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# **G L O B A L   ♦   D I G I T II**

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

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

**December 31 , 2008**

This annual management report of fund performance contains financial highlights but does not contain the complete audited annual financial statements of the investment fund. You can get a copy of the audited annual financial statements by visiting the website of National Bank Financial Inc. at [www.nbfinc.com](http://www.nbfinc.com) or SEDAR at [www.sedar.com](http://www.sedar.com) or, at your request, and at no cost, by calling toll-free 1-800-361-8838 (extension 5592), 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 quarterly portfolio disclosure.

# Management Report of Fund Performance

## *Forward-Looking Statements*

*This annual 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 (as hereinafter defined), 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.*

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 ~~may no longer 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 Objective and Strategies**

Following the Disengagement Transaction (see section **2. Risks**), 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 residual value, that is, an amount of \$9.35 per unit or less.

To meet its objectives, Global DIGIT II originally entered into three credit default swap agreements (the “**Financial Contract**”) with Silverstone. Silverstone, in turn, entered into three mirror credit default swaps with Deutsche Bank. The Financial Contract provides 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 (collectively, the “**reference obligations**”). Global DIGIT

II's obligations under the Financial Contract are collateralized by a term deposit note 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 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.

### *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 Contract. Any such changes in the composition of the portfolio or other actions undertaken by Winchester Capital 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.

Winchester Capital ~~will be~~ required to maintain a 25% unhedged exposure to the portfolio of reference obligations. Consequently, the Winchester Capital unit of Deutsche Bank is exposed, along with Unitholders, to losses arising from credit events occurring with respect to reference obligations in the portfolio during the term of the Financial Contract.

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.

## **2. Risks**

### *Counterparty Risk*

Over the past year, Global DIGIT II was affected by the involvement of Silverstone, as its counterparty, in the Third Party ABCP crisis that began on August 14, 2007, when 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. As a result, Global DIGIT II announced the suspension of the distribution of \$0.0687 per unit declared on July 18, 2007 and otherwise payable on August 15, 2007 as well as the quarterly and annual redemption privileges. 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 participants in Canada's financial markets (the "**Investors Committee**") outlined a possible solution to this disruption of 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. 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.

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 Third Party ABCP with notes having maturities in line with the underlying assets.

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 (Credit Exposures A, B and C) that were initially 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 and, on April 25, 2008, the noteholders approved such Plan.

On January 12, 2009, the Investors Committee announced that the Superior Court of Ontario had granted the Plan Implementation Order and on January 20, 2009, the Disengagement Transaction was completed, followed by the implementation of the Plan on January 21, 2009. Consequently, since January 20, 2009, Global DIGIT II's swap counterparty for the Financial Contract is Deutsche Bank instead of Silverstone and funds now flow directly from Deutsche Bank and are no longer 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. Also on January 20, 2009, funds held in escrow under the standstill agreement between Global DIGIT II and Silverstone were released to Global DIGIT II. For more details in regards to the Third Party ABCP crisis and its resolution, please refer to the web site of the Court appointed monitor, Ernst and Young, at [www.ey.com/ca/commercialpaper](http://www.ey.com/ca/commercialpaper).

### *Credit Risk*

The Unitholders assume losses 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 a reduction up to zero of the monthly distributions and payment on the Maturity Date. 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.

The credit protection provided under Credit Exposures A, B and C is a relatively small percentage in relation to the size of the three portfolios, 0.95%, 1.25% and 1.50%, respectively. Therefore, a relatively small percentage of losses on the portfolios will result in a proportionally larger percentage of losses for Unitholders.

As of March 20, 2009, no reference obligation to which Global DIGIT II is exposed to has been subject to a credit event. However, as show in the table below, due to the ongoing turmoil in the US sub-prime mortgage market (to which market Global DIGIT II is exposed), several reference obligations were downgraded and the percentage of the non-investment grade category increased significantly (from 0.9% as of year end 2007 to 15.0% as of year end 2008):

<b>Ratings Distribution of the Reference Obligations</b>			
<b>S&amp;P Equivalent Rating</b>	<b>December 31, 2006</b>	<b>December 31, 2007</b>	<b>December 31, 2008</b>
AAA	67.3%	62.4%	46.5%
AA	9.3%	9.5%	10.2%
A	22.7%	25.2%	22.7%
BBB	0.7%	2.0%	5.6%
Below BBB-	0.1%	0.9%	15.0%
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Risks and uncertainties associated with investing in Global DIGIT II units are also discussed in Schedule A of the current report.

### **3. Results of Operations**

The assets of Global DIGIT II are primarily composed of a term deposit and the Financial Contract in relation to Credit Exposures A, B and C containing, as at December 31, 2008, 207, 148 and 238 securities respectively (2007 – 218, 152 and 238, respectively). The aggregate notional amount of the Credit Exposures A, B and C is \$97,319,000 (2007 – \$97,319,000). The notional amount of the term deposit is \$77,344,481 (2007 – \$77,344,481) and the notional amount on the Credit default swap receivable is \$19,974,519 (2007 – \$19,974,519), for a total of \$97,319,000 (2007 – \$97,319,000).

#### *Investments*

The term deposit is a note issued by National Bank of Canada which has been pledged as collateral under the Financial Contract. The nominal value of such term deposit is equal to the aggregate nominal amount of Credit Exposures A, B and C, that is \$97,319,000. On the first Reset Date, in the event that Deutsche Bank has elected to terminate the Financial Contract, the reimbursement of the term deposit and a payment under the Financial Contract will be used to repay Global DIGIT II's indebtedness and redeem the units. If Deutsche Bank has not elected to terminate the Financial Contract, the proceeds from the reimbursement of the term deposit will be reinvested and pledged as collateral under the Financial Contract.

#### *Credit Quality of the Portfolios*

##### ***Credit Exposure A***

As of December 31, 2008, Credit Exposure A comprised 207 reference obligations, including mortgage-backed securities, asset-backed securities, structured finance securities and synthetic corporate exposures (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, 2007 and 2008 (by equivalent S&P rating category):

Rating	Inception	Dec. 31, 2005	Dec. 31, 2006	Dec. 31, 2007	Dec. 31, 2008
AAA	75.8%	77.1%	76.6%	76.0%	62.3%
AA	13.5%	10.4%	10.1%	11.2%	9.9%
A	10.7%	12.1%	13.1%	12.6%	13.4%
BBB	0.0%	0.4%	0.0%	0.1%	2.6%
BB	0.0%	0.0%	0.2%	0.1%	1.6%
B	0.0%	0.0%	0.0%	0.0%	3.4%
CCC	0.0%	0.0%	0.0%	0.0%	1.8%
CC	0.0%	0.0%	0.0%	0.0%	4.9%
C	0.0%	0.0%	0.0%	0.0%	0.1%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%

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 544 as of December 31, 2008 (between Baa2 and Baa3). 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 rating factor equivalent to a rating of AA by S&P, between AA+ and AA as of December 31, 2005, 2006 and 2007 and between BBB- and BB+ as of December 31, 2008.

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

Asset Class <sup>(1)</sup>	Inception	Dec. 31, 2005	Dec. 31, 2006	Dec. 31, 2007	Dec. 31, 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%	2.2%
Residential mortgage-backed securities	31.7%	34.6%	31.7%	32.6%	28.7%
Commercial mortgage-backed securities	15.5%	9.6%	10.2%	15.7%	16.4%
Synthetic corporate exposures	41.3%	45.8%	48.8%	46.2%	49.3%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%

(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 207 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 December 31, 2008, Credit Exposure B comprised 148 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, 2007 and 2008 (by equivalent S&P rating category):

<b>Rating</b>	<b>Inception</b>	<b>Dec. 31, 2005</b>	<b>Dec. 31, 2006</b>	<b>Dec. 31, 2007</b>	<b>Dec. 31, 2008</b>
AAA	72.9%	79.4%	83.7%	73.0%	49.4%
AA	16.2%	8.6%	3.2%	3.1%	8.0%
A	10.9%	11.9%	13.1%	22.2%	21.3%
BBB	0.0%	0.0%	0.0%	1.7%	5.1%
BB	0.0%	0.0%	0.0%	0.0%	0.9%
B	0.0%	0.0%	0.0%	0.0%	3.2%
CCC	0.0%	0.0%	0.0%	0.0%	4.2%
CC	0.0%	0.0%	0.0%	0.0%	7.2%
C	0.0%	0.0%	0.0%	0.0%	0.7%
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

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 1,048 as of December 31, 2008 (between and Ba1 and Ba2). The reference obligations comprised in Credit Exposure B had a weighted average rating factor 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 BB+ and BB as of December 31, 2008.

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

<b>Asset Class<sup>(1)</sup></b>	<b>Inception</b>	<b>Dec. 31, 2005</b>	<b>Dec. 31, 2006</b>	<b>Dec. 31, 2007</b>	<b>Dec. 31, 2008</b>
Commercial asset-backed securities	5.0%	9.1%	10.8%	9.4%	8.4%
Consumer asset-backed securities	0.5%	0.5%	2.6%	2.1%	2.3%
Residential mortgage-backed securities	38.8%	31.5%	22.2%	23.0%	21.6%
Commercial mortgage-backed securities	10.2%	8.3%	10.6%	15.4%	15.7%
Synthetic corporate exposures	45.5%	50.7%	53.8%	50.1%	52.0%
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

(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 148 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 December 31, 2008, Credit Exposure C comprised 238 reference obligations, including mortgage-backed securities, asset-backed securities, structured finance securities and synthetic corporate exposures (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, 2007 and 2008 (by equivalent S&P rating):

<b>Rating</b>	<b>Inception</b>	<b>Dec. 31, 2005</b>	<b>Dec. 31, 2006</b>	<b>Dec. 31, 2007</b>	<b>Dec. 31, 2008</b>
AAA	66.1%	50.2%	49.5%	46.6%	35.5%
AA	9.7%	12.6%	13.5%	13.4%	12.0%
A	24.2%	35.0%	35.5%	34.7%	29.0%
BBB	0.0%	2.3%	1.5%	3.2%	7.7%
BB	0.0%	0.0%	0.0%	2.1%	2.3%
B	0.0%	0.0%	0.0%	0.0%	0.6%
CCC	0.0%	0.0%	0.0%	0.0%	3.4%
CC	0.0%	0.0%	0.0%	0.0%	9.4%
D	0.0%	0.0%	0.0%	0.0%	0.1%
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

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 1128 as of December 31, 2008 (between Ba1 and Ba2). The reference obligations comprised in Credit Exposure C had a weighted average rating factor 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 BB+ and BB as of December 31, 2008.

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

<b>Asset Class<sup>(1)</sup></b>	<b>Inception</b>	<b>Dec. 31, 2005</b>	<b>Dec. 31, 2006</b>	<b>Dec. 31, 2007</b>	<b>Dec. 31, 2008</b>
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%	20.7%
Commercial mortgage-backed securities	7.9%	7.6%	14.4%	22.9%	23.5%
Synthetic corporate exposures	49.3%	48.8%	53.3%	49.6%	50.9%
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

(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.

### *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](http://www.nbfinc.com) and on SEDAR at [www.sedar.com](http://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 Contract 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 Contract. This indication may reflect factors such as the market’s assessment of overall credit quality and liquidity 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 policies 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 December 31, 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 Contract and the related term deposit. The NAV calculated as at December 31, 2008 reflects all amounts that would have been paid by Silverstone to Global DIGIT II under the Financial Contract under normal circumstances but which were still being held in escrow instead of being paid. The unpaid amounts have been recorded as an account receivable: \$12,463,710 or \$1.20 per unit (2007 – \$3,646,457 or \$0.35 per unit).

### Net Asset Value

The exposure of Global DIGIT II to reference obligations related to the US sub-prime or home equity mortgage market and the general lack of liquidity for residential mortgage-backed securities resulted in a severe decrease of the value of the Financial Contract in 2007: from December 31, 2006 to December 31, 2007, the value of the Financial Contract went from 90.5% to 5%, thus triggering an unrealized loss of \$80,034,175 in the net asset value of Global DIGIT II .

In 2008, given the worldwide and severe deterioration of financial markets, financial instruments exposed to US sub-prime mortgages have either worsened or stabilized at their 2007 low levels. From December 31, 2007 to December 31, 2008, the value of the Financial Contract went from 5% (\$4,865,950) to 2.75% (\$2,676,273) and, as shown in the table below, even “A” or better rated securities backed by US sub-prime or home equity mortgages further deteriorated in 2008:

Index <sup>(1)</sup>	Market Price <sup>(2)</sup>	
	December 31, 2007	December 31, 2008
ABX.HE.AAA 2006-I	93.91%	80.00%
ABX.HE.AAA 2006-II	87.5%	49.5%
ABX.HE.AA 2006-I	84.625%	32.9%
ABX.HE.AA 2006-II	61.5%	12.535%
ABX.HE.A 2006-I	60.5%	12.17%
ABX.HE.A 2006-II	39.5%	5.44%

(1) *ABX.HE.Rating Year-I or II* refers to the Markit index composed of securities backed by US home equity loans, rated AAA, AA or A, and belonging to a given year and generation..

(2) *Source: Bloomberg*

The NAV of Global DIGIT II was \$22,287,073 as at December 31, 2008 (\$2.14 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, at inception, 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 Financial Contract and its nominal value (an unrealized loss of \$94,642,728 or \$9.11 per unit) and, since January 1, 2007 the difference between the fair value of the investments, together with the CDS receivable, and their nominal value (an unrealized gain of \$1,148,364 or \$0.11 per unit). As mentioned above, due to the third party ABCP crisis, amounts otherwise distributed to Global DIGIT II were held in escrow and have been recorded as an account receivable (as at December 31, 2008, \$12,463,710 or \$1.20 per unit ; 2007 – \$3,646,457 or \$0.35 per unit).

From year end 2007 to year end 2008, the market price of Global DIGIT II units decreased from \$3.00 to \$1.09.

### Income and Distributions

During the year ended December 31, 2008, Global DIGIT II had a net gain of \$11,561,215 or \$1.11 per unit (a net loss of respectively \$77,424,350 and \$6.73 per unit in 2007), the greater part of which (\$8,817,253 or \$0.85 per unit) as a result of the accumulation of amounts in the escrow account and recorded as an account receivable. The net income was reduced by an unrealized loss of \$2,189,678 (\$0.21 per unit) in the fair value of the Financial Contract (unrealized loss of \$80,034,175 and \$6.96 per unit respectively in 2007) and by an unrealized gain of \$3,873,296 (\$0.37 per unit) in the fair value of the investment together with the CDS receivable (unrealized loss of \$909,162 and \$0.08 per unit respectively in 2007). Given the standstill agreement discussed above (see section 2. Risks, *Counterparty Risk*), no distributions were declared in 2008 (respectively \$5,918,785 and \$0.48 per unit in 2007).

