

Corporation
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THE ROYAL TRUST COMPANY

ANNUAL REPORT

FOR THE YEAR ENDED 31st DECEMBER

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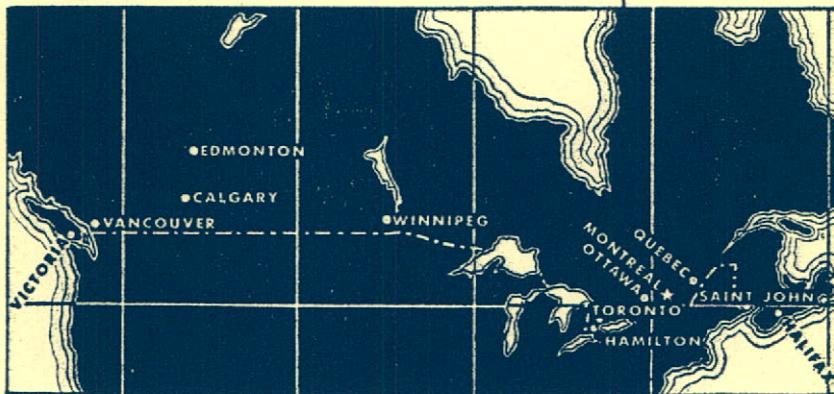
MAR 11 1947

1946

MCGILL UNIVERSITY

THE ROYAL TRUST COMPANY
47th ANNUAL REPORT





OFFICES ACROSS CANADA FROM COAST TO COAST

Offices outside Canada
ST. JOHN'S NEWFOUNDLAND
LONDON ENGLAND

Board of Directors

*HUNTLY R. DRUMMOND
Honorary President

*ROBERT P. JELLETT
President

*GEORGE W. SPINNEY, C.M.G.
Vice-President

*ROSS CLARKSON
Vice-President

THE HON. C. C. BALLANTYNE, P.C.

LaMonte J. BELNAP

GEORGE A. CAMPBELL, K.C.

D'ALTON C. COLEMAN, C.M.G.

NORMAN J. DAWES

JACKSON DODDS, C.B.E.

THE HON. CHARLES A. DUNNING, P.C.

*JAMES A. ECCLES

GEORGE W. HUGGETT

RICHARD G. IVEY, K.C.

JOSEPH A. KILPATRICK

ROSS H. McMaster

THE HON. S. C. MEWBURN, K.C.

HERBERT W. MOLSON

THE HON. ALPHONSE RAYMOND, LL.D., M.L.C.

HENRY E. SELLERS, C.B.E.

CHARLES F. SISE

WALTER M. STEWART

THE HON. L. A. TASCHEREAU, K.C., LL.D.

AUSTIN C. TAYLOR, C.B.E.

**Members of Executive Committee*

Executive Officers

ROBERT P. JELLETT
President

ROSS CLARKSON J. F. WILKES
Vice-President and General Manager Assistant General Manager

C. W. ISMAY
Manager, Montreal Branch

J. PEMBROKE G. G. W. GOODWIN
Supervisor of Investments *Supervisor of Staff*

W. E. BICKLEY J. A. SUTHERLAND
*Supervisor of Corporate Trusts,
and Secretary* *Supervisor of Real Estate*

E. D. PARKER
Acting Superintendent of Branches

H. GILBERT
Chief Accountant and Assistant Secretary

ESTABLISHED 1899

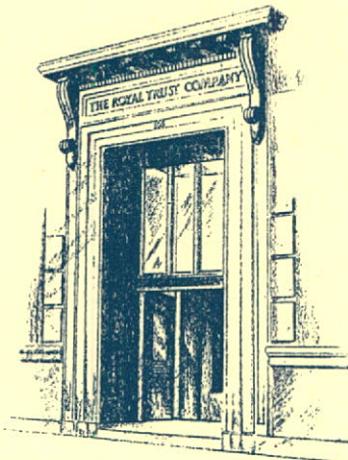
CAPITAL RESERVES AND SURPLUS

\$8,100.00

ASSETS UNDER ADMINISTRATION

\$901,000.000

**The Forty Seventh Annual General Meeting
OF SHAREHOLDERS WAS HELD AT THE HEAD OFFICE MONTREAL
ON TUESDAY THE ELEVENTH OF FEBRUARY NINETEEN FORTY-SEVEN**



**THE ROYAL TRUST COMPANY
Head Office
105 ST. JAMES STREET, W., MONTREAL**

THE PRESIDENT'S REMARKS

a year of progress

OUR first full year of operations under post-war conditions has been reasonably profitable, and may be considered to be satisfactory when due allowance is made for readjustments, necessitated by a return to more normal conditions than those which prevailed during the war years.

