



## GLOBAL AGRIBUSINESS TRUST

Annual Report

December 31, 2009

## **GLOBAL AGRIBUSINESS TRUST**

### **CORPORATE INFORMATION**

**Manager:**

Navina Asset Management Inc.  
220 Bay Street, Suite 1500  
Toronto, On M5J 2W4

**Auditor:**

Ernst & Young LLP  
Ernst & Young Tower, 222 Bay Street  
P.O. Box 251, Toronto-Dominion Centre  
Toronto, On M5K 1J7

**Legal Counsel:**

Blake, Cassels & Graydon LLP  
Commerce Court West  
199 Bay Street, Suite 2800  
Toronto, On M5L 1A9

**Custodian:**

State Street Trust Company Canada  
30 Adelaide Street East, Suite 1100  
Toronto, On M5C 3G6

**Transfer Agent:**

Computershare Trust Company of Canada  
100 University Avenue, 8th floor  
Toronto, Ontario  
M5J 2Y1

**Listed:**

The Toronto Stock Exchange

**Ticker Symbol:**

AGB.UN

### ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

This Annual Management Report of Fund Performance (“MRFP”) for Global Agribusiness Trust (the “Trust”) contains financial highlights and is included with the annual audited financial statements in the annual report of the Trust. You may request a copy of the Trust’s current proxy voting policies and procedures, or quarterly portfolio disclosure at no cost from Navina Asset Management Inc., by calling 1-800-513-3868, by writing to us at 220 Bay Street, Suite 1500, Toronto, Ontario, M5J 2W4, or by visiting our website at [www.navinaasset.com](http://www.navinaasset.com) or SEDAR at [www.sedar.com](http://www.sedar.com).

The annual MRFP and accompanying financial statements have been prepared by the manager and trustee of the Trust, Navina Asset Management Inc. and approved by the Board of Directors of the Manager. The financial statements were audited by Ernst & Young LLP, the external auditors of the Trust.

The Trust’s proxy voting disclosure record for the period ending June 30, 2010 will be available free of charge upon request at any time after August 31, 2010, by visiting our website at [www.navinaasset.com](http://www.navinaasset.com).

### MANAGEMENT REPORT OF FUND PERFORMANCE

Global Agribusiness Trust is a closed-end investment trust, the units and warrants of which are listed on the Toronto Stock Exchange under the symbols AGB.UN and AGB.WT, respectively. The Trust effectively began operations on November 16, 2007 (“Commencement of Operations”) when it completed an initial public offering of 4,000,000 units at \$10.00 per unit for gross proceeds of \$40.0 million. Each Trust unit consisted of one redeemable, transferable trust unit (“Trust Unit”) and a Trust Unit purchase warrant (“Warrant”). Each Warrant entitled the holder to purchase one Trust Unit at a price of \$10.00 on or before 5:00 p.m. EST on November 30, 2010. On December 17, 2007 an over-allotment option granted to agents was exercised for an additional 200,000 Trust Units at a price of \$9.60 per Trust Unit and an additional 212,642 Warrants at a price of \$0.40 per Warrant. Including the over-allotment option, total gross proceeds of the Trust’s initial public offering were \$42,005,057.

Subsequent to the year end, the Manager, Navina Capital Corp. and Lawrence Asset Management Inc. (the “Portfolio Manager”) effected an amalgamation of businesses and operations effective January 1, 2010. The combined entity is named Navina Asset Management Inc.. Navina Asset Management Inc. is the manager (the “Manager”), portfolio manager (the “Portfolio Manager”) and trustee (the “Trustee”) of the Trust.

### Forward Looking Statements

The matters discussed in this MRFP include certain forward-looking statements. Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements. Forward-looking statement may be identified, without limitation, by the use of the words “anticipates”, “estimates”, “expects”, “intends”, “plans”, “predicts”, “projects”, “believes”, or words or phrases of similar meaning. Readers should not rely on forward-looking

statements as they involve risks and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. Market fluctuations and redemption levels are unpredictable and outside the control of the Trust. New risk factors emerge from time to time and it is not possible for management to predict all such risk factors. The Trust makes no commitment to disclose any revisions to forward-looking statements, or any facts, events or circumstances after the date of this MRFP that may bear upon forward-looking statements.

### Investment Objective And Strategies

The Trust’s investment objectives are to:

- (i) provide unitholders with monthly distributions initially representing an annual yield of 5.0% based on the \$10.00 per unit issue price; and
- (ii) provide unitholders with long-term capital appreciation

In order to achieve the Trust’s investment objectives, the Trust will be invested in an actively managed, diversified portfolio comprised primarily of publicly-listed securities (the “Portfolio”) of issuers that are engaged in the demand and supply chains of the global agribusiness industry (“Agribusiness Issuers”).

The portfolio manager of the Trust, Navina Asset Management Inc. will select those Agribusiness Issuers they believe exhibit strong fundamentals and prospects for growth and represent a combination of best in class product/service, market leadership or incumbent challenger, beneficiary of agricultural pricing trends, superior growth profile, technology leaders and low valuation against its peers.

### Risk

The Trust’s investment objectives and strategy expose it to various types of risk associated with the financial instruments in which it invests directly. In addition to general market risks and the equity markets more specifically, the Trust is subject to other risks, including the following:

- Interest rate risk
- Credit risk
- Foreign currency and market risk
- Liquidity risk

For a detailed disclosure of risks associated with an investment in the Trust please refer to the Trust’s prospectus.

### Results of Operations

#### Market Review

The agriculture sector and soft commodities in general rebounded from Q1 lows but generally underperformed soft commodities and related equities. The sector lagged metals and energy in 2006 and 2007 but was a leader and outperformer in 2008 and was one of the last to show the effects of the credit crisis. We believe that the sector is likely to catch up to the hard commodity related sectors and be an outperformer in 2010.

Fertilizer use suffered throughout 2009. Record inventories were built up and at record prices in 2008. This resulted in excess supply in the

system and lingering financial issues for farmers who chose to dramatically reduce fertilizer use in 2009. As a result of this, producers cut supply and new project financing was shelved or at a minimum delayed. This market discipline and the inescapable fact that farmers need to achieve higher yields to earn an acceptable financial return has led to the stabilization and now orderly increase in fertilizer prices across the board. This bodes well for fertilizer stocks and the agriculture stock complex in general. Another positive development is the entrance of both BHP Billiton and Vale into fertilizer production. We can conclude that they view the fertilizer sector as an opportunity for long-term growth. We expect to see further consolidation in this sector.

A critical development for the agriculture sector has been the return to high oil prices with crude oil prices exceeding \$80 per barrel in 2010. The sustained and orderly increase in oil has reversed sentiment to the positive and renewed fears of permanently high energy prices. This is a critical determining factor in the prices of soft commodities and fertilizers and percolates throughout the entire agriculture value chain. The variable cost in the operation of large-scale agriculture machinery is largely determined by oil prices. The price of transport of bulk commodities is also largely driven by oil prices. Since the marginal cost supply of grains and other commodities is often determined by remote producers, the delivered price of these commodities is highly sensitive to oil price. Moreover, with oil over \$60 per barrel we see renewed demand for bio-fuels which saps marginal supply in several critical crops causing upward price pressure across the complex.

