



DIGIT  
Diversified Investment Grade Income Trust, Series 1

**MANAGEMENT REPORT  
OF FUND PERFORMANCE  
December 31, 2005**

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the investment fund. You can get a copy of the annual financial statements by visiting the website of National Bank Financial Inc. at [www.nbfinc.com](http://www.nbfinc.com) or SEDAR at [www.sedar.com](http://www.sedar.com) or at your request, and at no cost, by calling toll-free 1-877-879-6424, or by writing to us at 800 Victoria Square, Suite 3400, Montréal, Québec H4Z 1E9.

Securityholders may also contact us using one of these methods to request a copy of the investment fund's quarterly portfolio disclosure.

## Management Report of Fund Performance

This annual management report of fund performance for Diversified Investment Grade Income Trust, Series I (the “Trust”) contains financial highlights but does not contain the complete annual financial statements of the Trust.

### Investment Objectives and Strategy

The Trust’s investment objectives are to provide holders of units (the “Unitholders”) with a stream of quarterly distributions consisting of partial capital reimbursement equal to \$0.34 per unit to yield 13.6% per annum of the original issue price and to redeem all outstanding units on October 9, 2007 (the “Maturity Date”) at 100% of the net asset value.

To provide the Trust with the means to meet its investment objectives, the Trust entered into a swap agreement (the “Swap Agreement”) with the Toronto branch of JPMorgan Chase Bank (the “Bank”) to provide Unitholders with a credit exposure to an equity tranche of a portfolio (the “Reference Portfolio”) of initially 100 equally weighted investment grade corporate obligors (the “Reference Entities”). Pursuant to the Swap Agreement, the Trust:

- (i) invested the net proceeds from the offering (the “Initial Amount”) in banker’s acceptance from a Canadian financial institution (the “Permitted Investments”);
- (ii) pledged to the Bank, as collateral, the Permitted Investments in an amount equal to the Initial Amount, which decreases by an amount equal to the quarterly payments paid by the Bank pursuant to the Swap Agreement (the “Collateral Amount”);
- (iii) pays to the Bank, quarterly, the return on such Collateral Amount; and
- (iv) at the Maturity Date, (A) will receive from the Bank a payment equal to an amount by which the outstanding amount (being the Initial Amount less cumulative net losses on the Reference Portfolio (the “Outstanding Amount”)) (less any holdback amount for any unsettled credit event) exceeds the Collateral Amount, or (B) will pay to the Bank a payment equal to an amount by which the Collateral Amount exceeds the Outstanding Amount (less any holdback amount), subject to a maximum payment equal to the Collateral Amount.

### Risk

The Unitholders will assume the first loss credit risk on the Reference Portfolio up to the Initial Amount. The portfolio size is equal to ten times the Initial Amount. The occurrence of numerous credit events could reduce the Outstanding Amount to zero resulting in quarterly distributions and payments on the Maturity Date reduced to zero.

The risk of investing in the Trust remains as discussed in its initial public offering prospectus dated September 23, 2002.

## **Results of Operations**

### **Investments of the Trust**

#### *Short-Term Investment*

Under the Swap Agreement, short-term investments are pledged to the Bank. The Trust held as at December 31, 2005 short-term investments in the form of banker's acceptance from a Canadian financial institution having a short-term and long-term rating from Standard & Poor's Rating Service, a division of McGraw-Hill Companies, Inc. ("S&P") of A-1+ and AA- and a short-term and long-term rating from Moody's Investment Services ("Moody's") of P-1 and Aa3 respectively. The short-term investment as at December 31, 2005 had a maturity date of January 5, 2006 (January 5, 2005 as at December 31, 2004) and bears interest at 3.04% (2004 – 2.50%).

The value of the short-term investment was \$5,557,284 as at December 31, 2005.

#### *Financial Derivative Instrument*

Pursuant to the Swap Agreement, the Trust will pay the Bank if a credit event occurs in the Reference Entities comprised in the Reference Portfolio. The maximum loss that could be assumed by the Trust for a credit event with respect to a Reference Entity amounts to \$1,120,000, up to a cumulative net loss of \$11,200,000.

