
NIBC Credit Management, Inc.

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This brochure provides information about the qualifications and business practices of NIBC Credit Management, Inc., (the “Firm”). If you have any questions about the contents of this brochure, please contact us at +31 (0) 70-342-5425. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Investment adviser registration does not imply a certain level of skill or training.

Additional information about the Firm also is available on the SEC’s website at www.adviserinfo.sec.gov.

March 31, 2015

ITEM 2: MATERIAL CHANGES AND UPDATES

This section provides a summary of material changes and updates since the last annual update on March 31, 2014. This version of the brochure ("Brochure") dated March 31, 2015, has been materially restated / amended as follows:

- **Advisory Business – Types of Advisory Services.** The description of the Firm's advisory services has remained to clarify that NIBC Credit Management Inc. (as from April 2011) is no longer offering its advisory services to new clients.
- **Material Change: Advisory Business – Assets Under Management.** The amount of assets under management has again been updated for 2015 (due to proportional unwinding of contractual obligations as of 2011) and the Firm has indicated that it expects this number to continue to decline over 2015 due to not accepting any new business and/or customers and the run-off of existing business (contractual unwinding of certain Vehicles) (defined below).
- **Brokerage Practices – Broker-Dealer Section and Commissions.** This section has been updated to clarify that the Firm is not actively trading on behalf of Clients due to the nature of the existing products.

The foregoing is only a summary of the material changes to the Brochure. It does not purport to identify every change to the Brochure since the last annual update. This summary of material changes is qualified in its entirety by reference to the full discussion in this Brochure. Clients are encouraged to read the Brochure in detail and contact the Firm with any questions.

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ITEM 4: ADVISORY BUSINESS

Principal Owners

NIBC Credit Management Inc. (the “Firm”) is a Delaware corporation with offices located in The Hague, The Netherlands. The Firm has been registered as an investment adviser with the U.S. Securities and Exchange Commission (“SEC”) since 2004.

The Firm is a wholly-owned subsidiary of NIBC Investment Management N.V., a 100% subsidiary of NIBC Holding N.V., headquartered in The Hague, The Netherlands (the “Parent”). The Parent’s main operating subsidiary is NIBC Bank N.V. (“NIBC Bank”), a banking institution headquartered in The Hague, The Netherlands. Additional information regarding the Parent and NIBC Bank is available at www.nibc.com. As of April 1, 2011, the Firm’s collateral management role has been performed by employees of NIBC Bank acting on behalf of the Firm pursuant to service level agreements.

Types of Advisory Services

The Firm’s primary business activity is offering advisory services to various entities, including entities typically described as Collateralized Debt Obligations or “CDOs”, organized to invest in diversified portfolios of investment grade asset-backed securities (such entities being referred to hereinafter as “Vehicles”). Specifically, the Firm performs certain advisory and administrative functions with respect to the securities portfolio of each Vehicle (the “Collateral”), subject to the terms of a written advisory agreement (a “Collateral Management Agreement”).

In addition to the advisory services provided to the Vehicles, the Firm may, from time to time, manage a portfolio of securities for or provide other investment advisory services to the proprietary accounts of its affiliates, including a subsidiary of NIBC Bank (the “Affiliated Account”). Vehicles and the Affiliated Account are herein collectively referred to as “Clients”. The Firm is no longer entering into any new advisory services or soliciting for new business. The Firm will, however, continue to perform the current services it provides to its Clients with the same standard of care as it has done in the past.

Pursuant to the policy and procedures of the Firm and the requirements of applicable law, the Firm will deliver or cause a copy of this Brochure to be delivered before or at the time it enters into an investment advisory agreement with a prospective Client. In addition, individuals or entities who purchase securities issued by a Vehicle for which the Firm provides advisory services (“Investors”) may receive a copy of this Brochure on request.

