



MJX ASSET MANAGEMENT LLC

Firm Brochure

Form ADV– Part 2A

Uniform Application for Investment Advisor Registration

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This brochure provides information about the qualifications and business practices of MJX Asset Management LLC. If you have any questions about the contents of this brochure, please contact us at 212-705-5300 or www.mjxam.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or any state securities authority

Additional information about MJX Asset Management LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

MJX Asset Management LLC is registered as an investment adviser under the Investment Advisers Act of 1940. Such registration does not imply that an investment adviser has a certain level of skill or training.

Item 2. Material Changes

The following information, although not deemed by MJX Asset Management LLC (“MJX”) to involve Material Changes, is furnished to update information in MJX’s Firm Brochure dated March 29, 2012 in which MJX reported that it was acting as portfolio manager for nine Funds.

The holders of the required percentage of the outstanding principal amount of the Subordinated Notes of the Veer Cash Flow CLO, Limited, a fund managed by MJX, voted for early redemption. The Senior Rated Notes and Mezzanine Deferrable Notes of the Fund were paid-in-full and the Subordinated Notes redeemed in April, 2012, reducing the number of funds managed to eight.

Subsequently, MJX was engaged as collateral manager of four new cash flow collateralized loan obligation funds with an aggregate capitalization of \$2,295,000,000.

- Venture X CLO, Limited with a capitalization of \$425 million closed on June 14, 2012;
- Venture XI CLO, Limited with a capitalization of \$520 million closed on October 23, 2012;
- Venture XII CLO, Limited with a capitalization of \$750 million closed on January 23, 2013; and
- Venture XIII CLO, Limited with a capitalization of \$600 million closed on March 25, 2013.

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Item 4. Advisory Business

MJX Asset Management LLC (“MJX”) is principally engaged in the business of rendering investment advisory services as portfolio manager to collateralized loan obligation (“CLO”) funds which are structured investment vehicles which invest in non-investment grade debt securities, principally leveraged loans and high yield bonds issued by corporate borrowers. MJX currently acts as portfolio manager for twelve cash flow CLOs (collectively, the “Funds”).

MJX, a Delaware limited liability company, was formed in August 2003 by Hans Christensen and Martin Davey, former portfolio managers at Barclays Bank and Citibank. MJX has been in business since November 2003 when MJX purchased from Barclays Bank its CLO management business which Messrs. Christensen and Davey managed at the time of acquisition.

Messrs. Christensen and Davey are the sole owners of MJX.

MJX’s investment advice to the Funds it manages relates solely to credit products, principally loans and bonds. MJX does not provide advice on equity securities.

MJX’s ability to invest a Fund’s assets is constrained by the portfolio quality criteria and asset and income coverage tests spelled out in the indenture pursuant to which the Fund’s securities are issued. In its purchase and sale of assets for a Fund portfolio, MJX is required to comply with the restrictions of the Fund indenture.

Each Fund is an exempt company with limited liability formed under the laws of the Cayman Islands. The Funds are not required to be registered under the Investment Company Act of 1940 (the “Investment Company Act”) by virtue of the exemption from registration provided by Section 3(c)(1) and/or 3(c)(7) of that Act. Both the senior rated notes and the subordinated notes (or other equity interests) in the Funds are offered on a private placement basis pursuant to Section 3(c)(1) and/or 3(c)(7) of the Investment Company Act to persons who are either “qualified institutional buyers” or “accredited investors” as defined in the rules under the Securities Act of 1933 (the “Securities Act”)

and “qualified purchasers” as defined under the Investment Company Act) and subject to certain other conditions as set forth in the offering documents of each Fund.

As of March 25, 2013, MJX manages on a discretionary basis approximately \$5,171,269,000 of assets in the Funds. MJX does not manage any client assets on a non-discretionary basis.

MJX anticipates that in the future it will manage and advise additional CLOs, collateralized bond obligation vehicles, closed end funds, separately managed accounts and other private investment funds which will invest primarily in credit products similar to those in which the Funds invest.

Item 5. Fees and Compensation

At the time of the launch of each CLO Fund, MJX negotiates the fees it will be paid for its portfolio management services with the non-affiliated commercial or investment bank that acts as underwriter and initial purchaser of the Fund’s securities. MJX’s management fees are calculated as a percentage (expressed as a number of basis points (bp)¹) of the aggregate principal amount of the assets under management (or market value with respect to certain discounted or defaulted assets). Accordingly, management fees payable to MJX may differ from Fund to Fund.

