

CDO Manager Magnifier



June 2006

Analysts:

Jennifer V. Johnson, New York
(1) 212-438-1712
jennifer_vento-johnson@
standardandpoors.com

Adrian Compton, New York
(1) 212-438-4084
adrian_compton@
standardandpoors.com

Seix Advisors

Table 1

Seix Advisors

Year founded	1992
Location	Upper Saddle River, N.J.
Parent/affiliate	SunTrust Banks Inc.
Funds under management	\$22.5 billion
CDO collateral focus	Bank loans
Capital structure focus	Minimum 90% senior secured loans; and maximum 10% second-lien, senior unsecured, and high-yield bonds
CDO manager	George Goudelias
CDO under management	Mountain View Funding CLO 2006-1 Ltd.

Firm Background

Seix Advisors (Seix) was founded in 1992 by Christina Seix. Before founding Seix, Ms. Seix had worked for MacKay Shields since 1981, where she was hired to build a fixed-income division and later became chairman and chief executive officer in 1987. In 1993, Ms. Seix hired John Talty, the chief fixed-income strategist for JP Morgan Securities

Inc., to build a high-grade bond capability; and in 1997, Ms. Seix hired Michael McEachern to develop Seix's high-yield capability. As of May 31, 2005, Seix had a total of 80 employees and \$22.5 billion in assets under management, including \$10.1 billion in high-yield bonds and \$12.4 billion in high-grade investments (including corporates, ABS, and MBS).

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In 2004, Ms. Seix sold the majority interest of her firm to SunTrust Banks Inc. (SunTrust), which resulted in Seix becoming a fixed-income division of Trusco Capital Management Inc., part of SunTrust's wealth and investment management division. In 2005, Seix established a structured products platform and appointed Eric Storch (formerly of MBIA Insurance Corp.) as the head of this division. To build its CLO platform, Seix hired Atul Sibal in February 2006, from New York Life Investment Management LLC, as the director of quantitative research in CDO structuring. In addition, Daman Singh joined Seix in June 2006, from BlackRock Financial Management Inc., as a structured products analyst; and Rebecca Ehrhart joined Seix in August 2005, from Prudential Investment Management Inc., to head CLO operations. The team also hired one senior bank loan credit analyst in September 2005 to supplement its team of high-yield bond analysts.

CDO Team

George Goudelias, the head of the bank loan group and senior portfolio manager, joined Seix in 2001 with 19 years of high-yield bond investment experience. Seix's CDO team also includes Mr. McEachern, who has 22 years of high-yield bond investment experience, as head of high-yield investments and senior high-yield portfolio manager. The remainder of the CDO credit analysis team consists of Michael Kirkpatrick and Biron Lim, co-heads of research; six senior analysts; and one analyst. Each of the nine investment professionals, including Mr. Goudelias, is an industry specialist and is responsible for credit coverage. On average, eight of the investment professionals have approximately 20 years of high-yield bond investment experience, and one analyst has six years of bank loan investment experience. Seix also has a designated product management group responsible for structuring, including Mr. Storch, head of structured products; Mr. Sibal; and Mr. Singh.

Credit Philosophy

Seix stated that potential investments are screened for five key fundamental characteristics: improving cash flow, a seasoned and capable management team, available liquidity/access to capital, asset protection, and a strong competitive position. Credits that pass through this screen are reviewed for industry fundamentals and relative value. According to Seix, analysts complete a covenant review and a relative value assessment of an issuer within their respective industries. Potential investments are modeled in a proprietary industry model using data from Capital IQ to project three-year

financials. Industry analysts establish key metrics that Seix believes will drive fundamentals for each credit and maintain a watch list for credits that no longer meet the five investment tenets.

To approve credit purchases, Seix has a credit committee that consists of Mr. Goudelias, Mr. McEachern, Mr. Lim, Mr. Kirkpatrick, Mr. Sibal, and the industry analyst who recommends the investments for purchase; Mr. Goudelias has veto power. If a credit's fundamentals no longer meet the team's five investment tenets, or if the view of default risk as increased, any of the nine investment professionals may identify a credit to sell.

Operations And Technology

Ms. Ehrhart heads CDO administration, with responsibility for trade capture and settlement, pricing, collateral servicing, and reconciling cash and asset positions with the trustee. Seix uses Wall Street Office for trade capture and settlement and its compliance module to monitor a CLOs compliance with indenture guidelines. According to Seix, bank loan prices are obtained from LoanX (Markit Partners). While Seix has established compliance procedures, it is also subject to additional oversight by SunTrust Banks' internal and external auditors.

Table 2

Mountain View Funding CLO 2006-1 Ltd.

Class	Current rating	Current par amount (mil. \$)
A-1	AAA	305.0
A-2	AAA	40.0
B	AA	26.0
C	A	23.0
D	BBB	19.5
E	BB	13.5
Preference shares	N.R.	35.5

Additional information

Closing date	May 23, 2006
Deal type	Cash flow CLO

N.R.—Not rated.

Outstanding Deals

The capital structure of the recently closed CLO is shown in table 2. Additional information on this CLO can be found on RatingsDirect, Standard & Poor's Web-based credit analysis system, at www.ratingsdirect.com, and on Standard & Poor's premier CDO Web site, at www.cdointerface.com. ■

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