

It is estimated that Great Northern Railway will earn only \$2.50 per share on its preferred stock this year and it might be wise to liquidate this investment. The balance of the funds available could be used to purchase 600 shares of Union Pacific \$4. Preferred stock at \$74. During the past eleven years earnings on this class of stock have averaged about \$40 per share and it is estimated that over \$28 per share will be shown for this year. At the market price of 74 a yield of about 5.45% is obtainable.

PUBLIC UTILITY

The University now holds Twin City Rapid Transit, American Superpower, General Gas & Electric, Middlewest Utilities, St. Louis Public Service and United Light & Power.

The investment in Twin City Rapid Transit is now worth \$17,000 and it is only a question of asking oneself whether if that sum were held in cash would an investment in Twin City be attractive. We would expect an answer in the negative and it now only becomes a problem of disposal. Over a period, however, the stock could probably be sold and we would recommend such an action.

American Superpower is an investment concern and when it is considered that the University already holds and intends to hold a substantial amount of representative American Utility stocks it seems superfluous to include this stock in the portfolio.

Both General Gas & Electric and Middlewest Utilities are in an uncertain state and we would strongly recommend the sale of these two preferred stocks.

St. Louis Public Service has no future to speak of and should be sold if a market can be found.

United Light & Power is fundamentally sound and we would recommend the retention of this security. Sound diversification, however, leads us to suggest that 500 shares is all that should be held at a current market value of about \$41,500. This would leave about \$85,000 to be invested in additional preferred utility stocks. Two stocks which strongly commend themselves are American Waterworks & Electric \$6 Preferred and Public Service Corporation of New Jersey 6% Preferred.

The former company earned over \$29 per share on the \$6 Preferred stock during the year ended June 30th, 1931, as compared with about \$38 per share during the year ended June 30th, 1930. The stock is selling currently at about 90 to yield over 6.60%. We suggest that 450 shares be purchased. Public Service Corporation of New Jersey showed earnings during the year ended July 31st, 1931, equal to almost \$37 per share on the 6% Preferred Stock as compared with \$35 per share for the previous corresponding 12 months' period. Currently selling at about 114 to yield approximately 5.25% the stock appears very attractive. We suggest that a purchase of 400 shares be made.

INDUSTRIAL

In this classification the University is holding Brown Co., International Milling and Wesson Oil & Snowdrift. The first named security should be sold and the amounts invested in the other two somewhat reduced. At present 400 shares of International Milling 6% Preferred Series "A" are held and we recommend that 100 shares be sold. The investment in Wesson Oil & Snowdrift \$4. Convertible Preferred amounts to 1,000 shares and we suggest disposing of 500 shares.

As regards prospective purchases the following three stocks might be considered.

Beatrice Creamery	7% Preferred	at 107	to yield about 6.50%
Diamond Match	6% Part. Pfd.	at 26	to yield about 5.75%
J.C. Penney Company	6% Preferred	at 99	to yield about 6.00%