Investment Restrictions

When the Firm provides investment advisory services to a Vehicle, the Vehicle, but not the Investors in the Vehicle, are considered clients of the Firm. As discussed in Item 16, the Firm generally enters into a Collateral Management Agreement with each Vehicle in which the Vehicle appoints the Firm as the Vehicle’s agent and attorney-in-fact for the purposes of performing certain advisory and administrative functions. The investment objectives of each Vehicle are set forth in the Vehicle’s governing documents. The Firm does not tailor its advisory services to Investors or have the authority to alter the investment objectives of any Vehicle.

Assets Under Management

As of February 2015, the Firm had assets under management of approximately:

| | |
|-----------------|---|
| February 2015 - | \$ 163,2 million of which |
| February 2015 - | \$ 105,2 million was managed on a discretionary basis and |
| February 2015 - | \$ 58 million was managed on a non-discretionary basis. |

In 2014, 2013, 2012 and 2011 the Firm had the following assets under management:

| | | |
|---------------|---|--|
| March 2014 | - | \$ 186,5 million of which |
| March 2014 | - | \$ 127,8 million was managed on a discretionary basis and |
| March 2014 | - | \$ 58,7 million was managed on a non-discretionary basis. |
| March 2013 | - | \$ 234,3 million of which |
| March 2013 | - | \$ 157,3 million was managed on a discretionary basis and |
| March 2013 | - | \$ 76,9 million was managed on a non-discretionary basis. |
| March 2012 | - | \$ 403,4 million of which |
| March 2012 | - | \$ 176,5 million was managed on a discretionary basis and |
| March 2012 | - | \$ 226,9 million was managed on a non-discretionary basis. |
| February 2011 | - | \$ 983,4 million of which |
| February 2011 | - | \$ 217,1 million was managed on a discretionary basis and |
| February 2011 | - | \$ 766,3 million was managed on a non-discretionary basis. |

The Firm's assets under management have further declined since the last annual update to the Brochure in March 2014, and the Firm expects this number to continue to decline because we are no longer accepting any new business and/or new customers and are winding down certain existing business (further contractual unwinding of certain Vehicles, the last one occurring in October 2012) and increase market possibilities for third parties to take over Collateral Management of such assets.

ITEM 5: FEES AND COMPENSATION

Management Fees

Generally, the Firm may enter into Collateral Management Agreements with Vehicles that may provide for (i) a "Collateral Management Fee", "Base Collateral Management Fee" or "Senior Collateral Management Fee" and, in certain circumstances, (ii) a "Subordinated Management Fee". Generally, management fees are calculated based on the face value (as distinguished from current market value) of assets under management, with such face value reduced by the amount of the principal that has been paid and further adjusted to exclude certain defaulted, downgraded or other assets. Generally, any portion of the Collateral Management Fee, Base Collateral Management Fee, Senior Collateral Management Fee or Subordinated Management Fee due, but unpaid at the end of any quarter, will be payable each subsequent quarter until paid in full, but will not accrue interest.

Performance Fees

In certain circumstances the Firm has entered into Collateral Management Agreements with Vehicles that provide for an "Incentive Management Fee". The terms of Incentive Management Fees vary subject to the structure and terms of each Vehicle. The management and performance fees payable to the Firm under the terms of each Collateral Management Agreement are described in more detail in the offering documents for the relevant Vehicle.

Other Management and Advisory Fees

The Firm's investment advisory agreements with the Affiliated Account may provide for a management fee calculated on the basis of assets under management and/or other factors.

General Information about Management and Advisory Fees

The firm does not maintain a standard fee schedule. Instead, fees payable under Collateral Management Agreements with Vehicles, as well as fees paid by the Affiliated Account, are negotiated based on the terms of each particular Client relationship. Generally, fees payable under the Firm's investment advisory contracts are payable in arrears, subject in the case of Vehicles to the availability of funds.

Deduction of Fees

Generally, each CDO managed by the Firm has a third party that serves as the trustee of the CDO (the "Trustee"). In most instances, on the quarterly payment date of each CDO, the Trustee deducts the management fees payable to the Firm from the CDO's account with the Trustee and pays such management fees to the Firm, subject to the availability of funds and priority of other payments. In certain circumstances, the Firm may invoice Clients for management fees.

