
GlobalBanc Advantaged 8 Split Corp.

Annual Financial Statements
for the year ended December 31, 2009

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of GlobalBanc Advantaged 8 Split Corp. (the "Fund") are the responsibility of management and have been approved by the board of directors of the Fund (the "Board"). They have been prepared in accordance with Canadian generally accepted accounting principles using information available to March 23, 2010 and management's best estimates and judgments.

The Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

These financial statements have been approved by the Board and have been audited by Deloitte & Touche LLP, Chartered Accountants, on behalf of the shareholders. The auditors' report outlines the scope of their audit and their opinion on the financial statements.



Tim Evans
DIRECTOR
MARCH 23, 2010.



David Taylor
DIRECTOR
MARCH 23, 2010.

AUDITORS' REPORT

To the Shareholders of **GlobalBanc Advantaged 8 Split Corp.**,

We have audited the statements of net assets of GlobalBanc Advantaged 8 Split Corp. (the "Fund") as at December 31, 2009 and 2008, the schedule of investments as at December 31, 2009 and the statements of investment operations and deficit, changes in shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Fund's management. 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 management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2009 and 2008, the results of its operations and cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP


CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS
TORONTO, CANADA,
FEBRUARY 19, 2010.

GLOBALBANC ADVANTAGED 8 SPLIT CORP.
STATEMENTS OF NET ASSETS

As at December 31	2009 \$	2008 \$
ASSETS		
Canadian Securities Portfolio, at fair value <i>[note 8]</i>	18,158,876	16,318,744
(Total cost: 2009 - \$23,059,783, 2008 - \$35,521,818)		
Forward Agreement, at fair value <i>[note 8]</i>	(4,797,058)	(5,377,834)
Cash and cash equivalents	77,545	72,981
Receivable from Counterparty under Forward Agreement <i>[note 8]</i>	104,840	257,520
Prepaid expenses	8,190	8,773
	13,552,393	11,280,184
LIABILITIES		
Accounts payable and accrued liabilities	111,452	114,065
Redemptions payable	125,342	7,520
Payable for shares purchased	-	17,821
Distributions payable <i>[note 9]</i>	-	162,480
Preferred Shares <i>[note 6]</i>	13,315,599	10,978,298
	13,552,393	11,280,184
	-	-
CAPITAL SHAREHOLDERS' EQUITY (DEFICIT)		
Class A Shares <i>[note 6]</i>	24,918,591	25,007,711
Class J Shares <i>[note 6]</i>	150	150
Deficit	(24,918,741)	(25,007,861)
	-	-
Number of units outstanding <i>[note 6]</i>	1,927,100	2,321,150
Net Assets per Class A Share	\$0.00	\$0.00
Redemption value per Preferred Share <i>[note 6]</i>	\$6.91	\$4.73
Net Assets per unit	\$7.14	\$5.03

See accompanying notes

On behalf of the Board of Directors:



DIRECTOR
MARCH 23, 2010.



DIRECTOR
MARCH 23, 2010.

GLOBALBANC ADVANTAGED 8 SPLIT CORP.
STATEMENTS OF INVESTMENT
OPERATIONS AND DEFICIT

For year ended December 31	2009 \$	2008 \$
INVESTMENT INCOME		
Interest	41	215
	41	215
EXPENSES		
Forward Agreement fee <i>[note 7]</i>	93,265	184,235
Securityholder reporting costs	71,402	93,923
Audit fees	38,981	32,514
Administrator fees <i>[note 7]</i>	32,206	69,000
Independent review committee and directors' fees	31,132	32,689
Custodial fees	30,757	31,904
Legal fees	16,698	49,425
Goods and Services Tax	7,634	12,465
Interest expense and borrowing charges	4,240	15,317
	326,315	521,472
Net investment loss before the undernoted:	(326,274)	(521,257)
Preferred Shares issue costs amortization <i>[note 6]</i>	(268,596)	(323,291)
Distributions on Preferred Shares <i>[note 9]</i>	(33,863)	(1,069,174)
Net investment loss	(628,733)	(1,913,722)
REALIZED AND UNREALIZED GAIN (LOSS) ON FORWARD AGREEMENT, CANADIAN SECURITIES PORTFOLIO AND PREFERRED SHARES		
Realized loss on Canadian Securities Portfolio <i>[note 8]</i>	(9,725,333)	(9,210,203)
Change in unrealized appreciation (depreciation) of Forward Agreement and Canadian Securities Portfolio	14,851,953	(16,667,624)
Gain on redemption of Preferred Shares	1,600,439	1,904,800
Decrease (increase) in value of Preferred Shares	(6,009,206)	11,525,464
Net gain (loss) on Forward Agreement, Canadian Securities Portfolio and Preferred Shares	717,853	(12,447,563)
Results of investment operations for the year	89,120	(14,361,285)
Results of investment operations per Class A Share	\$0.0399	(\$5.4071)
Deficit, beginning of year	(25,007,861)	(10,646,576)
Results of investment operations for the year	89,120	(14,361,285)
Deficit, end of year	(24,918,741)	(25,007,861)

