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This brochure provides information about the qualifications and business practices of CVC Credit Partners, LLC. If you have any questions about the contents of this brochure, please contact us at (212) 506-3858. The information in this brochure has not been approved or verified by the Securities and Exchange Commission or any state securities authority. Registration with the Securities and Exchange Commission as an Investment Adviser does not imply a certain level of skill or training.

Additional information about CVC Credit Partners, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

CVC Credit Partners, LLC

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Item 4: Advisory Business.

- (A) CVC Credit Partners, LLC (“CVC”), a Delaware limited liability company, is a wholly owned subsidiary of CVC Credit Partners, L.P., a global credit management joint venture between CVC Capital Partners SICAV-FIS, S.A. and Resource America, Inc. (NASDAQ: REXI). CVC was formed on January 12, 2005.
- (B) CVC provides investment advisory services to investment vehicles, including collateralized loan obligations (“CLOs”), collective investment vehicles (“Managed Funds”) and separately managed accounts for institutional investors (“Managed Accounts”); all of which invest primarily in senior secured leveraged loans, second lien loans, corporate and high yield bonds and, to a lesser degree, convertible bonds, preferred securities, structured finance securities and equities. CVC uses fundamental credit research to identify the most compelling opportunities in the corporate credit markets. CVC utilizes fundamental credit analysis and a proactive management style to maximize total return and minimize portfolio risk.
- (C) Investment advisory services provided by CVC are conducted pursuant to the terms of (i) a collateral management agreement and indenture in the case of CLOs; (ii) pursuant to a limited partnership agreement in the case of Managed Funds; and (iii) pursuant to an investment management agreement in the case of Managed Accounts. These documents are negotiated prior to the commencement of the advisory relationship and set forth the specific services that will be provided by CVC on behalf of the client. Each of the CLOs, Managed Funds and Managed Accounts for which CVC provides investment advisory services may impose limitations on the types of securities in which CVC may invest. In particular, each CLO for which CVC provides investment advisory services is governed by an indenture which places significant restrictions on the types of securities that may be purchased on behalf of the CLO.
- (D) CVC does not participate in wrap fee programs.
- (E) As of January 31, 2013, CVC had approximately \$6,425,414,788 of assets under management. All assets are managed on a discretionary basis. Notwithstanding the foregoing, CVC may be required, pursuant to the terms of an investment management agreement, to provide Managed Account clients with notice of any proposed investments. In such cases, the Managed Account client shall have the right to reject any investment proposed by CVC.

Item 5: Fees and Compensation.

(A) CVC is compensated for its CLO management services in two ways: 1) as percentage of assets under management for its third-party CLOs (“CVC CLOs”) and 2) as a percentage of equity managed for its affiliated CLOs entirely owned by, Resource Capital Corp. (NYSE: RSO) (“RSO CLOs”), a publicly traded REIT, for which an affiliate of CVC is the external manager. CVC receives base management fees of ranging between .10% and .15% of assets under management for CVC CLOs managed, while CVC is entitled to its pro-rate share of a 1.50%

base management fee paid by RSO based on its managed equity for RSO CLOs. In addition, with regard to CVC CLOs, CVC may receive a subordinated management fee of between .08% and .40% and may also charge an incentive fee of between 20% and 25% of distributions per annum above a pre-determined hurdle rate, payable when the equity class of securities for each CLO has achieved a specified return on investment. CVC is also entitled to incentive fees for RSO CLOs based upon achieving a certain hurdle. For clients that are Managed Funds or Managed Accounts, CVC receives base management fees of between 1.25% and 1.5% of assets under management. CVC may also charge management performance fee to Managed Funds and Managed Accounts of between 10% and 20%, payable when such clients have achieved a specified return on investment. All fees are negotiated with CLOs, Managed Funds and Managed Accounts prior to the commencement of the advisory relationship.

(B) All fees attributable to CLOs managed by CVC are paid quarterly to CVC by an independent trustee for the CLO in accordance with the terms of the applicable indenture. Management fees attributable to CLOs are calculated by the trustee and confirmed by CVC. Base management fees and incentive fees attributable to Managed Funds and Managed Accounts are paid quarterly and annually respectively to CVC by an independent third party custodian following the submission of an invoice to the custodian for such fees.

(C) Clients of CVC may be responsible for fees payable to independent third parties including, but not limited to, organizational fees, legal fees, accounting and auditing fees, research fees, trustee fees, custodial fees, bank service fees, director's fees and brokerage and commission fees. For additional details on CVC's brokerage practices please refer to Item 12 below.

(D) CVC's Managed Fund clients are required to pay base management fees quarterly in advance of the calendar quarter. Redemptions for such Managed Fund investors are only permitted as of the last day of each month upon at least 45 days' prior written notice; provided, however, that if an investor in a Managed Fund redeems part or all of an investment that it has not held for at least twelve months, a redemption fee of 3% will be deducted from the redemption proceeds and paid to the Managed Fund. A redeeming investor in a Managed Fund will redeem an investment at its net asset value as of the close of business on the date of redemption. If an investor in a Managed Fund redeems that interest during the quarter (as opposed to the end of one), the investor shall be entitled to his pro-rata share of unearned management fees.

(E) Neither CVC nor any of its supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or other fees from the sale of mutual funds.

