
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, 2007

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 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 5598), or by writing to us at 800 Victoria Square, Suite 3400, Montréal, Québec H4Z 1E9.

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

Management Report of Fund Performance

Forward-Looking Statements

This management report of fund performance contains “forward-looking” statements within the meaning of securities legislation which are based on certain estimations and expectations. Statements that are not historical facts, including statements about assumptions and expectations from management of the Trustee, are forward-looking statements. Forward looking information is based upon a number of assumptions and is subject to a number of risks and uncertainties, many of which are beyond the Trust’s control, that could cause actual results to differ materially from those that are disclosed in or implied by such forward-looking statement. Consequently, even if the forward-looking information contained in this report is based upon what the Trust believes are reasonable assumptions, investors are cautioned against placing undue reliance on this information since actual results may vary from the forward-looking information. The Trustee’s management does not undertake to publicly update any forward-looking statements to account for any new information, future events or other factors.

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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 consolidate its results with those of Silverstone; the accounting changes were applied retroactively and comparative financial statements were adjusted to reflect the impact of the amended guidelines. Global DIGIT II Management Inc. and Metcalfe & Mansfield Alternative Investments II Corp are two affiliates and are collectively referred to as the Trustee in this report.

1. Investment Objectives and Strategy

Global DIGIT II’s principal objectives are:

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

To meet its objectives, Global DIGIT II entered into three credit default swap agreements (the “**Financial Contracts**”) with Silverstone. Silverstone, in turn, has entered into three mirror credit default swaps with Deutsche Bank. The three credit default swap agreements provide Unitholders with an exposure to three global diversified portfolios (“**Credit Exposures A, B and C**”) of mortgage-backed securities, asset-backed securities, structured finance securities and synthetic corporate exposures. Global DIGIT II’s obligations under the credit default swaps are collateralized by a term deposit note made by Global DIGIT II and the term deposit note has been funded by the proceeds from the initial public offering of Global DIGIT II. To the extent that any losses, net of any recoveries, are incurred as a result of credit events in the portfolios, the notional amount of the Credit Exposures A, B and C, and therefore the amount that will be repaid to Unitholders by Global DIGIT II on the Maturity Date, will decline, as will monthly distributions on the units. These amounts will decline to zero if the cumulative losses equal or exceed, the initial notional amount of Credit Exposures A, B and C.

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

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

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

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

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

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

If and when the Disengagement Transaction is completed, distributions and redemptions would resume, and it is anticipated that the distributions would generally be at the same level as was previously the case (subject to losses upon the occurrence of Credit Events and the costs of the Disengagement Transaction which cannot

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

3. Risks

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

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

Risks and uncertainties associated with investing in Global DIGIT II units are discussed in Schedule A.

4. Results of Operations

The assets of Global DIGIT II are primarily a term deposit and the Financial Contracts in relation to Credit Exposures A, B and C containing, as at December 31, 2007, respectively 218, 152 and 238 securities (collectively, the "**reference obligations**"). The aggregate notional amount of the Credit Exposures A, B and C is \$97,319,000.

A comprehensive description of the assets and liabilities of Global DIGIT II may be found in the prospectus which can be found on SEDAR at www.sedar.com. The following description is intended to provide a plain language summary of its assets and liabilities.

Investments

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

Management of the Portfolio

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

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

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

Credit Quality of the Portfolios and the Financial Contracts

Credit Exposure A

As of December 31, 2007, Credit Exposure A comprised 218 reference obligations, including mortgage-backed securities, asset-backed securities, structured finance securities and synthetic corporate exposures (at December 31, 2006 – 205 reference obligations).

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

Rating	Inception	December 31, 2005	December 31, 2006	December 31, 2007
AAA	75.8%	77.1%	76.6%	76.0%
AA	13.5%	10.4%	10.1%	11.2%
A	10.7%	12.1%	13.1%	12.6%
BBB	0.0%	0.4%	0.0%	0.1%
BB	0.0%	0.0%	0.2%	0.1%

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), and 27 as of December 31, 2007 (between Aa2 and Aa3). The weighted average assigned Moody's rating factor is calculated by (i) adding the product of the notional amount of each reference obligation and its assigned Moody's rating factor and (ii) dividing such amount determined under (i) by the notional amount and converting the result to its equivalent Moody's rating factor determined as follows: a Moody's rating of Aaa, Aa1, Aa2, Aa3, A1, A2, A3, Baa1, Baa2, Baa3, Ba1,

Ba2 or Ba3 is assigned a rating factor of respectively 1, 10, 20, 40, 70, 120, 180, 260, 360, 610, 940, 1350 or 1780. The reference obligations comprised in Credit Exposure A had initially a weighted average default probability equivalent to a rating of AA by S&P and between AA+ and AA as of December 31, 2005, 2006 and 2007.

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

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

(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 218 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, 2007, Credit Exposure B comprised 152 reference obligations, including mortgage-backed securities, asset-backed securities, structured finance securities and synthetic corporate exposures. (December 31, 2006 – 137 reference obligations).

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

Rating	Inception	December 31, 2005	December 31, 2006	December 31, 2007
AAA	72.9%	79.4%	83.7%	73.0%
AA	16.2%	8.6%	3.2%	3.1%
A	10.9%	11.9%	13.1%	22.2%
BBB	0.0%	0.0%	0.0%	1.7%

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) and 40 as of December 31 2007 (between Aa2 and Aa3). The reference obligations comprised in Credit Exposure B had a weighted average default probability equivalent to a rating of AA by S&P at inception, between AA+ and AA as of December 31, 2005 and 2006 and between AA and AA- as of December 31, 2007.

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

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

(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 152 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, 2007, Credit Exposure C comprised 238 reference obligations, including mortgage-backed securities, asset-backed securities, structured finance securities and synthetic corporate exposures (at December 31, 2006 – 233 reference obligations).

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

Rating	Inception	December 31, 2005	December 31, 2006	December 31, 2007
AAA	66.1%	50.2%	49.5%	46.6%
AA	9.7%	12.6%	13.5%	13.4%
A	24.2%	35.0%	35.5%	34.7%
BBB	0.0%	2.3%	1.5%	3.2%
BB	-	-	-	2.1%

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) and 75 as of December 31, 2007 (between A1 and A2). The reference obligations comprised in Credit Exposure C had a weighted average default probability equivalent to a rating of AA- by S&P at inception, between AA- and A+ as of December 31, 2005 and 2006, and between A+ and A as of December 31, 2007.

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

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

(1) Based on S&P Industry Classification.

The exposure of Global DIGIT II to Credit Exposure C is limited to an amount of \$41,708,143. Further, the exposure of Global DIGIT II to each of the 238 obligations included in Credit Exposure C is shown in the right-most column of the table showing Portfolio C in Schedule B.

The credit protection provided under the Credit Exposures is a relatively small amount in relation to the size of the portfolio in respect of which credit protection has been provided. Relatively small percentage losses on the portfolio will result in proportionally larger tranche percentages being deducted from the initial notional amount in satisfaction of credit protection obligations under the Credit Exposures. Moreover, a partial or total loss may be incurred on Credit Exposures A, B and C without a total loss, or any loss, being incurred by an investor holding a more senior tranche of the Credit Exposures to the portfolio.

Determination of the Net Asset Value of the Units

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

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

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

- (i) The value of the Financial Contracts is established primarily by reference to indicative bid and offer prices provided by Deutsche Bank. The bid and offer prices provided by Deutsche Bank represent an indication of the prices that Deutsche Bank may pay or charge to purchase or sell a tranche of the Financial Contracts. This indication may reflect factors such as the market's assessment of overall credit quality of the portfolio as measured by the trading price of the debt (and derivatives thereof) of reference obligations, interest rates as well as factors that are proprietary to Deutsche Bank, such as correlation between individual reference obligations and other securities in the portfolio of Deutsche Bank.

- (ii) Since January 1, 2007, the fair value of money market instruments, short term bank deposits, permitted investments and any other bonds, debentures or debt obligations is established by reference to prevailing interest rates, general market conditions and all other relevant criteria.
- (iii) The fair value of any cash on hand or on deposit, prepaid expenses and interest accrued and not yet received, is deemed to be the face amount thereof unless it is determined by the Administrative Agent that any such asset is not worth the face amount thereof, in which event the value is determined by Administrative Agent.

If any of these rules cannot be used or are at any time considered inappropriate under the circumstances, then such valuation is established with such other rules in conformity with GAAP in a fair and reasonable manner. Moreover, the process of valuing investments for which no published market exists is based on inherent uncertainties and the resulting values may differ from values that would have been used had a ready market existed for the investments and may differ from the prices at which the investments may be sold. As of December 31, 2007, no asset had been valued otherwise than in accordance with the above rule.

Substantially all of the assets of Global DIGIT II consist of the Financial Contracts and the related term deposit. The NAV calculated as at December 31, 2007 reflects all amounts that would have been paid by Silverstone to Global DIGIT II under the Financial Contracts under normal circumstances but which are currently being held in escrow instead of being paid. The unpaid amounts have been recorded as an account receivable (\$3,646,457 as of December 31, 2007).

The December 31, 2007 NAV does not reflect any potential impairment in the value of the assets of Global DIGIT II from any potential restructuring of Silverstone debts or the effect of the proposed Disengagement Transaction, as it is not possible at present to determine if, when and to what extent such payments to Global DIGIT II under the Financial Contracts will resume or the effect of any potential restructuring of any such Silverstone debts, nor if and when the proposed Disengagement Transaction will be completed .

Net Asset Value

The net asset value (“NAV”) of Global DIGIT II was \$10,725,858 as at December 31, 2007 (\$1.03 per unit based on 10,392,283 units outstanding), as compared to \$121,868,179 as at December 31, 2006 (\$8.73 per unit based on 13,959,575 units outstanding). The NAV reflects a complete write-off of the \$9,786,499 (\$0.65 per unit) issue expense incurred with the initial public offering of Global DIGIT II. The NAV also reflects differences between the fair value of the swaps and their nominal value and since, January 1, 2007, the difference between the fair value of the investments and their nominal value.

Income and Distributions

During the year ended December 31, 2007, Global DIGIT II had a net loss of \$77,424,350 or \$6.73 per unit (a net income of respectively \$278,126 and \$0.02 per unit for the same period in 2006) and has declared distributions of \$5,918,785 (\$0.48 per unit) (respectively \$11,644,358 and \$0.82 per unit for the same period in 2006) to its Unitholders. During the year ended December 31, 2007, the net income was reduced by an unmaterialized loss of \$80,034,175 (\$6.96 per unit) in the fair value of the Financial Contracts (\$12,418,875 and \$0.88 per unit respectively in 2006) and by an unmaterialized loss of \$909,162 (\$0.08 per unit) in the fair value of the investment and the credit default swap receivable. In addition, Global DIGIT II had a realized loss of \$7,326,315 (\$0.64 per unit) in the Financial Contracts (\$695,616 and \$0.05 respectively in 2006).

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 term deposits held by Global DIGIT II. The amount of term deposits held by Global DIGIT II decreased by \$27,405,200 (2006 – \$8,481,800) as a result of the sale of \$33,406,000 (2006 – \$9,275,000) of investments for the redemption of 3,567,292 (2006 – 990,425) units made by Global DIGIT II during the year ended December 31, 2007 and by \$6,163,858 (2006 – \$11,712,400) as a result of liquidations in the term deposits to finance the distributions. Hence, the reduction of \$6,163,858 in the term deposits was compensated by the accrual of an interest-bearing credit default swap receivable of \$6,163,858 reported as part of the \$29,489,110 (2006 – \$24,990,588) shown on the balance sheet as at December 31, 2007.

5. Recent Developments

Portfolio Changes

While Deutsche Bank actively manages the portfolios, during the year ended December 31, 2007 the Trustee has not requested any change in the portfolio of securities included in the credit exposures. Also during the year, due to the turmoil in the US sub-prime mortgage market, there were several downgrades but no reference obligation included in the portfolios was subject to a credit event. However, this crisis in US sub-prime mortgage markets has triggered a significant decrease in the pricing of the Financial Contracts and, consequently, on the NAV of Global DIGIT II.

