

MAKING SAFE INVESTMENTS

FIVE QUALITIES TO BE CONSIDERED IN CHOOSING AN INVESTMENT.

What Points for Study in Making Investments According to Requirements—An Example of What Insurance Did For a Widow's Capital.

In the first of this series it was shown that "distribution of risk" is an important principle of investment. It is a very simple one, however, involving no very confused ideas. There is another principle to be borne in mind when making investments which is of no less importance, but it is, however, considerably less obvious to those whose investment experience is small and even to many who should understand its actions thoroughly. This is the principle of investment "in accordance with actual requirements."

About twenty years ago a friend of the writer—a widow who had ample capital to return her a fair and substantial income—had a number of bonds which she held redeemed, i. e., paid at maturity. She was anxious to re-invest this money, and went to a friend to get his advice as to a proper medium in which to place this money. After investigating, he divided the risk carefully—according to his lights—and bought shares in a bank in the then-territory of Montana, several mortgages on property in the "ten-dollar" district of New York, shares in a patent medicine company, and a partnership in a horse ranch in Colorado. This was over twenty years ago, so that the absolutely speculative character of the so-called investments was even more palpable than it would be today. This adviser failed altogether to invest in accordance with actual requirements. He took highly speculative risks which he calculated would result in increasing his friend's capital, quite overlooking the fact that as her capital was limited and all that she had to depend on for a livelihood, she should have chosen investments in which the safety of the principal and the certainty of the income were of the highest class. It may be interesting to note in passing that the sum so invested not ten per cent. was ever recovered.

If this man had even thought of the principle of investing in accordance with actual requirements, he would at least have saved himself much humiliation and the widow much of her capital.

There are five important points to be considered in the endeavor to invest one's capital in accordance with actual requirements, which the hero of this little tale no doubt regretted deeply that he had never learned. The first is, briefly, "The safety of principal and interest." That is the assurance of getting one's money, both principal and interest, when it is due. Now it must be remembered that these two features are by no means the same, nor do they inhere equally in any one investment. For example, a man may invest in a well secured mortgage on which the mortgagee may fail to pay the interest, while the principal, owing to the value of the property backing the mortgage, would be perfectly safe. Expecting when investing in stocks, this point does not in any degree depend on the market price of the security. The safety of a bond depends on the certainty which it has in being paid off at maturity. The price may move up or down in the meantime without in any manner affecting the safety of the investment.

(2) "Rate of income" is the point second in importance. It should not be confused with "rate of interest," which, as will be pointed out later, is quite a different matter.

(3) "Convertibility into cash" means the readiness with which one may sell and thus "cash in" on his investment.

(4) "Prospect of appreciating in value" is the point that depends on the security in question so increasing in value as to increase the amount of capital invested.

(5) "Stability of market price" refers to the feature some securities possess of not falling in price when the market is declining. It may seem a little Irish to say so, but the securities unaffected by any severe decline in the market are as a general rule only those which are not traded in on the market. This point should not be confused with safety in principal. These qualities are present in varying degrees in every investment, but seldom, if, indeed, ever, are they present in any one investment in equal degrees. Therefore, an investor must consider which points he desires and purchase his securities with that end in view. This, in short, constitutes the chief principle in making investments—namely, that they be made in accordance with actual requirements.

what has been written above, the amateur chooser of investments is quite likely to make some costly blunders. Even professional investment makers—such as bond dealers and stock brokers—sometimes err in their judgment. One cannot, therefore, be too careful.

THE HOLLINGER EXTENSION

NEW PORCUPINE PLOTATION TO OPERATE NEXT FAMOUS MINE.

Vein of Hollinger Has Been Traced Onto Extension Property—Railway Extension Will Enable Work to be Done Cheaply—Bright Prospects.

There appeared in our last issue an advertisement of the Hollinger Extension Mine, Ltd. This company will operate a property immediately adjoining the now famous Hollinger Mine on the north.