Item 6: Performance Based Fees and Side by Side Management. CVC charges both asset based fees and performance based fees (fees based on a share of capital gains on or capital appreciation of assets) to certain advisory clients as indicated in the above fee schedule. Further, CVC's supervised persons may manage other accounts that are charged performance fees. Side by side management of client accounts may create a conflict of interest wherein CVC is

incentivized to allocate certain investment opportunities to client accounts with a higher a fee structure.

In order to mitigate conflicts of interest related to side by side management of client accounts with different fee structures, CVC has established a trade allocation policy for all client accounts. CVC employs three portfolio managers, with each having responsibility for designated client accounts. For all allocations of investment opportunities among accounts managed by CVC, personnel at CVC responsible for execution of securities transactions and portfolio managers will be required to follow the procedures set forth below:

- (a) Distribution (via email) of proposed securities transactions by trading personnel to the portfolio managers of CVC in order to solicit interest in allocations or dispositions of securities;
- (b) Obtain written responses from portfolio managers indicating whether the portfolio manager wishes to participate in an allocation or disposition of the securities to be traded and the accounts administered by the portfolio manager that shall be participating;
- (c) Distribution of an email confirmation by the trading personnel to all portfolio managers indicating the security traded, the participating portfolio managers and the participating portfolios. The Chief Compliance Officer of CVC shall be copied on all such allocation confirmations. All allocation confirmations will be stored pursuant to CVC's books and records policy.

Item 7: Types of Clients. CVC provides investment advice to collateralized loan obligations ("CLOs"), on-shore and off-shore collective investment vehicles and separately managed accounts for institutional investors that are qualified institutional buyers as defined under Rule 144A of the Securities Act of 1933 and other sophisticated institutional investors. CVC does not provide investment advisory services to retail investors.

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

(A) In analyzing investments, CVC employs fundamental credit research of each of the loans and securities that are placed in the CLOs, Managed Funds and Managed Accounts for which CVC provides investment advisory services (collectively "Clients"). CVC analysts review a variety of sources for information on portfolio loans and securities including, but not limited to, financial newspapers and magazines; third party research materials; corporate rating services; company press releases; and corporate regulatory filings. Offering memoranda for each Client for whom CVC provides investment advisory services contain specific disclosures on the risk of loss which Clients should be prepared to bear. Client investments are illiquid and are only suitable for investors prepared to hold such investment for an indefinite period of time. Further, there is no guarantee that any Client account managed by CVC will be successful, that its investment objectives will be achieved, that investors will receive their initial investments or that they will receive any return (or avoid any loss, including total loss) on their investment.

(B) CVC generally seeks, on behalf of its Clients, to generate total investment return through a combination of both current income and capital appreciation and employs a long bias. For risk factors associated with CVC's strategy, please see Item 8A above and Item 8C below.

(C) Clients for whom CVC provides investment advisory services invest primarily in senior secured leveraged loans, second lien loans, corporate and high yield bonds and, to a lesser degree, convertible bonds, preferred securities, structured finance securities and equities. CVC may, to a lesser extent, invest in credit derivatives and distressed securities on behalf of such clients. Material risks associated with these types of investments are more fully explained in the offering documents of each investment program and may include the following:

Senior Loans

The value of any loans held on behalf of Clients may be detrimentally affected to the extent a borrower defaults on its obligations. While CVC may, in certain instances, attempt to minimize this risk by obtaining collateral, there can be no assurance that the value assigned by CVC to collateralize an underlying loan can be realized upon liquidation, nor can there be any assurance that any such collateral will retain its value. Furthermore, circumstances could arise (such as in the bankruptcy of a borrower) that could cause a Client's security interest in the loan's collateral to be invalidated. Also, much of the collateral will be subject to restrictions on transfer intended to satisfy securities regulations, which will limit the number of potential purchasers if CVC intends to liquidate such collateral on behalf of a Client. The amount realizable with respect to a loan may be detrimentally affected if a guarantor, if any, fails to meet its obligations under a guarantee. Finally, there may be a monetary, as well as a time cost involved in collecting on defaulted loans and, if applicable, taking possession of various types of collateral.

CVC may, on behalf of its Clients, invest in a limited amount of second and third lien loans. Second and third lien loans are subject to the same investment risks generally applicable to loans described above but are also subordinate in right of payment to one or more senior loans of the related obligor and therefore are subject to additional risk that the cash flow of the related obligor and the property securing the second or third lien loan may be insufficient to repay the scheduled payments to the lender after giving effect to any senior secured obligations of the related obligor. Second and third lien loans are also expected to be more illiquid than senior loans.

CVC may, on behalf of its Clients, also invest in a limited amount of unsecured loans. Unsecured loans are subject to the same investment risks generally applicable to loans described above but are subject to additional risk that the assets and cash flow of the related obligor may be insufficient to repay the scheduled payments to the lender after giving effect to any secured obligations of the obligor. Unsecured loans will be subject to certain additional risks to the extent that such loans may not be protected and such loans are not secured by collateral, financial covenants or limitations upon additional indebtedness. Unsecured loans are also expected to be a more illiquid investment than senior loans for this reason.