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

Redemptions

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

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

The standstill agreement between Global DIGIT II and Silverstone effective as of August 13, 2007, includes the suspension of all redemption activities.

Subsequent Events (up to and including April 14, 2008)

Since December 31, 2007, due to the continuing turmoil in the US sub-prime mortgage market, there were several additional downgrades but no reference obligation included in the portfolios was subject to a credit event.

The standstill agreement between Global DIGIT II and Silverstone expired on January 31, 2008, but was extended until April 25, 2008. 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. Moreover, an information package was sent to all noteholders of Third Party ABCP part of the Plan and, on April 25, 2008, the noteholders will be asked to approve such Plan. Subject to obtaining the noteholders approval, final court approval and regulatory approval, it is anticipated that the Plan will be implemented on or about May 23, 2008. As mentioned above, the approval of the Plan is one of the necessary conditions for the implementation of the Disengagement Transaction.

6. Transactions with the Promoter and its Affiliates

Administrative Agent Agreements

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

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

In 2006, the administrative agent, Natcan Trust, transferred its appointment as administrative agent to National Bank of Canada (“**NBC**”) effective as at October 16th, 2006. In 2007, fees and reimbursement of expenses incurred in relation with this function totalled \$35,979 (2006 – \$52,285).

Recirculation Agreement

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

There are no fees payable in connection with the Recirculation Agreement.

Custodial Agreement

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

In 2007, Natcan Trust earned fees of \$6,517 in connection with this agreement (2006 – \$8,824).

Registrar and Transfer Agent Agreement

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

7. Independent Review Committee

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

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

Each member of the independent committee receives an annual fee as well as a meeting fee and is reimbursed for his expenses incurred in connection with attending meetings of the independent review committee. The independent review committee will be filing a separate report that describes its activities, as required by National Instrument 81-107, which can be accessed (at no cost) by calling the Administrative Agent at 514 879-5598 or by visiting www.nbf.ca or on www.sedar.com.

8. Financial Highlights

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

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

(1) At inception.

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

(3) Issue expense of \$9,786,499 incurred in connection with the initial public offering, principally consisting of agents' fees and other offering expenses, which has been charged to retained earnings prior to calculating the opening net asset value of \$9.35.

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

Ratio and Supplemental Data

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

Accreted Value

At the Maturity Date, there will be no longer any unrealized gain or loss on Global DIGIT II investments, nor on the Financial Contracts. In the interim, the unrealized gain or loss reflects variations in the value of the Financial Contracts as calculated from time to time. If the “accreted value” of the units is defined as their adjusted value to exclude any unrealized gain or loss on the Financial Contracts and on the permitted investments, the accreted value is an indication of the amount in Global DIGIT II assets at a given date which would eventually be contributed towards the redemption of the units, assuming no credit event between the calculation date and the Maturity. Another way to look at the accreted value is to view it as the net asset of Global DIGIT II valued at cost, less impairments.

Accreted Value:	December 31, 2007	December 31, 2006	December 31, 2005 (10 1/3 months)	March 11, 2005 (at inception)
Weighted average number of units				
outstanding	11,496,004	14,124,646	14,950,000	14,950,000
Accreted Value at beginning	\$9.61	\$9.51	\$9.35	\$10.00
Decrease (decrease) from operations:				
Total revenues.....	\$2.11	\$2.00	\$1.67	-
Total expenses.....	(\$1.10)	(\$1.06)	(\$0.85)	-
Realized gains (losses) for the period.....	(\$0.69)	(\$0.04)	-	-
Issue expenses⁽¹⁾	-	-	-	(\$0.65)
Distributions	(\$0.48)	(\$0.82)	(\$0.66)	-
Amount deposited in the segregated				
account	(\$0.35)	-	-	-
Accreted Value at end⁽²⁾	\$9.85	\$9.61	\$9.51	\$9.35
Reconciliation of the Accreted Value				
and the Net Asset Value				
Accreted Value at end of period.....	\$9.85	\$9.61	\$9.51	\$9.35
Unrealised gains and losses since				
inception.....	(\$8.08)	(\$0.88)	-	-
Amount deposited in the segregated				
account.....	\$0.35	-	-	-
Net Asset Value, end of period	\$1.03	\$8.73	\$9.51	\$9.35

(1) Issue expense of \$9,786,499 incurred in connection with the initial public offering, principally consisting of agents' fees and other offering expenses, which has been charged to retained earnings prior to calculating the opening net asset value of \$9.35.

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

The \$9.85 accreted value, as at December 31, 2007 reflects the fact that Global DIGIT II has paid less in distributions than its “cash” income and, hence, has been retaining a portion of its net income for the purpose of recovering the \$0.65 per unit issue expense incurred in connection with its initial public offering closed on March 11, 2005. Subject to the completion of the Disengagement Transaction, the \$0.50 that has been accrued for recovery of issue costs would be remitted by Silverstone to Global DIGIT II, but the balance of \$0.15 not yet accrued would not be recovered.

9. Past Performance

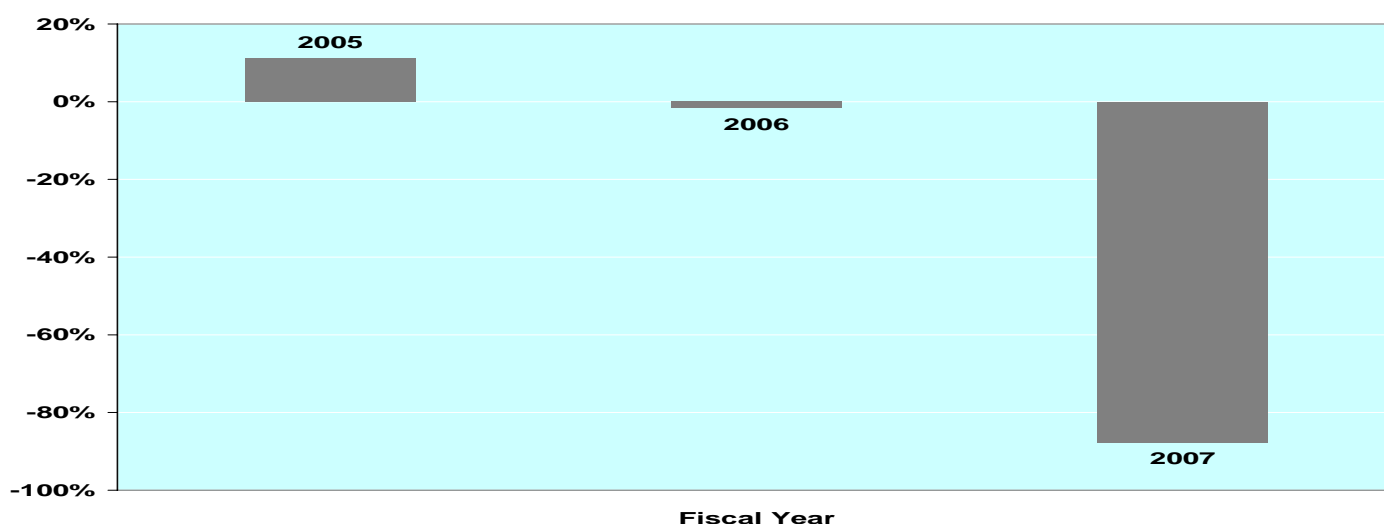
The following bar chart and table indicate the performance of the units by showing for the period the return by fiscal year and compound returns from inception assuming all distributions made by Global DIGIT II in the periods shown were reinvested at the NAV. Past performance is not necessarily indicative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

Returns

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

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

Annual Performance of Global DIGIT II based on NAV



Annual Compound Returns

	Past year	Since inception ⁽¹⁾
Based on NAV ⁽²⁾	-87.7%	-51.3%
Based on unit price ⁽³⁾	-63.1%	-30.5%

(1) Annualized for the period of March 11, 2005 (inception date) to December 31, 2007.

(2) Calculated from initial net asset value of \$9.35 and December 31, 2007 net asset value of \$1.03 assuming all distributions reinvested.

(3) Calculated from issue price of \$10.00 and December 31, 2007 market price of \$3.00 assuming all distributions reinvested.

10. Summary of the Investment Portfolio

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

Underlying Exposures

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

SCHEDULE A RISKS AND UNCERTAINTIES

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

Going Concern of Global DIGIT II

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

Credit Risk

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

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

Creditworthiness of the Reference Obligations

The credit ratings of Credit Exposures A, B and C are those of S&P and/or DBRS, as applicable, and the credit ratings of the reference obligations are those of Moody's, S&P, Fitch, Inc. ("**Fitch**") or DBRS, which have investigated all or some of such reference obligations. Credit ratings on such reference obligations are not a recommendation to buy, sell or hold investments, and may be subject to revision or withdrawal at any time by the relevant rating agencies. The units are not rated by any rating agencies. Although some information with respect to reference obligations may be available from publicly available sources, no representation is made with respect thereto by Global DIGIT II, the Trustee or any of their respective affiliates as to the accuracy or completeness of any such information.

Creditworthiness of Silverstone and Deutsche Bank

Because the capacity of Global DIGIT II to redeem units on the Maturity Date or to make distributions during the duration of the transaction depends on the receipt of a payment by Silverstone from Deutsche Bank at that date under the collateralized credit default swap agreements between Silverstone and Deutsche Bank and the repayment of an equivalent amount by Silverstone to Global DIGIT II under the Financial Contracts, whether Unitholders will receive the targeted distribution and subscription price repayment is dependent upon the financial health, rating and creditworthiness of Deutsche Bank and Silverstone.

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

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

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

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

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

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

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

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

Fluctuations in the NAV of the Units

The NAV of the units will vary according to a number of factors that are not within the control of Global DIGIT II, including general market conditions, the performance and creditworthiness of the reference obligations, Credit Exposures A, B and C and the permitted investments. See above (section **2. The ABCP liquidity crisis and its consequences for Global DIGIT II**), for a discussion of the inability of Silverstone to renew or replace maturing short-term senior debt.

No Recourse to the Reference Obligations, Portfolio and Credit Exposures

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

None of the Trustee, Silverstone, Deutsche Bank or any of their respective affiliates, any Unitholders or any of their respective owners, beneficiaries, agents, officers, directors, employees, affiliates, successors or assigns are personally liable for the obligations of Global DIGIT II in respect of the units.

