



Item 1 – Cover Page

CIT Asset Management LLC

11 West 42nd Street

7th Floor

New York, NY 10036

P: (212) 771-9324

F: (212)771-9610

www.cit.com

March 2013

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 (212) 761-9324. 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 annual filing of its Form ADV Part 2A or “Disclosure Brochure” dated March 2013, 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.

A material change has occurred since CITAM’s last annual update. On March 1, 2013, CITAM permanently relocated its offices from Norwalk to New York.

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 (which you consent to by providing us with your email address) 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 .

Item 3 – Table of Contents

Item 1 – Cover Page.....	
Item 2 – Material Changes	iii
Item 3 – Table of Contents.....	ii
Item 4 – Advisory Business	1
Item 5 – Fees and Compensation	3
Item 6 – Performance-Based Fees and Side-By-Side Management	6
Item 7 – Types of Clients.....	8
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss	9
Item 9 – Disciplinary Information	11
Item 10 – Other Financial Industry Activities and Affiliations	12
Item 11 – Code of Ethics	14
Item 12 – Brokerage Practices	17
Item 13 – Review of Accounts.....	19
Item 14 – Client Referrals and Other Compensation.....	20
Item 15 – Custody	21
Item 16 – Investment Discretion.....	22
Item 17 – Voting Client Securities (i.e., Proxy Voting)	23
Item 18 – Financial Information	24
Item 19 – Requirements for State-Registered Advisors	25

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 and other affiliates that provide 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 Bank also provides savings and retirement accounts to individuals and businesses. CIT Group was founded in 1908 and is headquartered in New York.

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 of 1940 (“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, 505 CLO IV LTD and CIT CLO 2012-1 LTD (collectively the “Funds” or the “Clients”). The Funds invest in 1st and 2nd lien senior secured terms loans in sectors including, 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 established principally 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 the Funds contain static investments. An affiliate of CIT Group retains the most junior tranches issued by the aforementioned CDOs. As of December 31, 2012, the only asset in 505 CLO I Ltd., 505 CLO II Ltd., 505 CLO III Ltd. and 505 CLO IV Ltd is cash. The Notes of these CDOs have been fully repaid and the vehicles are in the process of being terminated.

Similar to the 505 vehicles, CIT CLO 2012-1 was created to provide liquidity to CIT Group Inc. and its affiliates. There is no reinvestment option available as the Fund contains static investments. An affiliate of CIT Group retains the most junior tranches issued by the aforementioned CDO. 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 and are required to attest that in fact they have reviewed the applicable offering documents before being permitted to invest. 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 or sponsor any wrap fee program.

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 also receives 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 Clients or investors as defined by the Fund indentures.

Pricing and Valuation of Fund Investments

The amount of management fees earned by CITAM in some cases depends in part upon the valuations assigned to the assets of the CDOs.

In many cases, CITAM's fees are based on the value and performance of the assets held in the client account. CITAM generally does not price securities or other assets for purposes of determining fees. However, to the extent permitted by applicable laws, CITAM may be charged with the responsibility of, or have a role in, determining values with respect to assets in a CITAM Fund (and therefore the Fund itself) from time to time and CITAM may be required to price a portfolio holding when a market price is not readily available or when CITAM has reason to believe that the market price is unreliable. To the extent CITAM's fees are based on the value or performance of client accounts, CITAM would benefit by receiving a fee based on the impact, if any, of the increased value of assets in an account. CITAM generally relies on prices provided by a third-party pricing service for valuation purposes. In the absence of a third-party pricing service, CITAM attempts, in good faith and in accordance with applicable laws, to determine the fair value of the security or other assets in question.

When market quotations are not readily available or are believed by CITAM to be unreliable, the security or other assets are valued by CITAM in accordance with CITAM's valuation procedures. When market quotations or other asset valuations are not readily available or are

believed by CITAM to be unreliable, a client's investments may be valued at fair value ("Fair Value Assets"). Fair Value Assets are valued by CITAM in accordance with CITAM's valuation procedures. CITAM may conclude that a market quotation is not readily available or is unreliable: (i) if a security or other asset does not have a price source due to its lack of liquidity; (ii) if CITAM believes a market quotation from a broker-dealer or other source is unreliable (e.g., where it varies significantly from a recent trade); (iii) where the asset is thinly traded (e.g., municipal securities and certain non-US securities can be expected to be thinly traded); (iv) where recent asset sales represent distressed sale prices not reflective of the price that a client might reasonably expect to receive from the current sale of that asset in an arm's-length transaction; or (v) where there is a significant material event subsequent to the most recent market quotation. CITAM's good faith judgment as to whether an event would constitute a "significant event" likely to cause a material change in an asset's market price may, in hindsight, prove to be incorrect, and the fair value determination made by CITAM may be incorrect as to the direction and magnitude of any price adjustment when compared to the next available market price. In circumstances where CITAM typically relies on a valuation provided by a third-party, if the third-party fails to provide a valuation, or if CITAM believes such valuation is not representative of fair value, CITAM will determine fair value.