Furthermore, under the agreements governing most syndicated loans, should a holder of an interest in a syndicated loan wish to call a default or exercise remedies against a borrower, it could not do so without the agreement of at least a majority of the other lenders. Further, actions

could be taken by a majority of the other lenders, or in some cases, a single agent bank, without the consent of all lenders. Each lender would nevertheless be liable to indemnify the agent bank for its ratable share of expenses or other liabilities incurred in such connection and, generally, with respect to the administration and any renegotiation or enforcement of the syndicated loans. Moreover, an assignee or participant in a loan may not be entitled to certain gross-up payments in respect of withholding taxes and other indemnities that otherwise might be available to the original holder of the loan. Accordingly, as a lender in the types of loans described above, CVC may be subject to the foregoing.

CVC also invests, on behalf of its Clients, in senior loans acquired through assignment or participations. In purchasing participations, the Client will usually have a contractual relationship only with the selling institution, and not the borrower. CVC, acting on behalf of a Client, generally will have no right directly to enforce compliance by the borrower with the terms of a loan agreement, nor any rights of set-off against the borrower, nor will it have the right to object to certain changes to, or waivers under, the loan agreement agreed to by the selling institution. A Client may not directly benefit from the collateral supporting the related senior loan and may not be subject to any rights of set-off the borrower has against the selling institution.

In addition, in the event of the insolvency of the selling institution, a Client may be treated as a general creditor of such selling institution, and may not have any exclusive or senior claim with respect to the selling institution's interest in, or the collateral with respect to, the senior loan. Consequently, a Client may be subject to the credit risk of the selling institution as well as of the borrower. Certain of the senior loans or loan participations may be governed by the law of a jurisdiction other than the United States or a U.S. state which may present additional risks as regards the characterization under such laws of such participation in the event of the insolvency of the selling institution or the borrower.

Recently, there has been a general reduction of liquidity in the credit markets caused by, among other factors, disruptions in the U.S. mortgage backed securities markets, lack of liquidity for certain types of assets, depressed trading levels for credit sensitive assets and general market concerns about leverage. As a result, there has been a rapid decline in the issuance of senior loans, investor demand and liquidity, the availability of financing and a revaluation of risk in the credit markets. Such factors have resulted in an increase in credit spreads, reduced liquidity in the senior loan and other markets and a decline in market values for senior loans.

High-Yield Securities

CVC may, on behalf of its Clients, invest in bonds or other fixed income securities, including without limitation, commercial paper and "higher yielding" (and, therefore, higher risk) debt securities, when the CVC believes that such securities offer opportunities for profit. Such securities may be below "investment grade" and face ongoing uncertainties and exposure to adverse business, financial or economic conditions which could lead to the issuer's inability to meet timely interest and principal payments. The market values of certain of these lower rated debt securities tend to reflect individual corporate developments to a greater extent than do higher rated securities, which react primarily to fluctuations in the general level of interest rates,

and tend to be more sensitive to economic conditions than are higher rated securities. It is likely that a major economic recession or an environment characterized by a shortage of liquidity could disrupt severely the market for such securities and may have an adverse impact on their value or liquidity. Moreover, it is likely that any such economic downturn or liquidity squeeze could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default for such securities. In addition, adverse publicity and investor perceptions about lower-rated securities, whether or not based on fundamental analysis, may be a contributing factor in a decrease in the value and liquidity of such lower-rated securities. The market for lower-rated securities is thinner and less active than that for higher-rated securities, which can adversely affect the prices at which these securities can be sold.

Distressed Securities

CVC may, on behalf of its Clients, invest in "distressed securities"—securities, private claims and obligations of entities that are experiencing significant financial or business difficulties or have filed for Chapter 11 protection under the U.S. Bankruptcy Code. Investments may include loans, commercial paper, loan participations, trade claims held by trade or other creditors, stocks, partnership interests and similar financial instruments, executory contracts and options or participations therein not publicly traded.

Distressed securities may result in significant returns to Clients, but also involve a substantial degree of risk. A Client may lose a substantial portion or all of an investment in a distressed environment or may be required to accept cash or securities with a value less than the Client's investment. Among the risks inherent in investments in entities experiencing significant financial or business difficulties is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments also may be adversely affected by state and federal laws relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims. The market prices of such instruments are also subject to abrupt and erratic market movements and above average price volatility and the spread between the bid and ask prices of such instruments may be greater than normally expected. In trading distressed securities, litigation is sometimes required. Such litigation can be time-consuming and expensive, and can frequently lead to unpredicted delays or losses.

Structured Investments

CVC may, on behalf of its Clients, invest in entities organized and operated for the purpose of restructuring the investment characteristics of other debt securities. These investments will typically consist of equity or subordinated debt securities issued by a private investment fund that invests, on a leveraged basis, in debt instruments, including primarily senior loans and high-yield bonds and to a lesser extent asset-backed securities ("ABS"), directly or through total rate of return swaps or other credit derivatives. The cash flow on the underlying instruments may be apportioned among the newly issued security to create securities with different investment characteristics such as varying maturities, payment priorities and interest rate provisions, and the extent of the payments made with respect to such securities is dependent on the extent of the cash flow on the underlying instruments. Because Clients will not own these assets directly, they

will not benefit from rights that holders of the assets have, including indemnification and voting rights.

