
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, 2008

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 1-800-361-8838 (extension 5104), 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 management report of fund performance 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. Forward looking information is based upon a number of assumptions and is subject to a number of risks and uncertainties, many of which are beyond the Trust’s control, that could cause actual results to differ materially from those that are disclosed in or implied by such forward-looking statement. Consequently, even if the forward-looking information contained in this report is based upon what the Trust believes are reasonable assumptions, investors are cautioned against placing undue reliance on this information since actual results may vary from the forward-looking information. The Trustee’s management does not undertake 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. (the “**Trustee**”) 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 that was consolidated with Global DIGIT II until December 31, 2006. Due to amendments to CICA guidelines, Global DIGIT II ceased to consolidate its results with those of Silverstone for fiscal 2007; the accounting changes were applied retroactively and comparative financial statements were adjusted to reflect the impact of the amended guidelines.

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. Silverstone, in turn, has entered into three mirror credit default swaps with

Deutsche Bank. The three credit default swap agreements provide Unitholders with an exposure to three global diversified portfolios (“**Credit Exposures A, B and C**”) of mortgage-backed securities, asset-backed securities, structured finance securities and synthetic corporate exposures. Global DIGIT II’s obligations under the credit default swaps are collateralized by a term deposit note made by Global DIGIT II and the term deposit note has been funded by the proceeds from the initial public offering of Global DIGIT II. 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 A, B and C, and therefore the amount that will be repaid to Unitholders by Global DIGIT II 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.

Silverstone has also entered into a AAA Swap (the “**Silverstone AAA Swap**” also referred to as “**Credit Exposure D**”) with Deutsche Bank, in respect of which, and in order to purchase the necessary collateral, Silverstone issued asset-backed commercial paper (“**ABCP**”) and floating rate notes.

2. The ABCP liquidity crisis and its consequences for Global DIGIT II

On August 14, 2007, Global DIGIT II was notified by Silverstone that it was withholding payments to Global DIGIT II and would not be providing Global DIGIT II with the necessary funding to pay the distribution of August 15, 2007. Accordingly, Global DIGIT II announced the suspension of the distribution of \$0.0687 per unit declared on July 18, 2007 and payable on August 15, 2007 to the holders of record at the close of business on July 31, 2007. This followed an announcement of a market disruption in the ABCP and the inability by Silverstone to roll its maturing ABCP. Silverstone’s request to draw on its market disruption liquidity line was denied by its counterparty, Deutsche Bank.

In the following days, a number of major players in Canada’s financial markets (the “**Investors Committee**”) outlined a possible solution to this market disruption for the “**Third Party ABCP**” market and signed a standstill agreement for the concerned ABCP trusts including Silverstone. Further to this development, Global DIGIT II entered into a standstill agreement with Silverstone in order to formalize arrangements between them and preserve their respective rights and entitlements until finalization of the solution. Pursuant to the standstill agreement between Global DIGIT II and Silverstone, all amounts normally paid to Global DIGIT II since August 2007 were deposited in a segregated account with an escrow agent. Quarterly and annual redemptions were also suspended.

On December 14, 2007, the Investors Committee announced a framework for a restructuring plan for the Third Party ABCP. This plan included the replacement of short term paper with notes having maturities in line with the underlying assets and addresses additional funding requirements of Third Party ABCP trusts.

On December 21, 2007, Global DIGIT II entered into an Agreement in Principle with Silverstone in order to negotiate in good faith a transaction pursuant to which Silverstone would effectively be replaced by Deutsche Bank as counterparty to the three credit default swaps that are presently between Global DIGIT II and Silverstone (the “**Disengagement Transaction**”).

On March 17, 2008, a plan of compromise and arrangement (the “**Plan**”) for Third Party ABCP trusts (including Silverstone) was filed pursuant to the Companies’ Creditors Arrangement Act; an information package was sent to all noteholders of Third Party ABCP part of the Plan and, on April 25, 2008, the noteholders approved such Plan. Moreover, on June 5, 2008, the Ontario Superior Court of Justice issued a sanction order approving the Plan and, on June 25 and 26, 2008, an appeal of the sanction order was heard by

the Ontario Court of Appeal. As of the date of publication, the Ontario court of Appeal had not released its decision. Final approval of the Plan is one of the necessary conditions for the implementation of the Disengagement Transaction.

If and when the Disengagement Transaction is completed, distributions and redemptions would resume, and it is anticipated that the distributions would generally be at the same level as was previously the case (subject to losses upon the occurrence of Credit Events and the costs of the Disengagement Transaction which cannot presently be assessed), until the next Reset Date. Funds available to pay distributions and redemptions would flow directly from Deutsche Bank, and would no longer be dependant on Silverstone's ability to renew or replace its outstanding indebtedness or otherwise be subject to any claim by Silverstone to withhold payments to Global DIGIT II. Funds presently held in escrow under the standstill agreement between Global DIGIT II and Silverstone would be released to Global DIGIT II. Completion of the Disengagement Transaction is subject to formal documentation and consents and approvals, including the approval of the creditors of Silverstone, the approval of Deutsche Bank and a final approval of the trustees of Global DIGIT II and of Silverstone. There can be no assurances that all such approvals will be obtained or that the Disengagement Transaction will otherwise be completed. In particular, the approval of the creditors of Silverstone will largely depend on whether or not such creditors approve the plan for Third Party ABCP issuers. The Disengagement Transaction would be expected to become effective on the date that the Plan becomes effective.

3. 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 Global DIGIT II 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 monthly 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 are discussed in Schedule A.

4. Results of Operations

The assets of Global DIGIT II are primarily a term deposit and the Financial Contracts in relation to Credit Exposures A, B and C containing, as at June 30, 2008, 211, 149 and 238 securities respectively (collectively, the "**reference obligations**"). The aggregate notional amount of the Credit Exposures A, B and C is \$97,319,000.

A comprehensive description of the assets and liabilities of Global DIGIT II 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 investment of Global DIGIT II which consists of a National Bank of Canada Term Deposit Note has 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 Global DIGIT II or the Unitholders.

However, Winchester Capital (but not Deutsche Bank on a consolidated basis) is 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 judgment, 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, 2008, Credit Exposure A comprised 211 reference obligations, including mortgage-backed securities, asset-backed securities, structured finance securities and synthetic corporate exposures (at December 31, 2007 – 218 reference obligations).

The S&P ratings of the mortgage-backed securities, asset-backed securities, structured finance securities and synthetic corporate exposures comprised in Credit Exposure A were distributed as follows at inception (by notched S&P rating category), December 31, 2005, 2006 and 2007 and June 30, 2008 (by equivalent S&P rating category):

Rating	Inception	Dec. 31, 2005	Dec. 31, 2006	Dec. 31, 2007	June 30, 2008
AAA	75.8%	77.1%	76.6%	76.0%	70.6%
AA	13.5%	10.4%	10.1%	11.2%	11.1%
A	10.7%	12.1%	13.1%	12.6%	13.3%
BBB	0.0%	0.4%	0.0%	0.1%	0.2%
BB	0.0%	0.0%	0.2%	0.1%	2.0%
B	0.0%	0.0%	0.0%	0.0%	1.3%
CCC	0.0%	0.0%	0.0%	0.0%	1.6%

The weighted average assigned Moody's rating factor of the mortgage-backed securities, asset-backed securities and synthetic corporate exposures comprised in Credit Exposure A was 18 at inception (between Aa1 and Aa2), 19 as of December 31, 2005 and 2006 (between Aa1 and Aa2), 27 as of December 31, 2007 (between Aa2 and Aa3) and 278 as of June 30, 2008 (between Baa1 and Baa2). 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, A3, Baa1, Baa2, Baa3, Ba1, Ba2, Ba3, B1, B2, B3, Caa1, Caa2 and Caa3 or lower is assigned a rating factor of respectively 1, 10, 20, 40, 70, 120, 180, 260, 360, 610, 940, 1350, 1780, 2220, 2720, 3490, 4770, 6500 and 8070. 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, 2006 and 2007 and between A- and BBB+ as of June 30, 2008.

Portfolio A's composition by asset classes at inception, December 31, 2005, 2006 and 2007 and June 30, 2008 was as follows:

Asset Class ⁽¹⁾	Inception	Dec. 31, 2005	Dec. 31, 2006	Dec. 31, 2007	June 30, 2008
Commercial asset-backed securities	3.4%	4.4%	5.9%	3.4%	3.4%
Consumer asset-backed securities	8.1%	5.6%	3.4%	2.1%	2.1%
Residential mortgage-backed securities	31.7%	34.6%	31.7%	32.6%	30.1%
Commercial mortgage-backed securities	15.5%	9.6%	10.2%	15.7%	16.0%
Synthetic corporate exposures	41.3%	45.8%	48.8%	46.2%	48.3%

(1) Based on S&P Industry Classification.

The exposure of Global DIGIT II to Credit Exposure A is limited to an amount of \$23,634,614. Further, the exposure of Global DIGIT II to each of the 211 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, 2008, Credit Exposure B comprised 149 reference obligations, including mortgage-backed securities, asset-backed securities, structured finance securities and synthetic corporate exposures. (December 31, 2007 – 152 reference obligations).

The S&P ratings of the mortgage-backed securities, asset-backed securities, structured finance securities and synthetic corporate exposures comprised in Credit Exposure B were distributed as follows at inception (by notched S&P rating category), December 31, 2005, 2006 and 2007 and June 30, 2008 (by equivalent S&P rating category):

Rating	Inception	Dec. 31, 2005	Dec. 31, 2006	Dec. 31, 2007	June 30, 2008
AAA	72.9%	79.4%	83.7%	73.0%	58.8%
AA	16.2%	8.6%	3.2%	3.1%	11.5%
A	10.9%	11.9%	13.1%	22.2%	18.8%
BBB	0.0%	0.0%	0.0%	1.7%	4.0%
BB	0.0%	0.0%	0.0%	0.0%	0.8%
B	0.0%	0.0%	0.0%	0.0%	3.4%
CCC	0.0%	0.0%	0.0%	0.0%	2.5%
CC	0.0%	0.0%	0.0%	0.0%	0.2%

The weighted average assigned Moody's rating factor of the mortgage-backed securities, asset-backed 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 2006 (between Aa1 and Aa2), 40 as of December 31 2007 (between Aa2 and Aa3) and 523 as of June 30, 2008 (between and Baa2 and Baa3). 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 2006, between AA and AA- as of December 31, 2007 and between BBB+ and BBB as of June 30, 2008.

Credit Exposure B's composition by asset classes at inception, December 31, 2005, 2006 and 2007 and June 30, 2008 was as follows:

Asset Class⁽¹⁾	Inception	Dec. 31, 2005	Dec. 31, 2006	Dec. 31, 2007	June 30, 2008
Commercial asset-backed securities	5.0%	9.1%	10.8%	9.4%	9.4%
Consumer asset-backed securities	0.5%	0.5%	2.6%	2.1%	2.2%
Residential mortgage-backed securities	38.8%	31.5%	22.2%	23.0%	22.0%
Commercial mortgage-backed securities	10.2%	8.3%	10.6%	15.4%	15.6%
Synthetic corporate exposures	45.5%	50.7%	53.8%	50.1%	50.8%

(1) Based on S&P Industry Classification.

The exposure of Global DIGIT II to Credit Exposure B is limited to an amount of \$31,976,243. Further, the exposure of Global DIGIT II to each of the 149 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, 2008, Credit Exposure C comprised 238 reference obligations, including mortgage-backed securities, asset-backed securities, structured finance securities and synthetic corporate exposures (at December 31, 2007 – 238 reference obligations).

The S&P ratings of the mortgage-backed securities, asset-backed securities, structured finance securities and synthetic corporate exposures comprised in Portfolio C were distributed as follows at inception (by notched S&P rating category), December 31, 2005, 2006 and 2007 and June 30, 2008 (by equivalent S&P rating):

Rating	Inception	Dec. 31, 2005	Dec. 31, 2006	Dec. 31, 2007	June 30, 2008
AAA	66.1%	50.2%	49.5%	46.6%	41.2%
AA	9.7%	12.6%	13.5%	13.4%	17.1%
A	24.2%	35.0%	35.5%	34.7%	29.4%
BBB	0.0%	2.3%	1.5%	3.2%	3.3%
BB	0.0%	0.0%	0.0%	2.1%	3.5%
B	0.0%	0.0%	0.0%	0.0%	2.2%
CCC	0.0%	0.0%	0.0%	0.0%	2.8%
CC	0.0%	0.0%	0.0%	0.0%	0.5%

The weighted average assigned Moody's rating factor of the mortgage-backed securities, asset-backed 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), 75 as of December 31, 2007 (between A1 and A2) and 734 as of June 30, 2008 (between Baa3 and Ba1). 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 and 2006, between A+ and A as of December 31, 2007 and between BBB and BBB- as of June 30, 2008.

Credit Exposure C's composition by asset classes at inception, December 31, 2005, 2006 and 2007 and June 30, 2008 was as follows:

Asset Class⁽¹⁾	Inception	Dec. 31, 2005	Dec. 31, 2006	Dec. 31, 2007	June 30, 2008
Commercial asset-backed securities	0.9%	10.8%	7.8%	4.7%	4.7%
Consumer asset-backed securities	0.5%	0.5%	0.0%	0.2%	0.2%
Residential mortgage-backed securities	41.4%	32.3%	24.5%	22.6%	21.6%
Commercial mortgage-backed securities	7.9%	7.6%	14.4%	22.9%	23.2%
Synthetic corporate exposures	49.3%	48.8%	53.3%	49.6%	50.3%

(1) Based on S&P Industry Classification.