Disqualification as a Mutual Fund Trust

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

Fluctuations in Monthly Distributions

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

**SCHEDULE B
PORTFOLIO A**

Issuer	Series	ISIN	S&P Rating	Moody's Rating	Weighting	Exposure \$
A4 Funding LP	2003-A	US008275AA74	AAA	Aaa	0.38%	9 464 382
ABACUS Ltd	2006-10	US00257AAA51	AAA	Aaa	1.45%	23 634 614
Access Group Inc	2002-A	US00432CAQ42	AAA	Aaa	0.28%	6 969 786
ACCREDITED MORTGAGE LOAN TRUST	2005-2	US004375DH15_C764626M_C	A	A2	0.27%	6 603 057
Ace Securities Corp	2004-FM1	US004421DL47	A+	A2	0.04%	1 041 660
Ace Securities Corp	2004-HE3	US004421HT37	AA	A1	0.33%	8 273 631
Ace Securities Corp	2004-HE3	US004421HU00	AA	A2	0.29%	7 300 340
Ace Securities Corp	2004-HE4	US004421JL82	AA	A1	0.43%	10 671 421
Aircastle Aircraft Lease Backed Trust	2006-1	US00505HAA05	AAA	Aaa	0.79%	19 701 145
Alesco Preferred Funding , Ltd	14A	US014498AB56	AAA	Aaa	1.06%	23 634 614
Alesco Preferred Funding , Ltd	10A	US01449WAB28	NR	Aaa	0.97%	23 634 614
Alesco Preferred Funding I, Ltd	1	US01447YAA29	AAA	Aaa	0.35%	8 609 385
ALESCO PREFERRED FUNDING, LTD.	7A	US01448YAB92	AAA	Aaa	0.74%	18 372 570
Alpine III	III	US021059AA87	AAA	Aaa	0.44%	11 005 095
ALPSTAR CLO 1 PLC	1	XS0249393595	AAA	Aaa	0.82%	20 485 111
Annington finance no. 4 plc	B3	XS0198259813	A	A2	0.62%	15 378 520
Anthracite CDO II Ltd	2002	US03702SAA15	AAA	Aaa	0.33%	8 217 700
Anthracite CDO Ltd	1	US03702WAA27	AAA	Aaa	0.34%	8 466 526
Anthracite CDO, Ltd.	2002-CIBA	US03702LAA61	AAA	Aaa	0.33%	8 286 881
ANTHRACITE CDO, LTD.	2006-HY3A	US03703FAA84	AAA	Aaa	0.24%	5 916 000
Arbor Realty Mortgage Securities Series 2005-1, Ltd	2005-1A	US038927AA73	AAA	Aaa	0.35%	8 804 076
Arcap REIT, Inc	2004-1	US039279AD64	A	A1	0.09%	2 201 019
Archimedes Funding IV (Cayman) Ltd.	4X	USG04532AA82	AAA	Aaa	0.19%	4 684 922
Ares Commercial Loan Trust 2006-1	2006-1	US002043AG23	A	A2	0.14%	3 521 631
ARTS Ltd	2005	US00971VAB27	AAA	Aaa	0.21%	5 282 446
Asset Backed Securities Corporation	2004-HE8	US04541GMP45	A	A2	0.53%	13 206 115
Atrium CDO	1	US04963JAA34	AAA	Aaa	0.79%	19 632 131
ATTENTUS CDO LTD.	2006-1A	US049730AC83	AA	Aa2	0.42%	10 564 892
Aviation Capital Group Trust	2003-2	US004448AA42	AAA	Aaa	0.87%	21 581 930
BALLYROCK CDO LIMITED	2	US058739AA12	AAA	Aaa	1.06%	23 634 614
Bamburgh Finance No. 1 Plc	1	XS0159966844	AAA	NR	0.44%	10 907 850
Bayview Commercial Asset Trust	2006-4A	US07325BAC28	AAA	Aaa	0.40%	9 910 865
BAYview commercial Asset Trust	2005-3A	US07324SCB60	AAA	Aaa	0.15%	3 825 254
BAYview commercial Asset Trust	2005-3A	US07324SCC44	NR	Aaa	0.77%	19 257 882
Bayview commercial Asset Trust 2005-4	2005-4A	US07324SCS95	AAA	Aaa	0.82%	20 319 264
Bear Stearns Alt-A Trust	2004-13	US07386HPY17	AAA	Aaa	0.23%	5 653 800
Bear Stearns Asset Backed Securities I LLC	2004-HE11	US073879NZ74	A	A2	0.21%	5 282 446
BELLA VISTA MORTGAGE TRUST	2005-1	US07820QBM69	AAA	Aaa	0.25%	6 262 367
BELLA VISTA MORTGAGE TRUST	2005-2	US07820QCE35	AAA	Aaa	0.17%	4 147 585
BL Super Finance		XS0244892054	AA	NR	0.57%	14 227 139

PORTFOLIO A (continued)

Issuer	Series	ISIN	S&P Rating	Moody's Rating	Weighting	Exposure \$
BLACK Diamond CLO 2005-1 Ltd	2005-1	US09202EAE68	A-	A2	0.21%	5 282 446
Brascan Real Estate Financial Partners LLC	2004-1	US10550TAA79	AAA	Aaa	0.14%	3 526 240
Brascan Structured Notes 2005-2 Ltd	2005-2A	US10550YAA64	AAA	Aaa	0.18%	4 402 038
BROADWICK FUNDING, LTD.	2006-1A	US11161RAD44	AAA	Aaa	0.24%	5 972 235
CABRAL LTD	1	XS0125882323	NR	Aaa	0.13%	3 239 347
CAPITALSOURCE COMMERCIAL LOAN TRUST	2006-2A	US14056GAC24	AAA	Aaa	0.39%	9 684 484
CAPITALSOURCE COMMERCIAL LOAN TRUST	2006-2A	US14056GAE89	A	A2	0.27%	6 713 108
CAPITALSOURCE REAL ESTATE LOAN TRUST	2006-1A	US140560AD50	A+	A1	0.35%	8 804 076
CapMark VII-CRE Ltd	2006-7	US14068XAB38	AAA	Aaa	0.25%	6 162 853
Carbon Capital II Real Estate CDO 2005-1, Ltd	2005-1	US140818AA38	AAA	Aaa	0.18%	4 402 038
Castle Hill II - Ingots , Ltd	2	US14845TAA43	AAA	Aaa	0.87%	21 569 987
Castle Trust	2003-1	US14852MAF86	AAA	Aa2	0.33%	8 114 618
C-Bass Ltd	16A	US12498YAE95	A	Ba1	0.46%	11 445 299
CCCIT	2002-A4	US17305EAZ88	AAA	Aaa	0.53%	13 206 115
CDC Mortgage Capital Trust	2004-HE4	US45071KAF12	A	A2	0.21%	5 337 031
CHL Mortgage Pass-Through Trust 2004-25	2004-25	US12669GKJ93	AAA	Aaa	0.23%	5 705 705
CHL Mortgage Pass-Through Trust 2004-29	2004-29	US12669GJC69	AAA	Aaa	0.37%	9 105 823
Citigroup Mortgage Loan Trust, Inc	2004-RES1	US17307GKP27	AA-	A1	0.18%	4 598 809
Coast CFO LTD	2006-1A	US190320AA91	AAA	Aaa	0.71%	17 608 153
COUNTRYWIDE ALTERNATIVE LOAN TRUST	2005-J2	US12667F6A87	AAA	NR	0.62%	15 481 271
COUNTRYWIDE ALTERNATIVE LOAN TRUST	2005-45	US12667G6R94	AA	Aa2	0.39%	9 674 412
COUNTRYWIDE ALTERNATIVE LOAN TRUST	2005-59	US12668AFA88	A	A3	0.49%	12 294 353
COUNTRYWIDE ALTERNATIVE LOAN TRUST	2005-56	US12668AMB88	A+	A1	0.12%	3 075 962
Countrywide Asset Backed Certificates	2004-5	US1266716H42	AAA	Aaa	0.10%	2 407 529
Countrywide Asset Backed Certificates	2004-8	US126673EU25	AAA	NR	0.26%	6 353 295
Countrywide Asset Backed Certificates	2004-10	US126673JR41	AAA	Aaa	0.06%	1 464 064
Countrywide Asset Backed Certificates	2004-11	US126673LQ30	AAA	NR	0.32%	7 877 418
COUNTRYWIDE ASSET-BACKED CERTIFICATES	2004-13	US126673RQ75	A	A2	0.09%	2 201 019
COUNTRYWIDE HOME LOANS	2005-7	US12669GNQ00	AAA	Aaa	0.11%	2 666 278
COUNTRYWIDE HOME LOANS	2005-3	US12669GTT84	AAA	Aaa	0.82%	20 291 836
Credit-Linked and Structured Securities (CLASS) Limited		CLASS	AAA	NR	1.24%	23 634 614
CREST 2002-1 Ltd	2002-IG	USG2550JAA90	AAA	Aaa	0.13%	3 118 895
DECO		XS0235683736	AA	Aa2	0.43%	10 682 155
DECO		XS0235684114	A	A2	0.43%	10 682 155
Dow Jones CDX.EM.Diversified 7years	3	EMDJCDX7YAAA	AAA	Aaa	0.88%	22 010 191
Dow Jones CDX.NA.IG.2 2009	NA.IG.2	DJ_CD_X_10-15_C	AAA	Aaa	0.88%	22 010 191

PORTFOLIO A (continued)

Issuer	Series	ISIN	S&P Rating	Moody's Rating	Weighting	Exposure \$
Downey Savings and Loan Association, FA	2004-AR1	US23332UAA25	AAA	Aaa	0.14%	3 474 641
Downey Savings and Loan Association, FA	2004-AR1	US23332UAC80	AAA	Aaa	0.61%	15 263 301
DRYDEN LEVERAGED LOAN CDO	2003-5A	US26243WAA99	AAA	Aaa	0.44%	11 005 095
DSL A MORTGAGE LOAN TRUST	2004-AR2	US23332UAR59	AAA	Aaa	0.51%	12 797 458
DSL A MORTGAGE LOAN TRUST	2005-AR1	US23332UCN28	AAA	Aaa	0.14%	3 565 663
DSL A MORTGAGE LOAN TRUST	2005-AR1	US23332UCP75	AAA	Aaa	0.17%	4 179 342
DSL A MORTGAGE LOAN TRUST	2205-AR3	US23332UDX90	AAA	Aaa	0.69%	17 104 811
DUKE FUNDING, LTD.	2006-10	US26441NAD30	A	A2	0.25%	6 162 853
DUKE FUNDING, LTD.	2006-11	XS0261422702	A	Baa2	0.25%	6 148 983
Duke Weeks Industrial Trust	2000-DW1	US36228CHK27	AAA	Aaa	1.48%	23 634 614
Eagle Creek CLO Ltd	2006-1	US269491AE68	A	A2	0.31%	7 703 567
Exum Ridge	IV	US76129SAB07	AAA	Aaa	0.70%	17 520 112
FAXTOR ABS BV	2004-1X	XS0191002780	AAA	Aaa	0.18%	4 484 841
Fort Point CDO Ltd	2003-2A	US348522AA18	AAA	Aaa	0.21%	5 282 446
Fortius Funding, Ltd	2006-1	US34958CAB00	AAA	Aaa	0.14%	3 460 200
FORTRESS CREDIT INVESTMENTS LTD	2006-1A	US34957TAD00	A	A1	0.14%	3 521 631
Four Corners CLO	1A	US35083VAL18	A	A2	0.14%	3 587 661
Franklin CLO	4A	US352504AA20	AAA	Aaa	1.06%	23 634 614
GLACIER FUNDING CDO	2006-4A	US37638NAB73	AA+	Aaa	0.16%	3 877 567
Golden Knight CDO Ltd	1A	US38108PAA30	AAA	Aaa	0.73%	18 268 459
GRAPHITE MORTGAGES PLC	2006-1	GRAPH_LSS	AAA		0.80%	19 809 172
GRAPHITE MORTGAGES PLC		XS0258744555	AA-	Aa2	0.71%	17 670 867
GREENPOINT MORTGAGE FUNDING TRUST	2006-AR1	US39538WFM55	AAA	Aaa	0.66%	16 305 016
GREENPOINT MORTGAGE FUNDING TRUST	2007-AR1	US39539KAJ25	AA+	Aaa	0.62%	15 434 989
GreenPoint Mortgage Funding Trust 2006-AR3	2006-AR3	US39538WHP68	A	Aa3	0.19%	4 842 242
GreenPoint MTA Trust 2005-AR2	2006-AR6	US39538BAK08	AA+	Aaa	0.44%	11 020 452
GreenPoint MTA Trust 2005-AR2	2005-AR2	US39538RBD08	AAA	Aaa	0.15%	3 636 945
GreenPoint MTA Trust 2006-AR7	2006-AR7	US39538CAK80	AA+	Aaa	0.71%	17 616 694
GreenPoint MTA Trust 2006-AR8	2006-AR8	US39539HAG56	AA+	Aaa	0.44%	11 013 411
GSC Partners CDO Fund, Limited	2006-7	US36298AAD46	AA	Aa2	0.53%	13 206 115
GSR Mortgage Loan Trust	2006-OA1	US362631AD55	AAA	Aaa	0.45%	11 217 616
HARBORVIEW MORTGAGE LOAN TRUST	2004-9	US41161PHV85	AAA	Aaa	0.14%	3 525 350
Harborview Mortgage Loan Trust Series 2006-12	2006-12	US41162DAN93	A-	A2	0.27%	6 603 057
Harborview Mortgage Loan Trust Series 2006-9	2006-9	US41161XAH98	NR	Aa2	0.53%	13 206 115
INDYMAC INDX MORTGAGE LOAN TRUST	2004-AR14	US45660LAB53	AAA	Aaa	0.22%	5 419 552
INDYMAC INDX Mortgage Loan Trust	2005-Ar14	US45660LSD28	AA+	Aa2	0.39%	9 820 314
INDYMAC INDX Mortgage Loan Trust	2004-AR8	US45660N2K06	AAA	Aaa	0.10%	2 414 562
INDYMAC INDX MORTGAGE LOAN TRUST	2004-AR12	US45660N5J06	AAA	Aaa	0.14%	3 398 543
IXIS ABS CDO LTD.	2006-3A	US46603EAA10	AAA	Aaa	0.25%	6 288 626
JER CDO	2005-1A	US46614KAA43	AAA	Aaa	1.24%	23 634 614

