

VALUE
INTEGRITY
PERFORMANCE

- the foundation for excellence



TSX Symbol
Current Monthly Distribution
Total Assets - Sept. 30, 2011
Inception Date

FFI.UN
\$0.08 per unit
\$176 million
Dec. 15, 2004

INVESTMENT HIGHLIGHTS

High Monthly Income:

- Pays monthly distributions of \$0.08 per unit

Overview:

- Investment grade portfolio: 100% of portfolio is invested in fixed income securities rated investment grade at time of purchase
- Fixed income portfolio is comprised primarily of US preferred securities (approx. 94% preferred securities; 6% corporate bonds)
- Diversified by issuer and issue (57 issuers and 82 issues)
- P-2f rating from Standard & Poor's

Currency Hedge:

- Substantially all of the US dollar currency exposure is hedged to the Canadian dollar.

Leverage:

- Up to 35% of total assets to purchase additional securities to enhance the total return of the portfolio.

Compelling Economics:

- Spread differentials between US preferred securities vs. 30-yr US Treasuries remain high, suggesting further growth potential for US preferred securities.
- Low borrowing costs and high current yields on US preferred securities provide significant yield pick-up of over 6.8% on levered portion of portfolio.⁽¹⁾

⁽¹⁾ As at Sept. 30, 2011

Best-in-Class Portfolio Manager:

- Established in 1983, Flaherty & Crumrine Incorporated (F&C) is the oldest and most experienced asset manager specializing in preferred securities with extensive experience in debt instruments, approx. \$4.1 billion AUM.
- F&C uses intensive credit analysis and through analysis of each security's terms and structures to exploit pricing inefficiencies in the fixed income market.

PORTFOLIO COMPOSITION (SEPT. 30, 2011)

Top 10 Holdings	% of Portfolio	Portfolio Composition	% of Portfolio
ACE Capital Trust II, 9.7% due April 01, 2030	3.7%	Insurance	40%
MetLife Inc., Variable rate due August 15, 2039	3.2%	Banking	36%
PNC Preferred Funding Trust III, Pfd	3.2%	Utilities	9%
Everest Reinsurance Holdings Inc., 6.6% May 15, 2067	3.1%	Financial services	8%
Axis Capital Holdings Limited, 7.50% Pfd.	3.0%	Energy	4%
Dominion Resources Inc., 7.5% due June 30, 2066	3.0%	Miscellaneous industries	2%
HSBC Holdings PLC, 8% Pfd Series II	3.0%	Real estate investment trusts	1%
Capital One Capital III, 7.686% August 15, 2036	2.9%		
Delphi Financial Group, Inc. 7.376% May 15, 2037	2.9%		
JPMorgan Chase Capital XVIII, 6.95% due August 17, 2036	2.8%		

CONTACT INFORMATION

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