The exposure of Global DIGIT II to Credit Exposure C is limited to an amount of \$41,708,143. Further, the exposure of Global DIGIT II to each of the 238 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.

Determination of the Net Asset Value of the Units

The net asset value (“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 Global DIGIT II, 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 Global DIGIT II 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.

When calculating the NAV and in accordance with Generally Accepted Accounting Principles (“GAAP”), the Administrative Agent uses the following policies:

- (i) The value of the Financial Contracts is established primarily by reference to indicative bid and offer prices provided by Deutsche Bank. The bid and offer prices provided by Deutsche Bank represent an indication of the prices that Deutsche Bank may pay or charge to purchase or sell a tranche of the Financial Contracts. 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 Deutsche Bank, such as correlation between individual reference obligations and other securities in the portfolio of Deutsche Bank.
- (ii) Since January 1, 2007, the fair value of money market instruments, short term bank deposits, permitted investments and any other bonds, debentures or debt obligations is established by reference to prevailing interest rates, general market conditions and all other relevant criteria.
- (iii) The fair 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. Moreover, 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. As of June 30, 2008, no asset had been valued otherwise than in accordance with the above rule.

Substantially all of the assets of Global DIGIT II consist of the Financial Contracts and the related term deposit. The NAV calculated as at June 30, 2008 reflects all amounts that would have been paid by Silverstone to Global DIGIT II under the Financial Contracts under normal circumstances but which are currently being held in escrow instead of being paid. The unpaid amounts have been recorded as an account receivable (\$8,049,178 as of June 30, 2008).

The June 30, 2008 NAV does not reflect any potential impairment in the value of the assets of Global DIGIT II from any potential restructuring of Silverstone debts or the effect of the proposed Disengagement Transaction, as it is not possible at present to determine if, when and to what extent such payments to Global DIGIT II under

the Financial Contracts will resume or the effect of any potential restructuring of any such Silverstone debts, nor if and when the proposed Disengagement Transaction will be completed .

Net Asset Value

The net asset value (“NAV”) of Global DIGIT II was \$15,100,007 as at June 30, 2008 (\$1.45 per unit based on 10,392,283 units outstanding), as compared to \$10,725,858 as at December 31, 2007 (\$1.03 per unit based on 10,392,283 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 fair value of the swaps and their nominal value and since, January 1, 2007, the difference between the fair value of the investments and their nominal value.

Income and Distributions

During the interim period ended June 30, 2008, Global DIGIT II had a net gain of \$4,374,149 or \$0.42 per unit (a net loss of respectively \$28,354,877 and \$2.25 per unit for the same period in 2007) and has not declared any distributions (respectively \$5,204,836 and \$0.41 per unit for the same period in 2007) to its Unitholders. During the interim period ended June 30, 2008, the net income was reduced by an unmaterialized loss of \$1,946,380 (\$0.19 per unit) in the fair value of the Financial Contracts (an unmaterialized loss of \$25,535,535 and \$2.02 per unit respectively for the same period in 2007) and by an unmaterialized gain of \$1,605,764 (\$0.15 per unit) in the fair value of the investment and the credit default swap receivable (an unmaterialized loss of \$1,006,481 and \$0.08 per unit respectively for the same period in 2007).

5. Recent Developments

Portfolio Changes

While Deutsche Bank actively manages the portfolios, during the interim period ended June 30, 2008 the Trustee has not requested any change in the portfolio of securities included in the credit exposures. Also during the interim period ended June 30, 2008, due to the turmoil in the US credit market, there were several downgrades but no reference obligation included in the portfolios was subject to a credit event.

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 exercises, each five year, its right to postpone the maturity date.

Redemptions

The standstill agreement between Global DIGIT II and Silverstone includes the suspension of all redemption activities. Therefore there were no redemptions during the interim period ended June 30, 2008.

Subsequent Events

Since June 30, 2008, due to the continuing turmoil in the US credit market, there were several additional downgrades but no reference obligation included in the portfolios was subject to a credit event.

The standstill agreement between Global DIGIT II and Silverstone expired on January 31, 2008, but was periodically extended until September 30, 2008. As mentioned above, the approval of the Plan is one of the necessary conditions for the implementation of the Disengagement Transaction.

6. 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 fulfill 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. For the interim period ended June 30, 2008, fees and reimbursement of expenses incurred in relation with this function totaled \$14,323 (\$19,998 for the same period in 2007).

Recirculation Agreement

Pursuant to a Recirculation Agreement, Global DIGIT II 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 Global DIGIT II and Natcan Trust, Natcan Trust acts as custodian of Global DIGIT II in respect of the assets of Global DIGIT II, except for the permitted investments which are held by Deutsche Bank as collateral to the Financial Contracts.

For the interim period ended June 30, 2008, Natcan Trust did not earn any fees in connection with this agreement (\$1,996 for the same period in 2007).

Registrar and Transfer Agent Agreement

Pursuant to a registrar and transfer agent agreement between Global DIGIT II 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, Computershare Trust Company of Canada was appointed registrar and transfer agent for the Units in replacement of Natcan Trust Company.

7. Independent Review Committee

In 2007, Global Digit II Management Inc., the manager of Global DIGIT II, has established an independent review committee to review the conflict of interest matters that it is required to submit to such committee pursuant to *National Instrument 81-107 Independent Review Committee for Investment Funds*.

The members of the independent review committee are Yves Julien (Chair), Jean Durivage and Jacques Valotaire. All members of the independent review committee are independent within the meaning of National Instrument 81-107.

Each member of the independent committee receives an annual fee as well as a meeting fee and is reimbursed for his expenses incurred in connection with attending meetings of the independent review committee.

8. Financial Highlights

The following tables show selected key financial information about Global DIGIT II and are intended to help explain Global DIGIT II's financial performance since inception. This information presented below is derived from Global DIGIT II's financial statements with necessary adjustments to reflect changes in accounting guidelines.

	June 30, 2008	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005 (10 1/3 months)	March 11, 2005 ⁽¹⁾
Weighted average number of outstanding units	10,392,283	11,496,004	14,124,646	14,950,000	14,950,000
Net Asset Value, beginning of period ⁽⁴⁾	\$1.03	\$8.73	\$9.51	\$9.35	\$10.00
Increase (decrease) from operations					
Total revenues	\$1.00	\$2.11	\$2.00	\$1.67	-
Total expenses	(\$0.55)	(\$1.10)	(\$1.06)	(\$0.85)	-
Realized gains (losses) for the period	-	(\$0.69)	(\$0.04)	-	-
Unrealized gains (losses) ⁽²⁾	(\$0.03)	(\$7.20)	(\$0.88)	-	-
Total increase (decrease) from operations	\$0.42	(\$6.88)	\$0.02	\$0.82	-
Issue expenses ⁽³⁾	-	-	-	-	(\$0.65)
Distributions:					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	(\$0.48)	(\$0.82)	(\$0.66)	-
Total Distributions ⁽⁴⁾	-	(\$0.48)	(\$0.82)	(\$0.66)	-
Net Asset Value, end of period ⁽⁴⁾	\$1.45	\$1.03	\$8.73	\$9.51	\$9.35

(1) At inception.

(2) For the period starting January 1st, 2007, unrealized losses include the impact of the initial adoption of financial instrument standards, for the amount of 0.16\$ per unit.

(3) 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.

(4) Net Asset Value and distributions 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.

Ratio and Supplemental Data

	June 30, 2008	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005	March 11, 2005 (at inception)
Net Asset	\$15,100,007	\$10,725,858	\$121,868,179	\$142,148,236	\$139,713,501
Number of units outstanding	10,392,283	10,392,283	13,959,575	14,950,000	14,950,000
Net Asset Value per Unit	\$1.45	\$1.03	\$8.73	\$9.51	\$9.35
Portfolio turnover rate	-	-	-	-	-
Trading expenses ratio	-	-	-	-	-
Closing market price (TSX)	\$1.34	\$3.00	\$8.47	\$9.06	\$10.00

Accreted Value

At the Maturity Date, there will be no longer any unrealized gain or loss on Global DIGIT II investments, nor on the Financial Contracts. In the interim, the unrealized gain or loss reflects variations in the value of the Financial Contracts as calculated from time to time. If the “accreted value” of the units is defined as their adjusted value to exclude any unrealized gain or loss on the Financial Contracts and on the permitted investments, the accreted value is an indication of the amount in Global DIGIT II 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 Global DIGIT II valued at cost, less impairments.

Accreted Value:	June 30, 2008	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005 (10 1/3 months)	March 11, 2005 (at inception)
Weighted average number of units outstanding	10,392,283	11,496,004	14,124,646	14,950,000	14,950,000
Accreted Value at beginning ⁽²⁾	\$9.85	\$9.61	\$9.51	\$9.35	\$10.00
Increase (Decrease) from operations:					
Total revenues	\$1.00	\$2.11	\$2.00	\$1.67	-
Total expenses	(\$0.55)	(\$1.10)	(\$1.06)	(\$0.85)	-
Realized gains (losses) for the period	-	(\$0.69)	(\$0.04)	-	-
Issue expenses ⁽¹⁾	-	-	-	-	(\$0.65)
Distributions	-	(\$0.48)	(\$0.82)	(\$0.66)	-
Amount deposited in the segregated account	(\$0.42)	(\$0.35)	-	-	-
Accreted Value at end ⁽²⁾	\$9.88	\$9.85	\$9.61	\$9.51	\$9.35
 Reconciliation of the Accreted Value and the Net Asset Value					
Accreted Value at end of period ⁽²⁾	\$9.88	\$9.85	\$9.61	\$9.51	\$9.35
Unrealized gains and losses since inception	(\$8.11)	(\$8.08)	(\$0.88)	-	-
Amount deposited in the segregated account	\$0.77	\$0.35	-	-	-
Net Asset Value, end of period ⁽²⁾	\$1.45	\$1.03	\$8.73	\$9.51	\$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 \$9.88 accreted value, as at June 30, 2008 reflects the fact that Global DIGIT II 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 March 11, 2005. Subject to the completion of the Disengagement Transaction, the \$0.53 that has been accrued for recovery of issue costs would be remitted by Silverstone to Global DIGIT II, but the balance of \$0.12 not yet accrued would not be recovered.

9. Past Performance

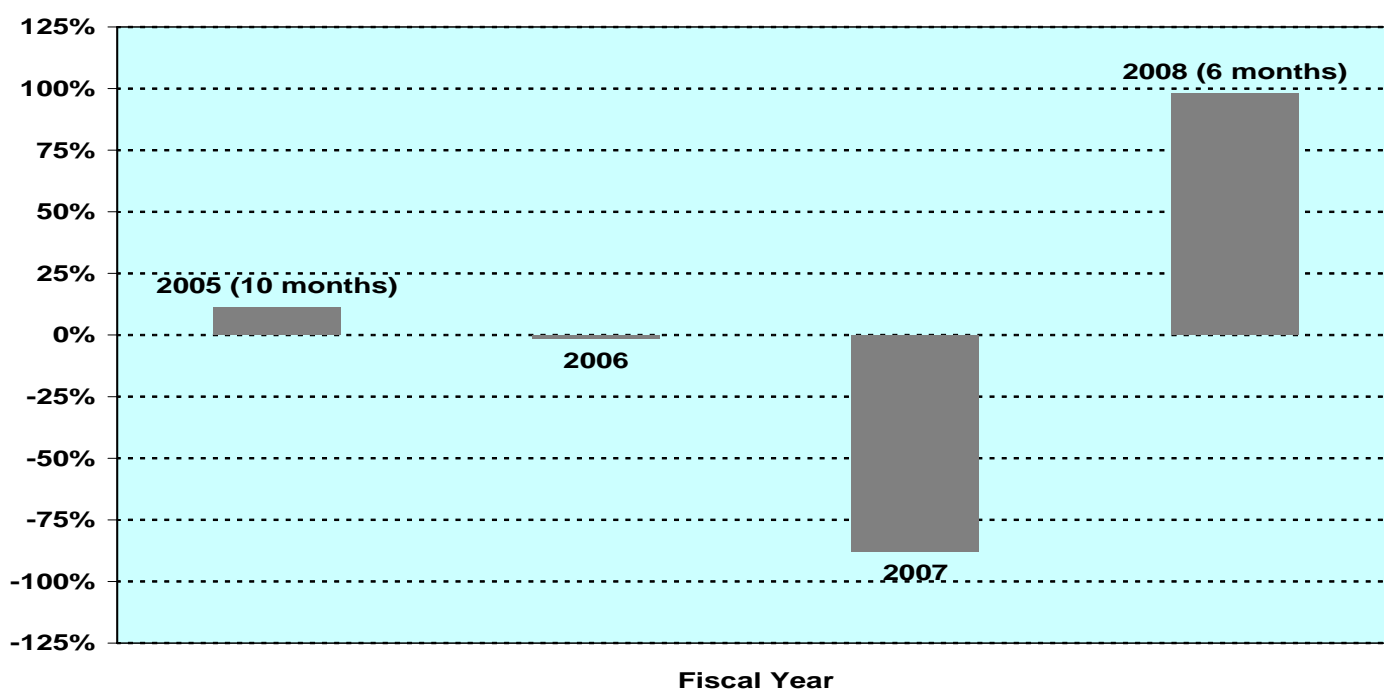
The following bar chart and table indicate the performance of the units by showing for the period the return by fiscal year and compound returns from inception assuming all distributions made by Global DIGIT II in the periods shown were reinvested at the NAV. Past performance is not necessarily indicative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

Returns

The following bar chart shows Global DIGIT II's annualized 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.

