



**THL Credit, Inc.**

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Part 2A of Form ADV: Firm Brochure  
March 31, 2014

**This brochure provides information about the qualifications and business practices of THL Credit, Inc. If you have any questions about the contents of this brochure, please contact us at 800-450-4424. 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 THL Credit, Inc. is also available on the SEC’s website at [www.adviser.info.sec.gov](http://www.adviser.info.sec.gov), as well as in its public filings made from time to time with the SEC. An investment adviser’s registration with the SEC does not imply a certain level of skill or training.**

## **Item 2. Material Changes**

This Item 2 discusses only specific material changes that are made to this brochure since the last annual update of our brochure on March 28, 2013. Except as noted below, there have been no material changes since our last brochure.

As of September 18, 2013, Heather Birmingham was appointed Chief Compliance Officer of the THL Credit, Inc. Ms. Birmingham has previously served as the Chief Compliance Officer for an affiliate of the THL Credit, Inc. .

In general, disclosures have been updated to reflect the firm's practices, including additional risk factors being added to Item 8. Item 9 has been updated to remove the references to shareholder derivative suits against James K. Hunt, relating to his service as a director to an unaffiliated entity. The suit has been dismissed.

A copy of this brochure may be requested by contacting us at (800) 450-4424.

### Item 3. Table of Contents

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#### **Item 4. Advisory Business**

THL Credit, Inc. provides advisory services to pooled investment vehicles that are exempt from registration under the Investment Company Act of 1940, as amended (the “1940 Act”), and whose securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”) and to institutional separate account clients.

As of March 28, 2014, THL Credit, Inc. had three clients, including the following: THL Credit Greenway Fund LLC, a Delaware limited liability company (“Greenway I”), THL Credit Greenway Fund II LLC (“Greenway II,” and together with Greenway I, the “Greenway Funds”), and a separately managed account. The Greenway Funds are also portfolio companies of THL Credit, Inc.

THL Credit, Inc.’s clients provide debt and equity capital to middle-market companies primarily through long-term junior capital investments. In accordance with a client’s investment objectives, investments may be made in companies doing business in a wide range of industries and sectors. THL Credit, Inc. sometimes refers to such advisory services as its “Direct Lending Platform.”

THL Credit, Inc. provides advisory services to each client in accordance with a management agreement with such client or the limited liability company agreement or limited partnership agreement (or analogous organizational document) of such client (collectively, the “Governing Documents”). THL Credit, Inc.’s advisory services consist of investigating, identifying and evaluating investment opportunities, structuring, negotiating and making investments on behalf of clients, managing and monitoring the performance of such investments and disposing of such investments.

Investment advice is provided directly to the clients and not individually to the investors in any pooled investment vehicle that is a client, such as the Greenway Funds. Services are provided to each client in accordance with its Governing Documents. Investment restrictions for a client, if any, are generally established in its Governing Documents.

THL Credit, Inc. is a publicly-held business development company. There are no holders of 25% or more of THL Credit, Inc.’s capital stock. THL Credit, Inc., including its predecessors, has been in business since 2007. Measured as of December 31, 2013, THL Credit, Inc. manages a total of approximately \$243,303,174 of client assets, all of which is managed on a discretionary basis. THL Credit, Inc. is listed on the NASDAQ and trades under the symbol “TCRD.”

In addition to providing investment advisory services to its clients, THL Credit, Inc. also makes debt and equity investments in middle-market companies. Accordingly, THL Credit, Inc. may invest in companies in which its clients also invest. THL Credit, Inc.’s investment activities are managed by THL Credit Advisors LLC (“THL Credit Advisors”) and supervised by THL Credit, Inc.’s board of directors, a majority of whom are independent of THL Credit Advisors and its affiliates. Please see Items 11 and 12 for more information on THL Credit, Inc.’s trade allocation practices.

## **Item 5. Fees and Compensation**

### Greenway Funds

As compensation for investment supervisory services rendered by THL Credit, Inc. to the Greenway Funds, each Greenway Fund pays THL Credit, Inc. a management fee, an incentive fee (i.e., carried interest) and a portion of closing fees paid to the Greenway Fund in connection with investments (collectively, the “Greenway Fees”). The Greenway Fees are set forth in the Governing Documents for the Greenway Funds.

The Greenway Fees are paid to THL Credit, Inc. by the Greenway Funds through a wire transfer from each Greenway Fund’s bank account. The management fee is paid quarterly, the incentive fee (if earned) for a Greenway Fund is paid at the time of any distribution by such Greenway Fund to its investors but not less than quarterly, and the closing fees are paid at the time of or promptly following the closing of the related investments. Each periodic distribution notice sent to THL Credit, Inc. (as investment adviser) and the Greenway Funds’ investors sets forth any Greenway Fees that have been wired to THL Credit, Inc. The Greenway Fees are paid in arrears.

In addition, each Greenway Fund reimburses THL Credit, Inc. for any organizational expenses and fees that THL Credit, Inc. may incur on such Greenway Fund’s behalf, such as the fees and expenses of outside counsel in forming such Greenway Fund and the annual corporate fees such as for resident agent representation in Delaware.

Upon dissolution of a Greenway Fund, under the terms of the applicable Governing Documents THL Credit, Inc. will recalculate the incentive fee earned during the entire term of such Greenway Fund. To the extent THL Credit, Inc. received the payment of any incentive fee in excess of this recalculated amount, the investors in such Greenway Fund may claw back such excess from THL Credit, Inc.

