



GLOBAL PREFERRED SECURITIES TRUST
GLOBAL PREFERRED TRUST



Annual Report

Year ended December 31, 2006

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GLOBAL PREFERRED SECURITIES TRUST

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Annual Management Report of Fund Performance

For the Year Ended December 31, 2006

This annual management report of fund performance for Global Preferred Securities Trust (the “Trust”) and Global Preferred Trust (together, the “Trusts”) contains financial highlights and is included with the annual audited financial statements in the annual report of the Trusts. You may request a copy of the Trusts’ current proxy voting policies and procedures, or quarterly portfolio disclosure at no cost from Fairway Advisors Inc., by calling toll free (1-866) 299-7929, or locally (416) 507-4110, by writing to us at: BCE Place, 181 Bay Street, Suite 3740 P.O. Box 750, Toronto, ON M5J 2T3, or by visiting our website at www.fairwaycapital.com or SEDAR at www.sedar.com.

The Trusts’ proxy voting disclosure record for the period ending June 30, 2007 will be available free of charge upon request at any time after August 31, 2007, by visiting our website at www.fairwaycapital.com.

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

Global Preferred Securities Trust is a closed-end investment trust, the units of which are listed on the Toronto Stock Exchange under the symbol GPT.UN. Fairway Advisors Inc. is the manager (the “Manager”) and trustee (the “Trustee”) of the Trusts.

The Trust’s investment objective is to:

- (i) provide unitholders with a stable stream of tax efficient monthly distributions consisting of capital gains and return of capital;
- (ii) seek to mitigate the impact of significant interest rate increases; and
- (iii) preserve and enhance the net asset value per unit of the Trust in order to return at least the initial subscription price of units to unitholders on or prior to the termination of the Trust.

In order to achieve the Trust’s investment objective, the Trust will provide unitholders with exposure to the returns of Global Preferred Trust. 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”). Global Preferred Trust in turn used the proceeds from the Forward Agreement, together with any borrowings under its Loan Facility (see *Borrowings*) to invest in a portfolio (the “Preferred Portfolio”) consisting primarily of

preferred shares and other preferred securities of global issuers, including convertible preferred shares and hybrid preferred shares. The nature of the Forward Agreement is such that the Counterparty will pay to the Trust, upon termination, the redemption proceeds of Global Preferred Trust in exchange for the value of the Common Share Portfolio.

Any distributions paid to unitholders of the Trust are achieved through partial settlement of the Forward Agreement. A distribution is paid to the Counterparty from Global Preferred Trust. With the distribution proceeds, the Counterparty in turn buys, from the Trust, an equivalent value of the Common Share Portfolio to partially settle the Forward Agreement. The Trust uses the proceeds of the sale of the Common Share Portfolio to pay the distributions to unitholders. The benefit to unitholders of having the Forward Agreement structure is that they receive the return of the Preferred Portfolio without incurring the higher tax burden generally associated with the securities held in the Preferred Portfolio. From the viewpoint of the unitholder, the distributions paid are of the nature of capital gains or return of capital from the partial sale of the Common Share Portfolio. These types of distributions are more tax efficient than distributions generated directly from income producing vehicles.

Risk

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 Trusts are subject to other risks, including the following:

- Currency risk
- Interest rate risk
- Credit risk

For a detailed disclosure of risks associated with an investment in the Trust’s units, please refer to the Trust’s most recent Annual Information Form.

Results of Operations

The net asset value per unit of the Trust as at December 31, 2006 was \$9.21 compared to \$9.29 at the end of 2005. Net assets decreased to \$15.8 million during 2006 from \$24.6 million at the end of 2005. The change in net assets is attributed to the various components of the net asset value as outlined below.

Annual Management Report of Fund Performance (continued)

For the Year Ended December 31, 2006

For a further analysis as to the impact to the net asset value on a per unit basis, please see the section on *Financial Highlights*.

Managed Portfolio

A discussion by the portfolio manager to Global Preferred Trust – MFC Global Investment Management (U.S.), LLC (the “Portfolio Manager” or “MFC Global (U.S.)”)

Market Review

The early part of 2006 saw a flattish period in treasuries and a decline in the 30-year rate that can be accredited to the new U.S. \$14 billion of treasury bonds auctioned during the period. The treasury market as a whole had reduced volatility and the expectation for mid-term yields held steady. Interest rate volatility across the treasury curve also hit historic lows. There were a number of new preferred issues adding to the supply with significant redemption activity. Nearly \$2 billion in preferreds were called away early in the year. On the political front, industry watchers saw U.S. House and Senate negotiators reach an agreement on legislation to extend the 15% tax rate on qualified dividends until 2010.

There was a consensus that the 10-year treasury yields may have peaked near the 5.25% level in May and going forward, would allow preferreds to increase their return prospects. A slowing economy, with a Federal Reserve hold on rates, impacted adjustable rate securities. As a result, most fixed-rate preferreds outperformed floating-rate preferreds.

The summer proved hotter than normal and the utility industry and preferred stocks continued their forward trend with energy, communication and water companies reaching new highs. The benchmark 10-year note yield went back under 5% and primed the sector for continued success.

The latter part of 2006 saw the biggest utility rally of the year, highlighted with many utility stocks hitting 52 week highs. Longer duration preferreds continued their upward trend fueled by a rallying treasury market. Utilities continued to see gains and momentum as the Dow Utility Index climbed to another all time high. The housing market continued its year long slump and started to bleed into the employment numbers, fueling speculation for a weaker economy.

Portfolio

As of December 31, 2006, MFC Global (U.S.)’s sector allocation of the Global Preferred Trust was as follows: approximately 69% was in financial companies, 16% in utilities, 5% in telecom, 5% in energy, and 5% in other industries. On a country allocation basis, roughly three quarters of the assets were invested in North America and the balance primarily in European countries.

Outlook & Strategy

The unfavorable influences of the mild weather could have utility earnings and customer usage facing difficult times in the first quarter of 2007. In general, warmer than normal temperatures adversely affect utilities’ earnings, thus disappointing investors. However, it is possible that expected market moves will allow investors to find bargains later in the first quarter.

