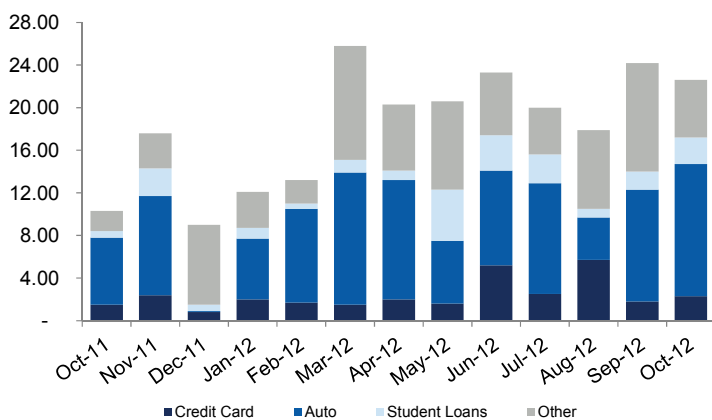


ABS

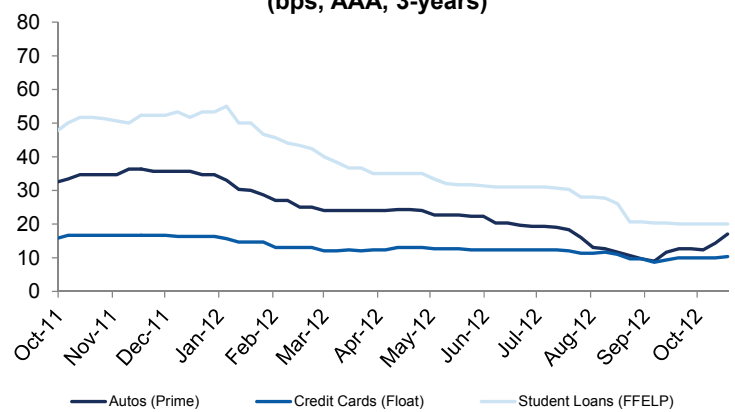
The ABS market in 2012 has reached over \$200 billion in new issuance as of the end of October. BMO acted as Structuring Agent, Co-Lead Underwriter and Joint Bookrunner on the EDUSA 2012-2 issuance. The transaction was met with strong demand, with the Class A Notes (5.42 year WAL) pricing at L+73bps and proving attractive permanent financing for Edsouth. The transaction was structured as a senior/sub pass-through with the \$462 million Class A notes (AA+ / AAA) placed with institutional investors and Edsouth retaining the \$9.2 million Class B subordinated note. The transaction was oversubscribed and broadly distributed, including to a number of new investors to Edsouth. This was the fifth issuance in 2012 for Edsouth making Edsouth the second most active FFELP issuer in 2012 through October with \$2.8 billion in total issuance. Fairway Media issued a \$257 million securitization backed by billboard revenues. Market receptivity was strong as the deal was oversubscribed and priced tighter than initial guidance. Fairway initially intended to bring the deal to market in 2011 but market volatility kept it from being issued, along with other deals backed by esoteric assets.

ABS Issuance Volume by Month (\$bn)



