

FILE 804

GOVERNORS:

INVESTMENT COMMITTEE

1930 - 1933

DOCKET STARTS:

CANADIAN PACIFIC RAILWAY COMPANY

OFFICE OF THE CHAIRMAN AND PRESIDENT

MONTREAL
27th October, 1933.

PERSONAL.

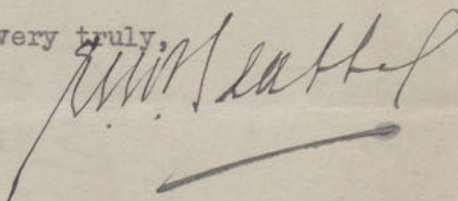
Dear Sir Arthur,-

I enclose herewith draft of letter which Mr. Eccles has prepared in the event we go on with the matter of appointing an investment manager, as discussed.

I have simply acknowledged it and told him that the subject will be taken up in the usual way. When, therefore, the present members of the Investment and Finance Committees are satisfied as to the propriety of the course of action we propose, I think a special meeting of the Board of Governors should be called.

You will note the date on which the arrangement is to become effective is left blank as well as the compensation. The latter should, I think, be \$6,000 a year.

Yours very truly,



Sir Arthur Currie, G.C.M.G.,
Principal, McGill University,
MONTREAL, Que.

J.A. Eccles, Esq.,
465 St. John Street,
MONTREAL.

Dear Sir:

is prepared to place under your care, the management and administration of its investment funds, for a period of one year from next.

It is understood that you will have full authority to alter the portfolio as it then stands, by means of sales of existing holdings and the purchase of other investments in substitution, as well as to make such new investments as may be required for the employment of any accruals or additional funds that may be available for that purpose.

It is further understood that you will communicate your activities with regard to these matters to the investment committee for its ratification at its regular meetings.

Your employment in this capacity will be subject to the following conditions and provisions:

- (a) You undertake and agree faithfully and fully to perform all the duties and functions of such employment and to use your best endeavours to promote and protect the interests of the Institution in the affairs under your supervision but, subject to these obligations, you need not devote your entire time to the duties of this appointment.
- (b) You undertake that in entering into any transactions for this Institution you do so in its name and that you will not use in that connection any firm or company in which you are financially interested, directly or indirectly.
- (c) Your compensation will be \$ _____ and you will not be entitled to receive any brokerage or commission from this Institution or from any other source on transactions in which this Institution is interested.
- (d) You undertake that you will not engage in any business which might influence your judgment in administering the affairs under your supervision.
- (e) You undertake not to engage, either alone or in association with others, in the business of a financial house of issue and you will not be a member of any purchase group, formed to purchase securities direct from the issuer thereof for the purpose of marketing such securities to the public, nor act in such capacity alone, and neither you nor any firm or

company bearing your name or in which you are financially interested, either directly or indirectly, will advertise as offering any issue of securities for sale.

If you accept this appointment, please sign, in the space provided, the copy of this letter herewith enclosed and return it to me.

Yours very truly,

The foregoing is in accordance with
my understanding and is hereby accepted.

.....

2. Auditors' Reports
3. A.F. Winn - Curator of the Lyman Ethnological Collection - Year's leave of absence with salary. Honorarium for George A. Moore of \$25. a month during this time. Money available for this from the Lyman Bequest
4. Proposed bequest to McGill University
5. Miss Bellis - School for Teachers, Macdonald College
6. Supplementary Appropriations -

a. Mechanical Engineering Dept.	\$930.
b. Faculty of Law	400.
c. Department of Physical Education	750.
7. 3456 University Street - purchase ?
8. French Summer School - Report
9. Liability Insurance
10. Brandram-Henderson Limited - Bondholders' Protective Committee
11. Emmenin - Registration of name

Finance Committee

Ross

Birks

Brown

Southern

Currie,

Pice

Investment

Beatty

McCounell,

Currie,

Smith.

AWB

DOCKET ENDS:

Investment
May 10th

Recommends
Ed Glasco
borrowed
June 20

Clarkson, McDonald, Currie & Co.
Chartered Accountants

MONTREAL

GEORGE C. McDONALD
GEORGE S. CURRIE
KENNETH G. BLACKADER
L. N. BUZZELL
J. A. DELALANNE
S. H. DOBELL
TERENCE P. JONES
H. M. S. LEWIN
D. L. ROSS
F. L. WINDSOR

QUEBEC

R. H. KENNEDY

TORONTO

G. T. CLARKSON
H. D. LOCKHART GORDON
R. J. DILWORTH

231 St. James Street West

Montreal 10th March 1932.

TELEPHONE MARQUETTE 8311

CABLE ADDRESS "CLARMAC"

Sir Arthur Currie, G.C.M.G., K.C.B., LL.D., D.C.L.,
c/o McGill University,
Montreal, Que.

Dear Sir Arthur:

I hesitate to offer any criticism of the investment account of the University, both because I am a new member of the Board and because it would seem rather presumptuous on my part to criticize when I have really had so little experience in the management of an investment account of this nature. I therefore am anxious that you should treat my remarks which follow as a personal communication offered for your criticism with the sole purpose of trying to be constructively helpful to you and the Board. If you think that any part of my recommendations or suggestions should be passed on in a formal way to the Secretary of the Board, I shall of course be very glad to do so.

I have carefully considered the very comprehensive analysis of the investments as at 31st December last, together with the comparison of the portfolio at present and as proposed. I have also had the benefit of reading the memoranda of interviews of Mr. E.D. Glassco with various financial authorities in New York, which serve to show that even amongst the highest authorities conflicting and contradictory views may be held. Frankly, I do not think that they are very helpful and the man who would substitute Auburn Automobile common for all types of railroad bonds sounds dangerous to me.

It is extraordinarily difficult to form an opinion with regard to a policy for the future, which is even satisfactory to oneself, and it is equally easy to criticize the results of a policy which others adopted in the past and which has had to face the unprecedented test of the last three years.

Clarkson, Mc Donald, Currie & Co.

Sheet No 2

Date 10/3/32

To Sir Arthur Currie, G.C.M.G.,
K.C.B., LL.D., D.C.L.

1/ In the first place, I feel that the portfolio of an endowment fund such as that of the University should be almost entirely in trustee investments, where safety of income and ultimate repayment of principal are all important, with intermediate market fluctuations of very minor concern. All my remarks which follow are subject to this general statement of policy. *yes*

2/ I do not agree with the proposed plan to purchase a large amount of short term securities, but as it was decided not to proceed with this plan, I need not comment further thereon. *yes.*

I have no comment to make relative to Canadian Government bonds. With their present high yields they are very attractive investments. Possibly there is too great a percentage of the total invested in bonds maturing in less than *easily adjusted.*

3/ *note* The list of Canadian Municipal and School bonds is a very long and well diversified one and, in my opinion, is a very satisfactory class of investment for corporations such as the University, who propose to hold the bonds to maturity, but of course there is no ready market for most of them. I believe that it would perhaps be a better policy to concentrate holdings into the issues of the largest municipalities and of the schools with the strongest guarantees. The present holdings of this class comprise some 75 issues, of which over one-third are those of small municipalities and schools. In my opinion, the holders of such issues may suffer from lack of marketability, from incomplete information, from the danger of shifting population and from the possibility of extravagant or unsound direction.

I note that the bonds of Town of Ford City are in default as to interest, and from information given to me I would suggest that bonds of other towns in what are known as the "Border Cities", such as Windsor and Essex Border Utilities, should be looked into with care. *yes*

The examination of the present holdings suggests that many of them were bought from the underwriting financial houses at the time of original issue. On principle and as a general rule, I consider that new issues should only be taken up when they are those of old and tried companies, as compared with those of new companies arising from reorganizations, amalgamations and mergers, which should not be considered until the soundness of the financing has been approved. *yes*

Clarkson, McDonald, Currie & Co.

Sheet No. 3

Date 10/3/32

To Sir Arthur Currie, G.C.M.G.,
K.C.B., LL.D., D.C.L.

The Canadian public utility group of bonds includes bonds of two fundamentally different classes:

- note*
- (A) First Mortgages.
 - (B) Collateral Trust Bonds secured by issues of subsidiary companies.

Bonds included in the first class are Duke-Price Power Company, West Kootenay Power Company and Gatin-eau Power Company 5's. An outstanding example of the Class B are Beauharnois Power Corporation 6's. An explanation of what can happen to such collateral debentures in the case of reorganization has been furnished by the history of the Canada Power & Paper debentures, which were secured by the common stock of the Laurentide Company.

note

Another comment which I wish to make on the Canadian public utility holdings of the University is that, although there is diversity as regards a large number of corporations, nevertheless in my opinion too many of these corporations are inter-related. For example, the University is shown to hold bonds of the Power Corporation of Canada. This corporation, I am informed, controls the following power companies whose bonds appear in the public utility list:

Canada Northern Power Company
East Kootenay Power Company
Manitoba Power Company
Montreal Island Power Company
Northwestern Power Company
Winnipeg Electric Company.

It also has substantial interest in the British Columbia Power Corporation and its subsidiary, Western Power of Canada. You will, therefore, note that the University's holdings of bonds of companies associated with the Power Corporation of Canada are very heavy and, in my opinion, diversity should cover ownership as well as corporate entity and location.

The list of Canadian industrials should be given very careful analysis. In my opinion, the bonds of the Canada Cement and St. Mary's Cement are good. On most of the others I have not sufficient information to give an opinion but I do not think that Eastern Dairies is the sort of bond that should be purchased by the University. As I

Clarkson, Mc Donald, Currie & Co.

Sheet No 4

Date 10/3/32

To Sir Arthur Currie, G.C.M.G.,
K.C.B., LL.D., D.C.L.

remember it, we decided at the meeting to have a careful analysis and investigation made of the investments in pulp and paper. I think this report might well cover all the investments in Canadian industrials. I note that many of the securities held are those of rather small companies. I would prefer if they were confined to the largest, strongest and best-known of our operating companies.

As to American investments, I do not feel that, with the exchange situation as it is, it would be advisable to convert Canadian funds or securities into American investments. I think, however, that a very useful purpose could be served if a careful survey was made of American investments with the idea of possibly making changes which might be of advantage.

I do not agree with the inference made that securities should be bought to "even up" on the cost of present holdings, but I feel that new investments should at any time be made strictly on their merits and without reference to what existing investments in the same security or in the same class of security may have cost.

I do not agree with the idea put forward by Mr. E.D. Glassco that this is a good time to buy preferred stocks. I feel that our experience of the past two years indicates that investments should either be in obligations secured by mortgage or in common stocks which carry all the advantages of equity ownership and none of the restrictions of preferred stock. A list of the dividends which have been passed on Sheet 19 should make anyone hesitate to invest in preferred stocks. Exceptions to this general rule, of course, can always be pointed out.

The comments referred to give as the chief recommendation for an increased investment in preferred stocks the remarkable opportunities for capital appreciation. I do not consider that this should be an aim in itself but rather that it should be the natural result of investing in securities of the highest class at a relatively favourable moment.

Realization of capital appreciation presupposes the sale of the security in question and I do not feel that the investing committee of an endowment, when choosing an investment, should contemplate the possibility of a later sale, unless, of course, capital expenditures are anticipated.

Clarkson, M^r. Donald, Currie & Co.

Sheet. N^o 5

Date 10/3/32

To Sir Arthur Currie, G.C.M.G.,
K.C.B., LL.D., D.C.L.

Preferred stocks, unless convertible or participating, lack the increased income possibilities of common stocks without having the security of bonds and should not, in my opinion, be included in a portfolio such as that under consideration, except in very exceptional cases.

As I stated at the commencement of this letter, I feel in rather an embarrassing position as a member of the Finance Committee. I particularly do not wish to do anything which might offend the Chairman and I feel that any formal communication by me to anyone on the committee, other than himself or the Secretary, might be open to criticism.

Yours sincerely,

W. Currie

GSC:R

SUPERFINE
INEN-REGO
MADE IN CANADA

MCGILL UNIVERSITY
MONTREAL

SECRETARY AND BURSAR'S OFFICE

APSG:C

November
Nineteenth
1930.

Sir Arthur Currie, G.C.M.G., K.C.B., LL.D.,
Principal,
McGill University.

Dear Sir Arthur:

With the approval of Mr. John W. Ross the investments authorized at the last meeting of the Finance Committee were varied as follows,-

<u>Instead of buying</u>	\$100,000.	Dominion of Canada (guaranteeing C.N.R.) 5s, due 1969 at 105.38
<u>We bought</u>	75,000.	of these bonds at 105, and
	25,000.	Dominion of Canada (guaranteeing Montreal Harbour) 5s, due 1969, at the same price.
<u>Instead of buying</u>	50,000.	Montreal Tramways 5s, due 1955, to yield 5.35
<u>We bought</u>	50,000.	Montreal Tramways 4-1/2s, maturing the same date to yield 5.6

These two issues of the Tramways rank pari passu.

On the following bonds I was able to get better prices, as follows,-

\$25,000.	Canada Northern Power Corporation 5s, due May 1953 at 90. instead of 93.25, to yield 5.8 instead of 5.5
25,000.	Ontario Power Service Corporation 5-1/2s due 1950 at 93. instead of 93.5, to yield 6.1 instead of 6.06 .
100,000.	Province of Ontario (guaranteeing Hydro Electric Power Commission) 4-3/4% Bonds due 1970 at 101.25 instead of 101.75 to yield 4.7 instead of 4.66 .

X
In regard to the purchase of 500 shares Dominion
Textile common stock, we picked up 250 shares at an average price of 79-1/2.

Sir Arthur Currie, G.C.M.G., K.C.B., LL.D.,

-2-

As the price of this stock was rising I consulted Mr. Ross in regard to buying the balance of these shares, and he expressed the opinion that the price was going too high to warrant this.

500 shares American Gas and Electric purchased at 85-1/2.

The other securities were purchased at the prices authorized.

Yours faithfully,

Apollonio

Secretary

It is interesting to note that an original investment of \$1,000,000 in Com. Stocks in 1913 the annual income would have been as shown under "F" while the annual income from an investment of \$1,000,000 in high grade bonds would have been as shown under "B".

Year	Market Value	Average
1913	\$2,000	\$109,990
14	70,560	
15	55,330	
16	61,930	
17	97,525	
1918	98,055	
19	98,915	
20	114,280	
21	79,930	
22	63,295	
1923	85,480	
24	99,840	
25	147,540	
26	164,945	
27	159,235	
1928	171,950	
29	221,715	
30	173,680	
31	121,390	
32	62,205	
Average	\$1,219,700	\$109,990
"F"		
"B"		
1913	\$1,000,000	\$16,400
14	1,000,000	16,400
15	1,000,000	16,400
16	1,000,000	16,400
17	1,000,000	16,400
1918	1,000,000	16,400
19	1,000,000	16,400
20	1,000,000	16,400
21	1,000,000	16,400
22	1,000,000	16,400
1923	1,000,000	16,400
24	1,000,000	16,400
25	1,000,000	16,400
26	1,000,000	16,400
27	1,000,000	16,400
1928	1,000,000	16,400
29	1,000,000	16,400
30	1,000,000	16,400
31	1,000,000	16,400
32	1,000,000	16,400
Average	\$890,000	\$16,400
"F"		
"B"		

DOCKET STARTS:

With all kind wishes to yourself,

I am,

Ever yours faithfully,

Principal.

P.S. How is young Blake?

March 14, 1933.

Blake Wilson, Esq., Sr.,
F. Burns & Co.,
Vancouver, B. C.

Personal and Confidential

In June 1928 this University purchased \$25,000 Burns and Co. 5-1/2% First Mortgage Sinking Fund Bonds Series "A" maturing June 1, 1948. In our review of investments, the question has been raised by our Finance Committee as to the desirability of selling these bonds, even at the greatly depreciated price.

I confess I was one who thought such bonds should never be purchased for a University account; but others held different views, and they were purchased during the year I was away.

I know there is a price of about 15 for these bonds and I am writing to ask you to tell me confidentially, and in view of the fact that this is a University investment, whether we should dispose of them now or whether it is worth our while to hold on a little longer. Any information you can give me will be regarded as strictly confidential.

(over)



MCGILL UNIVERSITY

March 13th, 1933.

MEMORANDUM FOR THE PRINCIPAL

We hold \$25,000. Burns and Company 5-1/2% First Mortgage
S.F. Bonds Series "A" maturing June 1st, 1948.

These were purchased in June 1928 at 99, and the book
value as of May 31st, 1932 was 99.11 .

There is a nominal market of 15 for these bonds.

APB

March 24, 1933.

W.J.Blake Wilson, Esq.,
Vancouver, B. C.

My dear Mr. Wilson,

I am very much obliged to you for your letter of March 18th with reference to Burns First Mortgage Bonds. You may rest assured that the information given me will be treated as confidential.

What do you think of the budget and the greatly increased taxes we must pay? Everyone, of course, expected to have increased taxes, and a fair increase would have been received with equanimity. But I see evidence of bitter complaint on the part of the people, because they do not believe the government has made the effort to economize that it should make before burdening us with this large amount of additional taxation.

I think we have nearly twenty Cabinet ministers, for instance; whereas the United States can get along with eight. Most of these ministers are very expensive luxuries, what with their trips across the country to Europe, their private cars, et al. I should think we could very well get along with half the Cabinet ministers we now enjoy.

Last year we sent the Honourable Mr. Cahan, the Honourable Mr. Dupré, and Miss Winnifred Kydd to a Disarmament Conference. We might very well have saved the money. And judging by what some of our representatives have said since they returned, we might have chosen better representatives. Then we sent Mr. Cahan on to Paris to negotiate a trade treaty. To my mind, such a negotiator should be a business man of Ross McMaster's character, and not an old and worn-out politician.

Then we have many other luxuries in the government service that might very well be dispensed with and should be dispensed with before increased taxation is inflicted.

With all good wishes,
I am,
Ever yours faithfully,

DOCKET ENDS:

Principal, at Governor's meeting, April 19th 1933.

When legacies are left to the University to be used as endowment funds for the creation of scholarships, exhibitions or prizes, I suggest that these funds be invested only in trustee securities, and that these securities be especially earmarked for the purpose for which the legacy was bequeathed.

If these legacies are in the form of stocks or bonds other than trustee securities, I suggest that we obtain the donor's consent to change the investment in accordance with the above, letting the donor know of the investment made, and subsequently of any change in the income from that investment.

DOCKET STARTS:

*Spinney - Aufenbrugg - Shearer
Committee & its discontinuance*

Montreal, P.Q.

Fourteenth
December
1932.

General Sir Arthur Currie, G.C.M.G., K.C.B.,
Principal, McGill University,
Sherbrooke Street West,
Montreal.

Dear Sir,

In entering upon an examination of the investments held for account of McGill University, we are impressed by the fact that the statement presented to us shows an analysis of the investments as at 31st May 1932 to be as follows:-

	<u>Book Value</u>	<u>Market Value</u>	<u>Dep'n</u>	<u>% Dep'n from Book Val.</u>
<u>Canadian Bonds</u>				
Dominion Gov't, Provincial Gov't, Municipal, School and Parish Bonds	\$3,781,600	\$3,332,900	\$ 448,700	11.87
Railroad, Utility and other Corporation Bonds	6,025,500	3,568,550	2,456,950	40.81
<u>United States and Foreign Bonds</u>				
Foreign Government, Railroad, Utility and Industrial Bonds	887,050	337,200	549,850	61.98
	\$10,694,150	\$7,238,650	\$3,455,500	32.31
All Preferred and Common Stocks	3,996,100	1,575,400	2,420,700	60.57
All Investments	\$14,690,250	\$8,814,050	\$5,876,200	40.00%

In a general way, since 31st May last the prices of bonds in the trustee class have shown appreciable improvement and the percentage depreciation now of the items in this category is probably less than 10%. The opposite tendency is evident in the remainder of the portfolio, and there is a possibility that this trend has not yet been halted.

Based upon this preliminary survey, we are inclined to believe that much of the loss indicated in the foregoing table may prove irrecoverable. An attempt to recoup by speculative measures the losses which the University now faces may entail the risk of further depreciation in the portfolio, the end of which it would be difficult to foresee.

It is the opinion of this Committee that while the University should have as its ultimate goal an investment portfolio consisting of securities entirely in the trustee class, the Board of Governors will wish to make gradual progress towards the desired result by exchanging, if and as opportunities are presented, the various inferior issues now held for securities belonging to a higher category.

In carrying out this policy, we assume that the Board of Governors will not wish to make undue sacrifice of capital investment in those individual situations now heavily depreciated, in which little or nothing would be gained by immediate sale and from which it may be possible eventually to regain at least a portion of the loss of capital presently apparent.

We assume, furthermore, that where this Committee conclude that the balance of probabilities decisively favours such a course, it will be the desire of the Board of Governors that the Committee recommend the exchange of one speculative security for another speculative security, if the exchange is likely to result in some recovery of loss previously experienced.

With these considerations in mind, the Committee do not contemplate submitting any comprehensive plan of revision at the present time, but will study the situation and submit recommendations in those cases where it is felt that sales of securities now held and purchase of other securities will gradually improve the status of the portfolio as a whole. These studies will demand time and application and, in certain cases, it will be necessary to obtain information from confidential sources. We would respectfully point out that such data, together with the recommendations of the Committee to the Board of Governors, should be regarded as in the strictest confidence; otherwise, these sources of information will not long remain available.

In order to take advantage of favourable market opportunities, it will be desirable in certain cases, if the best results are to be obtained, that prompt consideration be given to the recommendations of this Committee, and that, if approved, their recommendations be rendered effective without delay. The Board of Governors have, no doubt, considered this subject and will readily appreciate the advantages to be derived from appointing a small executive body entrusted with the responsibility of arriving at decisions on their behalf.

This Committee is informed that the annual report intimated that McGill University is likely to have a substantial deficit on Income Account and that it would be found necessary for the time being to draw upon Capital. Assuming that this deficit will be met by liquidation of certain of the securities now held, it would be helpful to this Committee to be advised of the sum which the University would require to raise annually and at what intervals it would be needed.

In the course of the recommendations which may be made from time to time for the purchase or sale of securities, the Committee propose to suggest in certain cases that orders be executed through an investment or brokerage house to be named if it is felt that a better market is thereby obtainable and the Committee would be glad to know whether the Board of Governors of the University concur that such a procedure is a desirable one.

If the views outlined in the foregoing paragraphs do not wholly coincide with the intentions and wishes of the Board of Governors, the Committee would be glad to receive for their guidance an intimation of the desires of the Board regarding the duties which this Committee is intended to undertake and the methods which the Board would like the Committee to adopt.

Yours very truly,

G. Sprinney

A. H. Barkell

B. Outerbridge

Ward E. Shearer per B. Outerbridge

H. A. Craig

December 15, 1932.

Mr. E. W. Spinney,
Assistant General Manager,
Bank of Montreal,
M o n t r e a l . P. Q.

Dear Mr. Spinney,

I am today in receipt of the letter signed by the members of the Special Committee which has undertaken to review the investment account of McGill University.

A meeting of the Board of Governors has been called for next Wednesday, and I am asking that the Finance Committee meet on Monday to consider this letter.

Assuring you of my personal appreciation of the willingness of your Committee to give the University the benefit of its counsel,

I am,

Ever yours faithfully,

Principal

APSH:V

December
Twenty-ninth
1932.

G. W. Spinney Esq.,
Chairman of the Advisory Committee on Investments for McGill University,
Montreal.

Dear Mr. Spinney:

Your Committee's letter, dated the 14th instant and addressed to the Principal, was submitted to the Finance Committee of the Governors at a meeting held on the 19th instant.

To the various opinions of the Committee as expressed in this letter the Finance Committee gave general approval, but decided that the matter under revision is of such importance as to make it desirable that the Board of Governors as a whole should be given an opportunity to express its opinion thereon. The Board will also be asked to act officially in the matter of appointing the present members of your Committee, and at the same time appoint from among its members an Investment Committee to act on the suggestions of the Advisory Committee.

In the meantime, the Finance Committee would welcome further suggestions from your Committee in regard to exchanging securities along the lines you have set forth.

Yours faithfully,

Secretary

Montreal

Fourteenth
December
1932

General Sir Arthur Currie, G.C.M.G., K.C.B.,
Principal, McGill University

Dear Sir,

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Yours very truly,

E. W. Spinney

A. J. L. Haskell

B. Outerbridge

Ward E. Shearer, per B. Outerbridge

H. A. Craig.

January 5, 1953.

G. W. Spinney, Esq.,
Assistant General Manager,
The Bank of Montreal,
Montreal. P. Q.

Dear Mr. Spinney,

With reference to the memorandum handed to me this morning, I beg to inform you that the Canadian Pacific Railway Company shares have been exchanged for 6% debentures of the Canadian Pacific Railway due 1942.

We have sold the 75 Baltimore and Ohio Railway Company shares and purchased 75 Baltimore and Ohio preferred shares.

It has been represented to me that odd lots like 67 are more expensive to purchase than a round number like 75.

We have sold most of the 390 shares Norfolk and Western Railway Preferred and are buying the Dominion of Canada 5-1/2% due 1934.

We are also working off the St. Joseph Railroad Light Heat and Power Company 5's due 1937 and are picking up some Montreal Roman Catholic School 4-1/2's and some Hydro Electric Power Commission 5's due 1952.

From the above you will see that all your recommendations are being carried out as conveniently as we can.

I have told Mr. Glasco that he must in future advise you at once when your recommendations are accepted and the measure in which they are being acted upon.

With all good wishes, and with renewed thanks for your Committee's interest,

I am,
Ever yours faithfully,

Principal

G. W. Spinney, Esq.

2.

January 5, 1932

Postscript. The Committee is meeting on Friday morning to deal with the other suggestions you have submitted.

Principal.

3rd January, 1933.

Memorandum for Sir Arthur Currie

McGill University

We recommended -

On 3rd December -

Sale 8,960 C. P. R. Common shares

Purchase \$143,000. 6% Debentures of C. P.R.
due 1942

On 5th December -

Sale 75 Baltimore & Ohio Com. shares

Purchase 67 Baltimore & Ohio Pfd. shares

On 10th December -

Sale 390 shares Norfolk & Western Ry.
Pfd.

Purchase Dominion of Canada 5½%'s due 1934

On 12th December -

Sale \$100,000. St. Joseph Railway
Light, Heat & Power Company
5's, due 1937

Purchase Either Montreal R. C. School 4½%'s due 1971
Or Hydro Electric Power Commission
3½%'s, 4%'s, 5%'s due 1952.

We were informed verbally that these suggestions had been approved by the Advisory Committee of McGill University but we have received no intimation as to whether or not any part of the suggestions have as yet been carried out. A number of other suggestions have been made and forwarded to Mr. Glassco but in so far as we are aware they have not yet been submitted to the Advisory Committee.

?
Answer?
[Handwritten signature]

Head Office
Bank of Montreal
Montreal

Twenty-sixth
January
1933.

Dear Sir Arthur,

The sub-committee recently appointed to report and make recommendations upon the investment portfolio of McGill University is finding that the task is making increasing inroads upon its available time with the result that for the most part it is not possible to give the detailed attention which this important matter merits and requires unless it be during the evenings or at week-ends.

As a result, at the instance of the Executive of the Montreal Light, Heat & Power Consolidated, Mr. Shearer has been obliged to tender his resignation as a member of the sub-committee. For my own part, I find that the pressure of work of the Bank does not permit me to examine closely the recommendations made by the other members of the committee and I frankly confess that certain of the memoranda submitted have been signed by me largely because of the confidence I have in their judgment.

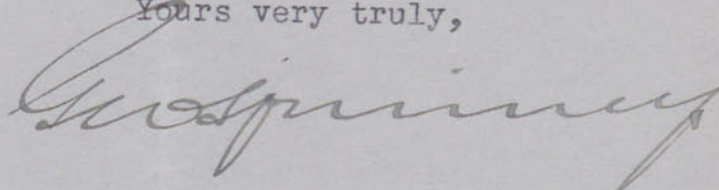
We find also that the sub-committee does not receive prompt advice of the decisions arrived at by the Finance Committee or of the extent to which effect has been given to such decisions. I am told this is due to a well-understandable shortage of clerical staff at the University.

My two months' contact with the situation leads me to the belief that it would be more satisfactory in every way if arrangements could be made to carry on the work which we have started - I hope acceptably - in the investment department of a trust company where there is staff engaged continuously in investigation work of the nature required. I believe that in the long run it will be more satisfactory to the University to have a permanent and continuing advisor in these matters and I feel that the present arrangement for the reason I have indicated in the second paragraph of this letter is not entirely fair to the Finance Committee or to myself.

Pending your decision in the matter we
will carry on as at present.

I am,

Yours very truly,

A handwritten signature in cursive script, appearing to read "G. S. Currie". The signature is written in dark ink and is positioned below the typed phrase "Yours very truly,".

General Sir Arthur Currie, G.C.M.G., K.C.B.,
Principal,
McGill University,
Montreal, Que.

January
31, 1933.

G. W. Spinney, Esq.,
Assistant General Manager,
The Bank of Montreal,
Head Office, Montreal.

Dear Mr. Spinney,

It was a great disappointment to me to learn by your letter of January 26th that the Sub-Committee who so kindly undertook to report and make recommendations upon the investment portfolio of McGill University find that the task is making too great inroads upon the valuable time of the members of that Committee.

I cannot tell you how much the Finance Committee of the Board of Governors of McGill University appreciated the help your Committee was good enough to volunteer, and I am sure our Finance Committee had no idea that the consideration necessary to be given to our investment account would take up so much time.

It was also a disappointment to me to learn that your Sub-Committee has not received sufficiently prompt advice of the decisions arrived at by our Finance Committee or of the extent to which that body gave effect to your recommendations.

There is no reason whatever for any delay, and certainly such delay cannot be due to any shortage of clerical staff at the University. I have the assurance of the Bursar of the University, Mr. A.P.S. Glassco, that any reason for complaint in this regard will be eliminated at once.

With reference to the other matter to which we alluded this morning, namely, the confidential character of your reports, it is admitted that a mistake was made by those concerned here on one occasion, and I am assured that every vigilance will be exercised in the future.

There is another matter to which I should make reference, and that is, that it never was the expectation of the Finance Committee that the services of your Advisory Committee should go unrewarded.

I am extremely grateful to have your assurance this morning that the Committee will carry on for another month, at least.

Again assuring you of the gratitude of the University authorities,

I am,

Ever yours faithfully,

Principal

MONTREAL LIGHT, HEAT & POWER CONSOLIDATED

OPERATING

THE MONTREAL LIGHT, HEAT & POWER CO. THE CEDARS RAPIDS MANUFACTURING & POWER CO. THE ROYAL ELECTRIC CO.
THE MONTREAL GAS CO. STANDARD LIGHT & POWER CO. PROVINCIAL LIGHT, HEAT & POWER CO.
THE LACHINE RAPIDS HYDRAULIC & LAND CO. ETC.

MONTREAL 3rd February 1933.

Gen. Sir Arthur Currie, G.C.M.G., K.C.B.,
Principal,

McGill University,
Montreal.

Dear Sir Arthur,

I regret having to tender my resignation
from the Advisory Committee for the Investments of McGill
University.

While I am very glad to do what I can
in order to improve the position of the investment account,
as you are probably aware it has already required a great
deal of study and time which can hardly be justified by
the reluctance of the Investment Committee to take advantage
of and act upon the recommendations made.

Yours truly,

Basil Outerbridge.

BO/POB

Investment Department.

February 8, 1933.

Basil Outerbridge, Esq.,
Investment Department,
Montreal Light, Heat & Power Consolidated,
Montreal. P. Q.

Dear Mr. Outerbridge,

With further reference to our conversation Monday and Sir Herbert's telephone message to me, I am waiting for the return of our Chancellor, Mr. Beatty, who is also Chairman of the Board of Governors. He is at present in Winnipeg, and will be back on Friday.

Yours faithfully,

Principal.

Head Office
Bank of Montreal
Montreal

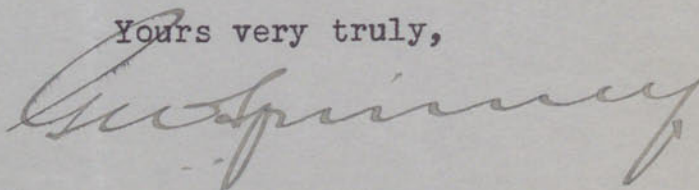
Sixth
February
1933.

Dear Sir Arthur,

With reference to your letter of 31st ultimo, I have just learned that Mr. Outerbridge, under instructions from his superiors at the Power Company, has sent in his resignation from our Committee. This I fear has brought matters to a head a little faster than you had expected. We think it undesirable that the Committee should consist alone of three officers of the Bank of Montreal and, as I am afraid I must withdraw in any case, you will doubtless agree that it would be better that the old Committee should now be regarded as inoperative.

