

Global Diversified Investment Grade Income Trust

Financial Statements for the semester ended
June 30, 2008
(unaudited)

Global Diversified Investment Grade Income Trust

Statements of Net Assets

	June 30, 2008	December 31, 2007
	\$	\$
	(unaudited)	(audited)
Assets		
Investment (note 7)	70,223,124	68,846,053
Credit default swaps receivable (note 8)	26,404,949	22,580,355
Cash	9,049	122,828
Interest receivable on investment and credit default swaps receivable	277,791	288,476
Other	64,493	55,057
	<u>96,979,406</u>	<u>91,892,769</u>
Liabilities		
Accounts payable and accrued liabilities	509,227	366,204
Credit default swaps payable	480,473	498,954
Distributions payable	482,677	482,677
Credit default swaps related liability (note 9)	34,168,500	16,856,460
	<u>35,640,877</u>	<u>18,204,295</u>
Net Assets representing Unitholders' Equity (note 12)	<u>61,338,529</u>	<u>73,688,474</u>
Number of units outstanding (note 12)	<u>9,751,054</u>	<u>9,751,054</u>
Net assets per unit	<u>\$6.29</u>	<u>\$7.56</u>

Going concern and contingencies (note 2)

The accompanying notes form an integral part of these financial statements.

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

Claude Dalphond

Claude Dalphond
Director

Benoit Deschamps

Benoît Deschamps
Director

Global Diversified Investment Grade Income Trust

Statements of Operations

For the six month period ended June 30

	2008 \$ (unaudited)	2007 \$ (unaudited)
Investment income from trading activities		
Interest on investment and credit default swaps receivable	1,944,540	1,933,855
Income from credit default swaps	5,321,703	5,247,349
Interest on cash	709	4,441
Change in unrealized appreciation (depreciation) in value of investment and credit default swaps receivable	1,676,534	(1,099,770)
Change in unrealized net depreciation in value of credit default swaps	(17,312,040)	(911,160)
	<u>(8,368,554)</u>	<u>5,174,715</u>
Investment-related expenses		
Expenses on credit default swaps	3,363,315	3,344,836
Follow-up fees (note 10)	121,888	121,881
	<u>3,485,203</u>	<u>3,466,717</u>
Net investment income (loss) before administrative expenses	<u>(11,853,757)</u>	<u>1,707,998</u>
Administrative expenses		
Audit fees	141,775	23,950
Legal fees	160,747	60,567
Directors' fees	80,396	23,564
Administrative agent fees	14,323	31,998
Custodial fees	6,112	13,002
Regulatory fees	13,883	20,500
Insurance	17,171	6,000
Independent review committee fees and expenses	61,781	-
	<u>496,188</u>	<u>179,581</u>
Net income (loss) for the period	<u>(12,349,945)</u>	<u>1,528,417</u>
Net income (loss) for the period per unit	<u>\$(1.27)</u>	<u>\$0.16</u>

The accompanying notes form an integral part of these financial statements.

Global Diversified Investment Grade Income Trust

Statements of Changes in Net Assets

For the six month period ended June 30

	2008 \$ (unaudited)	2007 \$ (unaudited)
Net income (loss) for the period	(12,349,945)	1,528,417
Distributions to unitholders		
Return of capital (note 12)	-	(2,896,063)
Impact of initial adoption of financial instrument standards (note 3b)ii))	-	(740,773)
Decrease in net assets during the period	(12,349,945)	(2,108,419)
Net assets – Beginning of period	73,688,474	91,770,125
Net assets – End of period	61,338,529	89,661,706

The accompanying notes form an integral part of these financial statements.

