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# INVESTMENT FOUNDATION LIMITED

## ANNUAL REPORT

March 31st, 1966

### 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 18th, 1966.

#### TO THE SHAREHOLDERS:

Your Directors present herewith the 37th 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, 1966, 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 \$457,455. This compares with \$510,522. for the previous year.

Earnings on the outstanding common shares after payment of dividends on the preferred shares were \$5.72 as against \$5.92 for the previous year. While capital profits \$248,472. 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 \$1,576,641.

A final dividend in the amount of \$1,030.00 was paid on the outstanding 6 percent, \$50.00 par preferred shares which were called for redemption on April 15th, 1965 at \$52.50 per share. Dividends of \$2.55 were paid or declared on the common. Payment of these dividends required \$204,900.

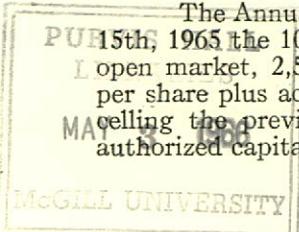
Individual shareholders residing in Canada were advised when computing their income tax for the year 1965 that they are entitled to:

- (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, 1966, the market value of your Company's holdings showed an appreciation of \$3,290,397. over book value. The liquidating value of the common was \$64.28 as against \$68.99 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 \$23,700. all investments are on an income basis.

The Annual Statement for the year ending March 31st, 1965, reported the action taken to redeem on April 15th, 1965 the 10,775 preferred shares then outstanding. We now report that two shares were purchased on the open market, 2,531 preferred shares were converted into common and 8,242 shares were redeemed at \$52.50 per share plus accrued dividend to April 15th, 1965. Supplementary Letters Patent have been applied for cancelling the previously authorized 40,000 Cumulative Convertible Redeemable Preferred Shares so that the authorized capital will then be 200,000 No Par Value Common of which 79,949 shares are presently outstanding.



At the year end March 31st, 1966 market values of the Company's security holdings included

Common Shares.....	\$ 3,912,786.	78.23%
Preferred A & B shares.....	957,325.	19.12%
Bonds.....	133,165.	2.65%
	<u>\$ 5,003,276.</u>	<u>100.00%</u>

With a breakdown as follows:

Mines and smelters.....	\$ 1,572,637.	31.45%
Papers and pulps.....	1,459,625.	29.23%
Utilities, Banks, Finance.....	593,625.	11.81%
Steels.....	503,062.	10.00%
Oils.....	52,625.	1.06%
Sundry.....	688,537.	13.79%
Bonds and debentures.....	133,165.	2.66%
	<u>\$ 5,003,276.</u>	<u>100.00%</u>

Shareholders will observe from the figures shown below that net earnings from dividends and interest for the past 37 years were \$5,603,414. Dividends paid on the preferred and common shares aggregated \$5,301,604.

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.
1931-1966 — Preferred shares redeemed.....	30,051		1,502,550.
— Preferred shares converted to common shares.....	9,949	9,949	
— Common Shares Outstanding.....	—	79,949	\$ 1,547,450.
— Capital Surplus from Redemption of Preferred Shares.....			161,619.
— Capital Surplus on Investments Sold Less Losses.....			1,576,641.
— Earned Surplus.....			301,810.
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March 31, 1929-66 — Gross income earned from dividends, interest but not including capital profits.....			\$ 6,406,732.
— Total expenses including taxes.....			803,318.
— Net Income after expenses and taxes.....			\$ 5,603,414.
— Dividends paid on Pfd. and Com. Shares — 94.51% of net income.....			5,301,604.
— Earned Surplus.....			\$ 301,810.
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March 31, 1966 — Book value of securities — less Capital Surpluses.....			\$ 1,712,880.
— Market value of securities.....			5,003,277.
— Appreciation in market value over cost.....			\$ 3,290,397.

