



GLOBAL PREFERRED TRUST



Second Quarter Report

(Unaudited)

Period ended June 30, 2005

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GLOBAL PREFERRED TRUST

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GLOBAL PREFERRED TRUST

Market Commentary

MARKET UPDATE

Despite the ninth consecutive increase in the Fed Funds rate on June 29th, interest rates across most maturities fell and the yield curve flattened by 42 basis points (bp) as the two-year Treasury yield fell 14 bp to 3.63% and the yield on the 30-year maturity decreased by 56 bp to 4.19%. The yield curve is at its flattest point since early 2001.

Investors seemed to believe that the Fed Funds rate could not go much higher citing factors such as a 22-year high for oil prices which impact consumer spending and manufacturing activity leading to slower worldwide economic growth.

Economic growth, however, remained healthy as Q1 gross domestic product (GDP) was revised up to 3.8% from 3.1%. This was due to an improving labour market, rising stock prices and moderate inflation data despite rising oil prices. In fact, inflation cooled slightly with the May Consumer Price Index (CPI) down 0.1% and the Producer Price Index (PPI) down 0.6%.

Corporate profits and margins continue to grow and expand with consumer spending and business investment increasing. Overall, earnings grew by 16% from a year ago while net profit margins expanded as employee wages, salaries and benefits were contained.

Volatility from the auto sector and LBO activity drove selected credit spreads wider. However, limited new issue supply and demand for spread product in this low yield environment kept overall spreads from widening dramatically. A modest flight to quality was driven by fears of a U.S. economic slowdown, slower world growth and the credits of GM and Ford being downgraded to junk bond status.

PORTFOLIO REVIEW

The Global Preferred Trust returned 1.18% for the quarter. After a short sell off in the Treasury market in early April, a rally ensued and preferred prices moved up in sync with Treasuries. As the Fed raised rates twice

during the quarter, long term Treasuries rallied both times. Record high oil prices also contributed to the rally as investors believed they would slow the economy.

Lower rates in the marketplace caused companies to issue a slew of new preferreds. The magnitude of new issuances caused preferreds not to rally as much as Treasuries but did give the fund managers an opportunity to add a number of new names to the portfolio at attractive prices.

Despite the downgrade of GM and Ford, auto preferreds bounced back nicely in May. In fact, the GM 7 3/8% security was one of the best performing securities. As well, higher coupon, public utility, oil & gas and financial preferreds performed well. Fully taxable preferreds sold off during June due to the large supply of these types of issuances within the market.

MARKET OUTLOOK

The Fed continues on a measured path of raising short term interest rates. But, with signs of moderating economic growth and contained inflation, we believe the Fed may be close to finished with its tightening campaign.

Several factors would suggest a favourable long term environment for preferreds. One of those is strong demand for high quality income-producing assets from an aging American population which should provide support for the group even if long bond yields rise. As well, despite the spurt of new issuance in response to market conditions, this may not be indicative of a long term trend towards increased supply.

In general, a slow, growth, low inflationary environment is a boon for preferreds yield advantage over Treasuries.

John Hancock Advisers LLC

Investment Sub-Advisor, Global Preferred Trust


GLOBAL PREFERRED TRUST

Statement of Net Assets

(Unaudited)

	As at	
	June 30, 2005	December 31, 2004
ASSETS (Note 10)		
Investments, at market value (cost - \$33,380,929; 2004 - \$38,752,217) \$	31,902,749	\$ 36,985,486
Cash and cash equivalents (Note 3)	4,669,613	2,616,682
Due from brokers	612,538	353,876
Accrued interest, dividends and distributions from trusts	100,576	59,067
	37,285,476	40,015,111
LIABILITIES		
Redemption payable (Note 7)	3,805,597	-
Due to brokers	45,503	600,458
Management fees payable (Note 5)	22,057	23,404
Accounts payable and accrued liabilities	16,359	66,556
Loan facility payable (Note 10)	7,463,290	8,528,777
Distributions payable	183,906	316,347
	11,536,712	9,535,542
Net assets, at market value	\$ 25,748,764	\$ 30,479,569
Number of units outstanding (Note 6)	2,667,000	3,061,522
Net asset value per unit	\$ 9.65	\$ 9.96

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



Andrew A. McKay
Director



Paul Perrow
Director

Statement of Operations

(Unaudited)