#### *Portfolio*

We are targeting the following approximate weightings across the portfolio: Farm Machinery & Equipment 10%; Fertilizers and Crop Protection 25%; Food Processing and Distribution 35%; Special Situations, Private Companies, and Cash 30%.

We remain diligent in owning best-in-class companies across most sectors of the agriculture complex, and remain focused on owning companies that represent value within their sector. As at December 31, 2009, the Trust held 16 equity securities in its Portfolio. There is a current cash position of approximately 11% in the portfolio.

#### *Outlook & Strategy*

For nearly half a century, agricultural yields have experienced high single-digit growth as a result of the increase in the use of technology, fertilizers, genetically modified seeds, pesticides, combined with economies of scale as land is consolidated into mega-farms. In recent years, however, the increases in productivity have slowed and are now outpaced by global population growth.

Compounding this slowing of productivity growth are a number of other factors that are putting pressure on global food supply, such as the decline in fish stocks, the diversion of land to biofuel production, an increase in protein consumption in emerging economies such as India and

China, and the encroachment of urban development on productive agricultural land. An even more worrisome factor is the serious shortage of fresh water developing across the world, increasing farmers' reliance on rain versus groundwater and increasing the volatility in the supply of and hence the pricing of grains and other soft commodities. These factors will contribute to food inflation on a global basis and security of supply will become an area of increasing concern for national governments.

We will continue to heavily weight the market leading companies with strong strategic positions in the value chain including Monsanto, ADM, and Bunge. We will vary our weighting to fertilizers and other inputs and rotate names based on valuations versus the market and versus one another. We will also continue to take positions in interesting smaller capitalization companies particularly on financings where possible.

#### *Net Asset Value*

The net asset value per unit of the Trust as at December 31, 2009 was \$4.23 compared to \$4.05 as at December 31, 2008. Net Assets decreased to \$12.1 million at the end of 2009 from \$17.0 million at the end of 2008. The change in Net Assets is attributed to the various components of the net asset value as outlined below. For a further analysis as to the impact to the net asset value on a per unit basis, please see the section on Financial Highlights.

#### *Distributions*

The Trust distributed \$1.7 million to unitholders during the year (2008 - \$2.1 million).

#### *Redemptions*

2009 represented the first year in which Trust Units were eligible to be redeemed according to the annual redemption privilege. For the year ended December 31, 2009 there were 1,329,515 Trust Units surrendered for redemption via annual redemption rights, for gross proceeds of \$5.5 million.

In addition, in accordance with the Declaration of Trust, Trust Units may be surrendered for redemption in any month. Trust Units surrendered for redemption by a unitholder prior to 5:00 p.m. (Toronto time) on the tenth business day before the last business day of a month will be redeemed on the second last day of that month. During the year, there were 3,000 Trust Units surrendered for redemption via monthly redemption rights, for gross proceeds of \$11,460 (2008 - \$10,410).

#### *Revenue and Expenses*

For the year ended December 31, 2009, the Trust generated income from investments in the form of interest and dividends in the amount of \$179,941 (2008 - \$286,986).

Net realized losses on investments were 8.2 million. Unrealized gains on investments of 10 million accounted for the majority of the increase in Net Assets from operations for the year ended December 31, 2009.

The Trust paid management fees and operating expenses of \$452,257 (2008 - \$789,311). The management expense ratio ("MER") for the Trust was 3.25% (2008 - 2.54%).

#### *Borrowings*

The Manager, on behalf of the Trust, may enter into a revolving term credit facility (the "Loan Facility") with a lender in order to add leverage to the portfolio of investments. The Portfolio Manager would draw down on the Loan Facility when market conditions provide opportunities to attempt to increase the potential returns of the Trust. The aggregate amount of borrowings under any Loan Facility and other forms of leverage may not exceed 25% of the total Net Assets of the Trust at the time the borrowing or other transaction is entered into.

During 2009 the Manager terminated a revolving term credit facility for which a standby expense was being paid. No funds had been drawn from the facility during 2009.

#### **Recent Developments**

The Manager announced on December 29, 2009 that the distribution amount per Trust Unit, effective January 1, 2010, would be reduced from \$0.04167 to \$0.0167.

#### *Adoption of New Accounting Standards*

Effective January 1, 2009, the Trust adopted retrospectively without restatement, the CICA Emerging Issues Committee Abstract EIC-173, Credit Risk and the Fair Value of Financial Assets and Liabilities. EIC-173 requires the Trust's own credit risk and the credit risk of the counterparty to be taken into account in determining the fair value of financial assets and liabilities, including derivative instruments. The adoption of EIC-173 did not have a material impact on the financial position or results of operations of the Trust.

In June 2009 the Canadian Institute of Chartered Accountants ("CICA") issued amendments to Handbook Section 3862 Financial Instruments—Disclosures ("Section 3862") requiring enhanced disclosure around fair value and liquidity risk. This includes classification of the fair value measurements associated with the financial instruments held by a Trust. The classifications use a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The hierarchy has the following levels: quoted prices in an active market (Level 1—unadjusted inputs); inputs other than quoted prices (Level 2—directly or indirectly derived from observational market data); and inputs not based on observable market data (Level 3—unobservable inputs). In addition to the

above disclosure requirements, Section 3862 requires disclosure of significant transfers between Levels 1 and 2 since the prior reporting period, as well as reconciliation of Level 3 assets, disclosing separately changes during the reporting period attributable to i) total gains or losses recognized in net income, and a description of where they are presented in the income statement, ii) purchases, sales, issues and settlements, iii) transfers into or out of Level 3 and the reasons for those transfers. Any significant transfers between Level 1 and Level 2 are disclosed. Further, for fair value measurements in Level 3, if changing one or more type of the inputs to reasonably possible alternative assumptions would change fair value significantly, the entity shall state this fact and disclose both the effect of those changes and how the effect was calculated. The new disclosures are required for annual financial statements for fiscal years ending after September 30, 2009. The adoption of these new standards resulted in increased disclosures but did not effect the Trust's Net Assets or results of operations.

#### *Future Accounting Change*

The Canadian Accounting Standards Board has confirmed its plan to adopt all International Financial Reporting Standards ("IFRS"), as published by the International Accounting Standards Board by January 1, 2011. At December 31, 2009 the Manager's plan for conversion to IFRS includes discussions with the Trust's accountants and fund administrators on their process for conversion to IFRS. In addition, the Manager has reviewed the potential impact of IFRS on the Trust's NAV and financial statements. Based on this review, the Manager believes that the impact of IFRS will be primarily the disclosure and presentation of the Trust's financial statements, with no impact to the Trust's NAV.

#### *Related Party Transactions*

The Manager provides all administrative services required by the Trust. The Manager receives a monthly fee at the annual rate of 1.1%, plus applicable taxes, of the net asset value of the Trust, calculated and accrued daily and payable monthly in arrears. The Trust pays to registered dealers an annual service fee equal to 0.40% annually of the net asset value of units held by clients of the sales representatives of such dealers, calculated and payable quarterly in arrears.

## Financial Highlights

The following tables show selected key financial information about the Trust and are intended to help in understanding the Trust's financial performance since its commencement of operations on November 16, 2007. This information is derived from the Trust's audited annual financial statements.

