

Octagon Credit Investors, LLC
("Octagon")

and

Octagon Credit Opportunities, LLC
("OCO," a relying adviser of Octagon)

Form ADV, Part 2A
(the "Brochure")

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This Brochure provides information about the qualifications and business practices of Octagon and OCO. If you have any questions about the contents of this Brochure, please contact us at (212) 400-8400 or imarcus@octagoncredit.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about Octagon also is available on the SEC's Investment Adviser Public Disclosure (IAPD) website at www.adviserinfo.sec.gov.

The Firm may refer to itself as a "registered investment adviser." You should be aware that registration with the SEC or a state securities authority does not imply a certain level of skill or training.

Item 2: Material Changes

This Item 2 discusses only material changes made to this Form ADV Part 2A (“Brochure”) since March 30, 2012, when Octagon filed its most recent annual updating amendment to its Brochure. Persons previously receiving that Brochure (dated March 14, 2012), should consider the following:

Octagon and CCMP Capital, LLC, the parent company of CCMP Capital Advisors, LLC (“CCMP”), a private equity investment firm, have formed Octagon Credit Opportunities, LLC (“OCO”), a newly-formed manager of distressed debt investments. For purposes of this Brochure OCO and Octagon are referred to, collectively, as the “Firm”. OCO is initiating its investment program by raising a distressed debt investment fund (the “Distressed Fund”) and may raise additional funds in the future (each an “OCO Managed Fund”). OCO conducts a single advisory business with Octagon and, accordingly, has registered through Octagon’s Form ADV as a “relying adviser”. Various items of this Brochure have been updated to reflect the addition of OCO.

Octagon has revised certain of its compliance policies and procedures to support the new distressed debt business, including removing certain information barriers that existed between Octagon and CCMP in order to allow more information to be exchanged among Octagon, CCMP and OCO, which may result in certain restrictions in investment transactions by each entity.

Accordingly, this updated Brochure includes the following changes, among others, that recipients should consider:

- The description of the Firm’s advisory business in Item 4 now reflects the formation of OCO, a new business that invests in distressed debt and was jointly formed by Octagon and CCMP Capital, LLC, the parent company of CCMP, which owns a majority ownership interest in Octagon;
- Item 5 now includes a discussion of fees and compensation for OCO Managed Funds;
- Item 6 now includes a discussion of the Firm’s valuation policies and procedures and disclosure of the conflict of interest presented by the fact that employees of OCO, Octagon and CCMP, including persons who serve on the Distressed Fund’s investment committee, may invest in the Distressed Fund and/or in other Funds, or take interests in a Fund’s general partner, thus participating in the performance fees or “carried interest” paid to the general partner by that Fund, giving them a potential incentive to favor those Funds in which they have greater pecuniary interests;
- With the formation of OCO and the potential for co-investments by CCMP and other third parties in distressed debt with funds managed by OCO, Item 8 has been revised to describe the related investment strategies, methods of analysis and risks associated with investments in distressed debt and co-investments;

- With the formation of OCO, and given CCMP Capital LLC's interest in OCO, Item 10 has been updated to discuss OCO's activities and certain potential conflicts of interest related to the operations of CCMP, Octagon and OCO, including changes to the information barriers that previously existed between CCMP and Octagon;
- Because (1) more than one OCO Managed Fund may be in its investment period and (2) CCMP or other third parties may be in a position to co-invest with an OCO Managed Fund in a distressed debt opportunity, Item 10 includes additional disclosure regarding how investment opportunities are allocated;
- Item 11 now includes additional disclosure of conflicts of interest relating to co-investment and carried interest arrangements;
- Item 12 now includes a discussion of the allocation of opportunities among OCO Managed Funds;
- Item 13 now includes a discussion of OCO's operating and investment committees; and
- Item 14 has been updated to include a discussion of how OCO (or CCMP) apply fees paid to OCO (or CCMP) by portfolio companies or potential portfolio companies (such as break-up fees, transaction fees, director's fees and fees for managerial assistance and other services provided to such companies) to offset management fees.

Important Note about this Brochure

This Brochure is not:

- *an offer or agreement to provide advisory services to any person*
- *an offer to sell interests (or a solicitation of an offer to purchase interests) in any Fund (as defined below)*
- *a complete discussion of the features, risks or conflicts associated with any Fund*

As required by the Investment Advisers Act of 1940, as amended (“Advisers Act”), Octagon and OCO provide this Brochure to current and prospective clients and may also, in their discretion, provide this Brochure to current or prospective investors in a Fund, together with other relevant governing documents, such as the Fund’s offering or private placement memorandum, prior to, or in connection with, such persons’ investment in the Fund. Additionally, this Brochure is available through the SEC’s Investment Adviser Public Disclosure website.

Although this publicly available Brochure describes investment advisory services and products of Octagon and OCO, persons who receive this Brochure (whether or not from the Firm) should be aware that it is designed solely to provide information about the Firm as necessary to respond to certain disclosure obligations under the Advisers Act. As such, the information in this Brochure may differ from information provided in relevant governing documents. More complete information about each Fund is included in relevant governing documents, certain of which may be provided to current and eligible prospective investors only by the Firm. To the extent that there is any conflict between discussions herein and similar or related discussions in any governing documents, the relevant governing documents shall govern and control.

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ITEM 4: Advisory Business

The Firm

The Firm consists of two commonly controlled investment advisers, Octagon Credit Investors LLC (“Octagon”) and Octagon Credit Opportunities, LLC (“OCO”). OCO is a “relying adviser” of Octagon. References in this Brochure to the “Firm” indicate Octagon and OCO, collectively.

Octagon Credit Investors LLC. Octagon is an investment adviser that focuses on the management of performing, below investment grade corporate debt, including leveraged loans and high-yield bonds. Octagon was founded in 1994 as a business unit of Chemical Bank a (predecessor of JPMorgan Chase & Co.) to create an asset management capability for below investment grade debt investments. Octagon was incorporated in December 1998, separated from The Chase Manhattan Corporation in 1999 and has been independently operated since 1999. CCMP Capital, LLC, the parent company of CCMP Advisers, LLC (“CCMP”), a private equity investment firm, purchased a 50.1% ownership interest in Octagon in July 2008. CCMP Capital, LLC continues to own more than 50% of Octagon. However, Octagon is not a portfolio company of any private equity fund managed by CCMP. Employees of Octagon currently own approximately 29% of Octagon.

Octagon Credit Opportunities, LLC. In October 2012, Octagon and CCMP Capital, LLC formed OCO, a Delaware limited liability company, to initiate a new distressed debt investment strategy to invest in distressed debt situations, primarily through the purchase of leveraged loans and other debt obligations of financially troubled companies. OCO’s efforts are supported by its own dedicated staff and augmented by Octagon’s investment and operations professionals. OCO is currently raising its initial distressed debt investment fund (the “Distressed Fund”) and may advise additional investment vehicles or accounts in the future (each an “OCO Managed Fund”). CCMP Capital, LLC and Octagon each own 50% of OCO. OCO’s Investment Committee is comprised of two members of CCMP’s Investment Committee, one member of Octagon’s Investment Committee and one member of OCO’s investment staff.

Firm Overview

The Firm generally manages: (1) collateralized loan obligation vehicles (“CLOs”); (2) other pooled investment vehicles, including OCO Managed Funds (the “Private Funds,” and, collectively with the CLOs, the “Funds”); and (3) separately managed accounts, structured in various entity types and forms, including trusts, partnerships or limited liability companies (the “Accounts” and, together with the Funds, “Clients”). As of December 31, 2012, the Firm managed client assets of approximately \$6,006,700,000, of which \$5,001,300,000 is discretionary and \$1,005,400,000 is non-discretionary. All such assets are managed as of that date by Octagon as OCO’s initial client, the Distressed Fund, has not, as of the date of this Brochure, had its first close. A Fund may invest in another Fund, including interests issued by a CLO that is managed by the Firm.

The Firm's investment advisory services focus on corporate debt investments, including, but not limited to, senior secured or unsecured term loans, letters of credit, corporate debt securities (including investment and non investment grade debt securities, high-yield debt securities and mezzanine debt securities) and structured finance securities. Octagon focuses on performing credits, while OCO focuses on distressed debt. The Firm may also utilize total return swaps, credit default swaps, interest rate swaps, foreign currency swaps, options, money market funds and cash equivalents such as U.S. government securities and commercial paper.

Private Funds may, but will not necessarily, employ a "master-feeder" structure for regulatory, tax or investment purposes. Generally, a master-feeder structure vests trading operations in one or more "master" funds while investors may typically access the master fund(s) only through one or more "feeder" funds. These feeder funds, in turn, invest (directly or indirectly) in the master fund(s).

Except as otherwise described herein, investments for each Account are managed in accordance with the investment objectives, strategies, restrictions and guidelines communicated to the Firm by the Client or its representatives and as memorialized in an investment advisory contract or other materials ("Account Documents"). Investments for each Fund are managed in accordance with the Fund's particular investment objectives, strategies, restrictions and guidelines and are generally not tailored to the individualized needs of any particular investor in a Fund. At inception, however, specific asset criteria (*e.g.*, credit quality, diversification) may be established for certain CLOs, sometimes in consultation with prospective CLO investors. Information about each Fund, and the particular investment objectives, strategies, restrictions, guidelines and risks associated with an investment, is described in the governing documents (*e.g.*, offering or private placement memorandum, limited liability company agreement, indenture, investment advisory contract) of the Fund ("Governing Documents"), which are made available to investors only through the Firm or another authorized party. Since the Firm does not provide individualized advice to the investors (and an investment in a Fund does not, in and of itself, create an advisory relationship between the investor and the Firm), investors must consider whether a particular Fund meets their investment objectives and risk tolerance prior to investing.

The Firm may in the future manage Clients that pursue other investment strategies, including strategies that encompass both performing and distressed investing.

ITEM 5: FEES AND COMPENSATION

Compensation and Billing

CLOs

As compensation for its service as the collateral manager of the CLOs, Octagon generally receives a Senior Management Fee, a Subordinated Management Fee and an Incentive

Management Fee (collectively, the “Collateral Management Fees”). The Senior Management Fee has a higher priority in a CLO payment waterfall whereas the Subordinated Management Fee generally ranks below principal and interest payments to senior note holders in the payment waterfall. The Firm will generally earn a Subordinated Management Fee if over-collateralization and interest coverage tests have been satisfied for all senior CLO note holders. The Senior Management Fees and Subordinated Management Fees are typically paid by the CLO or its trustee quarterly in arrears, in accordance with its Governing Documents. Incentive Management Fees are typically paid later in a CLO’s tenor by the CLO or its trustee in arrears if specific internal rates of return thresholds are achieved. Please consult a CLO’s Governing Documents for additional information regarding such Collateral Management Fees.

Private Funds

As compensation for its service as the investment manager of the Private Funds, the Firm generally receives a Management Fee. The Firm may, but will not always, receive a performance-based fee with respect to a Private Fund. Performance fees generally reflect the capital appreciation of a Private Fund and may include hurdle rates and/or high water marks. The Management Fees are typically paid quarterly in arrears. Please consult a Private Fund’s Governing Documents for additional information regarding such fees.

OCO Managed Funds

As compensation for its service as the investment manager of the Distressed Fund and other OCO Managed Funds, OCO generally receives a Management Fee. OCO may, but will not always, receive performance-based compensation with respect to an OCO Managed Fund. The Management Fees are typically calculated and billed twice per year at the first day of the semi-annual period, and are paid, from capital called from OCO Managed Fund partners or from amounts otherwise available for distribution, at least 15 days after billing, such that in no event are fees paid six or more months in advance. The Management Fee may be subject to reduction as provided in an OCO Managed Fund’s Governing Documents. If an OCO Managed Fund is dissolved before the end of a billing period, management fees will be pro rated based on the period the OCO Managed Fund was operational, and OCO will return the excess amount.

The Distressed Fund pays performance compensation to its general partner, which is a special purpose vehicle owned by Octagon, OCO, CCMP and certain of their employees, including members of OCO’s, Octagon’s and CCMP’s Investment Committees, based on distributions of current income from an investment and proceeds from the sale or other disposition of an investment (the “Investment Proceeds”). After certain return of capital and fund expenses and preferred return hurdles have been met, Investment Proceeds will be distributed 80% to the general partner and 20% to the limited partners until cumulative distributions to the general partner equal 20% of the aggregate amount distributed in satisfaction of the preferred return. Thereafter, Investment Proceeds will be distributed 80% to the limited partners and 20% to the general partner as carried interest distributions. Performance compensation arrangements, if any, for other OCO Managed Funds may vary.

Please consult the OCO Managed Fund's Governing Documents for additional information regarding its fees.

