East Lodge Capital Investor Letter September 2014

East Lodge Capital Credit Opportunities Fund

East Lodge Capital Partners LLP ("East Lodge") is a London based investment management firm founded by Alistair Lumsden in August 2013. The East Lodge Capital Credit Opportunities Fund ("The Fund") is focused on opportunities across the global structured finance and direct lending markets, with a particular focus on investments in the European space.

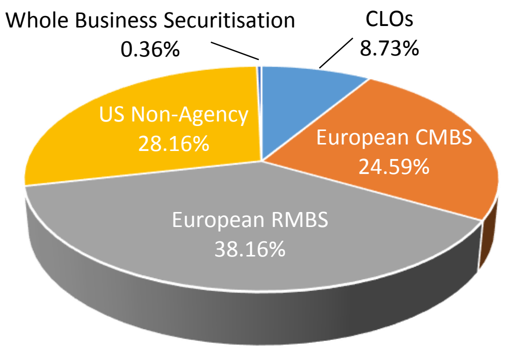
Performance since Inception[1]

April 2014	May 2014	June 2014	July 2014	August 2014	September 2014	2014 YTD Return (April inception)
4.27%[2]	1.21%	1.81%	0.54%	-0.42%	1.05%	8.69%

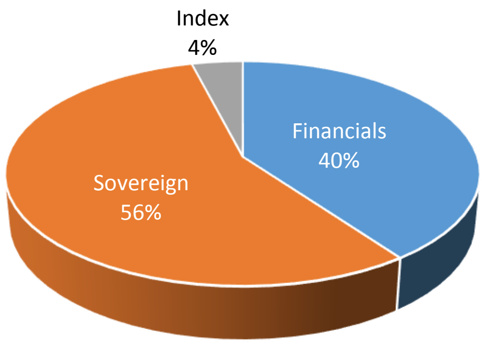
Assets Under Management

Fund AUM as of 1 September 2014	Firm AUM as of 1 September 2014
$484,183,000	$484,183,000

Long Credit Exposure (LCE)



Short Credit Exposure (SCE)



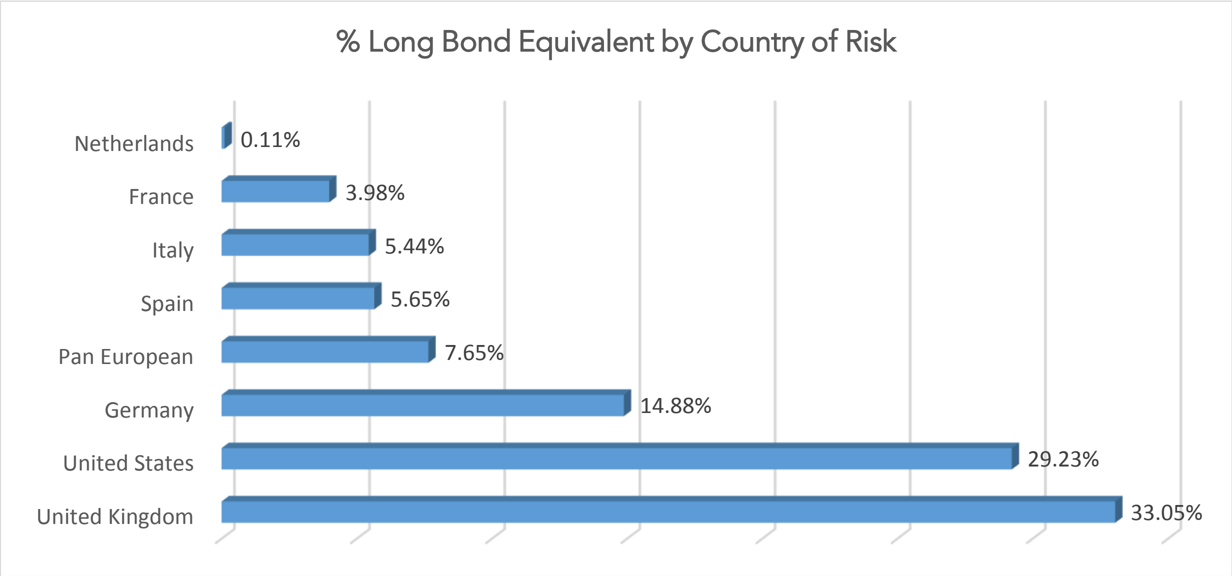
Portfolio Summary as at 30th September 2014

