

**December 1, 2011 - Changes to the Sample Income Portfolio:**

The sample portfolio has a Province of Ontario Discount Bond, in the amount of \$10,309.00, maturing on December 2, 2011.

We have allocated the maturity proceeds into three individual investments as follows.

- **Additional preferred shares:**
 - We have invested \$5,189.95 in 200 preferred shares issued by Fortis Inc. We have chosen the Cumulative, Redeemable and Convertible, Series C shares, which trade on the TSX exchange under the symbol FTS.PR.C.
 - We paid an average price of \$25.90 per share, paying an annual dividend of \$1.3625 per share, which provides us with an annual dividend yield of 5.12%.
 - Job Description: This investment's job is to increase the portfolio's annual income and to keep the portfolio's capital safe.
 - The shares are redeemable by the issuer according to a set schedule, which began in 2010.
 - "Soft" Retraction feature may be available through the share's conversion feature. This feature could provide shareholders with an exit from the shares if market price were to decline due to rising interest rates or a decline in the issuer's credit quality.
 - On and after September 1, 2013, the Conversion feature enables the preferred shareholder to convert their shares into the issuer's common shares, which could then be sold to convert the shares into cash. The set conversion formula would enable the Series C preferred shareholder to convert to common shares, sell the common shares and realize approximately \$26.31, before commission and taxes, per Series C share held.
 - Given the potential "Soft" retraction at a price of \$26.31, we are comfortable paying a price that is above the current redemption price.
 - Share Details: Visit our Data Room – Preferred Shares – Convertible Preferred Shares, for information about the share's features and characteristics.
 - Risks: The shares trade only a few times each day, so investors need to be patient and buy the shares over a number of days to attain their desired price.
 - Risks: The issuer could redeem the shares prior to September 1, 2013 at a price below our \$25.90 per share cost.
 - Risks: The share's market price could be adversely impacted if interest rates were to rise or the issuer's credit quality were to deteriorate.



- **Remaining cash balance was reinvested in a short-term bond**
 - The remain cash balance from the December 2nd bond maturity, \$5,119.05, has been reinvested in a Bell Canada Discounted Bond, maturing on 15-Nov-2012, yielding 1.75%
 - Job Description: This investment's job is to provide the portfolio with future liquidity, while safe guarding the capital and providing an income.

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