

Global Diversified Investment Grade Income Trust

Consolidated Financial Statements
December 31, 2005 and 2004

April 25, 2006

Auditors' Report

To the Unitholders of Global Diversified Investment Grade Income Trust

We have audited the consolidated statements of net assets of **Global Diversified Investment Grade Income Trust** (the "Trust") as at December 31, 2005 and 2004 and the consolidated statements of operations, changes in net assets and cash flows for the year ended December 31, 2005 and the period from September 9, 2004 to December 31, 2004. These financial statements are the responsibility of the Trustees. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Trustees, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Trust as at December 31, 2005 and 2004 and the results of its operations and the changes in its net assets and its cash flows for the year ended December 31, 2005 and the period from September 9, 2004 to December 31, 2004 in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants

Global Diversified Investment Grade Income Trust

Consolidated Statements of Net Assets

As at December 31,

| | 2005 \$ | 2004 \$ |
|--|----------------------|----------------------|
| Assets | | |
| Cash | 354,349 | 225,520 |
| Interest receivable on investments | 4,408,170 | 3,615,870 |
| Credit default swap receivable | 9,571,237 | 3,948,600 |
| Other accounts receivable | 18,869 | 9,757 |
| Prepaid expenses | 13,451,121 | 16,135,476 |
| Investments, at cost (note 3) | 1,492,204,514 | 1,498,567,739 |
| Credit default swap asset, at replacement cost (note 4) | - | 900,000 |
| Interest rate swap asset (note 4) | 35,284 | - |
| | <u>1,520,043,544</u> | <u>1,523,402,962</u> |
| Liabilities | | |
| Accounts payable and accrued liabilities | 1,279,050 | 1,830,862 |
| Brokers' commissions payable | 55,374 | 61,176 |
| Credit default swap payable | 1,226,018 | 1,978,583 |
| Commercial paper (note 5) | 1,116,574,172 | 1,176,853,244 |
| Floating rate notes (note 6) | 285,000,000 | 225,000,000 |
| Placement and structuring fee note (note 7) | 14,067,920 | 16,135,476 |
| Distributions payable | 530,269 | 530,269 |
| Credit default swap liability, at replacement cost (note 4) | 1,000,000 | - |
| | <u>1,419,732,803</u> | <u>1,422,389,610</u> |
| Net Assets representing Unitholders' Equity (note 10) | <u>100,310,741</u> | <u>101,013,352</u> |
| Number of units outstanding | <u>10,712,500</u> | <u>10,712,500</u> |
| Net assets per unit | <u>9.36</u> | <u>9.43</u> |

Approved by the Trustees, Metcalfe & Mansfield Alternative Investments Corp. and
4227298 Canada Inc.

Claude Dalphond Director
Claude Dalphond

Benoit Deschamps Director
Benoit Deschamps

Global Diversified Investment Grade Income Trust

Consolidated Statements of Operations

| | For the year ended December 31, 2005 \$ | For the period from September 9, 2004 to December 31, 2004 \$ |
|--|--|--|
| Investment income | | |
| Interest on investments | 46,375,345 | 13,728,766 |
| Income from credit default swap | 23,372,406 | 6,987,117 |
| Interest on cash | 14,487 | 1,586 |
| Change in unrealized appreciation (depreciation) in value of credit default swap and interest rate swap asset (liability) | (1,864,716) | 900,000 |
| | <u>67,897,522</u> | <u>21,617,469</u> |
| Investment-related expenses | | |
| Expense on credit default swaps | 16,209,650 | 5,113,150 |
| Interest on interest rate swaps | 11,018 | 67,871 |
| Interest on commercial paper | 30,829,717 | 10,316,663 |
| Interest on floating rate notes | 7,685,920 | 497,564 |
| Interest on placement and structuring fee note | 726,876 | 199,910 |
| Brokers' commissions | 771,261 | 506,560 |
| Liquidity premiums | 1,137,561 | 421,986 |
| Financial service fees (note 8(a)) | 3,833,299 | 1,330,501 |
| Follow-up fees (note 8(b)) | 267,813 | 82,575 |
| | <u>61,473,115</u> | <u>18,536,780</u> |
| Net investment income before administrative expenses | <u>6,424,407</u> | <u>3,080,689</u> |
| Administrative expenses | | |
| Audit fees | 128,022 | 56,688 |
| Legal fees | 176,052 | 8,293 |
| Directors' fees | 118,912 | 9,333 |
| Administrative agent | 71,591 | 18,309 |
| Custodial fees | 123,745 | 13,130 |
| Communications | 29,840 | 17,683 |
| Regulatory fees | 61,368 | 145,912 |
| Insurance | 29,388 | 23,278 |
| Information technology fees | 18,350 | - |
| Bank fees | 6,525 | 4,509 |
| | <u>763,793</u> | <u>297,135</u> |
| Net income for the period | <u>5,660,614</u> | <u>2,783,554</u> |
| Net income per unit | <u>0.53</u> | <u>0.26</u> |