The notional amount of the Swap Agreement as at December 31, 2005 is \$10,782,206 (2004 - \$11,148,670) for the Reference Portfolio that consists of a pool of \$110,880,000 (2004 - \$112,000,000) in reference bonds of 99 (2004 – 100) equally weighted Reference Entities. The average Moody's rating of the Reference Entities on December 31, 2005 was Baa3 (Baa3 as at December 31, 2004). The Swap Agreement terminates on September 24, 2007.

The net quarterly payments under the Swap Agreement are based on:

- (a) a quarterly payment by the Trust to the Bank based on a banker's acceptance three-month rate on the Collateral Amount outstanding on the immediately preceding quarterly payment date, pro-rated based on the number of days of the period; and
- (b) a quarterly release by the Bank to the Trust of the Collateral Amount outstanding calculated at an annual rate of 16.9% of the average Outstanding Amount over the period.

#### *Credit quality of the Reference Portfolio*

Risk in the Swap Agreement is a function of Reference Portfolio credit quality and time to maturity. As the Swap Agreement ages, the risk of default prior to the Maturity Date decreases for companies with a given rating. Balanced against that time benefit is the fact that credit ratings of higher rated entities have historically moved lower over time. Changes in credit quality as it is measured by the market can be seen through changes in the average credit spread of the Reference Portfolio. A good indication of the performance of the Reference Portfolio is the movement in credit spread of the Reference Portfolio over time. Lower credit spread indicates less perceived risk. The average credit spread of the Reference Portfolio was 146 basis points at inception and at December 31, 2005, at 44 basis points. However, based on information provided by the Bank, among the 99 Reference Entities remaining in the Reference Portfolio, four Reference Entities, namely Toys R Us

Inc., General Motors Acceptance Corp., Ford Motor Credit Company and Visteon Corp. had, as at December 31, 2005, credit spreads between 400 basis points and 700 basis points, which indicates that the risk of default on these names, as perceived by market participants, may be considered higher although not necessarily imminent.

Changes in the overall credit quality of the Reference Portfolio as measured by the credit ratings of its constituents may affect the Swap Agreement, which in turn may affect the trading price. The following table describes the Reference Portfolio's ratings characteristics at inception, on December 31, 2004 and on December 31, 2005:

<b>Moody's Rating</b>	<b>Inception</b>	<b>December 31, 2004</b>	<b>December 31, 2005</b>
Aaa	3%	3%	2%
Aa1	1%	1%	1%
Aa2	1%	2%	4%
Aa3	3%	1%	1%
A1	5%	2%	2%
A2	10%	9%	8%
A3	14%	13%	12%
Baa1	20%	16%	18%
Baa2	23%	23%	20%
Baa3	20%	19%	17%
Ba1	0%	7%	6%
Ba2	0%	2%	2%
Ba3	0%	2%	0%
B1	0%	0%	5%
B2	0%	0%	0%
B3	0%	0%	1%
Caa2	0%	0%	1%

#### *The Reference Portfolio*

As at December 31, 2005, the Reference Portfolio is comprised of Reference Obligations of 99 equally weighted Reference Entities. The portfolio size is equal to 10 times the Initial Amount. The Reference Entities included in the Portfolio all have the same credit positions and have been selected initially by National Bank Financial Inc., as promoter, and Metcalfe & Mansfield Alternative Investments Corp. (the "Trustee") based on the following investment criteria:

- (i) Reference Entities with a reference obligation having an investment grade rating by Moody's or by S&P or any successor thereof; and
- (ii) no more than 8% of the Reference Portfolio having been invested in any one industry sector.

The table attached hereto as Schedule "A" sets forth the name of each Reference Entity comprised in the Reference Portfolio, its Moody's industry sector, its Moody's credit rating or its S&P's credit rating.

