



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 May 2007 Commentary [Market Commentary for the period ending May 31, 2007.](#)

Performance in the utility sector was mixed in the month of May. The Dow Jones utility average, while remaining flat for the period, hit another all time high at 535 on May 21st as well as its lowest level (512) since mid-April. Growth came from a combination of higher realized power prices and rate case decisions being finalized from 2006. Also, transmission and distribution investments are on the rise, as is capital spending related to environmental upgrades. Interest rates continue to move the group as treasuries had a very active sell-off period. The yield on the 10 year treasuries began the month at a 4.65% and ended at a 4.89%. Light crude, which saw levels as low as \$53 per barrel in mid January, maintained levels between \$64 and \$66 per barrel during the period.

During the quarter, the Merrill Lynch Hybrid preferred index moved down -0.78% while the Merrill Lynch DRD index was down -0.50%. QDI and DRD tax-advantaged preferreds continued to be recognized for their value and relatively strong. We continue to support our conviction that the growing number of retiring baby-boomers approaching or entering retirement will shift towards higher-yield conservative investments with strong tax-advantaged yield.

We continue to believe the demand for power will continue, and expect use of excess supply to meet this demand. The utility sector should benefit from higher realized commodity prices over the next 2-4 years. Investors will be looking for utilities with strong balance sheets and dividend expansion. The increasing amount of M&A and LBO's could prompt the sector for bullish momentum.



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