

On the other hand, it is specified in the act, with respect to the Universities Capital Grants Fund, that it must be in bonds of the Government or guaranteed by it. The Endowment Fund is left open.

The first act of the Investment Committee was to meet and draw up a series of rules and regulations concerning the way in which the fund could be invested. Those rules and regulations are roughly those which by law regulate the investments of insurance companies in Great Britain and Canada.

Senator MACDONALD: There are no profits on this item?

Dr. TRUEMAN: There are.

Senator MACDONALD: You have not mentioned them yet.

Dr. TRUEMAN: No, I have not yet referred to the profit. During the first year it was \$855,000, and for the year ended March 1959 \$248,000. That increased the value of the fund.

Senator MACDONALD: May I ask you, do you just distribute the income from this fund?

Dr. TRUEMAN: That is right.

Senator MACDONALD: Do you not also distribute the profit?

Dr. TRUEMAN: The profit adds to the corpus of the fund, and the interest that we distribute is the interest on the original \$50 million, plus the interest on whatever increased value the fund has reached. Does that answer the question?

Senator MACDONALD: Yes.

Senator BURCHILL: I presume the Investment Committee handles both funds?

Dr. TRUEMAN: That is right.

Senator BURCHILL: How does it function and how often does the committee meet?

Dr. TRUEMAN: There are no specified times at which the Investment Committee meets. They meet as often as necessary, but I suspect that a great deal of their business is done by telephone and correspondence between our office and Mr. Fullerton's office, and the operations are under the policies and suggestions of the Investment Committee.

The ACTING CHAIRMAN: I may say there is a list of securities in the report.

Senator BURCHILL: I was wondering how switches were made and reinvestments carried out? Would that be by telephone?

Dr. TRUEMAN: Largely by telephone. I am advised that a great deal of the investment business is carried on by telephone; and this I personally suspect to be the fact, because of the difficulty of getting through from my own office to Mr. Fullerton by telephone when he is discussing matters with the Investment Committee.

Senator REID: Do you buy municipal bonds throughout Canada or just those of one or two provinces?

Dr. TRUEMAN: I think we have spread them pretty well across the country.

The ACTING CHAIRMAN: I see by page 108 of the report there are some from British Columbia—none from New Westminster.

Dr. TRUEMAN: I do not pretend to be an expert on investment; this matter is handled by the Investment Committee and the Treasurer.

I would point out with respect to the general picture that the first year, which was a short year, shows grants authorized of \$1,417,000. We only got into the business of the grant-giving program by September or October of that year. The next year we authorized \$2,666,000-worth of grants. This is less than our income, but not included in this is the administrative expense of the Council. Actually this year, 1958-59 we have overspent our income by about \$200,000. We did this knowingly because we had carried over from the first year \$772,000, because, as I say,