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## **GLOBAL DIVERSIFIED INVESTMENT GRADE INCOME TRUST**

### **MANAGEMENT REPORT OF FUND PERFORMANCE**

**June 30, 2007**

This interim management report of fund performance contains financial highlights but does not contain the complete financial statements of the investment fund. You can get a copy of the interim financial statements by visiting the website of National Bank Financial Inc. at [www.nbfinancial.com](http://www.nbfinancial.com) or SEDAR at [www.sedar.com](http://www.sedar.com) or, at your request, and at no cost, by calling toll-free 1-877-879-6424, or by writing to us at 800 Victoria Square, Suite 3400, Montréal, Québec H4Z 1E9.

Securityholders may also contact us using one of these methods to request a copy of the investment fund's portfolio disclosure.

# Management Report of Fund Performance

## *Forward-Looking Statements*

*This annual information form contains “forward-looking” statements within the meaning of securities legislation which are based on certain estimations and expectations. Statements that are not historical facts, including statements about assumptions and expectations from management of the Co-Trustees, are forward-looking statements. Such statements are subject to potential risks and uncertainties, and actual results could therefore differ materially. The Co-Trustees’ management undertakes no obligation to publicly update any forward-looking statements to account for any new information, future events or other factors.*

This interim management report of fund performance contains financial highlights but does not contain the complete interim financial statements of the investment fund.

Metcalf & Mansfield Alternative Investments Corp. and 4227298 Canada Inc are the co-trustees of the issuer, Global Diversified Investment Grade Income Trust (“**Global Digit**”). Metcalf & Mansfield Alternative Investments Corp. is the trustee for MMAI-I Trust (“**MMAI-I**”), a trust consolidated with Global Digit. Global Digit and MMAI-I are collectively referred to as the “**Trust**” in this report and in the interim financial statements. Metcalf & Mansfield Alternative Investments Corp. and 4227298 Canada Inc are affiliates and are collectively referred to as the Trustee in this report.

## **1. Investment Objectives and Strategy**

Global Digit’s principal objectives are:

- (i) to provide holders of units (the “**Unitholders**”) with a fixed rate stream of monthly distributions equal to \$0.0495 per unit (\$0.594 per annum) (5.94% per annum compounded monthly or an effective annual rate of 6.10% on the original issue price of \$10.00) up to on or about September 7, 2009 and, thereafter, a floating distribution rate equal to the rate of bankers acceptances plus 2%. The distributions consist of capital reimbursements, which reduce the adjusted cost base, until such adjusted cost base of the units is reduced to zero and thereafter, of income payments; and
- (ii) to repay to Unitholders on or about September 7, 2014 (the “**Expected Maturity Date**”), but no later than on or about September 7, 2016 (the “**Legal Maturity Date**”), an amount equal to the original subscription price of \$10.00 per unit.

To meet its objectives, Global Digit entered into three credit default swap agreements providing an economic interest in exposures then rated A-/A by Standard&Poor’s Rating Services, a division of The McGraw-Hill Companies, Inc. (“**S&P**”) with MMAI-I, which itself entered into six credit default swap agreements (the “**Financial Contract**”) with one of the ten largest global financial institutions (the “**Bank**”) by assets, having a rating for its long-term debt obligations as of June 30, 2007 of AA- by S&P and Aa1 by Moody’s Investors Services, Inc. (“**Moody**”). These credit default swaps provide Unitholders with an exposure to six global

diversified portfolios (individually, the “**Credit Exposure A, B, C, D, E or F**” and collectively, the “**Credit Exposures**”) of mortgage-backed securities, asset-backed securities, structured finance securities, synthetic corporate exposures and other fixed-income securities (collectively the “**reference obligations**”). Credit Exposures A, B and C (the “**Senior Exposure**”) contain the same reference obligations as Credit Exposures D, E and F (the “**Mezzanine Exposure**”) respectively. The Senior Exposure has been rated AAA by S&P and Dominion Rating Services Ltd. (“**DBRS**”) while the Credit Exposures D, E and F of the Mezzanine Exposure have been rated A-, A and A respectively by S&P. The Trust’s obligations under the credit default swaps are collateralized by term deposit investments made by the Trust. The term deposit investments have been funded by the proceeds from the initial public offering of Global Digit as well as by the issuance of commercial paper and floating rate notes by MMAI-I.

## **2. Risks**

The Unitholders benefit from a protection in the form of a first loss amount for the Mezzanine Exposure. To the extent that any losses, net of any recoveries, are incurred as a result of credit events in the portfolio in excess of the first loss amount, the notional amount of the Mezzanine Exposure, and therefore the amount that will be repaid to Unitholders by the Trust on the Expected Maturity Date (or Legal Maturity Date, as the case may be) would decline (eventually up to zero), as would monthly distributions on the units.

A credit event is, for a given credit exposure, the occurrence of one of the following events in respect of a reference obligation in the portfolio: bankruptcy, failure to pay and any other loss event in respect of such reference obligation.

Risks and uncertainties associated with investing in Global Digit units remains as described in Schedule A.

## **3. Results of Operations**

The assets of the Trust are primarily an investment in term deposits and credit default swap agreements in relation to three portfolios of Credit Exposures containing, as at June 30, 2007, respectively 83, 93 and 75 securities. The aggregate notional amount of the Credit Exposures is \$36,623,663,612. The aggregate amount of investments and interest-bearing receivable assets under the credit default swaps is \$1,473,801,944.

A comprehensive description of the assets and liabilities of the Trust may be found in the prospectus which can be found on SEDAR at [www.sedar.com](http://www.sedar.com). The following description is intended to provide a plain language summary of its assets and liabilities.

### *Investments*

The investments of the Trust which consists of a Bayerische Landersbank Floating Rate Note and a National Bank of Canada Term Deposit Note have been pledged as collateral under the Financial Contract.

### *Management of the Portfolio*

The Bank makes all decisions concerning the composition of the portfolio of reference obligations and the addition and removal of reference obligations to or from the portfolio, subject to certain investment restrictions. Any changes to the composition of the portfolio by the Bank are made solely in the interest of the parties exposed to the risk of the first loss amount on the Credit Exposures. Irrespective of the amount of losses

sustained in respect of the Credit Exposures, at no time does the Bank have any obligation to act in, or take account of, the interests of the Trust or the Unitholders. The Bank has sole discretion to modify the composition of the portfolio within applicable investment restrictions, which may have a positive or negative impact on the credit performance of the Credit Exposures.

Once acquired, the Credit Exposures are not expected to be replaced, sold or terminated until the Expected Maturity Date (or the Legal Maturity Date, as applicable). The Trustee has no obligation to replace, modify, sell or terminate the Credit Exposures. Subject to the consent of the Bank, the Trustee may request an amendment to certain Credit Exposures (exclusively as to synthetic corporate exposures) if, in its judgement, such amendment is advisable. Such amendment may result in a reduction of the first loss amount. Any amendment to the Credit Exposures held by the Trust are not subject to the approval of the Unitholders and are at the sole discretion of the Trustee.

### *Credit Quality of the Portfolios and Credit Exposures*

#### *Credit Exposures A and D*

As of June 30, 2007, Credit Exposures A and D are respectively the Senior Exposure and the Mezzanine Exposure to a portfolio containing 83 reference obligations, including 78 mortgage-backed securities and asset-backed securities and 5 synthetic corporate exposures.

The S&P ratings of the mortgage-backed securities and asset-backed securities exposures in Credit Exposures A and D were distributed as follows at inception (by notched S&P rating category), on December 31, 2005, December 31, 2006 and June 30, 2007 (by equivalent S&P rating category):

<b>Rating</b>	<b>Inception</b>	<b>December 31, 2005</b>	<b>December 31, 2006</b>	<b>June 30, 2007</b>
AAA	59.8%	68.3%	79.4%	69.4%
AA	21.6%	15.0%	8.1%	9.2%
A	18.6%	16.7%	12.5%	21.4%

The Moody's ratings of the mortgage-backed securities and asset-backed securities exposures in Credit Exposures A and D were distributed as follows at inception (by notched Moody's rating category), on December 31, 2005, December 31, 2006 and June 30, 2007 (by equivalent Moody's rating category):

<b>Rating</b>	<b>Inception</b>	<b>December 31, 2005</b>	<b>December 31, 2006</b>	<b>June 30, 2007</b>
Aaa	55.5%	68.4%	80.1%	70.1%
Aa	21.6%	9.1%	0.6%	0.9%
A	22.9%	22.6%	19.3%	27.1%
Baa	-	-	-	1.8%

The DBRS ratings of the synthetic corporate exposures in Credit Exposures A and D were distributed as follows at inception, on December 31, 2005, December 31, 2006 and June 30, 2007:

<b>Rating</b>	<b>Inception</b>	<b>December 31, 2005</b>	<b>December 31, 2006</b>	<b>June 30, 2007</b>
AAA	40.0%	40.0%	40.0%	40.0%
AA	40.0%	40.0%	40.0%	40.0%
A	20.0%	20.0%	20.0%	20.0%

The weighted average assigned Moody's rating factor of the mortgage-backed securities and asset-backed securities, and synthetic corporate exposures in Credit Exposures A and D was 33 initially (between Aa2 and Aa3 equivalent), 29 as at December 31, 2005 (between Aa2 and Aa3), 24 as at December 31, 2006 (between Aa2 and Aa3) and 35 as at June 30, 2007 (between Aa2 and Aa3). The weighted average assigned Moody's rating factor is calculated by (i) adding the product of the notional amount of each reference obligation and its assigned Moody's rating factor and (ii) dividing such amount determined under (i) by the notional amount and converting the result to its equivalent Moody's rating factor determined as follows: a Moody's rating of Aaa, Aa1, Aa2, Aa3, A1, A2 or A3 is assigned a rating factor of respectively 1, 10, 20, 40, 70, 120 or 180. The reference obligations exposures in Credit Exposures A and D had a weighted average default probability equivalent to a rating between AA and AA- by S&P initially and as of December 31, 2005, between AA+ and AA as of December 31, 2006, and between AA and AA- as of June 30, 2007.

