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PROSPECTUS

Initial Public Offering

May 29, 2007



**\$150,000,000 (Maximum)  
Preferred Shares and Class A Shares**

GlobalBanc Advantaged 8 Split Corp. (the “Company”) has been created to provide holders of its shares with tax-efficient exposure 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 (each a “Bank” and all of them collectively, the “Banks”). Each of the Banks will initially constitute approximately 12.5% of the market value of the portfolio securities (the “Bank Portfolio”).

The Bank Portfolio will include equity securities of the following banks:

Citigroup Inc.	UBS AG
Bank of America Corp. (DE)	Banco Santander Central Hispano SA
Royal Bank of Scotland Group plc	BNP Paribas
Deutsche Bank AG	Societe Generale Group

Each of the Banks (i) is rated AA – or better by Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., or an equivalent rating agency (ii) is one of the 30 largest banks in the world by market capitalization and (iii) pays a dividend which has had a compound annual growth rate over the last 5 years of in excess of 10%. The Company believes that the Banks generally offer attractive dividend yields, strong earnings growth momentum and the potential to benefit from the consolidation of the global banking industry.

In order to gain exposure to the price performance and dividend payments (including any increases thereof) of the Bank Portfolio, the Company will apply the net proceeds of the Offering (as defined below) to purchase a portfolio (the “Canadian Securities Portfolio”) consisting of securities of certain Canadian public issuers listed on the Toronto Stock Exchange that qualify as “Canadian securities” for purpose of the Income Tax Act (the “Tax Act”). The Company will then enter into a Forward Agreement (the “Forward Agreement”) with National Bank of Canada (“NBC”) and/or one of its affiliates whose obligations are guaranteed by NBC (the “Counterparty”) pursuant to which the Company will agree to transfer on or about December 15, 2012 (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 Bank Portfolio (the “Forward Amount”). The terms of the Forward Agreement will provide that it may be partially settled prior to the Final Redemption Date at the request of the Company in order to fund distributions and retractions, redemptions and repurchases of Preferred Shares and Class A Shares (collectively, the “Shares”) and to pay any expenses or liabilities of the Company, and the notional amount of the Forward Agreement will be adjusted accordingly. Approximately, and in any event not less than, 80% of the value of the Bank Portfolio, determined at the time the hedge is established and thereafter when re-established, will be hedged back to the Canadian dollar at all times. In computing the Forward Amount, provided that applicable laws and regulations and their interpretation and application remain unchanged, ordinary dividends paid on the Bank Portfolio will not be reduced by withholding taxes otherwise currently payable in respect thereof at rates in effect on the date hereof.

**Prices: \$10.00 per Preferred Share and \$10.00 per Class A Share  
Minimum Purchase: 100 Preferred Shares or 100 Class A Shares**

	Price to the Public <sup>(1)</sup>	Agents’ Fees	Net Proceeds to the Company
Per Preferred Share . . . . .	\$ 10.00	\$ 0.30	\$ 9.70
Total Minimum Offering <sup>(2)(3)</sup> . . . . .	\$20,000,000	\$ 600,000	\$19,400,000
Total Maximum Offering <sup>(3)</sup> . . . . .	\$75,000,000	\$2,250,000	\$72,750,000
Per Class A Share . . . . .	\$ 10.00	\$ 0.60	\$ 9.40
Total Minimum Offering <sup>(2)(3)</sup> . . . . .	\$20,000,000	\$1,200,000	\$18,800,000
Total Maximum Offering <sup>(3)</sup> . . . . .	\$75,000,000	\$4,500,000	\$70,500,000

Notes:

- (1) The Offering prices were established by negotiation between the Company and the Agents (defined below).
- (2) There will be no closing unless a minimum of 2,000,000 Preferred Shares and 2,000,000 Class A Shares are sold. If subscriptions for a minimum of 2,000,000 Preferred Shares and 2,000,000 Class A Shares have not been received within 90 days following the date of issuance of a receipt for this prospectus, the Offering may not continue without the consent of the Canadian securities regulators and those who have subscribed for Shares on or before such date.
- (3) The Company has granted the Agents an option (the “Over-Allotment Option”), exercisable until 30 days after the closing of the Offering, to purchase up to 15% of the number of Preferred Shares and Class A Shares issued on the closing on the same terms set forth above. This prospectus qualifies the distribution of the Over-Allotment Option, and the Preferred Shares and the Class A Shares issuable on the exercise thereof. If the Over-Allotment Option is exercised in full, the total price to the public under the maximum offering will be \$172,500,000 and the Agents’ fees will be \$7,762,500.

(continued on next page)

*(continued from cover)*

The Company's investment objectives (the "Investment Objectives") with respect to the Preferred Shares are:

- (i) to provide holders of Preferred Shares with fixed cumulative preferential quarterly cash distributions that are expected to consist of non-taxable returns of capital and capital gains in the amount of \$0.1125 per Preferred Share, representing a yield on the issue price of the Preferred Shares of 4.5% per annum; and
- (ii) to return the original issue price of the Preferred Shares at the time of redemption of such Preferred Shares on the Final Redemption Date; and

with respect to the Class A Shares are:

- (i) to provide holders of Class A Shares with the opportunity for leveraged growth in net asset value per Class A Share after the repayment of the original issue price of the Preferred Shares; and
- (ii) to provide holders of Class A Shares with cash distributions that are expected to consist of non-taxable returns of capital and capital gains as and when declared by the board of directors.

The Preferred Shares have been provisionally rated Pfd-2 by DBRS Limited ("DBRS").

The Preferred Shares and Class A Shares will be redeemed on the Final Redemption Date. The redemption price payable by the Company 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 NAV (as defined herein) on that date divided by the number of Preferred Shares then outstanding. The redemption price payable by the Company for each Class A Share outstanding on the Final Redemption Date will be equal to the greater of (i) the NAV per Unit (as defined herein) on that date minus \$10.00 and minus any accrued and unpaid distributions on a Preferred Share, and (ii) nil. See "Details of the Offering".

**There is currently no market through which the Preferred Shares or Class A Shares may be sold and purchasers may not be able to resell securities purchased under the prospectus. The Toronto Stock Exchange (the "TSX") has conditionally approved the listing of the Preferred Shares and Class A Shares, subject to the Company fulfilling all of the requirements of the TSX on or before August 14, 2007, including distribution of such shares to a minimum number of holders.**

If the Preferred Shares and the Class A Shares are listed on a prescribed stock exchange (which includes the Toronto Stock Exchange), such Shares will be qualified investments under the Tax Act for trusts governed by registered retirement savings plans, deferred profit sharing plans, registered retirement income funds, and registered education savings plans. See "Eligibility for Investment".

**See "Risk Factors" for a discussion of certain factors that should be considered by prospective investors in Preferred Shares and Class A Shares.** There is no assurance that the Company will be able to achieve its Investment Objectives. If such Investment Objectives are not achieved, the Company may not be able to pay distributions to holders of Preferred Shares or may have to return capital to pay such distributions. This may affect holders of Class A Shares to a greater extent than holders of Preferred Shares because the Preferred Shares rank in priority to the Class A Shares with respect to the payment of distributions and the repayment of capital. An investment in Shares of the Company is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment.

**National Bank Financial Inc. ("NBF") is the promoter and one of the Agents of these offerings. NBF is an affiliate of NBC. It is anticipated that NBC and/or one or more of its affiliates will enter into the Forward Agreement. Certain of the directors and officers of the Company are currently employees of NBF. The Company is a connected issuer of NBF under applicable securities legislation by virtue of NBF's relationship with the Company.**

National Bank Financial Inc., 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") conditionally offer the Preferred Shares and Class A Shares, subject to prior sale, on a best efforts basis, if, as and when issued by the Company and accepted by the Agents in accordance with the conditions contained in the Agency Agreement referred to under "Plan of Distribution", and subject to the approval of certain legal matters by Blake, Cassels & Graydon LLP, on behalf of the Company and the Agents. The Agents may over-allot and may effect transactions to cover their over-allotted position.

Subscriptions will be received for the Preferred Shares and the Class A Shares offered hereby, subject to rejection or allotment in whole or in part, and the right is reserved to close the subscription books at any time. Closing of the Offering is expected to occur on or about June 20, 2007, but no later than July 19, 2007. Registrations and transfers of Preferred Shares and Class A Shares will be effected only through the book-entry only system administered by CDS Clearing and Depository Services Inc. ("CDS"). Beneficial owners of Preferred Shares and Class A Shares will not have the right to receive physical certificates evidencing their ownership.

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## GLOSSARY

In this prospectus, the following terms shall have the meanings set forth below, unless otherwise indicated.

“**Agency Agreement**” means the agency agreement dated as of May 29, 2007 among the Company and the Agents.

“**Agents**” means, collectively, National Bank Financial Inc., 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.

“**Bank Portfolio**” has the meaning ascribed thereto on the face page.

“**Business Day**” means any day on which the TSX is open for business.

“**CAGR**” means compound average annual growth rate.

“**cash equivalents**” means:

- (a) cash on deposit with the Custodian or a broker; or
- (b) an evidence of indebtedness that has a remaining term to maturity of 365 days or less and that is issued, or fully and unconditionally guaranteed as to principal and interest, by:
  - (i) any of the Federal or Provincial Governments of Canada; or
  - (ii) the Government of the United States; or
  - (iii) a Canadian financial institution;provided that, in the case of (ii) or (iii), such evidence of indebtedness has a rating of at least R-1 (mid) by DBRS or the equivalent rating from another approved rating organization; or
- (c) other cash cover as defined in NI 81-102.

“**CDS**” means CDS Clearing and Depository Services Inc.

“**CDS Participants**” means participants in CDS.

“**Class A Share Redemption Price**” in respect of a Redemption Date means the redemption price per Class A Share equal to (i) 95% of the NAV per Unit determined as of such Redemption Date less (ii) the cost to the Company of the redemption of a Preferred Share at a premium or purchase of a Preferred Share in the market for cancellation (for this purpose, the cost of the purchase of a Preferred Share will include the purchase price of the Preferred Share and commissions and such other costs, if any, related to the liquidation of any portion of the Bank Portfolio to fund the purchase of the Preferred Share). Any unamortized issue costs relating to any offering of Preferred Shares by the Company will be deducted in calculating the NAV per Unit for this purpose. If on any Redemption Date, Preferred Shares are not required to be purchased in the market for cancellation in connection with the redemption of some or all of the Class A Shares to be redeemed, then the amount in clause (ii) above shall be such amount as the Administrator determines is fair in the circumstances.

“**Class A Shares**” means the Class A Shares of the Company.

“**Class J Shares**” means the Class J Shares of the Company.

“**Closing**” means the closing of the Offering on the Closing Date.

“**Closing Date**” means the date of the Closing, which is expected to be on or about June 20, 2007, or such later date as the Company and the Agents may agree, but in any event not later than July 19, 2007.

“**Common Share**” means an equity security of a Bank that is listed on a stock exchange or traded on a stock market.

“**Company**” means GlobalBanc Advantaged 8 Split Corp.

“**CRA**” means the Canada Revenue Agency.

“**Custodian**” means State Street Trust Company Canada, in its capacity as custodian under the Custodian Agreement.

“**Custodian Agreement**” means the custodian agreement to be entered into on or prior to the Closing Date between the Company and the Custodian.

“**DBRS**” means DBRS Limited.

“**equity security**” means any security that carries a residual right to participate in the earnings of an issuer and, upon liquidation or winding up of the issuer, in its assets.

“**Final Redemption Date**” means December 15, 2012.

“**Investment Objectives**” means the Investment Objectives of the Company as described under “Investment Objectives, Investment Strategy and Investment Restrictions — Investment Objectives”.

“**Investment Restrictions**” means the investment restrictions of the Company described under “Investment Objectives, Investment Strategy and Investment Restrictions — Investment Restrictions”.

“**Investment Strategy**” means the investment strategy of the Company, as described under “Investment Objectives, Investment Strategy and Investment Restrictions — Investment Strategy”.

“**NAV**” or “**Net Asset Value**” means the specified net asset value of the Company which, on any date, will be equal to the difference between the aggregate value of the assets of the Company and the aggregate value of the liabilities of the Company on that date.

“**NAV per Unit**” means the NAV divided by the number of Units then outstanding.

“**NI 81-102**” means National Instrument 81-102 — Mutual Funds of the Canadian Securities Administrators (or any successor policy, rule or national instrument), as it may be amended from time to time.

“**NI 81-106**” means National Instrument 81-106 — Investment Fund Continuous Disclosure of the Canadian Securities Administrators (or any successor policy, rule or national instrument), as it may be amended from time to time.

“**NI 81-107**” means National Instrument 81-107 — Independent Review Committee for Investment Funds of the Canadian Securities Administrators (or any successor policy, rule or national instrument), as it may be amended from time to time.

“**Offering**” means the offering of a maximum of 7,500,000 Preferred Shares at \$10.00 per Preferred Share and a maximum of 7,500,000 Class A Shares at \$10.00 per Class A Share, as contemplated in this prospectus.

“**Offering Price**” means a price of \$10.00 per Preferred Share and \$10.00 per Class A Share.

“**Over-Allotment Option**” means the option granted by the Company to the Agents, exercisable until 30 days after Closing, to purchase up to 15% of the number of Preferred Shares and Class A Shares issued on the closing, solely to cover over-allotments, if any.

“**Portfolio Securities**” means the securities comprising the Bank Portfolio.

“**Preferred Share Redemption Price**” in respect of a Redemption Date means the redemption price per Preferred Share equal to the lesser of (i) (a) 95% of the NAV per Unit determined as of such Redemption Date less (b) the cost to the Company of the purchase of a Class A Share in the market for cancellation (for this purpose, the cost of the purchase of a Class A Share will include the purchase price of the Class A Share and commissions and such other costs, if any, related to the liquidation of any portion of the Bank Portfolio to fund the purchase of the Class A Share) and (ii) \$10.00. Any unamortized issue costs relating to any offering of Preferred Shares by the Company will be deducted in calculating the NAV per Unit for this purpose. If on any Redemption Date, Class A Shares are not required to be purchased in the market for cancellation in connection with the redemption of some or all of the Preferred Shares to be redeemed, then the amount in clause (i) (b) above shall be such amount as the Administrator determines is fair in the circumstances.

“**Preferred Shares**” means the Preferred Shares of the Company.

“**Redemption Date**” means the second last Business Day of each month.

“**Redemption Notice**” means notice of an intention to exercise a redemption privilege.

“**Redemption Payment Date**” means the date on or before the eighth Business Day following the applicable Redemption Date, on which the applicable redemption amount is paid.

“**Registrar and Transfer Agent**” means Computershare Investor Services Inc.

“**Registrar and Transfer Agency Agreement**” means the transfer agent, registrar and distribution disbursing agent agreement to be entered into on or prior to the Closing Date between the Company and the Registrar and Transfer Agent.

“**Share**” means a Preferred Share or a Class A Share, or both as the context requires.

“**Shareholder**” means a holder of Preferred Shares or Class A Shares, or both as the context requires.

“**Standard & Poor’s**” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc.

“**Tax Act**” means the Income Tax Act (Canada) and the regulations thereunder.

“**TSX**” means the Toronto Stock Exchange.

“**Unit**” means a notional unit consisting of one Preferred Share and one Class A Share. The number of Units outstanding at any time will be equal to the sum of the number of Preferred Shares and Class A Shares then outstanding divided by two.

“**Valuation Date**” means the last Business Day of November (commencing in 2008), as applicable, or such other additional dates as the Administrator shall determine from time to time.

“**\$**” means Canadian dollars unless otherwise indicated.

## **INFORMATION REGARDING PUBLIC ISSUERS**

All information in this prospectus relating to the Banks has been taken from publicly available sources, including Bloomberg Financial Markets and the Banks' internet web pages and other publicly available information on or before the date of this prospectus. This information is presented herein in summary form and is historical and is not intended to be, nor should it be construed to be, an indication of the future market values or performance of the Banks or the Bank Portfolio. As the market value of the Shares is substantially based on the market value of, and distributions paid by, the Banks, by virtue of the Forward Agreement, the market value of the Shares will change with fluctuations in the market values of, and the level of distributions (if any) paid by, the Banks.

