PROSPECTUS

Initial Public Offering December 23, 2004

SKYLON

Signature Funds

YIELD ADVANTAGE INCOME TRUST

$300,000,000 (MAXIMUM)

30,000,000 UNITS

Yield Advantage Income Trust (the ''Trust''), an investment trust established under the laws of the Province of Ontario, proposes to issue redeemable, transferable units (the ''Units'') of the Trust (the ''Offering'').

The Trust's investment objectives are to:

(i) provide holders of Units (''Holders'') with tax efficient monthly distributions consisting primarily of capital gains and returns of capital initially targeted to be $0.0583 per Unit ($0.70 per annum to yield 7.0% on the subscription price of $10.00 per Unit); and

(ii) endeavour to preserve and enhance the net asset value of the Trust (the ''NAV'') in order to return at least the original subscription price of the Units ($10.00 per Unit) to Holders on or about December 31, 2015 (the ''Termination Date'').

The Trust will annually determine and announce each March an indicative distribution amount for the following twelve months based upon the prevailing market conditions and the estimate of distributable cash flow for the year. The Trust's distributions are intended to benefit taxable Holders as returns of capital are generally not subject to tax (returns of capital reduce the adjusted cost base of Units) and distributions that are designated as capital gains will generally be taxed at a lower rate than distributions of interest, dividend and/or other investment income. Accordingly, Units are intended to be tax efficient when compared to units of a trust that depends solely on such other sources of income to pay distributions. See ''Canadian Federal Income Tax Considerations''.

The return to the Holders and the Trust will be dependent upon the return on the Yield Advantage Portfolio (as defined herein) by virtue of the Forward Agreement (as defined below). The Yield Advantage Portfolio will, under normal market conditions, consist primarily of securities of Income Trusts and High Yield Debt and may include Other Securities (as those terms are defined herein). To provide the Trust with the means to meet its investment objectives, the Trust will invest the net proceeds of the Offering in a portfolio of common shares of Canadian public companies (the ''Common Share Portfolio''). The Trust will then enter into one or more forward purchase and sale agreements (collectively, the ''Forward Agreement'') with The Bank of Nova Scotia (the ''Counterparty'') pursuant to which the Counterparty will agree to pay to the Trust on or about the Termination Date as the purchase price for the Common Share Portfolio an amount equal to 100% of the redemption proceeds of a corresponding number of units of the Fund (as defined below). The Trust will partially settle the Forward Agreement prior to the Termination Date in order to fund monthly distributions as well as redemptions of Units by Holders from time to time, payment for purchases of Units in the market and expenses of the Trust. See ''Investment Guidelines of the Fund''.

The Yield Advantage Portfolio will be acquired by a newly created investment trust (the ''Fund'') and actively managed by the Signature Funds Group of CI Mutual Funds Inc. (''CI'' or the ''Investment Advisor''). See ''Investment Guidelines of the Fund''.

Skylon Advisors Inc. (the ''Manager'') is the trustee of the Trust and will perform the management functions for the Trust. The Manager will provide all administrative and portfolio management services required by the Trust. The Manager will be responsible for execution of the Trust's investment strategy, which includes acquiring the Common Share Portfolio and entering into the Forward Agreement. See ''Management of the Trust – The Manager''. The Manager has retained the Investment Advisor to actively manage the Yield Advantage Portfolio.

Price: $10.00 per Unit
Minimum Purchase: 100 Units

	Price to Public[(1)]	Dealers' Fee	Net Proceeds to the Trust[(2)]
Per Unit	$ 10.00	$ 0.40	$ 9.60
Maximum Offering[(3)]	$300,000,000	$12,000,000	$288,000,000
Minimum Offering[(3)]	$ 30,000,000	$ 1,200,000	$ 28,800,000

(1) The offering price was determined by the Manager.

(2) Before deducting the expenses of issue which are estimated to be $500,000 which, together with the Dealers' fee, will be paid out of the proceeds of the Offering.

(3) There will be no closing unless at least 3,000,000 Units are sold. The maximum offering assumes that 30,000,000 Units are sold.

The Toronto Stock Exchange has conditionally approved the listing of the Units, subject to fulfillment by the Trust of the requirements of the Toronto Stock Exchange on or before March 22, 2005, including the distribution of Units to a minimum number of Holders. The Units are expected to commence trading on the Toronto Stock Exchange on completion of the Offering on or about March 2, 2005.

See ''Risk Factors'' for a discussion of certain factors that should be considered by prospective investors in Units. There can be no assurance that the Trust will be able to achieve its monthly distribution objective or its objective to preserve and enhance the NAV in order to return at least the original subscription price of the Units to Holders on or about the Termination Date.

Units may be surrendered for redemption not more than 45 days, and at least ten Business Days (any day on which the Toronto Stock Exchange is open for trading being hereinafter referred to as a ''Business Day''), prior to the second last Business Day of December in any year commencing in December 2007 for a redemption price per Unit equal to the net asset value per Unit of the Trust (the ''NAV per Unit''). If for a period of twenty consecutive Business Days at any time during either the 2005 or 2006 calendar year the price at which Units are then offered for sale is less than 85% of the NAV per Unit determined as at the close of business in Toronto, Ontario on the immediately preceding Business Day, the annual redemption right described above will commence in December of such calendar year. The NAV per Unit will vary depending on the performance of the Yield Advantage Portfolio by virtue of the Forward Agreement. There is currently no market through which Units may be sold and purchasers may not be able to resell securities purchased under this prospectus.

In the opinion of McCarthy Tétrault LLP, counsel to the Trust, provided that the Trust qualifies as a ''mutual fund trust'' for the purposes of the *Income Tax Act* (Canada) (the ''Tax Act''), Units offered hereby, if issued on the date hereof, will be qualified investments under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and registered education savings plans. Provided the Trust is a ''mutual fund trust'' within the meaning of the Tax Act and complies with its investment restrictions relating to the holding of foreign property, Units, if issued on the date hereof, will not constitute ''foreign property'' for purposes of the tax imposed under Part XI of the Tax Act.

The Trust is not a trust company and, accordingly, is not registered under the trust company legislation of any jurisdiction. The Trust is not a ''mutual fund'' as defined in the securities legislation applicable in certain provinces and does not operate in accordance with the requirements of Canadian securities regulation applicable to mutual funds. Units are not ''deposits'' within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under provisions of that Act or any other legislation.

No underwriter has been involved in the preparation of this prospectus or performed any review of the contents of this prospectus. Skylon Advisors Inc. is not acting as a dealer in connection with the Offering, it will have no direct contact with prospective purchasers of Units, and subscriptions to purchase Units cannot be made directly to Skylon Advisors Inc. The Manager is responsible for arranging for the distribution of Units through brokers and dealers (collectively, ''Dealers'') that are appropriately registered in the provinces of Canada to sell the Units and the Manager will not accept a subscription to purchase Units if the Manager believes the subscription was placed through a Dealer that is not so registered. Dealers that are registered solely in the category of mutual fund dealer or its equivalent are not permitted to sell Units. Units are available for purchase solely by submitting a subscription to purchase Units through the order entry system of FundSERV under order code ''CIG6974''. Subscriptions received by the Manager through FundSERV before 4:00 p.m. (Toronto time) on each Friday (each a ''Trade Date'') will be accepted by the Manager on that date. Subscriptions received by the Manager through FundSERV after 4:00 p.m. on a Trade Date will be accepted by the Manager on the following Trade Date. The first Trade Date will occur on the Friday by which the Manager has received and accepted subscriptions for not less than 3,000,000 Units, which currently is anticipated to be January 28, 2005. Each purchaser of Units is required to submit payment through FundSERV of the purchase price for his or her Units no later than the third business day following the Trade Date (each a ''Settlement Date'') on which such investor's subscription is accepted by the Manager. Each Dealer is directed by the Manager to withhold from payment of the subscription price for Units and retain an amount equal to $0.40 for each Unit sold by the Dealer in satisfaction of payment of the Dealer's fee for selling such Units. The last Trade Date will be February 25, 2005 and the Offering will be completed on or about March 2, 2005. All Units will be issued at a price of $10.00 per Unit, regardless of the Trade Date and Settlement Date relating to the issue of such Units. Registrations and transfers of Units will be effected only through the book-entry only system administered by The Canadian Depository for Securities Limited (''CDS''). A purchaser of Units will receive only a customer confirmation from the registered dealer which is a CDS participant and from or through which Units are purchased. See ''Plan of Distribution'' and ''Declaration of Trust and Description of Units – Book-Entry Only System''.

The Trust has agreed to obtain a receipt for a prospectus of the Fund from the Autorité des marchés financiers and to arrange to deliver a copy of such prospectus to purchasers in the Province of Québec with a copy of this prospectus.

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Unless otherwise indicated, all references to dollar amounts in this prospectus are to Canadian dollars.

FORWARD LOOKING STATEMENTS

Certain statements included in this prospectus constitute forward looking statements, including those identified by the expressions ''anticipate'', ''believe'', ''plan'', ''estimate'', ''expect'', ''intend'' and similar expressions to the extent they relate to the Trust, the Fund or the Manager. These forward looking statements are not historical facts but reflect the Manager's current expectations regarding future results or events. These forward looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations, including the matters discussed under ''Risk Factors'' and in other sections of this prospectus.

PROSPECTUS SUMMARY

The following is a summary of the principal features of the Offering and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus.

Issuer: Yield Advantage Income Trust (the ''Trust''), an investment trust established under the laws of the Province of Ontario which invests its assets in accordance with the investment objectives and strategy described under ''Investment Guidelines of the Trust''.

Offering: The offering consists of redeemable, transferable units (the ''Units'') of the Trust (the ''Offering'').

Maximum Issue: $300,000,000 (30,000,000 Units).

Minimum Issue: $30,000,000 (3,000,000 Units).

Price: $10.00 per Unit.

Minimum Subscription: $1,000 (100 Units).

Investment Objectives: The Trust's investment objectives are to:

(i) provide holders of Units (''Holders'') with tax efficient monthly distributions consisting primarily of capital gains and returns of capital initially targeted to be $0.0583 per Unit ($0.70 per annum to yield 7.0% on the subscription price of $10.00 per Unit); and

(ii) endeavour to preserve and enhance the net asset value of the Trust (the ''NAV'') in order to return at least the original subscription price of the Units ($10.00 per Unit) to Holders on or about December 31, 2015 (the ''Termination Date'').

The Trust will annually determine and announce each March an indicative distribution amount for the following twelve months based upon the prevailing market conditions and the estimate of distributable cash flow for the year. The Trust's distributions are intended to benefit taxable Holders as returns of capital are generally not subject to tax (returns of capital reduce the adjusted cost base of Units) and distributions that are designated as capital gains will generally be taxed at a lower rate than distributions of interest, dividend and/or other investment income. Accordingly, Units are intended to be tax efficient when compared to units of a trust that depends solely on such other sources of income to pay distributions. See ''Canadian Federal Income Tax Considerations''.

The return to the Holders and the Trust will be dependent upon the return on the Yield Advantage Portfolio (as defined below) by virtue of the Forward Agreement (as defined below). The Yield Advantage Portfolio will, under normal market conditions, consist primarily of securities of Income Trusts and High Yield Debt and may include Other Securities (as those terms are defined below).

Investment Strategy: To provide the Trust with the means to meet its investment objectives, the Trust will invest the net proceeds of the Offering in a portfolio of common shares of Canadian public companies (the ''Common Share Portfolio''). The Trust will then enter into one or more forward purchase and sale agreements (collectively, the ''Forward Agreement'') with The Bank of Nova Scotia (the ''Counterparty'') pursuant to which the Counterparty will agree to pay to the Trust on or about the Termination Date as the purchase price for the Common Share Portfolio an amount equal to 100% of the redemption proceeds of a corresponding number of units of the Fund (as defined below). **This amount may be more or less than the original subscription price of the Units.** The Trust will partially settle the Forward Agreement prior to the Termination Date in order to fund monthly distributions as well as redemptions of Units by Holders from time to time, payment for purchases of Units in the market and expenses of the Trust. The long-term debt of the Counterparty or any guarantor will be rated at least A by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. (''Standard & Poor's'') or have an equivalent rating from Dominion Bond Rating Service Limited (''DBRS'') or other ''approved credit rating organization'' as defined in National Instrument 81-102 – Mutual Funds (''NI 81-102'').

The Yield Advantage Portfolio will be held by an investment trust, the Yield Advantage Income Fund (the ''Fund''). The Signature Funds Group of CI Mutual Funds Inc. (''CI'' or the ''Investment Advisor'') will provide investment advisory and portfolio management services to the Fund and will actively manage the Yield Advantage Portfolio.

The return to the Holders and the Trust will be dependent upon the return on the Fund and the Yield Advantage Portfolio by virtue of the Forward Agreement. However, neither the Trust nor the Holders will have any ownership interest in the Fund or the Yield Advantage Portfolio. See ''Investment Guidelines of the Trust''.

Yield Advantage Portfolio:

The portfolio of the Fund (the ''Yield Advantage Portfolio'') will, under normal market conditions, consist primarily of an actively managed portfolio of securities of Income Trusts and High Yield Debt. An ''Income Trust'' is a fund, the securities of which are listed and posted for trading on a stock exchange, structured to own debt and/or equity of an underlying company or partnership, or a royalty in revenues generated by the assets thereof, which carries on an active business, including royalty trusts, income funds, real estate investment trusts, certain limited partnerships and other income vehicles including any entity that has publicly announced its intention to convert into one of the foregoing. The determination by the Manager that a royalty trust, income fund, real estate investment trust, limited partnership or other income vehicle qualifies as an Income Trust is conclusive for all purposes herein. ''High Yield Debt'' generally is considered to be debt securities that are rated at or below BB+ (a Standard & Poor's rating category) or below BBB (a DBRS rating category). High yield debt securities also include securities that are not formally rated by an ''approved rating organization'' as defined in NI 81-102 but that bear yields equivalent to comparably rated securities. Up to 20% of the net asset value of the Fund may be invested in ''Other Securities'', being securities other than securities of Income Trusts and High Yield Debt. The Fund may invest in investment grade fixed income securities and/or cash equivalents if changes in the economic environment impact the financial outlook.

See ''Investment Guidelines of the Fund''.

Interest Rate Hedging:

To hedge against the risk of interest rate changes and to preserve capital, the Investment Advisor may employ an interest rate hedging programme and thereby enhance the total return of the Fund. The Investment Advisor may use a variety of instruments, including U.S. and Canadian government bond futures, put options on these futures, and/or interest rate swap agreements denominated in U.S. or Canadian dollars as the main vehicles to achieve protection against rising government bond yields.

Foreign Currency Hedging: The Investment Advisor may use a variety of instruments, including forward contracts, put and call options on foreign currencies, and/or foreign currency swap agreements, to hedge against foreign currency risk.

Investment Advisor: CI Mutual Funds Inc. is the investment advisor to the Fund. CI's Signature Funds Group will provide investment advisory and portfolio management services to the Fund. The Investment Advisor is a leading Canadian-owned investment management company that is wholly-owned by CI Fund Management Inc., an independent, Canadian-owned wealth management company with approximately $65.7 billion in fee-generating assets as of November 30, 2004. Through its principal operating subsidiaries, CI Mutual Funds Inc., Assante Corporation and the Manager, CI Fund Management Inc. offers a broad range of investment products and services, including an industry-leading selection of investment funds, including the Signature Funds.

The individuals who will be primarily responsible for managing the assets of the Fund are Mr. Benedict Cheng and Mr. Matthew Shandro. Mr. Cheng is a Vice-President, Portfolio Management, with the Investment Advisor and has over 13 years of experience in the investment industry. Mr. Shandro is a Vice-President, Portfolio Management, with the Investment Advisor and has over 11 years of experience in the investment industry. See ''The Investment Advisor''.

These key individuals with the Investment Advisor currently provide portfolio management services for Signature High Income Fund (''Signature HIF'') which is a mutual fund with an investment portfolio similar to the Fund. The investment objective of Signature HIF is to generate a high level of income and long-term capital growth. Signature HIF invests primarily in high-yielding equity securities (including Canadian and U.S. real estate investment trusts, royalty trusts and similar high yielding investments) and in Canadian and foreign corporate bonds that have a low credit rating or are unrated but offer a higher yield than investment grade bonds. Signature HIF had net assets of approximately $2.3 billion at November 30, 2004. The value as at November 30, 2004 of a $10,000 investment in Signature HIF made on December 18, 1996 (the creation date of Signature HIF) was $25,033. The following sets out the compound annual returns of Signature HIF over the time periods indicated:

	Compound Annual Returns as at November 30, 2004							
	YTD*	**1 mth***	**6 mth***	**1 yr**	**2 yr**	**3 yr**	**5 yr**	**Life****
Fund Performance (%) . . .	16.1	3.6	13.3	21.7	20.9	16.5	16.3	12.2

* Simple returns.

** Signature HIF was created on December 18, 1996.

	Calendar Year						
	1997	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**
Fund Performance (%)	22.4	-8.1	7.1	17.2	15.0	8.3	22.6

There can be no assurance that the performance of the Yield Advantage Portfolio will equal or exceed the performance of Signature HIF.

Loan Facility and Other Forms of Leverage: The Fund may enter into a loan facility (the ''Loan Facility'') with a chartered bank in order to add leverage to the Yield Advantage Portfolio and may also add leverage to the Yield Advantage Portfolio by utilizing a variety of additional strategies, including but not limited to the use of reverse repurchase agreements, credit derivatives, and other derivative instruments. The Investment Advisor, on behalf of the Fund, intends to use any Loan Facility and these other forms of leverage, when market conditions are appropriate, to attempt to increase the potential returns of the Fund by taking advantage of the spread between the potential return on additional investments in the Yield Advantage Portfolio and the cost of borrowing the purchase price for such investments. Any Loan Facility, together with other forms of leverage, may only be used in an aggregate amount not to exceed 25% of the net asset value of the Fund at the time the borrowing or other transaction is entered into. See ''Investment Guidelines of the Fund – Loan Facility and Other Forms of Leverage''.

Manager: The Manager will perform the management functions for the Trust and the Fund. The Manager will provide all administrative and portfolio management services required by the Trust and will be responsible for execution of the Trust's investment strategy, which includes acquiring the Common Share Portfolio and entering into the Forward Agreement. See ''Management of the Trust''. The Manager is an investment management company. As of November 30, 2004, it had approximately $1.2 billion in assets under management and is the manager of Skylon Capital Yield Trust, which provides investors with exposure to the return on high yield debt securities advised by Marret Asset Management Inc.; Convertible & Yield Advantage Trust, which provides investors with a return on convertible securities, high yield debt securities, and income trust securities advised by MFC Global Investment Management (Canada), a division of Elliott and Page Limited; Skylon International Advantage Yield Trust, Skylon Global Capital Yield Trust and Skylon Global Capital Yield Trust II, which provide investors with exposure to a return on global debt securities advised by Pacific Investment Management Company LLC; Saxon Diversified Value Trust, which provides investors with exposure to the return on securities of Canadian publicly traded ongoing business income trusts and resource and real estate income trusts advised by Howson Tattersall Investment Counsel Ltd.; High Yield & Mortgage Plus Trust, which provides investors with exposure to the return on high yield debt securities and Canadian commercial mortgage backed securities advised by Marret Asset Management Inc.; Skylon Growth & Income Trust, which employs an asset allocation investment approach to provide investors with a return on a portfolio that is diversified among various asset classes based on current and anticipated market conditions advised by the Investment Advisor; Global Resource Split Corp., which provides investors with a return on common shares and other equity-related securities selected from among the world's largest resource companies advised by the Investment Advisor; and Skylon All Asset Trust, which provides investors with exposure to funds managed by Pacific Investment Management Company LLC and selected by Research Affiliates, LLC with the objective of seeking maximum real return, consistent with preservation of real capital and prudent investment management.