### Separate Accounts

Each separate account pays THL Credit, Inc. a management fee and an incentive fee (if earned). The fees are set forth in the Governing Document for such separate account. The management fee is paid quarterly, the incentive fee (if earned) is paid at the time of any distribution by such separate account but not less than quarterly, and the closing fees are paid at the time of or promptly following the closing of the related investments. Each periodic distribution notice sent to THL Credit, Inc. (as investment adviser) and the separate accounts sets forth any separate account fees that have been wired to THL Credit, Inc. The separate account fees are paid in arrears.

In addition, the separate account reimburses THL Credit, Inc. for any organizational expenses and fees that THL Credit, Inc. may incur on such separate account’s behalf.

Upon dissolution of the separate account, under the terms of the applicable Governing Documents THL Credit, Inc. will recalculate the incentive fee earned during the entire term of

such separate account. To the extent THL Credit, Inc. received the payment of any incentive fee in excess of this recalculated amount, the separate account may claw back such excess from THL Credit, Inc.

#### Additional Fees and Expenses

The private funds and separately managed accounts may also be subject to administrative, legal, audit and any other professional expenses. Please refer to the applicable Governing Document for more information.

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

#### Performance-Based Fees

THL Credit, Inc. may earn performance fees as follows:

- 1) As noted above in Item 5, a portion of the profits of the Greenway Funds is distributed to THL Credit, Inc. as an incentive fee or “carried interest.” This fee is aggregated with other income to THL Credit, Inc. and factored into the calculation of fees paid by THL Credit, Inc. to its investment adviser, THL Credit Advisors.

To the extent supervised persons of THL Credit, Inc. face any conflicts of interest by THL Credit, Inc.’s managing the Greenway Funds in creating an incentive for THL Credit, Inc. to disproportionately allocate time, services or functions to clients paying carried interest or allocate investment opportunities to such clients, these conflicts are mitigated by (i) contractual provisions requiring the Greenway Funds to purchase and sell investments contemporaneously with THL Credit, Inc. and/or (ii) contractual provisions and procedures setting forth investment allocation requirements.

- 2) THL Credit, Inc. may enter into arrangements with separate account clients where clients are assessed an incentive fee or “carried interest.” The incentive fee is calculated based on a percentage of excess distributions after such client has received distributions equal to the amount of its capital contributions, plus its applicable preferred return. The incentive fee and preferred return may vary by client.

The existence of carried interest may create an incentive for THL Credit, Inc. to cause such clients to make more speculative investments than they would otherwise make in the absence of performance-based compensation.

#### Side-by-Side Management Risks

As noted above in Item 5, both THL Credit, Inc. and its clients make debt and equity investments in middle-market companies. In addition, the fees received by THL Credit, Inc. may vary by client. Accordingly, THL Credit, Inc. is subject to significant side-by-side management conflicts of interest. THL Credit, Inc. and its affiliates have adopted compliance policies and procedures

in an attempt to mitigate such risks. Please see Items 11 and 12 for more information on the actual and potential side-by-side management conflicts.

## **Item 7. Types of Clients**

THL Credit, Inc. currently provides investment supervisory services to private funds and separate accounts. In the case of the private funds, investment advice is provided directly to the funds and not individually to investors. THL Credit, Inc. also offers its services to institutional investors, including insurance companies.

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

THL Credit, Inc. uses fundamental credit analysis to identify attractive investment opportunities and seeks attractive risk-adjusted returns, primarily through investments in privately-negotiated debt and equity securities of middle-market companies. Investment decisions are made by THL Credit, Inc.'s Investment Committee. Members of THL Credit, Inc.'s Investment Committee may also serve on the investment committees of THL Credit, Inc.'s affiliates.

### Investment selection

THL Credit, Inc. has identified several criteria it believes are important in evaluating investment opportunities. These criteria provide general guidelines for investment decisions. However, each investment THL Credit, Inc. makes on behalf of a client may not meet all of these criteria.

*Value orientation/positive cash flow.* THL Credit, Inc.'s investment philosophy places a premium on fundamental credit analysis and has a distinct value orientation. THL Credit, Inc. focuses on companies in which it can invest at relatively low multiples of operating cash flow and that are profitable at the time of investment on an operating cash flow basis. Although THL Credit, Inc. will obtain liens on collateral on behalf of its clients when appropriate, it is primarily focused on the predictability of future cash flow.

*Seasoned management with significant equity ownership.* Strong, committed management teams are important to the success of an investment, and THL Credit, Inc. intends to invest in companies where either strong management teams are already in place or new management teams have been identified. Additionally, THL Credit, Inc. generally requires the portfolio companies to have in place compensation provisions that appropriately incentivize management to succeed and to act in the clients' interests as investors.

*Strong competitive position.* THL Credit, Inc. seeks to invest on behalf of the clients in companies that have developed competitive advantages and defensible market positions within their respective markets and are well positioned to capitalize on growth opportunities.

*Exit strategy.* THL Credit, Inc. seeks companies that it believes will generate consistent cash flow to repay the clients' loans and reinvest in their respective businesses. THL Credit, Inc. expects such internally-generated cash flow in portfolio companies to be a key means by which the clients exit from such investments over time. In addition, THL Credit, Inc. will also seek to

invest on behalf of clients in companies whose business models and expected future cash flows offer attractive exit possibilities for the equity component of their returns. These companies include candidates for strategic acquisition by other industry participants and companies that may repay the client's investments through an initial public offering of common stock or another capital market transaction.

