



INVESTMENT FOUNDATION LIMITED

ANNUAL REPORT

March 31st, 1973

DIRECTORS

A. SCOTT FRASER, *President*
 JAMES L. DAVIS
 H. C. FLOOD
 ALBERT S. FRASER

IAN B. CAMPBELL, C.A., *Vice-President*
 SÉVÈRE GODIN
 MOSTYN LEWIS

J. D. HOPKINS, *Secretary-Treasurer*
 D. S. PATTERSON, O.B.E.
 KENNETH A. WILSON, Q.C.

The Common Shares are listed and traded on the Canadian Stock Exchange, Montreal.
 Transfer and Registry Agents — Canada Permanent Trust Company, Montreal.

April 17th, 1973

TO THE SHAREHOLDERS:

Your Directors are pleased to present the 44th Annual Report of your Company, together with the Balance Sheet as at 31st March 1973 and statements of Earnings, Retained Earnings and Capital Surplus for the year ended on that date, with the auditors' report thereon.

While general stock market prices as measured by the Toronto Stock Exchange Industrial Index were relatively unchanged during the first six months of our fiscal year, the last half showed material improvement. The Index as at March 30th, 1972 was 197.74, rising to 223.77 on March 30th, 1973. During the same period the liquidating value of your shares increased from \$61.03 to \$67.90. Your Directors believe that the improvement was largely caused by two factors: (1) the improved outlook for earnings in all sectors of the economy but particularly in forest products, base metals, etc., and (2) the strong inflationary factors prevailing in the North American economies.

Net earnings for the year were \$202,896., which after payment of dividends of \$191,878., resulted in a net increase in retained earnings of \$11,018.

During the year your company made a number of changes in its investment portfolio to realign the securities held into the pattern described in last year's annual report. At the year end, all shareholdings are in Canadian companies which are listed and traded on regular stock exchanges. For the first time we are including a complete list of the securities. The new holdings represented in your company's portfolio this year include MICC Investments, TD Realty Investments Units, Ronalds-Federated Limited, Tele-Capital Ltd. and Trimac Limited.

For Canadian capital gains tax purposes, the value of common shares of Investment Foundation Limited on Valuation Day, December 22nd, 1971 has been established by the Department of National Revenue as \$41.50 per share.

With international monetary dislocations hopefully behind us and with the earnings picture encouraging, your Directors are satisfied that the investments of your company are suitable to meet our requirements under current conditions. As stock market prices change, we will try to adjust our portfolio holdings in the best interests of our shareholders.

The security holdings as at March 31st, 1973 were as follows:—

	Bonds and Short Term Notes	Market Value
\$140,000.	Short Term Notes Bank of Nova Scotia	\$ 140,000.
10,000.	Asbestos Corporation 9¾% July 15/90	10,800.
10,000.	T. Eaton Acceptance 5¾% April 15/84	8,250.
25,000.	Royal Trust Company Mortgage Corporation 6% October 1/85	20,500.
25,000.	RoyNat 6¼% December 15/80	22,750.
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		\$ 202,300. 3.8%

Shares	Preferred Stocks	Market Value
5,900	Atlantic Sugar Refineries Co. Limited "A"	\$ 91,450.
4,400	Bowaters Mersey Paper Company Limited 5½% Pfd.	154,000.
7,000	Canada Cement Lafarge 6½% Pfd.	133,875.
10,600	Canadian International Power Company Limited Pfd.	140,450.
5,000	Domtar Limited \$1.00 Pfd.	75,000.
3,500	G.B.C. Capital Ltd. Pfd.	104,563.
9,282	Maclaren Power & Paper Company \$1.00 Par Redeemable Pfd.	9,282.
3,600	Metropolitan Stores of Canada Limited \$1.30 Pfd. '61	65,250.
1,700	Metropolitan Stores of Canada Limited \$1.30 Pfd. '67	30,600.
1,000	Trans Canada Pipe Lines \$2.65 Convertible Pfd.	51,000.
		<u>\$ 855,470.</u> 15.8%
	Common Stocks	
	Bank	
5,000	Bank of Nova Scotia	\$ 186,250.
	Fabricating	
4,800	Eddy Match Company, Limited	\$ 85,200.
800	The Niagara Wire Weaving Company Limited	22,500.
8,000	The Niagara Wire Weaving Company Limited "B"	216,000.
		<u>\$ 323,700.</u>
	Finance	
9,000	IAC Limited	\$ 164,250.
6,000	MICC Investments	189,000.
8,000	TD Realty Investments Units	266,000.
		<u>\$ 619,250.</u>
	Foods	
16,000	Dominion Stores Limited	\$ 232,000.
	Forest Products	
6,000	Fraser Companies	\$ 129,000.
10,000	Maclaren Power & Paper Company "A"	240,000.
15,000	The Price Company Limited	241,875.
		<u>\$ 610,875.</u>
	Mines	
9,000	Bralorne Resources Limited	\$ 23,850.
6,500	Craigmont Mines Limited	43,550.
5,300	Hollinger Mines Limited	249,100.
8,300	Hudson Bay Mining and Smelting Co., Limited	201,275.
7,000	The International Nickel Company of Canada Limited	232,750.
1,000	Labrador Mining and Exploration Company Limited	42,000.
		<u>\$ 792,525.</u>
	Miscellaneous	
10,000	The Canadian Salt Company Limited	\$ 160,000.
6,000	Ronalds-Federated Limited	137,250.
9,000	Tele-Capital Ltd.	94,500.
7,000	Trimac Limited	85,750.
		<u>\$ 477,500.</u>
	Oils	
20,000	Murphy Oil Company Limited	\$ 177,500.
500	Texaco Canada Limited	32,500.
		<u>\$ 210,000.</u>
	Pipelines	
1,000	Interprovincial Pipe Line Company	\$ 25,625.
3,500	Trans Canada Pipe Lines	141,750.
2,200	Trans Mountain Pipe Line Company	49,225.
		<u>\$ 216,600.</u>
	Utilities	
7,500	Bell Canada	\$ 327,188.
10,000	Canadian International Power Company Limited	137,500.
10,000	Maritime Telegraph & Telephone Company Limited	215,000.
		<u>\$ 679,688.</u>
	Total Common Stocks	<u>\$4,348,388.</u> 80.4%
	Total Portfolio	<u>\$5,406,158</u> 100.0%

