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# **GlobalBanc Advantaged 8 Split Corp.**

Interim Management Report of Fund Performance  
for the period January 1, 2009 to June 30, 2009

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**Fund:** GlobalBanc Advantaged 8 Split Corp.

**Securities:** Preferred Shares – Listed TSX: GBA.PR.A  
Class A Shares – Listed TSX: GBA  
A “unit” means a notional unit consisting of one Preferred Share and one Class A Share.

**Period:** January 1, 2009 to June 30, 2009

**Administrator:** National Bank Financial Inc.  
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**Notes:**

1. This Interim Management Report of Fund Performance contains financial highlights but does not contain the complete Interim Financial Statements of the Fund. You can get a copy of the Interim Financial Statements at your request, and at no cost, by contacting us (contact information above) or on SEDAR at [www.sedar.com](http://www.sedar.com). Securityholders may also contact us to request a free copy of the Fund’s proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.
2. This report may contain forward looking statements. Forward looking statements involve risks and uncertainties and are predictive in nature and actual results could differ materially from those contemplated by the forward looking statements.
3. Unless otherwise indicated all information is as at June 30, 2009.
4. None of the websites that are referred to in this Interim Management Report of Fund Performance, nor any of the information on any such websites, are incorporated by reference in this Interim Management Report of Fund Performance.

## **Results of Operations**

The Fund provides holders of its securities with tax efficient exposure, through the use of a forward agreement, to the price performance and dividend payments (including any increases thereof) of a basket comprised of securities of Citigroup Inc., Bank of America Corp. (DE), Royal Bank of Scotland Group plc, Deutsche Bank AG, UBS AG, Banco Santander Central Hispano SA, BNP Paribas and Societe Generale Group (the “GlobalBanc Portfolio”).

The Fund’s net assets were \$13.3 million as at June 30, 2009, an increase from \$11.7 million as at December 31, 2008. The largest contributing factor to this increase is the increase in value of stock prices of the issuers comprising the GlobalBanc Portfolio.

Net investment loss was slightly lower as compared to the prior period because the average net assets during the current period were lower and, as such, expenses which are calculated as a percentage of net assets were lower than their corresponding amounts during the first six months of 2008. As well, the amount of dividends paid on the Preferred Shares was lower as compared to the prior period.

For the period ended June 30, 2009, the net assets per unit of the Fund (each comprised of a Class A Share and a Preferred Share) was \$5.92 after payment of distributions to securityholders, compared to \$5.03 per unit on December 31, 2008. Net Assets per unit is the difference between the aggregate value of the assets of the Fund and the aggregate value of the liabilities (excluding the liability for Preferred Shares on that date), divided by the number of units then outstanding. The Fund distributed \$0.01 per Preferred Share during the period. With a view to preserving the assets of the Fund, it did not pay a distribution on the Class A Shares in 2008 or 2009 and distributions on Preferred Shares were further reduced during the current period. This contributed to a total return for the Fund of 17.9% over the period.

The net assets per unit of \$5.92 as at June 30, 2009, was comprised of \$5.92 per Preferred Share and \$0.00 per Class A Share. Since the net assets per unit is currently below the \$10 principal value of the Preferred Shares, the holders of the Preferred Shares would receive less than \$10.00 and the holders of the Class A Shares wouldn’t receive anything if the GlobalBanc Portfolio was liquidated and proceeds distributed as at June 30, 2009.

## **Recent Developments**

In late 2008, the Fund announced that as a result of anticipated reductions in the dividend payments to be paid by the banks comprising the GlobalBanc Portfolio, the board of directors was concerned that the GlobalBanc Portfolio would not generate sufficient yield to pay in full the fixed cumulative quarterly dividends in the amount of \$0.1125 per Preferred Share (as established by the share conditions relating to the Preferred Shares) and the expenses of the Fund. Accordingly, the board determined that during 2009 the Fund would pay a quarterly dividend amount of one-quarter of the Bloomberg Dividend Forecast of the dividends to be paid by the banks comprising the GlobalBanc Portfolio for the following 12 months, less an estimate of the expenses of the Fund.

