ANNUAL REPORT
OF
THE INVESTMENT CORPORATION
OF PHILADELPHIA

FOR THE YEAR ENDED
DECEMBER 31, 1929
OFFICERS

James K. Trimble . . Chairman of the Board of Directors
William Stix Wasserman . . President
Jonathan C. Neff . . Vice-President
Charles Denby, Jr. . . Secretary and Treasurer
W. Linton Nelson . Asst. Secretary and Asst. Treasurer

DIRECTORS

Franklin Baker, Jr. Alfred Putnam
Brandon Barringer James K. Trimble
Charles Denby, Jr. Frederick Warburg
Charles M. Jones William Stix Wasserman
William Fulton Kurtz Morris Wolf
Jonathan C. Neff

Counsel
Stradley, Ronon, Stevens and Denby

Registrar
Fidelity-Philadelphia Trust Company

Auditors
Price, Waterhouse & Co.
ANNUAL REPORT
OF
THE INVESTMENT CORPORATION
OF PHILADELPHIA
FIDELITY-PHILADELPHIA TRUST BUILDING
PHILADELPHIA

To the Stockholders:

Your Corporation completed its first fiscal year with the closing of its books December 31st, 1929. It started business on January 9th, 1929. As of that date the Dow Jones Industrial Average was 300.8. There was paid in on your shares at that time $100 per share net. As of December 31st, 1929, the Dow Jones Average was 248, and the net asset value of your shares was $113.70. Therefore, during a period when the Dow Jones Average made a decline of 17.5% the net asset value of your shares made an advance of 13.7%. Were the option warrants held by the management exercised as of this date the effect would be to reduce this advance to 10.20%.

From the outset the policy of your management has been to make few investments, closely studied before purchase and closely watched thereafter, rather than to follow the theory of wide diversification. While it is not the policy of the company to publish the list of its
holdings, such information is always available at the office of the Corporation to any interested stockholder. At the present time the investments of the Corporation are only five in number.

Balance sheet and earnings statement, as certified to by Price, Waterhouse & Company, are appended hereto.

The earnings statement is presented in the form required by the rules of accountancy. Your management believes, however, that some discussion of the meaning of an earnings statement is necessary, feeling that an earnings statement in the form too often adopted, is capable of being misleading in a company of this type. It lends itself to misleading conceptions because it opens up, among others, the questions of valuing stock dividends received and the difference between “paper” and “realized” profits. By the different handling of assets with such earnings statement effects in mind, all kinds of earnings statements may be prepared—giving management entirely too free a rein in the reporting of results.

To illustrate:—A sale of Investment “A” showing a “paper” profit throws a “realized” profit into the earnings statement. However, since it is the business of the corporation to invest, all of this so-called “realized” profit is again placed at risk in Investment “B”; and “B” may not always be as good as “A” at the respective prices. The fact is that the Corporation has not really secured its profit any more by such a sale than without a sale—(it has only shifted commitments); and has in addition incurred an actual loss by the tax involved on the profit. A shift of commitments where a “paper” loss becomes a “realized” loss is equally meaningless, from an earnings statement standpoint—except that this shift has a positive advantage in that there is no tax loss, but a credit against taxes.
In short, these changes of commitment are really capital transactions and the history of capital asset progress, or the reverse, as stated in the opening paragraph of this report is the true test in a corporation of this type. Here again it is vitally necessary that the values stated must be actual market prices established in a free and open market; not appraisals of unmarketable or unquoted assets, without clear explanation, or semi-fictitious market prices for securities of companies heavily controlled by the Corporation—a situation really requiring consolidated accounts, since in that case the Corporation is not an investment company, but a holding company. The asset record, when properly stated, may be accepted by the shareholder in practical substitution for an earnings statement in the ordinary sense.

Your management believes that an understanding of the foregoing points is important to the new public which has recently become interested in investment company securities.