THE TRUST'S NET ASSETS PER UNIT <sup>(1) (4)</sup>	2009	2008	2007
Net Assets per unit, beginning of period <sup>(1)</sup>	\$4.03	\$9.38	\$10.00
Issue costs	-	(0.01)	(0.65)
<b>Increase (decrease) from Operations:</b>			
Total revenue	0.05	(0.47)	0.04
Total expenses	(0.13)	(0.19)	(0.02)
Realized gains (losses) for the period	(2.21)	(1.68)	0.04
Unrealized gains (losses) for the period	2.98	(2.50)	0.04
<b>Total increase (decrease) from Operations<sup>(2)</sup></b>	<b>0.69</b>	<b>(4.84)</b>	<b>0.10</b>
<b>Distributions:</b>			
From income (excluding dividends)	-	-	-
From dividends	-	-	-
From capital gains	-	-	(0.04)
From return of capital	(0.50)	(0.50)	(0.02)
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.50)</b>	<b>(0.50)</b>	<b>(0.06)</b>
<b>Net Assets per unit, end of period<sup>(4) (5)</sup></b>	<b>\$4.22</b>	<b>\$4.03</b>	<b>\$9.38</b>

(1) Net Assets, beginning of period for 2007 represents the original investment amount as at November 16, 2007, the date of the closing of the initial offering of the Trust.

(2) Net Assets and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the financial period.

(3) Distributions were paid in cash.

(4) This information is provided as at December 31 of the year shown.

(5) The Financial Highlights are not intended to act as a continuity of the opening and closing net asset value per unit.

## Ratios and Supplemental Data

	2009	2008	2007
Net Asset Value (000's)(1)	12,125	17,022	39,445
Number of units outstanding (000's)(1)	2,869	4,199	4,200
Management expense ratio(2)	3.25%	2.54%	9.15%
Management expense ratio (before waivers and absorptions) excluding issue costs(2)	3.25%	2.42%	2.00%
Portfolio turnover rate(3)	206.72%	102.02%	7.44%
Trading expense ratio(4)	0.55%	0.36%	0.10%
Closing market price(5)	\$3.98	\$3.49	\$9.60

(1) This information is provided as at December 31 of the year shown.

(2) Management expense ratio ("MER") is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period. For the 2007 period, the management expense ratio is annualized from the date of inception to December 31, 2007. The expenses for the 2007 period contain one-time costs associated with the offering of the Trust as detailed in the prospectus and therefore are not annualized.

(3) The Trust's portfolio turnover rate indicates how actively the Portfolio Manager manages the Trust's portfolio investments. A portfolio turnover rate of 100% is equivalent to the Trust buying and selling all of the securities in its portfolio once in the course of the year. The higher the Trust's portfolio turnover rate in a year, the greater the trading costs payable by the Trust in the year, and the greater the chance of an investor receiving capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Trust.

(4) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.

(5) Closing market price represents the closing value of the Trust Unit only on the Toronto Stock Exchange.

## PAST PERFORMANCE

### Management fees

The Trust's MER consists of all of its operating expenses such as custody, valuation, transfer agent, reporting, audit and legal fees. In addition to these operational and administrative expenses, other significant components of the MER are Manager and Dealer Service fees that are calculated as a percentage of the daily net asset value of the Trust. Highlights of the key components of the Trust's MER are listed in the table below:

DESCRIPTION	% of Net Asset Value (NAV)	2009 (\$000's)	2008 (\$000's)	2007 (\$000's)
Management Fee(i)	1.10%	\$161	\$375	\$55
Dealer Service Fee	0.40%	\$58	\$130	\$19

(i) The Manager is responsible for the management and operational functions of the Trust. In addition, the Manager will monitor the Trust's investment strategy to ensure compliance with the investment guidelines. The Manager has retained the Portfolio Manager to provide investment advisory and portfolio management services to the Trust. The Manager is responsible for the payment of the investment management fees of the Portfolio Manager out of its fees.

### General

The performance information shown assumes that all distributions made by the Trust in the period shown were reinvested in additional securities of the Trust. The Trust's past performance is no guarantee of how it will perform in the future. All performance information is calculated using Net Asset Value per Unit.

### Year-by-Year Returns

The following bar chart shows the Trust's annual performance for the periods shown, and illustrates how the Trust's performance has changed from year to year (2007 is the return from November 16, 2007 to December 31, 2007). The chart shows in percentage terms how an investment made at the beginning of year would have increased or decreased by December 31 for the year.



(i) Return from November 16, 2007 to December 31, 2007.

### Annual Compound Returns

The following table shows the Trust's annual compound return for the year ended December 31, 2009 as indicated. As a basis for comparison, the annual compound return is compared to the S&P/TSX Composite Index on the same compound basis.

PERCENTAGE RETURN:	1-Year	Since Inception <sup>(i)</sup>
Global Agribusiness Trust	18.3%	(29.2)%
S&P/TSX Composite Index(2)	30.7%	(5.9)%

(i) Return from November 16, 2007.

The S&P/TSX Composite Index is a capitalization-weighted index that represents some of the largest float-adjusted stocks trading on the Toronto Stock Exchange. Company size and liquidity are the chief attributes determining index membership.

## SUMMARY OF INVESTMENT PORTFOLIO

Below is a summary of the Trust's investment portfolio as at December 31, 2009. This is a summary only and subject to change due to on-going portfolio activity in the Trust. An update is available quarterly at [www.navinaasset.com](http://www.navinaasset.com).

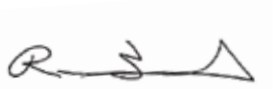
TOP HOLDINGS	% of Net Asset Value
Cosan Limited Cl. A	6.8
Feronia Inc.	6.5
Wilmar International Ltd.	6.3
Chiquita Brands International, Inc.	6.2
AG Growth International Inc.	5.7
Hanfeng Evergreen Inc.	5.2
Indofood Agri Resources Limited	4.3
Viterra, Inc.	4.1
Kellogg Co.	3.7
Associated British Foods PLC	3.4
Migao Corporation	3.2
Bio-Extraction Inc.	2.9
Archer-Daniels-Midland Company	2.7
Tate & Lyle PLC	2.4
Ocean Harvest Technology Inc.	0.8
Alliance Grain Traders, Inc.	0.7
<b>Top Holdings</b>	<b>64.9</b>
<b>Written Put Options</b>	
Bunge Limited January 2010 Put @ US\$60	(0.1)
Agrium Inc. January 2010 Put @ \$60	-
Monsanto Company January 2010 Put @ US\$75	-
Potash Corporation of Saskatchewan Inc. January 2010 Put @ \$105	-
The Mosaic Company January 2010 Put @ US\$50	-
	<b>(0.1)</b>
Cash and Cash Equivalents	11.2
Other Assets Less Liabilities	24.0
<b>Total Net Asset Value</b>	<b>100.0</b>

SECTOR ALLOCATION	% of Net Asset Value
<b>Equities</b>	
Canada	22.6
United States	12.6
Singapore	10.6
Bermuda	6.8
Cayman	6.5
United Kingdom	5.8
Written Put Options	(0.1)
<b>Total Equities and Written Options</b>	<b>64.8</b>
Cash and Cash Equivalents	11.2
Other Assets Less Liabilities	24.0
<b>Total Net Asset Value</b>	<b>100.0</b>

## MANAGEMENT'S RESPONSIBILITY STATEMENT

The accompanying financial statements have been prepared by Navina Asset Management Inc., the Manager of Long Reserve Life Resource Fund (the "Trust"), and approved by the Manager. The Manager is responsible for the information and representations contained in these financial statements and other sections of the Annual Report. The Manager maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include certain amounts that are based on estimates and judgments. The significant accounting policies which management believes are appropriate for the Trust are described in Note 2 to the financial statements

Ernst & Young LLP are the external auditors of the Trust. They have audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the Security Holders their opinion on the financial statements. Their report is set out below.