Other Fees and Expenses

Custody fees and all other fees charged by service providers engaged to provide services for Clients are charged by the custodian or other service provider and are in addition to the management fees payable to the Firm.

Prepaid Fees

The Firm does not charge Clients fees in advance.

Compensation for the Sale of Securities

Neither the Firm nor its supervised persons accepts compensation for the sale of securities or other investment products.

ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As disclosed in Item 5, the Firm has entered into Collateral Management Agreements with Vehicles that provide for an Incentive Management Fee that is based on performance. As also disclosed in Item 5, the Firm has entered into Collateral Management Agreements with Vehicles that may provide for management fees based on a percentage of the face value of assets under management. The performance fees payable to the Firm may create an incentive for the Firm to cause Clients to make investments that are riskier or more speculative than would be the case if performance fees were not payable. In addition, in the case where a particular security or investment opportunity may be appropriate for more than one Client, the presence of performance fees may provide an incentive for the Firm to favor those Clients that pay a performance fee.

The Firm currently does not have discretion to purchase or, in most cases, sell securities on behalf of the Vehicles that it manages because of certain contractual limitations triggered by the performance of the Vehicles' portfolios. In some cases, the Firm currently has the discretion only to sell securities on behalf of a Vehicle. The Firm's discretion to sell securities in the Affiliated Account is subject to the approval of certain affiliates. The limitations currently imposed on the Firm's discretion to purchase and sell securities on behalf of Clients minimize the potential conflicts of interests associated with the receipt of performance-based fees.

ITEM 7: TYPES OF CLIENTS

The Firm offers its advisory services to institutional clients, including by entering into Collateral Management Agreements to manage the assets of various Vehicles.

The Firm does not provide investment advisory services directly to Investors in Vehicles. The Vehicles for which the Firm provides advisory services generally offer securities in the United States in reliance upon an exemption of the registration requirements of the Securities Act of 1933, as amended, to Investors that are “qualified institutional buyers” (as defined in Rule 144A under the Securities Act of 1933, “Qualified Institutional Buyers”) and to a limited number of “accredited investors” within the meaning of Rule 501(a) of the Securities Act of 1933, as amended (“Accredited Investors”), in each case, who are also “qualified purchasers” under Section 2(a)(51) of the Investment Company Act of 1940 (“Qualified Purchasers”).

Vehicles for which the Firm provides advisory services generally offer securities to non-U.S. Investors in compliance with Regulation S under the Securities Act of 1933, as amended (“Regulation S”).

The Firm does not impose a minimum dollar value of assets or other conditions for maintaining an account. However, Investors in the Vehicles are subject to the minimum qualifications set forth in the applicable offering memorandum.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

The Firm generally offers advice on fixed income securities with a particular focus on asset-backed securities (“Asset-Backed Securities”). Asset-Backed Securities include, without limitation, securities with underlying collateral including home equity loans, commercial mortgage loans and debt obligations. Sponsors of Asset-Backed Securities are primarily banks and finance companies, captive finance subsidiaries of non-financial corporations or specialized originators such as mortgage lenders.

The Firm may also invest on behalf of Clients in securities issued by Vehicles sponsored and managed by other investment advisers. Vehicles issue securities or certificates that entitle the holders thereof to receive payments that depend on the cash flow from a portfolio of mortgages, commercial and industrial bank loans, debt securities or asset-backed securities or any combination of the foregoing, or from one or more credit default swaps which may reference obligors on commercial and industrial bank loans, CMBS Securities, RMBS Securities, debt securities or asset-backed securities (which may include collateralized debt obligation securities) or any combination of the foregoing.

The Firm has in the past invested on behalf of Clients in over-the-counter derivative instruments for the purpose of managing risk within the confines permitted by the relevant Collateral Management Agreements. Such instruments include without limitation interest rate swaps and interest rate caps to hedge interest rate risk and credit default swaps to act as a guard against increases in credit spreads or defaults. Credit default swaps may also be employed to assume credit risk as an alternative to cash investments in the securities underlying the credit default swaps.

