

ATTRACTIONS OF CANADIAN INVESTMENTS

Some Facts and Figures Regarding Canadian Pacific's Position—Mines Development

Holdes of Canadian Pacific stock should on no account be frightened into selling at the published quotations—namely, round 158 to 160—for they in no way represent anything like the intrinsic price that would be quoted if the stock exchange were to open its doors. During the past few months it is a well-known fact that huge amounts of Canadian Pacific stock have been sold in England, New York and Montreal for German account, and it is shrewdly suspected that at the present moment the market is largely oversold, suggests a London Financial Times correspondent. Just before the stock exchange closed its doors the greatest excitement prevailed in the "Canada Pac" market, the range in fluctuation being as much as and even more than 10 points in a day; no one had a good word for the stock or the country, and this has no doubt caused many timid holders to sell their holdings. Since the stock exchange closed its doors the company has declared its usual 2½ per cent. for the quarter (being at the rate of 10 per cent. per annum) on the ordinary stock, and we have now before us the accounts for the year ended 30th June, 1914, which, considering the great set-back in trade and emigration, can only be regarded as highly satisfactory.

Important Considerations in Investments.

The amount required to pay the 10 per cent. dividends for 1913-14 was \$20,250,500, against \$17,179,700 in the previous year, owing to issues of about \$62,000,000 additional common stock, and there was a surplus of \$9,698,300, or nearly sufficient to pay a further 5 per cent. dividend after paying all charges. This is a very strong position to be in. The shareholders at the annual meeting to be held on October 7th are to be asked to approve of increasing the capital by \$75,000,000, but no issue is anticipated without the authority of shareholders, so that we may take it when general conditions have improved the stockholders may look forward to further substantial bonuses in the shape of new stock upon favorable terms. There are now several most important considerations which should appeal to shareholders and investors alike in Canadian Pacific stock, and, in fact, all Canadian securities.

Since the war broke out our Canadian colonies have given practical proof of their devotion to the Mother Country in supplying not only expeditions of men and money, but also the gifts of wheat, oats, etc., and in a speech delivered by the Duke of Connaught from the Throne to the Canadian Parliament on Tuesday, 18th August, His Royal Highness said: "As the representative of the King, I must add my expression of thanks for the splendid patriotism and generosity displayed throughout the length and breadth of the Dominion." These actions cannot but cause a great revulsion of feeling in favor of the Dominion of Canada, both from an investor's point of view, whose first consideration is undeniable security and emigration, and while it is a fact that during the past half-year the tide of emigration from the United Kingdom has declined by about 64 per cent., the Canadian Government has realized the situation and discouraged emigrants from all countries apart from agriculturists and domestic servants.

Buy if Possible.

A record and bountiful harvest seems practically assured, and this must naturally benefit the railways and go a long way to make up the past shrinkage in the traffic returns.

It will also act as a stimulant to emigration, and many of the newly laid tracks of railway (for the moment unprofitable) which are known to pass through immense coal and iron deposits are in course of active development, which, with an ever-increasing population, will bring a large revenue to the railways. It is true that for many months past Canadian railways and land securities have been under a cloud owing to financial stringency, over-speculation in land and excessive building operations, and a halt was necessary for recuperation, as the pace was too fast during the past few years, but with the attractions the country is now certain to command (even from a loyal and patriotic point of view), together with the fertility of land in the north-west, much greater strides may be confidently looked for in the future, and with the termination of the war renewed attention will be directed to Canadian Pacific stocks by English investors. It may be finally remarked that the common stock in 1913

rose to 255, and the dividend was just the same then as now, namely, 10 per cent. per annum. Enough has been said to warn holders of stock not to be tempted in selling, but rather to take advantage and buy—if they can do so at anything round the so-called unofficial prices.

MONTREAL TRAMWAYS AGREEMENT

Monetary Times Office,
Montreal, September 16th.

That the Tramways Company officials are renewing their efforts to bring about a settlement of the franchise question with the city of Montreal is suggested. The present would seem a favorable opportunity, stock exchanges being closed, and attention has been entirely diverted, for the time being, from the stock markets, which are usually the means through which the first intimation that something is taking place is revealed. The belief is expressed that the company is making good use of its opportunity, and that negotiations are under way which will result successfully. Citizens would welcome a settlement of the relationship, providing it took place along lines which would be fair to the city. Should the negotiations end successfully, it is said the work of constructing additional lines would be commenced almost immediately. This would supply work at a period when employment is needed.

MONTREAL'S WATER SUPPLY.

Monetary Times Office,
Montreal, September 16th, 1914.

After discussion and threats of litigation, the question of the valuation of the Montreal Water and Power Company, has reached a definite basis. The two experts, Messrs. Butler and Gagnon, appointed by the city of Montreal, to make the valuation, have reported the company's system as a going concern to be worth as follows:—

For the company's system as a going concern ..	\$5,400,000
Stock	1,020,000
Franchises	700,000
	\$7,120,000

The valuation took place in connection with the negotiations for the purchase of the company by the city of Montreal. The citizens of Montreal and vicinity are supplied by two systems. One of these is owned by the city and supplies the greater proportion of the water required, the other being owned by the Montreal Water and Power Company, supplying the towns of Westmount, Maisonneuve, Outremont and certain other sections. There is a third system also which supplies a portion of Notre Dame de Grace and westward, but this is a small one and has not come in for much attention.

The company and the city reached the point of a discussion of price. Difficulties then arose. The city demanded an examination of the books and physical assets, in order to ascertain the actual value. The company was not willing to grant this. Later, a threat was made to expropriate portions of the company's plant and the company in all probability appealed to Quebec. Eventually negotiations reached the point where the experts were appointed to report on the value.

The report does not make any recommendation, but it is generally thought that the board of control will favor the purchase. The city may enter into possession by purchasing the company's stock, giving in return therefor registered stock of the city to the amount of \$1,020,000, bearing 4½ per cent. interest for 40 years and assuming the liabilities. It is considered that the revenue would be sufficient to carry the interest.

In this connection it is of interest to note that the city has been operating its water department at a profit, but that during the past year, in deference to many years of agitation, the water tax was lowered to 4 per cent. of the rental paid by the tenant, it having previously been 5 per cent. Total collections of water and business taxes from August 1st to September 1st amounted to \$1,092,872. On the whole, it is expected that the reduction in the tax will represent a loss of about \$150,000 to the revenue of the city on the entire collections for the year.