Global Diversified Investment Grade Income Trust

Statements of Cash Flows

For the six month period ended June 30

	2008 \$ (unaudited)	2007 \$ (unaudited)
Cash flows from		
Operating activities		
Net income (loss) for the period	(12,349,945)	1,528,417
Adjustments for		
Change in unrealized net depreciation in value of credit default swaps	17,312,040	911,160
Change in unrealized (appreciation) depreciation in value of investment and credit default swaps receivable	(1,676,534)	1,099,770
Decrease in interest receivable on investment and credit default swaps receivable	10,685	10,685
Increase in credit default swaps receivable	(3,525,132)	(3,501,808)
Decrease in investment	-	2,896,063
Decrease (increase) in other assets	(9,437)	3,062
Increase in accounts payable and accrued liabilities	143,025	15,790
Decrease in credit default swaps payable	(18,481)	(18,481)
	<u>12,236,166</u>	<u>1,416,241</u>
	<u>(113,779)</u>	<u>2,944,658</u>
Financing activities		
Distributions paid to unitholders	-	(2,896,063)
Increase (decrease) in cash during the period	(113,779)	48,595
Cash – Beginning of period	<u>122,828</u>	<u>423,000</u>
Cash – End of period	<u>9,049</u>	<u>471,595</u>

The accompanying notes form an integral part of these financial statements.

Global Diversified Investment Grade Income Trust

Notes to Financial Statements (unaudited)

June 30, 2008

1 Creation of Trust and nature of operations

Global Diversified Investment Grade Income Trust (the “Trust”) is a limited purpose closed-end income trust which was established under the laws of the Province of Ontario on August 30, 2004 by a trust agreement. Metcalfe & Mansfield Alternative Investments Corp. and 4227298 Canada Inc. are the trustees (together the “Trustees”) of the Trust. National Bank of Canada acts as administrative agent since October 16, 2006. Natcan Trust Company acts as custodian of the assets of the Trust 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. The directors of the Trustees benefit from an indemnity provided by National Bank of Canada.

The Trust provides its unitholders with an exposure to three portfolios (collectively, the “portfolio”) containing 144 securities each (December 31, 2007 – 151 securities each) (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 three credit default swap agreements with a counterparty, MMAI-I Trust (“MMAI-I”), which itself entered into six credit default swap agreements with a counterparty, Deutsche Bank (the “Bank”). Three of the six credit default swap agreements MMAI-I entered into with the Bank are a mirror image of the three credit default swaps the Trust entered into with MMAI-I.

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 ratings 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.

On October 30, 2007, the Trust entered into an amendment for its three credit default swaps with MMAI-I. As a result of these amendments, the Trust will not experience any loss under any credit default swaps pursuant to credit events under mortgage-backed securities or asset-backed securities included in the portfolios of reference obligations related to such credit default swaps until the synthetic corporate exposures in such portfolios have all defaulted and their notional amounts have been reduced to zero.

2 Going concern and contingencies

Commencing August 13, 2007, the Canadian third party structured finance asset-backed commercial paper (“Third Party ABCP”) market experienced a disruption, in which the Third Party ABCP conduits, such as MMAI-I, were unable to place their paper and to repay their commercial paper as they came due. On August 16, 2007, a group of major Canadian investors (the “Investors Committee” or “Committee”) and market participants reached an agreement aimed at re-establishing normal operations in the Third Party ABCP market. Under the terms of this agreement, holders of Third Party ABCP who are signatories agreed, notably, to continue to hold their Third Party ABCP for a period of 60 days (the “Standstill Period”) and, after this period to convert all outstanding Third Party ABCP into term floating rate notes maturing no earlier than the scheduled termination date of the corresponding underlying assets of each conduit. The Standstill Period was further extended until the filing under the Companies Creditors Arrangement Act (“CCAA”) on March 17, 2008 and since then, the Standstill was extended periodically and is still valid at this time.

Global Diversified Investment Grade Income Trust

Notes to Financial Statements (unaudited)

June 30, 2008

On August 14, 2007, MMAI-I notified the Trust that its payments to the Trust were being withheld and that MMAI-I would not be providing the Trust with the necessary funding to pay the distribution of August 15, 2007. Accordingly, the Trust suspended the distribution of \$0.0495 per unit declared on July 18, 2007 and due on August 15, 2007 to the holders of record at the close of business on July 31, 2007. This followed an announcement of a market disruption in asset-backed commercial paper (“ABCP”) and the inability of MMAI-I to roll its maturing ABCP.