Global DIGIT II 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%.

Annualized Performance of Global DIGIT II based on NAV



Annual Compound Returns

	Past year	Since inception ⁽¹⁾
Based on NAV ⁽²⁾	- 74.8%	- 39.9%
Based on unit price ⁽³⁾	- 77.7%	- 32.4%

(1) Annualized for the period of March 11, 2005 (inception date) to June 30, 2008.

(2) Calculated from initial net asset value of \$9.35 and June 30, 2008 net asset value of \$1.45 assuming all distributions reinvested.

(3) Calculated from issue price of \$10.00 and June 30, 2008 market price of \$1.34 assuming all distributions reinvested.

10. Summary of the Investment Portfolio

- 1) Swap agreements A, B and C for a total of \$97,319,000;
- 2) National Bank of Canada rated A Term Deposit Note for a total of \$77,344,481;
- 3) An interest-bearing receivable of \$19,974,519 under the swap agreements A, B and C.

Underlying Exposures

See Schedule B for a detailed description of the underlying Credit Exposures A, B and C.

SCHEDULE A RISKS AND UNCERTAINTIES

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

Going Concern of Global DIGIT II

There is no assurance that the Plan and the Disengagement Transaction will be implemented. Should there be no successful restructuring of Silverstone's debt, it is unlikely that it will be possible to release to Global DIGIT II the collateral, or the proceeds from the sale of collateral, unless the Financial Contracts are terminated. Even in such a case, however, it has not yet been determined whether or not Global DIGIT II would be entitled to receive, in its entirety, the balance of the collateral if Silverstone was unable to pay its Unitholders. In any event, a termination of the Financial Contracts may result in a significant shortfall to Global DIGIT II and possibly an elimination of payments that Global DIGIT II would otherwise receive if the Financial Contracts were terminated in circumstances where Silverstone was able to pay interest and principal on its debt. At the present time, it is not possible to determine either the likelihood or size of such shortfall. Global DIGIT II's continued existence is dependent on the successful completion of these agreements. These conditions cast significant doubt as to Global DIGIT II's inability to continue as a going concern.

Credit Risk

As a result of entering into the Financial Contracts, Global DIGIT II is exposed to a levered credit exposure in the sense that the credit protection provided under Credit Exposures A, B and C is a relatively small amount in relation to the size of the portfolio in respect of which such credit protection is being provided. Relatively small percentage losses on the portfolio will result in proportionally larger tranche percentages being deducted from the outstanding amount in satisfaction of credit protection obligations under Credit Exposures A, B and C. Any credit event triggered by a reference obligation would result in a net loss for Global DIGIT II.

The credit performance of the Credit Exposures A, B and C, and therefore the credit performance of the units, will be directly related to the credit performance of the reference obligations in the portfolio. If any losses, net of recoveries, are incurred as a result of credit events in the portfolio, the notional amount of Credit Exposures A, B and C, and therefore the amount that will be repaid to Unitholders by Global DIGIT II on the Maturity Date, will decline, as will monthly distributions on the units. These amounts will decline to zero if such losses equal or exceed, in aggregate, the initial amount of Credit Exposures A, B and C (the maximum loss on each of Credit Exposures A, B and C being limited to the notional amount of each such credit exposure).

Creditworthiness of the Reference Obligations

The credit ratings of Credit Exposures A, B and C are those of S&P and/or DBRS, as applicable, and the credit ratings of the reference obligations are those of 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. 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 Global DIGIT II, the Trustee or any of their respective affiliates as to the accuracy or completeness of any such information.

Creditworthiness of Silverstone and Deutsche Bank

Because the capacity of Global DIGIT II 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 Global DIGIT II under the Financial Contracts, whether Unitholders will receive the targeted distribution and subscription price repayment is dependent upon the financial health and creditworthiness of Deutsche Bank and Silverstone.

Silverstone has funded term financial instrument collateralizing Credit Exposure D through the issuance of senior debt to financial institutions and collateralized Credit Exposures A, B and C by entering into the Financial Contracts with Global DIGIT II. The obligations of Global DIGIT II under the Financial Contracts are collateralized by the permitted investments funded through the issuance of units by Global DIGIT II.

The use of senior debt by Silverstone to fund Credit Exposure D and the investment of some of its assets in term financial instruments, which is fundamental to its investment strategy, has also increased the exposure of Unitholders to losses by exposing Unitholders to any losses incurred by Silverstone on its own investments.

Silverstone's ability to achieve its investment objectives depends on its ability to borrow money on a short-term basis in sufficient amounts and at terms which allow it to generate a positive spread between (i) the earnings generated on Credit Exposure D and the term financial instrument collateralizing Credit Exposure D funded directly with senior debt from financial institutions (including any additional collateral required to be provided by Silverstone) and (ii) the cost of such debt (net of all applicable costs, fees and expenses).

As explained above (see section **2. The ABCP liquidity crisis and its consequences for Global DIGIT**), Silverstone has been unable to renew or replace maturing short-term senior debt and has suspended payments to Global DIGIT II in relation to Credit Exposures A, B and C under the Financial Contracts. Under the Disengagement Transaction, Silverstone would be replaced by Deutsche Bank as counterparty to the Financial Contracts. If the Disengagement Transaction does not proceed, Global DIGIT II may have to proceed with an early redemption of the Units and Silverstone may be forced to replace, amend, sell or terminate Credit Exposures A, B and C (and therefore unwind the transaction) in possibly adverse market conditions, which could have a significantly negative impact on the NAV of the Units.

Deutsche Bank, as buyer of protection under Credit Exposure D, will have the option in certain specified circumstances to request an increase in the amount of collateral provided by Silverstone. These circumstances include the occurrence of credit events in respect of the reference obligations for Credit Exposure D and increases in the market cost of obtaining credit protection equivalent to that provided to the Bank under Credit Exposure D. Deutsche Bank will have the right to terminate Credit Exposure D if Silverstone refuses or is unable to provide such additional collateral. A termination in such circumstances would result in material losses for Silverstone and, consequently, for Global DIGIT II and Unitholders as well. Moreover, a material increase in the amount of collateral to be funded by Silverstone would increase the amount of debt to be issued by Silverstone and may reduce its ability to service such debt on favorable terms, potentially leading to a reduction in the distributions and/or ultimate payments to Unitholders.

Fluctuations in the Unwind Price and the Market Price of the Units

The market price of the units will fluctuate based on a number of factors such as general market conditions, interest rates, credit spreads, the credit performance of Credit Exposures A, B and C, the reference obligations and the permitted Investments, the aggregate loss determination amount and the unwind price.

The unwind price of the units may fluctuate due to a number of factors such as a reduction in the monthly payments, interest rates, the performance of the Credit Exposures A, B and C, the reference obligations and of the permitted investments (which may not necessarily be valued at par), the aggregate loss determination amount, the costs and expenses of Deutsche Bank (including hedge termination costs) under the unwind agreement upon a redemption of units, and the existence or lack of a secondary market for Credit Exposures A, B and C,

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 Global DIGIT II, including general market conditions, the performance and creditworthiness of the reference obligations, Credit Exposures A, B and C and the permitted investments. See above (section **2. The ABCP liquidity crisis and its consequences for Global DIGIT II**), for a discussion of the inability of Silverstone to renew or replace maturing short-term senior debt.

No Recourse to the Reference Obligations, Portfolio and Credit Exposures

Unitholders do not have, and the units do not represent, any proprietary interest whatsoever in the portfolio, the reference obligations or Credit Exposures A, B and C. Accordingly, Unitholders have no recourse whatsoever, directly or indirectly, to the portfolio, the reference obligations or Credit Exposures A, B and C to satisfy amounts owing to them by Global DIGIT II. Global DIGIT II itself does not have any proprietary interest in, or charge on, any of Silverstone's assets under the terms of the Financial Contracts.

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 are personally liable for the obligations of Global DIGIT II in respect of the units.

Disqualification as a Mutual Fund Trust

If Global DIGIT II 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 Global DIGIT II 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

Assuming that the Disengagement Transaction is implemented, there can be no assurance that Global DIGIT II will be able to maintain or resume 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. See above (section **2. The ABCP liquidity crisis and its consequences for Global DIGIT II**), for a discussion of the ability of Global DIGIT II to maintain the monthly distributions.

**SCHEDULE B
PORTFOLIO A**

Issuer	Series	ISIN	June 30, 2008		Weighting	Exposure \$
			S&P	Moody's		
A4 Funding LP	2003-A	US008275AA74	AAA	Aa3	0.40%	9 871 364
ABACUS Ltd	2006-10	US00257AAA51	AAA	Aaa	1.51%	23 634 614
Access Group Inc	2002-A	US00432CAQ42	AAA	Aaa	0.25%	6 247 972
ACCREDITED MORTGAGE LOAN TRUST	2005-2	US004375DH15_C7 64626M_C	A	A2	0.28%	6 886 998
Ace Securities Corp	2004-FM1	US004421DL47	A+	A2	0.04%	933 595
Ace Securities Corp	2004-HE3	US004421HT37	AA	Baa2	0.35%	8 629 408
Ace Securities Corp	2004-HE3	US004421HU00	AA	Baa3	0.31%	7 614 265
Ace Securities Corp	2004-HE4	US004421JL82	AA	Baa1	0.45%	11 130 307
Aircastle Aircraft Lease Backed Trust	2006-1	US00505HAA05	A-	Baa3	0.81%	20 107 053
Alesco Preferred Funding , Ltd	14A	US014498AB56	AAA	Aaa	1.11%	23 634 614
Alesco Preferred Funding , Ltd	10A	US01449WAB28		Aaa	1.02%	23 634 614
Alesco Preferred Funding I, Ltd	1	US01447YAA29	AAA	Aaa	0.36%	8 979 600
ALESCO PREFERRED FUNDING, LTD.	7A	US01448YAB92	AAA	Aaa	0.75%	18 723 270
Alpine III	III	US021059AA87	AAA	Aaa	0.46%	11 478 330
ALPSTAR CLO 1 PLC	1	XS0249393595	AAA	Aaa	0.86%	21 365 999
Annington finance no. 4 plc	B3	XS0198259813	A	A1	0.64%	16 039 818
Anthracite CDO II Ltd	2002	US03702SAA15	AAA	Aaa	0.28%	6 849 483
Anthracite CDO Ltd	1	US03702WAA27	AAA	Aaa	0.35%	8 697 288
Anthracite CDO, Ltd.	2002-CIBA	US03702LAA61	AAA	Aaa	0.35%	8 642 500
ANTHRACITE CDO, LTD.	2006-HY3A	US03703FAA84	AAA	Aaa	0.25%	6 161 790
Arbor Realty Mortgage Securities Series 2005-1, Ltd	2005-1A	US038927AA73	AAA	Aaa	0.37%	9 182 664
Arcap REIT, Inc	2004-1	US039279AD64	A	A1	0.09%	2 295 666
Archimedes Funding IV (Cayman) Ltd.	4X	USG04532AA82	AAA	Aaa	0.14%	3 600 896
Ares Commercial Loan Trust 2006-1	2006-1	US002043AG23	A	A2	0.15%	3 673 065
ARTS Ltd	2005	US00971VAB27	AA	Aa3	0.22%	5 509 598
Asset Backed Securities Corporation	2004-HE8	US04541GMP45	A	A2	0.55%	13 773 996
Atrium CDO	1	US04963JAA34	AAA	Aaa	0.80%	19 862 999
ATTENTUS CDO LTD.	2006-1A	US049730AC83	A+	Ba1	0.44%	11 019 196
Aviation Capital Group Trust	2003-2	US004448AA42	AA	Aaa	0.84%	20 989 727
BALLYROCK CDO LIMITED	2	US058739AA12	AAA	Aaa	1.11%	23 634 614
Bamburgh Finance No. 1 Plc	1	XS0159966844	AAA	NR	0.46%	11 365 549
Bayview Commercial Asset Trust	2006-4A	US07325BAC28	AAA	Aaa	0.39%	9 594 001
BAyview commercial Asset Trust	2005-3A	US07324SCB60	AAA	Aaa	0.14%	3 476 833
BAyview commercial Asset Trust	2005-3A	US07324SCC44		Aaa	0.70%	17 503 789
Bayview commercial Asset Trust 2005-4	2005-4A	US07324SCS95	AAA	Aaa	0.76%	18 923 035
Bear Stearns Alt-A Trust	2004-13	US07386HPY17	AAA	Aaa	0.19%	4 621 498
Bear Stearns Asset Backed Securities I LLC	2004-HE11	US073879NZ74	A	A2	0.22%	5 509 598
BELLA VISTA MORTGAGE TRUST	2005-1	US07820QBM69	AAA	Aaa	0.20%	4 964 004
BELLA VISTA MORTGAGE TRUST	2005-2	US07820QCE35	AAA	Aaa	0.14%	3 585 776
BL Super Finance		XS0244892054	AA	NR	0.59%	14 684 066
BLACK Diamond CLO 2005-1 Ltd	2005-1	US09202EAE68	A-	A2	0.22%	5 509 598

PORTFOLIO A (continued)

