

RAWLING REPORT

FALL 2005 • BROUGHT TO YOU BY



RAWLING FINANCIAL INC.

HELPING CLIENTS MAKE WISE DECISIONS REGARDING THEIR WEALTH

Understanding tax-advantaged funds

Are you looking for a method of reducing taxes on your non-registered investments?

Are you concerned about the effect taxes have on long-term investment results?

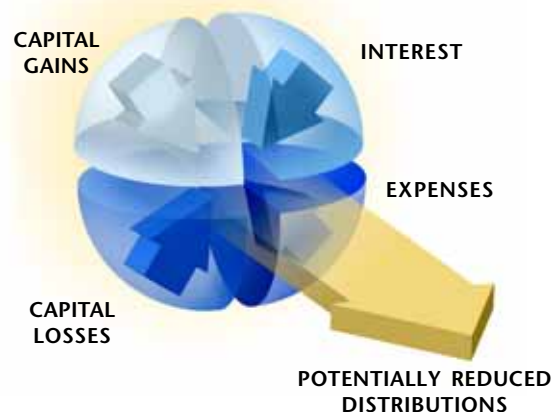
Tax-advantaged funds offer investors a potentially tax-effective way to structure non-registered portfolios. Reducing the taxes on growth can result in greater compounding, and – over time – improve long term performance.

These funds are based on a corporate class structure, which means all the funds in the family are classes of shares and housed within one corporation. The corporation is treated as a single legal entity, and investor diversification is achieved by holding the different classes of shares – each of which represents a single mandate or objective.

Understanding the tax advantages

By building a portfolio within a mutual fund corporation, investors may benefit from three potential tax advantages:

- 1. The ability to switch or rebalance among funds without immediately triggering capital gains and losses** because buying and selling transactions occur within the family at an investor's adjusted cost base.
- 2. Potentially lower distributions in any given year** as a result of the pooling of income and expenses as well as investment gains and losses across all classes of shares.
- 3. Tax-effective income** because investors earn capital gains or ordinary dividend distributions.



Tax-deferred switching or rebalancing

The first advantage is evident when investors rebalance their holdings. Rebalancing is a vital discipline that ensures a portfolio retains its original risk/return characteristics. When done regularly, investors tend to sell investments in asset classes that have outperformed – and acquire investments that may be at the opposite end of their valuation cycles. Using conventional trust structures, immediate taxable gains and losses result from this buying and selling activity. Rebalancing within a tax-advantaged structure means capital gains and losses to the investor are not immediately triggered.

Please note: An increase in the volume of switching activity may increase or accelerate capital gains earned in the classes, potentially increasing capital gains or ordinary dividends paid to investors.

Potentially lower distributions in any given year

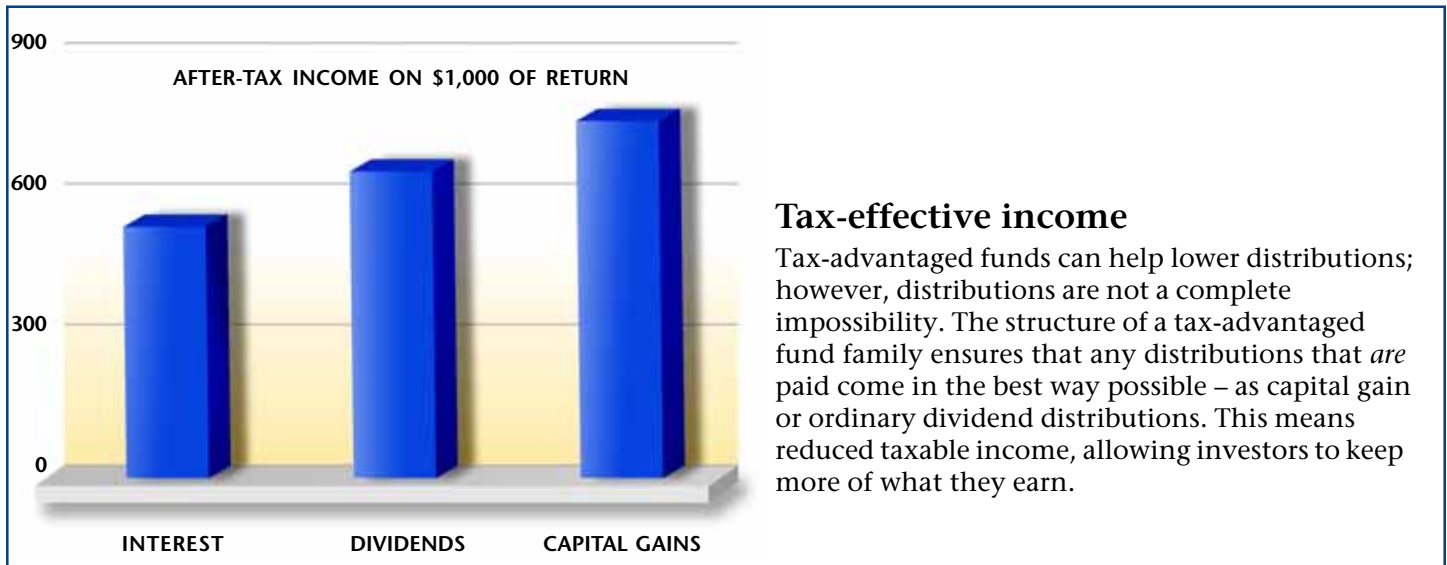
One of the most obvious benefits of investing in mutual funds is the professional talent you hire to manage your account. When a fund's investment management buys and sells individual securities, the result is capital gains and losses.