Generally, MJX’s Fund management fees have three components: a senior management fee (generally 15bp or 20bp per annum), a subordinated management fee (generally about 30 bp per annum) and an incentive fee. The senior and subordinated fees are paid quarterly in arrears in accordance with the priority of payment waterfall (i.e., priority of payment sequence) set forth in the indenture pursuant to which each Fund’s securities are issued. The senior management fee is paid earlier in the waterfall than the subordinated management fee. The subordinated fee is subject to deferral if sufficient funds are not available to pay Fund obligations at a higher level in the waterfall. The subordinated management fee also may be deferred if the Fund is not in compliance with certain financial coverage tests set forth in the Fund indenture on the date each quarter when the tests are determined. The incentive fee is not payable unless and until the Fund’s performance exceeds the Fund’s designated hurdle rate and the CLO equity investors have achieved a certain internal rate of return (“IRR”) (generally 12% - 15%) on their investment. Thereafter, the incentive fee is payable quarterly as a percentage (generally 20%) of the amount available for distribution to the Fund’s equity investors.

Any incentive or other performance-based fees payable to MJX by any Fund will be charged in accordance with Section 205 of the Investment Advisers Act of 1940 (the “Advisers Act”) and Rule 205-3 thereunder.

¹ A basis point equals 1/100 of 1%.

MJX does not have custody of any Fund assets. Accordingly, MJX does not deduct its fees from Fund assets; nor does MJX bill a Fund for fees. MJX's portfolio management agreement with each Fund provides for MJX to be paid the agreed upon fees on a quarterly basis. The fees are paid to MJX by the Fund's indenture trustee in accordance with the priority of payments waterfall set forth in the indenture.

Any brokerage and other transaction costs incurred in connection with the purchase or sale of assets for a Fund are paid by the Fund. See Item 12. for additional information on Brokerage Practices.

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

The incentive fee discussed in Item 5 above is the only performance based fee payable to MJX for its portfolio management services to the Funds. The only fees MJX receives from the Funds are the asset based fees described in Item 5 above. MJX does not charge any hourly or flat fees for its advisory services.

Item 7. Types of Clients

The clients for whom MJX provides investment advisory and portfolio management services are the Funds which are legal entities formed for the purpose of investment and are exempt from registration under the Investment Company Act. Investors in the Funds include only institutions such as CLOs, private and other investment funds, banks and other financial institutions, and high net worth individuals. MJX does not currently provide investment advisory services directly to any individual natural person.

Investors in the Funds (other than MJX employees) are generally required to make a minimum initial equity investment of at least \$250,000.

As indicated above, Fund investors are required to be either "qualified institutional buyers", or "accredited investors" who are also "qualified purchasers" as defined under the Investment Company Act, depending on the applicable exemption from Investment Company Act registration relied upon by the Fund.

Investors in the each of the Funds managed by MJX do not have any right of redemption whatsoever until the expiration of the non-call period (between two and five years) beginning at the Fund's closing date. Thereafter, at quarterly intervals, at the direction of the holders of a majority (or in some Funds a greater percentage) of a Fund's equity holders, all of the Fund's notes and other securities may be redeemed in whole but not part.

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

Investment Philosophy

MJX is a credit-oriented investment management firm whose management philosophy is to minimize risks while achieving maximum returns on the Fund assets it manages. MJX believes that combining portfolio management disciplines with thorough and continual analysis of issuer viability is the best way of achieving this goal and preserving capital through multiple business cycles. MJX's investment strategy combines rigorous credit, market, and relative value analysis within the leveraged loan and high yield markets. MJX operates a disciplined investment style that focuses on consistent, superior risk-adjusted returns principally in the non-investment grade bank loan market. MJX believes that strong credit analysis and continual attention to the credits in its portfolios contribute significantly to value-added performance.

Investment Process

The MJX investment process can be viewed in four steps: portfolio construction, investment evaluation, relative value analysis, and disciplined monitoring.

Portfolio Construction. Portfolio construction begins with the establishment of portfolio guidelines that are intended to provide a mechanism to monitor the optimal composition of the portfolio. MJX portfolio managers (defined below) and analysts carefully evaluate portfolio characteristics, including but not limited to issuer and industry concentrations, credit quality, and leverage, to determine the recommended investment strategy. Portfolio reviews evaluate credit trends and highlight new risks and opportunities. MJX deals in both the primary and secondary credit markets, acquiring loans directly from underwriters of syndicated bank loans in the primary market and buying and selling loans and bonds in the secondary loan and bond trading markets.

Investment Evaluation. Investment evaluation with respect to both primary and secondary market opportunities is the work of the deal managers ("portfolio managers") and credit analysts. A portfolio manager and an analyst are assigned to each new investment opportunity and it is their responsibility to consider all relevant issues, using research and data from available internal and external sources. Typically for primary market purchases, the investment process involves the assigned portfolio manager and analyst reviewing a new issue-offering memorandum prior to an issuer meeting; querying the issuer's management team or underwriter with respect to any identified credit concerns, undertaking fundamental credit analysis and, if satisfied with this information, preparing an investment memo.