Ravi Sood  
Chief Executive Officer  
Navina Asset Management Inc.



Andrew Bentley  
President  
Navina Asset Management Inc.

March 26, 2010

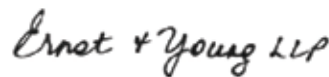
## AUDITORS' REPORT

To the Unitholders of  
**Global Agribusiness Trust**

We have audited the statements of net assets of **Global Agribusiness Trust** [the "Trust"] as at December 31, 2009 and 2008, the statement of investments as at December 31, 2009 and the statements of operations, changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

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



Toronto, Canada  
March 26, 2010

Chartered Accountants  
Licensed Public Accountants

## GLOBAL AGRIBUSINESS TRUST

Statements of Net Assets - As at December 31

	2009 \$	2008 \$
<b>Assets</b>		
Investments, at fair value	\$7,872,966	\$14,842,070
Cash and cash equivalents	1,357,975	2,325,576
Collateral due from broker	3,053,321	-
Receivable on foreign currency contracts (Note 10)	70,111	-
Receivable for securities sold	-	281,160
Accrued investment income	33,189	32,565
Prepaid insurance	7,469	-
	12,395,031	17,481,371
<b>Liabilities</b>		
Payable for written put options	17,931	-
Payable on foreign currency contracts	-	290,020
Redemptions payable	11,460	-
Distributions payable	119,676	174,952
Accounts payable and accrued liabilities	128,052	79,704
	<b>277,119</b>	<b>544,676</b>
<b>Net Assets representing unitholders' equity</b>	<b>\$12,117,912</b>	<b>\$16,936,695</b>
<b>Number of units outstanding (Note 8)</b>	<b>2,868,985</b>	<b>4,198,500</b>
<b>Net Assets per unit</b>	<b>\$4.22</b>	<b>\$4.03</b>

See accompanying notes to financial statements.

Approved on behalf of the Board of Directors of the Manager:


Ravi Sood  
Director

Andrew Bentley  
Director

## GLOBAL AGRIBUSINESS TRUST

Statements of Operations - For the years ended December 31

	2009 \$	2008 \$
<b>Investment income</b>		
Dividends	\$179,504	\$212,959
Interest	437	74,027
	179,941	286,986
<b>Expenses</b>		
Management fees (Note 6)	216,757	504,856
Fund accounting	50,001	49,999
Directors' fees	44,485	34,287
Audit fees	34,500	72,568
Unitholder reporting costs	23,929	19,120
Custody fees	16,157	16,111
Legal fees	14,449	31,721
Transfer agent fees	13,462	11,708
Filing fees	10,727	16,033
Administration fees	20,265	23,713
Trustee fees	3,676	3,675
Loan facility standby fees (Note 9)	3,850	5,520
	452,257	789,311
<b>Net investment loss</b>	<b>\$(272,316)</b>	<b>\$(502,325)</b>
<b>Net realized and unrealized gain (loss) on investments</b>		
Net realized gain (loss) on investments	(8,224,997)	(6,685,258)
Net realized gain (loss) on foreign exchange	91,284	(217,865)
Net realized gain (loss) from derivatives	538,692	(2,252,782)
Change in unrealized appreciation (depreciation) on investments	9,978,276	(10,249,428)
Change in unrealized appreciation (depreciation) on foreign exchange	348,850	(295,457)
Transaction costs (Note 2)	(76,615)	(118,229)
<b>Net gain (loss) on investments</b>	2,655,490	(19,819,019)
<b>Increase (Decrease) in Net Assets from Operations</b>	<b>\$2,383,174</b>	<b>\$(20,321,344)</b>
<b>Increase (Decrease) in Net Assets from Operations per unit</b>	<b>\$0.69</b>	<b>\$(4.84)</b>

See accompanying notes to financial statements.

## GLOBAL AGRIBUSINESS TRUST

Statements of Changes in Net Assets - For the years ended December 31

	2009 \$	2008 \$
<b>Net Assets, beginning of year</b>	<b>\$16,936,695</b>	\$39,405,938
<b>Increase (decrease) in net assets from operations</b>	2,383,174	(20,321,344)
<b>Capital unit transactions</b> <i>[note 8]</i>		
Agents' fees and expenses of issue	-	(37,571)
Payments on redemption	(5,489,508)	(10,410)
	(5,489,508)	(47,981)
<b>Distributions to unitholders</b>		
Return of capital	(1,712,449)	(2,099,918)
	(1,712,449)	(2,099,918)
<b>Decrease in net assets</b>	(4,818,783)	(22,469,243)
<b>Net Assets, end of year</b>	<b>\$12,117,912</b>	<b>\$16,936,695</b>

See accompanying notes to financial statements.

## GLOBAL AGRIBUSINESS TRUST

## Statements of Cash Flows - For the years ended December 31

	2009 \$	2008 \$
<b>Operating Activities</b>		
Increase (decrease) in Net Assets from Operations	\$2,383,174	\$(20,321,344)
Add (deduct) items not affecting cash		
Net realized gain on investments	8,224,997	6,685,258
Change in unrealized appreciation (depreciation) on investments	(9,978,276)	10,249,428
	629,895	(3,386,658)
<b>Net change in non-cash working capital</b>		
Change in other assets and liabilities	(299,281)	16,607
<b>Cash provided by (used in) operating activities</b>	330,614	(3,370,051)
<b>FINANCING ACTIVITIES</b>		
Cost of issuing units	-	(37,571)
Redemption	(5,478,048)	(10,410)
Distributions	(1,767,725)	(2,187,487)
<b>Cash used in financing activities</b>	(7,245,773)	(2,235,468)
<b>INVESTING ACTIVITIES</b>		
Purchases of investments	(23,889,142)	(40,291,889)
Proceeds on sale of investments	29,836,700	23,623,718
<b>Cash provided by (used in) investing activities</b>	5,947,558	(16,668,171)
<b>Net decrease in cash and cash equivalents during the year</b>	(967,601)	(22,273,690)
<b>Cash and cash equivalents, beginning of year</b>	2,325,576	24,599,266
<b>Cash and cash equivalents, end of year</b>	<b>\$1,357,975</b>	<b>\$2,325,576</b>

See accompanying notes to financial statements.