### *Substitutions in the Reference Portfolio*

The Reference Portfolio is not actively managed and is not expected to change, even if the Reference Entities may no longer meet the investment criteria described above. However, the Trustee may, from time to time, request the Bank to replace certain Reference Entities if, in its judgement, such replacement is advisable. Such replacement is subject to the prior approval of the Bank and may result in a loss for the Trust, which will be applied against the Outstanding Amount, and in an adjustment on the quarterly payments. Changes in the Reference Portfolio are not subject to the approval of the Unitholders. So far, the only change in the Reference Portfolio requested by the Trustee was the replacement as of May 23, 2003 of Altria Group Inc. (formerly Philip Morris Companies) by Telus Corporation.

### *Credit Event*

On October 17, 2005, the Trust received from the Bank, as swap counterparty, a credit event notice advising that a credit event had occurred with regards to Delphi Corporation, one of the Reference Entities. Delphi Corporation had previously filed on October 8, 2005 a petition for Chapter 11 proceedings under the *United States Bankruptcy Code* for itself and many of its U.S. subsidiaries.

The Bank conducted a valuation on October 24, 2005 and a final price was established at 67.68% of par, representing a net loss of \$0.31 per unit, thereby reducing the price at which all outstanding units will be redeemed on the Maturity Date, assuming no further credit event, to approximately \$8.99 per unit from \$9.30. The net loss has also reduced the quarterly distributions to \$0.34 from \$0.36. Following this credit event, Delphi Corporation has been removed from the Reference Portfolio which now includes 99 Reference Entities.

### *Value of the Swap Agreement*

The Swap Agreement is valued on the last business day of each month and reflects among other things its estimated replacement cost based on assumptions concerning current and future market conditions and events. Factors affecting the value of the swap include indicative values provided by the Bank to the Trustees which may reflect factors, such as correlation, that are proprietary to the Bank, the market's assessment of overall credit quality of the Reference Portfolio as measured by the trading price of the debt (and derivatives thereof) of Reference Entities, interest rates. At December 31, 2005, the swap value was \$535,906 (representing \$0.45 per unit), down from \$2,545,835 (representing \$2.12 per unit) on December 31, 2004.

### *Other investments of the Trust*

The Trust held \$76,174 in cash on December 31, 2005 compared to \$49,117 on December 31, 2004.

### *Net Asset Value of the Units*

The net asset value (the "NAV") of the Trust is calculated by National Bank Trust (the "Administrative Agent") as of the last business day of each month and approved by the Trustee.

The NAV of the Trust on a particular date is equal to the aggregate value of the assets of the Trust, less the aggregate value of the liabilities of the Trust (including any operating expenses payable) and the underlying income taxes on income earned. The "NAV per unit" on any day is obtained by

dividing the NAV of the Trust on such day by the number of units outstanding on that day. The NAV is posted on the Web site of National Bank Financial Inc. at [www.nbfinc.com](http://www.nbfinc.com), on SEDAR at [www.sedar.com](http://www.sedar.com) and published monthly by the Trust.

In determining the NAV of the Trust at any time:

- (i) the value of the Swap Agreement is based on updated credit information pertaining to the Reference Entities included in the Reference Portfolio, current interest rates, the remaining term of the Swap Agreement and information provided by the Bank;
- (ii) in accordance with GAAP, money market instruments are valued at cost at the time of calculation;
- (iii) the value of any bonds, debentures and other debt obligations are valued by taking the average bid and ask prices;
- (iv) the value of any cash on hand or on deposit, prepaid expenses and interest accrued and not yet received, is deemed to be the face amount thereof unless it is determined that any such asset is not worth its face amount, in which event the value is determined by the Administrative Agent; and
- (v) if any of these rules cannot be used or are at any time considered inappropriate under the circumstances, then notwithstanding the above rules, such valuation is established in a fair and reasonable manner and in accordance with GAAP. As of December 31, 2005, no investment has been valued other than in accordance with the above rules.

The process of valuing investments for which no published market exists is based on inherent uncertainties and the resulting values may differ from values that would have been used had a ready market existed for the investments and may differ from the prices at which the investments may be sold.

