

 **WHAT IS THE NAV CURRENTLY ON GFF.UN?**

\$9.47/unit (data as of June 2, 2006 Valuation Date)

 **WHAT ARE THE CURRENT HOLDINGS?**

Approximately 93% of the fund is invested in 57 financial global equities across Europe, Asia and the US. The top 10 holdings are:

- Man Group Ord (UK)
- Intesabci SPA (Italy)
- Unicredito Italiano (Italy)
- HSBC (UK)
- Lloyds TSB (UK)
- DNB NOR ASA (Norway)
- Citigroup (USA)
- Credit Suisse GR (Switzerland)
- BNP Paribas (France)
- Collins Stewart Tullett PLC (UK)

 **WHEN WERE THE FUNDS INVESTED?**

Global Financial markets declined with the general market pullback in mid-May and the funds were invested selectively during this time, faster than originally planned given the overall decline. Specifically, the timelines on the investment of the funds were:


- Deal closed May 17, 2006
- Funds provided to Newstar May 18, 2006
- 65% invested as of May 25, 2006
- 93% invested as of June 2, 2006

The investment case presented by New Star in the offering and throughout the road shows remains the same, with the correction removing some of the “froth” from the markets.

 **WHAT IS THE CURRENT THINKING ON GLOBAL FINANCIAL MARKETS?**

While the slowdown in the US housing market, higher energy costs and rising interest rates are expected to curb consumption, a weaker dollar should provide a prop for US corporate profits. The recent sell off and volatility in markets, in our view, is an over reaction to a reasonably modest inflationary threat. Although markets had reached all time highs this was driven by favorable earnings trends. We believe that this trend has not reversed and the outlook remains positive although some short-term volatility may persist.

The Fund’s core themes remain as set out in the launch materials: European banking expansion and exposure to the momentum resulting from buoyant capital markets activity and wealth management expansion. As a result of the strong wealth creation in Europe, the Middle East, Russia and Asia, international investment banking markets are growing at a rate three times faster than in the US. To benefit from this, European banks with significant investment banking presence, such as Credit Suisse, UBS and BNP Paribas, represent more than 15% of the portfolio. Positive trends can also be seen in wealth and asset management; companies focused in this area also represent approximately 15% of the portfolio. The Fund’s largest position, Man Group, the hedge fund manager, provides exposure to the ever-increasing demand for absolute return strategies. Man Group is skilled at product structuring, has outstanding distribution skills and is reporting strong sales. In addition, its recent Refco acquisition has been integrated and we expect a share buyback funded by its substantial performance fees.

 **WHEN WILL THERE BE ANOTHER MARKET UPDATE ON GFF.UN?**

New Star has agreed to provide us with quarterly updates and commentary, with the first quarterly update coming late July, based on a June quarter end. The NAV on the fund is updated weekly.