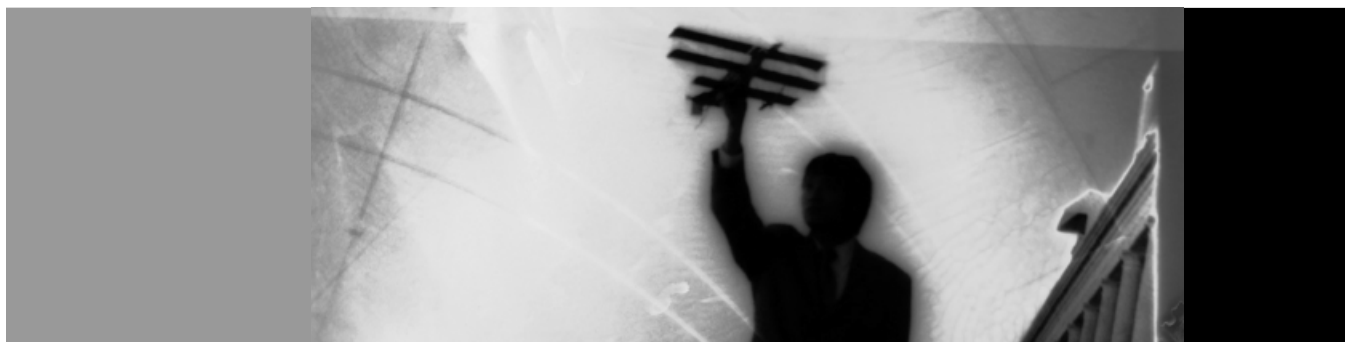




GLOBAL PREFERRED SECURITIES TRUST
GLOBAL PREFERRED TRUST



Interim Report

Period Ended June 30, 2006

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GLOBAL PREFERRED SECURITIES TRUST

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Financial Statements

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Interim Management Report of Fund Performance

For the Interim Period Ended June 30, 2006

This interim management report of the fund performance for Global Preferred Securities Trust (the "Trust") and Global Preferred Trust (together, the "Trusts") contains financial highlights and is included with the interim financial statements 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 the manager of the Trusts, Fairway Advisors Inc. (the "Manager"), 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, 2006 will be available free of charge upon request at any time after August 31, 2006, by visiting our website at www.fairwaycapital.com.

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Results of Operations

The net asset value per unit of the Trust as at June 30, 2006 was \$8.86 compared to \$9.29 at December 31, 2005. Net assets decreased to \$15.7 million at the end of June 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. 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 – Sovereign Asset Management LLC (the "Portfolio Manager")

Market Review

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

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

Portfolio

Telephone & Data Systems was a decent performer in the first half of the year. Communication business revenues, as a whole, are expected to grow beyond 2008 as rates in existing long distance contracts converge with market rates. Renaissance Holdings was a top performer for Global Preferred Trust, as reinsurance companies continued to recover from last year's hurricane and insurance claims. SLM Corporation was a poor performer as lower coupon, longer duration preferreds were hard hit. Lastly, both BGE Capital and FPL Group experienced weaker prices during the year due primarily to skepticism in the proposed merger; a result of potential problems with the Maryland regulators.

Outlook & Strategy

With rising uncertainty of the direction of the economy, higher oil prices and fluctuations in the marketplace, the Portfolio Manager remains bullish on preferreds, viewing them as a defensive investment during volatile times. While Sovereign has been concerned with the continued rise on the federal funds rate, they remain optimistic that the Fed is likely to pause at the next meeting, a positive sign for closed-end leveraged funds. The Portfolio Manager also believes that the desire for lower risk, income oriented investments will continue to drive bonds and preferred stocks, given the potential demand for income generating securities among the first wave of baby boomers about to retire over the next ten to fifteen years.

Income, Expenses and Distributions

For the interim period ended June 30, 2006, Global Preferred Trust generated income from investments in the form of interest and dividends in the amount \$1.1 million compared to the same period in 2005 of \$1.3 million.

Interim Management Report of Fund Performance (continued)

For the Interim Period Ended June 30, 2006

The Trust paid management fees and operating expenses of \$0.2 million (2005 – \$0.5 million). Global Preferred Trust paid management fees and operating expenses of \$0.2 million (2005 – \$0.2 million) and had interest carrying charges of \$0.2 million on its Loan Facility (2005 - \$0.1 million). The effective management expense ratio (“MER”) to which the Trust had exposure when combining the expenses of the Trusts was 3.28% (2005 – 3.87% for the full year ended December 31, 3.58% excluding one-time costs associated with the offering of the Trust).

