

FS COA MANAGEMENT, LLC

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ADV 2A – The Brochure

This brochure provides information about the qualifications and business practices of FS COA Management, LLC ("FS COA" or the "Firm" or "Applicant"). If you have any questions about the contents of this brochure, please contact FS COA's Chief Compliance Officer, Patrick Maloney, at 212-339-5421. 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.

FS COA is registered with the SEC as an investment adviser. Registration as an investment adviser does not imply a certain level of skill or training. Additional information about FS COA is also available on the SEC's website at: www.adviserinfo.sec.gov.

Item 2. Material Changes

Not Applicable

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Item 4. Advisory Business

FS COA was formed in November 2007 by John Fraser and Tighe Sullivan and is an affiliate of WCAS Fraser Sullivan Investment Management LLC (formerly Fraser Sullivan Investment Management LLC)(“WCAS FSIM”), originally formed in 2005, and FSW Management LLC (“FSW”), formed in 2008, two US affiliated investment advisors. Fraser and Sullivan own 82% of FS COA through Fraser Sullivan & Co. LLC, a Delaware limited liability corporation with the balance of FS COA owned by additional partners, who act as portfolio managers to portfolios managed by FS COA.

WCAS FSIM and FSW are owned by Fraser and Sullivan through the same limited liability corporation (36.5% of WCAS FSIM and 41% of FSW) together with a combination of partners, who act as portfolio managers to portfolios managed by the two advisors. In addition, Welsh, Carson, Anderson and Stowe, a private equity firm, acquired a 50% (diluted with the addition of new partners to 44.5% in 2011) interest in WCAS FSIM in 2007 and 50% ownership interest in FSW in 2008.

FS COA was formed to provide fundamental credit analysis, fixed income investment advisory and management services. FS COA focuses on investing in non-investment grade fixed income assets, such as bank loans and high yield bonds, through a variety of investment vehicles, including collateralized loan obligations (“CLOs”), pooled investment vehicles and separately managed accounts (“SMAs”). WCAS FSIM and FSW provide similar or substantially similar investment advisory services to similar types of clients. The firm's investment professionals employ credit analytical skills developed during their respective careers to identify investment opportunities in the non-investment grade fixed income markets that the firm's investment team believes are suitable for the clients it advises or manages. As of January 31, 2012 FS COA advised or managed Clients with total assets of approximately \$1,499,998,693.¹

Finally, FS COA has an affiliated investment advisory business in the United Kingdom, WCAS Fraser Sullivan Investment Management (UK) LLP (“WCAS FSIM (UK)”) established in August 2011, which will seek to register with the UK FSA. Initially, WCAS FSIM (UK) will be providing investment advisory services to a large multi-billion dollar SMA account. This SMA account will be jointly managed, with WCAS FSIM (UK) managing European assets of the SMA and WCAS FSIM managing US assets.

FS COA’s investment advisory business generally involves three areas. The first area is composition and management of an initial portfolio of collateral loan obligations on behalf of special purpose vehicles (each, a “**CLO Notes Issuer**” or “**CLO Client**”) formed for the purpose of issuing securities (“**CLO Notes**”) backed by such portfolios in a private placement offering (a “**CLO Notes Offering**”) and the continued management of such portfolios after the closing of a CLO Notes Offering, including the acquisition of additional collateral loan obligations for the portfolio with proceeds of the CLO Notes Offering. FS COA’s management of a collateral obligations portfolio for CLO Notes Issuers, both prior to and after a CLO Notes Offering, is customarily subject to specific investment criteria and restrictions.

The second area is the management of pooled investment vehicles (“Funds”) formed for the purpose of investing in a diverse portfolio of below-investment grade assets, consisting of bank loans, together with investments in high yield debt and opportunistic investments in special situations, including distressed debt and public and private equities.

The third area of business for FS COA is providing investment advisory services on a discretionary basis to clients who have requested that their investments be held in segregated individual investor accounts, commonly known as separately managed accounts (“SMAs”). The underlying assets in which these SMAs invest are substantially similar to those of the CLOs and Funds.

