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# **GlobalBanc Advantaged 8 Split Corp.**

Interim Financial Statements  
for the period  
January 1, 2009 to June 30, 2009

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**NOTICE TO READER:**

These interim financial statements and related notes for the six month period ended June 30, 2009 have been prepared by the Management of GlobalBanc Advantaged 8 Split Corp. The external auditors of the Fund have not audited or reviewed these interim financial statements.

**GLOBALBANC ADVANTAGED 8 SPLIT CORP.**  
**STATEMENTS OF NET ASSETS (Unaudited)**

As at	June 30, 2009 \$	December 31, 2008 \$
<b>ASSETS</b>		
Canadian Securities Portfolio, at fair value <i>[note 7]</i>	15,635,223	16,318,744
(Total cost: 2009 - \$26,734,678, 2008 - \$35,521,818)		
Forward Agreement, at fair value <i>[note 7]</i>	(2,925,971)	(5,377,834)
Cash and cash equivalents	65,259	72,981
Receivable from Counterparty under Forward Agreement <i>[note 7]</i>	100,000	257,520
Prepaid expenses	8,621	8,773
	<b>12,883,132</b>	<b>11,280,184</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	84,992	114,065
Redemptions payable	26,610	7,520
Payable for shares purchased	17,490	17,821
Distributions payable <i>[note 8]</i>	11,265	162,480
Preferred Shares <i>[note 5]</i>	12,742,775	10,978,298
	<b>12,883,132</b>	<b>11,280,184</b>
	-	-
<b>CAPITAL SHAREHOLDERS' EQUITY (DEFICIT)</b>		
Class A Shares <i>[note 5]</i>	24,954,184	25,007,711
Class J Shares <i>[note 5]</i>	150	150
Deficit	(24,954,334)	(25,007,861)
	-	-
<b>Number of units outstanding <i>[note 5]</i></b>	<b>2,253,050</b>	<b>2,321,150</b>
<b>Net Assets per Class A Share</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>Redemption value per Preferred Share <i>[note 5]</i></b>	<b>\$5.92</b>	<b>\$5.03</b>
<b>Net Assets per unit</b>	<b>\$5.92</b>	<b>\$5.03</b>

See accompanying notes

GLOBALBANC ADVANTAGED 8 SPLIT CORP.  
**STATEMENTS OF INVESTMENT OPERATIONS  
AND RETAINED EARNINGS (DEFICIT) (Unaudited)**

For six months ended June 30	2009 \$	2008 \$
<b>INVESTMENT INCOME</b>		
Interest	41	150
	41	150
<b>EXPENSES</b>		
Forward Agreement fee <i>[note 6]</i>	47,764	117,775
Securityholder reporting costs	42,063	48,552
Audit fees	21,338	14,919
Independent review committee and directors' fees	16,760	4,575
Custodial fees	15,197	17,000
Administrator fees <i>[note 6]</i>	13,127	41,343
Legal fees	2,756	39,371
Goods and Services Tax	2,545	5,891
Interest expense and borrowing charges	1,926	9,662
	163,476	299,088
<b>Net investment loss before the undernoted:</b>	<b>(163,435)</b>	<b>(298,938)</b>
Preferred Shares issue costs amortization <i>[note 5]</i>	(105,460)	(107,922)
Distributions on Preferred Shares <i>[note 8]</i>	(22,660)	(604,462)
<b>Net investment loss</b>	<b>(291,555)</b>	<b>(1,011,322)</b>
<b>REALIZED AND UNREALIZED GAIN (LOSS) ON FORWARD AGREEMENT, CANADIAN SECURITIES PORTFOLIO AND PREFERRED SHARES</b>		
Realized loss on Canadian Securities Portfolio <i>[note 7]</i>	(8,171,439)	(5,027,136)
Change in unrealized appreciation (depreciation) of Forward Agreement and Canadian Securities Portfolio	10,401,780	(8,643,526)
Gain on redemption of Preferred Shares	454,758	-
Decrease (increase) in value of Preferred Shares <i>[note 3]</i>	(2,340,017)	313,179
<b>Net gain (loss) on Forward Agreement, Canadian Securities Portfolio and Preferred Shares</b>	<b>345,082</b>	<b>(13,357,483)</b>
<b>Results of investment operations for the period</b>	<b>53,527</b>	<b>(14,368,805)</b>
<b>Results of investment operations per Class A Share</b>	<b>\$ 0.0234</b>	<b>\$ (5.3485)</b>
<b>Deficit, beginning of period</b>	<b>(25,007,861)</b>	<b>(10,646,576)</b>
Results of investment operations for the period	53,527	(14,368,805)
<b>Deficit, end of period</b>	<b>(24,954,334)</b>	<b>(25,015,381)</b>