The Trust distributed \$0.7 million to unitholders during the period (2005 – \$0.8 million).

Redemption activity in the period has reduced the amount of capital available to purchase income producing assets. Income from investments and expenses calculated as a percentage of net asset value, such as management fees and dealer service fees have all decreased. Fixed expenses, such as transfer agency and audit fees incurred by the Trust have become proportionately larger on a smaller net asset base.

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 June 30, 2006, the Manager on behalf of Global Preferred Trust had drawn down loans in the aggregate principal amount of U.S. \$6,089,000 (CAD \$6,789,235 equivalent) which, when converted to Canadian dollars, represented approximately 22.3% of the total assets of Global Preferred Trust (2005 – 22.1% as at December 31). This amount represents both the highest and lowest amounts drawn down during the 2006 interim period. 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 period 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 period, the Trust repurchased 12,500 units (2005 – nil for the interim period ended June 30) for cancellation under its mandatory repurchase program, at a total cost of \$102,420. For the year ended December 31, 2005, the Trust repurchased 13,300 units for cancellation at a total cost of \$114,289.

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. (“Fairway”, formerly, Impax Capital Corp.), parent company to Fairway Capital Management Corp., the parent of the Manager. Jovian intends to transfer a number of its current product brands into the Fairway business to leverage Fairway’s knowledge and experience with new and innovative investment products in both traditional and alternative asset classes.

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 \$11.5 billion of client assets.

Interim Management Report of Fund Performance (continued)

For the Interim Period Ended June 30, 2006

Normal Course Issuer Bid

Subsequent to the end of the interim period, the Manager issued a notice of intention (the "Notice") to repurchase units of the Trust through a normal course issuer bid. Under the normal course issuer bid, the Trust may purchase up to approximately 10% of the public float of units. Purchases of units may commence on July 31, 2006 and will 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.

Related Party Transactions

The Manager provides all administrative services required by the Trust, including the appointment of the investment advisor, MFC Global Investment Management (Canada) ("MFC Global" or, the "Investment Advisor" or, 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 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 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. For additional information, see *Management Fees*.

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 makes 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.

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' financial statements.

Global Preferred Securities Trust's net asset value per unit for the interim period ended June 30, 2006 and the years ended December 31,

	2006	2005	2004
Net asset value, beginning of period ⁽²⁾	\$9.29	\$10.01	\$10.00
Increase (decrease) from operations:			
Total revenue	–	–	–
Total expenses	(0.09)	(0.22)	(0.09)
Realized gains for the period	0.05	0.23	0.02
Unrealized gains (losses) for the period	(0.15)	(0.18)	1.07
Total increase (decrease) from operations⁽¹⁾	(0.19)	(0.17)	1.00
Distributions:			
From return of capital	(0.26)	(0.53)	(0.26)
Total annual distributions⁽³⁾	(0.26)	(0.53)	(0.26)
Net asset value, end of period⁽⁴⁾	\$8.86	\$9.29	\$10.01

⁽¹⁾ 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.

⁽²⁾ 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.

⁽³⁾ Distributions were paid in cash.

⁽⁴⁾ Except for 2006, which shows the six months ended June 30, 2006, all information is for the years ended December 31.

Interim Management Report of Fund Performance (continued)

For the Interim Period Ended June 30, 2006

Global Preferred Securities Trust Ratios and Supplemental Data

	2006	2005	2004
Net assets (000's) ⁽¹⁾	\$15,668	\$24,640	\$30,621
Number of			
Units outstanding ⁽¹⁾	1,769,181	2,652,550	3,060,000
Management expense ratio ⁽²⁾	1.96%	2.57%	15.96%
Management expense ratio before waivers or absorptions	1.96%	2.57%	15.96%
Management expense ratio excluding issue costs ⁽²⁾	1.96%	2.28%	1.82%
Portfolio turnover rate ⁽³⁾	0.00%	52.31%	9.45%
Trading expense ratio ⁽⁴⁾	0.00%	0.00%	0.00%
Closing market price	\$8.00	\$8.70	\$9.53

⁽¹⁾ Except for 2006, which shows the six months ended June 30, 2006, all information is for the years ended December 31.