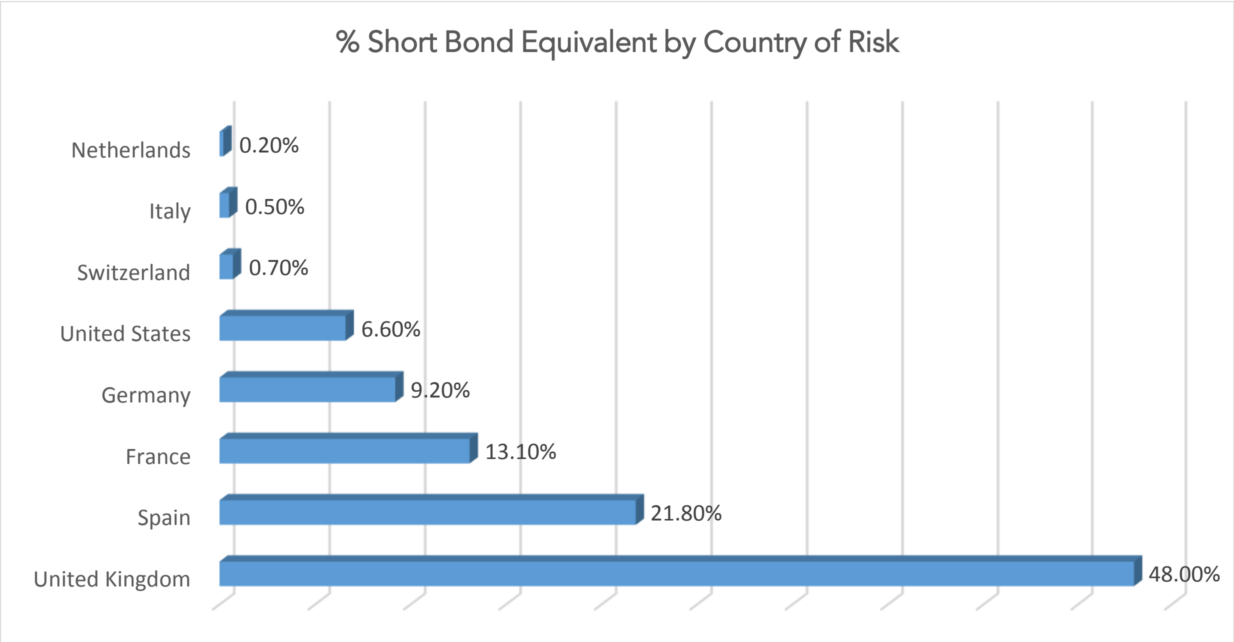
Total Long Credit Exposure as % of NAV	Total Short Credit Exposure as % of NAV
151.1%	31.3%

[1]Returns are those of East Lodge Capital Credit Opportunities Fund, Ltd. and are shown net of fees and expenses. The returns are unaudited. Please see disclaimer for further details.

[2] Performance for April 2014 reflects the capping of certain Fund expenses. In addition, as only principal capital was invested in the Fund during the month of April 2014, no management or performance fees were charged (which fees, had they been charged, would have had the effect of reducing the returns shown).

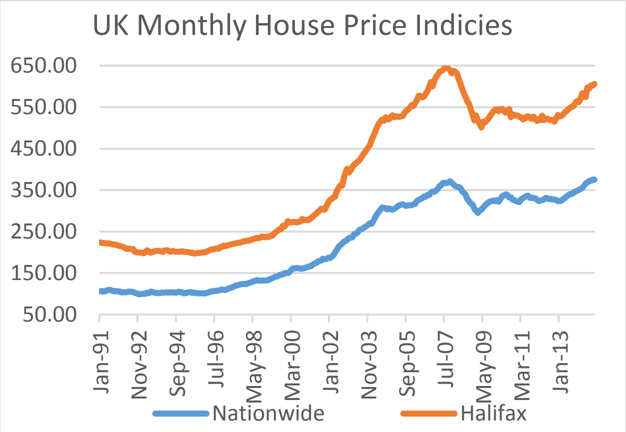
Country Analysis as at 30th September 2014





Commentary

European Markets



Sep-14	Halifax	Nationwide
Annual Change	9.60%	9.40%
Quarterly Change	2.70%	1.50%
Month Change	0.60%	-0.20%
Average Price	187,188	188,374
From 2007 Peak:	-6.22%	1.01%

Q3 2014	
Best Performing Region	East Anglia (+3.0%)
Worst Performing Region	North (-2.1%)

