



5th August 2008

The Directors
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Dear Sirs

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

Attached is a Portfolio Commentary and Composition Report for the quarter ended 30 June 2008 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 Nexus2 Notes (NXBHB) nor Nexus3 Notes (NXBHC).

Yours faithfully

A handwritten signature in black ink, appearing to be 'Rolf-E Breuer'.

A handwritten signature in blue ink, appearing to be 'Josef Ackermann'.

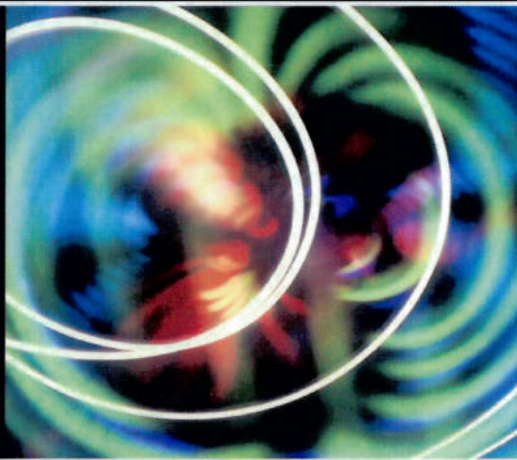
Deutsche Bank AG, Sydney Branch
(as Operating Agent for Nexus Bonds Limited)



Nexus 4

Topaz Notes

Quarterly report



Second Quarter 2008
30/06/2008

Alternative Investments

 **SOCIETE GENERALE**
Asset Management

NEXUS4 Topaz Note

30/06/2008

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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	November 2008
6 th Coupon Reset Spread	153.35 bps (May, 2008)
5 th Coupon Reset Spread	110.72 bps (November, 2007)
4 th Coupon Reset Spread	48.08 bps (May, 2007)
3 rd Coupon Reset Spread	48.68 bps (November, 2006)
2 nd Coupon Reset Spread	53.78 bps (May, 2006)
1 st Coupon Reset Spread	72.06 bps (November, 2005)

LIABILITIES CHARACTERISTICS

Class	Rate	Participation	Maturity	Previous Income Factor	New Income factor	Change in Income Factor
Nexus4	BBSW 6m	4	10Y	76.4840%	76.3760%	-0.11%

MANAGEMENT PHILOSOPHY

- ⊙ NEXUS4 are Capital Guaranteed Notes with coupon linked to the performance of CDO equity tranche.
- ⊙ High quality reference portfolio: 119 Companies with an average rating of BBB, diversified through 28 sectors*
- ⊙ Floating Credit Spread: The coupons are fixed every six-month period to reflect the average 5 year credit margin of the portfolio

* According to S&P industry breakdown

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MARKET OVERVIEW

Negative economic and corporate news have led at the end of the quarter to a sharp sell off in credit and particularly in stocks. Credit has outperformed equity but is still in a very weak tone. Reduced earnings expectations, due primarily to higher write-off expectations in financials and higher energy prices have driven the market. Higher energy prices weaken directly economic growth and could trigger quickly to a recessionary environment.

Dramatic losses have been supported by major financial institutions. For the time being, the capital raised has offset these losses. As a consequence the cost has been supported more heavily by equity holders than credit holders. But as concerns that capital will be more difficult to raise, bond holders may suffer furthermore and we clearly estimate that several defaults in the investment grade space could occur in the near term.

At this point we are left with anaemic US and European economy, high commodity prices, the looming threat of inflation and central banks that are in the process of pushing rates higher. Thus, the Fed after delivering significant rate cuts and instituting massive liquidity programs has indicated that the next move, like the ECB, should be a rate hike due to the inflation pressure. It could also help to reduce the differential of rates between the US and the euro zone and allow the usd to strengthen against the euro. In our view a strengthening of the usd could help commodities and oil prices to calm down.

Outside the Financial sector, the strength of the corporate sector has been key for the economy. Industrials have entered in this slow economic period with healthy balance sheets, strong margins and low inventories. The result has been few job reductions and therefore non farm payroll trends that are more benign than one would have expected during a recession and has helped to support the consumer.

Finally, fears of large write-downs from financial institutions and general economic weakness lead us to consider that the number of default will increase significantly. At this stage it is very difficult to predict the timing of this scenario. In our CDO management, we have removed numerous idiosyncratic risks but still face several distressed situations. However, we estimate that for the time being, the extreme volatility of the market and the level of the entities that we consider removing would generate higher cost than experiencing a potential default. However any market opportunities will be taken to strengthen the portfolio in line with our management mandate.