The investment memo presents a deal summary, pricing and a recommendation; and may include potential credit issues, credit risks and mitigants, opinion on management, industry standing and competitive landscape, and key performance indicators (i.e., items to be monitored to assess credit deterioration). The memo is distributed to all investment professionals on MJX's investment team. Approval to invest is subject to consensus of the investment team.

Key performance indicators for an investment are focused on and tracked by the responsible portfolio manager and analyst while the investment is held in a Fund portfolio. Key performance indicators are reviewed during quarterly industry sector reviews to identify deterioration or to update their relevance.

Relative Value Analysis. Relative value analysis seeks to ensure that a portfolio is positioned for improved risk-adjusted returns for a given risk level. Qualitative inputs are complemented with quantitative calculations that help identify undervalued industries or debt issues, calculate implied credit spreads (after adjustment for prepayment and credit changes), and value loan issues versus the issuer's other debt instruments and the debt of comparable companies. Relative value is first assessed at the time of initial investment, updated thereafter and also as part of a quarterly industry review process. The industry review process reviews relative risk/return performance by each industry sector and the individual investments in the sector to identify improving or deteriorating performance and contributors to the overall portfolio.

Disciplined Monitoring. In an effort to generate early warning indicators of deteriorating credit quality, the management team actively monitors the portfolio on a daily basis. Actual issuer performance is gauged against the key performance indicators which were established in the initial investment analysis process; generally updated as new information becomes available; and reviewed again by the team during the quarterly industry review. Actual financial and issue price performance is combined with quantitative calculations which are designed to identify portfolio deterioration and identify possible "sale" positions. Although positions may be sold earlier to realize gains or to comply with the qualitative and quantitative requirements of the applicable Fund indenture, unless material new information is identified, investments are typically reduced or eliminated following performance deterioration or as a result of relative value analysis.

The investment process is substantially the same for new issue and secondary market investment opportunities.

Risk Factors

An investor in the Funds assumes a number of risks including the following:

Risk Factors Relating to Fund Securities

Investment Risk. Investors are exposed to the risk of loss up to the size of their entire investment.

Limited Liquidity and Restrictions on Transfers of Fund Securities. There is no active market for any Fund securities. In addition, Fund securities are subject to certain transfer restrictions and can only be transferred to certain transferees who meet certain qualifications, further limiting liquidity. Investment in the Funds should be viewed as a long term investment and not for trading.

Limited Recourse. Fund securities are limited recourse debt obligations of the Fund. Payments on Fund securities will be payable solely from the Fund's assets in accordance with the priority of payments waterfall set forth in the Fund's indenture. Investors have no recourse to MJX (or any of its affiliates) or directly to any assets of the Fund in the case of any losses resulting from the performance of the Fund.

Suitability of an Investment in Securities. Neither MJX nor any of its affiliates has made any representation to investors as to the accounting, capital, tax and other regulatory and legal consequences of ownership of Fund securities. Each Fund investor is solely responsible for a determination of the accounting, capital, tax and other regulatory and legal consequences to such investor of ownership of Fund securities and for deciding whether ownership of Fund securities is suitable in light of the investor's investment experience, investment objectives, risk tolerance and individual circumstances.

Subordination. Each class of Fund securities (other than the highest-ranking class) is subordinated in right of payment to higher-ranking classes in the Fund's capital structure and to the payment of certain fees and expenses pursuant to the priority of payments waterfall of the Fund's indenture.

Leveraged Nature of the Subordinated Classes. The subordinated classes of Fund securities represent highly leveraged investments. Therefore, the market values of subordinated classes are anticipated to be significantly affected by, among other things, changes in the market value of, and distributions, defaults, recoveries, capital gains, capital losses and prepayments on Fund's investments. Accordingly, a significant portion (and in some circumstances all) of the investment of holders of the lower-ranking classes may not be repaid.

Control of Remedies. The most senior class of Fund securities will be entitled to direct certain actions and control certain decisions (including with respect to certain remedies following an event of default under the Fund's indenture) and these decisions could be adverse to the interests of the holders of other junior classes of Fund securities

Diversion of Payments. Under certain circumstances, amounts that otherwise would have been used to pay interest or other distributions on lower-ranking classes of Fund securities will be diverted to pay principal of higher-ranking classes of Fund securities which could result in insufficient funds available to pay all or a portion of interest or other distributions on the lower-ranking classes.

