

## **Warrant Offering: Frequently Asked Questions**

**How do I know if I am entitled to receive the warrants?** Canadian residents who held or purchased units of FFI.UN that settled on or before February 10, 2009, and who remained unitholders as of the close of business on that date, are entitled to receive warrants. Unitholders not resident in Canada should refer to “I am not a resident of Canada; what are my entitlements?” below.

**How do I receive the warrants?** If you are a unitholder of record on the record date, February 10, 2009, the warrants will be automatically deposited in the brokerage account where you hold your units.

**How many warrants am I entitled to?** Each unitholder of record on February 10, 2009 is entitled to one warrant for each unit held of the Flaherty & Crumrine Investment Grade Fixed Income Fund. Each warrant is exercisable for one unit of the Fund at a price of \$6.65 per unit prior to September 15, 2009.

**How do I exercise the warrants?** To exercise the warrants, you must instruct your investment advisor to exercise all or a portion of your warrants on or before 5:00 p.m. (Toronto Time) on September 15, 2009, the expiry date. Most investment dealers will need additional lead time to process your request, so please check with your investment advisor. Upon exercise of the Warrants (including payment of the \$6.65 subscription price), the units issued from exercise of the warrants will be deposited in your account.

**Do I have to exercise the warrants?** You are under no obligation to exercise your warrants. If you do not want to increase your holdings of this Fund, you may sell your warrants on the TSX or let them expire unexercised.

**Can I sell the warrants on the market?** The warrants will be listed for trading on the TSX under the ticker symbol FFI.WT on February 6, 2009, enabling investors to buy or sell the warrants until September 15, 2009.

**I hold my units at a discount brokerage firm, how do I exercise the warrants?** Not all discount brokerages are the same, but typically there is a “Re-org Department” or “Corporate Actions Department” that handles transactions of this nature. Their toll free line should be able to help you.

**What is the benefit of these warrants?** A warrant issue gives investors the ability to purchase more units of a fund on a low cost basis and provides the Fund with additional capital that can be used to take advantage of attractive investment opportunities. A larger fund also has greater liquidity in the market with greater trading volume and the management expense ratio (MER) of the Fund will be lower as operating expenses are spread over a greater number of units.

At Brompton, we will not issue units or shares of a fund at a price that would be dilutive to the existing unitholders as at the time the price is fixed. At the time the subscription price was set, the subscription price for the warrants was higher than the most recently calculated net asset value per unit.

**How do I exercise the additional subscription privilege?** Each unitholder who exercises warrants under the basic subscription privilege may also subscribe for the additional units available from unexercised warrants. To apply for the additional units, unitholders should contact their investment advisor, who will forward the request to their CDS participant prior to the expiry date. Payment for additional units must accompany the request.

**I am not a resident of Canada; what are my entitlements?** Due to securities regulations, warrants may not be distributed to anyone who is a resident of the United States of America.

Accordingly, a request for subscription will not be accepted from any person, or his or her agent, who appears to be, or who the Fund has reason to believe is, a U.S. resident. Payment of the subscription price will constitute a representation by you that you are not a resident of the United States of America, its territories or possessions or the agent of any such person and are not purchasing the units for resale to any such person.

Unitholders whose recorded addresses are outside of Canada and the United States will be permitted to subscribe for units pursuant to the terms of the offering or to sell or otherwise transfer their warrants provided they represent to the Fund that the receipt of warrants and the issuance of units upon the exercise of warrants will not be a violation of the laws of their jurisdiction of residence. By exercising warrants, unitholders will be deemed to be confirming to the Fund that they are eligible to receive and exercise warrants to subscribe for units under the offering.

If you are a unitholder whose recorded address is outside of Canada, your warrants will be held by your investment dealer on your behalf. If you are a United States unitholder or a unitholder whose address is outside of Canada and the United States and you are unable to confirm your eligibility to receive and exercise warrants, your investment dealer should, prior to the expiry date, attempt to sell the Warrants allotable to you and deliver any proceeds received with respect to the sale of the warrants to you as soon as practicable.

The sale of warrants by investment dealers on behalf of clients who are non-residents of Canada will be subject to the standard procedures of such investment dealer. Non-residents of Canada should therefore consult their investment dealer for more information on its standard procedures in this respect.

**Are there any risks relating to the warrants?** If a unitholder does not exercise or elects to sell the unitholder's warrants, then the value of the units held by that unitholder may be diluted as a result of the exercise of warrants by others. The exercise of warrants has all the risks associated with an investment in units of the Fund. See "Risk Factors" in the Fund's January 29, 2009 prospectus.