

Item 1. Cover Page

Bain Capital Credit CLO Advisors, LP

200 Clarendon Street
Boston, MA 02116

Part 2A of Form ADV: Firm Brochure
October 2018



This brochure provides information about the qualifications and business practices of Bain Capital Credit CLO Advisors, LP. If you have any questions about the contents of this brochure, please contact us at (617) 516-2318. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Bain Capital Credit CLO Advisors, LP also is available on the SEC’s website at www.adviserinfo.sec.gov. An investment adviser’s registration with the SEC does not imply a certain level of skill or training.

Item 2. Material Changes

No material changes.

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Item 4. Advisory Business

Bain Capital Credit CLO Advisors, LP (“CLO Advisors”), is a Delaware limited partnership wholly owned by Bain Capital Credit, LP (“Bain Capital Credit”).¹ Bain Capital Credit is a Delaware limited partnership wholly owned by Bain Capital, LP (“Bain Capital”). Bain Capital Credit provides certain resources and services to CLO Advisors.

CLO Advisors provides investment advisory and collateral management services to entities structured as collateralized loan obligations (“CLOs”) that are exempt from registration under the Investment Company Act of 1940 (the “1940 Act”) and whose securities are not registered under the Securities Act of 1933 (the “Securities Act”). The CLOs for which CLO Advisors provides collateral management services are referred to collectively as “CLO Clients.”

CLO Advisors’ investment advisory activities include providing investment advice to CLO Clients which invest in portfolios primarily consisting of performing loans to corporate borrowers. As the investment adviser to each CLO Client, CLO Advisors identifies investment opportunities for, and participates in the acquisition, management, monitoring and disposition of investments for each CLO Client.

CLO Advisors generally uses fundamental credit analysis to identify attractive investment opportunities and seek strong risk adjusted returns, primarily in performing loans. CLO Advisors may also provide investment advice regarding investments in distressed bank loans, high yield bonds, investment grade bonds, credit based securities, swap transactions (including total rate of return swaps and credit default swaps), derivative instruments, equities, and other assets. CLO Clients can use leverage directly and/or indirectly. Use of leverage will increase the volatility of levered investments.

CLO Advisors provides collateral management services to each CLO Client in accordance with the terms and conditions of portfolio or collateral management agreements (an “Advisory Agreement”), indentures, and other related documents of each such CLO Client. The terms of the Advisory Agreements and other related documents of each CLO Client are generally established at the time of the formation of the applicable CLO Client and are the result of negotiations with certain potential investors in the applicable CLO Client.

CLO Advisors has and may in the future enter into agreements – including sub-advisory or sub-management arrangements – with Bain Capital Credit. Under these agreements, Bain Capital Credit generally has agreed to provide CLO Advisors with certain advisory services, including but not limited to, assistance with the management of CLOs and the evaluation of prospective investments. CLO Advisors has also agreed in the past to pay a periodic fee to Bain Capital Credit, reimburse for its share of the salary and benefits of Bain Capital Credit personnel who assist CLO Advisors, and reimburse Bain Capital Credit for any expenses that are attributable to the advisory services provided by Bain Capital Credit.

¹ Bain Capital Credit is registered as an investment adviser with the SEC. Additional information about Bain Capital Credit is available in its Form ADV. This Firm Brochure should be read in conjunction with the Firm Brochure of Bain Capital Credit.

CLO Advisors was formed in 2016 and is located in Boston, Massachusetts. As of January 1, 2018, CLO Advisors manages approximately \$1,023,579,000 of client assets, all of which is on a discretionary basis.

Item 5. Fees and Compensation

Fees

As compensation for investment advisory services rendered to CLO Clients, CLO Advisors generally receives a management fee (“Advisory Fee”), which is based on the amount of such CLO Client assets under management from time to time. The Advisory Fees may include both a base and a subordinated collateral management fee. Advisory Fees billed to CLO Clients vary client by client and are generally payable quarterly in arrears. Advisory fees paid by a CLO Client are indirectly borne by the investors in such CLO Client. The fee structures described above are modified from time to time.

The precise amount of, and the manner and calculation of, the management fee for each CLO Client are established by CLO Advisors and is set forth in such CLO Client’s Advisory Agreement, the indenture governing the securities issued by the CLO Client, and/or other documentation received by each investor prior to investment in such Bain Capital Credit Client.

CLO Advisors may from time to time enter into arrangements with certain subordinated note holders in a CLO Client pursuant to which CLO Advisors may agree to remit, or cause to be remitted, to such investors a portion of the Advisory Fees with respect to such CLO Client. The payment of Advisory Fees at varying rates (including varying effective rates based on a CLO Client’s assets under management) creates an incentive for CLO Advisors to disproportionately allocate time, services or functions to CLO Clients paying Advisors Fees at a higher rate, or to allocate investment opportunities to such CLO Clients. See Item 10 below regarding allocation for additional information on how conflicts of interests are generally addressed by CLO Advisors.

In addition, CLO Advisors may be entitled to certain incentive compensation when certain conditions are met. CLO Advisors generally may elect to defer payment or distribution of both the Advisory Fee and incentive compensation. If deferred, CLO Advisors may be entitled to receive interest on the deferred portion of the management fee and/or incentive fee. See Item 6 for more information on incentive fees. CLO Advisors also may elect to waive payment or distribution of its fees.

Expenses

While CLO Clients bear their own expenses, these expenses may vary among CLO Clients and are subject to the terms and conditions set forth in the applicable CLO Client’s offering materials, governing documents, or other analogous organizational document. The expenses generally borne by CLO Clients are outlined below.

Each CLO Client bears all of its organizational and operational expenses and obligations, which include:

- all out-of-pocket expenses incurred in connection with organizing, establishing and offering of the CLO Client (including legal and accounting expenses, filing fees and expenses, travel, meals, entertainment, accommodation and related expenses, printing costs or any other expenses incurred with respect to the offering);
- all investment-related expenses (including any such expenses incurred in connection with potential investments, whether or not completed), including: expenses relating to identifying, discovering, sourcing, developing (including any retainers, success and finder's fees and other compensation paid to contractors, senior advisers and sourcing and operating partners), evaluating, valuing, researching, investigating, structuring (including rating agency fees and expenses), diligencing, monitoring, maintaining, servicing, purchasing, making, holding, acquiring, registering (including notary and "gestoria" costs), selling (or potentially selling), refinancing (including any brokerage, borrowing and financing fees or expenses) or restructuring investments (whether or not completed, including broken deal and reverse break-up fees, liquidated damages, forfeited deposits, reserve termination fees or similar payments); all lodging, travel, transportation (including the use of charter, first class or business travel and taxis and car rentals and any other transportation), meals, entertainment and related expenses (including any of these incurred by an investment team or other member of CLO Advisors or their affiliates whether or not traveling) incurred in connection with the CLO Client's affairs, including travel-related expenses in connection with evaluating, making and monitoring investments; professional costs and expenses (including legal, compliance, tax, financial, accounting, actuarial, valuation, advisory and consulting/experts (including consultants or experts for industry-specific matters, due diligence, reference checks, sourcing or introductions and other similar costs)); brokerage commissions, hedging costs, expenses relating to short sales, prime brokerage fees, custodial expenses, clearing and settlement charges, private placement fees, syndication fees, solicitation fees, arranger fees, sales commissions, pricing and valuation fees (including appraisal fees), underwriting commissions and discounts, investment banking fees, advisory fees, and bank charges, and custodial, trustee, transfer agent, recordkeeping and other administrative costs; fees of servicers of any portfolio company (including without limitation servicers of pools of loans and arrangements providing for profits or other incentive-based compensation); salaries, bonuses and fringe benefits payable to employees of CLO Advisors or its affiliates who are retained to provide operational support (including servicing) to the CLO Client or its portfolio investments and portions of rent, utilities, information technology, other real-estate related expenses and other similar items and related overhead expenses associated with the retention of such employees; and experts or consultants serving as executives or directors for portfolio companies);
- all expenses of the CLO Client incurred in connection with its ongoing operation and administration, including: any legal, tax, auditing, accounting and consulting fees, bookkeeping, record keeping and clerical services to the CLO Client (whether performed by the internal staff of the CLO Client's adviser or the CLO Client's collateral manager, affiliates of or entities established by the CLO Client's adviser or the CLO Client's collateral manager or by third parties; provided that the amount charged to the CLO Client for such services by internal staff may be capped at a certain dollar amount;
- all costs and expenses incurred in connection with financings (including financing fees, legal fees and expenses, agent fees and other fees and expenses incurred in connection therewith);

- fees; taxes and expenses associated with the CLO Client's audits and financial statements (including tax information, returns and elections), including fees and expenses associated with preparing, filing or distributing tax information, returns or elections and complying with any tax audit, investigation, settlement or review; expenses incurred in connection with the preparation and maintenance of the CLO Client's books and records and account holder diligence; expenses incurred in connection with the preparation and delivery of wires and distributions, financial and other reports, circulars, forms, notices, valuations, investment summaries and other information (including courier and delivery expenses), including the cost of auditing reports; expenses incurred as tax matters partner in connection with the CLO Client; and expenses incurred in connection with the dissolution and liquidation of the CLO Client;
- expenses and fees of any administrator, depositary and/or custodian;
- all fees, costs and expenses incurred in connection with litigating or owning any investments of the CLO Client (including portfolio servicing fees, including master servicing, primary servicing, special servicing, asset or property advisory fees, and the fees and expenses of any individual hired to manage, service or dispose of any assets); legal fees incurred in servicing loans and financings, advisory fees (including income-based repayments, receivership costs and similar fees and costs), value-added taxes and taxes incurred in connection with investments;
- all research and data expenses (including news and quotation subscriptions, market research, costs of attending conferences and travel-related expenses), information technology expenses (including technology service providers) and expenses related to acquiring, developing, implementing or maintaining related software;
- all fees, expenses and costs in connection with any government and/or regulatory filings related to the CLO Client or the offering of interests in the CLO Client (including regulatory filings of CLO Advisors and its affiliates relating to the CLO Client, including without limitation Form PF and any AIFMD filings, but not, for the avoidance of doubt, filings solely related to the operation of the CLO Advisors generally), and the costs of maintaining the CLO Client;
- all fees, costs and expenses of registration, qualification or exemption of the CLO Client under any law or regulation, and any legal or regulatory compliance with any law or regulation, and related reports, disclosures, licenses, registrations or notifications; and all fees, costs and expenses related to any governmental inquiries, investigations or proceedings relating to the CLO Client, including any judgments, settlements or fines;
- any costs, losses, damages or other expenses relating to any warranties or indemnities given by the CLO Client in relation to any investments, including where a claim has been made in respect of such warranties or indemnities;
- all costs of all subsidiaries, alternative investment vehicles, Irish collective asset-management vehicles, certain real estate companies known as REOCOs, special purpose vehicles and other vehicles through which the CLO Client makes, holds or proposes to make or hold investments, including costs associated with establishing, managing and administering such entities (including board of director expenses, corporate governance and secretarial expenses, fees and expenses associating with accounting, tax and financial services, reporting and cash handling

fees and expenses, fees and expenses incurred in connection with audits and regulatory compliance, such as the Foreign Account Tax Compliance Act and central bank reporting), maintaining a permanent residence in certain jurisdictions (such as rent for office space, related overhead and employee salaries and benefits), and winding up and dissolving such entities;

- all costs and expenses incurred in connection with the preparation of amendments to the documentation of the CLO Client;
- all costs and expenses incurred in connection with or incidental to the incurrence or refinancing of any credit facility or other indebtedness, loan servicing (assets and liabilities), guarantees by, letters of credit or other obligations of the CLO Client, including interest owed on any loans advanced to the CLO Clients; provided that such expenses will be not be allocated to non-loan participating partners and any other partners that do not participate in, or benefit from, such borrowings, guarantees or other obligations;
- costs and expenses of administering side letters or similar arrangements, including but not limited to, fee waivers, ratings of combined note holdings, or other structuring arrangements entered into with CLO Client investors;
- all out-of-pocket expenses incurred in connection with the collection of amounts due to the CLO Clients from any person;
- all expenses incurred in connection with the obtaining and maintaining of insurance policies by or on behalf of portfolio companies and investments of the CLO Client, CLO Advisors and their affiliates with respect to the Bain Capital Credit Fund, such as director and officer insurance, error and omission insurance, property damage insurance, block insurance on loans, insurance on environmental risks, warranty and indemnity insurance, financial institution bond and key person coverage, including the allocable portion of any insurance policies that provide CLO Advisors with coverage covering multiple funds, personnel or liabilities, including with respect to the CLO Client;
- any taxes, or any expenses, penalties, liabilities or government charges directly or indirectly imposed or required to be paid or withheld by the CLO Client or CLO Advisors or any affiliate thereof with respect to the CLO Client, including any interest, additions to tax, penalties or related expenses and expenses in connection with tax proceedings, which are not allocated to one or more CLO Client investors;
- all expenses incurred in connection with any proceeding involving the CLO Client (including the cost of any investigation, prosecution, defense and preparation) or any portfolio company and the amount of any judgment or settlement paid in connection therewith;
- any other extraordinary expenses of the CLO Client; and
- all indemnification obligations and any other indemnity, contribution, or reimbursement obligations of the CLO Client with respect to any person, whether payable in connection with a proceeding involving the CLO Client or otherwise.

CLO Advisors will bear its own operating expenses to the extent provided in the offering materials and governing documents.

Additionally, please see Item 6 below regarding “incentive fees” that CLO Clients pay.

When a broker-dealer is used in connection with an investment by a CLO Client, such CLO Client will incur brokerage and other transaction costs. For additional information regarding brokerage practices, please see Item 12 below.

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

Most CLO Clients pay incentive fee arrangements (“Incentive Fees”), the amount of which is based on cumulative returns to subordinated note holders in the relevant CLO Client. Certain investors in CLO Clients incur lower or no Incentive Fees. Incentive Fees often differ from one CLO Client to another, as well as among investors in the same CLO Client. The payment by some, but not all, CLO Clients of Incentive Fees or the payment of Incentive Fees at varying rates (including varying effective rates based on the past performance of a CLO Client) creates an incentive for CLO Advisors to disproportionately allocate time, services or functions to CLO Clients paying Incentive Fees or CLO Clients paying Incentive Fees at a higher rate, or allocate investment opportunities to such CLO Clients. Please see Item 10 below regarding allocation for additional information relating to how conflicts of interests are generally addressed by CLO Advisors.

Item 7. Types of Clients

CLO Advisors currently provides investment advisory services directly to its CLO Clients and not individually to investors in any such CLO Client.

Interests in CLO Clients are offered pursuant to applicable exemptions from registration under the Securities Act and the 1940 Act. Investors in CLO Clients include high net worth individuals, banks, thrift institutions, pension and profit sharing plans, sovereign wealth funds, trusts, estates, charitable organizations, university endowments, corporations, limited partnerships and limited liability companies or other business entities.

Minimum investment commitments are generally established for investors in CLO Clients, which are no less than the legal eligibility requirements.

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

Methods of Analysis and Investment Strategies

CLO Advisors manages the collateral of its CLO Clients in accordance with the Advisory Agreement and applicable indentures. These agreements may place significant restrictions on CLO Advisors’ ability to invest in certain assets and otherwise to buy or sell collateral obligations in specified circumstances. Accordingly, CLO Advisors’ management of its CLO Clients may have more restrictions than other investment vehicles advised by CLO Advisors’ affiliates, including Bain Capital Credit. CLO Advisors shares resources provided by Bain Capital Credit to formulate

investment strategies, identify investment opportunities, and to analyze potential investments. CLO Advisors monitors investments based on an analytical approach that generally involves evaluating the following investment characteristics:

Idea Generation

CLO Advisors' professionals identify new investment opportunities generally through three avenues: first, through industry analysis and relative value screens conducted by CLO Advisors' investment professionals; second, through investment opportunities brought to CLO Advisors by its network of relationships including private equity sponsors, fundless sponsors, law firms, restructuring advisers, commercial and investment banks, CLO Advisors' affiliates, and ventures with other investment advisers; and third, through CLO Advisors' proprietary sourcing efforts.

