Recirculation of shares in Global Banks Premium Income Trust (GBP.UN):

The GBP.UN fund is being recirculated this week. We will this week be looking to recirculate some shares of Global Banks Premium Income Trust. We have attached the most recent client friendly fund brief and would point out the GBP.UN fund announced on March 3, 2010 that it intends to make quarterly cash distributions on its Trust units – with the intent being that the initial distributions will be $0.04 per Trust unit payable to unit holders on the last business day of each quarter. A quarterly distribution in the amount of $0.04 will be paid on April 15, 2010. We will be seeking to pay such distributions as tax efficiently as possible and initially expect the majority of the distribution to be characterized as return of capital.

News Highlights on Current Holdings

- **Seven&I -** The fiscal year 2010 ended in February as expected for Seven&i, the Japanese leading retail operation. In a very challenging environment, the operating profit was reduced by 19.6% versus the same metric for the fiscal year ended in February of 2009. The convenience store segment, traditionally the main operating profit contributor for the firm, brought in roughly 80% of the companies operating earnings, mainly due to weakness in the superstores and department stores, the company's other business areas. The company took measures to improve the operational effectiveness of the various divisions, shutting down the unprofitable units, in particular department stores and general merchandise stores. As these parts of the business turn around, the company guides for a roughly 6% improvement in the operating profit for the current fiscal year. The company also announced the re-initiation of a share buy-back program with about 20 million shares being targeted for repurchase and retired, which would be accretive by about 2.25%. The AA- credit rated company sees scope for increased leverage and would like to pursue expansion in key markets or return capital to shareholders, as detailed above.
- **UBS –** this Swiss based global wealth management firm today pre-released its 1Q 2010 figures, indicating a CHF 2.5 billion net profit, well above published expectations, Net outflows of –CHF 8 billion (i.e. approximately 0.8% of assets under management) were much better than market expectations and a substantial improvement on the 4Q 2009 outflow of –CHF 33 billion. In our view. this news will help enhance the credibility of management and the restructuring underway – including their aim to recapture assets and receive possible net inflows into the business by the second half 2010.
- **Australia and New Zealand bank** is in advanced talks with PT Panin Bank, Indonesia to acquire another 14% in their ANZ Panin Bank joint venture for $US44mn, which would increase ANZ's stake to 99%. ANZ has also agreed to acquire the remaining 10% of ANZ Vientiane Commercial Bank that it doesn't already own for US$2.5mn.
- **HSBC's** Australian branch network will be expanded from 24 to 70-100 sites through the rollout of 5-10 branches per annum through to 2020. HSBC has not opened a new branch in Australia since 2002, and is targeting 7%-10% share of the five million people who earn >$80,000 per annum to its premier account products.
- **HSBC** Stated last week that it is capitalising on China's fast-growing economy and a government-led campaign aimed at expanding rural financial services to ramp up its business in the country. The bank said it has 99 outlets across 23 cities in China, a rapid increase from fewer than 30 in mid-2006 and it is planning to add around 19 outlets in China in 2010.
- **Australia Stock Exchange (ASX) -** A decision to allow a new stock trading platform to compete with the ASX has won the cautious approval of at least one influential party -- the stockbrokers' own industry group. But the Stockbrokers Association of Australia warns that "significant" regulatory changes will be needed to cope with having more than one platform.
- **Australia Stock Exchange (ASX)** - last week reported its monthly activity update, with total cash market trades up 28% on the previous month and total value traded up 41%. ASX derivatives were up 11%, with SFE futures up 24% Year on Year.. Total capital raised was 48% below the previous month.
- **NYSE Euronext's SmartPool European** dark pool has stated first-quarter trading jumped as the system entered its second year in business.
- **Toronto Stock Exchange –** According to CEO Thomas Kloet, TMX Group is seeing "great interest" from Chinese companies wanting to list and may open an office in China.
- **Royal Bank of Scotland / Santander/ BBVA/ National Australia Bank :** It is now confirmed that US investor Wilbur Ross (a restructuring specialist) has taken a ~22% stake in Virgin Money for £100 million to help finance their bid on the ~320 RBS branches that are up-for-sale. Ross has indicated

he will provide up to £500mn of financing on the RBS assets. We believe Virgin Money will be competing with Santander, National Australia Bank and also possible BBVA.