Accounts

As compensation for its service as the investment manager of the Accounts, the Firm receives a Management Fee. Management Fees, as well as the timing and manner of payment, are established on a case-by-case basis by the Firm and each client at the beginning of the client relationship. In no event will a Client pay fees six or more months in advance. To the extent fees are paid in advance, the client will receive a *pro rata* refund if the Firm is terminated as investment manager prior to the end of a billing cycle. Please consult an Account's Account Documents for additional information regarding such Management Fees.

Management fees for the Funds and Accounts may be reduced or waived with respect to certain investments by the Firm's or a related person's personnel.

For an additional discussion regarding performance-based compensation, please refer to Item 6 – *Performance-Based Fees and Side-by-Side Management*.

Other Fees and Expenses

The Accounts and Funds (and, indirectly, any investors therein) may bear, in addition to the fees described above, other fees and expenses, including (1) costs and expenses with respect to any workout, restructuring, recapitalization, amendment, waiver or consent of or with respect to certain investments and the protection or enforcement of rights thereunder; (2) costs and expenses in connection with the acquisition of director and officer insurance; (3) legal, custodial, accounting and related costs and expenses; (4) pricing service costs incurred in valuing investments; (5) expenses incurred in obtaining credit ratings on investments; (6) out-of-pocket travel costs and related expenses incurred in connection with the management of certain investments or Fund offerings including, but not limited to, travel expenses in connection with attendance at Advisory Committee meetings and annual meetings of general and limited partners of a Client; (7) all taxes imposed on a Client and all litigation expenses (and any judgments or settlements paid in connection therewith) and other extraordinary expenses; (8) the costs of forming and maintaining any alternative investment vehicle and (at the discretion of the general partner of a Client) the costs of maintaining any other pooled investment vehicle through which to invest in the Client (*e.g.*, feeder funds, offshore funds and funds established for employees and former employees); (9) insurance costs; (10) interest and commitment fees payable in connection with credit facilities made available to a Client; (11) fees of outside auditors and tax preparers and the costs of preparation of the books and records and tax returns of a Client, including periodic reports to limited partners, and fund administration service provider expenses; (12) costs of liquidation and termination of a Client; (13) all other costs incurred in connection with the administration of a Client or otherwise that may be authorized by a partnership agreement or approved by a majority in interest of the limited partners or an advisory committee; (14) any other expenses actually incurred on behalf of the Funds and Accounts and paid by the Firm in

connection with the management of certain investments; and (15) certain other fees and expenses that may be authorized under a Fund's Governing Documents or Account's Account Documents. For a more complete discussion of transactions costs that may be incurred, please refer to Item 12 – *Brokerage Practices*.

ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Performance-based compensation will be paid in accordance with Section 205(3) of the Advisers Act or Rule 205-3 thereunder.

“Side-by-side management” refers to the simultaneous management of multiple types of client accounts and/or investment products. For example, as discussed above, the Firm manages the CLOs, Accounts and Private Funds, which may follow similar, complementary or competing investment objectives, policies or strategies. Side-by-side management gives rise to a variety of potential and actual conflicts of interest for the Firm and its employees and affiliates, including, as discussed below, the incentive to favor certain accounts with performance-based fees or accounts in which Octagon, OCO and their related persons have a pecuniary interest. Employees of OCO, Octagon and CCMP, including persons who serve on OCO's Investment Committee or Octagon's Investment Committee or act as portfolio manager to various Clients, may invest in OCO Managed Funds and/or in other Funds, or may take interests in a Fund's general partner and thus participate in the performance fees or “carried interest” paid to the general partner by that Fund. Accordingly, Octagon, OCO, CCMP, and their respective personnel, including persons involved in the management of one or more Clients, may have differing pecuniary interests with respect to different Clients. These persons may have an incentive to favor those Clients in which they have greater pecuniary interests. See Item 10 – *Other Financial Industry Activities and Affiliations*.

Conflicts of Interest Associated with Performance Fees and Side-by-Side Management of Accounts

Allocation

The Firm and its related persons have an incentive to allocate investment opportunities based on pecuniary interest. As discussed in Item 5 – *Fees and Compensation*; Item 11 – *Code of Ethics, Participation in Client Transactions and Personal Trading*; and Item 12 – *Brokerage Practices*, the Firm and its related persons may: (1) be entitled to a performance fee; and (2) directly or indirectly maintain investments in one or more Funds or Accounts. The Firm is also eligible to receive performance-based compensation in its capacity as the general partner or managing member of certain Clients. Accordingly, the Firm and its personnel face a conflict of interest when considering how to allocate investment opportunities among accounts having different fee structures or pecuniary interests. Through its trade allocation policies and procedures and Code of Ethics, the Firm seeks to promote fair and equitable treatment of accounts, over time, based on

considerations that are unrelated to pecuniary interests, which mitigate any actual or potential conflict of interest that may exist with respect to, for example, the Firm's allocation of time, resources and investment opportunities to the Clients that have performance-based compensation arrangements over those Clients that: (1) do not have performance-based compensation arrangements or, if applicable, (2) are not expected to pay performance-based compensation (*e.g.*, with respect to a CLO, a specified internal rate of return has not been, or is not expected to be, achieved).

Speculative Investments

The existence of a performance fee may also create an incentive for the Firm to make more speculative investments on behalf of certain Client accounts than it would otherwise make in the absence of such performance-based compensation. However, certain Funds' Governing Documents contain specific investment objectives, strategies, restrictions and guidelines, and, therefore, the Firm's investment discretion, if any, to select such speculative investments may be constrained. This is particularly true with respect to the CLOs, where the relevant Governing Documents contain specific risk limitations (*e.g.*, diversification requirements, credit-quality limitations).

Valuation

The Firm's compensation, including through its ownership interests in certain Clients' general partners, may be reduced if the Firm determines to write-down the value of a portfolio investment, creating a disincentive for the Firm to do so. As a result, to the extent that the Firm values a portfolio investment higher than its current market value (or where such market values are unreliable), the Firm may benefit by receiving a management fee or incentive allocation that is increased by the impact, if any, of such valuation discrepancy. Additionally, where an investor purchases or redeems interests in a Fund at a net asset value ("NAV") that is impacted by a discrepancy in valuation, such investor may receive a greater or lesser interest in (or increased or decreased redemption proceeds from) such Fund than would have been the case absent the discrepancy. Similarly, existing and continuing investors may be subject to dilution or accretion.

The Firm may have a role in determining asset values with respect to Firm Clients and may be required to price an investment when the market price is unavailable or unreliable. Investments that are fair valued in accordance with the Firm's valuation policies generally will not have reliable market values and the fair value assigned by the Firm to such investments, as determined in good faith by the Firm in accordance with its policies and procedures, may not match the next available and reliable market price or, in retrospect, have been the price at which the investment could have been purchased or sold. OCO may discuss valuations related to co-investments with CCMP, as appropriate; however, OCO will make all final valuation determinations with respect to OCO Managed Fund portfolio investments.

The Firm's valuation policies serve to mitigate this conflict. The Firm's valuation policies are consistent with ASC Topic 820, requiring that the Firm assign a "fair value" to certain investments representing "the price that would be received to sell an asset or

paid to transfer a liability in an orderly transaction between market participants on the measurement date.” When there is not readily available market pricing information for an investment, Firm personnel assign a price to the investment based on various factors and inputs and taking into account a variety of relevant pricing methodologies. Because fair value pricing requires the application of judgment to establish a good faith approximation of the value of an asset as of the measurement date at the time the valuation is performed, fair valuation will not necessarily reflect the actual or empirical value of any asset as might be determined with the benefit of hindsight. Thus, the fair value assigned to an asset may not match the next available and reliable market price or, in retrospect, have been the price that would have been paid had that asset actually been sold on the measurement date.

ITEM 7: TYPES OF CLIENTS

As discussed in Item 4 – *Advisory Business*, the Firm manages CLOs, Accounts and Private Funds. The terms and conditions of Client accounts may vary depending on the type of services provided or the type of Client, and these terms and conditions may also vary from Client to Client. In each case, however, the client is required to execute a written investment advisory contract with the Firm. Investors in the Funds are required to execute a subscription agreement that warrants to certain financial eligibility requirements. Furthermore, the Funds generally impose investment minimums for investors, as described in more detail in a Fund’s Governing Documents. However, in certain circumstances, including with respect to certain investments by the Firm and the Firm’s or a related person’s personnel, such investment minimums may be reduced. Investment minimums for the Accounts are individually negotiated on a case-by-case basis.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Methods of Analysis and Investment Strategies

Octagon employs an investment process based on fundamental credit analysis and collaborative investment team input to identify relative value opportunities, while seeking to minimize downside risk and produce attractive risk-adjusted returns. Octagon’s investment professionals identify investment opportunities in both the primary and secondary (distressed debt business only buys in secondary market) credit markets through industry and company analysis supplemented by information from issuers, underwriters, agents, and sales and trading desks, as well as discussions with company management from time to time. In evaluating potential investments, Octagon focuses on, among other things, industry dynamics and competitive environments, performance

history and prospects, investment sponsors and management, projected cash flow generation, quality and value of underlying collateral, downside protection, and relative value opportunities within an issuer's capital structure. The investment decisions may also take into account the macroeconomic backdrop, technical supply and demand, liquidity, and political and regulatory influences. In connection with portfolio management decisions, portfolio managers take into account the investment guidelines of the Funds and Accounts, including monitoring tests and constraints, and the best interests of investors in conjunction with the investment views of the Firm. This may lead to different investment decisions for the same asset among the Funds and Accounts.

OCO focuses on distressed opportunities in high-yield issuers. OCO (with input from Octagon's and CCMP's investment, operating and research professionals, when and as appropriate) conducts fundamental credit and valuation analyses to identify potential distressed investments in companies it believes to have long-term, defensible business models at enterprise values that are consistent with the Distressed Fund's risk-adjusted return hurdle for the respective investment. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is unusually high. There is no assurance that OCO will correctly evaluate the value of the assets underlying these investments or the prospects for a successful reorganization or similar action.

Upon identifying a potentially attractive target company, OCO will seek to determine the company's "fulcrum security", (*i.e.* or the class of securities or other instruments in the capital structure that will emerge from a restructuring in control of the company's equity). Investing in the fulcrum security is intended to enable the Distressed Fund to directly influence the outcome of a restructuring, including leading to the Distressed Fund (by itself or with other interest holders) controlling the equity and the company, when appropriate. This may include joining an ad hoc or official creditor committee that will either influence or steer the company's reorganization plan. In instances where the Distressed Fund gains majority control of the company's fulcrum security, OCO may consult with CCMP, as appropriate.

In certain instances, the Distressed Fund may invest in a company's debt securities or other instruments for possible price appreciation rather than obtain a control position. In evaluating companies for potential investment, OCO focuses on, among other things: cyclical downturns and subsequent liquidity pressures or other stresses that may result in the misallocation of corporate capital; the experience and quality of a company's management team; supplier pressures; structural changes within a company's industry; and other factors relating to a company's vulnerability to bankruptcy and ability to successfully reorganize its capital structure.

Investment Risks

The Firm's investment activities involve a significant degree of risk of loss that you should be prepared to bear. This section contains a discussion of the primary risks associated with the Firm's investment activities. However, it is not possible to identify all of the risks associated with investing, and the particular risks applicable to a Fund or

Account will depend on the nature of the Fund or Account, its investment strategy or strategies and the types of investments held by the Fund or Account.

While the Firm seeks to manage the Funds and Accounts so that risks are appropriate to the return potential for the strategy, it is often not possible or desirable to fully mitigate risks. Any investment includes the risk of loss and there can be no guarantee that a particular level of return will be achieved.

Clients and investors should be aware that mandates may be limited to certain types of investments (e.g., leveraged loans, high-yield bonds) and may not be diversified. The Funds and Accounts are generally not intended to provide a complete investment program and the Firm expects that the assets it manages do not represent all of the Client's or investor's assets. Clients and investors are responsible for appropriately diversifying their assets to guard against the risk of loss.

Risks Related to Investment Strategy

Below is a table of risks where an "X" indicates that a particular type of risk may reasonably be expected to be material to Octagon's or OCO's investment strategy. If a box does not have an "X," it does not necessarily mean that a Fund or Account will not be subject to the corresponding risk.

