



LAZARD STRATEGIC GLOBAL
CONVERTIBLE BOND TRUST

Annual Report

December 31, 2009

LAZARD STRATEGIC GLOBAL CONVERTIBLE BOND 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:

Aird and Berlis LLP
Brookfield Place
181 Bay Street
Suite 1800
Toronto, On M5J 2T9

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:

CBF.UN

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

For the period from December 10, 2009 to December 31, 2009.

This annual Management Report of Fund Performance (“MRFP”) for Lazard Strategic Global Convertible Bond Trust (the “Strategic Trust”) contain financial highlights and does not contain the complete annual audited financial statements in the annual report of the Strategic Trust. You may request a copy of the Strategic Trust’s unaudited interim or audited financial statements, interim or annual MRFP, 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 or SEDAR at www.sedar.com.

The annual MRFPs and accompanying financial statements have been prepared by the manager and trustee of the Strategic 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 Strategic Trust.

The Strategic 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.

Navina Asset Management Inc. is the manager (the “Manager”) and trustee (the “Trustee”) of the Fund.

Effective January 1, 2010, the Manager, Navina Capital Corp., and Lawrence Asset Management Inc., effected an amalgamation of businesses and operations. The combined entity is named Navina Asset Management Inc.

Forward Looking Statements

Included in this annual MRFP are matters that constitute “forward-looking” information within the meaning of Canadian securities law. Such forward-looking statements may be identified by words such as “plans”, “proposes”, “estimates”, “intends”, “expects”, “believes”, “may” or words of a similar nature. There can be no assurance that such statements will prove to be accurate. Actual results and future events could differ materially from such statements. Factors that could cause actual results to differ materially include among others, regulatory risks, risk inherent in foreign markets, commodity prices and competition. These factors are largely outside the control of the Strategic Trust. All subsequent forward-looking statements attributable to the Strategic Trust or its agents are expressly qualified in their entirety by these cautionary comments. Except as otherwise required by applicable securities statutes or regulation, the Strategic Trust expressly disclaims any intent or obligation to update publicly forward-looking information, whether as a result of new information, future events or otherwise.

MANAGEMENT REPORT OF FUND PERFORMANCE

Lazard Strategic Global Convertible Bond Trust is a non-offering investment fund established under the laws of the Province of Ontario, which proposes to issue units from time to time in reliance on exemptions from the applicable prospectus and registration requirements. The Strategic Trust effectively began operations on December 10, 2009 (“Commencement of Operations”).

The Strategic Trust was established for the purpose of providing the Lazard Global Convertible Bond Fund (the “Fund”) with indirect economic exposure to a portfolio of securities. This is achieved by the Fund investing the net proceeds of its initial public offering in a portfolio of common shares (the “Common Share Portfolio”) and entering into a forward purchase and sale agreement (the “Forward Agreement”) with BMO Capital Markets Inc. (the “Counterparty”). As a result of the Forward Agreement, the returns of the Fund are intended to correlate with an investment in the Strategic Trust.

Investment Objectives and Strategies

The Strategic Trust’s investment objectives are to provide the Counterparty to the Forward Agreement with distributions and the opportunity for capital appreciation in order for the Fund to meet its investment objectives.

To pursue its investment objectives, the Strategic Trust acquired a portfolio comprised primarily of U.S. dollar denominated global convertible bonds (the “Portfolio”) actively managed by Lazard Asset Management LLC (the “Sub-Advisor”).

Risk

The Strategic 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, the Strategic 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 Strategic Trust please refer to the Strategic Trust’s prospectus.

RESULTS OF OPERATIONS

Portfolio

As at December 31, 2009, the Strategic Trust held 27 primarily fixed income securities in its Portfolio.

Outlook & Strategy

Despite 2009's strong performance, significant value continues to exist in the convertible space. As we enter the new year, the VIX, a measure of near term S&P volatility, remains close to a 52-week low. Implied credit spreads remain above historical averages, and considerably wider than comparable fixed income asset classes. Strong interest from cross-over buyers (equity funds, convertible long-only funds, distressed funds, high yield funds, etc), and strong primary market issuance, particularly in international markets, continue to support market technicals. Also, while the number of traditional market participants has declined from a year ago, dealers have begun to expand their balance sheets (i.e. adding risk), which is creating additional demand for our product. Historically low funding costs and renewed interest from prime-brokers to provide leverage (capital) is attracting new investors once again.

Against the positive backdrop, we continue to monitor the economic landscape for evidence of real inflationary pressures but believe tepid economic recovery, especially in the developed world, will keep interest rates at fairly modest levels in the near term. At this point in the "recovery", it is unclear to us whether inflationary or deflationary pressures will prevail in the U.S. Variability around funding costs creates uncertainty as well. For these reasons, among others, opportunities on the short-end of the maturity spectrum remain a focus of the fund, with particular interest on special situations or events. While most believe the worst of the recession has passed, issuers remain focused on balance sheet preservation. With nearly 40% of the U.S. convertible market maturing (or puttable) over the next 36 months, it is likely that issuers will continue to seek non-traditional ways to address their funding needs. Recent tax law changes are facilitating early refinancings as well. Flush-outs, exchange offers, sweeteners, buybacks and other non-traditional refinancing methods provide attractive risk/return sets for the fund. In addition, we expect M&A activity in the pharmaceutical, biotech, energy and retail space to increase, which we believe will generate renewed interest in owning convertible bonds that benefit from this type of activity.