Further to this development, the Trust entered into a standstill agreement with MMAI-I in order to formalize arrangements between them and preserve their respective rights and entitlements until finalization of a solution. Pursuant to this agreement, all amounts normally paid to the Trust since August were deposited in a segregated account with an escrow agent. The agreement was signed on September 27, 2007 and was extended periodically to September 30, 2008.

On December 14, 2007, the Investors Committee announced a framework for a restructuring plan for the Third Party ABCP. This plan includes the replacement of Third Party ABCP with notes having maturities in line with the underlying assets.

On December 21, 2007, the Trust entered into an agreement in principle to negotiate in good faith a transaction pursuant to which MMAI-I would effectively be replaced by the Bank as counterparty to the three mirror credit default swaps that are presently in place between the Trust and MMAI-I (the “Disengagement Transaction”). Accordingly, the Trust would receive all amounts included in the segregated account and resume distribution payments to unitholders. The Disengagement Transaction should come into effect on the date upon which the restructuring of the Third Party ABCP comes into effect or such other date as the parties of the Disengagement Transaction may agree upon.

On March 17, 2008, the Ontario Superior Court of Justice granted an application by the Committee for Third Party ABCP under the provision of the CCAA establishing a procedure for approval of a Plan of compromise and arrangement (“the Plan”) by holders of Third Party ABCP (collectively the “Noteholders”). A Plan information package was then sent by the Committee to all Noteholders of Third Party ABCP and on April 25, 2008, the Noteholders approved such Plan. Moreover, on June 5, 2008, the Ontario Superior Court of Justice issued a sanction order approving the Plan and, on June 25 and 26, 2008, an appeal of the sanction order was heard by the Ontario Court of Appeal. As of the date of publication of these unaudited interim financial statements, the Ontario Court of Appeal has not released its decision. Approval of the Plan is one of the required conditions for implementation of the Disengagement Transaction.

There is no assurance that the Plan and the Disengagement Transaction will be implemented. Should there be no successful restructuring of MMAI-I’s debt, it is unlikely that it will be possible to release to the Trust the collateral, or the proceeds from the sale of collateral, unless the swaps are terminated. Even in such a case, however, it has not yet been determined whether or not the Trust would be entitled to receive, in its entirety, the balance of the collateral if MMAI-I were unable to pay its debt holders. In any event, a termination of the swaps may result in a significant shortfall to the Trust and possibly an elimination of payments that the Trust would otherwise receive if the swaps were terminated in circumstances where MMAI-I was able to pay interest and principal on its debt. At the present time, it is not possible to determine either the likelihood or size of such shortfall. The Trust’s continued existence is dependent on the successful completion of these agreements. These conditions cast significant doubt as to the Trust’s ability to continue as a going concern.

Global Diversified Investment Grade Income Trust

Notes to Financial Statements (unaudited)

June 30, 2008

The Trust's administrative agent and the Trustees are confident that the Plan will be approved and that the Disengagement Transaction between MMAI-I and the Trust can then be implemented.

These unaudited interim financial statements have been prepared on a going concern basis in accordance with Canadian generally accepted accounting principles applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Trust be unable to continue as a going concern and be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of operations and at amounts which may be materially different from those in the accompanying financial statements.

3 Significant accounting policies

These unaudited interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The preparation of unaudited interim 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 unaudited interim financial statements and accompanying notes. The Trustees believe that the estimates used in preparing the unaudited interim financial statements are reasonable. Actual results may differ from those estimates. The significant accounting policies are the following.

a) Recent accounting standards adopted

i) Capital disclosures and financial instruments

In December 2006, the Canadian Institute of Chartered Accountants ("CICA") published three new accounting standards: "Capital Disclosures" (Section 1535); "Financial Instruments – Disclosures" (Section 3862); and "Financial Instruments – Presentation" (Section 3863). These new standards were applied to the Trust effective January 1, 2008.

