



STATE OF WISCONSIN
Department of Employee Trust Funds
David A. Stella
SECRETARY

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CORRESPONDENCE MEMORANDUM

DATE: November 2, 2009
TO: Wisconsin Deferred Compensation Board
FROM: Shelly Schueller, Director
Wisconsin Deferred Compensation Program
SUBJECT: Stable Value Fund Investment Advisory Agreement Amendment

The Investment Committee and Department staff recommend the Board approve the proposed amendment to the Stable Value Fund investment advisory agreement with Galliard Capital Management, and delegate final approval to the Board Chair.

Galliard Capital Management (Galliard), a subsidiary of Wells Fargo Bank, has provided the Stable Value Fund (SVF) option to Wisconsin Deferred Compensation (WDC) Program participants since June 30, 1998. The WDC SVF invests in contracts issued by high quality financial institutions. These contracts are backed by a portfolio of quality fixed income securities managed by Galliard and certain stable value collective funds held by Wells Fargo Bank and advised by Galliard, Pacific Investment Management Company, and Aberdeen Asset Management.

At the September 2, 2009, Investment Committee meeting, Galliard presented an update regarding the stable value market. As the economy has constricted, the stable value market has experienced changes, including a shift by the firms offering security-backed investments ("wrap contracts") to require more conservative investment guidelines for portfolios. In addition, the overall credit ratings of the banks and insurance companies that provide these wrap contracts have come under downward pressure. As a result of these market shifts and in an effort to continue to provide the best possible returns for the SVF, Galliard is proposing several changes to the existing WDC SVF investment guidelines, including:

1. Reducing the minimum weighting for cash equivalents from 15% to 5%. This is intended to provide Galliard with some flexibility, as the intent is to gradually bring the cash buffer down to the 10% range.

Reviewed and approved by Robert J. Conlin, Deputy Secretary.

Signature

Date

Board	Mtg Date	Item #
DC	11/17/09	11

2. Requiring a minimum quality at initial contract placement to be A-/A3 for any new wrap providers and minimum quality ratings to be maintained at A/A2. Due to the decrease in overall credit ratings of banks and insurance companies, this allows more flexibility to be able to secure new providers as well as keep existing ones;
3. Shortening the overall target duration of the fund. The current target duration for the portfolio is 4.0 years with a +/- 1.0 year band. Galliard recommends gradually transitioning this to closer to 3.0 year target with the +/- 1.0 year band in order to provide additional downside protection in a historically low interest rate environment as well as to allow flexibility to address the new push by wrap providers for more conservative guidelines;
4. Increasing the maximum exposure to any one wrap provider to 35%. This would allow better flexibility in the event a sudden change to one of the WDC SVF's providers is necessary in a market where fewer providers are available;

Board approval of the proposed changes would require an amendment to the existing advisory agreement between the Board and Galliard to formalize the updated guidelines.

The first document attached to this memo is a draft amendment that illustrates where the changes in the investment advisory agreement would occur, should the Board decide to accept them. The second document attached to this memo further explains the reasons for these recommendations and the benefits the proposed changes would provide for the SVF.

The Investment Committee and the Department have discussed these changes and concur with the proposed amendments. The Investment Committee and Department staff recommend that the Board approve the proposed amendment to the Stable Value Fund investment advisory agreement with Galliard Capital Management and delegate final approval to the Board Chair.

Galliard and Department staff will be available at the meeting to discuss this information with you.

Attachments

SECOND AMENDMENT TO THE INVESTMENT ADVISORY AGREEMENT

This amendment (the "Amendment") is effective as of _____, 2009, by and between Galliard Capital Management, Inc. ("Advisor") and the State of Wisconsin through its Deferred Compensation Board ("Principal").

WHEREAS Advisor and Principal entered into an Investment Advisory Agreement (the "Agreement") effective June 30, 1998 and further amended November 8, 2001;

WHEREAS, Advisor and Principal now wish to amend the Agreement;

NOW THEREFORE, the parties agree as follows:

AMENDMENT

- 1. Exhibit 1 of the Agreement is hereby deleted and replaced with the following new Exhibit 1:

See Exhibit 1.
- 2. Except to the extent modified by this Amendment, the remaining provisions of the Agreement shall remain in full force and effect. In the event of a conflict between the provisions of the Agreement and those of this Amendment, the Amendment shall control.

GALLIARD CAPITAL MANAGEMENT, INC.:

By: _____
 Name: _____
 Title: _____
 Date: _____

STATE OF WISCONSIN DEFERRED COMPENSATION BOARD

By: _____
 Name: _____
 Title: _____
 Date: _____

Exhibit 1
Investment Objectives and Guidelines

State of Wisconsin Deferred Compensation Plan - Stable Value Fund

Investment Objectives:

The primary objective of the portfolio is to provide safety of principal and a stable crediting rate, while generating a competitive return. The underlying fixed income portfolio on an aggregated basis shall conform to the following guidelines.