⁽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. 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 Trust's investment advisor manages its 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 interim period ended June 30, 2006 and the years ended December 31,

	2006	2005	2004
Net asset value, beginning of period ⁽²⁾	\$9.24	\$9.96	\$9.30
Increase (decrease) from operations:			
Total revenue	0.40	0.83	0.38
Total expenses	(0.13)	(0.23)	(0.11)
Realized gains (losses) for the period	(0.28)	0.43	1.29
Unrealized losses for the period	(0.09)	(0.98)	(0.47)
Total increase (decrease) from operations⁽¹⁾	(0.10)	0.05	1.09
Distributions:			
From income (excluding dividends)	(0.44)	(0.01)	(1.11)
From return of capital	–	(0.72)	–
Total annual distributions⁽³⁾	(0.44)	(0.73)	(1.11)
Net Asset Value, end of period⁽⁴⁾	\$8.71	\$9.24	\$9.96

⁽¹⁾ 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.

⁽²⁾ 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.

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

⁽⁴⁾ Except for 2006, which shows the six months ended June 30, 2006, all information is for the years ended December 31.

Interim Management Report of Fund Performance (continued)

For the Interim Period Ended June 30, 2006

Global Preferred Trust Ratios and Supplemental Data

	2006	2005	2004
Net assets (000's) ⁽¹⁾	\$15,522	\$24,641	\$30,480
Number of			
Units outstanding ⁽¹⁾	1,781,660	2,667,000	3,061,522
Management expense ratio ⁽²⁾	1.32%	1.30%	1.52%
Management expense ratio			
before waivers or absorptions	1.32%	1.30%	1.52%
Portfolio turnover rate ⁽³⁾	4.44%	18.30%	14.51%
Trading expense ratio ⁽⁴⁾	0.08%	0.03%	0.12%

⁽¹⁾ Except for 2006, which shows the six months ended June 30, 2006, all information is for the years ended December 31.

⁽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.

⁽³⁾ The portfolio turnover rate indicates how actively Global Preferred Trust's Portfolio Manager manages its 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	2006 (000's)	2005 (000's)
Net Asset Value (NAV)		
Manager of the Trust –		
annual rate of 0.25% of NAV ⁽¹⁾	32	40
Manager of Global Preferred Trust –		
annual rate of 0.85% of NAV ⁽¹⁾	110	134
Dealer service of the Trust –		
annual rate of 0.40% of NAV	52	63
Forward Agreement of the Trust	90	111

⁽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.

Interim Management Report of Fund Performance (continued)

For the Interim Period Ended June 30, 2006

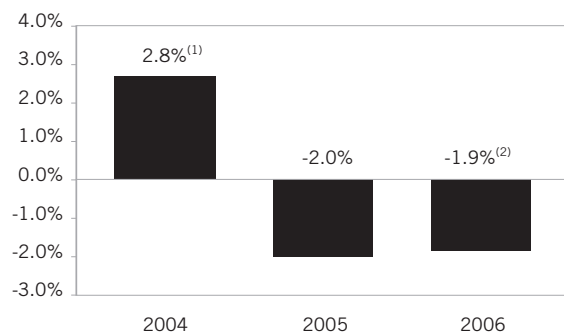
PAST PERFORMANCE

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, or in the case of 2006, by June 30.



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

⁽²⁾ Return from January 1, 2006 to June 30, 2006

Interim Management Report of Fund Performance (continued)