Section 1535 establishes disclosure requirements concerning:

- an entity's objectives, policies and processes for managing capital;
- quantitative data about what the entity regards as capital;
- whether the entity has complied with capital requirements, if any; and
- the consequences of non-compliance with such capital requirements.

The information related to this new standard is included in notes 5 and 12.

Sections 3862 and 3863 consist of a comprehensive series of disclosure requirements and presentation rules applicable to financial instruments. They revise and enhance the disclosure requirements set out in Section 3861, "Financial Instruments – Disclosure and Presentation", and carry forward unchanged the presentation requirements of Section 3861.

Global Diversified Investment Grade Income Trust

Notes to Financial Statements (unaudited)

June 30, 2008

The information related to these new standards is included in notes 4 and 6

ii) Going concern

Section 1400, "General Standards of Financial Statement Presentation", was amended to include requirements for management to assess and disclose an entity's ability to continue as a going concern. The new requirements are effective for annual financial statements relating to fiscal years beginning on or after January 1, 2008. These new requirements do not have any impact on the unaudited interim financial statements as the Trust is already assessing and disclosing its ability to continue as a going concern.

b) Fair value of financial instruments

The financial instruments are accounted for at fair value. The fair value of the financial instruments is determined as follows.

i) Valuation of credit default swaps

The credit default swaps are presented at their fair value with changes in the unrealized gain or loss of the period recorded in the statement of operations. The fair value represents the amount for which a financial instrument could be exchanged in an arm's-length transaction between willing parties under no compulsion to act. As a market quotation is not readily available, the fair values presented are estimated using available sources of information and commonly used valuation techniques. The fair value is established using valuation models, the Trust makes assumptions about the amount, the timing of estimated future cash flows and the discounted rates used. The main assumptions are based on factors observable in external markets, such as interest rate yield curves, volatility factors and credit curves. More specifically, through to the expected maturity date of the credit default swaps, their fair value will vary depending on a number of factors such as interest rates, the credit ratings and credit spreads of the reference obligations and the cumulative net losses incurred upon the occurrence of credit events in the portfolio of securities. Credit events include bankruptcy, failure to pay and other specified loss events.

ii) Investment and credit default swaps receivable

The fair value of the fixed-rate term deposit, floating-rate term deposit and the credit default swaps receivable is determined by discounting the estimated cash flows at the current market rate for similar instruments.

iii) Other financial instruments

The carrying value of a number of short-term financial instruments presented in the statement of net assets approximates their fair value. These financial instruments include other accounts receivable, accounts payable and accrued liabilities, and distributions payable.

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Notes to Financial Statements (unaudited)

June 30, 2008

c) Basis of recognition for income and expenses

Interest income, income other than interest income, as well as income and expenses from credit default swaps were recorded on an accrual basis.

d) Future changes in accounting standards

On February 13, 2008 the CICA Accounting Standard Board announced the adoption of International Financial Reporting Standards (« IFRS ») for publicly accountable enterprises. IFRS will replace Canadian GAAP. The implementation will apply to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011 and will be adopted by the Trust commencing with its fiscal year beginning January 1, 2011. During fiscal year 2011, the Trust will be required to restate its fiscal 2010 amounts under IFRS for comparative purposes. While the Trust has begun to assess the adoption of IFRS, the financial reporting impact of the transaction to IFRS cannot be reasonably estimated at this time.

4 Management of risks associated with financial instruments

The Trust is exposed to various types of risks owing to the nature of the business activities it carries on, including those related to the use of financial instruments. In order to manage the risks associated with using financial instruments, whenever applicable, controls have been implemented such as risk management policies and various risks limits. The main risks to which the Trust is exposed as set out below:

Market risk

Market risk corresponds to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk associated with financial instruments comprises currency risk, interest rate risk, credit risk, liquidity risk and other price risk. More specifically, through to the expected maturity date of the credit default swaps, their fair value will vary depending on a number of factors such as interest rates, the credit ratings and credit spreads of the reference obligations and the cumulative net losses incurred upon the occurrence of credit events in the portfolio of securities. Credit events include bankruptcy, failure to pay and other specified loss events. Since the Trust's objective is to provide holders with an economic interest in exposures relating to the performance of the underlying portfolio of securities, there is no principal protection.