The Firm generally selects a diversified portfolio of Asset-Backed Securities for a particular Vehicle at inception. Once a Vehicle portfolio is established, the number of subsequent portfolio transactions is limited. Generally, Collateral Management Agreements allow for limited substitution of new securities for securities purchased for the portfolio and adjustments to the portfolio are primarily directed at maintaining diversification and credit quality and for short term reinvestment of cash flow proceeds.

The Firm’s role in managing the Vehicles does not currently involve the acquisition of new securities, but the Firm may sell securities on behalf of certain Vehicles. The Firm is bound to the investment and activity guidelines of each particular Vehicle. A Vehicle allows the Firm a certain amount of discretion within certain boundaries for the sale of a certain percentage of securities in accordance with the relevant Indenture.

The Affiliated Account is no longer pursuing the acquisition of new securities. The Firm currently advises the Affiliated Account on the maintenance and winding down of its existing portfolio of Asset-Backed Securities. The Firm advises the Affiliated Account on the sale of its securities, but does not have discretion to sell the Affiliated Account’s securities without approval. The Firm will make assessments

regarding assets based upon market information and make from time to time a recommendation to sell with the ultimate goal to wind down the portfolio over a medium term horizon.

Clients should understand that all investment strategies and the investments made as a result of implementing those investment strategies involve risk of loss that clients should be prepared to bear. The investment performance and the success of any investment strategy or particular investment can never be predicted or guaranteed, and the value of a client's investments will fluctuate due to market conditions and other factors. The investment decisions made and the actions taken for advisory accounts will be subject to various market, liquidity, currency, economic and political risks, and will not necessarily be profitable.

Material Risks for Significant Investment Strategies and Types of Securities

The following is a summary of the material risks for the significant investment strategies and types of securities relevant to the advisory services provided by the Firm. This information does not attempt to identify every potential risk associated with a particular investment strategy, security or financial instrument. Additional information about risks is set forth in the prospectus, private placement memorandum, or other offering document or disclosure (collectively, "risk disclosures") provided in connection with an investment in each Vehicle. Clients are encouraged to read those risk disclosures carefully. This information is qualified in its entirety by reference to the respective risk disclosures and in the event of any conflict or inconsistency, Clients should rely on the respective risk disclosures.

The Firm generally does not purchase assets on behalf of the Vehicles or the Affiliated Account. In certain circumstances, the Firm may sell assets on behalf a Vehicle or advise the Affiliated Account on the sale of its assets. The Firm is bound by the discretion under the Indenture and market conditions may prevent such discretionary sales to be effected. With regard to non-discretionary assets and effectuating a gradual winding down of a portfolio within a certain term, market conditions may increase the term of such winding down.

The Firm's investment in over the counter derivatives on behalf of Clients may expose Clients to a variety of risks, including liquidity risk if the Firm is unable to sell a derivative or is otherwise required to reserve a Client's assets against its exposure under the derivative, interest rate risk if the derivative is interest-rate sensitive, market risk, exposure to the risk of a counterparty's default, and the risk that the derivative may be improperly valued if market quotations are unavailable.

The Firm primarily invests on behalf of Clients in Asset-Backed Securities, which involve significant risks.

Credit risk is an important issue in Asset-Backed Securities because of the significant credit risks inherent in the underlying collateral and because issuers are primarily private entities. The structure of an Asset-Backed Security and the terms of the investors' interest in the collateral can vary widely depending on the type of collateral, the desires of investors and the use of credit enhancements. Although the basic elements of all Asset-Backed Securities are similar, individual transactions can differ markedly in both structure and execution. Important determinants of the risk associated with issuing or holding the securities include the process by which principal and interest payments are allocated and distributed to investors, how credit losses affect the issuing vehicle and the return to investors in such Asset-Backed Securities, whether collateral represents a fixed set of specific assets or accounts, whether the underlying collateral assets are revolving or closed-end, under what terms (including maturity of the asset-backed instrument) any remaining balance in the accounts may revert to the issuing entity and the extent to which the entity that is the actual source of the collateral assets is obligated to provide support to the issuing vehicle or to the investors in such Asset-Backed Securities.

