



Item 1 - Cover Page
Form ADV Part 2A
Firm Brochure

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Important Disclosure:

This brochure provides information about the qualifications and business practices of Silvermine Capital Management, LLC ("Silvermine" – we may also refer to ourselves by "Firm", "we," "our" or similar terms). If you have any questions about the contents of this brochure, please contact Lisa Conrad at (203) 399-3033 or lisa.conrad@silverminecap.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.

This Brochure presents certain information in the manner and format promulgated by the SEC. Silvermine has been a SEC registered investment-advisor since September, 2009. SEC registration does not imply a certain level of skill or training. Additional information about Silvermine is also available on the SEC's website at www.adviserinfo.sec.gov. Additional information, which should be read and considered with the information in this Brochure, may be found in other documents including, as applicable, registration statements, offering memoranda and/or investment management agreements, among others.

Please read and understand the entire brochure as responses to certain Items also may respond to or provide additional information regarding responses to other Items.

Item 2 - Material changes

The Firm is required to identify and discuss any material changes made to its Brochure since the last annual update to the brochure filed May 20, 2014.

On December 17, 2014, the Firm, an investment adviser registered with the SEC and a commodity pool operator registered with the Commodity Futures Trading Commission and a member of the National Futures Association, agreed to be acquired by Man Investments Holdings Inc., a wholly-owned indirect subsidiary of Man Group plc (“Man”), the ultimate parent of the Firm. Effective January 20, 2015, the transaction was completed, with Man Investments Holdings Inc. being the sole owner of Silvermine. The transaction is not expected to affect the investment management activities of Silvermine.

A copy of our current brochure may be requested, free of charge, by contacting our Chief Compliance Officer, Lisa Conrad at lisa.conrad@silverminecap.com or 203 399 3033.

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Item 4 – Advisory Business

Silvermine offers investment advisory services to its Clients primarily acting as the collateral manager for issuers of collateralized loan obligations ("CLOs") (collectively, the "CLO Issuers"). Each CLO Issuer typically is a non-U.S. entity that issues rated notes ("Rated Notes") and non-rated notes ("Equity", together with the Rated Notes, "Notes") under an indenture ("Indenture"). The Notes are secured by a portfolio consisting primarily of "Leveraged Loans" (described further below under Item 8 "*Methods of Analysis, Investment Strategies and Risk of Loss*") managed by the Firm. We also offer advisory services to separate accounts ("Separate Accounts") for investors who wish to obtain exposure to Leveraged Loans and similar investments either directly or through a total return swap ("TRS"). We are engaged to manage the reference portfolio and do not provide advice on a TRS. The investment mandates for the Separate Accounts are substantially similar to the CLOs. Unless specifically noted, CLO Issuers together with Separate Accounts are referred to herein collectively as "Clients." Investment management agreements and related Indentures and related swap documentation contain detailed specifications and requirements regarding the types of Leveraged Loans and other assets we are permitted to acquire (or obtain synthetic exposure to) on behalf of Clients, and specify the circumstances in which we can purchase and sell, as well as the overall composition of the portfolio (diversity, concentration, ratings, etc.) These investment guidelines are generally not tailored to the individualized needs of any particular CLO Note holder. At inception, however, specific asset criteria or portfolio guidelines may be established in consultation with certain prospective CLO Note holders or Separate Accounts. Generally, CLO Note holders must independently consider whether a particular CLO meets their investment objective and risk tolerance prior to investing.

As of December 31, 2013, we had approximately \$3.0 billion under management on a discretionary basis and no regulatory assets under management on a non-discretionary basis.

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We do not participate in wrap fee programs.

Item 5 – Fees and Compensation

Subject to the terms of Client documentation, we are paid by each CLO Issuer, on a quarterly basis in arrears: (i) senior and subordinated fees that range, on a combined basis, between 45 bps and 50 bps per annum of the principal amount of assets under management, and (ii) incentive fees which consist of an agreed upon percentage of excess cash flow (typically 20%) payable following the receipt by Equity holders of a specified internal rate of return (collectively, the “CLO Management Fees”). CLO Management Fees are calculated by a trustee for the CLO Issuer (the “Trustee”) and paid to the manager in arrears by the Trustee from the income generated by the CLO Issuer portfolio in accordance with a priority of payments specified in the Indenture. Senior management fees have a higher payment priority than subordinated management fees which are paid only to the extent cash flow remains after the CLO Issuer funds debt service on the Rated Notes and satisfies other third party fees and expenses. CLO Management Fees are generally negotiated by the Firm with the underwriter of the CLO Issuer’s Notes at the CLO Issuer’s inception and may be greater or less than the range specified herein. Fees are generally not negotiable by CLO Rated Note holders. Neither the Firm nor its employees accept compensation for the sale of securities or interests in the CLO Issuers. Performance or incentive fees are structured in accordance with Section 205(a) of the Investment Advisers Act of 1940 and the rules and regulations promulgated thereunder. Fees, in general, may vary and in some cases may be negotiable and may be payable more or less frequently depending upon the Client and the arrangement.