For the Interim Period Ended June 30, 2006

SUMMARY OF INVESTMENT PORTFOLIO*

As at June 30, 2006

Top 25 Investments	% of Net Assets	Portfolio Composition	% of Net Assets
Nexen Inc. <i>7.35% Nov 01/43</i>	5.93	Preferred Securities	
Abbey National PLC	5.35	United States	70.43
ING Groep NV	5.06	Netherlands	14.03
ABN Amro Capital Funding Trust	4.76	United Kingdom	11.96
AEGON NV <i>6.38%</i>	4.21	Canada	5.93
The Phoenix Companies, Inc. <i>7.45% Jan 15/32</i>	4.08	Spain	3.83
Merrill Lynch Preferred Capital Trust	3.86	France	3.59
Banco Santander Central Hispano SA <i>6.41%</i>	3.83	Sweden	3.28
Lehman Brothers Holdings Capital Trust	3.68	Bermuda	3.14
BNP Paribas Capital Trust V <i>7.20% Jun 30/49</i>	3.59	Cayman Islands	2.98
Lloyds TSB Bank PLC <i>6.90% Nov 22/49</i>	3.52	Total Preferred Securities	119.17
Axa <i>7.10% May 29/49</i>	3.51		
Duke Realty Corporation <i>6.50% Series K</i>	3.49	Bonds	
HBOS Capital Funding L.P. <i>6.85% Mar 23/09</i>	3.46	France	3.51
Telephone & Data Systems, Inc. <i>7.60% Dec 01/41</i>	3.33	Total Bonds	3.51
Svensk Exportkredit AB <i>5.40%</i>	3.28		
Morgan Stanley Capital Trust III <i>6.25% Mar 01/33</i>	3.25	Future Contracts	0.01
Renaissancere Holdings Limited <i>6.08% Series C</i>	3.14		
The Royal Bank of Scotland Group PLC ADR		Common Share Portfolio	108.08
<i>5.75% Series L</i>	3.09	Amounts due to Counterparty	
Dominion Resources Capital Trust I <i>7.83% Dec 01/27</i>	3.02	under Forward Agreement	(108.08)
Repsol International Capital Limited <i>7.45% Series A</i>	2.98	Cash and Cash Equivalents	55.19
BGE Capital Trust III <i>6.20% Oct 15/43</i>	2.71	Liabilities less other assets	(77.88)
Household Finance Corporation <i>6.88%</i>	2.69		
Wells Fargo Capital Trust V <i>7.00% Dec 01/31</i>	2.68	Total Net Assets	100.00
Lincon National Capital VI <i>6.75% Sept 11/52 Series F</i>	2.66		
Total 25 Investments	91.16	Total Net Asset Value	\$15,667,564
Other Investments	31.53		
Cash and Cash Equivalents	55.19		
Liabilities less other assets	(77.88)		
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.

* 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 interim financial statements.

GLOBAL PREFERRED SECURITIES TRUST

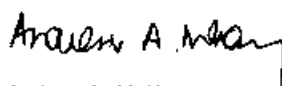
Statement of Net Assets

As at June 30, 2006 (<i>Unaudited</i>) and December 31, 2005	2006	2005
Assets		
Forward Agreement, at market value (Note 7)	\$ –	\$ 4,942,229
Common Share Portfolio, at market value (Note 7)	16,933,181	19,698,327
Cash and cash equivalents	185,001	30,014
Receivable for partial settlement of Forward Agreement	7,833,622	179,383
Prepaid listing fee	7,282	–
	24,959,086	24,849,953
Liabilities		
Forward Agreement, at market value (Note 7)	1,410,984	–
Management fees payable (Note 4)	64,964	59,461
Accounts payable and accrued liabilities	27,803	34,558
Redemption payable	7,672,269	–
Distributions payable	115,502	116,049
	9,291,522	210,068
Net assets, at market value	\$ 15,667,564	\$ 24,639,885
Number of units outstanding (Note 6)	1,769,181	2,652,550
Net asset value per unit	\$ 8.86	\$ 9.29

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



Steven J. Hawkins
Director



Andrew A. McKay
Director

Statement of Operations

For the interim periods ended June 30, (<i>Unaudited</i>)	2006	2005
Investment income		
Interest	\$ 35	\$ –
Expenses (Note 4)		
Management fees	83,862	102,672
Administration	24,435	20,337
Audit	12,397	12,397
Forward Agreement	89,973	110,721
Custodian	320	624
Legal	9,917	64,195
Securityholders	14,485	33,913
Transfer Agency	5,653	5,653
Other	–	26,663
	241,042	377,175
Net investment loss	(241,007)	(377,175)
Realized and unrealized gain (loss) on investments		
Net realized gain on partial settlement of Forward Agreement	132,679	118,800
Change in unrealized appreciation (depreciation) on Forward Agreement (Note 7)	(393,557)	82,847
Net gain (loss) on investments	(260,878)	201,647
Decrease in net assets from operations	\$ (501,885)	\$ (175,528)
Decrease in net assets from operations per unit	\$ (0.1898)	\$ (0.0574)