See accompanying notes

GLOBALBANC ADVANTAGED 8 SPLIT CORP.
STATEMENTS OF CHANGES
IN SHAREHOLDERS' EQUITY

For year ended December 31	2009	2008
	\$	\$
Shareholders' equity, beginning of year	-	14,368,805
Operations		
Increase (decrease) in net assets from investment operations	89,120	(14,361,285)
Shareholder transactions [note 6]		
Redemption of Class A Shares	(89,120)	(7,520)
	(89,120)	(7,520)
Net decrease in shareholders' equity	-	(14,368,805)
Shareholders' equity, end of year	-	-

See accompanying notes

GLOBALBANC ADVANTAGED 8 SPLIT CORP.
STATEMENTS OF CASH FLOWS

For year ended December 31	2009 \$	2008 \$
OPERATING ACTIVITIES		
Net investment loss for the year	(628,733)	(1,913,722)
Adjustments to Reconcile Cash Flows from Operating Activities		
Proceeds from partial settlement of Forward Agreement	2,705,712	3,573,997
Preferred Share issue cost amortization	268,596	323,291
Change in other assets and liabilities	(11,829)	15,401
Cash flows from operating activities	2,333,746	1,998,967
FINANCING ACTIVITIES		
Issue costs on Class A Shares	-	(27,354)
Redemption of Preferred Shares	(3,940,500)	(3,653,500)
Redemption of Class A Shares	(73,146)	(20,510)
Discount on Preferred Shares redeemed	1,684,465	1,865,718
Distributions on Class A Shares	-	(63,133)
Borrowings of bank indebtedness	-	(198,285)
Cash flows used in financing activities	(2,329,182)	(2,097,063)
Net Increase (decrease) in cash and cash equivalents during the year	4,564	(98,096)
Cash and cash equivalents, beginning of year	72,981	171,077
Cash and cash equivalents, end of year	77,545	72,981

See accompanying notes

GLOBALBANC ADVANTAGED 8 SPLIT CORP.
SCHEDULE OF INVESTMENTS

INDUSTRY	Fair Value (\$)	% of Total Investments
Canadian Securities Portfolio <i>[note 8]</i>	18,158,876	135.90
Value of Forward Agreement <i>[note 8]</i>	(4,797,058)	(35.90)
Total value of investments (including Forward Agreement)	13,361,818	100.00

As a result of the Forward Agreement described in Note 8, the above investments (including Forward Agreement) are represented by the Net Asset Value of the GlobalBanc Portfolio as at December 31, 2009 as listed below:

Number of shares	Description	Fair value \$	% of GlobalBanc Portfolio
233,800	Banco Santander Central Hispano SA	4,059,950	30.38
72,300	Bank of America Corp.	1,141,483	8.54
35,900	BNP Paribas	3,011,462	22.54
39,300	Citigroup Inc.	136,373	1.02
26,300	Deutsche Bank AG	1,958,533	14.66
405,237	Royal Bank of Scotland Group plc	199,499	1.49
18,200	Societe Generale	1,343,974	10.06
60,100	UBS AG	977,619	7.32
	Cash and other assets net of liabilities	532,925	3.99
	Value of GlobalBanc Portfolio	13,361,818	100.00

GLOBALBANC ADVANTAGED 8 SPLIT CORP.

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

1. INCORPORATION

GlobalBanc Advantaged 8 Split Corp. (the “Fund”), incorporated under the laws of Ontario on May 1, 2007, is a mutual fund corporation. The Fund provides holders of its shares with tax-efficient exposure, through the use of a forward agreement, to the price performance and dividend payments (including any increases thereof) of an initially equally weighted basket of securities consisting of eight of the world’s largest banks (“GlobalBanc Portfolio”).

