Regatta V Funding Ltd./LLC

Presale Report

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Capital Structure

Class	Expected Rating	Expected Rating Outlook	Amount ($ Mil.)	CE (%)[a]	Modeled Interest Rate (%)	Final Maturity	TT (%)	TTLM (x)
A-1	AAAsf	Stable	322.50	35.50	3mL + 1.50	2026	64.5	7.6
A-2	NR	N.A.	57.80	23.94	3mL + 2.15	2026	N.A.	N.A.
B	NR	N.A.	26.00	18.74	3mL + 3.00	2026	N.A.	N.A.
C	NR	N.A.	26.00	13.54	3mL + 3.45	2026	N.A.	N.A.
D	NR	N.A.	27.70	8.00	3mL + 4.90	2026	N.A.	N.A.
Subordinated Notes	NR	N.A.	55.85	N.A.	Residual	2026	N.A.	N.A.
Total			**515.85**					

[a]Credit enhancement (CE) is based on the target par amount of $500 million. Notes: Expected ratings do not reflect final ratings and are based on information provided by the issuer as of Sept. 30, 2014. See the Cash Flow Analysis section for modeled spreads. These expected ratings are contingent on final documents conforming to information already received. Ratings are not a recommendation to buy, sell or hold any security. The offering circular and other material should be reviewed prior to any purchase. TT – Tranche thickness. TTLM – Tranche thickness loss multiple. NR – Not rated. N.A. – Not applicable. 3mL – Three-month LIBOR.

Transaction Summary

Regatta V Funding Ltd. (the issuer) and Regatta V Funding LLC (the co-issuer) represent an arbitrage cash flow collateralized loan obligation (CLO) that will be managed by Napier Park Global Capital (U.S.) LP (Napier Park). Net proceeds from the issuance of notes will be used to purchase a portfolio of approximately $500 million of leveraged loans. The CLO will have a four-year reinvestment period.

Key Rating Drivers

Sufficient Credit Enhancement: Credit enhancement (CE) of 35.5% for class A-1 notes, in addition to excess spread, is sufficient to protect against portfolio default and recovery rate projections in the 'AAAsf' stress scenario. The level of CE for class A-1 notes is below the average for recent CLO issuances.

'B' Asset Quality: The average credit quality of the indicative portfolio is 'B', which is consistent with that of recent CLOs. Issuers rated in the 'B' rating category denote relatively weak credit quality; however, in Fitch Ratings' opinion, the class A-1 notes are unlikely to be affected by the foreseeable level of defaults. Class A-1 notes are robust against default rates of up to 58.7%.

Strong Recovery Expectations: The indicative portfolio consists of 95.8% first lien senior secured loans. Approximately 90% of the indicative portfolio has either strong recovery prospects or a Fitch-assigned recovery rating of 'RR2' or higher, resulting in a base case recovery assumption of 75.7%. In determining the class A-1 notes' rating, Fitch stressed the indicative portfolio by assuming a higher portfolio concentration of assets with lower recovery prospects and further reduced recovery assumptions for higher rating stress assumptions.

The analysis of Regatta V, class A-1 notes, assumed a 35.3% recovery rate in Fitch's 'AAAsf' scenario.

Transaction Comparison

			2Q14–3Q14[a]		
	Regatta V Funding	Regatta IV Funding	Average	Minimum	Maximum
Collateral Manager	Napier Park	Napier Park			
Target Portfolio Amount ($ Mil.)	500.0	600.0	553.0	325.0	1500.0
Closing Date	—	6/26/14			
Reinvestment (Years)	4.0	4.1	4.0	1.0	5.0
Noncall (Years)	2.0	2.1	2.0	1.0	2.2
Maturity Date	11/15/26	7/19/26			
AAA Spread (bps)	150	141	148	127	160
Notes - CE					
AAA CE (%)	35.5	38.3	37.2	32.5	40.3
Structure					
Senior OC Test (Class)	A	A/B			
Senior OC Test Level (%)	121.5	124.7	123.5	118.5	132.0
Portfolio Covenants and Concentration					
Maximum WAL (Years)	8.0	9.1	8.0	6.0	9.1
Initial Target Moody's WARF	2628	2700	2705	2370	3020
Maximum CCC Assets (%)	7.5	7.5	7.3	5.0	7.5
Minimum WAS (%)	3.83	3.80	3.72	3.20	4.25
Initial WAS All-In Rate (%)	4.69	4.62	4.51	3.69	5.07
Maximum Fixed Assets (%)	7.5	5.0	5.7	0.0	10.0
Minimum WAC (%)	7.00	7.00	6.95	4.50	7.50
Maximum Single Obligor (Top Five) (%)	2.5	2.5	2.5	2.0	3.0
Maximum Single Obligor (Below Top Five) (%)	2.0	2.0	2.0	1.5	2.5
Maximum Single Industry (Largest) (%)	15.0	15.0	14.9	12.0	20.0
Maximum Single Industry (2nd Largest) (%)	12.0	12.0	12.4	12.0	15.0
Maximum Single Industry (3rd Largest) (%)	12.0	12.0	11.4	10.0	15.0
Maximum Single Industry (4th Largest) (%)	12.0	12.0	10.7	10.0	13.5
Maximum Single Industry (Below Top Four) (%)	10.0	10.0	10.2	10.0	12.0
Minimum Senior Secured (%)	90.0	90.0	91.0	90.0	95.0
Maximum Second Lien (%)	10.0	10.0	9.0	5.0	10.0
Maximum Subordinate (%)	0.0	0.0	0.0	0.0	5.0
Maximum Senior Unsecured (%)	10.0	10.0	7.9	0.0	10.0
Maximum Covenant-Lite (%)	60.0	60.0	57.7	40.0	70.0
Maximum Long-Dated Collateral (%)	0.0	0.0	0.1	0.0	2.0
Maximum Other than U.S. (%)	20.0	10.0	18.9	5.0	20.0

[a]CLOs backed by broadly syndicated loans and priced between April 1, 2014 and Sept. 23, 2014. [b]WAS of 3.9% without the benefit of LIBOR floors.

Asset Analysis

Fitch's analysis centered on a Fitch stressed portfolio, which was created by making adjustments to the indicative portfolio to reflect permissible concentration limits and collateral quality test levels, as described in this presale report. References to the Fitch stressed portfolio in this report reflect the portfolio created by Fitch.

The Fitch Portfolio Credit Model (PCM v.2.4.4) was used to determine hurdle default rates (rating default rates, or RDRs) and expected portfolio recovery rates (rating recovery rates, or RRRs) for the 'AAAsf' rating level. The PCM was run on the indicative portfolio, as well as a Fitch stressed portfolio that was created according to the portfolio concentration limits and collateral quality tests, as described below. Fitch's analysis focused on the Fitch stressed portfolio, given the manager's ability to reinvest principal proceeds.

The indicative portfolio includes 235 loans from 175 high-yield (HY) obligors, including 20 unidentified assets with assumed characteristics constituting 18% of the portfolio. Fitch considers the indicative portfolio to be of similar diversity, in terms of obligor and industry concentration, as recently issued CLOs.

Related Research

Global CLO Market Trends Quarterly (July 2014)

U.S. Leveraged Market Quarterly (July 2014)

Fitch has an explicit rating or a credit opinion on approximately 29.1% of the identified portion of the indicative portfolio.

Asset Quality

The weighted average rating of the portfolio is 'B'. Fitch has an explicit rating or a credit opinion for 44 obligors comprising 23.9% of the total portfolio par balance; ratings for 57.9% of the total portfolio were derived using Fitch's issuer default rating (IDR) equivalency map. In addition, the 18% of unidentified obligors were indicated to be within the 'B' rating category. The remaining 0.3% did not have a public rating or a Fitch credit opinion and were assumed to be rated 'CCC'.