### *Redemptions*

Since the standstill agreement between Global DIGIT II and Silverstone included the suspension of all redemption activities, there were no redemptions of units during the year ended December 31, 2008.

## **4. Recent Developments**

### *Portfolio Changes*

While Deutsche Bank actively manages the portfolios, during the annual period ended December 31, 2008, the Trustee has not requested any change in the portfolio of securities included in the credit exposures. Also during the annual period ended December 31, 2008, due to the continued turmoil in the US sub-prime mortgage credit market, there were several downgrades but no reference obligation included in the portfolios was subject to a credit event.

Further to an agreement on October 2006 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 Contract 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 Maturity Date if Deutsche Bank exercises, each five year, its right to postpone such date.

### *Subsequent Events*

As mentioned above (see section **2. Risks , Counterparty Risk**) on January 12, 2009 the Investors Committee announced that the Superior Court of Ontario had granted the Plan Implementation Order and on January 20, 2009, the Disengagement Transaction was completed, followed by the implementation of the Plan on January 21, 2009. Consequently, since January 20, 2009, Global DIGIT II’s swap counterparty for the Financial Contract is Deutsche Bank instead of Silverstone and funds available to pay distributions and redemptions now flow directly from Deutsche Bank and are no longer 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.

Following the closing of the Disengagement Transaction, funds held in escrow under the standstill agreement between Global DIGIT II and Silverstone were released to Global DIGIT II. Therefore, on January 30, 2009, Global DIGIT II paid the distribution of \$0.0687 per unit declared on July 18, 2007 but suspended due to the ABCP crisis. Also, on February 13, 2009, Global DIGIT II paid an extraordinary distribution of \$1.07 per unit and retained the equivalent of approximately \$0.10 per unit, representing an aggregate amount of about \$1 million or less than 1% of Global DIGIT II’s assets. The Trustee of Global DIGIT II has decided to keep this cash amount as a reserve to meet future obligations which may arise from time to time until the Maturity Date.

Also following closing of the Disengagement Transaction, Global DIGIT II received from Silverstone a one-time payment of \$0.635 per unit, representing the amounts accreted (the “**Accreted Amount**”) in respect of the residual amount that would otherwise have been payable to Global DIGIT II at the maturity date of the Financial Contract. This payment of \$0.635 per unit was part of amounts accruing at the Silverstone level which were destined to recover over the term of Global DIGIT II duration its initial public offering costs of \$0.65 per unit. Since Global DIGIT II received payment of the Accreted Amount prior to the Maturity Date, Global DIGIT II announced on January 28, 2009 that such Accreted Amount would be distributed on March 13, 2009 by way of a one-time distribution of \$0.635 per unit.

The Trustee has decided to pay to investment advisors a service fee for the period between August 2007 and February 2009 calculated on the basis of the monthly published NAV instead of the outstanding amount (net proceeds of the offering less any losses). The savings realized by this measure for the suspended period will be passed on to Unitholders on April 16, 2009 through a special payment of \$0.05 per unit. In addition, starting March 2009 until maturity, Global DIGIT II will no longer pay any service fee to the investment advisors.

#### *Future Accounting Changes*

In February 2008, the Canadian Accounting Standards Board confirmed that all publicly accountable enterprises will be required to report under IFRS in 2011. IFRS will replace Canadian GAAP. Consequently, starting on January 1, 2011, these standards will apply to Global DIGIT II. Global DIGIT II is evaluating the impact of the initial application of these standards on the financial statements.

### **5. Related Party Transactions**

The Trustee is responsible for the management of Global DIGIT II and National Bank of Canada (“NBC”) is the Administrative Agent for Global DIGIT II. Natcan Trust Company, a subsidiary of NBC, acts as custodian of the assets of Global DIGIT II. Natcan Trust Company will also act as investment advisor of Global DIGIT II if so required by the Trustee. The promoter is National Bank Financial, a subsidiary of NBC. In 2008 and 2007, fees earned by such related parties were the following:

<b>Related Party</b>	<b>Type of fees</b>	<b>2008</b>	<b>2007</b>
Trustee	Management fees <sup>(1)</sup>	\$150,735	\$103,894
National Bank of Canada	Administrative Agent fees	\$26,093	\$28,029
National Bank Financial	Servicing fees <sup>(2)</sup>	\$69,288	\$96,786
Natcan Trust	Custodial fees	<u>\$794</u>	<u>\$6,517</u>
<b>TOTAL</b>		<b>\$246,910</b>	<b>\$235,226</b>

(1) These fees are paid by the Trustee to its directors as attendance and director fees.

(2) These fees are paid to the investment advisors of NBF's clients.

As mentioned above (see section **1. Investment Objective and Strategies**), in order to meet its investment objectives, Global DIGIT II originally entered into the Financial Contract with Silverstone. The trustee of Silverstone was Metcalfe & Mansfield Alternative Investments II Corp. and had the same board of directors as the Trustee of Global DIGIT II. All operations between Global DIGIT II and Silverstone are described in notes 8 and 9 of Global DIGIT II 2008 audited financial statements.

As mentioned above (see section **3. Results of Operations, Investments**) Global DIGIT II has a term deposit with NBC, such term deposit being pledged as collateral under the Financial Contract. The term deposit bears interest at a rate of 3.922%, payable monthly until March 2010.

All related party transactions occurred in the normal course of business and were measured at the exchange value, which is the amount established and agreed between the related parties.

## 6. Independent Review Committee

In 2007, the Trustee established an Independent Review Committee (“**IRC**”) 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 IRC are:

<b>Name</b>	<b>Residence</b>	<b>First appointment date</b>
Yves Julien (Chair)	Montreal, Quebec	November 1, 2007
Jean Durivage	Lac Brome, Quebec	November 1, 2007
Jacques Valotaire	Longueuil, Quebec	November 1, 2007

All members of the IRC are independent within the meaning of National Instrument 81-107.

During the reporting period, the Trustee as manager has relied upon the following recommendations granted by the IRC in accordance with National Instrument 81-107:

The IRC has provided its positive recommendation in respect of a standstill agreement between Global DIGIT II and its swap counterparty Silverstone, whereby each party’s rights and interests were preserved while a solution for the Third Party ABCP was being negotiated. The IRC also provided its positive recommendation in regards to a Disengagement Transaction whereby Silverstone was effectively replaced by Deutsche Bank. This recommendation was further extended to 2009 with the transaction taking place on January 20, 2009. Global DIGIT II respected all the conditions imposed by the IRC such as the Court approval for the Third Party ABCP Plan, that the Disengagement Transaction was implemented without changes and within a determined delay and that a copy of the final document be delivered to the IRC.

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

## 7. 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.

### Net Asset Value per unit:

	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005 (10 1/3 months)	March 11, 2005 <sup>(1)</sup>
<b>Weighted average number of outstanding units</b> .....	10,392,283	11,496,004	14,124,646	14,950,000	14,950,000
<b>Net Asset Value, beginning of period</b> <sup>(2)</sup> .....	<b>\$1.03</b>	<b>\$8.73</b>	<b>\$9.51</b>	<b>\$9.35</b>	<b>\$10.00</b>
<b>Increase (decrease) in net assets from operations</b> <sup>(2)</sup> .....					
Total revenues .....	\$2.04	\$2.11	\$2.00	\$1.67	-
Total expenses .....	(\$1.09)	(\$1.10)	(\$1.06)	(\$0.85)	-
Adoption of Financial Instruments Standards..	-	(\$0.16)	-	-	-
Realized gains (losses) for the period .....	-	(\$0.69)	(\$0.04)	-	-
Unrealized gains (losses) .....	\$0.16	(\$7.04)	(\$0.88)	-	-
<b>Total increase (decrease) in net assets from operations</b> <sup>(2)</sup>	<b>\$1.11</b>	<b>(\$6.88)</b>	<b>\$0.02</b>	<b>\$0.82</b>	<b>-</b>
Issue expenses <sup>(3)</sup> .....	-	-	-	-	(\$0.65)
<b>Declared Distributions</b> <sup>(2)</sup> :					
Return of capital <sup>(4)</sup> .....	-	(\$0.48)	(\$0.82)	(\$0.66)	-
<b>Total Distributions</b> <sup>(2)</sup>	<b>-</b>	<b>(\$0.48)</b>	<b>(\$0.82)</b>	<b>(\$0.66)</b>	<b>-</b>
<b>Net Asset Value, end of period</b> <sup>(2)</sup> .....	<b>\$2.14</b>	<b>\$1.03</b>	<b>\$8.73</b>	<b>\$9.51</b>	<b>\$9.35</b>

(1) At inception.

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

(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) All declared distribution were paid on their scheduled payment dates except for the July 2007 distribution whose payment was delayed until February 2009 due the Third Party ABCP crisis (see section 2. Risks, Counterparty Risk).

### Ratios and Supplemental Data:

	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005	March 11, 2005 (at inception)
Net Asset .....	\$22,287,073	\$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 .....	\$2.14	\$1.03	\$8.73	\$9.51	\$9.35
Management expenses .....	\$1,119,723	\$1,330,395	\$1,123,654	\$787,537 <sup>(1)</sup>	-
Management expense ratio .....	6.69%	2.59%	0.85%	0.56%	-
Portfolio turnover rate .....	-	-	-	-	-
Trading expenses ratio .....	-	-	-	-	-
Market price of the units .....	\$1.09	\$3.00	\$8.47	\$9.06	\$10.00

(1) Expenses for 9.7 months of operations.

*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 Contract. In the interim, the unrealized gain or loss reflects variations in the value of the Financial Contract as calculated from time to time. If the “accreted value” of the units is defined as their NAV adjusted value to exclude any unrealized gain or loss on the Financial Contract 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 Date. Another way to look at the accreted value is to view it as the net asset of Global DIGIT II valued at cost, less realized impairments.

<b>Accreted Value:</b>	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005 (10 1/3 months)	March 11, 2005 <sup>(1)</sup>
<b>Weighted average number of units outstanding</b>	<b>10,392,283</b>	<b>11,496,004</b>	<b>14,124,646</b>	<b>14,950,000</b>	<b>14,950,000</b>
<b>Accreted Value at beginning <sup>(2)</sup></b> .....	<b>\$9.85</b>	<b>\$9.61</b>	<b>\$9.51</b>	<b>\$9.35</b>	<b>\$10.00</b>
<b>Increase (Decrease) from operations:</b>					
Total revenues .....	\$2.04	\$2.11	\$2.00	\$1.67	-
Total expenses .....	(\$1.09)	(\$1.10)	(\$1.06)	(\$0.85)	-
Realized gains (losses) for the period .....	-	(\$0.69)	(\$0.04)	-	-
<b>Issue expenses <sup>(1)</sup></b> .....	-	-	-	-	<b>(\$0.65)</b>
<b>Distributions</b> .....	-	<b>(\$0.48)</b>	<b>(\$0.82)</b>	<b>(\$0.66)</b>	-
<b>Amount included in the segregated account</b>	<b>(\$0.82)</b>	<b>(\$0.35)</b>	-	-	-
<b>Accreted Value at end <sup>(2)</sup></b> .....	<b>\$9.98</b>	<b>\$9.85</b>	<b>\$9.61</b>	<b>\$9.51</b>	<b>\$9.35</b>
<b>Reconciliation of the Accreted Value and the Net Asset Value</b>					
Accreted Value at end of period <sup>(2)</sup> .....	<b>\$9.98</b>	<b>\$9.85</b>	<b>\$9.61</b>	<b>\$9.51</b>	<b>\$9.35</b>
Unrealized gains and losses since inception .....	(\$7.92)	(\$8.08)	(\$0.88)	-	-
Amount accumulated in the segregated account .....	\$1.17	\$0.35	-	-	-
<b>Net Asset Value, end of period <sup>(2)</sup></b> .....	<b>\$2.14</b>	<b>\$1.03</b>	<b>\$8.73</b>	<b>\$9.51</b>	<b>\$9.35</b>

(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.

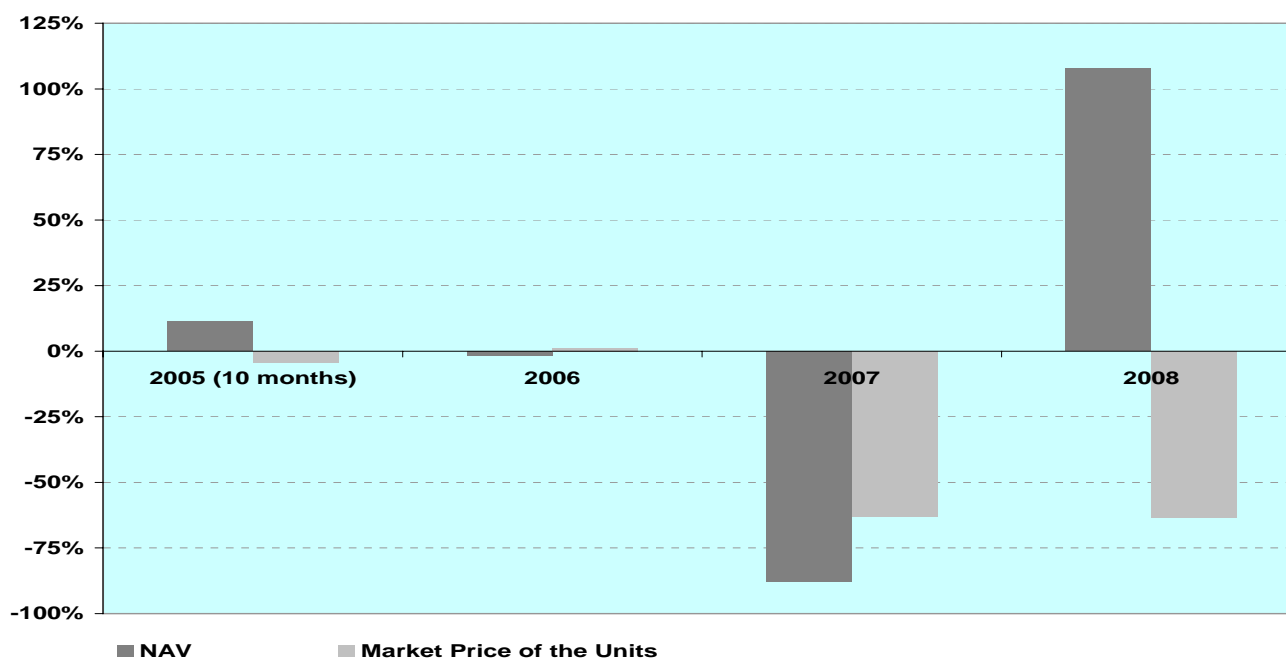
(2) The Accreted Values and the Net Asset Value are based on the actual number of units outstanding at the relevant time. The increase / decrease from operations and distributions are based on the weighted average number of units outstanding over the financial period.

