
G L O B A L ♦ D I G I T I I

GLOBAL DIVERSIFIED INVESTMENT GRADE INCOME TRUST II

MANAGEMENT REPORT OF FUND PERFORMANCE

December 31, 2010

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 or SEDAR at 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 control of Global Diversified Investment Grade Income Trust II, 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 management of Global Diversified Investment Grade Income Trust II 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**”).

1. Investment Objectives and Strategies

Global DIGIT II’s principal objectives were:

- (i) up to **March, 2010**, 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%) and, thereafter, a fixed rate stream of monthly distributions reset every five calendar years (the date of every such reset 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 of the units, 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 2, 2010 but no later than March 2, 2045 on which date 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 \$9.36 per unit or less.

However, such objectives are no longer achievable because:

1. On November 24, 2009, Global DIGIT II received from Deutsche Bank credit event notices for seven reference obligations. Further to these credit event notices, 1) the aggregate maximum potential loss is \$6.57 per unit in which case the maximum redemption price would be \$2.79 per unit and 2) starting with the distribution paid on January 2010, monthly distributions to unitholders have been reduced. (See section 2. Risks, *Credit Risk* and section 3. Results of Operations, *Income and Distributions*); and

2. As stated in the 2010 audited Global DIGIT II financial statements (note 2), five facts raise substantial doubt about the ability of Global DIGIT II to continue as a going concern:

“These financial statements have been prepared on a going concern basis in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”). The going concern basis of presentation assumes that the Trust [Global DIGIT II] will continue its operations for the foreseeable future. However, the following facts raise substantial doubt about the Trust's ability to continue as a going concern:

- 1) as at December 31, 2010, the market value of the Financial Contracts was only 0.975% of the notional amount;*
- 2) the Trust has already received seven credit event notices (...), which could result into total losses on Swap Agreements A and B and partial losses on Swap Agreement C representing losses of up to \$6.57 per unit (final settlement amount has not been received);*
- 3) while waiting for the resolution of such credit event notices (a process that can take up to 720 days following the reception of a credit event notice), the Bank [Deutsche Bank] is withholding 70% of the premium and, consequently, the monthly distributions to unitholders have been reduced;*
- 4) upon resolution of such credit event notices, an amount of the investment and the credit default swap receivable corresponding to the losses incurred will have to be transferred by the Trust to the Bank and will therefore reduce the interest income of the Trust thereafter;*
- 5) Moreover, (...), 7.9% of the reference obligations underlying Swap Agreement C are rated “D” representing 25 obligations with an aggregate exposure of \$187,563,728, indicating a risk that further credit event notices could be received from the Bank. For example, if the Bank were to send credit event notices for the three largest weighted reference obligations amongst those rated “D” in portfolio C and the recovery rate on such three obligations were to be less than 45%, and also assuming that the previously announced seven credit event notices would result in a total loss, the remaining collateral would be transferred by the Trust to the Bank and, consequently, the Trust would suffer a total loss under Swap Agreement C as well and the current sources of net investment income before administrative expenses of the Trust would essentially be eliminated.*

In the event that significant losses do materialize, the future revenues may not be sufficient to continue to cover the ongoing cost of the Trust, such that, it may be considered more economic for the Trust to liquidate the positions and cease the activities.”

To meet its initial objectives, Global DIGIT II had entered into three credit default swap agreements (the “**Financial Contracts**”) with Deutsche Bank. The Financial Contracts provide Unitholders with an exposure to three global diversified portfolios (“**Credit Exposures A, B and C**” and, collectively, the “**Credit Exposures**”) 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 Contracts 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 (net proceeds from the initial public offering).

On the first Reset Date of March 2, 2010, Deutsche Bank has not elected to terminate the Financial Contracts and, accordingly, the next applicable Reset Date is March 2, 2015 (See section 3. Results of Operations, *Investments*).

Management of the Portfolio

Deutsche Bank, acting through Winchester Capital, which specializes in structured finance and assets, makes all decisions concerning the composition of the portfolio of reference obligations and the addition and removal of reference obligations to or from the portfolio, subject to certain investment restrictions. Any changes to the composition of the portfolio made by Winchester Capital may be made solely in furtherance of Deutsche Bank's trading strategy and may have a positive or negative impact on the credit performance of the portfolio of reference obligations and the Financial Contracts. Any such changes in the composition of the portfolio or other actions undertaken by 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.

Since January 1, 2009, Deutsche Bank cannot add or replace reference obligations to the portfolios. Therefore, the principal amount of the portfolios will decline as maturing securities will not be replaced. As a consequence of this change, the principal amount of the portfolios has started to decline since January 1, 2009 as maturing portfolio assets are not replaced, decreasing the likelihood that the transaction will reach the 2045 maturity date.

Winchester Capital is required to maintain a 25% unhedged exposure to the portfolio of reference obligations underlying the Credit Exposures. Consequently, Winchester Capital is exposed, along with Unitholders, to losses arising from credit events occurring with respect to reference obligations in the portfolio during the term of the Financial Contracts.

The Trustee has no obligation, and no ability without the consent of Winchester Capital, to replace, modify, sell or terminate the Credit Exposures. Subject to the consent of Winchester Capital, the Trustee may request an amendment to certain of the Credit Exposures (by changing the underlying portfolios of reference obligations) 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 Contracts at the Maturity Date. Any amendment to the Credit Exposures is not subject to the approval of the Unitholders and is at the sole discretion of the Trustee.

The following chart shows the expected average life of the portfolios as of December 31, 2010, without any consideration for losses. This data is provided by Winchester Capital and is based on multiple assumptions.

Years		Portfolio 1			Portfolio 2			Portfolio 3		
From	To	Incremental	Cumulative	S&P Equivalent Average Rating	Incremental	Cumulative	S&P Equivalent Average Rating	Incremental	Cumulative	S&P Equivalent Average Rating
0	1	22.75%	22.75%	B / B-	31.26%	31.26%	B- / CCC+	11.40%	11.40%	CCC+ / CCC
1	2	16.32%	39.07%	BB+ / BB	16.59%	47.85%	B+ / B	19.37%	30.77%	CCC+ / CCC
2	3	21.48%	60.55%	B- / CCC+	19.66%	67.51%	B- / CCC+	16.29%	47.06%	B- / CCC+
3	4	18.65%	79.20%	B / B-	16.32%	83.84%	B- / CCC+	25.33%	72.39%	B / B-
4	5	8.23%	87.44%	B- / CCC+	8.94%	92.78%	BBB / BBB-	10.00%	82.39%	BB- / B+
5	6	10.72%	98.15%	B- / CCC+	3.38%	96.16%	BB- / B+	10.51%	92.90%	BB- / B+
6	7	1.85%	100.00%	CCC-	3.85%	100.00%	CCC / CCC-	6.68%	99.58%	B- / CCC+
7	8	0.00%	100.00%	-	0.00%	100.00%	-	0.00%	99.58%	-
8	9	0.00%	100.00%	-	0.00%	100.00%	-	0.29%	99.87%	BB+ / BB
9	10	0.00%	100.00%	-	0.00%	100.00%	-	0.00%	99.87%	-
10	11	0.00%	100.00%	-	0.00%	100.00%	-	0.00%	99.87%	-
11	12	0.00%	100.00%	-	0.00%	100.00%	-	0.00%	99.87%	-
12	40	0.00%	100.00%	-	0.00%	100.00%	-	0.13%	100.00%	D
Total		100.00%		B / B-	100.00%		B / B-	100.00%		B- / CCC+

2. Risks

Counterparty Risk

As of December 31, 2010, Deutsche Bank was rated A+ by S&P and Aa3 by Moody's Investors Services, Inc. ("Moody's").

Credit Risk

The Unitholders assume losses on the reference obligations underlying the Credit Exposures up to the notional amount of such Credit Exposures. Any loss resulting from a bankruptcy, failure to pay or other loss event affecting a reference obligation (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 to nil of the monthly distributions and payment on the Maturity Date.

The credit protection provided under Credit Exposures is a relatively small percentage in relation to the size of the three portfolios, being 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.

On November 24, 2009, Global DIGIT II received from Deutsche Bank credit event notices for the seven reference obligations of the following issuers:

Credit Exposure	Issuer	Series	Type of Credit Event	December 31, 2010		
				Weighting	Exposure	Exposure per Unit
A	Glacier Funding CDO	2006-4A	Failure to Pay	0.15%	\$3,822,205	\$0.37
A	IXIS ABS CDO Ltd.	2006-3A	Loss Event	0.20%	4,959,073	\$0.48
A	STATIC RESIDENTIAL CDO (Start) 2006-B Ltd.	2006-B	Failure to Pay	0.87%	\$21,695,944	\$2.09
A	Straits Global ABS CDO 2004-1	2004-1	Failure to Pay	1.22%	\$23,634,614	\$2.27
B	Ivy Lane CDO 2006-1	2006-1	Failure to Pay	1.37%	\$31,976,243	\$3.08
B	STATIC RESIDENTIAL CDO (Start) 2006-B Ltd.	2006-B	Failure to Pay	0.64%	\$16,278,126	\$1.57
C	Duke Funding VII Ltd.	1A	Failure to Pay	0.46%	\$12,702,066	\$1.22

Prior to the aforementioned credit event notices, Global DIGIT II had never received any credit event notices and, during the year ending December 31, 2010, Global DIGIT II has not received any credit event notices.

Losses on the seven reference obligations (for which Global DIGIT II has received a credit event notice) will reduce the notional amount of the affected credit exposure, thus resulting in a lower redemption price of the units at maturity. For example, for Credit Exposure A, the total weighting of the reference obligations for which a Credit Event notice has been received is 2.44% of the notional amount of the portfolio. Based on current weighting, any recovery further to the evaluation process for an amount less than 61.2% of the aggregate notional amount of the affected reference obligations will mean a total loss of Credit Exposure A, being an amount of \$2.27 per unit. For Credit Exposure B, the affected reference obligations represent 2.01% of the notional amount of the portfolio. Based on current weighting, any

recovery further to the evaluation process for an amount less than 37.8% of the aggregate notional amount of the affected reference obligations will mean a total loss of Credit Exposure B, being an amount of \$3.08 per unit. For Credit Exposure C, a total loss on the affected reference obligation would mean a loss of \$1.22 per unit. Accordingly, further to these Credit Event notices, the aggregate maximum potential loss would be \$6.57 per unit in which case the maximum redemption price would be \$2.79 per unit (being \$9.36 minus \$6.57).

Pursuant to the Financial Contracts, the valuation of the reference obligations for which Global DIGIT II has received a credit event notice could take up to 720 days after the credit event notices were provided by Deutsche Bank. Further to this process, an amount of collateral corresponding to losses incurred on such reference obligations, will have to be transferred by Global DIGIT II to Deutsche Bank out of its assets thus resulting into an equivalent loss for Global DIGIT II. Meanwhile, the Financial Contracts allow Deutsche Bank to withhold a portion of the premium payments corresponding to such reference obligations, until the final loss is determined – there is no withholding on the interest earned on the term deposit note. Again according to the Financial Contracts, Deutsche Bank as calculating agent shall, acting in good faith and a commercially reasonable manner, determine the amount of premium payments to withhold based on the expected final prices of such obligations. On Payment Dates since the reception of such credit notices, the portion of the premium payments withheld by Deutsche Bank corresponded to an estimated total loss on such reference obligations. Moreover, the fact that Deutsche Bank is withholding premium payments has resulted into a temporary reduction of distributions to unitholders of Global DIGIT II starting with the distribution payable on January 15, 2010 – such temporary reduction will become permanent if the good faith determination is confirmed by the valuation process.

As shown in the table below, due to the ongoing turmoil in the US sub-prime mortgage market (to which market Global DIGIT II is exposed), many reference obligations were downgraded during the year ended December 31, 2010 and the percentage of the non-investment grade category (including the seven reference obligations referred to above) increased significantly (from 38.4% as at December 31, 2009 to 52.5% as at December 31, 2010):

Ratings Distribution of the Reference Obligations					
S&P Equivalent Rating	Dec. 31, 2006	Dec. 31, 2007	Dec. 31, 2008	Dec. 31, 2009	Dec. 31, 2010
AAA	67.3%	62.4%	46.5%	23.1%	10.7%
AA	9.3%	9.5%	10.2%	12.2%	10.9%
A	22.7%	25.2%	22.7%	14.0%	13.7%
BBB	0.7%	2.0%	5.6%	12.3%	12.2%
Below BBB-	0.1%	0.9%	15.0%	38.4%	52.5%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%

Included in the last category (that is, below BBB-) of the above table, there are 25 securities rated D (“Payment default of financial commitments”) by S&P on portfolio C. If Deutsche Bank were to send a credit event notice for the three largest weighted securities among these 25 defaulted securities and the recovery rate on such three securities were to be less than 45%, and also assuming that the previously announced seven credit event notices result into a total loss, the remaining collateral would be transferred by Global DIGIT II to Deutsche Bank and, consequently, Global DIGIT II would suffer a total loss under the Financial Contracts.

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

Credit Exposure C's composition by asset classes at inception, December 31, 2005, 2006, 2007, 2008, 2009 and 2010 was as follows:

Asset Class ⁽¹⁾	Inception	Dec. 31, 2005	Dec. 31, 2006	Dec. 31, 2007	Dec. 31, 2008	Dec. 31, 2009	Dec. 31, 2010
Commercial asset-backed securities	0.9%	10.8%	7.8%	4.7%	4.7%	4.8%	4.9%
Consumer asset-backed securities	0.5%	0.5%	0.0%	0.2%	0.2%	0.2%	0.2%
Residential mortgage-backed securities	41.4%	32.3%	24.5%	22.6%	20.7%	18.9%	18.1%
Commercial mortgage-backed securities	7.9%	7.6%	14.4%	22.9%	23.5%	23.5%	24.3%
Synthetic corporate exposures	49.3%	48.8%	53.3%	49.6%	50.9%	52.6%	52.5%
TOTAL	100.0%	100.0%	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 C is limited to an amount of \$41,708,143. Further, the exposure (in dollars) of Global DIGIT II to each of the 236 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 NBC, as administrative agent (the “**Administrative Agent**”), as of the mid-month and 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. Substantially all of the assets of Global DIGIT II consist of the Financial Contracts and the related term deposit. The “NAV per unit” on any day is obtained by dividing the NAV of Global DIGIT II on that day by the number of units outstanding on the same day. The NAV is posted on the Web site of National Bank Financial Inc. at www.nbfinc.com and on SEDAR at www.sedar.com and is published bi-monthly by Global DIGIT II.