### Due diligence and investment process

THL Credit, Inc. employs a rigorous and disciplined underwriting and due diligence process. Its process includes a comprehensive understanding of a borrower's industry, market, operational, financial, organizational and legal position and prospects. It seeks borrowers who have proven management teams that have a vested interest in the company in the form of a meaningful level of equity ownership, who generate cash flow that is stable and predictable, and whose market position is defensible. THL Credit, Inc. will invest in companies with the expectation that the clients will own the investment through a complete business cycle, and possibly a recession, and THL Credit, Inc. determines the appropriate amount of debt for the company accordingly. In addition, THL Credit, Inc. views a sale of the company that might result in a refinancing of the clients' investments as a possibility but not an expectation. THL Credit, Inc. conducts thorough reference and background checks on senior management for all investment transactions.

THL Credit, Inc.'s due diligence typically includes the following elements (although not all elements will necessarily form part of every due diligence project):

*Issuer Characteristics:* key levers of the business including a focus on drivers of cash flow and growth; revenue visibility; customer and supplier concentrations; historical revenue and margin trends; fixed versus variable costs; free cash flow analysis; company versus industry performance; and sensitivity analysis around various future performance scenarios (with a focus on downside scenario analysis);

*Industry Analysis:* including the company's position within the context of the general economic environment and relevant industry cycles; industry size and growth rates; competitive landscape; barriers to entry and potential new entrants; product position and defensibility of market share; technological, regulatory and similar threats; and pricing power and cost considerations;

*Management:* including the quality, breadth and depth of the issuer's management; track record and prior experience; background checks; reputation; compensation and equity incentives; corporate overhead; and motivation; interviews with management, employees, customers and vendors;

*Financial Analysis:* an understanding of relevant financial ratios and statistics, including various leverage, liquidity, free cash flow and fixed charge coverage ratios; impact on ratios in various future performance scenarios and comparison of ratios to industry competitors; satisfaction with the auditor of the financial statements; quality of earnings analysis;

*Capital Structure:* diverse considerations regarding leverage (including understanding seniority and leverage multiples); ability to service debt; collateral and security protections; covenants and



guarantees; equity investment amounts and participants (where applicable); and review of other significant structural terms and pertinent legal documentation; and

*Collateral and Enterprise Value:* analysis of relevant collateral coverage, including assets on a liquidation basis and enterprise value on a going concern basis; assignment of recovery percentages by type of hard asset; matrix analysis of cash flow and valuation multiples under different scenarios along with recovery estimates; comparison to recent transaction multiples and valuations.

## Risks

Investing in securities involves a substantial degree of risk. A client may lose all or a substantial portion of its investments, and 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 the clients, include the risks described in the section entitled “Item 1A. Risk Factors” to THL Credit, Inc.’s annual report on Form 10-K for the year ended December 31, 2013.

The material risks set forth below are qualified in their entirety by the more detailed risk disclosure in the applicable Governing Documents. Direct lending is subject to a number of risks that may affect the value of securities including:

**Credit Risk** is the risk that the inability or perceived inability of the issuer to make interest and principal payments will cause the value of its securities to decrease and cause a loss. If an issuer’s financial health deteriorates, it may result in a reduction of the credit rating of the issuer’s securities and may lead to the issuer’s inability to honor its obligations, including making timely payment of interest and principal. Declines in credit quality can result in bankruptcy for the issuer and permanent loss of investment.

**Interest Rate Risk** is the risk that fixed income securities will decline in value because of changes in interest rates. Generally, the value of debt securities falls as interest rates rise. Specific fixed income securities differ in their sensitivities to changes in interest rates depending on their particular characteristics. Fixed income securities with longer durations tend to be more sensitive to changes in interest rates, usually making them more volatile than securities with shorter durations. Duration is determined by a number of factors including coupon rate, whether the coupon is fixed or floating, time to maturity, call or put features, and various repayment features.

**Leverage Risk** magnifies the potential gains and losses from an investment and increases the risk of loss of capital. To the extent that income derived from investments purchased with borrowed funds is greater than the cost of borrowing, net income will be greater than if borrowing had not been used. Conversely, if the income from investments purchased with borrowed funds is not sufficient to cover the cost of borrowing, the net income will be less than if borrowing had not been used. The extent to which the gains and losses associated with leveraged investing are increased will generally depend on the degree of leverage employed.

Leverage may also be limited with respect to specific securities held in a portfolio due to margin rule considerations.

**Liquidity Risk** exists when particular investments are difficult to purchase or sell. During periods of market turbulence or low trading activity, in order to meet client withdrawals it may be necessary for THL Credit, Inc. to cause its clients to sell securities at prices that are less advantageous. Additionally, the market for certain investments may become illiquid independent of any specific adverse changes in the condition of a particular issuer. Smaller portfolios may have increased exposure to liquidity risk.

**Management Risk** exists because securities selected by THL Credit, Inc. may not perform to expectations for its clients. This could result in underperformance compared to other portfolios with similar investment objectives.

**Market Risk** involves the possibility that the value of the investments will decline, sometimes unpredictably or rapidly, due to drops in the securities markets generally or particular industries. The prices of and the income generated by securities held may decline in response to certain events, including those directly involving the companies and governments whose securities are owned in portfolios, general economic and market conditions, regional or global instability, and interest rate fluctuations.

