Investment Information

Questions of general interest to investors will be answered in this column, in which case only initials will be used. Others will be answered by mail. Address all inquiries, inclosing a stamped, addressed envelope, to Financial Editor, The Tribune, 154 Nassau Street, New York City.

Wants $72,000 Holdings Checked

Question—What is your opinion of the inclosed list of securities? Would you suggest any changes? $20,000 Adams Express Company 4 per cent bonds, 1948; $10,000 American Smelting and Refining preferred stock; $10,000 American Woolen Company preferred stock; $10,000 Pennsylvania Railroad Company preferred stock; $10,000 New York Central & Hudson River preferred stock; $10,000 Westinghouse Electric and Manufacturing common stock; $2,000 Chicago, Rock Island & Pacific 7 per cent preferred.—R. A. J.

Answer—Ordinarily we would suggest that an investment of $72,000 be diversified among more than seven issues. The fact, however, that you got $20,000 of your investment in Adams Express collateral 4 per cent bonds, due 1948, and that this collateral trust bond is secured by the deposit of some fifty different issues of railroad securities, has an element of diversification, at least among the railroads, that is good. American Smelting and Refining preferred stock is at present selling at a lower price than it is entitled to, in our opinion, partly because of internal dissension in regard to management. The common has passed its dividend, which is the conservative thing to do in view of the present state of the copper market. American Woolen preferred is essentially an investment stock. Pennsylvania Railroad has cut its dividend and the continuance of the 4 per cent rate is dependent on the outcome of the railroad situation. The stock is all common, not preferred. The New York Central has been making a better operating showing in the last few years than has the Pennsylvania. It has no preferred stock, either. Westinghouse Electric and Manufacturing common is a semi-speculative business man's investment, dependent on earnings and dependent to some extent on the rapidity with which business recovers and the ability of American manufacturers to extend their market in the foreign field. Chicago, Rock Island & Pacific 7 per cent preferred is speculative in the sense that it is dependent on railroad earnings.

Speculative Preferred Stocks

Question—I would appreciate your advice regarding my investments. I now own $4,000 Chicago, Milwaukee & St. Paul 4½ per cent bonds, due 2014; $3,000 San Joaquin Light and Power 6 per cent, due 1950; $1,000 Goodyear Rubber and Tire 8 per cent, and a few hundreds in Libertys. I have about $6,500 more to invest, and have been thinking of diversifying by purchasing preferred stocks, chiefly industrials, with the remainder. I have tentative list, as follows: Twenty shares preferred in each of the following: Virginia-Carolina Chemical 8 per cent, Allis-Chalmers 7 per cent, Advance Rumely 6 per cent, Mississippi River Power 6 per cent, and as much as the balance will purchase in American Smelting and Refining 7 per cent. Have you any criticisms on the above list? Would it be to advantage to substitute American Agricultural Chemical, Crucible Steel, Great Northern preferred or American Cotton Oil preferred for any on the list? I am desirous of long-time investments and wish to make best use of my money during present market conditions. I expect to hold the securities permanently and am not concerned about future market fluctuations or even the passing of a dividend or so on some holdings, providing the security is sound and has assured earning power for the future.—A. M. K.

Answer—We think that your list of preferred stock is more highly speculative than a list which you could make up with a reasonably high yield at present market prices. Our suggestion would be American Car and Foundry preferred, National Biscuit preferred, Baldwin Locomotive preferred, American Tobacco preferred and American Telephone and Telegraph common, there being no preferred. Some of the companies you name are having trouble of one kind or another at present.