Credit Exposures A and D composition by asset classes at inception, on December 31, 2005, December 31, 2006 and June 30, 2007 were as follows:

<b>Asset Class</b>	<b>Inception</b>	<b>Dec. 31, 2005</b>	<b>Dec. 31, 2006</b>	<b>June 30, 2007</b>
Commercial asset-backed securities	7.6%	7.6%	14.5%	13.7%
Consumer asset-backed securities	4.0%	1.5%	4.0%	4.3%
Residential mortgage-backed securities	41.9%	45.5%	39.4%	34.6%
Commercial mortgage-backed securities	21.5%	17.7%	11.9%	22.3%
Structured exposures to mortgage-backed, asset-backed and corporate securities	0.0%	2.8%	5.2%	-
Synthetic corporate exposures	25.0%	25.0%	25.0%	25.0%

The exposure of the Trust to Credit Exposure D is limited to an amount of \$30,372,000. Further, the exposure of the Trust to each of the 83 obligations included in Credit Exposure D is shown in the right-most column of the table showing Portfolio 1 in Schedule B.

#### *Credit Exposures B and E*

As of June 30, 2007, Credit Exposures B and E are respectively the Senior Exposure and the Mezzanine Exposure to a portfolio containing 93 reference obligations, including 88 mortgage-backed securities and asset-backed securities and 5 synthetic corporate exposures.

The S&P ratings of the mortgage-backed securities and asset-backed securities and exposures in Credit Exposures B and E were distributed as follows at inception (by notched S&P rating category), on December 31, 2005, December 31, 2006 and June 30, 2007 (by equivalent S&P rating category):

<b>Rating</b>	<b>Inception</b>	<b>December 31, 2005</b>	<b>December 31, 2006</b>	<b>June 30, 2007</b>
AAA	49.8%	57.6%	67.7%	70.4%
AA	31.8%	22.5%	16.3%	14.3%
A	18.4%	19.9%	16.0%	15.0%
BBB	-	-	-	0.3%

The Moody's ratings of the mortgage-backed securities, and asset-backed securities exposures in Credit Exposures B and E were distributed as follows at inception (by notched Moody's rating category), on December 31, 2005, December 31, 2006 and June 30, 2007 (by equivalent Moody's rating category):

Rating	Inception	December 31, 2005	December 31, 2006	June 30, 2007
Aaa	49.0%	53.9%	68.7%	74.7%
Aa	29.1%	23.4%	12.7%	10.8%
A	21.9%	22.7%	18.6%	14.4%

The DBRS ratings of the synthetic corporate exposures in Credit Exposures B and E were distributed as follows at inception, on December 31, 2005, December 31, 2006 and June 30, 2007:

Rating	Inception	December 31, 2005	December 31, 2006	June 30, 2007
AAA	40.0%	40.0%	40.0%	40.0%
AA	40.0%	40.0%	40.0%	40.0%
A	20.0%	20.0%	20.0%	20.0%

The weighted average assigned Moody's rating factor of the mortgage-backed securities and asset-backed securities, and synthetic corporate exposures in Credit Exposures B and E was 36 initially (between Aa2 and Aa3 equivalent), 39 as of December 31, 2005 (between Aa2 and Aa3), 29 as of December 31, 2006 (between Aa2 and Aa3) and 24 as of June 30, 2007 (between Aa2 and Aa3). The reference obligations exposures in Credit Exposures B and E had a weighted average default probability equivalent to a rating between AA and AA- by S&P at inception, as of December 31, 2005, December 31, 2006 and June 30, 2007.

Credit Exposures B and E composition by asset classes at inception, on December 31, 2005, December 31, 2006 and June 30, 2007 were as follows:

Asset Class	Inception	Dec. 31, 2005	Dec. 31, 2006	June 30, 2007
Commercial asset-backed securities	2.6%	4.2%	5.7%	6.0%
Consumer asset-backed securities	11.2%	6.1%	7.2%	4.8%
Residential mortgage-backed securities	48.2%	49.3%	33.8%	35.3%
Commercial mortgage-backed securities	13.0%	15.5%	26.8%	28.9%
Structured Exposure to mortgage backed, asset-backed and corporate Securities	0.0%	0.0%	1.5%	0.0%
Synthetic corporate exposure	25.0%	25.0%	25%	25.0%

The exposure of the Trust to Credit Exposure E is limited to an amount of \$30,372,000. Further, the exposure of the Trust to each of the 93 obligations included in Credit Exposure E is shown in the right-most column of the table showing Portfolio 2 in Schedule B.

#### *Credit Exposures C and F*

As of June 30, 2007, Credit Exposures C and F are respectively the Senior Exposure and the Mezzanine Exposure to a portfolio containing 75 reference obligations, including 70 mortgage-backed securities and asset-backed securities and 5 synthetic corporate exposures.

The S&P ratings of the mortgage-backed securities, asset-backed securities and other fixed-income securities exposures in Credit Exposures C and F were distributed as follows at inception (by notched S&P rating category), on December 31, 2005, December 31, 2006 and June 30, 2007 (by equivalent S&P rating category):

Rating	Inception	December 31, 2005	December 31, 2006	June 30, 2007
AAA	68.8%	77.7%	60.4%	58.0%
AA	23.4%	15.8%	30.3%	29.5%
A	7.8%	6.5%	9.3%	12.5%

The Moody's ratings of the mortgage-backed securities and asset-backed securities exposures in Credit Exposures C and F were distributed as follows at inception (by notched Moody's rating category), on December 31, 2005, December 31, 2006 and June 30, 2007 (by equivalent Moody's rating category):

Rating	Inception	December 31, 2005	December 31, 2006	June 30, 2007
Aaa	68.1%	75.9%	61.9%	58.4%
Aa	22.9%	17.5%	25.3%	28.7%
A	9.0%	6.6%	12.8%	12.8%

The DBRS ratings of the synthetic corporate exposures in Credit Exposures C and F were distributed as follows at inception, as of December 31, 2005, December 31, 2006 and June 30, 2007:

Rating	Inception	December 31, 2005	December 31, 2006	June 30, 2007
AAA	40.0%	40.0%	40.0%	40.0%
AA	40.0%	40.0%	40.0%	40.0%
A	20.0%	20.0%	20.0%	20.0%

The weighted average assigned Moody's rating factor of the mortgage-backed securities and asset-backed securities, and synthetic corporate exposures in Credit Exposures C and F was 19 initially, 16 as of December 31, 2005 (between Aa1 and Aa2 equivalent), 25 as of December 31, 2006 (between Aa2 and Aa3 equivalent) and 26 as of June 30, 2007 (between Aa2 and Aa3 equivalent). The reference obligations exposures in Credit Exposures C and F had a weighted average default probability equivalent to a rating between AA+ and AA by S&P initially and as of December 31, 2005, and between AA and AA- as of December 31, 2006 and June 30, 2007.

Credit Exposures C and F composition by asset classes at inception, December 31, 2005, December 31, 2006 and June 30, 2007 were as follows:

Asset Class	Inception	Dec. 31, 2005	Dec. 31, 2006	June 30, 2007
Commercial asset-backed securities	0.0%	0.0%	0.0%	0.0%
Consumer asset-backed securities	4.5%	5.3%	4.5%	3.8%
Residential mortgage-backed securities	49.0%	53.4%	51.6%	46.2%
Commercial mortgage-backed securities	21.5%	15.9%	13.2%	25.0%
Structured exposures to mortgage-backed, asset-backed and corporate securities	0.0%	0.3%	5.7%	0.0%
Synthetic corporate exposures	25.0%	25.0%	25.0%	25.0%

The exposure of the Trust to Credit Exposure F is limited to an amount of \$30,372,000. Further, the exposure of the Trust to each of the 75 obligations included in Credit Exposure F is shown in the right-most column of the table showing Portfolio 3 in Schedule B.

### *Net Asset Value*

The net asset value (“NAV”) of the Trust was \$9.17 as at June 30, 2007 as compared with \$9.42 as at December 31, 2006. The NAV reflects a complete write-off, at inception, of the \$6,932,672 (\$0.65 per unit) issue expense incurred with the initial public offering of Global Digit. The NAV also reflects differences between the accounting value of the swaps and their par value and since, January 1, 2007, the difference between the accounting value of the investments and their par value.

### *Determination of the Net Asset Value of the Units*

The NAV is calculated by National Bank of Canada, as administrative agent (the “**Administrative Agent**”) as of the last business day of each month and approved by the Trustee before its publication.

The NAV on a particular date is equal to the aggregate value of the assets of the Trust, less the aggregate value of its liabilities (including any operating expenses payable) and the underlying income taxes on income earned. The “NAV per unit” on any day is obtained by dividing the NAV of the Trust on that day by the number of units outstanding on the same day. The NAV is posted on the Web site of National Bank Financial Inc. at [www.nbfinc.com](http://www.nbfinc.com) and on SEDAR at [www.sedar.com](http://www.sedar.com) and is published monthly by Global Digit.

In calculating the NAV, the Administrative Agent uses the following rules:

- (i) the value of the Financial Contract is established primarily by reference to a bid and ask indication provided monthly by the Bank for the Financial Contract. The bid and ask indication provided by the Bank reflects the price that it would be ready to purchase or sell a \$1 million tranche of the Financial Contract. This indication may reflect factors such as the market’s assessment of overall credit quality of the portfolio as measured by the trading price of the debt (and derivatives thereof) of reference obligations, interest rates as well as factors that are proprietary to the Bank, such as correlation between individual reference obligations and other securities in the portfolio of the Bank.
- (ii) in accordance with Generally Accepted Accounting Principles (“GAAP”), money market instruments and short term bank deposits are valued at cost plus accrued interest at the time of calculation;
- (iii) the value of any permitted investments is established by reference to prevailing interest rates, general market conditions and all other relevant criteria;
- (iv) the value of any other bonds, debentures and other debt obligations is established by reference to prevailing interest rates, general market conditions and all other relevant criteria; and
- (v) the value of any cash on hand or on deposit, prepaid expenses and interest accrued and not yet received, is deemed to be the face amount thereof unless it is determined by the Administrative Agent that any such asset is not worth the face amount thereof, in which event the value is determined by Administrative Agent.

If any of these rules cannot be used or are at any time considered inappropriate under the circumstances, then such valuation is established with such other rules in conformity with GAAP in a fair and reasonable manner. As of June 30, 2007, no asset had been valued otherwise than in accordance with the above rule.

