

**Attention Business Editors:**

## **Another Expensive Royal Bank Preferred Share Issue: Hymas Investment Management**

TORONTO, July 19 /CNW/ - James Hymas, President of Hymas Investment Management Inc. ("HIMI"), stated today that after examination of the prospectus for the issue of Royal Bank of Canada Non-Cumulative First Preferred Shares Series AB (the "Issue") and comparison with existing issues available in the marketplace, he considers them over-priced at the new issue offering level of \$25. Taxable investors in Ontario's highest tax-bracket may reasonably expect to do better with other preferred shares, he stated.

"Using HIMIPref(TM), my firm's software developed specifically for preferred share analysis, I estimate that the present value of the cash flows on offer in this Issue are worth about \$23.35 when discounted similarly to other high-quality issues trading on the TSX. There is, as with any new issue in recent times, a liquidity premium is applicable - in this case, worth about \$1.40 at the levels investors are now paying for the privilege of buying large quantities. Retail investors should not have to pay such exorbitant premia and even institutional investors should be hesitant to pay the equivalent of over a year's worth of dividends for the privilege of investing cash".

"The issue invites comparisons with Royal Bank's previous preferred share financing, Series AA, which was also considered overpriced at the time of its announcement. That series, now trading as RY.PR.A, has seen both its market price and its relative value decline by about \$0.50 since issue. There may possibly be a scarcity value to Royal Bank preferreds that is currently being exploited by the new issuance, but investors have better alternatives."

HIMIPref(TM) is quantitative fixed income analytical tool developed for the express purpose of analyzing Canada's preferred share market. The software has recently been made available for subscription by asset managers, dealers and other institutions at [www.prefshares.com](http://www.prefshares.com), where a full description of the analytical process is available.

"It should not be thought that this evaluation of the Issue reflects poorly in any way upon Royal Bank, its future prospects or its credit-worthiness", Mr. Hymas stressed. "Indeed, the ability to finance their operations so cheaply is a tribute to their acumen."

HIMI offers portfolio management services to accredited investors in Ontario through its flagship "Malachite Aggressive Preferred Fund".

The statements and analyses in this press release are based on material believed by HIMI to be reliable, but cannot be guaranteed to be accurate or complete. The views expressed herein should not be construed as constituting investment, legal or tax advice to any investor, nor as an offer or solicitation of an offer to buy or sell any of the securities mentioned herein. Such views are provided for information purposes only, and neither HIMI nor any of its directors, officers or shareholders accept any liability for investment decisions which are based upon the information contained or views expressed herein. Particular investments and investing strategies should be evaluated relative to each investor's individual financial situation, investment objectives and risk tolerances, among other factors, and this evaluation should be made by the investor in conjunction with his or her investment and other appropriate advisors. HIMI and its directors, officers and shareholders may from time to time hold long or short positions in the securities discussed in this press release, either on their own behalf or on

behalf or individual client accounts or investment funds managed by HIMI.

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(8)



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