CONSTRAINTS

Criteria	Target	Current	Validation
Maximum exposure to Portfolio Companies rated BB+/Ba1 or below	10%	8.40%*	Comply
Maximum Average 7 years Portfolio Credit Spread	3%	2.39%	Comply
Maximum Exposure to a single industry	15%	12.61%	Comply
Maximum exposure to Portfolio Companies with no public rating	5%	4.20%	Comply
Maximum exposure to country rated below A-/A3	5%	2.52%	Comply

* According to Moody's breakdown

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PORTFOLIO

Reference Entity	Reference Obligation	Industry classification group Moody's	Industry classification group S&P	5 yr Spreads*	LT Debt Rating Moody's	LT Debt Rating S&P	Category	Region of incorporation
ACE Ltd	US00440EAC12	Insurance	Insurance	72	NR	A-	Senior	BERMUDA
AIR FRANCE	FR0010185975	Personal Transportation	Air transport	280	NR	NR	Senior	FRANCE
ALTRIA GROUP Inc	US02209SAA15	Beverage, Food & Tobacco	Beverage & Tobacco	65	Baa1	BBB+	Senior	USA
AMCOR Ltd	XS0188426372	Containers, Packaging & Glass	Containers & glass products	108	Baa2	BBB	Senior	AUSTRALIA
AOL TIME WARNER	US00184AAG04	Broadcasting & Entertainment	Leisure goods/activities/movies	147	Baa2	BBB+	Senior	USA
ARCELOR MITTAL FIN	XS0176671732	Mining, Steel, Iron & Non Precious Metals	Steel	160	Baa2	BBB+	Senior	LUXEMBOURG
ARROW ELECTRONICS Inc	US042735AL41	Electronics	Electronics/electrical	83	Baa3	BBB-	Senior	USA
AUTOZONE Inc	US05332AC611	Retail Stores	Retailers (except food & drug)	95	Baa2	BBB	Senior	USA
BANCA POPOLARE DI LODI Spa	XS0211167936	Banking	Financial intermediaries	168	WR	A	Sub	ITALY
BANK OF SCOTLAND Plc	XS0156924051	Banking	Financial intermediaries	260	Aa2	AA-	Sub	UNITED KINGDOM
BOMBARDIER INC-A	USC10602AG20	Aerospace & Defense	Aerospace & Defense	216	Ba2	BB+	Senior	CANADA
BRITISH AMERICAN TOBACCO Plc	XS0189727869	Beverage, Food & Tobacco	Beverage & Tobacco	81	Baa1	BBB+	Senior	UNITED KINGDOM
BRITISH SKY BROADCASTING Plc	US111013AC22	Broadcasting & Entertainment	Cable & satellite television	102	Baa2	BBB	Senior	UNITED KINGDOM
CALTEX AUSTRALIA Ltd	-	Oil & Gas	Oil & gas	103	WR	BBB+	Senior	AUSTRALIA
CAPITAL ONE FINANCIAL Corp	US14040HAJ41	Banking	Financial intermediaries	406	A3	BBB+	Senior	USA
CARNIVAL Corp	US143658AH53	Leisure, Amusement, Entertainment	Food/drug retailers	144	A3	A-	Senior	USA
CARREFOUR Sa	FR0000480691	Retail Stores	Food/drug retailers	50	A2	A	Senior	FRANCE
CENTEX Corp	US152312AQ77	Buildings & Real Estate	Building & Development	453	Ba2	BB	Senior	USA
CENTURY TEL Inc	US156700AG13	Telecommunications	Telecommunications	182	Baa2	BBB-	Senior	USA
CIBA SPECIALTY CHEMICALS Inc	XS0085895935	Chemicals, Plastics & Rubber	Chemicals & plastics	214	Baa2	BBB	Senior	SWITZERLAND
CIT GROUP Inc	US125581AB41	Banking	Financial intermediaries	737	Baa1	A-	Senior	USA
COMCAST CORP-CL A	US20029PAN96	Broadcasting & Entertainment	Cable & satellite television	121	Baa2	BBB+	Senior	USA
COMPASS	XS0148362501	Personal, Food & Miscellaneous	Food service	54	Baa2	BBB+	Senior	UNITED KINGDOM
CONTINENTAL Ag	XS0139722069	Automobile	Automotive	245	Baa2	BBB	Senior	GERMANY
COUNTRYWIDE HOME LOAN Inc	US22237LNG31	Finance	Financial intermediaries	217	Baa3	BB+	Senior	USA
COX COMMUNICATIONS INC-CL A	US224044AN72	Telecommunications	Telecommunications	83	Baa3	BBB-	Senior	USA
DAILY MAIL & GENERAL TRUST	XS0109428705	Broadcasting & Entertainment	Leisure goods/activities/movies	101	NR	BBB	Senior	UNITED KINGDOM
DAIMLER Ag	US233835AW75	Automobile	Automotive	94	A3	A-	Senior	GERMANY
DEUTSCHE LUFTHANSA-REG	XS0140276618	Personal Transportation	Air transport	182	Baa3	BBB	Senior	GERMANY
DEUTSCHE TELEKOM Ag-REG	XS0148956559	Telecommunications	Telecommunications	114	Baa1	BBB+	Senior	GERMANY
DOMINION RESOURCES INC/VA	US25746UAJ88	Utilities	Utilities	60	Baa2	A-	Senior	USA
DSG INTERNATIONAL Plc	XS0157632562	Retail Stores	Retailers (except food & drug)	419	Ba1	NR	Senior	UNITED KINGDOM
EASTMAN CHEMICAL COMPANY	US277432AD23	Chemicals, Plastics & Rubber	Chemicals & plastics	72	Baa2	BBB	Senior	USA
