

Market Statistics - 2003/01/22 - All of EDGE(Income Units) - Sorted by Rating and ROR 1-Yr

SYMBOL	COMPANY (FY END)	RATING	RISK RANKING	PRICE 21JAN03	TARGET 1-YR	ROR 1-YR	EST. DIST. 2002	EST. DIST. 2003	P-T YIELD 2002	P-T YIELD 2003	A-T YIELD 2002	EST.TAX.TREATMENT TAX DEF	TREATMENT DIV	INCOME	BVPS 2002	P/BV 2002	RESERVE LIFE 2001	UNITS O/S
PVE.UN	Provident Energy Trust(12)	1-SO	High	11.00	12.00	29.4%	2.03	2.23	18.9%	20.3%	13.99%	50.00%	0.00%	50.00%	8.70	1.3	N/A	57.9
AY.UN	APF Energy Trust(12)	1-SO	High	10.32	10.75	25.1%	1.81	2.16	18.5%	20.9%	11.79%	30.00%	0.00%	70.00%	5.70	1.8	N/A	22.3
LGY.UN	Legacy REIT(12)	1-SO	High	7.40	8.50	24.9%	0.74	0.74	10.2%	10.0%	N/A	55.00%	N/A	45.00%	8.86	0.8	N/A	104.1
PWI.UN	PrimeWest Energy Trust(12)	1-SO	High	26.95	28.00	20.8%	4.80	4.56	18.9%	16.9%	13.52%	45.00%	0.00%	55.00%	21.54	1.3	N/A	38.9
HOT.UN	CHIP REIT(12)	1-SO	Medium	9.06	10.00	20.3%	0.90	0.90	10.0%	9.9%	N/A	70.00%	N/A	30.00%	8.95	1.0	N/A	39.5
CLE.UN	Clean Power Income Fund(12)	1-SO	Medium	9.35	10.25	19.8%	1.05	0.95	11.1%	10.2%	9.62%	75.00%	0.00%	25.00%	12.26	0.8	N/A	32.6
SFK.UN	SFK Pulp Fund(12)	1-SO	High	10.90	11.70	18.3%	0.46	1.20	4.5%	11.0%	3.58%	60.00%	0.00%	40.00%	10.00	1.1	N/A	59.3
REF.UN	Canadian Real Estate(12)	1-SO	Low	13.10	14.00	16.3%	1.20	1.23	9.1%	9.4%	N/A	50.00%	N/A	50.00%	13.39	1.0	N/A	47.6
FET.UN	Focus Energy Trust(12)	1-SO	High	10.55	10.50	14.3%	0.44	1.56	4.3%	14.8%	2.09%	0.00%	0.00%	100.00%	2.36	4.5	N/A	29.0
SPF.UN	Superior Propane Income(12)	1-SO	Medium	20.41	21.00	13.4%	1.85	2.15	9.4%	10.5%	5.25%	1.00%	42.00%	57.00%	8.13	2.5	N/A	47.8
CUF.UN	Cominar REIT(12)	1-SO	Medium	12.30	12.75	12.8%	1.11	1.12	9.2%	9.1%	N/A	65.00%	N/A	35.00%	9.63	1.3	N/A	25.9
REI.UN	RioCan REIT(12)	1-SO	Low	12.87	13.10	10.4%	1.11	1.11	8.9%	8.6%	N/A	40.00%	N/A	60.00%	8.21	1.6	N/A	157.3
APF.UN	Algonquin Power Income(12)	1-SO	Medium	9.45	9.50	10.3%	0.92	0.95	9.9%	10.1%	7.60%	55.00%	0.00%	45.00%	9.33	1.0	N/A	67.9
BNQ.UN	Bell Nordiq Income Fund(12)	1-SO	Low	11.14	11.00	7.3%	0.62	0.95	5.8%	8.5%	2.93%	5.00%	0.00%	95.00%	2.49	4.5	N/A	89.3
TWF.UN	TimberWest Forest Corp.(12)	2-SP	Medium	12.00	13.25	19.4%	N/A	N/A	N/A	N/A	N/A	n.m.	n.m.	n.m.	12.06	1.0	N/A	74.3
CAR.UN	CAP REIT(12)	2-SP	Medium	13.40	14.50	16.0%	1.05	1.05	8.1%	7.8%	N/A	70.00%	N/A	30.00%	8.74	1.5	N/A	27.8
FZR.UN	Atlas Cold Storage(12)	2-SP	Medium	11.35	12.00	15.1%	0.94	1.06	8.4%	9.3%	7.06%	70.00%	0.00%	30.00%	8.14	1.4	N/A	59.6
ERF.UN	Enerplus Resources Fund(12)	2-SP	High	28.59	29.00	14.4%	3.30	3.72	11.8%	13.0%	7.81%	35.00%	0.00%	65.00%	18.36	1.6	N/A	82.7
PGF.UN	Pengrowth Energy Trust(12)	2-SP	High	14.95	14.75	13.4%	2.11	2.20	14.3%	14.7%	12.10%	70.00%	0.00%	30.00%	9.62	1.6	N/A	110.5
HR.UN	H&R REIT(12)	2-SP	Low	13.70	14.25	12.9%	1.20	1.22	9.0%	8.9%	N/A	55.00%	N/A	45.00%	10.88	1.3	N/A	69.6