Company Evaluation

Market Definition. Traditionally, the first step in CLO Advisors' fundamental competitive analysis is defining, as accurately as possible, the market in which a company competes. Market definition generally requires an assessment of the customer needs driving the consumption of a company's products and services. If the market is defined too narrowly, substitute goods or services may be overlooked, and a company's ability to affect pricing may be overestimated. Likewise, if the market is defined too broadly, competitive advantage may be underestimated. Many of the tools used in the definition process are derived from methodologies developed at consulting firms, market research firms, banks and rating agencies.

Market Size and Prospects for Growth. Once a market is defined, the next step in CLO Advisors' analysis is to attempt to determine the dollar size of the market and to assess its growth prospects. Although market information may often be available through publicly available information, CLO Advisors' professionals are trained to question the available data because of the inherent biases of the reporting authorities (e.g., trade publication, industry group and "independent" consultants). CLO Advisors seeks to identify the primary drivers of growth (i.e. demographic trends, buying habits, technological shifts) to validate conclusions drawn by the public information. If validation is not possible, CLO Advisors often derives its own industry growth model through primary source research.

Margin Analysis and Cost Structure. After examining the market environment in which a company operates, CLO Advisors typically scrutinizes the company's historical performance and prospects. This analysis centers around the company's sustainable margins and its quality of earnings. CLO Advisors professionals attempt to assess the sustainability of a company's margins over time by tracking and projecting pricing trends in the industry (based on research regarding market definition, size and growth characteristics) and the company's cost structure relative to its competitors. CLO Advisors generally assesses a company's quality of earnings through detailed margin analyses as well as evaluation of a company's return on assets, paying particular attention to one-time charges and extraordinary events.

Competitive Landscape. In evaluating a company's prospects, CLO Advisors seeks to identify and assess the current and prospective competitors of that company. The scale economies, technological

advantages, and cost efficiencies available to such competitors is generally compared and contrasted in order to benchmark a company's relative strengths and weaknesses. Although a company may participate in a large, growing and otherwise attractive market, its prospects often depend on its ability to maintain a competitive advantage. CLO Advisors professionals are trained to analyze a competitive landscape in order to determine whether a company can be expected to perform at levels consistent with the business plan proffered by the company's management or other sponsors. A significant portion of this analysis is often conducted through interviews of portfolio company executives, other industry contacts, as well as competitors and suppliers.

Corporate Structure and Access to Capital Markets. CLO Advisors reviews the corporate structure of each of its investments to understand how the company's assets are distributed, which subsidiaries have the support of those assets and how any guarantees, liens or pledges will affect an investment in the company. CLO Advisors also analyzes an issuer's capitalization, its financial flexibility, debt amortization requirements, and the covenants, terms and conditions of the issuer's outstanding debt and equity securities. Reviewing the various covenant levels and compliance issues is an important part of CLO Advisors' investment monitoring system. CLO Advisors' professionals have extensive experience analyzing the corporate structure and covenant issues in each of the targeted asset classes.

Third Party Diligence. As part of the diligence process for certain investments, CLO Advisors typically hires third party firms to conduct accounting, tax, valuation, legal, environmental and other diligence, as well as perform background checks on principals or management teams where appropriate.

Regulatory, Tax and Legal Environment. As part of its review process, CLO Advisors generally performs a review of potential regulatory, tax and legal contingencies to assess any potential negative impact on the company's value or ability to continue as an ongoing concern.

Portfolio Management. CLO Advisors manages portfolio risk by monitoring issuer and industry diversification, interest rate risk, currency risk and other risks applicable to CLO Clients.

On-going Investment Monitoring. Closely monitoring financial performance and market developments of portfolio investments is critical to successful investment management. Accordingly, CLO Advisors is actively involved in an on-going portfolio review process. To the extent a portfolio investment is not meeting plan, CLO Advisors takes corrective action when appropriate.

Risks

Investing in CLOs and their underlying assets involves a substantial degree of risk. Investors in CLO Clients are in a position to lose all or a significant portion of their investments, and must be prepared to bear the risk of loss of their investments. The risks discussed below are intended only as a broad summary and are not an exhaustive recitation as to every risk attendant to investing in a CLO. Prospective investors should review a CLO Client's offering documents carefully before investing.

In addition, material risks relating to the investment strategies and methods of analysis described above, and to the types of securities typically purchased by or for CLO Clients in connection with those strategies and methods, include the following:

Risks Relating to CLOs/CLO Notes

Transferability

CLO notes generally will have limited liquidity and are subject to substantial transfer restrictions. CLO notes are often illiquid investments and there is no established secondary market for the notes. There can be no assurance that any secondary market for any of the notes will develop, or if a secondary market does develop, that it will provide the holders of the notes with liquidity of investment or will continue for the life of the notes. Securities issued in securitizations transactions may experience high volatility and significant fluctuations in market value. Additionally, some potential buyers of such securities may view securitization products as an inappropriate investment, or may be unable to invest in them due to regulatory reasons, thereby reducing the number of potential buyers and/or potentially affecting liquidity in the secondary market.

More Stringent Investment Restrictions

CLOs' indentures may restrict the type of investments that a manager may make more so than other investment vehicles. For example, indentures often limit investments in certain loan originations, the use of certain synthetic derivatives, and certain other types of investments. These limitations could adversely affect CLO Advisors' ability to manage its CLO Clients.

Priority of Payment / Waterfall

As CLO note holders are paid according to priority, certain investors may see their interest and/or return deferred, reduced, or eliminated.

Mandatory Redemption

If coverage tests are not met for certain note holders, interest payments may be used to redeem notes that are more senior. This could result in an elimination, deferral or reduction in the interest to certain other note holders. In addition, a mandatory redemption could result in CLO Advisors liquidating positions more rapidly than would otherwise be desirable, which could adversely affect the realized value of the collateral obligation sold. Similarly, a default or ratings confirmation failure, or certain tax events also could lead to a redemption. In the event of an early redemption, the holders of certain notes may be repaid before other note holders.

Differential Rights

CLOs typically grant certain investors – often the subordinated note holders – certain rights to re-price, reset, or redeem CLO notes if certain conditions are met. These rights may be exercised to the detriment of other note holders. In particular, certain note holders may have their interest proceeds or expected return deferred, reduced, and/or eliminated. The most senior class of

outstanding note holders also may have different rights than other note holders, including but not limited to, related to authorizing trading activity, approving amendments to indentures, and/or other areas. *See also Item 10.*

Business and Regulatory Risks of Private Investment CLOs

Legal, tax and regulatory changes could occur during the term of a CLO that may adversely affect a CLO. The regulatory environment for private investment funds and other investment vehicles is evolving, and there is a possibility that changes in securities regulations will adversely affect the value of fund interests, including by adversely affecting the value of investments held by a CLO and the ability of a CLO to obtain the leverage it might otherwise obtain or to pursue its trading strategies. In addition, the securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. The SEC, the Commodities Futures Trade Commission (“CFTC”), other regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The regulation of derivatives transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by domestic and foreign government and judicial action. The effect of any future regulatory change on a CLO could be substantial and adverse.

Nature of Client Investments

Competitive Environment

The business of investing in assets meeting CLO Clients’ investment objectives is highly competitive. Competition for investment opportunities includes a growing number of non-traditional participants, such as hedge funds, private and public mezzanine and subordinated debt funds, including business development companies, and other private investors, as well as more traditional lending institutions and competitors. Some of these competitors may have access to greater amounts of capital and to capital that may be committed for longer periods of time or may have different return thresholds than CLO Clients, and thus these competitors may have advantages not shared by CLO Clients. Increased competition for, or a diminishment in the available supply of, investments suitable for CLO Clients could result in lower returns on such investments. In addition, issuers may prefer to take advantage of favorable high yield or second-lien markets and issue subordinated debt in those markets, which could result in fewer investment opportunities for CLO Clients. Moreover, the identification of attractive investment opportunities is difficult and involves a high degree of uncertainty. CLO Clients may incur significant expenses in connection with identifying investment opportunities and investigating other potential investments which are ultimately not consummated, including expenses relating to due diligence, transportation, legal expenses and the fees of other third party advisers.

Concentration of Investments

Except as set forth in the applicable Advisory Agreement, CLO Clients are generally not limited in the amount of capital that may be committed to any one investment, industry or sector, geography, or similar category or asset class. As such, CLO Client assets may not be diversified. Any such non-diversification would increase the risk of loss to a CLO Client if there were a decline in the

market value of any security, category or asset class in which a CLO Client had invested a large percentage of its assets. If a large portion of the assets of a CLO Client is held in cash or similarly liquid form, such CLO Client's performance would likely be adversely affected. Investment in a non-diversified investment vehicle will generally entail greater risks than investment in a "diversified" investment vehicle.

Geographic Risk

CLO Clients invest across a multitude of countries and regions. Certain CLO Clients may be wholly or primarily dedicated to investments in a specific region while other CLO Clients may allocate capital across multiple regions. Investments in some of these countries and regions may incur additional risk due to the social, political, governmental, and legal infrastructure in such locations. Certain countries may face social and political instability resulting from government decisions, popular unrest, hostile relations with neighboring countries, ethnic, racial, and religious conflict, or other factors. Additionally, certain countries may have underdeveloped markets, legal systems, or other structures critical to the facilitation of an investment in those countries. Investments by CLO Clients in such countries involve greater risk of economic loss due to the potential for unforeseen changes or developments in the political or social environment.

Senior Advisers and Third Party Service Providers

CLO Advisors and its affiliates may retain third parties to provide services in relation to investment activities and operations. In particular, third parties may be retained to provide sourcing, consulting or advisory services, including services related to the development of investment theses and investment opportunities in a given sector or deal analyses (in each case, services may, for the avoidance of doubt, be provided prior to the commencement of an investment). Additional third party consultants, legal advisers, accountants, investment banks and others may be retained to assist in the investment due diligence process to varying degrees depending on the particular investment. CLO Advisors and its affiliates may also retain one or more individuals in connection with establishing platforms for investments, operating portfolio companies or providing other similar services.

Generally speaking, individuals or parties engaged in whole or in part to identify, source, diligence, and/or provide other related advisory services related to investments are referred to as "Senior Advisers." CLO Advisors may, in addition, engage or enter into an agreement with a specific type of third party known as a Fundless Sponsor, which is an individual or entity that receives a fee in exchange for sourcing and managing private investments, typically in middle market companies. Collectively, these entities – in conjunction with any other service provider engaged by CLO Advisors for any investment-related purpose – are referred to as "Third Parties."

Such involvement of Third Parties may present a number of risks primarily relating to CLO Advisors' reduced control of the functions that are outsourced. CLO Advisors may rely on the findings of Third Parties in making investment and management decisions. While no Third Parties providing services to CLO Advisors will have any fiduciary duties to CLO Advisors or CLO Clients, they may be entitled to indemnification under the terms of their service contracts or other arrangements entered into with CLO Clients or CLO Advisors; the costs and expenses of such indemnification would be borne by CLO Clients. In certain circumstances, CLO Advisors and its

employees may have other relationships with Third Parties which makes CLO Advisors more likely to engage that provider. Fees paid to Third Parties may be structured in various manners, including but not limited to, as a retainer, as incentive compensation (such as success fees or carried interest) and/or based on the particular services provided. Some or all of these fees will be borne by CLO Clients and will not reduce the management fees owed to CLO Advisors. Service providers may also be granted preferential equity interests (including stock options) in one or more portfolio companies, which they may not have received if they did not have an ongoing relationship with CLO Advisors and CLO Clients. Any such preferential equity interests (including any stock options) will not be for the benefit of CLO Advisors, and the value of such preferential interests (including any such stock options) will not reduce the management fees owed to CLO Advisors even if the payment of such fees or granting of such preferential equity interests have the effect of reducing payments to such Third Parties by CLO Advisors. These Third Parties also may incur expenses in the course of their work, and some or all of these expenses could be borne by CLO Clients. These items are subject to the applicable offering materials, agreements, and governing documents of particular CLO Clients, and may vary among CLO Clients.

Expedited Investment Decisions

Investment analyses and decisions by CLO Advisors will frequently be required to be undertaken on an expedited basis to take advantage of investment opportunities. In these cases, the information available to CLO Advisors at the time of making an investment decision may be limited. Therefore, no assurance can be given that CLO Advisors will have knowledge of all circumstances that could adversely affect an investment. In addition, CLO Advisors expects to rely upon independent consultants and other sources in connection with its evaluation of proposed investments, and no assurance can be given as to the accuracy or completeness of the information provided by such independent consultants or other sources, or as to CLO Clients' right of recourse against them in the event errors or omissions do occur.

Leverage

CLOs are generally structured as levered vehicles. While the use of borrowed funds will increase returns if a Client earns a greater return on the incremental investments purchased with borrowed funds than it pays for such funds, the use of leverage will decrease returns if a CLO Client fails to earn as much on such incremental investments as it pays for such investment. Therefore, the effect of leverage often will result in a greater decrease in the value of a CLO Client than if a CLO Client was not so leveraged.

Repayment of Certain Distributions

The capital contributed by any CLO Client investor is susceptible to risk of loss as a result of any liability of the applicable CLO Client. CLO Client investors may be required to return distributions previously received under certain circumstances, and may be liable under applicable fraudulent conveyance, bankruptcy or other insolvency laws to return a distribution. Finally, CLO Client investors may be required to reimburse the applicable CLO Client for amounts that are required to be withheld by such CLO Client for tax purposes.

Valuation

CLO Advisors values the investments owned by CLO Clients. CLO Advisors will exercise its discretion in seeking to value these investments in good faith. There is no actively traded market for some of the securities or investment products owned by CLO Clients. When estimating fair value, CLO Advisors will apply a methodology based on its best judgment that is appropriate in light of the nature, facts and circumstance of the investments. The process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and may differ from the prices at which such securities are ultimately sold. Third-party pricing information, including service providers, may not be available or used regarding certain assets. The exercise of discretion in valuation by CLO Advisors gives rise to conflicts of interest, as the performance allocation in certain CLO Clients is calculated based, in part, on these valuations and such valuations affect performance calculations. In addition, CLO Advisors may or may not value the investments consistently with how the same or similar investments are valued by other Bain Capital advisers. The valuations determined by CLO Advisors have an impact on the value of CLO Clients.

Trading Risk

CLO Advisors' trade error policy only requires CLO Advisors to reimburse CLO Clients for any losses resulting from CLO Advisors' breach of the applicable standard of care in placing, executing, or settling a trade. Although CLO Advisors' personnel endeavor to take the utmost care in implementing investment decisions on behalf of each of CLO Client, trade errors do occur and could have a material adverse impact on the performance of any or all CLO Clients.

While CLO Advisors endeavors to make its clients whole when trade errors occur, calculating the exact amount owed to a CLO Client involves discretion. CLO Advisors will seek to calculate the amount owed in good faith.

Different risks exist with respect to investments in different CLO Clients. The risks associated with an investment in any particular CLO Client will generally be substantially impacted by the nature and timing of the market.

Compliance with Sanctions, FCPA, and Anti-Corruption Requirements

Economic and trade sanction laws and regulations in the United States, the European Union and other jurisdictions may prohibit CLO Clients from transacting, directly or indirectly, with certain countries, territories, entities and individuals. In the United States, the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") and the U.S. Department of State's Office of Economic Sanctions Policy and Implementation ("ESPI") administers and enforces laws, executive orders, regulations and related authorities establishing U.S. economic and trade sanctions. Such economic and trade sanctions prohibit, among other things, transactions with, and the provision of services to, directly or indirectly, certain countries, territories, entities and individuals (each a "Sanctioned Party," and collectively, "Sanctioned Parties"). These Sanctioned Parties include certain non-U.S. countries and individuals and entities listed on OFAC's list of Specially

Designated Nationals (as such list may be amended from time to time), which includes certain designated narcotics traffickers, certain entities and persons engaged in activities related to the proliferation of weapons of mass destruction and other parties subject to OFAC economic and trade sanctions programs. In addition, certain programs administered by OFAC and ESPI prohibit dealing with certain individuals or entities, including individuals or entities in certain countries or of certain nationalities, regardless of whether such individuals or entities appear on the lists maintained by OFAC and ESPI. It is possible that these types of U.S. and other economic and trade sanctions law and regulations may significantly restrict or completely prohibit CLO Clients' intended investment activities. As a result, CLO Clients may be adversely affected because of their unwillingness to participate in transactions that may violate such laws or regulations. Such laws and regulations may make it difficult or impossible in certain circumstances for CLO Clients to act expeditiously or successfully on investment opportunities.