The NAV is calculated in accordance with Generally Accepted Accounting Principles (“**GAAP**”) – for a detailed description of the rules underlying the calculation of the Global DIGIT II NAV, please refer to the latest **Annual Information Form**.

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 Contracts in 2007: from December 31, 2006 to December 31, 2007, the value of the Financial Contracts went from 90.5% to 5% of their nominal amount, thus triggering a large unrealized loss of \$80,034,175 in the net asset value of Global DIGIT II. During the last 3 years, the value of the Financial Contracts further eroded: 2.75% as at December 31, 2008, 1% as at December 31, 2009 and 0.975% as at December 31, 2010 for an unrealized loss of \$24,330 (unrealized loss of \$1,703,082 in 2009).

As shown in the table below, after a precipitous fall in 2007 and 2008, the value of “A” rated indices backed by residential US sub-prime mortgages have stabilized at a relatively low level since December 31, 2008:

Index ⁽¹⁾	Market Price ⁽²⁾			
	December 31, 2007	December 31, 2008	December 31, 2009	December 31, 2010
ABX.HE.AAA 2006-I	93.91%	80.00%	81.59%	88.435%
ABX.HE.AAA 2006-II	87.5%	49.5%	45.75%	60.160%
ABX.HE.AA 2006-I	84.625%	32.9%	33.67%	50.595%
ABX.HE.AA 2006-II	61.5%	12.535%	11.63%	18.500%
ABX.HE.A 2006-I	60.5%	12.17%	10.50%	22.630%
ABX.HE.A 2006-II	39.5%	5.44%	5.00%	7.500%

(1) *ABX.HE.Rating 2006-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 year 2006 and semester I or II.

(2) *Source: Bloomberg.*

The NAV of Global DIGIT II was \$2,643,241 as at December 31, 2010 (\$0.25 per unit based on 10,392,283 units outstanding), as compared to \$3,134,330 as at December 31, 2009 (\$0.30 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 the Financial Contracts and their nominal value (an unrealized loss of \$96,370,140 or \$9.27 per unit) and the difference between the fair value of the investments, together with the CDS receivable, and their nominal value (an unrealized gain of \$350,348 or \$0.03 per unit).

From year end 2009 to December 31, 2010, the market price of Global DIGIT II units increased from \$1.32 to \$1.64 and Unitholders received total distributions of \$0.46 per unit (\$2.5794 per unit during the corresponding period in 2009 including three special distributions totalling \$1.755 per unit).

Income and Distributions

During the year ended December 31, 2010, Global DIGIT II had a net income of \$4,289,361 (\$0.41 per unit based on 10,392,283 units outstanding) as compared to a net income of \$7,302,892 (\$0.70 per unit based on 10,392,283 units outstanding during the corresponding period in 2009). The net income was reduced by an unrealized loss of \$24,330 (\$0.00 per unit) in the fair value of the Financial Contracts (unrealized loss of \$1,703,082 and \$0.16 per unit respectively during the corresponding period in 2009) and by an unrealized loss of \$162,523 (\$0.02 per unit) in the fair value of the investment together with the CDS receivable (unrealized loss of \$635,493 and \$0.06 per unit respectively during the corresponding period in 2009).

As explained above (see section **2. Risks, Credit Risk**), Deutsche Bank is allowed to temporarily withhold the premium payments corresponding to reference obligations for which a credit event notice has been sent, until the final loss on such reference obligations is determined. The monthly amount currently withheld by Deutsche Bank represents \$0.036 per unit and the distributions have therefore been reduced starting with the distribution paid on January 15, 2010 (\$0.035 per unit instead of \$0.0687 per unit).

One of the objectives of Global DIGIT II was to provide unitholders with a monthly distribution which, starting April 2010, would have been an amount equal to the five-year government of Canada bond yield plus 4.0% to 4.5% (see section **1. Investment Objectives and Strategies**). However, in light of the amounts withheld by Deutsche Bank in relation to credit events notified to Global DIGIT II until the final determination of the amount of losses from such credit events, distributions will be approximately equal to the five-year government of Canada bond yield plus a spread of 1.10% to 1.71%, or \$0.03 to \$0.035 per unit, versus the targeted spread of 4.0% to 4.5%, or \$0.055 to \$0.059 per unit.

The distributions made by Global DIGIT II were entirely made of return of capital and have resulted in a reduction in the amount of the investments held by the Global DIGIT II. The notional amount of investments held by Global DIGIT II decreased by \$4,364,759 as a result of the distributions and this reduction was compensated by the accrual of the CDS receivable of the same amount.

Redemptions

Pursuant to the quarterly redemptions of May 31, 2010 and August 31, 2010 respectively, 50,000 and 5,600 units were submitted for redemption and were recirculated by National Bank Financial (no redemptions of units during the year ended December 31, 2009).

4. Recent Developments

Portfolio Changes

During the year ending December 31, 2010, the Trustee has not requested any change in the portfolio of securities included in the credit exposures. Also during the same period, Global DIGIT II has not received any credit event notices from Deutsche Bank.

Subsequent Events

There are no subsequent events.

Future Accounting Changes

The Canadian Accounting Standards Board (AcSB) requires all publicly accountable enterprises to report under International Financial Reporting Standards (“**IFRS**”) in 2011, as issued by the International Accounting Standard Board (“**IASB**”).

In September 2010, the AcSB approved an optional one year deferral of IFRS adoption for investment companies applying the accounting guideline AcG-18 until fiscal years beginning on or after January 1, 2012. The reason for the proposed deferral was to have the IFRS changeover date coincide with the new consolidation standard for investment companies that the IASB is scheduled to publish in 2011. The IASB is proposing to exempt investment companies from having to consolidate investments they control. Canadian GAAP requires investment companies to account for their investments at fair value regardless of whether they control or not such investments.

In January 2011, the AcSB extended by another year the optional deferral of the mandatory IFRS changeover date for investment companies. Accordingly, Global DIGIT II will adopt IFRS for its fiscal period beginning January 1, 2013 and will issue its first IFRS financial statements, including comparative information, for the six months period ended June 30, 2013.

In order to meet the requirements of the changeover to IFRS, the Administrative Agent has taken the following steps in managing the transition to IFRS:

- Study and analysis of the main differences between current accounting standards and IFRS;
- Identification of areas where changes in disclosure will be required under IFRS; and
- Impact on information technology, data systems, internal controls and preparing financial statements.

The Administrative Agent identified some differences between the Canadian accounting standards and those expected to apply in preparing IFRS financial statements.

Under IAS 32 *Financial instruments: Presentation*, (“IAS 32”) the units of Global DIGIT II constitute financial liabilities instead of equity instruments. However, they would continue to be classified as equity instruments under the IAS 32 exception for certain puttable financial instruments.

Under IFRS, Global DIGIT II may have to account for future income taxes. To date, the Administrative Agent does not believe that this difference has a significant impact on the financial statements.

Under IFRS, Global DIGIT II will apply the requirements of IFRS 9 *Financial Instruments* (“IFRS 9”). Global DIGIT II’s business model is to invest in assets in order to earn an income and manage its investment assets and the related credit default swaps on a fair value basis. Based on this business model, the financial instruments subject to IFRS 9 would therefore continue to be recorded at fair value with changes in fair value recognized in profit or loss. Consequently, Global DIGIT II’s accounting for financial instrument would be consistent with AcG-18 under Canadian GAAP.

The evaluation of the differences did not reveal any other potential differences between Canadian GAAP and IFRS.

The Administrative Agent has not identified any changes expected to have a significant impact on Global DIGIT II’s net assets per unit as a result of the changeover to IFRS. Rather, it expects that IFRS transition will have an impact on the overall presentation and disclosure of financial statements. However, this determination is subject to change as the IFRS differences assessment is finalized and as new standards are issued by the IASB prior to Global DIGIT II’s adoption of IFRS.

5. Related Party Transactions

The Trustee is responsible for the management of Global DIGIT II and 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 (“NBF”), a subsidiary of NBC. During the year ending December 31, 2010 and the corresponding period in 2009, fees earned by such related parties were the following:

Related Party	Type of fees	2010	2009
Trustee	Directors’ Fees	\$117,371	\$119,919
National Bank of Canada	Administrative Agent fees	\$28,350	\$28,443
National Bank Financial	Servicing fees ⁽¹⁾	-	(\$84,948)
Natcan Trust	Custodial fees	<u>\$2,238</u>	<u>\$4,454</u>
TOTAL		\$147,959	\$67,868

(1) In 2009, the Trustee decided to change the calculation of the servicing fees payable to the investment advisors for the period between August 2007 and February 2009. Moreover, since March 2009, Global DIGIT II is no longer paying any servicing fees to the investment advisors.

As mentioned above (see section 3. **Results of Operations, Investments**) Global DIGIT II has a term deposit note with NBC, such term deposit being pledged as collateral under the Financial Contracts. The term deposit was bearing interest at a rate of 3.922%, payable monthly until March 2, 2010 and 3.094% starting March 2, 2010 until March 2, 2015.

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* (“**National Instrument 81-107**”). The members of the IRC are:

Name	Residence	First appointment date
Yves Julien (Chair)	Westmount, 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. 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, 2010	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005 (10 1/3 months)	March 11, 2005 ⁽¹⁾
Weighted average number of outstanding units in thousands.....	10,392	10,392	10,392	11,496	14,125	14,950	14,950
NAV per unit, beginning of period ⁽²⁾....	\$0.30	\$2.14	\$1.03	\$8.73	\$9.51	\$9.35	\$10.00
Increase (decrease) in net assets from operations ⁽²⁾:							
Total revenues	\$0.97	\$1.87	\$2.04	\$2.11	\$2.00	\$1.67	-
Total expenses.....	(\$0.54)	(\$0.94)	(\$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).....	(\$0.02)	(\$0.23)	\$0.16	(\$7.04)	(\$0.88)	-	-
Total increase (decrease) in net assets from operations ⁽²⁾:	\$0.41	\$0.70	\$1.11	(\$6.88)	\$0.02	\$0.82	-
Issue expenses ⁽³⁾	-	-	-	-	-	-	(\$0.65)
Declared Distributions							
Return of capital ⁽⁴⁾	(\$0.46)	(\$2.55)	-	(\$0.48)	(\$0.82)	(\$0.66)	-
Total Distributions ⁽²⁾	(\$0.46)	(\$2.55)	-	(\$0.48)	(\$0.82)	(\$0.66)	-
NAV per unit, end of period ⁽²⁾	\$0.25	\$0.30	\$2.14	\$1.03	\$8.73	\$9.51	\$9.35

(1) At inception.

(2) The NAV 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 distributions were paid on their scheduled payment dates except for the July 2007 distribution whose payment was delayed until February 2009 due to the Third Party ABCP Market crisis (see: Management Report and Fund Performance, section 2. Risks, Counterparty Risk, December 31, 2009).

Ratios and Supplemental Data:

	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005	March 11, 2005 (at inception)
Net Asset Value (\$000).....	\$2,643	\$3,134	\$22,287	\$10,726	\$121,868	\$142,148	\$139,714
Number of units outstanding (000)	10,392	10,392	10,392	10,392	13,956	14,950	14,950
Net Asset Value per unit.....	\$0.25	\$0.30	\$2.14	\$1.03	\$8.73	\$9.51	\$9.35
Management expenses (\$000)	\$591	\$80 ⁽¹⁾	\$1,120	\$1,330	\$1,124	\$788 ⁽²⁾	-
Management expense ratio.....	n.a. ⁽³⁾	1.84%	6.69%	2.59%	0.85%	0.56%	-
Portfolio turnover rate.....	-%	-%	-%	-%	-%	-%	-%
Trading expenses ratio.....	-%	-%	-%	-%	-%	-%	-%
Market price of the units.....	\$1.64	\$1.32	\$1.09	\$3.00	\$8.47	\$9.06	\$10.00

(1) The management expenses consist of administrative expenses (a cost of \$579,336) plus servicing fees (a reduction of \$499,078), for a net cost of \$80,258.

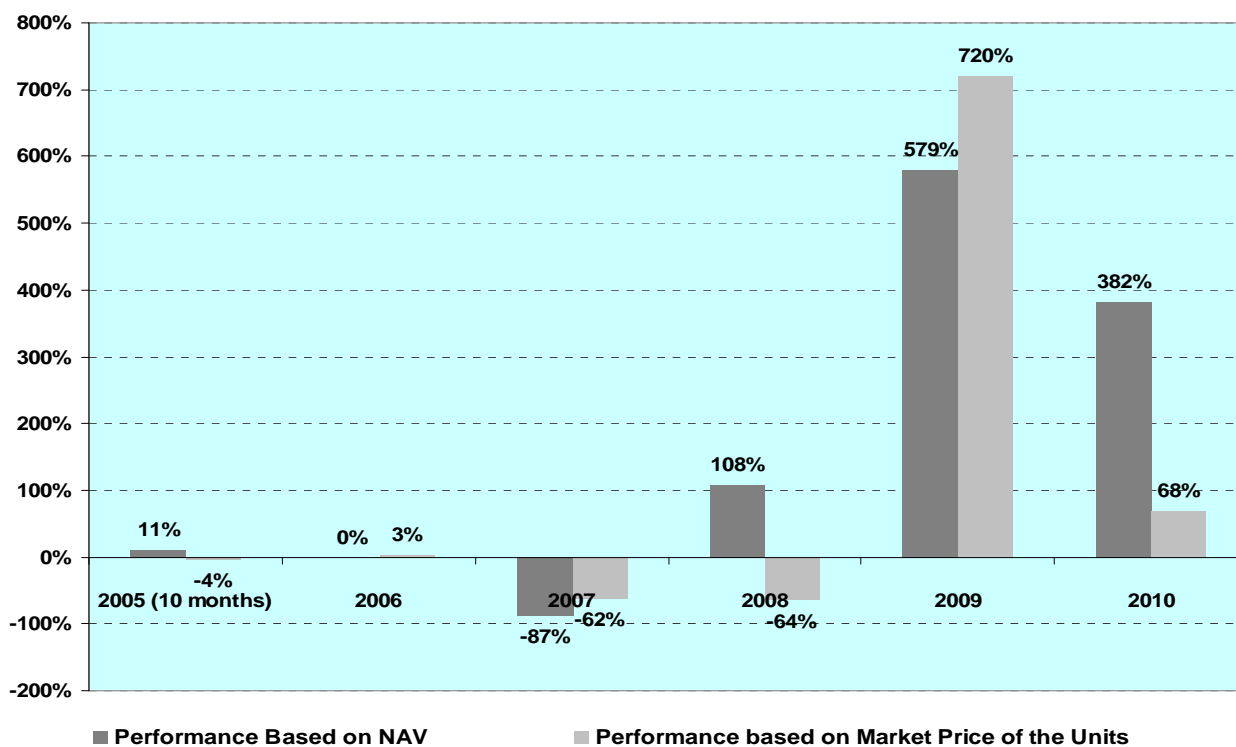
(2) Expenses for 9.7 months of operation.