Weather issues aside, with the average utility fund up 24% in 2006, the demand for power and expected use of excess supply is a likely forecast. We believe investors will always be looking for utilities with strong balance sheets and dividend expansion. The increasing amount of mergers and acquisitions and leveraged buy-outs will further prompt the sector for bullish momentum, and if the Federal Reserve makes a move to cut interest rates, it will make these companies’ dividend yields that much more attractive.

Income, Expenses and Distributions

For the year ended December 31, 2006, Global Preferred Trust generated income from investments in the form of interest and dividends in the amount \$1.8 million. This was down from the year ended December 31, 2005 when Global Preferred Trust generated income in the amount of \$2.4 million.

The Trust paid management fees and operating expenses of \$0.5 million (2005 – \$0.6 million). Global Preferred Trust paid management fees and operating expenses of \$0.3 million (2005 – \$0.4 million) and had interest carrying charges of \$0.3 million on its Loan Facility (2005 – \$0.3 million). The effective management expense ratio (“MER”) to which the Trust had exposure when combining the expenses of the Trusts was 3.67% (2005 – 3.87%; 3.58% excluding one-time costs associated with the offering of the Trust).

Annual Management Report of Fund Performance (continued)

For the Year Ended December 31, 2006

The Trust distributed \$1.1 million (2005 – \$1.5 million) to unitholders during the year.

The average daily net assets for the year were approximately \$7.4 million less than the comparative 2005 period due in large part to \$7.7 million in net redemptions for the year. Income generated from the portfolio of investments and any operating expenses calculated as a percentage of the net assets of the Trusts, such as management fees and some administration fees, have decreased accordingly.

Borrowings

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, 2006, the Manager on behalf of Global Preferred Trust, had drawn down loans in the aggregate principal amount of U.S. \$4,389,000 (CAD \$5,114,943 equivalent) (2005 – U.S. \$6,089,000, CAD \$7,099,467 equivalent) which, when converted to Canadian dollars, represented approximately 23.1% of the total assets of Global Preferred Trust (2005 – 22.1%). The largest amount drawn down during 2006 was U.S. \$6,089,000 (2005 – U.S. \$7,089,000); the lowest amount was U.S. \$4,389,000 (2005 – U.S. \$6,089,000). Proceeds from the draw down of the Loan Facility are used to purchase investments for Global Preferred Trust.

Unitholder Activity

The Trust’s annual redemption feature allows unitholders to redeem out of the Trust at the end of June in any given year. Unitholder redemptions for the year ended December 31, 2006 were in the amount of \$7.7 million (2005 – \$3.8 million).

The Trust also has a mandatory repurchase program, whereby 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, 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 year, the Trust repurchased 33,156 units (2005 – 13,300) for cancellation under its mandatory repurchase program at a total cost of \$268,455 (2005 – \$114,289).

On July 19, 2006, the Manager issued a notice of intention to repurchase units of the Trust through a normal course issuer bid (“NCIB”). Under the NCIB, the Trust may repurchase up to approximately 10% of the public float of units for cancellation at a price not exceeding the net asset value of the Trust. All such purchases would be accretive and enhance returns to continuing unitholders. Purchases of units commenced on July 31, 2006 and must terminate on July 30, 2007, or on such earlier date as the Trust may complete its purchase limit. For the year ended December 31, 2006, the Trust repurchased 30,344 units (2005 – nil) for cancellation under the NCIB at a total cost of \$264,847.

Recent Developments

Fairway and Jovian Partnership

In May 2006, Jovian Capital Corporation (“Jovian”) through its wholly-owned subsidiary Jovian Asset Management Inc. acquired 100% of the Class A Shares and 49% of the Class C Shares in Fairway Asset Management Corp. (formerly, Impax Capital Corp.), parent company to Fairway Capital Management Corp., the parent of the Manager.

On November 1, 2006, Jovian announced that its subsidiary, Jovian Asset Management Inc., had given notice of its intention to exercise its option to acquire the remaining 51% of the issued and outstanding Class C Shares of Fairway Asset Management Corp. As part of this pending change of control, Fairway Asset Management Corp. has been renamed JovFunds Management Inc. This change of control is expected to close on or about March 31, 2007.

Jovian is a publicly-traded company listed on the TSX Venture Exchange (JVN). Jovian is a management and holding company with interests in a variety of financial service firms specializing in wealth and asset management. The Jovian group of companies operates as a national financial services organization with approximately \$13.5 billion of client assets.

Annual Management Report of Fund Performance (continued)

For the Year Ended December 31, 2006

Name Change of the Portfolio Manager

Effective October 1, 2006, Sovereign Asset Management LLC, the Portfolio Manager of Global Preferred Trust, changed its name to MFC Global Investment Management (U.S.), LLC.

The name change does not impact the management of Global Preferred Trust. The portfolio management professionals and support staff remain the same. The portfolio management teams will continue to use the same investment philosophy and process as before.

Related Party Transactions

The Manager provides all administrative services required by the Trust, including the appointment of the Advisor. 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 accrued daily and payable monthly in arrears. The Manager is responsible for payment of the investment management fees of the Trust to the Advisor out of its annual management fees.

The Manager also 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 accrued daily and payable monthly in arrears. The Manager is responsible for payment of the investment management fees of each of the Investment Advisor and the Portfolio Manager out of its annual management fees. For additional information, see *Management Fees*.

Recommendations or Reports by the Advisory Board

The Fairway Advisory Board tabled no reports and made no material recommendations to management of the Trusts in the period ending December 31, 2006.

Independent Review Committee

National Instrument 81-107 – Independent Review Committee for Investment Funds (“NI 81-107”), came into force on November 1, 2006. NI 81-107 will require all publicly offered investment funds, such as the Trust, to establish an independent review committee (the “IRC”). The Manager must refer all conflict of interest matters for review or approval to the IRC. NI 81-107 will also impose obligations upon the Manager to establish written policies and procedures for dealing with conflict of interest matters, to maintain records in respect of these matters and to provide the IRC with guidance and assistance in carrying out its functions and duties.

