
G L O B A L ♦ D I G I T I I

GLOBAL DIVERSIFIED INVESTMENT GRADE INCOME TRUST II

MANAGEMENT REPORT OF FUND PERFORMANCE

June 30, 2007

This interim management report of fund performance contains financial highlights but does not contain the complete interim 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 or SEDAR at 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 interim 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 Trustee, are forward-looking statements. Such statements are subject to potential risks and uncertainties, and actual results could therefore differ materially. The Trustee’ 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.

Global DIGIT II Management Inc. is the trustee for the issuer, Global Diversified Investment Grade Income Trust II (“**Global DIGIT II**”). Metcalfe & Mansfield Alternative Investments II Corp. is the trustee for Silverstone Trust (“**Silverstone**”), a trust consolidated with Global DIGIT II. Global DIGIT II and Silverstone are collectively referred to as the “**Trust**” in this report and in the interim financial statements. Global DIGIT II Management Inc. and Metcalfe & Mansfield Alternative Investments II Corp are two affiliates and are collectively referred to as the Trustee in this report.

1. Investment Objectives and Strategy

Global DIGIT II’s principal objectives are:

- (i) to provide holders of units (the “**Unitholders**”) with a fixed rate stream of monthly distributions equal to \$0.0687 per Unit (\$0.8244 per annum) (8.244% per annum compounded monthly or an effective annual rate of 8.56%) up to on or about March 9, 2010 and, thereafter, a fixed rate stream of monthly distributions reset every five calendar years (the date of every such reset, including March 9, 2010, being a “**Reset Date**”) intended to equal the five-year Government of Canada bond rate plus 4% to 4.5%. The distributions consist of capital reimbursements which reduce the adjusted cost base, until such cost base is equal to zero and, thereafter, of income payments; and
- (ii) to repay to Unitholders on a Reset Date falling on or after March 9, 2010 but no later than March 9, 2045 on which the credit default swaps (as described below) are terminated by Winchester Capital, a unit of Deutsche Bank AG (“**Deutsche Bank**”) (such date being the “**Maturity Date**”) an amount equal to the original subscription price of \$10.00 per unit.

To meet its objectives, Global DIGIT II entered into three credit default swap agreements (the “**Financial Contracts**”) with Silverstone Trust, which itself entered into four credit default swaps with Deutsche Bank. These credit default swaps provide Unitholders with an exposure to four global diversified portfolios (individually, the “**Credit Exposure A, B, C or D**”, and collectively, the “**Credit Exposures**”) of mortgage-backed securities, asset-backed securities, structured finance securities, synthetic corporate exposures and other fixed-income securities. The Trust’s obligations under the credit default swaps are collateralized by term

deposit investments made by the Trust. The term investments have been funded by the proceeds from the initial public offering of the Trust as well as by the issuance of commercial paper and floating rate notes.

To the extent that any losses, net of any recoveries, are incurred as a result of credit events in the portfolios, the notional amount of the Credit Exposures, and therefore the amount that will be repaid to Unitholders by the Trust on the Maturity Date, will decline, as will monthly distributions on the units. These amounts will decline to zero if the cumulative losses equal or exceed, the initial notional amount of Credit Exposures A, B and C.

2. Risks

The Unitholders assume the credit risk of the first loss on the reference obligations up to the notional amount of the Credit Exposures A, B and C. Any loss resulting from a credit event will lead to a settlement that will decrease the notional amount of the affected Credit Exposure. A decrease in the notional amount will decrease the monthly distributions of the Trust and the redemption price of the units at the Maturity Date. The occurrence of several credit events could reduce the notional amount to zero resulting in quarterly distributions and payment on the Maturity Date reduced to zero.

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 II units remains as described in Schedule A.

3. Results of Operations

The assets of Global DIGIT II are primarily an investment in term deposits and credit default swap agreements A, B, C and D providing with an exposure to the Credit Exposures containing, as at June 30, 2007, respectively 221, 153, 231 and 606 securities (collectively, the “**reference obligations**”). Credit Exposure D contains a senior exposure to the reference obligations contained in Credit Exposures A, B and C, plus an exposure to a synthetic corporate obligation representing 25% of the total portfolio of reference obligations of Credit Exposure D. The aggregate notional amount of the Credit Exposures is \$20,097,319,000, consisting of an aggregate amount of \$97,319,000 for the portfolios A, B and C and \$20 billion for the portfolio D. The aggregate amount of investments and interest-bearing receivable assets under the credit default swaps is \$2,097,319,000.

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. The following description is intended to provide a plain language summary of its assets and liabilities.

Investments

The investments of Global DIGIT II, which consist of a Bayerische Landersbank Floating Rate Note and a National Bank of Canada Term Deposit Note have been pledged as collateral under the Financial Contracts. On the first Reset Date, in the event that Deutsche Bank has elected to terminate the Financial Contracts, these investments and a payment under the Financial Contracts will be used to repay Global DIGIT II's indebtedness and redeem the units. If Deutsche Bank has not elected to terminate the Financial Contracts, the proceeds from these investments will be reinvested and pledged as collateral under the Financial Contracts.

Management of the Portfolio

Deutsche Bank, acting through Winchester Capital, its principal finance unit which specializes in structured finance and assets, 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 made by Winchester Capital may be made solely in furtherance of Deutsche Bank's trading strategy and may have a positive or negative impact on the credit performance of the portfolio of reference obligations and the Financial Contracts. Any such changes in the composition of the portfolio or other actions undertaken by Deutsche Bank does not require the approval of or consultation with the Trustee or the Unitholders. Moreover, irrespective of the amount of losses sustained in respect of the Credit Exposures, at no time will Deutsche Bank or Winchester Capital have any obligation to act in, or take into account of, the interests of the Trust or the Unitholders.

However, Winchester Capital (but not Deutsche Bank on a consolidated basis) will be required to maintain a 25% unhedged exposure to the portfolio of reference obligations. Consequently, the Winchester Capital unit of Deutsche Bank is exposed, along with Unitholders, to losses arising from credit events occurring with respect to reference obligations in the portfolio during the term of the Financial Contracts.

The Trustee has no obligation, and no ability without the consent of Winchester Capital, to replace, modify, sell or terminate the Credit Exposures. Subject to the consent of Winchester Capital, the Trustee may request an amendment to certain of the Credit Exposures when, in its judgement, such amendment is advisable. Such amendment may result in a reduction in the monthly distribution and in the value of the Financial Contract at the Maturity Date. Any amendment to the Credit Exposures is not subject to the approval of the Unitholders and are at the sole discretion of the Trustee.

Credit Quality of the Portfolios and the Financial Contracts

Credit Exposure A

As of June 30, 2007, Credit Exposure A comprised 221 reference obligations, including mortgage-backed securities, asset-backed securities, structured finance securities, synthetic corporate exposures and other fixed-income securities (at December 31, 2006 – 205 reference obligations).

The S&P ratings of the mortgage-backed securities, asset-backed securities, structured finance securities, synthetic corporate exposures and other fixed-income securities comprised in Credit Exposure A were distributed as follows at inception (by notched S&P rating category), 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	75.8%	77.1%	76.6%	73.6%
AA	13.5%	10.4%	10.1%	12.1%
A	10.7%	12.1%	13.1%	14.1%
BBB	0.0%	0.4%	0.0%	0.0%
BB	0.0%	0.0%	0.2%	0.2%

The weighted average assigned Moody's rating factor of the mortgage-backed securities, asset-backed securities, other fixed-income securities and synthetic corporate exposures comprised in Credit Exposure A was 18 at inception (between Aa1 and Aa2), 19 as of December 31, 2005, December 31, 2006 and June 30, 2007 (between Aa1 and Aa2). 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 comprised in Credit Exposure A had initially a weighted average default probability equivalent to a rating of AA by S&P, between AA+ and AA as of December 31, 2005 and December 31, 2006 and between AA and AA- as of June 30, 2007.

Portfolio A's composition by asset classes at inception, December 31, 2005, December 31, 2006 and June 30, 2007 was as follows:

Asset Class⁽¹⁾	Inception	Dec. 31, 2005	Dec. 31, 2006	June 30, 2007
Commercial asset-backed securities	3.4%	4.4%	5.9%	2.0%
Consumer asset-backed securities	8.1%	5.6%	3.4%	2.3%
Residential mortgage-backed securities	31.7%	34.6%	31.7%	31.0%
Commercial mortgage-backed securities	15.5%	9.6%	10.2%	15.7%
Synthetic corporate exposures and other structured finance and fixed-income securities	41.3%	45.8%	48.8%	48.9%

(1) Based on S&P Industry Classification..

The exposure of the Trust to Credit Exposure A is limited to an amount of \$23,634,614. Further, the exposure of the Trust to each of the 221 obligations included in Credit Exposure A is shown in the right-most column of the table showing Portfolio A in Schedule B.

Credit Exposure B

As of June 30, 2007, Credit Exposure B comprised 153 reference obligations, including mortgage-backed securities, asset-backed securities, structured finance securities, synthetic corporate exposures and other fixed-income securities (December 31, 2006 – 137 reference obligations).

The S&P ratings of the mortgage-backed securities, asset-backed securities, structured finance securities, synthetic corporate exposures and other fixed-income securities comprised in Credit Exposure B were distributed as follows at inception (by notched S&P rating category), 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	72.9%	79.4%	83.7%	75.7%
AA	16.2%	8.6%	3.2%	4.0%
A	10.9%	11.9%	13.1%	19.4%
BBB	0.0%	0.0%	0.0%	1.0%

The weighted average assigned Moody's rating factor of the mortgage-backed securities, asset-backed securities, other fixed-income securities and synthetic corporate exposures comprised in Credit Exposure B was 21 initially (between Aa2 and Aa3 equivalent), 19 both as of December 31, 2005 and December 31, 2006 (between Aa1 and Aa2) and was 30 as of June 30, 2007 (between Aa2 and Aa3 equivalent). The reference obligations comprised in Credit Exposure B had a weighted average default probability equivalent to a rating of AA by S&P at inception, between AA+ and AA as of December 31, 2005 and December 31, 2006 and between AA and AA- as of June 30, 2007.

Credit Exposure B's composition by asset classes at inception, December 31, 2005, December 31, 2006 and June 30, 2007 was as follows:

Asset Class⁽¹⁾	Inception	Dec. 31, 2005	Dec. 31, 2006	June 30, 2007
Commercial asset-backed securities	5.0%	9.1%	10.8%	9.6%
Consumer asset-backed securities	0.5%	0.5%	2.6%	2.6%
Residential mortgage-backed securities	38.8%	31.5%	22.2%	19.4%
Commercial mortgage-backed securities	10.2%	8.3%	10.6%	16.1%
Synthetic corporate exposures and other structured finance and fixed-income securities	45.5%	50.7%	53.8%	52.3%

(1) Based on S&P Industry Classification.

The exposure of the Trust to Credit Exposure B is limited to an amount of \$31,976,243. Further, the exposure of the Trust to each of the 153 obligations included in Credit Exposure B is shown in the right-most column of the table showing Portfolio B in Schedule B.

Credit Exposure C

As of June 30, 2007, Credit Exposure C comprised 231 reference obligations, including mortgage-backed securities, asset-backed securities, structured finance securities, synthetic corporate exposures and other fixed-income securities (at December 31, 2006 – 233 reference obligations).

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

Rating	Inception	December 31, 2005	December 31, 2006	June 30, 2007
AAA	66.1%	50.2%	49.5%	47.7%
AA	9.7%	12.6%	13.5%	13.3%
A	24.2%	35.0%	35.5%	37.5%
BBB	0.0%	2.3%	1.5%	1.5%

The weighted average assigned Moody's rating factor of the mortgage-backed securities, asset-backed securities, other fixed-income securities and synthetic corporate exposures comprised in Credit Exposure C was 39 initially (between Aa2 and Aa3 equivalent), 63 as of December 31, 2005 (between Aa3 and A1), 57 as of December 31, 2006 (between Aa3 and A1) and 59 as of June 30, 2007 (between Aa3 and A1). The reference obligations comprised in Credit Exposure C had a weighted average default probability equivalent to a rating of AA- by S&P at inception, between AA- and A+ as of December 31, 2005, December 31, 2006 and June 30, 2007.

Credit Exposure C's composition by asset classes at inception, December 31, 2005, December 31, 2006 and June 30, 2007 was as follows:

Asset Class⁽¹⁾	Inception	Dec. 31, 2005	Dec. 31, 2006	June 30, 2007
Commercial asset-backed securities	0.9%	10.8%	7.8%	4.8%
Consumer asset-backed securities	0.5%	0.5%	0.0%	0.2%
Residential mortgage-backed securities	41.4%	32.3%	24.5%	21.9%
Commercial mortgage-backed securities	7.9%	7.6%	14.4%	21.9%
Synthetic corporate exposures and other structured finance and fixed-income securities	49.3%	48.8%	53.3%	51.2%

(1) Based on S&P Industry Classification.

The exposure of the Trust to Credit Exposure C is limited to an amount of \$41,708,143. Further, the exposure of the Trust to each of the 231 obligations included in Credit Exposure C is shown in the right-most column of the table showing Portfolio C in Schedule B.