Costs of Complying with Regulations

The operations of CLO Clients are subject to material federal, state and local laws, rules and regulations, as well as the laws, rules and regulations of non-U.S. jurisdictions, which could materially adversely affect the CLO Clients. Generally, investments are subject to various laws, ordinances, rules and regulations. Changes in U.S. federal, state and local laws, rules and regulations, and, to the extent applicable, non-U.S. laws, rules and regulations, could negatively affect the ability of CLO Clients and their investments.

Risks of Investments

General Market and Credit Risks of Debt Securities

Debt portfolios are subject to credit and interest rate risk. "Credit risk" refers to the likelihood that an issuer will default in the payment of principal and/or interest on an instrument. Financial strength and solvency of an issuer are the primary factors influencing credit risk. In addition, subordination, lack or inadequacy of collateral or credit enhancement for a debt instrument likely will affect its credit risk. Credit risk typically changes over the life of an instrument and securities which are rated by rating agencies are often reviewed and are subject to downgrade. "Interest rate risk" refers to the risks associated with market changes in interest rates. Factors that generally affect market interest rates include, without limitation, inflation, slow or stagnant economic growth or recession, unemployment, money supply and the monetary policies of the Federal Reserve Board and central banks throughout the world, international disorders and instability in domestic and foreign financial markets. Interest rate changes affect the value of a debt instrument indirectly (especially in the case of fixed rate securities) and directly (especially in the case of instruments whose rates are adjustable). In general, rising interest rates will negatively impact the price of a fixed rate debt instrument and falling interest rates will have a positive effect on price. Adjustable rate instruments also react to interest rate changes in a similar manner although generally to a lesser degree (depending, however, on the characteristics of the reset terms, including, among other factors the index chosen, frequency of reset and reset caps or floors). Interest rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules. CLO Advisors expects that it will periodically experience imbalances in the interest rate sensitivities of CLO Clients' assets and liabilities and the relationships of various interest rates to

each other. In a changing interest rate environment, if CLO Advisors does not manage this risk effectively, then a CLO Client's performance could be adversely affected. In addition, CLO Clients' investments are generally expected to include subordinated or unsecured debt investments issued with a fixed yield; thus, credit risk and interest rate risk are often greater than those generally applicable to other types of debt investments.

The credit markets have experienced an unprecedented degree of dislocation since 2007. CLO Advisors seeks to capitalize on opportunities created by this dislocation, but this strategy carries significant risk of substantial loss if the market dislocation continues or is exacerbated by other events, such as the failure of significant financial institutions or hedge funds, dislocations in other investment markets, or extrinsic events.

Adverse Effect of Economic Conditions

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

Operating and Financial Risks of Investments

Companies in which CLO Clients invest often face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and other capabilities, or a larger number of qualified managerial and technical personnel. As a result, portfolio companies which CLO Advisors expects to be stable at times will operate at a loss or have significant variations in operating results, at times will require substantial additional capital to support their operations or to maintain their competitive position or at times will have a weak financial condition or be experiencing financial distress.

Portfolio companies often issue certain types of debt, such as mezzanine or high yield, in connection with leveraged acquisitions or recapitalizations in which the portfolio company incurs a substantially higher amount of indebtedness than the level at which it had previously operated.

Potential Illiquidity of Investments

The market value of the investments of each CLO Client will fluctuate with, among other things, changes in market rates of interest, general economic conditions and economic conditions in particular industries, the condition of financial markets and the financial condition of the issuers of a CLO Client's investments.

In particular, major market upsets (including those caused by war, terrorism, or other world events), general market cessations, changes in interest rates, availability of credit, inflation rates, political and economic uncertainty, changes in laws (including laws relating to taxation of a CLO Client's investments), trade barriers, currency exchange rates and controls, government debt burdens and monetary and deficit policies, the relative volatility between investments or equity derivative risk, the participation by other investors in the financial markets, macroeconomic dislocations and revaluations, the effectiveness of a CLO Client's hedging and risk management strategies and extreme market conditions can affect the value of a CLO Client's investments. These factors may affect the level and volatility of investment prices and the liquidity of a CLO Client's investments. Volatility or illiquidity could impair a CLO Client's profitability or result in losses.

General fluctuations in the market prices of securities and economic conditions generally, particularly of the type experienced since 2008, may reduce the availability of attractive investment opportunities for CLO Clients and may affect CLO Clients' ability to make investments and the value of the investments held by CLO Clients. Instability in the securities markets and economic conditions generally may also increase the risks inherent in CLO Clients' investments. From time to time, periods of increased volatility in the public securities markets and/or a tightening of the credit markets may severely hamper the ability of companies to obtain financing for ongoing operations or expansions. Moreover, it remains unknown whether governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) will have a positive or negative effect on market conditions. During these periods, there can be no assurance when and if the market will become more liquid. The ability to realize investments depends on political, market and economic conditions at the time of such realizations. Continued or renewed volatility in the financial sector may have an adverse material effect on the ability of CLO Clients to buy, sell and partially dispose of their investments. CLO Clients may be adversely affected to the extent that they seek to dispose of any of their investments into an illiquid or volatile market, and a CLO Client may find itself unable to dispose of investments at prices that CLO Advisors believes reflect the fair value of such investments. The duration and ultimate effect of current market conditions and whether such conditions may improve or worsen cannot be predicted.

In addition, the lack of an established, liquid secondary market for some of CLO Clients' investments may sometimes have an adverse effect on the market value of such investments and on CLO Clients' ability to dispose of them. Additionally, if CLO Clients' investments are subject to certain transfer restrictions this will contribute to illiquidity. Finally, assets of CLO Clients that are typically traded in a liquid market will likely become more illiquid if the applicable trading market tightens as a result of a significant macro-economic shock or for any other reason. Therefore, no assurance can be given that, if CLO Advisors is determined to cause the disposal of a particular such investment held by a CLO Client, it could dispose of such investment at the prevailing market price. Illiquidity adversely affects the price and timing of liquidation of CLO

Clients' investments upon the redemption of an investor's interest, to pay expenses of CLO Clients or to pay the Advisory Fee.

A portion of a CLO Client's investments consist of securities that are subject to restrictions on resale by such Client because they were acquired in a "private placement" transaction or because such CLO Client is deemed to be an affiliate of the issuer of such securities. Generally, a CLO Client will be able to sell such securities only under Rule 144 under the Securities Act, which permits limited sales under specified conditions, or pursuant to a registration statement under the Securities Act. When restricted securities are sold to the public, there is a possibility that a CLO Client will be deemed to be an underwriter or possibly a controlling person, with respect thereto for the purposes of the Securities Act and be subject to liability as such under the Securities Act.

If CLO Advisors, from time to time, possesses material, non-public information about a borrower or issuer or CLO Advisors is an affiliate of a borrower or an issuer, then such information or affiliation will limit the ability of the applicable CLO Client to buy and sell investments.

Reliance on Management of Portfolio Companies

Although CLO Advisors intends to invest in portfolio companies that have strong management teams and/or to assist in enhancing management teams, there can be no assurance that any portfolio company's management team will be able to operate successfully. In addition, instances of fraud and other deceptive practices committed by the management team of portfolio companies in which a CLO Client has an investment may undermine CLO Advisors' due diligence efforts with respect to such companies. The success or failure of a portfolio company, including its compliance with applicable law, will depend to a significant extent on the portfolio company's management team.

Fraud

The value of investments made by CLO Clients may be adversely affected by material misrepresentation, omission, inaccuracy or incompleteness on the part of a borrower or the issuer. Such material misrepresentation, omission, inaccuracy or incompleteness may adversely affect the valuation of the collateral underlying the loans or may adversely affect the ability of CLO Clients to enforce any security in respect of such loans.

Third Party Litigation

In addition to litigation relating to the bankruptcy process as described below under "Item 8: Risks —DIP Loans," CLO Clients' investment activities subject them to the normal risks of becoming involved in litigation by third parties. This risk is somewhat greater where the relevant CLO Client exercises control or significant influence over a company's direction. The expense of defending against claims by third parties and paying any amounts pursuant to settlements or judgments would generally be borne by the relevant CLO Client and would reduce net assets.

Investment in non-U.S. Issuers

Certain CLO Clients invest in the securities of non-U.S. issuers. On occasion, there is less information publicly available about a non-U.S. issuer than about a U.S. issuer, and non-U.S. issuers are generally not subject to accounting, auditing and financial reporting standards and practices comparable to those in the United States. In addition, with respect to certain countries, there is a possibility of expropriation, imposition of non-U.S. withholding or other taxes on dividends, interest, capital gains or other income, limitations on the removal of funds or other assets of a CLO Client, political or social instability or diplomatic developments that could affect investments in those countries. An issuer of securities may be domiciled in a country other than the country in whose currency the instrument is denominated. The values and relative yields of investments in the securities markets of different countries, and their associated risks, are expected to change independently of each other.

Bankruptcy law and process in non-U.S. jurisdictions often differ substantially from that in the United States, which will often result in greater uncertainty as to the rights of creditors, the enforceability of such rights, reorganization timing and the classification, seniority and treatment of claims. In certain developing countries, although bankruptcy laws have been enacted, the process for reorganization remains highly uncertain, while some other developing countries have no bankruptcy laws enacted, adding further uncertainty to the process for reorganization.

Emerging Market Risks

The risks of investments in non-U.S. markets described above apply to an even greater extent to investments in emerging markets. The securities markets of emerging market countries are generally smaller, less developed, less liquid, and more volatile than the securities markets of the U.S. and other developed markets. Disclosure and regulatory standards in many respects are less stringent than in the U.S. and other developed markets. There also may be a lower level of monitoring and regulation of securities markets in emerging market countries and the activities of investors in such markets and enforcement of existing regulations may be inconsistent and subject to change without warning. In addition, custodial services and other costs relating to investments may be more expensive in emerging markets than in many developed markets, which could reduce a CLO Client's income from such investments. In many cases, governments of emerging market countries continue to exercise significant control over their economies, and government actions relative to the economy, as well as economic developments generally, may adversely affect the liquidity and price of investments, regardless of the issuer's financial condition. In addition, there is a heightened possibility of expropriation or confiscatory taxation, imposition of withholding taxes on interest or dividend payments, or other similar developments that could affect investments in those countries. There can be no assurance that adverse political changes will not cause CLO Clients to suffer a loss of any or all of their investments.

Potential Implications of Brexit

The decision made in the United Kingdom referendum of 23 June 2016 to leave the European Union has led to volatility in the financial markets of the United Kingdom and more broadly across Europe and may also lead to weakening in consumer, corporate and financial confidence in such

markets. The extent and process by which the United Kingdom will exit the European Union, and the longer term economic, legal, political and social framework to be put in place between the United Kingdom and the European Union are unclear at this stage and are likely to lead to ongoing political and economic uncertainty and periods of exacerbated volatility in both the United Kingdom and in wider European markets for some time. In addition, the decision made in the United Kingdom referendum may lead to a call for similar referendums in other European jurisdictions which may cause increased economic volatility in the European and global markets. This mid to long term uncertainty may have an adverse effect on the economy generally and on the ability of a CLO Client and its investments to execute their respective strategies and to receive attractive returns. In particular, currency volatility may mean that the returns of a CLO Client and its investments are adversely affected by market movements and may make it more difficult, or more expensive, for a CLO Client to execute prudent currency hedging policies. Potential decline in the value of the British Pound and/or the Euro against other currencies, along with the potential downgrading of the UK's sovereign credit rating, may also have an impact on the performance of investments located in the United Kingdom or Europe. In light of the above, no definitive assessment can currently be made regarding the impact that Brexit will have on each CLO Client, its investments or its organization more generally.

In particular, currency volatility may mean that the returns of a CLO Client and its investments are adversely affected by market movements and may make it more difficult, or more expensive, for the Fund to execute prudent currency hedging policies. Potential decline in the value of the British Pound and/or the Euro against other currencies, along with the potential downgrading of the United Kingdom's sovereign credit rating, may also have an impact on the performance of investments located in the United Kingdom or Europe.

Inflation

Certain countries in which CLO Clients may invest have historically experienced substantial rates of inflation, and the rapidly growing nature of an emerging economy may lead to higher rates of inflation. Inflation and rapid fluctuations in interest rates have had, and may continue to have, negative effects on the economies and securities markets of certain emerging economies. Past governmental efforts to curb inflation have included wage and price controls, as well as more drastic economic measures that have had a materially adverse effect on the level of economic activity in the affected country. There can be no assurance that inflation will not become a serious problem in the future and thereby negatively affect CLO Clients' investment returns.

Environmental Risks

CLO Clients may face significant environmental liabilities in connection with the investments Clients make in certain countries. The historical lack of environmental regulation in some of these countries has led to widespread pollution of air, ground and water resources. The legislative framework for environmental liability has not been fully established or implemented. The extent of the responsibility, if any, for the costs of abating environmental hazards may be difficult to quantify when CLO Clients are considering an investment. CLO Clients may experience material losses due to these risks.

Climate Change

CLO Clients may acquire investments that are located in areas which are subject to climate change. Any investments located in coastal regions may be affected by any future increases in sea levels or in the frequency or severity of hurricanes and tropical storms, whether such increases are caused by global climate changes or other factors. There may be significant physical effects of climate change that have the potential to have a material effect on the CLO Clients' business and operations. Physical impacts of climate change may include: increased storm intensity and severity of weather (e.g., floods or hurricanes); sea level rise; and extreme temperatures. As a result of these physical impacts from climate-related events, CLO Clients may be vulnerable to the following: risks of property damage to investments; indirect financial and operational impacts from disruptions to the operations of investments from severe weather; increased insurance premiums and deductibles or a decrease in the availability of coverage, for investments in areas subject to severe weather; decreased net migration to areas in which investments are located, resulting in lower than expected demand for the products and services of the investments; increased insurance claims and liabilities; increase in energy cost impacting operational returns; changes in the availability or quality of water or other natural resources on which the business depends; decreased consumer demand for consumer products or services resulting from physical changes associated with climate change (e.g., warmer temperature or decreasing shoreline could reduce demand for residential and commercial properties previously viewed as desirable); incorrect long-term valuation of an equity investment due to changing conditions not previously anticipated at the time of the investment; and economic distributions arising from the foregoing.

Potential Early Redemption of Some Investments

Some of the terms of debt instruments acquired by a CLO Client will be subject to early prepayment options or similar provisions which, in each case, could result in a CLO Client realizing such instruments earlier than expected, sometimes with no or a nominal prepayment premium. This typically happens when there is a decline in interest rates, when the portfolio company's improved credit or operating or financial performance allows the refinancing of certain classes of debt with lower cost debt, or when the general credit market conditions improve. In the event a CLO Client receives proceeds from an investment earlier than it had anticipated, a CLO Client is often permitted to reinvest such proceeds, but there is no assurance that a CLO Client will be able to reinvest such proceeds even where they are received during the investment period. On occasion, a CLO Client's inability to reinvest such proceeds will materially affect the performance of a CLO Client.

Limited Amortization Requirements

From time to time, CLO Clients will invest in debt that will typically have limited mandatory amortization and interim repayment requirements. A low level of amortization of any debt, over the life of the investment, will increase the risk that a portfolio company will not be able to repay or refinance the debt held by a CLO Client when it comes due at its final stated maturity.