Doubtful About Cuba Cane Sugar Bond

Question—I own $2,000 Missouri Pacific 4s at 63, $1,000 Goodrich 7s, 1925, at 96½; $3,000 Cuba Cane convertible 7s, 1930, at 98. The only bonds that I am in the least bit skeptical about are the sugar bonds, which to-day are quoted at 75. Is there any special reason for the rather severe decline in these sugar bonds? Do you think there is any possibility of their defaulting interest on them? Do you think the principal is safe? If in your opinion the interest and principal are reasonably safe, would you buy more of them to average down the cost? I bought these bonds on account of the (then) high coupon rate. I am perfectly willing to hold them until 1930, if you think the principal is safe.—M. L. H.

Answer—All three of your bonds have an element of speculation. The Missouri Pacific is a weak road, the Goodrich 7s are obligation of a tire company and the Cuba Cane Sugar convertible 7s, which are not secured by a mortgage, is the obligation of a company whose stock has shown a very considerable fall in price recently. On the other hand, the Cuba Cane Sugar convertible 7s are a direct obligation of the company, and the trust indenture provides that the company shall not mortgage its property so long as any of the debenture bonds are outstanding. The company owns in fee 434,667 acres, and holds under leases 313,133 acres additional of sugar land. The total outstanding of these debentures is $25,000,000. Besides sugar land the company has sixteen sugar mills, and in connection therewith owns machine shops, stores, workingmen's houses, etc., and owns a 726-mile railroad, of which more than half is standard gauge. The price of the company's securities is, of course, affected by the severe depression in the sugar market at present. While we would rate the bond as speculative the conditions which you lay down are such as to permit you, in our opinion, to hold on to bond to maturity without foolishly speculating.

The New French 7½s

Question—During the last few weeks I have seen some mention of the new issue of French government 20-year 7½ per cent bonds. Do you recommend these as an investment for one who has $700 in a savings account and wishes to invest a part of it in a high grade bond? This would be the first investment for me in bonds other than Liberty bonds, of which I am now holding $650.—C. U. N.

Answer—Yes, we think that the French twenty-year 7½ per cent bonds, which are not callable until maturity, are a good investment suitable for part of your $700. France has a heavy burden of war debt and many new and difficult problems to work out, but her credit has been of the highest and her resources under the treaty are greatly increased.

Wants to Make a Few Dollars

Question—Will you kindly advise me whether Loews, Inc., at the present price, about 11, would be a good stock to buy and hold on margin or outright? What was their par value when issued? Why are they so low, and why did they pass up dividends? I have never bought any stock before and have not much money to invest, but this stocks looks good to me and would like to make a few dollars. I don't think they can go any lower. I know a man who paid 28 for them about a year ago.—H. R.

Answer—If, as your letter indicates, you do not know anything about Loew's Incorporated stock, we do not see how you can expect to make a few dollars by buying it. It is speculative. We suggest that you put your money into seasoned investments and do not try to beat professional speculators at their own game. That is what the man you mention did. The low price of Loew's stock reflects conditions in the industry and in the company.

Bond Salesman Recommends Tribune

Question—A short time ago a bond salesman recommended to me the financial columns of The Tribune and also said that you would give reliable advice on my investments. I should like your opinion upon the first mortgage 7 per cent gold bonds, Series A, of the Connecticut Light and Power Company and also upon the 7½ per cent first refunding mortgage sinking fund gold bonds of the American Agricultural Chemical Company, both new issues. I am not a financial man, probably never shall be. I want a safe investment that I shall not have to watch and one that will yield as high a return as is consistent with safety. In your opinion do those two issues meet these requirements, and which would you give the preference, if any? I am also interested in the 8 per cent cumulative prior preference stock of Bird & Son, Inc., of Boston. I should like to know what you think of this also. I understand that it is a non-listed stock. From an investment standpoint what is the difference between listed and non-listed stocks? One more question and I am through. What is the standing and reputation for reliability of Lee, Higginson & Co.? I feel the need of all the reliable advice I can get.—L. D. T.

