



Item 1 – Cover Page

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October 15, 2012

This Brochure provides information about the qualifications and business practices of CIT Asset Management LLC (“CITAM”, the “Company”, “us”, “we”, “our”). If clients (“you”, “your”) have any questions about the contents of this brochure, please contact Roger Burns, Chief Investment Officer of CITAM at (203) 840-3328. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

We are a registered investment adviser with the SEC. Our registration as an Investment Adviser does not imply any level of skill or training. Additional information about CIT Asset Management LLC is also available on the SEC’s website at www.adviserinfo.sec.gov (click on the link, select “investment adviser firm” and type in our firm name). Results will provide you with both Parts 1 and 2A of our Form ADV.

Item 2 – Material Changes

This Brochure is CITAM's "initial" filing of its Form ADV Part 2A or "Disclosure Brochure" dated February 2012, submitted to the SEC pursuant to amendments made to rules promulgated under the Investment Advisers Act of 1940, as amended (the "Advisers Act"), and the form formerly known as Form ADV Part II.

For future filings, this section of the Disclosure Brochure will address only those "material changes" that have been incorporated since our last delivery or posting of the Disclosure Brochure on the SEC's public disclosure website ("IAPD") at www.adviserinfo.sec.gov.

We may, at any time, update this Disclosure Brochure and send to you an updated copy including a summary of material changes, or a summary of material changes that includes an offer to send you a copy (by electronic means (email) or in hard copy form).

If you would like another copy of this Disclosure Brochure, please download it from the SEC website or you may contact our Chief Compliance Officer, Suzanne Zacharias, at (212) 461-7773 or Suzanne.Zacharias@cit.com.

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Item 4 – Advisory Business

Firm Description

CITAM was incorporated under the laws of the state of Delaware on March 17, 2006. CITAM is wholly owned by CIT Technology Financing Services, Inc., which is an indirect subsidiary of CIT Group, Inc. (“CIT Group” or “CIT”), a public company listed on the New York Stock Exchange which trades under the ticker symbol “CIT”.

CIT Group operates as the holding company for CIT bank that provides commercial financing, leasing products, and other services to small and middle market businesses. It provides a combination of relationship, intellectual, and financial capital to its customers worldwide. CIT Group specializes in small business and middle market lending, factoring, advisory services, retail finance, aerospace, equipment and rail leasing, and vendor finance. It operates in approximately 50 countries across 30 industries. CIT Group was founded in 1908 and is headquartered in New York.

CITAM’s assets under management were approximately \$1.3 billion as of December 31, 2011.

Description of Advisory Services

CITAM provides investment advisory services, through its designation as “Collateral Manager” exclusively to special purpose entities designed to serve as pooled investment vehicles (i.e., collateralized debt obligation (“CDO”) vehicles, utilizing a collateralized loan obligation (“CLO”) strategy), which primarily have investors who are “qualified purchasers” (as defined in the Investment Company Act) and/or “Qualified Institutional Buyers” (as defined in Rule 144A under the Securities Act of 1933).

More specifically, CITAM currently acts as the Collateral Manager to five pooled investment vehicles: CIT CLO I LTD, 505 CLO I LTD, 505 CLO II LTD, 505 CLO III LTD, and 505 CLO IV LTD (collectively the “Funds” or the “Clients”). The Funds invest in 1st and 2nd lien senior secured term loans representing, but not limited to, the commercial, industrial, energy, media and entertainment, and healthcare industries.

In addition, CITAM is the Manager to 505 Capital Partners, L.P. and 505 Capital Partners, GP, LLC (collectively, “505 Capital Partners”). 505 Capital Partners was set up for the purpose of investing in junior (second lien) debt opportunities, but currently holds no investments and is inactive.

CIT CLO I is the only actively managed Fund at this time. Please note that 505 CLO I LTD, 505 CLO II LTD, 505 CLO III LTD, and 505 CLO IV LTD were created to provide liquidity to CIT Group Inc. and its affiliates. There is no reinvestment option available to the aforementioned CDOs as they are static pools. An affiliate of CIT Group Inc. retains the most junior tranches issued by the aforementioned CDOs.