Source: Bloomberg

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



Source: BMOCM, dealer averages

New Deals and Pricing, bps

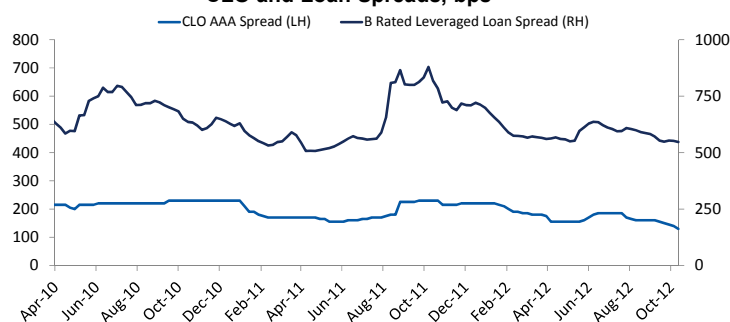
Deal	\$MM	Equivalent Spreads over Libor/Swaps					Subsector	
		AAA - 1y	AAA - 2y	AAA - 3y*	A	<BBB		
Autos								
10/17 CF 2012-2 (PHH)	600		45		115	155	Fleet Leases	
10/17 ALLYA 2012-5 (Ally Financial)	1,260	14	20	25			Retail Loans - Prime	
10/17 WOART 2012-B (World Omni)	684	12	19	23	45		Retail Loans - Prime	
10/17 NALT 2012-B (Nissan)	750	10 - 13	20 - 33				Auto Leases	
10/16 ARFL 2012-B (Automotive Rentals, Inc.)	595	30					Fleet Leases	
10/11 HAROT 2012-4 (Honda)	1,000	7	12	18			Retail Loans - Prime	
10/10 PLOT 2012-1 (Porsche)	527	11	16	24			Auto Leases	
10/10 HART 2012-C (Hyundai)	1,500	7	12	20	45	80	Retail Loans - Prime	
10/4 SMAT 2012-4US (Macquarie)	750	33	55	70			Auto Leases	
10/4 AMOT 2012-5 (Ally Financial)	1,100			80			Dealer Floorplans	
10/3 VALET 2012-2 (Volkswagen)	1,250	1	8	18			Retail Loans - Prime	
10/3 HUNT 2012-2 (Huntington)	1,000	5	12	18	55	85	Retail Loans - Prime	
10/3 CARMX 2012-3 (CarMax)	1,000	10	13	26	55	95	Retail Loans - Prime	
10/3 SDART 2012-6 (Santander)	1,500	15	27	95	150	200	Retail Loans - Subprime	
Total	13,516							
CLOs								
10/25 OCP 2012-2 (Onex Credit Partners)*	521			82 - 148	220	330	430 - 570	Broadly Syndicated Loans
10/24 OAKC 2012-7 (Oak Hill Advisors)	770			142	225	325	500 - 675	Broadly Syndicated Loans
10/23 BLUEM 2012-2 (BlueMountain Capital Management)*	617			142	206	275	410 - 510	Broadly Syndicated Loans
10/23 JTMN 2012-1 (Ji Debt Management U.S.)	481			143	235	345	525 - 725	Broadly Syndicated Loans
10/19 GOCAP 2012-14 (Golub Capital Partners)	514			155	275	410	575 - 775	Broadly Syndicated / Middle Market Loans
10/19 APD 2012-10 (CVC Credit Partners)*	462			142	230	310	450 - 625	Broadly Syndicated Loans
10/17 West CLO 2012-1 (Allianz Global Investors Capital)	460			143	240	350	525 - 725	Broadly Syndicated Loans
10/15 CFC 2012-2 (CFC Asset Management)*	748			140	225	300	425 - 700	Broadly Syndicated Loans
10/12 GALXY 2012-14 (PineBridge Investments)	520			143	250	355	540 - 770	Broadly Syndicated Loans
10/5 ALM 2012-7 (Apollo Credit Management)	722			142	230	335	525 - 700	Broadly Syndicated Loans
10/1 OZLMF 2012-2 (Och-Ziff Loan Management)	560			148	265	400	575 - 775	Broadly Syndicated Loans
Total	6,355							
Credit Cards								
10/24 MCCT 2012-2 (Bank of Montreal)	778			30			150	
10/10 GEMNT 2012-7 (GE)	563			55		100		
10/1 WFNMT 2012-D (World Financial Network)	390			105				
10/1 CHAIT 2012-A7 (Chase)	750			50				
Total	2,481							
Other								
10/25 SRFC 2012-3 (Sierra Wyndham)	275					130	210	Timeshares
10/19 FWAY 2012-1 (Fairway)	247					304	764	Billboard Revenues
10/18 SLFMT 2012-3 (Springleaf)	900		115		190	265 - 340	415	RMBS
10/17 SEMT 2012-5 (Sequoia)	297			110				RMBS
10/17 MEFT 2012-A (Macquarie)	258	29	43			125	220	Equipment
10/16 GEET 2012-2 (GE)	715	17	25	35	45	75		Equipment
10/16 SVOVM 2012-A (Starwood)	166					150 - 225		Timeshares
10/10 HSART 2012-T2 (Home Loan Servicing Solutions)	700	103		158	143 - 208	293 - 358	368 - 458	Servicer Advances
10/10 CAI 2012-1 (CAI International)	171					285	257	Containers
Total	3,728							
Student Loans								
10/19 EDUSA 2012-2 (Edsouth)	471			73				FFELP Loans
10/16 NEF 2012-1 (NorthStar)	687			70				FFELP Loans
10/11 SLMA 2012-E (Sallie Mae)	976		75	140 - 175				Private Loans
10/5 USBR 2012-1 (Utah State Board of Regents)	519			70	100			FFELP Loans
10/2 NSLT 2012-4 (Nelnet)	938			75				FFELP Loans
Total	3,590							