The accompanying notes are an integral part of these financial statements

Statement of Changes in Net Assets

For the interim periods ended June 30, (<i>Unaudited</i>)	2006	2005
Decrease in net assets from operations	\$ (501,885)	\$ (175,528)
Distributions to unitholders		
Return of capital	(695,747)	(803,250)
Capital unit transactions (Note 6)		
Issue costs	–	(78,152)
Redeemed trust units	(7,672,269)	(3,805,597)
Repurchase and cancellation of trust units (Note 11)	(102,420)	–
	(7,774,689)	(3,883,749)
Decrease in net assets during the period	(8,972,321)	(4,862,527)
Net assets, beginning of period	24,639,885	30,620,762
Net assets, end of period	\$ 15,667,564	\$ 25,758,235

The accompanying notes are an integral part of these financial statements

GLOBAL PREFERRED TRUST

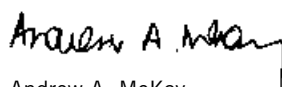
Statement of Net Assets

As at June 30, 2006 (<i>Unaudited</i>) and December 31, 2005	2006	2005
ASSETS (Note 8)		
Investments, at market value (<i>cost – \$23,139,591; 2005 – \$35,270,442</i>) \$	19,042,060	\$ 31,176,665
Cash and cash equivalents	8,461,505	889,841
Broker margin receivable	539	–
Receivable for open future contracts	1,829	–
Due from brokers	2,919,925	–
Accrued interest and dividends	38,561	49,794
	30,464,419	32,116,300
LIABILITIES		
Redemption payable	7,672,269	–
Management fees payable (Note 4)	17,697	–
Accounts payable and accrued liabilities	31,366	33,803
Payable for open forward contracts	270,301	163,092
Loan facility payable (Note 8)	6,789,235	7,099,467
Distributions payable	161,354	179,382
	14,942,222	7,475,744
Net assets, at market value	\$ 15,522,197	\$ 24,640,556
Number of units outstanding (Note 6)	1,781,660	2,667,000
Net asset value per unit	\$ 8.71	\$ 9.24

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



Steven J. Hawkins
Director



Andrew A. McKay
Director

Statement of Operations

For the interim periods ended June 30, (<i>Unaudited</i>)	2006	2005
Investment income		
Interest	\$ 126,500	\$ 186,287
Dividends (net of withholding taxes)	926,363	1,094,915
	1,052,863	1,281,202
Expenses (Note 4)		
Management fees	109,654	134,210
Administration	30,780	26,968
Audit	12,397	12,397
Custodian	7,439	7,439
Legal	–	4,869
Securityholders	–	2,013
Other	1,452	1,284
Interest (Note 8)	179,405	140,453
	341,127	329,633
Net investment income	711,736	951,569
Realized and unrealized loss on investments		
Net realized loss on sale of investments	(2,529,586)	(165,337)
Change in unrealized appreciation (depreciation) on investments	(1,925)	288,551
Realized foreign exchange gain (loss)	1,779,725	(535,451)
Change in unrealized depreciation on foreign currency	(220,827)	(337,685)
Net loss on investments	(972,613)	(749,922)
Increase (decrease) in net assets from operations	\$ (260,877)	\$ 201,647
Increase (decrease) in net assets from operations per unit	\$ (0.0981)	\$ 0.0659

The accompanying notes are an integral part of these financial statements

Statement of Changes in Net Assets

For the interim periods ended June 30, (Unaudited)	2006	2005
Increase (decrease) in net assets from operations	\$ (260,877)	\$ 201,647
Distributions to unitholders		
Income	(1,185,213)	(1,126,855)
Capital unit transactions (Note 6)		
Redeemed trust units	(7,672,269)	(3,805,597)
Decrease in net assets during the period	(9,118,359)	(4,730,805)
Net assets, beginning of period	24,640,556	(30,479,569)
Net assets, end of period	\$ 15,522,197	\$ 25,748,764