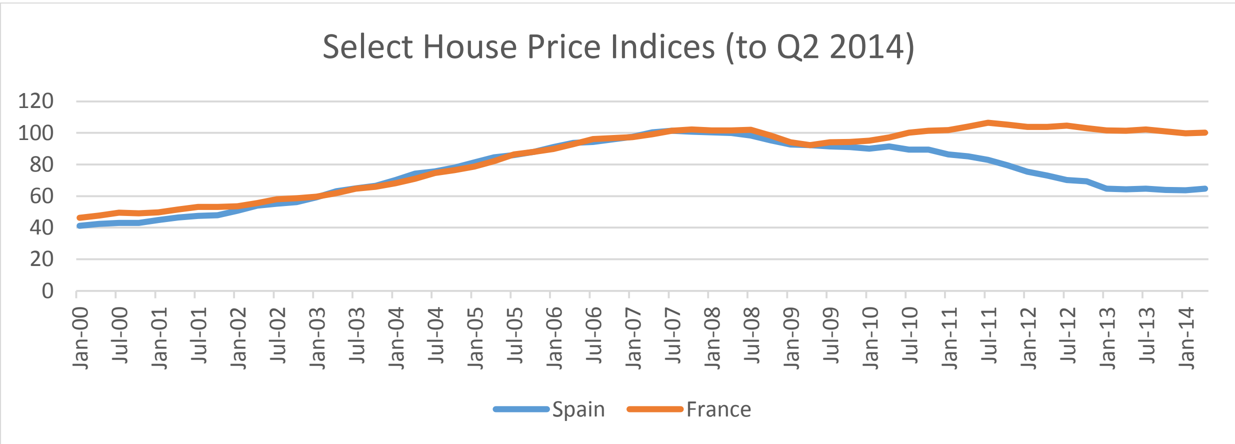
UK

The state of the UK housing market is always a contentious issue and this quarter was no exception with a selection of mixed messages. As the old saying goes, "an Englishman's home is his Castle," perhaps slightly out of context in terms of the price of UK homes, but it does give some insight into the permanent place that home ownership has in the UK zeitgeist which makes for plenty of newspaper column inches. As ever, it depends on which measure you look to in order to guide your view, with the Nationwide index showing a month-on-month drop of -0.2%, the Halifax index a gain of +0.6% and Hometrack data suggesting prices in the UK were flat after rising every month for the last 18 months. The picture is further nuanced by geography, with London prices appearing to slow their pace of growth, whilst commuter belt areas are thriving and driving the statistics instead. Growth year-on-year is still just shy of 10% with Nationwide statistics showing the UK is above the 2007 peak whilst the Halifax still has 6.2% to reach its prior peak.

The Bank of England (BoE) Financial Policy Committee's (FPC) recommendations on Loan To Income (LTI) ratios will come into place from the start of October 2014 restricting the proportion of mortgages written with a LTI above 4.5x to 15% of the firm's mortgage book. Nationally, 9% of loans are written through the 4.5x threshold according to the Council of Mortgage Lenders, although 19% of the loans in London are through this threshold - typically at 5x to afford the prices in the capital. This change also prevents high LTI loans being written under the controversial Help to Buy (HTB) scheme. This restriction in origination criteria demonstrates the subtler tools that the BoE and the FPC have at their disposal to take the heat out of the market without the blunt tool of interest rate hikes.

There was an improvement in the availability of mortgage credit seen in the last quarter with a number of price wars breaking out over fixed rate loan products as well as a number of new specialist lenders launching fresh product ranges. The UK typically sees price tension for 2, 3 and 5 year fixed rate mortgages when lenders jostle for market share which can be sourced at 1.84%, 2.29% and 2.89% for existing customers of Nationwide building society who are offering a price promise for the loyalty of those with low LTV mortgage needs. At the other end of the credit spectrum, borrowing is available for 'near-prime' borrowers in the process of curing their credit history for 5-6.5% for 2-3 years depending on the nature of their credit issues and LTV.

The UK Non-Conforming mortgage market continued to see strong underlying performance with prepayment speeds beginning to pick-up in-line with cheaper and more widely available credit. With consensus expectation of a first rate rise in the UK currently in H1 2015 and likely before the General Election in May, we expect to see this trend continue as consumers seek to fix their payments at historic lows; 88% of mortgages taken out in Q1 2014 were fixed rate according to the FCA. The Non-Conforming bond market benefitted through September as risk was well bid in general, although lagged the move seen in periphery markets. Mid-month there was some limited weakness around the Scottish referendum, which was safely navigated with the Union intact, after which any hint of weakness vanished.



	Peak-2-Trough	Peak-2-Current	Trough-2-Current	Last Peak	Last Trough
Spain	-37.3%	-36.2%	1.7%	Q3 2007	Q1 2014
France	-13.2%	-5.9%	8.5%	Q3 2011	Q2 2009

Spain

House prices in Spain saw their first rise as 2014 progressed, reversing the continued downward trend since 2008 according to the Instituto Nacional de Estadística, with the market appearing to bottom during the first quarter of the year. Depending on the source of data (the above graph coming from the European Statistical Warehouse), house prices in Spain are back to levels last seen in Q4 2003 / Q1 2004. That is undoubtedly a concern for mortgages originated in Q3 2007 that are down approximately -36% since they were written, however for seasoned prime mortgages that were originated on a fully amortizing basis at a 65% LTV, the equity position of the borrower continues to provide good protection to the current lender.

Despite high unemployment (24.5% Q2 2014), a weak demographic outlook and a large fiscal deficit, the macro environment was supportive for Spain with growth ahead of expectations and solid progress on reforms. September saw the Sovereign able to launch a 50yr bond that was placed to private investors with a 4% coupon. With the current low levels of inflation and the ECB fighting off the spectre of deflation, the bond looked attractive on the face of it, however a look at the average annual inflation in Spain over the last 50 years (7%) suggests that the real returns may be more challenging. This implies that Spain is genuinely migrating back to the status of a core credit rather than being bracketed as part of the unfavourable moniker 'PIIGS' just 12 months ago. This change in sentiment continues to drive further investment into the country as the real money / asset management community seek to ensure exposure to appropriate benchmarks. At the same time, September continued to see the risk transfer of delinquent / non-core assets from the banks to a hungry investment community ahead of the AQR stress tests.