Clients are responsible for their own organizational and transactional expenses. Such expenses include, among others: (i) legal, accounting, trustee, custodial and administration expenses associated with its organization and operation, and (ii) the implementation and execution of the investment strategy, including research, consultants and assignment fees. These charges and expenses are exclusive of and in addition to the Firm’s management and any incentive fees.

Subject to the terms of the management agreement, we are reimbursed by Clients for certain out of pocket expenses we incur in performing our obligations under our management agreements, such as subscriptions for pricing services, software, legal and other professional fees, fees to rating agencies, consultants, auditors, accountants, and back office service providers and other expenses contemplated in the management agreements. Expense reimbursements may be capped in the manner and amount stated in the each Indenture, management agreement and other ancillary documentation. Expenses may be shared pro rata by Clients to the extent that an expense is incurred by the Firm for the benefit of more than one Client. These charges and expenses are exclusive of and in addition to the Firm’s management and any incentive fees.

The Trustee receives reimbursement from the CLO Issuer for expenses incurred by it in carrying out its responsibilities under the Indenture, such as audit and tax preparation fees, exchange registration fees and legal opinions.

Fees and expenses for the management of Separate Accounts, also paid in arrears, are subject to negotiation on an individual basis. As such, there is no set fee schedule. Our Separate Account fees and expenses are paid directly by or at the direction of the separate account holder, in accordance with the relevant management agreement. Performance or incentive fees are structured in accordance with Section 205(a) of the Investment Advisers Act of 1940 and the rules and regulations promulgated thereunder. Fees, in general, may vary and in some cases may be negotiable and may be payable more or less frequently depending upon the Client and the arrangement.

A service provider controlled by an officer of the Firm represents the Firm as manager's counsel with respect to certain Client matters including formation and general legal advice to the Firm regarding management services to the Client which might otherwise have been handled by external counsel ("Counsel Expenses"). As disclosed in Client documentation, legal fees are generally paid by the Client either from proceeds at closing or when incurred, as applicable. In this instance, an officer of the Firm is a direct beneficiary of Clients' payment of Counsel Expenses. Likewise, the Firm is a beneficiary to the extent that any Counsel Expenses would have otherwise been a Firm expense.

Details regarding the fees of the Manager and expenses borne by the Clients are disclosed in the Indenture or the management agreement, as applicable.

Generally, we do not require prepayment of fees unless otherwise permitted under Client documentation. If prepayment were provided for, we would rebate a proportionate amount of the prepaid fees to the Client, in the event of a termination of our management services.

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

Incentive performance fees and the way they are determined are described above under Item 5. *"Fees and Compensation."*

The receipt of performance-based compensation creates a potential conflict of interest between the Firm's interest to generate revenue for itself and the interests of Clients. Specifically, performance-based compensation may create an incentive for us to make investments that are riskier or more speculative than would be the case in the absence of a performance-based fee. Performance-based compensation may also create an incentive to favor higher fee paying Clients when allocating investment opportunities.

Our performance-based fees are paid in accordance with the requirements of the Advisers Act. Such fees are disclosed and, in the case of CLO Issuers, are generally paid only after the Equity holders have achieved a specified return. We seek to mitigate this conflict through full disclosure and our allocation policy, described below. Moreover, we also manage Client portfolios subject to guidelines designed to limit our ability to make speculative investments.

“Side by side” management refers to the simultaneous management of multiple Clients which follow similar, complementary or competing investment objectives, policies or strategies. Side by side management gives rise to potential or actual conflicts of interest, including as discussed above the incentive to favor higher fee paying Clients or Clients in which the Firm or its related persons have a pecuniary interest. The Firm has adopted a trade allocation policy designed to mitigate this conflict by seeking to allocate in a manner deemed fair and equitable over time in order to construct a fully invested portfolio consistent with Client guidelines. Pro rata allocation of investment opportunities cannot be guaranteed and allocation decisions are driven by a number of factors including, guidelines, the overall risk profile of the portfolio, nature and target size of positions, available cash as well as market conditions and performance. In certain circumstances, the Firm may give priority to new Clients or Clients which have or are expected to have a substantial amount of cash to invest/ramp up (including warehousing arrangements) or need to raise cash/ramp down/liquidation when the Firm is allocating investment opportunities. Clients that receive such a priority relative to other Clients include, among others, those which have been seeded by the Firm or an affiliate or are used to warehouse Leveraged Loan investments in anticipation of the launch of a potential CLO Issuer or other Client. Accordingly, the Firm’s allocation decisions will affect performance and certain Clients may not participate in gains or losses realized by other Clients with similar investment objectives. There is no assurance that all Client portfolios will hold the same positions or will perform similarly.

