

**Bear Stearns
High-Grade Structured Credit
Strategies**

This Marketing Presentation does not constitute an offer of securities. Such an offer will only be made by means of a confidential Memorandum to be prepared and furnished to prospective investors at a later date.

Investment Strategy

- Primary focus will be to buy and hold “AAA” and “AA” structured finance securities.
- Seek to generate LIBOR plus 750 basis point net “cash and carry” return using repo financing and other forms of leverage.
- When market opportunities exist, recognize capital appreciation and restructure or unwind securities whose net asset value exceeds market price. Targeted return of 250 basis points.

Investment Strategy

- Fund can be compared to a specialty finance company.
- Experienced structured credit analysts make credit decisions.
- Financing is arranged on a short / medium / long term basis depending on what most suits the particular assets.
- Credit quality of assets is monitored using proprietary analytics system
- Spread volatility is hedged using credit derivatives.

Market Opportunity

- Many investment grade structured finance credits, particularly collateralized debt obligations (“CDOs”), trade wide to their fundamental credit risk because structures are complex.
- The CDO sector has been a “new issue” market. Value opportunities exist in the secondary market because of illiquidity.
- Growth in the structured finance market should add to the supply of issues that fall outside of the general parameters of the larger traditional institutional buyers.
- As experienced participants in this market, the portfolio managers have the knowledge, experience and resources to identify suitable assets and monitor the credit risk inherent in these assets.

Targeted Portfolio Characteristics

Credit Quality:	At least 90% “AAA” and “AA-” structured finance securities with up to 10% in higher yielding lower rated securities
Cash Flow Average Life:	4 years or less
Credit Hedges:	10% - 20% of notional amount of portfolio
Non Margined Securities:	20%-30% of capital
Net Leverage*:	10 to 1
Interest Rate Sensitivity:	Targeted interest rate duration of zero

•Net Leverage is defined as total market value of investments less the notional amount of credit default swaps hedges divided by the net asset value of the Partnership.

All figures are expected targets, and the portfolio may vary in one or another respect from time to time.

BSHG Ratings Volatility Analysis

Investment Grade Structured Finance Assets show stable ratings history (1983-2003)

5 Year Transition Rates for Structured Finance Securities

	Aaa	Aa	A	Baa	Ba	B	<= Caa
Aaa	96.59%	2.01%	0.64%	0.25%	0.02%	0.06%	0.43%
Aa	32.94%	56.88%	5.09%	2.41%	0.87%	0.72%	1.10%
A	11.25%	11.98%	69.98%	2.70%	1.48%	0.73%	1.89%

Moody's Historical Migration Statistics for Current Klio Portfolio

	% Rated A or Higher after 5 Years	Current Portfolio Allocations	Portfolio Concentration
Aaa	99.24%	50%	49.62%
Aa	94.40%	42%	39.65%
A	93.21%	8%	7.46%
Total % of Klio Portfolio Rated A or Higher after 5 Years without any Collateral Management Activity			= 96.73%

Monthly Price Volatility as a Function of Credit Spreads and Duration

“AAA” New Issue Spreads and Spread Volatility in the CDO and CMBS Markets

Spreads noted in basis points over LIBOR for ABS CDOs, CLOs and HY CDOs and swaps for CMBS

	ABS CDO (2000-2002)	CLO (2000-2002)	HY CDO (1998-2002)	CMBS (1996-2002)
Tightest New Issue Spreads	45	36	25	20
Widest New Issue Spreads	65	65	75	111.5
Average Monthly Change in Spreads	1.15	1.87	2.54	0.65
Largest One Month Widening	12	14	15	13.5
Standard Deviation	2.23	3.04	3.14	4.51
2 Standard Deviations	4.45	6.08	6.29	9.01
3 Standard Deviations	6.68	9.12	9.43	13.52
4 Standard Deviations	8.91	12.16	12.57	18.03

Price Sensitivity of an Asset as a Function of Spread Widening

		Duration of Asset (Years)						
		2.0	2.5	3.0	3.5	4.0	4.5	5.0
Spread Widening (Bps)	5	99.90	99.88	99.85	99.83	99.80	99.78	99.75
	10	99.80	99.75	99.70	99.65	99.60	99.55	99.50
	15	99.70	99.63	99.55	99.48	99.40	99.33	99.25
	20	99.60	99.50	99.40	99.30	99.20	99.10	99.00
	25	99.50	99.38	99.25	99.13	99.00	98.88	98.75
	30	99.40	99.25	99.10	98.95	98.80	98.65	98.50
	35	99.30	99.13	98.95	98.78	98.60	98.43	98.25
	40	99.20	99.00	98.80	98.60	98.40	98.20	98.00

A 4 standard deviation move in new issue High Yield CDO spreads (12.57 basis points) would lead to an approximate .6% drop in price of a 4 year duration asset, or a 6% drop in price were that asset leveraged 10 to 1.

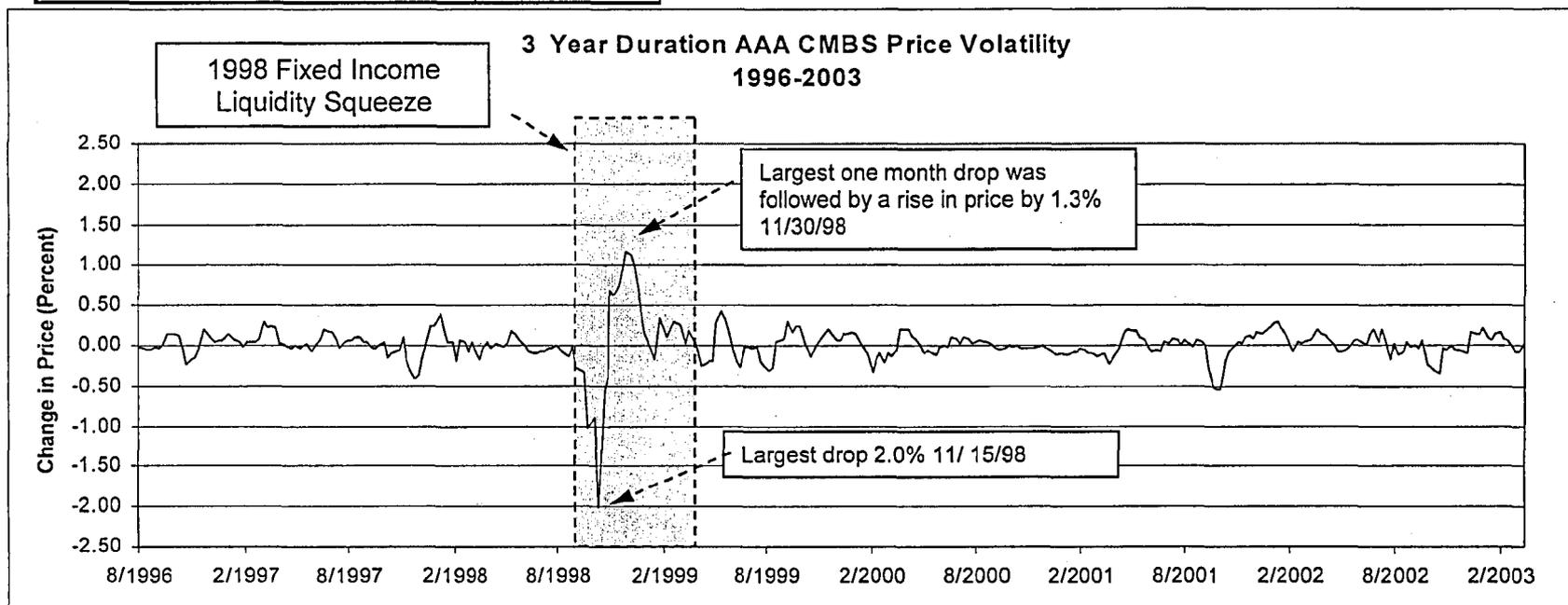
Source: Bear Stearns CDO Research. The spread data is a monthly average of new issue spreads as tracked by Bear Stearns CDO Research from market sources believed to be reliable. The theoretical prices used in the duration figures represent duration calculations for a bond priced at par prior to the specific spread widening noted along the leftmost column.

Historical Price Volatility in the "AAA" CMBS Market

Monthly Price Volatility of 3 Year Duration AAA CMBS Bonds

	Loss
Average Price Move	0.15%
Standard Deviation	0.251%
2 Standard Deviation Move	0.50%
3 Standard Deviation Move	0.75%
4 Standard Deviation Move	1.00%
5 Standard Deviation Move	1.26%
Worst 1% of Occurrences	1.00%

The volatility numbers noted here reflect a non-levered investment. The moves would be 10 times as severe if leverage were applied in a manner similar to that to be used by the Fund.