Credit risk

The credit risk is the risk of financial loss arising from a counterparty's inability or failure to honour its contractual obligations. The amount that best represents the maximum exposure to credit risk of the Trust as at June 30, 2008 and December 31, 2007 is the sum of financial assets on the statement on net assets. The Trust has a significant credit risk exposure with respect to the reference obligations included in the portfolio and counterparty credit risk. (referred in notes 7, 8 and 9).

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Notes to Financial Statements (unaudited)

June 30, 2008

Liquidity risk

The liquidity risk represents the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Trust's overall liquidity is managed in accordance with policies to ensure that the Trust has sufficient cash resources to meet its current and future obligations, both under normal and unusual conditions. The financial liabilities of the Trust mature on a monthly basis except for the credit default swaps related liability. The credit default swaps related liability pertains to the credit default swap agreements with MMAI-I and is expected to mature on September 2014 but no later than September 2016.

5 Unitholders' equity disclosure

The Trust manages its Unitholders' equity with the goal to ensure that it will be able to continue as a going concern while maximising the return to the Unitholders.

The objectives of the Trust are to provide Unitholders with a fixed rate stream of monthly distributions equal to \$0.0495 per unit (\$0.594 per annum) up to on or about September 7, 2009 and thereafter, a floating distribution rate equal to the rate of bankers acceptances plus 2% and to repay to Unitholders on or about September, 2014 (the "Expected Maturity Date"), but no later than on or about September 7, 2016 (the "Legal Maturity Date"), an amount equal to the original subscription price of \$10.00 per unit.

6 Carrying values of financial assets and liabilities by category

Financial assets and liabilities are recognized in the statements of net assets at fair value, cost or amortized cost according to the categories determined by the accounting framework for financial instruments. The carrying value for each category of financial asset and liability are presented in the table below:

June 30, 2008	Held for trading	Loan and receivables	Financial liabilities at cost or amortized cost
Financial assets			
Investment	70,223,124	-	-
Credit default swaps receivable	26,404,949	-	-
Cash	9,049	-	-
Interest receivable on investment and credit default swaps receivable	-	277,791	-
Other	-	64,493	-
Total financial assets	<u>96,637,122</u>	<u>342,284</u>	<u>-</u>
Financial liabilities			
Accounts payable and accrued liabilities	-	-	509,227
Credit default swaps payable	-	-	480,473
Distributions payable	-	-	482,677
Credit default swaps related liability	34,168,500	-	-
Total financial liabilities	<u>34,168,500</u>	<u>-</u>	<u>1,472,377</u>

Global Diversified Investment Grade Income Trust

Notes to Financial Statements (unaudited)

June 30, 2008

December 31, 2007	Held for trading	Loan and receivables	Financial liabilities at cost or amortized cost
Financial assets			
Investment	68,846,053	-	-
Credit default swaps receivable	22,580,355	-	-
Cash	122,828	-	-
Interest receivable on investment and credit default swaps receivable	-	288,476	-
Other assets	-	55,057	-
Total financial assets	91,549,236	343,533	-
Financial liabilities			
Accounts payable and accrued liabilities	-	-	366,204
Credit default swaps payable	-	-	498,954
Distributions payable	-	-	482,677
Credit default swaps related liability	16,856,460	-	-
Total financial liabilities	16,856,460	-	1,347,835

7 Investment

The investment consists of a term deposit issued on an unsubordinated and unguaranteed basis by a financial institution. The investment matures in September 2014.

The term deposit with a fair value of \$70,223,124 (December 31, 2007 – \$68,846,053) with National Bank of Canada, having a long-term solvency rating of A from Standard and Poor’s Rating Service (“S&P”) with a nominal amount of \$74,840,801 (December 31, 2007 – \$74,840,801), bears interest at a rate of 4.28%, payable monthly until September 2009. After this date, interest will be at the rate of one-month banker’s acceptances plus 20 basis points per year, payable monthly up to the date of maturity.