Risk	Risks Applicable to Octagon Clients	Risks Applicable to OCO Managed Funds
Interest Rate Risk	X	
Prepayment Risk	X	
Foreign Exchange (FX) Risk	X	
Sovereign Risk	X	
Leverage Risk	X	
Credit Risk	X	X
Counterparty Risk	X	X
General Market and Economic Conditions	X	X
Possible Hedging Risk	X	X
Liquidity Risk	X	X
Market Volatility Risk	X	X

Risk	Risks Applicable to Octagon Clients	Risks Applicable to OCO Managed Funds
Risk Associated with Bankruptcy Cases	X	X
Public and Private “Side” Risk	X	X
Participations Risk		X
Non-Diversification Risk		X
Allegations of Equitable Subordination		X
Investments Longer than Term		X
Uncertain Exit Strategies		X
Control Position Risk		X
Board Participation Risk		X
Insufficient Capital for Follow-On Investments		X
Participation on Creditors’ Committees		X

Risks Applicable to the Performing Loan Business

Interest Rate Risk – Debt instruments are subject to interest rate risk. Interest rate risk refers to the risks associated with market changes in interest rates. Interest rate changes may affect the value of a debt instrument indirectly (especially in the case of fixed rate obligations) 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 be negatively impacted by falling interest rates, 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. Interest rate risk is generally greater for investments with longer duration.

Prepayment Risk – The frequency at which prepayments (including voluntary prepayments by the obligors and accelerations due to defaults) occur on bonds and loans will be affected by a variety of factors including the prevailing level of interest rates and spreads as well as economic, demographic, tax, social, legal and other factors. Floating

rate issuers and borrowers tend to prepay their obligations when spreads narrow. In general, “premium” obligations (obligations whose market values exceed their principal or par amounts) are adversely affected by faster than anticipated prepayments, and “discount” obligations (obligations whose principal or par amounts exceed their market values) are adversely affected by slower than anticipated prepayments. It may also be difficult to reinvest at similar risk-adjusted returns.

Foreign Exchange (FX) Risk – If a Client invests directly in non-U.S. currencies or in obligations of issuers that are denominated in, or receive revenues in, non-U.S. currencies, or in derivatives that provide exposure to non-U.S. currencies, such Client will be subject to the risk that those currencies will decline in value relative to the U.S. dollar, or, in the case of hedging positions, that the U.S. dollar will decline in value relative to the currency being hedged. Changes in foreign currency exchange rates may also affect the value of dividends and interest earned, and the level of gains and losses realized on the sale of such investments. Currency rates in non-U.S. countries may fluctuate significantly over short periods of time for a number of reasons, including changes in interest rates, intervention (or the failure to intervene) by U.S. or non-U.S. governments, central banks or supranational entities (*e.g.*, International Monetary Fund), or by the imposition of currency controls, or the international balance of payments and other economic and financial conditions or other political developments in the United States or abroad. Consequently, a Client’s investment in non-U.S. currency-denominated obligations may reduce the returns of such Fund or Account.

Sovereign Risk – Clients may invest in certain non-U.S. debt instruments. Accordingly, the status, interpretation and application of the laws of a non-U.S. jurisdiction, or any changes thereto, may decrease the value of such investments. The value of these investments may also be adversely affected by the overall economy and financial market of a non-U.S. jurisdiction, as well as the actions or inactions of a governmental entity in such jurisdiction. Moreover, the conditions in one country or geographic region could adversely affect investments in a different country or geographic region, including the United States, due to increasingly interconnected global economies and financial markets.

Leverage Risk – Losses incurred on leveraged investments will increase in direct proportion to the degree of leverage employed. The Funds and Accounts will also incur interest expense on the borrowings used to leverage its positions. The use of leverage also may result in the forced liquidation of positions (which may otherwise have been profitable) as a result of margin or collateral calls, depending on a Fund’s or Account’s structure. To the extent the assets have been leveraged through the borrowing of money, the purchase of investments on margin or otherwise, the interest expense and other costs and premiums incurred in relation thereto may not be recovered. If gains earned by the portfolio fail to cover such costs, the Net Asset Value of the leveraged instrument may decrease faster than if there had been no borrowings. Moreover, to the extent the Firm can adjust leverage levels, the Firm could increase (or decrease) leverage at times when it is not advantageous to do so and, as a result, the value of your investment can decrease.

- CLOs: The leverage level is generally fixed at the outset of the respective CLO but varies during the life of the CLO based upon realized losses and gains.
- Accounts: Typically, Octagon's separately managed accounts do not utilize leverage but are not precluded from doing so.
- Private Funds: Certain Private Funds can adjust leverage levels based upon market outlook and other factors.

Risks Applicable to Both the Performing Loan Business and Non-Performing Loan Business

Credit Risk – Debt instruments are subject to credit risk. Credit risk refers to the likelihood that an obligor will default in the payment of principal or interest on an instrument. Financial strength and solvency of an obligor 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 debt instruments that are rated by rating agencies are often reviewed and may be subject to downgrade. The value of a debt instrument may decline because of concerns about an obligor's ability to make principal or interest payments.

Counterparty Risk – Clients are subject to credit risk with respect to the counterparties to certain derivative or other investment contracts, as well as other investments, such as loans. If a counterparty to such an investment becomes bankrupt or otherwise fails to perform its obligations due to financial difficulties, trade term disputes or other reasons, Clients may experience significant delays in obtaining any recovery under the investment. Moreover, Clients may obtain only a limited recovery or may obtain no recovery in such circumstances.

General Market and Economic Conditions – General economic conditions may affect a Client's activities. Changing economic, political, regulatory or market conditions, interest rates, general levels of economic activity, the price of securities and debt instruments and participation by other investors in the financial markets may affect the value and number of Investments made by the Client or considered for prospective investment. The value of Investments may fluctuate in accordance with changes in the financial condition of portfolio companies and other factors that affect the markets in which the Client invests. Economic, political, regulatory or market developments can affect a single obligor, obligors within an industry, economic sector or geographic region, or the market as a whole. Different parts of the market and different types of investments can react differently to these developments. Every investment has some level of market volatility risk. Economic slowdowns or downturns could lead to financial losses in the Client's investments and net assets of the Client. In addition, many portfolio companies may be similarly subject to the same economic conditions, which could adversely impact the Client's returns.

Possible Hedging Risk – While the Accounts are principally long, some Clients occasionally enter into interest rate and foreign exchange hedging subject to their investment restrictions and Governing Documents. An OCO Managed Fund may, but is not required to, seek to minimize the risk of a decrease in the value of one or more investments by using certain hedging strategies subject to any limitation imposed by the de minimis exemption under CFTC Rule 4.13(a)(3) or any other exemption from registration under the Commodity Exchange Act applicable to the Fund at any time. Hedging techniques involve one or more of the following risks: (1) imperfect correlation between the performance and value of the instrument and the value of other investments or objectives of the Client; (2) possible lack of a secondary market for closing out a position in such instrument; (3) losses resulting from interest rate, spread or other market movements not anticipated by the Firm; (4) the possible obligation to meet additional margin or other payment requirements, all of which could worsen a Client's position; and (5) default or refusal to perform on the part of the counterparty with which a Client trades. Furthermore, to the extent that any hedging strategy involves the use of OTC derivatives transactions, such a strategy would be affected by implementation of the various regulations adopted pursuant to applicable law.

Liquidity Risk – The Funds and Accounts may from time to time invest in restricted, as well as thinly traded, instruments and securities (including privately placed securities and instruments, which are assets which are subject to Rule 144A). There may be no trading market for these securities and instruments, and the Funds and Accounts might only be able to liquidate these positions, if at all, at disadvantageous prices. As a result, funds may be required to hold such instruments and securities despite adverse price movements.

Market Volatility Risk – The value of a Client's investments may decline due to changing economic, political, regulatory or market conditions. Economic, political, regulatory or market developments can affect a single obligor, obligors within an industry, economic sector or geographic region, or the market as a whole. Different parts of the market and different types of investments can react differently to these developments. Every investment has some level of market volatility risk.

Risks Associated with Bankruptcy Cases – Bankruptcy cases are adversarial and may be lengthy. While creditors generally are afforded an opportunity to object to significant actions, there can be no assurance that a bankruptcy court would not approve actions that may be contrary to the interests of Clients. If the Firm were determined to have taken over management and functional operating control of a debtor, it could lose its ranking and priority as a creditor. Reorganizations can involve substantial legal, professional and administrative costs, are subject to unpredictable and lengthy delays and, during the process, the company's competitive position may erode, key management may depart and the company may not be able to invest adequately.

U.S. bankruptcy law permits the classification of "substantially similar" claims in determining the classification of claims in a reorganization for the purpose of voting on a plan of reorganization. Because the standard for classification is vague, there exists a

significant risk that Clients' influence with respect to a class of investments can be lost by the inflation of the number and the amount of claims in, or other gerrymandering of, the class. In addition, certain administrative costs and claims that have priority by law over the claims of certain creditors (for example, claims for taxes) may be quite high.

OCO intends to invest principally in securities and other financial instruments of North American (with a focus on U.S.) issuers and assets located in these regions, although OCO may invest in securities and other financial instruments of other issuers domiciled, or assets located, elsewhere, particularly Europe. Investment in the debt of financially distressed companies domiciled outside the United States involves additional risks. The law and process in such jurisdictions may differ substantially from that in the United States, resulting in greater uncertainty as to the rights of creditors, the enforceability of such rights, reorganization timing and the classification, seniority and treatment of claims. In certain developing countries, although bankruptcy laws have been enacted, the process for reorganization remains highly uncertain. While OCO generally favors jurisdictions where it believes the rule of law is clear, well-developed and respected, there can be no assurance that the outcome of bankruptcy or insolvency proceedings, particularly in jurisdictions outside the U.S., will result in a favorable outcome. In addition, as more and more companies conduct operations internationally, multi-jurisdictional bankruptcy or insolvency proceedings are increasing in prevalence and the foregoing factors may result in unique challenges that impact the potential recovery and timing thereof.

OCO, on behalf of one or more OCO Managed Funds, may elect to serve on creditors' committees, official or unofficial, equity holders' committees or other groups to ensure preservation or enhancement of such Client's position as a creditor or equity holder. A member of any such committee or group may owe certain obligations generally to all parties similarly situated that the committee represents. If OCO concludes that its obligations owed to the other parties as a committee or group member conflict with its duties owed to its Clients, it may be necessary to resign from that committee or group if such conflict cannot be appropriately resolved, and Clients may not realize the benefits, if any, of participation on the committee or group. In addition, and also as discussed above, if a Client is represented on a committee or group, it may be restricted or prohibited under applicable law from disposing of or increasing its investments in such company while it continues to be represented on such committee or group.

Public and Private "Side" Risk –Loans are negotiated, structured, administered and, as the situation arises, amended on the basis of the borrower providing its lenders with confidential information about the borrower's business. At times, such information may contain material, non-public information. As discussed in more detail in Item 10 – *Other Financial Industry Activities and Affiliations* (under the heading "Trading Restrictions Due to Material Non-Public Information"), under applicable law, the Firm and its related persons are prohibited from improperly disclosing or using material, non-public information for their personal benefit or for the benefit of any other person, regardless of whether such other person is a Client of the Firm. However, investors in loans may choose whether to receive borrower information that contains material, non-public information. Investors that choose to participate on the "private side" (*i.e.*, investors that

choose to obtain borrower information that contains material, non-public information) generally may not purchase or sell (but may continue to hold) the public securities of the borrower (*e.g.*, high-yield bonds, convertibles, equities) until such time as the information in the Firm's possession is no longer deemed material, non-public information. The Firm may participate on either the "private side" or "public side" (*i.e.*, choose to obtain borrower information that does not contain material, non-public information). However, if the Firm participates on the "public side" to avoid such trading restrictions, the Firm will not have access to borrower information that may be advantageous to a Client. Furthermore, other market participants could have possession of, and benefit from, such information.

Risks Applicable to the Non-Performing Loan Business

It is anticipated that certain loans purchased by OCO Managed Funds will be non-performing and possibly in default at the time of purchase. Furthermore, the obligor or relevant guarantor may also be in bankruptcy or liquidation. There can be no assurance as to the amount and timing of payments, if any, with respect to the loans. By their nature, these investments will involve a high degree of risk. Commercial and industrial loans in workout and/or restructuring modes or under the U.S. Bankruptcy Code and the bankruptcy or insolvency laws of other jurisdictions are subject to additional potential liabilities, which may exceed the value of the Client's original investment. For example, borrowers often resist foreclosure by asserting numerous claims, counterclaims and defenses against the holder of real estate loans, including lender liability claims and defenses, in an effort to delay or prevent foreclosure. Under certain circumstances, lenders who have inappropriately exercised control of the management and policies of a debtor may have their claims subordinated or disallowed or may be found liable for damages suffered by parties as a result of such actions. In addition, under certain circumstances, payments to a Client and distributions by Funds to the investors may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment. In addition to being lengthy and expensive, foreclosure and bankruptcy proceedings may disrupt ongoing leasing and management of the underlying real property. While Octagon Clients generally focus on performing loans rather than on distressed or nonperforming loans, to the extent an Octagon Client holds a loan that stops performing, it would be faced with this risk.