- Separately, we understand that up to 20 bids could be submitted for **RBS' WorldCap** credit card payments division with the same banks likely to bid for these assets.
- **Deutsche Bank –** Last week, Deutsche Bank completed the purchase of parts of ABN Amro's commercial banking activities in the Netherlands for €700mn, with the Financial Times quoting DBK's head of Global Transaction Banking saying that these businesses will see investment in 2010, but not be earnings accretive until 2012.
- **BNP Paribas –** Last week, BNP announced that it has agreed to transfer some of its wealth management businesses (in Panama, Grand Cayman and the Bahamas) to Scotiabank. No financial details given - but likely to be negligible at the BNP group level. Expected to complete in 3Q10.
- **Man Group -** Strong performance from the AHL fund last week, rising +3.81%. NAV of the fund is now $37.63, 12% below its high watermark at the end of December '08.
- **Barclays** have hired Helen Pun from UBS to run their HK private banking operation.
- **Barclays 'Windfall':** Per Bloomberg, a bankruptcy judge rejected a bid by Barclays to throw out Lehman's motion to recover an $11bn "windfall" the bank allegedly made on the purchase of the firm. Lehman said new evidence from 60 depositions and 100,000 documents on the sale justify forcing Barclays to give back its gains. Lehman lawyer Robert Gaffey said in its opening argument, "The court was never told of the $11bn gain for Barclays which was known before the sale hearing." The hearing continues.
- **Lloyds Bank:** Per the UK Times, Lloyds is working on plans to expand further into investment banking. The taxpayer-backed bank has held talks with a number of stock broking firms about the possibility of setting up a joint venture. The move would let Lloyds cash in on equity market fundraisings by its corporate clients. The newspaper reported that discussions have been held with a number of firms, including Numis Securities, Evolution and Execution Noble. It is understood that Lloyds is close to clinching a deal.
- **Standard Chartered** began rolling out a global brand campaign focused on its commitment to being a positive force in the markets where it operates across Asia, Africa and the Middle East. The campaign will help to establish the Bank's new brand promise, 'Here for good', underlining the Bank's distinctive approach to international banking and creating a strong platform for continued growth. In a statement it said, "Standard Chartered has delivered record income and profit for seven successive years, winning customers and market share, even during the financial crisis. The new brand promise captures the ethos that has driven this achievement, one which has remained consistent throughout the Bank's 150-year history. A simple phrase with multiple meanings, 'Here for good' sums up Standard Chartered's commitment to developing deep relationships with its clients and customers; its values, conduct and focus on sustainability; and its longevity, heritage and continued strong performance."
- **Macquarie Group ("Macquarie") (ASX: MQG)** today announced it has reached financial close of the acquisition of the equity derivatives, cash equities sales and research businesses of German private bank Sal. Oppenheim jr. & Cie. The acquisitions, announced in December 2009 and February 2010 respectively, significantly enhance Macquarie's European client offering, strongly complementing its existing presence. More than 150 people will join Macquarie's existing EMEA team of 1450 people in 17 offices across 12 countries in the region. ''The teams from Sal Oppenheim will be an integral part of Macquarie's European and global platform," said Roy Laidlaw, Global Head of Macquarie Securities Group. "Clients will benefit from the global reach of Macquarie's sales and research capability, financial strength and stability and from access to our growing European advisory platform." The acquisition will result in Macquarie Securities having 420 staff in the United Kingdom, France, Germany, Switzerland and South Africa. It will expand Macquarie's equities coverage in Europe to 400 companies, representing approximately 80 per cent of the EuroStoxx 600 Index.
- **MasterCard** plans to launch an online shopping mall today, called MasterCard Marketplace, according to the New York Times. The mall will use technology to predict what cardholders will buy, allowing merchants to pitch their products accordingly, the credit card network said.

Further to BHP Billiton's move, Rio Tinto has now state that it has moved to quarterly pricing of iron ore contracts, becoming the latest major miner to dump annual price-fixing, despite opposition from buyers around the globe.

- **Vodafone** …As the battle for India's telecom market heats up, Vodafone Essar, 67% owned by Vodafone, has signed up over 100M mobile phone subscribers in India, the Telegraph reports. 3G licenses are expected to sell for almost GBP5.2B and nine operators, including Vodafone Essar, Bharti and Reliance, are expected to enter the bidding.