The net asset value per unit was \$9.83 on December 31, 2005 compared to \$11.47 as at December 31, 2004. The decrease in net asset value over the period is mostly attributable to the drift toward the expected redemption value of \$8.99 as at December 31, 2005 as a result of the settlement of the Delphi Corporation credit event in October 2005.

#### *Liquidity and Capital Resources*

The obligations of the Trust include operating expenses and declared distributions to Unitholders. The funding of these obligations is satisfied primarily through partial redemption of the short-term investments described above and the payments under the Swap Agreement. As at December 31, 2005, the Trust had current assets of \$5,633,458 and current liabilities of \$496,596 taking into account the distributions payable of \$408,000 on January 9, 2006.

#### *Distributions*

The units paid regular quarterly distributions of \$0.36 per unit up to September 30, 2005 and \$0.34 on December 31, 2005 for a total of \$1.42 per unit in fiscal 2005, representing a yield of 14.2% on

the \$10.00 issue price. The reduction in the quarterly distribution to \$0.34 reflects the impact of the Delphi Corporation credit event, which occurred in October 2005.

The Trustee has retained at the time of the initial public offering of the Trusts, the services of the Administrative Agent for the performance of certain tasks pursuant to the Administrative Agent Agreement. The task of the administrative agent include without limitation:

- (i) authorizing the payment of operating expenses incurred on behalf of the Trust;
- (ii) preparing financial statements, financial and accounting information as required by the Trust and making distributions to Unitholders;
- (iii) ensuring that Unitholders are provided with financial statements (including annual and quarterly financial statements) and other reports as are from time to time required by applicable laws;
- (iv) ensuring that the Trust complies with regulatory requirements and applicable stock exchange listing requirements;
- (v) preparing the Trust's reports to Unitholders and the Canadian securities regulatory authorities;
- (vi) providing the Trustee with information and reports necessary for it to fulfill its fiduciary responsibilities and negotiating contractual agreements with third-party providers of services.

The Administrative Agent also acts as custodian of the assets of the Trust pursuant to a custodian agreement dated as of September 23, 2002, save and except for the Collateral Amount which is held by this Bank, and as registrar and transfer agent for the Units pursuant to a registrar and transfer agent agreement dated as of September 23, 2002.

The Administrative Agent received in 2005 an annual fee of \$57,357 from the Trust for its services as administrative agent, custodian and registrar and transfer agent and the reimbursement of the expenses incurred in relation with its functions.

## Financial Highlights

The following tables show selected key financial information about the Trust and are intended to help explain the Trust's financial performance since inception. This information is derived from the Trust's audited annual financial statements:

The Trust's Net Asset Value per unit:

	December 31 , 2005	December 31, 2004	December 31, 2003	December 31, 2002 <sup>(1)</sup>
<b>Net Asset Value, beginning of year.....</b>	<b>\$11.47</b>	<b>\$12.78</b>	<b>\$10.30</b>	<b>\$9.34<sup>(2)</sup></b>
<b>Increase (decrease) from operations:</b>				
Total revenues .....	\$1.56	\$1.57	\$1.57	\$0.42
Total expenses .....	\$(0.11)	\$(0.14)	\$(0.11)	\$(0.03)
Realized gains (losses) for year .....	\$(0.31)	-	\$(0.04)	-
Unrealized gains (losses) for year .....	\$(1.36)	\$(1.30)	\$2.50	\$0.96
<b>Total increase (decrease) from operations<sup>(2)</sup> .....</b>	<b>\$(0.22)</b>	<b>\$0.13</b>	<b>\$3.92</b>	<b>\$1.35</b>
<b>Distributions:</b>				
From income (excluding dividends).....	-	-	-	-
From dividends.....	-	-	-	-
From capital gains .....	-	-	-	-
Return of capital.....	\$(1.42)	\$(1.44)	\$(1.44)	\$(0.39)
<b>Total Annual Distributions<sup>(3)</sup> ..</b>	<b>\$(1.42)</b>	<b>\$(1.44)</b>	<b>\$(1.44)</b>	<b>\$(0.39)</b>
<b>Net Asset Value, end of year.....</b>	<b>\$9.83</b>	<b>\$11.47</b>	<b>\$12.78</b>	<b>\$10.30</b>

(1) From September 16, 2002 (inception date) to December 31, 2002.