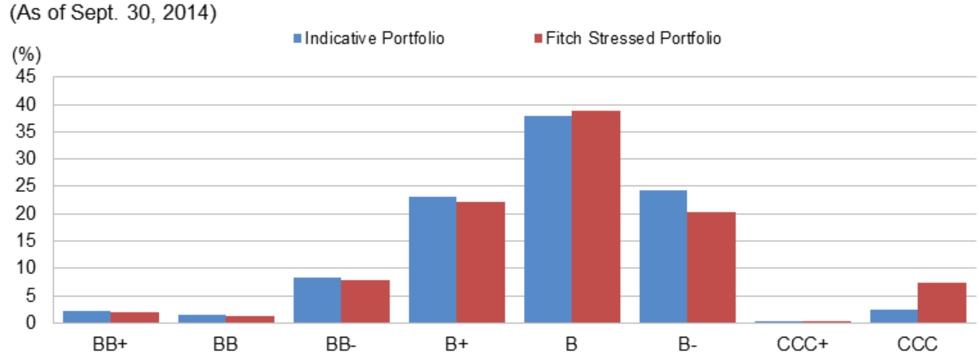
Fitch considers 2.7% of the indicative portfolio to be rated in the 'CCC' rating category, including 0.3% of unrated obligors, for which Fitch assumed 'CCC' ratings. The remaining 2.5% are explicitly rated 'CCC+' or below.

The transaction has two concentration limitations (as defined by either Moody's or S&P, separately) to address permitted exposure to 'CCC' rated collateral. Each concentration limitation has a 7.5% permissible 'CCC' bucket. The exposure to 'CCC' assets in the Fitch stressed portfolio was increased to reach the 7.5% permitted exposure.

Distribution of Assets Considered CCC+ or Lower

Fitch IDR Mapping	Portfolio (%)
Rated < or = CCC+	2.5
B–/Rating Watch Negative	0.0
No Rating	0.3
Total	**2.7**

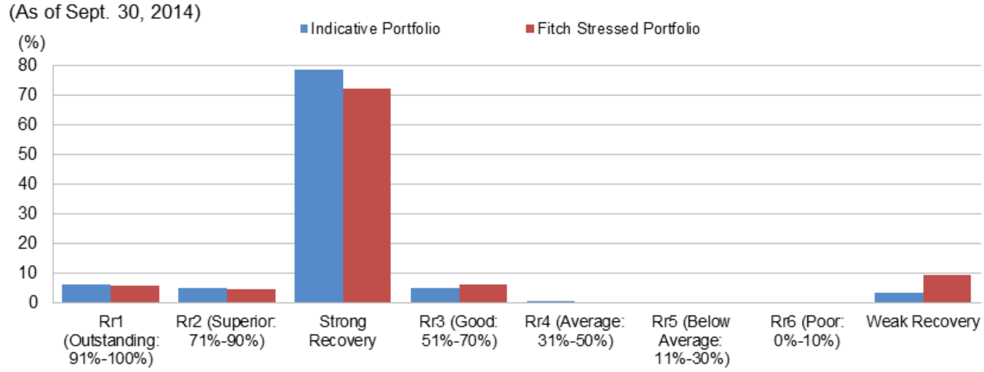
Underlying Rating Distribution
(As of Sept. 30, 2014)



Asset Security

The indicative portfolio consists of 95.8% senior secured loans and 4.2% second lien loans. Fitch has assigned asset-specific recovery ratings to 17.7% of the portfolio assets. For assets to which no asset-specific recovery ratings were assigned, Fitch's analysis applied the standard Fitch recovery rate assumptions for assets based in the same jurisdiction and having the same ranking in the capital structure (as determined in the agency's global rating criteria for corporate CDOs).

Recovery Distribution
(As of Sept. 30, 2014)



The concentration limitations specify that senior secured loans and eligible investments representing principal proceeds must represent at least 90% of the portfolio. Second lien loans, unsecured loans, senior secured bonds and senior unsecured bonds cannot exceed 10% of the portfolio. Bonds are not a permissible asset type, unless the Volcker Rule condition is satisfied. See the Regulatory Matters section on page 12 for more information on the Volcker Rule condition. Adjustments were made to the Fitch stressed portfolio to mirror this distribution.

Obligor and Industry Concentration

The concentration limitations allow exposure of up to 2.5% each for five obligors that are senior secured loans; this was incorporated into the Fitch stressed portfolio. The remaining obligors that are senior secured loans may each constitute up to 2% of the portfolio. Exposure to each obligor that is not a senior secured loan is limited to a maximum 1% of the portfolio. The transaction also allows for concentrations of up to 15% for the largest Moody's industry and 12% for each of the next three largest Moody's industries, with all other industry concentrations capped at 10%. Fitch accounted for the maximum allowable industry concentration in the top three industries in its construction of the Fitch stressed portfolio.

Top Five Industry Concentrations

(%)

Industry	Indicative Portfolio	Fitch Stressed Portfolio
Business Services	13.8	15.0
Energy Oil and Gas	8.5	12.0
Chemicals	9.0	12.0
Healthcare	7.0	7.7
Retail	7.1	7.5

Top Five Obligor Concentrations

(%)

Obligor	Fitch Rating	Indicative Portfolio	Fitch Stressed Portfolio	Fitch Industry	Seniority
1	B–	1.6	2.5	Retail	Senior Secured
2	B–	1.5	2.5	Chemicals	Senior Secured
3	B	1.4	2.5	Healthcare	Senior Secured
4	B	1.2	2.5	Telecommunications	Senior Secured and Second Lien
5	B–	1.0	2.5	Retail	Senior Secured

Weighted Average Life

The identified portfolio has a weighted average life (WAL) of approximately 5.9 years, while the transaction is initially covenanted to an eight-year maximum WAL that steps down with the passage of time. Fitch assumed an eight-year WAL in the Fitch stressed portfolio.

Additional Portfolio Concentrations

In addition to the permitted 'CCC' bucket and the seniority, industry and obligor concentrations, the documents include other notable concentration limitations. Exposures to fixed-rate assets and assets paying less frequently than quarterly, among others, are kept to a minimum. Investments in structured finance assets, synthetic assets, zero-coupon assets and long-dated assets are not permitted. The concentration limitations and collateral quality tests are further detailed in Appendix D, starting on page 18.

Cash Flow Analysis

Fitch used a customized proprietary cash flow model to replicate the principal and interest waterfalls *(described in detail in Appendix B)* and the various structural features of the transaction, as well as to assess their effectiveness, including the structural protection provided by excess spread diverted through the overcollateralization (OC) and interest coverage (IC) tests. Each model run considers 12 stress scenarios to account for different combinations of default timings and interest rate stresses, as described in Fitch's cash flow analysis criteria. The cash flow model was run using the PCM outputs for the indicative portfolio, as well as for the Fitch stressed portfolio.

Transaction documents provide the asset manager the flexibility to choose certain combinations of covenants, including the minimum weighted average spread (WAS), maximum weighted average rating factor (WARF) and minimum diversity score, toward which the portfolio will be managed. The levels of these covenants will be determined by the investment manager on or prior to the effective date, contingent on a Moody's collateral quality matrix. More discussion on the use of these multiple parameters as a portfolio management tool can be found in the Management to Dynamic Collateral Quality Tests section on page 9. In its analysis of the Fitch stressed portfolio, Fitch modeled the WAS at 3.83%, according to the initial level targeted by the asset manager as represented to Fitch, and the weighted average coupon (WAC) at 7%, per the minimum required level specified in the indenture.