Investors and prospective investors, in CITAM-managed CDOs should review the applicable offering documents, indenture, or investment management or similar agreement for further information about the range of instruments with respect to which CITAM may advise them. CITAM does not tailor its investment management to the individualized needs of any CDO investor.

U.S. Bank National Association serves as the Trustee and Collateral Administrator (the “Administrator”) to the Funds. In this role, it has assumed certain administrative functions with the respect to the Funds and the investors in the Funds, including record-keeping, collection and disbursement of cash, anti-money laundering procedures and certain other compliance duties. CITAM reviews and reconciles the Administrator’s reports to help ensure accuracy of Fund reports.

Wrap fee programs

CITAM does not participate in wrap fee programs.

Item 5 – Fees and Compensation

How CITAM is Compensated for Advisory Services

CITAM is compensated for providing services as set forth in the relevant offering materials, collateral management agreement, or indenture applicable to the CDOs. Compensation typically includes a management fee (i.e., Base Collateral Management Fee), based upon the net outstanding balance of collateral held by the Funds. CITAM is also typically entitled to receive interest on any owing and unpaid management fee (i.e., Base Collateral Management Fee Interest). In many cases the management fee is divided into a base collateral management fee and a subordinated collateral management fee that is junior to certain notes issued by the CDO. CITAM is also entitled to receive interest on any owing and unpaid subordinated management fee (i.e., Subordinated Collateral Management Fee Interest). In some cases, CITAM may receive an incentive fee (i.e., Incentive Collateral Management Fee) based upon performance measurements.

While CITAM's policy is that its fees are not negotiable, CITAM reserves the right to waive or reduce its fees for certain Client's or investors. In particular, certain affiliates of CITAM, who are investors in the CDOs, do not pay management or performance fees.

Valuation

The amount of management fees earned by CITAM in some cases depends in part upon the valuations assigned to the assets of the CDOs. CITAM assigns values to the investments made on behalf of each of its Funds in accordance with the requirements of the organizational and disclosure documents applicable to such Client. In the absence of readily available market quotes, the Indenture defaults to a market value defined by S&P and Moody's. In certain circumstances, such documents permit CITAM to assign a "market value" to an investment other than relying on an available market quotation or market value defined by S&P and Moody's as defined in the Glossary of the respective Fund Indentures. CITAM may have a conflict of interest in exercising that discretion, especially in cases in which higher valuations will have the effect of increasing the amount of fees paid to CITAM.

However, CITAM will only value such investment at a different amount if the Chief Investment Officer, in conjunction with the investment team and CIT's Compliance Department, determines that the market value is less than the available market quotation or the S&P or Moody's default values. In such circumstances, CITAM's procedures require a written explanation to be documented identifying the basis for

such determination (e.g., liquidity issues, block discounts or premiums, known contingencies affecting value of the investment) and the amount of, and basis for, any discount assigned to such investment.

Investors in CITAM CDOs should be aware that most assets in the portfolios may be illiquid, infrequently traded, and/or difficult to value.

Deduction of Fees

Management fees (base and subordinated) are customarily paid quarterly in arrears and incentive fees may be payable at the end of the fiscal year or upon disposition of the applicable asset. CITAM may elect to defer payment of all or part of the management fee and/or incentive fee. Management fees and incentive fees are generally deducted from the applicable CDO assets.

Other Types of Fees or Expenses

In addition to fees paid to CITAM, investors, unless provided otherwise in the relevant governing documents, also pay ordinary operating expenses related to the CDO vehicle. Such expenses can include, as applicable, taxes, investment expenses (such as interest expenses, custodial fees, bank service fees, and expenses incurred in connection with due diligence on potential investments and surveillance of existing investments, third-party data and software expenses, professional and consulting fees, legal expenses, insurance expenses, accounting, and tax preparation expenses, withholding and transfer taxes, fees and expenses of trustees, organizational and offering expenses, and all extraordinary and other expenses associated with the operation of the CDO. The offering documents of each CDO provide a detailed description of any additional fees and expenses.

Please reference Items 11 and 12 for more information on CITAM's brokerage practices.

Employee Compensation for Sales of Securities

No employee of CITAM accepts or otherwise receives, directly or indirectly, any compensation for the sale of securities or other investment products.

