ANGELO, GORDON & CO.

CAPITAL MARKETS PERSPECTIVES

FIRST QUARTER 2015

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ANGELO, GORDON & CO. is a privately held investment management firm that was founded in 1988 to focus on alternative money management activities and currently has assets under management of $27 billion. The firm's investment philosophy combines fundamental in-depth research and a conservative valuation approach with a diversification strategy designed to reduce downside risk and protect principal.

Investment disciplines encompass four principal business lines: (i) credit; (ii) real estate; (iii) private equity and (iv) multi-strategy. Funds are managed in single-strategy vehicles or multi-strategy vehicles. A great deal of synergy exists among the investment teams and their ability to work together has proven to be a key element in the firm's success.

PORTFOLIO MANAGERS' CORNER

TODD DITTMANN
Portfolio Manager
Energy Direct Lending

The energy sector merits a patient and cautious approach. Although oil prices have settled into a tighter trading band, the next leg remains uncertain as a tug-of-war is waged between (a) the falling rig count and resultant shrinking domestic supply, and (b) robust current production and an over-filling of physical storage *(See Chart)*. Numerous other factors are also relevant, including the growing backlog of suspended well completions, the Iranian nuclear deal, U.S. dollar strength, Libyan and Yemeni strife, and European and Chinese demand.

Despite increasing oil price volatility during much of the quarter, investors seemed driven more by fear of missing a trade than by fear of mispricing risk. Many newly-minted debt financings for stressed oil and gas companies were completed in February and early March, at a time when high yield mutual fund inflows drove price appreciation across the asset class. Several of these financings underperformed with the dip in oil prices in late March when the correlation between energy high yield and oil prices was re-established. It appears the recent transactions garnered excessive investor interest based principally on the size of the capital raised. We believe most of these financings, as well as the prices of outstanding energy stocks and bonds, reflect a level of buyer enthusiasm that is optimistic and unwarranted, given volatile oil prices and a lack of fundamentals, covenants or hedging requirements.

A second wave of more moderately-sized financing opportunities is coming, as a result of the April bank borrowing base redetermination process. These sizeable but smaller refinancing opportunities should not have the same broad market appeal as the larger, first wave transactions done in the early innings of the energy capital dislocation. It is our expectation that these second wave transactions will carry more attractive risk-return profiles, permit a hands-on approach to underwriting and, as a result, come with richer pricing and better covenants, hedging, and structure.

BRUCE MARTIN
Portfolio Manager
Non-Investment Grade Corporate Credit

The High Yield and Leveraged Loan Indices returned 2.4% and 2.3%, respectively, for the first quarter of 2015 (Source: JP Morgan). Both markets regained the ground lost due to the commodity-driven sell-off during the fourth quarter of 2014. These numbers belie what has been a volatile and often challenging market environment as liquidity ebbed and flowed, particularly in the energy sector. Within high yield, energy detracted 0.6% from returns in January, rebounded substantially in February, returning 5.9%, and reversed meaningfully again in March with energy returns of -2.4% *(See Chart)*. Despite strong new issue supply in the first quarter, the high yield market performed well, driven by inflows of roughly $10 billion as investors allocated to high yield based on a belief that the Federal Reserve will not raise interest rates as early or dramatically as previously thought. Quantitative easing and record low sovereign bond yields in Europe have helped further dim the prospect of higher rates in U.S. investors' minds. The leveraged loan market is enjoying very strong supply/demand technicals as retail fund outflows have moderated, CLO issuance is very strong, and new issue volume is down substantially from last year's pace. Given this technical landscape, loans perceived to be of higher quality are difficult to source. On the other hand, with fears of a commodity-driven default cycle underway, loans to companies experiencing some earnings challenges are experiencing much greater volatility than historical norms.

With oil prices still languishing near the mid-$50s, a level at which many high yield energy bond issuers will not survive, it still feels as if the health of the leveraged finance markets in the near term will continue to be driven by the price of WTI. Looking ahead, the market is also susceptible to changing views on the timing of potential Fed rate hikes. Lastly, there have been an increasing number of research reports commenting on the shrinking of liquidity across the credit markets, including Treasuries, high grade, and high yield *(See Chart)*. This is the result of increased regulatory constraints on traditional sell-side market participants, as well as a crowding out of private investors from public securities as a result of quantitative easing. We believe this means that investors should be prepared for increased volatility in security prices, along with prices that may not necessarily be truly reflective of underlying company fundamentals.

THOMAS FULLER
Portfolio Manager
Distressed Debt

With both high yield and leveraged loan lagging default rates in the U.S. at historic lows, the supply of non-energy distressed corporate credit during the first quarter of 2015 remained limited. Even with Caesars' filing, the loan default rate slid to a 3-year low of 0.61% in March. Energy companies, specifically in exploration and production ("E&P"), however, dominated the domestic distressed headlines with volatile pricing and a significant amount of issuance trading at increasingly meaningful discounts to par *(See Chart)*. The secondary market for E&P names collapsed in January, with some issues down as much as 20+ points, rallied in February, and then sold off again in March. Oil and gas-related loans accounted for just under 5% of the S&P LSTA Performing Index but approached 40% of the Index's distressed measure, tracking loans at L+1000 or higher. In Europe, increased regulatory pressure continues to encourage banks to recapitalize with new equity. From our vantage point, we are seeing steady but substantial NPL sales, and in many European sub-regions, even earlier stages of deleveraging.

ARTHUR PEPONIS
Portfolio Manager
Private Equity

The private equity market continued the trends experienced over the past couple of years. Deal volume for the first three months of 2015 increased approximately 15% from the prior year's level to $98 billion versus $84 billion. Despite the higher deal volume, "dry powder" was $456 billion on March 31 which was 5% higher than it was at year-end. As we've stated previously, despite increased regulatory scrutiny, leverage remains high by historical standards. First quarter leverage as a multiple of EBITDA was 5.7x, slightly below the record average of 5.8x for the entirety of 2014, but higher than the 5.5x leverage in the fourth quarter of 2014. From a financing perspective, although there were no PIK Toggle notes issued in the first quarter, covenant lite loans, an issuer-friendly structure, represented 61% of new issues in the first quarter, below 2014 levels but still high by historical standards. Multiples achieved by sellers remain robust as the 9.9x EBITDA purchase price in the first quarter was higher than the 9.8x average for 2014 (an all-time annual record) and the 9.5x multiple in the fourth quarter of 2014 *(See Chart)*. Equity as a percentage of purchase price in the first quarter averaged 39%, at the upper end of the 35-40% band we have seen over the past several years. As a result of some volatility in the markets, private equity exits for the first quarter were below the record-setting pace of 2014. However, when put into a historical context, the dollar volume of exits are at a comparable run rate to those seen in the 2011 through 2013 time frame. Overall, it remains a strong market for sponsors to monetize assets.

DAVID KAMIN
Portfolio Manager
Merger Arbitrage

After a turbulent fourth quarter, merger arbitrage returned to normalcy in the first quarter of 2015. Median deal spreads narrowed back to 7%, a level to which we have become accustomed over the past two years. The recent period marked the fifth consecutive quarter of robust M&A activity with health care continuing the strength we saw during 2014 *(See Chart)*. The pharmaceuticals sector continued to be acquisitive as those with foreign tax domiciles took advantage of their tax benefits and the theme of "acquire or be acquired" ruled the day. A further continuing trend was the skew toward large deals which stood at a near record with 43% of announced deals valued at greater than $5 billion. Aided by nine $10+ billion deals announced during the quarter, the average deal size was well above historical levels. Acquirer shares continued to react favorably to merger announcements as investors applauded the pursuit of inorganic growth and cost reduction against a low-growth global backdrop. Traditional private equity buyers remained on the sidelines as they were constrained by strategic deal activity, regulatory limits on leverage, and above-average valuations. Heinz, owned by 3G Capital and Berkshire, is returning to the public trading markets with its acquisition and reverse IPO of Kraft Foods. The pro forma Kraft Heinz will be watched closely with its quasi private equity structure – 51% will be owned by 3G and Berkshire – as a template for others to follow. Finally, energy continued to be a focus industry for M&A investors. While it is too early to see a flurry of mergers as there remains a valuation disconnect between buyers and sellers, we believe that a rise in crude prices or a longer than originally expected stay at these levels will act as a catalyst for deals. We continue to believe that energy M&A remains a second-half 2015 event at the earliest.

GARY WOLF
Portfolio Manager
Convertible Arbitrage

Convertible bonds had a robust start to the year, benefitting from the strength in underlying equities and firm credit markets. The BAML Global 300 Convertible Index returned 4.78% in local currency terms in the first quarter. There was, however, a notable difference in performance across regions, largely reflecting the changes in accommodative policies of the respective central banks. The European sub-index was up 7.29% and Japan 5.10%, while the U.S. lagged with a 3.02% return. The BAML All US Hedge Index, as an indicator for convertible arbitrage returns, rose 1.11% as convertible valuations continuously ticked higher during the quarter, generally driven by outright investors chasing the equity market rally. In some regions, this was exacerbated by an initially slow start in the primary market, combined with a rising number of corporate actions reducing the amount of outstanding paper. Valuations of sub-investment grade names also caught up following their underperformance in last year's fourth quarter. Global new issuance was solid in the first quarter, with the U.S. leading the charge. According to BofA Merrill Lynch, total issuance came to $25.1 billion, of which $15.7 billion was attributable to the U.S., $4 billion to Europe, $2.8 billion to Japan, and $2.6 billion to others including Asia ex-Japan *(See Chart)*. A number of jumbo deals from Actavis, Telecom Italia, Southwestern Energy, Microchip, American Tower, Whiting Petroleum and Aabar dominated proceedings. In line with our expectations at the end of last year, the global convertible market offered a favorable environment for investors to pursue both fundamental and relative value opportunities and we expect this to continue.

JONATHAN LIEBERMAN
Portfolio Manager
Residential and Consumer Debt (RMBS/ABS)

The RMBS and ABS markets rebounded during the first quarter and experienced a strong increase in trading activity after a soft December. RMBS and ABS credit spreads tightened moderately as new capital inflows sought out higher yielding securities with favorable technicals and sound fundamentals. One notable exception was Agency RMBS, as the mortgage basis came under pressure in response to lower interest rates and potentially higher prepayment speeds. With the exception of CLOs, the structured credit markets have been unaffected by the sharp decline in oil prices, unanticipated lower interest rates, and losses in the high yield and bank loan markets. Index or beta-like securities such as Fannie and Freddie risk transfer transactions rallied after struggling during the fourth quarter. Negative net issuance for RMBS and ABS continued to be supportive for RMBS. With respect to borrower performance, the trend of improving consumer and mortgage credit quality continued to hold *(See Chart)*. Auctions of legacy non-performing and re-performing mortgage loans were consistent with prior period activity levels. Sales from banks have been skewed towards re-performing mortgage loans, as lower interest rates have prompted banks to accelerate their divesture of these loans.

ANDREW SOLOMON
Portfolio Manager
Real Estate Debt (CMBS)

The CMBS market got off to an uncharacteristically slow start in 2015. The industry typically benefits from a strong January effect, as new annual commitments to the sector are invested early in the year, thereby pushing up prices. However, CMBS investors entered this year with a bit more caution than usual, with lower available yields and deteriorating underwriting standards frequently cited as reasons for hesitation. As the quarter progressed, these concerns seemed to dissipate. We believe the European Central Bank's bond purchase program, an (at least temporary) agreement to keep Greece in the EU, and accommodative statements from the Fed all helped to boost investor confidence. Within the CMBS market, this positive backdrop was supported by continued commercial property price appreciation.

CMBS prices generally increased during the period, both up and down the deals' capital structures and across deal vintages. The positive price performance occurred despite a substantial pick-up in new issue supply. By the time the quarter ended, over $38 billion of new issue transactions had priced, a 42% increase from the prior year *(See Chart)*. The bulk of the increase was driven by $14 billion of issuance of single asset/single borrower CMBS transactions. With large acquisition and refinance activity expected to continue, this part of the CMBS market is poised to grow rapidly.

GORDON J. WHITING
Portfolio Manager
Net Lease Real Estate

Activity in the net lease market remained robust during the first quarter. Despite the interest rate volatility, pricing in the net lease market continued to strengthen throughout the period as demand remained strong. Cap rates for industrial properties with below investment-grade tenants are now in the mid-6% to low-8% range depending on real estate quality and lease term *(See Chart)*. The acquisition landscape became more competitive due to a favorable financing market and the growth in the non-traded REIT space as well as in the public REIT market. Deal supply has also been healthy as pricing improved. The lending environment continued to be attractive as lenders priced loans at narrower spreads to U.S. Treasury yields, and routinely offered two- to five-year interest-only periods on our typical ten-year loan quotes.

PORTFOLIO MANAGERS' CORNER *(continued)*

ADAM SCHWARTZ
Portfolio Manager
Head of U.S. and Europe Real Estate

The market continued its upward trajectory with increased transaction volume, growing debt originations, and prices that increased 2% over the last three months for the core-oriented Green Street CPPI index. Apartments continued to lead the price gains with a 4% move over the last three months as a result of continued rent growth and a declining vacancy rate. The publicly-traded REITs also gained 3% during the first quarter, continuing momentum from a 32% gain in 2014. The bifurcation of investor demand and valuations between primary and secondary markets continues. Trophy assets in gateway markets such as New York, San Francisco, Los Angeles and Boston continue to garner robust demand from both domestic and international buyers, pushing cap rates to historically low levels, while demand for properties in other markets has experienced a slower rate of increase.

The 10-year Treasury held its ground at the low end of its trailing 12-month range, further supporting the bid for real estate. Cap rates are near or below their levels seen in the last peak, although interest rates are significantly lower today as well, driving improved levered yields *(See Chart)*. The strengthening currency has yet to result in declining foreign investment in commercial real estate assets, although we do worry about the impact on residential assets in certain markets like New York and Miami. Underwriting standards remain largely in check, but we will watch for signs of erosion over 2015. Operating fundamentals have improved materially and look sound for the upcoming years with a strengthening economy driven by continuing job growth of 3 million jobs in the past year and GDP growth expectations of 3% for 2015. New supply is increasing but remains below long-term averages with the exception of apartments, which are now approximately 15-20% above their 30-year average of 290K units per annum. We continue to keep our eyes on energy as it affects certain markets on both the office and residential fronts. Houston in particular has shown early signs of decline with 2.5 million square feet being placed on the sublease market by companies in the first quarter.

The ECB launched open-ended quantitative easing in January. The impact on the financial markets has been significant but we remain skeptical of the program's ability to create user demand for real estate, at least in the short term. With tepid signs of economic growth, the market believes rates in Europe will remain low for some time. In this no-yield environment, stabilized real estate is being bid aggressively and cap rates continue to decrease, reaching all-time lows in most capital cities, albeit off of relatively depressed income streams. At the same time, banks continue deleveraging as can be seen by the decline in commercial real estate loans as a percentage of total bank liabilities *(See Chart)*. Fundamentals for real estate appear attractive as exit liquidity is returning and transaction volumes increased 13% in 2014. Prime office rents are up an average of 3% over the year and vacancy rates have remained stable at 10.5%. Our firsthand experience tells us that best locations continue to see tenant demand while secondary locations remain stagnant.

WILSON LEUNG
Portfolio Manager
Asia Real Estate

In Japan, we are still in the early stages of a real estate recovery with the Tokyo office vacancy rate falling to 5.5% as of the end of the year. Office rents rose 4.6% in 2014, which is the first year we have seen rental rate growth in Tokyo since the financial crisis nearly seven years ago. Tokyo asset values are still far below 2007 peak levels, which is unique among the other gateway cities around the world. Cap rates tightened during the year but borrowing costs fell as well, allowing for the attractive 300+ basis point spread to continue *(See Chart)*. From a real estate cycle perspective, it is a very attractive time to be investing in Japan.

In Korea, the Seoul office market vacancy rate ended the year at 10% which is considered historically high. Office rent growth was flat in 2014 as the market continued to digest the large amount of new office supply that was delivered post-financial crisis. Fortunately, future office supply is limited and market fundamentals are expected to recover as net absorption continues to be positive. Today, investors are still finding opportunities to buy properties from distressed landlords or lenders who are looking to exit the assets that were purchased or financed prior to 2008.

China finished the first quarter of 2015 with 7.0% growth and analysts expect that it will hover at this level over the next few years. Although the pace of growth has declined, the absolute amount of growth has increased due to the fact that the economy is now many times larger than it was one or two decades ago when growth was closer to 10%. From a real estate perspective, we saw residential sales volumes (in terms of gross floor area) fall 9.1% in 2014 and pricing grow at only 1.4% in comparison to 8.5% average annual price growth since 2001. The government has responded by loosening both the home purchase restrictions as well as the home mortgage restrictions, which were credit-tightening measures put in place to curb residential pricing growth and, ultimately, demand. With the relaxation of these measures, we expect to see a recovery in buyer sentiment and residential purchases in 2015 and beyond.

ECONOMIC DASHBOARD

MARKET INDICES

First Quarter 2015

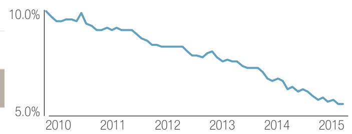
JOB MARKET

Macro Economics		Five Year Trend

US – Unemployment Rate

As of 3/31/2015

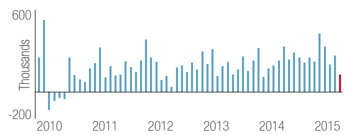
Latest Level	5.5
Changes from Prior Month	0.0
Latest Direction	No Change
Frequency	Monthly



US – Non Farm Payroll

As of 3/31/2015

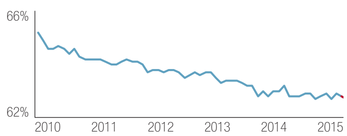
Latest Level	126.0
Changes from Prior Month	(138.0)
Latest Direction	Deteriorating
Frequency	Monthly



US – Labor Participation Rate

As of 3/31/2015

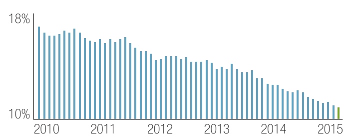
Latest Level	62.7
Changes from Prior Month	(0.1)
Latest Direction	Deteriorating
Frequency	Monthly



US – U-6 Unemployed & Margin & Part Time as % of Labor Force & Margin

As of 3/31/2015

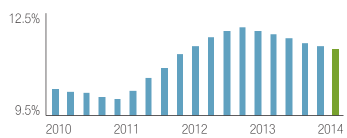
Latest Level	10.9
Changes from Prior Month	(0.1)
Latest Direction	Improving
Frequency	Monthly



Eurozone Unemployment Rate

As of 12/31/2014

Latest Level	11.5
Changes from Prior Quarter	(0.1)
Latest Direction	Improving
Frequency	Quarterly



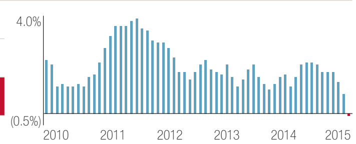
INFLATION

Macro Economics		Five Year Trend

US Consumer Price Index (CPI) Y-o-Y %

As of 3/31/2015

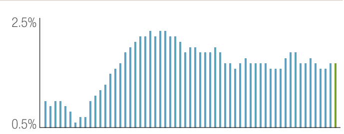
Latest Level	(0.1)
Changes from Prior Month	(0.1)
Latest Direction	Decreasing
Frequency	Monthly



US CPI Goods Excl Food and Energy Y-o-Y %

As of 3/31/2015

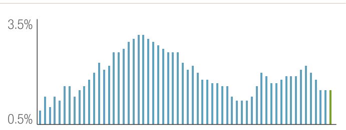
Latest Level	1.8
Changes from Prior Month	0.1
Latest Direction	Increasing
Frequency	Monthly



US Producer Price Index (PPI) Y-o-Y %

As of 3/31/2015

Latest Level	2.0
Changes from Prior Month	0.5
Latest Direction	Increasing
Frequency	Monthly



Source: Bloomberg (All)

"Latest Direction" is from the last "Frequency" measurement

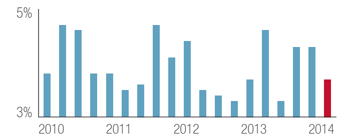
GDP GROWTH

Macro Economics		Five Year Trend

US – GDP Y-o-Y %

As of 12/31/2014

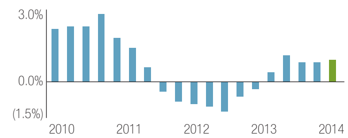
Latest Level	3.7
Changes from Prior Quarter	(0.6)
Latest Direction	Deteriorating
Frequency	Quarterly



Eurozone – GDP Y-o-Y %

As of 12/31/2014

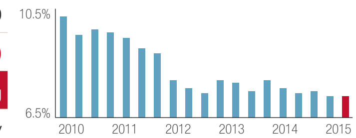
Latest Level	0.9
Changes from Prior Quarter	0.1
Latest Direction	Improving
Frequency	Quarterly



China – GDP Y-o-Y %

As of 3/31/2015

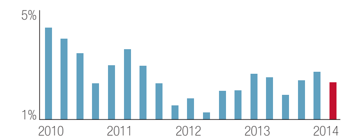
Latest Level	7.0
Changes from Prior Quarter	(0.3)
Latest Direction	Deteriorating
Frequency	Quarterly



World – GDP Y-o-Y %

As of 12/31/2014

Latest Level	2.4
Changes from Prior Quarter	(0.4)
Latest Direction	Deteriorating
Frequency	Quarterly



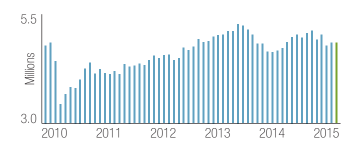
HOUSING

Macro Economics		Five Year Trend

Existing Home Sales

As of 2/28/2015

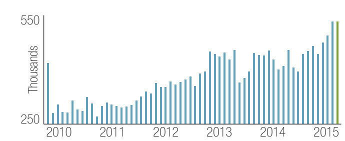
Latest Level	4.9
Changes from Prior Month	0.1
Latest Direction	Improving
Frequency	Monthly



New Homes Sales

As of 2/28/2015

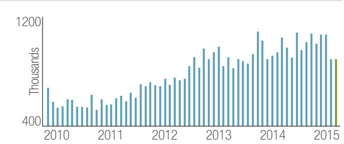
Latest Level	539.0
Changes from Prior Month	39.0
Latest Direction	Improving
Frequency	Monthly



Housing Starts

As of 3/31/2015

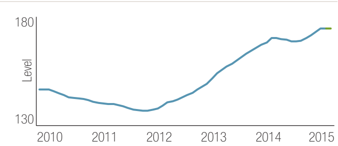
Latest Level	926.0
Changes from Prior Month	18.0
Latest Direction	Improving
Frequency	Monthly