Answer—The Connecticut Light and Power Company properties include electric generating plants, with 68,000 horsepower, of which about half is hydro-electric power. The proceeds of the new $6,500,000 first and refunding 7 per cent series A bonds were used in part to pay off floating debt incurred in building a 25,000-horsepower plant on the Housatonic River. The use of electricity for power is steadily growing, and while Connecticut does not have the natural resources for developing hydro-electric power on an immense scale, as do some of the Western states, it has the established manufacturing concerns which consume power, and therefore is a potential customer for a power company on a large scale. The cost of transportation of coal is unlikely to decrease in the near future. Connecticut is dependent for its coal either on the water routes from Hampton Roads or on the New York Central system and its connections. By either route the transportation of coal is expensive and the supply limited. It is, therefore, on the future of the Connecticut Light and Power Company which we base the opinion that the 7 per cent bonds are a good investment. The fertilizer business is speculative under present conditions, but the American Agricultural Chemical balance sheet, as of June 30, 1920, appears to be a fairly good one. While the circular says that the proceeds of the $30,000,000 7½ per cent first refunding mortgage bonds will be used to retire $5,000,000 convertible debentures and increase the company's net working capital "required for the increasing demands of the company's business," the June 30 balance sheet suggests the necessity also of financing nearly $18,000,000 notes payable and providing cash nearly $40,000,000 bills and accounts receivable. We consider the 7½ per cent bonds, due 1941, as a reasonably good investment, but it needs some watching, like most securities. Bird & Son, Inc., is an old Massachusetts concern manufacturing paper products. The 8 per cent prior preference stock, of which there is $1,000,000 outstanding, is earning its dividend several times over. It comes ahead of the 7 per cent first preferred and the 6 per cent second preferred and the common, all of which are paying dividends. Lack of listing does not affect the intrinsic merit of a security, but listing usually provides a market, which is desirable, in our opinion. Lee, Higginson & Co. enjoy a good reputation.

Two New Good Canadians

Question—I have been a daily reader of The Tribune for many years. Will you please give me your opinion of the following bonds with regard to their safety and investment features? I understand they are payable in United States funds: City of Copenhagen 25-year 5½ per cent, due 1944; new issue of $2,400,000 Province of Alberta guaranteed bonds, issued by Lethbridge Northern Irrigation District, 30-year 6 per cent, dated May 21, 1921, bonds being sold by Ward, Gundy & Co.; new issue $2,000,000 Province of Manitoba 10-year 6 per cent gold bonds, dated May 15, 1921, being sold by Ward, Gundy & Co.—E. S. B.

Answer—The Lethbridge Northern Irrigation District 6s, due 1951, guaranteed by the Province of Alberta, are a good investment, in our opinion. Both these bonds and the Province of Manitoba 6s, due 1931, are payable, principal and interest, in New York in United States gold. The City of Copenhagen twenty-five-year 5½s, due 1944, are a good investment, payable, principal and interest, in United States gold.

Should Have Taken a Short Term

Question—I invested $10,000 in Duquesne Light bonds a year ago last December for my niece. In view of the fact that it will be necessary for me to use the money for her education in the future, I am anxious to know whether they will again return to par, enabling me to get full value? These bonds are series A, 6 per cent, maturing 1949.—D. W. R.

Answer—The Duquesne Light Company first and collateral trust 6 per cent bonds, due 1949, are unlikely in the near future to sell at par, in our opinion. The present price of money is between 7 and 8 per cent, and while these bonds are good, they will not sell above the price of other good 6 per cent bonds presumably. In the long run the price of money will be lower and the market price of the bonds higher, we believe. We fear that you made a mistake in buying a long term security if you knew your niece would need part of her principal soon.

