the "wants" many, the "wanted" comparatively few. There is poverty, misery, destitution in New York and Philadelphia, as in other large cities. Fortunes are made, and lost, and spent as elsewhere, but there does not seem to be any particularly safe and easy road to wealth. I was told by a business man in New York that the time is gone by when ten cents were enough to start with, ten million to retire on; that now a man wants capital, energy, talent, unfailing attention to his business, and even then he does not always succeed in making his way.

But to any one thinking of emigrating I would repeat the advice given me by a good authority, "Go west." If you are able and willing to work and to "rough it," there are names and fortunes to be made in the Western States.

HOW SHALL I INVEST MY SAVINGS?

FIRST PAPER.

MANY, removed from that class whose opportunities for saving are mainly confined to such institutions as the Post Office and other Savings Banks (or maybe the Building Society) are often confronted with the difficulty of choosing a means of investment for such savings—say £50 and upwards—as they may be able to lay aside for future requirements. A few words of caution and advice to such may be useful.

There is a distich often quoted by gentlemen connected with the Stock Exchange, which runs :—

"When stocks are high, the public buy;
But when they're low, they let them go;"

a refrain which investors cannot keep too much in mind, the moral being—never to buy during a period of inflation, or sell under the influence of panic—that is, unless you are compelled by circumstances to do so. A respectable stockbroker is always able to give an opinion to his client as to whether any special security is dear or cheap, considering the income it may earn, and the risk to be run in holding it; and it is far better to put spare capital for a time "on deposit" at a bank, even though the interest be small, than to purchase any security above its average market value.

Then a cautious and uninformed investor should never select an investment which is subject to frequent fluctuations in value. Not only would he be disquieted by every variation in the value of his security—not knowing, too, whether that variation arises from causes affecting its permanent value, or only from Stock Exchange speculations—but he might have occasion to realise at a time when (as too frequently happens) the security would only fetch a price considerably lower than that at which he had bought. He would, too, render himself liable to the influence of panic, falling a prey to the "Bears" of the Stock Exchange, whose business it is to unduly depreciate securities in the hope of frightening timid holders to sell below their proper value.

Another rule to bear in mind is, "The greater the interest, the greater the risk;" that is, the larger the income on your money the investment may promise you, the greater is the risk of losing your capital. You may be certain, were a high dividend-paying security perfectly safe, the greater would the demand be for it among the well-informed members of the investing community, and the natural result would be to force up the price until the high rate of interest would become but a small one upon the purchase-money. Though many perfectly safe securities can, even in these times of high prices, be bought at rates to pay from 4 to 5 per cent. upon the capital invested, yet in its degree there is always risk in anything beyond "the sweet simplicity of three per cents." (Consols, whose history, &c., were described on page 462 of our previous volume).

Unless in possession of special information upon the subject in all its details and bearings, we would strongly advise our readers to beware of investing or taking shares in any of the many new undertakings continually being launched upon the money market, but rather to wait until time has shown whether they be safe or not. In making this remark we do not intend to refer to fresh loans to solvent Governments, or to fresh issues of capital by good and sound Railway Companies, Banks, &c., but rather to the numerous new ventures continually inviting confidence. Their prospectuses hold out golden (and only too often delusive) prospects of dividends to be earned, and in well-informed circles it is known that a very large percentage of new companies fail within two years of their promotion, returning but a small part, and often none, of their paid-up capital to the deluded shareholders. To those behind the scenes in the winding-up of these "bubble companies," it has long been a matter of common remark and regret to find the number of professional men, widows, and small tradesmen ruined by too great and blind a trust in the promises held out at the original promotion of the company. Too great caution cannot, therefore, be exercised with regard to the many investments which postal facilities enable the promoters to be continually laying before us.

We would advise the small investor only to put his money into ventures in which all the capital is "paid up"—that is to say, in Government or Railway Stocks, or in *Limited* Companies whose capital has been fully paid. If this rule be adhered to, there is always the satisfaction of knowing that, even if the prospect of high interest may have tempted one to put capital into a bad security, any failure in, or loss on, the investment will not involve the loss of other moneys.

The shareholder in a Limited Company whose capital is not all called up, always has the prospect before him of a call being made of more capital—perhaps to extend its business and operations, perhaps to meet losses—and it does not always happen that these calls are made at convenient times to the shareholder. If, however, the taking of shares in such a company be resolved upon, the investor should make himself thoroughly acquainted with the probabilities of future calls, and the times at which they may be made.

