2009 Annual Management Report of Fund Performance

for the year ended December 31, 2009

Skylon Global Capital Yield Trust

SKYLON CI Investments

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the investment trust. You can get a copy of the annual financial statements at your request, and at no cost, by calling 1-800-268-9374, by writing to us at CI Investments Inc., 2 Queen Street East, Twentieth Floor, Toronto, ON M5C 3G7 or by visiting our website at www.ci.com or SEDAR at www.sedar.com.

Securityholders may also contact us using one of these methods to request a copy of the investment trust's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

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INVESTMENT OBJECTIVE AND STRATEGIES

Skylon Global Capital Yield Trust's (the "Trust") investment objectives are:

1) to provide a stable stream of tax-efficient monthly distributions consisting of capital gains and return of capital of $0.1510 per unit, and;
2) to endeavour to preserve and enhance the net asset value of the Trust in order to return at least the original subscription price of the units ($25.00 per unit) to holders on or about July 31, 2012 (the "Termination Date").

To provide the Trust with the means to meet its investment objectives, the Trust has invested the proceeds of its initial offering in a portfolio of common shares of Canadian public companies and subsequently entered into forward purchase and sale agreements with TD Global Finance and Royal Bank of Canada (the "Counterparties") pursuant to which the counterparties have agreed to pay to the Trust on or about the Termination Date as the purchase price for the common share portfolio an amount equal to 100% of the redemption proceeds of a corresponding number of units of Skylon Global High Yield Trust (the "Global High Yield Trust"). This amount may be more or less than the original subscription price of the units. The Trust will partially settle the forward agreement prior to the termination date in order to fund monthly distributions as well as redemption of units by holders from time to time, payment for purchases of units in the market, and expenses of the Trust. The return to the unitholders and the Trust is dependent upon the returns of the Global High Yield Trust and its holdings (the "Global High Yield Portfolio") by virtue of the forward agreement. Neither the Trust nor the unitholders have any ownership interest in the Global High Yield Trust or the Global High Yield Portfolio. The Global High Yield Portfolio is actively managed by Pacific Investment Management Company LLC which acts as portfolio advisor to the Global High Yield Trust. The Global High Yield Portfolio consists primarily of global high-yield instruments.

The portfolio advisor retains the flexibility to invest in investment-grade fixed income assets if and when deemed appropriate, subject to certain restrictions. In selecting investments for the Global High Yield Portfolio the portfolio advisor assesses risk characteristics, taking into consideration factors such as credit quality and duration. The Global High Yield Portfolio may be diversified by company, industry, and sector. Canadian or U.S. government debt and/or cash equivalents may also be held from time to time as market conditions dictate. The Global High Yield Trust may lever up to 30% of its total assets. It may invest in futures contracts and use derivatives for hedging, investment or leverage purposes consistent with its investment objective, investment strategy and investment restrictions. Global High Yield Trust may take long and short positions in derivatives and securities. It may invest in "structured" notes, which are privately negotiated debt obligations where the principal and/or interest is determined by reference to the performance of a benchmark asset or market, or in other types of "hybrid" instruments which combine the characteristics of securities, futures, and options.

RISK

The risks of investing in the Trust remain as discussed in its Initial Public Offering Prospectus. There can be no assurance that the Trust will be able to achieve its monthly distribution objective or its objective to endeavour to preserve and enhance the net asset value to return at least the original subscription price on or about the Termination Date, or that the Global High Yield Portfolio will earn any return. As a consequence of entering into the forward agreement, the Trust forgoes the benefits of any increase in the value of the common share portfolio. The Trust is suitable for investors who have the capacity to absorb a loss of some or all of their investment, can withstand the effect of the target return not being met in any period, want a higher-risk investment that is focused on generating stable monthly distributions, and are planning to hold their investment for the long term.

RESULTS OF OPERATIONS

The net asset value of the Trust decreased by $0.3 million to $6.8 million from December 31, 2008 to December 31, 2009. The Trust had net redemptions of $1.1 million for the period. The Trust paid distributions totaling $0.6 million while the portfolio's performance increased assets by $1.4 million. The Trust's one-year return was 20.8%, as compared to the benchmark's return of 47.3% in Canadian dollars for the same period. The benchmark is a combination of the J.P. Morgan Emerging Markets Bond Index Global - 50% and the Merrill Lynch U.S. High Yield Master II Index - 50%.