High Yield Debt

From time to time, CLO Clients will invest in high yield debt, a substantial portion of which is rated below investment-grade by one or more nationally recognized statistical rating organizations or are unrated but, in CLO Advisors' opinion, of comparable credit quality to obligations rated below investment-grade, and have greater credit and liquidity risk than more highly rated debt obligations. High yield debt is generally unsecured and is often subordinate to other obligations of the obligor. The lower rating of high yield debt reflects a greater possibility that adverse changes in the financial condition of the obligor or in general economic conditions (including, for example, a substantial period of rising interest rates or declining earnings) or both will impair the ability of the obligor to make payment of principal and interest. Many issuers of high yield debt are highly leveraged, and their relatively high debt-to-equity ratios create increased risks that their operations might not generate sufficient cash flow to service their debt obligations. In addition, issuers of high yield debt are often in poor financial condition, experiencing poor operating results, having substantial capital needs or negative net worth or facing special competitive or product obsolescence problems, and could include companies involved in bankruptcy or other reorganizations or liquidation proceedings. Certain of these securities will not be publicly traded, and in this circumstance, it will be difficult to obtain information as to the true condition of the issuers. Overall declines in the below investment-grade bond and other markets typically adversely affect such issuers by inhibiting their ability to refinance their debt at maturity. High yield debt is often less liquid than higher rated securities. The market values of certain of this high yield debt will reflect individual corporate developments.

High yield debt is often issued in connection with leveraged acquisitions or recapitalizations in which the issuers incur a substantially higher amount of indebtedness than the level at which they had previously operated. High yield debt has historically experienced greater default rates than has been the case for investment-grade securities.

High yield debt is also issued in the form of zero-coupon or deferred interest bonds, which are bonds which are issued at a significant discount from face value. The original discount approximates the total amount of interest the bonds will accrue and compound over the period until maturity or the first interest accrual date at a rate of interest reflecting the market rate of the security at the time of issuance. While zero-coupon bonds do not require the periodic payment of interest, deferred interest bonds generally provide for a period of delay before the regular payment of interest begins. These investments typically experience greater volatility in market value due to changes in the interest rates than bonds that provide for regular payments of interest.

Bank Loans

The investments of a CLO Client at times include interests in loans originated by banks and other financial institutions. The loans invested in by a CLO Client may include term loans and revolving loans, may pay interest at a fixed or floating rate and may be senior or subordinated. Purchasers of bank loans are predominantly commercial banks, investment funds and investment banks. As secondary market trading volumes for bank loans increase, new bank loans are frequently adopting standardized documentation to facilitate loan trading which should improve market liquidity. There

can be no assurance, however, that future levels of supply and demand in bank loan trading will provide an adequate degree of liquidity or that the market will not experience periods of significant illiquidity in the future. In addition, CLO Clients at times make investments in stressed or distressed bank loans which are often less liquid than performing bank loans. CLO Clients acquire interests in bank loans either directly (by way of sale or assignment) or indirectly (by way of participation). The purchaser of an assignment typically succeeds to all the rights and obligations of the assigning institution and becomes a lender under the credit agreement with respect to the debt obligation; however, its rights can be more restricted than those of the assigning institution. Participation interests in a portion of a debt obligation typically result in a contractual relationship only with the institution participating out the interest, not with the borrower. In purchasing participations, a CLO Client generally will have no right to enforce compliance by the borrower with the terms of the loan agreement, nor any rights of set-off against the borrower, and such CLO Client will not directly benefit from the collateral supporting the debt obligation in which it has purchased the participation. As a result, such CLO Client will assume the credit risk of both the borrower and the institution selling the participation.

Cov-Lite Loans

Investments may consist significantly of Cov-Lite Loans. Cov-Lite Loans typically contain limited, if any, financial covenants. Such loans do not require the borrower to maintain debt service or other financial ratios and often do not contain restrictions on the ability of the borrower to incur additional debt, make certain restricted payments, change significantly its operations or to enter into other significant transactions that could affect its ability to repay such loans. Ownership of Cov-Lite Loans may expose the issuer to different risks, including with respect to liquidity, price volatility, ability to restructure loans, credit risks and less protective loan documentation than is the case with loans that have such requirements and restrictions, which could result in an adverse impact on the CLO's ability to make payments to note holders.

Priority of Repayment for Certain Investments

The characterization of a CLO Client's investments as senior debt or senior secured debt does not mean that such debt will necessarily be repaid in priority to all other obligations of the businesses in which a CLO Client invests. Furthermore, debt and other liabilities incurred by non-guarantor subsidiaries of the borrowers of senior secured loans made by a CLO Client are often structurally senior to the debt held by a CLO Client. In the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a portfolio company, the debt and other liabilities of such subsidiaries will generally be repaid in full before any distribution can be made to an obligor of the senior secured loans held by a CLO Client. Finally, portfolio companies will typically incur trade credit and other liabilities or indebtedness, which by their terms could provide that their holders are entitled to receive principal payments on or before the dates payments are due in respect of the senior secured loans held by a CLO Client.

Risks of Secured Loans

CLO Clients have in the past and may in the future invest in secured loans that are over-collateralized at the time of the investment, but such secured loans nonetheless may be exposed to losses resulting from default and foreclosure. Therefore, the value of the underlying collateral, the

creditworthiness of the borrower and the priority of the lien are each of great importance. A CLO Client cannot guarantee the adequacy of the protection of a CLO Client's interests, including the validity or enforceability of the loan and the maintenance of the anticipated priority and perfection of the applicable security interests. Furthermore, a CLO Client cannot assure that claims will not be asserted that might interfere with enforcement of a CLO Client's rights. In addition, in the event of any default under a secured loan held directly by a CLO Client, a CLO Client will bear a risk of loss of principal to the extent of any deficiency between the value of the collateral and the principal and accrued interest of the secured loan, which could have a material adverse effect on a CLO Client's cash flow from operations.

In the event of a foreclosure, there is a possibility that a CLO Client will assume direct ownership of the underlying asset. The liquidation proceeds upon sale of such asset may not satisfy the entire outstanding balance of principal and interest on the loan, resulting in a loss to a CLO Client. Any costs or delays involved in the effectuation of a foreclosure of the loan or a liquidation of the underlying property will further reduce the proceeds and thus increase the loss.

Investments in Undervalued Assets

CLO Clients often seek to invest in undervalued assets. The identification of investment opportunities in undervalued assets is a difficult task, and there is no assurance that such opportunities will be successfully recognized or acquired. While investments in undervalued assets offer the opportunity for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses.

On occasion, CLO Clients will be required to hold undervalued assets for a substantial period of time with the expectation that the assets will appreciate in value, even though there is no assurance that such value appreciation will take place. Accordingly, there is a possibility that a CLO Client will be forced to sell such undervalued assets at a substantial loss. During this period, a portion of such CLO Client's funds would be committed to undervalued assets, thus possibly preventing such CLO Client from investing in other opportunities. In addition, a CLO Client could finance such purchases with borrowed funds and thus will have to pay interest on such funds during this waiting period. Finally, margin calls and other events related to such CLO Client's indebtedness could force such CLO Client to have to sell assets at prices that are less than their fair value.

Investments in Technology Start-Up and Similar Companies

CLO Clients may invest in technology start-up or similar companies. These businesses are often involved in new and often untested products, services and markets. Such investments may be subject to additional risks common among technology start-up companies, including risks related to (i) increased litigation, and significant costs associated therewith (including, potentially, litigation involving intellectual property and privacy), (ii) significant regulatory scrutiny, (iii) technology error, viruses, hacking or other failure, (iv) market saturation and an inability to grow its user base, (v) competition, including by competitors that create new and improved technology, (vi) unfavorable media coverage, (vii) an inability to effectively manage the rapid growth of its organization, (viii) expansion into unfamiliar jurisdictions, (ix) an inability to generate meaningful

revenue (despite a significant user base), and (x) an inability to continue to adapt to changes and improve and upgrade technology.

Investments in the Energy Sector

CLO Clients expect to make certain investments in and relating to the energy sector. The operations of energy companies are subject to many risks inherent in the transporting, processing, storing, distributing, mining or marketing of natural gas, natural gas liquids, crude oil, coal, refined petroleum products or other hydrocarbons, or in the exploring, managing or producing of such commodities, including, without limitation: damage to pipelines, storage tanks or related equipment and surrounding properties caused by hurricanes, tornadoes, floods, fires and other natural disasters or by acts of terrorism, inadvertent damage from construction and farm equipment, leaks of natural gas, natural gas liquids, crude oil, refined petroleum products or other hydrocarbons, and fires and explosions. These risks could result in substantial losses due to personal injury or loss of life, severe damage to and destruction of property and equipment and pollution or other environmental damage, and may result in the curtailment or suspension of their related operations, any and all of which could result in lower than expected returns to CLO Clients. In addition, the energy sector has experienced significant volatility at times, which may occur in the future, and which could negatively affect the returns on any investment made by CLO Clients in this sector.

Investments in the Industrial / Distribution Industries

The industrial and distribution industries CLO Clients may invest in encounter competition in all areas of their businesses. Customers increasingly demand more technologically advanced and integrated products. To remain competitive, CLO Clients may need to invest continuously in research and development, manufacturing, marketing, client service and support and distribution networks. In the event of technological advance and a significant shift in the character of the market's demand, or if certain products become technologically obsolete, the performance of a CLO Client's investment, may be materially adversely affected.

Investments in the Commodities Sector

CLO Clients expect to make certain investments in and relating to the commodities sector. Commodities are assets that have tangible properties, such as oil, metals and agricultural products. Commodity prices can be extremely volatile and are influenced by many factors, including changes in overall market movements; real or perceived inflationary trends; commodity index volatility; changes in interest rates or currency exchange rates; population growth and changing demographics; nationalization, expropriation, or other confiscation; international regulatory, political, and economic developments (e.g., regime changes and changes in economic activity levels); government trade, fiscal, monetary, and exchange control programs and policies; developments affecting a particular industry or commodity, such as drought, flood, or other weather conditions, livestock disease, trade embargoes, competition from substitute products, transportation bottlenecks or shortages, fluctuations in supply and demand, and tariffs; and the inherent volatility of the marketplace. In addition, U.S. and non-U.S. governments from time to time intervene, directly and by regulation, in certain markets, often with the intent to influence prices directly.

Actions of and changes in governments, and political and economic instability, in commodity-producing and -exporting countries may affect the production and marketing of commodities. In addition, commodity-related industries throughout the world are subject to greater political, environmental, and other governmental regulation than many other industries. Changes in government policies and the need for regulatory approvals may adversely affect the products and services of companies in the commodities industries. For example, the exploration, development, and distribution of coal, oil, and gas in the United States are subject to significant federal and state regulation, which may affect rates of return on coal, oil, and gas and the kinds of services that the federal and state governments may offer to companies in those industries. In addition, compliance with environmental and other safety regulations has caused many companies in commodity-related industries to incur production delays and significant costs. Government regulation may also impede the development of new technologies. The effect of future regulations affecting commodity-related industries cannot be predicted.

Investments in Industries Related to Natural Resources

CLO Clients expect to invest in assets related to the natural resources sector, and would be exposed to adverse developments, including adverse price movements, affecting issuers in the natural resources sector. In addition, the prices of securities issued by companies in the natural resources sector may be more volatile than those of securities of companies in other industries. Some of the commodities used as raw materials or produced by these companies are subject to broad price fluctuations as a result of industry wide supply and demand factors. Companies in the natural resources sector often have limited pricing power over supplies or for the products they sell, which can affect their profitability. Companies in the natural resources sector also may be subject to special risks associated with natural or man-made disasters. In addition, the natural resources sector can be especially affected by political and economic developments, government regulations including changes in tax law or interpretations of law, energy conservation, and the success of exploration projects. Specifically, the natural resource sector can be significantly affected by import controls, worldwide competition, changes in consumer sentiment and spending, and can be subject to liability for, among other things, environmental damage, depletion of resources, and mandated expenditures for safety and pollution control.

Investments in the Metals and Mining Industry

CLO Clients expect to invest in assets related to the metals and mining industry. The profitability of companies in the metals and mining industry is related to, among other things, worldwide metal prices, and extraction and production costs. Worldwide metal prices may fluctuate substantially over short periods of time. In addition, metals and mining companies may be significantly affected by changes in global demand for certain metals, economic developments, energy conservation, exchange rates, the success of exploration projects, interest rates, economic conditions, tax treatment, government regulation and intervention, and world events in the regions that the companies to which a Fund has exposure operate (e.g., expropriation, nationalization, confiscation of assets and property or the imposition of restrictions on foreign investments and repatriation of capital, military coups, social unrest, violence and labor unrest). Metals and mining companies may also be subject to the effects of competitive pressures in the metals and mining industry.

Investments in the Shipping Industry

CLO Clients expect to invest in maritime and maritime-related assets, and therefore may be subject to the risks posed by the shipping industry in general, including: the burdens of ownership of maritime and maritime-related assets; local, national and international economic and political conditions; developments in international trade and changes in seaborne and other transportation patterns; changes in the tourism and holiday travel market; the financial condition of charterers, pool operators, buyers and sellers of maritime-related assets; changes in interest rates and the availability of debt financing which may render the sale or refinancing of maritime and maritime-related assets difficult or impracticable; laws and regulations and fiscal and monetary policies; environmental issues, including accidents, contamination or pollution; changes in tax policies and rates; changes in energy and commodities prices; exposure to emerging markets and politically unstable regions and countries; embargoes and strikes; port and canal closures; cargo and property losses or damage; maritime disasters including collisions, groundings or capsizings or incidents relating to design failures of a vessel; natural disasters, weather patterns, storms, and climate changes; the risk of an explosion, fire or flooding; political unrest or the interference of government agencies or political bodies, armed conflicts and war; acts of piracy; terrorist events; and other factors which are beyond the reasonable control of CLO Clients. The nature, timing and degree of changes in shipping industry conditions are unpredictable. In addition, maritime and maritime-related assets are subject to long-term cyclical trends that give rise to significant volatility in values in terms of charter rates, profitability and, consequently, vessel values. The time lag in the shipping industry between orders and deliveries heighten this cyclicity. Certain significant fixed expenditures associated with purchasing maritime and maritime-related assets (such as third-party borrowings, taxes and maintenance costs) may stay the same or increase even when circumstances cause a reduction in returns from maritime and maritime-related assets. In addition, because of the international nature of the shipping industry, the governing law or laws with respect to the interpretation of contracts and the enforcement of remedies may be uncertain or conflicting, making it difficult for an investor to enforce its rights.

Investments in the Media Industry

CLO Clients expect to invest in media-related assets. Companies in the media industry may encounter distressed cash flows due to the need to commit substantial capital to meet increasing competition, particularly in formulating new products and services using new technology. Media companies are subject to risks that include cyclicity of revenues and earnings, a potential decrease in the discretionary income of targeted individuals, changing consumer tastes and interests, competition in the industry and the potential for increased state and federal regulation. Advertising spending is an important source of revenue for media companies. During economic downturns, advertising spending typically decreases and, as a result, media companies tend to generate less revenue.

Investments in the Telecommunications Industry

CLO Clients may make infrastructure-related investments in the telecommunications sector including sharing economy applications, vertical integration applications, and emerging internet services. Investment opportunities in the telecommunications sector are driven largely by consumer

demand, technological advances, and improvements in data collection and storage. Changes in the development and proliferation of new technologies, data transmission and/or consumer demand, as well as changes in the prevailing global economy, may adversely affect a CLO Client's ability to identify and consummate attractive infrastructure-related investments in the telecommunications sector.

Investments in Consumer-related Industries

Consumer-related industries are typically very competitive and are characterized by a crowded field of competitors. Although there may not be high barriers to entry, long-term market success is subject to a number of factors, many of which lie outside the control of CLO Clients. Consumer spending may be disproportionately affected by adverse economic conditions, and consumer spending patterns in the emerging economies in which CLO Clients intend to invest may be difficult to predict. In addition, investments may face competition from a number of other, more established market participants, including global companies with much greater financial, marketing, and other resources. In either case, a CLO Client's investment results may be affected in a materially adverse manner.

