

# **Global Diversified Investment Grade Income Trust**

Consolidated Financial Statements  
**June 30, 2007**  
(unaudited)

# Global Diversified Investment Grade Income Trust

Consolidated Statements of Net Assets

As at June 30, 2007 and December 31, 2006

	June 30, 2007 (unaudited) \$	December 31, 2006 (audited) \$
<b>Assets</b>		
Cash	593,317	500,763
Interest receivable on investments	5,119,191	5,259,733
Credit default swaps receivable	17,086,700	14,571,938
Other accounts receivable	13,795	12,699
Prepaid expenses	10,165,259	11,309,939
Investments (note 3)	1,473,801,944	1,478,219,542
Interest rate swaps related asset (note 4)	-	97,191
	<u>1,506,780,206</u>	<u>1,509,971,805</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	2,674,186	3,243,742
Brokers' commissions payable	33,450	281,010
Credit default swaps payable	1,141,860	1,177,379
Commercial paper (note 5)	1,064,735,667	1,074,654,813
Floating rate notes (note 6)	335,000,000	325,000,000
Placement and structuring fee note (note 7)	10,772,749	11,898,126
Distributions payable	482,677	482,677
Interest rate swaps related liability (note 4)	216,833	-
Credit default swaps related liability, at replacement cost (note 4)	2,277,900	1,366,740
	<u>1,417,335,322</u>	<u>1,418,104,487</u>
<b>Net Assets representing Unitholders' Equity</b> (note 10)	<u>89,444,884</u>	<u>91,867,318</u>
<b>Number of units outstanding</b> (note 10)	<u>9,751,054</u>	<u>9,751,054</u>
<b>Net assets per unit</b>	<u>9.17</u>	<u>9.42</u>

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

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

Claude Dalphond Director  
Claude Dalphond

Benoît Deschamps Director  
Benoît Deschamps

# Global Diversified Investment Grade Income Trust

## Consolidated Statements of Operations

For the six month period ended June 30, 2007 and 2006

	June 30, 2007 (unaudited) \$	June 30, 2006 (unaudited) \$
<b>Investment income</b>		
Interest on investments	34,234,687	30,803,292
Income from credit default swaps	11,125,885	11,905,811
Interest on cash	7,825	4,558
Change in unrealized net depreciation in value of investment and credit default swaps receivable	(1,099,770)	-
Change in unrealized net depreciation in value of credit default swaps and interest rate swaps related asset or related liability	(1,225,185)	(27,577)
	<u>43,043,442</u>	<u>42,686,084</u>
<b>Investment-related expenses</b>		
Expenses on credit default swaps	7,723,164	8,356,611
Interest from interest rate swaps	65,002	113,123
Interest on commercial paper	23,027,391	20,848,735
Interest on floating rate notes	7,368,982	5,783,461
Interest on placement and structuring fee note	270,229	322,866
Brokers' commissions	368,610	384,721
Liquidity premiums	538,569	555,463
Financial services fees (note 8(a))	1,998,612	1,573,612
Follow-up fees (note 8(b))	121,881	133,817
	<u>41,482,440</u>	<u>38,072,409</u>
<b>Net investment income before administrative expenses</b>	<u>1,561,002</u>	<u>4,613,675</u>
<b>Administrative expenses</b>		
Audit fees	54,560	135,598
Legal fees	80,567	170,302
Directors' fees	40,308	35,178
Administrative agent fees	31,998	32,690
Custodial fees	49,963	63,268
Communications	-	3,025
Regulatory fees	61,135	27,687
Insurance	28,069	17,891
Banking fees	-	3,849
	<u>346,600</u>	<u>489,488</u>
<b>Net income for the period</b>	<u>1,214,402</u>	<u>4,124,187</u>
<b>Net income per unit</b>	<u>0.12</u>	<u>0.39</u>

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

# Global Diversified Investment Grade Income Trust

Consolidated Statements of Changes in Net Assets

For the six month period ended June 30, 2007 and 2006

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	<b>June 30, 2007</b> (unaudited) \$	<b>June 30, 2006</b> (unaudited) \$
<b>Net income for the period</b>	1,214,402	4,124,187
<b>Distributions to unitholders</b>		
Return of capital	(2,896,063)	(3,180,024)
<b>Equity transactions</b> (note 10)	-	(89,880)
<b>Impact of initial adoption of financial instruments standards</b> (note 2)	(740,773)	-
<b>Increase (decrease) in net assets during the period</b>	(2,422,434)	854,283
<b>Net assets – Beginning of period</b>	91,867,318	100,310,741
<b>Net assets – End of period</b>	89,444,884	101,165,024