Respectfully submitted on behalf of the Directors,

A. SCOTT FRASER,
President.

INVESTMENT FOUNDATION LIMITED

(Incorporated under the Quebec Companies Act)

BALANCE SHEET AS AT 31ST MARCH, 1973

	1973	1972
ASSETS		
CURRENT		
Cash	\$ 43,299	\$ 45,081
Short-term bank deposits	140,000	—
Due from broker	8,032	—
Accrued dividends and interest	34,996	41,979
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	226,327	87,060
Investment securities — at cost (approximate market value: 1973 — \$5,266,158; 1972 — \$4,858,022)	5,083,710	5,251,508
Furniture and fixtures — at depreciated value	1	1
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	<u>\$5,310,038</u>	<u>\$5,338,569</u>
LIABILITIES		
CURRENT		
Accounts payable	\$ 725	\$ 725
Income taxes payable	14,728	4,495
Dividends payable April 30, 1973	47,969	59,962
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	63,422	65,182
SHAREHOLDERS' EQUITY		
CAPITAL		
Common stock, no par value Authorized: 200,000 Shares Issued: 79,949 Shares	1,547,450	1,547,450
Contributed surplus — discount on preferred shares redeemed (net)	160,689	160,689
Capital surplus — net realized appreciation on investments sold	3,213,730	3,251,519
Retained earnings	324,747	313,729
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	5,246,616	5,273,387
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	<u>\$5,310,038</u>	<u>\$5,338,569</u>

Approved by the Board of Directors
A. SCOTT FRASER, Director
IAN B. CAMPBELL, Director

AUDITORS' REPORT

To the Shareholders,
Investment Foundation Limited.

We have examined the balance sheet of Investment Foundation Limited as at March 31, 1973 and the statements of earnings, retained earnings and capital surplus for the year then ended and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion and according to the best of our information, the explanations given to us and as shown by the books of the company, these financial statements are properly drawn up so as to exhibit a true and correct view of the state of the company's affairs as at March 31, 1973 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

HYDE, HOUGHTON & CO
Chartered Accountants

Montreal, Que.
April 12, 1973

INVESTMENT FOUNDATION LIMITED

STATEMENT OF EARNINGS YEAR ENDED MARCH 31, 1973

	1973	1972
REVENUE		
Dividends	\$ 224,827	\$ 232,464
Interest	7,431	8,170
	<u>232,258</u>	<u>240,634</u>
EXPENSES		
General	25,741	23,456
Directors' fees	3,520	3,080
	<u>29,261</u>	<u>26,536</u>
Earnings before income tax (Note 2)	202,997	214,098
Provision for income tax	101	1,337
	<u>202,997</u>	<u>214,098</u>
Net earnings for the year	<u>\$ 202,896</u>	<u>\$ 212,761</u>

STATEMENT OF RETAINED EARNINGS YEAR ENDED MARCH 31, 1973

Balance at beginning of year	\$ 313,729	\$ 340,815
Net earnings for the year	202,896	212,761
	<u>516,625</u>	<u>553,576</u>
Dividends	191,878	239,847
Balance at end of year	<u>\$ 324,747</u>	<u>\$ 313,729</u>

STATEMENT OF CAPITAL SURPLUS NET REALIZED APPRECIATION ON INVESTMENTS SOLD YEAR ENDED MARCH 31, 1973

	1973	1972
Balance at beginning of year		\$2,734,292
Adjustment of investments to cost (Note 1)		202,552
		<u>2,936,844</u>
Balance at beginning of year — restated	\$3,251,519	\$2,936,844
Net (loss) appreciation on investments sold during the year	(21,004)	318,921
	<u>3,230,515</u>	<u>3,255,765</u>
Provision for taxes on capital gains (Note 2)	16,785	4,246
Balance at end of year	<u>\$3,213,730</u>	<u>\$3,251,519</u>

NOTES TO FINANCIAL STATEMENTS

- Adjustment of Investments to cost
As a result of revised income tax legislation, the valuation of investments has been adjusted to reflect cost as defined in the Income Tax Act.
- Income taxes
Taxes have been provided for in these financial statements based on current income tax law and at the rates prevailing according to the law. The amounts shown, therefore, represent the estimated amounts payable by the company on account of the fiscal year ended March 31, 1973.

**INVESTMENT FOUNDATION
LIMITED**

ANNUAL REPORT

**For the Fiscal Year
Ended March 31, 1973**