I am,

Yours very truly,



General Sir Arthur Currie, G.C.M.G., K.C.B.,
Principal,
McGill University,
Montreal, Que.

Inter-department Correspondence



PRINCIPAL AND VICE-CHANCELLOR:
SIR ARTHUR W. CURRIE, G.C.M.G., K.C.B.

FROM
THE PRINCIPAL AND VICE-CHANCELLOR,
MCGILL UNIVERSITY,
MONTREAL.

March 28th, 1933

CONFIDENTIAL MEMO BY THE PRINCIPAL FOR THE FILES.

RE MR. SHEARER OF THE MONTREAL LIGHT HEAT
AND POWER CONS. INVESTMENT DEPT.

Mr. Outerbridge of the above Company came to see me to-day and informed me that it is the intention of the Montreal Light Heat and Power to reduce their staff in the Investment Department, inasmuch as in future they intend to confine their investments largely to government bonds.

Mr. Outerbridge will be the Assistant Treasurer of the Company and the head of the Investment Branch.

Mr. Shearer will become a free agent.

Mr. Outerbridge speaks very highly of Shearer, saying that he knows of no one with whom he would rather work or who has a better appreciation of investments.

Outerbridge and Shearer have never been employed by an issuing house. They have always worked as buyers and investigators rather than as sellers. Shearer is a graduate of the Massachusetts Institute of Technology, after which he worked for a time in the Treasurer's Department of the Bethlehem Steel Works. He and Outerbridge joined a Trust Company in New York at the same time. Outerbridge confined his attention to railway securities, and Shearer to utilities. Shearer came to Montreal and worked for a time in the Bank of Montreal, going to the Light Heat and Power for an opening which occurred there, bringing Outerbridge with him.

I asked Outerbridge what he thought Shearer would expect to receive; he said he was now getting \$6,000 a year, but owing to cuts that have taken place recently he thought we could get him in a position of this kind for \$4,000.

It is his opinion that Mr. G's training, such as it is, has been of the wrong kind, being altogether associated with an issuing house before coming here. He has gone with G. to interview heads of companies and has been impressed by the fact that G. did not know the questions to be asked in order to get the information essential. He has no respect for his judgment. Shearer is 32 years old.

DOCKET ENDS:

RE INVESTMENTS:

Extract from letter of G.C. 10/3/32:

(11) "I feel that the portfolio of an endowment fund such as that of the University SHOULD BE ALMOST ENTIRELY IN TRUSTEE INVESTMENTS, WHERE SAFETY OF INCOME AND ULTIMATE REPAYMENT OF PRINCIPAL ARE ALL IMPORTANT, WITH INTERMEDIATE MARKET FLUCTUATIONS OF VERY MINOR CONCERN. ALL MY REMARKS WHICH FOLLOW ARE SUBJECT TO THIS GENERAL STATEMENT OF POLICY." To which you wrote on the margin "Yes."

Extract from letter of Mr. G.W. Spinney, 14 Dec. 1932:

"It is the opinion of this Committee that while the University should have as its ultimate goal an investment portfolio CONSISTING OF SECURITIES ENTIRELY IN THE TRUSTEE CLASS, the Board of Governors will wish to make gradual progress towards the desired result by exchanging, if and as opportunities are presented, THE VARIOUS INFERIOR ISSUES NOW HELD FOR SECURITIES BELONGING TO A HIGHER CATEGORY."

Extract from letter of _____ October 3, 1932:

"E.G. gives as chief recommendation for an increased investment in preferred stocks the remarkable opportunities for capital appreciation. I do not consider that this should be an aim in itself, but rather that it should be the natural result of investing in securities of the highest class at a relatively favourable moment. Realization of capital appreciation presupposes the sale of the security in question and I do not feel that the investing committee of an endowment, when choosing an investment should contemplate the possibility of a later sale, unless, of course, capital expenditures are anticipated.

DOCKET STARTS:

THE ROYAL TRUST COMPANY

EXECUTORS AND TRUSTEES

MONTREAL

OFFICE OF THE
GENERAL MANAGER

Fifteenth
October,
1932.

Sir Arthur Currie, G.C.M.G., K.C.B.,
Principal, McGill University,
Montreal.

Re: Royal Institution for the Advancement of
Learning

Royal Institution for the Advancement of
Learning - Macdonald College Endowment
Fund

Royal Victoria College

Dear Sir Arthur,

For a number of years we have maintained Safe-Custody Accounts for the above, in which are deposited securities the revenues from which we collect and remit in accordance with instructions received.

We are taking this opportunity of forwarding to you a copy of our booklet, entitled, "Management Service". Under this service, we not only assume the safe-custody of the securities, but we continually watch them as we do our own investments, making recommendations from time to time regarding sales and re-investments, which commend themselves to us as we review the various holdings. We are also glad at all times, under our Management Service, to make recommendations to our clients with regard to new investments.

Should you be interested, I would be very glad to discuss the matter with you, or send an Officer of this Company to talk the matter over with you at your office and outline exactly what we can do under our Management Service and to quote fees, which, in the case of the above accounts, will be considerably lower than those quoted in the enclosed booklet.

Yours faithfully,



R. P. Jellett,
General Manager.

Encl.

November 1, 1932.

R. P. Jellett, Esq.,
General Manager,
Royal Trust Company,
Montreal. P. Q.

My dear Mr. Jellett,

Let me thank you for your
letter of October 15th. Although I do not know
that we can make use of your Management Service,
I would be very happy to have a chat with you if
you can make it convenient to see me some time
early next week.

Ever yours faithfully,

Principal

DOCKET ENDS:

McGILL UNIVERSITY
MONTREAL

SECRETARY & BURSAR'S OFFICE

APSG:C

October
Twenty-sixth
1931.

Sir Arthur Currie, G.C.M.G., K.C.B., LL.D.,
Principal,
McGill University.

Dear Sir Arthur:

I am sending you herewith a report on
the University's holdings of Common and Preferred stocks. This has
been prepared in accordance with our policy of periodically
examining these types of investments.

As I would like to submit this report to
the Finance Committee at its next meeting, I would ask you to be
kind enough to look it over.

Yours faithfully,



Secretary

Enc.

THE UNIVERSITY'S INVESTMENT ACCOUNT

On December 31st, 1931, the University's stocks and bonds had an approximate market value of \$10,600,000. These securities cost us \$14,900,000., and it is estimated that for the year closing May 31st, 1932 the income from them will be about \$715,000. On the market value this represents a yield of 6.74% and on the cost a yield of 4.79% .

The following figures show the present diversification of these securities and that which it is recommended we should adopt. It is expected that it will take some time to effect with advantage the sales and purchases involved in this proposal, but when it, or an alternative, has been agreed upon then the Finance (or Investment) Committee will be asked to meet once a week for consideration of transactions based on the plan approved.

Classification	At Present		As Proposed	
	Percentage	Amount	Percentage	Amount
<u>A. Certificates of Indebtedness maturing in</u>				
" " " 6 mo's	Nil	Nil	5%	\$ 525,000.
" " " 9 mo's	Nil	Nil	5%	525,000.
" " " 12 mo's	Nil	Nil	5%	525,000.
<u>TOTAL SHORT TERM BONDS</u>	Nil	Nil	15%	\$1,575,000.
<u>B. Federal Government Bonds - Long term</u>	6.7%	\$707,900.	17%	\$1,785,000.
Provincial Government Bonds - Long term	5.6%	587,600.	10%	1,050,000.
Municipal Government Bonds & School Bonds	21.3%	2,241,400.	10%	1,050,000.
<u>TOTAL GOVERNMENT LONG TERM BONDS</u>	33.6%	\$3,536,400.	37%	\$3,885,000.
<u>C. Canadian Railroad Bonds</u>	2.7%	\$285,200.	3%	\$ 315,000.
Canadian Public Utility Bonds	13.0%	1,378,600.	5%	525,000.
Canadian Industrial Bonds	23.4%	2,472,900.	5%	525,000.
Canadian Real Estate and Investment Bonds	2.8%	293,100.	Nil	Nil
<u>TOTAL CANADIAN CORPORATION BONDS</u>	41.9%	\$4,429,800.	13%	\$1,365,000.
<u>D. American Railroad Bonds</u>	0.4%	\$ 46,800.	Nil	Nil
American Public Utility Bonds	1.4%	150,000.	5%	\$ 525,000.
American Industrial Bonds	1.4%	153,700.	5%	525,000.
<u>TOTAL AMERICAN CORPORATION BONDS</u>	3.2%	\$ 350,500.	10%	\$1,050,000.
<u>E. Foreign Government Bonds</u>	0.9%	\$ 92,200.	Nil	Nil
Foreign Public Utility Bonds	0.8%	84,200.	Nil	Nil
<u>TOTAL FOREIGN BONDS</u>	1.7%	\$ 176,400.	Nil	Nil
<u>TOTAL BONDS</u>	80.4%	\$8,493,100.	75%	\$7,875,000.
<u>F. Canadian Public Utility Preferred Stocks</u>	0.4%	\$ 45,000.	3%	\$ 315,000.
Canadian Industrial Preferred Stocks	0.5%	57,400.	Nil	Nil
American Railroad Preferred Stocks	0.4%	46,600.	Nil	Nil
American Public Utility Preferred Stocks	1.2%	128,400.	4%	420,000.
American Industrial Preferred Stocks	0.9%	98,400.	3%	315,000.
<u>TOTAL PREFERRED STOCKS</u>	3.4%	\$ 343,800.	10%	\$1,050,000.
<u>G. Canadian Railroad Common Stocks</u>	1.1%	\$ 121,200.	1%	\$ 105,000.
Canadian Public Utility Common stocks	2.2%	229,400.	2-1/2%	262,500.
Canadian Industrial Common stocks	0.4%	46,500.	1-1/2%	157,500.
Canadian Bank & Trust Company stocks	7.2%	758,000.	5%	525,000.
American Railroad common stocks	0.5%	58,300.	Nil	Nil
American Public Utility Common stocks	3.9%	412,500.	5%	525,000.
American Industrial Common stocks	0.6%	64,300.	Nil	Nil
Foreign Public Utility Common stocks	0.3%	35,700.	Nil	Nil
<u>TOTAL COMMON STOCKS</u>	16.2%	\$1,725,900.	15%	\$1,575,000.
<u>TOTAL SECURITIES</u>	100%	\$10,562,800.	100%	\$10,500,000.

In regard to the above schedule the following comments are offered,-

- A - The introduction into the account of short term securities is proposed as a result of consultations with New York investment interests. Such action is designed to protect the account in the event of inflation or other developments which might occur. The amount proposed may seem large, but it would seem wise at this time to have more than under normal conditions.
- B and C - The proposal to increase the percentage of Government bonds and decrease that of Canadian Corporation bonds is in line with the policy of concentrating our holdings of the latter class into a comparatively few very high grade liquid securities.
- D - Our American Corporation bonds are few in number and heavily depreciated in value. It is thought that at present prices we can, with advantage, increase our percentage in this category.
- E - Foreign Government and Foreign Public Utility bonds are not attractive at present levels and since our holdings are small they might as well be sold.
- F - At the present time high grade Preferred Stocks offer remarkable opportunities for capital appreciation, combined with a good degree of safety.
- G - While our Common Stocks have not had a too encouraging experience in the past it is felt that the next five years will justify our holding them. It is essential, however, that we switch from those issues which hold little hope of early recovery to those which are of a nature to benefit greatly from any expansion of general business.

DOCKET ENDS:

DOCKET STARTS:

As suggested at the last Finance Committee meeting, held on March 3rd, 1932, the following figures are presented to show the annual maturities for the University's bond investments, -

	<u>YEAR</u>	<u>AMOUNT</u>
1) There should be a limit of bond making in any one year.	1932	\$ 26,800.
	1933	62,600.
	1934	260,400.
	1935	175,700.
	1936	169,200.
2) School issues should be concentrated on those of large centres. Have we too many of small municipalities.	1937	298,400.
	1938	173,500.
	1939	82,500.
	1940	223,900.
	1941	751,400.
	1942	388,900.
	1943	541,700.
	1944	106,000.
	1945	302,900.
3) Border cities bond,	1946	240,400.
	1947	335,700.
	1948	491,800.
	1949	817,300.
	1950	370,500.
	1951	246,100.
4) avoid issues of re-organizations amalgamations mergers until proved.	1952	379,300.
	1953	748,000.
	1954	366,400.
	1955	405,700.
	1956	152,500.
	1957	280,600.
	1958	93,500.
	1959	232,500.
5) Scan seriously bonds of utility related comes:	1960	298,000.
Power Corp	1961	688,600.
{ Canada Northern Power	1962	33,000.
{ East Kootenay Power	1963	8,000.
{ Manitoba Power	1964	9,000.
{ North Island Power	1965	53,000.
{ North Western Power	1966	150,000.
{ Winnipeg Electric	1967	Nil
	1968	175,000.
	1969	417,300.
	1970	200,000.
	1971	100,000.
	1972-1995	Nil
	1996	20,000.
6) Eastern Dairies Bond?		\$10,876,100.

The following is taken from a letter received from Messrs Nesbitt, Thomson and Company:-

WESTERN POWER CO. OF CANADA - 5s due 1949 *enough due.*
and
BRITISH COLUMBIA POWER CORP. - 5½s due 1960

WESTERN POWER COMPANY OF CANADA

The Company has two issues of securities outstanding as follows:-

5% First Mortgage Bonds due 1949	.....	\$ 4,109,900.
5½% Debentures due 1960	.....	4,000,000.

The debentures are all pledged as security for British Columbia Power Corporation 5s and 5½s and are a first floating charge on the Ruskin development. Apart from being a first floating charge on the Ruskin development, these debentures are a floating charge on the Stave Falls power development and all other assets of Western Power Company of Canada subject to the 5% First Mortgage bonds closed at \$4,746,240.

The 5% First Mortgage Bonds are secured by a first charge on the Stave Falls power development and all other real property of the Company except the Ruskin development.

BRITISH COLUMBIA POWER CORPORATION

The Corporation's funded debt is well secured by pledge of subsidiary issues which have first charge on operating properties. The following securities are pledged behind the Corporation's outstanding bonds.

\$2,000,000. Burrard Power Company, 5½% Debentures.
(first floating charge on all assets including Allouette Lake Plant).
\$4,000,000. Western Power Company of Canada, 5½% Debentures.
(first floating charge on Ruskin development and floating charge on all other assets subject to First Mortgage bonds).
\$4,000,000. Bridge River Power Company, 5½% Debentures.
(first floating charge on all assets).

also

99.95% of issued Preferred Ordinary Stock of British Columbia Electric Railway Company.
99.95% of issued Deferred Ordinary Stock of British Columbia Electric Railway Company.

INVESTMENT POSITION OF THE TWO ISSUES

In reviewing the investment merit of British Columbia Power Corporation 5½s and Western Power Company of Canada 5s, it must be pointed out that Western Power 5s have only assets represented by the Stave Falls development behind them, whereas the British Columbia Power bonds are secured by debentures having first charge on three hydro-electric power plans (The Allouette, The Ruskin and Bridge River) capable of developing over 500,000 h.p. They are also secured by stocks which give control of the British Columbia Electric Railway System to the Obligor. The bonds are additionally secured by first floating charge covering all of the Company's assets not covered by specific charge, including assets hereafter acquired.

The Corporation has covenanted that it will neither authorize nor permit the creation or issue (except to the Corporation or to a subsidiary company) of any bonds, mortgages, debentures, notes or shares of any subsidiary company (including the subsidiary companies which have issued the above mentioned Debentures) except an additional \$5,000,000. par value of 6% Preference Shares of British Columbia Electric Power and Gas Company, Limited, of which \$5,000,000. par value is presently outstanding and was sold to customers of the System. This exception is to make possible beneficial customer ownership campaigns.

Earnings of British Columbia Power were sufficient (after depreciation) to meet all fixed charges, including interest on debt and dividends on preferred stocks of subsidiaries, 2.10 times on the average during the past three years. For the year ended June 30th, 1931 earnings after all charges were equivalent to more than 4 times interest requirements on the bonds of British Columbia Power Corporation. Since interest requirements on the subsidiary bonds cannot be increased the substantial coverage of interest on the bonds of British Columbia Power during the fiscal year ended June 30th, 1931 reflects the strong earnings position of these bonds.

EDWARD BEECH BOND

It is suggested that we buy a block of the common stock of Commonwealth & Southern Corporation at \$4 per share paying 30 cents a year to yield 7.50%.

The subdivision of the Kilowatt hour quantity output and the dollar electric earnings of Commonwealth & Southern in 1931 are as follows:-

Source	K.W.H. Output		Revenue		Average Rate
	Amount	Per Cent	Amount	Per Cent	per K.W.H.
Industrial	3,067,000,000	70	\$36,000,000.	37	1.17
Commercial	880,000,000	19	33,000,000.	33	3.75
Domestic	550,000,000	11	30,000,000	30	5.35
	4,497,000,000	100	99,000,000	100	2.12

Industrial consumption in 1931 was 8.45% less than in 1930. Commercial consumption remained about the same and Domestic consumption increased by 8%. During the 12 months ended February 1930 the earnings per share were 72 cents but for the 12 months ended February 1932 earnings had declined to 37 cents a share.

The type of contract adopted by the company with its industrial customers has been responsible for a comparatively excessive drop in earnings in the depression. On the other hand, with an improvement in conditions the increase in earnings from this part of the company's business will be up correspondingly. The management states that if the company can regain half the industrial business which it has lost, earnings of \$1.00 per share can be shown.

It is estimated by officials of the company that 50 cents a share will be earned in 1932 as compared with 39 cents a share in 1931.

The company operates in Michigan, Ohio and the Southern States. Automobile production in Michigan, rubber tire production in Ohio and the generally depressed state of business in the South have conspired to lower the system's earnings by a substantially greater amount than is usual in the majority of public utilities.

The system at present is overbuilt, the non-paying excess generating capacity being as follows:-

In Michigan	.....	200,000	K.W.
In Ohio	.....	100,000	K.W.
In the South	.....	300,000	K.W.
		<u>600,000</u>	K.W.
Total			

The corporation itself has no funded debt or bank loans but holds \$40,000,000 in cash. Underlying bonds of subsidiaries are outstanding to an amount of \$428,000,000. Interest charges and preferred dividends of subsidiaries total \$38,000,000 and were covered $2\frac{3}{4}$ times in 1931. The bonds of subsidiaries are well regarded and sell on an average yield basis of between $5\frac{1}{2}$ and $5\frac{3}{4}$ %.

There are outstanding 1,500,000 shares of 6% Preferred Stock of Commonwealth and Southern Corporation, and 34,011,000 shares of common stock.

It is suggested that we sell \$50,000. Cities Service 5% Convertible Gold Debentures due June 1st 1950. Recent investigation of the company's position shows the following:-

1. The books are never audited
2. Gross revenue is derived from three sources,
 - 21% from Public Utilities
 - 21% " Natural Gas
 - 58% " Oil producing, refining and manufacturing
3. Company is not an oil company in commonly accepted sense, but is merely a gambling prospecting enterprise. Policy is to drill for oil in hopes that a gusher will blow in and then to sell it to some other oil company. Gushers are not plentiful and the market for them is now practically non-existent.
4. The only portion of gross which produces net revenue is the public utility division.
5. A comparison of the Oil division with Texas Corporation reveals the following:-

~~\$4,000,000~~ 50,000

	<u>Texas Corp.</u>	<u>Cities Service</u>
Investment in Oil Industry (Net)	\$ 324,000,000.	\$ 350,000,000.
Gross earnings therefrom	189,000,000.	75,000,000.
Net " "	18,000,000.	Nil

6. The company now has \$67,500,000. in bank loans and Henry L. Doherty, President, has personally \$40,000,000. in bank loans.
7. Total short term debt (Notes and bank loans) maturing in 1932 amount to \$108,750,000. Bankers are Chase National and Central Hanover.
8. Earnings cannot be expected to alleviate the circumstances in which Cities Service finds itself as is evidenced by the following:-

12 months ended Jan. 31st 1932.

Gross earnings of Subsidiaries	\$ 180,000,000.
Expenses of Subsidiaries	<u>142,862,000.</u>
Available for Cities Service	37,138,000.
Expenses of Cities Service	<u>2,208,000.</u>
Balance	34,930,000.
Depreciation and Depletion	* <u>15,000,000.</u>
Net Earnings	19,930,000.
Bond Interest of Cities Service	<u>12,108,000.</u>
Net Income	7,822,000.
Preferred Dividend	<u>7,361,000.</u>
Available for Common	461,000.
Common Dividend	<u>9,720,000.</u>
<u>Deficit</u>	<u>9,259,000.</u>

* In 1930 the amount written off for Depreciation and Depletion was \$24,852,000. A comparison with Texas Corp. may be interesting here:-

	<u>Texas Corp.</u>	<u>Cities Service</u>
Investment	324,000,000.	\$ 350,000,000.
Depreciation and Depletion	42,000,000.	15,000,000.

The debentures are currently quoted at about 50 Canadian funds, yielding 11.75%.

The following figures are designed to show the extent of our investment in non-dividend paying preferred and common stocks:-

<u>No. of Shares</u>		<u>Class</u>	<u>Market</u>	<u>Proceeds</u>
500	Abitibi Power and Paper	6% Pfd.	7	3,500.00
355	Dominion Coal	7% "	15	5,325.00
800	International Paper & Power	7% "	8 $\frac{1}{4}$	6,600.00
5	Lake of the Woods Milling	7% "	25	125.00
250	Massey-Harris	\$5. Conv. Pfd.	10	2,500.00
4	Nova Scotia Steel & Coal	6% Deb. Stk.	17	68.00
110	Price Bros.	6 $\frac{1}{2}$ % Pfd.	35	3,850.00
137	St. Louis Public Service	7% Pfd.	5	685.00
500	Twin City Rapid Transit	Pfd.	13 $\frac{1}{2}$	6,750.00
30	Baltimore & Ohio Rly.	Pfd.	22 $\frac{1}{4}$	667.50
500	Brown Company	6% Pfd.	10	5,000.00
5	Canadian Converters	Com.	20	100.00
6,720	Consolidated Paper Corp.	"	4	26,880.00
60	International Paper and Power	Com. "A"	2	120.00
60	" " " "	Com. "B"	$\frac{3}{4}$	45.00
150	" " " "	Com. "C"	$\frac{1}{2}$	75.00
75	Baltimore & Ohio Rly.	Com.	16 $\frac{1}{2}$	1,237.50
425	Penroad Corp.	"	2 $\frac{1}{2}$	1,062.50
65	Southern Pacific Rly.	"	26	1,690.00
1,000	American & Foreign Power	"	5	5,000.00
727	Twin City Rapid Transit	"	3	2,181.00
1,000	Anaconda Copper	"	10	10,000.00
250	Columbia Oil & Gasoline	"	1	250.00
1,000	Kennecott Copper	"	10	10,000.00
1,140	International Tel. & Tel.	"	9 $\frac{1}{2}$	10,545.00
				<u>\$104,256.50</u>

MEETING OF THE INVESTMENT COMMITTEE, MCGILL UNIVERSITY,
MARCH 31st, 1932.

AGENDA

1. C.P.R. Debenture ~~stock~~ and C.P.R. Convertible Debentures. ✓
2. Western Power of Canada 5s 1949 and B.C. Power 5-1/2s 1960 .
3. Non-dividend paying preferred and common stocks .
4. Cities Service 5% General Debentures 1960
5. Commonwealth and Southern Common stock
6. Reducing the number of the Universities securities ?

DOCKET ENDS:

October 23rd, 1933.

MEMORANDUM TO THE PRINCIPAL RE THE UNIVERSITY'S INVESTMENT ACCOUNT

In order to present intelligently a recommendation for the operation of our Investment Account it is desirable to point out the weaknesses of the present methods of handling the account together with suggested remedies.

First - In the present portfolio are included 285 securities representing 210 different governments and corporations. Present facilities make it impossible to supervise adequately such a large list. It is suggested that the number of securities should not exceed 100 at any time.

Second - The present procedure involved in the adoption or rejection of recommendations to buy or sell securities is cumbersome and in many cases avoidable losses are incurred due to our inability to get quick and decisive action by the present methods. It is suggested that two men give their undivided attention to the account and that upon the information submitted by them a third party be given authority to reach a decision.

Third - There is at present no definite policy regarding the composition of the investment account beyond the stipulation by the Investment Committee that not more than 25% of the investment fund should be placed in preferred and common stocks.

It is suggested that a specific policy be formulated with regard to the composition of the investment account. This policy should define the percentages of the various types of securities which the University may hold and should also designate a definite list of investments which it would be proper to include in the portfolio.

Fourth - At present only one man is employed in the supervision of the account which is contrary to accepted practice. It is generally held that at least two persons should carry on the work of handling a portfolio as large as that held by the University. This is necessary,-

a. On account of the amount of work to be done to keep in touch with developments as they affect securities held;

- b. For the collection of data from which new investment opportunities may be appraised;
- c. To ensure a more balanced judgment in connection with matters dealing with the general subject of investments and economic developments.

To meet any objections which may be made to the foregoing proposals the following remarks are offered:

PROPOSAL NO. 1. Owing to the number of large corporations whose securities should be suitable for investment adequate diversification can be obtained by holding a maximum of 75 of these securities.

PROPOSAL NO. 2. Adequate control of the investment account will not leave the hands of the Investment Committee by the adoption of this proposal. It should be pointed out that no additions to the approved list of securities could be made without the sanction of the Investment Committee and no change in the general composition of the investment account would be made without the Committee's approval. In addition a record of all transactions would be furnished to each member of the Committee immediately upon their completion.

PROPOSAL NO. 3. No valied objection should be raised to the creation of a definite policy. It is contemplated that frequent changes in policy may be necessary and the intention would be that the Investment Committee could be called upon at any time to consider such changes. Certainly some objective is necessary at all times.

PROPOSAL NO. 4. The added cost to the University of such a move would represent only a very small proportion of our present total expenditure and it is felt that the benefits to be derived would amply repay us.

LIST OF NON-INCOME BEARING SECURITIES HELD BY THE UNIVERSITY

GROUP "A" - Securities from which the chances are good for a re-instatement of income

<u>Par Value</u>	<u>Name of Security</u>		<u>Loss of Income</u>
\$ 52,534.00	Essex Border Utilities	5 $\frac{3}{4}$ % Due 1940-54	\$ 3,020.00
\$ 15,000.00	Ford City	6% 1941-42	900.00
\$ 25,000.00	Ford City	6% 1947-48	1,500.00
\$ 32,000.00	Windsor	6% 1933-38	1,920.00
\$ 18,000.00	Windsor	5 $\frac{1}{2}$ % 1949-51	990.00
\$100,000.00	Beauharnois Power	6% 1959	6,000.00
\$ 25,000.00	Burns & Co.	5 $\frac{1}{2}$ % 1948	1,375.00
\$250,000.00	Abitibi Power & Paper	5% 1953	12,500.00
\$370,375.00	Consolidated Paper	5 $\frac{1}{2}$ % 1961	20,300.00
\$ 50,000.00	Donnacona Paper	5 $\frac{1}{2}$ % 1948	2,750.00
\$ 50,000.00	Lake St. John Power & Paper	6 $\frac{1}{2}$ % 1947	3,250.00
\$120,000.00	Price Bros.	6% 1943	7,200.00
\$ 22,000.00	Province of Buenos Aires	6% 1961	1,320.00
\$ 25,000.00	Republic of Colombia	6% 1961	1,500.00
\$ 25,000.00	City of Rio de Janeiro	6 $\frac{1}{2}$ % 1953	1,625.00
\$ 46,000.00	City of Sao Paulo	6 $\frac{1}{2}$ % 1957	3,014.00
250 shs.	Massey-Harris Conv. \$5. Pref.		1,250.00
105 "	Baltimore & Ohio Railroad \$4. Pref.		420.00
476 "	Great Northern R'd \$5. Pref.		2,380.00
1,000 "	United Light & Power Conv. \$6. Pref.		6,000.00
400 "	Canadian Pacific Rly. Common		1,000.00
501 "	Northern Pacific R'd Common		3,507.00
2,000 "	Commonwealth & Southern Common		1,200.00

			\$ 84,921.00
			=====

GROUP "B" - Securities from which the chances are problematical for a re-instatement of income

<u>Par Value</u>	<u>Name of Security</u>		<u>Loss of Income</u>
\$ 50,000.00	Northwestern Power	6% Due 1960	\$ 3,000.00
\$ 48,500.00	Brandram-Henderson	6% 1939	2,910.00
\$ 25,000.00	Canada Biscuit	6 $\frac{1}{2}$ % 1946	1,625.00
\$150,000.00	Canada Steamship Lines	6% 1941	9,000.00
\$ 25,000.00	Dominion Woollens & Worsted	6% 1948	1,500.00
\$ 25,000.00	Dominion Square Corporation	6% 1948	1,500.00
\$ 25,000.00	Gleneagles Investment	6 $\frac{1}{2}$ % 1944	1,625.00
\$ 15,000.00	Ross Realty	6% 1933	900.00
\$ 20,000.00	St. Louis & San Francisco R'd	4% 1950	800.00
800 shs.	International Paper & Power \$7. Pref.		5,600.00
5 "	Lake of the Woods Milling \$7. Pref.		35.00
110 "	Price Bros. \$6.50 Pref.		715.00
250 "	Associated Gas & Electric \$5. Certificates		1,250.00
500 "	Brown Co. \$6. Pref.		3,000.00
43 "	Canada Starch Common		Nil
65 "	Southern Pacific R'd Common		390.00
1,000 "	American & Foreign Power Common		Nil
1,000 "	Anaconda Copper Common		7,000.00
265 "	Great Northern Iron Ore Common		729.00
1,000 "	Kennecott Copper Common		5,000.00
1,140 "	International Tel. & Tel. Common		2,280.00

			\$ 48,859.00
			=====

1350 " Beauharnois Power Com.

Nil

Report of Thomson Dean & Co. Sept. 1931.

Internationally the distribution of the McGill University preferred and common stock fund is approximately as follows:

American	Preferred	14.25%	
	Common	<u>25.10</u>	39.35%
Canadian	Preferred	5.80	
	Common	<u>51.90</u>	57.70
Foreign	Preferred	.45	
	Common	<u>2.50</u>	2.95
Total			<u>100.00%</u>

As regards the investment in American Preferred stocks the diversification as to type of enterprise is about as follows:

Railroads		14.00%
Tractions		4.70
Public Utility - Light, Heat & Power		56.60
	Food	23.30%
	Pulp and Paper	<u>1.40</u>
Total		<u>100.00%</u>

Investments in American common stocks are divided about as shown below:

Railroad		12.80%
Tractions		1.70
Public Utility - Light, Heat & Power		73.25
Industrial - Chemical	6.70%	
	Copper	4.75
	Iron ore	.65
	Oil and Gasoline	<u>.15</u>
Total		<u>100.00%</u>

Canadian preferred stocks are held on about the following basis:

Public Utility - Light, Heat & Power		37.10%
Industrial - Agricultural Machinery	6.75%	
	Food	.25
	Industrial Machinery	5.05
	Miscellaneous Mfg.	2.40
	Pulp and Paper	22.90
	Steel and Coal	4.85
	Textile	<u>20.70</u>
Total		<u>100.00%</u>

The following diversification prevails among the Canadian common stocks:

Railroads		11.60%
Public Utility - Communication	2.45%	
	Light, Heat & Power	<u>16.35</u>
Industrial - Oil and Gasoline	.85	18.80
	Pulp and Paper	.05
	Miscellaneous Mfg.	1.50
	Textile	<u>1.20</u>
Financial - Banks	41.20	3.60
	Loans and Mtge Co.	2.20
	Trust Companies	<u>22.60</u>
Total		<u>100.00%</u>

The preferred and common stocks of companies operating outside of Canada and the United States are divided about as follows:

Preferred - Communication		15.70%
Common - Communication	29.20%	
	Public Utility	<u>55.10</u>
Total		<u>100.00%</u>

In making any suggestions concerning the future policy of the University in regard to its investments in preferred and common stocks it would be well to briefly survey world conditions as a whole and to attempt to formulate a programme most likely to prove lucrative on the basis of the deductions at which we arrive.

It is very probable that other countries will follow England's lead in abandoning the gold standard and if such proves to be the case the result will be a blow to American export trade. So long as the United States continues to be governed along the present lines we do not see how she can hope to participate in any sound resumption of international trade recovery.