## GLOBAL AGRIBUSINESS TRUST

Statement of Investments - As at December 31, 2009

NUMBER OF SHARES	SECURITY	AVERAGE COST \$	FAIR VALUE \$
<b>EQUITIES</b>			
<b>Bermuda</b>			
90,000	Cosan Limited Cl. A	772,008	819,915
<b>Canada</b>			
20,000	AG Growth International Inc.	420,666	696,000
2,750	Alliance Grain Traders, Inc.	44,687	82,225
170,000	Bio-Extraction Inc.	212,500	357,000
85,000	Hanfeng Evergreen Inc.	732,185	624,750
55,000	Migao Corporation	471,880	382,250
250,000	Ocean Harvest Technology Inc.	100,000	100,000
50,000	Viterra, Inc.	700,000	493,500
		2,681,918	2,735,725
<b>Singapore</b>			
300,000	Indofood Agri Resources Limited	402,684	521,954
160,000	Wilmar International Ltd.	780,597	768,220
		1,183,281	1,290,174
<b>Cayman</b>			
3,000,000	Feronia Inc.	812,475	786,262
<b>United Kingdom</b>			
30,000	Associated British Foods PLC	539,914	417,475
40,000	Tate & Lyle PLC	296,228	293,012
		836,142	710,487
<b>United States</b>			
10,000	Archer-Daniels-Midland Company	456,160	328,238
40,000	Chiquita Brands International, Inc.	795,953	756,070
8,000	Kellogg Co.	432,873	446,095
		1,684,986	1,530,403
<b>Total Equities</b>		<b>7,970,810</b>	<b>7,872,966</b>
NUMBER OF CONTRACTS	(NAME, STRIKE PRICE, DATE OF EXPIRY)	PROCEEDS (\$)	FAIR VALUE (\$)
<b>Options (100 shares per contract unless otherwise indicated)</b>			
<b>Written Put Options</b>			
<b>Bermuda</b>			
(100)	Bunge Limited @ U.S. \$60 January 2010	(11,587)	(5,242)
<b>Canada</b>			
(120)	Agrium Inc. @ \$60 January 2010	(17,280)	(4,560)
(45)	Potash Corporation of Saskatchewan Inc. @ \$105 January 2010	(10,125)	(3,150)
		(27,405)	(7,710)
<b>United States</b>			
(90)	Monsanto Company @ U.S. \$75 January 2010	(9,798)	(3,302)
(100)	The Mosaic Company @ U.S. \$50 January 2010	(11,073)	(1,677)
		(20,871)	(4,979)
<b>TOTAL INVESTMENTS</b>		<b>\$7,910,947</b>	<b>\$7,855,035</b>
	Receivable on foreign currency contracts (Note 10)		70,111
	Cash and cash equivalents		1,357,975
	Other assets, net of liabilities		2,834,791
<b>NET ASSETS</b>			<b>\$12,117,912</b>

See accompanying notes to financial statements.

December 31, 2009 and 2008.

### 1. THE TRUST

Global Agribusiness Trust (the "Trust") is a closed-end investment trust established under the laws of the Province of Ontario by a Declaration of Trust dated October 29, 2007 ("Date of Inception").

The Trust effectively began operations on November 16, 2007 ("Commencement of Operations") when it completed an initial public offering of 4,000,000 units at \$10.00 per unit for gross proceeds of \$40.0 million. Each Trust unit consisted of one redeemable, transferable trust unit ("Trust Unit") and a Trust Unit purchase warrant ("Warrant"). Each Warrant entitled the holder to purchase one Trust Unit at a price of \$10.00 on or before 5:00 p.m. EST on November 30, 2010. On December 17, 2007 an overallotment option granted to agents was exercised for an additional 200,000 Trust Units at a price of \$9.60 per Trust Unit and an additional 212,642 Warrants at a price of \$0.40 per Warrant. Including the overallotment option, total gross proceeds of the Trust's initial public offering were \$42,005,057.

Subsequent to the year end, the Manager, Navina Capital Corp. and Lawrence Asset Management Inc. (the "Portfolio Manager") effected an amalgamation of businesses and operations effective January 1, 2010. The combined entity is named Navina Asset Management Inc.. Navina Asset Management Inc. is the manager (the "Manager"), portfolio manager (the "Portfolio Manager") and trustee (the "Trustee") of the Trust.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The following is a summary of significant accounting policies followed by the Trust in the preparation of its financial statements:

#### **Adoption of new accounting standards**

Effective January 1, 2009, the Trust adopted retrospectively without restatement, the CICA Emerging Issues Committee Abstract EIC-173, Credit Risk and the Fair Value of Financial Assets and Liabilities. EIC-173 requires the Trust's own credit risk and the credit risk of the counterparty to be taken into account in determining the fair value of financial assets and liabilities, including derivative instruments. The adoption of EIC-173 did not have a material impact on the financial position or results of operations of the Trust.

In June 2009, the Canadian Institute of Chartered Accountants ("CICA") issued amendments to Handbook Section 3862 Financial Instruments—Disclosures ("Section 3862") requiring enhanced disclosure around fair value and liquidity risk. This includes classification of the fair value measurements associated with the financial instruments held by a Fund. The classifications use a fair value hierarchy that reflects the significance

of the inputs used in making the measurements. The hierarchy has the following levels: quoted prices in an active market (Level 1—unadjusted inputs); inputs other than quoted prices (Level 2—directly or indirectly derived from observational market data); and inputs not based on observable market data (Level 3—unobservable inputs). In addition to the above disclosure requirements, Section 3862 requires disclosure of significant transfers between Levels 1 and 2 since the prior reporting period, as well as reconciliation of Level 3 assets, disclosing separately changes during the reporting period attributable to i) total gains or losses recognized in net income, and a description of where they are presented in the income statement, ii) purchases, sales, issues and settlements, iii) transfers into or out of Level 3 and the reasons for those transfers. Any significant transfers between Level 1 and Level 2 are disclosed. Further, for fair value measurements in Level 3, if changing one or more type of the inputs to reasonably possible alternative assumptions would change fair value significantly, the entity shall state this fact and disclose both the effect of those changes and how the effect was calculated. The new disclosures are required for annual financial statements for fiscal years ending after September 30, 2009. The adoption of these new standards resulted in increased disclosures but did not effect the Trust's Net Assets or results of operations.

#### **Cash and cash equivalents**

Cash and cash equivalents consist of cash on deposit and short-term, interest bearing notes with a term to maturity of less than three months from the date of purchase. Cash and cash equivalents are deemed to be held for trading and therefore recorded at fair value.

#### **Valuation of investments**

Investments are deemed to be classified as held for trading in accordance with Canadian Institute of Chartered Accountants Handbook Section 3855, Financial Instruments – Recognition and Measurement ("Section 3855") and therefore are recorded at fair value.

Investments in publicly traded securities are valued at fair value, that being the bid price for securities purchased long and ask price for securities sold short, from the relevant exchange on which such securities are principally traded.

Written options are valued at ask prices and purchase options are valued at bid prices as reported on recognized exchanges.

Securities for which reliable quotations are not readily available or not traded in an active market are valued at fair value as determined by the Manager. The difference between fair value and average cost, as recorded in the accounts, is shown as change in unrealized appreciation (depreciation) on investments.

Short-term investments and bonds are valued at current value.

**Other assets and liabilities**

The Trust's other financial assets, which may include accrued investment income and prepaid expenses are designated as loans and receivables which are recorded at cost or amortized cost. Similarly, payables for securities purchased, distributions payable and accounts payable and accrued liabilities are deemed to be other financial liabilities and reported at cost or amortized cost.

**Investment transactions and income recognition**

All investment transactions are accounted for on the trade date. Realized gains and losses from investment transactions and unrealized appreciation or depreciation in the value of investments are calculated on an average cost basis, excluding transaction costs and effect of foreign exchange, which is disclosed separately.

Interest income and expenses are recognized daily on an accrual basis.

Dividend income is recognized on the ex-dividend date.