In February, 2009, based on the then current Bloomberg Dividend Forecast, the Fund anticipated that the dividend for the quarter-ending March 31, 2009 would be approximately \$0.02 per Preferred Share. However, as the date for the declaration of the dividend neared this amount was reduced to \$0.005 to reflect the then current Bloomberg Dividend Forecast. In particular, the then current Bloomberg Dividend Forecast reflected that the dividends that were anticipated to be declared by BNP Paribas and Societe General Group, two securities in the GlobalBanc Portfolio, had been reduced since February. Having regard for this volatility the board determined in June to maintain this level of dividend for the quarter-ending June 30, 2009, despite a slightly more positive outlook from the Bloomberg Dividend Forecast for 2010. No dividends were paid on the Class A Shares for either the March 31 or June 30, 2009 quarter.

In the case of the Preferred Shares, the shortfall below the prescribed amount of the Preferred Share dividend will accumulate and, in accordance with the terms of the Preferred Shares and the Class A Shares, will be paid in priority to any payments on the Class A Shares.

The board of directors continues to monitor the performance of the Fund and the Fund's ability to declare and pay dividends, and, if appropriate, will revise the amount of dividends in the future, up or down. The ability to pay dividends on the outstanding securities, and the amount of those dividends depend on a variety of factors, including: anticipated dividends to be received by the Fund from its portfolio (which in turn finance dividends paid by the Fund and cover operating expenses); anticipated operating expenses (which reduce the cash available to distribute); anticipated redemptions (which must be funded by selling portfolio assets, which in turn reduces the assets that are available to generate income for the Fund); and the obligations vis-à-vis the different classes of shares.

### **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. Due to the anticipated changes in IFRS prior to transition, the Fund cannot conclusively determine the impact on its financial results at this time. The Fund has reviewed the existing body of IFRS against its current policies under Canadian GAAP and has noted certain policy differences. However, based on the preliminary analysis, it is not anticipated that the transition to IFRS will impact the Fund's reported results or net asset value per unit. The main impact of IFRS on accounting policies and implementation decisions is expected to relate to additional disclosures in the financial statements of the Fund.

### **Related Party Transactions**

In connection with its initial public offering, the Fund entered into an Agency Agreement with National Bank Financial Inc. (the “**Administrator**”), CIBC World Markets Inc., RBC Dominion Securities Inc., BMO Nesbitt Burns Inc., Scotia Capital Inc., TD Securities Inc., Canaccord Capital Corporation, Desjardins Securities Inc., Dundee Securities Corporation, Raymond James Ltd., Blackmont Capital Inc. and Wellington West Capital Inc. (collectively, the “**Agents**”) dated as of May 29, 2007 pursuant to which the Agents agreed to offer the Shares for sale on a best efforts basis when issued by the Fund (the “**Offering**”). In connection with their services, the Agents received \$0.30 per Preferred Share and \$0.60 per Class A Share. In connection with the Offering, the Administrator was also the promoter. The Administrator also receives a fee for administrative services it provides to the Fund.

The Administrator is an affiliate of National Bank of Canada (the “**Counterparty**”). The Counterparty is the counterparty under the forward agreement which provides the Fund with exposure to the economic performance of the GlobalBanc Portfolio. The Fund pays the Counterparty an amount under the forward agreement, calculated daily and payable quarterly in arrears, equal to 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 is based, and 0.20% per annum in respect of hedging costs incurred in connection with securities pledged to the Counterparty to secure the obligations of the Fund under the forward agreement.

The Fund established a revolving credit facility for the purpose of paying redemptions and for working capital purposes. Amounts borrowed under the facility are collateralized by a security interest in the assets and undertakings of the Fund. The lender under the credit facility is National Bank of Canada, an affiliate of the Administrator. The terms, conditions, interest rates and expenses are typical for a loan of this nature. The term facility was not utilized during the period.

First Asset Investment Management Inc. (“**First Asset**”), which has been retained by the Administrator to provide certain services to the Fund, is also considered to be a related party. First Asset receives a fee for the services it provides (see “**Management Fees**” below).

## Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance since inception.