A. SECTOR

<u>Fund Level</u>	<u>Minimum Weighting</u>	<u>Maximum Weighting</u>
Cash Equivalents & Buffer Fund	5%	50%
Managed Synthetics*	50%	85%
<u>Underlying Asset Level</u>		
U.S. Government/Agency	0%	100%
Corporates	0%	50%
Asset Backed	0%	25%
Mortgage Backed	0%	65%
Non-U.S. Issuers (Yankee only)	0%	10%

No more than 5% of the aggregate portfolio will be invested in any one corporate issuer.

No more than 10% of aggregate portfolio will be invested in any other issuer other than the U.S. Government or its agencies.

No more than 20% of aggregate portfolio at time of purchase will be invested in corporate bonds within a single S & P industry code.

*All managed portfolios must have book value wrap contracts in place.

B. QUALITY

Contract Level

The minimum quality of a wrap provider must be A-/A3 at the time of initial placement.

The minimum weighted average quality of the contracts will be maintained at A/A2.

Contract issuers must be on the Galliard "approved" list at the time of purchase.

Underlying Asset Level

All securities will be rated investment grade at time of purchase. The minimum weighted average quality of the underlying assets will be maintained at AA-/Aa3.

<u>Composite Long-Term Rating</u>	<u>Minimum Weighting</u>	<u>Maximum Weighting</u>
AA-/Aa3 or better	50%	100%
A-/A3 to A+/A1	0%	40%
BBB-/Baa3 to BBB+/Baa1	0%	20%

Minimum rating on money market instruments will be A1/P1 at time of purchase.

C. DURATION

Targeted Effective Duration – 3.0 years for overall portfolio. The overall portfolio shall be maintained within \pm 1 year of the target duration.

D. PERFORMANCE

Overall Fund:

The long term portfolio goal is to provide a credited rate of interest to participants exceeding a similar duration U.S. Treasury Bond Yield (measured using the “Constant Maturity Treasury Bond” return calculation).

Individual Managers:

Individual manager performance is expected to exceed established benchmarks by at least .50% on a net of fees basis over a market cycle.

E. PERMISSIBLE SECURITIES*

1. U. S. Treasury notes, bonds, bills
2. U.S. Federal Agency Securities
3. Asset-backed securities
4. Corporate notes, bonds, and debentures, including domestic and foreign issuers (Yankee bonds), and securities issued under Rule 144A
5. Mortgage-backed securities
6. Mortgage pass through securities
7. Municipal securities
8. Forward purchase agreements
9. U.S. Treasury futures and Euro-dollar futures Agreements

10. Federal Funds
11. Repurchase Agreements
12. Money market instruments
13. Collective Funds investing in the above

*All securities will be U.S. dollar denominated only.

F. ADDITIONAL RISK MANAGEMENT GUIDELINES

1. Duration Stress Tests

- Entire portfolio must remain within .5 years of effective duration guidelines subject to ± 300 bp stress test of the portfolio.

2. Diversification

Exposure to any one single wrap provider shall be limited to not more than 35% of assets.

3. Credit Quality

- In the case of a split rating on securities, the higher rating shall apply.
- For securities downgraded below investment grade, or A1/P1 for short term securities, the manager shall be allowed up to 90 days to liquidate the security in an orderly fashion.
- For securities downgrade to BBB+/Baa1 or lower, to the extent the 20% maximum in BBB/Baa rated securities is exceeded, the manager shall be allowed up to 90 days to come back into compliance.

4. Portfolio Leverage and Derivatives

The portfolio may not be leveraged. Derivatives may be used to hedge portfolio or manage portfolio duration and cannot be used to leverage the portfolio in any manner or for speculative purposes. Any derivative products in the portfolio will be included in all measures of portfolio performance, including yield, duration, and convexity.

The portfolio may purchase securities for forward delivery as long as the position is fully incorporated in calculating the portfolio's duration.

The portfolio may purchase securities on a when-issued basis as long as the position is fully incorporated in calculating the portfolio's duration. Cash or cash equivalents must be held to meet forward commitments including mortgage rolls.

All structured notes which are issued by a non-governmental issuer must be rated A or better.

Each manager shall adhere to the Galliard Capital Management Derivative Risk Management Policy which restricts/prohibits use of certain types of derivative securities and, in addition, the following security types will be prohibited:

- 1. Caps, floors, options**
- 2. Mortgage backed derivatives - IO's; PO's; Inverse Floaters; Inverse IO's; Residuals; Cash Flow Floaters (kitchen sink bonds)**
- 3. Structured notes which have principal at risk in the payout method or have interest payments tied to a foreign currency, commodity, equity or equity index**

Investment Objectives and Guidelines

State of Wisconsin Deferred Compensation Plan - Stable Value Fund

Investment Objectives:

The primary objective of the portfolio is to provide safety of principal and a stable crediting rate, while generating a competitive return. The underlying fixed income portfolio on an aggregated basis shall conform to the following guidelines.

A. SECTOR

<u>Fund Level</u>	<u>Minimum Weighting</u>	<u>Maximum Weighting</u>
Cash Equivalents & Buffer Fund	45%	50%
Managed Synthetics*	50%	85%
<u>Underlying Asset Level</u>		
U.S. Government/Agency	0%	100%
Corporates	0%	50%
Asset Backed	0%	25%
Mortgage Backed	0%	65%
Non-U.S. Issuers (Yankee only)	0%	10%

No more than 5% of the aggregate portfolio will be invested in any one corporate issuer.