Trustee: The Manager is the trustee of the Trust. See ''The Trustee''.

Custodian: Royal Trust Corporation of Canada is the custodian of the Trust. See ''Auditors, Transfer Agent, Registrar and Custodian''.

Distributions: The Trust will endeavour to provide Holders with tax efficient monthly distributions consisting primarily of capital gains and returns of capital initially targeted to be $0.0583 per Unit ($0.70 per annum to yield 7.0% on the subscription price of $10.00 per Unit) to Holders of record on or about the last Business Day (any day on which the Toronto Stock Exchange is open for trading being hereinafter referred to as a ''Business Day'') of each month (each, a ''Record

Date''). The Trust's monthly distributions to Holders will correspond to the monthly distributions made on units of the Fund. The Trust expects that the initial distribution will be payable to Holders of record on March 31, 2005. The Trust intends to pay distributions to Holders within 15 days after the applicable Record Date (the ''Payment Date''). There can be no assurance that the Trust will be able to achieve its monthly distribution objective or make payments on any Payment Date.

If, in any year after such distributions, there would otherwise remain in the Trust additional net income or net realized capital gains, the Trust intends to make, on or before December 31 of that year, a special distribution of such portion of the remaining net income and net realized capital gains as is necessary to ensure that the Trust will not be liable for income tax thereon under the *Income Tax Act* (Canada) (the ''Tax Act'').

See ''Distributions'' and ''Declaration of Trust and Description of Units – Units''.

Market Purchases: To enhance liquidity and to provide market support for the Units, the Trust will have a mandatory market purchase program under which the Trust will, subject to certain exceptions contained in the Declaration of Trust (as described under ''Declaration of Trust and Description of Units – Units'') and in compliance with any applicable regulatory requirements, be obligated to purchase for cancellation any Units offered in the market on the following terms. If, at any time following the closing of the Offering, the closing price at which Units are then offered for sale (the ''Reference Closing Price'') is less than 95% of the NAV per Unit determined as at the close of business in Toronto, Ontario on that day, the Trust will purchase for cancellation any Units offered in the market on the following Business Day at or below the Reference Closing Price. The maximum number of Units to be purchased in any three month period (commencing with the three month period that begins on the first day of the month following the closing date of the Offering) will be 1.25% of the number of Units outstanding at the beginning of such period.

In addition, the Trust has the right (but not the obligation), exercisable in its sole discretion, at any time, to purchase for cancellation Units in the market, subject to any applicable regulatory requirements and limitations.

See ''Declaration of Trust and Description of Units – Units''.

Use of Proceeds: The Trust intends to use the total proceeds from the sale of Units as follows:

	Maximum Offering	Minimum Offering
Gross proceeds to the Trust	$300,000,000	$30,000,000
Dealers' fee	$ 12,000,000	$ 1,200,000
Expenses of issue	$ 500,000	$ 500,000
Net proceeds to the Trust	$287,500,000	$28,300,000

The Trust will use the net proceeds of the Offering to invest in the Common Share Portfolio which will be subject to the Forward Agreement.

Plan of Distribution: The Manager is responsible for arranging for the distribution of Units through brokers and dealers (collectively, ''Dealers'') that are appropriately registered in the provinces of Canada to sell the Units and the Manager will not accept a subscription to purchase Units if the Manager believes the subscription was placed through a Dealer that is not so registered. Dealers that are registered solely in the category of mutual fund dealer or its equivalent are not permitted to sell Units. The Manager is not acting as a dealer in connection with the Offering, it will have no direct contact with prospective purchasers of Units, and subscriptions to purchase Units cannot be made directly to the Manager. Units are available for purchase solely by submitting a subscription to purchase Units through the order entry system of FundSERV under order code ''CIG6974''. Subscriptions received by the Manager through FundSERV before 4:00 p.m. (Toronto time) on each Friday (each a ''Trade Date'') will be accepted by the Manager on that date. Subscriptions received by the Manager through FundSERV after 4:00 p.m. on a Trade Date will be accepted by the Manager on the following Trade Date. The first Trade Date will occur on the Friday by which the Manager has received and accepted subscriptions for not less than 3,000,000 Units, which currently is anticipated to be January 28, 2005. Each purchaser of Units is required to submit payment through FundSERV of the purchase price for his or her Units no later than the third business day following the Trade Date (each a ''Settlement Date'') on which such investor's subscription is accepted by the Manager. Each Dealer is directed by the Manager to withhold from payment of the subscription price for Units and retain an amount equal to $0.40 for each Unit sold by the Dealer in satisfaction of payment of the Dealer's fee for selling such Units. The last Trade Date will be February 25, 2005 and the Offering will be completed on or about March 2, 2005. All Units will be issued at a price of $10.00 per Unit, regardless of the Trade Date and Settlement Date relating to the issue of such Units.

Termination: On or about December 31, 2015, the Trust will be terminated and the Holders will receive their *pro rata* share of the net assets of the Trust. See ''Termination of the Trust''.

Redemptions: Units may be surrendered for redemption not more than 60 days, and at least 30 days, prior to the second last Business Day of December in any year (a ''Valuation Date'') commencing in December 2007 for a redemption price per Unit equal to the net asset value per Unit of the Trust (the ''NAV per Unit'') determined as at such Valuation Date. If for a period of twenty consecutive Business Days at any time during either the 2005 or 2006 calendar year the price at which Units are then offered for sale is less than 85% of the NAV per Unit determined as at the close of business in Toronto, Ontario on the immediately preceding Business Day, the annual redemption right described above will commence in December of such calendar year. Units surrendered for redemption by a Holder at least 30 days prior to a Valuation Date will be redeemed as at such Valuation Date and the Holder will receive payment in respect of any Units surrendered for redemption on or before the tenth Business Day following such Valuation Date. The NAV per Unit will vary depending on the performance of the Yield Advantage Portfolio. See ''Redemption of Units'' and ''Risk Factors''.

Book-Entry Only System: The Units will be evidenced by a single global certificate held by The Canadian Depository for Securities Limited (''CDS''), or its nominee on its behalf, as registered holder of the Units. Registration of the interests in and transfers of the Units will be made only through the book-entry only system of CDS. No Holder will be entitled to a certificate or other instrument from the transfer agent for Units or CDS evidencing that person's interest in or ownership of Units.

Eligibility for Investment: In the opinion of McCarthy Tétrault LLP, counsel to the Trust, provided that the Trust qualifies as a ''mutual fund trust'' for the purposes of the Tax Act, Units offered hereby will be qualified investments under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, deferred

	profit sharing plans and registered education savings plans. Based on the Trust's proposed investments and provided the Trust is a ''mutual fund trust'' within the meaning of the Tax Act, Units will not constitute ''foreign property'' for purposes of the tax imposed under Part XI of the Tax Act.
Canadian Federal Income Tax Considerations:	A Holder will generally be required to include in computing income for a taxation year the amount of the Trust's net income for the taxation year, including net realized taxable capital gains, paid or payable to the Holder in the taxation year. Provided the Trust elects in accordance with the Tax Act to have each of its Canadian securities (including Common Share Portfolio securities) treated as capital property, gains or losses realized by the Trust on the sale of Canadian securities will be taxed as capital gains or capital losses. A Holder who disposes of Units held as capital property (on redemption or otherwise) will realize a capital gain to the extent that the proceeds of disposition exceed the adjusted cost base of the Units and any reasonable costs of disposition. See ''Canadian Federal Income Tax Considerations''. **Each investor should satisfy himself or herself as to the federal and provincial tax consequences of an investment in Units by obtaining advice from his or her tax advisor.**
Risk Factors:	An investment in Units is subject to certain risk factors, including: (i) there is no assurance that the Trust will be able to achieve its monthly distribution objective or its objective to endeavour to preserve and enhance the NAV in order to return at least the original subscription price of the Units to Holders on or about the Termination Date, and there is no guarantee that the Yield Advantage Portfolio will earn any return; the Yield Advantage Portfolio could be subject to losses; (ii) the NAV will vary according to, among other things, distributions paid on the Units, the value of the investments in the Yield Advantage Portfolio and the distributions paid and interest earned thereon; (iii) Units may trade in the market at a premium or a discount to the NAV per Unit and there can be no assurance that Units will trade at a price equal to the NAV per Unit; (iv) risks associated with the performance and marketability of the Yield Advantage Portfolio; (v) the risks associated with interest rate changes and the sensitivity of market price of Units to interest rates; (vi) commodity price fluctuations; (vii) the risks of investing in Income Trusts; (viii) aspects of the structures of cross-border Income Trusts held by the Yield Advantage Portfolio may be subject to challenge by the U.S. Internal Revenue Service or may prevent advisers to these trusts from continuing to provide audit and other opinions relating to the operations of these Income Trusts; (ix) the risks of investing in real estate investment trusts (x) the risks of investing in High Yield Debt; (xi) the risks of investing in common shares; (xii) the risks of investing in foreign markets; (xiii) counterparty risks associated with the Forward Agreement;

(xiv) counterparty risks associated with securities lending;

(xv) the use of leverage in the Yield Advantage Portfolio to enhance yield and that the Fund may use the maximum amount of leverage permitted;

(xvi) the Trust's lack of operating history and the current absence of a public trading market for Units;

(xvii) the fact that if, contrary to the advice of counsel to the Trust or as a result of a change of law, upon physical settlement of the Forward Agreement the character and timing of the gain under the Forward Agreement were other than a capital gain on the sale of the securities thereunder, after-tax returns to Holders could be reduced and the Trust could be subject to non-refundable income tax from such transactions;

(xviii) the possibility that losses realized by the Trust may be denied in certain circumstances;

(xix) reliance on the Investment Advisor, the Manager and key personnel;

(xx) foreign currency exposure;

(xxi) the possibility that the Fund will be unable to acquire or dispose of illiquid securities;

(xxii) the risks of investing in derivative instruments;

(xxiii) potential conflicts of interest;

(xxiv) the status of the Trust and the Fund for securities law purposes;

(xxv) possible changes in tax or other legislation;

(xxvi) legal and statutory rights;

(xxvii) the potential liability of Holders;

(xxviii) under a recent tax proposal, deductions that would otherwise reduce the Trust's taxable income could be denied, with after-tax returns to Holders reduced as a result; and

(xxix) if the Trust is considered to be established or maintained primarily for the benefit of non-residents of Canada, it may no longer qualify as a mutual fund trust for purposes of the Tax Act.

See ''Risk Factors''.

SUMMARY OF FEES AND EXPENSES

The following table contains a summary of the fees and expenses payable by the Trust and the Fund. For further particulars, see ''Fees and Expenses''.

Type of Charge	Description
Fees payable to the Dealers for selling Units:	$0.40 per Unit.
Expenses of issue:	The Trust will pay the expenses incurred in connection with the Offering, which are estimated to be $500,000.
Management Fees:	As compensation for management services rendered to the Trust, the Manager is entitled to receive an annual management fee in an amount equal to 0.20% of the NAV calculated and payable monthly in arrears plus applicable taxes and an amount equal to the service fee (the ''Service Fee'') payable to Dealers. As compensation for management services rendered to the Fund, the Manager is entitled to receive an annual management fee in an amount equal to 0.75% of the net asset value of the Fund calculated and payable monthly in arrears, plus applicable taxes. The Manager is responsible for payment of the investment management fees of the Investment Advisor.
On-Going expenses of the Trust:	The Trust will pay to the Counterparty a fee under the Forward Agreement of approximately 0.40% per annum of the net asset value of the corresponding number of units of the Fund that will determine the purchase price of the Common Share Portfolio under the Forward Agreement, plus a fee which may vary based on hedging costs incurred in connection with the Common Share Portfolio, calculated and payable monthly in arrears. Each of the Trust and the Fund will also pay for all expenses incurred in connection with its operation and administration, estimated to be $200,000 and $100,000 for the Trust and the Fund, respectively, per annum (assuming an offering size of approximately $100 million). See ''Fees and Expenses – On-Going Expenses'' and ''Management of the Trust – Forward Agreement''. Each of the Trust and the Fund will also be responsible for its other costs of portfolio transactions and any extraordinary expenses which may be incurred from time to time.
Service Fee:	The Manager will pay to Dealers an annual Service Fee equal to 0.30% of the NAV per Unit for Units held by clients of the sales representatives of the Dealers calculated and payable quarterly in arrears.

THE TRUST

Yield Advantage Income Trust (the ''Trust'') is an investment trust established under the laws of the Province of Ontario pursuant to a declaration of trust dated as of December 23, 2004 (the ''Declaration of Trust'') by Skylon Advisors Inc. (the ''Manager'') as trustee (the ''Trustee'') of the Trust. The Manager was amalgamated under the *Business Corporations Act* (Ontario), as amended, on May 31, 2004, and is a wholly-owned subsidiary of CI Fund Management Inc. The principal place of business of the Trust and the registered office of the Manager is CI Place, 151 Yonge Street, Tenth Floor, Toronto, Ontario, M5C 2W7.

The beneficial interest in the net assets and net income of the Trust is divided into trust units of equal value (the ''Units'').

Status of the Trust

The Trust is not a ''mutual fund'' for securities law purposes. As a result, some of the protections provided to investors in mutual funds under such laws will not be available to investors in the Units.

THE FUND

Yield Advantage Income Fund (the ''Fund'') is an investment trust that was established under the laws of the Province of Ontario pursuant to a declaration of trust dated December 23, 2004 by Skylon Advisors Inc., as trustee of the Fund. The Fund will, under normal market conditions, hold a portfolio (the ''Yield Advantage Portfolio'') consisting primarily of securities of Income Trusts and High Yield Debt and may include Other Securities (as those terms are defined below). The Yield Advantage Portfolio will be diversified by company, industry, geography and rating category. The Fund may invest in investment grade fixed income securities and/or cash equivalents if changes in the economic environment impact the financial outlook.

On the closing of the offering of Units (the ''Offering''), the Counterparty (as hereinafter defined, or one of its affiliates) may subscribe for units of the Fund with an aggregate net asset value equal to the value of the Common Share Portfolio (as hereinafter defined) of the Trust at the time the Trust enters into the Forward Agreement (as hereinafter defined).

Units of the Fund are redeemable at the demand of its unitholders. The Manager will sell securities in the Yield Advantage Portfolio as required in order to pay unitholders the net proceeds of disposition of the Yield Advantage Portfolio (after satisfaction of the Fund's liabilities, if any) on the Termination Date (as hereinafter defined). Where circumstances prevent an orderly sale of the Yield Advantage Portfolio, the Manager may suspend redemptions or payments to be made on the Termination Date to allow for an orderly sale of all or part of the Yield Advantage Portfolio, as the case may be. The Manager has retained the Signature Funds Group of CI Mutual Funds Inc. (''CI'' or the ''Investment Advisor'') as investment advisor to the Fund to manage the Yield Advantage Portfolio pursuant to an investment advisory agreement between the Manager and the Investment Advisor (the ''Investment Advisory Agreement''). See ''Management of the Fund – The Investment Advisory Agreement''.

The Fund's distribution policy is to pay monthly distributions initially targeted to be $0.0583 per unit of the Fund. In addition, the Fund will distribute all of its net income and net realized capital gains earned in each fiscal year to ensure that it is not liable for income tax under the *Income Tax Act* (Canada) (the ''Tax Act''), except to the extent that any such liability may be fully offset by tax credits available to it in respect of foreign taxes paid by it (if any).

INVESTMENT GUIDELINES OF THE TRUST

The following sections ''Investment Objectives and Strategy of the Trust'' and ''Investment Restrictions of the Trust'' are referred to collectively in this prospectus as the Trust's ''Investment Guidelines''.

Investment Objectives and Strategy of the Trust

The Trust's investment objectives are to:

(i) provide holders of Units (''Holders'') with tax efficient monthly distributions consisting primarily of capital gains and returns of capital initially targeted to be $0.0583 per Unit ($0.70 per annum to yield 7.0% on the subscription price of $10.00 per Unit); and

(ii) endeavour to preserve and enhance the net asset value of the Trust (the ''NAV'') in order to return at least the original subscription price of the Units ($10.00 per Unit) to Holders on or about December 31, 2015 (the ''Termination Date'').

The Trust will annually determine and announce each March an indicative distribution amount for the following twelve months based upon the prevailing market conditions and the estimate of distributable cash flow for the year. The Trust's distributions are intended to benefit taxable Holders as returns of capital are generally not subject to tax (returns of capital reduce the adjusted cost base of Units) and distributions that are designated as capital gains will generally be taxed at a lower rate than distributions of interest, dividend and/or other investment income. Accordingly, Units are intended to be tax efficient when compared to units of a trust that depends solely on such other sources of income to pay distributions. See ''Canadian Federal Income Tax Considerations''.

The return to the Holders and the Trust will be dependent upon the return on the Yield Advantage Portfolio by virtue of the Forward Agreement (as defined below). However, neither the Trust nor the Holders will have any ownership interest in the Fund or the Yield Advantage Portfolio. The Yield Advantage Portfolio will consist primarily of securities of Income Trusts and High Yield Debt. To provide the Trust with the means to meet its investment objectives, the Trust will invest the net proceeds of the Offering in a portfolio of common shares of Canadian public companies (the ''Common Share Portfolio''). The Trust will then enter into one or more forward purchase and sale agreements (collectively, the ''Forward Agreement'') with The Bank of Nova Scotia (the ''Counterparty'') pursuant to which the Counterparty will agree to pay to the Trust on or about the Termination Date as the purchase price for the Common Share Portfolio an amount equal to 100% of the redemption proceeds of a corresponding number of units of the Fund. This amount may be more or less than the original subscription price of the Units. The Trust will partially settle the Forward Agreement prior to the Termination Date in order to fund monthly distributions as well as redemptions of Units by Holders from time to time, payment for purchases of Units in the market and expenses of the Trust. The long-term debt of the Counterparty or any guarantor will be rated at least A by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. (''Standard & Poor's'') or have an equivalent rating from Dominion Bond Rating Service Limited (''DBRS'') or other ''approved credit rating organization'' as defined in National Instrument 81-102 – Mutual Funds (''NI 81-102'').

There can be no assurance that the Trust will be able to achieve its monthly distribution objective or its objective to endeavour to preserve and enhance the NAV to return at least the original subscription price of the Units to Holders on or about the Termination Date.

Investment Restrictions of the Trust

The investment activities of the Trust are to be conducted in accordance with, among other things, the following investment restrictions:

(i) **Investment in Canadian Equities.** The Trust will restrict its investments to common shares of Canadian public companies that are each a ''Canadian security'' for the purposes of section 39(6) of the Tax Act. The Trust will not make or retain investments that would render the Units ''foreign property'' for purposes of Part XI of the Tax Act;

(ii) **Purchasing Securities.** The Trust will not purchase securities other than through normal market facilities unless the purchase price therefor approximates the prevailing market price or is negotiated or established on an arm's length basis; and

(iii) **Mutual Fund Trust.** The Trust will manage its investments and affairs to ensure that it will be a ''unit trust'' and ''mutual fund trust'' for purposes of the Tax Act.

In addition to holding cash, the Trust also may invest excess cash in (i) any Canadian or U.S. dollar denominated debt security considered investment grade, at the time of investment, by Standard & Poor's or another equivalent credit rating agency, and (ii) cash equivalents. The Trust will enter into the Forward Agreement and may engage in securities lending as described under ''Management of the Trust – Forward Agreement'' and ''Management of the Trust – Securities Lending''.

