

INVESTMENT FOUNDATION LIMITED

ANNUAL REPORT

March 31st, 1970

DIRECTORS

ALBERT S. FRASER, *President and Managing Director*

W. H. CAMPBELL, D.C.L.

H. C. FLOOD

SÉVÈRE GODIN

ALFRED E. GRIFFIN

MOSTYN LEWIS

J. D. HOPKINS, *Secretary-Treasurer*

A. SCOTT FRASER, *Vice-President*

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 23rd, 1970.

TO THE SHAREHOLDERS:

Your Directors are pleased to present the 41st Annual Report of your Company, together with a statement of Assets and Liabilities, Profit and Loss, and Surplus Accounts for the year ending March 31st, 1970, with the report approved by your Auditors.

Income from dividends and interest less general expenses, salaries, taxes and directors' fees was \$246,608. This compares with \$218,082. for the previous year.

Net earnings on the common shares were \$3.08 as against \$2.72 for the previous year. Dividends of \$3.00 were paid or declared on the common. Payment of these dividends required \$239,847.

Capital Profits on Investments sold were \$303,315. As in previous years this amount was transferred to Capital Surplus.

Individual shareholders residing in Canada were advised when computing their income tax for the year 1969 that they were entitled to a tax credit of 20% of the net amount of such dividends. Also that the 10% depletion allowance available in previous years on dividends paid by your Company did not apply to dividends paid in 1969. We anticipate this 10% depletion allowance will again be available on 1970 dividends.

On the basis of prices at the close of business March 31st, 1970, the market value of your Company's holdings showed an appreciation of \$376,613. over book value \$4,593,794.

With high taxes direct and indirect and rapidly increasing wage rates, only soundly established industries will be able to show a return on capital employed. At present only high grade equity stocks giving a fair yield will interest investors seeking stable income.

Notwithstanding present unfavourable conditions which we also experienced in former years, your Company is, we believe, soundly invested and it should, as in the past, continue to improve its position both from a capital and an income standpoint. As noted previously in this report earnings were well ahead of last year and substantial Capital Profits of \$303,315. were transferred to Capital Surplus which rose to \$2,608,870. These Capital Profits were reinvested and earnings therefrom should result in higher income to your Company in future years. Taking market quotations as at March 31st, the liquidation value of the shares was \$62.74 against \$63.70 last year.

Canada, the U.S.A. and the World in general continue to be on an inflationary trend with variations as to the degree of the problem in nation to nation. While it is a real problem in Canada today, there appears to be a slight levelling-off, forced to some extent by extremely high interest rates. Fortunately Canada from an international standpoint is gradually improving its net trade position due in a substantial measure to the sale and export of our natural resources particularly metals such as copper, nickel, lead, zinc, asbestos — iron ore, steel, oil, gas and wood products. Offset somewhat by lower export and sales of wheat and other agricultural products. However, the net result is a Canadian export monetary surplus and in turn this should justify a strengthening of the Canadian dollar in terms of currency values of other leading nations.

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The Company's share holdings, all Canadian companies, are listed and traded on regular stock exchanges. With the exception of two items valued at \$55,350. all investments paid a dividend during the fiscal year.

At the year end March 31st, 1970 market values of the Company's security holdings included

Common (including certain "A" and "B") shares	\$3,934,113.	79.15%
Preferred including convertible preferreds	924,374.	18.60%
Bonds	111,920.	2.25%
	<u>\$4,970,407.</u>	<u>100.00%</u>

With a breakdown as follows:

Utilities, Banks, Finance — include Bank of Nova Scotia, Ind. Acceptance, Bell Canada, Mar. T. & T., Nova Scotia L. & P., Can. International Power	\$ 992,404.	19.96%
Mines and smelters — Asbestos, Craigmont, Granisle, Hollinger, Hudson Bay M. & S., Int. Nickel, Noranda, Opemiska	1,847,200.	37.16%
Papers and pulps — Bowater-Mersey Pfd., Howard Smith Pfd., Fraser, Maclaren P. & P., Price	813,070.	16.36%
Steels — Steel of Canada, Niagara Wire Weaving	359,088.	7.23%
Oil & Gas Pipelines — Trans Mountain Pipe, Trans Canada Pipe Pfd.	107,400.	2.16%
Sundry includes — Aluminum 4½% Pfd., Canada Cement Pfd., Eddy Match, Metro Stores Pfd., Atlantic Sugar "A"	739,325.	14.88%
Government bonds and Debentures, Yields 5½% to 6¼%, Maturities 1973—1985	111,920.	2.25%
	<u>\$4,970,407.</u>	<u>100.00%</u>

The figures below show operations from commencement of business in March 1929.