According to NI 81-107, the IRC must be comprised of a minimum of three independent members, and will be subject to requirements to conduct regular assessments of its members and provide reports, at least annually, to the Trusts and to its unitholders in respect of those functions. The report will be available on the Manager’s website www.fairwaycapital.com, or at the unitholder’s request at no cost, by contacting the Manager at 181 Bay Street, BCE Place, Suite 3740, Toronto, Ontario M5J 2T3 or by email at info@fairwaycapital.com.

While the initial members of the IRC will be required to be appointed by May 1, 2007, complete compliance with NI 81-107 will not be required until November 1, 2007. The Manager intends to implement the requirements of, and to comply with, NI 81-107, including appointing the members of the IRC.

The Fairway Advisory Board, which was established by the Manager to provide independent advice to the Manager on matters similar in nature to those now coming within the responsibility of the IRC, will cease to operate on the establishment of the IRC by the Manager.

Forward-Looking Statements

The matters discussed in this management report of fund performance (“MRFP”) include certain forward looking statements. Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements. Forward-looking statements may be identified, without limitation, by the use of such words as “anticipates”, “estimates”, “expects”, “intends”, “plans”, “predicts”, “projects”, “believes”, or words or phrases of similar meaning. Readers should not rely on forward-looking statements as they involve risks and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. Market fluctuations and redemption levels are unpredictable and outside the control of the Trusts. New risk factors emerge from time to time and it is not possible for management to predict all such risk factors. The Trusts make no commitment to disclose any revisions to forward-looking statements, or any facts, events or circumstances after the date of this MRFP that may bear upon forward-looking statements.

Annual Management Report of Fund Performance (continued)

For the Year Ended December 31, 2006

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Trusts and are intended to help you understand the Trusts' financial performance since their inception on May 31, 2004. This information is derived from the Trusts' audited annual financial statements.

Global Preferred Securities Trust's net asset value per unit for the years ended December 31,

	2006	2005	2004
Net asset value, beginning of period ⁽¹⁾	\$9.29	\$10.01	\$10.00
Increase (decrease) from operations:			
Total revenue	–	–	–
Total expenses	(0.21)	(0.22)	(0.09)
Realized gains for the period	0.45	0.23	0.02
Unrealized gains (losses) for the period	–	(0.18)	1.07
Total increase (decrease) from operations⁽²⁾	0.24	(0.17)	1.00
Distributions:			
From return of capital	(0.53)	(0.53)	(0.26)
Total annual distributions⁽³⁾	(0.53)	(0.53)	(0.26)
Net asset value, end of period⁽⁴⁾	\$9.21	\$9.29	\$10.01

⁽¹⁾ Net asset value, beginning of year for 2004 represents the original investment amount as at June 18, 2004, the date of the closing of the initial offering of the Trust.

⁽²⁾ Net asset value and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the financial period.

⁽³⁾ Distributions were paid in cash.

⁽⁴⁾ The Financial Highlights are not intended to act as a continuity of the opening and closing net asset value per unit.

Global Preferred Securities Trust's Ratios and Supplemental Data

	2006	2005	2004
Net assets (000's) ⁽¹⁾	\$15,817	\$24,640	\$30,621
Number of units outstanding ⁽¹⁾	1,718,181	2,652,550	3,060,000
Management expense ratio ⁽²⁾	2.24%	2.57%	15.96%
Management expense ratio before waivers or absorptions	2.24%	2.57%	15.96%
Management expense ratio excluding issue costs ⁽²⁾	2.24%	2.28%	1.82%
Portfolio turnover rate ⁽³⁾	20.81%	52.31%	9.45%
Trading expense ratio ⁽⁴⁾	0.00%	0.00%	0.00%
Closing market price	\$9.09	\$8.70	\$9.53

⁽¹⁾ This information is provided as at December 31 of the year shown.

⁽²⁾ Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net assets during the period. For the 2004 period, the management expense ratio is annualized from the date of inception to December 31, 2004. The expenses for 2005 and for the 2004 period contain one-time costs associated with the offering of the Trust as detailed in the prospectus.

⁽³⁾ The Trust's portfolio turnover rate indicates how actively the Investment Advisor manages the Trust's portfolio investments. A portfolio turnover rate of 100% is equivalent to the Trust buying and selling all of the securities in its portfolio once in the course of the year. The higher the Trust's portfolio turnover rate in a year, the greater the trading costs payable by the Trust in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Trust.

⁽⁴⁾ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

Global Preferred Trust's net asset value per unit for the years ended December 31,

	2006	2005	2004
Net asset value, beginning of period ⁽¹⁾	\$9.24	\$9.96	\$9.30
Increase from operations:			
Total revenue	0.80	0.83	0.38
Total expenses	(0.28)	(0.23)	(0.11)
Realized gains (losses) for the period	(0.68)	0.43	1.29
Unrealized gains (losses) for the period	0.59	(0.98)	(0.47)
Total increase from operations⁽²⁾	0.43	0.05	1.09
Distributions:			
From income (excluding dividends)	(0.48)	(0.01)	(1.11)
From return of capital	(0.43)	(0.72)	–
Total annual distributions⁽³⁾	(0.91)	(0.73)	(1.11)
Net Asset Value, end of period⁽⁴⁾	\$8.88	\$9.24	\$9.96

⁽¹⁾ Net asset value, beginning of year for 2004 represents the original investment amount as at June 18, 2004, the date of the Forward Agreement entered into with the Trust.

⁽²⁾ Net asset value and distributions are based on the actual number of units outstanding at the relevant time. The increase from operations is based on the weighted average number of units outstanding over the financial period.

⁽³⁾ Distributions were paid in cash, reinvested in additional units of Global Preferred Trust, or both.

⁽⁴⁾ The Financial Highlights are not intended to act as a continuity of the opening and closing net asset value per unit.

Global Preferred Trust's Ratios and Supplemental Data

	2006	2005	2004
Net assets (000's) ⁽¹⁾	\$15,822	\$24,641	\$30,480
Number of units outstanding ⁽¹⁾	1,781,660	2,667,000	3,061,522
Management expense ratio ⁽²⁾	1.43%	1.30%	1.52%
Management expense ratio before waivers or absorptions	1.43%	1.30%	1.52%
Portfolio turnover rate ⁽³⁾	11.15%	18.30%	14.51%
Trading expense ratio ⁽⁴⁾	0.05%	0.03%	0.12%

⁽¹⁾ This information is provided as at December 31 of the year shown.