Early Termination of the Reinvestment Period. Under certain circumstances the period during which Fund assets may be reinvested may terminate earlier than scheduled in which case the return to the lower-ranking classes of Fund securities may be adversely affected and the holders of higher-ranking classes may receive principal payments earlier than anticipated and at a time when reinvestments that offer the same level of return may not be available.

Stated Maturity; Average Life and Prepayment Considerations. The weighted average life of each class of rated notes in each Fund is expected to be shorter than the

number of years until the stated maturity of those notes which could cause the holders of the higher-ranking classes of notes to receive payments of principal earlier than expected.

Risk Factors Related to the Collateral Securing Fund Notes

Nature of Collateral. The collateral securing Fund notes (the “Collateral”) consists primarily of interests in non-investment grade corporate loans and may also include high-yield debt securities and, and in one Fund structured finance obligations, all of which are subject to liquidity, market value, credit, interest rate, reinvestment, price volatility and other risks. The Collateral generally will be subject to greater risks than investment grade corporate obligations and these risks could be exacerbated to the extent that the portfolio is concentrated in one or more particular types of collateral. A non-investment grade debt obligation is generally considered speculative in nature and may default for a variety of reasons.

Default Risk. The issuer of a Collateral obligation held by a Fund may default in the payment of interest and/or repayment of principal. To the extent a default occurs with respect to an item of Collateral and the Fund sells or otherwise disposes of the Collateral, it is likely that the proceeds it receives will be less than its unpaid principal and interest due.

Second Lien Loans, Senior Unsecured Loans, Senior Unsecured Bonds and Subordinated Unsecured Bonds. The Collateral may include second lien loans, senior unsecured loans, senior unsecured bonds and subordinated unsecured bonds.

A second lien loan is more illiquid than senior secured loans and subordinate in right of payment to one or more senior secured loans of the borrower and, therefore, is subject to the risk that the cash flows of the borrower and the collateral securing the loan may be insufficient to make the scheduled payments after giving effect to any senior secured securities.

Senior unsecured loans, senior unsecured bonds, and subordinated unsecured bonds are not secured obligations of the borrower and do not have the benefit of a pledge of specified property which may make these loans more illiquid investments than senior secured and second lien secured loans.

Subordinated bonds are subordinate in right of payment to one or more other obligations of the borrower and, therefore, are subject to the additional risk that the borrower’s cash flows may be insufficient to make the scheduled payments on the subordinated bonds after giving effect to any senior obligations which may cause subordinated bonds to be more illiquid investments than senior obligations.

Interest Rate Risk. There may be an interest rate or basis mismatch between notes issued by a Fund and Collateral in which the Fund has invested. In addition, floating rate Collateral may adjust more or less frequently and on different dates and based on different indices than the interest rates on the Fund’s notes. As a result of such mismatches, an increase in the level of LIBOR or any other applicable floating rate index

on which the rate of interest payable on the Fund's notes are based could adversely impact a Fund's ability to make payments on the notes it has issued.

Reinvestment Risk. There may be times during which a Fund is not able to invest fully its available cash in Collateral or during which the assets available for investment will not be of comparable quality. It is unlikely that a Fund's available cash will be invested fully in Collateral at all times. The longer the period that cash is not fully invested in Collateral, the greater the adverse impact may be on the aggregate interest income available for distribution by the Fund. The reinvestment risk on the Collateral will be borne by the holders of Fund notes in reverse order of priority, beginning with the lowest-ranking classes who will bear the greatest risk.

Illiquidity of Collateral Debt Securities. Certain of the Collateral purchased by a Fund will have no, or only a limited, trading market and indenture restrictions may restrict a Fund's ability to dispose of obligations in a timely fashion and for a fair price as well as the Fund's ability to take advantage of market opportunities.

Prepayment of Loans. Loans are generally prepayable in whole or in part at any time at the option of the obligor and as a result loans purchased at a price greater than par may experience a capital loss as a result of a prepayment and principal proceeds received upon prepayment are subject to reinvestment risk.

General Market and Credit Risks of Debt Securities. The Funds invest almost exclusively in debt instruments. Debt portfolios like those of the Funds are subject to credit and interest rate risks. Financial strength and solvency of a borrower are the primary factors influencing credit risk. In addition, lack or inadequacy of collateral or credit enhancement for a debt instrument may affect its credit risk. Credit risk may change over the life of an instrument and securities and other debt instruments that are rated by rating agencies are often reviewed and may be subject to downgrade. Interest rate changes may affect the value of a debt instrument indirectly (especially in the case of fixed rate securities) or directly (especially in the case of instruments whose rates are adjustable). In general, rising interest rates will negatively impact the price of a fixed rate debt instrument and falling interest rates will have a positive effect on price. Adjustable rate instruments may react to interest rate changes in a similar manner depending on the characteristics of the reset terms, including the index chosen, frequency of reset and reset caps or floors, among other factors. Interest rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules.