Item 6 – Performance-Based Fees and Side-By-Side Management

CITAM may charge certain CDOs incentive fees based on performance of the CDO. The amount and structure of these performance-based fees differs by CDO. You should review the relevant offering memorandum, indenture, or collateral management agreement for further information about any applicable performance-based fees.

The prospect of earning performance-based fees may create an incentive for CITAM to make investments that are riskier or more speculative than it would make in the absence of a performance-based fee.

CITAM's management of CDOs that pay performance-based fees side-by-side with CDOs that do not pay such fees can create conflicts of interest because CITAM may have an incentive to favor CDOs from which it expects to receive greater fees. We would address this potential conflict by following our policies regarding equitable allocation of investment opportunities and transaction executions among similar-strategy CDOs, as applicable and described in Item 12.

Item 7 – Types of Clients

CITAM currently provides investment advice to pooled investment vehicles, structured as CDOs. Requirements for investing in these collateralized debt obligations are described in the applicable offering memorandum. The typical minimum initial investment by each investor is determined by the Class of Notes or Preferred Shares purchased and ranges from \$100,000 to \$250,000.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis and Investment Strategy

Investments, held by the CDOs managed by CITAM, are almost exclusively 1st and 2nd lien senior secured term loans. CITAM's investment professionals are generalists that invest across multiple industries, including, but not limited to, the commercial, industrial, energy, media and entertainment, and healthcare industries.

CITAM employs a rigorous investment process to evaluate potential opportunities and investments for its Clients and may use a variety of proprietary and non-proprietary research models and methods in its analysis. CITAM's investment process includes, but is not limited to, the following:

- Attending transaction bank meetings.
- Reading through information memorandums and other information on proposed investments, as provided by the Agent bank.
- Gathering additional due diligence information from external public sources in reference to the prospective deal and the prospective Borrower.
- Evaluating the credit, the borrower, deal structure, financial performance and other risks and mitigants in a transaction.
- Maintain ongoing dialogue with the Agent bank in order to answer critical due diligence questions that will determine CITAM's level of interest in a new transaction.
- Working with the Chief Investment Officer to determine the level of interest in a deal and appropriate commitment amount, given specific deal metrics and current portfolio concentrations.

Additionally, under the guidance of the Chief Investment Officer, a weekly update meeting is held with account managers and the collateral analyst to discuss current portfolio holdings, new deals coming to market and market conditions.

CITAM is responsible for initial investment due diligence, proper allocation of investments, monitoring of collateral, processing of transactions, compliance with Indenture obligations, and ensuring that appropriate tests are conducted (e.g., principal coverage, interest diversion and coverage, ratings of holdings, etc.). The Administrator

for CITAM is tasked with many of these responsibilities as per the Indenture guidelines. However, CITAM reviews the Administrator's reports for accuracy.

Risk of Loss

Investing in loans in the CDOs involves risk of loss that you should be prepared to bear.

CITAM continuously strives to identify and manage the most appropriate investments, based on each CDO's respective investment objectives; however, CITAM cannot guarantee any level of performance or that any investment will not experience a loss. The CDOs we manage are offered to investors pursuant to disclosure documents that contain detailed information about the risks of investing in the CDO, including the risks relating to the securities issued to investors by the CDOs and those relating to the underlying assets held by the CDOs. You should carefully review the CDO's offering circular before investing in the CDO or making an investment decision to buy, sell or hold the securities issued by the CDO.

General investment risks

The loans we invest in are subject to credit, liquidity, interest rate and exchange rate risks, general economic conditions, operational risks, structural risks, the condition of financial markets, political events, developments or trends in any particular industry, changes in prevailing interest rates and periods of adverse performance.

Some of the loans may be debt obligations that pay interest based upon floating rates. During periods of rising interest rates, the total payment obligations of the issuers or obligors of floating rate debt will increase, perhaps significantly. This in turn could lead to an increase in default rates on such securities.

Risks of our investment analysis methods

We consider the material risks of our investment analysis methods to include the unpredictability of general economic, financial, industry and issuer-specific conditions; human error; and lack of sufficient financial information.

