



Avalon Capital Management, LLC

2 Greenwich Office Park
1st Floor
Greenwich, CT 06831

www.avaloncapitalmgmt.com

Tel. (203) 909-6634
Fax. (203) 618-1475

Part 2A of Form ADV: Firm Brochure
July 15, 2013

This brochure provides information about the qualifications and business practices of Avalon Capital Management, LLC (“**ACM**” or the “**Adviser**”). If you have any questions about the contents of this brochure, please contact us at (203) 769-8617 or at fsaah@avaloncapitalmgmt.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “**SEC**”) or by any state securities authority. Additional information about ACM is also available on the SEC’s website at www.adviserinfo.sec.gov. ACM may refer to itself as a “registered investment adviser” or “RIA”. 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 is ACM's first filing of Part 2A of Form ADV. As such, Item 2 is not applicable.

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Item 4. Advisory Business

ACM, a Connecticut limited liability company, is an investment adviser with its principal place of business in Greenwich, Connecticut. ACM commenced operations as an investment adviser on December 22, 2012. ACM's ultimate owners are Kenneth C. Song, Chief Executive Officer, and Faris M. Saah, Chief Operating Officer, as well as other members of the investment team.

ACM provides investment advisory services on a discretionary basis solely to pooled investment vehicles (collectively, the "Clients") that are exempt from registration as investment companies under the Investment Company Act of 1940, as amended (the "Investment Company Act"), and whose securities are not registered under the Securities Act of 1933, as amended (the "Securities Act"). In particular, ACM expects that its Clients will be pooled investment vehicles that are structured as collateralized loan obligations ("CLOs"), as further described below.

ACM's investment advisory activities will focus solely on (i) the composition and initial management of a portfolio of collateral loan obligations on behalf of special purpose vehicles ("CLO Notes Issuers" or "CLO Clients") formed for the purpose of issuing notes to investors ("CLO Notes") backed by such portfolios in private placement offerings ("CLO Notes Offerings"), whereby such CLO Notes are backed by underlying loans, and (ii) the continued

management of such portfolio of CLOs after the closing of CLO Notes Offerings, including the acquisition of additional loans or the sale of previously acquired loans.

ACM expects to tailor its advisory services to the individual needs of Clients. In particular, ACM's management of each CLO for the applicable CLO Notes Issuer, both prior to and after the CLO Notes Offering, will customarily be subject to specific investment criteria and restrictions. These criteria and restrictions will be explicitly set forth in the indenture for each CLO.

As of July 15, 2013, ACM manages no Client assets.

Item 5. Fees and Compensation

Full details of relevant fees charged and the process in which they are paid will be set forth in the relevant offering memorandum published by each CLO Client. The Adviser expects to deduct relevant fees from Client accounts by instructing the CLO Client's custodian.

In addition to paying relevant fees, each CLO Client will also bear its own expenses, including but not limited to, brokerage and transactional fees, taxes, custody fees, legal and accounting expenses, market research, trustee and administrative fees. Please refer to Item 12 for a discussion of the Adviser's brokerage practices.

Full details regarding the terms applicable to a CLO Client (including, without limitation, services, fees, expenses and investor suitability standards) will be included in the offering memorandum published by each such CLO Client.

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

As of July 15, 2013, the Adviser manages no Clients. However, it is expected that the Adviser and its investment personnel will provide side-by-side investment management services to multiple Clients. "Side-by-side management" refers to the simultaneous management of multiple Client accounts. The Adviser will be entitled to be paid performance-based compensation by multiple Clients. In addition, the Adviser's investment personnel are expected to be compensated on a basis that includes a performance-based component.

Side-by-side management may give rise to the incentive for the Adviser to favor certain Client accounts with higher performance-based fees, and certain investment personnel may have an incentive to favor those Clients in which they have greater pecuniary interests. Through policies and procedures adopted by the Adviser, the Adviser will seek to promote fair and equitable treatment of Client 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 among Clients.