Neither the Company nor the Agents have access to non-public information relating to the Banks and so neither the Company nor the Agents can confirm that the information set forth in this prospectus in relation to the Banks and Bank Portfolio is true and accurate. As such, neither the Company nor the Agents assume responsibility for the accuracy or completeness of such information. Shareholders are advised to make their own independent investigation as to the financial affairs and condition of the Banks and the Bank Portfolio. Neither the Company nor the Agents will have access to non-public information relating to the financial condition or affairs of the Banks and, accordingly, do not assume any obligation to provide disclosure with respect to the Banks or the Portfolio Securities or to advise of any information coming to its attention relating to the Banks or the Bank Portfolio. There can be no guarantee that the Banks will maintain their current level of capitalization, continue to be listed or continue to operate their businesses. The information contained in this prospectus regarding the performance of the Banks is included for illustrative purposes only and should not be construed as a forecast or projection.

## **FORWARD LOOKING STATEMENTS**

Certain statements included in this prospectus constitute forward looking statements, including those identified by the expressions "anticipate", "believe", "plan", "estimate", "expect", "intend" and similar expressions to the extent they relate to the Company. The forward looking statements are not historical facts but reflect the Company's current expectations regarding future results or events. These forward looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations, including the matters discussed under "Risk Factors" and in other sections of this prospectus.

## PROSPECTUS SUMMARY

*The following is a summary of the principal features of the Offering and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus.*

### The Company

GlobalBanc Advantaged 8 Split Corp. (the “Company”) has been created to provide holders of its shares with tax-efficient exposure 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 (each a “Bank” and all of them collectively, the “Banks”). Each of the Banks will initially constitute approximately 12.5% of the market value of the portfolio securities (the “Bank Portfolio”).

Each of the Banks (i) is rated AA– or better by Standard & Poor’s or an equivalent rating agency (ii) is one of the 30 largest banks in the world by market capitalization and (iii) pays a dividend which has had a compound annual growth rate over the last 5 years of in excess of 10%. The Company believes that the Banks generally offer attractive dividend yields, strong earnings growth momentum and the potential to benefit from the consolidation of the global banking industry.

The table below sets out, as at March 30, 2007, the domicile, market capitalization, dividend yield, 5-year dividend compound annual growth rate (“CAGR”), price to book value, price to earnings and credit rating for each of the Portfolio Securities as well as an average of the foregoing for a portfolio of 6 Canadian banks.<sup>(1)</sup>

Bank	Domicile	Market Capitalization (C\$ millions)	Dividend Yield <sup>(2)</sup>	5-Year Dividend CAGR <sup>(3)</sup>	Price/Book Value	Price/Earnings <sup>(4)</sup>	Credit Rating <sup>(5)</sup>
Citigroup Inc. . . . .	USA	292,236	4.21%	27.5%	2.2x	11.9x	AA
Bank of America Corp. (DE) . . . . .	USA	262,495	4.39%	13.3%	1.7x	11.1x	AA
Royal Bank of Scotland Group plc . . . . .	UK	141,808	4.57%	19.0%	1.6x	11.7x	AA–
UBS AG . . . . .	Switzerland	133,191	3.05%	17.1%	2.9x	13.0x	AA+
Banco Santander Central Hispano SA . . . . .	Spain	128,741	3.90%	12.5%	1.8x	11.0x	AA
BNP Paribas . . . . .	France	112,094	3.96%	20.9%	1.5x	9.7x	AA
Societe Generale Group . . . . .	France	91,974	4.02%	20.0%	2.1x	10.6x	AA
Deutsche Bank AG . . . . .	Germany	77,413	3.97%	25.2%	1.5x	8.6x	AA–
<b>Bank Portfolio Average<sup>(6)</sup></b> . . . . .		<u>154,994</u>	<u>4.01%</u>	<u>19.4%</u>	<u>1.9x</u>	<u>10.9x</u>	<u>AA</u>
<b>Canadian 6 Bank Average<sup>(7)</sup></b> . . . . .		<u>42,478</u>	<u>3.31%</u>	<u>16.6%</u>	<u>2.8x</u>	<u>13.8x</u>	<u>AA–</u>

(1) Source: Bloomberg

(2) For US Banks, dividend yield is current yield as at March 30, 2007. For non-US Banks, dividend yield is calculated as the sum of the dividend per share payments paid over the prior 12 months divided by the share price as at March 30, 2007.

(3) Data for 5-year dividend compound annual growth rate is based on local currencies.

(4) Price to earnings ratio reflects actual 2006 results for the Bank Portfolio and the last 12 months for the Canadian 6 banks.

(5) The weighted average credit rating is determined by calculating the numeric average of the 8 equal weight securities, ascribing a point per Standard & Poor’s risk ratings (long term local issuer credit rating: AAA = 1; AA+ = 2; AA = 3; AA– = 4) and rounding down to calculate the weighted average credit rating of the Bank Portfolio.

(6) Average is the sum of the 8 Banks’ equal-weighted market capitalization, dividend yield, 5-year dividend compound annual growth rate and price to book value divided by 8.

(7) Average is the sum of the Royal Bank of Canada, The Bank of Nova Scotia, The Toronto-Dominion Bank, Bank of Montreal, Canadian Imperial Bank of Commerce and National Bank of Canada’s equal-weighted market capitalization, dividend yield, 5-year dividend compound annual growth rate, price to book value and price to earnings value divided by 6.

**The foregoing does not represent a forecast or a projection. Past performance is not indicative of future results. The foregoing is included for illustrative purposes only and is not intended to be, nor should it be construed to be, an indication of the future performance of the Bank Portfolio or any returns on the Shares. The returns on the Shares and the amounts, if any, distributed thereon may differ materially from returns on the**

**Portfolio Securities as a result of the currency hedging provided for under the Forward Agreement and the fees and expenses set out under “Fees and Expenses”.**

In order to gain exposure to the price performance and dividend payments (including any increases thereof) of the Bank Portfolio, the Company will apply the net proceeds of the Offering to purchase a portfolio (the “Canadian Securities Portfolio”) consisting of securities of certain Canadian public issuers listed on the TSX that qualify as “Canadian securities” as defined by subsection 39(6) of the Income Tax Act (the “Tax Act”). The Company will then enter into a Forward Agreement (the “Forward Agreement”) with National Bank of Canada (“NBC”) and/or one of its affiliates whose obligations are guaranteed by NBC (the “Counterparty”) pursuant to which the Company will agree to transfer on or about December 15, 2012 (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 Bank Portfolio (the “Forward Amount”). The terms of the Forward Agreement will provide that it may be partially settled prior to the Final Redemption Date at the request of the Company in order to fund distributions and retractions, redemptions and repurchases of Preferred Shares and Class A Shares (collectively, the “Shares”) and to pay any expenses or liabilities of the Company, and the notional amount of the Forward Agreement will be adjusted accordingly. Approximately, and in any event not less than, 80% of the value of the Bank Portfolio, determined at the time the hedge is established and thereafter when re-established, will be hedged back to the Canadian dollar at all times. In computing the Forward Amount, provided that applicable laws and regulations and their interpretation and application remain unchanged, ordinary dividends paid on the Bank Portfolio will not be reduced by withholding taxes otherwise currently payable in respect thereof at rates in effect on the date hereof.

**The Offering**

<b>Offering:</b>	The Offering consists of Preferred Shares and Class A Shares (collectively, the “Shares”). The Preferred Shares and the Class A Shares are offered separately but will be issued only on the basis that an equal number of Shares of each class will be issued and outstanding on Closing.
<b>Amounts:</b>	Maximum: \$75,000,000 (7,500,000 Preferred Shares) Minimum: \$20,000,000 (2,000,000 Preferred Shares) Maximum: \$75,000,000 (7,500,000 Class A Shares) Minimum: \$20,000,000 (2,000,000 Class A Shares)
<b>Prices:</b>	\$10.00 per Preferred Share \$10.00 per Class A Share
<b>Minimum Purchases:</b>	100 Preferred Shares (\$1,000) or 100 Class A Shares (\$1,000)
<b>Investment Objectives:</b>	The Company’s Investment Objectives with respect to the Preferred Shares are: (i) to provide holders of Preferred Shares with fixed cumulative preferential quarterly cash distributions that are expected to consist of non-taxable returns of capital and capital gains in the amount of \$0.1125 per Preferred Share, representing a yield on the issue price of the Preferred Shares of 4.5% per annum; and (ii) to return the original issue price of the Preferred Shares at the time of redemption of such Preferred Shares on the Final Redemption Date; and with respect to the Class A Shares are: (i) to provide holders of Class A Shares with the opportunity for leveraged growth in net asset value per Class A Share after the repayment of the original issue price of the Preferred Shares; and

(ii) to provide holders of Class A Shares with cash distributions that are expected to consist of non-taxable returns of capital and capital gains if, as and when declared by the board of directors.

**Administrator:** NBF is the Administrator of the Company and is responsible for providing or arranging for the provision of administrative services required by the Company. NBF will retain First Asset Investment Management Inc. (“First Asset”) to provide the administrative services, including investment advisory services, required by the Company. Fees payable to First Asset for such services will be paid by the Administrator out of its Administrator’s Fee. See “Fees and Expenses”.

**Loan Facility:** The Company is authorized to borrow an amount not exceeding 5% of the total assets of the Company at the time of borrowing for the purpose of paying redemptions and for working capital purposes and is authorized to pledge its assets to secure such borrowings. The interest rate, fees and expenses under any loan facility that the Company enters into are expected to be typical of similar credit facilities and prime brokerage accounts of this nature. See “Loan Facility”.

**Custodian:** State Street Trust Company Canada will act as custodian of the assets of the Company. See “Custodian”.

**Registrar and Transfer Agent:** Computershare Investor Services Inc. will be the registrar and transfer agent of the Company. See “Registrar and Transfer Agent”.

#### **Preferred Shares**

**Rating:** The Preferred Shares have been provisionally rated Pfd-2 by DBRS.

**Distributions:** Holders of record of Preferred Shares on the last Business Day of March, June, September and December will be entitled to receive fixed cumulative preferential quarterly cash distributions of \$0.1125 per Preferred Share to yield 4.5% per annum on the issue price of the Preferred Shares. Such distributions will be paid on or before the eighth Business Day following the end of the period for which the distribution is made. Such distributions are expected to be composed primarily of non-taxable returns of capital but may also include capital gains dividends. See “Details of the Offering — Certain Provisions of the Preferred Shares”. The initial distribution on the Preferred Shares will be payable on October 10, 2007, to Shareholders of record on September 28, 2007 which will be pro-rated from the Closing Date. There can be no assurance that the Company will be able to pay distributions to the holders of Preferred Shares.

**Monthly Redemptions:** Preferred Shares may be surrendered at any time for redemption by the Company, but will be redeemed only on the monthly Redemption Date. Preferred Shares surrendered for redemption by a Shareholder at least five Business Days prior to a Redemption Date will be redeemed on such Redemption Date and the Shareholder will receive payment on the Redemption Payment Date. If a Shareholder makes such surrender after 5:00 p.m. (Toronto time) on the fifth Business Day immediately preceding a Redemption Date, the Preferred Shares will be redeemed on the Redemption Date in the following month. The Shareholder will receive the Preferred Share Redemption Price (except as described under “Details of the Offering — Certain Provisions of the Preferred Shares — Resale of Preferred Shares Tendered for Monthly Redemption”) for the redeemed

Shares on the Redemption Payment Date in respect of such Redemption Date.

**Concurrent Annual Redemption:**

A holder of Preferred Shares may concurrently redeem an equal number of Preferred Shares and Class A Shares on the Redemption Date in November of each year, commencing on the Redemption Date in November, 2008. The amount received per Unit by the redeeming Shareholder for such a concurrent redemption will be equal to the Net Asset Value per Unit (except as described under “Details of the Offering — Resale of Units Tendered for Concurrent Annual Redemption”). Any unamortized issue costs relating to any offering of Preferred Shares by the Company will be deducted in calculating the NAV per Unit for this purpose. To be redeemed in this manner, the Preferred Shares and Class A Shares must both be surrendered for redemption at least five Business Days prior to the Redemption Date in November for the applicable year. Payment of the proceeds of redemption will be made on or before the eighth Business Day following the Redemption Date in November of the applicable year.

**Redemption by the Company:**

The Preferred Shares will be redeemed on the Final Redemption Date. The redemption price payable by the Company 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 NAV on that date divided by the number of Preferred Shares then outstanding. The Preferred Shares rank in priority to the Class A Shares with respect to the payment of distributions and the repayment of capital upon the dissolution, liquidation or winding up of the Company.

Preferred Shares may also be redeemed by the Company at any time prior to the Final Redemption Date at a price (the “Premium Redemption Price”) which, until June 15, 2008 will be equal to \$10.40 and which will decline by \$0.10 each year to be equal to \$10.00 after June 15, 2011. See “Details of the Offering — Certain Provisions of the Preferred Shares — Redemption Privileges — Redemption at Premium”.

**Class A Shares**

**Distributions:**

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.

There can be no assurance that the Company will be able to pay distributions to the holders of Class A Shares. See “Details of the Offering — Certain Provisions of the Class A Shares — Distributions” and “Risk Factors”.

**Priority:**

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 Company.

The Company will not pay special distributions on the Class A Shares if after payment of the distribution the NAV per Unit would be less than \$20.00, unless the Company would need to pay a capital gains dividend in order to effectively eliminate tax on net capital gains realized by the Company.

**Monthly Redemptions:**

Class A Shares may be surrendered at any time for redemption by the Company, but will be redeemed only on the monthly Redemption Date. Class A Shares surrendered for redemption by a Shareholder at least five Business Days prior to the monthly Redemption Date will be redeemed on

such Redemption Date and the Shareholder will receive payment on or before the Redemption Payment Date. If a Shareholder makes such surrender after 5:00 p.m. (Toronto time) on the fifth Business Day immediately preceding a Redemption Date, the Shares will be redeemed on the Redemption Date in the following month. The Shareholder will receive the Class A Share Redemption Price (except as described under “Details of the Offering — Certain Provisions of the Class A Shares — Resale of Class A Shares Tendered for Monthly Redemption”) for the redeemed Shares on the Redemption Payment Date in respect of such Redemption Date.

**Concurrent Annual Redemption:**

A holder of Class A Shares may concurrently redeem an equal number of Preferred Shares and Class A Shares on the Redemption Date in November of each year, commencing on the Redemption Date in November, 2008. The amount received per Unit by the redeeming Shareholder for such a concurrent redemption will be equal to the Net Asset Value per Unit (except as described under “Details of the Offering — Resale of Units Tendered for Concurrent Annual Redemption”). Any unamortized issue costs relating to any offering of Preferred Shares by the Company will be deducted in calculating the NAV per Unit for this purpose. To be redeemed in this manner, the Preferred Shares and Class A Shares must both be surrendered for redemption at least five Business Days prior to the Redemption Date in November of the applicable year. Payment of the proceeds of redemption will be made on or before the eighth Business Day following the Redemption Date in November of the applicable year.

**Redemption by the Company:**

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

**ELIGIBILITY FOR INVESTMENT**

If the Preferred Shares and the Class A Shares are listed on a prescribed stock exchange (which includes the TSX), such Shares will be qualified investments under the Tax Act for trusts governed by registered retirement savings plans, deferred profit sharing plans, registered retirement income funds and registered education savings plans. See “Eligibility for Investment”.

**CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

**Taxation of the Company**

At the Closing Date, provided that the Preferred Shares or the Class A Shares are listed on a prescribed stock exchange in Canada, the Company will qualify, and intends to continue to qualify, as a mutual fund corporation under the Tax Act. As a result of the Company’s investment and distribution policy and the deductibility of expenses incurred by the Company, it is anticipated that the Company will not pay non-refundable Canadian income tax.