The following commentary pertains to the results of operations of the Skylon Global High Yield Trust.

With global central bank policy rates near zero and the massive policy responses to the financial crisis and “great recession” that began in the second half of 2008, risky assets around the world continued the powerful rally that began in March 2009, though with increased volatility. Within the credit sector, performance was best in the lower quality tiers, where credit premiums on some bonds plunged from the start of the year by more than 1,000 basis points (10 percent). High-grade credit premiums narrowed by 200-300 basis points. The financial sector within investment-grade bonds outperformed the broader market in the second quarter as some banks began to wean themselves off government aid.

Credit premiums on emerging market (EM) bonds also narrowed sharply, helping produce gains in both local and external EM markets. Those countries with stronger financial conditions going into the economic downturn, such as China and Brazil, outperformed in part through internal/domestic markets.

Government bonds of most developed economies remained volatile as conflicting economic data created periods of significant uncertainty and ever changing flights to quality flows.

RECENT DEVELOPMENTS

The Advisor expects the global economic recovery will likely be bifurcated over the next year. Growth in China and other emerging countries will be relatively robust, though slower than before the financial crisis that began in 2008. Recovery in developed economies is expected to be more tepid, particularly in the U.S. and U.K. where initial conditions going in to the crisis were much worse. The continued high level of policy uncertainty and relative rich valuations for fixed-income assets warrants added caution when assessing overall risk exposures. The key themes in the Advisor’s outlook include:

- Remaining overweight to high-quality emerging market debt that emphasizes systemically important countries that demonstrate the ability to respond to the continued global economic slump
- Continuing to reposition the portfolio via an “up in quality” approach within corporate credits, both investment grade and high yield, given the expected severity of the default cycle that is expected to work its way through developed economies
- Maintaining the overweight bias towards select diversified banking credits that have higher equity capital levels, reduced issuance needs and strong credit fundamentals.

International Financial Reporting Standards

On February 13, 2008, the Canadian Accounting Standards Board (“AcSB”) confirmed that the use of International Financial Reporting Standards (“IFRS”) will be required in 2011 for all publicly accountable profit-oriented enterprises. IFRS will replace Canadian Generally Accepted Accounting Principles (“Canadian GAAP”). IFRS becomes effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011.

Based on the Manager’s current evaluation of the differences between IFRS and Canadian GAAP, the Manager currently does not expect any impact to net asset value or net asset value per unit as a result of the transition to IFRS, and expects that the main impact will be on the financial statements, where additional disclosures or changes in presentation will be required. Further updates on the progress in the implementation of the IFRS transition plan and any changes to reporting will be provided during the implementation period leading up to January 1, 2011.

RELATED PARTY TRANSACTIONS

Manager

CI Investments Inc. is the Manager of the Trust and in consideration for management fees of $0.02 million, provided management services required in the day-to-day operations of the Trust for the period.

Management Fees

100% of the management fees received for the period, were used to pay for investment management and other general administration.

Broker Commissions

During the period, the Trust did not pay brokerage commissions to Blackmont Capital Inc., a subsidiary of CI Financial Corp., or to Bank of Nova Scotia or its subsidiaries. Bank of Nova Scotia has a significant interest in CI Financial Corp., the parent company of CI Investments Inc. Bank of Nova Scotia has a significant interest in DundeeWealth Inc. The Trust did not pay brokerage commissions to DundeeWealth Inc., or its subsidiaries.

Independent Review Committee

The Trust received standing instructions from the Board of Governors ("BoG") in its capacity as the Independent Review Committee ("IRC") with respect to the following Related Party Transactions:

a) trades in securities of CI Financial Corp., Bank of Nova Scotia, Dundee Corporation and DundeeWealth Inc.;

b) investments in the securities of issuers for which affiliates or related parties to the Manager, acted as an underwriter during the distribution of such securities and the 60-day period following the completion of such distribution (referred to as "Underwriting of Securities");

c) paying brokerage commissions to affiliates or related parties of the Manager on behalf of the Trust (referred to as "Broker Commissions"); and

d) purchases or sales of securities of an issuer from or to another investment fund managed by the Manager (referred to as "Inter-Fund Trades").