Item 7 –Types of Clients

The kind of Clients we serve is described above in Item 4. *"Advisory Business."* We usually require a \$50 million minimum account size for Separate Accounts, although we have discretion to change the minimum on a case by case basis.

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

Strategy

Our investment strategy emphasizes a proactive credit discipline designed to generate stable returns with minimal loss. The assumption of credit risk is based on our strong credit analysis.

We primarily focus on Leveraged Loans and have not invested outside of this asset class in any material respect. The CLO Issuers have guidelines within their Indentures which strictly limit the opportunity to invest in other asset classes. Separate Account management agreements may contain similar restrictions.

Our portfolios are constructed based on the recommendations of our credit analysts ("Credit Analysts"). Their analysis focuses on the obligor’s prospects as a going concern and the potential for credit improvement.

Process

New issuances in the Leveraged Loan market are generally presented by commercial banks or dealers. New issues are screened by one of our Managing Directors or one of our principals. New issues that pass this screen are assigned to the appropriate industry Credit Analyst. Among other things, our Credit Analysts focus on the variability of revenues and cash flow, “downside case” performance and available sources of liquidity. Emphasis is placed on Leveraged Loans secured by liens on assets of the obligor. In addition, our Credit Analysts typically perform asset and enterprise valuations to evaluate a secondary repayment source, if one is available, should the issuer be unable to service its debt from cash flow. As part of the overall evaluation, Credit Analysts may consider comparisons or “comps” to similar borrowers to help assess relative value and competitive staying power. An independent cash flow model is generally constructed in conjunction with the overall evaluation in order to analyze the Company’s cash flows and ability to repay debt and de-lever its balance sheet. Additionally, as part of this process, the Credit Analyst is charged with developing a set of review triggers. This process is designed to create a framework to enhance our monitoring of the investment.

Once an analysis has been completed, the Credit Analyst makes a recommendation to our Investment Committee which consists of our Credit Analyst team and co-chairs and co-Heads of Leveraged Credit, Richard Kurth and G. Steven Kalin (“Co-Chairs”). The potential investment may then be discussed in the context of market pricing, client guidelines and portfolio weightings, among other things. The ultimate investment decision is made by the Co-Chairs. Some Clients however, may require that credit decisions affecting their portfolios be discussed and approved by an investment committee of which a Client or Note holder representative is a member, together with Messrs. Kalin and Kurth. Such arrangements are disclosed and the Investment Committee members have access to more or better information than available to other investors or Note holders such as but not limited to portfolio risk, personnel and/or investment-related information such as portfolio reports and credit analyst work not routinely available to other Note holders. In some cases the Client or Note holder representative has veto power over investment decisions, as negotiated. Approvals and meetings of the Investment Committee may be informal and conducted electronically or telephonically. Formal meetings and related documentation occur at the discretion of the Investment Committee.

Following an investment, the Credit Analyst is responsible for tracking its performance and borrowers’ periodic financial information on both a qualitative and quantitative basis. In addition, our Credit Analysts are expected to formulate a view of the quality of the borrower’s earnings and the outlook for its performance, confirm/modify approved exposure and periodically opine as to whether the investment is a buy/sell or hold.

Key financial information is typically entered into the Firm's system (the "System"), a proprietary software program developed exclusively for Silvermine according to our specific requirements and metrics. The System combines credit metrics with portfolio management tools in an integrated application. It provides the Credit Analyst with an overview of each credit, including actual exposure by Client, target exposure size, trading history and research notes. The System supports the Credit Analysts' ongoing evaluation and monitoring of credits.

Risks Factors

Although our investment strategy emphasizes a proactive credit discipline designed to generate stable returns with minimal loss, there can be no assurance that our investment strategy will be successful. Clients and investors risk the loss of some or all of their investment. Accordingly, Clients should give careful consideration to the following risk factors in evaluating the merits and suitability of the Firm's strategies. The following should not be considered and does not purport to be a comprehensive summary of all of the risks associated with the Firm's investment strategies. A description of risks relevant to each Client can be found in the final confidential offering circular or other disclosure document. Copies of such documents are available at no charge upon Note holder or investor request. Investors and Note holders should consult their own legal, tax and financial advisors.