We have been able to hold our earning position at a fair level and our business has shown substantial growth, albeit the expense of operating has increased in greater proportion.

profits lower

The General Manager will review the figures, but I may say that our net profit of \$440,000, mentioned in the Directors' Report which I read, is some \$58,000 less than in the previous year, due to higher costs.

Our Reserve fund of \$4,500,000 and the special Reserve for Contingencies of \$500,000 have been merged, and the Reserve now stands at \$5,000,000.

valuation of shares

In conformity with our By-Laws, it is necessary to establish at this meeting the value of the shares of the Company for the ensuing year, and an appropriate resolution will be submitted to you for that purpose. In view of the satisfactory earnings and the assets behind the shares, and having regard to the present high yield on the current dividend basis, the Directors consider that the value of the shares of the Capital Stock of the Company should be increased from \$85 to \$90 a share. At the present dividend rate of \$3.20, disregarding the bonus of 60 cents paid on the 1st February, which should not be considered as regular, the shares at the new price would yield 3.56%, and with the bonus 4.22%. This is a very favourable return compared with the yield of other high-grade investments to-day.

directors

I regret to announce the retirement from the Board of R. S. McLaughlin, who has found it necessary to curtail his activities. He had been a Director since 1934, and his association with our Company was greatly valued.

THE PRESIDENT'S REMARKS

Three new Directors were recently appointed, and you will be asked to-day to confirm the election of Richard G. Ivey, K.C., of London, Ontario, Henry E. Sellers, C.B.E., of Winnipeg, and Austin C. Taylor, C.B.E., of Vancouver. Their addition to the Board is most welcome, and we are fortunate in having the benefit of their advice in our deliberations. Mr. Sellers and Mr. Taylor have been members of our local Advisory Boards in their cities for a number of years, and will continue to so act.

branch advisory boards

The following appointments have been made to Branch Advisory Boards: at Halifax, T. R. Gilbert replaced G. B. Howard, who moved to Hamilton, and Alban M. Murphy replaced J. Norwood Duffus, who retired after serving twenty-two years on the Halifax Board; at Hamilton, G. B. Howard succeeded, as Chairman, James Garrow, who has retired but is remaining on the Board for the balance of the year; at Quebec, J. H. Ottmann succeeded, as Chairman, H. D. Suckling, who has retired; at Victoria, Norman A. Yarrow, W. Hobart Molson and W. C. Mainwaring were appointed, and at London, England, G. H. E. Inchbald was added to the Board there.

Three members of Victoria Advisory Board died during the year: The Hon. Robert F. Green, J. W. Spencer, who were members of that Board from 1930, and A. T. Goward, who was a member from 1937. Their passing is a sad loss to Victoria Branch, and to the Company as a whole.

managers and staff

The Managers and Staff of the Company have, as usual, borne the brunt of the strain of operating under what are still trying conditions. They deserve much credit for the success of their efforts, and I congratulate them on another year of fine accomplishment.

The standing of our Company depends in largest measure upon the character of its personnel, for, while the influence, prestige and guidance contributed by its directors and advisory board members are of great value, it is the Managers and Staff who must give satisfaction in their everyday dealings with its clients. I feel that in this respect the reputation of our Company is well protected.

outlook — national problems

I should like now to consider the outlook for our Company—an outlook that is largely dependent upon the future of Canada and the policies pursued by its Government.

Canada is in many respects in an enviable position. Much real progress has been made in recovering from the dislocations and setbacks of war. Yet it cannot be denied that there is widespread anxiety that the economic initiative of the country is not being given the scope and the encouragement that would enable it to make plain its true power. The effort towards recovery, substantial as it has been, does not indicate all that a free Canadian economy might have done, but only indicates how much more, under less restrictive conditions, might have been accomplished.