Source: Bear Stearns CDO Research. The price information used above was taken from Bear Stearns CMBS pricing data. Prices were derived from recorded spread data for AAA CMBS securities. Spread changes were translated into price changes assuming a three year duration.

Historical Price Volatility in the "AAA" High Yield CDO Market

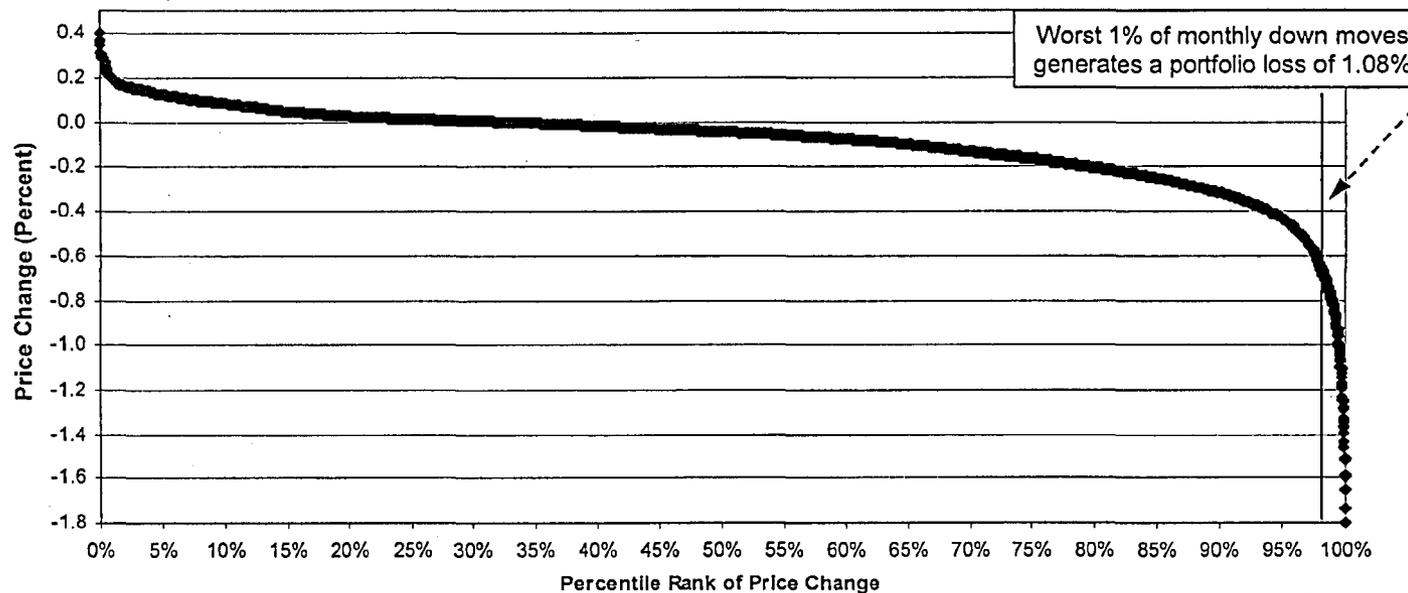
Price Data from Bear Stearns AAA High Yield CDOs

January 2000 – January 2003, monthly changes

	Portfolio Loss
Average Price Move	0.09%
Standard Deviation	0.193%
2 Standard Deviation Move	0.39%
3 Standard Deviation Move	0.58%
4 Standard Deviation Move	0.77%
5 Standard Deviation Move	0.96%
Worst 1% of Occurrences	1.08%

The volatility numbers noted here reflect a non-levered investment. The moves would be 10 times as severe if leverage were applied in a manner similar to that to be used by the Fund.

AAA HY CDO Portfolio Price Volatility Simulation



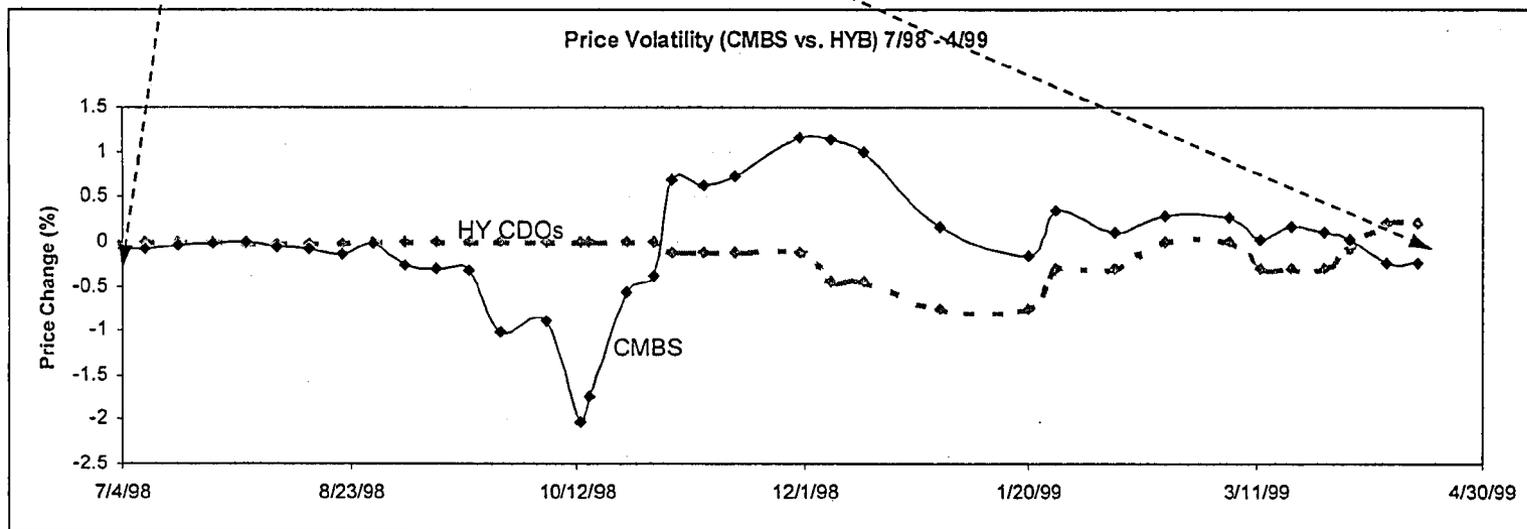
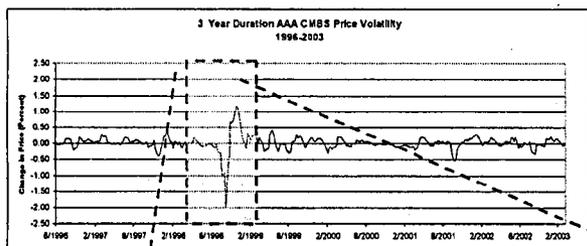
Source: Bear Stearns. The portfolio simulation above was created using the Bear Stearns monthly marks on a portfolio of 68 AAA High Yield CDO tranches between 1/1/00 and 1/3/03. Third priority AAA tranches were not included in the sample. If a particular bond dropped below 90 its price movements were not recorded subsequent to that movement. A data matrix was created and a bootstrapping simulation was run where 20 individual bonds were chosen at random for a particular month to arrive at a monthly portfolio price change. This simulation was run 10,000 times and the results ranked from largest portfolio gain to largest portfolio loss. The percentile information is noted above. Intra-month price moves were not used.