Default Risk. If there is a default on a loan, reference loan, structured financial obligation or any other instrument in a Client portfolio (collectively "Collateral Obligations"), the defaulted borrower may cease to fund its obligations as they become due and usually become subject to lengthy and substantial workout negotiations or restructuring. That may entail, among other things, a substantial reduction in the interest rate, a substantial write-down of principal and/or a substantial change in the terms, conditions and covenants with respect to the defaulted obligation; including the possibility that equity of the issuer may be issued in exchange for the original Collateral Obligation, in whole or in part. Furthermore, there can be no assurance that the ultimate recovery on a defaulted Collateral Obligation will not result in a capital loss. Leveraged Loans may be considered a higher risk than other types of investments to the extent that they have historically experienced greater default rates than other asset classes. As a result, we cannot provide assurance as to the levels of defaults and/or recoveries that may be experienced in a Client's portfolio. Defaults often have an adverse effect on the performance of a Client's portfolio.

Investment in loans generally; lack of liquidity. Leveraged Loans and interests therein, including structured finance obligation, have significant liquidity and market value risks as they are not generally traded in organized exchange markets but rather are traded over the counter by commercial banks and other institutional

investors engaged in loan syndications. Because Leveraged Loans are privately syndicated and loan agreements are privately negotiated and customized, they are not purchased or sold as easily as publicly traded securities and holders do not generally have the protections and certainty provided by an established market or regulatory regime.

Restrictions on our Ability to Manage. Client documentation (such as a CLO Issuer indenture or a management agreement) often place significant restrictions on our ability to manage Clients' portfolios. We are subject to compliance with guidelines contained in the indenture or management agreement. During certain periods or in certain specified circumstances, we may not be able to effect purchases or sales which we would otherwise choose to effect in the best economic interests of Client portfolios, in the absence of such guidelines.

Leveraged or non-investment grade loans. Our Clients invest primarily in Leveraged Loans, subject to the terms of the CLO Indenture or management agreement. Leveraged Loans may be considered a higher risk than other types of investments because they have historically experienced greater default rates than other asset classes. As a result, we cannot provide assurance as to the levels of defaults and/or recoveries that may be experienced in a Client's portfolio and Clients may suffer a loss of some or all of an investment.

Interest rate risk. When interest rates rise, the price at which credit instruments bearing a fixed rate of interest can be sold falls, with a greater proportionate effect dependent upon the length of the instrument's maturity. While many of the interests in Leveraged Loans that we purchase on behalf of our Clients have adjustment provisions such as LIBOR floors that cause the interest payable thereon to generally increase as interest rates rise, not all do. As a result, an increase in interest rates may give rise to a realized loss in a Client's portfolio if we determine that credit instruments in that portfolio should be sold.

Prepayment risk. Leveraged Loans are generally pre-payable in whole or in part at any time at the option of the obligor/issuer at par plus accrued unpaid interest. Prepayments on loans may occur as a result of a number of factors that are often difficult to predict. Consequently, there exists a risk that loans purchased at a price greater than par may experience a capital loss as a result of such a prepayment. Likewise, there is no assurance that amounts received from prepayments can be invested in other assets of comparable value or bearing at least the same rate of interest.

Derivatives. To the extent consistent with Client guidelines, the Firm may invest on behalf of Clients in swaps, derivatives or synthetic instruments, repurchase agreements or other over-the-counter transactions or, in certain circumstances, non-U.S. securities. Clients may take a credit risk with regard to parties with whom we trade and may also bear the risk of settlement default. These risks may differ materially from those related to exchange traded transactions that are generally

backed by clearing organization guarantees, daily marking-to-market and settlement and segregation and minimum capital requirements applicable to market participants. Transactions entered into directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default. It is expected that all assets and collateral deposited with custodians or brokers will be clearly identified as being assets of the Clients and hence reducing credit risk for Clients with regard to such parties. However, it may not be possible to achieve this segregation and there may be practical or timing problems associated with enforcing such rights to its assets in the case of an insolvency of any such party.