Issuer	Series	ISIN	June 30, 2008		Weighting	Exposure \$
			S&P	Moody's		
Brascan Real Estate Financial Partners LLC	2004-1	US10550TAA79	AAA	Aaa	0.15%	3 677 873
Brascan Structured Notes 2005-2 Ltd	2005-2A	US10550YAA64	AAA	Aaa	0.18%	4 591 332
BROADWICK FUNDING, LTD.	2006-1A	US11161RAD44	A+	Caa2	0.25%	6 185 263
CAPITALSOURCE COMMERCIAL LOAN TRUST	2006-2A	US14056GAC24	AAA	Aaa	0.41%	10 100 930
CAPITALSOURCE COMMERCIAL LOAN TRUST	2006-2A	US14056GAE89	A	A2	0.28%	7 001 781
CAPITALSOURCE REAL ESTATE LOAN TRUST	2006-1A	US140560AD50	A+	A1	0.37%	9 182 664
CapMark VII-CRE Ltd	2006-7	US14068XAB38	AAA	Aaa	0.26%	6 427 865
Carbon Capital II Real Estate CDO 2005-1, Ltd	2005-1	US140818AA38	AAA	Aaa	0.17%	4 220 559
Castle Hill II - Ingots , Ltd	2	US14845TAA43	AAA	Aaa	0.85%	21 263 114
Castle Trust	2003-1	US14852MAF86	AAA	Aa2	0.31%	7 805 090
C-Bass Ltd	16A	US12498YAE95	CCC+	C	0.48%	11 937 463
CCCIT	2002-A4	US17305EAZ88	AAA	Aaa	0.55%	13 773 996
CDC Mortgage Capital Trust	2004-HE4	US45071KAF12	A	Baa2	0.22%	5 363 905
CHL Mortgage Pass-Through Trust 2004-25	2004-25	US12669GKJ93	AAA	Aaa	0.19%	4 645 166
CHL Mortgage Pass-Through Trust 2004-29	2004-29	US12669GJC69	AAA	Aaa	0.33%	8 181 406
Citigroup Mortgage Loan Trust, Inc	2004-RES1	US17307GKP27	AA-	A1	0.10%	2 419 280
Coast CFO LTD	2006-1A	US190320AA91	AAA	Aaa	0.74%	18 365 327
COUNTRYWIDE ALTERNATIVE LOAN TRUST	2005-J2	US12667F6A87	AAA	NR	0.61%	15 240 848
COUNTRYWIDE ALTERNATIVE LOAN TRUST	2005-45	US12667G6R94	AA	Baa2	0.41%	10 083 307
COUNTRYWIDE ALTERNATIVE LOAN TRUST	2005-59	US12668AFA88	A	B3	0.51%	12 804 776
COUNTRYWIDE ALTERNATIVE LOAN TRUST	2005-56	US12668AMB88	A+	B2	0.13%	3 170 160
Countrywide Asset Backed Certificates	2004-5	US1266716H42	AAA	Aaa	0.10%	2 511 056
Countrywide Asset Backed Certificates	2004-8	US126673EU25	AAA		0.25%	6 192 274
Countrywide Asset Backed Certificates	2004-10	US126673JR41	AAA	Aaa	0.03%	745 313
Countrywide Asset Backed Certificates	2004-11	US126673LQ30	AAA	NR	0.27%	6 765 456
COUNTRYWIDE ASSET-BACKED CERTIFICATES	2004-13	US126673RQ75	A	A2	0.09%	2 295 666
COUNTRYWIDE HOME LOANS	2005-7	US12669GNQ00	AAA	Aaa	0.09%	2 334 853
COUNTRYWIDE HOME LOANS	2005-3	US12669GTT84	AAA	Aaa	0.73%	18 164 369
CREST 2002-1 Ltd	2002-IG	USG2550JAA90	AAA	Aaa	0.12%	2 865 259
DECO		XS0235683736	AA	Aa2	0.45%	11 141 502
DECO		XS0235684114	A	A2	0.45%	11 141 502
Dow Jones CDX.EM.Diversified 7years	3	EMDJCDX7YAAA	AAA	Aaa	0.92%	22 956 659
Dow Jones CDX.NA.IG.2 2009	NA.IG.2	DJ_CD_X_10-15_C	AAA	Aaa	0.92%	22 956 659
Downey Savings and Loan Association, FA	2004-AR1	US23332UAA25	AAA	Aaa	0.11%	2 791 761
Downey Savings and Loan Association, FA	2004-AR1	US23332UAC80	AAA	Aaa	0.52%	13 034 212
DRYDEN LEVERAGED LOAN CDO	2003-5A	US26243WAA99	AAA	Aaa	0.46%	11 478 330
DSL A MORTGAGE LOAN TRUST	2004-AR2	US23332UAR59	AAA	Aaa	0.42%	10 442 529
DSL A MORTGAGE LOAN TRUST	2005-AR1	US23332UCN28	AAA	Aaa	0.11%	2 760 637
DSL A MORTGAGE LOAN TRUST	2005-AR1	US23332UCP75	AAA	Aaa	0.13%	3 235 764

PORTFOLIO A (continued)

Issuer	Series	ISIN	June 30, 2008		Weighting	Exposure \$
			S&P	Moody's		
DSLA MORTGAGE LOAN TRUST	2205-AR3	US23332UDX90	AAA	Aaa	0.67%	16 691 686
Duke Weeks Industrial Trust	2000-DW1	US36228CHK27	AAA	Aaa	1.55%	23 634 614
Eagle Creek CLO Ltd	2006-1	US269491AE68	A	A2	0.32%	8 034 831
Exum Ridge	IV	US76129SAB07	AAA	Aaa	0.73%	18 273 501
FAXTOR ABS BV	2004-1X	XS0191002780	AAA	Aaa	0.19%	4 677 695
Fort Point CDO Ltd	2003-2A	US348522AA18	AAA	Aa2	0.20%	5 073 832
Fortius Funding, Ltd	2006-1	US34958CAB00	AAA	A2	0.14%	3 497 820
FORTRESS CREDIT INVESTMENTS LTD	2006-1A	US34957TAD00	A	A1	0.15%	3 673 065
Four Corners CLO	1A	US35083VAL18	A	A2	0.15%	3 741 935
Franklin CLO	4A	US352504AA20	AAA	Aaa	1.11%	23 634 614
GALL 2005-1A A1L	2005-1A	US363631AA07	AAA	Aaa	1.08%	23 634 614
GLACIER FUNDING CDO	2006-4A	US37638NAB73	BBB-	Caa3	0.16%	4 044 307
Global Leveraged Capital Credit	2006-1A	US379372AA30	AAA	Aaa	1.57%	23 634 614
GRAPHITE MORTGAGES PLC	2006-1	GRAPH_LSS	AAA	NR	0.83%	20 660 993
GRAPHITE MORTGAGES PLC		XS0258744555	AA-	Aa2	0.74%	18 430 739
GREENPOINT MORTGAGE FUNDING TRUST	2006-AR1	US39538WFM55	AAA	Aaa	0.63%	15 735 360
GREENPOINT MORTGAGE FUNDING TRUST	2007-AR1	US39539KAJ25	AA+	Aa1	0.65%	16 069 662
GreenPoint Mortgage Funding Trust 2006-AR3	2006-AR3	US39538WHP68	A	B3	0.20%	5 050 465
GreenPoint MTA Trust 2005-AR2	2006-AR6	US39538BAK08	AA+	A1	0.46%	11 478 330
GreenPoint MTA Trust 2005-AR2	2005-AR2	US39538RBD08	AAA	Aaa	0.14%	3 444 201
GreenPoint MTA Trust 2006-AR7	2006-AR7	US39538CAK80	AA+	A1	0.74%	18 365 327
GreenPoint MTA Trust 2006-AR8	2006-AR8	US39539HAG56	AA+	Aaa	0.46%	11 478 330
GSC Partners CDO Fund, Limited	2006-7	US36298AAD46	AA	Aa2	0.55%	13 773 996
GSR Mortgage Loan Trust	2006-OA1	US362631AD55	AAA	Aaa	0.46%	11 393 958
HARBORVIEW MORTGAGE LOAN TRUST	2004-9	US41161PHV85	AAA	Aaa	0.12%	3 022 207
Harborview Mortgage Loan Trust Series 2006-12	2006-12	US41162DAN93	A-	B3	0.28%	6 886 998
Harborview Mortgage Loan Trust Series 2006-9	2006-9	US41161XAH98	NR	B2	0.55%	13 773 996
INDYMAC INDX MORTGAGE LOAN TRUST	2004-AR14	US45660LAB53	AAA	Aaa	0.14%	3 509 571
INDYMAC INDX Mortgage Loan Trust	2005-Ar14	US45660LSD28	AA+	A3	0.41%	10 226 449
INDYMAC INDX Mortgage Loan Trust	2004-AR8	US45660N2K06	AAA	Aaa	0.07%	1 860 878
INDYMAC INDX MORTGAGE LOAN TRUST	2004-AR12	US45660N5J06	AAA	Aaa	0.09%	2 247 603
IXIS ABS CDO LTD.	2006-3A	US46603EAA10	BB+	Caa1	0.24%	6 034 322
JER CDO	2005-1A	US46614KAA43	AAA	Aaa	1.29%	23 634 614
JER CDO	2005-1A	US46614KAC09	A	A2	0.37%	9 182 664
JETBLUE AIRWAYS PTC 2004-2	2004-1	US47714RAB42	AA	A2	0.52%	13 039 383
Katonah III, Ltd	III	USG52177AA32	AAA	Aaa	0.54%	13 406 912
Katonah IV, Ltd.	IV	USG52168AA25	AAA	Aaa	0.74%	18 365 327
Landmark CDO, LLC	2003-3	US51507JAA79	AAA	Aaa	0.61%	15 151 395
LEHMAN XS TRUST	2005-9N	US525221GN14	AAA	Aaa	0.23%	5 662 466
LEHMAN XS TRUST	2006-2N	US525221HB66	AAA	Aaa	0.82%	20 483 815
LEHMAN XS TRUST		US52522CAD56	AAA	Aaa	0.44%	11 032 707

PORTFOLIO A (continued)

Issuer	Series	ISIN	June 30, 2008		Weighting	Exposure \$
			S&P	Moody's		
LEHMAN XS TRUST		US52522DAP69	AAA	Aaa	0.68%	16 794 919
LNR	2002-1A	US50211NAA72	AAA	Aaa	0.74%	18 400 681
LNR CDO LTD.	2003-1A	US50211MAA99	AAA	Aaa	0.13%	3 206 355
Long Beach Mortgage Loan Trust	2004-2	US542514FZ20	A	A2	0.14%	3 559 077
Lynx Ltd	2002-1	US55181TAA97	AAA	Aa3	0.01%	335 927
MARATHON FINANCING, B.V.	2006-1A	US56580TAA43	AAA	Aaa	1.64%	23 634 614
Marquette Park CLO Ltd	2005-1A	US57160RAB24	A	A2	0.26%	6 427 865
MCG Commercial Loan Trust 2006-1	2006-1A	US55271KAM36	AAA	Aaa	0.30%	7 575 698
MCG Commercial Loan Trust 2006-1	2006-1A	US55271KAQ40	AA	Aa2	0.37%	9 182 664
MERRILL LYNCH MORTGAGE INVESTORS, INC.	2004-W2	US59020UQX62	A+	A2	0.52%	12 855 729
Merrill Lynch Mortgage Investors, Inc.	2005-NC1	US59020URQ03	A+	A2	0.31%	7 805 264
Merritt Funding Trust	2005-1A	US590428AG30	A	A2	0.17%	4 169 342
Midgaard Finance Ltd	1	XS0190303189	A+	Aa1	0.62%	15 374 049
ML AAA Financials 10_15%		AAAFIN10-15_C974798M_C	AAA	Aaa	1.30%	23 634 614
Morgan Stanley ABS Capital I	2004-NC4	US61744CCJ36	A	A2	0.41%	10 102 767
MORGAN STANLEY ABS CAPITAL I	2004-HE8	US61744CHE93	A	A2	0.36%	8 978 809
Morgan Stanley ABS Capital I	2004-NC5	US61746RFW60	A	A2	0.24%	5 989 392
MORGAN STANLEY Capital I	2006-SRR1	BCC0SU391	AAA	Aaa	1.00%	23 634 614
Morgan Stanley Dean Witter Capital I Inc. Series 2003-NC2	2003-NC2	US61746WA750	AA+	Aaa	0.28%	6 905 637
MPS Assets Securitisation S.p.A	1	IT0003366314	AAA	Aaa	0.13%	3 237 707
NOMURA CRE CDO LTD	2007-2A	US65537HAA59	AAA	Aaa	0.42%	10 560 063
Northwoods Capital Limited	2004-4A	USG66661AA01	AAA	Aaa	0.55%	13 773 996
N-star Real Estate CDO LTD	2006-6A	US62940PAC14	A+	A1	0.20%	4 935 682
NYLIM FLATIRON CLO LTD.	2003-1A	US62948MAA45	AAA	Aaa	0.42%	10 330 497
NYLIM FLATIRON CLO LTD.	2004-1	US67073MAC64	A	A2	0.22%	5 509 598
Oak Hill Credit Partners II, Limited	II	US67133UAA07	AAA	Aaa	0.65%	16 069 662
Octagon Investment Partners V, Ltd.	V	US67571MAA71	AAA	Aaa	0.81%	20 201 860
Pan-European Industrial Properties	3	XS0163580961	AA	A2	0.36%	9 078 716
Permanent Custodians Limited	XII	AU000ARMJ032	AAA	Aaa	0.35%	8 687 189
Permanent Custodians Limited	2002-1A	AU000CRU3025	AAA	Aaa	0.34%	8 550 901
Phoenix Funding Ltd	2001-1	XS0125438670	AA	A2	0.38%	9 465 017
PREFERRED TERM SECS XVI	XVI	US74041EAA38	AAA	Aaa	1.65%	23 634 614
Preferred Term Securities 20 Ltd	XX	US74042DAA46	AAA	Aaa	1.23%	23 634 614
Preferred Term Securities 22 Ltd	XXII	US74042MAA45	AAA	Aaa	0.91%	22 736 279
Preferred Term Securities 23 Ltd	XXIII	US74043AAE10	AAA	Aaa	0.55%	13 643 776
Preferred Term XIX	XIX	US74042HAA59	AAA	Aaa	1.20%	23 634 614
Progress 2002-1 Trust	2002-1	AU000PR20067	AAA	Aaa	0.18%	4 473 932
Project Funding Corporation I	I	US74338PAA03	B	Ba2	0.08%	1 882 545
Puma MasterFund P8	P8	AU000PT10403	AAA	Aaa	0.60%	15 029 983
RACE POINT CLO	2A	US74981SAA42	AAA	Aaa	0.38%	9 504 057
RAMS MORTGAGE SECURITIES PTY LIMITED	2004-1E	AU300RMM1016	AAA	Aaa	0.21%	5 262 288
Residential Asset Securities Corporation	2004-KS5	US76110WYN00	A+	A2	0.08%	2 061 948
RMAC	2003-NS2X	XS0171105439	AAA	Aa3	0.00%	24