The applicable standing instructions require that Related Party Transactions be conducted in accordance with the Manager's policies and procedures. The Manager is required to advise the BoG of any material breach of a condition of the standing instructions. The standing instructions require, among other things, that the investment decision in respect to Related Party Transactions (a) are made by the Manager free from any influence by any entities related to the Manager and without taking into account any consideration to any affiliate of the Manager; (b) represent the business judgment of the Manager uninfluenced by considerations other than the best interests of the Trust; and (c) are made in compliance with the Manager's polices and procedures. Transactions made by the Manager under the standing instructions are subsequently reviewed by the BoG on a quarterly basis to monitor compliance.

The Trust relied on the BoG's standing instructions regarding Related Party Transactions during this reporting period.

FINANCIAL HIGHLIGHTS

The follwing table shows selected key financial information about the Trust and is intended to help you understand the Trust's financial performance for the past five years.

The Ratios & Supplemental Data shown below are based on Net Asset Values.

THE TRUST'S NET ASSETS PER UNIT ($)(1)

	2009 ($)	2008 ($)	2007 ($)	2006 ($)	2005 ($)
Net assets, beginning of year(2)	22.49	29.06	29.95	30.03	30.83
Increase (decrease) from operations:					
Total revenue	–	0.03	0.03	0.02	0.02
Total expenses	(0.21)	(0.24)	(0.25)	(0.25)	(0.27)
Realized gains (losses) for the period	2.13	1.83	2.59	4.82	9.77
Unrealized gains (losses) for the period	2.55	(6.37)	(1.47)	(2.89)	(8.02)
Total increase (decrease) from operations(2)	4.47	(4.75)	0.90	1.70	1.50
Distributions:					
From income (excluding dividends)	–	–	–	–	–
From dividends	–	–	–	–	–
From capital gains	(0.23)	(1.37)	–	–	–
Return of capital	(1.58)	(0.44)	(1.81)	(1.81)	(2.28)
Total annual distributions(2)(3)	(1.81)	(1.81)	(1.81)	(1.81)	(2.28)
Net assets at December 31 of year shown(2)	25.13	22.49	29.06	29.98	30.03

RATIOS AND SUPPLEMENTAL DATA

	2009 ($)	2008 ($)	2007 ($)	2006 ($)	2005 ($)
Net asset value ($000's)(7)	6,849	7,122	11,436	15,547	17,716
Number of units outstanding (000's)	272	316	393	519	590
Management expense ratio (%)(4)	2.07	2.00	1.98	2.07	2.41**
Portfolio turnover rate (%)(5)	12.11	57.50	26.46	75.99	153.60
Trading expense ratio (%)(6)	0.97	0.94	0.89	–	–
Net asset value per unit ($)(7)	25.21	22.54	29.09	29.98	30.03
Closing market price (TSX) ($)	25.00	18.30	27.50	28.50	29.75

(1) This information is derived from the Trust's audited annual financial statements. The net assets per unit presented in the financial statements differs from the net asset value calculated for Trust pricing purposes. An explanation of these differences can be found in the notes to the financial statements or in footnote (7) below.

(2) Net assets per unit and distributions per unit are based on the actual number of units outstanding at the relevant time. The increase (decrease) in net assets from operations per unit is based on the weighted average number of units outstanding over the fiscal year.

(3) Distributions were paid in cash.

(4) Management and operating expenses and management expense ratio information is based on total expenses charged to the Trust (excluding commissions and other portfolio transaction costs), and is expressed as an annualized percentage of daily average net asset value for the year.

(5) The Trust's portfolio turnover rate indicates how actively the Trust's portfolio advisor manages its 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 fiscal year. The higher a 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 taxable capital gains in the year. There is not necessarily a relationship between a higher turnover rate and the performance of a Trust. Portfolio turnover rate is calculated by dividing the lesser of the cost of purchases and the proceeds of sales of portfolio securities for the year, excluding cash and short-term investments maturing in less than one year, by the average of the monthly fair value of investments during the year.

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

(7) Section 14.2 of National Instrument 81-106 requires the net assets of an investment fund to be calculated using the fair value of the fund's assets and liabilities. Canadian GAAP requires a different valuation method for calculating net assets for financial reporting purposes. For the purpose of processing unitholder transactions, net assets are calculated based on the closing market price (referred to as "Net Asset Value"), while for financial statement purposes net assets are calculated based on bid/ask price (referred to as "Net Assets").