## **RISK FACTORS**

### **Risks Related to the Preferred Shares and Class A Shares**

An investment in Preferred Shares and Class A Shares is subject to certain risk factors, including:

1. the financial performance of the Bank Portfolio and market and economic conditions affecting the international financial services industry;
2. all of the securities held in the Bank Portfolio will be securities of companies in the international banking industry and as a result, the Company's holdings will not be diversified;
3. the amount of dividends and other distributions paid on securities comprising the Bank Portfolio is beyond the Company's control;
4. there can be no assurance that the Company will be able to achieve its Investment Objectives;
5. the possible loss of investments;
6. no guaranteed return;
7. Shares may trade in the market at a premium or discount to the NAV per Unit and there can be no assurance that Preferred Shares and Class A Shares will trade at a price equal to the NAV per Unit;
8. the NAV and the value of the Portfolio Securities will be sensitive to interest rate fluctuations;
9. the NAV per Unit and the funds available for distribution will vary according, among other things, to the value of the Portfolio Securities, the dividends paid and interest earned on such securities, the volatility of such securities;
10. the Bank Portfolio will be a static portfolio;
11. foreign currency exposure;
12. the Bank Portfolio may become more concentrated than when initially constituted;
13. risks associated with the Counterparty;
14. risks associated with the early termination of the Forward Agreement;
15. costs associated with Portfolio Securities;
16. foreign market exposure;
17. risks associated with annual redemptions;
18. the Company's lack of operating history and the current absence of a public trading market for the Preferred Shares and the Class A Shares;
19. potential conflicts of interest;
20. possible changes in legislation including the risks associated with a change to the Company's status as a mutual fund corporation under the Tax Act;
21. the possibility that proposed amendments to the Tax Act could adversely affect the deduction by the Company of interest and other expenses incurred by it;
22. the possibility that the Company's treatment of gains and losses on the Canadian Securities Portfolio as capital gains and capital losses may be challenged; and

### **Risks Related to the Class A Shares**

23. an investment in Class A Shares is subject to the additional risk that the Class A Shares represent a leveraged investment and therefore the potential return on such shares is amplified both to the benefit and detriment of Class A Shares.

See "Risk Factors".

## SUMMARY OF FEES AND EXPENSES

### Fees and Expenses Payable by the Company

The following table contains a summary of the fees and expenses payable by the Company. For further particulars see “Fees and Expenses”.

<u>Type of Fee or Expense</u>	<u>Description</u>
<b>Fees Payable to the Agents:</b>	\$0.30 per Preferred Share (3.0% of the share price) and \$0.60 per Class A Share (6.0% of the share price). See “Plan of Distribution”.
<b>Fees Payable to the Administrator:</b>	The Company will pay an annual fee (the “Administrator’s Fee”) of 0.25% per annum of the NAV, calculated daily and payable monthly, plus applicable taxes. The Administrator will pay the fee of First Asset out of its fee.
<b>Expenses of the Issue:</b>	The expenses of the Offering are estimated to be \$650,000.
<b>Ongoing Expenses of the Company:</b>	The Company will pay all expenses incurred in connection with its operation and administration, estimated to be \$200,000 per annum.
<b>Forward Fee:</b>	The Company will pay to the Counterparty an amount under the Forward Agreement, calculated daily and payable quarterly in arrears, of 0.40% per annum of the Forward Amount and an amount of between 0.10% and 0.25% per annum in respect of hedging costs incurred in connection with the Canadian Securities Portfolio.

## THE COMPANY

### Overview

GlobalBanc Advantaged 8 Split Corp. (the “Company”) was incorporated under the *Business Corporations Act* (Ontario) on May 1, 2007. The Company has its registered and head office at 130 King Street West, Suite 3200, Toronto, Ontario M5H 3T9, telephone 1-877-642-1289. Information relating to the Company is available at its website at [www.GlobalbancAdvantaged8.com](http://www.GlobalbancAdvantaged8.com).

Although the Company is considered to be a mutual fund, it has applied to be exempted from certain of the protections provided by the policies of the Canadian securities regulators applicable to conventional mutual funds.

The Company has been created to provide holders of its shares with tax-efficient exposure 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 (each a “Bank” and all of them collectively, the “Banks”). Each of the Banks will initially constitute approximately 12.5% of the market value of the portfolio securities (the “Bank Portfolio”).

Each of the Banks (i) is rated AA– or better by Standard & Poor’s or an equivalent rating agency (ii) is one of the 30 largest banks in the world by market capitalization and (iii) pays a dividend which has had a compound annual growth rate over the last 5 years of in excess of 10%. The Company believes that the Banks generally offer attractive dividend yields, strong earnings growth momentum and the potential to benefit from the consolidation of the global banking industry.

The table below sets out, as at March 30, 2007, the domicile, market capitalization, dividend yield, 5-year dividend compound annual growth rate (“CAGR”), price to book value, price to earnings and credit rating for each of the Portfolio Securities as well as an average of the foregoing for a portfolio of 6 Canadian banks.<sup>(1)</sup>

Bank	Domicile	Market Capitalization (C\$ millions)	Dividend Yield <sup>(2)</sup>	5-Year Dividend CAGR <sup>(3)</sup>	Price/Book Value	Price/Earnings <sup>(4)</sup>	Credit Rating <sup>(5)</sup>
Citigroup Inc. . . . .	USA	292,236	4.21%	27.5%	2.2x	11.9x	AA
Bank of America Corp. (DE) . . . . .	USA	262,495	4.39%	13.3%	1.7x	11.1x	AA
Royal Bank of Scotland Group plc . . . . .	UK	141,808	4.57%	19.0%	1.6x	11.7x	AA–
UBS AG . . . . .	Switzerland	133,191	3.05%	17.1%	2.9x	13.0x	AA +
Banco Santander Central Hispano SA . . . . .	Spain	128,741	3.90%	12.5%	1.8x	11.0x	AA
BNP Paribas . . . . .	France	112,094	3.96%	20.9%	1.5x	9.7x	AA
Societe Generale Group . . . . .	France	91,974	4.02%	20.0%	2.1x	10.6x	AA
Deutsche Bank AG . . . . .	Germany	77,413	3.97%	25.2%	1.5x	8.6x	AA–
<b>Bank Portfolio Average<sup>(6)</sup></b> . . . . .		<u>154,994</u>	<u>4.01%</u>	<u>19.4%</u>	<u>1.9x</u>	<u>10.9x</u>	<u>AA</u>
<b>Canadian 6 Bank Average<sup>(7)</sup></b> . . . . .		<u>42,478</u>	<u>3.31%</u>	<u>16.6%</u>	<u>2.8x</u>	<u>13.8x</u>	<u>AA–</u>

(1) Source: Bloomberg

(2) For US Banks, dividend yield is current yield as at March 30, 2007. For non-US Banks, dividend yield is calculated as the sum of the dividend per share payments paid over the prior 12 months divided by the share price as at March 30, 2007.

(3) Data for 5-year dividend compound annual growth rate is based on local currencies.

(4) Price to earnings ratio reflects actual 2006 results for the Bank Portfolio and the last 12 months for the Canadian 6 banks.

(5) The weighted average credit rating is determined by calculating the numeric average of the 8 equal weight securities, ascribing a point per Standard & Poor’s risk ratings (long term local issuer credit rating: AAA = 1; AA+ = 2; AA = 3; AA– = 4) and rounding down to calculate the weighted average credit rating of the Bank Portfolio.

(6) Average is the sum of the 8 Banks’ equal-weighted market capitalization, dividend yield, 5-year dividend compound annual growth rate and price to book value divided by 8.

(7) Average is the sum of the Royal Bank of Canada, The Bank of Nova Scotia, The Toronto-Dominion Bank, Bank of Montreal, Canadian Imperial Bank of Commerce and National Bank of Canada’s equal-weighted market capitalization, dividend yield, 5-year dividend compound annual growth rate, price to book value and price to earnings value divided by 6.

**The foregoing does not represent a forecast or a projection. Past performance is not indicative of future results. The foregoing is included for illustrative purposes only and is not intended to be, nor should it be construed to be, an indication of the future performance of the Bank Portfolio or any returns on the Shares. The**

**returns on the Shares and the amounts, if any, distributed thereon may differ materially from returns on the Portfolio Securities as a result of the currency hedging provided for under the Forward Agreement and the fees and expenses set out under “Fees and Expenses”.**

In order to gain exposure to the price performance and dividend payments (including any increases thereof) of the Bank Portfolio, the Company will apply the net proceeds of the Offering to purchase a portfolio (the “Canadian Securities Portfolio”) consisting of securities of certain Canadian public issuers listed on the TSX that qualify as “Canadian securities” for purpose of the Income Tax Act (the “Tax Act”). The Company will then enter into a Forward Agreement (the “Forward Agreement”) with National Bank of Canada (“NBC”) and/or one of its affiliates whose obligations are guaranteed by NBC (the “Counterparty”) pursuant to which the Company will agree to transfer on or about December 15, 2012 (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 Bank Portfolio (the “Forward Amount”). The terms of the Forward Agreement will provide that it may be partially settled prior to the Final Redemption Date at the request of the Company in order to fund distributions and retractions, redemptions and repurchases of Preferred Shares and Class A Shares (collectively, the “Shares”) and to pay any expenses or liabilities of the Company, and the notional amount of the Forward Agreement will be adjusted accordingly. Approximately, and in any event not less than, 80% of the value of the Bank Portfolio, determined at the time the hedge is established and thereafter when re-established, will be hedged back to the Canadian dollar at all times. In computing the Forward Amount, provided that applicable laws and regulations and their interpretation and application remain unchanged, ordinary dividends paid on the Bank Portfolio will not be reduced by withholding taxes otherwise currently payable in respect thereof at rates in effect on the date hereof.

### **Descriptions of the Banks**

The following section briefly describes each of the Banks. All information in this prospectus relating to the Banks has been taken from publicly available sources, including Bloomberg Financial Markets and the Banks’ internet web pages and other publicly available information on or before the date of this prospectus. This information is presented herein in summary form and is historical and is not intended to be, nor should it be construed to be, an indication of the future market values or performance of the Banks or the Bank Portfolio. Neither the Company nor the Agents have access to non-public information relating to the Banks and so neither the Company nor the Agents can confirm that the information set forth in this prospectus in relation to the Banks and Bank Portfolio is true and accurate. As such, neither the Company nor the Agents assume responsibility for the accuracy or completeness of such information.

#### *Citigroup Inc.*

Citigroup Inc. is a global financial services company with 200 million customers in over 100 countries. Citigroup Inc. meets the needs of its clients through four groups, global consumer, corporate and investment banking, global wealth management and alternative investments. Citigroup Inc. was founded in 1812 and is based in New York City.

#### *Bank of America Corp. (DE)*

Bank of America Corp. (DE) is a global financial institution serving individual consumers, small and middle market businesses and large corporations with banking, investing, asset management and other financial and risk-management products and services. The company serves 55 million US consumers and has clients in 175 countries. Bank of America Corp. (DE) was founded in 1874 and is headquartered in Charlotte, North Carolina.

#### *Royal Bank of Scotland Group plc*

The Royal Bank of Scotland Group plc is a global banking and financial services firm operating in the UK, the US and internationally through its two principal subsidiaries, the Royal Bank and NatWest. The Group has a large and diversified customer base and provides a wide range of products and services to personal, commercial

and large corporate and institutional customers. The company was founded in 1727 and is headquartered in Edinburgh, UK.

#### *UBS AG*

UBS AG is a global financial services firm offering wealth management services, investment banking and securities services and asset management services. UBS AG is the market leader in Swiss corporate and individual client banking. UBS AG boasts a presence in all major financial centers, with offices in more than 50 countries. UBS AG employs approximately 78,000 individuals, was founded in 1862 and is based in Zurich, Switzerland.

#### *Banco Santander Central Hispano SA*

Banco Santander Central Hispano SA is an international financial services firm with operations in continental Europe, the United Kingdom and Latin America. The firm's main business areas include retail banking, wholesale banking and asset management and insurance. Banco Santander Central Hispano SA has more than 129,000 employees and 66 million customers, was founded in 1857 and is headquartered in Madrid, Spain.

#### *BNP Paribas*

BNP Paribas is an international banking firm with operations in Europe, Asia and a presence in the United States. The firm operates in over 85 countries, and has 138,000 employees providing retail banking, corporate and investment banking and asset management services. BNP Paribas was founded in 1966 and is headquartered in Paris, France.

#### *Societe Generale Group*

Societe Generale Group is a global financial services firm serving clients in France and internationally. The company operates through three divisions: retail banking and financial services; global investment management and services; and corporate and investment banking. The company offers services to individuals, small businesses, municipalities, and corporations in approximately 77 countries. Societe Generale Group was founded in 1864 and is headquartered in Paris, France.

#### *Deutsche Bank AG*

Deutsche Bank AG is a global investment bank offering corporate and investment banking services and private client and asset management services. The firm offers financial services in 73 countries and has over 68,000 employees. Deutsche Bank AG maintains established operations in Germany and Europe, and is growing its presence in North America, Asia, and emerging markets. The company was founded in 1870 and is headquartered in Frankfurt am Main, Germany.

### **INVESTMENT OBJECTIVES, INVESTMENT STRATEGY AND INVESTMENT RESTRICTIONS**

#### **Investment Objectives**

The Company's Investment Objectives with respect to the Preferred Shares are:

- (i) to provide holders of Preferred Shares with fixed cumulative preferential quarterly cash distributions that are expected to consist of non-taxable returns of capital and capital gains in the amount of \$0.1125 per Preferred Share, representing a yield on the issue price of the Preferred Shares of 4.5% per annum; and
- (ii) to return the original issue price of the Preferred Shares at the time of redemption of such Preferred Shares on the Final Redemption Date; and

with respect to the Class A Shares are:

- (i) to provide holders of Class A Shares with the opportunity for leveraged growth in net asset value per Class A Share after the repayment of the original issue price of the Preferred Shares; and
- (ii) to provide holders of Class A Shares with cash distributions that are expected to consist of non-taxable returns of capital and capital gains if, as and when declared by the board of directors.

The Preferred Shares have been provisionally rated Pfd-2 by DBRS. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by DBRS.

### **Investment Strategy**

In order to gain exposure to the price performance and dividend payments (including any increases thereof) of the Bank Portfolio, the Company will apply the net proceeds of the Offering to purchase the Canadian Securities Portfolio consisting of securities of certain Canadian public issuers listed on the TSX that qualify as “Canadian securities” for purpose of the Tax Act. The Company will then enter into the Forward Agreement with the Counterparty pursuant to which the Company 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 Bank Portfolio. The terms of the Forward Agreement will provide that it may be partially settled prior to the Final Redemption Date at the request of the Company in order to fund distributions and retractions, redemptions and repurchases of Shares and to pay any expenses or liabilities of the Company, and the notional amount of the Forward Agreement will be adjusted accordingly. Approximately, and in any event not less than, 80% of the value of the Bank Portfolio, determined at the time the hedge is established and thereafter when re-established, will be hedged back to the Canadian dollar at all times. In computing the Forward Amount, provided that applicable laws and regulations and their interpretation and application remain unchanged, ordinary dividends paid on the Bank Portfolio will not be reduced by withholding taxes otherwise currently payable in respect thereof at rates in effect on the date hereof.

The currency hedging provided for under the Forward Agreement will notionally reflect currency forward agreements that are cash-settled each quarter and then reset to take into account prevailing principal-at-risk amounts and exchange ratios. The returns under the Forward Agreement will be affected (positively or negatively) by (a) the differential between the forward currency exchange rate and the prevailing spot exchange rate in each currency; and (b) the relative allocation of the Bank Portfolio to each currency being hedged. The differential between forward exchange rates and spot rates is largely a function of different short-term interest rates between the jurisdictions. As a result, the returns under the Forward Agreement may be positively or negatively affected by the currency hedging provided for thereunder. The Counterparty has covenanted that this will be done on terms no less favourable to the Company than would be available in the market generally at the time the currency agreements are entered into.

The Company and the Counterparty have agreed that their settlement obligations under the Forward Agreement with respect to the Canadian Securities Portfolio will be discharged, at the election of the Company, either by the physical delivery of the Canadian Securities Portfolio by the Company to the Counterparty against a cash payment of the purchase price therefor, or by the making of a cash payment to the appropriate party. Concurrent with entering into the Forward Agreement, the Canadian Securities Portfolio will be pledged to the Counterparty as security for the obligations of the Company under the Forward Agreement.

The terms of the Forward Agreement will provide that it may be partially settled prior to the Final Redemption Date at the request of the Company in order to fund retractions, redemptions and repurchases of Shares, to fund distributions and to pay any expenses or liabilities of the Company.

Under the Forward Agreement, the purchase price may be reduced by the amount of any dividends or distributions, including extraordinary distributions, declared and paid to the Company as owner of the Canadian Securities Portfolio. If any of the issuers of the Canadian Securities indicates that it intends to pay a distribution, it is a party to any merger, it is to be delisted from the TSX, or that its securities will cease to be Canadian Securities, such issuer's securities may be replaced, in the Company's discretion, with another security or securities acceptable to the Counterparty. Alternatively, the Company may consider contributing additional

securities to the Canadian Securities Portfolio or entering into additional forward, derivative or other transactions.