Mutual funds also earn interest income and incur expenses.

A corporate structure pools all gains with losses, and offsets interest income with expenses, to potentially reduce the taxable distributions to investors. This could mean lower taxable income to investors in any given year.

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Tax-effective income

Tax-advantaged funds can help lower distributions; however, distributions are not a complete impossibility. The structure of a tax-advantaged fund family ensures that any distributions that *are* paid come in the best way possible – as capital gain or ordinary dividend distributions. This means reduced taxable income, allowing investors to keep more of what they earn.

An exciting opportunity

The benefits of tax-advantaged funds can provide a tax-preferred way to build a portfolio. If you have tax concerns, and hold a portfolio of long-term non-registered investments, ask Hugh if these funds are right for you. You may be surprised at the difference tax-advantaged funds can make to your long-term investment success.

Make your investment decisions wisely. Important information about the Quadrus Group of Funds is found in the funds' simplified prospectus. You can obtain a copy of this from your financial security and investment representative. Please read this carefully before investing. Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. Unit values and investment returns will fluctuate.

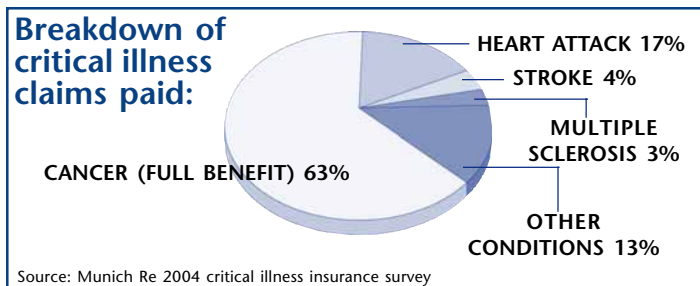
How likely is a critical illness?

Suffering a critical illness or condition is more likely than you think. As a result of medical advances, survival rates are constantly improving and the financial implications to surviving a critical illness or condition such, as heart attack, life-threatening cancer or stroke can be significant.

Critical illness insurance provides a "living benefit" (a one-time, lump-sum payment)*. This "living benefit" can be used for treatment outside of Canada, to modify a home, hire a nurse or child care, pay debt, purchase special equipment, hire additional staff, replace a key employee, or in any other way you see fit.

With all the things to worry about when one has a critical illness, financial stress doesn't need to be one of them. Critical illness insurance may help alleviate some of that financial stress so you can focus on what's most important – getting healthy.

*If diagnosed with a critical illness or condition as defined in a policy and the survival period is satisfied – usually 30 days



7th Rawling Financial Vegas Golf Trip October 23-27, 2005

Three great courses:
Wolf Creek Golf Club, Mesquite, Nevada
Entrada at Snow Canyon, St. George, Utah
Primm Valley Lakes Course, Nevada



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