

# **Gulf Stream Asset Management, LLC**

## **FORM ADV**

### Business Address

9 West 57<sup>th</sup> Street, Suite 4800  
New York, New York 10019  
USA

### Contact Information

John J. Suydam, Esq.  
Chief Compliance Officer  
Phone: (212) 515-3200  
Fax: (646) 607-0539  
9 West 57<sup>th</sup> Street, Suite 4800  
New York, New York 10019  
[jsuydam@apolloip.com](mailto:jsuydam@apolloip.com)

May 2, 2012

**This brochure provides information about the qualifications and business practices of Gulf Stream Asset Management, LLC (“GSAM”). If you have any questions about the contents of this brochure (“Brochure”), please contact us at (212) 515-3200. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.**

**Additional information about Gulf Stream Asset Management, LLC also is available on the SEC’s website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).**

GSAM is registered as an investment adviser with the SEC pursuant to the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Recipients of this Brochure should be aware that registration with the SEC does not in any way constitute an endorsement by the SEC of an investment adviser’s skill or expertise. Further, registration does not imply or guarantee that a registered adviser has achieved a certain level of skill, competency, sophistication, expertise or training in providing advisory services to its clients.

## ITEM 2

### Material Changes

GSAM is required to identify and discuss additional material changes made to this Brochure since its last annual update filed on March 30, 2012. Accordingly, please note the following material changes:

On April 2, 2012 Apollo Global Management, LLC and its subsidiaries ("Apollo") announced the completion of the acquisition of Stone Tower Capital LLC and its related management companies ("Stone Tower"), an alternative credit manager with approximately \$18 billion of assets under management, into Apollo's capital markets business. Stone Tower manages alternative credit assets across a variety of corporate credit funds through credit opportunity funds, 12 collateralized loan obligations ("CLOs"), structured credit funds and separately managed accounts. Stone Tower's investment expertise spans a variety of alternative asset classes and strategies including senior loans, high yield bonds, long/short credit, private debt solutions, CLO liabilities, CLO equity, residential mortgage-backed securities ("RMBS"), collateralized mortgage-backed securities ("CMBS") and other asset-backed securities ("ABS").

In addition, GSAM notes the following material changes disclosed in the last annual updated Brochure filed on March 30, 2012:

On October 24, 2011, Apollo announced that it completed the acquisition of GSAM. The sole member and principal owner of GSAM is Apollo Capital Management, L.P. ("Apollo Capital Management"), an indirect subsidiary of Apollo Global Management, LLC. GSAM provides investment advisory services to, and serves as collateral manager for, special purpose vehicles that issue CLOs. GSAM provides investment advice to CLOs regarding institutional leveraged loans, high yield debt, corporate debt, structured credit products, derivatives, private debt securities and other loans, credit or debt instruments ("Credit Instruments"). The CLOs seek to achieve their investment objectives by investing primarily in senior, secured loans made to companies whose debt is rated below investment grade ("Senior Loans") and investments with similar economic characteristics. GSAM provides investment advisory services to ten CLOs, including: (1) Gulf Stream Compass CLO 2002-1; (2) Gulf Stream Compass CLO 2003-1; (3) Gulf Stream Compass CLO 2004-1; (4) Gulf Stream Compass CLO 2005-1; (5) Gulf Stream Compass CLO 2005-II; (6) Gulf Stream Sextant CLO 2006-1; (7) Gulf Stream Rashinban CLO 2006-1; (8) Gulf Stream Sextant CLO 2007-1; (9) Gulf Stream Compass CLO 2007-1; and (10) Neptune Finance CCS.

Apollo Capital Management provides investment advice to a number of investment vehicles that offered private placement interests beginning in 2011 including: (1) Apollo Centre Street Partnership, L.P. (indirectly, as the sole member of its investment manager, Apollo Centre Street Management, LLC); (2) Apollo European Credit Fund, L.P. (indirectly, as the sole member of the general partner of its manager, Apollo European Credit Management, L.P.); (3) Apollo European Strategic Investments (Holdings), L.P. (indirectly, as the sole member of the general partner of its investment manager, Apollo European Strategic Management, L.P.); (4) Apollo SPN Investments I, L.P., Apollo SPN Investments II, L.P. and Apollo SPN Investments III, L.P. (indirectly, as the sole member of their investment manager, Apollo SPN Management, LLC); (5) Financial Credit Investment I, L.P. (indirectly, as the sole member of its investment manager,

Financial Credit Investment I Manager, LLC); (6) Apollo European Principal Finance Fund II, L.P. (indirectly, as the sole member of the general partner of the investment manager, Apollo EPF Management II, L.P.); and (7) AION Capital Partners Limited (indirectly, as the sole member of the general partner of its investment manager, AION Capital Management Limited). AION Capital Partners Limited is a joint venture with ICICI Venture Funds Management Company Limited.

Apollo Centre Street Management, LLC, Apollo European Credit Management, L.P., Apollo European Strategic Management, L.P., Apollo SPN Management, LLC, Financial Credit Investment I Manager, LLC, Apollo EPF Management II, L.P. and AION Capital Management Limited are not separately registered with the SEC as investment advisers but are relying on Apollo Capital Management's registration under the Advisers Act and are each "relying advisers" pursuant to SEC staff guidance.

Apollo Natural Resources Partners, L.P. ("ANRP") also began offering private placement interests in 2011. ANRP is managed by GSAM's affiliate, Apollo Commodities Management, L.P., which is also registered with the SEC as an investment adviser.

Apollo Global Real Estate Management, L.P. ("AGREM"), also an affiliate of Apollo Global Management and also registered with the SEC as an investment adviser, in 2011 became the sole member of: (1) AGRE-CRE Debt Manager, LLC, the investment manager of the AGRE Debt Fund I; (2) AGRE Europe Management, LLC, the investment manager to Apollo GSS Holdings Cayman, L.P.; and (3) AGRE Asia Pacific Management, LLC, the investment manager to AGRE Asia Pacific Real Estate Fund, L.P. In addition, AGRE CMBS Management II LLC provides discretionary investment advice to 2011 A4 Fund, L.P. starting in 2011.

AGRE-CRE Debt Manager, LLC, AGRE Europe Management, LLC, AGRE Asia Pacific Management, LLC and AGRE CMBS Management II LLC are not separately registered with the SEC as investment advisers but are relying on AGREM's investment adviser registration with the SEC.

Apollo Capital Management is the sole member of Apollo Longevity, LLC, which serves as the sub-adviser, and provides non-discretionary investment advice, to Athene Asset Management, LLC ("AAM") and RWN Management, LLC. Apollo Longevity, LLC is not separately registered as an investment adviser with the SEC, but is a relying adviser with respect to Apollo Capital Management's registration.

AAM is owned by Apollo Life Asset Limited and certain members of AAM's management. Apollo Life Asset Limited is, in turn wholly owned by Apollo Capital Management. AAM became the investment manager to Athene Annuity & Life Assurance Company and Investors Insurance Company, two companies acquired by Athene Holding Ltd. ("Athene Holding") during 2011.

The discussion above relates solely to material changes made to GSAM's Form ADV Part 2A, dated November 23, 2011.

**ITEM 3**  
**Table of Contents**

ITEM 1.	COVER PAGE.....	1
ITEM 2.	MATERIAL CHANGES .....	2
ITEM 3.	TABLE OF CONTENTS.....	4
ITEM 4.	ADVISORY BUSINESS .....	5
ITEM 5.	FEES AND COMPENSATION .....	6
ITEM 6.	PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT.....	7
ITEM 7.	TYPES OF CLIENTS.....	9
ITEM 8.	METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS.....	9
ITEM 9.	DISCIPLINARY INFORMATION.....	19
ITEM 10.	OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS.....	20
ITEM 11.	CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING.....	37
ITEM 12.	BROKERAGE PRACTICES.....	41
ITEM 13.	REVIEW OF ACCOUNTS .....	43
ITEM 14.	CLIENT REFERRALS AND OTHER COMPENSATION .....	43
ITEM 15.	CUSTODY .....	43
ITEM 16.	INVESTMENT DISCRETION .....	44
ITEM 17.	VOTING CLIENT SECURITIES .....	44
ITEM 18.	FINANCIAL INFORMATION .....	45
ITEM 19.	REQUIREMENTS FOR STATE-REGISTERED ADVISERS .....	45

## **ITEM 4**

### **Advisory Business**

Apollo is a global alternative investment manager. Its primary business is to raise and invest private equity, capital markets and real estate funds as well as managed accounts, on behalf of pension and endowment funds, as well as other institutional and high net worth individual investors. Apollo has three primary business segments, including: (1) *Private Equity*, which primarily invests in control equity and related debt instruments, convertible securities and distressed debt investments; (2) *Capital Markets*, which primarily invests in non-control debt and non-control equity investments, including distressed debt securities; and (3) *Real Estate*, which primarily invests in legacy commercial mortgage-backed securities, commercial first mortgage loans, mezzanine investments and other commercial real estate-related debt investments. Apollo also sponsors real estate funds that focus on opportunistic investments in distressed debt and equity recapitalization transactions.

GSAM was formed in 2002 and provides discretionary investment advisory services to, and serves as collateral manager for, special purpose vehicles that issue CLOs. GSAM provides investment advice to the CLOs regarding Credit Instruments. The sole member and principal owner of GSAM is Apollo Capital Management, a Delaware limited partnership which is an indirect subsidiary of Apollo Global Management, LLC.

GSAM provides advisory services solely to the CLOs, and the Apollo Managers (as defined below) provide advisory services to the Apollo Funds (as defined below), co-investment vehicles, real estate investment trusts, pooled investment vehicles, and separately managed accounts (the "Apollo Manager Clients"). The CLOs and the Apollo Manager Clients, collectively, are referred to in this Brochure as "Clients."

The CLOs seek to achieve their investment objectives by investing primarily in Senior Loans and investments with similar economic characteristics. Senior Loans hold a first lien priority and typically pay interest at rates which are determined periodically on the basis of a floating base lending rate, primarily the London-Interbank Offered Rate ("LIBOR"), plus a premium. Senior Loans are typically made to U.S. and, to a limited extent, non-U.S. corporations, partnerships and other business entities ("Borrowers") that operate in various industries and geographical regions. Borrowers may obtain Senior Loans to, among other reasons, refinance existing debt, and for acquisitions, dividends, leveraged buyouts, and general corporate purposes.

Senior Loans typically are rated below investment grade. Below investment grade securities, including, "leveraged loans", or "high yield" securities, often are regarded as having predominately speculative characteristics with respect to an issuer's capacity to pay interest and repay principal. Although many of the CLOs' investments may consist of securities rated below investment grade, the CLOs may also invest in debt securities expressly backed by the full faith and credit of the United States, certificates of deposit, unleveraged repurchase agreements, commercial paper, money market funds, including money market funds domiciled outside of the United States, bank-issued reinvestment agreements and other debt securities and similar instruments.

The CLOs may invest in subordinated loans and corporate bonds. Subordinated loans generally have the same characteristics as Senior Loans except that such loans are subordinated in payment and/or lower in lien priority to first lien holders (“Subordinated Loans”). A corporate bond issuer generally pays the investor a fixed or variable rate of interest and normally must repay the amount borrowed on or before maturity. Certain corporate bonds are “perpetual” in that they have no maturity date.

The descriptions set forth in this Brochure of specific advisory services that GSAM offers to the CLOs, and investment strategies pursued and investments made by GSAM on behalf of the CLOs, should not be understood to limit in any way GSAM’s investment activities. GSAM may offer any advisory services, engage in any investment strategy and make any investment, including those not described in this Brochure, that GSAM considers appropriate, subject to each CLO’s investment objectives and guidelines. The investment strategies that GSAM pursues are speculative and entail substantial risks. There can be no assurance that GSAM’s or any Client’s investment objectives will be met.

GSAM provides investment advisory services to ten CLOs, including: (1) Gulf Stream Compass CLO 2002-1; (2) Gulf Stream Compass CLO 2003-1; (3) Gulf Stream Compass CLO 2004-1; (4) Gulf Stream Compass CLO 2005-1; (5) Gulf Stream Compass CLO 2005-II; (6) Gulf Stream Sextant CLO 2006-1; (7) Gulf Stream Rashinban CLO 2006-1; (8) Gulf Stream Sextant CLO 2007-1; (9) Gulf Stream Compass CLO 2007-1; and (10) Neptune Finance CCS.

As of December 31, 2011, GSAM managed approximately \$2,828,322,913 on a discretionary basis. GSAM does not manage any assets on a non-discretionary basis.

## **ITEM 5**

### **Fees and Compensation**

GSAM’s fees include collateral management fees paid quarterly in arrears. Collateral management fees include Base Collateral Management Fees, Subordinate Collateral Management Fees and Contingent Collateral Management Fees for all CLOs. Subordinate Collateral Management Fees and Contingent Collateral Management Fees are payable only to the extent that funds are available for such purpose in accordance with the priority of payments described in the CLOs’ indentures.

With respect to certain CLOs, GSAM may receive an incentive fee in the form of an Incentive Collateral Management Fee, Current Pay Incentive Management Fee and/or an IRR Incentive Management Fee, as set forth in the CLOs’ indentures. Incentive Management Fees are only payable to the extent that funds are available for such purpose on each payment date in accordance with the priority of payments described in the CLOs’ indentures.

GSAM’s fees for each CLO are non-negotiable.

Clients generally bear all expenses related to their operations, including, by way of example, fees, costs and expenses directly related to the purchase and sale of their investments including, but not limited to, brokerage, trading and exchange fees, taxes, fees of auditors, actuaries,

advisers, consultants, valuation experts and counsel, legal expenses (including legal expenses in connection with claims or disputes related to one or more actual or proposed investments), expenses of the advisory boards and annual meetings, insurance, litigation expenses, professional fees, interest expenses, research, review and evaluation of potential investments and negotiating the related transaction documents, travel in connection with the evaluation and negotiation of investments, operations services, valuation services, fund administration services, costs of preparing reports to investors and other financial reporting services, systems, including but not limited to, licenses, development and hosting, broken deal costs, administrative fees (including the expense of operational, secretarial, postage and legal services), custody expenses, service subscriptions utilized with respect to a Client's investment program, including phone and internet charges, all other customary expenses related to the acquisition, ownership and maintenance of investments regardless of whether the person providing or performing the service or output giving rise to the expense is related to Apollo or a third party and any extraordinary expenses.