SMU.UN	Summit REIT(12)	2-SP	Medium	15.13	15.50	12.6%	1.53	1.53	10.1%	10.1%	N/A	65.00%	N/A	35.00%	12.38	1.2	N/A	45.7
REE.UN	Residential Equities(12)	2-SP	Medium	13.90	14.50	11.9%	1.05	1.05	7.8%	7.6%	N/A	53.00%	N/A	47.00%	7.94	1.8	N/A	25.4
PIF.UN	Pembina Pipeline Income(12)	2-SP	Medium	11.06	11.25	11.2%	1.05	1.05	9.6%	9.5%	5.39%	15.00%	0.00%	85.00%	7.94	1.4	N/A	93.1
AET.UN	ARC Energy Trust(12)	2-SP	High	12.32	12.00	10.6%	1.56	1.63	13.1%	13.2%	8.70%	35.00%	0.00%	65.00%	6.45	1.9	N/A	126.3
BPT.UN	Boralex Power Income(12)	2-SP	Medium	10.34	10.50	10.1%	0.75	0.88	7.3%	8.5%	6.37%	75.00%	0.00%	25.00%	9.29	1.1	N/A	40.6
AVN.UN	Advantage Energy Income(12)	2-SP	High	13.50	12.50	8.6%	1.73	2.16	13.3%	16.0%	8.83%	35.00%	0.00%	65.00%	4.26	3.2	N/A	27.1
TPW.UN	TransAlta Power L.P.(12)	2-SP	Low	9.35	9.25	7.0%	0.74	0.76	7.9%	8.1%	7.91%	100.00%	0.00%	0.00%	7.84	1.2	N/A	34.0
NPI.UN	Northland Power Income(12)	2-SP	Medium	11.22	11.00	6.8%	0.98	0.98	8.9%	8.7%	6.60%	50.00%	0.00%	50.00%	7.38	1.5	N/A	30.8
CLR.UN	Clearwater Seafoods(12)	2-SP	Medium	10.63	10.00	4.9%	1.15	1.20	11.1%	11.3%	8.47%	51.00%	10.00%	39.00%	1.77	6.0	N/A	47.9
NAE.UN	NAL Oil & Gas Trust(12)	3-SU	High	9.36	9.75	19.1%	1.40	1.40	15.6%	15.0%	10.72%	40.00%	0.00%	60.00%	4.14	2.3	N/A	38.0
OYR.UN	O&Y REIT(12)	3-SU	High	10.27	11.00	17.5%	1.07	1.07	10.6%	10.4%	N/A	65.00%	N/A	35.00%	9.99	1.0	N/A	35.4
FRU.UN	Freehold Royalty Trust(12)	3-SU	High	10.96	10.75	10.4%	1.31	1.35	12.0%	12.3%	8.30%	40.00%	0.00%	60.00%	6.14	1.8	N/A	30.2
MRT.UN	Morguard REIT(12)	3-SU	Medium	8.62	8.40	7.9%	0.90	0.90	10.6%	10.4%	N/A	65.00%	N/A	35.00%	11.36	0.8	N/A	44.3
RYL.UN	Royal Host REIT(12)	3-SU	High	6.03	5.75	7.3%	0.72	0.72	12.2%	11.9%	N/A	60.00%	N/A	40.00%	8.09	0.7	N/A	27.7
WTE.UN	Westshore Terminals(12)	3-SU	High	5.40	5.10	5.9%	0.62	0.57	12.7%	10.6%	0.07%	0.18%	0.13%	0.66%	7.58	0.7	N/A	70.4
GLH.UN	Great Lakes Hydro Income(12)	3-SU	Medium	15.11	14.50	3.9%	1.19	1.22	7.8%	8.1%	4.98%	30.00%	0.00%	70.00%	13.00	1.2	N/A	48.3
TPL.UN	TransCanada Power L.P.(12)	3-SU	Low	32.30	31.00	3.8%	2.52	2.52	8.2%	7.8%	6.26%	55.00%	0.00%	45.00%	14.77	2.2	N/A	39.3
GZM.UN	Gaz Metropolitan(9)	3-SU	Low	18.80	18.00	3.0%	1.28	1.36	7.1%	7.2%	3.41%	0.00%	0.00%	100.00%	7.47	2.5	N/A	110.5
CHE.UN	Chemtrade Logistics(12)	N/A		15.20														13.0
DHF.UN	Davis + Henderson Income(12)	N/A		12.60														37.9
LIF.UN	Labrador Iron Ore(12)	N/A		15.09														30.0
RSI.UN	Rogers Sugar Income Fund(9)	N/A		4.67														77.0
IPL.UN	Inter Pipeline Fund(12)	Restricted		6.48														73.2
SHN.UN	Shiningbank Energy(12)	Restricted		15.19														34.3
VKR.UN	Viking Energy Royalty(12)	Restricted		7.14														54.7
FCE.UN	Fort Chicago Energy(12)	Restricted		8.23														73.3
COS.UN	Canadian Oil Sands Trust(12)	N/A		37.65														57.5

