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**Brochure**

**Onex Credit Partners, LLC**

**March 29, 2017**

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**This brochure provides information about the qualifications and business practices of Onex Credit Partners, LLC (“Onex Credit”), an investment adviser registered with the United States Securities and Exchange Commission (the “SEC”). If you have any questions about the contents of this brochure, please contact us at [sgutman@onexcredit.com](mailto:sgutman@onexcredit.com). This information has not been approved or verified by the SEC or by any state securities authority.**

**Additional information about Onex Credit is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

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**Item 2. Material Changes**

There were no material changes made to the brochure since Onex Credit's last annual update amendment dated March 28, 2016; however this brochure includes changes related to routine updates and clarifications.

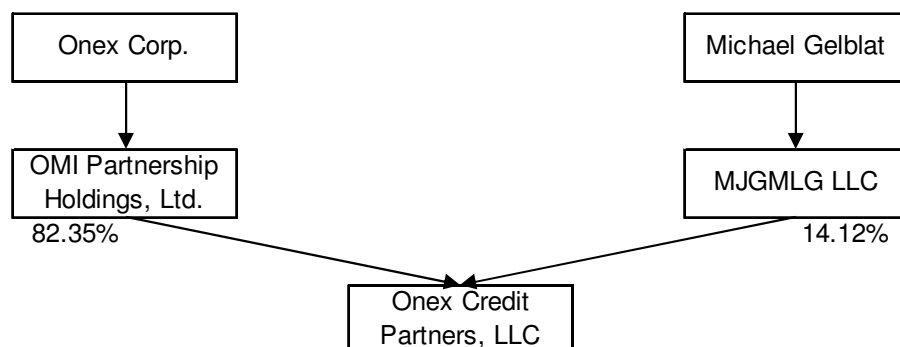
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#### Item 4. Advisory Business

Onex Credit is an investment adviser with its principal place of business in Englewood Cliffs, New Jersey. Onex Credit commenced operations as an investment adviser on January 1, 2006 and has been registered with the SEC since January 30, 2006. As set forth below, the principal indirect owners of the adviser are Onex Corporation and Michael Gelblat:



The remaining 3.53% of Onex Credit is owned by trusts that were created by Michael Gelblat.

Onex Corporation is a Canadian investment firm listed on the Toronto Stock Exchange and Gerald W. Schwartz, its founder, Chairman, President and Chief Executive Officer, is Onex Corporation's controlling shareholder.

Onex Credit provides advisory services on a discretionary basis to its clients, which include pooled investment vehicles intended for sophisticated investors and institutional investors, structured debt vehicles consisting of collateralized loan obligation ("CLO"), closed end investment funds listed on the Toronto Stock Exchange and an exchange traded fund listed on the Toronto Stock Exchange. Onex Credit currently manages the following strategies:

Debt Opportunity Strategy: Opportunistic and event-driven focus on senior debt of companies that exhibit stress or are distressed, investing both long and short without the use of leverage.

Senior Credit Strategy: Focused primarily on performing first-lien loans, with moderate exposure to event-driven situations, and utilizing modest leverage to enhance returns in certain vehicles.

Senior Floating Income Strategy: Focused solely on performing first-lien loans with no exposure to stressed/distressed situations and without the use of leverage.

CLO Strategy: Focused solely on performing first-lien loans with no exposure to stressed/distressed situations.

High-Yield Credit: Focused on high-yield bonds and senior secured loans without the use of leverage.

Onex Credit provides advice to client accounts based on specific investment objectives and strategies. In connection with managed accounts and pooled investment vehicles having a limited number of investors, Onex Credit may agree to tailor advisory services to the individual needs of clients.

Onex Credit does not participate in any wrap-fee programs.

Onex Credit had approximately \$7.738 billion of regulatory assets under management as of December 31, 2016. All assets are managed on a discretionary basis.

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## Item 5. Fees and Compensation

Onex Credit's compensation consists of management fees and performance-based compensation. Onex Credit receives monthly management fees of up to 2.0% per annum. Management fees for CLOs are accrued and paid quarterly in arrears based on the principal and cash balances of the CLO. Management fees for other clients are generally billed and paid monthly in arrears based on the net asset value of the client account including net unrealized appreciation or depreciation of investments. If a new client account is established during a month or a client makes an addition to its account during a month, the management fee will be prorated for the number of days remaining in the month. If a client's investment management agreement is terminated or a withdrawal is made from a client account during a month, the management fee payable to Onex Credit will be calculated based on the value of the assets on the termination date or withdrawal date and prorated for the number of days during the month in which the investment management arrangement was in effect or such amount was in the account.