The credit protection provided under the Credit Exposures is a relatively small amount in relation to the size of the portfolio in respect of which credit protection has been provided. Relatively small percentage losses on the portfolio will result in proportionally larger tranche percentages being deducted from the initial notional amount in satisfaction of credit protection obligations under the Credit Exposures. Moreover, a partial or total loss may be incurred on Credit Exposures A, B and C without a total loss, or any loss, being incurred by an investor holding a more senior tranche of the Credit Exposures to the portfolio, including providers of the senior debt used to collateralize Credit exposure D. Hence, Unitholders may suffer a partial or total loss on the units without the financial institutions providing senior debt to the Trust incurring any losses in respect of Credit Exposure D and Unitholders will suffer a total loss before such senior debt providers suffer any loss.

Net Asset Value

The net asset value ("NAV") of the Trust was \$59,754,266 as at June 30, 2007 (\$5.75 per unit based on 10,392,283 units outstanding), as compared to \$121,882,467 as at December 31, 2006 (\$8.73 per unit based on 13,959,575 units outstanding). The NAV reflects a complete write-off of the \$9,786,499 (\$0.65 per unit) issue expense incurred with the initial public offering of Global DIGIT II. 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 (if any) 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 and on SEDAR at www.sedar.com and is published monthly by Global DIGIT II.

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

- (i) the value of the Financial Contracts is established primarily by reference to a bid and ask indication provided monthly by Winchester Capital for the Financial Contracts. The bid and ask indication provided by Winchester Capital reflects the price that it would be ready to purchase or sell a \$1 million tranche of the Financial Contracts. This information may reflect factors such as the market's assessment of overall credit quality of the reference 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 Winchester Capital, such as correlation between individual reference obligations (and other securities in the portfolio of the Bank or Winchester Capital).
- (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 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 rules.

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 loss of \$28,659,410 (\$2.76 per unit) (a net loss of respectively \$1,045,064 and \$0.07 per unit for the same period in 2006) and has declared a distribution of \$5,204,836 (\$0.412 per unit) (respectively \$5,890,222 and \$0.412 per unit for the same period in 2006) to its Unitholders. The difference between the 2007 net loss and the amount of the distributions is the result of a non-materialized depreciation of \$37,954,410 (which is not a cash item) in the Financial Contracts (\$3.01 per unit).

The distributions made by the Trust were entirely made of return of capital and have resulted in a reduction in the amount of the term deposits held by the Trust. The amount of term deposits held by the Trust decreased by \$27,405,200 as a result of the sale of \$33,406,000 of investments for the redemption of 3,567,292 units made by the Trust during the interim period ended June 30, 2007 and by \$5,449,908 as a result of liquidations in the term deposits to finance the distributions. Hence, the reduction of \$5,449,908 in the term deposits was compensated by the accrual of an interest-bearing credit default swap receivable of \$5,449,908 reported as part of the \$20,717,708 shown on the balance sheet as at June 30, 2007.

Borrowings and Interest Rate Hedging

As at June 30, 2007, the Trust had \$1,999,678,860 (as compared to \$1,999,392,870 as at 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.

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

From time to time, the Trust enters into interest swap arrangements to hedge interest payable under the floating rate notes and the commercial paper to maturities matching the interest that the Trust 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, and is payable to the Financial Services Agent. A portion of this PSF Fee was securitized on March 18, 2005 through the issue of a \$15,712,210 note and the proceeds were paid to 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 \$12,795,554 as at June 30, 2007. Proceeds from the PSF Note are shown as prepaid expenses on the Trust's consolidated balance sheet with an unamortized balance of \$12,098,403 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.

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. Also during the interim period, despite the turmoil in the US sub-prime mortgage market, there were no downgrades and no reference obligation included in the portfolios was subject to a credit event. However, this crisis in US sub-prime mortgage markets has triggered a significant decrease in the pricing of the financial contracts and, consequently, on the NAV of the Trust; from December 31, 2006 to June 30, 2007, the NAV dropped from \$8.73 to \$5.75.

Further to an agreement between National Bank Financial Inc. ("NBF") and Deutsche Bank, starting January 1, 2009, Deutsche Bank will not exercise its ramp-up and replenishment option under the financial contracts relating to the underlying credit default swaps. Therefore, the principal amount of the assets in the portfolios will start to decline after January 1, 2009 as maturing portfolio assets will not be replaced, decreasing the likelihood that the transaction will reach the maximum 2045 maturity date if Deutsche Bank AG exercises, each five year, its right to postpone the maturity date.

Redemptions

On February 28, 2007, Global DIGIT II purchased for cancellation the 1,476,120 units (representing approximately 10.6% of the outstanding units) that had been tendered for redemption pursuant to the annual redemption privilege. As part of this transaction, National Bank of Canada exercised its right to have 1,408,600 units redeemed pursuant to this annual privilege; the units so redeemed were initially acquired for investment purposes.

In view of the market price volatility of the Financial Contracts and further to an agreement with the Deutsche Bank, the Trustee proposed to Unitholders an additional mechanism for providing liquidity to the units and, on May 25, 2007, Unitholders approved such opportunity. Consequently, on May 31, 2007, Global DIGIT II purchased for cancellation the 2,091,172 units (representing approximately 16.8% of the outstanding units) that had been tendered for redemption pursuant to the Extraordinary Redemption Opportunity.

Subsequent Events

At the beginning of July 2007, S&P and Moody's issued various press releases concerning credit watch actions on a significant number of U.S. residential mortgage-backed securities (RMBS) and collateralized debt obligations of RMBS. Further to these credit actions, one reference obligation was put on credit watch by both S&P and Moody's and another one by Moody's only. On July 19, 2007, the Trustee announced that the July 30 NAV would be approximately \$4.23 as a result of falling values in the market of RMBS.

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 II to Natcan Trust Company ("**Natcan Trust**"). Under this agreement, Natcan Trust is responsible for providing administrative services to Global DIGIT II including, without limitation:

- (i) making the payment of operating expenses incurred on behalf of Global DIGIT II;
- (ii) preparing financial statements, financial and accounting information as required by Global DIGIT II;
- (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 semi-annual financial statements) and other reports as are from time to time required by applicable laws;
- (v) ensuring that Global DIGIT II complies with regulatory requirements and applicable stock exchange listing requirements;
- (vi) preparing Global DIGIT II'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 and negotiating contractual agreements with third party providers of services.

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 \$16,023 (2006 – \$25,271).

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

- (i) authorizing the payment of operating expenses incurred on behalf of Silverstone;
- (ii) maintaining proper books of account and complete record of transactions as required by Silverstone;
- (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, no fees were paid to NBF pursuant to this agreement (same for the corresponding period in 2006).

Financial Services Agreement

Pursuant to a Financial Services Agreement, Metcalfe & Mansfield Investments II Corp., as trustee for Silverstone, has delegated financial services responsibilities relative to Silverstone to NBF. Under this agreement, NBF assumes on behalf of Silverstone 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 Silverstone 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 \$3,285,610 for these services (2006 – \$2,385,610).

Agency Agreements

Pursuant to an agency agreement, Metcalfe & Mansfield Alternative Investments II Corp., as trustee for 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 was entitled to a fee of \$445,563 for these services (2006 – \$246,871).

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 II may, but is not obligated to, require NBF to seek such purchasers.

There are no fees payable in connection with the Recirculation 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 Deutsche Bank as collateral to the Financial Contract.

For the year 2007, up to June 30, 2007, Natcan Trust earned fees of \$50,594 in connection with this agreement (2006 – \$57,083).

Registrar and Transfer Agent Agreement

Pursuant to a registrar and transfer agent agreement between the Trust and Natcan Trust, Natcan Trust, 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 – \$5,157).

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 rule NI-81-107. The Governance Committee of the Board of Directors of the Trustee made no report during the interim period ended December 31, 2006.

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 financial statements:

	June 30, 2007	December 31, 2006	December 31, 2005 (10 1/3 months)	March 11, 2005 (at inception)
Weighted average number of outstanding units	12,618,018	14,124,646	14,950,000	14,950,000
Net Asset Value, beginning of period	\$8.73	\$9.50	\$9.35	\$10.00
Increase (decrease) from operations				
Total revenues.....	\$4.87	\$8.51	\$5.29	-
Total expenses.....	(\$4.39)	(\$7.61)	(\$4.48)	-
Realized gains (losses) for the period	(\$0.63)	-	-	-
Unrealized gains (losses) for the period	(\$2.13)	(\$0.88)	-	-
Total increase (decrease) from operations	(\$2.42)	\$0.03	\$0.81	-
Issue expenses ⁽¹⁾	-	-	-	(\$0.65)
Distributions:				
From income (excluding dividends)	-	-	-	-
From dividends	-	-	-	-
From capital gains.....	-	-	-	-
Return of capital.....	(\$0.41)	(\$0.82)	(\$0.66)	-
Total Distributions⁽²⁾	(\$0.41)	(\$0.82)	(\$0.66)	-
Net Asset Value, end of period	\$5.75	\$8.73	\$9.50	\$9.35

(1) Issue expense of \$9,786,499 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.

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

Ratio and Supplemental Data

	June 30, 2007	December 31, 2006	December 31, 2005	March 11, 2005 (at inception)
Net Asset.....	\$59,754,266	\$121,882,467	\$142,069,178	\$139,713,501
Number of units outstanding.....	10,392,283	13,959,575	14,950,000	14,950,000
Net Asset Value per Unit	\$5.75	\$8.73	\$9.50	\$9.35
Portfolio turnover rate.....	-	-	-	-
Trading expenses ratio	-	-	-	-
Closing market price (TSX).....	\$6.00	\$8.47	\$9.06	\$10.00

Accreted Value

At the Maturity Date, 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 difference in the amortization of prepaid expenses and the PSF Note, 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.

Accreted Value:	June 30, 2007	December 31, 2006	December 31, 2005 (10 1/3 months)	March 11, 2005 (at inception)
Weighted average number of units outstanding	12,618,018	14,124,646	14,950,000	14,950,000
Accreted Value at beginning	\$9.66	\$9.52	\$9.35	\$10.00
Decrease (decrease) from operations:				
Total revenues.....	\$4.87	\$8.51	\$5.30	-
Total expenses.....	(\$4.39)	(\$7.61)	(\$4.47)	-
Realized gains (losses) for the period.....	-	-	-	-
Issue expenses⁽¹⁾	-	-	-	(\$0.65)
Plus: Amortization of prepaid PSF expenses	\$0.06	\$0.11	\$0.08	-
Minus: Reduction in the outstanding amount of the PSF Note	(\$0.05)	(\$0.09)	(\$0.06)	
Distributions	(\$0.41)	(\$0.82)	(\$0.66)	-
Accreted Value at end⁽²⁾	\$9.77	\$9.66	\$9.52	\$9.35
Reconciliation of the Accreted Value and the Net Asset Value				
Accreted Value at end of period.....	\$9.77	\$9.66	\$9.52	\$9.35
Unrealised gains and losses since inception.....	(\$3.95)	(\$0.89)		
Amount of prepaid expense in excess of the PSF Note.....	(\$0.07)	(\$0.04)	(\$0.02)	-
Net Asset Value, end of period	\$5.75	\$8.73	\$9.50	\$9.35

(1) Issue expense of \$9,786,499 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.

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

The \$9.77 accreted value as at June 30, 2007 reflects the recovery of \$0.42 by the Trust or about 65% of the \$0.65 issue cost incurred in connection with the initial public offering.

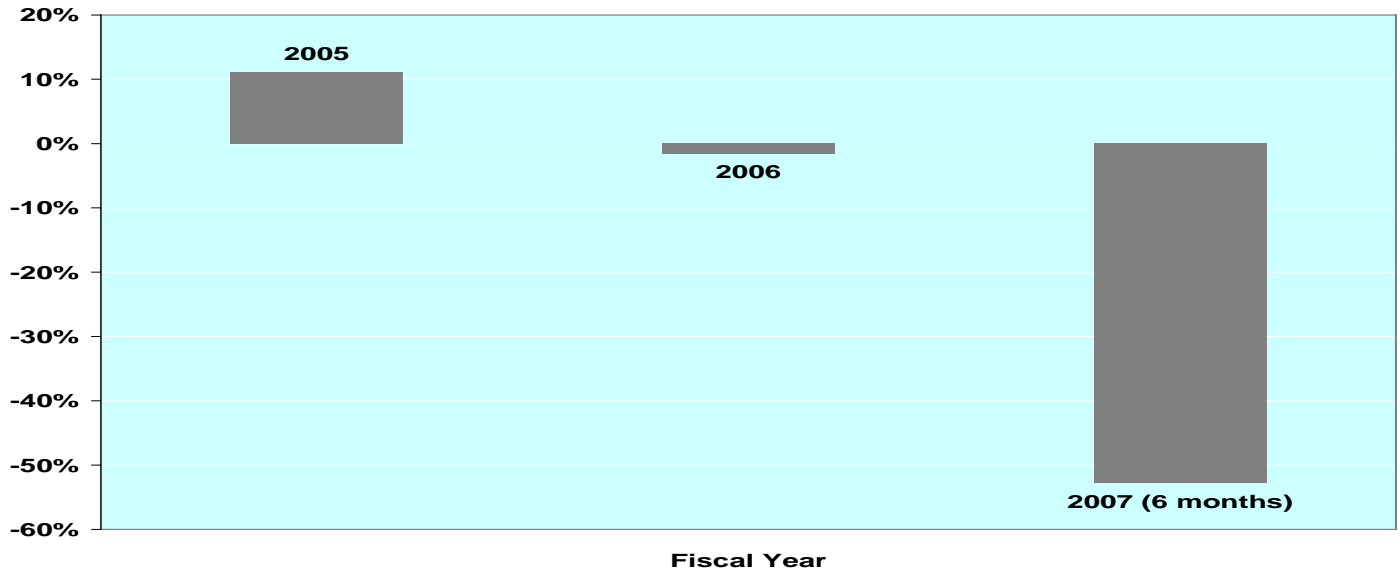
8. Past Performance

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

Returns

The following bar chart shows Global DIGIT II's annual performance for the year shown and performance for the year 2006. This bar chart shows, in percentage terms, how much an investment made on the first day of the financial year would have grown or decrease by the last day of the financial year or period.