Holders of Asset-Backed Securities bear various risks, including credit risks, liquidity risks, interest rate risks, market risks, operations risks, structural risks and legal risks.

A significant portion of the collateral may consist of Asset-Backed Securities that are subordinate in right of payment and rank junior to other securities that are secured by or represent an ownership interest in the same pool of assets.

In addition, many Asset-Backed Securities have structural features that divert payments of interest and/or principal to more senior classes when the delinquency or loss experience of the pool exceeds certain levels. As a result, such securities have a higher risk of loss as a result of delinquencies or losses on the underlying assets. In certain circumstances, payments of interest may be reduced or eliminated for one or more payment dates. Additionally, as a result of cash flow being diverted to payments of principal of more senior classes, the average life of such securities may lengthen. For example in the case of certain ABS Type Residential Securities, no distributions of principal will generally be made with respect to any class until the aggregate principal balances of the more senior classes of securities have been reduced to zero. Subordinate Asset-Backed Securities generally do not have the right to call a default or vote on remedies following a default unless more senior securities have been paid in full. As a result, a shortfall in payments to subordinate investors in Asset-Backed Securities will generally not result in a default being declared on the transaction and the transaction will not be restructured or unwound. Furthermore, because subordinate Asset-Backed Securities may represent a relatively small percentage of the size of the asset pool being securitized, the impact of a relatively small loss on the overall pool may be substantial to the holders of such subordinate security.

ITEM 9: DISCIPLINARY INFORMATION

Neither the Firm nor its management persons have been involved in any legal or disciplinary events that require disclosure in this Brochure.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Neither the Firm nor its management persons are registered, or have an application pending to register with the SEC as a broker-dealer or a registered representative of a broker-dealer. In addition, neither the Firm nor its management persons are registered, or have an application pending to register in the United States as a futures commission merchant, commodity pool operator or a commodity trading advisor, or an associated person of any of the foregoing entities.

Other Material Relationships

Any employee, officer, director, principal or member of the Firm may invest in, have investment responsibilities for, render investment advice to or perform other services, including investment advisory services for accounts of various Clients or affiliates. The activities of such other accounts may be similar to or may differ from the activities of certain Clients, and Clients will not have any rights in respect of investments for, and profits or other income earned from, such other accounts. Further, employees, officers, directors, principals or members of the Firm are not obligated to devote their full time to particular Clients, but will devote such time as the Firm, in its sole discretion, deems necessary to carry out the management of Client's assets effectively and in a manner consistent with its fiduciary duty to each Client.

In order to monitor these potential conflicts of interest, the Firm has adopted compliance policies and procedures. Among other things, the Firm's policies and procedures require its officers, directors and employees to maintain the confidentiality of Client information and to use such information solely for purposes of making investment decisions and providing services to the applicable Client(s). Further, the monitoring of the Firm's compliance policies and procedures, including those relating to insider trading, code of ethics and the allocation of investment opportunities, will take into consideration the investment activities its employees, officers, directors, principals and members may provide to each Client in order to prevent against situations in which such persons may improperly preference the interests of one Client over another Client or of the Firm over a Client.

As noted above, the Firm is affiliated with NIBC Bank and may from time to time manage a portfolio of securities for or provide investment advisory services to the proprietary accounts of its affiliates, including a subsidiary of NIBC Bank. NIBC Bank may provide certain services to the Firm.