Global Diversified Investment Grade Income Trust

Consolidated Statements of Changes in Net Assets

| | For the year ended December 31, 2005 \$ | For the period from September 9, 2004 to December 31, 2004 \$ |
|---|---|---|
| Net income for the period | 5,660,614 | 2,783,554 |
| Distributions to unitholders | | |
| Return of capital | (6,363,225) | (1,962,530) |
| Equity transactions (note 10) | - | 100,192,328 |
| Increase (decrease) in net assets for the period | (702,611) | 101,013,352 |
| Net assets – Beginning of period | 101,013,352 | - |
| Net assets – End of period | 100,310,741 | 101,013,352 |

Global Diversified Investment Grade Income Trust

Consolidated Statements of Cash Flows

| | For the year ended December 31, 2005 \$ | For the period from September 9, 2004 to December 31, 2004 \$ |
|--|---|---|
| Cash flows from | | |
| Operating activities | | |
| Net income for the period | 5,660,614 | 2,783,554 |
| Adjustments for | | |
| Change in unrealized appreciation (depreciation) in value of credit default swap and interest rate swap (asset) liability | 1,864,716 | (900,000) |
| Increase in interest receivable on investments | (792,300) | (3,615,870) |
| Increase in credit default swap receivable | (5,622,637) | (3,948,600) |
| Increase in other accounts receivable | (9,112) | (9,757) |
| Decrease in prepaid expenses | 2,684,355 | 306,984 |
| Increase (decrease) in accounts payable and accrued liabilities | (551,812) | 1,830,862 |
| Increase (decrease) in brokers' commissions payable | (5,802) | 61,176 |
| Increase (decrease) in credit default swap payable | (752,565) | 1,978,583 |
| Interest on placement and structuring fee note | 732,440 | 159,682 |
| Amortization of discount on commercial paper | 30,829,717 | 10,316,663 |
| | <u>28,377,000</u> | <u>6,179,723</u> |
| | <u>34,037,614</u> | <u>8,963,277</u> |
| Investing activities | | |
| Purchases of investments | - | (1,500,000,000) |
| Proceeds from sales of investments | 6,363,225 | 1,432,261 |
| | <u>6,363,225</u> | <u>(1,498,567,739)</u> |
| Financing activities | | |
| Proceeds from issuance of commercial paper | 12,452,372,752 | 6,234,773,880 |
| Maturities of commercial paper | (12,543,481,541) | (5,068,237,299) |
| Proceeds from issuance of floating rate notes | 110,000,000 | 225,000,000 |
| Maturities of floating rate notes | (50,000,000) | - |
| Payments on placement and structuring fee note | (2,799,996) | (466,666) |
| Issue of units | - | 107,125,010 |
| Unit issue expenses | - | (6,932,672) |
| Unit redeemed | - | (10) |
| Distributions paid to unitholders | (6,363,225) | (1,432,261) |
| | <u>(40,272,010)</u> | <u>1,489,829,982</u> |
| Increase in cash for the period | 128,829 | 225,520 |
| Cash – Beginning of period | <u>225,520</u> | <u>-</u> |
| Cash – End of period | <u>354,349</u> | <u>225,520</u> |
| Additional information | | |
| Interest paid | 34,886,257 | 8,585,601 |

Global Diversified Investment Grade Income Trust

Notes to Consolidated Financial Statements

December 31, 2005 and 2004

1 Creation of Trust and nature of operations

Global Diversified Investment Grade Income Trust (the “Trust”) is a closed-end income trust which was established under the laws of the Province of Ontario on August 30, 2004 by a trust agreement.