When determining the price for a Fair Value Asset, CITAM seeks to determine the price that a client might reasonably expect to receive from the current sale of that asset in an arm's-length transaction. The price generally may not be determined based on what a client might reasonably expect to receive for selling an asset at a later time or if it holds the asset to maturity. Fair value determinations will be made in good faith and will be based upon all available factors that CITAM deems relevant at the time of the determination, and may be based on analytical values determined by CITAM using proprietary or third-party valuation models such as the Black-Scholes Option Pricing model. Nevertheless, the models and/or underlying valuation assumptions utilized by CITAM may not correctly capture the fair value of an asset, which may impact the cost paid or proceeds realized by a client upon the purchase or disposition of the asset.

Fair value represents a good faith approximation of the value of a security. The fair value of one or more securities may not, in retrospect, be the price at which those assets could have been sold during the period in which the particular fair values were used in determining a client's asset value for performance or fee calculation purposes or, in the case of registered investment companies or other pooled investment vehicles, net asset value per share or unit on purchases and redemptions.

Investors in CITAM CDOs should be aware that some 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, if any, may be payable after minimum return requirements are achieved. 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 the management fees described above, private funds may bear other costs associated with investments or accounts including but not limited to: (i) custodial charges, brokerage fees, commissions and related costs; (ii) taxes, duties and other governmental charges; (iii) transfer and registration fees or similar expenses; (iv) other portfolio expenses; and (v) costs, expenses and fees (including investment advisory and other fees charged by the investment advisers of funds in which the client's account invest) associated with products or services that may be necessary or incidental to such investments or accounts.

Private Funds also generally bear their own operating and other expenses including, but not limited to, in addition to those listed above: (i) sales expenses; (ii) legal expenses; (iii) internal and external accounting, audit and tax preparation expenses; (iv) insurance; and (v) organizational expenses.

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. The total compensation that CITAM employees receive is based, however, on a number of factors, which may include the performance of the Funds.

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

As discussed in Item 5 (“Fees and Compensation”) of this Brochure, an Adviser may earn, with respect to certain clients and in addition to management fees, performance-based fees. Currently, CIT CLO I is the only fund that earns an incentive fee. Where applicable, performance fees or other performance based compensation will be generally based on exceeding specified yield or total return benchmarks or “hurdles” or an appropriate index and generally are payable: (i) on a quarterly or annual basis; (ii) in the case of certain Funds of Funds and other Private Funds (and similarly managed separate accounts), at the time of withdrawal or redemption with respect to the amount withdrawn and/or redeemed; or (iii) as investments are realized and/or capital is distributed. Certain Private Funds charge performance fees based on the relevant Private Funds' net profits without regard to any index or performance hurdle. In some cases, these arrangements may be subject to a cumulative high water mark or other provisions intended to assure that prior losses are recouped before giving effect to any performance fees. In other cases, certain Private Funds may have periodic or cumulative performance hurdles prior to CITAM receiving a performance fee or allocation. Claw-back provisions may also apply to performance fees paid with respect to certain Private Funds. The timing and amount of performance fees are described in the relevant OM and other governing documents.

Clients should be aware that when CITAM receives performance-based fees, or CITAM personnel have any other financial incentive to achieve gains in excess of the disincentive to suffer losses, CITAM and/or such personnel may have an incentive to choose investments that are riskier or more speculative than might otherwise be chosen.

In addition, the CITAM may manage different types of accounts having different fee arrangements. Side-by-side management by CITAM may raise potential conflicts of interest. Funds or accounts, for example, generally pay management fees based on a fixed percentage of assets under management, whereas Private Funds may pay performance-based compensation. CITAM or its related persons may also have a financial interest in a Private Fund. CITAM may have an incentive to favor certain accounts over others that may be less lucrative where: (i) the actions taken on behalf of one account may impact other similar or different accounts (e.g., because such accounts have the same or similar investment styles or otherwise compete for investment opportunities, have potentially conflicting investments or investment styles, or have differing abilities to engage in short sales and economically similar transactions); and (ii) CITAM and its personnel have differential interests in such accounts (i.e., expose CITAM or its related persons to differing potential for gain or loss through differential ownership interests or compensation structures – including circumstances where some accounts pay only asset-based fees while others are subject to performance or incentive fees). To mitigate these conflicts, CITAM's policies and procedures stress that investment decisions are to be made in accordance with the fiduciary duties owed to such accounts and without consideration of CITAM's (or its personnel's) pecuniary, investment or other financial interests. We 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.