(3) The management expense ratio stood at 21.12% as at December 31, 2010. This ratio is equal to the total expenses divided by the average NAV for the period. Such ratio is not a meaningful information for Global DIGIT II as the expenses are relatively stable on a year-to-year basis but the value of the Financial Contract which has a significant impact on the NAV, has been reduced drastically due to the turmoil in the US sub-prime market to which Global DIGIT II is exposed.

8. Past Performance

The following bar chart and table indicate the performance of the units by showing for the period the return by fiscal year and compound returns from inception assuming all the distributions 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. Past performance is not an indication of future performance and the exceptionally strong performance of the year ended on December 31, 2009 reflects a combination of very volatile NAV and market prices together with two large (and special) distributions during February and March of that year.

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



Annual Compound Returns	<u>Including the 2009 special distributions⁽¹⁾</u>			<u>Excluding the 2009 special distributions⁽¹⁾</u>		
	1 Year	3 Year	Since Inception	1 Year	3 Year	Since Inception
Based on NAV ⁽²⁾	382.0%	308.2%	47.0%	382.0%	113.8%	5.3%
Based on Market Price of the Units ⁽³⁾	68.3%	71.2%	11.6%	68.3%	12.5%	-10.1%

(1) The \$1.07 distribution of February 2009 and the \$0.635 distribution of March 2009.

(2) Calculated from initial NAV of \$9.35 and December 31, 2010 NAV of \$0.25 assuming all distributions reinvested at the NAV.

(3) Calculated from issue price of \$10.00 and December 31, 2010 market price of \$1.64 per unit assuming all distributions reinvested at the market price of the units.

9. Summary of the Investment Portfolio

Portfolio Breakdown:

<u>Investment type</u>	<u>December 31, 2010</u>		<u>December 31, 2009</u>	
NBC term deposit	\$53,484,435	2023.4%	\$57,961,195	1849.2%
CDS receivable	\$44,184,913	1671.6%	\$39,870,676	1272.1%
Short-term investments	\$1,299,305	49.2%	\$1,549,860	49.5%
Financial Contracts*	(\$96,370,140)	(3645.9)%	(\$96,345,810)	(3073.9)%
Other net assets	<u>\$44,728</u>	<u>1.7%</u>	<u>\$98,379</u>	<u>3.1%</u>
Total net assets	\$2,643,241	100.0%	\$3,134,300	100.0%

* See Schedules 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 Contracts, Global DIGIT II is exposed to a levered credit exposure in the sense that the credit protection provided under the Credit Exposures is a relatively small amount in relation to the size of the portfolio in respect of which 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 the Credit Exposures. 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 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 the Credit Exposures 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 the Credit Exposures (the maximum loss on each Credit Exposure 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 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 Contracts, whether Unitholders will receive the distribution and the redemption price 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 the Credit Exposures, 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, the credit worthiness of 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 the Credit Exposures.

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, interest rates, the performance and creditworthiness of the reference obligations, the Credit Exposures 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 the Credit Exposures. Accordingly, Unitholders have no recourse whatsoever, directly or indirectly, to the portfolio, the reference obligations or the Credit Exposures 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

Global DIGIT II will not be able to maintain the monthly distributions to the Unitholders should further credit events occur or following the settlement of credit events for which notices have been received. The occurrence of additional credit events would decrease the monthly distributions to be paid to Unitholders.

**SCHEDULE B
PORTFOLIO A**

Issuer	Series	ISIN	Expected Average Life as of Dec. 13, 2010	Rating as of Dec. 31, 2010			Weighting	Exposure \$
				S&P	Moody's	Fitch		
ABACUS Ltd	2006-10	US00257AAA51	4.88	CCC-	Ba2	NR	1.43%	23 634 614
Access Group Inc	2002-A	US00432CAQ42	0.19	AAA	Aaa	AAA	0.08%	1 989 074
ACCREDITED MORTGAGE LOAN TRUST	2005-2	US004375DH15	2.94	B-	C	NR	0.16%	4 085 822
Ace Securities Corp	2004-FM1	US004421DL47	1.34	BBB-	A2	NR	0.03%	641 708
Ace Securities Corp	2004-HE3	US004421HT37	1.79	B	Baa2	NR	0.07%	1 793 708
Ace Securities Corp	2004-HE3	US004421HU00	1.79	CCC	Baa3	NR	0.09%	2 161 432
Ace Securities Corp	2004-HE4	US004421JL82	1.48	B-	Baa3	NR	0.08%	2 090 475
Alrcastle Aircraft Lease Backed Trust	2006-1	US00505HAA05	0.50	A-	A2	NR	0.61%	15 296 420
Alesco Preferred Funding , Ltd	14A	US014498AB56	5.46	CCC-	Baa3	BB	0.98%	23 634 614
Alesco Preferred Funding , Ltd	10A	US01449WAB28	5.28	NR	Ba1	BB	0.96%	23 634 614
Alesco Preferred Funding I, Ltd	1	US01447YAA29	1.84	CCC+	Baa2	A	0.26%	6 537 716
ALESCO PREFERRED FUNDING, LTD.	7A	US01448YAB92	4.27	CCC-	Baa3	BB	0.66%	16 390 464
Alpine III	III	US021059AA87	0.67	AAA	NR	NR	0.44%	10 847 972
ALPSTAR CLO 1 PLC	1	XS0249393595	3.87	A+	Aa2	NR	0.81%	20 192 639
Annington finance no. 4 plc	B3	XS0198259813	5.33	A	A1	A	0.60%	14 857 382
Anthracite CDO II Ltd	2002	US03702SAA15	0.45	AAA	Aaa	AAA	0.15%	3 806 175
Anthracite CDO Ltd	1	US03702WAA27	1.92	AA+	Aa1	BB	0.26%	6 552 069
Anthracite CDO, Ltd.	2002-CIBA	US03702LAA61	0.69	AAA	Aaa	AAA	0.18%	4 563 313
ANTHRACITE CDO, LTD.	2006-HY3A	US03703FAA84	4.31	BB+	Caa2	CCC	0.22%	5 482 302
Arbor Realty Mortgage Securities Series 2005-1, Ltd	2005-1A	US038927AA73	0.97	A+	Aaa	BBB	0.35%	8 678 378
Arcap REIT, Inc	2004-1	US039279AD64	1.44	BBB+	B1	B	0.09%	2 169 594
Ares Commercial Loan Trust 2006-1	2006-1	US002043AG23	3.27	BB+	Baa2	NR	0.14%	3 471 351
ARTS Ltd	2005	US00971VAB27	0.25	BBB	Baa1	NR	0.12%	2 863 865
Asset Backed Securities Corporation	2004-HE8	US04541GMP45	1.51	B	Baa3	CC	0.31%	7 741 578
Atrium CDO	1	US04963JAA34	0.65	AA	Aa1	NR	0.66%	16 519 340
ATTENTUS CDO LTD.	2006-1A	US049730AC83	5.41	CCC-	Ca	C	0.42%	10 414 053
Aviation Capital Group Trust	2003-2	US004448AA42	0.46	A	Baa1	NR	0.58%	14 372 104
BALLYROCK CDO LIMITED	2	US058739AA12	2.69	AA+	Aa1	NR	0.55%	13 559 808
Bamburgh Finance No. 1 Plc	1	XS0159966844	3.14	AA	NR	AAA	0.40%	9 964 179
Bayview Commercial Asset Trust	2006-4A	US07325BAC28	0.37	AAA	Aaa	BBB	0.29%	7 110 710
BAYview commercial Asset Trust	2005-3A	US07324SCB60	3.36	AAA	Aaa	AA	0.10%	2 493 855
BAYview commercial Asset Trust	2005-3A	US07324SCC44	5.54	NR	Aaa	A	0.50%	12 555 079
Bayview commercial Asset Trust 2005-4	2005-4A	US07324SCS95	2.19	AAA	Aaa	BBB	0.52%	12 903 408
Bear Stearns Alt-A Trust	2004-13	US07386HPY17	1.04	A-	Aa1	NR	0.11%	2 627 314
Bear Stearns Asset Backed Securities I LLC	2004-HE11	US073879NZ74	1.21	BBB	A2	NR	0.21%	5 207 027
BELLA VISTA MORTGAGE TRUST	2005-1	US07820QBM69	0.82	AA-	Ca	NR	0.13%	3 333 989
BELLA VISTA MORTGAGE TRUST	2005-2	US07820QCE35	0.04	CCC	C	NR	0.10%	2 597 635

PORTFOLIO A (continued)

Issuer	Series	ISIN	Expected Average Life as of Dec. 13, 2010	Rating as of Dec. 31, 2010			Weighting	Exposure \$
				S&P	Moody's	Fitch		
BL Super Finance		XS0244892054	2.31	AA	NR	AA	0.47%	11 603 132
BLACK Diamond CLO 2005-1 Ltd	2005-1	US09202EAE68	4.02	A-	Ba1	NR	0.21%	5 207 027
Brascan Real Estate Financial Partners LLC	2004-1	US10550TAA79	0.35	AAA	Aaa	NR	0.06%	1 531 388
Brascan Structured Notes 2005-2 Ltd	2005-2A	US10550YAA64	0.79	BBB+	Aaa	BBB	0.17%	4 339 189
BROADWICK FUNDING, LTD.	2006-1A	US11161RAD44	1.00	CC	C	NR	0.24%	5 855 565
CAPITALSOURCE COMMERCIAL LOAN TRUST	2006-2A	US14056GAC24	1.52	AA+	Aaa	AAA	0.23%	5 705 910
CAPITALSOURCE COMMERCIAL LOAN TRUST	2006-2A	US14056GAE89	1.80	BBB+	Baa1	A	0.27%	6 617 263
CAPITALSOURCE REAL ESTATE LOAN TRUST	2006-1A	US140560AD50	2.86	BB+	Caa2	CCC	0.35%	8 678 378
CapMark VII-CRE Ltd	2006-7	US14068XAB38	3.67	B+	B1	BB	0.24%	6 074 864
Carbon Capital II Real Estate CDO 2005-1, Ltd	2005-1	US140818AA38	0.63	AA	Aaa	NR	0.08%	1 971 771
Castle Hill II - Ingots , Ltd	2	US14845TAA43	0.34	AA+	Aaa	AAA	0.43%	10 587 177
Castle Trust	2003-1	US14852MAF86	3.06	AA	Aa2	NR	0.22%	5 443 400
C-Bass Ltd	16A	US12498YAE95	2.73	CC	C	C	0.45%	11 281 891
CCCIT	2002-A4	US17305EAZ88	3.74	AAA	Aaa	AAA	0.52%	13 017 566
CDC Mortgage Capital Trust	2004-HE4	US45071KAF12	1.29	CCC	Ba2	C	0.08%	2 028 629
CHL Mortgage Pass-Through Trust 2004-25	2004-25	US12669GKJ93	0.50	CCC	B3	NR	0.14%	3 470 724
CHL Mortgage Pass-Through Trust 2004-29	2004-29	US12669GJC69	3.49	CCC	B2	NR	0.25%	6 226 412
Citigroup Mortgage Loan Trust, Inc	2004-RES1	US17307GKP27	4.04	B-	Baa2	NR	0.03%	740 751
COUNTRYWIDE ALTERNATIVE LOAN TRUST	2005-J2	US12667F6A87	4.44	B	NR	CCC	0.40%	9 873 674
COUNTRYWIDE ALTERNATIVE LOAN TRUST	2005-45	US12667G6R94	2.02	D	C	NR	0.38%	9 335 525
COUNTRYWIDE ALTERNATIVE LOAN TRUST	2005-59	US12668AFA88	0.00	D	C	NR	0.48%	11 981 484
COUNTRYWIDE ALTERNATIVE LOAN TRUST	2005-56	US12668AMB88	0.00	D	C	NR	0.11%	2 702 672
Countrywide Asset Backed Certificates	2004-5	US1266716H42	2.78	AAA	Aaa	AAA	0.06%	1 368 812
Countrywide Asset Backed Certificates	2004-8	US126673EU25	1.91	AAA	NR	AAA	0.09%	2 182 070
Countrywide Asset Backed Certificates	2004-11	US126673LQ30	2.03	AAA	NR	AAA	0.08%	2 112 050
COUNTRYWIDE ASSET-BACKED CERTIFICATES	2004-13	US126673RQ75	1.28	B	A2	NR	0.09%	2 169 594
COUNTRYWIDE HOME LOANS	2005-7	US12669GNQ00	4.04	CCC	C	NR	0.07%	1 636 871
COUNTRYWIDE HOME LOANS	2005-3	US12669GTT84	0.53	CCC	C	NR	0.56%	14 012 040
CREST 2002-1 Ltd	2002-IG	USG2550JAA90	0.62	AAA	Aaa	AAA	0.04%	973 157
DECO		XS0235683736	4.62	AA	Baa3	BBB	0.42%	10 529 642
DECO		XS0235684114	4.62	BBB	B1	CCC	0.42%	10 529 642
Dow Jones CDX.EM.Diversified 7years	3	EMDJCDX7YAAA	3.75	AAA	Aaa	NR	0.87%	21 695 944
Downey Savings and Loan Association, FA	2004-AR1	US23332UAA25	2.89	AA+	Baa3	NR	0.08%	1 884 792
Downey Savings and Loan Association, FA	2004-AR1	US23332UAC80	2.77	AAA	A1	NR	0.34%	8 523 782
DRYDEN LEVERAGED LOAN CDO	2003-5A	US26243WAA99	1.28	AA+	Aaa	NR	0.20%	4 995 233