Canada, on the other hand, is greatly dependent on world trade conditions and if our reasoning is correct these conditions are likely to improve at a more rapid pace than is the general business tone in the United States.

For these reasons we would suggest that the University attempt, as nearly as is practical, to pursue the following general plan of investment diversification.

American - Preferred	- Railroad	5.00%	
	Public Utility	5.00	
	Industrial	5.00	15.00%
American - Common	- Public Utility	10.00	
	Industrial	5.00	15.00
Canadian - Preferred	- Public Utility	5.00	
	Industrial	5.00	10.00
Canadian - Common	- Railroad	5.00	
	Public Utility	15.00	
	Industrial	10.00	
	Financial	25.00	55.00
Foreign - Common	- Public Utility		5.00
Total			<u>100.00%</u>

AMERICAN PREFERRED STOCKS

RAILROADS:

The University holds Baltimore & Ohio, Great Northern and Norfolk & Western. The last names is in as sound a position as any railroad on this continent, while the other two cannot be considered to occupy as enviable a position.

During the past eleven years the average earnings on the \$4. non-callable adjustable preferred stock of Norfolk & Western Railway have been at the rate of over \$107 per share and it is estimated that earnings for the year 1931 will approximate \$101 per share.

According to the tentative diversification programme which we have proposed there will be a little more than \$126,000 available for purchase of American Preferred Railway stocks. We would suggest that one third of this sum (\$42,000) be assigned to Norfolk & Western \$4. non-callable adjustable preferred. Since about \$35,300 is already invested in this stock this would entail the purchase of 70 additional shares at 90 $\frac{1}{2}$, thus increasing the total investment to \$41,630.

The present investment in Baltimore & Ohio \$4. non-callable Preferred is very small and should be increased from 30 shares to 600 shares making a total investment of \$41,600.

During the past eleven years Baltimore & Ohio has earned on this stock an average of over \$31 per share. This year earnings are expected to be about \$17 per share. The stock sells on the attractive yield basis of approximately 7.70%.

It is estimated that Great Northern Railway will earn only \$2.50 per share on its preferred stock this year and it might be wise to liquidate this investment. The balance of the funds available could be used to purchase 600 shares of Union Pacific \$4. Preferred stock at \$74. During the past eleven years earnings on this class of stock have averaged about \$40 per share and it is estimated that over \$28 per share will be shown for this year. At the market price of 74 a yield of about 5.45% is obtainable.

PUBLIC UTILITY

The University now holds Twin City Rapid Transit, American Superpower, General Gas & Electric, Middlewest Utilities, St. Louis Public Service and United Light & Power.

The investment in Twin City Rapid Transit is now worth \$17,000 and it is only a question of asking oneself whether if that sum were held in cash would an investment in Twin City be attractive. We would expect an answer in the negative and it now only becomes a problem of disposal. Over a period, however, the stock could probably be sold and we would recommend such an action.

American Superpower is an investment concern and when it is considered that the University already holds and intends to hold a substantial amount of representative American Utility stocks it seems superfluous to include this stock in the portfolio.

Both General Gas & Electric and Middlewest Utilities are in an uncertain state and we would strongly recommend the sale of these two preferred stocks.

St. Louis Public Service has no future to speak of and should be sold if a market can be found.

United Light & Power is fundamentally sound and we would recommend the retention of this security. Sound diversification, however, leads us to suggest that 500 shares is all that should be held at a current market value of about \$41,500. This would leave about \$85,000 to be invested in additional preferred utility stocks. Two stocks which strongly commend themselves are American Waterworks & Electric \$6 Preferred and Public Service Corporation of New Jersey 6% Preferred.

The former company earned over \$29 per share on the \$6 Preferred stock during the year ended June 30th, 1931, as compared with about \$38 per share during the year ended June 30th, 1930. The stock is selling currently at about 90 to yield over 6.60%. We suggest that 450 shares be purchased. Public Service Corporation of New Jersey showed earnings during the year ended July 31st, 1931, equal to almost \$37 per share on the 6% Preferred Stock as compared with \$35 per share for the previous corresponding 12 months' period. Currently selling at about 114 to yield approximately 5.25% the stock appears very attractive. We suggest that a purchase of 400 shares be made.

INDUSTRIAL

In this classification the University is holding Brown Co., International Milling and Wesson Oil & Snowdrift. The first named security should be sold and the amounts invested in the other two somewhat reduced. At present 400 shares of International Milling 6% Preferred Series "A" are held and we recommend that 100 shares be sold. The investment in Wesson Oil & Snowdrift \$4. Convertible Preferred amounts to 1,000 shares and we suggest disposing of 500 shares.

As regards prospective purchases the following three stocks might be considered.

Beatrice Creamery	7% Preferred	at 107	to yield about 6.50%
Diamond Match	6% Part. Pfd.	at 26	to yield about 5.75%
J.C. Penney Company	6% Preferred	at 99	to yield about 6.00%

It is estimated that Beatrice Creamery will show earnings this year equivalent to over \$28 per share of 7% Preferred as compared with about \$32 in 1930.

Diamond Match is expected to show earnings this year equal to about \$3.25 per share of 6% Participating Preferred Stock, on which a dividend of \$1.50 per annum is now being paid. The stock has a par value of \$25. per share.

J.C. Penney Co. operates a chain of general stores and is this year expected to earn about \$49 per share of 6% Preferred stock outstanding. This compares with about \$42 per share in 1930.

The above stocks should be bought in the following amounts to comply with the diversification programme.

250 shares	Beatrice Creamery	7% Preferred.
1,000 shares	Diamond Match	6% Part. Preferred.
250 shares	J.C. Penney Co.	6% Preferred.

SECURITIES NOW HELD

<u>RAILROADS</u>	Earnings per share	
	Actual	Estim.
	1930	1931
Baltimore & Ohio (\$5)	\$7.44	\$3.30
Northern Pacific (\$5)	6.95	2.00
Northern Securities (\$9)	Not obtainable	
Pennroad Corporation	"	"
Pennsylvania R.R. (\$3)	5.28	2.30
Southern Pacific (\$6)	7.24	5.50
Union Pacific (\$10)	15.63	13.20

SUGGESTED SECURITIES

<u>PUBLIC UTILITIES</u>	Earnings per share	
	Actual	Estimated
	1930	1931
American Gas & Elec. (\$1x4% stk.)	\$4.29	\$4.00
American Tel. & Tel. (\$9)	10.44	9.25
Cons. Gas Baltimore (\$3.60)	5.42	5.15
Cons. Gas of N. Y. (\$4)	5.06	5.10
North American Co. (10% stk.)	4.05	3.70
Public Service N.J. (\$3.40)	3.96	4.05
United Gas Imp. (\$1.20)	1.54	1.45

PUBLIC UTILITIES

American Gas & Elec. (\$1x4% stk.)	4.29	4.00
Columbia Gas & Elec. (\$2)	1.76	1.45
Commonwealth & South. (40%)	.60	.47
Cons. Gas Baltimore (\$3.60)	5.42	5.15
Cons. Gas New York (\$4)	5.06	5.10
Electric Bond & Share (6% stk.)	2.33	1.75
North American Co. 10% "	4.05	3.70
Public Serv. N.J. (\$3.40)	3.96	4.05
United Corp. (\$0.75)	.78	.82

INDUSTRIAL

American Chicle (\$3)	4.43	4.50
Drug Inc. (\$4)	6.03	6.25
Hershey Choc. (\$5)	7.89	9.00
Int. Bus. Mach. (\$6 x 5% stk.)	10.89	11.25
Proctor & Gamble (\$2.40)	3.37	3.40

INDUSTRIAL

Anaconda Copper	1.09	.50
Columbia Oil & Gas	Not obtainable	
Great Nor. Iron Ore (\$2)	"	"
Kennecott Copper (\$1)	1.66	.60
Union Carbide (\$2.60)	3.12	2.25

The preceding list is intended to show the University the situation as regards possible switches and below we show the number of shares to be held together with cost, income and yield.

<u>Shares</u>	<u>Security</u>	<u>Cost</u>	<u>Income</u>	<u>Yield</u>
700	American Gas & Electric	\$4,300.	\$1,729.	5.00%
250	Am. Tel. & Tel.	36,500	2,250.	6.15
500	Cons. Gas Baltimore	37,500	1,800.	4.80
450	Cons. Gas of N.Y.	35,775.	1,800.	5.00
700	North American	37,100.	2,782.50	7.50
500	Pub. Serv. N.J.	34,500.	1,700.	4.95
1450	United Gas Imp.	36,250.	1,740.	4.80
	PUBLIC UTILITIES	\$251,925.	\$13,801.50	5.50%

<u>Shares</u>	<u>Security</u>	<u>Cost</u>	<u>Income</u>	<u>Yield</u>
600	Am. Chicle	\$22,800.	\$1,800.	7.90%
400	Drug Inc.	26,800.	1,600.	5.95
300	Hershey Choc.	25,200.	1,500.	5.95.
200	Int. Business Machines	25,800.	2,140.	8.30
500	Proctor Gamble	24,000.	1,200.	5.00
	INDUSTRIALS	\$124,600.	\$8,240.	6.60%

CANADIAN PREFERRED STOCKS

PUBLIC UTILITY

We would leave the University holdings in this group intact but would suggest the acquisition of 300 shares of Canada Northern Power 7% Preferred at 106 and 300 shares of Southern Canada Power 6% at 106. This would entail an expenditure of \$63,600 and would bring the amount invested in this type of security up to \$118,000. Income would total \$8,400 or a yield of about 7.10%.

INDUSTRIAL

With the exception of Dominion Textile 7 Preferred, we would suggest that all present holdings in this class be eliminated where possible. Our reasons for this suggestion are that all these securities possess one, several or all of the following unsatisfactory features:

1. Very narrow market.
2. Uncertain future.
3. Small amount held.
4. Yielding no income.

Under the plan for investment distribution there is \$126,000 available for purchasing securities of this class. The University's holdings of Dominion Textile already account for \$30,680 and so we have about \$95,300 with which to acquire additional Canadian Industrial Preferred stocks. We would suggest the following:

National Breweries	\$1.75 Preferred.
Canada Wire & Cable	\$4.00 Class "A"
Canadian Gen. Elec.	\$3.50 Preferred.

For the year ended December 31st 1930 National Breweries earned about \$17 per share of \$1.75 Preferred stock outstanding and while no figures are included in reports on current operations, it was officially stated on August 26th that earnings this year are satisfactory.

The class "A" stock of Canada Wire & Cable is convertible at any time into Class "B" stock on the basis of two "B" for one "A". During the year ended January 31st, 1931 earnings were equal to almost \$16 per share as against \$15.25 in the previous year.

The standing of Canadian General Electric makes any comment superfluous. Suffice it to say that in 1930 the company earned \$22. a share on its preferred stock as against \$25.68 in 1929.

The table below shows the amounts to be purchased together with the cost, income and yield.

<u>Shares</u>	<u>Security</u>	<u>Cost</u>	<u>Income</u>	<u>Yield</u>
500	Canada Wire & Cable "A"	\$30,500.	\$2,000.	6.55%
500	Can. General Elec. Pfd.	30,000.	1,750.	5.80
1,000	Nat. Breweries Pfd.	32,000.	1,750.	5.45
	TOTAL	\$92,500.	\$5,500.	5.95%

CANADIAN COMMON STOCKS

RAILROADS

The sum of \$126,000 has been assigned to this type of security and although the affairs of the Canadian Pacific Rail- are in a somewhat uncertain state at present we believe the long term outlook to be good and would recommend the retention of 7,500 shares of this stock which at present market levels makes an investment of \$127,500.

PUBLIC UTILITY

Of the five stocks in this category now held by the Uni- versity we consider Montreal Power and Shawinigan to be attract- ive. The others possess but limited opportunity for long term profit due to artificial situations and should be discarded.

We would suggest that the University concentrate its in- vestment, in this field, in Montreal Power, Shawinigan and British Columbia Power "A" as follows:

<u>Shares</u>	<u>Security</u>	<u>Cost</u>	<u>Income</u>	<u>Yield</u>
4,400	British Columbia Power "A"	\$123,200.	\$8,800.	7.15%
3,300	Montreal Power	125,400.	4,950.	3.95%
3,800	Shawinigan Water & Power	125,400.	7,600.	6.05%
	TOTAL	\$374,000.	\$21,350.	5.70%

INDUSTRIAL

With the exception of Canadian Industries and Imperial Oil we recommend the complete disposition of all stocks of this class now held.

The table below is designed to show the securities we con- sider to be most representative of Canada's basic industries. In addition to the names of the securities we have included the amounts, cost, income and yield of the stocks of which we suggest acquisition or retention.

<u>Shares</u>	<u>Security</u>	<u>Cost</u>	<u>Income</u>	<u>Yield</u>
300	Canadian Industries	\$30,000.	\$1,350.	4.50%
500	Cons. Smelters	32,500.	3,687.50	11.30
1600	Eastern Dairies	32,000.	1,600.	5.00
2800	Imperial Oil	30,800.	1,400.	4.55
3100	International Nickel	31,000.	1,240.	4.00
2800	Loblaws Groceries "B"	30,800.	2,240.	7.25
1400	McIntyre-Porcupine	30,800.	1,400.	4.55
1300	Steel Co. of Canada	31,200.	2,275.	7.30
	TOTAL	\$249,100.	\$15,192.50	6.10%

FINANCIAL

Of the seven stocks held in this division we would recom- mend retaining the following three in the amounts stated.

<u>Shares</u>	<u>Security</u>	<u>Cost</u>	<u>Income</u>	<u>Yield</u>
1100	Bank of Montreal	\$258,500.	\$15,400.	5.95%
560	Royal Bank of Canada	129,360.	7,840.	6.05
3500	Royal Trust	262,500.	12,600.	4.80
	TOTAL	\$650,360.	\$35,840.	5.50%

FOREIGN PREFERRED

We would recommend the sale of Postal Telegraph & Cable Preferred.

FOREIGN COMMON

In this category the University holds American & Foreign Power which does not pay a dividend, Brazilian Traction and International Tel. & Tel. We believe that these securities are attractive at present prices and would recommend that the University's holdings be doubled in each of the three cases.

SUMMARY OF SUGGESTED HOLDINGS

	<u>Investment</u>	<u>Income</u>	<u>Approx. Yield</u>
American Preferred			
Railroad	\$127,630.00	\$7,440.00	5.85%
Public Utility	127,600.00	8,100.00	6.35
Industrial	128,000.00	8,550.00	6.65
	<u>\$383,230.00</u>	<u>\$24,090.00</u>	<u>6.30%</u>
American Common			
Public Utility	\$251,925.00	\$13,801.50	5.50%
Industrial	124,600.00	8,240.00	6.60%
	<u>\$376,525.00</u>	<u>\$22,041.50</u>	<u>5.85%</u>
Canadian Preferred			
Public Utility	\$118,000.00	\$ 8,400.00	7.10%
Industrial	123,180.00	7,320.00	5.95
	<u>\$241,180.00</u>	<u>\$15,720.00</u>	<u>6.50%</u>
Canadian Common			
Railroad	\$127,500.00	\$ 9,375.00	7.35%
Public Utility	374,000.00	21,350.00	5.70
Industrial	249,100.00	15,192.50	6.10
Financial	650,360.00	35,840.00	5.50
	<u>\$ 1,400,960.00</u>	<u>\$81,757.50</u>	<u>5.82%</u>
Foreign Common			
Public Utility	121,000.00	8,000.00	6.60%
TOTAL -	<u>\$ 2,522,895.00</u>	<u>\$151,609.00</u>	<u>6.00%</u>

Montreal, September 18th, 1931.
Investment Department,
Thomson Dean & Company.

Table with 10 columns: No., Name, Date, Amt., Int., Div., Interest, Dividends, and Balance. Contains entries for 'AMERICAN NATIONAL BANK' and 'FIRST NATIONAL BANK'.

Table with 10 columns: No., Name, Date, Amt., Int., Div., Interest, Dividends, and Balance. Contains entries for 'MONTGOMERY WARD & CO.' and 'MONTGOMERY WARD & CO. (N.Y.)'.

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Kept of
Thomson Dean & Co
Sept. 1921

McGILL UNIVERSITY - COMMON STOCK HOLDINGS

<u>No. of shares held</u>	<u>NAME OF SECURITY</u>	<u>Class</u>	<u>Unit Cost</u>	<u>Unit Mkt.</u>	<u>Div.</u>	<u>Present Yield</u>	<u>Total Cost</u>	<u>Present Value</u>	<u>Total Income</u>	<u>Percentage App'n. or Dep'n.</u>	
75	Baltimore & Ohio Railway	Com.	\$80.00	\$35.50	\$5.00	14.90%	\$ 6,000.00	\$ 2,512.50	\$ 375.00	d 58.00%	
501	Northern Pacific Railway	Com.	98.34	26.50	5.00	18.90	49,268.34	13,276.50	2,505.00	d 73.00	
7	Northern Securities	Com.	200.00	75.00	9.00	12.00	1,400.00	525.00	63.00	d 62.50	
425	Pennroad Corporation	Com.	15.15	4.50	Nil	Nil	6,438.75	1,912.50	Nil -	d 70.50	
960	Pennsylvania Railroad	Com.	60.33	32.00	3.00	9.35	57,916.80	30,720.00	2,880.00	d 47.00	
65	Southern Pacific Railway	Com.	87.96	60.00	6.00	10.00	5,717.40	3,900.00	390.00	d 31.80	
250	Union Pacific Railroad	Com.	68.09	113.00	10.00	8.85	17,022.50	28,250.00	2,500.00	a 66.00	
<u>AMERICAN RAILROAD COMMON STOCKS</u>							<u>10.70%</u>	<u>\$ 143,763.79</u>	<u>\$ 81,096.50</u>	<u>\$ 8,713.00</u>	<u>d 43.50%</u>
70	Boston Elevated Railway	Com.	\$127.35	91.50	6.00	6.55%	\$ 8,914.50	\$ 6,405.00	\$ 420.00	d 28.15%	
727	Twin City Rapid Transit	Com.	98.50	6.00	Nil	Nil	71,609.50	4,362.00	Nil	d 94.00	
<u>AMERICAN TRACTION COMMON STOCKS</u>							<u>6.55%</u>	<u>\$ 80,524.00</u>	<u>\$ 10,767.00</u>	<u>\$ 420.00</u>	<u>d 86.75%</u>
1,220	American Gas & Electric	Com.	\$ 99.43	49.00	\$1x4%	5.04%	\$ 121,204.60	\$ 59,780.00	\$ 3,013.40	d 50.75%	
1,250	Columbia Gas & Electric	Com.	58.18	22.00	2.00	9.10	72,725.00	27,500.00	2,500.00	d 62.25	
2,000	Commonwealth & Southern	Com.	17.06	6.50	.40	6.15	34,120.00	13,000.00	800.00	d 61.80	
550	Consolidated Gas Baltimore	Com.	91.04	75.00	3.60	4.80	50,072.00	41,250.00	1,980.00	d 17.10	
1,220	Consolidated Gas of New York	Com.	95.03	79.50	4.00	5.05	115,936.60	96,990.00	4,880.00	d 16.30	
1,045	Electric Bond & Share	Com.	96.09	24.00	6%	4.50	100,414.05	25,080.00	1,128.60	d 75.00	
2,153	North American Company	Com.	103.52	53.00	10%	7.50	207,040.00	114,109.00	8,558.17	d 44.85	
1,000	Public Service of New Jersey	Com.	80.43	69.50	3.40	4.90	80,430.00	69,500.00	3,400.00	d 13.60	
1,000	United Corporation	Com.	36.90	16.50	.75	4.55	36,900.00	16,500.00	750.00	d 55.30	
<u>AMERICAN PUBLIC UTILITY COMMON STOCKS</u>							<u>5.80%</u>	<u>\$ 818,842.25</u>	<u>\$ 463,709.00</u>	<u>\$ 27,010.17</u>	<u>d 43.30%</u>
1,000	Anaconda Copper	Com.	\$ 97.48	17.50	Nil	Nil	\$ 97,480.00	\$ 17,500.00	Nil	d 82.15%	
250	Columbia Oil & Gasoline	Com.	5.00	2.50	Nil	Nil	1,250.00	625.00	Nil	d 50.00	
265	Great Northern Iron Ore Properties	Com.	4.87	16.00	2.00	12.50%	1,304.55	4,240.00	\$ 530.00	a 228.50	
1,000	Kennecott Copper	Com.	78.44	13.00	1.00	7.70	78,440.00	13,000.00	1,000.00	d 83.50	
1,000	Union Carbide & Carbon	Com.	78.41	42.50	2.60	6.10	98,710.00	42,500.00	2,600.00	d 57.00	
<u>AMERICAN INDUSTRIAL COMMON STOCKS</u>							<u>5.30%</u>	<u>\$ 277,184.55</u>	<u>\$ 77,865.00</u>	<u>\$ 4,130.00</u>	<u>d 72.00%</u>
<u>AMERICAN COMMON STOCKS</u>							<u>6.35%</u>	<u>\$ 1,320,314.59</u>	<u>\$ 633,437.50</u>	<u>\$ 40,273.17</u>	<u>d 52.00%</u>
8,960	Canadian Pacific Railway	Com.	\$ 44.60	17.00	1.25	7.35%	\$ 399,616.00	\$ 152,320.00	\$ 11,200.00	d 62.00%	
<u>CANADIAN RAILWAY COMMON STOCKS</u>							<u>7.35%</u>	<u>\$ 399,616.00</u>	<u>\$ 152,320.00</u>	<u>\$ 11,200.00</u>	<u>d 62.00%</u>
250	Bell Telephone Company	Com.	\$147.25	125.00	8.00	6.40%	\$ 36,812.50	\$ 31,250.00	\$ 2,000.00	d 15.10%	
333	Consumers Gas	Com.	124.48	182.00	10.00	5.50	41,451.84	60,606.00	3,330.00	a 46.25	
3,171	Montreal Light Heat & Power	Com.	27.48	38.00	1.50	3.95	87,139.08	120,498.00	4,756.50	a 38.20	
19	Montreal Telegraph Co.	Com.	58.80	49.00	2.88	5.90	1,117.20	931.00	54.72	d 16.65	
1,000	Shawinigan Water & Power	Com.	61.22	33.00	2.00	6.05	61,220.00	33,000.00	2,000.00	d 46.00	
<u>CANADIAN PUBLIC UTILITY COMMON STOCKS</u>							<u>4.95%</u>	<u>\$ 227,740.62</u>	<u>\$ 246,285.00</u>	<u>\$ 12,141.22</u>	<u>a 8.15%</u>
25	Canada Power & Paper	Com.	\$ 35.00	.50	Nil	Nil	\$ 875.00	12.50	Nil	d 98.50%	
43	Canada Starch	Com.	Nil	No Mkt.	Nil	Nil	Nil	Nil	Nil	Nil	
200	Canadian Industries	"A"Com.	203.50	100.00	4.50	4.50%	40,700.00	\$ 20,000.00	\$ 900.00	d 50.80	
250	Dominion Textile	Com.	79.80	63.00	5.00	7.95	19,950.00	15,700.00	1,250.00	d 21.00	
1,000	Imperial Oil	Com.	27.44	11.00	.50	4.55	27,440.00	11,000.00	500.00	d 60.00	
60	International Paper & Power	"A"Com.	20.00	3.00	Nil	Nil	1,200.00	180.00	Nil	d 85.00	
60	International Paper & Power	"B"Com.	12.00	2.50	Nil,	Nil	720.00	150.00	Nil	d 79.25	
150	International Paper & Power	"g"Com.	9.22	2.00	Nil	Nil	1,383.00	300.00	Nil	d 78.30	
<u>CANADIAN INDUSTRIAL COMMON STOCKS.</u>							<u>5.60%</u>	<u>\$ 92,268.00</u>	<u>\$ 47,342.50</u>	<u>\$ 2,650.00</u>	<u>d 48.75%</u>
1,357	Bank of Montreal	Cap.	\$221.07	235.00	14.00	5.95%	\$ 299,991.99	\$ 318,895.00	\$ 18,998.00	a 6.30%	
272	Bank of Toronto	Cap.	208.67	215.00	12.00	5.60	56,758.24	58,480.00	3,264.00	a 3.00	
44	Canadian Bank of Commerce	Cap.	208.25	196.00	13.00	6.65	9,163.00	8,624.00	572.00	d 5.90	
717	Montreal Loan & Mortgage	Cap.	36.98	40.00	3.25	8.10	26,514.66	28,680.00	2,380.25	a 8.10	
38	Montreal Trust Co.	Cap.	152.63	300.00	16.00	5.30	5,799.94	11,400.00	608.00	a 96.70	
667	Royal Bank of Canada	Cap.	260.23	231.00	14.00	6.05	173,573.41	154,077.00	9,338.00	d 11.20	
3,800	Royal Trust Company	Cap.	26.18	75.00	3.60	4.80	99,484.00	285,000.00	13,680.00	a 166.50	
<u>CANADIAN FINANCIAL COMMON STOCKS</u>							<u>5.65%</u>	<u>\$ 671,285.24</u>	<u>\$ 865,156.00</u>	<u>\$ 48,840.25</u>	<u>a 28.90%</u>
<u>CANADIAN COMMON STOCKS</u>							<u>5.70%</u>	<u>\$ 1,390,909.86</u>	<u>\$ 1,311,103.50</u>	<u>\$ 74,831.47</u>	<u>d 5.75%</u>
1,000	American & Foreign Power	Com.	88.79	19.00	Nil	Nil	\$ 88,790.00	\$ 19,000.00	Nil	d 78.70%	
2,080	Brazilian Traction	Com.	34.49	11.00	1.00	9.10%	71,739.20	22,880.00	2,080.00	d 68.00	
1,140	International Tel. & Tel.	Com.	19.14	19.50	2.00	10.25	21,819.60	22,230.00	2,280.00	a 1.90	
<u>FOREIGN PUBLIC UTILITY COMMON STOCKS</u>							<u>6.80%</u>	<u>\$ 182,348.80</u>	<u>\$ 64,110.00</u>	<u>\$ 4,360.00</u>	<u>d 64.85%</u>
<u>COMMON STOCKS</u>							<u>5.90%</u>	<u>\$ 2,893,573.25</u>	<u>\$ 2,008,651.00</u>	<u>\$ 119,464.64</u>	<u>d 44.00%</u>
<u>PREFERRED and COMMON STOCKS</u>							<u>6.25%</u>	<u>\$ 3,975,521.36</u>	<u>\$ 2,529,309.00</u>	<u>\$ 157,902.64</u>	<u>d 36.35%</u>

Montreal, September 18th, 1931.
Thomson, Dean & Co.

McGILL UNIVERSITY - PREFERRED STOCK HOLDINGS

<u>No. of shares held</u>	<u>NAME OF SECURITY</u>	<u>Class</u>	<u>Unit Cost</u>	<u>Unit Mkt.</u>	<u>Div.</u>	<u>Present Yield</u>	<u>Total Cost</u>	<u>Present Value</u>	<u>Total Income</u>	<u>Percentage App'n or Dep'n.</u>
30	Baltimore & Ohio Railway	\$4 Pfd.	\$75.00	\$52.00	\$4.00	7.70%	\$ 2,250.00	\$ 1,560.00	\$ 120.00	d 27.10%
476	Great Northern Railway	\$5 Pfd.	116.86	29.00	4.00	13.80	55,625.36	13,804.00	2,380.00	d 75.50
390	Norfolk & Western Rly	\$4 Adj. Pfd.	79.14	90.50	4.00	4.40	30,864.60	35,295.00	1,560.00	a 14.35
	<u>AMERICAN RAILWAY PREFERRED STOCKS</u>					8.01%	\$ 88,739.96	\$ 50,659.00	\$ 4,060.00	d 42.80%
500	Twin City Rapid Transit	\$7 Pfd.	\$137.00	34.00	7.00	20.60%	\$ 68,500.00	\$ 17,000.00	\$ 3,500.00	d 75.25%
	<u>AMERICAN TRACTION PREFERRED STOCKS</u>					20.60%	68,500.00	17.00	3,500.00	d 75.25%
1,000	American SuperPower	\$6 1st Pfd.	\$101.66	83.00	6.00	7.20%	\$ 101,660.00	\$ 83,000.00	\$ 6,000.00	d 18.35%
500	General Gas & Electric	\$6 Pfd.	94.98	34.00	6.00	17.65	47,490.00	17,000.00	3,000.00	d 64.25
250	Middlewest Utilities	\$6 Pfd.	107.08	75.00	6.00	8.00	26,770.00	18,750.00	1,500.00	d 30.00
137	St. Louis Public Service	"A"	100.00	15.00	Nil	Nil	13,700.00	2,055.00	Nil	d 85.00
1,000	United Light & Power	\$6 Conv. Pfd.	106.98	83.00	6.00	7.20	106,980.00	83,000.00	6,000.00	d 22.40
	<u>AMERICAN PUBLIC UTILITY PREFERRED STOCKS</u>					8.10%	\$ 296,600.00	\$203,805.00	\$16,500.00	d 31.30%
500	Brown Company	\$6 Pfd.	\$95.00	10.00	Nil	Nil	\$ 47,500.00	\$ 5,000.00	Nil	d 89.50%
400	International Milling	\$6 1st Pfd. "A"	97.50	85.00	6.00	7.05%	39,000.00	34,000.00	\$ 2,400.00	d 12.80
1,000	Wesson Oil & Snowdrift	\$4 Conv. Pfd.	60.90	50.00	4.00	8.00	60,900.00	50,000.00	4,000.00	d 17.90
	<u>AMERICAN INDUSTRIAL PREFERRED STOCKS</u>					7.20%	\$ 147,400.00	\$ 89,000.00	\$ 6,400.00	d 39.60%
	<u>AMERICAN PREFERRED STOCKS</u>					8.45%	\$ 601,239.96	\$360,464.00	\$30,460.00	d 40.00%
250	Calgary Power	\$6 Pfd.	\$97.05	88.00	6.00	6.80%	\$ 24,262.50	\$ 22,000.00	\$ 1,500.00	d 9.35%
500	Canadian Hydro-Electric	\$6 Pfd.	97.01	66.00	6.00	9.10	58,206.00	23,000.00	3,000.00	d 43.25
	<u>CANADIAN PUBLIC UTILITY PREFERRED STOCKS</u>					8.20%	\$ 82,468.50	\$ 55,000.00	\$ 4,500.00	d 33.40%
500	Abitibi Power & Paper	\$6 Pfd.	\$101.29	10.00	Nil	Nil	\$ 50,645.00	\$ 5,000.00	Nil	d 90.00%
1,050	Belgo Canadian Paper	\$7 Pfd.	104.24	5.00	Nil	Nil	109,452.00	5,250.00	Nil	d 95.25
43	Canada Starch	\$7 Pfd.	73.08	80.00	7.00	8.75%	3,142.44	3,440.00	\$ 301.00	a 9.60
1	Canadian Industries	\$7 Pfd.	100.00	110.00	7.00	6.35	100.00	110.00	7.00	a 10.00
100	Canadian Fairbanks-Morse	\$6 Pfd.	100.00	75.00	6.00	8.00	10,000.00	7,500.00	600.00	d 25.00
355	Dominion Coal	\$7 Pfd.	107.83	20.00	Nil	Nil	38,279.65	7,100.00	Nil	d 81.50
260	Dominion Textile	\$7 Pfd.	104.45	118.00	7.00	5.95	27,157.00	30,680.00	1,820.00	a 12.95
800	International Paper & Power	\$7 Pfd.	104.38	20.00	Nil	Nil	83,504.00	16,000.00	Nil	d 81.00
5	Lake of the Woods Milling	\$7 Pfd.	115.00	80.00	7.00	8.75	575.00	400.00	35.00	d 30.40
250	Massey-Harris	\$5 Pfd.	109.30	40.00	Nil	Nil	27,325.00	10,000.00	Nil	d 63.50
4	Nova Scotia Steel & Coal	\$6 Deb. Stk.	85.00	20.00	Nil	Nil	340.00	80.00	Nil	d 76.50
110	Price Brothers	\$6.50 Pfd.	100.00	70.00	6.50	9.30	11,000.00	7,700.00	715.00	d 30.90
	<u>CANADIAN INDUSTRIAL PREFERRED STOCKS</u>					3.81%	\$ 361,519.65	\$ 93,260.00	\$ 3,478.00	d 74.75%
	<u>CANADIAN PREFERRED STOCKS</u>					5.45%	\$ 443,988.15	\$148,260.00	\$ 7,978.00	d 67.15%
918	Postal Tel. & Cable	\$7 Pfd.	40.00	13.00	Nil	Nil	36,720.00	11,934.00	Nil	d 67.50%
	<u>FOREIGN PUBLIC UTILITY PREFERRED STOCKS</u>					Nil	\$ 36,720.00	\$ 11,934.00	Nil	d 67.50%
	<u>PREFERRED STOCKS</u>					7.40%	\$1,081,948.11	\$520,658.00	\$38,438.00	d 52.10%

Montreal, September 18th, 1931.
Thomson, Dean & Co.