PORTFOLIO A (continued)

Issuer	Series	ISIN	June 30, 2008		Weighting	Exposure \$
			S&P	Moody's		
RMAC	2003-NS3X	XS0177532743	AAA	Aa3	0.99%	23 634 614
RMAC 2003-NS1 Plc.	2003-NS1	XS0163011165	AAA	Aa3	0.60%	15 034 256
RMS Trust 2002-1	2002-1	AU000RM00033	AAA	Aaa	0.32%	8 023 485
Rosetta SA	I	XS0156925967	AAA	Aaa	0.46%	11 542 961
Rosetta SA	I	XS0156926007	AA	Aa2	0.36%	8 873 102
Securitized Asset Backed Receivables LLC	2004-OP1	US81375WAC01	A	A2	0.12%	3 048 502
Securitized Asset Backed Receivables LLC	2004-NC1	US81375WAL00	A	A2	0.45%	11 203 490
SECURITIZED ASSET BACKED RECEIVABLES LLC TRUST	2005-HE1	US81375WGG50	A+	Baa3	0.28%	6 886 998
SHerwood ABS CDO		US82437RAC51	A-	Baa3	0.68%	16 987 928
SLM Private Credit Student Loan Trust 2002-A	2004-A	US78443CBH60	AAA	Aaa	0.68%	16 987 928
SLM Student Loan Trust	2003-C	US78443CAZ77	AAA	Aaa	0.52%	12 855 729
SoundView Home Equity Loan Trust	2006-WF2	US83612MAJ62	NR	B1	0.55%	13 773 996
SoundView Home Equity Loan Trust	2006-WF2	US83612MAK36	NR	B1	0.11%	2 754 799
STatic repackaging trust, ltd	2004-1A	US85233VAA98	AAA	Aaa	0.06%	1 425 673
STATIC RESIDENTIAL CDO (START) 2006-A Ltd	2006-A	US85768VAC81	BB	Ba2	0.55%	13 704 472
STATIC RESIDENTIAL CDO (START) 2006-B Ltd	2006-B	US85768XAB64	CCC-	Ca	0.92%	22 956 659
Sterlingmax MBS Ltd	I	XS0177867255	AAA	NR	0.64%	15 911 594
Straits Global ABS CDO 2004-1	2004-1	US86258PAB85	AAA	A1	1.29%	23 634 614
STRUCTURED ASSET MORTGAGE INVESTMENTS INC	2006-AR5	US86360JAW18	CCC	B2	0.09%	2 294 219
STRUCTURED ASSET MORTGAGE INVESTMENTS INC	2006-AR5	US86360JAX90	CCC	B3	0.09%	2 294 228
STRuctured Asset Mortgage Investments, Inc	2005-AR7	US86359LQV44	AAA	Aaa	0.12%	2 895 314
STRUCTURED ASSET SECURITIES CORPORATION	2005-WF4	US863576DK73	A	A2	0.18%	4 591 332
Tourmaline CDO	2005-1	US89155XAB91	BB+	Baa2	1.18%	23 634 614
Trapeza CDO I, LLC	2002-1	US894127AA77	AAA	Aaa	0.10%	2 524 693
Trapeza CDO II, LLC	2003-2	US894128AA50	AAA	Aaa	0.31%	7 701 488
Trapeza CDO LLC	2003-4A	US894126AA94	AAA	Aaa	0.67%	16 636 034
TRAPEZA CDO LLC	2003-3A	US89412MAA45	AAA	Aaa	1.38%	23 634 614
TRAPEZA CDO LLC	2005-9A	US89413AAB70		Aaa	0.37%	9 182 664
UNION SQUARE CDO, LTD	2003-1A	US908393AA98	AAA	Aaa	0.74%	18 365 327
Venture CBO III CDO Ltd.	2003-1A	US92327WAA09	AAA	Aaa	0.37%	9 182 664
Vermeer Funding Ltd	2004-1A	US92344VAA17	AAA	Aaa	0.28%	6 972 602
VICTORIA FALLS CLO, LTD.	2005-1A	US926244AC81	AAA	Aaa	0.92%	22 818 919
VICTORIA FALLS CLO, LTD.	2005-HE1	US926244AE48	A	A2	0.22%	5 509 598
WACHOVIA CRE CDO 2006-1	2006-1	US92978CAA62	AAA	Aaa	0.96%	23 634 614
WAMu Mortgage Passthrough Certificates, Series 2005-AR17	2005-AR17	US92922F7X08	AAA	Aaa	0.62%	15 426 444
WAMu Mortgage Passthrough Certificates, Series 2005-AR19	2005-AR19	US92925CBL54	AA+	Aa1	0.33%	8 249 382
WAMu Mortgage Passthrough Certificates, Series 2005-AR19	2005-AR19	US92925CBN11	AA	Aa3	0.20%	4 949 629
WASHINGTON MUTUAL	2005-AR13	US92922F5B06	A+	A1	0.25%	6 306 726
WASHINGTON MUTUAL	2004-AR10	US92922FXJ29	AAA	Aaa	0.28%	7 007 876

PORTFOLIO A (continued)

Issuer	Series	ISIN	June 30, 2008		Weighting	Exposure \$
			S&P	Moody's		
WASHINGTON MUTUAL	2005-AR19	US92925CBJ09	AAA	Aaa	0.17%	4 191 260
WASHINGTON MUTUAL	2006-AR9	US93363DAN75	A+	Aa3	0.18%	4 591 208
WASHINGTON MUTUAL	2006-AR9	US93363DAP24	A	A1	0.15%	3 672 966
WASHINGTON MUTUAL	2007-OA3	US93364AAF93	AAA	Aaa	1.14%	23 634 614
WASHINGTON MUTUAL	2005-AR1	US9339336X573	AAA	Aaa	0.38%	9 523 729
WILLIAM STREET FUNDING CORPORATION		US969285AL98	AAA	Aaa	1.59%	23 634 614
WILLIAM STREET FUNDING CORPORATION	2006-2	US969285AN54	AAA	Aaa	0.55%	13 773 996
WMALT MORTGAGE PASS-THROUGH CERTIFICATES	2006-AR1	US933934FJS20	AA	Aaa	0.60%	14 881 649

PORTFOLIO B

Issuer	Series	ISIN	June 30, 2008		Weighting	Exposure \$
			S&P	Moody's		
Ace Securities Corp	2004-FM2	US004421GK37	AA	A2	0.26%	6 740 754
ACE SECURITIES CORP.	2006-HE1	US004421WX73	CCC	Caa2	0.56%	14 312 407
ACT 2005-RR Depositor Corp.	2005-RR	US00503NAA90	AAA		0.90%	22 999 017
Aegis Asset Backed Securities Trust	2004-6	US00764MCU99	A	A2	0.20%	5 003 822
Aircastle Aircraft Lease Backed Trust	2006-1	US00505HAA05	A-	Baa3	1.68%	31 976 243
Alesco Preferred Funding , Ltd	13	US014495AA35	AAA	Aaa	0.27%	6 815 432
Alesco Preferred Funding III, Ltd	III	US01448MAA71	AAA	Aaa	0.75%	19 168 402
Alesco Preferred Funding V, Ltd	V	US01448TAA25	AAA	Aaa	1.77%	31 976 243
ALESCO PREFERRED FUNDING, LTD.	6	US01448XAA37	AAA	Aaa	1.18%	30 088 739
Aleutian Investments LLC		US01446EAF60	AA	Aa3	1.01%	25 898 641
Altius Funding Ltd	2005-2	US02149WAD92	A	Ba1	0.57%	14 541 640
Annington finance no. 4 plc	B3	XS0198259813	A	A1	0.24%	6 156 700
Archimedes Funding IV (Cayman) Ltd.	4	US039549AA87	AAA	Aaa	0.17%	4 353 398
Asset Backed Securities Corp Home Equity	2005-HE2	US04541GQD78	A	A2	0.01%	187 424
Avalon Capital Ltd 3	3	US05342RAD89	A	A2	0.27%	6 815 432
Aviation Capital Group Trust	2003-2	US004448AA42	AA	Aaa	1.02%	25 980 504
BAYview commercial Asset Trust	2005-2A	US07324SBN18	AAA	Aaa	0.81%	20 779 863
Bayview commercial Asset Trust 2005-4	2005-4A	US07324SCR13	AAA	Aaa	1.31%	31 976 243
BEAR STEARNS ASSET BACKED SECURITIES, INC.	2006-HE3	US07387UHW45	B	Baa1	0.24%	6 133 889
BLACKROCK SENIOR INCOME SERIES CORP.	2004-2	US09250FAG90	A	A2	0.35%	8 843 023
BROADWICK FUNDING, LTD.	2006-1A	US11161RAF91	BB	Ca	0.39%	9 896 563
CAPITAL ONE MULTI-ASSET EXECUTION TRUST		XS0203199509	A	A2	0.13%	3 407 716
CAPITAL TRUST RE CDO LTD.	2004-1A	US140574AA24	AAA	Aaa	0.73%	18 742 437
CAPITALSOURCE REAL ESTATE LOAN TRUST	2006-1A	US140560AC77	AA	Aa2	0.13%	3 407 716
CAPITALSOURCE REAL ESTATE LOAN TRUST	2006-1A	US140560AN33	AAA	Aaa	1.07%	27 261 727
Citius Funding Ltd	2006-1	US17305CAD11	CC	Ca	0.20%	5 020 071
Clare Island B.V.	1	XS0143891132	AAA	Aaa	1.46%	31 976 243
Coast CFO LTD	2005-1A	US190314AA24	AAA	Aaa	1.33%	31 976 243
COUNTRYWIDE ALTERNATIVE LOAN TRUST		US12667FU603	AAA	Aaa	2.57%	31 976 243
Countrywide Asset Backed Certificates	2004-AB1	US126673HG04	AAA	Aaa	0.42%	10 822 011
CREST 2003-1, Ltd.	2003-1	US22608SAE81	AAA	Aaa	1.55%	31 976 243
Dekania CDO	2003-1A	US244882AB20	AAA		1.00%	25 673 731
Dekania CDO	2004-2A	US24488RAA95	AAA	Aaa	0.53%	13 484 819
Denali Capital CLO IV Ltd	IV	US24821PAB76	A	A2	1.07%	27 261 727
Downey Savings and Loan Association, FA	2004-AR1	US23332UAC80	AAA	Aaa	0.11%	2 941 401
Dryden IX - Senior Loan Fund 2005 plc	2005-9A	US262483AB66	A	A1	0.53%	13 630 864
DRYDEN LEVERAGED LOAN CDO	2003-5A	US26243WAA99	AAA	Aaa	1.71%	31 976 243
DSLA Mortgage Loan Trust 2006-AR1	2006-AR1	US23332UGU25	BBB	B3	0.08%	2 044 630
DUKE FUNDING, LTD.	2006-11	XS0261421480	BBB-	Caa2	1.07%	27 261 727
FAirHazel Street	1	CEDAR26_28_C771567M_C	A	A2	0.93%	23 854 011
Fairway Loan Funding Limited	2006-1A	US30605KAE10	A	A2	0.40%	10 223 148
FIRST CLO Ltd	2004-1A1	US33736EAD31_C	A	A2	0.48%	12 267 777
FIXED-LINK FINANCE BV	G2-X	XS0125468230	AAA	Aaa	0.71%	18 219 471

PORTFOLIO B (continued)