Please note that CITAM has investment discretion for CIT CLO I only. The remaining Funds are static vehicles with no reinvestment option and assets reflected for these CDOS are not selected by CITAM, per the respective Collateral Management agreements.

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, and typically are qualified purchasers or qualified institutional buyers, as defined in the Investment Company Act and the Securities Act, respectively. 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.

Private Funds are organized as domestic companies, limited partnerships, limited liability companies, corporate trusts or other legal entities, as determined appropriate by CITAM. As a general matter, each Private Fund is managed in accordance with its investment objectives, strategies and guidelines and is not tailored to the individualized needs of any particular investor in the Private Fund (each an “Investor”). In addition, an investment in a Private Fund does not, in and of itself, create an advisory relationship between the Investor and CITAM. Therefore, Investors must consider whether the Private Fund meets their investment objectives and risk tolerance prior to investing in a Private Fund. Information about each Private Fund can be found in its offering materials, which will be available to current and prospective Investors only through an authorized party.

Private Funds typically are excepted from the definition of an “investment company” pursuant to Section 3(c)(1) (such Private Funds, the “3(c)(1) Funds”) or Section 3(c)(7) (such Private Funds, the “3(c)(7) Funds”) of the Investment Company Act. Interests in the Private Funds are offered on a private placement basis or under Regulation S. Interests in the 3(c)(1) Funds are offered to persons who are both “accredited investors” as defined under the Securities Act of 1933, as amended (the “Securities Act”), and “qualified clients” as defined in Rule 205-3 under the Advisers Act (to the extent a performance fee is charged). Interests in the 3(c)(7) Funds are offered to persons who are both “accredited investors” as defined under the Securities Act and “qualified purchasers” as defined under the Investment Company Act.

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

Methods of Analysis and Investment Strategy

Initial investments, held by the CDOs managed by CITAM, are 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 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.

Investment Strategy Risks

Investing in loans in the CDOs involves risk of loss of that each prospective investor 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. Please note that CITAM has investment discretion for CIT CLO I only.

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.

Loans are 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 investments held by the CDOs. The former risks are typically the lack of liquidity and in some cases, the subordination to more senior interests in the CDO's capital structure and the uncertainty of the CDO making timely payments on these interests. The latter risks are generally credit, liquidity; 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

Neither CITAM nor any of its associated persons 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) have an application pending to register as a broker-dealer, futures commission merchant, commodity pool operator, commodity trading adviser.

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 advantaged investments or other 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.
 - There are a small number of CITAM persons that are registered with CITCS.
- A banking or thrift institution.
 - 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.
 - CIT Group is a bank holding company that is subject to regulatory oversight by the Federal Reserve Bank.
- An insurance company or agency.

- 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.

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. Founded in 1908, CIT (NYSE: CIT) is a bank holding company with more than \$33 billion in financing and leasing assets. A member of the Fortune 500, it provides financing and leasing capital and advisory services to its 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 (Member FDIC), its primary bank subsidiary, which, through its online bank, BankOnCIT.com, 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 as it relates to investment opportunities and securities trading;
- 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, or 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. Please note that CITAM has investment discretion for CIT CLO I only.

Principal and Agency Cross Transactions

In lieu of using a broker to execute a transaction, CITAM may engage in a "cross transaction" between Funds in which one Fund will purchase assets held by another Fund. CITAM may effect cross transactions under certain circumstances. CITAM must determine that the transaction is in the best interests of both Funds, at a price CITAM has determined by reference to independent market indicators or another independent valuation basis (as discussed in Section 5 – Fees and Compensation) and which CITAM believes to constitute "best execution" for both Funds in light of all applicable factors and considerations.

Cross trades for which the price is determined based on a good-faith determination of fair value (in instances where exchange quotations, pricing vendor or broker-quotes are not available) will be valued using an independent pricing agent. In the event an independent valuation cannot be obtained, CITAM assigns values to the investments made on behalf of each of its Funds in accordance with Fund indentures. Neither CITAM nor any related party receives any additional compensation in connection with such "cross" transactions.

Generally, cross trades require approval by an independent director of a Fund and/or a designated person appointed by a separately managed account or a Fund with no outside directors. Each crossing transaction is reviewed by the Chief Compliance Officer, the Chief Investment Officer and the Legal department.

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.

While the Funds do not invest in securities, 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 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.

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. The review 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. CITAM's 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. 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. Instead, Client funds are held by U.S. Bank.

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.

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 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 prepackaged bankruptcy on November 1, 2009 with the U.S. Bankruptcy Court, Southern District of New York. 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.