⁽²⁾ Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net assets during the period. For the 2004 period, the management expense ratio is annualized from the date of inception to December 31, 2004.

Annual Management Report of Fund Performance (continued)

For the Year Ended December 31, 2006

⁽³⁾ The portfolio turnover rate indicates how actively the Portfolio Manager manages Global Preferred Trust's portfolio investments. A portfolio turnover rate of 100% is equivalent to Global Preferred Trust buying and selling all of the securities in its portfolio once in the course of the year. The higher the portfolio turnover rate in a year, the greater the trading costs payable by Global Preferred Trust in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of Global Preferred Trust.

⁽⁴⁾ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

MANAGEMENT FEES

The Trust's MER consists of all of its operating expenses such as custody, valuation, transfer agent, reporting, audit and legal fees and those it has exposure to through the Forward Agreement of Global Preferred Trust. In addition to these operational and administrative expenses, other significant components of the MER are fees that are calculated as a percentage of the net asset value of the Trusts. These are the Manager and Dealer Service fees. As well, under the Forward Agreement, 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. Highlights of the key components of the Trust's MER are listed in the table below:

Description – % of Net Asset Value (NAV)	2006 (\$000's)	2005 (\$000's)	2004 (\$000's)
Manager of the Trust – annual rate of 0.25% of NAV ⁽¹⁾	53	74	42
Manager of Global Preferred Trust – annual rate of 0.85% of NAV ⁽¹⁾	182	251	143
Dealer Service of the Trust – annual rate of 0.40% of NAV	86	118	67
Forward Agreement of the Trust	152	207	120

⁽¹⁾ The Manager is responsible for payment of the investment management fees of the Trusts to the Advisor and the Portfolio Manager out of its annual management fees. These fees are not additional expenses incurred by the Trusts.

PAST PERFORMANCE

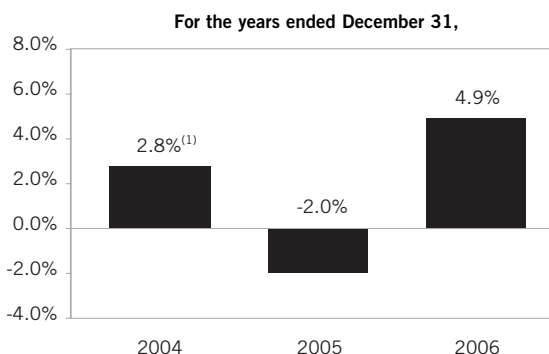
General

The performance information shown assumes that all distributions made by the Trust in the periods shown were reinvested in additional securities of the Trust. The performance information does not take into account sales, redemption, distribution or other optional charges

that would have reduced returns on performance. The Trust's past performance is no guarantee of how it will perform in the future.

Year-by-Year Returns

The following bar chart shows the Trust's annual performance for each of the years shown, and illustrates how the Trust's performance has changed from year to year. The chart shows in percentage terms how an investment made on January 1 would have increased or decreased by December 31 for each year.



⁽¹⁾ Return from June 18, 2004 to December 31, 2004.

Annual Compound Returns

The following table shows the Trust's annual compound returns for the periods ended December 31, 2006 as indicated. As a basis for comparison, the annual compound returns are compared to the Merrill Lynch Preferred Stock Hybrid Securities Index on the same compound basis.

Percentage Return:	1 Year	2 Year	Since Inception ⁽¹⁾
Global Preferred Securities Trust	4.9%	1.4%	2.2%
Merrill Lynch Preferred Stock Hybrid Securities Index ⁽²⁾	7.7%	4.0%	N/A

⁽¹⁾ Return from June 18, 2004.

⁽²⁾ Source: Merrill Lynch

The Merrill Lynch Preferred Stock Hybrid Securities Index is an unmanaged index of investment-grade, exchange-traded preferred stocks with outstanding market values of at least U.S. \$30 million and at least one year to maturity.

Annual Management Report of Fund Performance (continued)

For the Year Ended December 31, 2006

SUMMARY OF INVESTMENT PORTFOLIO*

As at December 31, 2006

Top 25 Investments	% of Net Assets	Portfolio Composition	% of Net Assets
Nexen Inc. 7.35% Nov 01/43	6.27	Preferred Securities	
ABN Amro Capital Funding Trust	5.42	United States	84.79
ING Groep NV	5.32	Netherlands	15.52
Aegon NV 6.38%	4.78	United Kingdom	11.01
The Phoenix Companies, Inc. 7.45% Jan 15/32	4.26	Canada	6.27
PPL Energy Supply LLC 7.00% Jul 15/46	4.22	France	3.71
Lehman Brothers Holdings Capital Trust	4.19	Bermuda	3.51
Merrill Lynch Capital Trust	4.04	Sweden	3.39
Duke Realty Corporation 6.50% Series K	3.87	Cayman Islands	3.16
General Electric Capital Corporation		Total Preferred Securities	131.36
6.45% Jun 15/46 Series A	3.81	Bonds	
Axa 7.10% May 29/49	3.74	France	3.74
HBOS Capital Funding L.P. 6.85% Mar 29/49	3.73	Total Bonds	3.74
Lloyds TSB Bank PLC 6.90% Nov 22/49	3.72	Future Contracts	0.06
BNP Paribas Capital Trust V 7.20% Jun 30/49	3.71	Common Share Portfolio	83.93
J.P. Morgan Chase Capital	3.70	Amounts due to Counterparty	
Morgan Stanley Capital Trust III 6.25% Mar 01/33	3.70	under Forward Agreement	(83.93)
The Royal Bank of Scotland Group PLC ADR		Cash and Cash Equivalents	4.86
5.75% Series L	3.56	Liabilities less other assets	(40.02)
Renaissancere Holdings Limited 6.08% Series C	3.51	Total Net Assets	100.00
Telephone & Data Systems, Inc. 7.60% Dec 01/41	3.47	Total Net Asset Value	\$15,816,629
Svensk Exportkredit AB 5.40%	3.39		
Repsol International Capital Limited 7.45% Series A	3.16		
Dominion Resources Capital Trust I 7.83% Dec 01/27	3.07		
BGE Capital Trust III 6.20% Oct 15/43	3.06		
SLM Corporation 6.00% Dec 15/43	3.06		
Lincoln National Capital VI			
6.75% Sept 11/52 Series F	2.86		
Top 25 Investments	97.62		
Other Investments	37.54		
Cash and Cash Equivalents	4.86		
Liabilities less other assets	(40.02)		
Total Net Assets	100.00		

The investment portfolio may change due to ongoing portfolio transactions of the investment fund. Quarterly updates are available within 60 days of each quarter end at www.fairwaycapital.com.