PORTFOLIO A (continued)

Issuer	Series	ISIN	Expected Average Life as of Dec. 13, 2010	Rating as of Dec. 31, 2010			Weighting	Exposure \$
				S&P	Moody's	Fitch		
DSLA MORTGAGE LOAN TRUST	2004-AR2	US23332UAR59	2.55	AA	Baa3	NR	0.27%	6 777 389
DSLA MORTGAGE LOAN TRUST	2005-AR1	US23332UCN28	2.29	B-	Ca	NR	0.07%	1 809 751
DSLA MORTGAGE LOAN TRUST	2005-AR1	US23332UCP75	2.29	B-	C	NR	0.09%	2 121 223
DSLA MORTGAGE LOAN TRUST	2205-AR3	US23332UDX90	2.38	CCC	C	NR	0.46%	11 389 244
Eagle Creek CLO Ltd	2006-1	US269491AE68	5.21	BBB+	Ba1	NR	0.31%	7 593 580
Exum Ridge	IV	US76129SAB07	1.02	AAA	Aaa	NR	0.69%	17 269 971
FAXTOR ABS BV	2004-1X	XS0191002780	2.37	AAA	Aa3	NR	0.18%	4 420 809
Fort Point CDO Ltd	2003-2A	US348522AA18	0.00	D	NR	NR	0.07%	1 627 901
Fortius Funding, Ltd	2006-1	US34958CAB00	3.00	CC	C	NR	0.13%	3 263 759
FORTRESS CREDIT INVESTMENTS LTD	2006-1A	US34957TAD00	4.02	BBB+	A3	NR	0.14%	3 471 351
Four Corners CLO	1A	US35083VAL18	5.54	BBB-	Ba2	NR	0.14%	3 536 439
Franklin CLO	4A	US352504AA20	1.27	AAA	Aaa	NR	0.35%	8 588 941
GALL 2005-1A A1L	2005-1A	US363631AA07	0.58	AA+	Aa1	NR	1.02%	23 634 614
GLACIER FUNDING CDO	2006-4A	US37638NAB73	0.33	D	C	NR	0.15%	3 822 205
Global Leveraged Capital Credit	2006-1A	US379372AA30	3.60	A+	Aa1	NR	1.40%	23 634 614
GRAPHITE MORTGAGES PLC	2006-1	GRAPH_LSS	3.90	AAA	Aaa	AAA	0.41%	10 101 167
GRAPHITE MORTGAGES PLC		XS0258744555	0.66	A-	Aa2	AA-	0.70%	17 418 575
GREENPOINT MORTGAGE FUNDING TRUST	2006-AR1	US39538WFM55	0.20	CC	C	NR	0.40%	9 962 918
GREENPOINT MORTGAGE FUNDING TRUST	2007-AR1	US39539KAJ25	0.00	D	C	NR	0.61%	15 187 161
GreenPoint Mortgage Funding Trust 2006-AR3	2006-AR3	US39538WHP68	0.00	D	C	NR	0.19%	4 773 108
GreenPoint MTA Trust 2005-AR2	2006-AR6	US39538BAK08	0.00	D	C	NR	0.44%	10 847 972
GreenPoint MTA Trust 2005-AR2	2005-AR2	US39538RBD08	2.82	CC	C	NR	0.09%	2 188 328
GreenPoint MTA Trust 2006-AR7	2006-AR7	US39538CAK80	0.00	D	C	NR	0.70%	17 356 755
GreenPoint MTA Trust 2006-AR8	2006-AR8	US39539HAG56	0.00	D	C	NR	0.44%	10 847 972
GSC Partners CDO Fund, Limited	2006-7	US36298AAD46	5.45	AA	A1	NR	0.52%	13 017 566
GSR Mortgage Loan Trust	2006-OA1	US362631AD55	2.04	CCC	C	NR	0.43%	10 768 234
HARBORVIEW MORTGAGE LOAN TRUST	2004-9	US41161PHV85	2.81	BB	Ba1	NR	0.09%	2 289 084
Harborview Mortgage Loan Trust Series 2006-12	2006-12	US41162DAN93	0.00	D	C	NR	0.26%	6 508 783
Harborview Mortgage Loan Trust Series 2006-9	2006-9	US41161XAH98	2.02	NR	C	NR	0.52%	13 017 566
INDYMAC INDX MORTGAGE LOAN TRUST	2004-AR14	US45660LAB53	3.45	CCC	Ba3	NR	0.09%	2 325 912
INDYMAC INDX Mortgage Loan Trust	2005-Ar14	US45660LSD28	3.04	D	C	NR	0.39%	9 619 861
INDYMAC INDX Mortgage Loan Trust	2004-AR8	US45660N2K06	0.28	CCC	B3	NR	0.04%	1 091 719
INDYMAC INDX MORTGAGE LOAN TRUST	2004-AR12	US45660N5J06	2.20	CCC	B1	NR	0.06%	1 441 127
IXIS ABS CDO LTD.	2006-3A	US46603EAA10	0.00	D	NR	NR	0.20%	4 959 073
JER CDO	2005-1A	US46614KAA43	2.86	D	Caa2	C	1.19%	23 634 614
JER CDO	2005-1A	US46614KAC09	4.52	CC	C	C	0.35%	8 678 378
JETBLUE AIRWAYS PTC 2004-2	2004-1	US47714RAB42	3.26	BB+	B1	NR	0.50%	12 323 296
Katonah III, Ltd	III	USG52177AA32	4.43	AA+	Aa3	NR	0.43%	10 693 030
Katonah IV, Ltd.	IV	USG52168AA25	1.74	AAA	Aaa	NR	0.32%	7 936 734

PORTFOLIO A (continued)

Issuer	Series	ISIN	Expected Average Life as of Dec. 13, 2010	Rating as of Dec. 31, 2010			Weighting	Exposure \$
				S&P	Moody's	Fitch		
Landmark CDO, LLC	2003-3	US51507JAA79	0.10	AA-	Aa2	NR	0.41%	10 078 922
LEHMAN XS TRUST	2005-9N	US525221GN14	1.04	CC	C	NR	0.15%	3 657 704
LEHMAN XS TRUST	2006-2N	US525221HB66	2.04	CCC	C	NR	0.56%	14 017 208
LEHMAN XS TRUST		US52522CAD56	2.04	D	C	NR	0.29%	7 269 026
LEHMAN XS TRUST		US52522DAP69	3.04	D	C	NR	0.46%	11 519 168
LNR	2002-1A	US50211NAA72	0.28	A+	Aa2	A	0.56%	14 043 620
LNR CDO LTD.	2003-1A	US50211MAA99	0.86	AAA	Aa2	AA	0.11%	2 714 785
Long Beach Mortgage Loan Trust	2004-2	US542514FZ20	2.04	B+	Baa2	CC	0.03%	707 745
MARATHON FINANCING, B.V.	2006-1A	US56580TAA43	4.56	AA+	Aaa	NR	0.67%	16 601 765
Marquette Park CLO Ltd	2005-1A	US57160RAB24	5.33	BBB+	Ba1	NR	0.24%	6 074 864
MCG Commercial Loan Trust 2006-1	2006-1A	US55271KAM36	0.85	A-	A1	NR	0.29%	7 159 662
MCG Commercial Loan Trust 2006-1	2006-1A	US55271KAQ40	1.60	A-	Baa2	NR	0.35%	8 678 378
MERRILL LYNCH MORTGAGE INVESTORS, INC.	2004-W2	US59020UQX62	0.12	A	Ca	NR	0.49%	12 149 729
Merrill Lynch Mortgage Investors, Inc.	2005-NC1	US59020URQ03	2.54	A+	B1	NR	0.30%	7 376 621
Midgaard Finance Ltd	1	XS0190303189	0.61	A+	Aa2	AA-	0.58%	14 529 750
ML AAA Financials 10_15%		AAAFIN10-15	3.54	AAA	Aaa	NR	1.23%	23 634 614
Morgan Stanley ABS Capital I	2004-NC4	US61744CCJ36	1.27	A	Baa2	CCC	0.17%	4 164 671
MORGAN STANLEY ABS CAPITAL I	2004-HE8	US61744CHE93	0.23	BB	A2	CC	0.19%	4 641 710
Morgan Stanley ABS Capital I	2004-NC5	US61746RFW60	0.27	B-	Baa2	CC	0.13%	3 143 992
MORGAN STANLEY Capital I	2006-SRR1	BCC0SU391	2.02	AAA	Aaa	NR	0.94%	23 431 620
Morgan Stanley Dean Witter Capital I Inc. Series 2003-NC2	2003-NC2	US61746WA750	1.61	AA+	Aa2	B	0.20%	4 937 702
NOMURA CRE CDO LTD	2007-2A	US65537HAA59	2.94	BBB	Baa1	CCC	0.39%	9 812 159
Northwoods Capital Limited	2004-4A	USG66661AA01	1.00	AA+	Aa2	NR	0.52%	12 888 943
N-star Real Estate CDO LTD	2006-6A	US62940PAC14	2.13	BB+	B1	CCC	0.19%	4 664 628
NYLIM FLATIRON CLO LTD.	2003-1A	US62948MAA45	0.91	AAA	Aaa	NR	0.20%	4 907 267
NYLIM FLATIRON CLO LTD.	2004-1	US67073MAC64	5.10	A	Ba1	NR	0.21%	5 207 027
Oak Hill Credit Partners II, Limited	II	US67133UAA07	1.01	AAA	Aaa	NR	0.21%	5 310 151
Octagon Investment Partners V, Ltd.	V	US67571MAA71	3.12	A+	Aa1	NR	0.77%	19 092 431
Phoenix Funding Ltd	2001-1	XS0125438670	0.79	AA	Aaa	NR	0.08%	1 997 979
PREFERRED TERM SECS XVI	XVI	US74041EAA38	6.53	CCC-	Baa3	BB	1.34%	23 634 614
Preferred Term Securities 20 Ltd	XX	US74042DAA46	5.17	CCC-	Ba2	BB	1.08%	23 634 614
Preferred Term Securities 22 Ltd	XXII	US74042MAA45	2.53	CCC+	Baa1	BB	0.81%	20 220 791
Preferred Term Securities 23 Ltd	XXIII	US74043AAE10	5.78	CCC-	Caa1	B	0.51%	12 690 827
Preferred Term XIX	XIX	US74042HAA59	2.03	CCC-	Baa2	BBB	1.08%	23 634 614
Puma MasterFund P8	P8	AU000PT10403	1.11	AAA	Aaa	NR	0.24%	6 050 039
RACE POINT CLO	2A	US74981SAA42	1.06	AAA	Aaa	AAA	0.19%	4 703 835
RAMS MORTGAGE SECURITIES PTY LIMITED	2004-1E	AU300RMM1016	0.00	AAA	Aaa	NR	0.05%	1 348 067
Residential Asset Securities Corporation	2004-KS5	US76110WYN00	3.04	CCC	B2	C	0.04%	1 097 362
RMAC	2003-NS2X	XS0171105439	0.00	AAA	A1	AA+	0.00%	15
RMAC	2003-	XS0177532743	3.00	AAA	A1	AA+	0.63%	15 594 323

PORTFOLIO A (continued)

Issuer	Series	ISIN	Expected Average Life as of Dec. 13, 2010	Rating as of Dec. 31, 2010			Weighting	Exposure \$
				S&P	Moody's	Fitch		
	NS3X							
RMAC 2003-NS1 Plc.	2003-NS1	XS0163011165	0.00	AAA	Aa3	NR	0.40%	9 945 261
RMS Trust 2002-1	2002-1	AU000RM00033	0.52	AAA	Aaa	NR	0.11%	2 718 953
Rosetta SA	I	XS0156925967	0.52	BBB	B1	NR	0.21%	5 275 646
Rosetta SA	I	XS0156926007	1.05	BB-	Caa1	NR	0.34%	8 385 816
Securitized Asset Backed Receivables LLC	2004-OP1	US81375WAC01	2.04	A	A2	CCC	0.03%	816 347
Securitized Asset Backed Receivables LLC	2004-NC1	US81375WAL00	2.04	BBB	A3	CCC	0.17%	4 312 745
SECURITIZED ASSET BACKED RECEIVABLES LLC TRUST	2005-HE1	US81375WGG50	3.04	D	C	D	0.26%	6 508 783
SHerwood ABS CDO		US82437RAC51	2.23	D	C	NR	0.65%	16 054 999
SLM Private Credit Student Loan Trust 2002-A	2004-A	US78443CBH60	5.25	A	Aaa	AAA	0.65%	16 054 999
SLM Student Loan Trust	2003-C	US78443CAZ77	1.58	AA-	Aaa	AAA	0.48%	11 968 212
SoundView Home Equity Loan Trust	2006-WF2	US83612MAJ62	3.04	NR	C	C	0.52%	13 017 566
SoundView Home Equity Loan Trust	2006-WF2	US83612MAK36	3.04	NR	C	C	0.10%	2 603 513
STAtic repackaging trust, ltd	2004-1A	US85233VAA98	0.15	A+	A2	NR	0.03%	722 853
STATIC RESIDENTIAL CDO (START) 2006-A Ltd	2006-A	US85768VAC81	1.08	D	C	NR	0.52%	12 951 861
STATIC RESIDENTIAL CDO (START) 2006-B Ltd	2006-B	US85768XAB64	3.00	D	C	NR	0.87%	21 695 944
Sterlingmax MBS Ltd	I	XS0177867255	1.19	BBB	NR	AAA	0.27%	6 787 901
Straits Global ABS CDO 2004-1	2004-1	US86258PAB85	2.90	D	Ca	D	1.22%	23 634 614
STRUCTURED ASSET MORTGAGE INVESTMENTS INC	2006-AR5	US86360JAW18	0.00	D	C	NR	0.09%	2 168 025
STRUCTURED ASSET MORTGAGE INVESTMENTS INC	2006-AR5	US86360JAX90	0.00	D	C	NR	0.09%	2 168 148
STRuctured Asset Mortgage Investments, Inc	2005-AR7	US86359LQV44	3.04	CC	C	NR	0.05%	1 197 886
STRUCTURED ASSET SECURITIES CORPORATION	2005-WF4	US863576DK73	3.04	BB+	C	CC	0.17%	4 339 189
Tourmaline CDO	2005-1	US89155XAB91	2.83	CC	C	NR	1.12%	23 634 614
Trapeza CDO I, LLC	2002-1	US894127AA77	1.97	A-	Baa1	AA	0.06%	1 517 299
Trapeza CDO II, LLC	2003-2	US894128AA50	0.31	A+	Aa1	AAA	0.01%	292 822
Trapeza CDO LLC	2003-4A	US894126AA94	3.45	BB+	Aa3	AA	0.40%	10 064 094
TRAPEZA CDO LLC	2003-3A	US89412MAA45	0.10	B+	Baa2	AA	0.82%	20 320 488
TRAPEZA CDO LLC	2005-9A	US89413AAB70	4.87	NR	Ba2	BB	0.35%	8 678 378
UNION SQUARE CDO, LTD	2003-1A	US908393AA98	1.34	AAA	Aaa	NR	0.32%	8 055 606
Venture CBO III CDO Ltd.	2003-1A	US92327WAA09	2.29	AA+	Aa2	NR	0.28%	6 875 901
Vermeer Funding Ltd	2004-1A	US92344VAA17	0.72	A+	A3	B	0.12%	3 087 565
VICTORIA FALLS CLO, LTD.	2005-1A	US926244AC81	1.94	A+	A1	NR	0.81%	20 196 321
VICTORIA FALLS CLO, LTD.	2005-HE1	US926244AE48	5.18	BB+	Ba2	NR	0.21%	5 207 027
WACHOVIA CRE CDO 2006-1	2006-1	US92978CAA62	1.63	BBB	A2	BB	0.91%	22 563 782
WAMu MOrtgage Passthrough Certificates, Series 2005-AR17	2005-AR17	US92922F7X08	3.04	B-	C	NR	0.44%	10 934 816
WAMu MOrtgage Passthrough Certificates, Series 2005-AR19	2005-AR19	US92925CBL54	1.28	B-	C	NR	0.30%	7 391 365
WAMu MOrtgage Passthrough	2005-	US92925CBN11	4.04	CCC	C	NR	0.18%	4 434 819