AAA Rated Structured Finance Securities – Correlation of Price Movements

Price Volatility AAA CMBS vs. AAA HY CDOs June 1998 through April 1999

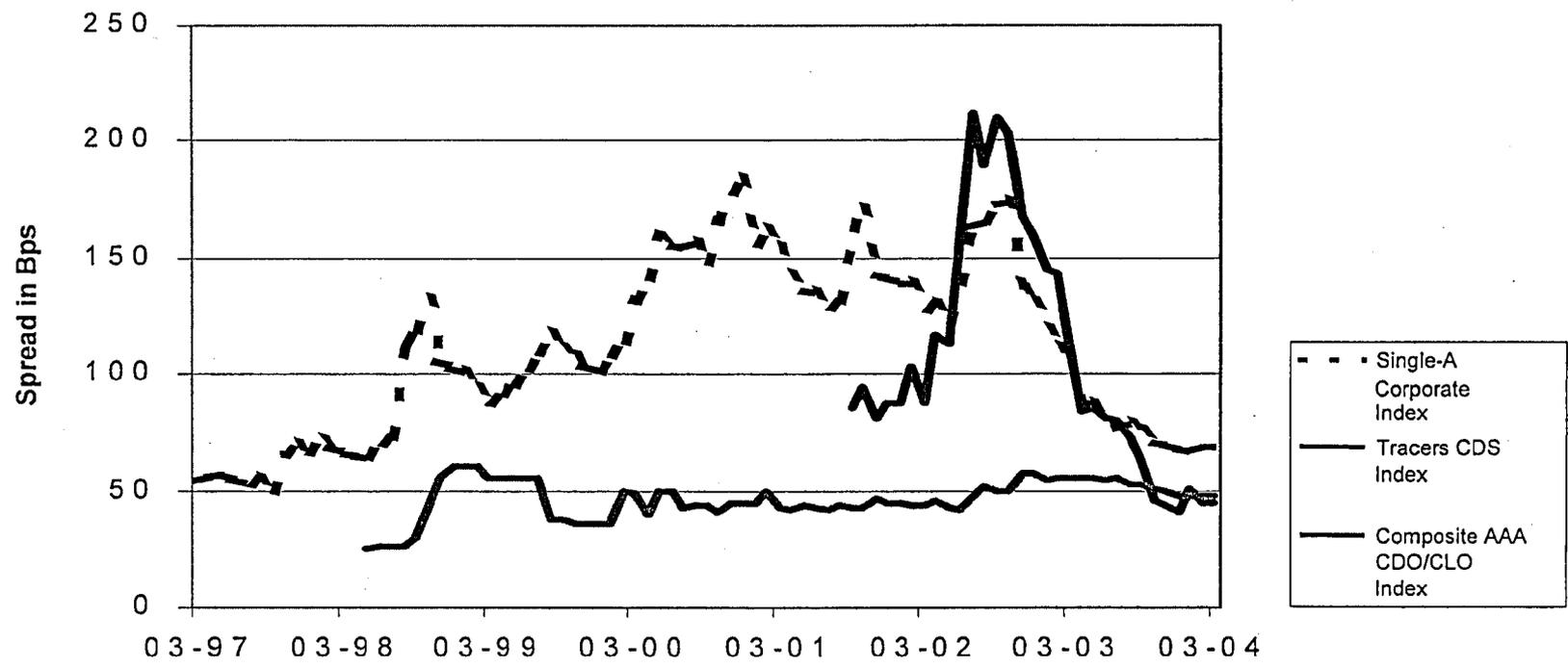
Prices fluctuated substantially in the CMBS market because of liquidity pressure, the high yield bond CDO market remained stable during October 1998.

Other CDO asset classes were not used because the CDO market was still very small in 1988. It is possible that there may have been higher correlation in those assets classes.



Spread Volatility – AAA CDO/CLO vs. Single A Corporate Spreads

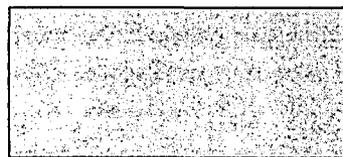
Credit derivatives are used to hedge the spread volatility on the underlying portfolio. These hedges take the form of “long protection” positions on an investment grade (Single A) index or individual “long protection” positions on credits correlated to risk in the underlying portfolio



Source: Bear Stearns CDO Research.

BSHGSCS Non-Recourse Financing – Klio Funding I

Before -
Value at Risk
\$1.25 Billion

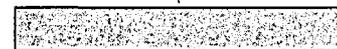
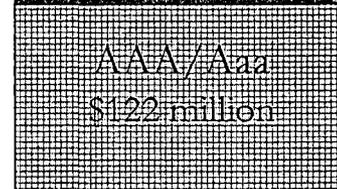
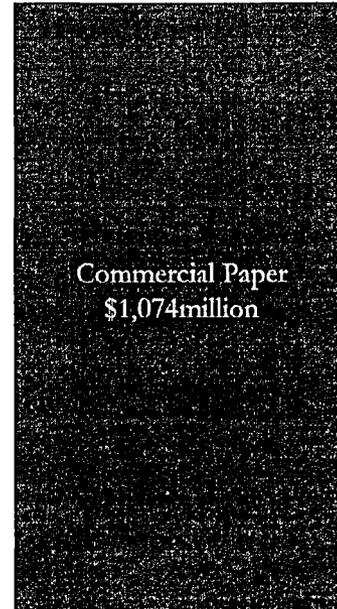


Total Assets
Financed
\$1,250,000,000

This Amount
does NOT
change

Repo-Margin
\$138 million
(9x Leverage)
Fund Capital

After -
Value at Risk
\$30 Million



Freed Up BSHGSCS
Fund Capital
\$108 million



Preferred Shares
(Repo-Margin Replacement)
Fund Capital
\$30 million

Term Financing / Structuring Activities

BSHG has successfully managed \$13.8 bn of CDO's across a diverse group of asset classes and \$11.2 bn of assets in the Hedge Fund. All deals are currently in compliance with all coverage tests and portfolio concentration limits as of October 2005

Klio I, II, III

Size: \$2.4 / \$5.0 / \$4.0 bn Structured Credit CDO

Completed: Jun 04 / Apr 05 / Nov 05

- ◆ Sector allocation is a maximum of 40% CDO and a maximum of 70% RMBS
- ◆ Rating allocation is a 15% maximum of single-A and a minimum of 40% AAA

High Grade Structured CDO – 2004-1

Size: \$1.0 Billion Synthetic CDO

Completed: October 2004

- ◆ Sector allocation includes RMBS, HEL, Mortgage CDO and Trust Preferred
- ◆ Rating allocation is primarily single-A (70%)

High Grade Structured CDO – 2005-1

Size: \$800 million RMBS CDO

Completed: April 2005

- ◆ Sector allocation is 25% CDO and 75% ABS
- ◆ Rating allocation concentrated in single-A with minimum of low single-A rating