Risks of investing in CDOs

The material risks of investing in CDOs generally consist of those relating to the securities issued to investors by the CDOs and the underlying securities held by the CDOs. The former risks are typically the lack of liquidity of the interests, their subordination to more senior interests in the CDO's capital structure, the limited recourse nature of the interests, and the uncertainty of the CDO making payments on the interests. The latter risks are generally credit, liquidity, interest rate and exchange

rate risks; overall economic conditions; operational and structural risks; the condition of financial markets; political events; developments or trends in any particular industry; and changes in prevailing interest rates and periods of adverse performance.

Item 9 – Disciplinary Information

We do not have any legal, financial or other “disciplinary” items to report. We are obligated to disclose any disciplinary event that would be material to you when evaluating a client/adviser relationship.

Item 10 – Other Financial Industry Activities and Affiliations

Neither CITAM nor any of our management persons (except as disclosed below) are registered, or have an application pending to register, as a broker-dealer, futures commission merchant, commodity pool operator, commodity trading adviser or an associated person of the foregoing entities.

In addition, neither CITAM nor any of our management persons have any relationship or arrangement that is material to our advisory business or to our Clients with a related person (except as disclosed below) that is a:

- A broker-dealer dealer, municipal securities dealer, or government securities dealer or broker.
 - However, CITAM is affiliated with CIT Capital Securities LLC (“CITCS”), a FINRA member broker-dealer that is limited to acting as a broker or dealer selling tax shelters or limited partnerships in primary or secondary distributions and private placement of securities. In addition, CITAM is affiliated with CIT Group Securities (Canada) Inc., a Canadian Dealer Member registered with the Investment Industry Regulatory Organization of Canada (IIROC) and also acts as a broker or dealer selling tax shelters or limited partnerships in primary or secondary distributions and private placement of securities.

CITCS is responsible for structuring, pricing and distributing all financial products originated by CIT. CITCS and CIT Group Securities (Canada) do not execute trades on behalf of CITAM.

- An Investment Company or other pooled investment vehicle.
- Another investment adviser or financial planner.
- A futures commission merchant (or commodity pool operator or commodity trading Adviser).
- A banking or thrift institutions.
 - However, CITAM is affiliated with CIT Bank. CIT Bank is chartered by the State of Utah and regulated by the Utah Department of Financial Institutions and the FDIC. CIT Bank has an independent Board of Directors that guides its activities. CIT Bank raises deposits to fund its

lending activities, currently by issuing CDs through various investment channels. CIT Bank is FDIC insured.

- An accountant or accounting firm.
- A lawyer or law firm.
- An insurance company or agency.
 - However, CITAM is affiliated with CIT Insurance Services, which provides access to protection products for small businesses and middle market clients. Products include Property Coverage, Life Insurance, Debt Protection, Commercial Casualty, GAP, Down Payment Protection Waiver, Employee Benefits, and High Net Worth - Personal Insurance. CIT Insurance Services operates in the U.S. through CIT Insurance Agency, Inc. CIT Insurance Agency, Inc., California license, is domiciled in New Jersey and is licensed in the U.S. in all states and the District of Columbia. There is no business relationship between CIT Insurance Services and CITAM LLC.
- A pension consultant.
- A real estate broker or dealer.
- A sponsor or syndicator of limited partnerships.

In addition to the above, CITAM is affiliated with other foreign banks, broker-dealers or investment advisers. CITAM has no business or operational relationships with these entities that would cause a conflict of interest. Please refer to Schedule D, Miscellaneous Section of Part 1 of the Form ADV for more detail.

Furthermore, CITAM is an indirect wholly-owned subsidiary of CIT Group Inc. CIT (NYSE: CIT) is a bank holding company with more than \$34 billion in finance and leasing assets. A member of the Fortune 500, it provides financing and leasing capital to its more than one million small business and middle market clients and their customers across more than 30 industries. CIT maintains leadership positions in small business and middle market lending, factoring, retail finance, aerospace, equipment and rail leasing, and global vendor finance. CIT also operates CIT Bank, BankOnCIT.com, its primary bank subsidiary and an FDIC-insured online bank which offers a suite of savings options designed to help customers achieve a range of financial goals.