Exposure to structured finance securities entails various risks: credit risks, liquidity risks, prepayment risks, interest rate risks, market risks, operations risks, structural risks, geographical concentration risks, basis risks and legal risks. Structured finance securities are also subject to the risk that the servicer fails to perform. Structured finance securities are subject to risks associated with their structure and execution, including the process by which principal and interest payments are allocated and distributed to investors, how credit losses affect the issuing vehicle and the return to investors in such structured finance securities, whether the collateral represents a fixed set of specific assets or accounts, whether the underlying collateral assets are revolving or closed-end, under what terms (including maturity of the structured finance instrument) any remaining balance in the accounts may revert to the issuing entity and the extent to which the entity that is the actual source of the collateral assets is obligated to provide support to the issuing vehicle or to the investors in such structured finance securities.

The investment characteristics ABS differ from traditional debt securities. For example, ABS have underlying assets that include subprime mortgage loans, automobile loans, credit card receivables and student loans. Further, these securities may not have the benefit of a security interest in the related collateral. Therefore, 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.

Interest Rate Risk

CVC, on behalf of its Clients, generally invests in a combination of floating rate and fixed income securities. Generally, the value of fixed income securities will change inversely with changes in interest rates. As interest rates rise, the market value of fixed income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed income securities tends to increase. This risk will be greater for long-term securities than for short-term securities. The value of equity securities is also affected by changes in interest rates. CVC may or may not attempt to minimize the exposure of the portfolio to interest rate changes through the use of interest rate swaps, interest rate futures and/or interest rate options. Even if CVC does attempt to do so, there can be no guarantee that it will be successful in mitigating the impact of interest rate changes.

Leverage

CVC may, on behalf of its Clients, utilize leverage through margin borrowing and through certain financial transactions. Leverage increases returns to Clients if the Client earns a greater return on leveraged investments than the Client's cost of such leverage. However, the use of leverage exposes the Client to additional levels of risk including (i) greater losses from investments than would otherwise have been the case had the Client not borrowed to make the investments, (ii) margin calls or changes in margin requirements may force premature liquidations of investment positions, (iii) losses on investments where the investment fails to earn a return that equals or exceeds the Client's cost of leverage related to such investments and (iv)

fluctuations in interest rates on the Client's borrowings, which may have a negative effect on the Client's profitability. In case of a sudden, precipitous drop in value of a Client's assets, the Client might not be able to liquidate assets quickly enough to repay its borrowings, further magnifying the losses incurred by the Client.

Concentrated Portfolio

Since CVC will, on behalf of its Clients, invest primarily in the credit markets, Client portfolios will not generally be as diversified as other investment vehicles. Accordingly, investments may be subject to more rapid change in value than would be the case if CVC were required, on behalf of its Clients, to maintain a wide diversification among types of securities, geographical areas, issuers and/or industries.

Credit Derivatives

CVC may, on behalf of its Clients, engage in trading in credit derivative contracts, which are contracts that transfer price, spread and/or default risks of debt and other instruments from one party to another, both for bona fide hedging of existing long and short positions, but also for independent profit opportunities. Such instruments may include one or more credits. The market for credit derivatives may be relatively illiquid, and there are considerable risks that may make it difficult either to buy or sell the contracts as needed or at reasonable prices. There are also risks with respect to credit derivatives in determining whether an event will trigger payment under the contract and whether such payment will offset the loss or payment due under another instrument. Generally, a credit event means bankruptcy, a failure to pay, the acceleration of an obligation or modified restructuring of a credit obligation or instrument.

CVC may, on behalf of its Clients, be either the buyer or seller in these transactions. If CVC is a buyer of credit protection on behalf of its Clients and no credit event occurs, that CVC Client may recover nothing. Worse still, if a credit event occurs, the Client, as a buyer, typically will receive full notional value for a reference obligation that may have little or no value. Buyers of credit derivatives carry the risk of non-performance by the seller due to an inability to pay.

As a seller of credit protection, a Client would typically receive a fixed rate of income throughout the term of the contract, which typically is between one month and five years, provided that no credit event occurs. If a credit event occurs, the seller may pay the buyer the full notional value of the reference obligations. Sellers of credit derivatives carry the inherent price, spread and default risks of the underlying instruments.

Credit default swaps involve greater risks than if the Client had invested in the reference obligation directly. In addition to general market risks, credit default swaps are subject to liquidity risk and credit risk. A buyer of credit protection also may lose its investment and recover nothing should no credit event occur. If a credit event were to occur, the value of the reference obligation received by the seller, coupled with the periodic payments previously received, may be less than the full notional value it pays to the buyer, resulting in a loss of value to the CVC client. Further, in certain circumstances, the buyer can receive the notional value of a credit default swap only by delivering a physical security to the seller, and is at risk if such

deliverable security is unavailable or illiquid. Such a delivery “crunch” is a distinct risk of these investments.

The credit derivatives market is a rapidly evolving market. As a result, different participants in the credit derivatives markets may have different practices or interpretations with respect to applicable terms and definitions, and ambiguities concerning such terms or definitions, may be interpreted or resolved in ways that are adverse to Clients. Additionally, there may be circumstances and market conditions (including the possibility of a large number of buyers of credit default swaps being required to deliver the same physical security in the same time frame) that have not yet been experienced that could have adverse effects on a Client’s investments.

Short Sales

CVC may, on behalf of its Clients, engage in short sales of securities. Short sales can, in certain circumstances, substantially increase the impact of adverse price movements on a Client’s portfolio. A short sale involves the risk of a theoretically unlimited increase in the market price of the particular investment sold short, which could result in an inability to cover the short position and a theoretically unlimited loss. There is a risk that a Client would have to return the securities it borrows, in connection with a short sale, to the securities lender on short notice. If a request for return of borrowed securities occurs at a time when other short sellers of the security are receiving similar requests, a “short squeeze” can occur, and the Client may be compelled to replace borrowed securities previously sold short with purchases on the open market at the most disadvantageous time, possibly at prices significantly in excess of the proceeds received in originally selling the securities short.

