

The Journal's Securities Portfolio

When brokers became active in Manila in 1933 and trading on the New York exchange got to be quite extensive, the *Journal* opened a series of securities reviews written entirely independently, for the investor rather than the man willing to buy on margin. They were discontinued, the chairman of the publicity committee at that time believed that good counsel could not be given. The portfolio selected is now reprinted, and prices as of August 29, 1933, compared with those of February 1, this year.

The portfolio imagined to have been bought in August 1933 shows a net gain of 73-5 8. Nine stocks lost 57 points, 7 stocks gained 130-5 8 points, and 1 bank stock, National City, stood unchanged. Besides the accretion to capital value, the holder of such a portfolio would have had the dividends paid; thus while the rails are down with but one exception, A. T. & S. F., they have paid many dividends.

On the whole the rails have soured. The portfolio was selected as the imaginary basis of a permanent investment; not however with the thought that it would not be revised from time to time; and had it been prudently revised, as events dictated, it could have been made much stronger from the market-worthy and dividend-earning viewpoints.

It could have been foreseen 6 months ago, at least, that the rails were not winning their uphill fight. That division of the portfolio could have been liquidated, and something added

in the others. Bank of America could have been added; among banks various opportunities turned up, in fact, while more food companies would have been entirely safe, also some of the truck makers now rolling in profits. These truck makers have a future ahead of them.

Some of the specialty steels have been stepping out attractively, but steel commons have, it is believed, unseen hurdles ahead of them; the portfolio could be improved by trading steels for less hazardous stocks—among which choice is now

far wider than it was when the portfolio was chosen, 6 months after Roosevelt took office. If any reader has an actual portfolio of American common shares, if he will reveal its make-up other readers would surely be interested. In shares carried on margin the *Journal* has no interest; it has no interest in any form of gambling.

A genuine investment portfolio carried in the Philippines and revised from time to time would be of the greatest interest. There is this fundamental, now well established, that was absent from the situation in 1933; namely, interest rates in the United States are definitely and permanently lower. Industry is thus accommodated with cheaper credit. It may not be said with the same assurance that brokers' loans can be controlled and periods of wild speculation will not return in the stock market; but at any rate the field for the investor is much clearer now than it was 3 years ago.

Common Stocks Portfolio Selected

August 1933

	Then	Now	Up	Down
Railroads—				
A. T. and S. F.	69	74-1 2	5-1 2	
Canadian Pacific	16-3 4	12-5 8		4-1 8
Pennsylvania	38-1 2	35-3 4		2-3 4
Union Pacific	130	120-1 2		9-1 2
Baltimore and Ohio	35	18		17
Banks—				
Chase	28	41-1 4	13-1 4	
Empire Trust	20	33	13	
Irving Trust	19-1 8	17-1 2		1-1 2
National City	36-7 8	36-7 8		
Steel—				
Bethlehem	41-5 8	36-7 8		4-3 4
U. S. Steel	57-1 4	50-3 8		6-7 8
Food Products—				
California Packing	33	34	1	
Corn Products	89-1 2	70-1 4		9-1 4
General Foods	37-3 8	34-1 8		3-1 4
Automobiles—				
Chrysler	46-3 4	93-1 8	46-3 8	
General Motors	35-1 8	59-5 8	24-1 2	
Miscellaneous—				
Wrigley Gum	53	80	27	
Total points gained			130-5 8	
Total points lost				59
Total net gain, points			71-5 8	1936

Then was August 29, 1933; Now was February 1 except Wrigley, California Packing, Empire Trust, and Irving Trust, as of January 2.

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