Under the credit default swap agreements, the term deposit investment is pledged to MMAI-I. The amounts recoverable on the expected maturity date of the investment (or the legal maturity date, as applicable) will be reduced by any loss incurred as a result of credit events.

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

Global Diversified Investment Grade Income Trust

Notes to Financial Statements (unaudited)

June 30, 2008

8 Credit default swaps receivable

The fair value of the total credit default swaps receivable from MMAI-I represent the best possible estimate of the amount for which reasonable assurance of collection exists in light of current conditions and assuming the continuation of the business as a “going concern”. The total credit default swaps receivable of \$26,404,949 (December 31, 2007 – \$22,580,355) is composed of \$5,612,941 (December 31, 2007 – \$2,697,287) in the segregated account, a short-term receivable of \$5,520,989 (December 31, 2007 – \$4,911,513) and a long-term receivable of \$15,271,019 (December 31, 2007 – \$14,971,555). The nominal amount of the credit default swaps receivable is \$16,275,199 (December 31, 2007 – \$16,275,199). The long-term receivable bears interest at a rate of 4.28%, payable monthly until September 2009. After this date, interest will be at the rate of one-month banker’s acceptances plus 20 basis points per year, payable monthly up to the date of maturity. Both parties have signed the Disengagement Transaction (referred to in note 2) which provides for full payment to the Trust of the amount held in the segregated account. The implementation of this Disengagement Transaction is a component of the Plan presented to Noteholders of MMAI-I and approved by them and by the Ontario Superior Court of Justice (see note 2).

There is interest rate risk associated with the long-term receivable. Market rates can vary and cause fluctuations in the fair value of the long-term receivable with a fixed rate at the signing of the contract.

9 Derivative financial instruments

Credit default swap agreements with MMAI-I

The Trust has entered into three credit default swap agreements (“swap agreements D, E and F”) with MMAI-I, pursuant to which the Trust will pay MMAI-I 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 \$91,116,000 (December 31, 2007 – \$91,116,000). Under swap agreements D, E and F, a monthly payment by the Trust to MMAI-I, corresponding to a contractual rate applied to the notional amount of the contracts and equal to the contractual interest rate applied to the investments pledged as security, is made and MMAI-I 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, MMAI-I acquires from the Trust a contractually determined portion of the term deposit pledged as security; this portion is equal to the monthly payment for the month in consideration.

The aggregate notional amount of swap agreements D, E and F as at June 30, 2008 totalled \$91,116,000 (December 31, 2007 – \$91,116,000) for the reference obligations portfolio of \$34,948,089,003 (December 31, 2007 – \$34,948,089,003). The negative fair value as at June 30, 2008 was \$34,168,500 (December 31, 2007 – \$16,856,460).

Global Diversified Investment Grade Income Trust

Notes to Financial Statements (unaudited)

June 30, 2008

Credit risk

As a result of entering into the credit default swap agreements with MMAI-I, 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 \$91,116,000 (December 31, 2007 – \$91,116,000).

During the six months period ended June 30, 2008 and 2007, despite several downgrades, no credit event occurred in the portfolio of reference obligations.

Additionally, the Trust is exposed to counterparty credit risk arising from any unrealized gain on the credit default swaps, plus any amount receivable from the counterparty. The net counterparty credit risk exposure (credit default swaps receivable minus credit default swaps payable) on June 30, 2008 was \$25,924,476 (December 31, 2007 – \$22,081,401).

10 Follow-up fees

The Trust incurs investment advisor follow-up fees equal to 0.25% (December 31, 2007 – 0.25%) per annum of the outstanding amount on a per-unit basis held by clients of such investment advisors. Due to the events described in note 2, no follow-up fees have been paid since August 16, 2007.

11 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 the Act on the amount of taxable income for the year and can make deductions 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.