	April 1, 2005	January 1, 2005	May 31, 2004
	to June 30, 2005	to June 30, 2005	(Date of Inception) to June 30, 2004
Investment income			
Interest	\$ 101,021	\$ 186,287	\$ 5,195
Dividends (net of withholding taxes)	548,451	1,094,915	-
	649,472	1,281,202	5,195
Expenses			
Management fees (Note 5)	66,488	134,210	8,044
Administration	32,336	54,970	3,865
Interest expense	76,095	140,453	-
	174,919	329,633	11,909
Net investment income	474,553	951,569	(6,714)
Realized and unrealized gain (loss) on investments			
Net realized loss on sale of investments (Note 9)	(151,709)	(165,337)	(37,585)
Change in unrealized appreciation (depreciation) on investments	1,146,254	288,551	(1,127)
Realized foreign exchange loss	(639,386)	(535,451)	(276,420)
Change in unrealized appreciation (depreciation) on foreign currency	(24,953)	(337,685)	330,067
Net gain (loss) on investments	330,206	(749,922)	14,935
Increase in net assets from operations	\$ 804,759	\$ 201,647	\$ 8,221
Increase in net assets from operations per unit	\$ 0.2632	\$ 0.0659	\$ 0.0028

The accompanying notes are an integral part of these financial statements

Statement of Changes in Net Assets

(Unaudited)

	April 1, 2005 to June 30, 2005	January 1, 2005 to June 30, 2005	May 31, 2004 (Date of Inception) to June 30, 2004
Increase in net assets from operations	\$ 804,759	\$ 201,647	\$ 8,221
Distributions to unitholders			
Income	(571,219)	(1,126,855)	-
	(571,219)	(1,126,855)	-
Capital unit transactions (Note 6)			
Proceeds from issue of trust units	-	-	26,977,500
Redeemed trust units	(3,805,597)	(3,805,597)	-
	(3,805,597)	(3,805,597)	26,977,500
Decrease in net assets during the period	(3,572,057)	(4,730,805)	26,985,721
Net assets, beginning of period	29,320,821	30,479,569	-
Net assets, end of period	\$ 25,748,764	\$ 25,748,764	\$ 26,985,721

Statement of Cash Flows

(Unaudited)

	April 1, 2005 to June 30, 2005	January 1, 2005 to June 30, 2005	May 31, 2004 (Date of Inception) to June 30, 2004
OPERATING ACTIVITIES			
Increase in net assets from operations	\$ 804,759	\$ 201,647	\$ 8,221
Items not affecting cash:			
Loss on sale of investments	126,127	138,193	37,585
Change in unrealized (appreciation) depreciation on investments	(1,146,254)	(288,551)	1,127
	(215,368)	51,289	46,933
Net change in non-cash assets and liabilities	(6,544)	(93,053)	11,908
Cash flows provided by (used in) operating activities	(221,912)	(41,764)	58,841
FINANCING ACTIVITIES			
Repayment of loan indebtedness	(1,111,923)	(1,065,487)	-
Distributions paid to unitholders	(570,453)	(1,259,296)	-
Net proceeds from issuance of trust units	-	-	26,977,500
Cash flows provided by (used in) financing activities	(1,682,376)	(2,324,783)	26,977,500
INVESTING ACTIVITIES			
Proceeds from sale of investments	7,483,719	8,217,924	(365,163)
Purchases of investments	(1,421,564)	(3,798,446)	(768,168)
Cash flows provided by (used in) investing activities	6,062,155	4,419,478	(1,133,331)
Net decrease in cash during the period	4,157,867	2,052,931	25,903,010
Cash and cash equivalents, beginning of period	511,746	2,616,682	-
Cash and cash equivalents, end of period	\$ 4,669,613	\$ 4,669,613	\$ 25,903,010

The accompanying notes are an integral part of these financial statements

Statement of Investments

(Unaudited)