The process of valuing investments for which no published market exists is based on inherent uncertainties and the resulting values may differ from values that would have been used had a ready market existed for the investments and may differ from the prices at which the investments may be sold.

### *Income and Distributions*

During the interim period ended June 30, 2007, the Trust had a net income of \$1,214,402 (\$0.12 per unit) (respectively \$4,124,187 and \$0.39 per unit for the corresponding period in 2006) and has declared distributions of \$2,896,063 (\$0.297 per unit) (2006 – respectively \$3,180,024 and \$0.297) to its Unitholders. During the interim period ended June 30, 2007, the net income was reduced by an unmaterialized loss of \$911,160 (\$0.09 per unit) (no loss for the corresponding period in 2006) in the accounting value of the Financial Contract, by an unmaterialized loss of \$1,099,770 (\$0.11 per unit) in the accounting value of the investment and the credit default swap receivable (2006 – \$0), and by an unmaterialized loss of \$314,024 (\$0.03 per unit) in interest rate swaps contracts (2006 – respectively a loss of \$27,577 and \$0.003 per unit). Excluding these unmaterialized losses, the Trust has thus been accumulating gains so as to recover its issue costs and be able to further its objective of redemption of the units at the \$10.00 issue price at Expected Maturing Date (on legal Maturity Date, as applicable)

The distributions made by the Trust were entirely made of return of capital and have resulted in a reduction in the amount of the investments held by the Trust. The amount of investments held by the Trust decreased by \$2,896,063 (2006 – \$3,180,024) as a result of liquidations required to finance the distributions and this reduction was compensated by the accrual of an interest-bearing credit swap receivable of the same amount.

### *Borrowings and Interest Rate Hedging*

On June 30, 2007, the Trust had \$1,399,735,667 (as compared to \$1,399,654,813 on December 31, 2006) in outstanding commercial paper and floating rate notes. The mix of commercial paper and floating rate notes may vary over a given period, but the aggregate amount has not, and is not expected to vary materially.

The commercial paper is rated R-1 (high) and the floating rate notes are rated AAA by DBRS.

MMAI-I also has a short term liquidity arrangement whereby the Bank has agreed that, in market disruption circumstances, it will purchase senior debt or collateral from MMAI-I if MMAI-I is unable to sell such debt to third parties. The proceeds from such transactions will be used to fund repayment of MMAI-I's then maturing debt.

From time to time, MMAI-I enters into interest swap arrangements to hedge interest payable under the floating rate notes and the commercial paper to maturities matching the interest that MMAI-I earns pursuant to the credit default swaps. For accounting purposes, these arrangements are not documented to qualify for hedging accounting.

In connection with the Financial Services Agreement (see “Transactions with the Promoter and its Affiliates”), at closing of the initial public offering of the Trust, a placement and structuring fee (the “**PSF Fee**”) was earned by to the Financial Services Agent. A portion of this PSF Fee was securitized on September 29, 2004 through the issue of a \$16,442,460 note which amount was received by the Financial Services Agent. This note is shown as the Placement and Structuring Fee Note (the “**PSF Note**”) on the Trust's consolidated balance sheet with an unpaid balance of \$10,772,749 as at June 30, 2007. The PSF Note is shown as prepaid expenses on the Trust's consolidated balance sheet with an unamortized balance of \$9,885,285 as at June 30, 2007. As the amortization methods of the PSF Note and the prepaid expenses are not the same, the accreted value of the Trust, as defined below, reflects the difference in amortization.

### *Hedging Through the Credit Default Swap Agreements with Global Private Trust*

The Trust has entered into back-to-back swap agreements in respect of Credit Exposures D, E and F with the Global Diversified Investment Grade Private Trust (“**Global Private Trust**”) pursuant to which Global Private Trust will pay the Trust if credit events occur in connection with the reference obligations until the Expected Maturity Date at the earliest or the Legal Maturity Date at the latest. As of June 30, 2007, the agreements are hedging \$40,000,000 of the \$131,116,000 (\$140,000,000 as of June 30, 2006) exposure of the Trust to the Mezzanine Exposure.

The amounts exchanged under the swap agreements with Global Private Trust are as follows:

- a) A monthly payment made by Global Private Trust to the Trust, based on an amount corresponding to the contractual interest rate applied to the nominal value of the investment in term deposits pledged as security by Global Private Trust and to a contractual rate applied to the swap notional amount between Global Private Trust and the Trust.
- b) On a monthly basis, the Trust will acquire from Global Private Trust, for resale to the Bank, a portion contractually determined of the term deposit investment pledged as security by Private Trust to the Trust under the swap agreements; this portion is equal to the monthly release for the month in consideration. This monthly release by the Trust to Private Trust will be of an amount sufficient to provide a distribution calculated at an annual rate of 6.81% on the notional amount as at June 30, 2007 and 2006 of \$40,000,000 (less any net losses from credit events on the reference obligations underlying the credit default swaps) until September 2009; thereafter, the expected distribution will be equal to the bankers’ acceptance rate plus a margin, payable monthly.

In connection with the swap, Global Private Trust has posted as collateral a term deposit in the amount of \$40,000,000 which has been used by the Trust to satisfy part of its own obligation to post collateral in connection with the Mezzanine Exposure.

4227301 Canada Inc., an affiliate of the Trustee, acts as trustee of the Global Private Trust. 4227301 Canada Inc. does not receive any compensation for its role as trustee for the Global Private Trust. The Administrative Agent acts in a similar capacity for the Global Private Trust. The interests of the Global Private Trust are unlikely to be in conflict with the interests of the Trust as both share the same exposure to the Mezzanine Exposure.

## **4. Recent Developments**

### *Portfolio Changes*

While the Bank actively manages the portfolios, during the interim period ended June 30, 2007 the Trustee has not requested any change in the portfolio of securities included in the credit exposures and there were no credit event related to the reference obligations.

During the interim period ended on June 30, 2007, despite the turmoil in the US sub-prime mortgage market, there were no downgrades and no reference obligation comprised in the portfolios has been subject to a credit event.

### *Redemptions*

Pursuant to the quarterly Redemption of February 28, 2007, 1,100 units were submitted for redemption and were recirculated by National Bank Financial.

## 5. Transactions with the Promoter and its Affiliates

### *Administrative Agent Agreements*

Pursuant to the Administrative Agent Agreement, the Trustee has delegated its administrative duties relating to Global Digit to Natcan Trust Company (“**Natcan Trust**”). Under this agreement, Natcan Trust is responsible for providing administrative services to Global Digit including, without limitation:

- (i) making the payment of operating expenses incurred on behalf of Global Digit;
- (ii) preparing financial statements, financial and accounting information as required by Global Digit;
- (iii) making distributions to Unitholders and or other relevant parties or entities;
- (iv) ensuring that Unitholders and other relevant parties or entities are provided with financial statements (including annual and quarterly financial statements) and other reports as are from time to time required by applicable laws;
- (v) ensuring that Global Digit complies with regulatory requirements and applicable stock exchange listing requirements;
- (vi) preparing Global Digit’s reports to Unitholders and to the Canadian securities regulatory authorities; and
- (vii) providing the Trustee with information and reports necessary for it to fulfil its fiduciary responsibilities.

In 2006, the administrative agent, Natcan Trust, transferred its appointment as administrative agent to National Bank of Canada (“**NBC**”) effective as at October 16th, 2006. During the interim period ended June 30, 2007, fees and reimbursement of expenses incurred in relation with this function totalled \$23,585 (2006 – \$24,177).

Pursuant to an administrative agent agreement, Metcalfe & Mansfield Alternative Investments Corp., as trustee for MMAI-I has delegated its administration duties relating to MMAI-I, the entity consolidated with Global Digit, to National Bank Financial Inc. (“**NBF**”), an affiliate of Natcan Trust. Under this agreement, NBF is responsible for providing administrative services to MMAI-I including, without limitation:

- (i) making the payment of operating expenses incurred on behalf of MMAI-I;
- (ii) maintaining proper books of account and complete record of transactions as required by MMAI-I;
- (iii) making distributions and payments to any relevant parties or entities;
- (iv) ensuring that relevant parties or entities are provided with financial statements and other reports as are from time to time required by applicable laws; and

- (v) providing the Trustee with information and reports necessary for it to fulfil its fiduciary responsibilities and negotiating contractual agreements with third party providers of services.

During the interim period ended June 30, 2007, NBF earned fees of \$4,400 for these services (2006 – \$4,500).

#### *Financial Services Agreement*

Pursuant to a Financial Services Agreement, the Trustee has delegated financial services responsibilities relative to MMAI-I to NBF. Under this agreement, NBF assumes on behalf of MMAI-I the activities relating to the origination or acquisition of asset interests, negotiation, settlement and completion of related transaction including credit default transactions, issuance, sale and payments of notes and the performance by MMAI-I of all obligations under the Trust Indenture, any liquidity agreements and agency agreements.

During the interim period ended June 30, 2007, NBF was entitled to a fee of \$1,998,612 for these services (2006 – \$1,573,612).

#### *Agency Agreements*

Pursuant to an agency agreement, the Trust has retained the services of NBF as one of several of its agents to arrange for the offering and distribution of senior debt. During the interim period ended June 30, 2007, NBF earned fees of \$329,457 (2006 – \$243,999).

#### *Recirculation Agreement*

Pursuant to a Recirculation Agreement, the Trust retained the services of NBF to use commercially reasonable efforts to find purchasers for any units tendered for redemption. Global Digit may, but is not obligated to, require NBF to seek such purchasers.

No fees are payable to NBF in connection with this agreement.

#### *Custodial Agreement*

Pursuant to a custodial agreement between the Trust and Natcan Trust, Natcan Trust acts as custodian of the Trust in respect of the assets of the Trust, except for the permitted investments which are held by the Bank as collateral to the Financial Contract.

During the interim period ended June 30, 2007, Natcan Trust earned fees of \$49,963 (2006 – \$63,268) in connection with this agreement.

#### *Registrar and Transfer Agent Agreement*

Pursuant to a registrar and transfer agent agreement between the Trust and Natcan Trust Company, Natcan Trust Company, at its principal offices in Montreal and Toronto, was originally appointed registrar and transfer agent for the units. On April 28, 2006, another entity, Computershare Trust Company of Canada, was appointed registrar and transfer agent for the Units.