Special Situations

CVC may, on behalf of its Clients, invest in companies involved in (or the target of) acquisition attempts or tender offers or in companies involved in work-outs, liquidations, spin-offs, reorganizations, bankruptcies and similar transactions. In any investment opportunity involving any such type of special situation, there exists the risk that the contemplated transaction either will be unsuccessful, will take considerable time or will result in a distribution of cash or a new security the value of which will be less than the purchase price to a Client of the security or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, the Client may be required to sell its investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies in which CVC may invest, there is a potential risk of loss by the Client of its entire investment in such companies.

Investing in Non-U.S. Assets

CVC may, on behalf of its Clients, invest in Non-U.S. Assets. Investing in securities issued outside of the United States involves considerations and possible risks not typically involved in investing in securities of companies domiciled and operating in the United States, including the possibility of expropriation, limitations on the use or removal of funds or other assets, changes in governmental administration or economic or monetary policy (in the United States or abroad) or

changed circumstances in dealings between nations. The application of foreign tax laws (e.g., the imposition of withholding taxes on dividend, interest or other payments) or confiscatory taxation may also affect investment in non-U.S. securities. Higher expenses may result from investment in non-U.S. securities than would from investment in U.S. securities because of the costs that must be incurred in connection with conversions between various currencies and foreign brokerage commissions that may be higher than the United States. Non-U.S. securities markets also may be less liquid, more volatile and less subject to governmental supervision than in the United States. Investments in non-U.S. countries could be affected by other factors not present in the United States, including lack of uniform accounting, auditing and financial reporting standards and potential difficulties in enforcing contractual obligations.

Currency Risks

Investments in securities or other instruments that are denominated in a foreign currency are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments.

Lack of Liquidity of Assets, Valuation

A Client's assets may, at any given time, include securities and other financial instruments or obligations that are thinly traded or for which no market exists and/or which are restricted as to their transferability under applicable securities laws. The sale of any such investments may be possible only at substantial discounts, and it may be extremely difficult to value accurately any such investments. Securities to be held by Clients may routinely trade with bid-ask spreads that may be significant. At times, third-party pricing information may not be available for certain positions held by the Client. CVC is entitled to rely, without independent investigation, upon pricing information and valuations furnished to CVC by third parties, including any independent third party pricing services selected by CVC.

Item 9: Disciplinary Information. Neither CVC nor its management personnel have been involved in or are the subject of any legal or disciplinary events that would be material to a Client's or prospective client's evaluation of CVC's advisory business or the integrity of CVC or its management personnel.

Item 10: Other Financial Industry Activities and Affiliations.

(A) Darshan Patel, the Chief Legal Officer and Chief Compliance Officer of CVC, is a registered representative of Resource Securities, Inc., a FINRA registered broker-dealer affiliate of CVC.

(B) Neither CVC nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

(C) CVC is a wholly owned subsidiary of CVC Credit Partners, L.P., a global credit management joint venture between CVC Capital Partners SICAV-FIS, S.A. and Resource America, Inc. company that focuses, through its wholly owned subsidiaries and joint ventures, on the commercial finance, real estate and financial fund management sectors. Each of these subsidiaries focuses on unique asset classes and investment strategies.

1. Resource Securities, Inc. (“RSI”), a wholly owned subsidiary of Resource America, Inc., is a FINRA licensed broker-dealer engaged in (i) the underwriting of direct participation programs and real estate investment trusts on an “all or none,” “part or none,” and/or “best efforts” basis; (ii) the wholesaling with other broker/dealers of direct participation programs and REITs; and (iii) the sale in private placements of certain tranches of CDO and CLO debt securities including CRE CDO securities, ABS CDO securities as well as CMBS and CMBS CDO securities, trust preferred securities of REITs, insurance companies and other financial service companies, and subordinated debt to institutional investors.
From time to time, CVC may utilize the services of RSI to purchase or sell securities for its clients. In order to avoid any conflict of interest in utilizing the services of an affiliated broker-dealer, in no event will RSI charge any brokerage fee or mark-up/mark-down to a CVC client.
2. Affiliates of CVC may manage pooled investment vehicles including, but not limited to, collateralized debt obligations, private equity funds and hedge funds. However, each affiliate of CVC focuses on distinct asset classes and therefore does not trade in the same securities or loans that are purchased and sold on behalf of CVC Clients. These relationships do not cause any material conflict of interest.
3. Resource Financial Fund Management, Inc. (“RFFM”), an affiliate of CVC, is a registered investment advisor that is primarily engaged in the business of providing portfolio management services to issuers of CDOs that primarily hold investments in trust preferred securities issued by banks, thrifts, financial institutions, real estate investment trusts, real estate operating companies and homebuilders. CDOs managed by RFFM do not invest in the same asset classes as CLOs managed by CVC. This relationship does not cause any material conflict of interest.