The Firm's collateral management activities are performed by staff of NIBC Bank acting on behalf of the Firm, and the Firm's management persons also hold positions with NIBC Bank. The management persons of the Firm may have some responsibility with respect to the business of NIBC Bank and the compensation of these management persons may be based, all or in part, upon the profitability of NIBC Bank. As a result of the Firm's management persons' responsibilities at NIBC Bank, a conflict of interest may also exist with respect to the allocation of the management persons' time between their responsibilities at the Firm and at NIBC Bank. The employees of NIBC Bank that perform services on behalf of the Firm will be subject to NCMI's supervision and control with respect to the services performed on behalf of NCMI.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

The Firm maintains a Code of Ethics pursuant to SEC Rule 204A-1 (the “Code”) to establish formal standards of business conduct and professionalism, to address potential conflicts of interest and to reinforce the fiduciary duties to which the Firm’s employees, officers, directors, principals and members are subject. Each employee has reviewed the Code and has signed an acknowledgment of receipt and review of the Code. The Code includes information on the Firm’s duty to Clients, prohibited acts, privacy of information, disclosure of actual and potential conflicts of interest, the use of disclaimers, suitability of investment advice, prohibition of insider trading, and limitation on trading in personal accounts. Current and prospective Clients may receive a copy of the Code on request.

Participation or Interest in Client Transactions

NIBC Bank is engaged in providing its clients with a wide variety of banking services and investment management services, including managing its own private equity funds and managing capital for third parties through its Corporate bank. As a result, it is possible that from time to time NIBC Bank and its affiliates may provide services to the issuers of the underlying securities and financial instruments held on behalf of the Clients, or that the Firm may buy or sell for its Clients securities or other financial instruments in which it has a direct or indirect financial interest. In addition, the Firm may buy and sell for certain Clients securities or investment products which are owned or are under consideration for purchase or sale for the account of the Affiliated Account.

The Firm and its affiliates may, for their own accounts, buy securities from or sell securities to an advisory client (a “principal transaction”), when permitted by law. In these instances, the Firm, in accordance with Section 206(3) of the Advisers Act, will disclose to the Client in writing the capacity in which it is acting and obtain appropriate consent from the Client. In addition, when appropriate and permitted by law, the Firm may engage in a cross transaction between two or more of its Client accounts (a “cross trade”). In a cross trade, the Firm may have a potentially conflicting division of loyalties and responsibilities to both sides of the cross trade.

Personal Trading

The employees, officers, directors, principals or members of the Firm may from time to time purchase or sell or recommend for purchase or sale a security which they may purchase or sell for their own personal accounts or the account of any other Client. Such persons also may trade in securities in a manner that differs from or is inconsistent with advice given to Clients.

Under the Code, employees are not permitted to engage in securities transactions that may interfere with the fulfillment of the employee’s business duties and responsibilities or fiduciary duty to Clients. The Code specifically forbids employees from knowingly executing any securities transaction at the same time as or ahead of any Client transaction in the same securities. The Code also specifically forbids employees from executing a transaction in any security that is held long or short for a Client, or being considered by the Firm for purchase or sale for a Client, without establishing that such transaction will not conflict with the interests of Clients or interfere with or hinder any investment strategy or activity of the Firm.

ITEM 12: **BROKERAGE PRACTICES**

Broker-Dealer Selection and Commissions

The Firm generally has broad authority to select broker-dealers and to negotiate prices with those broker-dealers, subject to the Firm's duty of best execution. The Firm's objective in seeking best execution for any particular transaction is to obtain total costs or proceeds that are the most favorable under the circumstances.

In selecting a broker-dealer for a particular transaction, the Firm considers the price to be charged by the broker-dealer and other factors. Accordingly, transactions will not always be executed at the lowest available price or commission.

The Firm is not actively trading on behalf of Clients due to the nature of the existing products. However, if it were to do so it would consider the following factors when placing a trade for a Client with a particular broker-dealer:

- The executing broker's expertise in providing timely execution services for the products traded by the Firm;
- The ability of the executing broker to execute transactions of size in both liquid and illiquid markets at competitive prices without disrupting the market for the security traded;
- The ability of the executing broker to maintain the confidentiality of all proprietary position information provided;
- The executing broker's execution fees;
- The range of services offered by the executing broker, including the range of markets and products covered, quality of research services provided and recommendations made by the executing broker;
- The quality and timeliness of market information provided by the executing broker;
- The executing broker's financial responsibility; and
- The executing broker's credit worthiness.