Shares in Unlimited Companies should never be held by a small investor. His responsibilities are unknown, and, however solvent the company may be, he never knows the extent to which his future may be affected, or the future of those he may leave after him. Recent events in the history of a once well-known Scotch bank are still unforgotten among us; and if anything be needed to enforce the warning, it is the wise action lately and still being taken, by many powerful and thoroughly solvent concerns, in converting themselves from Unlimited to Limited Companies. Careful inquiries as to extent of liability are, therefore, always advisable.

Should the market price of the security selected be above "par"—that is, if the price be above the amount of the nominal capital or the amount paid up by the original holder—inquiry should be made as to whether the original capital is repayable at any time, and if so, when and how. In Colonial Government and Municipal Bonds especially, and sometimes in the bonds and shares of companies, it has been the practice often to provide that the original sum raised shall be repayable at either a given date, or by yearly drawings by ballot. In the former case you or your representatives would at the date fixed receive only £100 for every £100 named in the security itself, and in the latter case you are liable, whether you wish it or not, to have this capital sum repaid you at the time of each drawing, and that irrespective of the amount you may have paid for the security. In such descriptions of stocks, therefore, the probabilities of these events happening should always be taken into consideration.

The names of owners of shares are generally recorded in the books of the company, the holder receiving a certificate showing the number of shares held by him, and cheques for dividends or interest are forwarded by them. In a few cases, however, the holder has the option of having either certificates to bearer (bearing coupons for dividends) for his shares, or of having them "registered" in the books of the company, in which latter case he receives a certificate as described. Similarly, some few Governments give investors the option of having certificates (when dividend warrants are forwarded), or open bonds with coupons attached. Where such choice is given, it is better to have the investment "registered" or "inscribed," as by so doing the risk of loss from fire or theft, &c., is minimised.

Where practicable, securities should be kept in a fireproof safe, as property of this description cannot be insured. Bankers take charge of such documents for their customers, either in a box accessible only to the owner, or among their own securities, in which latter case they will cut off and collect coupons for the owner, thus saving all trouble. Where the owner may not have a banking account, or a safe of his own, for a small yearly charge he can procure a safe on the premises of a company started a few years back for the purpose of meeting such cases.

Supposing you may have selected a security repayable by half-yearly or yearly drawings, you must always watch, at about the date given, the newspapers for a list of the drawn bonds or shares; for the bankers and others having charge of the repayments do not always hold themselves responsible, when coupons are lodged for collection of the dividends, for giving warning of the drawing. On the contrary, it has happened that the interest on the bonds themselves, when thus drawn, has been paid to the holder out of his drawn capital, the banker having treated the amount of the drawn bonds as money deposited without bearing interest.

In buying shares and stock, you have to pay not only the broker's commission, but also the Government stamps upon the transfer, and any fee that the company, &c., may charge for registration; in selling, there is only the broker's commission to be paid. The newspaper reports always give two prices, the higher being the one at which the middle-man (or stock-jobber) is willing to sell; the lower, the price at which he will buy. As the transfer form is always made as from the seller to the *ultimate* buyer, the price named in the form is, therefore, always a little lower than that paid to the vendor of the stock or shares.

The rates of commission generally recognised as chargeable by stockbrokers, for either buying or selling, are:—

British and foreign funds	2s. 6d. per £100 stock.
Exchequer bills	1s. 0d. ,,
Colonial Government and railway bonds	5s. 0d. per cent.
Shares of £1	3d. per share.
,, £5	1s. 0d. ,,
,, £5 to £10..	1s 6d. ,,
,, £10 to £25..	2s. 6d. ,,
,, £25 to £50..	5s. 0d. ,,
,, £50 and above	10s. 0d. per cent.

In a future paper we hope to give our readers some idea of the various species of securities open to the average small investor, and of the respective risks and responsibilities appertaining to each class of investment.

W. J. W.

ascent of the central peaks above Loch Coruisk must generally involve an additional walk from Sligachan and back, a distance of some sixteen miles.

The most impressive view of the Coolin range is, probably, that obtained from the entrance to Loch Scavaig by sea. But for those who wish to understand the relative position of each mountain, the most comprehensive views are to be had on higher ground, such as the summit of Blaven, or Marscow, or the ridge Druim-na-Ramh, from which points one sees the full sweep of the whole semicircle of hills. Perhaps the most satisfactory way to get a good view, and at the same time to enjoy a fine climb, is to make the ascent of Blaven, which stands in an isolated position to the east of the Coolins, and is itself considered by many people to be the grandest mountain in Skye. It consists of a narrow, serrated ridge, running north and south, and flanked by some tremendous precipices on either side. There are two summits, each over 3,000 feet, and almost equal in height—the northern one being the higher by eleven feet. These summits are separated by a small depression called "The Saddle," the descent to which from the southern cairn involves a scramble over some rather dangerous rocks.