ELECTROLUX AB-SER B	XS0126231199	Home & Office Furnishings, Housewares, & Durable Consumer	Home furnishings	134	WR	BBB+	Senior	SWEDEN
ELECTRONIC DATA SYSTEMS Corp	US285661AD69	Electronics	Business equipment & services	59	Baa3	BBB-	Senior	USA
ELISA COMMUNICATIONS OYJ	XS0201780516	Telecommunications	Telecommunications	167	Baa2	BBB	Senior	FINLAND
EMBARQ Corp	US29078EAB11	Telecommunications	Telecommunications	242	Baa3	BBB-	Senior	USA
EXPORT IMPORT BANK OF KOREA	US30215EAA55	Banking	Financial intermediaries	129	Aa3	A	Senior	SOUTH KOREA
FKI Plc	XS0107657222	Diversified/Conglomerate Manufacturing	Conglomerates	199	Ba3	BB	Senior	UNITED KINGDOM
FLEXTRONICS INTERNATIONAL Ltd	US33938EAJ64	Electronics	Electronics/electrical	312	WR	BB+	Senior	USA
FOSTERS GROUP Ltd	USU34574AA89	Beverage, Food & Tobacco	Beverage & Tobacco	95	Baa2	BBB	Senior	AUSTRALIA
FRESENIUS Se	XS0240918218	Chemicals, Plastics & Rubber	Chemicals & plastics	140	WR	BB	Senior	GERMANY
GECCINA Sa	FR0010095422	Buildings & Real Estate	Building & Development	401	NR	BB+	Senior	FRANCE
GKN Plc	XS0147740335	Automobile	Automotive	221	NR	BBB	Senior	UNITED KINGDOM
GMAC LLC	US370425SE16	Banking	Financial intermediaries	1688	B3	B	Senior	USA
GUS Plc (EXPERIAN Fin Plc)	US0162820228	Retail Stores	Retailers (except food & drug)	77	Baa1	BBB+	Senior	UNITED KINGDOM
HALLIBURTON Co	US406216AR24	Oil & Gas	Oil & gas	52	A2	A	Senior	USA
HAMMERSON Plc	XS0130216947	Buildings & Real Estate	Building & Development	258	Baa2	NR	Senior	UNITED KINGDOM
HANNOVER RUECKVERSICHERUNG Ag	XS0187043079	Insurance	Insurance	121	A2	AA-	Sub	GERMANY
HAVAS Sa	FR0000188476	Broadcasting & Entertainment	Radio & Television	336	NR	NR	Senior	FRANCE
HELLENIC TELECOM ORGANIZATION Sa	XS0173549659	Telecommunications	Telecommunications	80	Baa2	BBB+	Senior	GREECE
HJ HEINZ Co	US423074AG80	Beverage, Food & Tobacco	Food products	47	Baa2	BBB	Senior	USA
HUTCHISON WHAMPOA INTL Ltd	XS0223429084	Diversified/Conglomerate Service	Conglomerates	125	A3	A-	Senior	HONG KONG
IMPERIAL TOBACCO GROUP Plc	XS0180407602	Beverage, Food & Tobacco	Beverage & Tobacco	178	Baa3	BBB	Senior	UNITED KINGDOM
INTERNATIONAL PAPER Co	US460146BM46	Printing & Publishing	Publishing	253	Baa3	BBB	Senior	USA
KAUPTHING BANK	XS0206352824	Banking	Financial intermediaries	798	A1	NR	Senior	ICELAND
KINGFISHER Plc	XS0178322474	Retail Stores	Retailers (except food & drug)	329	Baa3	BBB-	Senior	UNITED KINGDOM
LA FARGE Sa	FR0010032730	Buildings & Real Estate	Building & Development	178	Baa2	BBB	Senior	FRANCE
LANXESS Ag	XS0222550880	Chemicals, Plastics & Rubber	Chemicals & plastics	137	Baa2	BBB	Senior	GERMANY
LEGRAND	US524671AA21	Electronics	Electronics/electrical	244	Baa3	BBB	Senior	FRANCE
LEHMAN BROTHERS HOLDINGS Inc	US52517PSC67	Finance	Brokers, Dealers & Investment houses	278	A1	A	Senior	USA
LENNAR CORPORATION	US526057AG99	Diversified/Conglomerate Manufacturing	Conglomerates	660	Ba3	BB	Senior	USA
LTD BRANDS Inc	US532716AH08	Retail Stores	Retailers (except food & drug)	283	Baa3	BBB-	Senior	USA
MARATHON OIL Corp	US565849AA47	Oil & Gas	Oil & gas	83	Baa1	BBB+	Senior	USA
METRO Ag	DE0002017217	Retail Stores	Retailers (except food & drug)	74	Baa2	BBB+	Senior	GERMANY
METSO CORPORATION	XS0205081911	Machinery (Non-Agriculture, Non-Construction, Non-Electronic)	Industrial equipment	104	Baa2	BBB	Senior	FINLAND
MICHELIN (CIE GENERALE DES ETABLISSEMENTS)	FR0010034298	Automobile	Automotive	189	Baa3	BBB	Senior	FRANCE
MUENCHENER RUECKVERSICHERUNG / DE0002452547	DE0002452547	Insurance	Insurance	118	Aa3	AA-	Sub	GERMANY
NEWELL RUBBERMAID Inc	US651229AB28	Home & Office Furnishings, Housewares, & Durable Consumer	Home furnishings	84	Baa2	BBB+	Senior	USA
NEXT Plc	XS0169287124	Retail Stores	Retailers (except food & drug)	275	Baa2	BBB	Senior	UNITED KINGDOM
PCCW-HKT TELEPHONE	US69319CAA27	Telecommunications	Telecommunications	140	Baa2	BBB	Senior	HONG KONG
PEARSON Plc	XS0106750655	Printing & Publishing	Publishing	73	Baa1	BBB+	Senior	UNITED KINGDOM
PETROLEOS MEXICANOS	US71654QAM42	Oil & Gas	Oil & gas	132	Baa1	BBB+	Senior	MEXICO