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

# Global Diversified Investment Grade Income Trust

## Consolidated Statements of Cash Flows

For the six month period ended June 30, 2007 and 2006

	June 30, 2007 (unaudited) \$	June 30, 2006 (unaudited) \$
<b>Cash flows from</b>		
<b>Operating activities</b>		
Net income for the period	1,214,402	4,124,187
Adjustments for		
Change in unrealized net depreciation in value of investment and credit default swaps receivable	1,099,770	-
Change in unrealized net depreciation in value of credit default swaps and interest rate swaps related asset or related liability	1,225,185	27,577
Decrease (increase) in interest receivable on investments	140,542	(1,016,195)
Increase in credit default swaps receivable	(2,833,771)	(3,233,240)
Decrease (increase) in other accounts receivable	(1,096)	80
Decrease in prepaid expenses	1,144,679	1,153,345
Increase (decrease) in accounts payable and accrued liabilities	(585,936)	816,426
Increase (decrease) in brokers' commissions payable	(231,179)	36,781
Increase (decrease) in credit default swaps payable	(35,519)	83,927
Interest on placement and structuring fee note	274,621	327,272
Amortization of discount on commercial paper	23,027,391	20,848,735
	23,224,687	19,044,708
	24,439,089	23,168,895
<b>Investing activities</b>		
Proceeds from sale of investments	2,896,063	3,180,024
<b>Financing activities</b>		
Proceeds from issuance of commercial paper	4,113,441,096	5,910,517,217
Maturities of commercial paper	(4,146,387,633)	(5,972,035,847)
Proceeds from issuance of floating rate notes	10,000,000	100,000,000
Maturities of floating rate notes	-	(60,000,000)
Payments on placement and structuring fee note	(1,399,998)	(1,399,998)
Redemption of units	-	(89,880)
Distributions paid to unitholders	(2,896,063)	(3,180,554)
	(27,242,598)	(26,189,062)
<b>Increase in cash during the period</b>	92,554	159,857
<b>Cash – Beginning of period</b>	500,763	354,349
<b>Cash – End of period</b>	593,317	514,206

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

# Global Diversified Investment Grade Income Trust

Notes to Consolidated Financial Statements

June 30, 2007

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## 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. National Bank of Canada acts as administrative agent since October 16, 2006 (2005 and previously – Natcan Trust Company). Natcan Trust Company has been acting 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. Natcan Trust Company and National Bank Financial Inc. do not have a representative on the respective boards of directors of the Trustees.

The Trust provides its unitholders with a leverage exposure to three portfolios (collectively, the “portfolio”) containing 251 securities (December 31, 2006 – 247) (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.

### Recent accounting standards adopted

In January 2005, the CICA issued three new accounting standards: Section 1530, Comprehensive Income; Section 3855, Financial Instruments – Recognition and Measurement; and section 3865, Hedges. The significant accounting policies relating to financial instruments that the Trust apply effective January 1, 2007 are summarized below.

The new accounting standards for financial instruments require that all financial assets and liabilities be classified according to their characteristics, management’s intention, or the choice of category in certain circumstances. All financial assets must be classified as either held for trading, held to maturity, available for sale or as loans and receivables. Financial liabilities must be classified as held for trading or not held for trading.

# Global Diversified Investment Grade Income Trust

## Notes to Consolidated Financial Statements

June 30, 2007

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The Trust has determined that all financial assets be classified as held for trading and will be recognized at their fair value, and the realized and unrealized gains or losses will be recorded in the Consolidated Statement of Income.

### *Transition*

The recognition and measurement methods used to prepare the consolidated financial statements of periods prior to the effective date of the new standards were changed and, therefore, those financial statements will not be restated.

### **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**

As at January 1<sup>st</sup>, 2007, pursuant to new accounting standards, investments are carried at fair value. The fair value is determined by calculating the present value of expected cash flows where the discount rate reflects market conditions as at June 30, 2007. Pursuant to these new accounting standards, the impact as at December 31, 2006 is an unrealized loss of \$740,773 recorded in Consolidated Statements of Changes in Net Assets.

### **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, which is the term of the corresponding financial instrument.

