



5th February 2009

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Dear Sirs

**Nexus4 Topaz Notes (ASX code NXBHD)
Portfolio Commentary and Composition Report from Portfolio Manager**

Attached is a Portfolio Commentary and Composition Report for the quarter ended 31 December 2008 prepared by the Portfolio Manager, Société Générale Asset Management Alternative Investments SA (**SGAM AI**).

The attached does not take into account any events or circumstances occurring in the period between 31 December 2008 and the date of publication.

Neither Deutsche Bank nor Nexus is liable for any error or omission in the information contained in the report.

Please note this report is in relation to Nexus4 Topaz Notes only and does not relate to Nexus2 Notes (NXBHB) nor Nexus3 Notes (NXBHC).

Yours faithfully

Deutsche Bank AG, Sydney Branch
(as Operating Agent for Nexus Bonds Limited)



Nexus 4

Topaz Notes

Quarterly report

Fourth Quarter 2008
31/12/2008

Alternative Investments



SOCIETE GENERALE
Asset Management

NEXUS4 Topaz Note

31/12/2008

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NEXUS4 Topaz Note

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TRANSACTION SUMMARY

Issuer	Nexus Bonds Limited
Manager	SGAM Alternative Investments
Arranger	Deutsche Bank
Ticker Bloomberg	NXBHD Corp <Go>
5yr Initial Average Spread	67.47 bp
Initial Average Rating	BBB
Next Reset Date	May 2009
7 th Coupon Reset Spread	351.11 bps (November, 2008)
6 th Coupon Reset Spread	153.35 bps (May, 2008)
5 th Coupon Reset Spread	110.72 bps (November, 2007)
4 th Coupon Reset Spread	48.08 bps (May, 2007)
3 rd Coupon Reset Spread	48.68 bps (November, 2006)
2 nd Coupon Reset Spread	53.78 bps (May, 2006)
1 st Coupon Reset Spread	72.06 bps (November, 2005)

LIABILITIES CHARACTERISTICS

Class	Rate	Participation	Maturity	Previous Income Factor	New Income factor	Difference in Income Factor
Nexus4	BBSW 6m	4	10Y	29.38%	6.36%	-23.02%

CONSTRAINTS

Criteria	Target	Current	Validation
Maximum exposure to Portfolio Companies rated BB+/Ba1 or below	10%	12.92%*	No Comply
Maximum Average 7 years Portfolio Credit Spread	3%	5.03%**	No Comply
Maximum Exposure to a single industry	15%	12.93%	Comply
Maximum exposure to Portfolio Companies with no public rating	5%	4.31%	Comply
Maximum exposure to country rated below A-/A3	5%	2.58%	Comply

* According to Moody's rating breakdown

** This portfolio contains distressed names which have contributed to a significant increase of the average spread during the period