Net Asset Value

The net asset value per unit of the Strategic Trust as at December 31, 2009 was \$9.40. Net asset value was \$63.1 million.

Distributions

For the period ended December 31, 2009, the Strategic Trust distributed \$394.24 million to unitholders in the form of reinvestment.

Revenue and Expenses

For the period ended December 31, 2009, the Strategic Trust generated \$92,767 in income from investments, had \$53,359 in net realized gains on investments, \$364,408 in net realized gains on foreign exchange, \$113,315 in unrealized depreciation on investments and \$118,548 in unrealized depreciation on foreign exchange.

The Strategic Trust does not pay management fees or operating expenses. The management expense ratio ("MER") for the Strategic Trust was 0.0%.

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 Strategic 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 Strategic 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 Strategic Trust's financial statements, with no impact to the Strategic Trust's NAV.

Related Party Transactions

The Manager provides all administrative services required by the Strategic Trust, including the appointment of the Sub-Advisor.

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Strategic Trust and are intended to help in understanding the Strategic Trust's financial performance since its commencement of operations on December 10, 2009. This information is derived from the Strategic Trust's audited annual financial statements.

THE STRATEGIC TRUST'S NET ASSETS PER UNIT	2009
Net Assets per unit, beginning of period ⁽¹⁾	\$10.00
Increase (decrease) from operations:	
Total revenue	0.01
Total expenses	-
Realized gains (losses) for the period	0.06
Unrealized gains (losses) for the period	(0.03)
Total increase (decrease) from operations⁽²⁾	0.04
Distributions:	
From income (excluding dividends)	(0.06)
From dividends	-
From capital gains	-
From return of capital	-
Total annual distributions⁽³⁾	(0.06)
Net Assets per unit, end of period^{(4) (5)}	\$9.40

(1) Net Assets, beginning of period for 2009 represents the original investment amount as at December 10, 2009, the date of the closing of the initial offering of the Strategic 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 reinvested without issuance of additional Strategic Trust's units.

(4) This information is provided as at December 31 of the period 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
Net assets (000's) ⁽¹⁾	63,114
Number of units outstanding (000's) ⁽¹⁾	6,700
Management expense ratio ⁽²⁾	0.00%
Portfolio turnover rate ⁽³⁾	12.09%
Trading expense ratio ⁽⁴⁾	0.00%
Transaction net asset value per unit	\$9.42

(1) This information is provided as at December 31 of the period 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 2009 period, the management expense ratio is annualized from the date of inception to December 31, 2009.

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

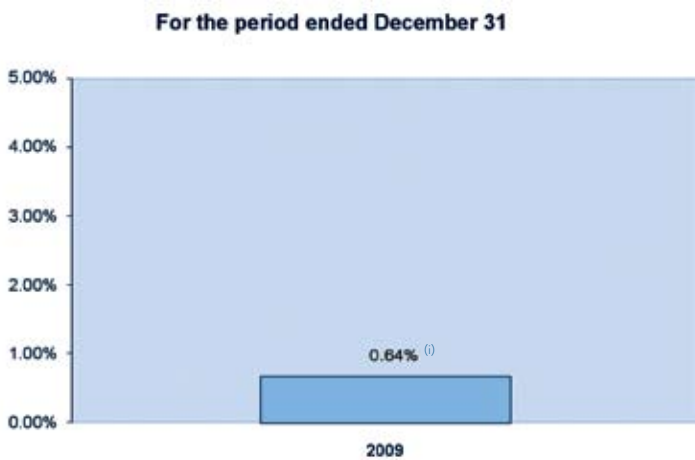
PAST PERFORMANCE

General

The performance information shown assumes that all distributions made by the Strategic Trust in the period shown were reinvested in additional securities of the Strategic Trust. The Strategic 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 Strategic Trust's annual performance for the period shown, and illustrates how the Strategic Trust's performance has changed from inception. The chart shows in percentage terms how an investment made at inception would have increased or decreased by December 31 for the period.



(i) Return from December 10, 2009 to December 31, 2009.

Annual Compound Returns

The following table shows the Strategic Trust's annual compound return for the period ended December 31, 2009 as indicated. As a basis for comparison, the annual compound return is compared to the Barclay's U.S. Convertibles High Yielding Cash Paying Index on the same compound basis.

Percentage Return:	Since Inception ⁽ⁱ⁾
Lazard Strategic Global Convertible Bond Trust	0.64%
Barclay's U.S. Convertibles High Yielding Cash Paying Index	1.15%

(i) Return from December 10, 2009.

The Barclay's U.S. Convertibles High Yielding Cash Paying Index tracks the performance of the USD-denominated convertibles markets and includes all four major classes of convertible securities.