¹ FS COA’s “Regulatory” AUM was \$1,499,998,693 as of January 31, 2012. Of this AUM, \$181,177,558 is attributable to an investment by COA LLC, a pooled investment vehicle managed by FS COA, in the equity tranches of one or more of the CLOs managed by FS COA. The par commitment of this value is also included in the AUM as the CLOs are carried at par commitment for purposes of calculating the AUM. The inclusion of this amount in two portfolios managed by FS COA has the effect of inflating the total Regulatory AUM by reflecting part of the same asset twice.

Unless specifically noted, FS COA's CLO clients, along with the Funds and SMAs clients are referred to herein collectively as "Clients".

All clients of FS COA are exempt from registration under the Investment Company Act of 1940. Interests in FS COA's CLO and Fund clients are offered exclusively to investors satisfying the applicable eligibility and suitability requirements either in private placement transactions within the United States or in offshore transactions to non-U.S. persons and/or U.S. tax exempt investors.

The Applicant currently has three CLO Clients, COA Tempus Ltd., a CLO Notes Issuer ("**Tempus**"), COA Caerus Ltd., a CLO Notes Issuer ("**Caerus**") and Fraser Sullivan CLO VI Ltd., a CLO Notes Issuer ("**CLO VI**").

Prior to the closing of a CLO Notes Offering, FS COA is retained by the relevant CLO Client pursuant to a ramp-up investment management agreement for the purpose of composing and managing the initial portfolio of collateral loan obligations that backs the CLO Notes issued in connection with such offering². On the date of the closing of a CLO Notes Offering, FS COA enters into a collateral management agreement, which replaces and supersedes the ramp-up investment management agreement. Under the collateral management agreement, FS COA is appointed as a collateral manager to manage and acquire additional collateral loan obligations for the CLO Client's portfolio after the closing of its CLO Notes Offering. FS COA also enters into a collateral administration agreement among FS COA, the CLO Client and a collateral administrator under which the collateral administrator is responsible for compiling and reporting to the CLO Client and FS COA specific investment information regarding the collateral loan obligations comprising the CLO Client.

The types of collateral loan obligations which may be purchased on behalf of a CLO Client are subject to specific investment conditions set forth in the offering documents relating to its CLO Notes Offering.

FS COA currently manages COA LLC, a pooled investment vehicle, investing in the equity tranches of CLOs managed by FS COA and its affiliates.

FS COA is not currently managing any SMA client accounts, but its affiliates are currently managing one or more SMA accounts.

² This activity is commonly known in the securities industry as the warehousing phase of the creation of a CLO. A warehouse is typically established by an equity investor providing initial capital to begin buying bank loans in anticipation of selling the same loan(s) to the CLO issuer at closing. Financing is provided to the warehouse, often through a "Total Return Swap", typically by the investment bank underwriting the CLO issuance. At the closing of the CLO offering, the warehouse sells the underlying bank loans to the CLO issuer, which provides the collateral and cash flows to support the payments of interest and principal to the different note holders of the newly issued CLO.

Item 5. Fees and Compensation

CLO Clients:

FS COA charges its CLO Clients fees generally paid quarterly in arrears based on a percentage of assets under management. Management fees range from between 0.40% to 0.625% depending on the specific investment advisory agreement with each CLO Client. FS COA is entitled to receive a performance fee of 20% based on the residual cash flows of a CLO Client once an annualized internal rate of return has been reached by the subordinate note holder. The internal rate of return varies from 12% to 20%.

Each CLO Client bears its own expenses, including but not limited to brokerage and transactional fees, taxes, custody fees, legal and accounting expenses, market research, trustee and administrative fees.

FS COA does not require prepayment of fees.

In general, none of the above-mentioned fees charged to CLO Clients are negotiable; however, some fees may be negotiable in certain instances. All performance-based fees comply with the provisions of Rule 205-3 under the Investment Advisers Act of 1940. Full details regarding the services, fees, investor suitability standards, and other terms applicable to the Fund Clients are included in the offering memorandum published by each such Fund Client.