None would deny, nor wish to deny, that the obligations of war do not end with the end of hostilities. They will remain through many years, though diminishing in volume. It is obvious, therefore, that there cannot be a swift return to the levels of pre-war taxation.

state activities

But in fairness it must be stressed that the conviction that our economy is burdened and restricted does not arise simply from the financial obligations that the urgent necessities of war have placed upon the country. They arise, rather, from the pronounced tendency of the state vastly to enlarge the scope of its activities. And as these activities are enlarged, the expenses of maintaining them are enlarged also, and must be met out of heightened taxation.

For the state has not only remained permanently in many activities assumed under the emergencies of war-time, but it has extended its activities into new realms of control and administration, and has undertaken to pay a remarkable variety of direct subsidies to groups and individuals.

It is true that taxation may be moderately reduced from time to time in response to public demand. But the ground for anxiety is that a reduced taxation may have ceased to become the real aim of the state. For the true reduction of taxation is not a matter of clipping and paring, valuable as these measures undoubtedly are. Taxation will really become less only when the activities (and thereby the expenses) of the state are curtailed.

price controls

There is need for much careful thought by all citizens as to the part that the state may properly exercise in the total of the country's activity. The attempt to regulate prices and wages has brought about a remarkable extension of the state's control. I have not believed, however, that any combination of brains at the disposal of governments can ever equal the almost automatic effects of the ordinary law of supply and demand in the efficient adjustment of prices and wages

THE PRESIDENT'S REMARKS

There is a limit to the number of experts who may be engaged to watch conditions, costs, and prices, and to endeavour to exercise control of them to the best interests of the economy of the country. But there is almost no limit to the number of people who through their multitudinous purchases and sales bring about the changes in prices needed to balance supply and demand. A point to bear in mind is that these multitudes, in contrast to those employed in government bureaux and boards, render this essential service without cost to the taxpayer.

What is of still greater importance, only the prices established in this natural way can be regarded as genuine. The price levels established by bureaucratic manipulation are generally deceptive. For a low price can often be maintained only by the payment of subsidies or by the lowering of the quality of the goods—both of which must ultimately reduce the purchaser's income in other ways. Moreover, the artificial control of prices has led to many most undesirable complications, such as the encouragement of black marketing and the decline in the production of needed goods because the fixed prices do not make their manufacture profitable. It is well to face the fundamental economic fact that only free prices can tell the truth.

top-heavy taxation

The attitude which the state has developed towards profits raises a still more fundamental question. There seems to be a tendency to believe that profits represent an excess over need, and that this excess the state may properly appropriate. The explanation offered is that if an individual has "enough to live on," the rest should be taken away, and if a company has a moderate profit, it should be content to let the state have all that is "excess."

But this type of thought and practice depletes the whole dynamic of a free economic system. It is not merely a hindrance, nor an annoyance, nor only a discouragement. It is impoverishing the very soil which must yield the new business of the years to come.

For the excess of income over expenditure represents the means of investment and expansion. In direct proportion as profits are narrowed, the development of the country will be narrowed also. The maintenance of a system of top-heavy taxation will tend to keep the nation's business in a status quo, and to deny the hopes that might otherwise be very reasonably entertained for an expanded Canadian future.

The income tax is, of course, the most obvious and most widespread and possibly the most discouraging of all the measures taken against profits. It acts as a scythe to cut down the fruits of enterprise as soon as they reach a certain level.

succession duties toll

But succession duties represent another form of taxation that is seriously curtailing the expansion of business and industry by preventing the accumulation of capital. The state indeed is making itself an heir to the fruits of private enterprise. By the almost confiscatory rates which succession duties sometimes attain, conservatively managed companies, whose stock has been in few hands, are often seriously disrupted and occasionally their liquidation becomes necessary. As the result, the accumulating capital that would normally have been available for continuation or the expansion of business or industry under private management, will pass into the hands of the state. In this way the expansive strength of private management is curtailed and the role of the state in the country's economy becomes increasingly more dominant.

interest rates

There is another financial policy which is imposing a serious discouragement upon companies, institutions and individuals. This is the low rate of interest on invested capital that is being created by the manner in which the supply of money may be controlled by a state bank. These depressed interest rates act in many cases as an additional income tax, penalizing thrift.

The effects of this policy upon private charitable and cultural institutions, many with outstanding records of public service, are very notable. Some of these institutions have suffered so seriously because of the decline of revenue from their endowments that they may find themselves compelled to curtail or even to suspend their services, or else to become increasingly dependent upon direct assistance from the state.