Woman Needs Safety, Chooses Wisely

Question—I am a widow and will have approximately $17,000 to invest to bring me an income to care for myself and children. I must be absolutely certain that my capital will be returned as my investments mature. At the same time, I think I can secure an income of about 7 per cent and still have safe investments. Don't you think so? The income from these investments will be my sole means of support and, as a result, I desire to place my money in well seasoned securities, or securities of which there is no doubt about the interest or principal being paid. Will you kindly criticize the following list and see whether any improvements or changes are needed? Two Government of Switzerland 8 per cent, due 1940, at 102⅞; one French Republic 7½ per cent, due 1940, at 95; three Standard Oil of New York 7 per cent, due 1926 and 1928, at 101; one Bell Telephone of Pennsylvania 7 per cent, due 1945, at 101⅝; one Northwestern Bell Telephone 7 per cent, due 1944, at 98⅜; one Canadian National Railways 7 per cent, due 1945; one Kingdom of Denmark 8 per cent, due 1946, at 98⅞; one Virginia-Carolina, due 1941, at 91; one Westinghouse Electric, due 1931, at 98½; one Straus & Co. first mortgage 6 per cent, at 100; one Prudence bond 6 per cent, at 100; one Puget Sound Power & Light Company 7½, due 1941; one American Agricultural Chemical 7½ per cent, due 1941; one Northern Pacific-Great Northern 6½ per cent, due 1936. Would you substitute any of the following for the previous bonds in order to improve my position? Steel & Tube 7 per cent, Pennsylvania Railroad 6½ per cent, United States Steel sinking fund 5 per cent, United States Rubber 7½ per cent, New York Central debentures 6 per cent, Canadian Northern 7 per cent, Illinois Central equipment 7 per cent. I will appreciate any advice or criticism you may offer and, if it will ever be in my power to reciprocate I will gladly do it.—Mrs. T. B.

Answer—We agree with you that you can get 7 per cent with the degree of safety which you ask for in a diversified investment. While we consider both the American Agricultural Chemical 7½s and the Virginia-Carolina Chemical 7½s to be safe, we would be inclined, with the heavy responsibility that you have, to suggest Chicago Union Station 6½s, due 1963, offered at 101, guaranteed principal and interest, jointly and severally by the Chicago, Burlington & Quincy, the Chicago, Milwaukee & St. Paul, the Pittsburgh, Cincinnati, Chicago & St. Louis and the Pennsylvania Railroad Company, in place of the one and Pacific Gas and Electric twenty-year 7 per cent bond, due 1940, in place of the other. Otherwise your list appears suitable. If you have some reason to prefer New York Central debenture 6s, due 1936, to the Pacific Gas and Electric we consider them an equally good bond.

Two Strong Power Companies

Question—Your reply dated May 19, 1921, to my inquiry regarding the relative investment values of several public utility bonds is very much appreciated. I find your investment information column useful and interesting. If an additional request for advice is not asking too much I would like to submit to you the questions below. However, if I am asking more than seems fair please disregard this letter and I shall not feel disappointed. (1) Purely from the standpoint of safety and without regard to yield or activity in the bond market, which would you consider a safer investment, Utah Power first 5s or Montana Power first 5s? (2) Similarly, which do you consider the more conservative investment, Dominion of Canada 5s of 1926 or government of Switzerland 8s? (3) Would you advise selling at a loss ten shares of Home Insurance Company capital stock bought recently for investment at 355, without being aware that fire insurance companies were being investigated by the Lockwood committee?—G. F. S.

Answer—We consider Montana Power first and refunding 5s as having a higher degree of mortgage security than the Utah Power first 5s. This is a matter of opinion only, however. Montana Power Company furnishes power for the electric operation of the western end of Chicago, Milwaukee and St. Paul and for important copper mining industries. It is a little difficult to disregard date of maturity entirely in comparing Dominion of Canada 5s and Government of Switzerland 8s, one being a short term investment and the other a long term, but disregarding this factor, in so far as we can, we think the Dominion of Canada 5s is a more conservative investment. We would not be inclined to sell Home Insurance Company stock, simply because of the facts that have been brought out so far in the Lockwood committee investigation.

