

Deutsche Bank



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16 January 2008

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The Directors
Nexus Bonds Limited
Level 16, Deutsche Bank Place
Cnr Hunter & Phillip Streets
Sydney NSW 2000

Dear Sirs


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

Attached is a Portfolio Commentary and Substitution Report for the quarter ended 31 December 2007 prepared by the Portfolio Manager, Société Générale Asset Management Alternative Investments SA (**SGAM AI**).


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 Nexus1 Notes (ASX code NXBHA), Nexus2 Notes (NXBHB) nor Nexus3 Notes (NXBHC).

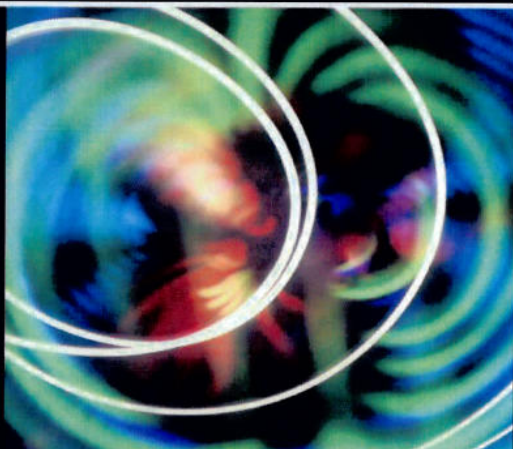
Yours faithfully

Melissa Jabbage 

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



Nexus 4
Topaz Notes
Quarterly report



-Fourth Quarter 2007-

Alternative Investments



SOCIETE GENERALE
Asset Management

NEXUS4 Topaz Note

Fourth Quarter 2007

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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 2008
5 th Coupon Reset Spread	110.72 bp (November, 2007)
4 th Coupon Reset Spread	48.08 bp (May, 2007)
3 rd Coupon Reset Spread	48.68 bp (November, 2006)
2 nd Coupon Reset Spread	53.78 bp (May, 2006)
1 st Coupon Reset Spread	72.06 bp (November, 2005)

LIABILITIES CHARACTERISTICS

Class	Rate	Participation	Maturity	Previous Income Factor	New Income factor	Change in Income Factor
Nexus4	BBSW 6m	4	10Y	76.4800%	76.4400%	-0.04%

MANAGEMENT PHILOSOPHY

- ⊙ NEXUS4 are Capital Guaranteed Notes with coupon linked to the performance of CDO equity tranche.
- ⊙ High quality reference portfolio: 120 Companies with an average rating of BBB, diversified through 32 sectors
- ⊙ Floating Credit Spread: The coupons are fixed every six-month period to reflect the average 5 year credit margin of the portfolio

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MARKET OVERVIEW

Credit markets have undergone the toughest crisis since 1990. The epicentre of the crisis is the financial sector which is the key link between the subprime dislocation, the heavy losses supported by the investors and the financing of the economy. Key factors that have fuelled securitisation, rating arbitrage and balance sheet regulatory arbitrage, have altered investor's confidence over valuations and ratings and have caused the ABS market to shrink. Furthermore, losses in the SIV and contraction of the ABCP market lead financial institutions to bring back billions of assets back on their balance sheet.

Compared to the 1990's crisis, the actual credit crunch is far more global and the complexity of the products makes it more difficult to evaluate the full extent of the losses supported. Banks will certainly need to face further write-downs due to higher cost of funding and significant loss of revenue due to the contraction of the securitisation business. Thus, it will mean for financial institutions a restructuring of their business and probably imply to raise capital in 2008.

On the corporate side, fundamental credit quality remains strong, with most companies still liquid with an adequate funding. Moreover, access to capital via new origination has been fluid despite higher discount margins. However, with central banks acting promptly to support the economy while monitoring closely inflation risk, the overall cost of financing for corporate has been mitigated.

Still, corporate margins will remain under pressure with banks having to contract their balance sheet and improve their operational margins. Spreads will remain under pressure on the corporate side. For financial institutions, spreads are now wider than where they were in 2001 and considering the explicit support demonstrated by the coordinated move from the five major central banks, we think the upside in spreads is limited for the time being. In the CDO management, we want to take advantage of this move to increase selectively the proportion of banks in our portfolio. It allows us to improve the average rating of the pool of asset while having a marginal impact on the structure's subordination.

CONSTRAINTS

Criteria	Target	Current	Validation
Maximum exposure to Portfolio Companies rated BB+/Ba1 or below	10%	10.10%	Non comply*
Maximum Average 7 years Portfolio Credit Spread	3%	1.56%	Comply
Maximum Exposure to a single industry	15%	12.60%	Comply
Maximum exposure to Portfolio Companies with no public rating	5%	5.05%	Non comply**
Maximum exposure to country rated below A-/A3	5%	3.35%	Comply

* Non compliance due to deterioration of credit quality.