Participations Risk – The OCO Managed Accounts may acquire interests in loans indirectly by purchasing a participation interest from a selling institution. Holders of participation interests are subject to additional risks not applicable to a holder of a direct interest in a loan. Participations in a selling institution's portion of a loan typically result in a contractual relationship only with such selling institution, not with the borrower. In the case of a participation interest, the OCO Managed Account will generally have the right to receive payments of principal, interest and any fees to which it is entitled only from the institution selling the participation and only upon receipt by such selling institution of such payments from the borrower. By holding a participation interest in a loan, the OCO Managed Accounts generally will have no right to enforce compliance by the borrower with the terms of the loan agreement, nor any rights of set off against the borrower, and may not directly benefit from the collateral supporting the loan in which it

has purchased the participation. As a result, the OCO Managed Account will assume the credit risk of both the borrower and the institution selling the participation, which will remain the legal owner of record of the applicable loan.

Non-Diversification Risk – The concentration of investments in any one obligor would subject a Client to a greater degree of risk with respect to defaults by such obligor, and the concentration of investments in any one industry or country would subject a Client to a greater degree of risk with respect to economic downturns relating to such industry or country. Any concentration with respect to any particular obligor, industry or country could ultimately result in significant losses to a Client.

Allegations of Equitable Subordination – Under common law principles that, in some cases, form the basis for lender liability claims, certain actions by creditors may result in the subordination of the claim of the offending lending institution to the claims of the disadvantaged creditor or creditors, called equitable subordination. Because of the nature of certain OCO Managed Fund investments, an OCO Managed Fund could be subject to allegations of lender liability and/or subject to claims from creditors of an obligor that investments issued by such obligor that are held by the OCO Managed Fund should be equitably subordinated. A significant number of the OCO Managed Fund's investments may involve situations in which the OCO Managed Fund will not be the lead creditor. Accordingly, it is possible that lender liability or equitable subordination claims that affect an OCO Managed Fund's investments could arise without the direct involvement of the OCO Managed Fund.

Investments Longer than Term – An OCO Managed Fund may make investments that, due to various reasons, may not be capable of an advantageous disposition prior to the date the OCO Managed Fund is required to be dissolved, either by expiration of the OCO Managed Fund's term or otherwise. An OCO Managed Fund may be required to sell, distribute in kind or otherwise dispose of investments at a disadvantageous time as a result of dissolution.

Uncertain Exit Strategies – Due to the illiquid nature of many of the positions which OCO Managed Funds are expected to acquire, as well as the uncertainties of the reorganization and active management process, OCO is unable to predict with confidence what the exit strategy will ultimately be for any given position, or that one will definitely be available. Exit strategies that appear to be viable when an investment is initiated may be precluded by the time the investment is ready to be realized due to economic, legal, political or other factors.

Control Position Risk – OCO Managed Funds may seek investment opportunities that allow OCO Managed Funds to have significant influence on the management, operations and strategic direction of the portfolio companies in which it invests. The exercise of control and/or significant influence over a company imposes additional risks of liability for environmental damage, product defects, failure to supervise management and other types of liability in which the limited liability generally characteristic of business operations may be ignored. The exercise of control and/or significant influence over a portfolio company could expose the assets of the Fund to claims by such portfolio

company, its securities holders and its creditors. While OCO intends to manage each OCO Managed Fund in a way that will minimize exposure to these risks, the possibility of successful claims cannot be precluded.

Board Participation – OCO Managed Funds may be represented on the boards of directors of certain of its portfolio companies or have its representatives serve as observers to such boards of directors. Although such positions in certain circumstances may be important to an OCO Managed Fund’s investment strategy and may enhance OCO’s ability to manage the OCO Managed Fund’s investments, they may also have the effect of impairing OCO’s ability to sell the related securities or debt instruments when, and upon the terms, it may otherwise desire, and may subject the OCO and the OCO Managed Funds to claims they would not otherwise be subject to as an investor, including claims of breach of duty of loyalty, securities claims and other director related claims. In general, each OCO Managed Fund will indemnify its general partner and OCO from such claims.

Insufficient Capital for Follow-On Investments – Following its initial investment in the securities or debt instruments of a portfolio company, an OCO Managed Fund may have the opportunity to increase its investment in such portfolio company. There is no assurance that the OCO Managed Fund will make follow-on investments or that the OCO Managed Fund will have sufficient resources to, or be permitted to, make such investments. Any decision by the OCO Managed Fund not to make follow-on investments or its inability to make them may result in missed opportunities for the OCO Managed Fund or may result in dilution of the OCO Managed Fund’s investment. Additionally, if the OCO Managed Fund has insufficient capital available to make any particular follow-on investment, a fund advised by CCMP may make such investments which could have an adverse (or positive) effect on the OCO Managed Fund.

Participation on Creditors’ Committees – An OCO Managed Fund may participate on committees formed by creditors to negotiate with the management of financially troubled companies that may or may not be in bankruptcy. An OCO Managed Fund may also seek to negotiate directly with debtors with respect to restructuring issues. In situations where an OCO Managed Fund chooses to join creditors’ committees, the OCO Managed Fund would likely be only one of many participants, each of whom would be interested in obtaining an outcome that is in its individual best interests. There can be no assurance that an OCO Managed Fund will be successful in obtaining results most favorable to it in such proceedings, although the OCO Managed Fund may incur significant legal fees and other expenses in attempting to do so. Participation by an OCO Managed Fund on such committees may expose the OCO Managed Fund to liability to such other creditors who disagree with the OCO Managed Fund’s actions.

Participation in restructuring activities frequently provides the participant with material non-public information that may restrict an OCO Managed Fund’s ability to trade in the company’s securities or other debt instruments. Determination of whether information is material and non-public and how long knowledge of such information restricts trading is a matter of considerable uncertainty and judgment. While OCO intends to comply with

all applicable securities laws and to make judgments concerning restrictions on trading in good faith, an OCO Managed Fund may trade in a company's securities or debt instruments while engaged in restructuring activities relating to that company. Such trading creates a risk of litigation and liability that may result in significant legal fees and potential losses.

Risks Related to Specific Types of Investments

Below is a table of risks where an "X" indicates that a particular type of investment may be material to a Fund's or Account's investment strategy. If a box does not have an "X," it does not necessarily mean that a Fund or Account is precluded from investing in the type of investment indicated.

Investment Class	CLOs	Accounts	Private Funds	OCO Managed Funds
Leveraged Loans	X	X	X	X
Fixed Income Investments	X	X	X	X
High-Yield Investments	X	X	X	X
Non-U.S. Leveraged Loans	X	X	X	X
Debtor-in-Possession (DIP) Loans	X	X	X	X
Derivatives	X	X	X	X
Zero-Coupon & Deferred Interest Bonds	X		X	X
Options			X	X
Futures		X	X	X
Structured Finance Obligations	X		X	X
Bridge Financing			X	X
U.S. Government Securities		X	X	
Cash Equivalents	X	X	X	
Distressed Securities				X
Minority Investments				X

Investment Class	CLOs	Accounts	Private Funds	OCO Managed Funds
Investments in Less Established Companies				X
CCMP and Third-Party Co-Investments				X
Bankruptcy Claims, Trade Claims and Other General Unsecured Claims				X
Equity Investments				X

Leveraged Loans – Client portfolios are expected to consist of non-investment grade senior secured loans, notes, and bonds and interests therein that are subject to liquidity, market value, credit, interest rate, reinvestment and certain other risks. It is anticipated that any such investments will generally be subject to greater risks than investment grade corporate obligations. The prices of these investments may be volatile and will generally fluctuate due to a variety of factors that are inherently difficult to predict, including, but not limited to, changes in interest rates, prevailing credit spreads, general economic conditions, financial market conditions, U.S. and non-U.S. economic or political events, developments or trends in any particular industry, and the financial condition of the obligors of such investments. Additionally, non-investment grade senior secured loans, notes and bonds and interests therein have significant liquidity and market value risks since they are not traded in organized exchange markets but are traded by banks and other institutional counterparties. Furthermore, because such loans are privately syndicated and the applicable loan agreements are privately negotiated and customized, such loans are not purchased or sold as easily as publicly listed securities.

While loans are generally intended to be secured by collateral, losses could result from default and foreclosure. Therefore, the value of the underlying collateral, the creditworthiness of the borrower and the priority of the lien are each of great importance. The Firm cannot guarantee the adequacy of the protection of a Client's interests. Furthermore, the Firm cannot assure Clients that claims may not be asserted that might interfere with enforcement of such Client's rights. In the event of a foreclosure, Clients may assume direct ownership of the underlying collateral. The liquidation proceeds upon sale of collateral may not satisfy the entire outstanding balance of principal and interest on the loan, resulting in a loss. Any costs or delays involved in the effectuation of a foreclosure of the loan or a liquidation of the underlying property will further reduce the proceeds and thus increase the loss.

If a Client invests in a derivative or other investment contract with economic exposure to non-investment grade senior loans, notes, and bonds and interests therein, the Client is

unlikely to have voting rights with respect to the underlying borrower, depending on the financing terms of the contract.

Fixed Income Investments – Fixed-income investments pay fixed rates of interest. The value of fixed-income investments will change in response to fluctuations in interest rates. In addition, the value of certain fixed-income investments can fluctuate in response to perceptions of creditworthiness, political stability or soundness of economic policies. Fixed-income investments are subject to the risk of the issuer’s inability to meet principal and interest payments on its obligations (*i.e.*, credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (*i.e.*, market risk).

High-Yield Investments – Clients may invest in high-yield investments which may pay fixed, variable or floating rates of interest. High-yield investments 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 and unrated debt investments tend to reflect individual corporate developments to a greater extent than do higher-rated investments, 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 investments. Companies that issue such investments are often highly leveraged and may not have available to them more traditional methods of financing. Major economic recessions could disrupt severely the market for such investments and may have an adverse impact on the value of such investments. In addition, it is possible that any such economic downturn could adversely affect the ability of the issuers of such investments to repay principal and pay interest thereon and increase the incidence of default of such investments. As with other investments, there may not be a liquid market for certain high-yield investments, which could result in Clients being unable to sell such investments for an extended period of time, if at all. In addition, as with other types of investments, the market for high-yield investments has historically been subject to disruptions that have caused substantial volatility in the prices of such investments. Consolidation in the financial services industry has resulted in there being fewer market makers for high-yield investments, which may result in further risk of illiquidity and volatility with respect to high-yield investments, and this trend may continue in the future.

Non-U.S. Leveraged Loans – Clients may invest in obligations of non-U.S. obligors. Investing outside the United States may involve greater risks than investing in the United States. These risks may include: (1) less publicly available information; (2) varying levels of governmental regulation and supervision or changes in economic or monetary policy; (3) the difficulty of enforcing legal rights in a non-U.S. jurisdiction and uncertainties as to the status, interpretation and application of laws; (4) fluctuating currency exchange rates (see “Foreign Exchange (FX) Risk”, above); and (5) less liquid, developed or efficient trading markets. Moreover, non-U.S. obligors may not be subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those applicable to United States companies.

Debtor-in-Possession (DIP) Loans – DIP loans are generally senior secured loans to companies that have filed for bankruptcy. Although such loans contain certain contractual protections for lenders, investments in DIP loans are generally subject to all of the risks described under “*Leveraged Loans*,” above, and have additional heightened risks due to the financial distress of the borrower. DIP loans are also subject to the risk that the bankruptcy court could render decisions in a manner that is contrary to the intent of the borrower or lender, including the Firm, or commercial standards. In addition, DIP loans may be difficult to value.

Derivatives – The Clients may make use of various derivative instruments, such as options, futures, forwards and interest rate, credit default and total return swaps. The use of derivative instruments involves a variety of material risks, including the extremely high degree of leverage sometimes embedded in such instruments. The derivatives markets are frequently characterized by limited liquidity, which can make it difficult as well as costly to close out open positions in order either to realize gains or to limit losses. The pricing relationships between derivatives and the instruments underlying such derivatives may not correlate with historical patterns, resulting in unexpected losses.

Use of derivatives and other techniques such as short sales for hedging purposes involves certain additional risks, including (1) dependence on the ability to predict movements in the price of the investments hedged; (2) imperfect correlation between movements in the investments on which the derivative is based and movements in the assets of the underlying portfolio; and (3) possible impediments to effective portfolio management or the ability to meet short term obligations because of the percentage of a portfolio’s assets segregated to cover its obligations. In addition, by hedging a particular position, any potential gain from an increase in the value of such position may be limited.