Item 7. Types of Clients

The Adviser's Clients are expected to consist solely of pooled investment vehicles that are structured as CLOs, as further described in Item 4. Any initial or additional subscription minimums will be disclosed in the offering memorandum for the CLO Client. **In no event should this Brochure be considered to be an offer of interests in a Private Fund or relied upon in determining to invest. It is also not an offer of, or agreement to provide, advisory services directly to any recipient.** Rather, this Brochure is designed solely to provide information about the Adviser for the purpose of compliance with certain obligations under the Investment Advisers Act of 1940, as amended (the "Advisers Act") and, as such, responds to relevant regulatory requirements under the Advisers Act, which may differ from the information provided in a PPM. To the extent that there is any conflict between discussions herein and similar or related discussions in any PPM, the PPM shall govern.

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

Methods of Analysis, Investment Strategies

The Adviser seeks to realize attractive risk adjusted returns while preserving investors' capital. The Adviser identifies investment opportunities and makes investment decisions utilizing a four step process consisting of initial screening, due diligence, formal investment recommendation and approval, and active investment monitoring.

When an investment idea is identified by the Adviser's investment professionals, it is assigned to the analyst responsible for the industry sector in which the subject company operates. The analyst performs an initial screening of the opportunity to determine if it appears to meet the Adviser's investment standards, focusing on cash flow generation, capital structure, collateral value and industry position, trends and other fundamentals.

The analyst presents the results of his or her initial analysis to the Adviser's Chief Investment Officer ("CIO") and portfolio managers, and together they determine whether the opportunity warrants additional analysis. If so, the analyst begins the due diligence portion of the Adviser's investment process. As part of the analysis, the analyst develops a historical financial model, reviews a variety of sources of company and industry information and asks questions of company management and other knowledgeable parties, all with the objective of assessing the risks inherent in any given situation and determining if the cash flow, capital structure, collateral and enterprise value mitigate such risks. At any time during this stage of the investment process, the analyst may determine such risks are too great and, upon consultation with the CIO, recommend terminating due diligence and rejecting the investment opportunity.

Upon conclusion of due diligence, the analyst sums up both the pros and cons and, if appropriate in his or her view, recommends investment to the CIO and portfolio managers. If it is determined that the investment makes sense from a fundamental credit perspective, the Adviser then determines the appropriate investment size based on credit risk, pricing, industry exposure, various portfolio limitations and other factors.

The CIO and portfolio managers monitor investments through regular update discussions with investment analysts and periodic portfolio reviews. Analysts are responsible for reviewing financial reporting information provided by issuers and developing additional sources of company specific and industry information to help them identify changes in their original investment thesis. Such changes are addressed on an ad hoc basis as they develop. The CIO, portfolio managers and analysts discuss the implications of such changes for the issuer and the potential impact on Clients' portfolios. The results of these discussions are incorporated in portfolio strategy and may result in decisions to buy more, hold, reduce exposure or sell down completely. The Adviser maintains an "At Risk" list of investments experiencing deteriorating credit or industry fundamentals as well as market price erosion exceeding broader market movements. At Risk list positions are monitored even more closely than performing investments by analysts, portfolio managers and the CIO. The CIO and portfolio managers are the only employees authorized to make investment decisions. Many of the Adviser's portfolios may be subject to investment restrictions and quality criteria that guide the selection of investments for such portfolios. The CIO and portfolio managers monitor compliance with portfolio restrictions and criteria through frequent review of portfolio compliance modules developed by a third party vendor for each portfolio. The objective of frequent review of compliance modules is to ensure no investment decisions will result in noncompliance of portfolio restrictions and quality criteria. In the event investment asset developments such as ratings changes or defaults negatively impact compliance with portfolio restrictions or quality criteria, the CIO and portfolio managers will review the reasons for noncompliance and, if feasible, develop strategies for getting back into compliance.