On June 26, 2007, 2,600,000 Preferred Shares and 2,600,000 Class A Shares were issued by the Fund for gross proceeds of \$26,000,000 in respect of the Preferred Shares and \$26,000,000 in respect of the Class A Shares.

On July 6, 2007, 100,000 Preferred Shares and 100,000 Class A Shares were issued by the Fund for gross proceeds of \$1,000,000 in respect of the Preferred Shares and \$1,000,000 in respect of the Class A Shares.

The Preferred Shares mature on December 15, 2012.

The Administrator of the Fund is National Bank Financial Inc. (the “Administrator”).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”). In applying Canadian GAAP, management may make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses during the reporting year. Actual results could differ from those estimates. The following is a summary of significant accounting policies followed by the Fund in the preparation of its financial statements.

Adoption of new accounting standards

On January 1, 2009, the Fund adopted EIC-173, *Credit Risk and the Fair Value of Financial Assets and Financial Liabilities*, issued by the Canadian Institute of Chartered Accountants (“CICA”) Emerging Issues Committee. The abstract requires that an entity’s own credit risk and the risk of its counterparties should be taken into account in determining the fair value of financial assets and financial liabilities. The abstract did not affect the Fund’s financial position or results of operations.

On January 1, 2009, the Fund adopted the amendments to CICA 3862, *Financial Instruments – Disclosures*. CICA 3862 establishes a three-tier hierarchy as a framework for disclosing fair value based on inputs used to value the Fund’s investments. Level 1 values are based on quoted prices in active markets for identical securities. Level 2 values are based on significant observable market inputs, such as quoted prices for similar securities and quoted prices in inactive markets. Level 3 values are based on significant unobservable inputs that reflect the Fund’s determination of assumptions that market participants might reasonably use in valuing the securities. The required disclosure is included in Note 3.

Cash and cash equivalents

Cash and cash equivalents are comprised of cash and short-term investments with a term to maturity of less than three months from the date of purchase. Cash and cash equivalents are categorized as held for trading and therefore are carried at fair value. Short-term investments are valued at cost plus accrued interest, which approximates fair value.

Income recognition

The accrual method of recording income and expenses is followed with dividend income being recorded on the ex-dividend date.

Forward Agreement and Canadian Securities Portfolio

The Forward Agreement is valued at an amount equal to the gain or loss that would be realized if the position was to be closed out in accordance with its terms, in which case the fair value shall be based on the current fair value of the GlobalBanc Portfolio. On settlement, the fair value of the Forward Agreement would equal the difference between the fair value of the Canadian Securities Portfolio and the GlobalBanc Portfolio, net of expenses. The investments comprising the Canadian Securities Portfolio are valued at the bid price.

GLOBALBANC ADVANTAGED 8 SPLIT CORP.
NOTES TO FINANCIAL STATEMENTS continued

The Canadian Securities Portfolio and Forward Agreement are deemed to be held for trading and changes in fair value reflected in the Fund's Statements of Operations and Deficit. Average cost is used to determine the gain or loss on the sale of the Canadian Securities Portfolio.

Results of investment operations per Class A Share

The results of investment operations per Class A Share in the Statements of Investment Operations and Deficit represents the results of investment operations during the year, divided by the average number of Class A Shares outstanding during the year.

Net Assets per unit

The Net Assets per unit is calculated as net assets at fair value divided by the number of units outstanding of the Fund. The Preferred Shares are not treated as liabilities for this purpose. A unit is a notional unit comprising of one Preferred Share and one Class A Share.

Preferred Shares

The Preferred Shares are carried at amortized cost using the effective interest method and are presented as liabilities in the Statements of Net Assets. The costs incurred to issue Preferred Shares are amortized over the term of the Preferred Shares using the effective interest method. On redemption or early retraction of the Preferred Shares or Class A Shares, any unamortized issue cost relating to these shares and included in Net Asset per unit will be written off. The fair value of the Preferred Shares, which is based on the TSX market price on December 31, 2009, was \$12,140,730 (2008 – \$8,124,025).