NEXUS4 Topaz Note

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PORTFOLIO

Reference Entity	Reference Obligation	Industry classification group Moody's	Industry classification group S&P	5 yr Spreads*	LT Debt Rating Moody's	LT Debt Rating S&P	Category	Region of incorporation
AIR FRANCE	FR0010185975	Personal Transportation	Air transport	690	NR	NR	Senior	FRANCE
ALTRIA GROUP Inc	US02209SAA15	Beverage, Food & Tobacco	Beverage & Tobacco	140	Baa1	BBB+	Senior	USA
AMCOR Ltd	XS0188426372	Containers, Packaging & Glass	Containers & glass products	148	Baa2	BBB	Senior	AUSTRALIA
AOL TIME WARNER	US00184AAG04	Broadcasting & Entertainment	Leisure goods/activities/movies	140	Baa2	BBB+	Senior	USA
ARCELOR MITTAL FIN	XS0176671732	Mining, Steel, Iron & Non Precious Metals	Steel	1488	Baa2	BBB+	Senior	LUXEMBOURG
ARROW ELECTRONICS Inc	US042735AL41	Electronics	Electronics/electrical	210	Baa3	BBB-	Senior	USA
AUTOZONE Inc	US053332AC61	Retail Stores	Retailers (except food & drug)	145	Baa2	BBB	Senior	USA
BANCA POPOLARE DI LODI Spa	XS0211167936	Banking	Financial intermediaries	199	WR	A	Sub	ITALY
BANK OF SCOTLAND Plc	XS0156924051	Banking	Financial intermediaries	161	Aa2	A+	Sub	UNITED KINGDOM
BOMBARDIER Inc	USC10602AG20	Aerospace & Defense	Aerospace & Defense	535	Ba2	BB+	Senior	CANADA
BRITISH AMERICAN TOBACCO Plc	XS0189727869	Beverage, Food & Tobacco	Beverage & Tobacco	140	Baa1	BBB+	Senior	UNITED KINGDOM
BRITISH SKY BROADCASTING Plc	US111013AC22	Broadcasting & Entertainment	Cable & satellite television	273	Baa2	BBB	Senior	UNITED KINGDOM
CALTEX AUSTRALIA Ltd	-	Oil & Gas	Oil & gas	340	WR	BBB+	Senior	AUSTRALIA
CAPITAL ONE FINANCIAL Corp	US14040HAJ41	Banking	Financial intermediaries	279	A3	BBB+	Senior	USA
CARNIVAL Corp	US143658AH53	Leisure, Amusement, Entertainment	Food/drug retailers	362	A3	A-	Senior	USA
CARREFOUR Sa	FR0000480691	Retail Stores	Food/drug retailers	101	A2	A	Senior	FRANCE
CENTEX Corp	US152312AQ77	Buildings & Real Estate	Building & Development	427	Ba3	BB-	Senior	USA
CENTURY TEL Inc	US156700AG13	Telecommunications	Telecommunications	145	Baa2	BBB-	Senior	USA
CIBA SPECIALTY CHEMICALS Inc	XS0085895935	Chemicals, Plastics & Rubber	Chemicals & plastics	214	NR	BBB-	Senior	SWITZERLAND
CIT GROUP Inc	US125581AB41	Banking	Financial intermediaries	727	Baa1	BBB+	Senior	USA
COMCAST Corp	US20029PAN96	Broadcasting & Entertainment	Cable & satellite television	261	Baa2	BBB+	Senior	USA
COMPAGNIE DE SAINT-GOBAIN	XS0109134113	Containers, Packaging & Glass	Building & Development	458	Baa1	BBB+	Senior	FRANCE
CONTINENTAL Ag	XS0139722069	Automobile	Automotive	1290	Ba1	BBB-	Senior	GERMANY
COUNTRYWIDE HOME LOAN Inc	US22237LNG31	Finance	Financial intermediaries	123	Aa2	A+	Senior	USA
COX COMMUNICATIONS Inc	US224044AN72	Telecommunications	Telecommunications	204	Baa3	BBB-	Senior	USA
DAILY MAIL & GENERAL TRUST Plc	XS0109428705	Broadcasting & Entertainment	Leisure goods/activities/movies	584	NR	BBB-	Senior	UNITED KINGDOM
DAIMLER Ag	US233835AW75	Automobile	Automotive	378	A3	A-	Senior	GERMANY
DEUTSCHE LUFTHANSA Ag	XS0140276618	Personal Transportation	Air transport	232	Baa3	BBB	Senior	GERMANY
DEUTSCHE TELEKOM Ag	XS0148956559	Telecommunications	Telecommunications	131	Baa1	BBB+	Senior	GERMANY
DOMINION RESOURCES Inc	US25748UJ88	Utilities	Utilities	93	Baa2	A-	Senior	USA
DSG INTERNATIONAL Plc	XS0157632562	Retail Stores	Retailers (except food & drug)	1697	Ba3	NR	Senior	UNITED KINGDOM
EASTMAN CHEMICAL Co	US277432AD23	Chemicals, Plastics & Rubber	Chemicals & plastics	144	Baa2	BBB	Senior	USA
ELECTROLUX Ab	XS0126231199	Home & Office Furnishings, Housewares, & Durable Consumer Products	Home furnishings	192	WR	BBB	Senior	SWEDEN
ELISA COMMUNICATIONS OYJ	XS0201780516	Telecommunications	Telecommunications	440	Baa2	BBB	Senior	FINLAND