The Strategic Trust underperformed its benchmark index for the period ended December 31, 2009. This is a result of a focus on the higher end of the credit quality scale within the convertible bond market for the Strategic Trust, and the significant cash position of the Strategic Trust due to the December 9 inception date. The lower grade bonds in the convertible market saw a significant compression in spreads over U.S. Treasury notes, which resulted in significant price appreciation in the value of these bonds. Due to the relative underweighting of this part of the convertible market for the Strategic Trust, it underperformed the benchmark index.

SUMMARY OF INVESTMENT PORTFOLIO

Below is a summary of the Strategic 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 Strategic Trust. An update is available quarterly at www.navinaasset.com.

TOP 25 POSITIONS	% of Net Asset Value
Bank of America Corporation 7.25%	3.2
Sino-Forest Corporation 4.25% December 15, 2016	3.1
Lucent Technologies Capital Trust I 7.75%	2.6
Advanced Micro Devices, Inc. 5.75% August 15, 2012	2.5
Petrominerales Ltd. 3.38% December 6, 2010	2.4
Amylin Pharmaceuticals Inc 2.50% April 15, 2011	2.4
United Rentals North America Inc. 7.75% November 15, 2013	2.4
MPT Operating Partnership LP 6.13% November 15, 2011	2.0
Old Republic International Corporation 8.00% May 15, 2012	1.9
Suntech Power Holdings Co., Ltd. 0.25% February 15, 2012	1.8
HCA, Inc. 9.13% November 15, 2014	1.8
Compass Minerals International, Inc., 8.00% June 01, 2019	1.7
Dollar Financial Corp. 10.38% December 15, 2016	1.7
Omnicare, Inc. 3.25% December 15, 2035	1.7
ArvinMeritor, Inc. 8.75% March 1, 2012	1.7
LifePoint Hospitals, Inc., 3.25% August 15, 2025	1.5
Massey Energy Company 3.25% August 1, 2015	1.5
UAL Corporation 4.50% June 30, 2021	1.5
Trico Marine Services, Inc. 8.13% February 1, 2013	1.4
Huntington Bancshares Incorporated 8.50%	1.3
LDK Solar Company Ltd. 4.75% April 15, 2013	1.2
Exide Technologies 3.88% September 18, 2013	1.2
Citigroup Inc. 7.50%	1.1
Gencorp Inc. 4.06% December 31, 2039	0.9
Dupont Fabros Technology LP 8.50% December 15, 2017	0.8
Top 25 Positions	45.3
Forward agreement	0.9
Cash and Cash Equivalents	54.6
Other assets less liabilities	(0.8)
Total Net Asset Value	100.0


Net asset value includes the value of the assets of the Strategic Trust less liabilities of the Strategic Trust.

MANAGEMENT'S RESPONSIBILITY STATEMENT

The accompanying financial statements have been prepared by Navina Asset Management Inc., the Manager of Lazard Global Convertible Bond Fund (the "Fund"), 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 Fund are described in Note 2 to the financial statements.

Ernst & Young LLP are the external auditors of the Fund. They have audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the unitholders their opinion on the financial statements.



Ravi Sood
Chief Executive Officer
Navina Asset Management Inc.



Andrew Bentley
President
Navina Asset Management Inc.

March 26, 2010

AUDITORS' REPORT

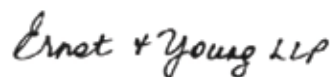
To the Unitholder of
Lazard Strategic Global Convertible Bond Trust

We have audited the statements of net assets and investments of **Lazard Strategic Global Convertible Bond Trust** [the "Strategic Trust"] as at December 31, 2009 and the statements of operations and changes in net assets for the period from December 10, 2009 to December 31, 2009. These financial statements are the responsibility of the Strategic Trust's management. Our responsibility is to express an opinion on these financial statements 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 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 financial position of the Strategic Trust as at December 31, 2009 and the results of its operations and changes in its net assets for the period from December 10, 2009 to December 31, 2009 in accordance with Canadian generally accepted accounting principles.

Toronto, Canada
March 26, 2010



Chartered Accountants
Licensed Public Accountants

LAZARD STRATEGIC GLOBAL CONVERTIBLE BOND TRUST

Statement of Net Assets - As at December 31

	2009
Assets	
Investments, at fair value	\$29,005,238
Cash and cash equivalents	34,482,732
Receivable on foreign currency contracts	122,800
Accrued investment income	271,910
	63,882,680
Liabilities	
Payable for securities purchased	922,548
	922,548
Net Assets representing unitholders' equity	\$62,960,132
Number of units outstanding (Note 9)	6,700,000
Net Assets value per unit	\$9.40

See accompanying notes to financial statements.

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



Ravi Sood
Director



Andrew Bentley
Director

LAZARD STRATEGIC GLOBAL CONVERTIBLE BOND TRUST

Statement of Operations - For the period from December 10, 2009 to December 31, 2009

	2009
Investment income	
Dividends	\$56,681
Interest	53,211
Less: Foreign withholding taxes	(17,125)
Net investment income	\$92,767
Net realized and unrealized gain (loss) on investments	
Net realized gain on investments	53,359
Net realized gain on foreign exchange	364,408
Change in unrealized depreciation on investments	(113,315)
Change in unrealized depreciation on foreign exchange	(118,548)
Transaction costs (Note 2)	(1,027)
Net gain on investments	184,877
Increase in Net Assets from Operations	\$277,644
Increase in Net Assets from Operations per unit	\$0.04

See accompanying notes to financial statements.