Other assets and liabilities

Receivable from Counterparty under Forward Agreement is designated as loans and receivables and is recorded at cost or amortized cost. Similarly, accounts payable and accrued liabilities, redemptions payable, payable for Preferred Shares purchased and distributions payable are designated as other liabilities and recorded at cost or amortized cost. Other assets and liabilities are short-term in nature and amortized cost approximates fair value.

3. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table shows financial instruments as at December 31, 2009 recorded at fair value, analyzed between those whose fair value is based on quoted market prices (Level 1), those involving valuation techniques where all the model inputs are observable in the market (Level 2) and those where the valuation technique involves the use of non-market observable inputs (Level 3).

	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Financial assets				
Common stocks	18,158,876	–	–	18,158,876
	18,158,876	–	–	18,158,876
Financial liabilities				
Derivatives	–	4,797,058	–	4,797,058
	–	4,797,058	–	4,797,058

4. MANAGEMENT OF FINANCIAL RISKS

In the normal course of business, the Fund is exposed to various financial risks, including credit risk, liquidity risk and market risk (consisting of interest rate risk, currency risk and other price risk). To assist in managing risk, the Administrator maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy, investment guidelines and securities regulations.

GLOBALBANC ADVANTAGED 8 SPLIT CORP.
NOTES TO FINANCIAL STATEMENTS *continued*

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund.

In entering into the Forward Agreement, the Fund is exposed to the credit risk associated with the Counterparty. Depending upon the relative values of the GlobalBanc Portfolio and the Canadian Securities Portfolio, the Fund's exposure to the credit risk of the Counterparty may be significant. As at December 31, 2009, the credit exposure is \$13.4 million (2008 – \$10.9 million) and is represented by the carrying value of the GlobalBanc Portfolio.

The Counterparty credit risk is managed by dealing with counterparties the Fund believes to be creditworthy and by regular monitoring of credit exposures. As at December 31, 2009, the Counterparty has a credit rating of A according to Standard & Poor's.

Liquidity risk

Liquidity risk is the risk that the Fund may not be able to settle or meet its obligation on time or at a reasonable price. As at December 31, 2009, the holdings in the Canadian Securities Portfolio and GlobalBanc Portfolio are considered readily realizable as they are actively traded on public exchanges. In addition, the Fund may borrow up to 5% of its net assets for the purpose of paying redemptions and for working capital purposes.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments.

The Fund is not exposed to interest rate risk on the Preferred Shares as these shares are entitled to a fixed cumulative preferential distribution of 4.5% per annum on the issue price of the Preferred Shares.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The assets and liabilities of the Fund are predominantly held in the functional currency of the Fund which is the Canadian dollar. The Fund is exposed to the performance of the GlobalBanc Portfolio which is denominated in foreign currencies. As the Forward Agreement, through which the exposure is obtained, includes a foreign currency hedge, the Fund is not exposed to significant foreign currency risks.

Other price risk

Other price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

All investments in securities present a risk of loss of capital. The maximum market price risk resulting from these investments is equivalent to their fair value. The value of the Class A Shares and Preferred Shares will vary with the value of the GlobalBanc Portfolio by virtue of the Forward Agreement. The Fund's investment portfolio is passively managed and the value of the GlobalBanc Portfolio will be influenced by factors which are not within the control of the Fund including the performance of the portfolio securities, the condition of the equity markets generally and other factors. The Fund's exposure is concentrated in the financial services sector and as such will be exposed to the specific factors that affect this sector.

By utilizing a split share structure, holders of the Class A Shares receive leveraged exposure such that any capital appreciation or depreciation of the GlobalBanc Portfolio will be borne by the Class A Shares up to amounts subscribed by these shareholders. Accordingly, any increase or decrease in the value of the GlobalBanc Portfolio will result in a greater proportionate increase or decrease in the Net Asset Value of the Class A Shares. At December 31, 2009 and 2008 as the decline in the value of the GlobalBanc Portfolio exceeded the amounts subscribed by the Class A shareholders, the value of the Class A shares is nil and the Preferred Shareholders have absorbed the excess losses.

GLOBALBANC ADVANTAGED 8 SPLIT CORP.
NOTES TO FINANCIAL STATEMENTS continued

As at December 31, 2009, 97.1% (2008 – 93.6%) of the Fund’s net assets were exposed to the holdings in the GlobalBanc Portfolio which are traded on global stock exchanges. Due to the deficit and the absorption of losses by preferred shareholders, the GlobalBanc Portfolio will need to increase by \$5.96 million or 44.54% for the Class A Share value to exceed zero.