During the interim period ended June 30, 2007, fees incurred in relation with this function totalled \$3,975 (2006 – \$4,013).

## 6. Reports by the Independent Review Committee

The Trustee is not entitled to receive any fee of any nature from the Trust. Since the Trustee is not entitled to receive any remuneration for its services, the interests of the Trustee and its independent directors are considered perfectly aligned on those of the Unitholders. The Board of Directors of the Trustee has appointed its three independent directors as members of its Governance Committee. The Governance Committee performs the role of the Independent Review Committee required under the proposed NI-81-107 rule.

The Governance Committee of the Board of Directors of the Trustee made no report during the interim period ended June 30, 2007.

## 7. Financial Highlights

The following tables show selected key financial information about the Trust and are intended to help explain the Trust's financial performance since inception. This information is derived from the Trust's interim financial statements:

<b>Net Asset Value per unit:</b>	June 30, 2007 (6 mths)	Dec. 31, 2006	Dec. 31, 2005	Dec. 31, 2004 (3 2/3 mths)	Sept. 9, 2004 <sup>(1)</sup>
<b>Weighted average number of outstanding units.....</b>	9,751,054	10,386,668	10,712,500	10,712,500	10,712,500
<b>Net Asset Value, beginning of period ...</b>	<b>\$9.42</b>	<b>\$9.36</b>	<b>\$9.43</b>	<b>\$9.35</b>	<b>\$10.00</b>
<b>Increase (decrease) from operations:</b>					
Total revenues.....	\$4.65	\$8.53	\$6.51	\$1.93	-
Total expenses.....	(\$4.29)	(\$7.86)	(\$5.81)	(\$1.75)	-
Realized gains (losses) for the period .....	-	-	-	-	-
Unrealized gains (losses) for the period...	(\$0.31)	(\$0.04)	(\$0.18)	\$0.08	-
<b>Total increase (decrease) from operations.....</b>	<b>\$0.05</b>	<b>\$0.63</b>	<b>\$0.52</b>	<b>\$0.26</b>	<b>-</b>
Issue expenses <sup>(2)</sup> .....	-	-	-	-	(\$0.65)
<b>Distributions<sup>(3)</sup>:</b>					
From income (excluding dividends) .....	-	-	-	-	-
From dividends .....	-	-	-	-	-
From capital gains.....	-	-	-	-	-
Return of capital.....	(\$0.30)	(\$0.59)	(\$0.59)	(\$0.18)	-
<b>Total Distributions<sup>(4)</sup> .....</b>	<b>(\$0.30)</b>	<b>(\$0.59)</b>	<b>(\$0.59)</b>	<b>(\$0.18)</b>	<b>-</b>
<b>Net Asset Value, end of period .....</b>	<b>\$9.17</b>	<b>\$9.42</b>	<b>\$9.36</b>	<b>\$9.43</b>	<b>\$9.35</b>

(1) At inception.

(2) Issue expense of \$6,932,672 incurred in connection with the initial public offering, principally consisting of agents' fees and other offering expenses, which has been charged to retained earnings prior to calculating the opening net asset value of \$9.35.

(3) Distributions are shown for the amount declared.

(4) Net asset value 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.

<b>Ratio and Supplemental Data</b>	June 30, 2007	Dec. 31, 2006	Dec.31, 2005	Dec. 31, 2004	Sept. 9, 2004 <sup>(1)</sup>
Net Asset (\$000).....	\$89,445	\$91,867	\$100,311	\$101,014	\$100,192
Number of units outstanding .....	9,751,054	9,751,054	10,712,500	10,712,500	10,712,500
Net Asset Value per Unit.....	\$9.17	\$9.42	\$9.36	\$9.43	\$9.35
Portfolio turnover rate.....	- %	- %	- %	- %	- %
Trading expenses ratio.....	- %	- %	- %	- %	- %
Closing market price (TSX).....	\$8.50	\$8.84	\$8.85	\$10.85	\$10.00

(1) At inception.

### Accreted Value

At the Expected Maturity Date (or Legal Maturity Date, as applicable), there will be no unrealized gain or loss on the Trust investments. In the interim, the unrealized gain or loss reflects variations in the value of the Financial Contract as calculated from time to time. If the “accreted value” of the units is defined as their NAV restated to exclude any unrealized gain or loss on the Financial Contract and any timing difference between the amortization of the PSF Note and the prepaid expenses, the accreted value is a good indication of the amount in the Trust assets at a given date which would eventually be contributed towards the redemption of the units, assuming no credit event between the calculation date and the Maturity. Another way to look at the accreted value is to view it as the net asset of the Trust valued at cost less impairments.

<b>Accreted Value:</b>	June 30, 2007	Dec. 31, 2006	Dec. 31, 2005	Dec. 31, 2004	Sept. 9, 2004 <sup>(1)</sup>
<b>Weighted average number of units</b>					
<b>Outstanding.....</b>	9,751,054	10,386,668	10,712,500	10,712,500	10,712,500
<b>Accreted value at beginning.....</b>	<b>\$9.64</b>	<b>\$9.51</b>	<b>\$9.35</b>	<b>\$9.35</b>	<b>\$10.00</b>
<b>Decrease (decrease) from operations:</b>					
Total revenues.....	\$4.65	\$8.53	\$6.52	\$1.93	-
Total expenses.....	(\$4.29)	(\$7.86)	(\$5.81)	(\$1.76)	-
Realized gains (losses) for the period .....	-	-	-	-	-
<b>Issue expense</b>	-	-	-	-	<b>(\$0.65)</b>
Plus: Amortization of prepaid PSF expenses.....	\$0.12	\$0.23	\$0.28	-	-
Minus: Reduction in the outstanding amount of the PSF Note.....	(\$0.11)	(\$0.21)	(\$0.22)	-	-
<b>Distributions .....</b>	<b>(\$0.30)</b>	<b>(\$0.59)</b>	<b>(\$0.59)</b>	<b>(\$0.18)</b>	
<b>Accreted Value at end.....</b>	<b>\$9.71</b>	<b>\$9.64</b>	<b>\$9.51</b>	<b>\$9.35</b>	<b>\$9.35</b>

### Reconciliation of the Accreted Value and the Net

<b>Asset Value:</b>					
Accreted value at end of period .....	\$9.71	\$9.64	\$9.51	\$9.35	\$9.35
Unrealized gains and losses since inception .....	(\$0.45)	(\$0.14)	(\$0.09)	0.08	-
Amount of prepaid expenses in excess of the PSF Note.....	(\$0.09)	(\$0.08)	(\$0.06)	-	-
<b>Net Asset Value, end of period.....</b>	<b>\$9.17</b>	<b>\$9.42</b>	<b>\$9.36</b>	<b>\$9.43</b>	<b>\$9.35</b>

(1) At inception.

The \$9.71 accreted value, as at June 30, 2007 reflects the fact that the Trust has paid less in distributions than its “cash” income and, hence, has been retaining a portion of its net income for the purpose of recovering the \$0.65 per unit issue expense incurred in connection with its initial public offering closed on September 9, 2004.

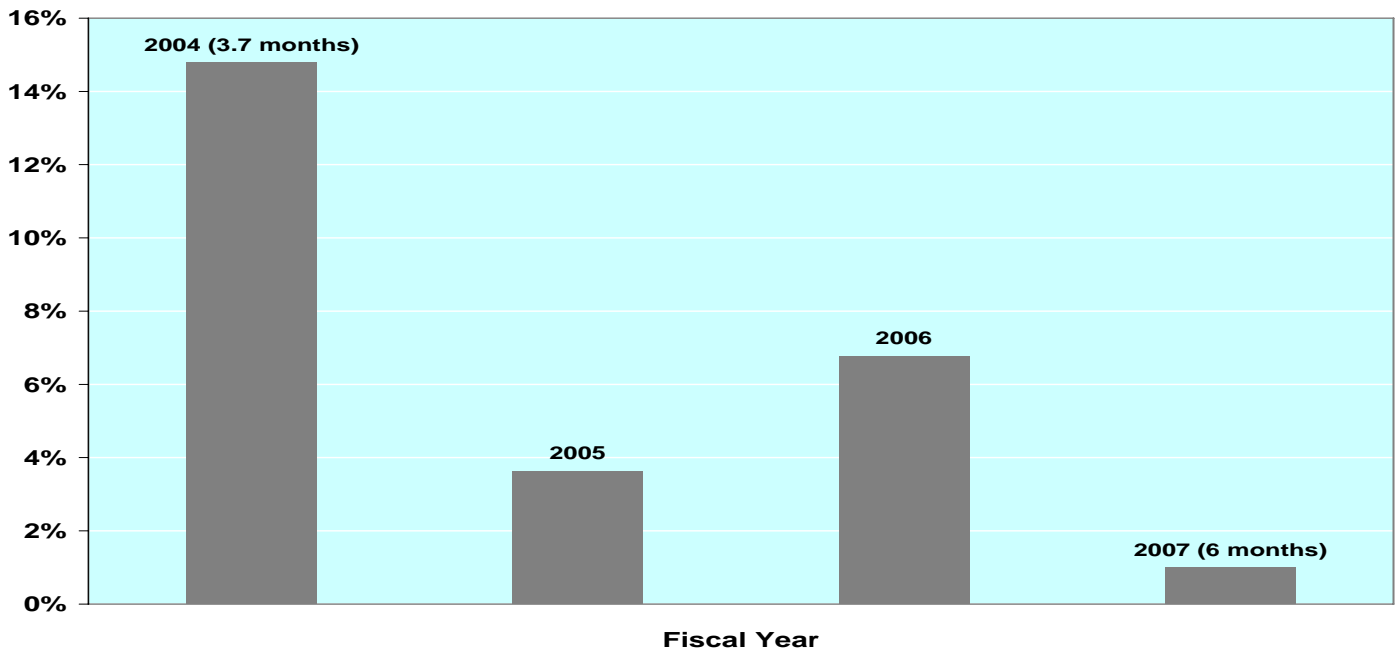
## 8. Past Performance

The following bar chart and table indicate the performance of the units by showing for the period the return by fiscal year and compound returns from inception assuming all the distributions made by Global Digit in the periods shown were reinvested at the NAV. Past performance is not necessarily indicative of future performance.