Case-Shiller Index of Home Value in 20 cities

As of 1/31/2015

Latest Level	175.8
Changes from Prior Month	1.5
Latest Direction	Improving
Frequency	Monthly



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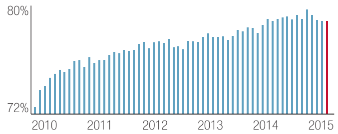
ECONOMIC DASHBOARD *(continued)*

ECONOMIC & MARKET CONFIDENCE

Macro Economics | Five Year Trend

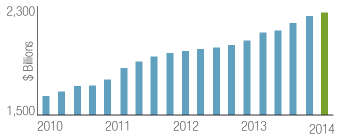
Capacity Utilization as a % of Capacity
As of 3/31/2015

Latest Level	78.4
Changes from Prior Month	(0.6)
Latest Direction	Deteriorating
Frequency	Monthly



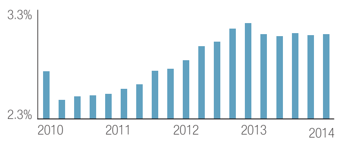
Private Fixed Investment Nonresidential SAAR
As of 12/31/2014

Latest Level	2,272.0
Changes from Prior Quarter	27.7
Latest Direction	Improving
Frequency	Quarterly



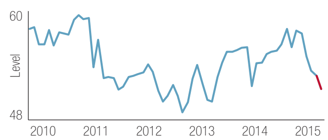
Residential Fixed Investment as a % of GDP
As of 12/31/2014

Latest Level	3.1
Changes from Prior Quarter	0.0
Latest Direction	No Change
Frequency	Quarterly



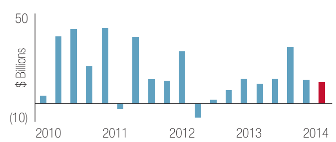
ISM Manufacturing Index
As of 3/31/2015

Latest Level	51.5
Changes from Prior Quarter	(1.4)
Latest Direction	Deteriorating
Frequency	Monthly



Manufacturing Inventory Change Q-o-Q $
As of 12/31/2014

Latest Level	11.9
Changes from Prior Quarter	(1.4)
Latest Direction	Decreasing
Frequency	Quarterly

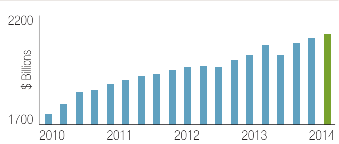


Architecture Firms Billings Index
As of 2/28/2015

Latest Level	50.4
Changes from Prior Month	0.5
Latest Direction	Improving
Frequency	Monthly

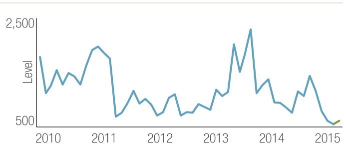
Exports of Goods/Services
As of 12/31/2014

Latest Level	2,127
Changes from Prior Quarter	23
Latest Direction	Improving
Frequency	Quarterly



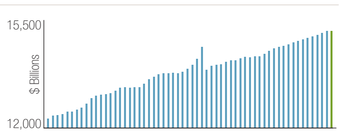
Shipping Rates
As of 3/31/2015

Latest Level	602
Changes from Prior Quarter End	62
Latest Direction	Improving
Frequency	Quarterly



Personal Income Level
As of 2/28/2015

Latest Level	15,131
Changes from Prior Month	59
Latest Direction	Improving
Frequency	Monthly

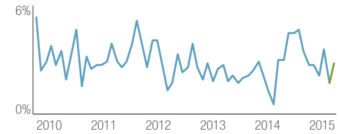


ECONOMIC & MARKET CONFIDENCE *(continued)*

Macro Economics | Five Year Trend

US Retail Chain Store Sales Y-o-Y
As of 3/31/2015

Latest Level	2.9
Changes from Prior Month End	1.1
Latest Direction	Improving
Frequency	Monthly



Michigan Consumer Confidence Sentiment
As of 3/31/2015

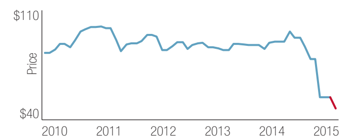
Latest Level	93.0
Changes from Prior Month	(2.4)
Latest Direction	Deteriorating
Frequency	Monthly

COMMODITIES

Macro Economics | Five Year Trend

WTI Crude Oil Price
As of 3/31/2015

Latest Level	47.6
Changes from Prior Month End	(4.5)
Latest Direction	Decreasing
Frequency	Monthly



Reuters/Jefferies Commodity Index
As of 3/31/2015

Latest Level	211.9
Changes from Prior Month End	(12.2)
Latest Direction	Decreasing
Frequency	Monthly

Gold
As of 3/31/2015

Latest Level	1,183.6
Changes from Prior Month End	(29.6)
Latest Direction	Decreasing
Frequency	Monthly

RATES

Macro Economics | Five Year Trend

LIBOR 3M
As of 3/31/2015

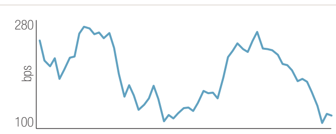
Latest Level	0.27
Changes from Prior Month End	0.02
Latest Direction	Increasing
Frequency	Monthly

Treasury 10 Yr Yield
As of 3/31/2015

Latest Level	1.92
Changes from Prior Month End	0.28
Latest Direction	Increasing
Frequency	Monthly

Swaps 2Y vs 10Y
As of 3/31/2015

Latest Level	121.86
Changes from Prior Month End	12.33
Latest Direction	Steepening
Frequency	Monthly



Source: Bloomberg (All)

"Latest Direction" is from the last "Frequency" measurement

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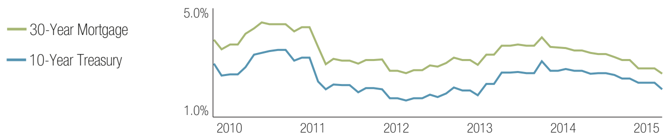
ECONOMIC DASHBOARD *(continued)*

RATES *(continued)*

Macro Economics — Five Year Trend

30 Yr Mortgage and 10 Yr Treasury



EQUITY

Macro Economics — Five Year Trend

US Equity Markets – Russell 3000

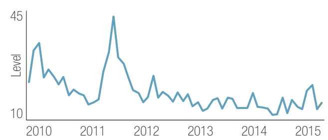
As of 3/31/2015

Latest Level	1,240.3
Changes from Prior Month End	(14.8)
Latest Direction	Sell-off
Frequency	Monthly

US Equity – VIX

As of 3/31/2015

Latest Level	15.3
Changes from Prior Month End	2.0
Latest Direction	Increasing
Frequency	Monthly



S&P 500 Percentage Exceeding Earning Estimates

As of 3/31/2015

Latest Level	67.9
Changes from Prior Quarter End	(0.5)
Latest Direction	Decreasing
Frequency	Monthly

S&P 500 Historical Valuation Levels

Trailing P/E on S&P 500

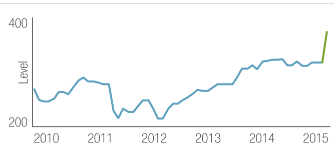
As of 3/31/2015

Latest Level	18.3
Changes from Prior Month End	0.0
Latest Direction	No Change
Frequency	Monthly

Equity Markets – Euro Stoxx

As of 3/31/2015

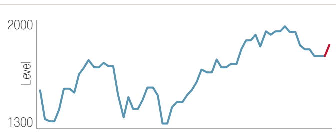
Latest Level	377.9
Changes from Prior Month End	10.7
Latest Direction	Increasing
Frequency	Monthly



Equity Markets – MSCI EAFE

As of 3/31/2015

Latest Level	1,849.3
Changes from Prior Month End	(37.0)
Latest Direction	Decreasing
Frequency	Monthly



EQUITY *(continued)*

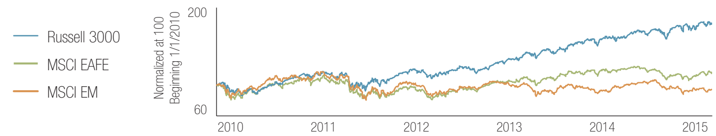
Macro Economics — Five Year Trend

Equity Markets – MSCI EM

As of 3/31/2015

Latest Level	974.6
Changes from Prior Month End	(15.7)
Latest Direction	Decreasing
Frequency	Monthly

Russel 3000 - MSCI EAFE - MSCI EM



FOREIGN EXCHANGE RATE

Macro Economics — Five Year Trend

Euro Spot Rates vs 1 USD

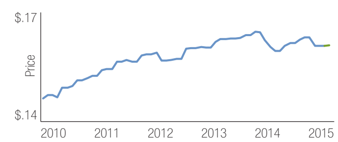
As of 3/31/2015

Latest Level	1.07
Changes from Prior Month End	(0.5)
Latest Direction	Deteriorating
Frequency	Monthly

Yuan Spot Rate vs 1 USD

As of 3/31/2015

Latest Level	0.1613
Changes from Prior Month End	0.0017
Latest Direction	Improving
Frequency	Monthly



Yen Spot Rates vs 1 USD

As of 3/31/2015

Latest Level	0.0083
Changes from Prior Month End	0.0000
Latest Direction	No Change
Frequency	Monthly

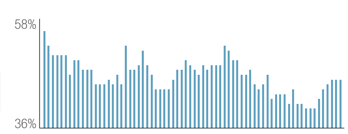
POLITICS

Macro Economics — Five Year Trend

NBC NEWS/WSJ Poll Obama Approval Rating[1]

As of 3/5/2015

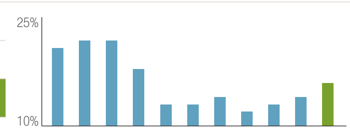
Latest Level	46.0
Changes from Prior Month	0.0
Latest Direction	No Change
Frequency	Monthly



NBC NEWS/WSJ Poll Congress Approval Rating[1]

As of 12/14/2014

Latest Level	16.0
Changes from Prior Level	2.0
Latest Direction	Increasing
Frequency	Semi-Annually



Source: Bloomberg (Except where noted)

(1) NBC News/Wall Street Journal Survey

"Latest Direction" is from the last "Frequency" measurement

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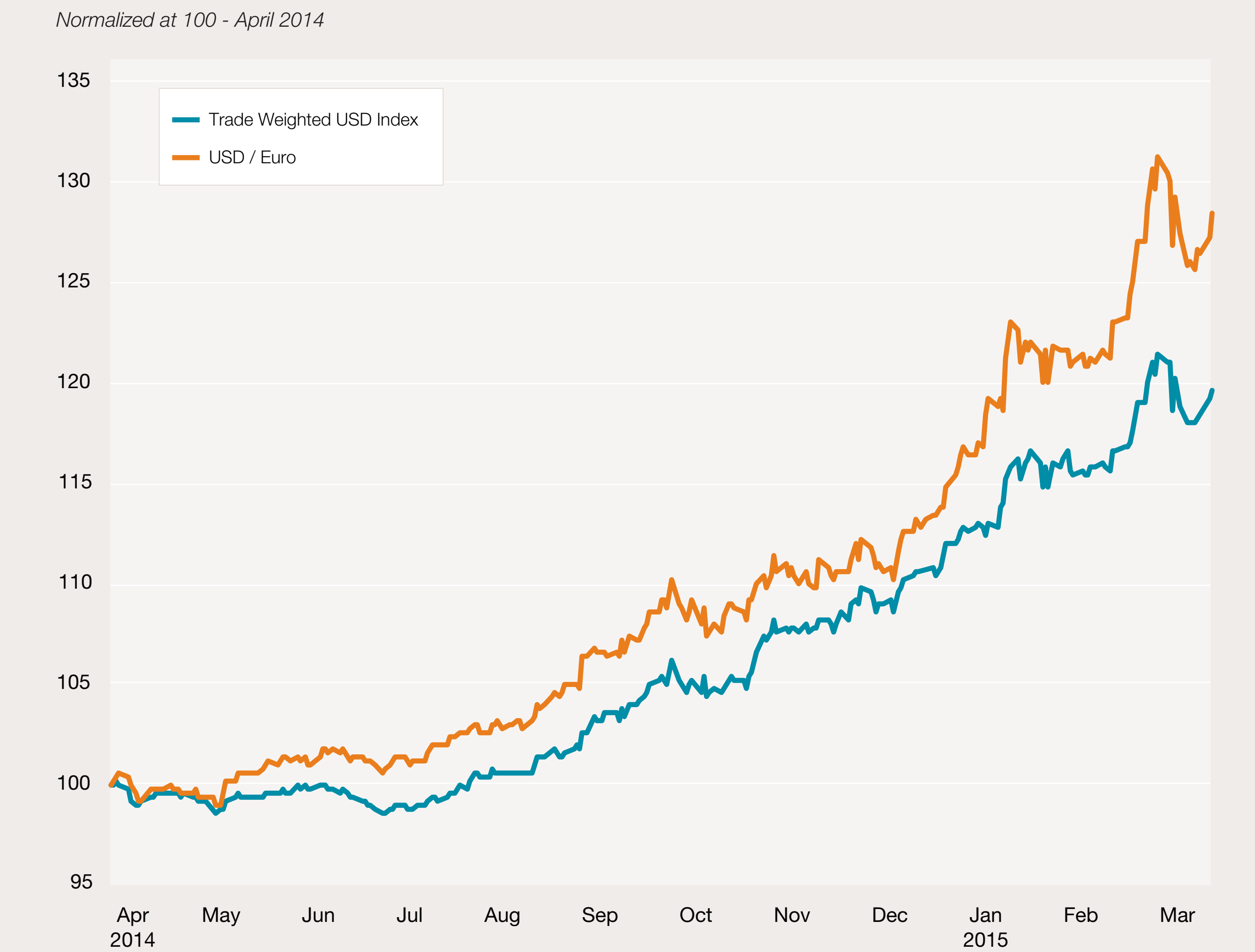
THE RISE OF THE U.S. DOLLAR



Trade Weighted USD Index: Calculated using an average of the U.S. Dollar against 5 currencies (Euro, Yen, Pound Sterling, Canadian Dollar, Swiss Franc) provided by Deutsche Bank

Source: Bloomberg, Wall Street Journal, Citigroup

In the past eight months, the U.S. dollar has risen more rapidly than at any other time in the last 40 years when compared with the currencies of its major trading partners.* A stronger U.S. dollar is expected to have a deflationary effect, reduce GDP by 0.5% - .75%, and continue to add volatility to U.S. dollar quoted oil prices.**

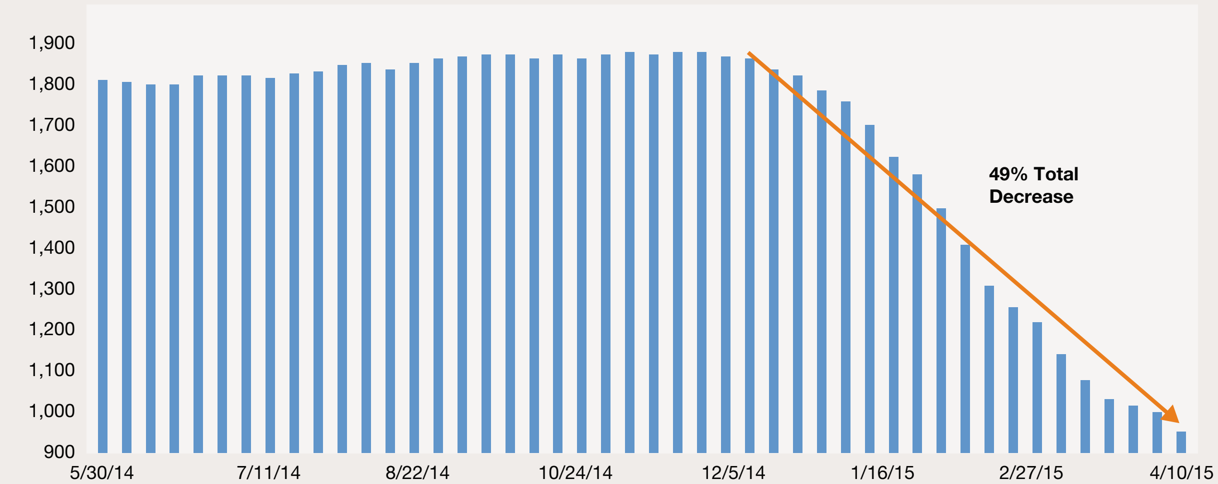
**Citigroup*

***DB Global Markets Research*

ENERGY DIRECT LENDING

(Return to PM Corner)

U.S. LAND RIG COUNT

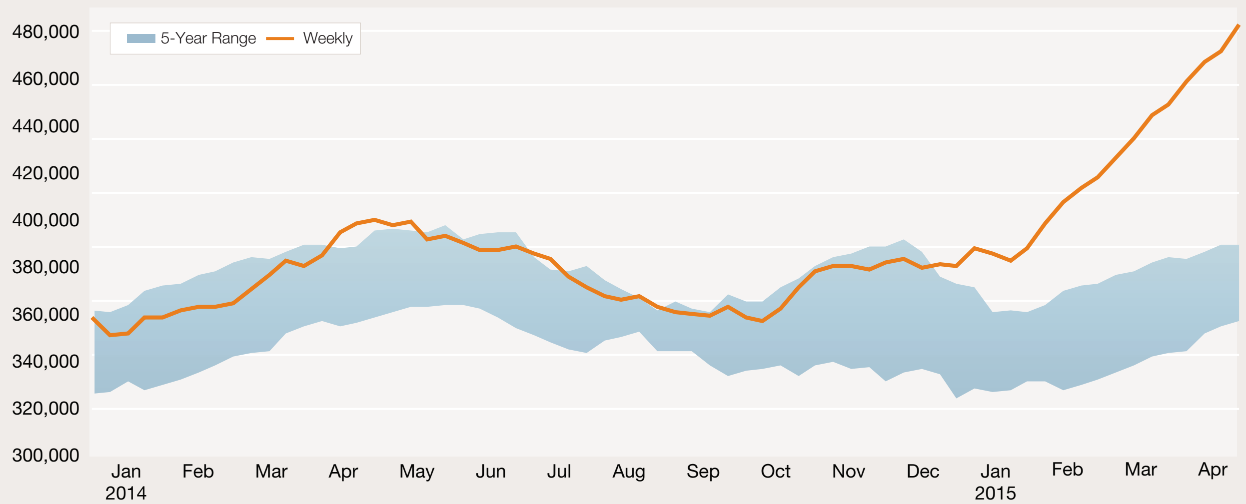


Source: Baker Hughes as of 4/10/2015

The reduced drilling narrative has been supplanted by investor focus on increased production and rapidly filling physical storage *(applies to charts above and below).*

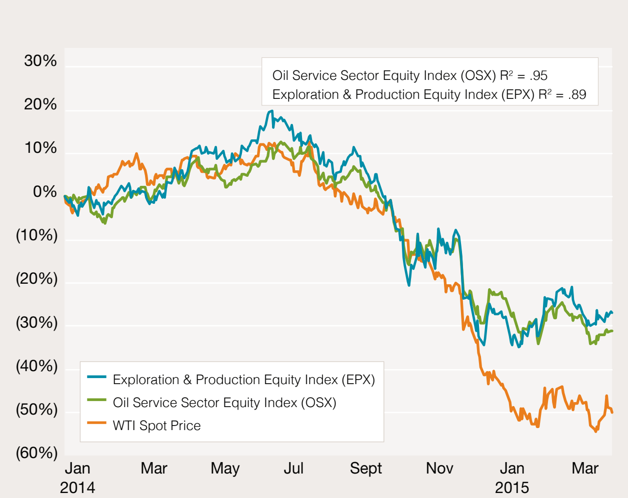
CRUDE OIL STORAGE

U.S. Crude Oil Stock - Thousand Barrels



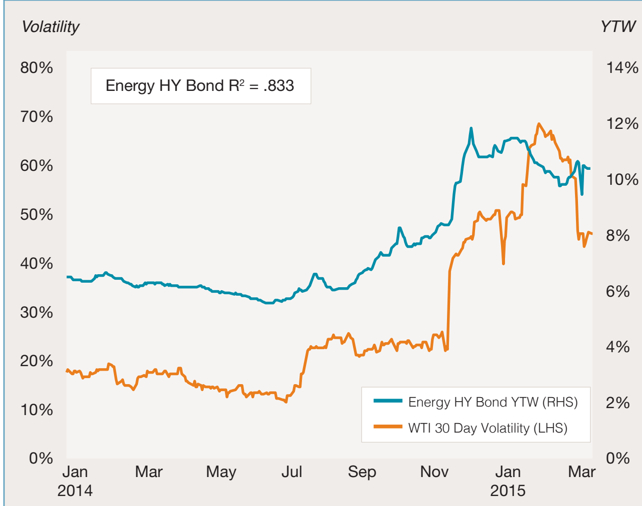
Source: U.S. EIA as of 4/8/15

EQUITY PRICES VS. WTI



WTI: West Texas Intermediate Crude Oil
Source: Bloomberg

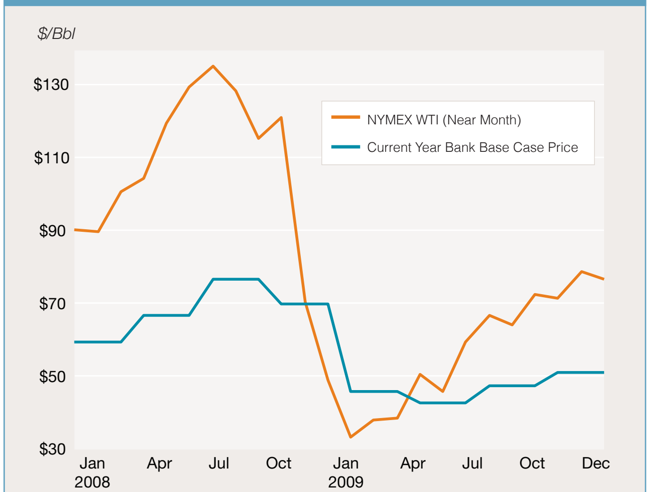
ENERGY HIGH YIELD BONDS VS. WTI



WTI: West Texas Intermediate Crude Oil
Source: Bloomberg (BUHYEN Index), Bloomberg (USCRWTIC Index)

Although long term correlations between commodity prices, stocks and bonds have held, the energy capital markets have been decimated by the collapse in oil prices, offering both risk and return to investors capable of sorting through the carnage.