Blaven presents a magnificent aspect when seen from the east or west. Towards its northern end the skyline is especially strange and fantastic, rising into jagged turrets and spires, which have hitherto proved inaccessible to the most daring climbers. The southern ridge, which falls more gradually towards Camasunary, is perhaps the least formidable part, but easy ascents can also be made from the head of Loch Slapin on the south-eastern side. On the west there is a steep precipitous slope of about 3,000 feet, rent by deep chasms and watercourses, of which the most conspicuous is an immense fissure descending direct from the "Saddle" down the very middle of the mountain.

Blaven can be reached from Sligachan; but we found it a much more convenient method to drive from Broadford to Loch Slapin, from which the ascent can be made in less than three hours by following the stream which flows into the head of the lake. As we neared the highest ridge we were enveloped in thick mist, but we trusted to the compass and pressed on, and on reaching the summit we found that, though the clouds hung heavily on the sheltered side by which we had ascended, all the other side was swept clear of vapour by a brisk wind from the west. The effects of this cloud-land scenery were very wonderful. Looking back on the mist which was shifting and swirling below, we saw a phenomenon which I had once before noticed on Ben Nevis, the reflection of our own heads on the mist, surrounded with circular rainbows. On the other hand, a single step brought us into sudden and startling view of the whole semicircle of the Coolin Hills.

HOW SHALL I INVEST MY SAVINGS?

SECOND PAPER.

WE will now describe the various descriptions of stocks and shares dealt with in the Stock Exchanges, with their various degrees of responsibilities and risks, beginning with those of our own Government.

Consols.—These are divided into three classes—Consols (Consolidated Annuities), Reduced Annuities, and New Annuities—the Government security being the same in each case. No person can hold stock of less nominal value than £10 in any one of these, but that amount once taken or exceeded, investments of any odd amount, even of only a few shillings, can be added to the original holding. (Subject to certain restrictions as to the total amount held, and as to amount purchased within a given time, Consols can be purchased without the intervention of a stockbroker, through most Postal Money Order Offices and at a small rate of commission.) The owner of any of these British Government Annuities has the choice of receiving his dividends personally at the Bank of England (which administers the loan for the Government), or, by filling up an authority for that purpose, of receiving warrants for his dividends by post—or in the case of purchases through the Post Office he can receive his dividends through that agency.

Exchequer Bills are bonds of the British Government issued every six months, at varying rates of interest, which fluctuate according to the value of money at the time of issue. In the course of the month preceding the maturity of these bills, notice is given by the Treasury of the rate of interest which will be paid during the following six months, and the holder has the option of receiving them at the new rate, or of being paid off. *Treasury Bills* are of fixed amount payable at fixed dates, and do not bear interest, but are sold from time to time to the highest bidders by public tender, the operation being of the nature of bill-discounting. These two descriptions of stock are from their nature open only to temporary and large investors, such as Banks and similar institutions.

Colonial and *Indian Stock* and *Bonds* are loans made to the Governments of our dependencies and Colonies, and though often administered by the Crown Agents for the Colonies, do not (except in special cases) bear any British Government guarantee. As our Colonies are yearly increasing in population and wealth, and as most of these loans have been raised for remunerative purposes, they are considered a safe and convenient means of investment. A few Colonial and Foreign Government Loans have been guaranteed by the British Government, and where such guarantee exists, the securities are really as safe as "Consols," though as a rule they give a little higher rate of interest to the investors.

Foreign Stocks and *Bonds* (being loans to Foreign Governments), consist of three descriptions :—1, of Irredeemable Bonds ; 2, of bonds payable at given dates ; and, 3, of bonds payable by periodical drawings by lot. In most of these securities the purchaser receives a bond acknowledging the indebtedness of the State for the principal sum, and the bond bears coupons for the periodical amounts of the interest due ; but in a few cases (like French Rentes) the investor buys only a perpetual income of so much a year, and not a debt due by the Government concerned. The choice of any of these bonds must depend upon the investor's belief as to the good faith of the Government concerned, and its means of paying not only the interest but the principal of its debt at the time of maturity. Most Foreign Government Loans have not been raised for reproductive purposes, but generally to meet war expenses, and unfortunately some few Foreign Governments are now in default of payment, or are only paying a portion of the stipulated interest.