There were signs of credit being made more available to house buyers, a key precedent for the current anemic recovery of the housing market, as Ibercaja and Caja de Ingenieros were among banks that started to offer mortgages to finance up to 100% of home valuations, according to Bloomberg. Whilst it is a somewhat concerning precedent, it shows the banks now have faith in a rebound in valuations, and if it allows the deadlock to be broken in terms of transaction clearing levels, then it should be a net positive.

As the month wore on there was a sense of anticipation that many assets in Spain would be involved in any ECB buying program that was introduced. The impact of this market technical was to compress the credit curve with the majority of assets tightening 15-55bps during the month, and the basis between 'clean' credit assets and their weaker, more poorly performing comparables shrinking to the tightest spread differential since prior to the financial crisis. Given the dearth of primary market activity in Spain, the focus will be on eligibility, I.e. which assets will be eligible for purchase by the ECB. Finally, it is worth mentioning the baton of independence is passed to Spain next quarter as Catalonia may take a non-binding vote on independence in November. With the recent experience of Scotland fresh in the minds of many market participants, and given the non-binding nature of this vote, the impact should be less surprising.

France

The backdrop for France may safely be described as 'slow and steady'. The 'slow' is the economic growth. GDP growth ebbed to 0% dragging the yearly GDP print to 0.1% for 2014 for a country with a population second only to Germany within the EU. This illustrates the struggle for growth that Europe is dealing with. The 'steady' comes in the form of the housing market. As shown above, house prices have remained stable and have not experienced the same volatility as peripheral Europe. We continue to be happy with the fundamental credit and performance of mortgages within this jurisdiction, and we expect it to be a market that benefits from spread tightening as and when the Covered Bond and ABS Purchase Programs (CBPP and ABSPP respectively) get started; it is only natural to expect French collateral to be purchased given its relative size within Europe.

CLO

The last three months saw 12 new CLO "2.0s" launched in Europe with 10 from top tier 'household name' managers and two first time issuers bringing 2014 issuance to ~€10.5bn (surpassing the ~€8.5bn seen in 2013) and on course to meet the markets expectations of ~€12bn by the end of the year. Pricing in the mezzanine debt was patchy into the summer hiatus of August, but the market rapidly rebounded and there developed a rapacious bid for the senior AAA tranches, which tightened from 135bps to 123bps as investors felt they offered a significant pick-up to other CRR[1] retention-compliant new issue European senior assets.

By contrast, the US CLO new issue spreads continue to be held wide by a supply technical, with seniors generally in a 140-160bps range, as the number of deals priced this year is an order of magnitude larger than Europe given the lack of risk retention requirements. US issuance is still on course to break the $100bn mark which will make it a record issuance year. Whilst the spread on offer for like for like rated assets in US and Europe favours the US, there are differences in subordination levels, diversity and manager alignment via risk retention that add extra dimensions rather than simply the rating on offer. It is interesting to note that despite wider spreads on the US CLO 2.0 stack, the clearing price for the deal is in line or higher than a European CLO 2.0 new issue due to the difference in subordination, suggesting the current spread divergence can likely hold.

In the underlying leveraged loan market, the market volatility over the past few months has helped stem the loosening in underwriting standards. Many deals have had to widen pricing and improve structural terms in order to clear the market. The same is especially true for the high yield which has been much more nervous of late after the mid-month default of a large European retailer, Phones4U, which has focused investors on the credit risk they have been taking on in their portfolios. Collectively, the volatility has led to market opportunity for new CLOs that are either ramping assets to launch or that are able to reinvest proceeds at cheaper prices as refinancing occurs.

The CLO 1.0 secondary market picked up in September with legacy assets exhibiting significantly above expectation prepayment speeds causing a tiering in performance with originally rated A or better tranches tightening more than junior bonds. As the legacy assets are out of their reinvestment period they are shorter tenor bonds and the increased prepayments reduce the leverage, clean up the pools and likely lead to a rerating by the agencies, making them attractive assets.

1 Capital Requirements Regulation, the replacement for Article 122a under CRD IV the European implementation of Basel III.

CMBS

The last three months have been extremely interesting in European CMBS and we continue to see exciting opportunities. European Commercial Real Estate prices continue to rebound with tightening yields throughout the region and increased international investor appetite. As we mentioned in the August bullets we have seen Commercial Real Estate assets in the UK trade with yields as tight as 2.5%.

CMBS remains attractive on a relative value perspective and we have been successful in acquiring bonds throughout the capital structure with senior, "2nd pay" and mezzanine positions all added. Volumes varied over the quarter, but we had particular success sourcing paper in August and September. We were able to take advantage of a rise in volatility during August, and in September we saw an increased supply of paper from legacy sellers.