Metcalf & Mansfield Alternative Investments Corp. and 4227298 Canada Inc. are the issuing co-trustees (together the “Trustees”) of the Trust. Natcan Trust Company was engaged by the Trustees to act as administrative agent of the Trust, custodian of its assets and transfer agent and registrar of its units. Natcan Trust Company will also act as investment advisor of the Trust if so required by the Trustees. The promoter of the Trust is National Bank Financial Inc. Natcan Trust Company and National Bank Financial Inc. do not hold any voting securities in the Trustees and do not have a representative on their boards.

The Trust provides its unitholders with exposure to three portfolios (collectively, the “portfolio”) containing 276 securities (2004 – 288) (the “reference obligations”), the objective being to provide unitholders with a stream of monthly distributions and to redeem all of the outstanding units on or following September 9, 2014 (the “expected maturity date”), but no later than September 9, 2016 (the “legal maturity date”). In order to meet its investment objectives, on September 9, 2004, the Trust entered into credit default swap agreements with a creditworthy financial institution (the “Bank”).

Through to the expected maturity date (or the legal maturity date, as applicable), the redemption price of the Trust’s units and the net asset value of the Trust will vary depending on a number of factors such as the monthly distributions to be made on the units, interest rates, the rating of the reference obligations and the cumulative net losses incurred upon the occurrence of credit events in the portfolio. Credit events include bankruptcy, failure to pay and other specified loss events. However, the Trust will not be exposed to losses greater than the unitholders’ equity.

2 Significant accounting policies

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies are the following.

Consolidation

The consolidated financial statements include the assets and liabilities and the results of operations of the Trust and of MMAI-I Trust, a variable interest entity of which the Trust is the main beneficiary, after elimination of intercompany transactions and balances.

Investments

Investments are carried at cost.

Global Diversified Investment Grade Income Trust

Notes to Consolidated Financial Statements

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Prepaid expenses

Prepaid expenses consist of the placement and structuring fees paid in advance to National Bank Financial Inc. They are amortized on a straight-line basis over approximately seven years.

Revenue recognition

Interest income, interest expense and income and expenses from the credit default swaps are recorded on an accrual basis.

Accounting estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires the Trustees to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The Trustees believe that the estimates used in preparing the consolidated financial statements are reasonable. Actual results may differ from those estimates.

Fair value of financial instruments

The fair value of the financial instruments is determined as follows.

Valuation of credit default swaps and interest rate swaps

The credit default swaps are presented at their net estimated replacement cost and the interest rate swaps are presented at their estimated fair value with changes in the unrealized gain or loss of the period recorded in the consolidated statement of operations. Replacement cost is evaluated based on the quotation provided by the Bank. The calculated replacement cost reflects market conditions on a given date and for this reason may not be representative of future fair values. Also, the replacement cost does not necessarily reflect the value at which the credit default swaps could be liquidated.

Financial instruments valued at book value

The book value of a number of short-term financial instruments presented in the consolidated statement of net assets approximates their fair value. These financial instruments include cash, interest receivable on investments, credit default swap receivable and payable, other accounts receivable, accounts payable and accrued liabilities, commercial paper and distributions payable.

Investments and credit default swap receivable

The fair value of the floating rate term deposit approximates its book value. The estimated fair value of the fixed rate term deposit and the credit default swap receivable is determined by discounting the contractual cash flows at the interest rate on the term deposit and swaps.

Global Diversified Investment Grade Income Trust

Notes to Consolidated Financial Statements

December 31, 2005 and 2004

Floating rate notes

The fair value of the floating rate notes approximates their book value.

3 Investments

Under the credit default swap agreements, the term deposit investments are pledged to the Bank. These investments are issued on an unsubordinated and unguaranteed basis by financial institutions. The investments mature in September 2014.

The amounts recoverable on the expected maturity date of the investments (or the legal maturity date, as applicable) will be reduced by any loss incurred as a result of credit events.

A \$92,204,514 (2004 – \$98,567,739) term deposit with a financial institution, having a long-term solvency rating of A from Standards & Poor's Rating Service ("S&P") as of the date of issuance, together with a credit default swap receivable of \$7,795,486 (2004 – \$1,432,261) bear interest at a rate of 4.28% payable monthly until September 2009. After this date, the interest rate will be the rate of one-month bankers' acceptances plus a fixed margin per year, payable monthly up to the date of maturity. The fair value on December 31, 2005 was \$98,475,000 (2004 – \$101,665,000).

A \$1,400,000,000 term deposit with a financial institution, having an S&P long-term solvency rating of AAA, bears interest at the rate of one-month bankers' acceptances plus a fixed margin, payable monthly until end of term.