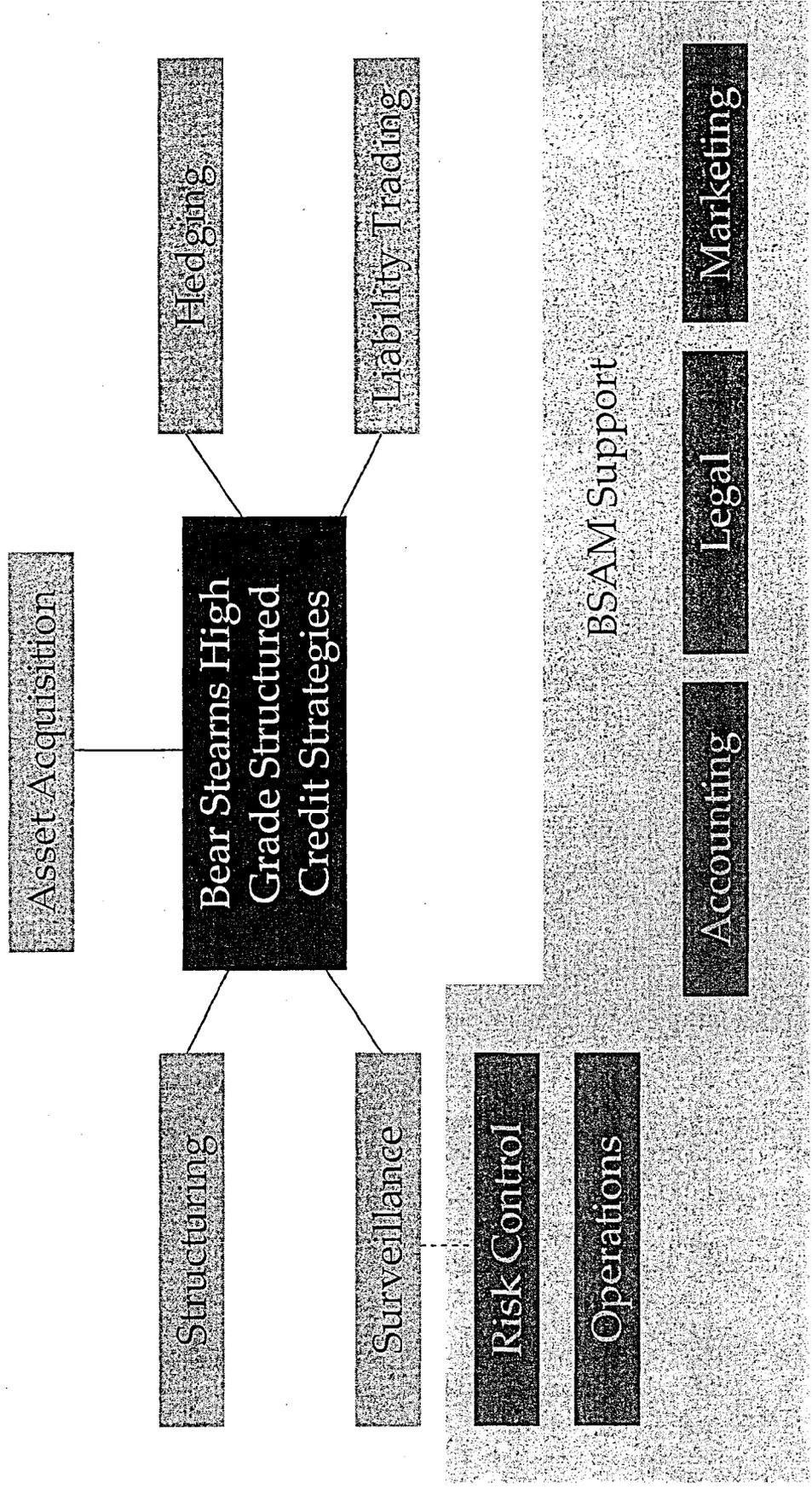
Stone Tower CDO 2004 & 2005-2

Size: \$300 / \$300 mm CDO of CLOs

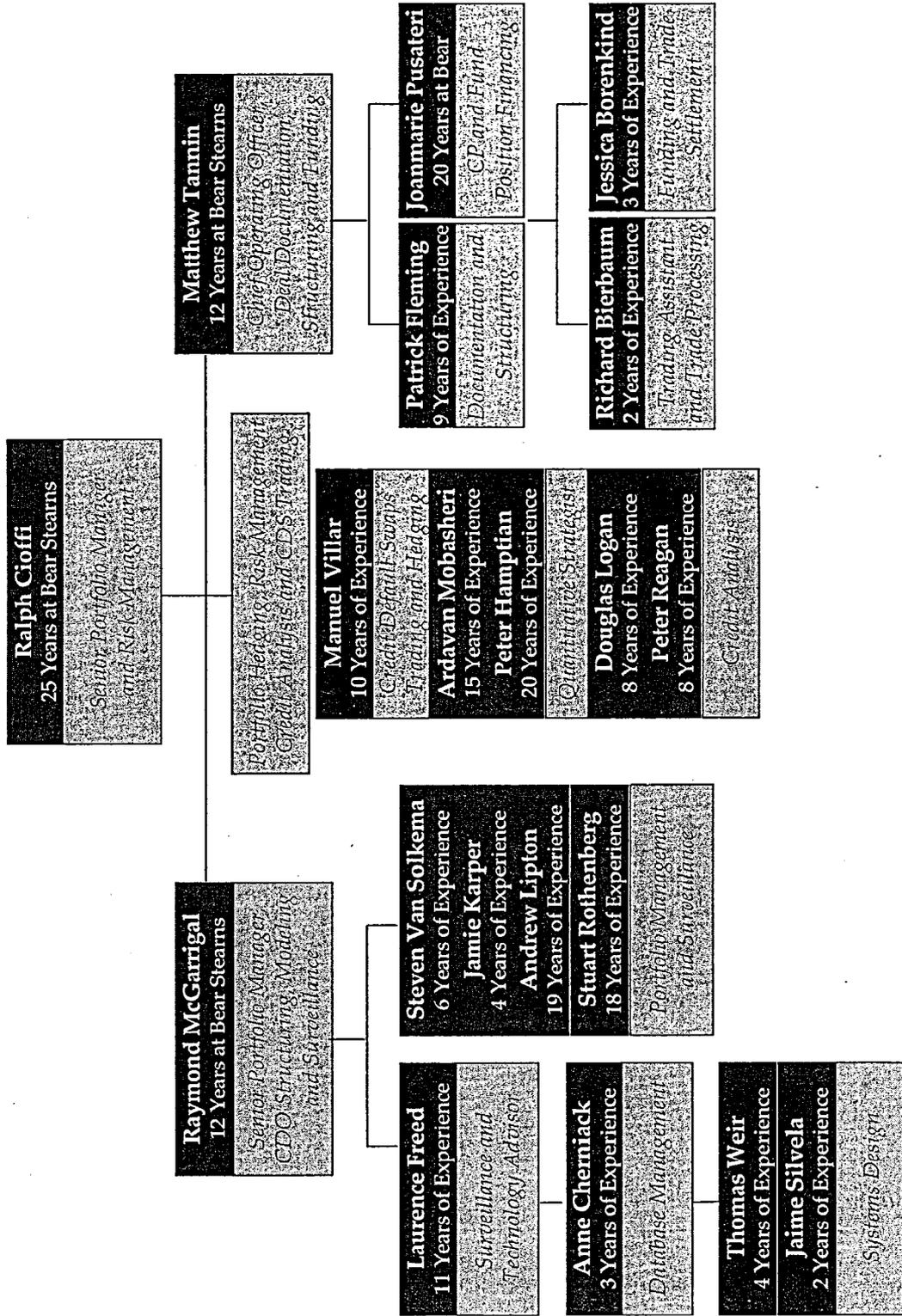
Completed: Nov 2004 / Oct 2005

- ◆ BSHG is sub-advisor
- ◆ Sector allocation:
 - 75% CDO and 25% Senior Secured Loans
 - Currently B1/B+ (can vary according to matrix)

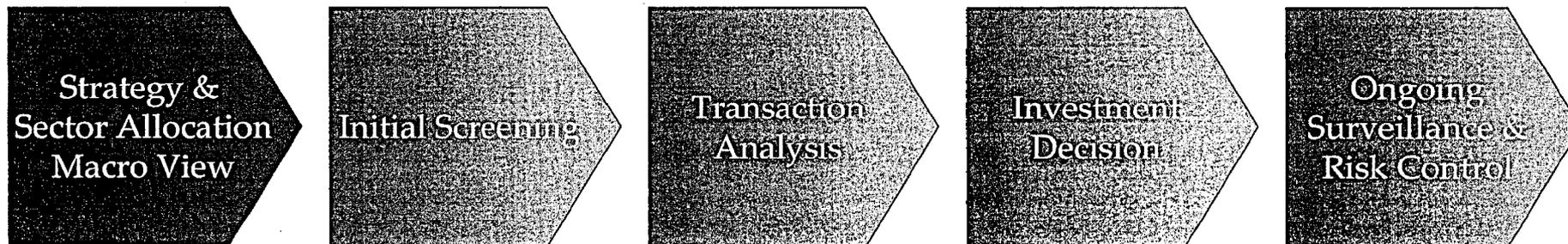
BSHG Organizational Structure



Portfolio Management Team

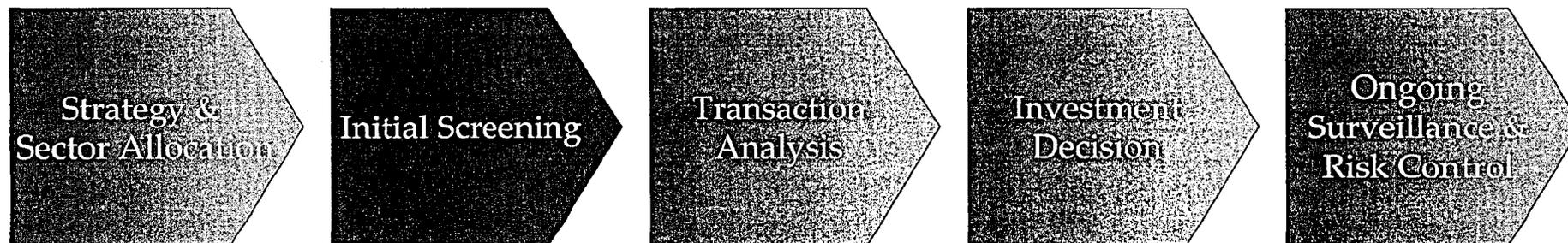


Investment Process



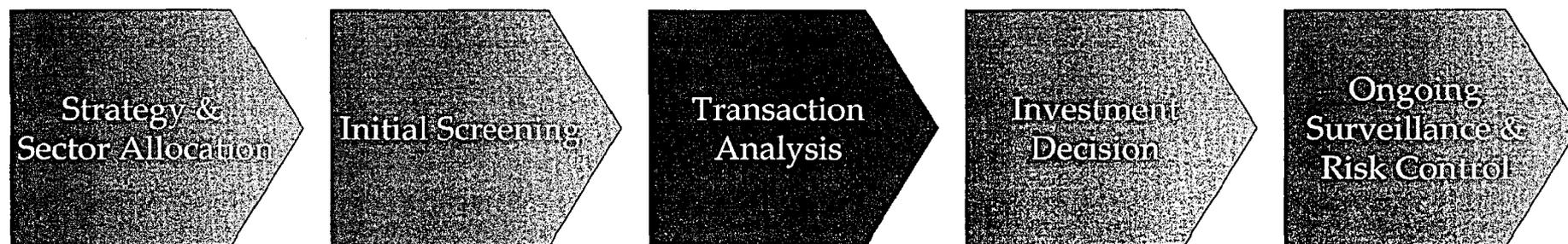
- Monitor the macro-economic environment including interest rates, yield curve trends, Fed outlook, GDP, inflation, growth of consumer and mortgage debt burden, and other fundamental data.
- Based upon macro-economic view, determine asset class allocation and ratings stratification.