For counterparties to derivative transactions, the following factors will also be taken into consideration:

- The range of derivative products offered by the counterparty;
- The operational expertise of the counterparty in providing confirmation, documentation, timely settlement and ongoing operational support for derivative products;
- The terms and appropriate documentation of the derivative transaction products offered by the counterparty;
- The counterparty's financial responsibility;
- The availability of the particular derivative product; and
- The counterparty's credit worthiness.

As noted above, the Firm is not actively trading on behalf of Vehicles due to the nature of the existing products. If it were to do so, however, it would monitor and evaluate the execution performance of those broker-dealers that execute trades on behalf of Clients. The Firm is sensitive to potential conflicts of interest associated with the execution of Client transactions and, where necessary, attempts to address these conflicts by disclosure, Client consent, or other appropriate action.

Research and Other Soft Dollar Benefits

Although the Firm has no intent to do so, the Firm reserves the right to allocate brokerage business to broker-dealers that, in connection with the execution of such transactions, provide brokerage and research services within the meaning of Section 28(e) of the Securities Exchange Act of 1934, as amended.

Aggregation of Trades

Allocation of Investment Opportunities

The Firm evaluates for Clients a variety of factors that may be relevant in determining whether a particular situation or strategy is appropriate or feasible for each Client at a particular time, including the nature of the investment opportunity taken in the context of other available investment opportunities, the investment or regulatory limitations on each Client, and the transaction costs involved. Because these considerations may differ for each Client in the context of any particular investment opportunity, investment activities of Clients may be similar or may differ considerably from time to time. In instances where they are similar, Clients' competing interests may raise the potential for conflicts of interest.

Aggregating Securities Orders

It is the Firm's policy to aggregate (or bunch) orders of two (2) or more Clients to achieve better trade execution. These bunched or block trades can result in lower transaction costs than if the Firm placed multiple single orders. However, in no case will the Firm aggregate Client trades if such aggregation is not consistent with a Client's investment objectives and restrictions or the Firm's duty of best execution.

Trade Allocation

The Firm has adopted policies and procedures designed to allocate securities orders for more than one Client in a manner that is fair and equitable over time. In accordance with its securities orders aggregation procedures, the Firm, in advance of placing an aggregated order, will either:

- Designate the number of securities of the aggregated order to be allocated to each specific Client account; or
- Make a pro rata allocation of the securities to each Client account based upon account size.

The Firm may make exceptions to its trade allocation procedures under the following circumstances:

- Specialized accounts receive priority. For example, a credit card receivable CDO managed by the Firm would receive first right to an opportunity to purchase a limited allocation of credit card receivable asset backed bonds; and
- A Client account will not receive its pro rata allocation of shares if the total number of securities available is below a *de minimis* amount (e.g., \$250,000 face amount). These securities will be reallocated to other participating Client accounts.

Prices

If an aggregated order is executed in a series of transactions over the course of the day, each Client account will receive the average execution price.

Timing

Allocations will be made on the same day. Under no circumstances will the Firm delay an allocation so it can allocate the more favorable prices received during the day to one Client account and the less favorable prices to another Client account.

ITEM 13: REVIEW OF ACCOUNTS

The Firm reviews the performance of the Vehicles on a monthly basis. Such reviews are conducted by the Head of Investor Services or his or her delegate that is responsible for the Vehicles. The Firm generally conducts reviews of the Affiliate Account monthly or more frequently, if appropriate.

Monthly Reports

Generally, each CDO managed by the Firm has a third party that provides administrative services to the CDO (the "Collateral Administrator"). Generally, the Collateral Administrator will prepare a written Monthly Report, which will be made available by it to all relevant parties (including Investors). The Monthly Report contains primarily information on the portfolio, such as the total principal balance, the composition of the portfolio in terms of asset categories, ratings and interest levels. In addition, the Monthly Report shows the level of compliance of certain portfolio quality and composition tests (e.g., coverage tests and concentration limits).