The Trust objective is to provide a return on investment of 8.244% per annum to Unitholders up to on or about March 9, 2010 and thereafter a fixed rate stream of monthly distribution reset every financial calendar year, intended to equal the five-year Government of Canada bond rate plus 4% to 4.5%.



Annual Compound Returns

	Past year	Since Inception ⁽¹⁾
Based on NAV ⁽²⁾	-31.4%	-12.4%
Based on unit price ⁽³⁾	-27.7%	-13.2%

(1) Annualized for the period of March 11, 2005 (inception date) to June 30, 2007.

(2) Calculated from initial net asset value of \$9.35 and June 30, 2007 net asset value of \$5.75 assuming all distributions reinvested.

(3) Calculated from issue price of \$10.00 and June 30, 2007 market price of \$6.00 assuming all distributions reinvested.

9. Summary of the Investment Portfolio

- 1) Swap agreements A, B, C, D for a total of \$2,097,319,000;
- 2) Bayerische Landersbank rated AAA Floating Rate Note for a total of \$2,000,000,000;
- 3) National Bank of Canada rated A Term Deposit Note for a total of \$75,794,737;
- 4) An interest-bearing receivable of \$20,717,708 under the swap agreements A, B and C.

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 would result in a net loss for the Trust.

Creditworthiness of Silverstone and Deutsche Bank

Because the capacity of the Trust to redeem Units on the Maturity Date or to make distributions during the duration of the transaction depends on the receipt of a payment by Silverstone from Deutsche Bank at that date under the collateralized credit default swap agreements between Silverstone and Deutsche Bank and the repayment of an equivalent amount by Silverstone 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 Deutsche Bank and Silverstone.

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 Trustee, Silverstone 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, Silverstone or Deutsche 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 Silverstone and the ability of Silverstone 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 Maturity Date 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 Silverstone's assets under the terms of the Financial Contract.

None of the Trustee, Silverstone, Deutsche 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. The cost of funding of senior debt issued by Silverstone might affect the level of monthly distribution.

Funding of the Credit Exposures by Silverstone

The use of senior debt by Silverstone to fund Credit Exposure D 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 Silverstone on its own investments. Global DIGIT II ability to achieve its investment objectives also depends on Silverstone's ability to renew or replace on a continuous basis maturing short term debt.

**SCHEDULE B
PORTFOLIO A**

Issuer	Series	ISIN	S&P Rating	Moody's Rating	Weighting	Exposure \$
A4 FUNDING LP	2003-A	US008275AA74	AAA	Aaa	0.38%	9 333 188
ABACUS LTD	2006-10	US00257AAA51	AAA	Aaa	1.43%	23 634 614
ACCESS GROUP INC	2002-A	US00432CAQ42	AAA	Aaa	0.32%	7 870 750
ACCREDITED MORTGAGE LOAN TRUST	2005-2	US004375DH15_C764626M_C	A	A2	0.26%	6 511 527
ACE SECURITIES CORP	2004-FM1	US004421DL47	A+	A2	0.05%	1 168 622
ACE SECURITIES CORP	2004-HE3	US004421HT37	AA	A1	0.33%	8 158 943
ACE SECURITIES CORP	2004-HE3	US004421HU00	AA	A2	0.29%	7 199 144
ACE SECURITIES CORP	2004-HE4	US004421JL82	AA	A1	0.42%	10 523 496
AIG MEZZVEST FUNDING LIMITED	1	XS0198687617	AA	Aa2	1.15%	23 634 614
AIRCRAFT LEASE BACKED TRUST	2006-1	US00505HAA05	AAA	Aaa	0.27%	6 767 415
ALESCO PREFERRED FUNDING, LTD	10A	US01449WAB28	AAA	Aaa	0.96%	23 634 614
ALESCO PREFERRED FUNDING, LTD	14A	US014498AB56	AAA	Aaa	1.05%	23 634 614
ALESCO PREFERRED FUNDING I, LTD	1	US01447YAA29	AAA	Aaa	0.34%	8 490 043
ALESCO PREFERRED FUNDING, LTD.	7A	US01448YAB92	AAA	Aaa	0.78%	19 290 991
ALPSTAR CLO 1 PLC	1	XS0249393595	AAA	Aaa	0.81%	20 201 150
ANNINGTON FINANCE NO. 4 PLC	B3	XS0198259813	A	A2	0.63%	15 794 794
ANTHRACITE CDO II LTD	2002	US03702SAA15	AAA	Aaa	0.35%	8 682 036
ANTHRACITE CDO LTD	1	US03702WAA27	AAA	Aaa	0.34%	8 387 136
ANTHRACITE CDO, LTD.	2002-CIBA	US03702LAA61	AAA	Aaa	0.35%	8 595 369
ANTHRACITE CDO, LTD.	2006-HY3A	US03703FAA84	AAA	Aaa	0.23%	5 841 313
ARBOR REALTY MORTGAGE SECURITIES SERIES 2005-1, LTD	2005-1A	US038927AA73	AAA	Aaa	0.35%	8 682 036
ARCAP REIT, INC	2004-1	US039279AD64	A-	A1	0.09%	2 170 509
ARCHIMEDES FUNDING IV (CAYMAN) LTD.	4X	USG04532AA82	AAA	Aaa	0.25%	6 113 322
ARES COMMERCIAL LOAN TRUST 2006-1	2006-1	US002043AG23	A	A2	0.14%	3 472 814
ARTS LTD	2005	US00971VAB27	AAA	Aaa	0.21%	5 209 221
ASSET BACKED SECURITIES CORPORATION	2004-HE8	US04541GMP45	A	A2	0.52%	13 023 054
ASSET BACKED SECURITIES CORPORATION SERIES 2005-HE1	2005-HE1	US04541GPL04	A+	A1	0.26%	6 500 674
ATRIUM CDO	1	US04963JAA34	AAA	Aaa	0.79%	19 534 580
ATTENTUS CDO LTD.	2006-1A	US049730AC83	AA	Aa2	0.42%	10 418 443
AVIATION CAPITAL GROUP TRUST	2003-2	US004448AA42	AAA	Aaa	0.87%	21 654 098
BALLYROCK CDO LIMITED	2	US058739AA12	AAA	Aaa	1.05%	23 634 614
BAMBURGH FINANCE NO. 1 PLC	1	XS0159966844	AA	NR	0.43%	10 756 647
BAYVIEW COMMERCIAL ASSET TRUST	2006-4A	US07325BAC28	NR	Aaa	0.42%	10 484 061
BAYVIEW COMMERCIAL ASSET TRUST	2005-3A	US07324SCB60	AAA	Aaa	0.17%	4 271 563
BAYVIEW COMMERCIAL ASSET TRUST	2005-3A	US07324SCC44	NR	Aaa	0.86%	21 504 782
BAYVIEW COMMERCIAL ASSET TRUST 2005-4	2005-4A	US07324SCS95	NR	Aaa	0.88%	21 828 319

PORTFOLIO A (continued)

Issuer	Series	ISIN	S&P Rating	Moody's Rating	Weighting	Exposure \$
BEAR STEARNS ALT-A TRUST	2004-13	US07386HPY17	AAA	Aaa	0.34%	8 407 635
BEAR STEARNS ASSET BACKED SECURITIES I LLC	2004-HE11	US073879NZ74	A	A2	0.21%	5 209 221
BELLA VISTA MORTGAGE TRUST	2005-1	US07820QBM69	AAA	Aaa	0.32%	7 879 343
BELLA VISTA MORTGAGE TRUST	2005-2	US07820QCE35	AAA	Aaa	0.21%	5 207 224
BL SUPER FINANCE		XS0244892054	AA	NR	0.56%	14 029 924
BLACK DIAMOND CLO 2005-1 LTD	2005-1	US09202EAE68	A-	A2	0.21%	5 209 221
BRASCAN STRUCTURED NOTES 2005-2 LTD	2005-2A	US10550YAA64	AAA	Aaa	0.17%	4 341 018
BROADWICK FUNDING, LTD.	2006-1A	US11161RAD44	AAA	Aaa	0.27%	6 809 734
C-BASS LTD	16A	US12498YAE95	A	A2	0.45%	11 286 647
CABRAL LTD	1	XS0125882323	NR	Aaa	0.20%	4 891 465
CAPITALSOURCE COMMERCIAL LOAN TRUST	2006-2A	US14056GAC24	AAA	Aaa	0.38%	9 550 239
CAPITALSOURCE COMMERCIAL LOAN TRUST	2006-2A	US14056GAE89	A	A2	0.27%	6 620 052
CAPITALSOURCE REAL ESTATE LOAN TRUST	2006-1A	US140560AD50	A+	A1	0.35%	8 682 036
CAPMARK VII-CRE LTD	2006-7	US14068XAB38	AAA	Aaa	0.24%	6 077 425
CARBON CAPITAL II REAL ESTATE CDO 2005-1, LTD	2005-1	US140818AA38	AAA	Aaa	0.17%	4 341 018
CASTLE HILL II - INGOTS , LTD	2	US14845TAA43	AAA	Aaa	0.85%	21 270 988
CASTLE TRUST	2003-1	US14852MAF86	AAA	Aaa	0.35%	8 638 158
CCCIT	2002-A4	US17305EAZ88	AAA	Aaa	0.52%	13 023 054
CDC MORTGAGE CAPITAL TRUST	2004-HE4	US45071KAF12	A	A2	0.21%	5 263 050
CHL MORTGAGE PASS-THROUGH TRUST 2004-25	2004-25	US12669GKJ93	AAA	Aaa	0.26%	6 511 527
CHL MORTGAGE PASS-THROUGH TRUST 2004-29	2004-29	US12669GJC69	AAA	Aaa	0.47%	11 699 872
CITADEL HILL 2000 LTD.	2000	XS0121614761	AAA	Aaa	0.05%	1 246 379
CITIGROUP MORTGAGE LOAN TRUST, INC	2004-RES1	US17307GKP27	AA-	A1	0.18%	4 535 061
CLOVERIE PLC		XS0226947827	NR	Aaa	0.52%	13 023 054
COAST CFO LTD	2006-1A	US190320AA91	AAA	Aaa	0.70%	17 364 072
COUNTRYWIDE ALTERNATIVE LOAN TRUST	2005-45	US12667G6R94	AA	Aa2	0.38%	9 547 446
COUNTRYWIDE ALTERNATIVE LOAN TRUST	2005-56	US12668AMB88	A+	A1	0.12%	3 037 983
COUNTRYWIDE ALTERNATIVE LOAN TRUST	2005-59	US12668AFA88	A	A2	0.49%	12 136 053
COUNTRYWIDE ALTERNATIVE LOAN TRUST	2005-J2	US12667F6A87	AAA	NR	0.66%	16 337 337
COUNTRYWIDE ASSET BACKED CERTIFICATES	2004-10	US126673JR41	AAA	Aaa	0.41%	10 184 771
COUNTRYWIDE ASSET BACKED CERTIFICATES	2004-11	US126673LQ30	AAA		0.44%	10 852 545
COUNTRYWIDE ASSET BACKED CERTIFICATES	2004-5	US1266716H42	AAA	Aaa	0.10%	2 374 156
COUNTRYWIDE ASSET BACKED CERTIFICATES	2004-7	US126673DZ21	AAA	Aaa	0.30%	7 547 006
COUNTRYWIDE ASSET BACKED CERTIFICATES	2004-8	US126673EU25	AAA		0.41%	10 203 411
COUNTRYWIDE ASSET BACKED CERTIFICATES	2004-AB1	US126673HG04	AAA	Aaa	0.35%	8 682 036
COUNTRYWIDE ASSET-BACKED CERTIFICATES	2004-13	US126673RQ75	A	A2	0.09%	2 170 509

PORTFOLIO A (continued)

