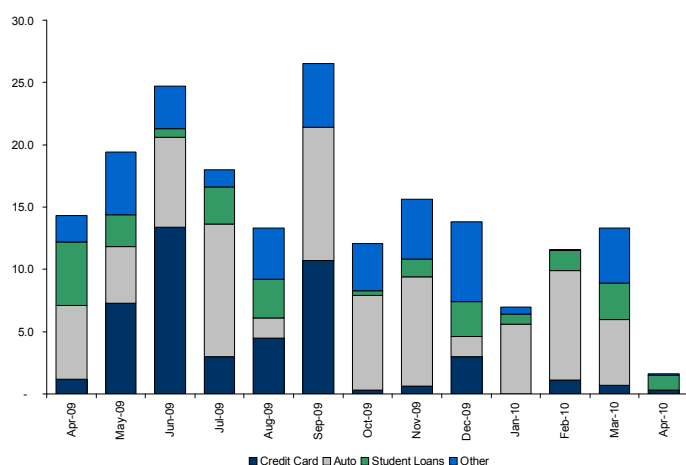


ABS

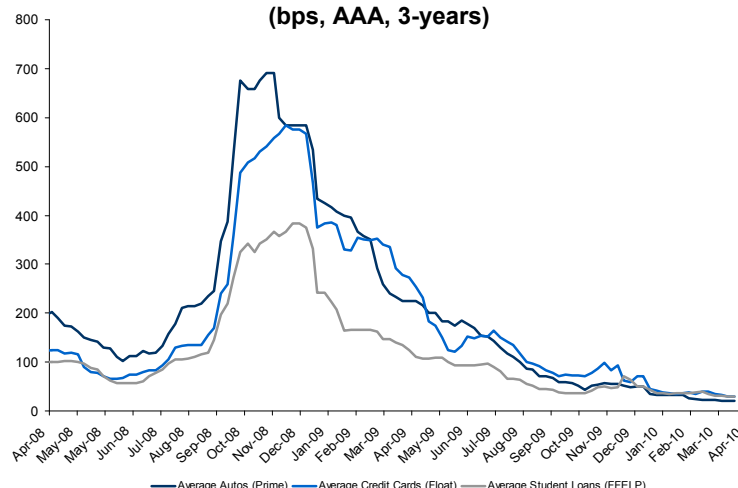
Investors are buying consumer-backed loans at a fast pace, giving hope to a market that continues to rise in its first month without government support. Despite high unemployment and a slow economic recovery, the deals are reassuring investors that issuance levels would not plummet after the end of the Federal Reserve's program to prop up the securitization market in March. Another positive sign for investors is the range of companies coming to market. Besides the more traditional issuers from the auto sector, others such as a cell phone-tower operator were able to sell deals. More specifically, John Deere issued a \$708 million equipment deal, with the AAA tranches pricing at 15bps, 15bps and 25bps respectively. Sierra Wyndham came to market with a \$300 million timeshare deal and First Financial issued two credit card transactions each at \$90 million. Because regulatory changes have not been disclosed, and are not expected to be announced for another few months, investors appear to be unconcerned about possible risk. 15 transactions have priced since the final TALF subscription date on March 4, representing over \$10.5 billion of issuance. Many believe investor demand will continue to rise due to the large amount of cash that has accumulated. As a result, deals in so-called "off-the-run" sectors are getting done, like servicing advances or fees for processing loans. For instance, GMAC Mortgage priced a servicer-advance transaction. The bond was in high demand and the size was increased to \$508 million from its original amount of \$325 million.

ABS Issuance Volume by Month (\$bn)



Source: Bloomberg

Auto, Credit Card and Student Loan Spreads (bps, AAA, 3-years)



Source: BMOCM

New ABS Deals and Pricing, bps

Deal	\$MM	Equivalent Spreads over Libor/Swaps					Subsector	TALF
		AAA - 1y	AAA - 2y	AAA - 3y+	AA	A		
Autos								
4/15 BMWOT 2010-A (BMW)	750	13	13	20			Retail Loan - Prime	non-TALF
4/13 MBART 2010-1 (Mercedes-Benz)	993	13	15	20			Retail Loan - Prime	non-TALF
3/26 AMCAR 2010-A (AmeriCredit)	200	90		175			Retail Loan - Subprime	non-TALF
3/17 ALLYA 2010-1 (Ally)	964	25	30	40	115		Retail Loan - Prime	non-TALF
3/16 AESOP 2010-2	500			185 - 210			Car Rentals	non-TALF
3/16 AESOP 2010-3	80					400 - 425	Car Rentals	non-TALF
Total	3,486							
Credit Cards								
4/8 FBUSA 2010-A (1st Financial)	90		325					non-TALF
4/8 FBUSA 2010-B (1st Financial)	90		350					non-TALF
3/31 GEMNT 2010-2 (GE)	250			120				non-TALF
3/29 GEMNT 2010-1 (GE)	500			100				non-TALF
Total	930							
Other								
4/15 JG Wentworth 2010-1 (JG Wentworth)	234			192	500		Structured Settlements	non-TALF
4/15 CFF Covered Bond (CFF)	2,000			40			Covered Bonds	non-TALF
4/14 JDOT 2010-A (John Deere)	708	15	15	25			Equipment	non-TALF
4/9 GSAP 2010-1 (GMAC)	508	375					Servicer Advances	non-TALF
4/8 Newcastle 2010-MH1 (Newcastle)	100			265	232		Manufactured Housing Loans	non-TALF
4/6 SBAP 2010-20D (SBA)	237			40			SBA Loans	non-TALF
Structured Sale Guaranteed Notes 2010-L1								
3/24 (FDIC)	653			75			FDIC Guaranteed Notes	non-TALF
3/19 CNH 2010-A (Case New Holland)	1,074	25	30	40	185		Equipment	non-TALF
3/12 SRFC 2010-1 (Wyndham)	300				300		Timeshares	non-TALF
Total	5,814							
Student Loans								
4/13 BRAZO 2010-1 (Brazos)	87			90			FFELP Student Loans	non-TALF
3/3 SLMA 2010-1 (Sallie Mae)	1,220			40			FFELP Student Loans	non-TALF
Total	1,307							