LAZARD STRATEGIC GLOBAL CONVERTIBLE BOND TRUST

Statement of Changes in Net Assets - For the period from December 10, 2009 to December 31, 2009

	2009
Net Assets, beginning of period	-
Increase in Net Assets from operations	277,644
Capital unit transactions (Note 9)	
Proceeds from issue	62,682,488
Reinvested distributions	394,240
	63,076,728
Distributions to unitholders	
Investment income	(394,240)
	(394,240)
Increase in Net Assets	62,960,132
Net Assets, end of period	\$62,960,132

See accompanying notes to financial statements.

LAZARD STRATEGIC GLOBAL CONVERTIBLE BOND TRUST

Statement of Investments - As at December 31, 2009

NUMBER OF SHARES	SECURITY	AVERAGE COST \$	FAIR VALUE \$	% OF NET ASSETS
EQUITIES				
Preferred Securities				
United States				
2,200	Bank of America Corporation 7.25%	2,059,761	2,024,993	3.2
6,390	Citigroup Inc. 7.50%	687,008	696,691	1.1
925	Huntington Bancshares Incorporated 8.50%	849,627	814,568	1.3
2,000	Lucent Technologies Capital Trust I 7.75%	1,594,165	1,624,943	2.6
15,000	PetroQuest Energy, Inc. 6.88%	487,328	487,970	0.8
		5,677,889	5,649,165	9.0
FIXED INCOME				
Convertible Bonds				
Canada				
1,500,000	Petrominerales Ltd. 3.38% December 6, 2010	1,538,835	1,503,727	2.4
1,685,000	Sino-Forest Corporation 4.25% December 15, 2016	1,777,507	1,929,868	3.1
		3,316,342	3,433,595	5.5
United States				
1,500,000	Advanced Micro Devices, Inc. 5.75% August 15, 2012	1,573,802	1,550,903	2.5
1,500,000	Amylin Pharmaceuticals Inc 2.50% April 15, 2011	1,521,132	1,503,727	2.4
1,000,000	Exide Technologies 3.88% September 18, 2013	728,131	720,741	1.1
550,000	Gencorp Inc. 4.06% December 31, 2039	583,503	588,845	0.9
1,000,000	LDK Solar Company Ltd. 4.75% April 15, 2013	820,650	777,089	1.2
1,000,000	LifePoint Hospitals, Inc., 3.25% August 15, 2025	962,721	965,792	1.5
1,029,000	Massey Energy Company 3.25% August 01, 2015	929,812	942,560	1.5
1,250,000	MPT Operating Partnership LP 6.13% November 15, 2011	1,283,830	1,272,762	2.0
1,000,000	Old Republic International Corporation 8.00% May 15, 2012	1,204,221	1,180,704	1.9
1,250,000	Omnicare, Inc. 3.25% December 15, 2035	1,079,824	1,066,369	1.7
1,100,000	Suntech Power Holdings Co., Ltd. 0.25% February 15, 2012	1,136,263	1,140,212	1.8
60,000	Titan International, Inc. 5.63% January 15, 2017	63,597	66,439	0.1
1,000,000	Trico Marine Services, Inc. 8.13% February 1, 2013	935,406	883,235	1.4
1,000,000	UAL Corporation 4.50% June 30, 2021	914,207	930,411	1.5
		13,737,099	13,589,789	21.5
Corporate Bonds				
United States				
1,000,000	ArvinMeritor, Inc. 8.75% March 1, 2012	1,075,738	1,064,075	1.7
1,000,000	Compass Minerals International, Inc., 8.00% June 1, 2019	1,100,215	1,079,800	1.7
500,000	Dupont Fabros Technology LP 8.50% December 15, 2017	527,450	532,693	0.9
1,000,000	HCA, Inc. 9.13% November 15, 2014	1,116,085	1,106,009	1.8
1,000,000	Dollar Financial Corp. 10.38% December 15, 2016	1,070,724	1,071,938	1.7
1,500,000	United Rentals North America Inc. 7.75% November 15, 2013	1,497,011	1,478,174	2.3
		6,387,223	6,332,689	10.1
TOTAL INVESTMENTS		\$29,118,553	29,005,238	46.1
Receivable on Foreign Currency Contracts (Note 10)			122,800	0.2
Cash and cash equivalents			34,482,732	54.8
Liabilities, net of other assets			(650,638)	(1.1)
NET ASSETS			\$62,960,132	100.0

See accompanying notes to financial statements.

1. THE FUND

Lazard Global Convertible Bond Fund (the “Fund”) is a mutual fund trust governed by the laws of the Province of Ontario by a Declaration of Trust dated November 25, 2009. Lazard Strategic Global Convertible Bond Trust (the “Strategic Trust”, and together with the Fund, the “Trusts”) is an investment trust established under the laws of the Province of Ontario by a Declaration of Trust dated November 25, 2009. The Fund effectively began operations on December 9, 2009 (“Commencement of Operations”) when it completed an initial public offering of 6,700,000 units at \$10.00 per unit, for gross proceeds of \$67.0 million. Each Fund unit consisted of one redeemable, transferable fund unit (“Fund Unit”). The Strategic Trust effectively began operations on December 9, 2009.