- **Nokia** has acquired MetaCarta, a US positioning service company
- **Polarisation** between strong and week institutions. Last week's press reports (Daily Telegraph) are that HSBC and Societe Generale Greek operations have received several billion Euros of new money in recent weeks at the expense of the local banks. We understand that the Greek Public Debt Management Agency has indicated that since October the Greek banking system has suffered around EUR20bn of deposit withdrawals. This is around 8% of the system deposits…. with this 'flight to quality' meaning foreign banks are picking up these deposits. At the same time, reliance on the European Central Bank funding has increased further as wholesale funding markets remain closed.
- **BANKS..**..The Securities Exchange Commission has proposed a new rule that would make lenders keep a stake of at least 5% in any packages of loans that they sell to investors, according to the Financial Times. The lenders would not be able to hedge against the stake. This proposal is obviously designed to ensure banks retain a sufficient interest in – and so rigorously assess the credit worthiness of - all loans being packaged for selling into the wider investment market….The 'originate to distribute' model will therefore require 5% of such loans be retained by the originating bank and that the bank cannot seek to hedge away the residual risks… in our view this is a welcome proposal and accords with traditional banking practices.
- **Reinsurance.** The first quarter of 2010 likely will be the worst-ever first quarter for natural catastrophe losses, but it's still not enough to turn the market on its own. The "unprecedented" $16bn in insured first-quarter catastrophe losses, including the earthquake in Chile and Windstorm Xynthia in Europe, do not bode well for reinsurers because their largest losses are in smaller markets, where they are less able to generate significant premium volumes.

Economic Activity, Consumer and Business Conditions

Australia has raised its benchmark rate to 4.25% and signaled further increases.

The Reserve Bank of Australia raised its benchmark rate by 25 basis points to 4.25% last week. In the accompanying statement, the RBA said it believes growth is near trend and that inflation is expected to come in close to target in the coming year. The RBA cited that it is appropriate for interest rates to be closer to average and that today's move is a further step in that process, thus keeping its tightening process.

UK Construction PMI came out stronger than expected at 53.1 vs 48.7, posting a new 2 year high. Markets, however, decided to focus instead on Gordon Brown's announcement of a UK election on May 6th. Markets are still very concerned about a possible hung parliament.

In the UK, the Institute of Supply Management's services sector index rose from 53 in February to 55.4. Readings above 50 signal expansion.

Per the data published by Bank of England last week, Britons paid £4.038bn of housing equity between October and December, the equivalent of 1.6% of post-tax income. That compares with an injection of £5.059bn in the third quarter and £6.126bn pounds in the quarter before that. Note that Britons have injected equity into their homes for the past seven quarters, reversing the trend of home equity withdrawal to fund other spending that has dominated the past decade.

House prices in UK rose by 1.1% in March, as the housing market balances out the bad weather and the change in the stamp duty threshold in January. Halifax said that the average UK house price was now 9.1% higher than the low point reached last April, and 5.2% above March last year. The month-on-month rise in March follows a fall in February of 1.6% and takes the average house price to £168,521.

Eurozone finance ministers approved a Euro 30 billion (US$ 40 billion) emergency aid mechanism for Greece on Sunday, but stressed Athens had not requested the plan be activated yet. The package is a 30bn/10bn EU/IMF standby facility approved for 2010 and purported 80bn facility 2010-2. Both facilities will be subject to a one-time service charge of 50bps. Greece can select from two interest options:

(i) 3-yr fixed rate (Euribor 3-yr swap rate of 1.83% +300bps), or

(ii) 3-mth Euribor (64bps +300bps)

This equates to at 5.33% fixed or 4.14% floating rate including 50bps service charge (ie. above IMF's typical 2.7% 3-yr facility cost but below Greece standalone 3-yr sovereign yield 7.26%).

All EU countries will contribute based upon their shares in the ECB (roughly equal to economic output). Deficit/debt measures for each EU country will be adjusted to reflect their Greece commitment and each EU country will need to give approval (Ireland already indicating national legislation will be needed to authorize approval).The US$ 40 billion package looks sufficient to backstop Greece's medium/long term funding requirements until spring 2011.