Quarterly Reports

Generally, each CDO managed by the Firm has a Trustee. In most instances, prior to each quarterly payment date of a CDO, the Trustee will, on behalf of the CDO, publish a "Note Valuation Report", which is a written report that shows the actual cash collections (proceeds from the portfolio) in the different accounts of the CDO and the manner in which the cash will be distributed to the various parties, including Investors and service providers. (This report is provided annually in certain instances). This report will also provide an overview of the outstanding amount of the notes and the interest payable on the notes.

Annual Reports

Further, for each CDO, there will be an audit on an annual basis. In most instances, Ernst & Young serves as the auditor of the CDOs managed by the Firm. Generally, the auditor will report on the procedures and findings with respect to the Monthly Reports and the Note Valuation Reports. Generally, the written audit report will be shown to hedge counterparties and the holders of the most senior class of notes in the transaction.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

The Firm does not receive economic benefits from a third party in connection with providing investment advisory services, and it does not compensate other persons for client referrals.

ITEM 15: CUSTODY

The Firm does maintain custody of client funds or securities. Clients' assets are maintained by a qualified third-party Trustee. Clients are encouraged to review all statements prepared the Trustee and ask the Trustee any questions that the Client may have.

ITEM 16: INVESTMENT DISCRETION

The Firm generally enters into a Collateral Management Agreement with each Vehicle in which the Vehicle appoints the Firm as the Vehicle's agent and attorney-in-fact for the purposes of performing certain advisory and administrative functions with respect to the Collateral of each Vehicle. The Firm's discretion under a Collateral Management Agreement is generally limited by the Vehicle's investment objectives, the Vehicle's contractual obligations, and a standard of care provided for in the Collateral Management Agreement. With respect to certain Clients, the Firm's investment discretion is subject contractual limitations and the approval of the Firm's affiliates.

ITEM 17: VOTING CLIENT SECURITIES

The Firm generally offers advice on fixed income securities that do not have proxy voting rights. Accordingly, it generally is not called on to vote proxies on behalf of Clients. However, the Firm has adopted policies and procedures that would be implemented in the unlikely event of a proxy vote. To the extent that the Firm has discretion to vote proxies for a Client and the Client's investments include securities with voting rights, the Firm will vote any such proxies in the best interests of the Client and in accordance with the Firm's policies and procedures. In the event the Firm identifies a material conflict of interest in connection with voting a particular proxy, it will take appropriate steps to address the conflict, including by retaining a third party to vote such proxies or disclosing the conflict of interest and giving Clients the opportunity to vote the proxy in question. Clients may obtain a copy of the Firm's proxy voting procedures on request. In addition, Clients for which the Firm actually has voted proxies may obtain a copy of the voting record for their particular account on request.

ITEM 18: FINANCIAL INFORMATION

Not applicable.

ADDITIONAL INFORMATION

Privacy Policy

It is the Firm's policy to keep confidential non-public information about current and former Clients and to take due precautions in protecting that confidentiality. Non-public information about current or former Clients is shared only with affiliates and service providers in connection with servicing or processing a financial product or service requested or authorized by the Client or as otherwise required or permitted by applicable law. Clients are given an initial notice of this privacy policy at the inception of the client relationship and annually thereafter are provided an update of this privacy policy.

Business Continuity Plan

The Firm's policy is to respond to a significant business disruption by taking actions intended to safeguard employees' lives and Firm property, make financial and operational assessments, quickly recover and resume operations, protect the Firm's books and records and allow Clients to transact business.

Valuation of Securities

In the case of CDOs, the valuations of Client assets are determined by the Trustee as disclosed in the offering documents for each Vehicle. The valuation determined by the Trustee may not necessarily

represent the price at which the underlying securities could be sold under current market conditions. In the case of an Affiliated Account and other Clients, any applicable valuation procedures are set forth in the relevant investment advisory agreement.