In particular, we observed an increase in prices during September following the ECB's announcement that they would look to purchase ABS assets as part of a QE program. Like most observers, we did not expect that CMBS would be included in the ABS Purchase Program, and still don't, but we are of the opinion that as other markets become tighter it will cause a shift in investor's appetite for the cheaper priced sectors such as CMBS. To this end, CMBS has experienced spread tightening across the whole spectrum with senior bonds that were previously offering as wide as 400 Discount Margin (DM) in July trading to within 300 DM by the end of September. Demand for second and third pay bonds has been extremely strong with these bonds providing DM's of between 400 and 700 to base case. The exciting opportunities of obtaining double digit return profile-type assets remain, and we have been able to continue to source these types of profiles over the quarter.

During August, we had several days of broader market volatility. This proved to be just a slight hiccup, but caused the street to retrace from providing strong bids to awaiting client demand before bidding for bonds. It also provided us a brief window in which to add a few interesting positions without the street as a competitor.

The 2.0 new issue market continues to gather pace, including one large transaction, surprising the market in particular. While its rating levels were considered aggressive, this did not appear to deter investors as pricing levels were again a further fillip to the wider European commercial real estate markets and the 2.0 CMBS market.

In terms of investments made during the quarter, we increased our exposure to the commercial real estate markets in Italy, Germany, the Netherlands, and the UK. Activity grew in each of these markets.

In the Netherlands, Savills recently reported that in 2013 there was €3.4bn of investment turnover, a rise of 27% year-on-year. They are expecting this figure to exceed €4bn this year, with some sectors already having seen more investment volume year to date than during the whole of 2013. In September, we travelled to the Netherlands. During our tour, we heard significant anecdotal evidence of increased international investor appetite, particularly in the office and retail markets. This had started in the prime locations, but as we had experienced in the UK, stretched into the secondary markets in short order.

In the UK, the market continues to see strong capital value growth, with the CBRE Monthly Index reporting a rise of 1.2% in September and 9.4% for the year. In Germany, CBRE reported that for the first six months of 2014, €16.9bn changed hands. When compared to the same period in 2013, this is an uplift of 34%. Italy also experienced increased activity with foreign capital believed to represent 90% of the total invested. Q2 2014 saw a rise of 26% over Q1 with approximately €910m invested.

We expect October to be an interesting month, with interest payment dates and potential sales feeding through to the transactions. We have several senior positions that are expected to experience partial repayments. Likewise, this past quarter we experienced prepayments at or above our projections on a number of CMBS holdings.

US Non-Agency

Spreads on US non-agency were tighter over the quarter. On the heels of two aggressively traded 'all-or-none' bid lists totaling about $8 billion, the market was significantly tighter in July. Through August and early September, the market saw a lull in activity surrounding the Labor Day holiday, which led to less pricing transparency. However by late September, spreads widened in response to general credit widening, although structured credit fared better overall. After a pronounced tightening earlier in the year, FNMA/FHLMC credit risk transfer deals widened significantly over the quarter. With limited new appetite for the product, and continuing issuance plans from the agencies, we expect this widening theme to continue until the relative value becomes more appealing. The non-agency universe continues to shrink, falling 13.3% over the past year to $822 billion. New issuance in the residential ABS market has totaled $35.6 billion year to date with the largest contributor being NPL deals.

Over the past quarter, home price appreciation continued to broadly decline as the 20 City Case-Shiller Home Price Index fell from 10.8% year-over-year in June to 6.7% in the September report. For September, the index showed a 0.6% monthly gain. Whilst all 20 cities showed positive year-over-year growth, all 20 had lower annual growth in September versus June. The rate of decline in the year-over-year numbers should start to slow over the next couple of months as the rapid growth through the summer of 2013 fades from the series (the September report uses July data so the annual growth is July 2013 to July 2014 in the most recent report). Over the past three months, the cities showing the strongest housing price gains have been Detroit, Chicago, New York and Tampa, with each showing about 3.6% gains for the quarter. The weakest growth was in Phoenix, San Diego and Washington, where the gains for each were around 1.5%.

Leading indicators continue to show mixed results. After rising for the previous two months, existing home sales fell in the most recent release and stand approximately 5.3% below 2013 levels. A decline in distressed sales contributed to the change, accounting for 8% of sales, compared to 11%

three months earlier. Existing home sales are on pace to reach close to 5 million for the year whereas new home sales spiked 18% this month after mixed results in the preceding months. Whilst the totals for the year are only slightly above 2013 levels, the NAHB builders' confidence index is up significantly, reaching the highest level since 2005. Housing Starts reversed its recent trend and showed an increase, with much of the gain due to an increase in multifamily units. Our expectation is for Housing Starts to exceed one million this year consisting of approximately 35% multifamily. The housing recovery continues to be constrained by credit availability and homeownership rates declined, down 0.1% from the previous quarter and 0.3% from a year earlier. The ten year treasury rate was range bound for the quarter, trading between 2.35% and 2.65%, ending September at 2.49%. Market consensus remains focused on a mid-2015 Federal Reserve rate hike, and at Jackson Hole, Yellen pointed to the labor market as the key to changes in Fed policy, remarking that the labor market "has yet to fully recover."