The CLOs will also bear expenses relating to brokerage expenses and portfolio transactions, as described in Item 12 below.

## **ITEM 6**

### **Performance-Based Fees and Side-by-Side Management**

As noted in Item 5 above, the CLOs pay GSAM performance-based fees, typically an "Incentive Asset Management Fee," which will be generally recognized at the maturity of the vehicle. All performance-based fees are calculated and paid in accordance with Section 205 and Rule 205-3 under the Advisers Act.

GSAM recognizes that conflicts related to side-by-side management may exist because GSAM receives incentive fees from certain CLOs but not other CLOs, higher management fees from certain CLOs and for other reasons. The existence of performance-based fees with respect to certain Clients may create an incentive for GSAM to make more speculative investments on behalf of such Clients than it might otherwise make in the absence of such performance-based fees. To address these conflicts, GSAM's policies and procedures, including GSAM's allocation policies, seek to provide that investment decisions are made without consideration of GSAM's pecuniary interests, and instead are made in accordance with contractual and fiduciary obligations owed to the CLOs.

Other Apollo Managers (as defined in Item 10 below) provide advisory services to Apollo Funds (as defined in Item 10) structured as private equity funds or hedge funds which pay a carried interest or incentive fee that is based on a portion of the capital gains or capital appreciation of the assets of certain Apollo Funds (the "Performance Fee"). In the event GSAM portfolio managers simultaneously provide advisory services to Apollo Managers whose Clients include Apollo Funds that pay higher Performance Fees than the CLOs, such portfolio managers may be incentivized by the higher Performance Fee to dedicate additional time and resources to such Apollo Funds, which could have a detrimental effect on the performance results of the CLOs. Apollo addresses this conflict of interest by providing in its Code of Ethics that all supervised persons have a duty to act in the best interests of each Apollo Client.

Further, to the extent an investment opportunity is suitable for a Client described above and an Apollo Fund that pays materially different Performance Fees, Apollo would be incentivized to allocate attractive investment opportunities to Apollo Funds that pay the higher Performance Fees because Apollo would receive a percentage of capital gains or capital appreciation of the investment. The manner in which Apollo addresses the allocation of investment opportunities is addressed in Item 10.

Apollo is committed to allocating investment opportunities on a fair and equitable basis regardless of whether performance compensation is accepted from a Client, and has established detailed policies and procedures to address the conflicts of interest described above, including, in part, the following:

(1) Apollo has established a number of allocations committees to determine, among other things, (i) the suitability and available capital of the Clients with respect to available investment opportunities, (ii) the resolution of potential conflicts of interest that arise in connection with multiple Clients having interests (including not only an outright position in any issuer but any exposure to such issuer derived through any synthetic and/or derivative instrument) in multiple tranches of securities (or other interests of an issuer) or multiple Clients with interests in the same tranche of an issuer, and (iii) the resolution of allocation conflicts that span more than one Apollo business unit and allocations to separately managed accounts;

(2) The two primary factors on which order allocation decisions are based are each Client's available capital and net asset value. The following additional allocation factors may also be taken into consideration: (i) the relative actual or potential exposure of any particular Client to the type of investment opportunity in terms of its existing investment portfolio; (ii) relative exposure of the Client to market trends; (iii) the investment objective of such Client; (iv) permitted leverage and available financing for the investment opportunity (including, without limitation, taking into account the levels/rates that would be required to obtain appropriate return); (v) likelihood of current income; (vi) size, liquidity and duration of the investment opportunity; (vii) seniority of loan and other capital structure criteria; (viii) with respect to an investment opportunity originated by a third party, the relationships of a particular Client (or the portfolio manager) to such third party; (ix) tax reasons; (x) regulatory reasons; (xi) supply or demand for an investment opportunity at a given price level; (xii) a Client's risk or investment concentration parameters (including, without limitation, parameters such as geography, industry, issuer, volatility, leverage, liability duration or weighted average life, asset class type, or other similar risk metrics); (xiii) whether the investment opportunity is a follow-on investment; (xiv) if the vehicle is in the process of fundraising, or is open to redemptions, notions of net asset value and available capital may be subjectively adjusted to account for anticipated inflows or redemptions; and (xv) such other criteria as are reasonably related to reasonable allocation of a particular investment opportunity to one or more Clients (*e.g.*, in the case of a Client ramp-up period or when incubating a particular investment strategy or product); and

(3) An allocations committee may, in determining the allocation of an investment opportunity with respect to a mandate, take into consideration that: (i) multiple Clients have investment objectives that overlap to greater and lesser degrees; (ii) the applicable legal



documents of each Client disclaim to greater or lesser degrees the obligation to offer such Client any investment opportunities that fall within its investment objectives; (iii) Apollo endeavors to not systematically disadvantage any Client; (iv) the investment objectives of a particular Client may change over time; (v) the ultimate character of an investment opportunity (*i.e.*, its risk/reward profile) may not become clear until a great deal of diligence and analysis has been completed by the portfolio manager pursuing such investment; (v) investment opportunities that are outcomes of heavily negotiated transactions are capable of being structured in a variety of ways, each of which presents its own particular risk/reward profile and (vi) a Client may have more than one mandate.

Please see Item 10 with respect to a limited exception to these allocation policies that may exist where AAM and other Apollo Managers (as defined below) invest in the same strategies for different Clients.

## **ITEM 7**

### **Types of Clients**

GSAM provides investment advice to the CLOs, as described above. Debt holders in the CLO are not GSAM's Clients. Notes in the CLOs, however, are generally issuable in minimum denominations of \$250,000.

## **ITEM 8**

### **Methods of Analysis, Investment Strategies and Risk of Loss**

The following is a summary of the investment strategies and methods of analysis employed by the GSAM on behalf of the CLOs. This summary should not be interpreted to limit in any way Apollo's investment activities. Apollo may offer any advisory services, provide advice with respect to any investment strategies and make any investments, including those that may not be described in this Brochure, that Apollo considers appropriate, subject to each Client's investment objectives and guidelines. Specific descriptions of such strategies and methods are included in each Client's private placement memorandum, subscription agreement, or other constituent documents. There can be no assurance that the investment objectives of any Client will be achieved.

#### Methods of Analysis & Investment Strategies

In seeking to achieve the CLOs' investment objectives, GSAM actively constructs and manages a portfolio of loans and other investments utilizing the strategies discussed below.

GSAM takes a disciplined approach to its credit investment selection process in which the credit ratings of a Borrower are evaluated but are not considered to be the sole or determinative factor of selection. The criteria used by GSAM in credit selection may include an evaluation of whether a loan is adequately collateralized or over-collateralized and whether it is covered by sufficient earnings and cash flow to service the Borrower's indebtedness on a timely basis.

GSAM expects to gain exposure to Borrowers across a broad range of industries and of varying characteristics and return profiles.

When identifying prospective investment opportunities, GSAM focuses primarily on the following attributes:

- Leading, defensible market positions. GSAM may invest in Borrowers that it believes have developed strong positions within their markets and exhibit the potential to maintain sufficient cash flows and profitability to service their obligations in a range of economic environments. GSAM seeks Borrowers that it believes possess advantages in scale, scope, customer loyalty, product pricing or product quality versus their competitors.
- Investing in stable Borrowers with positive cash flow. GSAM may invest in Borrowers believed to be stable and well established with strong cash flows and profitability. GSAM believes these attributes evidence Borrowers that may be well-positioned to maintain consistent cash flow to service and repay their obligations and maintain growth in their businesses or market share.
- Proven management teams. GSAM focuses on investments in which the Borrower has an experienced management team with an established track record of success.
- Investments in different Borrowers and industries. GSAM seeks to invest broadly among Borrowers and industries, thereby potentially reducing the risk that a downturn in any one company or industry will have a disproportionate impact on the value of the CLOs' portfolio.

In managing the CLOs' portfolios, GSAM engages in regular and periodic monitoring of credit risk with a goal toward the early identification, and sale, of loans and other investments with potential credit problems. This monitoring process may include reviewing (i) a Borrower's financial resources and operating history; (ii) comparing a Borrower's current operating results with GSAM's initial investment thesis for the investment and initial expectations for the performance of the obligation; (iii) a Borrower's sensitivity to economic conditions; (iv) the performance of a Borrower's management; (v) a Borrower's debt maturities and borrowing requirements; (vi) a Borrower's interest and asset coverage; and (vii) the relative value of an investment based on a Borrower's anticipated cash flow or where other comparable assets are trading in the market.

Subordinated Notes represent a highly leveraged investment in the assets of the CLOs (the "Assets"). Therefore, the market value of the Subordinated Notes would be anticipated to be significantly affected by, among other things, changes in the market value of the Assets, changes in the distributions on the Assets, defaults and recoveries on the Assets, capital gains and losses on the Assets, prepayments on Assets and the availability, prices and interest rates of Assets and other risks associated with the Assets. Accordingly, the Subordinated Notes may not be paid in full and may be subject to up to 100% loss. Furthermore, the leveraged nature of the Subordinated Notes may magnify the adverse impact on the Subordinated Notes of changes in the market value of the Assets, changes in the distributions on the Assets, defaults and recoveries

on the Assets, capital gains and losses on the Assets, prepayments on Assets and availability, prices and interest rates of Assets.

### Risk of Loss

The investment strategies implemented by GSAM on behalf of the CLOs involve significant risk of loss. The possibility of partial or total loss of capital will exist in connection with such strategies and investors should not invest unless they can readily bear the consequences of such loss.

The specific risks associated with the CLOs' investment strategy are fully described in each CLO's private placement memorandum, subscription agreement, or risk disclosure statement. However, the following risks are generally applicable to CLOs:

- General. Investing in the CLOs involves certain risks and the CLOs may not be able to achieve their intended results for a variety of reasons, including, among others, the possibility that the CLOs may not be able to structure their investments as anticipated. Because the value of an investment in the CLOs will fluctuate, there is a risk that an investor will lose money. An investor's notes will decline in value if, among other things, the value of the CLO's investments decreases. The value of an investor's notes also will be impacted by the CLO's ability to successfully implement its investment strategy, as well as by market, economic and other conditions. Complete loss of investment is possible.
- Senior Loans Risk. Senior Loans are usually rated below investment grade or may also be unrated. As a result, the risks associated with Senior Loans are similar to the risks of below investment grade fixed income instruments, although Senior Loans are senior and secured in contrast to other below investment grade fixed income instruments, which are often subordinated or unsecured. Investment in Senior Loans rated below investment grade is considered speculative because of the credit risk of their issuers. Such issuers are more likely than investment grade issuers to default on their payments of interest and principal, and such defaults could reduce the CLOs' net asset values and income distributions. An economic downturn would generally lead to a higher non-payment rate, and a Senior Loan may lose significant market value before a default occurs. Moreover, any specific collateral used to secure a Senior Loan may decline in value or become illiquid, which would adversely affect the Senior Loan's value. Senior Loans are subject to a number of risks, including liquidity risk and the risk of investing in below investment grade fixed income instruments.

Senior Loans are subject to the risk of non-payment of scheduled interest or principal. Such non-payment would result in a reduction of income, a reduction in the value of the investment and a potential decrease in the net asset value of the CLOs. There can be no assurance that the liquidation of any collateral securing a Senior Loan would satisfy the Borrower's obligation in the event of non-payment of scheduled interest or principal payments, or that the collateral could be readily liquidated. The collateral securing a

Senior Loan may lose all or substantially all of its value in the event of the bankruptcy or insolvency of a Borrower. Some Senior Loans are subject to the risk that a court, pursuant to fraudulent conveyance or other similar laws, could subordinate such Senior Loans to presently existing or future indebtedness of the Borrower or take other action detrimental to the holders of Senior Loans including, in certain circumstances, invalidating such Senior Loans or causing interest previously paid to be refunded to the Borrower. If interest were required to be refunded, it could negatively affect the CLOs' performance.

There may be less readily available and reliable information about most Senior Loans than is the case for many other types of securities, including securities issued in transactions registered under the Securities Act of 1933, as amended, or registered under the Securities Exchange Act of 1934, as amended ("Exchange Act"). As a result, GSAM will rely primarily on its own evaluation of a Borrower's credit quality rather than on any available independent sources. Therefore, the CLOs will be particularly dependent on the analytical abilities of GSAM.

In general, the secondary trading market for Senior Loans is not well developed. No active trading market may exist for certain Senior Loans, which may make it difficult to value them. Illiquidity and adverse market conditions may mean that Senior Loans may not be able to be sold quickly or at a fair price. To the extent that a secondary market does exist for certain Senior Loans, the market for them may be subject to irregular trading activity, wide bid/ask spreads and extended trade settlement periods.

The CLOs may acquire debt securities and Senior Loans through assignments or participations. The purchaser of an assignment typically succeeds to all the rights and obligations of the assigning institution and becomes a lender under the credit agreement with respect to the debt obligation. However, the purchaser's rights can be more restricted than those of the assigning institution, and the CLOs may not be able to unilaterally enforce all rights and remedies under the loan and with regard to any associated collateral. In general, a participation is a contractual relationship only with the institution participating out the interest, not with the Borrower. Sellers of participations typically include banks, broker-dealers, other financial institutions and lending institutions. In purchasing participations, the CLOs generally will have no right to enforce compliance by the Borrower with the terms of the loan agreement against the Borrower, and the CLOs may not directly benefit from the collateral supporting the debt obligation in which it has purchased the participation. As a result, the CLOs will be exposed to the credit risk of both the Borrower and the institution selling the participation.

