

GLOBAL ♦ DIGIT II

GLOBAL DIVERSIFIED INVESTMENT GRADE INCOME TRUST II, SERIES 2005-1

FUND OVERVIEW

- Global DIGIT II (TSX: GII.UN) is a trust providing investors with equity exposures to the credit performance of three globally diversified portfolios which, as of its most recent performance report, contained 594 securities. Any losses, net of recovery, incurred as a result of credit events in the securities comprised in the portfolio will reduce the amount to be repaid to unitholders at maturity as well as the monthly distributions. The exposure represents respectively the first 0.95%, 1.25% and 1.50% of the equity tranche of each portfolio, which means that they are the first at risk upon the occurrence of credit events. The portfolios are comprised of structured finance securities, mortgage-backed securities and asset-backed securities.
- In order to achieve its investment objectives, Global DIGIT II entered into credit default swaps (the "Financial Contracts") with Silverstone Trust ("Silverstone") and made a security deposit with Silverstone to secure its obligations under the Financial Contracts. Substantially all of the non-cash assets of Global DIGIT II consist of or relate to the Financial Contracts. Further, Silverstone 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 \$2 billion of its asset-backed commercial paper (ABCP).
- Since August 13, 2007, Silverstone was unable to refinance its ABCP as it matured. Silverstone has also interrupted payments it is required to make under the Financial Contracts. The current situation could impair the ability of Global DIGIT II to achieve its investment objectives. As a result of the interruption of payments by Silverstone, Global DIGIT II has suspended the monthly distributions to unitholders as well as the redemption privilege.
- Global DIGIT II has entered into a standstill agreement with Silverstone, pursuant to which all amounts payable by Silverstone to Global DIGIT II 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 II announced that it and Silverstone have signed an agreement in principle to negotiate in good faith a transaction pursuant to which Silverstone 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 II objectives was to provide investors with a fixed five-year yield of 8.25% of the initial issue price of \$10 and thereafter, a fixed-rate reset every 5 years targeted to be 4.00% to 4.50% over the then 5-year Government of Canada bond rate. The regular distributions paid by Global DIGIT II are treated as return of capital. The income realized by Global DIGIT II at maturity is expected to trigger income inclusion for its unitholders, unless they dispose of their Units prior to maturity.
- The Financial Contracts entered into by Global DIGIT II have been structured so that unitholders who hold their Units until the maturity or the call date are subject to default risk and are expected to receive at maturity an amount equal to the original subscription price if no losses are incurred on the portfolios. Such recovery may be impaired in the event that the Disengagement fails to occur. Nevertheless, the monthly reported NAV and the value of the Units in the secondary market may fluctuate with market conditions.
- Global DIGIT II has not suffered any losses but, since August 15, 2007, has suspended all distributions until further notice. Certain of the creditors holding Silverstone'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 outstanding Silverstone ABCP.
- Further to an agreement between National Bank Financial and the Bank, starting January 1, 2009, the Bank will not exercise its ramp-up and replenishment option under the Financial Contracts. Therefore, the principal amount of the assets in the portfolios will start to decline after January 1, 2009 as maturing portfolio assets will not be replaced, decreasing the likelihood that the transaction will reach the maximum 2045 maturity date if the Bank exercises, each five years, its right to postpone the maturity date until the maximum maturity date.

PORTFOLIO COMPOSITION (AS OF MOST RECENT PERFORMANCE REPORT)

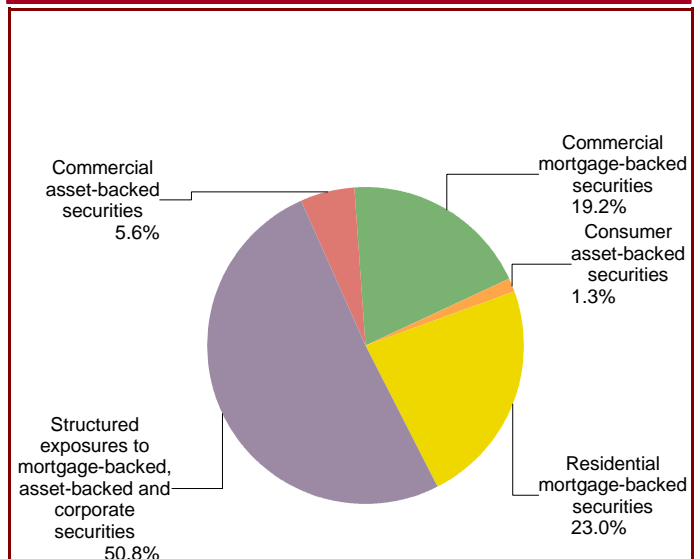
RATINGS DISTRIBUTION

Standard & Poor's Rating *

	Nov-08	Oct-08
AAA	50.6%	50.6%
AA+	1.9%	2.1%
AA	7.2%	10.2%
AA-	1.3%	1.9%
A+	3.0%	3.3%
A	14.1%	11.7%
A-	3.6%	3.3%
BBB+	1.1%	1.1%
BBB	1.4%	0.6%
BBB-	1.0%	0.8%
BB+	0.4%	0.4%
BB	1.1%	1.2%
BB-	- %	- %
B+	0.1%	0.1%
B	1.0%	1.0%
B-	0.9%	1.0%
CCC+	0.5%	0.5%
CCC	2.1%	2.0%
CCC-	1.3%	1.8%
CC	7.1%	6.4%
C	0.3%	- %
Total	100%	100%

* Or equivalent

BREAKDOWN BY ASSET CLASS



KEY CONTACT

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

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