



GLOBAL PREFERRED SECURITIES TRUST
GLOBAL PREFERRED TRUST



Annual Report

Period ended December 31, 2004

Table of Contents

GLOBAL PREFERRED SECURITIES TRUST

GLOBAL PREFERRED TRUST

Market Commentary	1
Management's Discussion & Analysis	2
Management and Auditors' Reports	4

GLOBAL PREFERRED SECURITIES TRUST

Financial Statements

Statement of Net Assets	5
Statement of Operations	5
Statement of Changes in Net Assets	6

GLOBAL PREFERRED TRUST

Financial Statements

Statement of Net Assets	7
Statement of Operations	7
Statement of Changes in Net Assets	8
Statement of Cash Flows	8
Statement of Investments	9

Notes to Financial Statements	12
--	----

Corporate Information	Inside Back Cover
------------------------------------	-------------------

GLOBAL PREFERRED SECURITIES TRUST GLOBAL PREFERRED TRUST

Market Commentary

MARKET UPDATE

The strong performance of U.S. preferred shares was fueled by relatively stable conditions in the U.S. Treasury market and favorable supply and demand conditions. The U.S. Treasury market rallied in the third quarter, driven by a rise in oil prices and fears of a worldwide economic slowdown. In the fourth quarter, intermediate and long-term rates steadied, despite the U.S. Federal Reserve Board having raised short-term interest rates six times since June. Investors were comforted by the Fed's comments that it would continue to raise rates in a measured fashion.

Preferred shares also were helped by dwindling supply as companies redeemed their outstanding preferred issues and new supply waned. Meanwhile, demand for preferred shares remained strong as investors sought out their relatively high dividends and quality.

Additionally, the markets viewed the reelection of the U.S. President as a positive for tax-advantaged preferred shares since the Bush Administration supports the elimination of taxes paid on stock dividends.

PORTFOLIO UPDATE

As of December 31, 2004, the portfolio was overweight in the finance and utilities sectors. On a country allocation basis, approximately 70% of the assets were invested in North America and the balance primarily in European countries.

MARKET OUTLOOK 2005

The Fed has suggested that it will continue on a "measured" path of raising short-term interest rates. Although the recent rate hikes haven't hurt the prices of preferred shares yet, it is possible that potentially higher long-term interest rates could dampen their performance over the near term.

Over the longer term, however, we believe there are a number of factors working in favor of preferred stocks. Primary among these is the lack of new supply, and a likely strong demand from an aging American population for high-quality, income-producing assets. This combination of decreased supply and increased demand should provide some support for preferred shares even if long-term bond yields rise.

John Hancock Advisers LLC

Investment Sub-Advisor, Global Preferred Trust

GLOBAL PREFERRED SECURITIES TRUST

Management's Discussion & Analysis

The inception date for Global Preferred Securities Trust (the "Trust") was May 31, 2004. As at December 31, 2004, the Trust had net assets of \$30,620,762 or \$10.01 per unit.

The Trust paid six monthly distributions of \$0.043750 per unit for total distributions of \$0.2625 per unit from inception.

The Trust provides its unitholders with economic exposure to the returns of Global Preferred Trust through a forward agreement. Global Preferred Trust holds a portfolio of securities consisting primarily of preferred shares and other preferred securities. Accordingly, the financial statements of Global Preferred Trust should be read in conjunction with those of the Trust. However, neither the Trust nor its unitholders has any ownership interest in Global Preferred Trust.

Total expenses, inclusive of administration and investment management fees, forward agreement fees, general and administrative costs and interest expense, from inception to December 31, 2004, were \$285,599. Net investment loss for the period was \$276,580.

Units of the Trust trade on the Toronto Stock Exchange under the symbol GPT.UN. Closing value on December 31, 2004 was \$9.53 per unit. As at December 31, 2004 units were trading at a 4.76% discount to net asset value.

During the period, the Trust had subscriptions of \$30,600,000 and no redemptions. Unitholders are entitled to redeem their units outstanding annually at the end of June at a price calculated in reference to the Trust's net asset value.

The Trust has a mandatory purchase program under which the Trust is, subject to certain exceptions, obligated to purchase for cancellation any units offered in the market at the then prevailing market price if the price at which units are then offered for sale is less than 95% of the net asset value per unit determined as at the close of business the previous business day. During the period, the Trust did not repurchase any units for cancellation under its mandatory purchase program.

GLOBAL PREFERRED TRUST

Management's Discussion & Analysis

The inception date for Global Preferred Trust was May 31, 2004. As at December 31, 2004, Global Preferred Trust had net assets of \$30,479,569 or \$9.96 per unit.

During the period, Global Preferred Trust had subscriptions of \$28,493,500 and no redemptions. Global Preferred Trust paid total distributions of \$3,391,050 to unitholders in 2004, of which \$2,059,931 was reinvested. Unitholders are entitled to redeem their units at any time at a price calculated by reference to Global Preferred Trust's net asset value.