(2) Issue expense of \$786,394 incurred in connection with the initial public offering, principally consisting of agents' fees and other offering expenses, which has been charged to retained earnings prior to calculating the opening net asset value of 9.34.

(3) 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.

Ratios and Supplemental Data:

	December 31, 2005	December 31, 2004	December 31, 2003	December 31, 2002 <sup>(1)</sup>
Net Asset (000's).....	\$11,790	\$13,770	\$15,337	\$12,372
Number of units outstanding.....	1,200,000	1,200,000	1,200,000	1,200,000
Portfolio turnover rate ....	0%	0%	1%	0%
Trading expenses ratio....	0%	0%	0%	0%
Closing market price (TSX).....	\$7.95	\$11.11	\$11.65	\$10.00

(1) From September 16, 2002 to December 31, 2002.

**Accreted Value**

At the Maturity Date, there will be no unrealized gain or loss on the Trust investments. In the interim, the unrealized gain and loss reflect variations in the value of the Swap Agreement as calculated from time to time. If the “accreted value” of the units is defined as their NAV restated to exclude any unrealized gain or loss on the Swap Agreement, the accrued value is a good indication of the amount in the Trust assets at a given date which would eventually be contributed towards the redemption of the units, assuming no further credit event. Another way to look at the accreted value is to view it as the net asset of the Trust valued at cost less impairments.

Accreted Value per unit<sup>(1)</sup>:

	December 31, 2005	December 31, 2004	December 31, 2003	December 31, 2002
<b>Accreted Value, beginning of year .....</b>	\$9.31	\$9.32	\$9.34	\$9.34 <sup>(2)</sup>
Total revenues .....	\$1.56	\$1.57	\$1.57	\$0.42
Total expenses.....	\$(0.11)	\$(0.14)	\$(0.11)	\$(0.03)
Losses from credit event and portfolio adjustment for year.....	\$(0.31)	-	\$(0.04)	-
<b>Distributions .....</b>	\$(1.42)	\$(1.44)	\$(1.44)	\$(0.39)
<b>Accreted Value, end of year.....</b>	\$9.03	\$9.31	\$9.32	\$9.34

**Reconciliation of the Accreted Value  
and the Net Asset Value:**

<b>Accreted Value, end of year.....</b>	\$9.03	\$9.31	\$9.32	\$9.34
Unmaterialized gains or losses on Swap Asset since inception.....	\$0.80	\$2.16	\$3.46	\$0.96
<b>Net Asset Value, end of year.....</b>	\$9.83	\$11.47	\$12.78	\$10.31

- (1) Figures on the table may not add due to rounding.
- (2) Issue expense of \$786,394 incurred in connection with the initial public offering, principally consisting of agents' fees and other offering expenses, which has been charged to retained earnings prior to calculating the opening accreted value of 9.34.

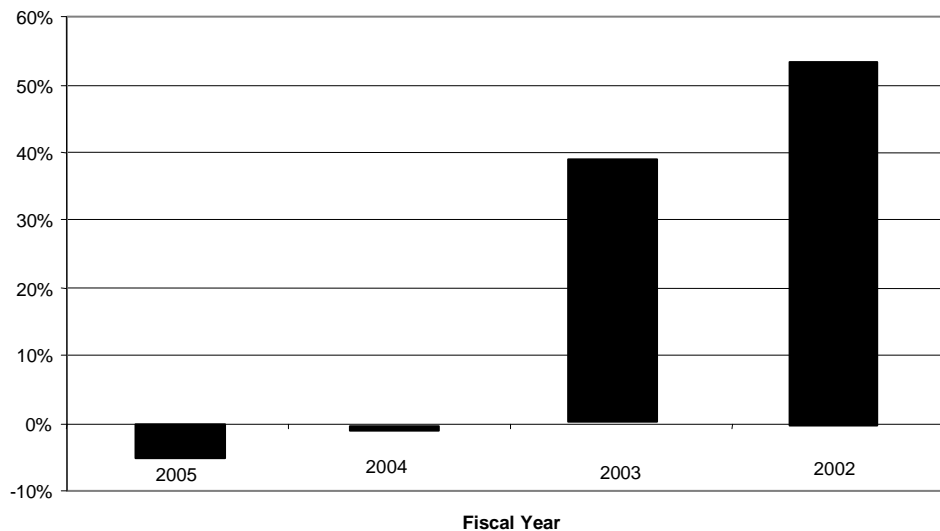
The accreted value of the Trust is \$0.04 higher than the amount expected to be repaid to Unitholders after the credit event of Delphi Corporation because distributions are slightly smaller than net revenues. Thus, the Trust has a \$0.04 reserve per unit to face unexpected expenses or to allocate, if available, to redemption at the Maturity Date.