* The investment portfolio represents the holdings of Global Preferred Trust to which Global Preferred Securities Trust has exposure through the Forward Agreement. For a full listing of the Common Share Portfolio held by Global Preferred Securities Trust and pledged under the Forward Agreement, please see Note 7 to the annual audited financial statements.

Management's Responsibility for Financial Reporting

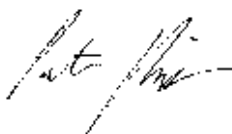
The accompanying financial statements of Global Preferred Securities Trust and Global Preferred Trust (together the "Trusts") are the responsibility of the manager and trustee to the Trusts, Fairway Advisors Inc. (the "Manager"). They have been prepared in accordance with Canadian generally accepted accounting principles using information available and include certain amounts that are based on the Manager's best estimates and judgments.

The Manager has developed and maintains a system of internal controls to provide reasonable assurance that all assets are safeguarded and to produce relevant, reliable and timely financial information, including the accompanying financial statements.

These financial statements have been approved by the Board of Directors of the Manager and have been audited by Ernst & Young LLP, Chartered Accountants, on behalf of the unitholders. The auditors' report outlines the scope of their audit and their opinion on the financial statements.



Steven J. Hawkins
Chief Executive Officer
Fairway Advisors Inc.



Peter Rizakos
Managing Partner
Fairway Advisors Inc.

March 12, 2007

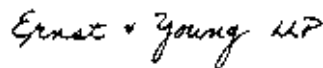
Auditors' Report

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

We have audited the statement of investments of Global Preferred Trust as at December 31, 2006, the statements of net assets of the Trusts as at December 31, 2006 and 2005, the statements of operations and changes in net assets for the years then ended of the Trusts and the statement of cash flows of Global Preferred Trust for the years then ended. These financial statements are the responsibility of the Trusts' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 investments of Global Preferred Trust as at December 31, 2006, the net assets of the Trusts as at December 31, 2006 and 2005, the results of their operations and the changes in their net assets for the years then ended and the cash flows of Global Preferred Trust for the years then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants

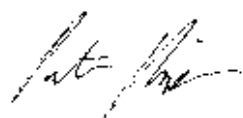
Toronto, Canada,
March 12, 2007.

GLOBAL PREFERRED SECURITIES TRUST

Statement of Net Assets

As at December 31,	2006		2005
Assets			
Forward Agreement, at market value (Note 7)	\$ 2,546,036	\$	4,942,229
Common Share Portfolio, at market value (Note 7)	13,275,523		19,698,327
Cash and cash equivalents	56,167		30,014
Receivable for partial settlement of Forward Agreement	119,443		179,383
Prepaid expenses	3,837		–
	16,001,006		24,849,953
Liabilities			
Management fees payable	42,373		59,461
Accounts payable and accrued liabilities	57,670		34,558
Unit repurchases payable	9,120		–
Distributions payable	75,214		116,049
	184,377		210,068
Net assets, at market value	\$ 15,816,629	\$	24,639,885
Number of units outstanding (Note 6)	1,718,181		2,652,550
Net asset value per unit	\$ 9.21	\$	9.29

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



Peter Rizakos
Director



Steven J. Hawkins
Director

Statement of Operations

For the year ended December 31,	2006		2005
Investment income			
Interest	\$ 93	\$	–
Expenses			
Management fees (Note 4)	139,478		191,599
Administration fees	53,694		41,248
Audit fees	48,037		24,999
Forward Agreement fees	151,691		207,100
Custodian fees	970		1,194
Legal fees	23,126		74,276
Securityholder reporting costs	21,060		50,707
Transfer agency fees	13,841		11,399
Other	–		26,664
Interest	41		–
	451,938		629,186
Net investment loss	(451,845)		(629,186)
Realized and unrealized gain on investments			
Net realized gain on partial settlement of Forward Agreement	993,510		662,860
Change in unrealized depreciation on Forward Agreement (Note 7)	(10,519)		(514,059)
Net gain on investments	982,991		148,801
Increase (decrease) in net assets from operations	\$ 531,146	\$	(480,385)
Increase (decrease) in net assets from operations per unit	\$ 0.2423	\$	(0.1679)

The accompanying notes are an integral part of these financial statements

Statement of Changes in Net Assets

For the year ended December 31,	2006	2005
Increase (decrease) in net assets from operations	\$ 531,146	\$ (480,385)
Distributions to unitholders		
Return of capital	(1,148,831)	(1,502,454)
Capital unit transactions (Note 6)		
Issue costs	–	(78,152)
Redeemed trust units	(7,672,269)	(3,805,597)
Repurchase and cancellation of trust units (Notes 12, 13)	(533,302)	(114,289)
	(8,205,571)	(3,998,038)
Decrease in net assets during the year	(8,823,256)	(5,980,877)
Net assets, beginning of year	24,639,885	30,620,762
Net assets, end of year	\$ 15,816,629	\$ 24,639,885

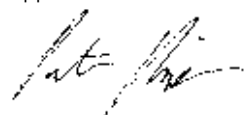
The accompanying notes are an integral part of these financial statements