5. BANK INDEBTEDNESS

The Administrator, on behalf of the Fund, has entered into a \$1.0 million revolving term facility with a Canadian bank. Under the terms of the facility, the Fund may borrow up to 5% of the net assets of the Fund. Amounts borrowed under the facility are collateralized by a security interest in the assets and undertakings of the Fund. Amounts borrowed bear interest at the bank’s prime rate or, if incurred by way of banker’s acceptance, at rates slightly below prime. As at December 31, 2009 and throughout the year, the Fund had no bank indebtedness outstanding (2008 – nil).

6. SHARE CAPITAL

The Fund is authorized to issue an unlimited number of Preferred Shares, Class A Shares and Class J Shares.

The Fund issued 150 Class J Shares for a cash consideration of \$150.

A summary of the Fund’s issued and outstanding share capital, including Preferred Shares which are classified as liabilities in the Statements of Net Assets and related share issue costs is as follows:

	Class J Shares	Number of Units	Class A Shares	Preferred Shares	Preferred Share Issue Costs
Issuance of shares on June 26, 2007	\$150	2,700,000	\$27,000,000	\$27,000,000	–
Issue costs	–	–	(\$1,922,950)	–	(\$1,135,000)
Redemptions of shares	–	(13,500)	(\$61,819)	(\$135,000)	\$5,196
Amortization	–	–	–	–	\$98,775
Outstanding on December 31, 2007	\$150	2,686,500	\$25,015,231	\$26,865,000	(\$1,031,029)
Redemptions of shares	–	(365,350)	(\$7,520)	(\$3,653,500)	\$113,450
Amortization	–	–	–	–	\$209,841
Decrease in value of Preferred Shares	–	–	–	(\$11,525,464)	–
Outstanding on December 31, 2008	\$150	2,321,150	\$25,007,711	\$11,686,036	(\$707,738)
Redemptions of shares	–	(394,050)	(\$89,120)	(\$3,940,500)	\$71,452
Amortization	–	–	–	–	\$197,144
Increase in value of Preferred Shares	–	–	–	\$6,009,206	–
Outstanding on December 31, 2009	\$150	1,927,100	\$24,918,591	\$13,754,741	(\$439,142)

Preferred Shares

Holders of Preferred Shares are entitled to receive fixed cumulative preferential quarterly cash distributions of \$0.1125 per Preferred Share or 4.5% per annum on the issue price of the Preferred Shares (also see Note 9). Such quarterly distributions will be paid on or about the last business day of March, June, September and December in each year commencing September 28, 2007. Preferred Shares may be surrendered at any time for redemption by the Fund, but will be redeemed only on the monthly Redemption Date. Holders of Preferred Shares whose shares are surrendered for redemption will be entitled to receive the Preferred Share Redemption Price which will be equal to the lesser of (i) (a) 95% of the Net Asset Value per unit less (b) the cost to the Fund of the purchase of a Class A Share in the market for cancellation and (ii) \$10.00. Any unamortized issue costs relating to any offering of Preferred Shares by the Fund will be deducted in calculating the Net Asset Value per unit for this purpose.

Commencing in November 2008, a holder of a Preferred Share may concurrently redeem an equal number of Preferred Shares and Class A Shares on the Redemption Date in November of each year. The amount received per unit by the redeeming

GLOBALBANC ADVANTAGED 8 SPLIT CORP.
NOTES TO FINANCIAL STATEMENTS *continued*

shareholder for such concurrent redemption will be equal to the Net Asset Value per unit. Any unamortized issue costs relating to any offering of Preferred Shares by the Fund will be deducted in calculating the Net Asset Value per unit for this purpose.

The Preferred Shares will be redeemed on December 15, 2012 (the “**Final Redemption Date**”). The redemption price payable by the Fund for each Preferred Share outstanding on the Final Redemption Date will be equal to the lesser of (i) \$10.00 plus any accrued and unpaid distributions on a Preferred Share, and (ii) the Net Asset Value on that date divided by the number of Preferred Shares then outstanding.

The Preferred Shares rank in priority to the Class A Shares and Class J Shares with respect to the payment of distributions and the repayment of capital upon the dissolution, liquidation or winding-up of the Fund.

