



Item 1 – Cover Page

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This Brochure provides information about the qualifications and business practices of CIT Asset Management LLC (“CITAM”, the “Company”, “us”, “we”, “our”).

We are registered with the SEC as an investment adviser. Our registration as an Investment Adviser does not imply any level of skill or training. 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.

Any questions about the contents of this brochure should be directed to Terence Sullivan, Chief Investment Officer of CITAM at (212) 771-9339. 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 2015, submitted to the SEC pursuant to amendments made to rules promulgated under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). The only material change noted in this brochure is the number of pooled investment vehicles managed by CITAM.

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 contact us.

Item 3 – Table of Contents

Item 1 – Cover Page	
Item 2 – Material Changes	i
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	12
Item 10 – Other Financial Industry Activities and Affiliations	13
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	15
Item 12 – Brokerage Practices	18
Item 13 – Review of Accounts.....	20
Item 14 – Client Referrals and Other Compensation.....	21
Item 15 – Custody	22
Item 16 – Investment Discretion	23
Item 17 – Voting Client Securities (i.e., Proxy Voting)	24
Item 18 – Financial Information.....	25
Item 19 – Requirements for State-Registered Advisors	26

Item 4 – Advisory Business

Firm Description

CITAM was incorporated under the laws of the State of Delaware on March 17, 2006. CITAM is indirectly wholly-owned by 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 is the parent 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 numerous countries across more than 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 typically 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 (“Securities Act”)).

More specifically, CITAM currently acts as the Collateral Manager to one pooled investment vehicle: CIT CLO I LTD (the “Fund” or the “Client”). The Fund invested in 1st and 2nd lien senior secured term loans in sectors including, but not limited to, the commercial, industrial, energy, media and entertainment, and healthcare industries. The Notes issued by the Fund have now been paid off in their entirety and the Fund is currently being liquidated, such in accordance with the terms of its Indenture.

Please note that CIT CLO 2012-1, for which CITAM was the Collateral Manager, has been terminated as of January 15, 2015 in accordance with the terms of its Indenture.

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 Fund. In this role, it has assumed certain administrative functions with the respect to the Fund and the investors in the Fund, including record-keeping, preparing investment reports, maintain custody of the assets, 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 at this time.

Assets Under Management

CITAM disclosed assets under management of \$404,961 as of December 31, 2014.

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 Fund. CITAM is also typically entitled to receive interest on any owing and unpaid management fee (i.e., Base Collateral Management Fee Interest). 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's indenture.

Pricing and Valuation of Fund Investments

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

In some cases, CITAM's fees are based on the value and performance of the assets held in the client account. CITAM generally does not price Fund assets to derive management fees. However, to the extent reported by the indenture and/or 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 an asset 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 the Fund. 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 the indenture and/or applicable laws, to determine the fair value of the loans or other assets in question.

When market quotations are not readily available or are believed by CITAM to be unreliable, the loans 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, loans or other assets may be valued at fair value ("Fair Value Assets"). Fair Value Assets are valued by CITAM in accordance with CITAM's valuation procedures. CITAM, consistent with its fiduciary obligations, may conclude that a market quotation is not readily available or is unreliable: (i) if loans or other assets do not have a price source due to a lack of liquidity; (ii) if CITAM reasonably concludes that a market quotation from a pricing source is unreliable (e.g., where it varies significantly from a recent trade or there is uncertainty whether an order could be filled at the quoted price); (iii) where the asset is 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 one might reasonably expect to receive from the current sale of that asset in an arm’s-length transaction and consistent with applicable accounting requirements. The price generally may not be determined based on what one 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. 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 proceeds realized by an investor.

Fair value represents a good faith approximation of the value of an asset. The fair value of one or more assets 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 distributions.

Other Types of Fees or Expenses

In addition to the management fees described above, Private Funds (as defined below) 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 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 assets 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 Fund.

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” and generally are payable on a quarterly basis. In other cases, certain Private Funds may have periodic or cumulative performance hurdles prior to CITAM receiving a performance fee or allocation. The timing and amount of performance fees are described in the relevant offering memorandum and other governing documents.

Clients should be aware that, for actively managed portfolios, 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. Currently, CITAM does not advise any actively managed portfolios.

If CITAM were to advise actively managed portfolios, 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. If CIT were to advise actively managed portfolios it would establish and implement appropriate procedures and controls to mitigate the apparent and actual conflicts of interest referenced above.

Please note that the Fund is currently a static vehicle with no reinvestment option and assets reflected for this CDO are not selected by CITAM, per the Collateral Management Agreement.

Item 7 – Types of Clients

CITAM 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 non-U.S. companies, limited partnerships, limited liability companies, corporate trusts or other legal entities, as determined appropriate by CITAM (“Private Funds”). 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 and CITAM is not obligated to assess whether the investment is suitable for the Investor. Investors, therefore, 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 investment company regulation under Section 3(c)(1) or Section 3(c)(7) (such Private Funds, referred to as “3(c)(1) Funds” and “3(c)(7) Funds,” respectively) 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 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

As mentioned above, CIT CLO 2012-1 Ltd. (for which CITAM was the Collateral Manager), has been terminated as of January 15, 2015 in accordance with the terms of its Indenture. In addition, the Notes issued by CIT CLO I Ltd. have now been paid off in their entirety and CIT CLO I Ltd. is currently being liquidated, such in accordance with the terms of its Indenture.