### *Return for the year*

The following bar chart shows Global Digit's annualised performance for the period shown. This bar chart shows, in percentage terms, how much an investment made on the first day of the period would have grown or decrease by the last day of that period.

The Trust's objective (save for any loss exceeding the first loss amount) is to provide a return on investment of 5.94% per annum to Unitholders up to September 7, 2009 and thereafter a floating distribution equal to the rate of bankers acceptance plus 2%.



### *Annual Compound Returns*

	Past Year	Since Inception
Based on NAV <sup>(1)</sup>	3.4%	5.5%
Based on unit price <sup>(2)</sup>	8.3%	0.5%

(1) Calculated from initial net asset value of \$9.35 and June 30, 2007 net asset value of \$9.17 assuming all distributions reinvested.

(2) Calculated from issue price of \$10.00 and June 30, 2007 market price of \$8.50 assuming all distributions reinvested

**9. Summary of the Investment Portfolio**

- 1) Swap agreements A, B, C, D, E and F for a total notional value of \$1,491,116,000;
- 2) Swap agreement with Global Private Trust for a total notional value of \$40,000,000;
- 3) Bayerische Landersbank rated AAA Floating Rate Note for a total of \$1,400,000,000;
- 4) National Bank of Canada rated A Term Deposit Note for a total of \$73,801,944;
- 5) An interest-bearing receivable of \$17,086,700 under the swap agreements D, E and F.

*Underlying Exposures*

See Schedule B for a detailed description of the underlying Credit Exposures.

## **SCHEDULE A RISKS AND UNCERTAINTIES**

The Trust is subject to various risks and uncertainties. The Trust's investment objectives could thus be adversely affected by each of the factors described below. Those are not the only ones faced by the Trust. Additional risks and uncertainties currently unknown to management of the Trustee or deemed rather unimportant could potentially have an impact on its business.

### *Credit Risk*

As a result of entering into the Financial Contract, the Trust is exposed to a levered credit exposure. Any Credit Event triggered by a Reference Obligation in excess of the First Loss Amount would result in a net loss for the Trust.

### *Creditworthiness of MMAI-I and the Bank*

Because the capacity of the Trust to redeem Units on the Expected Maturity Date (or the Legal Maturity Date, as applicable) or to make distributions during the duration of the transaction depends on the receipt of a payment by MMAI-I from the Bank at that date under the collateralized financial contracts between MMAI-I and the Bank and the repayment of an equivalent amount by MMAI-I to the Trust under the Financial Contract, whether Unitholders will receive the targeted distribution and subscription price repayment is dependent upon the financial health, rating and creditworthiness of the Bank and MMAI-I.

### *Creditworthiness of the Reference Obligations*

The credit ratings of the Credit Exposures are those of S&P and/or Dominion Bond Rating Service Limited ("DBRS"), as applicable, and the credit ratings of the Reference Obligations are those of Moody's Investors Service, Inc. ("Moody's"), S&P, Fitch, Inc. ("Fitch") or DBRS, which have investigated all or some of such Reference Obligations. Credit ratings on such Reference Obligations are not a recommendation to buy, sell or hold investments, and may be subject to revision or withdrawal at any time by the relevant rating agencies. While the Credit Exposures are rated by S&P and/or DBRS, as applicable, the Units are not rated by any rating agencies. Although some information with respect to Reference Obligations may be available from publicly available sources, no representation is made with respect thereto by the Trust, the Co-Trustees, MMAI-I or any of their respective affiliates as to the accuracy or completeness of any such information.

### *Fluctuations in the NAV of the Units*

The NAV of the Units will vary according to a number of factors that are not within the control of the Trust, MMAI-I or the Bank including general market conditions, the performance and creditworthiness of the Reference Obligations, the Credit Exposures and the Permitted Investments. The NAV of the Units will also be influenced by a reduction in the monthly distributions on the Units, the cost of the senior debt issued by MMAI-I and the ability of MMAI-I to issue such debt, any downgrades of Reference Obligations in the Portfolio and the Aggregate Loss Determination Amount.

### *No Recourse to the Reference Obligations, Portfolio and Credit Exposures*

The intention to make Monthly Payments is an intention of the Trust and the obligation to redeem the Units on the Expected Maturity Date (or the Legal Maturity Date, as applicable) is an obligation of the Trust.

Unitholders will not have, and the Units will not represent, any proprietary interest whatsoever in the Portfolio, the Reference Obligations or the Credit Exposures. Accordingly, Unitholders will have no recourse whatsoever, directly or indirectly, to the Portfolio, the Reference Obligations or the Credit Exposures to satisfy amounts owing to them by the Trust. The Trust itself will not have any proprietary interest in, or charge on, any of MMAI-I's assets under the terms of the Financial Contract or any other agreements.

None of the Co-Trustees, MMAI-I, the Bank or any of their respective affiliates, any Unitholders or any of their respective owners, beneficiaries, agents, officers, directors, employees, affiliates, successors or assigns will be personally liable for the obligations of the Trust in respect of the Units.

#### *Disqualification as a Mutual Fund Trust*

If the Trust does not qualify as a mutual fund trust within the meaning of the *Income Tax Act* (Canada) (the "Tax Act"), the amount received by the Unitholders from the distributions made by the Trust could be treated differently under the Tax Act and, accordingly, be considered taxable income. In addition, there could be other adverse material tax effect on the Unitholders.

#### *Fluctuations in Monthly Distributions*

There can be no assurance that the Trust will be able to maintain the monthly distributions to the Unitholders should Credit Events occur. The eventual occurrence of Credit Events will decrease the monthly distributions to be paid to Unitholders.

#### *Funding of the Credit Exposures by MMAI-I*

The use of senior debt by MMAI-I to fund Credit Exposure A, B and C and the investment of some of its assets in term financial instruments, including the AAA collateral, which is fundamental to its investment strategy, could also increase the exposure of Unitholders to losses by exposing Unitholders to any losses incurred by MMAI-I on its own investments. Glogal Digit ability to achieve its investment objectives also depends on MMAI-I's ability to renew or replace on a continuous basis maturing short term debt.

**SCHEDULE B  
PORTFOLIO 1**

Issuer	Series	ISIN	S&P Rating	Moody's Rating	Weighting	Exposure <sup>(1)</sup>
Credit Select	2004-1 A		AAA	NR	5.00%	30 374 169
Credit Select	2004-2 A		AAA	NR	5.00%	30 374 169
Credit Select	2004-3 B		AA	NR	5.00%	30 374 169
Credit Select	2004-4 B		AA	NR	5.00%	30 374 169
Credit Select	2004-5 C		A	NR	5.00%	30 374 169
ACE SECURITIES CORP	2004-FM2	US004421GK37	AA	A2	1.00%	30 374 169
ACE SECURITIES CORP	2004-OP1	US004421EX75	AA	A2	0.95%	30 374 169
ACE SECURITIES CORP.	2006-HE1	US004421WX73	A	Baa1	1.00%	30 374 169
ACT 2005-RR DEPOSITOR CORP.	2005-RR	US00503NAA90	AAA	NR	1.60%	30 374 169
AEGIS ASSET BACKED SECURITIES TRUST	2004-6	US00764MCU99	A	A2	0.46%	30 374 169
AIRCATTLE AIRCRAFT LEASE BACKED TRUST	2006-1	US00505HAA05	AAA	Aaa	2.12%	30 374 169
ALEUTIAN INVESTMENTS LLC		US01446EAF60	AAA	Aaa	1.80%	30 374 169
ANNINGTON FINANCE NO. 4 PLC	B3	XS0198259813	A	A2	0.45%	30 374 169
ARMS II	X	AU000ARMX025	AAA	Aaa	0.54%	30 374 169
ASSET BACKED SECURITIES CORP HOME EQUITY	2005-HE2	US04541GQD78	A	A2	0.01%	1 982 036
AVIATION CAPITAL GROUP TRUST	2003-2	US004448AA42	AAA	Aaa	1.16%	30 374 169
BAYVIEW COMMERCIAL ASSET TRUST	2005-2A	US07324SBN18	AAA	Aaa	1.93%	30 374 169
BAYVIEW COMMERCIAL ASSET TRUST 2005-4	2005-4A	US07324SCR13	AAA	Aaa	2.32%	30 374 169
BEAR STEARNS ASSET BACKED SECURITIES, INC.	2006-HE3	US07387UHW45	A	A2	0.43%	30 374 169
BRASCAN REAL ESTATE FINANCIAL PARTNERS LLC	2004-1	US10550TAA79	AAA	Aaa	0.71%	30 374 169
CALSTRS TRUST (COMMERCIAL MORTGAGE PASS-THROUGH CERTIFICATES)	2002-C6	US131366AA41	AAA	Aaa	0.10%	15 860 638
CAPITAL ONE MULTI-ASSET EXECUTION TRUST		XS0203199509	A	A2	0.24%	30 374 169
CAPITAL TRUST RE CDO LTD.	2004-1A	US140574AA24	AAA	Aaa	1.31%	30 374 169
CAPITALSOURCE REAL ESTATE LOAN TRUST	2006-1A	US140560AN33	AAA	Aaa	1.90%	30 374 169
CAPITALSOURCE REAL ESTATE LOAN TRUST	2006-1A	US140560AC77	AA	Aa2	0.24%	30 374 169
COUNTRYWIDE ALTERNATIVE LOAN TRUST		US12667FU603	AAA	Aaa	2.32%	30 374 169
COUNTRYWIDE ASSET BACKED CERTIFICATES	2004-AB1	US126673HG04	AAA	Aaa	1.90%	30 374 169
CREDIT-BASED ASSET SERVICING AND SECURITIZATION	2004-CB7	US17307GLE60	AAA	Aaa	0.06%	9 108 085
DOWNEY SAVINGS AND LOAN ASSOCIATION, FA	2004-AR1	US23332UAC80	AAA	Aaa	0.39%	30 374 169
DSL A MORTGAGE LOAN TRUST 2006-AR1	2006-AR1	US23332UGU25	A	A2	0.14%	21 622 206
FIXED-LINK FINANCE BV	G2-X	XS0125468230	AAA	Aaa	1.27%	30 374 169
FRANS 2003 PLC		XS0171588055	NR	Aaa	1.31%	30 374 169
FREMONT HOME LOAN TRUST	2004-D	US35729PGF18	A+	A1	0.24%	30 374 169
FREMONT HOME LOAN TRUST	2004-D	US35729PGG90	A	A2	0.24%	30 374 169

