

Form ADV Part 2A

Brochure
March 29, 2019

This brochure provides information about the qualifications and business practices of PPM Loan Management Company, LLC (as used in this brochure, “PPMLM” or the “Adviser”). If you have any questions about the contents of this brochure, please contact Thomas R. Barrus, Vice President and Chief Compliance Officer at 312-634-2607 or thomas.barrus@ppmamerica.com.

PPM Loan Management Company, LLC is registered with the Securities and Exchange Commission (“SEC”) as an investment adviser. Registration does not imply a certain level of skill or training. The information in this brochure has not been approved or verified by the SEC or by any state securities authority.

Additional information about PPMLM is also available on the SEC’s website at www.adviserinfo.sec.gov.

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Item 2 - MATERIAL CHANGES

Annual Update as of March 29, 2018

The following material changes have been made to this Brochure since its initial filing on June 4, 2018:

- The information about PPMLM and its clients, including financial information, has been updated as of December 31, 2018.
- The risk disclosures descriptions included in Item 8 were updated, including the deletions of the descriptions related to Fraudulent Conveyances and Tax Reform, which are not deemed material.
- Updated description of PPM's Code of Ethics and Conduct is included in Item 11
- Included additional and updated disclosures in Item 12 regarding research and soft dollars, aggregation of trades, allocation of trades, and trade errors.

We encourage you to read the entire brochure.

Pursuant to SEC rules, we will ensure that you receive a summary of any material changes to this and subsequent brochures within 120 days of the close of PPMLM's fiscal year. We will further provide other ongoing disclosure information about material changes as necessary.

Currently, this brochure may be requested by contacting Thomas R. Barrus, Vice President and Chief Compliance Officer, at 312-634-2607 or thomas.barrus@ppmamerica.com.

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Item 4 - ADVISORY BUSINESS

PPM Loan Management Company, LLC ("PPMLM"), is a Delaware limited liability company that was formed and commenced operations on November 21, 2017. PPMLM is an affiliate of PPM America, Inc. ("PPM"), an investment adviser registered with the SEC, and an indirect subsidiary of Prudential plc ("UK Parent") a publicly held company founded in 1848 with approximately \$876.68 billion in assets under management as of June 30, 2018.¹ PPMLM's principal office is located in Chicago, Illinois, which it shares with PPM and other affiliates. PPMLM is 100% owned by PPM Loan Management Holding Company, LLC ("Holdco"). Holdco's LLC interests are owned by PPM and Jackson National Life Insurance Company ("Jackson"), which is also an indirect subsidiary of the UK Parent.

PPMLM's primary business consists of:

- i. acting as the named collateral manager for collateralized loan obligation transactions, including any type of short-term or long-term warehouse or repurchase agreement facilities in connection therewith (referred to collectively herein as "CLOs");
- ii. engaging in trading activities including, but not limited to, potentially holding loans on its own account as an "originator" for purposes of the EU Risk Retention Rules (as defined herein);
- iii. directly, or indirectly through one or more subsidiaries, acting as the holder of EU Retention Interests (as defined herein) (if any) or other securities issued by the CLOs; and
- iv. acting as the holder of the preferred shares or similar warehouse equity interests of CLOs (as applicable). The CLOs for which PPMLM will serve as collateral manager may also be collectively referred to herein as the "CLO Clients."

For each CLO Client transaction, Holdco will issue a new series of LLC interests to its members, which are currently PPM and Jackson. The interests purchased by Jackson entitle it to receive 100% of the Holdco net income attributable to the investment proceeds received by PPMLM as a result of its investment in an applicable CLO. The interests purchased by PPM entitle it to receive 100% of the Holdco net income attributable to the management fees received by PPMLM.

CLOs typically issue rated senior and mezzanine notes and unrated subordinated notes (referred to collectively herein as the "CLO Securities") in private placement transactions to eligible purchasers for purposes of the Securities Act of 1933 (the "Securities Act") and the Investment Company Act of 1940 (the "Investment Company Act"), as described further in the applicable CLO's offering circular, indenture, and other constitutional and offering documents (collectively, the "CLO Offering Materials"). CLOs rely on Section 3(c)(7) of the Investment Company Act, or other applicable exceptions or exemptions, as the basis for their exemptions from the registration requirements of the Investment Company Act.

PPMLM has entered into a Services and Employee Sharing Agreement (the "Services Agreement") with PPM. Pursuant to the Services Agreement, certain PPM employees are shared with PPMLM (such employees, the "Shared Employees"). The Shared Employees consist of, among others, the PPM portfolio managers who manage accounts in PPM's floating rate income portfolios, including those portfolios held by PPM's and PPMLM's CLO clients (the "Floating Rate Team"). The Floating Rate Team is responsible for (i) approving the collateral management parameters for the CLO Client, (ii) recommending certain assets to be acquired by the CLO Client, and (iii) approving the purchase and sale of any asset by any CLO Client. Additionally, PPM provides operational and investment management support to PPMLM, including research and credit analysis services, traditional middle and back office services, administrative and infrastructure services, and guidance as to when to close a CLO Client transaction or refinance or reprice the notes issued by the CLO Clients. These services are provided by other Shared Employees. For a more complete discussion of PPM, please refer to PPM's Form ADV which is publicly available at www.adviserinfo.sec.gov.

The investment management activities of PPMLM, and the day-to-day management of the business and affairs of PPMLM, are performed by the Shared Employees, some of whom have been appointed officers of PPMLM. The Floating Rate Team has the ultimate credit and investment decision-making authority over the assets of a CLO Client.

PPMLM is managed by a board of directors (the "Board") consisting of Chad Myers, Chief Financial Officer of Jackson, Mark Mandich, President and Chief Executive Officer of PPM, and Craig Smith, Chief Investment Officer of PPM. The Board is the "manager" of PPMLM under the Delaware Limited Liability Company Act with the ultimate responsibility over the business and affairs of PPMLM. The directors were ultimately appointed by and may be removed and replaced at any time by Jackson.