EMBARQ Corp	US29078EAB11	Telecommunications	Telecommunications	177	Baa3	BBB-	Senior	USA
EXPERIAN FINANCE Plc	XS0162820228	Retail Stores	Retailers (except food & drug)	80	Baa1	BBB+	Senior	UNITED KINGDOM
EXPORT IMPORT BANK OF KOREA	US30215EAA55	Banking	Financial intermediaries	381	Aa3	A	Senior	SOUTH KOREA
FKI Plc	XS0107657222	Diversified/Conglomerate Manufacturing	Conglomerates	374	WR	NR	Senior	UNITED KINGDOM
FLEXTRONICS INTERNATIONAL Ltd	US33938EAJ64	Electronics	Electronics/electrical	649	WR	BB+	Senior	USA
FOSTERS GROUP Ltd	USU34574AA89	Beverage, Food & Tobacco	Beverage & Tobacco	157	Baa2	BBB	Senior	AUSTRALIA
FRESENIUS Se	XS0240918218	Chemicals, Plastics & Rubber	Chemicals & plastics	359	WR	BB	Senior	GERMANY
GECINA Sa	FR0010095422	Buildings & Real Estate	Building & Development	1617	NR	BB+	Senior	FRANCE
GENERAL ELECTRIC CAPITAL Corp	US36962GY42	Banking	Conglomerates	366	Aaa	AAA	Senior	USA
GKN Plc	XS0147740335	Automobile	Automotive	924	NR	BBB-	Senior	UNITED KINGDOM
GMAC Lic	US370425SE16	Banking	Financial intermediaries	786	C	CC	Senior	USA
HALLIBURTON Co	US406216AR24	Oil & Gas	Oil & gas	98	A2	A	Senior	USA
HAMMERSON Plc	XS0130216947	Buildings & Real Estate	Building & Development	1006	Baa2	NR	Senior	UNITED KINGDOM
HANNOVER RUECKVERSICHERUNG Ag	XS0187043079	Insurance	Insurance	162	WR	AA-	Sub	GERMANY
HAVAS Sa	FR0000188476	Broadcasting & Entertainment	Radio & Television	400	NR	NR	Senior	FRANCE
HEIDELBERGCEMENT Ag	DE0002966850	Buildings & Real Estate	Building & Development	3564	Ba3	BB-	Senior	GERMANY
HELLENIC TELECOM ORGANIZATION Sa	XS0173549659	Telecommunications	Telecommunications	169	Baa2	BBB	Senior	GREECE
HJ HEINZ Co	US423074AG80	Beverage, Food & Tobacco	Food products	97	Baa2	BBB	Senior	USA
HUTCHISON WHAMPOA INTL Ltd	XS0223429084	Diversified/Conglomerate Service	Conglomerates	345	A3	A-	Senior	HONG KONG
IMPERIAL TOBACCO GROUP Plc	XS0180407802	Beverage, Food & Tobacco	Beverage & Tobacco	454	Baa3	BBB	Senior	UNITED KINGDOM
INTERNATIONAL PAPER Co	US460146BM46	Printing & Publishing	Publishing	522	Baa3	BBB	Senior	USA
KINGFISHER Plc	XS0178322474	Retail Stores	Retailers (except food & drug)	536	Baa3	BBB-	Senior	UNITED KINGDOM
LAFARGE Sa	FR0010032730	Buildings & Real Estate	Building & Development	875	Baa2	BBB	Senior	FRANCE
LANXESS Ag	XS0222550880	Chemicals, Plastics & Rubber	Chemicals & plastics	375	Baa2	BBB	Senior	GERMANY
LEGRAND	US524671AA21	Electronics	Electronics/electrical	550	Baa3	BBB	Senior	FRANCE
LENNAR CORPORATION	US526057AG99	Diversified/Conglomerate Manufacturing	Conglomerates	608	Ba3	BB-	Senior	USA
LTD BRANDS Inc	US532716AH08	Retail Stores	Retailers (except food & drug)	550	Ba1	BB+	Senior	USA
MARATHON OIL Corp	US565849AA47	Oil & Gas	Oil & gas	464	Baa1	BBB+	Senior	USA
MASCO Corp	US574599AX44	Buildings & Real Estate	Building & Development	475	Ba1	BBB	Senior	USA
METRO Ag	DE0002017217	Retail Stores	Retailers (except food & drug)	312	Baa2	BBB+	Senior	GERMANY
METSO CORPORATION	XS0205081911	Machinery (Non-Agriculture, Non-Construction, Non-Electronic)	Industrial equipment	495	Baa2	BBB	Senior	FINLAND
MICHELIN (CIE GENERALE DES ETABLISSEMENTS)	FR0010034298	Automobile	Automotive	500	Baa2	BBB	Senior	FRANCE
MUENCHENER RUECKVERSICHERUNG Ag	DE0002452547	Insurance	Insurance	161	Aa3	AA-	Sub	GERMANY
NEWELL RUBBERMAID Inc	US651229AB28	Home & Office Furnishings, Housewares, & Durable Consumer Products	Home furnishings	193	Baa2	BBB+	Senior	USA
NEXT Plc	XS0169287124	Retail Stores	Retailers (except food & drug)	342	Baa2	BBB	Senior	UNITED KINGDOM
NIELSEN COMPANY Bv	XS0137852793	Printing & Publishing	Publishing	933	Ca1	B	Senior	NETHERLANDS
PCCW-HKT TELEPHONE Ltd	US69319CAA27	Telecommunications	Telecommunications	495	WR	NR	Senior	HONG KONG