Investments in the Healthcare Industry

The biotechnology, genetic/genomic testing and cancer therapeutic fields are highly competitive. Tests and therapies that are developed are characterized by rapid technological change. Investment competitors include venture capital-funded biotechnology companies, public and private pharmaceutical companies, universities, and public and private research institutions. In recent years, there have been numerous advances in technologies relating to the diagnosis and treatment of various cancer types. A number of other companies have cancer therapies and drug candidates in various stages of pre-clinical or clinical development, some of which may be commercialized in the near future, and the success of other cancer-treating drugs may diminish the need and marketability for treatments that may be developed.

Distressed Investments

CLO Clients may invest in the securities and obligations of distressed and bankrupt issuers, including debt obligations that are in covenant or payment default. Such investments generally are considered speculative. The repayment of defaulted obligations is subject to significant uncertainties. Defaulted obligations might be repaid, if at all, only after lengthy workout or bankruptcy proceedings, during which the issuer might not make any interest or other payments and the amount of any recovery is typically affected by the relative seniority of a CLO Client's investment in the capital structure of the issuer. In addition, distressed investments are more likely to be challenged as fraudulent conveyances and amounts paid on those investments will be subject to avoidance as a preference under certain circumstances.

DIP Loans

The investments of certain CLO Clients may consist of interests in loans issued by companies that are in bankruptcy. These investments are highly risky, as there are a number of significant

risks inherent in the bankruptcy process. First, many events in a bankruptcy are the product of contested matters and adversarial proceedings and are beyond the control of the creditors. While creditors are generally given an opportunity to object to significant actions, there can be no assurance that a bankruptcy court in the exercise of its broad powers would not approve actions that would be contrary to the interests of a CLO Client. Second, the effect of a bankruptcy filing on a company will generally adversely and permanently affect the company. There is a chance that the company will lose its market position and key employees and otherwise become incapable of restoring itself as a viable entity. If for this or any other reason the proceeding is converted to liquidation, the liquidation value of the company will likely not equal the liquidation value that was believed to exist at the time of the investment. Third, the duration of a bankruptcy proceeding is difficult to predict. A creditor's return on investment can be adversely affected by delays while the plan of reorganization is being negotiated, approved by the creditors and confirmed by the bankruptcy court and until it ultimately becomes effective. Fourth, the administrative costs in connection with a bankruptcy proceeding are frequently high. Although DIP loans, in some circumstances, possess priority over administrative expenses, this is not always the case, and when it is not the case, administrative expenses will typically be paid out of the debtor's estate prior to any return to creditors. For example, if a proceeding involves protracted or difficult litigation, or turns into a liquidation, substantial assets will likely be devoted to administrative costs. Fifth, bankruptcy law permits the classification of "substantially similar" claims in determining the classification of claims in a reorganization. Because the standard for classification is vague, there exists the risk that a CLO Client's influence with respect to the class of securities it owns can be lost by increases in the number and amount of claims in that class or by different classification and treatment. Sixth, in the early stages of the bankruptcy process it is often difficult to estimate the extent of, or even to identify, any contingent claims that might be made. Seventh, especially in the case of investments made prior to the commencement of bankruptcy proceedings, creditors can lose their ranking and priority if they exercise "domination and control" over a debtor and other creditors can demonstrate that they have been harmed by such actions. Eighth, certain claims that have priority by law (for example, claims for taxes) may be quite significant. Ninth, amounts previously paid to a CLO Client may be challenged as fraudulent conveyances or preferences as part of a bankruptcy proceeding.

CLO Clients may invest in the securities and obligations issued by companies that are financially distressed and are expected by CLO Advisors to commence bankruptcy proceedings or undertake out-of-court restructurings, including debt obligations that are in covenant or payment default. Such investments generally are considered speculative. The repayment of defaulted obligations is subject to significant uncertainties. While these loans are subject to the risks inherent in the bankruptcy process as DIP loans, they are typically riskier than DIP loans because they do not possess certain protections, such as priming liens, typically afforded to DIP loans. It is more likely that a creditor making an investment made prior to the commencement of bankruptcy proceedings will be deemed to have exercised "domination and control" over a debtor and consequently lose ranking and priority. In addition, investments in pre-filing companies are more likely to be challenged as fraudulent conveyances and amounts paid on the investment will likely be subject to avoidance as a preference under certain circumstances.

Risk Surrounding New Opportunities

CLO Advisors from time to time considers additional investment opportunities, including but not limited to, advising new CLO Clients and/or advising different types of investment vehicles. In addition, CLO Advisors from time to time considers expanding into different geographic locations. The consideration of new investment opportunities and geographic expansion presents additional risk to investors with CLO Advisors.

Widening Risk

For reasons not necessarily attributable to any of the risks set forth herein, there is a possibility that the prices of the securities and other financial assets in which CLO Clients invest will decline substantially. In particular, purchasing assets at what appear to be “undervalued” levels is no guarantee that these assets will not be trading at even lower levels at a time of valuation or at the time of sale. It is not possible to predict, or to hedge against, such “spread widening” risk.

Exit Financing

CLO Advisors causes certain CLO Clients to invest in companies that are in the process of exiting, or that have recently exited, the bankruptcy process. Post-reorganization securities typically entail a higher degree of risk than investments in securities that have not undergone a reorganization or restructuring. Moreover, post-reorganization securities can be subject to heavy selling or downward pricing pressure after the completion of a bankruptcy reorganization or restructuring. If an evaluation by CLO Advisors of the anticipated outcome of an investment situation should prove incorrect, the relevant CLO Client could experience a loss.

Lender Liability Considerations and Equitable Subordination

In recent years, a number of judicial decisions in the United States have upheld the right of borrowers to sue lending institutions on the basis of various evolving legal theories (collectively termed “lender liability”). Generally, lender liability is founded upon the premise that an institutional lender has violated a duty (whether implied or contractual) of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower resulting in creation of a fiduciary duty owed to the borrower or its other creditors or shareholders. Because of the nature of certain of CLO Clients’ investments, a CLO Client could be subject to allegations of lender liability.

In addition, under common law principles that in some cases form the basis for lender liability claims, if a lending institution (i) intentionally takes an action that results in the undercapitalization of a borrower to the detriment of other creditors of such borrower, (ii) engages in other inequitable conduct to the detriment of such other creditors, (iii) engages in fraud with respect to, or makes misrepresentations to, such other creditors or (iv) uses its influence as a stockholder to dominate or control a borrower to the detriment of the other creditors of such borrower, there is a strong possibility that a court will elect to subordinate the claim of the offending lending institution to the claims of the disadvantaged creditor or creditors, a remedy called “equitable subordination.” Because of the nature of certain of CLO Clients’ and their affiliates’ investments, a CLO Client

could be subject to claims from creditors of an obligor that such CLO Client's investments issued by such obligor should be equitably subordinated. Some of the investments of CLO Clients will involve investments in which the applicable CLO Client would not be the lead creditor. It is, accordingly, possible that lender liability or equitable subordination claims affecting the investments of a CLO Client could arise without the direct involvement of such CLO Client.

If a CLO Client purchases debt securities of an affiliate in the secondary market at a discount, (i) a court might require such CLO Client to disgorge profit it realizes if the opportunity to purchase such securities at a discount should have been made available to the issuer of such securities or (ii) such CLO Client might be prevented from enforcing such securities at their full face value if the issuer of such securities becomes bankrupt.

Fraudulent Conveyance and Preference Considerations

Various federal and state laws enacted for the protection of creditors often will apply to the purchase of investments by a CLO Client, by virtue of such CLO Client's role as a creditor with respect to the borrowers under such investments. If a court in a lawsuit brought by an unpaid creditor or representative of creditors of a borrower, such as a trustee in bankruptcy or the borrower as debtor-in-possession, were to find that the borrower did not receive fair consideration or reasonably equivalent value for incurring indebtedness evidenced by an investment and the grant of any security interest or other lien securing such investment, and, after giving effect to the incurring of such indebtedness, the borrower (i) was insolvent, (ii) was engaged in a business for which the assets remaining in such borrower constituted unreasonably small capital or (iii) intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature, such court could invalidate, in whole or in part, such indebtedness and such security interest or other lien as fraudulent conveyances, could subordinate such indebtedness to existing or future creditors of the borrower or could allow the borrower to recover amounts previously paid by the borrower to the creditor (including to a CLO Client) in satisfaction of such indebtedness or proceeds of such security interest or other lien previously applied in satisfaction of such indebtedness. In addition, in the event of the insolvency of an issuer of an investment, payments made on a CLO Client's investment could be subject to avoidance as a "preference" if made within a certain period of time (sometimes as long as one year) before insolvency depending on a number of factors, including the amount of equity of the borrower owned by the CLO Client and its affiliates and any contractual arrangement between the borrower, on the one hand, and such CLO Client and its affiliates, on the other hand. The measure of insolvency for purposes of the foregoing will vary depending on the law of the jurisdiction which is being applied. Generally, however, a borrower would be considered insolvent at a particular time if the sum of its debts was greater than all of its assets at a fair valuation or if the then-present fair saleable value of its assets was less than the amount that would be required to pay its probable liabilities on its then-existing debts as they became absolute and matured. There can be no assurance as to what standard a court would apply in order to determine whether a borrower was insolvent after giving effect to the incurrence of the loan or that, regardless of the method of evaluation, a court would not determine that the borrower was "insolvent" upon giving effect to such incurrence.

In general, if payments on an investment are avoidable, whether as fraudulent conveyances or preferences, such payments can be recaptured either from the initial recipient (such as a CLO Client) or from subsequent transferees of such payments.

Participation on Creditors' Committees

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

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

Interest Rate, Currency Exchange and Investment Risk Management

While under no obligation to do so, certain CLO Clients are authorized to use various investment strategies to hedge interest rate or currency exchange risks, and CLO Advisors may enter into hedging arrangements with a broker, a bank, or other financial organizations. Such strategies in general are usually intended to limit or reduce investment risk but can also be expected to limit or reduce the potential for profit. The hedging arrangements seek to establish other positions designed to gain from those same fluctuations in order to moderate the decline in the values of the interest rate or currency exchange. Techniques and instruments change over time as new instruments and strategies are developed or regulatory changes occur. CLO Clients generally use any or all such types of interest rate hedging transactions and currency hedging transactions at any time and no particular strategy will dictate the use of one transaction rather than another. CLO Advisors may determine in its sole discretion not to hedge against certain risks, and certain risks may exist that cannot be hedged and the decision as to when and to what extent Clients will engage in hedging transactions will depend upon a number of factors and variables, including market conditions. Accordingly, there can be no assurance that CLO Clients will engage in hedging transactions at any given time or from time to time, or that such transactions, if available, will be effective.

Although CLO Advisors intends to cause CLO Clients to engage in any interest rate hedging transactions and currency hedging transactions only for hedging purposes and not for speculation, use of interest rate hedging transactions and currency hedging transactions involves certain inherent risks. These risks include (i) the possibility that the market will move in a manner or direction that would have resulted in gain for a CLO Client had an interest rate hedging transaction or currency hedging transaction not been utilized, in which case it would have been better had such CLO Client not engaged in the interest rate hedging transaction or currency hedging transaction, (ii) the risk of

imperfect correlation between the risk sought to be hedged and the interest rate hedging transaction or currency hedging transaction utilized, (iii) potential illiquidity for the hedging instrument utilized, which would likely make it difficult for the relevant CLO Client to close-out or unwind an interest rate hedging transaction or currency hedging transaction and (iv) credit risk with respect to the counterparty to the interest rate hedging transaction or currency hedging transaction. Additionally, a CLO Client's hedging arrangements that are undertaken through brokers, banks or other organizations will subject the CLO Client to the risk of default or insolvency of such organizations. In such event, there can be no assurance that any money advanced to such organizations would be repaid or that the CLO Client would have any recourse in such event of non-payment.

CLO Clients have in the past and may in the future enter into certain hedging and short sale transactions for the purpose of protecting the market value of an investment made by such CLO Client for a period of time without having to currently dispose of such investment. Such defensive hedge transactions are generally entered into when a CLO Client is legally restricted from selling an investment or when CLO Advisors otherwise determines that it is advisable to decrease its exposure to the risk of a decline in the market value of an investment. Such defensive hedging transactions often expose the relevant CLO Client to the counterparty's credit risk. There also can be no assurance that CLO Advisors will accurately assess the risk of a market value decline with respect to an investment or will advise or cause a CLO Client to enter into an appropriate defensive hedge transaction to protect against such risk. Furthermore, CLO Clients are in no event obligated to enter into any defensive hedge transaction.

CLO Clients, from time to time, employ various investment programs including the use of derivatives, short sales, swap transactions, currency hedging transactions, securities lending agreements and repurchase agreements. There can be no assurance that CLO Advisors will adopt any particular program or strategy or that, if adopted any such investment program will be undertaken successfully.

Contingent Liabilities

CLO Clients, from time to time, incur contingent liabilities in connection with an investment. For example, such CLO Client will acquire a revolving credit or delayed draw term facility that has not yet been fully drawn or will originate or make a secondary purchase of a revolving credit facility. If the borrower subsequently draws down on the facility, the applicable CLO Client will be obligated to fund the amounts due which amounts are required to be funded after the termination of the CLO Client investment period. CLO Clients often incur numerous other types of contingent liabilities. There can be no assurance that a CLO Client will adequately reserve for its contingent liabilities and that such liabilities will not have an adverse effect on a CLO Client.

Cyber Security Risk

With the increased use of technologies such as the internet and the dependence on computer systems to perform necessary business functions, investment vehicles such as CLO Clients and their service providers may be prone to operational and information security risks resulting from cyber-attacks. In general, cyber-attacks result from deliberate attacks, but unintentional events may

have effects similar to those caused by cyber-attacks. Cyber-attacks include, among other behaviors, stealing or corrupting data maintained online or digitally, denial-of-service attacks on websites, the unauthorized release of confidential information and causing operational disruption. Successful cyber-attacks against, or security breakdowns of, CLO Clients, CLO Advisors, CLO Clients' custodian and/or other third party service providers may adversely impact CLO Clients. For instance, cyber-attacks may interfere with the processing of transactions, impact CLO Clients' ability to value its assets, cause the release of private information or confidential information of CLO Clients, impede trading, cause reputational damage, and subject CLO Clients to regulatory fines, penalties or financial losses, reimbursement or other compensation costs, and/or additional compliance costs. CLO Clients may also incur substantial costs for cyber security risk management in order to prevent any cyber incidents in the future. CLO Clients could be negatively impacted as a result. While CLO Clients or CLO Clients' service providers have established business continuity plans and systems designed to prevent such cyber-attacks, there are inherent limitations in such plans and systems including the possibility that certain risks have not been identified. Similar types of cyber security risks are also present for issuers of securities or other instruments in which CLO Clients invest, which could result in material adverse consequences for such issuers, and may cause CLO Clients' investment therein to lose value.

Item 9. Disciplinary Information

Item 9 is not applicable to CLO Advisors.

Item 10. Other Financial Industry Activities and Affiliations

Affiliated Advisers

Bain Capital Credit (CLO Advisors' parent), is a registered investment adviser which uses fundamental credit analysis to identify attractive investment opportunities and seek strong risk-adjusted returns, primarily in credit products and fixed-income securities. BCSF Advisors, LP is a subsidiary of Bain Capital Credit and serves as an investment manager to a business development company and a sub-adviser to an interval fund. Bain Capital Credit clients, BCSF Advisors, LP clients and CLO Clients are referred to collectively as "Bain Capital Credit Clients".