Risks

Investing in securities involves a substantial degree of risk. A Client may lose all or a substantial portion of its assets, and investors in Clients must be prepared to bear the risk of a complete loss of their investments. In addition, material risks relating to the investment strategies and methods of analysis described above, and to the types of securities typically purchased by or for Clients, include the following:

Credit Risk

Credit risk arises from the potential default of debtors in the repayment of principal and interest or the failure of counterparties to perform according to the terms of a contract. Investments in loans are generally in the form of assignments. Such loans are generally administered by a bank or other financial institution (the "agent") that acts as agent for all holders. The agent administers the terms of the loan, as specified in the loan agreement. When Clients invest in a loan, they are subject to the risk that an intermediate participant between the Client and the borrower, such as the agent bank, will fail to meet its obligations to the Client, in addition to the risk that the borrower under the loan may default on its obligations. Clients may also have investments in lower rated and comparable quality unrated high yield securities. Investments in high yield securities are accompanied by a greater degree of credit risk and the risk tends to be more sensitive to economic conditions than that of higher rated securities. The risk of loss due to default by the issuer may be significantly greater for holders of high yield securities, because such securities are generally unsecured and are often subordinated to other creditors of the issuer.

Disposal of investments in distressed or bankrupt companies may involve time consuming negotiations and expenses, and prompt sale at an acceptable price may be difficult.

Market Risk

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

Adverse Effect of Economic Conditions

Clients and the companies in which Clients may invest, may be adversely affected by deteriorations in the financial markets and economic conditions throughout the world, some of which may magnify the risks described herein and may have other adverse effects. Deteriorating market conditions could result in increasing volatility and illiquidity in the global credit, debt and equity markets generally. The duration and ultimate effect of recent market conditions cannot be forecast, nor is it known whether or the degree to which such conditions may remain stable or worsen. Deteriorating market conditions and uncertainty regarding economic markets generally could result in declines in the market values of potential investments or declines in the market values of investments after they are made or acquired by Clients. Such declines may be exacerbated by other events, such as the failure of significant financial institutions or hedge funds, dislocations in other investment markets or other extrinsic events. In addition, such declines could lead to weakened investment opportunities for Clients, could prevent Clients from successfully meeting their investment objectives and/or could require Clients to dispose of investments at a loss while such unfavorable market conditions prevail.

Liquidity Risk

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

Interest Rate Risk

Clients assume interest rate risk from certain of their investments that have floating interest rates or longer durations. These investments are exposed typically to changes in interest rates as well as changes in the shape of the relevant yield curve.

Credit Ratings

Credit ratings of assets represent the rating agencies' opinions regarding their credit quality and are not a guarantee of quality or performance. Rating agencies attempt to evaluate the safety of principal and interest payments and do not evaluate the risks of fluctuations in market value; therefore, ratings may not fully reflect the true risks of an investment. Also, rating agencies may fail to make timely changes in credit ratings in response to subsequent events, so that an obligor's current financial condition may be better or worse than a rating indicates. Consequently, credit ratings of any asset of the issuer should not be considered a reliable indicator of investment quality and ratings should not be relied upon in making any investment decisions.

Participation on Creditors' Committees

ACM may participate on behalf of a Client on committees formed by creditors to negotiate the management of financially troubled companies that may or may not be in bankruptcy or ACM may seek to negotiate on behalf of a Client directly with the debtors with respect to restructuring issues. If ACM does join a creditors' committee on behalf of a Client, the participants of the committee would be interested in obtaining an outcome that is in their respective individual best interests and there can be no assurance of obtaining results most favorable to the applicable Client in such proceedings. By participating on such committees, ACM may be deemed to have duties to other creditors represented by the committees, which might thereby expose Clients to liability to such other creditors who disagree with the actions.

ACM may also be provided with material non-public information that may restrict ACM's ability to trade in the company's securities on a Client's behalf. While ACM and its Clients intend to comply with all applicable securities laws and to make judgments concerning restrictions on trading in good faith, ACM may trade in the company's securities on a Client's behalf while engaged in the company's restructuring activities. Such trading creates a risk of litigation and liability that may cause a Client to incur significant legal fees and potential losses.

Item 9. Disciplinary Information

Item 9 is not applicable to the Adviser.