Onex Credit may also receive performance-based compensation, which is based upon a share of the client's net profits including net unrealized gains and losses on investments. This compensation may be paid or reallocated to Onex Credit or to a related person of Onex Credit and is equal to an amount of up to 20% of a client account's net profits, in some cases subject to a preferred return. Certain clients are not charged performance-based compensation.

These fees can be negotiated and fees for any managed accounts are negotiated on a case by case basis.

To the extent set forth in the documents governing each client account, clients may incur additional expenses including organizational and operating costs such as director fees, legal, accounting, auditing, consulting, and other professional expenses, research expenses, client related professional liability and other insurance, a share of Onex Credit's professional liability insurance, expenses related to regulatory compliance or filings (including, in each case, for the avoidance of doubt any costs in connection with any legal or other advisers retained in connection therewith), investment expenses such as commissions, interest on margin accounts and other indebtedness, custodial fees, rating agency expenses, broker expenses, asset pricing and asset rating service expenses, compliance services and software, programming and data entry services, registrar and transfer agent expenses, banks service fees, direct fees and expenses such as legal fees and due diligence expenses related to the analysis, purchase or sale of investments (whether or not the investment is made) and other reasonable expenses related to the purchase, sale or transmittal of assets. In addition, client assets may be invested in a master-feeder structure. Feeder funds bear a pro rata share of the expenses associated with the related master fund. Information regarding brokerage practices can be found in Item 12, Brokerage Practices.

**The allocation of expenses by Onex Credit between it and any client and among clients represents a conflict of interest for Onex Credit. Onex Credit has adopted an expense allocation policy that is designed to address this conflict. Onex Credit allocates expenses to each client in accordance with the client's arrangements with Onex Credit. Onex Credit seeks to allocate shared expenses for products and services benefitting Onex Credit and the client in a fair and reasonable manner. Onex Credit allocates common client expenses among multiple clients pro rata based on assets under management. However, Onex Credit may deviate from pro rata allocations with respect to expenses that, in Onex Credit's view, disproportionately benefit a particular client or group of clients. When considering whether to allocate in different manner with respect to a particular expense, Onex Credit may consider the following factors, among others: transaction-related expenses; frequency of trading; whether the expense relates to single asset or group of assets; or whether the expense relates to a single strategy or a group of strategies. Where the Adviser determines that an expense disproportionately benefits a particular client, the Adviser may charge all or part of the expense to that client, such that the allocation of the expense is fair and equitable.**

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

Onex Credit and its investment personnel provide investment management services to multiple portfolios for multiple clients. Onex Credit is entitled to be paid performance-based compensation by its private pooled investment vehicle clients and certain other client accounts, including CLOs. In addition, Onex Credit's investment personnel are typically compensated on a basis that includes a discretionary performance-based component. Onex Credit and its investment personnel, including investment personnel that share in performance-based compensation, manage both client accounts that are charged performance-based compensation and accounts that are charged an asset-based fee, which is a non-performance-based fee. In addition, certain client accounts may have higher asset-based fees or more favorable performance-based compensation arrangements than other accounts. When Onex Credit and its investment personnel manage more than one client account a potential exists for one client account to be favored over another client account. Onex Credit and its investment personnel have a greater incentive to favor client accounts that pay Onex Credit (and indirectly the portfolio manager) performance-based compensation or higher fees or in which Onex Credit or its personnel have significant investments.

Onex Credit has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple accounts, including accounts with multiple fee arrangements, and the allocation of investment opportunities. Onex Credit reviews investment decisions for the purpose of ensuring that all accounts with substantially similar investment objectives are treated equitably. The performance of similarly managed accounts is also regularly compared to determine whether there are any unexplained significant discrepancies. In addition, Onex Credit's procedures relating to the allocation of investment opportunities require that similarly managed accounts generally participate in investment opportunities pro rata based on asset size subject to, among other things, factors such as the amount of cash available for investment or the fit of a particular investment opportunity in a particular account. Onex Credit's procedures further require that, to the extent orders are aggregated, the client orders are price-averaged. Finally, Onex Credit's procedures require the objective allocation for limited opportunities (such as initial public offerings and private placements) to ensure fair and equitable allocation among accounts. These areas are monitored by Onex Credit's Chief Compliance Officer.

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**Item 7. Types of Clients**

Onex Credit's clients consist of pooled investment vehicles, including private funds, closed end funds, an exchange traded fund and CLOs.

With respect to any client that is a pooled investment vehicle, any initial and additional subscription minimums are disclosed in the offering memorandum for the pooled investment vehicle.



