

Investment Series Talk No. 10

Investment Test

When one is not sure that what purports to be gold is gold, he applies the acid test. Acid searches out and exposes the false. The surest way to invest is to apply the acid test to all that is offered in stocks and bonds. But you, personally, cannot apply the test, because unless you have made a life work of the study of these things, you can't separate the false from the true.

The final judgment of your investment house, if it be conscientious and well armed with statistics and information, is the acid test that you should apply to all investments you make. You need not be entirely led by them—but get their stamp on your selections.

Our Security Reports

are sent from time to time, as issued, to our clients and to those who, as possible investors, wish to keep informed on securities dealt in on all markets. May we not put your name on this list? It will obligate you to nothing and will be of much service to you.

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MONEY AND MAGNATES

The Rio Episode.

ONE of the most dramatic incidents in the history of Canadian finance came to a climax the other day with the merger of two great tropical enterprises controlled largely by capitalists in Toronto and Montreal. The Tramway, Light and Power Company of Rio de Janeiro, the Brazilian Capital, joined forces with the Tramway, Light and Power Company of Sao Paulo, Brazil, under the new name of the Brazilian Tramway, Light and Power Co. Fifty million dollars of capital were merged. In the movement leading up to the union new millionaires were made in the cities of Canada, and men who were already wealthy strengthened their money power. The most interesting features of the merger were the suddenness and despatch which characterized its accomplishment and the attentive, responsive attitude adopted by the market at every stage of the proceedings. Nothing like the sensational rise of Rio shares has been experienced for years by the Street in Toronto and Montreal. There were several circumstances



THE MEN BEHIND RIO.

Left to Right.—Mr. E. R. Wood, Vice-President; Dr. F. S. Pearson, President; Sir William Mackenzie, Chairman; Hon. Z. A. Lash, K. C., Vice-President.

which contributed to the spectacle of the Brazilian flight. For some months Rio stock had been to the fore. Men, who claimed to be in the know, nodded their heads wisely and whispered that Rio earnings were sure indication that a new dividend rate must soon be declared. Some talked of seven per cent. with an accent of conviction. Then came the advent of a tall, thin man from New York, who was closeted for some days in Toronto with Sir William Mackenzie just after the Canadian Northern president had stepped off the train from a fifteen days' tour. This was F. S. Pearson, Doctor of Science, engineer, president of the Rio de Janeiro, and largely interested in Sao Paulo. The wizard of South American traction maintained a mysterious silence behind his dark moustache. His taciturnity got on the nerves of the Stock Exchange. Had Dr. Pearson come to discuss re-organization of Rio with the Canadian directors and shareholders? Rio commenced to aviate.

The Doctor went back to New York saying nothing. That did not shut off the power from Brazilian trolleys. To Toronto again skipped the Doctor in a couple of days, and the market with renewed confidence and fresh hopes, bought Rio heavily. When the stock touched the ceiling, it was at the record height of 156%, practically \$45 above the level of the first weeks of the year, and \$26 beyond the quotation of a month ago. In three days' trading Rio gained twelve points. Because of the fact that it was mostly based on street optimism, engendered by the feeling that there was a big announcement coming affecting the destiny of the Brazil Company, the performance of Rio was remarkable. The following table shows Rio quotation in the past five years:

| | High. | Low. |
|--------------|-------|------|
| 1908 | 81% | 29% |
| 1909 | 104 | 79 |
| 1910 | 105 | 86% |
| 1911 | 117½ | 101% |
| To date 1912 | 156% | 112 |

The march of Rio upward is illustrated more graphically by taking the quotation of each month of this year:

| | | | |
|-------------|-----|----------|-----|
| January 24 | 113 | April 24 | 120 |
| February 24 | 114 | May 24 | 133 |
| March 29 | 115 | June 24 | 156 |

The Rio de Janeiro Tramway, Light and Power Company owns the street

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