Pooled Investment Vehicle Clients:

The private investment funds (i.e., hedge funds) for which the Firm or an affiliated entity act as investment manager or general partner, are charged asset-based fees as well as performance fees. Asset-based fees are usually payable quarterly or monthly in arrears, but occasionally, in advance. Asset-based fees are calculated as a percentage of the partial or total net asset value of the fund.. Asset-based fees typically range from zero basis points (“bps”) to 60 bps per annum. (An account with zero asset-based management fees may be coupled with a higher performance-based fee.)

Because COA LLC, a pooled investment vehicle managed by FS COA, owns the entire equity tranche of the CLOs; Tempus, Caerus, CLO VI and part of CLO V, FS COA has waived all or part of its management fees for these CLOs. FS COA is still entitled to receive performance fees on the management of these CLOs. In addition, FS COA is entitled to collect a management fee for its management of COA LLC.

In addition, without notice to other investors, such funds may enter into “side letter” agreements with certain prospective or existing investors, including investors affiliated with the Firm. Under such side letter agreements, a Fund or the Firm may grant certain investors, among other things, greater portfolio transparency, special liquidity rights (in the ordinary course or upon specified events), fee waivers or adjustments, future capacity for investment in such fund, different voting rights or restrictions, reduced minimum subscription amounts, additional rights to reports and other information. In addition, such funds may seek special commitments from certain investors.

As a result of such agreements, certain investors may, among other things, receive information not generally available to other investors as well as have the right to redeem at a time when redemptions are otherwise not permitted to other investors. The granting of preferred or different terms to certain investors is solely at the discretion of the registrant of such fund (and, where required, the board of directors or trustees of the funds), and such funds have no obligation to offer such differing or additional rights, terms or conditions to all investors.

SMA Clients:

From time to time, FS COA may provide investment advisory services to SMA client accounts. The management fees charged such account relationships are negotiated on a individual basis. The fees may range from zero to 200 bps. Performance fees charged will comply with the requirements of Section 205 of the Investment Advisors Act of 1940, as amended (the “‘40 Act”), ERISA or other applicable regulations.

Item 6. Performance Based Fees and Side-by-Side Management

As noted above FS COA charges performance based fees to Clients. In allocating investment opportunities, there could be incentives to favor Clients with higher potential performance fees over Clients with lower potential performance fees. FS COA addresses this conflict through the application of trade allocation procedures. Initially, the policies & procedures begin with an assumption that all allocations will be allocated among Client accounts on a pro rata basis. An allocation may deviate from the pro rata approach for such reason as differing Client investment objectives, guidelines, limitations and restrictions; cash position or needs; existing and desired issuer and industry exposures and security specific size trading limitations or restrictions. If the CIO and/or portfolio manager(s) elect to deviate from the pro rata allocation approach, they must memorialize the reason for such deviation within one business day of the trade. The Firm’s CCO will review such variations to determine if all Clients have been treated in a fair and equitable manner.

Item 7.Types of Clients

FS COA primarily provides investment advisory services to CLO’s and fund Clients and not individually to investors in these vehicles. The minimum account size for each vehicle is outlined in their governing documents. However, FS COA reserves the right to accept less than the minimum account size.

Any initial and additional subscription minimums imposed on investors, are disclosed in the offering memoranda for the relevant Client. Investors will be required to make certain representations when investing in a CLO or fund vehicle managed by FS COA through the execution of a subscription agreement and other documents. Interests in the funds are not registered under the Securities Act of 1933, as amended and such funds are not registered under the Investment Company Act of 1940, as amended. Accordingly, interests in the funds are

offered and sold exclusively to investors satisfying the applicable eligibility and suitability requirements either in private transactions within the United States or in offshore transactions.

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss

The Applicant's investment objectives are to realize attractive risk adjusted returns while preserving investors' capital. FS COA identifies investment opportunities and makes investment decisions utilizing a three step process consisting of initial screening, in-depth due diligence and formal investment recommendation and approval. When an investment idea is presented to the Applicant or identified by the Applicant's investment professionals, it is assigned to the analyst responsible for the industry sector in which the subject company operates. The analyst performs an initial screening of the opportunity to determine if it appears to meet FS COA's investment standards and objectives, focusing on cash flow generation, capital structure, collateral value and industry position, trends and other fundamentals.

