

# INVESTMENT FOUNDATION LIMITED

## ANNUAL REPORT

March 31st, 1965

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### DIRECTORS

A. S. FRASER, *President and Managing Director*

A. K. CAMERON

W. H. CAMPBELL D.C.L.

H. C. FLOOD

SÉVÈRE GODIN

MOSTYN LEWIS

J. D. HOPKINS, *Secretary-Treasurer*

A. SCOTT FRASER, *Vice-President*

D. S. PATTERSON, O.B.E.

C. S. THOMPSON, M.D., O.B.E.

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

April 20th, 1965.

### TO THE SHAREHOLDERS:

Your Directors present herewith the 36th 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, 1965, with the report of the Auditors.

Income from dividends, interest and capital profits on securities sold for the year less general expenses, salaries, taxes and directors' fees was \$510,522. This compares with \$268,820. for the previous year.

Earnings on the outstanding common shares after payment of dividends on the preferred shares were \$5.92 as against \$3.01 for the previous year. While capital profits \$292,003 on investments liquidated are available for distribution these capital profits as in previous years have been transferred to Capital Surplus account which now stands at \$1,328,169.

Regular quarterly dividends totalling \$3.00 were paid or declared on the 6 percent, \$50.00 par preferred shares and dividends of \$2.40 were paid or declared on the common. Payment of these dividends required \$222,513.

Individual shareholders residing in Canada were advised when computing their income tax for the year 1964 that they are entitled to:

- (1) A depletion allowance equal to 10% of all preferred and common dividends received by them from this Company during the year,  
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, 1965, the market value of your Company's holdings showed an appreciation of \$3,649,840. over book value. After deducting the \$50.00 convertible preferred shares at the redemption price of \$52.50 the liquidating value of the common was \$68.99 as against \$62.01 at the end of the previous year.

All the Company's stock holdings are listed and traded on regular stock exchanges. With the exception of three items valued at \$25,700. all investments are on an income basis.

During the year 348 shares of the preferred stock were redeemed at an average cost of \$52.56 per share. Shareholders of Preferred converted 6,392 shares into common shares on a share for share basis. This reduced the preferred shares outstanding to 10,775 and increased the outstanding common shares to 77,418.

On March 11th, 1965, shareholders of the 6% Cumulative Redeemable Preferred Stock were advised that the shares were called for payment on April 15th, 1965 at \$52.50 per share plus the accumulated dividend April 1st to April 15th. Preferred shareholders were also advised that they had the right to convert their preferred shares prior to April 15th into common shares on a share for share basis.

At the year end March 31st, 1965 market values of the Company's security holdings included

Common shares.....	\$3,903,894.	66.64%
Preferred A & B shares.....	1,617,517.	27.60%
Bonds & Trust Certificates....	338,564.	5.76%
	<u>\$5,859,975.</u>	<u>100.00%</u>

With a breakdown as follows:

Mines and smelters.....	\$1,843,725.	31.44%
Papers and pulps.....	1,331,250.	22.70%
Utilities.....	869,043.	14.80%
Steels.....	278,125.	4.75%
Oils.....	298,387.	5.18%
Sundry.....	900,880.	15.36%
Bonds and Term Deposits....	338,565.	5.77%
	<u>\$5,859,975.</u>	<u>100.00%</u>

You will observe from the figures shown that net earnings from dividends and interest for the past 36 years were \$5,394,430. Dividends paid on the preferred and common shares aggregated \$5,096,703.

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

	\$50.00 Par Pfd.	N.P.V. Com.	
March 31, 1929 — Capital subscribed and paid-up shares.....	40,000	70,000	\$3,050,000.
1931-1965 — Preferred shares redeemed.....	21,807		1,090,350.
— Preferred shares converted to common shares.....	7,418	7,418	
	<u>10,775</u>	<u>77,418</u>	<u>\$1,959,650.</u>
— Capital Surplus from Redemption of Preferred Shares.....			188,053.
— Capital Surplus on Investments Sold Less Losses.....			1,328,169.
— Earned Surplus.....			297,728.
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March 31, 1929-65 — Gross income earned from dividends, interest but not including capital profits.....			\$6,168,413.
— Total expenses including taxes.....			773,982.
			<u>\$5,394,431.</u>
— Net Income after expenses and taxes.....			5,096,703.
— Dividends paid on Pfd. and Com. Shares — 94.48%.....			<u>\$ 297,728.</u>
— Earned Surplus.....			
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March 31, 1965 — Book value of securities — less Capital Surpluses.....			\$2,210,135.
— Market value of securities.....			5,859,975.
— Appreciation in market value over cost.....			<u>\$3,649,840.</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, 1965