October 23rd, 1933.

MEMORANDUM TO THE PRINCIPAL RE THE UNIVERSITY'S INVESTMENT ACCOUNT

In order to present intelligently a recommendation for the operation of our Investment Account it is desirable to point out the weaknesses of the present methods of handling the account together with suggested remedies.

First - In the present portfolio are included 265 securities representing 210 different governments and corporations. Present facilities make it impossible to supervise adequately such a large list. It is suggested that the number of securities should not exceed 100 at any time.

Second - The present procedure involved in the adoption or rejection of recommendations to buy or sell securities is cumbersome and in many cases avoidable losses are incurred due to our inability to get quick and decisive action by the present methods. It is suggested that two men give their undivided attention to the account and that upon the information submitted by them a third party be given authority to reach a decision.

Third - There is at present no definite policy regarding the composition of the investment account beyond the stipulation by the Investment Committee that not more than 25% of the investment fund should be placed in preferred and common stocks.

It is suggested that a specific policy be formulated with regard to the composition of the investment account. This policy should define the percentages of the various types of securities which the University may hold and should also designate a definite list of investments which it would be proper to include in the portfolio.

Fourth - At present only one man is employed in the supervision of the account which is contrary to accepted practice. It is generally held that at least two persons should carry on the work of handling a portfolio as large as that held by the University. This is necessary,-

a. On account of the amount of work to be done to keep in touch with developments as they affect securities held;

- b. For the collection of data from which new investment opportunities may be appraised;
- c. To ensure a more balanced judgment in connection with matters dealing with the general subject of investments and economic developments.

To meet any objections which may be made to the foregoing proposals the following remarks are offered:

PROPOSAL NO. 1. Owing to the number of large corporations whose securities should be suitable for investment adequate diversification can be obtained by holding a maximum of 75 of these securities.

PROPOSAL NO. 2. Adequate control of the investment account will not leave the hands of the Investment Committee by the adoption of this proposal. It should be pointed out that no additions to the approved list of securities could be made without the sanction of the Investment Committee and no change in the general composition of the investment account would be made without the Committee's approval. In addition a record of all transactions would be furnished to each member of the Committee immediately upon their completion.

PROPOSAL NO. 3. No valid objection should be raised to the creation of a definite policy. It is contemplated that frequent changes in policy may be necessary and the intention would be that the Investment Committee could be called upon at any time to consider such changes. Certainly some objective is necessary at all times.

PROPOSAL NO. 4. The added cost to the University of such a move would represent only a very small proportion of our present total expenditure and it is felt that the benefits to be derived would amply repay us.

October 23rd, 1933.

MEMORANDUM TO THE PRINCIPAL RE THE UNIVERSITY'S INVESTMENT ACCOUNT

In order to present intelligently a recommendation for the operation of our Investment Account it is desirable to point out the weaknesses of the present methods of handling the account together with suggested remedies.

First - In the present portfolio are included 285 securities representing 210 different governments and corporations. Present facilities make it impossible to supervise adequately such a large list. It is suggested that the number of securities should not exceed 100 at any time.

Second - The present procedure involved in the adoption or rejection of recommendations to buy or sell securities is cumbersome and in many cases avoidable losses are incurred due to our inability to get quick and decisive action by the present methods. It is suggested that two men give their undivided attention to the account and that upon the information submitted by them a third party be given authority to reach a decision.

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October 23rd, 1933.

MEMORANDUM TO THE PRINCIPAL RE THE UNIVERSITY'S INVESTMENT ACCOUNT

In order to present intelligently a recommendation for the operation of our Investment Account it is desirable to point out the weaknesses of the present methods of handling the account together with suggested remedies.

First - In the present portfolio are included 285 securities representing 210 different governments and corporations. Present facilities make it impossible to supervise adequately such a large list. It is suggested that the number of securities should not exceed 100 at any time.

Second - The present procedure involved in the adoption or rejection of recommendations to buy or sell securities is cumbersome and in many cases avoidable losses are incurred due to our inability to get quick and decisive action by the present methods. It is suggested that two men give their undivided attention to the account and that upon the information submitted by them a third party be given authority to reach a decision.

Third - There is at present no definite policy regarding the composition of the investment account beyond the stipulation by the Investment Committee that not more than 25% of the investment fund should be placed in preferred and common stocks.

It is suggested that a specific policy be formulated with regard to the composition of the investment account. This policy should define the percentages of the various types of securities which the University may hold and should also designate a definite list of investments which it would be proper to include in the portfolio.

Fourth - At present only one man is employed in the supervision of the account which is contrary to accepted practice. It is generally held that at least two persons should carry on the work of handling a portfolio as large as that held by the University. This is necessary,-

a. On account of the amount of work to be done to keep in touch with developments as they affect securities held;

- b. For the collection of data from which new investment opportunities may be appraised;
- c. To ensure a more balanced judgment in connection with matters dealing with the general subject of investments and economic developments.

To meet any objections which may be made to the foregoing proposals the following remarks are offered:

PROPOSAL NO. 1 - Owing to the number of large corporations whose securities should be suitable for investment adequate diversification can be obtained by holding a maximum of 75 of these securities.

PROPOSAL NO. 2 - Adequate control of the investment account will not leave the hands of the Investment Committee by the adoption of this proposal. It should be pointed out that no additions to the approved list of securities could be made without the sanction of the Investment Committee and no change in the general composition of the investment account would be made without the Committee's approval. In addition a record of all transactions would be furnished to each member of the Committee immediately upon their completion.

PROPOSAL NO. 3 - No valid objection should be raised to the creation of a definite policy. It is contemplated that frequent changes in policy may be necessary and the intention would be that the Investment Committee could be called upon at any time to consider such changes. Certainly some objective is necessary at all times.

PROPOSAL NO. 4 - The added cost to the University of such a move would represent only a very small proportion of our present total expenditure and it is felt that the benefits to be derived would amply repay us.

17th October, 1933.

Memorandum for Sir Arthur Currie

Duke-Price Power First 6s due 1966

Quoted at 70-72 today in New York

The Company has the following contracts:-

100,000 h.p. to each of the following:-

Aluminum Company of Canada
Price Bros. & Company Limited
The Shawinigan Water & Power Co.

30,000 h.p. to the Port Alfred Pulp & Paper Corporation

20,000 h.p. to the Lake St. John Power & Paper Company.

^{prospects}
The ~~fate~~ of the Company depends largely upon the newsprint industry in Canada and the ability of such companies to make good their power contracts; in view of which the bonds must be considered in a speculative position.

MEETING OF THE INVESTMENT COMMITTEE, JUNE 1st, 1933.

AGENDA

Business arising out of the Minutes

1. Market price on bonds recently under review
2. 5-1/2% First Mortgage Bonds Beauharnois Light, Heat and Power Corporation -
right to subscribe at 95 to yield 5.8, with bonus of 300 shares new
common stock.

New Business

1. City of Calgary bonds
2. Ross Realty Company's bonds
3. Holt Renfrew Company's bonds
4. Winnipeg Utility situation
5. Gatineau Power Debentures 6's of '41
6. Non-Income Paying Securities
7. MORTGAGE LOANS -
 - a. Late Colonel Snell's loan
 - b. Loan to Mr. W.A. Steeves
 - c. Loan to Dr. L.O. Bournival
 - d. Loan to Mr. W.F. Harris - \$12,500. on property at 632 Belmont Avenue
 - e. Loan to the Rutherford Lumber Company
8. Renewal of Fire Insurance - Main Schedule

THE COMMONWEALTH AND SOUTHERN CORPORATION

This company was formed in 1929 to acquire the controlling interests in Commonwealth Power, Penn-Ohio Edison and Southeastern Power and Light companies. Since 1929 controlling interests of a number of other operating companies have been acquired. At present the company holds practically all the common and some of the preferred stock of eighteen subsidiaries which in turn carry on operations through twenty-nine other subsidiaries.

The properties of the system have a total installed capacity of 2,046,200 Kilowatts of which approximately one half is hydro-electric. Plants are connected through 13,700 circuit miles of transmission lines which are in turn connected with 111,000 miles of distribution lines. Gas properties have a total daily installed capacity of 61,870,000 cubic feet which can be distributed through 3,286 miles of main pipe. Other properties include 17 steam heating plants, 26 water pumping stations, 40 artificial ice plants and a number of transportation systems and coal mines. In addition there is ample room for further hydro-electric power development, although the system is considerably overbuilt in this // respect at present.

The territories served are located in eleven states and have a population in excess of 8,000,000 . It is estimated that there are in these territories over 2400 cities and towns which are served by the company. Electric customers number over one million while gas customers are over 200,000 . Principal cities served are as follows, - Birmingham and Mobile in Alabama; Atlanta and Augusta in Georgia; Peoria in Illinois; Pensacola in Florida; Evansville in Indiana; Charleston in South Carolina; Akron and Youngstown in Ohio; Chattanooga and Nashville in Tennessee; Battle Creek, Grand Rapids and Lansing in Michigan. Important industries in these states which are served by the system are the automobile industry, the rubber industry, the steel industry and the cement and textile industries.

Revenue from operations in normal times is divided fairly equally among three sources; industrial, commercial and domestic. The type of contract adopted by the company with its industrial consumers has been responsible for a higher percentage drop in earnings from this source during the depression than that experienced by most of the other large utility companies. Conversely an improvement

in the industrial situation would result in a higher percentage increase of such earnings for Commonwealth and Southern than for the others. Earnings per share on the \$6. preferred stock of Commonwealth and Southern amounted to \$19. in 1930 but dropped to \$15. in 1931 and to less than \$9. in 1932. This decline continued up until July 1933 when the bottom was reached at \$6.17 per share. In August a slight increase to \$6.20 was experienced. Weekly Kilowatt hour output since April 1933 has ranged between 10% to 25% more than the corresponding weeks in 1932 and although it will take some time before this improvement is reflected in net earnings there seem to be grounds for optimism in this respect. Comparative income statements and a balance sheet of the company are attached to this report and give more detailed information than is offered here.

Apart from the fact that the earnings of Commonwealth and Southern have declined as much as any other utility during the depression there is another phase of the situation which accounts for the extremely low prices of the company's securities. Investors are anxious as to the effects of the Tennessee Valley Authority Act on the earnings of those subsidiaries which operate in or adjacent to the Tennessee River Valley.

The Tennessee Valley Authority was created during the last session of Congress and was granted \$50,000,000. cash and \$50,000,000. credit to start operations. These operations will include the completion of Muscle Shoals and the construction of the Norris Dam. Ultimately it is expected that 3,000,000 horsepower can be developed on the Tennessee River and the complete programme of the T.V.A. is to transform the whole territory, whose population is now 2,000,000 into a prosperous decentralized agrarian-industrial commonwealth. Fulfilment of this project will take years and we are only concerned here with the much more modest beginnings which will not be completed until 1938 at the earliest.

At present Muscle Shoals produces 120,000 horsepower and this is taken by Alabama Power, a Commonwealth and Southern subsidiary. This arrangement can be terminated upon short notice and the only immediate effect would be 120,000 horsepower for sale to a limited number of customers of Alabama Power. No additional power will be available until the Norris Dam is built in 1938 when 220,000 horsepower will be produced at Knoxville.

Although the rates at which the T.V.A. will sell power are very low it should be

realized that it will be some time before any substantial amount of power will be available and in the meantime there are many obstacles in the way.

The sale of power by the Government will necessitate large expenditures by municipalities which are not in a position to make them. Private companies operating in the territory possess State charters and it is doubtful whether the Federal Government will be able to compete directly with these private companies. The President's attitude and the past record of the U.S. Supreme Court mitigate against any confiscatory or unfair action on T.V.A's part. Banks, Insurance companies and other large institutions hold almost four billion dollars worth of utility securities and they will not be denied the right to protest against any action which would jeopardize the reputation of such securities as a whole.

Finally there are the people of the territory who are for the most part rugged individualists and not easily amenable to any large social change such as would be made under the T.V.A. programme. The city of Birmingham recently voted down a proposal to take power from Muscle Shoals since it meant that the City would have to bear the cost of distribution.

There is, of course, the chance that the Authority's plans will go through without a hitch, and in order to paint the picture in darkest colours we will assume that the Company's subsidiaries in the Tennessee Valley territory will yield no income after 1937. This would mean a decrease in the Commonwealth and Southern earnings of \$3,894,100. or \$2.60 per share for the preferred stock. On the other hand should the Company's other properties by that time show earnings equal to those of 1931 there would be an increase in earnings from this source of at least \$7,000,000.

To Summarize;- the present market price of 30 for the preferred stock of Commonwealth and Southern would appear to reflect only the most pessimistic view of the future of the Company and it is recommended that the University increase its holdings of this stock, amounting to 1100 shares, by the purchase of at least 400 more.

E.D. Glassco

October 16th, 1933.

COMPARATIVE INCOME STATEMENTS OF THE COMMONWEALTH AND SOUTHERN
CORPORATION (to the nearest thousand dollars)

CALENDAR YEAR	1931	1932	Year ended Aug. 31, 1933.
Alabama Power	\$ 2,226,000.	\$ 1,115,000.	\$ 889,000.
Consumers Power	7,024,000.	4,776,000.	2,951,000.
Georgia Power	2,875,000.	2,326,000.	2,437,000.
Ohio Edison	4,476,000.	2,556,000.	1,774,000.
Tennessee Electric Power	1,797,000.	819,000.	606,000.
Other Subsidiaries	<u>3,472,000.</u>	<u>2,018,000.</u>	<u>1,403,000.</u>
Total Net Earnings of Subsidiaries	<u>\$21,870,000.</u>	<u>\$13,610,000.</u>	<u>\$10,110,000.</u>
Paid in Dividends to Commonwealth & Southern	19,942,000.	10,920,000.	Not stated
Income from Bonds, Stocks, etc., held by Commonwealth and Southern	<u>5,736,000.</u>	<u>4,190,000.</u>	Not stated
Total Gross Income of Commonwealth and Southern	25,678,000.	15,110,000.	E 13,044,000.
Expenses and Taxes	530,000.	475,000.	E 450,000.
Fixed Charges	<u>3,290,000.</u>	<u>3,287,000.</u>	<u>E 3,285,000.</u>
Balance Available for \$6. Preferred	21,858,000.	11,348,000.	9,309,000.
Dividends on \$6. Preferred	<u>8,995,000.</u>	<u>8,995,000.</u>	<u>8,996,000.</u>
Balance	<u>\$12,863,000.</u>	<u>\$ 2,353,000.</u>	<u>\$ 313,000.</u>

E. Estimated

BALANCE SHEET OF THE COMMONWEALTH AND SOUTHERN CORPORATION AS AT
DECEMBER 31st, 1932 (to the nearest thousand dollars)

ASSETS

Investments in Subsidiary Companies	\$ 354,948,000.
Other Investments	6,671,000.
Due from Subsidiary Companies	5,402,000.
Accrued Interest on Other Investments	102,000.
Cash	18,998,000.
Short Term Government Bonds	6,286,000.
TOTAL ASSETS	\$ 392,407,000.

LIABILITIES

Funded Debt	\$ 55,161,000.
Accrued Liabilities	3,486,000.
Reserves	5,361,000.
Equity for Preferred Stock	328,399,000.
	\$ 392,407,000.
Equity per share of Preferred (including reserves)	\$222.50

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May 29th, 1933.

HOLT, RENFREW AND COMPANY, LIMITED

The University holds \$50,000. of the 6½% First Mortgage Bonds of the above company due on August 1st, 1937. These bonds were acquired on October 18th, 1922, at 97.53 to yield 6.75%.

The balance sheet and income statement shown below are the only published figures available to us:-

BALANCE SHEET AS AT JANUARY 31st, 1933.

ASSETS

CAPITAL ASSETS:

Land and Buildings as valued at January 31st, 1923, and supported by independent appraisal, together with subsequent additions at cost ...	\$ 1,196,473.18
Shop Furniture and Fixtures, Automobiles, etc., less depreciation	71,102.31
	<u>\$ 1,267,575.49</u>
Goodwill	772,453.79
	<u>\$2,040,029.28</u>

CURRENT ASSETS

Inventories of Skins, Manufactured Furs, etcetera, as valued by the Management	\$ 690,581.29
Trade Accounts and Bills Receivable, less Reserve	209,395.62
Other Accounts Receivable, less Reserve	52,900.46
Cash on hand and in Bank	19,206.30
Cash Deposit with Fire Insurance Underwriters .	66,990.13
Investments, including Company's own Bonds par value \$55,500. at cost	55,035.25
	<u>\$1,094,109.05</u>

DEFERRED CHARGES TO OPERATIONS:

Taxes, Insurance and Expenses paid in advance .	\$ 15,626.35
Discount and Expenses on Bonds, less proportion written off	\$ 13,973.31
	<u>\$ 29,599.66</u>
	<u>\$3,163,737.99</u>

LIABILITIES

6½% FIRST MORTGAGE SINKING FUND GOLD BONDS, due August 1st, 1937:	
Authorized	\$ 1,000,000.00
Issued	600,000.00
Less: Redeemed	<u>156,000.00</u>
	\$ 444,000.00

*100,000
772
22
900,000*

2,040,029.28

CAPITAL STOCK:

Seven Per Cent Cumulative Preferred-	
Authorized and Issued:	
10,000 shares of \$100.00 each	\$ 1,000,000.00
Common:	
Authorized and Issued:	
10,000 shares of \$100.00 each	<u>1,000,000.00</u>
	\$2,000,000.00

BALANCE OF PURCHASE CONSIDERATION of property at Nos. 889 to 891 St. Catherine St. West, Montreal, and Interest accrued to date	\$ 202,500.00
(\$100,000.00 payable April 30th, 1934)	
(\$100,000.00 payable April 30th, 1936)	

CURRENT LIABILITIES:		
Bank Loan	\$ 20,000.00	
Prepaid Storage and Customers' Credit Balances	10,319.45	
Bond Interest Accrued	14,787.50	
		45,106.95

RESERVES:		
For Government Taxes and Contingencies	11,097.05	
For Depreciation of Buildings	70,000.00	
		81,097.05

SURPLUS		391,033.99 *
		\$3,163,737.99
		=====

INCOME STATEMENT AS AT JANUARY 31st, 1933.

Loss from Operations for the year ending January 31st, 1933, after deducting General Selling and Administration Expenses	\$ 141,621.52
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ADD:		
Bond Interest	29,900.00	
Other Interest	12,590.29	
Bond Discount written off	3,000.00	
Depreciation of Furniture, Fixtures, etc.	22,290.50	
		67,780.79

\$ 209,402.31

Surplus, January 31st, 1932	670,436.30
	\$ 461,033.99

DEDUCT: Dividends Paid - 7% on Preferred Stock	70,000.00
Balance, Surplus at January 31st, 1933	\$ 391,033.99
	=====

NOTE:

No Depreciation on Buildings has been charged this year.

In an interview with R.G. Liddy, Secretary-Treasurer of the Company, the following additional information was obtained.

1. The Company's assets comprise
 - a. A store and storage building at Quebec together with some contiguous land held for extension purposes.
 - b. A store at Montreal behind which is a storage building connected to the store by a bridge.
 - c. A storage building at Toronto
 - d. A fox farm at Bourg Royal, Que.
 - e. A small glove factory at Loretteville, Que.

2. The company rents showrooms and other stores which are located in Quebec, Montreal, Toronto, Winnipeg and Lucerne-in-Quebec. The lease of the store in Toronto expired recently and was renewed on the basis of \$10,000. per annum which represents a saving to Holt, Renfrew of about \$15,000. a year. The lease on the store in Winnipeg has still a few years to run and is now \$26,000. per annum. This rental is too high, but nothing can be done in the way of a reduction until the lease expires.
3. Trade Accounts and Bills Receivable, less reserve, which stand on the company's books at \$209,395.62 can be considered as collectible within 45 to 60 days. All doubtful accounts have been eliminated from this total.
4. Other accounts receivable, less reserve, which stand on the company's books at \$52,900.46, represent accounts with customers who have purchased goods on the instalment plan; this item cannot be considered as entirely liquid.
5. Inventories are conservatively valued.

It is recommended that the University retain these bonds on the following grounds:

1. The present market is about 58 .
2. The liquid position of the company is fairly good. If inventories were sold for half their value and if only the cash in the bank and half the Trade Accounts and Bills Receivable were collectible immediately the company would have about \$470,000. with which to meet current indebtedness of only \$45,000.
3. The writer knows of no other security in which the proceeds could be placed unless the University were willing to sacrifice either income or security.

E.D. Glassco

LIST OF NON-INTEREST PAYING BONDS HELD BY THE UNIVERSITY

<u>Par Value</u>	<u>Name of Security</u>		<u>Unit Cost</u>	<u>Book Value</u>	<u>Market Price</u>	<u>Market Value</u>	<u>Dep'n in Capital</u>	<u>Loss of Income</u>
<u>MUNICIPAL</u>								
52,534	Essex Border Utilities	5 ³ / ₄ /40-54	99.55	52,297.	50	26,267.	26,030.	3,020.
15,000	Ford City	6/41-42	101.90	15,285.	35	5,250.	10,035.	900.
25,000	Ford City	6/47-48	102.60	25,650.	35	8,750.	16,900.	1,500.
32,000	Windsor	6/33-38	99.43	31,818.	45	14,400.	17,418.	1,920.
18,000	Windsor	5 ¹ / ₂ /49-51	92.47	16,645.	45	8,100.	8,545.	990.
<u>PUBLIC UTILITY</u>								
100,000	Beauharnois Power	6/59	99.05	99,050	37	37,000.	62,050.	6,000.
50,000	Northwestern Power	6/60	97.59	48,795	13	6,500.	42,295.	3,000.
<u>INDUSTRIAL</u>								
49,500	Asbestos Corp.	6/41	98.22	48,619.	5	2,475.	46,144.	2,970.
48,500	Brandram Henderson	6/39	95.58	46,356.	20	9,700.	36,656.	2,910.
25,000	Burns & Co.	5 ¹ / ₂ /48	99.11	24,777.	18	4,500.	20,277.	1,375.
25,000	Canada Biscuit	6 ¹ / ₂ /46	99.14	24,785.	15	3,750.	21,035.	1,625.
50,000	Detroit International Bridge	6 ¹ / ₂ /52	99.58	49,790.	3	1,500.	48,290.	3,250.
24,500.	Canadian Locomotive	6/51	93.20	22,834.	15	3,675.	19,159.	1,470.
150,000	Canada Steamship Lines	6/41	97.29	145,935.	16	24,000.	121,935.	9,000.
2,920.	Dominion Steel & Coal	6/39	100.00	2,920.	15	438.	2,482.	18.
25,000	Dominion Woollens	6/48	98.22	24,555.	13	3,250.	21,305.	1,500.
<u>PULP & PAPER</u>								
250,000	Abitibi Power & Paper	5/53	91.59	228,975.	13	32,500.	196,475.	12,500.
370,375	Consolidated Paper	5 ¹ / ₂ /61	85.50	316,670.	5	18,518.	298,152.	20,300.
50,000	Donnacona Paper	5 ¹ / ₂ /48	99.11	49,555.	15	7,500.	42,055.	2,750.
52,300	Fraser Companies	6 ¹ / ₂ /42	104.33	54,252.	1	520.	53,732.	3,380.
125,000	Fraser Companies	6/50	97.23	121,537.	9	11,250.	110,287.	7,500.
50,000	Lake St. John Power & Paper	6 ¹ / ₂ /47	99.05	49,525.	15	7,500.	42,025.	3,250.
120,000	Price Brothers	6/43	99.60	119,520.	27	32,400.	87,120.	7,200.
45,000	Restigouche	5 ¹ / ₂ /48	97.95	44,077.	9	4,050.	40,027.	2,475.

May 3rd 1933.

LIST OF NON-INTEREST PAYING BONDS HELD BY THE UNIVERSITY (CONT'D)

<u>Par Value</u>	<u>Name of Security</u>		<u>Unit Cost</u>	<u>Book Value</u>	<u>Market Price</u>	<u>Market Value</u>	<u>Dep'n in Capital</u>	<u>Loss of Income</u>
<u>REAL ESTATE</u>								
25,000	Dominion Square Corp.	6/48	99.08	24,770.	32	8,000.	16,770.	1,500.
25,000	Gleneagles Investment	6 $\frac{1}{2}$ /44	97.35	24,337.	25	6,250.	18,087.	1,625.
6,000	Ritz Carleton Hotel	5/42	88.36	5,302.	25	1,500.	3,802.	300.
15,000	Ross Realty	6/33	100.00	15,000.	50	7,500.	7,500.	900.
<u>U. S. BONDS</u>								
20,000	St. Louis & San Francisco Rly.	4/50	96.32	19,264.	17	3,400.	15,864.	800.
50,000	International Match	5/41	96.19	48,095.	8	4,000.	44,095.	2,500.
<u>FOREIGN BONDS</u>								
22,000	Province of Buenos Aires	6/61	96.47	21,162	32	7,040.	14,122.	1,320.
25,000	Republic of Colombia	6/61	95.20	23,800.	30	7,500.	16,300.	1,500.
25,000	City of Rio de Janeiro	6 $\frac{1}{2}$ /53	97.04	24,260.	15	3,750.	20,510.	1,625.
46,000	City of Sao Paulo	6 $\frac{1}{2}$ /57	97.93	45,048.	12	5,520.	39,528.	3,014.

May 3rd, 1933.

LIST OF NON-DIVIDEND PAYING PREFERRED STOCKS HELD BY THE UNIVERSITY

<u>No. of Shares</u>	<u>Name of Security</u>	<u>Class</u>	<u>Unit Cost</u>	<u>Book Value</u>	<u>Market Price</u>	<u>Market Value</u>	<u>Dep'n in Capital</u>	<u>Loss of Income</u>
<u>CANADIAN PREFERRED</u>								
500	Abitibi Power & Paper	\$6. Pref.	101.29	50,045.00	1.00	500.00	50,145.00	3,000.00
355	Dominion Coal	\$7. Pref.	107.57	38,187.00	2.00	710.00	37,477.00	2,485.00
800	International Paper & Power	\$7. Pref.	104.38	83,504.00	4.50	3,600.00	79,904.00	5,600.00
5	Lake of the Woods Milling	\$7. Pref.	115.00	575.00	40.00	200.00	375.00	35.00
250	Massey-Harris - Convertible	\$5. Pref.	109.30	27,325.00	14.50	3,625.00	23,700.00	1,250.00
4	Nova Scotia Steel & Coal	\$6. Deb.	85.00	340.00	9.00	36.00	304.00	24.00
110	Price Brothers	\$6½ Pref.	100.00	11,000.00	5.00	550.00	10,450.00	715.00
<u>U. S. PREFERRED</u>								
105	Baltimore & Ohio R.R.	\$4. Pref.	29.52	3,100.00	22.00	2,310.00	790.00	420.00
476	Great Northern R.R.	\$5. Pref.	116.86	55,625.00	19.40	9,234.40	46,390.60	2,380.00
250	Associated Gas & Electric	\$5. Cert.	,94.97	23,742.00	3.50	875.00	22,867.00	1,250.00
250	Middle West Utilities	\$6. Pref.	107.08	26,770.00	.25	62.50	26,707.50	1,500.00
137	St. Louis Public Service	\$7. Pref.	100.00	13,700.00	1.00	137.00	13,563.00	959.00
500	Twin City Rapid Transit	\$7. Pref.	137.00	68,500.00	10.25	5,125.00	63,375.00	3,500.00
1,000	United Light & Power - Convertible	\$6. Pref.	102.69	102,690.00	16.00	16,000.00	86,690.00	6,000.00
500	Brown Co.	\$6. Pref.	95.00	47,500.00	1.00	500.00	47,000.00	3,000.00

May 3rd 1933.

SUMMARY OF NON-INCOME PAYING SECURITIES HELD BY THE UNIVERSITY

<u>Class of Security</u>	<u>Book Value</u>	<u>Market Value</u>	<u>Depreciation in Capital</u>	<u>Loss of Income</u>
Municipal Bonds	\$ 141,695.00	\$ 62,767.00	\$ 78,928.00	\$8,330.00
Public Utility Bonds	147,845.00	43,500.00	104,345.00	9,000.00
Industrial Bonds	390,571.00	53,288.00	337,283.00	24,118.00
Pulp and Paper Bonds	984,111.00	114,238.00	869,873.00	59,355.00
Real Estate Bonds	69,409.00	23,250.00	46,159.00	4,325.00
U.S. Bonds	67,359.00	7,400.00	59,959.00	3,300.00
Foreign Bonds	114,270.00	23,810.00	90,460.00	7,459.00
Canadian Preferred Stocks	211,576.00	9,221.00	202,355.00	13,109.00
U.S. Preferred Stocks	341,627.00	34,243.90	307,383.10	19,009.00
Canadian Common Stocks	137,425.00	8,709.25	128,715.75	1,000.00
U.S. Common Stocks	456,224.00	82,050.70	374,173.30	24,467.75
	<u>\$3,062,112.00</u>	<u>\$462,477.85</u>	<u>\$2,599,634.15</u>	<u>\$173,472.75</u>

May 3rd, 1933.

LIST OF NON-DIVIDEND PAYING COMMON STOCKS HELD BY THE UNIVERSITY

<u>No. of Shares</u>	<u>Name of Security</u>	<u>Class</u>	<u>Unit Cost</u>	<u>Book Value</u>	<u>Market Price</u>	<u>Market Value</u>	<u>Dep'n in Capital</u>	<u>Loss of Income</u>
<u>CANADIAN COMMON</u>								
400	Canadian Pacific Railway	Common	44.60	17,840.00	16.00	6,400.00	11,440.00	1,000.00
125	Asbestos Corp.	Common	25.00	3,125.00	.25	31.25	3,093.75	Nil
43	Canada Starch	Common	10.00	430.00	10.00	430.00	Nil	Nil
6,450	Consolidated Paper	Common	17.47	112,727.00	.25	1,612.50	111,114.50	Nil
60	International Paper & Power	"A" Common	20.00	1,200.00	1.70	102.00	1,098.00	Nil
60	International Paper & Power	"B" Common	12.00	720.00	.85	51.00	669.00	Nil
150	International Paper & Power	"C" Common	9.22	1,383.00	.55	82.50	1,300.50	Nil
<u>U. S. COMMON</u>								
501	Northern Pacific R.R.	Common	98.34	49,268.00	23.40	11,723.40	37,544.60	3,507.00
425	Pennroad Corp.	V.T.C. Com.	15.15	6,439.00	2.30	977.50	5,461.50	Nil
65	Southern Pacific Rly.	Common	87.96	5,717.00	26.00	1,690.00	4,027.00	390.00
1,000	American & Foreign Power	Common	88.79	88,790.00	10.50	10,500.00	78,290.00	Nil
2,000	Commonwealth & Southern	Common	17.06	34,120.00	2.10	4,200.00	29,920.00	1,200.00
727	Twin City Rapid Transit	Common	98.50	71,609.00	1.15	836.05	70,772.95	4,362.00
1,000	Anaconda Copper	Common	97.48	97,480.00	15.50	15,500.00	81,980.00	7,000.00
250	Columbia Oil & Gasoline	Common	5.00	1,250.00	1.15	287.50	962.50	Nil
265	Great Northern Iron Ore	Common	4.87	1,291.00	10.25	2,716.25	Cr. 1425.25	728.75
1,000	Kennecott Copper	Common	78.44	78,440.00	18.80	18,800.00	59,640.00	5,000.00
1,140	International Tel. & Tel.	Common	19.14	21,820.00	13.00	14,820.00	7,000.00	2,280.00

May 3rd 1933.

May 25th, 1933.

THE WINNIPEG UTILITY SITUATION

The University holds the following bonds:-

\$ 75,000 Winnipeg Electric Co. 6% Refunding Mtge, due 1954.
25,000 Manitoba Power, 5½%, First Mortgage, due 1951.
25,000 " " 5½%, " " " 1952.
50,000 Northwestern Power, 6% " " " 1960.