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

Onex Credit utilizes a variety of methods to make investment decisions and recommendations. Onex Credit applies a fundamental, research-driven and value-oriented approach to non-investment grade credit markets. Onex Credit's investment processes are iterative and combine bottom-up with top-down analyses. Onex Credit uses a variety of resources to source investment opportunities including, but not limited to: industry related research, trade publications, discussions with industry participants, company management and legal and financial professionals.

Upon identifying a potential investment, depending on the particulars of the investment and strategy, Onex Credit may perform an analysis of the value of the company as well as its ability to fund its fixed obligations, including interest expense, and capital expenditures. This analysis often starts with a forward-looking evaluation of the company's business model, including its expected cash flow under various economic and industry conditions, tangible asset value, competitive strengths and weaknesses, as well as the quality of its existing management team. In addition, Onex Credit may perform a structural analysis, including a review of the rights and interests of each creditor/equity holder in the company's capital structure, including protective debt covenants, collateral protection, seniority and other contractual rights as well as any other legal issues surrounding the company. Finally, Onex Credit may analyze an issue's market liquidity by examining its size, current and historical trading activity, the number and type of holders, and its historical and current bid-ask spread. For event driven opportunities, the nature of the event, and the prospective timing of various scenarios, may be analyzed.

Onex Credit manages five strategies:

### CLO Strategy

Onex Credit performs certain investment management functions, including supervising and directing the investment and reinvestment of assets held by CLO vehicles in accordance with the terms of its advisory agreement. The assets of a CLO primarily consist of loan instruments that are issued by leveraged non-investment grade companies and rated lower than Baa3/BBB- by Moody's or Standard & Poor's, respectively.

### Debt Opportunity Strategy

Onex Credit seeks to achieve its investment objective for clients following its Debt Opportunity Strategy by pursuing absolute returns while focusing on capital preservation and risk control. Central to that goal, Onex Credit seeks to invest in the senior secured and unsecured parts of the capital structure, maintains a diversified portfolio, and seeks both long and short investment opportunities. Onex Credit primarily invests in instruments issued by financially troubled, distressed, bankrupt or highly leveraged companies, with an emphasis on situations with an event catalyst. These companies may be in bankruptcy or may be viewed as likely to file for bankruptcy or pursue an alternative form of debt restructuring. The problems that these issuers may face can stem from a variety of legal, financial, cyclical or operational issues. In addition, Onex Credit may at times invest in companies that have been improperly identified as candidates for a debt restructuring either in or out of bankruptcy court. Onex Credit may invest in other transactions such as rights offerings, liquidations outside of bankruptcy, recapitalizations, and leveraged buyouts or "going private" transactions.

At any given point in time, Onex Credit may hedge a variety of risks including market, credit, basis, and foreign exchange risk. The primary hedging technique is the use of short positions in instruments (typically debt, not equity related) such as individual bonds and ETFs, as well as options and derivatives, such as credit default swaps (CDS), credit index swaps, and puts. For certain long exposures, clients may take short positions within the same company's capital structure to offset certain risks, and in the

case of long exposure to fixed-rate bonds, clients may short the appropriate U.S. Treasury security to hedge interest rate risk. In addition to taking short positions (typically debt) in specific companies for hedging purposes, Onex Credit may also establish outright short positions for directional investing purposes based on potential negative events identified through the research process.

#### Senior Credit Strategy

Onex Credit seeks to achieve its investment objective for clients following its Senior Credit Strategy primarily by purchasing exposure to senior secured loans, which broadly defined consists of loan instruments that are rated lower than Baa3/BBB- by Moody's or Standard & Poor's, respectively, and certain unrated loans. Syndicated leveraged loans include first and second lien loans as well as unsecured loans. It is anticipated that the majority of clients' assets will be exposed to and/or invested in first-lien leveraged loans and Onex Credit may seek additional return by selectively purchasing exposure to and/or investing in second lien leveraged loans as well as unsecured loans and secured and unsecured high-yield debt. Clients following the Senior Credit Strategy may also invest in certain event driven positions. These clients may purchase exposure (either long or, for some client accounts, short) through the use of derivatives and swaps and may invest directly (including participations) in syndicated loans, high-yield debt and stressed and distressed bank debt. For clients following the Senior Credit Strategy that have both long and short positions, the focus is primarily on long positions and therefore such clients will typically have a significant net long exposure to the market for syndicated leveraged loans and other debt obligations for leveraged companies. Onex Credit will use leverage in the Senior Credit Senior Credit Strategy in amounts Onex Credit deems prudent for certain clients.