Item 10. Other Financial Industry Activities and Affiliations

Item 10 is not applicable to the Adviser.

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

Code of Ethics

The Adviser has adopted a written Code of Ethics that is applicable to all of its directors, officers and employees, as well as to directors, officers and employees of every subsidiary of the Adviser

(collectively, “Adviser Personnel”). The Code of Ethics, which is designed to comply with Rule 204A-1 under the Investment Advisers Act of 1940 (as amended, the “Advisers Act”), establishes guidelines for professional conduct and personal trading procedures, including certain pre-clearance and reporting obligations. Adviser Personnel and their families and households may purchase investments for their own accounts, including the same investments as may be purchased or sold for a Client, subject to the terms of the Code of Ethics. Under the Code of Ethics, Adviser Personnel are also required to file certain periodic reports with the Adviser’s Chief Compliance Officer (“CCO”) as required by Rule 204A-1 under the Advisers Act. The Code of Ethics helps the Adviser detect and prevent potential conflicts of interest.

Adviser Personnel who violate the Code of Ethics may be subject to remedial actions, including, but not limited to, profit disgorgement, fines, censure, demotion, suspension or dismissal. Adviser Personnel are also required to promptly report any violation of the Code of Ethics of which they become aware.

A copy of the Code of Ethics is available to any Client, prospective client or their investors upon written request to: Andrew Barnard, Avalon Capital Management LLC, 4 Greenwich Office Park, 2nd Floor, Greenwich, CT, 06831, or via e-mail at abarnard@avaloncapitalmgmt.com.

Participation or Interest in Client Transactions

Certain employees and affiliates of the Adviser and their employees may invest in Clients. A Client or its General Partner, as applicable, may reduce all or a portion of the Collateral Management Fees and/or the Incentive Collateral Management Fee related to investments held by such persons. For further details regarding these arrangements, as well as conflicts of interest presented by them, please see “Conflicts of Interest” immediately below.

Conflicts of Interest

The material conflicts of interest encountered by a Client include those discussed below, although the discussion below does not necessarily describe all of the conflicts that may be faced by a Client. Other conflicts may be disclosed throughout this Brochure and the Brochure should be read in its entirety for other conflicts. In the case of all conflicts of interest, the Adviser’s determination as to which factors are relevant, and the resolution of such conflicts, will be made in the Adviser’s sole discretion unless otherwise required by the terms of its agreements with Clients or their offering and/or organizational documents. In resolving conflicts, the Adviser may consider various factors, including the interests of the applicable Clients with respect to the immediate issue and/or with respect to their longer term courses of dealing. In some cases, the various conflicts which may arise in connection with the investment of Client assets may be conflicts for affiliates of the Adviser as well and may be resolved by such affiliates and not the Adviser. References to the Adviser therefore include its affiliates as well.

Certain procedures for resolving specific conflicts of interest are set forth below. When conflicts arise, the following factors may mitigate, but will not eliminate, conflicts of interest:

- (1) A Client will not make an investment unless the Adviser believes that such investment is an appropriate investment considered solely from the viewpoint of such Client; and
- (2) Many important conflicts of interest will generally be resolved by set procedures, restrictions or other provisions contained in the relevant offering and/or organizational documents for Clients.

Allocation of Investment Opportunities Among Clients

In connection with its investment activities, the Adviser may encounter situations in which it must determine how to allocate investment opportunities. In recognition of its fiduciary duties, it is the policy of the Adviser to allocate investment opportunities fairly and equitably among its Clients. Pursuant to written policies and procedures adopted by the Adviser, the Adviser will take a variety of factors into account when determining who will participate (and to what extent) in the purchase or sale of any given security. As set forth in the Code of Ethics, such factors may include, without limitation, the Client's investment objectives, guidelines, limitations and restrictions, cash positions or needs, existing and desired issuer and industry exposures, and security specific size trading limitations or restrictions.

