



## 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.

### Market Review - Fairway Capital April 2007 Commentary [Market Commentary for the period ending April 30, 2007.](#)

April continued its first quarter run in what can be described as another historic month in utility stocks, as the Dow Jones utility average hit another all time high at 531 before leveling off at 522. Even with signs that the economy might be slowing, utilities' performance continued their equity leadership. Treasuries had a very flat period in April with little change from the start of the month. The regulatory environment for utilities remains positive as more state regulators have been granting mechanisms that automatically adjust rates to offset fluctuations in consumption, an effort that has especially helped gas utilities. Light crude, which saw levels as low as \$53/barrel in mid January, pushed to over \$66/barrel at the end of April - marking a six month high.

During the quarter, the Merrill Lynch Hybrid preferred index moved higher only slightly by .29%, while the Merrill Lynch DRD index was relatively flat, down -.07%. QDI and DRD tax-advantaged preferreds continued to be recognized for their value and relatively strong performance in spite of a bill currently before the House Ways and Means Committee that would remove the favorable QDI tax treatment for certain foreign preferreds. The ultimate price impact, even if it passes, should be minimal as the original QDI benefit was never fully priced into the market. We continue in our conviction that the growing number of baby-boomers approaching or entering retirement will shift towards higher-yield, conservative investments with strong tax-advantaged yield.

Duke Realty Corp was a strong contributor to earnings for both Fairway funds. Aegon continued its positive returns, as did ING Groep and Phoenix Companies. On the downside, SLM Corp was the weakest performer for both funds due to a potential private equity acquisition. Moody's said that its rating review will focus on the credit implications of the substantial debt to be added to SLM's already highly levered balance sheet. Debt protection measures for unsecured bondholders could be significantly impaired.

Our outlook is still the same - the demand for power and the expected use of excess supply is a likely forecast. Investors will be looking for utilities with strong balance sheets and dividend expansion. The increasing amount of M&A and LBO activity further prompts the sector for bullish momentum, and if the Fed makes a move to cut interest rates, it makes these companies' dividend yields much more attractive.



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