4 Derivative instruments

The Trust has entered into three credit default swap agreements ("swap agreements D, E and F") with the Bank pursuant to which the Trust will pay the Bank if credit events occur in connection with the reference obligations until September 2014 at the earliest and September 2016 at the latest. The maximum loss that may be incurred for credit events with respect to swap agreements D, E and F amounts to \$140,000,000. Under swap agreements D, E and F, a monthly payment, made by the Trust to the Bank corresponding to a contractual rate applied to the notional amount of the contracts and equal to the contractual interest rate applied to the investment pledged as security, is made and the Bank will pay at term an amount equal to the excess of the notional amount of the contracts less net losses incurred on those contracts over the residual amount of the investments pledged as security. On a monthly basis, the Bank will acquire from the Trust a portion contractually determined of the note pledged as security; this portion is equal to the monthly payment for the month in consideration.

Global Diversified Investment Grade Income Trust

Notes to Consolidated Financial Statements

December 31, 2005 and 2004

Moreover, through MMAI-I Trust, the Trust has also entered into credit default swap agreements (“swap agreements A, B and C”) with the Bank pursuant to which the Trust will pay the Bank if credit events occur in connection with the reference obligations until September 2014 at the earliest and September 2016 at the latest. The maximum loss that may be incurred for credit events with respect to swap agreements A, B and C amounts to \$1,400,000,000. The income from those contracts received by the Trust is equal to a contractual rate applied to the contract notional amount.

The aggregate notional amount of the six swap agreements (A, B, C, D, E and F) as at December 31, 2005 and 2004 totalled \$1,540,000,000 for the reference obligations portfolio of \$33,212,469,589 (2004 – \$36,802,454,762), which had an average S&P rating of AA/AA- on December 31, 2005 and 2004.

The Trust also entered into similar back-to-back D, E and F credit default swap agreements with Global Diversified Investment Grade Private Trust (“Private Trust”) pursuant to which Private Trust will pay the Trust if credit events occur in connection with the reference obligations until September 2014 at the earliest and September 2016 at the latest up to a maximum loss of \$40,000,000.

The amounts exchanged under the swap agreements with Private Trust are as follows:

- a) A monthly payment made by Private Trust to the Trust, based on an amount corresponding to the contractual interest rate applied to the nominal value of the investment in term deposits pledged as security by Private Trust and to a contractual rate applied to the swap notional amount between Private Trust and the Trust.
- b) On a monthly basis, the Trust will acquire from Private Trust, for resale to the Bank, a portion contractually determined of the term deposit investment pledged as security by Private Trust to the Trust under the swap agreements; this portion is equal to the monthly release for the month in consideration. This monthly release by the Trust to Private Trust will be of an amount sufficient to provide a distribution calculated at an annual rate of 6.81% on the notional amount as at December 31, 2005 and 2004 of \$40,000,000 (less any net losses from credit events on the reference obligations underlying the credit default swaps) until September 2009; thereafter, the expected distribution will be equal to the bankers’ acceptance rate plus a margin, payable monthly.

From time to time, the Trust enters into interest rate swap agreements with National Bank of Canada in order to manage interest rate spread risks relating to the commercial paper and investments. These contracts have not been designated for hedge accounting. They had a total notional amount of \$309,299,439 as at December 31, 2005 (2004 – nil) and a fair value of \$35,284 (2004 – nil).

Global Diversified Investment Grade Income Trust

Notes to Consolidated Financial Statements

December 31, 2005 and 2004

Credit risk

As a result of entering into the credit default swap agreements with the Bank, the Trust is exposed to credit risk with respect to the reference obligations included in the portfolio. Credit events (bankruptcy, failure to pay or other loss event) in relation to the reference obligations could result in a loss for the Trust. The maximum loss that could be borne by the Trust for credit events with respect to the reference obligations under swap agreements D, E and F amounts to \$100,000,000, after the swap agreements with Private Trust come into effect. Any loss from swap agreements A, B and C will be borne by the holders of the commercial paper and floating rate notes.

Additionally, the Trust is exposed to counterparty credit risk arising from any unrealized gain on the credit default swaps and interest rate swaps, plus any amount receivable from the counterparty. Management believes that the probability of default is low. The counterparty net credit risk exposure on December 31, 2005 was \$7,140,170 (2004 – \$2,629,684).

