

## Investor's Inquiry

by  
Charlie Colling  
..What are warrants  
and rights of their  
function? H.C.  
Penetanguishene.



**Charlie Colling**

Warrants are usually issued with a primary or original distribution of a stock or debenture of a company as an enticement for the investor to put money into a particular issue.

Hence you might see ABC Company issue ten million shares of stock at ten dollars per share cum warrants. These warrants give the investor the option of buying additional shares of the company over a predetermined period of time.

For example: John buys five hundred shares of ABC Company at ten dollars per share cum warrants in May of 1981. The warrants entitle him to buy an additional five hundred shares at ten dollars per share after May of 1982 and before May of 1985 when the warrants expire.

Thus if the price of ABC Company goes to twenty dollars per share and John feels he could go higher he exercises his warrants at ten dollars per share to hold one thousand shares.

His option, of course, is to sell his warrants at any time before they expire at the prevailing market price. This of course, is over and above any dividends declared and paid by the company.

In the case of warrants being issued in conjunction with a debenture, the option would be to buy the underlying stock of the debenture issue at a predetermined price and time limit, or sell the warrants.

Rights are very similar in nature to warrants except that they only have a time period of approximately one month. The option is the same, buying stock at a reduced price or selling the rights.

One word of caution regarding a rights offering - Trust companies do not use registered mail when sending rights to shareholders, so many people, thinking that an envelope is just advertising material, toss it in the garbage.

If you hold stocks or bonds of any type, make sure you open all the mail and understand what you are tossing out. It makes a lot of unnecessary work and is very often an expensive error.

Another method of raising additional financing which has become quite popular in the last few years is what is known as a fixed price offering.

This is accomplished by offering a certain number of shares through the facilities of an exchange at a discount price usually half an hour before the exchange opens for the day.

This method is much faster and more economical but does not give any or very little time for consideration.

In sending in questions to be answered in these columns, please remember that Securities Commission Regulations will not permit giving opinions or recommendations on any specific securities.

All other signed inquiries will be answered as soon as possible. In all answers only the inquirer's initials will be used. Address all questions to "Investor's Inquiry" c/o The Midland Times.

## Wear a button... tell town's story



WANT TO WEAR a work of art on your lapel? Or a badge of civic pride?

Colourful lapel buttons carrying Midland artist's prize-winning Midland Centennial logo are now on sale in many Midland stores.

The design which features a pair of wind-swept pines beside the bright blue waters of Georgian Bay, has come to symbolize Midland and has been used in a variety of ways including a garden design, and as a motif for the large white centennial banners.

Midland Chamber of Commerce has introduced the buttons as part of a campaign to put Midland's name on every lip and every

lapel.

It's expected that the bright attractive pins will be popular with summer visitors and Midlanders are urged to carry a supply with them when they travel this summer.

The pins sell for 69 cents.

Midland Chamber would be interested to know how far the bright buttons travel.

If you spot a Midland lapel button on your travels this summer, let the folks at the Chamber office know (526-7884). Commissioner of Development Wallace Cunningham has promised a special award for anyone who can prove that Lady Di. walked down the aisle wearing a Midland pin!

## Contact bike-a-thon May 24

Contact Telephone Information and Referral Centre is bike-a-thon will be held May 24, weather permitting.

Township, onto Robert Street and Fuller Avenue in Tay Township and coming to an end at Little Lake Park.

two at Andrea's Restaurant in Midland.

If you are interested in entering the bike-a-thon, you can call contact Centre at 526-9333 or Catherine Moore at 526-6973.

You must be entered by May 15. There is a minimum 10 cents a mile limit to enter the event.

Starting point for the bike-a-thon will be Midland Secondary School with participants then travelling down county road six and Concession 11 in Tiny

The entire course will run about 20 miles in length and the riders will start at 9 a.m.

The rider getting the most pledges will receive a \$50 dinner for



The Town of Penetanguishene

## SPECIAL TRUCKS WILL BE PICKING UP REFUSE

LIMBS, OLD FURNITURE, MATTRESSES-  
JUNK, GARDEN REFUSE

and everything not taken by Garbage collection  
(excepting industrial waste and discarded vehicles)

EAST SIDE **Wed., May 13**

WEST SIDE **Thurs., May 14**

PLEASE PLACE REFUSE IN CONVENIENT  
SPOT FOR PICK-UP

Keep our town  
**CLEAN**

Use the handy refuse  
containers on downtown  
streets for small litter

## NOTICE

Price increase effective May 21, 1981

### SAVE NOW-LIMITED TIME ONLY

All water well contracts signed on  
or before May 21, 1981  
will be honoured at last year's rates



Water well drilling  
complete pump installations  
Licensed by the Ministry of Environment  
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**538-2573**

If no answer - Call 526-3057

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