In addition, CLO Advisors currently has affiliated advisers based in the U.S., many of which focus primarily on a different area of investment management, although such areas overlap from time to time (such advisers, the "U.S. Affiliate Advisers"). Each U.S. Affiliate Adviser is registered as an investment adviser with the SEC. The U.S. Affiliate Advisers currently include:

- Bain Capital Double Impact, LP, which focuses on equity investing in impact- or mission-oriented companies and more traditional companies with positive impact products and services;
- Bain Capital Life Sciences, LP, which focuses on equity investing in biopharmaceutical, medical device, diagnostics and enabling life science technology companies;
- Bain Capital Private Equity, LP, which focuses on leveraged buyouts and growth capital in a wide variety of industries;

- Bain Capital Public Equity, LP, the public equity affiliate of Bain Capital, whose primary objective is investing in securities of publicly-traded companies that offer opportunities to realize substantial long-term capital appreciation;
- Bain Capital Real Estate, LP, the real estate affiliate of Bain Capital, whose primary objective is to research and advise on real estate and real estate-related investments;
- Bain Capital Ventures, LP, the venture capital arm of Bain Capital, which focuses on seed through late-stage growth equity investing in software, hardware, information, healthcare and technology-driven business services companies; and
- Boylston Advisors, LP, which focuses on providing alternative investment opportunities to current and former personnel of Bain Capital and invests primarily in third party private fund managers via managed funds of funds and direct investments. In addition, Boylston Advisors, LP related persons also serve as the general partners to investment vehicles whose primary purpose is to invest in, or coinvest with, investment funds managed by Bain Capital Credit and other Affiliate Advisers for the benefit of employees and former employees of Bain Capital and its affiliates. Boylston is also registered as a Commodity Trading Advisor (“CTA”) with the CFTC.

In addition, Bain Capital Distributors, LLC, is a broker-dealer registered with the SEC and is a member of FINRA. Bain Capital Distributors places securities and instruments issued by certain private investment funds that Bain Capital Credit and its affiliates manage. Bain Capital Distributors does not place securities and instruments issued by CLO Clients.

In addition to the U.S. Affiliate Advisers, Bain Capital Private Equity (Europe), LLP, Bain Capital Credit, Ltd., and Bain Capital Investments (Europe), Ltd., are affiliates of CLO Advisors and are licensed as investment advisers with the United Kingdom Financial Conduct Authority (the “European Affiliate Advisers”). Bain Capital Credit (Australia), Pty. Ltd. is licensed and regulated by the Australian Securities and Investments Commission (together with the U.S. Affiliate Advisers and the European Advisers as the “Affiliate Advisers”). The non-Bain Capital Credit Affiliate Advisers’ investment activities are conducted independently, but the Affiliate Advisers may provide an extensive personal network and access to vertical industry expertise. On occasion, the Bain Capital Credit Clients may also benefit from attractive non- traditional investment opportunities from Affiliate Advisers.

Bain Capital has established other non-investment advisory related entities which are affiliates of the Affiliate Advisers. These entities do not provide investment advisory services and have been organized primarily to provide services incidental to the services of the Affiliate Advisers.

Conflicts of Interest

The discussion below reflects both historical and current practices of CLO Advisors. Practices vary among CLO Clients. Please refer to the governing and/or disclosure documents of the applicable CLO Clients for details regarding these practices.

As a diversified investment firm, Bain Capital and its affiliates, including CLO Advisors and its parent, Bain Capital Credit, engage in a broad range of activities, including investment activities

for their own account (such as co-investment vehicles) and for the account of other investment funds or accounts and provide advisory, management and other services to funds and operating companies.

The funds and accounts managed by the Affiliate Advisers are referred to as “Related Clients.” In the ordinary course of conducting its activities, the interests of a CLO Client will, on occasion, conflict with the interests of CLO Advisors, and Bain Capital Credit, Bain Capital Credit Clients, Related Clients or their respective affiliates.

Resolution of Conflicts

CLO Advisors and each of the other Affiliate Advisers will deal with all conflicts of interest using its best judgment, but in its sole discretion. When conflicts arise between a CLO Client and Related Clients, CLO Advisors will represent the interests of the CLO Client, and the other participating Affiliate Adviser will represent the interests of the other Related Client it advises. In resolving conflicts, CLO Advisors and the other Affiliate Advisers will generally consider various factors, including the interests of the course of dealing among Clients and the Related Clients. From time to time, CLO Advisors and the Affiliate Advisers may determine to refer certain conflicts of interest to Bain Capital’s Allocation Committee (the “Allocation Committee”), comprised of senior Bain Capital personnel, for review and resolution, particularly in situations where CLO Advisors and the Affiliate Advisers are unable to resolve such conflicts. Similarly, the Allocation Committee may in its sole discretion determine to review and make determinations regarding certain conflicts of interest.

When conflicts arise between a CLO Client and another Bain Capital Credit Client, CLO Advisors will resolve the conflict. In doing so, it will generally consider various factors, including the interests of such CLO Client and the other Bain Capital Credit Client with respect to the immediate issue and/or with respect to the longer term course of dealing among Bain Capital Credit Clients. In the case of all conflicts involving a CLO Client, CLO Advisors’ determination as to which factors are relevant, and the resolution of such conflicts will be made in CLO Advisors’ sole discretion. There can be no assurance that CLO Advisors will be able to resolve all conflicts in a manner that is favorable to a CLO Client.

While Bain Capital Credit and its subsidiaries (including CLO Advisors) have procedures in place designed to mitigate conflicts of interest among Bain Capital Credit Clients and other Related Clients, there can be no guarantee that these procedures will be successful.

Sources of Conflicts of Interest

There are numerous perceived and actual conflicts of interest among and between CLO Advisors, Bain Capital Credit, the Affiliate Advisers, other Related Clients and Bain Capital Credit Clients. The conflicts of interest that may be encountered by a CLO Client include those discussed below, although such discussion does not describe all of the conflicts that may be faced by such CLO Client. Other conflicts are discussed throughout this document and this document should be read in its entirety for other conflicts. Dealing with conflicts of interest is complex and difficult, and new and different types of conflicts are likely to subsequently arise.

Conflicts Relating to the General Partner, Bain Capital Credit and Certain Affiliate Advisers

Bain Capital Credit Personnel

Personnel responsible for managing CLO Clients have responsibilities with respect to other funds or accounts managed by Bain Capital Credit, BCSF Advisors, LP, and/or CLO Advisors, including funds and accounts that are raised in the future. Under resource sharing agreements, Bain Capital Credit has agreed to provide resources to BCSF Advisors, LP and CLO Advisors, which will enable them to fulfill their obligations under the applicable Advisory Agreements. The resource sharing agreements provide that Bain Capital Credit will make available to BCSF Advisors, LP and CLO Advisors, experienced investment professionals and access to the resources of Bain Capital Credit for purposes of evaluating, negotiating, structuring, closing and monitoring investments. CLO Advisors also utilizes the trading desk and order management system of Bain Capital Credit.

Substantial time will be spent by such officers and employees monitoring the investments of other vehicles managed by Bain Capital Credit, BCSF Advisors, LP, and CLO Advisors.

In addition, certain members of Bain Capital Credit Clients' investment committees could be personnel of other Affiliate Advisers. Similarly, certain Bain Capital Credit personnel have responsibilities serving on the investment committees of other Affiliate Advisers. Such individuals will have responsibilities to such other Affiliated Advisers and with respect to other current or future Related Clients advised or managed by such Affiliated Advisers, including funds or accounts that may be eligible to invest in assets eligible for purchase by Bain Capital Credit Clients, as well as to the portfolio companies and investment activities of such Related Clients. Conflicts of interest may arise if these personnel do not have adequate time or resources available to support CLO Advisors, Bain Capital Credit and the relevant Affiliated Adviser.

Advisory Services to Portfolio Companies

The other Affiliate Advisers often perform a variety of services for actual or prospective portfolio companies or other deal-related investment vehicles of the Affiliate Advisers, including financial, operational and transactional services (such as advice and consulting in connection with mergers, acquisitions, add-on acquisitions, refinancings, public offerings, sales and similar transactions), as well as management consulting services ("Additional Services") for, and will receive compensation from (and expenses reimbursed by), a number of entities, which may include entities in which the CLO Clients have interests. In connection with performance of the Additional Services, such Affiliate Adviser typically enters into a management agreement with the entity to which the Additional Services are provided. The terms of these management agreements may vary but they often extend for a significant period of time (e.g. five to ten years or more) and typically terminate upon a change of control of, or upon an initial public offering by, such entity. It is possible that Affiliate Advisers receive certain termination fees when a management agreement is terminated upon an entity's initial public offering. These fees are often substantial, particularly in the event such circumstances occur early in the life of the CLO Client's investment in such portfolio company. The appropriate fees for certain advisory services is determined by such Affiliate Adviser providing such Additional Services, following negotiation with management of such entity

receiving such Additional Services and other investors, in consultation with lenders, prior to the investment in a portfolio company being closed. The starting point for such fee is typically based on the relevant operating metric for the such entity (e.g., EBITDA or revenue) which the Affiliate Adviser believes are indicative proxies for the amount of resources that it expects it will provide to the portfolio company, but other factors are considered such as additional effort that may be required in a turnaround situation. Because an independent third-party is not always involved on behalf of the relevant entity receiving the Additional Services, a conflict will exist in determination of any such fees and other related terms in the applicable management agreement with such entities. CLO Advisors does not participate in the negotiation or approval of these arrangements, and these fees will not be shared with CLO Advisors or CLO Clients.

The Affiliate Advisers have existing and potential advisory and other relationships with a significant number of portfolio companies and other clients, and have in the past and may in the future provide financing, services, advice or otherwise deal with third parties whose interests conflict with the interests of a company in which a CLO Client has invested, competitors, suppliers or customers of the company. On occasion, an Affiliate Adviser will recommend or cause such a third party to take actions that are adverse to a CLO Client or companies in which it has invested.

The other Affiliate Advisers have in the past and may in the future also engage and retain advisers, consultants and similar professionals who are not employees or affiliates of such Affiliate Adviser and who, from time to time, receive payments from such Affiliate Adviser or receive payments from or allocations of investment opportunities with respect to, entities, which have in the past and may in the future include entities in which CLO Clients have interests. These fees will not be shared by CLO Clients.

Personnel of Affiliate Advisers may invest in one or more CLO Clients. Conflicts will arise to the extent such personnel manage other funds, the interests of which conflict with those of the Bain Capital Credit Funds.

Incentive Allocation and Valuations

CLO Advisors generally is entitled to an incentive fee under the terms of its collateral management agreements with the CLO Clients. The existence of the incentive fee could create an incentive for CLO Advisors to make more speculative investments than it would otherwise make in the absence of performance-based compensation. CLO Advisors values the investments held by CLO Clients. In addition, the method of calculating the incentive fee could result in conflicts of interest between CLO Advisors, on the one hand, and the investors in CLO Clients on the other hand, with respect to the management, disposition, and valuation of investments. CLO Advisors also may have an incentive to hold on to investments that have poor prospects of improving in order to receive ongoing management fees.

The process of valuing securities for which reliable market quotations are not available or used is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and may differ from the prices at which such securities may ultimately be sold. CLO Advisors may have an incentive to value an asset internally rather than subject to a third party valuation agent.

The payment by CLO Clients of Advisory Fees and incentive fees at varying rates may create an incentive for CLO Advisors to disproportionately allocate time, services or functions to CLO Clients paying carried interest at a higher rate.

Investment by CLO Advisors, Bain Capital Credit, and/or Bain Capital Credit Clients

CLO Advisors, Bain Capital Credit or one or more Bain Capital Credit investment vehicles may also invest in one or more classes of notes of CLO Clients advised by CLO Advisors. Such investment could create an incentive CLO Advisors to cause the CLO Client to take, or to refrain from taking, certain actions that could be adverse to the interests of certain holders of CLO notes. Such actions may include, but are not limited to, causing or not causing a CLO to reset, refinance or reprice, or redeem.

In addition, CLO Clients, other Bain Capital Credit vehicles, CLO Advisors, and/or Bain Capital Credit may have various tax exempt, taxable, non-U.S. and other investors. Potential conflicts exist with respect to various structuring, investment and other decisions because of divergent tax, economic or other interests, including conflicts among the interests of taxable and tax exempt investors, conflicts among the interests of domestic and foreign investors, and conflicts between the interests of investors and management. For these reasons, among others, decisions may be more beneficial for one investor than for another investor, particularly with respect to investors' individual tax situations.

CLO Advisors and/or its CLO Client may waive certain fees and performance allocations with respect to Bain Capital Credit investment vehicles. Affiliate Advisers may receive advisory fees and performance allocations from these vehicles. In addition, these vehicles may own equity in issuers of the loans to be held by the CLO Client, which will create a conflict of interest of the loans become distressed.

Conflicts Relating to the Purchase and Sale of Investments

Allocation of Investment Opportunities

Bain Capital Credit and its subsidiaries (including CLO Advisors) sponsor and manage various investment vehicles, and they expect to form new investment vehicles in the future. They seek to allocate investment opportunities among Bain Capital Credit Clients in a manner consistent with its fiduciary obligations and overall fairness principles. In determining which Bain Capital Credit Clients will participate in investment opportunities, they seek to act in the best interests of each of the Bain Capital Credit Clients, and to place the interests of Bain Capital Credit Clients above those of Bain Capital Credit and its subsidiaries (including CLO Advisors). Bain Capital Credit Clients have vested the authority to make investment decisions in the sole discretion of the relevant general partners, investment managers, or CLO managers and this authority is, in turn, delegated to particular portfolio managers for various strategies employed at Bain Capital Credit and its subsidiaries (including CLO Advisors). Bain Capital Credit's Credit Committee is generally responsible for approving investments that are appropriate for investment by the Bain Capital Credit Clients. Portfolio managers then make allocation decisions to and among their Bain Capital Credit Clients. The Portfolio Managers, in consultation with the Credit Committee and other investment

professionals, exercise discretion in determining which approved investments are suitable for their particular strategies and Bain Capital Credit Clients.

Bain Capital Credit and its subsidiaries (including CLO Advisors) seek to provide fair and equitable treatment — in good faith and to the extent reasonably possible — to Bain Capital Credit Clients sharing similar investment mandates and guidelines. However, because of differences in account size, account ramp-up or liquidation status, cash considerations, tax restrictions, regulatory restrictions, specific investment guidelines, liquidity, the existence of predecessor and successor vehicles, the existence of vehicles with multi-strategy mandates, follow-on investments, and other considerations, it is expected that not all Bain Capital Credit Clients pursuing a similar strategy will participate in, or will receive a pro rata share of, every investment opportunity. The application of such considerations and the extent to which they are applied will be determined by Bain Capital Credit using its judgment. There also are certain circumstances, including when a new offering is oversubscribed in the market and Bain Capital Credit and its subsidiaries receive a smaller than preferred allocation, that they may determine consistent with their fiduciary duty that the transaction should not be allocated to every investment vehicle. Bain Capital Credit and its subsidiaries (including CLO Advisors) shall not make investment allocation determinations based on the amount or structure of any compensation that could be realized by Bain Capital Credit or its subsidiaries.

Bain Capital Credit provides sub-advisory services to registered investment companies (“1940 Act Funds”). 1940 Act Funds and other Bain Capital Credit Clients can invest alongside each other in certain circumstances when doing so is consistent with their investment strategy as well as applicable law and SEC staff interpretations. In addition, certain 1940 Act Funds and other Bain Capital Credit Clients can invest alongside each other pursuant to exemptive relief granted by the SEC, most recently amended on March 22, 2018. This exemptive relief enumerates various conditions that need to be followed by the participating investment vehicles. In some circumstances, due to regulatory considerations related to the 1940 Act, the 1940 Act Funds may not be considered eligible Bain Capital Credit Clients for allocation purposes. As a result, the 1940 Act Funds may not be able to participate in as many investments as the non-1940 Act Funds. In limited circumstances, non-1940 Act Funds also may not be able to participate in an investment if 1940 Act Funds are participating. Similarly, there may be certain circumstances in which 1940 Act and non-1940 Act vehicles participate in the same transaction and – due to subsequent events – cannot participate in additional transactions in the same issuer. Conflicts also may arise if the 1940 Act vehicles hold different securities in an issuer’s capital structure.