During the year ended December 31, 2005, one credit event occurred in the portfolio of reference obligations:

The Trust acknowledged and agreed with the Bank on October 20, 2005 that a credit event had occurred with regard to a corporation. This corporation was included in two of the five corporate debt portfolios. The Bank conducted a valuation on October 20, 2005 and the final price was established at 63% of the par value. Following this credit event, the corporation's reference obligation was removed from the two corporate debt portfolios. The first loss tranche for the reference obligations has been reduced by 0.37% as a result of the credit event (from 11.00% to 10.63% for the four A Tranches affected and from 9.55% to 9.18% for the two B Tranches affected). No C Tranche was impacted by this credit event.

No other credit event occurred in the portfolio of reference obligations during the year ended December 31, 2005.

During the period ended December 31, 2004, no credit events had occurred in the portfolio of reference obligations.

Interest rate risk

There is interest rate risk associated with the financial instruments. Market rates can vary and cause fluctuations in the fair value of financial instruments having a fixed rate at the signing of the contract.

Global Diversified Investment Grade Income Trust

Notes to Consolidated Financial Statements

December 31, 2005 and 2004

5 Commercial paper

Commercial paper as at December 31, 2005, including accrued interest of \$3,320,920 (2004 – \$1,834,013), mature between January and June 2006, as shown in the table below:

| Maturity date | Interest rate | Amount \$ |
|----------------------|----------------------|----------------------|
| January 2006 | 2.95% to 3.36% | 652,657,448 |
| February 2006 | 2.88% to 3.34% | 189,827,152 |
| March 2006 | 3.41% to 3.54% | 260,910,186 |
| June 2006 | 3.71% | 13,179,386 |
| | | <hr/> |
| | | 1,116,574,172 |

6 Floating rate notes

| Maturity date | Interest rate | Amount \$ |
|----------------------|-------------------------|----------------------|
| June 2006 | CDOR – 1 month + 0.15% | 25,000,000 |
| June 2006 | CDOR – 3 months + 0.15% | 35,000,000 |
| December 2006 | CDOR – 1 month + 0.17% | 125,000,000 |
| December 2006 | CDOR – 3 months + 0.17% | 40,000,000 |
| April 2007 | CDOR – 1 month + 0.16% | 50,000,000 |
| April 2007 | CDOR – 3 months + 0.16% | 10,000,000 |
| | | <hr/> |
| | | 285,000,000 |

7 Placement and structured fee note (“PSF Note”)

The Trust issued a PSF Note, having a face value of \$19,366,667, in consideration of \$16,442,460 pursuant to a Financial Services Agreement dated February 23, 2005 between National Bank Financial Inc. and the Trust. The principal sum of \$19,366,667 will be paid by the Trust in equal monthly instalments of \$233,333 consisting of capital and interest of 4.8%.

The maturity date of the PSF Note is September 15, 2011.

Global Diversified Investment Grade Income Trust

Notes to Consolidated Financial Statements

December 31, 2005 and 2004

8 Operating expenses

- a) The Trust pays financial service fees of up to 0.35% per annum of the funded initial amount of the swap contract entered into by the Trust. These fees include the placement and structuring fee and the performance fee.
- b) The Trust pays investment advisors follow-up fees equal to 0.25% per annum of the outstanding amount on a per unit basis held by clients of such investment advisors.

9 Income taxes

The Trust qualifies as a unit trust within the meaning of the Income Tax Act (Canada). The Trust is subject to income taxes under this Act on the amount of taxable income for the period and can deduct in computing its income tax for all amounts paid or payable to the Trust's unitholders in determining its income for tax purposes.

Any amount payable under the credit default swaps is considered to be payable under the swap agreements and is taxable as such. According to the terms of the swap agreements, the amount will be determinable only on the expected maturity date (or the legal maturity date, as applicable) and therefore the swap payment to the Trust should only be taxable as income at that date only.

10 Unitholders' equity

Authorized units

The Trust is authorized to issue in series an unlimited number of transferable and redeemable units, each of which represents an equal undivided interest in the net assets of the Trust.

All units have equal rights and privileges. Each whole unit entitles the holder to one vote and to participate equally with respect to any and all distributions made by the Trust.

Units may be surrendered for redemption at any time but will be redeemed only on a quarterly basis on the last business day of each of the months of February, May, August and November (the "redemption date") for an amount equal to the redemption price of the units determined as of such redemption date.