The \$9.98 accreted value as at December 31, 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. The \$0.635 that has been accrued for recovery of issue costs has been remitted by Silverstone to Global DIGIT II on January 21, 2009, but the balance of \$0.015 not yet accrued will not be recovered. Moreover, as mentioned above (see section 4. **Recent Developments, Subsequent Events**), since Global DIGIT II received payment of the Accreted Amount prior to the expected maturity date of Global DIGIT II, Global DIGIT II announced on January 28, 2009 that such Accreted Amount would be distributed on March 13, 2009 by way of a one-time distribution of \$0.635 per unit.

## 8. Past Performance

The following bar chart and table indicate the performance of the units by showing for the period the return by fiscal year and compound returns from inception assuming all distributions made by Global DIGIT II in the periods shown were reinvested at the NAV or at the market price of the units, as the case may be.

### Annualized Performance of Global DIGIT II based on NAV and based on Market Price of the Units



### Annual Compound Returns

	1 Year	3 Year	Since inception
Based on NAV <sup>(1)</sup>	107.8%	-36.9%	-28.8%
Based on Market Price of the Units <sup>(2)</sup>	-63.7%	-48.6%	-41.3%

(1) Calculated from initial net asset value of \$9.35 and December 31, 2008 net asset value of \$2.14 assuming all distributions reinvested.

(2) Calculated from issue price of \$10.00 and December 31, 2008 market price of \$1.09 per unit assuming all distributions reinvested.

## 9. Summary of the Investment Portfolio

- 1) Swap agreements A, B and C for a total notional value of \$97,319,000;
- 2) NBC rated Aa2/A/AA(low) (Moody's/S&P/DBRS) term deposit note of \$77,344,481 and
- 3) An interest-bearing receivable of \$19,974,519 under the swap agreements A, B and C.

As of December 31, 2008, the unrealized loss on the swap agreements A, B and C was \$94,642,278 and the unrealized gain on the NBC term deposit note together with the interest-bearing receivable was \$1,148,364.

*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.

### ***Credit Risk***

As a result of entering into the Financial Contract, 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).

### ***Ratings of the Reference Obligations***

Credit ratings on the 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 Deutsche Bank***

Because the capacity of Global DIGIT II to redeem Units on the Expected Maturity Date or to make distributions during the duration of the transaction depends on the receipt of a payment from Deutsche Bank at that date under the Financial Contract, whether Unitholders will receive the targeted distribution and subscription price repayment is dependent upon the financial health and creditworthiness of Deutsche Bank.

### ***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.

***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.

None of the Trustee, 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***

There can be no assurance that Global DIGIT II will be able to maintain the monthly distributions to the Unitholders should credit events occur. The eventual occurrence of credit events will decrease the monthly distributions to be paid to Unitholders.

**SCHEDULE B  
PORTFOLIO A**

Issuer	Series	ISIN	Expected Average Life as of 12-Dec-2008	Rating as of December 31, 2008			Weighting	Exposure \$
				S&P	Moody's	Fitch		
A4 Funding LP	2003-A	US008275AA74	1.60	AAA	Aaa	NR	0.41%	10 268 716
ABACUS Ltd	2006-10	US00257AAA51	6.87	AAA	Aaa	NR	1.57%	23 634 614
Access Group Inc	2002-A	US00432CAQ42	1.29	AAA	Aaa	AAA	0.22%	5 447 771
ACCREDITED MORTGAGE LOAN TRUST	2005-2	US004375DH15_C764626M_C	2.95	A	Baa3	NR	0.18%	4 497 266
Ace Securities Corp	2004-FM1	US004421DL47	1.69	A+	A2	NR	0.04%	905 077
Ace Securities Corp	2004-HE3	US004421HT37	0.42	AA	Baa2	NR	0.36%	8 976 768
Ace Securities Corp	2004-HE3	US004421HU00	0.45	BBB	Baa3	NR	0.10%	2 477 998
Ace Securities Corp	2004-HE4	US004421JL82	1.14	AA	Baa1	NR	0.41%	10 292 539
Alrcastle Aircraft Lease Backed Trust	2006-1	US00505HAA05	2.35	A-	A2	NR	0.80%	19 830 162
Alesco Preferred Funding , Ltd	14A	US014498AB56	7.33	AAA	Aaa	AAA	1.14%	23 634 614
Alesco Preferred Funding , Ltd	10A	US01449WAB28	7.28	NR	Aaa	AAA	1.06%	23 634 614
Alesco Preferred Funding I, Ltd	1	US01447YAA29	3.84	BBB+	Aa1	AAA	0.37%	9 237 471
ALESCO PREFERRED FUNDING, LTD.	7A	US01448YAB92	6.28	AAA	Aaa	AAA	0.77%	19 255 987
Alpine III	III	US021059AA87	2.67	AAA	Aaa	NR	0.48%	11 940 367
ALPSTAR CLO 1 PLC	1	XS0249393595	5.87	AAA	Aaa	NR	0.89%	22 226 046
Annington finance no. 4 plc	B3	XS0198259813	5.33	A	A1	A	0.67%	16 685 470
Anthracite CDO II Ltd	2002	US03702SAA15	2.12	AAA	Aaa	AAA	0.28%	7 062 997
Anthracite CDO Ltd	1	US03702WAA27	3.39	AAA	Aaa	AAA	0.34%	8 371 362
Anthracite CDO, Ltd.	2002-CIBA	US03702LAA61	2.33	AAA	Aaa	AAA	0.34%	8 424 539
ANTHRACITE CDO, LTD.	2006-HY3A	US03703FAA84	6.09	BBB	Aaa	A	0.26%	6 395 193
Arbor Realty Mortgage Securities Series 2005-1, Ltd	2005-1A	US038927AA73	2.97	AAA	Aaa	AAA	0.38%	9 552 294
Arcap REIT, Inc	2004-1	US039279AD64	3.44	A	A1	AA+	0.10%	2 388 073
Archimedes Funding IV (Cayman) Ltd.	4X	USG04532AA82	1.08	AAA	Aaa	NR	0.12%	2 920 268
Ares Commercial Loan Trust 2006-1	2006-1	US002043AG23	5.27	A	A2	NR	0.15%	3 820 918
ARTS Ltd	2005	US00971VAB27	2.25	A	Baa1	NR	0.22%	5 444 808
Asset Backed Securities Corporation	2004-HE8	US04541GMP45	1.76	A	A2	A	0.58%	14 328 441
Atrium CDO	1	US04963JAA34	1.58	AAA	Aaa	NR	0.82%	20 521 751
ATTENTUS CDO LTD.	2006-1A	US049730AC83	7.41	A+	Ba1	BBB+	0.46%	11 462 753
Aviation Capital Group Trust	2003-2	US004448AA42	1.63	AA	Aa2	NR	0.87%	21 639 409
BALLYROCK CDO LIMITED	2	US058739AA12	2.44	AAA	Aaa	NR	1.15%	23 634 614
Bamburgh Finance No. 1 Plc	1	XS0159966844	2.14	AAA	NR	AAA	0.47%	11 798 116
Bayview Commercial Asset Trust	2006-4A	US07325BAC28	2.37	AAA	Aaa	AAA	0.38%	9 432 465
BAYview commercial Asset Trust	2005-3A	US07324SCB60	4.13	AAA	Aaa	AAA	0.13%	3 322 304
BAYview commercial Asset Trust	2005-3A	US07324SCC44	5.45	NR	Aaa	AAA	0.67%	16 725 829
Bayview commercial Asset Trust 2005-4	2005-4A	US07324SCS95	3.54	AAA	Aaa	AAA	0.72%	17 803 724
Bear Stearns Alt-A Trust	2004-13	US07386HPY17	0.68	AAA	Aaa	NR	0.17%	4 310 975
Bear Stearns Asset Backed Securities I LLC	2004-HE11	US073879NZ74	2.30	A	A2	NR	0.23%	5 731 376
BELLA VISTA MORTGAGE TRUST	2005-1	US07820QBM69	1.46	AAA	Aaa	NR	0.19%	4 847 764
BELLA VISTA MORTGAGE TRUST	2005-2	US07820QCE35	0.77	AAA	Aaa	NR	0.14%	3 389 050

PORTFOLIO A (continued)

Issuer	Series	ISIN	Expected Average Life as of 12-Dec-2008	Rating as of December 31, 2008			Weighting	Exposure \$
				S&P	Moody's	Fitch		
BL Super Finance		XS0244892054	4.31	AA	NR	AA	0.60%	14 936 751
BLACK Diamond CLO 2005-1 Ltd	2005-1	US09202EAE68	6.03	A-	A2	NR	0.23%	5 731 376
Brascan Real Estate Financial Partners LLC	2004-1	US10550TAA79	1.85	AAA	Aaa	NR	0.15%	3 825 919
Brascan Structured Notes 2005-2 Ltd	2005-2A	US10550YAA64	2.79	AAA	Aaa	AAA	0.19%	4 776 147
BROADWICK FUNDING, LTD.	2006-1A	US11161RAD44	1.33	CC	Ca	NR	0.26%	6 445 223
CAPITALSOURCE COMMERCIAL LOAN TRUST	2006-2A	US14056GAC24	3.05	AAA	Aaa	AAA	0.42%	10 507 523
CAPITALSOURCE COMMERCIAL LOAN TRUST	2006-2A	US14056GAE89	3.27	A	A2	A	0.29%	7 283 624
CAPITALSOURCE REAL ESTATE LOAN TRUST	2006-1A	US140560AD50	4.86	A+	A1	A+	0.38%	9 552 294
CapMark VII-CRE Ltd	2006-7	US14068XAB38	5.60	AAA	Aaa	AAA	0.27%	6 686 606
Carbon Capital II Real Estate CDO 2005-1, Ltd	2005-1	US140818AA38	2.58	AAA	Aaa	NR	0.16%	3 938 900
Castle Hill II - Ingots , Ltd	2	US14845TAA43	0.97	AAA	Aaa	AAA	0.80%	19 991 752
Castle Trust	2003-1	US14852MAF86	4.43	AAA	Aa2	NR	0.30%	7 512 561
C-Bass Ltd	16A	US12498YAE95	4.73	CC	C	C	0.50%	12 417 982
CCCIT	2002-A4	US17305EAZ88	5.74	AAA	Aaa	AAA	0.58%	14 328 441
CDC Mortgage Capital Trust	2004-HE4	US45071KAF12	0.24	A	Baa2	BBB+	0.17%	4 296 001
CHL Mortgage Pass-Through Trust 2004-25	2004-25	US12669GKJ93	2.53	AAA	Aaa	NR	0.18%	4 480 557
CHL Mortgage Pass-Through Trust 2004-29	2004-29	US12669GJC69	3.76	AAA	Aaa	NR	0.33%	8 192 636
Citigroup Mortgage Loan Trust, Inc	2004-RES1	US17307GKP27	1.30	AA-	A1	NR	0.04%	1 034 907
Coast CFO LTD	2006-1A	US190320AA91	4.25	AA	Aa1	NR	0.77%	19 104 588
COUNTRYWIDE ALTERNATIVE LOAN TRUST	2005-J2	US12667F6A87	4.88	AAA	NR	AAA	0.62%	15 336 578
COUNTRYWIDE ALTERNATIVE LOAN TRUST	2005-45	US12667G6R94	6.50	AA	B2	NR	0.42%	10 481 576
COUNTRYWIDE ALTERNATIVE LOAN TRUST	2005-59	US12668AFA88	4.86	CCC	Ca	NR	0.54%	13 313 505
COUNTRYWIDE ALTERNATIVE LOAN TRUST	2005-56	US12668AMB88	2.71	A+	B3	NR	0.13%	3 215 463
Countrywide Asset Backed Certificates	2004-5	US1266716H42	3.24	AAA	Aaa	AAA	0.10%	2 612 134
Countrywide Asset Backed Certificates	2004-8	US126673EU25	2.63	AAA	NR	AAA	0.21%	5 226 700
Countrywide Asset Backed Certificates	2004-11	US126673LQ30	2.84	AAA	NR	AAA	0.24%	6 024 788
COUNTRYWIDE ASSET-BACKED CERTIFICATES	2004-13	US126673RQ75	1.13	A	A2	NR	0.10%	2 388 073
COUNTRYWIDE HOME LOANS	2005-7	US12669GNQ00	3.35	AAA	Aaa	NR	0.09%	2 227 256
COUNTRYWIDE HOME LOANS	2005-3	US12669GTT84	2.15	AAA	Aaa	NR	0.71%	17 695 155
CREST 2002-1 Ltd	2002-IG	USG2550JAA90	2.00	AAA	Aaa	AAA	0.10%	2 584 613
DECO		XS0235683736	6.62	AA	Aa2	AA-	0.47%	11 589 982
DECO		XS0235684114	6.62	A	A2	A-	0.47%	11 589 982
Dow Jones CDX.EM.Diversified 7years	3	EMDJCDX7YAAA	4.52	AAA	Aaa	NR	0.96%	23 634 614
Dow Jones CDX.NA.IG.2 2009	NA.IG.2	DJ_CD_X_10-15_C	0.77	AAA	Aaa	NR	0.96%	23 634 614
Downey Savings and Loan Association, FA	2004-AR1	US23332UAA25	3.48	AAA	Aaa	NR	0.10%	2 575 927
Downey Savings and Loan	2004-AR1	US23332UAC80	3.31	AAA	Aaa	NR	0.50%	12 432 393

PORTFOLIO A (continued)

