

# CC&L CONSERVATIVE INCOME FUND

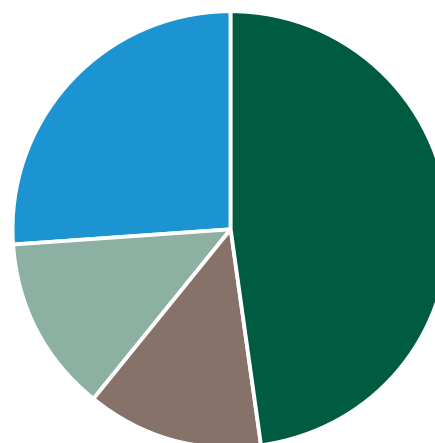
TAXATION ANNOUNCEMENT ON INCOME TRUSTS  
NOVEMBER 2006





With the Government of Canada's announcement on October 31, 2006 about Income Trusts, we have provided an overview of the impact on the CC&L Conservative Income Fund (CCQ.UN)

## PORTFOLIO COMMENTARY

- There are no holdings in Oil & Gas Royalty Trusts which have premium valuations and are widely held by foreign investors who are heavily impacted by the changes.
- The largest exposure is to Business Trusts — we believe our largest holdings (in particular Yellow Pages, CML Healthcare, CI Financial) will hold up better as quality companies with underlying valuation support relative to comparable public corporations and/or private market takeout valuations.
- REITs will not be affected by the proposed legislation as long as they meet certain criteria including that their investments are principally Canadian and the income they earn is principally passive. We expect the majority of the REITs we hold will meet these criteria, so they should not be impacted.
- Utility Trusts — the demand for infrastructure assets is strong and we believe that there is strong underlying valuation support relative to comparable public corporations as well as private market precedent transactions.

## PORTFOLIO ASSET MIX (%)



	Business Trusts	48%
	REITs	13%
	Utility Trusts	13%
	Cash/Bonds	26%

Please see our Performance Update on our website for the Sept. 29 2006 listing of the 10 top holdings:

**CCQ.UN** — <http://www.cclgroup.com/portals/3/documents/CCLCIF/CIFPerformanceUpdate092006.pdf>