CVC Capital Partners Advisory Company Limited (“CVC Capital”), an affiliate of CVC, is a registered investment adviser that is primarily engaged in the management of private equity funds that acquire controlling or significant minority interests in European, Asian and North American companies. CVC Capital buys companies in partnership with their management teams and assists in developing plans to create sustainable long term value. CVC Capital invests primarily in equity and equity linked securities. These securities are generally not suitable for investment vehicles managed by CVC. Notwithstanding the foregoing, certain conflicts of interest may arise in situations in which CVC and CVC Capital have made investments in different parts of the capital structure of the same company. In order to mitigate any

conflicts of interest related to such investments, CVC has adopted policies and procedures to establish appropriate barriers between CVC and CVC Capital to wit, CVC and CVC Capital maintain separate investment committees and operating boards; CVC maintains information barriers to prevent inadvertent dissemination of information between CVC and CVC Capital; and CVC has established an independent subcommittee of independent directors of its board to provide review and guidance to CVC's investment committee with respect to any situation where there is the potential for (or perception of) a material conflict of interest.

Ischus Capital Management, LLC, an affiliate of CVC, is a registered investment adviser that specializes in managing CDOs that primarily hold investments in structured finance products with a focus on ABS, RMBS and CMBS securities. CDOs managed by Ischus generally do not invest in the same asset classes as the investment vehicles managed by CVC. This relationship does not cause any material conflicts of interest.

Resource Real Estate, Inc., an affiliate of CVC is a registered investment adviser that provides investment advisory services to CDOs, which invest primarily in mortgage loans and/or participation interests in mortgage loans secured by commercial real estate properties, commercial mortgage backed securities, and other real estate debt instruments. CDOs managed by Resource Real Estate, Inc. generally do not invest in the same asset classes as the investment vehicles managed by CVC. This relationship does not cause any material conflict of interest.

4. CVC does not have any relationship or arrangement with any related persons that are futures commission merchants, commodity pool operators or commodity trading advisors.
5. CVC does not have any relationship or arrangement with any related entity that is a banking or thrift institution.
6. Related persons of CVC are employed in the ordinary course of business by Resource America, Inc. and CVC Capital and their affiliates and subsidiaries as accountants. The relationship between CVC and such related persons does not cause any material conflict of interest.
7. Related persons of CVC are employed in the ordinary course of business by Resource America, Inc. and CVC Capital and their affiliates and subsidiaries as lawyers. The relationship between CVC and such related persons does not cause any material conflict of interest.
8. CVC does not have any relationship or arrangement with any related entity that is an insurance company or agency.
9. CVC does not have any relationship or arrangement with any related person that is a pension consultant.
10. CVC does not have any relationship or arrangement with any related person that is a real estate broker or dealer.

11. Related persons of CVC may serve as sponsors or syndicators of limited partnerships. Clients of CVC are not solicited to invest in these limited partnerships and such limited partnerships do not transact with CVC. The relationship between CVC and such related persons does not cause any material conflict of interest.

(D) CVC does not recommend or select other investment advisors for its Clients.

Item 11: Code of Ethics.

(A) In recognition of CVC's fiduciary duty to its clients and its desire to maintain its high ethical standards, CVC has adopted a Code of Ethics containing provisions designed to prevent improper personal trading, identify conflicts of interest and provide a means to resolve any actual or potential conflicts in favor of the CVC Client. Adherence to the Code of Ethics is considered a basic condition of employment by CVC.

It is the responsibility of each employee of CVC to ensure that a particular securities transaction being considered for his or her own personal account is not subject to a restriction contained in the Code of Ethics or otherwise prohibited by any applicable laws.

CVC employees are prohibited from executing any personal securities transactions of any kind in any securities on CVC's restricted list. This list will contain the names of companies for which CVC has material non-public information. CVC employees are required to provide the Compliance Officer with copies of all brokerage statements and trade confirmations for all accounts in which securities are held. All such statements will be reviewed on a regular basis and compared against the restricted list by the Compliance Officer.

CVC employees may not acquire beneficial ownership in any securities in any private placement of securities or investment opportunity of limited availability unless the Compliance Officer has given express prior written approval.

CVC employees may not serve as a director (or similar position) of the board or as a member of a credit committee of any company unless the employee has received written approval from the Compliance Officer. Authorization will be based on a determination that the board service would not be inconsistent with the interest of any client account.

CVC employees are prohibited from using their position with CVC to obtain an item of value from any person or company that does business with CVC. Employees are prohibited from accepting any gift greater than \$300 in value from any person or company that does business with CVC or any investment vehicle managed by CVC. Unsolicited business entertainment is permitted if: a) it is not so frequent or of such high value as to raise a question of impropriety and b) the person providing the entertainment is present at the event.

CVC's management, with the advice of legal counsel, at its discretion, will consider reports made to it and upon determining that a violation of the Code of Ethics has occurred, may impose such sanctions or remedial action as it deems appropriate or to the extent required by law.

A copy of CVC's Code of Ethics is available to any investor or potential investor on request.

(B) Neither CVC nor any related person recommends to clients, or buys or sells for client accounts, securities in which CVC or a related person has a material financial interest. CVC and its affiliates do not currently recommend to clients, or buy and sell for client accounts, securities in which CVC or its affiliates have a material financial interest.