Total expenses, inclusive of administration and investment management fees, general and administrative costs and interest expense, from inception to December 31, 2004, were \$323,937. Net investment income for the period was \$816,066.

Management's Responsibility

The accompanying financial statements have been prepared by Fairway Advisors Inc., the Manager of the Trusts, and approved by the Board of Directors of the Manager. The Trusts' Manager is responsible for the information and representations contained in these financial statements and other sections of the Annual Report. Fairway Advisors Inc. maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include certain amounts that are based on estimates and judgments. The significant accounting policies which management believes are appropriate for the Trusts are described in Note 2 to the financial statements.

Ernst & Young LLP are the external auditors of the Trusts. They have audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the unitholders their opinion on the financial statements. Their report is set out below.



Chief Executive Officer
Fairway Advisors Inc.



Chief Financial Officer
Fairway Advisors Inc.

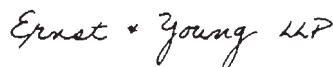
Auditors' Report

TO THE UNITHOLDERS OF GLOBAL PREFERRED SECURITIES TRUST AND GLOBAL PREFERRED TRUST [THE "TRUSTS"]

We have audited the statements of net assets of the Trusts and the statement of investments of Global Preferred Trust as at December 31, 2004 and the statements of operations and changes in net assets for the period from May 31, 2004 [date of inception] to December 31, 2004 and the statement of cash flows of Global Preferred Trust for the period from May 31, 2004 [date of inception] to December 31, 2004. These financial statements are the responsibility of the Trusts' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the net assets of the Trusts and the investments of Global Preferred Trust as at December 31, 2004 and the results of their operations and the changes in their net assets for the period then ended, and the cash flows of Global Preferred Trust for the period then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants

Toronto, Canada,
April 15, 2005.

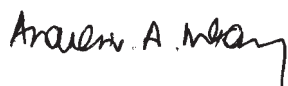
GLOBAL PREFERRED SECURITIES TRUST

Statement of Net Assets

As at December 31, 2004

Assets	
Forward Agreement, at market value (Note 7)	\$ 5,198,893
Common Share Portfolio, at market value (Note 7)	25,280,676
Cash and cash equivalents	101,871
Receivable for partial settlement of Forward Agreement	316,347
	<u>30,897,787</u>
Liabilities	
Management fees payable (Note 5)	74,182
Accounts payable and accrued liabilities	68,968
Distributions payable	133,875
	<u>277,025</u>
Net assets, at market value	\$ 30,620,762
Number of units outstanding (Note 6)	3,060,000
Net asset value per unit	\$ 10.01

Approved on behalf of the Board of Directors of the Manager:



Andrew A. McKay
Director



Paul Perrow
Director

Statement of Operations

From May 31, 2004 (Date of Inception) to December 31, 2004

Investment income	
Interest	\$ 9,019
	<u>9,019</u>
Expenses (Note 5)	
Forward Agreement fees	120,396
Management fees	109,361
Administration	55,842
	<u>285,599</u>
Net investment loss	(276,580)
Realized and unrealized gain on investments	
Net realized gain on partial settlement of Forward Agreement (Note 8)	58,581
Change in unrealized appreciation on Forward Agreement (Note 7)	3,258,607
Net gain on investments	3,317,188
Increase in net assets from operations	\$ 3,040,608
Increase in net assets from operations per unit	\$ 1.0011

The accompanying notes are an integral part of these financial statements

Statement of Changes in Net Assets

From May 31, 2004 (Date of Inception) to December 31, 2004

Increase in net assets from operations	\$	3,040,608
Distributions to unitholders		
Return of capital		(803,250)
		(803,250)
Capital unit transactions (Note 6)		
Proceeds from issue of trust units		30,600,000
Issue costs		(2,216,596)
		28,383,404
Increase in net assets during the period		30,620,762
Net assets, beginning of period		—
Net assets, end of period	\$	30,620,762

The accompanying notes are an integral part of these financial statements


GLOBAL PREFERRED TRUST

Statement of Net Assets

As at December 31, 2004

ASSETS (Note 10)	
Investments, at market value (<i>cost</i> – \$38,752,217)	\$ 36,985,486
Cash and cash equivalents (Note 3)	2,616,682
Due from brokers	353,876
Accrued interest, dividends and distributions from trusts	59,067
	<u>40,015,111</u>
LIABILITIES	
Due to brokers	600,458
Management fees payable (Note 5)	23,404
Accounts payable and accrued liabilities	66,556
Loan facility payable (Note 10)	8,528,777
Distributions payable	316,347
	<u>9,535,542</u>
Net assets, at market value	\$ 30,479,569
Number of units outstanding (Note 6)	3,061,522
Net asset value per unit	\$ 9.96

Approved on behalf of the Board of Directors of the Manager:



Andrew A. McKay
Director



Paul Perrow
Director

Statement of Operations

From May 31, 2004 (Date of Inception) to December 31, 2004

Investment income	
Interest	\$ 204,040
Dividends (net of withholding taxes)	935,963
	<u>1,140,003</u>
Expenses	
Management fees (Note 5)	142,860
Administration	95,059
Interest expense	86,018
	<u>323,937</u>
Net investment income	816,066
Realized and unrealized gain (loss) on investments	
Net realized loss on investments (Note 9)	(676,168)
Realized foreign exchange gain	4,606,545
Change in unrealized depreciation on investments	(1,766,731)
Change in unrealized appreciation on foreign currency	337,476
Net gain on investments	2,501,122
Increase in net assets from operations	\$ 3,317,188
Increase in net assets from operations per unit	\$ 1.0932

The accompanying notes are an integral part of these financial statements

Statement of Changes in Net Assets

From May 31, 2004 (Date of Inception) to December 31, 2004

Increase in net assets from operations	\$ 3,317,188
Distributions to unitholders	
Income	(3,391,050)
	(3,391,050)
Capital unit transactions (Note 6)	
Net proceeds from issue of trust units	28,493,500
Reinvested trust units	2,059,931
	30,553,431
Increase in net assets during the period	30,479,569
Net assets, beginning of period	-
Net assets, end of period	\$ 30,479,569

Statement of Cash Flows

From May 31, 2004 (Date of Inception) to December 31, 2004

OPERATING ACTIVITIES

Increase in net assets from operations	3,317,188
Items not affecting cash:	
Net realized loss on sale of investments	629,233
Change in unrealized depreciation of investments	1,766,731
	5,713,152
Net change in non-cash assets and liabilities	277,475
Cash flows provided by operating activities	5,990,627

FINANCING ACTIVITIES

Loan proceeds	8,528,777
Distributions paid to unitholders	(1,014,772)
Net proceeds from issuance of trust units	28,493,500
Cash flows provided by financing activities	36,007,505

INVESTING ACTIVITIES

Proceeds from sale of investments	2,030,003
Purchases of investments	(41,411,453)
Cash flows used in investing activities	(39,381,450)
Net increase in cash during the period	2,616,682
Cash and cash equivalents, beginning of period	-
Cash and cash equivalents, end of period	\$ 2,616,682

The accompanying notes are an integral part of these financial statements

Statement of Investments

As at December 31, 2004

Number of Shares	Description	Average Cost (\$)	Market Value (\$)	% of Net Assets
PREFERRED SECURITIES				
Bermuda				
20,000	Renaissance Holdings Limited 6.08% Series C	587,813	574,360	1.88
		587,813	574,360	1.88
Canada				
33,000	Nexen Inc. 7.35% Nov 01/43	1,118,731	1,069,183	3.51
3,800	Shaw Communications Inc. 8.45% Sep 30/46 Series A	126,941	115,437	0.38
		1,245,672	1,184,620	3.89
Cayman Islands				
17,000	Repsol International Capital Limited 7.45% Series A	561,802	522,567	1.71
		561,802	522,567	1.71
France				
500,000	Axa 7.10%	673,887	629,432	2.07
500,000	BNP Paribas Capital Trust V 7.20%	692,742	637,091	2.09
		1,366,629	1,266,523	4.16
Germany				
500,000	Allianz Finance II BV 7.25%	686,484	638,306	2.09
		686,484	638,306	2.09
Netherlands				
20,000	ABN Amro Capital Funding Trust V 5.90%	597,902	589,519	1.93
10,000	ABN Amro Capital Funding Trust VII 6.08%	307,757	301,858	0.99
5,400	ING Groep NV 6.20%	173,501	164,822	0.54
23,000	ING Groep NV 7.05%	774,107	744,358	2.44
500,000	Rabobank Capital Fund II 5.26%	658,789	613,161	2.01
		2,512,056	2,413,718	7.91
Spain				
22,000	Banco Santander Central Hispano SA 6.41%	697,750	692,938	2.27
		697,750	692,938	2.27
Sweden				
500,000	Svensk Exportkredit AB 5.40%	595,710	574,655	1.89
		595,710	574,655	1.89
Switzerland				
25,000	UBS Funding Trust III 7.25%	859,010	790,738	2.59
		859,010	790,738	2.59
United Kingdom				
13,000	Abbey National PLC 7.25%	447,874	412,278	1.35
16,000	Abbey National PLC ADR 7.38% Series B	559,630	529,364	1.74
500,000	HBOS Capital Funding L.P. 6.85%	657,019	619,930	2.04
500,000	Lloyds TSB Bank PLC 6.90%	665,191	631,416	2.07
300,000	Prudential PLC 6.50%	376,984	363,177	1.19
15,000	Prudential PLC 6.75%	493,462	467,946	1.54
21,000	Royal Bank of Scotland Group PLC ADR 5.75% Series L	634,744	619,248	2.03
		3,834,904	3,643,359	11.96

The accompanying notes are an integral part of these financial statements

Statement of Investments (continued)

