



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.

Portfolio Review

[Market Commentary for the period ending June 30, 2006](#)

During the first half of 2006, treasury yields rose across the curve on strong economic data and generally heightened inflation concerns. There were more new issues in the second quarter (the first two months exceeded the first quarter by over \$1 Billion) and this weighed heavily on the existing outstanding preferreds. On the political front, the recently approved 2 year extension on the 15% federal tax qualified preferreds made fully taxable preferreds (the majority of Fairway's portfolio) slightly lower valued. As a result, fully taxable preferred stocks were hardest hit and spreads began to widen from the rich levels at which they were previously trading.

The treasury market as a whole has had reduced volatility so far this year, and the expectation is for mid-term yields to hold steady. This lower volatility generally lends support to prices of callable securities, such as preferreds. The ten year note was down -5.80% YTD at the end of June, the sell-off fueling the significant rise in treasury yields. Furthermore, the Federal Reserve has raised rates 17 times since June 2004 (25 bp consecutively) from 1% to 5.25%. As these funds are leveraged, higher borrowing costs have significantly reduced the spread on earnings.

Telephone & Data Systems preferreds were decent performers, primarily in March. Communication business revenues, as a whole, are expected to grow beyond 2008 as rates in existing long distance contracts converge with market rates. Southwest Gas (SWX B) was a decent performer for both funds. Renaissance Hlds was a top performer for Fairway Global, as reinsurance companies continued to recover from last year's hurricane and insurance claims. SLM Corp (JSM) was a poor performer, as lower coupon, longer duration preferreds were hard hit. And lastly, both BGE Capital (BGE B) and FPL Group (FPL C) experienced weaker prices during the year due primarily to skepticism on the proposed merger - a result of potential problems with the Maryland regulators.

Both Fairway Global and Fairway Investment Grade experienced very strong appreciation in the CAD dollar hedge, and the short treasury hedge helped offset lowered preferred and bond prices. Year to date performance on a total fund basis was -1.84 for Fairway Global and -3.72 for Fairway Investment Grade. The ML Hybrid Index was down -0.94 YTD.

GLOBAL PREFERRED SECURITIES TRUST (GPT.UN)

Top 20 Holdings

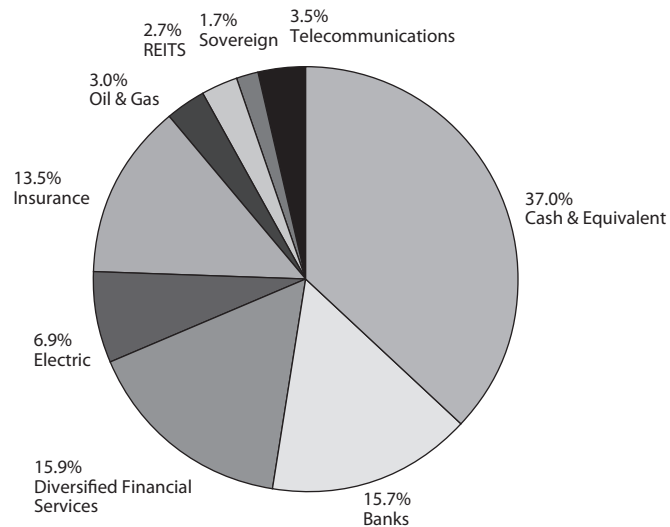
as of June 30, 2006



	% Of Mkt Value
Nexen Inc pref stock	3.04%
Aegon NV pref stock	2.16%
ING Group NV pref stock	2.14%
Phoenix Companies Inc pref stock	2.13%
Banco Santander pref stock	1.94%
BNP Paribas Capital Trust V corp bond	1.84%
Lloyds TSB Bank Plc pref bond	1.81%
AXA corp bond	1.81%
Duke Realty Corp pref stock	1.79%
HBOS Capital Funding LP pref bond	1.77%
Telephone & Data Systems Inc pref stock	1.75%
Swedish Export Credit corp bond	1.67%
Morgan Stanley Capital Trust III pref stock	1.66%
Renaissancere Holdings Limited pref stock	1.61%
ABN AMRO Capital Fund Trust V pref stock	1.60%
Royal Bank of Scotland Group Plc pref stock	1.58%
Dominion Resources Capital Trust I corp bond	1.56%
Abbey National Pfd Series B Shares pref stock	1.54%
Repsol International Capital Limited pref stock	1.53%
BGE Capital Trust II pref stock	1.39%

Industry Weights:

as of June 30, 2006



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Asset Allocation

as of , June 302006