The payment obligations of the Counterparty to the Company under the Forward Agreement will be determined by reference to the Forward Amount. The Counterparty may choose to enter into transactions in order to hedge all or a portion of its exposure under the terms of the Forward Agreement to the economic performance of the Bank Portfolio but it is not obligated to do so. There is no requirement that the Counterparty or its affiliates maintain a hedge with respect to the full amount or for the full term of the Forward Agreement and the Company will have no security interest or special priority rights in or against any assets of the Counterparty or its guarantor in order to secure their obligations to the Company under the Forward Agreement. The Company is exposed to the credit risk associated with the Counterparty in respect of the Forward Agreement. The Counterparty or its guarantor must have a long-term debt rating of at least A – by Standard & Poor’s, or an equivalent rating from Moody’s Investors Service or any of their respective successors. If an affiliate of NBC is the Counterparty, the obligations of the Counterparty will be guaranteed by NBC.

Unless extended or terminated sooner in accordance with its terms, the Forward Agreement will terminate on or about the Final Redemption Date. The Forward Agreement may be terminated prior to the Final Redemption Date in certain circumstances, including the following: (a) if the Counterparty determines in its sole discretion, acting reasonably and in good faith, that the cost of hedging its position under the Forward Agreement has increased, including, without limitation, as a result of the adoption of or change in any applicable law or regulation (including, without limitation, any tax law); or (b) if an event of default or a termination event occurs with respect to the Company or the Counterparty under the Forward Agreement.

The Company may suggest alternatives in order to accommodate efforts of the Counterparty to effectively hedge its position or reduce its hedging costs under the Forward Agreement in order to avoid the early termination of the Forward Agreement, including proposing modifications to the Canadian Securities Portfolio.

If the Forward Agreement is terminated prior to the Final Redemption Date for any reason, and the Company is unable to enter into an acceptable alternative forward agreement, the board of directors will take such action as they think is in the best interest of Shareholders including employing alternative methods of obtaining exposure to the Bank Portfolio or redeeming all outstanding Shares and winding up the Company. In the event that the Company determines to redeem the Shares prior to the Final Redemption Date, it will give notice to Shareholders no less than 30 and no more than 60 days prior to the date fixed for such redemption. In addition, in such circumstances, the Company will issue a press release announcing the date fixed for such redemption no less than 10 business days prior to such date.

**By virtue of the Forward Agreement, the return to Shareholders and the Company will be determined substantially by reference to the economic performance of the Bank Portfolio. However, neither the Company nor the Shareholders by virtue of their investment in Shares will have any ownership interest in the Portfolio Securities.**

#### *Adjustments to the Bank Portfolio*

The Company generally intends to maintain exposure to a static portfolio consisting of the Banks. However, certain adjustments to the Bank Portfolio may be made upon the agreement of the Company and the Counterparty.

In the event of: (i) a merger, amalgamation, reorganization, plan of arrangement or take-over of or affecting one of the Banks (a “combination transaction”); or (ii) a distribution by one of the Banks of material assets or securities, which results in cash consideration or proceeds to a holder of such Bank or receipt of securities of an issuer other than one of the Banks (in which case such securities would be sold for cash), then the Bank Portfolio will be adjusted to reflect a reinvestment of such cash in the remaining Banks on an equal weighted basis and at such prices that would be determined in the market at such time.

No adjustment will be made to the transaction if securities of one of the Banks in the Bank Portfolio would be received as a consequence of a combination transaction involving one or more of the Banks in the Bank Portfolio.

In the event of a material adverse change in the regulation or taxation of a Bank, the Counterparty may, in consultation with the Company, substitute the securities of such Bank with the securities of another bank acceptable to the Company and the Counterparty. If no such securities are acceptable to both parties, then the securities of such Bank would be sold and the Bank Portfolio would be adjusted to reflect a reinvestment of the proceeds thereof in the remaining Banks on an equal weighted basis at such prices that would be determined in the market at such time.

If for any reason there are fewer than 8 different Banks remaining in the Bank Portfolio, the Company may request that securities of a bank that is not in the Bank Portfolio at such time and acceptable to the Counterparty be added to the Bank Portfolio.

Such adjustments to the terms of the Forward Agreement as may be necessary to give effect to the foregoing may be made upon the agreement of the Company and the Counterparty.

#### *Voting Rights in the Portfolio Securities*

As the Company has only exposure to the Portfolio Securities through the Forward Agreement and does not have a direct or indirect interest in the Portfolio Securities, neither the Company nor Shareholders by virtue of their investment in Shares will have any voting or other rights with respect to any of the Portfolio Securities.

#### *Proxy Voting Policies and Procedures Regarding Canadian Securities Portfolio*

In respect of any voting securities that the Company may hold in the Canadian Securities Portfolio, subject to compliance with the provisions of applicable securities law, the Company has the right to vote proxies relating to such securities. In certain circumstances, the Company may delegate this function. In all cases, proxies must be voted in a manner consistent with the best interests of the Company and its Shareholders.

The Company has adopted proxy voting policies and procedures which are described as follows. With respect to the voting of securities of an issuer held by the Company, the Company's practice in connection with an annual general meeting is to vote as recommended by management of the applicable issuer in circumstances where standard business is on the agenda. Ordinarily, standard business would include the following: (a) receiving annual financial statements together with the auditor's report thereon; (b) electing directors; (c) appointing auditors and authorizing the board to fix their remuneration; (d) amending any employee compensation plan including options, warrants and rights; (e) approving any amendment increasing the number of securities of the issuer reserved for issuance under a compensation plan or for future acquisitions; and (f) transacting such other business as may properly be brought before the meeting.

Where there are extraordinary proposals and/or arrangements to be considered and passed at an annual general meeting or a special meeting of an issuer whose securities are included in the Canadian Securities Portfolio, relevant materials and information will be sent to the board of directors of the Company. In general, in connection with extraordinary proposals and/or arrangements, the Company's practice is to vote the securities held by the Company in accordance with management's recommendation. If a board member of the Company has an issue with voting such securities in accordance with management's recommendation, such decision would be discussed either at a future board meeting or a special meeting of the board. Any time NBF is acting as an advisor for the applicable issuer, the independent directors of the Company would decide how to vote the issuer's securities to eliminate any possibility of a conflict of interest.

#### **Investment Restrictions**

The investment activities of the Company are to be conducted in accordance with, among other things, the following investment restrictions:

- (a) the Company will only invest in the Canadian Securities Portfolio, the Company will restrict its investments to securities that are "Canadian securities" as defined by subsection 39(6) of the Tax Act and will not purchase any securities from persons with which it does not act at arm's length in accordance with the relevant provisions of the Tax Act;

- (b) the Company will not purchase securities other than through normal market facilities unless the purchase price therefor approximates the prevailing market price or is negotiated or established on an arm's length basis;
- (c) the Company will restrict its investments in any one issuer to no more than 10% of its total assets at the time of investment in such issuer;
- (d) the Company will manage its investments and affairs to ensure that at all relevant times, it will be a "mutual fund corporation" for the purposes of the Tax Act;
- (e) the Company may hold cash, and it may invest excess cash in cash equivalents;
- (f) the Company will not lend securities included in its Canadian Securities Portfolio, except (i) under a securities lending arrangement that qualifies as a "securities lending arrangement" for the purposes of the Tax Act, and (ii) as would be permitted by NI 81-102;
- (g) the Company may not borrow money in excess of 5% of the Canadian dollar equivalent of the then current net assets of the Company; and
- (h) the Company will not make an investment if as a result more than 10% of its property (based on fair market value) will consist of taxable Canadian property for purposes of the Tax Act and/or certain specified property as defined in a certain proposal to amend the Tax Act released by the Minister of Finance on September 16, 2004.

#### **LOAN FACILITY**

The Company is authorized to borrow an amount not exceeding 5% of the net assets of the Company at the time of borrowing for the purpose of paying redemptions and for working capital purposes and is authorized to pledge its assets to secure such borrowings. The interest rate, fees and expenses under any loan facility that the Company enters into are expected to be typical of similar credit facilities and prime brokerage accounts of this nature.

## DIRECTORS AND OFFICERS

The following are the names, municipalities of residence, offices and principal occupations of the directors and officers of the Company:

<u>Name and Municipality of Residence</u>	<u>Office With The Company</u>	<u>Principal Occupation</u>
DAVID LEGRESLEY . . . . . Toronto, Ontario	Chairman, Director	Vice Chair of National Bank Financial Group
BRIAN DAVIS <sup>(2)</sup> . . . . . Toronto, Ontario	Director	Executive Vice President, Corporate Development and Governance, National Bank Financial Group
MICHAEL SHUH . . . . . Toronto, Ontario	Director, Chief Executive Officer	Managing Director, Group Head Retail Structured Products Investment Banking, National Bank Financial Inc.
TIM EVANS <sup>(3)</sup> . . . . . Oakville, Ontario	Chief Financial Officer, Corporate Secretary	Vice President, National Bank Financial Inc.
DOUGLAS A.S. MILLS <sup>(1)</sup> . . . . . Creemore, Ontario	Director	Chairman of The Glenncreggan Limited
IAIN A. ROBB <sup>(1)</sup> . . . . . Toronto, Ontario	Director	Partner, Gowling Lafleur Henderson LLP
Z. EDWARD AKKAWI <sup>(1)</sup> . . . . . Toronto, Ontario	Director	Chief Operating Officer, General Counsel and Corporate Secretary of First Asset Funds Inc.

(1) Member of the Audit Committee.

(2) Mr. Davis was an associate at Torys LLP between 1986 and 1990 and a partner at Torys LLP between 1990 and 2005.

(3) Mr. Evans was an Associate Vice President at AIC Investment Servies Inc. between June, 2002 and March, 2003 and a Vice President at Berkshire Securities Inc. between March, 2003 and July, 2005.

All of the directors and officers of the Company have held their principal occupation for the five years preceding the date hereof, except as indicated in notes above.

The following is a brief description of the background of the key management personnel of the Company.

**David LeGresley.** Mr. LeGresley is the Vice Chair of National Bank Financial Group. Prior to this appointment, Mr. LeGresley spent the past seven years as Executive Vice President and Head of National Bank Financial's Corporate and Investment Banking division. Mr. LeGresley has a Masters of Business Administration from Harvard Business School and an undergraduate degree in engineering from the University of Toronto.

**Brian Davis.** Mr. Davis is the Executive Vice President of Corporate Development and Governance of National Bank Financial Group. From January 1990 to December 2005, Mr. Davis was a partner of the law firm Torys LLP.

**Michael Shuh.** Mr. Shuh is a Managing Director and Group Head Retail Structured Products Investment Banking of National Bank Financial Inc. Mr. Shuh has held increasingly more senior positions since joining First Marathon Securities Inc. in August 1998, which was subsequently acquired by National Bank Financial Inc.

**Tim Evans.** Mr. Evans is a Vice President of National Bank Financial Inc. Prior to joining National Bank Financial Inc. in August 2005, Mr. Evans was a Vice President of Berkshire Securities Inc. Prior to joining

Berkshire Securities Inc. in March 2003, Mr. Evans was an associate Vice President at AIC Investment Services Inc.

The board of directors of the Company is comprised of three independent, unrelated directors and three related directors. Immediately following Closing, the board of directors of the Company intends to establish an audit committee of which two of the three members will be independent, unrelated directors. The audit committee will be responsible for reviewing the Company's financial statements and its internal controls, reviewing the work of the Company's independent auditors and reporting to the board of directors of the Company on such matters.

NI 81-107 came into effect on November 1, 2006 and required the Company to appoint an independent review committee with effect as of the date hereof and to have the independent review committee fully operational by November 1, 2007. The role of the independent review committee will be primarily to provide recommendations, and in some cases approval, in respect of conflict of interest matters. Upon the independent review committee of the Company being fully operational, the duties and responsibilities of the independent members of the board and the audit committee may be terminated or revised in whole or in part.

The members of the independent review committee are Douglas A.S. Mills, Carl Solomon and Henry Knowles.

### **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

NBF is the promoter of the Company and one of the Agents of the Offering. The Company is a connected issuer to NBF under applicable securities legislation by virtue of NBF's relationship with the Company. NBF will administer the operations of the Company pursuant to an administration agreement (the "Administration Agreement") and will receive a monthly fee equal to  $\frac{1}{12}$  of 0.25% of the net assets of the Company. Certain of the directors and officers of the Company are employees of NBF. NBF may have acted as underwriter in connection with the distribution of some of the shares in the Canadian Securities Portfolio. NBF is a wholly-owned subsidiary of NBC. It is anticipated that NBC and/or one or more of its affiliates will enter into financial service transactions with the Company, including the Company's loan facility and the Forward Agreement, and will earn certain fees and be reimbursed for certain expenses in connection therewith. These transactions will be negotiated at arm's length between NBF or its affiliates, on the one hand, and the Company, on the other hand, and as such will be on market terms and conditions. **NBF and its affiliates will have priority rights under these transactions, which they may exercise without regard to the interests of Shareholders.**

NBF will purchase, as agent on behalf of the Company, the Canadian Securities Portfolio and is entitled to receive commissions in respect of such purchases and reimbursement of expenses. These commissions will not exceed rates charged to comparable institutional investors. Neither NBF nor its affiliates will sell as principal, securities comprising the Canadian Securities Portfolio to the Company.

### **DESCRIPTION OF SHARE CAPITAL**

The Company is authorized to issue an unlimited number of Preferred Shares, Class A Shares and Class J Shares of which, before giving effect to the Offering, there are issued and outstanding 150 Class J Shares. The attributes of the Preferred Shares and the Class A Shares are described under "Details of the Offering".

The holders of Class J Shares are not entitled to receive dividends. The holders of the Class J Shares will be 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 NAV of the Company divided by the number of Class J Shares outstanding if none of the Class A Shares or Preferred Shares are then outstanding. The Class J Shares rank subsequent to both the Preferred Shares and the Class A Shares with respect to distributions on the dissolution, liquidation or winding up of the Company.

GlobalBanc Advantaged 8 Holdings Corp. ("Holdings") owns the 150 issued and outstanding Class J Shares. See "Principal Shareholder".

## DETAILS OF THE OFFERING

The following is a summary of certain provisions of the Preferred Shares and Class A Shares offered hereby.

### **Certain Provisions of the Preferred Shares**

#### *Distributions*

Holders of record of Preferred Shares at 5:00 p.m. (Toronto time) on the last Business Day of March, June, September and December will be entitled to receive fixed cumulative preferential quarterly cash distributions of \$0.1125 per share to yield 4.5% per annum on the issue price of the Preferred Shares. Such distributions will be paid on or before the eighth Business Day following the end of the period for which the distribution is made. The initial distribution on the Preferred Shares will be payable on October 10, 2007, to holders of record on September 28, 2007 which will be pro-rated from the Closing Date. There can be no assurance that the Company will be able to pay distributions to the holders of Preferred Shares.

Distributions on the Preferred Shares are expected to consist of non-taxable returns of capital and capital gains dividends.

All cash distributions will be paid through CDS' book-entry only system or paid in such other manner as may be agreed to by the Company. As registrations of interests in the Preferred Shares will be made through the book-entry only system, the Company will, prior to March 1 of each year, provide CDS with the information necessary to enable holders to complete an income tax return with respect to amounts paid or payable by the Company to such holders in the preceding calendar year. Each holder will in turn receive such information from its applicable CDS Participant. See "Book-Entry Only System" and "Canadian Federal Income Tax Considerations".

#### *Redemption Privileges*

##### *Monthly Redemptions*

Preferred Shares may be surrendered at any time for redemption by the Company, but will be redeemed only on the monthly Redemption Date. Preferred Shares surrendered for redemption by a Shareholder at least five Business Days prior to a Redemption Date will be redeemed on such Redemption Date and the Shareholder will receive payment on the Redemption Payment Date. If a Shareholder makes such surrender after 5:00 p.m. (Toronto time) on the fifth Business Day immediately preceding a Redemption Date, the Preferred Shares will be redeemed on the Redemption Date in the following month. The Shareholder will receive the Preferred Share Redemption Price (except as described under "Resale of Preferred Shares Tendered for Monthly Redemption" below) for the redeemed Shares on the Redemption Payment Date in respect of such Redemption Date.

Except as noted below, holders of Preferred Shares whose Shares are surrendered for redemption will be entitled to receive the Preferred Share Redemption Price. Any declared and unpaid distributions payable on or before a Redemption Date in respect of Preferred Shares tendered for redemption on such Redemption Date will also be paid on the Redemption Payment Date.

