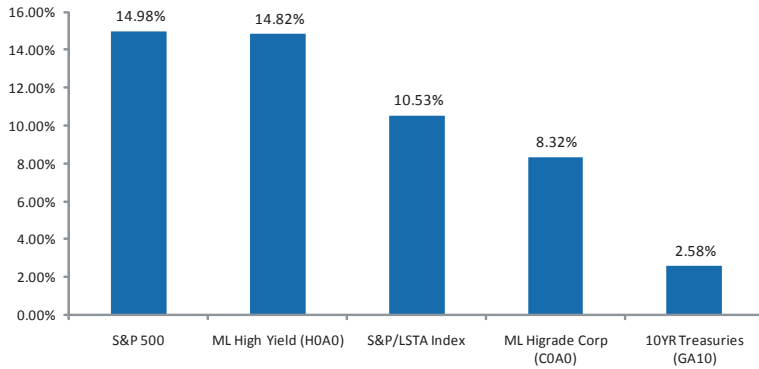


S&P/LSTA All Loans Returns 3.20% in September up 10.53% for the Quarter

The S&P/LSTA all loans index returned 3.20% in September, finishing a quarter that saw the loan market return 10.53%. While this was impressive and eclipsed both High-grade Corporate and 10 year Treasury indices for the quarter, the return did not exceed those of the Equity and High Yield Bond markets, each of which returned approximately 15%. The Loan market continued to be led by beaten down cyclical sectors including Chemicals/Plastics and Building/Development. Despite the continued rally in these sectors, the average bid within these industries remains below the broader index of 85.08.

Third Quarter Relative Performance by Asset Class



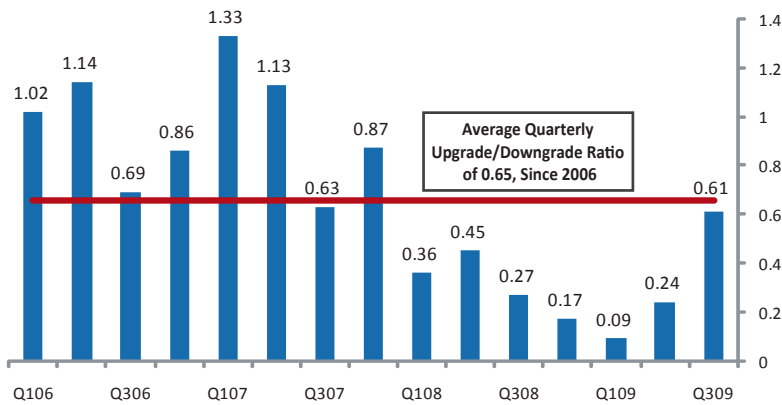
Source: S&P/LSTA Leveraged Loan Index September 2009 Review

Note to Chart: Loan market outperforms Investment Grade and Treasuries during the third quarter, but lags Equities and High Yield Bonds over the same period.

Is the Rebound in Fundamentals Sustainable?

The major rating agencies' rate of downgrades has dropped significantly over the third quarter. Moody's monthly corporate family downgrades over the course of the first six months averaged approximately 90 versus an average of 32 for the first two months of the third quarter. This is down significantly from the average monthly downgrade of 55 experienced since the beginning of 2008. We believe this substantial improvement is reflective of an increasingly improving fundamental picture for high yield debt issuers. Another indicator of the strengthening fundamental environment is the improvement in the Standard and Poor's upgrade to downgrade ratio, which troughed at 0.09 in the first quarter of 2009, meaning there was one upgrade for every 11 downgrades. During the third quarter this ratio increased to 0.61, with S&P having a positive outlook for the fourth quarter.

Standard & Poor's Corporate Upgrade/Downgrade Ratio



Source: Bloomberg, Standard and Poor's upgrade to downgrade ratio

Note to Chart: Standard and Poor's upgrade to downgrade ratio has rallied from a low of 0.09 in the first quarter to 0.61 indicating a substantially improved fundamental outlook for debt issuers.

Past performance does not guarantee future results. Performance during time period shown is limited and may not reflect the performance in different economic and market cycles. There can be no assurance that similar performance will be experienced.

This document is for informational purposes only and does not constitute an offer to sell or solicitation of an offer to buy any securities or investment services. Material within is subject to change.

Note: An investment cannot be made directly in an index. The S&P/LSTA Leveraged Loan Index (LLI) is a leverage loan index which covers the U.S. Loan market. The index reflects the market-weighted performance of institutional leveraged loans in the U.S. loan market based upon real-time market weightings, spreads and interest payments, and the Euro portion that is syndicated in the European market is tracked by the ELLI. The LLI series currently calculates total return daily with an inception date of January 1, 1997. Total return is the product of two components: interest income return and market value return.