Allocation of Personnel

CITAM and its officers will devote such time as shall be necessary to conduct the business affairs of the CDOs in an appropriate manner. However, CITAM personnel will work on other projects and, therefore, conflicts may arise in the allocation of personnel.

As part of their regular business, CITAM and its affiliates provide a broad range of financial and business advisory services. In addition, CITAM and its affiliates may provide advisory services in the future beyond those currently provided.

A complete description of the conflicts of interest applicable to the management of each CDO is set forth in that CDO's offering documents.

We do not recommend or select other investment advisers for our Clients nor have other business relationships with those advisers for which we receive compensation directly or indirectly from those advisers.

Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

CITAM has in place a Code of Ethics and Insider Trading policies and procedures (the “Code”), which covers insider information, personal trading, conflicts of interest and confidentiality. The Code also establishes policies regarding other matters such as outside employment, the giving or receiving of gifts, and safeguarding portfolio holdings information.

The Code is designed to ensure that CITAM personnel:

- Observe applicable legal and ethical standards (including compliance with applicable state and federal securities laws) in the performance of their duties;
- At all times place the interests of CITAM’s Clients first;
- Disclose to all Clients actual or potential conflicts;
- Adhere to the highest standards of loyalty, candor and care in all matters relating to its Clients;
- Conduct all personal trading consistent with the Code and in such a manner as to avoid any actual or potential conflict of interest or any abuse of their position of trust and responsibility; and
- Not use any material non-public information in securities trading.

Under the Code, CITAM personnel must act with integrity and honesty at all times, and must apply the following principles:

- Must not use their position to gain an unfair advantage for themselves or another person or cause detriment to CITAM’s Clients;
- Act in the best interests of CITAM, and where there is a conflict of interest, give priority to the interests of CITAM’s Clients;
- Must not trade in any financial products or procure another person to trade in financial products while in possession of material non-public information;

- Must not communicate or disseminate material non-public information to another person;
- Avoid and/or disclose any conflicts between their personal interests and CITAM Clients;
- Uphold fiduciary responsibilities (i.e., personnel must respect the trust that investors have placed in CITAM to act on the Funds' behalf);
- Ensure personal trading is on a scale that reflects the individual's financial ability and does not conflict with their normal employee duties; and
- Ensure personal trading does not contravene other legal requirements.

CITAM has implemented a personal trading policy as part of the Code setting out the procedures to be followed in relation to trading financial products in a personal capacity:

- Access Persons (defined as investment personnel, officers of CITAM, and other designated persons) must report all personal transactions in securities not otherwise exempt under the Code; and
- Personnel must also comply with the CITAM Code of Ethics.

The Code of Ethics is available to Clients and prospective Clients from CITAM upon request. You may contact Suzanne Zacharias, at (212) 461-7773 or Suzanne.Zacharias@cit.com.

Personal trading by Related Persons

We generally address conflicts that may arise in the personal trading of securities by our related persons through our Code and our review of the personal trading of our related persons who are our directors or officers or employees who have access to pre-trade information about orders we place for our CDOs. The Code contains general prohibitions on (and we review related persons' reports of personal trading for) personal trading that would conflict with the CDOs' interests, "front running" of CDOs transactions and transactions that would involve the use of material non-public information.

Neither we, nor a related person, recommend securities to the Funds, at or about the same time that we (or a related person) buy or sell the same securities for our own (or the related person's own) account. However, CITAM's affiliated Bank may purchase or sell loans at, or about, the same time a purchase or sale is made for a Fund. This allocation is described under Item 12.

Material Financial Interests of CITAM or a Related Person

CITAM's Ownership

CITAM, its principals or a related entity may have an investment in the CDOs. Therefore, CITAM may be considered to participate, indirectly, in transactions effected for those CDOs.

CITAM has developed and implemented policies and procedures designed to mitigate and disclose these and similar conflicts of interests. Please refer to Item 12 for a discussion on CITAM's Allocation Procedures.

Principal and Agency Cross Transactions

CITAM or any of its affiliates may from time to time act as principal in a loan transaction (a "Principal Cross Transaction") with any of its Clients. However, CITAM will not act as principal without providing written disclosure to the Client, as specified in section 206(3) of the Advisers Act, and obtaining Client consent to each transaction. CITAM will only enter into any Principal Cross Transactions to the extent consistent with its duty to obtain best execution for Client and with appropriate client consent. Client may revoke consent to engage in such transactions at any time prior to the entering into of a binding loan trade by notifying us in writing.