As at December 31, 2004

Number of Shares	Description	Average Cost (\$)	Market Value (\$)	% of Net Assets
United States				
11,000	Ameren Corporation 9.75% May 15/05	388,293	380,613	1.25
12,000	American Electric Power Company, Inc. 9.25% Aug 16/05	694,263	687,933	2.26
10,000	BAC Capital Trust II 7.00% Feb 01/32	339,910	321,468	1.05
5,000	BAC Capital Trust V 6.00% Nov 03/34	154,436	150,809	0.49
20,000	BGE Capital Trust III 6.20% Oct 15/43	655,509	615,747	2.02
10,000	BNY Capital IV 6.88% Dec 01/28	331,062	304,144	1.00
5,000	BNY Capital V 5.95% May 01/33 Series F	148,332	151,651	0.50
500,000	CA Funding Trust 7.00%	661,600	627,319	2.06
9,900	Citigroup Capital VIII 6.95% Sep 15/31	337,141	312,536	1.03
3,000	Consumers Energy Company Financing II 8.20% Sep 01/27	98,897	93,084	0.31
15,000	Consumers Energy Company Financing IV 9.00% Jun 30/31	522,638	479,135	1.57
3,500	Costal Finance I 8.38% Jun 30/38	106,393	105,440	0.35
14,000	Countrywide Capital IV 6.75% Apr 01/33	460,575	433,044	1.42
400,000	Dominion Resources Capital Trust I 7.83% Dec 01/27	572,170	523,602	1.72
12,000	DTE Energy Company 8.75% Aug 16/05	402,859	376,378	1.23
5,000	Duke Realty Corporation 6.63% Aug 25/08 Series J	157,725	157,606	0.52
26,000	Duke Realty Corporation 6.50% Series K	814,077	791,399	2.60
6,900	Energy East Capital Trust I 8.25% Jul 31/31	242,086	222,726	0.73
5,000	Enterprise Capital Trust I 7.44% Mar 31/47 Series A	165,781	152,493	0.50
7,000	Enterprise Capital Trust III 7.25% Jun 30/47 Series C	230,488	211,385	0.69
4,500	Fleet Capital Trust VII 7.20% Dec 15/31	154,669	143,740	0.47
5,400	Fleet Capital Trust IX 6.00% Aug 01/33	164,034	162,743	0.53
5,000	Ford Motor Company 7.50% Jun 10/43	169,318	157,005	0.51
15,000	Ford Motor Credit Company 7.38% Oct 15/31	508,897	465,239	1.53
23,894	FPC Capital I 7.10% May 13/39 Series A	789,128	727,871	2.39
5,000	FPL Group Capital Trust I 5.88% Mar 15/44	143,008	149,305	0.49
25,000	General Electric Capital Corporation 5.88% Feb 18/33	797,230	767,277	2.52
5,000	General Motors Corporation 7.25% Jul 15/41	167,108	150,929	0.50
13,000	General Motors Corporation 7.38% May 15/48	433,849	395,230	1.30
8,000	Georgia Power Capital Trust VII 5.88% Jan 15/44	237,370	238,021	0.78
13,000	Georgia Power Company 6.00% Oct 15/33 Series R	405,702	395,700	1.30
18,000	Great Plains Energy Incorporated 8.00% Feb 16/07	565,890	581,458	1.91
5,300	Heco Capital Trust III 6.50% Mar 18/34	173,810	167,062	0.55
29,100	HSBC Finance Corporation 6.88% Jan 30/33	985,434	951,227	3.12
4,000	J.P. Morgan Chase Capital X 7.00% Feb 15/32	135,684	128,635	0.42
5,000	J.P. Morgan Chase Capital XI 5.88% Jun 15/33	150,648	147,440	0.48
9,900	J.P. Morgan Chase Capital XII 6.25% Oct 15/33	308,078	306,105	1.00
15,000	J.P. Morgan Chase Capital XIV 6.20% Oct 15/34	469,344	461,088	1.51
9,500	KeySpan Corporation 8.75% May 16/05	642,415	596,274	1.96
5,000	Laclede Capital Trust I 7.70% Dec 01/32	178,747	166,148	0.54
8,900	Lehman Brothers Holdings Capital Trust III 6.38% Mar 15/52 Series K	292,971	273,579	0.90
8,900	Lehman Brothers Holdings Capital Trust V 6.00% Apr 22/53	260,558	266,619	0.87
22,100	Lincoln National Capital VI 6.75% Sep 11/52 Series F	734,316	712,306	2.34
22,100	Merrill Lynch Capital Trust V 7.28%	769,425	721,878	2.37
20,000	Morgan Stanley Capital Trust III 6.25% Mar 01/33	630,915	611,897	2.01
10,100	Morgan Stanley Capital Trust V 5.75% Jul 15/33	298,352	297,829	0.98
5,900	Northern States Power Company 8.00% Jul 01/42	210,609	193,499	0.63
10,000	NVP Capital III 7.75% Sep 30/38	315,259	303,783	1.00
7,500	ONEOK, Inc. 8.50% Feb 16/06	285,053	322,130	1.06
5,000	PLC Capital Trust V 6.13% Jan 27/34	150,833	147,981	0.49
9,500	Public Service Enterprise Group Incorporated 10.25% Nov 16/05	696,939	769,431	2.52
4,400	Public Storage, Inc. 8.00% Series R	152,378	139,593	0.46
5,400	Puget Sound Energy Capital Trust II 8.40% Jun 30/41	187,019	172,229	0.56
10,000	SLM Corporation 6.00% Dec 15/43	318,637	301,016	0.99