Zero-Coupon and Deferred Interest Bonds – Certain Clients may invest in zero coupon bonds and deferred interest bonds, which are debt obligations issued at a significant discount from face value. The original discount approximates the total amount of interest the bonds will accrue and compound over the period until maturity or the first interest accrual date at a rate of interest reflecting the market rate of the investment at the time of issuance. While zero coupon bonds do not require the periodic payment of interest, deferred interest bonds generally provide for a period of delay before the regular payment of interest begins. Such investments experience greater volatility in market value due to changes in interest rates than debt obligations that provide for regular payments of interest.

Options – Trading options is highly speculative and may entail risks that are greater than investing in other investments. Prices of options are generally more volatile than prices of other investments. In trading options, the Firm speculates on market fluctuations of investments and securities exchange indices while investing only a small percentage of the value of the investments underlying such option. A change in the market price of the underlying investments or underlying market index will cause a much greater change in the price of the option contract. In addition, to the extent that the Firm purchases options that it does not sell or exercise, the Private Funds will suffer the loss of the premium paid

in such purchase. To the extent the Firm sells options and must deliver the underlying investments at the option price, the Private Funds have a theoretically unlimited risk of loss if the price of such underlying investments increases. If the Firm must buy those underlying investments, the Private Funds risk the loss of the difference between the market price of the underlying investments and the option price. Any gain or loss derived from the sale or exercise of an option will be reduced or increased, respectively, by the amount of the premium paid. The expenses of option investing include commissions payable on the purchase and on the exercise or sale of an option. Furthermore, the risk of nonperformance by the obligor on an option may be greater and the ease with which the Firm can dispose of such an option may be less than in the case of an exchange traded option.

The Firm may cause the Private Funds to buy or sell over-the-counter options—options on investments that are not traded on a securities exchange and are not issued or cleared by an internationally recognized clearing corporation. The risk of nonperformance by the obligor on such an option may be greater, and the ease with which the Firm can dispose of such an option may be less, than in the case of an exchange traded option issued by an internationally recognized clearing corporation.

Futures – Futures trading will have effects on the Private Funds similar to the effects of leverage. The Private Funds may participate in market price fluctuations of investments underlying futures (or options on futures), while investing only a small percentage of the value of those underlying investments. The Private Funds may open a futures position by placing with a futures commission merchant an initial margin that is small relative to the value of the futures contract, making the transaction “leveraged”. If the market moves against a Private Fund’s position or margin levels are increased, the Private Fund may be called upon to pay substantial additional funds on short notice to maintain its position. If a Private Fund were to fail to make such payments, its position could be liquidated at a loss, and the Private Fund would be liable for any resulting deficit in its account. Futures positions may be illiquid because, among other things, exchanges may limit fluctuations in certain futures contract prices during a single day. Once the price of a contract for a particular future has increased or decreased by an amount equal to the “daily limit”, positions can be neither taken nor liquidated unless traders are willing to effect trades at or within the limit. Such an occurrence could prevent the Firm from liquidating unfavorable positions and subject a Private Fund to substantial losses. In addition, the Firm may not be able to effect futures contract trades at favorable prices if trading volume in those contracts is low. Some Octagon Clients may use futures, among other instruments to hedge currency risk. (See above for a discussion of risks associated with hedging and foreign exchange.)

Structured Finance Obligations –Investing in structured finance obligations may entail a variety of unique risks, including prepayment risk. In addition, the performance of a structured finance obligations will be affected by a variety of factors, including its priority in the capital structure of the issuer, the availability of any credit enhancement, the level and timing of payments and recoveries on and the characteristics of the underlying receivables, loans or other assets that are being securitized, remoteness of

those assets from the originator or transferor, the adequacy of and ability to realize upon any related collateral and the capability of the servicer of the securitized assets. Rating agencies could also underestimate the default risks or the underlying receivables and how likely defaults could be correlated. Moreover, rating agencies could have incomplete or insufficient data to adequately perform a credit analysis of the underlying receivables.

Bridge Financings – From time to time, a Private Fund may lend to portfolio companies on a short-term, unsecured basis or otherwise invest on an interim basis in portfolio companies in anticipation of a future issuance of equity or long-term debt securities or other refinancing or syndication. However, for reasons not always in the Fund's control, such long-term securities issuance or other refinancing or syndication may not occur and such bridge loans and interim investments may remain outstanding. In such event, the interest rate on such loans or the terms of such interim investments may not adequately reflect the risk associated with the position taken by the Fund.

U.S. Government Securities – U.S. Government securities include a variety of securities that differ in their interest rates, maturities, and dates of issue. While securities issued or guaranteed by some agencies or instrumentalities of the U.S. Government (such as the Government National Mortgage Association) are supported by the full faith and credit of the United States, securities issued or guaranteed by certain other agencies or instrumentalities of the U.S. Government (such as Federal Home Loan Banks) are supported by the right of the issuer to borrow from the U.S. Government, and securities issued or guaranteed by certain other agencies and instrumentalities of the U.S. Government (such as Fannie Mae and Freddie Mac) are supported only by the credit of the issuer itself. Although Fannie Mae and Freddie Mac are now under conservatorship by the Federal Housing Finance Agency, and are benefiting from a liquidity backstop of the U.S. Treasury, no assurance can be given that the liquidity backstop will continue to be made available by the U.S. Treasury or that Fannie Mae and Freddie Mac will not be placed into receivership. If the U.S. Government fails to continue supporting Fannie Mae or Freddie Mac in the same manner that the U.S. Government currently is, or Fannie Mae or Freddie Mac are placed into receivership, the market price of securities issued by Fannie Mae or Freddie Mac may decline significantly and such securities may suffer losses. Investments in these securities are also subject to interest rate risk, prepayment risk, extension risk, and the risk that the value of the securities will fluctuate in response to political, market, or economic developments.

Cash Equivalents – Clients may hold or invest in cash and cash equivalents, which may include money market funds, U.S. government treasury bills, notes, bonds, bank deposits and commercial paper. Investments in cash and cash equivalents do not necessarily protect against the risk of loss and the value of an investment could decline. Furthermore, under adverse market conditions, a Client may not have immediate access to its cash investments. Because these investments provide relatively low income, a defensive or transition position may not be consistent with achieving the Client's investment objective. Furthermore, the Client's fees and expense may exceed the return on such cash equivalents.

Distressed Securities – OCO Managed Funds may invest in securities and obligations of issuers that are, at the time of the investment, in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems, including companies involved in bankruptcy or other reorganization and liquidation proceedings. These securities are likely to be particularly risky investments although they also may offer the potential for correspondingly high returns. Among the risks inherent in investments in troubled entities is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments may also be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and the bankruptcy court's power to disallow, reduce, subordinate or disenfranchise particular claims. Such companies' securities are likely to be considered speculative, and the ability of such companies to pay their debts on schedule could be affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or specific developments within such companies. In addition, except as otherwise agreed there is no minimum credit standard that is a prerequisite to a Client's investment in any instrument, and a significant portion of the obligations and securities in which OCO Managed Funds invest may be considered less than investment grade. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is unusually high. There is no assurance that OCO will correctly evaluate the value of the assets underlying these investments or the prospects for a successful reorganization or similar action. In any reorganization or liquidation proceeding relating to a company in which the Client invests, the Client may lose its entire investment, may be required to accept cash or securities with a value less than the Client's original investment and/or may be required to accept payment over an extended period of time. Under such circumstances, the returns generated from the Client's investments may not compensate the Client adequately for the risks assumed.

In liquidation (both in and out of bankruptcy) and other forms of corporate reorganization, there exists the risk that the reorganization either will be unsuccessful (due to, for example, failure to obtain requisite approvals), will be delayed (for example, until various liabilities, actual or contingent, have been satisfied) or will result in a distribution of cash or a new security or instrument the value of which may be less than the purchase price to the Client of the security in respect to which such distribution was made.

In certain transactions, the Client may not be "hedged" against market fluctuations, or, in liquidation situations, may not accurately value the assets of the company being liquidated. This can result in losses, even if the proposed transaction is consummated.

Minority Investments – OCO Managed Funds may hold minority equity investments in portfolio companies where they may have limited influence. Such portfolio companies may have economic or business interests or goals that are inconsistent with those of the OCO Managed Fund, and the OCO Managed Fund may not be in a position to limit or otherwise protect the value of the OCO Managed Fund's investment in such portfolio

companies. An OCO Managed Fund's control over the investment policies of such portfolio companies may also be limited. This could result in an OCO Managed Fund's investments being frozen in minority positions that incur substantial losses. Therefore, there can be no assurance that an OCO Managed Fund will be able to realize the value of its investments and distribute proceeds in a timely manner. In addition, although an OCO Managed Fund will generally seek board representation in connection with its minority investments, there is no assurance that such representation, if sought, will be obtained.

Investments in Less Established Companies – OCO Managed Funds may invest a portion of their assets in the securities or debt instruments of less established companies. Investments in such early stage companies may involve greater risks than generally are associated with investments in more established companies. To the extent there is any public market for the securities or debt instruments held by an OCO Managed Fund, such securities or debt instruments may be subject to more abrupt and erratic market price movements than those of larger, more established companies. Less established companies tend to have lower capitalizations and fewer resources and, therefore, often are more vulnerable to financial failure. Such companies also may have shorter operating histories on which to judge future performance and in many cases, if operating, will have negative cash flow.

CCMP and Third-Party Co-Investments – OCO Managed Funds may co-invest with CCMP or a third party in certain investments, and may also co-invest with third parties through partnerships, joint ventures, or other entities. Such investments may involve risks not present in investments where a third party is not involved, including the possibility that a third-party co-venturer or partner may at any time have economic or business interests or goals that are inconsistent with those of the OCO Managed Fund, or may be in a position to take action contrary to the OCO Managed Fund's investment objectives, and other risks associated with not having control over such investment. The management of such investments in certain instances may not be fully or even partially controlled by OCO. In addition, an OCO Managed Fund may in certain circumstances be liable for actions of its third-party co-venturers or partners.

Bankruptcy Claims, Trade Claims and Other General Unsecured Claims – OCO Managed Funds may acquire interests in bankruptcy claims, trade claims and other general unsecured claim holders of a debtor. Bankruptcy claims are amounts owed to creditors of companies in financial difficulty. Bankruptcy claims are illiquid and generally do not pay interest and there can be no guarantee that the debtor will ever be able to satisfy the obligation on the bankruptcy claim. Trade Claims generally include, but are not limited to, claims of suppliers for goods delivered and not paid, claims for unpaid services rendered, claims for contract rejections and claims related to litigation. Bankruptcy and trade claims are frequently unsecured and may be subordinated to other unsecured obligations of the debtor. The repayment of unsecured claims is subject to significant uncertainties, including potential set-off by the debtor as well as the other uncertainties described herein with respect to other distressed securities or debt instruments. A claim may be transferred or assigned before or after a petition in bankruptcy is filed, including after a proof of claim has been filed. An OCO Managed

Fund's investments in bankruptcy claims, trade claims and high risk receivables may also entail special risks including, but not limited to, fraud on the part of the assignor of the claim as well as logistical and mechanical issues which may affect the ability of the OCO Managed Fund or its agent to collect the claim in whole or in part.

Equity Investments – An OCO Managed Fund may acquire, either directly or through conversion of its debt investments, equity securities in portfolio companies. Equity securities generally involve a high degree of risk and will be subordinate to the debt securities and other indebtedness of the issuers of such equity securities. Prices of equity securities generally fluctuate more than prices of debt securities or debt instruments and are more likely to be affected by poor economic or market conditions. In some cases, the issuers of such equity securities may be highly leveraged or subject to other risks such as limited product lines, markets or financial resources.

ITEM 9: DISCIPLINARY INFORMATION

Not Applicable

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Other Financial Industry Affiliations

The Firm is affiliated with other entities engaged in the financial services business and, in some cases has business arrangements with such entities that are material to its advisory business or to its Clients. These are described in more detail below and, in some cases, may cause the Firm's or a related person's interests to diverge from the best interests of a Client.

CCMP, a private equity investment adviser, is registered as an investment adviser with the SEC. CCMP Capital, LLC, the parent company of CCMP, owns more than 50% of Octagon and three members of Octagon's Board of Managers are CCMP personnel. CCMP Capital, LLC, and Octagon each own 50% of OCO. CCMP Capital Advisors (UK), LLP ("CCMP (UK)"), an affiliate of CCMP, is registered with the Financial Services Authority in the United Kingdom. CCMP and CCMP (UK) are under common control.

CCMP's primary investment activity is, on behalf of the private equity funds it manages, making equity investments in privately owned companies, or making equity investments in publicly owned companies in connection with taking them private. CCMP focuses on buyout and growth equity investments in North America and Europe. Octagon is not, however, a portfolio company of the private equity funds managed by CCMP.

