

TSE: INC.un

March 2, 2000

Current Yield: 9.9%

Managed by Quadravest Capital Management Inc.

Income Financial

IN THE NEWS:

Sterling Commerce (NYSE: SE)

On February 22, 2000, SBC announced a bid to acquire Sterling Commerce at a 40% premium to the current trading price. Sterling develops products and services for electronic commerce transactions and integration.

Rumour Mill Moving Prices Higher

Rumours of mergers and acquisition have pushed a number of holdings higher as valuations are extremely attractive. Rumoured candidates include Merrill Lynch, National Bank, AGF, Trimark, Mackenzie.

Merger activity is expected to pick up in both Canada and the U.S. throughout the year. Many takeover candidates are held in the portfolio.

MARKET COMMENTARY AND OUTLOOK:

The North American financial services indices have declined dramatically over the past couple of months.

The S&P Mid Cap Financials have declined more than 25%, with the large-cap S&P Financials falling over 20%. The TSE financials have declined less than 10% over the same time frame. Financial services stocks have been impacted by a rise in interest rates and a shift in investor focus to high technology stocks.

The current levels of valuation represent excellent value in the financial services sector. The Year 2000 is expected to show a slowing in interest rate increases and an increase in consolidation. The outlook for share price increases over the next year is very encouraging.

DISTRIBUTIONS:

Distributions have amounted to approx. \$2.45 per unit since March 1999, which included a SPECIAL distribution of \$0.33 per unit paid at year-end. For the period ended December 31, 1999, the annualized yield totaled 10% (based on original issue price), above the targeted yield of 8.5%.



TOP HOLDINGS

CIBC
TD Bank Financial
Trimark Financial
Merrill Lynch
National Bank
Knight Trimark
Kansas City Southern (Janus)

INCOME FINANCIAL

Trading Symbol:	INC.un
Current Price:	\$21.50
Current Yield:	9.9% ¹
Annualized Yield:	11.4% ²

¹ Based on monthly distribution rate
² Including Special Distributions

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