Issuer	Series	ISIN	S&P Rating	Moody's Rating	Weighting	Exposure \$
COUNTRYWIDE HOME LOANS CREDIT-LINKED AND STRUCTURED SECURITIES (CLASS) LIMITED	2005-7	US12669GNQ00	AAA	Aaa	0.13%	3 327 509
CREST 2002-1 LTD	2002-IG	USG2550JAA90	AAA	Aaa	0.13%	3 345 706
DECO		XS0235683736	AA	Aa2	0.42%	10 534 081
DECO		XS0235684114	A	A2	0.42%	10 534 081
DIVERSIFIED STRATEGIES CFO S.A	1	XS0146938666	AAA	Aaa	0.35%	8 682 036
DOW JONES CDX.EM.DIVERSIFIED 7YEARS	3	EMDJCDX7YAAA	AAA	Aaa	0.87%	21 705 089
DOW JONES CDX.NA.IG.2 2009	NA.IG.2	DJ_CD_X_10-15_C	AAA	Aaa	0.87%	21 705 089
DOWNEY SAVINGS AND LOAN ASSOCIATION, FA	2004-AR1	US23332UAA25	AAA	Aaa	0.22%	5 532 782
DSL A MORTGAGE LOAN TRUST	2004-AR2	US23332UAR59	AAA	Aaa	0.72%	17 825 521
DSL A MORTGAGE LOAN TRUST	2005-AR1	US23332UCN28	AAA	Aaa	0.17%	4 128 645
DSL A MORTGAGE LOAN TRUST	2005-AR1	US23332UCP75	AAA	Aaa	0.19%	4 839 217
DUKE FUNDING, LTD.	2006-10	US26441NAD30	A	A2	0.24%	6 077 425
DUKE FUNDING, LTD.	2006-11	XS0261422702	A	A2	0.24%	6 063 747
DUKE WEEKS INDUSTRIAL TRUST	2000-DW1	US36228CHK27	AAA	Aaa	0.60%	15 006 899
EAGLE CREEK CLO LTD	2006-1	US269491AE68	A	A2	0.31%	7 596 781
EXUM RIDGE	IV	US76129SAB07	AAA	Aaa	0.69%	17 277 251
FAXTOR ABS BV	2004-1X	XS0191002780	AAA	Aaa	0.18%	4 422 672
FORT POINT CDO LTD	2003-2A	US348522AA18	AAA	Aaa	0.21%	5 209 221
FORTIUS FUNDING, LTD	2006-1	US34958CAB00	AAA	Aaa	0.15%	3 692 570
FORTRESS CREDIT INVESTMENTS LTD	2006-1A	US34957TAD00	A	A1	0.14%	3 472 814
FOUR CORNERS CLO	1A	US35083VAL18	A	A2	0.14%	3 537 930
FRANKLIN CLO	4A	US352504AA20	AAA	Aaa	1.05%	23 634 614
GLACIER FUNDING CDO	2006-4A	US37638NAB73	AAA	Aaa	0.15%	3 831 204
GLOBAL ENHANCED LOAN FUND S.A.	2005-1	US37945GAB05	A	A2	0.81%	20 149 005
GOLDEN KNIGHT CDO LTD	1A	US38108PAA30	AAA	Aaa	0.72%	18 015 224
GOLDENTREE LOAN OPPORTUNITIES 1 LIMITED	1	USG3960PAA78	AAA	Aaa	0.61%	15 193 563
GRAPHITE MORTGAGES PLC		XS0258744555	AA-	Aa2	0.70%	17 425 917
GREENPOINT MORTGAGE FUNDING TRUST	2007-AR1	US39539KAJ25	AA+	Aaa	0.61%	15 193 563
GREENPOINT MORTGAGE FUNDING TRUST 2006-AR3	2006-AR3	US39538WHP68	A	Aa3	0.19%	4 775 120
GREENPOINT MTA TRUST 2005-AR2	2005-AR2	US39538RBD08	AAA	Aaa	0.17%	4 287 682
GREENPOINT MTA TRUST 2005-AR2	2006-AR6	US39538BAK08	AA+	Aaa	0.44%	10 859 283
GREENPOINT MTA TRUST 2006-AR7	2006-AR7	US39538CAK80	AA+	Aaa	0.70%	17 366 650
GREENPOINT MTA TRUST 2006-AR8	2006-AR8	US39539HAG56	AA+	Aaa	0.44%	10 854 999
GS MORTGAGE SECURITIES CORPORATION	2003-1	US36228FLK02	AAA	Aaa	0.09%	2 248 813
GSAMP TRUST	2005-NC1	US36242DUH42	A	A2	0.14%	3 472 814
GSC PARTNERS CDO FUND, LIMITED	2006-7	US36298AAD46	AA	Aa2	0.52%	13 023 054

PORTFOLIO A (continued)

Issuer	Series	ISIN	S&P Rating	Moody's Rating	Weighting	Exposure \$
GSR MORTGAGE LOAN TRUST	2006-OA1	US362631AD55	AAA	Aaa	0.52%	12 887 167
HARBORVIEW MORTGAGE LOAN TRUST	2004-9	US41161PHV85	AAA	Aaa	0.18%	4 433 436
HARBORVIEW MORTGAGE LOAN TRUST SERIES 2006-12	2006-12	US41162DAN93	A-	A2	0.26%	6 511 527
INDYMAC INDX MORTGAGE LOAN TRUST	2004-AR12	US45660N5J06	AAA	Aaa	0.21%	5 206 801
INDYMAC INDX MORTGAGE LOAN TRUST	2004-AR14	US45660LAB53	AAA	Aaa	0.29%	7 266 716
INDYMAC INDX MORTGAGE LOAN TRUST	2004-AR8	US45660N2K06	AAA	Aaa	0.17%	4 235 024
INDYMAC INDX MORTGAGE LOAN TRUST	2005-Ar14	US45660LSD28	AA+	Aa2	0.39%	9 684 317
INTERMODAL CHASSIS ISSUANCE, LLC	2003-1	US45881WAA62	AAA	Aaa	0.40%	9 839 641
IXIS ABS CDO LTD.	2006-3A	US46603EAA10	AAA	Aaa	0.27%	6 697 570
JER CDO	2005-1A	US46614KAA43	AAA	Aaa	1.22%	23 634 614
JER CDO	2005-1A	US46614KAC09	A	A2	0.35%	8 682 036
JETBLUE AIRWAYS PTC 2004-2	2004-1	US47714RAB42	AAA	Aaa	0.50%	12 328 491
KATONAH III, LTD	III	USG52177AA32	AAA	Aaa	0.60%	15 021 415
KATONAH IV, LTD.	IV	USG52168AA25	AAA	Aaa	0.70%	17 364 072
LANDMARK CDO, LLC	2003-3	US51507JAA79	AAA	Aaa	0.58%	14 325 359
LEHMAN XS TRUST		US52522CAD56	AAA	Aaa	0.45%	11 261 038
LEHMAN XS TRUST		US52522DAP69	AAA	Aaa	0.74%	18 325 009
LEHMAN XS TRUST	2005-9N	US525221GN14	AAA	Aaa	0.26%	6 361 473
LEHMAN XS TRUST	2006-2N	US525221HB66	AAA	Aaa	0.92%	22 884 241
LINEA AAA SRL	2002	IT0003277552	AAA	Aaa	0.00%	4 689
LNR	2002-1A	US50211NAA72	AAA	Aaa	0.70%	17 397 497
LNR CDO LTD.	2003-1A	US50211MAA99	AAA	Aaa	0.12%	3 038 713
LONG BEACH MORTGAGE LOAN TRUST	2004-2	US542514FZ20	A	A2	0.14%	3 472 814
LONG BEACH MORTGAGE LOAN TRUST	2005-1	US542514JY19	AAA	Aaa	0.01%	228 705
LYNX LTD	2002-1	US55181TAA97	AAA	Aaa	0.06%	1 393 316
MARQUETTE PARK CLO LTD	2005-1A	US57160RAB24	A	A2	0.24%	6 077 425
MBNA MASTER CREDIT CARD TRUST II	2000-J	CH0011299606	AAA	Aaa	0.70%	17 441 905
MCG COMMERCIAL LOAN TRUST 2006-1	2006-1A	US55271KAM36	AAA	Aaa	0.29%	7 162 680
MCG COMMERCIAL LOAN TRUST 2006-1	2006-1A	US55271KAQ40	AA	Aa2	0.35%	8 682 036
MERRILL LYNCH MORTGAGE INVESTORS, INC.	2004-W2	US59020UQX62	A+	A2	0.49%	12 154 850
MERRILL LYNCH MORTGAGE INVESTORS, INC.	2005-NC1	US59020URQ03	A+	A2	0.30%	7 379 730
MERRITT FUNDING TRUST	2005-1A	US590428AG30	A	A2	0.16%	3 942 034
MIDGAARD FINANCE LTD	1	XS0190303189	A+	Aa1	0.58%	14 535 874
ML AAA FINANCIALS 10. 15%		AAAFIN10-15_C974798M_C	AAA	Aaa	1.23%	23 634 614
MORGAN STANLEY ABS CAPITAL I	2004-HE8	US61744CHE93	A	A2	0.34%	8 489 295
MORGAN STANLEY ABS CAPITAL I	2004-NC4	US61744CCJ36	A	A2	0.56%	13 892 994
MORGAN STANLEY ABS CAPITAL I	2004-NC5	US61746RFW60	A	A2	0.23%	5 662 858
MORGAN STANLEY CAPITAL I	2006-SRR1	BCC0SU391	AAA	Aaa	0.94%	23 441 497

PORTFOLIO A (continued)

Issuer	Series	ISIN	S&P Rating	Moody's Rating	Weighting	Exposure \$
MORGAN STANLEY DEAN WITTER CAPITAL I INC. SERIES 2003-NC2	2003-NC2	US61746WA750	AA+	Aaa	0.34%	8 515 653
MPS ASSETS SECURITISATION S.P.A	1	IT0003366314	AAA	Aaa	0.17%	4 313 532
N-STAR REAL ESTATE CDO LTD	2006-6A	US62940PAC14	A+	A1	0.19%	4 666 594
NEWCASTLE CDO II, LIMITED	II	US65105UAA88	AAA	Aaa	0.70%	17 364 072
NYLIM FLATIRON CLO LTD.	2003-1A	US62948MAA45	AAA	Aaa	0.39%	9 767 290
NYLIM FLATIRON CLO LTD.	2004-1	US67073MAC64	A	A2	0.21%	5 209 221
OAK HILL CREDIT PARTNERS II, LIMITED	II	US67133UAA07	AAA	Aaa	0.61%	15 193 563
OCTAGON INVESTMENT PARTNERS V, LTD.	V	US67571MAA71	AAA	Aaa	0.77%	19 100 479
PAN-EUROPEAN INDUSTRIAL PROPERTIES	3	XS0163580961	AA	A2	0.35%	8 583 755
PEOPLE'S CHOICE HOME LOAN SECURITIES TRUST	2005-4	US71085PDK66	AA	A1	0.09%	2 170 509
PERMANENT CUSTODIANS LIMITED	2002-1A	AU000CRU3025	AAA	Aaa	0.45%	11 309 399
PERMANENT CUSTODIANS LIMITED	XII	AU000ARMJ032	AAA	Aaa	0.49%	12 115 656
PHOENIX FUNDING LTD	2001-1	XS0125438670	AAA	Aaa	0.55%	13 696 770
PREFERRED TERM SECS XVI	XVI	US74041EAA38	AAA	Aaa	1.57%	23 634 614
PREFERRED TERM SECURITIES 20 LTD	XX	US74042DAA46	AAA	Aaa	1.17%	23 634 614
PREFERRED TERM SECURITIES 22 LTD	XXII	US74042MAA45	AAA	Aaa	0.70%	17 364 072
PREFERRED TERM SECURITIES 23 LTD	XXIII	US74043AAE10	AAA	Aaa	0.52%	13 023 054
PREFERRED TERM SECURITIES VI LTD	VI	US740417AD29	AAA	Aaa	0.87%	21 705 089
PREFERRED TERM XIX	XIX	US74042HAA59	AAA	Aaa	1.14%	23 634 614
PROGRESS 2002-1 TRUST	2002-1	AU000PR20067	AAA	Aaa	0.28%	6 883 043
PROJECT FUNDING CORPORATION I	I	US74338PAA03	BB	A3	0.18%	4 562 012
PUMA MASTERFUND P8	P8	AU000PT10403	AAA	Aaa	0.80%	19 964 848
PUNCH TAVERNS FINANCE	Punch Taverns Receipts	XS0180015868	AAA	Aaa	0.91%	22 565 798
RACE POINT CLO	2A	US74981SAA42	AAA	Aaa	0.36%	8 985 907
RAMS MORTGAGE SECURITIES PTY LIMITED	2004-1E	AU300RMM1016	AAA	Aaa	0.32%	7 945 314
RESIDENTIAL ASSET SECURITIES CORPORATION	2004-KS5	US76110WYN00	A+	A2	0.24%	5 968 900
RMAC	2003-NS2X	XS0171105439	AAA	Aaa	0.00%	27
RMAC	2003-NS3X	XS0177532743	AAA	Aaa	0.34%	8 553 400
RMAC 2003-NS1 PLC.	2003-NS1	XS0163011165	AAA	Aaa	0.80%	19 852 560
RMS TRUST 2002-1	2002-1	AU000RM00033	AAA	Aaa	0.47%	11 758 855
ROSETTA SA	I	XS0156925967	AAA	Aaa	0.46%	11 455 946
ROSETTA SA	I	XS0156926007	AA	Aa2	0.34%	8 389 351
SANTIAGO CDO LIMITED	2005-1A	US802884AA40	AAA	Aaa	0.87%	21 705 089
SECURITIZED ASSET BACKED RECEIVABLES LLC	2004-NC1	US81375WAL00	A	A2	0.44%	10 852 545
SECURITIZED ASSET BACKED RECEIVABLES LLC	2004-OP1	US81375WAC01	A	A2	0.20%	5 049 472
SECURITIZED ASSET BACKED RECEIVABLES LLC TRUST	2005-HE1	US81375WGG50	A+	A2	0.26%	6 511 527

PORTFOLIO A (continued)

