

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

**Amendment No. 1 dated January 28, 2005 to
the prospectus (the “Prospectus”) dated December 23, 2004 of**

**YIELD ADVANTAGE INCOME TRUST
(the “Trust”)**



All capitalized terms in this document which are not otherwise defined herein have the respective meanings ascribed thereto in the Prospectus.

The timing for the acceptance and settlement of orders to purchase Units is being changed to a single Trade Date of February 23, 2005 and a single Settlement Date of February 28, 2005. The Units are expected to commence trading on the Toronto Stock Exchange on or about February 28, 2005.

Accordingly, the Prospectus is amended by, and is read subject to and in conjunction with, the information set forth below.

1. The reference in note (3) in the cover page of the Prospectus to “March 2, 2005” is changed to “February 28, 2005”.
2. The second from last paragraph on the cover page of the Prospectus is deleted and replaced with the following:

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 may be purchased 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 February 23, 2005 (the “Trade Date”) will be accepted by the Manager on that date. The Manager will not accept subscriptions unless it has received by February 23, 2005 subscriptions for not less than 3,000,000 Units. Each purchaser of Units through FundSERV is required to submit payment through FundSERV of the purchase price for his or her Units no later than the third business day (being February 28, 2005, the “Settlement Date”) following the Trade Date and the Offering will be completed on the Settlement Date. Each Dealer that submits a subscription through FundSERV 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 so sold by the Dealer in satisfaction of payment of the Dealer’s fee for selling 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”.

3. The information in the Prospectus under “Prospectus Summary – Plan of Distribution” is deleted and replaced with the following:

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 may be purchased 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 February 23, 2005 (the “Trade Date”) will be accepted by the Manager on that date. The Manager will not accept subscriptions unless it has received by February 23, 2005 subscriptions for not less than 3,000,000 Units. Each purchaser of Units through FundSERV is required to submit payment through FundSERV of the purchase price for his or her Units no later than the third business day (being February 28, 2005, the “Settlement Date”) following the Trade Date and the Offering will be completed on the Settlement Date. Each Dealer that submits a subscription through FundSERV 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 so sold by the Dealer in satisfaction of payment of the Dealer’s fee for selling such Units.

4. The information in the Prospectus under “Plan of Distribution” is deleted and replaced with the following:

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 may be purchased 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 February 23, 2005 (the “Trade Date”) will be accepted by the Manager on that date. The Manager will not accept subscriptions unless it has received by February 23, 2005 subscriptions for not less than 3,000,000 Units. Each purchaser of Units through FundSERV is required to submit payment through FundSERV of the purchase price for his or her Units no later than the third business day (being February 28, 2005, the “Settlement Date”) following the Trade Date and the Offering will be completed on the Settlement Date. Each Dealer that submits a subscription through FundSERV 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 so sold by the Dealer in satisfaction of payment of the Dealer’s fee for selling 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 arrange to deliver a copy of prospectus of the Fund 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 February 28, 2005.

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.

CERTIFICATE OF THE TRUSTEE

Dated: January 28, 2005

The foregoing, together with the prospectus dated December 23, 2004 of Yield Advantage Income Trust, constitutes full, true and plain disclosure of all material facts relating to the securities offered by such 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. The foregoing, together with the prospectus dated December 23, 2004 of Yield Advantage Income Trust, 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: January 28, 2005

The foregoing, together with the prospectus dated December 23, 2004 of Yield Advantage Income Trust, constitutes full, true and plain disclosure of all material facts relating to the securities offered by such 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. The foregoing, together with the prospectus dated December 23, 2004 of Yield Advantage Income Trust, 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