** Non compliance due to withdrawal of public credit rating of certain portfolio reference entities.

NEXUS4 Topaz Note

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PORTFOLIO 31/12/2007

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
ACE LTD	US00440EAC12	Insurance	Insurance	37	NR	A-	Senior	BERMUDA
AIR FRANCE	FR0010185975	Personal Transportation	Air transport	97	NR	NR	Senior	FRANCE
ALTRIA GROUP INC	US02209SAA15	Beverage, Food & Tobacco	Beverage & Tobacco	37	Baa1	BBB+	Senior	USA
AMCOR LTD	XS0188426372	Containers, Packaging & Glass	Containers & glass products	51	Baa2	BBB	Senior	AUSTRALIA
AOL TIME WARNER	US00184AAG04	Broadcasting & Entertainment	Leisure goods/activities/movies	87	Baa2	BBB+	Senior	USA
ARCELOR MITTAL FIN	XS0176671732	Mining, Steel, Iron & Non Precious Metals	Steel	99	Baa3	BBB+	Senior	LUXEMBOURG
ARROW ELECTRONICS INC	US042735AL41	Electronics	Electronics/electrical	50	Baa3	BBB-	Senior	USA
AUTOZONE INC	US053332AC61	Retail Stores	Retailers (except food & drug)	57	Baa2	BBB+	Senior	USA
BANCA POPOLARE DI LODI SCRL	XS0211167936	Banking	Financial intermediaries	124	NR	A	Sub	ITALY
BOMBARDIER INC-A	USC10602AG20	Aerospace & Defense	Aerospace & Defense	163	Ba2	BB	Senior	CANADA
BRITISH AMERICAN TOBACCO PLC	XS0189727869	Beverage, Food & Tobacco	Beverage & Tobacco	49	Baa1	BBB+	Senior	UNITED KINGDOM
BRITISH SKY BROADCASTING PLC	US111013AC22	Broadcasting & Entertainment	Cable & satellite television	63	Baa2	BBB	Senior	UNITED KINGDOM
CALTEX AUSTRALIA LIMITED	null	Oil & Gas	Oil & gas	35	NR	BBB+	Senior	AUSTRALIA
CAPITAL ONE FINANCIAL CORP	US14040HAJ41	Banking	Financial intermediaries	315	A3	BBB+	Senior	USA
CARNIVAL CORP	US143658AH53	Leisure, Amusement, Entertainment	Food/drug retailers	65	A3	A-	Senior	USA
CARREFOUR SA	FR0000480691	Retail Stores	Food/drug retailers	35	A2	A	Senior	FRANCE
CENDEX CORP	US152312AQ77	Buildings & Real Estate	Building & Development	436	Ba1	BBB-	Senior	USA
CENTURY TEL INC	US156700AG13	Telecommunications	Telecommunications	64	Baa2	BBB	Senior	USA
CIBA SPECIALTY CHEMICALS INC	XS0085895935	Chemicals, Plastics & Rubber	Chemicals & plastics	81	Baa2	BBB	Senior	SWITZERLAND
CIT GROUP INC	US125581AB41	Banking	Financial intermediaries	412	A2	A	Senior	USA
COMCAST CORP-CL A	US20029PAN96	Broadcasting & Entertainment	Cable & satellite television	62	Baa2	BBB+	Senior	USA
COMPASS	XS0148362501	Personal, Food & Miscellaneous	Food service	43	Baa2	BBB+	Senior	UNITED KINGDOM
CONTINENTAL AG	XS0139722069	Automobile	Automotive	87	Baa1	BBB	Senior	GERMANY
COUNTRYWIDE HOME LOAN INC	US22237LPA43	Finance	Financial intermediaries	1142	Baa3	BBB+	Senior	USA
COX COMMUNICATIONS INC-CL A	US224044AN72	Telecommunications	Telecommunications	65	Baa3	BBB-	Senior	USA