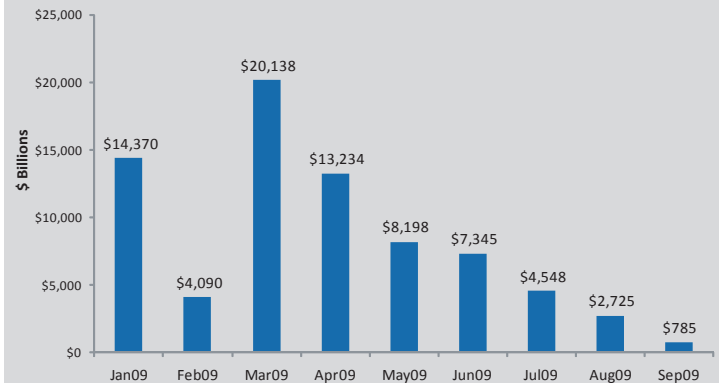
Merrill Lynch U.S. High Yield Cash Pay Index is an unmanaged portfolio constructed to mirror the public high-yield debt market. The S&P 500 Total Return Index is an index of a basket of 500 stocks designed to provide a broad snapshot of the overall U.S. equity market. Ordinary cash dividends are applied on the ex-date in calculating the total return series. "Special dividends" are those dividends that are outside of the normal payment pattern established historically by the issuing corporation. The total return index series reflect both ordinary and special dividends. Investors cannot invest directly into an index.

The U.S. 10-Year Treasuries Index is an unmanaged index designed to measure debt obligations of the U.S. Treasury that have maturities of more than 10 years.

Defaults have Dropped Dramatically

S&P's monthly loan defaults by principal have dropped from a high of \$20 billion in March 2009 to \$785 million in September 2009. The monthly default average was down almost 75% in the third quarter, from \$11 billion during the first two quarters of the year to \$2.6 billion in the third quarter. This decline is a result of actions by issuers to bring their cost structures in line with estimated declines in revenue, combined with easing top line revenue pressures. These better than expected operational results and what appears to be a bottoming out of the macro economic backdrop has led to an increase in market appetite for riskier assets. This increased appetite has opened up the High Yield Bond and Loan markets to refinancings for those issuers with pending maturities providing them with additional runway to navigate their way through the current economic uncertainty and stave off potential defaults.

YTD Loan Defaults by Month, by Principal Amount



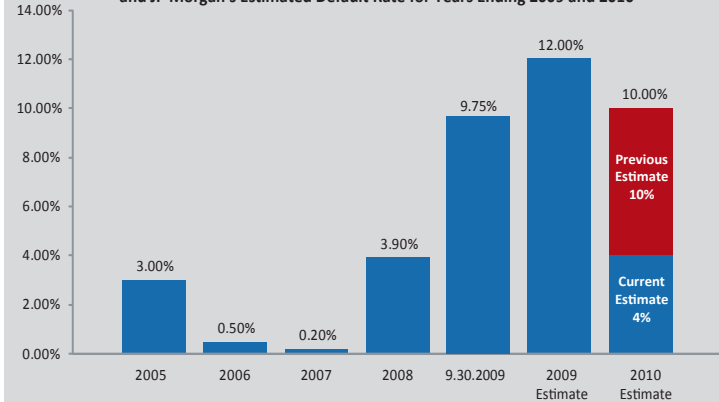
Source: S&P/LCD Loan Default monitor

Note to Chart: The above chart illustrates the dramatic decline in the monthly default rate by principal, falling over 95% by September from its high of \$20 billion of principle amount in March of this year.

Due in Part to the Falling Default Rates, Estimated Defaults in 2010 Have Been Cut in Half

For many of the same reasons noted above, Loan market participants have dramatically reduced their estimated default rates for 2010. JP Morgan has reduced its 2010 trailing twelve month estimated default rate to 4% vs. its previous estimate of 10%. Moody's projects the U.S. speculative-grade trailing twelve month default rate to hit 13.2% at the end of 2009 before falling to 4% in August of 2010.

Actual Trailing Twelve Month Default Rate by Principal and JP Morgan's Estimated Default Rate for Years Ending 2009 and 2010



Source: JP Morgan North America High Yield Research, October Default Monitor

Note to Chart: The above chart illustrates JP Morgan, among others, have cut their expected 2010 default rate in half.

Statements included herein may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Actual results may differ materially from those in the forward-looking statements as a result of a number of factors, including those described from time to time in our filings with the Securities and Exchange Commission. We undertake no obligation to update or revise any forward-looking statements.