Dependence on MJX and its Key Personnel. Because the composition of the Collateral will vary over time, the performance of the Collateral depends heavily on the skills of MJX in analyzing, selecting and managing the Collateral. A Fund is highly dependent on the financial and managerial experience of the investment professionals employed by MJX who select and manage the Fund's Collateral. There is no assurance that these persons will continue to be employed by MJX or involved in investment activities of a particular Fund. MJX's loss of any these professionals could have a material adverse effect on the performance of the Fund.

MJX may resign or be removed as collateral manager under certain circumstances. There can be no assurance that any successor manager would have the same level of skill in performing the obligations of the collateral manager, in which event payments on a Fund's notes could be reduced or delayed.

Tax Considerations; No Gross-Up. The Funds are expected to conduct their affairs so that they will not be treated as engaged in a trade or business within the United States. As a consequence, the Funds expect that their net income will not become subject to United States federal income tax. There can be no assurance, however, that its net income will not become subject to United States federal income tax as the result of unanticipated activities, changes in law, contrary conclusions by the United States tax authorities or other causes. The imposition of unanticipated taxes could materially impair the Funds ability to make payments and distributions on their notes.

There can be no assurance that payments on the Collateral will not become subject to U.S. or other withholding tax because of any change in any applicable law or other causes. If any withholding tax is imposed on payments on Collateral that was not subject to withholding tax at the time of purchase and such tax is not offset by "gross-up" payments, such tax would reduce the amounts available to make payments on the a Fund's notes. In that case, there can be no assurance that the remaining payments on the Collateral would be sufficient to make payments of interest and principal on a Fund's notes.

Item 9. Disciplinary Information

Neither MJX nor any of its employees has been involved in any legal or disciplinary event or proceeding that is material to a client's or prospective client's evaluation of MJX's advisory business or the integrity of its management.

Item 10. Other Financial Industry Activities and Affiliations.

Other Activities

In addition to its portfolio management activities, MJX offers consulting services on a negotiated fee per engagement basis to banks and other financial institutions on matters involving structured debt securities such as Residential Mortgage Backed Securities, Commercial Mortgage Backed Securities, Asset Backed Securities and Collateralized Debt Obligation ("CDO") portfolios and other credit related products.

MJX also acts, from time to time, as the liquidation agent for corporate trustees in connection with the liquidation of CDO loan and bond portfolios.

An MJX subsidiary acts as the servicing agent for three CDO vehicles with total assets of approximately \$2.4 billion.

None of the foregoing activities poses any conflict of interest for MJX in connection with its advisory services it renders to the Funds.

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

Code of Ethics.

MJX has adopted a Code of Ethics (the "Code") pursuant to Advisers Act Rule 204A-1 that (i) guides its employees in the performance of their fiduciary duty to MJX's clients, (ii) seeks to ensure that securities transactions engaged in by MJX employees are carried out in a manner consistent with this duty and in accordance with applicable securities laws and (iii) makes MJX employees aware of, and lessens, potential conflicts of interest.

The Code incorporates the following principles that all employees are expected to uphold: employees must at all times place the interests of the Funds first; all personal securities transactions must be conducted in a manner consistent with the Code and any actual or potential conflicts of interest or any abuse of an employee's position of trust and responsibility must be avoided; employees must not take any inappropriate advantage of their positions; information concerning the identity of securities and financial circumstances of the Funds, including Fund investors, must be kept confidential; and independence in the investment decision-making process must be maintained at all times. The Code places restrictions on personal trades by employees, including a requirement that they disclose their personal securities holdings and transactions to MJX on a periodic basis, and requires all MJX employees to pre-clear all personal securities transactions with the firm.

MJX will furnish each client or prospective client with a written copy of the Code at no cost upon request made to MJX at the address or telephone number listed on the first page of this Form ADV – Part 2A.

MJX also maintains Insider Trading policies and procedures (the "Insider Trading Policies") that are designed to prevent the misuse of material, non-public information ("Inside Information"). MJX's personnel are required to certify to their compliance with the Code, including the Insider Trading Policies, on a periodic basis. MJX's Insider Trading Policies prohibit MJX and its personnel from trading for the Funds or themselves, or recommend trading, in securities such as bonds and stocks of a company while they or MJX is in possession of Inside Information about the company, and from disclosing such information to any person not entitled to receive it. By reason of its various activities, MJX may gain access to Inside Information and be restricted from undertaking transactions in certain investments that might otherwise have been effected. MJX has in place policies and procedures reasonably designed to prevent the misuse of Inside Information. Among other things, such policies seek to control and monitor the flow of Inside Information to and within MJX, as well as prevent trading based on Inside Information. Accordingly, MJX may choose not have access to Inside Information that other market participants or counterparties are eligible to receive.