Global Diversified Investment Grade Income Trust

Notes to Consolidated Financial Statements

December 31, 2005 and 2004

The redemption price will be equal to the lesser of:

- a) 95% of the daily weighted average trading price per unit on the principal exchange on which the units are listed for the five trading days following the redemption date; and
- b) an amount equal to:
 - i) the closing price of the units on the principal exchange on which the units are listed; or
 - ii) the average of the highest and lowest prices of the units if the exchange or other markets on which the units are listed provides only the highest and lowest trading prices; or
 - iii) the average of the latest bid and ask prices on the principal exchange on which the units are listed if there was no trading on such redemption date.

Units may be surrendered for redemption at any time but will be redeemed only on an annual basis on the last business day of each month of August (the “annual redemption date”) for an amount equal to the unwind price of swap agreements D, E and F determined as of such annual redemption date. The unwind price will be an amount equal to the sum of (i) the bid price received by the Trust to terminate the applicable tranche of swap agreements D, E and F and (ii) the market value of the tranche of the Trust’s \$100,000,000 term deposit, less applicable unwind costs.

The following transactions took place during the year ended December 31, 2005 and the period from September 9, 2004 to December 31, 2004:

| | 2005 | 2004 |
|-------------------------------|-------------|-------------|
| Number of units | | |
| Balance – Beginning of period | 10,712,500 | - |
| Issued during the period | - | 10,712,501 |
| Redeemed during the period | - | (1) |
| | <hr/> | <hr/> |
| Balance – End of period | 10,712,500 | 10,712,500 |

Global Diversified Investment Grade Income Trust

Notes to Consolidated Financial Statements

December 31, 2005 and 2004

Unitholders' equity is made up of units issued and retained earnings. The following transactions took place during the year ended December 31, 2005 and the period from September 9, 2004 to December 31, 2004:

| | 2005 \$ | 2004 \$ |
|----------------------------------|-------------|-------------|
| Units | | |
| Balance – Beginning of period | 98,229,798 | - |
| Issued during the period | - | 107,125,010 |
| Issue expense | - | (6,932,672) |
| Return of capital to unitholders | (6,363,225) | (1,962,530) |
| Redeemed during the period | - | (10) |
| | <hr/> | <hr/> |
| Balance – End of period | 91,866,573 | 98,229,798 |
| Retained earnings | | |
| Balance – Beginning of period | 2,783,554 | - |
| Net income for the period | 5,660,614 | 2,783,554 |
| | <hr/> | <hr/> |
| Balance – End of period | 8,444,168 | 2,783,554 |
| | <hr/> | <hr/> |
| | 100,310,741 | 101,013,352 |

Monthly distributions

Distributions to unitholders constitute partial capital reimbursement at the issue price of the units and may fluctuate from month to month depending on the occurrence of credit events in the portfolio. In the event that no credit default occurs, the Trust expects distributions in the form of return of capital to be made until September 2009 at an annual fixed rate of 5.95%, after which they will be made at a floating distribution rate corresponding to the rate of bankers' acceptances plus 2%.

The distributions declared by the Trust are accounted for once declared but are payable on the 10th business day of the following month.

11 Comparative figures

To conform to the presentation adopted in the current year, certain amounts from the prior year have been reclassified.

Global Diversified Investment Grade Income Trust

Schedule – Derivative Instruments and Reference Obligation Portfolios

As at December 31, 2005 and 2004

The portfolios of reference obligations, to which swap agreements D, E and F refer, are subject to asset eligibility and portfolio guidelines which may, over time, modify the overall economic exposure of the Trust to the credit performance of these portfolios. The information provided below is subject to such asset eligibility and portfolio guidelines. The portfolios of reference obligations, as disclosed in the prospectus, have been structured between May 5, 2004 and May 24, 2004 (the “inception date”).

Swap Agreement D

Swap Agreement D refers to the credit performance of the reference obligations in Portfolio 1 that comprised 84 reference obligations as of December 31, 2005 and 121 reference obligations as of the inception date.