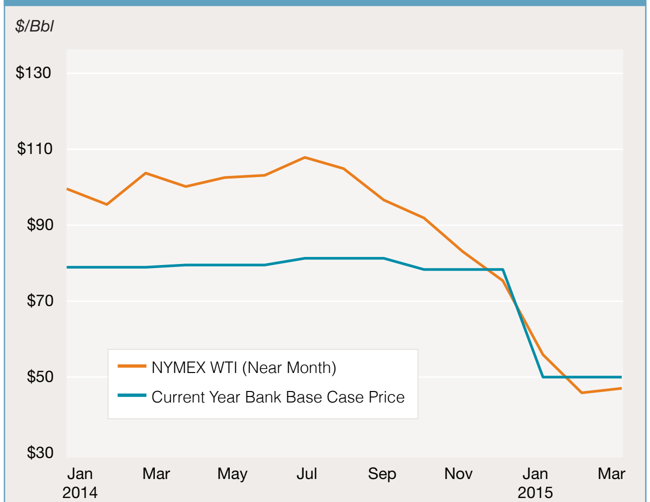
THEN: 2008-2009 — NEAR MONTH OIL PRICES VS. STARTING BANK PRICES



'Bank Base Case Price' is based on a quarterly survey of the prices used by active senior bank energy lenders to determine advance rates to borrowers. Figures shown are the average price used by all survey respondents.

Source: Bank price decks per Macquarie Tristone Energy Lender Price Survey, NYMEX WTI per Bloomberg.

NOW: 2014-2015 — NEAR MONTH OIL PRICES VS. STARTING BANK PRICES



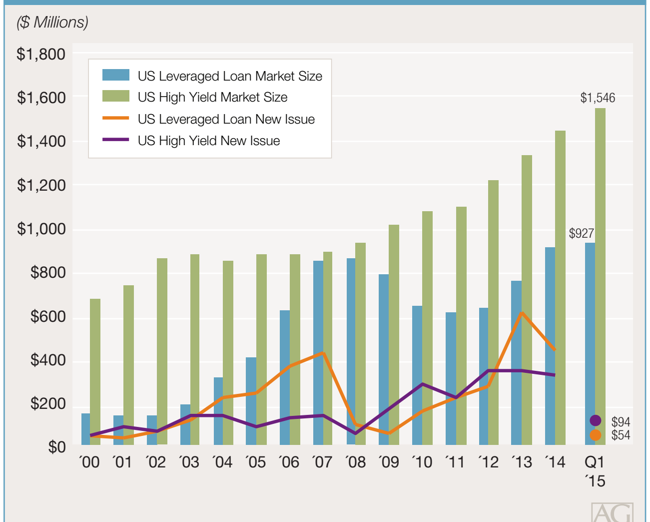
'Bank Base Case Price' is based on a quarterly survey of the prices used by active senior bank energy lenders to determine advance rates to borrowers. Figures shown are the average price used by all survey respondents.

Source: Bank price decks per Macquarie Tristone Energy Lender Price Survey, NYMEX WTI per Bloomberg.

The banks continue to retrench, reduce base case pricing, and reduce borrowing base availability, creating a direct lending opportunity.

NON-INVESTMENT GRADE CORPORATE CREDIT

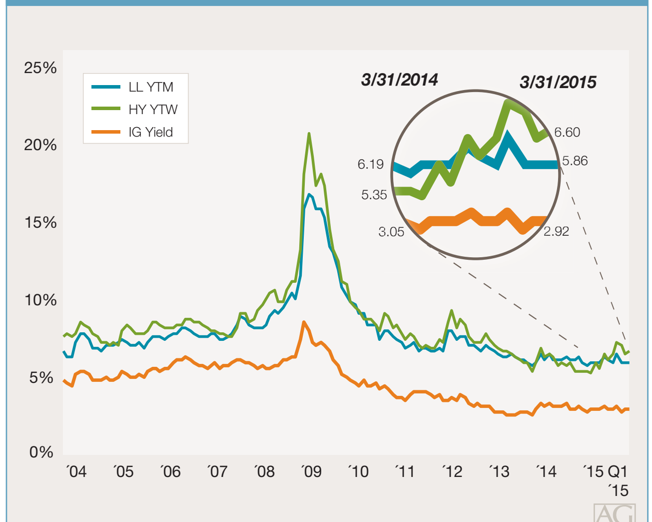
HIGH YIELD BOND AND LEVERAGED LOAN MARKET SIZE AND NEW ISSUE VOLUME



Source: Credit Suisse

High yield bond and leveraged loan markets continue to expand, albeit at a reduced rate. In Q1, new issue supply was robust in high yield but very subdued in leveraged loans.

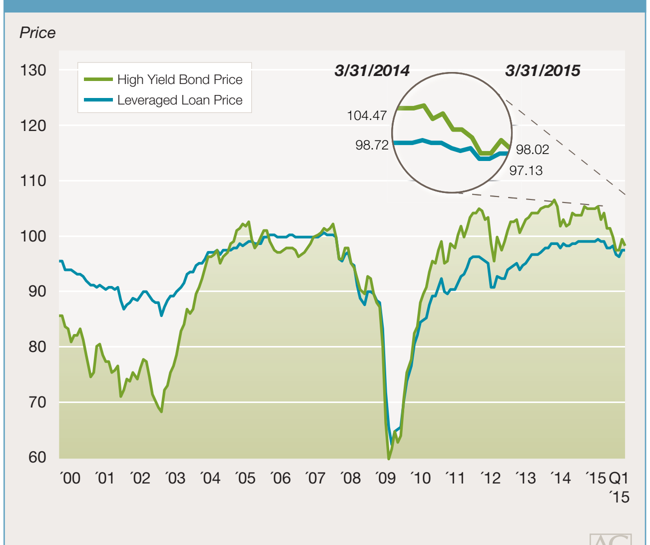
INVESTMENT GRADE VS. HIGH YIELD BOND VS. LEVERAGED LOAN YIELDS



Source: Credit Suisse

Leveraged loan yields have retraced their energy-driven rise and now sit below levels of Q1 ´14.

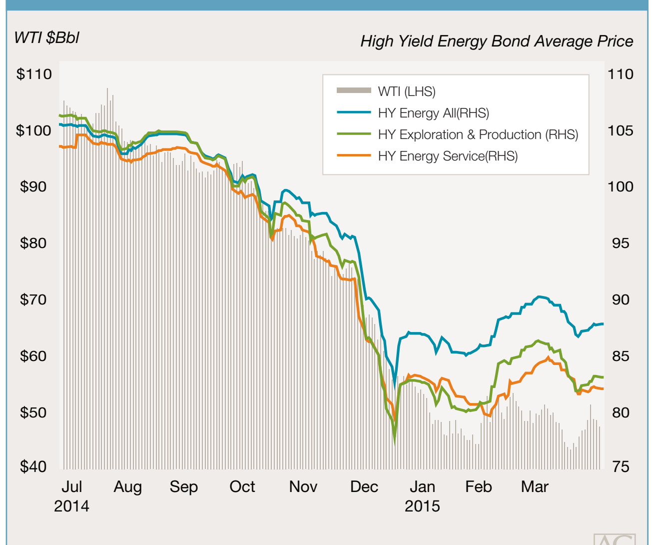
LEVERAGED LOAN AND HIGH YIELD BOND AVERAGE PRICE



Source: Credit Suisse

Average prices declined substantially in high yield, due in large part to the fact that energy is the largest component of the index at ~16%.

HIGH YIELD ENERGY AVERAGE PRICE VS. WTI



Source: JPMorgan Domestic High Yield Index

Despite ongoing volatility in WTI, market pricing firmed by the end of Q1 as a strong bid for energy credits emerged.

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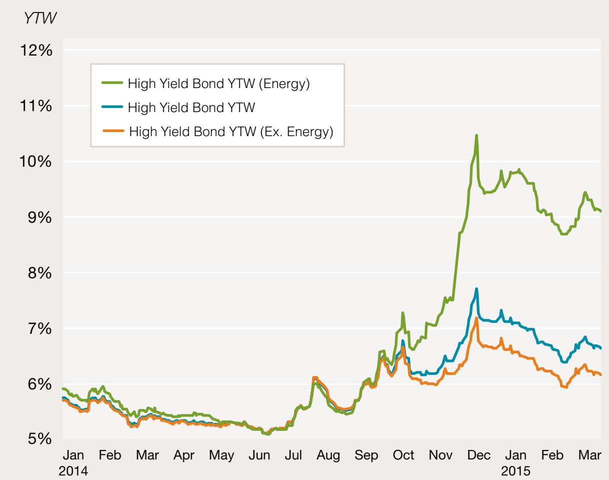
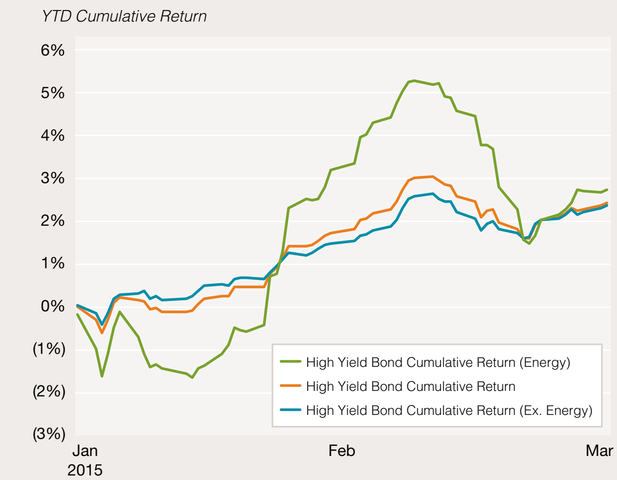
HIGH YIELD BOND YIELDS WITH AND WITHOUT ENERGY



Source: JPMorgan Domestic High Yield Index

Energy yields remain much higher than those in the overall market, indicating uncertainty about the risk/reward profile of energy-related credits *(applies to charts above and below).*

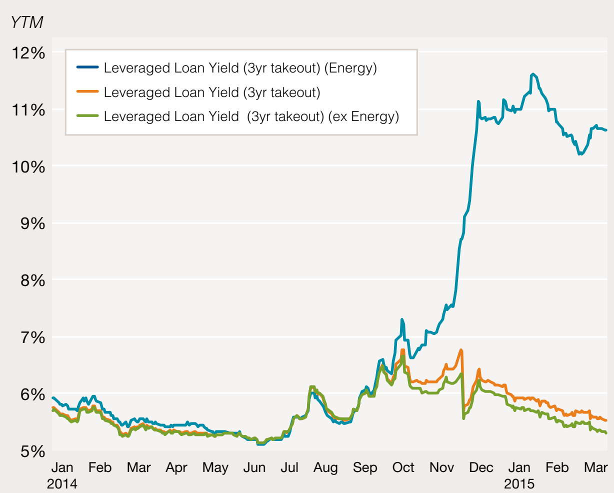
2015 HIGH YIELD BOND RETURNS WITH AND WITHOUT ENERGY



Source: JPMorgan Domestic High Yield Index

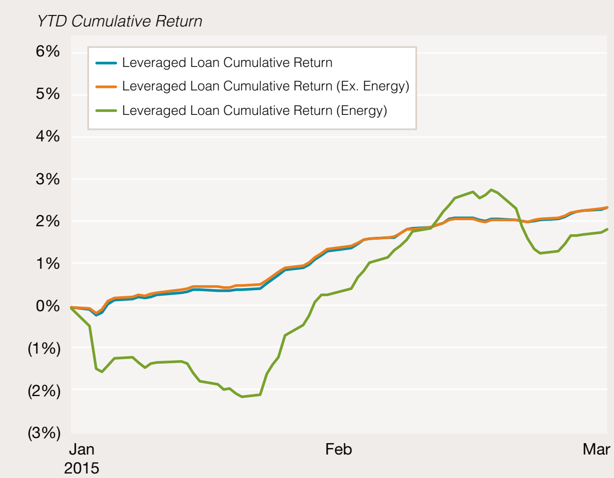
The energy sector had large total return swings in both high yield and leveraged loans in Q1 *(applies to charts above and below).*

LEVERAGED LOAN YIELDS WITH AND WITHOUT ENERGY



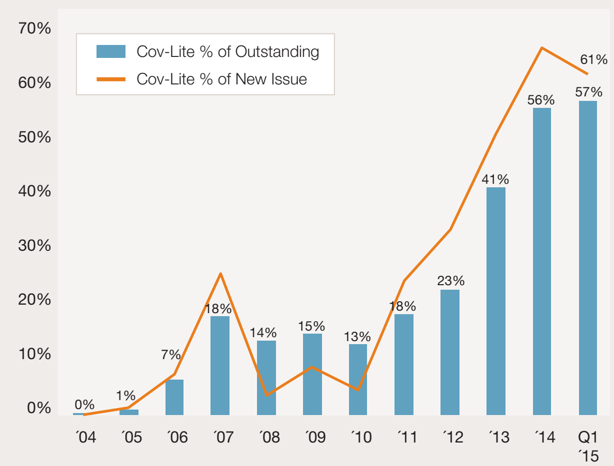
Source: JPMorgan Leveraged Loan Index

2015 LEVERAGED LOAN RETURNS WITH AND WITHOUT ENERGY



Source: JPMorgan Leveraged Loan Index

COV-LITE PERCENTAGE OF NEW ISSUE LOANS AND PERCENTAGE OF OUTSTANDING LOANS

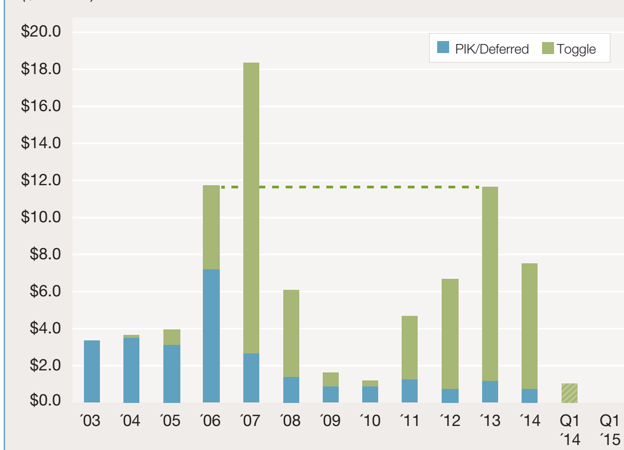


Source: JPMorgan, Credit Suisse

Cov-lite as a percentage of outstanding loans continued to rise although new issue cov-lite percentage dropped off.

AMOUNT OF PIK AND PIK TOGGLE ISSUANCE

($ Billions)



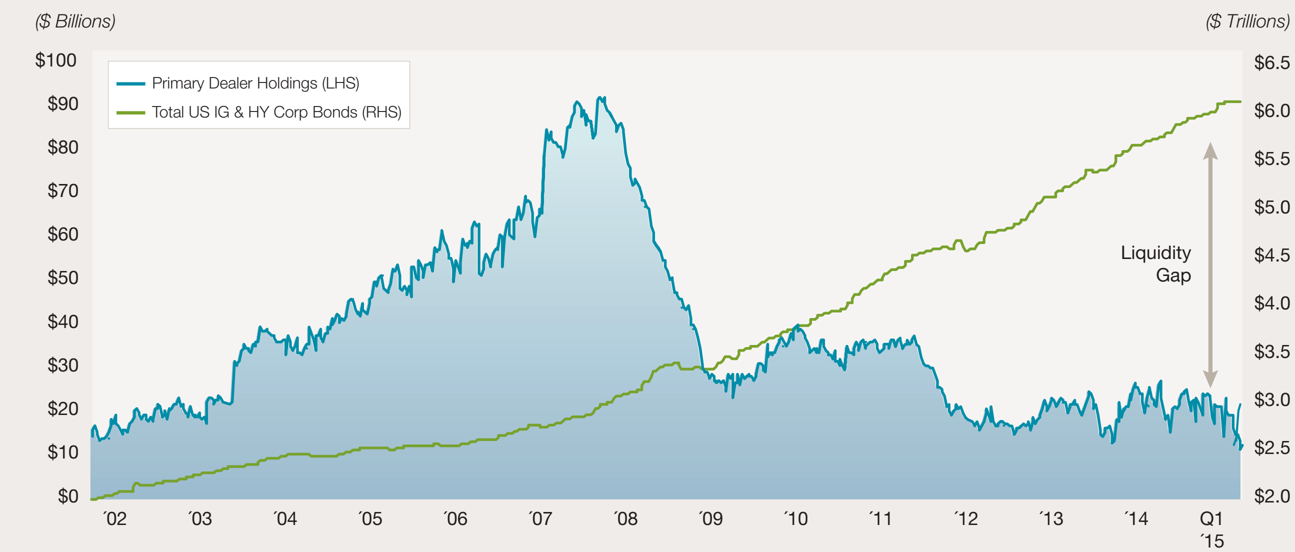
PIK Payment-in-kind

Toggle: issuer has option to defer interest payments by agreeing to pay an increased coupon in the future

Source: JPMorgan

Aggressive capital structures may have peaked for this cycle. Q1 had no PIK issuance.

PRIMARY DEALER POSITIONS – HY AND IG CORPORATE SECURITIES

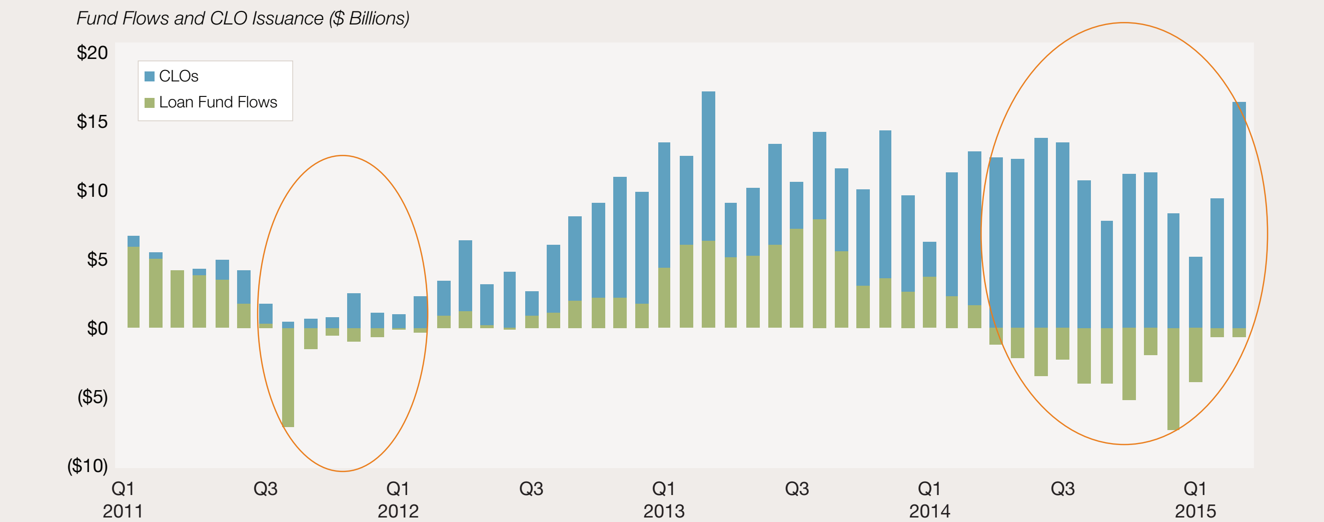


Note: In the above chart, Primary Dealer positions pre-March 2013 figures are adjusted to track IG and HY bonds, notes and debentures. Post-April 2013 figures track IG and HY bonds, notes and debentures. As of March 2013, there was a reporting change in the series. Pre-March 2013 reported figures track IG and HY bonds, notes and debentures, and include commercial paper. Adjusted numbers pre-March 2013 haircut the data by the same proportion as the jump in April 2013.

Source: Bloomberg, Morgan Stanley, Federal Reserve Bank of New York, BofA Merrill Lynch

In 2014, dealer-held positions averaged just 0.25% of the market and less than one day's average trading volume. Dealers are not positioned to act as market shock absorbers.* *(*JPMorgan)*

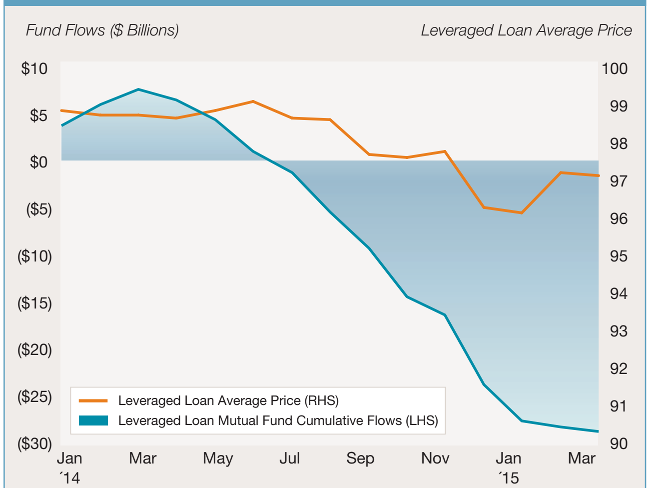
LOAN MUTUAL FUND FLOWS AND CLO ISSUANCE



Fund Flows JP Morgan, CLO issuance LSTA
Source: S&P CapitalIQ LCD, JP Morgan

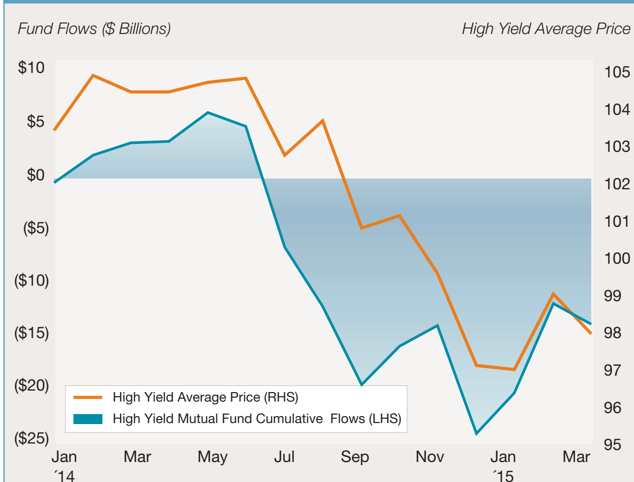
Record CLO issuance in 2014 of $123B offset the estimated $24B that exited the loan market via mutual funds. Technicals in the loan market are strong as the CLO pipeline remains robust and the pace of mutual fund outflow has moderated.