Class A Shares

Holders of Class A Shares will receive cash distributions if, as and when declared by the board of directors, that are expected to consist of non-taxable returns of capital and capital gains.

Class A Shares may be surrendered at any time for redemption by the Fund, but will be redeemed only on the monthly Redemption Date. Holders of Class A Shares whose shares are surrendered for redemption will be entitled to receive the Class A Redemption Price which will be equal to the lesser of (i) 95% of the Net Asset Value per unit less (ii) the cost to the Fund of the redemption of a Preferred Share at a premium or purchase of a Preferred Share in the market for cancellation. Any unamortized issue costs relating to any offering of Preferred Shares by the Fund will be deducted in calculating the Net Asset Value per unit for this purpose.

Commencing in November 2008, a holder of Class A Share may concurrently redeem an equal number of Class A Shares and Preferred Shares on the Redemption Date in November of each year. The amount received per unit by the redeeming shareholder for such concurrent redemption will be equal to the Net Asset Value per unit. Any unamortized issue costs relating to any offering of Preferred Shares by the Fund will be deducted in calculating the Net Asset Value per unit for this purpose.

The Class A Shares will be redeemed on the Final Redemption Date. The redemption price payable by the Fund for each Class A Share outstanding on the Final Redemption Date will be equal to the greater of (i) the Net Asset Value per unit on that date minus \$10.00 and minus any accrued and unpaid distributions on a Preferred Share, and (ii) nil.

The Class A Shares rank subsequent to the Preferred Shares with respect to the payment of distributions and the repayment of capital on the dissolution, liquidation or winding up of the Fund.

Class J Shares

The holders of Class J Shares are not entitled to receive dividends. The holders of Class J Shares are entitled to one vote per share.

The Class J Shares are redeemable at a price of \$1.00 per share and retractable at any time at either (i) a price of \$1.00 per share if any of the Class A Shares or Preferred Shares are then outstanding, or (ii) the Net Asset Value of the Fund divided by number of Class J Shares outstanding if none of the Class A Shares or Preferred Shares are then outstanding.

7. EXPENSES OF THE FUND

The Administrator is entitled to an annual fee of 0.25% per annum of the Net Asset Value, calculated daily and payable monthly, plus applicable taxes. The Administrator has retained First Asset Investment Management Inc. (“**First Asset**”) to provide the administrative services, including investment advisory services, required by the Fund. Fees payable to First Asset for such services will be paid by the Administrator out of its fee.

The Fund pays the forward counterparty, National Bank of Canada, an additional purchase amount under the Forward Agreement, calculated daily and payable quarterly in arrears, of 0.40% per annum of the notional amount of the Forward Agreement, being the value of securities upon which the payment obligation of the Counterparty under the Forward Agreement is based, and 0.20% per annum in respect of hedging costs incurred in connection with the Canadian Securities Portfolio.

GLOBALBANC ADVANTAGED 8 SPLIT CORP.
NOTES TO FINANCIAL STATEMENTS continued

The Fund is responsible for all costs relating to its administration.

No commissions or other transaction costs were paid by the Fund for its portfolio transactions during the year (2008 – nil).

8. FORWARD AGREEMENT AND CANADIAN SECURITIES PORTFOLIO

In order to gain exposure to the price performance and dividend payments of the GlobalBanc Portfolio, the Fund invested the net proceeds of the offering of units in a portfolio of common shares of Canadian public companies (the “**Canadian Securities Portfolio**”) and entered into a Forward Agreement with National Bank of Canada (the “**Counterparty**”).

Pursuant to the agreement, the Fund has agreed to transfer on or about the Final Redemption Date the Canadian Securities Portfolio to the Counterparty in exchange for an amount determined by reference to the Canadian dollar value of the GlobalBanc Portfolio. The Fund can partially settle the Forward Agreement prior to the Final Redemption Date in order to fund distributions and retractions, redemptions and repurchases of shares and to pay any expenses or liabilities of the Fund.