Overall performance in the legacy non-agency space was marginally better for the quarter although slightly worse in September. Voluntary prepayments overall were slower by 0.2 to 0.8 CPR for the month and by 0.1 to 0.7 CPR for the quarter, with subprime showing the largest decline. Liquidation rates were down by 0.2 to 1.5 CDR in September and unchanged at down 0.6 CDR for the quarter, with Pay Option Arms (POA) showing the largest decline. Loss severities were down 1.5% in Alt A for September and down 5.5% for the quarter. After being mostly unchanged for the previous two months, September saw a spike in severities of 2.3% in subprime and 3.4% in POA. 60+ delinquencies fell by 7bp in Alt A, 18bp in POA and 5bp in subprime. The changes for the quarter are down 47bp in Alt A, down 74bp in POA and up 32bp in subprime. Over the past year, serious delinquency rates have fallen 11.3% in Alt A, 7.0% in subprime and 15.3% in POA, whilst overall modification rates have remained fairly constant at 0.3% of all loans. Whilst stop advance rates on Nationstar continue at a high rate, cash flow disruptions in their deals declined significantly in September.

News continues to flow in as the outstanding legal settlement issues grind forward. Triaxx, one of the staunchest opponents, recently withdrew its objection to the Countrywide settlement. The New York Supreme Court postponed the hearing from September to February for oral arguments on motions to reargue the case. Whilst Bank of America has the right to withdraw from the settlement agreement if it is not approved by the court by December 31, 2015, this seems an unlikely outcome since it would generate a large number of R&W lawsuits. If the court rules in favor of the trustee, payout on the settlement could happen within 4 months of approval. A supplemental payout on the ResCap settlement was announced and is payable in October, a portion of which was due to "litigation recoveries and similar items." The U.S. District Court for the District of Columbia dismissed the lawsuit brought by Perry Capital LLC and Fairholme Funds Inc. against the federal government for changing the terms of the FNMA and FHLMC conservatorship. In July, JP Morgan's $4.5 billion settlement offer was accepted by trustees for the majority of the loan groups. The offer was rejected on nine groups and the deadline was extended to October on another 35. On the deals where the settlement was accepted, there could still be a difficult path to move the process forward for payment since some bondholders, as in the Countrywide settlement, may oppose the settlement agreement.

Hedging/Short

The first theme of the quarter was a mixed bag of results from financial institutions. Whilst Q2 results were broadly in line with expectations, they were underwhelming with respect to pre-announced drops in FICC, lacklustre loan growth and RoE struggling to maintain medium-term targets. Results came out against a backdrop of ongoing geopolitical rumblings, predominantly with respect to Ukraine, which caused some volatility. Financials exposed to Russia and Ukraine remain wider than their unexposed peers, and we continue to see narrative on the subject in management presentations.

The second theme of the quarter can be described as "it's all about the ECB and financial infrastructure." Back to school in September, the ECB turned in its homework assignment early and prior to the first TLTRO auction. Comprising a rate cut and the announcement of purchase programs; covered bonds (CBPP 3) and the much discussed ABS Purchase Program (ABS PP), the market rallied in anticipation of the news, and upon announcement, financial spreads tightened to levels not seen since 2008. We put on a number of low cost hedges, particularly in names exposed to a Scottish "yes" vote and currency. The market was pricing in a very low probability of a yes vote despite polls indicating a close call combined with a large number of undecided votes. This would have made it a high impact event had it happened, but on September 18th, Scotland voted "no" by a 55.3% to 44.7% margin. That same day, the first of six TLTRO auctions was somewhat underwhelming and well below consensus, as European banks took up just €82.6bn. Fundamentally, this and the covered bond program provide cheap liquidity whilst what banks really need to boost lending into the real economy is capital relief. Impending stress test results may have also dampened demand, and the December TLTRO should be more telling, but the muted take-up puts more pressure on the ABS PP and possible other measures. The ABS PP has more potential for capital relief, so the additional details and the likely size of the program expected to be announced on Oct 2nd should be positive, however the timing and the development of primary issuance as well as ABS regulation is key and QE remains in the arsenal.

Amongst ongoing regulatory pronouncements which include clarity with respect to LCR, TLAC and G-SIB buffers (choose your favourite acronym), the ECB will publish the results of the stress test on 26th October, and with it more scrutiny on capital levels. Banks will find out their results on Friday, 24th October, and therefore have some time to ponder results whilst the markets are closed. The test is to be conducted on 123 EU banks. The European Banking Authority (EBA) acts as the data coordinator and is working with the ECB and the Competent Authorities (CAs) at the national level. The ECB will be CA for Single Supervisory Mechanism (SSM) countries starting from 4th November. In the interim, and outside the SSM, national authorities are in charge of any necessary supervisory reaction.