Distributions from income trusts which are treated as dividend income, interest income or capital gains for tax purposes are included as dividend income, interest income or capital gains distributed from income trusts, as appropriate, in the Statements of Operations.

Distributions from income trusts which are treated as return of capital for income tax purposes reduce the average cost of the investment in the Trust on the Statement of Investments.

**Transaction costs**

Transaction costs, such as brokerage commissions incurred in the purchase and sale of securities by the Trust, are expensed and are included in transaction costs in the Statement of Operations. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment, which include fees and commissions paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties.

**Foreign currency translation**

Investments at fair value and other assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the rate of exchange applicable on the valuation date. Investment transactions and income and expenses are translated at the rate of exchange on the date of such transactions.

**Forward foreign currency contracts**

Forward foreign currency contracts (see Note 10) are valued at current value at the gain or loss if any, that would be realized on the valuation date if the positions were to be closed out. Gains or losses incurred when forward foreign currency contracts entered into by the Trust, which are of the nature of a general hedge of the currency exposure of the underlying portfolio of investments, mature or are closed out are included in "Net realized gain (loss) on foreign exchange" in the Statements of Operations.

**Use of estimates**

Allocations of distributions received from income trusts among dividends, interest and other income, capital gains, or return of capital are based on estimates of the categorization of distribution provided by those income trusts. These allocations may change once final categorizations of the distributions are received from the respective income trusts.

The preparation of the financial statements in accordance with Canadian generally accepted accounting principles requires the Manager to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

**Net asset value per unit**

The net asset value per unit is computed by dividing the net assets of the Trust by the total number of units outstanding on the valuation date. The increase (decrease) in Net Assets from operations for the year is based on the weighted average number of units outstanding during the year.

**Warrants**

The outstanding Warrants of the Trust have no effect on the calculation of the net asset value of the Trust below the Warrant exercise price of \$10.00. At such time as the Warrants are in-the-money, all outstanding and unexercised Warrants will be accounted for separately from the Trust Units, but will have a dilution effect on the calculated net asset value per unit.

**3. NET ASSET VALUE AND NET ASSETS**

The application of CICA Handbook Section 3855 may result in a different value of securities for financial reporting purposes than the value used for pricing unitholder transaction purposes.

The following is the Net Asset Value per unit determined in accordance with Part 14 of the National Instrument and the Net Assets per unit as shown on the Statements of Net Assets. The difference between these amounts represents the valuation difference of securities resulting from the application of Section 3855.

December 31,	2009	2008
Net Asset Value per unit	\$4.23	\$4.05
Net Assets per unit	\$4.22	\$4.03

**4. FINANCIAL INSTRUMENTS**

***Management of financial risks***

In the normal course of business, the Trust is exposed to various types of risks, including market risk (consisting of currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Trust's overall risk management programme seeks to minimize potentially adverse effects of those risks on the Trust's financial performance. The Trust may use derivative financial instruments to mitigate certain risk exposures.

The Trust is an actively managed investment trust. The investment objectives are to provide unitholders with monthly distributions and to achieve long-term capital appreciation through global exposure to businesses operating in the supply and demand chains of the agriculture sector, including crop and animal productions, agrichemicals and fertilizers, farm machinery, equipment and transportation, food processing, distribution and retailing, biofuels and other agribusinesses (collectively referred to herein as "Agribusiness Issuers"). The Trust may invest in nonpublic issuers, but is limited to a maximum of 10% of total net assets at the time of such investment.

***Portfolio concentration risk***

Portfolio concentration risk is the risk associated with the exposure to any one or more particular country or security. The Manager believes that there is no significant concentration risk of the Trust due to diversification by country and security. The following is a summary of portfolio concentration as of December 31, 2009 and December 31, 2008:

DECEMBER 31,	2009	2008
<b>COUNTRY</b>		
Australia	-	2.1%
Bermuda	10.4%	3.2%
Canada	34.7%	30.8%
Cayman	10.0%	-
Germany	-	1.6%
Singapore	16.4%	-
Switzerland	-	2.4%
United Kingdom	9.0%	3.4%
United States	19.5%	56.5%

## NOTES TO FINANCIAL STATEMENTS (continued)

### Fair value measurements

The following is a summary of the inputs used as of December 31, 2009 in valuing the Fund's investments and derivatives carried at fair values:

MARKET VALUE	Level One	Level Two	Level Three	Totals
<b>Financial Assets</b>				
EQUITIES				
COMMON STOCK	6,986,703	0	886,263	7,872,966
<b>Total Financial Assets</b>	<b>6,986,703</b>	<b>0</b>	<b>886,263</b>	<b>7,872,966</b>
<b>Financial Liabilities</b>				
WRITTEN OPTIONS	-17,931	0	0	-17,931
<b>Total Financial Liabilities</b>	<b>-17,931</b>	<b>0</b>	<b>0</b>	<b>-17,931</b>
<b>TOTAL FINANCIAL ASSETS AND LIABILITIES</b>	<b>6,968,772</b>	<b>0</b>	<b>886,263</b>	<b>7,855,035</b>
<b>Other Financial Instruments</b>				
FORWARD CURRENCY CONTRACTS	0	70,111	0	70,111
<b>TOTAL OTHER FINANCIAL INSTRUMENTS</b>	<b>0</b>	<b>70,111</b>	<b>0</b>	<b>70,111</b>

During the year ended December 31, 2009, the reconciliation of investments measured at fair value using unobservable inputs (Level 3) is presented as follows:

DESCRIPTION	Market Value Beginning Balance	Beginning Unrealized - Gain (Loss)	Realized - Gain (Loss)	Purchases	Sales @ Proceeds	Transfers In @ MV	Transfers Out @ MV	Amortization Prem/Disc	Ending Unrealized Gain (Loss)	Market Value Ending Balance	Change In Unrealized Gain (Loss)
Assets											
Equities											
FERONIA INC COM	0	0	0	812,475	0	0	0	(26,212)	786,263	(26,212)	
OCEAN HARVEST TECHNOLOGY INC COM	0	0	0	100,000	0	0	0	0	100,000	0	
Total Equities	0	0	0	912,475	0	0	0	(26,212)	886,263	(26,212)	
Total Assets	0	0	0	912,475	0	0	0	(26,212)	886,263	(26,212)	

The potential impact of using reasonable possible alternative assumptions for valuing level 3 financial assets or liabilities is insignificant.

**Market price risk**

The Trust may take positions in traded instruments, which may include derivatives. Therefore, within defined limits, the Trust may buy or sell call or put options and financial futures or other derivatives.

All investments in securities present a risk of loss of capital. The Portfolio Manager mitigates this risk through a careful selection of securities and other financial instruments, within specified limits. The maximum risk for financial instruments held by the Trust is determined by the fair value thereof. The Trust's overall market positions are monitored on a daily basis by the Portfolio Manager, weekly by the Manager, and are reviewed semi-annually by the Board of Directors of the Manager.

Recognizing the investment objectives of the Trust and its investment focus, market price risk is managed through a diversification of the investment portfolio across agribusiness sub-sectors and by diversifying across geographies and individual securities. As at December 31, 2009, 9% (December 31, 2008 - 12%) of the Trust's total Net Assets is represented by cash or cash equivalents, net of current liabilities. Substantially all of the remaining 91% (December 31, 2008 - 88%) of shareholders' equity is invested in equity instruments located in Canada, United States of America, Europe, Singapore, Bermuda, Cayman and United Kingdom.

