

the date of investment the income may be regarded as safe.

2.—The safety of income derived from Ordinary stocks and shares depends upon the amount of surplus revenue remaining after satisfying all prior charges and paying a dividend on the Ordinary stock. Such surplus is either carried forward to the next dividend period or credited to the company's reserve fund.

But when calculating the dividend probabilities of Ordinary and Deferred Ordinary capital, which rank for dividend after satisfying all prior charges, it must be remembered that such calculations are exceedingly hazardous and partake somewhat of the nature of prophecy. Some companies after paying regular dividends for many years have had their career of prosperity brought to a sudden end through some trade dislocation, through some change in the national habits of life, through an increase in competition, or through some other event which it was impossible to foresee. Then, again, other companies after a period of barren years, during which they have not distributed any dividend among their shareholders, have suddenly opened up a new avenue of trade, and consequently have developed into regular dividend payers. But