Next, we have the *Stocks* and *Shares* of *Railways* and other *Companies guaranteed* by the *Government* in whose territory the undertaking may be placed. These always require some investigation. Some, like the Indian railways, have a guarantee of so much per cent. upon the total capital (the guaranteeing Government having in return all of or a share in any profits earned beyond the amount of the interest guaranteed, and often the right of purchasing the undertaking itself at a given date), in other cases it may be a guarantee pure and simple. Sometimes the guarantee is simply one of so much per cent. upon a portion of the capital only, and in such cases the investor need inquire what interest this guarantee, if required to be acted upon, would yield upon the total amount of the capital of the concern.

The *Corporations* and *Governing Bodies* of many of our own and colonial *Towns* have of late years come into the money market as borrowers, the money being required for water works, drainage, harbour works, and other improvements, and generally for reproductive puposes. These loans, from those to the City of London and Metropolitan Board of Works downwards, are quoted under the heading of *Corporation Bonds*, and are a favourite means of investment, the principal and interest being a charge on, and guaranteed by, the rates and tolls of the borrowing city.

Many Continental cities and small States figure as borrowers, but are not known on the English stock-markets—their loans generally taking the shape of lotteries, or having lottery prizes, and transactions in them are forbidden by the laws of this country.

Dividends on all the above stocks (the rate of interest being fixed) are paid by coupons attached to the bonds themselves, except in a few special cases, or where the owner has exercised an option of having his bonds registered, as already described. In all the cases alluded to above, the owner has no further liability, and no risk beyond that of the amount already invested.

We have now to consider *Shares* and *Stocks* in *Public Companies*—where dividends fluctuate according to the profits made, where periodical meetings are held by shareholders to decide upon questions submitted by directors, and where profits are from time to time divided by means of cheques or dividend warrants.

First, and the most important, are *Railway Companies*, whose shareholders, if the shares or stocks be fully paid up, have no further liability. As a rule, debenture and preference shareholders do not have the right to attend meetings, nor to participate in future allotments of new stocks. We will consider the different classes of railway stocks in the order of their priority as regards dividends.

1. *Debentures* and *Debenture Stocks*, which are of the nature of mortgages. Their rate of interest is fixed, and is a first charge upon profits made, and should the company be unable at any time to pay the full interest, the arrears would be a first charge upon any future excess of profits. In buying debentures (but not debenture stocks) of British and Indian railways, the purchaser pays to the seller the amount of any accrued interest in addition to the agreed price, instead of following the ordinary rule of its being included in the price paid.

2. *Rent-charge Stocks*, which are of the nature of a mortgage of income derived by way of rent from another railway company having "running powers" over a portion of the line belonging to the company issuing the stock.

(*Lloyd's Bonds* are simply acknowledgments of the company's indebtedness to the holder, with an undertaking to pay him interest, and are made out in his name. Not being recognised by the Acts of Parliament of the Railways, they are not negotiable on the Stock Exchange.)

3. *Preference Shares* and *Stocks*, which are divided into two classes : (*a*) those which, like debentures, can claim any arrears of unpaid dividends, and (*b*) those whose dividends are contingent upon the profits of each separate year, and cannot claim arrears. Holders of preference stocks have only a claim for dividends preceding ordinary shareholders, and are not, like debenture-holders, mortgagees.

4. *Ordinary Shares* and *Stocks*, whose holders, like tradesmen paying interest on borrowed capital, share all income remaining after the debenture and preference stock have received their full dividends. These shareholders, as a rule, alone have the power of managing the affairs of the company.

5. *Preferred* and *Deferred Stocks*, the former being often confounded with preference stock. These are only divisions of ordinary stocks, whose original holders have exercised an option of dividing their ordinary stock into preferred and deferred stocks—the former taking all dividends upon the ordinary stock up to a fixed amount, and the latter receiving any remainder. Thus, supposing £100 ordinary stock to have been divided into £50 preferred 6 per cent. stock and £50 deferred

stock, and the dividend on the ordinary stock to be $2\frac{1}{2}$ per cent., then the preferred stock would receive 5 per cent, and the deferred nothing (5 per cent. upon £50 preferred being equal to $2\frac{1}{2}$ per cent. upon the original £100). Similarly, if the ordinary stock received 3 per cent., the preferred stock would have 6 per cent., and the deferred would have nothing—if the ordinary stock had 5 per cent., the preferred would have 6 per cent., and the deferred 4 per cent. (6 per cent. upon £50 preferred plus 4 per cent. upon £50 deferred being equal to 5 per cent. upon £100 ordinary), and so on.