Interest Income

Fitch's analysis of the indicative portfolio accounted for the actual spreads on the indicative portfolio assets (including LIBOR floors), while the analysis of the Fitch stressed portfolio assumed all floating-rate assets earn 3.83% over LIBOR, without additional benefit from LIBOR floors. Additionally, the transaction documents permit a maximum of 7.5% fixed-rate collateral, with a minimum WAC of 7%, as represented to Fitch. Fitch included the maximum fixed-rate collateral bucket in its analysis of the Fitch stressed portfolio and assumed the remaining 92.5% of the portfolio to pay on a floating-rate basis. Finally, the Fitch stressed portfolio assumed that 5% of the underlying assets pay interest less frequently than quarterly. No assets may pay interest less frequently than semiannually.

OC, IC and Interest Reinvestment Tests

The structure includes standard OC tests, IC tests and an interest diversion test. Failure of an OC or IC test will result in interest or principal proceeds, as applicable, being diverted to redeem the rated notes sequentially. The IC tests are not applicable until the second payment date.

The interest diversion test is calculated the same way a class D OC test would be calculated and is applicable during and after the reinvestment period. Upon failure of this test during the reinvestment period, the lesser of 50% of the remaining interest proceeds and the required cure amount shall be applied to purchase additional assets or deposited into the principal collection account for future reinvestment. After the reinvestment period, the lesser of 50% of the remaining interest proceeds and the required cure amount shall be applied to redeem the notes, in accordance with the notes payment sequence. The coverage tests are further detailed in Appendix D.

Effectiveness of Coverage Tests May Be Diminished by Discount Obligation Provisions

The transaction features discount obligation provisions that comply with Section 13 of the Bank Holding Company Act of 1956 (the Volcker Rule).

While discount obligations are generally included at their purchase price for purposes of calculating OC tests, a senior secured loan (or if the Volcker Rule condition is satisfied, a loan) will not be considered a discount obligation unless it is rated 'B3' or higher and is purchased at a price below 80% of par. For a senior secured loan (or if the Volcker Rule condition is satisfied, a loan) rated below 'B3', the price threshold increases to 85% of par. Collateral other than a senior secured loan (or if the Volcker Rule condition is satisfied, a bond) will not be considered a discount obligation unless it is rated 'B3' or higher and is purchased at a price below 75% of par; for ratings below 'B3', this price threshold increases to 80% of par. Since assets purchased at a price below par, yet above discount obligation thresholds, may be marked at par for calculations of OC and interest reinvestment test ratios, this may minimize the effectiveness of these tests during the reinvestment period. The asset manager may potentially build par with purchases of assets priced below par, yet above discount obligation thresholds. Therefore, Fitch considered a sensitivity scenario in which credit was not given to excess spread or the diversion of interest proceeds through OC and IC tests during the four-year reinvestment period.

Cash Flow Model Outputs

Fitch monitors the difference between the PCM hurdle default rate for the stressed portfolio and the current portfolio as part of its normal surveillance process. This metric is referred to as the RDR cushion and measures credit deterioration in the portfolio of assets. In this instance, the initial RDR cushion based on the stressed portfolio and indicative portfolio is 9.2%

Break-even default rates (BDRs) show the maximum portfolio default rates A-1 notes could withstand in stress scenarios without experiencing a loss. BDRs for class A-1 notes were then compared with PCM hurdle rates at the 'AAAsf' rating stress. A rating committee would typically expect the BDR to be above the PCM hurdle rate to achieve a given rating, in this case, 'AAAsf' for class A-1 notes.

The table below presents the lowest BDR of the 12 stress scenarios. Class A-1 notes passed the 'AAAsf' PCM hurdle rate in all 12 stress scenarios when analyzing the indicative portfolio with a minimum cushion of 11.1%. Class A-1 notes passed the 'AAAsf' PCM hurdle rate in 10 of 12 stress scenarios when analyzing the Fitch stressed portfolio, with the largest model failure at 1.3%. Fitch was comfortable assigning an expected 'AAAsf' rating to class A-1 notes, despite the two minor failures, because the agency believes the notes can sustain a robust level of defaults, combined with low recoveries, as well as the strong performance of class A-1 notes in the sensitivity scenarios.

Break-Even Default Rates

Portfolio	Indicative	Fitch Stressed[a]
Class	A-1 Notes	A-1 Notes
Break-Even Default Rate (%)	61.9	58.7
Assumed Recovery Rate (%)	38.0	35.3
PCM Hurdle Default Rate (%)	50.8	60.0
Default Cushion (%)	11.1	(1.3)
Default Timing	Mid	Mid
LIBOR	Up	Up

[a]Fitch stressed portfolio based on assumed eight-year WAL, 3.83% WAS, 7% WAC and maximum second lien, obligor and industry concentrations.

Additionally, since the Volcker Rule condition may impede investment in fixed-rate collateral, Fitch also analyzed an all-floating-rate Fitch stressed portfolio. Class A notes pass the 'AAAsf' PCM hurdle rate in all 12 stress scenarios with a minimum cushion of 1.2%.

Rating Sensitivity

In addition to Fitch's stated criteria, the agency analyzed the structure's sensitivity to the potential variability of key model assumptions. The rating sensitivity analysis is based on the Fitch stressed portfolio. These sensitivities only describe the model-implied impact of a change in one or more of the input variables. This analysis is designed to provide information about the sensitivity of the rating to key model assumptions. It should not be used as an indicator of possible future performance. The key model assumptions analyzed are described below.

Rating Sensitivity to Default Probability

A default probability multiplier of 125% and 150% is applied to the default probability of each obligor.

Rating Sensitivity to Recovery Rates

A 75% and 50% multiplier is applied to loan-level recovery rates.

Rating Sensitivity to Correlation

A 2.0x base country correlation increase is applied.

Rating Sensitivity to Combined Stress

A default probability multiplier of 125%, recovery rate multiplier of 75% and 2.0x base correlation for the country are applied.

Rating Sensitivity to Inefficient Coverage Tests

OC and IC tests were not accounted for during the reinvestment period.

Rating Sensitivity

	Class A-1 Notes	
	Median Rating	Lowest Rating
Rating Sensitivity to Default Probability (DP) – 125% DP Multiplier	AA+	AA
Rating Sensitivity to DP – 150% DP Multiplier	AA+	A+
Rating Sensitivity to Recovery Rates (RRs) – 75% RR Multiplier	AA+	AA
Rating Sensitivity to RRs – 50% RR Multiplier	AA	A+
Rating Sensitivity to Correlation – 2.0x Base Correlation Increase	AAA	AA+
Rating Sensitivity to Combined Stress – 125% DP Multiplier, 75% RR Multiplier, 2.0x Base Correlation Increase	AA–	A
Rating Sensitivity to Inefficient Coverage Tests	AA+	AA–
Rating Sensitivity to Moody's Matrix Point 1 (High Credit Quality/Low WAS)	TBD	TBD
Rating Sensitivity to Moody's Matrix Point 2 (Low Credit Quality/High WAS)	TBD	TBD

TBD – To be determined and displayed in the transaction's new issue report, when available.

Rating Sensitivity to Moody's Matrix Points

Fitch expects to test two extreme points on the Moody's matrix, which features various WAS, WARF and diversity score combinations, once the matrix becomes available. The results will be published in the new issue report after closing. The two matrix points to be tested are:

- Lowest credit quality/highest WAS combination, where Fitch will increase the WAS to the highest limit and reduce the average credit quality of the portfolio to be commensurate with the Fitch equivalent of the highest Moody's WARF specified in the matrix.
- Highest credit quality/lowest WAS combination, where Fitch will reduce the WAS to the lowest limit without adjusting the average credit quality of the portfolio, creating additional cushion to the actual matrix point that would require a commensurate improvement in average credit quality to reduce the WAS.

