

GLOBAL ♦ DIGIT

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 containing 447 securities as of its most recent performance report. 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 with MMAI-I Trust ("MMAI") and has made a security deposit with MMAI to secure its obligations under the swaps. Substantially all of the assets of Global DIGIT are made of these swaps or are related to these swaps. Further, MMAI has entered into additional credit default swaps with Deutsche Bank (the "Bank") and has made a security deposit with the Bank to secure its obligations under the latter swaps, which was sourced from the issuance of \$1.4 billion of asset-backed commercial paper (ABCP).
- Since August 13, 2007, MMAI has interrupted the refinancing of its senior debt as it matures and is currently in discussion with certain of its creditors. MMAI has also interrupted payments it is required to make under the credit default swaps with Global Digit. 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 its monthly distributions to unitholders and its redemption privilege of units.
- Global DIGIT has entered into a standstill agreement with MMAI, pursuant to which all amounts payable by MMAI to Global DIGIT under the swaps are deposited into a segregated account until the rights on such amounts are clarified. The standstill agreement expires on June 30, 2008, but may be extended on 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 three credit default swaps ("Financial Contracts") that are presently between Global DIGIT and MMAI (the "Disengagement"). The Disengagement is conditional, among other factors, on the completion of the Third Party Structured Asset Backed Commercial Paper restructuring plan.
- 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 the Trust (First Loss Amounts). Such recovery may be impaired by the current situation of MMAI. 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 senior debt have filed a Plan of Arrangement under the Companies' Creditors Arrangement Act for the restructuring of the terms of the outstanding MMAI senior notes.
- 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 May 31, 2008, the structured exposures to corporate debt accounted for 25% of the reference portfolios, whereas mortgage-backed and asset-backed securities accounted for 45% and 30% respectively.

RATINGS DISTRIBUTION – STANDARD & POOR'S EQUIVALENT RATINGS

Primary Exposures

Multiple tranching exposures within 5 corporate CDOs with attachment points varying between 7.48% and 11% and detachment points varying between 9.18% and 13%. The ratings below pertain to the 5 underlying portfolios.

	May-08	Apr-08	Mar-08
AAA	3.8%	3.8%	3.8%
AA+	0.4%	0.4%	0.6%
AA	4.4%	4.4%	4.2%
AA-	8.0%	8.8%	8.8%
A+	9.4%	8.6%	8.6%
A	8.2%	8.2%	8.2%
A-	17.3%	17.3%	16.5%
BBB+	15.7%	16.1%	17.3%
BBB	6.4%	6.6%	5.8%
BBB-	7.8%	8.0%	9.2%
BB+	3.2%	3.8%	2.6%
BB	3.0%	1.6%	2.8%
BB-	2.8%	2.8%	2.0%
B+	2.6%	2.6%	3.4%
B	4.0%	4.0%	3.2%
NR	2.8%	2.8%	2.8%
Total	100%	100%	100%
Contingent Exposures	May-08	Apr-08	Mar-08
AAA	100.0%	100.0%	100.0%

KEY CONTACT

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

The information contained in this report was obtained from sources which we believe to be reliable but are not guaranteed by us and may be incomplete or inaccurate. The information provided in this report is not to be construed as a solicitation or offer to buy or sell the securities of Global Digit.

To make further inquiry regarding the securities of Global Digit or to undertake any transaction relating to these securities, please contact your National Bank Financial ("NBF") or other registered investment advisor.

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