### **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.

# Global Diversified Investment Grade Income Trust

Notes to Consolidated Financial Statements

June 30, 2007

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## **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 swaps receivable and payable, other accounts receivable, accounts payable and accrued liabilities, commercial paper and distributions payable.

### Investments and credit default swaps 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 swaps receivable is determined by discounting the contractual cash flows at the interest rate on the term deposit and swaps.

### Floating rate notes

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

# Global Diversified Investment Grade Income Trust

## Notes to Consolidated Financial Statements

June 30, 2007

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### 3 Investments

These investments consisting of term deposits that are issued on an unsubordinated and unguaranteed basis by financial institutions. The investments mature in September 2014.

- a) A \$75,323,479 (December 31, 2006 - \$78,219,542) term deposit with a financial institution, having a rating of A from Standards & Poor's Rating Service ("S&P") as of the date of issuance, and a credit default swaps receivable of \$15,792,521 (December 31, 2006 - \$12,896,458), both bearing 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 banker's acceptances plus a fixed margin per year, payable monthly up to the date of maturity. As at June 30, 2007, the fair values of term deposit and the credit default swap receivable were \$73,801,944 and \$15,473,513 respectively.
- b) For June 30, 2007 and 2006, a \$1,400,000,000 term deposit with a financial institution, having an S&P rating of AAA, bears interest at the rate of one-month banker's acceptances plus a fixed margin, payable monthly until the end of the term.

Under the credit default swap agreements, the term deposit investments are pledged to the Bank. 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.

On August 31, 2006, a notice of redemption from unitholders of the Trust was received. Consequently, the Trust sold, as at September 14, 2006, a part of the investment for a nominal amount of \$7,757,560 and a part of the credit default swaps receivable for a nominal value of \$1,126,440 at a price of 99.10%.

### 4 Financial derivative instruments

#### Credit default swap agreements with the Bank

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 \$131,116,000 (December 31, 2006 - \$131,000,000). On August 31, 2006, the Trust optionally terminated a portion of \$8,884,000 of swap agreements D, E and F. The Trust paid an unwind amount of \$257,636 to terminate such portion. Under swap agreements D, E and F, a monthly payment, made by the Trust to the Bank, calculated on the notional amount of the contracts at a rate equal to the contractual interest rate on the investments pledged as security, is made. At maturity the Bank pays 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 acquires from the Trust a portion contractually determined of the term deposit 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

June 30, 2007

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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 (2006 – \$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 June 30, 2007 totalled \$1,531,116,000 (December 31, 2006 – \$1,531,116,000) for the reference obligations portfolio of \$36,623,663,612 (December 31, 2006 – \$34,112,552,500), which had an average S&P rating of AA/AA- on June 30, 2007 and 2006.

### Credit default swap agreement with Private Trust

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 (December 31, 2006 – \$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 acquires 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 June 30, 2007 and 2006 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 banker’s acceptance rate plus a margin, payable monthly.

### Interest rate swap agreements

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 \$564,254,492 as at June 30, 2007 and a negative fair value of \$216,833 (a positive fair value of \$97,191 as at December 31, 2006).

# Global Diversified Investment Grade Income Trust

Notes to Consolidated Financial Statements

June 30, 2007

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## 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 \$91,116,000 (December 31, 2006 – \$91,116,000), 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 June 30, 2007 was \$13,666,940 (\$12,027,819 as at December 31, 2006).

During the six months period ended June 30, 2007 and 2006, no credit event 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.

## 5 Commercial paper

Commercial paper as at June 30, 2007, including accrued interest of \$7,040,874 (\$4,130,918 as at December 31, 2006), mature between July 2007 and January 2008, as shown in the table below:

Maturity date	June 30, 2007	
	Interest rate	Amount \$
July 2007	4.38%	791,984,008
August 2007	4.41%	189,343,092
September 2007	4.54%	80,208,264
October 2007	4.59%	1,977,236
January 2008	4.38%	1,223,067
		<u>1,064,735,667</u>

# Global Diversified Investment Grade Income Trust

Notes to Consolidated Financial Statements

June 30, 2007

**December 31,  
2006**

Maturity date	Interest rate	Amount \$
January 2007	4.36%	722,656,378
February 2007	4.36%	134,356,123
March 2007	4.36%	195,182,651
June 2007	4.33%	9,319,065
July 2007	4.54%	1,952,645
August 2007	4.40%	11,187,951