INVESTMENT GUIDELINES OF THE FUND

Yield Advantage Portfolio

The Yield Advantage Portfolio will, under normal market conditions, consist primarily of an actively managed portfolio of securities of Income Trusts and High Yield Debt. An ''Income Trust'' is a fund, the securities of which are listed and posted for trading on a stock exchange, structured to own debt and/or equity of an underlying company or partnership, or a royalty in revenues generated by the assets thereof, which carries on an active business, including royalty trusts, income funds, real estate investment trusts, certain limited partnerships and other income vehicles including any entity that has publicly announced its intention to convert into one of the foregoing. The determination by the Manager that a royalty trust, income fund, real estate investment trust, limited partnership or other income vehicle qualifies as an Income Trust is conclusive for all purposes herein. ''High Yield Debt'' generally is considered to be debt securities that are rated at or below BB+ (a Standard & Poor's rating category) or below BBB (a DBRS rating category). High Yield Debt also includes securities that are not formally rated by an ''approved rating organization'' as defined in NI 81-102 but that bear yields equivalent to comparably rated securities. Up to 20% of the net asset value of the Fund may be invested in ''Other Securities'', being securities other than securities of Income Trusts and High Yield Debt. Although the Yield Advantage Portfolio will invest primarily in securities of Income Trusts and High Yield Debt, the Investment Advisor retains the flexibility to invest in investment grade fixed income assets and/or cash equivalents if changes in the economic environment impact the investment outlook, subject to the investment restrictions described below under ''Investment Restrictions of the Fund''.

The Investment Advisor's general investment philosophy for Income Trusts follows a conservative approach, focusing on issuers that typically possess proven management, proprietary/strategic advantages and financial strength. The Yield Advantage Portfolio will be constructed by the Investment Advisor based on specific characteristics of available securities, with a view to achieving the investment objectives of the Fund. The key factors to be considered by the Investment Advisor in selecting the specific securities in which the Fund will invest its assets are:

(a) stable and growing mid to long-term demand for products and services of the underlying business;

(b) appropriate capital management;

(c) sustainability and growth potential of dividend, income or interest distributions over time;

(d) stability of underlying assets within an established business model;

(e) able, active and experienced management; and

(f) thorough financial disclosure and strong governance structures.

High Yield Debt securities are generally selected by the Investment Advisor based on their expected rate of return at the time of purchase, net of foreign income or withholding taxes, relative to associated risks, taking into consideration factors such as credit quality and duration.

The Investment Advisor will continually review the Yield Advantage Portfolio to determine the appropriate composition and to ensure that the Fund is complying with its investment restrictions. In making these determinations, the Investment Advisor will use a process that includes assessment and analysis of the overall capital markets, business conditions, asset quality, price fluctuations, market conditions for assets underlying the investments in the Yield Advantage Portfolio, the interest rate environment, current yields and the liquidity and volatility of the investments in the Yield Advantage Portfolio.

The Investment Advisor will select, monitor and manage the Yield Advantage Portfolio subject to the investment restrictions relating thereto, and having regard for any legal or regulatory requirements of the Fund's unitholders which are not expected to have a material impact on the Yield Advantage Portfolio. Securities in the Yield Advantage Portfolio are selected by the Investment Advisor based on their expected return at the time of purchase, net of foreign income or withholding taxes, relative to risk characteristics, taking into consideration factors such as credit quality and duration. The Yield Advantage Portfolio will be diversified by company, industry, and sector. The Investment Advisor is expected to purchase securities for the Yield Advantage Portfolio in the open market and such securities may or may not include securities in which Dealers have participated in the distribution or of issuers to which the Counterparty or its affiliates is a lender. See ''The Investment Advisor''.

The Investment Advisor will actively manage the Yield Advantage Portfolio, subject to certain investment guidelines and restrictions as set out below and as agreed upon by the Manager and the Investment Advisor as set forth in the Investment Advisory Agreement. See ''Investment Restrictions of the Fund'' below.

Income Trust Securities: Income Trusts are funds that are generally structured to own debt and equity of an underlying company, or a royalty in revenues generated by the assets of a company, which carries on an active business. The variety of businesses upon which Income Trusts have been created is broad in the nature of the underlying industry and assets and in geographic location. Since distributions to holders of securities of Income Trusts are derived from the operation of an underlying business, many with additional growth potential, the projected life of distributions and the sustainability of distribution levels tend to vary with the nature of the business underlying the Income Trust. Generally, the Income Trust acquires equity and debt securities of an operating entity with the proceeds of the issue of trust units. The operating entity typically distributes cash flow from its assets to the Income Trust by means of dividends, interest and repayments of debt principal. That portion of unitholder distributions that is not taxable to unitholders in the year of distribution is treated as a return of capital and generally reduces the unitholder's adjusted cost base for tax purposes. The various asset classes of Income Trusts in which the Fund may invest include oil and gas funds, real estate funds, power generation funds, ongoing business funds and pipeline/energy distribution funds.

High Yield Debt: High Yield Debt is generally considered to be debt securities that are rated at or below BB+ (a Standard & Poor's rating category) or below BBB (a DBRS rating category). High Yield Debt also includes securities that are not formally rated by an ''approved rating organization'' as defined in NI 81-102 but that bear yields equivalent to comparably rated securities. The prices at which High Yield Debt securities trade vary over time based on such factors as term to maturity, interest and currency rate fluctuations, the liquidity of the security, underlying changes in the risks associated with the issuer of the securities (such as business changes affecting a corporate issuer or political or economic risks affecting a government issuer), investor demand, and general economic trends. The yield of a High Yield Debt security at a specific time is typically calculated on a ''yield-to-maturity'' basis (the return to be earned on the security if held to maturity, taking into account the discounted value of the future interest and principal payments).

Other Securities: The Fund may invest up to 20% of its net asset value in securities other than securities of Income Trusts or High Yield Debt. This category includes common shares, preferred shares, convertible debentures, bonds, notes, other evidences of indebtedness and bank loans. The Investment Advisor will selectively invest in this category of investment where appropriate, to provide a desired level of diversification, stability and growth potential in the Yield Advantage Portfolio.

Illustrative Portfolios

In connection with the Offering, the Investment Advisor has prepared two illustrative portfolios which are consistent with the investment objectives, investment strategy and investment restrictions of the Fund. The relative weightings between Income Trusts and High Yield Debt in each illustrative portfolio are set out below. The ''Signature Portfolio'' is based upon the actual securities held in the investment portfolio of Signature High Income Fund as of November 30, 2004. See ''Management of the Fund – Performance of Similar Fund'' below. The ''Index Portfolio'' is based upon an equal weighting of (i) the Income Trusts included in the Scotia Capital Income Trust Index on November 30, 2004, and (ii) the High Yield Debt in the Merrill Lynch High Yield Master II Index on November 30, 2004. These broadly illustrate the types of securities that will over time be primarily included in the Yield Advantage Portfolio under normal market conditions and the proportions in which they may be held. The yields set out below are calculated as at November 30, 2004. The actual relative weightings within the Yield Advantage Portfolio may differ from those set out below.

	Initial Portfolio Weightings		Current Yields(1)		Portfolio Yields(2)	
Asset Class	Signature Portfolio	Index Portfolio	Signature Portfolio	Index Portfolio	Signature Portfolio	Index Portfolio
Income Trusts(3)	62.0%	50.0%	8.5%	8.73%	5.85%	4.85%
High Yield Debt(4)	38.0%	50.0%	8.11%	7.90%	3.40%	4.36%
Estimated Gross Total Yield	—	—	—	—	9.25%	9.21%
Less Estimated Annual Expenses	—	—	—	—	2.10%	2.10%
Estimated Net Total Yield	—	—	—	—	7.15%	7.11%

Notes:

(1) Information relating to the Current Yields has been extracted and computed by the Manager from publicly available information and is not intended to be, nor should it be construed to be, an indication of future returns.

(2) Assuming an offering size of $100 million, offering expenses of $4,500,000 (which amount comprises the fees payable to Dealers in the Offering of $4,000,000 and issue costs of $500,000), annual fees and expenses of 0.85% of the net asset value of the Fund and 1.25% of NAV, and approximately 25% leverage under the Loan Facility. If the Offering size is $300 million, approximately 21% leverage under the Loan Facility is required to achieve the same Portfolio Yields. If the Offering size is $30 million, approximately 25% leverage under the Loan Facility achieves Portfolio Yields of 6.34% and 6.30% for the Signature Portfolio and Index Portfolio, respectively, in which event the remainder of the initially targeted distribution payable on the Units is expected to be generated through capital gains and growth in the distributions paid on securities in the Yield Advantage Portfolio. The Estimated Net Total Yield represents the percentage of the offering price that would be distributable to Holders in cash. The distributable cash will be comprised primarily of capital gains and returns of capital.

(3) The Current Yields for Income Trusts was derived from the current yield of (i) in the case of the Signature Portfolio, the Income Trusts held in the investment portfolio of Signature High Income Fund on November 30, 2004 and (ii) in the case of the Index Portfolio, the Income Trusts included in the Scotia Capital Income Trust Index on November 30, 2004. Income Trusts are equity investments and provide a cash-on-cash yield which may include both a return on capital (investment return) and a return of capital (a portion of the initial investment). Therefore, the indicative cash-on-cash return on Income Trusts is not comparable to the traditional yield on debt instruments, where the principal amount is repaid on maturity and investors receive a return on investment through interest payments. As an equity investment, the potential for capital appreciation or depreciation and fluctuations in the cash-on-cash yield of Income Trusts exists.

(4) The Current Yields for High Yield Debt was derived from the current yield of (i) in the case of the Signature Portfolio, the High Yield Debt held in the investment portfolio of Signature High Income Fund on November 30, 2004, and (ii) in the case of the Index Portfolio, the Merrill Lynch High Yield Master II Index on November 30, 2004.

The above table is based on publicly available information which has not been independently verified and is for illustrative purposes only and should not be construed as a forecast or projection. No assurance can be given that the returns shown would ever be available or realized.

Investment Restrictions of the Fund

The Declaration of Trust provides that, on or after the initial investment by the Fund, the Fund may not:

(a) purchase any security issued by any issuer (other than short-term debt securities issued or guaranteed by the Government of Canada or any Canadian province or municipality) if as a result more than 10% of the Fund's total assets would consist of securities issued by such issuer;

(b) borrow money and utilize other forms of leverage in excess of 25% of the Fund's net asset value, at the time the borrowing or other transaction is entered into;

(c) invest more than 20% of the net asset value of the Fund in Other Securities; provided that Other Securities held by the Fund as part of intra-capital arbitrage of an issuer shall not count toward the foregoing 20% limit;

(d) purchase or sell commodities or commodity contracts;

(e) make loans or guarantee obligations, except that the Fund may purchase and hold debt obligations (including bank loans, bonds, debentures or other obligations and certificates of deposit, bankers' acceptances and fixed time deposits) in accordance with its investment objectives;

(f) participate in oil and gas or similar ventures (other than securities issued by issuers that invest in oil and gas);

(g) invest for the purpose of exercising control over management of any issuer; or

(h) act as an underwriter except to the extent that the Fund may be deemed to be an underwriter in connection with the sale of securities in the Yield Advantage Portfolio.

If a percentage restriction on investment or use of assets set forth above is adhered to at the time of the transaction, later changes to the market value of the investment or of the assets of the Fund will not be considered a violation of the restriction. If the Fund receives from an issuer subscription rights to purchase securities of that issuer, and if the Fund exercises such subscription rights at a time when the Fund's portfolio holdings of securities of that issuer would otherwise exceed the limits set forth above, it will not constitute a violation if, prior to receipt of securities upon exercise of such rights, the Fund has sold at least as many securities of the same class and value as would result in the restriction being complied with.

Use of Derivative Instruments

The Fund may invest in or use derivative instruments for hedging, investment or leverage purposes consistent with the investment objectives, investment strategy and investment restrictions of the Fund. A derivative is generally an instrument, agreement or security, the market price, value or payment obligations of which are derived from, referenced to or based on an underlying security, interest, benchmark or formula.

Risks to be hedged against include fluctuations in currency values and interest rate changes. The Investment Advisor may use a variety of instruments, including U.S. and Canadian government bond futures, put options on these futures, and/or interest rate swap agreements denominated in U.S. or Canadian dollars as the main vehicles to achieve protection against rising government bond yields. While the Fund may purchase forward contracts for currency hedging, it is not precluded from using other derivatives, such as put and call options on foreign currencies, to do so. A forward contract is a contract to exchange (buy or sell) an underlying instrument for a fixed forward price at a specific, future delivery date. A put option is an option that gives the purchaser of the option the right to sell, and obligates the writer of the option to purchase, the security underlying the option at a stated exercise price at any time prior to or at the expiration of the option. A call option gives the purchaser of the option the right to buy, and obligates the writer to sell, the underlying security at a stated exercise price at any time prior to or at the expiration of the option.

In pursuing its investment objectives, it is expected that the Fund will also enter into swap agreements with respect to interest rates, currencies, securities indices and other assets and measures of risk or return. A swap agreement is an instrument that effects the exchange of a sequence of cash flows that derive from two different financial instruments. The Fund may also enter into options on swap agreements.

The Fund may take long and short positions in a wide variety of other derivative instruments, including derivative instruments related to fixed income securities and indices of fixed income securities. For example, the Fund may purchase and sell put options and call options on securities and securities indices, enter into interest rate and index futures contracts and purchase and sell options on such futures contracts.

The Fund may also invest in ‘‘structured’’ notes, which are privately negotiated debt obligations where the principal and/or interest is determined by reference to the performance of a benchmark asset or market, or in other types of ‘‘hybrid’’ instruments which combine the characteristics of securities, futures, and options.

The Fund may make short sales of securities as part of its overall portfolio management strategy and/or to offset potential declines in long positions in securities in the Yield Advantage Portfolio. Short selling is the sale of a security not owned by the Fund, and the consequent requirement to borrow that security from a third party in order to settle the sale transaction. Short selling is often employed as an investment strategy in order to profit from an overpriced security or market.

The Fund may engage in intra-capital arbitrage which entails purchasing or short-selling debt securities of an issuer while purchasing or short-selling equity securities of the same issuer. Intra-capital arbitrage is also possible between different series of debt of the same issuer. The Fund also may write or purchase call options and put options on securities for hedging purposes.

The Fund may also invest in interest rate futures contracts and options thereon. The Fund may purchase and sell futures contracts on corporate debt obligations (to the extent they are available) and U.S. Government securities, as well as purchase put and call options on such futures contracts. The Fund will only enter into futures contracts and futures options which are standardized and traded on a U.S. or other exchange, board of trade, or similar entity, or quoted on an automated quotation system.

The use of derivatives for leverage is discussed below under ‘‘Loan Facility and Other Forms of Leverage’’.

Loan Facility and Other Forms of Leverage

In order to provide the Investment Advisor with a prudent level of leverage to enhance the Yield Advantage Portfolio’s return, the Fund may borrow pursuant to a loan facility (the ‘‘Loan Facility’’) from a chartered bank (the ‘‘Lender’’). The Manager expects that the terms, conditions, interest rates, fees and expenses of and under any Loan Facility would be typical for loans of this nature.

The Fund may also add leverage to the Yield Advantage Portfolio by utilizing a variety of additional strategies, including but not limited to the use of reverse repurchase agreements, credit derivatives, and other derivative instruments.

In a reverse repurchase agreement, the Fund sells securities to a bank or broker-dealer and agrees to repurchase the securities at a mutually agreed date and price. Generally, the effect of such a transaction is that the Fund can recover and invest all or most of the cash invested in the portfolio securities involved during the term of the reverse repurchase agreement and still be entitled to the interest income associated with those portfolio securities. Such transactions are advantageous if the interest cost to the Fund of the reverse repurchase transaction is less than the cost of otherwise obtaining the cash.

Reverse repurchase agreements involve leverage risk and also the risk that the market value of the securities that the Fund is obligated to repurchase under an agreement may decline below the repurchase price. In the event the buyer of securities under a reverse repurchase agreement files for bankruptcy or becomes insolvent, the Fund's use of the proceeds of the agreement may be restricted pending a determination by the other party, or its trustee or receiver, whether to enforce the Fund's obligation to repurchase the securities.

The Fund may also enter into credit derivatives for investment purposes and to add leverage to the Yield Advantage Portfolio. For example, as the seller in a credit default swap contract, the Fund would be required to pay the par (or other agreed-upon) value of a referenced debt obligation to the counterparty in the event of a default by a third party, such as a U.S. or other foreign corporate issuer, on the debt obligation. In return, the Fund would receive from the counterparty a periodic stream of payments over the term of the contract provided that no event of default has occurred. If no default occurs, the Fund would keep the stream of payments and would have no payment obligations. As the seller, the Fund would effectively add leverage to its portfolio because, in addition to its total net assets, the Fund would be subject to investment exposure on the notional amount of the swap.

The Loan Facility and other forms of leverage permit the Investment Advisor, on behalf of the Fund, to borrow monies or employ other forms of leverage to purchase additional Yield Advantage Portfolio securities in accordance with the investment guidelines and restrictions relating to the Fund. The Investment Advisor, on behalf of the Fund, uses such leverage, when market conditions are appropriate, to attempt to increase the potential returns of the Fund by taking advantage of the spread between the potential return on additional investments in the Yield Advantage Portfolio and the cost of borrowing the purchase price for such investments. The use of leverage to enhance returns on the Yield Advantage Portfolio may result in capital losses or a decrease in net cash distributions to Holders. The Manager anticipates that, with respect to any Loan Facility or other leverage, the Lender or other party will require the Fund to provide a security interest in some or all of its assets in favour of the Lender or other party to secure such borrowings or other leverage. The Manager will ensure that, in the event of default under any Loan Facility, the Lender's recourse will be limited to the assets of the Fund.

The aggregate amount of borrowings under the Loan Facility and other forms of leverage may not exceed 25% of the net asset value of the Fund at the time the borrowing or other transaction is entered into. In the event that the total amount borrowed, or otherwise subject to leverage, by the Fund exceeds the 25% limit as a result of redemptions or other decrease in the number of units of the Fund, the Investment Advisor will reduce indebtedness or other leverage on an orderly basis as soon as practicable so that the amount borrowed or otherwise subject to leverage does not exceed such limit.

Other than borrowings by the Fund under a Loan Facility, together with the other forms of leverage described above, and short-term credits necessary for settlement of securities transactions, which are not considered borrowing, the Fund will not engage in borrowing.

Securities Lending

In order to generate additional returns, the Fund may lend Yield Advantage Portfolio securities to brokers, dealers, and other financial institutions provided a number of conditions are satisfied, including that the loan is fully collateralized. The minimum level of collateralization in respect of a loan of Yield Advantage Portfolio securities will be 102%. The Fund may also receive a fee or interest on the collateral, and may pay lending fees to a party arranging the loan.

MANAGEMENT OF THE TRUST

The Manager

The Manager will perform the management functions for the Trust pursuant to the Declaration of Trust. The Manager is an investment management company. As of November 30, 2004, it had approximately $1.2 billion in assets under management and is the manager of Skylon Capital Yield Trust, which provides investors with exposure to the return on high yield debt securities advised by Marret Asset Management Inc.; Convertible & Yield Advantage Trust, which provides investors with a return on convertible securities, high yield debt securities, and income trust securities advised by MFC Global Investment Management (Canada), a division of Elliott and Page Limited; Skylon International Advantage Yield Trust, Skylon Global Capital Yield Trust and Skylon Global Capital Yield Trust II, which provide investors with exposure to a return on global debt securities advised by Pacific Investment Management Company LLC; Saxon Diversified Value Trust, which provides investors with exposure to the return on securities of Canadian publicly traded ongoing business income trusts and resource and real estate income trusts advised by Howson Tattersall Investment Counsel Ltd.; High Yield & Mortgage Plus Trust, which provides investors with exposure to the return on high yield debt securities and Canadian commercial mortgage backed securities advised by Marret Asset Management Inc.; Skylon Growth & Income Trust, which employs an asset allocation investment approach to provide investors with a return on a portfolio that is diversified among various asset classes based on current and anticipated market conditions advised by the Investment Advisor; Global Resource Split Corp., which provides investors with a return on common shares and other equity-related securities selected from among the world's largest resource companies advised by the Investment Advisor; and Skylon All Asset Trust, which provides investors with exposure to funds managed by Pacific Investment Management Company LLC and selected by Research Affiliates, LLC with the objective of seeking maximum real return, consistent with preservation of real capital and prudent investment management. The Manager is registered under the *Securities Act* (Ontario) as an advisor in the categories of investment counsel and portfolio manager and as a limited market dealer. The Manager carries on business at CI Place, 151 Yonge Street, Tenth Floor, Toronto, Ontario, M5C 2W7.

