

G L O B A L ♦ D I G I T

GLOBAL DIVERSIFIED INVESTMENT GRADE INCOME TRUST, SERIES 2004-1

FUND OVERVIEW

- Global DIGIT (TSX: DG.UN) is a trust providing investors with mezzanine exposures to the credit performance of three globally diversified portfolios. The portfolios are comprised of structured exposures to corporate debt, mortgage-backed securities and asset-backed securities.
- In order to achieve its investment objectives, Global DIGIT has entered into credit default swaps (the "Financial Contracts") with MMAI-I Trust ("MMAI") and has made a security deposit with MMAI to secure its obligations under such Financial Contracts. Substantially all of the non-cash assets of Global DIGIT consist of or relate to these Financial Contracts. Further, MMAI has entered into additional credit default swaps with Deutsche Bank (the "Bank") and has made a security deposit with the Bank funded from the issuance of \$1.4 billion of its asset-backed commercial paper (ABCP).
- Since August 13, 2007, MMAI was unable to refinance its ABCP as it matured. MMAI has also interrupted payments it is required to make under the Financial Contracts. The current situation could impair the ability of Global DIGIT to achieve its investment objectives. As a result of the interruption of payments by MMAI, Global DIGIT has suspended the monthly distributions to unitholders and the redemption privilege of unitholders.
- Global DIGIT has entered into a standstill agreement with MMAI, pursuant to which all amounts payable by MMAI to Global DIGIT under the Financial Contracts are deposited into a segregated account until the rights to such amounts are clarified. The standstill agreement expires on January 31, 2009, but may be extended upon mutual agreement. On December 24, 2007, Global DIGIT announced that it and MMAI have signed an Agreement in Principle to negotiate in good faith a transaction pursuant to which MMAI would effectively be replaced by the Bank as the counterparty to the Financial Contracts (the "Disengagement"). Both parties are presently preparing the execution of such Disengagement.
- One of the original Global DIGIT objectives was to provide investors with a fixed five-year yield of 5.94% of the initial issue price of \$10 and thereafter a floating rate targeted to be 2.00% over the applicable 1 month BA rate. The regular distributions paid by Global DIGIT are treated as return of capital. The income realized by Global DIGIT at maturity is expected to trigger income inclusion for its unitholder, unless investors dispose of their Units prior to maturity.
- The Financial Contracts entered into by Global DIGIT have been structured so as to recover at maturity an amount equal to the original subscription price if the net losses on the portfolios do not exceed the subordination protecting Global DIGIT (First Loss Amounts). Such recovery may be impaired in the event that the Disengagement fails to occur. Further, the monthly reported NAV and the value of the Units in the secondary market may fluctuate with market conditions.
- Global DIGIT has not suffered any losses but, since August 15, 2007, has suspended all distributions until further notice. Certain of the creditors holding MMAI's ABCP have filed a Plan of Compromise and Arrangement under the Companies' Creditors Arrangement Act for the restructuring, among other matters, of the terms of the outstanding MMAI ABCP.
- On October 30, 2007, Global DIGIT entered into an amendment of its Financial Contracts with MMAI. As a result of the amendment, Global DIGIT will not experience any loss under any Financial Contracts pursuant to credit events under mortgage-backed securities or asset-backed securities ("Contingent Exposures") included in the portfolio of reference obligations related to such Financial Contracts until the structured exposures to corporate debt ("Primary Exposures") in such portfolio have all defaulted and their notional amount has been reduced to zero.
- As of December 31, 2008, the structured exposures to corporate debt accounted for 25% of the reference portfolios, whereas mortgage-backed and asset-backed securities accounted for 50% and 25% respectively.

RATINGS DISTRIBUTION – STANDARD & POOR'S EQUIVALENT RATINGS

Primary Exposures

Multiple tranching exposures within 5 corporate CDOs with attachment points varying between 6.23% and 10.03% and detachment points varying between 7.93% and 12.03%. The ratings below pertain to the 5 underlying portfolios.

	Dec-08	Nov-08	Oct-08
AAA	0.6%	0.6%	0.6%
AA+	1.3%	1.3%	1.3%
AA	4.1%	4.6%	5.4%
AA-	5.0%	6.8%	6.8%
A+	7.9%	7.3%	7.9%
A	13.7%	12.0%	10.6%
A-	15.7%	17.0%	17.0%
BBB+	15.3%	15.5%	16.0%
BBB	6.4%	5.8%	6.4%
BBB-	8.9%	8.5%	8.9%
BB+	2.9%	3.1%	2.9%
BB	2.9%	2.9%	3.7%
BB-	2.5%	2.7%	2.1%
B+	2.9%	2.3%	2.9%
B	1.7%	1.7%	0.8%
B-	0.6%	- %	3.3%
CCC+	1.9%	2.5%	- %
CC	0.8%	1.5%	- %
NR	5.0%	4.2%	3.5%
Total	100%	96%	100%

Contingent Exposures	Dec-08	Nov-08	Oct-08
AAA	98.5%	98.5%	98.5%
AA	1.5%	1.5%	1.5%

KEY CONTACT

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See www.nbfinc.com under the "Individual Investor Services – Income Trusts" for further information

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