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### The General Stock Market in 1959:

The Dow-Jones Industrial Average, undoubtedly the most widely used index of stock market behavior, presented a somewhat faulty picture in 1959. This index recorded an advance from 583 to 679, or 16.4% for the year. When the dividends which would have been received through ownership of the average are added, an overall gain of 19.9% is indicated for 1959.

Despite this indication of a robust market, more stocks declined than advanced on the New York Stock Exchange during the year by a margin of 710 to 628. Both the Dow-Jones Railroad Average and Utility Average registered declines.

Most investment trusts had a difficult time in comparison with the Industrial Average. Tri-Continental Corp., the nation's largest closed-end investment company (total assets \$400 million) had an overall gain of about 5.7% for the year. Fred Brown, its President, had this to say about the 1959 market in a recent speech to the Analysts Society:

"But, even though we like the portfolio, the market performance of Tri-Continental's holdings in 1959 was disappointing to us. Markets in which investor sentiment and enthusiasm play so large a part as those of 1959, are difficult for investment managers trained in values and tuned to investing for the long-term. Perhaps we haven't had our space boots adjusted properly. However, we believe that there is a limit to risks that an investing institution such as Tri-Continental should take with its stockholders' money, and we believe that the portfolio is in shape for the year ahead."

Massachusetts Investors Trust, the country's largest mutual fund with assets of \$1.5 billion showed an overall gain of about 9% for the year.

Most of you know I have been very apprehensive about general stock market levels for several years. To date, this caution has been unnecessary. By previous standards, the pres

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level of "blue chip" security prices contains a substantial speculative component with a corresponding risk of loss. Perhaps other standards of valuation are evolving which will permanently replace the old standards. I don't think so. I may very well be wrong; however, I would rather sustain the penalties resulting from over-conservatism than face the ~~penalties~~ with permanent capital loss.

The principal operating expense is the Nebraska Intangibles Tax which amounts to .4% of market value on practically all securities. Last year represented the first time that this tax had been effectively enforced and, of course, penalized our results to the extent of .4%.

### The Present Portfolio:

Last year I mentioned a new commitment which involved about 25% of the assets of the various partnerships. Presently, this investment is about 35% of assets. This is an unusually large percentage, but has been made for strong reasons. In effect, this Company is partially an investment trust owning ~~approximately~~ other securities of high quality. Our