Conflicts of Interest Associated with Affiliated Advisers and Other Business Activities

As described above, CCMP's parent company owns a majority interest in Octagon and each of Octagon and CCMP's parent company owns 50% of OCO. The Firm's investments generally consist of different investment asset classes than those that CCMP generally invests in on behalf of its managed private equity funds. The Firm does not participate in CCMP's investment process and maintains separate Investment Committees for each of Octagon and OCO (but which may have some members in common) which are responsible for making the investment decisions on behalf of the each adviser's Clients and Managed Funds, in accordance with Octagon or OCO's investment strategy, respectively. Two members of CCMP's investment committee also serve on OCO's Investment Committee. Although CCMP has the right to appoint one member of Octagon's Investment Committee, CCMP has not exercised that right and no CCMP personnel currently serve on Octagon's Investment Committee. Due to (1) the ownership structure of CCMP, Octagon and OCO (collectively, the "affiliated advisers"), (2) the nature of the accounts managed by each (for purposes of this discussion, "Clients") and (3) direct and indirect investment by certain CCMP, Octagon and OCO personnel in the affiliated advisers, funds managed by the affiliated advisers as well as in the general partner vehicles of such funds (through which such persons may receive performance based compensation), the affiliated advisers, their common parent company and their respective personnel may have differing investment, compensatory and other pecuniary interests that could serve to influence such persons to favor one Client over another – including in circumstances where personnel are in a position to influence investment or other decisions that impact Clients.

This could lead to conflicts of interest among the affiliated advisers and their respective Clients. For example, Octagon's performing loan Clients may invest in bank loans or high-yield securities of portfolio companies owned by CCMP Clients, which may be in the same or different capital structure. If a common portfolio company were to experience financial difficulty, the interests of an Octagon Client as a holder of debt could differ from the interests of a CCMP Client as a holder of the equity securities. While Octagon believes that the amount of a portfolio company's bank loans or high-yield securities owned by Octagon Clients would typically be insufficient to create a material conflict of interest between Octagon Clients and CCMP Clients, some exceptions may occur. As discussed in greater detail below, where a conflict of interest does arise, the affiliated advisers expect to resolve the conflict on a case-by-case basis with the Firm acting in a manner it believes to be in the best interest of Firm Clients and CCMP acting in a manner it believes to be in the best interest of its Clients.

Trading Restrictions Due to Material Non-Public Information

From time to time the affiliated advisers and their related persons may come into possession of material, nonpublic and other confidential information which, if disclosed, might affect an investor's decision to buy, sell or hold an investment. Under applicable law, the affiliated advisers and their related persons are prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any other person, regardless of whether such other person is a Client of the affiliated advisers.

Accordingly, should such persons come into possession of material, nonpublic or other confidential information with respect to any company, they may be prohibited from communicating such information to, or using such information for the benefit of, their respective Clients, and have no obligation or responsibility to disclose such information to, nor responsibility to use such information for the benefit of, their Clients when following policies and procedures designed to comply with applicable law.

The affiliated advisers share common areas within the same office space, although personnel of CCMP, on the one hand, and those of Octagon and OCO, on the other hand, are otherwise separated from each other by physical barriers. CCMP on the one hand, and Octagon and OCO on the other, also maintain separate technology platforms and systems as well as hard documents and files. The affiliated advisers engage in discussions involving industry and sector trends as well as investment opportunities in the market and such discussions have been subject to the compliance policies and procedures that have been implemented within and between their respective businesses in order to mitigate the potential for any conflict of interest involving material, non-public information concerning an issuer of securities or a borrower of bank loans.

The affiliated advisers' respective policies and procedures have been revised to reduce or remove certain information barriers in order to allow more information to be exchanged. The removal of these information barriers may result in situations where the Firm may be deemed to have possession of material nonpublic information, including material non-public information concerning specific companies. Under applicable securities laws, this may limit the Firm's ability to buy or sell securities issued by such companies and Firm Clients may be unable to engage in certain transactions they would otherwise find attractive, or may be able to engage in such transactions only during limited periods of time. Due to these restrictions, a Firm Client may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold. Similarly, the Firm may decline to receive material non-public information in order to avoid trading restrictions with regard to any other Client, even though access to such information may have been advantageous to a Client.

Competition for Resources, Time or Attention

Certain of the Firm's investment professionals may divide their business time among multiple Clients (including parallel funds, co-investment entities and alternative investment vehicles). In addition, up to two members of CCMP's Investment Committee will serve on the Investment Committee of OCO. As noted above, the affiliated advisers and their personnel may have various investment and other pecuniary interests (including interests in performance compensation paid by certain Clients) with respect to the affiliated advisers' Clients. The affiliated advisers and their personnel may have an incentive to devote more resources, time or attention to certain Clients, investment or activities based on pecuniary or other interests.

Overlapping Opportunities

Overlapping opportunities (including competing and conflicting investments as well as co-investments) may create a variety of conflicts of interest among OCO Managed Funds, OCO, its affiliated advisers and their Clients. Such a conflict may arise as between OCO Managed Funds to the extent that more than one OCO Managed Fund is in its Investment Period, as defined below, and may be eligible to invest in the same investment opportunity. In addition, a conflict may arise to the extent that an OCO Managed Fund co-invests in an investment opportunity with a CCMP Client.

Overlapping opportunities include situations where clients of the affiliated advisers invest in a common portfolio company whether in the same, similar or different classes of securities. Investments may be made at the same or different times and/or prices, and such investments may or may not have been coordinated. Clients will not always have the same economic interests or investment objectives with respect to the portfolio company, including with respect to views on the operations or activities of the portfolio company, the targeted returns for the investment and the timeframe for, and method of, exiting the investment. Depending on the nature of the opportunity or investments, and of the potential actions that an affiliated adviser may take in connection therewith, one or more of the affiliated advisers acting in a fiduciary capacity may take an investment position or action for certain Clients that may be different from, or inconsistent with, an action or position taken for other Clients having similar or different investment objectives, or investments and actions may overlap or compete with other Clients.

Potential conflicts of interests among Clients, as well as some of the means through which the advisers seek to mitigate these conflicts, are described below. In addition to those conflicts, the ability to invest Clients in overlapping opportunities itself may create a conflict for the affiliated advisers as potential efficiencies of such investments, when weighed against the related policies, procedures and conflicts associated therewith, may create an incentive for an affiliated adviser, or the affiliated advisers collectively, to favor (or disfavor) opportunities that fall within the permissible investment universe for more Clients as opposed to opportunities in which a narrower range of Clients can invest. Co-investments also may have the effect of benefiting or adversely impacting Clients and create other potential conflicts of interest, including those described below.

The affiliated advisers have developed processes, including those described below, to reasonably mitigate any incentive the affiliated advisers may have to direct more favorable investments to certain Clients, to engage in transactions where the assets of some Clients are committed to transactions that may unduly benefit other Clients, or otherwise to resolve conflicts based on pecuniary or other interests.

Allocation of Opportunities.

Certain conflicts arising from overlapping opportunities are partially mitigated through structural limitations on the ability of a Client to invest in certain opportunities or requirements to obtain approval for such investments. For overlapping opportunities between OCO Managed Funds, limitations associated with “investment periods” are a

partial mitigant. OCO Managed Funds are typically eligible to make new investments for only a specified period (the “Investment Period”) after which the OCO Managed Fund’s investments would be limited to: (1) completing investments committed to during the Investment Period; and (2) making follow-on investments in the OCO Managed Fund’s existing portfolio companies, as described in its organizational documents. A new OCO Managed Fund (a “Successor Fund”) may be formed and enter its Investment Period prior to the end of another OCO Managed Fund’s Investment Period. As a result, more than one OCO Managed Fund may be in an active Investment Period at the same time. New investment opportunities will be allocated in such situations as described in “*Aggregation and Allocation of Orders*” below. An OCO Managed Fund will have priority for making “follow on” investments in one of its portfolio companies.

Subject to the priority afforded to an OCO Managed Fund that is within its Investment Period and any prohibition or consent requirement with respect to a Client’s subsequent investment in a portfolio company of another Client, the affiliated advisers may cause Clients to co-invest in an investment opportunity in situations where the opportunity is consistent with the investment objectives, policies and restrictions of each Client and each Client is able to participate. In cases where a co-investment is contemplated, each affiliated adviser will determine whether, and as an initial matter, how much, to invest based on the interests of its Client(s) and without taking into account the affiliated adviser’s own interests, the interests of the other affiliated advisers or the interests of the other affiliated advisers’ Clients. In the event that there is an insufficient amount of an investment opportunity available, the affiliated advisers will allocate the investment opportunity in a manner determined by the affiliated advisers to be fair and equitable under the circumstances with consideration to reasonably assuring that allocations are fair and equitable over time. Factors that may be considered include, but are not limited to: the amount of unfunded capital commitments remaining, the availability of reserves for follow-on investments and the likely holding period of the investment.

In addition, investments may be acquired by an OCO Managed Fund and investment vehicles advised by Octagon or CCMP at different times and at lower or higher prices. Those investments may also be in securities or debt instruments that differ significantly from the securities or debt instruments held by the OCO Managed Fund, on the one hand, and the Octagon- or CCMP-advised vehicles, on the other hand, including with respect to seniority, interest rates, security, dividends, voting rights and participation in liquidation proceeds. The different prices paid for, or terms of, securities or debt instruments held by the OCO Managed Fund and such investment vehicles respectively may create conflicts of interest. Each of the OCO Managed Funds, on the one hand, and the co-investing investment vehicles, on the other hand, will be acting in their respective best interests and may take actions that are adverse to the interests of one another. OCO Managed Funds may include requirements in their governing documents that material conflicts of interests in respect of such investments may be approved by the OCO Managed Fund’s Advisory Committee; such approval requirements may mitigate these risks but will not eliminate them.

As discussed Items 11 and 12, below, Octagon Clients will often co-invest through aggregated transactions.

Conflicting Interests as to Common Portfolio Companies.

Portfolio companies may issue different classes of securities with differing rights and, in some cases, rights may differ even among the same class of interests. Clients will not necessarily hold the same or similar securities as, and may acquire interests at different times or at higher or lower prices than, other Clients. Each Client's interests may occupy a different position in the portfolio company's capital structure and may have different rights as to seniority, security or collateral rights, interest rates, dividends, voting or consent rights, and participation in liquidation proceeds. In some cases, a Client may hold interests in a broader spectrum of the capital structure of a portfolio company than other accounts.

Clients that hold interests in common portfolio companies will not always have identical goals and/or investment objectives, including as these may relate to the structuring of, or exercise of rights with respect to, investment transactions and the timeframe for and method of exiting the investment. Subsequent decisions made by an adviser as to a Client's holdings of interests in a portfolio company issuer may also cause one Client's interest in, and rights with respect to, the portfolio company to differ from another's. As a result, their respective goals and interests may diverge, particularly when the issuer experiences financial distress. When called upon to take action with respect to an investment (*e.g.*, to sell, to vote, or to exercise a right or remedy) a Client's overall holdings, and related rights, may be such that it is in the Client's best interest to take action (or refrain from taking action) in a manner that would be contrary to the interest of a person holding only the particular class of interest on which the right is conferred, when doing so is in the overall best interests of the Client based on its overall holdings. In these circumstances, other Clients that have co-invested with such a Client in some, but not all, of the classes of interests of the issuer held by that Client may be disadvantaged. As discussed below, because the affiliated advisers intend to take actions for each Client in the best interest of that Client, the affiliated advisers may, for example, cast votes for some Clients in favor of a particular proxy question while voting other Clients holdings against that proxy question. Such actions may adversely impact some or all Clients.

Subsequent investments by Clients in a common portfolio company (*e.g.*, when a new holder invests in a portfolio company but the existing holder lacks sufficient assets to make a follow on investment) may harm existing holders through diluting or otherwise disadvantaging the value of investments held by existing holders or impacting the cost to existing holders of implementing portfolio decisions or strategies. In other cases, a subsequent investment might have the effect of increasing the value of the existing holders' interests in the portfolio company but, in hindsight, have provided little or no benefit to new holders. Although subsequent investments may improve the prospects of a portfolio company (or even be necessary to prevent a portfolio company from failing), in determining to make an investment or in negotiating the terms and conditions of any such investment, or subsequent amendments or waivers, or in voting proxies or exercising rights with respect to such investments, an adviser may find that its own interests, the interests of a Client, and/or the interests of one or more other Clients could conflict. In cases where an issuer in which multiple Clients hold interests acquired at different points

in time or in different positions within the issuer's capital structure experiences financial distress, decisions over the terms of any workout will raise conflicts of interest (including, for example, conflicts over proposed waivers and amendments to debt covenants). For example, the holder of a more senior position in an issuer could be better served by the liquidation of the issuer in which it may be paid in full whereas holders of more junior positions might prefer a reorganization that holds the potential to create or preserve value for equity holders.