LEVERAGED LOAN MUTUAL FUND FLOWS VS. AVERAGE PRICE



Source: JP Morgan, Credit Suisse

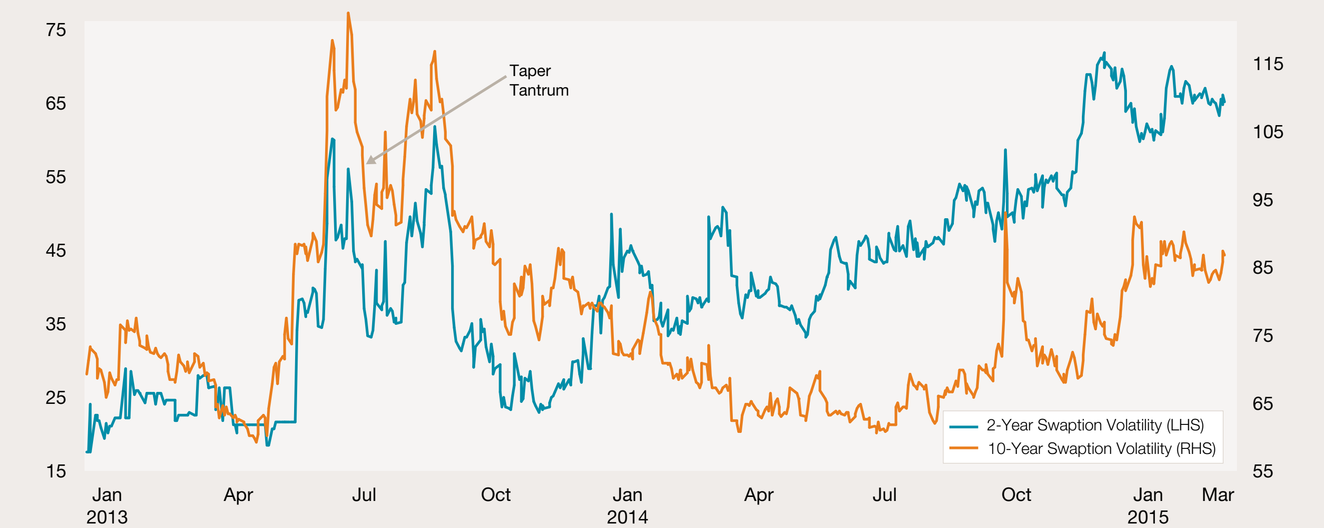
HIGH YIELD MUTUAL FUND FLOWS VS. AVERAGE PRICE



Source: JP Morgan, Credit Suisse

High yield bond prices are more sensitive to retail-driven mutual fund flows than are leveraged loans. The uncertainty regarding the timing and pace of the Fed's rates action, along with volatility in oil prices, is expected to continue to drive retail investors' appetite for high yield bond mutual funds.

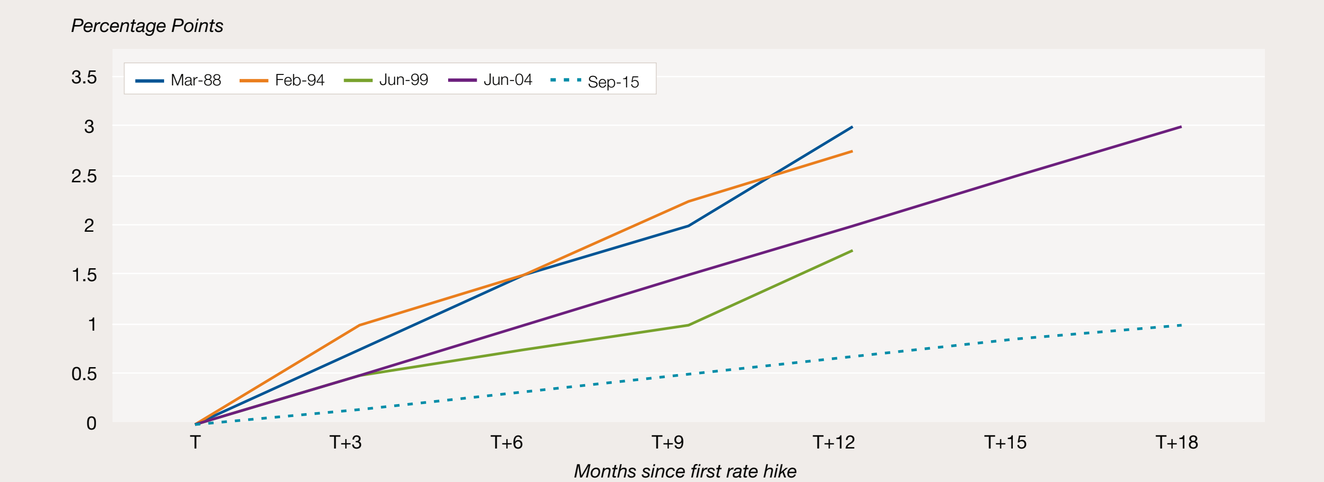
FED UNCERTAINTY IS INTENSIFYING INTEREST RATE VOLATILITY



Source: Deutche Bank, Bloomberg

Markets are more uncertain about short-term rates than long term rates. The Fed's move to a more flexible stance toward raising interest rates has resulted in shorter-term interest rate volatility that is higher today than during the Taper Tantrum. Longer-term interest rate volatility, while elevated, remains well below Taper Tantrum levels.

FED POLICY -- HOW "SHALLOW" A HIKING CYCLE?



September 2015 rate hike expectation determined using futures data on April 6, 2015

Source: Bloomberg, Goldman Sachs

The market expects a more gradual increase in the Federal Funds rate than in past cycles. Uncertainty surrounding the strength of the U.S. economy could produce greater hesitation by the Fed to increase rates.

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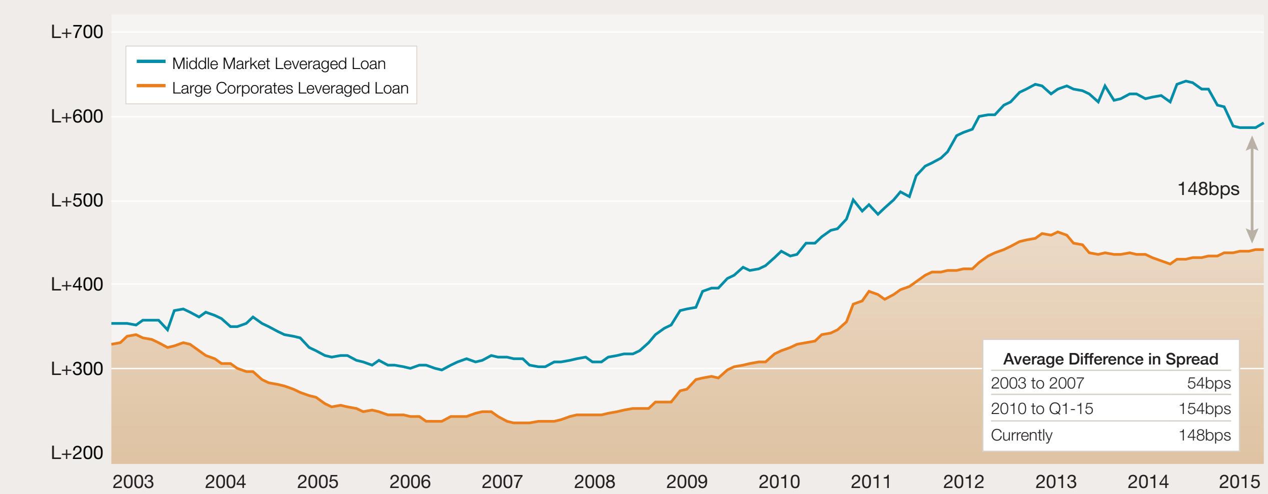
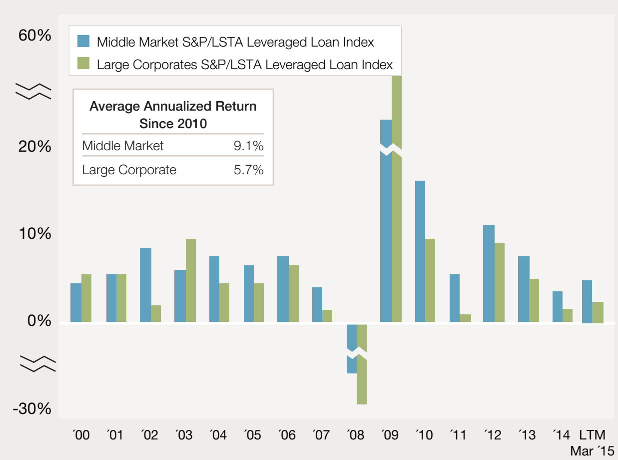
MIDDLE MARKET VS. LARGE CORPORATE LEVERAGED LOAN AVERAGE SPREAD



Middle market leveraged loan includes issuers with less than $50m EBITDA
Average spread includes any LIBOR floor benefit
Source: S&P CapitalIQ LCD

Middle market borrowers have historically had a higher funding cost than large corporate borrowers. The gap has tripled in the post-financial crisis era.

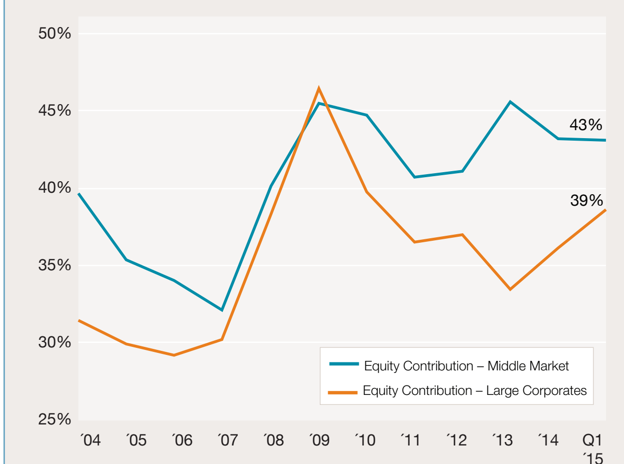
MIDDLE MARKET VS. LARGE CORPORATE LEVERAGED LOAN ANNUAL RETURNS



Middle market leveraged loan includes issuers with less then $50m EBITDA
Source: S&P CapitalIQ LCD, S&P/LSTA Leveraged Loan Index

With the exception of 2008, middle market loans have had positive annual returns in each period.

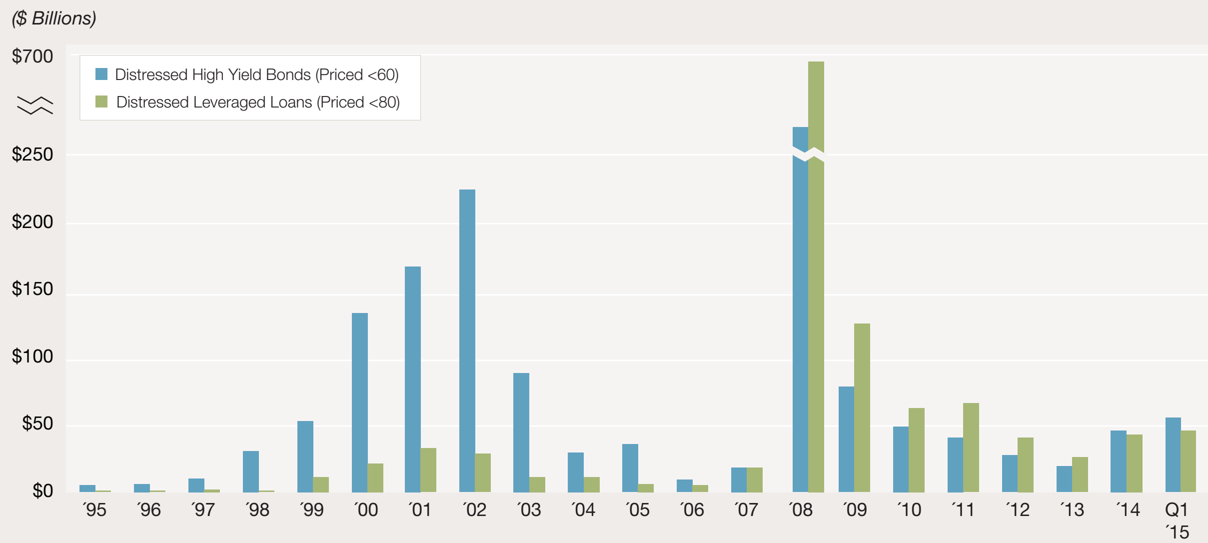
AVERAGE EQUITY CONTRIBUTION FOR LBO'S



Middle market leveraged loan includes issuers with less than $50m EBITDA Average spread includes any LIBOR floor benefit
Source: S&P CapitalIQ LCD

Middle market buyouts, on average, require larger sponsor equity contributions.

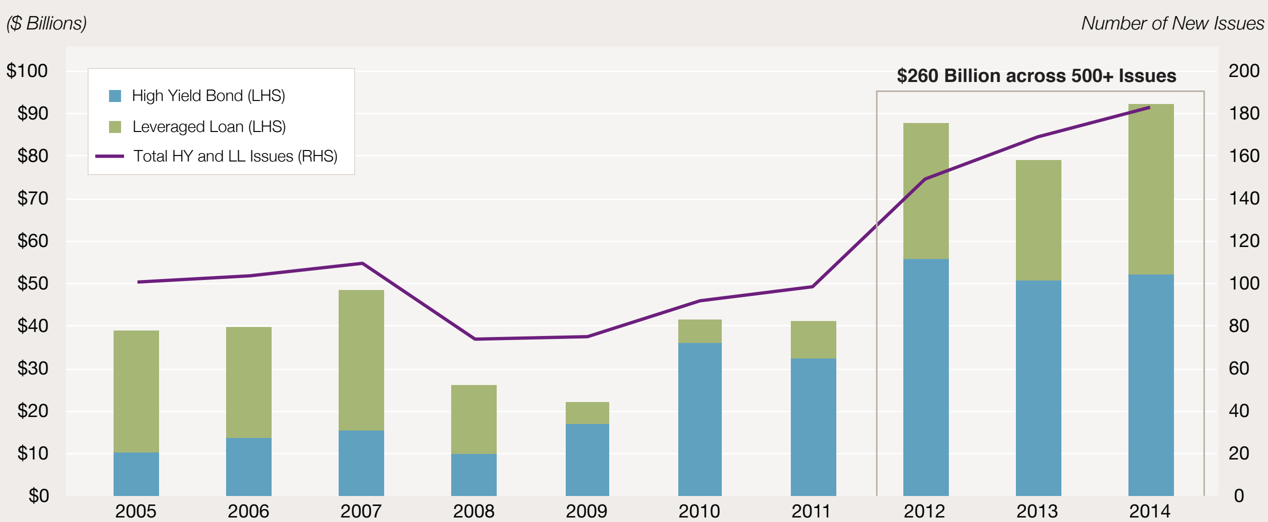
SIZE OF DISTRESSED DEBT MARKET



Source: Credit Suisse

Despite a recent up-tick, leveraged loan and high yield default rates remain depressed.

ENERGY HIGH YIELD BOND AND LEVERAGED LOAN ANNUAL NEW ISSUANCE VOLUME



Leveraged Loans includes institutional and Pro Rata Tranches

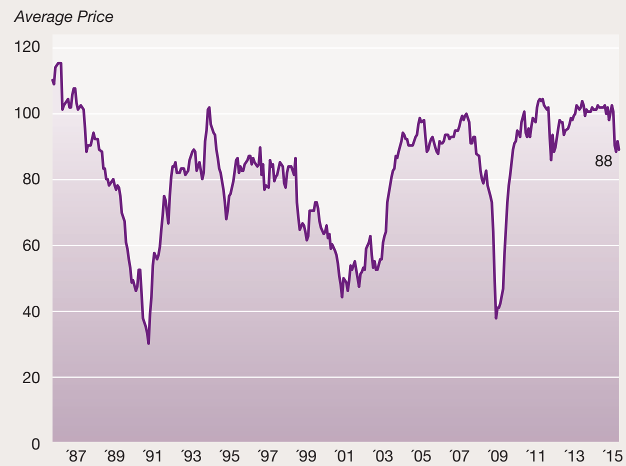
Source: S&P CapitalIQ LCD, JPMorgan, Bloomberg

Distressed investors are focused on the ~$135B of outstanding energy E&P debt. As of early-April 2015, ~$44B was priced below $0.80 and ~$57B was yielding 10%+. Other energy credits total an incremental ~$100B notional amount.[(1)(2)]

(1) JPMorgan data (04/3/15) generally represents more widely followed issues.

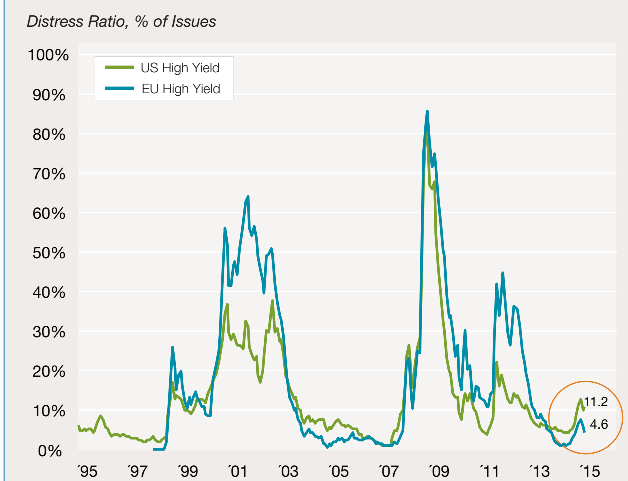
(2) YTW for high bonds & YTM for leveraged loans

CCC HIGH YIELD BOND AVERAGE PRICE



CCC/Split CCC High Yield Bond
Source: Credit Suisse

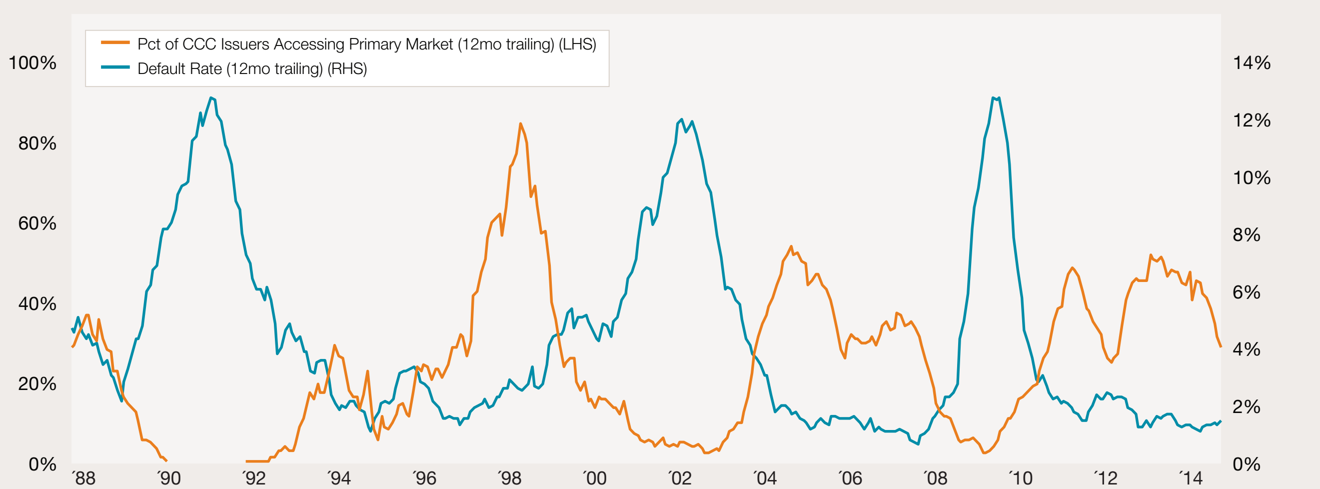
PERCENTAGE OF HIGH YIELD BONDS WITH SPREADS GREATER THAN 1,000BPS



Distress Ratio: Option-Adjusted Spread > 1,000bps
Source: BofA Merrill Lynch

The reach for yield continues and is accompanied by relaxed underwriting standards, especially in lower-rated issuance.

PERCENTAGE OF CCC ISSUERS ACCESSING PRIMARY MARKET VS. DEFAULT RATE

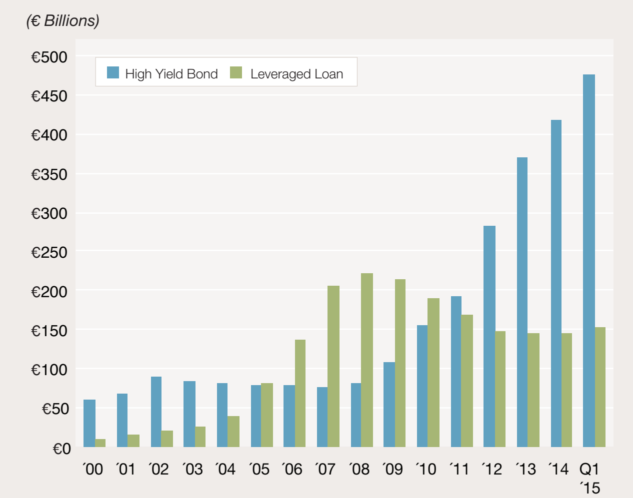


Source: BofA Merrill Lynch

Lower-rated issuance is coming off a cyclical high.

DISTRESSED DEBT – EUROPE

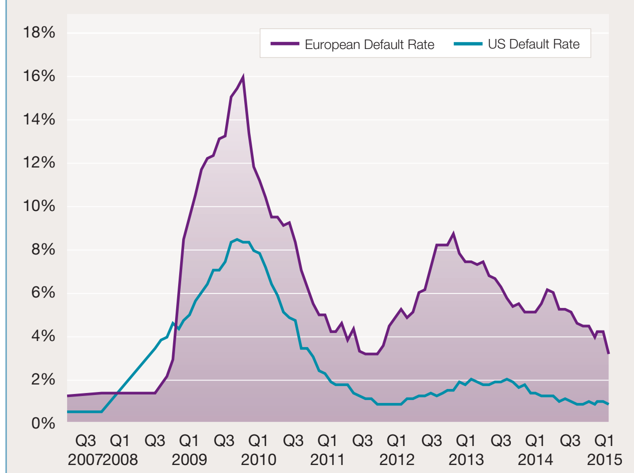
EUROPEAN HIGH YIELD BOND AND LEVERAGED LOAN MARKET



Source: Credit Suisse

Since 2011, traditional European lending has been hindered by new regulation and an increased focus on divesting non-core assets. European high yield issuance has responded accordingly.