Issuer	Series	ISIN	S&P Rating	Moody's Rating	Weighting	Exposure \$
SHERWOOD ABS CDO		US82437RAC51	AAA	Aaa	0.65%	16 061 766
SLM PRIVATE CREDIT STUDENT LOAN TRUST 2002-A	2004-A	US78443CBH60	AAA	Aaa	0.30%	7 379 730
SLM STUDENT LOAN TRUST	2003-C	US78443CAZ77	AAA	Aaa	0.31%	7 813 832
SOUNDVIEW HOME EQUITY LOAN TRUST	2006-WF2	US83612MAJ62	NR	A1	0.52%	13 023 054
SOUNDVIEW HOME EQUITY LOAN TRUST	2006-WF2	US83612MAK36	NR	A2	0.10%	2 604 611
STATIC REPACKAGING TRUST, LTD	2004-1A	US85233VAA98	AAA	Aaa	0.08%	2 103 675
STATIC RESIDENTIAL CDO (START) 2006-A LTD	2006-A	US85768VAC81	AA+	Aa1	0.52%	12 980 383
STATIC RESIDENTIAL CDO (START) 2006-B LTD	2006-B	US85768XAB64	AAA	Aaa	0.87%	21 705 089
STERLINGMAX MBS LTD	I	XS0177867255	AAA	Aaa	0.60%	15 044 112
STRAITS GLOBAL ABS CDO 2004-1	2004-1	US86258PAB85	AAA	Aaa	1.22%	23 634 614
STRUCTURED ASSET MORTGAGE INVESTMENTS INC	2006-AR5	US86360JAW18	AA-	A1	0.09%	2 170 500
STRUCTURED ASSET MORTGAGE INVESTMENTS INC	2006-AR5	US86360JAX90	A+	A2	0.09%	2 170 509
STRUCTURED ASSET MORTGAGE INVESTMENTS, INC	2005-AR7	US86359LQV44	AAA	Aaa	0.15%	3 759 711
STRUCTURED ASSET SECURITIES CORPORATION	2005-WF4	US863576DK73	A	A2	0.17%	4 341 018
TOURMALINE CDO	2005-1	US89155XAB91	AA	Aa2	1.12%	23 634 614
TRAPEZA CDO I, LLC	2002-1	US894127AA77	AAA	Aaa	0.41%	10 130 766
TRAPEZA CDO II, LLC	2003-2	US894128AA50	AAA	Aaa	0.59%	14 786 311
TRAPEZA CDO LLC	2003-3A	US89412MAA45	AAA	Aaa	1.36%	23 634 614
TRAPEZA CDO LLC	2003-4A	US894126AA94	AAA	Aaa	0.63%	15 729 057
TRAPEZA CDO LLC	2005-9A	US89413AAB70	NR	Aaa	0.35%	8 682 036
UNION SQUARE CDO, LTD	2003-1A	US908393AA98	AAA	Aaa	0.70%	17 364 072
VERMEER FUNDING LTD	2004-1A	US92344VAA17	AAA	Aaa	0.46%	11 499 342
VERTICAL CDO LTD.		US925345AE06	A	A2	A	6 077 425
VICTORIA FALLS CLO, LTD.	2005-1A	US926244AC81	AAA	Aaa	NR	21 574 859
VICTORIA FALLS CLO, LTD.	2005-HE1	US926244AE48	A	A2	NR	5 209 221
WACHOVIA CRE CDO 2006-1	2006-1	US92978CAA62	AAA	Aaa	AAA	16 061 766
WAMU MORTGAGE PASSTHROUGH CERTIFICATES, SERIES 2005-AR17	2005-AR17	US92922F7X08	AAA	Aaa	NR	18 586 510
WAMU MORTGAGE PASSTHROUGH CERTIFICATES, SERIES 2005-AR19	2005-AR19	US92925CBL54	AA+	Aa1	NR	8 667 211
WAMU MORTGAGE PASSTHROUGH CERTIFICATES, SERIES 2005-AR19	2005-AR19	US92925CBN11	AA	Aa3	NR	5 200 327
WASHINGTON MUTUAL	2004-AR10	US92922FXJ29	AAA	Aaa	NR	10 525 800
WASHINGTON MUTUAL	2005-AR1	US939336X573	AAA	Aaa	NR	13 255 087
WASHINGTON MUTUAL	2005-AR13	US92922F5B06	A+	A1	NR	6 511 527
WASHINGTON MUTUAL	2005-AR19	US92925CBJ09	AAA	Aaa	NR	5 302 254
WASHINGTON MUTUAL	2006-AR9	US93363DAN75	A+	Aa3	NR	4 340 993
WASHINGTON MUTUAL	2006-AR9	US93363DAP24	A	A1	NR	3 472 795
WILLIAM STREET FUNDING CORPORATION	2004-5	US969285AJ43	AAA	Aaa	NR	21 705 089

PORTFOLIO A (continued)

Issuer	Series	ISIN	S&P Rating	Moody's Rating	Weighting	Exposure \$
WILLIAM STREET FUNDING CORPORATION	2006-2	US969285AN54	AAA	Aaa	NR	13 023 054
WMALT MORTGAGE PASS-THROUGH CERTIFICATES	2006-AR1	US93934FJS20	AAA	Aaa	NR	16 355 208

PORTFOLIO B

Issuer	Series	ISIN	S&P Rating	Moody's Rating	Weighting	Exposure \$
ACE SECURITIES CORP	2004-FM2	US004421GK37	AA	A2	0.54%	13 739 642
ACE SECURITIES CORP	2004-OP1	US004421EX75	AA	A2	0.51%	13 070 725
ACE SECURITIES CORP.	2006-HE1	US004421WX73	A	Baa1	0.54%	13 724 262
ACT 2005-RR DEPOSITOR CORP.	2005-RR	US00503NAA90	AAA	NR	0.86%	22 053 910
AEGIS ASSET BACKED SECURITIES TRUST	2004-6	US00764MCU99	A	A2	0.25%	6 371 979
AIRCASTLE AIRCRAFT LEASE BACKED TRUST	2006-1	US00505HAA05	AAA	Aaa	1.74%	31 976 243
ALESCO PREFERRED FUNDING III, LTD	III	US01448MAA71	AAA	Aaa	0.72%	18 380 708
ALESCO PREFERRED FUNDING V, LTD	V	US01448TAA25	AAA	Aaa	1.70%	31 976 243
ALESCO PREFERRED FUNDING, LTD.	6	US01448XAA37	AAA	Aaa	1.20%	30 703 598
ALEUTIAN INVESTMENTS LLC		US01446EAF60	AAA	Aaa	0.97%	24 834 378
ALTIUS FUNDING LTD	2005-2	US02149WAD92	A	A2	0.55%	14 095 995
ANNINGTON FINANCE NO. 4 PLC	B3	XS0198259813	A	A2	0.24%	6 148 738
ARCHIMEDES FUNDING IV (CAYMAN) LTD.	4	US039549AA87	AAA	Aaa	0.29%	7 495 808
ARMS II	X	AU000ARMX025	AAA	Aaa	0.29%	7 503 505
ASSET BACKED SECURITIES CORP HOME EQUITY	2005-HE2	US04541GQD78	A	A2	0.01%	179 722
AVALON CAPITAL LTD 3	3	US05342RAD89	A	A2	0.26%	6 535 363
AVIATION CAPITAL GROUP TRUST	2003-2	US004448AA42	AAA	Aaa	1.07%	27 339 402
BAYVIEW COMMERCIAL ASSET TRUST	2005-2A	US07324SBN18	AAA	Aaa	1.04%	26 601 640
BAYVIEW COMMERCIAL ASSET TRUST 2005-4	2005-4A	US07324SCR13	AAA	Aaa	1.55%	31 976 243
BEAR STEARNS ASSET BACKED SECURITIES, INC.	2006-HE3	US07387UHW45	A	A2	0.23%	5 881 826
BLACKROCK SENIOR INCOME SERIES CORP.	2004-2	US09250FAG90	A	A2	0.33%	8 479 633
BRASCAN REAL ESTATE FINANCIAL PARTNERS LLC	2004-1	US10550TAA79	AAA	Aaa	0.38%	9 803 044
BROADWICK FUNDING, LTD.	2006-1A	US11161RAF91	A	A2	0.37%	9 590 441
CABRAL LTD	1	XS0125882323	NR	Aaa	0.40%	10 292 438
CALSTRS TRUST (COMMERCIAL MORTGAGE PASS-THROUGH CERTIFICATES)	2002-C6	US131366AA41	AAA	Aaa	0.06%	1 438 175
CAPITAL ONE MULTI-ASSET EXECUTION TRUST		XS0203199509	A	A2	0.13%	3 267 681
CAPITAL TRUST RE CDO LTD.	2004-1A	US140574AA24	AAA	Aaa	0.70%	17 972 248
CAPITALSOURCE REAL ESTATE LOAN TRUST	2006-1A	US140560AN33	AAA	Aaa	1.02%	26 141 451
CAPITALSOURCE REAL ESTATE LOAN TRUST	2006-1A	US140560AC77	AA	Aa2	0.13%	3 267 681
CITADEL HILL 2000 LTD.	2000	XS0121614761	AAA	Aaa	0.08%	2 121 182
CITIUS FUNDING LTD	2006-1	US17305CAD11	A	A2	0.19%	4 864 813
CLARE ISLAND B.V.	1	XS0143891132	AAA	Aaa	1.40%	31 976 243
COAST CFO LTD	2005-1A	US190314AA24	AAA	Aaa	1.28%	31 976 243
COUNTRYWIDE ALTERNATIVE LOAN TRUST		US12667FU603	AAA	Aaa	1.25%	31 932 713
COUNTRYWIDE ASSET BACKED CERTIFICATES	2004-AB1	US126673HG04	AAA	Aaa	1.02%	26 141 451

PORTFOLIO B (continued)

Issuer	Series	ISIN	S&P Rating	Moodys Rating	Weighting	Exposure \$
CREDIT-BASED ASSET SERVICING AND SECURITIZATION	2004-CB7	US17307GLE60	AAA	Aaa	0.03%	825 882
CREST 2003-1, LTD.	2003-1	US22608SAE81	AAA	Aaa	1.57%	31 976 243
DEKANIA CDO	2003-1A	US244882AB20	AAA	NR	0.96%	24 618 711
DEKANIA CDO	2004-2A	US24488RAA95	AAA	Aaa	0.51%	13 070 725
DENALI CAPITAL CLO III LIMITED	3A	US24822TAB89	AAA	Aaa	1.32%	31 976 243
DENALI CAPITAL CLO IV LTD	IV	US24821PAB76	A	A2	1.02%	26 141 451
DOWNEY SAVINGS AND LOAN ASSOCIATION, FA	2004-AR1	US23332UAC80	AAA	Aaa	0.21%	5 371 731
DRYDEN IX - SENIOR LOAN FUND 2005 PLC	2005-9A	US262483AB66	A	A2	0.51%	13 070 725
DRYDEN LEVERAGED LOAN CDO	2003-5A	US26243WAA99	AAA	Aaa	1.64%	31 976 243
DSL MORTGAGE LOAN TRUST 2006-AR1	2006-AR1	US23332UGU25	A	A2	0.08%	1 960 609
DUKE FUNDING, LTD.	2006-11	XS0261421480	AAA	Aaa	1.02%	26 141 451
FAIRHAZEL STREET	1	CEDAR26_28_C7 71567M_C	A	A2	0.89%	22 873 770
FAIRWAY LOAN FUNDING LIMITED	2006-1A	US30605KAE10	A	A2	0.38%	9 803 044
FIRST CLO LTD	2004-1A1	USG34935AD14_C	A	A2	0.46%	11 763 653
FIXED-LINK FINANCE BV	G2-X	XS0125468230	AAA	Aaa	0.68%	17 470 772
FRANS 2003 PLC		XS0171588055		Aaa	0.85%	21 826 830
FREMONT HOME LOAN TRUST	2004-D	US35729PGF18	A+	A1	0.13%	3 267 681
FREMONT HOME LOAN TRUST	2004-D	US35729PGG90	A	A2	0.13%	3 267 681
GALL 2005-1A A1L	2005-1A	US363631AA07	AAA	Aaa	1.66%	31 976 243
GALP INVESTMENT PLC	1	XS0171061475		Aaa	0.75%	19 264 158
GEMSTONE CDO LTD		US36867VAE74	A	A2	0.13%	3 267 681
GEMSTONE CDO LTD	2004-1	US36867KAE10	A	A2	0.38%	9 803 044
GLOBAL ENHANCED LOAN FUND S.A.	2005-1	XS0212772825	A	A2	0.23%	5 759 659
GOLDENTREE CAPITAL OPPORTUNITIES LP	2006-1A	US38136CAA80	AAA	Aaa	1.07%	27 448 524
GREENPOINT MORTGAGE FUNDING TRUST	2006-Ar4	US39539FAU84	NR	A1	0.20%	5 228 290
GREENPOINT MTA TRUST 2006-AR6	2006-AR6	US39538BAQ77	NR	A2	0.26%	6 535 363
GSAA TRUST	2004-11	US36242DQF32	AAA	Aaa	0.26%	6 638 072
GSC PARTNERS CDO FUND, LIMITED	2006-7A	US36298AAC62	A	A2	0.31%	7 842 435
HARBORVIEW MORTGAGE LOAN TRUST SERIES 2006-12	2006-12	US41162DAN93	A-	A2	0.64%	16 338 407
HARBORVIEW MORTGAGE LOAN TRUST SERIES 2006-9	2006-9	US41161XAJ54	A-	A1	0.20%	5 228 290
HARVEST CLO SA	II	XS0216227370	AAA	Aaa	0.54%	13 697 467
HERTZ VEHICLE FINANCING LLC	2005-2A	US42805RAS85	AAA	Aaa	1.53%	31 976 243
HOME EQUITY ASSET TRUST	2006-4	US437084VV50	A+	A2	0.13%	3 267 681
ICG MEZZANINE FUND 2003 NO.1 FUNDING LIMITED	2003-1	XS0207113530	BBB+	A3	1.02%	26 141 451
INDEEPENDENCE IV CDO, LTD	4	US453433AP90	AAA	Aaa	0.81%	20 707 652
INDYMAC INDX MORTGAGE LOAN TRUST	2004-AR8	US45660N2L88	AAA	Aaa	0.49%	12 617 786
INTERMODAL CHASSIS ISSUANCE, LLC	2003-1	US45881WAA62	AAA	Aaa	0.36%	9 218 301
IVY LANE CDO 2006-1	2006-1	US46601QAC24	AAA	Aaa	1.41%	31 976 243
JETBLUE AIRWAYS CORP	2004-2	US47714NAA54	AAA	Aaa	1.05%	26 919 296