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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
PETROLEOS MEXICANOS	US71654QAM42	Oil & Gas	Oil & gas	132	Baa1	BBB+	Senior	MEXICO
PINAULT-PRINTEMPS-REDOUTE	FR0010068486	Retail Stores	Retailers (except food & drug)	253	NR	BBB-	Senior	FRANCE
PORSCHE AUTOMOBIL HOLDING se	DE0008579004	Automobile	Automotive	185	NR	NR	Senior	GERMANY
PROLOGIS TRUST	US743410AE29	Buildings & Real Estate	Industrial equipment	214	Baa1	BBB+	Senior	USA
PROSIEBEN SAT.1 MEDIA Ag	XS0192644911	Broadcasting & Entertainment	Radio & Television	513	WR	NR	Senior	GERMANY
PUBLICIS GROUPE	FR0010157354	Broadcasting & Entertainment	Publishing	113	Baa2	BBB+	Senior	FRANCE
QANTAS AIRWAYS Ltd	USQ77974AW52	Personal Transportation	Air transport	181	Baa1	BBB+	Senior	AUSTRALIA
RADIAN GROUP Inc	US750236AB78	Insurance	Insurance	2595	Ba1	BBB	Senior	USA
RALLYE	FR0010117325	Retail Stores	Food/drug retailers	605	NR	NR	Senior	FRANCE
RANK GROUP Plc	XS0182099183	Hotels, Motels, Inns & Gaming	Lodging & casinos	551	WR	B+	Senior	UNITED KINGDOM
RENAULT Sa	FR0000474843	Automobile	Automotive	176	Baa1	BBB+	Senior	FRANCE
REPSOL YPF Sa	XS0110487062	Oil & Gas	Oil & gas	80	Baa1	BBB	Senior	SPAIN
RHEINMETALL	DE0006776826	Automobile	Automotive	109	Baa2	BBB-	Senior	GERMANY
ROYAL & SUN ALLIANCE INSURANCE Plc	XS0102735528	Insurance	Insurance	107	A3	A	Sub	UNITED KINGDOM
SAFEWAY Inc	US786514BF54	Grocery	Food/drug retailers	65	Baa2	BBB	Senior	USA
SARA LEE Corp	US803111AM56	Beverage, Food & Tobacco	Food products	67	Baa1	BBB+	Senior	USA
SBC COMMUNICATIONS Inc	US78387GAK94	Telecommunications	Telecommunications	84	A2	A	Senior	USA
SCOR Se	FR0000489619	Insurance	Insurance	121	A3	A-	Sub	FRANCE
SCOTTISH & NEWCASTLE Plc	XS0145156070	Beverage, Food & Tobacco	Beverage & Tobacco	41	NR	NR	Senior	UNITED KINGDOM
SES GLOBAL Sa	XS0180191164	Broadcasting & Entertainment	Cable & satellite television	102	Baa2	BBB	Senior	LUXEMBOURG
SODEXO	FR0000488603	Personal, Food & Miscellaneous	Food service	54	NR	BBB+	Senior	FRANCE
SPRINT CORP-FON GROUP	US852060AD48	Telecommunications	Telecommunications	290	Baa3	BB	Senior	USA
STARWOOD HOTEL & RESORTS WORLDWIDE Inc	US85590AAD63	Hotels, Motels, Inns & Gaming	Lodging & casinos	248	Baa3	BBB-	Senior	USA
TAKEFUJI CORPORATION	USJ81335AH45	Finance	Financial intermediaries	487	Baa1	BBB-	Senior	JAPAN
TATE & LYLE Plc	XS0150130879	Beverage, Food & Tobacco	Food products	155	Baa2	BBB	Senior	UNITED KINGDOM
TDC A/S	XS0146556385	Telecommunications	Telecommunications	175	B1	BB-	Senior	DENMARK
TECHNIP Sa	FR0010085795	Oil & Gas	Oil & gas	64	NR	BBB	Senior	FRANCE
TELECOM ITALIA SPA	XS0142531903	Telecommunications	Telecommunications	150	Baa2	BBB	Senior	ITALY
TELEFONICA Sa	ES0278430931	Telecommunications	Telecommunications	100	Baa1	BBB+	Senior	SPAIN
TELEFONOS DE MEXICO SA BURSATIL DE CV	USP9048DDD86	Telecommunications	Telecommunications	120	A3	BBB+	Senior	MEXICO
TELEKOM AUSTRIA Ag	XS0172844283	Telecommunications	Telecommunications	78	A3	BBB+	Senior	AUSTRIA
TELEKOMUNIKACJA POLSKA S.A.	USN31209AA26	Telecommunications	Telecommunications	97	A3	BBB+	Senior	POLAND
THE PMI GROUP Inc	US69344MAH43	Insurance	Insurance	1299	A1	BBB+	Senior	USA
THOMSON (EX-TMM)	FR0000188369	Electronics	Electronics/electrical	622	WR	BB-	Senior	FRANCE
THYSSENKRUPP Ag	XS0214238239	Mining, Steel, Iron & Non Precious Metals	Steel	144	Baa2	BBB	Senior	GERMANY
UBS AG	CH0009367886	Banking	Brokers, Dealers & Investment houses	184	Aa1	AA-	Sub	SWITZERLAND
VALEO	FR0010007468	Automobile	Automotive	226	Baa2	NR	Senior	FRANCE
VINCI Sa	XS0151548616	Buildings & Real Estate	Building & Development	155	Baa1	BBB+	Senior	FRANCE
VNU N.V. (Nielsen Co)	XS0137852793	Printing & Publishing	Publishing	552	Caa1	B	Senior	NETHERLANDS
VOLKSWAGEN Ag	XS0140535229	Automobile	Automotive	124	A3	A-	Senior	GERMANY
WASHINGTON MUTUAL Inc	US939322AV52	Finance	Financial intermediaries	588	Baa3	BBB	Senior	USA
WENDEL	XS0185010401	Utilities	Utilities	443	NR	BBB-	Senior	FRANCE
WOLTERS KLUWER-CVA	XS0181273342	Printing & Publishing	Publishing	88	Baa1	BBB+	Senior	NETHERLANDS
WOORI BANK	XS0155783276	Finance	Financial intermediaries	224	A1	A-	Sub	SOUTH KOREA
WPP GROUP Plc	XS0131030032	Broadcasting & Entertainment	Business equipment & services	141	Baa2	BBB+	Senior	UNITED KINGDOM
XL CAPITAL LTD -CLASS A	US98372PAF53	Insurance	Insurance	302	Baa1	A-	Senior	USA
ZURICH INSURANCE COMPANY	XS0201168894	Insurance	Insurance	130	A2	AA-	Sub	SWITZERLAND