The analyst presents the results of his initial analysis to the Applicant's Chief Investment Officer ("CIO") and portfolio managers and together they determine whether the opportunity warrants additional analysis. If so, the analyst begins the in-depth due diligence portion of the Applicant's investment process. As part of the analysis, the analyst develops a historical financial model, reviews a variety of sources of company and industry information and asks questions of company management and other knowledgeable parties, all with the objective of assessing the risks inherent in any given situation and determining if the cash flow, capital structure, collateral and enterprise value mitigate such risks. At any time during this stage of the investment process, the analyst may determine such risks are too great and, upon consultation with the CIO, recommend terminating due-diligence and rejecting the investment opportunity. Upon conclusion of due diligence, the analyst will sum up both the risks and mitigants and, if the latter outweigh the former, recommend investment to the CIO and portfolio managers. If all involved agree the investment makes sense from a fundamental credit perspective, they will then determine appropriate investment size based on credit risk, pricing, industry exposure and various portfolio limitations.

The CIO and portfolio managers monitor investments through regular update discussions with investment analysts and periodic portfolio reviews. Analysts are responsible for reviewing financial reporting information provided by issuers and developing additional sources of company specific and industry information to help them identify changes in their original investment thesis. Such changes are addressed on an ad hoc basis as they develop, during regularly scheduled daily meetings and during periodic portfolio reviews. The CIO, portfolio managers and analysts will discuss the implications of such changes for the issuer and the potential impact on the Applicant's Clients' portfolios. The results of these discussions will be incorporated in portfolio strategy and may result in decisions to buy more, hold, reduce exposure or sell down completely. FS COA maintains a watch list of investments experiencing deteriorating credit or industry fundamentals as well as market price erosion exceeding broader market movements. Watch list positions are monitored even more closely than performing investments by analysts, portfolio managers and the CIO. The CIO and portfolio managers are the only employees authorized to make investment decisions.

Many of the Applicant's portfolios are subject to investment restrictions and quality criteria that guide the selection of investments for such portfolios. The CIO and portfolio managers monitor compliance with portfolio restrictions and criteria through frequent review of portfolio compliance modules developed by a third party vendor for each portfolio. The objective of frequent review of compliance modules is to ensure no investment decisions will result in non-compliance of portfolio restrictions and quality criteria. In the event investment asset developments such as ratings changes or defaults negatively impact compliance with portfolio restrictions or quality criteria, the CIO and portfolio managers will review the reasons for non-compliance and, if feasible, develop strategies for getting back into compliance.

Investing in securities involves a risk of loss that clients and investors should be prepared to bear. FS COA's investment activities expose the client to various types of risk. The descriptions contained below give a brief overview of some different market risks related to the Applicant's investment strategy. A full description of risks relevant to each Client can be found in the offering memoranda or other disclosure document for each Client.

Credit Risk

Credit risk arises from the potential default of debtors in the repayment of principal and interest or the failure of counterparties to perform according to the terms of a contract. CLOs invest in bank debt instruments which are owed by a corporate borrower to lenders. The investments in loans are generally in the form of assignments. Such loans are generally administered by a bank or other financial institution (the "agent") that acts as agent for all holders. The agent administers the terms of the loan, as specified in the loan agreement.

When the CLOs invest in a loan, they are subject to the risk that an intermediate participant between the CLOs and the borrower such as the agent bank will fail to meet its obligations to the CLOs, in addition to the risk that the borrower under the loan may default on its obligations.

The CLOs may also have investments in lower rated and comparable quality unrated high yield securities. Investments in high yield securities are accompanied by a greater degree of credit risk and the risk tends to be more sensitive to economic conditions than that of higher rated securities. The risk of loss due to default by the issuer may be significantly greater for holders of high yield securities, because such securities are generally unsecured and are often subordinated to other creditors of the issuer. Disposal of investments in distressed or bankrupt companies may involve time consuming negotiations and expenses, and prompt sale at an acceptable price may be difficult.

Market Risk

Market risk is the potential for changes in the value of investments held by the CLOs due to market changes, including interest rate movements and fluctuations in investment prices. Market risk is directly impacted by the volatility and liquidity in the markets in which the assets are traded.