DAILY MAIL & GENERAL TRUST	XS0109428705	Broadcasting & Entertainment	Leisure goods/activities/movies	53	NR	BBB	Senior	UNITED KINGDOM
DAIMLER AG	US233835AW75	Automobile	Automotive	51	A3	BBB+	Senior	GERMANY
DEUTSCHE LUFTHANSA-REG	XS0140276618	Personal Transportation	Air transport	71	Baa3	BBB	Senior	GERMANY
DEUTSCHE TELEKOM AG-REG	XS0148956559	Telecommunications	Telecommunications	63	A3	A-	Senior	GERMANY
DIXONS GROUP PLC	XS0157632562	Retail Stores	Retailers (except food & drug)	156	Baa3	NR	Senior	UNITED KINGDOM
DOMINION RESOURCES INC/VA	US25746UAJ88	Utilities	Utilities	43	Baa2	A-	Senior	USA
EASTMAN CHEMICAL COMPANY	US277432AD23	Chemicals, Plastics & Rubber	Chemicals & plastics	61	Baa2	BBB	Senior	USA
ELECTROLUX AB-SER B	XS0126231199	Home & Office Furnishings, Housewares, & Durable Consumer Products	Home furnishings	72	Baa2	BBB+	Senior	SWEDEN
ELECTRONIC DATA SYSTEMS CORP	US285661AD69	Electronics	Business equipment & services	75	Ba1	BBB-	Senior	USA
ELISA COMMUNICATIONS OYJ	XS0201780516	Telecommunications	Telecommunications	52	Baa2	BBB	Senior	FINLAND
EMBARQ CORP	US29078EAB11	Telecommunications	Telecommunications	110	Baa3	BBB-	Senior	USA
EXPEDIA INC	US30212PAA30	Leisure, Amusement, Entertainment	Leisure goods/activities/movies	226	Ba2	BB	Senior	USA
EXPORT IMPORT BANK OF KOREA	US30215EAA55	Banking	Financial intermediaries	63	Aa3	A	Senior	SOUTH KOREA
FKI PLC	XS0107657222	Diversified/Conglomerate Manufacturing	Conglomerates	399	Ba3	BB	Senior	UNITED KINGDOM
FLEXTRONICS ONTL LTD	US33938EAJ64	Electronics	Electronics/electrical	215	NR	BB+	Senior	USA
FOSTERS GROUP LTD	USU34574AA89	Beverage, Food & Tobacco	Beverage & Tobacco	49	Baa2	BBB	Senior	AUSTRALIA
FRESENIUS	XS0167416634	Chemicals, Plastics & Rubber	Chemicals & plastics	173	NR	BB	Senior	GERMANY
GAP INC	US364760AG36	Retail Stores	Retailers (except food & drug)	105	Ba1	BB+	Senior	USA
GECINA SA	FR0000472441	Buildings & Real Estate	Building & Development	288	NR	BBB-	Senior	FRANCE
GKN PLC	XS0147740335	Automobile	Automotive	83	NR	BBB	Senior	UNITED KINGDOM
GMAC LLC	US370425SE16	Banking	Financial intermediaries	860	Ba3	BB+	Senior	USA
GUS PLC (EXPERIAN Fin PLC)	XS0162820228	Retail Stores	Retailers (except food & drug)	70	Baa1	BBB+	Senior	UNITED KINGDOM
HALLIBURTON CO	US406216AR24	Oil & Gas	Oil & gas	32	A2	A	Senior	USA
HAMMERSON PLC	XS0130216947	Buildings & Real Estate	Building & Development	152	Baa2	NR	Senior	UNITED KINGDOM
HANNOVER RUECKVERSICHERUNG	XS0126063386	Insurance	Insurance	57	NR	AA-	Sub	GERMANY
HAVAS SA	FR0000188476	Broadcasting & Entertainment	Radio & Television	308	NR	NR	Senior	FRANCE
HELLENIC TELECOMMUN ORGANIZ	XS0173549659	Telecommunications	Telecommunications	56	Baa1	BBB+	Senior	GREECE