As of the date of this Brochure, PPMLM has three CLO Clients, PPM CLO 2018-1, Ltd. ("CLO 1"), PPM CLO 2, Ltd. ("CLO 2"), and PPM CLO 3, Ltd. ("CLO 3"). CLO 1 was launched in November 2017, and closed on August 3, 2018. CLO 2 was launched on June 26, 2018 and closed on March 6, 2019. CLO 3 was launched on October 4, 2019 and has not yet closed. In order to comply with European risk retention requirements and investor expectations, PPMLM is expected to purchase at least a portion of the subordinated notes issued by each CLO it manages. PPMLM receives a senior management fee and a subordinated management fee for its services provided to CLO 1 and CLO 2, which are paid on the applicable payment dates pursuant to the CLO Offering Materials. Additionally, PPMLM is eligible to earn an incentive management fee should any of the CLOs meet a particular investment return for the subordinated noteholders. As is

¹ The UK Parent is incorporated in England and Wales and listed on the London, Hong Kong, New York, and Singapore stock exchanges. The UK Parent is not affiliated with Prudential Financial, Inc., a company whose principal place of business is in the U.S.

customary during a warehouse period, PPMLM has not charged or received fees for its services for CLO 3. PPMLM will begin charging fees upon closing of CLO 3.

Types of Advisory Services

PPMLM advisory services are limited to exclusively acting as collateral manager for its CLO Clients. PPMLM provides discretionary investment services that may include, among other things:

- i. approving the collateral management parameters for each CLO Client;
- ii. participating in the credit review of all assets proposed to be acquired for the CLO Client;
- iii. approving the purchase and sale of any asset by any CLO Client; and
- iv. advice regarding the workout, restructuring, or other reorganization, including bankruptcy (collectively, a “Workout”) of troubled or defaulted investments. CLO Clients should refer to the applicable CLO Offering Materials for additional information.

CLOs primarily invest in US broadly syndicated bank loans (“Collateral Obligations”) and certain related assets and cash equivalents (collectively, the “Assets”), though each CLO Client will have its own investment guidelines and restrictions. The Assets are used as collateral and sources of payment for the CLO Securities.

Investment Restrictions

The applicable CLO Offering Materials contain various investment restrictions that apply to the particular CLO Client. These investment restrictions are negotiated with investors that purchase the CLO Securities and are often standard across the industry for similar transaction types. Imposing investment restrictions may adversely affect a CLO Client’s account performance as compared to unrestricted accounts that PPMLM or PPM manage with the same or similar investment strategy.

Each CLO has a trustee and an independent board of directors that is responsible for providing oversight of the CLO. Each CLO and its trustee and board of directors have the ability to impose restrictions on investing in certain securities or types of securities, generally at the direction of the respective CLO’s investors.

Wrap Fee Programs

PPMLM does not currently provide portfolio management or other services in connection with wrap fee programs.

Assets Under Management

As of December 31, 2018, PPMLM managed \$745,598,298 in Assets² for its CLO Clients, all on a discretionary basis.

Item 5 - FEES AND COMPENSATION

Collateral Management Fees

PPMLM generally receives from its CLO Clients senior and subordinated collateral management fees (respectively the “Senior Collateral Management Fee” and the “Subordinated Management Fee” and collectively, the “Collateral Management Fees”). Senior Collateral Management Fees are paid in each CLO Client’s priority of payments (as contained in the applicable CLO Offering Materials) after the payment of certain CLO Client expenses but prior to payments on the CLO Securities. Additionally, the Subordinated Collateral Management Fees are paid in each CLO Client’s priority of payments after the payment of certain CLO expenses and payments on the rated CLO Securities, but prior to any payments on the CLO Equity. The Collateral Management Fees are calculated based on the aggregate principal balance of the Collateral Obligations plus any other Assets owned by the CLO.

Additionally, should the holders of the CLO Equity receive sufficient distributions to realize a specified return on their investment (the “Target Return”), PPMLM will earn an incentive management fee (such fee the “Incentive Management Fee” and together with the Collateral Management Fees, the “CLO Fees”). The Incentive Management Fee provides PPMLM with a percentage of the returns realized by the CLO investors.

The CLO Fees, and how such fees are calculated and paid, may be subject to investor negotiation prior to closing a CLO Client transaction, and ultimately are set forth in the respective CLO Offering Materials.

² Form ADV Part 1 includes disclosure of Regulatory Assets Under Management (“Regulatory AUM”) which differs from the traditional calculation. We believe that all of PPMLM’s assets under management will consist of Regulatory AUM.

As noted above, PPM ultimately receives 100% of the CLO Fees received by PPMLM net of any Holdco and PPMLM expenses, a portion of which are received pursuant to a compensation arrangement contained in the Services Agreement. PPM receives the balance of the CLO Fees, net of expenses, through PPM's ownership interest in Holdco.

Payment Method

Generally, the CLO Fees are payable quarterly directly by each CLO pursuant to the priority of payments effected on each quarterly payment date, except to the extent that PPMLM elects to waive or defer any Collateral Management Fees. The applicable CLO Client trustee calculates the CLO Fees payable to PPMLM and arranges for payment out of the CLO Client's Assets pursuant to the CLO Client's priority of payments. These fee payments are generally made on the CLO Client's quarterly payment dates, along with payment of other expenses and distributions to the CLO Client investors.

Other Fees and Expenses

In addition to the CLO Fees paid to PPMLM, each CLO Client will be responsible for the fees and expenses associated with its particular transaction and Assets, as described in the applicable CLO Offering Materials. These fees and expenses include, but are not limited to administrative expenses (including expenses related to service providers such as legal counsel for the CLO Client), organizational and wind-down or liquidation expenses, fees associated with the CLO Client's administrator, fees and expenses associated with any re-pricing, re-financing, or supplemental indenture, expenses incurred by PPMLM related to a CLO Client's Assets or a particular CLO Client transaction (including fees and expenses for its accountants, agents and counsel), and other reasonable expenses incurred by PPMLM on behalf of a CLO Client.