Resolving Conflicts Related to Overlapping Opportunities and Investments.

As the investments held by, and actions taken with respect to, different Clients by one or more of the affiliated advisers will depend on the particular interests of those Clients (which may not be aligned, particularly where Clients hold different, or overlapping but not identical investments in an issuer), decisions made by an affiliated adviser for one Client differ from those made for, and in some cases may harm the interests of, other Clients. The affiliated advisers recognize that the mitigants described in this Item 10 may not be sufficient to prevent or resolve every conflict that might arise from overlapping investments. When considering whether to pursue a particular course of action, including asserting available claims or remedies, factors that may be considered include the costs of pursuing the course of action (or alternative courses of action) and the likelihood of a favorable outcome. As a result, not every potential claim or course of action will be pursued and it will not always be the case that conflicts will be able to be resolved in the best interest of any particular client nor can there be any assurance that actual or potential conflicts of interest can be resolved such that the ultimate terms of an investment (or an amendment to such terms) will be as favorable as they would be in the absence of such conflicts.

Because these conflicts vary based on the particular circumstances that exist at the time the conflict arises and must be resolved, it is anticipated that most conflicts will be resolved on a case-by-case basis pursuant to general fiduciary principles, under which each of the affiliated advisers seeks to resolve potential conflicts associated with overlapping opportunities (including those described herein) in the best interests of each client without consideration of: (1) the affiliated adviser's own interests; (2) the interests of the other affiliated advisers; or (3) the interests of other Clients. The affiliated advisers may, where appropriate, consult with one another in identifying and seeking to resolve conflicts, including by convening a formal or informal conflicts committee composed of at least one representative from each of the affiliated advisers. Additionally, OCO's Investment Committee and CCMP's Investment Committee have members in common. While the affiliated advisers expect that the role of any such committee will help mitigate related conflicts, it will not eliminate them. As appropriate, decisions as to the resolution of material conflicts with respect to investments of a particular account may be referred to a client's Advisory Committee (or similar committees for another affiliated adviser's relevant accounts).

Co-Investments

From time to time OCO may offer available co-investment opportunities to limited partners of an OCO Managed Fund and/or third parties where there is excess capacity for investment in a portfolio company. In determining to offer any co-investment opportunity in a specific portfolio investment, OCO will generally first determine the appropriate amount of such portfolio investment to be allocated to the OCO Managed Fund taking into account relevant circumstances (including, without limitation, the size of the investment opportunity, the OCO Managed Fund's investment objectives, risk returns and diversification requirements, the OCO Managed Fund's unfunded capital commitments, the probability of follow-on investments related to such investment and the construction of the OCO Managed Fund's portfolio of investments) before allocating any portion of such portfolio investment to one or more co-investors. OCO may also offer a co-investment opportunity if it determines a particular co-investor may potentially add strategic value with respect to such portfolio investment or that offering such co-investment opportunity is otherwise in the best interests of the OCO Managed Fund. The terms of any such co-investment will be no more favorable to the co-investors than those received by the OCO Managed Fund, except that certain co-investors may pay no or reduced management fees, certain other fees and carried interest.

Funds and Accounts as Related Persons

As discussed above, the Firm acts as the investment adviser to the Funds and Accounts and receives a management fee in the ordinary course of business. A Fund or Account may be a related person of the Firm because: (1) the Firm acts as a general partner or a managing member (or in a similar capacity) to the Fund; and/or (2) the Firm and its personnel and related persons may directly or indirectly maintain substantial investments in the Fund or Account. Additionally, although such a transaction would not be in the ordinary course of business, a CLO portfolio may invest in a portion of the liabilities of another CLO, where Octagon acts as collateral manager to each CLO. For a discussion of the investments by the Firm and its personnel in the Funds and Accounts, please see Item 6 – *Performance-Based Fees and Side-by-Side Management* and Item 11 – *Code of Ethics, Participation or Interest in Client Transactions and Personal Trading*.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

The Firm has adopted a Code of Ethics in accordance with Rule 204A-1 under the Advisers Act covering such matters as (1) general standards of business and personal conduct; (2) the proper use and safeguarding of confidential information; (3) prohibitions against securities transactions when in possession of material, nonpublic information; (4) personal conflicts of interest, including outside activities and gifts; and (5) personal securities transactions policies.

Any client or prospective client may obtain a copy of the Code of Ethics upon request by contacting the Firm at the contact information that appears on the cover page of this Brochure.

Participation or Interest in Client Transactions

As discussed in Item 5 – *Fees and Compensation* and Item 6 – *Performance-Based Fees and Side-by-Side Management*, the Firm and its related persons may: (1) be entitled to a performance fee; and (2) directly or indirectly maintain investments in one or more Funds or Accounts. For example, certain key personnel of the Firm or CCMP (including, but not limited to, the Firm’s portfolio management personnel responsible for the management of the Funds) who are “knowledgeable employees” (as defined in Rule 3c-5 under the Investment Company Act of 1940) or who meet the Fund’s financial eligibility criteria may invest, and have invested, in certain Funds. The Firm and its affiliates also directly or indirectly maintain investments in some or all of the Funds or Accounts.

These interests may create an incentive to favor a Fund or Account over other client accounts when, for example, placing trades, aggregating orders or engaging in cross or principal trades, as applicable. The Firm maintains policies and procedures, including the Code of Ethics and policies and procedures regarding the aggregation and allocation of investments (please see Item 12 – *Brokerage Transactions*), reasonably designed to ensure that the Firm and its personnel service all client accounts in a manner consistent with the duties an adviser owes to its clients and applicable law and without considering such persons’ ownership, compensatory or other pecuniary or financial interests.

Due to “co-investment” and “carried interest” arrangements, most Firm senior investment professionals will have a financial interest in the securities purchased and sold by the Funds, which may create an incentive for the Firm to make more speculative investments on behalf of the Funds than it would otherwise make in the absence of such performance-based arrangement, although any capital commitments to a particular Fund by the direct and indirect partners of the Fund should tend to reduce this incentive. In addition, the Firm’s determination of fair value of an investment may impact the calculation of the management fee and carried interest to the extent such valuation would result in a write down, which could incentivize the Firm to refrain from writing down the investment.

Cross Trades

A cross trade occurs where an adviser effects a transaction between two or more different funds or accounts over which the adviser exercises discretionary management authority. Although an investment adviser may find it advantageous to effect such cross trades (*e.g.*, to minimize transaction expenses), these transactions pose the potential for conflicts of interest because an adviser could effect a transaction on terms more favorable to one client than the other.

The Firm may cause a Fund or Account to acquire or dispose of an investment in cross trades between the Fund or Account and other clients advised by the Firm or its affiliates. For example, during the wind-down period of a CLO, the Firm may purchase assets of

the CLO on behalf of a Fund or Account, provided such purchase is consistent with the Fund's Governing Documents or Account's Account Documents. Such trades will be effected at market value or, in the absence of a readily ascertainable market value, at "fair value" as reasonably determined by the Firm in accordance with its relevant policies and procedures. Although the Firm generally does not intend to engage in a large percentage of cross trades, the Firm will only effect cross trades if the trades are: (1) pre-approved by the Firm's Chief Executive Officer and Chief Compliance Officer; and (2) consistent with applicable law, industry standards, a Fund's Governing Documents or Account's Account Documents and the Firm's policies and procedures.

Principal Trades

Principal transactions are transactions conducted by an investment adviser with a client when the adviser or its affiliate is acting as principal for its own account and knowingly buys securities from, or sells securities to, a client. Principal transactions may pose the potential for conflicts of interest between an adviser and its client.

To the extent that a Fund or Account is deemed to be controlled by the Firm and its related persons (generally, if more than 25% of the Fund's or Account's assets are attributable to proprietary and personal investments by the Firm and its related persons), any transaction between the Fund or Account and another account advised by the Firm will be treated as a "principal transaction." The Firm may effect such trades at market value or, in the absence of readily ascertainable market value, at "fair value" as reasonably determined by the Firm in accordance with its relevant policies and procedures, provided that the Firm obtains consent to such transaction from the client following written disclosure prior to settlement of such transaction, in accordance with applicable law. Although the Firm generally does not intend to engage in principal trades, the Firm will only effect principal trades if the trades are: (1) pre-approved by the Firm's Chief Executive Officer and Chief Compliance Officer; and (2) consistent with applicable law, industry standards, a Fund's Governing Documents or Account's Account Documents and the Firm's policies and procedures.

Inconsistent Investment Positions, Timing of Competing Transactions and Transactions with Other Clients

As discussed in greater detail in Item 10, above, the Firm may take investment positions or actions for one or more Funds or Accounts that may be different from, or inconsistent with, an action or position taken for one or more other Funds or Accounts having similar or differing investment objectives and such actions may be taken at differing and potentially inopportune times. When a position is established or disposed for one Fund or Account ahead of, or contemporaneously with, similar portfolio decisions or strategies for another Fund or Account, market impact, liquidity constraints, or other factors could result in one or more Funds or Accounts receiving less favorable trading results, the costs of implementing such portfolio decisions or strategies could be increased, such Funds or Accounts could be diluted, the values, prices or investment strategies of another Fund or Account could be impaired or such Funds or Accounts could otherwise be disadvantaged. For example, one Fund or Account may sell an investment and the other Funds and

Accounts may maintain or add to their position in the same investment. The initial sale may result in a decrease in the price of the investment which the other Funds and Accounts continue to hold, and, as a result, the value of an investment in the other Funds or Accounts may decrease, depending on the market impact of such sale.

ITEM 12: BROKERAGE PRACTICES

Selection of Broker-Dealers

Pursuant to the investment guidelines set in the relevant Governing Documents or Account Documents, the Firm may have the authority to determine, without obtaining specific consent of a client, the securities and loans to be bought or sold (and the amounts thereof) on behalf of the Funds and Accounts. The Firm is authorized to determine the broker or dealer to be used in each of such transactions, if any. The Firm may use broker-dealers who provide placement agent services but will not take such services into account when selecting broker-dealers to execute transactions for Clients.

The Firm has a fiduciary obligation to seek to obtain “best execution” in executing portfolio transactions on behalf of its clients. However, the Firm does not typically pay commissions for each securities or loan transaction, but rather, it seeks to obtain the best overall terms at the time of execution. In a Private Fund, the Firm executes options trading through a prime broker pursuant to a fixed commission schedule. Such commissions are not expected to have a material impact on fees and expenses; however, such commissions may not be the lowest available. In addition, in some cases, the Firm’s transactions on behalf of the Funds and Accounts are privately negotiated and do not involve the use of a broker or dealer. In those cases, the Firm seeks to negotiate and execute transactions in an efficient manner and consistent with its fiduciary duties to the Funds and Accounts.

In executing transactions for Clients and selecting brokers or dealers, the Firm shall use commercially reasonable efforts to seek the best overall terms available, and shall execute or direct the execution of all such transactions in a manner permitted by law and in a manner that it believes to be in the best interest of the Client, taking into account all factors it deems relevant including, but not limited to, the timing for such purchase or sale, the breadth of the market in the relevant security or loan, market conditions, assignment fees, price, the financial condition and execution capability of the broker or dealer and the reasonableness of any basis. Pursuant to its investment determinations for a client, in placing orders with brokers and dealers, the Firm will use commercially reasonable efforts to obtain the best net price and the most favorable execution of its orders. If the Firm believes that the most favorable terms and executions are obtainable from more than one broker or dealer, it may give consideration to placing portfolio transactions with those brokers and dealers who also furnish research, execution and other services to the client or to the Firm itself (“soft dollar services”).

The Firm presently has no soft dollar arrangements in place, although certain broker-dealers selected by the Firm may provide over-the-transom, proprietary research at no stated cost or requirement of executing a particular amount of transactions. In the event the Firm initiates a soft dollar service arrangement, the Chief Compliance Officer and Operating Committee must first approve the arrangement. Soft dollar services, if any, might be used to service all of Firm Clients, or just those Clients paying for the service. Soft dollar service arrangements could give rise to a conflict of interest because Client brokerage commissions would be used to pay for research, execution and other services that the Firm would have otherwise been required to pay for out of its own expenses. Furthermore, the Firm would have an incentive to select a broker or dealer that provides such research, execution and other services over those that do not provide such services. However, notwithstanding such incentive, the Firm remains obligated to seek to obtain “best execution” in executing portfolio transactions on behalf of Firm Clients.