**PORTFOLIO 1 (continued)**

Issuer	Series	ISIN	S&P Rating	Moody's Rating	Weighting	Exposure <sup>(1)</sup>
GALP INVESTMENT PLC	1	XS0171061475	NR	Aaa	1.40%	30 374 169
GREENPOINT MORTGAGE FUNDING TRUST	2006-Ar4	US39539FAU84	NR	A1	0.38%	30 374 169
GREENPOINT MTA TRUST 2006-AR6	2006-AR6	US39538BAQ77	NR	A2	0.47%	30 374 169
GSAA TRUST	2004-11	US36242DQF32	AAA	Aaa	0.48%	30 374 169
HARBORVIEW MORTGAGE LOAN TRUST SERIES 2006-12	2006-12	US41162DAN93	A-	A2	1.19%	30 374 169
HARBORVIEW MORTGAGE LOAN TRUST SERIES 2006-9	2006-9	US41161XAJ54	A-	A1	0.38%	30 374 169
HERTZ VEHICLE FINANCING LLC	2005-2A	US42805RAS85	AAA	Aaa	2.29%	30 374 169
HOME EQUITY ASSET TRUST	2006-4	US437084VV50	A+	A2	0.24%	30 374 169
INDYMAC INDX MORTGAGE LOAN TRUST	2004-AR8	US45660N2L88	AAA	Aaa	0.92%	30 374 169
INTERMODAL CHASSIS ISSUANCE, LLC	2003-1	US45881WAA62	AAA	Aaa	0.67%	30 374 169
JETBLUE AIRWAYS CORP	2004-2	US47714NAA54	AAA	Aaa	1.40%	30 374 169
KAZKOMMERTS DPR COMPANY	2006-B	XS0256195016	AAA	Aaa	2.25%	30 374 169
LAGONDA 2006-2	2006-2	LAGONDA062A	AAA	Aaa	1.90%	30 374 169
MERRILL LYNCH MORTGAGE INVESTORS, INC.	2004-WMC5	US59020UMJ15	AA	A1	0.90%	30 374 169
MERRILL LYNCH MORTGAGE INVESTORS, INC.	2004-WMC5	US59020UMK87	AA	A2	0.79%	30 374 169
MERRILL LYNCH MORTGAGE INVESTORS, INC.	2006-HE1	US59020U3J29	A	A2	0.71%	30 374 169
MORGAN STANLEY ABS CAPITAL I	2004-HE6	US61744CFE12	A	A2	0.76%	30 374 169
MORGAN STANLEY ABS CAPITAL I	2004-HE7	US61744CGG50	A	A2	0.71%	30 374 169
MORGAN STANLEY ABS CAPITAL I	2004-HE8	US61744CHD11	A+	A1	0.99%	30 374 169
MORGAN STANLEY ABS CAPITAL I	2004-HE9	US61744CJW73	A+	A1	0.63%	30 374 169
MORGAN STANLEY ABS CAPITAL I	2004-NC1	US61744CAX48	A	A2	0.47%	30 374 169
MORGAN STANLEY CAPITAL I	2006-HE2	US617451FA24	A+	A2	0.24%	30 374 169
MORGAN STANLEY CAPITAL I	2006-SRR2	BCC0U7QW3	AAA	NR	1.90%	30 374 169
MORGAN STANLEY DEAN WITTER CAPITAL I INC	2003-NC4	US61746WF544	AA+	Aaa	1.00%	30 374 169
NEW CENTURY HOME EQUITY LOAN TRUST 2004-3	2004-3	US64352VHY02	AA-	A1	0.71%	30 374 169
NEW CENTURY HOME EQUITY LOAN TRUST 2004-3	2004-3	US64352VHZ76	A	A2	0.64%	30 374 169
OPTION ONE MASTER LOAN TRUST	2004-2	US68389FFF62	AAA	Aaa	0.00%	31 964
OPTION ONE MASTER LOAN TRUST	2005-1	US68389FGP36	A	NR	0.95%	30 374 169
OPTION ONE MORTGAGE LOAN TRUST	2004-2	US68389FFH29	AA	A2	1.31%	30 374 169
PAN-EUROPEAN INDUSTRIAL PROPERTIES	2	XS0148289746	AAA	Aaa	0.37%	30 374 169
PAN-EUROPEAN INDUSTRIAL PROPERTIES	3	XS0163580458	AAA	Aaa	1.24%	30 374 169
PAN-EUROPEAN INDUSTRIAL PROPERTIES	3	XS0163580615	AAA	Aa2	0.47%	30 374 169
PARK PLACE SECURITIES INC	2004-WCW1	US70069FAA57	AAA	Aaa	0.06%	8 610 265
PUMA MASTERFUND P9	P9	AU300PUMA029	AAA	Aaa	1.01%	30 374 169
RASPRO TRUST	2005-1	US75405RAA14	AAA	Aaa	1.63%	30 374 169
RESIDENTIAL ASSET MORTGAGE PRODUCTS, INC.	2006-NC2	US75156TAH32	A+	A2	0.24%	30 374 169
RESIDENTIAL ASSET SECURITIES TRUST	2005-A5	US45660LJX82	AAA	Aaa	2.07%	30 374 169
SECURITIZED ASSET BACKED RECEIVABLES LLC	2004-OP1	US81375WAC01	A	A2	1.34%	30 374 169

**PORTFOLIO 1 (continued)**

<b>Issuer</b>	<b>Series</b>	<b>ISIN</b>	<b>S&amp;P Rating</b>	<b>Moody's Rating</b>	<b>Weighting</b>	<b>Exposure<sup>(1)</sup></b>
SECURITIZED ASSET BACKED RECEIVABLES LLC	2006-OP1	US81375WJM91	A-	Baa1	0.38%	30 374 169
SLM STUDENT LOAN TRUST	2003-C	US78443CAZ77	AAA	Aaa	1.76%	30 374 169
SMART HOME REINSURANCE LIMITED	2006-1X	US83170GAE44	A+	A1	0.95%	30 374 169
SOUNDVIEW HOME EQUITY LOAN TRUST	2006-WF2	US83612MAL19	NR	A3	1.19%	30 374 169
STRUCTURED ADJUSTABLE RATE MORTGAGE LOAN TRUST		US863579WU83	AAA	Aaa	0.52%	30 374 169
TERWIN MORTGAGE TRUST	2004-9HE	US881561JW56	AAA	Aaa	1.00%	30 374 169
TERWIN MORTGAGE TRUST 2003-8, LLC	2003-8HE	US881561CX03	AAA	Aaa	0.10%	14 620 494
TITAN EUROPE PLC	2006-5A	XS0277726500	AAA	NR	2.10%	30 374 169
WASHINGTON MUTUAL		US92922FZV39	AAA	Aaa	0.71%	30 374 169
WASHINGTON MUTUAL	2005-AR8	US92922FS583	AAA	Aaa	0.78%	30 374 169
WRIGHTWOOD CAPITAL REAL ESTATE CDO LTD	2005-1A	US982512AA32	AAA	Aaa	2.29%	30 374 169

(1) Excluding a first loss protection of \$144,267,000.

**PORTFOLIO 2**

Issuer	Series	ISIN	S&P Rating	Moody's Rating	Weighting	Exposure <sup>(1)</sup>
Credit Select	2004-1 B		AA	NR	5.00%	30 374 169
Credit Select	2004-2 A		AAA	NR	5.00%	30 374 169
Credit Select	2004-3 A		AAA	NR	5.00%	30 374 169
Credit Select	2004-4 C		A	NR	5.00%	30 374 169
Credit Select	2004-5 B		AA	NR	5.00%	30 374 169
ABACUS LTD	2006-NS1	US002573AA19	AAA	Aaa	1.63%	30 374 169
ABACUS LTD	2006-NS1	US002573AC74	AA	Aa2	0.91%	30 374 169
ABACUS LTD	2006-NS1	US002573AD57	AA-	Aa3	0.28%	30 374 169
ACCREDITED MORTGAGE LOAN TRUST	2004-3	US004375BP58	AAA	Aaa	0.36%	30 374 169
ACE SECURITIES CORP	2004-HE4	US004421JJ37	AA+	Aa2	1.46%	30 374 169
ACE SECURITIES CORP	2004-RM2	US004421KB81	A+	A3	0.29%	30 374 169
ACE SECURITIES CORP.	2005-HE1	US004421KY84	A	A2	0.54%	30 374 169
ALEUTIAN INVESTMENTS LLC		US01446EAF60	AAA	Aaa	1.13%	30 374 169
ANNINGTON FINANCE NO. 4 PLC	B3	XS0198259813	A	A2	0.82%	30 374 169
ANSONIA CDO LTD.	2006-1A	US036510AA39	AAA	Aaa	0.88%	30 374 169
ANTHRACITE CDO, LTD.	2006-HY3A	US03703FAG54	A	A2	0.28%	30 374 169
ARBOR REALTY MORTGAGE SECURITIES SERIES 2004-1, LTD	2004-1	US03877VAA35	AAA	Aaa	2.13%	30 374 169
ARBOR REALTY MORTGAGE SECURITIES SERIES 2005-1, LTD	2005-1A	US038927AA73	AAA	Aaa	2.20%	30 374 169
ARGENT SECURITIES INC.	2006-W1	US040104RM55	A+	A2	0.32%	30 374 169
BAMBURGH FINANCE PLC	1	XS0159966257	AAA	NR	0.39%	30 374 169
BAYVIEW COMMERCIAL ASSET TRUST	2005-1	US07324SBF83	NR	Aaa	0.28%	30 374 169
BAYVIEW COMMERCIAL ASSET TRUST	2005-2A	US07324SBP65	NR	Aaa	2.19%	30 374 169
BAYVIEW COMMERCIAL ASSET TRUST	2005-3A	US07324SCB60	AAA	Aaa	0.94%	30 374 169
BAYVIEW COMMERCIAL ASSET TRUST 2005-4	2005-4A	US07324SCR13	AAA	Aaa	1.06%	30 374 169
BEAR STEARNS COMMERCIAL MORTGAGE SECURITIES INC.	2005-T18	US07383F5M69	NR	Aaa	1.50%	30 374 169
BRASCAN REAL ESTATE FINANCIAL PARTNERS LLC	2004-1	US10550TAA79	AAA	Aaa	1.36%	30 374 169
BRASCAN REAL ESTATE FINANCIAL PARTNERS LLC	2004-1	US10550TAB52	AA	Aa2	0.47%	30 374 169
BRASCAN REAL ESTATE FINANCIAL PARTNERS LLC	2004-1	US10550TAC36	A-	A3	0.32%	30 374 169
BRASCAN STRUCTURED NOTES 2005-2 LTD	2005-2A	US10550YAA64	AAA	Aaa	2.04%	30 374 169
CDC MORTGAGE CAPITAL TRUST	2003-HE2	US12506YBE86	AA+	Aa2	0.44%	30 374 169
CHL MORTGAGE PASS-THROUGH TRUST 2004-25	2004-25	US12669GKJ93	AAA	Aaa	0.94%	30 374 169
COUNTRYWIDE ALTERNATIVE LOAN TRUST	2005-J2	US12667F6A87	AAA	NR	1.51%	30 374 169
COUNTRYWIDE ALTERNATIVE LOAN TRUST	2006-OA12	US23243AAP12	BBB	A3	0.22%	30 113 953
COUNTRYWIDE ASSET BACKED CERTIFICATES	2004-11	US126673LV25	A+	NR	0.63%	30 374 169
COUNTRYWIDE ASSET BACKED CERTIFICATES	2004-5	US1266716H42	AAA	Aaa	0.25%	30 374 169
COUNTRYWIDE ASSET-	2006-8	US045427AJ09	A	A2	0.57%	30 374 169