U.S. AND EUROPEAN LEVERAGED LOAN DEFAULT RATE

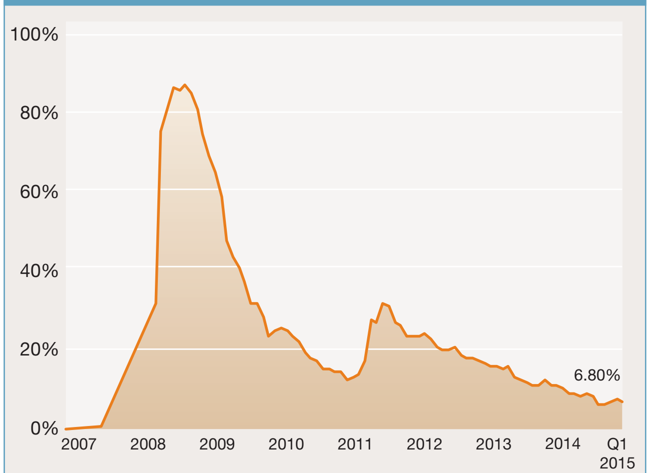


Issuer based default rates

Source: S&P/LSTA Leveraged Loan Index, S&P European Leveraged Loan Index

European defaults continue to outpace those in the U.S., creating a relatively larger distressed opportunity set (ex-energy).

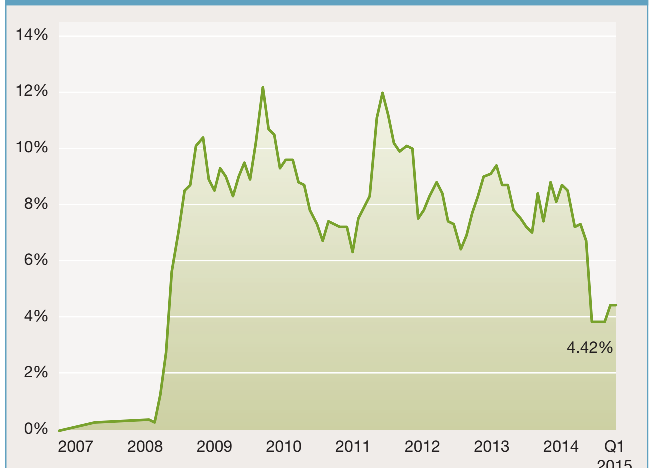
PERCENTAGE OF EUROPEAN LEVERAGED LOANS TRADING BELOW 80 CENTS ON THE DOLLAR



Source: S&P European Leveraged Loan Index

Significant volume of European leveraged loans trade at distressed prices...

PERCENTAGE OF EUROPEAN LEVERAGED LOANS RATED CCC+ OR LOWER



Source: S&P European Leveraged Loan Index

...and a component of those loans are of lower quality, potentially requiring future restructuring.

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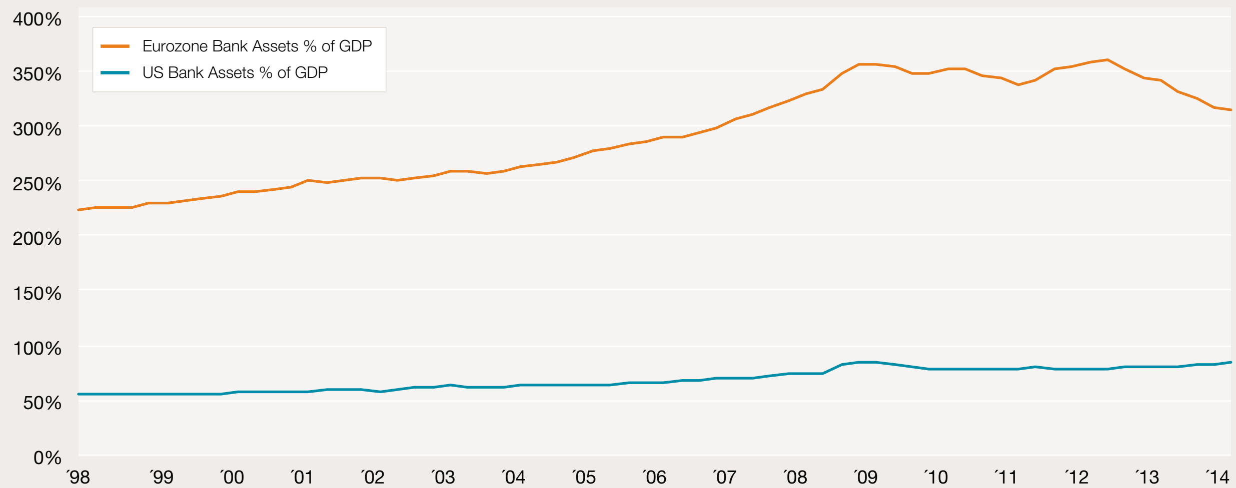
TOTAL BANK ASSETS AS A PERCENTAGE OF GDP

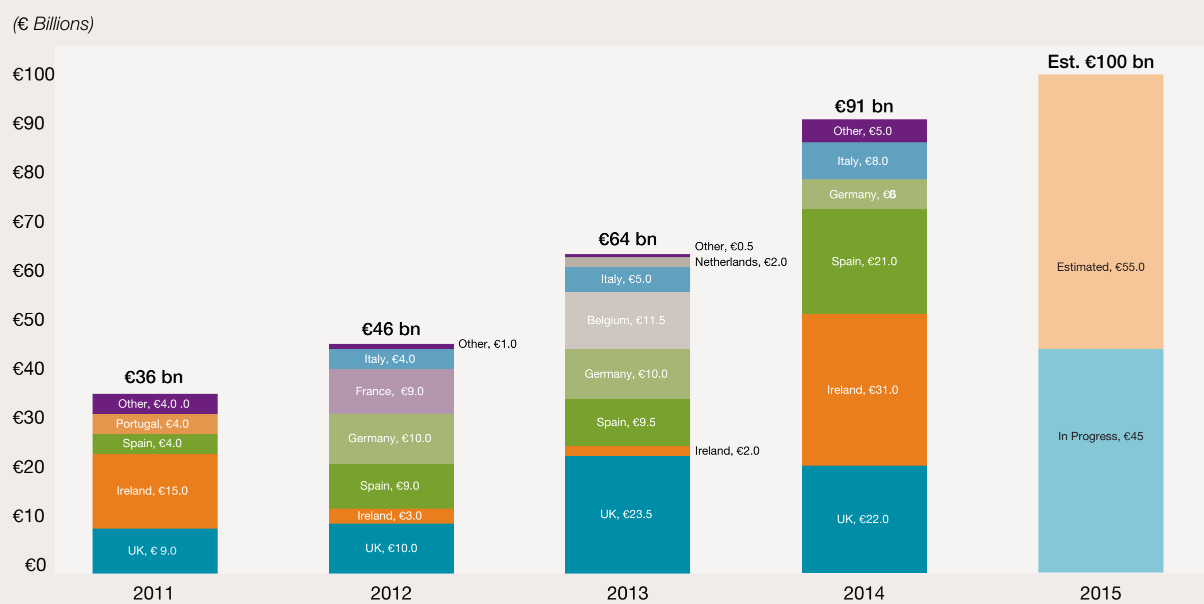


Nominal GDP

Source: Federal Reserve, ECB, Credit Suisse

While impairments over profits have steadily waned, further bank shrinking is necessary.

EUROPEAN BANKS ARE SELLING ASSETS



Note: Based on the location of the head office of the bank selling the assets

Source: Publicly available information, PWC information, estimate and analysis

European bank asset sales have increased markedly in the past several years, with 2014 figures up 50% year-over-year and twice that of 2012.

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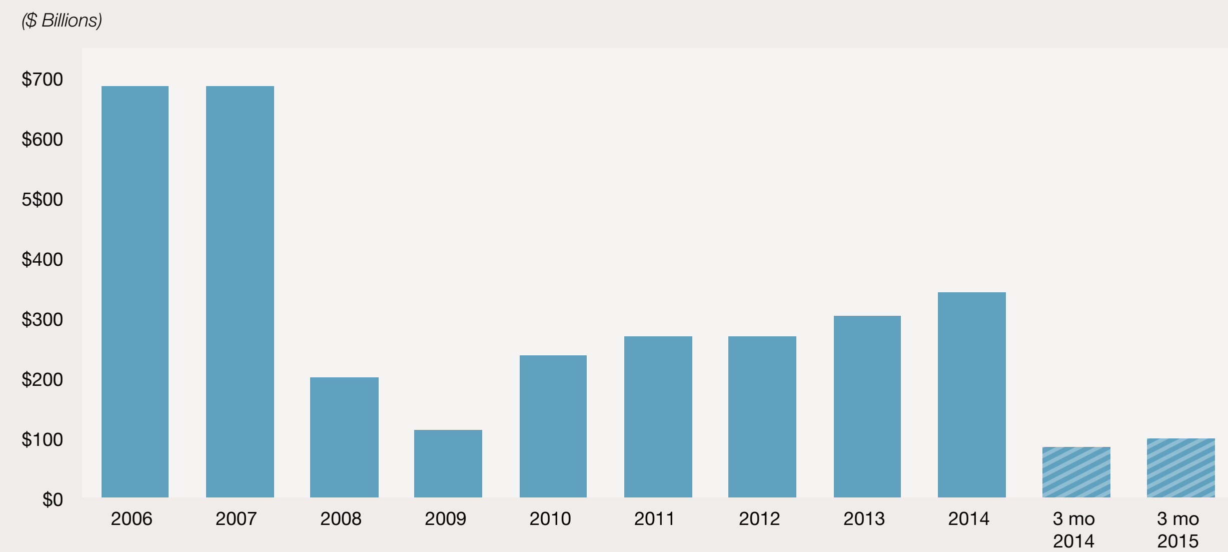
PRIVATE EQUITY

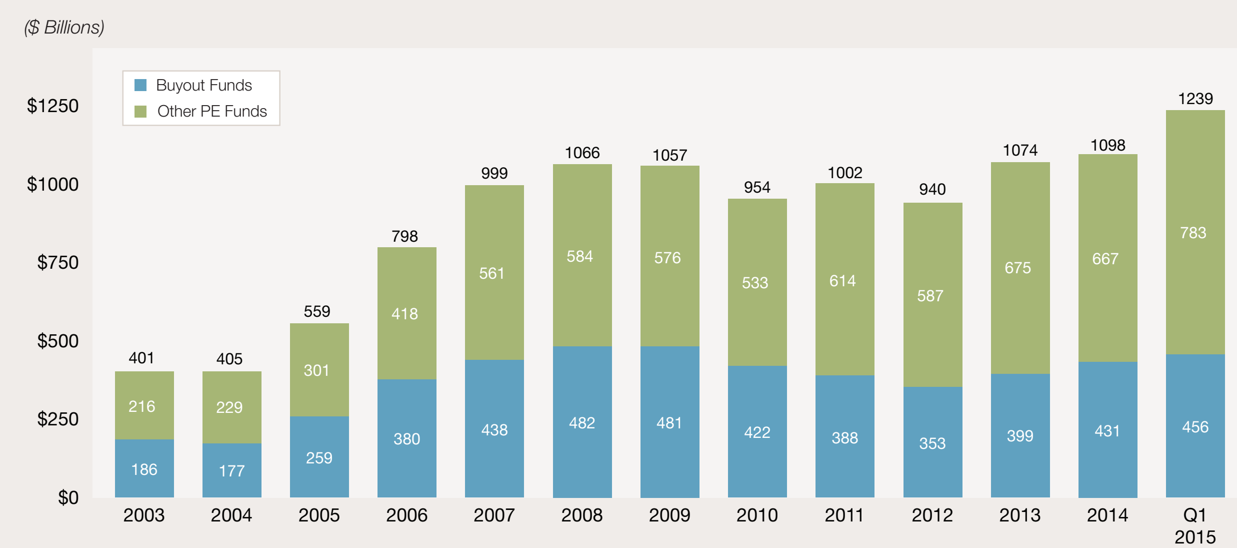
GLOBAL LBO DEAL VALUE



Source: Preqin

Global deal volume in the first quarter increased approximately 15% from the prior year quarter but still remains materially lower than levels achieved in the 2006 and 2007 time frame.

GLOBAL PRIVATE EQUITY DRY POWDER



Other PE Funds: Real Estate, Venture, Infrastructure, Growth, Distressed, Mezzanine, Other

Source: Preqin

Buyout dry powder increased to $456 billion at March 31, 2015, only 5% below the record levels set in 2008.

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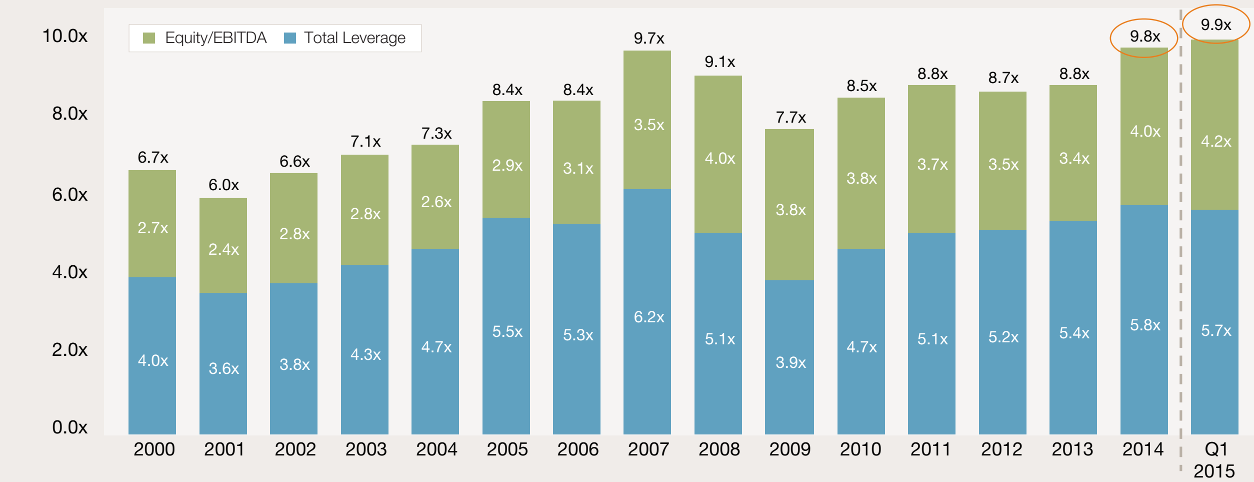
LBO CAPITALIZATION

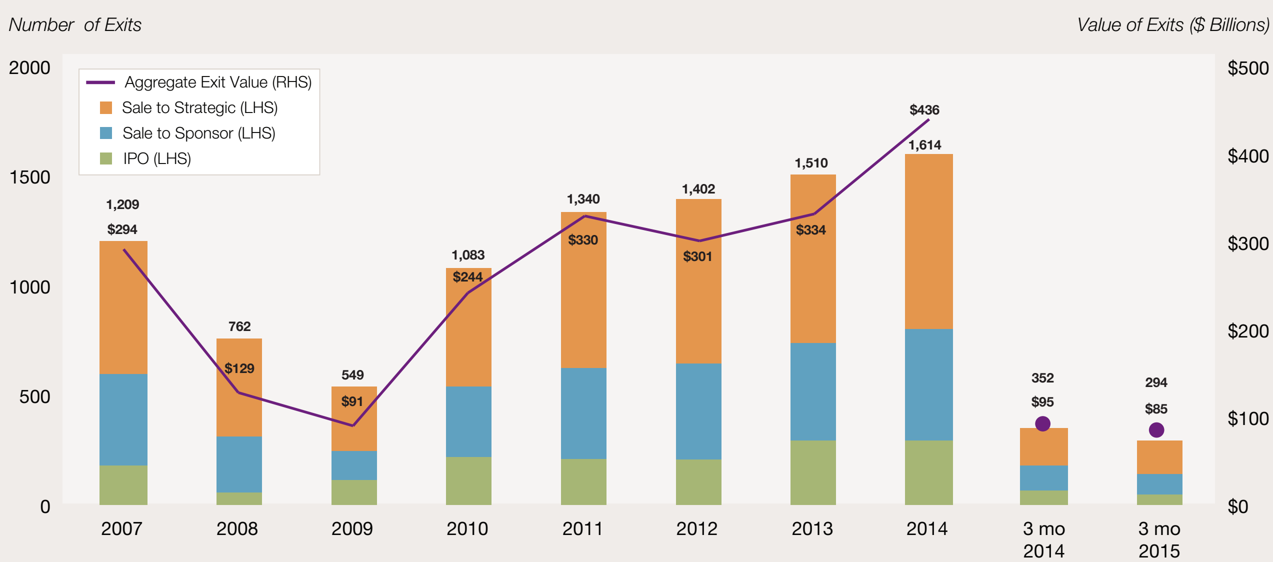


	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Q1 2015
Equity Contribution	**40%**	**35%**	**37%**	**35%**	**33%**	**30%**	**31%**	**31%**	**39%**	**46%**	**41%**	**38%**	**38%**	**36%**	**37%**	**39%**

Source: S&P CapitalIQ LCD

LBO multiples in 2015 (9.9x EBITDA) are on pace to break the record of 9.8x achieved in 2014.

PRIVATE EQUITY EXITS

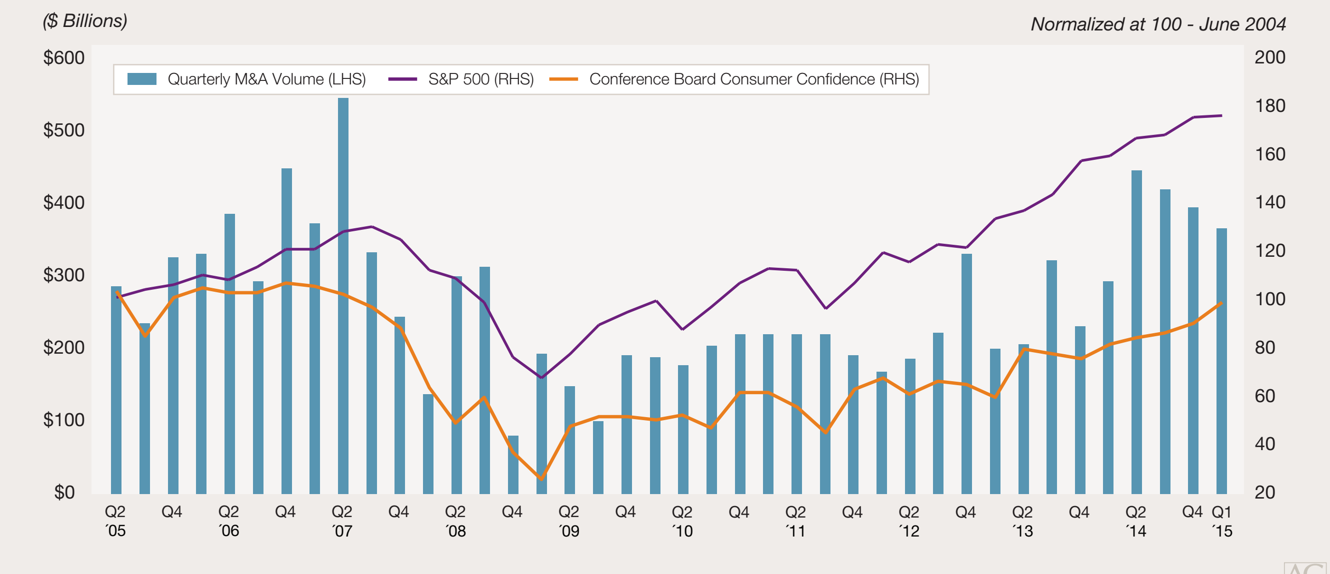


Source: Preqin

Although exits in the first quarter were lower both in number and dollar volume from the prior year, they are still at historically stronger levels than in the 2008 to 2010 time frame.

(Return to PM Corner)

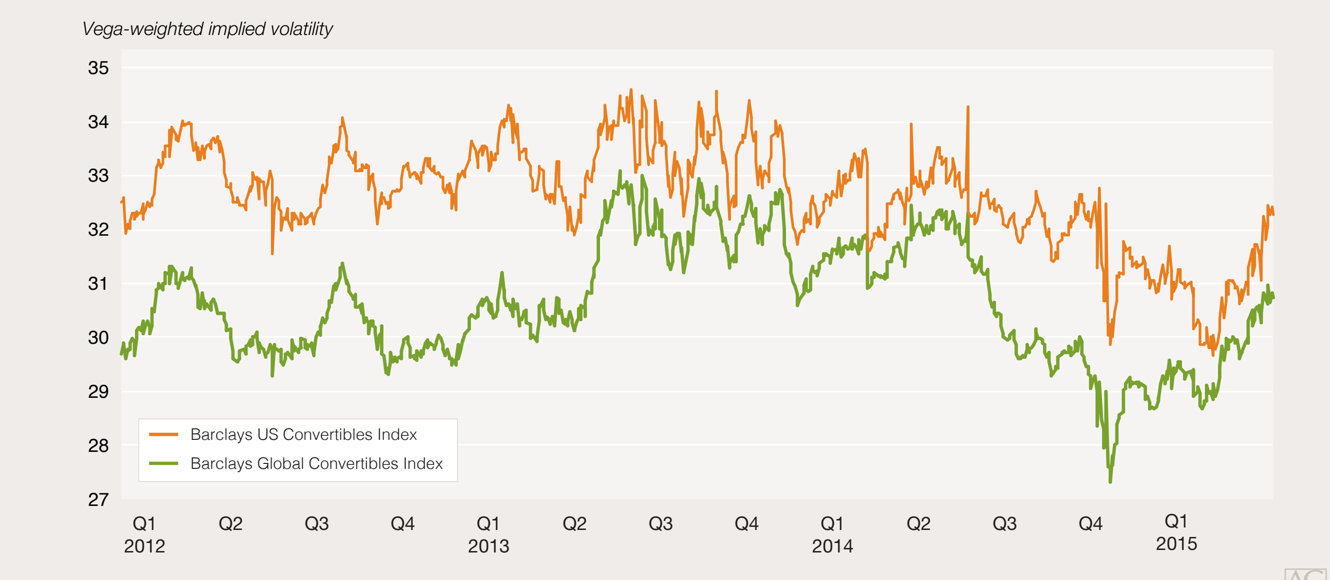
QUARTERLY NORTH AMERICAN M&A VOLUME VS. S&P 500 AND CONSUMER CONFIDENCE



Source: Bloomberg

Q1 marked another strong quarter of M&A activity with large-cap M&A leading the way.

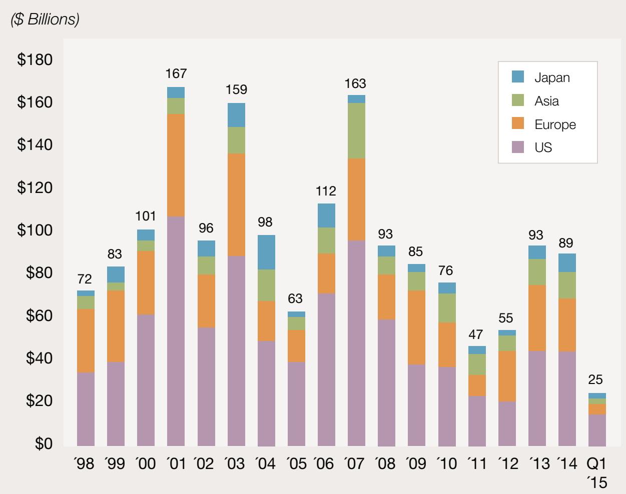
CONVERTIBLE BOND IMPLIED VOLATILITY



Source: Barclays

Convertible bond valuations remain attractive in a historic context. A pick-up in the volatility environment could lead the market significantly higher.