Weighted average 5Y spread : 241.87bps **

*Source: Markit

** WAS 5 Y with a cap spread of 800 bps = 215.13 bps

5 YEAR MARKET SPREADS

		Current spread 30/06/2008	Spread as of 31/03/2008	Variation
5 Tightest Market Spreads* (5 years CDS)	SCOTTISH & NEWCASTLE Plc	41	59	-18
	HJ HEINZ Co	47	70	-23
	CARREFOUR Sa	50	64	-14
	HALLIBURTON Co	52	58	-6
	COMPASS	54	83	-29
5 Widest Market Spreads* (5 years CDS)	RADIAN GROUP Inc	2595	1095	1500
	GMAC LLC	1688	1347	341
	THE PMI GROUP Inc	1299	665	634
	KAUPTHING BANK	798	1008	-210
	CIT GROUP Inc	737	834	-97

*Source: Markit

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PERFORMING NAMES

		Current spread 30/06/2008	Spread as of 31/03/2008	Variation
5 Best performing names* (5 years CDS)	SPRINT CORP-FON GROUP	290	595	-305
	FKI Plc	199	429	-230
	KAUPTHING BANK	798	1008	-210
	PROLOGIS TRUST	214	360	-146
	VNU N.V. (Nielsen Co)	552	690	-138
5 Worst performing names* (5 years CDS)	RADIAN GROUP Inc	2595	1095	1500
	THE PMI GROUP Inc	1299	665	634
	GMAC LLC	1688	1347	341
	TAKEFUJI CORPORATION	487	315	172
	WASHINGTON MUTUAL Inc	588	491	97