- Subordinated Loans Risk. Subordinated Loans generally are subject to similar risks as those associated with investments in Senior Loans except that such loans are subordinated in payment and/or lower in lien priority to first lien holders. In the event of default on a Subordinated Loan, the first priority lien holder has first claim to the underlying collateral of the loan. Subordinated Loans are subject to the additional risk that the cash flow of the Borrower and property securing the loan or debt, if any, may be insufficient to meet scheduled payments after giving effect to the senior unsecured or senior secured obligations of the Borrower. This risk is generally higher for subordinated unsecured loans or debt, which are not backed by a security interest in any specific

- Below Investment Grade Securities Risk. The CLOs invest assets in Senior Loans, Subordinated Loans and other debt instruments that are rated below investment grade. Non-investment grade fixed income or convertible securities, often referred to as “junk bonds”, “leveraged loans”, or “high yield” securities, are debt securities that are rated below investment grade by the major rating agencies or are unrated securities that GSAM believes are of comparable quality. While generally providing greater income and opportunity for gain, non-investment grade debt securities and similar debt instruments may be subject to greater risks than securities or instruments which have higher credit ratings, including a high risk of default. The credit rating of a high yield security does not necessarily address its market value risk, and ratings may from time to time change, positively or negatively, to reflect developments regarding the issuer’s financial condition. High yield securities and similar instruments often are considered to be speculative with respect to the capacity of the issuer to timely repay principal and pay interest or dividends in accordance with the terms of the obligation and may have more credit risk than higher rated securities. Lower grade securities and similar debt instruments may be particularly susceptible to economic downturns. It is likely that a prolonged or deepening economic recession could adversely affect the ability of Borrowers issuing such securities and similar debt instruments to repay principal and pay interest thereon, increase the incidence of default and severely disrupt the market value of the securities and similar debt instruments.
- Credit Risk. Credit risk is the risk that one or more debt securities in the CLOs’ portfolio will decline in price or fail to pay interest or principal when due because the issuer of the security experiences a decline in its financial status. While a senior position in the capital structure of a Borrower may provide some protection with respect to the investments in debt securities or Senior Loans, losses may still occur because the market value of Senior Loans is affected by the creditworthiness of Borrowers and by general economic and specific industry conditions. To the extent the CLOs invest in below investment grade securities, the CLOs will be exposed to a greater amount of credit risk than if they invest in investment grade securities. The prices of lower grade securities are more sensitive to negative developments, such as a decline in the issuer’s revenues or a general economic downturn, than are the prices of higher grade securities. In addition, the CLOs may use credit derivatives which may expose it to additional risk in the event that the securities underlying the derivatives default.
- Prepayment Risk. During periods of declining interest rates, Borrowers may exercise their option to prepay principal earlier than scheduled. For fixed rate securities, such payments often occur during periods of declining interest rates, forcing the reinvestment in lower yielding securities. This is known as prepayment or “call” risk. Below investment grade securities frequently have call features that allow the issuer to redeem the security at dates prior to its stated maturity at a specified price (typically greater than par) only if certain prescribed conditions are met (“Call Protection”). An issuer may redeem a below investment grade security if, for example, the issuer can refinance the debt at a lower cost due to declining interest rates or an improvement in the credit

- Early Termination of the Reinvestment Period. The Reinvestment Period may terminate early under certain circumstances. Early termination of the Reinvestment Period could adversely affect returns to the Subordinated Notes and may also cause the holders of Offered Securities to receive principal payments earlier than anticipated.
- Interest Rate Risk. Because debt securities with floating or variable rates reset their interest rates periodically, changes in prevailing interest rates can be expected to cause some fluctuations in the CLOs' net asset values. Similarly, a sudden and significant increase in market interest rates may cause a decline in the CLOs' net asset value. In addition, debt securities may allow the Borrower to opt between LIBOR-based interest rates and interest rates based on bank prime rates, which may have an impact on the CLOs' net asset value.
- Liquidity Risk. "Illiquid securities" are generally considered to be securities that cannot be sold within seven days in the ordinary course of business. An investment in illiquid securities may reduce returns as a result of GSAM's inability to sell the Assets at the time desired or at the time desired for an acceptable price. Limited liquidity can also affect the market price of securities, thereby adversely affecting the CLOs' value.

Some debt securities and loans are not readily marketable and may be subject to restrictions on resale. Loans generally are not listed on any national securities exchange and no active trading market may exist for the loans in which the CLOs may invest. If a secondary market exists, some debt securities and loans may be subject to irregular trading activity, wide bid/ask spreads and extended trade settlement periods.

- Distressed and Defaulted Securities. The CLOs may invest in securities, including loans purchased in the secondary market, that are the subject of bankruptcy proceedings or otherwise in default or at risk of being in default as to the repayment of principal and/or interest at the time of acquisition by the CLOs ("Distressed Securities"). Investment in these Distressed Securities is speculative and involves significant risks.
- Structured Products Risk. Investments in structured notes involve risks, including credit risk and market risk. Where the CLOs' investments in structured notes are based upon the movement of one or more factors, including currency exchange rates, interest rates, referenced bonds and stock indices, depending on the factor used and the use of multipliers or deflators, changes in interest rates and movement of the factor may cause significant price fluctuations. Additionally, changes in the reference instrument or security may cause the interest rate on the structured note to be reduced to zero, and any further changes in the reference instrument may then reduce the principal amount payable on maturity. Structured notes may be less liquid than other types of securities and more volatile than the reference instrument or security underlying the note.
- General Risks Associated with Derivatives. The CLOs may use derivative instruments ("Derivatives") including swaps, synthetic collateralized loan obligations, repurchase agreements and other similar transactions, in seeking to achieve their investment

- *Credit Risk* — the risk that the counterparty in a Derivative transaction will be unable to honor its financial obligation, or the risk that the reference entity in a credit default swap or similar Derivative will not be able to honor its financial obligations. Certain participants in the Derivatives market, including larger financial institutions, have recently experienced significant financial hardship and deteriorating credit conditions. If the counterparty to a Derivative transaction experiences a loss of capital, or is perceived to lack adequate capital or access to capital, it may experience margin calls or other regulatory requirements to increase equity. Under such circumstances, the risk that a counterparty will be unable to honor its obligations may be substantially increased.
- *Currency Risk* — the risk that changes in the exchange rate between two currencies will adversely affect the value (in U.S. dollar terms) of an investment.
- *Leverage Risk* — the risk associated with certain types of Derivative strategies that relatively small market movements may result in large changes in the value of an investment. Certain investments or trading strategies that involve leverage can result in losses that greatly exceed the amount originally invested.
- *Liquidity Risk* — the risk that certain securities may be difficult or impossible to sell at the time that the seller would like or at the price that the seller believes the security is currently worth. This risk is heightened to the extent the CLOs engage in over-the-counter Derivative transactions.
- *Correlation Risk* — the risk that changes in the value of a Derivative will not match the changes in the value of the portfolio holdings that are being hedged or of the particular market or security to which the CLOs seek exposure.
- *Index Risk* — if the Derivative is linked to the performance of an index, it will be subject to the risks associated with changes in that index. If the index changes, the CLOs could receive lower interest payments or experience a reduction in the value of the Derivative to below what the CLOs paid. Certain indexed securities, including inverse securities (which move in an opposite direction to the index), may create leverage, to the extent that they increase or decrease in value at a rate that is a multiple of the changes in the applicable index.

- Leverage Risk. The CLOs may utilize leverage and may utilize leverage to the maximum extent permitted by law for investment and other general corporate purposes. The CLOs may also gain leverage synthetically through swaps and other Derivatives. Leverage is a speculative technique that exposes the CLOs to greater risk and increased costs than if it were not implemented. Increases and decreases in the value of the CLOs' portfolio will be magnified if the CLOs use leverage. In particular, leverage may magnify interest rate risk, which is the risk that the prices of portfolio securities will fall (or rise) if market interest rates for those types of securities rise (or fall). As a result, leverage may cause greater changes in the value of the CLOs' portfolios, which will be borne entirely by the CLOs' note holders. To the extent that the CLOs make investments in Senior Loans or other debt instruments structured with LIBOR floors, the Senior Floating Rate Fund (defined in Item 10) will not realize additional income if rates increase to levels below the LIBOR floor but the CLOs' cost of financing is expected to increase, resulting in the potential for a decrease in the level of income available for distributions made by the CLOs.
- Collateralized Debt Obligations. The CLOs may invest in collateralized debt obligations ("CDOs"). The portfolios may consist of multi-sector equity, trust preferred CDO equity. CDO securities are subject to credit, liquidity and interest rate risks. The CDO equity purchased by the CLOs may be unrated or below investment grade, which means there is a greater possibility that adverse changes in the financial condition of an issuer or in general economic conditions or both may impair the ability of the related issuer or obligor to make payments of principal or interest. Such investments may be speculative. In addition, as a holder of CDO equity, the CLOs will have limited remedies available upon the default of the CDO. From time to time, the market for CDO transactions has been adversely affected by a decrease in the availability of senior and subordinated financing for transactions, in part in response to regulatory pressures on providers of financing to reduce or eliminate their exposure to such transactions. CDOs often invest in concentrated portfolios of assets. The concentration of a portfolio in any one industry would subject the related CDOs to a greater degree of risk with respect to economic downturns relating to such industry.

The value of the CDO securities owned by the CLOs generally will fluctuate with, among other things, the financial condition of the obligors or issuers of the underlying portfolio of assets of the related CDO ("CDO Collateral"), general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates. Consequently, holders of CDO securities must rely solely on distributions on the CDO Collateral or proceeds thereof for payment in respect thereof. If distributions on the CDO Collateral are insufficient to make payments on the CDO securities, no other assets will be available for payment of the deficiency and following realization of the CDO securities, the obligations of such issuer to pay such deficiency will generally be extinguished. CDO Collateral may consist of high yield debt securities, loans, ABS and other securities, which may be rated below investment grade (or of equivalent credit quality). High yield debt securities generally are unsecured (and loans may be unsecured) and may be subordinated to certain other obligations of the issuer thereof. The lower ratings of high



yield securities and below investment grade loans reflect a greater possibility that adverse changes in the financial condition of an issuer or in general economic conditions or both may impair the ability of the related issuer or obligor to make payments of principal or interest. Such investments are speculative.

Issuers of CDO securities may acquire interests in loans and other debt obligations by way of sale, assignment or participation. The purchaser of an assignment typically becomes a lender under the credit agreement with respect to the loan or debt obligation; however, its rights can be more restricted than those of the assigning institution. In purchasing participations, an issuer of CDO securities will usually have a contractual relationship only with the selling institution, and not the borrower. The CDO generally will have neither the right to directly enforce compliance by the borrower with the terms of the loan agreement, nor any rights of set-off against the borrower, nor any rights to object to certain changes to the loan agreement agreed to by the selling institution. The CDO may not directly benefit from the collateral supporting the related loan and may be subject to any rights of set-off the borrower has against the selling institution. In addition, in the event of insolvency of the selling institution, under the laws of the states and the United States of America the CDO may be subject to the credit risk of the selling institution as well as of the borrower.

- Asset-Backed Securities and Mortgage-Backed Securities. Certain CLO investments include ABS and mortgage-backed securities (“MBS”), including RMBS. The investment characteristics of ABS and MBS differ from traditional debt securities. Among the major differences are that interest and principal payments are made more frequently, usually monthly, and that the principal may be prepaid at any time because the underlying loans or other assets generally may be prepaid at any time. The frequency at which prepayments (including voluntary prepayments by the obligors and liquidations due to default and foreclosures) occur on loans underlying MBS and ABS will be affected by a variety of factors including the prevailing level of interest rates as well as economic, demographic, tax, social, legal and other factors. Generally, mortgage obligors tend to prepay their mortgage loans when mortgage rates fall below the interest rates on their mortgage loans. Particular investments may experience outright losses, as in the case of an interest only security in an environment of faster actual or anticipated prepayments. Also, particular investments may underperform relative to hedges that a portfolio manager may have constructed for these investments, resulting in a loss.

Mortgage loans on commercial properties underlying MBS often are structured so that a substantial portion of the loan principal is not amortized over the loan term but is payable at maturity and repayment of the loan principal thus often depends upon the future availability of real estate financing from the existing or an alternative lender and/or upon the current value of the real estate. Therefore, the unavailability of real estate financing may lead to default. If borrowers are not able or willing to refinance or dispose of encumbered property to pay the principal and interest owed on such mortgage loans, payments on the subordinated classes of the related MBS are likely to be adversely affected. The ultimate extent of the loss, if any, to the subordinated classes of MBS may only be determined after a negotiated discounted settlement, restructuring or sale of the

mortgage note, or the foreclosure (or deed in lieu of foreclosure) of the mortgage encumbering the property and subsequent liquidation of the property.

Through the use of trusts and special purpose corporations, various types of assets, primarily automobile and credit card receivables, are securitized in pass-through structures. Through CDOs, the CLOs may invest in these and other types of ABS that may be developed in the future. ABS present certain risks that are not presented by MBS. Primarily, these securities do not have the benefit of the same security interest in the related collateral. There is a possibility that recoveries on repossessed collateral may not, in some cases, be available to support payments on these securities. The risk of investing in ABS is ultimately dependent upon payment of consumer loans by the debtor. The collateral supporting ABS is of shorter maturity than mortgage loans and is less likely to experience substantial prepayments. As with MBS, ABS are often backed by a pool of assets representing the obligations of a number of different parties and use credit enhancement techniques such as letters of credit, guarantees or preference rights. The value of an ABS is affected by changes in the market's perception of the asset backing the security and the creditworthiness of the servicing agent for the loan pool, the originator of the loans or the financial institution providing any credit enhancement, as well as by the expiration or removal of any credit enhancement.

The following risks are generally applicable to all Apollo Clients, including the CLOs:

- General Market Risks. Recent legal and regulatory changes, and additional legal and regulatory changes that could occur during a Client's applicable term may adversely impact the Client. The regulation of the US and non-US securities and futures markets and investment funds has undergone substantial change in recent years and such change may continue. The effect of such new regulations on Clients, while impossible to predict, could be substantial and adverse and may, directly or indirectly, subject Clients to increased capital requirements, fees and expenses, as well as limits on the types of investors they may solicit. The full effect of that and future legislation cannot yet be known.

Laws and regulations, particularly those involving taxation, investment and trade, applicable to the activities of a Client can change quickly and unpredictably, and may at any time be amended, modified, repealed or replaced in a manner adverse to the Client's interests. It is impossible to predict what, if any, changes in regulation applicable to Clients or GSAM, the markets in which they trade and invest or the counterparties with which they do business may be instituted in the future. Client and/or GSAM may be or may become subject to unduly burdensome and restrictive regulation.