GLOBAL PREFERRED TRUST

Statement of Net Assets

As at December 31,	2006	2005
ASSETS		
Investments, at market value (cost – \$23,173,782; 2005 – \$35,270,442)	\$ 21,367,946	\$ 31,176,665
Cash and cash equivalents	712,275	889,841
Receivable for open future contracts	9,096	–
Accrued interest, dividends and distributions from trusts	30,651	49,794
	22,119,968	32,116,300
LIABILITIES		
Accounts payable and accrued liabilities	38,787	33,803
Payable for open forward contracts (Note 9)	1,025,236	163,092
Loan facility payable (Note 8)	5,114,943	7,099,467
Distributions payable	119,443	179,382
	6,298,409	7,475,744
Net assets, at market value	\$ 15,821,559	\$ 24,640,556
Number of units outstanding (Note 6)	1,781,660	2,667,000
Net asset value per unit	\$ 8.88	\$ 9.24

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



Peter Rizakos
Director



Steven J. Hawkins
Director

Statement of Operations

For the year ended December 31,	2006	2005
Investment income		
Interest	\$ 268,296	\$ 320,631
Dividends (net of withholding taxes)	1,510,894	2,061,055
	1,779,190	2,381,686
Expenses		
Management fees (Note 4)	182,375	250,579
Administration fees	61,605	58,645
Audit fees	22,394	24,999
Custodian fees	19,034	15,002
Legal fees	–	4,869
Securityholder reporting costs	–	1,890
Other	3,504	2,268
Interest (Note 8)	324,791	296,077
	613,703	654,329
Net investment income	1,165,487	1,727,357
Realized and unrealized loss on investments		
Net realized loss on sale of investments	(2,702,140)	(291,361)
Change in unrealized appreciation (depreciation) on investments	2,297,037	(2,327,046)
Realized foreign exchange gain	1,197,524	1,507,299
Change in unrealized depreciation on foreign currency	(974,916)	(467,449)
Net loss on investments	(182,495)	(1,578,557)
Increase in net assets from operations	\$ 982,992	\$ 148,800
Increase in net assets from operations per unit	\$ 0.4416	\$ 0.0520

The accompanying notes are an integral part of these financial statements

Statement of Changes in Net Assets

For the year ended December 31,	2006	2005
Increase in net assets from operations	\$ 982,992	\$ 148,800
Distributions to unitholders		
Income	(1,114,125)	(30,179)
Return of capital	(1,015,595)	(2,152,037)
	(2,129,720)	(2,182,216)
Capital unit transactions (Note 6)		
Redeemed trust units	(7,672,269)	(3,805,597)
	(7,672,269)	(3,805,597)
Decrease in net assets during the year	(8,818,997)	(5,839,013)
Net assets, beginning of year	24,640,556	30,479,569
Net assets, end of year	\$ 15,821,559	\$ 24,640,556

Statement of Cash Flows

For the year ended December 31,	2006	2005
OPERATING ACTIVITIES		
Increase in net assets from operations	\$ 982,992	\$ 148,800
Add (deduct) items not affecting cash:		
Loss on sale of investments	2,666,093	305,479
Change in unrealized (appreciation) depreciation on investments	(2,297,037)	2,327,046
	1,352,048	2,781,325
Net change in non-cash assets and liabilities	(138,965)	(46,884)
Cash provided by operating activities	1,213,083	2,734,441
FINANCING ACTIVITIES		
Repayment of loan facility	(1,984,524)	(1,429,310)
Distributions paid to unitholders	(2,189,659)	(2,319,181)
Payments for redemption and/or repurchase of trust units	(7,672,269)	(3,805,597)
Cash used in financing activities	(11,846,452)	(7,554,088)
INVESTING ACTIVITIES		
Proceeds from sale of investments	12,229,001	9,891,695
Purchases of investments	(1,773,198)	(6,798,889)
Cash provided by investing activities	10,455,803	3,092,806
Net decrease in cash during the year	(177,566)	(1,726,841)
Cash and cash equivalents, beginning of year	889,841	2,616,682
Cash and cash equivalents, end of year	\$ 712,275	\$ 889,841

The accompanying notes are an integral part of these financial statements

Statement of Investments

As at December 31, 2006

Number of Shares	Description	Average Cost (\$)	Market Value (\$)	% of Net Assets
PREFERRED SECURITIES				
Bermuda				
20,000	Renaissancere Holdings Limited 6.08% Series C	587,813	554,731	3.51
		587,813	554,731	3.51
Canada				
33,000	Nexen Inc. 7.35% Nov 01/43	1,118,731	992,222	6.27
		1,118,731	992,222	6.27
Cayman Islands				
17,000	Repsol International Capital Limited 7.45% Series A	561,802	499,258	3.16
		561,802	499,258	3.16
France				
500,000	BNP Paribas Capital Trust V 7.20% Jun 30/49	692,742	587,127	3.71
		692,742	587,127	3.71
Netherlands				
20,000	ABN Amro Capital Funding Trust V 5.90%	597,902	565,219	3.57
10,000	ABN Amro Capital Funding Trust VII 6.08%	307,757	291,350	1.84
25,000	Aegon NV 6.38%	760,710	756,637	4.78
5,400	ING Groep NV 6.20%	173,501	160,287	1.01
23,000	ING Groep NV 7.05%	774,107	680,559	4.30
		2,613,977	2,454,052	15.50
Sweden				
500,000	Svensk Exportkredit AB 5.40%	595,710	536,785	3.39
		595,710	536,785	3.39
United Kingdom				
500,000	HBOS Capital Funding L.P. 6.85% Mar 29/49	657,019	590,226	3.73
500,000	Lloyds TSB Bank PLC 6.90% Nov 22/49	665,191	588,628	3.72
20,000	The Royal Bank of Scotland Group PLC ADR 5.75% Series L	602,624	562,888	3.56
		1,924,834	1,741,742	11.01
United States				
5,000	BAC Capital Trust V 6.00% Nov 03/34	154,436	144,918	0.92
16,800	BGE Capital Trust III 6.20% Oct 15/43	537,223	484,574	3.06
5,250	BNY Capital IV 6.88% Dec 01/28	173,808	154,244	0.98
3,500	BNY Capital V 5.95% May 01/33 Series F	99,170	100,871	0.64
9,000	Countrywide Capital IV 6.75% Apr 01/33	296,083	262,320	1.66
400,000	Dominion Resources Capital Trust I 7.83% Dec 01/27	572,170	485,928	3.07
21,000	Duke Realty Corporation 6.50% Series K	657,524	612,814	3.87
4,500	FPC Capital I 7.10% May 13/39 Series A	131,143	132,261	0.84
9,900	FPL Group Capital Trust I 5.88% Mar 15/44	290,905	280,245	1.77
20,000	General Electric Capital Corporation 6.45% Jun 15/46 Series A	552,453	603,211	3.81
10,500	Georgia Power Company 6.00% Oct 15/33 Series R	309,777	302,859	1.91
15,000	Great Plains Energy Incorporated 8.00% Feb 16/07	450,846	438,773	2.77
5,300	Heco Capital Trust III 6.50% Mar 18/34	173,810	157,102	0.99
15,000	Household Finance Corporation 6.88%	507,956	449,262	2.84
5,000	J.P. Morgan Chase Capital X 7.00% Feb 15/32	140,710	147,540	0.93
15,000	J.P. Morgan Chase Capital XIV 6.20% Oct 15/34	469,344	438,424	2.77
5,000	KeyCorp Capital VI 6.13% Dec 15/33	143,873	142,529	0.90
5,000	Kimco Realty Corp. 6.65% Series F	153,615	146,899	0.93
8,900	Lehman Brothers Holdings Capital Trust III 6.38% Mar 15/52 Series K	292,971	260,235	1.65