Portfolio Management

Regatta V will have a four-year reinvestment period, which is expected to expire in November 2018. Discretionary sales are permitted at any time and are limited to 25% of the portfolio during the preceding 12-month period (as measured by the portfolio balance at the beginning of such 12-month period). The manager will be permitted to sell defaulted, credit-risk and credit-improved assets and equity securities at any time, including after the reinvestment period. All unscheduled principal proceeds and proceeds from credit-risk sales may be reinvested after the reinvestment period, subject to certain requirements.

Conditions to Reinvestment

	During Reinvestment Period		After Reinvestment Period	
	Type of Proceeds: Scheduled/Unscheduled Principal Payments, Discretionary Sales and Credit-Improved Sales	**Type of Proceeds: Credit-Risk Sales and Defaulted Obligations Sales**	**Type of Proceeds: Credit-Risk Sales**	**Type of Proceeds: Unscheduled Principal Payments**
Collateral Quality Tests	Satisfaction, or if failing, maintain or improve. If failing, principal proceeds received from defaulted obligations or proceeds from the sale of a defaulted obligation will not be reinvested.		The Moody's WARF test must be satisfied. Also the Moody's WARR test, WAS test, WAC test and diversity test must be satisfied or, if failing, maintained or improved.	
Concentration Limitations	Satisfaction, or if failing, maintain or improve.		Not more than 7.5% of the CPA may have a Moody's default probability rating of Caa1 or below and not more than 7.5% of the CPA may have an S&P probability rating of CCC+ or below. All other concentration limitations must be satisfied, or if failing, maintained or improved.	
Coverage Tests	Satisfaction, or if failing, maintain or improve.		Each coverage test must be satisfied.	
Maturity Requirements	N.A.		Maturity of new asset, or average life, in the case of a substitute obligation with scheduled amortization earlier that its stated maturity, must be the same or earlier than that of the related disposed obligation.	
Par Amount Requirements	(i) The APB of all collateral shall be maintained or increased or (ii) the APB of all collateral and principal proceeds shall be greater than the RTPB.	(i) The APB of all collateral purchased with such proceeds will at least equal such sale proceeds, (ii) the APB of all collateral shall be maintained or increased or (iii) the APB of all collateral and principal proceeds shall be greater than the RTPB.	The APB of all collateral purchased with such proceeds will at least equal such sale proceeds.	The APB of all collateral will be maintained or increased.
Rating Requirements	N.A.		New asset must have the same or higher Moody's rating as the related disposed obligation.	
Restricted Trading Period	N.A.		Must not be in effect.	
Model-Based Monitor Test	N.A.		N.A.	
Amend and Extend Provisions	The manager may consent to a maturity extension of a collateral obligation only if: (i) the extended maturity is no later than the stated maturity of the notes; and (ii) the WAL test is satisfied (unless the manager believes such action is necessary to prevent the related asset from becoming a defaulted asset or to minimize material losses on the related asset, and such amendment is the result of bankruptcy, insolvency, reorganization, restructuring or workout of the obligor)		The manager may consent to a maturity extension of a collateral obligation only if: (i) the extended maturity is no later than the stated maturity of the notes; and (ii) the WAL test is satisfied (unless the manager believes such action is necessary to prevent the related asset from becoming a defaulted asset or to minimize material losses on the related asset, and such amendment is the result of bankruptcy, insolvency, reorganization, restructuring or workout of the obligor)	

Note: Conditions to reinvestment outlined above assume additional assets meet the definition of a collateral obligation as defined in the indenture. APB – Aggregate principal balance. RTPB – Reinvestment target par balance. CPA – Collateral principal amount. N.A. – Not applicable.

Management to Dynamic Collateral Quality Tests

Management of the portfolio will be constrained by a Moody's asset quality matrix that identifies permitted combinations of the minimum diversity score, minimum WAS and maximum rating factor requirements. The manager will select a particular point on the Moody's matrix on or prior to the effective date and may change such election at any time thereafter, given certain conditions. Portfolio trading is generally restricted such that each covenant in the Moody's matrix must be satisfied, or if currently failing, maintained or improved, pursuant to any reinvestment.

Fitch views several factors as mitigating the risk presented by the multitude of potential asset quality parameters presented by the Moody's collateral quality matrix. First, the construction of the collateral quality matrix is designed to allow for manager flexibility through various market scenarios while maintaining similar overall portfolio risk characteristics. Consequently, the introduction of additional portfolio risk should be mitigated with a concurrent tightening of another covenant. For example, a lower-average credit quality should be mitigated by an offsetting aspect, such as higher spread and/or portfolio diversity. Secondly, Fitch has assessed the manager and gained comfort with Napier Park's ability to adequately manage the portfolio in accordance with the transaction documents. Finally, Fitch has tested various sensitivity scenarios, as discussed in this report, which highlight the strong performance of the notes in high-default and/or low-recovery scenarios, among others.

Additional Structural Features

Repurchased/Surrendered Notes

No note may be surrendered, including in connection with any abandonment, for any purpose other than for payment in full, registration, transfer, exchange or redemption. The issuers are not permitted to repurchase notes from any noteholder; however, the transaction gives the manager the ability to designate notes for repurchase using funds available from the contribution account. The par balance of any repurchased notes will be deemed outstanding for the coverage test ratios until such class is the most senior class. This eliminates the possibility of utilizing note cancellations to artificially improve the performance of OC ratios by reducing the denominator in the amount of the cancelled notes.

Additional Notes

During the reinvestment period and with written consent of both the manager and a majority of the subordinated noteholders, the issuer may issue additional notes of existing classes or of any new class of notes subordinate to the class A-1 notes, except a larger proportion of the subordinated notes may be issued and any class may be issued as a component of a combination security, provided that certain conditions are met. Proceeds from any such issuance shall be treated as principal proceeds or used to purchase additional collateral.

Provisions for additional note issuance include:

- Issuance cannot exceed 100% of the original principal amount of the applicable class or classes of rated notes.
- Notice has been given to each rating agency, unless only additional subordinated notes are being issued.
- No additional issuance shall be senior to class A-1 notes, and, in the case of additional issuance of any class A-1 notes or any additional class of notes that is pari passu with the class A-1 notes, prior written consent of at least two-thirds of class A-1 noteholders shall be obtained.

- The degree of compliance with respect to the OC ratio for each class of notes must be maintained or improved after giving effect to such issuance.
- Terms of any new notes must be identical to those of the previously issued notes of the same class, except for the interest rate.
- If additional rated notes are issued, the interest rate of such notes may not exceed the interest rate of the original notes of such class, as applicable.

These provisions should mitigate any credit concerns for class A-1 notes, as the degree of subordination and OC available to such notes must be maintained or increased pursuant to an additional note issuance. Fitch will evaluate the impact of any additional issuance at the time of such occurrence.

Optional Redemption/Refinancing

The transaction features standard optional redemption and refinancing provisions that may be undertaken after the two-year noncall period expires at the written direction of a majority of the subordinated noteholders. An optional redemption consists of either liquidating the collateral (redemption) or acquiring a loan or issuing new notes (refinancing). Each class of notes must be redeemed in whole but not in part if any asset sales are to be conducted. An optional redemption may only occur if the expected liquidation proceeds and/or refinancing proceeds are sufficient to pay the redemption prices (full principal amount and accrued and unpaid interest) of the notes and any administrative expenses.