See accompanying notes

**GLOBALBANC ADVANTAGED 8 SPLIT CORP.**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS'**  
**EQUITY (DEFICIT) (Unaudited)**

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For six months ended June 30	2009	2008
	\$	\$
<b>Shareholders' equity, beginning of period</b>	-	14,368,805
<b>Operations</b>		
Increase (decrease) in net assets from investment operations	53,527	(14,368,805)
<b>Shareholder transactions [note 5]</b>		
Redemption of Class A Shares	(53,527)	-
	(53,527)	-
<b>Net decrease in shareholders' equity</b>	-	(14,368,805)
<b>Shareholders' equity (deficit), end of period</b>	-	-

*See accompanying notes*

**GLOBALBANC ADVANTAGED 8 SPLIT CORP.**  
**STATEMENTS OF CASH FLOWS (Unaudited)**

For six months ended June 30	2009	2008
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Net investment loss for the period	(291,555)	(1,011,322)
Adjustments to Reconcile Cash Flows from (used in) Operating Activities		
Proceeds from partial settlement of Forward Agreement	462,000	1,095,128
Preferred Share issue cost amortization	105,460	107,922
Change in other assets and liabilities	(22,617)	(394,561)
<b>Cash flows from (used in) operating activities</b>	<b>253,288</b>	<b>(202,833)</b>
<b>FINANCING ACTIVITIES</b>		
Issue costs on Class A Shares	-	(27,354)
Redemption of Preferred Shares	(684,000)	(60,000)
Redemption of Class A Shares	(56,887)	(20,509)
Discount on Preferred Shares redeemed	479,877	3,096
Distributions on Class A Shares	-	(63,133)
Borrowings of bank indebtedness	-	251,042
<b>Cash flows from (used in) financing activities</b>	<b>(261,010)</b>	<b>83,142</b>
<b>Net decrease in cash and cash equivalents during the period</b>	<b>(7,722)</b>	<b>(119,691)</b>
Cash and cash equivalents, beginning of period	72,981	171,077
<b>Cash and cash equivalents, end of period</b>	<b>65,259</b>	<b>51,386</b>

*See accompanying notes*

**GLOBALBANC ADVANTAGED 8 SPLIT CORP.**  
**SCHEDULE OF INVESTMENTS (Unaudited)**

As at June 30, 2009

	Fair Value (\$)	% of Total Investments
Canadian Securities Portfolio <i>[note 8]</i>	15,635,223	123.02
Value of Forward Agreement <i>[note 8]</i>	(2,925,971)	(23.02)
<b>Total value of investments (including Forward Agreement)</b>	<b>12,709,252</b>	<b>100.00</b>

As a result of the Forward Agreement described in Note 7, the above investments (including Forward Agreement) are represented by the Net Asset Value of the GlobalBanc Portfolio as at June 30, 2009 as listed below:

Number of shares	Description	Fair value \$	% of GlobalBanc Portfolio
75,300	Bank of America Corp. (DE)	1,149,963	9.05
39,700	BNP Paribas	3,069,886	24.15
15,500	Citigroup Inc.	54,003	0.42
28,600	Deutsche Bank AG	2,067,131	16.26
19,200	Société Générale Group	1,244,323	9.79
301,137	Royal Bank of Scotland Group plc	224,619	1.77
260,000	Banco Santander Central Hispano SA	3,640,255	28.64
61,500	UBS AG	874,769	6.88
	Cash and other assets net of liabilities	384,303	3.02
<b>Value of GlobalBanc Portfolio</b>		<b>12,709,252</b>	<b>100.00</b>

See accompanying notes

**GLOBALBANC ADVANTAGED 8 SPLIT CORP.**  
**NOTES TO FINANCIAL STATEMENTS (Unaudited)**

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June 30, 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 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 period. 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 standard**

On January 1, 2009, the Fund adopted EIC-173, *Credit Risk and the Fair Value of Financial Assets and Financial Liabilities*, issued by the CICA's Emerging Issues Committee. The abstract requires that an entity's own credit risk and the risk of the counterparty 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.

