

million. We think of it very much. Now we try to invite gifts, also, to increase our Endowment Fund.

**Mr. Schreyer:** I think I heard it said in the opening remarks by Mr. Martineau—or perhaps it was Mr. Boucher—that there was an increase in the amount of yield last year. Was this due primarily to changes in portfolio holdings or mainly to an increase in the principal invested?

**Mr. Boucher:** Well, perhaps Mr. Fortier could answer that. It is due to the fact also that we have invested more money. We have had more money in the course of the 12-month period invested. Being not really a government department, we invest the money the government gives us and we get some return on it. When we received \$17 million a year ago, I think we received that money in a lump sum.

**Mr. Fortier:** No; in instalments.

**Mr. Boucher:** In any case it was invested with the rest of the money so there is a yield on that. Therefore, the base having increased, the yield also increased. Perhaps Mr. Fortier could add something.

**Mr. Fortier:** Well, perhaps I should say that our investments are a composite of three things, a composite of the \$50 million principal—I am talking of the Endowment Fund—paid by the Government back in 1957, the profits realized on that endowment since, which I said were about \$4.5 million, and the level of what I call unpaid grants.

As the Council approves a grant, we do not make the payments right away; we wait until the project is advanced enough and we make the payments by instalments if the grants are large enough. Therefore, last year as a result of our larger budget, we had an unpaid grant level of about \$13 million on March 31 as opposed to \$6.8 million in the March previous so, as you see, we had \$6 million more to invest and this, of course, has a high yield.

Now, the yield on the Endowment Fund increased from 5.76 per cent on March 31, 1967, to 5.98 per cent on March 31, 1968, and this increase in the year, of course, was a result of the high return on short-term investments. Does that answer it?

**Mr. Schreyer:** Yes, thank you.

**Mr. Osler:** I have a supplementary question, Mr. Chairman. I would like to know,

roughly and quickly without too much detail, what is your investment policy as laid down by your Board, presumably? Can you invest in anything? It would seem to me from what you have just said that you have two requirements; one is a long-term investment requirement in which you can afford to be fairly locked-in and the other is a fairly liquid situation. Could you comment on that?

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**Mr. Martineau:** I think I can take this one, Mr. Osler. The Council also created an investment committee, two members of which are from the Council and three from outside. Last year it was Mr. Hungerford who was Chairman, there was Arnold Hart, Louis Hébert, Trevor Moore and myself.

We meet regularly and we decide but we afterwards submit our decision to the Council, so as I said before, we treat this as if it were the portfolio of a bank or of an investment trust, and we have changed our policy from time to time. For instance, now we think and have thought for over a year that it was time to move more into equity, and we have shifted to equity, and we intend to keep on doing so for the moment. Maybe we will change in a month or two, but we are trying to keep up with the market, always thinking of increasing the capital and yield.

**Mr. Osler:** Have you any guidelines laid down that you have to adhere to, or are you able to do what you like, pretty well?

**Mr. Martineau:** No, we decide how it should be invested. So far it is a general portfolio invested in bonds and equity, but we are shifting with the authorization of the Council.

[Interpretation]

**The Vice-Chairman:** Mr. Martineau, I believe the members of the investment committee are bank presidents...

**Mr. Martineau:** Ah! Yes.

**The Vice-Chairman:** ...they are well aware of...

**Mr. Martineau:** Yes, yes.

**The Vice-Chairman:** ...the money market.

**Mr. Martineau:** Mr. Hungerford was the chairman of the Montréal Trust, Mr. Arnold Hart is president of the Bank of Montréal, Mr. Trevor Moore is the vice-chairman of