In recent years, due to events in the financial markets, the financial services industry generally, and the activities of private funds and their managers in particular, have been subject to intense and increasing regulatory scrutiny in the United States and in other jurisdictions. Such scrutiny and accompanying regulatory changes may increase the exposure of Clients to potential liabilities and to legal, compliance and other related costs and may have an adverse effect on private funds generally, and in particular, on the

ability of Clients to achieve their investment objectives. The private fund industry may continue to be adversely affected by the recent developments in the financial markets in the US and abroad going forward, and any future legal, regulatory, or governmental action and developments in such financial markets and the broader global economy could have an adverse effect on the business of Clients, operations and performance.

The entire market or particular instruments traded on a market may decline even if earnings or other factors improve inasmuch as the prices of such instruments are subject to numerous economic, political, psychological and other factors that have little or no correlation to the performance of a particular company. A Client may elect to hedge against market movements or the credit or other risks of any particular portfolio investment, whether by means of a derivative or other financial product or instrument. To the extent that the general partner of a Client engages in certain hedging transactions, there can be no assurances that such hedging will insulate such Client from risks, and hedging techniques, whether via a derivative or other product or instrument, may give rise to certain costs and additional risks, including a risk of the total loss of any amounts invested in hedging instruments.

- Risks Applicable to Insurance Company Clients of AAM. In addition to the risks identified above, insurance company Clients are subject to significant risks relating to the matching of assets and liability characteristics such as interest rate duration and weighted average life. If assumptions relating to these characteristics prove to be incorrect and an insurance company is mismatched, such insurance company's financial condition could be adversely affected, which may have resulting regulatory implications. Furthermore, insurance company portfolios tend to have a significant amount of interest rate-sensitive instruments, such as bonds, which may be adversely affected by changes in interest rates. Interest rates are highly sensitive to many factors, including governmental monetary policies and domestic and international economic and political conditions and other factors beyond AAM's control. Because of the unpredictable nature of losses that may arise under insurance liabilities, liquidity needs could be substantial and may increase at any time. Changes in interest rates could have an adverse effect on the value of an insurance company investment portfolio and future investment income. For example, changes in interest rates could expose such Clients to prepayment risks on mortgage-backed securities. Increases in interest rates will generally decrease the value of investments in fixed-income securities. If increases in interest rates occur during periods when a Client is required to sell investments to satisfy liquidity needs, such Client may experience investment losses. If interest rates decline, reinvested funds will earn less than expected.

## **ITEM 9**

### **Disciplinary Information**

There are no legal or disciplinary events that are required to be disclosed pursuant to this Item 9.

## **ITEM 10**

### **Other Financial Industry Activities and Affiliations**

GSAM and its management personnel are affiliated with other investment advisers and a broker-dealer that are registered with the SEC. Apollo Global Securities, LLC ("AGS"), an affiliate of Apollo, is registered with the SEC as a broker-dealer. Certain management persons of GSAM that are involved in providing portfolio management services on behalf of GSAM will also be involved in the business and operations of AGS. Such management persons may face conflicts of interest in dedicating time and resources to the management of the CLOs, which may have a detrimental effect on the CLOs' performance. Apollo addresses this conflict of interest by providing in its Code of Ethics that all supervised persons have a duty to act in the best interests of each Apollo Client and providing training to supervised persons with respect to conflicts of interest and how such conflicts are resolved under Apollo's policies and procedures.

#### AGS

AGS registered as a broker-dealer with the SEC on April 1, 2011. AGS (i) serves as placement agent for Apollo Funds and may receive fees from Apollo Funds for selling interests in those funds; (ii) negotiates the debt and equity investments made by portfolio companies owned or controlled by Apollo Funds or the securities offerings by portfolio companies and receives fees from those companies for such services; (iii) negotiates mergers of portfolio companies, acquisitions and dispositions of portfolio companies by Apollo Funds, or the sale of portfolio companies by Apollo Funds and receives fees from portfolio companies or Apollo Funds for providing such services; (iv) serves as underwriter for portfolio company debt or equity offerings and receives fees from portfolio companies for providing such services; and (v) negotiates the terms of co-investment opportunities for investors in Apollo Funds alongside portfolio investments made by Apollo Funds, places Clients and investors in co-investment vehicles, and may receive fees in connection with such services.

Because the fees that the Apollo Funds and their portfolio companies pay to AGS may not be negotiated at arms length, it is possible that Apollo Funds and portfolio companies may pay higher fees to AGS than they would pay to unaffiliated broker-dealers. In addition, as a result of AGS's affiliation with GSAM, GSAM may have an incentive to engage AGS instead of unaffiliated broker-dealers. GSAM may elect to reduce the management fee it charges to the CLOs by an amount up to the fees received by AGS.

#### AP Alternative Assets, L.P.

GSAM is affiliated with AP Alternative Assets, L.P., a limited partnership registered under the laws of Guernsey ("AAA"), whose common units are traded on Eurolist by Euronext, the regulated market of Euronext Amsterdam N.V. under the symbol "AAA". AAA invests its capital through, and is the sole limited partner of, AAA Investments, L.P. ("AAA Investments"). AAA Investments generally effectuates the following types of investments:

- Private equity investments consisting mainly of co-investments alongside the Apollo Investment Fund VI, L.P., its related co-investment vehicles, alternative investment vehicles, feeder funds and special purpose vehicles (collectively, "AIF VI") and certain

VII”). AAA Investments has co-investment arrangements with AIF VI and AIF VII. —

- Investments in certain Apollo Funds sponsored or managed by the Apollo Capital Markets Managers (as defined below).
- Opportunistic investments which are comprised of investments in Apollo Life Re Ltd. and GA Data Holdings Ltd. Athene Holding is an Apollo-sponsored vehicle that owns directly or indirectly the equity of Athene Life Re Ltd., a Bermuda-based reinsurance company focused on the life reinsurance sector, Athene Annuity & Life Assurance Company (formerly Liberty Life Insurance Company) and a recently acquired Delaware-domiciled (formerly South Carolina domiciled) stock life insurance company. GA Data Holdings Ltd. is a real estate joint venture established to acquire and redevelop a data center located in the United Kingdom.

Affiliates of GSAM receive a quarterly management fee from AAA Investments, payable in arrears, in an amount equal to a percentage of adjusted assets. AAA Investments will not be directly charged management fees when it invests in an Apollo Fund, as the Apollo Managers (as defined below) will receive management fees directly from the Apollo Funds in which AAA Investments invests.

Each direct investment made by AAA Investments will be subject to carried interest, which will generally entitle affiliates of GSAM to realize a portion of the profits generated by the investment (generally, a percentage of net realized gains or a percentage of the annual increase in net asset value, depending on the type of investment).

GSAM’s affiliation with AAA and AAA Investments is subject to the conflicts of interest set forth below in this Item 10.

Additionally, as part of Apollo’s integrated platform, certain management persons of GSAM may also provide services to other pooled investment vehicles or investment companies sponsored by Apollo. By way of example, certain management persons of GSAM that are involved in providing portfolio management services to CLOs may have direct incentive compensation arrangements with such other Apollo Funds that pay incentive fees to their general partners. Such management persons may be incentivized to (i) dedicate additional time and resources to such Apollo Funds with which such persons have a direct incentive compensation arrangement, and (ii) allocate attractive investment opportunities to such Apollo Funds instead of the CLOs, each of which may have a detrimental effect on the performance of the CLOs. Apollo addresses this conflict of interest by providing in its Code of Ethics that all supervised persons have a duty to act in the best interests of each Apollo Client, providing training to supervised persons with respect to conflicts of interest and how such conflicts are resolved under Apollo’s policies and procedures and by establishing the investment allocation procedures described above.

#### Affiliated Apollo Managers

Certain GSAM management persons may have a relationship or arrangement that is material to GSAM’s advisory business with other investment managers controlled by Apollo.

GSAM is affiliated with the Apollo Capital Markets Managers as set forth in (1) through (26) below (the “Apollo Capital Markets Managers”), the Apollo Commodities Manager as set forth in (27) below (the “Apollo Commodities Manager”), the Apollo Real Estate Managers set forth in (28) through (41) below (the “Apollo Real Estate Managers”), and the Apollo Private Equity Managers set forth in (42) to (49) below (the “Apollo Private Equity Managers”, and together with the Apollo Capital Markets Managers, the Apollo Commodities Manager and the Apollo Real Estate Managers, the “Apollo Managers”).

The Apollo Capital Markets Managers are:

(1) Apollo Investment Management, L.P.: Apollo Investment Management, L.P. is a Delaware limited partnership that is registered as an investment adviser with the SEC. It acts as the investment manager to Apollo Investment Corporation (“AIC”). AIC is a closed-end, non-diversified investment company that has filed an election to be treated as a business development company under the Investment Company Act of 1940, as amended (the “Investment Company Act”). AIC primarily invests in mezzanine debt, and other debt and equity securities of companies located in the United States.

(2) Apollo SVF Management, L.P.: Apollo SVF Management, L.P. is a Delaware limited partnership that acts as investment manager to Apollo Strategic Value Master Fund, L.P., a private securities investment fund (together with its two feeder funds, Apollo Strategic Value Fund, L.P., and Apollo Strategic Value Offshore, Ltd., “SVF”). Apollo SVF Management, L.P. also acts as investment manager to: Apollo Special Opportunities Managed Account, L.P. (“SOMA”), a private securities investment fund, to a certain single investor managed accounts pursuant to specifically negotiated investment limitations; Lyxor/Apollo Distressed Fund Ltd. (“Lyxor”), an investment company organized under the Companies (Jersey) law; and Permal Apollo Value Investment Fund, Ltd. (“Permal”), a business company with limited liability formed under the laws of the British Virgin Islands. SVF, SOMA, Lyxor and Permal primarily invest in the securities of leveraged companies in North America and Europe through distressed investments, value driven investments and special opportunities.

(3) Apollo Value Management, L.P.: Apollo Value Management, L.P. is a Delaware limited partnership that is registered with the SEC as an investment adviser. It acts as the investment manager to Apollo Value Investment Master Fund, L.P. (together with its two feeder funds, Apollo Value Investment Fund, L.P. and Apollo Value Investment Offshore Fund, Ltd., the “Value Fund”). The Value Fund primarily invests in the securities of leveraged companies in North America and Europe through distressed investments, value-driven investments and special opportunities.

(4) Apollo Asia Management, L.P.: Apollo Asia Management, L.P. is a Delaware limited partnership that acts as investment manager to Apollo Asia Opportunity Master Fund, L.P., a private securities investment fund (together with its two feeder funds, Apollo Asia Opportunity Fund, L.P. and Apollo Asia Opportunity Offshore Fund, Ltd., and its wholly-owned subsidiary Apollo Asia Opportunity Master Fund Trading Ltd., the “Asia Fund”). Apollo Management Singapore Pte Ltd., a Singapore company, acts as a sub-adviser to Apollo Asia Management, L.P. The Asia Fund primarily invests in strategic and event-driven investment opportunities

through investments in the debt and equity securities of middle market and large companies located in Asia excluding Japan.

(5) Apollo Europe Management, L.P.: Apollo Europe Management, L.P. is a Delaware limited partnership that acts as investment manager to AP Investment Europe Limited, a Guernsey limited company and Apollo Investment Europe II, L.P. (together, “AIE”). AIE primarily invests in the mezzanine debt, other debt and equity of European companies.

(6) Apollo EPF Management, L.P.: Apollo EPF Management, L.P. is a Delaware limited partnership that acts as investment manager to Apollo European Principal Finance Fund, L.P., a Cayman Islands exempted limited partnership, and to its feeder fund Apollo European Principal Finance Fund (Feeder), L.P. (together, “EPF”). EPF invests principally in European non-performing loans.

(7) Apollo EPF Management II, L.P.: Apollo EPF Management II, L.P. is a Delaware limited partnership that acts as investment manager to Apollo European Principal Finance Fund II, L.P., a Cayman Islands exempted partnership, and to its feeder funds or other parallel funds that may be established (together, “EPF II”).

(8) Apollo Credit Liquidity Management, L.P.: Apollo Credit Liquidity Management, L.P. is a Delaware limited partnership that acts as investment manager to Apollo Credit Liquidity Fund, L.P., (“CLF”), a private securities investment fund. CLF invests primarily in senior secured debt and a broad range of other subordinated debt and debt-related investments.

(9) Apollo/Artus Management, LLC: Apollo/Artus Management, LLC is a Delaware limited liability company. It acts as the public-side investment adviser to the private securities investment funds, Artus Loan Fund 2007-I, Ltd. and Artus Loan Fund 2007-I, LLC, (collectively, the “Artus Loan Funds”). The Artus Loan Funds primarily invest in U.S. dollar-denominated senior commercial loans.

(10) Apollo Credit Opportunity Management, LLC: Apollo Credit Opportunity Management, LLC is a Delaware limited liability company. It acts as investment manager to Apollo Credit Opportunity Fund I, L.P. and Apollo Credit Opportunity Fund II, L.P. (collectively, the “Credit Opportunity Funds”). The Credit Opportunity Funds primarily invest in senior secured debt instruments including bank loans and bonds, public and private debt, such as debtor-in-possession financings, bridge financings and other debt-related securities portfolios.

(11) Apollo Management International LLP: Apollo Management International LLP is an English limited liability partnership, which serves as a non-discretionary sub-adviser to certain Apollo Capital Markets Managers, Apollo Private Equity Managers, and Apollo Real Estate Managers. Apollo Management International LLP is regulated by the United Kingdom Financial Services Authority (“FSA”).

(12) Apollo Credit Management (Senior Loans), LLC: Apollo Credit Management (Senior Loans), LLC is a Delaware limited liability company. It acts as investment manager to Apollo/Palmetto Loan Portfolio, L.P., Apollo Credit Senior Loan Fund, L.P., and Apollo/JH Loan Portfolio, L.P. (collectively, the “Loan Portfolio Funds”). Each Loan Portfolio Fund will be comprised of a diversified portfolio generally consisting of performing senior secured floating

rate loans and non-first lien fixed income investments and other income generating fixed income investments, including, but not limited to, senior secured bonds.

(13) Apollo Credit Management, LLC: Apollo Credit Management, LLC is a Delaware limited liability company registered with the SEC as an investment adviser. Apollo Credit Management, LLC serves as the investment manager to the Apollo Senior Floating Rate Fund, Inc., a Maryland corporation that is registered with the SEC under the Investment Company Act as a closed-end, non diversified management investment company (the “Senior Floating Rate Fund”).