Duties and Services to be Provided by the Manager

Pursuant to the Declaration of Trust, the Manager is the trustee of the Trust and will perform the management functions for the Trust. The Manager has exclusive authority to manage the operations and affairs of the Trust, to make all decisions regarding the business of the Trust and to bind the Trust. The Manager may delegate certain of its powers to third parties, including by entering into a management agreement, where, in the discretion of the Manager, it would be in the best interests of the Trust to do so. Among other restrictions imposed on the Manager, it may not dissolve the Trust or wind up the Trust's affairs except in accordance with the provisions of the Declaration of Trust.

The Manager's duties will include: maintaining accounting records for the Trust; authorizing the payment of operating expenses incurred on behalf of the Trust; calculating the amount and determining the frequency of distributions by the Trust; preparing financial statements, income tax returns and financial and accounting information as required by the Trust; ensuring that Holders are provided with financial statements and other reports as are required from time to time by applicable law; ensuring that the Trust complies with regulatory requirements including the continuous disclosure requirements of the Trust under applicable securities laws; preparing the Trust's reports to Holders and to the Canadian securities regulators; obtaining the information and reports necessary for it to fulfil its fiduciary responsibilities; administering the redemption of Units; administering the market purchases of Units; administering the Forward Agreement including partial or early settlement thereof; arranging for any payment required on or about the Termination Date; dealing and communicating with Holders; and negotiating contracts with third-party providers of services including, but not limited to, custodians, transfer agents, auditors and printers. The Manager will provide office facilities and personnel to carry out these services, together with clerical services which are not furnished by the custodian or transfer agent of the Trust.

The Manager, as trustee of the Trust, will be responsible for the portfolio management of the Trust, including acquiring the Common Share Portfolio and entering into the Forward Agreement. In addition, the Manager will monitor the Trust's investment strategy to ensure compliance with the Investment Guidelines, and that the net proceeds of the Offering are invested as described under ''Use of Proceeds''.

The Manager, as trustee of the Trust, has or will enter into the custodian agreement and the registrar, transfer agency and distribution agency agreement, all as referred to under ''Auditors, Transfer Agent, Registrar and Custodian''. See ''Material Contracts''. Such agreements do not in any way release the Manager from compliance with its obligations to the Trust under the Declaration of Trust. The Manager may terminate each of the foregoing agreements upon notice.

Forward Agreement

Upon or within 30 days of the closing of the Offering, the Trust will enter into the Forward Agreement, which is intended to provide the Trust with a payment on or about the Termination Date of an amount equal to the cash amount paid by the Fund to holders of a corresponding number of units of the Fund upon termination of the Fund in exchange for the Common Share Portfolio. Amounts paid by the Fund to its unitholders will be funded by the net realized proceeds of disposition of the Yield Advantage Portfolio (after satisfying liabilities of the Fund, if any). The expenses of the Fund include the annual management fee payable to the Manager.

Under the terms of the Forward Agreement, the Trust and the Counterparty have agreed that their settlement obligations under the Forward Agreement with respect to the Common Share Portfolio securities will be discharged, at the election of the Trust, either by physical delivery of the Common Share Portfolio securities by the Trust to the Counterparty against cash payment or by the making of cash payments between the parties. The amount payable by the Counterparty for physical delivery of the Common Share Portfolio may be more or less than the original subscription price of the Units. If the Trust elects for physical delivery of the Common Share Portfolio under the Forward Agreement, the Counterparty will pay to the Trust on or about the Termination Date as the purchase price for the Common Share Portfolio an amount equal to the redemption proceeds for a corresponding number of units of the Fund. Prior to the Termination Date, Common Share Portfolio securities or other acceptable securities will be pledged to and may be held by the Counterparty as security for the obligations of the Trust under the Forward Agreement.

In order to permit the Trust to fund distributions as well as redemptions of Units by Holders from time to time, payment for purchases of Units in the market and expenses of the Trust, the terms of the Forward Agreement will provide that the Forward Agreement may be partially settled prior to the Termination Date by the Trust tendering to the Counterparty securities of the Common Share Portfolio.

Under the Forward Agreement, the forward purchase price may be reduced for all dividends and distributions, including extraordinary distributions, declared and paid on the Common Share Portfolio securities paid to the Trust as owner of the Common Share Portfolio. If any dividends or distributions are to be received by the Trust, the Forward Agreement will provide that replacement securities acceptable to the Counterparty may, at the Trust's option, be substituted for shares in respect of which the dividend or distribution has been declared prior to the record date for such dividend or distribution to preserve the value of the forward transaction. In the event that such replacement securities are not available, the Trust may consider contributing additional securities to the Common Share Portfolio or entering into additional forward, derivative or other transactions. The Forward Agreement will have similar provisions designed to avoid adjustments of the amount to be paid on or about the Termination Date which might otherwise be required if the Trust receives consideration as a consequence of a merger transaction involving any of the securities in the Common Share Portfolio.

The Trust may amend the terms of the Forward Agreement by entering into forward or other derivative transactions with the Counterparty, or one or more other counterparties if the Forward Agreement is terminated, in order to preserve the original objectives of the Forward Agreement. The Trust may agree to amend the existing forward arrangements to substitute replacement securities for shares subject to the Forward Agreement or the Trust may enter into additional forward transactions in respect of shares that the parties agree may be used in circumstances similar to the existing forward arrangements.

The Forward Agreement may be terminated prior to the Termination Date in certain circumstances including: (i) at the option of the Trust in its sole discretion but subject to the approval by Holders of Units in certain circumstances; or (ii) by the Counterparty if the Counterparty determines in its sole discretion that it is unable to hedge its position under the Forward Agreement; (iii) by the Counterparty if the Trust fails to pay the monthly fee under the Forward Agreement or if the Trust is unwilling to compensate the Counterparty for an increase in the costs of hedging its position under the Forward Agreement. The Trust intends to exercise its right to partially settle the Forward Agreement prior to the Termination Date in order to permit the Trust to fund monthly distributions as well as redemptions of Units by Holders from time to time, payment for purchases of Units in the market and expenses of the Trust. See ''Risk Factors''.

The payment obligations of the Counterparty to the Trust under the Forward Agreement will be determined by reference to the performance of the Fund. The Counterparty may choose to enter into transactions in order to hedge its exposure under the terms of the Forward Agreement to the economic performance of the Fund. There is no assurance that the Counterparty or its affiliates will maintain a hedge or will do so with respect to the full amount or term of the Forward Agreement. The Trust is exposed to the credit risk associated with the Counterparty and any guarantor in respect of the Forward Agreement.

Securities Lending

In order to generate additional returns, the Trust may lend Common Share Portfolio securities to securities borrowers acceptable to the Trust pursuant to the terms of a securities lending agreement between the Trust and any such borrower (each, a ''Securities Lending Agreement''). Under a Securities Lending Agreement: (i) the borrower will pay to the Trust a negotiated securities lending fee and will make compensation payments to the Trust equal to any distributions received by the borrower on the securities borrowed; (ii) the securities loans must qualify as ''securities lending arrangements'' for the purposes of the Tax Act; and (iii) the Trust will receive prescribed collateral security which it may pledge as security under the Forward Agreement. The minimum level of collateralization in respect of a loan of Common Share Portfolio securities will be 102%.

The Advisory Board

The Trust has established an advisory board (the ''Advisory Board'') appointed by the Manager. The Advisory Board assists the Manager in performing its services under the Declaration of Trust by providing independent advice to, and oversight of, the Manager, including with respect to conflicts of interest and potential conflicts of interest identified by the Manager. The Advisory Board meets at least four times per year.

The Advisory Board has reviewed, commented on and approved the CI Code of Ethics and Conduct which establishes rules of conduct designed to ensure fair treatment of securityholders of the investment funds managed by the Manager and the Investment Advisor and to ensure that at all times the interests of the funds and their securityholders are placed above personal interests of employees, officers and directors of the Manager and its affiliates. The objective of the CI Code of Ethics and Conduct is not only to remove any potential for real conflict of interest, but also to avoid any perception of conflict.

As currently required by the Autorité des marchés financiers (and for so long as such requirements remain in effect), the Manager will notify each member of the Advisory Board in writing of any conflict of interest or potential conflict of interest concerning the Manager or the Trust (other than any such conflicts of interest or potential conflicts of interest relating to matters with respect to which the approval of Holders of Units is required under the Declaration of Trust) and consult with the Advisory Board in respect of any such conflicts of interest or potential conflicts of interest. In the event of an unresolved dispute between the Advisory Board and the Manager with respect to a conflict of interest or potential conflict of interest, upon written direction of the Advisory Board, the Manager will call a meeting of Holders of Units to consider the conflict of interest or potential conflict of interest. The Trust's annual report to Holders will include a report of the Advisory Board summarizing any recommendations made and not followed by the Manager, and any other matter that the Advisory Board determines to be appropriate in the circumstances.

All fees and expenses of the Advisory Board will be paid by the Trust and the regular fees and expenses of the Advisory Board have been included in the Trust's estimated annual operating expenses. See ''Fees and Expenses''. In addition, the Advisory Board will have the authority to retain independent counsel or other advisors if the Advisory Board deems it appropriate to do so. The Trust shall be responsible for the fees and expenses of any such experts which may be retained.

The members of the Advisory Board will be indemnified by the Trust. The Advisory Board members will not be responsible for the investments made by the Trust, or for the performance of the Trust. The members of the Advisory Board may serve in a similar capacity in respect of other entities managed by the Manager.

The Advisory Board initially will be comprised of three members, each of whom is independent of the Manager and its affiliates and free from any interest and business or other relationship which could, or could reasonably be perceived to, materially interfere with the exercise of an Advisory Board member's judgment. The name, municipality of residence and principal occupation of each member of the Advisory Board are set out below:

Name and Municipality	Principal Occupation
STEPHEN T. MOORE Toronto, Ontario	Consultant
SHARON M. RANSON Toronto, Ontario	President, The Ranson Group
STUART P. HENSMAN Oakville, Ontario	Corporate director

Accounting and Reporting

The Trust's fiscal year will be the calendar year or such other fiscal period permitted under the Tax Act as the Trust elects. The Manager will ensure that the Trust complies with all applicable reporting and administrative requirements.

The Manager will keep adequate books and records reflecting the activities of the Trust. A Holder or his or her duly authorized representative will have the right to examine the books and records of the Trust during normal business hours at the offices of the Manager. Notwithstanding the foregoing, a Holder shall not have access to any information which, in the opinion of the Manager, should be kept confidential in the interests of the Trust.

Officers and Directors of the Manager

The name, municipality of residence, position with the Manager and principal occupation of each of the current directors and officers of the Manager are set out below:

Name and Municipality	Position with the Manager	Principal Occupation
PETER W. ANDERSON Markham, Ontario	Director	President and Chief Executive Officer, CI Mutual Funds Inc. and Executive Vice-President, CI Fund Management Inc.
WILLIAM T. HOLLAND Toronto, Ontario	Director	President and Chief Executive Officer, CI Fund Management Inc.
STEPHEN A. MACPHAIL Toronto, Ontario	Director	Executive Vice-President, Chief Financial Officer and Chief Operating Officer, CI Fund Management Inc.
MICHAEL J. KILLEEN Toronto, Ontario	Director and Corporate Secretary	Senior Vice-President, General Counsel and Corporate Secretary, CI Fund Management Inc.
DAVID R. MCBAIN Toronto, Ontario	President and Chief Executive Officer	President and Chief Executive Officer, Skylon Advisors Inc. and Senior Vice-President, CI Mutual Funds Inc.
DOUGLAS J. JAMIESON Toronto, Ontario	Chief Financial Officer	Senior Vice-President, Finance and Chief Financial Officer, CI Mutual Funds Inc.
DAVID C. PAULI Mississauga, Ontario	Executive Vice-President, Fund Operations	Executive Vice-President, Fund Operations, CI Mutual Funds Inc.
ALETTA J.B. DEWAR Toronto, Ontario	Vice-President, Compliance	Vice-President, Compliance, CI Mutual Funds Inc.
GEOFFREY D. HORTON Toronto, Ontario	Vice-President	Vice-President, Skylon Advisors Inc.

Name and Municipality	Position with the Manager	Principal Occupation
WILLIAM JAMES WHITAKER .... Toronto, Ontario	Managing Director	Managing Director, Skylon Advisors Inc.
JOHN S. VARGHESE .... Toronto, Ontario	Managing Director	Managing Director, Skylon Advisors Inc.
SEAN E. HAYES .... Toronto, Ontario	Vice-President, Fund Support & Marketing	Vice-President, Fund Support & Marketing, Skylon Advisors Inc.
DARREN W. KOSACK .... Oakville, Ontario	Senior Vice-President, Fund Support & Marketing	Senior Vice-President, Fund Support & Marketing, Skylon Advisors Inc.

Conflict of Interest

The services of the Manager and its officers and directors are not exclusive to the Trust. The Manager or any of its affiliates and associates may, at any time, engage in the promotion, management or investment management of any other fund or trust which invests primarily in securities in the Common Share Portfolio, and provide similar services to other investment funds and other clients and engage in other activities. Investment decisions for the Trust will be made independently of those made for other clients and independently of investments of the Manager. On occasion, however, the Manager may make the same investment for the Trust and for one or more of its other clients. If the Trust and one or more of the other clients of the Manager are engaged in the purchase or sale of the same security, the transactions will be effected on an equitable basis.

MANAGEMENT OF THE FUND

The Manager

The Manager is responsible for providing investment advisory and portfolio management services to the Fund. The Manager is entitled to receive annual management fees. See ''Fees and Expenses''.

The Manager's duties for the Fund are similar to the Manager's duties for the Trust. See ''Management of the Trust – Duties and Services to be Provided by the Manager''.

The Investment Advisor

CI Mutual Funds Inc. has been retained to provide investment advisory and portfolio management services to the Fund pursuant to the Investment Advisory Agreement. The Investment Advisor will provide these services through the Signature Funds Group, a division of the Investment Advisor. The Investment Advisor is a leading Canadian-owned investment management company that is wholly-owned by CI Fund Management Inc., an independent, Canadian-owned wealth management company with approximately $65.7 billion fee-generating assets as of November 30, 2004. Through its principal operating subsidiaries, CI Mutual Funds Inc., Assante Corporation and the Manager, CI Fund Management Inc. offers a broad range of investment products and services, including an industry-leading selection of investment funds, including the Signature Funds. The head office of the Investment Advisor is CI Place, 151 Yonge Street, Eleventh Floor, Toronto, Ontario M5C 2W7.

Services Provided by the Investment Advisor

The Investment Advisor will provide investment advisory and portfolio management services to the Fund with respect to the Yield Advantage Portfolio. Decisions as to the purchase and sale of Yield Advantage Portfolio securities, as to borrowing by the Fund and as to the execution of all portfolio transactions will be made by the Investment Advisor, in accordance with and subject to the terms of the Investment Advisory Agreement. Subject to the terms of the Investment Advisory Agreement, the Investment Advisor will implement the investment strategy and determine rating, security type, and industry weighting for the Yield Advantage Portfolio on an on-going basis. The Investment Advisor will seek specific investment opportunities where it believes there is a positive divergence between the potential return and the underlying risk inherent in the security. In making this determination, the Investment Advisor will use a review process that includes assessment and analysis of financial leverage, credit risk, business risk, currency risk, issuer size, liquidity and volatility of the investment.

The Manager is responsible for ensuring that the provisions of the Investment Advisory Agreement are consistent with the investment guidelines and restrictions relating to the Yield Advantage Portfolio and that such investment guidelines and restrictions comply with applicable Canadian federal and provincial laws. See ''Investment Guidelines of the Fund – Investment Restrictions of the Fund''.

The Investment Advisory Agreement

The Investment Advisory Agreement between the Manager and the Investment Advisor, unless terminated as described below, will continue until the termination of the Trust. The Manager may terminate the Investment Advisory Agreement: (i) upon 90 days' notice; (ii) in the event that the Investment Advisor is in material breach of the Investment Advisory Agreement which breach has or will have a material adverse effect on the Yield Advantage Portfolio (a ''Material Breach'') and the Material Breach has not been cured within 20 Business Days' notice thereof to the Investment Advisor; (iii) if there is a dissolution and commencement of winding-up of the Investment Advisor; (iv) if the Investment Advisor becomes bankrupt or insolvent or makes a general assignment for the benefit of its creditors or a receiver is appointed in respect of the Investment Advisor or a substantial portion of its assets; (v) if the assets of the Investment Advisor become subject to seizure or confiscation by any public or governmental organization; (vi) if the Investment Advisor has lost any registration, licence or other authorization required by it to perform the services delegated to it thereunder; or (vii) if the Investment Advisor has acted with wilful misconduct or negligence and as a result of such action there has been a material adverse effect on the Yield Advantage Portfolio.

The Investment Advisory Agreement will not be subject to termination under clause (ii) above if a Material Breach cannot be cured within 20 Business Days' notice thereof but the Investment Advisor commences the cure within the 20 Business Day period and completes the cure within 45 days of such notice. In addition, if the Investment Advisor purchases or sells a portfolio security or takes any other action with respect to the assets of the Yield Advantage Portfolio that violates any investment policy or restriction set forth in the Investment Advisory Agreement and the violation has or will have a material adverse effect on the Yield Advantage Portfolio, then it will not be considered a Material Breach for purposes of the termination rights in (ii) above if the Investment Advisor takes action that returns the Yield Advantage Portfolio to compliance with such investment policy or restriction within the cure period described above, as the same may be extended. The Investment Advisor may terminate the Investment Advisory Agreement, without payment of any penalty: (i) on 60 days' notice to the Manager; (ii) if there is a material change in the investment guidelines and restrictions relating to the Fund; (iii) if there is a dissolution and commencement of winding-up of the Fund; or (iv) if the Fund becomes bankrupt or insolvent or makes a general assignment for the benefit of its creditors or a receiver is appointed in respect of the Fund or a substantial portion of its assets.

In the Investment Advisory Agreement, the Investment Advisor covenants to act at all times on a basis which is fair and reasonable to the Fund, to act honestly and in good faith with a view to the best interests of its unitholders and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent portfolio manager would exercise in comparable circumstances. The Investment Advisory Agreement provides that the Investment Advisor will not be liable in any way for any default, failure or defect in any of the securities comprising the Yield Advantage Portfolio if it has satisfied the duties and the standard of care, diligence and skill set forth above. The Investment Advisory Agreement also requires the Fund to indemnify the Investment Advisor and its officers, directors and employees (collectively, ''Indemnified Persons''), out of the assets of the Yield Advantage Portfolio only, against all liabilities, losses and expenses incurred by any of them in connection with any matter relating to the Yield Advantage Portfolio, unless an Indemnified Person is finally adjudicated to have committed an act or omission involving wilful misconduct or gross negligence.

In the event that the Investment Advisory Agreement is terminated as provided above, the Manager shall promptly appoint a successor investment advisor to carry out the activities of the Investment Advisor.

The Manager is responsible for the payment of the management fees of the Investment Advisor. See ''Fees and Expenses – Management Fees''.

Officers and Directors of the Investment Advisor

The name, municipality of residence, position with the Investment Advisor and principal occupation of each of the officers of the Investment Advisor who will be involved in managing the Yield Advantage Portfolio are set out below:

Name and Municipality	Position with the Investment Advisor	Principal Occupation
BENEDICT G. CHENG . . . . Toronto, Ontario	Vice-President, Portfolio Management	Vice-President, Portfolio Management, CI Mutual Funds Inc.
MATTHEW A. SHANDRO . . Toronto, Ontario	Vice President, Portfolio Management	Vice-President, Portfolio Management, CI Mutual Funds Inc.