Risks relating to the accuracy and continued accuracy of ratings. We perform our own independent credit analysis. Subject to Client guidelines, we take rating agency assessments into account in reaching our judgments concerning the portfolios we manage on behalf of our Clients. Credit ratings of borrowers represent the opinions of the rating agencies regarding the likelihood of payment of certain obligations when due but are not a guarantee of the creditworthiness of obligors/issuers or the repayment of (or payment of interest on) a credit instrument. In addition, rating agencies may fail to make timely changes in credit ratings in response to subsequent events, so that the current financial condition of an obligor/issuer at any given time may be better or worse than what the current rating indicates. Therefore, the ratings assigned to an obligor/issuer or its loan by a rating agency may not fully reflect the true risks of purchasing or being synthetically exposed to the credits in a Client portfolio.

Settlement Risk. Leveraged loans are subject to settlement periods/closings in excess of the securities standard of trade date plus three days. Leveraged Loan settlement periods/closings can extend to trade date plus seven days or more depending upon a number of factors which may not be in the control of the Firm. Counterparties to a Leveraged Loan trade, including Clients, are subject to ongoing market risk to the extent that lengthy settlement periods occur. The Firm constructs portfolios consistent with Client investment guidelines by giving pro forma effect to accruals of all cash inflows and the settlement of committed purchases and sales and accruals of expected cash inflows. Portfolio metrics, however, may be reported on a settlement date, and not a trade date, basis. There is no assurance that any such pro forma cash levels will be timely realized and portfolio commitments may exceed such pro forma levels.

Key Man. The success of our performance is highly dependent upon the skills of the Firm and its personnel in identifying, analyzing, purchasing, managing and selling Client assets. As a result, Clients are highly dependent on our experience and those of our employees, any of whom may not continue to be associated with us. The loss of one or more of these key individuals could have a material adverse effect on Client performance. Moreover, management agreements may in some cases be terminated in the event of certain key men departures.

Item 9 – Disciplinary Information

This Item requires the Firm to disclose legal or disciplinary events that would be material to a Client's evaluation of our advisory business or the integrity of our management. Silvermine has no information that is required to be disclosed in response to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

We do not engage in other financial industry activities and have no affiliations with other entities in the financial industry. The Firm is exempt from registration as a commodity trading advisor and its registration with the National Futures Association as a commodity pool operator is pending.

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

We have adopted a Code of Ethics designed to address actual or potential conflicts of interest which might arise in the context of personal trading and other activities of our employees. The Code imposes certain restrictions and preclearance and reporting requirements on such activities. The Code includes provisions relating to personal trading, service on a board, gifts and entertainment, confidentiality, prohibitions on insider trading, rumors, and political contributions. With respect to personal trading, certain classes of securities have been designated as exempt from pre-clearance and reporting based on a determination that these would not interfere with the interests of Clients in any material respect. Likewise, employees are restricted from investing in any securities issued by an obligor of any position in Client portfolios or being considered for Client portfolios. Copies of the Code are available free of charge for Clients, Note holders or investors by contacting Lisa Conrad at lisa.conrad@silverminecap.com or at (203) 399-3033.

It is possible that our officers or employees may from time to time be members of the boards of directors of publicly held companies that may be the obligor of positions in Client portfolios or other obligations that are permitted investments for our Clients. In such a case or in other cases of similar conflicts, the Code provides that we may establish appropriate procedures such as creating information barriers or exclude such employee from making or influencing any decision related to the trading of such security for any of our Clients. We seek to minimize the effect on Clients whenever appropriate to do so.

Cross trades

When disclosed in our management agreements or other relevant documentation, we may effect cross transactions among our Clients on an agency basis

(transactions directly between two clients or indirectly using a counterparty as broker) or, to a lesser extent, on a principal basis (transactions between the Client and Silvermine). In such events, our interests could conflict with those of the Client. Further, by not exposing the transaction to market forces, a Client may not receive the best price otherwise possible or the Firm may have an incentive to sell underperforming assets to another Client to earn fees. For example, we may arrange for one Client which is liquidating to sell all or part of its portfolio to another Client which might be ramping up its investment portfolio. The Manager has adopted policies and procedures designed to address the conflicts which may arise in the context of cross trades. Generally, such trades will be effected at market value, or in the absence of readily ascertainable market value, at “fair value” as reasonably determined by the Firm in accordance with its relevant policies and procedures. The Firm receives no fee or compensation in connection with such activity and seeks to comply with the requirements of the Advisers Act or other applicable law for cross trades whether agency or principal.

Valuation

From time to time, the Firm may have a role in determining asset values with respect to Clients’ portfolios and may be required to value an investment when the market price is not available or is unreliable. Investments that are fair valued generally will not have independent values and the fair values assigned to them as determined in good faith, may not match the next available reliable market price or the price at which an investment could be purchased or sold. CLO Issuers are closed end cash flow vehicles and, subject to the governing Client documentation, valuation of Client assets is generally not used for the purpose of subscriptions, redemptions, fee calculations or distributions. In TRS, the swap counterparty is the valuation agent for the reference portfolio.