In addition, the Firm may use a variety of broker-dealers to execute transactions, some of which may also refer clients or investors to the Firm or Funds. Such referrals can create a conflict of interest because they benefit the Firm without benefitting the Funds. As a matter of policy, the Firm does not allocate brokerage to compensate any broker for, or in recognition of, client or investor referrals; however, the Fund may select a broker-dealer that has referred, or may refer, business when doing so is consistent with its duty to seek best execution. To prevent brokerage commissions from being used to compensate brokers for past or expected referrals, the Firm will not allocate brokerage business to a broker that has referred or may intend to refer clients or investors unless the Firm determines in good faith that the commissions payable to such broker are reasonable in relation to those available from non-referring brokers offering services of substantially equal value to a Fund or Account.

Aggregation and Allocation of Orders

If it is determined that the purchase or sale of the same asset is in the best interest of more than one Client, the applicable trader(s) may, but is not obligated to, aggregate orders placed simultaneously in order to seek to obtain best execution and reduce transaction costs to the extent permitted by applicable law. Such orders will be placed, and associated transaction costs allocated, in accordance with the applicable organizational documents for the Clients involved. Clients participating in aggregated trades are allocated positions based on the average price achieved for such trades.

If the Firm is presented with an investment opportunity that falls within the investment objectives of more than one Client, the Firm will allocate the opportunity among one or more of such Clients on a basis that the Firm determines in good faith is appropriate taking into consideration such factors as:

- the fiduciary duties owed to a Client;
- the primary mandates of Clients;
- the purchasing capacity available to Clients;
- any restrictions or limitations on investment;

- the perceived liquidity of an investment;
- the relation of such opportunity to the investment strategy of the Client;
- reasons of portfolio balance; and
- any other consideration deemed relevant by the Firm.

Allocation decisions will be made by the portfolio managers responsible for the purchase and sale of investments for the respective Clients. Although such allocations may be *pro rata* as to participating Clients, for a variety of reasons including but not limited to those reasons above, *pro rata* allocation of investment opportunities is unlikely. The Firm does not prescribe one specific manner in which assets will be allocated among Clients, and the Firm may use rotational, percentage or other allocation methods, as permissible under a Client's respective Governing Documents or Account Documents. In certain circumstances, the Firm may give special consideration to certain Clients such as a new account (including, as discussed above, those in which the Firm and/or its personnel have a direct or indirect interest or those that pay a performance-based fee, as discussed in Item 6 – *Performance-Based Fees and Side-by-Side Management*) and/or a Client with a substantial amount of purchasing capacity, taking into consideration the factors described above.

As discussed in greater detail in Item 10 above, there may be circumstances where more than one OCO Managed Fund is within its investment period or otherwise eligible to invest in an investment opportunity. After the end of the investment period for an OCO Managed Fund, its investments would be limited to (1) completing investments committed to during the investment period; and (2) making follow-on investments in existing portfolio companies, as described in its organizational documents. The allocation of investment opportunities between more than one OCO Managed Fund for which an investment opportunity may be appropriate will be made in a manner determined by OCO to be equitable under the circumstances (and which it reasonably believes will be fair and equitable over time), in accordance with relevant written policies and procedures and taking into account such relevant factors as: the amount of unfunded capital commitments remaining, the availability of reserves for follow-on investments and the likely holding period of the investment. In some cases, an OCO Managed Fund and a CCMP client will co-invest in a distressed investment. Transactions related to such co-investments may, but will not necessarily, be executed on an aggregated basis.

It is generally expected that Octagon Clients (performing loans) and OCO Managed Funds (distressed loans) will not compete for investment opportunities; however, in the future, the Firm may advise Clients that pursue both distressed and performing debt opportunities that may compete or co-invest with other Clients.

ITEM 13: REVIEW OF ACCOUNTS

Nature and Frequency of Client Account Reviews

Each Fund and Account has one assigned portfolio manager. On a daily basis, Firm portfolio managers and analysts will monitor events relating to the investments held by such Funds and Accounts, including their performance and credit quality. The Governing Documents for the Funds and Account Documents for the Accounts contain certain investment restrictions and, with respect to the CLOs and Accounts, may contain other tests, such as detailed coverage tests, portfolio profile tests, and/or collateral quality tests, that will be monitored. For the CLOs, the trustee prepares schedules of fees and expenses, distributions and dividends (the “waterfall”), which are reviewed and agreed to by Octagon’s finance group. On a monthly and quarterly basis (as applicable), the Firm’s finance group reviews investment holdings for compliance with their respective investment guidelines. For those Clients whose organizational documents require a trustee or administrator to produce monthly or quarterly compliance reports, the finance group also works with them to review and approve such reports. The applicable portfolio manager for each such account will receive and review a copy of the monthly and quarterly reports, as applicable. In addition, the Chief Investment Officer meets with portfolio managers as needed to review the trustee’s or administrator’s account reports or to discuss riskier credits that may be held in an account.

For the Private Funds, the accounting group or administrator generates a daily flash profit and loss report based on daily third-party mark-to-market values of fund positions. This report is reviewed by the finance group and portfolio managers.

Octagon’s Investment Committee consists of the Chief Investment Officer and the portfolio managers. The Strategic Review Committee (which includes the Investment Committee and Heads of Business Development and Investor Relations) meets monthly to review current macro-economic trends. As necessary, Octagon’s Investment Committee will meet to approve new investments. Octagon’s Investment Committee also meets at least quarterly to review all securities and loans that are held in each Fund’s or Account’s portfolio. If special developments occur, Octagon’s Investment Committee will meet as necessary.

Octagon’s Operating Committee (which includes the Chief Executive Officer, the Chief Financial Officer, the Chief Compliance Officer, the Head of Collateral Administration, and the Head of Investor Relations) provides oversight over all trading for the performing loan business, including, but not limited to, best execution, trade errors, valuation, allocation and aggregation, adherence to investment guidelines and related issues. Octagon’s Operating Committee meets at least quarterly. A separate Operating Committee will be established for OCO once investment operations commence for OCO Managed Funds.

OCO Managed Funds’ potential investments will be presented to OCO’s Investment Committee, which includes personnel of OCO, Octagon and CCMP. Investment opportunities in various stages of evaluation will be discussed on an ongoing basis with

OCO's Investment Committee in periodic meetings. Once finalized, an investment recommendation will be presented and discussed in detail with OCO's Investment Committee. OCO's Investment Committee must unanimously approve any proposed investment.

Frequency and Content of Client Account Reports

The Firm will provide written reports (at such frequency) as will be required by the applicable agreements with each Client. As a general matter, however, investors in the CLOs receive monthly trustee reports and quarterly note valuation reports from each CLO's Trustee. These reports are reviewed for accuracy and completeness by the Firm.

Investors in the Accounts receive monthly trustee reports from their account's trustee. The Private Funds and certain Accounts also receive an annual audit of their account pursuant to their respective organizational documents. Other reports may be given as per the terms of each particular investment advisory agreement. Investors in the Private Funds receive reports as provided for in such fund's Governing Documents.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

Placement Agent Arrangements

The Firm will enter into placement agent agreements from time to time in connection with its periodic activities in raising capital for Funds.

Other Compensation

In some cases, OCO (or CCMP) may provide management services to a portfolio company of an OCO Managed Fund. OCO, which allocates time to such matters as part of the ordinary course of its business of managing portfolio companies, may receive compensation from portfolio companies for such services.

For the Distressed Fund, 100% of such compensation (to the extent allocable to investors who are not associated with the Firm) is applied to offset management fees payable to OCO. With respect to Distressed Fund Co-Investments, payments received by CCMP Capital or OCO are allocated among the relevant accounts (*i.e.*, the Distressed Fund and any CCMP Fund that co-invests with the Distressed Fund) *pro rata* based on each account's investment in the relevant portfolio company and the portion allocated to OCO is applied by OCO to offset management fees payable by investors in the Distressed Fund as described above. Arrangements for future OCO Managed Funds may vary and will be set forth in the applicable governing documents of such OCO Managed Funds.

OCO's ability to receive fees for the managerial and other management services to certain portfolio companies in an OCO Managed Fund represents a potential conflict of interest to the extent the OCO Managed Fund (directly or through interests held in the portfolio company by a fund managed by CCMP) has or will have control or significant

influence over such portfolio companies, although this potential conflict of interest is mitigated by the fact that the amount of such fees is typically negotiated with the applicable portfolio company's management team and/or any roll-over equity holders, as well as by the management fee offset provisions described above.

ITEM 15: CUSTODY

Due to certain arrangements, the Firm may be deemed to have "custody" of certain Client accounts within the meaning of Rule 206(4)-2 under the Advisers Act because the Firm may have access to or authority over funds and securities held in these accounts for purposes other than issuing trading instructions. If the Firm is deemed to have custody over your account, your custodian will send you periodic account statements (generally on a quarterly basis) indicating the amounts of any funds or securities in your account as of the end of the statement period and any transactions in the account during the statement period. You should review these statements carefully. Additionally, you should contact us immediately if you do not receive account statements from your custodian on at least a quarterly basis. If you should discover any discrepancy between the account statements, please contact us immediately.

With respect to the Private Funds, the Firm may comply with Rule 206(4)-2 under the Advisers Act by providing investors in the Private Fund with audited financial statements within 120 days following the Private Fund's fiscal year end. Investors should review these audited financial statements carefully. If you have not received audited financial statements timely, please contact us immediately.

As noted in Item 13 – *Review of Accounts*, above, the Firm may provide you, separately, with reports or account statements providing information about the account. You should compare these carefully to the account statements you receive from your custodian or the audited financial statements you receive from the Firm.

ITEM 16: INVESTMENT DISCRETION

As discussed in Item 4 – *Advisory Business*, the Firm generally provides advisory services on a discretionary basis to the Funds and Accounts. The limits upon the Firm's investment discretion are established with the investors in the Funds and Accounts, and are ultimately reflected in the Governing Documents for a Fund or Account Documents for an Account. These limits are established on a case by case basis and will vary from Fund to Fund or Account to Account.

ITEM 17: VOTING CLIENT SECURITIES

The Firm has adopted written proxy voting policies and procedures as required by Rule 206(4)-6 under the Advisers Act. Under these policies and procedures, the Firm will vote proxies in the best economic interests of its clients over the long term and will not place its interests above those of its Clients. These policies and procedures also include how the Firm addresses material conflicts that may arise between its interests and those of its Clients. However, due to the nature of the Firm's business, it is rare that the Firm will be asked to vote a proxy for a publicly traded equity security held on behalf of a Fund or Account. The following is a brief summary of the Firm's proxy voting guidelines.

All proxy materials received by the Firm are forwarded to the Firm's Chief Compliance Officer or his or her designee. The Chief Compliance Officer records on a log the name of the company to which the proxy materials relate, the date the proxy materials are received and the date by which the proxy needs to be voted.

Upon completion of a reconciliation process, the Chief Compliance Officer forwards the proxy materials to the appropriate Investment Committee member for voting. The Investment Committee or its designee shall vote all proxies in the best interests of the Firm's Clients pursuant to the goals of the Client's investment strategy. The Investment Committee will follow the procedures set forth in the policies and procedures in order to ensure that proxies are voted in the best economic interests of the Firm's Clients.

Prior to exercising voting authority on any other matter, the respective Investment Committee shall review the proxy materials and undertake a reasonable investigation to determine whether any of the matters to be voted on present a material conflict of interest between the Firm and the interests of its Clients.

Where the Investment Committee's investigation determines that a material conflict of interest may exist, it shall take reasonable steps to ensure that the conflict does not influence the Investment Committee to vote a proxy in a manner that is not in the best interests of its Clients. These steps may include, but are not limited to any one or a combination of the following: (1) consult with the Firm's outside counsel to determine how to vote in a manner that will be in the best interests of its Clients; and (2) erecting information barriers around conflicted Firm personnel to ensure that they do not influence the voting decision.

The Investment Committee shall make and maintain a record describing any steps taken to prevent a potential material conflict of interest from causing a proxy to be voted in a manner that is not in the best economic interest of its Clients. Where the Investment Committee determines that no material conflict of interest exists, the matter shall be analyzed based on its specific facts and circumstances and the Investment Committee shall vote on the matter in the best interests of its Clients.

Clients of the Firm, as well as investors in the Funds, may obtain (1) information about how the Firm voted proxies on their behalf; and (2) a copy of the Firm's proxy voting policy and procedures, by contacting Investor Relations, at the following information:

Octagon Credit Investors, LLC/ Octagon Credit Opportunities, LLC (as applicable)

Attn: Head of Investor Relations

245 Park Avenue, 16th Floor

New York, New York 10167

(212) 400-8400

eweaver@octagoncredit.com

www.octagoncredit.com

ITEM 18: FINANCIAL INFORMATION

Not Applicable