Prepaid Fees

Fees due to PPMLM are paid in arrears.

Compensation for the Sale of Securities

Neither PPMLM nor PPM is compensated for the sale of securities or other investment products, including the placement of the CLO Securities.

Each CLO Client will select a placement agent (which is not PPMLM or PPM, nor a supervised person of PPMLM or PPM) to act as sole manager and bookrunner with respect to the CLO Securities. In this capacity, the placement agent will generally place or purchase the CLO Securities, place or sell such securities to the ultimate CLO investors in individually negotiated transactions at varying prices to be determined in each case at the time of sale, and deliver or arrange for the delivery of such securities. The placement agent will receive from the applicable CLO Client certain fees and reimbursement of certain expenses (including legal expenses) for its services as placement agent.

Item 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As noted under "Collateral Management Fees" in Item 5 above, PPMLM may be entitled to receive an Incentive Management Fee if CLO Equity investors realize a Target Return, pursuant to the respective CLO Offering Materials. This Incentive Management Fee is considered a performance-based fee. CLO Clients should note that a performance-based fee may create an incentive for PPMLM to make investments that are riskier or more speculative than would be the case in the absence of a performance fee. Additionally, the Incentive Management Fee amount and the Target Return may vary as among PPMLM's CLO Clients, which may also create an incentive for PPMLM and PPM to favor CLO Clients that pay a higher fee or have a better chance at paying PPMLM an Incentive Management Fee because they are more likely to reach the Target Return.

Certain investments, such as new issuances, may be desired for more than one account or strategy and availability may be limited. In these instances, certain accounts may be excluded from or may not be able to fully participate in the investment opportunity. There also may be circumstances where a portfolio manager has an incentive to devote more time or resources to, or to implement investment ideas in, one account over another, such as when a new account is being established.

PPM has designed and implemented procedures to ensure that all clients are treated fairly and equally, and to prevent these conflicts from influencing the allocation of investment opportunities among clients.

Item 7 - TYPES OF CLIENTS

PPMLM provides investment advisory services exclusively to its CLO Clients that in turn offer CLO Securities to certain investors as described above. These investors may include (i) non-US persons in offshore transactions in reliance on Regulation S under the Securities Act or (ii) both "qualified institutional buyers" within the meaning of Rule 144A under the Securities Act and "qualified purchasers" within the meaning of Section 2(a)(51) of the Investment Company Act, provided that certain CLO Securities may be issued to persons or entities that are both "accredited investors" as defined in Section 501(a) of Regulation D under the Securities Act and either qualified purchasers or "knowledgeable employees" within the meaning of Rules 3c-5 of the Investment Company Act. PPMLM anticipates that a broad range of institutional investors meeting the criteria set forth above will invest in CLOs managed by PPMLM,

including PPMLM affiliates. The minimum investment requirements applicable to CLO investors may vary as among the various CLO Clients. Investors should consult the respective CLO Offering Materials for the applicable minimum investment requirements or other investment restrictions.

Item 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

General Description

PPMLM uses a variety of methods of analysis in formulating investment advice and managing assets. Fundamental and technical in-house research underpins PPMLM's analysis of current or potential investments. Information considered may include, but is not limited to, publicly available company financial statements, on-site meetings and teleconference calls with company management, company roadshows, information provided through credit rating services and other publicly available information. Generally, third-party research may be used on a supplemental basis. Subject to information blocking procedures, PPMLM may also receive private information, including material non-public information ("MNPI"), as part of its ordinary course investment activities or in connection with a Workout.

As mentioned above, PPMLM has entered into a Services Agreement with PPM whereby PPM and PPMLM share certain employees and PPM provides PPMLM with operational support and investment services, including:

- corporate credit research and asset class specialist teams that provide ongoing research, monitoring and the provision of an internal "relative value" rating system to the Floating Rate Team;
- risk management and quantitative research team that oversees, monitors and provides risk management metrics and reporting across CLO Clients; and
- administration groups that provide operations, investment performance analysis, information technology and other support services across all asset classes and accounts, as well as legal and compliance and human resources.

Although PPMLM strives to achieve a CLO Client's unique investment needs through PPMLM's investment strategies and access to PPM's investment and operational infrastructure, PPMLM does not guarantee that a CLO Client will achieve its investment objective or any particular result. The value of a CLO Client's portfolio may decline and clients should be prepared to bear risk of loss. Additionally, PPMLM does not guarantee returns that a CLO Client may realize. Investments in CLOs and bank loans are speculative and involve certain risks, including the risk that an investor may lose its original investment.

Credit Analysis

PPMLM's investment team utilizes PPM's broad credit research abilities in selecting bank loans that are appropriate for a particular CLO Client. The credit analysis group ("CAG") participates in the vetting, underwriting, and monitoring of bank loans for PPMLM, though the Floating Rate Team has the ultimate responsibility for trading and portfolio construction. During the vetting and underwriting process, the Floating Rate Team and CAG will produce a transaction model and derive an internal credit rating utilizing the following information as part of their analysis:

- offering documents;
- management and lender presentation;
- publicly available financial statements;
- research reports;
- rating Agency reports;
- industry comparisons;
- management assessments;
- capital structure and leverage;
- market position and market share;
- collateral and asset value to determine downside protection; and
- other information as it becomes available (including in certain circumstances MNPI).

Based on the analysis performed by CAG and the Floating Rate Team, the Floating Rate Team will make the ultimate determination as to whether a CLO Client should invest in the applicable bank loan.