Participation or Interest in Client Transactions

MJX and its personnel do not, for their own account, purchase any security from or sell any security to any of the Funds. However, from time to time, subject to applicable Fund restrictions and investment guidelines, MJX may direct one Fund to sell securities to another Fund through an internal cross transaction in which MJX does not receive any compensation. Any internal cross transactions will be effected based on the then current market prices sourced from independent third party market makers. To the extent that any cross transaction may be viewed as a principal transaction due to the ownership interest in either Fund by MJX or its personnel or other affiliates, MJX will comply with the requirements of Section 206(3) of the Advisers Act. MJX will notify the Fund or an independent representative of the Fund, in writing of the transaction and obtain consent from the Fund or an independent representative of the Fund.

MJX may invest its own funds in securities or instruments in which MJX may invest the Funds' assets. Additionally, MJX's members, officers and employees may make personal investments in securities or instruments of issuers in which MJX may invest the Funds' assets. MJX and its personnel may buy, sell, or hold securities or instruments for their own accounts while making different investment decisions with respect to the same securities or instruments for one or more Funds. In addition, MJX and its personnel may invest in one or more of the Funds of its or their choosing and are not required to invest in all Funds. If such investments are made, the size and nature of these investments are expected to change over time. Neither MJX nor its personnel are required to keep any minimum investment in any Fund.

Personal Trading

Every MJX employee is required to obtain approval from MJX's Chief Compliance Officer before buying for, or selling from, a personal account any covered security. The term "personal account" means any securities account in which an employee has any direct or indirect beneficial interest and includes accounts of an employee's immediate family members (including spouse, minor children and any other relative by blood or marriage either living in the employee's household or financially dependent on the employee). The term "covered securities" includes all securities defined as such under the Advisers Act, and includes securities such as debt and equity securities, options on securities, limited partnership and limited liability company interests, foreign unit trusts and foreign mutual funds and exchange traded funds that are organized as unit investment trusts. It does not include direct obligations of the U.S. government (e.g., treasury securities), bankers' acceptances, bank certificates of deposit, commercial paper, and high-quality short-term debt obligations, shares issued by money market funds and shares of open-end mutual fund that are not advised or sub-advised by MJX.

Aggregation and Allocation

Due to the nature of the loan markets, as well as specific Fund guidelines and objectives, *pro rata* allocation of investment opportunities is generally not feasible.

Accordingly, MJX does not prescribe one specific manner in which the loans, bonds or other financial instruments will be allocated among the Funds, and MJX may use *pro rata*, rotational, percentage or other allocation methods. MJX attempts to use reasonable efforts to allocate investments among the Funds it manages in an equitable manner and in accordance with applicable law. Subject to the requirements of each Fund's indenture, MJX will generally allocate investment opportunities among the Funds it manages in a manner that it believes, in its reasonable judgment, to be appropriate given factors it believes to be relevant. Such factors may include Fund investment objectives, liquidity, diversification, lender covenants and other limitations set forth in a Fund's indenture and the amount of funds a Fund has available for investment. In purchasing or selling a particular investment, MJX will generally be doing so simultaneously for more than one Fund it manages; and such purchases and sales will generally be aggregated and allocated. An allocated transaction may be modified if strict adherence to an anticipated allocation may lead to impractical or undesirable results such as odd lots, *de minimis* allocations or indenture non-compliance.

Errors and Omissions.

Pursuant to the various exculpation and indemnification provisions in the portfolio management agreements between MJX and the Funds, MJX and its affiliates and personnel will generally not be liable to the Funds for any act or omission, absent bad faith, willful misconduct or gross negligence, and the Funds will generally be required to indemnify such persons against any losses they may incur by reason of any act or omission related to the Funds, absent such persons' bad faith, willful misconduct or gross negligence. As a result of these provisions, the Funds, and not MJX, will be responsible for losses resulting from trading errors and similar human errors, absent MJX's bad faith, willful misconduct or gross negligence. Investors should assume that trading errors (and similar errors) may occur and that the Funds will be responsible for any resulting losses, even if such losses result from the negligence (but not gross negligence) of MJX's personnel.

Potential Conflicts of Interest.

From time to time, various potential and actual conflicts of interest may arise from the overall advisory, investment and other activities of MJX, its affiliates, and personnel. MJX has established policies and procedures to monitor and resolve conflicts and will endeavor to resolve conflicts with respect to investment opportunities in a manner it deems equitable to the extent possible under the prevailing facts and circumstances.