As at December 31, 2009, the Canadian Securities Portfolio for the Fund consists of the following investments:

Number of shares	Description	Fair Value \$
135,400	Hudbay Minerals Inc.	1,827,900
290,200	IVANHOE Mines Ltd.	4,460,374
29,308	MacDonald Dettwiler & Associates Ltd.	1,247,935
187,500	RONA Inc.	2,893,125
119,900	Stantec Inc.	3,620,980
134,800	Viterra Inc.	1,330,476
225,494	Westjet Airlines Ltd.	2,778,086
		18,158,876

9. DISTRIBUTIONS

An objective of the Fund is to provide fixed cumulative preferential quarterly cash distributions equal to \$0.1125 per share to holders of Preferred Shares, as and when declared, to yield 4.5% per annum on the original issue price of the Preferred Shares. Since the fourth quarter of 2008, the Fund has been reducing its quarterly cash distributions. \$0.07 per Preferred Security was paid out for the quarter ended December 31, 2008, \$0.005 per Preferred Security was paid out for the quarters ended March 31, June 30 and September 30, 2009 and no Preferred Security distribution was paid for the quarter ended December 31, 2009. The Fund determined that, as a result of anticipated changes in the dividend payments to be paid by the banks included in the GlobalBanc Portfolio, future dividend payments to be received by the Fund may not generate sufficient yield to pay in full the fixed cumulative quarterly dividends in the amount of \$0.1125 per Preferred Share and the expenses of the Fund. The Board of Directors will monitor the distributions estimated to be received on the GlobalBanc Portfolio and may revise the amount of dividends paid on the Preferred Shares in the future, up or down, to take into account changes in these estimates and changes in the Fund’s expenses.

Class A shareholders will receive cash distributions if, as and when declared by the Board of Directors. No distributions were declared on the Class A Shares for the years ended December 31, 2009 and 2008.

10. INCOME TAXES

The Fund qualifies and intends to continue to qualify as a mutual fund corporation under the Income Tax Act (Canada). Mutual fund corporations are generally subject to tax in the same manner as other public corporations except that income

GLOBALBANC ADVANTAGED 8 SPLIT CORP.
NOTES TO FINANCIAL STATEMENTS *continued*

taxes payable on realized capital gains are refundable on a formula basis when shares of the Fund are redeemed or capital gains dividends are paid by the Fund to its shareholders.

The Fund is subject to a special tax at the rate of 33 1/3% on taxable dividends received from taxable Canadian corporations. This tax is refundable to the Fund upon the payment of taxable dividends to its shareholders at the rate of \$1 of tax for every \$3 of dividends paid.

11. TAX LOSS CARRYFORWARD

As at December 31, 2009, the Fund had capital losses for income tax purposes which may be carried forward indefinitely to be applied against future capital gains. The non-capital losses may be utilized to reduce taxable income of future years and expire in the years indicated.

Capital Losses	Non-Capital Losses	Expiration of Non-Capital Losses		
		2027	2028	2029
\$20,872,067	\$2,444,129	\$650,918	\$948,612	\$844,599

12. CAPITAL MANAGEMENT

The Fund considers its capital to consist of Class A, Class J and Preferred Shares.

The Fund's objectives in managing its capital are:

- (i) to provide holders of Preferred Shares with cumulative preferential quarterly cash distributions in the amount of \$0.1125 per Preferred Share and to return the original issue price to holders of the shares on December 15, 2012, and
- (ii) to provide holders of Class A Shares with cash distributions and the opportunity for growth in net asset value per share.

The Fund manages its capital in accordance with its investment objectives and strategies and the risk management practices outlined in Note 4. In order to manage its capital structure, the Fund may adjust the amount of distributions paid to shareholders.

13. INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Canadian Accounting Standards Board has confirmed that the use of International Financial Reporting Standards ("IFRS") will be required for all Canadian publicly accountable entities (including investment funds) for financial years beginning on or after January 1, 2011. Effective January 1, 2011, the Fund will adopt IFRS as the basis for preparing its financial statements. The Fund will issue its financial results for the semi-annual period ended June 30, 2011 prepared in accordance with IFRS and will also provide comparative data on an IFRS basis, including an opening statement of net assets as at January 1, 2010.

In order to meet the requirement to changeover to IFRS, the Fund is following an orderly transition plan. The Fund has reviewed the existing body of IFRS against its current policies under Canadian GAAP and has noted certain policy differences but has not currently identified any changes that will materially impact the Fund's reported results or Net Assets per unit as a result of the changeover to IFRS. The main impact of IFRS on accounting policies and implementation decisions is expected to relate to presentation and additional disclosures in the financial statements of the Fund, including the classification of unitholders' equity.

14. RECLASSIFICATION

Certain comparative figures have been reclassified to conform to the current year's presentation.