

study. By the Trustee Act, 1908, trustees are not permitted to invest trust funds in shares, and the Public Trustee strictly observes this prohibition, unless there are special provisions in the trust instrument which direct the investment of the estate funds in certain shares, or unless all the beneficiaries direct accordingly. It is in regard to the sale of shares that the Public Trustee is mostly concerned, and every endeavour is made to effect a sale when the market is most favourable and when the shares in question are at the top price. To assist the Public Trustee in his decisions the position of Financial Adviser to the Public Trust Office was created several years ago, and the advice of this expert is always sought before any parcel of shares is offered for sale.

Financial conditions during the year under review have improved considerably, but there are still certain groups which have not recovered from the financial depression of 1921. The farmers' co-operative companies, generally speaking, are confronted with financial difficulties, and there is little movement in shares in this group. Freezing companies have also passed through a period of strain and stress, and the majority of holdings in this group may only be disposed of at a heavy discount. The market for shares in the banks and insurance group has been particularly buoyant, and there is always a keen demand for any offerings from these classes. The other groups have, generally speaking, remained steady, and in many cases the outlook has improved.

One of the most important happenings of the year was the new issue of shares by the Bank of New Zealand. With a view to assisting the Government of the Dominion in its efforts to finance farmers who were protected under the Mortgages Extension Act the Bank of New Zealand arranged to issue the balance—£1,125,000—of its authorized capital, and with the amount took up for the use of the Advances to Settlers Department a Government loan with a currency of ten years. The issue of capital was made by the bank on the 1st April, 1925, and the necessary action had to be taken by the shareholders to take up their shares prior to that date.

Ordinary shares were offered for subscription to ordinary shareholders in the proportion of one new share to every four existing shares. The offer was made at par, and the purchase-money was payable on the 31st March, 1925. The Public Trustee in his corporate capacity is a very large shareholder in the bank, and a great deal of work was involved in arranging for the necessary action to be taken in connection with the new issue of shares. In those instances in which beneficiaries so desired the new issue was taken up and the purchase-money paid on due date; but in other instances where a sale was preferred the necessary arrangements were completed for a sale of the "rights" at current market prices.

MENTAL PATIENTS' ESTATES.

53. Besides actively carrying on the administration of the estates of mental patients where no committee has been appointed in terms of section 88 of the Mental Defectives Act, 1911, or where he has been specifically appointed pursuant to section 89 of that Act, the Public Trustee exercises supervision over the accounts of private committees. Regulations have been laid down for the form of these accounts so as to effect uniformity and to facilitate the supervision. This supervision includes the scrutiny of the investments and of other matters in connection with the accounts in the administration of such estates.

In connection with applications for the appointment of private committees the statute imposes certain duties on the Public Trustee. When a notice of such application has been served upon him it is his duty to make inquiries and furnish a full report to the Court showing whether he admits or not that there is sufficient reason for the appointment, as required by section 115 of the Mental Defectives Act. During the year a number of these were dealt with, and the Public Trustee's report furnished to the Court in each case.

In connection with the administration of mental-patient estates a subject of considerable interest is the administration outside New Zealand of property owned by a lunatic resident in New Zealand. The Mental Defectives Act, 1911, creates a statutory duty on the part of the Public Trustee to administer the estates of all mental patients lawfully detained in New Zealand if and so long as no administrator is in office. The Act does not and cannot of its own authority entitle the Public