Conflicts Related to Purchases and Sales

Conflicts may arise when a Client makes investments in conjunction with an investment being made by other Clients, the Adviser or its affiliates or a client of an Adviser affiliate, or in a transaction in which another Client, the Adviser or its affiliates or client of an Adviser affiliate has already made an investment. Investment opportunities may be appropriate for Clients, the Adviser or its affiliates and/or clients of an Adviser affiliate at the same, different or overlapping levels of a portfolio company's capital structure. Conflicts may arise in determining the terms of investments, particularly when these clients may invest in different types of securities in a single portfolio company. Questions may arise as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced. Decisions about what action should be taken in a troubled situation, including whether or not to enforce claims, whether or not to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring may raise conflicts of interest, particularly in Clients, the Adviser or its affiliates or clients of an Adviser affiliate that have invested in different securities within the same portfolio company. Certain clients of the Adviser and its affiliates may invest in bank debt and securities of companies in which other clients hold securities, including equity securities. In the event that such investments are made by a Client, the Adviser or its affiliates or clients of an Adviser affiliate, the interests of such Client may be in conflict with the interest of such other Client or client of an Adviser affiliate, particularly in circumstances in which the underlying company is facing financial distress. The involvement of such persons at both the equity and debt levels could inhibit strategic information exchanges among fellow creditors. In certain circumstances, Clients or clients of an Adviser affiliate may be prohibited from exercising voting or other rights, and may be subject to claims by other creditors with respect to the subordination of their interest. Investments by the Adviser or an affiliate of the Adviser or its affiliates may also raise the risk of using assets of a client of the Adviser or its affiliates to support positions taken by the Adviser or its affiliates or by other clients of the

Adviser or its affiliates. Employees and related persons of the Adviser and its affiliates may make capital investments in or alongside certain Clients or clients of the Adviser's affiliates, and therefore may have additional conflicting interests in connection with these investments. There can be no assurance that the return of a Client participating in a transaction would be equal to and not less than another Client (or a client of an Adviser affiliate) participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

A Client may invest in opportunities that the Adviser, its affiliates or other Clients or clients of the Adviser's affiliate have declined, and likewise, a Client may decline to invest in opportunities in which other Clients, the Adviser or its affiliates or clients of the Adviser's affiliates have invested.

Cross-Transactions

In certain cases, the Adviser may cause a Client to purchase investments from another Client or a client of an affiliated Adviser, or it may cause a Client to sell investments to another Client or a client of an affiliated Adviser. Such transactions create conflicts of interest because, by not exposing such buy and sell transactions to market forces, a Client may not receive the best price otherwise possible, or the Adviser might have an incentive to improve the performance of one Client by selling underperforming assets to another Client in order, for example, to earn fees. Additionally, in connection with such transactions, the Adviser, its affiliates and/or their professionals (i) may have significant investments, or intentions to invest, in the Client (or client of an affiliated Adviser) that is selling and/or purchasing such an investment or (ii) otherwise have a direct or indirect interest in the investment (such as through certain other participations in the investment). The Adviser and its affiliates may receive management or other fees in connection with their management of the relevant clients involved in such a transaction, and may also be entitled to share in the investment profits of the relevant clients. The Adviser has adopted written policies and procedures to address these conflicts of interest.

Principal Transactions

Section 206 under the Advisers Act regulates principal transactions among an investment adviser and its affiliates, on the one hand, and the clients thereof, on the other hand. Very generally, if an investment adviser or an affiliate thereof proposes to purchase a security from, or sell a security to, a client (what is commonly referred to as a "principal transaction"), the adviser must make certain disclosures to the client of the terms of the proposed transaction and obtain the Client's consent to the transaction. In connection with the Adviser's management of Clients, the Adviser and its affiliates do not intend to engage in principal transactions.

Management of Clients

The Adviser may manage a number of Clients that may have investment objectives similar to each other. The Adviser may in the future establish one or more additional investment vehicles with investment objectives substantially similar to, or different from, those of the current Clients. Allocation of available investment opportunities between Clients and any such investment fund

and/or any clients of an affiliated Adviser could give rise to conflicts of interest. See “*Allocation of Investment Opportunities Among Clients*” above. In addition, it is expected that employees of the Adviser responsible for managing a particular Client will have responsibilities with respect to other Clients managed by the Adviser, including future clients. Conflicts of interest may arise in allocating time, services or functions of these officers and employees.