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Reference Entity	Reference Obligation	Industry classification group Moody's	Industry classification group S&P	5 yr Spreads*	LT Debt Rating Moody's	LT Debt Rating S&P	Category	Region of incorporation
PCCW-HKT TELEPHONE Ltd	US69319CAA27	Telecommunications	Telecommunications	495	WR	NR	Senior	HONG KONG
PEARSON Plc	XS0106750655	Printing & Publishing	Publishing	170	Baa1	BBB+	Senior	UNITED KINGDOM
PETROLEOS MEXICANOS	US71654QAM42	Oil & Gas	Oil & gas	321	Baa1	BBB+	Senior	MEXICO
PINAULT-PRINTEMPS-REDOUTE	FR0010068486	Retail Stores	Retailers (except food & drug)	618	NR	BBB-	Senior	FRANCE
PORSCHE AUTOMOBIL HOLDING Se	DE0008579004	Automobile	Automotive	709	NR	NR	Senior	GERMANY
PROLOGIS TRUST	US743410AE29	Buildings & Real Estate	Industrial equipment	1562	Baa2	BBB-	Senior	USA
PROSIEBEN SAT.1 MEDIA Ag	XS0192644911	Broadcasting & Entertainment	Radio & Television	2195	WR	NR	Senior	GERMANY
PUBLICIS GROUPE Sa	FR0010157354	Broadcasting & Entertainment	Publishing	236	Baa2	BBB+	Senior	FRANCE
QANTAS AIRWAYS Ltd	USQ77974AW52	Personal Transportation	Air transport	266	Baa1	BBB+	Senior	AUSTRALIA
RADIAN GROUP Inc	US750236AB78	Insurance	Insurance	2466	Ba1	BB	Senior	USA
RALLYE	FR0010117325	Retail Stores	Food/drug retailers	1301	NR	NR	Senior	FRANCE
RANK GROUP Plc	XS0182099183	Hotels, Motels, Inns & Gaming	Lodging & casinos	597	WR	B+	Senior	UNITED KINGDOM
RENAULT Sa	FR0000474843	Automobile	Automotive	390	Baa2	BBB	Senior	FRANCE
REPSOL YPF Sa	XS0110487062	Oil & Gas	Oil & gas	469	Baa1	BBB	Senior	SPAIN
RHEINMETALL Ag	DE0006776826	Automobile	Automotive	312	Baa2	NR	Senior	GERMANY
ROYAL & SUN ALLIANCE INSURANCE Plc	XS0102735528	Insurance	Insurance	250	A2	A	Sub	UNITED KINGDOM
SAFEWAY Inc	US786514BF54	Grocery	Food/drug retailers	105	Baa2	BBB	Senior	USA
SARA LEE Corp	US803111AM56	Beverage, Food & Tobacco	Food products	76	Baa1	BBB+	Senior	USA
SBC COMMUNICATIONS Inc	US78387GAK94	Telecommunications	Telecommunications	145	A2	A	Senior	USA
SCOR Se	FR0000489619	Insurance	Insurance	349	A2	A-	Sub	FRANCE
SCOTTISH & NEWCASTLE Ltd	XS0145156070	Beverage, Food & Tobacco	Beverage & Tobacco	90	NR	NR	Senior	UNITED KINGDOM
SES GLOBAL Sa	XS0180191164	Broadcasting & Entertainment	Cable & satellite television	185	Baa2	BBB	Senior	LUXEMBOURG
SPRINT NEXTEL Corp	US852060AD48	Telecommunications	Telecommunications	1091	Ba2	BB	Senior	USA
STARWOOD HOTEL & RESORTS WORLDWIDE In	US85590AAD63	Hotels, Motels, Inns & Gaming	Lodging & casinos	675	Baa3	BB+	Senior	USA
TAKEFUJI Corp	USJ81335AH45	Finance	Financial intermediaries	2880	Baa1	BBB-	Senior	JAPAN
TATE & LYLE Plc	XS0150130879	Beverage, Food & Tobacco	Food products	145	Baa2	BBB	Senior	UNITED KINGDOM
TDC A/S	XS0146556385	Telecommunications	Telecommunications	270	B1	BB-	Senior	DENMARK
TECHNIP Sa	FR0010085795	Oil & Gas	Oil & gas	312	NR	BBB	Senior	FRANCE
TELECOM ITALIA SPA	XS0142531903	Telecommunications	Telecommunications	462	Baa2	BBB	Senior	ITALY
TELEFONICA Sa	ES0278430931	Telecommunications	Telecommunications	135	Baa1	A-	Senior	SPAIN
TELEFONOS DE MEXICO SA BURSATIL DE CV	USP9048DDD86	Telecommunications	Telecommunications	323	A3	BBB+	Senior	MEXICO
TELEKOM AUSTRIA Ag	XS0172844283	Telecommunications	Telecommunications	98	A3	BBB+	Senior	AUSTRIA
TELEKOMUNIKACJA POLSKA S.A.	USN31209AA26	Telecommunications	Telecommunications	138	A3	BBB+	Senior	POLAND
THE PMI GROUP Inc	US69344MAH43	Insurance	Insurance	1087	Baa3	BBB-	Senior	USA
THOMSON (EX-TMM)	FR0000188369	Electronics	Electronics/electrical	2074	WR	B	Senior	FRANCE
THYSSENKRUPP Ag	XS0214238239	Mining, Steel, Iron & Non Precious Metals	Steel	558	Baa2	BBB	Senior	GERMANY
UBS Ag	CH0009367886	Banking	Brokers, Dealers & Investment houses	264	Aa2	A+	Sub	SWITZERLAND
VALEO	FR0010007468	Automobile	Automotive	716	Baa3	NR	Senior	FRANCE
VINCI Sa	XS0151548616	Buildings & Real Estate	Building & Development	289	Baa1	BBB+	Senior	FRANCE
VOLKSWAGEN Ag	XS0140535229	Automobile	Automotive	283	A3	A-	Senior	GERMANY
WENDEL	XS0185010401	Utilities	Utilities	890	NR	BB+	Senior	FRANCE
WOLTERS KLUWER Nv	XS0181273342	Printing & Publishing	Publishing	115	Baa1	BBB+	Senior	NETHERLANDS
WOORI BANK	XS0155783276	Finance	Financial intermediaries	646	A1	A-	Sub	SOUTH KOREA
WPP GROUP Plc	XS0131030032	Broadcasting & Entertainment	Business equipment & services	595	Baa2	BBB	Senior	UNITED KINGDOM
XL CAPITAL Ltd	US98372PAF53	Insurance	Insurance	889	Baa2	BBB+	Senior	USA
ZURICH INSURANCE COMPANY	XS0201168894	Insurance	Insurance	190	A2	AA-	Sub	SWITZERLAND