##### *Concurrent Annual Redemptions*

Holders of Preferred Shares also have an annual redemption right under which they may concurrently redeem an equal number of Preferred Shares and Class A Shares on the Redemption Date in November of each year, commencing on the Redemption Date in November, 2008. The amount received per Unit by the redeeming Shareholder for such a concurrent redemption will be equal to the Net Asset Value per Unit (except as described under "Resale of Units Tendered for Concurrent Annual Redemption" below). Any unamortized issue costs relating to any offering of Preferred Shares by the Company will be deducted in calculating the NAV per Unit for this purpose. To be redeemed in this manner, the Preferred Shares and Class A Shares must both be surrendered for redemption at least five Business Days prior to the Redemption Date in November of the applicable year. Payment of the proceeds of redemption will be made on or before the eighth Business Day following the Redemption Date in November of the applicable year.

As disclosed below under “Resale of Units Tendered for Concurrent Annual Redemption”, where the holder of Preferred Shares tendered for redemption has not withheld his or her consent thereto in the manner provided in the Redemption Notice delivered to CDS through a CDS Participant, the Company may, but is not obligated to, require the recirculation agent to use commercially reasonable efforts to find purchasers for any Preferred Shares tendered for redemption prior to the relevant Redemption Payment Date pursuant to the recirculation agreement. In such event, the amount to be paid to the holder of the Preferred Shares on the Redemption Payment Date will be an amount equal to the proceeds of the sale of the Preferred Shares less any applicable commission. Such amount will not be less than the Net Asset Value per Unit. Holders of Preferred Shares are free to withhold their consent to such treatment and to require the Company to redeem their Preferred Shares in accordance with their terms.

Subject to the Company’s right to require the recirculation agent to use commercially reasonable efforts to find purchasers for any Preferred Shares tendered for redemption prior to the relevant Redemption Payment Date, any and all Preferred Shares which have been surrendered to the Company for redemption are deemed to be outstanding until (but not after) the close of business on the relevant Redemption Date, unless not redeemed thereon, in which event such Preferred Shares will remain outstanding.

The redemption right must be exercised by causing written notice to be given within the notice periods prescribed herein and in the manner described under “Book-Entry Only System”. Such surrender will be irrevocable upon the delivery of notice to CDS through a CDS Participant, except with respect to those Preferred Shares which are not redeemed by the Company on the relevant Redemption Date.

#### *Redemption at Premium*

Preferred Shares may be redeemed by the Company at any time prior to the Final Redemption Date at a price (the “Premium Redemption Price”) which, until June 15, 2008 will be equal to \$10.40 and which will decline by \$0.10 each year to be equal to \$10.00 after June 15, 2011.

Notice of such redemption will be given to CDS Participants holding Preferred Shares on behalf of the beneficial owners thereof at least seven Business Days prior to the redemption date.

#### *Final Redemption*

The Preferred Shares will be redeemed on the Final Redemption Date. The redemption price payable by the Company for a Preferred Share on that date will be equal to the lesser of (i) \$10.00, plus any accrued and unpaid distributions on a Preferred Share and (ii) the NAV on that date divided by the total number of Preferred Shares then outstanding.

Notice of redemption will be given to CDS Participants holding Preferred Shares on behalf of the beneficial owners thereof at least 30 days prior to the Final Redemption Date.

#### *Resale of Preferred Shares Tendered for Monthly Redemption*

Pursuant to the terms of a recirculation agreement, if requested to do so by the Company, the recirculation agent will use commercially reasonable efforts to find purchasers for any Preferred Shares tendered for redemption prior to the relevant Redemption Payment Date, provided that the holder of the Preferred Shares so tendered has not withheld consent thereto. The Company is not obligated to require the recirculation agent to seek such purchasers but may elect to do so. In the event that a purchaser for such Preferred Shares is found in this manner, the amount to be paid to the holder of the Preferred Shares on the relevant Redemption Payment Date will be an amount equal to the holder’s pro rata share of the aggregate proceeds realized in connection with the sale of all of the recirculated Shares of that class sold in connection with that monthly redemption less any applicable commission. Such amount will not be less than the Preferred Share Redemption Price.

#### *Priority*

All Preferred Shares rank in priority to the Class A Shares and the Class J Shares with respect to the payment of distributions and the repayment of capital on the dissolution, liquidation or winding up of the Company.

## **Certain Provisions of the Class A Shares**

### ***Distributions***

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. The Company may make additional special distributions provided certain conditions are met and the Administrator considers it appropriate in the circumstances at such time. There can be no assurance that the Company will be able to pay distributions to the holders of Class A Shares.

The Company will not pay special distributions on the Class A Shares if after payment of the distribution the NAV per Unit would be less than \$20.00, unless the Company would need to pay a capital gains dividend in order to effectively eliminate tax on net capital gains realized by the Company.

All cash distributions will be paid through CDS' book-entry only system or paid in such other manner as may be agreed to by the Company. As registrations of interests in the Class A Shares will be made through the book-entry only system, the Company will, prior to March 1 of each year, provide CDS with the information necessary to enable holders to complete an income tax return with respect to amounts paid or payable by the Company to such holders in the preceding calendar year. Each holder will in turn receive such information from its applicable CDS Participant. See "Book-Entry Only System" and "Canadian Federal Income Tax Considerations".

### ***Redemption Privileges***

#### ***Monthly Redemptions***

Class A Shares may be surrendered at any time for redemption by the Company, but will be redeemed only on the monthly Redemption Date. Class A Shares surrendered for redemption by a Shareholder at least five Business Days prior to the monthly Redemption Date will be redeemed on such Redemption Date and the Shareholder will receive payment on or before the Redemption Payment Date. If a Shareholder makes such surrender after 5:00 p.m. (Toronto time) on the fifth Business Day immediately preceding a Redemption Date, the Shares will be redeemed on the Redemption Date in the following month. The Shareholder will receive the Class A Share Redemption Price (except as described under "Resale of Class A Shares Tendered for Monthly Redemption" below) for the redeemed Shares on the Redemption Payment Date in respect of such Redemption Date.

Except as noted below, holders of Class A Shares whose Shares are surrendered for redemption will be entitled to receive the Class A Share Redemption Price. Any declared and unpaid distributions payable on or before a Redemption Date in respect of Class A Shares tendered for redemption on such Redemption Date will also be paid on the Redemption Payment Date.

The NAV per Unit may be lower than the original issue price. The NAV per Unit will vary depending on a number of market factors, including interest rates, volatility in the equity and debt markets and the volatility of the Portfolio Securities. Investors who wish to dispose of their Shares should, accordingly, consult with their advisors with respect to the desirability of disposing of Shares by way of redemption, through secondary market trades or otherwise. See "Risk Factors".

If any Class A Shares tendered for redemption are not resold in the manner described below under "Resale of Class A Shares Tendered for Monthly Redemption", the Company will direct the recirculation agent to purchase for cancellation on behalf of the Company that number of Preferred Shares which equals the number of Class A Shares so redeemed. Any Preferred Shares so purchased for cancellation will be purchased in the market.

#### ***Concurrent Annual Redemptions***

Holders of Class A Shares also have an annual redemption right under which they may concurrently redeem an equal number of Preferred Shares and Class A Shares on the Redemption Date in November of each year, commencing on the Redemption Date in November, 2008. The amount received per Unit by the redeeming Shareholder for such a concurrent redemption will be equal to the Net Asset Value per Unit (except as

described under “Resale of Units Tendered for Concurrent Annual Redemption” below). Any unamortized issue costs relating to any offering of Preferred Shares by the Company will be deducted in calculating the NAV per Unit for this purpose. To be redeemed in this manner, the Preferred Shares and Class A Shares must both be surrendered for redemption at least five Business Days prior to the Redemption Date in November of the applicable year. Payment of the proceeds of redemption will be made on or before the eighth Business Day following the Redemption Date in November of the applicable year.

The NAV per Unit may be lower than the original issue price. The NAV per Unit will vary depending on a number of market factors, including interest rates, volatility in the equity and debt markets and the volatility of the Portfolio Securities. Investors who wish to dispose of their Shares should, accordingly, consult with their advisors with respect to the desirability of disposing of Shares by way of redemption, through secondary market trades or otherwise. See “Risk Factors”.

As disclosed below under “Resale of Units Tendered for Concurrent Annual Redemption”, where the holder of Class A Shares tendered for redemption has not withheld his or her consent thereto in the manner provided in the Redemption Notice delivered to CDS through a CDS Participant, the Company may, but is not obligated to, require the recirculation agent to use commercially reasonable efforts to find purchasers for any Class A Shares tendered for redemption prior to the relevant Redemption Payment Date pursuant to the recirculation agreement. In such event, the amount to be paid to the holder of the Class A Shares on the Redemption Payment Date will be an amount equal to the proceeds of the sale of the Class A Shares less any applicable commission. Such amount will not be less than the Net Asset Value per Unit. Holders of Class A Shares are free to withhold their consent to such treatment and to require the Company to redeem their Class A Shares in accordance with their terms.

Subject to the Company’s right to require the recirculation agent to use commercially reasonable efforts to find purchasers for any Class A Shares tendered for redemption prior to the relevant Redemption Payment Date, any and all Class A Shares which have been surrendered to the Company for redemption are deemed to be outstanding until (but not after) the close of business on the relevant Redemption Date, unless not redeemed thereon, in which event such Class A Shares will remain outstanding.

The redemption right must be exercised by causing written notice to be given within the notice periods prescribed herein and in the manner described below under “Book-Entry Only System”. Such surrender will be irrevocable upon the delivery of notice to CDS through a CDS Participant, except with respect to those Class A Shares which are not redeemed by the Company on the relevant Redemption Date.

#### *Final Redemption*

All Class A Shares will be redeemed on the Final Redemption Date. The redemption price payable for a Class A Share on that date will be equal to the greater of (i) the NAV per Unit on that date minus \$10.00 and any accrued and unpaid distributions on the Preferred Shares, and (ii) nil. See “Risk Factors”.

Notice of redemption will be given to CDS Participants holding Class A Shares on behalf of the beneficial owners thereof at least 30 days prior to the Final Redemption Date.

#### ***Resale of Class A Shares Tendered for Monthly Redemption***

Pursuant to the terms of the recirculation agreement, if requested to do so by the Company, the recirculation agent will use commercially reasonable efforts to find purchasers for any Class A Shares tendered for redemption prior to the relevant Redemption Payment Date, provided that the holder of the Class A Shares so tendered has not withheld consent thereto. The Company is not obligated to require the recirculation agent to seek such purchasers but may elect to do so. In the event that a purchaser for such Class A Shares is found in this manner, the amount to be paid to the holder of the Class A Shares on the relevant Redemption Payment Date will be an amount equal to the holder’s pro rata share of the aggregate proceeds realized in connection with the sale of all of the recirculated Shares of that class sold in connection with that monthly redemption less any applicable commission. Such amount will not be less than the Class A Share Redemption Price.

### ***Priority***

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

### **Suspension of Redemptions**

The Administrator may direct the Company to suspend the redemption of and market purchases of Preferred Shares or Class A Shares by the Company or payment of redemption proceeds for any period not exceeding 30 days during which the Administrator determines that conditions exist which render impractical the sale of assets of the Company. The suspension may apply to all requests for redemption received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect. All Shareholders making such requests shall be advised by the Administrator of the suspension and that the redemption will be effected at a price determined on the first Business Day following the termination of the suspension. All such Shareholders shall have and shall be advised that they have the right to withdraw their requests for redemption, as applicable. The suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the Company, any declaration of suspension made by the Administrator shall be conclusive.

### **Resale of Units Tendered for Concurrent Annual Redemption**

The Company will enter into a recirculation agreement with the recirculation agent whereby the recirculation agent will agree to use commercially reasonable efforts to find purchasers for any Units tendered for redemption prior to the relevant Redemption Payment Date, provided that the Shareholder that has tendered Units has not withheld consent thereto. The Company may, but is not obligated to, require the recirculation agent to seek such purchasers. In the event that a purchaser for such Units is found in this manner, the amount to be paid to the holder of the Units on the relevant Redemption Payment Date will be an amount equal to the holder's pro rata share of the aggregate proceeds realized in connection with the sale of all of the recirculated Units sold in connection with that annual redemption less any applicable commission. Such amount will not be less than the Net Asset Value per Unit. Holders are free to withhold their consent to any proposed resale and to require the Company to redeem their Units in accordance with their terms.

### **Issue of Additional Preferred Shares or Class A Shares**

The Company may issue additional Preferred Shares and Class A Shares together as a Unit provided that the Company receives net proceeds per Unit not less than the NAV per Unit on the Business Day prior to the pricing of the offering.

### **BOOK-ENTRY ONLY SYSTEM**

Registration of interests in and transfers of the Shares will be made only through the book-entry only system of CDS. On the Closing Date, the Company will deliver to CDS certificates evidencing the aggregate number of Preferred Shares and Class A Shares subscribed for under the Offering. Shares must be purchased, transferred and surrendered for retraction or redemption only through a CDS Participant. All rights of an owner of Shares must be exercised through, and all payments or other property to which such owner is entitled will be made or delivered by, CDS or the CDS Participant through which the owner holds such Shares. Upon purchase of any Shares, the owner will receive only the customary confirmation. References in this prospectus to a Shareholder means, unless the context otherwise requires, the owner of the beneficial interest in such Shares.

Neither the Company, the Custodian, the Administrator, nor the Agents will have any liability for (i) records maintained by CDS relating to the beneficial interests in the Shares or the book entry accounts maintained by CDS; (ii) maintaining, supervising or reviewing any records relating to such beneficial ownership interests; or (iii) any advice or representation made or given by CDS and made or given with respect to the rules and regulations of CDS or any action taken by CDS or at the direction of the CDS Participants.

The ability of a beneficial owner of Shares to pledge such Shares or otherwise take action with respect to such owner's interest in such Shares (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

The Company has the option to terminate registration of the Shares through the book-entry only system in which case certificates for Shares in fully registered form would be issued to beneficial owners of such securities or to their nominees.

### **CALCULATION OF NET ASSET VALUE**

The Net Asset Value on a particular date will be equal to (i) the aggregate value of the assets of the Company, less (ii) the aggregate value of the liabilities of the Company, including any distributions declared and not paid, less (iii) the stated capital of the Class J Shares (\$150). For greater certainty, the Preferred Shares will not be treated as liabilities for these purposes and any unamortized issue costs relating to Preferred Shares issued by the Company will be included in NAV. The "NAV per Unit" on any day is obtained by dividing the NAV on such day by the number of Units outstanding on that day. A "Unit" is a notional unit comprising of one Preferred Share and one Class A Share.

The total assets of the Company will consist of the Company's rights under the Forward Agreement together with any assets of the Company invested in the Canadian Securities Portfolio, cash, cash equivalents and any other instruments permitted by the Company's investment restrictions (see "The Company — Investment Restrictions"). The Company's rights under the Forward Agreement include the right to receive the Forward Amount upon the transfer of the Canadian Securities Portfolio to the Counterparty in settlement of the Forward Agreement. Consequently, the calculation of the Company's net asset value described below will be substantially based on the current value of the Forward Agreement, which will depend in part of the value of the notional Bank Portfolio.

The NAV per Unit will be published weekly and at such other times as the Administrator may determine. Such information will be provided by the Administrator to Shareholders on request by calling 1-877-642-1289 or through the Internet at [www.GlobalbancAdvantaged8.com](http://www.GlobalbancAdvantaged8.com).

