

How to deal with owning public shares

by Harry L. Mardon

Once you buy the common shares of a public company you become a part-owner of that company.

That gives you the right to cast a vote at annual and special general meetings. If you can't be bothered to attend them, or the travel involved is too costly, you still can exercise your right to vote by signing a "proxy" statement. This is sent to you by the corporate management with the notice of meeting.

However, if you send your signed proxy back to management, they will vote your shares in a matter which supports them should an issue come to a vote at the meeting.

The proxy system generally works well. After all, you shouldn't have invested in the company in the first place unless you were convinced it was a well-managed one. If you later discover your trust in the management was misplaced, your best course of action usually would be to sell your shares as soon as possible - provided you won't lose too much money.

There are a number of other important factors you should consider besides the quality of management, when it comes to investing in a company.

Your very first step should be to select an industry sector which you'd like to invest in.

Let's suppose you decide on the food sector. One of its attractions is that it's virtually recession-proof. People have to eat.

Now it is a matter of selecting a company within the food sector which has top-quality management, few if any labor disruptions and a solid financial performance. You also will want to find out if a particular company is innovative, growth-oriented and vigorously competitive within the industry.

If you are satisfied with the answers you get to these and other questions, you probably will invest in the company's stock. In all likelihood the company you have selected will be one of the major firms in the industry.

But don't put all your investment money in a single company - or, for that matter, in a single industry sector. You should diversify your investments. In other words, spread your risk.

Many novice investors become entranced with so-called glamor stocks. These are the shares of new or relatively new companies which have enjoyed a spectacular growth in the price of their shares over a short term. Some of these firms may eventually become solid performers but many others will go into a tailspin.

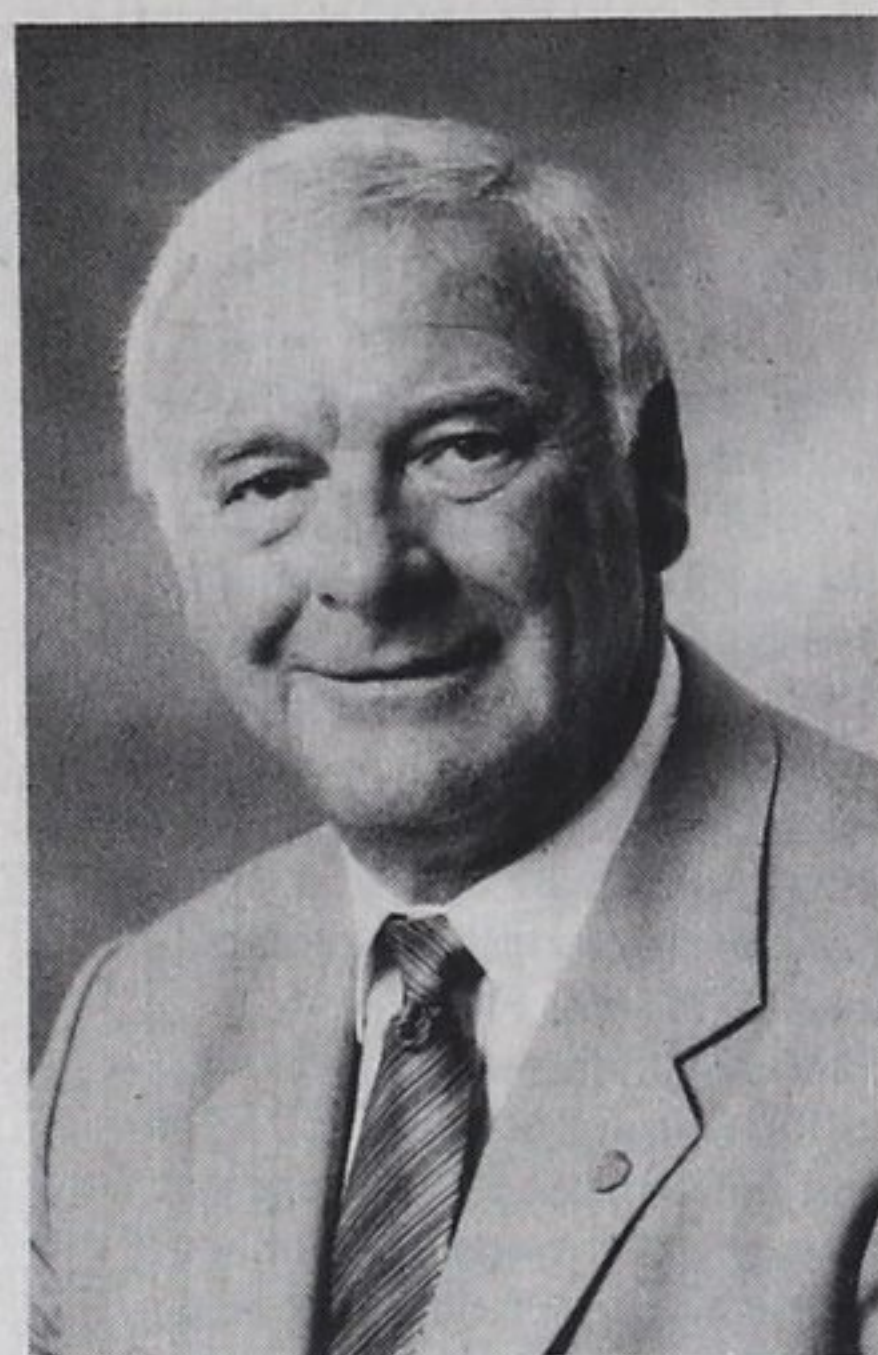
Even a good number of major, well-established companies in certain industries experience sharp declines in the value of their shares. This usually occurs in times of economic recession.

