

## ANNUAL REPORT.

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### TO THE BENEFICIARIES OF THE TEMPORALITIES BOARD.

In accordance with the provisions of the Act of the Legislature of Quebec, regulating the administration of the Temporalities Fund, the Chairman begs leave to transmit to the Beneficiaries the following Report and accompanying Statements.

INVESTMENTS.—As appears from annexed Statement (A) the par value of the investments at this date is \$402,398.75. The deficiency as compared with last year is largely due to the shrinkage in the value of the stock of the Merchants Bank of Canada, which has lately been reduced by authority of the Dominion Parliament from one hundred dollars to sixty-six and two-third dollars per share. The investment of the Board in this stock is thus reduced from \$70,000 to \$46,600, entailing a loss of about \$25,000. It is with deep regret the Managers make this announcement. It has been their desire, and they have endeavoured for some years past, to replace investments of this class with others of a less fluctuating kind, but they were prevented from doing so by the unfavourable state of the market; and the commercial crisis which has arisen has been attended with such a depreciation, not only in the value of bank stocks but of real estate also, as seemed to make it impossible meanwhile to effect any changes advantageously to the interests of the Fund. Notwithstanding the loss which this Fund, in common with many other interests, has thus sustained, the Managers believe that the course pursued by the Bank authorities has been the best in the circumstances for all parties concerned, and they are not without hope that the issue of the matter may prove less disastrous than was at first apprehended. The temporary suspension of dividends from the Merchants Bank has rendered the drafts upon capital larger than they would otherwise have been. For the year ending 31st May, however, the Bank has declared a dividend of *seven* per cent., which benefits the Fund to the extent of \$3,263. The total expenditure for the year is \$683.32 less than for the previous year.