

INVESTMENT FOUNDATION LIMITED

ANNUAL REPORT

March 31st, 1969

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 21st, 1969.

TO THE SHAREHOLDERS:

Your Directors are pleased to present the 40th 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, 1969, with the report approved by your Auditors.

Income from dividends and interest less general expenses, salaries, taxes and directors' fees was \$218,082. This compares with \$220,407. for the previous year.

Capital Profits on Investments sold, \$419,928., less losses on Investments, \$11,168., were \$408,760. As in previous years this amount was transferred to Capital Surplus. Net earnings on the common shares were \$2.72 as against \$2.75 for the previous year.

Dividends of \$2.70 were paid or declared on the common. Payment of these dividends required \$215,862.

Individual shareholders residing in Canada were advised when computing their income tax for the year 1968 that they are entitled to:

- (1) A depletion allowance equal to 10% of all common dividends received by them from this Company during the year, (This depletion allowance will not apply to the year 1969.)
and
- (2) A tax credit of 20% of the net amount of such dividends.

On the basis of prices at the close of business March 31st, 1969, the market value of your Company's holdings showed an appreciation of \$763,075. over book value \$4,296,222.

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

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 in line with the previous year and substantial Capital Profits of \$408,760. were transferred to Capital Surplus which rose to \$2,305,555. 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 rose to \$63.70 against \$51.28 last year.

Canada, the U.S.A. and the World in general seem to be on an inflationary spree 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 some levelling-off forced to some extent by extremely high interest rates. Fortunately Canada from an international standpoint is gradually improving its trade position due in a substantial measure to the increased production and sale of our natural resources and particularly in metals such as copper, nickel, lead, zinc, asbestos, potash—iron, steel, oil, sulphur and wood products.

In recent months, exports of natural resources are providing Canada with a surplus of exports over imports and in turn strengthening the Canadian dollar.

The Company's share holdings, all Canadian companies, are listed and traded on regular stock exchanges. With the exception of two items valued at \$51,000., all investments paid a dividend during the fiscal year. However, we should add that during the year 1968 two well regarded industrial companies due to strikes and other causes suspended regular quarterly dividends but resumed payments early in 1969.

At the year end March 31st, 1969 market values of the Company's security holdings included

Common (including certain "A" and "B") shares	\$4,063,675.	80.32%
Preferred including convertible preferreds.	880,202.	17.40%
Bonds	115,420.	2.28%
	<u>\$5,059,297.</u>	<u>100.00%</u>

With a breakdown as follows:

Utilities, Banks, Finance include Bank of Nova Scotia, Industrial Acceptance, Bell Canada, Mar. T. & T., Nova Scotia L. & P., Can. International Power	\$1,103,331.	21.90%
Mines and smelters include Asbestos, Hollinger, Hudson Bay M. & S., Nickel, Noranda, Opemiska	1,585,363.	31.44%
Papers and pulps — Bowater-Mersey Pfd., Howard Smith Pfd., Fraser, Maclaren P. & P., Price	897,358.	17.74%
Steels — Steel of Canada, Niagara Wire Weaving	408,125.	8.09%
Oil & Gas Pipelines — Trans Mountain Pipe, Trans Canada Pipe Pfd.	115,750.	2.30%
Sundry includes — Aluminum 4½% Pfd., Canada Cement Pfd., Eddy Match, Metro Stores Pfd., Atlantic Sugar "A", Imperial Tobacco	833,950.	16.25%
Government bonds and debentures, Yields 5½% to 6¼%, Maturities 1973-1985	115,420.	2.28%
	<u>\$5,059,297.</u>	<u>100.00%</u>

The following figures from commencement of operations in March 1929 will be of interest to our Shareholders.

March 31st, 1929-69 — Gross income earned from dividends, interest but not including capital profits of \$2,305,555.	7,142,518.
— Total expenses including taxes and Directors' Fees	884,911.
	<u>6,257,607.</u>
— Net Income after expenses and taxes	5,941,195.
— Dividends paid on Share Capital — 94.94% of net income	
— Earned Surplus	<u>\$ 316,412.</u>

March 31st, 1969 — Book Value of securities	\$4,296,222.
— Market value of securities	5,059,297.
	<u>763,075.</u>
— Appreciation in market value over cost	<u>\$ 763,075.</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 MARCH 31, 1969

ASSETS

CURRENT

Cash	\$ 19,687	
6¾% Short term bank deposit maturing 15th April, 1969	50,000	
Accrued dividends and interest	35,241	
Prepaid expenses	208	\$ 105,136
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Investment securities at book value (Approximate market value \$5,059,297)		4,296,222
Furniture and fixtures at depreciated value		1
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		<u>\$4,401,359</u>

LIABILITIES

CURRENT

Accounts payable	\$ 16,442	
Income taxes payable	446	
Common dividends payable 15th April, 1969	54,365	\$ 71,253
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SHAREHOLDERS' EQUITY

CAPITAL

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

Approved by the Board of Directors
A. S. FRASER, Director
Wm. H. CAMPBELL, Director

AUDITORS' REPORT

The Shareholders,
INVESTMENT FOUNDATION LIMITED.

We have examined the accompanying balance sheet of Investment Foundation Limited as at 31st March, 1969 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, 1969 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.
11th April, 1969.

INVESTMENT FOUNDATION LIMITED

STATEMENT OF PROFIT AND LOSS AND EARNED SURPLUS FOR THE YEAR ENDED MARCH 31, 1969

REVENUE

Dividends.....	\$ 236,131	
Interest.....	9,748	\$ 245,879

Deduct

General expenses.....	23,986	
Directors' fees.....	2,695	26,681

Net revenue for the year before provision for income taxes.....		219,198
Provision for income taxes.....		1,116

Net profit for the year..... 218,082

Earned surplus — 31st March, 1968..... 314,192

Deduct

Dividends.....	215,862	98,330
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Earned surplus — 31st March, 1969..... \$ 316,412

STATEMENT OF CAPITAL SURPLUS — PROFITS LESS LOSSES ON SALES OF INVESTMENTS FOR THE YEAR ENDED MARCH 31, 1969

Balance at credit, 31st March, 1968.....		\$1,896,795
Profit on investments sold during the year.....	\$ 419,928	
LESS: Losses on investments sold.....	11,168	408,760
Balance at credit, 31st March, 1969.....		<u>\$2,305,555</u>

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**INVESTMENT FOUNDATION
LIMITED**

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For the Fiscal Year Ended March 31, 1969