(C) CVC or its related persons may provide discretionary investment advisory services to various other affiliates. In addition, CVC or its related persons may provide investment advice to themselves. In managing proprietary accounts, CVC or its related persons may purchase or sell securities for such accounts, that they also recommend to their clients. It is CVC's policy that no client for whom it has investment decision responsibility shall receive preferential treatment over any other client or proprietary account. CVC and its related persons have adopted internal allocation procedures governing such transactions that require, among other things, that: (i) all trades for the related proprietary accounts be reviewed by portfolio management and compliance personnel, and (ii) CVC maintain records as to the activity and position in the related proprietary accounts and any transaction allocations involving related proprietary accounts and client accounts. Potential conflicts of interest may exist in instances in which CVC or its related persons determine that a specific transaction in a security is appropriate for a specific account, including proprietary accounts and accounts for which CVC charges a performance based fee, based upon numerous factors including, among other things, investment objectives, investment strategies or restrictions, while other accounts including proprietary accounts and accounts for which CVC charges a performance based fee may hold or take the opposite position in the security in accordance with those accounts' investment objectives, strategies and restrictions. CVC has adopted a Trade Allocation Policy that governs allocation of investment opportunities among client accounts to ensure that all client accounts are treated fairly. This policy generally results in client accounts receiving pro rata allocations of any investment opportunity sought by a portfolio manager on behalf of a client account. Potential conflicts of interest may also exist in instances in which personnel of CVC and its related persons seek to purchase or sell securities that CVC recommends to client accounts ahead of any purchases or sales made by CVC on behalf of client accounts ("front running"). The conflict of interest posed by front running is mitigated by the fact that the majority of investments made by CVC on behalf of its clients are in securities that are not available for purchase by individuals. Further, CVC's Insider Trading Policy and Code of Ethics require pre-clearance by the Chief Compliance Officer of all securities transactions. This policy makes securities transactions by the personnel of CVC and its related persons transparent and prevents front running by such personnel.

(D) Please see the response to Item 11(C) above.

Item 12: Brokerage Practices.

(A) CVC retains discretionary authority in its investment advisory contracts with Clients to select broker-dealers in connection with all portfolio transactions; however, with respect to CLO clients, discretionary authority to purchase or sell securities or loan investments in Client accounts may be limited by the terms of the applicable indentures and other governing

agreements, which may impose quality, liquidity, concentration, diversification and other requirements. Pursuant to standard industry practice, it is CVC's general policy to purchase loan investments directly from the entities that originate the loans and hold such loan investments. It is also CVC's policy in placing orders to seek to obtain reasonably available best net results, including best price and execution, for portfolio transactions taking into account all relevant factors including quality of execution, ability of the broker to commit capital to provide liquidity, financial responsibility and market-making capabilities and CVC's overall responsibilities to each client. CVC has discretion in selecting broker-dealers to effect portfolio transactions on behalf of its Clients. In selecting broker-dealers, CVC considers a number of factors including quality of execution, ability of the broker-dealer to commit capital to provide liquidity, financial responsibility and market-making capabilities.

1. CVC may, from time to time, receive unsolicited market and industry research from broker-dealers and agent banks for loan syndications. In no instance does CVC seek to obtain research or other soft dollar benefits in exchange for directing client brokerage to the broker or bank producing such materials. All decisions related to selection of CVC's trading counterparties and broker-dealers servicing client accounts are made based on best execution.
2. CVC and its related persons do not receive client referrals from broker-dealers or third parties that provide order execution on behalf of client accounts
3. CVC does not routinely recommend, request or require Clients to direct CVC to execute transactions through specified broker-dealers.

(B) From time to time, it may be appropriate for CVC to aggregate Client orders for the purchase or sale of securities. CVC will generally follow the guidelines set forth below in aggregating Client orders for securities, including any orders placed for private investment vehicles: (1) no Client will be favored over any other Client; (2) each Client that participates in an aggregated order will participate at the average share price for all of CVC's transactions in that security on a given business day and transaction costs will be shared pro rata based on each Client's participation in the transaction; (3) if the aggregated order is filled in its entirety, it will be allocated among Clients in accordance with the CVC's general policy; and (4) if the aggregated order is partially filled, it will be allocated among Clients pro rata. Notwithstanding the foregoing, an aggregated order may be allocated on a basis different from that specified above, if the reason for the different allocation is explained in writing and approved by the Compliance Officer no later than the close of trading on the day on which the order was executed. Reasons for allocation on a basis different from that specified in the allocation statement may include, but are not necessarily limited to: a Client's investment guidelines and restrictions; available cash; liquidity requirements; legal and regulatory reasons; or to avoid odd lots.

Item 13: Review of Accounts.

(A) CLO accounts are reviewed, at a minimum, on a quarterly basis, and are often reviewed more frequently. The review entails many aspects, though it primarily focuses on an updated credit analysis of each issuer's financial performance, a review of each issuer's capital structure and a review of each issuer's industry prospects. There are also numerous aspects of each investment that are reviewed on a daily or weekly basis, including, but not limited to, each

investment's price performance, any related news items related to the investment and any correspondence from the issuer and/or the institution that acts as the administrative agent for the issuer's financing. These reviews are conducted by the President of CVC and the portfolio manager in conjunction with CVC's operations team. On a less frequent basis, the Chief Operating Officer of CVC and the CEO of Resource America, Inc. in addition to other individuals at Resource America, Inc. or Resource Capital Corporation join in the oversight process. CVC Managed Accounts are reviewed no less frequently than quarterly with the client. This review is conducted by the portfolio manager and the President and/or Chief Operating Officer of CVC as necessary. CVC Managed Funds are reviewed consistently throughout the day, week and month. This review entails security position exposure, pricing and risk analysis. This review is conducted by the Portfolio Manager and the President of CVC.