As part of its portfolio management services, PPMLM monitors the Collateral Obligations following their purchase. The Floating Rate Team and the CAG participate in regularly scheduled portfolio reviews and exchange real time information as necessary. In making determinations whether to purchase additional interests, sell, or hold the collateral obligation, the Floating Rate Team and CAG:

- follow developments and news regarding the borrower;
- correspond with company management;
- review rating agency reports and rating changes;
- participate in quarterly earnings calls;
- update quarterly financial analysis; and
- update internal ratings and opinions for upgrades and downgrades.

No method of analysis can guarantee a particular investment result or outcome and the use of investment tools cannot and does not guarantee investment performance. The methods of analysis utilized by PPMLM and PPM involve the inherent risk that any valuations, pricing inefficiencies, or other opportunities identified may not materialize or have the anticipated impact on a Collateral Obligation. Prices of Collateral Obligations may rise, decline, underperform or outperform regardless of the method of analysis used to identify securities. Each method of analysis relies in varying degrees on information furnished from third-party and publicly available sources. This presents the risk that methods of analysis may be compromised by inaccurate, incomplete, false, biased or misleading information. Prices of Collateral Obligations may be affected by various factors independent of the methodology used to select Collateral Obligations. For example, the price of a Collateral Obligation may be influenced by the overall movement of the market, rather than any specific company or economic factors. In addition, certain methods of analysis, such as the use of quantitative/investment models, involve the use of mathematical models that are based upon various assumptions. Assumptions used for modeling purposes may prove incorrect, unreasonable or incomplete.

Investment Strategies

Below is a summary of PPMLM's investment strategies. As mentioned above, each CLO Client has certain investment restrictions that have been negotiated with its investors and detailed in its applicable CLO Offering Materials that affect the specific investment strategy or strategies implemented for that particular CLO Client. As financial markets and products evolve, PPMLM may invest in other securities or instruments on behalf of its clients, whether such products are currently existing or developed in the future, when consistent with a CLO Client's guidelines, objectives and policies, and applicable law. Because PPMLM has discretionary authority over its CLO Clients' portfolio investments, the purchase and sale of Collateral Obligations and other financial instruments for the CLO Clients is based upon the judgment of the members of the Floating Rate Team.

Certain material general risks associated with these strategies are set forth below. This is a summary only and does not include risks that are specific to bank loans and CLOs. The CLO Offering Materials contain a more detailed description of certain risks associated with bank loans and investments in CLOs along with the principal investment strategy for each CLO Client. CLO Clients and prospective CLO investors should not rely solely on the descriptions provided below and should carefully read the applicable CLO Offering Materials and consult with their own counsel and advisers as to all matters concerning bank loans and an investment in any CLO.

PPMLM offers advice on a range of Collateral Obligations and other financial instruments including:

- bank loans;
- money market instruments;
- collateralized loan obligations;
- participations, total return swaps and other synthetic exposure instruments relating to loan assets; and
- cash and cash-equivalents.

Material Risks for Significant Investment Strategies and Significant Types of Securities

CLO Clients should understand that investing in bank loans involves risk of loss that CLO Clients should be prepared to bear. Risks will vary based on a CLO Client's investment guidelines and restrictions, market conditions, macroeconomic variables, and specific investments held in a CLO Client's portfolio. Below is a summary of certain risks that may be associated with investing in bank loans, including risks associated with the underlying obligors of such bank loans (the "Underlying Obligors"). The risks provided are not a complete enumeration or explanation of the risks involved with investing in bank loans. CLO Clients and CLO investors should rely on the risk disclosures found in the CLO Offering Materials.

Risk of loss. CLO Clients should understand that all investment strategies and the investments made pursuant to such strategies involve risk of loss, including the potential loss of the entire investment in the CLO Client's portfolio, and CLO Clients should be prepared to bear such loss. The investment performance and the success of any investment strategy or particular investment can never be predicted or guaranteed, and the value of a CLO Client's portfolio will fluctuate due to market conditions and other factors. The investment decisions made and the actions taken for CLO Client portfolios will be subject to various market, liquidity, currency, economic, political and other risks, and will not necessarily be profitable and may lose value. Past performance of CLO Client portfolios managed by PPMLM is not indicative of future performance. Additionally, the CLO Clients are expected to use leverage and although the use of leverage may enhance returns and increase the number of investments that can be made, it may also substantially increase the risk of loss.

Bank loan risk in general. The assets owned by CLOs consist primarily of bank loans rated below investment grade, which are subject to liquidity, market value, credit, interest rate, reinvestment and certain other risks. It is anticipated that such loans generally will be subject to greater risks than investment grade corporate obligations.

Due to restrictions on transfers in loan agreements and the nature of private syndication of loans, some loans are not as easily purchased or sold as publicly-traded instruments. Some loans are illiquid, which may make it difficult for a CLO Client to value them or dispose of them at the price at which the CLO Client has valued the loan. In addition, compared to public securities, purchases and sales of loans generally take longer to settle, which could affect a CLO Client's investment performance.

The secondary market for loans may be subject to irregular trading activity, wide bid/ask spreads and extended trade settlement periods, which may cause PPMLM to be unable to realize a bank loan's full value when the bank loan is sold.

Bank loans are not registered with the SEC or any state securities commission or listed on any national securities exchange. The amount of public information available with respect to loans may be less extensive than that available for registered or exchange listed securities. In evaluating the creditworthiness of Underlying Obligors, PPMLM will rely in part on analyses performed by others.

In the event that an Underlying Obligor defaults, access to the collateral securing the loan may be limited by bankruptcy and other insolvency laws, and all remedies available under the underlying credit agreement are generally only enforceable by the agent bank. A client therefore assumes the credit risk of both the agent bank and the Underlying Obligor.