Issuer	Series	ISIN	June 30, 2008		Weighting	Exposure \$
			S&P	Moody's		
Frans 2003 plc		XS0171588055		A2	0.74%	19 023 580
FREMONT HOME LOAN TRUST	2004-D	US35729PGG90	A	A2	0.04%	938 943
GALL 2005-1A A1L	2005-1A	US363631AA07	AAA	Aaa	1.73%	31 976 243
GALP INVESTMENT PLC	1	XS0171061475		Aaa	0.79%	20 089 712
GEmstone CDO Ltd	2004-1	US36867KAE10	A	A2	0.40%	10 223 148
GEMSTONE CDO LTD		US36867VAE74	A	A2	0.13%	3 407 716
Global Leveraged Capital Credit	2006-1A	US379372AA30	AAA	Aaa	0.56%	14 312 407
GOLDENTREE CAPITAL OPPORTUNITIES LP	2006-1A	US38136CAA80	AAA	Aaa	1.12%	28 624 813
GREENPOINT MORTGAGE FUNDING TRUST	2005-AR4	US39538WCN65	CCC	B3	0.71%	18 039 780
GREENPOINT MORTGAGE FUNDING TRUST	2006-Ar4	US39539FAU84		B3	0.48%	12 267 777
GreenPoint MTA Trust 2006-AR6	2006-AR6	US39538BAP94		B3	1.07%	27 261 727
GreenPoint MTA Trust 2006-AR6	2006-AR6	US39538BAQ77		B3	0.27%	6 815 432
GSAA Trust	2004-11	US36242DQF32	AAA	Aaa	0.18%	4 683 111
GSC PARTNERS CDO FUND, LIMITED	2006-7A	US36298AAC62	A	A2	0.32%	8 178 518
Harborview Mortgage Loan Trust Series 2006-12	2006-12	US41162DAN93	A-	B3	1.20%	30 669 443
Harborview Mortgage Loan Trust Series 2006-7	2006-7	US41161VAK61	A+	B3	0.32%	8 178 518
Harborview Mortgage Loan Trust Series 2006-9	2006-9	US41161XAJ54	A-	B3	0.61%	15 675 493
Harvest CLO SA	II	XS0216227370	AAA	Aaa	0.56%	14 284 463
HERTZ VEHICLE FINANCING LLC	2005-2A	US42805RAS85	AA	Aa3	1.60%	31 976 243
Home Equity Asset Trust	2006-4	US437084VV50	CCC	B2	0.13%	3 407 716
ICG Mezzanine Fund 2003 No.1 Funding limited	2003-1	XS0207113530	BBB+	A3	1.07%	27 261 727
INDEEPENDENCE IV CDO, LTD	4	US453433AP90	AAA	Baa3	0.82%	21 066 444
INDYMAC INDX Mortgage Loan Trust	2004-AR8	US45660N2L88	AAA	Aaa	0.21%	5 399 058
INDYMAC INDX MORTGAGE LOAN TRUST	2006-AR2	US45661EAD67	AAA	Aaa	0.45%	11 484 676
INDYMAC INDX MORTGAGE LOAN TRUST	2006-Ar4	US45661EBC75	A	B3	0.21%	5 452 345
Ivy Lane CDO 2006-1	2006-1	US46601QAC24	BBB-	Baa3	1.44%	31 976 243
JETBLUE AIRWAYS CORP	2004-2	US47714NAA54	AA	A2	1.02%	26 185 048
Katonah Capital LLC	6	US48601QAD60	A	A2	0.16%	4 089 259
Katonah IV, Ltd.	4	US48600PAA57	AAA	Aaa	0.57%	14 601 056
KazKommerts DPR Company	2006-B	XS0256195016	AA	Aa3	1.73%	31 976 243
KNOLLWOOD CDO LTD.	2006-2A	US49916RAD26	BB	B3	0.26%	6 645 467
Lagonda 2006-2	2006-2	LAGONDA062A	AAA	Aaa	1.07%	27 261 727
Landmark CDO, LLC	2003-3	US51507JAE91	A-	A2	0.13%	3 407 716
Landmark V CDO Ltd	2005-1A	US51506JAC45	A-	A2	0.27%	6 815 432
LATITUDE CLO LTD.	2005-1A	US51829NAC56	A	A2	1.07%	27 261 727
LEHMAN XS TRUST	2006-10N	US525229AF79	AAA	Aaa	0.49%	12 434 056
LNR CDO LTD.	2003-1A	US50211MAA99	AAA	Aaa	1.85%	31 976 243
Madison Park Funding I, Ltd	2005-1	US558176AD59	A	A2	0.13%	3 407 716
MAGNETITE CLO, LIMITED	2003-5	US55952SAC44	A	A2	0.16%	4 089 259
Merrill Lynch Mortgage Investors, Inc.	2006-HE1	US59020U3J29	A	A2	0.40%	10 223 148
Merrill Lynch Mortgage Investors, Inc.	2004-WMC5	US59020UMJ15	AA	Aa3	0.50%	12 900 249
Merrill Lynch Mortgage Investors, Inc.	2004-WMC5	US59020UMK87	AA	A1	0.44%	11 279 540
Morgan Stanley ABS Capital I	2004-NC1	US61744CAX48	A	A2	0.26%	6 672 339

PORTFOLIO B (continued)

Issuer	Series	ISIN	June 30, 2008		Weighting	Exposure \$
			S&P	Moody's		
Morgan Stanley ABS Capital I	2004-HE6	US61744CFE12	A	A2	0.43%	10 985 794
Morgan Stanley ABS Capital I	2004-HE7	US61744CGG50	A	A2	0.40%	10 223 148
Morgan Stanley ABS Capital I	2004-HE8	US61744CHD11	A+	A1	0.56%	14 280 374
Morgan Stanley ABS Capital I	2004-HE9	US61744CJW73	A+	A1	0.35%	9 076 792
MORGAN STANLEY Capital I	2006-SRR2	BCC0U7QW3	AAA		1.07%	27 261 727
MORGAN STANLEY Capital I	2006-HE2	US617451FA24	CCC	B3	0.13%	3 407 716
Morgan Stanley Dean Witter Capital I Inc	2003-NC4	US61746WF544	AA+	Aaa	0.56%	14 294 770
Nautilus CDO	2007-4	US63910JAD72	B		0.31%	7 911 802
New Century Home Equity Loan Trust 2004-3	2004-3	US64352VHY02	AA-	A1	0.40%	10 223 148
New Century Home Equity Loan Trust 2004-3	2004-3	US64352VHZ76	A	A2	0.24%	6 172 435
North Street Referenced Linked Notes	2005-9	USG66587AA77	AAA	Aaa	1.86%	31 976 243
Northwoods Capital Limited	2004-4A	USG66661AA01	AAA	Aaa	1.86%	31 976 243
NYLIM FLATIRON CLO LTD.	2003-1A	US62948MAA45	AAA	Aaa	1.30%	31 976 243
NYLIM FLATIRON CLO LTD.	2004-1	US67073MAC64	A	A2	0.13%	3 407 716
Octagon Investment Partners VI, Ltd	VI	US67571YAE32	A-	A2	0.16%	4 089 259
OPTION ONE MASTER LOAN TRUST	2004-2	US68389FFF62	AAA	Aaa	0.00%	3 023
OPTION ONE MASTER LOAN TRUST	2005-1	US68389FGP36	A		0.35%	9 034 084
OPTION ONE MORTGAGE LOAN TRUST	2004-2	US68389FFH29	AA	A2	0.73%	18 742 437
Pan-European Industrial Properties	2	XS0148289746	AAA	Aaa	0.20%	5 067 951
Pan-European Industrial Properties	3	XS0163580458	AAA	Aaa	0.64%	16 383 387
Pan-European Industrial Properties	3	XS0163580615	AAA	Aa2	0.27%	6 815 432
Phoenix Funding Ltd	2001-1	XS0125438670	AA	A2	0.62%	15 966 825
Preferred Term Secs XI	X	US74041WAA36	AAA	Aaa	1.13%	29 009 689
PREFERRED TERM SECS XVI	XVI	US74041EAA38	AAA	Aaa	1.84%	31 976 243
Preferred Term Securities 15 Ltd	15	US74041CAA71	AAA	Aaa	1.33%	31 976 243
Preferred Term Securities 17 Ltd	XVII	US74042EAA29	AAA	Aaa	1.57%	31 976 243
Preferred Term Securities XIV		US74041UAA79	AAA	Aaa	1.58%	31 976 243
Preferred Term XIX	XIX	US74042HAA59	AAA	Aaa	0.66%	16 933 576
Puma MasterFund P9	P9	AU300PUMA029	AAA	Aaa	0.40%	10 172 698
Raspro Trust	2005-1	US75405RAA14	AA	A2	1.43%	31 976 243
RESIDENTIAL ASSET MORTGAGE PRODUCTS, INC.	2006-NC2	US75156TAH32	CCC	B2	0.13%	3 407 716
Residential Asset Securities Trust	2005-A5	US45660LJX82	AAA	Aaa	1.29%	31 976 243
Securitized Asset Backed Receivables LLC	2004-OP1	US81375WAC01	A	A2	0.58%	14 841 803
Securitized Asset Backed Receivables LLC	2006-OP1	US81375WJM91	CCC	Baa1	0.21%	5 452 345
Silverado CLO Ltd	2006-1	US82834WAJ80	A	A2	0.40%	10 223 148
SLM Student Loan Trust	2003-C	US78443CAZ77	AAA	Aaa	0.44%	11 363 574
SMART HOME REINSURANCE LIMITED	2006-1X	US83170GAE44	A+	A1	0.53%	13 630 864
SoundView Home Equity Loan Trust	2006-WF2	US83612MAL19		B2	0.67%	17 038 579
STATIC RESIDENTIAL CDO (START) 2006-A Ltd	2006-A	US85768VAE48	B-	Caa3	0.39%	10 017 279
STATIC RESIDENTIAL CDO (START) 2006-B Ltd	2006-B	US85768XAB64	CCC-	Ca	0.67%	17 038 579
STAtic reSIDENTIAL TRUST	2005-A	US85768PAC14	A	Baa2	0.07%	1 703 858
STAtic reSIDENTIAL TRUST	2005-C	US85768TAG40	BBB-	Baa3	0.31%	7 917 745
Sterlingmax MBS Ltd	I	XS0177867255	AAA		0.53%	13 630 864

PORTFOLIO B (continued)

Issuer	Series	ISIN	June 30, 2008		Weighting	Exposure \$
			S&P	Moody's		
Stone Tower CLO Ltd	2005-3	US86175NAD93	A	A2	0.24%	6 133 889
STRUCTURED ADJUSTABLE RATE MORTGAGE LOAN TRUST		US863579WU83	AAA	Aaa	0.20%	5 068 221
STRUCTURED ASSET MORTGAGE INVESTMENTS INC	2006-Ar4	US86360QAV77	BB	B3	0.19%	4 770 802
Terwin Mortgage Trust	2004-9HE	US881561JW56	AAA	Aaa	0.44%	11 268 625
Terwin Mortgage Trust 2003-8, LLC	2003-8HE	US881561CX03	AAA	Aaa	0.05%	1 382 537
TITAN EUROPE PLC	2006-5A	XS0277726500	AAA		1.29%	31 976 243
Trapeza CDO I, LLC	2002-1	US894127AA77	AAA	Aaa	0.25%	6 300 714
Trapeza CDO II, LLC	2003-2	US894128AA50	AAA	Aaa	0.13%	3 429 656
TRAPEZA CDO LLC	2003-3A	US89412MAA45	AAA	Aaa	0.27%	6 837 993
Trapeza CDO LLC	2003-5A	US89412RAA32	AAA	Aaa	0.92%	23 649 986
Trapeza CDO VI, LLC	6	US89412UAA60	AAA	Aaa	0.78%	19 997 228
US Capital Funding III	III	US90342BAA17	AAA	Aaa	1.59%	31 976 243
Velocity CLO Ltd	2004-1A	US92257GAB77	A	A2	0.23%	5 793 117
Venture CBO III CDO Ltd.	2003-1A	US92327WAA09	AAA	Aaa	1.03%	26 443 875
Vitesse CLO Ltd	2006-1	US928496AD08	A	A2	0.40%	10 223 148
WASHINGTON MUTUAL	2005-AR8	US92922FS583	AAA	Aaa	0.31%	7 894 148
WASHINGTON MUTUAL		US92922FZV39	AAA	Aaa	0.26%	6 708 800
WASHINGTON MUTUAL	2005-AR19	US92925CBQ42	A+	A2	0.30%	7 759 060
WRIGHTWOOD CAPITAL REAL ESTATE CDO LTD	2005-1A	US982512AA32	AAA	Aaa	1.60%	31 976 243
Zing Investment Grade Limited V	5	US98885YAA73	AAA	Aaa	0.93%	23 854 011