Statement of Investments (continued)

As at December 31, 2006

Number of Shares	Description	Average Cost (\$)	Market Value (\$)	% of Net Assets
PREFERRED SECURITIES (continued)				
United States				
13,900	Lehman Brothers Holdings Capital Trust V 6.00% Apr 22/53	410,370	401,737	2.54
15,200	Lincoln National Capital VI 6.75% Sept 11/52 Series F	505,050	451,709	2.86
6,700	Merrill Lynch Capital Trust III 7.00%	212,252	199,499	1.26
14,600	Merrill Lynch Capital Trust V 7.28%	508,308	438,813	2.77
20,000	Morgan Stanley Capital Trust III 6.25% Mar 01/33	630,915	585,264	3.70
12,300	National Rural Utilities Cooperative Finance Corporation 5.95% Feb 15/45	350,631	346,176	2.19
6,500	PLC Capital Trust IV 7.25% Sep 25/32	183,531	192,029	1.21
6,200	PLC Capital Trust V 6.13% Jan 27/34	181,724	179,770	1.14
1,500	PNM Resources Inc. 6.75% May 16/08	86,979	92,370	0.58
22,000	PPL Energy Supply LLC 7.00% Jul 15/46	625,171	667,378	4.22
15,000	Prudential PLC 6.75%	493,462	448,213	2.83
6,000	Public Storage, Inc. 6.45% Series F	170,051	173,761	1.10
17,000	SLM Corporation 6.00% Dec 15/43	517,202	483,606	3.06
6,600	Southwest Gas Capital II 7.70% Sep 15/43	228,168	200,752	1.27
18,800	Telephone & Data Systems, Inc. 7.60% Dec 01/41	636,165	549,272	3.47
23,100	The Phoenix Companies, Inc. 7.45% Jan 15/32	779,638	673,827	4.26
7,000	United States Cellular Corporation 7.50% Jun 15/34	234,710	210,063	1.33
11,000	USB Captial VII 5.88% Aug 15/35	310,750	307,538	1.94
12,000	Verizon New England Inc. 7.00% May 15/42 Series B	408,994	353,955	2.24
9,100	Virginia Power Capital Trust 7.38% Jul 30/42	315,028	271,280	1.72
15,000	Wells Fargo Capital Trust V 7.00% Dec 01/31	507,370	438,773	2.77
		14,404,286	13,410,794	84.77
Total Preferred Securities		22,499,895	20,776,711	131.32
BONDS				
France				
500,000	Axa 7.10% May 29/49	673,887	591,235	3.74
Total Bonds		673,887	591,235	3.74
TOTAL INVESTMENTS		23,173,782	21,367,946	135.06
SHORT FUTURES				
United States				
9	U.S. 10 Year Treasury Note Future expiry date Mar 21/07	-	9,096	0.06
Liabilities less other assets			(5,555,483)	(35.12)
NET ASSETS, AT MARKET VALUE			15,821,559	100.00

The accompanying notes are an integral part of these financial statements

Notes to Financial Statements

December 31, 2006

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 have been 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 approximates 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 (see Note 9) 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 the change in unrealized appreciation or depreciation on investments 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 and are included in net realized gain (loss) on sale of investments in the Statement of Operations.

Notes to Financial Statements (continued)

December 31, 2006

(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 of the 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. 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 year, 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 year.

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 year, 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 year.

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.

Capital losses realized over and above realized capital gains in the current taxation year can be carried forward indefinitely and may be applied against future years' capital gains. Non-capital losses arising in tax years ending after 2005 may be carried forward for a period of twenty years and applied against future years' taxable income. Previously the carryforward period was ten years. If the non-capital losses are not applied within the relevant time frame from the taxation year in which the non-capital loss arose, the non-capital loss will expire.

As at December 31, 2006, the Trust's capital and non-capital losses, with the year of expiry, are as follows:

Capital Losses	Non-Capital Losses	Year of Expiry
–	\$251,053	2026
	\$595,671	2015
	\$262,778	2014

As at December 31, 2006, Global Preferred Trust had no capital or non-capital losses to carry forward into future years.

4. 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.

In return, 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 advisor out of its annual management fees.

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

Notes to Financial Statements (continued)

December 31, 2006

In return, the Manager receives a monthly fee at the annual rate of 0.85%, plus applicable taxes, of the net asset value of the 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 Advisor and the Portfolio Manager out of its annual management fee.

(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 the 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 Trusts are responsible for all other expenses incurred in connection with their operation and administration, such as custodian, 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. For the year ended December 31, 2006, for Global Preferred Trust, brokerage commissions were \$10,942 (2005 – \$9,567). 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. Dealer service fees for the year were \$85,832 (2005 – \$117,907) and are included in management fees in the Statement of Operations.

5. 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 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.

The Trust is expected to 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"). 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 the Global Preferred Trust. Unitholders are entitled to redeem their units daily, at the net asset value per unit on such date. Units of the Global Preferred Trust may be surrendered for redemption at any time at a redemption price calculated in reference to the net asset value per unit of the Global Preferred Trust.