Statement of Investments (continued)

As at December 31, 2004

Number of Shares	Description	Average Cost (\$)	Market Value (\$)	% of Net Assets
PREFERRED SECURITIES (continued)				
United States				
6,600	Southwest Gas Capital II 7.70% Sep 15/43	228,168	216,139	0.71
10,200	Suntrust Capital V 7.05% Dec 15/31	344,204	324,215	1.06
13,600	Teco Capital Trust I 8.50% Jan 31/41	470,207	430,979	1.41
27,000	Telephone & Data Systems, Inc. 7.60% Dec 01/41	913,641	856,920	2.81
5,000	The Detroit Edison Company 7.38% Dec 31/28	166,556	151,591	0.50
23,100	The Phoenix Companies, Inc. 7.45% Jan 15/32	779,638	710,354	2.33
23,200	United States Cellular Corporation 7.50% Jun 15/34	776,606	756,413	2.48
1,500	USB Capital IV 7.35% Nov 01/31	52,155	48,022	0.16
20,000	Verizon New England Inc. 7.00% May 15/42 Series B	681,657	642,455	2.11
10,300	Virginia Power Capital Trust 7.38% Jul 30/42	356,570	333,963	1.10
4,700	Wells Fargo Capital Trust IV 7.00% Sep 01/31	159,752	148,602	0.49
15,000	Wells Fargo Capital Trust V 7.00% Dec 01/31	507,371	480,037	1.57
		25,804,387	24,690,469	81.02
Total Preferred Securities		38,752,217	36,992,253	121.37
Number of Contracts	Description	Average Cost (\$)	Market Value (\$)	% of Net Assets
FUTURES				
United States				
18	U.S. 10 Year Treasury Note Future expiry date Mar 21/05	–	(6,767)	(0.02)
TOTAL INVESTMENTS		38,752,217	36,985,486	121.35
Liabilities less other assets			(6,505,917)	(21.35)
NET ASSETS, AT MARKET VALUE			30,479,569	100.00

The accompanying notes are an integral part of these financial statements

Notes to Financial Statements

December 31, 2004

1. THE TRUSTS

Global Preferred Securities Trust (the "Trust") is a closed-end investment trust established under the laws of the Province of Ontario by a Declaration of Trust dated May 31, 2004 (Date of Inception).

Global Preferred Trust is an investment trust established under the laws of the Province of Ontario by a Declaration of Trust dated May 31, 2004.

The Manager and Trustee of Global Preferred Securities Trust and Global Preferred Trust (collectively, the "Trusts") is Fairway Advisors Inc. (the "Manager").

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian generally accepted accounting principles. The following is a summary of significant accounting policies followed by the Trusts in the preparation of their financial statements:

(a) Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit and short-term, interest bearing notes with a term to maturity of less than three months from the date of purchase.

(b) Valuation of investments

Investments in publicly traded securities are valued at the closing market price from the relevant exchange. Investments in securities for which closing market prices are not readily available are valued at the last reported sales price. If no sales price can be ascertained or if the securities are not quoted on an exchange, the value is based on the average of the last bid and ask prices quoted by a major dealer in such securities. Securities for which no such information is readily available are valued at fair value as determined by the Manager. The difference between market value and average cost, as recorded in the accounts, is shown as change in unrealized appreciation (depreciation) on investments.

Short-term investments, including notes and money market instruments, will be valued at cost plus accrued interest which approximate market value.

The value of any bonds, debentures and other debt obligations will be valued by taking the average of the bid and ask prices on the valuation date.

(c) Investment transactions and income recognition

All investment transactions are accounted for on the trade date. Realized gains and losses from investment transactions and unrealized appreciation or depreciation in the value of investments are calculated on an average cost basis.

Interest income and expenses are recognized daily on an accrual basis.

Dividend income is recognized on the ex-dividend date.

(d) Foreign currency translation

Investments at market value and other assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the rate of exchange applicable on the valuation date. Investment transactions and income and expenses are translated at the rate of exchange on the date of such transactions.

(e) Forward foreign currency contracts

Forward foreign currency contracts are included in the statement of investments and are valued at current market value on each valuation day. Gains or losses incurred when forward foreign currency contracts entered into by the Trusts, which are of the nature of a general hedge of the currency exposure of the underlying portfolio of investments, mature or are closed out are included in "realized foreign exchange gain (loss)" in the statement of operations.

