

INVESTMENTS AND THE MARKET

News and Notes of Active Companies—Their Financing, Operations, Developments, Extensions, Dividends and Future Plans

Smart-Woods Company, Limited.—The directors have placed the common stock on a 7 per cent. per annum basis, instead of the 5 per cent. basis declared earlier in the year. The 1916 profits amounted to \$516,190, but the profit and loss surplus to be carried forward to 1917 was affected to the extent of \$135,671, which was paid on account of 5¼ per cent. of deferred dividends on the preferred stock. However, the profit and loss balance was augmented to the extent of \$150,208, despite the deferred dividends, thus bringing the carry forward to the sum of \$689,649.

The profits in 1916 were equal to 8½ per cent. on the common stock after current and deferred preferred dividends, but eliminating deferred dividends, the profits equalled 16½ on the common stock. The profits in 1917 will greatly exceed those of 1916.

The Smart-Woods securities were listed on the Stock Exchange early in 1913. The common began dividends just before the outbreak of the war, making only one quarterly distribution of 1¼ per cent. The preferred paid three quarterly dividends, when they were passed for the quarter ending September, 1914, and renewed for the quarter ended December, 1915. The highest price touched by the common stock was 70¾ in April, 1913, while the preferred stock touched its highest at 94 in the same month. The minimum price of Smart-Woods common stock when the Stock Exchange opened in 1915 was \$20 per share. The minimum price established this month was 53¾.

Canadian Pacific Railway.—The company's stock sold the week of November 3 at 132, says the Evening Post, New York. That price compares with 151, the high of the preceding week and 167¾, the high for this year, touched on March 23. When a stock declines 20 points within a few days, as Canadian Pacific did, the first inquiry usually raised by Wall Street is, what about the company's dividend prospects? That question was asked with added emphasis later, when Canadian Pacific's earnings were published for September and for the nine months of the current fiscal year. That statement showed an increase of \$110,000 in gross but a decrease of \$1,382,000 in net for September, with a gain of \$8,729,000 in gross and a loss of \$1,894,000 in net for the nine months of this year to the end of September. Those figures indicated clearly that Canadian Pacific's surplus for dividends was working in the wrong direction. Its net earnings for October, November and December continue to decline at the same rate as those for September, will the company be able to continue its regular dividend rate?

Light is thrown on that inquiry by the following figures showing the surplus over dividends for the years ending June 30, 1915 and 1916, and for the six months ending December 31, 1916, the company having changed its fiscal year to end December 31 instead of June 30:—

	6 months ending Dec. 31, 1916.	12 months ending June 30, 1916.	12 months ending June 30, 1915.
Total income	\$37,290,118	\$59,166,875	\$42,924,807
Fixed charges	5,132,551	10,306,196	10,446,510
Surplus for dividends ...	30,813,495	46,812,390	32,478,297
Preferred dividend	1,613,630	3,227,277	3,169,900
Surplus for common dividend	29,199,857	43,585,113	29,308,391
Common dividend	13,000,000	26,000,000	26,000,000
Surplus for all dividends	16,199,857	17,585,113	3,308,391

For the six months ended December 31, 1916, Canadian Pacific earned a surplus over its common dividend of \$16,199,853. As the last six months of the calendar year are always best, that does not mean that the company was earning at the annual rate of \$32,399,714 over all dividends. From the foregoing figures, however, it is safe to assume that net earnings for October, November and December can continue to decrease at the rate of those for September without endangering dividends. For the fiscal year ended June 30, 1916, Canadian Pacific earned for its common stock 16.8 per cent.; for 1915, 11.3 per cent.; for 1914, 13.6; for 1913, 19.5; for 1912, 19.6; for 1911, 17.3. The average surplus over dividends

for a series of years past shows that Canadian Pacific can be depended upon to earn a safe margin over the dividend being paid. That is, from the investment viewpoint. From the speculative point of view, Canadian Pacific should be compared with other stocks. For example, at this week's low price Northern Pacific offered an income return of 7.9 per cent., Union Pacific offered 8.8 per cent. Canadian Pacific, despite the 20-point break, offered only 7 per cent.

At a meeting of the directors a dividend of 2½ per cent. on the common stock for the quarter ended September 30th last, being at the rate of 7 per cent. per annum from revenue and 3 per cent. per annum from special income account, was declared, payable December 31st next to shareholders of record on December 1st next.

GOVERNMENT CONTROL OF PACKING COMPANIES

Official announcement was made on Tuesday of the government's plan to establish effective control over all packing houses in Canada. The action taken provides for a control of the profits of the packers, and provides also for the appropriation by the government of all profits in excess of 15 per cent. One-half of all profits in excess of 7 per cent. and up to 15 per cent. will be taken by the government. The official announcement is as follows:—"In carrying out the policy of the union government as announced by the prime minister shortly after its formation, it has been decided to establish effective control over all packing houses in Canada. The control of profits shall be as follows:—1. No packer shall be entitled to a profit of more than 2 per cent. of his total annual turnover, that is, his total sales during any one year. 2. If the 2 per cent. on annual turnover exceeds 7 per cent. on the actual capital invested in the business, the profits shall be further restricted as follows:—(a) Up to 7 per cent. on capital the packer may retain the profits. (b) If the profits exceed 7 per cent. and do not exceed 15 per cent., one-half of the profits in excess of 7 per cent. shall belong to the packer and one-half to the government. (c) All profits in excess of 15 per cent. shall belong to the government. Suitable regulations shall be made to insure the carrying out of this policy."

The undersigned beg to announce that they have admitted to partnership

Mr. J. D. McNabb, C.A.

and will carry on business as Chartered Accountants, Auditors and Liquidators under the style and firm name of

Robertson, Robinson, McNabb & Co

at the undermentioned offices as heretofore.

ROBERTSON, ROBINSON & COMPANY

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