

Although those investments which are made by the Public Trustee on behalf of estates outside the Common Fund are not entitled to the State guarantee, still the usual precautions expected of a trustee are carefully observed, and the provisions of the Trustee Act, 1908, are carried out in entirety.

If the funds in an estate are invested on first mortgage, care is taken to see that the security is ample, that the mortgagor is substantial, and the provisions of the Trustee Act, 1908, in this respect are carefully carried out, and that the ruling rate of interest for first-class securities is secured.

In order that funds which are to be invested outside the Common Fund may be made revenue-producing with a minimum of delay, a system was introduced some time ago under which temporary allocations of mortgages from the Common Fund are made to those estates where there were funds at credit awaiting investment. An allocation of these mortgages is, of course, only a temporary arrangement, but it enables the amount at credit in an estate to be revenue-producing within a reasonable time, even although investments have not actually been found. This is a special concession which is granted to clients of the Office, and is much appreciated by those whom it benefits. Furthermore, it disproves the propaganda carried on in some quarters to the effect that the Office unduly fosters the Common Fund and resolutely discourages investment of trust funds outside of it.

SHARES.

45. The Public Trustee in his official capacity has wide and extensive interests by way of shareholdings, stocks, and debentures in various commercial enterprises both in New Zealand and elsewhere.

Like all forms of investment, and more so than a number of them, shares fluctuate in value and in earning-power, often to a very marked extent, over a period of years. As I indicated on a previous occasion, the joint-stock system of financing and organizing industry is a comparatively new form of organization, which has spread so enormously during the nineteenth and present centuries. The value of shares is thus inextricably bound up with the fate of industry. Industrial troubles, change of taste or fashion, new inventions and processes, and the profound changes in the organization of industry and commerce such as has occurred within the last thirty years, all have their effect on shareholdings in industrial concerns. All of us can readily recall joint-stock concerns whose shares and stock were once very profitable investments, but are now either worthless or very much depreciated in value. Dealing with shares is therefore an important phase in the administration of estates. This is realized by the Office, and every effort is made to protect the interests of those for whom the Public Trustee acts. Shares are not a trustee investment, but for one reason or other it may be necessary or advisable to retain them. Generally speaking, when a favourable opportunity occurs it will probably be the Public Trustee's duty to realize share investments belonging to estates. Nevertheless, if there be any reasons which justify the retention, these are given careful consideration, and wherever possible and he can safely do so the wishes of the beneficiaries are respected. The services of the Financial Adviser are always available, and his expert knowledge and long experience are of value to the Office and its clients. In realization the trend of the market is carefully watched, and clients may rest assured that their shareholdings will in no way be sacrificed.

During the period under review there have been no violent fluctuations on the share-market; the continual rise and fall in the sale of shares has been closely watched and followed, so that advantage could be taken of any fluctuation in the market which acted favourably towards any of the estates under administration.

During the year the Bank of New Zealand embarked upon a new experiment and created an additional department for the making of long-dated loans on an amortization basis. An Act of Parliament was passed enabling the bank to enter into this class of business, and the directors were authorized by Parliament to issue £1,406,250 in £1 shares, together with three times that amount by way of debentures. As a beginning the Bank has issued half this number of shares to the shareholders. The debentures are open to trustees as an authorized investment. The Public Trustee arranged for the taking-up of the new shares in those estates where he had