CITAM does not conduct agency-cross transactions.

Item 12 – Brokerage Practices

Research & Other Soft Dollar Arrangements

Although CITAM does not have any soft dollar arrangements at this time, it reserves the right to take into consideration research and other brokerage services furnished to it or its affiliates by brokers and dealers, including brokers and dealers which are affiliates of CITAM.

However, CITAM does have best execution responsibilities when executing loan transactions. Transactions will be allocated to brokers and dealers on the basis of best execution (which may include, among other items, the consideration of such broker's or dealer's ability to effect transactions, its facilities and financial responsibility). The SEC generally describes "best execution" as a duty to execute securities transactions so that a Client's total costs or proceeds in each transaction are the most favorable under the circumstances. The SEC also has stated that when seeking best execution the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution.

Loans are not considered securities under the securities laws. Loans are generally purchased from the issuer, or a primary market-maker, on a net basis without a stated commission but at prices generally reflecting a dealer spread. When executing such trades, traders are to seek to obtain the best execution for the Fund, considering such factors as price (including the applicable dealer spread), size of the market, the breadth of the market, counterparty risk, liquidity, actual prices offered and difficulty of execution. CITAM's execution trader typically works with the Chief Investment Officer to establish ranges of levels for execution within the quoted market, taking into account the liquidity of the loan and overall market technicals.

Loans are bought and sold through a negotiated market, they are not liquid. There can be no assurance that the current level of liquidity will continue or that future levels of supply and demand in loan trading will provide an adequate degree of liquidity. Because of the provision to holders of such loans of confidential information relating to the borrower, the unique and customized nature of the loan agreement and the private syndication of the loan, loans may not be easily purchased or sold as a public traded security and historically the trading volume in the loan market has been smaller relative to other markets. Therefore, achieving best execution for loan trades is a function not only of the best price but also the ability to provide or establish adequate liquidity in a given loan.

CITAM's securities transactions can be expected to generate brokerage commissions or other fees, all of which the CDOs, and not CITAM or any of its affiliates, will be obligated to pay.

CITAM has developed and implemented policies and procedures to comply with its best execution responsibilities, which includes, evaluating and changing, when necessary, our best execution practices.

Brokerage for Client Referrals

CITAM's trading and brokerage policies prohibit the directing of commissions generated from CDOs' brokerage transactions to pay for Investor referrals, and also prohibit the making of any recommendation that "credit" be given to particular individual brokers within a brokerage firm. Persons responsible for the selection of brokers-dealers to effect the portfolio securities transactions of a CDO shall not consider a broker-dealer's promotion or sale of CDO shares or interests when making the selection.

Directed Brokerage

CITAM does not have any directed brokerage arrangements.

Allocation and Aggregation Procedures

CITAM is committed to transacting in loans in a manner that is consistent with the investment objectives of each of the CDOs, and to allocating investment opportunities (including purchase and sale opportunities) among the CDOs (as applicable) on a fair and equitable basis.

When CITAM sells loans for two or more Clients, CITAM will generally seek to aggregate Client orders for execution as a single transaction. Such orders, upon execution, will be allocated to specific Clients. Notwithstanding the foregoing, allocation of investment purchases may occur between CITAM and its affiliates. The Client's ability to participate in a proposed investment may not be made pro-rata for the following reasons including, but not limited to the following "Allocation Factors": (i) Concentration requirements applicable to a Client, (ii) Cash availability and liquidity needs of a Client, (iii) tax, legal and/or regulatory considerations, (iv) the relative existing weighting of the investment in the Client, and (v) diversification issues/industry concentration limits relevant to a Client.

