

UPDATE

Managed by Quadravest Capital Management Inc.

July 12, 2000

American Income & Income Financial

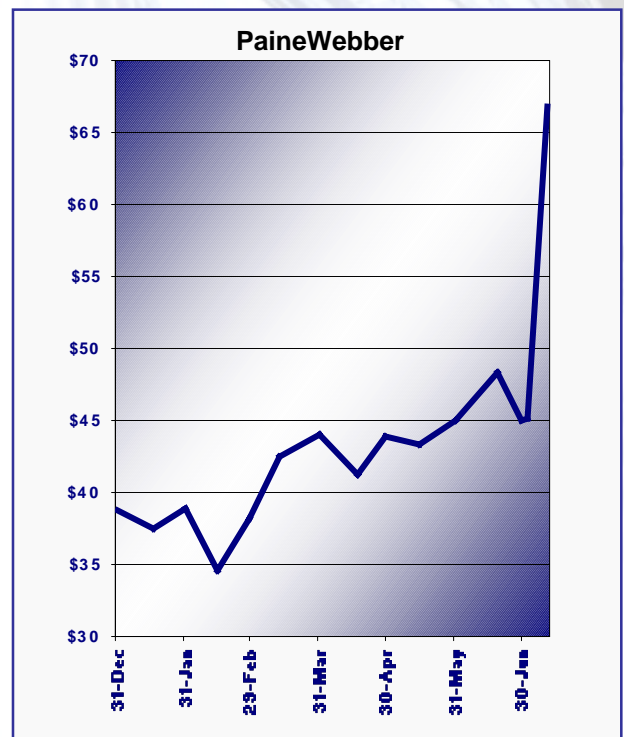
UBS TO ACQUIRE PAINEWEBBER

AMERICAN INCOME AND INCOME FINANCIAL TO BENEFIT THROUGH THEIR HOLDINGS OF PAINEWEBBER

UBS announced yesterday its proposed acquisition of PaineWebber valued at approximately \$10.8 billion, which reflects a **47% premium over the closing price of PaineWebber** on July 10, 2000. This announcement is another signal of the continuing consolidation trend in the financial services industry. This attractive premium also reflects the significant upside valuation potential in financial services takeover targets (evidenced also by the recent planned acquisition of Trimark Financial by AMVESCAP at a premium in excess of 50% of its pre merger price).

Our view, which was most recently documented in our June market commentary, titled "Why be bullish on financial services?" (see www.quadravest.com for article) is that the consolidation trend will be a powerful market force in both the Canadian and U.S financial services industries over the next several years. We believe that our portfolios continue to hold many companies that will benefit from this trend.

Recent takeover bids for holdings of Income Financial have included Mercantile Bancorporation, Sterling Bancorp, Perigee Inc., BPI Financial, Telebanc Financial, Dime Bancorp and Trimark Financial.



INCOME FINANCIAL

Trading Symbol: **INC.un**
Current Price: \$24.50
Current Yield: 8.7% ¹

¹ Based on base monthly distribution rate excluding Special Distributions

AMERICAN INCOME

Trading Symbol: **USA.un**
Current Price: \$21.95
Current Yield: 9.7% ¹

¹ Based on base monthly distribution rate excluding Special Distributions

Royal Trust Tower
77 King Street West
PO Box 341
Toronto, Ontario
M5K 1K7

Tel: (416) 304-4443

Toll: (877) 478-2372

Toll: (877) 4QUADRA

Fax: (416) 304-4441

www.quadravest.com

info@quadravest.com