Respectfully submitted on behalf of the Directors,

A. S. FRASER,  
President and Managing Director.

# INVESTMENT FOUNDATION LIMITED

## NOTES TO BALANCE SHEET

MARCH 31, 1966

### NOTE 1

At a meeting of the Directors of the Company held on February 22, 1965, the Directors approved the calling for redemption as of April 15, 1965, the 6% cumulative convertible redeemable preferred stock of the company as provided in the Letters Patent of the company. During the year ended March 31, 1966 the following changes took place relative to the 6% preferred stock:

- a) The holders of 2,531 shares exercised their right to convert their shares to common stock on a share-for-share basis. The common shares so issued were valued at \$50.00 each, being the par value of the preferred shares converted.
- b) The holders of 8,242 shares turned in their shares for redemption in accordance with the terms of such redemption.
- c) Two shares were purchased on the open market prior to the redemption date.
- d) The purchase and redemptions referred to in notes (b) and (c) above resulted in the company paying a premium on these transactions of \$20,607.80, Federal tax on such premium of \$4,121.00 and sundry expenses of \$1,704.61 which amounts have been charged to "Capital surplus — discount on preferred shares redeemed (net)".

### NOTE 2

The company has applied for Supplementary Letters Patent pursuant to By-law XXVI enacted by the Directors on September 30, 1965 whereby the capital of the company was decreased by the cancellation of forty thousand (40,000) preferred shares of the par value of fifty dollars (\$50.00) each heretofore issued and subsequently redeemed by the company, so that the capital stock of the company, after giving effect to such decrease, will be two hundred thousand (200,000) common shares without nominal or par value.

### NOTE 3

Of the combined surpluses, \$437,350.00 is not available for dividends until receipt of the Supplementary Letters Patent for the cancellation of shares, in accordance with section 142 (13) of the Companies Act (Quebec).

# INVESTMENT FOUNDATION LIMITED

(Incorporated under the Quebec Companies Act)

## BALANCE SHEET AS AT MARCH 31, 1966

ASSETS			
CURRENT:			
Cash.....		\$ 77,308	
Short term bank deposits due April 5, 1966.....		200,000	
Accrued income.....		35,468	
Prepaid expense.....		208	\$ 312,984
Investment securities at book value (Market value \$5,003,278).....			3,451,142
Furniture and fixtures at depreciated value.....			1
			\$3,764,127
LIABILITIES			
CURRENT:			
Bank loan.....		\$ 1,000	
Accounts payable.....		118,667	
Provision for income taxes.....		4,972	
Common dividend payable April 15, 1966.....		51,966	\$ 176,605
SHAREHOLDERS' EQUITY			
CAPITAL:			
6% Cumulative convertible redeemable preferred stock — par value			
\$50 each (notes 1 and 2)			
Authorized and issued.....		40,000 shares	2,000,000
LESS: Redeemed.....	30,051		
Converted to common stock.....	9,949	40,000 shares	2,000,000
Outstanding.....		—	—
Common stock — no par value			
Authorized.....		200,000 shares	
Issued (note 1).....		79,949 shares	\$1,547,450
Capital surplus — discount on preferred shares redeemed (net) (notes 1 and 3).....			161,620
Capital surplus — profits less losses on sales of investments (note 3).....			1,576,642
Earned surplus (note 3).....			301,810
			3,587,522
			\$3,764,127

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

On behalf of the Board of Directors:  
A. S. FRASER, *Director*  
Wm. H. CAMPBELL, *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, 1966 and the statements of profit and loss and earned surplus and of capital surplus 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 statements of profit and loss and earned surplus and of capital 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, 1966 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 14, 1966.

# INVESTMENT FOUNDATION LIMITED

## STATEMENT OF PROFIT AND LOSS AND EARNED SURPLUS FOR THE YEAR ENDED MARCH 31, 1966

<b>REVENUE:</b>			
Dividends .....	\$ 229,561		
Interest .....	8,758		\$ 238,319
<i>Deduct:</i>			
General expenses .....	26,510		
Directors' fees .....	1,875		28,385
Net revenue for the year before provision for income taxes .....			209,934
Provision for income taxes .....			951
Net profit for the year .....			208,983
Earned surplus — March 31, 1965 .....	297,727		
<i>Deduct:</i>			
Dividends on preferred stock .....	\$ 1,030		
Dividends on common stock .....	203,870		92,827
Earned surplus — March 31, 1966 .....			\$ 301,810

## STATEMENT OF CAPITAL SURPLUS — PROFITS LESS LOSSES ON SALES OF INVESTMENTS FOR THE YEAR ENDED MARCH 31, 1966

Balance at credit, April 1, 1965 .....			\$1,328,169
Profit on investments sold during the year (net) .....			248,473
Balance at credit, March 31, 1966 .....			\$1,576,642

**INVESTMENT FOUNDATION  
LIMITED**

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**ANNUAL REPORT**

**For the Fiscal Year Ended March 31, 1966**

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