### ASSETS

CURRENT:		
Cash in bank.....	\$74,381	
Accrued income.....	29,747	\$ 104,128
Prepaid expense.....		333
Investment securities at book value (Market value \$5,859,975).....		3,726,356
Furniture and fixtures at depreciated value.....		1
		\$3,830,818

### LIABILITIES

CURRENT:		
Accounts payable.....		\$ 750
Income taxes payable.....		1,021
Preferred dividend payable April 15, 1965.....		12,656
Common dividend payable April 15, 1965.....		42,791
		\$ 57,218
CAPITAL:		
6% Cumulative convertible redeemable preferred stock — par value \$50 each (note 1)		
Authorized and issued.....	40,000 shares	2,000,000
Less: Redeemed (348 during year).....	22,833	
Converted to common stock.....	6,392	29,225 shares
Outstanding.....	10,775 shares	538,750
Common stock — no par value		
Authorized.....	200,000 shares	
Issued (note 2).....	77,418 shares	1,420,900
		1,959,650
Capital surplus — discount on preferred shares redeemed (net).....		188,053
Capital surplus — profits less losses on sales of investments.....		1,328,169
Earned surplus — statement attached.....		297,728
		3,773,600
		\$3,830,818

Signed on behalf of the Board of Directors:

A. S. FRASER, *Director.*  
Wm. H. Campbell, *Director.*

Note 1 — The 6% cumulative convertible redeemable preferred stock outstanding as at April 15, 1965, will be redeemed for cash on that date.

2 — During the year the holders of 6,392 shares of 6% cumulative convertible redeemable preferred stock exercised their rights to convert their shares to common stock on a share for share basis. The common shares so issued were valued at \$50 each, being the par value of the preferred shares converted.

### AUDITORS' REPORT TO THE SHAREHOLDERS

INVESTMENT FOUNDATION LIMITED,  
MONTREAL, QUE.

We have examined the balance sheet of Investment Foundation Limited as at March 31, 1965 and the related statement of profit and loss and earned 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 according to the best of our information and the explanations given to us and as shown by the books of the company, the accompanying balance sheet and related statement of profit and loss and earned surplus are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company as at March 31, 1965 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.

TOUCHE, ROSS, BAILEY & SMART  
*Chartered Accountants.*

MONTREAL, QUE., April 12, 1965.

# INVESTMENT FOUNDATION LIMITED

## STATEMENT OF PROFIT AND LOSS AND EARNED SURPLUS FOR THE YEAR ENDED MARCH 31, 1965

<b>REVENUE:</b>			
Dividends .....	\$ 236,364		
Interest .....	10,403	\$ 246,767	
<i>Deduct:</i>			
General expenses, salaries, taxes, etc. ....	25,052		
Directors' fees .....	2,075	27,127	
Net revenue for the year before providing for income taxes .....			219,640
Provision for income taxes .....			1,121
Net profit for the year .....			218,519
Earned surplus — March 31, 1964 .....	301,722		
<i>Deduct:</i>			
Dividends on preferred stock .....	\$ 51,812		
Dividends on common stock .....	170,701	222,513	79,209
Earned surplus — March 31, 1965 .....			\$ 297,728

## STATEMENT OF CAPITAL SURPLUS — PROFITS LESS LOSSES ON SALES OF INVESTMENTS FOR THE YEAR ENDED MARCH 31, 1965

Balance at credit — April 1, 1964 .....	\$1,036,167
Profit on investments sold during the year .....	292,002
Balance at credit — March 31, 1965 .....	\$1,328,169

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**INVESTMENT FOUNDATION  
LIMITED**

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**For the Fiscal Year Ended March 31, 1965**

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