Also very notable are the effects of this same policy upon individuals who are seeking independence through their own efforts. Existing interest rates do not encourage the attempt to attain self-sufficiency by providing a personal income through saved and invested capital. And it is disheartening not only for the individual but for those charged with the responsibility of managing his savings for him, such as life insurance companies, the banks, and executors and trustees.

discouraging policies

So it is that the individual, trying to take care of himself in a spirit of independence, so far from being encouraged, finds many obstacles placed in his path. In the first place he finds his earnings greatly reduced through direct income taxes. Then he finds that the value of his savings is diminished by the pressure which

THE PRESIDENT'S REMARKS

the state imposes upon the rates of interest. And he knows that whatever assets his efforts may acquire, will, at his death, be drastically reduced by high rates of succession duties.

The ultimate outcome of such financial policies is to lower the sense (and even in large measure the possibility) of self-reliance and independence, and to induce dependence upon the state. The premium is not being extended to those who are ready to exert themselves above the average, but it is extended to those who are prepared to acquiesce in a regulated security.

human values

In this way the issues become something more than matters of finance and policy. They enter into the realm of human values and character. They emphasize once again the need to return to the conviction that it is better for the individual, and for the country in which he lives, that he should be encouraged to seek independence of life through his own efforts, and that it is imperative that freedom of enterprise should be given the scope and ability to prove the achievements of which it is capable, rather than to be hedged about with restrictions, so that freedom of enterprise will be unable to work effectively, and may then be condemned and displaced because it will be said to have failed.

All these matters which I have mentioned are of vital importance to the welfare of our Company, its clients, its employees and its shareholders. They are of concern no less to all Canadians.

years of decision

There can be little doubt that we as a people are going through years of decision. Yet there are many signs to give confidence that after the troubled equilibrium of these tense years, there is a return to a greater soundness and balance of outlook. There appears to be a deepening recognition of the fact that the Government cannot create wealth, but that anything it promises in the form of a gift must be taken away in the form of a tax.

return to fundamentals

There are signs that people and Government alike may be returning to the realization of the fundamental economic truth that whatever regulations may be found desirable in the public interest, the most natural and the most fruitful role of Government comes from what it may be able to do to reduce all that restricts and discourages, and to assist all that may release the immeasurable potentialities that lie in free individual effort and responsibility.

THE DIRECTORS' REPORT

To the Shareholders of

THE ROYAL TRUST COMPANY:

The directors have pleasure in submitting the forty-seventh annual report of the Company showing the results of its operations for the year ended 31st December, 1946, accompanied by the General Financial Statement, in which is incorporated the Balance Sheet of the Company as at that date.

Profit for year ended 31st December, 1946,

after deducting management and all other expenses and providing for all contingencies

Less—Provision for taxes

\$ 733,489.80
293,928.80

Net Profit..... \$ 439,561.00

Less—Special Contribution to Staff
Pension Fund

\$ 33,750.00

Reserve for Bonus to Shareholders..... 60,000.00

Dividends..... 320,000.00

413,750.00

Surplus..... \$ 25,811.00

Balance at credit of Profit and Loss Account, 31st December,
1945.....

1,137,197.28

Balance carried forward.....

\$1,163,008.28

There has been transferred to Profit and Loss Account from Reserve for Contingencies, not now required, the sum of \$500,000.00; this amount has been re-allocated to Reserve.

Under the charter and by-laws of the Company the real value of the Company's shares is to be estimated and established by resolution at each annual general meeting of the shareholders, and your directors recommend that the value of the shares, which have a par value of \$20.00 each, should be established at \$90.00 per share, which is \$5.00 per share more than the valuation placed on the shares a year ago.

Respectfully submitted,
ROBERT P. JELLETT,
President.

MONTREAL, 11th February, 1947.