**PORTFOLIO 2 (continued)**

Issuer	Series	ISIN	S&P Rating	Moodys Rating	Weighting	Exposure <sup>(1)</sup>
BACKED CERTIFICATES						
COUNTRYWIDE HOME LOANS	2004-4	US12669GUS82	AAA	Aaa	0.94%	30 374 169
COUNTRYWIDE HOME LOANS	2005-1	US12669GRN33	AAA	Aaa	0.55%	30 374 169
COUNTRYWIDE HOME LOANS	2005-3	US12669GTT84	AAA	Aaa	0.27%	30 374 169
DOWNEY SAVINGS AND LOAN ASSOCIATION, FA	2004-AR1	US23332UAA25	AAA	Aaa	1.78%	30 374 169
DOWNEY SAVINGS AND LOAN ASSOCIATION, FA	2004-AR1	US23332UAB08	AAA	Aaa	0.56%	30 374 169
DSL A MORTGAGE LOAN TRUST	2005-AR1	US23332UCN28	AAA	Aaa	1.10%	30 374 169
GREENPOINT MORTGAGE FUNDING TRUST	2006-AR5	US39538AAN63	AA+	Aaa	1.36%	30 374 169
GREENPOINT MORTGAGE FUNDING TRUST	2006-AR5	US39538AAV89	NR	A3	0.68%	30 374 169
GREENPOINT MORTGAGE FUNDING TRUST	2006-AR4	US39539FAU84	NR	A1	0.32%	30 374 169
GREENPOINT MORTGAGE FUNDING TRUST	2007-AR2	US39539LAR24	NR	A2	0.23%	30 374 169
GREENPOINT MORTGAGE FUNDING TRUST 2006-AR3	2006-AR3	US39538WHM38	AA-	Aa2	0.23%	30 374 169
GREENPOINT MORTGAGE FUNDING TRUST 2006-AR3	2006-AR3	US39538WHP68	A	Aa3	0.57%	30 374 169
GREENPOINT MTA TRUST 2005-AR2	2006-AR6	US39538BAK08	AA+	Aaa	0.68%	30 374 169
GREENPOINT MTA TRUST 2006-AR6	2006-AR6	US39538BAQ77	NR	A2	0.41%	30 374 169
GSAMP TRUST		US362334PR94	A	A3	0.36%	30 374 169
HARBOR SPC 2006-2	2006-2	US41154JAA43	AAA	Aaa	1.36%	30 374 169
HARBORVIEW MORTGAGE LOAN TRUST SERIES 2006-9	2006-9	US41161XAJ54	A-	A1	0.27%	30 374 169
HOME EQUITY ASSET TRUST	2004-7	US437084FW18	A+	A2	0.27%	30 374 169
HOME EQUITY ASSET TRUST	2006-4	US437084VV50	A+	A2	0.57%	30 374 169
INDYMAC INDX MORTGAGE LOAN TRUST	2004-AR14	US45660LAD10	AAA	Aaa	1.19%	30 374 169
JETBLUE AIRWAYS CORP	2004-2	US47714NAB38	AAA	Aaa	0.50%	30 374 169
JETBLUE AIRWAYS PTC 2004-1	2004-1	US47714RAA68	AAA	Aaa	0.54%	30 374 169
JETBLUE AIRWAYS PTC 2004-2	2004-1	US47714RAB42	AAA	Aaa	0.54%	30 374 169
LEHMAN XS TRUST	2005-9N	US525221GN14	AAA	Aaa	1.26%	30 374 169
LEHMAN XS TRUST	2006-10N	US525229AF79	AAA	Aaa	0.68%	30 374 169
MASTR ASSET BACKED SECURITIES TRUST	2006-NC1	US57643LNL61	A+	A2	0.57%	30 374 169
ML AJ CMBS PORTFOLIO		AJ_CMBSPORT_C 992167M_C	AAA	Aaa	0.36%	30 374 169
ML AJ CMBS PORTFOLIO		AJ_CMBSPORT	AAA	Aaa	0.91%	30 374 169
MORGAN STANLEY ABS CAPITAL I	2003-NC5	US61746RBC43	AA+	Aaa	0.83%	30 374 169
MORGAN STANLEY ABS CAPITAL I	2004-NC6	US61744CEV46	A	A2	0.86%	30 374 169
MORGAN STANLEY ABS CAPITAL I	2004-NC7	US61744CFS08	A	A2	0.68%	30 374 169
MORGAN STANLEY ABS CAPITAL I	2006-WMC2	US61749KAL70	A	A2	0.57%	30 374 169
MORGAN STANLEY DEAN WITTER CAPITAL I INC	2003-NC3	US61745MPN73	A	Aa3	0.08%	11 416 208
N-STAR REAL ESTATE CDO LTD		US62939WAA36	AAA	Aaa	1.97%	30 374 169
NEW CENTURY HOME EQUITY LOAN TRUST	2003-2	US64352VCR06	AAA	Aa1	0.20%	27 034 036

**PORTFOLIO 2 (continued)**

Issuer	Series	ISIN	S&P Rating	Moodys Rating	Weighting	Exposure <sup>(1)</sup>
NEWCASTLE CDO IV, LIMITED	2004-4A	US65105YAA01	AAA	Aaa	1.99%	30 374 169
PAN-EUROPEAN INDUSTRIAL PROPERTIES	3	XS0163580458	AAA	Aaa	0.48%	30 374 169
RELIANCE RAIL FINANCE PT RESIDENTIAL ASSET SECURITIES CORPORATION	3	AU3FN0001491	AAA	Aaa	1.36%	30 374 169
RESIDENTIAL ASSET SECURITIES CORPORATION	2004-KS4	US76110WXW18	AAA	Aaa	0.94%	30 374 169
RESIDENTIAL ASSET SECURITIES CORPORATION	2004-KS9	US76110WF272	AAA	Aaa	0.45%	30 374 169
RESIDENTIAL ASSET SECURITIES TRUST	2005-A5	US45660LJX82	AAA	Aaa	1.77%	30 374 169
SEAWALL SPC	2006-4A	US81273YAB11	AAA	Aaa	1.88%	30 374 169
SECURITIZED ASSET BACKED RECEIVABLES LLC	2004-OP2	US81375WBP05	A+	A2	0.82%	30 374 169
SLM PRIVATE CREDIT STUDENT LOAN TRUST 2003-12	2003-12	US78442GKD78	AA+	Aa1	1.41%	30 374 169
SLM STUDENT LOAN TRUST	2003-C	US78443CAZ77	AAA	Aaa	1.34%	30 374 169
SLM STUDENT LOAN TRUST 2002-4	2003-1	US78442GFJ04	AA+	Aa1	0.91%	30 374 169
SLM STUDENT LOAN TRUST 2003-7	2003-7	US78442GHK58	AA	Aa1	1.18%	30 374 169
STRUCTURED ADJUSTABLE RATE MORTGAGE LOAN TRUST	2005-19XS	US863579YT92	AAA	Aaa	0.29%	30 374 169
STRUCTURED ASSET MORTGAGE INVESTMENTS II INC	2006-AR7	US86361HAU86	AA+	Aaa	0.55%	30 374 169
STRUCTURED ASSET MORTGAGE INVESTMENTS INC	2006-AR1	US86359LTK51	AAA	Aaa	0.37%	30 374 169
STRUCTURED ASSET MORTGAGE INVESTMENTS, INC	2005-AR7	US86359LPZ66	AAA	Aaa	0.71%	30 374 169
TERWIN MORTGAGE TRUST	2004-9HE	US881561JW56	AAA	Aaa	0.23%	30 374 169
TITAN EUROPE 2006-3 PLC	2006-3A	XS0257769769	A	A3	0.21%	28 910 830
TORRENS TRUST	2004-1	AU300PTT4026	AAA	Aaa	1.12%	30 374 169
UNITED CAPITAL AVIATION TRUST		US90264FAE88	AAA	Aaa	1.90%	30 374 169
WASHINGTON MUTUAL		US92922FZV39	AAA	Aaa	1.75%	30 374 169
WASHINGTON MUTUAL	2005-AR11	US92922F2P29	AAA	Aaa	0.75%	30 374 169