The performance of a CLO is dependent on the underlying bank loans it purchases. Although many of the bank loans purchased by a CLO are senior secured loans, it is possible that the value of the collateral may decline and/or be inadequate or difficult to realize upon. A court could take action with respect to a bank loan adverse to the holders of the loan, such as invalidating the loan, subordinating the loan to presently existing or future indebtedness, or ordering that the lenders return interest payments they previously received to the Underlying Obligor. As a result, a CLO Client might not receive payments to which it is entitled which may affect the proceeds available to make payments on the CLO Securities. PPMLM may have to participate in legal proceedings or take possession of and manage assets that secure the Underlying Obligor's obligations on behalf of a CLO Client. This could increase a CLO Client's expenses. Additionally, subject to the restrictions contained in the CLO Offering Materials, a CLO Client may invest in unsecured loans. To the extent that a CLO Client invests in unsecured loans and the Underlying Obligor is unable to pay interest or defaults in the payment of principal, there will be no collateral on which the client's account can foreclose. Therefore, these loans present greater risks than collateralized loans.

Bankruptcy risk. In the event of a bankruptcy or insolvency of an Underlying Obligor, a court or other governmental entity may determine that the claims of a CLO Client are not valid or not entitled to the treatment that was expected when the related loan asset was acquired.

If a court in a lawsuit brought by an unpaid creditor or representative of creditors of an Underlying Obligor, such as a trustee in bankruptcy, were to find that such Underlying Obligor did not receive fair consideration or reasonably equivalent value for incurring the indebtedness constituting such underlying assets, such court could decide to invalidate, in whole or in part, the indebtedness constituting the underlying assets as a fraudulent conveyance, to subordinate such indebtedness to existing or future creditors of the Underlying Obligor or to recover amounts previously paid by the Underlying Obligor in satisfaction of such indebtedness. In addition, in the event of the insolvency of an Underlying Obligor, payments made on such underlying loan assets could be subject to avoidance as a "preference" if made within a certain period of time (which may be as long as one year under US federal bankruptcy law or even longer under US state laws) before insolvency.

The Assets held by a CLO Client may be subject to various laws for the protection of debtors in other jurisdictions, including the jurisdiction of incorporation of the Underlying Obligor and, if different, the jurisdiction from which it conducts business and in which it holds assets, any of which may adversely affect such Underlying Obligor's ability to make, or a creditor's ability to enforce, payment in full, on a timely basis or at all. These insolvency considerations will differ depending on the jurisdiction in which an Underlying Obligor or the related underlying collateral are located and may differ depending on the legal status of the Underlying Obligor.

Avoidance provisions similar to those described above are sometimes available with respect to non-US Underlying Obligors, but there is no assurance that this will be the case which may result in a much greater risk of partial or total loss of value in that underlying asset.

Concentration risk. Certain CLO Clients may invest in fewer bank loans than other strategies or CLO Clients, or in larger proportions of the bank loans of a single company or industry. Additionally, as a CLO winds down, its portfolio will consist of fewer and fewer Collateral Obligations, increasing the portfolio's concentration of assets. If these bank loans were to decline in value, there could be a substantial loss of the investment. When a CLO Client invests in a small number of Underlying Obligors, changes in the financial condition or market status of a single Underlying Obligor may cause greater fluctuation for that particular CLO Client than other, less concentrated CLOs would experience.

Counterparty risk. To the extent that a CLO Client enters into transactions on a principal-to-principal basis, the CLO Client is subject to a range of counterparty risks, including the credit risk of its counterparty (i.e., counterparty default), the risk of the counterparty delaying the return of or losing collateral relating to the transaction, or the bankruptcy of the counterparty.

Credit risk. Credit risk is the actual or perceived risk that an Underlying Obligor, guarantor, counterparty, or other entity responsible for payment will not pay interest and principal payments when due. The price of a bank loan can decline in response to changes in the financial condition of the Underlying Obligor, guarantor, counterparty, or other entity responsible for payment. An account could lose money if the Underlying Obligor, is unable or unwilling to make timely principal and/or interest payments, or to otherwise honor its

obligations. Changes in an Underlying Obligor's financial strength, the market's perception of the Underlying Obligor's financial strength or in a bank loan's credit rating, which reflects a third party's assessment of the credit risk presented by a particular Underlying Obligor, may affect bank loans' value. A CLO Client may incur substantial losses if an Underlying Obligor's credit risk is not properly measured and instead such Underlying Obligor presents materially greater risk than the market appreciates.

As mentioned throughout, CLOs generally invest in bank loans that are rated below investment grade. Indebtedness of companies whose creditworthiness is rated below investment grade may be highly speculative involving substantially greater risk that such companies may never pay off their indebtedness, or may pay only a small fraction of the amount owed and may pay only after a delay, with a substantial risk of losing the entire amount invested.

Additionally, there is a currently a supply and demand mismatch in the bank loan market. This mismatch may make it difficult for PPMLM to source bank loans appropriate for client portfolios and could lead to a market-wide degradation of underwriting and credit standards, which may have an adverse effect on the quality of the assets available in the market. Given the increased demand for CLO Securities, the terms included in CLO Offering Materials may provide PPMLM with extensive flexibility, more so than in the past. This could lead to PPMLM purchasing riskier bank loans for inclusion in a CLO Client's portfolio in order to manage the supply and demand mismatch. As these underwriting and credit standards loosen and PPMLM has greater ability to purchase riskier bank loans, the credit risk to a CLO Client's portfolio increases and could have an adverse effect on a CLO Client's ability to make payments on and ultimately repay the CLO Securities.

Cybersecurity risk. Cyber-attacks could disrupt daily operations related to trading and portfolio management. In addition, technology disruptions and cyber-attacks may impact the operations or bank loan prices of an Underlying Obligor or a group of Underlying Obligors, and thus may have an adverse effect on the value of a CLO Client's portfolio. Cyber-attacks on the bank loan market, securities markets, or the financial services infrastructure could cause market volatility or the failure of critical financial services and could affect a CLO Client's portfolio.

Dependence on PPMLM and PPM. The performance of a CLO Client's portfolio depends on the skill of PPMLM in making appropriate investment decisions, developing and implementing appropriate investment strategies, and applying investment techniques and risk analyses that achieve the client's investment objectives. Subjective decisions made by PPMLM may cause the client to incur losses or to miss profit opportunities on which it may otherwise have capitalized.