### **The Fund's Net Assets per Class A Share <sup>(1)</sup>**

	For the Six	For the Years Ended	
	Months Ended	December 31	
	June 30	2008	2007 <sup>(2)</sup>
	2009		
<b>Net Assets, beginning of period <sup>(3)</sup></b>	0.00	\$5.35	\$9.28
<b>Increase (decrease) from operations</b>			
Total revenue	0.00	0.00	0.00
Total expenses	0.00	(0.13)	(0.15)
Realized losses for the period	0.00	(2.32)	(0.63)
Unrealized losses for the period	0.00	(4.20)	(2.86)
<b>Total increase (decrease) from operations<sup>(4)</sup></b>	<b>0.00</b>	<b>(6.65)</b>	<b>(3.63)</b>
<b>Distributions:</b>			
From income (excluding dividends)	0.00	0.00	0.00
From dividends	0.00	0.00	0.00
From capital gains	0.00	0.00	0.00
Return of capital	0.00	0.00	(0.05)
<b>Total Annual Distributions<sup>(5)</sup></b>	<b>0.00</b>	<b>0.00</b>	<b>(0.05)</b>
<b>Net Assets, end of period<sup>(6)</sup></b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$5.35</b>

### **The Fund's Net Assets per Preferred Share <sup>(1)</sup>**

	For the Six	For the Years Ended	
	Months Ended	December 31	
	June 30	2008	2007 <sup>(2)</sup>
	2009		
<b>Net Assets, beginning of period <sup>(3)</sup></b>	\$5.03	\$10.00	\$10.00
<b>Increase (decrease) from operations</b>			
Total revenue	0.00	0.00	0.00
Total expenses	(0.07)	(0.07)	0.00
Realized losses for the period	(3.57)	(1.15)	0.00
Unrealized gains (losses) for the period	4.55	(2.08)	0.00
<b>Total increase (decrease) from operations<sup>(4)</sup></b>	<b>0.91</b>	<b>(3.30)</b>	<b>0.00</b>
<b>Distributions:</b>			
From income (excluding dividends)	0.00	0.00	0.00
From dividends	0.00	0.00	0.00
From capital gains	0.00	0.00	0.00
Return of capital	(0.01)	(0.41)	(0.23)
<b>Total Annual Distributions<sup>(5)</sup></b>	<b>(0.01)</b>	<b>(0.41)</b>	<b>(0.23)</b>
<b>Net Assets, end of period<sup>(6)</sup></b>	<b>\$5.92</b>	<b>\$5.03</b>	<b>\$10.00</b>

Notes:

- (1) This information is derived from the Fund's audited annual and unaudited interim financial statements.
- (2) Results for the period from June 26, 2007 (first day of trading) to December 31, 2007.
- (3) For 2007, the Net Assets reflect the issue price of \$10 per Class A Share less total share issue expenses and \$10 per Preferred Share.
- (4) Net Assets and distributions are based on the actual number of Preferred Shares and Class A Share outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. As long as the net asset value per unit of the Fund is above \$10 per unit, then the expenses of the Fund are borne by the Class A Shares. If the net asset value per unit of the Fund falls to or below \$10 per unit, then the expenses of the Fund are borne by the Preferred Shares until such time as the net asset value per unit of the Fund returns to \$10 per unit or more.
- (5) Distributions were paid in cash.
- (6) This is not a reconciliation of the beginning and ending Net Assets per share principally because it does not include all shareholder transactions as shown in the annual audited financial statements. Columns may therefore not add.

### Ratios and Supplemental Data - Class A Shares

	2009	2008	2007
Net Asset Value (000's) <sup>(1)</sup>	\$0	\$0	\$14,369
Number of units outstanding (000's) <sup>(1)</sup>	2,253	2,321	2,687
Management expense ratio before share issue expenses and interest on Preferred Shares <sup>(2)</sup>	0.00%	10.59%	3.03%
Management expense ratio <sup>(2)</sup>	0.00%	31.83%	24.47%
Management expense ratio before waivers or absorptions	0.00%	31.83%	24.47%
Portfolio turnover rate <sup>(3)</sup>	N/A	N/A	N/A
Trading expense ratio <sup>(4)</sup>	N/A	N/A	N/A
Net Asset Value per Class A Share	\$0	\$0	\$5.35
Closing market price - Class A Share	\$0.69	\$0.43	\$4.49