PORTFOLIO C

Issuer	Series	ISIN	June 30, 2008		Weighting	Exposure
			S&P	Moody's		
ABACUS Ltd	2005-4	US00256GAA31	AAA	Aaa	0.19%	5 195 311
ABACUS Ltd	2006-NS1	US002573AA19	AAA	Aaa	0.58%	16 235 347
ABACUS Ltd	2006-NS1	US002573AC74	AA	Aa2	0.21%	5 844 725
ABACUS Ltd	2006-NS1	US002573AD57	AA-	Aa3	0.14%	3 896 483
Accredited Mortgage Loan Trust	2004-3	US004375BP58	AAA	Aaa	0.11%	2 995 590
Ace Securities Corp	2004-OP1	US004421EZ24_C	A	Baa1	0.05%	1 349 800
Ace Securities Corp	2004-FM2	US004421GL10	AA-	A3	0.04%	993 537
Ace Securities Corp	2004-HE2	US004421GU19	AA	A2	0.13%	3 713 141
Ace Securities Corp	2004-HE3	US004421HV82	AA-	Ba2	0.15%	4 147 290
Ace Securities Corp	2004-HE4	US004421JH70	AA+	Aa1	1.19%	33 111 770
Ace Securities Corp	2004-HE4	US004421JJ37	AA+	Aa2	1.00%	27 888 430
Ace Securities Corp	2004-HE4	US004421JM65	A-	Baa2	0.55%	15 264 121
Ace Securities Corp	2004-HE4	US004421JN49	BB	Ba1	0.18%	5 045 094
Ace Securities Corp	2004-RM2	US004421KA09	A+	Baa1	0.03%	737 933
Ace Securities Corp	2005-RM2	US004421NY57	A	A3	0.23%	6 494 139
Ace Securities Corp	2005-HE6	US004421ST18	CCC	Caa1	0.47%	12 988 278
ACE SECURITIES CORP.	2005-HE4	US004421PV90	A	A3	0.42%	11 649 186
Alesco Preferred Funding, Ltd	11A	US01450AAB61		Aaa	0.93%	25 976 555
ALESCO PREFERRED FUNDING, LTD.	7A	US01448YAB92	AAA	Aaa	0.63%	17 655 228
Alexander Park CDO, Ltd	2004-1A	US014684AD66	A	B2	0.05%	1 298 828
Annington finance no. 4 plc	B3	XS0198259813	A	A1	0.84%	23 328 429
Anthracite CDO II Ltd	2002	US03702SAA15	AAA	Aaa	0.14%	3 872 599
Anthracite CDO Ltd	2006-HY3A	US03703FAL40	A-	A3	0.10%	2 905 150
ANTHRACITE CDO, LTD.	2006-HY3A	US03703FAC41	AA	Aa2	0.18%	5 049 663
Anthracite Euro CRE CDO	1	XS0276697272		Aaa	0.35%	9 741 208
Arbor Realty Mortgage Securities Series 2004-1, Ltd	2004-1	US03877VAA35	AAA	Aaa	1.10%	30 522 452
Asset Backed Securities Corporation	2003-HE3	US04541GEM06	BB	Aa3	0.05%	1 259 316
ATTENTUS CDO LTD.	2006-1A	US049730AC83	A+	Ba1	0.42%	11 689 450
Avalon Capital Ltd 3	3	US05342RAD89	A	A2	0.18%	4 870 604
AVERY STREET CLO	2006-1A	US053643AG79	A	A2	0.21%	5 844 725
BANC OF AMERICA COMMERCIAL MORTGAGE INC	2005-2	US05947UM471	AAA	Aaa	0.62%	17 209 468
Bayberry Funding, Ltd	2006-1A	US07272PAA84	AAA	Aaa	0.23%	6 453 642
Bayberry Funding, Ltd	2006-1A	US07272PAC41	A	Baa2	0.17%	4 840 232
BAYview commercial Asset Trust	2004-2	US07324SAR31	AAA	Aaa	0.04%	1 166 544
BAYview commercial Asset Trust		US07324SAX09	AAA	Aaa	0.44%	12 171 909
BAYVIEW COMMERCIAL ASSET TRUST	2005-1	US07324SBF83		Aaa	0.10%	2 806 949
BAYview commercial Asset Trust	2005-3A	US07324SCC44		Aaa	0.44%	12 135 538
Bear Stearns Asset Backed Securities I LLC	2004-HE11	US073879PA06	A-	A3	0.42%	11 689 450
Bear Stearns Asset Backed Securities I LLC	2005-HE1	US073879PS14	A	A2	0.32%	8 767 087
BEAR STEARNS ASSET BACKED SECURITIES, INC.		US073879X453	AA		0.12%	3 247 069
Bear Stearns Commercial Mortgage Securities Inc.	2005-T18	US07383F5M69		Aaa	0.18%	4 870 604
Bear Stearns Commercial Mortgage Securities Inc.	2005-T18	US07383F5M69_C 757774M_C		Aaa	0.47%	12 988 278

PORTFOLIO C (continued)

Issuer	Series	ISIN	June 30, 2008		Weighting	Exposure
			S&P	Moody's		
Bear Stearns Commercial Mortgage Securities Inc.	2005-PWR8	US07383F7Y89		Aaa	0.70%	19 482 416
BLACK Diamond CLO 2005-1 Ltd	2005-1	US09202EAE68	A-	A2	0.21%	5 844 725
Brascan Real Estate Financial Partners LLC	2004-1	US10550TAA79	AAA	Aaa	0.35%	9 827 427
Brascan Real Estate Financial Partners LLC	2004-1	US10550TAC36	A-	A3	0.23%	6 494 139
BROADWICK FUNDING, LTD.	2006-1A	US11161RAF91	BB	Ca	0.19%	5 388 583
Capital ONE MULTI ASSET EXECUTION TRUST	2004-B3	US14041NBL47	A	A2	0.19%	5 195 311
Capital Trust RE CDO Ltd.	2005-1A	US140558AA57	AAA		0.42%	11 689 450
Capital Trust RE CDO Ltd.	2005-1A	US140558AB31	AA		0.17%	4 746 566
Capital Trust RE CDO Ltd.	2005-1A	US140558AC14	A		0.09%	2 597 656
CAPITALSOURCE REAL ESTATE LOAN TRUST	2006-1A	US140560AD50	A+	A1	0.28%	7 792 967
C-BASS LTD	15A	US124670AC45	BB+	Caa3	0.26%	7 143 553
C-Bass Ltd	9A	US12497LAD01	AA+	Aa1	0.23%	6 494 139
CHL Mortgage Pass-Through Trust 2004-25	2004-25	US12669GKJ93	AAA	Aaa	0.29%	8 093 001
Citigroup Mortgage Loan Trust, Inc	2004-OPT1	US17307GJM15	A+	A1	0.46%	12 793 453
Citigroup Mortgage Loan Trust, Inc	2004-OPT1	US17307GJQ29	A-	Baa1	0.08%	2 304 606
Citigroup Mortgage Loan Trust, Inc	2004-RES1	US17307GKQ00	A+	A2	0.02%	641 006
CITIGROUP MORTGAGE LOAN TRUST, INC.	2004-RES1	US17307GKR82	A	A3	0.03%	817 411
COUNTRYWIDE ALTERNATIVE LOAN TRUST	2006-OA11	US02147DAK72	A	B3	0.14%	3 896 483
COUNTRYWIDE ALTERNATIVE LOAN TRUST	2006-OA11	US02147DAL55	A	B3	0.14%	3 896 483
COUNTRYWIDE ALTERNATIVE LOAN TRUST	2005-51	US12668ADE29	A	B3	0.44%	12 278 716
COUNTRYWIDE ALTERNATIVE LOAN TRUST	2005-56	US12668AMB88	A+	B2	0.09%	2 439 600
Countrywide Asset Backed Certificates	2004-10	US126673JX19	AA-	A2	0.09%	2 587 406
Countrywide Asset Backed Certificates	2004-11	US126673LT78	AA		0.19%	5 231 029
COUNTRYWIDE ASSET-BACKED CERTIFICATES		US126673LD27	A		0.23%	6 494 139
Dekania CDO	2003-1A	US244882AB20	AAA		0.82%	22 729 486
Dekania CDO	2004-2A	US24488RAA95	AAA	Aaa	0.16%	4 497 191
Dryden VIII-Leveraged Loan CDO 2005	2005-8A	US26243YAC12	A	A2	0.27%	7 403 318
Duchess CDO SA	1X	XS0131194226	AAA	Aaa	0.58%	16 256 887
Duke Funding IX	2005-9	US26450AAC18	B-	Ca	1.58%	41 708 143
Duke Funding VI Ltd	2004-1	US264407AF46	CCC-	Ca	0.82%	22 729 486
Duke Funding VII Ltd	2004-1A	US264403AC01	BB	B2	0.47%	12 982 799
DUNHILL ABS CDO, LTD.	2004-1	US26545QAE98	AA	A1	0.95%	26 301 262
E*Trade ABS CDO III, Ltd.	2004-1	US26925JAB17	AAA	Aa1	0.55%	15 423 580
E*Trade ABS CDO III, Ltd.	2006-5A	US26925WAC01	B-	Ca	0.35%	9 741 208
Encore Credit Receivables Trust 2005-2	2005-2	US126673J605	A	A3	0.26%	7 143 553
EPIC PLC	MLDN	XS0251156435	A		0.35%	9 718 432
FAirHazel Street	1	CEDAR26_28_C77 1567M_C	A	A2	1.17%	32 470 694
FIRST CLO Ltd	2004-1A1	US33736EAD31	A	A2	0.20%	5 520 018
FIRST FRANKLIN MTG LOAN ASSET BACKED CERTIFICATES	2006-FF17	US32028KAJ51	CCC	B3	0.23%	6 494 139
FIXED-LINK FINANCE BV	G2-X	XS0125468230	AAA	Aaa	0.81%	22 635 591
Fort Point CDO Ltd	2003-2A	US348522AA18	AAA	Aa2	1.57%	41 708 143

PORTFOLIO C (continued)

Issuer	Series	ISIN	June 30, 2008		Weighting	Exposure
			S&P	Moody's		
Fortius Funding, Ltd	2006-1	US34958CAD65	A	B1	0.11%	3 030 365
FORTRESS CREDIT FUNDING LP	2005-1A	US34957LAD73	A	A2	0.47%	12 988 278
FORTRESS CREDIT FUNDING LP	2006-3A	US34957RAG74		Aa2	0.47%	12 988 278
FORTRESS CREDIT FUNDING LP	2006-3A	US34957RAJ14		A2	0.91%	25 327 141
FORTRESS CREDIT FUNDING LP	2006-4A	US34957XAE94		A2	0.28%	7 792 967
Four Corners CLO	1A	US35083VAL18	A	A2	0.19%	5 292 723
Franklin CLO	4A	US352504AB03	AA	Aa2	0.23%	6 494 139
Fremont Home Loan Trust	2004-C	US35729PEV85	AA-	A2	0.16%	4 344 806
Fund America Investors III Ltd	2004-3A	US80410JAD63	BBB	B3	0.31%	8 754 765
Gallatin Funding Ltd	2005-1	US363631AC62	A-	A2	0.47%	12 988 278
GEMSTONE CDO LTD		US36867VAE74	A	A2	0.23%	6 494 139
GEMSTONE CDO LTD	2005-3A	US36868AAJ16	A	A2	0.49%	13 637 691
GEMSTONE CDO LTD		US36868BAE02	BB+	B1	0.23%	6 494 139
Glacier Funding CDO	2004-2A	US37638VAB99	AAA	B3	0.14%	3 896 483
GOLDENTREE CAPITAL OPPORTUNITIES LP	2006-1A	US38136CAD20	AA	Aa2	0.12%	3 247 069
GRAPHITE MORTGAGES PLC	2006-1	GRAPH_LSS	AAA		0.70%	19 407 015
GREENPOINT MORTGAGE FUNDING TRUST	2006-AR5	US39538AAS50		B3	0.16%	4 545 897
GREENPOINT MORTGAGE FUNDING TRUST	2006-AR5	US39538AAV89		Caa1	0.14%	3 896 483
GREENPOINT MORTGAGE FUNDING TRUST	2005-AR4	US39538WCN65	CCC	B3	0.13%	3 668 613
GREENPOINT MORTGAGE FUNDING TRUST	2006-AR1	US39538WFM55	AAA	Aaa	0.13%	3 708 150
GREENPOINT MORTGAGE FUNDING TRUST	2007-AR2	US39539LAQ41		Ba2	0.50%	13 897 457
GSAMP TRUST	2004-NC2	US36242DHC02	A-		0.18%	5 071 922
GSAMP TRUST	2004-AHL	US36242DHS53	A	A3	0.11%	3 058 090
GSAMP TRUST	2004-OPT	US36242DNV19	AA	A2	0.35%	9 741 208
GSC ABS CDO Ltd.	2005-1A	US362470AC01	BBB+	Ca	0.35%	9 741 208
GSC Partners CDO Fund, Limited	2006-7	US36298AAD46	AA	Aa2	0.47%	12 988 278
G-Star Ltd	2004-4	US36242CAF23	AA		0.47%	12 988 278
Harborview Mortgage Loan Trust Series 2006-12	2006-12	US41162DAM11	A+	Ba3	0.93%	25 976 555
Harborview Mortgage Loan Trust Series 2006-12	2006-12	US41162DAN93	A-	B3	0.23%	6 494 139
Harborview Mortgage Loan Trust Series 2006-7	2006-7	US41161VAK61	A+	B3	0.12%	3 247 069
Harborview Mortgage Loan Trust Series 2006-9	2006-9	US41161XAJ54	A-	B3	0.16%	4 545 897
Harvest CLO SA	II	XS0216228428	A	A2	0.28%	7 792 967
Home Equity Asset Trust	2004-7	US437084FW18	A+	Baa2	0.14%	3 896 483
Hudson Straits CLO Ltd	2004-1A	US44413QAC50	AA	Aa2	0.23%	6 494 139
Hudson Straits CLO Ltd	2004-1A	US44413QAD34	A	A2	0.29%	7 955 320
ICG Mezzanine Fund 2003 No.1 Funding limited	2003-1	XS0207113530	BBB+	A3	1.56%	41 708 143
INDYMAC RESIDENTIAL ASSET BACKED TRUST	2005-A	US43708AAAX00	A-	Ba2	0.12%	3 247 069
I-Preferred Term Securities IV, Ltd	IV	US44984RAA68	AAA	Aaa	1.40%	38 964 833
JER CDO	2005-1A	US46614KAA43	AAA	Aaa	0.47%	12 988 278
JETBLUE AIRWAYS CORP	2004-2	US47714NAA54	AA	A2	0.60%	16 610 979
JETBLUE AIRWAYS CORP	2004-2	US47714NAB38	AA	A2	0.47%	12 988 278
JP MORGAN Chase Commercial Mortgage Securities 2006-RR1	2006-RR1	US48123HAE36	A-	A3	0.33%	9 091 794