PORTFOLIO A (continued)

Issuer	Series	ISIN	Expected Average Life as of Dec. 13, 2010	Rating as of Dec. 31, 2010			Weighting	Exposure \$
				S&P	Moody's	Fitch		
Certificates, Series 2005-AR19	AR19							
WASHINGTON MUTUAL	2005-AR13	US92922F5B06	3.04	CCC	C	NR	0.23%	5 615 231
WASHINGTON MUTUAL	2004-AR10	US92922FXJ29	1.69	AA+	Baa2	NR	0.20%	4 966 796
WASHINGTON MUTUAL	2005-AR19	US92925CBJ09	2.07	BBB	Ca	NR	0.12%	2 983 620
WASHINGTON MUTUAL	2006-AR9	US93363DAN75	0.00	D	C	NR	0.17%	4 316 671
WASHINGTON MUTUAL	2006-AR9	US93363DAP24	0.00	D	C	NR	0.14%	3 459 366
WASHINGTON MUTUAL	2007-OA3	US93364AAF93	3.04	CC	C	NR	0.87%	21 640 056
WASHINGTON MUTUAL	2005-AR1	US939336X573	1.71	AAA	Ca	NR	0.27%	6 829 745
WILLIAM STREET FUNDING CORPORATION		US969285AL98	1.36	AAA	Aaa	NR	1.50%	23 634 614
WILLIAM STREET FUNDING CORPORATION	2006-2	US969285AN54	2.12	AAA	Aaa	NR	0.52%	13 017 566
WMALT MORTGAGE PASS-THROUGH CERTIFICATES	2006-AR1	US93934FJS20	5.62	D	C	NR	0.44%	10 954 631

PORTFOLIO B

Issuer	Series	ISIN	Expected Average Life as of Dec. 30, 2010	Rating as of Dec. 31, 2010			Weighting	Exposure \$
				S&P	Moody's	Fitch		
Ace Securities Corp	2004-FM2	US004421GK37	0.80	BB	Baa1	NR	0.08%	1 987 397
ACE SECURITIES CORP.	2006-HE1	US004421WX73	0.00	D	C	D	0.53%	13 673 626
ACT 2005-RR Depositor Corp.	2005-RR	US00503NAA90	0.76	CCC-	NR	CC	0.79%	20 228 744
Aegis Asset Backed Securities Trust	2004-6	US00764MCU99	1.32	BB-	Baa1	CC	0.08%	2 164 184
Alrcastle Aircraft Lease Backed Trust	2006-1	US00505HAA05	0.45	A-	A2	NR	1.33%	31 976 243
Alesco Preferred Funding , Ltd	13	US014495AA35	2.98	BB-	Baa2	BB	0.25%	6 511 250
Alesco Preferred Funding III, Ltd	III	US01448MAA71	2.94	CCC	A1	A	0.59%	14 983 374
Alesco Preferred Funding V, Ltd	V	US01448TAA25	3.73	CCC+	A3	BBB	1.39%	31 976 243
ALESCO PREFERRED FUNDING, LTD.	6	US01448XAA37	2.98	B+	Baa1	BB	0.99%	25 355 345
Altius Funding Ltd	2005-2	US02149WAD92	0.02	CC	C	NR	0.54%	13 892 628
Annington finance no. 4 plc	B3	XS0198259813	5.28	A	A1	A	0.23%	5 764 904
Asset Backed Securities Corp Home Equity	2005-HE2	US04541GQD78	2.57	CCC	Caa3	CC	0.01%	179 059
Avalon Capital Ltd 3	3	US05342RAD89	4.02	BBB	Ba2	NR	0.25%	6 511 250
Aviation Capital Group Trust	2003-2	US004448AA42	0.46	A	Baa1	NR	0.70%	17 903 503
BAYview commercial Asset Trust	2005-2A	US07324SBN18	4.96	AAA	Aaa	BB	0.57%	14 555 920
Bayview commercial Asset Trust 2005-4	2005-4A	US07324SCR13	2.16	A	Aaa	AA	0.91%	23 363 120
BEAR STEARNS ASSET BACKED SECURITIES, INC.	2006-HE3	US07387UHW45	5.49	D	C	NR	0.23%	5 860 125
BLACKROCK SENIOR INCOME SERIES CORP.	2004-2	US09250FAG90	4.40	BBB+	Baa3	NR	0.33%	8 448 347
BROADWICK FUNDING, LTD.	2006-1A	US11161RAF91	1.04	CC	C	NR	0.37%	9 454 867
CAPITAL ONE MULTI-ASSET EXECUTION TRUST		XS0203199509	4.06	A	A2	A	0.13%	3 255 625
CAPITAL TRUST RE CDO LTD.	2004-1A	US140574AA24	0.14	BBB	Aaa	BBB	0.32%	8 293 472
CAPITALSOURCE REAL ESTATE LOAN TRUST	2006-1A	US140560AC77	2.81	BB+	B2	B	0.13%	3 255 625
CAPITALSOURCE REAL ESTATE LOAN TRUST	2006-1A	US140560AN33	1.81	BBB	Baa3	BB	1.02%	26 045 002
Citius Funding Ltd	2006-1	US17305CAD11	0.51	CC	C	NR	0.19%	4 816 950
Clare Island B.V.	1	XS0143891132	1.86	AAA	Aaa	NR	1.36%	31 976 243
COUNTRYWIDE ALTERNATIVE LOAN TRUST		US12667FU603	1.93	AA	Caa1	NR	1.36%	31 976 243
Countrywide Asset Backed Certificates	2004-AB1	US126673HG04	2.74	AAA	Aaa	NR	0.11%	2 864 172
CREST 2003-1, Ltd.	2003-1	US22608SAE81	0.53	AAA	Aaa	AAA	1.06%	27 035 903
Dekania CDO	2003-1A	US244882AB20	4.27	BB	NR	BBB	0.96%	24 527 880
Dekania CDO	2004-2A	US24488RAA95	3.26	BBB+	Aa3	A	0.43%	10 919 832
Denali Capital CLO IV Ltd	IV	US24821PAB76	3.46	BBB+	Baa3	NR	1.02%	26 045 002
Downey Savings and Loan Association, FA	2004-AR1	US23332UAC80	2.76	AAA	A1	NR	0.07%	1 915 356
Dryden IX - Senior Loan Fund 2005 plc	2005-9A	US262483AB66	4.22	A-	Ba1	NR	0.51%	13 022 501
DRYDEN LEVERAGED LOAN CDO	2003-5A	US26243WAA99	1.35	AA+	Aaa	NR	0.63%	16 118 547
DSLA Mortgage Loan Trust 2006-AR1	2006-AR1	US23332UGU25	0.00	D	C	NR	0.08%	1 953 375
DUKE FUNDING, LTD.	2006-11	XS0261421480	2.61	D	C	NR	1.02%	26 045 002
FAirHazel Street	1	CEDAR26	3.01	A	A2	NR	0.89%	22 789 377
Fairway Loan Funding Limited	2006-1A	US30605KAE10	5.30	BBB+	Ba1	NR	0.38%	9 766 876
FIRST CLO Ltd	2004-1A1	US33736EAD31	3.08	BBB+	Ba1	NR	0.46%	11 720 251
Frans 2003 plc		XS0171588055	0.83	NR	Baa2	BBB	0.36%	9 245 118

PORTFOLIO B (continued)

Issuer	Series	ISIN	Expected Average Life as of Dec. 30, 2010	Rating as of Dec. 31, 2010			Weighting	Exposure \$
				S&P	Moody's	Fitch		
FREMONT HOME LOAN TRUST	2004-D	US35729PGG90	1.07	CCC	B1	NR	0.03%	882 547
GALL 2005-1A A1L	2005-1A	US363631AA07	0.53	AA+	Aa1	NR	1.65%	31 976 243
GEmstone CDO Ltd	2004-1	US36867KAE10	0.96	CCC-	Ca	NR	0.38%	9 766 876
GEMSTONE CDO LTD		US36867VAE74	1.94	CC	C	NR	0.13%	3 255 625
Global Leveraged Capital Credit	2006-1A	US379372AA30	3.56	A+	Aa1	NR	0.50%	12 880 870
GOLDENTREE CAPITAL OPPORTUNITIES LP	2006-1A	US38136CAA80	3.15	AAA	Aaa	NR	1.07%	27 347 252
GREENPOINT MORTGAGE FUNDING TRUST	2005-AR4	US39538WCN65	0.00	D	C	NR	0.67%	17 153 796
GREENPOINT MORTGAGE FUNDING TRUST	2006-Ar4	US39539FAU84	0.00	NR	C	NR	0.46%	11 720 251
GreenPoint MTA Trust 2006-AR6	2006-AR6	US39538BAP94	0.00	NR	C	NR	1.02%	26 045 002
GreenPoint MTA Trust 2006-AR6	2006-AR6	US39538BAQ77	0.00	NR	C	NR	0.25%	6 511 250
GSA Trust	2004-11	US36242DQF32	0.99	AAA	Aa1	NR	0.10%	2 610 206
GSC PARTNERS CDO FUND, LIMITED	2006-7A	US36298AAC62	5.40	BBB+	Ba1	NR	0.31%	7 813 501
Harborview Mortgage Loan Trust Series 2006-12	2006-12	US41162DAN93	0.00	D	C	NR	1.15%	29 300 627
Harborview Mortgage Loan Trust Series 2006-7	2006-7	US41161VAK61	0.00	D	C	NR	0.31%	7 813 501
Harborview Mortgage Loan Trust Series 2006-9	2006-9	US41161XAJ54	0.00	D	C	NR	0.59%	14 975 876
Harvest CLO SA	II	XS0216227370	3.03	AA+	Aa1	NR	0.52%	13 272 914
Home Equity Asset Trust	2006-4	US437084VV50	0.00	D	C	D	0.13%	3 255 625
ICG Mezzanine Fund 2003 No.1 Funding limited	2003-1	XS0207113530	1.46	BBB+	NR	A-	1.02%	26 045 002
INDEEPENDENCE IV CDO, LTD	4	US453433AP90	0.29	CC	C	C	0.79%	20 126 222
INDYMAC INDX Mortgage Loan Trust	2004-AR8	US45660N2L88	3.08	CCC	B3	NR	0.13%	3 237 165
INDYMAC INDX MORTGAGE LOAN TRUST	2006-AR2	US45661EAD67	2.07	D	C	NR	0.31%	7 933 148
INDYMAC INDX MORTGAGE LOAN TRUST	2006-Ar4	US45661EBC75	0.00	D	C	NR	0.20%	5 209 000
Ivy Lane CDO 2006-1	2006-1	US46601QAC24	2.11	CC	C	NR	1.36%	31 976 243
JETBLUE AIRWAYS CORP	2004-2	US47714NAA54	1.88	BBB-	B1	NR	0.70%	17 842 172
Katonah Capital LLC	6	US48601QAD60	4.48	BBB-	Ba1	NR	0.15%	3 906 750
Katonah IV, Ltd.	4	US48600PAA57	2.22	AAA	Aaa	NR	0.18%	4 698 771
KNOLLWOOD CDO LTD.	2006-2A	US49916RAD26	1.57	CC	C	NR	0.25%	6 348 872
Lagonda 2006-2	2006-2	LAGONDA	4.26	AAA	Aaa	NR	1.02%	26 045 002
Landmark CDO, LLC	2003-3	US51507JAE91	0.05	BB+	Ba2	NR	0.13%	3 255 625
Landmark V CDO Ltd	2005-1A	US51506JAC45	2.43	BBB+	Baa3	NR	0.25%	6 511 250
LATITUDE CLO LTD.	2005-1A	US51829NAC56	4.71	BBB-	Ba1	NR	1.02%	26 045 002
LEHMAN XS TRUST	2006-10N	US525229AF79	3.08	D	C	NR	0.46%	11 879 108
LNR CDO LTD.	2003-1A	US50211MAA99	0.86	AAA	Aa2	AA	1.57%	31 976 243
Madison Park Funding I, Ltd	2005-1	US558176AD59	2.91	BBB	Ba1	NR	0.13%	3 255 625
MAGNETITE CLO, LIMITED	2003-5	US55952SAC44	3.26	A-	Baa2	NR	0.15%	3 906 750
Merrill Lynch Mortgage Investors, Inc.	2006-HE1	US59020U3J29	5.48	D	C	NR	0.38%	9 766 876
Merrill Lynch Mortgage Investors, Inc.	2004-WMC5	US59020UMJ15	2.07	AA	Aa3	NR	0.48%	12 324 495
Merrill Lynch Mortgage Investors, Inc.	2004-WMC5	US59020UMK87	2.07	AA	A1	NR	0.21%	5 402 476
Morgan Stanley ABS Capital I	2004-NC1	US61744CAX48	4.99	A	A2	B	0.08%	2 140 762
Morgan Stanley ABS Capital I	2004-HE6	US61744CFE12	2.07	BBB-	A2	CC	0.14%	3 474 642
Morgan Stanley ABS Capital I	2004-HE7	US61744CGG50	1.62	B	Baa2	CC	0.13%	3 406 100