### Ratios and Supplemental Data - Preferred Shares

	2009	2008	2007
Net Asset Value (000's) <sup>(1)</sup>	\$13,338	\$11,675	\$26,865
Number of units outstanding (000's) <sup>(1)</sup>	2,253	2,321	2,687
Management expense ratio before share issue expenses and interest on Preferred Shares <sup>(2)</sup>	1.44%	0.66%	0.00%
Management expense ratio <sup>(2)</sup>	1.44%	0.66%	0.00%
Management expense ratio before waivers or absorptions	1.44%	0.66%	0.00%
Portfolio turnover rate <sup>(3)</sup>	N/A	N/A	N/A
Trading expense ratio <sup>(3)</sup>	N/A	N/A	N/A
Net Asset Value per Preferred Share	\$5.92	\$5.03	\$10.00
Closing market price - Preferred Share	\$4.45	\$3.50	\$8.60

Notes:

- (1) This information is provided as at December 31 of the year shown, except 2009 which is provided as at June 30.
- (2) Management expense ratio of a particular series is based on total expenses (excluding commissions and other portfolio transaction costs) attributable to that series for the stated period and is expressed as an annualized percentage of daily average net assets of that series during the period. Total expenses include interest on the Fund's Preferred Shares. The Preferred Shares form part of the Fund's dual security capital

structure. The MER for the period ending December 31, 2007 annualizes expenses incurred from inception date to the end of the period and it also includes Agents' fees and other offering expenses, which are one time expenses and therefore are not annualized. Annualized expenses before share issue expenses and interest on Preferred Shares as a percentage of the combined daily average net assets of both Class A and Preferred Shares is 1.24% for 2007, 1.94% for 2008 and 3.11% for 2009. When the net asset value per unit of the Fund is above \$10 per unit, then the expenses of the Fund are borne by the Class A Shares. When the net asset value per unit of the Fund falls to or below \$10 per unit, then the expenses of the Fund are borne by the Preferred Shares until such time as the net asset value per unit of the Fund returns to \$10 per unit or more.

<sup>(3)</sup> The Fund's return is linked, by virtue of a forward agreement, to the performance of the GlobalBanc Portfolio, and consequently, the portfolio turnover rate and trading expense ratio do not apply to the Fund.

### **Management Fees**

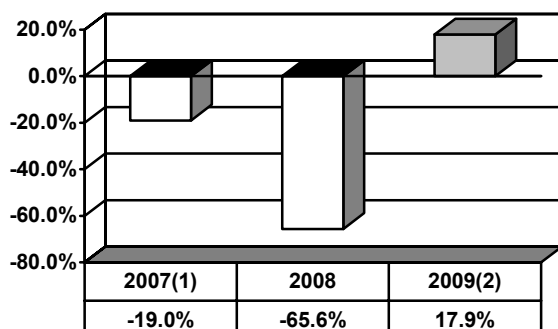
The Administrator is responsible for providing, or arranging for the provision of administrative services required by the Fund. As compensation for the services it provides, the Administrator is entitled to receive an annual fee from the Fund in an amount equal to 0.25% of the net asset value of the Fund, which is calculated daily and paid monthly in arrears. The Administrator has retained First Asset to provide administrative services, including investment advisory services required by the Fund. Fees payable to First Asset for such services are paid by the Administrator out of its fee.

## Past Performance

Please note that the performance information shown in this section assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund at the net asset value of those units as at each dividend payment date. Also note that the performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns on performance. The performance of the Fund in the past does not necessarily indicate how it will perform in the future.

### **Year-by-Year Returns**

The following bar chart shows the Fund's annual performance for the financial years shown and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year.



(1) Total return for the period June 26, 2007, to December 31, 2007.

(2) Total return for the period January 1, 2009 to June 30, 2009.

## Summary of Investment 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 the Counterparty. Pursuant to the agreement, the Fund will agree to transfer on or about the termination date of the Fund 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 individual securities in the Canadian Securities Portfolio of the Fund as of June 30, 2009 are disclosed in the notes to the financial statements.