PPM will also provide a number of services to PPMLM under the Services Agreement that are essential to the success of PPMLM. In addition, certain employees of PPM are shared with PPMLM, as described herein. If such services are no longer provided or able to be provided by PPM for any reason, including if the Services Agreement is terminated for any reason, this will have a material and adverse effect on the performance of a CLO Client because of PPMLM's reliance on PPM in order to maintain its operations.

PPMLM is a newly established investment adviser, established in order to comply with the EU Risk Retention Rules (defined herein). PPMLM has a limited track record, no independent operational infrastructure, no employees that work exclusively for PPMLM, and nominal assets other than CLO Securities held for risk retention purposes.

Diversification risk. CLO Client portfolios may not be diversified across a wide range of asset classes, market sectors, or Underlying Obligor, which could increase the risk of loss and volatility than would be the case if the CLO Client's portfolio was diversified across asset classes, market sectors, or Underlying Obligors, because the value of holdings would be more susceptible to adverse events affecting those asset classes, market sectors, or Underlying Obligors.

European economic and market events risk - In June 2016, the United Kingdom approved a referendum to leave the European Union ("Brexit"). There is significant market uncertainty regarding Brexit's ramifications, and the range and potential implications of possible political, regulatory, economic, and market outcomes are difficult to predict. Political events, including nationalist unrest in Europe and uncertainties surrounding the sovereign debt of a number of European Union ("EU") countries and the viability of the EU itself, also may cause market disruptions. If one or more countries leave the EU or the EU dissolves, the world's securities markets likely will be significantly disrupted. Moreover, the uncertainty about the ramifications of Brexit may cause significant volatility and/or declines in the value of the Euro and British pound. If no agreement is reached as to the terms of the United Kingdom's exit from the EU prior to the March 2019 exit date ("hard Brexit"), these impacts may be exaggerated. Brexit (and in particular a hard Brexit) may cause greater market volatility and illiquidity, currency fluctuations, deterioration in economic activity, a decrease in business confidence, and increased likelihood of a recession in the United Kingdom.

Geographic risk. From time to time, based on market or economic conditions or specific CLO Client investment guidelines or restrictions, a CLO Client may invest a significant portion of its assets in one country or geographic region. If the CLO Client does so, there is a greater risk that economic, political, social and environmental conditions in that particular country or geographic region may have a significant effect on the CLO Client's performance and that the CLO Client's performance will be more volatile than the performance of more geographically diversified accounts. The economies and financial markets of certain regions can be highly interdependent and may decline all at the same time. In addition, certain areas are prone to natural disasters such as earthquakes, volcanoes, droughts or tsunamis and are economically sensitive to environmental events. Alternatively, the lack of exposure to one or more countries or geographic regions may adversely affect performance.

Income risk. Income generated from a CLO Client's investments may decline in the event of falling interest rates. Income risk may be high if a CLO Client's income is predominantly based on short-term interest rates, which can fluctuate significantly over short periods. This income risk could affect a CLO Client's ability to make timely payments on the CLO Securities.

Investment strategy risk. PPMLM's implements an investment strategy to seek to achieve the agreed upon investment objective for each CLO Client. Investment decisions made by PPMLM in accordance with these investment strategies may not produce the returns PPMLM expected, and may cause a CLO Client's portfolio value to decrease or underperform other CLO Client portfolios with similar investment objectives and investment profiles.

Lender liability 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 a borrower or has assumed a degree of control over the borrower resulting in a creation of a fiduciary duty owed to the borrower or its other creditors or shareholders. Because of the nature of the Collateral Obligations, PPMLM and/or the CLO Clients 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 lender or bondholder (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 other creditors of such borrower, a court may elect to subordinate the claim of the offending lender or bondholder to the claims of the disadvantaged creditor or creditors, a remedy called "equitable subordination." PPMLM and the CLOs do not intend to engage in conduct that would form the basis for a successful cause of action based upon the equitable subordination doctrine. However, because of the nature of certain of the Assets, PPMLM and/or the CLO Clients may be subject to claims from creditors of an Underlying Obligor that debt obligations which are held by the CLO Clients should be equitably subordinated.

The preceding discussion regarding lender liability is based upon principles of US federal and state laws. With respect to Assets outside the United States, the laws of certain non-US jurisdictions may also impose liability upon lenders or bondholders under factual circumstances similar to or different from those described above, with consequences that may or may not be analogous to those described above under US federal and state laws.

LIBOR risk. Bank loans and CLO Securities are generally floating rate instruments based on LIBOR; however, the future of LIBOR has been in question since a LIBOR rigging scheme implicated some of the world's largest banks. On July 27, 2017, Andrew Bailey, the CEO of the Financial Conduct Authority, the UK financial regulator that has regulated LIBOR since April 2013, gave a speech regarding the future of LIBOR in which he outlined the many limitations of LIBOR and a plan to transition to a new benchmark at the end of 2021. Although newly issued CLOs are beginning to include provisions that allow for some flexibility should LIBOR cease to be reported, transitioning away from LIBOR will take significant market cooperation to avoid disruption of contracts currently based on LIBOR that will extend beyond the transition date. Any such disruption could have a negative effect on the bank loan and other debt securities markets, which could affect the market value and/or transferability of a CLO Client's bank loan portfolio and/or the CLO Securities.

Similarly, the Euro Interbank Offered Rate ("EURIBOR") and other so-called "benchmarks" are the subject of proposals for reform by a number of international authorities and other bodies. In September 2013, the European Commission published a proposed regulation (the "Proposed Benchmark Regulation") on indices used as benchmarks in financial instruments and financial contracts. The Proposed Benchmark Regulation will, if enacted, make significant changes to the way in which EURIBOR is calculated, including detailed codes of conduct for contributors and transparency requirements applying to contributions of data. Benchmarks such as EURIBOR may be discontinued if they do not comply with these requirements or if the administrator of the benchmark either fails to apply for authorization or is refused authorization by its home regulator.