*Source: Markit

CREDIT MIGRATION DURING THE PERIOD

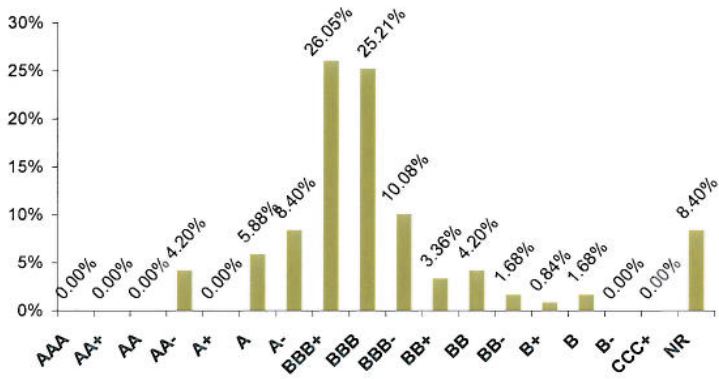
Date	Name	Agency	From	To	Action
02/04/2008	UBS AG	S&P	AA	AA-	↘
02/04/2008	UBS AG	Moody's	Aaa	Aa1	↘
09/04/2008	RADIAN GROUP Inc	S&P	A-	BBB	↘
09/04/2008	SAFEWAY Inc	S&P	BBB-	BBB	↗
09/04/2008	THE PMI GROUP Inc	S&P	A	BBB+	↘
15/04/2008	BOMBARDIER INC-A	S&P	BB	BB+	↗
15/04/2008	DAIMLER Ag	S&P	BBB+	A-	↗
18/04/2008	RHEINMETALL	S&P	BBB	BBB-	↘
24/04/2008	GMAC LLC	Moody's	B1	B2	↘
25/04/2008	GMAC LLC	S&P	B+	B	↘
30/04/2008	ZURICH INSURANCE COMPANY	Moody's	A3	A2	↗
02/05/2008	SPRINT CORP-FON GROUP	S&P	BBB-	BB	↘
05/05/2008	COUNTRYWIDE HOME LOAN Inc	S&P	BBB+	BB+	↘
05/05/2008	METRO Ag	S&P	BBB	BBB+	↗
08/05/2008	CENTEX Corp	S&P	BB+	BB	↘
19/05/2008	LENNAR CORPORATION	S&P	BB+	BB	↘
20/05/2008	DEUTSCHE TELEKOM Ag-REG	S&P	A-	BBB+	↘
20/05/2008	DEUTSCHE TELEKOM Ag-REG	Moody's	A3	Baa1	↘
20/05/2008	HELLENIC TELECOM ORGANIZATION Sa	Moody's	Baa1	Baa2	↘
21/05/2008	THOMSON (EX-TMM)	S&P	BB	BB-	↘
29/05/2008	DSG INTERNATIONAL Plc	Moody's	Baa3	Ba1	↘
30/05/2008	CIT GROUP Inc	Moody's	A3	Baa1	↘
30/05/2008	THOMSON (EX-TMM)	Moody's	Ba1	WR	↘
03/06/2008	LEHMAN BROTHERS HOLDINGS Inc	S&P	A+	A	↘
10/06/2008	CENTEX Corp	Moody's	Ba1	Ba2	↘
10/06/2008	LENNAR CORPORATION	Moody's	Ba1	Ba3	↘
17/06/2008	GMAC LLC	Moody's	B2	B3	↘
25/06/2008	CENTURY TEL Inc	S&P	BBB	BBB-	↘
26/06/2008	RADIAN GROUP Inc	Moody's	A2	Ba1	↘
27/06/2008	AUTOZONE Inc	S&P	BBB+	BBB	↘