For example, the forestry industry is very vulnerable to boom-and-bust cycles. The demand for wood products hinges to a large extent on the level of construction activity. In turn, construction has its ups and downs mainly due to interest rates. The share prices of forestry companies will react to these business conditions.

That is not to say you shouldn't buy forest stock. However, be prepared for a roller-coaster ride.

And keep in mind that you have never lost money in the stock market until it comes to selling your shares. If you sell them for less than you bought them, you'll be out of pocket. If you hold on to them, their value may rise and you will make a profit.

Editor's note: Harry Mardon is Manager of Corporate Communications for Investors Group, the Winnipeg based financial planning services company.



Johnston

Newly elected Auto dealers' President

The Ontario Automobile Dealer Association has elected Mr. Kerv Johnston as President for the 1988-89 term of office.

The Ontario Automobile Dealer Association is comprised of a membership of over 660 new car franchised dealers representing both domestic and imported cars.

Mr. Johnston, President of Kerv Johnston Motors Limited operating as Barrie Honda Auto Sales, a very prominent Honda dealership in our area, brings with him many years of Automotive experience.

Mr. Johnston's depth of experience in the Automobile Industry during the past 20 years in Barrie

lends itself to establishing him as a great asset, both to the Board of Directors of this Association, and also to Huronia area dealers that he will be representing as local Director.

Mr. Johnston is a member of Barrie District Training Council, The Royal Military Institute in Toronto, The Great Lakes Cruising Club, Vice-President of Cowan Mini-Storage Innisfil Limited and is a Past Director of Barrie Chamber of Commerce. Mr. Johnston was also quite active in Provincial and Federal grass root politics and held the Presidency of both Barrie and Riding Associations.



Susan Kronschnabl
Mortgage Consultant

MORTGAGE

• Having a Problem
Getting a Mortgage?

WE CAN HELP!

- Private Funds Available
- 1st and 2nd Arranged
- We Buy Mortgages
Builders Mortgages

SHELLTREE INVESTMENTS SERVICES

| | |
|------------------|-----------------------|
| BARRIE | (705) 722-8767 |
| RESIDENCE | (705) 549-3993 |
| PAGER | (705) 722-2897 |

Unit #30 - 25

Cedar Pointe Drive

Barrie

Letters

The Huronia Financial Forum welcomes letters, questions and information pertaining to the financial climate in your community. All correspondence submitted must be legible, signed and carry the writers address and telephone number.

The information submitted does not necessarily reflect the opinion of this newspaper, its publisher or editors.



Published monthly by Telemedia Communications Inc.
14 Queen Street West, Elmvale, Ontario L0L 1P0 (705)322-1871
Special feature of Elmvale Lance, Wasaga Times,
Midland Times and Penetanguishene Citizen

Huronian
financial forum

Manager: Judy French