#### Senior Floating Income Strategy

Onex Credit seeks to achieve its investment objective for clients following its Senior Floating Income Strategy primarily by purchasing directly (or by participation) interests in senior secured bank loans consisting of loan instruments that are issued by leveraged non-investment grade companies and rated lower than Baa3/BBB- by Moody's or Standard & Poor's, respectively, and certain unrated corporate loans. These loans include first and second lien loans as well as unsecured loans. It is anticipated that the majority of the assets held by clients following the Senior Floating Income Strategy will be primarily exposed to first-lien loans, senior secured bonds and other senior obligations of corporate borrowers. Clients following the Senior Floating Income Strategy will hold only long positions and therefore will have a long only exposure to the market for senior obligations. Onex Credit will not borrow money in order to employ the Senior Floating Income Strategy.

#### High-Yield Strategy

Onex Credit seeks to achieve its investment objective for clients following its High-Yield Strategy by purchasing a portfolio consisting primarily of corporate fixed income instruments of North American issuers, including high-yield bonds (senior secured and senior unsecured), investment grade bonds, senior floating rate loans of varying maturities and other floating rate fixed income securities.

These methods, strategies and investments involve risk of loss to clients and clients must be prepared to bear those risks.

The following summary identifies the material risks related to Onex Credit's significant investment strategies and should be carefully evaluated before making an investment with Onex Credit; however, the following does not intend to identify all possible risks of an investment with Onex Credit or provide a full description of the identified risks. Not all of these risks apply to each strategy. The following is not meant to supersede the material contained in the offering memoranda of each client that is a private pooled vehicle:

**Market Risks.** The profitability of a significant portion of the investments depends to a great extent upon correctly assessing the future course of the price movements of securities and other investments. There

can be no assurance that Onex Credit will be able to accurately predict these price movements. Although Onex Credit may attempt to mitigate market risk through the use of long and short positions or other methods, there may be a significant degree of market risk.

**Issuer-Specific Changes.** Changes in the financial condition of an issuer or counterparty, changes in specific economic or political conditions that affect a particular type of security or issuer, and changes in general economic or political conditions can increase the risk of default by an issuer or counterparty, which can affect a security's or instrument's value. The value of securities of smaller, less well-known issuers can be more volatile than that of larger issuers. Smaller issuers can have more limited product lines, markets, or financial resources.

**Distressed Situation Risk.** Investment in distressed situations exposes the client to significant risks, including: the difficulty in obtaining information as to the issuer's true condition; legal risk, including laws relating to fraudulent conveyances, voidable preferences, lender liability and bankruptcy; litigation risk; and liquidity risk.

**Interest Rate Risks.** Generally, the value of fixed-income securities changes inversely with changes in interest rates. As interest rates rise, the market value of fixed-income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed-income securities tends to increase. This risk is greater for long-term securities than for short-term securities.

**Hedging.** There can be no assurances that a particular hedge is appropriate, or that certain risk is measured properly. Further, while Onex Credit may enter into hedging transactions to seek to reduce risk, such transactions may result in poorer overall performance and increased (rather than reduced) risk for Onex Credit's investment portfolios than if Onex Credit did not engage in any such hedging transactions.

**Leverage.** Performance may be more volatile if a client's account employs leverage.

**Short Selling Risk.** Onex Credit's investment program includes short selling. Short selling transactions expose clients to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit. There is the risk that the securities borrowed by a client in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a "short squeeze" can occur, wherein the client might be compelled, at the most disadvantageous time, to replace the borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.

**Lack of Diversification.** Client accounts will not be diversified among a wide range of types of securities, countries or industry sectors. Accordingly, client portfolios may be subject to more rapid change in value than would be the case if Onex Credit were required to maintain a wider diversification among types of securities and other instruments.

The following summary identifies the material risks related to the type of investments that are typically made for clients by Onex Credit and should be carefully evaluated before making an investment with Onex Credit; however, the following does not intend to identify all possible investments that may be made or all possible risks related to such investments. Not all of these risks apply to each strategy. The following is not meant to supersede the material contained in the offering memoranda of each client that is a private pooled vehicle:

**Distressed Securities.** Distressed securities include securities, private claims and obligations of domestic and foreign entities which are experiencing significant financial or business difficulties. Investments may include loans, commercial paper, loan participations, bonds, bi-lateral agreements, trade claims held by trade or other creditors, stocks, partnership interests and similar financial instruments, executory contracts and options or participations therein not publicly traded. Distressed securities may result in

significant returns to clients, but also involve a substantial degree of risk. Clients may lose a substantial portion or all of their investment in a distressed environment or may be required to accept cash or securities with a value less than the clients' investment.