Navina Asset Management Inc. is the manager (the “Manager”) and trustee (the “Trustee”) of the Trusts. The Manager has retained Lawrence Asset Management Inc. (the “Investment Manager”) to provide the investment advisory and portfolio management services required by the Fund and the Strategic Trust. Lazard Asset Management LLC (the “Sub-Advisor”) has been retained by the Investment Manager to provide investment advisory and portfolio management services to the Strategic Trust.

Effective January 1, 2010, the Manager, Navina Capital Corp., and Lawrence Asset Management Inc., effected an amalgamation of businesses and operations. The combined entity is named Navina Asset Management Inc.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”). The following is a summary of significant accounting policies followed by the Trusts in the preparation of their financial statements:

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 (“CICA”) Handbook Section 3855, Financial Instruments – Recognition and Measurement (“Section 3855”) and therefore are recorded at fair value.

Investments pledged under the forward agreement are valued at closing market prices. Any other 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 price and purchased 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 recorded at fair value using bid price market quotations.

Other assets and liabilities

For the purpose of categorization in accordance with the CICA Handbook Section 3862, Financial Instruments – Disclosures (“Section 3862”), accrued investment income and prepaid expenses designated as loans and receivables 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 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.

Transaction costs

Transaction costs, such as brokerage commissions incurred in the purchase and sale of securities by the Trusts, 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 market value on each valuation date. The value is determined as the gain or loss that would be realized, if on the valuation date, the position of the forward foreign currency contracts were closed out. Gains or losses incurred when forward foreign currency contracts entered into by the

Strategic 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 Statement of Operations.

Forward Agreement

The Forward Agreement is valued to the gain or loss that would be realized on the valuation date if the contract were closed out or expired. The amount to be received (or paid) on the Forward Agreement as at the valuation date is recognized as Unrealized loss on forward agreement on Statement of Net Assets. All gains (losses) arising from the Forward Agreement are recorded as part of "Change in unrealized appreciation on common share portfolio and forward agreement" in the Statements of Operations.

Accounting estimates

The preparation of the financial statements in accordance with Canadian GAAP 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 of the Fund is computed by dividing the net asset value of the Fund by the total number of units outstanding. The increase (decrease) in Net Assets from operations for the period is based on the weighted average number of units outstanding during the period.

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

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 CICA Handbook Section 3855.

Lazard Global Convertible Bond Fund

December 31, 2009	Net Asset Value per unit	Net Assets per unit
	\$9.36	\$9.36

Lazard Strategic Global Convertible Bond Trust

December 31, 2009	Net Asset Value per unit	Net Assets per unit
	\$9.42	\$9.40

4. FORWARD AGREEMENT

In order to achieve its investment objectives, the Fund obtains economic exposure to the returns of the Strategic Trust by investing the net proceeds of its initial public offering in a portfolio of common shares (the “Common Share Portfolio”) and entering into a forward purchase and sale agreement (the “Forward Agreement”) with BMO Capital Markets Inc. (the “Counterparty”). The Fund does not invest directly in the Strategic Trust. As a result of the Forward Agreement, the returns of the Fund are intended to correlate with the investment in the Strategic Trust.

The Fund will partially settle the Forward Agreement prior to the Forward Agreement termination date in order to fund monthly distributions as well as redemptions of Fund Units by unitholders from time to time and for payment of expenses of the Fund and Strategic Trust.

The Fund also pays to the counterparty a fee under the Forward Agreement equal to 0.45% per annum of the net asset value of the Common Share Portfolio plus a fee, which may vary, based on the value of the Common Share Portfolio, calculated and payable monthly in arrears. This fee, which may vary, is intended to compensate the counterparty for the costs of hedging its exposure under the Forward Agreement.

The Forward Agreement has a termination settlement date of December 10, 2012.

As at December 31, 2009, the Common Share Portfolio of the Fund, which is used as collateral for the forward agreement, was as follows:

Number of Shares	Description	Fair Value \$
554,221	Celestica Inc. Sub. Voting	5,520,041
361,991	CGI Group Inc. Cl.A Sub. Voting	5,154,752
354,018	Eldorado Gold Corporation	5,281,948
1,095,847	Fairborne Energy Ltd.	5,227,190
358,500	Hudbay Minerals Inc.	4,864,845
366,114	Ivanhoe Mines Ltd.	5,678,428
445,631	Nuvista Energy Ltd.	5,561,475
320,593	Red Back Mining Inc.	4,808,895
73,457	Research In Motion Limited	5,217,651
314,529	RONA Inc.	4,859,473
135,365	Teck Cominco Limited Cl.B Sub. Voting	4,984,139
421,848	Thompson Creek Metals Company, Inc.	5,201,386
485,572	Viterra, Inc.	4,792,596
Value of Common Share Portfolio		\$67,152,819

5. FINANCIAL INSTRUMENTS

Management of financial risks

Through the Forward Agreement described in Note 4, the Fund is exposed to the risks through the holding of the Strategic Trust, which invests primarily in U.S. dollar denominated global convertible bonds. As a result, the Fund is exposed to various types of risks that are associated with its investment strategies, financial instruments and the markets in which it invests.