March 31st, 1929-70 — Gross income earned from dividends and interest	\$7,417,989.
— Total expenses including taxes and Directors' Fees	913,774.
— Net Income after expenses and taxes	<u>\$6,504,215.</u>
— Dividends paid on Share Capital — 95.03% of net income	6,181,042.
— Earned Surplus	<u>\$ 323,173.</u>

March 31st, 1970 — Book Value of securities	\$4,593,794.
— Market value of securities	4,970,407.
— Appreciation in market value over cost	<u>\$ 376,613.</u>

Respectfully submitted on behalf of the Directors,

A. S. FRASER,
President and Managing Director.

INVESTMENT FOUNDATION LIMITED

(Incorporated under the Quebec Companies Act)

BALANCE SHEET AS AT 31ST MARCH, 1970

(With comparative figures for 1969)

ASSETS		1970	1969
CURRENT			
Cash		\$ 56,805	\$ 19,687
Short term deposits, maturing 15th April		60,000	50,000
Due from brokers		14,107	—
Accrued dividends and interest		39,673	35,241
Prepaid expenses		84	208
		<u>170,669</u>	<u>105,136</u>
Investment securities at book value			
(Approximate market value 1970 — \$4,970,407			
1969 — \$5,059,297)		4,593,794	4,296,222
Furniture and fixtures at depreciated value		1	1
		<u>\$4,764,464</u>	<u>\$4,401,359</u>

LIABILITIES

CURRENT			
Accounts payable		\$ 700	\$ 700
Due to brokers		51,502	15,742
Income taxes payable		126	446
Common dividends payable 15th April		71,954	54,365
		<u>124,282</u>	<u>71,253</u>

SHAREHOLDERS' EQUITY

CAPITAL			
Common stock — no par value			
Authorized	200,000 shares		
Issued	79,949 shares		
Contributed surplus — discount on preferred shares redeemed (Net)		1,547,450	1,547,450
Capital surplus — profits less losses on sales of investments		160,689	160,689
Earned surplus		2,608,870	2,305,555
		323,173	316,412
		<u>4,640,182</u>	<u>4,330,106</u>
		<u>\$4,764,464</u>	<u>\$4,401,359</u>

Approved by the Board of Directors

A. S. FRASER, Director
MOSTYN LEWIS, Director

AUDITORS' REPORT

The Shareholders,
INVESTMENT FOUNDATION LIMITED.

We have examined the accompanying balance sheet of Investment Foundation Limited as at 31st March, 1970 and the statements of profit and loss, earned surplus and capital surplus for the year ended on that date 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 as shown by the books of the Company, the aforementioned financial statements present fairly the financial position of the Company as at 31st March, 1970 and the results of its operations for the year ended on that date, 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.
10th April, 1970.

INVESTMENT FOUNDATION LIMITED

STATEMENT OF PROFIT AND LOSS AND EARNED SURPLUS YEAR ENDED 31ST MARCH, 1970

(With comparative figures for 1969)

	<u>1970</u>	<u>1969</u>
REVENUE		
Dividends	\$ 266,170	\$ 236,131
Interest	9,301	9,748
	<u>275,471</u>	<u>245,879</u>

<i>Deduct</i>		
General expenses	25,187	23,986
Directors' fees	2,590	2,695
	<u>27,777</u>	<u>26,681</u>

Net revenue for the year before provision for income taxes	247,694	219,198
Provision for income taxes	1,086	1,116
	<u>246,608</u>	<u>218,082</u>
Net profit for the year	246,608	218,082
Earned surplus beginning of the year	316,412	314,192
Deduct dividends	(239,847)	(215,862)
	<u>\$ 323,173</u>	<u>\$ 316,412</u>
Earned surplus end of the year	<u><u>\$ 323,173</u></u>	<u><u>\$ 316,412</u></u>

STATEMENT OF CAPITAL SURPLUS — PROFITS LESS LOSSES ON SALES OF INVESTMENTS YEAR ENDED 31ST MARCH, 1970

(With comparative figures for 1969)

Balance at credit beginning of the year	\$2,305,555	\$1,896,795
Profit on investments sold during the year	303,315	419,928
LESS: Losses on investments sold	—	(11,168)
	<u>\$2,608,870</u>	<u>\$2,305,555</u>
Balance at credit end of the year	<u><u>\$2,608,870</u></u>	<u><u>\$2,305,555</u></u>

**INVESTMENT FOUNDATION
LIMITED**

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For the Fiscal Year Ended March 31, 1970