U.S. - The US consumer credit has retreated US $11.5 billion for the month of February, a reversal from the previous month growth of US $10.6 billion, but a continuation of the downward trend illustrated by 12 months of decline in the last 13 readings. The US consumer credit outstanding decreased a cumulative US $134 billion since its recent peak in July of 2008 and is sitting currently at US $2447.9 billion. With continuing weakness in personal real income, this last reading does not bode well for the all important consumer sector growth in US. However, recent productivity growth and the cyclical rebound in industrial production growth are indicative of potential improvements in the labor market likely followed by an amelioration of the real income growth.

Canada - In Canada, the rebound in manufacturing activity is gaining momentum, as indicated by the significant pick-up in the Ivey Purchasing Managers Index, weighing in at 57.8 for March, up from 51.9 in February and above the expectations. On the labor front, the Canadian economy added 17,900 jobs in March, about 7,000 fewer than expected. The housing starts figure, announced Monday morning, was mildly below expectations, perhaps as a result of lower sales expectations for the period after the mortgage requirements changes, harmonized sales tax changes and interest rate changes, which are all due from now into the mid year.

Financial Conditions

Policymakers continue to accommodate a recovery in bank profits. The U.S. 2 year/10 year treasury spread is 2.81% and the U.K.'s 2 year/10 year treasury spread is 2.86% - enabling financial services companies' assets booked at these levels, to be very profitable, so enabling them to accelerate the absorption of anticipated consumer credit losses.

Our concerns are mostly focused around the later cycle issues facing financial services companies – particularly commercial real estate and unsecured consumer loans/credit card loans. However, commercial real estate exposure is more acutely held by US regional banks – rather than larger more diversified global financial services companies. The number of small U.S. banks failing continues to grow (42 to-date in 2010 and 140 in 2009) but their franchises are being acquired/absorbed as convergence of the financial services industry accelerates – favouring we believe the stronger, better managed banks. Typically banks acquiring collapsed bank franchises from the Federal Deposit Insurance Corporation (FDIC) are paying little or no premium for deposits, assets are purchased at a discount and are covered by loss sharing agreements – so that such deals can be expected to be immediately accretive to earnings per share. We understand however that the FDIC is changing the loss share arrangement on assisted deals from absorbing 95% of losses down to absorbing 80% although this is still attractive to acquiring banks it does probably lower the Internal Rate of Return.

A concern which remains is the extent to which loan modifications are an exercise in loss deferral but for the larger franchises the quantum of proactive provisioning continues to act as a differentiator of quality which we believe has still to be fully appreciated.

The VIX (volatility index) is 15.6 substantially below the levels experienced last August/September (and well off the highs of 70-80 witnessed late September/October). While, by its characteristics, the VIX will remain volatile, it is we believe further evidence of markets reacclimatizing to risk – typically we believe a VIX level below 25 augurs well for quality equities.

We believe the next few years will highlight the growing polarization between strong and weak institutions. Financial services companies that have capital strength will buy assets from those required to divest. Companies that have a strong presence in emerging markets will likely grow quicker than those that do not. Banks that have strong retail deposit franchises will take market share from those that rely on wholesale markets to fund loan growth at attractive margins. Financial services companies that have breached client trust will keep losing business to those reputations that have been enhanced by the crisis. We believe all the Funds are extremely well positioned to benefit from the strength of their portfolios of strong, dominant, attractively priced financial services companies.

Market Commentary

April 12, 2010

Closed-End Funds

Spreads on the closed-end funds are narrowing but remain, in our view, very attractively priced to purchase.

The Portland Investment Counsel Inc. 2009 Closed End Annual Reports are now available on the web site. Below you can find the link to access the closed end annual report.

http://www.portlandic.com/Info.aspx?disp=Financial_Reports

At the close of business on Fridays and at the end of each month we publish the Net Asset Values (NAV) of our funds onto our Portland website at http://www.portlandinvestmentcounsel.com/Funds/WeeklyPricing.aspx. The NAV for the AIC Global Financial Split Corp. can be found on the AIC/Manulife website at http://www.aic.com/EN/PricePerformance/AICClosedEndFunds/Pages/Price.aspx and the Copernican World Financial Infrastructure Trust, Copernican World Banks Split Inc. and the Copernican International Financial Split Corp. can be found on the Copernican website at http://www.copernicancapital.com/Funds/WeeklyPricing.aspx.

The details published last Friday are replicated here below from which you can see we also highlight whether the funds share prices are trading at a premium or discount to their respective Net Asset Value.

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