**High-Yield Securities.** High-yield securities include “high-yield” bonds and preferred securities that are not investment grade. Securities in the lower rating categories are subject to greater risk of loss, as to timely repayment of principal and timely payment of interest or dividends than higher-rated securities. They are also generally considered to be subject to greater risk than securities with higher ratings in the case of deterioration of general economic conditions. The yields and prices of lower-rated securities may tend to fluctuate more than those for higher-rated securities. In addition, adverse publicity and investor perceptions about lower-rated securities, whether or not based on fundamental analysis, may be a contributing factor in a decrease in the value and liquidity of the securities.

**Commercial Loans and Loan Participations.** Commercial loans and loan participations include Investments in syndicated, commercial bank loans, whether acquired through assignment or participation. Such arrangements may limit the client’s ability to exercise its rights against an issuer and entail certain contractual relationships among the lender and the lending group which could be disadvantageous to the client.

**Derivatives.** Swaps, and certain options and other custom derivative or synthetic instruments are subject to the risk of nonperformance by the counterparty to such instrument, including risks relating to the financial soundness and creditworthiness of the counterparty. In addition, investments in derivative instruments require a high degree of leverage, meaning the overall contract value (and, accordingly, the potential for profits or losses in that value) is much greater than the modest deposit used to buy the position in the derivative contract. Derivative securities can also be highly volatile. The prices of derivative instruments and the investments underlying the derivative instruments may fluctuate rapidly and over wide ranges and may reflect unforeseeable events or changes in conditions, none of which can be controlled by the client or Onex Credit.

**Non-U.S. Securities.** Foreign securities, foreign currencies, and securities issued by U.S. entities with substantial foreign operations can involve additional risks relating to political, economic, or regulatory conditions in foreign countries. These risks include fluctuations in foreign currencies; withholding or other taxes; trading, settlement, custodial, and other operational risks; and the less stringent investor protection and disclosure standards of some foreign markets. All of these factors can make foreign investments, especially those in emerging markets, more volatile and potentially less liquid than U.S. investments. In addition, foreign markets can perform differently from the U.S. market.

**Cybersecurity Risk.** The information and technology systems of Onex Credit and of key service providers to Onex Credit and its clients may be vulnerable to potential damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although Onex Credit has implemented various measures designed to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, it may be necessary for Onex Credit to make a significant investment to fix or replace them and to seek to remedy the effect of these issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the operations of Onex Credit or its client accounts and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information.

**Risk Management Failures.** Although Onex Credit attempts to identify, monitor and manage significant risks, these efforts do not take all risks into account and there can be no assurance that these efforts will be effective. Moreover, many risk management techniques, including those employed by Onex Credit, are based on historical market behavior, but future market behavior may be entirely different and, accordingly, the risk management techniques employed on behalf of clients may be incomplete or altogether ineffective. Similarly, Onex Credit may be ineffective in implementing or applying risk

management techniques. Any inadequacy or failure in risk management efforts could result in material losses to clients.

**Systems and Operational Risk.** Onex Credit relies on certain financial, accounting, data processing and other operational systems and services that are employed by Onex Credit and by third party service providers, including prime brokers, the third party administrator, market counterparties and others. Many of these systems and services require manual input and are susceptible to error. These programs or systems may be subject to certain defects, failures or interruptions. For example, Onex Credit and its clients could be exposed to errors made in the confirmation or settlement of transactions, from transactions not being properly booked, evaluated or accounted for or related to other similar disruptions in the clients' operations. In addition, despite certain measures established by Onex Credit and third party service providers to safeguard information in these systems, Onex Credit, clients and their third party service providers are subject to risks associated with a breach in cybersecurity which may result in damage and disruption to hardware and software systems, loss or corruption of data and/or misappropriation of confidential information. Any such errors and/or disruptions may lead to financial losses, the disruption of the client trading activities, liability under applicable law, regulatory intervention or reputational damage.

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**Item 9. Disciplinary Information**

Onex Credit has no disciplinary information to disclose.