As at June 30, 2005

Number of Shares	Description	Average Cost (\$)	Market Value (\$)	% of Net Assets
PREFERRED SECURITIES				
Bermuda				
20,000	Renaissance Holdings Limited 6.08% Series C	587,813	589,562	2.29
		587,813	589,562	2.29
Canada				
33,000	Nexen Inc. 7.35% Nov 01/43	1,118,731	1,066,617	4.14
		1,118,731	1,066,617	4.14
Cayman Islands				
17,000	Repsol International Capital Limited 7.45% Series A	561,802	527,799	2.05
		561,802	527,799	2.05
France				
500,000	Axa 7.10%	673,887	641,133	2.49
500,000	BNP Paribas Capital Trust V 7.20%	692,742	639,440	2.48
		1,366,629	1,280,573	4.97
Netherlands				
20,000	ABN Amro Capital Funding Trust V 5.90%	597,902	596,426	2.32
10,000	ABN Amro Capital Funding Trust VII 6.08%	307,757	304,587	1.18
5,400	ING Groep NV 6.20%	173,501	167,654	0.65
23,000	ING Groep NV 7.05%	774,107	737,197	2.86
		1,853,267	1,805,864	7.01
Spain				
22,000	Banco Santander Central Hispano SA 6.41%	697,750	689,694	2.68
		697,750	689,694	2.68
Sweden				
500,000	Svensk Exportkredit AB 5.40%	595,710	603,034	2.34
		595,710	603,034	2.34
Switzerland				
25,000	UBS Preferred Funding Trust III 7.25%	859,010	790,577	3.07
		859,010	790,577	3.07
United Kingdom				
13,000	Abbey National PLC 7.25%	447,874	411,100	1.60
16,000	Abbey National PLC ADR 7.38% Series B	559,629	525,580	2.04
500,000	HBOS Capital Funding L.P. 6.85%	657,019	635,390	2.47
500,000	Lloyds TSB Bank PLC 6.90%	665,191	640,649	2.49
15,000	Prudential PLC 6.75%	493,462	482,620	1.87
20,000	Royal Bank of Scotland Group PLC ADR 5.75% Series L	602,625	596,181	2.31
		3,425,800	3,291,520	12.78

The accompanying notes are an integral part of these financial statements

Statement of Investments (continued)

(Unaudited)

