

KEY OBJECTIVE: MEASURED RANGE OF FACTORS FOR INVESTOR CONSIDERATION *

POSSIBLE INDICATORS OF RELATIVE QUALITIES IN TRUST RESEARCH & DECISIONS

The iTrust Ratings provide a range of simple indications to help investors quickly qualify, prescreen or monitor trusts as units worthy of further personal research & assessment ~

7*STAR ITRUST RATINGS

STAR RATED (1 To 4)	INCOME STARS (5 or 6)	ITRUST TOP-RATE 7*Stars
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Star colors indicate count only, not specific to hierarchy of factors

RISK

A BLACK MARK SHOWING RISK MAY EXIST REGARDLESS OF & AS COUNTER BALANCE AGAINST ALL POSITIVE INDICATORS. Flags past or pending risk for an income trust, where cash flow to investors has been cut back or fully suspended in the last year and/or the trust reported payout at a rate exceeding its cash available for distribution



CASHFLOW CAUTIONS

TOTAL RETURNS BETTER THAN MEDIAN ITRUST INDEX

Value reflects equal dollar investment and full price history since IPO
Imputes annualized rate of unit price gain for entire trading history and adds in the annual rate of distribution/unit based on current price



DISTRIBUTION GROWTH

Compares growth in rate of cash distributions to average rate of inflation
Assumes income from an investment is valuable if equal to or greater than erosion in value due to general price inflation (quarterly)



FUNDAMENTAL LEADER ^

Net measure of distinct advantages diminished only by known concerns
+ Possible business advantages: Low cost supplier, low payout ratio, sustainable long life assets, flexible capacity, niche or brand leader
- Possible known concerns: Not informative, payout greater than 100% insider conflicts, diminished investor rights due to structure or other



POSITIVE DEMAND

Positive overall demand sustains or drives up pricing in two ways:
Business operates in a sector where demand exceeds supply and/or there's significant sponsorship of securities by financiers



NET EARNINGS

Business produces net earnings reasonably well valued by market:
Price / earnings ratio is greater than zero, yet not too high so shows value less than double the median P/E for trusts



RELATIVE LIQUIDITY

Units relatively available for trade in the income trust market:
Market capitalization (price x units issued) exceeds trust median enabling financial participation by range & depth of buyers



MARKET PROVEN SECURITY

Units listed on Exchange for a year or more, so less risky than a new issue:
Financial reports can inform investors, not just proposals & estimates;
Possible to price against a track record of evaluation in an open market.



TRUSTS MAY HAVE NO STARS, SOME, MANY OR ALL 7 STARS IN ANY COMBINATION WITH/WITHOUT A MARK OF RISK

- ▶ *NOTE: Our iTrustIndex helps pre-qualify units that offer stable returns versus risk. Studies using RiskGrades(tm) indicated that the iTrustIndex of "total returns" measured on an annualized equal dollar-weight basis, appeared to provide a meaningful measure of positive Returns on investment compared to Risk (volatility relative to the market).*
- * *Best efforts are made to do periodic reviews of best available current and/or historical data for most trusts*
- ▲ *Assessed by tracking news, exception-testing and, when possible, direct communications with investor relations and managers. Fundamental leadership by an income trust might be an essential pre-condition for its outperformance for investors. Evaluation requires diligent tracking of factors for specific trusts in the context of market knowledge. That requires adaptation and refinements in understanding of trust and equity structures and evaluative techniques as they evolve over time. In effect, the key to value growth is investor insight & sustained learning.*
- ~ *The 7*Star iTrust Ratings can help, but in no way replaces investors' or advisors' research, due diligence and financial planning which is always required to tailor investments to an investor's needs and tolerance for risk.*