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

Onex Corporation, one of Onex Credit's related persons, is a large alternative asset investment management organization whose primary business strategy is private equity. If permitted by the relationship terms, Onex Credit's clients may make or participate in loans to companies in which Onex Corporation (or its affiliates) has made or is proposing to make an equity investment (each an "Onex Portfolio Company" or collectively, "Onex Portfolio Companies"). Making or participating in loans to Onex Portfolio Companies may present certain conflicts of interest and/or present certain regulatory issues to a client. For example, if a client makes or participates in a loan to an Onex Portfolio Company and the Onex Portfolio Company enters bankruptcy, the client could be deemed an "insider" for purposes of the Bankruptcy Code of the United States (the "Bankruptcy Code"). Insider status under the Bankruptcy Code could adversely affect the client's ability to collect on the loan by subjecting the client to equitable subordination (i.e., the threshold of inequitable conduct that needs to be shown to invoke this remedy is lower when the holder of the claim is an insider and the burden of proof to show that any particular transaction was fundamentally fair will be on the client, not the bankruptcy trustee), increased exposure to preference suits (i.e., more transactions will be potentially avoidable as preferential as the reach-back period will be one year rather than 90 days) and other restrictions under certain circumstances. Further, due to its affiliation with Onex Corporation, Onex Credit may become aware of material non-public information concerning certain companies and as a result of such knowledge, or as a result of certain internal policies adopted by Onex Credit, Onex Credit may at times be precluded from acquiring or disposing of investments it would otherwise wish to acquire or dispose. There may also be other areas of overlap between Onex Corporation's activities or customers and the client or portfolio companies in which the client is invested. Finally, Onex Credit may determine not to make or participate in loans to Onex Portfolio Companies or may adopt procedures intended to minimize potential conflicts and/or regulatory or tax issues, which procedures may have the effect of limiting the client's ability to acquire or dispose of loans to Onex Portfolio Companies.

Certain of the limited partnerships or private funds for which Onex Credit or its related person serves as general partner or investment manager has and may in the future enter into agreements, or "side letters," with certain prospective or existing limited partners or shareholders whereby such limited partners or shareholders may be subject to terms and conditions that are more advantageous than those set forth in the offering memorandum for the partnership or fund. For example, such terms and conditions may provide for special rights to make future investments in the partnership, other investment vehicles or managed accounts; special redemption rights, relating to frequency or notice; a waiver or rebate in fees or redemption penalties to be paid by the limited partner or shareholder and/or other terms; rights to receive reports from the partnership or fund on a more frequent basis or that include information not provided to other limited partners or shareholders (including, without limitation, more detailed information regarding portfolio positions) and such other rights as may be negotiated by the partnership or fund and such limited partners or shareholders. The modifications are solely at the discretion of the partnership or fund and may, among other things, be based on the size of the limited partner's or shareholder's investment in the partnership or fund or affiliated investment entity, an agreement by a limited partner or shareholder to maintain such investment in the partnership or fund for a significant period of time, or other similar commitment by a limited partner or shareholder to the partnership or fund.

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

Onex Credit has adopted a Code of Ethics (the “Code”) that obligates it to put the interests of its clients before its own interests and to act honestly and fairly in all respects in their dealings with clients. All of Onex Credit’s personnel are also required to comply with applicable federal securities laws. Clients or prospective clients may obtain a copy of the Code by contacting Steven Gutman (Chief Compliance Officer) by email at [sgutman@onexcredit.com](mailto:sgutman@onexcredit.com), or by telephone at (201) 541-2121. See below for further provisions of the Code as they relate to the pre-clearing and reporting of securities transactions by related persons.

Onex Credit, in the course of its investment management and other activities (e.g., board or creditor committee service), may come into possession of confidential or material nonpublic information about issuers, including issuers in which Onex Credit or its related persons have invested or seek to invest on behalf of clients. Onex Credit is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, regardless of whether such other person is a client. Onex Credit maintains and enforces written policies and procedures that prohibit the communication of such information to persons who do not have a legitimate need to know such information and to assure that Onex Credit is meeting its obligations to clients and remains in compliance with applicable law. In certain circumstances, Onex Credit may possess certain confidential or material, nonpublic information that, if disclosed, might be material to a decision to buy, sell or hold a security, but Onex Credit will be prohibited from communicating such information to the client or using such information for the client’s benefit. In such circumstances, Onex Credit will have no responsibility or liability to the client for not disclosing such information to the client (or the fact that Onex Credit possesses such information), or not using such information for the client’s benefit, as a result of following Onex Credit’s policies and procedures designed to provide reasonable assurances that it is complying with applicable law.

Onex Credit’s related persons act as a general partner in partnerships in which Onex Credit acts as investment adviser and solicits investors. Also, Onex Credit acts as investment adviser to client accounts that consist solely of Onex Credit’s related persons. Finally, Onex Credit may make investments for its clients or participate in loans to Onex Portfolio Companies, which are companies in which Onex Corporations has made or is proposed to make an equity investment, as described further in Item 10. These practices create a conflict of interest because Onex Credit has an incentive to recommend securities from (or sell securities to) clients based on its, or its related persons, own financial interests, rather than solely the interests of a client.

