



## GLOBAL PREFERRED SECURITIES TRUST

### Investment Objective

The Trust's investment objectives are to provide holders of the units with a stable stream of tax efficient monthly distributions and enhance the total return with capital appreciation.

### Fairway Capital February 2007 Commentary

The second month of 2007 was a financial roller coaster of volatility as the Dow Jones utility average hit another all-time high before experiencing a correction at the end of the month. Treasuries, coming off a two month sell-off in January, began to rally back, starting with a 4.83 yield and ending at 4.55. Extremely cold weather in the Northern U.S. continued into February, prompting higher customer usage and generating strong earnings for utilities. The weather continued to push light crude on a see-saw run, ending the month at \$62/barrel, its highest level since the beginning of the year. Previously fueled speculation for a warm winter has been wiped away and replaced with a bullish outlook for energy producing utilities. Overall, U.S. heating degree days in the first quarter of '07 increased 21.7% compared with the first quarter of '06 to date.

The Merrill Lynch Hybrid Preferred Index moved only modestly higher by 0.29% while the Merrill Lynch DRD Index was up 1.21%. QDI and DRD tax-advantaged preferreds continued to be recognized for their value and relatively strong performance in conjunction with the recent treasury rally. We continue to support our conviction that the growing number of retiring baby-boomers will look for strong tax-advantaged yield, and we expect an increase in utility capital expenditures and preferred issuance as well, particularly as a result of pollution controls and transmission and distribution build-up.

Hawaiian Electric and Dominion were strong contributors to earnings for both Fairway funds. Phoenix Companies was a solid performer with their positive Fitch rating on strong capitalization and the restructuring of their debt profile. Verizon also continued their positive returns. On the downside, AEGON paid its quarterly dividend at the end of the month, causing a relative reduction in the NAV. The same was true for SLM Corp and ING Groep NV. The majority of preferreds were flat for the period.