Weighted average 5Y spread : 533.44bps **

*Source: Markit

** WAS 5 Y with a cap spread of 800 bps = 406.60 bps

5 YEAR MARKET SPREADS

		Current spread 31/12/2008	Spread as of 30/09/2008	Variation
5 Tightest Market Spreads* (5 years CDS)	SARA LEE Corp	76	59	17
	EXPERIAN FINANCE Plc	80	71	9
	SCOTTISH & NEWCASTLE Ltd	90	62	28
	DOMINION RESOURCES Inc	93	66	27
	HJ HEINZ Co	97	51	46
5 Widest Market Spreads* (5 years CDS)	HEIDELBERGCEMENT Ag	3564	432	3132
	TAKEFUJI Corp	2880	904	1976
	RADIAN GROUP Inc	2466	2311	155
	PROSIEBEN SAT.1 MEDIA Ag	2195	897	1298
	THOMSON (EX-TMM)	2074	601	1473

*Source: Markit

NEXUS4 Topaz Note

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NAMES PERFORMANCE

		Current spread 31/12/2008	Spread as of 30/09/2008	Variation
5 Best names* (5 years CDS)	GMAC LLC	786	4832	-4046
	CIT GROUP Inc	727	1823	-1096
	BANK OF SCOTLAND Plc	161	483	-322
	THE PMI GROUP Inc	1087	1334	-247
	UBS Ag	264	488	-224
5 Worst names* (5 years CDS)	HEIDELBERGCEMENT Ag	3564	432	3132
	TAKEFUJI Corp	2880	904	1976
	THOMSON (EX-TMM)	2074	601	1473
	PROSIEBEN SAT.1 MEDIA Ag	2195	897	1298
	DSG INTERNATIONAL Plc	1697	424	1273