Investment Process



- Source and screen potential investments based on asset category and rating
- Prioritize clean, new issue quality assets.
- Analyze potential qualifying secondary assets.
- Filter out assets based upon collateral quality test performance, concentration limitations, payment frequency, maturity as well as weighted average life, and ratings.

Investment Process



Review Debt Marketing Materials and Preliminary Offering Memorandum (OM) focusing on:

- Collateral characteristics
- Structural features
- Credit Enhancement
- Coverage Tests

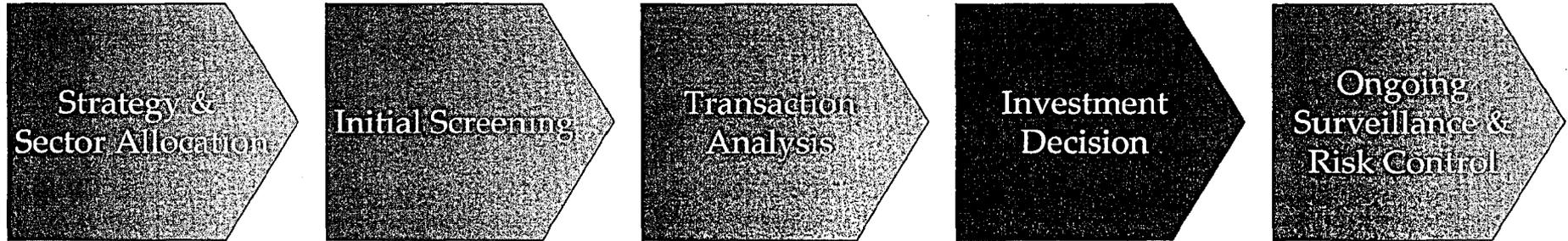
Verify Robustness of Rating and perform Quantitative Analysis using:

- Proprietary Models
- Rating Agency Discussions
- Underwriter Discussions

Run Scenario Analysis relative to cohorts

- Coverage Test sensitivity
- Cumulative Loss Percentage analysis to PIK, interest shortfall and principal loss etc.
- Give subject order to underwriter

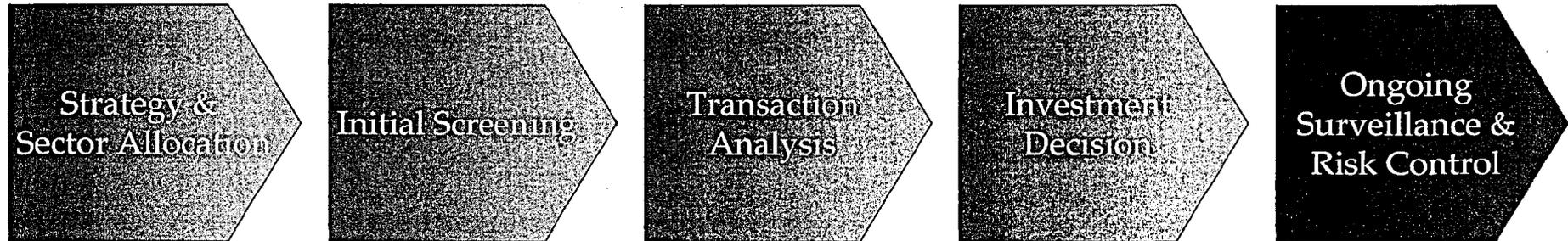
Investment Process



Portfolio Managers conduct final review:

- Inspection of final Offering Memorandum, Computation Materials, and Indentures.
- Inspection of final portfolio.
- Order goes firm.

Surveillance Process



Using a proprietary surveillance system, *all* assets are reviewed monthly and those showing signs of future credit deterioration or poor performance are “flagged” for further review.

- For RMBS, triggers include changes in delinquencies, cumulative loss, initial and current credit enhancement and CPR rates over time.
- For CDOs, triggers include changes in all coverage ratios and weighted average portfolio rating over time, CCC buckets, loss, defaulted securities.

CDO, RMBS, corporate and ABS portfolio managers and credit analysts evaluate the reported statistics on flagged positions and perform additional analysis when necessary. All comments are passed on to the Senior Portfolio Managers and logged in the Surveillance System.

The BSHG investment strategy and proprietary asset tracking system allow the portfolio managers to quickly identify and sell any suspect assets before credit deterioration begins or ratings downgrades occur.

Additionally, BSAM Risk Management provides an overlay to the BSHG Surveillance Team that is managed by Frank Galdi with a staff of six analysts.

Portfolio Management and Surveillance System

- BSHG developed their own proprietary Surveillance, Portfolio Evaluation, Analysis and Risk System.
- The Surveillance System is a specialized database, reporting and analysis tool designed especially for structured products and their underlying portfolios.
- Information from Data Vendors is aggregated in the Surveillance System to get a broad picture of an asset's performance and stability:
 - Intex
 - Bloomberg
 - Trustees and Servicers
 - Rating Agencies
- Alerts and Collateral Management reports are generated every day based upon updated data from the data providers.
- Analytics:
 - Intex
 - Bear Stearns BondStudio
 - Salomon Yield Book
 - Bloomberg
 - Proprietary Models

Appendix

Portfolio Management Team

Ralph Cioffi – *Senior Portfolio Manager and Risk Management*

Mr. Cioffi is a Senior Managing Director and has been with Bear Stearns since 1985 and is a member of Bear Stearns Asset Management's Board of Directors. From 1985 through 1991 Mr. Cioffi worked in institutional fixed income sales where he specialized in structured finance products. He served as the New York head of fixed income sales from 1989 through 1991. From 1991 through 1994, Mr. Cioffi served as global product and sales manager for high grade credit products. He was involved in the creation of the Structured Credit effort at Bear Stearns and was a principal force behind Bear's position as a leading underwriter and secondary trader of structured finance securities; specifically Collateralized Debt Obligations and Esoteric Asset Backed Securities. Mr. Cioffi founded and has been managing the High Grade Structured Credit Strategies Fund since March of 2003. He holds a B.S. degree in Business Administration with distinction from Saint Michaels College, Vermont, and is a member of the international business management and administration honor society, Sigma Beta Delta. Mr. Cioffi is also a registered investment advisor.

Matthew Tannin – *Chief Operating Officer, Deal Documentation, Structuring and Funding*

Mr. Tannin is a Senior Managing Director and has been with Bear Stearns since 1994. He oversees the day to day operations of the High-Grade Hedge Fund as well as its funding and structuring activities. He spent seven years on Bear's Collateralized Debt Obligation structuring desk focusing on Emerging Markets, High Grade and Market Value transactions. From June of 2001 through February of 2003, he followed the CDO market as a Bear Stearns CDO research analyst in the asset-backed research group. Mr. Tannin has a J.D. from the University of San Francisco, was a law clerk on the California Court of Appeal and a Preston Warren scholar in philosophy at Bucknell University.

Ray McGarrigal – *Senior Portfolio Manager, CDO Structuring, Modeling and Surveillance*

Mr. McGarrigal started his Wall Street career with Bear Stearns in 1991 in the Financial Analytics and Structured Transactions (F.A.S.T.) group as an analyst. He moved to UBS in 1993-1995 to work as a CMO structurer and CMO floater trader. Following his time at UBS, Mr. McGarrigal was a member of the New York Mercantile Exchange where he traded options on energy futures as a local. He returned to Bear in 1997 and has structured a wide variety of fixed income structured products in the F.A.S.T. group. His product specialties include all types of Collateralized Debt Obligations (CDOs), Residential Mortgage Backed Securities (RMBS) and structured credit derivatives. He brings to the fund an in-depth understanding of structure, risk, the ratings process and relative value analysis across a wide range of fixed income structured credit products. Mr. McGarrigal holds an M.B.A. in Finance from New York University and a B.S. in Mathematics and Business Economics from the State University College at Oneonta.