On April 3, 2018, the New York Federal Reserve Bank began publishing its alternative rate, the Structured Overnight Financing Rate ("SOFR"). The Bank of England followed suit on April 23, 2018 by publishing its proposed alternative rate, the Sterling Overnight Index Average ("SONIA"). Both SOFR and SONIA significantly differ from LIBOR – both in the actual rate and how it is calculated – and therefore it is unclear whether and when markets will adopt either of these rates as a widely accepted replacement for LIBOR.

It is possible that the LIBOR administrator and the panel banks could continue to produce LIBOR on the current basis after 2021, if they are willing and able to do so. However, the survival of LIBOR in its current form, or at all, is not guaranteed until or after 2021 and, if LIBOR in its current form does not survive, it could cause a disruption in the credit markets generally, which could negatively impact the market value and/or transferability of the CLO Securities and/or the Collateral Obligations. It is not possible to predict the changes that will ultimately be made to LIBOR or EURIBOR, the effect of any such changes and any other reforms to LIBOR or EURIBOR that may be enacted in the European Union and elsewhere and the effect of any perceived inaccuracy of LIBOR or EURIBOR. An increase in alternative types of financing at the expense of LIBOR- or EURIBOR-based syndicated loans may make it more difficult for PPMLM to source loans for inclusion in the CLO Client portfolios, and ultimately may impair the value and/or the liquidity of a CLO Client's existing investments.

Liquidity risk – Investments in bank loans are generally considered less liquid than other investments in securities. Some bank loans may be more difficult to purchase or sell than others (illiquid or thinly-traded bank loans) and investments in such illiquid bank loans may reduce returns if a CLO Client is unable to sell the bank loan at an advantageous time or price or achieve its desired level of exposure to a certain sector. Liquidity risk arises, for example, from small average daily trading volumes, trading restrictions, or temporary suspensions of trading. In times of market volatility, certain bank loans may become illiquid. Government or regulatory actions may decrease market liquidity and liquidity for certain bank loans. Small-capitalization companies and companies domiciled in emerging markets pose greater liquidity and price volatility risks. Certain bank loans that were liquid when purchased may later become illiquid or less liquid, particularly in times of overall economic distress. Illiquid bank loans may also be difficult to value, may be required to be fair valued in accordance

with PPMLM's Valuation Policies and Procedures, and may reflect a discount, which may be significant, from the market price of comparable bank loans for which a liquid market exists.

Liquidity risk may also refer to the risk that PPMLM may be forced to sell bank loans at an unfavorable time and/or under unfavorable conditions as part of a CLO redemption or in order to comply with certain collateral quality tests contained in the CLO Offering Materials. Selling bank loans in bulk as part of any such redemption or curing action could result in lower prices for such bank loans.

Management risk. The investment techniques PPMLM employs could fail to achieve a CLO Client's investment objective, or may negatively affect the CLO Client's investment performance. There is no guarantee that the investment objective or expected investment returns of the CLO Client will be achieved.

Market risk. Markets may at times be volatile and values of individual Collateral Obligations and other investments may decline significantly, and sometimes rapidly, in response to real or perceived adverse Underlying Obligor, political, regulatory, market, economic or other developments that may cause broad changes in market value, public perceptions concerning these developments, and adverse investor sentiment. Changes in the financial condition of a single Underlying Obligor may affect a market as a whole.

MNPI risk. PPMLM (and PPM) may take steps to ensure that it does not receive MNPI about the Underlying Obligors who also issue (directly or through a related entity) publicly traded securities. By not receiving MNPI, a CLO Client may have less information than other investors about certain of the loans in which it invests or seeks to invest. This may place a CLO Client at a disadvantage relative to other investors in loans.

Model valuations risk. Certain of the investments made by PPMLM will be based, in part, on complex models used by PPMLM that incorporate a range of different inputs. Inadequate or incorrect factual information, misstated assumptions, as well as unforeseeable changes in economic factors can cause these models to yield materially inaccurate valuations — even if the model is fundamentally sound. Moreover, there can be no assurance that PPMLM's models are fundamentally sound or contain fully accurate data. The models used by PPMLM will typically require certain market forecasts that are based on analytical models and assumptions. There can be no assurance that such models are accurate or that assumptions are not oversimplified, which would adversely affect market forecasts leading to potential losses and cash flow insufficiencies.

Recent market conditions. Since the financial crisis that started in 2008, the US and many non-US economies continue to experience its after-effects, which have resulted, and may continue to result, in an unusually high degree of volatility in the financial markets, both in the US and globally. Reduced liquidity in fixed income and credit markets may negatively affect many Underlying Obligors worldwide, which may have an adverse effect on a CLO Client's portfolio. In addition, global economies and financial markets are becoming increasingly interconnected, which increases the possibilities that conditions in one country or region might adversely impact Underlying Obligors in a different country or region.

As a result of the crisis, the US and other governments and the Federal Reserve and certain non-US central banks took steps to support financial markets. In some countries where economic conditions have somewhat recovered, they are nevertheless perceived as still fragile. Withdrawal of government support, failure of efforts in response to the crisis, or investor perception that such efforts have not succeeded, are all factors that could adversely impact the value and liquidity of certain Collateral Obligations. The severity or duration of adverse economic conditions may also be affected by policy changes made by governments or quasi-governmental organizations, including changes in tax laws. The impact of new financial regulation legislation on the markets and the practical implications for market participants may not be fully known for some time. Regulatory changes are causing some financial services companies to exit long-standing lines of business, resulting in dislocations for other market participants. In addition, political events within and outside the US may affect investor and consumer confidence and may adversely affect financial markets and the broader economy, perhaps suddenly and to a significant degree, including, for example, high public debt in a number of countries that creates ongoing systemic and market risks and policymaking uncertainty. Political and military events, including in North Korea, Venezuela, Syria, and other areas of the Middle East, and nationalist unrest in Europe, also may cause market disruptions.