-- EPS, DPS, and Book Value are shown in U.S. Dollars * - All values in U.S. dollars + - Price and target in U.S. dollars

Income Trust Review

Blair Wilson – Associate Director, Portfolio Advisory Group

Ease the Throttle

Fourth Quarter and Full Year 2002 Review

A stronger stock market and the continued issuance of new income trust product has led to a slower fourth quarter for income trust performance. The income trust (or income fund) market took a breather during the fourth quarter of 2002 after outperforming the benchmark equity indices for the better part of the last three years. Only two of the seven sub-sectors of the Scotia Capital Income Fund Index showed positive total rates of return during the fourth quarter and the overall index lost 0.5%. Comparatively, the S&P/TSX Composite Index (TSX) has gained about 7%.

Fund flow has been a key contributor to the relative underperformance of trusts as the rising stock market lured cash from the more interest sensitive asset classes of bonds and income trusts. Furthermore, within the equity market, more economically sensitive areas gained at the expense of the more defensive or interest sensitive sectors like utilities and consumer staples. It is interesting to note the similarity of the income trust sub-sector performance to the equity market sub-sector performance. This underscores our view that the investment characteristics of income trusts should be viewed as higher-yielding equity-like alternatives within the various industry groups. Among stocks, the information technology sector of the TSX had the greatest performance during the fourth quarter although the economically sensitive materials and industrials groups also showed solid gains. These sectors gained at the expense of more defensive areas like the consumer staples group which declined by 3.8% and the utility sector which showed the weakest performance in Canadian equities, losing approximately 4.5%. This pattern was somewhat matched in the trust market. The more economically sensitive areas outperformed the more defensive (and interest sensitive) areas of the market. Among the trusts, resource (up 1.5%) and infrastructure (up 0.5%) names had the best total performance. Similar to the broader markets, the power trusts (utility comparables) showed negative returns of 1.8%.

Throughout 2002 commodity-price sensitive stocks performed well along with the consumer staples names. Among the trusts, the consumer business-based trusts had the strongest performance, generating returns of approximately 29% while the energy (royalty trusts) group returned about 23%. Utility stocks (electricity generators, distributors and pipelines) generated mild gains through 2002 while the comparable trusts showed slightly better returns of about 5% for the power trusts (electricity generators) and approximately 11% for the pipeline/infrastructure names. The pipeline/infrastructure trusts are generally viewed to be higher risk in nature than the regulated power trusts and their returns reflected this relationship in 2002.