Unless otherwise required by law, determining the NAV of the Company at any time (which will include a determination of the value of the Forward Agreement) will take into account:

- (a) the value of any cash on hand or on deposit, prepaid expenses, cash distributions declared and interest accrued and not yet received, shall be deemed to be the face amount thereof, unless the Administrator determines that any such asset is not worth the face amount thereof, in which event the value thereof shall be deemed to be such value as the Administrator determines to be the fair value thereof;
- (b) bonds and other debt securities shall be valued by taking the bid price;
- (c) on any day other than a Valuation Date, the value of any security which is listed or traded upon a stock exchange (or if more than one, on the principal stock exchange for the security, as determined by the Administrator) shall be determined by taking the latest available sale price, or lacking any recent sales or any record thereof, the last mid price, as at the applicable date on which the value of the assets of the Company is being determined, all as reported by any means in common use;
- (d) on a Valuation Date, for the purposes of calculating the NAV for annual redemptions, the value of any security which is listed or traded upon a stock exchange (or if more than one, on the principal stock exchange for the security, as determined by the Administrator) shall be determined by taking the volume weighted average trading price of the security on the three consecutive trading days ending on such Valuation Date, or lacking any sales on such dates or any record thereof, the last mid price (unless in the opinion of the Administrator such value does not reflect the value thereof and in which case the fair market value as determined by the Administrator shall be used), as at that date, all as reported by any means in common use;
- (e) the value of any security which is not listed or traded on a stock exchange or the resale of which is restricted by reason of a representation, undertaking or agreement by the Company (or by the Company's predecessor in title) or by law shall be determined on the basis of such price or yield

equivalent quotations (which may be public quotations or may be obtained from major market makers) as the Administrator reasonably determines best reflects fair value;

- (f) any security purchased, the purchase price of which has not been paid, shall be included for valuation purposes as a security held, and the purchase price, including brokers' commissions and other expenses, shall be treated as a liability of the Company;
- (g) any security sold but not delivered, pending receipt of the proceeds, shall be valued at the net sale price;
- (h) the value of a forward contract shall be the gain or loss with respect thereto that would be realized as if the position in the forward contract were to be closed out;
- (i) margin paid or deposited in respect of forward contracts shall be reflected as an account receivable and margin consisting of assets other than cash shall be noted as held as margin; and
- (j) short-term investments (excluding bonds with a term to maturity that is less than one year) are valued at cost plus accrued interest which approximates their market value.

If any date on which NAV is determined is not a Business Day, then the property of the Company will be valued as if such date were the preceding Business Day. The value of all assets of the Company quoted or valued in terms of foreign currency, the value of all funds on deposit and contractual obligations payable to the Company in foreign currency and the value of all liabilities and contractual obligations payable by the Company in foreign currency shall be determined using the applicable rate of exchange current at, or as nearly as practicable to, the applicable date on which NAV is determined. Estimated operating expenses of the Company shall be accrued to the date as of which the NAV is being determined.

If an investment cannot be valued under the foregoing rules or if the foregoing rules are at any time considered by the Administrator to be inappropriate under the circumstances, then notwithstanding such rules, the Administrator shall make such valuation as it considers fair and reasonable.

Pursuant to National Instrument 81-106 — Investment Fund Continuous Disclosure (“NI 81-106”), investment funds are required to calculate their net asset value in accordance with Canadian generally accepted accounting principles (“GAAP”). Canadian GAAP was modified by the introduction of section 3855 of the Canadian Institute of Chartered Accountants Handbook which applies to financial years beginning on or after October 1, 2006. The Canadian Securities Authorities have provided relief from the requirement of NI 81-106 that investment funds calculate their net asset values in accordance with Canadian GAAP for any purpose, including redemptions, other than for purposes of financial statements in respect of the financial year commencing January 1, 2007 and for all financial years thereafter. As a result the NAV of the Company will be calculated as described in this section for the purposes of redemptions but will be calculated in accordance with Canadian GAAP for the purposes of its financial statements. The financial statements of the Company will include a reconciliation of the net asset value contained in the financial statements to the net asset value used for other purposes. Unless this relief is extended, such relief will terminate on the earlier of September 30, 2007 or the date on which changes to NI 81-106 come into effect with respect to calculating net asset value.

## **SHAREHOLDER MATTERS**

### **Meetings of Shareholders**

Except as required by law or set out below, holders of Preferred Shares and Class A Shares will not be entitled to receive notice of, to attend or to vote at any meeting of Shareholders of the Company.

### **Acts Requiring Shareholder Approval**

The following matters require the approval of the holders of Preferred Shares and Class A Shares by a two-thirds majority vote (other than item (c) which requires approval by a simple majority vote) at a meeting called and held for such purpose:

- (a) a change in the fundamental investment objectives and investment strategy of the Company as described under “Investment Objectives, Investment Strategy and Investment Restrictions —

Investment Objectives” and “Investment Objectives, Investment Strategy and Investment Restrictions — Investment Strategy”;

- (b) a change in the Investment Restrictions of the Company as described under “Investment Objectives, Investment Strategy and Investment Restrictions — Investment Restrictions” unless such change is necessary to ensure compliance with all applicable laws, regulations or other requirements by the applicable regulatory authorities from time to time;
- (c) (i) any change in the basis of calculating fees or other expenses that are charged to the Company, or directly to a Shareholder by the Administrator, which could result in an increase in charges to the Company or a Shareholder, or (ii) the introduction of a fee or expense that is charged to the Company, or directly to a Shareholder by the Administrator in connection with the holding of Shares, which could result in an increase in charges to the Company or a Shareholder; other than a fee or expense charged by a person or company that is at arm’s length to the Company and for which Shareholders are sent a written notice of such change at least 60 days before the effective date of such change;
- (d) except as described herein, a change in the Administrator of the Company, other than a change resulting in an affiliate of such person assuming such position;
- (e) a decrease in the frequency of calculating the NAV per Unit or of Shareholders’ redemption privileges;
- (f) a reorganization with, or transfer of assets to, another mutual fund corporation, if
  - (i) the Company ceases to continue after the reorganization or transfer of assets; and
  - (ii) the transaction results in Shareholders becoming securityholders in the other mutual fund corporation;
- (g) a reorganization with, or acquisition of assets of, another mutual fund corporation, if
  - (i) the Company continues after the reorganization or acquisition of assets;
  - (ii) the transaction results in the securityholders of the other mutual fund corporation becoming Shareholders of the Company; and
  - (iii) the transaction would be a material change to the Company;
- (h) an amendment, modification or variation in the provisions or rights attaching to the Preferred Shares, Class A Shares or Class J Shares which adversely affects the holders of those Shares; and
- (i) a change in the Final Redemption Date.

Each Preferred Share and each Class A Share will have one vote at such a meeting. Ten per cent of the outstanding Preferred Shares and Class A Shares, respectively, represented in person or by proxy at the meeting will constitute a quorum. If no quorum is present, the holders of Preferred Shares and Class A Shares then present will constitute a quorum at an adjourned meeting.

#### **Reporting to Shareholders**

The Company will deliver to Shareholders annual and semi-annual financial statements of the Company and other reports, all as required by applicable law from time to time.

#### **CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

In the opinion of Blake, Cassels & Graydon LLP, counsel to the Company and to the Agents, the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations generally applicable to the acquisition, holding and disposition of Shares by a Shareholder who acquires Shares pursuant to this prospectus. This summary is applicable to a Shareholder who is an individual (other than a trust) and who, for the purposes of the Tax Act and at all relevant times is resident in Canada, deals at arm’s length with and is not affiliated with the Company and holds Shares as capital property. Generally, Shares will be considered to be capital property to a Shareholder provided the Shareholder does not hold the Shares in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions

considered to be an adventure in the nature of trade. Certain Shareholders who might not otherwise be considered to hold their Shares as capital property may, in certain circumstances, be entitled to have them treated as capital property by making an election in accordance with the Tax Act. This summary is based on the assumptions that the Canadian Securities Portfolio will consist of “Canadian securities” as defined by subsection 39(6) of the Tax Act (Canada) and that the Company will elect in accordance with the Tax Act (Canada) to have each of its Canadian securities treated as capital property.

This summary is based on the facts set out in this prospectus, certificates of the Company and of NBF on behalf of the Agents, the current provisions of the Tax Act and the regulations thereunder, counsel’s understanding of the current administrative policies and assessing practices of the CRA publicly available prior to the date hereof and all proposals to amend the Tax Act and the regulations thereunder (the “Tax Proposals”) publicly announced prior to the date hereof. Except for the Tax Proposals, this summary does not otherwise take into account or anticipate any changes in law or in the administrative policies and assessing practices of the CRA, whether by legislative, governmental or judicial decision or action, nor does it take into account provincial or foreign income tax legislation or considerations. There can be no assurance that the Tax Proposals will be enacted in the form publicly announced or at all.

This summary is based on the assumption that the Company was not established and will not be maintained primarily for the benefit of non-residents and that at no time will the total fair market value of Shares of the Company held by persons who are non-residents of Canada and/or partnerships (other than Canadian partnerships as defined by the Tax Act) exceed 50% of the fair market value of all outstanding Shares of the Company. This summary is also based on the assumption that the Canadian Securities Portfolio will not be lent, directly or indirectly, to the Counterparty under the Forward Agreement. This summary assumes that the Company will comply with the investment restrictions.

**This summary is not exhaustive of all possible Canadian federal tax considerations applicable to an investment in Shares. Moreover, the income and other tax consequences of acquiring, holding or disposing of Shares will vary depending on the investor’s particular circumstances including the province or provinces in which the investor resides or carries on business. Counsel expresses no views herein in respect of the deductibility of interest on any funds borrowed by a Shareholder to purchase Shares. Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any investor. Investors should consult their own tax advisors for advice with respect to the income tax consequences of an investment in Shares, based on their particular circumstances.**

Following the closing of the Offering provided the Shares are listed on a prescribed Canadian stock exchange (which currently includes the TSX), the Company will qualify as a “mutual fund corporation” and a “financial intermediary corporation” as defined in the Tax Act. The Company has informed counsel that it intends to file the necessary election under the Tax Act so that it will be deemed to be a “public corporation” effective from the beginning of its first taxation year, and therefore can qualify as a mutual fund corporation throughout its first taxation year. The Company has advised counsel that it intends to continue to qualify as a mutual fund corporation throughout each taxation year in which any Shares are outstanding and this summary assumes that will be the case.

As a mutual fund corporation, the Company is entitled in certain circumstances to a refund of tax paid by it in respect of its net realized capital gains. Also, as a mutual fund corporation, the Company is entitled to maintain a capital gains dividend account in respect of its realized net capital gains and from which it may elect to pay dividends (“capital gains dividends”) which are treated as capital gains in the hands of the Shareholders of the Company. See “Canadian Federal Income Tax Considerations — Tax Treatment of Shareholders”.

The Company will not realize any income, gain or loss upon entering into the Forward Agreement. Gains or losses realized by the Company on the sale of the Canadian Securities Portfolio will be taxed as capital gains or losses. If the obligations of the Company and the Counterparty under the Forward Agreement are settled by making cash payments as described under “Investment Objectives, Investment Strategy and Investment Restrictions — Investment Strategy”, a payment made or received by the Company may be treated as an income outlay or receipt, as applicable. If the Company delivers securities in the Canadian Securities Portfolio to the Counterparty in satisfaction of its obligations under the Forward Agreement and receives a payment from the Counterparty equal to the price stipulated in the Forward Agreement, the Company will realize capital gains

(losses) equal to the amount by which such purchase price (less reasonable costs of disposition) exceeds (is less than) the aggregate adjusted cost base of such securities.

In computing income for a taxation year, the Company will be required to include in income the amount of the dividends, if any, received by the Company in the year. In computing taxable income, the Company will generally be permitted to deduct the amount of all dividends received by it from taxable Canadian corporations. The Company will generally not be permitted a deduction in computing taxable income for dividends received by it from other corporations, including non-resident corporations.

As a “financial intermediary corporation” the Company is not subject to tax under Part IV.1 of the Tax Act on dividends received by the Company and is not generally liable to tax under Part VI.1 of the Tax Act on dividends paid by the Company on “taxable preferred shares” under the Tax Act. As a mutual fund corporation (which is not an “investment corporation” as defined in the Tax Act), the Company is generally subject to a refundable tax of 33 $\frac{1}{3}$ % under Part IV of the Tax Act on taxable dividends received by the Company during the year to the extent that such dividends were deductible in computing the Company’s taxable income for the year. This tax is refundable upon payment by the Company of sufficient dividends other than capital gains dividends (“Ordinary Dividends”).

To the extent that the Company earns net income, after expenses, from sources other than taxable capital gains and dividends from taxable Canadian corporations, the Company will be subject to income tax on such income and no refund of such tax will be available. The Company has advised counsel that it is not anticipated that the Company will pay non-refundable Canadian income tax in its taxation years ending on or before December 31, 2012.

On October 31, 2003, the Department of Finance released, for public consultation, draft proposed amendments to the Tax Act (the “October 2003 Tax Proposals”) that would require, for taxation years commencing after 2004, that there be a reasonable expectation of profit from a business or property for a taxpayer to realize a loss from such business or property, and that make it clear that profit in this sense does not include capital gains. As part of the February 23, 2005 Federal Budget, the Department of Finance announced that it has developed a more modest legislative initiative and that it will, at an early opportunity, release an alternative tax proposal for comment. Under the October 2003 Tax Proposals, a taxpayer will have a loss for a taxation year from a particular source that is a business or property only if, in that year, it is reasonable to expect that the taxpayer will realize a cumulative profit from the business or property during the time that the taxpayer carried on and can reasonably be expected to carry on the business, or has held and can reasonably be expected to hold, the property. If the deduction of losses of the Company is limited under the October 2003 Tax Proposals or any alternative tax proposals, the taxable income of the Company in future years may be increased, and the Company may increase the amount of capital gains dividends paid to Shareholders in order to obtain a refund of tax with respect to net realized capital gains.

Bill C-52 which received second reading in the House of Commons on May 15, 2007 contains certain proposals (the “SIFT Proposals”) to apply to “SIFT trusts” and “SIFT partnerships” as defined therein. The SIFT Proposals do not apply to mutual fund corporations and, accordingly, the SIFT Proposals do not apply to the Company. No assurance can be given that the SIFT Proposals will be enacted as proposed.

### **Tax Treatment of Shareholders**

Shareholders must include in income Ordinary Dividends, if any, paid to them by the Company. For individual Shareholders, Ordinary Dividends will be subject to the usual gross-up and dividend tax credit rules applicable to taxable dividends paid by taxable Canadian corporations. The Tax Act provides for an enhanced gross-up and dividend tax credit for “eligible dividends” received after 2005 from a corporation resident in Canada which are so designated by the corporation paying the dividend. It is not anticipated that Ordinary Dividends will be paid by the Company.

The amount of any capital gains dividend received by a Shareholder from the Company will be considered to be a capital gain of the Shareholder from the disposition of capital property in the taxation year of the Shareholder in which the capital gains dividend is received.

Where a capital gains dividend is paid in Shares or paid cash and reinvested in Shares, the cost of such Shares acquired by a Shareholder will be equal to the amount of cash so reinvested. For the purposes of determining the adjusted cost base to a Shareholder of Shares, when Shares are acquired, the cost of the newly acquired Shares will be averaged with the adjusted cost base of all of the Shares owned by the Shareholder as capital property immediately before that time.

The amount of any payment received by a Shareholder from the Company as a return of capital on a Share will not be required to be included in computing income. Instead, such amount will reduce the adjusted cost base of the relevant Shares to the Shareholder. To the extent that the adjusted cost base to the holder would otherwise be a negative amount, the Shareholder will be considered to have realized a capital gain from the disposition of the Shares at that time, equal to the negative amount, and the adjusted cost base of the Shares will be increased to nil.

A person acquiring Shares may become taxable on income or capital gains accrued or realized before such person acquired such Shares.

### **Disposition of Shares**

Upon the redemption or other disposition of a Share by a Shareholder, a capital gain (or a capital loss) will be realized by the Shareholder to the extent that the proceeds of disposition of the Share exceed (or are less than) the aggregate of the adjusted cost base of the Share and any reasonable costs of disposition. Generally, one half of a capital gain (a taxable capital gain) is included in computing income and one half of a capital loss (an allowable capital loss) is deductible against taxable capital gains in accordance with the detailed provisions of the Tax Act in that regard.

Individuals (other than certain trusts) who realize net capital gains, or receive dividends, may be subject to an alternative minimum tax under the Tax Act.

## **ELIGIBILITY FOR INVESTMENT**

In the opinion of Blake, Cassels & Graydon LLP, provided that the Shares are listed on a prescribed stock exchange in Canada for the purposes of the Tax Act, such Shares will be qualified investments under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds and deferred profit sharing plans and registered education savings plans.

## **USE OF PROCEEDS**

The net proceeds from the issue of the maximum number of Shares offered hereby, including exercise of the Over-Allotment Option, after payment of the Agents' fee and the Offering expenses are estimated to be \$164,087,500 (\$43,280,000 if the minimum number of Shares are issued). The Company will use the net proceeds to purchase the Canadian Securities Portfolio as contemplated under the Investment Strategy. Except as noted herein under "Plan of Distribution" and "Interest of Management and Others in Material Transactions", the net proceeds of this Offering will not be applied for the benefit of the Agents.

