

COLONIAL STOCKS AND BONDS

Analysis of Their Position—Where Canadian Securities Stand

London and New York financial journals are taking an increased share in Canadian affairs and during the past few months, several analytical articles of unusual interest have appeared. The London Economist, in a recent issue, discusses colonial stocks and bonds, and Canadian securities naturally figure prominently in the article. The writer notes that the public taste for high yields and "sketchy" security is on the wane, but admits that there is another side to the question. He says:—

Canadian and Trustee Stocks.

"The quiet change that is taking place in the public's choice of investments makes it opportune to indicate the range of securities which colonial trust stocks now present. The new South Australian loan, as the latest comer, is, of course, obliged to offer attraction slightly superior to most others in the list in order to obtain public support; but it will be seen from the following comprehensive examples that an average of 4 per cent. is readily obtainable from Canadian and colonial trustee stocks:—

Description.	Dividends Due.	Date of Re-demption.	Price.	Pay per Cent., allowing for Accrued Interest & Redemption when over Par.
Canada 3½ % Registered	1 Jan. & July	1930-50	93½	3 15 0
" 3 %	"	1938	83	3 12 6
Cape 3½ % Inscribed	"	1929-49	87½	4 0 0
Natal 4 % Inscribed	1 April & Oct.	1937	101½	3 19 6
" 3½ %	1 June & Dec.	1914-39	87½	4 0 0
" 3 %	1 Jan. & July	1929-49	77½	3 17 6
New South Wales 4 % Inscribed	"	1942-62	101½	3 19 0
" " 3½ % "	1 April & Oct.	1924	94½	3 15 0
" " 3½ % "	1 Mar. & Sept.	1918	97½	4 4 6
" " 3½ % "	1 Jan. & July	1930-50	89½	3 18 6
New Zealand 4 % Inscribed	1 May & Nov.	1929	100½	4 0 6
" " 3½ % "	1 Jan. & July	1940	90½	3 17 6
" " 3 % "	1 April & Oct.	1945	77½	3 18 0
Queensland 4 % Inscribed	"	1940-50	102½	3 18 6
" " 3½ % "	"	1940-60	97½	3 18 0
" " 3½ % "	1 Jan. & July	1930	90½	3 17 0
" " 3½ % "	"	1945	88½	4 5 6
" " 3½ % "	"	1945	88½	3 19 0
Southern Nigeria (Lagos) 3½ %	15 Mar. & Sept.	1930-55	87½	4 1 0
South Australia 3½ % Registered	1 June & Dec.	1934	95½	3 18 6
" " 3½ %	1 Jan. & July	1939	89½	3 18 6
" " 4 % Inscribed	"	1940-60	97	4 2 6
Straits Settlements 3½ % Inscribed	15 May & Nov.	1937-67	88½	3 19 6
Union of South Africa 4 %	1 Mar. & Sept.	1943-63	99½	4 2 0
Victoria 4 % Inscribed	1 April & Oct.	1918-22	99½	4 1 6
" " 3½ % "	1 Jan. & July	1923	98½	4 4 6
" " 3½ % "	1 April & Oct.	1929-49	89½	3 15 0
" " 3 % "	1 Jan. & July	1929-49	77½	4 0 6
Western Australia 4 % Inscribed	"	1942-62	98½	3 18 0
" " 3½ % "	1 June & Dec.	1927-47	87½	4 1 0
" " 3½ % "	1 April & Oct.	1935-55	88	4 0 6
" " 3 % "	15 Jan. & July	1927	86½	3 9 6
" " 3 % "	"	"	"	4 6 0

"Where the securities are definitely redeemable at a comparatively early date two yields are given, the second making allowance for redemption at par. The first represents the return on interest alone. By a careful selection it is possible to secure a return of about 3½ per cent., with a certain capital appreciation of about 20 points, but the period is generally rather long.

Colonial Bond Issues.

"Most of the colonies have bond issues as well as those of inscribed and registered stocks. Speaking roughly, it may be said that the public sell bonds and buy inscribed or registered securities. For the bonds there is usually a good demand on behalf of insurance companies, discount houses and the like. The average investor does not care for a short-dated security, and many of the bonds now run out fairly quickly. Besides, an element of risk always attaches to a holding of bonds, which is absent from stock inscribed or registered into the holder's own name. It is not everybody who can deposit bonds with a bank for safe custody; and where this is not done the risk of loss is supplemented by the trouble of cashing coupons. These are trivial things to the City man accustomed to deal with them, but the average investor prefers to have the stock in his own name, and either to receive his dividends direct or else to have them paid into his bankers upon his instructions. Inscribed stock when sold has to be transferred, as is well known, by the seller signing a form of transfer made out in the books of the bank fathering the issue, and if his personal attendance is not convenient the seller can sign a power of attorney enabling him to dispense with putting in an appearance himself at the bank. For a power of attorney the Bank of England charges 11s. 6d.; other agents as a rule charge 10s., that

is, the stamp duty impressed upon the deed conferring the power of attorney. Registered stock is transferable on a deed of transfer, which can be signed in the ordinary way, and which involves no coming to town to sign bank books.