No more than 10% of aggregate portfolio will be invested in any other issuer other than the U.S. Government or its agencies.

No more than 20% of aggregate portfolio at time of purchase will be invested in corporate bonds within a single S & P industry code.

*All managed portfolios must have book value wrap contracts in place.

B. QUALITY

Contract Level

The minimum quality of a wrap provider must be A-/A3 at the time of initial placement.

The minimum weighted average quality of the contracts will be maintained at A/A2Aa3/AA-.

Contract issuers must be on the Galliard "approved" list at the time of purchase.

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November 2009

Underlying Asset Level

All securities will be rated investment grade at time of purchase. The minimum weighted average quality of the underlying assets will be maintained at AA-/Aa3.

<u>Composite Long-Term Rating</u>	<u>Minimum Weighting</u>	<u>Maximum Weighting</u>
AA-/Aa3 or better	50%	100%
A-/A3 to A+/A1	0%	40%
BBB-/Baa3 to BBB+/Baa1	0%	20%

Minimum rating on money market instruments will be A1/P1 at time of purchase.

C. DURATION

Targeted Effective Duration ~~— 3.04-0~~ years for overall portfolio. The overall portfolio shall be maintained within ± 1 year of the target duration.

D. PERFORMANCE

Overall Fund:

The long term portfolio goal is to provide a credited rate of interest to participants exceeding a similar duration U.S. Treasury Bond Yield (measured using the “Constant Maturity Treasury Bond” return calculation).

Individual Managers:

Individual manager performance is expected to exceed established benchmarks by at least .50% on a net of fees basis over a market cycle.

E. PERMISSIBLE SECURITIES*

1. U. S. Treasury notes, bonds, bills
2. U.S. Federal Agency Securities
3. Asset-backed securities
4. Corporate notes, bonds, and debentures, including domestic and foreign issuers (Yankee bonds), and securities issued under Rule 144A
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November 2009

10. Federal Funds
11. Repurchase Agreements
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*All securities will be U.S. dollar denominated only.

F. ADDITIONAL RISK MANAGEMENT GUIDELINES

1. Duration Stress Tests

- Entire portfolio must remain within .5 years of effective duration guidelines subject to ± 300 bp stress test of the portfolio.

2. Diversification

- ~~Exposure to any one single wrap provider shall be limited to not more than 35% of assets. The net exposure to any one issuer or counterparty (including principal exposure to their securities plus any difference between market value and book value on outstanding contracts) shall not exceed 7.5% of the Fund.~~

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3. Credit Quality

- In the case of a split rating on securities, the higher rating shall apply.
- For securities downgraded below investment grade, or A1/P1 for short term securities, the manager shall be allowed up to 90 days to liquidate the security in an orderly fashion.
- For securities downgrade to BBB+/Baa1 or lower, to the extent the 20% maximum in BBB/Baa rated securities is exceeded, the manager shall be allowed up to 90 days to come back into compliance.

4. Portfolio Leverage and Derivatives

The portfolio may not be leveraged. Derivatives may be used to hedge portfolio or manage portfolio duration and cannot be used to leverage the portfolio in any manner or for speculative purposes. Any derivative products in the portfolio will be included in all measures of portfolio performance, including yield, duration, and convexity.

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November 2009

The portfolio may purchase securities on a when-issued basis as long as the position is fully incorporated in calculating the portfolio's duration. Cash or cash equivalents must be held to meet forward commitments including mortgage rolls.

All structured notes which are issued by a non-governmental issuer must be rated A or better.

Each manager shall adhere to the Galliard Capital Management Derivative Risk Management Policy which restricts/prohibits use of certain types of derivative securities and, in addition, the following security types will be prohibited:

- 1. Caps, floors, options**
- 2. Mortgage backed derivatives - IO's; PO's; Inverse Floaters; Inverse IO's; Residuals; Cash Flow Floaters (kitchen sink bonds)**
- 3. Structured notes which have principal at risk in the payout method or have interest payments tied to a foreign currency, commodity, equity or equity index**



GALLIARD CAPITAL
MANAGEMENT

Experience. Consistency.
Performance.

State of Wisconsin Deferred Compensation Plan

November 19, 2009

Presenter:
Mike Norman
Principal

Section I: Proposed Strategy Change

Section II: 3Q'09 State of Wisconsin Portfolio Review

Section I

Proposed Strategy Change

Background

- Stable Value market is undergoing a fundamental change
 - Limited wrap provider capacity
 - Financial services sector under downward ratings pressure
 - Movement towards more restrictive/conservative guidelines
 - Longer term – new entrants to the wrap market
- Interest rates likely to move higher

Recommendation

- Shorten overall target duration
- Position underlying portfolio for ease of obtaining new wrap providers

Benefits of Recommendation

- Lower MV/BV ratio volatility
- Increased rate responsiveness
- Opportunity to secure additional wrap provider coverage
- Modest return/blended yield impact