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Notes to Financial Statements (unaudited)

June 30, 2008

12 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.

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 \$91,116,000 (December 31, 2007 – \$91,116,000) term deposit, less applicable unwind costs.

No transactions took place during the six months period ended June 30:

Number of units	2008	2007
Balance – Beginning of period	9,751,054	9,751,054
Redeemed during the period	-	-
Balance – End of period	<u>9,751,054</u>	<u>9,751,054</u>

Global Diversified Investment Grade Income Trust

Notes to Financial Statements (unaudited)

June 30, 2008

Unitholders' equity is made up of capital issued and retained earnings. The following transactions took place during the six months period ended June 30:

	2008 \$	2007 \$
Capital issued		
Balance – Beginning of period	73,487,272	76,866,013
Return of capital to unitholders	-	(2,896,063)
	<hr/>	<hr/>
Balance – End of period	73,487,272	73,969,950
Retained earnings		
Balance – Beginning of period	201,202	14,904,112
Impact of initial adoption of financial instrument standards (note 3b)ii))	-	(740,773)
Net income (loss) for the period	(12,349,945)	1,528,417
	<hr/>	<hr/>
Balance – End of period	(12,148,743)	15,691,756
	<hr/>	<hr/>
	61,338,529	89,661,706

From January 1, 2007 to August 13, 2007, there were no redemptions. Due to the events since August 13, 2007 described in note 2, all redemptions are suspended until the Plan is successfully concluded. A total of 209,100 units had been surrendered for the annual August 31, 2007 redemption. Since all redemptions were suspended on August 28, 2007, these units were therefore not redeemed.

As at June 30, 2008, National Bank of Canada and its subsidiaries did not hold any units of the Trust (December 31, 2007 – 0.9%).

Monthly distributions

Prior to August 13, 2007, distributions to unitholders constituted 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. The Trust expected 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 would be made at a floating distribution rate corresponding to the rate of banker's acceptances plus 2%. The distributions declared by the Trust are accounted for once declared but are payable on the tenth business day of the following month.

Since August 13, 2007, distributions have not been declared. The distribution balance payable of \$482,677 as at June 30, 2008 and December 31, 2007 represents the unpaid July 2007 distribution declared.

Global Diversified Investment Grade Income Trust

Notes to Financial Statements (unaudited)

As at June 30, 2008

13 Derivative financial instruments and reference obligation portfolios

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 were structured between May 5, 2004 and May 24, 2004 (the “inception date”) and restructured on October 30, 2007.

Swap Agreement D

Swap Agreement D refers to the credit performance of the reference obligations in Portfolio 1 that comprised 144 reference obligations as at June 30, 2008 and 121 reference obligations as at the inception date.

Portfolio 1’s composition by asset class as at June 30, 2008 and the inception date was as follows:

Asset class	June 30, 2008		Inception date	
	Number of reference obligations	% of Assets	Number of reference obligations	% of Assets
Commercial asset-backed securities	-	-	9	7.6
Consumer asset-backed securities	52	28.1	5	4.0
Residential mortgage-backed securities	87	46.9	72	41.9
Commercial mortgage-backed securities	-	-	30	21.5
Synthetic corporate exposures	5	25.0	5	25.0
	144	100.0	121	100.0

- a. The S&P ratings of the mortgage-backed securities, asset-backed securities and other fixed-income securities (excluding the synthetic corporate exposures) comprised in Portfolio 1 were distributed as follows:

Rating	June 30, 2008	Inception date
	(by equivalent S&P rating)	(by notched S&P rating)
	% of Assets	% of Assets
AAA	98.6	59.8
AA	1.4	21.6
A	-	18.6

Global Diversified Investment Grade Income Trust

Notes to Financial Statements (unaudited)

June 30, 2008

- b. 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	June 30, 2008	Inception date
	(by equivalent Moody's rating)	(by notched Moody's rating)
	% of Assets	% of Assets
Aaa	98.6	55.5
Aa	-	21.6
A	1.4	22.9

- c. There are five underlying corporate CDO portfolios to which the Trust has multiple tranching exposures with various attachment points. The reference obligations underlying the static synthetic corporate CDOs had an average weighted rating of S&P BBB/BBB- as of June 30, 2008 and December 31, 2007.