Conflicts Relating to the Adviser

The Adviser generally may, in its discretion, contract with any related person of the Adviser to perform services for the Adviser in connection with its provision of services to Clients. When engaging a related person to provide such services, the Adviser may have an incentive to recommend the related person even if another person may be more qualified to provide the applicable services and/or can provide such services at a lesser cost. The Adviser generally may, in its discretion, recommend to a Client or to an affiliate (in response to a solicitation for a recommendation or otherwise) that it contract for services with (i) the Adviser or a related person of the Adviser or (ii) an entity with which the Adviser or its affiliates or a member of their personnel has a relationship or from which the Adviser or its affiliates or their personnel otherwise derive financial or other benefit. When making such a recommendation, the Adviser may, because of its financial or other business interest, have an incentive to recommend the related or other person even if another person is more qualified to provide the applicable services and/or can provide such services at a lesser cost. The Adviser and the Adviser Personnel may buy or sell securities or other instruments that the Adviser has recommended to Clients. In addition, the Adviser and the Adviser Personnel may buy securities in transactions offered to but rejected by Clients. The investment policies, fee arrangements and other circumstances of these investments may vary from those of Clients. If the Adviser or the Adviser Personnel have made large capital investments in or alongside Clients of the Adviser, they may have conflicting interests with respect to these investments. Because certain expenses are paid for by a Client and/or its affiliates or, if incurred by the Adviser, are reimbursed by a Client and/or its affiliates, the Adviser may not necessarily seek out the lowest cost options when incurring (or causing a Client or its affiliates to incur) such expenses.

Fee Structure

As discussed above in Item 6, the Adviser of the Funds may be entitled to performance-based fees under the terms of organizational documents of such Clients. The existence of the Adviser’s performance-based fees may create an incentive for the Adviser to cause such Clients to make more speculative investments than they would otherwise make in the absence of performance-based compensation.

Item 12. Brokerage Practices

To meet its fiduciary duties to Clients, the Adviser has adopted policies to address issues that might arise with respect to purchasing, holding, and selling securities pursuant to its best execution obligations.

Selection of Brokers and Dealers

In placing each transaction for a Client involving a broker-dealer, the Adviser will seek to obtain for the Client the lowest total cost (in purchasing a security) or highest total proceeds (in selling a security), taking into account the circumstances of the transaction and the reputability and reliability of the executing broker or dealer. In selecting brokers and dealers to execute Client transactions, the Adviser takes into account all factors that it deems relevant to the broker's or dealer's execution capability, including, without limitation:

- the overall direct net economic result to the Client (including commissions, which may not be the lowest available but which ordinarily will not be higher than the generally prevailing competitive range),
- the financial strength of the broker-dealer,
- the reputation and stability of the broker-dealer,
- the efficiency with which transactions are generally executed,
- the ability to effect the particular transaction,
- the availability of the broker-dealer to stand ready to execute difficult transactions in the future, and
- other matters involved in the receipt of brokerage and research services that may impact Clients.

Services provided by a broker-dealer such as research and other information useful for the management of Client accounts is also taken into consideration when directing trades to particular broker-dealers. The Adviser will take multiple factors into account when evaluating the performance of broker-dealers executing Client transactions. The Adviser will regularly review the related commissions and other charges to ensure they are fair and reasonable within the current marketplace. The Adviser will also consider the quality of firms with which it seeks to execute Client orders, the adequacy of lines of communication, the timeliness of reports of order execution, the capacity to accommodate unusual trading volumes and the preservation of Client anonymity, among other factors.