These bonds were acquired as follows:-

25,000 Winnipeg Electric, 6/54, on Nov. 29, 1926 at 99.25 to yield 6.06%
25,000 " " " on Oct. 31, 1928 at 104.00 to yield 5.70%
25,000 " " " on Dec. 5, 1928 at 104.00 to yield 5.70%
25,000 Manitoba Power, 5½/51, on Nov. 23, 1926 at 96.75 to yield 5.75%
25,000 " " 5½/52, on July 30, 1927 at 98.78 to yield 5.59%
50,000 Northwestern Power, 6/60, on Jan. 28, 1930 at 97.53 to yield 6.18%

The present market price of these bonds is as follows:-

Winnipeg Electric, 6/54,	30	Bid	-	32	Offered
Manitoba Power, 5½/51,	38	"		41	"
Manitoba Power, 5½/52,	38	"		41	"
Northwestern Power, 6/60,	14	"		17	"

The Winnipeg Electric Company was incorporated in 1904 under the name of Winnipeg Electric Railway Company. It was a consolidation of the Winnipeg Street Railway Company and the Winnipeg General Power Company. The present name was adopted in March 1924.

In 1921 Manitoba Power Company was formed to develop power at Great Falls on the Winnipeg River. This was justified by the increasing demand for power and when in 1923 the initial installation of 56,000 H.P. had been completed the private system and the City Hydro had a combined generating capacity of 168,000 H.P. with which to meet a peak load in that year amounting to 123,100 H.P. For the purpose of developing this 56,000 H.P. the Manitoba Power Company sold \$7,500,000 of 7% First Mortgage Bonds which were guaranteed by Winnipeg Electric Company.

Shortly after this the City Hydro added 24,000 H.P. to its generating capacity and in 1926 the plants of the Municipal system had a capacity of 115,000 H.P. In that year the Winnipeg Electric and Manitoba Power had a generating capacity of 126,000 H.P. This was a combined total of 241,000 H.P.

with which to meet peak load requirements of 183,600 H.P. In the meantime Manitoba Power had replaced its issue of \$7,500,000 of 7% First Mortgage Bonds by two issues of 5 - 1/2% First Mortgage Bonds amounting to \$12,500,000. These new bonds were also guaranteed by Winnipeg Electric.

By 1928 the Manitoba Power Company had developed the total H.P. available at Great Falls amounting to 168,000 H.P. and thus the generating capacity of the privately owned and municipal systems was increased to 325,000 H.P. Peak load requirements in 1928 were 283,500 H.P.

The generating capacity of the three companies was distributed as follows:

City of Winnipeg Hydro	115,000 H.P.
Winnipeg Electric Company	42,000 H.P.
Manitoba Power Company	<u>168,000 H.P.</u>
TOTAL	<u>325,000 H.P.</u>

The peak load of the City Hydro in 1928 was 108,500 H.P. and that of the Winnipeg Electric and the Manitoba Power Companies was 175,000 H.P. In view of the fact that in 1926 the City Hydro had signed a contract to take power from the Manitoba Power Company on the basis shown below it was not believed that the City contemplated any further developments of power on its own behalf.

	<u>MINIMUM</u>	<u>MAXIMUM</u>
1929	6,500 H.P.	10,000 H.P.
1930	13,500 "	20,000 "
1931	20,000 "	30,000 "
1932	22,500 "	30,000 "
1933	25,500 "	30,000 "
1934	27,000 "	30,000 "
1935	27,000 "	30,000 "
1936	18,000 "	20,000 "
1937	9,000 "	10,000 "

At the same time Manitoba Power was supplying about 30,000 H.P. to the Manitoba Paper Company and since Winnipeg Electric Company had contracted to take sufficient power from Manitoba Power Company to cover all operating expenses, taxes, bond interest and sinking fund requirements it was felt that additional power should be developed.

Early in 1929 a power site at Seven Sisters Falls on the Winnipeg River was acquired and development was commenced. Winnipeg Electric advanced \$1,000,000.

for this purpose and Northwestern Power Company was formed. In 1930 Northwestern Power Company sold \$10,000,000. of 6% First Mortgage bonds which were guaranteed by Winnipeg Electric. Business had already declined however and to make matters worse the City Hydro decided to develop power at Slave Falls where it owned a power site capable of developing 96,000 H.P. and by 1932 24,000 H.P. had been installed, and were ready for delivery to the City Hydro. In the same year Manitoba Paper Company closed its plant and is not at present taking any power from Manitoba Power Company. At present Northwestern Power is capable of producing 42,000 H.P. but none of this is being sold and the \$10,000,000. of 6% bonds are in default of interest.

Under the terms of the Trust Deed made by Northwestern Power no additional bonds in excess of the \$10,000,000. now issued may be issued unless the earnings of Northwestern Power for twelve consecutive months during the preceding fourteen months have been one and a half times bond interest requirements on the total of the \$10,000,000. of bonds now outstanding plus the additional amount proposed to be issued.

The amount of such additional issue shall furthermore be not more than 80% of the cost or fair value of the properties to be constructed or acquired with the proceeds of such issue.

It is therefore clear that even if the total 42,000 H.P. now available could be sold at \$15. a H.P. the gross revenue would only be \$630,000. with which to pay \$600,000. of bond interest. This, of course, allows nothing for operating expenses.

Under the terms of the guarantee the bondholders of the Northwestern Power can, of course, put the Winnipeg Electric Company in bankruptcy and attempt to recoup themselves in part for the loss which faces them. The Winnipeg Electric Company, however, is itself in a precarious position and such an action would gain very little more for the Northwestern Power bondholders. At present it is understood that the Winnipeg Electric is negotiating with the City Hydro and the Municipal Authorities on the following basis:-

The City to lease the Winnipeg Electric Company and its subsidiaries as going concerns with all their assets for 99 years, with the option to purchase at various times and at gradually ascending prices during that period, as set forth hereunder:-

1. Annual rental of properties \$2,000,000. If, however, the Company will accept the \$3,000,000. of City 5% 30 year bonds to be considered as a part payment on the purchase price of the properties, the annual rental shall be reduced to \$1,950,000.
2. Increase in rentals to be determined by the total load on the system. For each 10,000 H.P. increase in the total load of the system over the year 1932 the annual rental shall be increased by \$50,000., but shall not exceed \$2,500,000. per annum. The sale of dump power not to be included in the total load on which the rental is based.
3. The option to purchase may be exercised at any time within twenty years at a price of \$50,000,000. increasing \$1,000,000. every 10 years to a maximum of \$55,000,000.

In an interview with A. J. Nesbitt the above proposition was brought up and Mr. Nesbitt said that the Winnipeg Electric would jump at such a deal, but he did not think that any such proposition would be offered. As a matter of fact this deal is one which C.J. McCuaig has put up to the City and which he says has a good chance of success. Mr. McCuaig's view is that the Nesbitt, Thomson interests are stalling for time in the hope that a business upturn in the West will take place and that the investments of Power Corporation in the preferred and common stocks of Winnipeg Electric will be preserved.

The Bondholders Committee of Northwestern Power made the following proposition to Winnipeg Electric as an alternative to proceedings in bankruptcy.

The Northwestern Power bondholders will agree to waive interest and sinking fund on their bonds for five years if -

- (a) They have control of Winnipeg Electric expenses.
- (b) A certain amount of common stock of Winnipeg Electric is given to them.
- (c) No further mortgage is placed on the assets of Northwestern Power during the five year period.

These terms were not accepted by the Winnipeg Electric Company and it is now recommended by the committee that the necessary proceedings under the Bankruptcy Act be taken. Some difficulty may be experienced in this connection, however, since the House of Commons of Canada passed a bill on May 9th, 1933, which provides in Section 10 of this Bill that "notwithstanding anything in the Bankruptcy Act or in the Winding Up Act contained, whenever an application shall have been made under this Act in respect of any company, the court, on the application of any

person interested in the matter, may, on such notice to any other person, or without notice as it may see fit, make an order staying until such time as the court may prescribe or until further order all proceedings taken or which might be taken in respect of such company under the Bankruptcy Act and the Winding Up Act or either of them, and the Court may restrain further proceedings in any action, suit, or proceeding against the company upon such terms as the court sees fit, and the court may also make an order that no suit, action or other proceedings shall be proceeded with or commenced against the company except with the leave of the court and subject to such terms as the court shall impose".

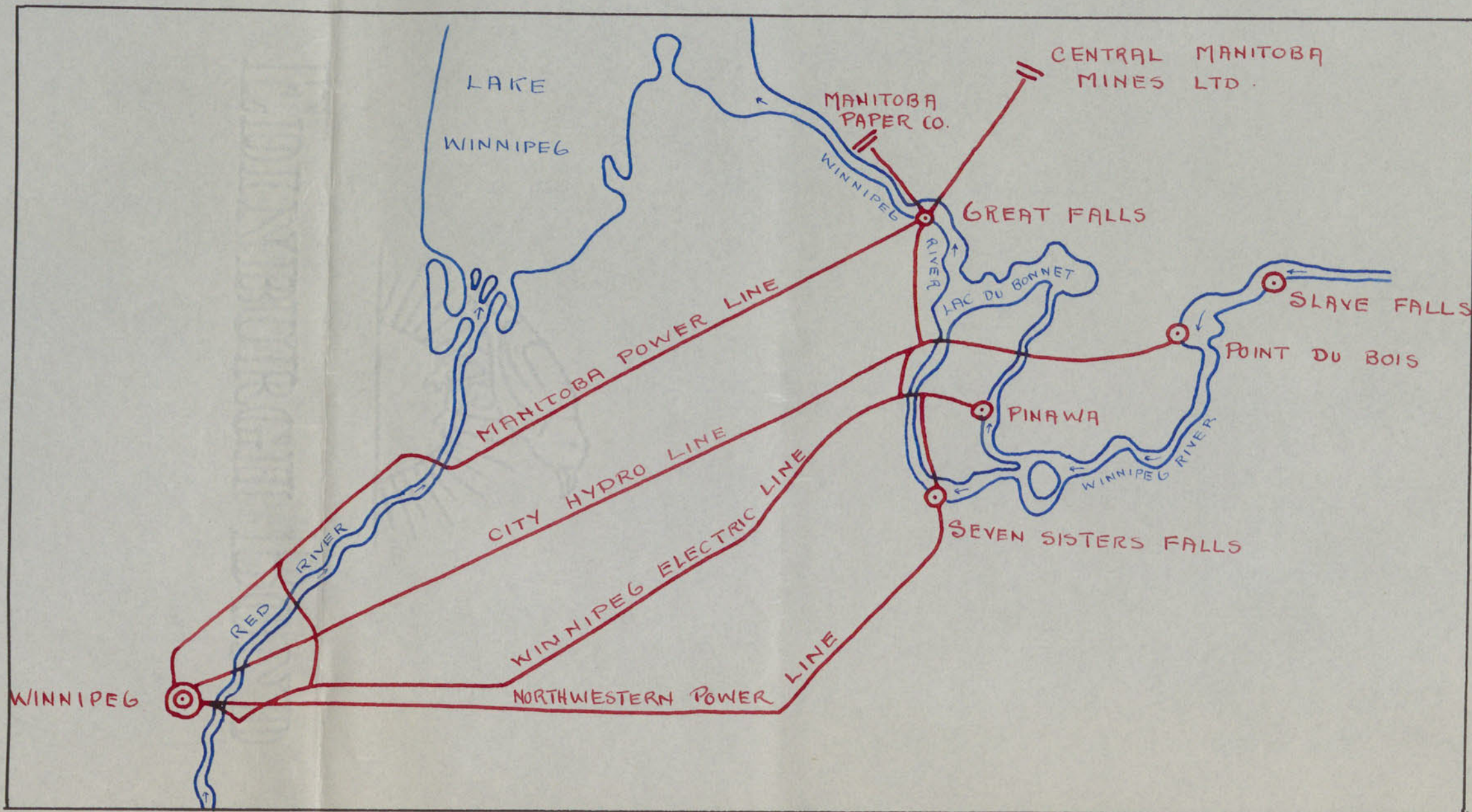
The arguments in favour of putting the Winnipeg Electric into receivership are that the whole system can be put under the management of a receiver appointed by the bondholders with the result that a clearer picture can be obtained and more reliable and accurate information can be had. As it is now there are conflicting interests which make it impossible for the management of the Winnipeg Electric and the bondholders of Northwestern Power to be frank with one another. The only advantage in not invoking the guarantee of the Winnipeg Electric and thereby putting the company into bankruptcy is that the psychological effect created by such an action might jeopardize any chance of making a favourable deal with the municipal authorities of Winnipeg.

Early action is essential if the interests of the bondholders of the three utility companies are to be protected. The municipal elections will be held in November of this year and it is understood that Mayor Webb will not offer himself for re-election. A Labor Representative may be elected and the chances of a successful deal might be considerably reduced.

Alderman Honeyman, Chairman of the Transportation Committee, J.G.Glassco, Manager of the City Hydro and Mayor Webb are reported to be agreeable to a deal along the lines mentioned but it will take four or five months to get it through.

The deal would probably mean the disappearance of the Preferred and Common Stock in which Power Corporation have invested over \$3,000,000. The bondholders of Northwestern Power are in a position to force Winnipeg Electric to accept this deal and the City, it is believed, does not feel that it can afford to turn it down.

The attached map shows the power developments in the Winnipeg district together with the high tension transmission lines to the City of Winnipeg.



February 18th, 1933.

MEMORANDUM FOR THE PRINCIPAL

Being cognizant of the investment problem which confronts the University and the existing impasse brought about by the recent action of the Advisory Board, I have taken the liberty of preparing the following suggestions.

I do not feel that the present Investment Committee is in a position to give adequate time and thought to the important function of directing the investment of the University's funds. I do not believe that it is the duty of the members of our Investment Committee to scan minutely every detail of the operation of our investment account any more than it is the duty of directors to take an active interest in the details of management of a corporation. Rather should it be the function of this body to indicate the broad general lines upon which the conduct of the investment account should be based. The actual selection of securities and the times and prices at which they are bought and sold should, within limits, be left to one or two managers whose whole time and energy can be given to the supervision of the account. I think it can be fairly stated that in our situation ability to make and carry out decisions speedily is essential and it is hardly to be expected that such a condition can exist in the present circumstances.

Assuming that the foregoing recommendation is carried out it would then be necessary for the Investment Committee to decide upon a long term policy. Before any decision is made it is important that a survey of the investment problem be undertaken. The various opinions on this subject should be carefully considered and discussed. For what they may be worth I would like to set down here a few of my own observations on the question of investment management.

To my mind there are two main schools of thought regarding the conservation of funds. The first includes those who believe that funds can be placed permanently in high grade bonds with the positive

assurance that a stable income will be derived therefrom indefinitely. Followers of this principle neglect the importance of the effects which the everchanging value of the monetary unit has on a fixed income.

In support of this doctrine of "trustee securities" argument is frequently heard to the effect that over the long term deflation and inflation balance one another and that the investor need therefore pay no heed to the immediate gyrations of money, but should console himself with the belief that by and large the purchasing power of the income from his fund will be about the same from one generation to another. Complete refutation of this theory cannot be found in any statistical evidence now existing but there is historical verification of the fact that prices of goods and services have been rising gradually and intermittently for about twenty-five centuries. Such a phenomenon is no mere accident but is the result of the chronic impecuniousness of governments and their consequent willingness to debase the currency whenever national bankruptcy threatens.

The second school of thought, more liberal in its views, believes that a judicious selection of bonds and stocks is the soundest method of conserving wealth. Adherents to this policy understand that investments cannot be left to themselves. Constant supervision is, they feel, the only guarantee that their incomes will be sufficient to enable them to maintain their position relative to society as a whole. I am in absolute accordance with the views of this group but I do not approve of the distortion which has been characteristic of the supervisory activities of some of its members. I am a firm believer in the principle of diversification and in the value of statistical analysis but there are many instances of over-emphasis in these two departments, frequently at the expense of fundamental reasoning. The sound investment manager should not concern himself too highly with the relative attractions of good securities but should endeavour to anticipate the major phases of economic development through which we are passing and to capitalize on his knowledge. His first duty is to decide the proportion which bonds and stocks should occupy in the funds under his supervision and his second is to assure himself that his various mediums are reliable and representative of the best in the two categories. There is also a third point

which should be mentioned. During the various periods of boom, collapse, depression and revival some industries will experience better results than others and the successful investment manager will govern the character of his purchases and sales accordingly.

In operating our account I would suggest that we keep the following before us:

1. Marketability of holdings is important.
2. Periodical and frequent information regarding the activities of the companies represented by our holdings is essential.
3. The price paid for a security should have no weight in the decision to sell or hold.
4. Original issues, except in the case of high grade government bonds, should be strictly avoided.
5. Investment banking houses and brokers should be treated merely as agents to buy and sell.
6. Number of securities should be kept down to manageable proportions.

Although the foregoing is an attempt to deal with the investment problem as thoroughly as time will permit, many of the suggestions contained therein are not immediately applicable. Specifically our problem is this. The income at present being received from our investments is about \$300,000. short of our current needs. The market value of our investments, not including mortgages and properties, is about \$9,000,000. from which we receive about \$560,000. or a little over 6.2%. There seems no possibility that this figure can be substantially increased with safety. Depletion of capital is therefore unavoidable, but this need not be considered as disastrous if we make up our minds to avail ourselves of the opportunities to buy sound bargains which will present themselves during the course of the next two years. For this reason I would suggest that we attempt to put our investment account into a much more liquid condition than now obtains even though some sacrifice of income is entailed.

The virtual lack of markets for a large number of our present holdings renders such a policy extremely difficult of early consummation without undue sacrifice of capital but I would urge that steps be taken, where practicable, because there is no means of telling what lies immediately ahead and I believe that liquidity is our best defensive as well as offensive weapon.

E. J. Lanco

Investment
Committee

10⁰⁰ select.

January 24th, 1933.

Memorandum

The Royal Institution for the Advancement of Learning

The University holds:-

	<u>Present Mkt.</u>	<u>Yield Basis</u>
\$ 8,200. Dominion of Canada 5% 1943	104 1/4	4.49%
3,500. " " " 4 1/2% 1944	100 1/2	4.45%

It is suggested that these be sold and the proceeds
reinvested in Dominion of Canada 4 1/2% 1959 at 98 1/4 - 98 1/2, to yield
4.60% .

A.J.L. Haskell

G.W. Spinney

B. Outerbridge

H.A. Craig

E.D. Glassco

30th January, 1933.

The Investment Committee,
Royal Institution for the Advancement of Learning.

Re: Montreal Light, Heat and Power Consolidated 3% Debentures of 1939.

In Mr. E.D. Glassco's letter of 20th instant, he advised that the Committee had agreed to invest \$61,000., (the uninvested balance of the sale of Canadian Pacific Railway Common stock,) in Montreal Light, Heat and Power 3% Convertible Débentures due 1939, at or near the price of 40 1/8 mentioned in the recommendation of the Advisory Committee, but that the market for the debentures had been too high to permit of any purchase being effected.

We observe that the debentures were selling on Saturday at 42, (or less,) at which price the yield to maturity is 6%, and the yield to the call date is about 7.14%.

We should like to suggest that 42 does not appear unduly in excess of the figure at which purchase was previously recommended, and, assuming that orders to purchase the débentures will be executed gradually so as not to cause any unnecessary rise in price, we would be inclined to suggest that the debentures should be accumulated in the neighbourhood of the present price.

B. Outerbridge

G.W. Spinney

H.A. Craig

A.J.L. Haskell

E.D. Glassco

1st February, 1933.

The Investment Committee,
Royal Institution for the Advancement of Learning.

Re: Montreal Light, Heat and Power Consolidated.

In our memorandum of 30th ultimo, (which was also signed by Mr. Spinney, who is absent to-day through illness,) we suggested that one half of the proceeds of Canadian Pacific Railway Common stock be invested in 3% Convertible Debentures of Montreal Light, Heat and Power Consolidated due 1939, in the neighborhood of 42, but we have observed that the price of the common stock of Montreal Light, Heat and Power Consolidated showed an appreciable decline to-day and is now quoted at 28 5/8.

It has occurred to us that the Investment Committee might like to consider whether the disparity between the respective market levels of the debentures and the common stock is not abnormal, and whether there might not be an opportunity to recover some of the loss on the sale of the Canadian Pacific Railway stock by switching a portion of the reinvestment to the stock of Montreal Power with the intention of selling the Power stock in order to reinvest in the debentures as soon as the spread between the stock and the debentures falls to a more normal relationship, say 10 points.

B. Outerbridge

H.A. Craig

A.J.L. Haskell

E.D. Glassco

20th January, 1933.

The Investment Committee,
Royal Institution for the Advancement of Learning

Re: - \$100,000. Lake and Rail Warehouse and Elevator Corporation
First 6s due 1st December 1951
Cost 100.95 to yield 5.92%
Quoted at 105 in Canada, (or 93.50 in U.S. Funds to yield
6.59%)

Outstanding \$1,863,000. Secured by a First mortgage on an elevator at Buffalo with a capacity of 4,900,000 bushels and a flour mill at Buffalo with a daily capacity of 6,000 barrels and by a deposit of a lease of the International Milling Company of an amount to provide for interest and sinking fund. Sinking fund to retire issue by maturity.

International Milling Company has no funded debt of its own - only preferred and common.

Lake and Rail does not publish either balance sheet or income account.

International Milling for years ended 31st August, showed the following;-

	<u>1931</u>	<u>1932</u>
Current Assets		
Inventories	- \$ 6,209,000.	\$ 9,524,000.
Receivables	- 1,652,000.	
Current Liabilities		<u>3,613,000.</u>
Working Capital		\$ 5,911,000, =====
Available for Dividends	\$ 1,307,000.	\$ 1,126,000.
Surplus over Dividends	\$500,000.	\$329,000.

International Milling is said to be capably managed, but millers are facing keen competition.

The Lake and Rail first 6s represent a small issue and the only real market is the sinking fund. The recent British tariff ruling requiring Canadian grain to be shipped through Canadian ports, if on the way to Great Britain, may very well injure the grain trade at Buffalo, where this elevator is located.

In view of the foregoing and as the bonds can be sold at a profit over original cost, it would appear desirable to sell the first 6s at current levels, the proceeds to be used to meet a part of the deficit for the current year.

A. J. L. Haskell

H.A. Craig

B. Outerbridge

G.W. Spinney

E.D. Glassco

January 23rd, 1933.

Memorandum for Investment Committee

Royal Institution for the Advancement of Learning.

Re Holdings \$25,000. Burns and Company 5-1/2% 1st Mortgage
Bonds due 1948

Burns and Company, Ltd. own or control 92 retail meat and provision markets, creameries and cheese factories, 17 wholesale fruit depots, ice cream and milk distribution plants and 6 packing houses. The company also has cold storage facilities throughout the Dominion. It owns the entire outstanding stock of Palm Dairies Ltd. and 77% of Consolidated Fruit Company, Ltd.

A large and most profitable part of the company's business came from catering to construction and railway gangs during the time when financing was easy and expansion in the West was very rapid. With the disappearance of this expansion this important part of the company's business dried up, leaving the company in a very precarious and complicated position, grossly over-capitalized, heavily overburdened with debt, and with a greatly curtailed volume of business. This has led to a very involved situation forcing postponement of interest on the bonds and inevitably leading to a very drastic reorganization.

In 1928 Dominion Securities Ltd. floated bonds and preferred stock against the company, capitalizing earning power generously even for boom time conditions, so that at the end of 1931, the company had a capital structure of:

5-1/2% Bonds due 1948	\$ 6,800,900.
6% Cumulative Preferred stock	6,904,300
Management shares	3
Common stock	119,997
Capital surplus	240,658
Profit and Loss surplus	516,461

Working Capital position at the end of 1931 was reported:

Current Assets -	Cash	\$ 157,169
	Receivables	1,388,070
	Inventories	1,935,118
	Advances to Subsidiaries	140,851
	Total	\$ 3,621,208
Current Liabilities -	Bank Loans	\$ 1,469,596
	Accounts Payable	226,177
	Due Subsidiaries	91,209
	Accruals and Taxes	104,353
	Total	\$ 1,891,335

It will be noted that a large part of the current assets are represented by receivables and inventories. Receivables in the Western Provinces are unquestionably slow and doubtful pay under present conditions, and furthermore the company's credit and collection policies suffered severe criticism in the independent Morrison report that was made after the default of the bonds. It was also questioned whether the inventories were readily saleable except at prices much below what they were valued at.

Most important it was also brought out that the parent company had guaranteed the bank loans of several subsidiary companies who had large loans and whose credit was not sufficiently good to support these loans by themselves. Thus the true current position of Burns and Company, Ltd. is very much worse than the 1931 published balance sheet would lead one to believe.

Depreciation - The company has made the following reservation from earnings for depreciation:

1930	None
1931	\$297,219

The land, buildings and equipment, etc. were valued at the end of 1931 at \$12,074,823. Depreciation therefore was at the rate of 2.5% of plant, which may be considered entirely inadequate, and I understand this has been the case in former years as well. Minimum depreciation should be 5% of plant, and in the case of dairy equipment at least, it should be considerably higher. Adequate depreciation for this company, therefore, should be between \$600,000. and \$750,000, which means that the earnings shown available to meet bond interest should be reduced approximately \$400,000. Earnings after bond interest were reported as

1928	\$ 655,728	
1929	489,454	
1930	1,557	before any depreciation
1931	531,124	

It is evident, therefore, that the company should never have been expected to support the fixed charges placed on it.

Palm Dairies Ltd. - This subsidiary is and has been losing heavily. It was suggested during discussions between the bondholders' committee that the dairies be sold and Burns and Company concentrate on its packing business, but it transpired that although the Borden Company, National Dairy Products and Eastern Dairies, Ltd. had looked at the properties none of them would purchase them. It was held that it was only possible to operate a dairy company profitably in large centres of population, and that most of the Palm Dairies, Ltd., activities were in too small towns to permit of profitable operations due to high overhead.

Management - There is real reason to be dissatisfied with the company's management, and this is especially important in a business in which the margin of profit per dollar sale is so very small.

It seems inevitable that the company will have to undergo a drastic reorganization and even assuming that present losses can be prevented, whatever earning power the company may have for many years, will be required to liquidate indebtedness to the banks. Thus the present bondholders must be prepared for a drastic scaling down of their interests and no income from their investment over a period of years at the best. If they remain with the situation they will continue their participation in a business operating in that part of Canada that has been impoverished by reason of low agricultural prices and no early prospect for a recovery of purchasing power can at this time be foreseen. Moreover the past history of this company does not lend confidence as to the ability or capacity of the management or company to withstand the difficult conditions which it must be expected the company will encounter.

The bonds are quoted at 17 bid 20 asked. In the opinion of the Advisory Committee the University's bonds should be sold at 17 to realize \$4,250. and the proceeds be reinvested in either of the two following common stocks:

	<u>Present Price</u>	<u>Present Dividend</u>	<u>Income Received</u>	<u>Yield</u>	<u>Earnings</u>
350 shs. Loblaw Groceries Class "A" stock	12	80¢ plus 20¢ extra	\$350.	8.25%	1.13 yr, to 10th Dec. 1932
260 shs. National Breweries Ltd.	16	1.60	416	9.80	1.73 in 1931

B. Outerbridge

\$25,000. Burns and Company Limited First 5-1/2s of 1948.

I agree with Mr. Outerbridge's recommendation that the first 5½s of Burns and Company Limited be sold, the proceeds to be invested in the common stocks suggested, but while the prospects of Burns and Company appear clouded, I am not in the possession of information that would necessarily imply laxity on the part of the management.

G. W. Spinney
H.A. Craig
A.J.L. Haskell
E.D. Glassco

Royal Institution for the Advancement of Learning

Re: \$25,000. Canadian Cottons Limited
 First 5s due 2nd July 1940
 Payable at the option of
 the holder in Canada, London
 and New York
 Callable at 105.
 Sinking Fund from 1913 at 1%
 per annum.

<u>Book Value</u>	<u>Yield</u>	<u>Present Price</u>	<u>Yield</u>
92.67	6.12	90	6.75%

Capitalization - 31st March 1932

First 5s of 1940	-	\$3,906,000.
Less held by Company	-	<u>1,387,000.</u>
In Hands of Public	-	2,519,000.
Preferred Stock	-	3,662,000.
Common and Surplus	-	<u>4,738,000.</u>
Total		<u>\$10,919,000.</u>

Current Assets

Bonds and Shares at market or less	-	\$1,863,000.
Cash		73,000.
Receivables Net, Call Loans, etc.-		2,201,000.
Inventories	-	<u>1,704,000.</u>
Total		5,841,000.
Less Current Liabilities		<u>1,104,000.</u>
Working Capital		<u>\$4,737,000.</u>

After providing for depreciation, interest charges were earned 2.77, 1.51, 1.95 and 2.19 times respectively in the years ended 31st March 1929, 1930, 1931 and 1932.

Current assets, as indicated in the annual report include \$2,301,000 in "open accounts, bills receivable, call loans and government bonds"; after deducting a reservation of \$100,000 for bad debts, this item, viz., \$2,201,000., together with cash holdings and marketable investments, (carried at market value or lower,) amounted to \$4,137,000., - sufficient, after deducting the amount of the current liabilities, \$1,104,000., - to cover with a margin of over \$500,000., bonds of Canadian Cottons Limited in the Hands of the public.

It is our opinion that, under present conditions, no fears need be entertained regarding Canadian Cottons Limited first 5s of 1940.

A. J. L. HASKELL

H. A. CRAIG

B. OUTERBRIDGE

G. W. SPINNEY

E. D. GLASSCO

5th January, 1933.

CANADA STEAMSHIP LINES LIMITED

P.O. Box 2430

Office of the President

MONTREAL,

January 18, 1933.

Mr. G. W. Spinney,
c/o Bank of Montreal,
MONTREAL.

Re: Sinking Fund - 5% Consolidated
First Mortgage Debenture Stock

Dear Mr. Spinney:

Following my talk of yesterday afternoon with you as Chairman of the Investment Committee of McGill University, I have much pleasure in handing you the following information in respect of this issue:

The original authorization of our 5% Consolidated First Mortgage Debenture Stock and/or Bonds was in amount of	\$9,000,000
Of such authorization there was issued up to 1917 the amount of	7,120,506
Of such issued amount there was sold to the public the amount of	6,522,106
Thus leaving in the treasury of the Company for use as collateral the amount of	598,400

As this latter figure of \$598,400 was intended to be sold we have included it as forming a part of the total issue of \$7,120,506 upon which our sinking fund calculation is based; but as such amount of \$598,400 was actually retired and cancelled in 1926 it is obvious that the total outstanding issue to be retired by sinking fund operation by 1943 as per indenture, is not the above figure of \$7,120,506 but only \$6,522,106.

The sinking fund provision of this indenture requires one and one-half per cent of the total issue to be retired each year during the life of the indenture which, together with interest on bonds kept alive in the sinking fund, retires the entire amount of \$6,522,106 in 1943.

In addition to the above amount of \$598,400 used as collateral prior to 1917, there was issued a further amount of \$7,801,600 in 1921 which, added to the first named item, provided the \$8,400,000 collateral used under the 7% Collateral Trust Mortgage of 1921 which proved largely unsalable and was retired in 1922 at which time a new 7% Collateral Trust Mortgage was issued and sold in amount of \$6,000,000, the \$8,400,000 of Treasury Debentures being pledged under this lien.

As part of this transaction the bankers insisted that the annual sinking fund requirement of the 5% Debenture Mortgage be increased by one and one half per cent on the \$8,400,000 Debentures pledged as collateral as above, and sinking fund payments have been made on that basis from 1922 until February 15, 1932 notwithstanding the fact that the \$8,400,000 of Collateral Debentures were retired and cancelled in 1926 when the mortgage under which they were pledged was paid off.

Not only, therefore, have we paid the sinking fund on bonds used as collateral only from 1922 to 1926, but from 1926 to 1932 we have continued such sinking fund payments on the above amount of bonds which were actually retired and cancelled in 1926.

The result of this policy is that on February 15, 1932, the date of the last sinking fund payment, such sinking fund was overpaid in amount of \$1,156,656, which rate of payment if continued would retire all 5% Debentures by 1936 instead of 1943, or seven years before maturity.

The legal opinion now furnished to us is that we have overpaid the sinking fund in the above amount and in this connection we refer you to Article 10 of the 5% Trust Deed, reading as follows:

"All or any of the Stock and/or Bonds may be issued absolutely or may be issued pledged charged or hypothecated from time to time by the Company as security for advances or loans to or for indebtedness or other obligations of the company and when re-delivered to the company or its nominees on or without payment satisfaction release or discharge in whole or in part of any of such advances loans indebtedness or obligations shall whilst the company remains entitled thereto be treated as unissued stock and/or bonds and accordingly may be issued or re-issued pledged charged hypothecated sold or otherwise disposed of as and when the company may think fit or at its option may be cancelled and fresh Certificates to the like amount and in like form may be issued in lieu thereof and all such Certificates so issued re-issued or substituted shall from time to time rank as stock and/or bonds of this issue".