*Source: Markit

CREDIT MIGRATION

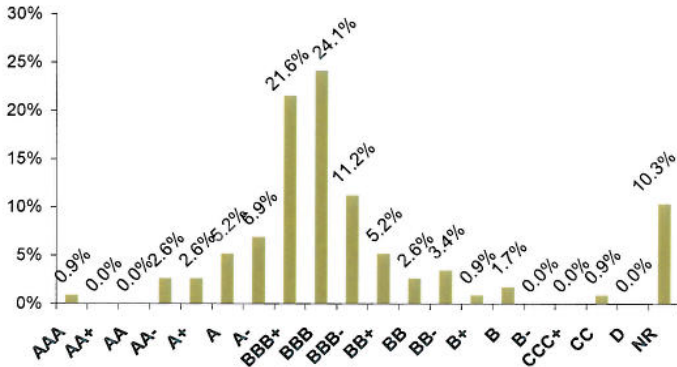
Date	Name	Agency	From	To	Action
09/10/2008	COUNTRYWIDE HOME LOAN Inc	S&P	AA	AA-	↘
09/10/2008	CENTEX Corp	Moody's	Ba2	Ba3	↘
09/10/2008	KAUPTHING BANK	Moody's	A1	Ba1	↘
10/10/2008	WENDEL	S&P	BBB-	BB+	↘
10/10/2008	KAUPTHING BANK	Moody's	Ba1	Caa2	↘
23/10/2008	VALEO	Moody's	Baa2	Baa3	↘
24/10/2008	HEIDELBERGCEMENT Ag	Moody's	Baa3	Ba1	↘
27/10/2008	HEIDELBERGCEMENT Ag	S&P	BBB-	BB+	↘
27/10/2008	RENAULT Sa	S&P	BBB+	BBB	↘
28/10/2008	RENAULT Sa	Moody's	Baa1	Baa2	↘
31/10/2008	GMAC Llc	Moody's	B3	Caa1	↘
03/11/2008	GKN Plc	S&P	BBB	BBB-	↘
10/11/2008	GMAC Llc	S&P	B-	CCC	↘
10/11/2008	CONTINENTAL Ag	Moody's	Baa2	Baa3	↘
11/11/2008	WPP GROUP Plc	S&P	BBB+	BBB	↘
17/11/2008	FKI Plc	Moody's	Ba3	WR	↘
21/11/2008	GMAC Llc	S&P	CCC	CC	↘
21/11/2008	GMAC Llc	Moody's	Caa1	C	↘
24/11/2008	HEIDELBERGCEMENT Ag	S&P	BB+	BB-	↘
26/11/2008	PROLOGIS TRUST	S&P	BBB+	BBB-	↘
26/11/2008	LTD BRANDS Inc	Moody's	Baa3	Ba1	↘
27/11/2008	CENTEX Corp	S&P	BB	BB-	↘
01/12/2008	DSG INTERNATIONAL Plc	Moody's	Ba1	Ba3	↘
01/12/2008	PCCW-HKT TELEPHONE Ltd	Moody's	Baa2	WR	↘
03/12/2008	TELEFONICA Sa	S&P	BBB+	A-	↘
03/12/2008	THOMSON (EX-TMM)	S&P	B+	B	↘
03/12/2008	ROYAL & SUN ALLIANCE INSURANCE Plc	Moody's	A3	A2	↘
04/12/2008	HEIDELBERGCEMENT Ag	Moody's	Ba1	Ba3	↘
05/12/2008	PROLOGIS TRUST	Moody's	Baa1	Baa2	↘
05/12/2008	SCOR Se	Moody's	A3	A2	↘
09/12/2008	LEHMAN BROTHERS HOLDINGS Inc	Moody's	B3	C	↘
10/12/2008	WASHINGTON MUTUAL Inc	Moody's	Caa2	Ca	↘
11/12/2008	SPRINT NEXTEL Corp	Moody's	Baa3	Ba2	↘
16/12/2008	HELLENIC TELECOM ORGANIZATION Sa	S&P	BBB+	BBB	↘
16/12/2008	XL CAPITAL Ltd	S&P	A-	BBB+	↘
16/12/2008	WASHINGTON MUTUAL Inc	Moody's	Ca	WR	↘
18/12/2008	ELECTROLUX Ab	S&P	BBB+	BBB	↘
19/12/2008	DAILY MAIL & GENERAL TRUST Plc	S&P	BBB	BBB-	↘
19/12/2008	CONTINENTAL Ag	Moody's	Baa3	Ba1	↘
22/12/2008	CIT GROUP Inc	S&P	A-	BBB+	↘
22/12/2008	COUNTRYWIDE HOME LOAN Inc	S&P	AA-	A+	↘
22/12/2008	LTD BRANDS Inc	S&P	BBB-	BB+	↘
22/12/2008	MASCO Corp	S&P	BBB+	BBB	↘
22/12/2008	RADIAN GROUP Inc	S&P	BB+	BB	↘
22/12/2008	UBS Ag	S&P	AA-	A+	↘
22/12/2008	MASCO Corp	Moody's	Baa2	Ba1	↘
22/12/2008	XL CAPITAL Ltd	Moody's	Baa1	Baa2	↘
23/12/2008	STARWOOD HOTEL & RESORTS WORLDWIDE Inc	S&P	BBB-	BB+	↘