The following describes CITAM's method of analysis and investment strategy in general terms, and would generally apply to future CDOs that may be advised by CITAM. Please note that the specific method of analysis and investment strategies may differ depending on the type of CDO (e.g. an actively managed or a "static" CDO) or other client, and also depends on the terms of the relevant Indenture or other underlying transaction documents.

The CDOs that are typically managed by CITAM generally hold initial investments that are exclusively 1st and 2nd lien senior secured term loans. CITAM's investment professionals 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:

- Participating in bank meetings.
- Analyzing 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 mitigates in a transaction.
- Maintaining 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.
- Collaborating closely 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, the Chief Investment Officer generally conducts a weekly update meeting with account managers and the collateral analyst to discuss current portfolio holdings, forthcoming opportunities and overall 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 usually 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 assets held by the CDO. You should carefully review the CDO's offering circular before investing in the CDO.

General Investment Risks

The loans we generally 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 loans.

Risks of Our Investment Analysis Methods

Our investment analysis method includes 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.

Risks of Legislative or Regulatory Change

CIT is regulated as a bank holding company under the Bank Holding Company Act of 1956, as amended (the "BHCA"), which generally restricts bank holding companies from engaging in business activities other than the business of banking and certain closely related activities. Although CIT has elected to become a financial holding company under the BHCA, the activities of CIT and its affiliates remain subject to certain restrictions imposed by the BHCA and related regulations. Because CIT is deemed to "control" CITAM-managed pooled investment vehicles, under the BHCA, there may be restrictions on transactions and relationships between CITAM-managed pooled investment vehicles and CIT, as well as restrictions on the

investments and transactions by, and the operations of, CIT-managed pooled investment vehicles. In addition, there have been recent legislative, tax and regulatory changes and proposed changes that may apply to the activities of CITAM. Recent changes, which continue to evolve, include the enactment of the Dodd-Frank Act, which includes the adoption of the so-called “Volcker Rule.”

The Volcker Rule became effective July 21, 2012; however, the Federal Reserve and other banking regulators, and the SEC and CFTC have stated that banking entities (including CIT and its subsidiaries) will generally have until July 21, 2016 to bring their activities into compliance with the “covered fund” provisions of the Volcker Rule and applicable rules promulgated thereunder. Among other things, the Volcker Rule generally prohibits banking entities (which would include CITAM) from engaging in transactions that would cause a banking entity or its affiliates to invest in certain collective funds that are managed by affiliates of the banking entity, or with investment vehicles controlled by such hedge funds or private equity funds, that would involve or result in a material conflict of interest between the banking entity and its clients, customers or counterparties, or that would result, directly or indirectly, in a material exposure by the banking entity to high-risk assets or high-risk trading strategies. These restrictions could materially adversely affect persons that are, or are invested in, pooled investment vehicles sponsored or managed by CITAM, including because the restrictions could prevent a pooled investment vehicle from obtaining seed capital, loans or other commercial benefits from CIT. The Volcker Rule also may limit the assets in which a fund managed by CITAM may invest and manage. Newly issued CDOs with a CLO strategy are currently generally structured to satisfy the loan securitization exemption under the Volcker Rule.

Congress also adopted the Foreign Account Tax Compliance Act (“FATCA”), which requires United States citizens, including individuals who live outside the United States, to report their financial accounts held outside of the United States. Foreign financial institutions also are generally required to report to the Internal Revenue Service (“IRS”) or the taxing authority of their own jurisdiction about their American clients. FATCA was designed primarily to combat offshore tax evasion and to recoup federal tax revenues, but one potential effect is that foreign financial institutions may be motivated to divest (or not invest) in US assets, including assets managed by CIT or its affiliates.

These and other regulatory or legislative changes may affect the manner in which CITAM is permitted to manage the Fund and restrict or otherwise limit the entities that may invest in the Fund.

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, or 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 Client with a related person (except as disclosed below) that is a:

- A broker-dealer, municipal securities dealer, or government securities dealer or broker.
 - o 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.
 - o There are a small number of CITAM persons that are registered with CITCS.
- A banking or thrift institution.
 - o 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 Federal Deposit Insurance Corporation (“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 insurance company or agency.
 - o 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.

Furthermore, CITAM is an indirect wholly-owned subsidiary of CIT Group Inc. Founded in 1908, CIT (NYSE: CIT) is a financial holding company with more than \$35 billion in financing and leasing assets. 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 Client 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 and investors;
- Act in the best interests of CITAM’s clients and investors, and where there is a conflict of interest, give priority to the interests of CITAM’s clients and investors;
- 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 and investors;

- Uphold fiduciary responsibilities (i.e., personnel must respect the trust that investors have placed in CITAM to act on the Fund's 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 the Client and prospective clients from CITAM upon request.

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 investments to the Fund, at or about the same time that we (or a related person) buy or sell the same investments 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 the 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 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 at this time, CITAM no longer has discretion to buy or sell assets for the Fund.

Principal and Agency Cross Transactions

CITAM does not engage in principal and 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.

While the Fund does 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 objectives of the Fund, and to allocating transaction opportunities (including purchase and sale opportunities) among the CDOs (as applicable) on a fair and equitable basis. Please note that the Fund no longer has an investment option at this time.

Generally speaking, 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. Any particular 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 a 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 relevant 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 CDO we manage. The review generally includes, 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. 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 typically conduct periodic trading reviews of trades for CITAM's 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 the Client, 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 maintain custody of Client funds or securities. Instead, Client funds are in custody at U.S. Bank, an unaffiliated, qualified custodian.

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 Fund currently does 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 Client. 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 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.