Liquidity Risk

The CLOs portfolios include illiquid investments (e.g., investments in bank loans, thinly-traded issues, high yield bonds and ABS). Under certain market conditions, such as during volatile markets or when trading in an instrument or market is otherwise impaired, the liquidity of the CLOs portfolio positions may be reduced. During such times, the CLOs may be unable to dispose of certain assets, which would adversely affect the CLOs ability to rebalance its portfolio. In addition, such circumstances may force the CLOs to attempt to dispose of assets at reduced prices, thereby adversely affecting the performance of the CLOs. The CLOs may be unable to sell such assets or prevent losses relating to such assets during times of market instability. Furthermore, if the CLOs incur substantial trading losses, the need for liquidity, to limit losses, could rise sharply while its access to liquidity could be impaired.

Interest Rate Risk

The CLOs assumes interest rate risk from certain of its investments which have floating interest rates or longer durations. These investments are exposed typically to changes in interest rates as well as changes in the shape of the relevant yield curve.

Item 9. Disciplinary Information

FS COA and its employees have not been involved in any legal or disciplinary events in the past that would be material to a Client's evaluation of the company or its personnel.

Item 10. Other Financial Industry Activities and Affiliations

Welsh, Carson, Anderson & Stowe ("WCAS") is a related party to the Applicant. The General Partners of WCAS have an indirect ownership interest in WCAS FSIM. This relationship may cause a conflict of interest when the Applicant manages assets for WCAS. The Firm's allocation policies and procedures require the CIO and portfolio managers to allocate all investment opportunities fairly and equitably among all portfolios managed by the Firm and no preference be given to a particular account. Variations from a pro rata allocation must be noted within one business day of a transaction and is reviewed by the CIO and CCO. In addition, WCAS does not have access to the daily trading activity FS COA, and its affiliates, engage in on behalf of their clients. Communications between the two firms is limited and typically occurs only between the Managing Partners of WCAS FSIM and a limited number of WCAS partners. The compliance and finance departments of both firms do communicate on administrative back-office matters from time to time as well.

FS COA has two affiliated US investment advisors, WCAS FSIM and FSW and one UK investment advisor, WCAS FSIM (UK). The clients of these other investment advisors are typically CLOs, pooled investment vehicles and SMAs investing in the same or substantially similar asset classes as the clients of FS COA. The investment opportunities identified by the Firm are allocated across FS COA and the other investment advisors' clients' accounts and monitored

in the same fair and equitable manner described above, consistent with any investment restrictions a client(s) may have imposed on a particular portfolio.

FS COA operates in the same physical offices as WCAS FSIM and FSW and shares the professional resources of both investment professionals and middle and back-office professionals. As such, FS COA reimburses WCAS FSIM for a portion of FS COA's operating expenses.

Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

FS COA has adopted a written code of ethics that is applicable to all employees. Among other things, the code requires FS COA and its employees to act in Clients' best interests, abide by all applicable regulations and avoid even the appearance of an impropriety when dealing with investment opportunities and client accounts. The policies and procedures prohibit the inappropriate use of material non-public information and trading on inside information for one's own account or the accounts of our clients. The policies further require pre-clearance and reporting of most types of personal securities transactions. FS COA's restrictions on personal securities trading apply to employees, as well as employees' family members living in the same household. A copy of FS COA's Code of Ethics is available upon request.

The CCO maintains a restricted list of securities that employees of the Applicant or its affiliates are not allowed to trade. The restricted list includes any securities owned by accounts managed by the Applicant on behalf of Clients. The restricted list also includes any securities that the Applicant is trying to buy for Client accounts as well as the portfolio companies owned by WCAS. These securities are placed on the list as soon as the buy decision is made. The CCO monitors employee trading, relative to Client trading, to ensure that employees do not engage in improper transactions.

The Code requires officers, owners, and employees, among other things, to report to the Firm any actual or potential conflict of interest relating to any assets of clients managed by the Firm.

