

The Budget

BUDGET MAKES DISTRIBUTIONS MORE FAVOURABLE:

The Federal 2000 budget lowered the effective rate on capital gains by lowering the inclusion rate from 75% to 66 2/3 %. As a result, effective immediately, only 66 2/3 % of capital gains will be included in income for tax purposes.

HOW DOES THIS IMPACT OUR PRODUCTS:

This change is extremely favorable for the current suite of listed investment products managed by Quadravest. Distributions made on **American Income, Income Financial, AmeriStar RSP, Split Yield Capital Shares, Split Yield Class II Preferred Shares**, which are predominately in the form of capital gains are now taxed at a much lower rate and have become more attractive relative to other types of distributions such as ordinary dividends and interest income.

Tax rates on Capital Gains, Dividend Income and Interest Income at the highest combined federal/provincial rate (Ontario).

	Post budget	Pre budget
Capital Gains	31.91%	37.2%
Dividend Income	32.32%	32.32%
Interest Income	47.87%	47.87%

CURRENT YIELDS & INTEREST RATE EQUIVALENT

	Current Yield	Pre-tax Interest Rate Equivalent
Income Financial (INC.un)	10.1%	13.2%
American Income (USA.un)	10.1%	13.2%
AmeriStar RSP (RSP.un)	9.1%	10.5% ¹
Split Yield Capital (YLD)	21.8%	28.4%
Split Yield Pref. II (YLD.PR.B)	13.0% ²	16.9%

¹ Approximate ² Yield to Redemption

On a before tax yield equivalent basis, a 8.5% capital gain yield is now equivalent to pre tax interest income of 11.1%

B-TV

Quadravest on Global's Prime Network
Sunday March 5th at 7:30 p.m. EST

Business Television (B-TV) looks into the people behind Quadravest and the products they manage

Program will be re-run on Sunday March 12th at 11:00 a.m.