CITAM's Order Execution Trader may, in limited circumstances, aggregate multiple orders for the purchase or sale of the same asset across CITAM and its affiliates (such as a term loan) into block transactions ("Block Orders"), subject to seeking "Best Execution" in all cases. In limited circumstances when Bank Debt is purchased in a Block Order, CITAM may not be able to allocate to a particular Client (i.e., an allocation order may not meet the minimum assignment amount mandated by the issuer). CITAM, in its discretion, may also decide to have certain Clients not invest in a bank debt transaction if either the Client does not meet the lender requirements to buy debt directly (e.g., minimum amounts) or it believes that the costs (e.g., assignment fees) associated with the investment are too high. In making a determination to include a Client in a Block Order and the level of participation for each Client, CITAM may consider a number of factors with respect to each Client, including but not limited to the Allocation Factors previously mentioned.

You should review the discussion of brokerage and of the liability of and indemnification of CITAM, in the applicable offering memorandum, indenture, or collateral management agreements.

Item 13 – Review of Accounts

CITAM periodically reviews the CDOs we manage. These reviews are undertaken at both the individual loan exposure level as well as the overall portfolio level, typically on a monthly basis. The reviews generally include, but are not limited to, analyses of the monthly CDO trustee reports, which analyze the CDO's compliance with its indenture tests relating to collateral eligibility, asset quality, overcollateralization and other coverage. Our review generally focuses on reconciling the trustee's analysis with our internal records, but also includes monitoring industry trends. The reviewers' instructions are generally to determine if there is any discrepancy between the trustee's tests results and our internal records, to seek to resolve any such discrepancies, and to discuss any unresolved discrepancies with their supervisors. Our reviews currently are conducted by Laurie Peden, Collateral Analyst. We may review accounts on other than a periodic basis, as market volatility or other conditions warrant.

The CCO will conduct periodic trading reviews of Clients. Transactions are reviewed with a view towards monitoring for best execution and compliance guideline adherence.

CITAM does not provide regular reports to the CDOs, as they receive such reports, in writing, from their trustee.

Item 14 – Client Referrals and Other Compensation

CITAM does not receive an economic benefit from a non-Client for providing investment advice or other advisory services to our Clients, nor does CITAM have any arrangement under which it or its related person compensates, or receives compensation for Client referrals.

Item 15 – Custody

CITAM currently does not hold Client funds or securities. Instead, Client funds and securities are held by a qualified custodian.

However, under the Advisers Act, CITAM may be “deemed” to have custody of certain assets of 505 Capital Partners as a result of CITAM’s position as its Manager. As mentioned before, 505 Capital Partners currently holds no assets and is inactive.

In order to meet certain exemptions under the Custody Rule, CITAM has engaged a Public Company Accounting Oversight Board (“PCAOB”) registered independent public accountant to perform an annual financial audit of applicable Funds for which CITAM is deemed to have custody. The audit will be distributed to all applicable limited partners or investors within 120 days of the Funds’ fiscal year end. In addition, each broker dealer, bank, or qualified custodian sends monthly, or more frequent, account statements directly to the applicable Funds. CITAM reviews these statements carefully and compares them with its own internal records.

Item 16 – Investment Discretion

CITAM customarily has and exercises discretionary investment authority over the CDOs that it manages to determine the loans bought and sold for each account, as well as the amounts thereof, without obtaining specific consent and without limitation on such authority. The specific investment guidelines and restrictions are provided in the applicable offering memorandum, indenture, or collateral management agreement.

Item 17 – Voting Client Securities (i.e., Proxy Voting)

The CDOs that CITAM advises currently do not hold public securities and therefore CITAM does not vote proxies.

Item 18 – Financial Information

CITAM does not require or solicit prepayment of fees six months or more in advance and more than \$1,200 per Client. CITAM is not subject to any financial condition that is reasonably likely to impair its ability to meet contractual commitments to its Clients. CITAM is not currently, nor has at any time in the past ten years been, subject of a bankruptcy petition. However, CIT Group Inc., the ultimate parent of CITAM filed a voluntary bankruptcy on November 1, 2009 with the U.S. Bankruptcy Court, Southern District of New York. CIT Group Inc. filed a pre-packaged plan of reorganization on November 1, 2009. A confirmation hearing was held on December 8, 2009 and the prepackaged plan of reorganization was confirmed by the United States Bankruptcy Court for the Southern District of New York. CIT Group Inc. emerged from bankruptcy on December 10, 2009.

Item 19 – Requirements for State-Registered Advisors

Not Applicable