Issuer	Series	ISIN	Expected Average Life as of 12-Dec-2008	Rating as of December 31, 2008			Weighting	Exposure \$
				S&P	Moody's	Fitch		
Association, FA								
DRYDEN LEVERAGED LOAN CDO	2003-5A	US26243WAA99	2.15	AAA	Aaa	NR	0.48%	11 940 367
DSLA MORTGAGE LOAN TRUST	2004-AR2	US23332UAR59	2.95	AAA	Aaa	NR	0.39%	9 618 122
DSLA MORTGAGE LOAN TRUST	2005-AR1	US23332UCN28	2.51	AAA	Aaa	NR	0.10%	2 587 119
DSLA MORTGAGE LOAN TRUST	2005-AR1	US23332UCP75	2.51	AAA	Aaa	NR	0.12%	3 032 383
DSLA MORTGAGE LOAN TRUST	2205-AR3	US23332UDX90	3.69	AAA	A2	NR	0.63%	15 626 919
Duke Weeks Industrial Trust	2000-DW1	US36228CHK27	1.83	AAA	Aaa	AAA	1.61%	23 634 614
Eagle Creek CLO Ltd	2006-1	US269491AE68	7.21	A	A2	NR	0.34%	8 358 257
Exum Ridge	IV	US76129SAB07	3.03	AAA	Aaa	NR	0.76%	19 009 065
FAXTOR ABS BV	2004-1X	XS0191002780	4.37	AAA	Aa3	NR	0.20%	4 865 986
Fort Point CDO Ltd	2003-2A	US348522AA18	1.95	BBB	Aa2	BB	0.19%	4 722 887
Fortius Funding, Ltd	2006-1	US34958CAB00	2.66	B-	B2	NR	0.14%	3 592 421
FORTRESS CREDIT INVESTMENTS LTD	2006-1A	US34957TAD00	6.28	A	A1	NR	0.15%	3 820 918
Four Corners CLO	1A	US35083VAL18	7.54	A	A2	NR	0.16%	3 892 560
Franklin CLO	4A	US352504AA20	2.27	AAA	Aaa	NR	1.14%	23 634 614
GALL 2005-1A A1L	2005-1A	US363631AA07	1.66	AAA	Aaa	NR	1.13%	23 634 614
GLACIER FUNDING CDO	2006-4A	US37638NAB73	2.33	CC	C	NR	0.17%	4 207 103
Global Leveraged Capital Credit	2006-1A	US379372AA30	5.36	AAA	Aaa	NR	1.63%	23 634 614
GRAPHITE MORTGAGES PLC	2006-1	GRAPH_LSS	4.67	NR	NR	AAA	0.86%	21 492 661
GRAPHITE MORTGAGES PLC		XS0258744555	2.66	AA-	Aa2	AA-	0.77%	19 172 632
GREENPOINT MORTGAGE FUNDING TRUST	2006-AR1	US39538WFM55	2.45	A	Aaa	NR	0.59%	14 727 858
GREENPOINT MORTGAGE FUNDING TRUST	2007-AR1	US39539KAJ25	2.29	AA+	Aa1	NR	0.67%	16 716 514
GreenPoint Mortgage Funding Trust 2006-AR3	2006-AR3	US39538WHP68	3.26	CCC	B3	NR	0.21%	5 253 762
GreenPoint MTA Trust 2005-AR2	2006-AR6	US39538BAK08	1.96	B	A1	NR	0.48%	11 940 367
GreenPoint MTA Trust 2005-AR2	2005-AR2	US39538RBD08	2.93	AAA	Aa3	NR	0.13%	3 188 534
GreenPoint MTA Trust 2006-AR7	2006-AR7	US39538CAK80	1.80	B	A1	NR	0.77%	19 104 588
GreenPoint MTA Trust 2006-AR8	2006-AR8	US39539HAG56	1.82	B	Aaa	NR	0.48%	11 940 367
GSC Partners CDO Fund, Limited	2006-7	US36298AAD46	7.45	AA	Aa2	NR	0.58%	14 328 441
GSR Mortgage Loan Trust	2006-OA1	US362631AD55	2.61	BB	A3	NR	0.48%	11 852 600
HARBORVIEW MORTGAGE LOAN TRUST	2004-9	US41161PHV85	3.21	AAA	Aaa	NR	0.12%	2 954 782
Harborview Mortgage Loan Trust Series 2006-12	2006-12	US41162DAN93	3.69	CC	Caa2	NR	0.29%	7 164 220
Harborview Mortgage Loan Trust Series 2006-9	2006-9	US41161XAH98	4.02	NR	B3	NR	0.58%	14 328 441
INDYMAC INDX MORTGAGE LOAN TRUST	2004-AR14	US45660LAB53	3.45	AAA	Aaa	NR	0.13%	3 245 303
INDYMAC INDX Mortgage Loan Trust	2005-Ar14	US45660LSD28	2.60	AA+	Baa3	NR	0.43%	10 606 892
INDYMAC INDX Mortgage Loan Trust	2004-AR8	US45660N2K06	0.04	AAA	Aaa	NR	0.07%	1 699 484
INDYMAC INDX MORTGAGE LOAN TRUST	2004-AR12	US45660N5J06	2.74	AAA	Aaa	NR	0.08%	2 101 297
IXIS ABS CDO LTD.	2006-3A	US46603EAA10	2.00	CC	Caa3	NR	0.23%	5 731 376
JER CDO	2005-1A	US46614KAA43	4.86	AAA	Aaa	AAA	1.34%	23 634 614
JER CDO	2005-1A	US46614KAC09	6.52	A	A2	A	0.38%	9 552 294

PORTFOLIO A (continued)

Issuer	Series	ISIN	Expected Average Life as of 12-Dec-2008	Rating as of December 31, 2008			Weighting	Exposure \$
				S&P	Moody's	Fitch		
JETBLUE AIRWAYS PTC 2004-2	2004-1	US47714RAB42	5.26	AA	Baa1	NR	0.55%	13 564 257
Katonah III, Ltd	III	USG52177AA32	1.46	AAA	Aaa	NR	0.55%	13 733 700
Katonah IV, Ltd.	IV	USG52168AA25	2.00	AAA	Aaa	NR	0.68%	17 004 450
Landmark CDO, LLC	2003-3	US51507JAA79	1.52	AAA	Aaa	NR	0.63%	15 761 285
LEHMAN XS TRUST	2005-9N	US525221GN14	0.45	AAA	Aaa	NR	0.23%	5 600 399
LEHMAN XS TRUST	2006-2N	US525221HB66	0.45	AAA	Aaa	NR	0.82%	20 328 018
LEHMAN XS TRUST		US52522CAD56	0.87	AAA	Aaa	NR	0.44%	10 915 108
LEHMAN XS TRUST		US52522DAP69	0.21	AA	Aaa	NR	0.67%	16 593 987
LNR	2002-1A	US50211NAA72	2.28	AAA	Aaa	AAA	0.77%	19 141 364
LNR CDO LTD.	2003-1A	US50211MAA99	2.07	AAA	Aaa	AAA	0.13%	3 263 924
Long Beach Mortgage Loan Trust	2004-2	US542514FZ20	2.04	A	A2	A	0.05%	1 350 121
MARATHON FINANCING, B.V.	2006-1A	US56580TAA43	6.56	AAA	Aaa	NR	1.71%	23 634 614
Marquette Park CLO Ltd	2005-1A	US57160RAB24	7.33	A	A2	NR	0.27%	6 686 606
MCG Commercial Loan Trust 2006-1	2006-1A	US55271KAM36	2.85	AAA	Aaa	NR	0.32%	7 880 643
MCG Commercial Loan Trust 2006-1	2006-1A	US55271KAQ40	3.60	AA	Aa2	NR	0.38%	9 552 294
MERRILL LYNCH MORTGAGE INVESTORS, INC.	2004-W2	US59020UQX62	1.27	A	A2	NR	0.54%	13 373 212
Merrill Lynch Mortgage Investors, Inc.	2005-NC1	US59020URQ03	2.54	A+	A2	NR	0.33%	8 119 450
Merritt Funding Trust	2005-1A	US590428AG30	0.34	A	A2	NR	0.17%	4 337 171
Midgaard Finance Ltd	1	XS0190303189	2.37	A+	Aa1	AA-	0.64%	15 992 902
ML AAA Financials 10_15%		AAAFIN10-15_C974798M_C	4.31	AAA	Aaa	NR	1.35%	23 634 614
Morgan Stanley ABS Capital I	2004-NC4	US61744CCJ36	0.95	A	A2	A	0.37%	9 098 587
MORGAN STANLEY ABS CAPITAL I	2004-HE8	US61744CHE93	0.66	A	A2	A	0.38%	9 340 233
Morgan Stanley ABS Capital I	2004-NC5	US61746RFW60	1.16	A	A2	A	0.23%	5 687 601
MORGAN STANLEY Capital I	2006-SRR1	BCC0SU391	2.79	AAA	Aaa	NR	1.04%	23 634 614
Morgan Stanley Dean Witter Capital I Inc. Series 2003-NC2	2003-NC2	US61746WA750	2.22	AA+	Aaa	AA	0.27%	6 661 653
MPS Assets Securitisation S.p.A	1	IT0003366314	0.89	AAA	Aaa	NR	0.11%	2 853 859
NOMURA CRE CDO LTD	2007-2A	US65537HAA59	4.94	AAA	Aaa	AAA	0.44%	10 985 138
Northwoods Capital Limited	2004-4A	USG66661AA01	2.77	AAA	Aaa	NR	0.58%	14 328 441
N-star Real Estate CDO LTD	2006-6A	US62940PAC14	4.13	A+	A1	A+	0.21%	5 134 358
NYLIM FLATIRON CLO LTD.	2003-1A	US62948MAA45	1.54	AAA	Aaa	NR	0.43%	10 704 178
NYLIM FLATIRON CLO LTD.	2004-1	US67073MAC64	7.10	A	A2	NR	0.23%	5 731 376
Oak Hill Credit Partners II, Limited	II	US67133UAA07	2.02	AAA	Aaa	NR	0.67%	16 716 514
Octagon Investment Partners V, Ltd.	V	US67571MAA71	2.09	AAA	Aaa	NR	0.84%	21 015 047
Pan-European Industrial Properties	3	XS0163580961	1.39	AA	A2	NR	0.38%	9 444 162
Permanent Custodians Limited	2002-1A	AU000CRU3025	0.75	AAA	Aaa	NR	0.30%	7 560 415
Phoenix Funding Ltd	2001-1	XS0125438670	1.77	AA	Aa1	NR	0.33%	8 152 990
PREFERRED TERM SECS XVI	XVI	US74041EAA38	6.53	BBB-	Aaa	AAA	1.71%	23 634 614
Preferred Term Securities 20 Ltd	XX	US74042DAA46	5.49	AAA	Aaa	AAA	1.27%	23 634 614
Preferred Term Securities 22 Ltd	XXII	US74042MAA45	4.53	AAA	Aaa	AAA	0.94%	23 451 788
Preferred Term Securities 23 Ltd	XXIII	US74043AAE10	7.78	AAA	Aaa	AAA	0.57%	14 142 623
Preferred Term XIX	XIX	US74042HAA59	4.83	AAA	Aaa	AAA	1.24%	23 634 614

PORTFOLIO A (continued)

Issuer	Series	ISIN	Expected Average Life as of 12-Dec-2008	Rating as of December 31, 2008			Weighting	Exposure \$
				S&P	Moody's	Fitch		
Project Funding Corporation I	I	US74338PAA03	0.09	B	Ba2	B	0.03%	827 814
Puma MasterFund P8	P8	AU000PT10403	0.70	AAA	Aaa	NR	0.52%	12 958 681
RACE POINT CLO	2A	US74981SAA42	2.19	AAA	Aaa	AAA	0.40%	9 886 624
RAMS MORTGAGE SECURITIES PTY LIMITED	2004-1E	AU300RMM1016	1.40	AAA	Aaa	NR	0.17%	4 127 167
Residential Asset Securities Corporation	2004-KS5	US76110WYN00	1.27	A+	A2	BBB-	0.05%	1 207 867
RMAC	2003-NS2X	XS0171105439	0.48	AAA	Aa3	AA+	0.00%	23
RMAC	2003-NS3X	XS0177532743	0.63	AAA	Aa3	AA+	0.96%	23 634 614
RMAC 2003-NS1 Plc.	2003-NS1	XS0163011165	1.01	AAA	Aa3	NR	0.58%	14 484 507
RMS Trust 2002-1	2002-1	AU000RM00033	0.43	AAA	Aaa	NR	0.26%	6 518 959
Rosetta SA	I	XS0156925967	1.70	AAA	Aaa	NR	0.48%	12 007 601
Rosetta SA	I	XS0156926007	3.05	AA	Aa2	NR	0.37%	9 230 272
Securitized Asset Backed Receivables LLC	2004-OP1	US81375WAC01	2.04	A	A2	A	0.10%	2 532 965
Securitized Asset Backed Receivables LLC	2004-NC1	US81375WAL00	2.04	A	A2	A	0.39%	9 595 414
SECURITIZED ASSET BACKED RECEIVABLES LLC TRUST	2005-HE1	US81375WGG50	2.95	CCC	Caa2	CC	0.29%	7 164 220
SHerwood ABS CDO		US82437RAC51	4.23	CC	Baa3	NR	0.71%	17 671 744
SLM Private Credit Student Loan Trust 2002-A	2004-A	US78443CBH60	7.26	AAA	Aaa	AAA	0.71%	17 671 744
SLM Student Loan Trust	2003-C	US78443CAZ77	2.91	AAA	Aaa	AAA	0.54%	13 373 212
SoundView Home Equity Loan Trust	2006-WF2	US83612MAJ62	3.04	NR	Caa3	CCC	0.58%	14 328 441
SoundView Home Equity Loan Trust	2006-WF2	US83612MAK36	3.04	NR	C	CC	0.12%	2 865 688
STAtic repackaging trust, ltd	2004-1A	US85233VAA98	0.66	AAA	Aa3	NR	0.05%	1 365 097
STATIC RESIDENTIAL CDO (START) 2006-A Ltd	2006-A	US85768VAC81	17.18	CC	Caa2	NR	0.57%	14 256 119
STATIC RESIDENTIAL CDO (START) 2006-B Ltd	2006-B	US85768XAB64	3.00	CC	Ca	NR	0.96%	23 634 614
Sterlingmax MBS Ltd	I	XS0177867255	2.94	NR	NR	AAA	0.67%	16 552 084
Straits Global ABS CDO 2004-1	2004-1	US86258PAB85	4.91	A+	A3	BB	1.34%	23 634 614
STRUCTURED ASSET MORTGAGE INVESTMENTS INC	2006-AR5	US86360JAW18	3.18	CCC	Caa1	NR	0.10%	2 386 346
STRUCTURED ASSET MORTGAGE INVESTMENTS INC	2006-AR5	US86360JAX90	3.18	CCC	Ca	NR	0.10%	2 386 482
STRuctured Asset Mortgage Investments, Inc	2005-AR7	US86359LQV44	2.02	AAA	A3	NR	0.10%	2 509 383
STRUCTURED ASSET SECURITIES CORPORATION	2005-WF4	US863576DK73	2.95	A	Baa1	B	0.19%	4 776 147
Tourmaline CDO	2005-1	US89155XAB91	4.83	CC	Ca	NR	1.23%	23 634 614
Trapeza CDO I, LLC	2002-1	US894127AA77	3.97	AAA	Aa3	AAA	0.08%	2 015 587
Trapeza CDO II, LLC	2003-2	US894128AA50	3.58	AAA	Aaa	AAA	0.15%	3 667 033
Trapeza CDO LLC	2003-4A	US894126AA94	2.05	A	Aa3	AAA	0.66%	16 344 338
TRAPEZA CDO LLC	2003-3A	US89412MAA45	2.11	AAA	Aa3	AAA	1.27%	23 634 614
TRAPEZA CDO LLC	2005-9A	US89413AAB70	6.87	NR	Aaa	AAA	0.38%	9 552 294
UNION SQUARE CDO, LTD	2003-1A	US908393AA98	2.34	AAA	Aaa	NR	0.77%	19 104 588
Venture CBO III CDO Ltd.	2003-1A	US92327WAA09	3.69	AAA	Aaa	NR	0.38%	9 552 294
Vermeer Funding Ltd	2004-1A	US92344VAA17	0.72	AAA	Aa2	AAA	0.26%	6 435 569