(14) Apollo Credit Management (CLO), LLC: Apollo Credit Management (CLO), LLC, a Delaware limited liability company that serves as collateral manager to certain Apollo-sponsored special purpose vehicles formed to acquire subordinated notes, collateralized loan obligation assets and posted collateral.

(15) AAM: AAM is a Delaware limited liability company that acts as investment manager to certain insurance and reinsurance company subsidiaries of Athene Holding, certain reinsurance accounts related to such subsidiaries and certain unrelated third party insurance companies. AAM, either directly or through the use of subadvisers, including certain Apollo Managers, invests primarily in fixed income and alternative investments.

(16) Financial Credit Investment I Manager, LLC: Financial Credit Investment I Manager, LLC, a Delaware limited liability company (“FCI”) that serves as investment manager for Financial Credit Investment I, L.P., a Cayman Islands limited partnership that invests in life insurance policies issued by insurance companies that insure the lives of natural persons.

(17) Apollo Longevity, LLC: Apollo Longevity, LLC is a Delaware limited liability company that serves as sub-adviser, and provides non-discretionary investment advice, to AAM and RWN Management, LLC.

(18) ARM Manager, LLC: ARM Manager, LLC is a Delaware limited liability company that serves as the manager and adviser to Apollo Residential Mortgage, Inc., a residential real estate finance company formed primarily to invest in, finance and manage mortgage-backed securities, residential mortgage loans and other residential mortgage assets in the United States. Apollo Residential Mortgage, Inc. is listed on the New York Stock Exchange under the symbol “AMTG.”

(19) Apollo Centre Street Management, LLC: Apollo Centre Street Management, LLC, a Delaware limited liability company that serves as the investment manager for Apollo Centre Street Partnership, L.P., a Delaware limited partnership formed for a strategic partnership with a state pension fund.

(20) Apollo European Credit Management, L.P.: Apollo European Credit Management, L.P. is a Delaware limited partnership that serves as the investment manager for Apollo European Credit Fund, L.P., a Delaware limited partnership that invests in a variety of fixed income investment opportunities in Europe.

(21) Apollo European Strategic Management, L.P.: Apollo European Strategic Management, L.P. is a Delaware limited partnership that serves as the investment manager for Apollo



European Strategic Investments (Holdings), L.P., a Cayman Islands limited partnership formed for a strategic partnership with a sovereign wealth fund.

(22) Apollo SPN Management, LLC: Apollo SPN Management, LLC is a Delaware limited liability company that serves as the investment manager to Apollo SPN Investments I, L.P., Apollo SPN Investments II, L.P. and Apollo SPN Investments III, L.P., Cayman Islands limited partnerships formed for a strategic partnership with a state pension fund.

(23) AION Capital Management Limited: AION Capital Management Limited is a private Mauritius company limited by shares that serves as the investment manager to Apollo Capital Partners Limited. AION Capital Management Limited is a wholly owned subsidiary of Apollo India Credit Opportunity Management, LLC, which is a limited liability company incorporated under the laws of Delaware. Apollo India Credit Opportunity Management, LLC is 100% owned by Apollo Capital Management.

(24) Stone Tower Fund Management: Stone Tower Fund Management, a Delaware limited liability company, is registered with the SEC as an investment adviser, and is indirectly controlled by Apollo Capital Management. Stone Tower serves as the investment manager to: (i) Stone Tower Credit Master Fund Ltd. ("Credit Master Fund") (together with its two feeder funds, Stone Tower Credit Fund LP ("Credit Onshore Fund") and Stone Tower Offshore Credit Fund Ltd.), which invests primarily in leveraged loans; (ii) Stone Tower Structured Credit Recovery Master Fund Ltd. (together with its two feeder funds, Stone Tower Structured Credit Recovery Fund LP ("Structured Credit Recovery Onshore Fund") and Stone Tower Offshore Structured Credit Recovery Fund Ltd.), which invests primarily in CLOs, CMBS and RMBS; (iii) Stone Tower Structured Credit Recovery Master Fund II Ltd. (together with its two feeder funds, Stone Tower Structured Credit Recovery Fund II LP ("Structured Credit Recovery Onshore Fund II") and Stone Tower Offshore Structured Credit Recovery Fund II Ltd.), which invests primarily in CLOs, CMBS and RMBS; (iv) Stone Tower Credit Solutions Master Fund Ltd (together with its two feeder funds, Stone Tower Credit Solutions Fund LP ("Credit Solutions Onshore Fund") and Stone Tower Credit Solutions Fund Ltd), which invests primarily in private financings and stressed debt; (v) Stone Tower Credit Strategies Master Fund (together with its two feeder funds, Stone Tower Credit Strategies Fund LP ("Credit Strategies Onshore Fund") and Stone Tower Offshore Credit Strategies Fund Ltd.), which invests primarily in private financings and stressed debt; (vi) Stone Tower Loan Value Recovery Fund LP, which invests primarily in leveraged loans; and (vii) and a number of separately managed accounts which invest primarily in leveraged loans, high yield bonds, stressed and distressed debt, and private financings.

(25) Stone Tower Debt Advisors: Stone Tower Debt Advisors is a Delaware limited liability company registered with the SEC as an investment adviser, and is controlled by Apollo Capital Management. Stone Tower Debt Advisors provides discretionary investment advice as the investment and collateral manager primarily to structured investment funds including CLOs and CDOs. Stone Tower Debt Advisors also serves as the manager/replacement manager on ABS CDOs comprised of assets consisting of a diverse portfolio of RMBS, CMBS CDOs, monocline-wrapped bonds and other ABS of investment grade and non-investment grade structured finance securities.

(26) Apollo Capital Management: Apollo Capital Management is a Delaware limited partnership that is registered with the SEC as an investment adviser. It controls the Apollo Capital Markets Managers listed in (1) - (23) above. In addition, Apollo Capital Management has been engaged by AAM to serve as sub-manager to one or more accounts to be designated by certain affiliated and unaffiliated third party insurance companies.

As supervised persons of Apollo Capital Management, the Apollo Capital Markets Managers intend to conduct their activities in accordance with the Advisers Act and the rules thereunder. Any employees of the Apollo Capital Markets Managers and other persons acting on their behalf are and shall be subject to the supervision and control of Apollo Capital Management. The Apollo Capital Markets Managers that are not separately registered with the SEC as investment advisers are relying on Apollo Capital Management's registration under the Advisers Act, are each "relying advisers" pursuant to SEC staff guidance, and are not registering themselves.

The Apollo Commodities Manager is:

(27) Apollo Commodities Management, L.P.: Apollo Commodities Management, L.P., a Delaware series limited partnership that is registered with the SEC as an investment adviser. Apollo Commodities Management, L.P. Series I serves as the investment manager of Apollo Natural Resources Partners, L.P. Each series of Apollo Commodities Management, L.P. will act as the investment manager of different funds and/or accounts.

The Apollo Real Estate Managers are:

(28) AGREM: AGREM is a Delaware limited partnership that is registered with the SEC as an investment adviser. It controls the Apollo Real Estate Managers set forth in (27) through (36) below. In addition, AGREM has been engaged by AAM to serve as sub-manager to one or more accounts as may be designated by certain affiliated and unaffiliated third party insurance companies.

(29) ACREFI Management, LLC ("ACREFI"): ACREFI is a Delaware limited liability company that serves as the investment manager to Apollo Commercial Real Estate Finance, Inc. ("ARI"), a real estate finance company that has elected to qualify and be taxed as a real estate investment trust for United States federal income tax purposes. ARI was formed primarily to originate, invest in, acquire, and manage senior performing commercial real estate mortgage loans (loans on which the borrower is in substantial compliance with the terms of the loan agreement), commercial mortgage-backed securities, commercial real estate corporate debt and loans, and other commercial real estate-related debt investments in the United States.

(30) AGRE CMBS Management LLC ("CMBS Management"): CMBS Management is a Delaware limited liability company. It serves as investment manager to a managed account that was formed to target investments in commercial mortgage-backed securities eligible for funding under the Federal Reserve's Term Asset-Backed Securities Loan Facility. CMBS Management may also serve as investment manager to additional managed accounts in the future.

(31) AGRE CMBS Management II LLC ("CMBS Management II"): CMBS Management II is a Delaware limited liability company. It serves as investment manager to, and provides non-

discretionary investment advice to, the 2011 A4 Fund, L.P. (formerly AGRE CMBS Fund II L.P.), a Delaware limited partnership formed to target investments in certain eligible collateralized mortgage backed securities and/or short-term fixed-income investments.

(32) AGRE-CRE Debt Manager, LLC (“AGRE-CRE”): AGRE-CRE is a Delaware limited liability company that serves as investment manager to, and provides non-discretionary advice to, AGRE Debt Fund I, L.P. (Cayman). AGRE Debt Fund I, L.P. (Cayman) invests in commercial real estate property specific subordinate debt.

(33) AGRE NA Legacy Management, LLC (“AGRE NA Legacy”): AGRE NA Legacy is a Delaware limited liability company. It serves as investment manager to CPI Capital Partners North America LP, CPI Capital Partners North America Offshore LP, CPI Capital Partners North America Offshore (Cayman) L.P., CPI Capital Partners North America Offshore (WT) LP, and CPI NA Co-Invest LP, a collection of parallel funds. The funds pursued opportunistic real estate and real estate-related investments throughout North America.

(34) AGRE NA Management, LLC (“AGRE NA”): AGRE NA is a Delaware limited liability company. It acts as investment manager to AGRE U.S. Real Estate Fund, L.P., which pursues investment opportunities to recapitalize, restructure and acquire real estate assets, portfolios and companies primarily in North America.

(35) AGRE Asia Pacific Legacy Management, LLC (“AGRE Asia Legacy”): AGRE Asia Legacy is a Delaware limited liability company. It serves as investment manager to CPI Capital Partners Asia Pacific, L.P. CPI Capital Partners Asia Pacific, L.P. is a closed-end fund which pursues opportunistic real estate and real estate-related investments throughout the Asia Pacific region.

(36) AGRE Asia Pacific Management, LLC (“AGRE Asia”): AGRE Asia is a Delaware limited liability company. It serves as investment manager to AGRE Asia Pacific Real Estate Fund, L.P., which pursues opportunistic real estate and real estate-related investments to recapitalize, restructure and acquire real estate assets, portfolios, operating platforms and companies throughout the Asia Pacific region.

(37) AGRE Europe Legacy Management, LLC (“AGRE Europe Legacy”): AGRE Europe Legacy is a Delaware limited liability company. It serves as investment manager to CPI Capital Partners Europe, L.P. and CPI Capital Partners Europe (NFR), L.P. CPI Capital Partners Europe, L.P. and CPI Capital Partners Europe (NFR), L.P. are parallel funds which pursued opportunistic real estate and real estate-related investments throughout Europe. CPI Capital Partners Europe (NFR), L.P. does not invest in real estate transactions in France.

(38) AGRE Europe Management, LLC (“AGRE Europe”): AGRE Europe is a Delaware limited liability company. It serves as the investment manager to Apollo GSS Holdings (Cayman), L.P., a Cayman Islands limited partnership.

(39) AGRE-E Legacy Management, LLC (“AGRE-E”): AGRE-E is a Delaware limited liability company. It serves as sub-advisor to certain real estate investment mandates for which Citigroup Alternative Investments LLC serves as general partner, co-general partner, manager, advisor and/or administrator. AGRE-E also serves as asset manager of a portfolio, wholly owned by

Citigroup Alternative Investments LLC, consisting of certain real estate and real estate-related assets and certain shareholder, membership and limited partner interests in real estate investment vehicles.

(40) AGRE-E2 Legacy Management, LLC (“AGRE-E2”): AGRE-E2 is a Delaware limited liability company. AGRE-E2 also serves as asset manager of a portfolio, wholly-owned by Citigroup Alternative Investments LLC, consisting of real estate and real estate-related assets and certain shareholder, membership and limited partner interests in real estate investment vehicles.

(41) CPI CEE Management LLC (“CPI CEE”): CPI CEE is a Delaware limited liability company. It serves as managing shareholder to CPI CEE Limited, CPI CEE Co-Invest Ltd, CPI CEE Co-Invest 2 Ltd, and CPI CEE Co-Invest 3 Ltd, a collection of parallel funds. The funds invest in Atrium European Real Estate Limited, a leading real estate investor/developer in Central and Eastern Europe and the Commonwealth of Independent States, focused on retail properties.

As supervised persons of AGREM, ACREFI, CMBS Management, CMBS Management II, AGRE-CRE, AGRE NA Legacy, AGRE NA, AGRE Asia Legacy, AGRE Asia, AGRE Europe Legacy, AGRE Europe, AGRE-E, AGRE-E2 and CPI CEE intend to conduct their activities in accordance with the Advisers Act, and the rules thereunder. Any employees of such Apollo Real Estate Managers, and any other persons acting on their behalf, are and shall be subject to the supervision and control of AGREM. ACREFI, CMBS Management, CMBS Management II, AGRE-CRE, AGRE NA Legacy, AGRE NA, AGRE Asia Legacy, AGRE Asia, AGRE Europe Legacy, AGRE Europe, AGRE-E, AGRE-E2 and CPI CEE are relying on AGREM’s registration under the Advisers Act and are not registering themselves.

The Apollo Private Equity Managers are:

(42) Apollo Management, L.P. (“Apollo Management”): Apollo Management is a Delaware limited partnership that is an SEC registered investment adviser and that controls the investment managers set forth in (41) through (47) below.

(43) Apollo Management III, L.P.: Apollo Management III, L.P. is a Delaware limited partnership that acts as the investment manager of Apollo Investment Fund III, L.P. and its related co-investment vehicles, alternative investment vehicles, feeder funds and special purpose vehicles (collectively “AIF III”). AIF III is a private investment fund whose principal investors are public and private pensions and other financial institutions.

(44) Apollo Management IV, L.P.: Apollo Management IV, L.P. is a Delaware limited partnership that acts as the investment manager of Apollo Investment Fund IV, L.P. and its related co-investment vehicles, alternative investment vehicles, feeder funds and special purpose vehicles (collectively, “AIF IV”). AIF IV is a private investment fund whose principal investors are public and private pensions and other financial institutions.

(45) Apollo Management V, L.P.: Apollo Management V, L.P. is a Delaware limited partnership that acts as the investment manager of Apollo Investment Fund V, L.P. and its related co-

investment vehicles, alternative investment vehicles, feeder funds and special purpose vehicles (collectively, “AIF V”). AIF V is a private investment fund whose principal investors are public and private pensions and other financial institutions.