Onex Credit engages in transactions that are considered principal or cross transactions in which one of Onex Credit’s clients, including clients that are owned by related persons, may sell assets to another one of Onex Credit’s clients. All such transactions are done in compliance with requirements of the Adviser’s Act. In particular, in the execution of Onex Credit’s CLO Strategy, an affiliate of Onex Credit acts as an “originator” purchasing and selling assets to CLO vehicles to comply with EU risk retention rules. This structure is disclosed in the relevant offering materials and each such trade is approved by a third party that is independent of Onex Credit.

In addition, Onex Credit or its related persons invests in the same securities (or related securities, e.g., warrants, options or futures) that Onex Credit or a related person recommends to clients. Such practices present a conflict where, because of the information Onex Credit has, Onex Credit or its related person are in a position to trade in a manner that could adversely affect clients (e.g., place their own trades before or after client trades are executed in order to benefit from any price movements due to the clients’ trades). In addition to affecting Onex Credit’s or its related person’s objectivity, these practices by Onex Credit or its related persons may also harm clients by adversely affecting the price at which the clients’ trades are executed. Onex Credit has adopted the following procedures in an effort to minimize such conflicts:



Onex Credit requires its access persons to pre-clear most transactions in their personal accounts with a portfolio manager and the Chief Compliance Officer, who may deny permission to execute the transaction if such transaction will have any adverse economic impact on one of its clients. Generally, personal trading will not be approved in any security that (i) a client owns or is in the process of buying or selling or (ii) Onex Credit is researching, analyzing or considering buying or selling for a client.

All of Onex Credit's access persons are required to disclose their securities transactions on a quarterly basis and holdings on an annual basis. All of Onex Credit's access persons are also required to provide broker confirmations of each transaction in which they engage and a quarterly certification of such transactions. Trading in employee accounts will be reviewed by the Chief Compliance Officer and compared with transactions for the client accounts and reviewed against the restricted securities list.

Also see Onex Credit's discussion of its asset allocation rules in Item 6.

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## Item 12. Brokerage Practices

Onex Credit considers a number of factors in selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation. Such factors include net price, reputation, financial strength and stability, efficiency of execution and responsiveness. In selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation, Onex Credit need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not Onex Credit's practice to negotiate "execution only" commission rates, thus a client may be deemed to be paying for research, brokerage or other services provided by a broker-dealer which are included in the commission rate. Onex Credit's Best Execution Committee periodically evaluates the broker-dealers used by Onex Credit to execute client trades using the foregoing factors.

Onex Credit may receive research or brokerage from a broker-dealer and/or a third party in connection with client securities transactions. This is known as a "soft dollar" relationship. Onex Credit has no formal soft dollar arrangements in place to receive any specific research or brokerage services. To the extent Onex Credit may enter into soft dollar arrangements in the future, Onex Credit will limit the use of "soft dollars" to obtain research and brokerage services to services that constitute research and brokerage within the meaning of Section 28(e) of the Securities Exchange Act of 1934 ("Section 28(e)"). Research services within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants' advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from broker-dealers on order execution; and certain proxy services. Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an adviser and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self regulatory organization such as comparison services, electronic confirms or trade affirmations.

From time to time Onex Credit may participate in capital introduction programs arranged by broker-dealers, including firms that serve as prime brokers to a private fund managed by Onex Credit or recommend these private funds as an investment to clients. Onex Credit may place client portfolio transactions with firms who have made such recommendations or provided capital introduction opportunities, if Onex Credit determines that it is otherwise consistent with seeking best execution. In no event will Onex Credit select a broker-dealer as a means of remuneration for recommending Onex Credit or any product managed by Onex Credit (or an affiliate) or affording Onex Credit with the opportunity to participate in capital introduction programs.

Onex Credit often purchases or sells the same security for several clients contemporaneously and using the same executing broker. It is Onex Credit's practice, where possible, to aggregate client orders for the purchase or sale of the same security submitted contemporaneously for execution using the same executing broker. Such aggregation may enable Onex Credit to obtain for clients a more favorable price or a better commission rate based upon the volume of a particular transaction. When an aggregated order is completely filled, Onex Credit allocates the securities purchased or proceeds of sale pro rata among the participating accounts, based on the purchase or sale order. Adjustments or changes may be made under certain circumstances, such as to avoid odd lots or excessively small allocations. If an aggregated order is only partially filled, Onex Credit's procedures provide that the securities or proceeds are to be allocated in a manner deemed fair and equitable to clients. Depending on the investment

strategy pursued, the type of security and other factors, this may result in a pro rata allocation to all participating clients (see Item 16 for additional information).

