

DOMINION TRUST COMPANY—Continued

The annual general meeting of the shareholders was held at the Head Office of the Company at Vancouver on Tuesday, February 24th, at 2.30 o'clock in the afternoon.

A large number of shareholders were present, representing 17,491 shares.

The chair was occupied by the President, Mr. William H. P. Clubb, who called the meeting to order and asked the Secretary, Mr. A. H. Bain, to read the notice calling the meeting.

The Revenue Account and Balance Sheet of the Company for the year 1913, as certified by the Auditors, and as shown herein, was then presented to the meeting.

Mr. William R. Arnold, Managing Director, was then called upon to address the meeting, by the President, who after moving the adoption of the Report said he would reserve his own remarks, which would be of a more general nature until Mr. Arnold had presented some views regarding the affairs of the Company during the year.

Mr. William R. Arnold, Managing Director, arose and addressed the meeting as follows:

Mr. President and Gentlemen:

When a little over a year ago, it became the duty of your Directors to decide on the policy of your Company for the year 1913, it was found that several problems confronted them.

They recognized that all fundamental conditions warranted the belief that a period of tight money was about to take place.

It was apparent that the period of extravagance which precedes depressions was in full swing in Europe and in Canada, while in the United States business was at a low ebb with little prospect of an immediate recovery.

They saw that money would not be available to anything like so great an extent for mortgage investment and debenture issues in Canada.

They, therefore, had to decide between a policy of retrenchment whereby profits might be continued large from the business on hand with a minimum of expense, or a continued aggressive policy.

It seemed to them that the prospective world conditions would result in a trying-out process in Canadian Trust Companies, which would make clear the distinct difference between the Trust Company endeavoring to transact a strict trust business consisting of acting as executor, trustee, or agent for such, etc., and the company using the word "trust" as part of its name, but which employed its capital in more or less speculative business and depended on profits from the purchase and sale of real estate and other securities of more or less doubtful intrinsic value.

After careful consideration your Directors decided to continue its aggressive policy, thus more solidly establishing the Company.

The result of the work and the correctness of the policy will, I think, appeal to you when it is noticed that the Trusts of various kinds under administration have grown from \$6,217,983.00 at December 31st, 1912, to \$13,480,221.00 on December 31st, 1913, or more than double within that period.

The number of individuals who made Wills, and deposited them with the Company for safe-keeping, in which this Company was appointed executor, trustee, etc., were more than three times as many as were made so appointing the Company during 1912.

The premiums from insurance written by the Company as agents for Fire Insurance Companies were 50 per cent. greater than in 1912, while the amount of money loaned for clients was much greater than in the previous year.

Such a great increase of business necessitates a good deal of expense in handling at first, and the major part of the earnings from the new business are not applicable to the first year.

One other matter which mitigated against earnings on this trust business during its early stages was the fact that a large amount of your capital was necessarily used in financing many of the estates which came into our care through Wills, and though interest rates were large during 1913, yet your Directors considered it in the best interests of all concerned that the interest on moneys so advanced should be kept as low as possible, rather than to take advantage of conditions by charging the high interest rates current during the year.

The stringency in Europe resulted in large portions of municipal and other debenture issues being left on the hands of the underwriters, consequently your Company did not undertake the disposing of any issues on that market, though the profit to the shareholders of such work during 1912 had proven very remunerative.

Notwithstanding the above, however, the gross profits of the business were \$621,000 in 1913, while those of 1912 were \$626,000, or a decrease of only about \$5,000 during the period recognized as one of great financial stringency.

This fact will, I believe, demonstrate very clearly the solid nature of the business of your Company.

While the policy of 1913 was an aggressive one, so far as the securing of desirable business, present and future, through Wills was concerned, yet it was very conservative in other ways.

The debentures held as investments by your Company were materially written down to bring the book value well within the market value. The value of these investments stands in the books on December 31st, 1913, at \$55,470.00 less than the same securities showed on the books at the close of 1912.

In another way also has the policy of your Directors been vindicated in that such a large proportion of your funds are kept invested in first mortgages or first charges on land where the loans are for an average period of not exceeding three and a half years, so that with the early date of maturity, the satisfactory interest rate and ample security, no writing down is called for to meet market value during such periods as that of last year, and while referring to this department, I might mention that in our whole history, no principal or interest of such loans has ever been lost to the Company or any client for whom we have acted; in fact, so great has been the care in selecting loans on improved properties that it has never been necessary to foreclose on any property in order to secure payment.

By reference to the balance sheet you will notice the item under assets, of properties \$655,085, which should probably be explained on account of its size compared with similar items in previous years.

Some years ago your Directors decided to adopt the plans of some banks in organizing and maintaining a subsidiary company, which would own and hold the buildings used by the Company as office premises. In consequence the British Canadian Securities Limited was formed for this purpose, and also to deal in real estate or other similar investments—strictly as agent.

During the entire life of the latter Company, it has never bought or sold for its own account any land except that used or intended to be used for office premises.

All its other dealings in real estate or other speculative securities have been as agent on behalf of individuals, and the Company has profited only by the regular agent's commissions.

However, it is a well known fact that all subsidiary companies are not so handled, in consequence of which more or less just criticism has been directed against the general policy of a trust or other financial company having such subsidiaries.

In consequence it has been decided by your Directors to do away with the British Canadian Securities, Limited, at as early a date as circumstances will warrant, and the first step has been taken by the Dominion Trust Company in taking over from the British Canadian Securities, Limited, the building in which we are now met, as well as some other office properties which are being used by the Company.

I stated earlier that the British Canadian Securities, Limited, would be disposed of as soon as possible, and I think you will agree that such procedure cannot wisely be carried out summarily.

It will take some time to complete the work of disposing of the interests of some clients, so that no definite date can at this time be fixed, but your Directors have decided on the policy, so that no more such commissions will be undertaken.

From the various matters referred to, I think you will recognize the one desire of your Directors is to build up a large Trust Company on conservative lines, one of which every