Portfolio Management Team

Patrick Fleming – Structuring and Documentation

Mr. Fleming joined BSAM as a Managing Director responsible for the Fund's legal, structuring, tax and accounting, and rating agency interactions in March of 2005 from the Financial Analytics and Structured Transactions (F.A.S.T.) group at Bear, Stearns & Co. Inc. Prior to joining Bear Stearns in 1996, Mr. Fleming received a B.A. in Political Science from Colgate University in 1992 and a J.D. from South Texas College of Law in 1996.

Joanmarie Pusateri – CP and Fund Position Financing

Ms. Pusateri has worked in the Bear Stearns institutional fixed income sales department for 19 years where she focused on trade settlement and administration for asset-backed, government, mortgage and corporate bonds. She is currently responsible for managing the fund's settlements and financing activities including all the ABS CP funding for the KLIO vehicles. Ms. Pusateri received a B.A. in Business Administration from Adelphi University in 1983.

Manuel E. Villar – Credit-Default Swaps Trading and Hedging

Mr. Villar joined the BSAM in 2004 but has been managing fixed income portfolios and trading fixed income securities and derivatives since 1994. Prior to joining Bear Stearns, Mr. Villar was the head trader at Westmoreland Capital Management, a structured credit asset manager. From 1994 through 2000, Mr. Villar was a Vice President at UBS Global Asset Management where he served as Portfolio Manager in the Quantitative Investments Group responsible for the management and trading of fixed income structured, indexed, and listed derivatives portfolios. Mr. Villar earned his B.S. in Finance/Economics from Fordham University in 1994.

Ardavan Mobasheri, CFA – Quantitative Strategist

Mr. Mobasheri has been with Bear Stearns since 2002. He spent 2 years as a strategist in the Portfolio Strategies Group focusing on balance sheet and portfolio analysis of Banks, Thrifts, and Credit Unions. From 2000 to 2002 he was a Partner and Head of Risk Management and Trading at TriStar Advisors LLC. Mr. Mobasheri has a M.S. in Financial Engineering from Polytechnic University in New York and is currently a PhD candidate in Economics at the City University of New York. He is a CFA Charterholder (CFA) and a certified Financial Risk Manager (FRM).

Portfolio Management Team

Douglas Logan – Credit Analyst

Mr. Logan joined BSAM in 2004, but has been with Bear Stearns since 1997 where he was part of the institutional fixed income department. He spent two years as a senior research analyst focusing on industrial credits followed by five years as a High Grade Corporate trader and salesperson. Prior to working at Bear Stearns, Mr. Logan was with PaineWebber for five years working with municipal securities. Mr. Logan has an M.B.A. from Columbia University and B.A. in Mathematics from Franklin & Marshall College.

Peter Reagan – Credit Analyst

Mr. Reagan joined BSAM in July of 2005 from the Bear, Stearns & Co. Inc. Fixed Income Research group where he followed the financial institution and health care sectors. Prior to joining Bear Stearns in 2002, Mr. Reagan was a Director with Fitch Ratings, covering financial institutions. During his tenure at Fitch Ratings, Mr. Reagan was also a lead ratings analyst for a broad array of mortgage and non-mortgage structured finance transactions. Mr. Reagan has an M.B.A. / M.S. in Accounting from Northeastern University, and a B.A. in Economics from Union College. In addition to attaining the CPA designation, Peter has also completed Level I of the Chartered Financial Analyst program.

Peter Hamptian – Quantitative Strategist

Mr. Hamptian joined BSAM in October 2005. Prior to joining BSAM, he was an equity investment advisor whereby he provided services for a consortium of real estate developers seeking to diversify through equities. Mr. Hamptian holds a B.A. from Rutgers College and a M.A. in International Business and Affairs from Columbia University.

Portfolio Management Team

Laurence T. Freed – Surveillance and Technology Officer

Mr. Freed joined BSAM in 2004. Prior to joining BSAM, he was a vice president/senior credit officer with Moody's Investors Service in the structured finance group. Mr. Freed began his career as a derivatives product specialist with Bear, Stearns & Co. Mr. Freed holds a Masters of International Affairs from Columbia University and a B.A. magna cum laude in History from Rutgers University.

Steven Van Solkema, CFA – Portfolio Management and Surveillance

Mr. Van Solkema has worked for BSAM since 2003. He is currently responsible for analysis and surveillance of all the fund's collateralized debt obligations. Prior to that, he spent five years at Goldman Sachs as a performance and risk analyst where he specialized in attribution analysis of leveraged fixed income accounts. He holds an M.B.A. in Finance from NYU Stern, and, a B.B.A. in Finance and Investments from Baruch College where he was Solon E. Summerfield Scholar. Mr. Van Solkema is also a CFA charterholder.

James Karper – Portfolio Management and Surveillance

Mr. Karper has been with Bear Stearns since 2001. He is presently an analyst focusing on sub-prime and residential mortgage backed securities. Prior to joining High Grade Strategies, he was a trader on the Institutional Futures Agency Desk covering financial and energy products for Asia/Pacific hours. Mr. Karper received his B.A. in History from Hobart and William Smith College in 1998.

Andrew S. Lipton – Portfolio Management and Surveillance

Mr. Lipton joined BSAM in October 2005. Prior to joining BSAM, he was a vice president / senior credit officer with Moody's Investors Service in the structured finance group. He is currently responsible for analysis and surveillance of the fund's sub-prime, residential and collateralized debt obligations. Mr. Lipton holds a J.D. from Hofstra School of Law and a B.A. from Queens College.

Stuart Rothenberg – Portfolio Management and Surveillance

Mr. Rothenberg will join BSAM in November 2005. Prior to joining BSAM, Mr. Rothenberg was a director with Standard and Poor's in the CBO / CLO ratings group. Mr. Rothenberg holds a B.S. from SUNY at Oswego and a MBA in Finance and Investments from Baruch College of CUNY.

Annie Cherniack – Database Management

Ms. Cherniack joined BSAM in August of 2005. Prior to BSAM, Ms. Cherniack was an Asset Backed Security origination analyst for Citigroup and ABN AMRO Inc. She earned a B.A. with Class Honors in Economics from the University of Michigan – Ann Arbor in 2001, and recently completed Level II of the Chartered Financial Analyst program.

Portfolio Management Team

Thomas Torsney-Weir – Database Architect

Mr. Torsney-Weir joined BSAM in 2004 from the CDO group at Moody's Investors Service where he was the liaison between Moody's analysts and Moody's CDO Analytics developers in New York and San Francisco. He has a B.S. in Computer Science from Georgetown University and is an M.S. candidate in Computer Science at New York University.

Jaime Silvela – Systems Design

Mr. Silvela joined Bear Stearns Asset Management in May of 2005 as a programmer for the High Grade Structured Credit Strategies fund. Prior to Bear Stearns, Mr. Silvela completed an M.S. in Computer Science from Columbia University in 2005, and spent three years in the technology industry as a programmer at Nortel Networks and IBM. Mr. Silvela also holds a B.S. and an M.S. in Electrical Engineering from the Universidad de Politecnica in Madrid, Spain

Jessica Borenkind – Funding and Trade Settlement

Ms. Borenkind joined BSAM in 2004 as a part of the Fund's repo and commercial paper trading effort from Bear, Stearns & Co.'s Government department. Ms. Borenkind earned a B.S. with honors in Family and Consumer Education; Business and Community Setting from the University of Wisconsin -Madison in 2001.

Richard Bierbaum – Trading Assistant and Trade Processing

Mr. Bierbaum joined BSAM in 2005. Before that, he worked as a trading assistant in the Bear Stearns Municipal Bond department. Prior to that, he worked large equity orders as agent for BSAM wrap accounts, and fee-based PCS customers. He received a Bachelor of Arts degree from Trinity College in 2003 and recently completed Level II of the Chartered Financial Analyst program.