(f) Futures contracts

The value of a futures contract is the gain or loss that would be realized if, on the valuation date, the position in the futures contract was closed out. Margin paid or deposited in connection with futures contracts is reflected on the statement of investments. The unrealized gains or losses on futures contracts are reported as part of unrealized appreciation or depreciation of futures contracts until the futures contracts are closed out. Realized gains and losses from futures contracts that are specific hedges are accounted for in the same manner as the underlying instrument being hedged. All other realized gains and losses on futures contracts are accounted for as gains or losses.

Notes to Financial Statements (continued)

December 31, 2004

(g) Forward Agreement

The value of the Forward Agreement (see Note 7) is the gain or loss that would be realized if, on the valuation date, the position in the Forward Agreement was closed out in accordance with its terms. The unrealized gains or losses on the Forward Agreement are reported as part of unrealized appreciation or depreciation on Forward Agreement until it is closed out or partially settled.

(h) Accounting estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires the Manager to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

(i) Net asset value per unit

The net asset value per unit is computed by dividing the net assets of each of the Trusts by the corresponding total number of units outstanding of the respective Trust on the valuation date.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents in Global Preferred Trust include \$25,814 that represents cash margin held by brokers for futures contracts entered into by Global Preferred Trust. Accordingly, the use of this cash is restricted.

4. TAXATION

The Trust qualifies as a “mutual fund trust” within the meaning of the Income Tax Act (Canada). A mutual fund trust is subject to applicable federal and provincial taxes on the amount of its net income for tax purposes for the period, including net realized taxable capital gains, to the extent such net income for tax purposes has not been paid or made payable to unitholders in the period.

Global Preferred Trust is a “unit trust” within the meaning of the Income Tax Act (Canada). A unit trust is subject to applicable federal and provincial taxes on the amount of its net income for tax

purposes for the period, including net realized taxable capital gains, to the extent such net income for tax purposes has not been paid or made payable to unitholders in the period.

No provision for income taxes has been recorded in the accompanying financial statements as all income and net realized capital gains are distributed to the unitholders.

The Trust has non-capital losses available to be carried forward as at December 31, 2004 of \$262,778. Non-capital losses may be applied against future taxable income. These non-capital losses will expire December 31, 2014 unless previously applied.

5. EXPENSES OF THE TRUSTS

(a) Management fees

Pursuant to the Trust's Declaration of Trust, the Manager provides all administrative services required by the Trust, including the appointment of the investment advisors to the Trust.

Pursuant to the Trust's Declaration of Trust, the Manager receives a monthly fee at the annual rate of 0.25%, plus applicable taxes, of the net asset value of the Trust, calculated and payable monthly in arrears. The Manager is responsible for payment of the investment management fees of the investment advisors out of its annual management fees.

Pursuant to Global Preferred Trust's Declaration of Trust, the Manager provides all administrative services required by Global Preferred Trust, including the appointment of investment advisors to Global Preferred Trust.

Pursuant to the Declaration of Trust of Global Preferred Trust, the Manager receives a monthly fee at the annual rate of 0.85%, plus applicable taxes, of the net asset value of Global Preferred Trust, calculated and payable monthly in arrears. The Manager is responsible for payment of the investment management fees of each of the investment advisors and the portfolio manager out of its annual management fee.

Notes to Financial Statements (continued)

December 31, 2004

(b) Forward Agreement Fees

Under the Forward Agreement (see Note 7), the Trust pays the counterparty an annual fee of approximately 0.55% of the net asset value of the corresponding number of units of Global Preferred Trust, plus a fee which may vary based on hedging costs incurred in connection with the Common Share Portfolio, calculated and payable monthly in arrears.

(c) Other expenses

The Trust and Global Preferred Trust are responsible for all other expenses incurred in connection with their operation and administration, such as custody, valuation, transfer agent, reporting, audit and legal fees. Brokerage commissions paid on securities transactions are not considered to be part of total expenses. These commissions are included in the cost of purchasing, or netted out of the proceeds from selling securities. The Trust will pay to registered dealers an annual Service Fee equal to 0.40% annually of the net asset value of units held by clients of the sales representatives of such dealers, calculated and payable semi-annually in arrears.

6. UNITHOLDERS' EQUITY

The Trust is authorized to issue an unlimited number of transferable, redeemable trust units of one class, each of which represents an equal, undivided interest in the net assets of the Trust. On termination of the Trust, which is expected to be May 31, 2014, unitholders will be entitled to receive their pro rata share of all of the assets of the Trust remaining after payment of all debts, liabilities and liquidation expenses.

On June 17, 2004 the Trust completed an initial public offering of 2,900,000 units at \$10 per unit for total gross cash proceeds of \$29,000,000. On July 16, 2004 an over-allotment option granted to agents was exercised for 160,000 units at \$10 per unit for total gross cash proceeds of \$1,600,000. Agent fees were \$1,522,500 for the initial offering of 2,900,000 units and \$84,000 for the over-allotment option. Total issue costs were \$2,216,596, including expenses. As at December 31, 2004, there were 3,060,000 units outstanding.