The Fund and the Strategic Trust are exposed to various financial risks, including market risk (consisting of currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Fund’s and Strategic Trust’s overall risk management programme seeks to minimize potentially adverse effects of those risks on the Strategic Trust’s financial performance. The Strategic Trust may use derivative financial instruments to mitigate certain risk exposures.

The Fund is an actively managed investment fund. The investment objectives are to provide unitholders with monthly distributions and to achieve capital appreciation through an actively managed portfolio comprised primarily of U.S. dollar denominated global convertible bonds.

The Strategic Trust is an actively managed investment trust. The Strategic Trust’s investment objectives are to provide the Counterparty to the Forward Agreement with distributions and the opportunity for capital appreciation in order for the Fund to meet its investment objectives.

Market risk

Although the Fund’s Common Share Portfolio is comprised of equity securities that are subject to market price risk and the value of the Forward Agreement will fluctuate as a result of changes in market conditions, the Fund itself is not exposed to the market price risk of the equity securities as they are collaterals for the Forward Agreement.

The Strategic Trust may take positions in traded instruments, which may include derivatives. Therefore, within defined limits, the Strategic 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 Sub-Advisor mitigates this risk through careful selection of securities and other financial instruments, within specified limits. The maximum risk for financial instruments held by the Strategic Trust is determined by the fair value thereof.

The Strategic Trust’s overall market positions are monitored on a daily basis by the Sub-Advisor, weekly by the Manager, and are reviewed semi-annually by the Board of Directors of the Manager.

As at December 31, 2009, the Fund’s market risk is potentially affected by two main components, being changes in actual market prices and

NOTES TO FINANCIAL STATEMENTS (continued)

changes in foreign currency rates. The Fund's sensitivity to foreign currency movements is reported below under currency risk.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments.

As at December 31, 2009, the Fund held no short-term deposit notes or other interest-bearing securities directly. The Fund also has no interest-bearing liabilities. As a result of this, the Fund had minimal risk due to the changes in prevailing market interest rates.

Through its investment in the Strategic Trust, the Fund is exposed to interest rate risk from the Strategic Trust's holding in fixed-rate debt instruments, the value which fluctuates due to changes in prevailing levels of market interest rates.

As at December 31, 2009, the Fund's and the Strategic Trust's exposure to interest rate risks by the fixed income debt instruments' remaining term to maturity was as follows:

Debt Instruments		% of Net Assets
Less than 1 year	1,503,727	2.39
1 to 3 years	7,712,383	12.25
3 to 5 years	4,965,248	7.89
Greater than 5 years	9,174,715	14.57
Total	23,356,073	37.10

At December 31, 2009, if the prevailing interest rates had risen or declined by 0.25%, assuming a parallel shift in the yield curve, with all other variables held constant, the Fund's net assets would have decreased or increased, respectively, by approximately \$231,225. The Trusts' sensitivity to interest rate changes was estimated using the weighted average duration of the bonds. In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

Credit risk

Credit risk is the risk of non-payment of scheduled interest and/or principal payments. Credit risk is also the risk that one or more investments in the portfolio of the Trust will decline in price, or fail to pay interest or principal when due, because the issuer of the security experiences a decline in its financial status.

As at December 31, 2009, the Fund does not hold short-term deposit notes or other interest-bearing securities directly. The Fund was exposed to credit risk through the counterparty of the Forward Agreement. BMO Capital Market Inc. had an A+ credit rating, as at December 31, 2009, according to S&P rating agency. As a result of this, the Manager believes the Fund had minimal credit risk.

The Fund's ability to pay distributions is dependent upon the performance of the Strategic Trust's assets. That performance, in turn, is subject to a number of risks, and in particular, the credit risk of the U.S. dollar denominated global convertible bonds of the Strategic Trust. The value of the U.S. dollar denominated global convertible bonds is affected by the creditworthiness of borrowers and by general economic and specific industry conditions.

At December 31, 2009, the Strategic Trust was invested in debt securities with the following credit ratings:

Debt securities by S&P rating	% of Net Assets
BBB+ or better	1.9%
BBB	0.0%
BBB-	0.0%
BB+	0.0%
BB	6.3%
BB-	4.2%
B+	5.1%
B	1.5%
B-	2.5%
CCC+ or lower	11.5%
Not rated	11.1%
Total	44.1%

Liquidity risk

Liquidity risk is the possibility that investments in the Fund cannot be readily converted into cash when required.

The Fund maintains sufficient liquidity from the partial settlement of the Forward Agreement and, therefore, has minimal liquidity risk.

The Strategic Trust is exposed to liquidity risk as the resale, or secondary market, for global convertible bonds held by the Strategic Trust is less liquid and less transparent than publicly-traded markets. However, the Strategic Trust does seek to invest the majority of its assets in companies whose bond issues are large and in investments that are traded in active markets and can be readily disposed of.

