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Canada's Victory Loan Bonds Best Offered Here

THREE *Maturities, High Yield, Long Period For Payment, Low Denominations, Tax Free, Convertible — Analysis of the Prospectus—How It Compares With Our Other War Loan Offerings.*

THE Victory Loan bonds are the most attractive investment ever offered in this country. While patriotism is expected to ensure the substantial oversubscription of the loan, judged solely from the investment viewpoint, the bonds are so attractive that a heavy oversubscription should result. Sir Thomas White remarked in the House at Ottawa on February 1st, last, that the patriotic aspect of a war loan creates a certain atmosphere which is favorable, "but your loan," he said "must conform with market conditions or, even if immediately successful, it will go to a discount later on. In other words, it must conform with the prevailing financial conditions applicable to that class of security; otherwise, investors will subscribe for it under patriotic impulse, hold it for a little while, and then sell it out and buy something more attractive. I am quite clear that your loan must be such as, in the estimation of the investing public, makes it a desirable investment at the time when it is put out."

The finance minister has lived up to this utterance, for the loan will appeal to every class of investor as one of the best offerings ever made to them.

How the issue differs from our previous war loans is a matter of considerable interest. In the Victory Loan, denominations are, for the first time, as low as \$50. Previously the lowest denomination was \$100. The \$50 bonds should attract the subscription of a large number of factory and office workers.

The three previous loans have been issued in 5 per cent. bonds at discounts of 97½, 97½ and 96 respectively. The Victory Loan is in 5½ per cent. bonds, issued at par. This is the first of our war loans to be issued at that price.

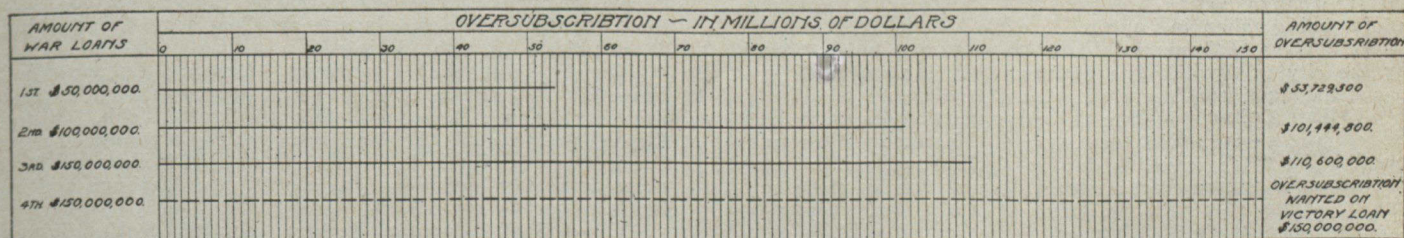
The method of paying for the bonds is also more attractive than in the former issues. The subscribers to the first, second and third loans paid 10 per cent. upon ap-

plication for their bonds. This time they are asked upon application merely to deposit a cheque or an undertaking to pay cash for 10 per cent. of the amount of their application. This cheque or undertaking does not fall due until December 1st. From that date subscribers have five months in which to pay the balance of 90 per cent.—10 per cent on January 2nd, 1918, and 20 per cent. on each of the following dates: February 1st, March 1st, April 1st and May 1st, 1918. Despite the fact that the payments are spread over such a long period, a full half-year's interest will be paid on June 1st, 1918, to buyers of the bonds. The bonds, paid for in instalments in this way, give a net yield to the investor of 5.61 per cent. on the 20-year issue, 5.68 per cent. on the 10-year issue, and 5.81 per cent. on the 5-year issue. The yields on the first, second and third loans were respectively 5.42 per cent., 5.30 per cent., and 5.40 per cent.

For the first time, the minister of finance reserves the right to allot any portion of the amount subscribed in excess of the loan amount, namely, \$150,000,000. It is very desirable that the loan should be heavily oversubscribed.

The first war loan was for a period of 10 years, the second for 15 years, and the third for 20 years. On this occasion, there are three maturities, 5, 10 and 20 years. Investors have therefore the choice of buying bonds payable at the end of either of those three periods. Subscribers desiring to convert second and third war loan bonds, however, as part payment for their Victory Loan bonds, can convert into the 20-year Victory bonds only.

The instalment payments of the first loan were spread over 159 days; of the second loan, 94 days; and of the third loan, 96 days. The payments on this loan are spread over 152 days. Supposing, however, a subscriber makes application for some Victory bonds on Monday,



This chart shows the amount of oversubscription in the three previous loans; on the Victory Loan an oversubscription of at least \$150,000,000 is desired.