Conflicts of interest

In addition to the conflicts of interest already referenced here, various potential and actual conflicts of interest may arise from the overall advisory, investment and other activities of the Firm, its principals, its Employees, its Clients and other affiliated parties. The Firm has adopted policies and procedures reasonably designed to monitor for and resolve conflicts in a manner it deems equitable under the prevailing facts and circumstances.

The Firm and its employees often own or hold Notes of the CLO Issuers but are not required to invest in all Clients. In certain circumstances, the Firm or its employees may have significant interests in a Client. There is no assurance that the size and nature of the Firm’s investment will remain unchanged over time. There is no assurance that the Firm’s interest will be aligned with the holders of a particular class of Notes. In particular, if at any time, Equity is held by the Firm, its employees or affiliates, the Firm may face a conflict when making investment decisions for the portfolio between the holders of the Rated Notes on the one hand

and the owners of the Equity on the other. Further, because the Firm receives fees for managing Client portfolios, when the value of the fees received exceed the value of its Equity investment; the Firm will face conflicts between its ownership interest as an Equity holder and its interest as a manager.

Further, the Firm serves and expects in the future to serve as portfolio manager or advisor for other Clients. Accordingly, the Firm may at certain times be simultaneously seeking to make purchases or sales of investments for one Client, its own account or the account of an affiliate, and for other Clients. The Firm and its personnel may buy, sell or hold investments for their own account while making investment decisions with respect to the same or similar investments for one or more Clients. For example, an employee may hold public equity of a borrower in his personal account while the Firm is purchasing or selling the leveraged loans of the same borrower for a Client portfolio. Clients which have or are expected to have a substantial amount of cash to invest/ramp up (including warehousing arrangements) or need to raise cash/ramp down/liquidation may have a priority when the Firm is allocating investment opportunities. Clients that receive such a priority relative to other Clients include those which have been seeded by the Firm or an affiliate or are used to warehouse Leveraged Loan investments in anticipation of the launch of a potential CLO Issuer or other Client. Our allocation policy is described in more detail in Item 6 herein, *“Performance Fees and Side-by-Side Management.”* Likewise, the Firm or its employees may at times give advice or take action for their own account or for the account of Clients with similar investment strategies which may differ from action or advice for other Clients. There is no assurance that all Clients with similar strategies or otherwise will hold the same portfolio or perform consistently with other Clients. Further, the Firm may also purchase or have already purchased debt obligations for Clients that are identical to, senior to or have interests adverse to, those it buys or sells for other Clients. The Firm may have ongoing relationships with certain Note holders of the CLO Issuers that participate on Client Investment Committees and/or have a financial interest in obligors of Leveraged Loans held in the portfolios of CLO Issuers. Investments in such Leveraged Loans for Client portfolios may result in a benefit to such Note holders. Further, such Note holders may have access to more or better information than other investors or Note holders such as, but not limited to, portfolio risk, personnel and/or investment-related information. In addition, in the course of conducting due diligence, current or prospective investors, Note holders or Clients may request information pertaining to investments, portfolios or the Firm. The Firm may respond to such requests and provide a response containing information which is not generally made available to other investors. When the Firm provides this requested information, it does so without an obligation to provide it to other investors or to correct or update any such information.

As part of its business, the Firm provides only investment advisory services but it may provide other services in the future. Clients should expect to receive no benefit from the fees or profits derived from such services. The Firm or its management may have relationships, render services to or engage in transactions

with issuers of obligations that are eligible investments for Clients. By reason of the various activities of the Firm or its management, we acquire confidential or material, non-public information or be restricted from effecting transactions that otherwise would have been initiated. Likewise, there may be circumstances where the Firm declines to receive private information which it might have otherwise received in order to be able to make purchases and sales of securities. Additionally, there may be circumstances in which one or more of the Firm's employees will be precluded from providing services to Clients because of certain confidential information available to those individuals or due to contractual obligations such as "lock ups." The Firm seeks to minimize those situations when consistent with applicable law.

Although the professional staff of the Firm expects to devote as much time to the management of Clients' portfolios as the Firm deems appropriate to perform its duties in accordance with its fiduciary duties and its responsibilities under the management agreements, Firm professionals may have conflicts in allocating time and services among Clients. The Firm and its officers and employees may invest in other businesses and investment vehicles which compete with Clients.