At the meeting of the Board of Directors on January 7th, 1930, four quarterly dividends of $1.00 each were declared. The first quarterly payment will be payable March 15th to stockholders of record March 1st.

Respectfully submitted

By order of the Board of Directors

JAMES K. TRIMBLE, Chairman
WILLIAM STIX WASSERMAN, President.

JANUARY 7, 1930
THE INVESTMENT CORPORATION

BALANCE SHEET DECE

ASSETS

<table>
<thead>
<tr>
<th>ASSET</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$9,175.33</td>
</tr>
<tr>
<td>Dividends Receivable</td>
<td>$8,350.00</td>
</tr>
<tr>
<td>Investment Securities:</td>
<td></td>
</tr>
<tr>
<td>Conv. Bonds ([market value $710,000.00])</td>
<td>$660,765.00</td>
</tr>
<tr>
<td>Stocks</td>
<td>1,042,940.70</td>
</tr>
<tr>
<td>Stock Price</td>
<td>1,076,235.76</td>
</tr>
<tr>
<td></td>
<td>$1,752,940.70</td>
</tr>
<tr>
<td></td>
<td>1,737,000.76</td>
</tr>
<tr>
<td>Real Estate</td>
<td>$1,050.00</td>
</tr>
<tr>
<td>Furniture and Fixtures</td>
<td>$1.00</td>
</tr>
<tr>
<td></td>
<td>$1,755,577.09</td>
</tr>
</tbody>
</table>

*Of the 27,000 shares of no par value common stock authorized, 7,000 shares are subscribe, before January 1, 1939, to one share of no par value common stock at $10x outstanding, 3,500 warrants had been issued and a further 1,931 3/10 warrants were issua.

Note: On the basis of valuing securities owned at market value, and after allowing over cost, but before allowance for the effect of exercise of warrants, the liquidating value after allowance for the effect of exercise of warrants the liquidating value at that date wi.
LIABILITIES

Accounts Payable . . . . . . . $ 363.00
Provision for Federal Income Tax . . . 3,800.00

CAPITAL AND SURPLUS:

Capital stock:
Authorized, 27,000 shares common stock without nominal or par value

Issued and outstanding,
15,518 shares common stock, at capital value, assigned thereto by the directors . . . . . . . $1,551,800.00

Warrants issued and issuable,
5,431 3/10

Capital surplus . . . . . . 136,904.26

Earned surplus:
Net profit from operations for the period from January 9, 1929, the date of inception of operations, to December 31, 1929, per attached statement . . . . . . 62,709.83 1,751,414.09

$1,755,577.09

Warrants are reserved against the exercise of warrants, each entitling the holder to at $100.00 per share. At December 31, 1929, in respect of the 15,518 shares were issuable.

Following for Federal income tax at the current rate on the excess of market value of the common stock at December 31, 1929, was $113.78 per share; date was $110.20 per share.
## STATEMENT OF PROFIT AND LOSS

For the Period from January 9, 1929, Date of Inception of Operations, to December 31, 1929

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest and dividends</td>
<td>$48,904.28</td>
</tr>
<tr>
<td>Profit on securities sold and from syndicate participations</td>
<td>42,600.46</td>
</tr>
<tr>
<td>Administrative and office salaries and expenses</td>
<td>18,110.29</td>
</tr>
<tr>
<td>Interest paid</td>
<td>6,884.62</td>
</tr>
<tr>
<td>Provision for Federal income tax</td>
<td>3,800.00</td>
</tr>
<tr>
<td><strong>Net profit, carried to Balance Sheet</strong></td>
<td><strong>$62,709.83</strong></td>
</tr>
</tbody>
</table>
We have examined the books and accounts of The Investment Corporation of Philadelphia for the period from January 9, 1929, the date of inception of operations, to December 31, 1929, and certify that, in our opinion, the attached balance sheet and relative statement of profit and loss set forth the financial position of the company at December 31, 1929, and the results from operation for the period then ending.

Price, Waterhouse & Co.