



UNITHOLDERS APPROVE MERGER OF FLAHERTY & CRUMRINE FUNDS

Toronto, December 1, 2008 (TSX: FAC.UN, FFLUN) – At a special meeting of unitholders held today, Flaherty & Crumrine Investment Grade Preferred Fund (“FAC”) unitholders approved the extraordinary resolution to merge with Flaherty & Crumrine Investment Grade Fixed Income Fund (“FFI”). Both FAC and FFI have similar investment objectives, strategies and portfolios and pay out the same monthly distribution at an annual rate of \$1.50 per unit.

The merger of FAC into FFI is expected to provide the following benefits:

- *Lower General and Administration Costs per Unit:* Fixed annual operating costs will be spread across a larger base of assets, which will reduce operating costs on a per-unit basis and correspondingly should improve returns.
- *Enhanced Liquidity:* Following the merger, the combined fund will have a larger market capitalization and a greater number of units and unitholders which is expected to provide greater liquidity to unitholders.
- *Lower Management Fee for FFI Unitholders:* The merged fund will adopt the lower fee structure of FAC, being 1.0% of net asset value per annum.

The effective date of the merger is expected to be December 31, 2008, subject to applicable regulatory approvals.

Under the merger proposal, unitholders of FAC will receive units of FFI, and the number of FFI units to be received will be based on the relative net asset values per unit of each fund. The merger is expected to be a taxable transaction for FAC unitholders. For a copy of the information circular that was previously mailed to unitholders concerning the merger proposal or additional information regarding the Funds including information on the tax consequences of the merger, please visit our website at www.bromptongroup.com or consult your investment advisor.

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Forward-Looking Statements

Certain statements contained in this news release constitute forward-looking information within the meaning of Canadian securities laws. Forward-looking information may relate to matters disclosed in this press release and to other matters identified in public filings relating to the funds, to the future outlook of the funds and anticipated events or results and may include statements regarding the future financial performance of the funds. In some cases, forward-looking information can be identified by terms such as “may”, “will”, “should”, “expect”, “plan”, “anticipate”, “believe”, “intend”, “estimate”, “predict”, “potential”, “continue” or other similar expressions concerning matters that are not historical facts. Actual results may vary from such forward-looking information for a variety of reasons, including those set forth below.

Forward-looking statements in this press release include among other things, the proposed timing of the merger and the expected completion thereof; the expected benefits of the merger; and the funds that are proposed to be merged. These statements are based on certain factors and assumptions. In arriving at our conclusions regarding the proposed timing of the merger, we have assumed that any regulatory approvals and third party consents and actions are given or carried out (as the case may be) in a timely manner. Our expectations regarding the merger are based on a single fund being more cost effective to operate and a larger fund having greater trading volume and liquidity. While we consider these assumptions to be reasonable based on information currently available to us, they may prove to be incorrect. There are no assurances that the actual outcomes will match the forward-looking statements as a result of a number of risks and uncertainties that could cause actual results to differ materially from what we currently expect. These factors include changes in market and competition, governmental or regulatory developments and general economic conditions. Other than as required under securities laws, we do not undertake to update this information at any particular time.