PORTFOLIO B (continued)

Issuer	Series	ISIN	S&P Rating	Moodys Rating	Weighting	Exposure \$
KATONAH CAPITAL LLC	6	US48601QAD60	A	A2	0.15%	3 921 218
KATONAH IV, LTD.	4	US48600PAA57	AAA	Aaa	0.58%	14 893 406
KAZKOMMERTS DPR COMPANY	2006-B	XS0256195016	AAA	Aaa	1.66%	31 976 243
KNOLLWOOD CDO LTD.	2006-2A	US49916RAD26	AA	Aa2	0.26%	6 535 363
LAGONDA 2006-2	2006-2	LAGONDA062A	AAA	Aaa	1.02%	26 141 451
LANDMARK CDO, LLC	2003-3	US51507JAE91	A-	A2	0.13%	3 267 681
LANDMARK V CDO LTD	2005-1A	US51506JAC45	A-	A2	0.26%	6 535 363
LATITUDE CLO LTD.	2005-1A	US51829NAC56	A	A2	1.02%	26 141 451
LNR CDO LTD.	2003-1A	US50211MAA99	AAA	Aaa	1.79%	31 976 243
MADISON PARK FUNDING I, LTD	2005-1	US558176AD59	A	A2	0.13%	3 267 681
MAGNETITE CLO, LIMITED	2003-5	US55952SAC44	A	A2	0.15%	3 921 218
MERRILL LYNCH MORTGAGE INVESTORS, INC.	2004-WMC5	US59020UMJ15	AA	A1	0.48%	12 370 135
MERRILL LYNCH MORTGAGE INVESTORS, INC.	2004-WMC5	US59020UMK87	AA	A2	0.42%	10 816 025
MERRILL LYNCH MORTGAGE INVESTORS, INC.	2006-HE1	US59020U3J29	A	A2	0.38%	9 803 044
MORGAN STANLEY ABS CAPITAL I	2004-HE6	US61744CFE12	A	A2	0.41%	10 534 351
MORGAN STANLEY ABS CAPITAL I	2004-HE7	US61744CGG50	A	A2	0.38%	9 803 044
MORGAN STANLEY ABS CAPITAL I	2004-HE8	US61744CHD11	A+	A1	0.54%	13 693 546
MORGAN STANLEY ABS CAPITAL I	2004-HE9	US61744CJW73	A+	A1	0.34%	8 703 796
MORGAN STANLEY ABS CAPITAL I	2004-NC1	US61744CAX48	A	A2	0.26%	6 535 363
MORGAN STANLEY CAPITAL I	2006-HE2	US617451FA24	A+	A2	0.13%	3 267 681
MORGAN STANLEY CAPITAL I	2006-SRR2	BCC0U7QW3	AAA	NR	1.02%	26 141 451
MORGAN STANLEY DEAN WITTER CAPITAL I INC	2003-NC4	US61746WF544	AA+	Aaa	0.54%	13 707 350
NAUTILUS CDO	2007-4	US63910JAD72	A	NR	0.30%	7 760 146
NEW CENTURY HOME EQUITY LOAN TRUST 2004-3	2004-3	US64352VHY02	AA-	A1	0.38%	9 803 044
NEW CENTURY HOME EQUITY LOAN TRUST 2004-3	2004-3	US64352VHZ76	A	A2	0.34%	8 790 063
NORTH STREET REFERENCED LINKED NOTES	2005-9	USG66587AA77	AAA	Aaa	1.79%	31 976 243
NORTHWOODS CAPITAL LIMITED	2004-4A	USG66661AA01	AAA	Aaa	1.79%	31 976 243
NYLIM FLATIRON CLO LTD.	2003-1A	US62948MAA45	AAA	Aaa	1.24%	31 794 540
NYLIM FLATIRON CLO LTD.	2004-1	US67073MAC64	A	A2	0.13%	3 267 681
OAK HILL CREDIT PARTNERS	1X	USG6685NAA93	AAA	Aaa	0.41%	10 571 016
OCTAGON INVESTMENT PARTNERS VI, LTD	VI	US67571YAE32	A-	A2	0.15%	3 921 218
OPTION ONE MASTER LOAN TRUST	2004-2	US68389FFF62	AAA	Aaa	0.00%	2 898
OPTION ONE MASTER LOAN TRUST	2005-1	US68389FGP36	A		0.51%	13 070 725
OPTION ONE MORTGAGE LOAN TRUST	2004-2	US68389FFH29	AA	A2	0.70%	17 972 248
PAN-EUROPEAN INDUSTRIAL PROPERTIES	2	XS0148289746	AAA	Aaa	0.20%	5 087 283
PAN-EUROPEAN INDUSTRIAL PROPERTIES	3	XS0163580458	AAA	Aaa	0.67%	17 027 455
PAN-EUROPEAN INDUSTRIAL PROPERTIES	3	XS0163580615	AAA	Aa2	0.26%	6 535 363
PARK PLACE SECURITIES INC	2004-WCW1	US70069FAA57	AAA	Aaa	0.03%	780 742
PHOENIX FUNDING LTD	2001-1	XS0125438670	AAA	Aaa	0.92%	23 433 586

PORTFOLIO B (continued)

Issuer	Series	ISIN	S&P Rating	Moodys Rating	Weighting	Exposure \$
PREFERRED TERM SECS XI	X	US74041WAA36	AAA	Aaa	1.11%	28 363 474
PREFERRED TERM SECS XVI	XVI	US74041EAA38	AAA	Aaa	1.78%	31 976 243
PREFERRED TERM SECURITIES 15 LTD	15	US74041CAA71	AAA	Aaa	1.28%	31 976 243
PREFERRED TERM SECURITIES 17 LTD	XVII	US74042EAA29	AAA	Aaa	1.53%	31 976 243
PREFERRED TERM SECURITIES VI LTD		US740417AA89	AAA	Aaa	0.26%	6 535 363
PREFERRED TERM SECURITIES XIV		US74041UAA79	AAA	Aaa	1.53%	31 976 243
PUMA MASTERFUND P9	P9	AU300PUMA029	AAA	Aaa	0.54%	13 900 216
RASPRO TRUST	2005-1	US75405RAA14	AAA	Aaa	1.47%	31 976 243
RESIDENTIAL ASSET MORTGAGE PRODUCTS, INC.	2006-NC2	US75156TAH32	A+	A2	0.13%	3 267 681
RESIDENTIAL ASSET SECURITIES TRUST	2005-A5	US45660LJX82	AAA	Aaa	1.56%	31 976 243
SECURITIZED ASSET BACKED RECEIVABLES LLC	2004-OP1	US81375WAC01	A	A2	1.02%	26 141 451
SECURITIZED ASSET BACKED RECEIVABLES LLC	2006-OP1	US81375WJM91	A-	Baa1	0.20%	5 228 290
SIGNATURE QSPE	1	US82669YAA38	AAA	Aaa	0.18%	4 705 406
SILVERADO CLO LTD	2006-1	US82834WAJ80	A	A2	0.38%	9 803 044
SLM STUDENT LOAN TRUST	2003-C	US78443CAZ77	AAA	Aaa	0.95%	24 180 842
SMART HOME REINSURANCE LIMITED	2006-1X	US83170GAE44	A+	A1	0.51%	13 070 725
SOUNDVIEW HOME EQUITY LOAN TRUST	2006-WF2	US83612MAL19	NR	A3	0.64%	16 338 407
STATIC RESIDENTIAL CDO (START) 2006-A LTD	2006-A	US85768VAE48	A-	A3	0.38%	9 786 714
STATIC RESIDENTIAL CDO (START) 2006-B LTD	2006-B	US85768XAB64	AAA	Aaa	0.64%	16 338 407
STATIC RESIDENTIAL TRUST	2005-A	US85768PAC14	A	A2	0.06%	1 633 841
STATIC RESIDENTIAL TRUST	2005-C	US85768TAG40	A-	A2	0.31%	7 802 505
STERLINGMAX MBS LTD	I	XS0177867255	AAA	Aaa	0.51%	13 070 725
STONE TOWER CLO LTD	2005-3	US86175NAD93	A	A2	0.23%	5 881 826
STRUCTURED ADJUSTABLE RATE MORTGAGE LOAN TRUST		US863579WU83	AAA	Aaa	0.28%	7 097 433
TERWIN MORTGAGE TRUST	2004-9HE	US881561JW56	AAA	Aaa	0.54%	13 706 210
TERWIN MORTGAGE TRUST 2003-8, LLC	2003-8HE	US881561CX03	AAA	Aaa	0.05%	1 325 724
TITAN EUROPE PLC	2006-5A	XS0277726500	AAA	NR	1.28%	31 976 243
TRAPEZA CDO I, LLC	2002-1	US894127AA77	AAA	Aaa	1.00%	25 641 710
TRAPEZA CDO II, LLC	2003-2	US894128AA50	AAA	Aaa	0.26%	6 678 197
TRAPEZA CDO LLC	2003-3A	US89412MAA45	AAA	Aaa	0.27%	6 812 388
TRAPEZA CDO LLC	2003-5A	US89412RAA32	AAA	Aaa	0.89%	22 868 743
TRAPEZA CDO VI, LLC	6	US89412UAA60	AAA	Aaa	0.77%	19 606 088
US CAPITAL FUNDING III	III	US90342BAA17	AAA	Aaa	1.63%	31 976 243
VELOCITY CLO LTD	2004-1A	US92257GAB77	A	A2	0.22%	5 555 058
VENTURE CBO III CDO LTD.	2003-1A	US92327WAA09	AAA	Aaa	0.99%	25 357 207
VITESSE CLO LTD	2006-1	US928496AD08	A	A2	0.38%	9 803 044
WASHINGTON MUTUAL		US92922FZV39	AAA	Aaa	0.38%	9 841 597
WASHINGTON MUTUAL	2005-AR8	US92922FS583	AAA	Aaa	0.42%	10 697 991
WRIGHTWOOD CAPITAL REAL ESTATE CDO LTD	2005-1A	US982512AA32	AAA	Aaa	1.53%	31 976 243
ZING INVESTMENT GRADE LIMITED V	5	US98885YAA73	AAA	Aaa	0.89%	22 873 770