**Prepayment Risk** is the risk that, if interest rates fall, it is possible that issuers of certain fixed income securities will call, or prepay, before the maturity date.

**Economic Conditions.** Changes in economic conditions, including, for example, interest rates, inflation rates, industry conditions, competition, technological developments, trade relationships, political and diplomatic events and trends, tax laws and innumerable other factors, can affect substantially and adversely a client's investments.

**Diversification.** Although diversification is used as one of the tools of risk management, THL Credit, Inc. is not always restricted as to the percentage of the assets that may be invested in any particular instrument or market in order to optimize the risk-reward profile. To the extent THL Credit, Inc. concentrates investments by its clients in a particular issuer, security, currency or market, the investments will become more susceptible to fluctuations in value resulting from adverse economic or business conditions affecting that particular issuer, security, currency or market.

## **Risks of Specific Security Types**

**Common Stock.** Although common stock has historically generated higher average total returns than fixed-income securities over the long term, common stock also has experienced significantly more volatility in those returns. An adverse event, such as an unfavorable earnings report, may depress the value of a particular common stock. Also, the price of common stock is sensitive to general movements in the stock market and a drop in the stock market may depress the price of common stock. Common stock prices fluctuate for several reasons, including changes in investors' perceptions of the financial condition of an issuer or the general condition of the relevant stock market or when political or economic events affecting the issuers occur. In

addition, common stock prices may be particularly sensitive to rising interest rates, as the cost of capital rises and borrowing costs increase.

***Convertible Securities.*** THL Credit, Inc. may cause its clients to invest in convertible securities, which are debt securities or preferred equity securities that are exchangeable for other debt or equity securities of the issuer at a predetermined price. Convertible securities entitle the holder to receive interest payments paid on corporate debt securities or the dividend preference on preferred equity securities until such time as the convertible security matures or is redeemed or until the holder elects to exercise the conversion privilege. As a result of the conversion feature, convertible securities typically offer lower interest rates than if the securities were not convertible. Also, in the absence of adequate anti-dilution provisions in a convertible security, dilution in the value in a holding may occur in the event the underlying stock is subdivided, additional securities are issued, a stock dividend is declared or the issuer enters into another type of corporate transaction which increases its outstanding securities.

***Corporate Debt.*** Corporate debt securities are subject to the risk of the issuer's inability to meet principal and interest payments on the obligation and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity. When interest rates rise, the value of corporate debt securities can be expected to decline. Debt securities with longer maturities tend to be more sensitive to interest rate movements than those with shorter maturities.

***Middle Market Portfolio Securities.*** Investments in middle-market companies involve a number of significant risks. Generally, little public information exists about these companies, and THL Credit, Inc. relies on the ability of its investment professionals to obtain adequate information to evaluate the potential returns from investing in these companies. THL Credit, Inc. may be unable to uncover all material information about these companies, and THL Credit, Inc. may not make a fully informed investment decision on behalf of its clients and may cause its clients to lose money on the investment. Middle-market companies may have limited financial resources and may be unable to meet their obligations, which may be accompanied by a deterioration in the value of any collateral and reduction in the likelihood of realizing any guarantees THL Credit, Inc. may have obtained in connection with an investment. In addition, they typically have shorter operating histories, narrower product lines and smaller market shares than larger business, which tend to render them more vulnerable to competitors actions and market conditions, as well as general economic downturns. Additionally, middle-market companies are more likely to depend on the management talents and efforts of a small group of persons; therefore, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on the portfolio company and, in turn, on THL Credit, Inc.'s clients' investment. Middle-market companies also generally have less predictable operating results, may from time to time be parties to litigation, may be engaged in rapidly changing business with products subject to substantial risk of obsolescence and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position. In addition, THL Credit, Inc. or its clients may be named as defendants in litigation arising from investments in these portfolio companies.

***Non-Investment Grade Securities.*** Below investment-grade securities are more likely to pose a credit risk, as the issuers of these securities are more likely to have problems making interest and principal payments than issuers of higher-rated securities. Lower-rated securities may be more susceptible to real or perceived adverse economic and competitive industry conditions than

higher-grade securities, and prices of these securities may be more sensitive to adverse economic downturns or individual corporate developments. If the issuer of the securities defaults, investors may incur additional expenses to seek recovery. The secondary market in which below investment-grade securities are traded may be less liquid than the market for higher grade securities.

***Preferred Stock.*** Preferred stock has a preference over common stock in liquidation (and generally dividends as well) but is subordinated to the liabilities of the issuers in all respects. As a general rule, the market value of preferred stock with a fixed dividend rate and no conversion element varies inversely with interest rates and perceived credit risk, while the market price of convertible preferred generally also reflects some element of conversion value. Because preferred stock is junior to debt securities and other obligations of the issuer, deterioration in the credit quality of the issuer will cause greater changes in the value of a preferred stock than in a more senior debt security with similar stated yield characteristics. Unlike interest payments on debt securities, preferred stock dividends are payable only if declared by the issuer's board of directors. Preferred stock also may be subject to optional or mandatory redemption provisions.