Your particular attention is directed to the distinction between stock issued absolutely and stock issued, pledged, charged or hypothecated; the latter item of which shall be treated as unissued stock when re-delivered to the company upon payment of debt under which it may have been pledged, and this is exactly what occurred in 1926^{as} to the \$7,801,600 Debentures which were redeemed and cancelled at that time; consequently the following words in Article 30 -

"The same equal to $1\frac{1}{2}$ upon the amount of the stock which may for the time being have been issued"

should be interpreted as referring only to Debentures issued absolutely and not to Debentures only temporarily issued by way of pledge and, consequently released from the pledge and not re-issued by the company.

We are now asking the 5% Debenture holders to waive sinking fund payments until such time as the normal $1\frac{1}{2}$ % payments on \$7,120,506 absorb such overpayment which will be during 1937, and thereafter accept sinking fund payments at such rate as will retire the balance outstanding at maturity.

The value of the property pledged under the lien of our 5% Consolidated First Mortgage Debentures after depreciation to date of December 31, 1931 is as follows:

44 steamships	- \$11,039,271
Miscellaneous property including new terminals, Toronto	- 5,426,164
Machinery, Equipment, Office furniture, etc.	- 345,984
Securities (practically all on Davie Shipbuilding & Repairing Co., Quebec)	- <u>2,350,329</u>
	<u>\$19,161,748</u>

As the amount of 5's outstanding is \$2,351,221, you will see that the value of the pledged property is 8.15 times that of the outstanding Debentures.

The necessity of our approaching holders of our 5% Debentures on the matter of sinking fund payments is that during the last three years our gross revenue has fallen from \$17,662,000 to about \$8,000,000 or over fifty per cent, while during the same period the net results of our operations have shrunk from an income of \$1,348,000 in 1928 to a net loss of about \$2,600,000 in 1932, or a net reduction of nearly \$4,000,000, under which circumstances we find ourselves unable to continue sinking fund payments on our 5% Debentures at the existing rate.

Not only must the company have relief from its 5% Debenture sinking fund, but also from its 6% First and General Mortgage Bond interest and sinking fund in which position you will doubtless concur upon reading the following statement:

Result of Operations, 1932, after interest but before any sinking fund payments - Loss of	\$2,600,000
From which deduct Depreciation & Discount Reserves	<u>1,738,000</u>
Balance, representing cash loss after interest	862,000
Deduct: 6% Bond Interest	<u>1,060,000</u>
Cash gain before 6% interest	\$ 198,000

Forward \$ 198,000

from which to meet the following sinking fund payments:

5's	\$495,000	
Kingston Elevator bonds	30,000	
6's	<u>50,000</u>	
As above	\$575,000	
Deduct: 6's	<u>50,000</u>	<u>525,000</u>
Cash loss, 1932, as above		\$ 327,000

In other words, relief from our 6% interest and sinking fund payments in 1932 would have resulted in a cash loss of \$327,000, after 5% Debenture sinking fund payments and before providing for any repayment of bank loans now outstanding in amount of \$3,050,000 for which, as I explained to you, provision must now be made.

Kingston Elevator Company is wholly owned subsidiary of, and its bonds are guaranteed by Canada Steamship Lines Limited.

As I have already advised you that this program has the concurrence of Mr. Macnutt, Vice-President of the Sun Life Assurance Company, who will act as a member of the proxy committee, I now request that you will designate a second member of such committee to represent the interest of McGill University and that you will lend your kind assistance to the carrying out of the above program.

I shall be glad to furnish any additional information required by you, and remain,

Yours very truly,

W. H. COVERDALE

PRESIDENT.

I feel that the University could safely agree to postponement of sinking fund on 1st Mortgage 5's if other large holders will take the same helpful attitude.

G. W. SPINNEY
A. J. L. HASKELL
H. A. CRAIG
B. OUTERBRIDGE
E. D. GLASSCO

January 26th, 1933.

The Royal Institution for the Advancement of Learning

	<u>Cost</u>	<u>Present Price</u>
Re: \$120,000. Price Bros. & Company Ltd. First 6s due 1st Feb. 1943	99.60	30

Interest due 1st August 1932 on Price Brothers bonds is in default and a bondholders' committee has been formed consisting of three Canadians and three representatives of the Chase-Harris Forbes group.

Modification of the trust deed of Price Brothers first 6s requires the affirmative vote of holders of 75% of the bonds outstanding but it is understood that substantially less than this percentage has been deposited with the committee.

It is said that Canadian Insurance Companies have refrained from deposit due to the fact that Canadian members do not constitute a majority of the protective committee but it may be that holders of the bonds who have not deposited also hold preferred and common stock and would like to be assured that the protective committee for the bondholders are not intent upon eliminating junior equities.

In any case, until it is decided who is to control the situation, the tenure of operating executives will remain precarious. In these circumstances, executives are working under a heavy handicap and cannot compete effectively against units, which, if not adequately financed, are able to take the initiative if interests in control agree.

Accordingly, it would not be surprising to see operating conditions go from bad to worse until some group is in control; presumably retrograde progress would not be unacceptable to the bondholders' protective committee, since the worse conditions become, the stronger the argument becomes to support the committee.

The contract to purchase from Duke-Price Power Company hydro-electric power over a long term is a liability rather than an asset, and while the liability is understood to be unsecured, presumably Duke-Price, in case of default in paying for power, could file a claim upon the estate for the capitalized value of the payments. The prospects for the bondholders probably depend at the moment on the value of the assets pledged under the trust deed, the more valuable of which may be assumed to be as follows:-

	<u>Arbitrary Value</u>
236 square miles (151,040 acres) freehold, \$5. per acre	\$ 755,200.
9400 " " (6,016,000 ") leasehold, 50¢ per acre	3,008,000.
33 " " (21,120 ") right-of-cut, 50¢ per acre	<u>10,560.</u>
	\$3,773,760.
	=====

Therefore, if it be considered that mills capable of producing 1060 tons of newsprint, 60 tons of cardboard and 345,000 board feet of lumber per day, as well as 63,250 developed and 61,000 potential horsepower, are, in the aggregate, of no value, leasehold and freehold property at a conservative valuation, represent over 29% of bonds outstanding, namely, \$11,061,000., as compared with the current price of 30.

However, if the assets do not come under some form of unified control, there is some risk that the present executives may not have the power to maintain the properties intact.

We should like, therefore, to draw the attention of the Committee to the factors of uncertainty affecting Price Bros. & Company, Ltd., and suggest that the Investment Committee take into consideration the advisability of disposing of part of their holdings of the first 6s of 1943 as a hedge against future developments.

A. J. L. Haskell
G. W. Spinney
H. A. Craig
B. Outerbridge
E. D. Glassco

MEMO FOR ADVISORY COMMITTEE

ROYAL INSTITUTION FOR THE ADVANCEMENT OF LEARNING

Preliminary Survey of Paper Bonds

- \$250,000. ABITIBI POWER AND PAPER COMPANY LIMITED 5% 1953 .
This Company having passed through receivership, Mr. G.T. Clarkson has been appointed Receiver and Manager. The \$50,000,000. first mortgage bonds outstanding have a present market of 15 or a total value at present market of \$7,500,000. Total capacity is in excess of 600,000 tons of paper per annum. I understand that at \$52. per ton the company can make enough money from its Iroquois Falls Mill alone - excluding its 4 other plants altogether - to cover the bond interest on its whole first mortgage issue before depreciation. Paper is now only \$45 per ton and the company is not making money. It would not take a large rise in the price of paper, however, to show a material improvement in the position of this issue. We are getting in touch with Mr. Clarkson and endeavouring to get a Receiver's report on the company and also the latest statements.
- \$ 50,000. CANADA PAPER COMPANY 6% 1945.
Further study will have to be given to this situation. It is felt that perhaps the bonds are not as strong as those of the parent company, Howard Smith Paper Mills, Ltd.
- \$ 50,000. CANADIAN INTERNATIONAL PAPER COMPANY 1st MTGE. 6% 1949.
Company earned bond interest over two times in 1931. No information is available for 1932 but results will almost certainly be not so good. Company does not publish statements as all the stock is owned by International Power and Paper Company. This is a great danger since it is powerless to prevent inroads made should the parent company choose to do so and the position of the parent company is exceedingly precarious. Mr. Graustein, testifying before the Federal Trade Commission, said - "There is no dodging the fact that the Association considers the whole system more important than any of its units".
- \$ 26,000. CANADIAN PULP AND PAPER RESEARCH 6% 1947.
We have not yet been able to obtain any information on this situation.
- \$370,375. CONSOLIDATED PAPER CORPORATION, LTD. 1st MTGE. 5 $\frac{1}{2}$ % 1961.
We understand that Mr. Belnap is working out the problems of this company with considerable success and that, operating at only 25% of capacity, the company is now covering operating expenses, interest on bank indebtedness and interest on Wayagamack News bonds and earning a little something over; and that during the past year and a half the company has succeeded in reducing nearly \$10,000,000 from the peak of its indebtedness by earnings, compromising on certain agreements in connection with leases and otherwise and by the sale of certain assets. Should the paper industry improve, the company may be rather slow in coming back because of the large amount of bank indebtedness still outstanding and the poor reputation the company received in former years.
- \$125,000. FRASER COMPANIES LTD. 1st MTGE. 6% 1952
52,000. FRASER COMPANIES LTD. 6 $\frac{1}{2}$ % DEBENTURES. Now exchanged to Com. Stk.
This company is in a very bad way and has steadily lost money since its reorganization. Operating and administrative expenses are being covered but not interest on bank advances which amounts to about \$500,000. per annum. This is on top of a working capital deficit of over \$3,000,000. A large part of the company's difficulties arises out of its lumbering operations which can only be conducted at a substantial loss due to the ruinous competition from the Scandinavian countries and Russia, made possible because of heavy depreciation in the currencies of the former and monopolistic nature of the export business of the latter. It is difficult to see how this situation can be prevented from getting worse and no one can tell what the outcome will be. On the other hand the First Mortgage bonds have a nominal quotation of 10 but command no real market, while the common stock has no market, real or imaginary.

\$ 50,000. INTERNATIONAL PAPER COMPANY REFUNDING 6% 1955.
 These bonds are outstanding to the extent of \$19,977,000. and are junior to subsidiary issues of \$77,350,000. The assets of International Paper Company consists of the Common Stock of Canadian International Paper Company, from which no revenue can be expected and certain American properties that are not as a whole in a favourable competitive position. Earnings, after depreciation of \$3,128,400, failed to cover bond interest by \$1,120,824 in 1931. At the end of 1931 the company had no less than \$20,710,625 notes payable and \$6,087,680 accounts payable. Quick assets consisted of \$2,499,930 cash and \$15,270,880 accounts receivable. With the resignation of Mr. Wiggin from the Chase National Bank, future relations of the company with the New York Banks are likely to be radically different than has been the case in the past and bankruptcy is more than probable. If this occurs there is likely to be little if anything available for the International Paper Refunding 6s because of the heavy bank indebtedness and the large amount of senior securities to these bonds that are outstanding.
 For this reason we strongly recommend the sale of these bonds at the present time even though the price is only 13-1/2.

\$ 25,000. INTERNATIONAL POWER & PAPER COMPANY OF N.F.L.D. LTD. 1ST MTGE. 5%, 1968.
 This bond we believe to be sound inasmuch as the company is the lowest cost unit in the International Paper group. The first mortgage is a small issue of \$1,000,000 and precedes two \$2,000,000 debenture issues, one of which is guaranteed by the Government of Newfoundland and the other by the Government of Great Britain. This lends considerable strategic strength to the first mortgage bonds. Despite the rather unsatisfactory current position due to heavy bank indebtedness and considerable advances due to the parent company which will be a constant drain on the cash, earnings are satisfactory and were over 9 times first mortgage bond interest in 1931.

\$ 50,000. LAKE ST. JOHN POWER & PAPER CO. LIMITED 1ST MTGE. 6 1/2% 1947.
 This situation appears reasonably hopeful despite the fact that the company is not paying bond interest. This appears to have been caused by three reasons -

1. Working Capital position was unsatisfactory.

At the end of 1931 Current Assets were	\$ 2,239,540
Current Liabs. were	1,905,156
Net working capital	<u>\$ 334,384</u>
2. The company has important contracts from the Hearst syndicate who paid them largely by notes instead of cash. This increased bank loans to a point where the banks did not feel justified in advancing more funds and seriously embarrassed the company.
3. The Quebec Government claims for \$500,000 for timber limits due to an error in the size of the timber limits contracted for by the company. Lake St. John Power and Paper Company was unable to finance this. It is expected that some way out of this tangle can be reached by arbitration.

No formal reorganization has taken place but bondholders have formed committees friendly to the company to watch over its operations and have given the right to waive bond interest for 2-1/2 years and to issue a prior lien issue if they deem this advisable.

The company has averaged 67% production in 1932 and is now operating at 78%. Earnings for 11 months after depletion (which was \$92,000 in 1931) but before depreciation (which was \$170,000 in 1931) failed to meet bond and debenture interest requirements of roughly \$500,000. by \$100,000. As this interest is not being paid at present, it follows that the company is at present operating in a way to permit the improvement of its cash position and this should tend to improve the position of the bonds.

\$ 120,000. PRICE BROTHERS & COMPANY LIMITED 1st MTGE. 6% 1943.
 This company is in receivership. We understand that the company is still losing money on operations. Harris Forbes and Co. Ltd. have formed a protective committee, but the Canadian Insurance Companies are holding aloof as they consider Harris Forbes are demanding too broad powers and there is not adequate assurance that the bondholders' position will be their primary concern. Under the circumstances it would seem that the University could do no better than follow the actions of the Insurance Companies who will be acting in their own best interests.

\$ 50,000. PROVINCIAL PAPER LIMITED 1ST. MTGE. 5 $\frac{1}{2}$ % 1947.
 These bonds are selling at 60. Current earnings are ample to cover bond interest requirements and the current position is fairly comfortable. This may well be used as a medium in which to switch other securities held that may seem to be less favourably situated.

\$ 45,000. RESTIGOUCHE COMPANY LIMITED 1st MTGE. 5 $\frac{1}{2}$ % 1948.
 This situation is very similar to the Fraser Companies securities discussed more fully above. The Company is just about breaking even on operating and administrative expenses and has no working capital.

	Book Value	Yield	Market Value	Yield
\$ 50,000. ROLLAND PAPER COMPANY LIMITED First 5 $\frac{1}{2}$ s due 1st June 1948	96.89	5.8%	73 bid	8.7%

The company's principle bond and ledger paper products are sold under the trade names and watermarks of "Superfine Linen", "Record" and "Earnscliffe" Linen Bond, "Empire Linen Bond", "Colonial Bond", "Service Bond", "Mount Royal" and "Rockland" Bond.

The first 5 $\frac{1}{2}$ s due 1st June 1948 are payable at the option of the holder in Canada, New York or at \$4.86 $\frac{2}{3}$ in London; sinking fund from 1st June 1931 of 2% annually, plus interest on bonds redeemed.

Capitalization consists of \$2,450,000. in first 5 $\frac{1}{2}$ s; \$1,500,000. in 6% Preferred, as well as 60,000 shares of common without par value, carried in the books of the company at \$1,596,000. At the end of 1931, current assets, (including \$268,000. in cash and securities at market value), amounted to \$1,134,000., as compared with current liabilities of \$129,000., leaving net working capital of \$1,005,000. In the years 1929, 1930 and 1931, interest charges were earned, after providing for depreciation, 2.68 times, 2.2 times and 1.76 times respectively.

While it is not certain that revenues will not decline still further, the company has shown a satisfactory power of resistance to the forces of depression, and for the time being, it is believed that the bonds should be retained.

\$ 50,000. HOWARD SMITH 5 $\frac{1}{2}$ % FIRST MORTGAGE BONDS DUE 1953
 While the company is understood to be earning its bond interest, the situation is involved and we shall interview Mr. Crabtree and report fully on the company in the near future.

B. Outerbridge
 G. W. Spinney
 A.J.L. Haskell
 H.A. Craig
 E.D. Glassco

10th January, 1933.

HOWARD SMITH PAPER MILLS LIMITED

I interviewed Mr. Harold Crabtree, President of Howard Smith Paper Mills in order to ascertain the situation surrounding the investment of -

\$50,000. Howard Smith Paper Mills 5 $\frac{1}{2}$ % 1st Mtge. due 1953
50,000. Canada Paper Corp. 5 $\frac{1}{2}$ % 1st Mtge. due 1961

I asked Mr. Crabtree for an explanation of the \$8,841,837 deferred liabilities and subsidiary obligations and how they affected the position of the Howard Smith \$7,000,000 1st Mtge bonds. Mr. Crabtree said that the \$8,841,837 could be split up as follows:-

Deferred Liabilities	\$ 3,186,038
Subsidiary Obligations	5,655,799

All of the deferred liabilities with the exception of about \$280,000. which was due to St. Maurice Valley Corporation in 1937 for certain limits would disappear from the 1932 balance sheet, \$1,200,000 bank loans would be shown in the Current Liabilities and \$1,670,000 Notes of Canada Paper Company would be cancelled.

The St. Maurice Valley Corporation leased the Canada Paper Company together with all their current assets guaranteeing the payment of interest on the bonds and dividends on the preferred stock of Canada Paper Company. St. Maurice Valley Corporation afterwards sub-leased the property to Howard Smith Paper Mills on virtually the same basis. Because of the terms of the lease St. Maurice Valley Corporation had to advance to Canada Paper Company from time to time an amount in excess of \$2,000,00 and Howard Smith over \$350,000. Such advances as were not repaid being converted into Canada Paper Company notes in favour of the guarantors. When the paper situation began to get sour and it became evident that St. Maurice Valley Corporation was in no position to shoulder its guarantee Howard Smith became frightened and found a loophole whereby they could get out of their lease and the Canada Paper shareholders found that their plant was back on their hands unless they wished to sue St. Maurice Valley Corporation for their guarantee which they did not have the resources to live up to. Furthermore, the Canada Paper shareholders found their property practically without working capital since this together with the plant was virtually leased, in the first place, to St. Maurice Valley Corporation. In this way the working capital of Canada Paper became mixed up with that of St. Maurice. When this latter Corporation merged with Canada Power and Paper Corporation the working capital of Canada Paper became so hopelessly mixed up with that of the two other Corporations it was found that it was neither possible to tell nor to recover from the tangle what might rightly be considered to belong to the Canada Paper Company.

Mr. Crabtree therefore evolved a plan which was finally accepted whereby Howard Smith Paper Mills issued 20,000 shares of its own stock in exchange for the 20,000 shares issued and outstanding of Canada Paper Company which were all owned by Canada Power and Paper Corporation, the lease and sub-lease of the properties were cancelled by Canada Paper Company thereby relieving both St. Maurice Valley Corporation and Howard Smith Paper Mills from the necessity of paying dividends on the preferred stock of Canada Paper Company. St. Maurice Valley Corporation in its turn agreed in consideration of being relieved of its liabilities of its guarantee of both the bonds and preferred stock of Canada Paper Company to cancel the notes due to it by Canada Paper Company due for previous advances which were held to the extent of \$1,665,855. The whole of this agreement was subject to the plan of reorganization of the Canada Power and Paper Corporation into what is now called the Consolidated Paper Corporation and to the new corporation's unqualified acceptance of the plan. This has now been obtained and explains why this \$1,665,855 note will disappear from the 1932 balance sheet of Howard Smith.

The most important Subsidiary Obligations are:-

Mortgages Payable	120,300
6% 1st Mtge. bonds Canada Paper Company	1,676,000
7½% 1st Mtge. bonds Lincoln Pulp & Paper Co.	663,900
6½% 1st Mtge. bonds Georgetown Coated Paper Co.	184,500
Other Bonds	<u>171,600</u>
Total Subsidiaries' bonds	2,716,300

(Note the Canadian Collulose Co. also have \$479,500 7% 1st Mtge. bonds which are hold by bank as additional security for loans)

Alliance Paper Mills 6% Pfd.	1,003,500
Canada Paper Co. 7% Pfd.	1,250,000
Other Preferred Stocks	<u>37,200</u>
Total Subsidiaries Preferred Stocks	2,290,700
Common Stocks of Alliance Paper Mills Ltd. and Schofield Paper Co. Ltd. owned by public	<u>548,799</u>
	5,655,799

It is apparent therefore that the subsidiaries of Howard Smith Paper Mills Ltd. have heavy obligations of their own and that the 5½% 1st Mtge. bonds of Howard Smith are secured by little else than the assets of the parent Company.

I next asked Mr. Crabtree which he would prefer to hold as a trustee investment Howard Smith 1st Mtge. bonds or Canada Paper 1st Mtge. bonds. Mr. Crabtree answered without hesitation Howard Smith bonds. Howard Smith is chiefly concerned with the manufacture of bond and ledger, book and lithographing papers the demand for which is reasonably constant and they had been fortunate in being able to maintain prices at profitable levels. Howard Smith had made reductions here and there but it was not until 1933 that they had deemed it advisable to make a broad cut in the price of all their products. Mr. Crabtree said that now this had been done it would cost Howard Smith about \$200,000 but that most of this loss in revenue would be absorbed in lower operating costs and would not seriously impair the income. He fully expected the lower prices would maintain a sufficient volume of available business for the mills. 1932 had been a tough year but they were fortunate in coming through it earning bond interest and he did not anticipate they would fare much worse in 1933. Howard Smith 5½% 1st Mtge. bonds are currently selling in the early 50's.

Canada Paper Company's chief business is the manufacture of kraft paper. Such paper sells in Canada for 4¾ cents per pound but this is largely because of a very heavy Canadian tariff since kraft paper is now selling in the United States for 2½ cents per pound. Canada Paper is just earning its bond interest at the 4¾ cents price but a drop in the price of even 1 cent a pound would not permit sufficient earnings to meet interest charges. Mr. Crabtree was hopeful that the present price structure could be maintained and that the Canada Paper Company situation could be worked out but he could see that there was a danger in the large difference between the American and Canadian prices. He wished to make perfectly clear that 4¾ cents per pound was not an exorbitant price for Kraft. At 2½ cents a pound the American manufacturers could not hope to meet their fixed charges indeed it was doubtful whether the most of them could even cover operating costs.

I asked Mr. Crabtree if Canada Paper Company were to fail to cover its fixed charges whether Howard Smith would advance enough money to meet such charges in order to protect its common stock holding. Mr. Crabtree said that he thought it would be very unlikely that Howard Smith would make any large advances because first of all it would prove too costly and secondly Howard Smith could not afford to make heavy advances. Of course if the Canada Paper

Company bondholders were to permit it Howard Smith might advance funds against a prior lien issue of Canada Paper Company as Howard Smith would have no difficulty in raising a bank loan against this. Mr. Crabtree thought that it would be much more likely if Canada Paper Company fails to cover bond interest for it to stop paying it. A bondholders meeting would then be called and the situation frankly explained to the bondholders namely that the price of the company's product would not allow the company to earn enough to pay interest and the company is almost devoid of working capital. The bondholders were perfectly welcome to take over and operate the plant but it would probably be a costly undertaking and it would probably be better to arrive at an arrangement whereby Howard Smith would continue to supply the management of Canada Paper Company as they are now doing without cost to Canada Paper Company and Howard Smith should in return continue to hold undisturbed its common stock with the expectation that prices would eventually return to a sufficiently high level to permit servicing the bonds and give some value to the stock.

Mr. Crabtree said that to date Canada Paper Company had met all sinking fund requirements for their bonds but that they would require \$72,000 before the end of 1933. He asked that if the University were to decide to sell their holding that they approach him before offering them openly for sale as a block of \$50,000 offered on the market would unsettle the price and have a bad effect on the company. While the situation appears to be precarious and in our opinion is an undesirable holding for trustee funds evidently Mr. Crabtree hopes that the company will be able to work out successfully as he said that the Company had picked up \$18,000 of its bonds since the 1st of December 1932 and that he had bought a few bonds for his own account by maintaining a steady bid of 42 for the bonds.

I then asked Mr. Crabtree what the current position of Howard Smith Paper Mills was at the end of 1932 and whether it would show current assets of about 4 million dollars and current liabilities of about 3 millions. I made this guess on the supposition that current assets at the end of 1931 were just over 4 millions and current liabilities were \$1,865,000 including \$1,150,500 bank loans but excluding bank loans of \$1,200,000 previously carried as a deferred asset but this year to be included in current liabilities. Mr. Crabtree said that this about approximated the situation current assets would be a little less than 4 millions and current liabilities a little less than 3 millions since bank loans had been reduced to approximately \$1,400,000.

I asked Mr. Crabtree if he could see any possibility of the newsprint industry being able to solve its problems. He replied that he wished he could see a way but to be honest he could not see any escape from a series of bankruptcies, reorganisations, readjustments and compromises which would create a great unsettlement generally in the newsprint industry.

B. OUTERBRIDGE

Concurred: H. A. CRAIG

E. D. GLASSCO

Seen by: G. W. SPINEY

A. J. L. HASKELL

DOCKET STARTS:

Handwritten scribbles or marks on the left side of the page.

McGILL UNIVERSITY
MONTREAL

SECRETARY & BURSAR'S OFFICE

APSG:C

June
Thirteenth
1932.

Sir Arthur Currie, G.C.M.G., K.C.B., LL.D.,
Principal,
McGill University.

Dear Sir Arthur:

I am sending you herewith copy of the University's
holdings in bonds and stocks showing the book value and the market value as
of May 31st.

Within a short delay I will send you a list of
our mortgage loans and the income derived therefrom.

Yours faithfully,

APSG
Secretary

*not
received*

Enc.

MCGILL UNIVERSITY INVESTMENTS

K.P. 5250

RECAPITULATION AS AT May 31st 1932.

CLASSIFICATION	BOOK VALUE		MARKET VALUE		MKT. VAL. Feb. 24th 1932		PROFIT OR LOSS		INCOME DERIVED			
	PERCENT OF FUND	AMOUNT	PERCENT OF FUND	AMOUNT	PERCENT OF FUND	AMOUNT	AMOUNT	PERCENT	AMOUNT	AVERAGE YIELD		
<u>BONDS</u>												
Canadian Federal Gov't	4.63	680,500	7.07	623,450	5.77	597,900	-	57,050	-	8.38	36,840	5.41
" Provincial Gov't	4.18	613,850	6.28	553,450	5.83	604,200	-	60,400	-	9.84	32,210	5.25
" Municipal "	11.38	1,671,850	16.40	1,445,250	14.30	1,481,200	-	226,600	-	13.55	88,100	5.27
" School & Parish	5.55	815,400	8.06	710,750	7.43	769,300	-	104,650	-	14.72	42,020	5.15
Total Canadian Gov't Bonds	25.74	3,781,600	37.81	3,332,900	33.33	3,452,600	-	448,700	-	11.87	199,170	5.27
Canadian Railroad	2.52	370,450	3.00	264,200	2.66	276,000	-	106,250	-	28.68	18,245	4.93
" Public Utility	11.29	1,658,650	13.07	1,151,800	12.69	1,314,900	-	506,850	-	30.32	88,780	5.35
" Industrial	24.15	3,547,250	20.89	1,841,150	21.92	2,272,000	-	1,706,100	-	48.10	170,015	4.79
1. Building & Related Lines	2.00	294,300	1.92	169,250	1.86	192,900	-	125,050	-	42.49	13,260	4.51
2. Coal	.28	41,000	.26	22,650	.28	29,100	-	18,350	-	44.76	2,350	5.73
3. Food	1.19	174,250	1.21	106,650	1.31	136,100	-	67,600	-	38.79	7,485	4.30
4. Miscellaneous	2.79	409,450	2.74	241,550	2.71	281,200	-	167,900	-	41.01	21,815	5.33
5. Petroleum Products	.68	99,250	.96	84,500	.81	83,500	-	14,750	-	14.86	5,520	5.56
6. Pulp & Paper	9.34	1,372,800	4.86	428,450	5.18	536,600	-	944,350	-	68.79	49,670	3.62
7. Railway Equipment	.33	47,850	.17	14,850	.26	26,800	-	33,000	-	68.97	3,010	6.29
8. Shipping, Storage etc.	3.75	550,150	3.86	340,300	4.11	426,200	-	209,850	-	38.14	32,855	5.97
9. Steel	.41	60,650	.22	19,350	1.17	121,400	-	41,300	-	68.10	3,620	5.97
10. Textiles & Apparel	3.38	497,500	4.69	413,600	4.23	438,200	-	83,900	-	16.87	30,430	6.12
Canadian Financial & Investment	1.68	247,050	1.90	167,850	1.81	187,500	-	79,200	-	32.87	12,870	5.21
" Real Estate, Hotel & Apts.	1.38	202,150	1.63	143,550	1.48	153,100	-	58,600	-	28.99	12,400	6.13
Total Canadian Corporation Bonds	41.02	6,025,500	40.49	3,568,550	40.56	4,203,500	-	2,456,950	-	40.81	302,310	5.02
TOTAL CANADIAN BONDS	66.76	9,807,100	78.30	6,901,450	73.89	7,647,900	-	2,905,700	-	29.63	501,480	5.11

MCGILL UNIVERSITY INVESTMENTS

K.P. 5250

RECAPITULATION AS AT May 31st 1932.

CLASSIFICATION	BOOK VALUE		MARKET VALUE		MKT. VAL. <u>Feb. 24-1932</u>		PROFIT OR LOSS		INCOME DERIVED		
	PERCENT OF FUND	AMOUNT	PERCENT OF FUND	AMOUNT	PERCENT OF FUND	AMOUNT	AMOUNT	PERCENT	AMOUNT	AVERAGE YIELD	
United States Railroad	.82	120,350	.34	29,900	.60	62,200	-	90,450	-- 75.16	5,300	4.40
" " Public Utility	1.40	205,150	1.13	99,650	1.68	174,300	-	105,500	- 51.43	12,255	5.97
" " Industrial	1.67	245,250	.66	57,950	1.18	122,300	-	187,300	- 76.37	12,400	5.06
Total United States Bonds	3.89	570,750	2.13	187,500	3.46	358,800	-	383,250	- 67.15	29,955	5.25
Foreign Government	1.41	207,100	.90	79,050	.91	94,000	-	128,050	- 61.83	6,255	3.02
" Public Utility	.74	109,200	.80	70,650	.80	82,400	-	38,550	- 35.30	6,320	5.79
Total Foreign Bonds	2.15	316,300	1.70	149,700	1.71	176,400	-	166,600	- 52.67	12,575	3.98
TOTAL BONDS	72.80	10,694,150	82.13	7,238,650	79.06	8,183,100	-	3,455,500	- 32.31	544,005	5.09
<u>PREFERRED STOCKS</u>											
Canadian Public Utility	.50	72,750	.36	32,000	.38	38,800	-	40,750	- 56.01	4,500	6.19
" Industrial	1.72	252,000	.53	46,400	.56	57,700	-	205,600	- 81.59	2,750	1.09
Total Canadian Preferred	2.22	324,750	.89	78,400	.94	96,500	-	246,350	- 75.86	7,250	2.23
United States Railroad	.60	88,750	.39	33,950	.44	45,700	-	54,800	- 61.75	1,560	1.76
" " Public Utility	2.30	337,450	.78	68,650	1.37	141,400	-	268,800	- 79.66	13,270	3.93
" " Industrial	1.00	147,400	.95	84,300	.90	93,000	-	63,100	- 42.81	6,400	4.34
Total United States Preferred	3.90	573,600	2.12	186,900	2.71	280,100	-	386,700	- 67.42	21,230	3.70
TOTAL PREFERRED STOCKS	6.12	898,350	3.01	265,300	3.65	376,600	-	633,050	- 70.47	28,480	3.17

MCGILL UNIVERSITY INVESTMENTS

K.P. 5250

RECAPITULATION AS AT May 31st 1932

CLASSIFICATION	BOOK VALUE		MARKET VALUE		MKT. VAL. <u>24th Feb. 1932</u>		PROFIT OR LOSS		INCOME DERIVED		
	PERCENT OF FUND	AMOUNT	PERCENT OF FUND	AMOUNT	PERCENT OF FUND	AMOUNT	AMOUNT	PERCENT	AMOUNT	AVERAGE YIELD	
<u>COMMON STOCKS</u>											
Canadian Railroad	2.72	399,600	.92	80,650	1.56	161,300	-	318,950	- 79.82	11,200	2.80
" Public Utility	1.99	292,400	2.32	204,800	2.07	214,300	-	87,600	- 29.96	14,665	5.02
" Industrial	1.41	207,600	.40	34,950	.52	53,900	-	172,650	- 83.16	2,560	1.23
" Financial & Investment	4.56	671,300	7.79	687,500	7.56	781,500	+	16,200	+ 2.36	44,700	6.66
Total Canadian Common	10.69	1,570,900	11.43	1,007,900	11.71	1,211,000	-	563,000	- 35.84	73,125	4.65
United States Railroad	.98	143,750	.27	23,750	.59	60,800	-	120,000	- 83.48	3,065	2.13
" " Public Utility	6.84	1,006,400	2.55	224,400	3.97	410,100	-	782,000	- 77.70	20,585	2.05
" " Industrial	1.89	277,150	.36	31,950	.59	61,300	-	245,200	- 88.47	2,530	.91
Total United States Common	9.71	1,427,300	3.18	280,100	5.15	532,200	-	1,147,200	- 80.38	26,180	1.83
Foreign Public Utility	.68	99,550	.25	22,100	.43	44,400	-	77,450	- 77.80	1,460	1.47
<u>TOTAL COMMON STOCKS</u>	21.08	3,097,750	14.86	1,310,100	17.29	1,787,600	-	1,787,650	- 57.71	100,765	3.25
Total Canadian Securities	79.66	11,702,700	90.63	7,987,700	86.43	8,937,900	-	3,715,000	- 31.74	581,855	4.97
" United States Securities	17.51	2,571,650	7.42	654,500	11.43	1,182,300	-	1,917,150	- 74.55	77,365	3.01
" Foreign Securities	2.83	415,850	1.95	171,800	2.14	220,800	-	244,050	- 58.69	14,035	3.37
Total Government Securities	27.15	3,988,700	38.72	3,411,950	34.22	3,538,400	-	576,750	- 14.46	205,425	5.16
" Railroad Securities	7.65	1,122,900	4.91	432,450	5.86	606,000	-	690,450	- 61.49	39,370	3.51
" Public Utility Securities	25.74	3,781,550	21.26	1,874,050	23.27	2,406,800	-	1,907,500	- 50.44	161,835	4.28
" Industrial Securities	31.83	4,676,650	23.80	2,096,700	25.80	2,667,700	-	2,579,900	- 55.17	196,655	4.20
" Financial & Other "	7.63	1,120,500	11.31	996,900	10.85	1,122,100	-	123,600	- 11.03	69,970	6.24
<u>TOTAL SECURITIES</u>	100.00	14,690,200	100.00	8,814,050	100.00	10,341,000	-	5,876,150	- 40.00	673,255	4.58

MCGILL UNIVERSITY INVESTMENTS

K.P. 5250

ITEMIZED STATEMENT AS AT May 31st 1932.