Surveillance System Security View with Risk Stats

Security View

Security General Information

Security ID	1
Deal ID	14
Desk Name	ABFS MORTGAGE LOAN TRUST
Tranche Name	ABFS 2002-3 A 4.263 09/15/2033 STEP 4
CUSIP	000759CY4
ISIN	US000759CY43
SecId	
Common Code	
Portia Id	000759CY4
Bloomberg Ticker	ABFS 2002-3 A Mgt
Intex Ticker	ABFS0203 A
Hgsc Collateral Type	HEC
Portia Collateral Type	SUB-PRIME RESI
Kid Collateral Type	
Issue Date	2002-09-01
Maturity Date	2033-09-15
Rate Type	Fixed
Rate Index	
Rate Frequency	Monthly
Daycount Basis	30/360

Entities

Issuer	ABFS Mortgage Loan Trust
Manager	Dowen Financial Corporation
Underwriter	Credit Suisse First Boston
Trustee	J.P. Morgan Chase
Counterparty	
Document Source	J.P. Morgan Chase

Accrual Data

Factor	Date	Value
[+] Factor	2005-09-15	0.1267
[+] Price (%)	2005-09-27	99.27
Coupons (%)	2004-08-09	4.263
Spread (bps)		
Accrual Rate (%)	2004-07-21	4.263
[+] Accrued Interest (%)	2005-09-26	0.308

[-] Reference Obligation / Underlying Positions Table

Hedgefund Positions

Position Id	Portia Id	Security Name	Last Trade Date	Original Face	Current Face	Trades
219	000759CY4	ABFS 2002-3 A 4.263 09/15/2033 STEP 4		77,900,000	9,869,308.67	Enter Edit
219	RP2390045	BANK OF AMERICA REPO		-9,281,000	-9,281,000	Enter Edit

Other Positions

Done

Ratings

Agency	Date	Rating	Watchlist	Outlook	Type
Moody's	2005-02-11	Aaa	Negative		Actual
S&P	2002-09-26	AAA			Actual
Fitch	2002-09-01	NR/NA			Actual

Risk Statistics

Factor	Date	30 day	60 day	90 day	Rate
[+] Delinquencies	2005-09-15	9.94	4.02	21.19	
[+] Foreclosures	2005-09-15				2.98
[+] Bankruptcies	2005-09-15				0
[+] Repossessions	2005-09-15				0
[+] REOs	2005-09-15				4.28

Risk Statistics

Factor	Date	1 mo.	3 mo.	6 mo.	12 mo.	Life
[+] COV	2005-09-15	47.38	38.92	33.41	34.03	34.28

Risk Statistics

Factor	Date	Value
[+] JOG Enhancement (%)	2005-09-15	13
[+] CURM Enhancement (%)	2005-09-15	59.91
[+] Net Losses	2005-05-15	0
Net Wacs		
[+] Wacs	2005-05-15	11.73
[+] Wails	2005-09-15	36.89
Warm		
[+] Serious Delinquencies	2005-09-15	28.45

Surveillance System Security View

SAND - Staging Arena for New Deals - Mozilla Firefox

http://fmcincinalore:8080/cocoon/trading/sand_deals.html

SAND - Staging Arena for New Deals

Home Create New Deal Deal Name: Deal Type: Underwriter: Approval Status:

<p>Approval Checklist</p> <p>Source Documents</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Term Sheet <input type="checkbox"/> OM <input type="checkbox"/> Priced Portfolio <input type="checkbox"/> Agency Runs <input type="checkbox"/> Pricing Cashflows <input type="checkbox"/> S&P Analyst <input type="checkbox"/> Moody's Analyst <p>Pre-Analysis Requirements</p> <ul style="list-style-type: none"> <input type="checkbox"/> Fundamental Credit Review <input type="checkbox"/> Downgrade Sensitivity Analysis <input type="checkbox"/> Mandatory Auction Procedures <input type="checkbox"/> Minimum Equity Return Hurdle <input type="checkbox"/> Tranche Balances to Auction Call Date <input type="checkbox"/> Break-Even Price to Retire All Debt <input type="checkbox"/> Manager Review <input type="checkbox"/> Cashflow Diversion Mechanisms <input type="checkbox"/> Hedge Terms <p><input type="button" value="Update"/></p> <p>Approved By:</p> <p>1. <input type="text"/></p> <p><input type="button" value="Done"/></p> <p>2. <input type="text"/></p>	<p>McKinley II Funding (Multisector CDO , Citigroup)</p> <p>Investment Commentary</p> <p style="text-align: right;"><i>Mon 6/27/2005 10:04:00 AM by rfm</i></p> <p>ABCP 861.3mm P-1/A-1+ 7.6yr A1 75.0mm Aaa/AAA 7.6yr A2 20.0mm Aa2/AA 7.6yr A3 10.0mm A3/A- 7.6yr B 25.0mm Baa2/BBB 7.6yr EQ 18.6mm NR</p> <p>WARF: 66 (A1 type portfolio) Max Res A Concentration: 35% Max Portfolio Below A3/A-: 10% Max CDO Concentration: 40% Max CDOs below Aa3/AA-: 5%</p> <p>Min Portfolio Spread: 68bps</p> <p>Deal has a large RES/A concentration. Deal only has 1.8% equity on a 66WARF portfolio. Base equity yield being marketed at 15.7% IRR.</p> <p>New Comment</p> <p>Initials: <input type="text"/></p> <p>Note: You can use WYSIWYG Formatting here.</p> <div style="border: 1px solid black; height: 150px; width: 100%;"></div> <p><input type="button" value="Add Comment"/></p>	<p>Posted Documents</p> <p>Term Sheet</p> <ul style="list-style-type: none"> TS_McKinley II Final 20050801.pdf TS_McKinley II TS 20050627.pdf <p>Pitch Book</p> <ul style="list-style-type: none"> PB_McKinley II PB 20050627.pdf <p>Misc Analysis</p> <ul style="list-style-type: none"> MAN_McKinley II EO CFs 20050630.xls <p>Post New Document</p> <p>Document File: <input type="text"/> <input type="button" value="Browse"/></p> <p>Document Type: <input type="text"/></p> <p>Additional Info: <input type="text"/></p> <p><input type="button" value="Add Document"/></p>
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Done

Surveillance System Security View

Mozilla Firefox
 http://amsinc/fore:8080/database/public/alerts/ast

CDO Alerts

Security ID	Portia ID	Deal Name	Bloomberg Ticker	Alert ID	Alert Date	Data Date	OCI Ratio	OCI Ratio 1 Month Change	OCI Ratio 3 Month Change	OCI Rank	OCI Ratio	OCI Ratio 1 Month Change	OCI Ratio 3 Month Change	OCI Rank	OCI Ratio	OCI Ratio 1 Month Change	OCI Ratio 3 Month Change	OCI Rank	OCI Ratio
198	86943TAA3	SUTT 2001-1A	SUTT 2001-1A AIL Mtge	1698	2005-08-29	2005-09-08	1.055	0.000%	-0.033%	5	1.002	0.000%	-0.032%	4					
3839	04009QAC9	ARESLV 0 01-12-12	ARESLV 0 01/12/12 A-2* Corp	1697	2005-08-29	2005-09-01	1.067	0.068%	0.059%	132	1.027	0.028%	0.020%	112	1.025	0.018%	0.010%	60	
68	23910PAD7	DVSQ 2004-2A	DVSQ 2004-2A B Mtge	1801	2005-09-17	2005-08-31	1.046	0.000%	-0.003%	22									
3595	S2639RAF4	MADRE 2004-1A	MADRE 2004-1A D Mtge	1806	2005-09-21	2005-08-30	1.007	-0.000%	-0.003%	21	1.020	-0.000%	-0.003%	18					
1129	51507JAC3	LANDM 2003-3A	LANDM 2003-3A AILB Mtge	1807	2005-09-21	2005-08-05	1.093	-0.004%	0.001%	87	1.102	-0.004%	0.001%	74	1.057	-0.003%	0.001%	33	1.040
1150	85430PAA3	STAN 1A	STAN 1A A1 Mtge	1808	2005-09-21	2005-08-12	2.329	0.492%	0.793%	140	1.395	0.107%	0.189%	125	1.175	0.049%	0.087%	65	1.036
7761	86175SAA4	STCLO 2004-2A	STCLO 2004-2A D Mtge	1747	2005-09-08	2005-08-15	1.065	0.001%	0.000%	45	1.054	0.001%	-0.000%	38	1.041	0.001%	0.000%	22	1.041
1247	91914RAA2	VAHA 2004-1A	VAHA 2004-1A A1 Mtge	1813	2005-09-22	2005-07-20	1.339	0.002%	0.002%	98	1.185	0.002%	0.002%	88	1.166	0.001%	0.002%	42	
9191	83743QAA8	SCF 2A	SCF 2A A1 Mtge	1796	2005-09-14	2005-08-31	1.041	0.000%	-0.002%	26	1.003	0.001%	-0.002%	25					
633	965253AB3	WITEH 2004-1A	WITEH 2004-1A AILB Mtge	1797	2005-09-14	2005-08-04	1.087	-0.001%	-0.002%	24	1.073	-0.001%	-0.002%	22	1.073	-0.001%	-0.002%	12	
147	623880AB7	MCAP 1A	MCAP 1A A2 Mtge	1799	2005-09-16	2005-09-02	1.502	0.266%	0.265%	137	1.041	0.024%	0.024%	114					
1321	50181VAA5	LCM 1A	LCM 1A A1 Mtge	1800	2005-09-16	2005-09-08	1.105	-0.001%	-0.002%	25	1.067	-0.001%	-0.002%	23	1.027	-0.001%	-0.002%	13	
1047	04529LAA5	ASPEN 2002-1A	ASPEN 2002-1A A1L Mtge	1790	2005-09-10	2005-08-26	1.184	0.031%	0.031%	127	1.084	0.015%	0.015%	110	1.044	0.009%	0.009%	59	0.986
1110	36292SAB5	GSC 2003-4A	GSC 2003-4A A2 Mtge	1791	2005-09-10	2005-08-22	1.114	0.005%	-0.003%	19	1.098	0.005%	-0.003%	15					
8327	18272WAD4	CLSVF 2005-1A	CLSVF 2005-1A A2 Mtge	1811	2005-09-21	2005-08-31	1.023	-0.001%	-0.009%	10	1.011	-0.024%	-0.009%	9	1.008	-0.001%	-0.009%	6	

