

PORTFOLIO News

The Prints Trust was originally structured as an all-equity vehicle, with equity option writing employed to generate distributions and reduce the volatility of the portfolio. Principal protection was achieved through a deferred equity forward sale, which allowed the Trust to offer protection while remaining entirely in equities. This mechanism kept the return the portfolio had to generate in order to pay distributions at a reasonable level relative to long-term expectations for the return on US equities. The principal risk to the fulfillment of the investment objectives, as was stressed in marketing the Trust, would come from a sharp drop in equity prices or a sharp rise in bond prices, with the risk being greatest if such events occurred in the first two years of the Trust’s life.

The interplay of equity prices hovering near their six-year lows and the dramatic extension of the bond rally pushed the Prints Trust to the point that there was no choice but to execute the forward sale of equities. The cushion between the cost of executing the forward and the net assets of the Trust had shrunk to an unacceptable level. On June 4th 2003, Prints acquired a portfolio of Canadian equity securities and agreed to sell these to TD Global Finance, a guaranteed subsidiary of the TD bank, in December 2013 for the equivalent of \$25 per unit. The assets of the Trust not invested in equities subject to the forward sale agreement are sufficient to pay foreseeable ongoing expenses but not to fund regular distributions to Unitholders. The Trust does not, therefore, expect to pay distributions going forward.

The Trust’s management fee has been reduced to far below the minimum level set out in the prospectus and other expenses are being contained to ensure that the greatest amount possible is preserved for distribution to Unitholders in 2013. The Prints Trust should now be evaluated as a tax-efficient zero-coupon bond maturing in December 2013 and can be assessed using the 10-year Canadian Swap rate to maturity. In the table below, the formula can be used to estimate the expected annual rate of return to termination on a unit.

INVESTMENT Highlights

TSE Symbol:	CCP.UN
Original Issue Price:	\$25.00
Yield to Maturity:	On Dec. 30 2005 closing price \$17.29 and there are 7.92 years to maturity: $(17.29/25) ^ - (1/ 7.92) = 4.77\%$
Eligibility:	Foreign content for RRSPs, RRIFs & RESPs