NEXUS4 Topaz Note

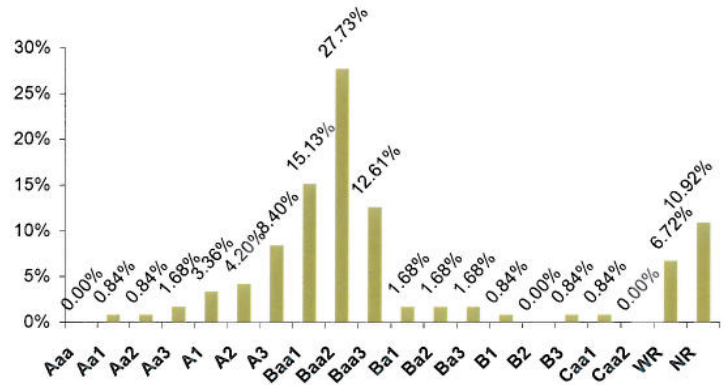
30/06/2008

RATING SPLIT

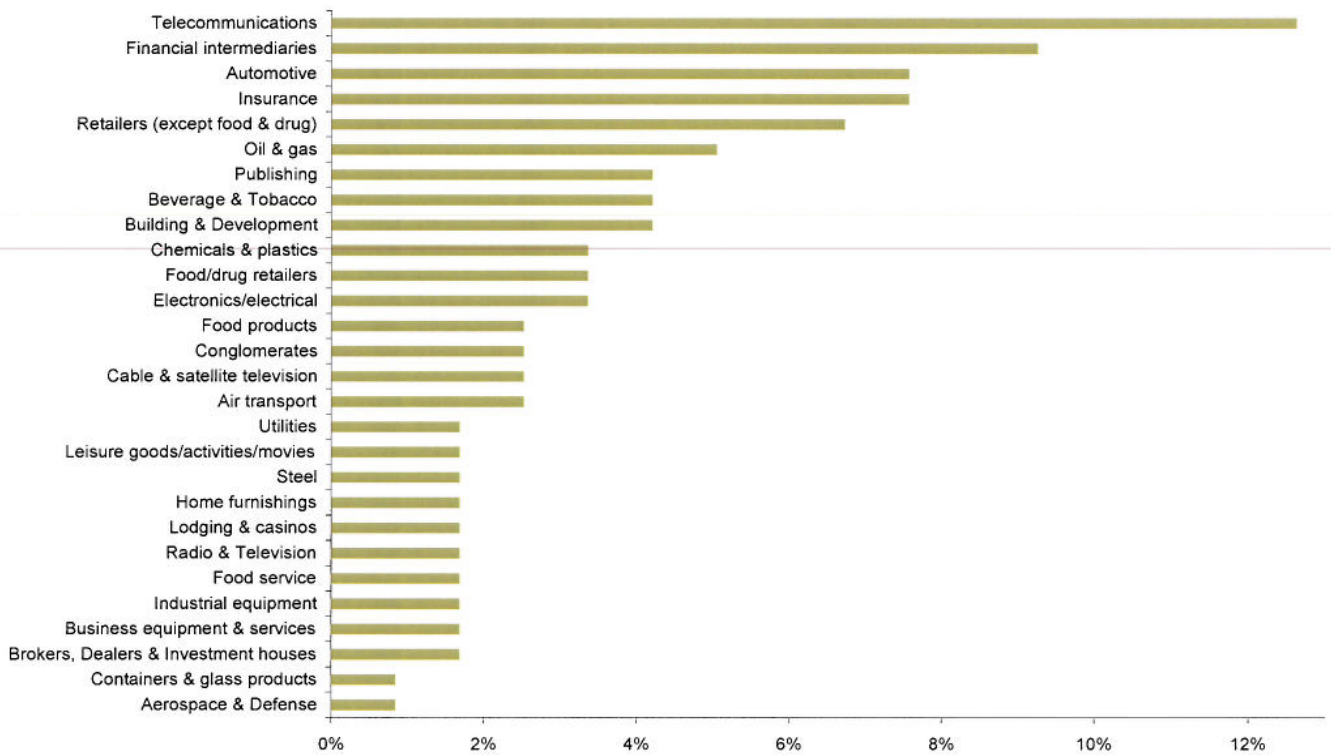
S&P



Moody's



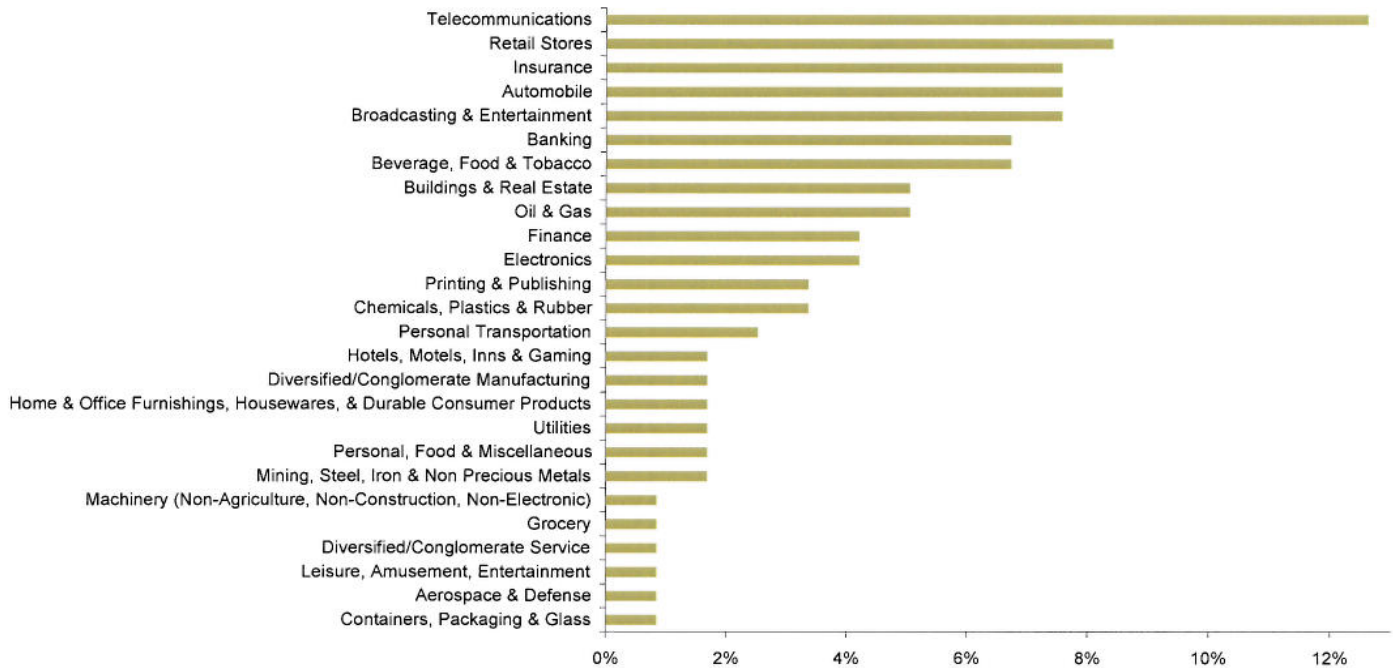
INDUSTRY BREAKDOWN S&P



NEXUS4 Topaz Note

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INDUSTRY BREAKDOWN Moody's



SUBSTITUTIONS DURING THE PERIOD

15/04/2008

Added	Traded Spread	Nominal	Rating S&P	Removed	Traded Spread	Nominal	Rating S&P
BANK OF SCOTLAND Plc	2.70%	1	AA-	EXPEDIA Inc	1.95%	1	BB
NEXT Plc	3.20%	1	BBB	GAP Inc	1.04%	1	BB+
PORSCHE AUTOMOBIL HOLDING se	2.20%	1	-	KROGER Co	0.60%	1	BBB-
UBS AG	2.00%	1	AA-	MARSH & MCLENNAN COS Inc	0.72%	1	BBB-
WOORI BANK	3.00%	1	A-	PILKINGTON Plc	0.50%	1	-

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NAME FOCUS

Thomson – (BB neg- / Ba2 neg)

Indicative 5 Y CDS: 600bp (as of 20/06/2008)

The company's rating was downgraded by S&P's on May 20th from BB to BB- on the back of worsening operational trends evidenced by the Q108 sales (-11% at constant currency rates) S&P's also highlighted the challenging liquidity conditions due to some covenants in private placement transactions that if breached could block any future drawdown in the committed credit lines (about EUR 1.5bn maturing in 2012).

However, during the latest AGM, the Chairman announced a set of actions that could be credit positive in the near term. First, no dividend will be paid to shareholders in 2008 since Thomson has to focus on cash preservation in order to reduce its debt level (additional asset disposals should occur during 2H 2008). Secondly, cost cutting strategies will continue with the aim of saving EUR 50m annually as from 2008. Lastly, the management acknowledged the need to simplify the current business line.

At this stage, we do not anticipate to take any action on Thomson before 1H 2008 are released (end of July) in order to evaluate the efforts towards debt reduction knowing that the company will certainly post a loss due to ongoing restructuring charges.

CIT – (A- neg / Baa1 WN)

Indicative 5 Y CDS: 700bp (as of 20/06/2008)

Since our last report from 1Q08, CIT has announced a series of steps to improve its liquidity position. It first successfully raised \$1.5bn of new capital in April and then managed to secure in June a \$3bn long-term committed financing facility with Goldman Sachs. These actions should provide enough liquidity to meet funding needs through 1Q2009 and give more time to CIT's management to find a strategic partner, complete further asset sales and find additional longer-term secured lending.