Initial public offerings and secondary trust issuance have also played a significant role in the relative performance of income trusts through the final quarter of 2002. During the fourth quarter, approximately \$2.6 billion of new product was brought to market while the full year saw the addition of about \$9.6 billion worth of trusts. The total market capitalization for trusts is around \$42 billion so the growth that has come from financings is significant. We note that towards the end of the year, approximately \$1.5 billion of trust issuance was postponed or cancelled. While we strongly expect the income trust market to continue to grow in the long-term, we believe that the speed and magnitude of trust issuance in 2002 has satisfied the current demand for income trusts and has likely resulted in a saturated market for the time being.

Income Trust Returns for 2002

	TSX	Overall	Power	Real Estate	Consumer	Industrials	Utilities/ Infrastructure	Resource	Energy
Fourth Quarter	7.0%	-0.5%	-1.8%	-2.1%	-1.9%	-1.5%	0.5%	1.5%	0.0%
Full Year	-14.0%	13.5%	5.2%	7.8%	29.2%	13.7%	11.1%	3.3%	22.9%

Source: Scotia Capital

2003 Outlook

We recommend that investors maintain lighter positions in income trusts in 2003, favouring names whose prospects will be supported by a steadily strengthening economy. This view is supported by our expectation for a continuing slower than normal North American economic recovery and better sentiment towards the stock market.

The ability for a trust to maintain and/or grow its distributable cash is a function of the economic environment and the demand for its products. With a steady economy, we are likely to see a stable environment for the business-based trusts (for which Scotia Capital is expected to resume research coverage in the first quarter of 2003) as well as resource and infrastructure-based trusts.

We recommend that investors be selective in choosing oil and gas royalty trusts due to our expectation that underlying oil and natural gas prices are currently high relative to fundamental supply and demand balances and may decline through the first half of 2003. There are attractive cash yields still to be had in this group and active hedging programs will allow many of the royalty trusts to maintain current distributable cash payments and/or mitigate somewhat the potentially negative impact of lower commodity prices should they occur. However, we believe that the royalty trusts should be viewed as above market risk investments given our commodity outlook.

We suggest that investors be very cautious toward the REIT sector. We expect the group to maintain distributable cash payouts during 2003 however do not expect significant growth in this area. We note that the demand for office and industrial space in Canada is soft and with an estimated 25-50% of condominium construction making its way to the rental market, the expected result is higher vacancy rates and potentially lower rental revenue over time. We are also wary of the potential for higher interest rates over the next twelve months resulting from a steadier economic backdrop. Should this happen, the ability for REITs to grow through acquisition (at attractive borrowing rates) will be somewhat hindered. We believe that REIT unit prices tend also to be negatively correlated to short-term interest rates. Our forecast for a 100 basis point (one percentage point) increase in administered rates by the end of 2003 could pressure REIT prices.

The unit prices of power funds (electricity generators) are also likely to be negatively affected by higher interest rates over the next year due to the relatively stable and predictable cash distributions. Without visible growth in distributions (aside from acquisitions), these trusts tend to trade in a similar manner to bonds and the group has already seen some weakness. We

continue to believe that the established corporate-sponsored trusts including TransAlta Power (TPW.UN-TSX) and TransCanada Power (TPL.UN-TSX) are likely in the most favourable positions of this group. Their parent (or sponsor) companies are currently investigating potential acquisitions that may be appropriate for the respective income trust's funds that could contribute to higher distributable cash payments over time. Our expectation is for energy utility stocks to perform in line with the overall market initially in 2003 although should the economy improve and interest rates rise, this group will likely underperform the market. We expect the power trusts to trade in a similar manner to these stocks.

