

Investment Strategy In Volatile Markets

Quadravest employs a unique investment style in today's marketplace. Investment assets are generally managed to meet specific absolute objectives rather than taking on the additional risk of targeting relative returns. As a result of the dual focus of absolute returns and capital preservation, Quadravest is able to adopt a more defensive approach in implementing its investment strategies. The results have been very rewarding to investors in Quadravest products.

As stated in our 1999 annual report for our trust products, we felt that "trading in the technology sector...resulted in excessive and unsustainable valuations." Due to Quadravest's focus on achieving set return objectives, we have avoided much of the declines seen in various areas of the markets.

Quadravest is pleased to announce it has met or exceeded all of its distribution targets on all of its products since inception of each product. At Quadravest, we structure our products in such a manner as to ensure they are successful in meeting their targets.

For the year ending March 31, 2001, the underlying asset performance (including distributions) of the following Quadravest products outperformed all applicable indices by an extremely wide margin.

Split Yield Corporation (YLD) achieved a positive **12.5%** return versus a negative return of -23.8% for the applicable indices (S&P 100/TSE100). This outperformance of 36.3% was achieved through disciplined investment with the goals of enhancing income and protecting investor capital.

AmeriStar (RSP.un) and **American Income (USA.un)** both outperformed the S&P 500 by approximately **20%**, again proving the advantages of the Quadravest investment approach.

Income Financial (INC.un) posted a one-year return of **28.9%**, dramatically outperforming the relative benchmark indices (TSE Financials/S&P Financials/S&P Mid-Cap Financials).

All of the above funds would rank at the top of their respective categories were they tracked by a measurement service.

Quadravest will continue to invest its portfolios in a manner consistent with the return objectives of each fund.



QUADRAVEST

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