Portfolio 1’s composition by asset classes as of December 31, 2005 and the inception date was as follows:

| Asset class | December 31, 2005 | | Inception date | |
|--|---------------------------------|-------------|---------------------------------|-------------|
| | Number of reference obligations | % of Assets | Number of reference obligations | % of Assets |
| Commercial asset-backed securities | 5 | 7.1 | 9 | 7.6 |
| Consumer asset-backed securities | 1 | 1.4 | 5 | 4.0 |
| Residential mortgage-backed securities | 59 | 42.7 | 72 | 41.9 |
| Commercial mortgage-backed securities | 12 | 16.6 | 30 | 21.5 |
| Structured exposures to mortgage-backed, asset-backed and corporate securities | 2 | 2.6 | - | - |
| Synthetic corporate exposures | 5 | 29.6 | 5 | 25.0 |
| | 84 | 100.0 | 121 | 100.0 |

The S&P ratings of the mortgage-backed securities, asset-backed securities and other fixed-income securities comprised in Portfolio 1 were distributed as follows:

| Rating | December 31, 2005 | Inception date |
|--------|----------------------------|----------------------------------|
| | (by equivalent S&P rating) | (by notched S&P rating category) |
| | % of Assets | % of Assets |
| AAA | 68.3 | 59.8 |
| AA | 15.0 | 21.6 |
| A | 16.7 | 18.6 |

Global Diversified Investment Grade Income Trust

Schedule – Derivative Instruments and Reference Obligation Portfolios ...*continued*

As at December 31, 2005 and 2004

The Moody's ratings of the mortgage-backed securities, asset-backed securities and other fixed-income securities comprised in Portfolio 1 were distributed as follows:

| Rating | December 31, 2005 | Inception date |
|---------------|---------------------------------------|---|
| | (by equivalent Moody's rating) | (by notched Moody's rating category) |
| | % of Assets | % of Assets |
| AAA | 68.4 | 55.5 |
| AA | 9.0 | 21.6 |
| A | 22.6 | 22.9 |

The most recently communicated DBRS ratings of the synthetic corporate exposures comprised in Portfolio 1 were distributed as follows:

| Rating | December 31, 2005 | Inception date |
|---------------|--------------------------|-----------------------|
| | % of Assets | % of Assets |
| AAA | 40.0 | 40.0 |
| AA | 40.0 | 40.0 |
| A | 20.0 | 20.0 |

The weighted average assigned Moody's rating factor of the mortgage-backed securities, asset-backed securities, other fixed-income securities and synthetic corporate exposures comprised in Portfolio 1 was 29 as of December 31, 2005 (between Aa2 and Aa3) and 33 as of the inception date (between Aa2 and Aa3 equivalent). The reference obligations comprised in Portfolio 1 had a weighted average default probability equivalent to a rating between AA and AA- as of December 31, 2005, and between AA and AA- by S&P as of the inception date.

Global Diversified Investment Grade Income Trust

Schedule – Derivative Instruments and Reference Obligation Portfolios ...*continued*

As at December 31, 2005 and 2004

Swap Agreement E

Swap Agreement E refers to the credit performance of the reference obligations in Portfolio 2 that comprised 96 reference obligations as of December 31, 2005 and 85 reference obligations as of the inception date.

Portfolio 2's composition by asset classes as of December 31, 2005 and the inception date was as follows:

| Asset class | December 31, 2005 | | Inception date | |
|--|---------------------------------|-------------|---------------------------------|-------------|
| | Number of reference obligations | % of Assets | Number of reference obligations | % of Assets |
| Commercial asset-backed securities | 4 | 4.0 | 3 | 2.6 |
| Consumer asset-backed securities | 5 | 5.8 | 8 | 11.2 |
| Residential mortgage-backed securities | 64 | 47.2 | 55 | 48.2 |
| Commercial mortgage-backed securities | 18 | 14.8 | 14 | 13.0 |
| Synthetic corporate exposures | 5 | 28.2 | 5 | 25.0 |
| | 96 | 100.0 | 85 | 100.0 |

The S&P ratings of the mortgage-backed securities, asset-backed securities and other fixed-income securities comprised in Portfolio 1 were distributed as follows:

| Rating | December 31, 2005 | Inception date |
|--------|----------------------------|----------------------------------|
| | (by equivalent S&P rating) | (by notched S&P rating category) |
| | % of Assets | % of Assets |
| AAA | 57.6 | 49.8 |
| AA | 22.5 | 31.8 |
| A | 19.9 | 18.4 |

The Moody's ratings of the mortgage-backed securities, asset-backed securities and other fixed-income securities comprised in Portfolio 1 were distributed as follows:

| Rating | December 31, 2005 | Inception date |
|--------|--------------------------------|--------------------------------------|
| | (by equivalent Moody's rating) | (by notched Moody's rating category) |
| | % of Assets | % of Assets |
| AAA | 53.9 | 49.0 |
| AA | 23.4 | 29.1 |
| A | 22.7 | 21.9 |

