

INVESTMENT FOUNDATION LIMITED

ANNUAL REPORT

March 31st, 1959

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MCGILL UNIVERSITY

DIRECTORS

A. S. FRASER, *President and Managing Director*
W. H. CAMPBELL
H. C. FLOOD
SÉVÈRE GODIN

MOSTYN LEWIS
D. S. PATTERSON, O.B.E.
J. D. HOPKINS, *Secretary-Treasurer*

A. K. CAMERON, *Vice-President*
Dr. C. S. THOMPSON, O.B.E.
N. A. TIMMINS, JR.

Transfer and Registry Agents — The Eastern Trust Company, Montreal.

The Preferred and Common Shares are listed and traded on the Canadian Stock Exchange, Montreal.

April 20th, 1959

TO THE SHAREHOLDERS:

Your Directors present herewith the 30th Annual Report of your Company, together with a statement of Assets and Liabilities, Profit and Loss, and Surplus Account for the year ending March 31st, 1959, duly certified by the Auditors.

Net income for the year was \$230,508. and after allowing for the \$3.00 preferred dividend was \$2.41 on the common. This compares with \$250,956. for the previous year and \$2.70 on the common. Only dividends and interest actually earned have been considered as income.

Regular dividends totalling \$3.00 were paid or declared on the 6 per cent, \$50.00 par preferred stock and dividends of \$2.40 were paid or declared on the common. Payment of these dividends required \$229,773. The balance \$735. was transferred to earned surplus, which now stands at \$324,492.

Individual shareholders residing in Canada were advised when computing their income tax for the year 1958 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, 1959, the market value of your Company's holdings showed an appreciation of \$2,681,250. over book value. After deducting the \$50.00 preferred shares at \$56.13 (convertible share for share into common), the liquidating value of the common was \$56.13 as against \$48.81 at the end of the previous year

We again report that with the exception of two items valued at \$53,000. which are regularly quoted by Investment Dealers, all of the Company's security holdings are listed and traded on the regular stock exchanges.

During the year fourteen shares of the preferred stock were redeemed at an average cost of \$50.35 per share.

Your Company was organized and commenced operations in 1929 — thirty years ago. During that period it has experienced stock market booms, depressions, recessions, a world war and periods of inflation. Certain of these conditions still prevail.

You will observe from the figures shown below that net earnings were \$4,065,021. Dividends paid on the preferred and common shares aggregated \$3,740,529.

Operations over the fiscal years 1929-1959 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.
1931-1959 — Preferred shares redeemed.....	19,410		970,500.
March 31, 1959 — Capital outstanding.....	20,590	70,000	\$2,079,500.
— Investment Reserve.....			478,242.
— Surplus.....			324,492.
March 31, 1929-59 — Gross income earned from dividends, interest, etc.....			\$4,679,269.
— Total expenses including taxes.....			614,248.
— Net income after expenses and taxes.....			\$4,065,021.
— Dividends paid on Pfd. and Com. Shares — 92% of net income.....			3,740,529.
— Earned Surplus available for dividends.....			\$ 324,492.
March 31, 1959 — Book Value of securities — less investment reserve.....			\$2,406,856.
— Market value of securities.....			5,088,106.
— Appreciation in market value over cost.....			\$2,681,250.

Respectfully submitted on behalf of the Directors,

A. S. FRASER,

President and Managing Director.

INVESTMENT FOUNDATION LIMITED

STATEMENT OF PROFIT AND LOSS AND EARNED SURPLUS FOR THE YEAR ENDED MARCH 31, 1959

REVENUE:		
Dividends.....	\$255,918.26	
Interest.....	325.12	\$256,243.38
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<i>Deduct:</i>		
General expenses, salaries, taxes, etc.....	23,619.31	
Directors' fees.....	1,950.00	
Bank interest.....	18.70	25,588.01
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Net revenue for the year before providing for income taxes.....		230,655.37
Provision for income taxes.....		147.24
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Net profit for the year.....		230,508.13
Earned surplus at March 31, 1958.....		323,757.80
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		554,265.93
<i>Deduct:</i>		
Dividends on preferred stock.....	61,773.00	
Dividends on common stock.....	168,000.00	229,773.00
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Earned surplus at March 31, 1959.....		\$324,492.93
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INVESTMENT FOUNDATION LIMITED

BALANCE SHEET AS AT MARCH 31, 1959

ASSETS		LIABILITIES	
Cash in bank.....	\$33,035.42	Accounts payable.....	\$ 637.07
Accrued income.....	21,993.75	Income taxes payable.....	147.24
	\$ 55,029.17	Preferred dividend payable April 15, 1959.....	15,442.50
Prepaid expense.....	333.40	Common dividend payable April 15, 1959.....	42,000.00
Investment securities.....	2,885,098.18		\$58,226.81
<p>NOTE:—The market value of securities owned by the Company at the close of the fiscal year was \$5,088,106.25 representing an appreciation from the book value of \$2,681,250.08 after taking into consideration the amount at credit of the investment reserve.</p>		<p>CAPITAL:</p> <p>6% Cumulative convertible redeemable preferred stock—par value \$50.00 each.</p>	
		Authorized and issued... 40,000 shares	2,000,000.00
		Less: Redeemed 19,410 shares	970,500.00
		Outstanding . . . 20,590 shares	1,029,500.00
		Common stock — no par value	
		Authorized... 200,000 shares	
		Issued..... 70,000 shares	1,050,000.00
			2,079,500.00
		Investment reserve.....	478,242.01
		Earned surplus — statement attached.....	324,492.93
Furniture and fixtures at depreciated value.....	1.00		
	\$2,940,461.75		\$2,940,461.75

Signed on behalf of the Board of Directors:

A. S. FRASER, *Director.*

A. K. CAMERON, *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, 1959 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 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, 1959 and the results of its operations for the year ended on that date, according to the best of our information and the explanations given to us and as shown by the books of the Company.

MONTREAL, April 8, 1959.

P. S. ROSS & SONS,
Chartered Accountants.

**INVESTMENT FOUNDATION
LIMITED**

ANNUAL REPORT

For the Fiscal Year Ended March 31, 1959