(46) Apollo Management VI, L.P.: Apollo Management VI, L.P. is a Delaware limited partnership that acts as the investment manager of AIF VI. AIF VI is a private investment fund whose principal investors are public and private pensions and other financial institutions.

(47) Apollo Management VII, L.P.: Apollo Management VII, L.P. is a Delaware limited partnership that acts as the investment manager of AIF VII (together with AIF III, AIF IV, AIF V, and AIF VI, the “Apollo Private Equity Funds”). AIF VII is an investment fund whose principal investors are public and private pensions and other financial institutions.

(48) LeverageSource Management, LLC: Leverage Source Management, LLC is a Delaware limited liability company that acts as investment manager to LeverageSource V S.a.r.l. (Lux).

(49) Apollo Management (Mauritius - PE) Ltd.: Apollo Management (Mauritius - PE) Ltd. is a Mauritius limited company that is a sub-adviser to Apollo Management VII, L.P. It also acts as investment manager to Apollo India Private Equity (Mauritius) Ltd., a Mauritius limited company that serves as a sub-account to AIF VII.

The Apollo Private Equity Funds generally seek to make investments in (i) control or influential minority equity and equity equivalent positions, and (ii) debt or other securities providing equity-like returns across the capital structure of companies, including distressed debt investments. Investments are sought across a range of industries and markets. The Apollo Private Equity Funds also may invest in securities across the capital structure including senior secured bank debt, second lien, high yield debt, trade and credit derivatives, and bank loans. In addition, the Apollo Private Equity Funds, either directly or indirectly through a special purpose vehicle may engage in total return swaps, which allow the Apollo Private Equity Funds to derive the economic benefit of owning an asset without retaining legal ownership of such asset. Finally, in connection with certain investments, the Apollo Private Equity Funds may employ hedging techniques designed to reduce the risks of adverse movements in interest rates, securities prices, and currency exchange rates.

As supervised persons of Apollo Management, the Apollo Private Equity Managers (other than Apollo Management) intend to conduct their activities in accordance with the Advisers Act and the rules thereunder. Any employees of the Apollo Private Equity Managers and any other persons acting on their behalf are and shall be subject to the supervision and control of Apollo Management. The Apollo Private Equity Managers are relying on Apollo Management’s registration under the Advisers Act and are not registering themselves.

The pooled investment vehicles and managed accounts managed by the other Apollo Managers, together with any investment vehicles or managed accounts formed in the future by Apollo, are collectively referred to as the “Apollo Funds.”

Notwithstanding the difference in principal investment objectives between the CLOs and the Apollo Funds, the Apollo Funds, including new potential pooled investment vehicles or managed accounts not yet established (whether managed or sponsored by GSAM or other Apollo

Managers), have and may in the future have overlapping investment objectives with the CLOs and, accordingly, invest in, whether principally or secondarily, asset classes similar to those targeted by the CLOs. To the extent such other investment vehicles have overlapping investment objectives, the scope of opportunities otherwise available to the CLOs may be adversely affected and/or reduced. Additionally, certain employees of GSAM and its management may face conflicts in their time management and commitments as well as in the allocation of investment opportunities to other Apollo Funds.

To the extent an investment opportunity is suitable for a CLO and an Apollo Fund that pays greater Performance Fees, Apollo would be incentivized to allocate attractive investment opportunities to Apollo Funds because Apollo would receive a higher percentage of capital gains or capital appreciation of the investment. Apollo's policy on the allocation of investment opportunities is described in Item 6.

Certain inherent conflicts of interest arise from the fact that GSAM, GSAM personnel and the Apollo Managers provide investment management services both to the CLOs and other Apollo Funds in which the CLOs do not have an interest. The investment program of the CLOs and the Apollo Funds may or may not be substantially similar. GSAM personnel, GSAM and the Apollo Managers may give advice and recommend securities to other Apollo Funds that may differ from advice given to, or securities recommended or bought for, the CLOs, even though their investment objectives may be the same or similar to those of the CLOs.

GSAM will seek to manage potential conflicts of interest in good faith. Nonetheless, the portfolio strategies employed by GSAM, GSAM personnel and the Apollo Managers in managing other Apollo Funds could conflict with the transactions and strategies employed by GSAM and its personnel in managing the CLOs and may affect the prices and availability of the securities and instruments in which the CLOs invest. Conversely, participation in specific investment opportunities may be appropriate, at times, for both the CLOs and other Apollo Funds. It is the policy of GSAM and the other Apollo Managers to generally share appropriate investment opportunities (and sale opportunities) with the Apollo Funds. In general, this policy will result in such opportunities being allocated pro rata among the CLOs and the other Apollo Funds. Nevertheless, investment and/or opportunities may be allocated other than on a pro rata basis, to the extent it is done in good faith and does not, or is not reasonably expected to, result in an improper disadvantage or advantage to one participating Apollo Fund as compared to another participating Apollo Fund.

Securities may be held by, or be appropriate investments for, the CLOs as well as other Apollo Funds. A particular security may be bought for one or more Apollo Funds when one or more Apollo Funds are selling the same security as a result of different investment objectives and other factors. If purchases or sales of securities or instruments arise for consideration at or about the same time that involve the CLOs or other Apollo Funds for which GSAM or the Apollo Managers act as investment advisers, transactions in such securities or other instruments will be made, insofar as feasible, in a manner deemed equitable to all Client accounts. To the extent that transactions on behalf of more than one Client account during the same period may increase the demand for securities being purchased or the supply of securities being sold, there may be an adverse effect on price.

GSAM personnel may serve as officers, directors or principals of entities that operate in the same or a related line of business as the CLOs or other Apollo Funds. Accordingly, they may have obligations to investors in those entities, the fulfillment of which might not be in the best interests of the CLOs or its note holders. Although the professional staff of GSAM will devote as much time to the management of the CLOs as GSAM deems appropriate to perform its obligations, GSAM's professional staff may have conflicts in allocating its time and services among the CLOs and other Apollo Funds. GSAM and the Apollo Managers are not restricted from forming additional investment funds, CLOs or other investment vehicles, from entering into other investment advisory relationships or from engaging in other business activities, even though such activities may be in competition with the CLOs and/or may involve substantial time and resources of GSAM and its professional staff. These activities could be viewed as creating a conflict of interest in that the time and effort of the members of GSAM and their employees will not be devoted exclusively to the business of the CLOs but will be allocated between the business of the CLOs and the management of other Apollo Funds.

There are currently no ethical screens or information barriers among GSAM and the Apollo Managers. If GSAM or another Apollo Manager were to receive material non-public information about a particular company, or have an interest in investing in a particular company, the CLOs may be prevented from investing in, or liquidating an investment in, such company. This risk may affect the CLOs more than it does other investment vehicles, as GSAM and the Apollo Managers generally do not use information barriers that many firms implement to separate persons who make investment decisions from others who might possess material, non-public information that could influence such decisions. GSAM's decision not to implement these barriers could prevent its personnel from undertaking certain transactions such as advantageous investments or dispositions that would be permissible for them otherwise. In an effort to manage possible risks from Apollo's decision not to implement such barriers, Apollo maintains a Code of Ethics, as described in Item 11, and provides training to supervised persons with respect to conflicts of interest and how such conflicts are resolved under Apollo's policies and procedures. In addition, GSAM and the Apollo Managers could in the future decide to establish information barriers, particularly as its business expands and diversifies.

From time to time, various potential and actual conflicts of interest may arise from the overall advisory, investment and other activities of GSAM, its affiliates, and their personnel. GSAM will endeavor to resolve conflicts with respect to investment opportunities in a manner it deems equitable to the extent possible under the prevailing facts and circumstances. GSAM's affiliates may invest, on behalf of themselves, in securities and other instruments that would be appropriate for, are held by, or may fall within the CLOs investment guidelines. GSAM's affiliates may give advice or take action for their own accounts that may differ from, conflict with, or be adverse to, advice given to or action taken for the CLOs. These activities may adversely affect the prices and availability of other securities or instruments held by or potentially considered for the CLOs.

Apollo, together with the Apollo Funds, engages in a broad range of business activities and invests in portfolio companies whose operations may be substantially similar to and/or competitive with the portfolio companies in which Clients have invested. The performance and operation of such competing businesses could conflict with and adversely affect the performance

and operation of Clients' portfolio companies, and may adversely affect the prices and availability of business opportunities or transactions available to such portfolio companies. Apollo will seek to resolve conflicts in a manner that Apollo determines in its sole discretion to be fair and equitable.

In addition, GSAM or another Apollo Manager may give advice or take action with respect to the investments of one or more Apollo Funds that may not be given or taken with respect to other Apollo Funds with similar investment programs, objectives, and strategies. Accordingly, the Apollo Funds with similar strategies may not hold the same securities or instruments or achieve the same performance. Other Apollo Managers also may advise Apollo Funds with conflicting investment objectives or strategies. These activities also may adversely affect the prices and availability of other securities or instruments held by or potentially considered for the CLOs.

It is possible that Apollo Funds may make investments in the same or similar securities at different times and on different terms than the CLOs. From time to time, the CLOs and the Apollo Funds may make investments at different levels of an issuer's capital structure or otherwise in different classes of an issuer's securities. Such investments may inherently give rise to conflicts of interest or perceived conflicts of interest between or among the various classes of securities that may be held by such entities. While these conflicts cannot be eliminated, GSAM, when practicable, will cause the CLOs and the Apollo Funds to hold investments in the same levels of an issuer's capital structure in the same proportion at each level; provided, however, that no CLO or any Apollo Fund will be required to hold an investment if holding such investment would result in a violation of the provisions of the organizational documents of the CLO or the Apollo Fund, as applicable, or constitute a breach of, or default or debt repayment event with respect to, any credit facility or other debt instrument or obligation.

Conflicts may also arise because portfolio decisions regarding the CLOs may benefit other Apollo Funds. For example, the sale of a long position or establishment of a short position by a CLO may impair the price of the same security sold short by (and therefore benefit) one or more Apollo Funds, and the purchase of a security or covering of a short position in a security by a CLO may increase the price of the same security held by (and therefore benefit) one or more Apollo Fund.

In the event investment opportunities are allocated among the CLOs and Apollo Funds, the CLOs may not be able to structure their investment portfolios in the manner desired. Although GSAM endeavors to allocate investment opportunities in a fair and equitable manner, it is possible that the CLOs may not be given the opportunity to participate in certain investments made by the Apollo Funds or Apollo Managers. Furthermore, the CLOs and Apollo Funds may make investments in securities where the prevailing trading activity may make impossible the receipt of the same price or execution on the entire volume of securities purchased or sold by Apollo Funds. When this occurs, the various prices may be averaged, and the CLOs will be charged or credited with the average price. Thus, the effect of the aggregation may operate on some occasions to the disadvantage of the CLOs. In addition, under certain circumstances, the CLOs may not be charged the same commission or commission equivalent rates in connection with a bunched or aggregated order.



GSAM or the Apollo Managers may determine that an investment is appropriate for both one or more CLOs and for one or more Apollo Funds. In such event, depending on the availability of such investment and other appropriate factors, GSAM may determine that one or more CLOs should invest on a side-by-side basis with one or more other CLOs or Apollo Funds. The CLOs may make all such investments subject to compliance with applicable regulations and interpretations thereof by the SEC and its staff.

The results of the CLO's investment activities may differ significantly from the results achieved by GSAM or its affiliates, including other Apollo Funds. It is possible that one or more Apollo Managers and such other Apollo Funds will achieve investment results that are substantially more or less favorable than the results achieved by the CLOs. Moreover, it is possible that the CLOs will sustain losses during periods in which one or more Apollo Managers achieve significant profits on their trading or other Apollo Funds. The opposite result is also possible. The investment policies of one or more Apollo Managers for their and other Apollo Funds may also limit the investment opportunities for the CLOs in certain markets.

Apollo Managers and other Apollo Funds may pursue or enforce rights with respect to an issuer in which the CLOs have invested, and those activities may have an adverse effect on the CLOs. As a result, prices, availability, liquidity and terms of the CLOs' investments may be negatively impacted by the activities of other Apollo Managers and Apollo Funds, and transactions for the CLOs may be impaired or effected at prices or terms that may be less favorable than would otherwise have been the case.

GSAM may enter into transactions and invest in securities, instruments and currencies on behalf of the CLOs in which customers of GSAM's affiliates, to the extent permitted by applicable law, serve as the counterparty, principal or issuer. In such cases, such party's interests in the transaction could be adverse to the interests of the CLOs, and such party may have no incentive to assure that the CLOs obtain the best possible prices or terms in connection with the transactions. In addition, the purchase, holding and sale of such investments by the CLOs may enhance the profitability of GSAM or the Apollo Managers. One or more affiliates may also create, write or issue Derivatives for their customers, the underlying securities, currencies or instruments of which may be those in which the CLOs invest or which may be based on the performance of the CLOs. The CLOs may, subject to applicable law, purchase investments that are the subject of an underwriting or other distribution by one or more Apollo Managers and may also enter into transactions with other clients of an affiliate where such other clients have interests adverse to those of the CLOs.

### AAM

AAM is affiliated with GSAM and controlled by Apollo. Certain members of AAM's management, including its Chief Executive Officer, have equity ownership interests in both AAM and Athene Holding and may also be officers of Athene Holding and/or its subsidiaries (together, the "Athene Group"). AAM acts as investment manager to certain insurance and reinsurance company subsidiaries of Athene Holding, certain reinsurance accounts related to such subsidiaries and certain unrelated third party insurance companies. AAM, either directly or

through the use of subadvisers, including Apollo, invests primarily in fixed income and alternative investments.

Pursuant to the terms of an investment management agreement, AAM currently charges subsidiaries of Athene Holding monthly management fees that are based on a percentage of assets under management (“Athene Management Fee”). The Athene Management Fee is generally payable to AAM monthly or quarterly in arrears. Athene Holding has also agreed to reimburse AAM for any financial losses incurred to the extent that any such reimbursed amounts, together with all Athene Management Fees paid by Athene Holding directly or indirectly, do not exceed certain thresholds. In addition to the Athene Management Fee, AAM allocates certain AAM employee expenses to Athene Holding or its subsidiaries for services provided by such employees and investment management services, such as risk management, corporate governance, executive management, marketing and information technology services. From time to time, subsidiaries of Athene Holding may agree to amend the Athene Management Agreement, which may include paying AAM higher management fees and/or entering into similar arrangements with other Apollo Managers. Moreover, as further described below, Apollo may be able to cause Athene Holding to agree to raise AAM’s fees with respect to Athene Holding and/or its subsidiaries. Such amendments or similar arrangements would be subject to the Conflicts Test (as described below).