Alton 3½s Somewhat Speculative

Question—Will you kindly give me your opinion of Chicago & Alton 3½ per cent bonds, due in 1950? Would you advise holding same? What are the chances of same being paid at maturity?—T. L. L.

Answer—The Chicago & Alton first lien 3½s, due 1950, are a first mortgage on eighty-five miles of railroad and a second mortgage on 595 miles, subject to $45,350,000 Chicago & Alton first refunding 3s, due 1949. We think the underlying bonds, the 3s, are reasonably sure to be met at maturity. The future of the 3½ per cent bonds, however, is largely dependent on the course of general railroad prosperity. If the transportation act turns out as Congress intended it should these bonds will probably appreciate in value and become a fairly good investment. If you want to take a chance on the railroad situation you can hold your bonds. If you want, however, to get an investment without speculative elements, we would advise you to sell them and invest the money in some one of the bonds which we characterize in these columns as high grade.

Investor Demands High Yield

Question—Among other securities I hold twenty shares B. F. Goodrich preferred stock. Is this a good investment? Would you advise selling and switching into a bond or bonds, as I need the income? I would like it to be one which provides greater security with about the same rate of interest or yield. Would St. Louis & San Francisco adjustment 6s, Cuba Cane convertible 7s or Chile Copper convertible 6s be suitable? If not, what do you suggest? I do not fancy foreign government bonds just yet.—J. F. M. J.

Answer—We would advise you to sell B. F. Goodrich preferred and buy instead De Laval Separator 8 per cent notes, due 1931, or Virginia-Carolina Chemical 7½s, due 1932. We think that you are attempting to get a higher yield than under present conditions can be obtained with safety. For instance, your Cuba Cane Sugar 7 yields at recent prices 10.18 per cent.

Burns Brothers Common Stock

Question—Would you oblige me by giving as much information as is in your possession concerning the common stock of Burns Brothers?—J. A. M.

Answer—Burns Brothers have $8,094,000 common stock outstanding on which 10 per cent dividends are being paid. Prior to this is $1,293,100 preferred stock. The only funded debt is $156,500 purchase money obligations. The balance sheet, as of December 31, shows $1,367,172 cash on hand, with $1,677,471 accounts payable. In addition to the cash other current assets include $3,986,648 accounts receivable and $1,245,173 inventories. Disregarding the $4,957,133 of good will, leases, etc., there is apparently from the balance sheet about $60 a $100 share of net assets for the common stock. In the fiscal year ended March 31, 1921, the company's net sales amounted to $29,475,298 and the balance after costs and depreciation was $3,242,345. After the payment of preferred dividends there was $1,663,498 available for common dividends and the 10 per cent dividends called for $803,517. The earnings available for common stock dividends were equivalent to $20.55 a $100 share in 1921. This was nearly twice as large as the amount available in 1920. On May 12, 1920, the stockholders authorized the directors to conduct preliminary negotiations for consolidation with some other large distributer of coal, but as yet there has been nothing but rumors of a merger with William Farrell & Sons, Inc.

Will Add $4,000 to Investments

Question—My present holdings are twenty shares American Telephone and Telegraph stock, $1,500 Straus mortgage bonds and six shares Firestone Tire and Rubber Company 7 per cent preferred stock. I will have $4,000 to invest in the course of the next few days and would like to have your opinion on the following bonds as to safety and marketability: Porto Rican American Tobacco Company ten-year 8 per cent gold bonds, 1931; Danish Consolidated Municipal 8 per cent, 1946; Waltham Watch Company 6 per cent, 1924; Portland Railway, Light and Power first lien and refunding Series A, 1946; Southern Indiana Gas and Electric first lien and refunding 7½ per cent, 1941; Northern Pacific-Great Northern joint 6½ per cent. Would you consider these good investments with sufficient diversification, or can you recommend secured bonds which, in your opinion, would be better. Would you recommend $500 or $1,000 pieces?—W. E.