This transaction also features the possibility to redeem any one or more classes of notes through a refinancing. Any new notes issued pursuant to a refinancing would have the same principal amount as the refinanced notes and would not have a higher rank in the priority of payments. Additionally, the spread over LIBOR in respect to all replacement notes would not exceed that of the notes being replaced. Moreover, the stated maturity of the new notes would equal that of the notes being replaced.

Fitch's credit view on these features is neutral, since repayment in whole of the applicable class of notes is a prerequisite to any redemption or refinancing.

Repricing

Class A-1 notes are not subject to repricing. Investors may be required to sell their notes at a price equal to the full principal plus accrued interest if they do not provide written consent to a proposed repricing.

After the noncall period expires, the collateral manager or a majority of the subordinated noteholders may direct the issuer to reduce the spread over LIBOR for any class of notes other than the class A-1 notes, which are not subject to repricing. Any repricing must be applied to all notes of the applicable class or classes; a partial repricing of a class of notes is not permitted.

Notices of repricing will be distributed to the applicable noteholders at least 15 business days prior to the proposed repricing date, and such holders will be asked to consent to such repricing and to specify the lowest rate at which they would accept a repricing.

If any holders of the applicable class do not provide written consent to the proposed repricing at least five business days before the proposed repricing date, the issuer or the repricing intermediary will provide notice to the consenting holders of such class specifying the aggregate outstanding amount of such nonconsenting notes. The consenting holders will be given the opportunity to purchase notes from the nonconsenting holders at the repricing redemption price.

In the event of oversubscription, the nonconsenting notes will be sold to the consenting noteholders on a pro-rata basis based on how many notes each consenting holder desired to purchase. In the event of undersubscription, those holders who opted to purchase nonconsenting notes will be able to purchase such notes, and the issuer or a repricing intermediary will sell the remaining nonconsenting notes to one or more transferees designated by the repricing intermediary, in all cases, at the repricing redemption price. If confirmation is not delivered to the trustee one business day prior to the proposed repricing date that the issuer has received commitments for the purchase of all nonconsenting notes, then the repricing will not occur.

Release of Unused Principal Proceeds After the Effective Date

Before the first determination date after the effective date is reached, which may be reached solely via the passage of time or any date selected by the manager on or after the aggregate ramp-up par condition is satisfied, the manager may divert up to $5 million from the ramp-up account to be transferred to the interest collection account, so long as the aggregate ramp-up par condition has been satisfied and a rating confirmation redemption is not required. The aggregate ramp-up par condition is satisfied if, as of the effective date, the sum of principal proceeds in the collection account and the traded portfolio has reached $5 million.

Events of Default: Undercollateralization

On any measurement date after the effective date, an event of default (EOD) will occur if the ratio of the aggregate principal balance of the portfolio (with defaulted assets carried at market value) plus eligible investments and any equity securities to the aggregate outstanding amount of class A-1 notes is less than 102.5%. If an EOD occurs under this clause, holders of a majority of the class A-1 notes may direct the sale and liquidation of the portfolio.

Counterparty Risk

Asset Manager

Fitch views Napier Park as satisfactory for the management of Regatta V.

The transaction will be managed by Napier Park. As part of its analysis, Fitch's Funds and Asset Manager Ratings Group evaluated Napier Park and determined its capabilities satisfactory in the context of the ratings assigned to the transaction and the investment parameters that govern the company's activities.

As compensation for managing the portfolio, the asset manager will receive senior and subordinated management fees of 20 bps and 30 bps per annum, respectively, based on the total portfolio size as of the beginning of each collection period. The senior management fee is paid prior to class A-1 note interest, while the subordinate management fee will be payable after all note interest is paid and after the interest diversion test. Fitch views the senior management fee as being in line with industry averages, which is an important factor in facilitating the replacement of an asset manager in the event of the departure of key members of the management team or any other form of wind-down, bankruptcy or insolvency of the existing asset manager.

Hedge Counterparties

The floating-rate notes and most of the indicative assets reference the same index, minimizing basis risk. No hedging strategies are included in the analysis at this time. Fitch would evaluate any credit implications of future entry into a hedge agreement at such time.

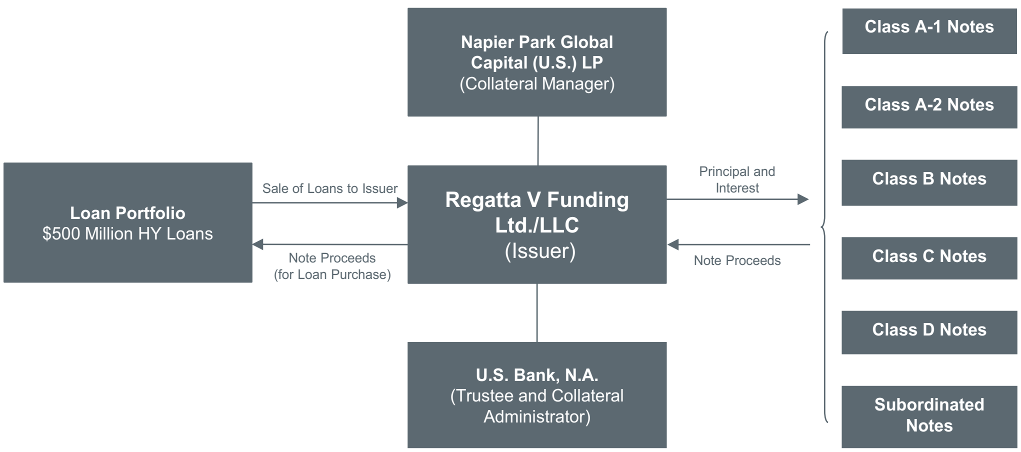
Other Counterparties

Provisions for the eligible investments to be purchased with intra-period interest and principal collections, as well as the rating requirements of the institutions at which the issuer's various bank accounts will be established, are expected to conform to Fitch's counterparty criteria for supporting note ratings of 'AAAsf'. Requirements for other counterparties, such as the trustee, collateral administrator and custodian, also conform to Fitch criteria.

Transaction and Legal Structure

The notes will be issued by Regatta V Funding Ltd. and Regatta V Funding LLC, which are bankruptcy-remote, special-purpose vehicles organized under the laws of the Cayman Islands and the state of Delaware. The notes are secured by the underlying loan portfolio. Payments to the notes will be made quarterly and are expected to begin in May 2015.

Transaction Structure



Source: Transaction documents.

Regulatory Matters

The transaction documents contain provisions designed to address Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Volcker Rule). According to the documents, the issuer will initially rely on section 3(c)(7) of the U.S. Investment Company Act of 1940 for its exemption from registration as an investment company, possibly causing the issuer to be considered a covered fund and, thus, subject to the Volcker Rule.

To address Volcker Rule concerns, the transaction only permits the purchase of senior secured bonds, senior unsecured bonds or letters of credit if the Volcker Rule condition is satisfied.

The Volcker Rule condition is satisfied if both: (1) the issuer has received advice from counsel that either (x) the issuer's ownership of any senior secured or unsecured bonds or letter of credit will not cause the issuer to become a covered fund under the Volcker Rule or (y) none of the secured notes constitute ownership interests under the Volcker Rule; and (2) a majority of class A-1 noteholders receives notice and does not object to the issuer purchasing bonds within 10 days after receipt of such notice.