## **PLAN OF DISTRIBUTION**

Pursuant to the Agency Agreement, the Agents have agreed to offer the Preferred Shares and Class A Shares for sale, as agents of the Company, on a best efforts basis, if, as and when issued by the Company. The Agents will receive a fee equal to \$0.30 for each Preferred Share sold and \$0.60 for each Class A Share sold and will be reimbursed for out-of-pocket expenses incurred by them. The Agents may form a sub-agency group including other qualified investment dealers and determine the fee payable to the members of such group, which fee will be paid by the Agents out of their fees. While the Agents have agreed to use their best efforts to sell the Preferred Shares and the Class A Shares offered hereby, the Agents will not be obligated to purchase Preferred Shares and Class A Shares which are not sold.

The Company has granted the Agents the Over-Allotment Option. This prospectus qualifies the distribution of the Over-Allotment Option, and the Preferred Shares and the Class A Shares issuable on the exercise thereof. The Agents may exercise the Over-Allotment Option in whole or in part at any time on or before the close of

business on the 30th day following the Closing. To the extent that the Over-Allotment Option is exercised, the additional Preferred Shares and Class A Shares will be offered at the Offering Prices hereunder and the Agents will be entitled to a fee of \$0.30 per Preferred Share and \$0.60 per Class A Share purchased.

If subscriptions for a minimum of 2,000,000 Preferred Shares or 2,000,000 Class A Shares have not been received within 90 days following the date of issuance of a final receipt for this prospectus, the Offering may not continue without the consent of those who have subscribed on or before such date. Under the terms of the Agency Agreement, the Agents may, at their discretion on the basis of their assessment of the state of the financial markets and upon the occurrence of certain stated events, terminate the Agency Agreement. In the event the minimum offering is not achieved by the Company and the necessary consents are not obtained or if the Closing does not occur for any reason, subscription proceeds received from prospective purchasers will be returned to such purchasers promptly without interest or deduction. Subscriptions for Preferred Shares and Class A Shares will be received subject to rejection or allotment in whole or in part. The right is reserved to close the subscription books at any time without notice. Closing will take place on June 20, 2007 or such later date as may be agreed upon by the Company and the Agents that is on or before July 19, 2007.

National Bank Financial Inc. (“NBF”) is the promoter and one of the Agents of these offerings. NBF is an affiliate of National Bank of Canada. It is anticipated that National Bank of Canada and/or one or more of its affiliates will enter into the Forward Agreement. Certain of the directors and officers of the Company are currently employees of NBF. The Company is a connected issuer of NBF under applicable securities legislation by virtue of NBF’s relationship with the Company.

Pursuant to policy statements of certain Canadian securities regulators, the Agents may not, throughout the period of distribution, bid for or purchase Preferred Shares or Class A Shares. The foregoing restriction is subject to certain exceptions, on the conditions that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Preferred Shares and the Class A Shares. Such exceptions include a bid or purchase permitted under applicable by-laws and rules of the relevant self-regulatory authorities relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. Pursuant to the first mentioned exception, in connection with the Offering, the Agents may over-allot or effect transactions in connection with their over-allotted position. Such transactions, if commenced, may be discontinued at any time.

### CAPITALIZATION

The capitalization of the Company at May 29, 2007 and at such date as adjusted to give effect to the issue and sale of the Preferred Shares and the Class A Shares offered hereby, is set forth in the table below:

	Authorized	Outstanding as at May 29, 2007 (unaudited)	To be outstanding as at May 29, 2007 after giving effect to these issues <sup>(1)</sup>
Liabilities			
Preferred Shares . . . . .	Unlimited	Nil	\$75,000,000 (7,500,000 shares)
Share Capital			
Class A Shares . . . . .	Unlimited	Nil	\$75,000,000 (7,500,000 shares)
Class J Shares . . . . .	Unlimited	\$150 (150 shares)	\$150 (150 shares)
Total Capitalization . . . . .		\$150	\$150

Note:

(1) Assumes the maximum amount of the Offering.

## PRINCIPAL SHAREHOLDER

Holdings owns all of the 150 issued and outstanding Class J Shares of the Company. The three independent directors of the Company will each own 33⅓% of the common shares of Holdings. All of the Class J Shares of the Company will be lodged in escrow with Computershare Trust Company of Canada pursuant to an agreement to be dated the Closing Date among Holdings, Computershare Trust Company of Canada and the Company and the common shares of Holdings (the “Holdings Shares”) will be lodged in escrow with Computershare Trust Company of Canada pursuant to an agreement to be dated the Closing Date among the holders thereof, Computershare Trust Company of Canada and Holdings (collectively, the “Escrow Agreements”). Under the Escrow Agreements, none of the Class J Shares or the Holdings Shares may be disposed of or dealt with in any manner until all the Class A Shares and Preferred Shares have been retracted or redeemed, without the express consent, order or direction in writing of the Ontario Securities Commission except that the Holdings Shares may be pledged to a Canadian chartered bank as collateral to secure a bona fide debt to such bank.

## FEES AND EXPENSES

### **Fees Payable by the Company**

#### *Administration Fee*

The Company will pay an annual administration fee of 0.25% per annum of the NAV, calculated daily and payable monthly, plus applicable taxes. NBF will retain First Asset Investment Management Inc. (“First Asset”) to provide the administrative services, including investment advisory services, required by the Company. Fees payable to First Asset for such services will be paid by the Administrator out of its Administrator’s Fee.

#### *Ongoing Expenses*

In addition, the Company will pay all of its own expenses, the Administrator’s expenses incurred in connection with its duties as the Administrator, including custodial fees, independent review committee member fees and expenses in connection with the independent review committee, directors’ fees and insurance, the preparation of tax filings, taxes (other than the Administrator’s own corporate taxes), legal, accounting, audit and valuation fees, Shareholder reporting costs, website maintenance costs, registrar and transfer agency costs, printing and mailing costs, listing fees and expenses, salaries, benefits and consulting fees and other administrative expenses (including the calculation of NAV), costs to be incurred in connection with the Company’s continuous public filing and other obligations, and commissions, fees and other expenses associated with the execution of transactions in respect of the Bank Portfolio. The Administrator estimates that administration and operating costs, exclusive of debt service costs, expenses related to Bank Portfolio transactions and transaction costs related to any market purchases of Preferred Shares or Class A Shares by the Company, will be approximately \$200,000 per year.

#### *Additional Services*

Any arrangements for additional services between the Company and the Administrator, or any affiliate thereof that have not been described in this prospectus shall be on terms that are no less favourable to the Company than those available from arm’s length parties (within the meaning of the Tax Act) for comparable services.

#### *Initial Fees and Expenses*

The expenses of the Offering (including the costs of creating and organizing the Company, the costs of preparing and printing the prospectus, legal expenses, expenses of the Company’s auditor, translation fees, marketing expenses and other reasonable out-of-pocket expenses incurred by the Agents) and other incidental expenses, which are estimated to be \$650,000 in the aggregate, will together with the Agents’ fees, be paid out of the proceeds of the Offering.

### ***Forward Fee***

The Company will pay to the Counterparty an amount under the Forward Agreement, calculated daily and payable quarterly in arrears, of 0.40% per annum of the Forward Amount and an amount of between 0.10% and 0.25% per annum in respect of hedging costs incurred in connection with the Canadian Securities Portfolio.

### **MATERIAL CONTRACTS**

The following contracts can reasonably be regarded as material to purchasers of Preferred Shares and Class A Shares:

- (a) the Agency Agreement described under “Plan of Distribution”;
- (b) the Escrow Agreement described under “Principal Shareholder”;
- (c) the Forward Agreement; and
- (d) the Administration Agreement.

Copies of the agreements referred to above after the execution thereof may be inspected during business hours at the principal office of the Company during the course of distribution of the Preferred Shares and Class A Shares offered hereby.

### **RISK FACTORS**

The following are certain considerations relating to an investment in Preferred Shares or Class A Shares which prospective investors should consider before purchasing such Shares:

#### **Risks Related to the Preferred Shares and Class A Shares**

##### ***Performance of the Bank Portfolio***

Net Asset Value per Unit will vary as the value of the Portfolio Securities varies by virtue of the Forward Agreement. The Company has no control over the factors that affect the value of the Portfolio Securities, including factors that affect all of the companies in the banking industry such as fluctuations in interest rates and factors unique to each company such as changes in its management, changes in its strategic direction, achievement of its strategic goals, mergers, acquisitions and divestitures, changes in its dividend policies and other events that may affect the value of its Common Shares.

##### ***Concentration Risk***

The Bank Portfolio will consist only of securities of the companies in the banking industry and, as a result, the portfolio to which the Company will be exposed will not be diversified and the NAV may be more volatile than the value of a more broadly diversified portfolio and may fluctuate substantially over short periods of time in response to economic conditions and regulatory changes that specifically affect the provision of banking services. This may have a negative impact on the value of the Preferred Shares and the Class A Shares.

##### ***No Assurances on Achieving Objectives***

There is no assurance that the Company will be able to achieve its Investment Objectives.

There is no assurance that the Company will be able to pay distributions on the Preferred Shares and the Class A Shares. The funds available for distribution to holders of Preferred Shares and Class A Shares will vary, by virtue of the Forward Agreement, according to, among other things, the dividends paid on all of the securities comprising the Bank Portfolio and the value of the securities comprising the Bank Portfolio.

##### ***Monthly Redemptions***

The Class A Share Redemption Price and Preferred Share Redemption Price will be impacted materially by the cost to purchase the Company's Shares in the market as may be required in connection with monthly redemptions. The price of the Shares will be influenced by a number of factors not within the control of the

Company including, among others, the liquidity of the market for the Shares at that time, which will be influenced by the number of Shares outstanding from time to time, and factors affecting the performance of the financial markets generally including, among others, interest rates, political risks and general economic conditions, including short-term influences affecting price volatility. If the Shares are not available in sufficient number at prevailing prices, the purchasing activity by the Company may increase significantly the purchase price for the Shares and the Class A Share Redemption Price and the Preferred Share Redemption Price will be reduced accordingly. Redemptions may enhance the impact of these influences in connection with subsequent monthly redemptions.

If Shares are recirculated, the prices realized by the Company will be similarly affected by the forces affecting the price of the Shares prevailing in the market from time to time including, among others, the demand for the Shares. If there is insufficient demand for the Shares at prevailing prices, the selling activity of such Shares before the Redemption Payment Date may decrease significantly the proceeds realized on the sale of such Shares.

### ***Loss of Investment***

An investment in the Company is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment.

### ***No Guaranteed Return***

There is no guarantee that an investment in the Company will earn any positive return in the short or long term.

### ***Trading Price of Shares***

Shares may trade in the market at a premium or discount to the NAV per Unit and there can be no assurance that Preferred Shares and Class A Shares will trade at a price equal to the NAV per Unit. This risk is separate and distinct from the risk that the NAV per Unit may decrease.

### ***Sensitivity to Interest Rates***

As the Company is targeting quarterly distributions representing a yield on the issue price of the Preferred Shares of 4.5% per annum, and may pay distributions from time to time on the Class A Shares, the market price of the Preferred Shares and Class A Shares may be affected by the level of interest rates prevailing from time to time. In addition, any decrease in the NAV resulting from an increase in interest rates may also negatively affect the market price of the Preferred Shares or Class A Shares. Holders of Preferred Shares or Class A Shares who wish to redeem or sell their Preferred Shares or Class A Shares prior to the Final Redemption Date will therefore be exposed to the risk that the NAV per Unit or the market price of the Preferred Shares or Class A Shares will be negatively affected by interest rate fluctuations.

### ***Fluctuations in Net Asset Value***

The NAV per Unit and the funds available for distribution will vary according, among other things, to the value of the Portfolio Securities acquired by the Company, the dividends paid and interest earned thereon, the volatility of such securities and the levels of option premiums received. Fluctuations in the market values of the Portfolio Securities may occur for a number of reasons beyond the control of the Administrator or the Company.

### ***Static Bank Portfolio***

The Bank Portfolio will be a static portfolio consisting of the Portfolio Securities. In certain limited circumstances, the Company will have the right to propose certain modifications of the Bank Portfolio, including the replacement of one or more of the Banks. Notwithstanding such adjustment and modification provisions, the composition of the Bank Portfolio is not “actively” managed and the Bank Portfolio would not necessarily be

modified or adjusted to mitigate the effect of one or more of the Banks experiencing financial difficulty or a substantial change in its core businesses.

### ***Concentration Risk***

Although the Bank Portfolio will initially be invested approximately equally in each of the Banks, based on the varying market price of the Banks the Bank Portfolio cannot be expected to remain equally-weighted over the life of the Company. As a result, an investor's relative exposure to any individual Bank may vary over time. The Bank Portfolio may also become less diversified as a result of the merger, amalgamation, acquisition or termination, or as a consequence of any other transactions affecting, any of the Banks. In the event that, for any reason there are fewer than 8 different Banks remaining in the Bank Portfolio at any time, the Company may, but is not required to, propose that securities of a Replacement Bank be added to the Bank Portfolio. There is no assurance that a decision by the Company to propose or not propose the addition of securities of a Replacement Bank to the Bank Portfolio will improve the Company's performance or limit its concentration risk.

In addition, the Company has no control over the business decisions made by any of the Banks. As a result of business decisions made by the Banks, the investments of one or more of the Banks may be concentrated in a particular industry, country or geographic region, resulting in a reduction of the diversification of the Bank Portfolio.

### ***Counterparty risks associated with the Forward Agreement***

The Company will enter into the Forward Agreement with the Counterparty and such agreement will be a significant material contract of the Company. In entering into the Forward Agreement, the Company will be exposed to the credit risk associated with the Counterparty. Depending upon the relative values of the Bank Portfolio and the Canadian Securities Portfolio, the Company's exposure to the credit risk of the Counterparty may be significant. In addition, the possibility exists that the Counterparty will default on its obligations under the Forward Agreement. Shareholders will have no recourse or rights against the assets of the Company or the Counterparty in respect of the Forward Agreement or arising out of the Forward Agreement.

The Shares do not represent an interest in, or an obligation of the Counterparty or any affiliate thereof. Shareholders will not have any recourse directly against the Counterparty or any affiliate thereof.

### ***Early Termination of the Forward Agreement***

In the event of a termination of the Forward Agreement prior to the Final Redemption Date, the Company may experience a delay in entering into a new agreement that is substantially similar to the Forward Agreement or may be unable to enter into any such replacement agreement. During any period in which the Company does not have in place a forward sale agreement with a counterparty that is substantially similar to the Forward Agreement, the Shares will not be exposed to the performance of the Bank Portfolio or will be exposed to the performance of the Bank Portfolio on different terms than are contemplated under the Forward Agreement. In any such event, the value of the Shares may be less than if the Forward Agreement had not been terminated prior to the Final Redemption Date. If the Forward Agreement is terminated prior to the Final Redemption Date for any reason, and the Company is unable to enter into an acceptable alternative forward agreement, the board of directors will take such action as they think is in the best interest of Shareholders, including employing alternative methods of obtaining exposure to the Bank Portfolio or redeeming all outstanding Shares and winding up the Company.

### ***Costs Associated with the Bank Portfolio***

The value of the Forward Agreement will be based substantially on the value of the Portfolio Securities comprising the Bank Portfolio at the relevant time. Such value will reflect the costs associated with buying or selling Portfolio Securities in their relevant markets (which costs will be determined based on prevailing market terms and conditions).

### ***Withholding Taxes***

The Forward Agreement currently provides that, for the purposes of computing the Forward Amount, provided that applicable laws and regulations and their interpretation and application remain unchanged, ordinary dividends on the Bank Shares will not be reduced by withholding taxes otherwise currently payable in respect thereof at rates in effect on the date hereof. However, if such costs and expenses increase, as a result of changes in existing rates or through the imposition of new taxes due to changes in applicable laws, including, without limitation, laws relating to taxation including stamp duties, the Company's return on its exposure to the performance of the Bank Portfolio will be reduced.

### ***Foreign Currency Exposure***

The Portfolio Securities are denominated in foreign currencies. Accordingly, the value of the Shares will be affected by fluctuations in the value of foreign currencies relative to the Canadian dollar to the extent they are not hedged against. The amount payable under the Forward Agreement for the Canadian Securities Portfolio will be determined with reference to the Canadian dollar return of the Bank Portfolio determined as if approximately, and in any event not less than, 80% of the value of the Bank Portfolio was hedged back to the Canadian dollar at all times. The hedging arrangements may have the effect of limiting or reducing returns if the value of the Canadian dollar decreases relative to the foreign currencies. In addition, costs associated with the hedging program may outweigh the benefits in some circumstances.