Short sales the Trust may make in the future could involve certain risks and other considerations. Potential losses from short sales differ from potential losses from securities held (long positions), because losses from short sales might be unlimited, whereas losses from long positions can never exceed the total amount invested.

As at December 31, 2009, the Trust's market risk is potentially affected by two main components, being changes in actual market prices and changes in foreign currency rates. The Trust's sensitivity to foreign currency movements is reported below under currency risk.

During the 2009 period, the changes in fair values of portfolio investments decreased at a greater rate than the referenced S&P/TSX Composite Index. If market prices of each of the investments had strengthened or weakened by 1% with all other variables remaining constant, Net Assets of the Trust for the period would have increased or decreased by approximately \$78,550 (December 31, 2008 - \$148,421).

**Interest rate risk**

As at December 31, 2009 and 2008, the Trust held no short term deposit notes or other interest-bearing securities. The Trust also has no interest-bearing liabilities. As a result of this, the Trust had minimal risk due to the changes in prevailing market interest rates. Market prices of the equity securities may be affected by changes in market interest rates or in interest rate policies of Canada, the United States of America or other countries.

**Credit risk**

Credit risk is the risk that a counterparty would be unable to pay amounts due to the Trust in accordance with the terms and conditions of the debt instruments. As at December 31, 2009, the Trust has exposure to credit risk through the forward currency contracts outstanding held with State Street. In the opinion of management, the Trust has no significant credit risk exposure for the forward currency contracts due to the AA- credit rating of State Street as counterparty to the contracts (see note 10). The maximum exposure to credit risk relating to receivables for securities sold and accrued investment income is represented by the carrying value on the Statement of Net Assets. In the future, the Trust may invest in other debt instruments for investment purposes.

**Liquidity risk**

As at December 31, 2009 and December 31, 2008, the majority of the Trust's investment holdings are considered readily realizable, as they are actively traded on public exchanges. The Trust is restricted from investing in public securities with a market capitalization of less than US\$150 million, to help reduce liquidity risk to the portfolio. The Trust's investment restrictions do allow up to 10% of total assets to be invested in securities of issuers that are not publicly traded, based on value at cost.

## NOTES TO FINANCIAL STATEMENTS (continued)

### Currency risk

In the normal course of business, the Trust may hold assets or have liabilities denominated in currencies other than the Canadian dollar, the reporting currency of the Trust. Therefore, the Trust is exposed to currency risk, as the value of any assets or liabilities denominated in currencies other than the Canadian dollar will vary due to changes in foreign exchange rates. The following summarizes the Trust's exposure to currency risks, as at December 31, 2009 and December 31, 2008:

December 31, 2009	Financial Assets	Other Assets	Foreign Forward Currency Contracts	Financial Liabilities	Other Liabilities	Total	% of Net Assets
Euro Currency	-	2,173	-	-	-	2,173	0.02%
Pound Sterling	710,487	20,671	(702,720)	-	-	28,438	0.23%
Singapore Dollar	1,290,174	-	(1,253,799)	-	-	36,375	0.30%
Swiss Franc	-	3,286	-	-	-	3,286	0.03%
US Dollar	4,997,401	50,690	(4,258,048)	-	(10,221)	779,822	6.44%

December 31, 2008	Financial Assets	Other Assets	Foreign Forward Currency Contracts	Financial Liabilities	Other Liabilities	Total	% of Net Assets
Australian Dollar	313,292	-	(277,616)	(8,597)	-	27,079	0.16%
Euro Currency	235,695	2,479	(224,966)	(584)	-	12,624	0.07%
Norwegian Krone	317	-	-	-	-	317	0.00%
Pound Sterling	508,421	16,016	(522,000)	-	-	2,437	0.01%
Swiss Franc	348,307	1,670	(357,659)	(16,172)	-	(23,854)	(0.14)%
US Dollar	8,864,636	9,427	(8,548,915)	(273,495)	-	51,653	0.30%

As at December 31, 2009, had the Canadian dollar become strengthened or weakened by 1% against each of the other currencies with all other variables remaining constant, Net Assets of the Trust for the period would have decreased or increased by \$8,501 (December 31, 2008 - \$703).

## 5. TAXATION

The Trust qualifies as a “mutual fund trust” within the meaning of the Income Tax Act (Canada). The Trust is subject to applicable federal and provincial taxes on the amount of its net income for tax purposes for the year, including net realized taxable capital gains, to the extent such net income for tax purposes has not been paid or made payable to unitholders in the year.

No provision for income taxes has been recorded in the accompanying financial statements as all income and net realized capital gains are distributed to the unitholders. Capital losses realized in excess of those utilized to offset realized capital gains in the current taxation year can be carried forward indefinitely and may be applied against future years' capital gains. Non-capital losses may be carried forward for a period of 20 years and applied against future years' taxable income. As at December 31, 2009, the Trust had a capital loss carry forward balance of \$16,445,710 and a non-capital loss carry forward balance of \$1,845,663. If not utilized, the non-capital losses will expire as follow: 2028 - \$1,054,999 and 2029 - \$790,664.

## 6. EXPENSES OF THE TRUST

### *Management fees*

Pursuant to the Declaration of Trust, the Manager provides all administrative services required by the Trust, including the appointment of portfolio managers to the Trust.

In return, the Manager receives a monthly fee at the annual rate of 1.10%, plus applicable taxes, of the net asset value of the Trust, calculated and payable monthly in arrears. The Manager is responsible for payment of the investment management fees of the Trust's portfolio manager out of its annual management fees.

The Trust also pays to the Manager an annual service fee equal to 0.40% annually of the net asset value of units held by clients of the sales representatives of such dealers, calculated and payable quarterly in arrears. Dealer service fees for the year were \$55,537 (2008 - \$129,713).

### *Other expenses*

The Trust is responsible for all other expenses incurred in connection with its operation and administration, such as custodian, valuation, transfer agent, reporting, audit and legal fees. Brokerage commissions paid on securities transactions are expensed in the period in which the transaction occurred and are not considered to be part of total expenses. These commissions are included in the cost of purchasing, or netted out of the proceeds from selling securities. For the year ended December 31, 2009, brokerage commissions were \$76,615 (2008 - \$118,229). There were no soft dollar amounts included in these payments.

## 7. UNITHOLDERS' EQUITY

The Trust is authorized to issue an unlimited number of voting, transferable, redeemable Trust Units of one class, each of which represents an equal, undivided interest in the net assets of the Trust. On termination of the Trust, unitholders will be entitled to receive their pro rata share of all of the assets of the Trust remaining after payment of all debts, liabilities and liquidation expenses.

The Trust may be terminated at any time upon not less than 90 days' written notice to the Trustee provided that the prior approval of unitholders has been obtained by a majority vote at a meeting of unitholders called for that purpose. In addition, the Trustee may, in its discretion, on 60 days' notice to unitholders, terminate the Trust without the approval of unitholders if, in its opinion, the net asset value of the Trust is reduced as a result of redemptions or otherwise so that it is no longer economically feasible to continue the Trust or the Trustee determines to terminate the Trust in connection with a permitted merger. In case the Trust is terminated, the Trust shall, to the extent possible, convert its assets to cash and, after paying or making adequate provision for all of the Trust's liabilities, distribute the net assets of the Trust, on a pro rata basis, to the unitholders.