Disclaimer

For the avoidance of doubt, Fitch relies, in its credit analysis, on legal and/or tax opinions provided by transaction counsel. As Fitch has always made clear, Fitch does not provide legal and/or tax advice or confirm that the legal and/or tax opinions or any other transaction documents or any transaction structures are sufficient for any purpose. The disclaimer at the foot of this report makes it clear that this report does not constitute legal, tax, and/or structuring advice from Fitch and should not be used or interpreted as legal, tax, and/or structuring advice from Fitch. Should readers of this report need legal, tax, and/or structuring advice, they are urged to contact relevant advisers in the relevant jurisdictions.

Criteria Application, Model and Data Adequacy

Criteria Application

Key criteria reports used include "Global Rating Criteria for Corporate CDOs," dated July 2014, available on Fitch's website at www.fitchratings.com. Additional criteria used in Fitch's analysis are listed on page 1.

Model

The credit analysis followed a two-step process. First, the agency analyzed the portfolio's default and recovery probabilities using Fitch's PCM v.2.4.4, in accordance with its corporate CDO criteria. Secondly, Fitch analyzed the structure using its proprietary cash flow model, as customized for the transaction's specific structural features, in accordance with the cash flow analysis criteria.

Data Adequacy

Fitch utilized publicly available information to provide credit opinions on 15.9% of the underlying public companies. In addition, Fitch publicly rates 8.0% of the portfolio. The information utilized in Fitch's analysis is as of Sept. 30, 2014.

Fitch's credit opinions and recovery ratings are produced by the Corporates group and reviewed by a rating committee. The rating committee has a similar profile to those for Fitch's explicit ratings in terms of the number and seniority of voting members in the quorum. Fitch will review and update its credit opinions and recovery ratings through this committee process at least annually, with informal reviews on a quarterly basis and ongoing monitoring of information in the market.

Performance Analytics

Fitch will monitor the transaction regularly and as warranted by events with a review. Events that may trigger a review include, but are not limited to, the following:

- Asset defaults, paying particular attention to restructurings and recoveries.
- Portfolio migration, including assets being downgraded to 'CCC' or portions of the portfolio being placed on Rating Watch Negative or Rating Outlook Negative.
- OC or IC test breach.
- Breach of concentration limitations or portfolio quality covenants.
- Future changes to Fitch's rating criteria.

Surveillance analysis is conducted on the basis of the then-current portfolio. Fitch's goal is to ensure that the assigned ratings remain an appropriate reflection of the issued notes' credit risk. Details of the transaction's performance are available to subscribers on Fitch's website at www.fitchratings.com.

Appendix A: Transaction Overview

Regatta V Funding Ltd./LLC — U.S./Structured Credit

Capital Structure

Class	Expected Rating	Expected Outlook	Size ($ Mil.)	Size (%)	CE (%)[a]	Modeled Interest Rate (%)	PMT Frequency	Final Maturity
A-1	AAAsf	Stable	322.50	62.5	35.50	3mL + 1.50	Quarterly	2026
A-2	NR	N.A.	57.80	11.2	23.94	3mL + 2.15	Quarterly	2026
B	NR	N.A.	26.00	5.0	18.74	3mL + 3.00	Quarterly	2026
C	NR	N.A.	26.00	5.0	13.54	3mL + 3.45	Quarterly	2026
D	NR	N.A.	27.70	5.4	8.00	3mL + 4.90	Quarterly	2026
Subordinated Notes	NR	N.A.	55.85	10.8	N.A.	Residual	Quarterly	2026
Total			**515.85**					

[a]Based on the target par amount of $500 million. NR – Not rated. N.A. – Not applicable. 3mL – Three-month LIBOR.

Scheduled Revolving Period	Four Years	**Swaps**	None
Scheduled Noncall Period	Two Years	**Payment Frequency**	Quarterly

Key Information

Details:		**Parties:**	
Closing Date	October 2014	**Arranger**	Citigroup Global Markets Inc.
Country of Assets and Type	U.S. Leveraged Loans	**Trustee and Collateral Administrator**	U.S. Bank, N.A.
Country of SPV	Cayman Islands	**Asset Manager**	Napier Park Global Capital (U.S.) LP
Primary Analyst	Aaron Hughes +1 312 368-2074	**Issuers**	Regatta V Funding, Ltd. and Regatta V Funding, LLC
Secondary Analyst	Cristina Feracota +1 312 606-2300		
Fund and Asset Manager Rating Analyst	Gwen Fink-Stone, J.D. +1 212 908-9128		

Key Rating Drivers

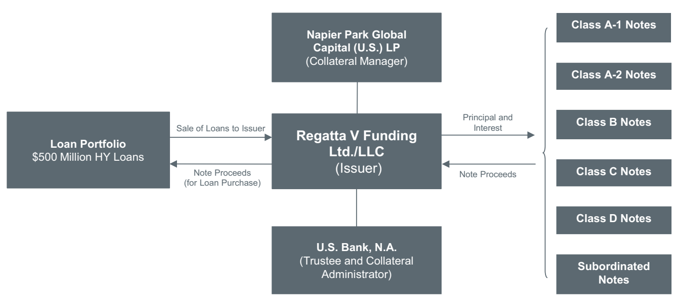
Sufficient Credit Enhancement: Credit enhancement (CE) of 35.5% for class A-1 notes, in addition to excess spread, is sufficient to protect against portfolio default and recovery rate projections in the 'AAAsf' stress scenario. The level of CE for class A-1 notes is below the average for recent CLO issuances.

'B' Asset Quality: The average credit quality of the indicative portfolio is 'B', which is consistent with that of recent CLOs. Issuers rated in the 'B' rating category denote relatively weak credit quality; however, in Fitch Ratings' opinion, the class A-1 notes are unlikely to be affected by the foreseeable level of defaults. Class A-1 notes are robust against default rates of up to 58.7%.

Strong Recovery Expectations: The indicative portfolio consists of 95.8% first lien senior secured loans. Approximately 90% of the indicative portfolio has either strong recovery prospects or a Fitch-assigned recovery rating of 'RR2' or higher, resulting in a base case recovery assumption of 75.7%. In determining the class A-1 notes' rating, Fitch stressed the indicative portfolio by assuming a higher portfolio concentration of assets with lower recovery prospects and further reduced recovery assumptions for higher rating stress assumptions.

The analysis of Regatta V, class A-1 notes, assumed a 35.3% recovery rate in Fitch's 'AAAsf' scenario.

Transaction Structure



Source: Transaction documents.

Appendix B: Asset Manager Profile Report — The Fitch View

Napier Park Global Capital (U.S.) LP

Strengths

- Experience and stability of senior portfolio managers, who have more than 18 years' average experience in the loan market; they have worked together as a team for over 14 years.
- Demonstrated track record of credit-risk management and loss mitigation supported through an active management strategy.
- Thorough, well-defined credit process focused on bottom-up credit analysis to avoid defaults and preserve capital.

Challenges

- Maintaining asset growth given a runoff in legacy CLOs, combined with rising competition from larger CLO managers and an increase in the number of smaller managers.
- Continuing to diversify Napier Park's asset base away from CLOs (43% of assets under management [AuM] as of Dec. 31, 2013), raising further assets and developing new product lines under uncertain market conditions.

Company

- With approximately 100 employees and $5.5 billion in AuM as of Jan. 1, 2014, Napier Park (formerly Citi Capital Advisors [CCA]), the operating unit of Citi Alternative Investors (CAI), is a specialist in the leveraged loan market with experience managing 15 different leveraged loan vehicles.
- Napier Park offers investors such products as CLOs, hedge funds, private investments and bespoke managed accounts.
- Napier Park currently manages $2.4bn in CLO vehicles and has managed another $4.0bn in different leveraged loan vehicles. In August 2011, it replaced DiMaio Ahmad Capital LLC as the manager of four Duane Street CLOs.
- Senior portfolio managers have an average of 18 years' corporate loan experience and have worked together for over 10 years.
- In addition to portfolio managers, the CLOs are supported by 11 credit analysts with an average of 14 years' experience.
- Citigroup, Inc. retains a 25% stake in Napier Park, with the remaining 75% held by its employees.

