

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 exposure to the credit performance of three globally diversified portfolios which, as of its most recent performance report, contained 582 securities. Any losses incurred as a result of defaults 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 of each portfolio, which means that they are the first at risk upon the occurrence of defaults. The portfolios are comprised of structured finance securities, mortgage-backed securities and asset-backed securities.
- In order to provide this exposure, Global DIGIT II entered into three credit default swaps (the "Financial Contracts") with Deutsche Bank (the "Bank"). Global DIGIT II granted security to the Bank in order to secure its obligations under the Financial Contracts.
- On November 24, 2009, Global DIGIT II received credit event notices from the Bank for seven reference obligations. Losses on such reference obligations when determined will reduce the notional amount of the affected credit exposure, thus resulting in a lower redemption price of the units at maturity.
- One of the objectives of Global DIGIT II is to provide investors with a fixed distribution rate of 8.25% per year up to March 2010 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. However, the Financial Contracts allow the Bank to withhold the premium payments corresponding to defaulted reference obligations until the final loss is determined, thus resulting in a reduction of the distributions by Global DIGIT II starting with the distribution paid on January 15, 2010.
- The regular distributions paid by Global DIGIT II are treated as return of capital and as such, these distributions are not taxable. However, the income realized by Global DIGIT II at maturity and paid out to unitholders will be taxable as part of the unitholders' income. Unitholders who dispose of their units prior to maturity, other than pursuant to a redemption, will generally realize a capital gain or loss.
- Since January 1, 2009, the Bank cannot add additional securities to the portfolios. Therefore, the principal amount of the portfolios will decline as maturing securities will not be replaced. The Bank has the option, every five years as of March 2010, to terminate the Financial Contracts, in which case, the units would be redeemed at an amount equal to \$9.35 less losses incurred.
- A distribution of \$0.0350 per unit will be paid on February 12, 2010 to holders on record as at January 29, 2010.
- As of January 31, 2010, the Net Asset Value per Unit was \$0.28.

PORTFOLIO COMPOSITION (AS OF MOST RECENT PERFORMANCE REPORTS)

RATINGS DISTRIBUTION

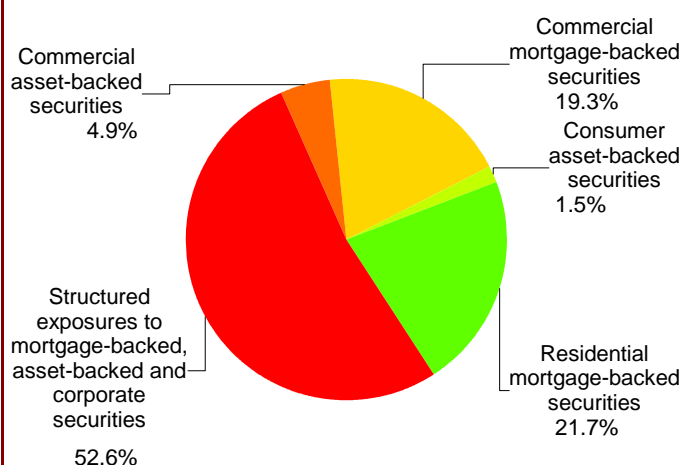
Standard & Poor's Rating *

The ratings below pertain to the full underlying portfolios; however unitholders exposures consist of one equity tranche in each portfolio detached at 0.95%, 1.25% and 1.50% respectively.

	Jan-10	Dec-09
AAA	19.7%	23.1%
AA+	6.1%	3.6%
AA	6.1%	6.2%
AA-	2.4%	2.4%
A+	3.9%	3.7%
A	6.9%	6.8%
A-	3.0%	3.5%
BBB+	4.7%	4.3%
BBB	2.0%	2.3%
BBB-	6.0%	5.7%
BB+	6.2%	6.1%
BB	5.3%	5.5%
BB-	3.0%	3.1%
B+	1.5%	1.5%
B	0.5%	0.8%
B-	1.2%	1.2%
CCC+	0.5%	0.3%
CCC	4.4%	4.2%
CCC-	0.1%	- %
CC	9.9%	9.3%
C	1.7%	2.0%
D	5.0%	4.6%
Total	100.0%	100.0%

* Or equivalent

BREAKDOWN BY ASSET CLASS



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

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