PORTFOLIO B (continued)

Issuer	Series	ISIN	Expected Average Life as of Dec. 30, 2010	Rating as of Dec. 31, 2010			Weighting	Exposure \$
				S&P	Moody's	Fitch		
Morgan Stanley ABS Capital I	2004-HE8	US61744CHD11	0.35	A+	A1	CCC	0.53%	13 643 023
Morgan Stanley ABS Capital I	2004-HE9	US61744CJW73	0.88	B-	A3	C	0.12%	3 162 234
MORGAN STANLEY Capital I	2006-SRR2	BCC0U7QW3	6.94	NR	NR	C	1.02%	26 045 002
MORGAN STANLEY Capital I	2006-HE2	US617451FA24	0.00	D	C	D	0.13%	3 255 625
Morgan Stanley Dean Witter Capital I Inc	2003-NC4	US61746WF544	1.51	AA+	Aa1	B	0.41%	10 575 067
Nautilus CDO	2007-4	US63910JAD72	0.00	D	NR	NR	0.30%	7 558 689
New Century Home Equity Loan Trust 2004-3	2004-3	US64352VHY02	0.68	A-	A3	CC	0.07%	1 673 077
New Century Home Equity Loan Trust 2004-3	2004-3	US64352VHZ76	3.08	BB+	Baa2	CC	0.06%	1 500 221
Northwoods Capital Limited	2004-4A	USG66661AA01	0.96	AA+	Aa2	NR	1.76%	31 976 243
NYLIM FLATIRON CLO LTD.	2003-1A	US62948MAA45	0.86	AAA	Aaa	NR	0.62%	15 921 935
NYLIM FLATIRON CLO LTD.	2004-1	US67073MAC64	5.06	A	Ba1	NR	0.13%	3 255 625
Octagon Investment Partners VI, Ltd	VI	US67571YAE32	3.79	BBB+	Baa3	NR	0.09%	2 278 938
OPTION ONE MASTER LOAN TRUST	2004-2	US68389FFF62	3.57	AAA	Aaa	AAA	0.00%	2 888
OPTION ONE MASTER LOAN TRUST	2005-1	US68389FGP36	2.57	CCC	NR	C	0.13%	3 325 013
OPTION ONE MORTGAGE LOAN TRUST	2004-2	US68389FFH29	0.07	AA	A2	CC	0.40%	10 133 238
Phoenix Funding Ltd	2001-1	XS0125438670	0.74	AA	Aaa	NR	0.13%	3 407 134
Preferred Term Secs XI	X	US74041WAA36	2.74	CCC+	A2	BBB	0.86%	22 065 556
PREFERRED TERM SECS XVI	XVI	US74041EAA38	6.48	CCC-	Baa3	BB	1.49%	31 976 243
Preferred Term Securities 15 Ltd	15	US74041CAA71	3.75	CCC-	Baa3	BBB	1.18%	30 182 551
Preferred Term Securities 17 Ltd	XVII	US74042EAA29	3.87	CCC-	Baa2	BBB	1.36%	31 976 243
Preferred Term Securities XIV		US74041UAA79	1.98	CCC	Baa1	BBB	1.40%	31 976 243
Preferred Term XIX	XIX	US74042HAA59	2.23	CCC-	Baa2	BBB	0.60%	15 354 737
Puma MasterFund P9	P9	AU300PUMA029	1.05	AAA	Aaa	NR	0.17%	4 361 801
Raspro Trust	2005-1	US75405RAA14	0.90	A	Aa3	NR	1.12%	28 589 828
RESIDENTIAL ASSET MORTGAGE PRODUCTS, INC.	2006-NC2	US75156TAH32	0.00	D	C	NR	0.13%	3 255 625
Residential Asset Securities Trust	2005-A5	US45660LJX82	0.16	BBB-	B3	NR	0.65%	16 739 635
Securitized Asset Backed Receivables LLC	2004-OP1	US81375WAC01	2.07	A	A2	CCC	0.16%	4 146 336
Securitized Asset Backed Receivables LLC	2006-OP1	US81375WJM91	3.08	CCC	C	CC	0.20%	5 209 000
Silverado CLO Ltd	2006-1	US82834WAJ80	5.30	A	Ba1	NR	0.38%	9 766 876
SLM Student Loan Trust	2003-C	US78443CAZ77	1.59	AA-	Aaa	AAA	0.40%	10 291 794
SMART HOME REINSURANCE LIMITED	2006-1X	US83170GAE44	2.41	CCC	Caa3	NR	0.51%	13 022 501
SoundView Home Equity Loan Trust	2006-WF2	US83612MAL19	0.00	NR	C	D	0.64%	16 278 126
STATIC RESIDENTIAL CDO (START) 2006-A Ltd	2006-A	US85768VAE48	2.04	CC	C	NR	0.37%	9 572 578
STATIC RESIDENTIAL CDO (START) 2006-B Ltd	2006-B	US85768XAB64	3.20	D	C	NR	0.64%	16 278 126
STAtic reSIDENTIAL TRUST	2005-A	US85768PAC14	1.79	CC	C	NR	0.06%	1 627 813
STAtic reSIDENTIAL TRUST	2005-C	US85768TAG40	1.12	CC	C	NR	0.30%	7 564 366
Sterlingmax MBS Ltd	I	XS0177867255	1.14	BBB	NR	AAA	0.23%	5 878 227
Stone Tower CLO Ltd	2005-3	US86175NAD93	6.17	A-	Baa3	NR	0.23%	5 860 125
STRUCTURED ADJUSTABLE RATE MORTGAGE LOAN TRUST		US863579WU83	4.07	A+	Caa3	NR	0.13%	3 254 417
STRUCTURED ASSET MORTGAGE	2006-Ar4	US86360QAV77	0.00	D	C	NR	0.18%	4 557 875

PORTFOLIO B (continued)

Issuer	Series	ISIN	Expected Average Life as of Dec. 30, 2010	Rating as of Dec. 31, 2010			Weighting	Exposure \$
				S&P	Moody's	Fitch		
INVESTMENTS INC								
Terwin Mortgage Trust	2004-9HE	US881561JW56	2.21	AAA	Aaa	NR	0.35%	8 986 400
Terwin Mortgage Trust 2003-8, LLC	2003-8HE	US881561CX03	1.74	AAA	Aaa	NR	0.05%	1 320 832
TITAN EUROPE PLC	2006-5A	XS0277726500	4.56	A+	NR	BBB-	1.23%	31 587 766
Trapeza CDO I, LLC	2002-1	US894127AA77	1.92	A-	Baa1	AA	0.15%	3 827 840
Trapeza CDO II, LLC	2003-2	US894128AA50	0.26	A+	Aa1	AAA	0.01%	131 820
TRAPEZA CDO LLC	2003-3A	US89412MAA45	0.06	B+	Baa2	AA	0.16%	4 091 370
Trapeza CDO LLC	2003-5A	US89412RAA32	2.05	CCC+	Aa3	AA	0.65%	16 541 059
Trapeza CDO VI, LLC	6	US89412UAA60	3.38	CCC+	A1	A	0.62%	15 818 137
US Capital Funding III	III	US90342BAA17	1.93	CCC-	Baa2	A	1.42%	31 976 243
Velocity CLO Ltd	2004-1A	US92257GAB77	3.90	BBB+	Baa1	NR	0.22%	5 534 563
Venture CBO III CDO Ltd.	2003-1A	US92327WAA09	2.25	AA+	Aa2	NR	0.78%	20 016 456
Vitesse CLO Ltd	2006-1	US928496AD08	5.38	BBB+	Baa3	NR	0.38%	9 766 876
WASHINGTON MUTUAL	2005-AR8	US92922FS583	2.04	AA-	Ca	NR	0.22%	5 738 657
WASHINGTON MUTUAL		US92922FZV39	1.73	AA+	Baa1	NR	0.18%	4 564 271
WASHINGTON MUTUAL	2005-AR19	US92925CBQ42	3.07	CC	C	NR	0.27%	7 012 231
WRIGHTWOOD CAPITAL REAL ESTATE CDO LTD	2005-1A	US982512AA32	2.16	BB	Aa3	NR	1.53%	31 976 243
Zing Investment Grade Limited V	5	US98885YAA73	2.71	BB	Caa2	CCC	0.71%	18 231 354

PORTFOLIO C

Issuer	Series	ISIN	Expected Average Life as of Dec. 7, 2010	Rating as of Dec. 31, 2010			Weighting	Exposure \$
				S&P	Moody's	Fitch		
ABACUS Ltd	2005-4	US00256GAA31	1.98	CCC-	A1	NR	0.18%	5 082 970
ABACUS Ltd	2006-NS1	US002573AA19	5.56	CCC	Ca	NR	0.57%	15 884 283
ABACUS Ltd	2006-NS1	US002573AC74	6.81	CCC-	C	NR	0.21%	5 718 342
ABACUS Ltd	2006-NS1	US002573AD57	6.81	CCC-	C	NR	0.14%	3 812 228
Accredited Mortgage Loan Trust	2004-3	US004375BP58	0.30	AAA	Aaa	AAA	0.10%	2 889 697
Ace Securities Corp	2004-OP1	US004421EZ24	3.02	B-	Baa2	CC	0.03%	914 635
Ace Securities Corp	2004-FM2	US004421GL10	3.06	B-	Baa3	NR	0.02%	664 888
Ace Securities Corp	2004-HE2	US004421GU19	2.06	CC	Baa1	NR	0.05%	1 332 551
Ace Securities Corp	2004-HE3	US004421HV82	1.56	CCC	B1	NR	0.12%	3 210 033
Ace Securities Corp	2004-HE4	US004421JH70	6.08	AA+	Aa1	NR	1.17%	32 395 778
Ace Securities Corp	2004-HE4	US004421JJ37	1.82	AA	Aa2	NR	0.98%	27 285 385
Ace Securities Corp	2004-HE4	US004421JM65	3.06	CCC	B3	NR	0.24%	6 786 915
Ace Securities Corp	2004-HE4	US004421JN49	3.06	CC	Ca	NR	0.18%	4 949 408
Ace Securities Corp	2004-RM2	US004421KA09	2.06	CCC	Baa2	NR	0.02%	656 520
Ace Securities Corp	2005-RM2	US004421NY57	2.55	CCC	C	C	0.23%	6 353 713
Ace Securities Corp	2005-HE6	US004421ST18	0.00	D	C	D	0.46%	12 707 426
ACE SECURITIES CORP.	2005-HE4	US004421PV90	3.06	CCC	C	C	0.41%	11 397 290
Alesco Preferred Funding , Ltd	11A	US01450AAB61	5.80	NR	Ba3	B	0.91%	25 414 852
ALESCO PREFERRED FUNDING, LTD.	7A	US01448YAB92	4.29	CCC-	Baa3	BB	0.58%	15 999 965
Alexander Park CDO, Ltd	2004-1A	US014684AD66	3.27	CC	C	NR	0.05%	1 270 743
Annington finance no. 4 plc	B3	XS0198259813	5.34	A	A1	A	0.80%	22 369 925
Anthracite CDO II Ltd	2002	US03702SAA15	0.47	AAA	Aaa	AAA	0.08%	2 227 767
Anthracite CDO Ltd	2006-HY3A	US03703FAL40	4.84	CCC	Ca	C	0.10%	2 675 843
ANTHRACITE CDO, LTD.	2006-HY3A	US03703FAC41	2.55	B+	Ca	CC	0.17%	4 651 089
Anthracite Euro CRE CDO	1	XS0276697272	3.20	NR	Caa3	CCC	0.26%	7 290 235
Arbor Realty Mortgage Securities Series 2004-1, Ltd	2004-1	US03877VAA35	0.37	BBB+	A1	BB	0.89%	24 716 199
Asset Backed Securities Corporation	2003-HE3	US04541GEM06	1.52	CCC	Ba1	CC	0.03%	931 969
ATTENTUS CDO LTD.	2006-1A	US049730AC83	5.42	CCC-	Ca	C	0.41%	11 436 683
Avalon Capital Ltd 3	3	US05342RAD89	4.08	BBB	Ba2	NR	0.17%	4 765 285
AVERY STREET CLO	2006-1A	US053643AG79	6.33	BBB-	Ba2	NR	0.21%	5 718 342
BANC OF AMERICA COMMERCIAL MORTGAGE INC	2005-2	US05947UM471	4.42	A	Aaa	NR	0.61%	16 837 339
Bayberry Funding, Ltd	2006-1A	US07272PAA84	0.00	D	NR	NR	0.23%	6 314 092
Bayberry Funding, Ltd	2006-1A	US07272PAC41	0.00	D	NR	NR	0.17%	4 735 569
BAYview commercial Asset Trust	2004-2	US07324SAR31	0.28	AAA	Aaa	AAA	0.03%	785 777
BAYview commercial Asset Trust		US07324SAX09	1.56	AAA	Aaa	AAA	0.33%	9 084 384
BAYVIEW COMMERCIAL ASSET TRUST	2005-1	US07324SBF83	3.12	NR	Aaa	AAA	0.07%	2 016 355
BAYview commercial Asset Trust	2005-3A	US07324SCC44	5.56	NR	Aaa	A	0.32%	9 011 199
Bear Stearns Asset Backed Securities I LLC	2004-HE11	US073879PA06	0.96	CCC	Baa2	NR	0.41%	11 436 683
Bear Stearns Asset Backed Securities I LLC	2005-HE1	US073879PS14	2.06	A	Caa3	NR	0.31%	8 577 513
BEAR STEARNS ASSET BACKED SECURITIES, INC.		US073879X453	2.30	CCC	NR	C	0.11%	3 176 857
Bear Stearns Commercial Mortgage Securities Inc.	2005-T18	US07383F5M69	4.52	NR	Aa2	AAA	0.17%	4 765 285