***Private Placements.*** In addition to the risks that exist with respect to privately-placed securities due to the nature of such securities (i.e., risks associated with common stock), privately-placed securities are often illiquid. Illiquid securities include securities whose disposition of is subject to substantial legal or contractual restrictions. THL Credit, Inc. may experience significant delays in disposing of illiquid securities on behalf of its clients and may not be able to sell them for the price that was paid or the price at which THL Credit, Inc. has valued them. Transactions in illiquid securities may entail registration expenses and other transaction costs that are higher than those for transactions in liquid securities.

***Small Companies.*** THL Credit, Inc. may invest on behalf of its clients in small and/or less well-established companies. While smaller companies generally have potential for rapid growth, they often involve higher risk because they lack the management experience, financial resources, product diversification and/or competitive strength of larger corporations. Such companies may have shorter operating histories upon which to judge future performance and, in many cases, may have negative cash flows. In addition, in many instances, the frequency and volume of their trading is substantially less than is typical of larger companies. As a result, the securities or loans of smaller companies may be subject to wider price fluctuations. In addition, due to thin trading in some of those stocks, bonds or loans, an investment in those stocks, bonds or loans may be considered less liquid than an investment in many large-capitalization stocks, bonds or loans. When making large sales, THL Credit, Inc. may have to cause its clients to sell portfolio holdings at discounts from quoted prices or may have to make a series of small sales over an extended period of time due to the trading volume of smaller company securities.

## **Item 9. Disciplinary Information**

Item 9 is not applicable to THL Credit, Inc. as it has no reportable material legal or disciplinary events.

## **Item 10. Other Financial Industry Activities and Affiliations**

THL Credit, Inc. is an externally-managed, non-diversified closed-end management investment company incorporated in Delaware on May 26, 2009, that has elected to be regulated as a business development company, or BDC, under the Investment Company Act of 1940. Its investment activities are managed by THL Credit Advisors and supervised by its board of directors, a majority of whom are independent of THL Credit Advisors and its affiliates. On June 29, 2012, THL Credit Advisors added to its credit platform by acquiring Chicago-based McDonnell Investment Management, LLC's Alternative Credit Strategies group. The group operates as THL Credit Senior Loan Strategies LLC ("THL Credit SLS"). The integration of THL Credit SLS has resulted in benefits to THL Credit, Inc. by providing THL Credit Advisors access to greater credit resources, including, but not limited to, origination sources, credit analysis and industry specialization that certain members of the THL Credit SLS team have developed over the years.

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

### Code of Ethics

THL Credit, Inc. has adopted a written Code of Ethics and a Code of Business Conduct (collectively, the "Codes") that are applicable to all of its directors, officers and employees (collectively, "THL Credit, Inc. Personnel"). In addition, each of THL Credit, Inc. and THL Credit Advisors has a Compliance Manual (collectively, the "Compliance Manuals") that are applicable to all employees of THL Credit, Inc. and THL Credit Advisors in performing advisory services for the Clients. The Codes and Compliance Manuals, which are 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. THL Credit, Inc. personnel and their families and households may in limited circumstances 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 Codes and Compliance Manuals. Under the Codes and Compliance Manuals, as applicable, THL Credit, Inc. personnel are also required to file certain periodic reports with THL Credit, Inc.'s Chief Compliance Officer as required by Rule 204A-1 under the Advisers Act. The Codes and Compliance Manuals help THL Credit, Inc. detect and prevent potential conflicts of interest.

THL Credit, Inc. personnel who violate the Codes or Compliance Manuals may be subject to remedial actions, including, but not limited to, profit disgorgement, fines, censure, demotion, suspension or dismissal. THL Credit, Inc. personnel are also required to promptly report any violation of the Codes of which they become aware. Senior management and all directors of THL Credit, Inc. are required to annually certify compliance with the Codes.

Copies of the Codes are available, free of charge, to any client or prospective client upon written request to the Chief Compliance Officer at [HBirmingham@thlcredit.com](mailto:HBirmingham@thlcredit.com).

### Conflicts of Interest

Each Greenway Fund is a portfolio company of THL Credit, Inc. Greenway I is an investment fund with \$150 million of capital committed by affiliates of a single institutional investor, all of which had been invested as of June 30, 2012. Greenway II is an investment fund, which together with its related separate account, has approximately \$187 million of committed capital. Certain of THL Credit, Inc.'s officers serve or may serve in an investment management capacity to the Greenway Funds. As a result, investment professionals may allocate such time and attention as is deemed appropriate and necessary to carry out the Greenway Funds' operations. In this respect, they may experience diversions of their attention from THL Credit, Inc. and potential conflicts of interest between their work for THL Credit, Inc. and their work for the Greenway Funds in the event that the interests of the Greenway Funds run counter to THL Credit, Inc.'s interests.

The Greenway Funds and related separate account invest in securities similar to those of THL Credit, Inc. pursuant to investment and allocation guidelines in the applicable Governing Documents which may address, among other things, the size of the borrowers, the types of transactions and the concentration and investment ratio amongst the Greenway Funds and related separate account and THL Credit, Inc. However, THL Credit, Inc. has the discretion to invest in other securities. Client's investments may be made at the direction of the same individuals acting in their capacity on behalf of THL Credit, Inc. and the clients. As a result, there may be conflicts in the allocation of investment opportunities between THL Credit, Inc. and the clients.