The Trust's units are listed on the Toronto Stock Exchange under the symbol GPT.UN.

The Trust will terminate operations on May 31, 2014 (the "Termination Date") and the net assets will be distributed pro rata to unitholders unless an alternative later termination date is approved by the unitholders.

Units of the Trust may be surrendered for redemption not more than 60 days, and at least 20 business days, prior to the second last business day of June in any year (the "Valuation Date"), commencing June 2005. Unitholders will receive a redemption price per unit equal to the net asset value per unit of the Trust determined as of the Valuation Date, less any expenses incurred by the Trust to partially settle the Forward Agreement, not to exceed 1% of the net asset value per unit.

Global Preferred Trust is authorized to issue an unlimited number of transferable, redeemable trust units of one class, each of which represents an equal, undivided interest in the net assets of Global Preferred Trust. Unitholders are entitled to redeem their units daily, at the net asset value per unit on such date. On June 23, 2004, Global Preferred Trust completed a private placement of 2,900,000 units at \$9.3025862 per unit for cash proceeds of \$26,977,500. On July 21, 2004, Global Preferred Trust completed a further private placement of 161,522 units at \$9.3025862 per unit for additional cash proceeds of \$1,502,572. In 2004, distributions of \$2,059,931 were reinvested in units, resulting in 206,910 units issued and consolidated such that the number of units outstanding after such distribution was equal to the number of units outstanding immediately prior to the distribution. As at December 31, 2004, there were 3,061,522 units outstanding. Units of Global Preferred Trust may be surrendered for redemption at any time. Unitholders of Global Preferred Trust will receive a redemption price per unit calculated in reference to the net asset value per unit of Global Preferred Trust.

Notes to Financial Statements (continued)

December 31, 2004

7. FORWARD AGREEMENT

To provide the Trust with the means to meet its investment objectives, the Trust invested the net proceeds of its initial public offering in a portfolio of common shares (the "Common Share Portfolio") and entered into a forward purchase and sale agreement (the "Forward Agreement") with TD Securities Inc., a member of TD Bank Financial Group (the "Counterparty"). The Counterparty has agreed to pay to the Trust on or about the Termination Date as the purchase price for the Common Share Portfolio an amount equal to 100% of the redemption proceeds of a corresponding number of units of the Global Preferred Trust. The Trust will partially settle the Forward Agreement prior to the Termination Date in order to fund monthly distributions as well as redemptions of units by unitholders from time to time and expenses of the Trust. The obligations of the Counterparty under the Forward Agreement are guaranteed by The Toronto-Dominion Bank. As general and continuing collateral security for the Trust's obligations under the Forward Agreement, the Trust has granted the Counterparty a security interest over the securities held in the Common Share Portfolio.

As at December 31, 2004, the Common Share Portfolio of Global Preferred Securities Trust was comprised as follows:

Number of Shares	Description	Market Value (\$)
26,094	Research In Motion Limited	2,577,565
47,742	Cognos Incorporated	2,521,733
32,956	Precision Drilling Corporation	2,488,837
278,430	Kinross Gold Corp.	2,352,734
96,740	ATI Technologies Inc.	2,250,172
145,642	Extendicare Inc. Cl. A Sub. Voting	2,250,169
44,457	Inco Limited	1,956,108
89,105	Biovail Corporation	1,763,388
84,757	QLT Inc.	1,629,877
347,627	Nortel Networks Corporation	1,446,128
47,163	Cott Corporation	1,399,798
82,438	Celestica Inc.	1,393,202
408,812	Zarlink Semiconductor Inc.	1,250,965
	Value of Common Share Portfolio	25,280,676

8. NET REALIZED GAIN ON PARTIAL SETTLEMENT OF FORWARD AGREEMENT

For the period from Date of Inception to December 31, 2004, the net realized gain on the partial settlement of the Forward Agreement for Global Preferred Securities Trust was as follows:

Proceeds from partial settlement of Forward Agreement	\$	1,331,119
Cost of Forward Agreement settled:		-
Cost of Forward Agreement, beginning of period		-
Forward Agreement contracts entered into during the period		28,493,500
		28,493,500
Less: Cost of Forward Agreement, end of period		27,220,962
Cost of Forward Agreement settled during the period		1,272,538
Net realized gain on partial settlement of Forward Agreement	\$	58,581

9. NET REALIZED LOSS ON SALE OF INVESTMENTS

For the period from Date of Inception to December 31, 2004, the net realized loss on the sale of investments for Global Preferred Trust was as follows:

Net realized loss on investments		
Proceeds from sale of investments	\$	2,030,003
Cost of investments sold:		-
Cost of investments, beginning of period		-
Investments purchased during the period		41,411,453
		41,411,453
Less: Cost of investments, end of period, excluding short-term investments		38,752,217
Cost of investments sold during the period		2,659,236
Loss on sale of investments		(629,233)
Loss on futures contracts		(46,935)
Net realized loss on investments	\$	(676,168)

Notes to Financial Statements (continued)

December 31, 2004

10. LOAN FACILITY

Through the Forward Agreement, the Trust will have exposure to any leverage received by Global Preferred Trust. The Manager, on behalf of Global Preferred Trust, has entered into a revolving term credit facility with The Bank of Nova Scotia ("BNS"). The aggregate amount of borrowings under the credit facility and other forms of leverage may not exceed 25% of the total assets of Global Preferred Trust at the time the borrowing or other transaction is entered into. Global Preferred Trust has entered into a general security agreement providing BNS with a first charge on the assets of Global Preferred Trust as collateral for indebtedness arising out of the credit facility.

