Flaherty & Crumrine
INVESTMENT GRADE
FIXED INCOME FUND

Fixed Income Investment Opportunity: Flaherty & Crumrime Investment Grade Fixed Income Fund

May, 2010

High Monthly Income:

- Current yield of **10.4%** based on May 21, 2010 closing price ($0.08 distribution paid monthly; $0.96 per year).
- Significantly higher income vs. most government or corporate bond portfolios

High Quality Fixed Income Investment

- **Investment grade fixed income portfolio:** Portfolio is comprised of US fixed income securities (approx. 90% preferred securities; 10% corporate bonds) primarily of financial and utilities companies
- Assigned **P-2f** investment grade rating by Standard & Poor's
- Portfolio is fully hedged back to Canadian dollar
- Diversified by issuer and issue
- Leverage of up to 35% of total assets to enhance total return

Buying Opportunity:

- Trading at **3.9%** discount to diluted Net Asset Value ($9.60 NAV: $9.23 trading price) as at May 21, 2010

Compelling Economics

- Yield differentials between US preferred securities and 30-year US Treasuries remain high
- Low borrowing costs and high current yields on US preferred securities, provide significant yield pick-up of approximately **5.4%** on levered portion of portfolio[1]

Top Portfolio Manager:

- Flaherty & Crumrine Inc. is the oldest and most experienced US firm specializing in preferred securities with extensive experience in other fixed income investments
- AUM of US approximately $3.3 billion

For more information on FFI.UN click here

[1] As at April 30, 2010

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