PORTFOLIO A (continued)

Issuer	Series	ISIN	S&P Rating	Moody's Rating	Weighting	Exposure \$
JER CDO	2005-1A	US46614KAC09	A	A2	0.35%	8 804 076
JETBLUE AIRWAYS PTC 2004-2	2004-1	US47714RAB42	AAA	Aaa	0.50%	12 501 788
Katonah III, Ltd	III	USG52177AA32	AAA	Aaa	0.55%	13 629 738
Katonah IV, Ltd.	IV	USG52168AA25	AAA	Aaa	0.71%	17 608 153
Landmark CDO, LLC	2003-3	US51507JAA79	AAA	Aaa	0.58%	14 526 726
LEHMAN XS TRUST	2005-9N	US525221GN14	AAA	Aaa	0.23%	5 740 408
LEHMAN XS TRUST	2006-2N	US525221HB66	AAA	Aaa	0.83%	20 571 935
LEHMAN XS TRUST		US52522CAD56	AAA	Aaa	0.43%	10 697 339
LEHMAN XS TRUST		US52522DAP69	AAA	Aaa	0.68%	16 911 738
LINEA AAA SRL	2002	IT0003277552	AAA	Aaa	0.00%	919
LNR	2002-1A	US50211NAA72	AAA	Aaa	0.71%	17 642 048
LNR CDO LTD.	2003-1A	US50211MAA99	AAA	Aaa	0.12%	3 081 427
Long Beach Mortgage Loan Trust	2004-2	US542514FZ20	A	A2	0.14%	3 521 631
Lynx Ltd	2002-1	US55181TAA97	AAA	Aaa	0.03%	773 699
MARATHON FINANCING, B.V.	2006-1A	US56580TAA43	AAA	Aaa	0.88%	22 010 191
Marquette Park CLO Ltd	2005-1A	US57160RAB24	A	A2	0.25%	6 162 853
MCG Commercial Loan Trust 2006-1	2006-1A	US55271KAM36	AAA	Aaa	0.29%	7 263 363
MCG Commercial Loan Trust 2006-1	2006-1A	US55271KAQ40	AA	Aa2	0.35%	8 804 076
MERRILL LYNCH MORTGAGE INVESTORS, INC.	2004-W2	US59020UQX62	A+	A2	0.50%	12 325 707
Merrill Lynch Mortgage Investors, Inc.	2005-NC1	US59020URQ03	A+	A2	0.30%	7 483 465
Merritt Funding Trust	2005-1A	US590428AG30	A	A2	0.16%	3 997 446
Midgaard Finance Ltd	1	XS0190303189	A+	Aa1	0.59%	14 740 200
ML AAA Financials 10_15%		AAAFIN10-15_C974798M_C	AAA	Aaa	1.25%	23 634 614
Morgan Stanley ABS Capital I	2004-NC4	US61744CCJ36	A	A2	0.39%	9 686 245
MORGAN STANLEY ABS CAPITAL I	2004-HE8	US61744CHE93	A	A2	0.35%	8 608 626
Morgan Stanley ABS Capital I	2004-NC5	US61746RFW60	A	A2	0.23%	5 742 459
MORGAN STANLEY Capital I	2006-SRR1	BCC0SU391	AAA	Aaa	0.96%	23 634 614
Morgan Stanley Dean Witter Capital I Inc. Series 2003-NC2	2003-NC2	US61746WA750	AA+	Aaa	0.30%	7 408 105
MPS Assets Securitisation S.p.A	1	IT0003366314	AAA	Aaa	0.15%	3 732 189
NOMURA CRE CDO LTD	2007-2A	US65537HAA59	AAA	Aaa	0.41%	10 124 688
Northwoods Capital Limited	2004-4A	USG66661AA01	AAA	Aaa	0.53%	13 206 115
N-star Real Estate CDO LTD	2006-6A	US62940PAC14	A+	A1	0.19%	4 732 191
NYLIM FLATIRON CLO LTD.	2003-1A	US62948MAA45	AAA	Aaa	0.40%	9 904 586
NYLIM FLATIRON CLO LTD.	2004-1	US67073MAC64	A	A2	0.21%	5 282 446
Oak Hill Credit Partners II, Limited	II	US67133UAA07	AAA	Aaa	0.62%	15 407 134
Octagon Investment Partners V, Ltd.	V	US67571MAA71	AAA	Aaa	0.78%	19 368 968
Pan-European Industrial Properties	3	XS0163580961	AA	A2	0.35%	8 704 414
Permanent Custodians Limited	XII	AU000ARMJ032	AAA	Aaa	0.41%	10 194 686
Permanent Custodians Limited	2002-1A	AU000CRU3025	AAA	Aaa	0.39%	9 699 369
Phoenix Funding Ltd	2001-1	XS0125438670	AAA	Aaa	0.56%	13 889 301
PREFERRED TERM SECS XVI	XVI	US74041EAA38	AAA	Aaa	1.59%	23 634 614
Preferred Term Securities 20 Ltd	XX	US74042DAA46	AAA	Aaa	1.18%	23 634 614

PORTFOLIO A (continued)

Issuer	Series	ISIN	S&P Rating	Moody's Rating	Weighting	Exposure \$
Preferred Term Securities 22 Ltd	XXII	US74042MAA45	AAA	Aaa	0.88%	21 950 161
Preferred Term Securities 23 Ltd	XXIII	US74043AAE10	AAA	Aaa	0.53%	13 157 212
Preferred Term XIX	XIX	US74042HAA59	AAA	Aaa	1.15%	23 634 614
Progress 2002-1 Trust	2002-1	AU000PR20067	AAA	Aaa	0.23%	5 821 042
Project Funding Corporation I	I	US74338PAA03	BB	Ba2	0.13%	3 313 304
Puma MasterFund P8	P8	AU000PT10403	AAA	Aaa	0.68%	16 957 760
RACE POINT CLO	2A	US74981SAA42	AAA	Aaa	0.37%	9 112 219
RAMS MORTGAGE SECURITIES PTY LIMITED	2004-1E	AU300RMM1016	AAA	Aaa	0.27%	6 641 283
Residential Asset Securities Corporation	2004-KS5	US76110WYN00	A+	A2	0.16%	3 924 283
RMAC	2003-NS2X	XS0171105439	AAA	Aaa	0.00%	28
RMAC	2003-NS3X	XS0177532743	AAA	Aaa	0.97%	23 634 614
RMAC 2003-NS1 Plc.	2003-NS1	XS0163011165	AAA	Aaa	0.81%	20 131 621
RMS Trust 2002-1	2002-1	AU000RM00033	AAA	Aaa	0.40%	9 953 247
Rosetta SA	I	XS0156925967	AAA	Aaa	0.47%	11 616 979
Rosetta SA	I	XS0156926007	AA	Aa2	0.34%	8 507 278
Santiago CDO Limited	2005-1A	US802884AA40	AAA	Aaa	0.88%	22 010 191
Securitized Asset Backed Receivables LLC	2004-OP1	US81375WAC01	A	A2	0.16%	3 864 798
Securitized Asset Backed Receivables LLC	2004-NC1	US81375WAL00	A	A2	0.44%	11 005 095
SECURITIZED ASSET BACKED RECEIVABLES LLC TRUST	2005-HE1	US81375WGG50	A+	A2	0.27%	6 603 057
SHerwood ABS CDO		US82437RAC51	AAA	Aaa	0.65%	16 287 541
SLM Private Credit Student Loan Trust 2002-A	2004-A	US78443CBH60	AAA	Aaa	0.65%	16 287 541
SLM Student Loan Trust	2003-C	US78443CAZ77	AAA	Aaa	0.50%	12 325 707
SoundView Home Equity Loan Trust	2006-WF2	US83612MAJ62	NR	A1	0.53%	13 206 115
SoundView Home Equity Loan Trust	2006-WF2	US83612MAK36	NR	A2	0.11%	2 641 223
STAtic repackaging trust, ltd	2004-1A	US85233VAA98	AAA	Aaa	0.06%	1 472 305
STATIC RESIDENTIAL CDO (START) 2006-A Ltd	2006-A	US85768VAC81	AA	Aa1	0.53%	13 147 782
STATIC RESIDENTIAL CDO (START) 2006-B Ltd	2006-B	US85768XAB64	AAA	Baa1	0.88%	22 010 191
Sterlingmax MBS Ltd	I	XS0177867255	AAA	NR	0.61%	15 255 583
Straits Global ABS CDO 2004-1	2004-1	US86258PAB85	AAA	Aaa	1.24%	23 634 614
STRUCTURED ASSET MORTGAGE INVESTMENTS INC	2006-AR5	US86360JAW18	AA-	A2	0.09%	2 200 994
STRUCTURED ASSET MORTGAGE INVESTMENTS INC	2006-AR5	US86360JAX90	BBB+	Baa1	0.09%	2 201 002
STRuctured Asset Mortgage Investments, Inc	2005-AR7	US86359LQV44	AAA	Aaa	0.12%	3 043 321
STRUCTURED ASSET SECURITIES CORPORATION	2005-WF4	US863576DK73	A	A2	0.18%	4 402 038
Tourmaline CDO	2005-1	US89155XAB91	AA	Aa2	1.13%	23 634 614
Trapeza CDO I, LLC	2002-1	US894127AA77	AAA	Aaa	0.18%	4 600 302
Trapeza CDO II, LLC	2003-2	US894128AA50	AAA	Aaa	0.56%	13 993 695
Trapeza CDO LLC	2003-4A	US894126AA94	AAA	Aaa	0.64%	15 950 155
TRAPEZA CDO LLC	2003-3A	US89412MAA45	AAA	Aaa	1.32%	23 634 614
TRAPEZA CDO LLC	2005-9A	US89413AAB70	NR	Aaa	0.35%	8 804 076
UNION SQUARE CDO, LTD	2003-1A	US908393AA98	AAA	Aaa	0.71%	17 608 153

PORTFOLIO A (continued)

Issuer	Series	ISIN	S&P Rating	Moody's Rating	Weighting	Exposure \$
Venture CBO III CDO Ltd.	2003-1A	US92327WAA09	AAA	Aaa	0.35%	8 804 076
Vermeer Funding Ltd	2004-1A	US92344VAA17	AAA	Aaa	0.31%	7 655 231
VERTICAL CDO LTD.		US925345AE06	A	Baa2	0.25%	6 162 853
VICTORIA FALLS CLO, LTD.	2005-1A	US926244AC81	AAA	Aaa	0.88%	21 878 130
VICTORIA FALLS CLO, LTD.	2005-HE1	US926244AE48	A	A2	0.21%	5 282 446
WACHOVIA CRE CDO 2006-1	2006-1	US92978CAA62	AAA	Aaa	0.92%	22 890 599
WAMu MOrtgage Passthrough Certificates, Series 2005-AR17	2005-AR17	US929222F7X08	AAA	Aaa	0.64%	15 898 911
WAMu MOrtgage Passthrough Certificates, Series 2005-AR19	2005-AR19	US92925CBL54	AA+	Aa1	0.33%	8 238 484
WAMu MOrtgage Passthrough Certificates, Series 2005-AR19	2005-AR19	US92925CBN11	AA	Aa3	0.20%	4 943 090
WASHINGTON MUTUAL	2005-AR13	US929222F5B06	A+	A1	0.25%	6 268 344
WASHINGTON MUTUAL	2004-AR10	US929222FXJ29	AAA	Aaa	0.32%	7 858 644
WASHINGTON MUTUAL	2005-AR19	US92925CBBJ09	AAA	Aaa	0.18%	4 397 015
WASHINGTON MUTUAL	2006-AR9	US93363DAN75	A+	Aa3	0.18%	4 401 957
WASHINGTON MUTUAL	2006-AR9	US93363DAP24	A	A1	0.14%	3 521 566
WASHINGTON MUTUAL	2007-OA3	US93364AAF93	AAA	Aaa	1.14%	23 634 614
WASHINGTON MUTUAL	2005-AR1	US939336X573	AAA	Aaa	0.42%	10 395 987
William Street Funding Corporation	2004-5	US969285AJ43	AAA	Aaa	0.88%	22 010 191
WILLIAM STREET FUNDING CORPORATION		US969285AL98	AAA	Aaa	0.35%	8 804 076
WILLIAM STREET FUNDING CORPORATION	2006-2	US969285AN54	AAA	Aaa	0.53%	13 206 115
WMALT MORTGAGE PASS-THROUGH CERTIFICATES	2006-AR1	US93934FJS20	AAA	Aaa	0.60%	14 818 337