As at June 30, 2005

Number of Shares	Description	Average Cost (\$)	Market Value (\$)	% of Net Assets
United States				
10,000	BAC Capital Trust II 7.00% Feb 01/32	339,910	319,295	1.24
5,000	BAC Capital Trust V 6.00% Nov 03/34	154,436	155,296	0.60
20,000	BGE Capital Trust III 6.20% Oct 15/43	655,509	632,461	2.46
10,000	BNY Capital IV 6.88% Dec 01/28	331,062	309,489	1.20
5,000	Citigroup Capital IX 6.00% Feb 14/33	147,971	154,009	0.60
9,900	Citigroup Capital VIII 6.95% Sep 15/31	337,141	311,127	1.21
15,000	Consumers Energy Company Financing IV 9.00% Jun 30/31	522,638	478,023	1.86
14,000	Countrywide Capital IV 6.75% Apr 01/33	460,575	445,469	1.73
400,000	Dominion Resources Capital Trust I 7.83% Dec 01/27	572,170	543,102	2.11
5,000	Duke Realty Corporation 6.63% Aug 25/08 Series J	157,725	156,736	0.61
21,000	Duke Realty Corporation 6.50% Series K	657,524	645,295	2.51
6,900	Energy East Capital Trust I 8.25% Jul 31/31	242,086	222,005	0.86
5,000	Enterprise Capital Trust I 7.44% Mar 31/47 Series A	165,781	154,377	0.60
7,000	Enterprise Capital Trust III 7.25% Jun 30/47 Series C	230,488	215,184	0.84
4,500	Fleet Capital Trust VII 7.20% Dec 15/31	154,669	142,083	0.55
5,000	Ford Motor Company 7.50% Jun 10/43	169,318	129,311	0.50
15,000	Ford Motor Credit Company 7.38% Oct 15/31	508,897	399,701	1.55
23,894	FPC Capital I 7.10% May 13/39 Series A	789,128	738,322	2.87
15,000	FPL Group Capital Trust I 5.88% Mar 15/44	441,061	457,799	1.78
17,500	General Electric Capital Corporation 5.88% Feb 18/33	558,061	543,966	2.11
5,000	General Motors Corporation 7.25% Jul 15/41	167,108	124,470	0.48
13,000	General Motors Corporation 7.38% May 15/48	433,849	320,754	1.25
10,000	General Motors Corporation 7.38% Oct 01/51	299,420	257,520	1.00
13,000	Georgia Power Company 6.00% Oct 15/33 Series R	405,702	407,913	1.58
18,000	Great Plains Energy Incorporated 8.00% Feb 16/07	565,890	620,401	2.41
10,000	Hartford Life Capital II 7.63% Feb 15/50 Series B	312,012	316,721	1.23
5,300	Heco Capital Trust III 6.50% Mar 18/34	173,810	166,758	0.65
25,000	HSBC Finance Corporation 6.88% Jan 30/33	846,593	807,430	3.14
4,000	J.P. Morgan Chase Capital X 7.00% Feb 15/32	135,684	127,473	0.50
15,000	J.P. Morgan Chase Capital XIV 6.20% Oct 15/34	469,344	462,579	1.80
5,000	J.P. Morgan Chase Capital XVI 6.35% Jun 01/35	157,856	155,296	0.60
5,000	Kimco Realty Corp. 6.65% Series F	153,615	156,461	0.61
5,000	Laclede Capital Trust I 7.70% Dec 01/32	178,747	163,049	0.63
8,900	Lehman Brothers Holdings Capital Trust III 6.38% Mar 15/52 Series K	292,971	274,355	1.07
13,900	Lehman Brothers Holdings Capital Trust V 6.00% Apr 22/53	410,370	424,398	1.65
22,100	Lincoln National Capital VI 6.75% Sep 11/52 Series F	734,316	708,351	2.75
22,100	Merrill Lynch Capital Trust V 7.28%	769,425	725,145	2.82
20,000	Morgan Stanley Capital Trust III 6.25% Mar 01/33	630,915	616,282	2.39
7,700	Morgan Stanley Capital Trust V 5.75% Jul 15/33	227,457	224,150	0.87
10,000	National Rural Utilities Cooperative Finance Corporation 5.95% Feb 15/45	283,641	300,848	1.17
5,900	Northern States Power Company 8.00% Jul 01/42	210,609	192,361	0.75
10,000	NVP Capital III 7.75% Sep 30/38	315,259	307,283	1.19
4,500	Public Service Enterprise Group Incorporated 10.25% Nov 16/05	330,129	425,808	1.65
4,400	Public Storage, Inc. 8.00% Series R	152,378	140,220	0.54
5,400	Puget Sound Energy Capital Trust II 8.40% Jun 30/41	187,019	171,757	0.67
18,000	SLM Corporation 6.00% Dec 15/43	554,457	551,565	2.14
6,600	Southwest Gas Capital II 7.70% Sep 15/43	228,168	213,162	0.83
10,200	Suntrust Capital V 7.05% Dec 15/31	344,204	323,556	1.26
13,600	Teco Capital Trust I 8.50% Jan 31/41	470,207	431,241	1.67
27,000	Telephone & Data Systems, Inc. 7.60% Dec 01/41	913,641	852,168	3.31
23,100	The Phoenix Companies, Inc. 7.45% Jan 15/32	779,638	729,077	2.83

Statement of Investments (continued)

(Unaudited)

As at June 30, 2005

Number of Shares	Description	Average Cost (\$)	Market Value (\$)	% of Net Assets
PREFERRED SECURITIES (continued)				
United States				
26,200	United States Cellular Corporation 7.50% Jun 15/34	878,484	858,390	3.33
20,000	Verizon New England Inc. 7.00% May 15/42 Series B	681,657	641,287	2.49
10,300	Virginia Power Capital Trust 7.38% Jul 30/42	356,570	334,807	1.30
4,700	Wells Fargo Capital Trust IV 7.00% Sep 01/31	159,752	148,859	0.58
15,000	Wells Fargo Capital Trust V 7.00% Dec 01/31	507,370	479,310	1.86
		22,314,417	21,314,255	82.79
Total Preferred Securities		33,380,929	31,959,495	124.12
Number of Contracts	Description	Average Cost (\$)	Market Value (\$)	% of Net Assets
FUTURES				
United States				
26	U.S. 10 Year Note Future expiry date Sep 21/05	–	(56,746)	(0.22)
TOTAL INVESTMENTS		33,380,929	31,902,749	123.90
Liabilities less other assets			(6,153,985)	(23.90)
NET ASSETS, AT MARKET VALUE			25,748,764	100.00

The accompanying notes are an integral part of these financial statements

Notes to Financial Statements

June 30, 2005 (Unaudited)

1. THE TRUSTS

Global Preferred Trust (the “Trust”) is an investment trust established under the laws of the Province of Ontario by a Declaration of Trust dated May 31, 2004 (“Date of inception”).