(B) N/A

(C) CLO Accounts receive monthly trustee reports and also receive quarterly investor letters from CVC discussing the performance of the portfolios. CVC Managed Accounts receive reports from CVC and/or the applicable custodian for such account on a daily, monthly and quarterly basis. A daily cash flow report is available to the Managed Account Client on a daily basis and shows all transactions (debits and credits) affecting its account. This report is provided by the custodian the Managed Account. CVC also provides the Managed Account with a monthly report summarizing account activity. CVC provides the Managed Account with a quarterly report which summarizes market and economic activity together with return data and market prices. Investors in CVC Managed Funds receive a monthly capital statement and one page transparency discussing the performance and positioning of the Managed Fund. Investors in Managed Funds also receive a quarterly letter summarizing the investments in the Managed Fund. CVC also provides K-1s and audited financial statements to investors in Managed Funds.

Item 14: Client Referrals and Other Compensation.

(A) CVC does not receive any economic benefit from any party that is not a client in connection with the provision of investment advice or other advisory services to CVC clients.

(B) CVC utilizes the services of placement agents to refer investors to Managed Funds for which CVC serves as investment manager. Pursuant to the placement agent agreements by and among CVC and third party placement agents, CVC compensates the placement agent with a portion of the management fees charged to each client referred by the placement agent.

Item 15: Custody. CVC Global Credit Opportunities Fund GP, LLC, a wholly owned subsidiary of CVC, serves as general partner to the Managed Funds for which CVC provides investment advisory services. CVC is therefore deemed to have custody of client funds and securities for such Managed Funds. All funds and securities owned by Managed Funds are maintained by qualified custodians. All Managed Fund clients advised by CVC will receive account statements from the qualified custodian and that Managed Fund clients should carefully review those statements.

Item 16: Investment Discretion: The applicable indentures for each of the CLOs managed by CVC place restrictions on CVC's ability to buy and sell loans and securities on behalf of the CLO. Pursuant to the terms of these indentures, CVC has limited discretionary authority over such Client accounts. CLO indentures generally restrict CVC from selling collateral debt securities unless such loans or securities have experienced specified credit deterioration, ratings downgrades, or events of default. CVC is also permitted by the terms of each CLO indenture to trade a portion of the CLO account on a discretionary basis. Investment management agreements for Managed Accounts and limited partnership agreements for Managed Funds set forth the general criteria for the types of loans and securities to be purchased on behalf of the entity. Further, investment management agreements for Managed Accounts may require that CVC provide notice to the Client prior to executing any transaction on behalf of the Client and allow for the Client to reject any proposed transaction. Notwithstanding the foregoing, CVC is generally granted discretionary investment authority on behalf of Managed Accounts and Managed Funds. CVC's discretionary investment authority on behalf of Managed Funds is evidenced by the execution of the limited partnership agreement by each of the Managed Fund's investors.

Item 17: Voting Client Securities.

(A) Proxy voting is an important right of shareholders and reasonable care and diligence must be undertaken to ensure that such rights are properly and timely exercised. When CVC has discretion to vote the proxies of its clients, it will vote those proxies in the best interest of its clients and in accordance with its internal policies and procedures. CVC CLOs, Managed Funds and Managed Accounts are primarily comprised of loans and other debt securities. Generally, the holders of these loans and securities are not entitled to vote on corporate matters. CVC Managed Funds may, from time to time, hold equity positions for which proxy votes are solicited. If CVC receives a corporate action notification or proxy, with respect to a Client investment, a CVC portfolio manager will, absent material conflicts of interest, determine how CVC should vote the proxy or corporate action notification and send a recommendation on how to vote to the Chief Compliance Officer for approval. Generally, CVC will vote in favor of routine corporate housekeeping proposals, including election of officers and directors (where no corporate governance issues are implicated), selection of auditors, and increases or reclassification of common stock. CVC will generally vote against proposals that make it more difficult to replace members of the issuer's board of directors, including proposals to stagger the board, cause management to be overrepresented on the board, introduce cumulative voting, introduce unequal voting rights, and create supermajority voting. For other proposals, CVC shall determine whether a proposal is in the best interests of its clients and may take into account the following factors among others: (i) whether the proposal was recommended by management and CVC's opinion of management; (ii) whether the proposal acts to entrench existing management; and (iii) whether the proposal fairly compensates management for past and future performance. CVC does not permit clients to vote proxies or corporate action notifications.

Conflicts of interest may exist between CVC and its clients with respect to voting their securities in instances in which the issuer of loans or other securities for which votes are solicited is a client or affiliate of CVC or has some other relationship with CVC. In the event that there is a material

conflict of interest with regard to a corporate action notification or proxy, CVC may retain the services of an independent third party.

Clients may obtain information from CVC on how proxies are voted by contacting the Chief Compliance Officer of CVC. CVC clients may obtain a copy of CVC's proxy voting policies and procedures upon request.

Item 18: Financial Information.

(A) CVC does not require or solicit prepayment of more than \$1200 in fees per client, six months or more in advance.

(B) There are no financial conditions that are reasonably likely to impair CVC's ability to meet its contractual commitments to its clients.

(C) CVC has not been the subject of a bankruptcy petition at any time during the past ten years.