PORTFOLIO C (continued)

Issuer	Series	ISIN	Expected Average Life as of Dec. 7, 2010	Rating as of Dec. 31, 2010			Weighting	Exposure \$
				S&P	Moody's	Fitch		
Bear Stearns Commercial Mortgage Securities Inc.	2005-T18	US07383F5M69	5.74	NR	Aa2	AAA	0.46%	12 707 426
Bear Stearns Commercial Mortgage Securities Inc.	2005-PWR8	US07383F7Y89	4.51	NR	A3	A	0.69%	19 061 139
BLACK Diamond CLO 2005-1 Ltd	2005-1	US09202EAE68	4.04	A-	Ba1	NR	0.21%	5 718 342
Brascan Real Estate Financial Partners LLC	2004-1	US10550TAA79	0.37	AAA	Aaa	NR	0.15%	4 236 084
Brascan Real Estate Financial Partners LLC	2004-1	US10550TAC36	2.13	A-	Aa1	NR	0.23%	6 353 713
BROADWICK FUNDING, LTD.	2006-1A	US11161RAF91	1.10	CC	C	NR	0.19%	5 272 063
Capital ONE MULTI ASSET EXECUTION TRUST	2004-B3	US14041NBL47	8.27	A	A2	A	0.18%	5 082 970
Capital Trust RE CDO Ltd.	2005-1A	US140558AA57	1.41	BB-	NR	CCC	0.34%	9 389 160
Capital Trust RE CDO Ltd.	2005-1A	US140558AB31	1.94	CCC-	NR	CC	0.17%	4 643 929
Capital Trust RE CDO Ltd.	2005-1A	US140558AC14	2.05	CCC-	NR	C	0.09%	2 541 485
CAPITALSOURCE REAL ESTATE LOAN TRUST	2006-1A	US140560AD50	2.87	BB+	Caa2	CCC	0.27%	7 624 456
C-BASS LTD	15A	US124670AC45	2.69	CC	C	C	0.25%	6 989 084
C-Bass Ltd	9A	US12497LAD01	1.34	CC	C	C	0.23%	6 353 713
CHL Mortgage Pass-Through Trust 2004-25	2004-25	US12669GKJ93	0.52	CCC	B3	NR	0.23%	6 259 860
Citigroup Mortgage Loan Trust, Inc	2004-OPT1	US17307GJM15	2.06	A+	A1	CC	0.17%	4 827 906
Citigroup Mortgage Loan Trust, Inc	2004-OPT1	US17307GJQ29	2.06	BB+	Baa1	CC	0.02%	619 898
Citigroup Mortgage Loan Trust, Inc	2004-RES1	US17307GKQ00	3.55	CCC	Ba1	NR	0.02%	614 636
CITIGROUP MORTGAGE LOAN TRUST, INC.	2004-RES1	US17307GKR82	2.06	CCC	Ba3	NR	0.03%	783 784
COUNTRYWIDE ALTERNATIVE LOAN TRUST	2006-OA11	US02147DAK72	0.00	D	C	NR	0.14%	3 812 228
COUNTRYWIDE ALTERNATIVE LOAN TRUST	2006-OA11	US02147DAL55	0.00	D	C	NR	0.14%	3 812 228
COUNTRYWIDE ALTERNATIVE LOAN TRUST	2005-51	US12668ADE29	1.21	D	C	NR	0.43%	11 838 250
COUNTRYWIDE ALTERNATIVE LOAN TRUST	2005-56	US12668AMB88	0.00	D	C	NR	0.08%	2 153 113
Countrywide Asset Backed Certificates	2004-10	US126673JX19	2.06	CCC	Baa3	NR	0.05%	1 459 272
Countrywide Asset Backed Certificates	2004-11	US126673LT78	2.55	B-	NR	CC	0.18%	5 117 916
COUNTRYWIDE ASSET-BACKED CERTIFICATES		US126673LD27	2.06	CCC	NR	C	0.06%	1 534 690
Dekania CDO	2003-1A	US244882AB20	3.85	BB	NR	BBB	0.80%	22 237 996
Dekania CDO	2004-2A	US24488RAA95	3.32	BBB+	Aa3	A	0.13%	3 729 471
Dryden VIII-Leveraged Loan CDO 2005	2005-8A	US26243YAC12	3.96	A	Baa3	NR	0.26%	7 243 233
Duchess CDO SA	1X	XS0131194226	1.83	AA+	Aa3	NR	0.57%	15 905 357
Duke Funding IX	2005-9	US26450AAC18	1.17	CC	C	C	1.54%	41 708 143
Duke Funding VI Ltd	2004-1	US264407AF46	1.34	CC	C	NR	0.80%	22 237 996
Duke Funding VII Ltd	2004-1A	US264403AC01	1.42	D	C	NR	0.46%	12 702 066
DUNHILL ABS CDO, LTD.	2004-1	US26545QAE98	2.08	CC	C	C	0.93%	25 732 538
E*Trade ABS CDO III, Ltd.	2004-1	US26925JAB17	1.84	CC	Ca	C	0.54%	15 090 068
E*Trade ABS CDO III, Ltd.	2006-5A	US26925WAC01	2.58	D	C	NR	0.34%	9 530 570
Encore Credit Receivables Trust 2005-2	2005-2	US126673J605	4.14	D	C	NR	0.16%	4 526 994
EPIC PLC	MLDN	XS0251156435	3.36	A	NR	A	0.34%	9 508 286
FAirHazel Street	1	CEDAR26_28	3.01	A	A2	NR	1.14%	31 768 565
FIRST CLO Ltd	2004-1A1	US33736EAD31	4.36	BBB+	Ba1	NR	0.19%	5 400 656

PORTFOLIO C (continued)

Issuer	Series	ISIN	Expected Average Life as of Dec. 7, 2010	Rating as of Dec. 31, 2010			Weighting	Exposure \$
				S&P	Moody's	Fitch		
FIRST FRANKLIN MTG LOAN ASSET BACKED CERTIFICATES	2006-FF17	US32028KAJ51	0.00	D	C	D	0.23%	6 353 713
Fort Point CDO Ltd	2003-2A	US348522AA18	0.00	D	NR	NR	0.52%	14 500 692
Fortius Funding, Ltd	2006-1	US34958CAD65	1.10	CC	C	NR	0.11%	2 964 838
FORTRESS CREDIT FUNDING LP	2005-1A	US34957LAD73	3.74	BBB+	Ba2	NR	0.46%	12 707 426
FORTRESS CREDIT FUNDING LP	2006-3A	US34957RAG74	5.75	NR	A1	NR	0.46%	12 707 426
FORTRESS CREDIT FUNDING LP	2006-3A	US34957RAJ14	5.75	NR	Baa1	NR	0.89%	24 779 481
FORTRESS CREDIT FUNDING LP	2006-4A	US34957XAE94	5.75	NR	Baa3	NR	0.27%	7 624 456
Four Corners CLO	1A	US35083VAL18	5.56	BBB-	Ba2	NR	0.19%	5 178 276
Franklin CLO	4A	US352504AB03	3.04	AAA	Aa1	NR	0.23%	6 353 713
Fremont Home Loan Trust	2004-C	US35729PEV85	2.06	CCC	Baa2	NR	0.03%	971 179
Fund America Investors III Ltd	2004-3A	US80410JAD63	0.41	CC	C	NR	0.31%	8 565 456
Gallatin Funding Ltd	2005-1	US363631AC62	2.94	BBB+	Baa3	NR	0.46%	12 707 426
GEMSTONE CDO LTD		US36867VAE74	1.17	CC	C	NR	0.23%	6 353 713
GEMSTONE CDO LTD	2005-3A	US36868AAJ16	1.19	CC	C	NR	0.48%	13 342 797
GEMSTONE CDO LTD		US36868BAE02	3.19	CC	C	NR	0.23%	6 353 713
Glacier Funding CDO	2004-2A	US37638VAB99	1.56	CCC-	C	C	0.14%	3 812 228
GOLDENTREE CAPITAL OPPORTUNITIES LP	2006-1A	US38136CAD20	4.96	AA	Aa2	NR	0.11%	3 176 857
GRAPHITE MORTGAGES PLC	2006-1	GRAPH_LSS	3.90	AAA	Aaa	AAA	0.35%	9 822 347
GREENPOINT MORTGAGE FUNDING TRUST	2006-AR5	US39538AAS50	0.00	NR	C	NR	0.16%	4 447 599
GREENPOINT MORTGAGE FUNDING TRUST	2006-AR5	US39538AAV89	0.00	NR	C	NR	0.14%	3 812 228
GREENPOINT MORTGAGE FUNDING TRUST	2005-AR4	US39538WCN65	0.00	D	C	NR	0.13%	3 571 943
GREENPOINT MORTGAGE FUNDING TRUST	2006-AR1	US39538WFM55	0.21	CC	C	NR	0.09%	2 430 543
GREENPOINT MORTGAGE FUNDING TRUST	2007-AR2	US39539LAQ41	0.00	NR	C	NR	0.49%	13 596 946
GSAMP TRUST	2004-NC2	US36242DHC02	2.06	BB+	NR	CC	0.05%	1 290 554
GSAMP TRUST	2004-AHL	US36242DHS53	2.06	B-	Ba1	NR	0.03%	801 083
GSAMP TRUST	2004-OPT	US36242DNV19	0.41	AA	Baa2	CCC	0.25%	6 947 584
GSC ABS CDO Ltd.	2005-1A	US362470AC01	0.00	D	NR	NR	0.34%	9 530 570
GSC Partners CDO Fund, Limited	2006-7	US36298AAD46	5.46	AA	A1	NR	0.46%	12 707 426
G-Star Ltd	2004-4	US36242CAF23	1.76	CC	NR	C	0.46%	12 707 426
Harborview Mortgage Loan Trust Series 2006-12	2006-12	US41162DAM11	1.88	D	C	NR	0.91%	25 414 852
Harborview Mortgage Loan Trust Series 2006-12	2006-12	US41162DAN93	0.00	D	C	NR	0.23%	6 353 713
Harborview Mortgage Loan Trust Series 2006-7	2006-7	US41161VAK61	0.00	D	C	NR	0.11%	3 176 857
Harborview Mortgage Loan Trust Series 2006-9	2006-9	US41161XAJ54	0.00	D	C	NR	0.16%	4 447 599
Harvest CLO SA	II	XS0216228428	0.96	BB+	Ba2	NR	0.27%	7 624 456
Home Equity Asset Trust	2004-7	US437084FW18	3.06	B-	Ba1	CC	0.03%	758 441
Hudson Straits CLO Ltd	2004-1A	US44413QAC50	3.87	A+	A1	NR	0.23%	6 353 713
Hudson Straits CLO Ltd	2004-1A	US44413QAD34	4.62	BBB	Baa3	NR	0.28%	7 783 298
ICG Mezzanine Fund 2003 No.1 Funding limited	2003-1	XS0207113530	1.52	BBB+	NR	A-	1.53%	41 708 143
INDYMAC RESIDENTIAL ASSET BACKED TRUST	2005-A	US43708AAX00	2.55	B-	C	C	0.11%	3 176 857
I-Preferred Term Securities IV, Ltd	IV	US44984RAA68	3.30	A	Aa2	A	1.16%	32 381 602

PORTFOLIO C (continued)