Statement of Cash Flows

For the interim periods ended June 30, (Unaudited)	2006	2005
OPERATING ACTIVITIES		
Increase (decrease) in net assets from operations	\$ (260,877)	\$ 201,647
Add (deduct) items not affecting cash:		
Loss on sale of investments	2,546,511	138,193
Change in unrealized (appreciation) depreciation on investments	1,925	(288,551)
	2,287,559	51,289
Net change in non-cash assets and liabilities	(136,599)	(93,053)
Cash provided by (used in) operating activities	2,150,960	(41,764)
FINANCING ACTIVITIES		
Repayment of loan indebtedness	(310,232)	(1,065,487)
Distributions paid to unitholders	(1,203,241)	(1,259,296)
Cash used in financing activities	(1,513,473)	(2,324,783)
INVESTING ACTIVITIES		
Proceeds from sale of investments	7,309,792	8,217,924
Purchases of investments	(375,076)	(3,798,446)
Cash provided by investing activities	6,934,716	4,419,478
Net increase in cash during the period	7,572,203	2,052,931
Cash and cash equivalents, beginning of period	889,841	2,616,682
Cash and cash equivalents, end of period	\$ 8,462,044	\$ 4,669,613

The accompanying notes are an integral part of these financial statements

Statement of Investments

As at June 30, 2006 (Unaudited)

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	487,478	3.14
		587,813	487,478	3.14
Canada				
33,000	Nexen Inc. 7.35% Nov 01/43	1,118,731	920,979	5.93
		1,118,731	920,979	5.93
Cayman Islands				
17,000	Repsol International Capital Limited 7.45% Series A	561,802	462,502	2.98
		561,802	462,502	2.98
France				
500,000	BNP Paribas Capital Trust V 7.20% Jun 30/49	692,742	557,717	3.59
		692,742	557,717	3.59
Netherlands				
20,000	ABN Amro Capital Funding Trust V 5.90%	597,902	485,248	3.13
10,000	ABN Amro Capital Funding Trust VII 6.08%	307,757	252,436	1.63
25,000	AEGON NV 6.38%	760,710	653,390	4.21
5,400	ING Groep NV 6.20%	173,501	138,302	0.89
23,000	ING Groep NV 7.05%	774,107	647,023	4.17
		2,613,977	2,176,399	14.03
Spain				
22,000	Banco Santander Central Hispano SA 6.41%	697,750	594,902	3.83
		697,750	594,902	3.83
Sweden				
500,000	Svensk Exportkredit AB 5.40%	595,710	508,980	3.28
		595,710	508,980	3.28
United Kingdom				
13,000	Abbey National PLC 7.25%	447,873	364,115	2.34
16,000	Abbey National PLC ADR 7.38% Series B	559,630	466,694	3.01
500,000	Lloyds TSB Bank PLC 6.90% Nov 22/49	665,191	546,460	3.52
20,000	The Royal Bank of Scotland Group PLC ADR 5.75% Series L	602,625	479,896	3.09
		2,275,319	1,857,165	11.96

Statement of Investments (continued)

As at June 30, 2006 (Unaudited)

