These companies are a major source of long-term credit in Canada. They invest in the bonds and other securities of Canada, its provinces, its municipalities and school districts. They finance public utilities, industrial and commercial enterprises in their long-term capital requirements. They provide a major part of the mortgage funds which assist in the construction and purchase of housing. At the end of 1957, of the total invested in mortgages on Canadian real estate by member companies, 84.59 per cent was on residential properties.

The funds that these companies have for investment as represented by their assets are entrusted to them by the public of Canada through the sale of life insurance, the deposit of moneys with loan and trust companies and the sale by these companies of their debentures and savings certificates. These funds must be invested in such a way that they can be returned in due course with interest to policyholders, depositors and holders of debentures and certificates. It follows that a policy of careful selection, continuing supervision and wide diversification must be pursued. In so doing these funds flow into those avenues of investment which from time to time afford the best income return within the factors of safety, liquidity and administration cost. The assets of the companies are not static. They are a dynamic, growing, revolving fund constantly being adapted to the economic needs of the community as investment and reinvestment takes place.

There is great competition for these funds. Canada, the provinces, municipalities, school districts, hospitals, public utilities, industrial and commercial enterprises, and the individual who wants housing, all have important and pressing requirements. All of the assets of member companies cannot be placed in any one type of investment, whether it be into bonds or debentures, mortgages in general or into housing mortgages in particular. Further, the financing of housing is not confined to the bare lot and house. It involves the financing of roads, sewers, watermains, light and power, schools, shopping facilities and the other amenities which have come to be looked upon as being necessary or desirable in community living as Canadians know it. Also transportation, commerce and industry have capital requirements which must be met if employment opportunities are to be available to enable the house purchasers to pay for their homes.

The provision of housing occupies an all important place in the investment transactions of member companies.

1. During the 11 years ending with 1957, member companies have approved mortgage loans on real èstate in Canada involving $4,842 million that is excluding the government's share of joint loans under the National Housing Act, 1944 and "agency" loans under the 1954 Act. Loans for housing accounted for $3,928 million or 81.1 per cent and assisted in the financing of 776 thousand new and existing housing units.

2. During the same 11 years, the assets in Canada of these companies, exclusive of estates, trusts and agencies administered by trust companies, have increased by $3,742 million. Thus the mortgage loans on property in Canada approved by the companies were $1,100 million greater than the increase in their Canadian assets. If repayments on and sales of mortgage loans of $1,955 million during this period are added to the increase in assets, then mortgage loans approved were 84.9 per cent of this total and those for housing purposes were 68.9 per cent.