1,074,654,813

## 6 Floating rate notes

**June 30, 2007**

Maturity date	Interest rate	Amount \$
June 2008	CDOR 3 months + 0.16%	100,000,000
December 2008	CDOR 3 months + 0.16%	65,000,000
May 2009	CDOR 1 month + 0.17%	70,000,000
December 2009	CDOR 3 months + 0.18%	100,000,000

335,000,000

**December 31,  
2006**

Maturity date	Interest rate	Amount \$
April 2007	CDOR 1 month + 0.16%	50,000,000
April 2007	CDOR 3 months + 0.16%	10,000,000
June 2008	CDOR 3 month + 0.15%	100,000,000
December 2008	CDOR 3 months + 0.16%	65,000,000
December 2009	CDOR 3 month + 0.18%	100,000,000

325,000,000

# Global Diversified Investment Grade Income Trust

Notes to Consolidated Financial Statements

June 30, 2007

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## 7 Placement and structuring 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.

Payments due over the next years are as follows:

	<b>June 30, 2007</b> (unaudited) \$
2007	1,399,998
2008	2,799,996
2009	2,799,996
2010	2,799,996
2011	<u>2,099,997</u>
	11,899,983
Less: Amount representing interest	<u>1,127,234</u>
	<u>10,772,749</u>

## 8 Operating expenses

- a) The Trust pays financial services fees of up to 0.35% (2006 – up to 0.35%) per annum to National Bank Financial Inc. 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% (2006 – 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 year 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.

# Global Diversified Investment Grade Income Trust

Notes to Consolidated Financial Statements

June 30, 2007

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## 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.

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 (2006 – \$91,116,000) term deposit, less applicable unwind costs.

The following transactions took place during the six months period ended June 30, 2007 and 2006:

	2007	2006
<b>Number of units</b>		
Balance – Beginning of period	9,751,054	10,712,500
Repurchased by the Trust during the period <sup>1</sup>	-	(10,700)
	<hr/>	<hr/>
Balance – End of period	9,751,054	10,701,800

# Global Diversified Investment Grade Income Trust

## Notes to Consolidated Financial Statements

June 30, 2007

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Unitholders' equity is made up of capital issued and retained earnings. The following transactions took place during the six months period ended June 30, 2007 and 2006:

	2007 \$	2006 \$
<b>Capital issued</b>		
Balance – Beginning of the period	76,866,013	91,866,573
Return of capital to unitholders	(2,896,063)	(3,180,024)
Repurchased by the Trust during the period <sup>1</sup>	-	(89,880)
	<hr/>	<hr/>
Balance – End of the period	73,969,950	88,596,669
<b>Retained earnings</b>		
Balance – Beginning of period	15,001,305	8,444,168
Impact of initial adoption of financial instruments standards (note 2)	(740,773)	-
Net income for the period	1,214,402	4,124,187
	<hr/>	<hr/>
Balance – End of the period	15,474,934	12,568,355
	<hr/>	<hr/>
	89,444,884	101,165,024

1. On March 31, 2006, the Trust repurchased 10,700 units at a price of \$8.40 for a total amount of \$89,880.

### Subsequent event

On August 31, 2006, a notice of redemption of 950,746 units from unitholders of the Trust was received. These units were redeemed on September 14, 2006 at a net unwind price of \$8.824 per unit of which an amount of \$8,740,999 has been recorded as a reduction of capital.

### 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 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.

# Global Diversified Investment Grade Income Trust

## Schedule – Derivative Instruments and Reference Obligation Portfolios

June 30, 2007

The portfolios of reference obligations, to which swap agreements D, E and F refers, 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, were 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 83 reference obligations as at June 30, 2007 and 121 reference obligations as at the inception date.

Portfolio 1’s composition by asset class as at June 30, 2007 and the inception date was as follows:

Asset class	June 30, 2007		Inception date	
	Number of reference obligations	% of Assets	Number of reference obligations	% of Assets
Commercial asset-backed securities	9	13.7	9	7.6
Consumer asset-backed securities	3	4.3	5	4.0
Residential mortgage-backed securities	48	34.6	72	41.9
Commercial mortgage-backed securities	18	22.3	30	21.5
Synthetic corporate exposures	5	25.0	5	25.0
	83	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	June 30, 2007	Inception date
	(by equivalent S&P rating category)	(by notched S&P rating category)
	% of Assets	% of Assets
AAA	69.4	59.8
AA	9.2	21.6
A	21.4	18.6