NEXUS4 Topaz Note

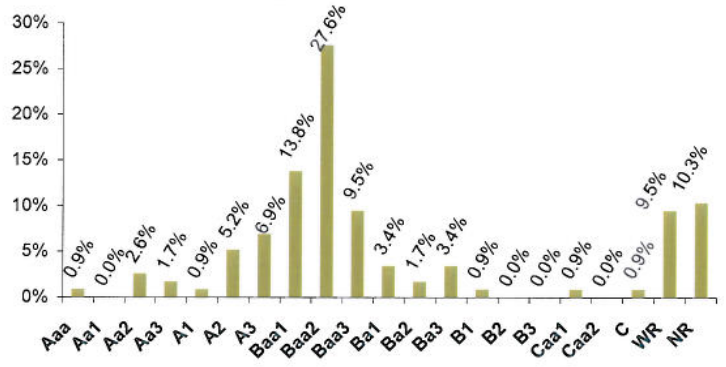
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RATING SPLIT

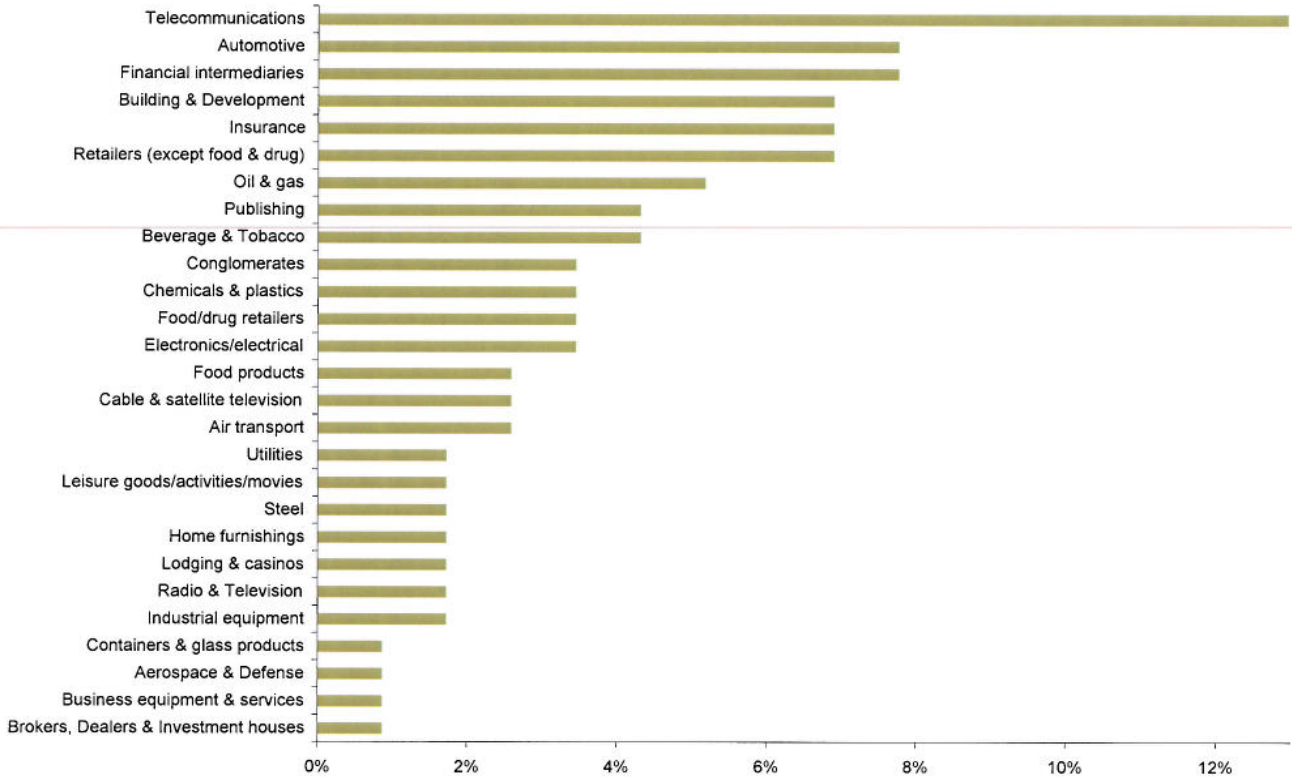
S&P



Moody's



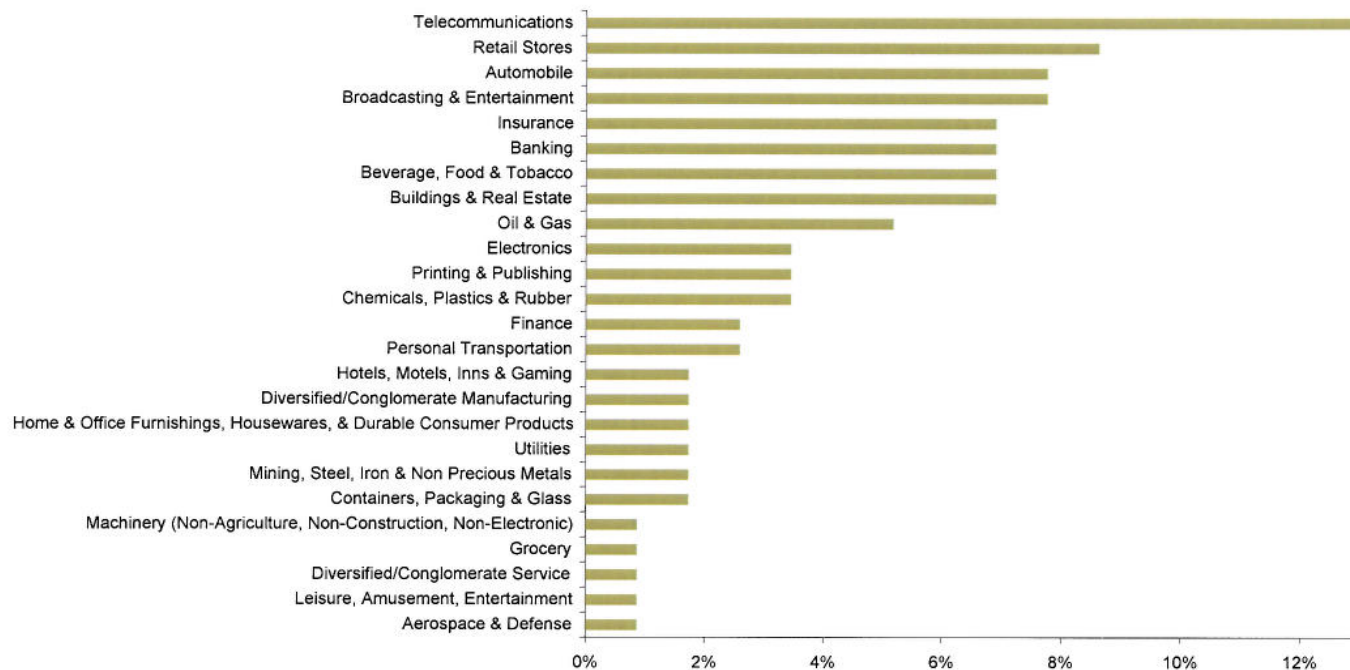
INDUSTRY BREAKDOWN S&P



NEXUS4 Topaz Note

31/12/2008

INDUSTRY BREAKDOWN Moody's



SUBSTITUTIONS DURING THE PERIOD

No substitution during the period

NAME FOCUS

Continental :

With consolidated revenue of €25bn in 2007, Continental is one of the largest automotive electronics suppliers in the world far behind Robert Bosch. Continental produces and sales components in safety & chassis, powertrain, interior, and tires for passenger cars and commercial vehicles, its first and traditional division. Continental ranks No.4 among global tire manufacturers and No.2 in some components for chassis and safety. The successive acquisitions (Teves 1998; Temic 2001; Phoenix in 2004) have transformed Continental from a pure rubber based manufacturer into one of the world's largest non-tire rubber product manufacturers. With the acquisition of VDO, Continental has become an integrated automotive supplier.

But the financial ratios have deeply deteriorated in a recession context. The acquisition of VDO was a necessity in the future auto landscape which the major trend is the electronically information management of most of the automotive components. VDO has extended the Continental's product portfolio and customer reach, while adding advanced technologies, know-how and innovation projects. This acquisition is also a challenge because it leverages sharply the balance sheet and lowers the margins in a recession context.

However Continental does not have debt maturing before 2011 and we consider the actual level of the credit spread as an investment opportunity.

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Lafarge :

Lafarge is the world N°1 cement manufacturer, with a market capitalization of € 15.3bn, revenues of € 17.6bn and net income of € 2.2bn in 2007. It is also N°1 in aggregates, N°3 in concrete and N°3 in gypsum wallboard. The main competitors are Holcim, Cemex, HeidelbergCement and Italcementi. Lafarge enjoys monopolistic local market shares in an extensive geographic diversity. About 55% of sales are generated in mature markets (Western Europe and North America) and the remaining 45% in emerging economies.

Despite the recession, the situation should remain positive. The large product and geographic diversity allows Lafarge to withstand the economic and financial shocks and the crisis may represent opportunities of acquisition at low prices but also a risk of increasing the Group leverage already high.

In this scenario we consider that Lafarge at a level of 900 bp represents a buying opportunity and consider increasing the weight of the name in the portfolio.

GMAC LLC :

The auto and home lender struggles to avert collapse and tries to exchange bonds of its Residential Capital LLC unit for a stake in a bank. GMAC will transfer at least 25 percent of the mortgage unit's outstanding debt to ResCap for equity in IB Finance Holding Co., which is the parent of GMAC Bank., but the transaction may trigger a "succession event" in ResCap credit-default swaps. The move may be an attempt to coerce bondholders to participate in GMAC's \$38 billion exchange offer, which was designed to help it convert to a bank holding company and gain access to federal aid.

GMAC stated that holders of \$16.9 billion, or 58 percent, of eligible GMAC notes and \$3.5 billion, or 38 percent, of securities issued by ResCap had tendered by the end of Dec. 17. The original proposal, announced Nov. 20, asked holders to swap for as little as 55 cents on the dollar in cash or a combination of new notes and preferred stock. Preferred securities count as regulatory capital, so swapping bonds for stock would help GMAC reach its goal.

GMAC is the primary lender to General Motors Corp. The automaker sold 51 percent of GMAC in 2006 to a group led by private equity firm Cerberus Capital Management LP but GMAC's is still highly correlated to the political decision taken around GM's future. President Bush announced on Dec. 20 that he would grant \$ 17.4 billion in emergency loans to GM and Chrysler (£13.4 billion paid now and a further \$4 billion in February) in exchange of a substantial restructuring. We remain very doubtful over the plan to succeed and consider that a credit event could occur in 2009. the price already reflects the troubled situation and there would be no gain removing the name from the portfolio at this stage.