THE ROYAL TR

BALANCE SHEET AS AT

ASSETS

1946	1945
READILY REALIZABLE ASSETS	
(less Reserves)	
Bonds—Dominion and Provincial.....	\$13,421,121.95
Other Bonds.....	1,846,903.01
Stocks.....	701,580.99
(Not exceeding market values)	
	\$15,969,605.95
Cash.....	9,349.29
Loans.....	4,113,351.90
Sundry Accounts.....	18,256.52
Readily realizable assets.....	\$20,110,563.66
	\$20,506,252.55
OTHER ASSETS	
(less Reserves)	
Mortgages.....	976,076.44
Stocks of Subsidiary Companies.....	190,003.00
Premises.....	885,852.91
Real Estate held for sale.....	1.00
Total Assets.....	\$22,162,497.01
	\$22,773,940.61

On behalf of the Board:

(Signed) HUNTRY R. DRUMMOND { Directors.
 (Signed) ROBERT P. JELLETT

MONTREAL, 20th January, 1947.

Verified as per our report of this date.

(Signed) JOHN PATERSON, C.A. { Auditors.
 (Signed) C. GORDON WALLACE, C.A.

ASSETS UNDER ADMINISTRATION

At 31st December

1946	1945
Funds and Investments of Estates, Trusts and Agency	
Accounts under administration—at nominal values.....	\$878,821,190.97
	\$859,820,026.18
Company's Own and Guaranteed Account Assets.....	22,162,497.01
Security held against Contingent Liability.....	35,682.52
	34,832.52
	\$901,019,370.50
	\$882,628,799.31

A copy of the Balance Sheet, in more detail, may be obtained upon request.

U S T C O M P A N Y

T 31st DECEMBER, 1946

LIABILITIES AND CAPITAL

LIABILITIES	1946	1945
Accounts due and accrued.....	\$ 195,426.05	\$ 191,738.72
Reserve for Bonus to Shareholders.....	60,000.00	60,000.00
Bank loans—secured by pledge of securities.....	6,540,330.00	7,446,167.88
Funds for Guaranteed Investment.....	7,203,732.68	6,938,836.73
Liabilities.....	\$13,999,488.73	\$14,636,743.33
 CAPITAL		
Capital Stock—100,000 Shares fully paid—\$20.00 par value ..	\$ 2,000,000.00	\$ 2,000,000.00
Reserve.....	5,000,000.00	4,500,000.00
Reserve for Contingencies.....	—	500,000.00
Undivided Profits.....	1,163,008.28	1,137,197.28
	8,163,008.28	8,137,197.28
Total liabilities and capital.....	\$22,162,497.01	\$22,773,940.61

PROFIT AND LOSS ACCOUNT

For Year ended 31st December, 1946

	Comparative figures for previous year
Profit for year ended 31st December, 1946, after deducting management and all other expenses and providing for all contingencies.....	\$ 733,489.80
<i>Less</i> —Provision for taxes.....	293,928.80
Net Profit.....	\$ 439,561.00
<i>Less</i> —Special Contribution to Staff Pension Fund.....	33,750.00
Reserve for Bonus to Shareholders.....	60,000.00
Dividends.....	320,000.00
Surplus.....	\$ 25,811.00
Balance at credit of Profit and Loss Account, 31st December, 1945.....	1,137,197.28
Balance carried forward.....	\$ 1,163,008.28

NOTE:—There has been transferred to Profit and Loss Account from Reserve for Contingencies, not now required, the sum of \$500,000.00; this amount has been re-allocated to Reserve.

AUDITORS' REPORT

We have audited the books and accounts of The Royal Trust Company at Montreal, Charlottetown, Ottawa, Toronto, Hamilton, Winnipeg, Calgary, Edmonton, Vancouver, and Victoria, for the year ended 31st December, 1946, and we have seen accounts for the same period certified by independent auditors of the Company's Branches at Quebec, Saint John, N.B., Halifax, St. John's, Nfld., and London, England.

We have obtained all the information and explanations we have required and we report that all transactions of the Company that have come within our notice have been within the powers of the Company.

Cash, bank balances, and securities held by the Company for Guaranteed and Trust Accounts and in any other capacity are kept separate from the Company's own funds and securities and are so earmarked on the books of the Company as to show the accounts to which they belong. All cash, bank balances, and securities have been verified.

In our opinion, the foregoing Balance Sheet as at 31st December, 1946, verified by us, is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs according to the best of our information and the explanations given to us and as shown by the books of the Company.

(Signed) JOHN PATERSON, c.a. (Signed) C. GORDON WALLACE, c.a. } Auditors.

Montreal, 20th January, 1947.