NOTES TO FINANCIAL STATEMENTS (continued)

Currency risk

Net asset value is measured in Canadian dollars and payments to unitholders are made in Canadian dollars. The Fund itself is not directly exposed to the fluctuations in the value of the Canadian dollar relative to other currencies as a result of the Forward Agreement.

Through its investment in the Strategic Trust, the Fund is exposed to currency risks as the Strategic Trust may hold assets or have liabilities denominated in currencies other than in Canadian dollars. As at December 31, 2009, the Strategic 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 Strategic Trust's exposure to currency risks, as at December 31, 2009:

December 31, 2009	Financial Assets	Other Assets	Foreign Forward Currency Contract	Financial Liabilities	Other Liabilities	Total Exposure	% of Net Assets
US Dollar	63,487,970	394,710	(62,682,488)	-	(922,548)	277,644	0.44%

As at December 31, 2009, had the Canadian dollar strengthened or weakened by 1% against each of the other currencies with all other variables remaining constant, net assets of the Strategic Trust for the period would have decreased or increased by \$2,776.

Other market risk

Other market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital.

If prices of each of the investments in the Strategic Trust had strengthened or weakened by 1% with all other variables remaining constant, including prices of each of the investments in the Fund, Net Assets of the Fund and the Strategic Trust for the period would have increased or decreased by \$290,053.

If prices of each of the investments in the Fund had strengthened or weakened by 1% with all other variables remaining constant, including prices of each of the investments in the Strategic Trust, Net Assets of the Fund for the period would have remained the same due to the fact that the common share portfolio is held as collateral thus not subject to market risk.

NOTES TO FINANCIAL STATEMENTS (continued)

Fair Value Measurements

The amended 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 or 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 following is a summary of the inputs used as of December 31, 2009 in valuing the Fund’s and the Strategic Trust’s investments carried at fair value:

Navina/Lazard U.S. High Yield Bond Fund

	Level One	Level Two	Level Three	Totals
Financial Assets				
EQUITIES				
COMMON STOCK	67,152,819	0	0	67,152,819
TOTAL EQUITIES	67,152,819	0	0	67,152,819
Total Financial Assets	67,152,819	0	0	67,152,819
Financial Liabilities				
FORWARD AGREEMENT	0	4,038,398	0	4,038,398
Total Financial Liabilities	0	4,038,398	0	4,038,398

Navina/Lazard Strategic Trust

	Level One	Level Two	Level Three	Totals
Financial Assets				
EQUITIES				
PREFERRED STOCK	5,649,165	0	0	5,649,165
TOTAL EQUITIES	5,649,165	0	0	5,649,165
FIXED INCOME				
CONVERTIBLE BONDS	0	17,023,384	0	17,023,384
CORPORATE BONDS	0	6,332,689	0	6,332,689
TOTAL FIXED INCOME	0	23,356,073	0	23,356,073
Total Financial Assets	5,649,165	23,356,073	0	29,005,238
Other Financial Instruments				
FORWARD FOREIGN CURRENCY CONTRACTS	0	122,800	0	122,800
Total Other Financial Instruments	0	122,800	0	122,800

6. TAXATION

The Fund qualifies as a “mutual fund trust” within the meaning of the Income Tax Act (Canada). The Fund is subject to applicable federal and provincial taxes on the amount of its net income for tax purposes for the period, 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 period.

The Strategic Trust is subject to applicable federal and provincial taxes on the amount of its net income for tax purposes for the period, 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 period.

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 Fund had a non-capital loss carry forward balance of \$82,534 (expiring in 2029) and a \$nil capital loss carry forward balance. As at December 31, 2009, the Strategic Trust had \$nil capital and non-capital loss carry forward balances.

7. EXPENSES OF THE TRUSTS

Management fees

Pursuant to the Declaration of Trust, the Manager provides all administrative services required by the Trusts, including the appointment of the Investment Manager and the Sub-Advisor to the Strategic Trust.

In return, the Manager receives a monthly fee at the annual rate of 1.25%, plus applicable taxes, of the net asset value of the Fund, calculated and payable monthly in arrears. The Manager is responsible for payment of the investment management fees of the Investment Manager and Sub-Advisor out of its annual management fees.

The Fund also pays to the Manager an annual servicing fee equal to 0.40% of the net asset value of the Fund. The servicing fee will be payable to each dealer whose clients hold Fund Units. The servicing fee, plus applicable taxes, will accrue daily and be paid at the end of each calendar quarter and will be paid to dealers in arrears. Dealer servicing fees for the period were \$15,898.

Other expenses

The Fund 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 period ended December 31, 2009, brokerage commissions for the Fund were \$nil, and for the Strategic Trust were \$1,027. There were no soft dollar amounts included in these payments.

The Fund will also pay to the counterparty a fee under the Forward Agreement equal to 0.45% per annum of the Net Asset Value of the Strategic Trust plus a fee, which may vary, based on the value of the Common Share Portfolio, calculated and payable monthly in arrears. This fee, which may vary, is intended to compensate the counterparty for the costs of hedging its exposure under the Forward Agreement.