Benedict Cheng

Mr. Cheng has over 13 years of investment industry experience in Canada, particularly in the areas of fixed-income securities, with an emphasis on the analysis of corporate bonds, income trusts, real estate investment trusts and preferred equities. Mr. Cheng is Vice-President, Portfolio Management at Signature Funds Group of CI Mutual Funds Inc. where he manages Signature High Income Fund (among other mutual funds). Prior to joining the Investment Advisor in 1999, Mr. Cheng served as fixed-income portfolio manager with BPI Mutual Funds. Prior to joining BPI, Mr. Cheng held positions at Sceptre Investment Counsel Ltd. and Perpetuity Asset Management Inc. Mr. Cheng obtained a Bachelor of Commerce degree from the University of Toronto and holds the Chartered Financial Analyst designation.

Matthew Shandro

Mr. Shandro is Vice-President, Portfolio Management of CI Mutual Funds Inc. and has over 11 years of investment industry experience. Mr. Shandro served as Vice-President of Marret Asset Management Inc. from January 2002 to September 2003 overseeing the management of high yield corporate bond portfolios. Prior thereto, Mr. Shandro was a high yield bond analyst with Deans Knight Capital Management. From 1995 to 1997, Mr. Shandro worked for First Marathon Securities Limited as an equity analyst. Mr. Shandro also acquired international experience working for Crosby Securities Ltd. in Bangkok, Thailand, for one year. Mr. Shandro obtained a Bachelor of Arts degree from the University of British Columbia.

Performance of Similar Fund

The key individuals with the Investment Advisor currently provide portfolio management services for Signature High Income Fund (''Signature HIF'') which is a mutual fund with an investment portfolio similar to the Fund.

The investment objective of Signature HIF is to generate a high level of income and long-term capital growth. Signature HIF invests primarily in high-yielding equity securities (including Canadian and U.S. real estate investment trusts, royalty trusts and similar high yielding investments) and in Canadian and foreign corporate bonds that have a low credit rating or are unrated but offer a higher yield than investment grade bonds. A significant portion of the assets of Signature HIF are invested in securities of income trusts. Signature HIF had assets of approximately $2.3 billion at November 30, 2004. The following sets out the compound annual returns of Signature HIF over the time periods indicated:

	Compound Annual Returns as at November 30, 2004							
	YTD*	1 mth*	6 mth*	1 yr	2 yr	3 yr	5 yr	Life**
Fund Performance (%)	16.1	3.6	13.3	21.7	20.9	16.5	16.3	12.2

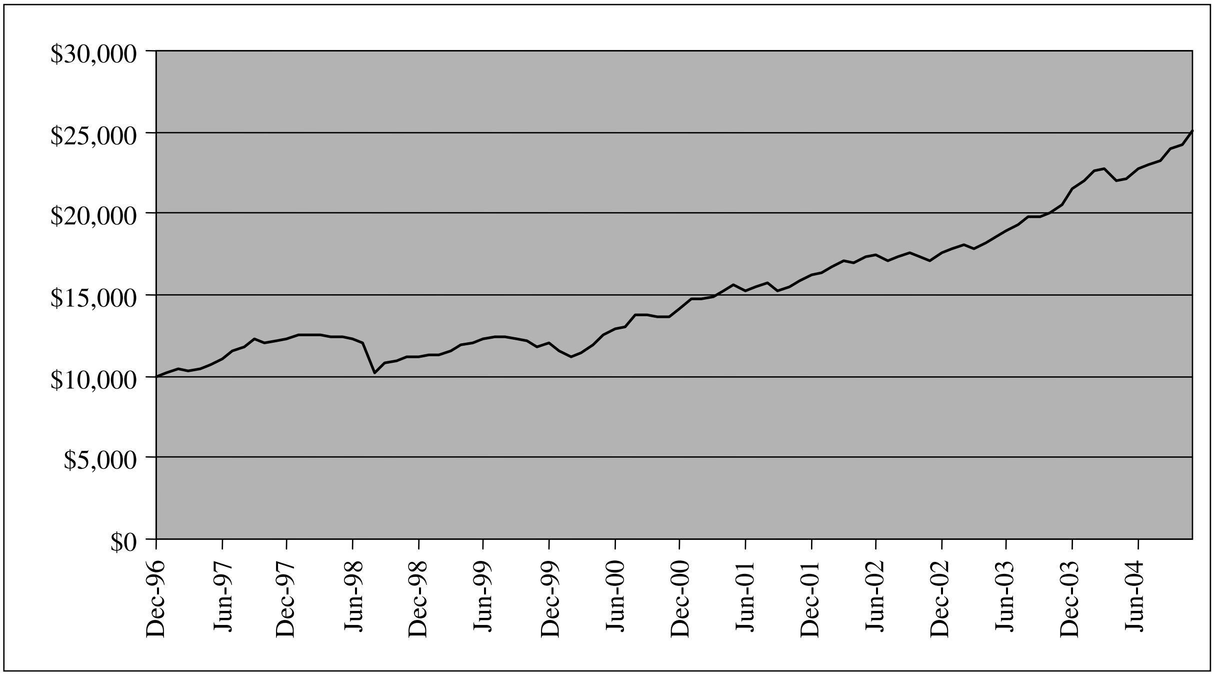
* Simple returns.

** Signature HIF was created on December 18, 1996.

	Calendar Year						
	1997	1998	1999	2000	2001	2002	2003
Fund Performance (%)	22.4	−8.1	7.1	17.2	15.0	8.3	22.6

As illustrated below, the value as at November 30, 2004 of a $10,000 investment in Signature HIF made on December 18, 1996 (the creation date of Signature HIF) was $25,033.

Current Value of a $10,000 Investment is $25,033



There can be no assurance that the performance of the Yield Advantage Portfolio will equal or exceed the performance of Signature HIF.

Conflict of Interest

The services of the Manager, the Investment Advisor and their respective officers and directors are not exclusive to the Fund. The Manager and the Investment Advisor may serve as an investment manager for other investment vehicles with similar investment objectives as the Fund and may at certain times be simultaneously seeking to purchase or dispose of investments for its respective account, the Fund, any similar entity for which it serves as manager or advisor and for its other clients or affiliates.

Neither the Manager, the Investment Advisor nor any of their respective affiliates, is under any obligation to offer investment opportunities of which they become aware to the Fund or to inform the Fund of any investment before offering any investments to other funds or accounts that they manage or advise. Furthermore, the Manager, the Investment Advisor and/or their respective affiliates may make an investment on their own behalf or on behalf of any account that they manage or advise without offering the investment opportunity or making any investment on behalf of the Fund. Affirmative obligations may exist or may arise in the future, whereby the Manager, the Investment Advisor and/or their respective affiliates are obligated to offer certain investments to funds or accounts that they manage or advise before or without offering those investments to the Fund. The Manager, the Investment Advisor and/or their respective affiliates, in connection with their other business activities, may acquire material non-public confidential information that may restrict them from purchasing assets or selling assets for itself or its clients (including the Fund) or otherwise using such information for the benefit of its clients or itself. The Manager and the Investment Advisor will endeavour to resolve conflicts with respect to investment opportunities in a manner which they deem equitable to the extent possible under the prevailing facts and circumstances. See ‘‘Risk Factors – Conflicts of Interest’’.

THE TRUSTEE

Skylon Advisors Inc. is the trustee of the Trust pursuant to the provisions of the Declaration of Trust. The Trustee is a wholly-owned subsidiary of CI Fund Management Inc. The Trustee is responsible for certain aspects of the day-to-day administration of the Trust as described in the Declaration of Trust.

The Trustee or any successor trustee may resign upon 60 days' written notice to Holders or may be removed by an Extraordinary Resolution (as defined under ''Holder Matters – Meetings of Holders and Extraordinary Resolutions'') by Holders in the event the Trustee is in material breach or default of the provisions of the Declaration of Trust and, if capable of being cured, such breach or default has not been cured within 20 Business Days' notice of such breach or default. Any such resignation or removal shall become effective only on the acceptance of appointment by a successor trustee. The Trustee is deemed to have resigned if the Trustee becomes bankrupt or insolvent or in the event the Trustee ceases to be resident in Canada for the purposes of the Tax Act. If the Trustee resigns or is removed by Holders, its successor must be approved by Holders. If, after the resignation or removal of the Trustee, no successor has been appointed within 60 days, the Trustee or any Holder may apply to a court of competent jurisdiction for the appointment of a successor trustee.

The Trustee is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the Holders and to exercise the degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances. The Declaration of Trust provides that the Trustee will not be liable in carrying out its duties under the Declaration of Trust except in cases of wilful misconduct, bad faith, negligence or the disregard of its obligations or duties or breach of its standard of care and duty. The Declaration of Trust provides that the Trustee will not be liable in any way for any default, failure or defect in any of the securities comprising the investment portfolio of the Trust if it has satisfied the duties and the standard of care, diligence and skill set forth above. The Trustee and each of its directors, officers and employees will be indemnified by the Trust for all liabilities and expenses reasonably incurred in connection with any action, suit or proceeding that is proposed or commenced or other claim that is made against the Trustee or any of its officers, directors or employees in the exercise of its duties under the Declaration of Trust, except those resulting from such person's wilful misconduct, bad faith, negligence, disregard of such person's obligations or duties or breach of their standard of care in relation to the matter in respect of which indemnification is claimed.

The address of the Trustee is CI Place, 151 Yonge Street, Tenth Floor, Toronto, Ontario, M5C 2W7.

The Trustee is entitled to receive fees from the Trust as described under ''Fees and Expenses'' and to be reimbursed for all expenses and liabilities which are properly incurred by the Trustee in connection with the activities of the Trust.

DECLARATION OF TRUST AND DESCRIPTION OF UNITS

General

The Trust is an investment trust created pursuant to the Declaration of Trust and governed by the laws of the Province of Ontario. The Declaration of Trust provides that the Trust is restricted to:

(i) investing in, holding and selling securities for the Common Share Portfolio and cash equivalents as provided for herein;

(ii) entering into and performing its obligations under the Forward Agreement with the Counterparty (or additional forward or other derivative transactions intended to have the same effect) and other documentation relating thereto; and

(iii) lending Common Share Portfolio securities pursuant to a Securities Lending Agreement.

Units

The Trust is authorized to issue an unlimited number of redeemable, transferable Units of one class, each of which represents an equal, undivided interest in the net assets of the Trust. To become a Holder under the Offering, an investor must acquire 100 or more Units in the Trust. Fractional Units will not be issued.

Each Unit entitles a Holder to the same rights and obligations as a Holder of any other Unit and no Holder is entitled to any privilege, priority or preference in relation to any other Holder. Each Holder is entitled to one vote for each Unit held and is entitled to participate equally with respect to any and all distributions made by the Trust. See ''Holder Matters – Meetings of Holders and Extraordinary Resolutions''. On termination, all Holders of record holding outstanding Units are entitled to receive any assets of the Trust remaining after payment of all debts, liabilities and liquidation expenses of the Trust. See ''Termination of the Trust''.

The Trust does not currently intend to issue additional Units following completion of the Offering, except: (i) by way of rights offerings to existing Holders, (ii) by way of a public offering or private placement where the subscription price is not less than the aggregate of the net asset value per Unit of the Trust (''NAV per Unit'') calculated prior to entering into of the commitment by the subscriber to purchase such Units or prior to the pricing of the offering, as the case may be, and the estimated expenses per Unit of the offering, (iii) on a distribution of Units or an automatic reinvestment of distributions of net income or capital gains as discussed below, or (iv) with the approval of Holders by Extraordinary Resolution (as defined below). It is not anticipated that any additional Units will be issued unless any new investors are provided with the same terms and conditions as Units offered hereunder. See ''Holder Matters – Meetings of Holders and Extraordinary Resolutions''.

To enhance liquidity and to provide market support for the Units, the Trust will have a mandatory market purchase program under which the Trust will, subject to certain exceptions contained in the Declaration of Trust (as described below) and in compliance with any applicable regulatory requirements, be obligated to purchase for cancellation any Units offered in the market on the following terms. If, at any time following the closing of the Offering, the closing price at which Units are then offered for sale (the ''Reference Closing Price'') is less than 95% of the NAV per Unit determined as at the close of business in Toronto, Ontario on that day, the Trust will purchase for cancellation any Units offered in the market on the following Business Day at or below the Reference Closing Price. The maximum number of Units to be purchased in any three month period (commencing with the three month period that begins on the first day of the month following the closing date of the Offering) will be 1.25% of the number of Units outstanding at the beginning of such period. The Declaration of Trust provides that the Trust will not be obligated to make such purchases if, among other things, (i) the Trust lacks the cash, debt capacity or other resources to make such purchases, or (ii) in the opinion of the Trustee, such market purchases would adversely affect the on-going activities of the Trust.

In addition, the Declaration of Trust provides that the Trust has the right (but not the obligation) exercisable in its sole discretion, at any time, to purchase for cancellation Units in the market, subject to any applicable regulatory requirements and limitations. It is expected that such purchases, if made, will be made as normal course issuer bids through the facilities and under the rules of the exchange or market on which the Units are listed, if applicable, as provided for in the Declaration of Trust or as otherwise permitted by applicable securities laws.

The Trust may, at its option, make a distribution of any net income or net realized capital gains in Units and/or in cash that will automatically be reinvested in Units. Immediately following any such distribution of Units or automatic reinvestment of distributions in Units, the number of Units outstanding will automatically be consolidated such that the number of Units outstanding after such distribution will be equal in number to the number of Units outstanding immediately prior to the distribution. Any such distribution, reinvestment and consolidation will increase the aggregate adjusted cost base of Units to Holders.

Non-Resident Holders

At no time may non-residents of Canada be the beneficial owners of a majority of the Units and the Trustee will inform the Transfer Agent and Registrar of this restriction. The Trustee may require declarations as to the jurisdictions in which beneficial owners of Units are resident. If the Trustee becomes aware, as a result of requiring such declarations as to beneficial ownership or otherwise, that the beneficial owners of 49% of the Units then outstanding are, or may be, non-residents, or that such a situation is imminent, the Trustee may make a public announcement thereof. If the Trustee determines that a majority of the Units are beneficially held by non-residents, the Trustee may send a notice to such non-resident Holders, chosen in inverse order to the order of acquisition or in such manner as the Transfer Agent and Registrar may consider equitable and practicable, requiring them to sell their Units or a portion thereof to residents of Canada within a specified period of not less than 30 days. If the Holders receiving such notice have not sold the specified number of Units or provided the Trustee with satisfactory evidence that they are not non-residents within such period, the Trustee may, on behalf of such Holders, sell such Units and, in the interim, shall suspend the voting and distribution rights attached to such Units. Upon such sale, the affected Holders shall cease to be beneficial holders of Units and their rights shall be limited to receiving the net proceeds of sale of such Units.

Book-Entry Only System

A book-entry only certificate representing Units will be issued in registered form to The Canadian Depository for Securities Limited (''CDS''), or its nominee on its behalf, on the date of the closing of the Offering. Any purchase or transfer of Units must be made through participants in the CDS depository service (''CDS Participants''), which includes securities brokers and dealers, banks and trust companies. Indirect access to the CDS book-entry only system is also available to other institutions that maintain custodial relationships with a CDS Participant, either directly or indirectly. Each purchaser of Units will receive a customer confirmation of purchase from the CDS Participant from whom such Units are purchased in accordance with the practices and procedures of such CDS Participant. Reference in this prospectus to a Holder means, unless the context otherwise requires, the owner of the beneficial interest in such Units.

No Holder will be entitled to a certificate or other instrument from the transfer agent for Units or CDS evidencing that person's interest in or ownership of Units, or will be shown on the records maintained by CDS, except through an agent who is a CDS Participant. All distributions in respect of Units will be made by the Trust to CDS and distributions to CDS will be forwarded by CDS to CDS Participants, and thereafter to the Holders. See ''Distributions''.

The ability of a beneficial owner of Units to pledge such Units or otherwise take action with respect to such owner's interest in such Units (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

The Manager has the option to terminate the book-entry only system through CDS, in which case Units in fully registered certificated form will be issued to Holders, as of the effective date of such termination.

HOLDER MATTERS

Meetings of Holders and Extraordinary Resolutions

The Trustee may, at any time, convene a meeting of the Holders and will be required to convene a meeting on receipt of a request in writing of the Holders holding 10% or more of Units outstanding. Each Holder is entitled to one vote for each Unit held. A quorum for ordinary meetings of Holders will consist of two or more Holders present in person or by proxy and representing not less than 10% of Units outstanding. If a quorum is not present at a meeting within 30 minutes after the time fixed for the meeting, the meeting, if convened pursuant to a request of Holders, will be cancelled, but otherwise will be adjourned to another day, not less than ten days or more than 21 days later, selected by the Manager and notice will be given to the Holders of such adjourned meeting. The Holders present at any adjourned meeting will constitute a quorum.

Certain matters shall require the approval of Holders by extraordinary resolution (an ''Extraordinary Resolution''). An Extraordinary Resolution shall be a resolution passed by Holders of not less than 66⅔% of Units voting thereon at a meeting duly convened for the consideration of such matter. A quorum for any meeting convened to consider a matter requiring the approval of Holders by Extraordinary Resolution shall consist of two or more Holders present in person or by proxy and representing not less than 25% of Units then outstanding.

The matters which require Holder approval by Extraordinary Resolution include the removal of the Trustee, any issuance of Units subsequent to the initial issuance of Units (other than issuances made by way of (i) rights offerings to existing Holders, (ii) by way of private placement or public offering where the subscription price is not less than the aggregate of the NAV per Unit calculated prior to entering into of the commitment by the subscriber to purchase such Units or prior to the pricing of the offering, as the case may be, and the estimated expenses per Unit of the offering, or (iii) a distribution in Units or the automatic reinvestment of distributions of net income or net realized capital gains), the early termination of the Trust or continuation of the Trust beyond the Termination Date, and certain matters described below under ''Amendments to the Declaration of Trust''. An Extraordinary Resolution is not required to increase the size of the Offering.

Amendments to the Declaration of Trust

The Declaration of Trust may only be amended with the consent of Holders. Changes, in any manner, to the Investment Guidelines of the Trust, the liability of any Holder, the right of a Holder to vote at any meeting or changing the Trust from a trust to a different form of issuer require approval by Extraordinary Resolution. However, no amendment can be made to the Declaration of Trust which would have the effect of reducing the interest in the Trust of Holders unless all Holders consent thereto. No amendment can be made to the Declaration of Trust which would have the effect of reducing the fees payable to the Manager unless the Manager, in its sole discretion, consents.

Notwithstanding the foregoing, the Manager is entitled, without the consent of Holders, to make certain amendments to the Declaration of Trust to make any change or correction which is of a typographical nature or is required to cure or correct a clerical omission, mistake or manifest error contained therein or which is for the purpose of amending the existing provisions or adding any provisions which are for the protection or benefit of the Holders or the Trust, for the purpose of curing an ambiguity in the Declaration of Trust, for the purpose of supplementing any provision which may be defective or inconsistent with another provision, for the purpose of compliance with applicable law, for the purpose of conforming the Declaration of Trust with current administrative practice or to provide added protection to Holders. Such amendments may be made only if they will not materially adversely affect the interest of any Holder. The Manager may also amend the Declaration of Trust without the consent of the Holders for the purpose of removing any conflicts or other inconsistencies which may exist between the Declaration of Trust and applicable law, changing the Trust's taxation year-end as permitted under the Tax Act or maintaining the status of the Trust as a ''mutual fund trust'' for purposes of the Tax Act. Any amendments made by the Manager without the consent of the Holders must be disclosed in the next regularly scheduled report to Holders.