It will be remembered that about nine months ago Hollinger stock was offered to the public at \$3.00 a share, the par value being \$5.00. The stock sold up to \$16.40 per share, and is now around \$11.00 per share, the development work having proved the property to contain very large bodies of high grade ore. In short, the Hollinger is the foremost mine in the camp. The Hollinger Extension Mine, which contains at least one of the Hollinger veins, is offered to the public by W. Murray Alexander and Usher, Strath & Co., both of Toronto, at \$3.00 per share, the par value being \$5.00, and only 30,000 shares are being issued at the present price. The capital is \$1,500,000, with \$500,000 left in the treasury to develop the property and active work will be commenced as once.

The recent fire has, quite naturally, caused a recession in the price of all Porcupine shares, but it is agreed by everyone that the camp will be rapidly rebuilt on a much more substantial basis. In fact the work of rebuilding is being rushed rapidly. Much surface work, however, has been accomplished by the fire, which has laid bare the veins in many places.

Several well posted men who have recently returned from the camp have given it as their opinion that the Pearl & Gullies Lake District—where the Hollinger Extension Mine is situated—has already demonstrated that the gold is there in large paying quantities, and the securities based on properties lying in that district should appreciate in price as soon as the present selling movement is worn out.

From the aspect of the market during the past week the Brokers fully expect the stock to have a substantial upward reaction in the near future, and it is freely predicted by those best informed that the best class of stocks have seen their lowest prices in this movement.

The Hollinger Extension is the first stock offered to the public having a property immediately adjoining the Hollinger, and is expected to become a marked favorite, and to sell at appreciably over the issue price. Of course, the fact that it adjoins the Hollinger does not make it a mine, but there is every prospect that all the good things did not stop at the Hollinger boundaries. The property is easily worked, and the extension of the T. & N. O. Railway to the Hollinger, which is now being constructed from South Porcupine, will enable the Hollinger Extension to bring in its supplies without delay, and at a minimum of expense.

SUPERSTITIOUS SAILORS.

Hitch in Launching a Ship Is a Bad Omen.

Those men who go down to the sea in ships, and who have recently been in the throes of an industrial dispute, are full of superstitions. You cannot shake them.

Indeed, you will find it practically impossible to convince sailors that ill-luck does not cling to a vessel whose name has been changed, or that a craft whose name ends in "a" does not rest under an evil spell. Persist, and you will be asked about the Victoria, sunk in the Mediterranean; the Arcquipa, ashore on the West Coast of America; the Cobra, a destroyer, which broke her back on her maiden voyage in the North Sea; and the Sardinia, burnt in harbor at Malta. Of course, there are hundreds of vessels afloat with bear the unlucky final letter, and in which it is safer to travel than on the railway, but the list of losses is a formidable one.

Then, sometimes it is a member of the crew to whom a particularly evil influence is attached, sometimes it is a passenger. But if you want to see a sailor man, alight with superstition; let there be some hitch in the solemn ceremony of launching, and it nearly breaks Jack's back as it may be realized from here.

Subscription List Will Open on Monday, Aug. 14, and Will Close on or Before 3 p.m. Monday, Aug. 21

CAWTHRA MULOCK & CO. OWN AND OFFER AT

98½

\$1,250,000 of 6% First Mortgage Sinking Fund Thirty Year Gold Bonds of

CANADA BREAD COMPANY, LIMITED

(Incorporated under the Laws of the Province of Ontario.)

The same to carry with them a bonus of 25 per cent. of Common Stock.

DATED August 1st, 1911.

DUE August 1st, 1914.

Principal and semi-annual interest February 1st and August 1st, payable at any branch of the Union Bank of Canada or Metropolitan Bank.

Denominations: \$100, \$500 and \$1,000

Bonds issued in coupon form, with privilege of registration of principal

TRUSTEE:

Guardian Trust Co., Limited, Toronto.