8. UNITHOLDERS' EQUITY

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

The Fund does not have a fixed termination date. However, the Fund 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 Fund without the approval of unitholders if, in its opinion, the net asset value of the Fund is reduced as a result of redemptions or otherwise so that it is no longer economically feasible to continue the Fund or the Trustee determines to terminate the Fund in connection with a permitted merger. In case the Fund is terminated, the Fund shall, to the extent possible, convert its assets to cash and, after paying or making adequate provision for all of the Fund's liabilities, distribute the net assets of the Fund, on a pro-rata basis, to the unitholders.

On or about June 30, 2011, the Fund will, subject to receipt of any required regulatory approvals, automatically convert to an open-end mutual fund (the “Open-End Fund”) to be managed by the Manager (the “Conversion”). The Open-End Fund will invest in an actively managed portfolio comprised primarily of U.S. dollar denominated global convertible bonds.

Prior to Conversion, Fund Units may be surrendered for redemption by the registered unitholder during the period between May 2, 2011 and 5:00 p.m. (Toronto time) on May 30, 2011 (the “Notice Period”) to the registrar and transfer agent of the Fund. Fund Units surrendered for redemption by a unitholder during the Notice Period will be redeemed on May 31, 2011 and the unitholder will receive payment on or before 14 day after this date at a redemption price equal to the net asset value per unit less any costs of funding the redemption.

NOTES TO FINANCIAL STATEMENTS (continued)

In addition, Fund Units may be surrendered for redemption in any month. Fund Units properly surrendered for redemption by a unitholder prior to 5:00 p.m. (Toronto time) on the 10th 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) 95% of the weighted average trading price of the Fund Units on the TSX during the 10 trading days preceding the applicable Monthly Redemption Date; and

(b) an amount equal to:

- i. 95% of 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. 95% of 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. 95% of 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.

The Strategic Trust is authorized to issue an unlimited number of units of a single class of transferrable, redeemable units of beneficial interest, each of which represents an equal undivided interest in the net assets of the Strategic Trust.

The Strategic Trust does not have a fixed termination date. However, the Strategic Trust may be terminated at any time upon not less than 90 days' written notice by the Trustee provided that the approval of unitholders has been obtained by a majority vote at a meeting of unitholders called for the purpose (the "Termination Date") provided, however, that the Trustee may, in its discretion, on 60 days' notice to unitholders, terminate the Strategic Trust without the approval of unitholders if, in the opinion of the Trustee, the Net Asset Value of the Strategic Trust is reduced as a result of redemptions or otherwise so that it is no longer economically feasible to continue the Strategic Trust.

Units of the Strategic Trust may be redeemed for a redemption price per unit (the "Redemption Amount") equal to the Net Asset Value per unit as at any business day (each a "Redemption Date"). Units surrendered for redemption by a unitholder on or before 4:00 p.m. (Toronto time) on any Redemption Date will be redeemed as at such Redemption Date and the unitholder will receive payment in respect of any units surrendered for redemption on the second business day after the Redemption Date.

9. NET CAPITAL TRANSACTIONS

Net capital transactions for the Fund for the period ended December 31, 2009 consisted of the following:

Number of units outstanding, beginning of period	-
Issuance of Units	6,700,000
Number outstanding, end of period	6,700,000

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

Number outstanding, beginning of period	-
Issuance of Units	6,700,000
Number outstanding, end of period	6,700,000

Capital Management

Unitholders equity is considered to be the source of capital for the Fund and the Strategic Trust. The Fund's and the Strategic Trust's objectives are managing capital to safeguard the Fund's and Strategic 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 revenues and expenses of the Fund and the Strategic Trust are reasonably predictable and stable and since the Fund and the Strategic Trust do 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 monitors the cash position and financial performance

NOTES TO FINANCIAL STATEMENTS (continued)

10. FORWARD FOREIGN CURRENCY CONTRACTS

As at December 31, 2009, the Fund had not entered into forward foreign currency contracts to deliver currencies at specified future dates.

As at December 31, 2009, the Strategic Trust had entered into forward foreign currency contracts to deliver currencies at specified future dates as follows:

Contracts		Sold \$		Bought \$	Settlement Date	Unrealized Gain (Loss)	Counterparty	Credit Rating
1	USD	59,674,875	CAD	62,682,488	Mar 17, 2010	122,800	State Street	AA-
Totals						\$122,800		

CAD - Canadian Dollar

USD - U.S. Dollar

11. DISTRIBUTIONS

The Fund 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 Fund will not have a fixed monthly distribution but will determine and announce each April, commencing in 2011, the indicative distribution amount for the following twelve months. Monthly distributions will be paid to unitholders no later than 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 period, was \$0.0583 per Fund Unit. For the period ending December 31, 2009, the Fund paid \$0.0414 per Fund Unit.

The Strategic Trust endeavours to make monthly distributions to its unitholder in accordance with its investment objectives. For the period ending December 31, 2009, the Strategic Trust distributed and reinvested \$0.0588 per Strategic Trust Unit without the issuance of additional Strategic Trust units.

12. MARKET PURCHASES

The Manager may purchase Fund 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, no Fund Units had been purchased by the Manager.



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