	6,875	7,692	6,548	8,9	7,026	7,568	6,609	9,2
Corporate and other	3,157	3,277	3,232	8,3	1,633	1,675	1,727	8,9
Derivative financial instruments	2,775	124	9	-	1,758	26	-	-
		32,670	30,325	7,2		27,088	24,977	8,1
Shares and convertible securities								
Canada		17,471	12,289			15,570	10,702	
United States		3,041	2,465			2,556	2,062	
Europe		5,171	3,810			4,020	3,129	
Japan		1,795	2,109			2,167	2,282	
Other Asian countries and Oceania		580	661			755	583	
Emerging markets		1,160	1,312			958	979	
Derivative financial instruments		302	7			47	5	
		29,520	22,653			26,073	19,742	
Mortgages								
Residential	174	181	176	8,9	230	241	230	9,2
Commercial and office buildings	1,032	1,067	1,029	9,0	1,038	1,092	1,038	9,3
Industrial	239	247	239	8,4	220	234	219	9,1
Derivative financial instruments	88	2	-	-	-	-	-	-
		1,497	1,444	8,9		1,567	1,487	9,2
Net real estate holdings								
Canada		1,964	2,604			1,940	2,721	
Abroad		515	474			411	420	
Derivative financial instruments	339	10	-	-	322	8	-	-
		2,489	3,078			2,359	3,141	
Short-term investments								
Domestic securities	1,086	1,083	1,086	4,2	1,605	1,599	1,600	3,3
Foreign securities	358	418	429	9,8	451	451	446	5,8
Derivative financial instruments	14,402	117	63	-	2,947	44	29	-
		1,618	1,578	5,6		2,094	2,075	3,8
TOTAL INVESTMENTS		67,794	59,078			59,181	51,422	

Board of Directors

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



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



Jean-Claude Bachand
Counsel
Byers Casgrain



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



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



Rodrigue Biron
Corporate director
Rodrigue Biron et Associés



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



Jean-Yves Gagnon
Chairman and
Chief Executive Officer
Société de l'assurance automobile
du Québec



Clément Godbout
President
Fédération des travailleurs
et travailleuses du Québec



Gilles Godbout
Deputy Minister
Ministère des Finances du Québec



Thomas O. Hecht
Chairman Emeritus
IBEX Technologies



Gérald Larose
President
Confédération des syndicats nationaux



Jacques O'Bready
President
Commission municipale du Québec



Senior Management

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

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

Fernand Perreault
Senior Vice-President
Caisse Real Estate Group

Serge Rémillard
Senior Vice-President
Administration and Finance

Carmen Crépin
Vice-President and
Corporate Secretary

Management

Claude Bergeron
Legal Affairs

Pierre Bouvier
Research and Return

Jean-Claude Cyr
Development and Planning
and Coordinator,
Québec Economic Affairs

André Duchesne
Fixed Income and Currencies

Philippe Gabelier
Public Affairs and Corporate
Relations and Coordinator,
Institutional Affairs

François Grenier
Sectorial Management, Stock Markets

Jacques Jobin
Economics

Hubert Lapierre
Canadian Stock Markets

Mario Lavallée
Depositors' Accounts Management

Réjeanne Lizotte
Auditing

Pierre Lussier
Strategic Management of
Asset Mix

Yves Moquin
Tactical Investments

Adel Sarwat
International Stock Markets

Alain Tessier
Finance and Control

■ Member of the Audit Committee

▲ Member of the Caisse Real Estate Group Board of Directors

● Member of the Resources Committee

▼ Member of the Ethics and Corporate Governance Committee

Management

Fernand Perreault
Senior Vice-President and
Chairman of the Board of
the Group companies

André Charest
Vice-President,
Administration and Finance

Pierre Duhaime
Vice-President, Investments
Management

Geneviève B. Beaulieu
Corporate Secretary of the
Group companies

Karen Laflamme
Director,
Administration and Finance

Louise Poirier-Landry
Director,
Real Estate Portfolio
Planning and Management

Cadim

Real estate portfolio company -
residential and non-conventional
investments management

800, Square Victoria, bureau 4400
Case postale 118
Montréal (Québec) H4Z 1B7
Tel.: (514) 875-3360
Fax: (514) 875-3327
Internet:
<http://cadim.lacaisse.com>