PORTFOLIO C

Issuer	Series	ISIN	S&P Rating	Moodys Rating	Weighting	Exposure
ABACUS LTD	2005-4	US00256GAA31	AAA	Aaa	0.18%	5 094 649
ABACUS LTD	2006-NS1	US002573AA19	AAA	Aaa	0.57%	15 920 778
ABACUS LTD	2006-NS1	US002573AC74	AA	Aa2	0.21%	5 731 480
ABACUS LTD	2006-NS1	US002573AD57	AA-	Aa3	0.14%	3 820 987
ACCREDITED MORTGAGE LOAN TRUST	2004-3	US004375BP58	AAA	Aaa	0.17%	4 716 818
ACE SECURITIES CORP	2004-FM2	US004421GL10	AA-	A3	0.10%	2 840 657
ACE SECURITIES CORP	2004-HE2	US004421GU19	AA	A2	0.34%	9 361 417
ACE SECURITIES CORP	2004-HE3	US004421HV82	AA-	A3	0.34%	9 505 341
ACE SECURITIES CORP	2004-HE4	US004421JH70	AA+	Aa1	1.17%	32 470 211
ACE SECURITIES CORP	2004-HE4	US004421JJ37	AA+	Aa2	0.98%	27 348 076
ACE SECURITIES CORP	2004-HE4	US004421JM65	A+	A2	0.54%	14 997 373
ACE SECURITIES CORP	2004-HE4	US004421JN49	A	A3	0.46%	12 792 027
ACE SECURITIES CORP	2004-OP1	US004421EZ24_C	A	Baa1	0.17%	4 776 233
ACE SECURITIES CORP	2004-RM2	US004421KA09	A+	A2	0.11%	2 954 896
ACE SECURITIES CORP	2005-HE6	US004421ST18	A	Baa1	0.46%	12 736 622
ACE SECURITIES CORP	2005-RM2	US004421NY57	A	A3	0.23%	6 368 311
ACE SECURITIES CORP.	2005-HE4	US004421PV90	A	A3	0.41%	11 423 477
ALESCO PREFERRED FUNDING, LTD	11A	US01450AAB61	AAA	Aaa	0.92%	25 473 245
ALESCO PREFERRED FUNDING, LTD.	7A	US01448YAB92	AAA	Aaa	0.68%	18 866 701
ALEXANDER PARK CDO, LTD	2004-1A	US014684AD66	A	A2	0.05%	1 273 662
ANNINGTON FINANCE NO. 4 PLC	B3	XS0198259813	A	A2	0.86%	23 825 928
ANTHRACITE CDO II LTD	2002	US03702SAA15	AAA	Aaa	0.18%	5 091 153
ANTHRACITE CDO LTD	2006-HY3A	US03703FAL40	A-	A3	0.10%	2 856 419
ANTHRACITE EURO CRE CDO	1	XS0276697272	NR	Aaa	0.34%	9 552 467
ARBOR REALTY MORTGAGE SECURITIES SERIES 2004-1, LTD	2004-1	US03877VAA35	AAA	Aaa	1.08%	29 931 063
ASSET BACKED SECURITIES CORPORATION	2003-HE3	US04541GEM06	A	Aa3	0.09%	2 432 358
ATTENTUS CDO LTD.	2006-1A	US049730AC83	AA	Aa2	0.41%	11 462 960
AVALON CAPITAL LTD 3	3	US05342RAD89	A	A2	0.17%	4 776 233
AVERY STREET CLO	2006-1A	US053643AG79	A	A2	0.21%	5 731 480
BANC OF AMERICA COMMERCIAL MORTGAGE INC	2005-2	US05947UM471	AAA	Aaa	0.61%	16 876 025
BAYBERRY FUNDING, LTD	2006-1A	US07272PAA84	AAA	Aaa	0.23%	6 335 506
BAYBERRY FUNDING, LTD	2006-1A	US07272PAC41	A	A2	0.17%	4 751 630
BAYVIEW COMMERCIAL ASSET TRUST		US07324SAX09	AAA	Aaa	0.66%	18 216 818
BAYVIEW COMMERCIAL ASSET TRUST	2004-2	US07324SAR31	AAA	Aaa	0.07%	1 833 520
BAYVIEW COMMERCIAL ASSET TRUST	2005-1	US07324SBF83	NR	Aaa	0.13%	3 717 481
BAYVIEW COMMERCIAL ASSET TRUST	2005-3A	US07324SCC44	NR	Aaa	0.56%	15 463 644
BEAR STEARNS ASSET BACKED SECURITIES I LLC	2004-HE11	US073879PA06	A-	A3	0.41%	11 462 960
BEAR STEARNS ASSET BACKED SECURITIES I LLC	2005-HE1	US073879PS14	A	A2	0.31%	8 597 220
BEAR STEARNS ASSET BACKED SECURITIES, INC.		US073879X453	AA	NR	0.11%	3 184 156
BEAR STEARNS COMMERCIAL MORTGAGE SECURITIES INC.	2005-PWR8	US07383F7Y89	NR	Aaa	0.69%	19 104 934

PORTFOLIO C (continued)

Issuer	Series	ISIN	S&P Rating	Moodys Rating	Weighting	Exposure
BEAR STEARNS COMMERCIAL MORTGAGE SECURITIES INC.	2005-T18	US07383F5M69	NR	Aaa	0.17%	4 776 233
BEAR STEARNS COMMERCIAL MORTGAGE SECURITIES INC.	2005-T18	US07383F5M69_C757774M_C	NR	Aaa	0.46%	12 736 622
BL SUPER FINANCE		XS0244892054	AA	NR	0.46%	12 743 822
BLACK DIAMOND CLO 2005-1 LTD	2005-1	US09202EAE68	A-	A2	0.21%	5 731 480
BRASCAN REAL ESTATE FINANCIAL PARTNERS LLC	2004-1	US10550TAA79	AAA	Aaa	0.43%	12 030 522
BRASCAN REAL ESTATE FINANCIAL PARTNERS LLC	2004-1	US10550TAC36	A-	A3	0.11%	3 184 156
BROADWICK FUNDING, LTD.	2006-1A	US11161RAF91	A	A2	0.20%	5 475 571
C-BASS LTD	15A	US124670AC45	A	A2	0.25%	7 005 142
C-BASS LTD	9A	US12497LAD01	A	A2	0.23%	6 368 311
CAPITAL ONE MULTI ASSET EXECUTION TRUST	2004-B3	US14041NBL47	A	A2	0.18%	5 094 649
CAPITAL TRUST RE CDO LTD.	2005-1A	US140558AA57	AAA	NR	0.41%	11 462 960
CAPITAL TRUST RE CDO LTD.	2005-1A	US140558AB31	AA	NR	0.17%	4 654 599
CAPITAL TRUST RE CDO LTD.	2005-1A	US140558AC14	A	NR	0.09%	2 547 324
CHL MORTGAGE PASS-THROUGH TRUST 2004-25	2004-25	US12669GKJ93	AAA	Aaa	0.42%	11 766 329
CITIGROUP MORTGAGE LOAN TRUST, INC	2004-OPT1	US17307GJM15	A+	A1	0.45%	12 545 573
CITIGROUP MORTGAGE LOAN TRUST, INC	2004-OPT1	US17307GJQ29	A-	Baa1	0.09%	2 547 324
CITIGROUP MORTGAGE LOAN TRUST, INC	2004-RES1	US17307GKQ00	A	A2	0.12%	3 260 575
CITIGROUP MORTGAGE LOAN TRUST, INC.	2004-RES1	US17307GKR82	A	A3	0.15%	4 157 870
COUNTRYWIDE ALTERNATIVE LOAN TRUST	2005-51	US12668ADE29	A	A2	0.44%	12 100 095
COUNTRYWIDE ASSET BACKED CERTIFICATES	2004-10	US126673JX19	AA-	A2	0.18%	5 094 649
COUNTRYWIDE ASSET BACKED CERTIFICATES	2004-11	US126673LT78	AA		0.18%	5 129 675
COUNTRYWIDE ASSET BACKED CERTIFICATES	2004-7	US126673DZ21	AAA	Aaa	0.23%	6 350 884
COUNTRYWIDE ASSET-BACKED CERTIFICATES		US126673LD27	A	NR	0.23%	6 368 311
DEKANIA CDO	2003-1A	US244882AB20	AAA	NR	0.80%	22 289 089
DEKANIA CDO	2004-2A	US24488RAA95	AAA	Aaa	0.16%	4 457 818
DRYDEN VIII-LEVERAGED LOAN CDO 2005	2005-8A	US26243YAC12	A	A2	0.26%	7 259 875
DUCHESS CDO SA	1X	XS0131194226	AAA	Aaa	0.57%	15 941 901
DUKE FUNDING IX	2005-9	US26450AAC18	A	A2	1.55%	41 708 143
DUKE FUNDING VI LTD	2004-1	US264407AF46	A	A2	0.80%	22 289 089
DUKE FUNDING VII LTD	2004-1A	US264403AC01	AA	Aa2	0.48%	13 284 297
DUNHILL ABS CDO, LTD.	2004-1	US26545QAE98	AAA	Aaa	0.93%	25 791 660
E*TRADE ABS CDO III, LTD.	2004-1	US26925JAB17	AAA	Aaa	0.54%	15 124 739
E*TRADE ABS CDO III, LTD.	2006-5A	US26925WAC01	AA	Aa2	0.34%	9 552 467
ENCORE CREDIT RECEIVABLES TRUST 2005-2	2005-2	US126673J605	A	A3	0.25%	7 005 142
EPIC PLC	MLDN	XS0251156435	A	NR	0.34%	9 530 132
FAIRHAZEL STREET	1	CEDAR26_28_C771567M_C	A	A2	1.15%	31 841 556
FIRST CLO LTD	2004-1A1	USG34935AD14	A	A2	0.19%	5 413 065
FIXED-LINK FINANCE BV	G2-X	XS0125468230	AAA	Aaa	0.80%	22 197 014
FORT POINT CDO LTD	2003-2A	US348522AA18	AAA	Aaa	1.67%	41 708 143
FORTIUS FUNDING, LTD	2006-1	US34958CAD65	A	A2	0.11%	3 184 156

PORTFOLIO C (continued)

Issuer	Series	ISIN	S&P Rating	Moodys Rating	Weighting	Exposure
FORTRESS CREDIT FUNDING LP	2005-1A	US34957LAD73	A	A2	0.46%	12 736 622
FORTRESS CREDIT FUNDING LP	2006-3A	US34957RAG74	NR	Aa2	0.46%	12 736 622
FORTRESS CREDIT FUNDING LP	2006-3A	US34957RAJ14	NR	A2	0.89%	24 836 414
FORTRESS CREDIT FUNDING LP	2006-4A	US34957XAE94	NR	A2	0.27%	7 641 973
FOUR CORNERS CLO	1A	US35083VAL18	A	A2	0.19%	5 190 174
FRANKLIN CLO	4A	US352504AB03	AA	Aa2	0.23%	6 368 311
FREMONT HOME LOAN TRUST FUND AMERICA INVESTORS III LTD	2004-C 2004-3A	US35729PEV85 US80410JAD63	AA- A-	A2 A3	0.17% 0.46%	4 776 233 12 736 622
G-STAR LTD	2004-4	US36242CAF23	AA	NR	0.46%	12 736 622
GALLATIN FUNDING LTD	2005-1	US363631AC62	A-	A2	0.46%	12 736 622
GEMSTONE CDO LTD		US36868BAE02	A	A2	0.23%	6 368 311
GEMSTONE CDO LTD		US36867VAE74	A	A2	0.23%	6 368 311
GEMSTONE CDO LTD	2005-3A	US36868AAJ16	A	A2	0.48%	13 373 454
GLACIER FUNDING CDO	2004-2A	US37638VAB99	AAA	Aaa	0.14%	3 820 987
GLOBAL ENHANCED LOAN FUND S.A.	2005-1	US37945GAB05	A	A2	0.54%	15 081 003
GOLDENTREE CAPITAL OPPORTUNITIES LP	2006-1A	US38136CAD20	AA	Aa2	0.11%	3 184 156
GRAPHITE MORTGAGES PLC	2006-1	GRAPH_LSS	AAA	NR	0.68%	19 030 993
GREENPOINT MORTGAGE FUNDING TRUST	2005-AR4	US39538WCN65	A+	A3	0.14%	3 816 918
GREENPOINT MORTGAGE FUNDING TRUST	2006-AR1	US39538WFM55	AAA	Aaa	0.16%	4 463 648
GREENPOINT MORTGAGE FUNDING TRUST	2006-AR5	US39538AAV89	NR	A3	0.14%	3 820 987
GSAMP TRUST	2004-AHL	US36242DHS53	A	A3	0.11%	2 998 838
GSAMP TRUST	2004-NC2	US36242DHC02	A-		0.18%	4 973 651
GSAMP TRUST	2004-OPT	US36242DNV19	AA	A2	0.34%	9 552 467
GSC ABS CDO LTD.	2005-1A	US362470AC01	A	A2	0.34%	9 552 467
GSC PARTNERS CDO FUND, LIMITED	2006-7	US36298AAD46	AA	Aa2	0.46%	12 736 622
HARBORVIEW MORTGAGE LOAN TRUST SERIES 2006-12	2006-12	US41162DAM11	A+	Aa3	0.92%	25 473 245
HARBORVIEW MORTGAGE LOAN TRUST SERIES 2006-12	2006-12	US41162DAN93	A-	A2	0.23%	6 368 311
HARBORVIEW MORTGAGE LOAN TRUST SERIES 2006-7	2006-7	US41161VAK61	A+	A2	0.11%	3 184 156
HARBORVIEW MORTGAGE LOAN TRUST SERIES 2006-9	2006-9	US41161XAJ54	A-	A1	0.16%	4 457 818
HARVEST CLO SA	II	XS0216228428	A	A2	0.27%	7 641 973
HOME EQUITY ASSET TRUST	2004-7	US437084FW18	A+	A2	0.14%	3 820 987
HUDSON STRAITS CLO LTD	2004-1A	US44413QAC50	AA	Aa2	0.23%	6 368 311
HUDSON STRAITS CLO LTD	2004-1A	US44413QAD34	A	A2	0.28%	7 801 181
I-PREFERRED TERM SECURITIES IV, LTD	IV	US44984RAA68	AAA	Aaa	1.37%	38 209 867
ICG MEZZANINE FUND 2003 NO.1 FUNDING LIMITED	2003-1	XS0207113530	BBB+	A3	1.53%	41 708 143
INDYMAC RESIDENTIAL ASSET BACKED TRUST	2005-A	US43708AAX00	A-	Baa1	0.11%	3 184 156
JER CDO	2005-1A	US46614KAA43	AAA	Aaa	0.46%	12 736 622
JETBLUE AIRWAYS CORP	2004-2	US47714NAA54	AAA	Aaa	0.63%	17 463 526
JETBLUE AIRWAYS CORP	2004-2	US47714NAB38	AAA	Aaa	0.46%	12 736 622
JP MORGAN CHASE COMMERCIAL MORTGAGE SECURITIES 2006-RR1	2006-RR1	US48123HAE36	A-	A3	0.32%	8 915 636
KATONAH CAPITAL LLC	6	US48601QAD60	A	A2	0.23%	6 368 311

PORTFOLIO C (continued)