Information and Reports to Holders

The Trust will furnish to Holders such financial statements (including unaudited interim and audited annual financial statements, accompanied by management's discussion and analysis of the affairs and operations of the Trust and the Fund) and other reports as are from time to time required by applicable law, including prescribed forms needed for the completion of Holders' tax returns under the Tax Act and equivalent provincial legislation. The financial statements for the Fund will include a statement of investments.

The Trust will comply with all of the continuous disclosure requirements applicable to it as a reporting issuer under applicable securities laws. Prior to any meeting of Holders, the Trust will provide Holders (along with notice of such meeting) all such information as is required by applicable law to be provided to Holders.

TERMINATION OF THE TRUST

The Trust will terminate on the Termination Date unless terminated earlier in accordance with the terms of the Declaration of Trust or unless Holders determine to terminate the Trust prior to the Termination Date or to continue the Trust beyond the Termination Date by an Extraordinary Resolution at a meeting called for such purpose. The Trust shall, after settlement of the Forward Agreement and after paying or making adequate provision for all of the Trust's liabilities, distribute the net assets of the Trust to Holders, on a *pro rata* basis, as soon as practicable after the Termination Date. The payment of the net assets of the Trust to the Holders after the Termination Date is expected, subject to performance of the Fund and the Counterparty, to consist of an amount equal to the redemption proceeds for a corresponding number of units of the Fund.

Not less than six months nor more than 12 months prior to the Termination Date, the Manager may present a proposal to the Holders providing for a deferral of the termination of the Trust to a date that is later than the Termination Date. Such proposal may include, without limitation, a proposal: (i) to continue the Trust beyond the Termination Date; or (ii) to exchange Units for securities of one or more mutual funds or closed-end investment funds on or after the Termination Date.

In the event of the approval of the proposal referred to above, any dissenting Holder may require the Trustee to redeem all (but not less than all) of his or her Units on the Termination Date at a price per Unit equal to the NAV per Unit on the Termination Date. The termination of the Trust may not be extended beyond January 1, 2025.

DISTRIBUTIONS

Distribution Policy

In accordance with the Trust's investment objective to provide Holders with tax efficient monthly distributions consisting primarily of capital gains and returns of capital initially targeted to be $0.0583 per Unit ($0.70 per annum to yield 7.0% on the subscription price of $10.00 per Unit) the Trust will endeavour to make monthly distributions to Holders of record on or about the last Business Day of each month (each, a ''Record Date''). The Trust expects that the initial distribution will be payable to Holders of record on March 31, 2005. The Trust intends to pay distributions to Holders within 15 days after the applicable Record Date (the ''Payment Date''). The Trust will annually determine and announce each March an indicative distribution amount for the following twelve months based upon the prevailing market conditions and the estimate of distributable cash flow for the year. There can be no assurance that the Trust will be able to achieve its monthly distribution objective or make such payments on any Payment Date. The Trust's monthly distributions to Holders will correspond to the monthly distributions made on units of the Fund. Under the Forward Agreement, if the Fund suspends redemptions or fails to pay distributions on its units corresponding to the Trust's targeted distributions the Counterparty will suspend payment in respect of a partial settlement until such time as such redemptions and distributions are reinstated. In such circumstances, the Trust would be unable to pay its targeted distributions.

If, in any year after such distributions, there would otherwise remain in the Trust additional net income or net realized capital gains, the Trust intends to make, on or before December 31 of that year, a special distribution of such portion of the remaining net income and net realized capital gains as is necessary to ensure that the Trust will not be liable for income tax thereon under the Tax Act.

The amount of distributions in any particular calendar month will be determined by the Manager, having regard to the investment objectives of the Trust, the net realized capital gains and net income of the Trust, if any, during the calendar month and in the year to date, the net realized capital gains and net income of the Trust anticipated in the balance of the year and distributions made in previous months.

Monthly cash distributions over the life of the Trust will be derived from the proceeds of disposition of Common Share Portfolio securities. These proceeds will be received by the Trust from the Counterparty under the Forward Agreement.

The Manager anticipates that, of the distributions anticipated to be made in the initial period of the Trust's life, only a very small portion will represent capital gains, with the balance representing returns of capital. Thereafter the Manager anticipates that the proportion of capital gains to returns of capital will increase as the Trust disposes of more Common Share Portfolio securities on the partial settlement of the Forward Agreement. The actual amounts of capital gains distributed to Holders in each year will depend on the proceeds of disposition realized by the Trust on the disposition of Common Share Portfolio securities under the Forward Agreement and the adjusted cost base of such securities. See ''Canadian Federal Income Tax Considerations''.

The Trust intends that the aggregate distributions of net income and net capital gains made in each year will be sufficient to ensure that the Trust will not be liable for income tax thereon under the Tax Act, except to the extent that any tax payable on net realized capital gains of the Trust for a year that are retained by the Trust would be recoverable by it in such year.

Distributions will be payable to Holders of record at 5:00 p.m. (Toronto time) on the Record Date. All distributions will be paid to Holders proportionately based on their respective holdings of Units.

REDEMPTION OF UNITS

Units may be surrendered for redemption not more than 60 days, and at least 30 days, prior to the second last Business Day of December in any year (a ''Valuation Date'') commencing in December 2007 to Computershare Investor Services Inc. (the ''Transfer Agent and Registrar''). If for a period of twenty consecutive Business Days at any time during either the 2005 or 2006 calendar year the price at which Units are then offered for sale is less than 85% of the NAV per Unit determined as at the close of business in Toronto, Ontario on the immediately preceding Business Day, the annual redemption right described above will commence in December of such calendar year. Units surrendered for redemption by a Holder at least 30 days prior to a Valuation Date will be redeemed as at such Valuation Date and the Holder will receive payment in respect of any Units surrendered for redemption on or before the tenth Business Day following such Valuation Date (the ''Redemption Payment Date''). The NAV per Unit will vary depending on the performance of the Yield Advantage Portfolio, which depends on a number of factors, including the value of the securities in the Yield Advantage Portfolio, the performance of the global high yield debt market generally and interest rates.

Holders whose Units are redeemed on the Valuation Date in each year will be entitled to receive a redemption price per Unit (the ''Unit Redemption Price'') equal to the NAV per Unit determined as at such Valuation Date. Any unpaid distribution payable on or before a Valuation Date in respect of Units tendered for redemption on such Valuation Date will also be paid on the Redemption Payment Date.

The Manager may, without the approval of Holders (but subject to regulatory approval in respect of additional redemption rights based on a redemption price determined with reference to NAV), change the redemption rights attached to the Units on not less than 30 days' notice to registered Holders by increasing the number of times in each year that Units may be redeemed by Holders on terms specified by the Manager, provided that no such change may be made without Holder approval if it would eliminate the rights of Holders to redeem their Units on the Valuation Date in any year at a Unit Redemption Price equal to the NAV per Unit or if it would result in the Trust being a mutual fund for securities law purposes. Any redemptions based on a redemption price determined with reference to the NAV more frequently than once a year would, based on the views of the securities regulatory authorities, make the Trust a ''mutual fund'' for securities law purposes (as a result of which the Trust would be subject to the investment restrictions of NI 81-102). After closing, the Trust may provide Holders with additional redemption rights based on the trading price of the Units.

In order to permit the Trust to fund distributions as well as redemptions of Units by Holders from time to time, payment for purchases of Units in the market and expenses of the Trust, the terms of the Forward Agreement will provide that the Forward Agreement may be partially settled prior to the Termination Date by the Trust tendering to the Counterparty securities of the Common Share Portfolio.

A Holder who desires to exercise Unit redemption privileges must do so by causing a CDS Participant to deliver to CDS (at its office in the City of Toronto) on behalf of the Holder a written notice of the Holder's intention to redeem Units, no later than 5:00 p.m. (Toronto time) on the relevant notice date. A Holder who desires to redeem Units should ensure that the CDS Participant is provided with notice of his or her intention to exercise his or her redemption right sufficiently in advance of the relevant notice date so as to permit the CDS Participant to deliver a notice to CDS by the required time.

By causing a CDS Participant to deliver to CDS a notice of a Holder's intention to redeem Units, the Holder shall be deemed to have irrevocably surrendered his or her Units for redemption and appointed such CDS Participant to act as his or her exclusive settlement agent with respect to the exercise of such redemption privilege and the receipt of payment in connection with the settlement of obligations arising from such exercise.

Any redemption notice that CDS determines to be incomplete, not in proper form or not duly executed shall, for all purposes, be void and of no effect, and the redemption privilege to which it relates shall be considered, for all purposes, not to have been exercised thereby. A failure by a CDS Participant to exercise redemption privileges or to give effect to the settlement thereof in accordance with a Holder's instructions will not give rise to any obligations or liability on the part of the Trust or the Manager to the CDS Participant or the Holder.

The Trustee may suspend the redemption of Units or payment of redemption proceeds (i) for the whole or any part of a period during which normal trading is suspended on a stock exchange, options exchange or futures exchange or other market within or outside Canada on which securities are listed and traded, or on which derivatives are traded, if those securities or derivatives represent more than 50% by value, or underlying market exposure, of the total assets of the Common Share Portfolio or Yield Advantage Portfolio without allowance for liabilities and if those securities or derivatives are not traded on any other exchange or market that represents a reasonably practical alternative for the Trust; or (ii) for any period not exceeding 120 days during which the Trustee determines that conditions exist which render impractical the sale of assets of the Trust or the Fund or which impair the ability of the Trustee to determine the value of the assets of the Trust and the Fund. The suspension may, at the sole discretion of the Trustee, apply to all requests for redemption received prior to the suspension but as for which payment has not been made, as well as to all requests received while the suspension is in effect. All Holders making such requests shall be advised of the suspension and of their right to withdraw their request for redemption. Redemptions so suspended will be effected at a price determined on the first date that the NAV is calculated following the termination of the suspension. The suspension shall terminate on the first day on which the condition giving rise to the suspension has ceased to exist provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the Trust, any declaration of suspension made by the Trustee shall be conclusive.

Purchase for Cancellation

Subject to applicable law and regulatory requirements, the Trust will have a mandatory market purchase program and may, at any time and from time to time, purchase Units for cancellation at prices not exceeding the NAV per Unit on the NAV Valuation Date (as defined under ''Valuation – Valuation of Assets'') immediately prior to such purchase. See ''Declaration of Trust and Description of Units – Units''.

VALUATION

Valuation of Assets

The Manager will, on each Business Day, calculate the value of the Trust's and the Fund's respective assets as set forth below.

The total assets of the Trust consist of the aggregate value of the assets of the Common Share Portfolio and the Forward Agreement. Since the value of the Trust's rights and obligations under the Forward Agreement is determined by reference to the value of the Yield Advantage Portfolio, the NAV is linked to the value of the Yield Advantage Portfolio. The total assets of the Yield Advantage Portfolio consist of the aggregate value of the Yield Advantage Portfolio assets. The Investment Advisor will notify the Manager of any adjustments in the holdings of the Yield Advantage Portfolio. The Manager, together with the Investment Advisor, will review and, if satisfactory, approve the valuation and will, from time to time, consider the appropriateness of the valuation policies adopted by the Trust, as such policies are modified from time to time in the discretion of the Manager, acting reasonably, and in the best interests of Holders.

Net Asset Value

Net asset value will be calculated by the Manager on each Business Date by subtracting the aggregate amount of the liabilities of the Trust or the Fund from the total assets of the Trust or the Fund, as applicable. The total assets of the Trust and the Fund will be valued as follows:

(a) the value of any security which is listed or traded upon a stock exchange shall be determined by taking the latest available sale price of recent date, or lacking any recent sales or any record thereof, the simple average of the latest available offer price and the latest available bid price (unless, in the opinion of the Manager, such value does not reflect the value thereof and in which case the latest offer price or bid price should be used), as at the date of valuation on which the net asset value is being determined, all as reported by any means in common use;

(b) the value of any cash on hand or on deposit, prepaid expenses, cash dividends received (or declared to Holders of record on a date before the Business Day as of which the NAV is being determined and to be received) and interest accrued and not yet received, shall be deemed to be the face amount thereof unless the Manager has determined that any such asset is not otherwise worth the face amount thereof, in which case the value thereof shall be deemed to be such value as the Manager determines to be the fair value thereof;

(c) the value of a forward contract shall be the gain or loss with respect thereto that would be realized if, on the Business Day, the position in the forward contract were to be closed out in accordance with its terms;

(d) the value of any bonds, debentures and other debt obligations will be valued by taking the average of the bid and ask prices on the Business Day at such times as the Manager, in its discretion, deems appropriate. Amounts drawn under the Loan Facility will be valued at par. Short-term investments, including notes and money market instruments, will be valued at cost plus accrued interest;

(e) if an investment cannot be valued under the foregoing rules or if the foregoing rules are at any time considered by the Manager to be inappropriate under the circumstances, then notwithstanding the foregoing rules, the Manager shall make such valuation as it considers fair and reasonable; and

(f) the value of all assets quoted or valued in terms of foreign currency, the value of all funds on deposit and contractual obligations payable in foreign currency and the value of all liabilities and contractual obligations payable in foreign currency shall be determined using the applicable rate of exchange current at, or as nearly as practicable to, the date on which the net asset value is computed.

The NAV per Unit is the amount obtained by dividing the NAV as of a particular date by the total number of Units outstanding on that date. The NAV per Unit will be calculated on a daily basis by the Manager. Such information will be provided by the Manager to Holders on request by calling toll-free 1-800-822-0245, or locally at (416) 681-8894, or through the Internet at www.skylonadvisors.com.

The process of valuing investments for which no published market exists is based on inherent uncertainties and the resulting values may differ from values that would have been used had a ready market existed for the investments and may differ from the prices at which the investments may be sold.

Audit of Financial Statements

The annual financial statements of the Trust shall be audited by the Trust's auditors in accordance with generally accepted auditing standards. The auditors will be asked to report on the fair presentation of the annual financial statements in accordance with generally accepted accounting principles.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of McCarthy Tétrault LLP, counsel to the Trust, the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations generally applicable to the acquisition, holding and disposition of Units by a Holder who acquires Units pursuant to this prospectus. This summary is applicable to a Holder who is an individual (other than a trust) and who, for the purposes of the Tax Act, is resident in Canada, deals at arm's length with and is not affiliated with the Trust and holds Units as capital property. Generally, Units will be considered to be capital property to a Holder provided the Holder does not hold the Units in the course of carrying on a business of buying and selling securities and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. Certain Holders who might not otherwise be considered to hold their Units as capital property may in certain circumstances be entitled to treat Units (and all other Canadian securities) as capital property by making an irrevocable election under subsection 39(4) of the Tax Act. This summary is also based on the assumptions that the Common Share Portfolio will consist of ''Canadian securities'' for purposes of the Tax Act and that the Trust will elect in accordance with the Tax Act to have each of its Canadian securities treated as capital property. This summary is based on the current provisions of the Tax Act and the regulations thereunder, counsel's understanding of the current administrative and assessing practices of the Canada Revenue Agency and all specific proposals to amend the Tax Act and regulations thereunder publicly announced by the Minister of Finance (Canada) prior to the date hereof (such proposals referred to hereafter as the ''Tax Proposals''). This summary does not otherwise take into account or anticipate any changes in law, whether by legislative, governmental or judicial action, nor does it take into account provincial, territorial or foreign income tax legislation or considerations. There can be no assurance that the Tax Proposals will be enacted in the form publicly announced or at all.

This summary is not exhaustive of all possible Canadian federal tax considerations applicable to an investment in Units. Moreover, the income and other tax consequences of acquiring, holding or disposing of Units will vary depending on the investor's particular circumstances including the province or territory in which the investor resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any investor. Investors should consult their own tax advisors for advice with respect to the income tax consequences of an investment in Units, based on their particular circumstances.

Status of the Trust

This summary is based on the assumptions that the Trust will qualify at all times as a ''mutual fund trust'' within the meaning of the Tax Act, that the Trust will elect under the Tax Act to be a mutual fund trust from the date it was established, and that the Trust has not been established and will not be maintained primarily for the benefit of non-residents of Canada.

To qualify as a mutual fund trust (i) the Trust must be a Canadian resident ''unit trust'' for purposes of the Tax Act, (ii) the only undertaking of the Trust must be the investing of its funds in property (other than real property or interests in real property), and (iii) the Trust must comply with certain minimum requirements respecting the ownership and dispersal of Units (the ''minimum distribution requirements''). In this connection, (i) the Manager intends to cause the Trust to qualify as a unit trust throughout the life of the Trust, (ii) the Trust's undertaking is restricted to the investing of its funds in property (other than real property or interests in real property), and (iii) the Manager has advised counsel that it has no reason to believe at the date hereof that the Trust will not comply with the minimum distribution requirements throughout the life of the Trust.

If the Trust were not to qualify as a mutual fund trust, the income tax considerations as described below and under ''Eligibility for Investment'' would in some respects be materially different.

Taxation of the Trust

The Trust will be subject to tax in each taxation year under Part I of the Tax Act on the amount of its income for the year, including net realized taxable capital gains, less the portion thereof that it claims in respect of the amount paid or payable to Holders in the year. The Trust intends to deduct, in computing its income in each taxation year, the full amount available for deduction in each year and, therefore, provided the Trust makes distributions in each year of its net income and net realized capital gains as described under ''Distributions'', it will generally not be liable in such year for income tax under Part I of the Tax Act.

The Trust will not realize any income, gain or loss as a result of entering into the Forward Agreement. Provided the Trust elects in accordance with the Tax Act to have each of its Canadian securities treated as capital property, gains or losses realized by the Trust on the sale of Canadian securities will be taxed as capital gains or capital losses. If the obligations of the Trust and the Counterparty under the Forward Agreement are settled by making cash payments as described under ''Management of the Trust – Forward Agreement'', a payment made or received by the Trust may be treated as an income outlay or receipt, as applicable. If the Trust delivers securities in the Common Share Portfolio to the Counterparty in satisfaction of its obligations under the Forward Agreement and receives a payment from the Counterparty equal to the price stipulated in the Forward Agreement, the Trust will realize capital gains (or losses) equal to the amount by which such purchase price (less reasonable costs of disposition) exceeds (or is less than) the aggregate adjusted cost base of such securities.

The Tax Act provides for a special tax on designated income of certain trusts which have designated beneficiaries. This special tax does not apply to a trust for a taxation year if the trust is a mutual fund trust throughout such year. Accordingly, provided that the Trust qualifies as a mutual fund trust throughout a taxation year, it will not be subject to the special tax for such taxation year.

On October 31, 2003 the Department of Finance announced a Tax Proposal relating to the deductibility of losses under the Tax Act. Under this Tax Proposal, a taxpayer will be considered to have a loss from a business or property for a taxation year only if, in that year, it is reasonable to assume that the taxpayer will realize a cumulative profit from the business or property during the time that the taxpayer has carried on, and can reasonably be expected to carry on, the business or has held, and can reasonably be expected to hold, the property. Profit, for this purpose, does not include capital gains or capital losses. If such tax proposal were to apply to the Trust, deductions that would otherwise reduce the Trust's taxable income could be denied with after tax returns to Holders reduced as a result. It will be necessary for the Trust to monitor its activities and this Tax Proposal, which is proposed to apply to taxation years beginning after 2004.

Taxation of Holders

A Holder will generally be required to include in computing income for a taxation year the amount of the Trust's net income for the taxation year, including net realized taxable capital gains, paid or payable (whether in cash or in Units) to the Holder in the taxation year. The non-taxable portion of the Trust's net realized capital gains paid or payable (whether in cash or in Units) to a Holder in a taxation year will not be included in the Holder's income for the year. Any other amount in excess of the Trust's net income for a taxation year paid or payable to the Holder in the year will not generally be included in the Holder's income, but will reduce the adjusted cost base of the Holder's Units.