Management

André Collin
President and Chief Operating
Officer

Pierre Desnoyers
Vice-President, Finance
and Administration

Sylvie Drouin
Vice-President, Legal Affairs

Pierre Gibeault
Vice-President, Real Estate
Operations

Ron E. Gordon
Director, Investments

Gilles Horrobin
Director, Stock Markets

Jean Laramée
Director, Acquisitions
Foreign Markets

Geneviève B. Beaulieu
Corporate Secretary

Céline Lévesque
Assistant Corporate Secretary

Board of Directors

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

André Collin
President and Chief Operating
Officer Cadim

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

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

Guy Hénault
Manager, Place Ville-Marie
Business Banking Centre
Royal Bank of Canada

Ghislaine Laberge
Consultant in real estate
financing

Alain Lapointe
Director, Centre for International
Business Studies
École des Hautes Études
Commerciales

Alain Tessier
Vice-President, Finance
and Control
Caisse de dépôt et placement
du Québec

Cadev

Management of a portfolio of
land and real estate development

413, rue Saint-Jacques, bureau 700
Montréal (Québec) H2Y 3Z4
Tel.: (514) 841-7766
Fax: (514) 841-7755
Internet:
<http://cadev.lacaisse.com>

Management

Clément Demers
Executive Vice-President

Geneviève B. Beaulieu
Corporate Secretary

Board of Directors

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

André Collin
President and Chief Operating
Officer Cadim

Richard Lasalle
President
Richard Lasalle Construction

René Tremblay
President and Chief Operating
Officer Ivanhoe

Ivanhoe

Owner and manager of
shopping centres

413, rue Saint-Jacques, bureau 700
Montréal (Québec) H2Y 3Z4
Tel.: (514) 841-7600
Fax: (514) 841-7762
E-mail: ivanhoe@ivanhoe.ca
Internet:
<http://ivanhoe.lacaisse.com>

Management

René Tremblay
President and Chief Operating
Officer

Paul S. Chehab
Vice-President, Acquisitions

Claude Dion
Vice-President,
Shopping Centres, Spain

Pierre Lalonde
Vice-President,
Partnerships Management

Gervais Levasseur
Vice-President, Finance

E. Claude Molleur
Vice-President,
Legal Affairs and Public Affairs

Gilbert Vocelle
Vice-President, Operations

Geneviève B. Beaulieu
Corporate Secretary

Suzanne Vézina
Assistant Corporate Secretary

Board of Directors

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

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

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

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

Reynald Harpin
Vice-President
Alcan Adminco

Ronald M. Kirshner
Consultant
Ivanhoe

Alain Lapointe

Director, Centre for
International Business Studies
École des Hautes Études
Commerciales

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

Jacques Marleau
Assistant Manager
Pension fund financial
management
City of Montréal

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

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

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

René Tremblay
President and Chief Operating
Officer Ivanhoe

**SITQ Immobilier
and Pen York Properties**

Management of industrial and
office buildings, and shopping
centres

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

Management

Yvon Tessier
Senior Vice-President,
Investments and
Asset Management

Jean-Louis Dubé
Senior Vice-President, Operations

Sylvain Boily
Vice-President, Shopping Centres

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

André Girard
Vice-President, Industrial
Division

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

Louiselle Paquin
Vice-President, Finance and
Information Systems

Michel Paquin
Vice-President, Offices, Montréal

Jacques Plante
Vice-President, Offices, Québec

Daniel Brisson
General Manager, Development
and construction

Geneviève B. Beaulieu
Corporate Secretary

Lisette Roy
Assistant Corporate Secretary

Board of Directors

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

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

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

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

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

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

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

Claude Legault
President and General Manager
Régie des rentes du Québec

Jacques Marleau
Assistant Manager
Pension fund financial
management
City of Montréal

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

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

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

Pen York Properties

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

Management

David Hicks
Vice-President, Operations

Lisette Roy
Assistant Corporate Secretary

Board of Directors

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

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

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

Hypothèques CDPQ

Mortgage loans and securities

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

Management

Jean C. Pinard
President and Chief
Operating Officer

Geneviève B. Beaulieu
Corporate Secretary

Madeleine Amyot
Assistant Corporate Secretary

Rock Daneau
Director, Western Québec Region

Réjean Falardeau
Director

Lucien Goulet
Director, Eastern Québec Region

Board of Directors

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

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

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

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

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

Ghislaine Laberge
Consultant in real
estate financing

Gérald Larose
President
Confédération des syndicats
nationaux

Peter Martin
President
Place Bonaventure

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

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

Management

Normand Provost
Coordinating
Vice-President

Carmen Crépin
Corporate Secretary of
Group companies

Ginette Depelteau
Assistant Corporate Secretary
of Group companies

Nathalie Cyrenne
Director, Administration and
Finance

Anatole Pouliot
Director, Business
Development

Accès Capital

Regional network of
investment companies

1-888-PME-3456

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

Management

Paul Juneau
President

Pierre-André Pomerleau
Director

Offices in Québec

Accès Capital Abitibi -
Témiscamingue

640, 3^e Avenue
Bureau 205
Val d'Or (Québec) J9P 1S5
Tel.: (819) 825-6855
Fax: (819) 825-6224
E-mail: accescap@lino.com