PAR VALUE OR NO. OF SHS.	NAME OF SECURITY	RATE	MATURITY			BOOK VALUE			MARKET VALUE			PROFIT OR LOSS	INCOME DERIVED	
			DAY	MONTH	YEAR	UNIT	YIELD	TOTAL	UNIT	YIELD	TOTAL			
	<u>BONDS</u>													
	<u>CANADIAN FEDERAL GOVERNMENT</u>													
75,000.00	Dom. of Can, Nat. Service Loan	5.00	15	Nov.	1941	99.04	5.13	74,280	96.50	5.47	72,375	- 1,905	3,810	
8,200.00	" " " Ref. Loan	5.00	15	Oct.	1943	100.00	5.00	8,200	97.25	5.32	7,974	- 226	410	
3,500.00	" " " " "	4.50	15	Oct.	1944	100.00	4.50	3,500	92.00	5.39	3,220	- 280	157	
25,500.00	" " " Conv. Loan	4.50	1	Nov.	1959	100.00	4.50	25,500	90.25	5.17	23,014	- 2,486	1,147	
47,728.72	Burrard Drydock - Subsidy	5.00	9	A&O	33-58	95.01	5.50	43,350	79.90	7.20	38,137	- 5,213	2,485	
275,000.00	Canadian National Rly.	5.00	1	Oct.	1969	106.67	4.62	293,342	94.75	5.32	260,562	- 32,780	13,585	
170,333.33	" Northern "	4.00	1	Sep.	1934	92.84	7.16	158,145	89.00	9.00	151,597	- 6,548	11,634	
45,000.00	Harbour Commissioners of Mtl.	5.00	1	Nov.	1969	106.00	4.66	47,700	94.50	5.34	42,525	- 5,175	2,223	
25,000.00	" " " Que.	4.00	1	Apr.	1938	93.88	5.20	23,470	85.00	7.10	21,250	- 2,220	1,222	
3,000.00	St. John Drydock - Subsidy	5.50	5	Jan.	1949	100.00	5.50	3,000	92.50	6.22	2,775	- 225	165	
								680,487			623,429	- 57,058	36,828	

MCGILL UNIVERSITY INVESTMENTS

K.P. 5250

ITEMIZED STATEMENT AS AT May 31st 1932

PAR VALUE OR NO. OF SHS.	NAME OF SECURITY	RATE	MATURITY			BOOK VALUE			MARKET VALUE			PROFIT OR LOSS	INCOME DERIVED
			DAY	MONTH	YEAR	UNIT	YIELD	TOTAL	UNIT	YIELD	TOTAL		
	<u>CANADIAN PROVINCIAL GOVERNMENT</u>												
70,000.00	Province of British Columbia	4.50	1	Apr.	1953	94.19	4.80	65,933	81.00	6.12	56,700	- 9,233	3,241
100,000.00	" " " "	4.50	1	Apr.	1957	99.02	4.57	99,020	79.00	6.15	79,000	- 20,020	4,520
10,000.00	Ecole des Hautes Etudes - Subsidy	4.00	1	Jan.	1949	88.64	5.00	8,864	84.50	5.44	8,450	- 414	442
75,000.00	Province of Ontario	6.00	1	Apr.	1935	103.62	4.71	77,715	100.00	6.00	75,000	- 2,715	3,667
55,000.00	" " "	6.00	2	May	1936	99.68	6.10	54,824	100.00	6.00	55,000	+ 176	3,340
50,000.00	" " "	6.00	1	Feb.	1941	98.64	6.20	49,320	100.50	5.90	50,250	+ 930	3,055
50,000.00	Province of Saskatchewan	6.00	1	Feb.	1936	99.65	6.10	49,825.	94.00	7.87	47,000	- 2,825	3,040
50,000.00	" " "	6.00	1	Oct.	1940	97.41	6.40	48,705.	90.75	7.50	45,375	- 3,330	3,110
36,000.00	Notre Dame Hospital - Subsidy	5.00	1	May	43-45	100.00	5.00	36,000.	85.00	6.85	30,600	- 5,400	1,800
100,000.00	Ont. Hydro-Elect. Pow. Comm.	4.75	1	Jan.	1970	101.27	4.69	101,270	85.50	5.69	85,500	- 15,770	4,740
24,333.33	Toronto Power - Prov. Guar.	4.50	1	May	1941	91.97	5.65	22,379	84.50	6.84	20,562	- 1,817	1,256
								613,855			553,437	- 60,418	32,211

MCGILL UNIVERSITY INVESTMENTS

K.P. 5250

ITEMIZED STATEMENT AS AT May 31st 1952

PAR VALUE OR NO. OF SHS.	NAME OF SECURITY	RATE	MATURITY			BOOK VALUE			MARKET VALUE			PROFIT OR LOSS	INCOME DERIVED
			DAY	MONTH	YEAR	UNIT	YIELD	TOTAL	UNIT	YIELD	TOTAL		
	<u>CANADIAN MUNICIPAL GOVERNMENT</u>												
16,000.00	Town of Baie d'Urfe	5.00	1	May	1954	89.27	5.87	14,283	80.00	6.75	12,800	- 1,483	837
45,000.00	" " Beaconsfield	5.00	1	Nov.	1943	92.76	5.87	41,742	86.00	6.75	38,700	- 3,042	2,443
50,000.00	City of Calgary	5.00	1	Apr.	1970	102.26	4.87	51,130	70.00	7.35	35,000	- 16,130	2,495
52,533.89	Essex Border Utilities Comm.	5.75	1	Feb.	40-54	99.55	5.80	52,297	50.00	18.30	26,267	- 26,030	3,024
15,000.00	Town of Ford City	6.00	15	Jun.	41-42	101.90	5.75	15,285	50.00	Nil	7,500	- 7,785	Nil
25,000.00	" " " "	6.00	15	Jun.	47-48	102.60	5.75	25,650	50.00	Nil	12,500	- 13,150	Nil
15,000.00	Village of Forest Hill	5.00	1	May	1946	104.13	4.60	15,619	86.00	6.55	12,900	- 2,719	720
20,000.00	" " " "	5.00	1	May	48-51	104.80	4.60	20,960	84.00	6.55	16,800	- 4,160	965
38,000.00	Town of Glace Bay	5.50	15	Jul.	1936	98.25	6.00	37,335	95.00	6.95	36,100	- 1,235	2,090
13,000.00	City of Hamilton	6.00	15	Jul.	1937	99.31	6.15	12,910	98.50	6.35	12,805	- 105	767
12,000.00	" " "	6.00	1	Nov.	1937	99.31	6.15	11,917	98.50	6.34	11,820	- 97	708
60,000.00	Town of Hampstead	6.00	1	Nov.	1961	111.19	5.25	66,714	91.50	6.66	54,900	- 11,814	3,510
6,000.00	City of Hull	5.00	1	May	1934	100.00	5.00	6,000.	97.25	6.50	5,835	- 165	300
40,000.00	" " Lachine	5.00	1	June	1954	95.77	5.36	38,308	81.50	6.60	32,600	- 5,708	2,040.
18,700.00	Village of Metis Beach	5.50	1	May	33-39	99.47	5.60	18,601	91.75	7.23	17,157	- 1,444	1,042
135,000.00	City of Montreal	6.00	15	Dec.	1941	99.03	6.13	133,690	100.25	5.95	135,337	+ 1,647	8,100
4,623.33	" " "	4.50	1	Nov.	1951	80.14	6.28	3,705	76.75	6.65	3,548	- 157	231

MCGILL UNIVERSITY INVESTMENTS

K.P. 5250

ITEMIZED STATEMENT AS AT May 31st 1932.

PAR VALUE OR NO. OF SHS.	NAME OF SECURITY	RATE	MATURITY			BOOK VALUE			MARKET VALUE			PROFIT OR LOSS	INCOME DERIVED
			DAY	MONTH	YEAR	UNIT	YIELD	TOTAL	UNIT	YIELD	TOTAL		
25,000.00	City of Montreal	5.00	1	May	1954	100.00	5.00	25,000	92.50	5.60	23,125	- 1,875	1,250
97,333.34	City of Montreal	4.50	1	May	1969	99.03	4.55	96,389	80.50	5.78	78,353	- 18,036	4,380
50,000.00	Montreal Metropolitan Comm.	4.50	1	May	1965	99.54	4.53	49,770	80.00	5.87	40,000	- 9,770	2,255
4,000.00	Town of Montreal North	6.00	1	Dec.	1954	109.95	5.25	4,398	97.50	6.20	3,900	- 498	231
28,000.00	" " " "	6.00	1	May	1956	110.17	5.25	30,848	97.50	6.20	27,300	- 3,548	1,621
25,000.00	" " " West	5.00	1	May	1954	100.73	4.97	25,182	85.50	6.22	21,375	- 3,807	1,245
50,000.00	City of Ottawa	5.00	1	Jul.	1945	100.72	4.93	50,360	91.50	5.95	45,750	- 4,610	2,490
15,000.00	Town of Pointe Claire	5.00	1	May	1943	93.30	5.84	13,995	86.00	6.82	12,900	- 1,095	813
14,415.48	Town of Renfrew	6.00	1	Oct.	34-43	103.09	5.50	14,901	95.50	6.75	13,767	- 1,134	820
6,000.00	City of St. Catharines	5.00	1	Oct.	36-38	98.62	5.30	5,917	93.80	6.35	5,628	- 289	313
19,000.00	" " " "	5.50	1	Oct.	36-38	100.95	5.30	19,180	96.10	6.35	18,259	- 921	1,017
15,000.00	Town of St. Lambert	5.50	1	May	1954	99.22	5.56	14,883	86.00	6.72	12,900	- 1,983	828
1,000.00	" " " "	5.50	1	May	1956	100.00	5.50	1,000	85.50	6.72	855	- 145	55
25,000.00	" " " "	5.50	1	May	1962	100.00	5.50	25,000	84.50	6.70	21,125	- 3,875	1,375
25,000.00	City of St. Lambert	5.50	1	Nov.	1952	101.85	5.35	25,462	86.50	6.72	21,625	- 3,837	1,362
25,000.00	Village of St. Michel de Laval	6.00	1	May	1954	99.17	6.07	24,792	97.50	6.20	24,375	- 417	1,505
26,000.00	Town of St. Paul	4.00	1	May	1937	100.00	4.00	26,000	89.00	6.60	23,140	- 2,860	1,040
25,000.00	" " Sault au Recollet	6.00	1	May	1954	99.17	6.07	24,792	98.00	6.14	24,500	- 292	1,505

MCGILL UNIVERSITY INVESTMENTS

K.P. 5250

ITEMIZED STATEMENT AS AT May 31st 1932

PAR VALUE OR NO. OF SHS.	NAME OF SECURITY	RATE	MATURITY			BOOK VALUE			MARKET VALUE			PROFIT OR LOSS	INCOME DERIVED	
			DAY	MONTH	YEAR	UNIT	YIELD	TOTAL	UNIT	YIELD	TOTAL			
48,300.00	City of Shawinigan Falls	5.50	1	Nov.	36-53	101.45	5.35	49,000	89.30	6.75	43,132	- 5,868	2,644	
87,500.00	" " Three Rivers	5.50	1	May	45-54	101.64	5.35	88,935	87.25	6.75	76,344	- 12,591	4,760	
38,000.00	City of Toronto	6.00	1	June	1941	98.64	6.20	37,483	100.00	6.00	38,000	+ 517	2,322	
50,000.00	" " "	6.00	1	June	1948	97.45	6.25	48,725	100.00	6.00	50,000	+ 1,275	3,045	
24,000.00	Town of Trenton	5.50	14	Mar.	35-36	100.00	5.50	24,000	95.70	7.00	22,968	- 1,032	1,320	
50,000.00	City of Vancouver	5.00	12	Aug.	1960	103.96	4.77	51,980	76.00	6.95	38,000	- 13,980	2,475	
56,806.21	Town of Walkerville	6.00	14	Dec.	45-47	104.03	5.60	59,095	83.00	8.00	47,149	- 11,946	3,313	
1,000.00	City of Westmount	5.00	1	Nov.	1937	100.00	5.00	1,000	94.00	6.30	940	- 60	50	
100,000.00	" " "	4.50	1	Nov.	55-65	100.27	4.48	100,270	81.40	5.85	81,400	- 18,870	4,495	
32,000.00	" " Windsor	6.00	1	Feb.	33-38	99.43	6.18	31,818	94.35	8.00	30,192	- 1,626	1,964	
18,000.00	" " "	5.50	1	Feb.	49-51	92.47	6.20	16,645	76.50	8.00	13,770	- 2,875	1,030	
45,000.00	" " Winnipeg	6.00	1	Feb.	1941	99.39	6.09	44,725	93.00	7.07	41,850	- 2,875	2,727	
50,000.00	" " "	6.00	1	Mar.	1942	96.78	6.44	48,390	93.00	7.00	46,500	- 1,890	3,000	
25,938.01	Township of York	6.00	3	Mar.	37-39	99.36	6.12	25,772	90.90	8.00	23,578	- 2,194	1,577	
								1,671,853				1,445,269	226,584	88,099

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PAR VALUE OR NO. OF SHS.	NAME OF SECURITY	RATE	MATURITY			BOOK VALUE			MARKET VALUE			PROFIT OR LOSS	INCOME DERIVED
			DAY	MONTH	YEAR	UNIT	YIELD	TOTAL	UNIT	YIELD	TOTAL		
	<u>CANADIAN SCHOOL & PARISH</u>												
25,000.00	Ascension of Our Lord Parish	5.50	2	Jan.	1945	99.81	5.52	24,952	91.50	6.50	22,875	- 2,077	1,380
25,000.00	Cote la Visitation School Comm.	5.50	1	Feb.	1953	94.08	6.00	23,520	92.10	6.18	23,025	- 495	1,410
25,000.00	Lachine School Commission	5.50	1	May	1945	99.08	5.60	24,770	91.40	6.49	22,850	- 1,920	1,385
100,000.00	Montreal Catholic School Comm.	4.50	1	May	1971	99.54	4.53	99,540	76.00	6.12	76,000	- 23,540	4,510
25,000.00	" Protestant " "	6.00	1	Jan.	1943	110.88	4.72	27,720	98.00	6.25	24,500	- 3,220	1,312
37,000.00	" " " "	4.50	1	Jan.	1944	99.77	4.52	36,938	85.65	6.27	31,690	- 5,248	1,670
60,000.00	" " " "	6.00	1	Jan.	47-50	99.22	6.07	59,532	98.00	6.20	58,800	- 732	3,616
10,000.00	" " " "	5.00	1	Jan.	1952	100.00	5.00	10,000	86.60	6.20	8,660	- 1,340	500
75,000.00	" " " "	5.00	1	May	1954	105.51	4.60	79,132	85.85	6.18	64,387	- 14,745	3,630
25,000.00	" " " "	5.00	1	May	1955	105.63	4.60	26,407	85.60	6.18	21,400	- 5,007	1,220
25,000.00	Outremont " " "	5.50	1	Sep.	1943	100.00	5.50	25,000	92.90	6.38	23,225	- 1,775	1,375
12,000.00	" " " "	5.50	1	Aug.	1953	101.25	5.40	12,150	91.05	6.27	10,926	- 1,224	660
500.00	Pte. Claire & Beaconsfield Schools	6.00	1	May	1933	99.05	7.00	495	99.50	6.50	497	+ 2	34
100,000.00	Quebec Roman Catholic School	4.50	1	Apr.	1961	99.78	4.52	99,780	78.00	6.12	78,000	- 21,780	4,500
50,000.00	Riviere St. Pierre School	6.00	1	Nov.	1958	100.00	6.00	50,000	94.80	6.41	47,400	- 2,600	3,000
50,000.00	St. Germain d'Outremont Parish	5.00	2	Jan.	1961	99.04	5.07	49,520	84.40	6.17	42,200	- 7,320	2,505

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PAR VALUE OR NO. OF SHS.	NAME OF SECURITY	RATE	MATURITY			BOOK VALUE			MARKET VALUE			PROFIT OR LOSS	INCOME DERIVED	
			DAY	MONTH	YEAR	UNIT	YIELD	TOTAL	UNIT	YIELD	TOTAL			
11,000.00	Sault Ste. Marie R.C. School	6.00	1	Jan.	1940	101.59	5.75	11,175	95.65	6.75	10,521	- 654	643	
25,000.00	Shawinigan Falls School Comm.	5.50	1	Jul.	42-54	102.24	5.30	25,560	90.50	6.45	22,625	- 2,935	1,355	
25,000.00	" " " "	5.00	1	May	1954	89.27	5.87	22,317	83.15	6.44	20,787	- 1,530	1,307	
23,500.00	Sherbrooke Protestant School	5.50	1	Jun.	40-48	101.97	5.30	23,963	91.50	6.47	21,502	- 2,461	1,271	
50,000.00	Three Rivers School Comm.	5.50	1	May	40-43	100.75	5.40	50,375	93.40	6.43	46,700	- 3,675	2,719	
33,000.00	Toronto R.C.Sep. School	6.00	1	Mar.	1941	98.64	6.20	32,551	97.50	6.37	32,175	- 376	2,020	
								815,397				710,745	- 104,652	42,022

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PAR VALUE OR NO. OF SHS.	NAME OF SECURITY	RATE	MATURITY			BOOK VALUE			MARKET VALUE			PROFIT OR LOSS	INCOME DERIVED
			DAY	MONTH	YEAR	UNIT	YIELD	TOTAL	UNIT	YIELD	TOTAL		
	<u>CANADIAN RAILROAD</u>												
97,333.33	Canada Atlantic Rly.	4.00	1	Jan.	1955	81.83	5.38	79,648	60.00	7.80	58,400	- 21,248	4,263
250,000.00	Canadian Pacific Rly.	4.00		Perp.	Deb. Stock	87.78	4.55	219,450	56.00	7.14	140,000	- 79,450	10,000
50,200.00	" " "	5.00	15	Apr.	1934	95.56	7.43	47,971	89.00	11.25	44,678	- 3,293	2,510
30,000.00	" " "	4.50	1	Jul.	1960	76.19	6.31	22,857	69.00	7.05	20,700	- 2,157	1,398
1,000.00	Lake Champlain & St. Lawrence Jct.	4.00	2	Jul.	1940	53.37	13.91	534	44.00	17.00	440	- 94	74
								370,460			264,218	- 106,242	18,245
	<u>CANADIAN PUBLIC UTILITY</u>												
100,000.00	Beauharnois Power	6.00	1	Oct.	1959	99.05	6.07	99,050	20.00	Nil	20,000	- 79,050	Nil
60,000.00	British Columbia Power	5.00	1	Mar.	1960	93.72	5.43	56,232	69.00	7.72	41,400	- 14,832	3,030
100,000.00	" " "	5.50	1	Mar.	1960	99.18	5.56	99,180	77.00	7.47	77,000	- 22,180	3,510
75,000.00	Canada Northern Power	5.00	1	May	1953	93.60	5.52	70,200	65.00	8.62	48,750	- 21,450	3,862
150,000.00	Duke Price Power	6.00	1	May	1966	101.69	5.88	152,535	58.00	10.50	87,000	- 65,535	8,980
51,000.00	East Kootenay Power	7.00	1	Apr.	1942	100.73	6.90	51,372	50.00	17.62	25,500	- 25,872	3,544
70,000.00	Gatineau Power	6.00	15	Jun.	1941	99.82	6.02	69,874	52.00	16.25	36,400	- 33,474	4,207
50,000.00	" "	5.00	1	Jun.	1956	79.95	6.67	39,975	64.00	8.55	32,000	- 7,975	2,585
25,000.00	Manitoba Power	5.50	1	Jan.	1951	97.10	5.75	24,275	50.00	12.50	12,500	- 11,775	1,392

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			DAY	MONTH	YEAR	UNIT	YIELD	TOTAL	UNIT	YIELD	TOTAL		
25,000.00	Manitoba Power	5.50	1	Jul.	1952	98.85	5.59	24,712	50.00	12.25	12,500	- 12,212	1,380
100,000.00	Montreal Island Power	5.50	1	May	1957	93.31	6.02	93,310	82.00	7.05	82,000	- 11,310	5,620
25,000.00	" Light Heat & Power	5.00	1	Oct.	1951	100.00	5.00	25,000	97.00	5.25	24,250	- 750	1,250
112,000.00	" Public Service	5.00	1	Sep.	1942	92.66	5.95	103,779	94.00	5.87	105,280	+ 1,501	6,149
75,000.00	" Tramways	5.00	1	Jul.	1941	95.99	5.55	71,992	91.00	6.33	68,250	- 3,742	3,990
100,400.00	" " "A"	5.00	1	Apr.	1955	91.55	5.66	91,916	72.00	7.62	72,288	- 19,628	5,191
50,000.00	" " "B"	5.00	1	Apr.	1955	94.01	5.46	47,005	72.00	7.62	36,000	- 11,005	2,565
50,000.00	" " "C"	4.50	1	Apr.	1955	85.87	5.60	42,985	63.00	8.08	31,500	- 11,485	2,405
50,000.00	Northwestern Power	6.00	2	Jan.	1960	97.59	6.18	48,795	20.00	23.00	10,000	- 38,795	3,015
50,000.00	Ontario Power Service	5.50	1	Jul.	1950	93.68	6.07	46,840	47.00	13.25	23,500	- 23,340	2,835
30,000.00	Ottawa Electric	5.00	1	Jun.	1933	99.79	5.15	29,937	95.00	10.37	28,500	- 1,437	1,542
50,000.00	" Valley Power	5.50	1	Oct.	1970	96.56	5.72	48,280	82.00	6.83	41,000	- 7,280	2,760
150,000.00	Quebec Power	5.00	1	Dec.	1968	96.63	5.20	144,945	82.00	6.26	123,000	- 21,945	7,545
70,000.00	Western Power of Canada	5.00	1	July	1949	87.29	6.20	61,103	81.00	6.92	56,700	- 4,403	3,549
40,000.00	West Kootenay Power	5.00	1	Mar.	1956	96.60	5.25	38,640	70.00	7.80	28,000	- 10,640	2,156
75,000.00	Winnipeg Electric	5.00	2	Oct.	1954	102.32	5.81	76,740	38.00	14.20	28,500	- 48,240	3,720
								1,658,672			1,151,818	- 506,854	88,782

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			DAY	MONTH	YEAR	UNIT	YIELD	TOTAL	UNIT	YIELD	TOTAL		
	<u>CANADIAN INDUSTRIAL</u>												
	<u>Building & Related Lines</u>												
49,500.00	Asbestos Corporation	6.00	1	Jan.	1941	98.22	6.26	48,619	15.00	Nil	7,425	- 41,194	Nil
25,000.00	" "	6.00	1	Jan.	1956	99.11	6.07	24,777	5.00	Nil	1,250	- 23,527	Nil
48,500.00	Brandram-Henderson	6.00	15	Mar.	1939	95.58	6.81	46,356	70.00	12.75	33,950	- 12,406	3,148
75,000.00	Canada Cement	5.50	1	Nov.	1947	99.25	5.57	74,437	65.50	9.90	49,125	- 25,312	4,147
50,000.00	Dominion Tar & Chemical	6.00	2	Jan.	1949	99.06	6.08	49,530	65.00	10.32	32,500	- 17,030	3,010
50,000.00	St. Mary's Cement	6.00	1	Nov.	1942	101.17	5.85	50,585	90.00	7.38	45,000	- 5,585	2,955
	<u>Coal</u>							294,304			169,250	- 125,054	13,260
37,000.00	Dominion Coal	5.00	1	May	1940	95.86	5.59	35,468	55.00	14.75	20,350	- 15,118	1,998
5,000.00	Hillcrest Collieries	5.00	1	Mar.	1940	90.76	6.50	4,538	40.00	19.00	2,000	- 2,538	293
1,000.00	Sterling Coal	6.00	1	Jan.	1940	100.00	6.00	1,000	32.00	26.50	320	- 680	60
	<u>Food</u>							41,006			22,670	- 18,336	2,351
25,000.00	Burns & Co.	5.50	1	June	1948	99.11	5.58	24,777	15.00	Nil	3,750	- 21,027	Nil
25,000.00	Canada Biscuit	6.50	1	May	1946	99.14	6.59	24,785	14.00	Nil	3,500	- 21,285	Nil
25,000.00	Wm. Davies	6.00	1	Nov.	1942	99.23	6.10	24,807	75.00	10.87	18,750	- 6,057	1,512
27,000.00	Dominion Cannery	6.00	1	Apr.	1940	97.98	6.33	26,455	95.00	6.80	25,650	- 805	1,671
25,000.00	Eastern Dairies	6.00	1	May	1949	100.97	5.91	25,242	84.00	7.70	21,000	- 4,242	1,492
50,000.00	Maple Leaf Milling	5.50	1	June	1949	96.32	5.84	48,160	68.00	10.25	34,000	- 14,160	2,810
								174,226			106,650	- 67,576	7,485

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			DAY	MONTH	YEAR	UNIT	YIELD	TOTAL	UNIT	YIELD	TOTAL		
	<u>Miscellaneous</u>												
99,000.00	Canadian Consolidated Rubber	6.00	1	Oct.	1946	99.82	6.02	98,822	55.00	12.97	-54,450	- 44,372	5,950
25,000.00	Consumers Glass	5.00	1	Dec.	1948	94.62	5.50	23,655	70.00	7.96	17,500	- 6,155	1,300
50,000.00	Detroit International Bridge	6.50	1	Aug.	1952	99.58	6.53	49,790	5.00	Nil	2,500	- 47,290	Nil
40,000.00	Famous Players Canadian	6.00	1	Apr.	1948	100.00	6.00	40,000	69.00	9.88	27,600	- 12,400	2,400
50,000.00	Holt, Renfrew	6.50	1	Aug.	1937	98.87	6.75	49,435	69.00	14.87	34,500	- 14,935	3,335
50,000.00	Montreal Coke & Mfg.	5.50	1	June	1947	99.17	5.58	49,585	90.00	6.55	45,000	- 4,585	2,770
100,000.00	Simpsons Ltd.	6.00	2	July	1949	98.18	6.17	98,180	60.00	11.37	60,000	- 38,180	6,060
								409,467			241,550	- 167,917	21,815
	<u>Petroleum Products</u>												
50,000.00	British American Oil	5.00	1	Mar.	1945	99.92	5.01	49,960	86.00	6.66	43,000	- 6,960	2,500
50,000.00	McColl-Frontenac Oil	6.00	1	Oct.	1949	98.62	6.13	49,310	83.00	7.80	41,500	- 7,810	3,020
								99,270			84,500	- 14,770	5,520
	<u>Pulp & Paper</u>												
250,000.00	Abitibi Power & Paper	5.00	1	June	1953	91.59	5.68	228,975	19.30	22.00	48,250	- 180,725	13,000
50,000.00	Canada Paper	6.00	4	Dec.	1945	98.47	6.13	49,235	45.00	16.00	22,500	- 26,735	3,035
50,000.00	Canadian International Paper	6.00	1	July	1949	95.16	6.42	47,580	46.00	14.74	23,000	- 24,580	3,080
26,000.00	" Pulp & Paper Research	6.00	1	July	1947	100.00	6.00	26,000	50.00	14.13	13,000	- 13,000	1,560
370,375.00	Consolidated Paper Corp.	5.50	2	July	1961	85.50	6.12	316,670	18.00	Nil	66,667	- 250,003	Nil

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			DAY	MONTH	YEAR	UNIT	YIELD	TOTAL	UNIT	YIELD	TOTAL		
50,000.00	Donnacona Paper	5.50	1	Feb.	1948	99.11	5.58	49,555	20.00	24.12	10,000	- 39,555	2,765
50,000.00	Dryden Paper	6.00	1	Feb.	1949	99.06	6.08	49,530	40.00	16.62	20,000	- 29,530	3,010
52,000.00	Fraser Companies	6.50	1	Oct.	1942	104.33	5.94	54,252	6.00	Nil	3,120	- 51,132	Nil
125,000.00	" "	6.00	1	Jan.	1950	97.23	6.26	121,537	25.00	Nil	31,250	- 90,287	Nil
50,000.00	International Paper	6.00	1	Mar.	1955	96.38	6.30	48,190	21.00	22.50	10,500	- 37,690	3,035
25,000.00	" P. & P. of Nfld.	5.00	1	Jan.	1968	92.73	5.46	23,182	67.00	7.75	16,750	- 6,432	1,267
50,000.00	Lake St. John Power & Paper	6.50	1	Feb.	1947	99.05	6.59	49,525	45.00	14.75	22,500	- 27,025	3,255
120,000.00	Price Brothers	6.00	1	Feb.	1943	99.60	6.05	119,520	40.00	19.00	48,000	- 71,520	7,236
50,000.00	Provincial Paper	5.50	1	May	1947	95.10	6.00	47,550	60.00	11.00	30,000	- 17,550	2,850
45,000.00	Restigouche Paper	5.50	1	Feb.	1948	97.95	5.70	44,077	12.00	Nil	5,400	- 38,677	Nil
50,000.00	Rolland Paper	5.50	1	June	1948	96.89	5.80	48,445	55.00	11.80	27,500	- 20,945	2,805
50,000.00	Howard Smith Paper	5.50	1	June	1953	97.92	5.67	48,960	60.00	10.13	30,000	- 18,960	2,770
								1,372,783			428,437	- 944,346	49,668
	<u>Railway Equipment</u>												
24,500.00	Canadian Locomotive	6.00	1	July	1951	93.20	6.62	22,834	30.00	19.37	7,350	- 15,484	1,512
25,000.00	Eastern Car Co.	6.00	1	July	1952	100.00	6.00	25,000	30.00	19.12	7,500	- 17,500	1,500
								47,834			14,850	- 32,984	3,012

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			DAY	MONTH	YEAR	UNIT	YIELD	TOTAL	UNIT	YIELD	TOTAL		
	<u>Shipping, Storage etc.</u>												
150,000.00	Canada Steamship Lines	6.00	1	Oct.	1941	97.29	6.39	145,935	18.00	32.00	27,000	- 118,935	9,315
135,000.00	" " "	5.00	15	Aug.	1943	97.18	5.33	131,193	83.00	7.22	112,050	- 19,143	6,979
50,000.00	Federal Grain	6.00	1	Aug.	1949	98.59	6.03	49,295	70.00	10.90	35,000	- 14,295	3,020
50,000.00	Kingstone Elevator	6.00	1	May	1950	96.24	6.35	48,120	48.00	13.96	24,000	- 24,120	3,055
100,000.00	Lake & Rail Warehouse & Elevator	6.00	1	Dec.	1951	100.95	5.92	100,950	94.00	6.55	94,000	- 6,950	5,980
25,000.00	Reliance Grain	6.00	2	Jan.	1948	100.49	5.95	25,122	77.00	8.75	19,250	- 5,872	1,497
50,000.00	Western Grain	6.00	2	Jan.	1949	99.06	6.08	49,530	58.00	11.85	29,000	- 20,530	3,010
								550,145			340,300	- 209,845	32,856
	<u>Steel</u>												
7,500.00	Canadian Rolling Mills	6.00	2	Jan.	1933	100.00	6.00	7,500	90.00	24.37	6,750	- 750	450
2,920.00	Dominion Steel & Coal	6.00	1	Sep.	1939	100.00	6.00	2,920	37.00	23.62	1,080	- 1,840	175
50,000.00	General Steel Wares	6.00	1	Nov.	1952	100.49	5.96	50,245	23.00	19.87	11,500	- 38,745	2,995
								60,665			19,330	- 41,335	3,620
	<u>Textiles & Apparel</u>												
1,000.00	Canadian Consolidated Felt	6.00	1	Apr.	1940	100.00	6.00	1,000	79.00	9.88	790	- 210	60
25,000.00	" Cottons	5.00	2	Jul.	1940	92.67	6.12	23,167	90.00	6.65	22,500	- 667	1,410
178,500.00	Dominion Textile	6.00	1	Sep.	1949	98.93	6.10	176,590	94.00	6.58	167,790	- 8,800	10,764
25,000.00	" Woollens & Worsteds	6.00	1	June	1948	98.22	6.17	24,555	25.00	22.37	6,250	- 18,305	1,515

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			DAY	MONTH	YEAR	UNIT	YIELD	TOTAL	UNIT	YIELD	TOTAL		
46,233.33	Montreal Cottons	5.00	1	Nov.	1943	89.40	6.31	41,333	80.00	7.63	36,987	- 4,446	2,594
10,000.00	J. R. Moodie	6.00	1	Jul.	1948	100.00	6.00	10,000	85.00	7.63	8,500	- 1,500	600
100,000.00	Paton Manufacturing Co.	6.00	1	May	1953	100.00	6.00	100,000	80.00	7.98	80,000	- 20,000	6,000
50,000.00	Penmans Ltd.	5.50	1	Nov.	1951	98.24	5.65	49,120	84.00	7.02	42,000	- 7,120	2,775
5,000.00	St. Maurice Valley Cotton	6.00	1	June	1952	100.00	6.00	5,000	60.00	11.00	3,000	- 2,000	300
5,000.00	Shawinigan Cotton	6.00	1	Dec.	1949	100.00	6.00	5,000	60.00	11.25	3,000	- 2,000	300
25,000.00	Tooke Brothers	7.00	1	Apr.	1942	96.87	7.45	24,217	80.00	10.25	20,000	- 4,217	1,802
38,000.00	Woods Manufacturing Co.	6.00	1	Apr.	1943	98.82	6.15	37,552	60.00	12.95	22,800	- 14,752	2,310
								497,534			413,617	- 83,917	30,430
	<u>CANADIAN FINANCIAL & INVESTMENT</u>												
50,000.00	Canadian Internat. Invest. Trust	5.00	1	Oct.	1959	98.08	5.13	49,040	66.00	8.10	33,000	- 16,040	2,510
25,000.00	Hydro-Electric Bond & Share	5.00	1	May	1957	93.87	5.45	23,467	40.00	13.25	10,000	- 13,467	1,277
25,000.00	Montreal Loan & Mortgage	5.25	1	July	1938	100.00	5.25	25,000	91.50	7.00	22,875	- 2,125	1,312
50,000.00	Power Corporation	4.50	1	Mar.	1959	99.53	4.52	49,765	50.00	9.75	25,000	- 24,765	2,255
100,000.00	United Securities	5.50	1	May	1952	99.80	5.52	99,800	77.00	7.78	77,000	- 22,800	5,518
								247,072			167,875	- 79,197	12,872

MCGILL UNIVERSITY INVESTMENTS

K.P. 5250

ITEMIZED STATEMENT AS AT May 31st 1932.