Item 12 – Brokerage Practices

While Clients generally specify investment guidelines regarding diversification, ratings and risk among other criteria, the Firm typically has full discretionary authority to manage fiduciary accounts for its Clients, including decisions on which investments to make, the amount and price of the investment, the principals and dealers, if selected for a particular transaction and the commissions paid, where applicable.

We transact in Leveraged Loans in both the primary and in the secondary bank markets. In the primary market, we deal directly with the syndicating bank; in the secondary market, Clients buy and sell interests in Leveraged Loans from commercial banks and dealers acting as principals, paying a markup, not a commission, on such trades. Primary issuance is usually handled by a limited universe of banks who syndicate new issuance among a group of lenders or potential lenders that have indicated an interest in participating. Trading in the secondary market occurs through a bid and offer process. Accordingly, the Firm may not be in a position to select a dealer or bank in all cases. In such cases, the only bank or dealer making a market in a specific Leveraged Loan or offering the investment represents the only available market and thus is the "best" execution.

We have a fiduciary obligation to seek "best execution" in executing portfolio transactions. The SEC has stated that in deciding what constitutes best execution, the determinative factor is not quantitative, i.e., the lowest possible price, but whether the transaction represents the best qualitative execution. When we are able to select banks and dealers, the Firm uses commercially reasonable efforts to seek the best overall terms available, and shall execute the transaction in the manner we

reasonably believe to be the most favorable under the circumstances taking into account all factors we deem relevant including, but not limited to, timing, sale, and breadth of market, market conditions, assignment fees, and execution capabilities.

Research published by and market color provided by banks and dealers may be provided to and used by the Firm. Such research and information is generally provided free of charge and is not available for sale. Research includes written or verbal information about specific obligors, or sectors, market and financial commentary, economic studies and forecasts, statistics, pricing services as well as discussions with research personnel and management. The Firm may have an incentive to select or recommend dealers based on an interest in receiving such information or access. The Firm does not pay higher commission fees or direct certain amounts of business in exchange for such research. Firm employees may be offered gifts and entertainment from dealers, banks or persons with whom the Firm does business. This may include tickets to sporting events, meals and other entertainment, seminars or educational training, token items and gifts associated with life events such as weddings and birthdays. The Firm's Code of Ethics is designed to address this potential conflict with a policy which requires gifts or entertainment of substantial value to be pre-approved.

Where Clients instruct the Firm to use particular dealers or counterparties (including TRS providers), the Firm will follow such directed brokerage arrangements but there is no assurance that best execution can be achieved.

Orders are allocated among eligible Clients in a manner which the Firm believes is fair and equitable over time, in order to construct a fully invested portfolio consistent with Client guidelines. Pro rata is not always feasible and allocations are driven by a number of factors including, investment guidelines, the portfolio manager's overall view of the portfolio, including the nature and target size of positions, available cash, cash needs as well as market conditions and performance. In certain circumstances, the Firm may give priority to new Clients or Clients which have or are expected to have a substantial amount of cash to invest/ramp up (including warehousing vehicles) or need to raise cash/ramp down/liquidation when the Firm is allocating investment opportunities. Clients that receive such a priority relative to other Clients include those which have been seeded by the Firm or an affiliate or are used to warehouse Leveraged Loan investments in anticipation of the launch of a potential CLO Issuer or other Client. Accordingly, the Firm's allocation decisions will affect performance and certain Clients may not participate in gains or losses realized by other Clients with similar investment objectives. There is no assurance that all Client portfolios will hold the same positions or will perform similarly.

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Further, certain allocations to Clients which have performance compensation or in which employees or the Firm have a financial interest could result in an economic benefit to the Firm and its employees.

From time to time it is possible that trade errors occur in the course of providing investment management services to our Clients. While we believe we take reasonable precautions to minimize the opportunity for trade errors, there is no assurance that such errors will not occur. Our management agreements with Clients typically include a "Limitation of Liability" section which limits our liability to Clients unless there has been gross negligence, fraud or willful misconduct or reckless disregard by the Firm.