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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
HJ HEINZ CO	US423074AG80	Beverage, Food & Tobacco	Food products	38	Baa2	BBB	Senior	USA
HUTCHISON WHAMPOA INTL LTD	XS0223429084	Diversified/Conglomerate Service	Conglomerates	53	A3	A-	Senior	HONG KONG
IMPERIAL TOBACCO GROUP PLC	XS0180407602	Beverage, Food & Tobacco	Beverage & Tobacco	101	Baa3	BBB	Senior	UNITED KINGDOM
INTERNATIONAL PAPER CO	US460146BM46	Printing & Publishing	Publishing	65	Baa3	BBB	Senior	USA
KAUPTHING BANK	XS0206352824	Banking	Financial intermediaries	297	Aa3	NR	Senior	ICELAND
KINGFISHER PLC	XS0178322474	Retail Stores	Retailers (except food & drug)	189	Baa3	BBB-	Senior	UNITED KINGDOM
KROGER CO	US501044CE98	Grocery	Food/drug retailers	48	Baa2	BBB-	Senior	USA
LAFARGE SA	FR0010032730	Buildings & Real Estate	Building & Development	101	Baa2	BBB	Senior	FRANCE
LANXESS AG	XS0222550880	Chemicals, Plastics & Rubber	Chemicals & plastics	77	Baa2	BBB	Senior	GERMANY
LEGRAND	US524671AA21	Electronics	Electronics/electrical	67	Baa3	BBB	Senior	FRANCE
LEHMAN BROTHERS HOLDINGS INC	US52517PSC67	Finance	Brokers, Dealers & Investment houses	127	A1	A+	Senior	USA
LENNAR CORPORATION	US526057AG99	Diversified/Conglomerate Manufacturing	Conglomerates	673	Ba1	BB+	Senior	USA
LTD BRANDS INC	US532716AH08	Retail Stores	Retailers (except food & drug)	244	Baa3	BBB-	Senior	USA
MARATHON OIL CORP	US565849AA47	Oil & Gas	Oil & gas	52	Baa1	BBB+	Senior	USA
MARSH & MCLENNAN COS INC	US571748AM43	Finance	Financial intermediaries	97	Baa2	BBB-	Senior	USA
METRO AG	DE0002017217	Retail Stores	Retailers (except food & drug)	65	Baa2	BBB	Senior	GERMANY
METSO CORPORATION	XS0205081911	Machinery (non-Agriculture, Non-Construction, Non-Transportation)	Industrial equipment	70	Baa2	BBB	Senior	FINLAND
MICHELIN (CIE GENERALE DES ETA)	FR0010034298	Automobile	Automotive	72	Baa3	BBB	Senior	FRANCE
MUENCHENER RUECKVER AG-REG	DE0002452547	Insurance	Insurance	57	NR	AA-	Sub	GERMANY
NEWELL RUBBERMAID INC	US651229AB28	Home & Office Furnishings, Housewares, & Durable Consumer Products	Home furnishings	39	Baa2	BBB+	Senior	USA
PCCW-HKT TELEPHONE	US69319CAA27	Telecommunications	Telecommunications	66	Baa2	BBB	Senior	HONG KONG
PEARSON PLC	XS0106750655	Printing & Publishing	Publishing	47	Baa1	BBB+	Senior	UNITED KINGDOM
PETROLEOS MEXICANOS	US71654QAM42	Oil & Gas	Oil & gas	90	Baa1	BBB+	Senior	MEXICO
PILKINGTON PLC	XS0136984654	Containers, Packaging & Glass	Containers & glass products	35	NR	NR	Senior	UNITED KINGDOM
PINAULT-PRINTEMPS-REDOUTE	FR0010068486	Retail Stores	Retailers (except food & drug)	105	NR	BBB-	Senior	FRANCE
PROLOGIS TRUST	US743410AE29	Buildings & Real Estate	Industrial equipment	208	Baa1	BBB+	Senior	USA
PROSIEBEN SAT.1 MEDIA AG	XS0192644911	Broadcasting & Entertainment	Radio & Television	298	NR	NR	Senior	GERMANY
PUBLICIS GROUPE	FR0010157354	Broadcasting & Entertainment	Publishing	71	Baa2	BBB+	Senior	FRANCE
QANTAS AIRWAYS LTD	USQ77974AW52	Personal Transportation	Air transport	62	Baa1	BBB+	Senior	AUSTRALIA
RADIAN GROUP INC	US750236AB78	Insurance	Insurance	672	A2	A	Senior	USA
RALLYE	FR0010117325	Retail Stores	Food/drug retailers	387	NR	NR	Senior	FRANCE
RANK GROUP PLC	US753035AB00	Hotels, Motels, Inns & Gaming	Lodging & casinos	372	NR	B+	Senior	UNITED KINGDOM