Current Stable Value Fund Structure

	Liquidity Buffer	Actively Managed Fixed Income	
Segment	Wells Fargo Stable Return Fund	Intermediate Portfolio	Broad Market Portfolio
Allocation	24%	Galliard - 19%	Galliard - 20% PIMCO - 24% Aberdeen - 13%
Benchmark	Fund Benchmark	BarCap Int. Gov't/Credit	BarCap Aggregate

Observations

- Global wrap structure with 3 providers: Natixis, J.P. Morgan, Monumental
- 3 fixed income managers – 57% managed to BarCap Aggregate Index, 19% managed to BarCap Intermediate Gov't/Credit Index
- Total Fund duration 3.41 yrs and blended yield (before fees) 4.68%

Proposed Stable Value Fund Structure

	Liquidity Buffer	Actively Managed Fixed Income		
Segment	Wells Fargo Stable Return Fund	Short Portfolio	Intermediate Portfolio	Broad Market Portfolio
Target Allocation Range	5 - 25%	Galliard (20 - 30%)	Galliard (20 - 30%)	Aberdeen PIMCO (25-45%)
Benchmark	Fund Benchmark	BarCap 1-3 Yr Gov't	BarCap Int. Gov't/Credit	BarCap Aggregate

Observations

- Secure additional wrap contract for short allocation
- Allocation to Galliard Broad Market Fund transitioned to Galliard Short Fund to reduce duration
- Total Fund duration closer to 3.0 year target and blended yield impact of approximately 30-50 bps depending on timing

Strategy Comparison

	Current	Proposed
Duration Target	4.0 Yrs	3.0 Yrs
Blended Yield	4.68%	Approximately 4.20% - 4.40%

Summary

- Gradually reduce duration to 3 year target
- Minimize blended yield impact
- New contract for additional placements

Longer Term Strategy

- Add 1 – 2 additional wrap providers to reduce exposure
- De-globalize wrap structure
- Keep multi-manager diversification

Recommended Guideline Revisions

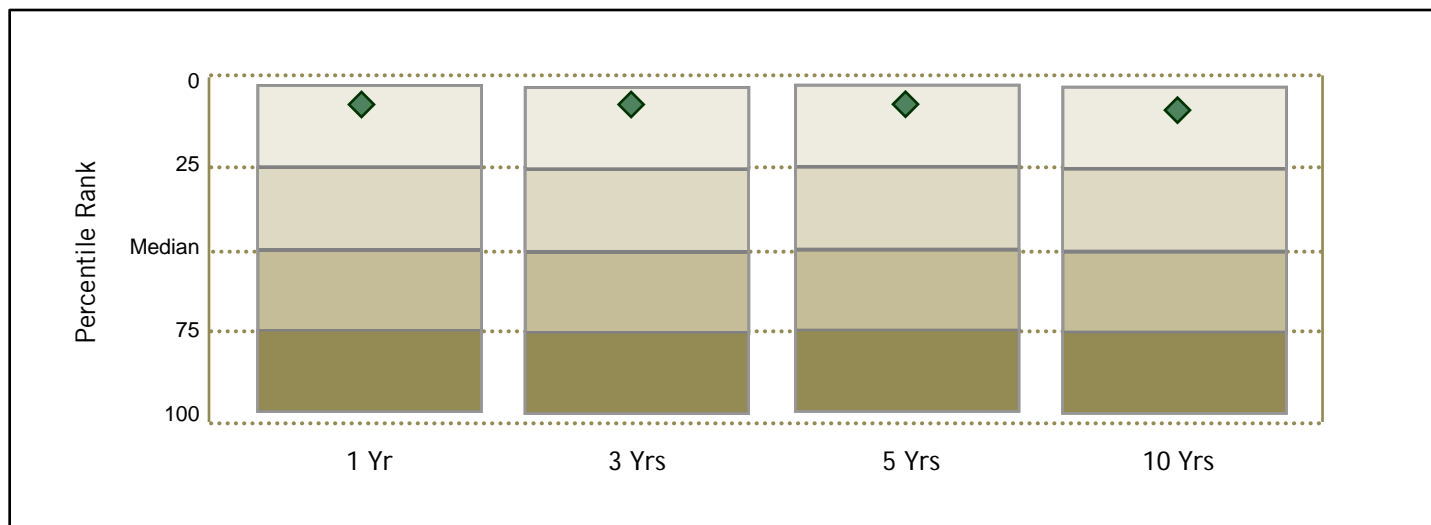
- Reduce target duration to 3.0 yrs
- Maximum exposure to a wrap provider to 35%
- Reduce minimum quality of a wrap provider to A-/A3 at time of initial placement
- Reduce minimum weighted average quality of Fund to maintained at A/A2
- Reduce minimum in cash buffer to 5%

Section II

Galliard Performance

Performance versus Peers

PEER GROUP STATISTICS AND RANKING vs. eA STABLE VALUE FIXED INCOME UNIVERSE*



	1 Yr		3 Yr		5 Yr		10 Yr	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank
State of Wisconsin ◆	4.60	3rd	5.12	2nd	5.18	2nd	5.66	6th
eVestment Alliance Universe Median	3.48		4.46		4.51		5.06	
Value Added	+1.12		+0.66		+0.67		+0.60	

The State of Wisconsin portfolio has consistently outperformed the median manager by more than 60bps per year

*Source eVestment Alliance. Data as of 9/30/09.