Pierre Ouellet
Director

Accès Capital Bas-St-Laurent

431, rue des Artisans
Bureau 103, C.P.909
Rimouski (Québec) G5L 7C9
Tel.: (418) 725-2717
Fax: (418) 723-5924
E-mail: dulem@quebecstel.com

Pierre Lemieux
Director

**Accès Capital
Centre du Québec**

1416, rue Michaud
Drummondville (Québec) J2C 7V3
Tel.: (819) 475-2975
Fax: (819) 362-3723
E-mail: acceslh@bois-francs.qc.ca

Laury Harvey
Director

Accès Capital Estrie

65, rue Belvédère Nord
Bureau 290
Sherbrooke (Québec) J1H 4A7
Tel.: (819) 822-1400
Fax: (819) 822-1232
E-mail: accescape@sympatico.ca

André Bonneau
Director

Accès Capital Gaspésie-les-Îles

27, boulevard York Est
C.P. 66
Gaspé (Québec) G0C 1R0
Tel.: (418) 368-8939
Fax: (418) 368-5321
E-mail: accesgas@globetrotter.qc.ca

Janick Boulay
Director

Accès Capital Montérégie

Place Montérégie
101, boulevard Roland-Therrien
Bureau 420
Longueuil (Québec) J4H 5B9
Tel.: (514) 670-1551
Fax: (514) 670-3553

Paul-André Locas
Director

Accès Capital Québec

1000, Route de l'Église
Bureau 690
Sainte-Foy (Québec) G1V 3V9
Tel.: (418) 650-9199
Fax: (418) 652-7916
E-mail: accescapqc@avantage.com

Gilles Desharnais
Associate Director

Serge Olivier
Associate Director

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

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

Luc Imbeault
Director

Capimont inc.

393, rue saint-Jacques Ouest
Bureau 258
Montréal (Québec) H2Y 1N9
Tel.: (514) 281-0903
Fax: (514) 281-0906

Hubert d'Amours
President

Capital CGD

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

Pierre L. Raymond
President

Investissements 3L

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

Normand Chartrand
General Manager

Capital CDPQ

Investments up to
one million dollars

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

Management

Paul Juneau
President

Carmen Crépin
Corporate Secretary

Ginette Depelteau
Assistant Corporate Secretary

Charles Cazabon
Director

Nathalie Cyrenne
Director, Administration
and Finance

Anatole Pouliot
Director, Business Development

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

Jean-Claude Scraire
Chairman of the Board

Reynald Brisson
Chartered Accountant
R. Brisson & Associés

Paul Juneau
President
Capital CDPQ

Germain Jutras
Attorney
Jutras & Associés

Emmanuel Marcotte
President
Planification financière
Marcotte & Marcotte

Pierre Parent
President and General Manager
Groupe Promexpo

Normand Provost
Coordinating Vice-President,
Caisse Private Investments Group

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

Lisette M. Therrien
President
Gestion Devenir

Capital d'Amérique CDPQ

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

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

Management

Normand Provost
President

Carmen Crépin
Corporate Secretary

Paul-Henri Couture
Vice-President

Ghislain Gauthier
Vice-President

Luc Houle
Vice-President

Lucie Rousseau
Vice-President

Ginette Depelteau
Assistant Corporate Secretary

Nathalie Cyrenne
Director, Administration
and Finance

Anatole Pouliot
Director, Business Development

Board of Directors

Jean-Claude Scraire
Chairman of the Board

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

Rodrigue Biron
Corporate director
Rodrigue Biron et Associés

Roger Chiniara
Financial Advisor

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

Thomas O. Hecht
Chairman Emeritus
IBEX Technologies

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

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

Normand Provost
President
Capital d'Amérique CDPQ

Alain Rhéaume
Chief Financial Officer and
Treasurer, Microcell
Télécommunications