Swap Agreement E

Swap Agreement E refers to the credit performance of the reference obligations in Portfolio 2 that comprised 144 reference obligations as at June 30, 2008 and 85 reference obligations as at the inception date.

Portfolio 2's composition by asset class as at June 30, 2008 and the inception date was as follows:

Asset class	June 30, 2008		Inception date	
	Number of reference obligations	% of Assets	Number of reference obligations	% of Assets
Commercial asset-backed securities	-	-	3	2.6
Consumer asset-backed securities	52	28.1	8	11.2
Residential mortgage-backed securities	87	46.9	55	48.2
Commercial mortgage-backed securities	-	-	14	13.0
Synthetic corporate exposures	5	25.0	5	25.0
	144	100.0	85	100.0

Global Diversified Investment Grade Income Trust

Notes to Financial Statements (unaudited)

June 30, 2008

- a. The S&P ratings of the mortgage-backed securities, asset-backed securities and other fixed-income securities (excluding the synthetic corporate exposures) comprised in Portfolio 2 were distributed as follows:

Rating	June 30, 2008	Inception date
	(by equivalent S&P rating)	(by notched S&P rating)
	% of Assets	% of Assets
AAA	98.6	68.8
AA	1.4	23.4
A	-	7.8

- b. The Moody's ratings of the mortgage-backed securities, asset-backed securities and other fixed-income securities comprised in Portfolio 2 were distributed as follows:

Rating	June 30, 2008	Inception date
	(by equivalent Moody's rating)	(by notched Moody's rating)
	% of Assets	% of Assets
Aaa	98.6	68.1
Aa	-	22.9
A	1.4	9.0

- c. There are five underlying corporate CDO portfolios to which the Trust has multiple tranching exposures with various attachment points. The reference obligations underlying the static synthetic corporate CDOs had an average weighted rating of S&P BBB/BBB- as of June 30, 2008 and December 31, 2007.

Global Diversified Investment Grade Income Trust

Notes to Financial Statements (unaudited)

June 30, 2008

Swap Agreement F

Swap Agreement F refers to the credit performance of the reference obligations in Portfolio 3 that comprised 144 reference obligations as at June 30, 2008 and 82 reference obligations as at the inception date.

Portfolio 3's composition by asset class as at June 30, 2008 and the inception date was as follows:

Asset class	June 30, 2008		Inception date	
	Number of reference obligations	% of Assets	Number of reference obligations	% of Assets
Consumer asset-backed securities	52	28.1	2	4.5
Residential mortgage-backed securities	87	46.9	54	49.0
Commercial mortgage-backed securities	-	-	21	21.5
Synthetic corporate exposures	5	25.0	5	25.0
	144	100.0	82	100.0

- a. The S&P ratings of the mortgage-backed securities, asset-backed securities and other fixed-income securities (excluding the synthetic corporate exposures) comprised in Portfolio 3 were distributed as follows:

Rating	June 30, 2008	Inception date
	(by equivalent S&P rating)	(by notched S&P rating)
	% of Assets	% of Assets
AAA	98.6	68.8
AA	1.4	23.4
A	-	7.8

- b. 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	June 30, 2008	Inception date
	(by equivalent Moody's rating)	(by notched Moody's rating)
	% of Assets	% of Assets
Aaa	98.6	68.1
Aa	-	22.9
A	1.4	9.0

Global Diversified Investment Grade Income Trust

Notes to Financial Statements (unaudited)

June 30, 2008

- c. There are five underlying corporate CDO portfolios to which the Trust has multiple tranching exposures with various attachment points. The reference obligations underlying the static synthetic corporate CDOs had an average weighted rating of S&P BBB/BBB- as of June 30, 2008 and December 31, 2007.