Average Yield of Canadians.

Canadian and colonial city stocks pay on an average about 4½ per cent. on the money, and the following short selection gives an idea of what is available in the way of registered and inscribed stocks in this section:—

Description.	Dividends Due.	Date of Re-demption.	Price.	Pay per Cent., allowing for Accrued Interest & Redemption when over Par.
Bloemfontein City 4 % Inscribed	1 Jan. & July	1954	98	4 6 0
Johannesburg City 4 % Inscribed	1 April & Oct.	1934	93½	4 6 6
Manitoba Province 4½ % Registered	"	1953	101½	4 10 0
Montreal City 4½ % Registered	1 May & Nov.	1952	102½	4 8 6
Pietermaritzburg City and Borough 4 % Registered	30 Jne. & 31 Dec.	1949-53	92½	4 6 6
Pretoria City 4 % Inscribed	1 Jan. & July	1939	94	4 5 0
Regina City 5 % Registered	"	1943-63	99½	5 0 6
Vancouver City 4 % Registered	1 Feb. & Aug.	1952	89	4 9 6
Victoria City 4½ % Registered	"	1962	94	4 15 6
Winnipeg City 4½ % Registered	"	1943-63	97	4 12 6

"Colonial bonds are much less easy to obtain than colonial inscribed stocks, for which the principal reason is that bond issues are small as compared with those which come out as inscribed or registered. Care has been taken in the above tables to quote only such stocks as can be bought at the present time. All the above are on offer in the market as this article is being written.

Bonds Not Easy to Get.

"Of bonds there are very few available, but it may not be out of place to conclude with a brief catalogue of the colonial city bonds that can be obtained. In this list it will be noticed that the returns range from 4½ per cent. up to 5½ per cent., while in the last five examples are included two Government 4 per cent. bonds, which give an average yield of £4 6s. per cent., allowing for redemption:—

Bonds.	Dividends Due.	Date of Re-demption.	Price.	Pay per Cent.
Auck. City and Suburban Drainage, 4½ %	1 May & Nov.	1934	98½	4 12 0
Calgary City 4½ %	1 Jan. & July	1930-42	92½	4 18 0
Dunedin City 4 %	1 April & Oct.	1933	95½	4 4 6
Edmonton City 5 % (1st div., £1 17s 4d, due October 1st)	"	1923-33	99½	5 1 6
Hobart City 4½ %	1 June & Dec.	1933	102	4 9 0
Maisonneuve City 5 %	1 May & Nov.	1952	100½	5 0 6
Moncton City 4 %	"	(Annual drawings) 93	"	4 7 0
Ottawa City 4 %	1 Jan. & July	1926-46	93	4 6 0
Port Arthur City 5 %	"	1932-43	97½	5 3 0
Toronto City 4 %	"	1948	91½	4 8 0
Alberta Province 4 %	1 May & Nov.	Nov., '22	94	4 18 6
New South Wales 4 %	1 April & Oct.	Oct., '22	99½	4 4 0
Queensland Government 4 %	1 Jan. & July	July '15	99½	4 8 0
Saskatchewan Province 4 %	"	" '23	93½	4 18 0
Westport Harbour 4 % (Guaranteed by New Zealand Government)	1 Mar. & Sept.	1925	98½	4 8 0

TRUST COMPANIES' LEGISLATION BEING SHAPED

The Finance Department at Ottawa is commencing the preparation for the next session of parliament of a bill for the general regulation of trust companies, says a dispatch. Heretofore, each trust company incorporated has secured its powers by a special act. They are not all similar, and in some respects there is conflict with the Bank Act. The intention is to have a general act to which all companies must conform as banks do to the Bank Act.

Insurance is, perhaps, the greatest sign that a young man or a young woman can give of forethought and thrift, and thrift in early life, which abundantly repays them. They begin to receive bonuses before they know where they are, and insurance, practically speaking, and apart from virtues to which I have alluded, has this further advantage, that at a time where a young man or young woman wished possibly to put a sum into business on which they may depend for their livelihood, they can borrow against their insurance, when otherwise they would have no security to offer. That is a detail, but in my own experience of life it is not an unimportant detail. And I think those who have it at heart to promote the success of insurance should not omit that argument in pressing the advantages of insurance on those who are unwilling to make the very small sacrifice necessary in order to secure an abundant provision for old age.—Earl of Rosebery at Edinburgh.