John D. Thompson
Deputy Chairman of the Board
Montréal Trustco

Capital Communications CDPQ

Companies in the communications and telecommunications industries

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

Management

Pierre Bélanger
President

André De Montigny
Vice-President

Pierre Fortier
Vice-President

Carmen Crépin
Corporate Secretary

Ginette Depelteau
Assistant Corporate Secretary

Hélène Bélanger
Director

Nathalie Cyrenne
Director, Administration
and Finance

Anatole Pouliot
Director, Business Development

Board of Directors

Jean-Claude Scraire
Chairman of the Board

Pierre Bélanger
President
Capital Communications CDPQ

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

Jean-Claude Delorme
Corporate Director and
Consultant

Denis Dionne
President
Sofinov

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

Paul Major
Corporate Director

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

Gilbert Paquette
Manager, Technological Services
Télé-Université

Normand Provost
Coordinating Vice-President,
Caisse Private Investments Group

Advisor

Serge Godin
President and Chief Executive
Officer, Groupe CGI

Capital International CDPQ

Business networks, strategic
alliances

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

Management

Jean Lamothe
President

Carmen Crépin
Corporate Secretary

Ginette Depelteau
Assistant Corporate Secretary

Bruno Arsenault
Director

Suzanne Brochu
Director, Business Networks

Nathalie Cyrenne
Director, Administration
and Finance

Serge L. Desjardins
Director, Investments Funds
and Companies

Daniel Dupont
Director, Asia

Anatole Pouliot
Director, Business Development

Helen Steers
Director, Europe

Board of Directors

Jean-Claude Scraire
Chairman of the Board

Jean-Claude Bachand
Counsel
Byers Casgrain

Gretta Chambers
Chancellor
McGill University

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

Jean Lamothe
President
Capital International CDPQ

Gérald Larose
President
Confédération des syndicats
nationaux

Fernand Perreault
Senior Vice-President
Caisse Real Estate Group

Normand Provost
Coordinating Vice-President,
Caisse Private Investments Group

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

Pierre-André Roy
President
Bombardier Capital

Advisor

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

Sofinov

Companies in the
high-tech industry

1981, avenue McGill College, 7^e étage
Montréal (Québec) H3A 3C7
Tel.: (514) 847-2613
Fax: (514) 847-2628
Internet:
<http://sofinov.lacaisse.com>

Management

Denis Dionne
President

Claude Miron
Vice-President, Health
and Biotechnology

Marcel Paquette
Vice-President, Industrial
Technologies

Pierre Pharand
Vice-President, Information
Technologies

Carmen Crépin
Corporate Secretary

Ginette Depelteau
Assistant Corporate Secretary

Nathalie Cyrenne
Director, Administration
and Finance

Anatole Pouliot
Director, Business Development

Board of Directors

Jean-Claude Scraire
Chairman of the Board

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

Jacques M. Brault
Senior Vice-President
Lévesque Beaubien Geoffrion

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

Denis Dionne
President
Sofinov

Clément Godbout
President
Fédération des travailleurs
et travailleuses du Québec

Claude Lajeunesse
President and Vice-Chancellor
Ryerson Polytechnic University

Serge Martin
President
Martin International

Normand Provost
Coordinating Vice-President,
Caisse Private Investments Group

Advisors

Marc J. Jetté
President
MarkeTek

Livia Masnagheti
Partner
Raymond, Chabot, Martin, Paré

Services financiers CDPQ

Financial services companies

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

Management

Serge Rémillard
President

Carmen Crépin
Corporate Secretary

Ginette Depelteau
Assistant Corporate Secretary

Denis Auclair
Director

Nathalie Cyrenne
Director, Administration
and Finance

Diane Elsliger
Director

Board of Directors

Jean-Claude Scraire
Chairman of the Board

Nathalie Bourque
Partner
National Public Relations

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

Gilles Godbout
Deputy Minister
Ministère des Finances
du Québec

Nicole Lacombe
Portfolio Manager
Gestion de portefeuille Natcan

Claude Legault
President and General Manager
Régie des rentes du Québec

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

Nancy Orr-Gaucher
President
Le Groupe Dynamis

Élaine Phénix
Senior Vice-President,
Capital Development
Montréal Exchange

Normand Provost
Coordinating Vice-President,
Caisse Private Investments Group

Serge Rémillard
President
Services financiers CDPQ

Other business investments

Infradev International

Financing and financial
package expertise for
infrastructure projects

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

Bernard Lamarre
Chairman of the Board

Michel Branchaud
President and Chief Executive
Officer

Sodémex

Private investments in junior
exploration companies

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

Denis Landry
President

T²C² Bio/Info

Expertise to bring promising
new technologies to the market

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

Bernard Coupal
President

Bertrand Cayrol
Vice-President
T²C²/Bio

André Duquenne
Vice-President
T²C²/Info

Caisse offices abroad

Vietnam

Capital International CDPQ inc.
Daeha Business Center, Suite 509
360 Kim Ma Street
Ba Ding District
Hanoi, Vietnam
Tel.: (84 4) 831-5104
Fax: (84 4) 831-5106
E-mail: caisse@netnam.ore.vn