THE GENERAL MANAGER'S REMARKS

earnings and balance sheet

THE PRESIDENT has referred to the Net Profit for the year, and I shall now review the Balance Sheet and Profit and Loss Statement as at the 31st December, 1946, which accompanies the Directors' Report.

I would like to mention first some figures that are not in the Statement. Gross Earnings amounted to \$3,452,000, a record figure, and up \$295,000, while Expenses, before Taxes, were \$2,718,000, also a record, and higher by \$352,000 than in 1945.

Looking at the Profit and Loss Account, Gross Profit was \$734,000, and, after Taxes of \$294,000, the Net Profit was \$440,000, down \$58,000.

The special contribution of \$33,750 to the Staff Pension Fund was less by \$41,250, but this was only an adjusting allowance for past services. The Company's total contributions towards Pensions, during the year, amounted to over \$138,000.

The Reserve of \$60,000 for the payment of a 3% Bonus to Shareholders on the 1st February, 1947, was the same as in the previous year, while Dividends paid in 1946 were unchanged at \$320,000.

Surplus for the year was down \$17,000 at \$26,000, and, when added to Profit and Loss Account, the balance of that Account carried forward was \$1,163,000.

The Balance Sheet, which is again in condensed form, shows Own and Guaranteed Account Assets of \$22,162,000, which is \$8,163,000 in excess of liabilities. Assets under Administration, including Own and Guaranteed Accounts, amount, at our present conservative valuations, to \$901,000,000, an increase of \$19,000,000, notwithstanding the termination during the year of some exceptionally large cash accounts of a temporary nature, which made up about half of the 1945 increase of \$64,000,000.

On the liabilities and capital side, the Special Reserve for Contingencies of \$500,000 was transferred to our regular Reserve.

Copies of the Balance Sheet in greater detail are available, and may be had upon request.

pension fund

The Staff Pension Fund, which is on a contributory plan—the Company and the employees paying equal shares monthly into the Fund—now amounts to

THE GENERAL MANAGER'S REMARKS

\$2,126,000, which also includes the nucleus of the Fund, built up prior to 1936, and the special contributions made since by the Company. It requires, however, a very large amount of capital to provide adequate pensions over the years for nearly a thousand employees, especially with the prevailing low interest rates. The fact is that, unless interest rates start moving upward soon or the monthly contributions of both the staff and the Company are substantially increased, it will be many years before the Fund will be self-sufficient. In the meantime, the Company finds it necessary to augment present pensions by payments out of its own current income.

staff

In thanking the President for his kind words of commendation directed to the Managers and Staff, may I add that it is a source of satisfaction to record that the members of the Staff who have returned from war services have adjusted themselves quickly to civilian life, and seem to have benefited in many ways from their war-time experiences. They are a much needed and welcome addition to the Staff, which was depleted and overworked in the later war years.

Trust company work calls for personnel possessing specialized and intricate training and experience, as well as particular qualities of dependability, patience and human understanding in the confidential and close relationship which exists between clients and the Company, and it is our constant aim to maintain a Staff well qualified to meet these exacting requirements.

estates and trusts

The backbone of our business is, of course, the administration of estates and trusts, and I am glad to say that there has been substantial expansion in these Departments during the year under review, both in active accounts and in new appointments which have not yet become effective. This is most heartening, as it adds proof, if any were needed, that people at large are coming to understand and appreciate more fully the value of the services and protection afforded by a well established trust company.

Income taxes and multiple succession duties continue to take a heavy toll of the assets coming to us for administration, and there seems little prospect of any immediate improvement in the situation.

During the year the Federal Government doubled the Dominion succession duty rates, subject to an allowance for Provincial duties up to 50% of the Dominion duty. This adds one more complication to the already involved tax situation which is causing such hardship, and makes more difficult the work of

executors in the administration of estates. Much could be done to simplify taxation and give relief to the now overburdened taxpayer, and the people of Canada are looking to their Governments, both Federal and Provincial, to find an early solution to the problem.

management and safe-custody

Our management and safe-custody business continues to grow as investment problems increase. Those who bring their securities to us for management are given investment advice to best suit their individual requirements, and the complete service relieves them of much worry and annoyance, at small cost.