As at December 31, 2004, the Manager on behalf of Global Preferred Trust, has drawn down loans in the aggregate principal amount of \$8,528,777. The first loan, with a payable amount of \$2,692,538, has an interest rate of 2.74%, maturing on January 31, 2005. The second loan, with a payable amount of \$5,836,239, has an interest rate of 2.82%, maturing on January 31, 2005.

11. DISTRIBUTIONS

Global Preferred Securities Trust endeavours to make monthly cash distributions to unitholders, consisting of capital gains and returns of capital. These monthly distributions are paid to unitholders of record on or about the last business day of each month. The monthly distribution declared to unitholders of record at the end of the month, commencing July 30, 2004 is \$0.04375 per unit.

Global Preferred Trust endeavours to make monthly distributions to its unitholders in accordance with its investment objectives.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Trust's investment activities, through its exposure to Global Preferred Trust via the Forward Agreement, expose it to various types of risk associated with the financial instruments in which Global Preferred Trust has positions. In addition to the risks of investing in preferred securities markets generally, the Trust and Global Preferred Trust are subject to other risks, including the following:

Currency risk

The Trusts invest in securities denominated in currencies other than their reporting currency, the Canadian dollar. Consequently, the Trusts are exposed to risks that the exchange rate of the Canadian dollar relative to the other currencies may change in a manner which has an adverse effect on the reported value of that portion of the Trusts' assets. The Trusts manage a portion of their currency risk through foreign currency hedging strategies.

Interest rate risk

The Trusts invest in interest-bearing securities. The income of the Trusts may be affected by changes in interest rates relevant to particular securities or as a result of the Manager being unable to secure similar returns on the expiry or sale of securities.

Credit risk

Credit risk on financial instruments is the risk of a financial loss occurring as a result of the default of a counterparty on its obligation to the Trusts. Credit risk is managed by dealing with counterparties the Trusts believe to be creditworthy and by regular monitoring of credit exposures. The Trust's significant credit concentration is with TD Securities Inc. under the Forward Agreement (see Note 7). The obligations of TD Securities Inc. under the Forward Agreement are guaranteed by The Toronto-Dominion Bank.

13. MANDATORY REPURCHASE PROGRAM

If at any time the market price at which the units are then offered for sale is less than 95% of the net asset value per unit determined as at the close of business on the immediately preceding business day, subject to certain exceptions contained in the Declaration of Trust and compliance with any applicable regulatory requirements, the Trust will be obligated to purchase for cancellation any such units at the then prevailing market price up to a maximum amount in any three-month period of 1.25% of the number of units outstanding at the beginning of such period. During the period, the Trust did not repurchase any units for cancellation under its mandatory purchase program.

Corporate Information

Manager and Trustee

Fairway Advisors Inc.

BCE Place

181 Bay Street, Suite 840

Toronto, Ontario M5J 2T3

Phone: (416) 507-4110

Fax: (416) 601-2434

Toll Free: (1-866) 299-7929

www.fairwaycapital.com

info@fairwaycapital.com

Valuation Agent

State Street Fund Services Toronto Inc.

30 Adelaide Street East

Suite 1100

Toronto, Ontario M5C 3G6

Auditors

Ernst & Young LLP

Ernst & Young Tower, 222 Bay Street

P.O. Box 251, Toronto-Dominion Centre

Toronto, Ontario M5K 1J7

Legal Counsel

McMillan Binch LLP

BCE Place, Suite 4400

Bay Wellington Tower

181 Bay Street

Toronto, Ontario M5J 2T3

Registrar & Transfer Agent

Computershare Trust Company of Canada

100 University Avenue, 8th Floor

Toronto, Ontario M5J 2Y1

Listed

The Toronto Stock Exchange

Ticker Symbol

GPT.UN

About Fairway

Fairway is a specialized financial services firm focused on the creation, marketing, distribution and management of investment products in both traditional and alternative asset classes. Fairway's products are structured to provide yield enhancement, tax advantages and other benefits that complement the needs of Canadian investors. Fairway's principals are experienced investment professionals who share a strong track record as innovators in the Canadian securities industry.

BCE Place, 181 Bay Street
Suite 840, P.O. Box 750
Toronto, ON M5J 2T3

www.fairwaycapital.com