HeidelbergCement AG :

HeidelbergCement (HC) has become the world N°1 aggregates producer through the acquisition of Hanson in 2007 and has remained the N°2 in concrete and the N°4 in cement. The consolidated revenues were approximately €16bn in 2007. Hanson was a global aggregates leader with a turnover of €6bn, primarily based in the UK and in North America. The acquisition cost of Hanson was €14bn (or 12x EBITDA) for 100% of Hanson, €17bn including the debt assumption. It has been financed through approximately €12.4n of debt, €3.6bn of assets disposals (Maxit and Vicat), and €1bn of equity. The acquisition of Hanson was a new step towards the Group's vertical integration (aggregate and ready mixed concrete) and reinforced its geographic footprint in the US and in the UK markets.

However, the Hanson's acquisition has strongly leveraged the company's balance sheet in a context of global recession, which is expected to heavily weight on HC's sales and operating profit over 2009/2010. S&P's and Moody's recently took action by lowering HC's LT ratings to BB- and Ba3 (from BB+ and Ba1), both citing concerns about the significant refinancing needs over the next 18 months (about EUR 6bn mainly represented by the Hanson loan maturing in May 2010) and potential breach of covenants in 1H 2009 (the latter being only disclosed to the rating agencies). At this stage, it is clear that the bond market is closed for HC but we believe that the banks will have little choice but to support the company by 1) accepting to loosen the covenants on their loans and 2) extending the loan with several new maturities (probably up to 5 years) in exchange probably for taking security over Hanson's assets which are unencumbered. The banks will also certainly put pressure on the management to reduce dividends over 2009/2010, lower capex and to potentially execute asset disposals if the current economical situation worsen during 1H2009. We also believe that the large size of the company and its ability to generate still free cash flow over the next two years should allow HC to successfully renegotiate its banking debt.

The 5Y CDS was indicated at 50% / 55% up front + 500bps as of December 19th, 2008.

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ProSiebenSat.1 Media AG :

ProSiebenSat (PSM) is Germany's second largest private broadcasting group in terms of revenue and Germany's TV audience share, behind RTL Group, with expected revenues of EUR 3bn for 2008. In July 07, the company acquired SBS Broadcasting Group that was controlled by KKR and Permira. PSM financed this acquisition entirely with a secured syndicated loan of €3.6 bn. At the same time, Lavena Holding 4 GmbH, a holding company controlled by KKR and Permira, acquired 62.5% of PSM's (including SBS) equity and 100% of the voting rights. This acquisition was actually a secondary LBO of PSM (primary LBO was led by Saban Capital Group). The company is therefore facing the current economic crisis with a very high leverage (up to 11x EBITDA at the holding level) in a sharply deteriorating German media market (still about 50% of group revenue). PSM recently issued a profit warning for 2009 after posting declining sales of 3% and EBITDA of - 17% (for the 9 months 08). Free cash flow could be negative over 2009/2010 meaning that debt reduction will be unlikely without asset disposals. Given this, there is a potential breach of the LBO covenants in 2009 (which are not publicly disclosed but apparently tested on a quarterly basis) which the sponsors may choose not to renegotiate with the banks. A recapitalization and/or debt buy back at the opco/holdco level is certainly necessary to get the banks approval for waiving the covenants. This will be the major task of the new CEO, Mr. Eberling, (formerly at Novartis in charge of the consumer health unit) appointed on Dec 9th and who should run the company as from March 2009

The 5Y CDS was indicated at 38% / 45% up front + 500bps as of December 19th, 2008.

ArcelorMittal :

ArcelorMittal is the world's largest steel producer with annual sales of \$105.2bn in 2007, which represent 10% of world market shares, and a strong business model (product diversification coupled with vertical integration). The company is currently focusing on debt reduction despite the significant uncertainties in the steel market (falling prices, overcapacity). Management plan to cut steel production by 35% in Q4 2008 which should allow to decrease unsold inventories and in turn to reduce the substantial working capital (USD 12bn) that the company is requiring in normal business conditions. Debt ratios are therefore expected to be largely in line with a BBB rating throughout 2009 and are underpinned by a comfortable liquidity position (EUR 7.5bn in cash and EUR 10.7bn of credit lines). Moreover, the group still has unlimited access to the CP market but the aim will certainly be to reduce its reliance on this market and tap the bond market as soon as possible when the credit market stabilizes. ArcelorMittal's 5Y CDS was indicated at 24% / 28% up front + 500bps as of December 19th, 2008 which we believe is offering extremely good value vs. peers in the same rating category.

CIT :

CIT was established in 1908 and has become the largest independent commercial finance company specialised on financing, lending and insurance services. Since the sub-prime crisis sparked off in summer 2007, CIT had to cope with stressed funding markets, deterioration in asset quality and pressured earnings which led the company to deeply refine its business model by exiting from home and student lending business and focusing on commercial finance for small and medium sized companies. Additionally, CIT plan to reduce its headcount by 20% (outside of discontinued operations) in 2009 and has already proceeded to asset disposals and secured lending in order to improve its liquidity position. The company received the FED approval to become a bank holding company on Dec 23rd, which is clearly very positive as it will receive a \$2.3bn capital infusion from the US Treasury and will be able to access FDIC guaranteed funding for an estimated \$10-12bn between now and June 2009. This should come on top of the \$400m common equity created as part of the debt exchange of convertible bonds and the \$300m new common stock offering.

With this significant financial package, the company should be able to survive a scenario of deepening recession over 2009/2010. The 5Y CDS has significantly tightened from a peak of 2500bps reached in mid-October 2008 to 700bps mid indicated as of December 19th

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