In addition, Bain Capital Credit and its subsidiaries (including CLO Advisors) currently have, and may in the future, enter into joint venture arrangements with third parties which could require them to split investment allocations with those third parties. While they believe such arrangements present Bain Capital Credit Clients with additional opportunities that may otherwise not have been present, Bain Capital Credit Clients could receive a smaller allocation of the applicable investment than if it had pursued the investment opportunity without a third party. In limited circumstances, Bain Capital Credit also may allocate investments to prospective investment vehicles that are imminently closing. Such allocations could limit or reduce investment opportunities for existing Bain Capital Credit Clients.

Allocation of Investment Opportunities Among Affiliate Advisers

Affiliated Advisers also sponsor and manage various investment vehicles, and expect to form additional vehicles in the future. From time to time, other Related Clients will invest in assets eligible for purchase by a CLO Client. The investment policies, fee arrangements, carried interest, investments owned by employees of CLO Advisors or the other Affiliate Advisers, and other circumstances of such CLO Client, often vary from those of other Related Clients. These relationships are likely to present conflicts of interest in determining how much, if any, of certain investment opportunities to offer to the CLO Client.

Subject to any requirements of the governing instruments of CLO Clients and other Related Clients, opportunities for investments will be allocated between a CLO Client and other Related Clients in a manner that CLO Advisors and the other Affiliate Advisers, as well as the Related Clients' respective general partners, believe in their sole discretion to be appropriate given factors they believe to be relevant. Such factors will generally include, but not be limited to, the investment objectives, geography, nature of the target's business, scale, transaction sourcing, liquidity, diversification, lender covenants and other limitations of CLO Clients and other Related Clients, and the amount of capital each then has available for such investment, any exclusive rights to investment opportunities that may have been granted to other CLO Clients or Related Clients, the expected duration of the investment in light of the term of the other CLO Clients and the other Related Clients, regulatory and tax considerations (including those related to the 1940 Act), the degree of risk arising from an investment, the expected investment return and such other factors as CLO Advisors and Bain Capital deems to be appropriate. In general, while investments sourced by an Affiliate Adviser that are appropriate for Related Clients advised by such Affiliate Adviser will first be made available to such other Related Clients, CLO Advisors and the other Affiliate Advisers have substantial discretion in allocating investment opportunities. The foregoing methodology for allocation of investment opportunities will likely vary over time and will be on a case-by-case basis.

CLO Advisors also reserves the right to make independent decisions with regard to when a CLO Client should purchase and sell investments, and the other Affiliate Advisers reserve similar rights with respect to the Related Clients that they advise. As a result, from time to time a CLO Client will be purchasing an investment at a time when another Related Client is selling the same or a similar investment, or vice versa. In the past and possibly in the future a CLO Client has invested in opportunities that other Related Clients have declined, and likewise, a CLO Client has declined to invest in opportunities in which other Related Clients have invested.

Investment in a Bain Capital Credit Partnership by Related Clients

From time to time, CLO Advisors will waive a portion of the Advisory Fees and/or Incentive Fees that would otherwise be payable to it by a CLO Client, with respect to Related Clients or Bain Capital Credit Clients that are investors in such CLO Client. From time to time, the Related Clients and/or Bain Capital Credit Clients will own equity in issuers of the loans to be held by a CLO Client, which will create a conflict of interest if the loans become distressed.

Investments Alongside CLO Clients and the Other Related Clients

Conflicts also arise when a CLO Client makes investments in conjunction with an investment made by other Related Clients, or in a transaction where another Related Client has already made an investment (including the investment by CLO Clients in the initial syndication of a loan made to a Related Client portfolio company). Investment opportunities have in the past and may in the future be appropriate for a CLO Client and certain Related Clients at the same, different or overlapping levels of a portfolio company's capital structure. Conflicts also arise in determining the terms of investments, especially where CLO Advisors and/or other Affiliate Advisers control the structure of a transaction and its capitalization. For example, if a CLO Client is investing in debt securities, it will have an interest in structuring debt securities that have financial terms (such as interest rates, repayment terms, seniority, covenants and events of default) that are more restrictive than another Related Client, as an equity owner, may desire and conflicts will arise if the debt securities become distressed. Another Related Client that holds an equity interest in a portfolio company may have a conflict of interest in recommending that such portfolio company take, or refrain from taking, certain actions with respect to debt securities held by a CLO Client or another Related Client. In addition, a conflict will arise in allocating an investment opportunity if the potential target could be acquired by another CLO Client or a portfolio company of another CLO Client. There can be no assurance that the return on a Client's investments will not be less than the returns obtained by other Related Clients participating in the transaction. Employees and related persons of CLO Advisors and the other Affiliate Advisers have made or may make large capital investments in or alongside certain other Related Clients, and therefore will have additional conflicting interests in connection with joint investments. Each Affiliate Adviser will determine all matters relating to structuring transactions and capitalizing portfolio companies, including the amount and terms of securities and allocation of securities among the involved Related Clients, using its best judgment considering all factors it deems relevant, but in its sole discretion. The allocation of securities as among CLO Clients and as between CLO Clients and other Related Clients will likely be affected by a fund's stage in its life cycle.

Co-Investments Alongside the Other Related Clients

Certain CLO Clients will, from time to time, make co-investments in transactions sourced by Bain Capital Private Equity, LP, Bain Capital Ventures, LP, Bain Capital Public Equity, LP, Bain Capital Double Impact, Bain Capital Life Sciences, Bain Capital Real Estate or other advisers. When such a Related Client makes a private equity and other investment, the applicable Co-Investment Adviser will often perform management, advisory, investment banking, financial advisory and other services for, and will receive fees from, actual or prospective portfolio companies. Additionally, a portfolio company of a CLO Client advised by a Co-Investment Adviser will generally reimburse such Co-Investment Adviser for expenses incurred by such Co-Investment Adviser in connection with its performance of services for such portfolio company. Although a Co-Investment Adviser receives these fees and reimbursements from actual or prospective portfolio companies, the opportunity to earn these fees creates a conflict of interest between the Co-Investment Adviser, on the one hand, and, to the extent such CLO Client co-invests in the transaction, the CLO Client on the other hand, because the amounts of such fees and reimbursements are often substantial and the CLO Client will not share in such fees and reimbursements.

Allocation of Fees and Expenses

The appropriate allocation among CLO Clients of expenses and fees generated in the course of evaluating and making investments often will not be clear, especially where more than one CLO Client participates. For instance, if a CLO Client and another CLO Client or Related Client are considering making an investment that is not consummated, allocation of the expenses generated for the account of such CLO Clients or Related Clients (such as expenses of common counsel and other professionals) will be made in good faith. When CLO Advisors and the other Affiliate Advisers incur expenses that were related to the CLO Client and/or other Related Clients, they will typically allocate such expenses among all CLO Clients and other Related Clients eligible to reimburse expenses of the applicable nature. In general, CLO Advisors and each other affected Affiliate Adviser will participate in the resolution of all such matters using its best judgment, considering all factors it deems relevant, but in its sole discretion.

Investments sourced and evaluated by CLO Advisors that are deemed inappropriate and rejected for investment by CLO Clients have in the past and may in the future be offered to the Affiliate Advisers for investment by the Related Clients or for investment directly by Affiliated Adviser personnel. The Related Clients or Affiliated Adviser personnel will, for some investments, benefit from the evaluation and due diligence undertaken by CLO Advisors on behalf of CLO Clients. In such circumstances, the Related Clients and/or Affiliated Adviser personnel that have invested will be allocated the expenses, as determined in good faith by the applicable General Partners of the Related Clients, incurred by CLO Advisors and/or the Related Clients as they relate to such investment.

It is possible that Related Clients and/or Affiliate Advisers may benefit from research materials initially procured in the course of evaluating potential investments on behalf of CLO Clients without agreeing to share expenses with CLO Clients for such research materials.

Cross Transactions

From time to time, Bain Capital Credit and its subsidiaries (including CLO Advisors) will cause a Bain Capital Credit Client to purchase investments from, or sell investments to, another Bain Capital Credit Client. Such transactions could create conflicts of interest because, by not exposing such buy and sell transactions to market forces, a Bain Capital Credit Client may not receive the best price otherwise possible, or Bain Capital Credit and its subsidiaries (including CLO Advisors) might have an incentive to improve the performance of one Bain Capital Credit Client by selling underperforming assets to another Bain Capital Credit Client. Additionally, in connection with such transactions, Bain Capital Credit and its subsidiaries (including CLO Advisors) (i) might have significant investments, or intentions to invest, in the Bain Capital Credit Client that is selling and/or purchasing such an investment or (ii) otherwise have a direct or indirect interest in the investment. Bain Capital Credit and its subsidiaries (including CLO Advisors) may receive management or other fees or profits in connection with their management of the relevant Bain Capital Credit Clients involved in such a transaction. Conflicts will also arise in connection with loans or other assets originated by a Bain Capital Credit Client and sold to other Bain Capital Credit Clients. On occasion, a Bain Capital Credit Client will sell a portion of any loans or other assets originated by a Bain Capital Credit Client; thus, a Bain Capital Credit Client's initial participation

in such loans or other assets will be greater than it would have been if such a Bain Capital Credit Client did not expect to ultimately sell part of such loans or other assets to another Bain Capital Credit Client. To the extent a Bain Capital Credit Client purchases loans or other assets in order to sell a portion, a Bain Capital Credit Client will bear the risk of changes in the value of such loans or other assets during the period it holds such loans or other amounts and the amount of capital available to a Bain Capital Credit Client to pursue other investment opportunities will be reduced. The valuation of loans or other assets to be transferred from a Bain Capital Credit Client to other Bain Capital Credit Clients involves inherent conflicts of interest for Bain Capital Credit and its subsidiaries(including CLO Advisors), including but not limited to, assets that may be illiquid or hard to value.

Principal Transactions

Section 206 under the Advisers Act regulates principal transactions among an investment adviser and its affiliates, on the one hand, and the clients thereof, on the other hand. Very generally, if an investment adviser or an affiliate thereof proposes to purchase a security from, or sell a security to, a client (what is commonly referred to as a “principal transaction”), CLO Advisors must make certain disclosures to the client of the terms of the proposed transaction and obtain the client’s consent to the transaction. In connection with CLO Advisors’ management of CLO Clients or on occasions otherwise, CLO Advisors and its affiliates from time to time engage in principal transactions. CLO Advisors has established certain policies and procedures to comply with the requirements of the Advisers Act and the 1940 Act as they relate to principal transactions, including, among other things, that disclosures required by Section 206 of the Advisers Act be made to the applicable CLO Client regarding any proposed principal transactions and that any required prior consent to the transaction be received.

Conflicts Relating to Existing Investments

Affiliated Investments

Further conflicts will arise once a CLO Client has made an investment in a company in which another Related Client has also invested, particularly where a CLO Client or other Related Clients invest in different types of securities. For example, questions have in the past and may in the future arise as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced. Decisions about what action should be taken in a troubled situation, including whether or not to enforce claims, whether or not to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring, raise conflicts of interest. The involvement of Affiliate Advisers at both the equity and debt levels could inhibit strategic information exchanges among other creditors. In certain circumstances, the other CLO Clients or the other Related Clients will be prohibited from exercising voting or other rights, and will be subject to claims by other creditors with respect to the subordination of their interest. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, the CLO Client or other Related Clients may or may not provide such additional capital, and if provided the CLO Client and each other Related Client will supply such additional capital in such amounts, if any, as determined by CLO Advisors and the other relevant Affiliate Advisers in their sole discretion. CLO Advisors and each

other Affiliate Adviser will resolve all such conflicts using their best judgment but in their sole discretion, subject in certain cases to approval by the advisory boards or investment committees of the participating Related Clients.

Proxy Voting

CLO Advisors intends to vote proxies on behalf of CLO Clients either in accordance with management recommendations, or otherwise in the best interests of CLO Clients, taking into account such factors as it deems relevant in its sole discretion. Conflicts of interest may arise in voting proxies if a CLO Client holds different interests (e.g., long vs. short) in a company than other CLO Clients.

Follow-on Investments

Investments to finance follow-on acquisitions are a regular part of the business of the CLO Clients and Related Clients. Follow-on investments present conflicts of interest, including determination of the equity component and other terms of the new financing, and, if the CLO Client or Related Client making the follow-on investment has not previously invested in the relevant portfolio company, raise the risk of using such other Related Client's assets to support positions taken by other Related Clients. In addition, from time to time, a CLO Client will participate in leveraging and recapitalization transactions involving portfolio companies in which other Related Clients have invested or will invest. Recapitalization transactions will present conflicts of interest, including determinations of whether existing investors are being cashed out at a price that is higher or lower than market value and whether new investors are paying too high or too low a price for the company or purchasing securities with terms that are more or less favorable than the prevailing market terms. CLO Advisors and each other Affiliate Adviser will resolve all such conflicts using their best judgment but in their sole discretion, subject in certain cases to approval by the respective advisory boards or investment committees of the participating Related Clients.

Debt Investments

If a CLO Client purchases debt securities of an affiliate in the secondary market at a discount, (a) a court might require the CLO Client to disgorge profit it realizes if the opportunity to purchase such securities at a discount should have been made available to the issuer of such securities, or (b) the CLO Client might be prevented from enforcing such securities at their full face value if the issuer of such securities becomes bankrupt. The effect of these transactions will vary in from jurisdiction to jurisdiction.

Private Placements

At times, a portion of a CLO Client's investments will consist of securities that are subject to restrictions on resale by such CLO Client because they were acquired in a "private placement" transaction or because such CLO Client is deemed to be an affiliate of the issuer of such securities. Generally, a CLO Client will be able to sell such securities only under Rule 144 under the Securities Act, which permits limited sales under specified conditions, or pursuant to a registration statement under the Securities Act. When restricted securities are sold to the public, there is a risk that the

CLO Client will be deemed to be an “underwriter,” or possibly a controlling person, with respect thereto for the purposes of the Securities Act and be subject to liability as such under that Act.

Indentures

If a CLO Client directly or indirectly controls or is under common control with issuers of securities held by such CLO Client, which were issued under an indenture qualified under the Trust Indenture Act of 1939 (the “Trust Indenture Act”), especially where another Related Client is deemed to control the issuer of the securities, then the securities held by the CLO Client would be required by the Trust Indenture Act to be disregarded for the purposes of determining whether the holders of the required principal amount of such issuer’s securities have concurred in certain directions or consents.

Incentive to Recommend Affiliate Products

The Affiliate Advisers have an incentive to recommend the products or services of certain investors in other CLO Clients or Related Clients or their related businesses to other CLO Clients or Related Clients or their portfolio companies, even though they may not necessarily be the best available to other CLO Clients or Related Clients or the portfolio companies.

The Adviser and the General Partners and Affiliated Adviser of the other Related Clients will, from time to time, utilize the services of investors and their affiliates on an arm’s length basis, as they deem appropriate.

Capital Structure

Bain Capital Credit Clients may invest in multiple parts of an issuer’s capital structure, including different tranches or types of debt instruments issued by the company. From time to time, one or more Bain Capital Credit Clients may own assets in a different part of the capital structure than one or more other Bain Capital Credit Clients. Conflicts could arise when these companies go into bankruptcy, undergo a restructuring, or experience any other type of credit event as Bain Capital Credit Clients could have differing incentives and objectives during a negotiation process. In particular, if Bain Capital Credit Clients are more heavily invested in one part of the capital structure than another, then Bain Capital Credit and its subsidiaries (including CLO Advisors) may be incentivized to negotiate in the best interest of these Bain Capital Credit Clients, to the potential detriment of those Bain Capital Credit Clients invested in a separate part of the company’s capital structure.