Colonial Railways, as a rule, divide their stocks like the English companies; but many *Foreign Railways* issue *Obligations*, payable to bearer, instead of preference and debenture stocks. These obligations are numbered, bear coupons for interest, and are paid off by periodical drawings—the difference between the price at which they have been issued and the par price being a description of premium.

We now have to consider a very wide field of investment—that of *Stocks* and *Shares* of *Public Companies*. Embracing, as these do, all classes of enterprise, it is not possible to describe these in detail, and we can only give general rules for use in selecting investments in them.

All companies, whether limited or unlimited, have now to be registered by the Registrar of Joint-Stock Companies under various Acts of Parliament. Any person can, upon payment of one shilling, inspect at the office of the Registrar the articles of association, the last balance-sheet, list of shareholders, &c. By sections 19 and 54 of the Companies Act of 1862 each company is, upon payment of a fee, obliged to deliver to a shareholder a copy of its articles of association, and every investor should therefore either see or obtain a copy of them; for it has been decided that in joining a company his knowledge of the articles is implied.

When a company has been registered as with *Limited* liability, that word has to be added to its title (unless in the cases of companies registered by the Board of Trade, but as companies so registered are bound not to divide profits, but to devote them to the charitable and other purposes for which the company may have been formed, they do not present themselves to the investor). In the case of limited companies, the liability of the shareholder is confined to the amount of the difference between the nominal capital of his shares and the sum paid upon them by the original holder.

When shares of *registered* limited or unlimited companies are sold, the vendor's liability does not cease until after the expiration of one year from the date of the sale, and in the case of *unregistered* companies the liability does not cease until after the expiration of three years. The property of the purchaser has, however, to be exhausted before the vendor can be called upon to make good any deficit.

Insurance Companies, when unlimited, as a rule, insert clauses in their policies which limit their liability to the amount of the subscribed capital, and as such companies should have but a small liability beyond that to the policy-holders, they can be looked upon as practically limited in liability.

Stocks and *Shares* of *Gas*, *Water*, *Dock*, *Canal*, *Shipping*, and *Tramway Companies*, incorporated by special Acts of Parliament, have no further liability, provided the amount of the capital of such stocks and shares be fully paid up.

Sometimes the stocks of trading companies are divided into *preferred* and *deferred*—the distinction being the same as described under the heading of railways, and no further explanation is therefore necessary. *Preference* stocks or shares and debentures of trading companies also follow the same general ruling, the only exception being that in the event of winding-up there would be, from the nature of the business carried on, a much smaller probability of a return of capital than in the case of a railway, a great part of whose property would consist of freehold land.

Finally, while selecting an investment in any company, it is never safe to make calculations upon the profit of any one year, but an average of from three to five years should be taken. Some companies, especially those having to do with agricultural and other matters affected by fluctuations of the weather, are especially liable to variations of dividend.

Mortgages (where money is lent upon the security of a deed transferring the property to the lender, with a contract for re-conveyance in the event of repayment) are looked upon as a favourable field of investment, but, of course, are not negotiable on the Stock Exchange. Not more than three-fourths of the value of the property is, as a rule, advanced; and it is customary, unless stipulated to the contrary, for the borrower to pay all the lender's expenses, including those of his solicitor and surveyor. There is therefore no reason for the lender, or mortgagee, not taking proper precautions for the safety of his investment. In cases of large properties, where one lender would, perhaps, not be able to advance all the money required, two or three mortgages may be effected on the same estate. In such cases, the mortgages, in the event of realisation, rank in their order of date—the claim of the first mortgagee having to be satisfied before the second can derive any benefit, and so on.

As a rule, the mortgagor can pay off the mortgage upon giving six months' notice, and should the mortgagee desire repayment, he has various courses open to him. He can (1) transfer the mortgage to a third party willing to pay him his money for the security, or (2) he must give the notice stipulated for of his intention to demand payment. In the event of the mortgagor not being able to repay him, he can (3) take proceedings for recovery as in the case of an ordinary debtor, or (4) he may let the property and pay himself the amount of his loan and interest out of the rent (in which case, when his claim is satisfied, the property must be re-conveyed to the mortgagor), or (5) he may sell the property, paying himself out of the proceeds, and handing over any surplus to the mortgagor.

W. J. W.