RENAULT SA	FR0000474843	Automobile	Automotive	73	Baa1	BBB+	Senior	FRANCE
REPSOL YPF SA	XS0110487062	Oil & Gas	Oil & gas	68	Baa1	BBB	Senior	SPAIN
RHEINMETALL	DE0006776826	Automobile	Automotive	31	Baa2	BBB	Senior	GERMANY
ROYAL & SUN ALLIANCE INSURANC	XS0102738035	Insurance	Insurance	72	NR	A	Sub	UNITED KINGDOM
SAFEWAY INC	US786514BF54	Grocery	Food/drug retailers	46	Baa2	BBB-	Senior	USA
SARA LEE CORP	US803111AM56	Beverage, Food & Tobacco	Food products	39	Baa1	BBB+	Senior	USA
SBC COMMUNICATIONS INC	US78387GAK94	Telecommunications	Telecommunications	42	A2	A	Senior	USA
SCOR SA	FR0000489619	Insurance	Insurance	75	A3	A-	Sub	FRANCE
SCOTTISH & NEWCASTLE PLC	XS0139288863	Beverage, Food & Tobacco	Beverage & Tobacco	57	NR	BBB-	Senior	UNITED KINGDOM
SES GLOBAL SA	XS0180191164	Broadcasting & Entertainment	Cable & satellite television	56	Baa2	BBB	Senior	LUXEMBOURG
SODEXHO ALLIANCE SA	FR0000488603	Personal, Food & Miscellaneous	Food service	44	NR	BBB+	Senior	FRANCE
SPRINT CORP-FON GROUP	US852060AD48	Telecommunications	Telecommunications	132	Baa3	BBB	Senior	USA
STARWOOD HOTEL & RESORTS WC	US85590AAD63	Hotels, Motels, Inns & Gaming	Lodging & casinos	153	Baa3	BBB-	Senior	USA
TAKEFUJI CORPORATION	USJ81335AH45	Finance	Financial intermediaries	135	Baa1	BBB-	Senior	JAPAN
TATE & LYLE PLC	XS0150130879	Beverage, Food & Tobacco	Food products	69	Baa2	BBB	Senior	UNITED KINGDOM
TDC A/S	XS0146556385	Telecommunications	Telecommunications	184	B1	BB-	Senior	DENMARK
TECHNIP S.A.	FR0010085795	Oil & Gas	Oil & gas	41	NR	BBB+	Senior	FRANCE
TELECOM ITALIA SPA	XS0142531903	Telecommunications	Telecommunications	70	Baa2	BBB+	Senior	ITALY
TELEFONICA S.A.	ES0278430931	Telecommunications	Telecommunications	66	Baa1	BBB+	Senior	SPAIN
TELEFONOS DE MEXICO SA DE CV	USP9048DDDD86	Telecommunications	Telecommunications	72	A3	BBB+	Senior	MEXICO
TELEKOM AUSTRIA AG	XS0172844283	Telecommunications	Telecommunications	54	A3	BBB+	Senior	AUSTRIA
TELEKOMUNIKACJA POLSKA S.A.	USN31209AA26	Telecommunications	Telecommunications	43	Baa1	BBB+	Senior	POLAND
THE PMI GROUP INC	US69344MAE12	Insurance	Insurance	439	A1	A	Senior	USA
THOMSON (EX-TMM)	FR0000188369	Electronics	Electronics/electrical	152	Baa3	BBB-	Senior	FRANCE
THYSSENKRUPP AG	XS0214238239	Mining, Steel, Iron & Non Precious Metals	Steel	69	Baa2	BBB	Senior	GERMANY
VALEO	FR0010007468	Automobile	Automotive	102	Baa2	NR	Senior	FRANCE
VINCI S.A.	XS0151548616	Buildings & Real Estate	Building & Development	81	Baa1	BBB+	Senior	FRANCE
VNU N.V. (Nielsen Co)	XS0137852793	Printing & Publishing	Publishing	496	Caa1	B	Senior	NETHERLANDS
VOLKSWAGEN AG	XS0140535229	Automobile	Automotive	69	A3	A-	Senior	GERMANY
WASHINGTON MUTUAL INC	US939322AV52	Finance	Financial intermediaries	449	NR	A-	Senior	USA
WENDEL INVESTISSEMENT	XS0185010401	Utilities	Utilities	77	NR	BBB	Senior	FRANCE
WOLTERS KLUWER-CVA	XS0181273342	Printing & Publishing	Publishing	43	Baa1	BBB+	Senior	NETHERLANDS
WPP GROUP PLC	XS0131030032	Broadcasting & Entertainment	Business equipment & services	67	Baa2	BBB+	Senior	UNITED KINGDOM
XL CAPITAL LTD -CLASS A	US98372PAF53	Insurance	Insurance	154	A3	A-	Senior	USA
ZURICH INSURANCE COMPANY	XS0201168894	Insurance	Insurance	63	NR	NR	Sub	SWITZERLAND