MJX and/or its affiliates may also have ongoing relationships with, render services to or engage in transactions with other funds that invest in assets of a similar nature to those of the Funds, and with companies whose securities are in the Funds' portfolios, and may own equity or debt securities issued by such companies. As a result, MJX may possess information relating to issuers of Collateral that is not known to the individuals at MJX responsible for monitoring that Collateral.

MJX expects in the future to serve, as collateral manager or advisor or sub-advisor for other investment vehicles, including CLOs, collateralized bond obligation vehicles, closed end funds, separately managed accounts, and other private investment funds, some of which may have investment objectives which overlap with or are substantially similar to the investments objectives of the Funds. MJX and/or its affiliates may at certain times be simultaneously seeking to purchase or dispose of investments for its or their respective accounts, one or more of the Funds, or any other fund or entity for which MJX serves as manager or advisor and for its clients or affiliates.

MJX also may advise funds with programs, objectives or strategies which conflict with the Funds. These activities also may adversely affect the prices and availability of other securities or instruments held by or potentially considered for purchase by one or more Funds.

Subject to the requirements of the Funds' governing instruments, investment opportunities sourced by MJX will generally be allocated to the Funds in a manner that MJX believes to be appropriate given factors that it believes to be relevant such as each Fund's investment objectives, liquidity, diversification, lender covenants and other limitations of the Funds and the amount of funds each of them has available for investment. MJX intends to use its reasonable efforts to allocate such investments among its client accounts in an equitable manner and in accordance with applicable law.

Neither MJX nor any of its affiliates is under any obligation to offer investment opportunities of which it becomes aware to the Funds before offering any investment to other funds or accounts that MJX may manage or advise. MJX may make investments on behalf of the Funds in securities, or other assets, that it has declined to invest in for its own account, the account of any of its affiliates or the account of its other clients. MJX may also purchase debt obligations for other clients that are senior to, or have interests adverse to, those it buys or sells for the Funds

MJX affiliates may invest on their own behalf in securities and other instruments that would be appropriate for, held by, or may fall within the investment guidelines of the Funds. MJX affiliates may give advice or take action for their own accounts that may differ from, conflict with or be adverse to advice given or action taken for the Funds. These activities may adversely affect the prices and availability of other securities or instruments held by or potentially considered for purchase by one or more Funds.

Potential conflicts also may arise from the fact the MJX affiliates may have investments in some Funds but not in others or larger investments in some funds, or MJX as manager may make investments for one or more Funds that are not made for other Funds with similar investment programs, objectives, and strategies. Accordingly, Funds with similar strategies may not hold the same securities or instruments or achieve the same performance.

In certain of the Funds MJX and/or certain of its employees may own securities that are economic equivalent of an equity interest which are the most subordinated class of securities issued by the Fund. As a result MJX and such employees may face conflicts

between the interests of the holders of the Fund's senior notes and the interests of the Fund's equity holders when making an investment in, or disposing of, Collateral. Because MJX will receive fees for managing the Funds' assets, particularly when the value of such fees exceeds the value of MJX's investment in the Funds, MJX may face conflicts between its interest as an equity holder and its interest as collateral manager. In addition, MJX and its employees may in the future invest in other businesses and investment vehicles that may compete with the Funds.

MJX and its personnel may have conflicts in allocating their time and services among the Funds. MJX will devote as much time to each Fund as MJX deems appropriate to perform its duties in accordance with its management agreement with the Fund.

Potential conflicts may also arise from differences in fee structures and management fees payable to MJX under advisory contracts with different Funds and other advisory clients.

MJX affiliates may also have ongoing relationships with companies whose securities are in or are being considered for inclusion in a Fund's portfolio. MJX may acquire securities or other financial instruments of an issuer for one Fund which are senior or junior to securities or financial instruments of the same issuer that are held by, or acquired for, another Fund (e.g., one Fund may acquire senior debt while another Fund may acquire subordinated debt).

MJX recognizes that conflicts may arise under the circumstances described above and will endeavor to treat all Funds fairly and equitably under the prevailing facts and circumstances and applicable law.

Item 12. Brokerage Practices

MJX makes limited use of brokers, using brokers principally in connection with the sourcing and trading of thinly traded loans and bonds. MJX has adopted guidelines for evaluating brokerage services when determining whether it has obtained best execution for Fund account transactions. The guidelines are designed to enable MJX to fairly evaluate the overall quality and costs of a broker-dealer's execution services, including factors other than prices, commissions and other expenses paid in connection with account transactions.

