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INVESTMENT FOUNDATION LIMITED

ANNUAL REPORT

March 31st, 1951

DIRECTORS

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

W. H. CAMPBELL

H. C. FLOOD

SEVERE 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.

April 16th, 1951.

TO THE SHAREHOLDERS:

Your Directors present herewith the 22nd Annual Report of your Company, together with a statement of Assets and Liabilities, Profit and Loss, and Surplus Account for the year ended March 31st, 1951, duly certified by the Auditors.

Net income for the year was \$168,009.28 equivalent to \$7.59 on the outstanding cumulative preferred shares and after allowing for the \$3.00 preferred dividend was \$1.43 on the common. This compares with \$139,168.15 for the previous year — \$6.07 on the preferred and \$0.99 on the common. Only dividends and premium on U.S. Funds actually earned have been considered as revenue.

Regular dividends totalling \$3.00 were paid or declared on the 6 per cent, \$50.00 par cumulative preferred stock and dividends of \$0.80 plus an extra of \$0.20 were paid or declared on the common. Payment of these dividends required \$137,234.50. The balance \$30,774.78 was transferred to earned surplus which now stands at \$201,439.81.

Shareholders were advised that pursuant to Section eleven (2) of the Canadian Income Tax Act and to regulation 1300 (a), shareholders of this company when preparing their income tax returns are entitled to deduct as depletion 10% of all preferred and common dividends received by them from the company in 1950. This depletion deduction is not to be confused with the 10% deductible from income tax on preferred and common dividends as outlined in the following paragraph.

Shareholders were again advised that under legislation passed by Parliament, provision is made whereby Canadian investment companies otherwise qualifying for exemption from taxation under the Dominion of Canada Income Tax act may elect to be taxed as corporations in respect of each taxation year, and thereby entitle their individual shareholders resident in Canada to a tax credit of 10% of the dividends paid by them in any such year. Your company after due consideration elected to be taxed for the year ending March 31st, 1949, and subsequent years, so that until further notice, all preferred and common dividends paid to shareholders resident in Canada will be eligible for the 10% income tax credit.

During the past year Directors authorized purchase of 802 shares of outstanding preferred stock. These shares bought at an average price of \$51.31 have been redeemed and cancelled. This left outstanding 22,123 of the original 40,000 shares.

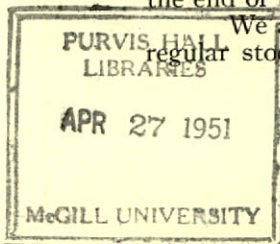
Income on the Company's Investments showed a satisfactory increase with expenses showing little change from the previous year. Stock exchange quotations for securities during the year fluctuated to some extent, but the general trend was upward and particularly in the class of securities which in some measure provided a hedge against the inflationary trend which accelerated strongly during the past year.

On the basis of prices current as at the close of business March 31st, 1951, the market value of your Company's holdings showed an appreciation of \$1,097,915.60 over book value. After deducting the preferred shares at par, the liquidating value of the common was \$33.60. At the end of the previous year it was \$17.48.

We again report that all of the company's security holdings are listed and traded on the regular stock exchanges.

Respectfully submitted on behalf of the Directors,

A. S. FRASER,
President.



INVESTMENT FOUNDATION LIMITED

STATEMENT OF PROFIT AND LOSS AND EARNED SURPLUS FOR THE YEAR ENDED 31st MARCH, 1951

REVENUE:	
Dividends.....	\$191,040.62
Premium on U.S. Funds.....	810.28
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	\$191,850.90
<i>Deduct:</i>	
General Expenses, Salaries, Taxes, etc.....	21,467.46
Directors' Fees.....	1,580.00
Bank Interest.....	123.32
United States Tax on Dividends, deducted at source.....	586.50
	<hr/>
	23,757.28
Net Revenue for the year before providing for Income Taxes.....	168,093.62
Provision for Provincial Income Tax.....	84.34
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Net Income for the year transferred to Surplus.....	168,009.28
Earned Surplus at March 31, 1950.....	170,665.03
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	338,674.31
<i>Deduct:</i>	
Dividends on Preferred Stock.....	67,234.50
Dividends on Common Stock.....	70,000.00
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	137,234.50
Earned Surplus at March 31, 1951.....	<hr/>
	<u>\$201,439.81</u>

INVESTMENT FOUNDATION LIMITED

BALANCE SHEET AS AT 31st MARCH, 1951

ASSETS	LIABILITIES
Cash at Bank..... \$65,046.55	Accounts Payable..... \$ 673.19
Accrued Dividends..... 14,958.12	Reserve for Taxes..... 132.34
\$ 80,004.67	Preferred Dividend payable April 16, 1951..... 16,599.75
Prepaid Expense..... 356.14	Common Dividend payable April 16, 1951..... 42,000.00
Investment securities..... 2,338,949.40	\$ 59,405.28
NOTE:—The market value of securities owned by the Company at the close of the fiscal year was \$3,436,865.00 representing an appreciation from book value of \$1,097,915.60.	Investment Reserve..... 2,316.12
	CAPITAL:
	6% Cumulative Convertible Redeemable Preferred Stock— Par Value \$50.00:
	Authorized and issued—40,000 shares.... 2,000,000.00
	<i>Less:</i>
	Redeemed—17,877 shares.... 893,850.00
	22,123 shares.... 1,106,150.00
	Common Stock—No par value:
	Authorized—200,000 shares
	Issued — 70,000 shares... 1,050,000.00
	2,156,150.00
Furniture and Fixtures at depreciated value.... 1.00	Earned Surplus..... 201,439.81
<u>\$2,419,311.21</u>	<u>\$2,419,311.21</u>

Signed on behalf of the Board of Directors:

A. S. FRASER, *Director.*
A. K. CAMERON, *Director.*

This is the Balance Sheet referred to in our attached Report to the Shareholders dated April 12, 1951.

P. S. ROSS & SONS,
Chartered Accountants.

MONTREAL, QUE.

AUDITORS' REPORT TO THE SHAREHOLDERS

INVESTMENT FOUNDATION LIMITED,
MONTREAL.

We have made an examination of the books and accounts of Investment Foundation Limited for the year ended March 31, 1951, and have obtained all of the information and explanations which we have required.

We report that, 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 affairs of the Company at March 31, 1951, and the result of its operations for the year ended 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 12th, 1951.

P. S. ROSS & SONS,
Chartered Accountants.

**INVESTMENT FOUNDATION
LIMITED**

ANNUAL REPORT
For the Fiscal Year Ended 31st March, 1951