Number of Shares	Description	Average Cost (\$)	Market Value (\$)	% of Net Assets
PREFERRED SECURITIES (continued)				
United States				
5,000	BAC Capital Trust V 6.00% Nov 03/34	154,436	123,932	0.80
16,800	BGE Capital Trust III 6.20% Oct 15/43	537,223	420,533	2.71
5,250	BNY Capital IV 6.88% Dec 01/28	173,808	143,710	0.93
3,500	BNY Capital V 5.95% May 01/33 Series F	99,170	88,118	0.57
9,000	Countrywide Capital IV 6.75% Apr 01/33	296,084	236,525	1.52
400,000	Dominion Resources Capital Trust I 7.83% Dec 01/27	572,170	468,664	3.02
21,000	Duke Realty Corporation 6.50% Series K	657,524	542,291	3.49
2,300	Fleet Capital Trust VII 7.20% Dec 15/31	79,053	63,984	0.41
9,900	FPL Group Capital Trust I 5.88% Mar 15/44	290,905	240,087	1.55
10,500	Georgia Power Company 6.00% Oct 15/33 Series R	309,777	266,229	1.71
7,000	Great Plains Energy Incorporated 8.00% Feb 16/07	220,953	180,530	1.16
500,000	HBOS Capital Funding L.P. 6.85% Mar 23/09	657,019	536,664	3.46
5,300	Heco Capital Trust III 6.50% Mar 18/34	173,810	145,374	0.94
15,000	Household Finance Corporation 6.88%	507,956	417,121	2.69
15,000	J.P. Morgan Chase Capital XIV 6.20% Oct 15/34	469,344	379,992	2.45
5,000	KeyCorp Capital VI 6.13% Dec 15/33	143,873	124,323	0.80
5,000	Kimco Realty Corp. 6.65% Series F	153,615	133,354	0.86
8,900	Lehman Brothers Holdings Capital Trust III 6.38% Mar 15/52 Series K	292,971	229,233	1.48
13,900	Lehman Brothers Holdings Capital Trust V 6.00% Apr 22/53	410,370	340,967	2.20
15,200	Lincoln National Capital VI 6.75% Sept 11/52 Series F	505,050	413,192	2.66
6,700	Merrill Lynch Preferred Capital Trust III 7.00%	212,252	185,791	1.20
14,600	Merrill Lynch Preferred Capital Trust V 7.28%	508,308	413,487	2.66
20,000	Morgan Stanley Capital Trust III 6.25% Mar 01/33	630,915	503,980	3.25
12,300	National Rural Utilities Cooperative Finance Corporation 5.95% Feb 15/45	350,630	299,250	1.93
6,200	PLC Capital Trust V 6.13% Jan 27/34	181,725	155,543	1.00
15,000	Prudential PLC 6.75%	493,462	409,261	2.64
6,000	Public Storage, Inc. 6.45% Series F	170,051	150,191	0.97
17,000	SLM Corporation 6.00% Dec 15/43	517,202	410,944	2.65
6,600	Southwest Gas Capital II 7.70% Sep 15/43	228,168	185,815	1.20
3,800	Teco Capital Trust I 8.50% Jan 31/41	131,381	107,620	0.69
18,800	Telephone & Data Systems, Inc. 7.60% Dec 01/41	636,165	517,133	3.33
23,100	The Phoenix Companies, Inc. 7.45% Jan 15/32	779,638	633,867	4.08
7,000	United States Cellular Corporation 7.50% Jun 15/34	234,710	196,530	1.27
11,000	USB Capital VII 5.88% Aug 15/35	310,750	264,311	1.70
12,000	Verizon New England Inc. 7.00% May 15/42 Series B	408,994	331,289	2.13
9,100	Virginia Power Capital Trust 7.38% Jul 30/42	315,028	254,677	1.64
15,000	Wells Fargo Capital Trust V 7.00% Dec 01/31	507,370	416,452	2.68
		13,321,860	10,930,964	70.43
Total Preferred Securities		22,465,704	18,497,086	119.17

Statement of Investments (continued)

As at June 30, 2006 (Unaudited)

Par Value (\$)	Description	Average Cost (\$)	Market Value (\$)	% of Net Assets
BONDS				
	France			
500,000	Axa 7.10% May 29/49	673,887	544,974	3.51
Total Bonds		673,887	544,974	3.51
TOTAL INVESTMENTS		23,139,591	19,042,060	122.68
Number of Contracts	Description	Average Cost (\$)	Market Value (\$)	% of Net Assets
SHORT FUTURES				
	United States			
12	U.S. 10 Year Treasury Note Future expiry date Sep 20/06	–	1,829	0.01
Liabilities less other assets			(3,521,692)	(22.69)
NET ASSETS, AT MARKET VALUE			15,522,197	100.00

The accompanying notes are an integral part of these financial statements

Notes to Financial Statements

June 30, 2006 (Unaudited)

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 (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) of the investment portfolio.

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 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 and are included in net gains (losses) on investments in the Statement of Operations.

Notes to Financial Statements (continued)

June 30, 2006 (Unaudited)

(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' taxable capital gains. Non-capital losses may be carried forward for a period of ten years and applied against future years' taxable income. If the non-capital losses are not applied within ten years from the taxation year in which the non-capital loss was realized, the non-capital loss will expire.

As at June 30, 2006, the Trust's capital and non-capital losses, with the year of expiry, are:

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

As at June 30, 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.

Notes to Financial Statements (continued)

June 30, 2006 (Unaudited)

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.

In return, 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 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 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 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 period ended June 30, 2006, for Global Preferred Trust, brokerage commissions were \$9,891 (2005 – \$6,718). 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 period were \$51,607 (2005 – \$63,183) 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, 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. 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"). 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. Units of 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 Global Preferred Trust.