CAPITAL ISSUED AND FULLY PAID UP

6% FIRST MORTGAGE THIRTY YEAR SINKING FUND GOLD BONDS \$1,250,000
7% NON-CUMULATIVE PREFERRED STOCK, ISSUED AND FULLY PAID UP 1,250,000
COMMON STOCK, ISSUED AND FULLY PAID UP 2,500,000

BOARD OF DIRECTORS:

CAWTHRA MULOCK, Toronto, President.
Director Imperial Bank of Canada.
Director Confederation Life Association.
MARK BREDIN, Toronto, Vice-Pres. and Gen. Manager.
President Bredin Bread Co., Limited.
GEORGE WESTON, Toronto.
Model Bakery.
President George Weston, Limited.

H. C. TOMLIN, Toronto.

Private Bakery.

W. J. BOYD, Winnipeg, Boyd's Bakery.

ALFRED JOHNSTON, Toronto, of W. R. Johnston & Co., Ltd., Wholesale Clothing.

E. H. LASCHINGER, Toronto, Secretary; formerly Assistant Deputy Postmaster-General of Canada.

BANKERS

Union Bank of Canada.

The Metropolitan Bank.

TRANSFER AGENTS AND REGISTRARS

Guardian Trust Co., Limited

AUDITORS

Price, Waterhouse & Co., Montreal and Toronto; Oscar Hudson & Co., Toronto.

HEAD OFFICE: Toronto.

PLANTS AT: Montreal, Toronto, Winnipeg

PURPOSES OF COMPANY

Canada Bread Company, Limited, has acquired as going concerns the plants and businesses of the Bredin Bread Company, Limited, of Toronto; Geo. Weston (The Model Bakery), of Toronto; H. C. Tomlin (Toronto Bakery), of Toronto; and W. J. Boyd, of Winnipeg. In the case of Bredin, the real property is excluded, but a parcel of vacant land in the City of Winnipeg, about two acres in extent, is substituted. The first three companies have been in operation for almost thirty years, and the last two for close to twenty years. They have all grown from small beginnings till they are now among the largest in their respective fields in Canada. The combined output of the companies at present is approximately 400,000 loaves of bread per week. It is intended by extension to the present plants and the erection or acquisition of new plants, to forthwith increase the output of the Company to one million loaves per week, with other extensions to follow in the other large cities at a later date.

POSITION OF BONDS

For full particulars reference may be made to our prospectus, which is accompanied by a letter from Mr. Mark Bredin, the Vice-President and General Manager of the Company. We draw attention to the following points:

1. The present \$1,250,000 of 6 per cent. First Mortgage Sinking Fund Thirty-year Gold Bonds are secured by Trust Deeds to Guardian Trust Company, Limited, Toronto, constituting a first mortgage on all the property, real, personal, or mixed, now owned or hereafter acquired by the Company, as more fully described in said Trust Deeds. In the Trust Deeds it is specially stipulated that of the \$1,000,000 cash being placed in the treasury, the sum of \$500,000 shall be held by the Trustee, to be used only in the redemption of bonds or in investment in additional plants and real estate, thus increasing the fixed assets under the mortgage. A Sinking Fund of 1 per cent. is operative from August 1st, 1911.

2. The assets of the companies already taken over stand in excess of all liabilities and will allow for good-will, trade marks, etc., at \$541,428.76. There has also been placed in the treasury \$1,000,000 of cash which, besides furnishing funds for the purchasing or construction of additional plants, will provide ample working capital.

3. The earnings of the present plants, as per certificate of Messrs. Price, Waterhouse & Co., after allowing for depreciation, amounted from April 30th, 1910, to April 30th, 1911, to \$107,618.14, to which may be added \$25,000, being interest at the rate of 3½ per cent. on \$1,000,000 cash in the treasury pending its employment on extensions. It is estimated that

with the economies to be effected, the earnings on these plants will shortly amount to \$250,000 a year, or nearly two and one-half times the bond interest.