Stable Value Portfolio Review

Third Quarter 2009

Annualized Investment Performance* Periods Ending September 30, 2009

	<u>3Q'09</u>	<u>YTD</u>	<u>1 Yr</u>	<u>3 Yr</u>	<u>5 Yr</u>	<u>10 Yr</u>
Portfolio (before inv. Mgmt. fees)	1.10	3.24	4.60	5.12	5.18	5.66
Portfolio (net of inv. Mgmt. fees)	1.08	3.14	4.46	4.95	5.00	5.46
5 Year Constant Maturity Treasury Yield	0.61	1.61	2.17	3.30	3.68	3.98

Calendar Year Performance

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Portfolio (before inv. Mgmt. fees)	5.44	5.30	5.39	5.19	5.18
Portfolio (net of inv. Mgmt. fees)	5.26	5.11	5.20	4.99	4.97
5 Year Constant Maturity Treasury Yield	2.79	4.35	4.74	4.05	3.44
Market Indices					
Merrill Lynch 3 Mo. T-Bill	2.06	5.03	4.83	3.06	1.33
Consumer Price Index	0.09	4.08	2.54	3.42	3.26

* Returns for periods of less than one year are not annualized.

Stable Value Fund Review

Third Quarter 2009

Portfolio Characteristics

Total Assets	\$454,122,705	Blended Yield (Before fees) *	4.68%
Weighted Average Quality	Aa2/AA-	Effective Duration (Years)	3.41
Market/Book Value Ratio	100.89%	*Gross yield is before investment management fees and after wrap fees.	
Number of Contract Issuers	3		

Sector Distribution

<u>Portfolio Distribution</u>	<u>Contract Value (\$)</u>	<u>% of Portfolio</u> <u>09/30/2009</u>	<u>% of Portfolio</u> <u>06/30/2009</u>
Stable Value Funds*	110,700,823	24.4	24.2
Security Backed Contracts	343,421,881	75.6	75.8
Broad Market Portfolio	343,421,881	75.6	75.8
Total	\$454,122,705	100.0%**	100.0%**

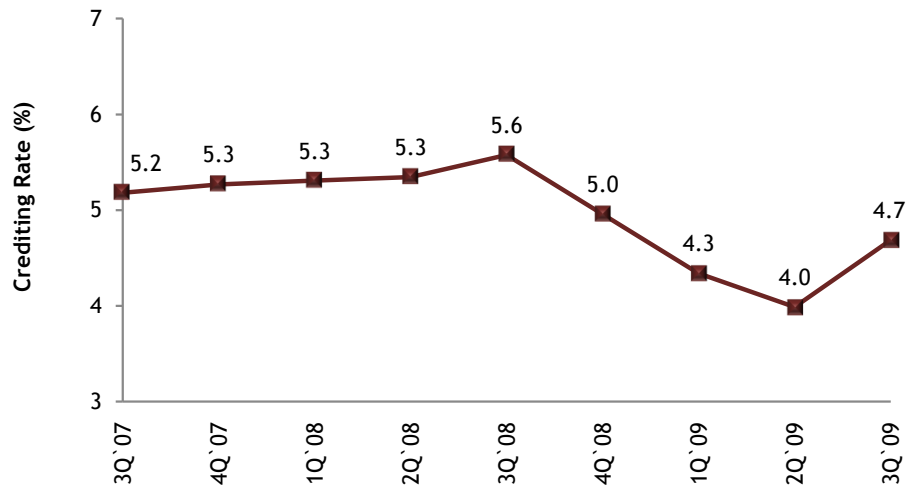
*Includes Stable Value Collective Funds, Receivables, and Payables

