if the debentures for each particular year are distributed among as many different clients, then the objection that the lender is compelled to accept a portion of the principal annually is overcome, as the client who holds the debenture or debentures payable during let us say the seventh year would obtain interest annually during the seven years and would have the whole amount of the principal repaid at the expiration of the seventh year; similarly each year's debentures would be dealt with during the period of the loan.

The bond buyer has the additional advantage of being able to give his clients a certain number of short or long term debentures as the individual lender may desire. According to this mehtod of issue the individual debentures resemble a sinking fund debenture in that no portion of the principal is repaid during the term of the debenture. It must be pointed out, however, that if a single client were to purchase and hold as an investment the entire issue the above advantage would not be derived by such client.

3. *The Sinking Fund Method.*

The sinking fund method provides for the setting aside annually an equal instalment, which by compound interest computed at the rate of 4 per cent per annum, will accumulate to such an amount as will pay off the loan at the end of the prescribed period, interest on the total amount of principle being payable annually or semi-annually, as the case may be.

This method differs from both the instalment method and annuity method in that the lender is not paid back any portion of the principal during the period of the loan, the total amount of the loan being repaid at the expiration of the period during which it is to run. This overcomes the lender's objection in this respect.

The annual amounts raised by taxes to pay into the sinking fund and pay interest each year are equal, and in this respect this method is similar to the annuity method, where the burden of the loan is shared by the taxpayer by equal