

BRITISH EMPIRE TRUST

All-Round Progress in a Variety of Undertakings

The twelfth ordinary general meeting of the shareholders of the British Empire Trust Company, Limited, was held June 18, 1913, at the Liverpool street Hotel, E.C., Mr. R. M. Horne-Payne (the chairman) presiding.

The secretary (Mr. R. W. Bartlett, A.C.A.) having read the notice convening the meeting and the report of the auditors,

The chairman said: If we are unable to meet you this year with as good a record of progress and profits as in past years, I think that we are entitled to express great satisfaction in having brought the company so well through a difficult year, and at being able to start the new financial year with our reserve fund increased to £150,000, and in a stronger position generally than that in which we started the old one. Our business—our regular commercial business—has been as lucrative as, and considerably larger than, in any previous year, and it is only owing to the low prices on the Stock Exchange, resulting from the temporary disturbance of public confidence in all classes of securities, and especially in Canadian securities, that we are unable to show as large profits as we did last year. You will have noticed from the report that this year's valuation of our investments shows a depreciation of over £20,000 compared with last year's valuation; but, personally, I do not regard this as a loss, as I feel very certain that, on their merits, our investments will command the old and better prices in time, and that this £20,000 will come back to us, and go to swell the profits of future years. I feel that we may look to the future with confidence; for our business is well established, our influence is becoming more and more extensive every year, and our investments are sound, and are now valued at almost panic prices. The present loss of confidence which the public is showing towards Canadian investments may, or may not, restrict our profits for another year or so; but we can afford to await a return of favorable conditions quietly and patiently, and feel certain that there is a time of great prosperity in store for the company in the future. With two exceptions, the enterprises with which we are associated, and in which our money is invested, have made satisfactory progress during the year, and have demonstrated that they are intrinsically sound and have a good future before them. It is with very great regret that this year I have, for the first time, to refer to exceptions to the prosperity which has hitherto attended all these enterprises. The Canadian North Pacific fisheries unfortunately last year experienced a number of adverse conditions simultaneously, which is unlikely to occur again. This company's season for 1913 opened in the latter part of April. The weather during May was again unfavorable; but working expenses are 25 per cent. lower this year than last, and the prices ruling for the company's merchandise are 25 per cent. higher than last year. I am assured by the president that there is no reason why the company should not return to a sound position. The future of the Canadian Mineral Rubber Company is more difficult to foresee. I understand an important section of their business is entirely crippled by the high price of certain raw materials which they use largely in the manufacture of their products, and that the business is, for the time being at least, practically at a standstill. The directors, however, hope that ways will be found of overcoming their difficulties, and, in any event, I do not think that there is much danger of the holders of the debenture stock which your company issued meeting with any permanent loss of capital. In order to allay the anxiety of debenture holders, we offered in January last to guarantee them against loss on certain terms. A large number of the debenture holders accepted this offer, and your company has been able to reinsure itself against this risk at a small profit, so that your company has only a very remote contingent liability in respect of its guarantee.

TRANSCONTINENTAL TRIUMPH

All the other companies with which we are associated are doing well. The Canadian Northern Railway system, after thirteen long years of construction, is about to complete its through transcontinental line, and by the end of the year, or very early in 1914, will be running trains from Atlantic tide-water to Pacific tide-water, which will automatically bring about a very large increase in the earnings. The Parliament of Canada has recently granted to the railways of the Canadian Northern system a cash subsidy of over £3,000,000 in recognition of the national character of this vast undertaking. This, added to the cash subsidy previously received and to the proceeds of the portion of the land grant bonds already sold, makes a sum of nearly £10,000,000 sterling contributed to the enterprise by the Canadian people. It is particularly satisfactory to the British Empire Trust Company, as the as-

sets provided with this large sum of money will increase the security underlying the various issues of Canadian Northern debenture stocks which your company has been instrumental in placing in the hands of the public, for whom it is acting as trustees. As a director of the Canadian Northern Railway, I am glad to have this opportunity of assuring you that the prospects of the railway have never been so encouraging as they are at present, and that there is absolutely nothing whatever in connection with the railway itself to justify the heavy fall which has recently taken place in the prices of its securities. The British Columbia Electric Railway, the Toronto Railway, and the Winnipeg Electric Railway, with the Associated Vancouver Power and Toronto Power Companies, are so well established that no very marked developments are looked for. The traffic returns of the British Columbia Electric Railway are suffering somewhat from the dullness which is prevailing in commercial conditions in Vancouver, and which will probably continue until the opening of the Panama Canal, when the trade of the ports of Vancouver, New Westminster, and Victoria must enormously increase. The construction of the Toronto Suburban Railway is now approaching completion after meeting with much delay on account of the scarcity of labor. I regard the future of this company as absolutely assured. I think there can be no doubt that it will in time do as well as the Toronto Railway itself. The Sao Paulo Tramway, Light and Power Company is doing magnificently, and the Monterey Railway, Light and Power Company has done remarkably well considering the disturbed political conditions in Mexico. The Canadian Northern Prairie Lands Company continues to prosper, and is now selling land which it bought at \$3 an acre for \$16 an acre. The shares of this company at their present price are as sound and as well secured an investment as any bond or debenture quoted on the Stock Exchange. The Canadian Western Lumber Company and the Columbia River Lumber Company now form one splendidly organized and well-established enterprise, and it has been a source of great surprise to me that the price of these companies' debenture stocks did not rise after the publication of the annual reports. These stocks now offer an opportunity to invest money to very great advantage.

NATURAL GAS

Lastly, we come to that wonderful enterprise the Canadian Western Natural Gas Company. In very little over a year 17 wells have been bored, which give a daily production of 174,300,000 cubic feet, and pipe lines 200 miles in length have been built, carrying the gas from the wells to the cities of Calgary and Lethbridge and some of the larger towns of western Canada. A house to house distributing system has been constructed, and over 5,000 customers have been secured and supplied. Between August and the end of March the actual receipts amounted to over \$360,000, and the expenses during that period amounted to about \$90,000. The receipts will, of course, fall off during the summer months, but we have no doubt that the business will increase from 50 per cent. to 100 per cent. before the end of this year. The depression in the price of Canadian investments on the Stock Exchange, which has resulted from the loss of the confidence of the British public in them, is not altogether an unmixed evil for the British Empire Trust. We enjoy the consolation that it has enabled us to buy some very excellent stocks at exceedingly low prices during the past few weeks. I do not think that there ever has been a more favorable opportunity for investing money, and I do not think that there will ever be a more favorable opportunity in the future. The prevailing low prices are almost entirely unconnected with the intrinsic merits of the investments, and are certainly not in any way due to any failure of Canada as a country to fulfil the promises made by her friends. In the eastern provinces and in British Columbia the output of mine and forest has increased rapidly, and, in particular, the paper pulp industry is making great strides, and there is every indication that before many years have passed the vast forest regions of northern Quebec and northern Ontario will be supplying a large proportion of all the paper used throughout the world. In the central provinces there has been a gigantic production of field and farm produce, and everything points to a fine crop in 1912 being succeeded by a fine crop in 1913. It is, therefore, not Canada herself that has gone back on her friends, nor is the loss of confidence due to any general failure of Canadian enterprises. Mistakes have been made, bad mistakes—we have made them ourselves—anticipations have been expressed in prospectuses which have not been realized, but this is inevitable in connection with the development of any new country, and I think that in most instances it is only a case of hope deferred by