Conduit Deals*

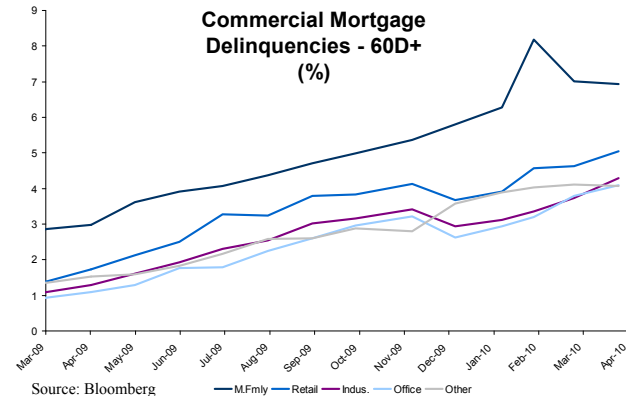
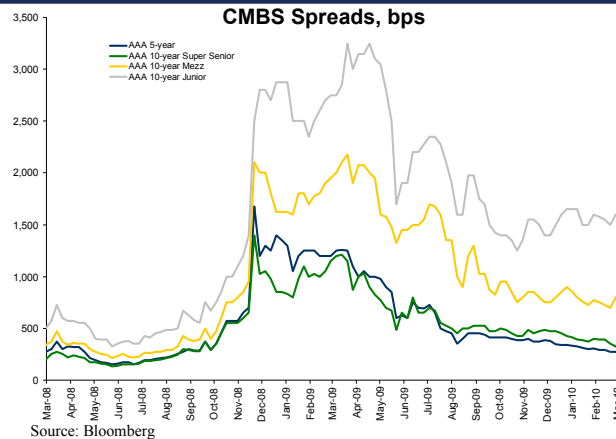
4/13/10 – Alliance Data Systems Corporation (NYSE: ADS) has completed a renewal of a \$550 million conduit facility. There is currently approximately \$380 million in credit card assets outstanding in the facility.

4/5/10 – Tenneco Inc. has modified its U.S. trade accounts receivable securitization program. The revolving term of the program is being extended to March 25, 2011. Available financing under the facility is increasing by \$10 million (to \$110 million). The company has also added a second facility which provides up to an additional \$40 million of financing, collateralized by a second priority lien on accounts receivable generated in the U.S. and Canada.

*Only select deals that have been publicly announced by borrowers.

CMBS

CMBX prices rallied strongly in March, particularly at the top and middle of the capital structure. ‘AAA’ prices were up 1.28-3.79 points, while ‘AM’ prices recovered nicely since their shaky start in February, and were up 1.95-5.69 points on the month. ‘AJ’ through single-A tranches outperformed their cash counterparts, particularly on the earlier series, experiencing monthly price increases of up to nearly 8 points. RBS Commercial Funding issued a \$310 million CRE deal, titled RBSCF 2010-MB1. The 5-year deal was tranching down to the triple-B minus level. The two triple-A classes had 22.25% credit enhancement. The longer triple-A class priced at S+90. Another CMBS deal that came to market in early April was SBAC 2010-1 and 2010-2, a \$1.23 billion combined deal in the secured tower revenue securities class. Finally, Freddie Mac issued a \$1.081 billion CMBS deal backed by multi-family properties. The Class A-1 and A-2 tranches priced at S + 30bps and S + 45bps, respectively.



Thought of the Month

Insurance companies and other fund managers are looking for high investment grade alternatives and ABS fits that definition well. As investor demand continues to rise, more “off-the-run” deals are coming to market. Asset types such as timeshare, servicer advances and factoring receivables are being securitized. Although these deals require more time to close, stronger structures and higher spreads are generating interest from investors.

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Leveraged Finance

The US CLO market traded up amidst a strong bid for risk: AAs up \$2 to \$80, single-As up \$5 to \$70, BBBs up \$5 to \$60, BBs up \$5 to \$45. The uptick only partially retraces the correction in February, owing to the strength in leveraged loans and high yield, mutual fund inflows into credit, and falling distress and defaults. At the end of March, Fraser Sullivan issued a 7-year \$525 million CLO, titled COA Tempus CLO. The assets are U.S. denominated senior secured bank loans, and the AAA tranche priced at L + 190bps.

BMO Recent Deals

<p>Consumer Finance Company</p> <p>\$100 million</p> <p>Agent April 2010</p>	<p>Dealer Floorplan Financing Company</p> <p>C\$75 million</p> <p>Agent February 2010</p>	<p>Business Development Company</p> <p>\$66 million</p> <p>Co-Purchaser December 2009</p>	<p>Alternative Asset Manager</p> <p>\$200 million</p> <p>Co-Purchaser September 2009</p>
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