The test runs a baseline and an adverse scenario under which the FY2013 Common Equity Tier 1 ratio must reach the hurdle rate of 8% and 5.5% respectively. Institutions who show capital shortfalls under the scenarios have two weeks to submit new capital plans. It is no coincidence that 2014 has seen record capital issuance with Greek and Italian banks raising the most thus far. It is probable that for some institutions that may fail, their capital gap has already been plugged. Nevertheless, there is a proliferation of speculation as to failure candidates, with Monte dei Paschi, Banca Popolare di Milano, Piraeus, Eurobank, Alpha Bank, BCP, BPE, Commerzbank, SEB, Danske, and Lloyds all being mentioned. There was some debate during August over the quality of assumptions used such as the shipping loans being written down by 10-12% and disagreements on modelling methodology. The Austrian's were concerned over how Eastern European exposure may fare and discussions over risk weightings have also re-emerged. Note that the UK Banks also have to face further adverse scenarios in the PRA's test (particularly for the housing/property sector) which will publish results in December. Around eighty of the EU sample cases are smaller local institutions who have been characterised by their lack of disclosure and for whom the successful assessment against "common assumptions, definitions and approaches" that "will allow for results that are comparable across the EU" should be helpful in building confidence. It also helps further establish the common framework with respect to the SSM and the Single Resolution Mechanism (SRM). A shortfall amongst a few of these types of institutions isn't going to cause great market hiatus and arguably gives the test greater credence. For the market leading institutions, barring significant surprises, the confidence boosting role is lessened and we think the reaction post-results is more important, including a focus on risk weightings and how litigation and conduct costs are addressed. After all, the aim of this exercise is to help supervisors to "address remaining vulnerabilities in the EU banking sector" and thus to influence the ongoing infrastructure of the banking system.

After much discussion over prior months, the 2014 Credit Derivative Definitions went live on 22nd September. The transition was less than smooth as the date for the changes (to existing transactions) brought about by the protocol and the launch of Itraxx indices series 22 was delayed from 22nd September until 6th October resulting in a protracted and illiquid roll period. This also coincides with the launch of a 75-name Crossover index which includes far less liquid as well as significantly lower rated names making pricing far more opaque ahead of launch. Towards month end, absolute levels widened as well as bid/offer spreads. Markets experienced a reduction of liquidity as well. Given the resilience of ABS at the same time, we watched on the sidelines in anticipation of the roll on 6th October. CDS in sovereign and banks are still being quoted in both contracts types and this is likely to continue for some time to come. At the time of writing, 2003 contracts still appear to be the most liquid contract in sovereign names as CVA desks who comprise a large part of this market are reluctant to pay up for the 2014 definitions.

Gross Return Attribution by Strategy as at 30th September

Strategy	Attribution (%)	LCE (%) as of September 30th 2014
CLOs	0.16%	8.73%
European CMBS	0.30%	24.59%
European RMBS	0.98%	38.16%
US Non-Agency	-0.10%	28.16%
Whole Business Securitisation	0.00%	0.36%
Hedge	0.20%	N/A
Financing	-0.06%	N/A
Total Return (%)	**1.47%[3]**	**100.0%**

Ten Largest Positions by Sector as at 30th September

Position	Sector	Seniority	% of Portfolio as at September 30th
1	European RMBS	Senior	4.36%
2	European RMBS	Residual	2.55%
3	European CMBS	Senior/Second Pay	2.53%
4	European RMBS	Senior	2.51%
5	US POA	Senior	2.48%
6	US Subprime	Mezzanine	2.47%
7	European RMBS	Mezzanine	2.4%
8	European CMBS	Senior/Second Pay	2.37%
9	US POA	Senior	2.32%
10	European RMBS	Mezzanine	2.06%

3 Gross return used for attribution purposes. See disclosure notes that follow.

Stress Tests

Stress Test	Result % Nav
Equities -10%	0%
Equities +10%	0%
Corporate Credit Spreads -25%	-0.11%
Corporate Credit Spreads +25%	0.11%
Equity Volatility –5 pts	0%
Equity Volatility +5 pts	0%
FX -10%	-0.06%
FX +10%	0.06%

VaR

VaR (1 Day 95%) (% of Nav)	0.36%

Long Equity Delta	Short Equity Delta
0%	0%

ASC 820

Category	LCE (%)
Level 1	0%
Level 2	97.45%
Level 3	2.55%

Estimated Liquidity

Category	% LCE
< 30 Days	35.93%
30-60 Days	61.52%
>60 Days	2.55%

East Lodge Capital Investor Letter September 2014

Fund Terms

Minimum Investment ($mn)	1
High Water Mark	Yes
Side Pocket	Optional (subject to 20% limit)
Redemptions	Quarterly
Redemption Notice	90 days[1]
Gate	25% (Investor-level)
Management Fee	2%[2]
Performance Fee	20%[2]

Lock	1 year soft [1]
Prime Brokers	Bank of America Merrill Lynch Barclays Bank Plc
Administrator	Wells Fargo Global Fund Services LLC
Auditor	EY
US/UK Legal Counsel	Schulte, Roth & Zabel International LLP
Cayman Legal Counsel	Mourant Ozannes

Contacts

Name	Karyn Geringer	Melanie Harington
Position	Head of Business Development	Marketing & Investor Relations Associate
Work	+1 917 338 5085	+44 203 540 8430
Cell	+1 917 971 0084	+44 773 902 6929
Email	karyn.geringer@eastlodgecapital.com	melanie.harington@eastlodgecapital.com

[1] Redemption notice must be provided in writing no later than 90 days prior to the end of the quarter in which a redemption is requested. In the event a redemption is made from the fund within 12 months following an investor's initial investment, a 4% redemption penalty will be applied.