**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 closing bid price.

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 Retained Earnings. 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 Retained Earnings (Deficit) represents the results of investment operations during the period, divided by the average number of Class A Shares outstanding during the period.

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

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**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 June 30, 2009, was \$10,026,073 (2008 - \$17,086,140).

**Other assets and liabilities**

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

**3. 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.

**Credit risk**

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it as 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 June 30, 2009, the credit exposure is \$12.7 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 June 30, 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 June 30, 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

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

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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 June 30, 2009 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.

As at June 30, 2009, 95.2% of the Fund's net assets were exposed to the holdings in the GlobalBanc Portfolio which are traded on global stock exchanges. If equity prices on the global stock exchanges had increased or decreased by 10% as at the period end, with all other factors remaining constant, net assets would have increased or decreased by \$1,270,925, respectively.

**4. 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 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 June 30, 2009 and throughout the period, the Fund had no bank indebtedness outstanding. As at June 30, 2008, the indebtedness was in the form of bankers' acceptances having a weighting average term of 14 days and effective rate of 3.15%.

**5. 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.

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

A summary of the Fund's issued and outstanding share capital and related share issue costs is as follows:

	<b>Class J Shares</b>	<b>Number of Units</b>	<b>Class A Shares</b>	<b>Preferred Shares</b>	<b>Preferred Share Issue Cost</b>
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	–	(68,100)	(\$53,527)	(\$681,000)	\$16,029
Amortization	–	–	–	–	\$89,431
Increase in value of Preferred Shares	–	–	–	\$2,340,017	–
Outstanding on June 30, 2009	\$150	2,253,050	\$24,954,184	\$13,345,053	(\$602,278)

**Preferred Shares**

Holder of Preferred Shares will be 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. 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) 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 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**

Holder 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.

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

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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.

**6. 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.

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 period.

**7. 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 will agree 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 will 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.

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

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As at June 30, 2009, the Canadian Securities Portfolio for the Fund consists of the following investments:

<b>Number of shares</b>	<b>Description</b>	<b>Fair Value \$</b>
53,800	Eldorado Gold Corp.	560,058
135,400	Hudbay Minerals Inc.	1,033,102
290,200	Ivanhoe Mines Ltd.	1,892,104
95,900	MacDonald, Dettwiler and Associates Ltd.	2,531,760
2,769	Research In Motion Limited	228,775
187,500	RONA Inc.	2,383,125
119,900	Stantec Inc.	3,338,016
134,800	Viterra Inc.	1,361,480
225,494	WestJet Airlines Ltd.	2,306,803
		<b>15,635,223</b>

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## **8. DISTRIBUTIONS**

An objective of the Fund is to provide fixed cumulative preferential quarterly cash distributions equal to of \$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. The quarterly cash distributions paid to holders of Preferred Shares was reduced to \$0.07 per Preferred Share for the fourth quarter of 2008, and further reduced to \$0.05 per Preferred Share for the first two quarters of 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 year ended December 31, 2008 and for the period ended June 30, 2009.

## **9. 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 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.

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

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**10. TAX LOSS CARRYFORWARD**

As at June 30, 2009, the Fund had capital loss carryforwards 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 year indicated.

Capital Losses	Non-Capital Losses	Expiration of Non-Capital Losses	
		2028	2027
\$11,014,852	\$1,599,530	\$948,612	\$650,918

**11. 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 3. In order to manage its capital structure, the Fund may adjust the amount of distributions paid to shareholders.

**12. RECLASSIFICATION**

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