Answer—We would buy $1,000 denominations rather than $500 denominations and put the $4,000 into one Danish consolidated municipal 8, which is payable at 107½, bonds being drawn annually for the sinking fund at 107½. Your actual yield is higher than 8 per cent, how much depending on how soon your bonds are drawn. One Northern Pacific Great Northern 6½ per cent bond, secured by the deposit of Chicago, Burlington & Quincy stock; one New York Central debenture 6, due 1935, recently selling at a little over 87, yielding 7.47 if held to maturity; one Illinois Steel debenture 4½, due 1940, yielding 6.48 per cent if held to maturity, and one Kansas City Southern first 3, due 1950, recently selling at a little over 55. You thus get diversity of security, of interest rate, of class of bond and nature of possibility of enhancement in value.

How Averaging Works Sometimes

Question—I would like to have your advice on stock of Atlantic Gulf & West Indies, of which I bought ten shares at $40, ten shares at 26 and ten shares at 20½. They average $29 per share. Shall I buy more to make a lowr average, or shall I buy at the average of $29, so if that stock has any show to gain I can get my money back without loss?—J. L.

Answer—You are lucky you didn't start a few months earlier to buy Gulf at about 130. You would have had a lot more averaging to do. Your case is a good illustration of what happens to inexperienced traders who, when they find themselves in a wrong speculation, take refuge in more of it. It increases your chance of getting out even if the stock moves your way, but it increases your losses if the stock moves the other way. The stock is a gamble and we do not think you are qualified to win on it.

Youth Wishes to Avoid Mistakes

Question—As I am a young man just starting out to invest my savings it is but natural that I desire to start right and avoid making costly mistakes. Therefore I should appreciate your assistance. I shall have sufficient money about every other month to buy one $100 bond or preferred stock. My first concern will be to protect my principal, of course. Next in the order of their importance are (1) ready marketability, (2) income, and (3) the possibility of appreciation, in the case of bonds, as maturity approaches. Will you be so good as to suggest a few desirable bonds which may be had in $100 denominations with a yield of between 6 and 7 per cent which will conform to my requirements, something that I shall not have to worry about? Would equipment trusts suit my purposes, do you think? And what, by the way, is your opinion of Moody's rating books? Are they reliable?—R. F. H.

Answer—The new Northern Pacific-Great Northern joint 6½s, due 1936, come in $100 denominations and are secured by the deposit of the Chicago, Burlington & Quincy stock. United Kingdom of Great Britain 5½ per cent bonds, due 1937, come in $100 denominations, and New York Central debenture 6s, due 1935, in $100 denominations. We believe all three of these meet your requirements. Equipment trusts usually do not come in $100 denominations. Moody's rating books should be carefully compared with the current supplements, we are informed, since the book itself is published only once a year, and the standing of securities may change considerably within twelve months. The rating of bonds is a difficult matter at best and the rating of stock even more difficult. If you are going to give weight to this opinion it might be well to compare it with others, if you wish to be fully informed.

Grand Trunk Western 4s

Question—Kindly inform me if you consider the 4 per cent first mortgage bonds of the Grand Trunk Western Railroad, due 1950, as a safe investment. I understand the Canadian government has taken over this railroad and is responsible for interest on the bonds.—E. T. L.

Answer—The Grand Trunk Western first mortgage 4s, due 1950, are, in our opinion, a good investment. They are secured by a first mortgage on 327 miles of road from Port Huron, Mich., to Eldsdon, Ill. The Canadian government is negotiating a purchase of the Grand Trunk, and the Grand Trunk guarantees interest on the Grand Trunk Western bonds. There may be legal complications in regard to the government's responsibility for interest on the Grand Trunk Western bonds, but viewing it broadly it would appear that this road will be a needed part of the Canadian government railway system.