The currency hedging provided for under the Forward Agreement will notionally reflect currency forward agreements that are cash-settled each quarter and then reset to take into account prevailing principal-at-risk amounts and exchange ratios. The returns under the Forward Agreement will be affected (positively or negatively) by (a) the differential between the forward currency exchange rate and the prevailing spot exchange rate in each currency; and (b) the relative allocation of the Bank Portfolio to each currency being hedged. The differential between forward exchange rates and spot rates is largely a function of different short-term interest rates between the jurisdictions. As a result, the returns under the Forward Agreement may be positively or negatively affected by the currency hedging provided for thereunder. The Counterparty has covenanted that this will be done on terms no less favourable to the Company than would be available in the market generally at the time the currency agreements are entered into.

### ***Foreign Market Exposure***

The Portfolio Securities include securities of issuers carrying on business or making investments in jurisdictions outside Canada. The price of such securities may be significantly affected by conditions in the jurisdiction in which the issuer is located or its securities are traded, including political upheaval, acts of terrorism and war.

### ***Operating History***

The Company is a newly organized investment company with no previous operating history. There is currently no public market for the Preferred Shares or the Class A Shares and there can be no assurance that an active public market will develop or be sustained after completion of the Offering.

### ***Conflict of Interest***

The Administrator and its directors and officers and their respective affiliates and associates may engage in the promotion, management or investment management of any other company, fund or trust which invests primarily in bank-based companies.

### ***Treatment of Proceeds of Disposition***

In determining its income for tax purposes, the Company will treat gains or losses on the disposition of securities in the Canadian Securities Portfolio under the Forward Agreement as capital gains and losses. The CRA's practice is not to grant advance income tax rulings on the characterization of items as capital gains or income and no advance income tax ruling has been requested or obtained.

If, contrary to the advice of counsel to the Company and to the Agents or as a result of a change law, upon physical settlement of the Forward Agreement, the character and timing of the gain under the Forward Agreement were other than a capital gain on the sale of the securities in the Canadian Securities Portfolio, after-tax returns to Shareholders could be reduced, possibly to an amount less than that which would have been realized by Shareholders if they had held a direct investment in the Bank Portfolio and the Company could be subject to non-refundable income tax from such transactions.

### ***Changes in Legislation***

There can be no assurance that income tax laws and government incentive programs relating to the treatment of mutual fund corporations under the Tax Act will not be changed in a manner which adversely affects the distributions received by the holders of Preferred Shares or Class A Shares.

### ***Tax Proposals Regarding Mutual Fund Corporation Status***

The tax treatment of the Company and its Shareholders depends, in part, upon the Company being a “mutual fund corporation” under the Tax Act. On September 16, 2004, the Minister of Finance (Canada) released certain proposals to amend the Tax Act (the “September 2004 Tax Proposals”) pursuant to which a corporation, such as the Company, would lose its status as a mutual fund corporation if at any time after 2004 the aggregate fair market value of all issued and outstanding shares of the corporation held by one or more non-resident persons and/or by partnerships (other than Canadian partnerships under the Tax Act) is more than 50% of the aggregate fair market value of all the issued and outstanding shares of the corporation, unless no more than 10% (based on fair market value) of the corporation’s property is, at any time, “taxable Canadian property” under the Tax Act and certain other types of “specified property” (as defined under the September 2004 Tax Proposals). The September 2004 Tax Proposals currently do not provide any means of rectifying the loss of mutual fund corporation status. On December 6, 2004, the Minister tabled a Notice of Ways and Means Motion to implement measures proposed in the 2004 Federal Budget. Such motion was incorporated into Bill C-33, which received Royal Assent on May 13, 2005. Such notice did not include the September 2004 Tax Proposals and this fact was specifically referred to in the accompanying release.

The Preferred Shares and Class A Shares of the Company are marketed only in Canada, and provided the Company complies with its Investment Restrictions, it is not anticipated that more than 10% of the fair market value of the Company’s assets will, at any time, consist of taxable Canadian property and other specified property, with a result that the Administrator does not anticipate that the September 2004 Tax Proposals (even if enacted in their current form) would lead to a loss of mutual fund corporation status for the Company.

### ***Tax Proposals Regarding Losses and Expenses***

On October 31, 2003, the Department of Finance released, for public consultation, the October 2003 Tax Proposals that would require, for taxation years commencing after 2004, that there be a reasonable expectation of profit from a business or property for a taxpayer to realize a loss from such business or property, and that make it clear that profit in this sense does not include capital gains. As part of the February 23, 2005 Federal Budget, the Department of Finance announced that it has developed a more modest legislative initiative and that it will, at an early opportunity, release an alternative tax proposal for comment. Under the October 2003 Tax Proposals, the taxpayer will have a loss for a taxation year from a particular source that is a business or property only if, in that year, it is reasonable to expect that the taxpayer will realize a cumulative profit from the business or property during the time that the taxpayer carried on and can reasonably be expected to carry on the business, or has held and can reasonably be expected to hold, the property. If the deduction of losses of the Company was limited in a particular year under the October 2003 Tax Proposals or any alternative tax proposals, the taxable income of the Company in future years would be increased, and the Company may increase the amount of capital gains dividends paid to Shareholders in order to obtain a refund of tax with respect to net realized capital gains.

## Risks Related to the Class A Shares

An investment in Class A Shares is subject to the additional risk that the Class A Shares represent a leveraged investment and therefore the potential returns on such shares is amplified both to the benefit and detriment of Class A Shares. An investment in Class A Shares is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment.

The following table illustrates the redemption value of Bank shares on the Final Redemption Date, the redemption value per Class A Share on the Final Redemption Date, the compound annual return on the Bank shares if held until the Final Redemption Date and the compound annual return on Class A Shares during the same period, at various levels of annual price growth of Bank shares at the Final Redemption Date. The Company and the Agents make no representations as to the future value of Bank shares. These calculations are for illustrative purposes only.

<b>Compound Annual Growth Rate of Bank Shares</b>	<b>Redemption Value of the Bank Shares<sup>(1)(2)</sup></b>	<b>Class A Share Redemption Value<sup>(2)</sup></b>	<b>Annualized Return on the Bank Shares<sup>(2)(3)</sup></b>	<b>Annualized Return on Class A Shares<sup>(2)(4)(5)</sup></b>
-5.00%	\$ 7.54	\$ 3.67	-2.2%	-16.7%
0.00%	\$10.00	\$ 9.38	4.3%	-1.2%
4.49%	\$12.73	\$17.13	10.3%	10.3%
5.00%	\$13.08	\$18.20	11.0%	11.5%
10.00%	\$16.89	\$31.00	17.8%	22.8%
15.00%	\$21.57	\$48.95	24.8%	33.5%
20.00%	\$27.26	\$73.45	32.0%	43.7%

(1) Assumes an investment of \$10.00 (representing one Class A Share) directly in an equally weighted portfolio of the Bank Shares, based on March 30, 2007 share prices.

(2) Assumes that there are no changes in foreign exchange rates over the term of the investment and that the investments are 80% hedged with an assumed cost of hedging of 0.164%.

(3) Assumes the reinvestment of dividends paid on the Bank Shares in additional Bank Shares. Dividends are net of withholding tax on individual investors (15% for the U.S., Switzerland, Spain, France and Germany; nil for the U.K.).

(4) Assumes the reinvestment of Class A Share dividends in additional Class A Shares and no deduction for withholding tax otherwise payable on dividends on Bank Shares.

(5) Includes deductions for fees and expenses set out under “Fees and Expenses”.

## LEGAL OPINIONS

The matters referred to under “Eligibility for Investment” and “Canadian Federal Income Tax Considerations” and certain other legal matters relating to the securities offered hereby will be passed upon by Blake, Cassels & Graydon LLP, on behalf of the Company and on behalf of the Agents.

## CUSTODIAN

Pursuant to the Custodian Agreement, the Custodian, at its principal offices in Toronto, Ontario, is the custodian of the assets of the Company.

The Custodian is entitled to receive fees from the Company as described under “Fees and Expenses” and to be reimbursed for all expenses and liabilities which are properly incurred by the Custodian in connection with the activities of the Company.

## PROMOTER

NBF has taken the initiative in organizing the Company and accordingly may be considered to be a “promoter” of the Company within the meaning of the securities legislation of certain provinces of Canada. NBF will receive fees from the Company and will be entitled to reimbursement of expenses incurred in relation to the Company as described under “Fees and Expenses”.

## **AUDITORS**

The auditors of the Company are Deloitte & Touche LLP, Chartered Accountants, Toronto, Ontario.

## **REGISTRAR AND TRANSFER AGENT**

Pursuant to the Registrar and Transfer Agency Agreement, the Registrar and Transfer Agent at its principal offices in Toronto will be appointed the registrar and transfer agent for the Preferred Shares and Class A Shares.

## **PURCHASERS' STATUTORY RIGHTS**

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two Business Days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal adviser.

## **AUDITORS' CONSENT**

We have read the prospectus of GlobalBanc Advantaged 8 Split Corp. (the "Company") dated May 29, 2007 relating to the sale and issuance of Preferred Shares and Class A Shares of the Company (the "Prospectus"). We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the inclusion in the Prospectus of our report to the board of directors of the Company on the statement of financial position of the Company as at May 29, 2007. Our report is dated May 29, 2007.

Toronto, Ontario  
May 29, 2007

(Signed) DELOITTE & TOUCHE LLP  
Chartered Accountants  
Licensed Public Accountants

## AUDITORS' REPORT

To the Board of Directors of  
GLOBALBANC ADVANTAGED 8 SPLIT CORP.

We have audited the statement of financial position of GlobalBanc Advantaged 8 Split Corp. (the "Company") as at May 29, 2007. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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, this statement of financial position presents fairly, in all material respects, the financial position of the Company as at May 29, 2007 in accordance with Canadian generally accepted accounting principles.

Toronto, Canada  
May 29, 2007

(Signed) DELOITTE & TOUCHE LLP  
Chartered Accountants  
Licensed Public Accountants

**GLOBALBANC ADVANTAGED 8 SPLIT CORP.**

**STATEMENT OF FINANCIAL POSITION**

**May 29, 2007**

**ASSETS**

Cash .....	\$150
Investment in portfolio securities .....	<u>—</u>
Total .....	<u>\$150</u>

**LIABILITIES**

Preferred Shares .....	<u>\$—</u>
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**EQUITY**

Class A Shares .....	<u>—</u>
Class J Shares .....	<u>\$150</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b> .....	<u>\$150</u>

Approved by the Board:

(Signed) DAVID LEGRESLEY  
Director

(Signed) MICHAEL D. SHUH  
Director

*The accompanying notes are an integral part of this financial statement.*

**GLOBALBANC ADVANTAGED 8 SPLIT CORP.**  
**NOTES TO STATEMENT OF FINANCIAL POSITION**

**1. ORGANIZATION AND SHARE CAPITAL**

GlobalBanc Advantaged 8 Split Corp. (the "Company") was incorporated under the laws of the Province of Ontario by Articles of Incorporation dated May 1, 2007.

The Company is authorized to issue an unlimited number of Preferred Shares, Class A Shares and Class J Shares. The Company issued 150 Class J Shares for cash consideration of \$150.

**2. SIGNIFICANT ACCOUNTING POLICIES**

*Investments*

The Company's investment in portfolio securities is recorded on a trade date basis and is presented at the closing bid price of the security.

*Forward Agreement*

The forward agreement is valued at the gain or loss that would be realized if the forward agreement were terminated on the balance sheet date.

**3. AGENCY AGREEMENT AND CUSTODIAN**

The Company has engaged National Bank Financial Inc., 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. to offer for sale to the public pursuant to a prospectus dated May 29, 2007 the Preferred Shares and Class A Shares described in Note 1.

The Company has retained State Street Trust Company Canada under a Custodian Agreement to be dated as of the date of Closing to act as custodian of the assets of the Company. In consideration for the services provided by State Street Trust Company Canada, the Company will pay a monthly fee to be agreed upon between State Street Trust Company Canada and the Administrator.

**4. COMMITMENTS**

The Administrator is entitled to an annual administration fee equal to 0.25% per annum of NAV calculated daily and payable monthly, plus applicable taxes.

**5. RELATED PARTY INFORMATION**

The Company has entered into an Agency Agreement with National Bank Financial Inc., 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 have agreed to offer the Shares for sale on a best efforts basis, if, as and when issued by the Company and will receive a fee upon the issue of the Shares. National Bank Financial Inc. is the promoter of the Company.

The Company pays the counterparty, National Bank of Canada, an additional purchase amount under the Forward Agreement, calculated daily and payable monthly 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 an amount of between 0.10% and 0.25% per annum in respect of hedging costs incurred in connection with the Canadian Securities Portfolio. The Forward Agreement provides the Company with the economic performance of a notional portfolio of publicly traded securities issued by certain banks.

**CERTIFICATE OF THE COMPANY AND THE PROMOTER**

Dated: May 29, 2007

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part 9 of the *Securities Act* (British Columbia), by Part 9 of the *Securities Act* (Alberta), by Part XI of *The Securities Act, 1988* (Saskatchewan), by Part VII of *The Securities Act* (Manitoba), by Part XV of the *Securities Act* (Ontario), by Section 63 the *Securities Act* (Nova Scotia), by Part 6 of the *Securities Act* (New Brunswick), by Part XIV of the *Securities Act* (Newfoundland and Labrador), by Part II of the *Securities Act* (Prince Edward Island), by Part 3 of the *Securities Act* (Yukon Territory), by the *Securities Act* (Northwest Territories) and by the *Securities Act* (Nunavut) and the respective regulations thereunder. This prospectus does not contain any misrepresentation likely to affect the value or the market price of the securities to be distributed within the meaning of the *Securities Act* (Québec) and the regulations thereunder.

**GLOBALBANC ADVANTAGED 8 SPLIT CORP.**

(Signed) MICHAEL D. SHUH  
Chief Executive Officer

(Signed) TIM EVANS  
Chief Financial Officer

On behalf of the Board of Directors

(Signed) DAVID LEGRESLEY  
Director

(Signed) BRIAN DAVIS  
Director

**National Bank Financial Inc.**  
(as Promoter)

(Signed) MICHAEL D. SHUH  
Managing Director

## CERTIFICATE OF THE AGENTS

Dated: May 29, 2007

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part 9 of the *Securities Act* (British Columbia), by Part 9 of the *Securities Act* (Alberta), by Part XI of *The Securities Act, 1988* (Saskatchewan), by Part VII of *The Securities Act* (Manitoba), by Part XV of the *Securities Act* (Ontario), by Section 64 the *Securities Act* (Nova Scotia), by Part 6 of the *Securities Act* (New Brunswick), by Part XIV of the *Securities Act* (Newfoundland and Labrador), by Part II of the *Securities Act* (Prince Edward Island), by Part 3 of the *Securities Act* (Yukon Territory), by the *Securities Act* (Northwest Territories) and by the *Securities Act* (Nunavut) and the respective regulations thereunder. To the best of our knowledge, this prospectus does not contain any misrepresentation likely to affect the value or the market price of the securities to be distributed within the meaning of the *Securities Act* (Québec) and the regulations thereunder.

**NATIONAL BANK FINANCIAL INC.**

**CIBC WORLD MARKETS INC.**

**RBC DOMINION SECURITIES INC.**

By: (Signed) MICHAEL D. SHUH

By: (Signed) RONALD W.A.  
MITCHELL

By: (Signed) GRAHAM MACMILLAN

**BMO NESBITT BURNS INC.**

**SCOTIA CAPITAL INC.**

**TD SECURITIES INC.**

By: (Signed) DAVID R.  
THOMAS

By: (Signed) BRIAN D.  
MCCHESNEY

By: (Signed) CAMERON  
GOODNOUGH

**CANACCORD CAPITAL  
CORPORATION**

**DESJARDINS  
SECURITIES INC.**

**DUNDEE SECURITIES  
CORPORATION**

**RAYMOND  
JAMES LTD.**

By: (Signed) BINA N.  
PATEL

BY: (Signed) BETH  
SHAW

BY: (Signed) DAVID G.  
ANDERSON

BY: (Signed) J. GRAHAM  
FELL

**BLACKMONT CAPITAL INC.**

**WELLINGTON WEST CAPITAL INC.**

By: (Signed) CHARLES A.V. PENNOCK

By: (Signed) KEVIN M. HOOKE

GlobalBanc *Advantaged 8*  
S P L I T C O R P