Issuer	Series	ISIN	Expected Average Life as of Dec. 7, 2010	Rating as of Dec. 31, 2010			Weighting	Exposure \$
				S&P	Moody's	Fitch		
JER CDO	2005-1A	US46614KAA43	2.87	D	Caa2	C	0.44%	12 338 514
JETBLUE AIRWAYS CORP	2004-2	US47714NAA54	1.94	BBB-	B1	NR	0.42%	11 591 098
JETBLUE AIRWAYS CORP	2004-2	US47714NAB38	5.94	BB+	B1	NR	0.46%	12 707 426
JP MORGAN Chase Commercial Mortgage Securities 2006-RR1	2006-RR1	US48123HAE36	5.45	D	C	NR	0.32%	8 895 198
Katonah Capital LLC	6	US48601QAD60	4.54	BBB-	Ba1	NR	0.23%	6 353 713
KNOLLWOOD CDO LTD.	2006-2A	US49916RAE09	3.10	CC	C	NR	0.44%	12 361 061
Landmark CDO, LLC	2004-3	US51506DAE31	3.27	BBB+	Baa3	NR	0.11%	3 176 857
LATITUDE CLO LTD.	2006-2A	US51829TAL26	5.52	AA+	A1	NR	0.46%	12 707 426
LCM Limited Partnership	3A	US50182CAC29	4.48	A	Baa2	NR	0.16%	4 447 599
LEHMAN XS TRUST	2005-9N	US525221GN14	1.05	CC	C	NR	0.14%	3 966 728
LNR CDO LTD.	2006-1A	US53944MAA71	3.31	D	Ca	C	0.11%	3 176 857
LNR CDO LTD.	2006-1A	US53944MAB54	0.98	D	C	D	0.23%	6 353 713
LNR CDO LTD.	2006-1A	US53944MAD11	4.89	CC	C	C	0.89%	24 779 481
LNR CDO LTD.	2005-1A	US53944PAD42	4.06	B+	C	C	0.30%	8 241 860
Long Beach Mortgage Loan Trust	2004-4	US542514HY37	0.05	CCC	Ba1	CC	0.05%	1 435 726
LONG BEACH MORTGAGE LOAN TRUST	2004-4	US542514HZ02	2.06	CC	Ba3	C	0.02%	633 903
Long Beach Mortgage Loan Trust	2005-1	US542514KD52	1.30	CCC	C	C	0.08%	2 220 177
LONG HILL, LTD.	2006-1A	US54266TAE29	0.00	D	NR	NR	0.18%	5 082 970
MAGNETITE CLO, LIMITED	2003-5	US55952SAC44	2.84	A-	Baa2	NR	0.23%	6 353 713
MARATHON REAL ESTATE CDO LTD	2006-1A	US565853AA65	3.47	A	Aaa	BBB	0.69%	19 061 139
MASTR ASSET BACKED SECURITIES TRUST	2005-OPT1	US57643LHU35	2.55	B-	NR	C	0.12%	3 305 879
MASTR ASSET BACKED SECURITIES TRUST	2005-OPT1	US57643LHV18	1.56	CCC	NR	C	0.15%	4 038 614
MASTR ASSET BACKED SECURITIES TRUST	2005-OPT1	US57643LHW90	3.06	CC	NR	C	0.17%	4 739 753
MCG Commercial Loan Trust 2006-1	2006-1A	US55271KAQ40	1.62	A-	Baa2	NR	0.34%	9 530 570
Merrill Lynch Mortgage Investors, Inc.	2004-OPT1	US59020UKP92	2.06	A-	NR	CC	0.04%	1 213 546
Merrill Lynch Mortgage Investors, Inc.	2004-OPT1	US59020UKQ75	3.06	B-	NR	CC	0.03%	799 077
Merrill Lynch Mortgage Investors, Inc.	2004-WMC5	US59020UMJ15	2.06	AA	Aa3	NR	0.43%	12 026 308
Merrill Lynch Mortgage Investors, Inc.	2004-WMC5	US59020UMK87	2.06	AA	A1	NR	0.25%	7 058 214
ML AAA CMBS Portfolio		AAA_CMBSPORT	6.51	A+	Aa2	NR	0.27%	7 624 456
ML AAA Financials 10_15%		AAAFIN10-15	3.54	AAA	Aaa	NR	1.03%	28 575 980
ML AJ CMBS Portfolio		AJ_CMBSPORT	6.51	AAA	Aaa	NR	0.69%	19 061 139
MM COMMUNITY FUNDING CORP.	2003-9X	US606867AA79	2.90	CCC-	A2	A	0.09%	2 367 431
Morgan Stanley ABS Capital I	2004-NC6	US61744CEV46	2.06	A	A2	CC	0.16%	4 378 637
Morgan Stanley ABS Capital I	2004-NC7	US61744CFS08	0.95	BB+	A2	CC	0.16%	4 530 362
Morgan Stanley ABS Capital I	2004-NC8	US61744CHS89	2.06	A+	A1	B	0.06%	1 666 743
Morgan Stanley ABS Capital I	2004-NC8	US61744CHT62	2.06	A	A2	CCC	0.05%	1 518 871
Morgan Stanley ABS Capital I	2004-HE9	US61744CJX56	2.06	CCC	Baa3	C	0.06%	1 667 532
Morgan Stanley ABS Capital I	2004-HE9	US61744CJY30	2.06	CCC	Ba3	C	0.03%	890 160
MORGAN STANLEY ABS CAPITAL I	2005-NC1	US61744CKS43	1.30	BBB-	C	CC	0.04%	1 080 330
MORGAN STANLEY Capital	2005-T17	US61745MW666	4.43	AA+	NR	AA	0.68%	18 775 222
MORGAN STANLEY Capital I	2006-SRR2	BCC0U7QW3	6.94	NR	NR	C	0.91%	25 414 852

PORTFOLIO C (continued)

Issuer	Series	ISIN	Expected Average Life as of Dec. 7, 2010	Rating as of Dec. 31, 2010			Weighting	Exposure \$
				S&P	Moody's	Fitch		
MORGAN STANLEY Capital I	2005-IQ9	US61745M2H50	4.44	AA-	NR	AA	1.14%	31 768 565
Morgan Stanley Home Equity Loans 2005-1	2005-1	US61744CLH78	1.30	A	C	NR	0.11%	3 176 857
Morgan Stanley Investment Management Corp	2005-1	US61748RAE99	5.23	BBB+	Baa3	NR	0.69%	19 061 139
Nautilus CDO	2006-3	US639099AD28	0.00	D	NR	NR	0.11%	3 057 145
Nautilus CDO	2005-2	US639103AD22	0.17	CC	NR	C	0.41%	11 325 394
NEW CENTURY HOME EQUITY LOAN TRUST	2004-4	US64352VJN29	8.97	B-	Baa3	NR	0.06%	1 750 033
New Century Home Equity Loan Trust 2004-3	2004-3	US64352VHY02	0.71	A-	A3	CC	0.06%	1 645 932
New Century Home Equity Loan Trust 2004-3	2004-3	US64352VJA08	2.06	B-	Baa3	C	0.06%	1 755 030
New Century Home Equity Loan Trust 2004-3	2005-3	US64352VLP49	2.06	BBB	C	CC	0.56%	15 576 127
Newcastle CDO IV, Limited	2004-4A	US65105YAA01	3.06	BB+	Baa1	B	0.91%	25 178 015
Northwesterly CDO II	II	XS0199037531	3.27	BB+	Ba1	NR	0.46%	12 752 109
N-Star Real Estate CDO 2006-8	2006-8A	US62940FAC32	3.24	NR	Ba2	BB	0.57%	15 884 283
N-Star Real Estate CDO 2006-8	2006-8A	US62940FAD15	3.16	NR	B2	BB	0.50%	13 978 169
N-star Real Estate CDO LTD	2005-3A	US629387AG68	4.35	BBB	NR	B	0.54%	15 153 570
N-star Real Estate CDO LTD		US62939WAA36	2.23	BBB+	A1	NR	0.62%	17 103 212
N-star Real Estate CDO LTD		US62939WAC91	2.47	BB+	Ba3	NR	0.34%	9 530 570
N-star Real Estate CDO LTD	2005-5	US62940HAE53	6.67	BBB	NR	CCC	0.29%	8 047 740
N-star Real Estate CDO LTD	2006-6A	US62940PAD96	2.28	BB	B3	CCC	0.23%	6 353 713
NYLIM FLATIRON CLO LTD.	2003-1A	US62948MAB28	2.36	AAA	Aa1	NR	0.23%	6 353 713
NYLIM FLATIRON CLO LTD.	2004-1	US67073MAC64	5.12	A	Ba1	NR	0.46%	12 707 426
Octagon Investment Partners VI, Ltd	VI	US67571YAE32	3.85	BBB+	Baa3	NR	0.15%	4 076 966
OPTION ONE MASTER LOAN TRUST	2004-3	US68389FFX78	2.06	A+	Baa1	CC	0.05%	1 406 405
OPTION ONE MASTER LOAN TRUST	2005-1	US68389FGP36	2.55	CCC	NR	C	0.03%	811 141
PARK PLACE SECURITIES INC	2005-WCW2	US70069FLK11	2.55	CCC	Caa2	C	0.21%	5 718 342
People's CHoice Home Loan Trust	2004-2	US71085PAX15	2.06	B+	A3	CC	0.18%	5 138 068
Preferred Term Secs XI	X	US74041WAA36	2.80	CCC +	A2	BBB	0.12%	3 331 121
PREFERRED TERM SECS XIV	XIV	US74041UAB52	3.55	CCC-	Ba2	BB	0.11%	3 176 857
PREFERRED TERM SECS XVI	XVI	US74041EAA38	6.54	CCC-	Baa3	BB	1.06%	29 526 879
Preferred Term Securities 15 Ltd	15	US74041CAB54	3.81	CCC-	Ba2	B	0.19%	5 400 656
Preferred Term Securities 20 Ltd	XX	US74042DAC02	5.04	CCC-	B2	CCC	0.45%	12 376 873
Preferred Term Securities VI Ltd	A-2	US74040YAB83	2.82	CCC-	Ba3	B	0.91%	25 414 852
Preferred Term Securities XIII	13	US74041AAA16	3.29	CCC +	A1	BBB	0.72%	20 100 801
Preferred Term Securities XIV		US74041UAA79	2.06	CCC	Baa1	BBB	0.63%	17 579 161
Preferred Term XVIII	XVIII	US74042WAA27	3.54	CCC +	Baa2	BBB	0.43%	12 091 348
PULS CDO 2006-1 PLC	2006-1	XS0260584148	3.63	BBB-	Ba3	NR	0.11%	3 164 561
RACE POINT CLO	2A	US74981SAA42	1.07	AAA	Aaa	AAA	0.14%	3 992 841
Raspro Trust	2005-1	US75405RAA14	0.97	A	Aa3	NR	0.80%	22 341 910
Regional Diversified Funding	2004-1	US75902XAA63	3.42	CCC-	Ba1	A	0.27%	7 545 654
Resource Real Estate Funding	2007-1A	US76121BAK52	2.89	NR	B2	CCC	0.74%	20 585 148
SAXON ASSET SECURITIES TRUST	2005-1	US805564RQ68	1.81	CCC	C	CC	0.05%	1 295 889
Securitized Asset Backed Receivables LLC	2004-OP2	US81375WBP05	2.06	A+	A2	CC	0.27%	7 531 988
Securitized Asset Backed Receivables	2004-OP2	US81375WBR60	2.06	BB	Baa1	CC	0.01%	318 272

PORTFOLIO C (continued)

Issuer	Series	ISIN	Expected Average Life as of Dec. 7, 2010	Rating as of Dec. 31, 2010			Weighting	Exposure \$
				S&P	Moody's	Fitch		
Silverado CLO Ltd	2006-2A	US82835AAJ51	6.12	BBB+	Baa3	NR	0.34%	9 530 570
STAtic repackaging trust, ltd	2004-1	US85233VAC54	0.00	CCC-	Ca	NR	0.46%	12 707 426
STATIC RESIDENTIAL CDO (START) 2006-A Ltd	2006-A	US85768VAD64	1.10	CC	C	NR	0.68%	19 016 276
STATIC RESIDENTIAL CDO (START) 2006-A Ltd	2006-A	US85768VAE48	2.11	CC	C	NR	0.11%	3 113 657
STATIC RESIDENTIAL CDO (START) 2006-B Ltd	2006-B	US85768XAF78	2.98	CC	C	NR	0.53%	14 613 540
STAtic reSIDENTIAL TRUST	2005-A	US85768PAC14	1.85	CC	C	NR	0.53%	14 613 540
STAtic reSIDENTIAL TRUST	2005-BA	US85768QAF28	6.19	CC	C	NR	0.44%	12 177 686
STAtic reSIDENTIAL TRUST	2005-C	US85768TAG40	1.19	CC	C	NR	0.17%	4 601 560
Stone Tower CLO Ltd	2005-3	US86175NAD93	5.98	A-	Baa3	NR	0.16%	4 447 599
SUMMIT RMBS CDO, LTD	2005-1	US866244AB23	2.00	CC	NR	C	0.39%	10 919 685
SUMMIT RMBS CDO, LTD	2005-1	US866244AC06	2.24	CC	NR	C	0.59%	16 472 345
TITAN EUROPE 2006-3 PLC	2006-3A	XS0257769769	3.60	B-	Ca	CCC	0.13%	3 688 856
TRAFFORD CENTRE FIN LTD	A3	XS0222488396	4.64	AAA	Aaa	AAA	1.14%	31 738 608
TRAINER WORTHAM FIRST REPUBLIC CBO	3A	US892881AA10	1.65	BB-	Caa3	CC	0.31%	8 656 399
TRAINER WORTHAM FIRST REPUBLIC CBO	3	US892881AD58	0.98	CC	C	C	0.78%	21 602 624
Trapeza CDO I, LLC	2002-1	US894127AA77	1.98	A-	Baa1	AA	0.04%	1 070 732
TRAPEZA EDGE CDO LTD		US89412LAB45	4.93	NR	Ba2	BB	0.23%	6 317 152
TROPIC CDO CORP.	2004-4	US89707YAA29	3.87	CCC-	Ba1	BBB	0.77%	21 272 224
UNITED CAPITAL AVIATION TRUST		US90264FAE88	3.54	BBB-	Baa2	NR	2.55%	41 708 143
US Capital Funding I	I	US903329AA80	3.40	CCC +	A2	A	1.06%	29 474 457
US Capital Funding II	II	US90390KAA25	3.65	CCC	A1	A	2.46%	41 708 143
US Capital Funding III	III	US90342BAA17	1.96	CCC-	Baa2	A	1.36%	37 865 560
US Capital Funding III	III	US90342BAC72	1.99	CCC-	Ba1	BBB	0.53%	14 613 540
Velocity CLO Ltd	2004-1A	US92257GAB77	3.96	BBB+	Baa1	NR	0.25%	6 989 084
VERTICAL CDO LTD.	2A	US925338AC98	35.42	D	C	D	0.11%	3 176 857
VERTICAL CDO LTD.		US925345AE06	1.17	CC	C	C	0.37%	10 165 941
VICTORIA FALLS CLO, LTD.	2005-HE1	US926244AE48	5.20	BB+	Ba2	NR	0.27%	7 624 456
WACHOVIA CRE CDO 2006-1	2006-1	US92978CAE84	3.06	B	Caa2	CCC	0.46%	12 707 426
WAMu MOrtgage Passthrough Certificates, Series 2005-AR19	2005-AR19	US92925CBP68	2.67	CCC	C	NR	0.37%	10 390 944
WASHINGTON MUTUAL	2005-AR13	US92922F4W51	2.04	BB	Ca	NR	0.39%	10 822 737
WASHINGTON MUTUAL	2005-AR13	US92922F5B06	3.05	CCC	C	NR	0.20%	5 474 332
WASHINGTON MUTUAL	2005-AR19	US92925CBQ42	3.13	CC	C	NR	0.14%	3 940 850
WELLS FARGO HOME EQUITY TRUST		US9497ERAH70	2.55	A-	C	CC	0.57%	15 884 283