Replacing One's Leg with Bonds

Question—Will you kindly give me a list of bonds for a $10,000 investment? I lost my right leg fourteen months ago and that is the reason I am having this to invest. I have $3,000 in Liberty bonds of various issues, but would like to have a higher interest. I have had no experience in investing money with the exception of Libertys. I have no permanent home, so if it is not asking too much I wish you could tell me some place that would buy the bonds for me, also collect the interest when due. Could you say if the Guaranty Trust Company would do this for me and what would they charge, also their address? I can still earn my living, so wish to have as high return for the money as possible with safety.—R. A.

Answer—Any of the large trust companies will take care of your bonds for you, cut the coupons and credit the amount to your account. Several of them advertise in The Tribune. They make a charge according to the individual requirements, and you had better consult them as to that yourself. You can get between 7 and 8 per cent with a fairly high degree of safety at present market prices of bonds. We suggest two Northern Pacific-Great Northern 6½ per cent bonds, being sold at 96½, to yield approximately 6⅞ per cent, and we would advise you not to convert them unless they are called, and then to convert into Great Northern 7s, which you have the privilege of doing at par. The Great Northern bonds are not callable before maturity, 1936. This is also the maturity of the joint 6½ per cent bonds. Two Standard Oil of California 7s, due 1931, selling at 101½ recently, which give you a current interest yield of 6.79 per cent, if held till maturity. Two Northwestern Bell Telephone 7s, due 1941, recently selling at 98; two New York Central convertible debenture 6s, due 1935, recently selling at 87½, and two Kingdom of Denmark 8s, due 1945, recently selling at 98⅞. This makes a total investment of $9,640 and gives you $710 a year current income.

Features of Danish Municipal Bonds

Question—Will you kindly tell me just what the Danish consolidated municipal bonds consist of? Am anxious to know how one could buy them and how they pay dividends. My mother holds seventy-six shares of Pennsylvania Railroad at 50 and was considering these instead. She is a widow and these and a few other investments are her main support.—M. A. B.

Answer—The Danish Consolidated Municipal loan, due 1940, is in two series—series A, a joint and several obligation of the chief cities of Denmark outside of Copenhagen and environs, and series B, a joint and several obligation of Copenhagen and the adjoining town of Fredericksburg, and both series are guaranteed, principal and interest, by the Kingdom of Denmark. They pay interest on February 1 and August 1 in United States gold at the National City Bank. You could buy them there or through any house advertising in The Tribune. They are listed. Like all government and municipal bonds, their security lies in the promise to pay of the obligor. They are callable after 1931 at 107½, and in addition $400,000 annually are to be called for the first five years for the sinking fund and thereafter $650,000. Up to February 1, 1926, bonds are to be bought for the sinking fund only if they can be obtained for less than 107½. After that, however, the sinking fund provision becomes compulsory and bonds are called by number at 107½. If Pennsylvania stock dividends are the principal means of support of your mother we would advise her to sell her stock and to invest in bonds, which she now can get to yield between 7 and 8 per cent with a high degree of safety.

Needs Money to Expand His Business

Question—Having read your valuable suggestions the last two years on investments, have managed to save and start an auto repair shop, also a garage, which has paid me over 150 per cent the last year. Now, I have a chance to expand to a much better location, but have not eenough money. I have been thinking of incorporating and making a stock company of my business, but I don't really know much about selling stock. I can get the loan of, say, $20,000 from one bank here in this city upstate, but to take over this bigger proposition I need at least $50,000 or $60,000. I would like to have your opinion and if you know of a broker who would handle this proposition for me in New York City.—M. J. McD.

Answer—It would be much better for you to finance your garage through your local bank or by finding a local partner than to come into Wall Street and try to sell stock. We doubt if it could be done. If it could it would be expensive; $20,000 ought to help you a lot and provide for healty growth in your business, but if you got $60,000 you might be tempted to over-expand. Over-expansion in business sometimes produces the same effect that it does in bubbles.

A full column of investment questions and answers is published in The Tribune every weekday.

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