Trust Units may be surrendered annually for redemption during the period from April 15th until 5:00 p.m. (Toronto time) on the 20th business day before the last business day in May in each year subject to the Trust's right to suspend redemptions in certain circumstances. Trust Units surrendered for redemption during this period will be redeemed on the second last business day of May of each year. Redeeming Unitholders will be entitled to receive a redemption price per Trust Unit equal to the net asset value per Trust Unit less any costs and expenses incurred by the Trust in connection with funding the redemption.

In addition, Trust Units may be surrendered for redemption in any month. Trust Units properly surrendered for redemption by a unitholder prior to 5:00 p.m. (Toronto time) on the tenth business day before the last business day of a month will be redeemed on the second last day of that month (“Monthly Redemption Date”) at a redemption price equal to the lesser of:

- (a) 96% of the weighted average trading price of the Trust Units on the Toronto Stock Exchange during the 15 trading days preceding the applicable Monthly Redemption Date; and
- (b) an amount equal to:
  - i. the closing unit market price on the applicable Monthly Redemption Date, if there was trading on the applicable Monthly Redemption Date and the stock exchange provides a closing price;

- ii. an amount equal to the average of the highest and lowest prices of units on the applicable Monthly Redemption Date if there was trading on the applicable Monthly Redemption Date and the stock exchange provides only the highest and lowest trading prices of units on a particular day;

or

- iii. the average of the last bid and ask prices on the applicable Monthly Redemption Date on the stock exchange if there was no trading on the applicable Monthly Redemption Date.

**8. NET CAPITAL TRANSACTIONS**

Net capital transactions for the Trust for the year ended December 31, 2009 consisted of the following:

	TRUST UNITS (#)		WARRANTS (#)	
	2009	2008	2009	2008
Number of units outstanding, beginning of year	4,198,500	4,200,000	4,212,642	4,212,642
Issuance of Units	-	-	-	-
Issuance of Trust Units	(1,329,515)	(1,500)	-	-
Issuance of Warrants	-	-	-	-
Issue costs (including agent's fees)	-	-	-	-
Number of units outstanding, end of year	2,868,985	4,198,500	4,212,642	4,212,642

**Warrants**

Each Warrant entitles the holder to purchase one Trust Unit at the subscription price of \$10.00 per Trust Unit by notifying Computershare Trust Company of Canada (the "Warrant Trustee") between the first business day of any month and 5:00 p.m. (Toronto time) on the tenth business day of such month ("Warrant Notice Period") up until November 30, 2010. Such Warrants will be exercised effective as at 5:00 p.m. on the tenth business day of the applicable month. Holders who exercise the Warrants will become holders of Trust Units issued through the exercise of the Warrants. Warrants not exercised prior to 5:00 p.m. (Toronto time) on November 30, 2010 will be void and of no value. Upon the exercise of a Warrant, the Trust will pay a fee equal to \$0.15 per Warrant to the broker whose client is exercising the Warrant and \$0.10 per Warrant to the Agents.

As at December 31, 2009 there were 4,212,642 (2008 - 4,212,642) Warrants outstanding. The diluted NAV per unit is not presented as the impact of the warrants would have been anti-dilutive.

**Capital Management**

Unitholders equity is considered to be the source of capital for the Trust. The Trust's objectives are managing capital to safeguard the Trust's ability to continue as a going concern, to provide financial capacity and flexibility to meet its strategic objectives, to provide an adequate return to unitholders commensurate with the level of risk while maximizing the distributions to unitholders.

Since both the revenues and expenses of the Trust are reasonably predictable and stable and since the Trust does not have any externally imposed capital requirements, the Manager believes that the current level of distributions, capital and capital structure is sufficient to sustain ongoing operations. The Manager actively monitors the cash position and financial performance of the Trust to ensure there are resources to meet current distribution levels.

**9. LOAN FACILITY**

The Manager, on behalf of the Trust, may enter into a revolving term credit facility (the "Loan Facility") with a lender in order to add leverage to the portfolio of investments. The Portfolio Manager would draw down on the Loan Facility when market conditions provide opportunities to attempt to increase the potential returns of the Trust. The aggregate amount of borrowings under any Loan Facility and other forms of leverage may not exceed 25% of the total net assets of the Trust at the time of the borrowing or other transaction is entered into.

During 2009 the Manager terminated a revolving term credit facility for which a standby expense was being paid. No funds had been drawn from the facility during 2009 and 2008.

## NOTES TO FINANCIAL STATEMENTS (continued)

### 10. FORWARD FOREIGN CURRENCY CONTRACTS

2009 Contracts		Sold		Bought	Settlement Date	Unrealized Gain (Loss)	Counterparty	Credit Rating
1	SGD	1,650,000	CAD	1,253,799	March 10, 2010	22,709	State Street	AA-
1	GBP	410,000	CAD	702,719	March 10, 2010	8,905	State Street	AA-
1	USD	4,025,000	CAD	4,258,048	March 10, 2010	38,497	State Street	AA-
<b>Totals</b>						<b>\$ 70,111</b>		

2008 Contracts		Sold		Bought	Settlement Date	Unrealized Gain (Loss)	Counterparty	Credit Rating
1	AUD	336,300	CAD	277,616	May 15, 2009	(8,597)	State Street	AA-
1	CHF	322,000	CAD	357,659	May 15, 2009	(16,172)	State Street	AA-
1	EUR	132,100	CAD	224,966	May 15, 2009	(584)	State Street	AA-
1	GBP	290,000	CAD	522,000	May 15, 2009	8,827	State Street	AA-
1	USD	7,156,000	CAD	8,548,915	May 15, 2009	(273,494)	State Street	AA-
<b>Totals</b>						<b>\$(290,020)</b>		

AUD - Australian Dollar

CAD - Canadian Dollar

CHF - Swiss Franc

EUR - Euro Dollar

GBP - Pound Sterling

SGD - Singapore Dollar

USD - U.S. Dollar

### 11. SECURITIES LENDING

In order to generate additional returns, the Trust may engage in securities lending with borrowers deemed acceptable to the Trust. Although it will receive collateral for the loans and such collateral will be marked-to-market, the Trust will be exposed to the risk of loss should the borrower default on its obligation to return the borrowed securities and the collateral be insufficient to reconstitute the portfolio of loaned securities.

There were no securities lending transactions during 2009 and 2008.

### 12. DISTRIBUTIONS

The Trust endeavours to make monthly cash distributions to unitholders consisting primarily of distributions received on securities in the investment portfolio and, in certain circumstances, of net realized capital gains from the investment portfolio. The Trust will not have a fixed monthly distribution but will determine and announce each December an expected distribution amount for the following calendar year. Monthly distributions will be paid to unitholders on or about the 15th of each month following the month in which they are declared. The monthly distribution declared to unitholders of record, at the end of each month in the year, was \$0.04167 (2008 - \$0.04167) per unit.

### 13. MARKET PURCHASES

The Portfolio Manager may purchase Trust Units on the stock exchange if it determines that such purchases are in the best interest of unitholders, and will be subject to compliance with any applicable regulatory requirements and limitations. As at December 31, 2009 and 2008, no Trust Units had been purchased by the Portfolio Manager.



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