for investment temporary allocations are made, to the extent of the funds available, until such time as suitable permanent investments for the estates are found. Such an allocation is a temporary arrangement only, but it enables the amount at credit in an estate to be made revenue-producing almost immediately upon receipt, and saves the estate the loss that would otherwise be incurred whilst funds were being held pending the finding of suitable investments.

Most of the moneys excluded from investment in the Common Fund are invested in first mortgages of freehold land at the current rate of interest. There have recently been good opportunities for the investment of funds in Government or local-body debentures, which it has been possible to obtain on the open market at prices which return a comparatively high rate of interest. These investments are, of course, trustee investments.

56. Attention has been directed in previous reports to the advantages of the Common Fund system, and so it is not necessary for me to elaborate them herein. I am still satisfied that in the range of trustee investments it would be difficult to find one so absolutely safe, yielding such a fair return, and combining so many other advantages as this system affords. Loss through non-investment, fraud, or depreciation is avoided, and payments of income and allowance go on smoothly year by year without any interruption whatever. An economic writer in this country has admirably and succinctly summed up the position in this way :—

> The Public Trust administration through its Common Fund solves the problem of preventing loss of income, especially on small amounts, pending change of investments, moneys in this fund carrying interest at the prescribed rate while in the fund and the fund itself being backed by the State as to security. In addition, the Office undertakes specific investment, and owing to the large volume of money available and the wide investment area that it is in touch with is able to equate supply to demand in such a way that no estate need be idle or uninvested for a day. This is a solid advantage that only large-scale operations can afford.

The Common Fund continues to be a subject of interest both here and elsewhere, and frequent inquiries for information as to the operation of the system are received from throughout the Empire and the United States of America. Dealing with the investment of trust funds, one correspondent said as follows :—

> It becomes more obvious to us here in the United States from day to day that some advanced and probably revolutionary step must be taken by our corporate fiduciaries to solve the multiplying problems of handling trust investments. This is especially true in view of the extraordinary increase in the volume of trust and estate funds confided to the administration of banks and trust companies, and which last year represented an increase four to five times as great as during the year 1923.

An overseas client in a foreign country expressed his appreciation of the Common Fund system in these terms :—

> I think it is wonderful how you provide facilities for the people of New Zealand to cultivate thrift and a competence for old age. I will not undertake to control the investment of the funds when the bonds mature, but will leave this to the Public Trustee's excellent system when the occasion arises.

SHARES.

57. During recent years the increase in the number of small investors has become most marked. Without a vast amount of work it would be impossible to ascertain exactly how widely investments are distributed, but investigations that have been made into the matter disclose that the average shareholding in most large joint-stock companies is very small. In England an investigation conducted by the London *Economist* reveals that of seven very large industrial concerns, with an aggregate capital of £120,000,000, the average individual holding was £310 only, that 34·6 per cent. of the total shareholders have holdings of less than £100 each, and that 85 per cent. hold less than £500 each. Investigations of smaller companies disclose even smaller average shareholdings. These investigations go to show that the majority of shareholdings in industrial concerns are small, and it is only reasonable to assume that the majority of the shareholders are persons of moderate means. The experience of this Office goes to bear out this assumption. Many of the estates which come under administration are possessed of holdings, large and small, in shares, stocks, and debentures in various public and private companies. The great bulk of such investments, however, is made up of small holdings belonging to estates of moderate size.