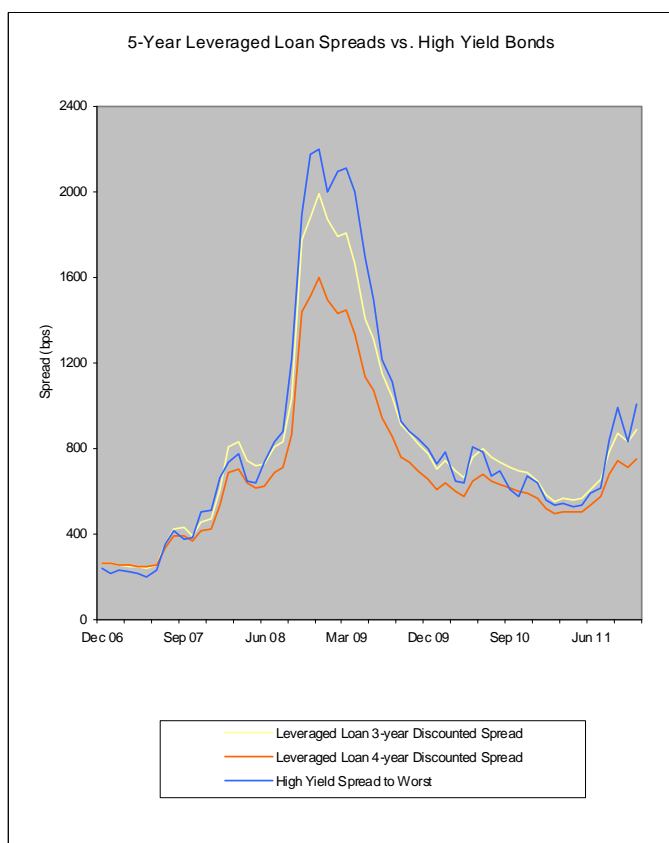


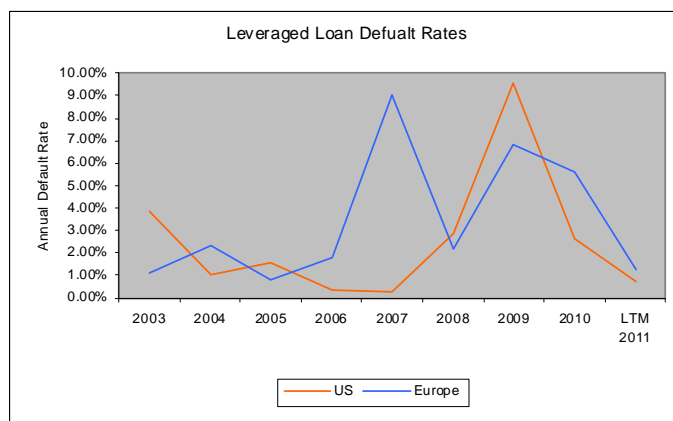
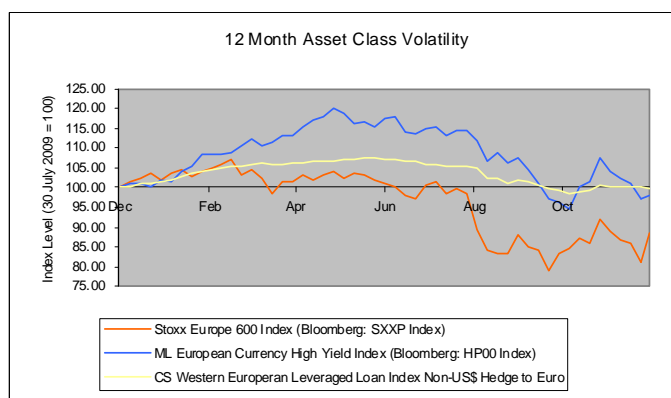
November started with the Greek Prime Minister unexpectedly calling for a referendum on the agreed EU proposals and MF Global filing for Chapter 11. These events marked the start of another volatile month, which saw the focus very much back on Europe, as questions were again asked about the effectiveness of the tabled proposals to ease the Eurozone crisis. Despite Mario Draghi cutting the ECB Benchmark Rate by 0.25% to 1.25% in his first action as the new ECB president, investor sentiment worsened further when the US Super Committee failed to agree increased spending cuts and doubts grew about a wide ranging European accord. The VIX (a CBOE measure of volatility) increased to the mid 30s for most of the month as sovereign tensions increased. Risk assets rallied towards the end of the month, supported by decent economic data coming out of the US and concerted action by the major central banks to improve liquidity to the banking system. For example, the German DAX was down over 11% at its low but rallied in the last week to finish the month down only by about 1%. Both the leveraged loan and high-yield markets were also down in the month, -1.27% and -5.15% respectively. This meant the 3Y DM spread for leveraged loans widened 50bp to 883bp – it's widest since Q4 2009.

Credit Suisse Western European Leveraged Loan Index, Non US\$, Hedged to €

	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
1 month total return	1.59%	2.72%	1.50%	0.41%	0.57%	0.52%	-1.20%	-0.94%	-3.37%	-2.24%	1.96%	-1.27%
1y ann. total return	8.75%	8.19%	10.84%	9.05%	8.18%	11.43%	11.38%	8.83%	4.64%	1.13%	1.56%	0.07%
3y ann. total return	4.02%	6.04%	8.19%	8.39%	7.38%	7.08%	6.49%	6.75%	5.46%	6.22%	14.04%	15.14%



Data: Credit Suisse Western European Leveraged Loan Index, Non US\$, Hedged to €
Data: Merrill Lynch European Currency High Yield Index (Bloomberg: HP00 Index)



Data: Credit Suisse, High Yield and Leveraged Loan Default Review, 7th October 2011

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