The Manager and Trustee of the Trust is Fairway Advisors Inc. (the “Manager”).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian generally accepted accounting principles. The following is a summary of significant accounting policies followed by the Trust in the preparation of its 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 approximate market value.

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

(c) Investment transactions and income recognition

All investment transactions are accounted for on 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 Trust, which are of the nature of a general hedge of the currency exposure of the underlying portfolio of investments, mature or are closed out are included in “realized foreign exchange gain (loss)” in the statement of operations.

(f) Futures contracts

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

Notes to Financial Statements (continued)

June 30, 2005 (Unaudited)

(g) 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.

(h) Net asset value per unit

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

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include \$74,175 owed to brokers as cash margin for futures contracts entered into by the Trust. Accordingly, the use of this cash is restricted.

4. TAXATION

The 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.

5. EXPENSES OF THE TRUSTS

(a) Management fees

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

Pursuant to the Declaration of Trust, the Manager receives a monthly fee at the annual rate of 0.85%, 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 each of the Investment Advisor and the portfolio manager out of its annual management fee.

(b) Other expenses

The Trust is responsible for all other expenses incurred in connection with its operation and administration, such as custody, valuation, 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.

Notes to Financial Statements (continued)

June 30, 2005 (Unaudited)

6. UNITHOLDERS' EQUITY

The Trust is authorized to issue an unlimited number of transferable, redeemable trust units of one class, each of which represents an equal, undivided interest in the net assets of the Trust. Unitholders are entitled to redeem their units daily, at the net asset value per unit on such date. On June 23, 2004, the Trust completed a private placement of 2,900,000 units at \$9.3026 per unit for cash proceeds of \$26,977,500. On July 21, 2004, the Trust completed a further private placement of 161,522 units at \$9.3026 per unit for additional cash proceeds of \$1,502,572. In 2004, distributions of \$2,059,931 were reinvested in units, resulting in 206,910 units issued and consolidated. As at June 30, 2005, there were 2,667,000 units outstanding. Units of the 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 Trust.

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.

7. NET REALIZED LOSS ON SALE OF INVESTMENTS

For the period ended June 30, 2005, the net realized loss on the sale of investments for the Trust was as follows:

Proceeds from sale of investments	\$	8,476,586
Cost of investments sold:		
Cost of investments, beginning of period		38,752,217
Investments purchased during the period		3,243,491
		41,995,708
Less: Cost of investments, end of period, excluding short-term investments		
		33,380,929
Cost of investments sold during the period		8,614,779
Loss on futures contracts		(27,144)
Net realized loss on investments	\$	(165,337)

For the period ended June 30, 2004, the net realized loss on the sale of investments for Global Preferred Trust was as follows:

Proceeds from sale of investments	\$	(37,585)
Cost of investments sold:		
Cost of investments, beginning of period		-
Investments purchased during the period		1,496,403
		1,496,403
Less: Cost of investments, end of period, excluding short-term investments		
		1,496,403
Cost of investments sold during the period		-
Loss on futures contracts		-
Net realized loss on investments	\$	(37,585)

8. LOAN FACILITY

The Manager, on behalf of the 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 Trust at the time the borrowing or other transaction is entered into. The Trust has entered into a general security agreement providing BNS with a first charge on the assets of the Trust as collateral for indebtedness arising out of the credit facility.

As at June 30, 2005, the Manager on behalf of the Trust has drawn down loans in the aggregate principal amount of U.S. \$6,089,000. The first loan, with a payable amount of U.S. \$2,238,000 has an interest rate of 3.64%, maturing on August 2, 2005. The second loan, with a payable amount of U.S. \$3,851,000 has an interest rate of 3.73%, maturing on July 29, 2005.

Notes to Financial Statements (continued)

June 30, 2005 (Unaudited)

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Trust's investment activities expose it to various types of risk associated with the financial instruments in which it invests. In addition to the risks of investing in preferred securities markets generally, the Trust is also subject to other risks, including the following:

Currency risk

The Trust invests in securities denominated in currencies other than their reporting currency, the Canadian dollar. Consequently, the Trust is 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's assets. The Trust manages a portion of their currency risk through foreign currency hedging strategies.

Interest rate risk

The Trust invests in interest-bearing securities. The income of the Trust may be affected by changes in 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. Credit risk is managed by dealing with counterparties the Trust believes to be creditworthy and by regular monitoring of credit exposures.

Corporate Information

Manager and Trustee

Fairway Advisors Inc.

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Auditors

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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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