**Total % of portfolio may not add to 100% due to rounding

Stable Value Fund Review

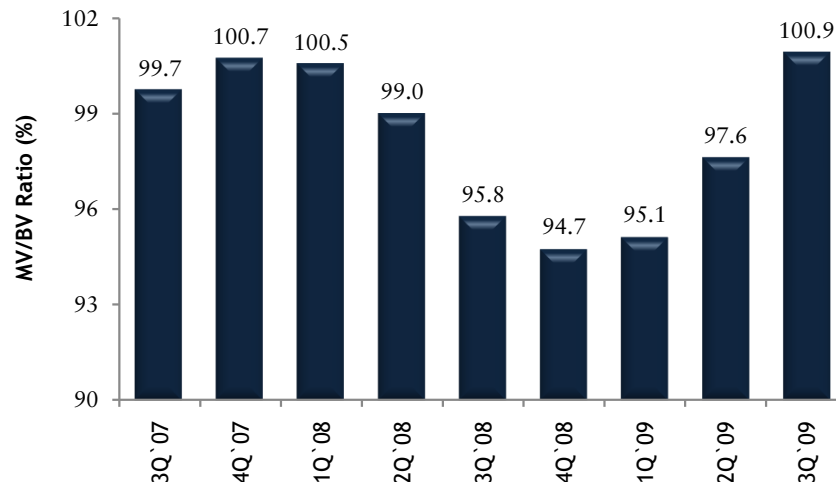
Third Quarter 2009

Historical Crediting Rates*

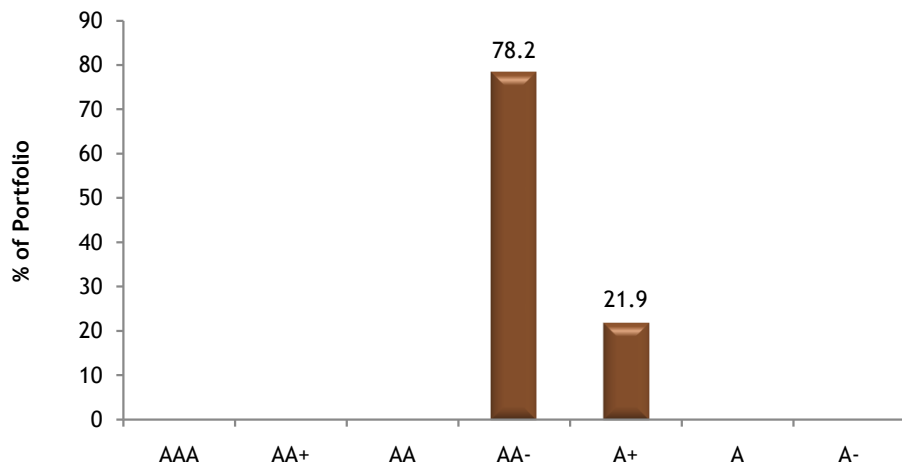


*As of quarter end. Before fees.