This type of trust company investment service is more widely recognized and used in the United States than in Canada, but its popularity is increasing here, as our experience shows. We are continually broadening and improving our investment facilities to meet the growing demand for this service, and we should see considerable expansion in this field.

real estate and mortgages

Real estate sales handled by the Company in 1946 were again at a high level, with prices firm but showing signs of having reached the peak in some classes of property. A slowing up in the tempo of the market was noticeable as the field became more restricted and purchasers tightened their bids, particularly where properties were subject to lease. Immediate occupancy continued to command a substantial premium.

Residential property is still in short supply and may be for some time, but a gradual weakening of prices is not unlikely in most lines of real estate.

The demand for mortgage loans showed little increase, and principal repayments on current loans were heavier than we would wish, as mortgages are an important and desirable field for investment of our clients' moneys at reasonable rates of interest. Mortgages under our management have seldom been in better shape as to interest and tax position.

corporate trusts

The Bond Trusteeships and Stock Transfer Departments had a very active year as a result of new financing, the refunding of issues at lower rates, and the activity of the stock markets. Numerous appointments were received as Trustee, Transfer Agent or Registrar, and the volume of transactions handled was well above the average. Companies continued to extend the transfer facilities for their

THE GENERAL MANAGER'S REMARKS

stock by opening additional transfer agencies for the convenience and protection of their shareholders in different Provinces, while others for whom we acted as Transfer Agent, but who paid their own dividends in the past, turned this work over to us, as we are well equipped to handle it, at moderate cost.

investments

The continued downward trend of interest rates is our greatest cause for concern in the investment of moneys entrusted to our care, and the problems which it presents are ever before us. Long-term interest rates dropped from about the 3% level to around 2.60% during the year.

For many investors who have no earning power, the situation is acute, and in some cases even desperate. They are truly the victims of circumstance and deserve more than passing sympathy.

Wages for labour have been increased repeatedly—wages for office workers have also gone up though not in the same proportion.

Increases in the prices of goods and commodities have been granted in many instances by the Control Board and further increases appear to be inevitable. It is evident that the class which has suffered through an unmerciful squeeze is the investor.

Our particular charges are widows, children and other beneficiaries dependent upon the life savings of their former providers, and they are caught hopelessly and helplessly between high income taxes and substantially lower income returns. In the last fifteen years, income taxes in the moderate brackets have gone up about 700%, the yield on Government Bonds has gone down nearly 50%, and the cost of living has gone up over 25%. All this—to say nothing of increasing succession duties before their inheritance reaches them. To add to their burdens, they are required to pay a surtax on investment income over a small amount. We would urge once more that the whole position of these dependent investors be given sympathetic consideration by the Government.

It could also be said that on the basis of a sound economic balance a fair return to investors is good for the worker and for the consumer. The investor to-day, generally speaking, is not receiving a fair return in comparison with other classes.

growth and prospects

It is axiomatic that the very problems and difficulties to which I have referred have served to draw people to trust companies for guidance and protection in the handling of their financial affairs.

THE GENERAL MANAGER'S REMARKS

Our Company has played a leading role in providing the people of Canada with dependable trust service, as the growth of our business shows. By way of illustration, Assets under Administration in 1920 amounted to \$258,000,000, while to-day the figure is \$901,000,000, an increase of 250%. In the same period, our Gross Earnings rose from \$1,112,000 to \$3,452,000, or 210%, while Profit, before taxes, went up from \$328,000 to \$734,000, or 123%. The number of our employees grew from around 270 to 980, roughly 260%.

Another important development, but one which must be regarded in a somewhat different light, is the pyramiding of our taxes from \$52,000 to \$294,000, a matter of some 466% increase. This is not, however, all attributable to the growth of our business, but to the growth of Government as well.

Our record of progress is, I think, impressive, and, with trust companies solidly established in Canada and having proved beyond question their importance and benefit to the community, we can, I believe, look forward with confidence to continued expansion of our business.

The Report of the Directors was adopted and the value of the shares of the Company's Capital Stock was established at \$90. per share.

BRANCH ADVISORY BOARDS AND MANAGERS

CALGARY

C. G. DUNNING, *Chairman*

SIDNEY KIDD

ALICK C. NEWTON

FRED. E. OSBORNE

FREDERICK STAPELLS

A. R. DINGMAN, *Manager*

EDMONTON

THOMAS DICKSON, *Chairman*

CLAUDE GALLINGER

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