### Past Performance

The following bar chart and table indicate the performance of the units by showing both annual returns by fiscal year and annualized compound returns from inception assuming all the distributions made by the Trust in the periods shown were reinvested at the NAV. Past performance is not necessarily indicative of future performance.

#### *Year – by – Year Returns<sup>(1)</sup>*

The following bar chart shows the Trust's annual performance for the year shown. This bar chart shows, in percentage terms, how much an investment made on the first day of the financial year would have grown or decrease by the last day of the financial year.



*Annual Compound Returns*

	Past Year	Since Inception <sup>(2)</sup>
Based on NAV <sup>(3)</sup>	-5.2%	13.0%
Based on unit price <sup>(4)</sup>	-20.2%	4.5%

---

- (1) The Trust objectives is to provide a return on investment of 13.6% per annum to Unitholders over the remaining life of the Trust.
- (2) Annualized for the period of September 16, 2002 to December 31, 2005.
- (3) Calculated from initial net asset value of \$9.34 and December 31, 2005 net asset value of \$13.93 assuming all distributions reinvested.
- (4) Calculated from issue price of \$10.00 and December 30, 2005 market price of \$11.54 assuming all distributions reinvested.

**Schedule A**  
**REFERENCE PORTFOLIO**  
**As at December 31, 2005**

<u>Name</u>	<u>Moody's Industries</u>	<u>Moody's Rating</u>		<u>S&amp;P Rating</u>	
		<u>Initial September 23, 2003</u>	<u>December 31, 2005</u>	<u>Initial September 23, 2003</u>	<u>December 31, 2005</u>
Abitibi-Consolidated Inc.	Printing and Publishing	Baa3	B1	BBB-	B+
ACE Limited	Insurance	A2	A3	A-	BBB+
Aetna Inc.	Insurance	Baa3	Baa1	BBB	BBB+
Agrium Inc.	Farming and Agriculture	Baa2	Baa2	BBB	BBB
Ambac Assurance Corp.	Insurance	Aaa	Aaa	AAA	AAA
Amerada Hess Corp.	Oil and Gas	Baa2	Ba1	BBB	BBB-
American Electric Power Company Inc.	Utilities	Baa1	Baa2	BBB+	BBB
American International Group Inc.	Insurance	Aaa	Aa2	AAA	AA
Amgen Inc.	Chemicals, Plastics and Rubber	A2	A2	A+	A+
Anadarko Petroleum Corp.	Oil and Gas	Baa1	Baa1	BBB+	BBB+
AOL Time Warner Inc.	Leisure, Amusement, Motion Pictures, Entertainment	Baa1	Baa1	BBB+	BBB+