6. NET CAPITAL TRANSACTIONS

Net capital transactions for the Trust for the year from January 1, 2006 to December 31, 2006 consisted of the following:

	Units	\$
Number of units outstanding, beginning of year	2,652,550	24,385,366
Redemptions	(870,869)	(7,672,269)
Repurchase and cancellation of units (Note 12, 13)	(63,500)	(533,302)
Number of units outstanding, end of year	1,718,181	16,179,795

Net capital transactions for the Trust for the year from January 1, 2005 to December 31, 2005 consisted of the following:

	Units	\$
Number of units outstanding, beginning of year	3,060,000	28,383,404
Redemptions	(394,150)	(3,805,597)
Repurchase and cancellation of units (Note 12)	(13,300)	(114,289)
Issue expenses (including agents' fees)	–	(78,152)
Number of units outstanding, end of year	2,652,550	24,385,366

Notes to Financial Statements (continued)

December 31, 2006

Net capital transactions for the Global Preferred Trust for the year from January 1, 2006 to December 31, 2006 consisted of the following:

	Units	\$
Number of units outstanding, beginning of year	2,667,000	26,747,834
Redemptions	(885,340)	(7,672,269)
Number of units outstanding, end of year	1,781,660	19,075,565

Net capital transactions for the Global Preferred Trust for the year from January 1, 2005 to December 31, 2005 consisted of the following:

	Units	\$
Number of units outstanding, beginning of year	3,061,522	30,553,431
Redemptions	(394,522)	(3,805,597)
Number of units outstanding, end of year	2,667,000	26,747,834

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, 2006, the Common Share Portfolio of the Trust was comprised as follows:

Number of Shares	Description	Market Value (\$)
162,850	Kinross Gold Corp.	2,250,587
14,115	Research In Motion Limited	2,103,135
367,225	Bombardier Inc.	1,450,539
72,001	OPTI Canada Inc.	1,424,180
27,831	Cognos Incorporated	1,379,026
138,412	CGI Group Inc.	1,125,290
122,600	Southwestern Resources Corp.	973,444
78,419	CanWest Global Communications Corp.	866,529
73,213	Celestica Inc.	664,774
26,422	Cott Corporation	440,983
12,396	Nortel Networks Corporation	387,747
82,723	Zarlink Semiconductor Inc.	209,289
Value of Common Share Portfolio		13,275,523

8. LOAN FACILITY

Through the Forward Agreement, the Trust will have exposure to any leverage received by the Global Preferred Trust. The Manager, on behalf of the 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 the Global Preferred Trust at the time the borrowing or other transaction is entered into. The Global Preferred Trust has entered into a general security agreement providing BNS with a first charge on the assets of the Global Preferred Trust as collateral for indebtedness arising out of the credit facility.

Notes to Financial Statements (continued)

December 31, 2006

The following tables summarize the loans drawn down by the Manager on behalf of Global Preferred Trust as at December 31, 2006 and December 31, 2005.

As at December 31, 2006:

Loan Interest Rate and Maturity Date	U.S. Dollar	Canadian Dollar
	Principal (\$)	Equivalent Principal (\$)
5.75%, January 5, 2007	2,151,000	2,506,777
5.75%, January 10, 2007	2,238,000	2,608,166
Aggregate Loan Principal Drawn Down	4,389,000	5,114,943

As at December 31, 2005:

Loan Interest Rate and Maturity Date	U.S. Dollar	Canadian Dollar
	Principal (\$)	Equivalent Principal (\$)
4.61%, January 4, 2006	2,238,000	2,609,395
4.79%, January 30, 2006	3,851,000	4,490,072
Aggregate Loan Principal Drawn Down	6,089,000	7,099,467

The highest amount drawn down on the loan facility in 2006 was U.S. \$6,089,000 (2005 – U.S. \$7,089,000). The lowest amount drawn down on the loan facility in 2006 was U.S. \$4,389,000 (2005 – \$6,089,000).

9. FORWARD CONTRACTS

As at December 31, 2006, the Trust had entered into forward currency contracts to deliver currencies at specified future dates as follows:

Sale	USD
Amount (\$)	19,175,024
Purchase	CAD
Amount (\$)	21,300,000
Settlement Date	January 31, 2007
Unrealized foreign exchange loss (\$)	(1,025,236)

10. DISTRIBUTIONS

The 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 each month in the year, was \$0.04375 per unit.

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

11. 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 the Global Preferred Trust are also subject to other risks, including the following:

Currency risk

The Trusts 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 to interest rates relevant to particular securities or as a result of management being unable to secure similar returns on the expiry or sale of securities.

Notes to Financial Statements (continued)

December 31, 2006

Credit risk

Credit risk on financial instruments is the risk of a financial loss occurring as a result of the default of 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.

12. 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 of 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 year, the Trust repurchased 33,156 units (2005 – 13,300 units) for cancellation under its mandatory repurchase program at a total cost of \$268,455 (2005 – \$114,289). The units repurchased for cancellation under the mandatory repurchase program are included in repurchase and cancellation of trust units in the Statement of Changes in Net Assets.

13. NORMAL COURSE ISSUER BID

On July 19, 2006 the Manager issued a notice of intention (the "Notice") to repurchase units of the Trust through a normal course issuer bid (the "NCIB"). Under the NCIB, the Trust may purchase up to approximately 10% of the public float of units. Purchases of units commenced on July 31, 2006 and must terminate on July 30, 2007, or on such earlier date as the Trust may complete its purchases pursuant to the Notice. Purchases will be made in the open market through the facilities of the TSX in accordance with its rules and policies. The price that the Trust will pay for any such units may not exceed the net asset value per unit. Any units purchased by the Trust will be cancelled. All such purchases would be accretive and enhance returns to continuing unitholders. During the year, the Trust repurchased 30,344 units (2005 – nil) for cancellation via the NCIB at a cost of \$264,847 (2005 – nil). The units repurchased for cancellation under the NCIB are included in repurchase and cancellation of trust units in the Statement of Changes in Net Assets.

14. COMPARATIVE FINANCIAL STATEMENTS

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 2006 financial statements.

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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.

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