**PORTFOLIO A (continued)**

Issuer	Series	ISIN	Expected Average Life as of 12-Dec- 2008	Rating as of December 31, 2008			Weighting	Exposure \$
				S&P	Moody's	Fitch		
VICTORIA FALLS CLO, LTD.	2005-1A	US926244AC81	1.93	AAA	Aaa	NR	0.95%	23 634 614
VICTORIA FALLS CLO, LTD.	2005-HE1	US926244AE48	7.18	A	A2	NR	0.23%	5 731 376
WACHOVIA CRE CDO 2006-1	2006-1	US92978CAA62	3.55	AAA	Aaa	AAA	1.00%	23 634 614
WAMu MOrtgage Passthrough Certificates, Series 2005-AR17	2005- AR17	US92922F7X08	2.12	AAA	Aaa	NR	0.61%	15 093 020
WAMu MOrtgage Passthrough Certificates, Series 2005-AR19	2005- AR19	US92925CBL54	3.29	AA+	Aa1	NR	0.34%	8 414 589
WAMu MOrtgage Passthrough Certificates, Series 2005-AR19	2005- AR19	US92925CBN11	6.04	AA	Aa3	NR	0.20%	5 048 753
WASHINGTON MUTUAL	2005- AR13	US92922F5B06	2.39	A+	A1	NR	0.26%	6 401 335
WASHINGTON MUTUAL	2004- AR10	US92922FXJ29	1.91	AAA	Aaa	NR	0.27%	6 815 922
WASHINGTON MUTUAL	2005- AR19	US92925CBJ09	2.52	AAA	Aaa	NR	0.17%	4 155 931
WASHINGTON MUTUAL	2006-AR9	US93363DAN75	3.25	B+	A3	NR	0.19%	4 775 780
WASHINGTON MUTUAL	2006-AR9	US93363DAP24	3.25	B	Baa2	NR	0.15%	3 820 624
WASHINGTON MUTUAL	2007-OA3	US93364AAF93	5.47	BB	Aaa	NR	1.15%	23 634 614
WASHINGTON MUTUAL	2005-AR1	US939336X573	2.34	AAA	Aaa	NR	0.38%	9 342 481
WILLIAM STREET FUNDING CORPORATION		US969285AL98	3.12	AAA	Aaa	NR	1.65%	23 634 614
WILLIAM STREET FUNDING CORPORATION	2006-2	US969285AN54	4.11	AAA	Aaa	NR	0.58%	14 328 441
WMALT MORTGAGE PASS- THROUGH CERTIFICATES	2006-AR1	US93934FJS20	3.37	B	Baa1	NR	0.60%	14 815 205

**PORTFOLIO B**

Issuer	Series	ISIN	Expected Average Life as of 30-Dec-2008	Rating as of December 31, 2008			Weighting	Exposure \$
				S&P	Moody's	Fitch		
Ace Securities Corp	2004-FM2	US004421GK37	1.78	AA	A2	NR	0.22%	5 538 589
ACE SECURITIES CORP.	2006-HE1	US004421WX73	3.76	CC	C	C	0.58%	14 821 174
ACT 2005-RR Depositor Corp.	2005-RR	US00503NAA90	2.23	BB+	NR	BBB	0.88%	22 412 776
Aegis Asset Backed Securities Trust	2004-6	US00764MCU99	1.53	A	A2	A	0.16%	4 199 336
Alrcastle Aircraft Lease Backed Trust	2006-1	US00505HAA05	2.33	A-	A2	NR	1.64%	31 976 243
Alesco Preferred Funding , Ltd	13	US014495AA35	5.00	AAA	Aaa	AAA	0.28%	7 057 702
Alesco Preferred Funding III, Ltd	III	US01448MAA71	3.92	A+	Aa1	AAA	0.76%	19 501 778
Alesco Preferred Funding V, Ltd	V	US01448TAA25	5.75	AAA	Aaa	AAA	1.83%	31 976 243
ALESCO PREFERRED FUNDING, LTD.	6	US01448XAA37	5.00	AAA	Aaa	AAA	1.21%	30 900 038
Aleutian Investments LLC		US01446EAF60	0.04	A	Baa1	NR	0.79%	20 114 450
Altius Funding Ltd	2005-2	US02149WAD92	2.03	CC	C	NR	0.59%	15 058 555
Annington finance no. 4 plc	B3	XS0198259813	5.30	A	A1	A	0.25%	6 375 554
Archimedes Funding IV (Cayman) Ltd.	4	US039549AA87	1.04	AAA	Aaa	NR	0.14%	3 514 564
Asset Backed Securities Corp Home Equity	2005-HE2	US04541GQD78	2.51	A	Ba1	BB	0.01%	194 087
Avalon Capital Ltd 3	3	US05342RAD89	6.03	A	A2	NR	0.28%	7 057 702
Aviation Capital Group Trust	2003-2	US004448AA42	1.63	AA	Aa2	NR	1.04%	26 657 331
BAYview commercial Asset Trust	2005-2A	US07324SBN18	5.45	AAA	Aaa	AAA	0.76%	19 455 916
Bayview commercial Asset Trust 2005-4	2005-4A	US07324SCR13	3.51	AAA	Aaa	AAA	1.25%	31 976 243
BEAR STEARNS ASSET BACKED SECURITIES, INC.	2006-HE3	US07387UHW45	5.09	B	Caa2	NR	0.25%	6 351 932
BLACKROCK SENIOR INCOME SERIES CORP.	2004-2	US09250FAG90	6.42	A	A2	NR	0.36%	9 157 368
BROADWICK FUNDING, LTD.	2006-1A	US11161RAF91	20.74	CC	C	NR	0.40%	10 248 359
CAPITAL ONE MULTI-ASSET EXECUTION TRUST		XS0203199509	6.07	A	A2	A	0.14%	3 528 851
CAPITAL TRUST RE CDO LTD.	2004-1A	US140574AA24	0.58	AAA	Aaa	AAA	0.75%	19 267 193
CAPITALSOURCE REAL ESTATE LOAN TRUST	2006-1A	US140560AC77	4.82	AA	Aa2	AA	0.14%	3 528 851
CAPITALSOURCE REAL ESTATE LOAN TRUST	2006-1A	US140560AN33	3.83	AAA	Aaa	AAA	1.10%	28 230 807
Citius Funding Ltd	2006-1	US17305CAD11	2.61	CC	Ca	NR	0.20%	5 221 209
Clare Island B.V.	1	XS0143891132	2.63	AAA	Aaa	NR	1.51%	31 976 243
Coast CFO LTD	2005-1A	US190314AA24	3.22	AA	Aa1	NR	1.38%	31 976 243
COUNTRYWIDE ALTERNATIVE LOAN TRUST		US12667FU603	1.92	AAA	Aa1	NR	2.49%	31 976 243
Countrywide Asset Backed Certificates	2004-AB1	US126673HG04	4.84	AAA	Aaa	NR	0.34%	8 582 550
CREST 2003-1, Ltd.	2003-1	US22608SAE81	2.14	AAA	Aaa	AAA	1.50%	31 976 243
Dekania CDO	2003-1A	US244882AB20	5.79	AAA	NR	AAA	1.04%	26 586 362
Dekania CDO	2004-2A	US24488RAA95	4.23	AAA	Aaa	AAA	0.55%	13 964 167
Denali Capital CLO IV Ltd	IV	US24821PAB76	5.48	A	A2	NR	1.10%	28 230 807
Downey Savings and Loan Association, FA	2004-AR1	US23332UAC80	3.36	AAA	Aaa	NR	0.11%	2 793 453
Dryden IX - Senior Loan Fund 2005 plc	2005-9A	US262483AB66	6.23	A	A1	NR	0.55%	14 115 403
DRYDEN LEVERAGED LOAN CDO	2003-5A	US26243WAA99	2.37	AAA	Aaa	NR	1.77%	31 976 243
DSLA Mortgage Loan Trust 2006-AR1	2006-AR1	US23332UGU25	3.41	CCC	B3	NR	0.08%	2 117 311
DUKE FUNDING, LTD.	2006-11	XS0261421480	4.62	CCC+	Ca	NR	1.10%	28 230 807
FAirHazel Street	1	CEDAR26_28_C771567M_C	3.74	A	A2	NR	0.97%	24 701 956

**PORTFOLIO B (continued)**

Issuer	Series	ISIN	Expected Average Life as of 30-Dec-2008	Rating as of December 31, 2008			Weighting	Exposure \$
				S&P	Moody's	Fitch		
Fairway Loan Funding Limited	2006-1A	US30605KAE10	7.32	A	A2	NR	0.41%	10 586 553
FIRST CLO Ltd	2004-1A1	US33736EAD31	5.09	A	A2	NR	0.50%	12 703 863
FIXED-LINK FINANCE BV	G2-X	XS0125468230	0.11	AAA	Aaa	AAA	0.74%	18 867 123
Frans 2003 plc		XS0171588055	1.99	NR	A2	A-	0.69%	17 764 054
FREMONT HOME LOAN TRUST	2004-D	US35729PGG90	0.69	BBB	Baa2	NR	0.04%	956 614
GALL 2005-1A A1L	2005-1A	US363631AA07	1.63	AAA	Aaa	NR	1.79%	31 976 243
GEmstone CDO Ltd	2004-1	US36867KAE10	2.97	A	Baa2	NR	0.41%	10 586 553
GEMSTONE CDO LTD		US36867VAE74	8.11	BBB	Baa2	NR	0.14%	3 528 851
Global Leveraged Capital Credit GOLDENTREE CAPITAL OPPORTUNITIES LP	2006-1A	US379372AA30	5.33	AAA	Aaa	NR	0.58%	14 821 174
GREENPOINT MORTGAGE FUNDING TRUST	2006-1A	US38136CAA80	5.17	AAA	Aaa	NR	1.16%	29 642 347
GREENPOINT MORTGAGE FUNDING TRUST	2005-AR4	US39538WCN65	4.17	CCC	B3	NR	0.73%	18 626 661
GREENPOINT MORTGAGE FUNDING TRUST	2006-Ar4	US39539FAU84	1.67	NR	B3	NR	0.50%	12 703 863
GreenPoint MTA Trust 2006-AR6	2006-AR6	US39538BAP94	1.84	NR	B3	NR	1.10%	28 230 807
GreenPoint MTA Trust 2006-AR6	2006-AR6	US39538BAQ77	1.67	NR	B3	NR	0.28%	7 057 702
GSA A Trust	2004-11	US36242DQF32	1.99	AAA	Aaa	NR	0.17%	4 401 899
GSC PARTNERS CDO FUND, LIMITED	2006-7A	US36298AAC62	7.42	A	A2	NR	0.33%	8 469 242
Harborview Mortgage Loan Trust Series 2006-12	2006-12	US41162DAN93	3.66	CC	Caa2	NR	1.24%	31 759 658
Harborview Mortgage Loan Trust Series 2006-7	2006-7	US41161VAK61	3.57	CCC	Caa1	NR	0.33%	8 469 242
Harborview Mortgage Loan Trust Series 2006-9	2006-9	US41161XAJ54	3.82	CC	Ca	NR	0.63%	16 232 714
Harvest CLO SA	II	XS0216227370	5.05	AAA	Aaa	NR	0.58%	14 792 237
HERTZ VEHICLE FINANCING LLC	2005-2A	US42805RAS85	1.71	A	Aa3	NR	1.66%	31 976 243
Home Equity Asset Trust	2006-4	US437084VV50	3.74	CCC	C	CC	0.14%	3 528 851
ICG Mezzanine Fund 2003 No.1 Funding limited	2003-1	XS0207113530	3.47	NR	NR	A-	1.10%	28 230 807
INDEPENDENCE IV CDO, LTD	4	US453433AP90	1.18	NR	Caa3	B	0.85%	21 815 299
INDYMAC INDX Mortgage Loan Trust	2004-AR8	US45660N2L88	0.01	AAA	Aaa	NR	0.20%	5 017 696
INDYMAC INDX MORTGAGE LOAN TRUST	2006-AR2	US45661EAD67	0.67	B-	Ba1	NR	0.44%	11 373 323
INDYMAC INDX MORTGAGE LOAN TRUST	2006-Ar4	US45661EBC75	3.33	CCC	Ca	NR	0.22%	5 646 161
Ivy Lane CDO 2006-1	2006-1	US46601QAC24	4.13	CC	Ca	NR	1.50%	31 976 243
JETBLUE AIRWAYS CORP	2004-2	US47714NAA54	4.27	AA	Baa1	NR	0.99%	25 362 632
Katonah Capital LLC	6	US48601QAD60	6.49	A	A2	NR	0.17%	4 234 621
Katonah IV, Ltd.	4	US48600PAA57	2.13	AAA	Aaa	NR	0.55%	14 109 030
KazKommerts DPR Company	2006-B	XS0256195016	2.47	A	Baa1	NR	1.79%	31 976 243
KNOLLWOOD CDO LTD.	2006-2A	US49916RAD26	2.30	CC	Caa3	NR	0.27%	6 881 696
Lagonda 2006-2	2006-2	LAGONDA062A	4.99	AAA	Aaa	NR	1.10%	28 230 807
Landmark CDO, LLC	2003-3	US51507JAE91	2.07	A-	A2	NR	0.14%	3 528 851
Landmark V CDO Ltd	2005-1A	US51506JAC45	4.44	A-	A2	NR	0.28%	7 057 702
LATITUDE CLO LTD.	2005-1A	US51829NAC56	6.72	A	A2	NR	1.10%	28 230 807
LEHMAN XS TRUST	2006-10N	US525229AF79	1.31	AAA	Aaa	NR	0.50%	12 876 053
LNR CDO LTD.	2003-1A	US50211MAA99	2.04	AAA	Aaa	AAA	1.88%	31 976 243
Madison Park Funding I, Ltd	2005-1	US558176AD59	4.93	A	A2	NR	0.14%	3 528 851
MAGNETITE CLO, LIMITED	2003-5	US55952SAC44	4.79	A	A2	NR	0.17%	4 234 621
Merrill Lynch Mortgage Investors, Inc.	2006-HE1	US59020U3J29	6.64	B	Caa2	NR	0.41%	10 586 553