In the case of all conflicts of interest, THL Credit, Inc.'s determination as to which factors are relevant, and the resolution of such conflicts, will be made using THL Credit, Inc.'s best judgment, but in its sole discretion. In resolving conflicts, THL Credit, Inc. 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 recognition of its fiduciary duties, it is the policy of THL Credit, Inc. to treat clients fairly and equitably in the allocation of investment opportunities and transactions more generally. THL Credit, Inc. has adopted written policies and procedures relating to the allocation of investment opportunities, and it will make allocation determinations consistently therewith.

### *Management of the Clients*

THL Credit, Inc. manages clients that have investment objectives similar to each other. THL Credit, Inc. may in the future establish one or more additional investment funds or separate / segregated accounts with investment objectives substantially similar to, or different from, those of the current clients. Allocation of available investment opportunities between the clients and any such investment fund could give rise to conflicts of interest. In addition, it is expected that employees of THL Credit, Inc. responsible for managing a particular client will have responsibilities with respect to other clients managed by THL Credit, Inc., including funds that may be raised and accounts that may be managed in the future. Conflicts of interest may arise in allocating time, services or functions of these officers and employees.

### *Follow-On Investments*

Follow-on investments in portfolio companies, including investments to finance follow-on acquisitions, may present conflicts of interest, including determination of the terms of the new financing as well as the allocation of the investment opportunities. Conflicts of interest may arise, including determinations of whether existing investors are being cashed out at a price that is higher or lower than market value and whether new investors are paying too high or too low a price for the company or purchasing securities with terms that are more or less favorable than the prevailing market terms.

### *Conflicts Relating to THL Credit, Inc.*

THL Credit, Inc. may be subject to certain additional conflicts of interest in its management of client accounts. These conflicts could arise primarily from the involvement of THL Credit, Inc., THL Credit Advisors, THL Credit SLS and their affiliates (collectively, the “THL Credit Group”) in other activities that may conflict with those of client accounts. The THL Credit Group engages in a broad spectrum of activities. In the ordinary course of its business activities, the THL Credit Group may engage in activities where the interests of the THL Credit Group or the interests of its clients may conflict with the interests of THL Credit, Inc.’s clients. Other present and future activities of the THL Credit Group may give rise to additional conflicts of interest that may have a negative impact on THL Credit Inc. client accounts. In addition, officers, directors, members or employees of THL Credit, Inc. serve or may serve as officers, directors, principals, consultants to or members of entities that operate in the same or a related line of business, or of accounts sponsored or managed by the THL Credit Group. In serving in these multiple capacities, they may have obligations to other clients or investors in those entities, the fulfillment of which may not be in the best interests of THL Credit, Inc. client accounts.

In addressing these conflicts and regulatory, legal and contractual requirements across its various businesses, certain members of the THL Credit Group and its affiliates have implemented certain policies and procedures (e.g., information walls). For example, THL Credit Advisors or THL Credit SLS and their affiliates may come into possession of material non-public information with respect to companies in which THL Credit, Inc. may be considering making an investment or companies that are THL Credit’s and its affiliates’ advisory clients. As a consequence, that information, which could be of benefit to THL Credit, Inc. client accounts, could also restrict the client accounts’ activities and the investment opportunity may otherwise be unavailable to client accounts. Additionally, the terms of confidentiality or other agreements with or related to companies in which any account managed by THL Credit Group have or have considered making an investment or which is otherwise an advisory client of THL Credit Group and its affiliates may restrict or otherwise limit the ability of THL Credit, Inc. to direct investments in such companies.

The THL Credit Group participate on creditors’ committees with respect to the bankruptcy, restructuring or workout of issuers. In such circumstances, THL Credit, Inc. may take positions on behalf of itself and other accounts and clients that are adverse to the interest of other clients. As a result of such participation, THL Credit, Inc. may be restricted in trading in such issuers or securities of said issuers.

The 1940 Act also prohibits certain “joint” transactions with certain of THL Credit, Inc. affiliates, which could include investments in the same portfolio company (whether at the same or different times). As a result of these restrictions, THL Credit, Inc. may be prohibited from buying or selling any security directly from or to any portfolio company of a fund managed by THL Credit Advisors, THL Credit SLS or their affiliates. These limitations may limit the scope of investment opportunities that would otherwise be available to THL Credit, Inc. client accounts.

All of the transactions described above involve the potential for conflict of interest between THL Credit, Inc. (or its employees) and its clients. The Advisers Act and the 1940 Act impose certain requirements designed to mitigate the possibility of conflicts of interest between an investment adviser and its clients. In some cases, transactions may be permitted subject to fulfillment of certain conditions. Certain other transactions may be prohibited. THL Credit, Inc. has instituted policies and procedures designed to prevent conflicts of interest from arising and, when they do arise, to ensure that it effects transactions for clients in a manner that is consistent with THL Credit, Inc.’s fiduciary duty to its clients and in accordance with applicable law. THL Credit, Inc. seeks to ensure that potential or actual conflicts of interest are appropriately resolved, taking into consideration the overriding best interest of the applicable client.

THL Credit, Inc. and its affiliates have organized or advised, and may organize or advise in the future, investment vehicles that invest in similar or different investments. As noted in Item 10, clients may be solicited to invest in THL Credit, Inc. private funds for which THL Credit, Inc. serves or may serve as the general partner or managing member or in which employees of THL Credit, Inc. may hold positions of influence such as serving on the board of directors.

THL Credit, Inc. generally may, in its discretion, contract with any related person of THL Credit, Inc. (including but not limited to THL Credit, Inc.’s contracting with THL Credit Advisors LLC) to perform services for THL Credit, Inc. in connection with its provision of services to the Clients. When engaging a related person to provide such services, THL Credit, Inc. 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.