Provided that appropriate designations are made by the Trust, such portion of (i) the net realized taxable capital gains of the Trust, and (ii) the taxable dividends received by the Trust on shares of taxable Canadian corporations, as is paid or payable to a Holder will effectively retain its character and be treated as such in the hands of the Holder for purposes of the Tax Act. To the extent that amounts are designated as taxable dividends from taxable Canadian corporations, the normal gross-up and dividend tax credit rules will apply.

Under the Tax Act, the Trust is permitted to deduct in computing its income for a taxation year an amount which is less than the amount of its distributions for the year. This will enable the Trust to utilize, in a taxation year, losses from prior years without affecting the ability of the Trust to distribute its income annually. The amount distributed to a Holder but not deducted by the Trust will not be included in the Holder's income. However, the adjusted cost base of the Holder's Units will be reduced by such amount. To the extent that the adjusted cost base of a Unit would otherwise be less than zero, the negative amount will be deemed to be a capital gain realized by the Holder from the disposition of the Unit and the Holder's adjusted cost base will be increased by the amount of such deemed capital gain.

The NAV per Unit will reflect any income and gains of the Trust that have accrued at the time Units are acquired. Accordingly, a Holder who acquires Units may become taxable on the Holder's share of income and gains of the Trust that accrued before the Units were acquired. The purchase price for the Common Share Portfolio under the Forward Agreement from time to time may significantly exceed the aggregate adjusted cost base of the securities comprising the Common Share Portfolio. Therefore, there may be significant accrued gains in the Trust prior to the settlement of the Forward Agreement on or about the Termination Date.

On the disposition or deemed disposition of a Unit, the Holder will realize a capital gain (or capital loss) to the extent that the Holder's proceeds of disposition (other than any amount payable by the Trust which represents an amount that is otherwise required to be included in the Holder's income as described above) exceed (or are exceeded by) the aggregate of the adjusted cost base of the Unit and any reasonable costs of disposition. If the Trust distributes property *in specie* on the termination of the Trust, a Holder's proceeds of disposition will generally be equal to the aggregate of the fair market value of the distributed property and the amount of any cash received, less any capital gain realized by the Trust on the disposition.

For the purpose of determining the adjusted cost base of Units to a Holder, when Units are acquired, the cost of the newly acquired Units will be averaged with the adjusted cost base of all Units owned by the Holder as capital property immediately before that time. For this purpose the cost of Units that have been issued as a distribution or on the automatic reinvestment of a net income or capital gains distribution (as contemplated under ''Declaration of Trust and Description of Units'') will generally be equal to the amount of the net income or capital gain distributed to the Holder that has been reinvested in Units.

One-half of any capital gain (''taxable capital gain'') realized on the disposition of Units will be included in the Holder's income and one-half of any capital loss (''allowable capital loss'') realized may be deducted from taxable capital gains in accordance with the provisions of the Tax Act.

In computing a Holder's income for purposes of the Tax Act, any taxable capital gain designated to the Holder in accordance with the provisions of the Tax Act, arising from the settlement of the Forward Agreement (or otherwise), may be netted against any allowable capital loss realized by the Holder, including any allowable capital loss realized on the disposition of Units to the Trust on redemption.

In general terms, net income of the Trust paid or payable to a Holder that is designated as net realized taxable capital gains or taxable capital gains realized on the disposition of Units may increase the Holder's liability for alternative minimum tax.

ELIGIBILITY FOR INVESTMENT

In the opinion of McCarthy Tétrault LLP, counsel to the Trust, provided that the Trust qualifies as a ''mutual fund trust'' for the purposes of the Tax Act, Units offered hereby, if issued on the date hereof, will be qualified investments under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and registered education savings plans. Provided the Trust is a ''mutual fund trust'' within the meaning of the Tax Act and complies with its investment restrictions relating to the holding of foreign property, Units, if issued on the date hereof, will not constitute ''foreign property'' for purposes of the tax imposed under Part XI of the Tax Act.

USE OF PROCEEDS

The Trust intends to use the total proceeds from the sale of Units as follows:

	Maximum Offering	Minimum Offering
Gross proceeds to the Trust	$300,000,000	$30,000,000
Dealers' fee	$ 12,000,000	$ 1,200,000
Expenses of issue	$ 500,000	$ 500,000
Net proceeds to the Trust	$287,500,000	$28,300,000

The Trust will use the net proceeds of the Offering to invest in the Common Share Portfolio which will be subject to the Forward Agreement.

PLAN OF DISTRIBUTION

The Manager is responsible for arranging for the distribution of Units through brokers and dealers (collectively, ''Dealers'') that are appropriately registered in the provinces of Canada to sell the Units and the Manager will not accept a subscription to purchase Units if the Manager believes the subscription was placed through a Dealer that is not so registered. Dealers who are registered solely in the category of mutual fund dealer or its equivalent are not permitted to sell Units. The Manager is not acting as a dealer in connection with the Offering, it will have no direct contact with prospective purchasers of Units, and subscriptions to purchase Units cannot be made directly to the Manager. Units are available for purchase solely by submitting a subscription to purchase Units through the order entry system of FundSERV under order code ''CIG6974''. Subscriptions received by the Manager through FundSERV before 4:00 p.m. (Toronto time) on each Friday (each a ''Trade Date'') will be accepted by the Manager on that date. Subscriptions received by the Manager through FundSERV after 4:00 p.m. on a Trade Date will be accepted by the Manager on the following Trade Date. The first Trade Date will occur on the Friday by which the Manager has received and accepted subscriptions for not less than 3,000,000 Units, which currently is anticipated to be January 28, 2005. Each purchaser of Units is required to submit payment through FundSERV of the purchase price for his or her Units no later than the third business day following the Trade Date (each a ''Settlement Date'') on which such investor's subscription is accepted by the Manager. Each Dealer is directed by the Manager to withhold from payment of the subscription price for Units and retain an amount equal to $0.40 for each Unit sold by the Dealer in satisfaction of payment of the Dealer's fee for selling such Units. The last Trade Date will be February 25, 2005 and the Offering will be completed on or about March 2, 2005. All Units will be issued at a price of $10.00 per Unit, regardless of the Trade Date and Settlement Date relating to the issue of such Units. If subscriptions for a minimum of 3,000,000 Units have not been received and accepted by the Manager within 90 days following the date of issuance of a receipt for the (final) prospectus, the Offering may not continue without the consent of the Canadian securities regulators and those who have subscribed on or before such date. The Trust has agreed to obtain a receipt for a prospectus of the Fund from the Autorité des marchés financiers and to arrange to deliver a copy of such prospectus to purchasers in the Province of Québec with a copy of this prospectus. The offering price for the Units was determined by the Manager.

The Toronto Stock Exchange has conditionally approved the listing of the Units, subject to fulfillment by the Trust of the requirements of the Toronto Stock Exchange on or before March 22, 2005, including the distribution of Units to a minimum number of Holders. The Units are expected to commence trading on the Toronto Stock Exchange on completion of the Offering on or about March 2, 2005.

FEES AND EXPENSES

Initial Fees and Expenses

The expenses of the Offering (including the costs of creating and organizing the Trust, the costs of printing and preparing the prospectus, legal expenses, marketing and advertising expenses and other reasonable out-of-pocket expenses) including other incidental expenses, which are estimated to be $500,000 in the aggregate, will be paid out of the gross proceeds of the Offering. In addition, the Dealers' fee will be paid to the Dealers from the gross proceeds as described under ''Plan of Distribution''.

Management Fees

The Manager has coordinated the organization of the Trust and will manage the on-going business and administrative affairs of the Trust and the Fund. As compensation for management services rendered to the Trust, the Manager is entitled to receive an annual management fee in an amount equal to 0.20% of the NAV calculated and payable monthly in arrears plus applicable taxes and an amount equal to the Service Fee (as defined below) payable to Dealers. As compensation for management services rendered to the Fund, the Manager is entitled to receive an annual management fee in an amount equal to 0.75% of the net asset value of the Fund calculated and payable monthly in arrears, plus applicable taxes. The Manager is responsible for payment of the investment management fees of the Investment Advisor.

On-Going Expenses

The Trust will pay to the Counterparty a fee under the Forward Agreement of approximately 0.40% per annum of the net asset value of the corresponding number of units of the Fund that will determine the purchase price of the Common Share Portfolio under the Forward Agreement, plus a fee which may vary based on hedging costs incurred in connection with the Common Share Portfolio, calculated and payable monthly in arrears. The fee which may vary is intended to compensate the Counterparty for the costs of hedging its exposure under the Forward Agreement, if it chooses to do so, and will equal the fees that would be charged to the Counterparty for borrowing securities matching the securities in the Common Share Portfolio.

Each of the Trust and the Fund will also pay for all expenses incurred in connection with its operation and administration. It is expected that these expenses have included or will include, without limitation: mailing and printing expenses for periodic reports to Holders; fees payable to the Trustee for acting as trustee of the Trust; fees payable to the custodian for acting as custodian of the assets of the Trust; fees payable to the Transfer Agent and Registrar for performing certain financial, record-keeping, reporting and general administrative services; fees payable to the auditors and legal advisors; on-going regulatory filing fees and other fees; any reasonable out-of-pocket expenses incurred by the Manager or its agents in connection with their on-going obligations to the Trust or the Fund; any taxes payable by the Trust or to which the Trust may be subject; interest expenses; expenses relating to portfolio transactions; and any expenditures which may be incurred upon the termination of the Trust or the Fund. The Manager estimates that administration and operating costs for the Trust and the Fund will be approximately $200,000 and $100,000, respectively, per annum (assuming an offering size of approximately $100 million). A small amount of additional administration and operating costs may arise as a result of the establishment and operation of both the Trust and the Fund (as compared to other investment trust offerings where only one trust is established). Each of the Trust and the Fund will also be responsible for its other costs of portfolio transactions and any extraordinary expenses which may be incurred from time to time.

Service Fee

The Manager will pay to Dealers an annual Service Fee equal to 0.30% of the NAV per Unit for Units held by clients of the sales representatives of the Dealers calculated and payable quarterly in arrears.

INTEREST OF MANAGEMENT IN MATERIAL TRANSACTIONS

The Manager is the promoter of the Trust. See ''Management of the Trust''.

RISK FACTORS

There are certain risks associated with an investment in Units. Some of these risks relate to activities carried on directly by the Trust. Other risks relate to activities by the Fund and could affect the Trust by reason of the Forward Agreement. Consequently, investors should consider the following risk factors before subscribing for Units:

No Assurance of Achieving Investment Objectives and No Guaranteed Rate of Return

There is no assurance that the Trust will be able to achieve its monthly distribution objective or its objective to endeavour to preserve and enhance the NAV in order to return at least the original subscription price of the Units to Holders on or about the Termination Date or that the Yield Advantage Portfolio will earn any return. As a consequence of entering into the Forward Agreement, the Trust will forego the benefits of any increase in the value of the Common Share Portfolio.

There is no assurance that the Trust will be able to pay monthly distributions. The Trust expects to exercise its right to settle portions of the Forward Agreement prior to the Termination Date in order to permit the Trust to fund monthly distributions as well as redemptions of Units by Holders from time to time, payment for purchases of Units in the market and expenses of the Trust. Accordingly, the Trust's ability to pay distributions will be influenced by the performance of the Yield Advantage Portfolio, as the return to the Holders and the Trust will be dependent upon the return on the Fund and the Yield Advantage Portfolio by virtue of the Forward Agreement.

There is no guarantee that the Yield Advantage Portfolio will continue to earn any return. An investment in the Trust is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment and who can withstand the effect of the target return not being met in any period.

Fluctuations in Net Asset Value

The NAV and the funds available for distribution will vary according to, among other things, distributions paid on the Units, the value of the investments in the Yield Advantage Portfolio and the distributions paid and interest earned thereon. Fluctuations in the market values of the investments in the Yield Advantage Portfolio may occur for a number of reasons beyond the control of the Investment Advisor including changes in interest rates, fluctuations of commodity prices, production risk and performance of equity and debt markets generally.

Trading Price of the Units Relative to Net Asset Value

Units may trade in the market at a premium or discount to the NAV per Unit and there can be no assurance that Units will trade at a price equal to the NAV per Unit. This risk is separate and distinct from the risk that the Trust's NAV may decrease.

Performance and Marketability of Yield Advantage Portfolio

There is no assurance that an adequate market will exist for the Yield Advantage Portfolio. Securities issued by issuers who are not reporting issuers in all provinces may be subject to an indefinite hold period under certain provincial securities legislation. In many circumstances, the issuers of securities which the Fund may acquire have limited operating histories. The value of these securities will be influenced by factors which are not within the control of the Investment Advisor, which, in the case of resource-oriented royalty and income trusts, include the financial performance of the respective issuers, commodity prices, exchange rates, interest rates, the hedging policies employed by such issuers, issues relating to the regulation of the natural resource industry and operational risks relating to the resource sector and other financial market conditions. In the case of real estate investment trusts, such factors include the quality of the real estate investment trust's property portfolio, the perception of and the abilities of the real estate investment trust's advisor, the prospects for the Canadian and U.S. commercial real estate market and the economy in general, including the level and likely direction of interest rates. The Investment Advisor cannot predict whether the securities held in the Yield Advantage Portfolio will trade at a discount to, a premium to, or at their net asset value. Further, because of uncertainties in the law relating to Income Trusts, there is a remote risk that a fund investing in an Income Trust could be held responsible for obligations of that Income Trust.

Interest Rate Changes and Sensitivity of Market Price of Units to Interest Rates

Interest rate risk is the risk that debt obligations will decline in value because of changes in interest rates. Generally, debt securities will decrease in value when interest rates rise and increase in value when interest rates decline. NAV will fluctuate with interest rate changes and the corresponding changes in the value of the Yield Advantage Portfolio.

As the Trust intends to provide Holders with targeted monthly distributions, the market price of Units may be affected by the level of interest rates prevailing from time to time.

Commodity Price Fluctuations

The operations and financial condition of resource-based issuers, including oil and gas royalty trusts, and the amount of distributions paid on their units, is dependent in part on commodity prices applicable to the commodities sold by such issuers. Prices for commodities will vary and are determined by supply and demand factors, including weather, general economic conditions and political conditions. A decline in commodity prices could have an adverse effect on the operations and financial conditions of such issuers and the amount of distributions paid on their units. In addition, certain commodity prices are based on a U.S. dollar market price. Accordingly, an increase in the value of the Canadian dollar against the U.S. dollar could reduce the amount of distributions paid on the units of such resource-based issuers.

Income Trusts

The value of the Yield Advantage Portfolio's investments in certain Income Trusts and the income generated by such funds are subject to changes in general economic conditions and in industry specific conditions including the performance of competitors and demand for specific products and services offered by an Income Trust, and may be adversely affected by a change in any of such conditions.

Cross-Border Income Trusts

Based on publicly available information, it is the understanding of the Manager that no U.S. Internal Revenue Service rulings were sought in connection with the establishment of a number of Income Trusts that have significant operations in the United States. No assurance can be given that the U.S. Internal Revenue Service will not successfully challenge various aspects of the structures adopted by these Income Trusts or that advisers to these Income Trusts will continue to provide audit and other opinions relating to the operations of these Income Trusts. Any successful challenge by the U.S. Internal Revenue Service or a withdrawal of such services by advisers may have a material and adverse affect on the after-tax income available for distribution by such Income Trusts. To the extent that such Income Trusts are held by in the Yield Advantage Portfolio at that time, the distributions of the Fund and the value of the Units may be adversely affected.

Real Estate Investments

Investments in real estate investment trusts are subject to the general risks associated with real property investments. Real property investments are affected by various factors including changes in general economic conditions (such as the availability of long term mortgage funds) and in local conditions (such as oversupply of space or a reduction in demand for real estate in the area), the attractiveness of the properties to tenants, competition from other available space and various other factors.

The value of real property and any improvements thereto may also depend on the credit and financial stability of the tenants. A real estate investment trust's income and funds available for distributions to its unitholders would be adversely affected if a significant number of tenants were to become unable to meet their obligations to the real estate investment trust or if the real estate investment trust were unable to lease a significant amount of available space in its properties on economically favourable lease terms.

High Yield Debt

The Yield Advantage Portfolio will include High Yield Debt, which typically entail greater potential price volatility and may be less liquid than higher rated instruments. High Yield Debt may be regarded as predominately speculative with respect to the issuer's continuing ability to meet principal and interest payments. They may also be more susceptible to real or perceived adverse economic and competitive industry conditions than higher rated securities. High Yield Debt also includes risks of default on interest and principal. Analysis of the creditworthiness of issuers of High Yield Debt may be more complex than for issuers of higher quality debt obligations. Unrated securities may be less liquid than comparable rated securities and involve the risk that the Investment Advisor may not accurately evaluate the security's comparative credit rating. The secondary market on which High Yield Debt is traded may be less liquid than the market for investment grade securities. During periods of thin trading in these markets, the spread between bid and ask prices is likely to increase significantly and the Fund may have greater difficulty selling the securities in the Yield Advantage Portfolio.

The Yield Advantage Portfolio may, at any time, include investments in sovereign debt securities of emerging market countries. Such investments involve certain risks not typically associated with investing in domestic or U.S. securities, and impose risks greater than, or in addition to, risks of investing in foreign, developed countries. These risks include: greater risks of nationalization or expropriation of assets or confiscatory taxation; currency devaluations and other currency exchange rate fluctuations; greater social, economic and political uncertainty and instability (including the risk of war); more substantial government involvement in the economy; less government supervision and regulation of the securities markets and participants in those markets; controls on foreign investment and limitations on repatriation of invested capital and on the Fund's ability to exchange local currencies; unavailability of currency hedging techniques in certain emerging market countries; the fact that companies in emerging market countries may be smaller, less seasoned and newly organized companies; the difference in, or lack of, auditing and financial reporting standards, which may result in unavailability of material information about issuers; the risk that it may be more difficult to obtain and/or enforce a judgement in a court outside Canada or the United States; and greater price volatility, substantially less liquidity and significantly smaller market capitalization of securities markets.

In addition, a number of emerging market countries restrict, to various degrees, foreign investment in securities, and high rates of inflation and rapid fluctuations in inflation rates have had, and may continue to have, negative effects on the economies and securities markets of certain emerging market countries. Also, any change in the leadership or politics of emerging market countries, or the countries that exercise a significant influence over those countries, may halt the expansion of or reverse the liberalization of foreign investment policies now occurring and adversely affect existing investment opportunities.

Common Shares

The Fund may invest up to 20% of its net asset value in Other Securities including common shares. Common shares constitute part ownership in an issuer. The value of a common share changes with the fortunes of the issuer that issued it. General market conditions and the health of the economy as a whole can also affect common share prices. Equity-related securities, which provide indirect exposure to the common shares of an issuer, can also be affected by common share risk. Examples of equity-related securities are warrants and convertible securities.

Foreign Market Exposure

The Yield Advantage Portfolio may, at any time, include securities of issuers established in jurisdictions outside Canada and the United States. Although most of such issuers will be subject to uniform accounting, auditing and financial reporting standards comparable to those applicable to Canadian and U.S. companies, some issuers may not be subject to such standards and, as a result, there may be less publicly available information about such issuers than a Canadian or U.S. company. Volume and liquidity in some foreign markets may be less than in Canada and the United States and, at times, volatility of price may be greater than in Canada or the United States. As a result, the price of such securities may be affected by conditions in the market of the jurisdiction in which the issuer is located or its securities are traded. Investments in foreign markets carry the potential exposure to the risk of political upheaval, acts of terrorism and war, all of which could have an adverse impact on the value of such securities.