Recommended List 2003

The Portfolio Advisory Group endeavours to identify the best investments in each income trust sector based on Scotia Capital's monthly Income Fund Monitor. Nine of the list's trusts had gains during the fourth quarter of 2002 on a total return basis while one lost ground (SFK Pulp – SFK.UN-TSX). Investors searched for reasons to lighten positions in the fourth quarter and lower pulp prices in November proved to be one that they focused on. SFK has a cash reserve and a subordination on its parent Abitibi-Consolidated's 25% ownership interest in the fund to backstop its cash distributions through 2003. As the economy improves, we expect pulp prices to rise in 2003 and 2004 supporting the cash distributions for the fund. Although we expect SFK to maintain its distributions, we maintain our high risk ranking for this trust due to its exposure to a varying commodity price. SFK remains on the recommended list for the upcoming quarter.

Deletions

Due to our expectations for creeping higher interest rates and concerns for oversupply in the Canadian apartment market, we are removing CAP REIT and CHIP REIT from our recommended list at this time. Both trusts are well managed and are solid long-term investments however we expect that deteriorating underlying fundamentals may result in lower prices for both trusts during the next quarter. We would consider adding back both names to the list should their valuations become more attractive and/or when the operating environment improves.

Additions

We are not aggressively adding positions to our recommended list due to our perception that the market is somewhat saturated in the near-term. We may add more business-oriented trusts to the list once Scotia Capital re-launches research coverage of this sub-group.

We are however adding TransAlta Power to the recommended list due to the stability and visibility of its distributions. We are comfortable that the trust will maintain its distributable cash profile although there is very little opportunity for organic growth. We note that the troubled U.S. power industry is likely to present attractive acquisition possibilities for deeper pocketed corporate sponsors like TransAlta or TransCanada. Should an acquisition occur, these trusts might be put in a position to add to their asset bases and grow their distributions.

Portfolio Advisory Group – Income Trust Recommended List

Trust	Recent Price	Market Cap (000)	Pre-Tax Yield		Forecast Distribution		2002E Taxation			NAV	Price/NAV	1-Year Target	ROR	Rating	Risk	S&P Stability
			2002	2003	2002	2003	Dividend	Income	Deferred							
Power Income Funds																
TransAlta Power	\$9.20	\$312.80	8.0%	8.3%	\$0.74	\$0.76	0.0%	0.0%	100.0%	n.a.	n.a.	\$9.25	8.7%	2-Sector Perform	Low	SR-1
TransCanada Power	\$31.10	\$1,222.23	8.1%	8.1%	\$2.52	\$2.52	0.0%	45.0%	55.0%	n.a.	n.a.	\$31.00	7.8%	3-Sector Underperform	Low	SR-1
REITS																
H&R REIT	\$13.34	\$928.46	9.0%	9.1%	\$1.20	\$1.22	0.0%	45.0%	55.0%	\$13.00	102.6%	\$14.25	15.9%	2-Sector Perform	Low	n.a.
RioCan REIT	\$12.45	\$1,958.39	8.9%	8.9%	\$1.11	\$1.11	0.0%	50.0%	50.0%	\$11.75	106.0%	\$13.10	14.1%	1-Sector Outperform	Low	SR-3
Infrastructure Income Funds																
Fort Chicago Energy Partners LP	--	--	--	--	--	--	--	--	--	--	--	--	--	Restricted	--	--
Bell Nordiq Income Fund	\$10.71	\$956.40	5.8%	8.9%	\$0.62	\$0.95	0.0%	95.0%	5.0%	n.a.	n.a.	\$11.00	10.0%	1-Sector Outperform	Low	n.a.
Resource Funds																
SFK Pulp Fund	\$10.21	\$605.45	4.9%	11.8%	\$0.50	\$1.20	0.0%	40.0%	60.0%	n.a.	n.a.	\$11.70	26.4%	1-Sector Outperform	High	n.a.
Oil & Gas Royalty Trust Units																
Provident Energy Trust	\$10.96	\$633.49	18.5%	20.4%	\$2.03	\$2.23	0.0%	50.0%	50.0%	\$10.60	103.0%	\$12.00	29.8%	1-Sector Outperform	High	n.a.
PrimeWest Energy Trust	\$25.44	\$981.98	18.9%	17.9%	\$4.80	\$4.56	0.0%	55.0%	45.0%	\$26.30	97.0%	\$28.00	28.0%	1-Sector Outperform	High	SR-5

Source: Scotia Capital, ScotiaMcLeod