Market Value to Book Value Ratio

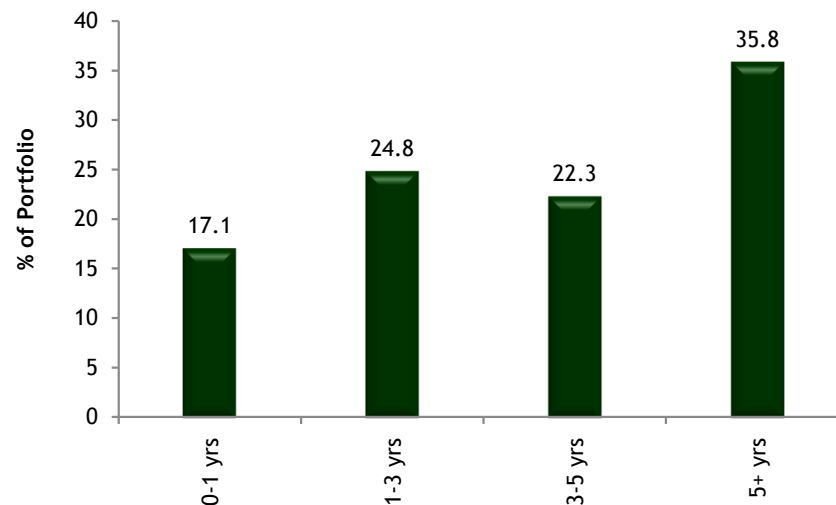


Contract Quality Distribution*



*Total % of portfolio may not add to 100% due to rounding

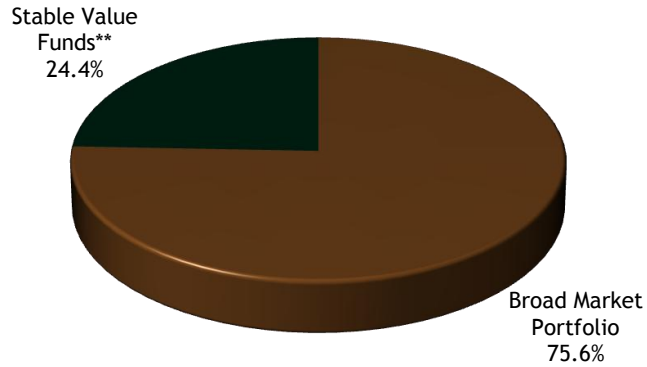
Duration Distribution*



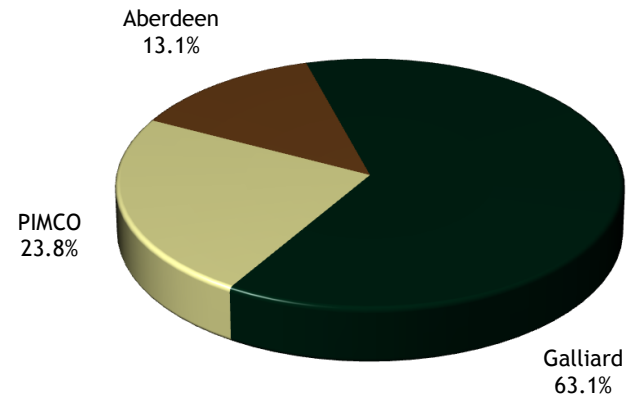
Stable Value Fund Review

Third Quarter 2009

Portfolio Distribution*



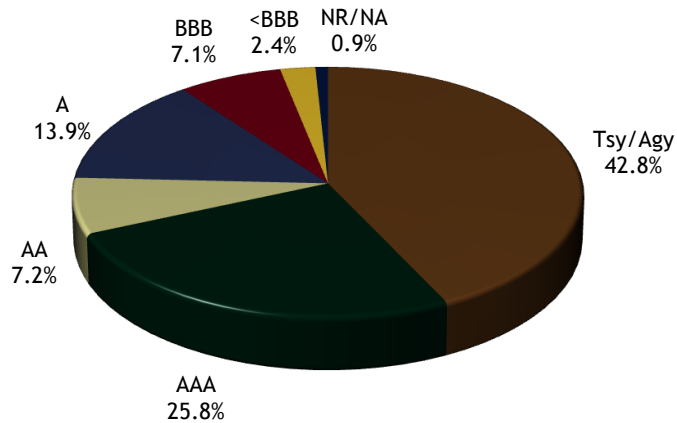
Manager Distribution *



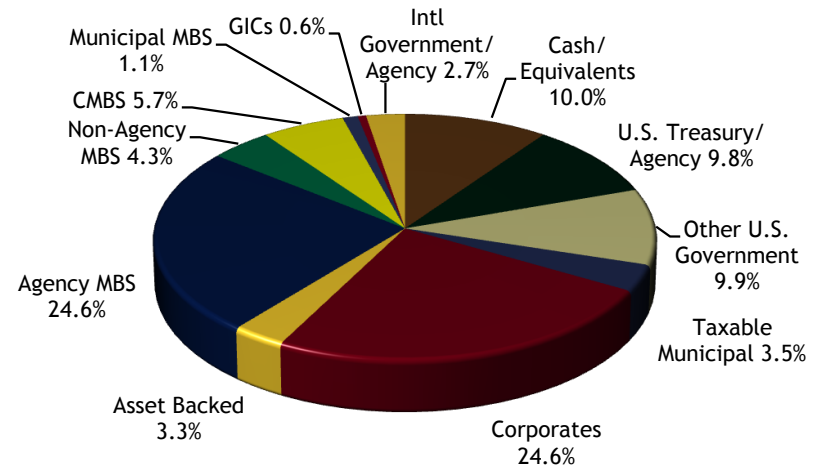
*Book value

**Includes Stable Value Collective Funds, Receivables, and Payables

Underlying Fixed Income Credit Quality*



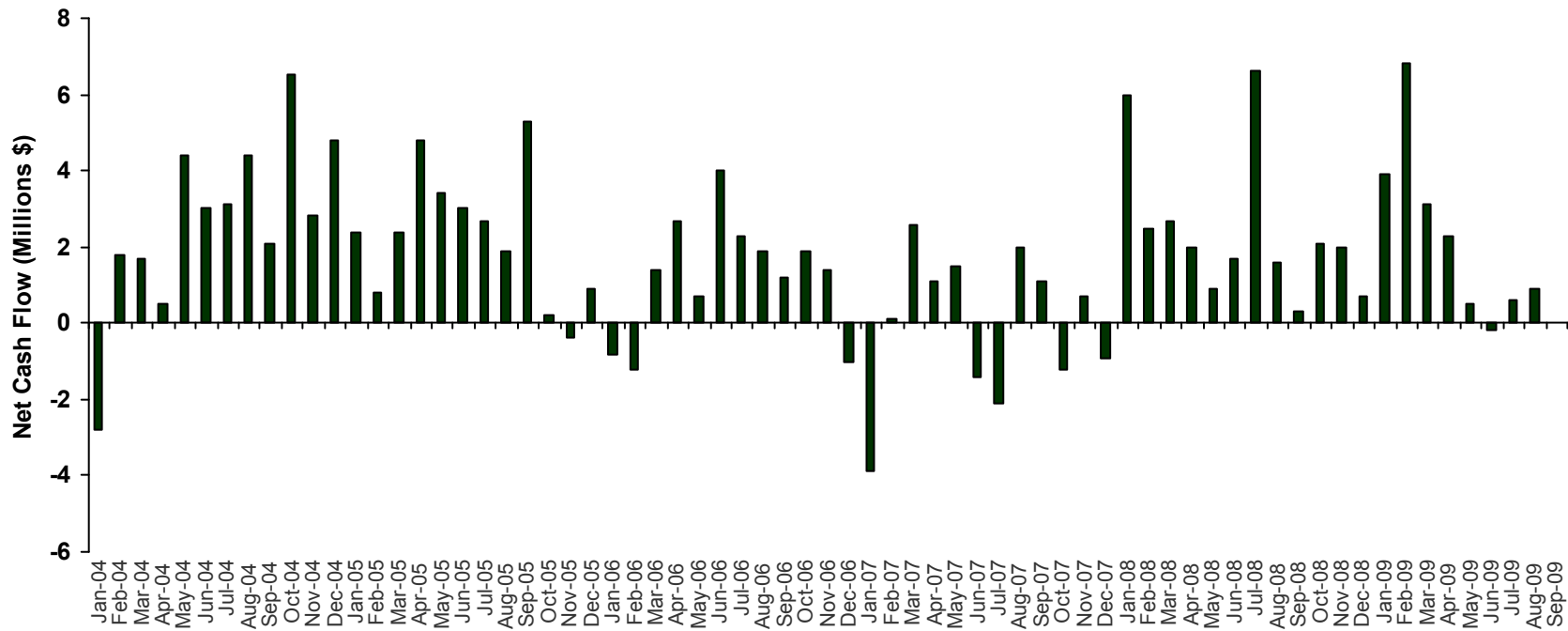
Underlying Fixed Income Asset Allocation*