(1) Excluding a first loss protection of \$215,978,667

**PORTFOLIO 3**

Issuer	Series	ISIN	S&P Rating	Moody's Rating	Weighting	Exposure <sup>(1)</sup>
Credit Select	2004-1 A	N/A	AAA	NR	5.00%	30 367 661
Credit Select	2004-2 B	N/A	AA	NR	5.00%	30 367 661
Credit Select	2004-3 C	N/A	A	NR	5.00%	30 367 661
Credit Select	2004-4 B	N/A	AA	NR	5.00%	30 367 661
Credit Select	2004-5 A	N/A	AAA	NR	5.00%	30 367 661
ABACUS LTD	2006-10	US00257AAB35	AA+	Aa1	0.72%	30 367 661
ABACUS LTD	2006-10	US00257AAD90	AA-	Aa3	0.86%	30 367 661
ABACUS LTD	2006-17A	US002578AB88	AAA	Aaa	4.96%	30 367 661
ACE SECURITIES CORP	2003-OP1	US004427BN90	A+	Aa3	0.77%	30 367 661
ACE SECURITIES CORP	2004-HE4	US004421JH70	AA+	Aa1	0.40%	25 043 175
ACE SECURITIES CORP	2005-RM2	US004421NY57	A	A3	0.48%	29 939 745
AMERIQUEST MORTGAGE SECURITIES INC.	2004-R10	US03072SVQ55	AAA	Aaa	0.14%	8 914 941
AMERIQUEST MORTGAGE SECURITIES INC.	2004-R10	US03072SVS12	AA	Aa2	1.43%	30 367 661
ARMS II	XIII	AU300ARML032	AAA	Aaa	2.55%	30 367 661
ASSET BACKED SECURITIES CORP HOME EQUITY	2004-HE1	US04541GHL95	AA	Aa2	1.62%	30 367 661
BAYVIEW COMMERCIAL ASSET TRUST		US07324SAX09	AAA	Aaa	0.57%	30 367 661
BAYVIEW COMMERCIAL ASSET TRUST	2004-2	US07324SAR31	AAA	Aaa	1.39%	30 367 661
BAYVIEW COMMERCIAL ASSET TRUST	2005-1	US07324SBF83	NR	Aaa	0.67%	30 367 661
BAYVIEW COMMERCIAL ASSET TRUST	2005-3A	US07324SCB60	AAA	Aaa	4.70%	30 367 661
BEAR STEARNS ASSET BACKED SECURITIES, INC.		US073879X453	AA	NR	1.53%	30 367 661
CBRE REALTY FINANCE CDO, LTD.	2007-1A	US1248MLAE37	AAA	Aaa	1.46%	30 367 661
CC MORTGAGE FUNDING CORPORATION	2003-3A	US16678RAB33	AAA	Aaa	0.30%	18 514 221
CC MORTGAGE FUNDING CORPORATION	2003-4	US16678RAK32	AAA	Aaa	0.44%	27 701 395
COUNTRYWIDE ALTERNATIVE LOAN TRUST		US02146QAM50	AA	Aa1	1.15%	30 367 661
COUNTRYWIDE ALTERNATIVE LOAN TRUST	2005-56	US12668ALY90	AA+	Aa1	0.57%	30 367 661
COUNTRYWIDE ALTERNATIVE LOAN TRUST	2005-56	US12668AMB88	A+	A1	0.50%	30 367 661
COUNTRYWIDE ALTERNATIVE LOAN TRUST	2006-OA2	US126694S743	AA+	Aa1	1.53%	30 367 661
COUNTRYWIDE ASSET BACKED CERTIFICATES	2003-5	US126671S642	AA	Aaa	0.35%	22 014 726
COUNTRYWIDE ASSET BACKED CERTIFICATES	2004-10	US126673JX19	AA-	A2	0.51%	30 367 661
CREST 2002-1 LTD	2002-IG	USG2550JAA90	AAA	Aaa	2.02%	30 367 661
DOWNEY SAVINGS AND LOAN ASSOCIATION, FA	2004-AR1	US23332UAB08	AAA	Aaa	0.76%	30 367 661
ENCORE CREDIT RECEIVABLES TRUST 2005-2	2005-2	US126673J522	AA-	A2	0.48%	29 939 745
FBR SECURITIZATION TRUST 2005-4	2005-4	US30246QCA94	AA-	A3	0.48%	29 939 745
GRAPHITE MORTGAGES PLC	2006-1	GRAPH_LSS	AAA	NR	2.17%	30 367 661
GREENPOINT MORTGAGE FUNDING TRUST	2006-AR4	US39539FAT12	A-	Aa3	0.86%	30 367 661
GREENPOINT MORTGAGE FUNDING TRUST	2006-AR5	US39538AAQ94	NR	Aa1	1.80%	30 367 661
GSAMP TRUST	2005-NC1	US36242DUH42	A	A2	0.67%	30 367 661

### PORTFOLIO 3 (continued)

Issuer	Series	ISIN	S&P Rating	Moody's Rating	Weighting	Exposure <sup>(1)</sup>
HARBORVIEW MORTGAGE LOAN TRUST	2005-1	US41161PLE15	AAA	Aaa	1.22%	30 367 661
HARBORVIEW MORTGAGE LOAN TRUST SERIES 2006-12	2006-12	US41162DAN93	A-	A2	0.57%	30 367 661
HARBORVIEW MORTGAGE LOAN TRUST SERIES 2006-7	2006-7	US41161VAH33	AA	Aa3	0.57%	30 367 661
HARBORVIEW MORTGAGE LOAN TRUST SERIES 2006-9	2006-9	US41161XAG16	AA-	Aa1	1.78%	30 367 661
HARBORVIEW MORTGAGE LOAN TRUST, SERIES 2004-11	2004-11	US41161PJZ71	AAA	Aaa	1.05%	30 367 661
HOME EQUITY ASSET TRUST	2003-3	US22541N3S63	AA	Aa1	0.93%	30 367 661
HOME EQUITY ASSET TRUST	2004-7	US437084FL52	AAA	Aaa	0.37%	23 092 779
IMPAC CMB TRUST	2003-12	US45254NGK72	AA+	Aa2	0.11%	6 825 633
IMPAC CMB TRUST	2004-9	US45254NKY21	AAA	Aaa	0.22%	13 600 566
INDYMAC INDX MORTGAGE LOAN TRUST	2006-AR2	US45661EAL83	AA-	A1	0.33%	20 957 822
INDYMAC INDX MORTGAGE LOAN TRUST	2006-Ar4	US45661EAZ79	AA+	Aa1	0.86%	30 367 661
LAGONDA 2006-2	2006-2	LAGONDA062A	AAA	Aaa	0.62%	30 367 661
LEHMAN XS TRUST	2006-GP3	US525228AV47	A-	Aa3	0.48%	29 939 745
LONG BEACH MORTGAGE LOAN TRUST	2004-4	US542514HY37	A+	A3	0.33%	20 909 918
MASTER ADJUSTABLE RATE MORTGAGES TRUST	2004-WMC2	US57643LDK98	A	A2	0.34%	21 320 976
MERRILL LYNCH MORTGAGE INVESTORS, INC.	2005-WMC2	US59020UWN17	A	A3	0.57%	30 367 661
MESA WEST CAPITAL CDO LTD	2007-1A	US59066XAA28	AAA	Aaa	1.63%	30 367 661
MORGAN STANLEY ABS CAPITAL I	2004-NC1	US61744CAX48	A	A2	0.48%	29 939 745
MORGAN STANLEY HOME EQUITY LOANS 2005-1	2005-1	US61744CLJ35	A	A2	0.60%	30 367 661
N-STAR REAL ESTATE CDO 2006-8	2006-8A	US62940FAC32	NR	Aaa	3.44%	30 367 661
NATIONAL COLLEGIATE STUDENT LOAN TRUST	2005-2	US63543PBT21	AAA	Aaa	0.77%	30 367 661
NEW CENTURY HOME EQUITY LOAN TRUST 2004-3	2004-3	US64352VJA08	A-	A3	0.53%	30 367 661
NEWCASTLE CDO II, LIMITED	II	US65105UAA88	AAA	Aaa	0.96%	30 367 661
NOMURA CRE CDO LTD	2007-2A	US65537HAE71	AA-	Aa3	0.99%	30 367 661
PARK PLACE SECURITIES INC	2004-WHQ2	US70069FEK93	AA-	Aa3	1.15%	30 367 661
PEOPLE'S CHOICE HOME LOAN SECURITIES TRUST	2005-4	US71085PDK66	AA	A1	0.53%	30 367 661
PUMA MASTERFUND P9	P9	AU300PUMA029	AAA	Aaa	2.13%	30 367 661
RMAC	2003-NS3X	XS0177532743	AAA	Aaa	2.00%	30 367 661
SAXON ASSET SECURITIES TRUST	2005-1	US805564RS25	A-	A3	0.53%	30 367 661
SECURITIZED ASSET BACKED RECEIVABLES LLC	2004-OP1	US81375WAC01	A	A2	0.38%	23 951 796
SECURITIZED ASSET BACKED RECEIVABLES LLC	2004-OP2	US81375WBP05	A+	A2	0.47%	29 340 950
SG MORTGAGE SECURITIES TRUST	2006-FRE1	US81879MBC29	A	A3	0.55%	30 367 661
SLM STUDENT LOAN TRUST	2003-C	US78443CAZ77	AAA	Aaa	3.06%	30 367 661

**PORTFOLIO 3 (continued)**

<b>Issuer</b>	<b>Series</b>	<b>ISIN</b>	<b>S&amp;P Rating</b>	<b>Moodys Rating</b>	<b>Weighting</b>	<b>Exposure<sup>(1)</sup></b>
SMHL GLOBAL FUND NO. 3	3	AU000GLO3017	AA	Aa2	0.00%	25 375
SOUNDVIEW HOME EQUITY LOAN TRUST	2006-WF2	US83612MAL19	NR	A3	0.29%	17 963 847
SOUTHERN PACIFIC SECURITIES	FX	XS0163532566	AAA	Aaa	0.11%	6 993 322
STRUCTURED ASSET MORTGAGE INVESTMENTS II INC	2006-AR3	US86360KAL26	AA	Aa1	1.43%	30 367 661
THE SUPERANNUATION MEMBERS HOME LOAN PROGRNO	2003-2	AU300SF40035	AAA	Aaa	3.80%	30 367 661

(1) Excluding a first loss protection of \$50,098,144.