

INVESTMENT FOUNDATION LIMITED

ANNUAL REPORT

March 31st, 1964

DIRECTORS

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

A. K. CAMERON
Dr. W. H. CAMPBELL
H. C. FLOOD

SÉVÈRE GODIN
MOSTYN LEWIS

J. D. HOPKINS, *Secretary-Treasurer*

A. SCOTT FRASER, *Vice-President*

D. S. PATTERSON, O.B.E.
Dr. C. S. THOMPSON, O. B.E.

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

April 20th, 1964.

TO THE SHAREHOLDERS:

Your Directors present herewith the 35th 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, 1964, duly certified by the Auditors.

Income from dividends, interest and capital profits on securities sold for the year less general expenses, salaries, taxes and directors' fees was \$268,820. This compares with \$232,680. for the previous year.

While capital profits \$52,001. on investments liquidated are available for distribution these profits as in previous years have been transferred to Capital Surplus account which now stands at \$1,036,166. Earnings on the outstanding common shares after payment of dividends on the preferred shares were \$3.01 as against \$2.60 for the previous year.

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 \$224,352.

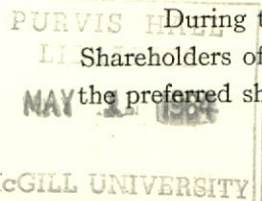
Individual shareholders residing in Canada were advised when computing their income tax for the year 1963 that they are entitled to:

- (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, 1964, the market value of your Company's holdings showed an appreciation of \$3,001,343. over book value. After deducting the \$50.00 convertible preferred shares at par the liquidating value of the common was \$62.01 as against \$57.80 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 \$31,450. all investments are on an income basis.

During the year 532 shares of the preferred stock were redeemed at an average cost of \$52.66 per share. Shareholders of Preferred converted 1,026 shares into common shares on a share for share basis. This reduced the preferred shares outstanding to 17,515 and increased the outstanding common shares to 71,026.



At the year end March 31st, 1964 market values of the Company's security holdings included

Common shares.....	\$3,722,895.	70.70%
Preferred A & B shares.....	1,412,244.	26.85%
Bonds & Trust Certificates...	128,188.	2.45%
	<u>\$5,263,327.</u>	<u>100.00%</u>

With a breakdown as follows:

Mines and smelters.....	\$1,687,500.	32.05%
Papers and pulps.....	1,265,975.	24.00%
Utilities.....	756,889.	14.40%
Steels.....	403,074.	7.70%
Oils.....	292,826.	5.60%
Sundry.....	728,875.	13.80%
Bonds and Term Deposits....	128,188.	2.45%
	<u>\$5,263,327.</u>	<u>100.00%</u>

You will observe from the figures shown that net earnings from dividends and interest for the past 35 years were \$5,175,911. Dividends paid on the preferred and common shares aggregated \$4,874,190.

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.
1931-1964 — Preferred shares redeemed.....	21,459		1,072,950.
— Preferred shares converted to common shares.....	1,026	1,026	
	<u>17,515</u>	<u>71,026</u>	<u>\$1,977,050.</u>
— Capital Surplus from Redemption of Preferred Shares.....			188,946.
— Capital Surplus on Investments Sold Less Losses.....			1,036,166.
— Earned Surplus.....			301,721.
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March 31, 1929-64 — Gross income earned from dividends, interest but not including capital profits.....			\$5,921,646.
— Total expenses including taxes.....			745,735.
— Net Income after expenses and taxes.....			<u>\$5,175,911.</u>
— Dividends paid on Pfd. and Com. Shares — 94.17%.....			4,874,190.
— Earned Surplus.....			<u>\$ 301,721.</u>
<hr/>			
March 31, 1964 — Book value of securities — less Capital Surpluses.....			\$2,261,984.
— Market value of securities.....			5,263,327.
— Appreciation in market value over cost.....			<u>\$3,001,343.</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, 1964

ASSETS		LIABILITIES
CURRENT:		
Cash in bank.....	\$71,993.92	CURRENT
Guaranteed demand deposit...	25,000.00	Due to broker for purchase of securities.....
Due from broker for sale of securities.....	1,718.00	\$ 51,175.15
Accrued income.....	26,708.08	Accounts payable.....
	\$ 125,420.00	877.26
Prepaid expense.....	83.40	Income taxes payable.....
		793.34
Investment securities at book value (Market value \$5,263,327.00)	3,487,096.45	Preferred dividend payable April 15, 1964.....
		13,254.75
		Common dividend payable April 15, 1964.....
		42,615.60
		\$ 108,716.10
Furniture and fixtures at depreciated value.....	1.00	CAPITAL:
		6% Cumulative convertible redeemable preferred stock — par value \$50. each
		Authorized and issued 40,000 shares
		2,000,000.00
		Less: Redeemed (532 during year).....
		21,459
		Converted to common stock... 1,026
		22,485 shares
		1,124,250.00
		Outstanding 17,515 shares
		875,750.00
		Common stock — no par value
		Authorized 200,000 shares
		Issued..... 71,026 shares
		1,101,300.00
		1,977,050.00
		Capital surplus — discount on preferred shares redeemed (net).....
		188,946.25
		Capital surplus — profits less losses on sales of investments.....
		1,036,166.85
		Earned surplus — statement attached.....
		301,721.65
		\$ 3,503,884.75
	<u>\$3,612,600.85</u>	<u>\$3,612,600.85</u>

Signed on behalf of the Board of Directors:

A. S. FRASER, *Director*.
MOSTYN LEWIS, *Director*.

AUDITORS' REPORT TO THE SHAREHOLDERS

INVESTMENT FOUNDATION LIMITED,
MONTREAL, QUE.

We have examined the balance sheet of Investment Foundation Limited as at March 31, 1964 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, 1964 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.

MONTREAL, QUE., April 10, 1964.

TOUCHE, ROSS, BAILEY & SMART
Chartered Accountants.

INVESTMENT FOUNDATION LIMITED

STATEMENT OF PROFIT AND LOSS AND EARNED SURPLUS FOR THE YEAR ENDED MARCH 31, 1964

REVENUE:			
Dividends.....	\$ 236,510.18		
Interest.....	8,059.82		
Premium on U.S. funds.....	236.51	\$ 244,806.51	
<i>Deduct:</i>			
General expenses, salaries, taxes, etc.....	24,654.09		
Directors' fees.....	1,900.00		
U.S. withholding tax deducted at source.....	540.00	27,094.09	
Net revenue for the year before providing for income taxes.....		217,712.42	
Provision for income taxes.....		893.34	
Net profit for the year.....		216,819.08	
Earned surplus — March 31, 1963.....	309,255.02		
<i>Deduct:</i>			
Dividends on preferred stock.....	\$ 55,091.25		
Dividends on common stock.....	169,261.20	224,352.45	84,902.57
Earned surplus — March 31, 1964.....		\$ 301,721.65	

STATEMENT OF CAPITAL SURPLUS — PROFITS LESS LOSSES ON SALES OF INVESTMENTS FOR THE YEAR ENDED MARCH 31, 1964

Balance at credit — April 1, 1963.....	\$ 984,165.40
Profit on investments sold during the year.....	52,001.45
Balance at credit — March 31, 1964.....	<u>\$1,036,166.85</u>

**INVESTMENT FOUNDATION
LIMITED**

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For the Fiscal Year Ended March 31, 1964