Item 12. Brokerage Practices

a) Selection of Broker-Dealers

In selecting broker-dealers with whom to place orders for purchases and sales of securities on behalf of our clients, the Firm's primary objective is to obtain best price and execution for our clients – that is, prompt, errorless execution of orders at the most favorable prices reasonably obtainable. In doing so, the Firm considers a number of factors, including, without limitation:

- the overall direct net economic result to the client (including commissions, which may not be the lowest available but which ordinarily will not be higher than the generally prevailing competitive range),

- the financial strength of the broker-dealer,
- the reputation and stability of the broker-dealer,
- the efficiency with which transactions are generally executed,
- the ability to effect the particular transaction,
- the availability of the broker-dealer to stand ready to execute difficult transactions in the future, and
- other matters involved in the receipt of brokerage and research services that may impact our clients.

Services provided by a broker-dealer such as research and other information useful for the management of client accounts is also taken into consideration when directing trades to particular broker-dealers. FS COA will take multiple factors into account when evaluating the performance of broker-dealers executing FS COA client transactions. FS COA will continually review the related commissions and other charges to ensure they are fair and reasonable within the current marketplace.

FS COA will also consider the quality of firms with which it seeks to execute client orders, the adequacy of lines of communication, the timeliness of reports of order execution, the capacity to accommodate unusual trading volumes and the preservation of client anonymity, among other factors.

b) Soft-Dollars Arrangement

While FS COA receives third party research from time to time from broker-dealers, the Firm does not pay higher commission fees or direct certain amounts of business to such broker-dealer in exchange for such research. Such arrangements are known in the industry as “soft dollar arrangements”. We do not have any soft-dollar arrangements with any broker-dealer.

The Firm, however, reserves the right to enter into soft dollar arrangements as legally permitted under the law. Further, FS COA will not enter into any soft dollar arrangements for any client accounts defined as “plan assets” under ERISA unless express approval is granted by the plan trustees, and such arrangements do not otherwise violate any applicable law. Subject to the above, if FS COA determines to enter into any soft dollar arrangements with any executing broker-dealers, the total amount of commission dollars paid by a client for a transaction placed by FS COA for the client’s account may be higher than that paid if executed by another broker-dealer.

In such cases, FS COA will use its best efforts to ensure that the higher commissions are reasonable in relation to the value of the brokerage and research services provided by the broker-dealer with whom a soft dollar arrangement has been established.

c) Brokerage for Client Referrals

The Firm does not consider, in selecting or recommending a broker-dealer, whether the Firm or a related person receives client referrals from such broker-dealer.

d) Directed Brokerage

The Firm does not accept clients who require us to execute transactions through a specified broker-dealer. Clients may recommend that FS COA use their preferred broker-dealer(s). However, notwithstanding such recommendation, the Firm will use such broker-dealer(s) subject to FS COA's determination that said broker-dealer provides the best execution for such client's transactions.

e) Aggregation (Bunching) of Trades

Securities transactions in investment advisory accounts are normally implemented on a consistent basis across accounts. In order to accomplish this, orders are aggregated (bunched) and allocated pro-rata to the nearest round lot. In addition to considerations of equity, bunching avoids placing competing positive orders, improves order management, and may, because of larger order size, permit some degree of price improvement relative to a series of individually placed orders

Item 13. Review of Accounts

The CLO indentures and Fund offering documents typically impose investment restrictions upon the manner in which the Firm may invest client assets. Similar investment restrictions may be imposed by clients of SMA accounts. Such restrictions are typically found in the investment management agreement of the SMA.

Adherence to these investment restrictions initially falls upon the CIO and portfolio manager(s). The Firm has retained the services of a third party vendor that has designed a compliance module that provides surveillance of the Firm's compliance with investment restrictions of the CLO indentures. In addition to the daily review of the portfolios by the CIO and portfolio manager(s), the CCO also reviews activities in all portfolios managed by the Firm. The CCO monitors the accounts for such things as conformity with the investment restrictions, fair and equitable allocation of investment opportunities and best execution.

Finally, the Firm's Valuation Committee reviews and approves all pricing of securities that are not independently priced by a third party pricing vendor.

Clients receive account statements directly from their chosen trustee or administrator on at least a quarterly basis. FS COA may supplement these statements with written reports provided during Client meetings or as requested.

Item 14. Client Referrals and Other Compensation

FS COA does not receive economic benefits from non-Clients in connection with the provision of investment advice to Clients. The Firm does not currently retain the services of nor does it pay for third party referrals or solicitors.