In addition to the Athene Management Fee, AAM generally has the authority to hire sub-advisers and to agree to the fees and other remuneration payable to such sub-advisers (subject to the Conflicts Test). In connection therewith, AAM has hired certain Apollo Managers to act as sub-advisers for certain asset classes and may hire additional Apollo Managers in the future with respect to other asset classes (subject to the Conflicts Test). In connection with such services, certain Apollo Managers receive sub-advisory fees payable by the Athene Group.

AAM may also provide discretionary investment advisory services to certain third party insurance companies that are not affiliated with Apollo. Fees charged by AAM to such unaffiliated insurance companies are individually negotiated and established pursuant to each company’s investment management agreement. Such companies may or may not agree to allow AAM to appoint sub-advisers and/or may not agree to pay for the additional fees and/or expenses of such sub-advisers. To the extent that Clients do not permit AAM to use sub-advisers and/or to pay the fees and expenses of any such sub-adviser, AAM may manage the Client’s account without the use of sub-advisers, including Apollo affiliated investment advisers. As a result, such Client’s asset allocation and performance may differ materially from Clients that agree to pay the fees and expenses of such sub-advisers.

Members of the Athene Group have invested in, and in the future may also invest in alternative investments including Apollo Funds. Examples of existing investments in Apollo Fund investments include: two leveraged commercial mortgage backed securities vehicles; a life-settlements fund; a European senior debt fund; a vehicle focusing on Asian micro-loans; a vehicle formed to acquire prime London real-estate; and the equity tranches of two collateralized loan obligation issuers. Apollo will be entitled to receive various forms of consideration with respect to each fund, including management fees, portfolio fees, closing fees, carried interest and/or employment expense reimbursement.

Affiliates of Apollo may also advise members of the Athene Group on certain proposed financial transactions, acquisitions, and other matters related to their strategic interests and will receive fees as consideration for such services pursuant to the terms of a transaction services agreement (“Services Agreement”). Pursuant to such Services Agreement, members of the Athene Group have agreed jointly and severally to pay a quarterly fee based on a percentage of the capital and surplus of Athene Holding (exclusive of certain reimbursements for out-of-pocket expenses) plus a percentage of the aggregate consideration for value paid or provided by Athene Holding and/or its subsidiaries in connection with the closing of any merger, acquisition or similar transaction. In addition, affiliates of Apollo may be entitled to receive a closing fee from Athene Holding equal to a percentage of the amount set forth in each capital call notice delivered to investors under the subscription agreements for certain shareholders of Athene Holding. Upon a qualified initial public offering or a sale, Athene Holding shall jointly pay affiliates of Apollo a lump-sum amount equal to the net present value of any remaining quarterly advisory fees owed from the date of such qualified initial public offering or sale, as applicable, until the expiration of the term of the Services Agreement.

Due to the voting structure of Athene Holding and because certain employees of Apollo control a vehicle that holds the non-economic, voting shares of Athene Holding and that possesses one hundred percent (100%) of the voting control over Athene Holding, including control of its Board of Directors, the potential exists for Apollo to cause members of the Athene Group to enter into transactions that may benefit Apollo (including AAM) at the possible detriment to Athene Holding’s shareholders. In order to mitigate any potential conflicts of interest that may arise, the Third Amended and Restated Shareholders Agreement of Athene Holding (the “Shareholders Agreement”) requires the creation of a conflicts committee (“Conflicts Committee”). The purpose of the Conflicts Committee is to provide consent, if appropriate, to certain conflicts of interest regarding transactions involving Athene Holding and/or its subsidiaries and Apollo and its affiliates, including AAM. The Conflicts Committee consists of the Chief Executive Officer of Athene Holding and AAM, the Chief Executive Officer of Athene Life Re Ltd., a subsidiary of Athene Holding, an independent director and two directors designated by investors controlled by Apollo. The two members of the Conflict Committee designated by Apollo represent the interests of two Athene Holding institutional investors. Nevertheless, Apollo’s ability to designate Conflict Committee members may significantly influence the Conflicts Committee with respect to Athene Holding businesses that may compete directly with or do business with Apollo businesses.

Not all potential Apollo conflicts are subject to the approval of the Conflicts Committee (for example, non-material transactions or transactions that are less likely to be on terms that are less advantageous to the Athene Group than can be obtained through arms-length negotiations are not required to be reviewed by the Conflicts Committee). However, the Amended and Restated By-Laws of Athene Holding require that entering into new (or amending existing) transactions between Apollo (and its subsidiaries) and Athene Holding (and its subsidiaries) be, at the time such transaction is approved, (i) fair and reasonable, taking into account the totality of the relationship between the parties involved (including other transactions that may be or have been particularly favorable or advantageous to the Athene Group), or (ii) on an arms-length basis, or (iii) approved by the disinterested directors of Athene Holding, or (iv) approved by the holders of

a majority of the issued and outstanding Class A common shareholders of Athene Holding, or (v) approved by the Conflicts Committee (the “Conflicts Test”). Additionally, Athene Holding must maintain a log of all contracts, agreements and arrangements that its board of directors, acting in its sole discretion, deems to involve a potential conflict of interest with Apollo, and shareholders may review such log from time to time upon reasonable request.

Because certain Apollo Funds and portfolio companies have similar investment programs and/or engage in similar business objectives and strategies as Athene Holding, Apollo may identify opportunities that are appropriate and fall within the investment or business objectives of Athene Holding as well as the Apollo Funds and portfolio companies.

To the extent that the Apollo Funds may pay higher fees and/or carried interest to Apollo, Apollo may be incentivized to allocate investment opportunities to such Apollo Funds. With respect to the categories of investments which are managed by Apollo, Apollo will make such investments in accordance with Apollo’s allocation policies as then in effect from time to time, which allocation policies are intended to satisfy Apollo’s fiduciary duties to all of its Clients under the Advisers Act.

Apollo Funds may engage in cross trades (as defined below) with the Athene Group. In addition, AAM may effect cross trades between its Clients from time to time, including between different members of the Athene Group, between a member of the Athene Group and an unaffiliated third party client, between unaffiliated third party clients and/or between AAM’s Clients and Apollo Clients. The potential conflicts of interest associated with such cross trades are addressed in Item 11.

From time to time, there may be different investment teams for AAM and Apollo respectively investing in the same strategies for different Clients. Where Apollo Managers source investment opportunities, allocations of such investment opportunities are made across all suitable Clients. However, where Athene investment teams, including employees of AAM, source a particular investment opportunity, AAM and Apollo investment teams function independent of each other and do not share investment opportunities. As a result, in certain situations Clients may compete for the same investment opportunities, potentially disadvantaging the competing Clients. These situations deviate from the general allocation policies described in Item 6.

In addition, certain Apollo Funds may own the same securities and other financial instruments that AAM has selected for its Clients. The Apollo Funds may acquire such securities at different times and/or different prices than Athene Holding and its subsidiaries or other AAM Clients and may acquire different classes of securities of the same issuer (e.g., an Apollo Fund owns subordinated debt and an AAM Client owns senior debt in an issuer). Apollo and its affiliates may also make investments that are contrary to the investments made by Athene Holding and its subsidiaries and/or other AAM Clients (e.g., Apollo may take a short position in a security in which Athene Holding or such other AAM Client holds a long position). This may give rise to conflicts of interest regarding the management strategy taken toward such securities held by Athene Holding or such other AAM Clients and the Apollo Funds.

Similarly, certain AAM Clients may acquire the same securities and financial instruments at different times and/or different prices and may acquire different classes of securities of the same issuer. Certain AAM Clients may also make investments that are contrary to the investments made by other AAM Clients. This may also create conflicts of interest regarding the management strategy taken toward such securities held by such AAM Clients.

#### Other Related Persons

Each CLO will be required to establish business relationships with its counterparties based on its own credit standing. Neither GSAM nor Apollo will have any obligation to allow their credit to be used in connection with each CLO's establishment of its business relationships, nor is it expected that each CLO's counterparties will rely on the credit of GSAM or Apollo in evaluating each CLO's creditworthiness.

Related persons of GSAM serve as sponsors or syndicators of limited partnerships. Apollo, and certain affiliates of Apollo, serve as general partners of Apollo Funds and are regularly engaged in the business of sponsoring pooled investment vehicles and separately managed accounts. Conflicts of interest associated therewith are discussed above.

Please see Item 6 for a more detailed description of GSAM's policies for allocating investment options.

### **ITEM 11**

#### **Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

##### Code of Ethics

Apollo and the Apollo Managers, including GSAM, have adopted a Code of Ethics (the "Code") designed to ensure compliance with Rule 204A-1 under the Advisers Act. The Code applies to all partners, principals, directors, officers, employees and supervised persons of Apollo (each a "Covered Person"). GSAM and the other Apollo Managers strive to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty and trust. Accordingly, the Code incorporates the following general principles that all Covered Persons are expected to uphold:

- (i) Covered Persons must at all times place the interests of the Apollo Funds and other Clients, including the CLOs, first;
- (ii) all personal securities transactions must be conducted in a manner consistent with the Code and any actual or potential conflicts of interest or any abuse of a Covered Person's position of trust and responsibility must be avoided;
- (iii) Covered Persons must not take inappropriate advantage of their positions;
- (iv) information concerning the identity of securities and financial circumstances of the Apollo Funds and CLOs, including investors in Apollo Funds, must be kept confidential; and

- (v) independence in the investment decision-making process must be maintained at all times.

Finally, Covered Persons are required to comply with applicable federal securities laws at all times.

#### Personal Trading Restrictions.

The Code requires that Covered Persons' personal investment activities comply with all applicable laws and regulations. In addition, Covered Persons are required to obtain prior approval for all securities transactions, other than those involving: US Government and municipal securities; exchange-traded funds and closed-end funds; mutual funds (i.e. open ended investment companies); variable annuities; and transactions in fully-managed accounts where Covered Persons or other Relevant Persons (as defined below) significantly contribute. Covered Persons are prohibited from purchasing securities in initial public offerings.

The Code provides that approval will generally not be granted for securities of companies on Apollo's Restricted List. Further, approval will generally not be granted for proposed securities transactions in securities of companies with a market capitalization for the outstanding equity on the date of trade of more than \$100 million and less than \$20 billion. This "market-capitalization band" may be changed from time to time.

#### Personal Securities Holdings and Transaction Reports.

Subject to limited exceptions, each Covered Person must periodically submit to the Compliance Officer a report of the holdings in the accounts in which the following persons have a direct or indirect beneficial ownership interest or over which the following persons exercise any investment control, influence or discretion: (i) the Covered Person, (ii) any member of the Covered Person's immediate family who resides with the Covered Person or to whose support the Covered Person significantly contributes, which may include the Covered Person's spouse, children, stepchildren, grandchildren, parents, grandparents, stepparents, siblings, persons with whom a Covered Person has an adoptive or in-law relationship or (iii) any other person who may reside with a Covered Person or to whose support a Covered Person significantly contributes. (Each individual identified in clauses (ii) and (iii) a, "Relevant Person")

The holdings reports must contain, at a minimum: (i) the title and type of security, and, as applicable, the exchange ticker symbol or CUSIP number, number of shares and principal amount of each reportable security in which the Relevant Persons have any direct or indirect beneficial ownership, (ii) the name of any broker, dealer or bank with which the Relevant Persons maintain an account in which any securities are held for the Relevant Person's direct or indirect benefit, (iii) if securities are held other than with a broker, dealer or bank, the location of the securities, and (iv) the date that the Covered Person submits the report to the Compliance Officer.

Each Covered Person must also send to the broker-dealer(s) or financial institution(s) carrying each account a letter authorizing and directing that it forward duplicate monthly statements, as

well as any other information or documents as GSAM's Compliance Officer may request, directly to GSAM.

The Code requires each Covered Person to prepare or certify, on at least an annual basis, reports of securities holdings and transactions. Covered Persons may submit monthly account statements instead of providing the above described holdings report.

#### Material, Non-Public Information.

The Code includes policies and procedures concerning "inside information" (the "Insider Trading Policies") that are designed to prevent the misuse of material, non-public information. Covered Persons are required to certify to their compliance with the Code, including the Insider Trading Policies, on a periodic basis. The Insider Trading Policies prohibit GSAM, other Apollo Managers and Covered Persons from trading for Clients or themselves, or recommending trading, in securities of a company while in possession of material, non-public information ("Inside Information") about the company, and from disclosing such information to any person not entitled to receive it.

By reason of their various activities, Apollo Managers may have access to Inside Information and, as a result, may be restricted from effecting transactions in certain investments that might otherwise have been initiated. For example, there may be certain cases where the Apollo Managers or their personnel receive Inside Information due to their various activities on behalf of Apollo Funds, which could result in either limited liquidity or in GSAM, other Apollo Managers or their personnel being prohibited from using such information for the benefit of the CLOs or Apollo Funds. GSAM and the Apollo Managers seek to minimize those cases whenever possible, consistent with applicable law and the Insider Trading Policies, but there can be no assurance that such efforts will be successful and that such restrictions will not occur.

#### Other Provisions of the Code.

Covered Persons are subject to additional standards of conduct relating to the use of funds and property, conflicts of interest and opportunities belonging to the CLOs and Apollo Funds, managing investments of related parties, and general standards of conduct including the conduct expected when dealing with Clients and investors. In addition, Covered Persons are subject to Apollo's Anti-Money Laundering procedures. Covered Persons are required to certify periodically that they have complied with the terms of the Code. Violations of the Code are subject to the imposition of sanctions, up to and including termination.

A copy of the Code will be provided to any Client or prospective Client upon request.

