

FOUR SEASONS

Market Value Developments

<u>Date</u>	<u>Price per Share</u>
1972	9.35
Sept. 73	6.25
Jan. 74	6.07
July 74	2.00
Dec. 74	0.30
April 75	0.75
Sept. 75	0.90

Notes on the Company:

According to E. Savics, this is a brief sketch of this company:

The company is involved in manufacturing of

- a) hoists for industrial use,
- b) peripheral agricultural equipment,
- c) some iron goods for coal mining.

The company's operations take place in the Province of Alberta and it holds 6 acres in Calgary and 2 acres in Edmonton.

In 1973/74 there were a number of problems:

The company could not achieve adequate capitalization, couldn't fulfill some contracts and had dissatisfactory sales results. In October 1974, 500,000 shares at \$0.50 a share (controlling interest) were sold by the owners to Bonnycastle Crearer, an investment company. The new principals appointed Mr. Tom Tyson, a former consultant to the Federal Minister Andras, to the post of General Manager. Mr. Thyssen laid off employees and effected a number of other changes to improve the company's well-being.

The financial statement of 1974 showed a 3 cent loss per share. 1975, first 6 months, shows a 14 cent profit per share. 1974 sales amounted to \$15 million. The new General Manager is aiming toward \$22 million in 1975 with a per share profit of 30/40 cents. According to Mr. Savics, one could expect the share value to reflect about 5 times annual earnings, or \$1.50 to \$2.00 by the end of the year.

Mr. Tyson also tries to obtain a \$1 million loan from the Alberta Government and plans to float an issue of \$500,000 convertible debentures to increase capitalization.

If all the planned measures take effect, he expects to achieve \$50 million sales by 1980.

Recommendations

By E. Savics;

1. Hold the shares.
2. Seek for some private investors who would be willing to give a donation to the Foundation in form of shares. If the Foundation then held, say, 2000 shares at ~~\$10,200~~ **\$9358**, without additional investment, the per share loss would, of course, be halved.
3. Watch further developments.
(He also mentioned that the name of the company in the meantime has been changed by the new owners to RENN Industries. The stock is traded on the Vancouver Exchange.)

By R. Grigors (Mr. Grigors has not made any individual investigation of the situation and his recommendations were made based on the situation as portrayed by E. Savics.)

1. Hold the shares. There is nothing substantial to lose anymore.

Comments by B. Rubess

I consider this case a classic example of lacking management of our assets and lacking controls over our Investment Consultant by a close-by, knowledgeable member of the Board, whose only job in the Foundation is to do exactly that.

For this reason, I feel a restructuring of the Board of Trustees is necessary. Next to the Chairman and Executive Vice President there should be three Vice Presidents, each having a portfolio of responsibility: membership, projects, investments. The Investment Vice President should be the Secretary General of the Investment Committee and the direct controller of the investment counselors in each field: Securities-Canada, Securities-US, Real Estate/Mortgages, Term Deposits. In placing nominations before the Annual Meeting of members, we should make sure that at least one prospective member of the Board is knowledgeable in this field and, furthermore, lives in relative proximity to the major investment activity in order to ensure the possibility of effective committee meetings.

I want, furthermore, to observe that opinions voiced by Members of the Board of Trustees in the meetings of the Board were ignored by both the Chairman and the Investment Counselor. Repeated urgings

to engage in a gradual program of selling this security were disregarded on the strength of the Investment Counselor's advice that agricultural equipment will be sold in the Spring and that new capitalization will significantly increase the value of the stock. Nothing of the kind took place, still, there was no point in time in which a clear-cut order was given to Savics to sell this security at some specific price (\$6., \$5., \$4, whatever). As a matter of fact, most prudent investors in securities give orders to their brokers to cut losses by selling at a certain pre-determined lower price, if the stock would ever fall to that level. As a matter of fact, our resolution BT 19 of March 24, 1973, provides for exactly that kind of general guideline.