Counterparty Risk

The Trust will enter into the Forward Agreement with the Counterparty pursuant to which the Trust will be required to deliver to the Counterparty on the Termination Date the Common Share Portfolio in exchange for a payment in an amount equal to the redemption proceeds for a corresponding number of units of the Fund. In entering into the Forward Agreement, the Trust will be exposed to the credit risk associated with the Counterparty. Depending on the value of the Common Share Portfolio, the Trust's exposure to the credit risk of the Counterparty may be significant. In addition, the possibility exists that the Counterparty or any guarantor of the obligations of the Counterparty pursuant to the Forward Agreement will default on its payment obligations under the Forward Agreement or that the proceeds of the Forward Agreement will be used to satisfy other liabilities of the Trust, which liabilities could include obligations to third-party creditors in the event the Trust has insufficient assets, excluding the proceeds of the Forward Agreement, to pay its liabilities. Holders will have no recourse or rights against the assets of the Yield Advantage Portfolio or the Counterparty and the Counterparty is not responsible for the returns of the Yield Advantage Portfolio.

Securities Lending

The Trust may engage in securities lending as described under ''Management of the Trust – Securities Lending''. Although the Trust will receive collateral for the loans and such collateral is marked to market, the Trust will be exposed to the risk of loss should the borrower default on its obligation to return the borrowed securities and the collateral is insufficient to reconstitute the portfolio of loaned securities.

The Fund may also engage in securities lending, as described under ''Investment Guidelines of the Fund – Securities Lending'', and is subject to the same risks described above.

Leverage

One element of the Fund's investment strategy is the utilization of borrowings under the Loan Facility or the employment of other forms of leverage to make investments in additional instruments. The obligations under the Loan Facility or other forms of leverage may be secured by the Yield Advantage Portfolio. By adding additional leverage, these strategies have the potential to enhance returns but also involve additional risks. There can be no assurance that the leveraging strategy employed by the Fund will enhance returns. The use of leverage may reduce returns (both distributions and capital) to Holders. If the investments in the Yield Advantage Portfolio suffer a substantial decrease in value, the leverage component will cause a decrease in NAV in excess of that which would otherwise be experienced. In addition, if the aggregate amount of borrowings under the Loan Facility and other forms of leverage exceed at any time 25% of the net asset value of the Fund at the time the borrowing or other transaction is entered into as a result of redemptions or other decrease in the number of units of the Fund, the Fund will be required to sell investments or enter into other transactions in order to reduce the aggregate amount of borrowings or other leverage to such 25% level. Such transactions may be required to be effected at prices or on terms which may adversely affect the value of the Yield Advantage Portfolio and, consequently, the return to the Trust by virtue of the Forward Agreement. However, the Fund will not be required to reduce borrowings or other leverage as a result of decreases in the net asset value of the Fund occurring otherwise than as a result of a decrease in the number of units of the Fund outstanding. If the net asset value of the Fund decreases otherwise than as a result of a decrease in the number of units of the Fund outstanding, the percentage of leverage in the Yield Advantage Portfolio may constitute more than 25% of the net asset value of the Fund from time to time.

The interest expense and banking fees incurred in respect of a Loan Facility, or expenses and fees incurred in respect of other forms of leverage, may exceed the incremental capital gains/losses and income generated by the incremental investment of Yield Advantage Portfolio securities. In addition, the Loan Facility may impose additional restrictions on the Fund and the Fund may not be able to renew a Loan Facility or other form of leverage on acceptable terms. The Investment Advisor expects that the Fund may utilize the maximum amount of leverage permitted by the investment restrictions described under ''Investment Guidelines of the Fund''.

Operating History and Marketability of Units

The Trust is a newly organized investment trust with no previous operating history. There is currently no public market for the Units and there can be no assurance that an active public market will develop or be sustained after completion of the Offering.

Treatment of Proceeds of Disposition

In determining its income for tax purposes, the Trust will treat gains or losses on the disposition of securities in the Common Share Portfolio under the Forward Agreement as capital gains and losses. The Canada Revenue Agency's practice is not to grant advance income tax rulings on the characterization of items as capital gains or income and no advance income tax ruling has been requested or obtained.

If, contrary to the advice of counsel to the Trust or as a result of a change of law, upon physical settlement of the Forward Agreement the character and timing of the gain under the Forward Agreement were other than a capital gain on the sale of the securities thereunder, after-tax returns to Holders could be reduced and the Trust could be subject to non-refundable income tax from such transactions.

Stop Loss Rules

Any losses realized by the Trust may be denied in circumstances where the trustee of the Trust is also the trustee of other trusts where, within a certain time period, such other trusts acquire securities which are identical to those owned by the Trust.

Reliance on Investment Advisor, Manager and Key Personnel

Performance of the Yield Advantage Portfolio is dependent on the Manager, which provides management services to both the Trust and the Fund, and the Investment Advisor, which provides investment advisory and portfolio management services to the Fund with respect to the Yield Advantage Portfolio pursuant to the Investment Advisory Agreement.

Foreign Currency Exposure

Certain of the investments in the Yield Advantage Portfolio, at any time, will consist of securities denominated in currencies other than the Canadian dollar and, accordingly, the NAV will, when measured in Canadian dollars, be affected by fluctuations in the value of such currencies relative to the Canadian dollar.

Illiquid Securities

If the Investment Advisor is unable to dispose of some or all of the Yield Advantage Portfolio securities prior to the Termination Date, the Trust may experience a delay in the receipt of the payment by the Counterparty under the Forward Agreement until such time as the Investment Advisor is able to dispose of such Yield Advantage Portfolio securities. If the Investment Advisor determines that it is appropriate to acquire certain securities for the Fund, the Investment Advisor may be unable to acquire the number of such securities, or to acquire such securities at a price acceptable to the Investment Advisor, if the market for such securities is particularly illiquid.

Derivatives Risk

The Yield Advantage Portfolio may use derivatives for any purpose including, among other things, as a substitute for taking a position in the underlying asset or as part of a strategy designed to reduce or increase exposure to other risks, such as interest rate or currency risk. The Yield Advantage Portfolio's use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. Derivatives are subject to a number of risks, such as liquidity risk, interest rate risk, market risk, credit risk, leveraging risk, counterparty risk and management risk. They also involve the risk of mispricing or improper valuation and the risk that changes in the value of a derivative may not correlate perfectly with the underlying asset, rate or index. Hedging with derivatives may not always be successful and could limit the Fund's ability to participate in increases in the value of the Yield Advantage Portfolio and may increase the risk of investing in Units. There is also no guarantee that the Fund will be able to obtain or close out a derivative contract when the Investment Advisor believes it is desirable to do so, which could prevent the Fund from making a profit or limiting a loss. When the Fund invests in a derivative instrument, it could lose more than the principal amount invested.

Conflicts of Interest

The Manager, the Investment Advisor, their respective directors and officers and their respective affiliates and associates may engage in the promotion, management or investment management of any other fund or trust which invests primarily in Income Trusts and High Yield Debt.

Although none of the directors or officers of the Manager or the Investment Advisor will devote his or her full time to the business and affairs of the Trust or the Fund, each will devote as much time as is necessary to supervise the management of (in the case of the directors) or to manage (in the case of officers) the business and affairs of the Manager, the Investment Advisor, the Trust and the Fund, as applicable. Although officers, directors and professional staff of the Investment Advisor will devote as much time to the Fund as they deem appropriate to perform their respective duties in accordance with the Investment Advisory Agreement, the staff of the Investment Advisor may have conflicts in allocating time and services among the Yield Advantage Portfolio and the other portfolios of the Investment Advisor.

In addition, each of the Investment Advisor, the Manager and/or their respective affiliates, in connection with its other business activities, may acquire material non-public confidential information that may restrict it from purchasing assets or selling assets for itself or its clients (including the Fund) or otherwise using such information for the benefit of its clients or itself.

Status of the Trust and the Fund

The Trust is not a ''mutual fund'' for securities law purposes. As a result, some of the protections provided to investors in mutual funds under such laws will not be available to investors in the Units and certain restrictions imposed on mutual funds under Canadian securities laws do not apply to the Trust. See ''Investment Guidelines of the Trust – Investment Restrictions of the Trust''.

Certain restrictions imposed on mutual funds under Canadian securities laws, including NI 81-102, do not apply to the Fund. See ''Investment Guidelines of the Fund – Investment Restrictions of the Fund''.

Changes in Legislation

There can be no assurance that income tax, securities, and other laws or the interpretation and application of such laws by courts or government authorities will not be changed in a manner which adversely affects the distributions received by the Trust or by the Holders, or the taxation of the Trust and Holders generally.

Legal and Statutory Rights

Although the custodian of the Fund is in Canada and some of the assets of the Fund may be held in Canada, the majority of the Fund's assets may be held in accounts with sub-custodians in other jurisdictions. Accordingly, there may be additional defences available to any judgement obtained by the Fund in Canada which may affect enforcement in any such jurisdictions.

Liability of Holders

The Trust is a unit trust and, as such, the Holders do not receive the protection of statutorily mandated limited liability as in the case of shareholders of most Canadian corporations. There is no guarantee therefore, that Holders could not be made party to legal action in connection with the Trust. However, the Declaration of Trust provides that no Holder, in its capacity as such, will be subject to any liability whatsoever, in tort, contract or otherwise, to any person in connection with the Trust's property or the obligations or the affairs of the Trust and all such persons shall look solely to the Trust's property for satisfaction of claims of any nature arising out of or in connection therewith and the Trust's property only shall be subject to levy or execution. Pursuant to the Declaration of Trust, the Trust will indemnify and hold harmless each Holder from any costs, damages, liabilities, expenses, charges and losses suffered by a Holder resulting from or arising out of such Holder not having limited liability. In addition, legislation has been enacted in the Province of Ontario which is intended to provide Holders in Ontario with the protection of limited liability.

The Declaration of Trust provides that the Trustee shall use reasonable means to cause the Trust's operations to be conducted in such a way as to minimize any such risk and, in particular, where feasible, to cause every written contract or commitment of the Trust to contain an express disavowal of liability of Holders.

In any event, it is considered that the risk of any personal liability of Holders is minimal in view of the anticipated equity of the Trust, and the nature of its activities. In the event that a Holder should be required to satisfy any obligation of the Trust, such Holder will be entitled to reimbursement from any available assets of the Trust.

Tax Proposals Regarding Deductions

On October 31, 2003 the Department of Finance announced a Tax Proposal relating to the deductibility of losses under the Tax Act. Under this Tax Proposal, a taxpayer will be considered to have a loss from a business or property for a taxation year only if, in that year, it is reasonable to assume that the taxpayer will realize a cumulative profit from the business or property during the time that the taxpayer has carried on, and can reasonably be expected to carry on, the business or has held, and can reasonably be expected to hold, the property. Profit, for this purpose, does not include capital gains or capital losses. If such tax proposal were to apply to the Trust, deductions that would otherwise reduce the Trust's taxable income could be denied with after-tax returns to Holders reduced as a result. It will be necessary for the Trust to monitor its activities and this Tax Proposal, which is proposed to apply to taxation years beginning after 2004.

In the event the tax proposal is enacted in its current form, the Trust will endeavour to mitigate its effect on the Trust. (See ''Canadian Federal Income Tax Considerations''.)

Tax Proposals Regarding Non-Resident Holders

Currently, a trust will not be considered to be a mutual fund trust if it is established or maintained primarily for the benefit of non-residents unless all or substantially all of its property is property other than taxable Canadian property as defined in the Tax Act. On September 16, 2004, the Minister of Finance (Canada) released draft amendments to the Tax Act. Under the draft amendments, a trust would lose its status as a mutual fund trust if the aggregate fair market value of all units issued by the trust held by one or more non-resident persons or partnerships that are not Canadian partnerships (or any combination thereof) is more than 50% of the aggregate fair market value of all the units issued by the trust where more than 10% (based on fair market value) of the trust's property is taxable Canadian property or certain other types of property. If the draft amendments are enacted as proposed, and if, at any time, more than 50% of the aggregate fair market value of Units of the Trust were held by non-residents and partnerships other than Canadian partnership (or any combination thereof), the Trust would thereafter cease to be a mutual fund trust. The draft amendments do not currently provide any means of rectifying a loss of mutual fund trust status. On December 6, 2004, the Department of Finance tabled a Notice of Ways and Means Motion which did not include these proposed amendments. It is counsel's understanding that the Department of Finance has suspended implementation of the proposed amendments pending further consultation with interested parties.

MATERIAL CONTRACTS

Material contracts which have been, or will be, entered into by the Trust since its formation or prior to closing, other than contracts entered into in the ordinary course of business, are as follows:

(a) the Declaration of Trust made by the Trustee referred to under ''Declaration of Trust and Description of Units'' and ''The Trustee'';

(b) the custodian agreement made between the Manager and Royal Trust Corporation of Canada referred to under ''Auditors, Transfer Agent, Registrar and Custodian'';

(c) the registrar, transfer agency and distribution agency agreement made between the Trustee as trustee of the Trust and Computershare Investor Services Inc. referred to under ''Auditors, Transfer Agent, Registrar and Custodian''; and

(d) the Forward Agreement made between the Trustee as trustee of the Trust and the Counterparty referred to under ''Investment Guidelines of the Trust''.

Copies of the contracts referred to above may be inspected during normal business hours at the offices of the Manager at CI Place, 151 Yonge Street, Tenth Floor, Toronto, Ontario, M5C 2W7 throughout the Offering period.

PROMOTER

The Manager may be considered the promoter of the Trust by reason of its initiative in forming and establishing the Trust and taking the steps necessary for the public distribution of Units. The promoter will not receive any benefits, directly or indirectly, from the issuance of Units offered hereunder other than as described under ''Fees and Expenses''.

LEGAL MATTERS

Legal matters in connection with the Offering will be passed upon on behalf of the Trust and the Manager by McCarthy Tétrault LLP.

AUDITORS, TRANSFER AGENT, REGISTRAR AND CUSTODIAN

The auditors of the Trust are PricewaterhouseCoopers LLP, Royal Trust Tower, TD Centre, Toronto, Ontario.

Computershare Investor Services Inc. will act as Transfer Agent and Registrar for the Trust at its principal office in Toronto. In addition to performing registrar and transfer agency services, the Transfer Agent and Registrar will provide certain record-keeping, Holder reporting and general administration services pursuant to the registrar, transfer agency and distribution agency agreement to be dated as of the date of closing of the Offering.

Royal Trust Corporation of Canada will serve as custodian of the Trust pursuant to an amended and restated custodian agreement dated as of April 21, 2004 between the Manager and Royal Trust Corporation of Canada and an amended Schedule ''A'' thereto. However, the custodian will not hold Common Share Portfolio securities owned by the Trust and pledged to the Counterparty.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided such remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal advisor.

The Trust has agreed to obtain a receipt for a prospectus of the Fund from the Autorité des marchés financiers and to arrange to deliver a copy of such prospectus to purchasers in the Province of Québec with a copy of this prospectus. In addition, the Trust has agreed that purchasers in the Province of Québec have the right to withdraw from an agreement to purchase securities which may be exercised within two Business Days after receipt or deemed receipt of the prospectus of the Fund.

AUDITORS' CONSENT

We have read the prospectus of Yield Advantage Income Trust (the ''Trust'') dated December 23, 2004 relating to the issue and sale of units of the Trust. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use in the above-mentioned prospectus of our report to the Trustee of the Trust on the statement of financial position of the Trust as at December 23, 2004. Our report is dated December 23, 2004.

Toronto, Canada	(Signed) PRICEWATERHOUSECOOPERS LLP
December 23, 2004	Chartered Accountants

AUDITORS' REPORT

To the Trustee of
YIELD ADVANTAGE INCOME TRUST:

We have audited the statement of financial position of Yield Advantage Income Trust as at December 23, 2004. This financial statement is the responsibility of the Trust's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, this financial statement presents fairly, in all material respects, the financial position of the Trust as at December 23, 2004 in accordance with Canadian generally accepted accounting principles.

Toronto, Canada
December 23, 2004

(Signed) PRICEWATERHOUSECOOPERS LLP
Chartered Accountants

YIELD ADVANTAGE INCOME TRUST
STATEMENT OF FINANCIAL POSITION

December 23, 2004

ASSETS

Cash	$10.00

UNITHOLDERS' EQUITY

Unitholders' equity (Note 1):	
(1 Unit)	$10.00

Approved by the Trustee:

(Signed) STEPHEN A. MACPHAIL
Director

(Signed) MICHAEL J. KILLEEN
Director

Notes to the Financial Statement:

1. Units Authorized and Outstanding

Establishment of the Trust and Authorized Units

Yield Advantage Income Trust (the ''Trust'') was established under the laws of the Province of Ontario on December 23, 2004 by a declaration of trust (the ''Declaration of Trust'') made by Skylon Advisors Inc. (the ''Manager'') as trustee of the Trust. The Trust is authorized to issue an unlimited number of Units. On December 23, 2004 the Trust issued one Unit to CI Mutual Funds Inc. for $10 cash.

2. Custodian

Pursuant to an amended and restated custodian agreement dated as of April 21, 2004 between the Manager and Royal Trust Corporation of Canada and an amended Schedule ''A'' thereto, the Manager has retained Royal Trust Corporation of Canada to act as custodian of the assets of the Trust.

3. Commitments

As compensation for management services rendered to the Trust pursuant to the Declaration of Trust, the Manager is entitled to receive an annual management fee in an amount equal to 0.20% of the net asset value of the Trust calculated and payable monthly in arrears plus applicable taxes and an amount equal to the service fee (the ''Service Fee'') payable to registered dealers. The Manager will pay to registered dealers an annual Service Fee equal to 0.30% of the net asset value per Unit for Units held by clients of the sales representatives of the registered dealers calculated and payable quarterly in arrears. The Trust also is responsible for paying all expenses in connection with its operation and administration and for its costs of portfolio transactions and any extraordinary expenses which may be incurred from time to time.

Under the Forward Agreement the Trust will pay to the Counterparty a fee of approximately 0.40% per annum of the net asset value of the corresponding number of units of the Fund that will determine the purchase price of the Common Share Portfolio under the Forward Agreement, plus a fee which may vary based on hedging costs incurred in connection with the Common Share Portfolio, calculated and payable monthly in arrears.

CERTIFICATE OF THE TRUSTEE

Dated: December 23, 2004

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part 9 of the *Securities Act* (British Columbia), Part 9 of the *Securities Act* (Alberta), Part XI of *The Securities Act*, *1988* (Saskatchewan), Part VII of *The Securities Act* (Manitoba), Part XV of the *Securities Act* (Ontario), Part 6 of the *Securities Act* (New Brunswick), Section 63 of the *Securities Act* (Nova Scotia), Part II of the *Securities Act* (Prince Edward Island) and Part XIV of the *Securities Act* (Newfoundland and Labrador) and the respective regulations thereunder. This prospectus does not contain any misrepresentation likely to affect the value or the market price of the securities to be distributed, as required by the *Securities Act* (Québec) and the regulations thereunder.

Skylon Advisors Inc.
as trustee of Yield Advantage Income Trust

(Signed) David R. McBain
Chief Executive Officer

(Signed) Douglas J. Jamieson
Chief Financial Officer

On Behalf of the Board of Directors of Skylon Advisors Inc.

(Signed) Stephen A. MacPhail
Director

(Signed) Michael J. Killeen
Director

CERTIFICATE OF THE PROMOTER

Dated: December 23, 2004

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part 9 of the *Securities Act* (British Columbia), Part 9 of the *Securities Act* (Alberta), Part XI of *The Securities Act, 1988* (Saskatchewan), Part VII of *The Securities Act* (Manitoba), Part XV of the *Securities Act* (Ontario), Part 6 of the *Securities Act* (New Brunswick), Section 63 of the *Securities Act* (Nova Scotia), Part II of the *Securities Act* (Prince Edward Island) and Part XIV of the *Securities Act* (Newfoundland and Labrador) and the respective regulations thereunder. This prospectus does not contain any misrepresentation likely to affect the value or the market price of the securities to be distributed, as required by the *Securities Act* (Québec) and the regulations thereunder.

Skylon Advisors Inc., as Promoter

By: (Signed) DAVID R. MCBAIN
President

SKYLON

Signature Funds

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