Investments

- Active portfolio management focusing on principal preservation, supplemented by continuous evaluation of relative value and market standards.
- Portfolio reviews and investment decisions are driven from bottom-up credit analysis supported by deep proprietary research and active communication of all members of the credit and investment teams to ensure appropriate portfolio construction.
- Credit research is focused on in-depth financial statement analysis, while taking into account various other sources of data, including industry reports and market intelligence.
- Credits are assigned to analysts by sector, and all are reviewed formally at least quarterly. There is a formalized watch list process for analyzing and monitoring changes to credit quality.
- Watch list analysis includes perception of risk and potential for loss with a focus on financial performance, liquidity, industry deterioration and management dynamics.
- The investment committee consists of three senior managing directors. The committee examines formal buy recommendations from credit analysts, along with such information as macro-economic and industry-specific issues and collateral protection and potential repayment options. Each credit is assigned an internal rating and is categorized based on expected loss.
- There is a formalized, ongoing surveillance process in daily meetings covering all aspects of portfolio analysis, including performance against benchmarks, credit-specific events and forward projections.

Operations

- An automated daily credit-risk monitoring process is supported by an appropriate portfolio management framework.
- Multiple levels of review and oversight, including CCA. Additionally, until Aug. 31, 2013, Citi will support accuracy of trading, portfolio management and administration functions.

- Investment risk and CLO performance are successfully monitored through daily reports received by Virtus. The leveraged loan group has experienced 10 defaults since 2008.
- Portfolio management and credit analysis are conducted fully in-house, supplemented by the use of third-party analytical resources, including Bloomberg, CDO Suite, ALPS and Geneva.
- Reporting services to investors are transparent, investor-centric and well aligned with underlying asset classes, providing historical data and risk analytics.
- Strong administrative systems and procedures are utilized by an experienced and stable staff.
- There is an established relationship with Virtus and the trustee for a seamless loan processing platform.
- Scalability of processes is demonstrated through integration of previously acquired CLOs to Napier's platform.

Technology

- Napier Park has run all IT systems independently since its successful spinoff from CAI.
- An integrated and flexible platform is based on a combination of proprietary analytics and third-party administration systems, including such widely accepted industry systems as CDO Suite, ALPS and Virtus.
- Front- to middle-office position monitoring and order management systems are efficient and robust.
- The business continuity plan is appropriate and tested annually.

Appendix C: Priority of Payments

Waterfalls

	Interest Waterfall		Principal Waterfall
1	First, pay taxes and governmental fees, and, second, pay administrative expenses (up to 0.02% + 175,000 p.a.)	1	First, pay taxes and governmental fees, and, second, pay administrative expenses (up to 0.02% + 175,000 p.a.)
2	Senior management fee (0.20% p.a.)	2	Senior management fee (0.20% p.a.)
3	Any hedge payments and hedge termination payments	3	Any hedge payments and hedge termination payments
4	Class A-1 interest	4	Class A-1 interest
5	Class A-2 interest	5	Class A-2 interest
6	Class A coverage tests	6	Class A coverage tests
7	Class B interest	7	If class B notes are the controlling class, class B interest
8	Class B coverage tests	8	Class B coverage tests
9	Class B deferred interest	9	If class B notes are the controlling class, class B deferred interest
10	Class C interest	10	If class C notes are the controlling class, class C interest
11	Class C coverage tests	11	Class C coverage tests
12	Class C deferred interest	12	If class C notes are the controlling class, class C deferred interest
13	Class D interest	13	If class D notes are the controlling class, class D interest
14	Class D coverage tests	14	Class D coverage tests
15	Class D deferred interest	15	If class D notes are the controlling class, class D deferred interest
16	If an effective date ratings confirmation failure occurs, payment of the rating confirmation redemption amount, in accordance with the notes payment sequence	16	If an effective date ratings confirmation failure occurs, payment of the rating confirmation redemption amount, in accordance with the notes payment sequence
17	If the interest diversion test is not satisfied, (1) during the reinvestment period, the lesser of 50% of remaining interest proceeds and the amount required to cure the interest diversion test to be used for the purchase of additional collateral or invest in eligible investments; and, (2) after the reinvestment period, the lesser of 50% of remaining interest proceeds and the amount required to cure the interest diversion test to be used to redeem the notes, in accordance with the notes payment sequence.	17	On any special redemption date, payment of the special redemption amount, in accordance with the notes payment sequence
18	Subordinated management fee (0.30% p.a.)	18	(1) During the reinvestment period, to purchase additional collateral or invest in eligible investments; (2) after the reinvestment period, at the discretion of the investment manager, as long as no EOD has occurred and is continuing, principal proceeds from the sale of credit-risk obligations and unscheduled principal proceeds may be used to purchase additional collateral or invest in eligible investments
19	Unpaid administrative expenses not paid due to the administrative expense cap	19	After the reinvestment period, to make payments in accordance with the notes payment sequence
20	Unpaid hedge payments and hedge termination payments	20	After the reinvestment period, the subordinated management fee (0.30% p.a.)
21	At the direction of the collateral manager, the supplemental reserve amount	21	After the reinvestment period, to pay any unpaid administrative expenses
22	First, to pay the subordinated notes until an IRR of 12% is achieved, and then 20% of the remaining interest proceeds to pay the collateral manager as the incentive fee amount	22	After the reinvestment period, unpaid hedge payments and hedge termination payments
23	Remainder to the subordinated notes	23	First, to pay the subordinated notes until an IRR of 12% is achieved, and then 20% of the remaining interest proceeds to pay the collateral manager as the incentive fee amount
		24	Remainder to the subordinated notes

p.a. – per annum. IRR – Internal rate of return. Notes payment sequence: (i) class A-1 principal; (ii) class A-2 principal; (iii) class B interest, and then class B deferred interest; (iv) class B principal; (v) class C interest, and then class C deferred interest; (vi) class C principal; (vii) class D interest, and then class D deferred interest; and (viii) class D principal.

Appendix D: Concentration Limitations, Prohibited Asset Types, Collateral Quality Tests and Coverage Tests

Notable Concentration Limitations

Description	Limit
Minimum % of Senior Secured Loans and Eligible Investments Representing Principal Proceeds	90.0
Maximum % of Second Lien and Unsecured Loans, Senior Secured Bonds and Senior Unsecured Bonds[a]	10.0
Minimum % of U.S. Obligations and/or Cash and Eligible Investments	80.0
Maximum % of Covenant-Lite Loans	60.0
Maximum % Top Moody's Industry	15.0
Outside the Top Moody's Industry, Maximum % of Next Three Moody's Industries	12.0
Outside the Top Four Moody's' Industries, Maximum % of Single Moody's Industry	10.0
Maximum % of Revolving or Unfunded Delayed Draw Loans	10.0
Maximum % of Fixed-Rate Assets	7.5
Maximum % of Assets that Pay Less Frequently than Quarterly	5.0
Maximum % of Assets Rated Caa1 or Below by Moody's	7.5
Maximum % of Assets Rated CCC+ or Below by S&P	7.5
Maximum % of DIP Loans	7.5
Maximum % of DIP Loans Issued by a Single Obligor	1.0
Maximum % of Participation Interests	5.0
Maximum % of Letters of Credit[a]	3.0
Maximum % of Partial Deferring Obligations	2.5
Maximum % of Current-Pay Assets	2.5
Maximum % of Each of the Top Five Obligors	2.5
Maximum % of Each Obligor that is not a Senior Secured Loan	1.0
Outside the Top Five Obligors, Maximum % of Single Obligor	2.0

[a]If the Volcker rule condition is not satisfied, then senior secured bonds, senior unsecured bonds and letters of credit are not permitted.