Done

Surveillance System Security View



Refresh

DealId	DealName	Level0s	Level1s	Level2s
62	AMSI 2004-R7	3	26	37
247	CWL 2004-6	1	25	57
7189	BSABS 2004-FR1	0	23	18
7063	AMSI 2003-12	0	22	33
7693	HEAT 2004-5	0	20	31
551	PPSI 2004-WCW1	2	20	25
7693	MLM 1998-C1	0	19	12
8387	ARSI 2003-W9	3	19	34
646	SAST 2004-2	1	19	28
7037	ACE 2003-OP1	0	18	66
7923	MSAC 2004-NC1	0	18	65
7081	ARGF 2003-1A	0	18	83
7085	ARSI 2003-W3	0	18	50
7004	MAES 2003-WMC2	0	18	28
8082	RESIF 2004-A	0	18	48
7238	CBASS 2004-CB5	0	18	17
58	AMSI 2004-R2	1	17	22
149	BSABS 2004-HE6	1	17	17
362	GSAMP 2004-SEA2	5	17	36
7018	ABSHE 2004-HE1	0	17	59
7255	CDCMC 2004-HE3	0	16	23
7605	MABS 2004-FRE1	0	16	13
84	ARSI 2003-W7	1	16	56
7471	CWL 2004-ECCT	0	16	12
8003	NCHET 2003-5	0	16	41
487	MSAC 2003-NC8	2	16	32
7690	HEAT 2003-7	0	16	44
210	COMM 2004-CNL	1	15	64
7930	MSAC 2004-WMC2	0	15	13
7430	CWHL 2003-56	0	15	40
7929	MSAC 2004-WMC1	0	15	21
7458	CWL 2003-5	0	15	85
7482	DENC3 3A	0	15	5
7691	HEAT 2003-8	0	15	42



View All
 Deal Id: 62
 Deal Name: AMSI 2004-R7

Directly Owned

Tranches Owned	Owned In
1	HGSC 2004-1A
2	Klio II

Level 1

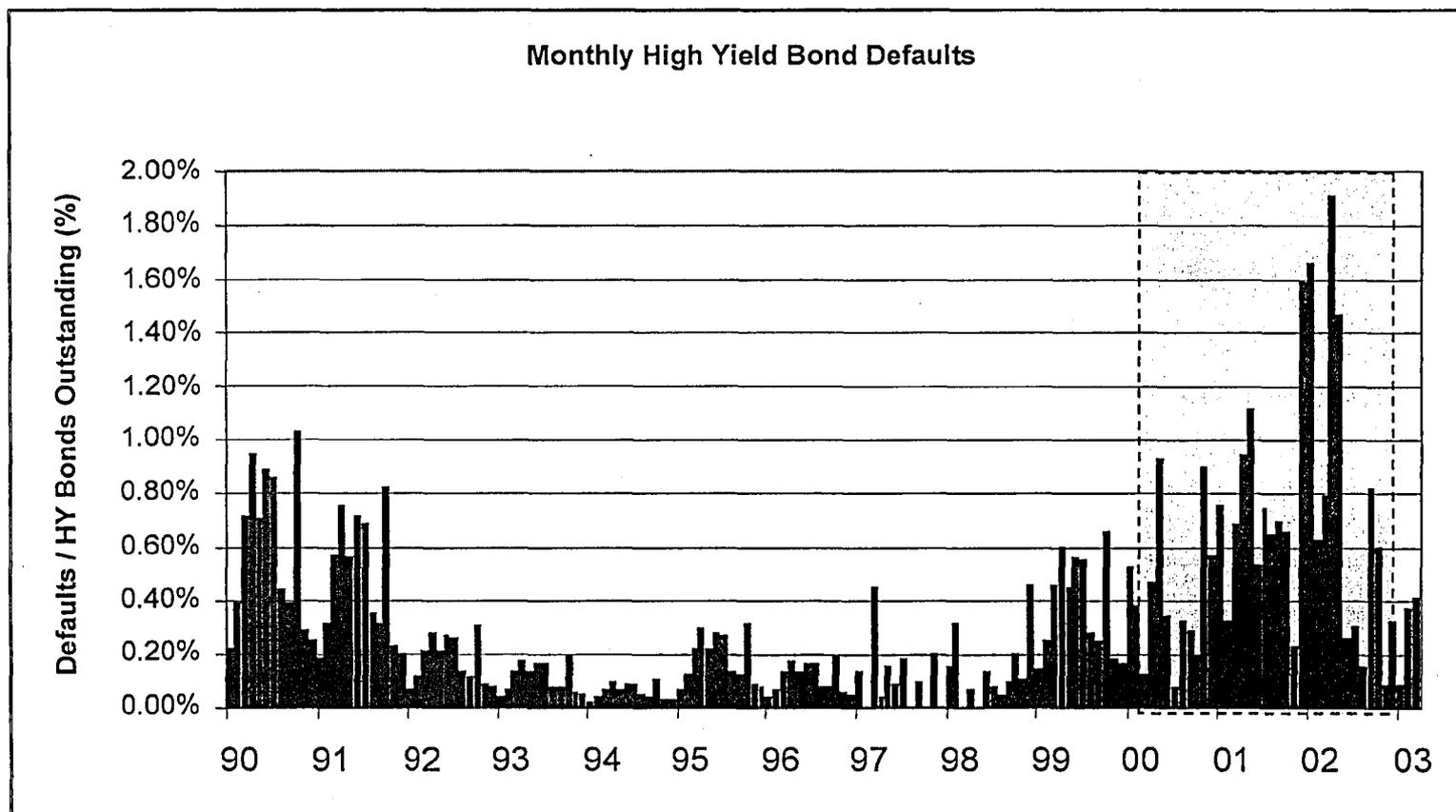
Tranches Owned	Owned In	Owned In
1	NEPTN 2004-1A	Hedge Fund
5	MCKIN 2004-1A	Hedge Fund
1	CBCL 11A	Hedge Fund
1	SCF 5A	HGSC 2004-1A
1	CASF 2004-1A	HGSC 2004-1A
5	MCKIN 2004-1A	Klio I
1	SCF 5A	Klio II
1	NEPTN 2004-1A	Klio II
5	MCKIN 2004-1A	Klio II
5	MCKIN 2004-1A	

Level 2

Tranches Owned	Owned In	Owned In	Owned In
1	DAVISQ3	VERT 2004-1A	Hedge Fund
1	FTPOINT2	VERT 2004-1A	Hedge Fund
1	ACABS 2004-1A	CLS VF 2005-1A	Hedge Fund
1	SCF 5A	CLS VF 2005-1A	Hedge Fund
1	NEPTN 2004-1A	CLS VF 2005-1A	Hedge Fund
1	DAVISQ3	MCKIN 2004-1A	Hedge Fund
1	NEPTN 2004-1A	MCKIN 2004-1A	Hedge Fund
1	DAVISQ3	VERT 2004-1A	Stone Tower
1	FTPOINT2	VERT 2004-1A	Stone Tower
1	DAVISQ3	VERT 2004-1A	HGSC 2004-1A

High Yield Bond Default History (1990 – 2003)

During the sample period (2000 – 2003) high yield defaults ran at twice the average level for the period between 1990 and 2003 (7.65% vs. 3.92%)



Source: Bear Stearns