Issuer	Series	ISIN	S&P Rating	Moodys Rating	Weighting	Exposure
KNOLLWOOD CDO LTD.	2006-2A	US49916RAE09	A	A2	0.46%	12 706 335
LANDMARK CDO, LLC	2004-3	US51506DAE31	A-	A2	0.11%	3 184 156
LATITUDE CLO LTD.	2006-2A	US51829TAL26	AAA	Aaa	0.46%	12 736 622
LCM LIMITED PARTNERSHIP	3A	US50182CAC29	A	A2	0.16%	4 457 818
LEHMAN XS TRUST	2005-9N	US525221GN14	AAA	Aaa	0.25%	6 911 866
LNR CDO LTD.	2005-1A	US53944PAD42	A	A3	0.30%	8 480 008
LNR CDO LTD.	2006-1A	US53944MAA71	AAA	Aaa	0.11%	3 184 156
LNR CDO LTD.	2006-1A	US53944MAB54	AA	Aa2	0.23%	6 368 311
LNR CDO LTD.	2006-1A	US53944MAD11	A	A2	0.89%	24 836 414
LONG BEACH MORTGAGE LOAN TRUST	2004-4	US542514HY37	A+	A3	0.26%	7 318 463
LONG BEACH MORTGAGE LOAN TRUST	2004-4	US542514HZ02	A	Baa1	0.08%	2 228 909
LONG BEACH MORTGAGE LOAN TRUST	2005-1	US542514KD52	A	A2	0.14%	3 820 987
LONG HILL, LTD.	2006-1A	US54266TAE29	A-	A3	0.18%	5 094 649
MAGNETITE CLO, LIMITED	2003-5	US55952SAC44	A	A2	0.23%	6 368 311
MARATHON REAL ESTATE CDO LTD	2006-1A	US565853AA65	AAA	Aaa	0.69%	19 104 934
MASTR ASSET BACKED SECURITIES TRUST	2005-OPT1	US57643LHV18	A	NR	0.42%	11 734 887
MASTR ASSET BACKED SECURITIES TRUST	2005-OPT1	US57643LHW90	A-	NR	0.33%	9 100 317
MCG COMMERCIAL LOAN TRUST 2006-1	2006-1A	US55271KAQ40	AA	Aa2	0.34%	9 552 467
MERRILL LYNCH MORTGAGE INVESTORS, INC.	2004-OPT1	US59020UKP92	AA+		0.09%	2 570 192
MERRILL LYNCH MORTGAGE INVESTORS, INC.	2004-OPT1	US59020UKQ75	AA	NR	0.11%	3 184 156
MERRILL LYNCH MORTGAGE INVESTORS, INC.	2004-WMC5	US59020UMJ15	AA	A1	0.43%	12 053 939
MERRILL LYNCH MORTGAGE INVESTORS, INC.	2004-WMC5	US59020UMK87	AA	A2	0.46%	12 736 622
ML AAA CMBS PORTFOLIO		AAA_CMBSPOR T	A+	Aa2	0.27%	7 641 973
ML AAA FINANCIALS 10_15%		AAAFIN10-15_C974798M_C	AAA	Aaa	1.03%	28 641 636
ML AJ CMBS PORTFOLIO		AJ_CMBSPORT_C992167M_C	AAA	Aaa	0.69%	19 104 934
MM COMMUNITY FUNDING CORP.	2003-9X	US606867AA79	AAA	Aaa	0.13%	3 573 330
MORGAN STANLEY ABS CAPITAL I	2004-HE9	US61744CJX56	A	A2	0.25%	6 932 544
MORGAN STANLEY ABS CAPITAL I	2004-HE9	US61744CJY30	A-	A3	0.13%	3 700 626
MORGAN STANLEY ABS CAPITAL I	2004-NC6	US61744CEV46	A	A2	0.44%	12 115 712
MORGAN STANLEY ABS CAPITAL I	2004-NC7	US61744CFS08	A	A2	0.34%	9 552 467
MORGAN STANLEY ABS CAPITAL I	2004-NC8	US61744CHS89	A+	A1	0.25%	6 988 585
MORGAN STANLEY ABS CAPITAL I	2004-NC8	US61744CHT62	A	A2	0.23%	6 368 311
MORGAN STANLEY ABS CAPITAL I	2005-NC1	US61744CKS43	A	A2	0.16%	4 457 818
MORGAN STANLEY CAPITAL	2005-T17	US61745MW666	AAA	NR	0.68%	18 818 360
MORGAN STANLEY CAPITAL I	2005-IQ9	US61745M2H50	AAA	NR	1.15%	31 841 556
MORGAN STANLEY CAPITAL I	2006-SRR2	BCC0U7QW3	AAA	NR	0.57%	15 920 778
MORGAN STANLEY HOME EQUITY LOANS 2005-1	2005-1	US61744CLH78	A+	A1	0.11%	3 184 156
MORGAN STANLEY INVESTMENT MANAGEMENT CORP	2005-1	US61748RAE99	A	A2	0.69%	19 104 934

PORTFOLIO C (continued)

Issuer	Series	ISIN	S&P Rating	Moodys Rating	Weighting	Exposure
N-STAR REAL ESTATE CDO 2006-8	2006-8A	US62940FAC32	NR	Aaa	0.57%	15 920 778
N-STAR REAL ESTATE CDO 2006-8	2006-8A	US62940FAD15	NR	Aa1	0.50%	14 010 285
N-STAR REAL ESTATE CDO LTD		US62939WAA36	AAA	Aaa	0.62%	17 194 440
N-STAR REAL ESTATE CDO LTD		US62939WAC91	A	A2	0.34%	9 552 467
N-STAR REAL ESTATE CDO LTD	2005-3A	US629387AG68	A-	NR	0.55%	15 239 072
N-STAR REAL ESTATE CDO LTD	2005-5	US62940HAE53	AA	NR	0.29%	8 066 230
N-STAR REAL ESTATE CDO LTD	2006-6A	US62940PAD96	A-	A3	0.23%	6 368 311
NAUTILUS CDO	2005-2	US639103AD22	A	NR	0.42%	11 660 065
NAUTILUS CDO	2006-3	US639099AD28	A	NR	0.11%	3 098 570
NEW CENTURY HOME EQUITY LOAN TRUST	2004-4	US64352VJN29	A	A2	0.23%	6 368 311
NEW CENTURY HOME EQUITY LOAN TRUST 2004-3	2004-3	US64352VHY02	AA-	A1	0.34%	9 552 467
NEW CENTURY HOME EQUITY LOAN TRUST 2004-3	2004-3	US64352VJA08	A-	A3	0.30%	8 278 805
NEW CENTURY HOME EQUITY LOAN TRUST 2004-3	2005-3	US64352VLP49	A-	A3	0.56%	15 611 915
NEWCASTLE CDO IV, LIMITED	2004-4A	US65105YAA01	AAA	Aaa	0.83%	23 078 760
NORTH STREET REFERENCED LINKED NOTES	2005-9	USG66587AA77	AAA	Aaa	1.49%	41 394 023
NORTHWESTERLY CDO II	II	XS0199037531	A+	A1	0.46%	12 781 408
NYLIM FLATIRON CLO LTD.	2003-1A	US62948MAB28	AA	Aa2	0.23%	6 368 311
NYLIM FLATIRON CLO LTD.	2004-1	US67073MAC64	A	A2	0.46%	12 736 622
OCTAGON INVESTMENT PARTNERS VI, LTD	VI	US67571YAE32	A-	A2	0.25%	7 005 142
OPTION ONE MASTER LOAN TRUST	2004-3	US68389FFX78	A+	A2	0.19%	5 413 065
OPTION ONE MASTER LOAN TRUST	2005-1	US68389FGP36	A		0.11%	3 184 156
PARK PLACE SECURITIES INC	2005-WCW2	US70069FLK11	AA-	A1	0.21%	5 731 480
PEOPLE'S CHOICE HOME LOAN TRUST	2004-2	US71085PAX15	A+	A2	0.30%	8 278 805
PREFERRED TERM SECS XI	X	US74041WAA36	AAA	Aaa	0.15%	4 039 262
PREFERRED TERM SECS XIV	XIV	US74041UAB52	AAA	Aaa	0.11%	3 184 156
PREFERRED TERM SECS XVI	XVI	US74041EAA38	AAA	Aaa	1.25%	34 707 296
PREFERRED TERM SECURITIES 15 LTD	15	US74041CAB54	AAA	Aaa	0.19%	5 413 065
PREFERRED TERM SECURITIES 20 LTD	XX	US74042DAC02	AAA	Aaa	0.46%	12 736 622
PREFERRED TERM SECURITIES VI LTD	A-2	US74040YAB83	AAA	Aaa	0.92%	25 473 245
PREFERRED TERM SECURITIES XIII	13	US74041AAA16	AAA	Aaa	0.80%	22 289 089
PREFERRED TERM SECURITIES XIV		US74041UAA79	AAA	Aaa	0.69%	19 104 934
PREFERRED TERM XVIII	XVIII	US74042WAA27	AAA	Aaa	0.46%	12 736 622
PREMIUM EMERGING MANAGED CAPITAL BV	1	XS0159198331	AA-	Aa3	0.13%	3 502 571
PULS CDO 2006-1 PLC	2006-1	XS0260584148	AAA	Aaa	0.11%	3 171 832
RACE POINT CLO	2A	US74981SAA42	AAA	Aaa	0.27%	7 641 973
RASPRO TRUST	2005-1	US75405RAA14	AAA	Aaa	1.06%	29 349 641
REGIONAL DIVERSIFIED FUNDING	2004-1	US75902XAA63	AAA	Aaa	0.32%	8 889 101
SAXON ASSET SECURITIES TRUST	2005-1	US805564RQ68	A+	A1	0.19%	5 413 065
SECURITIZED ASSET BACKED RECEIVABLES LLC	2004-OP2	US81375WBR60	A-	Baa1	0.05%	1 273 662

PORTFOLIO C (continued)

Issuer	Series	ISIN	S&P Rating	Moody's Rating	Weighting	Exposure
SECURITIZED ASSET BACKED RECEIVABLES LLC	2004-OP2	US81375WBP05	A+	A2	0.41%	11 462 960
SILVERADO CLO LTD	2006-2A	US82835AAJ51	A	A2	0.34%	9 552 467
STATIC REPACKAGING TRUST, LTD	2004-1	US85233VAC54	A	A2	0.46%	12 736 622
STATIC RESIDENTIAL CDO (START) 2006-A LTD	2006-A	US85768VAD64	AA-	Aa3	0.69%	19 093 892
STATIC RESIDENTIAL CDO (START) 2006-A LTD	2006-A	US85768VAE48	A-	A3	0.11%	3 178 851
STATIC RESIDENTIAL CDO (START) 2006-B LTD	2006-B	US85768XAF78	A	A3	0.53%	14 647 116
STATIC RESIDENTIAL TRUST	2005-A	US85768PAC14	A	A2	0.53%	14 647 116
STATIC RESIDENTIAL TRUST	2005-BA	US85768QAF28	A-	A3	0.45%	12 619 999
STATIC RESIDENTIAL TRUST	2005-C	US85768TAG40	A-	A2	0.17%	4 739 778
STONE TOWER CLO LTD	2005-3	US86175NAD93	A	A2	0.16%	4 457 818
SUMMIT RMBS CDO, LTD	2005-1	US866244AB23	AAA	NR	0.46%	12 736 622
SUMMIT RMBS CDO, LTD	2005-1	US866244AC06	AA	NR	0.69%	19 213 195
TITAN EUROPE 2006-3 PLC	2006-3A	XS0257769769	A	A3	0.14%	3 801 290
TRAFFORD CENTRE FIN LTD	A3	XS0222488396	AAA	Aaa	1.14%	31 811 530
TRAINER WORTHAM FIRST REPUBLIC CBO	3	US892881AD58	A	A2	0.78%	21 652 258
TRAINER WORTHAM FIRST REPUBLIC CBO	3A	US892881AA10	AAA	Aaa	0.66%	18 379 722
TRAPEZA CDO I, LLC	2002-1	US894127AA77	AAA	Aaa	0.26%	7 162 514
TRAPEZA EDGE CDO LTD		US89412LAB45	AAA	Aaa	0.14%	3 820 987
TROPIC CDO CORP.	2004-4	US89707YAA29	AAA	Aaa	0.87%	24 199 583
UNITED CAPITAL AVIATION TRUST		US90264FAE88	AAA	Aaa	2.68%	41 708 143
US CAPITAL FUNDING I	I	US903329AA80	AAA	Aaa	1.25%	34 770 979
US CAPITAL FUNDING II	II	US90390KAA25	AAA	Aaa	2.72%	41 708 143
US CAPITAL FUNDING III	III	US90342BAA17	AAA	Aaa	1.72%	41 708 143
US CAPITAL FUNDING III	III	US90342BAC72	AAA	Aaa	0.53%	14 647 116
VELOCITY CLO LTD	2004-1A	US92257GAB77	A	A2	0.25%	7 005 142
VERTICAL CDO LTD.		US925345AE06	A	A2	0.37%	10 189 298
VERTICAL CDO LTD.	2A	US925338AC98	AA	Aa2	0.11%	3 184 156
VICTORIA FALLS CLO, LTD.	2005-HE1	US926244AE48	A	A2	0.27%	7 641 973
WACHOVIA CRE CDO 2006-1	2006-1	US92978CAE84	A-	A3	0.46%	12 736 622
WAMU MORTGAGE PASSTHROUGH CERTIFICATES, SERIES 2005-AR19	2005-AR19	US92925CBP68	AA-	A1	0.32%	8 900 436
WASHINGTON MUTUAL	2005-AR13	US92922F4W51	AAA	Aaa	0.69%	19 211 307
WASHINGTON MUTUAL	2005-AR13	US92922F5B06	A+	A1	0.23%	6 360 043
WELLS FARGO HOME EQUITY TRUST		US9497ERAH70	A-	Baa2	0.57%	15 920 778