Aramark Corp.	Personal, Food and Misc. Services	Baa3	Baa3	BBB-	BBB-
Arvinmeritor Inc.	Automobile	Baa3	Ba2	BBB-	BB
AT&T Corp.	Telecommunications	Baa2	Baa2	BBB+	A
Bank of America Corp.	Banking	Aa2	Aa2	A+	AA-
BCE Inc.	Telecommunications	Baa1	Baa1	A	A
Bellsouth	Telecommunications	Aa3	A2	A+	A
Boeing Capital Inc.	Finance	A3	A3	A+	A
Bowater Inc.	Printing and Publishing	Baa3	B1	BBB	B+
Burlington Northern Santa Fe Corp.	Cargo Transport	Baa2	Baa2	BBB+	BBB+
Carnival Corp.	Cargo Transport	A2	A3	A	A-
Caterpillar Inc.	Machinery (Non-agriculture, Non-construction, Non-electronic)	A2	A2	A+	A
Cendant Corp.	Diversified/Conglomerate Services	Baa1	Baa1	BBB	BBB+
Cinergy Corp.	Utilities	Baa2	Baa2	BBB+	BBB+
Cingular Wireless L.L.C. (unlisted)	Telecommunications	A3	Baa2	A+	A
Citigroup Inc.	Banking	Aa1	Aa1	AA-	AA-
CNA Financial Corp.	Insurance	Baa2	Baa3	BBB-	BBB-
CNF Inc.	Cargo Transport	Baa3	Baa3	BBB-	BBB-
Comcast Corp.	Broadcasting	Baa3	Baa3	BBB	BBB+
Conagra Inc.	Beverage, Food and Tobacco	Baa1	Baa1	BBB+	BBB+
Constellation Energy Group Inc.	Utilities	Baa1	Baa1	BBB+	BBB
Cooper Industries Inc.	Machinery (Non-agriculture, Non-construction, Non-electronic)	A3	A3	A-	A-
Countrywide Home Loans	Finance	A3	A3	A	A
Cox Enterprises Inc.	Broadcasting	Baa1	Baa3	BBB	BBB-
CSX Corp.	Cargo Transport	Baa2	Baa2	BBB	BBB
Deere and Company	Farming and Agriculture	A3	A3	A-	A-
Devon Energy Corp.	Oil and Gas	Baa2	Baa2	BBB	BBB
Domtar Inc.	Printing and Publishing	Baa3	B1	BBB-	BB-
Eastman Kodak Company	Healthcare, Education and Childcare	Baa1	B1	BBB+	B
Electronic Data Systems Corp.	Electronics	A1	Ba1	A	BBB-
ERAC USA Finance Co.	Personal Transportation	Baa1	Baa1	A	BBB+
Fedex Corp.	Cargo Transport	Baa2	Baa2	BBB	BBB
Federated Department Stores Inc.	Retail Stores	Baa1	Baa1	BBB+	BBB
FleetBoston Financial Corp.	Banking	A1	Aa2	A	AA-
Ford Motor Credit Company	Finance	A3	Baa2	BBB+	BB+
General Electric Capital Corp.	Finance	Aaa	Aaa	AAA	AAA
General Motors Acceptance Corp.	Finance	A2	Ba1	BBB+	BB
Goodrich Corp.	Aerospace and Defense	Baal	Baa3	BBB+	BBB-
Harrah's Entertainment Inc.	Hotels, Motels, Inns and Gaming	Baa3	Baa3	BBB-	BBB-
Hewlett-Packard Company	Electronics	A3	A3	A-	A-