Item 15. Custody

In connection with the management of investments for certain Clients, the Registrant may have, or may be deemed to have, custody of certain funds or securities of its Clients. Rule 206(4)-2 (the “Custody Rule”) of the Advisers Act defines custody as holding client securities or assets or having any authority to obtain possession of them, including the authority to withdraw funds or securities from a client’s accounts or ownership of or access to client funds or securities (such as through fee deductions).

The Registrant maintains Client assets with qualified custodians, such as U.S. banks, U.S. registered broker dealers, U.S. futures commission merchants (limited to holding client funds and security futures and any other securities incidental to client futures transactions), and certain foreign financial institutions that customarily hold customer assets and that segregate customer assets from its own assets.

In accordance with the Custody Rule, for any Clients for which the Registrant has custody of such assets, such Clients are subject to an annual audit and the audited financial statements are distributed to each investor in such Clients. The audited financial statements are prepared in accordance with generally accepted accounting principles, issued with an unqualified opinion and distributed within 120 days of the Clients’ respective fiscal year ends.

To the extent that the Registrant does not have custody of a Client’s assets, the applicable custodian will prepare and distribute to such Client quarterly, or more frequent, account statements, which should be reviewed carefully by the Client. A copy of Client account statements is available upon request.

Information on a Client’s qualified custodian, if any, including such qualified custodian’s name, address and the manner in which the Client’s assets are maintained, may be provided in the relevant organizational and/or offering documents of such Client. The Registrant will promptly notify investors of any changes to the qualified custodian.

Item 16. Investment Discretion

The Firm generally manages client assets on a discretionary basis, with a limited power of attorney, with the authority to determine for each client what investments are made, as well as when and how they are made. Clients may impose other reasonable restrictions, limitations and/or other requirements with respect to their individual accounts. Such restrictions are described in the investment management agreements with SMA accounts, indentures of the CLOs and Fund offering documents.

Item 17. Voting Client Securities

FS COA does not manage equity portfolios, so the likelihood of a proxy vote with regard to any security that FS COA may hold in one of its discretionary portfolios is remote. The Firm specializes in the management of fixed-income alternative instruments, CLOs, hedge funds, and other structured vehicles. From time to time companies in which the Firm invests may submit certain matters to a vote of its security holders, however, the right to vote in these circumstances is usually available only to equity holders of such companies and not to holders of company debt.

In the event that a voting right exists or is exercisable, in accordance with its fiduciary duty to Clients and Rule 206(4)-6 of the Investment Advisers Act of 1940, FS COA has adopted and implemented written policies and procedures governing the voting of Client securities. All proxies that FS COA receives will be treated in accordance with these policies and procedures.

FS COA intends to vote proxies or similar corporate actions in accordance with the best interests of the applicable Client, taking into account such factors as it deems relevant in its sole discretion. Upon receipt of a proxy request, FS COA's operations department contacts the investment professional responsible for the issuer. The investment professional reviews the information, determines what is in the best interests of the Client and ensures the vote is completed in a timely manner.

FS COA does not trade for its own account and as a general matter, the investment strategies of the portfolios managed by the Firm are similar or substantially similar enough that a conflict of interest between the Firm and any two or more portfolios it manages is extremely unlikely when voting a proxy on behalf of clients.

If an actual or potential conflict is found to exist, the Firm shall engage a reputable non-Interested Party to independently review the Firm's vote recommendation and to confirm that the Firm's vote recommendation is in the best interest of the Client under the circumstances. If the independent non-Interested Party determines that the Firm's vote recommendation is not in the best interest of the Client under the circumstances, then the Firm shall vote in the manner suggested by such independent non-Interested Party.

A copy of FS COA's proxy voting policies and procedures is available upon written request. Upon written request, SMA Clients can also take responsibility for voting their own proxies, or can give FS COA instructions about how to vote their respective shares.

Item 18. Financial Information

No financial events have occurred in respect of the Firm that would negatively affect the financial viability of the Firm. There is no financial condition of the Firm that is reasonably likely to impair the Firm's ability to meet contractual commitments to clients.