While the Adviser receives third party research from time to time from broker-dealers, the Adviser does not maintain formal arrangements to direct certain amounts of business to such broker-dealers in exchange for such research. Such arrangements are known in the industry as "soft dollar arrangements". The Adviser does not have any soft-dollar arrangements with any broker-dealer. The Adviser, however, reserves the right to enter into soft dollar arrangements as legally permitted under the law. Subject to the above, if the Adviser determines to enter into any soft dollar arrangements with any executing broker-dealers, the total amount of commission dollars paid by a Client for a transaction placed by the Adviser for the Client's account may be higher than that paid if executed by another broker-dealer. In such cases, the Adviser will use its best efforts to ensure that the higher commissions are reasonable in relation to the value of the brokerage and research services provided by the broker-dealer with whom a soft dollar arrangement has been established.

Aggregation of Trades

As of June 21, 2013, the Adviser manages no Clients. Beginning on the date on which the Adviser manages more than one Client, the allocation of investment opportunities among Clients shall be governed by the policies and procedures set forth in the applicable offering memorandum for the Clients.

Item 13. Review of Accounts Oversight and Monitoring

Subject to the oversight of the CIO and CCO, each Client account will be reviewed on a monthly basis by ACM's portfolio managers to determine whether investments should be maintained in view of current market conditions. Significant market events affecting the price of one or more CLO Notes in Client accounts or specific arrangements with particular Clients may trigger reviews of Client accounts on other than a periodic basis.

Each CLO Client will receive written account statements directly from the applicable trustee or administrator on at least a quarterly basis. The Adviser may supplement these statements with written reports provided during Client meetings or as otherwise requested.

Item 14. Client Referrals and Other Compensation

Item 14 is not applicable to the Adviser.

Item 15. Custody

Item 15 is not applicable to the Adviser.

Item 16. Investment Discretion

The Adviser expects to provide investment advisory services on a discretionary basis to Clients. Please see Item 4 for a description of any limitations Clients may place on the Adviser's discretionary authority. Prior to assuming discretion in managing a Client's assets, the Adviser will enter into a written agreement that establishes and sets forth the scope of the Adviser's discretionary authority.

Item 17. Voting Client Securities

Because the Adviser does not expect to manage equity portfolios, the likelihood of a proxy vote with regard to any security that the Adviser may hold on behalf of its Clients is remote. In the event that a voting right exists or is exercisable, however, and to the extent the Adviser has been delegated proxy voting authority on behalf of its Clients, the Adviser has adopted and implemented written policies and procedures governing the voting of Client securities. All proxies that the Adviser receives will be treated in accordance with these policies and procedures.

The Adviser intends to vote proxies or similar corporate actions in accordance with the best interests of the applicable Client, taking into account such factors as it deems relevant in its sole discretion. Upon receipt of a proxy request, the Adviser's operations department will contact the

investment professional responsible for the issuer. The investment professional will review the information, determine what is in the best interests of the Client and make a recommendation to the CIO. The CIO will then promptly vote proxies received in a manner consistent with the Adviser's policies and procedures.

The Adviser does not trade for its own account and, as a general matter, the investment strategies of the portfolios managed by the Adviser are expected to be similar or substantially similar enough that a conflict of interest between the Adviser and any two or more portfolios it manages is unlikely when voting a proxy on behalf of Clients. However, if an actual or potential conflict is found to exist, the Adviser may engage a reputable non-interested party to independently review the Adviser's vote recommendation and to confirm that the Adviser's vote recommendation is in the best interest of the Client under the circumstances. If the independent non-interested party determines that the Adviser's vote recommendation is not in the best interest of the Client under the circumstances, then the Adviser shall vote in the manner suggested by such independent non-interested party.

Clients will generally not be permitted to direct their votes in a particular solicitation.

Copies of relevant proxy logs, identifying how proxies were voted in connection with a Client and copies of proxy voting policies will be made available to any Client or prospective client upon written request to: Andrew Barnard, Avalon Capital Management, LLC, 2 Greenwich Office Park, 1st Floor, Greenwich, CT 06831 or via e-mail at abarnard@avaloncapitalmgmt.com.

Item 18. Financial Information

Item 18 is not applicable to the Adviser.