MJX will place trades for execution only with brokers or dealers approved by MJX senior management. The factors considered in selecting and approving brokers-dealers that may be used to execute trades for Fund accounts include, but are not limited to:

- Quality of execution - accurate and timely execution, clearance and error/dispute resolution
- Reputation, financial strength and stability

- Willingness to execute difficult transactions
- Willingness and ability to commit capital
- Access to primary offerings and secondary markets
- Ability to source and trade thinly traded loans and bonds
- Ongoing reliability
- Overall costs of a trade (*i.e.*, net price paid or received) including commissions, mark-ups, mark-downs or spreads currently available and other current transaction costs
- Nature of the security and the available market makers
- Desired timing of the transaction and size of trade
- Confidentiality of trading activity
- Market intelligence regarding trading activity

Broker spreads, mark-ups and mark-downs will be evaluated at the time of trade in the context of the overall price of the particular transaction. MJX does not currently have any formal soft dollar arrangements with any broker-dealer.

Item 13. Review of Accounts

Funds managed by MJX are under daily review and management. Each Fund is managed with the aim of keeping it in compliance with the portfolio quality tests and the asset, interest and any other coverage tests of its indenture. MJX's senior management, portfolio managers and analysts meet each weekday morning to discuss prospective investments, review current portfolio assets, and discuss credit, industry and economic news and trends. Portfolio managers tend to specialize in certain industries and concentrate their reviews and recommendations to issuers in these industries.

MJX's operations staff prepares daily reports updating each Fund's portfolio's investment positions, cash position, market values, and compliance with indenture portfolio profile and coverage tests.

MJX's management, portfolio managers and analysts operate in a trading desk environment which fosters continuing dialogue on portfolio investments, credit issues and market information. In addition, each portfolio holding is reviewed during MJX's quarterly reviews of all industry sectors in which its Funds have investments. MJX makes strategic decisions on portfolio compositions for the coming quarter based on the sector reviews.

MJX makes available to investors in each Fund on its website a quarterly written newsletter which discusses the performance of the credit/leveraged loan market in general and the Fund's portfolio in particular. MJX also hosts a separate investor conference call for each Fund following each calendar quarter during which it discusses general market conditions and the Fund's performance and answers investor questions. A recording of the call is available to investors by telephone for a week following each call. In addition, investors are invited to address questions to portfolio managers at any time. Historical information on each Fund (including complete monthly trustee reports) is also available to investors on MJX's password protected website.

Each Fund constitutes a "passive foreign investment company" ("PFIC") for U.S. income tax purposes and the preferred shares or income or subordinated notes of the Funds as the case may be, will be treated as equity in a PFIC. Upon request, a Fund will furnish its U.S. holders annually with the information and documentation the holder making a "qualified electing fund" ("QEF") election is required to obtain for United States income tax purposes including a PFIC Annual Information Statement.

Item 14. Client Referrals and Other Compensation

Not Applicable

Item 15. Custody

MJX does not have custody of any Fund assets.

Item 16. Investment Discretion

MJX has full discretionary authority to manage the Funds, including authority to make decisions with respect to which loans and securities are bought and sold, the amount and price of those loans and securities, the brokers or dealers, if any, to be used for a particular transaction, and commissions or markups and markdowns paid. MJX's authority is limited by its own internal policies and procedures and each Fund's investment guidelines and the restrictions imposed by its indenture.

Item 17. Voting Client Securities

MJX votes on behalf of the Funds on amendments to loan and credit agreements governing the loans and bonds in Fund portfolios. MJX's general policy is to vote amendments, consents or resolutions relating to such instruments in a manner that serves the best interests of the Funds, as determined by MJX in its discretion, taking into account factors such as: (i) the impact on the value of the Funds' investments; (ii) the anticipated associated costs and benefits; (iii) the continued or increased availability of portfolio information; and (iv) industry and business practices. Similar considerations come into play in MJX's voting proxies of any equity securities received by the Funds in exchange for debt in reorganizations.

MJX has adopted a proxy voting policy that sets out how MJX will vote proxies on specific issues. If a conflict of interest between MJX and a Fund arises in connection

with a proposal to be voted upon, MJX will vote in accordance with the policy. If the policy does not address a specific proposal, MJX will vote the proxy as it determines to be in the best interest of the Fund. If MJX believes that its vote might be perceived as MJX acting for its own benefit, MJX will either delegate the voting decision to the Fund's board of directors or obtain approval of its decision from MJX's Chief Compliance Officer.

A Fund investor may obtain a copy of MJX proxy voting policy and the proxy voting record relating to the investor's Fund by contacting MJX.

Item 18. Financial Information

Not Applicable

Item 19. Requirements for State Registered Advisers

Not Applicable.