**PORTFOLIO B (continued)**

Issuer	Series	ISIN	Expected Average Life as of 30-Dec-2008	Rating as of December 31, 2008			Weighting	Exposure \$
				S&P	Moody's	Fitch		
Merrill Lynch Mortgage Investors, Inc.	2004-WMC5	US59020UMJ15	2.01	AA	Aa3	NR	0.52%	13 358 818
Merrill Lynch Mortgage Investors, Inc.	2004-WMC5	US59020UMK87	2.01	AA	A1	NR	0.46%	11 680 496
Morgan Stanley ABS Capital I	2004-NC1	US61744CAX48	0.62	A	A2	A	0.23%	5 814 461
Morgan Stanley ABS Capital I	2004-HE6	US61744CFE12	1.92	A	A2	A	0.44%	11 376 309
Morgan Stanley ABS Capital I	2004-HE7	US61744CGG50	1.17	A	A2	A	0.41%	10 586 553
Morgan Stanley ABS Capital I	2004-HE8	US61744CHD11	0.95	A+	A1	A+	0.58%	14 788 002
Morgan Stanley ABS Capital I	2004-HE9	US61744CJW73	1.66	A+	A1	BBB+	0.37%	9 399 447
MORGAN STANLEY Capital I	2006-SRR2	BCC0U7QW3	7.67	NR	NR	AAA	1.10%	28 230 807
MORGAN STANLEY Capital I	2006-HE2	US617451FA24	8.65	CCC	C	CC	0.14%	3 528 851
Morgan Stanley Dean Witter Capital I Inc	2003-NC4	US61746WF544	2.10	AA+	Aaa	AA	0.56%	14 324 196
Nautilus CDO	2007-4	US63910JAD72	3.70	CC	NR	C	0.32%	8 193 045
New Century Home Equity Loan Trust 2004-3	2004-3	US64352VHY02	1.58	A	A1	BBB+	0.40%	10 219 395
New Century Home Equity Loan Trust 2004-3	2004-3	US64352VHZ76	1.37	BBB	A2	BBB	0.10%	2 594 417
North Street Referenced Linked Notes	2005-9	USG66587AA77	4.10	AAA	Aaa	NR	1.93%	31 976 243
Northwoods Capital Limited	2004-4A	USG66661AA01	2.73	AAA	Aaa	NR	1.93%	31 976 243
NYLIM FLATIRON CLO LTD.	2003-1A	US62948MAA45	1.50	AAA	Aaa	NR	1.34%	31 976 243
NYLIM FLATIRON CLO LTD.	2004-1	US67073MAC64	7.07	A	A2	NR	0.14%	3 528 851
Octagon Investment Partners VI, Ltd	VI	US67571YAE32	5.80	A-	A2	NR	0.17%	4 234 621
OPTION ONE MASTER LOAN TRUST	2004-2	US68389FFF62	3.50	AAA	Aaa	AAA	0.00%	3 130
OPTION ONE MASTER LOAN TRUST	2005-1	US68389FGP36	2.51	B	NR	CC	0.21%	5 406 525
OPTION ONE MORTGAGE LOAN TRUST	2004-2	US68389FFH29	0.40	AA	A2	A+	0.72%	18 489 058
Pan-European Industrial Properties	2	XS0148289746	0.53	AAA	Aaa	NR	0.21%	5 248 103
Pan-European Industrial Properties	3	XS0163580458	1.36	AAA	Aaa	NR	0.66%	16 965 772
Pan-European Industrial Properties	3	XS0163580615	1.36	AAA	Aa2	NR	0.28%	7 057 702
Phoenix Funding Ltd	2001-1	XS0125438670	1.74	AA	Aa1	NR	0.54%	13 691 309
Preferred Term Secs XI	X	US74041WAA36	4.75	AAA	Aa1	AAA	1.05%	26 879 761
PREFERRED TERM SECS XVI	XVI	US74041EAA38	6.49	BBB-	Aaa	AAA	1.90%	31 976 243
Preferred Term Securities 15 Ltd	15	US74041CAA71	5.75	BBB-	Aaa	AAA	1.36%	31 976 243
Preferred Term Securities 17 Ltd	XVII	US74042EAA29	5.48	BBB-	Aaa	AAA	1.61%	31 976 243
Preferred Term Securities XIV		US74041UAA79	4.00	AAA	Aa1	AAA	1.63%	31 976 243
Preferred Term XIX	XIX	US74042HAA59	4.79	AAA	Aaa	AAA	0.68%	17 417 311
Puma MasterFund P9	P9	AU300PUMA029	0.66	AAA	Aaa	NR	0.34%	8 809 130
Raspro Trust	2005-1	US75405RAA14	2.92	AA	A2	NR	1.47%	31 976 243
RESIDENTIAL ASSET MORTGAGE PRODUCTS, INC.	2006-NC2	US75156TAH32	2.01	CCC	C	NR	0.14%	3 528 851
Residential Asset Securities Trust	2005-A5	US45660LJX82	1.04	AAA	A1	NR	1.23%	31 527 449
Securitized Asset Backed Receivables LLC	2004-OP1	US81375WAC01	2.01	A	A2	A	0.50%	12 871 239
Securitized Asset Backed Receivables LLC	2006-OP1	US81375WJM91	2.92	CCC	Baa1	B	0.22%	5 646 161
Silverado CLO Ltd	2006-1	US82834WAJ80	7.32	A	A2	NR	0.41%	10 586 553
SLM Student Loan Trust	2003-C	US78443CAZ77	2.88	AAA	Aaa	AAA	0.46%	11 767 518
SMART HOME REINSURANCE LIMITED	2006-1X	US83170GAE44	4.34	A+	A1	NR	0.55%	14 115 403

**PORTFOLIO B (continued)**

Issuer	Series	ISIN	Expected Average Life as of 30-Dec-2008	Rating as of December 31, 2008			Weighting	Exposure \$
				S&P	Moody's	Fitch		
SoundView Home Equity Loan Trust	2006-WF2	US83612MAL19	3.01	NR	C	CC	0.69%	17 644 254
STATIC RESIDENTIAL CDO (START) 2006-A Ltd	2006-A	US85768VAE48	1.80	CC	Caa3	NR	0.41%	10 375 948
STATIC RESIDENTIAL CDO (START) 2006-B Ltd	2006-B	US85768XAB64	2.97	CC	Ca	NR	0.69%	17 644 254
STAtic reSIDENTIAL TRUST	2005-A	US85768PAC14	3.80	CCC-	Ba2	NR	0.07%	1 764 425
STAtic reSIDENTIAL TRUST	2005-C	US85768TAG40	16.58	CC	Ca	NR	0.32%	8 199 199
Sterlingmax MBS Ltd	I	XS0177867255	2.91	NR	NR	AAA	0.55%	14 115 403
Stone Tower CLO Ltd	2005-3	US86175NAD93	6.43	A	A2	NR	0.25%	6 351 932
STRUCTURED ADJUSTABLE RATE MORTGAGE LOAN TRUST		US863579WU83	6.09	AAA	Aaa	NR	0.20%	5 090 294
STRUCTURED ASSET MORTGAGE INVESTMENTS INC	2006-Ar4	US86360QAV77	3.49	CCC	Ca	NR	0.19%	4 940 391
Terwin Mortgage Trust	2004-9HE	US881561JW56	3.53	AAA	Aaa	NR	0.46%	11 669 194
Terwin Mortgage Trust 2003-8, LLC	2003-8HE	US881561CX03	3.75	AAA	Aaa	NR	0.06%	1 431 682
TITAN EUROPE PLC	2006-5A	XS0277726500	6.58	AAA	NR	AAA	1.34%	31 976 243
Trapeza CDO I, LLC	2002-1	US894127AA77	3.93	AAA	Aa3	AAA	0.20%	5 007 418
Trapeza CDO II, LLC	2003-2	US894128AA50	3.55	AAA	Aaa	AAA	0.06%	1 625 630
TRAPEZA CDO LLC	2003-3A	US89412MAA45	2.07	AAA	Aa3	AAA	0.24%	6 241 680
Trapeza CDO LLC	2003-5A	US89412RAA32	4.06	AAA	Aa2	AAA	0.90%	23 023 523
Trapeza CDO VI, LLC	6	US89412UAA60	5.39	AAA	Aa1	AAA	0.79%	20 270 972
US Capital Funding III	III	US90342BAA17	3.94	AAA	Aa3	AAA	1.63%	31 976 243
Velocity CLO Ltd	2004-1A	US92257GAB77	5.92	A	A2	NR	0.23%	5 999 046
Venture CBO III CDO Ltd.	2003-1A	US92327WAA09	3.66	AAA	Aaa	NR	1.07%	27 383 883
Vitesse CLO Ltd	2006-1	US928496AD08	7.39	A	A2	NR	0.41%	10 586 553
WASHINGTON MUTUAL	2005-AR8	US92922FS583	2.15	AAA	Aaa	NR	0.31%	7 847 279
WASHINGTON MUTUAL		US92922FZV39	2.60	AAA	Aaa	NR	0.25%	6 471 532
WASHINGTON MUTUAL	2005-AR19	US92925CBQ42	5.09	A+	A2	NR	0.31%	7 878 758
WRIGHTWOOD CAPITAL REAL ESTATE CDO LTD	2005-1A	US982512AA32	4.16	AAA	Aaa	NR	1.66%	31 976 243
Zing Investment Grade Limited V	5	US98885YAA73	2.71	AAA	Aaa	AAA	0.96%	24 674 324

**PORTFOLIO C**

Issuer	Series	ISIN	Expected Average Life as of 8-Dec-2008	Rating as of December 31, 2008			Weighting	Exposure \$
				S&P	Moody's	Fitch		
ABACUS Ltd	2005-4	US00256GAA31	6.17	AAA	Aaa	NR	0.19%	5 296 937
ABACUS Ltd	2006-NS1	US002573AA19	7.55	AAA	Aaa	NR	0.60%	16 552 928
ABACUS Ltd	2006-NS1	US002573AC74	8.80	AA	Aa3	NR	0.21%	5 959 054
ABACUS Ltd	2006-NS1	US002573AD57	8.80	A+	A1	NR	0.14%	3 972 703
Accredited Mortgage Loan Trust	2004-3	US004375BP58	1.22	AAA	Aaa	AAA	0.11%	3 054 187
Ace Securities Corp	2004-OP1	US004421EZ24_C	2.00	B-	Baa2	BBB+	0.04%	1 230 946
Ace Securities Corp	2004-FM2	US004421GL10	1.40	A-	A3	NR	0.04%	1 012 971
Ace Securities Corp	2004-HE2	US004421GU19	2.05	AA	A2	NR	0.09%	2 451 502
Ace Securities Corp	2004-HE3	US004421HV82	0.55	B	Ba2	NR	0.12%	3 345 159
Ace Securities Corp	2004-HE4	US004421JH70	7.25	AA+	Aa1	NR	1.21%	33 759 472
Ace Securities Corp	2004-HE4	US004421JJ37	2.93	AA+	Aa2	NR	1.02%	28 433 958
Ace Securities Corp	2004-HE4	US004421JM65	2.01	BBB	Baa2	NR	0.25%	7 072 609
Ace Securities Corp	2004-HE4	US004421JN49	1.06	B	Ba1	NR	0.19%	5 157 752
Ace Securities Corp	2004-RM2	US004421KA09	2.05	A	Baa1	NR	0.02%	684 156
Ace Securities Corp	2005-RM2	US004421NY57	2.55	A	Baa2	CCC	0.24%	6 621 171
Ace Securities Corp	2005-HE6	US004421ST18	1.31	CCC	C	CC	0.48%	13 242 342
ACE SECURITIES CORP.	2005-HE4	US004421PV90	0.90	A	Baa1	B	0.43%	11 877 057
Alesco Preferred Funding , Ltd	11A	US01450AAB61	7.55	NR	Aaa	AAA	0.95%	26 484 685
ALESCO PREFERRED FUNDING, LTD.	7A	US01448YAB92	6.29	AAA	Aaa	AAA	0.64%	17 796 379
Alexander Park CDO, Ltd	2004-1A	US014684AD66	5.27	CC	Ca	NR	0.05%	1 324 234
Annington finance no. 4 plc	B3	XS0198259813	5.34	A	A1	A	0.86%	23 784 758
Anthracite CDO II Ltd	2002	US03702SAA15	2.13	AAA	Aaa	AAA	0.14%	3 913 885
Anthracite CDO Ltd	2006-HY3A	US03703FAL40	6.56	BB	A3	BB	0.11%	2 955 218
ANTHRACITE CDO, LTD.	2006-HY3A	US03703FAC41	2.93	BBB-	Aa2	BBB	0.18%	5 136 691
Anthracite Euro CRE CDO	1	XS0276697272	4.04	NR	Aa3	AAA	0.36%	9 931 757
Arbor Realty Mortgage Securities Series 2004-1, Ltd	2004-1	US03877VAA35	0.37	AAA	Aaa	AAA	1.12%	31 119 505
Asset Backed Securities Corporation	2003-HE3	US04541GEM06	1.52	BB	Aa3	BBB	0.05%	1 283 950
ATTENTUS CDO LTD.	2006-1A	US049730AC83	7.42	A+	Ba1	BBB+	0.43%	11 918 108
Avalon Capital Ltd 3	3	US05342RAD89	6.07	A	A2	NR	0.18%	4 965 878
AVERY STREET CLO	2006-1A	US053643AG79	8.08	A	A2	NR	0.21%	5 959 054
BANC OF AMERICA COMMERCIAL MORTGAGE INC	2005-2	US05947UM471	6.42	AAA	Aaa	NR	0.63%	17 546 104
Bayberry Funding, Ltd	2006-1A	US07272PAA84	3.26	CCC-	C	CC	0.24%	6 579 882
Bayberry Funding, Ltd	2006-1A	US07272PAC41	11.01	CC	C	C	0.18%	4 934 912
BAYview commercial Asset Trust	2004-2	US07324SAR31	1.41	AAA	Aaa	AAA	0.04%	1 048 520
BAYview commercial Asset Trust		US07324SAX09	1.54	AAA	Aaa	AAA	0.40%	11 179 653
BAYVIEW COMMERCIAL ASSET TRUST	2005-1	US07324SBF83	3.62	NR	Aaa	AAA	0.10%	2 683 852
BAYview commercial Asset Trust	2005-3A	US07324SCC44	5.46	NR	Aaa	AAA	0.41%	11 365 509
Bear Stearns Asset Backed Securities I LLC	2004-HE11	US073879PA06	1.40	A-	A3	NR	0.43%	11 918 108
Bear Stearns Asset Backed Securities I LLC	2005-HE1	US073879PS14	1.78	A	A2	NR	0.32%	8 938 581
BEAR STEARNS ASSET BACKED SECURITIES, INC.		US073879X453	4.24	BBB	NR	CCC	0.12%	3 310 586
Bear Stearns Commercial Mortgage Securities Inc.	2005-T18	US07383F5M69	6.52	NR	Aaa	AAA	0.18%	4 965 878