Notes to Financial Statements (continued)

June 30, 2006 (Unaudited)

6. NET CAPITAL TRANSACTIONS

Net capital transactions for the Trust for the period from January 1, 2006 to June 30, 2006 consisted of the following:

	Units	\$
Number of units outstanding, beginning of period	2,652,550	24,385,365
Redemptions	(870,869)	(7,672,269)
Repurchase and cancellation of units (Note 11)	(12,500)	(102,420)
Number of units outstanding, end of period	1,769,181	16,610,676

Net capital transactions for the Trust for the period from January 1, 2005 to June 30, 2005 consisted of the following:

	Units	\$
Number of units outstanding, beginning of period	3,060,000	28,383,404
Redemptions	(394,150)	(3,805,597)
Issue expenses (including agents' fees)	-	(78,152)
Number of units outstanding, end of period	2,665,850	24,499,655

Net capital transactions for Global Preferred Trust for the period from January 1, 2006 to June 30, 2006 consisted of the following:

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

Net capital transactions for Global Preferred Trust for the period from January 1, 2005 to June 30, 2005 consisted of the following:

	Units	\$
Number of units outstanding, beginning of period	3,061,522	30,553,431
Redemptions	(394,522)	(3,805,597)
Number of units outstanding, end of period	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 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 June 30, 2006, the Common Share Portfolio of the Trust was comprised as follows:

Number of Shares	Description	Market Value (\$)
258,460	Kinross Gold Corp.	3,145,458
225,966	Royal Group Technologies Limited	2,824,575
194,577	Southwestern Resources Corp.	1,871,831
22,402	Research In Motion Limited	1,742,876
219,671	CGI Group Inc.	1,528,910
73,792	ATI Technologies Inc.	1,196,906
36,416	Cognos Incorporated.	1,143,827
124,457	CanWest Global Communications Corp.	1,032,992
393,431	Nortel Networks Corporation	975,709
41,935	Cott Corporation	612,251
50,852	Celestica Inc.	537,506
131,287	Zarlink Semiconductor Inc.	320,340
	Value of Common Share Portfolio	16,933,181

Notes to Financial Statements (continued)

June 30, 2006 (Unaudited)

8. 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 June 30, 2006, the Manager on behalf of Global Preferred Trust has drawn down loans in the aggregate principal amount of U.S. \$6,089,000 (CAD \$6,789,235 equivalent) (2005 – U.S. \$6,089,000, CAD \$7,099,467 equivalent as at December 31). The first loan, with a payable amount of U.S. \$2,238,000, has an interest rate of 5.55%, maturing on July 7, 2006 (2005 – U.S. \$2,238,000 4.61% 1/4/2006). The second loan, with a payable amount of U.S. \$3,851,000, has an interest rate of 5.51%, maturing on July 04, 2006 (2005 – U.S. \$3,851,000 4.79% 1/30/2006).

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. \$6,089,000 (2005 – \$6,089,000).

9. 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 period, was \$0.04375 per unit.

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

10. 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 also subject to other risks, including the following:

Currency risk

The Trust and the Global Preferred Trust invest in securities denominated in currencies other than their reporting currency, the Canadian dollar. Consequently, the Trust and Global Preferred Trust 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 Trust and Global Preferred Trust's assets. The Trust and Global Preferred Trust manage a portion of their currency risk through foreign currency hedging strategies.

Interest rate risk

The Trust and Global Preferred Trust invest in interest-bearing securities. The income of the Trust and Global Preferred Trust 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.

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 Trust and Global Preferred Trust. Credit risk is managed by dealing with counterparties the Trust and Global Preferred Trust 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.

Notes to Financial Statements (continued)

June 30, 2006 (Unaudited)

11. 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 period, the Trust repurchased 12,500 units (2005 – nil for the interim period ended June 30) for cancellation under its mandatory purchase program at a total cost of \$102,420. For the year ended December 31, 2005, the Trust repurchased 13,300 units for cancellation at a total cost of \$114,289.

12. SUBSEQUENT EVENT

Subsequent to the end of the interim period, the Manager issued a notice of intention (the “Notice”) to repurchase units of the Trust through a normal course issuer bid. Under the normal course issuer bid, the Trust may purchase up to approximately 10% of the public float of units. Purchases of units may commence on July 31, 2006 and will 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.

13. 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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