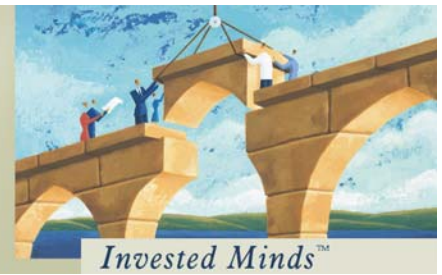




Market Insight



JANUARY 27, 2005

S&P Adds Income Trusts to the S&P/TSX Index

As TAL Global Asset Management has been predicting, Standard & Poor's has announced that it will add income trusts to the S&P/TSX Composite Index by the middle of the year. As part of the move, S&P will continue to provide a parallel index that excludes income trusts. However, the index holding income trusts will be considered the broad, or "flagship" benchmark for the Toronto Stock Exchange.

"TAL welcomes and applauds the move by the TSX to include income trusts into the index because this validates them as a legitimate investment alternative," says **Gaelen Morphet**, First Vice President of Canadian Equities. The head of TAL's Canadian Equity Value and Income Trust team manages approximately \$1 billion in income trusts, including the Renaissance Income Trust I, which is among the five largest pure income trust funds in Canada. She has been investing in income trusts as part of her value strategy since they were introduced nearly a decade ago.

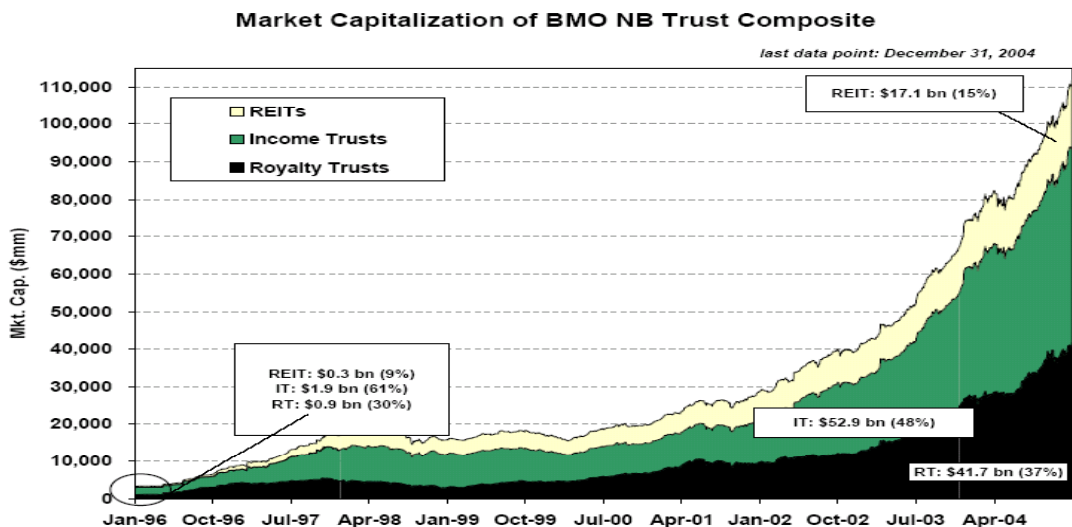
"The inclusion on the equity index makes it very clear to investors where income trusts belong in a portfolio," Morphet says. "They are equities – definitively -- high-yielding equities."

Liquidity has been an issue in the income trust market. Because the structure has been acknowledged by the TSX, more companies will be encouraged to convert, increasing the supply. The inclusion of income trusts will not only increase the composite index market cap but also broaden the investment opportunities for investors in Canada. "This change will increase the demand for income trusts as institutional investors adopt this new TSX composite benchmark," Morphet says.

Growth of Income Trusts Fastest in the Marketplace

Income trusts represent about 8% of the total market capitalization of the TSX and are the fastest growing segment of the Canadian equity marketplace.

On December 31, 2004 there were 175 income trusts listed on the TSX with a market capitalization of \$118 billion.



Source: BMO Nesbitt Burns

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