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5 YEAR MARKET SPREADS

		Current spread 31/12/2007	Spread as of 28/09/2007	Variation
5 Tightest Market Spreads* (5 years CDS)	RHEINMETALL	31	30	1
	HALLIBURTON CO	32	22	10
	CALTEX AUSTRALIA LIMITED	35	34	1
	CARREFOUR SA	35	24	11
	PILKINGTON PLC	35	28	7
5 Widest Market Spreads* (5 years CDS)	COUNTRYWIDE HOME LOAN INC	1142	257	885
	GMAC LLC	860	337	523
	LENNAR CORPORATION	673	332	341
	RADIAN GROUP INC	672	378	294
	VNU N.V. (Nielsen Co)	496	415	81

*Source: Markit

PERFORMING NAMES

		Current spread 31/12/2007	Spread as of 28/09/2007	Variation
5 Best performing names* (5 years CDS)	FLEXTRONICS ONTL LTD	215	265	-50
	TAKEFUJI CORPORATION	135	150	-15
	TATE & LYLE PLC	69	69	0
	LEGRAND	67	66	1
	CALTEX AUSTRALIA LIMITED	35	34	1
5 Worst performing names* (5 years CDS)	COUNTRYWIDE HOME LOAN INC	1142	257	885
	GMAC LLC	860	337	523
	WASHINGTON MUTUAL INC	449	91	358
	LENNAR CORPORATION	673	332	341
	THE PMI GROUP INC	439	134	305

*Source: Markit

CREDIT MIGRATION DURING THE PERIOD

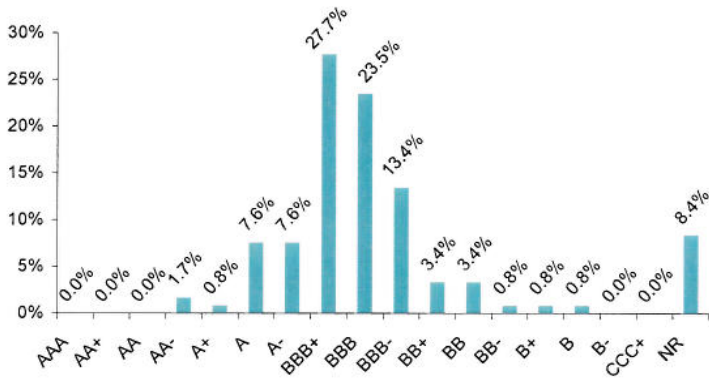
Date	Name	Agency	From	To	Action
02/10/2007	DAIMLER AG	Moody's	Baa1	A3	↗
03/10/2007	FKI PLC	Moody's	Ba2	Ba3	↘
09/10/2007	PETROLEOS MEXICANOS	S&P	BBB	BBB+	↗
12/10/2007	CENTEX CORP	Moody's	Baa2	Ba1	↘
12/10/2007	LENNAR CORPORATION	Moody's	Baa2	Ba1	↘
29/10/2007	COUNTRYWIDE HOME LOAN INC	S&P	A	BBB+	↘
01/11/2007	METSO CORPORATION	Moody's	Baa3	Baa2	↗
02/11/2007	GMAC LLC	Moody's	Ba1	Ba2	↘
05/11/2007	CENTEX CORP	S&P	BBB	BBB-	↘
05/11/2007	LENNAR CORPORATION	S&P	BBB	BB+	↘
08/11/2007	RANK GROUP PLC	S&P	BB-	B+	↘
09/11/2007	WENDEL INVESTISSEMENT	S&P	BBB+	BBB	↘
19/11/2007	CONTINENTAL AG	S&P	BBB+	BBB	↘
21/11/2007	ARCELOR MITTAL FIN	S&P	BBB	BBB+	↗
30/11/2007	TAKEFUJI CORPORATION	S&P	BBB	BBB-	↘
06/12/2007	MARSH & MCLENNAN COS INC	S&P	BBB	BBB-	↘
12/12/2007	ROYAL & SUN ALLIANCE INSURANCI	S&P	A-	A	↗
24/12/2007	GMAC LLC	Moody's	Ba2	Ba3	↘
28/12/2007	DOMINION RESOURCES INC/VA	S&P	BBB	A-	↗