**PORTFOLIO C (continued)**

Issuer	Series	ISIN	Expected Average Life as of 8-Dec-2008	Rating as of December 31, 2008			Weighting	Exposure \$
				S&P	Moody's	Fitch		
Bear Stearns Commercial Mortgage Securities Inc.	2005-T18	US07383F5M69_C757774M_C	6.52	NR	Aaa	AAA	0.48%	13 242 342
Bear Stearns Commercial Mortgage Securities Inc.	2005-PWR8	US07383F7Y89	6.51	NR	Aaa	AAA	0.71%	19 863 514
BLACK Diamond CLO 2005-1 Ltd	2005-1	US09202EAE68	6.04	A-	A2	NR	0.21%	5 959 054
Brascan Real Estate Financial Partners LLC	2004-1	US10550TAA79	1.86	AAA	Aaa	NR	0.36%	10 019 662
Brascan Real Estate Financial Partners LLC	2004-1	US10550TAC36	1.86	A-	A3	NR	0.24%	6 621 171
BROADWICK FUNDING, LTD.	2006-1A	US11161RAF91	20.78	CC	C	NR	0.20%	5 493 989
Capital ONE MULTI ASSET EXECUTION TRUST	2004-B3	US14041NBL47	10.26	A	A2	A	0.19%	5 296 937
Capital Trust RE CDO Ltd.	2005-1A	US140558AA57	3.39	AAA	NR	AAA	0.43%	11 918 108
Capital Trust RE CDO Ltd.	2005-1A	US140558AB31	3.94	AA	NR	AA	0.17%	4 839 414
Capital Trust RE CDO Ltd.	2005-1A	US140558AC14	4.04	A	NR	A	0.10%	2 648 468
CAPITALSOURCE REAL ESTATE LOAN TRUST	2006-1A	US140560AD50	4.87	A+	A1	A+	0.29%	7 945 405
C-BASS LTD	15A	US124670AC45	4.69	CC	Caa3	C	0.26%	7 283 288
C-Bass Ltd	9A	US12497LAD01	3.33	AA+	A1	AA	0.24%	6 621 171
CHL Mortgage Pass-Through Trust 2004-25	2004-25	US12669GKJ93	2.54	AAA	Aaa	NR	0.28%	7 650 936
Citigroup Mortgage Loan Trust, Inc	2004-OPT1	US17307GJM15	2.05	A+	A1	AA	0.47%	13 043 707
Citigroup Mortgage Loan Trust, Inc	2004-OPT1	US17307GJQ29	1.16	A-	Baa1	A	0.03%	791 038
Citigroup Mortgage Loan Trust, Inc	2004-RES1	US17307GKQ00	1.64	A	A2	NR	0.02%	640 509
CITIGROUP MORTGAGE LOAN TRUST, INC.	2004-RES1	US17307GKR82	2.05	BBB	A3	NR	0.03%	816 778
COUNTRYWIDE ALTERNATIVE LOAN TRUST	2006-OA11	US02147DAK72	4.43	CCC	Ca	NR	0.14%	3 972 703
COUNTRYWIDE ALTERNATIVE LOAN TRUST	2006-OA11	US02147DAL55	4.35	CCC	Ca	NR	0.14%	3 972 703
COUNTRYWIDE ALTERNATIVE LOAN TRUST	2005-51	US12668ADE29	3.20	A	Ca	NR	0.45%	12 503 601
COUNTRYWIDE ALTERNATIVE LOAN TRUST	2005-56	US12668AMB88	2.72	A+	B3	NR	0.09%	2 425 242
Countrywide Asset Backed Certificates	2004-10	US126673JX19	2.05	AA-	A2	NR	0.05%	1 520 700
Countrywide Asset Backed Certificates	2004-11	US126673LT78	0.51	AA	NR	AA-	0.19%	5 333 353
COUNTRYWIDE ASSET-BACKED CERTIFICATES		US126673LD27	2.05	A	NR	BBB+	0.24%	6 621 171
Dekania CDO	2003-1A	US244882AB20	5.84	AAA	NR	AAA	0.83%	23 174 099
Dekania CDO	2004-2A	US24488RAA95	4.28	AAA	Aaa	AAA	0.16%	4 585 161
Dryden VIII-Leveraged Loan CDO 2005	2005-8A	US26243YAC12	5.96	A	A2	NR	0.27%	7 548 135
Duchess CDO SA	1X	XS0131194226	3.13	AAA	Aaa	NR	0.60%	16 574 890
Duke Funding IX	2005-9	US26450AAC18	13.89	CC	Ca	C	1.61%	41 708 143
Duke Funding VI Ltd	2004-1	US264407AF46	3.33	CC	Ca	NR	0.83%	23 174 099
Duke Funding VII Ltd	2004-1A	US264403AC01	2.81	CC	Caa3	NR	0.48%	13 236 757
DUNHILL ABS CDO, LTD.	2004-1	US26545QAE98	4.07	BBB-	A1	BB	0.96%	26 815 744
E*Trade ABS CDO III, Ltd.	2004-1	US26925JAB17	3.84	AAA	Aa1	AAA	0.57%	15 725 282
E*Trade ABS CDO III, Ltd.	2006-5A	US26925WAC01	4.58	CC	Ca	NR	0.36%	9 931 757
Encore Credit Receivables Trust 2005-2	2005-2	US126673J605	4.13	A	Caa3	NR	0.26%	7 283 288
EPIC PLC	MLDN	XS0251156435	5.36	A	NR	A	0.36%	9 908 535
FAirHazel Street	1	CEDAR26_28_C771567M_C	3.78	A	A2	NR	1.19%	33 105 856
FIRST CLO Ltd	2004-1A1	US33736EAD31	5.14	A	A2	NR	0.20%	5 627 996

**PORTFOLIO C (continued)**

Issuer	Series	ISIN	Expected Average Life as of 8-Dec-2008	Rating as of December 31, 2008			Weighting	Exposure \$
				S&P	Moody's	Fitch		
FIRST FRANKLIN MTG LOAN ASSET BACKED CERTIFICATES	2006-FF17	US32028KAJ51	18.54	CCC	C	CC	0.24%	6 621 171
FIXED-LINK FINANCE BV	G2-X	XS0125468230	0.15	AAA	Aaa	AAA	0.83%	23 078 368
Fort Point CDO Ltd	2003-2A	US348522AA18	1.97	BBB	Aa2	BB	1.43%	39 829 636
Fortius Funding, Ltd	2006-1	US34958CAD65	3.09	CC	C	NR	0.11%	3 089 642
FORTRESS CREDIT FUNDING LP	2005-1A	US34957LAD73	5.73	A	A2	NR	0.48%	13 242 342
FORTRESS CREDIT FUNDING LP	2006-3A	US34957RAG74	7.73	NR	Aa2	NR	0.48%	13 242 342
FORTRESS CREDIT FUNDING LP	2006-3A	US34957RAJ14	7.73	NR	A2	NR	0.93%	25 822 568
FORTRESS CREDIT FUNDING LP	2006-4A	US34957XAE94	7.73	NR	A2	NR	0.29%	7 945 405
Four Corners CLO	1A	US35083VAL18	7.55	A	A2	NR	0.19%	5 396 255
Franklin CLO	4A	US352504AB03	5.03	AA	Aa2	NR	0.24%	6 621 171
Fremont Home Loan Trust	2004-C	US35729PEV85	1.97	AA-	A2	NR	0.12%	3 316 662
Fund America Investors III Ltd	2004-3A	US80410JAD63	2.40	BB+	B3	NR	0.32%	8 926 017
Gallatin Funding Ltd	2005-1	US363631AC62	4.94	A-	A2	NR	0.48%	13 242 342
GEMSTONE CDO LTD		US36867VAE74	8.15	BBB	Baa2	NR	0.24%	6 621 171
GEMSTONE CDO LTD	2005-3A	US36868AAJ16	10.46	CC	C	NR	0.50%	13 904 460
GEMSTONE CDO LTD		US36868BAE02	3.18	CC	C	NR	0.24%	6 621 171
Glacier Funding CDO	2004-2A	US37638VAB99	3.56	AAA	Caa3	BBB-	0.14%	3 972 703
GOLDENTREE CAPITAL OPPORTUNITIES LP	2006-1A	US38136CAD20	6.96	AA	Aa2	NR	0.12%	3 310 586
GRAPHITE MORTGAGES PLC	2006-1	GRAPH_LSS	4.68	NR	NR	AAA	0.71%	19 786 638
GREENPOINT MORTGAGE FUNDING TRUST	2006-AR5	US39538AAS50	2.63	NR	B3	NR	0.17%	4 634 820
GREENPOINT MORTGAGE FUNDING TRUST	2006-AR5	US39538AAV89	2.29	NR	Caa1	NR	0.14%	3 972 703
GREENPOINT MORTGAGE FUNDING TRUST	2005-AR4	US39538WCN65	4.22	CCC	B3	NR	0.13%	3 728 959
GREENPOINT MORTGAGE FUNDING TRUST	2006-AR1	US39538WFM55	2.47	A	Aaa	NR	0.12%	3 401 688
GREENPOINT MORTGAGE FUNDING TRUST	2007-AR2	US39539LAQ41	2.29	NR	Ba2	NR	0.51%	14 169 306
GSAMP TRUST	2004-NC2	US36242DHC02	2.05	A-	NR	BBB+	0.07%	2 050 745
GSAMP TRUST	2004-AHL	US36242DHS53	2.05	A	A3	NR	0.11%	3 117 910
GSAMP TRUST	2004-OPT	US36242DNV19	0.95	AA	A2	BBB+	0.36%	9 931 757
GSC ABS CDO Ltd.	2005-1A	US362470AC01	2.18	CC	C	C	0.36%	9 931 757
GSC Partners CDO Fund, Limited	2006-7	US36298AAD46	7.46	AA	Aa2	NR	0.48%	13 242 342
G-Star Ltd	2004-4	US36242CAF23	3.68	A-	NR	B	0.48%	13 242 342
Harborview Mortgage Loan Trust Series 2006-12	2006-12	US41162DAM11	3.86	CCC	B3	NR	0.95%	26 484 685
Harborview Mortgage Loan Trust Series 2006-12	2006-12	US41162DAN93	3.70	CC	Caa2	NR	0.24%	6 621 171
Harborview Mortgage Loan Trust Series 2006-7	2006-7	US41161VAK61	3.61	CCC	Caa1	NR	0.12%	3 310 586
Harborview Mortgage Loan Trust Series 2006-9	2006-9	US41161XAJ54	3.86	CC	Ca	NR	0.17%	4 634 820
Harvest CLO SA	II	XS0216228428	1.45	A	A2	NR	0.29%	7 945 405
Home Equity Asset Trust	2004-7	US437084FW18	1.71	BBB-	Baa2	A	0.09%	2 499 366
Hudson Straits CLO Ltd	2004-1A	US44413QAC50	5.85	AA	Aa2	NR	0.24%	6 621 171
Hudson Straits CLO Ltd	2004-1A	US44413QAD34	6.60	A	A2	NR	0.29%	8 110 935
ICG Mezzanine Fund 2003 No.1 Funding limited	2003-1	XS0207113530	3.52	NR	NR	A-	1.59%	41 708 143
INDYMAC RESIDENTIAL ASSET BACKED TRUST	2005-A	US43708AAX00	2.55	BBB	Ba2	CCC	0.12%	3 310 586
I-Preferred Term Securities IV, Ltd	IV	US44984RAA68	5.29	AAA	Aaa	AAA	1.43%	39 727 027