Notable Prohibited Asset Types

Description	Limit
Maximum % of Equity Securities or Securities Convertible to Equity	0.0
Maximum % of Synthetic Securities	0.0
Maximum % of Long-Dated Assets	0.0
Maximum % of Structured Finance Securities	0.0
Maximum % of Zero-Coupon Securities	0.0
Maximum % of Step-Up and Step-Down Securities	0.0
Maximum % of Deferrable Securities	0.0
Maximum % of Small Obligor Loans	0.0
Maximum % of Margin Stock	0.0
Maximum % of Assets that Pay Less Frequently than Semiannually	0.0
Maximum % of Leases	0.0
Maximum % of Bridge Loans	0.0
Maximum % of Interest-Only Securities	0.0

Collateral Quality Tests

Description	Limit
Minimum Weighted Average Spread (at Close %)	3.83; Subject to Matrix
Minimum Weighted Average Coupon (%)	7
Maximum Weighted Average Life (Years)	8.0 (Declining)
Moody's Minimum Weighted Average Recovery Rate (%)	46.5
Maximum Moody's Weighted Average Rating Factor (at Close)	2800; Subject to Matrix
Minimum Moody's Diversity Score (at Close)	65; Subject to Matrix

Coverage Tests

(%)

Test	Trigger	Definition[a]
OC		
Class A	121.5	ACPA divided by A
Class B	115.1	ACPA divided by A + B (including class B deferred interest amounts)
Class C	109.7	ACPA divided by A + B + C (including class B and C deferred interest amounts)
Class D	104.7	ACPA divided by A + B + C + D (including class B, C and D deferred interest amounts)
Reinvestment OC Test		
Interest Diversion Test	105.7	ACPA divided by A + B + C + D (including class B, C and D deferred interest amounts)
IC		
Class A	120.0	Interest proceeds and expected interest income minus senior expenses, divided by interest due to class A
Class B	115.0	Interest proceeds and expected interest income minus senior expenses, divided by interest due to class A and B
Class C	110.0	Interest proceeds and expected interest income minus senior expenses, divided by interest due to class A, B and C
Class D	105.0	Interest proceeds and expected interest income minus senior expenses, divided by interest due to class A, B, C and D
Par Value EOD		
EOD Par Ratio	102.5	Aggregate principal balance of the collateral obligations (with defaulted obligations at MV) and eligible investments, divided by the aggregate outstanding amount of class A

[a]A equals class A-1 and A-2 principal amounts outstanding; B equals class B principal amounts outstanding; C equals class C principal amounts outstanding; and D equals class D principal amounts outstanding. MV – Market value. Notes: The adjusted collateral principal amount (ACPA) equals the aggregate principal balance of assets plus principal proceeds in collection and ramp-up accounts and principal financed accrued interest. Assets are generally included at their par value, except the following, which are included at: defaulted and deferring assets: if defaulted < three years, the Moody's collateral value (the lesser of (i) its Moody's recovery amount and (ii) its MV). If defaulted for > three years, treated as zero. Discounted obligations are included at the purchase price. Excess of the greater of (x) assets with a Moody's default probability rating of 'Caa1' or below or (y) assets with an S&P rating of 'CCC+' or below, above 7.5% of the aggregate collateral balance of assets: included at MV. Long-dated assets are not permitted.
Source: Transaction documents.

The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.

FitchRatings

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Tagging Info

Fitch Rates Regatta V Funding Ltd./LLC Ratings Endorsement Policy

06 Nov 2014 2:10 PM (EST)

Fitch Ratings-New York-06 November 2014: Fitch Ratings assigns the following ratings to Regatta V Funding Ltd./LLC (Regatta V):

-- $227,000,000 class A-1A notes 'AAAsf'; Outlook Stable;
-- $95,500,000 class A-1B notes 'AAAsf'; Outlook Stable.

Fitch does not rate the class A-2A, A-2B1, A-2B2, B, C, D or subordinated notes.

TRANSACTION SUMMARY

Regatta V Funding Ltd. (the issuer) and Regatta V Funding LLC (the co-issuer) represent an arbitrage cash flow collateralized loan obligation (CLO) that will be managed by Napier Park Global Capital (U.S.) LP (Napier Park). Net proceeds from the issuance of notes will be used to purchase a portfolio of approximately $500 million of leveraged loans. The CLO will have a four-year reinvestment period.

KEY RATING DRIVERS

Sufficient Credit Enhancement: Credit enhancement (CE) of 35.5% for class A-1A and A-1B notes (collectively, the class A-1 notes), in addition to excess spread, is sufficient to protect against portfolio default and recovery rate projections in the 'AAAsf' stress scenario. The level of CE for class A-1 notes is below the average for recent CLO issuances.

'B+/B' Asset Quality: The average credit quality of the indicative portfolio is 'B+/B', which is better than that of recent CLOs. Issuers rated in the 'B' rating category denote relatively weak credit quality; however, in Fitch's opinion, the class A-1 notes are unlikely to be affected by the foreseeable level of defaults. Class A-1 notes are robust against default rates of up to 57.9%.

Strong Recovery Expectations: The indicative portfolio consists of 95.2% first lien senior secured loans. Approximately 89.1% of the indicative portfolio has either strong recovery prospects or a Fitch-assigned recovery rating of 'RR2' or higher, resulting in a base case recovery assumption of 75.3%. In determining the class A-1 notes' rating, Fitch stressed the indicative portfolio by assuming a higher portfolio concentration of assets with lower recovery prospects and further reduced recovery assumptions for higher rating stress assumptions. The analysis of Regatta V, class A-1 notes, assumed a 37% recovery rate in Fitch's 'AAAsf' scenario.

RATING SENSITIVITIES

In addition to Fitch's stated criteria, the agency analyzed the structure's sensitivity to the potential variability of key model assumptions including decreases in weighted average spread or recovery rates and increases in default rates or correlation. Fitch expects the class A-1 notes to remain investment grade even under the most extreme sensitivity scenarios. Results under these sensitivity scenarios ranged between 'Asf' and 'AAAsf' for the class A-1 notes.

The sources of information used to assess these ratings were provided by the arranger, Citigroup Global Markets Inc., and the public domain.

The new issue report is available to investors on Fitch's web site at www.fitchratings.com. For more information about Fitch's comprehensive subscription service FitchResearch, which includes all presale reports, surveillance and credit reports on more than 20 asset classes, contact product sales at +1-212-908-0800 or at 'webmaster@fitchratings.com'.

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Applicable Criteria & Related Research:
--'Global Structured Finance Rating Criteria' (Aug 04, 2014);
--'Global Rating Criteria for Corporate CDOs' (July 25, 2014);
--'Criteria for Interest Rate Stresses in Structured Finance Transactions and Covered Bonds' (Jan. 23, 2014);
--'Counterparty Criteria for Structured Finance and Covered Bonds' (May 14, 2014).

Applicable Criteria and Related Research: Regatta V Funding Ltd./LLC

Global Structured Finance Rating Criteria
Global Rating Criteria for Corporate CDOs
Criteria for Interest Rate Stresses in Structured Finance Transactions and Covered Bonds
Counterparty Criteria for Structured Finance and Covered Bonds
Regatta V Funding Ltd./LLC -- Appendix

Additional Disclosure
Solicitation Status