Global Diversified Investment Grade Income Trust

Schedule – Derivative Instruments and Reference Obligation Portfolios ...*continued*

As at December 31, 2005 and 2004

The most recently communicated DBRS ratings of the synthetic corporate exposures comprised in Portfolio 1 were distributed as follows:

| Rating | December 31, 2005 | Inception date |
|--------|-------------------|----------------|
| | % of Assets | % of Assets |
| AAA | 40.0 | 40.0 |
| AA | 40.0 | 40.0 |
| A | 20.0 | 20.0 |

The weighted average assigned Moody's rating factor of the mortgage-backed securities, asset-backed securities, other fixed-income securities and synthetic corporate exposures comprised in Portfolio 1 was 34 as of December 31, 2005 (between Aa2 and Aa3) and 36 as of the inception date (between Aa2 and Aa3 equivalent). The reference obligations comprised in Portfolio 1 had a weighted average default probability equivalent to a rating between AA and AA- as of December 31, 2005 and between AA and AA- by S&P as of the inception date.

Swap Agreement F

Swap Agreement F refers to the credit performance of the reference obligations in Portfolio 3 that comprised 96 reference obligations as of December 31, 2005 and 82 reference obligations as of the inception date.

Portfolio 3's composition by asset classes as of December 31, 2005 and the inception date was as follows:

| Asset class | December 31, 2005 | | Inception date | |
|--|---------------------------------|-------------|---------------------------------|-------------|
| | Number of reference obligations | % of Assets | Number of reference obligations | % of Assets |
| Commercial asset-backed securities | 1 | - | - | - |
| Consumer asset-backed securities | 2 | 5.1 | 2 | 4.5 |
| Residential mortgage-backed securities | 63 | 50.9 | 54 | 49.0 |
| Commercial mortgage-backed securities | 14 | 15.2 | 21 | 21.5 |
| Structured exposures to mortgage-backed, asset-backed and corporate securities | 11 | 0.3 | - | - |
| Synthetic corporate exposures | 5 | 28.5 | 5 | 25.0 |
| | 96 | 100.0 | 82 | 100.0 |

Global Diversified Investment Grade Income Trust

Schedule – Derivative Instruments and Reference Obligation Portfolios ...*continued*

As at December 31, 2005 and 2004

The S&P ratings of the mortgage-backed securities, asset-backed securities and other fixed-income securities comprised in Portfolio 3 were distributed as follows:

| Rating | December 31, 2005 | Inception date |
|---------------|---------------------------------------|---|
| | (by equivalent S&P rating) | (by notched S&P rating category) |
| | % of Assets | % of Assets |
| AAA | 77.7 | 68.8 |
| AA | 15.8 | 23.4 |
| A | 6.5 | 7.8 |

The Moody's ratings of the mortgage-backed securities, asset-backed securities and other fixed-income securities comprised in Portfolio 3 were distributed as follows:

| Rating | December 31, 2005 | Inception date |
|---------------|---------------------------------------|---|
| | (by equivalent Moody's rating) | (by notched Moody's rating category) |
| | % of Assets | % of Assets |
| AAA | 75.9 | 68.8 |
| AA | 17.5 | 22.9 |
| A | 6.6 | 9.0 |

The most recently communicated DBRS ratings of the synthetic corporate exposures comprised in Portfolio 3 were distributed as follows:

| Rating | December 31, 2005 | Inception date |
|---------------|------------------------------------|--|
| | (by equivalent DBRS rating) | (by notched DBRS rating category) |
| | % of Assets | % of Assets |
| AAA | 40.0 | 40.0 |
| AA | 40.0 | 40.0 |
| A | 20.0 | 20.0 |

The weighted average assigned Moody's rating factor of the mortgage-backed securities, asset-backed securities, other fixed-income securities and synthetic corporate exposures comprised in Portfolio 3 was 19 as of December 31, 2005 (between Aa1 and Aa2) and 19 as of the inception date (between Aa1 and Aa2 equivalent). The reference obligations comprised in Portfolio 3 had a weighted average default probability equivalent to a rating between AA+ and AA as of December 31, 2005 and between AA+ and AA by S&P as of the inception date.