PAR VALUE OR NO. OF SHS.	NAME OF SECURITY	RATE	MATURITY			BOOK VALUE			MARKET VALUE			PROFIT OR LOSS	INCOME DERIVED
			DAY	MONTH	YEAR	UNIT	YIELD	TOTAL	UNIT	YIELD	TOTAL		
	<u>CANADIAN REAL ESTATE, HOTELS & APTS.</u>												
25,000.00	Dominion Square Corp.	6.00	1	Apr.	1948	99.08	6.09	24,770	50.00	13.75	12,500	- 12,270	1,505
25,000.00	Gleneagles Investment Corp.	6.50	15	June	1944	97.35	6.82	24,337	50.00	24.25	12,500	- 11,837	1,660
7,000.00	Grande Allee Apartments	6.00	1	Dec.	1941	100.00	6.00	7,000	50.00	19.87	3,500	- 3,500	420
25,000.00	Montreal Apartments	5.50	1	July	1948	96.45	5.84	24,122	58.00	11.25	14,500	- 9,612	1,405
6,000.00	Ritz Carlton Hotel	5.00	1	June	1942	88.36	6.55	5,302	40.00	Nil	2,400	- 2,902	Nil
15,000.00	Ross Realty	6.00	1	July	1933	100.00	6.00	15,000	98.00	8.00	14,700	- 300	900
3,000.00	University Club of Montreal	5.00	1	Mar.	1933	98.19	6.90	2,946	98.50	7.00	2,955	+ 9	200
25,000.00	Victoria Realty Corp.	6.00	2	Jan.	1948	100.00	6.00	25,000	88.00	7.30	22,000	- 3,000	1,500
50,000.00	Windsor Hotel	6.50	1	Jan.	1943	98.08	6.75	49,040	82.00	9.25	41,000	- 8,040	3,305
25,000.00	" "	6.00	1	Dec.	1947	98.65	6.13	24,662	70.00	9.80	17,500	- 7,162	1,507
								202,169			143,555	- 58,614	12,402
	<u>U. S. RAILROAD</u>												
50,000.00	Duluth, South Shore & Atlantic	5.00	1	Jan.	1937	103.21	4.28	51,605	15.00	57.25	7,500	- 44,105	2,220
20,000.00	Erie Railroad - Cons. Gen. Lien	4.00	1	Jan.	1996	89.41	4.50	17,882	36.00	10.75	7,200	- 10,682	806
25,000.00	Kansas City, Fort Scott & Memphis	4.00	1	Oct.	1936	97.55	4.61	24,337	43.30	25.75	10,325	- 13,562	1,122
7,000.00	New York, Susquehanna & Western	5.00	1	Aug.	1940	103.15	4.55	7,220	22.35	29.25	1,564	- 5,656	330
20,000.00	St. Louis & San Francisco	4.00	1	July	1950	96.32	4.29	19,264	14.05	23.75	2,810	- 16,454	824
								120,358			29,899	- 90,459	5,302

MCGILL UNIVERSITY INVESTMENTS

K.P. 5250

ITEMIZED STATEMENT AS AT 31st May 1932

PAR VALUE OR NO. OF SHS.	NAME OF SECURITY	RATE	MATURITY			BOOK VALUE			MARKET VALUE			PROFIT OR LOSS	INCOME DERIVED
			DAY	MONTH	YEAR	UNIT	YIELD	TOTAL	UNIT	YIELD	TOTAL		
<u>U.S. PUBLIC UTILITY</u>													
25,000.00	Associated Gas & Electric	4.50	1	May	1958	95.02	4.84	23,755	13.00	23.50	3,250	- 20,505	1,137
81,600.00	Postal Telegraph & Cable	5.00	1	July	1953	67.27	8.35	54,892	17.00	23.25	13,872	- 41,020	4,594
100,000.00	St. Joseph Rly. Lt., Heat & Power	5.00	1	Nov.	1937	100.00	5.00	100,000	76.00	11.00	76,000	- 24,000	5,000
2,900.00	Twin City Rapid Transit - Notes	6.00	15	Jan.	1937	69.12	11.85	2,004	10.00	Nil	290	- 1,714	Nil
25,000.00	United Rly's Co. of St. Louis	4.00	1	Jul.	1934	98.03	4.85	24,507	25.00	85.00	6,250	- 18,257	1,182
								205,158			99,662	- 105,496	11,913
<u>U.S. INDUSTRIAL</u>													
50,000.00	Brown Company	5.50	1	Apr.	1946	97.38	5.77	48,690	20.80	24.25	10,400	- 38,290	2,810
50,000.00	International Match	5.00	15	Jul.	1941	96.19	5.52	48,095	1.00	Nil	500	- 47,595	Nil
50,000.00	Mead Corporation	6.00	1	May	1945	97.17	6.32	48,585	40.00	17.75	20,000	- 28,585	3,070
10,000.00	U.S. Rubber - Serial Notes "L"	6.50	1	Mar.	1937	99.90	6.53	9,990	27.50	39.00	2,750	- 7,240	652
90,000.00	" " " " " " " " "M"	6.50	1	Mar.	1938	99.88	6.52	89,892	27.00	33.50	24,300	- 65,592	5,868
								245,252			57,950	- 187,302	12,400
<u>FOREIGN GOVERNMENT</u>													
23,000.00	Province of Buenos Aires	6.00	1	Mar.	1961	96.47	6.27	22,188	28.00	Nil	6,440	- 15,748	Nil
25,000.00	Republic of Columbia	6.00	1	Oct.	1961	95.20	6.75	23,800	27.00	Nil	6,750	- 17,050	Nil
25,000.00	" " Haiti	6.00	1	Oct.	1952	97.54	6.21	24,385	62.00	10.50	15,500	- 8,885	1,512

MCGILL UNIVERSITY INVESTMENTS

K.P. 5250

ITEMIZED STATEMENT AS AT 31st May 1952.

PAR VALUE OR NO. OF SHS.	NAME OF SECURITY	RATE	MATURITY			BOOK VALUE			MARKET VALUE			PROFIT OR LOSS	INCOME DERIVED
			DAY	MONTH	YEAR	UNIT	YIELD	TOTAL	UNIT	YIELD	TOTAL		
30,000.00	Republic of Haiti	6.00	1	Oct.	1953	96.21	6.32	28,863	62.00	10.25	18,600	- 10,263	1,824
25,000.00	City of Rio de Janeiro	6.50	1	Feb.	1953	97.04	6.75	24,260	5.50	Nil	1,375	- 22,885	Nil
40,000.00	State of San Paulo	7.00	1	Oct.	1940	96.36	7.59	38,544	63.00	14.75	25,200	- 13,344	2,920
46,000.00	City of Sao Paulo	6.50	15	May	1957	97.93	6.67	45,048	11.25	Nil	5,175	- 39,873	Nil
								207,088			79,040	- 128,048	6,256
	<u>FOREIGN PUBLIC UTILITY</u>												
25,000.00	Foreign Power Securities	6.00	1	June	1949	99.08	6.08	24,770	45.00	15.00	11,250	- 13,520	1,505
25,000.00	Jamaica Public Service	5.00	1	July	1950	92.87	5.62	23,217	60.00	9.75	15,000	- 8,217	1,305
2,000.00	Mexican Electric Light	5.00	1	July	1935	100.00	5.00	2,000	32.00	46.50	640	- 1,360	100
10,000.00	Puebla Tramways	5.00	1	Jan.	1937	100.00	5.00	10,000	60.00	18.25	6,000	- 4,000	500
500.00	" "	5.00	1	July	1961	100.00	5.00	500	54.00	9.75	270	- 230	25
50,000.00	Rio de Janeiro Trams.	5.00	1	Jan.	1935	97.39	5.97	48,695	75.00	18.00	37,500	- 11,195	2,885
								109,182			70,660	- 38,522	6,320



EDINBURGH BOND

PREFERO

MCGILL UNIVERSITY INVESTMENTS

K.P. 5250

ITEMIZED STATEMENT AS AT May 31st 1932

PAR VALUE OR NO. OF SHS.	NAME OF SECURITY	RATE	MATURITY			BOOK VALUE			MARKET VALUE			PROFIT OR LOSS	INCOME DERIVED
			DAY	MONTH	YEAR	UNIT	YIELD	TOTAL	UNIT	YIELD	TOTAL		
	<u>PREFERRED STOCKS</u>												
	<u>CANADIAN PUBLIC UTILITY</u>												
250 shs.	Calgary Power	6.00				97.05	6.18	24,262	58.00	10.34	14,500	- 9,762	1,500
500 "	Canadian Hydro-Electric	6.00				97.01	6.18	48,505	35.00	17.14	17,500	- 31,005	3,000
								72,767			32,000	- 40,767	4,500
	<u>CANADIAN INDUSTRIAL</u>												
500 "	Abitibi Power & Paper	6.00				101.29	5.92	50,645	3.00	Nil	1,500	- 49,145	Nil
43 "	Canada Starch	7.00				73.08	9.58	3,142	63.00	11.00	2,709	- 433	301
100 "	Canadian Fairbanks-Morse	6.00				100.00	6.00	10,000	64.00	9.37	6,400	- 3,600	600
1 "	" Industries	7.00				100.00	7.00	100	93.00	7.53	93	- 7	7
355 "	Dominion Coal	7.00				107.57	6.51	38,187	15.00	Nil	5,325	- 32,862	Nil
260 "	" Textile	7.00				104.45	6.70	27,157	90.00	7.78	23,400	- 3,757	1,820
800 "	International Paper & Power	7.00				104.38	6.70	83,504	4.00	Nil	3,200	- 80,304	Nil
5 "	Lake of the Woods Milling	7.00				115.00	6.09	575	30.00	Nil	150	- 425	Nil
250 "	Massey-Harris - Conv.	5.00				109.30	4.57	27,325	7.50	Nil	1,875	- 25,450	Nil
4 "	Nova Scotia Steel & Coal - Deb.Stk.	6.00				85.00	7.05	340	17.00	35.30	68	- 272	24
110 "	Price Brothers	6.50				100.00	6.50	11,000	15.00	Nil	1,650	- 9,350	Nil
								251,975			46,370	- 205,605	2,752

MCGILL UNIVERSITY INVESTMENTS

ITEMIZED STATEMENT AS AT May 31st 1932

PAR VALUE OR NO. OF SHS.	NAME OF SECURITY	RATE	MATURITY			BOOK VALUE			MARKET VALUE			PROFIT OR LOSS	INCOME DERIVED
			DAY	MONTH	YEAR	UNIT	YIELD	TOTAL	UNIT	YIELD	TOTAL		
	<u>U.S. RAILROAD</u>												
30 shs.	Baltimore & Ohio	4.00				75.00	5.33	2,250	7.85	Nil	235	- 2,015	Nil
476 "	Great Northern	5.00				116.86	4.28	55,625	6.30	31.75	2,999	- 52,626	952
390 "	Norfolk & Western	4.00				79.14	5.05	30,865	78.75	5.08	30,712	- 153	1,560
								88,740			33,946	- 54,794	2,512
	<u>U.S. PUBLIC UTILITY</u>												
1,000 "	American Superpower 1st	6.00				101.66	5.90	101,660	43.85	13.68	43,850	- 57,810	6,000
\$ 25,000.00	Associated Gas & Electric	5.00	Certif. Stock			94.97	5.26	23,742	10.00	50.00	2,500	- 21,242	1,250
4 shs.	Columbia Gas & Electric - Conv.	5.00				100.00	5.00	400	54.00	9.26	216	- 184	20
250 "	Middlewest Utilities	6.00				107.08	5.60	26,770	2.25	Nil	562	- 26,208	Nil
137 "	St. Louis Public Service	7.00				100.00	7.00	13,700	1.10	Nil	151	- 13,549	Nil
500 "	Twin City Rapid Transit	7.00				137.00	5.11	68,500	9.00	Nil	4,500	- 64,000	Nil
1,000 "	United Light & Power - Conv.	6.00				102.69	5.60	102,690	16.85	35.61	16,850	- 85,840	6,000
								337,462			68,629	- 268,833	13,270
	<u>U.S. INDUSTRIAL</u>												
500 "	Brown Co.	6.00				95.00	6.31	47,500	1.10	Nil	550	- 46,950	Nil
400 "	International Milling	6.00				97.50	6.15	39,000	80.00	7.50	32,000	- 7,000	2,400
1,000 "	Wesson Oil & Snowdrift	4.00				60.90	6.56	60,900	51.75	7.73	51,750	- 9,150	4,000
								147,400			84,300	- 63,100	6,400

EDINBURGH BOND



EDINBURGH BOND

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MCGILL UNIVERSITY INVESTMENTS

K.P. 5250

ITEMIZED STATEMENT AS AT 31st May 1932

PAR VALUE OR NO. OF SHS.	NAME OF SECURITY	RATE	MATURITY			BOOK VALUE			MARKET VALUE			PROFIT OR LOSS	INCOME DERIVED
			DAY	MONTH	YEAR	UNIT	YIELD	TOTAL	UNIT	YIELD	TOTAL		
	<u>COMMON STOCKS</u>												
	<u>CANADIAN RAILROAD</u>												
8,960 shs.	Canadian Pacific	1.25				44.60	2.80	399,616	9.00	13.89	80,640	- 318,976	11,200
	<u>CANADIAN PUBLIC UTILITY</u>												
700 "	Bell Telephone	7.00				124.93	5.60	87,451	82.00	8.54	57,400	- 30,051	4,900
333 "	Consumers Gas of Toronto	10.00				124.48	8.00	41,452	146.00	6.85	48,618	+ 7,166	3,330
86 "	Montreal Telegraph	3.20				71.42	4.50	6,142	44.00	7.27	3,784	- 2,358	275
3,441 "	" Lt. Ht. & Power	1.50				27.94	5.37	96,148	25.00	6.00	86,025	- 10,123	5,151
1,000 "	Shawinigan Water & Power	1.00				61.22	3.27	61,220	9.00	11.11	9,000	- 52,220	1,000
								292,413			204,827	+ 87,586	14,666
	<u>CANADIAN INDUSTRIAL</u>												
125 "	Asbestos Corp,	Nil				25.00	Nil	3,125	.15	Nil	19	- 3,106	Nil
43 "	Canada Starch	Nil				10.00	Nil	430	5.00	Nil	215	- 215	Nil
5 "	Canadian Converters	2.00				30.00		150	25.00	8.00	125	- 25	10
200 "	" Industries	4.00				203.50	1.97	40,700	50.00	8.00	10,000	- 30,700	800
6,450 "	Consolidated Paper	Nil				17.47	Nil	112,727	1.00	Nil	6,450	- 106,277	Nil
250 "	Dominion Textile	5.00				79.80	6.26	19,725	40.00	12.50	10,000	- 9,725	1,250
1,000 "	Imperial Oil	0.50				27.44	1.82	27,440	8.00	6.25	8,000	- 19,440	500
60 "	International Paper & Power "A"	Nil				20.00	Nil	1,200	.75	Nil	45	- 1,155	Nil

MCGILL UNIVERSITY INVESTMENTS

K.P. 5250

ITEMIZED STATEMENT AS AT 31st May 1932

PAR VALUE OR NO. OF SHS.	NAME OF SECURITY	RATE	MATURITY			BOOK VALUE			MARKET VALUE			PROFIT OR LOSS	INCOME DERIVED
			DAY	MONTH	YEAR	UNIT	YIELD	TOTAL	UNIT	YIELD	TOTAL		
60 shs.	International Paper & Power "B"	Nil				12.00	Nil	720	.75	Nil	45	- 675	Nil
150 "	" " " " "C"	Nil				9.22	Nil	1,383	.25	Nil	37	- 1,346	Nil
								207,600			34,936	- 172,664	2,560
	<u>CANADIAN FINANCIAL</u>												
44 "	Canadian Bank of Commerce	12.00				208.25	5.77	9,163	135.00	8.89	5,940	- 3,223	528
1,357 "	Bank of Montreal	12.00				221.07	5.43	299,992	161.00	7.45	218,477	- 81,515	16,284
717 "	Montreal Loan & Mortgage	3.25				36.98	8.79	26,515	48.00	6.77	34,416	+ 7,901	2,330
38 "	" Trust Co.	16.00				152.63	10.50	5,800	300.00	5.33	11,400	+ 5,600	608
667 "	Royal Bank of Canada	12.00				260.23	4.62	173,573	131.00	9.16	87,377	- 86,196	8,004
3,800 "	" Trust Co.	3.60				26.18	13.75	99,484	75.00	4.80	285,000	+ 185,516	13,680
272 "	Bank of Toronto	12.00				208.67	5.77	56,758	165.00	7.27	44,880	- 11,878	3,264
								671,285			687,490	+ 16,205	44,698
	<u>U. S. RAILROAD</u>												
75 "	Baltimore & Ohio	Nil				80.00	Nil	6,000	5.35	Nil	401	- 5,599	Nil
501 "	Northern Pacific	Nil				98.34	Nil	49,268	6.60	Nil	3,307	- 45,961	Nil
7 "	" Securities	9.00				200.00	4.50	1,400	45.00	20.00	315	- 1,085	63
425 "	Pennroad Corp.	Nil				15.15	Nil	6,439	1.40	Nil	595	- 5,844	Nil
960 "	Pennsylvania Railroad	Nil				60.33	Nil	57,917	8.45	Nil	8,112	- 49,805	Nil
65 "	Southern Pacific	Nil				87.96	Nil	5,717	8.30	Nil	540	- 5,177	Nil
250 "	Union Pacific	6.00				68.09	8.81	17,022	41.90	14.32	10,475	- 6,547	3,000
								143,763			23,745	- 120,018	3,063

DOCKET ENDS:

SALE OF BONDS & STOCKS, JANUARY 1st 1932 TO APRIL 25th 1932.

<u>Date</u>	<u>Par Value</u>	<u>Investment</u>	<u>Sold To</u>	<u>Price</u>	<u>Amount</u>
Jan. 1	61,000.00	Lachine City of 5 $\frac{1}{2}$ % Bonds	Ames & Co.	98.98	60,377.80
7	10,000.00	Can. Salt Co. 6% Equipment Trust Notes	Wood, Gundy & Co.	100.00	10,000.00
25	100,000.00	Canada, Dom. of, 5% Nat. Service Loan Bonds	Bank of Montreal	95.00	95,000.00
Mar. 7	96,106.67	Steel Co. of Canada, 6% Bonds	McLeod, Young & Weir	101.97	97,999.93
8	20,000.00	Can. Nor. Rly. Co. 6 $\frac{1}{2}$ % S.F.G. Bonds	Ames & Co.	110.97	22,194.00
8	45,000.00	do.	do.	110.47	49,711.50
8	1,000.00	Canada, Dom; of, 4 $\frac{1}{2}$ % Bonds	do.	92.75	927.50
8	2,050.00	do. 5 $\frac{1}{2}$ % Bonds	do.	100.75	2,065.38
8	4,000.00	do. do.	do.	101.25	4,050.00
8	1,000.00	do. do.	do.	107.25	1,072.50
11	1,000.00	Baie d'Urfe, Town of, 5% Bonds	Can. Bank of Commerce	87.87	878.75
18	50,000.00	Ontario, Province of, 6% Deb.	Dom. Securities Corp.	101.00	50,500.00
18	15,000.00	French National Mail S.S. Lines 6% Bonds	do.	105.47	15,820.50
18	35,000.00	do. do.	Wood, Gundy & Co.	105.65	36,977.00
Apl. 8	50,000.00	Cities Service Co. 5% Bonds	Mead & Co.	43.48	21,739.83
	491,156.67				469,314.69

PURCHASES OF BONDS & STOCKS, JANUARY 1st 1932 to APRIL 25th 1932.

<u>Date</u>	<u>Par Value</u>	<u>Investment</u>	<u>Purchased from</u>	<u>Price</u>	<u>Amount</u>
Jan. 25	135,000.00	City of Montreal, 6% S.F. Bonds	Bank of Montreal	99.03	133,690.50
Mar. 7	10,200.00	Bell Telephone Co. of Can. Capital Stock	Peterson, Bates & Macfarlane	110.54	11,275.60
" 9	30,000.00	do.	do.	110.30	33,090.00
8	73,000.00	Can. Northern Rly. 4% Gtd. Deb. Stock	Ames & Co.	92.03	67,181.90
8	10,000.00	Can. Pac. Rly. Co. 5% Coll. Trust Bds.	do.	95.53	9,553.00
15	1,500.00	Bell Telephone Co. of Can. Capital Stock	Peterson, Bates & Macfarlane	110.30	1,654.50
17	35,000.00	Winnipeg, City of, 6% Debentures	Bank of Montreal	96.78	33,873.00
18	15,000.00	do. do.	Dom. Securities Co.	96.78	14,517.00
31	15,000.00	Can. Pacific Rly. Co. 5% Coll. Trust G. Bonds	Ames & Co.	95.53	14,329.50
Apl. 6	250 sh.	Mtl., Light Heat & Power Cons. Common Stock	Williams, Partridge & Co.	32.00	8,005.00
11	4,866.67	Can. Northern Rly. 4% Gtd. Deb. Stock	Dom. Securities Corp.	91.00	4,430.14
14	43,800.00	do. do.	Ames & Co.		40,309.14
	373,366.67				371,909.28

The following is an extract from a letter from one of the leading Investment Banking houses who at our request prepared on April 23rd a resume of the market situation as it affected our holdings of Pulp and Paper Bonds.

"The situation in connection with Price Bros. and Donnacona is rather beclouded and it is difficult to obtain accurate information concerning the situation at present. Street rumour has it that the Donnacona Company is being taken over by the interests which formerly controlled it and that they intend to operate as a separate concern. This is an unconfirmed rumour but, should it be so, it would appear that the bondholders would be in pretty much the same position as were the first mortgage bondholders of the Belgo Company, namely, that they would be in possession of the mills but would have no contracts. The first mortgage bonds are changing hands in the vicinity of 20 to 25 but they are very inactive. The 6% debentures are changing hands between 10 and 15 but here again the situation is purely an order market.

So far as Price Bros. 6% first mortgage bonds are concerned, bonds may be bought in the vicinity of 50 and there is no real demand at these levels at present. There is nothing further to be said by way of supplementing the statements made in our memorandum of March 23rd concerning the other situations except that the market levels have changed in the meantime. It must be borne in mind that, in common with all corporation securities of a depressed nature, there is no active trading market. We mean by this that dealers do not take a trading position in bonds and only buy or sell them on actual orders. This will explain wide spreads apparent in most situations.

Herewith is a list of quotations, as of today, with an indication as to how good the bid is.

Abitibi Power & Paper Co. Limited, 5% due June 1st, 1953

40 - 42

Canada Paper Company, 6% due 1945

45 bid. The bid is good for approximately \$10,000 and the cheapest actual offering at the moment is at 55.

Canadian International Paper Company, 6% due July 1st, 1949.

The general market for these bonds is in New York and the Canadian equivalent of the New York quotation is approximately 45 to 50.

Consolidated Paper Corporation, 5 $\frac{1}{2}$ % due 1961

These bonds are quoted nominally at 18 but there is no market for them that we know of nor have we seen any transactions on the street. We understand that the Department of Insurance has placed a value of 50 on the bonds but are not in a position to verify this.

Dryden Paper Company, Limited, 6% due 1949

Very nominally 40 to 50, last sale 50, purely an order market and no size that we know of on the bid.

Fraser Companies, Limited 6% due 1950.

These bonds are offered at 25 in odd lots with no actual demand at the moment.

Fraser Companies, Limited 6 $\frac{1}{2}$ % due 1942

There is absolutely no demand for these debentures with the possible exception of isolated orders at \$6.00 flat per hundred.

International Power & Paper Company Inc., 6% due 1955.

The Canadian equivalent of the New York price at today's quotations is approximately 25 to 27.

International Power & Paper Company of Newfoundland, 5% due 1968

The Canadian equivalent of the New York price is approximately 70 to 74. These bonds are quite active and enjoy a better market than do other paper bonds.

Lake St. John Power & Paper Company, Limited, 6 $\frac{1}{2}$ % due 1947

These bonds are a little easier, being offered at 50 with no real demand at the moment. We presume that the sinking fund has completed its operations.

Provincial Paper, Limited, 5 $\frac{1}{2}$ % due 1947

We have not seen an actual transaction in this issue for some time, bonds being quoted nominally 60 to 65.

Restigouche Company Limited, 5 $\frac{1}{2}$ % due 1948

There is a demand for odd lots of these bonds in the neighbourhood of 12 but it is purely an order market.

Rolland Paper Company, 5 $\frac{1}{2}$ % due 1948.

These are quoted nominally 60 to 65 with no actual demand at the moment.

Howard Smith Paper Mills, Limited, 5 $\frac{1}{2}$ % due 1953.

At the present time these are changing hands somewhere in the vicinity of 60 but the market is purely an order situation.

3rd May 1932.

M c G I L L U N I V E R S I T Y

The following data shows the extent of our holdings in pulp and paper bonds, what these securities cost us and the condition of the market for them as it appears to A.E.Ames and Company.

\$252,500. Abitibi Power and Paper 5% due June 1st 1953. Unit book value - \$91.39

32-36

\$50,000. Canada Paper 6% due December 4th 1945. Unit book value - \$98.40

45 bid. The bid is good for approximately \$10,000., and the cheapest actual offering at the moment is at 55.

\$50,000. Canadian International Paper 6% due July 1st 1949. Unit Book Value 95.00

The general market for these bonds is in New York and the Canadian equivalent of the New York quotation is about 46-49.

\$370,375. Consolidated Paper 5-1/2% due July 2nd, 1961. Unit Book value - \$80.55

These bonds are quoted nominally at 18, but there is no market for them that we know of nor have we seen any transactions on the Street. We understand that the Department of Insurance at Ottawa has placed a value of 36 on the bonds, but we are not in a position to verify this.

\$50,000. Donnacona Paper 5-1/2% due February 1st 1948. Unit book value - \$99.08

These bonds are changing hands in the vicinity of 20 to 25, but they are very inactive.

\$50,000. Dryden Paper 6% due February 1st 1949. Unit book value - \$99.04

These bonds are quoted very nominally at 40 to 50, last sale being at 50. The market is purely an order situation and no size that we know of on the bid.

\$125,000. Fraser Companies 6% due January 1st 1950. Unit book value \$97.15

Bonds are offered at 25 in odd lots with no actual demand at the moment.

\$52,000. Fraser Companies 6 1/2% due October 1st 1942. Unit book value \$104.63

There is absolutely no demand for these debentures with the possible exception of isolated orders at 6.

\$50,000. International Paper Company 6% due March 1st 1955. Unit book value 96.31

The Canadian equivalent of the New York price at today's quotations is approximately 21-24.

\$25,000. International Power & Paper of Newfoundland 5% due January 1st 1968. Unit book value \$92.66

The Canadian equivalent of the New York price is approximately 67 to 70. These bonds are quite active and enjoy a better market than do the other paper bonds.

\$50,000. Lake St. John Power & Paper 6 1/2% due February 1st 1947
Unit Book Value \$99.04

These bonds have eased off lately, being offered at 48 with no real demand at the moment. We presume that the sinking fund has completed its operations for the time being.

\$120,000. Price Bros. 6% due February 1st 1943. Unit book value - \$99.57

These bonds are being bought in the vicinity of 50, but it is problematical whether any large block could be easily disposed of at this price.

\$50,000. Provincial Paper 5 $\frac{1}{8}$ % due May 1st 1947. Unit book value \$94.90

We have not seen an actual transaction in this issue for some time, the bonds being quoted nominally at 60 to 65 with no demand.

\$45,000. Restigouche 5 $\frac{1}{8}$ % due February 1st 1948. Unit book value \$97.88

There is a demand for odd lots of these bonds in the neighbourhood of 12, but it is purely an order market.

\$50,000. Rolland Paper 5 $\frac{1}{8}$ % due June 1st 1948. Unit book value - \$96.78

Bonds are quoted nominally at 55 to 62 with no actual demand at the moment.

\$50,000. Howard Smith Paper Mills 5 $\frac{1}{8}$ % due June 1st 1953. Unit book value \$97.88

At the present time bonds are changing hands somewhere in the vicinity of 60, but the market is purely an order situation.

EDINBURGH BOND

May 5th 1932.