PORTFOLIO B

Issuer	Series	ISIN	S&P Rating	Moody's Rating	Weighting	Exposure \$
Ace Securities Corp	2004-FM2	US004421GK37	AA	A2	0.39%	10 086 990
ACE SECURITIES CORP.	2006-HE1	US004421WX73	A	Ba2	0.54%	13 759 497
ACT 2005-RR Depositor Corp.	2005-RR	US00503NAA90	AAA	NR	0.86%	22 110 531
Aegis Asset Backed Securities Trust	2004-6	US00764MCU99	A	A2	0.25%	6 388 338
Alrcastle Aircraft Lease Backed Trust	2006-1	US00505HAA05	AAA	Aaa	1.71%	31 976 243
Alesco Preferred Funding , Ltd	13	US014495AA35	AAA	Aaa	0.26%	6 552 142
Alesco Preferred Funding III, Ltd	III	US01448MAA71	AAA	Aaa	0.72%	18 427 898
Alesco Preferred Funding V, Ltd	V	US01448TAA25	AAA	Aaa	1.70%	31 976 243
ALESCO PREFERRED FUNDING, LTD.	6	US01448XAA37	AAA	Aaa	1.14%	29 263 765
Aleutian Investments LLC		US01446EAF60	AAA	Aaa	0.97%	24 898 138
Altius Funding Ltd	2005-2	US02149WAD92	A	A2	0.55%	13 979 875
Annington finance no. 4 plc	B3	XS0198259813	A	A2	0.23%	5 918 858
Archimedes Funding IV (Cayman) Ltd.	4	US039549AA87	AAA	Aaa	0.22%	5 679 301
Asset Backed Securities Corp Home Equity	2005-HE2	US04541GQD78	A	A2	0.01%	180 184
Avalon Capital Ltd 3	3	US05342RAD89	A	A2	0.26%	6 552 142
Aviation Capital Group Trust	2003-2	US004448AA42	AAA	Aaa	1.05%	26 941 185
BAyview commercial Asset Trust	2005-2A	US07324SBN18	AAA	Aaa	0.92%	23 573 986
Bayview commercial Asset Trust 2005-4	2005-4A	US07324SCR13	AAA	Aaa	1.44%	31 976 243
BEAR STEARNS ASSET BACKED SECURITIES, INC.	2006-HE3	US07387UHW45	A	A2	0.23%	5 896 927
BLACKROCK SENIOR INCOME SERIES CORP.	2004-2	US09250FAG90	A	A2	0.33%	8 501 404
BROADWICK FUNDING, LTD.	2006-1A	US11161RAF91	A	A2	0.37%	9 514 244
CABRAL LTD	1	XS0125882323	NR	Aaa	0.26%	6 738 886
CAPITAL ONE MULTI-ASSET EXECUTION TRUST		XS0203199509	A	A2	0.13%	3 276 071
CAPITAL TRUST RE CDO LTD.	2004-1A	US140574AA24	AAA	Aaa	0.70%	18 018 389
CAPITALSOURCE REAL ESTATE LOAN TRUST	2006-1A	US140560AC77	AA	Aa2	0.13%	3 276 071
CAPITALSOURCE REAL ESTATE LOAN TRUST	2006-1A	US140560AN33	AAA	Aaa	1.02%	26 208 566
Citius Funding Ltd	2006-1	US17305CAD11	A	A2	0.19%	4 847 201
Clare Island B.V.	1	XS0143891132	AAA	Aaa	1.40%	31 976 243
Coast CFO LTD	2005-1A	US190314AA24	AAA	Aaa	1.28%	31 976 243
COUNTRYWIDE ALTERNATIVE LOAN TRUST		US12667FU603	AAA	Aaa	2.61%	31 976 243
Countrywide Asset Backed Certificates	2004-AB1	US126673HG04	AAA	Aaa	0.66%	16 783 382
CREST 2003-1, Ltd.	2003-1	US22608SAE81	AAA	Aaa	1.54%	31 976 243
Dekania CDO	2003-1A	US244882AB20	AAA	NR	0.96%	24 681 917
Dekania CDO	2004-2A	US24488RAA95	AAA	Aaa	0.51%	13 104 283
Denali Capital CLO IV Ltd	IV	US24821PAB76	A	A2	1.02%	26 208 566
Downey Savings and Loan Association, FA	2004-AR1	US23332UAC80	AAA	Aaa	0.14%	3 484 529
Dryden IX - Senior Loan Fund 2005 plc	2005-9A	US262483AB66	A	A1	0.51%	13 104 283
DRYDEN LEVERAGED LOAN CDO	2003-5A	US26243WAA99	AAA	Aaa	1.65%	31 976 243
DSL A Mortgage Loan Trust 2006-AR1	2006-AR1	US23332UGU25	A	A2	0.08%	1 965 642

PORTFOLIO B (continued)

Issuer	Series	ISIN	S&P Rating	Moody's Rating	Weighting	Exposure \$
DUKE FUNDING, LTD.	2006-11	XS0261421480	AAA	Aaa	1.02%	26 208 566
FAirHazel Street	1	CEDAR26_28_C7 71567M_C	A	A2	0.90%	22 932 495
Fairway Loan Funding Limited	2006-1A	US30605KAE10	A	A2	0.38%	9 828 212
FIRST CLO Ltd	2004-1A1	US33736EAD31_ C	A	A2	0.46%	11 793 855
FiXED-LINK FINANCE BV	G2-X	XS0125468230	AAA	Aaa	0.68%	17 515 626
Frans 2003 plc		XS0171588055	NR	Aaa	0.79%	20 085 769
FREMONT HOME LOAN TRUST	2004-D	US35729PGG90	A	A2	0.13%	3 276 071
GALL 2005-1A A1L	2005-1A	US363631AA07	AAA	Aaa	1.66%	31 976 243
GALP INVESTMENT PLC	1	XS0171061475	NR	Aaa	0.75%	19 313 617
GEmstone CDO Ltd	2004-1	US36867KAE10	A	A2	0.38%	9 828 212
GEMSTONE CDO LTD		US36867VAE74	A	A2	0.13%	3 276 071
Global Leveraged Capital Credit	2006-1A	US379372AA30	AAA	Aaa	0.54%	13 759 497
GOLDENTREE CAPITAL OPPORTUNITIES LP	2006-1A	US38136CAA80	AAA	Aaa	1.08%	27 518 994
GREENPOINT MORTGAGE FUNDING TRUST	2005-AR4	US39538WCN65	A+	A3	0.69%	17 613 723
GREENPOINT MORTGAGE FUNDING TRUST	2006-Ar4	US39539FAU84	NR	A1	0.46%	11 793 855
GreenPoint MTA Trust 2006-AR6	2006-AR6	US39538BAP94	NR	A1	1.03%	26 228 853
GreenPoint MTA Trust 2006-AR6	2006-AR6	US39538BAQ77	NR	A2	0.26%	6 557 213
GSAA Trust	2004-11	US36242DQF32	AAA	Aaa	0.21%	5 398 309
GSC PARTNERS CDO FUND, LIMITED	2006-7A	US36298AAC62	A	A2	0.31%	7 862 570
Harborview Mortgage Loan Trust Series 2006-12	2006-12	US41162DAN93	A-	A2	1.15%	29 484 637
Harborview Mortgage Loan Trust Series 2006-7	2006-7	US41161VAK61	A+	A2	0.31%	7 862 570
Harborview Mortgage Loan Trust Series 2006-9	2006-9	US41161XAJ54	A-	A1	0.59%	15 069 925
Harvest CLO SA	II	XS0216227370	AAA	Aaa	0.54%	13 732 633
HERTZ VEHICLE FINANCING LLC	2005-2A	US42805RAS85	AAA	Aaa	1.54%	31 976 243
Home Equity Asset Trust	2006-4	US437084VV50	A+	A3	0.13%	3 276 071
ICG Mezzanine Fund 2003 No.1 Funding limited	2003-1	XS0207113530	BBB+	A3	1.02%	26 208 566
INDEEPENDENCE IV CDO, LTD	4	US453433AP90	AAA	Aaa	0.79%	20 252 616
INDYMAC INDX Mortgage Loan Trust	2004-AR8	US45660N2L88	AAA	Aaa	0.28%	7 180 744
INDYMAC INDX MORTGAGE LOAN TRUST	2006-AR2	US45661EAD67	AAA	Aaa	0.46%	11 685 235
INDYMAC INDX MORTGAGE LOAN TRUST	2006-Ar4	US45661EBC75	A	A2	0.20%	5 241 713
Ivy Lane CDO 2006-1	2006-1	US46601QAC24	AAA	Aaa	1.40%	31 976 243
JETBLUE AIRWAYS CORP	2004-2	US47714NAA54	AAA	Aaa	1.01%	25 895 267
Katonah Capital LLC	6	US48601QAD60	A	A2	0.15%	3 931 285
Katonah IV, Ltd.	4	US48600PAA57	AAA	Aaa	0.58%	14 931 643
KazKommerts DPR Company	2006-B	XS0256195016	AAA	Aaa	1.66%	31 976 243
KNOLLWOOD CDO LTD.	2006-2A	US49916RAD26	A	Aa2	0.25%	6 388 743
Lagonda 2006-2	2006-2	LAGONDA062A	AAA	Aaa	1.02%	26 208 566
Landmark CDO, LLC	2003-3	US51507JAE91	A-	A2	0.13%	3 276 071
Landmark V CDO Ltd	2005-1A	US51506JAC45	A-	A2	0.26%	6 552 142
LATITUDE CLO LTD.	2005-1A	US51829NAC56	A	A2	1.02%	26 208 566
LEHMAN XS TRUST	2006-10N	US525229AF79	AAA	Aaa	0.47%	11 953 710
LNR CDO LTD.	2003-1A	US50211MAA99	AAA	Aaa	1.79%	31 976 243

PORTFOLIO B (continued)