NEXUS4 Topaz Note

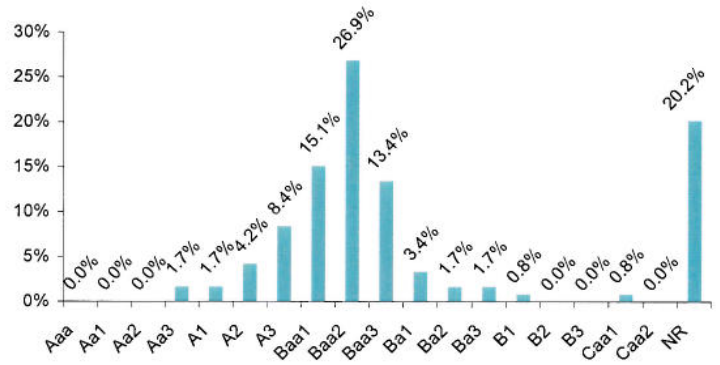
Fourth Quarter 2007

RATING SPLIT

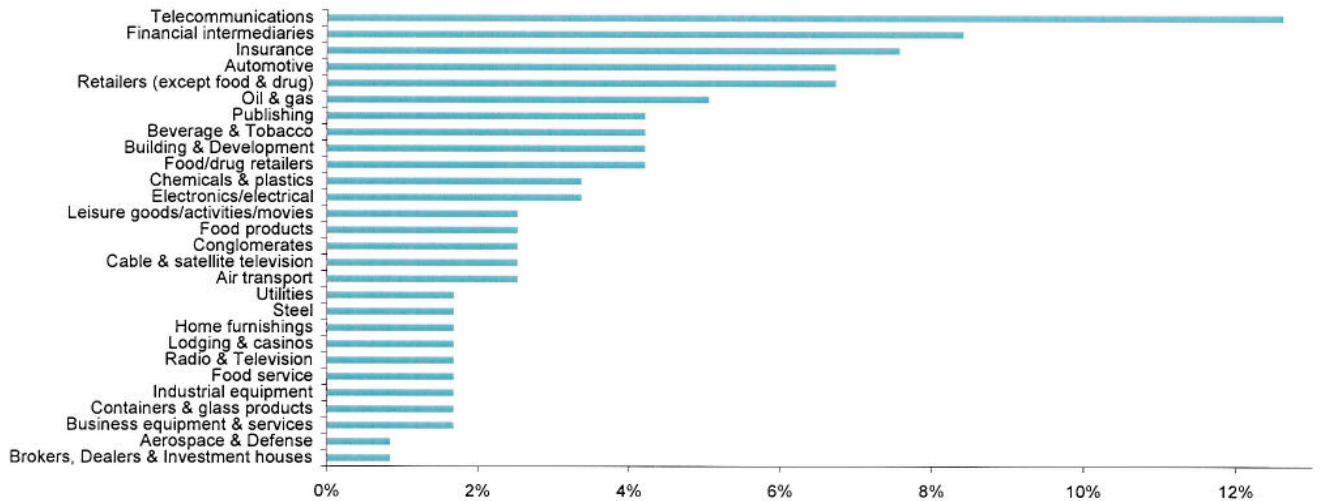
S&P



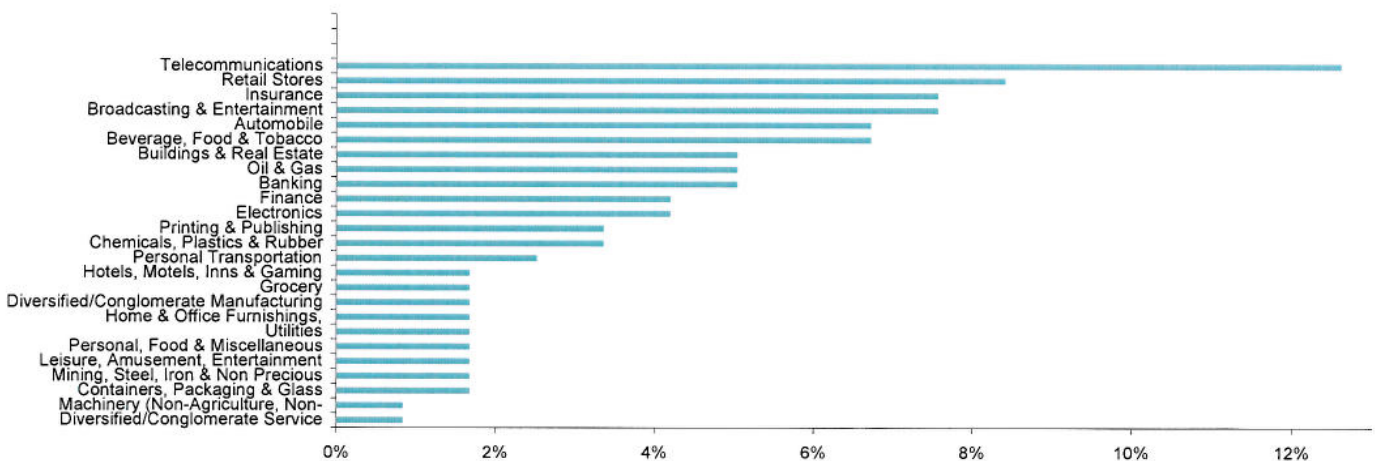
Moody's



INDUSTRY BREAKDOWN S&P



INDUSTRY BREAKDOWN Moody's



NEXUS4 Topaz Note

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SUBSTITUTIONS DURING THE PERIOD

No substitutions during the period

NAME FOCUS

Centex

BBB- STABLE / Ba 1 STABLE

Moody's downgraded the company's LT rating from Baa3 to Ba1 on 11/10/2007 on the back of weak cash flow generation over the last quarters and relatively higher leverage versus peers.

Centex reported a net loss of \$800m in 2Q08 largely due to significant land-related charges of close to \$1bn (which represents ca. 20% of the company's shareholder equity). New orders were down 14% and cancellation rates increased 4% to 31% but that was in line with sector peers.