4. With the extensions that it is proposed to effect forthwith, the Company, by the end of its first fiscal year, should be in a position to show earnings of \$250,000 a year, equal to three and one-half times the interest requirements on the bond issue, and with all the additional plants that will be provided with the cash now in the treasury, the earnings should steadily gain to over \$500,000 a year, or more than seven times the bond interest requirements.

5. The Company, with its plants situated in the larger cities of the different provinces of Canada, will be in an exceptionally favorable position to benefit by the marked economies that will be possible in manufacturing and, more especially, in distribution; and all the time will be turning out a more uniform product under the most sanitary conditions.

6. The practical men who have made the different companies particularly successful will be identified with the management and direction of the new Company. Mr. Mark Bredin, who is probably one of the most successful bread manufacturers in Canada, will occupy the position of Vice-President and General Manager, while the services of the heads of four of the different companies taken over and of an efficient representative of the fifth have been assured to the Company.

SUBSCRIPTIONS

Subscriptions should be made on the form accompanying the prospectus, and are payable as follows:—

10 per cent. on par value on application, and
88½ per cent. on par value on allotment.

In instalments as follows, in which case interest at the rate of 6 per cent. will be charged from date of allotment:—

10 per cent. on par value on application.
12½ per cent. on par value on allotment.
25 per cent. on par value on 1st Sept., 1911.
25 per cent. on par value on 1st Oct., 1911.
25 per cent. on par value on 1st Nov., 1911.

OR
88½ per cent.

Upon final payment by the subscriber for all the bonds allotted, the Guardian Trust Company, Limited, will deliver the bonds, together with fully paid-up shares of the Common Stock of the Company equivalent at par to 25 per cent. of the par value of bonds allotted.

Application will be made to list the bonds and common stock on the Toronto Stock Exchange. Copy of the trust mortgage and legal opinion of A. M. Stewart, and certificates of Price, Waterhouse & Co., and Canadian American Appraisal Co., are open to inspection at the offices of the Guardian Trust Company, Limited, Toronto.

Prospectus and application forms may be obtained from and subscriptions should be forwarded to

GUARDIAN TRUST COMPANY, LIMITED, TORONTO

Any Branch of UNION BANK OF CANADA and THE METROPOLITAN BANK

OR TO

CAWTHRA MULOCK & COMPANY,

(MEMBERS TORONTO STOCK EXCHANGE)

12 KING STREET EAST

TORONTO.

BOER FARM BEDROOMS.

Size of Cupboards, But Scrupulously Clean, Says Traveller.

Among the most entertaining of the experiences detailed by G. W. Edwards in his "Holland of To-day" were those of Boer life. The Dutch Boers resemble the old-English of England. Once, when travelling near Harlem, he was at a house where to put up, and owed to the interest taken in his sketches

an invitation to stay in a typical farm or country house. Here he slept in one of those extraordinary bed cupboards which surround the sitting room and have just enough space for a bed. Undressing in the sitting room has to be effected with some skill and delicacy and then the visitor slides back the panel of his receptacle, enters it and carefully closes the door behind him. Mr. Edwards passed three nights under this roof and seems to have

enjoyed himself although he had to perform his ablutions in a large basin behind the kitchen door. One would imagine that these miniature cubicles must be stifling in summer, but, as Mr. Edwards' experience was in winter, he cannot tell us. In any case they are scrupulously clean, and he did not suffer from the hosts of fleas—called facetiously "the little birds"—which are not unknown in Dutch hotels. Athen-

Lace curtains should be soaked in cold water overnight before being washed. In the morning wring out and wash in a nice lather of good yellow soap.

18-18 — Jeremiah's message to Eked-melech. This most naturally would come at the close of Jeremiah's story, but evidently has been left till now in order to make no break in the narrative of Jeremiah's experiences previous to and during the fall of the city.