[2] Refers to fees for Share Class B

Legal Disclaimer

This document contains general information on East Lodge Capital Credit Opportunities Fund Ltd. (the "Offshore Fund") and East Lodge Capital Credit Opportunities Fund LP (the "Domestic Fund", each a "Fund", and together with the Offshore Fund, the "Funds") which are managed by East Lodge Capital Partners LLP ("East Lodge").

Each Fund invests substantially all of its assets in the East Lodge Capital Credit Opportunities Master Fund, Ltd. (the "Master Fund"). This document, which is being provided on a confidential basis, is not an offer to sell nor a solicitation of an offer to buy interests of either Fund. Offers and sales of interests in the Funds may only be made in those jurisdictions permitted by law and once a qualified offeree receives a Confidential Private Placement Memorandum (a "Memorandum") which describes the risks related to an investment in the Funds. This presentation is qualified in its entirety by reference to such documentation. In the case of any inconsistency between the descriptions or terms in this document and the Memorandum, the Memorandum shall control. While all the information prepared in this documentation is believed to be accurate, East Lodge makes no express warranty as to the completeness or accuracy of such information.

This document may not be reproduced or redistributed in whole or in part. Notwithstanding the foregoing, an investor may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the Funds and all materials of any kind (including opinions or other tax analysis) that are provided to an investor relating to such tax treatment and tax structure.

An investment in either Fund is speculative and involves a high degree of risk and there is no guarantee that the Fund's investment objective will be achieved. Opportunities for withdrawal/redemption and transferability of interests are restricted, so investors may not have access to capital when it is needed. There is no secondary market for the interests and none is expected to develop. The Master Fund's portfolio, which is under the sole trading authority of East Lodge, is a credit strategy with a focus on securitized products and this lack of diversification may result in higher risk. Please see the Memorandum for a more detailed description of the risks involved with an investment in the Funds. An investor should not make an investment unless he/she is prepared to lose all or a substantial portion of his/her investment. The fees and expenses charged in connection with this investment may be higher than the fees and expenses of other investment alternatives and may offset profits.

Past performance of the Funds should not be construed as in indicator of future performance.

Any projections, market outlooks or estimates in this documentation are forward looking statements and are based upon certain assumptions. Other events which were not taken into account may occur and may significantly affect the returns or performance of the Funds. Due to market risks and uncertainties, any projections, outlooks or assumptions should not be construed to be indicative of the actual events which will occur.

Fund Net Performance

Performance shown is that of Class A Shares of the Offshore Fund for April 2014 – June 2014, and Class B Shares for the Offshore Fund for July 2014 onwards. Returns are unaudited and are shown net of all fees and expenses, though we note that the April 2014 performance number reflects the capping of certain Fund expenses. In addition, as only principal capital was invested in the Fund during the month of April 2014, no management or performance fees were charged during that month (which fees, had they been charged, would have had the effect of reducing the returns shown). In addition, an individual investor's rate of return may vary based on the terms of its subscription and the timing of its investment in the Fund.

Portfolio Statistics

Unless otherwise noted, all portfolio statistical information shown is for the Master Fund and is calculated by East Lodge and is unaudited. Portfolio information is as of the date shown; accordingly, the current portfolio of the Fund may vary, sometimes materially, from that shown.

- Long Credit Exposure (LCE): Shows asset class exposure as a percentage of total long credit exposure at month end mark to market.

- Country Analysis: Shows country of risk for each long credit asset as a percentage of total long credit exposure; where a security has more than one country of risk, the largest country of risk for that security is used.

- Gross Return Attribution by Strategy: Shows an estimate of the gross return attribution of the various long and short fund exposures. Any FX and funding costs are assumed to be distributed pro rata amongst the various asset classes based on profits.

- Estimated Liquidity Profile: reflects the liquidity profile of the long credit portfolio using the following methodology:
  - < 30 days Senior tranches
  - 30-60 days Large exposures >$50m, 2nd lien senior bonds, mezzanine ABS
  - 60-90 days Residuals, CLO tranches rated below BBB

- ASC 820 classifications are unaudited and are estimates assigned solely by East Lodge. East Lodge makes no representation as to the accuracy of such classifications.

- Stress tests are calculated by East Lodge and reflect estimated impacts due to changes in FX rates and the impact of changes in credit spreads on the Funds' financial holdings.

- VaR is calculated by East Lodge using simulations based on historical portfolio price information derived from Markit Partners.