GSAM and its personnel do not purchase any securities for their own accounts from, or sell any securities for their own accounts to, Apollo Funds or CLOs. However, from time to time, subject to applicable Client investment guidelines and restrictions, GSAM may direct one Client to sell securities to another Client through an internal cross transaction. These "cross transactions" also may occur with other Apollo Funds or CLOs. Cross trades may be executed with the assistance of a broker-dealer or as an "internal cross" where the Clients' custodian(s) is instructed to book the transaction at a price determined in accordance with Apollo's valuation policies. No fees will

be charged to Clients in connection with the completion of a cross trade. Cross trades may be viewed as principal transactions due to the ownership interest in the Client by GSAM and its personnel.

Cross transactions and principal transactions may give rise to conflicts of interest between Clients. For example, one Client could be advantaged to the detriment of another Client in the event that the securities being exchanged are not priced in a manner that reflects their fair value. In addition, GSAM could use its investment authority to transfer unappealing securities from one Client to another Client.

To the extent that any such cross transaction may be viewed as a principal transaction due to the ownership interest in the Client by GSAM and its personnel, GSAM will comply with the requirements of Section 206(3) of the Advisers Act and its internal policies and procedures. Specifically, GSAM's investment professionals must provide notice to, and obtain the approval of, the Chief Compliance Office or designee and a member of the legal department, prior to executing a principal trade or cross trade. When reviewing a proposed principal trade or cross trade, the Chief Compliance Officer or designee shall confirm, among other things: (i) that such trade is allowed by the applicable Client's investment guidelines, (ii) that GSAM's valuation procedures were followed when pricing the transaction, including obtaining a third-party valuation when appropriate, and (iii) in the case of principal trades, that notice of the specific trade was provided to the Client and written consent from the Client was obtained.

Apollo's principals, officers and employees and certain of Apollo's affiliates may have direct and indirect investments of their own capital in the Apollo Funds through, for example, employee co-investment vehicles, direct investments, deferred compensation agreements, and carried interest. Additionally, GSAM may become an investor in a Client as a result of management fee waiver programs. The existence of the carried interest in the case of the CLOs may create an incentive for GSAM to make more speculative investments on behalf of the CLOs than it might otherwise make in the absence of such performance-based compensation. The terms of the carried interest could give GSAM an incentive to make decisions regarding the timing and structure of realization transactions that are not applicable to the interests of investors.

Apollo has put in place Personal Trading Policies and Procedures, as set forth in the Code of Ethics and as discussed more fully above, in this Item 11, that are designed, among other things, to address the conflicts of interest that arise in connection with personal trading.

Conflicts of interest may also arise in the event more than one Apollo Fund invests in securities of the same issuer. From time to time, GSAM may acquire securities or other financial instruments of an issuer for the CLOs which are senior or junior securities, or financial instruments of the same issuer that are held by, or acquired for, another Apollo Fund (e.g., the CLOs may acquire senior debt while another Apollo Fund may acquire subordinated debt). As a result, a Client holding assets of the same issuer which are more junior in the capital structure may not have access to sufficient assets of the issuer to completely satisfy its bankruptcy claim against the issuer and may suffer a loss. GSAM and the Apollo Managers recognize that conflicts may arise under such circumstances and will endeavor to treat all Apollo Funds fairly and equitably. To that end, GSAM and the Apollo Managers have adopted procedures that are



designed to enable GSAM and the Apollo Managers to address such conflicts and to ensure that the CLOs and Apollo Funds are treated fairly and equitably. No Client may acquire securities or other interests of a class that is senior or junior to a class of securities of an issuer already held by another Client unless the disclosure and governing documents for each of the affected Clients contemplate such an investment practice and contain appropriate risk and conflict disclosures.

Apollo Funds may have similar investment strategies, and participation in specific investment opportunities may be appropriate for more than one Apollo Fund. If it is not possible to satisfy in full the investment interest of multiple Apollo Funds in an investment opportunity, then Apollo will determine each Apollo Fund's participation in one of the following ways: (i) pro rata allocation or (ii) allocation according to a pre-defined scheme other than pro rata. Apollo's allocation policies and procedures are described more fully in Item 6 and 10 above.

## **ITEM 12**

### **Brokerage Practices**

Subject to policies established by the applicable indenture and collateral management agreement, GSAM is primarily responsible for the execution of the CLOs' portfolio transactions and the allocation of brokerage. The CLOs have no obligation to deal with any dealer or group of dealers in the execution of transactions in portfolio instruments and securities of the CLOs. It is GSAM's policy to obtain what are believed to be the best results in conducting portfolio transactions, taking into account such factors as price (including the applicable dealer spread or commission), the size, type and difficulty of the transaction involved, the firm's general execution and operations facilities and the firm's risk in positioning the securities involved. The cost of CLO portfolio transactions primarily consists of dealer or underwriter spreads and brokerage commissions. While reasonable competitive spreads or commissions are sought, the CLOs will not necessarily be paying the lowest spread or commission available.

Subject to obtaining the best net results, dealers who provide supplemental investment research (such as quantitative and modeling information assessments, statistical data and provide other similar services) to GSAM may receive orders for transactions. Information so received will be in addition to and not in lieu of the services required to be performed by GSAM and the expenses of GSAM will not necessarily be reduced as a result of the receipt of such supplemental information. Supplemental investment research obtained from such dealers might be used by GSAM or Apollo in servicing all of their accounts and such research might not be used by GSAM in connection with the CLOs.

GSAM will affect such transactions, and receive such brokerage and research services, only to the extent that such services fall within the safe harbor provided by Section 28(e) of the Exchange Act, and subject to prevailing guidance provided by the SEC regarding Section 28(e). GSAM may select brokers that furnish GSAM directly or through correspondent relationships, with research or other appropriate services which provide, in GSAM's view, appropriate assistance to GSAM in the investment decision-making process (including with respect to futures, fixed-price offerings and over-the-counter transactions). Such research or other services may include, to the extent permitted by law, research reports on companies, industries and

securities; economic and financial data; financial publications; proxy analysis; and other services and products.

Consistent with Section 28(e), research products or services obtained with “soft dollars” generated by one or more Clients may be used by GSAM or other Apollo Managers to service one or more other Clients, including Client accounts that may not have paid commissions for such soft dollar benefits. Such products and services may disproportionately benefit other Client accounts relative to any CLO based on the amount of brokerage commissions paid by the CLO and such other Client accounts. For example, research or other services that are paid for through one Client’s commissions may not be used in managing that Client’s account. In addition, other Client accounts may receive the benefit, including disproportionate benefits, of economies of scale or price discounts in connection with products and services that may be provided to the CLOs and to such other Client accounts. Apollo Managers and GSAM do not seek to allocate soft dollar benefits to Clients in proportion to the soft dollar credits each Client generates.

Where a product or service obtained with soft dollars provides both research and non-research assistance, GSAM and Apollo Managers will make a good faith allocation of the cost which may be paid for with soft dollars. In making good faith allocations of costs between administrative benefits and research and brokerage services, a conflict of interest may exist because the allocation of beneficial services may benefit GSAM or Apollo Managers in addition to Apollo Clients. GSAM and Apollo Managers currently have no formal arrangements with broker-dealers with respect to soft dollars, but may receive unsolicited research from broker-dealers that execute Client trades.

GSAM may receive research that is bundled with the trade execution, clearing, and/or settlement services provided by a particular broker-dealer. To the extent that GSAM receives research on this basis, many of the same conflicts related to traditional soft dollars may exist. For example, the research effectively will be paid by Client commissions that also will be used to pay for the execution, clearing, and settlement services provided by the broker-dealer and will not be paid by GSAM.

GSAM may have an incentive to select or recommend a broker-dealer based on its interest in receiving the research or other products or services, rather than on GSAM’s interest in receiving most favorable execution.

Securities and other financial instruments may be held by, or be appropriate investments for, the CLOs as well as other Apollo Funds. Because of different investment objectives or other factors, a particular security may be bought for one or more Apollo Fund when one or more Apollo Funds are selling the same security. If purchases or sales of securities arise for consideration at or about the same time that would involve the CLOs or other Apollo Funds, transactions in such financial instruments or securities will be made, insofar as feasible, for the respective CLOs or Apollo Funds in a manner deemed equitable to all. To the extent that transactions on behalf of more than one CLO or Apollo Fund during the same period may increase the demand for securities being purchased or the supply of securities being sold, there may be an adverse effect on price.

### **ITEM 13**

#### **Review of Accounts**

The portfolio managers for the CLOs engage in ongoing monitoring of each investment, such as monitoring daily news and trading levels of the subject securities. In addition, GSAM conducts thorough, periodic reviews of Client accounts in order to assess trends that may impact individual investment's ability to generate cash, profitability, asset values, financing needs, potential liability and ability to service any debts.

The Investment Practices Committee of Apollo ("IPC") meets on a quarterly basis to review portfolio management and investment processes and related documents evidencing compliance with written policies and procedures for the CLOs along with all other Apollo Funds. Generally, the IPC provides oversight of issues relating to the investment and trading of the CLOs and Apollo Funds, such as allocations and best execution. The IPC ensures certain management reports and certifications are reviewed by members of Apollo's Compliance, Finance, Operations and Legal Departments.

Note holders are provided access to electronically posted, password-protected trustee reports and note valuation reports on the CLOs' trustees' websites and on GSAM's website. Generally, reports are posted on a quarterly basis and contain portfolio summaries and market outlooks.

### **ITEM 14**

#### **Client Referrals and Other Compensation**

Neither GSAM nor the Apollo Capital Markets Managers compensate any person who is not a supervised person, including solicitors or placement agents, for Client referrals. However, GSAM and/or the Apollo Capital Markets Managers may enter into arrangements with, and compensate, solicitors for investor referrals to the Funds. These solicitation arrangements will be fully disclosed to affected investors and will generally be consistent with the requirements of Rule 206(4)-3 under the Advisers Act, which applies to Clients. Generally, the terms of such arrangements will vary but call for GSAM or the Apollo Capital Markets Manager to pay the solicitor a fee equal to a percentage of capital contributions, management fees, incentive fees, incentive allocations or a combination of such contributions or fees borne by each investor introduced to a CLO or to an Apollo Fund by the solicitor.

### **ITEM 15**

#### **Custody**

This Item 15 is not applicable. Pursuant to Rule 206(4)-2 of the Advisers Act (the "Custody Rule") GSAM, as collateral manager of the CLOs, will generally not be deemed to have custody of CLO funds or securities. Generally, the trustee of the applicable CLO will be deemed to have custody of CLO funds and securities.

## **ITEM 16**

### **Investment Discretion**

Pursuant to authority granted under applicable collateral management agreements and indentures, GSAM has investment discretion to purchase and sell securities and other financial instruments on behalf of the corresponding CLO.

GSAM is authorized, in its sole discretion, to: (i) obtain and evaluate pertinent economic, financial, and other information affecting the economy generally and certain investment assets as such information relates to securities or other financial instruments that are purchased for or considered for purchase by the CLOs; (ii) make investment decisions for the CLOs (including the exercise or disposition of rights accompanying portfolio securities and financial instruments; (iii) place purchase and sale orders for portfolio transactions on behalf of the CLOs and manage otherwise uninvested cash assets of the CLOs; (iv) arrange for the pricing of CLO investments; (v) engage certain third party professionals, consultants, experts or specialists in connection with GSAM's management of the assets of the CLOs; and (vi) make decisions with respect to the use by the CLOs of borrowing for leverage or other investment purposes. GSAM will, in general, take such action as is appropriate to effectively manage the CLO's investment practices.

GSAM may employ, retain or otherwise avail itself of the services of other persons or entities including without limitation, affiliates of GSAM, on such terms as GSAM shall determine to be necessary, desirable or appropriate.

## **ITEM 17**

### **Voting Client Securities**

GSAM has adopted policies and procedures (described below) designed to prevent conflicts of interest from influencing proxy voting decisions made on behalf of the CLOs, and to help ensure that such decisions are made in accordance with its fiduciary obligations to the CLOs. Nevertheless, notwithstanding such proxy voting policies and procedures, actual proxy voting decisions may have the effect of favoring the interests of other CLOs and Apollo Funds, provided that GSAM and other Apollo Managers believe such voting decisions to be in accordance with their fiduciary obligations.

In determining how to vote proxies on behalf of the CLOs, officers of GSAM will consult with each other and other investment professionals affiliated with GSAM, taking into account the interests of the CLOs and investors as well as any potential conflicts of interest. GSAM may consult with legal counsel to identify potential conflicts of interest. Where a potential conflict of interest exists, GSAM may, if it so elects, resolve it by following the recommendation of a disinterested third party, including, in extreme cases, by abstaining from voting. While GSAM may retain an outside service to provide voting recommendations and to assist in analyzing votes, GSAM does not expect to delegate its voting authority to any third party.

An officer of GSAM will keep a written record of how all such proxies are voted. GSAM will retain records of (1) proxy voting policies and procedures, (2) all proxy statements received (or it

may rely on proxy statements filed on the SEC's EDGAR system in lieu thereof), (3) all votes cast, (4) investor requests for voting information, and (5) any specific documents prepared or received in connection with a decision on a proxy vote. If it uses an outside service, GSAM may rely on such service to maintain copies of proxy statements and records, so long as such service will provide a copy of such documents promptly upon request.

GSAM's proxy voting policies are not exhaustive and are designed to be responsive to the wide range of issues that may be subject to a proxy vote. In general, GSAM will vote proxies in accordance with its established guidelines unless: (1) it has determined otherwise due to the specific and unusual facts and circumstances with respect to a particular vote, (2) the subject matter of the vote is not covered by its guidelines, (3) a material conflict of interest is present, or (4) it is necessary to vote contrary to the general guidelines to maximize shareholder value or the best interests of the CLOs. In reviewing proxy issues, GSAM has established proxy voting guidelines addressing elections of directors; appointment of auditors; changes in capital structure; corporate restructurings, mergers and acquisitions; corporate governance; proposals affecting shareholder rights; anti-takeover measures; stock splits; limited liability of directors; and social and corporate responsibility.

Clients may obtain a copy of GSAM's proxy voting policies and procedures and may obtain information about how GSAM voted Client securities by contacting the Chief Compliance Officer at (212) 515-3200.

## **ITEM 18**

### **Financial Information**

This Item 18 is not applicable. GSAM is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to Clients, and has not been the subject of a bankruptcy petition at any time during the past ten years.

## **ITEM 19**

### **Requirements for State-Registered Advisers**

This Item 19 is not applicable.