Issuer	Series	ISIN	S&P Rating	Moody's Rating	Weighting	Exposure \$
Madison Park Funding I, Ltd	2005-1	US558176AD59	A	A2	0.13%	3 276 071
MAGNETITE CLO, LIMITED	2003-5	US55952SAC44	A	A2	0.15%	3 931 285
Merrill Lynch Mortgage Investors, Inc.	2006-HE1	US59020U3J29	A	A2	0.38%	9 828 212
Merrill Lynch Mortgage Investors, Inc.	2004-WMC5	US59020UMJ15	AA	Aa3	0.48%	12 401 893
Merrill Lynch Mortgage Investors, Inc.	2004-WMC5	US59020UMK87	AA	A1	0.42%	10 843 794
Morgan Stanley ABS Capital I	2004-NC1	US61744CAX48	A	A2	0.26%	6 552 142
Morgan Stanley ABS Capital I	2004-HE6	US61744CFE12	A	A2	0.41%	10 561 397
Morgan Stanley ABS Capital I	2004-HE7	US61744CGG50	A	A2	0.38%	9 828 212
Morgan Stanley ABS Capital I	2004-HE8	US61744CHD11	A+	A1	0.54%	13 728 702
Morgan Stanley ABS Capital I	2004-HE9	US61744CJW73	A+	A1	0.34%	8 726 142
MORGAN STANLEY Capital I	2006-SRR2	BCC0U7QW3	AAA	NR	1.02%	26 208 566
MORGAN STANLEY Capital I	2006-HE2	US617451FA24	A+	A3	0.13%	3 276 071
Morgan Stanley Dean Witter Capital I Inc	2003-NC4	US61746WF544	AA+	Aaa	0.54%	13 742 542
Nautilus CDO	2007-4	US63910JAD72	A	NR	0.30%	7 606 158
New Century Home Equity Loan Trust 2004-3	2004-3	US64352VHY02	AA-	A1	0.38%	9 828 212
New Century Home Equity Loan Trust 2004-3	2004-3	US64352VHZ76	A	A2	0.34%	8 812 630
North Street Referenced Linked Notes	2005-9	USG66587AA77	AAA	Aaa	1.79%	31 976 243
Northwoods Capital Limited	2004-4A	USG66661AA01	AAA	Aaa	1.79%	31 976 243
NYLIM FLATIRON CLO LTD.	2003-1A	US62948MAA45	AAA	Aaa	1.25%	31 876 168
NYLIM FLATIRON CLO LTD.	2004-1	US67073MAC64	A	A2	0.13%	3 276 071
Octagon Investment Partners VI, Ltd	VI	US67571YAE32	A-	A2	0.15%	3 931 285
OPTION ONE MASTER LOAN TRUST	2004-2	US68389FFF62	AAA	Aaa	0.00%	2 906
OPTION ONE MASTER LOAN TRUST	2005-1	US68389FGP36	A	NR	0.51%	13 104 283
OPTION ONE MORTGAGE LOAN TRUST	2004-2	US68389FFH29	AA	A2	0.70%	18 018 389
Pan-European Industrial Properties	2	XS0148289746	AAA	Aaa	0.19%	4 872 169
Pan-European Industrial Properties	3	XS0163580458	AAA	Aaa	0.62%	15 750 473
Pan-European Industrial Properties	3	XS0163580615	AAA	Aa2	0.26%	6 552 142
Park Place Securities Inc	2004-WCW1	US70069FAA57	AAA	Aaa	0.01%	205 205
Phoenix Funding Ltd	2001-1	XS0125438670	AAA	Aaa	0.92%	23 493 749
Preferred Term Secs XI	X	US74041WAA36	AAA	Aaa	1.11%	28 436 294
PREFERRED TERM SECS XVI	XVI	US74041EAA38	AAA	Aaa	1.78%	31 976 243
Preferred Term Securities 15 Ltd	15	US74041CAA71	AAA	Aaa	1.28%	31 976 243
Preferred Term Securities 17 Ltd	XVII	US74042EAA29	AAA	Aaa	1.53%	31 976 243
Preferred Term Securities XIV		US74041UAA79	AAA	Aaa	1.54%	31 976 243
Preferred Term XIX	XIX	US74042HAA59	AAA	Aaa	0.64%	16 341 700
Puma MasterFund P9	P9	AU300PUMA029	AAA	Aaa	0.47%	11 989 113
Raspro Trust	2005-1	US75405RAA14	AAA	Aaa	1.45%	31 976 243
RESIDENTIAL ASSET MORTGAGE PRODUCTS, INC.	2006-NC2	US75156TAH32	A+	A2	0.13%	3 276 071
Residential Asset Securities Trust	2005-A5	US45660LJX82	AAA	Aaa	1.44%	31 976 243
Securitized Asset Backed Receivables LLC	2004-OP1	US81375WAC01	A	A2	0.77%	19 781 621
Securitized Asset Backed Receivables LLC	2006-OP1	US81375WJM91	A-	Baa1	0.20%	5 241 713

PORTFOLIO B (continued)

Issuer	Series	ISIN	S&P Rating	Moody's Rating	Weighting	Exposure \$
Signature QSPE	1	US82669YAA38	AAA	Aaa	0.18%	4 717 486
Silverado CLO Ltd	2006-1	US82834WAJ80	A	A2	0.38%	9 828 212
SLM Student Loan Trust	2003-C	US78443CAZ77	AAA	Aaa	0.43%	10 924 583
SMART HOME REINSURANCE LIMITED	2006-1X	US83170GAE44	A+	A1	0.51%	13 104 283
SoundView Home Equity Loan Trust	2006-WF2	US83612MAL19	NR	A3	0.64%	16 380 354
STATIC RESIDENTIAL CDO (START) 2006-A Ltd	2006-A	US85768VAE48	BBB-	A3	0.38%	9 800 612
STATIC RESIDENTIAL CDO (START) 2006-B Ltd	2006-B	US85768XAB64	AAA	Baa1	0.64%	16 380 354
STAtic reSIDENTIAL TRUST	2005-A	US85768PAC14	A	A2	0.06%	1 638 035
STAtic reSIDENTIAL TRUST	2005-C	US85768TAG40	BBB-	A2	0.30%	7 676 231
Sterlingmax MBS Ltd	I	XS0177867255	AAA	NR	0.51%	13 104 283
Stone Tower CLO Ltd	2005-3	US86175NAD93	A	A2	0.23%	5 896 927
STRUCTURED ADJUSTABLE RATE MORTGAGE LOAN TRUST		US863579WU83	AAA	Aaa	0.22%	5 624 082
STRUCTURED ASSET MORTGAGE INVESTMENTS INC	2006-Ar4	US86360QAV77	A	A2	0.18%	4 586 499
Terwin Mortgage Trust	2004-9HE	US881561JW56	AAA	Aaa	0.42%	10 833 302
Terwin Mortgage Trust 2003-8, LLC	2003-8HE	US881561CX03	AAA	Aaa	0.05%	1 329 127
TITAN EUROPE PLC	2006-5A	XS0277726500	AAA	NR	1.24%	31 786 140
Trapeza CDO I, LLC	2002-1	US894127AA77	AAA	Aaa	0.45%	11 511 777
Trapeza CDO II, LLC	2003-2	US894128AA50	AAA	Aaa	0.24%	6 248 606
TRAPEZA CDO LLC	2003-3A	US89412MAA45	AAA	Aaa	0.26%	6 573 831
Trapeza CDO LLC	2003-5A	US89412RAA32	AAA	Aaa	0.89%	22 736 352
Trapeza CDO VI, LLC	6	US89412UAA60	AAA	Aaa	0.77%	19 656 425
US Capital Funding III	III	US90342BAA17	AAA	Aaa	1.54%	31 976 243
Velocity CLO Ltd	2004-1A	US92257GAB77	A	A2	0.22%	5 569 320
Venture CBO III CDO Ltd.	2003-1A	US92327WAA09	AAA	Aaa	0.99%	25 422 309
Vitesse CLO Ltd	2006-1	US928496AD08	A	A2	0.38%	9 828 212
WASHINGTON MUTUAL	2005-AR8	US92922FS583	AAA	Aaa	0.36%	9 305 274
WASHINGTON MUTUAL		US92922FZV39	AAA	Aaa	0.29%	7 383 032
WASHINGTON MUTUAL	2005-AR19	US92925CBQ42	A+	A2	0.30%	7 769 910
WRIGHTWOOD CAPITAL REAL ESTATE CDO LTD	2005-1A	US982512AA32	AAA	Aaa	1.54%	31 976 243
Zing Investment Grade Limited V	5	US98885YAA73	AAA	Aaa	0.90%	22 932 495

PORTFOLIO C

Issuer	Series	ISIN	S&P Rating	Moody's Rating	Weighting	Exposure
ABACUS Ltd	2005-4	US00256GAA31	AAA	Aaa	0.18%	5 082 970
ABACUS Ltd	2006-NS1	US002573AA19	AAA	Aaa	0.57%	15 884 283
ABACUS Ltd	2006-NS1	US002573AC74	AA	Aa2	0.21%	5 718 342
ABACUS Ltd	2006-NS1	US002573AD57	AA-	Aa3	0.14%	3 812 228
Accredited Mortgage Loan Trust	2004-3	US004375BP58	AAA	Aaa	0.11%	2 930 815
Ace Securities Corp	2004-OP1	US004421EZ24_C	A	Baa1	0.05%	1 386 927
Ace Securities Corp	2004-FM2	US004421GL10	AA-	A3	0.04%	1 042 665
Ace Securities Corp	2004-HE2	US004421GU19	AA	A2	0.23%	6 438 961
Ace Securities Corp	2004-HE3	US004421HV82	AA-	A3	0.34%	9 483 552
Ace Securities Corp	2004-HE4	US004421JH70	AA+	Aa1	1.17%	32 395 778
Ace Securities Corp	2004-HE4	US004421JJ37	AA+	Aa2	0.98%	27 285 385
Ace Securities Corp	2004-HE4	US004421JM65	A+	A2	0.54%	14 962 994
Ace Securities Corp	2004-HE4	US004421JN49	A	A3	0.46%	12 762 703
Ace Securities Corp	2004-RM2	US004421KA09	A+	A2	0.11%	2 948 123
Ace Securities Corp	2005-RM2	US004421NY57	A	A3	0.23%	6 353 713
Ace Securities Corp	2005-HE6	US004421ST18	A	Baa1	0.46%	12 707 426
ACE SECURITIES CORP.	2005-HE4	US004421PV90	A	A3	0.41%	11 397 290
Alesco Preferred Funding , Ltd	11A	US01450AAB61	NR	Aaa	0.91%	25 414 852
ALESCO PREFERRED FUNDING, LTD.	7A	US01448YAB92	AAA	Aaa	0.64%	17 678 786
Alexander Park CDO, Ltd	2004-1A	US014684AD66	A	Baa2	0.05%	1 270 743
Annington finance no. 4 plc	B3	XS0198259813	A	A2	0.82%	22 823 987
Anthracite CDO II Ltd	2002	US03702SAA15	AAA	Aaa	0.17%	4 741 175
Anthracite CDO Ltd	2006-HY3A	US03703FAL40	A-	A3	0.10%	2 846 300
ANTHRACITE CDO, LTD.	2006-HY3A	US03703FAC41	AA	Aa2	0.18%	4 947 373
Anthracite Euro CRE CDO	1	XS0276697272	NR	Aaa	0.34%	9 530 570
Arbor Realty Mortgage Securities Series 2004-1, Ltd	2004-1	US03877VAA35	AAA	Aaa	1.07%	29 862 451
Asset Backed Securities Corporation	2003-HE3	US04541GEM06	A	Aa3	0.05%	1 284 860
ATTENTUS CDO LTD.	2006-1A	US049730AC83	AA	Aa2	0.41%	11 436 683
Avalon Capital Ltd 3	3	US05342RAD89	A	A2	0.17%	4 765 285
AVERY STREET CLO	2006-1A	US053643AG79	A	A2	0.21%	5 718 342
BANC OF AMERICA COMMERCIAL MORTGAGE INC	2005-2	US05947UM471	AAA	Aaa	0.61%	16 837 339
Bayberry Funding, Ltd	2006-1A	US07272PAA84	AAA	Aaa	0.23%	6 314 092
Bayberry Funding, Ltd	2006-1A	US07272PAC41	A	A2	0.17%	4 735 569
BAyview commercial Asset Trust	2004-2	US07324SAR31	AAA	Aaa	0.05%	1 406 816
BAyview commercial Asset Trust		US07324SAX09	AAA	Aaa	0.56%	15 657 634
BAYVIEW COMMERCIAL ASSET TRUST	2005-1	US07324SBF83	NR	Aaa	0.12%	3 219 249
BAYview commercial Asset Trust	2005-3A	US07324SCC44	NR	Aaa	0.49%	13 624 683
Bear Stearns Asset Backed Securities I LLC	2004-HE11	US073879PA06	A-	A3	0.41%	11 436 683
Bear Stearns Asset Backed Securities I LLC	2005-HE1	US073879PS14	A	A2	0.31%	8 577 513
BEAR STEARNS ASSET BACKED SECURITIES, INC.		US073879X453	AA	NR	0.11%	3 176 857
Bear Stearns Commercial Mortgage Securities Inc.	2005-T18	US07383F5M69	NR	Aaa	0.17%	4 765 285
Bear Stearns Commercial Mortgage Securities Inc.	2005-T18	US07383F5M69_C757774M_C	NR	Aaa	0.46%	12 707 426