*Market value. Total % of portfolio may not add to 100% due to rounding

Stable Value Fund Review

Historical Cashflows



	<u>YTD</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Beginning Assets	\$422.7	\$373.1	\$355.3	\$323.6	\$281.3	\$236.7
Net Cash Flow (\$)*	\$17.8	\$29.1	-\$0.3	\$14.6	\$27.4	\$32.3
Net Cash Flow (%)	4.21%	7.80%	-0.08%	4.51%	9.74%	13.65%
Estimated Investment Earning	\$13.7	\$20.5	\$18.1	\$17.1	\$14.9	\$12.2
Ending Assets**	\$454.1	\$422.7	\$373.1	\$355.3	\$323.6	\$281.3

* Contributions, Withdrawals and Investment Transfers

**Cashflows may not net to final assets due to rounding

Stable Value Fund Review

Third Quarter 2009

Issuer Rating Summary

	<u>S & P Rating</u>		<u>Moody's Rating</u>	
	<u>9/30/2009</u>	<u>6/30/2009</u>	<u>9/30/2009</u>	<u>6/30/2009</u>
J.P. Morgan Chase Bank N.A.	AA-	AA-	Aa1	Aa1
Monumental Life Ins. Co.	AA-	AA-	A1	A1
Natixis Financial Products Inc.	A+	A+	Aa3	Aa3

J.P. Morgan Chase Bank N.A.

- Seeing credit deterioration in its consumer books
- Largest US bank by market capitalization, systematically critical
- Sufficient capital levels; strong first half 2009 earnings

Monumental Life Ins. Co.

- Some exposure to problem investments
- Capital levels below average
- Parent (Aegon) plans to repay a portion of the money received from the Dutch government

Natixis Financial Products Inc.

- Parents merged (7/31/09) to create France's second largest retail bank
- Ratings significantly benefit from affiliation with parent companies
- Received capital from the French Government

State of Wisconsin Deferred Compensation Plan Portfolio Review
Portfolio Holdings

9/30/2009

Security Description	Contract Value (\$)	% of Portfolio	Crediting Rate / Yield (%)	Maturity	Effective Duration (yrs)	Moody's Rating	S&P Rating
Money Market							
Cash Receivable / (Payable)	-236,852	-0.1	3.40		0.10	Aaa	AAA
Total Money Market	-236,852	-0.1	3.40		0.10	Aaa	AAA
Stable Value Funds							
Wells Fargo Stable Return Fund G	110,937,675	24.4	3.40		1.00	Aa2	AA-
Total Stable Value Funds	110,937,675	24.4	3.40		1.00	Aa2	AA-
Security Backed Contracts							
Broad Market Portfolio							
Natixis Financial Products Inc.	99,344,552	21.9	5.10	11/30/2013	4.18	Aa3	A+
J.P. Morgan Chase Bank N.A.	122,038,665	26.9	5.09	11/30/2013	4.18	Aa1	AA-
Monumental Life Ins. Co.	122,038,665	26.9	5.10	11/30/2013	4.18	A1	AA-
Total Broad Market Portfolio	343,421,881	75.6	5.10		4.18	Aa3	AA-
Total Security Backed Contracts	343,421,881	75.6	5.10		4.18	Aa3	AA-
Total Fund	454,122,705	100.0	4.68		3.41	Aa2	AA-

Stable Value Market Update State of Wrap Providers

<u>Name</u>	<u>S&P Credit Rating</u>	<u>Moody's Credit Rating</u>	<u>Accepting Deposits from Existing Clients</u>	<u>Accepting Deposits from New Clients</u>
J.P. Morgan Chase Bank	AA-	Aa1	Yes	Yes
Metropolitan Life Ins. Co. (SA)	AA-	Aa2	Yes	Yes
Prudential Life Ins. Co.	AA-	A2	Yes	Yes
AIG Financial Products Corp.	A-	A3	Yes	No
ING Life Ins. and Annuity Co.	AA-	A1	Yes	No
Monumental Life Ins. Co./Transamerica Life Ins. & Annuity	AA-	A1	Yes	No
State Street Bank and Trust Co.	AA-	Aa2	Yes	No
Bank of America, N.A.	A+	Aa3	No	No
Natixis Financial Products, Inc.	A+	Aa3	No	No
Pacific Life Ins. Co.	AA-	A1	No	No
Royal Bank of Canada	AA-	Aaa	No	No
Rabobank Nederland - <i>exiting</i>	AAA	Aaa	No	No

With higher fees and stabilized environment, wrap capacity is beginning to improve