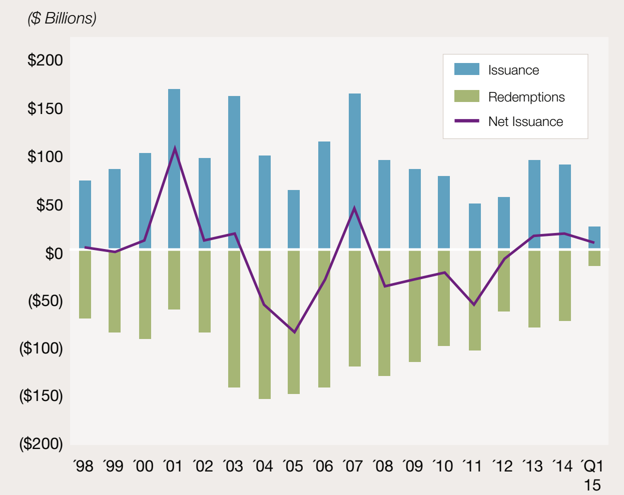
CONVERTIBLE BONDS ANNUAL GLOBAL ISSUANCE BY REGION



Source: BofA Merrill Lynch

New issuance has had a strong start to the year, particularly in the U.S.

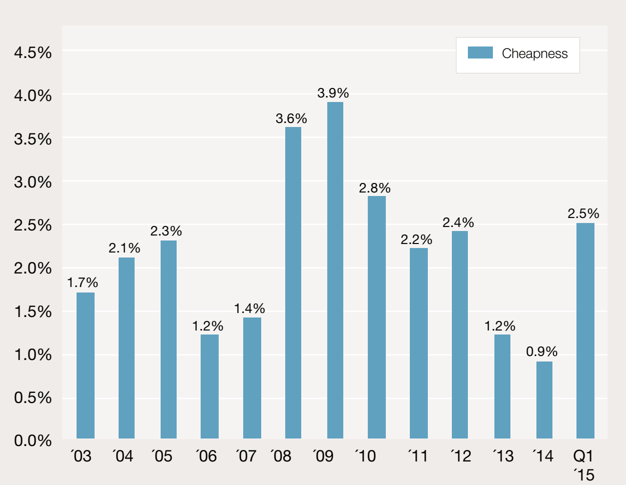
CONVERTIBLE BONDS GLOBAL NET ISSUANCE



Source: BofA Merrill Lynch

The market is growing at a moderate pace; net supply is easily absorbed without affecting secondary market valuations.

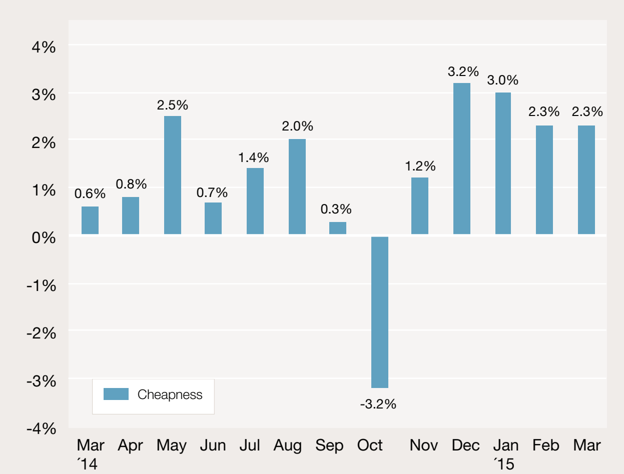
HISTORIC NEW ISSUE CHEAPNESS



Source: Barclays

Despite strong demand for the product, investors can currently expect new issues to price very attractively.

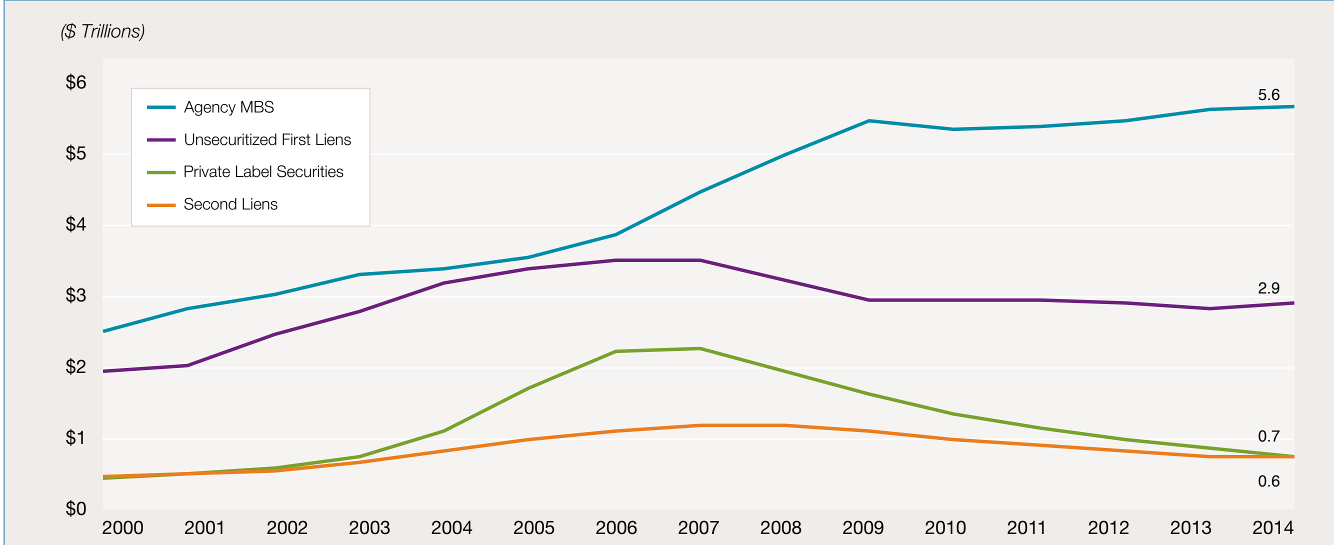
NEW ISSUE CHEAPNESS, LTM



Source: Barclays

New issues continued to offer good value during Q1.

SIZE OF U.S. RESIDENTIAL MORTGAGE MARKET

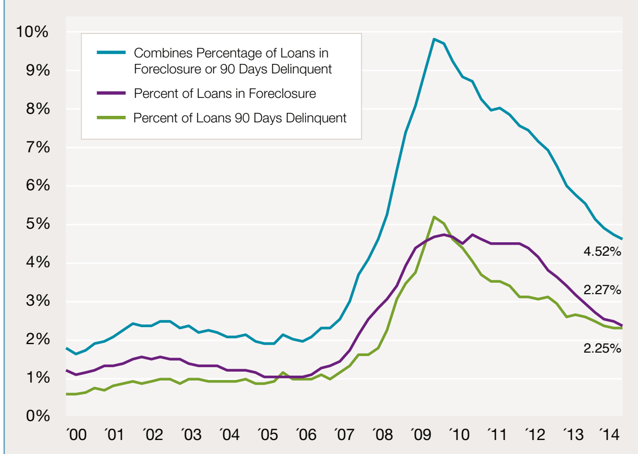


Note: Unsecuritizied first liens includes loans held by commercial banks, GSEs, savings institutions, and credit unions

Source: Federal Reserve Flow of Funds, Inside Mortgage Finance, Fannie Mae, Freddie Mac, eMBS and Urban Institute

Although mortgage debt has decreased from 2007, the mortgage market remains vast, currently standing at $9.8 trillion.

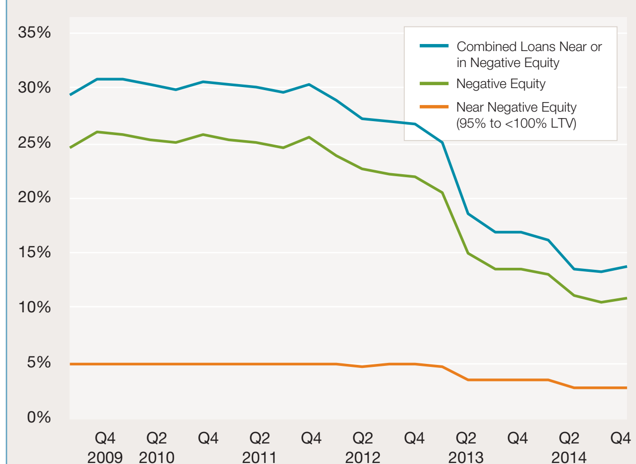
U.S. RESIDENTIAL MORTGAGES IN SERIOUS DELINQUENCY/FORECLOSURE



Source: Mortgage Bankers Association and Urban Institute.

Serious delinquencies and foreclosures continue to decline with the housing and economic recovery. Loans 90 days delinquent or in foreclosure totaled 4.5% in Q4.

U.S. RESIDENTIAL MORTGAGES WITH NEGATIVE EQUITY



Negative Equity: LTV greater than 100%

Near Negative Equity: LTV between 95% and 100%

Source: Corelogic and Urban Institute

With home prices continuing to appreciate during 2014, residential mortgages in negative equity (LTV greater than 100) as a share of all residential properties with a mortgage have dropped meaningfully since the crisis to 10.8%. Mortgages on residential properties in near negative equity (LTV between 95 and 100) comprise another 2.8 percent.

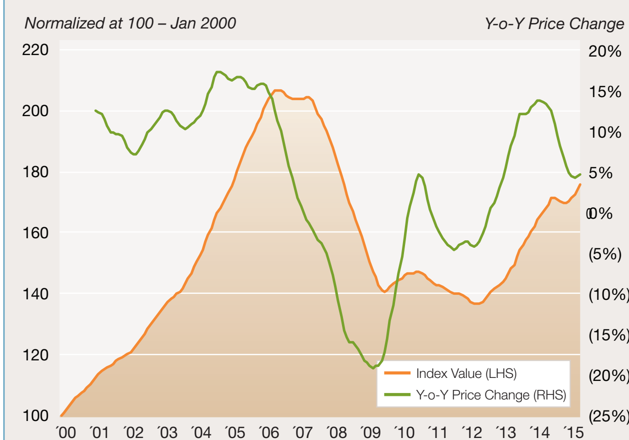
SUBPRIME INDEX

The Index represents a basket of reference obligations of twenty originally rated AAA subprime bonds issued in the first half of 2006 and is treated as a benchmark for similar vintage bonds

Source: Nomura, Credit Suisse

Index prices have remained stable for several months on light trading volume.

S&P/CASE-SHILLER COMPOSITE – 20 HOME PRICE INDEX

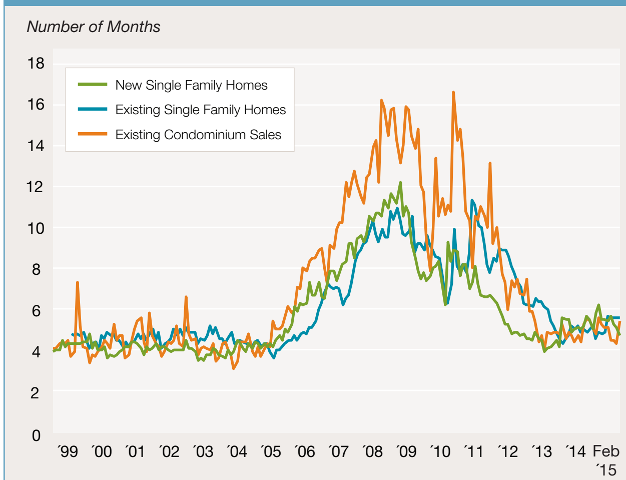


The S&P/Case-Shiller Composite of 20 Home Price Index is a value-weighted average of the 20 metro area indices. These metro areas include: Boston, Chicago, Denver, Las Vegas, Los Angeles, Miami, New York City, San Diego, San Francisco, Washington, DC, Atlanta, Charlotte, Cleveland, Dallas, Detroit, Minneapolis, Phoenix, Portland, Seattle and Tampa.

Source: Bloomberg

The pace of home price appreciation has moderated but remains positive.

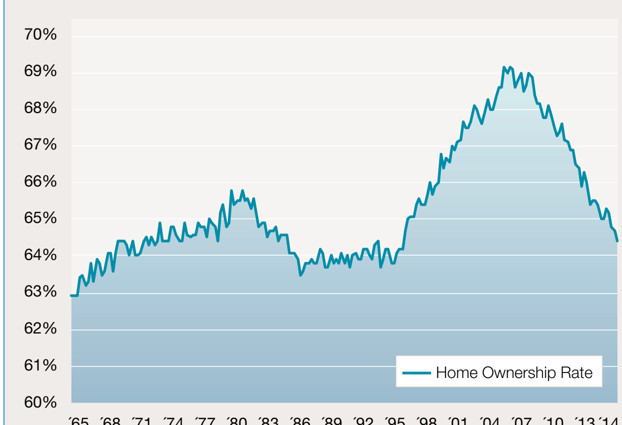
MONTHS SUPPLY OF HOUSING



Source: Bloomberg

Housing supply has returned to normalized levels.

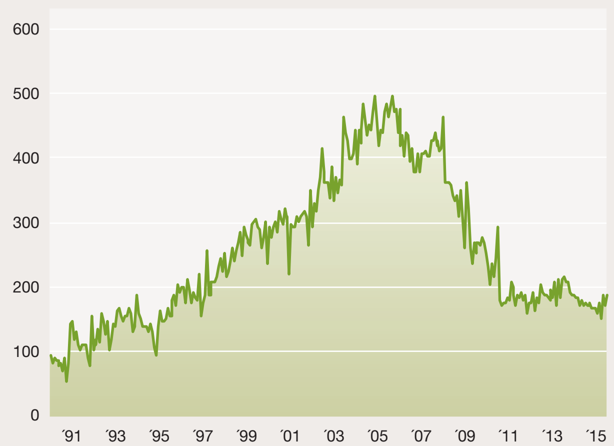
HOMEOWNERSHIP RATE CONTINUES TO FALL



Source: DB Global Market Research

The homeownership rate has fallen substantially since the financial crisis, returning to longer-term levels.

MORTGAGE APPLICATION INDEX

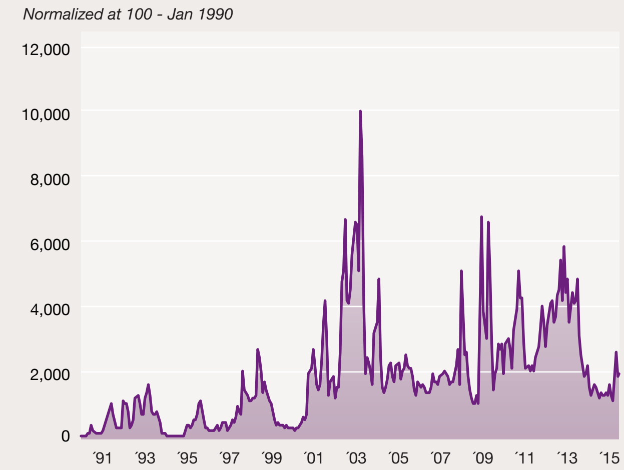


This concept tracks the volume of mortgage loan applications that have been submitted to lenders. Seasonally readjusted.

Source: Bloomberg

Mortgage applications continue to be hampered by stringent underwriting standards.

MORTGAGE REFINANCING INDEX

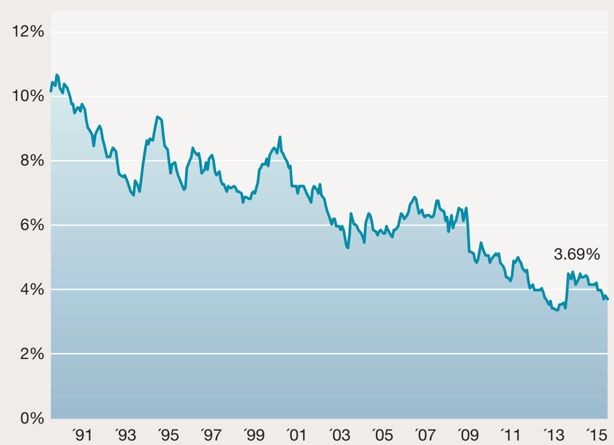


This concept tracks the volume of mortgage refinancing loan applications that have been submitted to lenders. Seasonally readjusted

Source: Bloomberg

Although the index experienced a temporary spike earlier this year, re-financings have burnt out despite historically low rates.

30-YEAR MORTGAGE FIXED RATE



Freddie Mac U.S. Mortgage Market Survey 30 Year Homeowner Commitment National: This concept measures movements of interest rates on residential real estate loans that are usually secured by a mortgage.

Source: Bloomberg

30-year mortgage rates declined in Q1, ending the quarter substantially below 2014's high of 4.53%.

MORTGAGE PAYMENT AS A PERCENTAGE OF INCOME

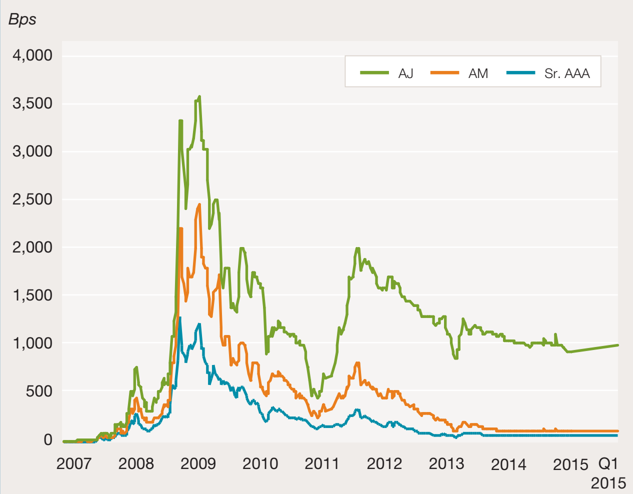
Source: NAR, DB Global Markets Research

Mortgage payments are meaningfully lower than the 30-year average due to historically low mortgage rates.

COMMERCIAL REAL ESTATE DEBT (CMBS)

(Return to PM Corner)

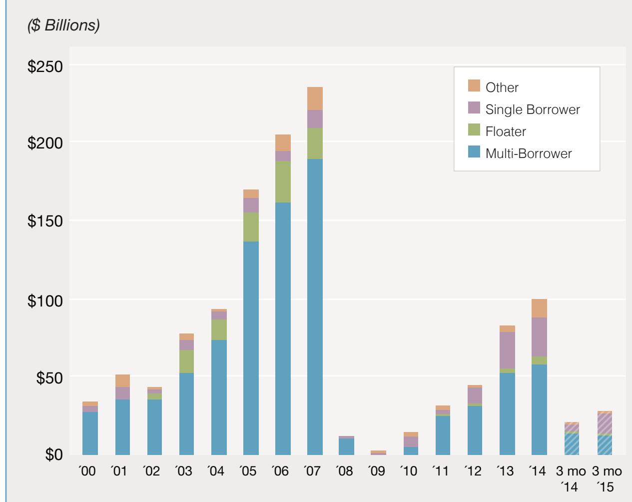
HISTORICAL CMBS SPREADS



Source: BofA Merrill Lynch

Spreads on senior AAA bonds have returned to pre-crisis levels while AJ spreads have remained elevated.

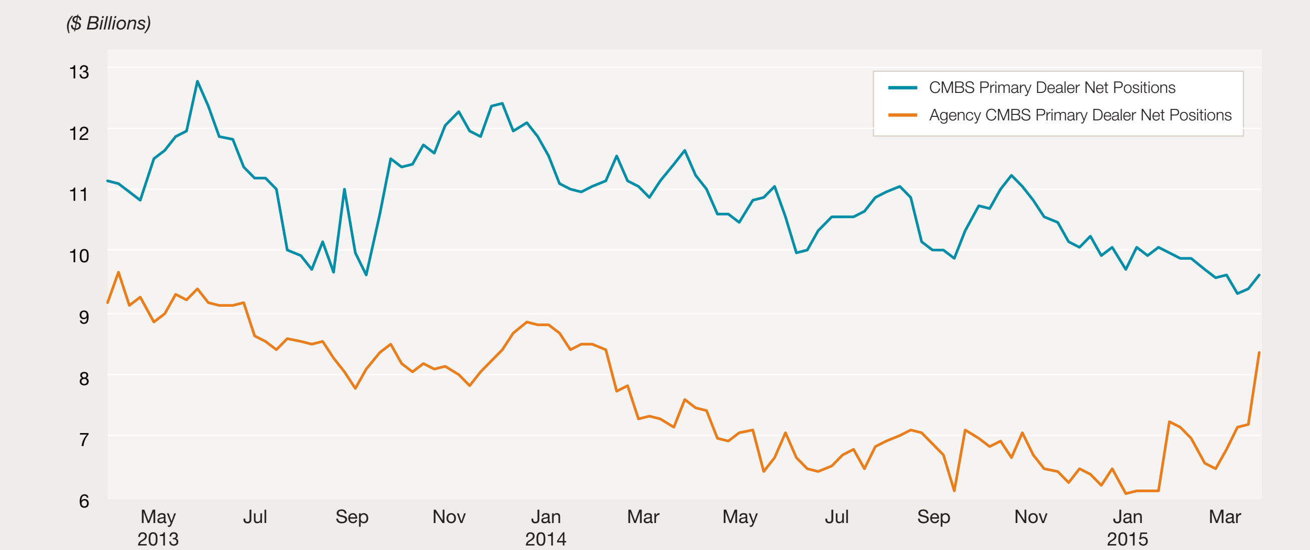
U.S. CMBS ANNUAL ISSUANCE



Source: Credit Suisse

2014 CMBS issuance was the fourth highest on record and the robust pace of issuance continued in Q1 ´15.

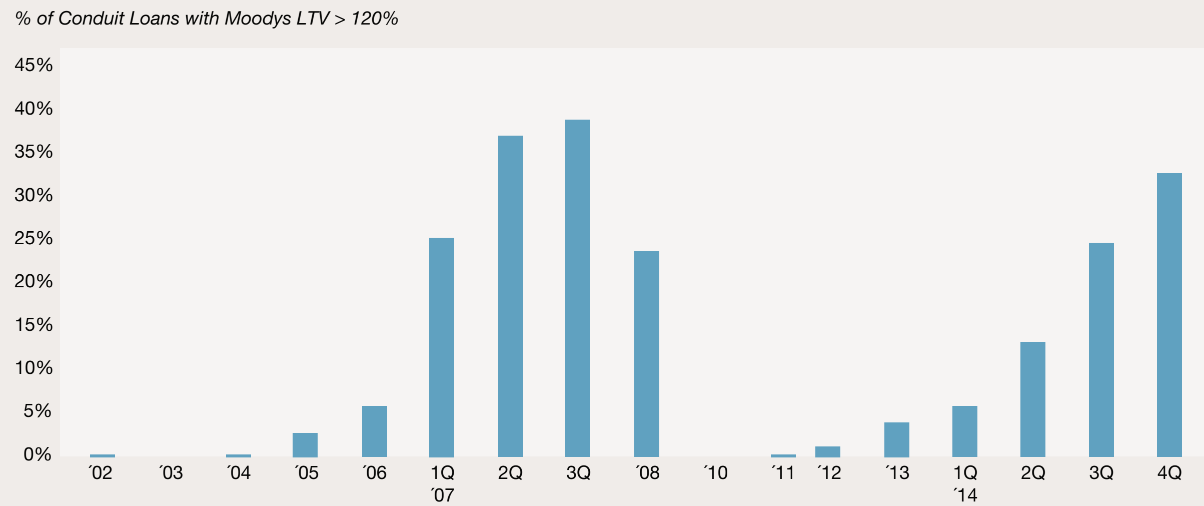
DECLINING DEALER BALANCE SHEET EXPOSURE TO CMBS



Source: Federal Reserve Bank of New York, Bloomberg

Dealers' ability to provide liquidity has been affected by regulatory constraints and capital charges, creating the potential for increased price volatility.