PORTFOLIO C (continued)

Issuer	Series	ISIN	S&P Rating	Moody's Rating	Weighting	Exposure
Bear Stearns Commercial Mortgage Securities Inc.	2005-PWR8	US07383F7Y89	NR	Aaa	0.69%	19 061 139
BLACK Diamond CLO 2005-1 Ltd	2005-1	US09202EAE68	A-	A2	0.21%	5 718 342
Brascan Real Estate Financial Partners LLC	2004-1	US10550TAA79	AAA	Aaa	0.35%	9 614 924
Brascan Real Estate Financial Partners LLC	2004-1	US10550TAC36	A-	A3	0.23%	6 353 713
BROADWICK FUNDING, LTD.	2006-1A	US11161RAF91	A	A2	0.19%	5 272 063
Capital ONE MULTI ASSET EXECUTION TRUST	2004-B3	US14041NBL47	A	A2	0.18%	5 082 970
Capital Trust RE CDO Ltd.	2005-1A	US140558AA57	AAA	NR	0.41%	11 436 683
Capital Trust RE CDO Ltd.	2005-1A	US140558AB31	AA	NR	0.17%	4 643 929
Capital Trust RE CDO Ltd.	2005-1A	US140558AC14	A	NR	0.09%	2 541 485
CAPITALSOURCE REAL ESTATE LOAN TRUST	2006-1A	US140560AD50	A+	A1	0.27%	7 624 456
C-BASS LTD	15A	US124670AC45	A	A2	0.25%	6 989 084
C-Bass Ltd	9A	US12497LAD01	AA	Aa1	0.23%	6 353 713
CHL Mortgage Pass-Through Trust 2004-25	2004-25	US12669GKJ93	AAA	Aaa	0.36%	10 143 983
Citigroup Mortgage Loan Trust, Inc	2004-OPT1	US17307GJM15	A+	A1	0.45%	12 516 815
Citigroup Mortgage Loan Trust, Inc	2004-OPT1	US17307GJQ29	A-	Baa1	0.09%	2 541 485
Citigroup Mortgage Loan Trust, Inc	2004-RES1	US17307GKQ00	A+	A2	0.05%	1 374 757
CITIGROUP MORTGAGE LOAN TRUST, INC.	2004-RES1	US17307GKR82	A	A3	0.03%	899 849
COUNTRYWIDE ALTERNATIVE LOAN TRUST	2006-OA11	US02147DAK72	A	A1	0.14%	3 812 228
COUNTRYWIDE ALTERNATIVE LOAN TRUST	2006-OA11	US02147DAL55	A	A2	0.14%	3 812 228
COUNTRYWIDE ALTERNATIVE LOAN TRUST	2005-51	US12668ADE29	A	A2	0.43%	12 036 570
COUNTRYWIDE ALTERNATIVE LOAN TRUST	2005-56	US12668AMB88	A+	A1	0.09%	2 415 513
Countrywide Asset Backed Certificates	2004-10	US126673JX19	AA-	A2	0.18%	5 082 970
Countrywide Asset Backed Certificates	2004-11	US126673LT78	AA	NR	0.18%	5 117 916
COUNTRYWIDE ASSET-BACKED CERTIFICATES		US126673LD27	A	NR	0.23%	6 353 713
Dekania CDO	2003-1A	US244882AB20	AAA	NR	0.80%	22 237 996
Dekania CDO	2004-2A	US24488RAA95	AAA	Aaa	0.16%	4 447 599
Dryden VIII-Leveraged Loan CDO 2005	2005-8A	US26243YAC12	A	A2	0.26%	7 243 233
Duchess CDO SA	1X	XS0131194226	AAA	Aaa	0.57%	15 905 357
Duke Funding IX	2005-9	US26450AAC18	A	A2	1.54%	41 708 143
Duke Funding VI Ltd	2004-1	US264407AF46	BB	A2	0.80%	22 237 996
Duke Funding VII Ltd	2004-1A	US264403AC01	AA	Aa2	0.48%	13 253 845
DUNHILL ABS CDO, LTD.	2004-1	US26545QAE98	AAA	Aaa	0.93%	25 732 538
E*Trade ABS CDO III, Ltd.	2004-1	US26925JAB17	AAA	Aaa	0.54%	15 090 068
E*Trade ABS CDO III, Ltd.	2006-5A	US26925WAC01	AA-	Baa3	0.34%	9 530 570
Encore Credit Receivables Trust 2005-2	2005-2	US126673J605	A	A3	0.25%	6 989 084
EPIC PLC	MLDN	XS0251156435	A	NR	0.34%	9 508 286
FAirHazel Street	1	CEDAR26_28_C7 71567M_C	A	A2	1.14%	31 768 565
FIRST CLO Ltd	2004-1A1	US33736EAD31	A	A2	0.19%	5 400 656
FIRST FRANKLIN MTG LOAN ASSET BACKED CERTIFICATES	2006-FF17	US32028KAJ51	AA-	Aa3	0.23%	6 353 713
FIXED-LINK FINANCE BV	G2-X	XS0125468230	AAA	Aaa	0.80%	22 146 132

PORTFOLIO C (continued)

Issuer	Series	ISIN	S&P Rating	Moody's Rating	Weighting	Exposure
Fort Point CDO Ltd	2003-2A	US348522AA18	AAA	Aaa	1.67%	41 708 143
Fortius Funding, Ltd	2006-1	US34958CAD65	A	A2	0.11%	3 169 941
FORTRESS CREDIT FUNDING LP	2005-1A	US34957LAD73	A	A2	0.46%	12 707 426
FORTRESS CREDIT FUNDING LP	2006-3A	US34957RAG74	NR	Aa2	0.46%	12 707 426
FORTRESS CREDIT FUNDING LP	2006-3A	US34957RAJ14	NR	A2	0.89%	24 779 481
FORTRESS CREDIT FUNDING LP	2006-4A	US34957XAE94	NR	A2	0.27%	7 624 456
Four Corners CLO	1A	US35083VAL18	A	A2	0.19%	5 178 276
Franklin CLO	4A	US352504AB03	AA	Aa2	0.23%	6 353 713
Fremont Home Loan Trust	2004-C	US35729PEV85	AA-	A2	0.17%	4 765 285
Fund America Investors III Ltd	2004-3A	US80410JAD63	A-	A3	0.31%	8 565 456
Gallatin Funding Ltd	2005-1	US363631AC62	A-	A2	0.46%	12 707 426
GEMSTONE CDO LTD		US36867VAE74	A	A2	0.23%	6 353 713
GEMSTONE CDO LTD	2005-3A	US36868AAJ16	A	A2	0.48%	13 342 797
GEMSTONE CDO LTD		US36868BAE02	A-	A2	0.23%	6 353 713
Glacier Funding CDO	2004-2A	US37638VAB99	AAA	Aaa	0.14%	3 812 228
GOLDENTREE CAPITAL OPPORTUNITIES LP	2006-1A	US38136CAD20	AA	Aa2	0.11%	3 176 857
GRAPHITE MORTGAGES PLC	2006-1	GRAPH_LSS	AAA	NR	0.68%	18 987 368
GREENPOINT MORTGAGE FUNDING TRUST	2006-AR5	US39538AAS50	NR	Aa3	0.16%	4 448 361
GREENPOINT MORTGAGE FUNDING TRUST	2006-AR5	US39538AAV89	NR	A3	0.14%	3 812 881
GREENPOINT MORTGAGE FUNDING TRUST	2005-AR4	US39538WCN65	A+	A3	0.13%	3 644 824
GREENPOINT MORTGAGE FUNDING TRUST	2006-AR1	US39538WFM55	AAA	Aaa	0.14%	3 920 963
GREENPOINT MORTGAGE FUNDING TRUST	2007-AR2	US39539LAQ41	NR	A1	0.49%	13 596 946
GSAMP TRUST	2004-NC2	US36242DHC02	A-	NR	0.18%	4 962 250
GSAMP TRUST	2004-AHL	US36242DHS53	A	A3	0.11%	2 991 963
GSAMP TRUST	2004-OPT	US36242DNU19	AA	A2	0.34%	9 530 570
GSC ABS CDO Ltd.	2005-1A	US362470AC01	A	A2	0.34%	9 530 570
GSC Partners CDO Fund, Limited	2006-7	US36298AAD46	AA	Aa2	0.46%	12 707 426
G-Star Ltd	2004-4	US36242CAF23	AA	NR	0.46%	12 707 426
Harborview Mortgage Loan Trust Series 2006-12	2006-12	US41162DAM11	A+	Aa3	0.91%	25 414 852
Harborview Mortgage Loan Trust Series 2006-12	2006-12	US41162DAN93	A-	A2	0.23%	6 353 713
Harborview Mortgage Loan Trust Series 2006-7	2006-7	US41161VAK61	A+	A2	0.11%	3 176 857
Harborview Mortgage Loan Trust Series 2006-9	2006-9	US41161XAJ54	A-	A1	0.16%	4 447 599
Harvest CLO SA	II	XS0216228428	A	A2	0.27%	7 624 456
Home Equity Asset Trust	2004-7	US437084FW18	A+	A2	0.14%	3 812 228
Hudson Straits CLO Ltd	2004-1A	US44413QAC50	AA	Aa2	0.23%	6 353 713
Hudson Straits CLO Ltd	2004-1A	US44413QAD34	A	A2	0.28%	7 783 298
ICG Mezzanine Fund 2003 No.1 Funding limited	2003-1	XS0207113530	BBB+	A3	1.53%	41 708 143
INDYMAC RESIDENTIAL ASSET BACKED TRUST	2005-A	US43708AAX00	A-	Baa1	0.11%	3 176 857
I-Preferred Term Securities IV, Ltd	IV	US44984RAA68	AAA	Aaa	1.37%	38 122 278
JER CDO	2005-1A	US46614KAA43	AAA	Aaa	0.46%	12 707 426
JETBLUE AIRWAYS CORP	2004-2	US47714NAA54	AAA	Aaa	0.60%	16 717 771
JETBLUE AIRWAYS CORP	2004-2	US47714NAB38	AAA	Aaa	0.46%	12 707 426

PORTFOLIO C (continued)