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**Item 13. Review of Accounts**

Each client account is reviewed by no less than two portfolio managers of Onex Credit, on an ongoing basis to determine whether securities positions should be maintained in view of current market conditions. Matters reviewed (depending on the investment strategy deployed for a particular client) include specific securities held, news and events related to current positions, diversification based on position and industry limits, hedging positions and gross and net exposures.

For each client that is a private pooled vehicle, that client's investors receive reports from the client pursuant to the terms of each client's offering memoranda or as otherwise described in the offering document of the client. Each client that is a separate account will receive the monthly reporting set forth in the management agreement entered into with that client.

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

This item is inapplicable.

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**Item 15. Custody**

An affiliate of Onex Credit is deemed to have custody of client assets due to serving as the general partner to a limited partnership and intends to comply with Rule 206(4)-2 under the Investment Advisers Act of 1940, as amended, by meeting the conditions of the pooled vehicle annual audit provision.

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**Item 16. Investment Discretion**

Onex Credit provides investment advisory services on a discretionary basis to clients. Please see Item 4 for a description of any limitations clients may place on Onex Credit's discretionary authority.

Prior to assuming full discretion in managing a client's assets, Onex Credit enters into an investment management agreement or other agreement that sets forth the scope of Onex Credit's discretion.

Unless otherwise instructed or directed by a discretionary client, Onex Credit has the authority to determine (i) the securities to be purchased and sold for the client account (subject to restrictions on its activities set forth in the applicable investment management agreement and any written investment guidelines) (ii) the amount of securities to be purchased or sold for the client account. Because of the differences in client investment objectives and strategies, risk tolerances, tax status and other criteria, there may be differences among clients in invested positions and securities held. Onex Credit's portfolio managers determine the allocation of securities to (or from) client accounts for each trade/order submitted. Onex Credit may consider the following factors, among others, in allocating securities among clients: (i) client investment objectives and strategies; (ii) client risk profiles; (iii) tax status and restrictions placed on a client's portfolio by the client or by applicable law; (iv) size of the client account; (v) nature and liquidity of the security to be allocated; (vi) size of available position; (vii) current market conditions; and (viii) account liquidity, account requirements for liquidity and timing of cash flows. Although it is Onex Credit's policy to allocate investment opportunities to eligible client accounts on a pro rata basis (based on the value of the assets of each participating account relative to value of the assets of all participating accounts), these factors may lead a portfolio manager to allocate securities to client accounts in varying amounts. Even client accounts that are typically managed on a pari passu basis may from time to time receive differing allocations of securities based on total assets of each account eligible to invest in the particular investment, liquidity and other factors.

Allocations will be made among client accounts eligible to participate in initial public offerings (IPOs) and secondary offerings on a pro rata basis, except when Onex Credit determines in its discretion that a pro rata allocation is not appropriate, which may include a client's investment guidelines explicitly prohibiting participation in IPOs or secondary offerings and a client's status as a "restricted person" under applicable regulations.

Securities acquired by an Onex Credit for its clients through a limited offering will be allocated pursuant to the procedures set forth in Onex Credit's allocation policy. The policy provides that Onex Credit will determine the proposed allocation of limited offering securities after considering the factors described above with respect to general allocations of securities and determining those client accounts eligible to hold such securities. Eligibility will be based on the legal status of the clients and the client's investment objectives and strategies.

If it appears that a trade error has occurred, Onex Credit will review the relevant facts and circumstances to determine an appropriate course of action. To the extent that trade errors and breaches of investment guidelines and restrictions occur, Onex Credit's error correction procedure is to ensure that clients are treated fairly. Onex Credit has discretion to resolve a particular error in any appropriate manner that is consistent with the above stated policy. Trade errors that result other than by breach of the standard of care attributable to Onex Credit are generally to be borne by the client account.

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**Item 17. Voting Client Securities**

To the extent Onex Credit has been delegated proxy voting authority on behalf of its clients, Onex Credit complies with its proxy voting policies and procedures that are designed to ensure that in cases where Onex Credit votes proxies with respect to client securities, such proxies are voted in the best interests of its clients.

Clients may provide specific voting guidelines for voting proxies.

If a material conflict of interest between Onex Credit and a client exists, Onex Credit will determine whether voting in accordance with the guidelines set forth in the proxy voting policies and procedures is in the best interests of the client or take some other appropriate action.

Clients may obtain a copy of Onex Credit's proxy voting policies and procedures and information about how Onex Credit voted a client's proxies by contacting Steven Gutman (Chief Compliance Officer) by email at [sgutman@onexcredit.com](mailto:sgutman@onexcredit.com) or by telephone at (201) 541-2121.



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**Item 18. Financial Information**

This item is inapplicable.