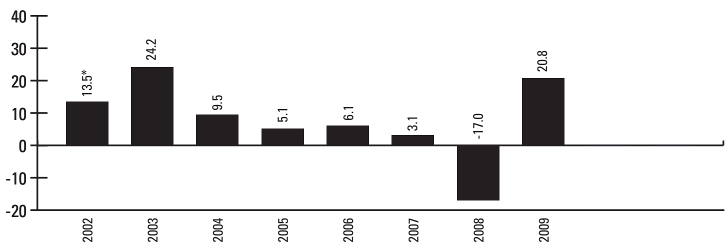
***Expenses of the underlying fund used in the MER calculation are based on 2004 information, the last audited information available at the time of preparing this report.*

PAST PERFORMANCE

This section describes how the Trust has performed in the past. Remember, past returns do not indicate how the Trust will perform in the future. The information shown assumes that distributions made by the Trust in the years shown were reinvested in additional units of the Trust. In addition, the information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance.

Year-by-Year Returns

The following chart shows the Trust's annual performance for each of the years shown, and illustrates how the Trust's performance has changed from year to year. In percentage terms, the chart shows how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year, except where noted.



**This figure is for the period from July 24, 2002 to December 31, 2002.*

Annual Compound Returns

The following table shows the Trust's annual compound returns for each period indicated, compared to the J.P. Morgan Emerging Markets Bond Index Global, the Merrill Lynch U.S. High Yield Master II Index, and the Blended Index composed of: 50% - J.P. Morgan Emerging Markets Bond Index Global, and 50% - Merrill Lynch U.S. High Yield Master II Index.

The J.P. Morgan Emerging Markets Bond Index Global ("EMBI Global") is an unmanaged index which tracks the performance of external debt instruments (external meaning foreign currency denominated debt instruments) in emerging markets. The Index includes debt instruments like Brady bonds, loans, Eurobonds and U.S. dollar-denominated local market instruments.

The Merrill Lynch U.S. High Yield Master II Index is an unmanaged index that tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market.

A discussion of the performance of the Trust as compared to the J.P. Morgan Emerging Markets Bond Index Global, the Merrill Lynch U.S. High Yield Master II Index and the Blended Index composed of: 50% - J.P. Morgan Emerging Markets Bond Index Global, and 50% - Merrill Lynch U.S. High Yield Master II Index are found in the Results of Operations section of this report.

	1 Year	3 Years	5 Years	Since Inception
Skylon Global Capital Yield Trust (%)	20.8	1.2	2.9	8.1
Blended Index (%)	47.3	6.0	6.8	9.2
J.P. Morgan Emerging Markets Bond Index Global (%)	68.9	8.3	7.8	11.4
Merrill Lynch U.S. High Yield Master II Index (%)	28.2	3.5	5.5	6.9

SUMMARY OF INVESTMENT PORTFOLIO as at December 31, 2009

Portfolio Breakdown*

Category	Percentage of Net Asset Value (%)
Country allocation	
U.S.A.	95.4
Cash & Equivalents	3.3
Other Assets	0.7
Credit Default Swap Contracts	0.6

Portfolio Breakdown* (cont'd)

Category	Percentage of Net Asset Value (%)
Sector allocation	
Funds	92.0
Cash & Equivalents	3.3
Government Bonds	3.0
Other Assets	0.7
Credit Default Swap Contracts	0.6
Telecommunication Services	0.3
Asset Backed	0.1

** These are portfolio breakdowns and holdings of the underlying trust Skylon Global High Yield Trust. Skylon Global Capital Yield Trust is exposed to these portfolio breakdowns and holdings as a result of a forward agreement.*

The summary of investment portfolio may change due to ongoing portfolio transactions and updates are available on a quarterly basis.

SUMMARY OF INVESTMENT PORTFOLIO as at December 31, 2009 (cont'd)

Top Holdings*

Security Name	**Percentage of Net Asset Value (%)**
PIMCO Emerging Markets Bond Fund	46.0
PIMCO GIS High Yield Bond Fund	39.2
PIMCO Developing Local Markets Fund	3.6
PIMCO Diversified Income Fund Institutional Accumulation	3.3
United States Treasury Notes 1.125% 06/30/2011	3.0
Cash	2.1
Sprint Nextel Corp., 6% 12/01/2016	0.3
Fannie Mae Whole Loan 0.58125% 09/25/2042	0.1

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A NOTE ON FORWARD-LOOKING STATEMENTS

This report may contain forward-looking statements about the Trust, its future performance, strategies or prospects, and possible future Trust action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective," and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Trust and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made by the Trust. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchanges rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.