Other Conflicts of Interest

Legal Counsel

The Related Clients will generally engage common legal counsel and other advisers to represent all of the Related Clients in a particular transaction, including a transaction in which the CLO Clients have conflicting interests because they are investing in different securities of a single portfolio company. In the event of a significant dispute or divergence of interest between a CLO

Client and other Related Clients, such as in a work-out or other distressed situation, separate representation may become desirable, in which case CLO Advisors and the other Affiliate Advisers may hire separate counsel in their sole discretion, and in litigation and other circumstances, separate representation may be required. Partners of the law firms engaged to represent the Related Clients are investors in certain Related Clients, and could also represent one or more portfolio companies or limited partners of the Related Clients. Additionally, CLO Advisors and CLO Clients and the portfolio companies may engage other common service providers. In such circumstances, there may be a conflict of interest between CLO Advisors, on the one hand, and CLO Clients and portfolio companies, on the other hand, in determining whether to engage such service providers, including the possibility that CLO Advisors may favor the engagement or continued engagement of such persons if it receives a benefit from such service providers, such as lower fees, that it would not receive absent the engagement of such service provider by CLO Clients and/or the portfolio companies.

Diverse Investor Base of CLO Clients

CLO Clients and other Related Clients have tax exempt, taxable, U.S., foreign and other investors, whereas most members of CLO Advisors are taxable at individual U.S. rates. Potential conflicts exist with respect to various structuring, investment and other decisions because of divergent tax, economic or other interests, including conflicts among the interests of taxable and tax exempt investors, conflicts among the interests of U.S. and non-U.S. investors, and conflicts between the interests of investors and management with regard to the CLO Clients. For these reasons, among others, decisions have in the past and may in the future be more beneficial for one investor than for another investor, particularly with respect to investors' individual tax situations. In selecting and structuring investments appropriate for a CLO Client and/or Related Client, CLO Advisors and the Affiliate Advisers will consider the investment and tax objectives of the applicable CLO Client and/or Related Client, not the investment, tax and other objectives of any investor individually.

Access to Information

At times, CLO Advisors may provide a specific CLO Client investor with certain information not available to other CLO Client investors.

Material, Non-Public Information; Trading Restrictions

From time to time, CLO Advisors, Bain Capital Credit or another Affiliate Adviser will come into possession of material, non-public information, and such information may limit the ability of the CLO Client to buy and sell investments. Bain Capital generally maintains "ethical walls" between its capital market businesses (Bain Capital Credit and its subsidiaries (including CLO Advisors)) and its private businesses. Although Bain Capital currently maintains these ethical walls which reduce the likelihood that Bain Capital Credit and its subsidiaries (including CLO Advisors) will be deemed to possess material, non-public information possessed by other Affiliate Advisers, there is no guarantee that Bain Capital will maintain ethical walls for the life of the CLO Client. Furthermore, Bain Capital Credit and its subsidiaries (including CLO Advisors) and the other Affiliate Advisers will agree from time to time to "cross" ethical walls, and Bain Capital will from time to time impose restrictions on transactions involving particular issuers in its sole

discretion taking into account all factors it deems relevant in the collective interest of Bain Capital Credit and its subsidiaries (including CLO Advisors) and the other Affiliate Advisers. In such cases, CLO Clients and other Related Clients could be restricted indefinitely in transactions involving a particular issuer. Consequently, the possession of material, non-public information by other Affiliate Advisers will at times limit the ability of the CLO Client to buy and sell investments. In addition, Bain Capital Credit and its subsidiaries (including CLO Advisors) will from time to time be restricted by contract from using confidential information that it, or another Affiliate Adviser, has for the benefit of a CLO Client. Moreover, sometimes Bain Capital Credit and its subsidiaries (including CLO Advisors) will receive confidential information on an issuer that a CLO Client holds, which may then restrict the CLO Client and cause the asset to become illiquid. In some circumstances, Bain Capital Credit and its subsidiaries (including CLO Advisors) may not pursue an opportunity because doing so may restrict the CLO Client, and this may conflict with the interests of other CLO Clients.

In addition to the above, Bain Capital Credit and its subsidiaries (including CLO Advisors) and the other Affiliate Advisers may establish protocols and controls to facilitate the ability of specific personnel to cross ethical walls more frequently or by default for certain companies when these personnel are not primarily involved in the trading of public securities. Such protocols and controls may result in an increased risk of restriction in one or more issuers and therefore a more limited ability of Bain Capital Credit Clients to buy and sell investments.

Bain Capital Credit and its subsidiaries (including CLO Advisors) generally treat any information received by one member of Bain Capital Credit as distributed to all members of Bain Capital Credit. However, consistent with its fiduciary duties, there are certain limited circumstances in which Bain Capital Credit establishes internal information barriers in which some Bain Capital Credit personnel may be walled off from other Bain Capital Credit employees. The establishment of these temporary barriers are designed to ensure Bain Capital Credit and its subsidiaries (including CLO Advisors) are maximizing their fiduciary duty with respect to each CLO Client.

Conflicts Related to Plan Assets

One or more CLO Clients or other Related Clients may hold “plan assets” subject to ERISA. With respect to those plan assets, if any, CLO Advisors and certain affiliates may be classified as “fiduciaries” under ERISA. ERISA imposes certain general and specific responsibilities and restrictions on fiduciaries with respect to plan assets. As a result, a CLO Client will be restricted from entering into certain transactions if the investment would violate ERISA with respect to the CLO Client or such other Related Clients, or will be obligated to take certain actions or refrain from taking certain actions in order to avoid a violation of ERISA with respect to the CLO Client or such other Related Clients.

Different conflicts exist with respect to investments in different Bain Capital Credit Clients.

Affiliated Broker-Dealer Conflicts of Interest

Bain Capital Distributors is a member of the Bain Capital group and is therefore affiliated with Bain Capital Credit and the Bain Capital Credit Funds. Furthermore, certain employees of Bain

Capital Distributors are also employees of Bain Capital Credit. To the extent Bain Capital Distributors offers interests in a Bain Capital Credit fund to investors and receives compensation therefor, Bain Capital Distributors relations with such Bain Capital Credit fund, and its relations with the Bain Capital group generally, may conflict with the interests of the investors in such Bain Capital Credit fund. Bain Capital Distributors does not offer interests in CLO Clients.

Please contact the Bain Capital Credit Compliance Department with any additional questions or concerns.

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

Code of Ethics

CLO Advisors has adopted a Code of Ethics policy for its personnel. The Policy describes personnel standard of conduct and fiduciary duties and limits personal trading by its personnel and their immediate family/household members in a wide range of securities, including common and preferred stock, debt instruments, securities that are convertible or exchangeable for equity or debt securities, derivative instruments, and certain registered investment vehicles with which Bain Capital Credit and its subsidiaries has entered into a sub-advisory relationship. Personnel must report every account that they or their immediate family member use for trading securities covered by the policy and, if they directly or indirectly influence or control trading in the account, they must generally pre-clear covered securities transactions and have copies of trade confirmations and periodic account statements sent by their broker to the Compliance Department. Controlled trading by personnel and their immediate family/household members is prohibited in a wide range of securities that appear on restricted lists and confidential watch lists, and additional steps are taken to ensure that personnel and their immediate family/household members are not permitted to trade for their personal account in securities selected for Bain Capital Credit Clients and to ensure personnel do not engage in “front-running” of the Bain Capital Credit Clients’ investment opportunities.

Personnel are required to promptly report any violation of the Code of Ethics policy of which they become aware. Personnel are required to annually certify compliance with the Code of Ethics policy.

A copy of the Code of Ethics is available to CLO Clients and prospective CLO Clients. A copy may be obtained by contacting the Bain Capital Credit Compliance Department.

Related Person Investment

For further detail regarding circumstances in which CLO Advisors or a related person (a) recommends to clients, or buys or sells for client accounts, securities in which CLO Advisors or a related person has a material financial interest, (b) invests in the same securities that CLO Advisors or a related person recommends to clients, or (c) recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that CLO Advisor or a related person buys

or sells the same securities for CLO Advisors' own (or the related person's own) account, as well as related conflicts of interest, please see Code of Ethics above.

In addition, CLO Advisors' personnel may buy securities in transactions offered to but rejected by CLO Clients. Such transactions are subject to the policies and procedures set forth in CLO Advisors' Code of Ethics. The investment policies, fee arrangements and other circumstances of these investments may vary from those of the CLO Clients. If CLO Advisors personnel have made large capital investments in or alongside the CLO Clients, they may have conflicting interests with respect to these investments. For further details regarding these arrangements, as well as related conflicts of interest, please see Item 10 above.

Item 12. Brokerage Practices

In choosing broker-dealers for execution of securities transactions, CLO Advisors, or a related person of CLO Advisors, considers various relevant factors, including without limitation, pricing terms offered by the broker-dealer, the ability of the broker-dealer to deliver prompt and reliable execution, the size and type of the transactions, the nature and character of the market for the securities, operational efficiency with which transactions are effected, the broker-dealer firm's financial stability, confidentiality, back office stability, trading desk capacities, referrals, custody, settlement, familiarity with derivative securities strategies and the overall value and quality of the services offered by the broker-dealer firm.

CLO Advisors receives research, statistical and quotation services, data, information and other services and materials that assist CLO Advisors in the performance of its investment advisory responsibilities from broker-dealer firms that execute transactions for CLO Clients. Where such services are provided, CLO Advisors may agree to compensate such broker-dealer or third party in either "hard" dollars (directly paid by CLO Advisors, although certain Advisory Agreements permit some or all of such costs to be borne by the relevant CLO Client), "soft dollars" (commission generated) or some combination of the two. A broker-dealer providing such research services will at times receive a commission that is in excess of the amount of commission another broker-dealer would have received for effecting that transaction provided CLO Advisors determines in good faith that such commission was reasonable in relation to the value of the research and brokerage services provided by the broker-dealer. Any such research service could be broadly useful and of value to CLO Advisors in rendering investment advice to all or a significant portion of the CLO Clients, or could be relevant and useful for the management of one CLO Client's account or only a few CLO Clients' accounts, regardless of whether such account or accounts paid commissions to the broker-dealer through which the research service was provided. CLO Advisors will only make securities transactions that it in good faith believes are in the best interest of the CLO Client. A conflict of interest exists when a broker-dealer provides such research services, however, as CLO Advisors will have an incentive to favor such broker-dealer over others that charge lower commissions. CLO Advisors will also consider broker-dealers commission rates or spreads as compared to other market participants when determining the reasonableness of commission rates and spreads received by a broker dealer.

Aggregation of Trades

Bain Capital Credit and its subsidiaries (including CLO Advisors) aggregates the orders of more than one Bain Capital Credit Client for the purchase or sale of the same security or loan. Portfolio managers and traders often employ this practice because larger transactions generally enable them to obtain better overall prices, including lower commission costs or mark-ups or mark-downs. In such cases, Bain Capital Credit and its subsidiaries generally aggregates trade orders for securities and loans so that each participating Bain Capital Credit Client will receive the average price for each execution of a transaction.

When aggregating trades, Bain Capital Credit and its subsidiaries (including CLO Advisors) follow their written procedures, which generally provide that such allocation are made on a pro rata basis based on order size among participating Bain Capital Credit Clients.² Certain exceptions will, however, be made in such allocation provided that such exceptions are to ensure that accounts are treated in a fair and equitable manner, taking into account each Bain Capital Credit Client's best interests and to prevent any favoring or disfavoring of any Bain Capital Credit Client or group of Bain Capital Credit Clients, and that such allocation is consistent with Bain Capital Credit's fiduciary duties, its duty of best execution and contractual obligations.

Nonetheless, Bain Capital Credit Clients could be, and have been, excluded from trade allocations if their allocation falls below a security's minimum denomination. Similarly, some exceptions to pro rata allocations may be undertaken to deal with new issue allocations, odd lots, rounding, security minimums, regulatory restrictions, mandate restrictions, or other circumstances that may occur from time to time. In some situations, including certain follow-on transactions or amendments, Bain Capital Credit and its subsidiaries may consider a vehicle's pre-existing holdings in determining the final trade allocation. Circumstances also may arise when Bain Capital Credit and its subsidiaries need to reallocate a trade to another Bain Capital Credit Client after its initial allocation but before the settlement date. Generally, a trade will be reallocated to another Bain Capital Credit Client only if the latter had a pre-existing interest. The security is typically reallocated at the original transaction price. Bain Capital Credit's Compliance Department generally reviews reallocations. For additional information regarding the allocation of investments among Bain Capital Credit Clients and CLO Clients of the non-Bain Capital Credit Affiliated Advisers, please see Item 10 above.

If an order for more than one Bain Capital Credit Client for a publicly traded security cannot be executed, allocation shall be made based on Bain Capital Credit and its subsidiaries' procedures for allocation of investment opportunities, as described in Item 10 above.

² In some circumstances, due to regulatory considerations related to the 1940 Act, the 1940 Act Funds may not be considered eligible Bain Capital Credit Clients for allocation purposes. These same considerations could, in limited circumstances, result in certain non-1940 Act Funds also not being considered eligible Bain Capital Credit Clients.

Item 13. Review of Accounts

Oversight and Monitoring

CLO Advisors continually reviews and analyzes its existing positions to attempt to identify issues early on and to take action where necessary. CLO Advisors', through its resource sharing agreement, has access to Bain Capital Credit's large investment team and industry-based organization which is structured to produce in-depth credit analysis and allow for rapid response to developing situations. The industry teams and investment committee then review certain investments in a formal setting periodically. Each industry analyst updates buy/sell recommendations on a periodic basis and all credit work is shared throughout CLO Advisors. The industry teams also normally produce detailed investment reviews and financial models on every investment on a periodic basis.

The portfolio of investments of each CLO Client is reviewed by a team of investment professionals. The team generally includes Managing Directors and other investment professionals of CLO Advisors.

Reporting

Investors in the CLO Clients typically receive, from the relevant trustee and among other things, quarterly reports detailing the aggregate principal balance of such CLO Client's portfolio of assets and the interest and other proceeds received by such CLO Client from such assets and available for distribution to investors, the aggregate outstanding amount of such CLO Client's outstanding debt and details regarding certain expenses incurred by such CLO Client.

Item 14. Client Referrals and Other Compensation

For details regarding economic benefits provided to CLO Advisors by non-clients, including a description of related conflicts of interest, please see Item 10 above. In addition, CLO Advisors and its related persons will, in certain instances, receive discounts on products and services provided by portfolio companies.

Item 15. Custody

Item 15 is not applicable to CLO Advisors.

Item 16. Investment Discretion

CLO Advisors provides investment advisory and collateral management services to each CLO Client in accordance with the terms and conditions of such Collateral Management Agreement, and other related documents of each such CLO Client. The terms of the Collateral Management Agreements and other related documents of each CLO Client were generally established at the time

of the formation of the applicable CLO Client and are the result of negotiations with certain potential investors in the applicable CLO Client.

Item 17. Voting Client Securities

CLO Advisors intends to vote proxies or similar corporate actions in accordance with the best interests of the applicable CLO Client, taking into account such factors as it deems relevant in its sole discretion. Upon receipt of a proxy request, CLO Advisors' operations department contacts the senior investment professional responsible for the issuer. The senior investment professional reviews the information, determines what is in the best interests of the CLO Client and ensures the vote is completed in a timely manner.

CLO Advisors' proxy voting policy is designed to ensure that if a material conflict of interest is identified in connection with a particular proxy vote, that the vote is not improperly influenced by the conflict. Conflicts of interest will arise from time to time in relation to proxy voting requirements. CLO Advisors shall monitor all proxies for any potential conflicts of interest. If a material conflict of interest arises, CLO Advisors will determine what is in the best interests of the relevant CLO Client and will seek to take appropriate steps to eliminate any such conflict.

A detailed summary of CLO Advisors' proxy voting policies and procedures are available to investors and prospective investors of a CLO Client during the investment due diligence process, a copy of which may be obtained by Bain Capital Credit's Operations Department.

Existing CLO Clients may obtain copies of relevant proxy logs, identifying how proxies were voted in connection with a CLO Client, and copies of proxy voting policies and procedures upon written request to: Bain Capital Credit, LP, 200 Clarendon Street, Boston, MA 02116. Attn: Compliance Department.

Item 18. Financial Information

Item 18 is not applicable to CLO Advisors.

Item 19. Requirements for State-Registered Advisers

Item 19 is not applicable to CLO Advisors.