*Denotes coupon pricing - discount margins not available
Source: IFR Markets

Leveraged Finance

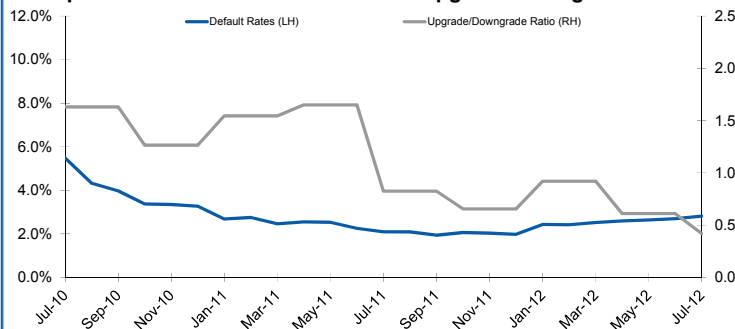
The new issue CLO market remains strong as over \$37 billion of new CLOs have been issued in 2012YTD. October month-to-date issuance stands at \$6.4 billion. Apollo Credit Management issued a \$722 million collateralized loan obligation, upsizing it from \$450 million. This upsize makes the deal the largest broadly syndicated CLO issued this year. New issue CLOs have been growing in size recently as debt markets rally and investors are finding CLOs attractive due to their higher yield. October's average deal size is over \$100 million higher than average deal sizes in the past eight months. New and repeated issuers are continually coming to the CLO market to take advantage of the market's heavy activity. Stormharbour Securities, BNP Paribas and GreensLedge are a few of the many banks looking to issue CLOs in the future. PineBridge Investments and CIBC Asset Management both issued their second transactions of 2012, together totaling \$987.5 million. CLO projections for 2012YE have increased from \$35 billion to around \$40 billion.

CLO and Loan Spreads, bps



Source: Bloomberg and BMOCM

Speculative Grade Default Rate and Upgrade/Downgrade Ratios



Source: Bloomberg and BMOCM

Student Loans

Four FFELP student loan ABS transactions came to market in October 2012 totaling \$2.6 billion, compared to zero deals coming to market in October 2011. Total FFELP ABS issuance to date in 2012 is approximately \$17.6 billion, which is a 30% increase over the same point in 2011. Edsouth came to market with a \$471.2 million transaction, which represents its fifth FFELP transaction this year (EDUSA 2012-2). The deal consisted of a senior/subordinate structure, with the senior tranche rated AA+ / AAA (S&P / Fitch) and sold at par with a coupon of L + 73 bps and a WAL of 5.42 years. Credit enhancement for EDUSA 2012-2 included a \$9.2 million subordinated B-tranche (retained by Edsouth) rated A by Fitch with a WAL of 15.30 years. Nelnet contributed \$937.5 million with its fourth FFELP transaction this year (NSLT 2012-4), which consisted of a senior/subordinate structure, with the senior tranche rated Aaa / AAA / AAA (Moody's / Fitch / DBRS) and sold at par with a coupon of L + 70bps and a WAL of 5.76 years. Credit enhancement for NSLT 2012-4 included a subordinated B-tranche rated Aa1 / A / AA with a WAL of 12.21 years. State Board of Regents of the State of Utah issued its first FFELP deal this year, a single tranche pass-through (AA+ / AAA) totaling \$518.7 million, backed by a pool primarily comprised of Straight-A Funding collateral. The 4.35 year tranche priced at par with a coupon of L + 75 bps. NorthStar Student Loan Trust issued its first FFELP student loan ABS deal this year, a senior/subordinate structure, with the senior tranche rated AA+ / AAA (S&P / Fitch) and sold at par with a coupon of L + 70 bps and a WAL of 5.00 years. Credit enhancement included a \$12 million subordinated B-tranche which was not offered.

RMBS

Redwood Trust came to market with a \$320 million residential mortgage-backed securitization. Sequoia Mortgage Trust 2012-5 represents the investment fund's fifth private-label RMBS of 2012; Redwood has issued eight transactions since the financial crisis. There are fewer super-jumbo loans in the collateral than in recent Sequoia Trust transactions and the largest loans are not as large relative to the collateral balance; the largest loan, at \$2.3 million, represents 0.7% of the mortgage pool.

DQ Rates	Prime RMBS				Sub-Prime RMBS			
	60 +	FC	REO	BK	60 +	FC	REO	BK
1M Ago	5.59%	9.95%	1.36%	2.93%	7.84%	18.82%	2.50%	4.89%
2M Ago	5.53%	10.17%	1.38%	2.89%	7.81%	18.98%	2.61%	4.95%
6M Ago	6.22%	9.53%	1.76%	2.80%	8.42%	18.48%	3.47%	4.84%
2011YE	6.62%	9.55%	1.86%	2.65%	9.84%	18.30%	3.59%	4.54%
12M Ago	6.75%	9.37%	1.80%	2.53%	10.31%	18.50%	3.53%	4.29%

Source: Bloomberg

BMO Recent Deals

EDUSA 2012-2 FFELP Student Loans \$471 million Co-Lead October 2012	NSLT 2012-4 FFELP Student Loans \$938 million Co-Manager October 2012	CAALT 2012-2 Dealer & Purchased Loans \$252 million Co-Manager September 2012	Food Service Company Trade Receivables \$800 million Joint Lead Arranger August 2012
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U.S. Securitization Contacts

Paul Secchia, Sector Head and Managing Director	312.461.7048	paul.secchia@bmo.com
Eduardo Mendoza, Managing Director	312.461.7521	eduardo.mendoza@bmo.com
John Pappano, Managing Director	312.461.4033	john.pappano@bmo.com
Matt Peters, Managing Director	312.461.3416	matt.peters@bmo.com
Bart Steenbergen, Managing Director	312.461.7513	bart.steenbergen@bmo.com

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