

which should be mentioned. During the various periods of boom, collapse, depression and revival some industries will experience better results than others and the successful investment manager will govern the character of his purchases and sales accordingly.

In operating our account I would suggest that we keep the following before us:

1. Marketability of holdings is important.
2. Periodical and frequent information regarding the activities of the companies represented by our holdings is essential.
3. The price paid for a security should have no weight in the decision to sell or hold.
4. Original issues, except in the case of high grade government bonds, should be strictly avoided.
5. Investment banking houses and brokers should be treated merely as agents to buy and sell.
6. Number of securities should be kept down to manageable proportions.

Although the foregoing is an attempt to deal with the investment problem as thoroughly as time will permit, many of the suggestions contained therein are not immediately applicable. Specifically our problem is this. The income at present being received from our investments is about \$300,000. short of our current needs. The market value of our investments, not including mortgages and properties, is about \$9,000,000. from which we receive about \$560,000. or a little over 6.2%. There seems no possibility that this figure can be substantially increased with safety. Depletion of capital is therefore unavoidable, but this need not be considered as disastrous if we make up our minds to avail ourselves of the opportunities to buy sound bargains which will present themselves during the course of the next two years. For this reason I would suggest that we attempt to put our investment account into a much more liquid condition than now obtains even though some sacrifice of income is entailed.

The virtual lack of markets for a large number of our present holdings renders such a policy extremely difficult of early consummation without undue sacrifice of capital but I would urge that steps be taken, where practicable, because there is no means of telling what lies immediately ahead and I believe that liquidity is our best defensive as well as offensive weapon.

*E. J. Lanco*