# Global Diversified Investment Grade Income Trust

## Schedule – Derivative Instruments and Reference Obligation Portfolios

June 30, 2007

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

<b>Rating</b>	<b>June 30, 2007</b>	<b>Inception date</b>
	(by equivalent Moody's rating category)	(by notched Moody's rating category)
	<b>% of Assets</b>	<b>% of Assets</b>
Aaa	70.1	55.5
Aa	0.9	21.6
A	27.1	22.9
Baa	1.8	-

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

<b>Rating</b>	<b>June 30, 2007</b>	<b>Inception date</b>
	<b>% of Assets</b>	<b>% of Assets</b>
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 35 as at June 30, 2007 (between Aa2 and Aa3) and 33 as at 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 of between AA and AA- as at June 30, 2007, and between AA and AA- by S&P as at the inception date.

# Global Diversified Investment Grade Income Trust

## Schedule – Derivative Instruments and Reference Obligation Portfolios

June 30, 2007

### Swap Agreement E

Swap Agreement E refers to the credit performance of the reference obligations in Portfolio 2 that comprised 93 reference obligations as at June 30, 2007 and 85 reference obligations as at the inception date.

Portfolio 2's composition by asset class as at June 30, 2007 and the inception date was as follows:

Asset class	June 30, 2007		Inception date	
	Number of reference obligations	% of Assets	Number of reference obligations	% of Assets
Commercial asset-backed securities	6	6.0	3	2.6
Consumer asset-backed securities	4	4.8	8	11.2
Residential mortgage-backed securities	52	35.3	55	48.2
Commercial mortgage-backed securities	26	28.9	14	13.0
Synthetic corporate exposures	5	25.0	5	25.0
	93	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 2 were distributed as follows:

Rating	June 30, 2007	Inception date
	(by equivalent S&P rating category)	(by notched S&P rating category)
	% of Assets	% of Assets
AAA	70.4	49.8
AA	14.3	31.8
A	15.0	18.4
BBB	0.3	-

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

# Global Diversified Investment Grade Income Trust

## Schedule – Derivative Instruments and Reference Obligation Portfolios

June 30, 2007

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Rating	June 30, 2007	Inception date
	(by equivalent Moody's rating category)	(by notched Moody's rating category)
	% of Assets	% of Assets
Aaa	74.7	49.0
Aa	10.8	29.1
A	14.4	21.9

The most recently communicated DBRS ratings of the synthetic corporate exposures comprised in Portfolio 2 were distributed as follows:

Rating	June 30, 2007	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 2 was 24 as at June 30, 2007 (between Aa2 and Aa3) and 36 as at the inception date (between Aa2 and Aa3 equivalent). The reference obligations comprised in Portfolio 2 had a weighted average default probability equivalent to a rating of between AA and AA- as at June 30, 2007 and between AA and AA- by S&P as at the inception date.

# Global Diversified Investment Grade Income Trust

## Schedule – Derivative Instruments and Reference Obligation Portfolios

June 30, 2007

### Swap Agreement F

Swap Agreement F refers to the credit performance of the reference obligations in Portfolio 3 that comprised 75 reference obligations as at June 30, 2007 and 82 reference obligations as at the inception date.

Portfolio 3's composition by asset class as at June 30, 2007 and the inception date was as follows:

Asset class	June 30, 2007		Inception date	
	Number of reference obligations	% of Assets	Number of reference obligations	% of Assets
Consumer asset-backed securities	2	3.8	2	4.5
Residential mortgage-backed securities	54	46.2	54	49.0
Commercial mortgage-backed securities	14	25.0	21	21.5
Synthetic corporate exposures	5	25.0	5	25.0
	75	100.0	82	100.0

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	June 30, 2007	Inception date
	(by equivalent S&P rating category)	(by notched S&P rating category)
	% of Assets	% of Assets
AAA	58.0	68.8
AA	29.5	23.4
A	12.5	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	June 30, 2007	Inception date
	(by equivalent Moody's rating category)	(by notched Moody's rating category)
	% of Assets	% of Assets
Aaa	58.4	68.1
Aa	28.7	22.9
A	12.8	9.0

# Global Diversified Investment Grade Income Trust

## Schedule – Derivative Instruments and Reference Obligation Portfolios

June 30, 2007

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

Rating	June 30, 2007	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 3 was 26 as at June 30, 2007 (between Aa2 and Aa3) and 19 as at 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 of between AA and AA- as at June 30, 2007 and between AA+ and AA by S&P as at the inception date.