Kaupthing – (NR / A1 Stable)

Indicative 5 Y CDS: 800bp (as of 20/06/2008)

The bank reported a 7.6% drop in its 1Q2008 net result to \$250m due to a loss on its capital markets division and due to further impairments on its structured credit products portfolio. This figure can be considered as satisfactory considering the challenging conditions in the financial markets since last summer.

However, the key factor that is currently driving Kaupthing's credit spread is the liquidity situation which has been deteriorating steadily as the bank was too much relying on capital markets to finance its asset growth. Therefore, the recent EUR 1.5bn liquidity injection from Nordic central banks in favour of the Republic of Iceland was clearly positive in order to help reassure the markets that the Icelandic government was in a much better position to potentially support the three major banks in case they need it.

Kaupthing also reported to have secured a 2 year bullet EUR 275m loan facility from a pool of banks (including BOA and Bayerische Landesbank) with a margin of 1.5% which is obviously very competitive given the levels traded on the senior FRN and CDS.

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Washington Mutual – (BBB WNeg / Baa3 stable)

Indicative 5 Y CDS: 570bp (as of 20/06/2008)

The group reported in April a first quarter net loss of \$ 1.1bn due to loan loss provisions of \$ 3.5bn and net charge-offs of \$1.4bn. In the same time, WM disclosed a \$7bn capital raise from a TPG-led investor group as well as a cut in dividend to \$0.01 from \$0.15 which should save about \$0.5bn in cash over 2008. This is clearly a net positive for creditors as it reduces near term risk of a downgrade into the high yield category (Moody's revised its outlook to stable from negative); However, in view of WM's large residential portfolio (\$180bn) which include about \$63bn of home equity exposure, it is very likely that the current level of provisions may not be enough. The bank could therefore require additional capital to cover potential higher cumulative losses from this portfolio.

On the other hand, the bank's market capitalisation has dropped to \$5.5bn as of end June 2008, which appears now as a cheap target for a larger US institution considering WM's sound retail and commercial businesses as well as its access to a large deposit franchise.

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