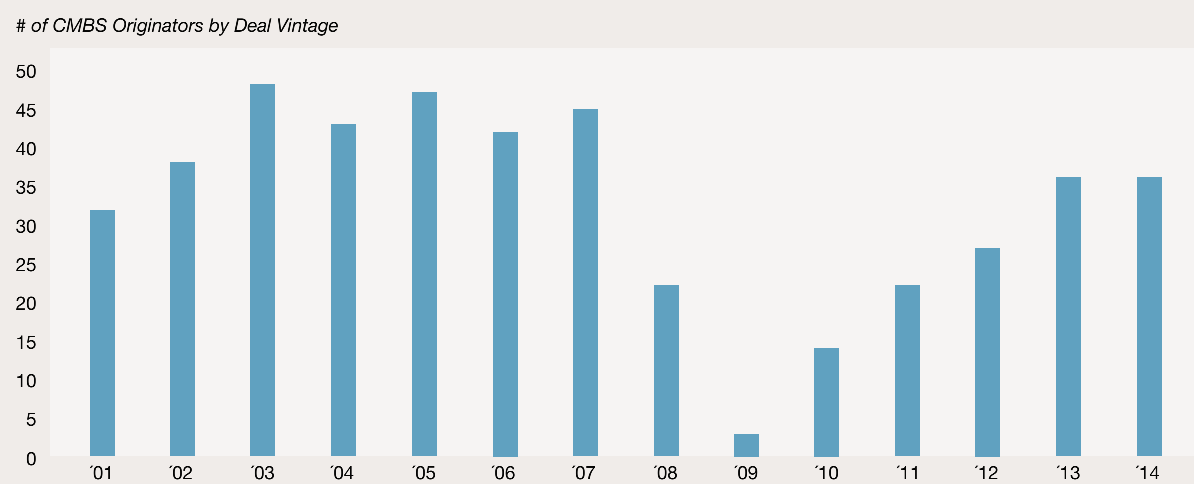
PERCENTAGE OF CONDUIT LOANS WITH MOODY'S STRESSED LTV LEVELS GREATER THAN 120%



Source: Moody's

The share of conduit loans with Moody's stressed LTV levels above 120% has risen sharply over the past year, a reflection of deteriorating underwriting standards.

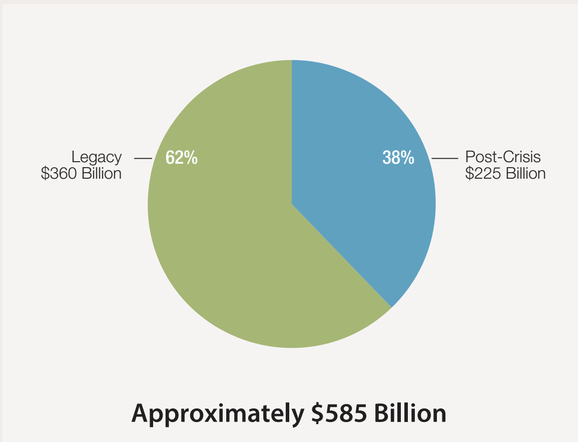
NUMBER OF ACTIVE CMBS ORIGINATORS



Source: BofA Merrill Lynch, INTEX

The number of active CMBS originators has rebounded substantially since the crisis. This increase in competition may be contributing to declining underwriting standards.

OUTSTANDING BALANCE OF PRIVATE LABEL CMBS

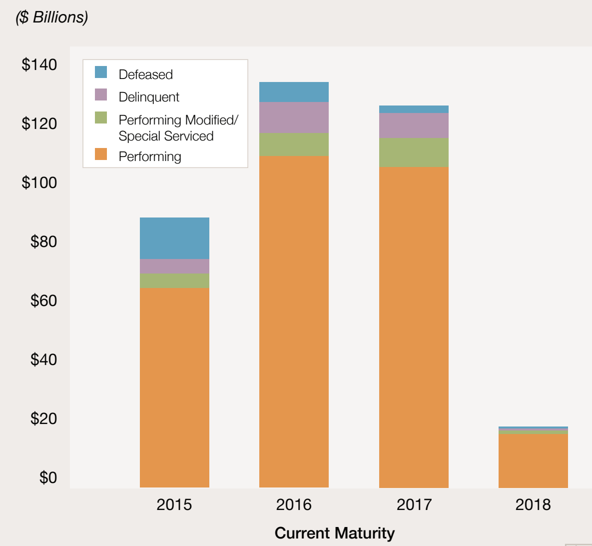


As of December 2014

Source: Citi

In 2015, the composition of the CMBS market will shift as post-crisis issuance will overtake the legacy market as a percent of CMBS outstanding.

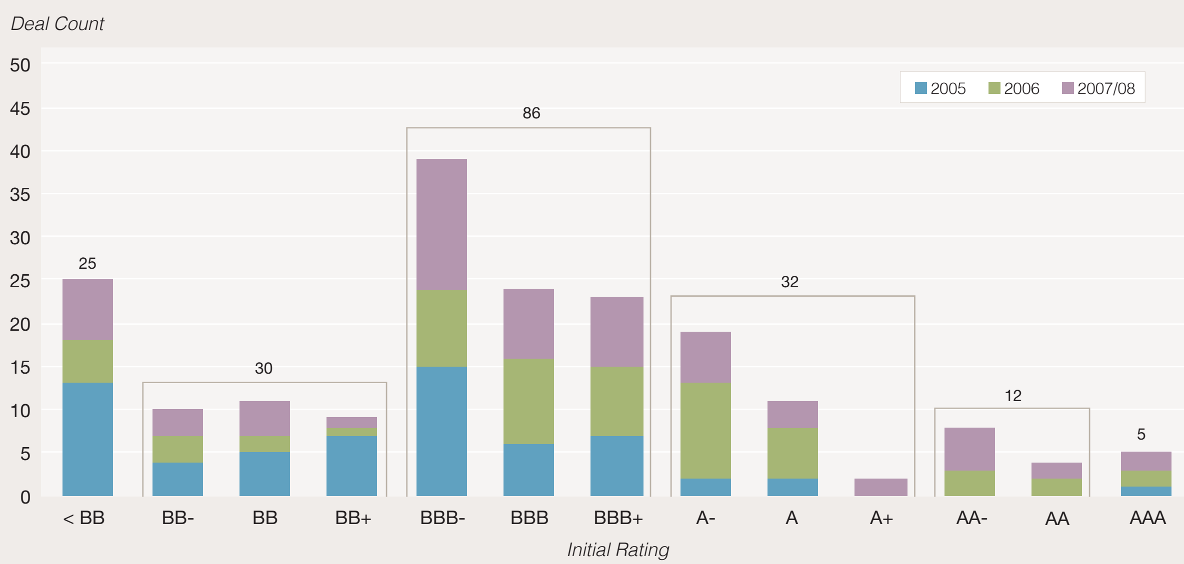
CMBS LOAN MATURITY PROFILE



Source: JPMorgan

Loan maturities will pick up substantially in 2015 and may remain elevated for several years as loans originated during 2005-2007 mature.

HIGHEST RATED TRANCHES TO TAKE LOSSES



As of October 2014

Source: Credit Suisse

Losses continue to move higher in the capital stack. In-depth credit work remains critical. Forty-nine deals have now experienced losses to bond classes originally rated A or higher.

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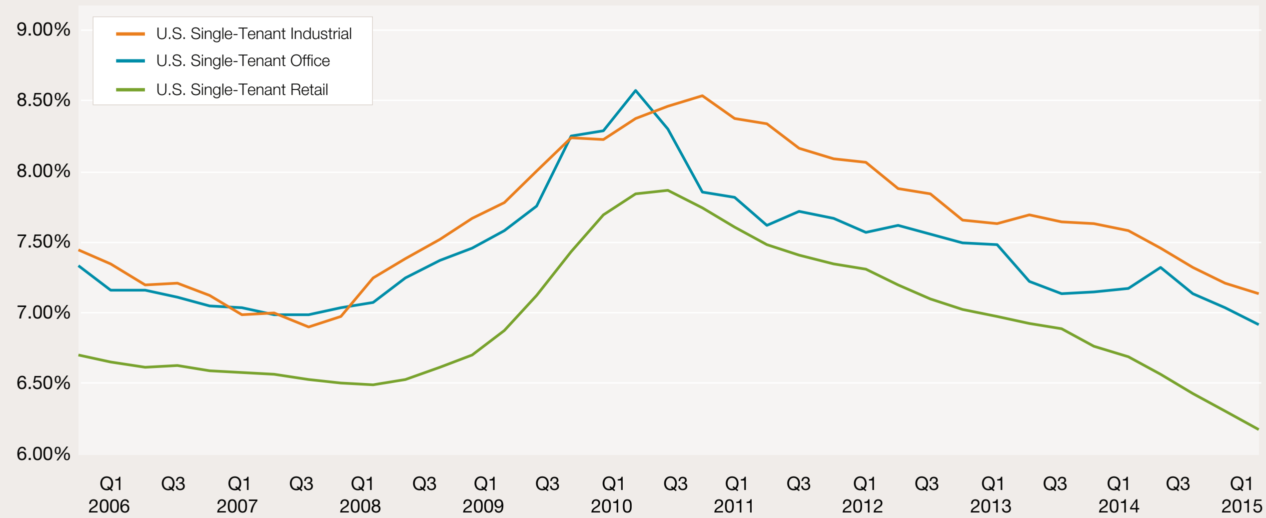
AVERAGE SINGLE-TENANT CAP RATES

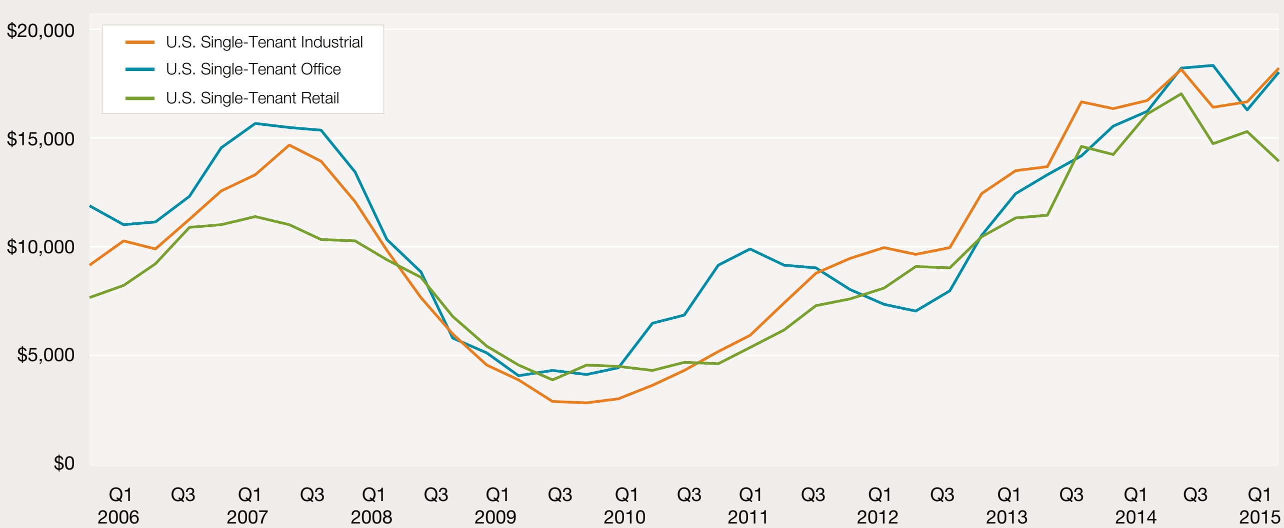


Source: Real Capital Analytics

Pricing continues to strengthen.

12-MONTH ROLLING SINGLE- TENANT DEAL VOLUME

($ Millions)

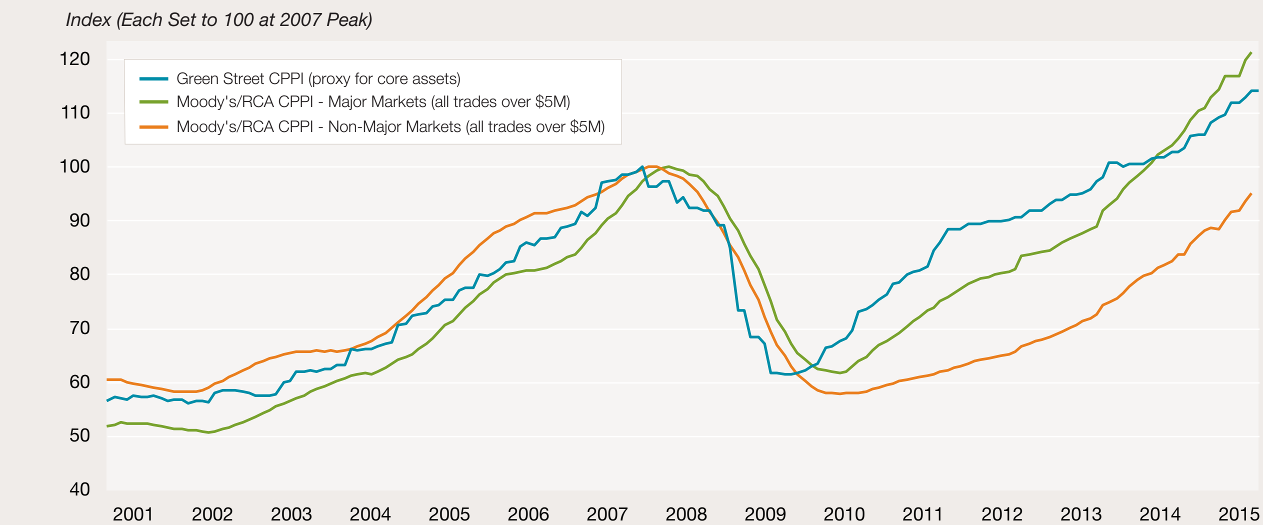


Source: Real Capital Analytics

Transaction volume remains high, but has begun to level off.

UNITED STATES REAL ESTATE

COMMERCIAL REAL ESTATE PRICE INDICES

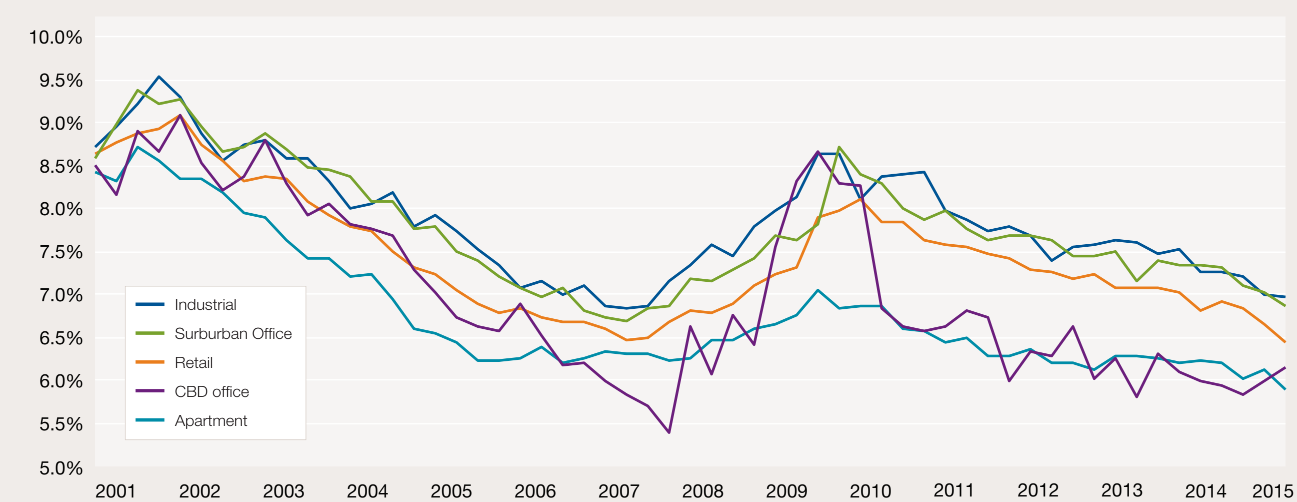


CPPI: commercial property price index

Source: Geltner Associates LLC, based on data from Real Capital Analytics Inc. & methodology licensed to Real Estate Analytics LLC (REAL). No warranties; data believed to be accurate but not guaranteed.

Prices continue their upward trajectory and now exceed prior peaks in major markets and core product...

AVERAGE CAP RATES BY REAL ESTATE SECTOR

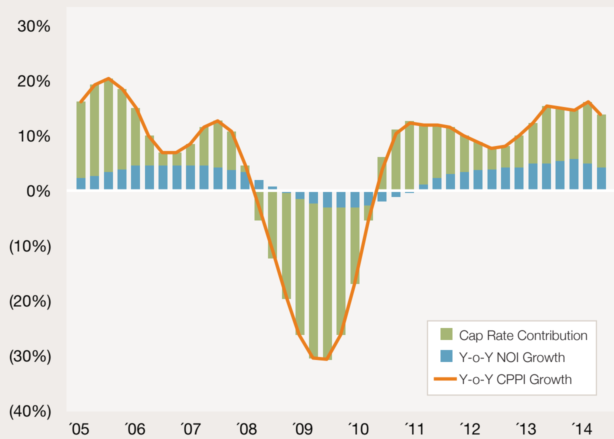


Source: Real Capital Analytics

...with considerable assistance from further tightening of cap rates...

(Return to PM Corner)

COMPOSITION OF CPPI GROWTH ACROSS ALL PROPERTY TYPES



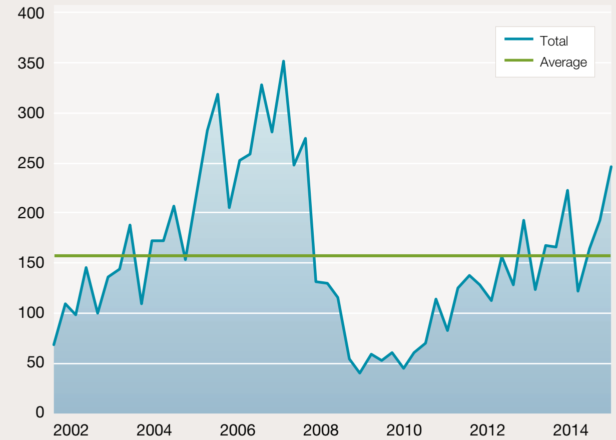
CPPI: commercial property price index

Source: Real Capital Analytics

...improving net income...

ORIGINATIONS VOLUME VS. HISTORICAL AVERAGE

Origination Volume Index: Total

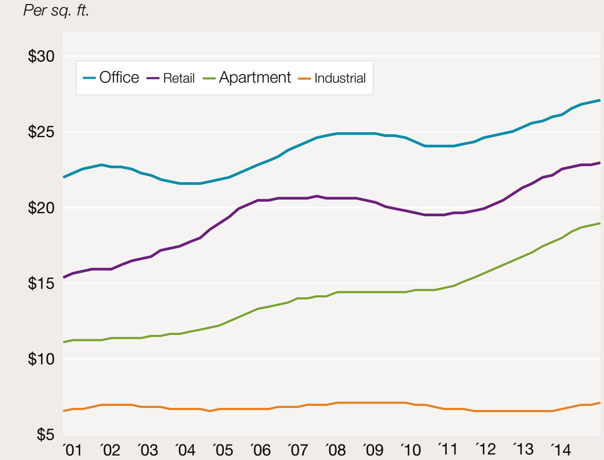


Source: MBA, Morgan Stanley Research

...and increasing supply of debt capital.

RENTAL RATES

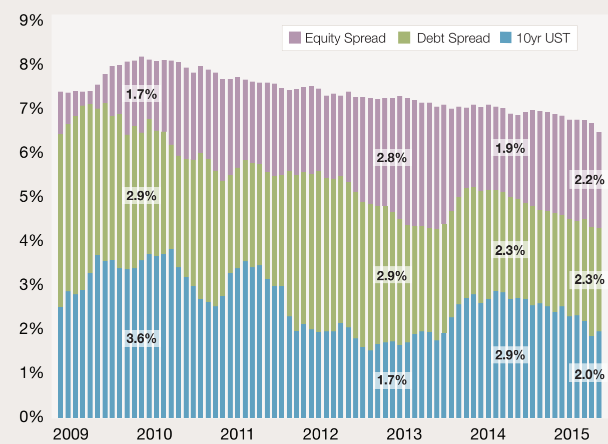
Per sq. ft.



Source: Real Capital Analytics

With limited new supply, rents should gradually accelerate.