Mexico

Grupo Inmobiliario Caisse,
S.A. de C.V.
Lope de Vega 117, Piso 10
México, D.F. 11540 Mexico
Tel.: (525) 545-1204/1224
Fax: (525) 545-1246

Italy

Ufficio Affari Quebec Italia
Via Brisa, 5
1^o Piano
20123 Milano, Italy
Tel.: (39 2) 7200-1828
Fax: (39 2) 7200-1849
E-mail:
affari.quebec@mi.camcom.it

Sandra Bonanni
Commercial Representative

Philippines

Capital International CDPQ inc.
22/F, PCI Bank Tower II
Makati Ave. Cor. H.V. de la Costa St.
Makati, Metro Manila,
Philippines
Tel.: (63 2) 819-5776
Fax: (63 2) 815-9217
E-mail: hq@midanet.com
Internet:
<http://capintern.lacaisse.com>

Serge Lépine
Director

Poland

Capital International CDPQ inc.
Atrium Tower, Aleja Jana Pawła
II 25
00-854 Warszawa, Poland
Tel.: (48 22) 653-4500
Fax: (48 22) 653-4555
E-mail: renatam@ikp.atm.com.pl
Internet:
<http://capintern.lacaisse.com>

Renata Eva Milczarek
Managing Director

Sponsored companies

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

Centre de haute technologie
Jonquière inc. (CHTJ)

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

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

Centre d'entreprises
technologiques Montérégien
(CETM)

Centre d'incubation
technologique d'entreprises 2001

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

Centre régional d'entrepreneurship
(CRE)

Enviro-Accès

Fondation de l'Entrepreneurship
(Base)

Inno-Centre Québec inc.

Société de développement
économique de Drummondville

Tables and graphs

Breakdown of investments
Caisse returns
Financial indices
Summary of bond portfolio
Acquisitions of new bonds issued by the Gouvernement du Québec and the Québec public sector in 1997
Changes in yield on Treasury Bills in 1997
Changes in the Canadian dollar in 1997
TSE 300 - sectorial return spreads in 1997
Changes in private investments
Investments realized by the subsidiaries en 1997
Breakdown of private investments by amount
Breakdown of private investments under management by subsidiary
Caisse Real Estate Group portfolio
Sectorial distribution of Caisse Real Estate Group portfolio
Breakdown of real estate portfolio
Breakdown of real estate holdings
Geographical breakdown of the real estate portfolio
Depositors
Breakdown of depositors' holdings
Changes in depositors' holdings
Value added to depositors' funds since 1966
Caisse returns 1966-1997

Financial statements

Supplementary information
Summary financial statements for the funds
Summary financial statements for the specific portfolios

Financial statistics

Changes in depositors' holdings in 1997
Annual interest or income paid out on average deposits
Acquisitions of new bonds issued by the Gouvernement du Québec and the Québec public sector
Investments in Canadian corporate shares and bonds by sector of activity
Participation in new bond issues of the Gouvernement du Québec in 1997
Statement of bonds acquired directly from the Gouvernement du Québec or Hydro-Québec
Statement of real estate holdings
Hypothèques CDPQ - Mortgages of \$5 million and over
Statement of properties held for resale
Caisse Real Estate Group - Summaries of the specific portfolios
Investments in shares and bonds of public corporations
Investments in shares and bonds of private corporations
Administrative statistics
Administrative statistics - external management

Ten-year review

Funds entrusted by depositors
Summary of depositors' holdings
Funds' net assets
Net income allocated to depositors
Changes in investments as part of net assets
Summary of investments
Summary of foreign investments
Summary of short-term investments
Changes in private investments
Breakdown of investments in percentage
Breakdown of investments in millions of dollars


This publication is available on the Internet: www.lacaisse.com

For an additional copy, please call (514) 847-2616 (*voice mail*) or visit the *Communications* section of the Caisse's Web site.

Cette brochure est disponible en français.

For information: (514) 842-3261, ext. 3160

Legal Deposit - 1997, Bibliothèque nationale du Québec, ISBN 2-550-32907-4, ISSN 1480-7971, ISSN 1480-7939 (on line)

 Printed on recycled paper

CAISSE
DE DÉPÔT
ET PLACEMENT
DU QUÉBEC

1981, avenue McGill College, Montréal (Québec) H3A 3C7
Telephone: (514) 842-3261 Fax: (514) 847-2498 Internet: www.lacaisse.com