Issuer	Series	ISIN	S&P Rating	Moody's Rating	Weighting	Exposure
JP MORGAN Chase Commercial Mortgage Securities 2006-RR1	2006-RR1	US48123HAE36	A-	A3	0.32%	8 895 198
Katonah Capital LLC	6	US48601QAD60	A	A2	0.23%	6 353 713
KNOLLWOOD CDO LTD.	2006-2A	US49916RAE09	BBB-	Baa3	0.44%	12 361 061
Landmark CDO, LLC	2004-3	US51506DAE31	A-	A2	0.11%	3 176 857
LATITUDE CLO LTD.	2006-2A	US51829TAL26	AAA	Aaa	0.46%	12 707 426
LCM Limited Partnership	3A	US50182CAC29	A	A2	0.16%	4 447 599
LEHMAN XS TRUST	2005-9N	US525221GN14	AAA	Aaa	0.22%	6 136 509
LNR CDO LTD.	2006-1A	US53944MAA71	AAA	Aaa	0.11%	3 176 857
LNR CDO LTD.	2006-1A	US53944MAB54	AA	Aa2	0.23%	6 353 713
LNR CDO LTD.	2006-1A	US53944MAD11	A	A2	0.89%	24 779 481
LNR CDO LTD.	2005-1A	US53944PAD42	A	A3	0.30%	8 246 659
Long Beach Mortgage Loan Trust	2004-4	US542514HY37	A+	A3	0.26%	7 301 687
LONG BEACH MORTGAGE LOAN TRUST	2004-4	US542514HZ02	A	Baa1	0.08%	2 223 800
Long Beach Mortgage Loan Trust	2005-1	US542514KD52	A	A2	0.14%	3 812 228
LONG HILL, LTD.	2006-1A	US54266TAE29	BBB-	Baa3	0.18%	5 082 970
MAGNETITE CLO, LIMITED	2003-5	US55952SAC44	A	A2	0.23%	6 353 713
MARATHON REAL ESTATE CDO LTD	2006-1A	US565853AA65	AAA	Aaa	0.69%	19 061 139
MASTR ASSET BACKED SECURITIES TRUST	2005-OPT1	US57643LHU35	A+	NR	0.34%	9 530 570
MASTR ASSET BACKED SECURITIES TRUST	2005-OPT1	US57643LHV18	A	NR	0.42%	11 707 987
MASTR ASSET BACKED SECURITIES TRUST	2005-OPT1	US57643LHW90	BBB	NR	0.33%	9 079 456
MCG Commercial Loan Trust 2006-1	2006-1A	US55271KAQ40	AA	Aa2	0.34%	9 530 570
Merrill Lynch Mortgage Investors, Inc.	2004-OPT1	US59020UKP92	AA+	NR	0.09%	2 564 301
Merrill Lynch Mortgage Investors, Inc.	2004-OPT1	US59020UKQ75	AA	NR	0.11%	3 176 857
Merrill Lynch Mortgage Investors, Inc.	2004-WMC5	US59020UMJ15	AA	Aa3	0.43%	12 026 308
Merrill Lynch Mortgage Investors, Inc.	2004-WMC5	US59020UMK87	AA	A1	0.46%	12 707 426
ML AAA CMBS Portfolio		AAA_CMBSPOR T	A+	Aa2	0.27%	7 624 456
ML AAA Financials 10_15%		AAAFIN10-15_C974798M_C	AAA	Aaa	1.03%	28 575 980
ML AJ CMBS Portfolio		AJ_CMBSPORT_C992167M_C	AAA	Aaa	0.69%	19 061 139
MM COMMUNITY FUNDING CORP.	2003-9X	US606867AA79	AAA	Aaa	0.13%	3 517 148
Morgan Stanley ABS Capital I	2004-NC6	US61744CEV46	A	A2	0.43%	12 087 939
Morgan Stanley ABS Capital I	2004-NC7	US61744CFS08	A	A2	0.34%	9 530 570
Morgan Stanley ABS Capital I	2004-NC8	US61744CHS89	A+	A1	0.25%	6 972 565
Morgan Stanley ABS Capital I	2004-NC8	US61744CHT62	A	A2	0.23%	6 353 713
Morgan Stanley ABS Capital I	2004-HE9	US61744CJX56	A	A2	0.25%	6 916 652
Morgan Stanley ABS Capital I	2004-HE9	US61744CJY30	A-	A3	0.13%	3 692 143
MORGAN STANLEY ABS CAPITAL I	2005-NC1	US61744CKS43	A	A2	0.16%	4 447 599
MORGAN STANLEY Capital	2005-T17	US61745MW666	AAA	NR	0.68%	18 775 222
MORGAN STANLEY Capital I	2006-SRR2	BCC0U7QW3	AAA	NR	0.91%	25 414 852
MORGAN STANLEY Capital I	2005-IQ9	US61745M2H50	AAA	NR	1.14%	31 768 565
Morgan Stanley Home Equity Loans 2005-1	2005-1	US61744CLH78	A+	A1	0.11%	3 176 857
Morgan Stanley Investment Management Corp	2005-1	US61748RAE99	A	A2	0.69%	19 061 139

PORTFOLIO C (continued)

Issuer	Series	ISIN	S&P Rating	Moody's Rating	Weighting	Exposure
Nautilus CDO	2006-3	US639099AD28	A	NR	0.11%	3 083 261
Nautilus CDO	2005-2	US639103AD22	A	NR	0.41%	11 407 318
NEW CENTURY HOME EQUITY LOAN TRUST	2004-4	US64352VJN29	A	A2	0.23%	6 353 713
New Century Home Equity Loan Trust 2004-3	2004-3	US64352VHY02	AA-	A1	0.34%	9 530 570
New Century Home Equity Loan Trust 2004-3	2004-3	US64352VJA08	A-	A3	0.30%	8 259 827
New Century Home Equity Loan Trust 2004-3	2005-3	US64352VLP49	A-	A3	0.56%	15 576 127
Newcastle CDO IV, Limited	2004-4A	US65105YAA01	AAA	Aaa	1.07%	29 888 301
North Street Referenced Linked Notes	2005-9	USG66587AA77	AAA	Aaa	1.49%	41 299 135
Northwesterly CDO II	II	XS0199037531	A	A1	0.46%	12 752 109
N-Star Real Estate CDO 2006-8	2006-8A	US62940FAC32	NR	Aaa	0.57%	15 884 283
N-Star Real Estate CDO 2006-8	2006-8A	US62940FAD15	NR	Aa1	0.50%	13 978 169
N-star Real Estate CDO LTD	2005-3A	US629387AG68	A-	NR	0.55%	15 196 129
N-star Real Estate CDO LTD		US62939WAA36	AAA	Aaa	0.62%	17 155 025
N-star Real Estate CDO LTD		US62939WAC91	A	A2	0.34%	9 530 570
N-star Real Estate CDO LTD	2005-5	US62940HAE53	AA	NR	0.29%	8 047 740
N-star Real Estate CDO LTD	2006-6A	US62940PAD96	A-	A3	0.23%	6 353 713
NYLIM FLATIRON CLO LTD.	2003-1A	US62948MAB28	AA	Aa2	0.23%	6 353 713
NYLIM FLATIRON CLO LTD.	2004-1	US67073MAC64	A	A2	0.46%	12 707 426
Octagon Investment Partners VI, Ltd	VI	US67571YAE32	A-	A2	0.25%	6 989 084
OPTION ONE MASTER LOAN TRUST	2004-3	US68389FFX78	A+	A2	0.19%	5 400 656
OPTION ONE MASTER LOAN TRUST	2005-1	US68389FGP36	A	NR	0.11%	3 176 857
PARK PLACE SECURITIES INC	2005-WCW2	US70069FLK11	AA-	A1	0.21%	5 718 342
People's Choice Home Loan Trust	2004-2	US71085PAX15	A+	A2	0.30%	8 259 827
Preferred Term Secs XI	X	US74041WAA36	AAA	Aaa	0.14%	4 030 003
PREFERRED TERM SECS XIV	XIV	US74041UAB52	AAA	Aaa	0.11%	3 176 857
PREFERRED TERM SECS XVI	XVI	US74041EAA38	AAA	Aaa	1.24%	34 537 496
Preferred Term Securities 15 Ltd	15	US74041CAB54	AAA	Aaa	0.19%	5 400 656
Preferred Term Securities 20 Ltd	XX	US74042DAC02	AAA	Aaa	0.46%	12 663 851
Preferred Term Securities VI Ltd	A-2	US74040YAB83	AAA	Aaa	0.91%	25 414 852
Preferred Term Securities XIII	13	US74041AAA16	AAA	Aaa	0.80%	22 237 996
Preferred Term Securities XIV		US74041UAA79	AAA	Aaa	0.69%	19 061 139
Preferred Term XVIII	XVIII	US74042WAA27	AAA	Aaa	0.46%	12 707 426
PULS CDO 2006-1 PLC	2006-1	XS0260584148	AAA	Aaa	0.11%	3 164 561
RACE POINT CLO	2A	US74981SAA42	AAA	Aaa	0.27%	7 624 456
Raspro Trust	2005-1	US75405RAA14	AAA	Aaa	1.03%	28 526 529
Regional Diversified Funding	2004-1	US75902XAA63	AAA	Aaa	0.32%	8 868 724
Resource Real Estate Funding	2007-1A	US76121BAK52	NR	Aa3	0.74%	20 585 148
SAXON ASSET SECURITIES TRUST	2005-1	US805564RQ68	A+	A1	0.19%	5 400 656
Securitized Asset Backed Receivables LLC	2004-OP2	US81375WBP05	A+	A2	0.41%	11 436 683
Securitized Asset Backed Receivables LLC	2004-OP2	US81375WBR60	A-	Baa1	0.05%	1 270 743
Silverado CLO Ltd	2006-2A	US82835AAJ51	A	A2	0.34%	9 530 570
STAtic repackaging trust, ltd	2004-1	US85233VAC54	A	A2	0.46%	12 707 426
STATIC RESIDENTIAL CDO (START) 2006-A Ltd	2006-A	US85768VAD64	A+	Aa3	0.68%	19 028 324

PORTFOLIO C (continued)

Issuer	Series	ISIN	S&P Rating	Moody's Rating	Weighting	Exposure
STATIC RESIDENTIAL CDO (START) 2006-A Ltd	2006-A	US85768VAE48	BBB-	A3	0.11%	3 167 935
STATIC RESIDENTIAL CDO (START) 2006-B Ltd	2006-B	US85768XAF78	BB-	Ca	0.53%	14 613 540
STAtic reSIDENTIAL TRUST	2005-A	US85768PAC14	A	A2	0.53%	14 613 540
STAtic reSIDENTIAL TRUST	2005-BA	US85768QAF28	BBB	A3	0.44%	12 342 628
STAtic reSIDENTIAL TRUST	2005-C	US85768TAG40	BBB-	A2	0.17%	4 640 468
Stone Tower CLO Ltd	2005-3	US86175NAD93	A	A2	0.16%	4 447 599
SUMMIT RMBS CDO, LTD	2005-1	US866244AB23	AAA	NR	0.46%	12 707 426
SUMMIT RMBS CDO, LTD	2005-1	US866244AC06	AA	NR	0.69%	19 169 152
TITAN EUROPE 2006-3 PLC	2006-3A	XS0257769769	A	A3	0.13%	3 733 362
TRAFFORD CENTRE FIN LTD	A3	XS0222488396	AAA	Aaa	1.14%	31 738 608
TRAINER WORTHAM FIRST REPUBLIC CBO	3A	US892881AA10	AAA	Aaa	0.56%	15 463 521
TRAINER WORTHAM FIRST REPUBLIC CBO	3	US892881AD58	BB+	Baa2	0.78%	21 602 624
Trapeza CDO I, LLC	2002-1	US894127AA77	AAA	Aaa	0.12%	3 200 005
TRAPEZA EDGE CDO LTD		US89412LAB45	NR	Aaa	0.14%	3 812 228
TROPIC CDO CORP.	2004-4	US89707YAA29	AAA	Aaa	0.87%	24 144 109
UNITED CAPITAL AVIATION TRUST		US90264FAE88	AAA	Aaa	2.64%	41 708 143
US Capital Funding I	I	US903329AA80	AAA	Aaa	1.13%	31 530 898
US Capital Funding II	II	US90390KAA25	AAA	Aaa	2.68%	41 708 143
US Capital Funding III	III	US90342BAA17	AAA	Aaa	1.47%	40 823 624
US Capital Funding III	III	US90342BAC72	AAA	Aaa	0.53%	14 613 540
Velocity CLO Ltd	2004-1A	US92257GAB77	A	A2	0.25%	6 989 084
VERTICAL CDO LTD.	2A	US925338AC98	AA	Aa2	0.11%	3 176 857
VERTICAL CDO LTD.		US925345AE06	A	Baa2	0.37%	10 165 941
VICTORIA FALLS CLO, LTD.	2005-HE1	US926244AE48	A	A2	0.27%	7 624 456
WACHOVIA CRE CDO 2006-1	2006-1	US92978CAE84	A-	A3	0.46%	12 707 426
WAMu MOrtgage Passthrough Certificates, Series 2005-AR19	2005-AR19	US92925CBP68	AA-	A1	0.41%	11 416 484
WASHINGTON MUTUAL	2005-AR13	US92922F4W51	AAA	Aaa	0.55%	15 237 064
WASHINGTON MUTUAL	2005-AR13	US92922F5B06	A+	A1	0.22%	6 023 808
WASHINGTON MUTUAL	2005-AR19	US92925CBQ42	A+	A2	0.16%	4 329 795
WELLS FARGO HOME EQUITY TRUST		US9497ERAH70	A-	Baa2	0.57%	15 884 283