**PORTFOLIO C (continued)**

Issuer	Series	ISIN	Expected Average Life as of 8-Dec-2008	Rating as of December 31, 2008			Weighting	Exposure \$
				S&P	Moody's	Fitch		
JER CDO	2005-1A	US46614KAA43	4.87	AAA	Aaa	AAA	0.48%	13 242 342
JETBLUE AIRWAYS CORP	2004-2	US47714NAA54	4.31	AA	Baa1	NR	0.57%	15 840 887
JETBLUE AIRWAYS CORP	2004-2	US47714NAB38	7.94	AA	Baa1	NR	0.48%	13 242 342
JP MORGAN Chase Commercial Mortgage Securities 2006-RR1	2006-RR1	US48123HAE36	7.36	A-	A3	NR	0.33%	9 269 640
Katonah Capital LLC	6	US48601QAD60	6.54	A	A2	NR	0.24%	6 621 171
KNOLLWOOD CDO LTD.	2006-2A	US49916RAE09	2.84	CC	Ca	NR	0.46%	12 881 397
Landmark CDO, LLC	2004-3	US51506DAE31	5.27	A-	A2	NR	0.12%	3 310 586
LATITUDE CLO LTD.	2006-2A	US51829TAL26	7.52	AAA	Aaa	NR	0.48%	13 242 342
LCM Limited Partnership	3A	US50182CAC29	6.24	A	A2	NR	0.17%	4 634 820
LEHMAN XS TRUST	2005-9N	US525221GN14	0.46	AAA	Aaa	NR	0.21%	5 750 174
LNR CDO LTD.	2006-1A	US53944MAA71	5.30	AA	Aaa	AA	0.12%	3 310 586
LNR CDO LTD.	2006-1A	US53944MAB54	6.89	BBB+	Aa2	BBB	0.24%	6 621 171
LNR CDO LTD.	2006-1A	US53944MAD11	6.89	BBB-	A2	BB	0.93%	25 822 568
LNR CDO LTD.	2005-1A	US53944PAD42	6.03	BBB	A3	A-	0.31%	8 592 257
Long Beach Mortgage Loan Trust	2004-4	US542514HY37	0.35	A+	A3	A	0.27%	7 609 050
LONG BEACH MORTGAGE LOAN TRUST	2004-4	US542514HZ02	2.05	A	Baa1	BBB	0.04%	1 019 283
Long Beach Mortgage Loan Trust	2005-1	US542514KD52	1.07	A	Baa3	CCC	0.14%	3 972 703
LONG HILL, LTD.	2006-1A	US54266TAE29	3.84	CC	C	NR	0.19%	5 296 937
MAGNETITE CLO, LIMITED	2003-5	US55952SAC44	4.84	A	A2	NR	0.24%	6 621 171
MARATHON REAL ESTATE CDO LTD	2006-1A	US565853AA65	5.46	AAA	Aaa	AAA	0.71%	19 863 514
MASTR ASSET BACKED SECURITIES TRUST	2005-OPT1	US57643LHU35	2.55	BBB	NR	CCC	0.36%	9 931 757
MASTR ASSET BACKED SECURITIES TRUST	2005-OPT1	US57643LHV18	1.54	BB	NR	CC	0.44%	12 200 832
MASTR ASSET BACKED SECURITIES TRUST	2005-OPT1	US57643LHW90	0.38	CCC	NR	CC	0.19%	5 308 509
MCG Commercial Loan Trust 2006-1	2006-1A	US55271KAQ40	3.61	AA	Aa2	NR	0.36%	9 931 757
Merrill Lynch Mortgage Investors, Inc.	2004-OPT1	US59020UKP92	2.05	AA+	NR	A	0.09%	2 414 859
Merrill Lynch Mortgage Investors, Inc.	2004-OPT1	US59020UKQ75	1.68	AA	NR	BBB	0.04%	1 018 970
Merrill Lynch Mortgage Investors, Inc.	2004-WMC5	US59020UMJ15	2.05	AA	Aa3	NR	0.45%	12 532 553
Merrill Lynch Mortgage Investors, Inc.	2004-WMC5	US59020UMK87	2.05	AA	A1	NR	0.48%	13 242 342
ML AAA CMBS Portfolio		AAA_CMBSPORT	7.28	A+	Aa2	NR	0.29%	7 945 405
ML AAA Financials 10_15%		AAAFIN10-15_C974798M_C	4.32	AAA	Aaa	NR	1.07%	29 778 880
ML AJ CMBS Portfolio		AJ_CMBSPORT_C992167M_C	7.28	AAA	Aaa	NR	0.71%	19 863 514
MM COMMUNITY FUNDING CORP.	2003-9X	US606867AA79	0.15	A	Aa2	AAA	0.10%	2 728 291
Morgan Stanley ABS Capital I	2004-NC6	US61744CEV46	2.05	A	A2	A	0.36%	10 045 162
Morgan Stanley ABS Capital I	2004-NC7	US61744CFS08	1.04	A	A2	A	0.36%	9 931 757
Morgan Stanley ABS Capital I	2004-NC8	US61744CHS89	1.97	A+	A1	A+	0.26%	7 266 073
Morgan Stanley ABS Capital I	2004-NC8	US61744CHT62	1.97	A	A2	A	0.24%	6 621 171
Morgan Stanley ABS Capital I	2004-HE9	US61744CJX56	1.97	A	A2	BBB	0.18%	5 106 167
Morgan Stanley ABS Capital I	2004-HE9	US61744CJY30	1.97	A-	Baa2	BBB-	0.04%	1 101 164
MORGAN STANLEY ABS CAPITAL I	2005-NC1	US61744CKS43	1.36	BBB-	Baa2	BB	0.17%	4 634 820
MORGAN STANLEY Capital	2005-T17	US61745MW666	6.43	AAA	NR	AAA	0.70%	19 565 561
MORGAN STANLEY Capital I	2006-SRR2	BCC0U7QW3	7.71	NR	NR	AAA	0.95%	26 484 685

**PORTFOLIO C (continued)**

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MORGAN STANLEY Capital I	2005-IQ9	US61745M2H50	6.43	AAA	NR	AAA	1.19%	33 105 856
Morgan Stanley Home Equity Loans 2005-1	2005-1	US61744CLH78	0.85	A	Baa3	NR	0.12%	3 310 586
Morgan Stanley Investment Management Corp	2005-1	US61748RAE99	7.23	A	A2	NR	0.71%	19 863 514
Nautilus CDO	2006-3	US639099AD28	3.24	D	NR	NR	0.11%	3 185 835
Nautilus CDO	2005-2	US639103AD22	2.17	BB	NR	CC	0.42%	11 802 134
NEW CENTURY HOME EQUITY LOAN TRUST	2004-4	US64352VJN29	2.55	BBB	Baa3	NR	0.07%	1 823 700
New Century Home Equity Loan Trust 2004-3	2004-3	US64352VHY02	1.62	A	A1	BBB+	0.34%	9 587 308
New Century Home Equity Loan Trust 2004-3	2004-3	US64352VJA08	2.05	BB	A3	BB+	0.07%	2 049 158
New Century Home Equity Loan Trust 2004-3	2005-3	US64352VLP49	1.94	A-	Ba1	BB	0.58%	16 231 801
Newcastle CDO IV, Limited	2004-4A	US65105YAA01	2.70	AAA	Aa3	AAA	1.12%	31 146 443
North Street Referenced Linked Notes	2005-9	USG66587AA77	4.15	AAA	Aaa	NR	1.55%	41 708 143
Northwesterly CDO II	II	XS0199037531	5.26	A	A1	NR	0.48%	13 288 906
N-Star Real Estate CDO 2006-8	2006-8A	US62940FAC32	5.23	NR	Aaa	AAA	0.60%	16 552 928
N-Star Real Estate CDO 2006-8	2006-8A	US62940FAD15	5.16	NR	Aa1	AA+	0.52%	14 566 577
N-star Real Estate CDO LTD	2005-3A	US629387AG68	6.35	A-	NR	A-	0.57%	15 820 692
N-star Real Estate CDO LTD		US62939WAA36	4.22	AAA	Aaa	NR	0.64%	17 877 162
N-star Real Estate CDO LTD		US62939WAC91	4.47	A	A2	NR	0.36%	9 931 757
N-star Real Estate CDO LTD	2005-5	US62940HAE53	7.45	AA	NR	AA	0.30%	8 386 508
N-star Real Estate CDO LTD	2006-6A	US62940PAD96	4.27	A-	A3	A-	0.24%	6 621 171
NYLIM FLATIRON CLO LTD.	2003-1A	US62948MAB28	4.36	AA	Aa2	NR	0.24%	6 621 171
NYLIM FLATIRON CLO LTD.	2004-1	US67073MAC64	7.12	A	A2	NR	0.48%	13 242 342
Octagon Investment Partners VI, Ltd	VI	US67571YAE32	5.85	A-	A2	NR	0.26%	7 283 288
OPTION ONE MASTER LOAN TRUST	2004-3	US68389FFX78	2.05	A+	A2	A+	0.20%	5 627 996
OPTION ONE MASTER LOAN TRUST	2005-1	US68389FGP36	2.55	B	NR	CC	0.05%	1 268 031
PARK PLACE SECURITIES INC	2005-WCW2	US70069FLK11	2.55	AA-	Ba1	B	0.21%	5 959 054
People's CHoice Home Loan Trust	2004-2	US71085PAX15	1.97	A+	A3	BBB	0.31%	8 607 523
Preferred Term Secs XI	X	US74041WAA36	4.79	AAA	Aa1	AAA	0.13%	3 685 403
PREFERRED TERM SECS XIV	XIV	US74041UAB52	5.54	AAA	Aa2	AAA	0.12%	3 310 586
PREFERRED TERM SECS XVI	XVI	US74041EAA38	6.54	BBB-	Aaa	AAA	1.29%	35 737 778
Preferred Term Securities 15 Ltd	15	US74041CAB54	5.79	BB-	Aaa	AAA	0.20%	5 627 996
Preferred Term Securities 20 Ltd	XX	US74042DAC02	7.04	AAA	Aaa	AAA	0.47%	13 054 113
Preferred Term Securities VI Ltd	A-2	US74040YAB83	4.82	BBB	Aa2	AAA	0.95%	26 484 685
Preferred Term Securities XIII	13	US74041AAA16	5.29	AAA	Aa1	AAA	0.83%	22 960 434
Preferred Term Securities XIV		US74041UAA79	4.04	AAA	Aa1	AAA	0.70%	19 515 614
Preferred Term XVIII	XVIII	US74042WAA27	3.55	AAA	Aaa	AAA	0.47%	13 191 188
PULS CDO 2006-1 PLC	2006-1	XS0260584148	4.63	AAA	Aaa	NR	0.12%	3 297 773
RACE POINT CLO	2A	US74981SAA42	2.20	AAA	Aaa	AAA	0.29%	7 945 405
Raspro Trust	2005-1	US75405RAA14	2.96	AA	A2	NR	1.00%	27 832 517
Regional Diversified Funding	2004-1	US75902XAA63	5.43	AAA	A3	AAA	0.30%	8 414 843
Resource Real Estate Funding	2007-1A	US76121BAK52	4.88	NR	Aa3	AA-	0.77%	21 451 675
SAXON ASSET SECURITIES TRUST Securitized Asset Backed Receivables LLC	2005-1	US805564RQ68	1.19	BB	Baa1	CCC	0.20%	5 627 996
	2004-OP2	US81375WBP05	1.00	A+	A2	A	0.43%	11 918 108

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Issuer	Series	ISIN	Expected Average Life as of 8-Dec-2008	Rating as of December 31, 2008			Weighting	Exposure \$
				S&P	Moody's	Fitch		
Securitized Asset Backed Receivables LLC	2004-OP2	US81375WBR60	2.05	A-	Baa1	BBB	0.03%	754 674
Silverado CLO Ltd	2006-2A	US82835AAJ51	8.08	A	A2	NR	0.36%	9 931 757
STAtic repackaging trust, ltd	2004-1	US85233VAC54	1.42	A	Baa2	NR	0.48%	13 242 342
STATIC RESIDENTIAL CDO (START) 2006-A Ltd	2006-A	US85768VAD64	18.97	CC	Ca	NR	0.71%	19 816 762
STATIC RESIDENTIAL CDO (START) 2006-A Ltd	2006-A	US85768VAE48	1.84	CC	Caa3	NR	0.12%	3 244 726
STATIC RESIDENTIAL CDO (START) 2006-B Ltd	2006-B	US85768XAF78	2.26	CC	C	NR	0.55%	15 228 694
STAtic reSIDENTIAL TRUST	2005-A	US85768PAC14	3.84	CCC-	Ba2	NR	0.55%	15 228 694
STAtic reSIDENTIAL TRUST	2005-BA	US85768QAF28	6.19	CC	Caa3	NR	0.46%	12 690 303
STAtic reSIDENTIAL TRUST	2005-C	US85768TAG40	16.62	CC	Ca	NR	0.17%	4 795 262
Stone Tower CLO Ltd	2005-3	US86175NAD93	6.47	A	A2	NR	0.17%	4 634 820
SUMMIT RMBS CDO, LTD	2005-1	US866244AB23	2.87	AA-	NR	AAA	0.41%	11 502 039
SUMMIT RMBS CDO, LTD	2005-1	US866244AC06	2.87	A-	NR	AA	0.62%	17 350 825
TITAN EUROPE 2006-3 PLC	2006-3A	XS0257769769	4.13	A	Baa1	A	0.14%	3 844 137
TRAFFORD CENTRE FIN LTD	A3	XS0222488396	6.63	AAA	Aaa	AAA	1.19%	33 074 638
TRAINER WORTHAM FIRST REPUBLIC CBO	3A	US892881AA10	2.81	AAA	Aaa	BBB-	0.49%	13 699 644
TRAINER WORTHAM FIRST REPUBLIC CBO	3	US892881AD58	4.22	CC	Ca	C	0.81%	22 511 982
Trapeza CDO I, LLC	2002-1	US894127AA77	3.98	AAA	Aa3	AAA	0.05%	1 346 633
TRAPEZA EDGE CDO LTD		US89412LAB45	6.92	NR	Aaa	AAA	0.24%	6 583 071
TROPIC CDO CORP.	2004-4	US89707YAA29	5.86	A-	Aa2	AAA	0.90%	24 973 411
UNITED CAPITAL AVIATION TRUST		US90264FAE88	5.25	A	Aa3	NR	2.69%	41 708 143
US Capital Funding I	I	US903329AA80	5.39	AAA	Aa2	AAA	1.16%	32 287 353
US Capital Funding II	II	US90390KAA25	5.65	AAA	Aa3	AAA	2.78%	41 708 143
US Capital Funding III	III	US90342BAA17	3.99	AAA	Aa3	AAA	1.52%	41 708 143
US Capital Funding III	III	US90342BAC72	3.99	AAA	A3	AAA	0.55%	15 228 694
Velocity CLO Ltd	2004-1A	US92257GAB77	5.96	A	A2	NR	0.26%	7 283 288
VERTICAL CDO LTD.	2A	US925338AC98	12.39	CCC+	Ca	CC	0.12%	3 310 586
VERTICAL CDO LTD.		US925345AE06	17.65	CC	Ca	C	0.38%	10 593 874
VICTORIA FALLS CLO, LTD.	2005-HE1	US926244AE48	7.19	A	A2	NR	0.29%	7 945 405
WACHOVIA CRE CDO 2006-1	2006-1	US92978CAE84	5.05	A-	A3	A-	0.48%	13 242 342
WAMu MOrtgage Passthrough Certificates, Series 2005-AR19	2005-AR19	US92925CBP68	3.84	AA-	A1	NR	0.40%	11 199 570
WASHINGTON MUTUAL	2005-AR13	US92922F4W51	2.54	AAA	Aaa	NR	0.50%	13 906 308
WASHINGTON MUTUAL	2005-AR13	US92922F5B06	2.40	A+	A1	NR	0.21%	5 908 431
WASHINGTON MUTUAL	2005-AR19	US92925CBQ42	5.14	A+	A2	NR	0.15%	4 247 528
WELLS FARGO HOME EQUITY TRUST		US9497ERAH70	1.10	A-	Baa2	B	0.60%	16 552 928