Item 13 – Review of Accounts

The Firm operates in a trading desk environment which fosters continuing dialogue among portfolio managers, analysts, trading and operations and administrative personnel. We regularly review our Clients' portfolios, often daily, to monitor portfolio performance and compliance with each Client guidelines, and discuss prospective investments, adjustments to the portfolios, and credit, industry and economic news and trends. In addition, please see our discussion above under Item 8 above *"Method of Analysis, Investment Strategies and Risk of Loss."*

In the case of a CLO Issuer, reports are prepared monthly and quarterly by the Trustee and are reviewed by us. Reports are sent by each CLO Issuer's Trustee to the parties identified in the Indenture, usually the CLO Issuer's directors and Note holders. The monthly reports contain information regarding the assets in a CLO Issuer's investment portfolio, information regarding a CLO Issuer's performance as measured by various performance tests and its satisfaction of diversification requirements and other information relevant to the ratings of the Notes issued by the CLO Issuer and as required by the terms of the Indenture. We receive a copy of the Client's statements delivered by the Trustee. Additionally, we provide Note holders in our CLO Issuers with periodic communications and an analysis of the distributions by the CLO Issuer and we may provide other information upon request.

We provide Separate Account Clients with periodic reports and other analytic information, as may be negotiated and set forth in the management agreement or upon request.

Item 14 – Client Referrals and Other Compensation

We do not receive any economic benefit in any material respect from anyone that is not a Client and do not compensate any person for Client referrals. The Firm may compensate third parties, including brokers and placement agents and others, in

connection with the solicitation of Clients and investors. Such referral fees may be a percentage of such Clients' assets under management, management fees and/or performance based compensation earned by the Firm or any other fee arrangement agreed to by the Firm and such party. If we were to compensate any person for client referrals, we seek to comply with the applicable requirements of the Advisers Act.

Item 15 – Custody

We seek to conduct our activities so as not to have custody of Clients' funds or securities.

Item 16 – Investment Discretion

In general we have full investment discretion to buy and sell investments on behalf of Clients (subject to constraints specified in the applicable management agreements, Indentures or related Client documentation). We are granted investment discretion in our investment management agreements. Some Clients however, may require that credit decisions affecting their portfolios be discussed and approved by an investment committee of which a Client or a Note holder representative is a member together with Messrs. Kalin and Kurth. In some cases the Client representative has veto power over investment decisions, as negotiated. Such arrangements are disclosed in the CLO offering documentation.

Item 17 – Voting Client Securities

Subject to Client guidelines, our Clients typically delegate to us the power and responsibility to exercise voting rights (i.e., proxies, credit agreement amendments, waivers, forbearances, and other forms of corporate action) with respect to Leveraged Loans, debt securities or other interests held in Client accounts. When exercising voting rights, the Firm takes action based on what it considered to be in the best financial interest of the Clients. In certain instances, the Firm may refrain from exercising voting rights where it believes that voting would be inappropriate, including, among other situations, the cost of voting would exceed any anticipated benefit to the Client or where there is little to no economic benefit to the Clients associated with the vote, such as situations where a small or no fee is paid in connection with a vote related to a credit agreement amendment. Fees paid in connection with exercising voting rights are for the benefit of the affected Client(s). Pursuant to applicable requirements of the Advisers Act, we have adopted policies and procedures reasonably designed to ensure that such voting discretion is exercised in the best economic interest of Clients and to avoid conflicts of interest between the Firm and Clients. Because employees are generally not allowed to trade in any Leveraged Loans, debt securities or in any related securities such as equities, options, futures, etc., issued by obligors of Leveraged Loans in Client

portfolios (as described above under Item 11 *"Code of Ethics, Participation or Interest in Client Transactions and Personal Trading"*), on that basis, we believe we have minimal conflicts of interest in exercising voting rights.

Upon Client request, we will provide a copy of our proxy voting policies and procedures, as well as a record of how we exercised voting discretion with regard to a Client's portfolio. Clients or investors or Note holders may direct requests, free of charge, for a copy of our proxy policy or how we exercised voting discretion to Lisa Conrad at lisa.conrad@silverminecap.com or (203) 399-3033.

Item 18 – Financial Information

- A. This Item requires a registered adviser that requires or solicits prepayment of more than \$1,200 in fees per client, six months or more in advance, to furnish a balance sheet for its most recent fiscal year.

NOT APPLICABLE

- B. This Item requires a registered advisor with discretionary authority or custody of client funds or securities or which requires or solicits prepayment of more than \$1,200 in fees per client, six months or more in advance, to disclose any financial condition that is likely to impair its ability to meet its contractual obligations to clients.

We do not require prepayment of Client fees nor do have custody of Client funds or securities. Since we have discretionary authority over Client funds or securities, the Firm does not believe it has any financial condition that is reasonably likely to impair its ability to meet its financial obligations to our Clients.

- C. This Item requires a registered adviser that has been the subject of a bankruptcy petition at any time during the past ten years to disclose the first date the petition was brought and its current status.

NOT APPLICABLE