



# Financial Services Income STREAMS

## Capital Yield Share

August 12, 2002

# STR

The investment focus of Financial Services Income STREAMS is to provide a high level of steady, tax efficient monthly income while preserving capital.

### Key Features of Capital Yield Share:

- A Forward Agreement is in place to **return the original \$25 per share** issue price upon termination in February 2011. Therefore, purchasing STR at \$18.00 today would provide a gain of \$7.00 at termination (not including distributions or capital appreciation).
- **Monthly distributions** (see table below).
- STR also benefits from any **capital appreciation** in the managed portfolio over the next 9 years.
- Invests in the **Financial Services Sector**, which has a long term track record of outperforming the broader indices.

Quadravest, the investment manager, uses a sophisticated screening process to select high quality blue chip companies from the North American Financial Services Indices and combines this with a covered call writing strategy. This strategy not only provides tax efficient income, but also reduces the already conservative risk profile of the fund.

## Facts

|                             |   |
|-----------------------------|---|
| Trading Symbol              | STR   |
| Trading Price               | \$17.45   |
| Termination Price           | \$25.00   |
| Current Yield               | 13.1%   |
| Monthly Distribution Target | \$0.2083 per share  |
| Last 12 Mos Distribution    | \$2.29 per share  |
| Distribution Frequency      | Monthly   |
| Universe                    | North American Financial Services<br>S&P 500 (20% maximum of the managed portfolio) |
| RRSP Eligibility            | Foreign Content   |
| Liquidity                   | Listed on TSX   |
| Inception Date              | October 2000  |
| Termination Date            | February 2011   |
| Fiscal Year End             | January 31  |
| Gross Proceeds              | \$106.1 Million   |

## Highlights

- Monthly variable Distribution Program put in place due to recent market weakness. Program is based on the size of the mid-month managed portfolio (\$24.14 on July 31/02):

| Managed Portfolio | Payment Per Share | Yield |
|-------------------|-------------------|-------|
| Over \$28         | \$0.2083          | 10%   |
| \$27 to \$28      | \$0.1667          | 8%    |
| \$26 to \$27      | \$0.1250          | 6%    |
| Under \$26        | nil               | nil   |

- A total of 20 tax efficient monthly distributions to date totaling \$4.17 per share to July 31/02
- 100% principal repayment by way of a forward agreement with TD Bank remains in place
- Actively managed blue chip portfolio
- Yield enhancement and risk reduction through covered call writing
- Potential for additional returns from dividend growth and capital gains
- Benefits from increased market volatility through covered call writing

## Sample Holdings

Lehman Brothers, US Bancorp, Citigroup,  
Fifth Third Bancorp, SunTrust Banks, J.P.  
Morgan, Wells Fargo & Company, Bank  
One, Fleet Boston Financial, Merrill Lynch



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