THL Credit, Inc. generally may, in its discretion, recommend to a Client or to a portfolio company thereof (in response to a solicitation for a recommendation or otherwise) that it contract for services with (i) a related person of THL Credit, Inc. (including but not limited to a portfolio company of a Client) or (ii) an entity with which THL Credit, Inc. or its affiliates or a member of their personnel has a relationship or from which THL Credit, Inc. or its affiliates or their personnel otherwise derives financial or other benefit. When making such a recommendation, THL Credit, Inc. 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.

#### *Fee Structure*

As discussed above in Item 6, THL Credit, Inc. is entitled to a performance fee (i.e., carried interest) under the terms of the Governing Documents of the clients. The existence of carried interest may create an incentive for THL Credit, Inc. to cause such clients to make more



speculative investments than they would otherwise make in the absence of performance-based compensation.

### *Other Potential Conflicts*

THL Credit, Inc. and the clients will generally engage common legal counsel and other advisors in a particular transaction, including a transaction in which there may be conflicts of interest. In the event of a significant dispute or divergence of interest between clients, THL Credit, Inc. and/or its affiliates, the parties may engage separate counsel in the sole discretion of THL Credit, Inc. and its affiliates, and in litigation and other circumstances separate representation may be required.

Please see the discussion above in this Item 11 for a description of the means by which the THL Credit, Inc. and its related persons may seek to alleviate conflicts of interest among the Clients or other persons.

## **Item 12. Brokerage Practices**

THL Credit, Inc. has the discretion to determine its clients' investments in middle-market companies. THL Credit, Inc. does not utilize broker-dealers in connection with such investments.

THL Credit, Inc.'s allocation of investment opportunities among clients is described in Item 6, "Performance-Based Fees and Side-By-Side Management", Item 10, "Other Financial Industry Activities and Affiliations" and Item 11, "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading."

## **Item 13. Review of Accounts**

### Oversight and Monitoring

The investment portfolios of the clients are generally private, illiquid and long-term in nature, and accordingly, THL Credit, Inc.'s review of them is not directed toward a short-term decision to dispose of securities. However, THL Credit, Inc. closely monitors the portfolio companies of the clients and generally maintains an ongoing oversight position in such portfolio companies. The portfolios are reviewed by a team of investment professionals on an on-going basis. The team includes the members of the Investment Committee and other investment professionals of THL Credit, Inc.

### Reporting

Investors in the clients will receive, among other things, a copy of audited financial statements of the relevant client within 120 days after the fiscal year end of such client, as well as quarterly financial reports within 45 days after each fiscal quarter end. Clients that are consolidated with THL Credit, Inc. (if any) will receive such financial statements on a consolidated basis. THL

Credit, Inc. may from time to time, in its sole discretion, provide additional information relating to such client and to one or more investors in such client as it deems appropriate.

THL Credit, Inc. provides separate account clients with certain unaudited quarterly and annual reports as set forth in the applicable Governing Documents.

#### **Item 14. Client Referrals and Other Compensation**

THL Credit, Inc. or its affiliates have entered into one or more placement arrangements with unaffiliated third parties to solicit investors in the various private funds managed by THL Credit, Inc. or its affiliates. THL Credit, Inc. may pay a retainer fee and/or a portion of the management fees earned in respect of investors introduced by such third party. Such fee sharing will not increase the fees charged to an investor.

#### **Item 15. Custody**

THL Credit, Inc. may be deemed to have custody of a Greenway Fund's assets. Custody of each Greenway Funds' assets is maintained in compliance with applicable rules and regulations set forth in the Advisers Act. Where required, cash and securities are maintained at a financial institution meeting the definition of "qualified custodian" under the Advisers Act. In addition, the financial statements of each Greenway Fund are audited annually and distributed to investors within 120 days of the applicable fiscal year-end of the respective Greenway Fund.

THL Credit, Inc. is deemed to have custody of the separately managed client account. The separately managed account client receives a statement from the qualified custodian. Separately managed clients are urged to compare the qualified custodian statements to those provided by THL Credit, Inc. for accuracy.

THL Credit, Inc. has implemented written policies and procedures to ensure compliance with the Advisers Act custody requirements.

#### **Item 16. Investment Discretion**

Investment advice is provided directly to the clients. To the extent a client is a private fund, the advice is provided to the client and not individually to the investors in the fund. Services are provided to each client in accordance with its Governing Documents. Investment restrictions for a client, if any, are generally established in a client's Governing Documents.

#### **Item 17. Voting Client Securities**

Clients generally cannot direct THL Credit, Inc.'s vote.

THL Credit, Inc. has delegated its proxy voting responsibility to THL Credit Advisors. The Proxy Voting Policies and Procedures of THL Credit Advisors are set forth below. The guidelines are reviewed periodically by THL Credit Advisors and THL Credit, Inc.'s independent directors, and, accordingly, are subject to change.

THL Credit Advisors is registered as an investment adviser under the Advisers Act. As an investment adviser registered under the Advisers Act, THL Credit Advisors has fiduciary duties to THL Credit, Inc. As part of this duty, THL Credit Advisors recognizes that it must vote client securities in a timely manner free of conflicts of interest and in THL Credit, Inc.'s best interests and the best interests of its Clients and stockholders. THL Credit Advisors' Proxy Voting Policies and Procedures have been formulated to ensure decision-making consistent with these fiduciary duties.

