

INVESTMENT HIGHLIGHTS

Overview: The Fund is a closed-end investment trust whose objective is to return \$25.75 per unit to investors on the termination date of December 31, 2012. To accomplish its objective the Fund invests in a portfolio consisting of zero coupon debt securities.

Rationale: Since zero coupon debt securities have no reinvestment risk, changes to current interest rates will not impact the final redemption value of the bonds. The Fund is appropriate for those investors looking for a secure cash equivalent type of investment.

Portfolio: The Fund is primarily invested in highly rated Government of Ontario zero coupon debt securities which have no reinvestment risk. Therefore changes to current interest rates will not impact the final redemption value of the zero coupon bonds, and will have very little impact on mark to market valuations as the duration of zero coupon bonds is approximately equal to the time left to maturity.

Distributions: The Fund does not pay distributions.

PORTFOLIO MANAGER COMMENTARY

The Fund is on track to return \$25.75 to Unitholders on the termination date of December 31, 2012 with a Net Asset Value per unit on September 30, 2012 of \$26.06. The Fund is primarily invested in highly rated Government of Ontario zero coupon debt securities which have no reinvestment risk. Therefore changes to current interest rates will not impact the final redemption value of the zero coupon bonds and will have very little impact on mark to market valuations as the duration of zero coupon bonds is approximately equal to the time left to maturity.

The Bank of Canada key lending rate has remained unchanged at 1.00% since September 2010.

Investors are reminded that this product has two sources of liquidity: exchange trading and through a redemption facility provided by the manager:

- i. Units may be submitted for redemption through your broker and must be received at least 5 business days before month end.
- ii. Monthly redemptions provide for proceeds of 96.0% of month end NAV and the annual (in December) redemption feature provides for proceeds of 100.0% of NAV.

STRATHBRIDGE ASSET MANAGEMENT

Strathbridge Asset Management is a leading provider of yield-oriented investment funds that utilize option-based investment strategies to enhance yield and improve an investor's risk/return profile.

The high level of experience and knowledge of our people allow us to provide investment products that meet the long term investment goals of our clients. Our focus is on providing superior products that utilize our proprietary investment process while providing excellent ongoing customer service.

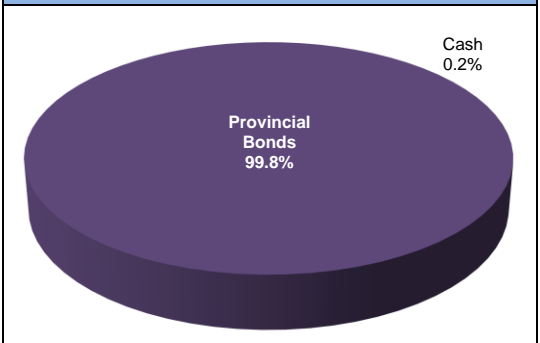
QUICK FACTS

Current monthly distribution	Nil
Distributions since inception	\$5.53946
Net Asset Value	\$33.4 million
NAV Per Unit	\$26.06
Annual Management Fee	0.60%
Inception Date	Mar. 2, 2001

TOP HOLDINGS

Province of Ontario Dec. 2, 2012 Strip Bond	99.9%
Cash	0.2%
Other Assets / Liabilities	-0.1%
Total may not equal 100% due to other liabilities that offset cash.	

SECTOR ALLOCATION



OTHER FEATURES

Redemptions – annually in December of each year at the option of the unitholder and monthly at a discount to net asset value per unit

Eligibility: RRSPs, DPSPs, RRIFs, RESPs and TSFAs

Termination – December 31, 2012