EQUITY AND DEBT SPREADS



Data based on Office property type

Equity Spread: Cap Rate less "Debt Spread" and "10yr UST"

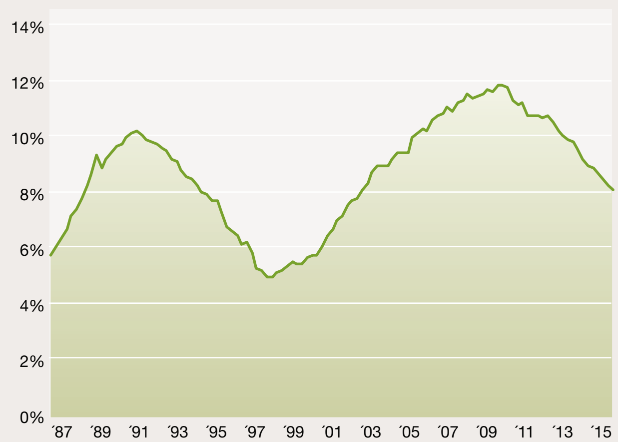
Debt Spread: Commercial Mortgage Rate less "10yr UST"

Source: Real Capital Analyytics

Equity and debt spreads remain at attractive overall levels.

EUROPE REAL ESTATE

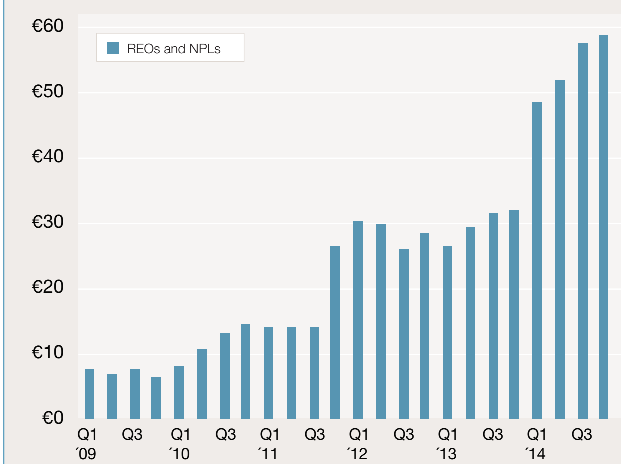
UK LENDING TO COMMERCIAL PROPERTY AS A PERCENTAGE OF LOAN BOOK



Source: Bank of England

Banks are decreasing their exposure to commercial property.

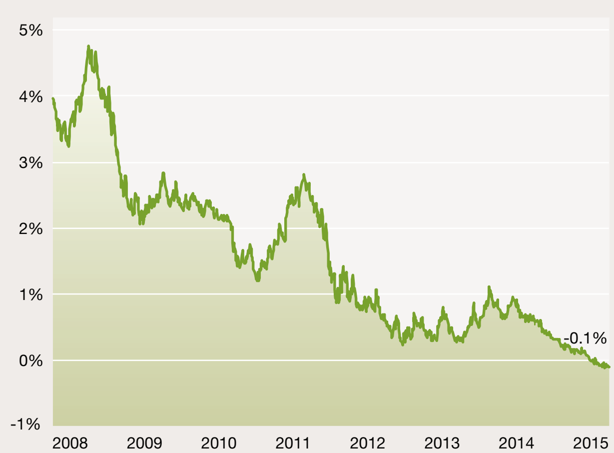
BANK ASSET DISPOSALS



(Rolling 12 month total)
Source: Real Capital Analytics

Sales of REO and NPLs from banks are accelerating.

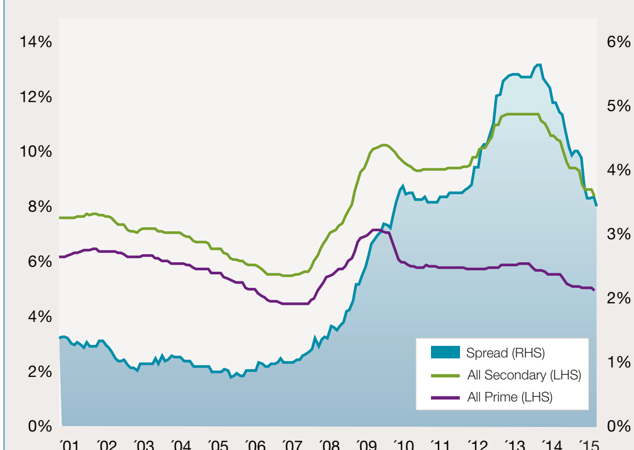
GERMAN GOVERNMENT BONDS 5-YR YIELD



Source: Bloomberg

Bond yields are at record lows, driving demand for core assets.

YIELD GAP IN THE UK: PRIME VERSUS SECONDARY ALL PROPERTY YIELDS

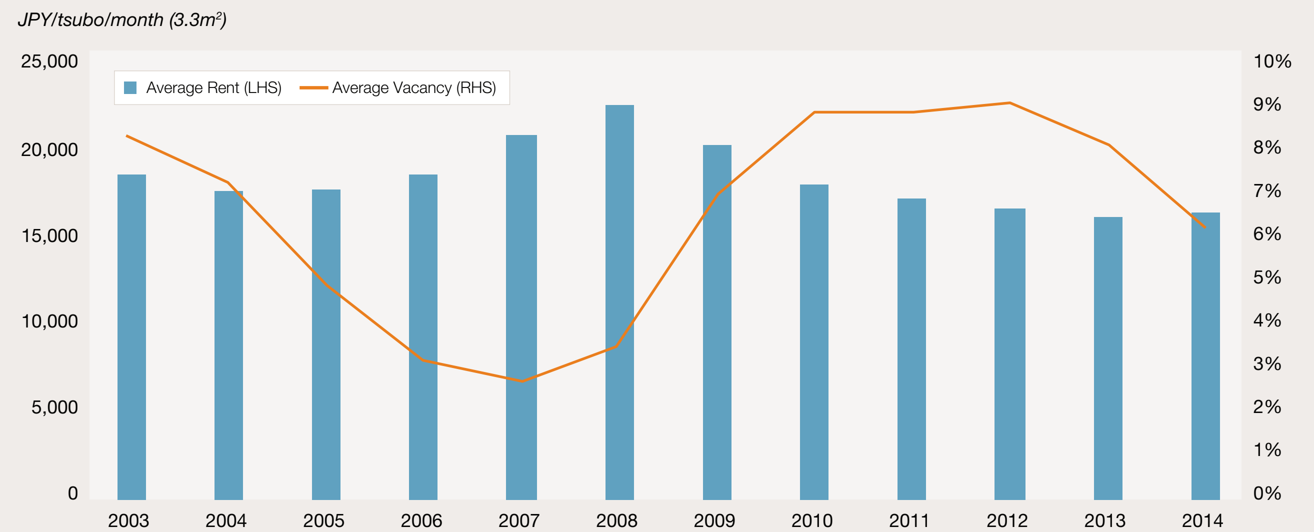


Source: CBRE

The UK yield gap is wide and attractive.

JAPAN

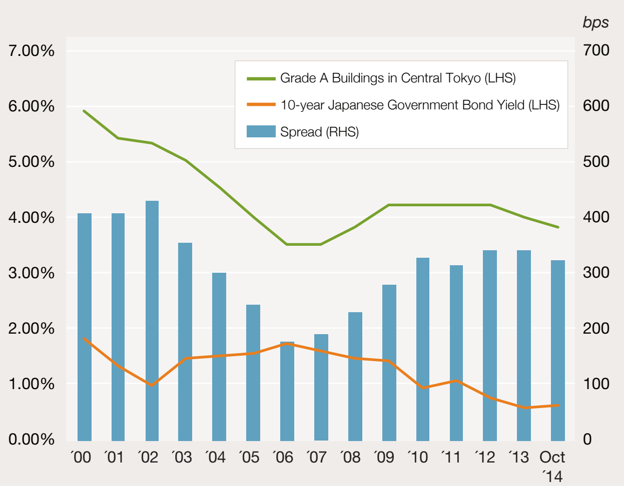
TOKYO'S 5 CENTRAL WARDS OFFICE RENT AND VACANCY RATE



Source: MIki Shoji

Tokyo's office market is in the early stages of a recovery as the vacancy rate declined and rents grew for the first time since 2008.

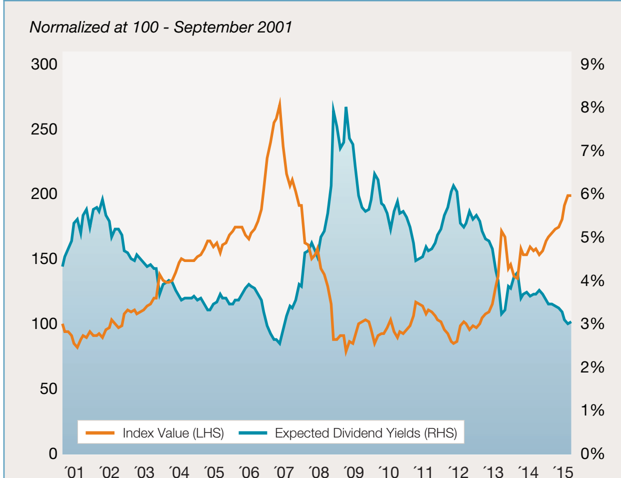
CAP RATES OF GRADE A OFFICE BUILDINGS VS. BORROWING COSTS



Source: Japan Real Estate Institute

Despite lower cap rates, the spread of over 300 bps continues to be attractive to core investors.

JAPANESE REAL ESTATE INVESTMENT TRUST (J-REIT) INDEX AND DIVIDEND YIELD

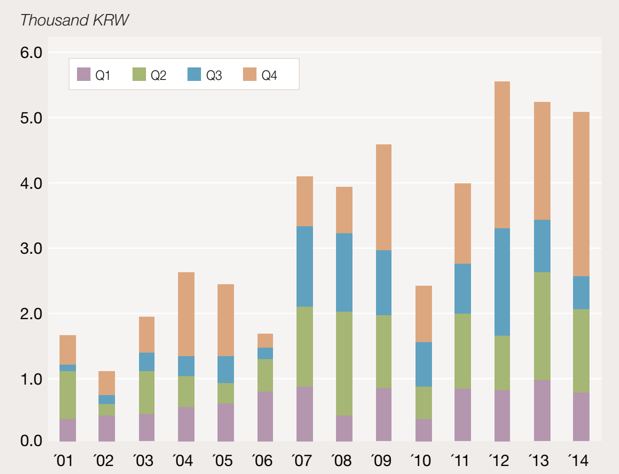


Source: Sumitomo Mitsui Trust Research Institute Co

Strong J-REIT index performance over the past two years has driven down dividend yields (and thereby implied cap rates).

KOREA

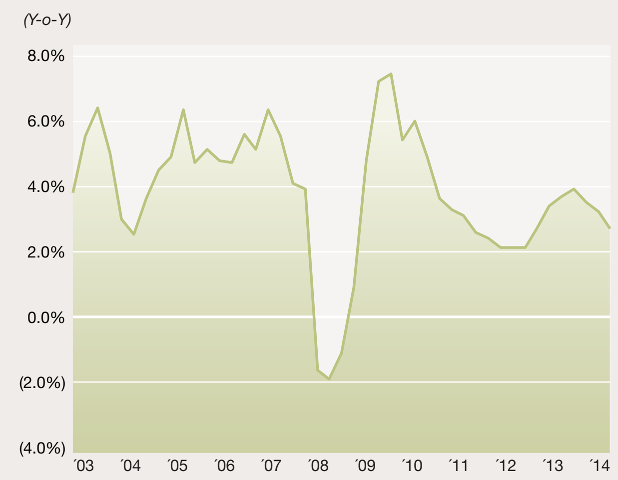
TRANSACTION VOLUME OF PRIME/ SECONDARY OFFICE BUILDINGS IN SEOUL



Source: Savills Research

There was strong transaction volume in 2014 but short of the pace in 2012-2013.

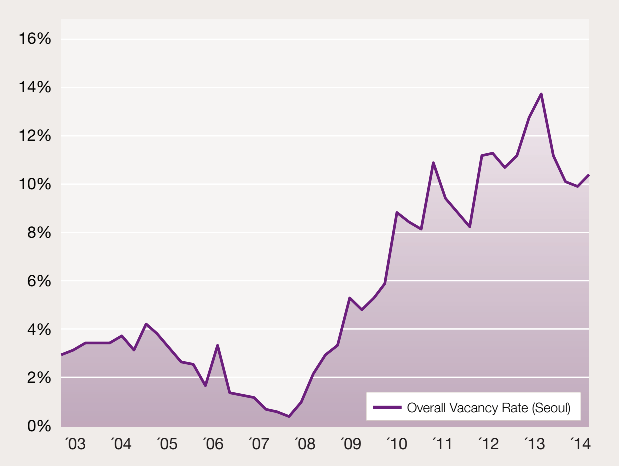
KOREA GDP GROWTH



Source: Bank of Korea

GDP growth weakened to 2.7% in Q4 ´14.

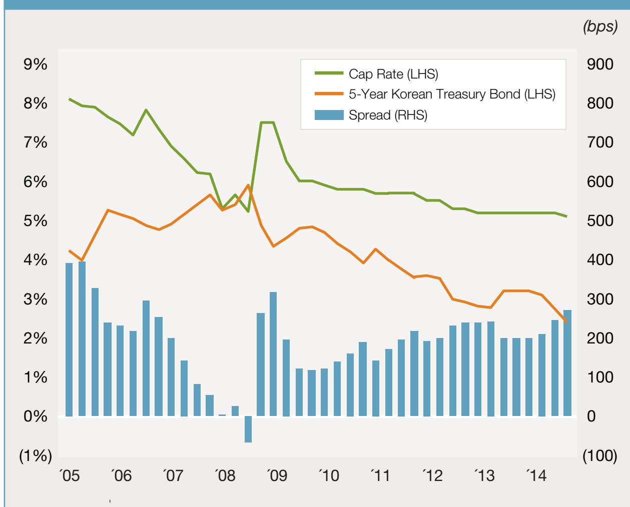
SEOUL OFFICE VACANCY RATE



Source: Jones Lang Lasalle Research

The Seoul office market is recovering, with net absorption pushing down vacancy.

PRIME OFFICE CAP RATE AND SPREAD OVER 5-YEAR TREASURY YIELD



Source: Savills Research

Spreads begin to widen as Korean Treasury yields decline.

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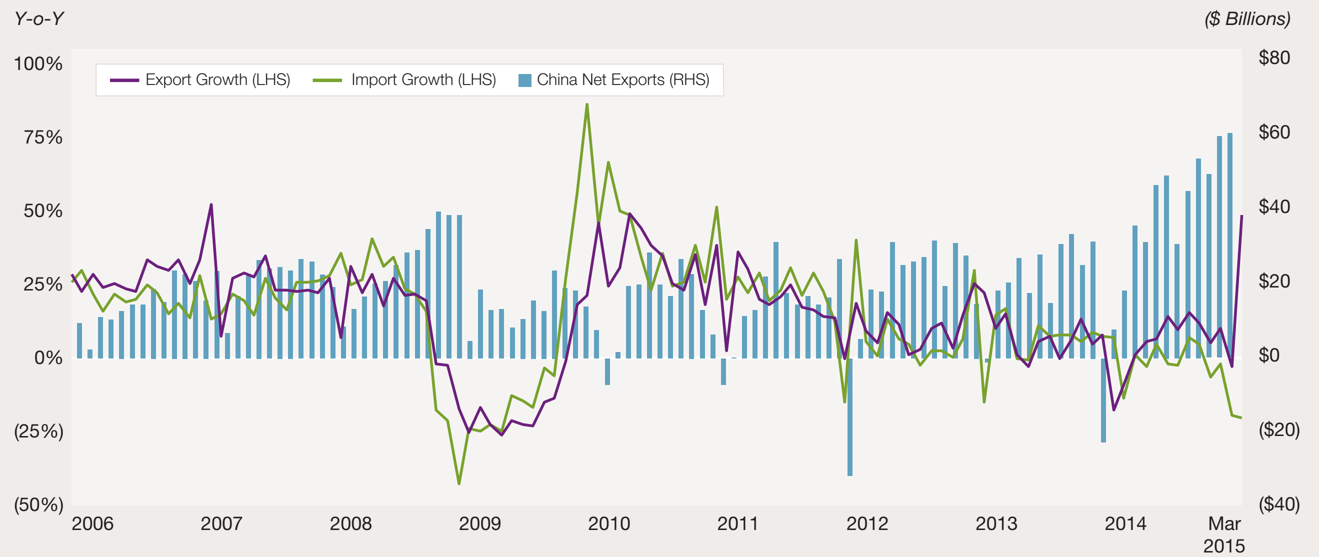
CHINA

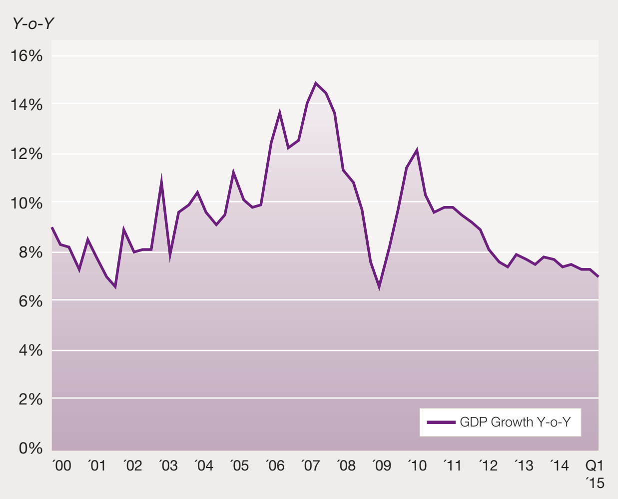
CHINA GROSS IMPORT/EXPORT GROWTH AND NET EXPORTS



Source: National Bureau of Statistics of China

Import growth fell into negative territory while export growth saw a significant recovery.

CHINA GDP GROWTH RATE



Source: National Bureau of Statistics of China

GDP growth slowed to 7.0%.

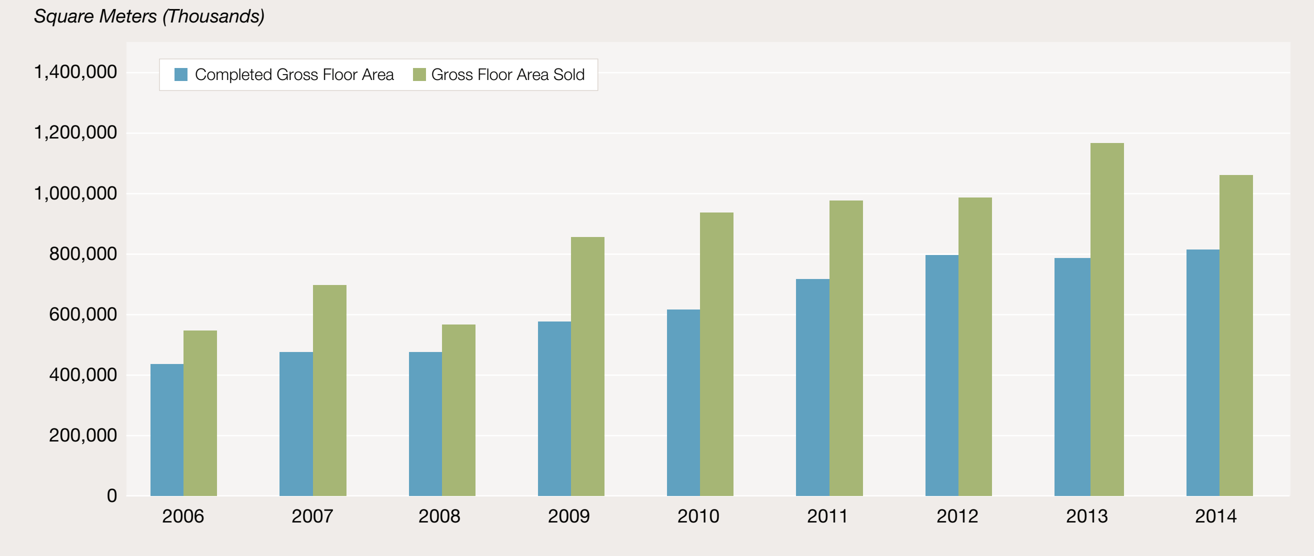
PMI FOR MANUFACTURING SECTOR

PMI survey tracks sentiment among purchasing managers at manufacturing and construction firms. A figure above 50 indicates expansion and a figure below 50 indicates a contraction.

Source: National Bureau of Statistics of China

PMI figures dipped below 50 in early 2015 but returned to a positive level in March.

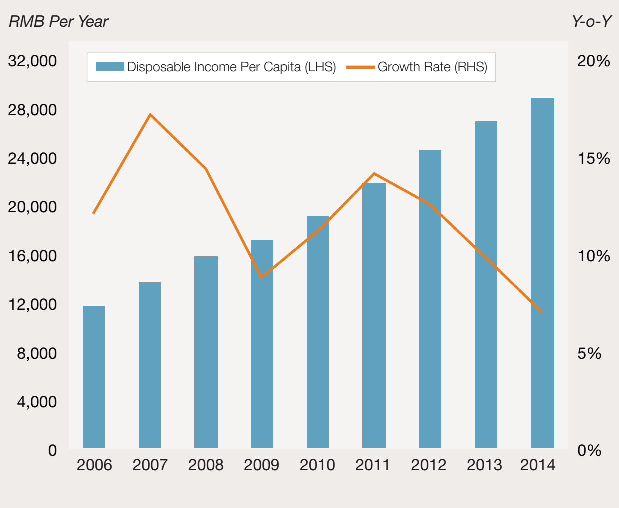
NATIONAL PRIMARY RESIDENTIAL SUPPLY AND SALES



Source: National Bureau of Statistics of China

Residential demand is keeping pace with supply although residential sales volume fell by 9% in 2014.

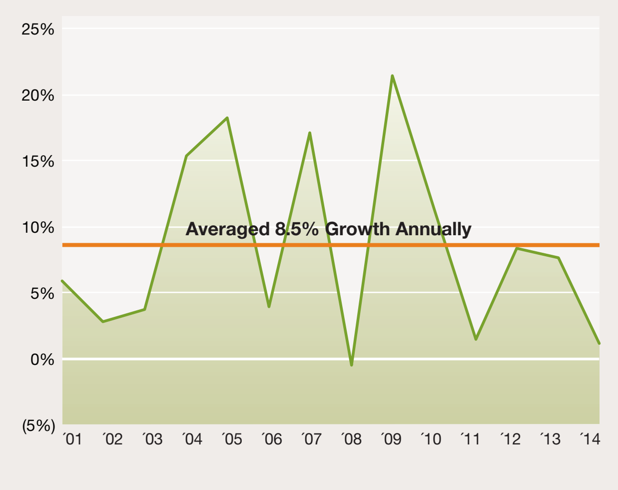
URBAN DISPOSABLE INCOME



Source: National Bureau of Statistics of China

Urban disposable income growth is creating an emerging, wealthy middle class seeking to become homeowners.

ANNUAL HOUSING PRICE GROWTH



Source: National Bureau of Statistics of China

Housing prices rose modestly by 1.4% in 2014.

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