Future rating actions will be linked to the company's ability to reduce inventories and lower debt as well as the ability to renegotiate its bank credit lines (since some covenants could be breached in 2008 such as the leverage ratio). Centex will also have to refinance about \$600m of bonds which are to mature in 2008 / 2009.

We will closely monitor these issues and would potentially reduce part of our exposure on this name in case of material deterioration in credit metrics over the next two quarters.

CIT

A STABLE / A2 STABLE

CIT is a diversified finance company with assets of \$89bn at the end of Q3 2007. The company is well diversified (factoring business, restructuring business, aerospace trading business...). At the moment 25% of CIT's business is non-US, up from 20% last year. With the meltdown in the mortgage space, CIT Group has been dragged wider. During the last three months, CIT took some decision to improve the liquidity and to ease the market on financial institutions.

First CIT raised \$2 billion in an offering note. The yield spread is almost seven times the one paid by CIT on five year notes sold on February 6. In addition the company will cut 300-400 jobs or 5% of its work force during the first half of next year. This is part of the company's effort to cut \$75-\$100m cost cutting. Finally CIT announced that Dell Inc. had decided to purchase CIT's 30% interest in the two companies joint venture.

The liquidity is definitely positive and we remain constructive about the company given its commercial finance orientation. The fact that it is diversified finance company with the majority of its assets in the commercial finance area should help it to fundamentally outperform many of its competitors. As a consequence, we still consider the risk reward attractive at this level.

Countrywide Home Loans / Countrywide Financial Corp – CFC-

BBB+ Neg / Baa3 STABLE

Countrywide posted a \$1.2bn loss in 3Q7 mainly as a result of significant write downs in its HFS and HFI mortgage loan portfolios. CFC's management indicated that they implemented a conservative credit provisioning and in the same time announced that they expect profit to return in 4Q7. This would be the result of the production shift to mostly prime agency-eligible loans which should allow the gain-on-sale margin to recover in 4Q7.

The positive news came from the cash side where CFC announced that they had "sufficient capital, liquidity and financing capacity for its operation and growth needs". CFC had excess borrowing capacity of \$ 33.6bn at the end of September. Although there remains a lot of challenges that CFC will have to face in 2008 (lower production level volumes, higher funding costs and potentially more negative news on the level of charge-offs on the mortgage portfolios), we view CFC's survival during the summer turmoil (thanks to capital injection mainly through convertible debt underwritten by BOA and new borrowing facilities) as clearly a positive factor for the near term future.

We will keep on closely monitoring CFC's update on liquidity and operational data (4Q07 are expected to be released on 30/01/2008) and would use any significant CDS curve normalization / spread tightening to reduce our exposure in this name.

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Gecina

BBB- Neg / NR STABLE

Gecina is French's largest real estate investment company with property assets value of EUR 13bn as of June 30. H1 07 results were solid with a net income of EUR 1.18bn (+81% yoy) and a sound business mix between residential (36%) and commercial (57%) with a LTV ratio of about 35%. Also, Gecina's leverage is rather low compared to peers in the sector.

However, the company's credit drivers currently relate to the ongoing separation agreement between the shareholders of parent company Metrovacesa and the risk of further leverage at Gecina's level. Indeed, S&P's indicated on December 20th, 2007 that the final ratings would highly depend on the final shareholder structure (takeover bid from Rivero / Soler or a merger with another real estate company). A potential merger with Inmobiliaria Colonial, Spain's 2nd largest real estate company, would create one of the largest European real estate company with property assets worth more than EUR 25bn but the leverage would also increased to about 70% (from 50% currently at Gecina's level).

We believe that the downgrade would be limited to one notch based on Gecina's existing high quality portfolio and that current spreads (5Y CDS was trading at 260bp on 21/12/2007) is already largely pricing this event.

Washington Mutual

A- STABLE / NR STABLE

Washington Mutual is mainly a retail bank, ranking 6 on retail deposits. The bank has an important proportion of middle class Americans, which means that the bank has a structural strong part of its clients which is subprime. It offers full bank services but most of the assets held used to be mortgages. The bank is also diversified on credit cards, home equity loans and also active in commercial mortgages. Washington Mutual forecast a loss for the fourth quarter and provisions for bad loans will be 1.5 billion usd more than the 1.3 billion usd already predicted. Washington Mutual is in the process of eliminating 2.600 jobs mainly in its home loan unit. Also the bank plans to close WaMu Capital Corp, its broker dealer business, as well as its mortgage banker warehouse lending unit. The restructuring is expected to be completed by March, 31. Still the situation remains stretch but the CDS spread reflects the deterioration of the credit profile and offers an interesting risk/reward ratio.

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