PORTFOLIO C (continued)

Issuer	Series	ISIN	June 30, 2008		Weighting	Exposure
			S&P	Moody's		
Katonah Capital LLC	6	US48601QAD60	A	A2	0.23%	6 494 139
KNOLLWOOD CDO LTD.	2006-2A	US49916RAE09	CCC+	Ca	0.45%	12 634 258
Landmark CDO, LLC	2004-3	US51506DAE31	A-	A2	0.12%	3 247 069
LATITUDE CLO LTD.	2006-2A	US51829TAL26	AAA	Aaa	0.47%	12 988 278
LCM Limited Partnership	3A	US50182CAC29	A	A2	0.16%	4 545 897
LEHMAN XS TRUST	2005-9N	US525221GN14	AAA	Aaa	0.21%	5 931 894
LNR CDO LTD.	2006-1A	US53944MAA71	AAA	Aaa	0.12%	3 247 069
LNR CDO LTD.	2006-1A	US53944MAB54	AA	Aa2	0.23%	6 494 139
LNR CDO LTD.	2006-1A	US53944MAD11	A	A2	0.91%	25 327 141
LNR CDO LTD.	2005-1A	US53944PAD42	A	A3	0.30%	8 428 151
Long Beach Mortgage Loan Trust	2004-4	US542514HY37	A+	A3	0.27%	7 463 064
LONG BEACH MORTGAGE LOAN TRUST	2004-4	US542514HZ02	A	Baa1	0.08%	2 272 949
Long Beach Mortgage Loan Trust	2005-1	US542514KD52	A	Baa1	0.14%	3 896 483
LONG HILL, LTD.	2006-1A	US54266TAE29	CCC+	C	0.19%	5 195 311
MAGNETITE CLO, LIMITED	2003-5	US55952SAC44	A	A2	0.23%	6 494 139
MARATHON REAL ESTATE CDO LTD	2006-1A	US565853AA65	AAA	Aaa	0.70%	19 482 416
MASTR ASSET BACKED SECURITIES TRUST	2005-OPT1	US57643LHU35	A+		0.35%	9 741 208
MASTR ASSET BACKED SECURITIES TRUST	2005-OPT1	US57643LHV18	A		0.43%	11 966 750
MASTR ASSET BACKED SECURITIES TRUST	2005-OPT1	US57643LHW90	BBB		0.33%	9 280 124
MCG Commercial Loan Trust 2006-1	2006-1A	US55271KAQ40	AA	Aa2	0.35%	9 741 208
Merrill Lynch Mortgage Investors, Inc.	2004-OPT1	US59020UKP92	AA+		0.09%	2 620 975
Merrill Lynch Mortgage Investors, Inc.	2004-OPT1	US59020UKQ75	AA		0.07%	2 063 893
Merrill Lynch Mortgage Investors, Inc.	2004-WMC5	US59020UMJ15	AA	Aa3	0.44%	12 292 106
Merrill Lynch Mortgage Investors, Inc.	2004-WMC5	US59020UMK87	AA	A1	0.47%	12 988 278
ML AAA CMBS Portfolio		AAA_CMBSPORT	A+	Aa2	0.28%	7 792 967
ML AAA Financials 10_15%		AAAFIN10-15_C974798M_C	AAA	Aaa	1.05%	29 207 549
ML AJ CMBS Portfolio		AJ_CMBSPORT_C992167M_C	AAA	Aaa	0.70%	19 482 416
MM COMMUNITY FUNDING CORP.	2003-9X	US606867AA79	AAA	Aaa	0.12%	3 383 039
Morgan Stanley ABS Capital I	2004-NC6	US61744CEV46	A	A2	0.42%	11 681 602
Morgan Stanley ABS Capital I	2004-NC7	US61744CFS08	A	A2	0.35%	9 741 208
Morgan Stanley ABS Capital I	2004-NC8	US61744CHS89	A+	A1	0.26%	7 126 668
Morgan Stanley ABS Capital I	2004-NC8	US61744CHT62	A	A2	0.23%	6 494 139
Morgan Stanley ABS Capital I	2004-HE9	US61744CJX56	A	A2	0.25%	7 069 519
Morgan Stanley ABS Capital I	2004-HE9	US61744CJY30	A-	Baa2	0.09%	2 636 384
MORGAN STANLEY ABS CAPITAL I	2005-NC1	US61744CKS43	A	Baa1	0.16%	4 545 897
MORGAN STANLEY Capital	2005-T17	US61745MW666	AAA		0.69%	19 190 180
MORGAN STANLEY Capital I	2006-SRR2	BCC0U7QW3	AAA		0.93%	25 976 555
MORGAN STANLEY Capital I	2005-IQ9	US61745M2H50	AAA		1.17%	32 470 694
Morgan Stanley Home Equity Loans 2005-1	2005-1	US61744CLH78	A+	Baa3	0.12%	3 247 069
Morgan Stanley Investment Management Corp	2005-1	US61748RAE99	A	A2	0.70%	19 482 416
Nautilus CDO	2006-3	US639099AD28	BBB		0.11%	3 124 712
Nautilus CDO	2005-2	US639103AD22	A		0.42%	11 575 701
NEW CENTURY HOME EQUITY LOAN TRUST	2004-4	US64352VJN29	A	Baa3	0.09%	2 464 058

PORTFOLIO C (continued)

Issuer	Series	ISIN	June 30, 2008		Weighting	Exposure
			S&P	Moody's		
New Century Home Equity Loan Trust 2004-3	2004-3	US64352VHY02	AA-	A1	0.35%	9 741 208
New Century Home Equity Loan Trust 2004-3	2004-3	US64352VJA08	A-	A3	0.07%	2 009 843
New Century Home Equity Loan Trust 2004-3	2005-3	US64352VLP49	A-	Baa2	0.57%	15 920 381
Newcastle CDO IV, Limited	2004-4A	US65105YAA01	AAA	Aaa	1.10%	30 548 874
North Street Referenced Linked Notes	2005-9	USG66587AA77	AAA	Aaa	1.52%	41 708 143
Northwesterly CDO II	II	XS0199037531	A	A1	0.47%	13 033 948
N-Star Real Estate CDO 2006-8	2006-8A	US62940FAC32		Aaa	0.58%	16 235 347
N-Star Real Estate CDO 2006-8	2006-8A	US62940FAD15		Aa1	0.51%	14 287 105
N-star Real Estate CDO LTD	2005-3A	US629387AG68	A-		0.56%	15 523 959
N-star Real Estate CDO LTD		US62939WAA36	AAA	Aaa	0.63%	17 534 175
N-star Real Estate CDO LTD		US62939WAC91	A	A2	0.35%	9 741 208
N-star Real Estate CDO LTD	2005-5	US62940HAE53	AA		0.30%	8 225 606
N-star Real Estate CDO LTD	2006-6A	US62940PAD96	A-	A3	0.23%	6 494 139
NYLIM FLATIRON CLO LTD.	2003-1A	US62948MAB28	AA	Aa2	0.23%	6 494 139
NYLIM FLATIRON CLO LTD.	2004-1	US67073MAC64	A	A2	0.47%	12 988 278
Octagon Investment Partners VI, Ltd	VI	US67571YAE32	A-	A2	0.26%	7 143 553
OPTION ONE MASTER LOAN TRUST	2004-3	US68389FFX78	A+	A2	0.20%	5 520 018
OPTION ONE MASTER LOAN TRUST	2005-1	US68389FGP36	A		0.10%	2 858 028
PARK PLACE SECURITIES INC	2005-WCW2	US70069FLK11	AA-	Baa2	0.21%	5 844 725
People's Choice Home Loan Trust	2004-2	US71085PAX15	A+	A3	0.30%	8 442 380
Preferred Term Secs XI	X	US74041WAA36	AAA	Aaa	0.15%	4 039 795
PREFERRED TERM SECS XIV	XIV	US74041UAB52	AAA	Aaa	0.12%	3 247 069
PREFERRED TERM SECS XVI	XVI	US74041EAA38	AAA	Aaa	1.27%	35 219 645
Preferred Term Securities 15 Ltd	15	US74041CAB54	AAA	Aaa	0.20%	5 520 018
Preferred Term Securities 20 Ltd	XX	US74042DAC02	AAA	Aaa	0.46%	12 900 789
Preferred Term Securities VI Ltd	A-2	US74040YAB83	AAA	Aaa	0.93%	25 976 555
Preferred Term Securities XIII	13	US74041AAA16	AAA	Aaa	0.82%	22 729 486
Preferred Term Securities XIV		US74041UAA79	AAA	Aaa	0.70%	19 482 416
Preferred Term XVIII	XVIII	US74042WAA27	AAA	Aaa	0.47%	12 988 278
PULS CDO 2006-1 PLC	2006-1	XS0260584148	AAA	Aaa	0.12%	3 234 503
RACE POINT CLO	2A	US74981SAA42	AAA	Aaa	0.28%	7 792 967
Raspro Trust	2005-1	US75405RAA14	AA	A2	1.01%	28 078 590
Regional Diversified Funding	2004-1	US75902XAA63	AAA	Aaa	0.32%	8 949 773
Resource Real Estate Funding	2007-1A	US76121BAK52		Aa3	0.76%	21 040 108
SAXON ASSET SECURITIES TRUST	2005-1	US805564RQ68	A+	A1	0.20%	5 520 018
Securitized Asset Backed Receivables LLC	2004-OP2	US81375WBP05	A+	A2	0.42%	11 689 450
Securitized Asset Backed Receivables LLC	2004-OP2	US81375WBR60	A-	Baa1	0.05%	1 298 828
Silverado CLO Ltd	2006-2A	US82835AAJ51	A	A2	0.35%	9 741 208
STatic repackaging trust, ltd	2004-1	US85233VAC54	A	A2	0.47%	12 988 278
STATIC RESIDENTIAL CDO (START) 2006-A Ltd	2006-A	US85768VAD64	BB-	B2	0.70%	19 436 562
STATIC RESIDENTIAL CDO (START) 2006-A Ltd	2006-A	US85768VAE48	B-	Caa3	0.11%	3 181 682
STATIC RESIDENTIAL CDO (START) 2006-B Ltd	2006-B	US85768XAF78	CC	C	0.54%	14 936 519
STatic reSIDENTIAL TRUST	2005-A	US85768PAC14	A	Baa2	0.54%	14 936 519
STatic reSIDENTIAL TRUST	2005-BA	US85768QAF28	BBB	Ba2	0.45%	12 446 578

PORTFOLIO C (continued)

Issuer	Series	ISIN	June 30, 2008		Weighting	Exposure
			S&P	Moody's		
STAtic reSIDENTIAL TRUST	2005-C	US85768TAG40	BBB-	Baa3	0.17%	4 703 261
Stone Tower CLO Ltd	2005-3	US86175NAD93	A	A2	0.16%	4 545 897
SUMMIT RMBS CDO, LTD	2005-1	US866244AB23	AAA		0.43%	11 882 548
SUMMIT RMBS CDO, LTD	2005-1	US866244AC06	AA		0.64%	17 924 823
TITAN EUROPE 2006-3 PLC	2006-3A	XS0257769769	A	A3	0.14%	3 770 385
TRAFFORD CENTRE FIN LTD	A3	XS0222488396	AAA	Aaa	1.17%	32 440 075
TRAINER WORTHAM FIRST REPUBLIC CBO	3A	US892881AA10	AAA	Aaa	0.51%	14 283 425
TRAINER WORTHAM FIRST REPUBLIC CBO	3	US892881AD58	BB	Ca	0.79%	22 080 072
Trapeza CDO I, LLC	2002-1	US894127AA77	AAA	Aaa	0.06%	1 721 004
TRAPEZA EDGE CDO LTD		US89412LAB45		Aaa	0.23%	6 456 770
TROPIC CDO CORP.	2004-4	US89707YAA29	AAA	Aaa	0.88%	24 494 276
UNITED CAPITAL AVIATION TRUST		US90264FAE88	AA	Aa3	2.67%	41 708 143
US Capital Funding I	I	US903329AA80	AAA	Aaa	1.16%	32 227 774
US Capital Funding II	II	US90390KAA25	AAA	Aaa	2.74%	41 708 143
US Capital Funding III	III	US90342BAA17	AAA	Aaa	1.49%	41 497 692
US Capital Funding III	III	US90342BAC72	AAA	Aaa	0.54%	14 936 519
Velocity CLO Ltd	2004-1A	US92257GAB77	A	A2	0.26%	7 143 553
VERTICAL CDO LTD.	2A	US925338AC98	BB+	Caa1	0.12%	3 247 069
VERTICAL CDO LTD.		US925345AE06	CCC+	Ca	0.37%	10 390 622
VICTORIA FALLS CLO, LTD.	2005-HE1	US926244AE48	A	A2	0.28%	7 792 967
WACHOVIA CRE CDO 2006-1	2006-1	US92978CAE84	A-	A3	0.47%	12 988 278
WAMu MOrtgage Passthrough Certificates, Series 2005-AR19	2005-AR19	US92925CBP68	AA-	A1	0.40%	11 202 518
WASHINGTON MUTUAL	2005-AR13	US92922F4W51	AAA	Aaa	0.52%	14 350 092
WASHINGTON MUTUAL	2005-AR13	US92922F5B06	A+	A1	0.21%	5 939 247
WASHINGTON MUTUAL	2005-AR19	US92925CBQ42	A+	A2	0.15%	4 248 646
WELLS FARGO HOME EQUITY TRUST		US9497ERAH70	A-	Baa2	0.58%	16 235 347