**REFERENCE PORTFOLIO (continued)**

<b>Name</b>	<b>Moody's Industries</b>	<b>Moody's Rating</b>		<b>S&amp;P Rating</b>	
		<b>Initial September 23, 2003</b>	<b>December 31, 2005</b>	<b>Initial September 23, 2003</b>	<b>December 31, 2005</b>
Household International Inc.	Finance	A3	A2	A	A
Inco Ltd.	Mining, Steel, Iron and Non-precious Metals	Baa3	Baa3	BBB-	BBB-
Ingersoll-Rand Company	Machinery (Non-agriculture, Non-construction, Non-electronic)	A3	A3	BBB+	A-
International Business Machines Corp.	Electronics	A1	A1	A+	A+
International Lease Finance Corp.	Diversified/Conglomerate Services	A1	A1	AA-	AA-
International Paper Co.	Printing and Publishing	Baa2	Baa3	BBB	BBB
Interpublic Group of Companies Inc.	Diversified/Conglomerate Services	Baa1	Ba1	BBB+	B+
Jones Apparel Group Inc.	Textiles and Leather	Baa2	Baa2	BBB	BBB
Lockheed Martin Corp.	Aerospace and Defense	Baa2	Baa2	BBB	BBB+
Marriott International Inc.	Hotels, Motels, Inns and Gaming	Baa2	Baa2	BBB+	BBB+
MBNA Corp.	Banking	Baa2	Aa2	BBB	BBB
McKesson HBOC Inc.	Healthcare, Education and Childcare	Baa2	Baa3	BBB	BBB
Merrill Lynch and Company Inc.	Finance	Aa3	Aa3	AA-	A+
Metlife Inc.	Insurance	A2	A2	A	A
Motorola Inc.	Electronics	Baa2	Baa2	BBB	BBB+
Nabors Industries Inc.	Oil and Gas	A3	A3	A-	A-
National Rural Utilities Coop. Finance Corp.	Utilities	A2	A2	-	A
Newmont Mining Corp.	Mining, Steel, Iron and Non-precious Metals	Baa3	Baa2	BBB	BBB+
News America Inc.	Broadcasting	Baa3	Baa2	BBB-	BBB
Nordstrom Inc.	Retail Stores	Baa1	Baa1	A-	A-
Norfolk Southern Corp.	Cargo Transport	Baa1	Baa1	BBB	BBB+
Telus Corp.	Telecommunications	Ba1	Baa2	BBB	BBB+
Raytheon Co.	Aerospace and Defense	Baa3	Baa3	BBB-	BBB
Reebok International Ltd.	Textiles and Leather	Baa3	Baa2	BBB-	BBB
RyderSystem Inc.	Personal Transportation	Baa1	Baa1	BBB	BBB+
Sabre Holdings Corp.	Electronics	Baa2	Baa3	BBB+	BBB
Safeway Inc.	Grocery	Baa2	Baa2	BBB	BBB-
SBC Communications Inc.	Telecommunications	Aa3	A2	AA-	A
Sears Roebuck Acceptance Corp.	Finance	Baa1	Ba1	A-	BB+
Sempra Energy	Utilities	A2	Baa1	A-	BBB+
Shaw Communications Inc.	Broadcasting	Baa3	Ba2	BBB	BB+
Simon Property Group L.P.	Buildings and Real Estate	Baa1	Baa1	BBB+	BBB+
Southwest Airlines Company	Personal Transportation	Baa1	Baa1	A	A
Supervalu Inc.	Grocery	Baa3	Baa3	BBB	BBB
Temple-Inland Inc.	Printing and Publishing	Baa3	Baa3	BBB	BBB
Textron Inc.	Diversified/Conglomerate Services	A3	A3	A	A-
The Dow Chemical Company	Chemicals, Plastics and Rubber	A3	A3	A	A-
The Hertz Corp.	Personal Transportation	Baa2	Baa3	BBB	B
The Sherwin-Williams Company	Chemicals, Plastics and Rubber	A2	A2	A	A+
Toys R Us Inc.	Retail Stores	Baa3	Caa2	BBB	CCC
TransOcean Sedco Forex Inc.	Oil and Gas	Baa2	Baa1	A-	A-
TXU Corp.	Utilities	Baa3	Ba1	BBB+	BBB-
Tyson Foods Inc.	Beverage, Food and Tobacco	Baa3	Baa3	BBB	BBB
Verizon Global Funding Corp.	Telecommunications	A1	A3	A+	A+
Viacom Inc.	Broadcasting	A3	Baa3	A-	BBB+
Visteon Corp.	Automobile	Baa2	B3	BBB	B-
Walt Disney Company	Broadcasting	A3	Baa1	A-	A-
Weatherford International Inc.	Oil and Gas	Baa1	Baa1	BBB+	BBB+
Weyerhaeuser Company	Diversified Natural Resources, Precious Metals, and Minerals	Baa2	Baa2	BBB	BBB