These policies and procedures for voting proxies for THL Credit, Inc.'s clients are intended to comply with Section 206 of, and Rule 206(4)-6 under, the Advisers Act.

THL Credit Advisors evaluates routine proxy matters, such as proxy proposals, amendments or resolutions on a case-by-case basis. Routine matters are typically proposed by management, and THL Credit Advisors will normally support such matters so long as they do not measurably change the structure, management control, or operation of the corporation and are consistent with industry standards as well as the corporate laws of the state of incorporation.

THL Credit Advisors also evaluates non-routine matters on a case-by-case basis. Non-routine proposals concerning social issues are typically proposed by stockholders who believe that the corporation's internally adopted policies are ill-advised or misguided. If THL Credit Advisors has determined that management is generally socially responsible, THL Credit Advisors will generally vote against these types of non-routine proposals. Non-routine proposals concerning financial or corporate issues are usually offered by management and seek to change a corporation's legal, business or financial structure. THL Credit Advisors will generally vote in favor of such proposals provided the position of current stockholders is preserved or enhanced. Non-routine proposals concerning stockholder rights are made regularly by both management and stockholders. They can be generalized as involving issues that transfer or realign board or stockholder voting power. THL Credit Advisors typically would oppose any proposal aimed solely at thwarting potential takeovers by requiring, for example, super-majority approval. At the same time, THL Credit Advisors believes stability and continuity promote profitability. THL Credit Advisors' guidelines in this area seek a middle road and individual proposals will be carefully assessed in the context of their particular circumstances.

If a vote may involve a material conflict of interest, prior to approving such vote, THL Credit Advisors must consult with its chief compliance officer to determine whether the potential conflict is material and if so, the appropriate method to resolve such conflict. If the conflict is determined not to be material, THL Credit Advisors' employees shall vote the proxy in accordance with THL Credit Advisors' proxy voting policy.

Copies of relevant proxy logs, identifying how proxies were voted in connection with a client and copies of proxy voting policies are available to any client or prospective client upon written request to Chief Compliance Officer, THL Credit, Inc., 100 Federal Street, 31st Floor, Boston, MA 02110 or [HBirmingham@thlcredit.com](mailto:HBirmingham@thlcredit.com).

## **Item 18. Financial Information**

Item 18 is not applicable to THL Credit, Inc.

# FACTS

## WHAT DOES THL CREDIT DO WITH YOUR PERSONAL INFORMATION?

<b>WHY?</b>	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.
<b>WHAT?</b>	<p>The types of personal information we collect and share depend on the product or service you have with us. This information can include:</p> <ul style="list-style-type: none"> <li>• Social Security number and risk tolerance</li> <li>• Account balances and assets</li> <li>• Transaction history and investment experience</li> </ul> <p>When you are <i>no longer</i> our customer, we continue to share your information as described in this notice.</p>
<b>HOW?</b>	All financial companies need to share customer's personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customer's personal information; the reasons THL Credit chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does THL Credit share?	Can you limit this sharing?
<b>For our everyday business purposes –</b> such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
<b>For our marketing purposes –</b> to offer our products and services to you	Yes	No
<b>For joint marketing with other financial companies</b>	No	We don't share
<b>For our affiliates' everyday business purposes –</b> information about your transactions and experiences	No	We don't share
<b>For our affiliates' everyday business purposes –</b> information about your creditworthiness	No	We don't share
<b>For our affiliates to market to you</b>	Yes	Yes
<b>For nonaffiliates to market to you</b>	No	We don't share

<b>Questions?</b>	Call (800) 450-4424 or go to <a href="http://www.thlcredit.com">www.thlcredit.com</a>
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## Who we are

<b>Who is providing this notice?</b>	THL Credit includes the affiliated firms of THL Credit Advisors LLC, THL Credit Senior Loan Strategies LLC and THL Credit, Inc.
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## What we do

<b>How does THL Credit protect my personal information?</b>	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.
<b>How does THL Credit collect my personal information?</b>	<p>We collect your personal information, for example, when you</p> <ul style="list-style-type: none"> <li>• Open an account or give us your contact information</li> <li>• Deposit money or seek advice about your investments</li> <li>• Enter into an investment advisory contract</li> </ul>
<b>Why can't I limit all sharing?</b>	<p>Federal law gives you the right to limit only</p> <ul style="list-style-type: none"> <li>• sharing for affiliates' everyday business purposes – information about your creditworthiness</li> <li>• affiliates from using your information to market to you</li> <li>• sharing for nonaffiliates to market to you</li> </ul> <p>State laws and individual companies may give you additional rights to limit sharing.</p>

## Definitions

<b>Affiliates</b>	<p>Companies related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> <li>• <i>THL Credit Advisors LLC, THL Credit Senior Loan Strategies LLC and THL Credit, Inc. are affiliated firms.</i></li> </ul>
<b>Nonaffiliates</b>	<p>Companies not related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> <li>• <i>THL Credit does not share with nonaffiliates so they can market to you</i></li> </ul>
<b>Joint marketing</b>	<p>A formal agreement between nonaffiliated financial companies that together market financial products or services to you.</p> <ul style="list-style-type: none"> <li>• <i>THL Credit does not share with nonaffiliates so they can market to you</i></li> </ul>