

## CORRESPONDENCE.

A COMPARISON OF THE GAINS FROM INVESTMENTS  
IN BONDS AND IN STOCKS.

*To the Editors of the Journal of the Institute of Actuaries.*

SIRS,— In connection with the recent paper by Mr. H. E. Raynes (*J.I.A.*, vol. lix, p. 21) on the subject of investments in Ordinary Stocks and Shares as compared with investments in Fixed Interest bearing securities, the figures given below, which represent the actual experience of 25 American Fire Insurance Companies, may be found interesting. The total gains, namely, the *interest ± the difference in market value*, have been ascertained from the official returns year by year for the 18 years 1908–1925, and the combined results for each year and the average for the whole period are shown in the following table in which the total gains are given as a percentage on the original cost :

Year	TOTAL GAINS		Year	TOTAL GAINS	
	From Bonds	From Stocks		From Bonds	From Stocks
1908	% 9.25	% 19.63	1917	% 1.60	% .30
1909	4.32	11.59	1918	3.20	2.66
1910	2.96	.80	1919	2.84	4.73
1911	4.34	6.45	1920	2.57	4.67
1912	3.00	6.60	1921	7.68	2.80
1913	.75	—4.62	1922	7.83	12.07
1914	5.52	4.35	1923	3.40	4.76
1915	4.18	9.73	1924	8.63	17.92
1916	6.05	6.32	1925	5.36	17.71
Average for the whole period			...	4.63	7.12

Preference Stocks are not distinguished from Ordinary Stocks in the official returns, but an analysis has been made of the detailed lists for certain particular years and the book values of Bonds, of all Stocks, and of Preference Stocks for those years have been found to be as shown in the following table :

Year	Book Value. Bonds	Book Value. All Stocks	Book Value. Preference Stocks
	\$	\$	\$
1908	36,552,484	38,621,820	7,307,578
1913	57,792,571	53,034,317	10,235,855
1918	103,942,549	66,529,326	19,929,703
1923	161,087,555	106,756,377	32,168,964
1926	167,155,825	156,314,462	43,109,240

Yours faithfully,

H. A. FORTINGTON.

*New York,*

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