These events and the potential for continuing market turbulence may have an adverse effect on a CLO Client's portfolio. Because the effect on the markets has been widespread, it may be difficult to identify both risks and opportunities using past models of the interplay of market forces, or to predict the duration of these market conditions. Changes in market conditions will not have the same effect on all types of Collateral Obligations.

Interest rates have been unusually low in recent years in the US and abroad. However, the Federal Reserve has recently raised the target range for the federal funds several times. These rate increases, and the possibility that the Federal Reserve may continue with such rate increases, among other factors, could cause markets to experience continuing high volatility or broader market-wide price volatility. The US is also considering significant new investments in infrastructure and national defense which, coupled with lower federal tax revenues following the passage of the Tax Cuts and Jobs Act, could lead to increased government borrowing and higher interest rates, which may lead to slower economic growth.

Recent regulatory events and government intervention. The recent financial crisis has also resulted in increased regulation for financial institutions and markets. The Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank") granted US regulatory authorities broad rulemaking and enforcement authority to implement and oversee various provisions of Dodd-Frank, including comprehensive regulation of the over-the-counter derivatives and consumer credit markets. Dodd-Frank covers a broad range of topics, including (among many others):

- new rules regarding risk retention in securitization transactions, such as CLOs;
- a reorganization of US federal financial regulators;
- a process intended to improve financial systemic stability and the resolution of potentially insolvent financial firms;
- new rules for derivatives trading;
- the creation of a consumer financial protection watchdog;
- the registration and additional regulation of hedge and private equity fund managers; and
- new federal requirements for residential mortgage loans.

The US government or its agencies may also acquire distressed assets from financial institutions and acquire ownership interests in such institutions. The implications of government ownership and disposition of these assets are unclear and such a program may positively or negatively affect liquidity, valuations and performance of a CLO Client's portfolio. Instruments in which a CLO Client may invest, or the issuers of such instruments, may be affected in ways that are unforeseeable. Accordingly, the extensive changes to the regulation of various markets and market participants required by Dodd-Frank and increased regulation arising out of the recent financial crisis could have an adverse effect on a CLO Client's portfolio.

Dodd-Frank included certain amendments to the Securities Exchange Act of 1934 pursuant to which various federal agencies issued rules governing securitization transactions such as CLOs (the "US Risk Retention Rules"). However, on February 9, 2018, the United States Court of Appeals for the District of Columbia ruled that the US Risk Retention Rules did not apply to managers of so-called "open-market CLOs" (such ruling, the "Circuit Court Ruling"). The Circuit Court Ruling applies to PPMLM and PPM; as a result, open market CLOs sponsored and managed by PPMLM or PPM do not have to comply with the US Risk Retention Rules. Following the Circuit Court Ruling, we have seen a small increase in the number of CLO managers. If this trend continues, there could be an increase in competition for leveraged loans and other investments held by CLOs.

In addition to the US Risk Retention Rules, European Regulation 2017/2402 governs CLOs and other securitization transactions offered to European investors (the "Securitization Regulation"). Article 5 of the Securitization Regulation sets out certain transparency requirements applicable to CLO managers ("Article 5"); Article 6 sets out certain risk retention requirements ("Article 6"), and Article 7 sets out certain due diligence requirements for investors ("Article 7"). On January 31, 2019, the European Securities and Markets Authority released a revised set of proposed technical standards that may serve as guidance for compliance with the Securitization Regulation. Because these technical standards are not yet considered final, and because the European member states must adopt the regulation in order for it to be enforceable, there remains significant uncertainty as to the application of and ability for US CLO managers to comply with significant provisions contained in the Securitization Regulation, especially Article 5.

Because the Securitization Regulation remains effective, unlike the US Risk Retention Rules, certain European investors may only invest in CLO transactions that are compliant with the applicable provisions of the Securitization Regulation (any such eligible CLO, an "EU Compliant CLO"). If an applicable European investor invests in a CLO that is not an EU Compliant CLO, it will be subject to significant capital charges on that investment. Additionally, the Securitization Regulation imposes penalties on CLO managers that fail to comply with Article 5 for a CLO that is marketed and sold to European investors.

PPMLM was established to comply with Article 6, adopting the market-developed and widely used capitalized majority owned affiliated structure. Under this structure, for any EU Compliant CLO, PPMLM will originate 5% of the loans purchased by the CLO as of the CLO Client's closing date, in a manner consistent with accepted market practice and acceptable to the applicable European CLO investors. PPMLM will also purchase a portion of the CLO Securities equal to 5% of the total principal balance of the Assets for each EU Compliant CLO (the "EU Retention Interest"). Although PPMLM believes that the foregoing will satisfy Article 6, there is a risk that this structure may ultimately be deemed non-compliant. Additionally, if EU regulators determine that Article 5 applies to U.S. CLO managers, these managers, including PPMLM, may not be able to satisfy the Article 5 transparency requirements, which could result in transactions that were initially determined to be EU Compliant CLOs ultimately being deemed non-compliant. This ongoing uncertainty in the CLO market may affect the price of bank loans and ultimately the value of a CLO Client's portfolio and CLO investors' returns. Further, this uncertainty could result in higher than expected capital charges for EU investors if a transaction is deemed not to be an EU Compliant CLO.

CLO Client portfolios are also subject to the risk of local, national and global economic disturbances based on unknown conditions in the market in which an account invests. In the event of such disturbances, Underlying Obligors may suffer significant declines in the value of these assets and even terminate operations. Such Underlying Obligors also may receive government assistance accompanied by increased control and restrictions or other government intervention. It is not clear whether the US government will intervene in response to such disturbances and the effect of any such intervention is unpredictable.

Reliance on corporate management and financial reporting. PPMLM will select investments for CLO Clients in part on the basis of information and data filed by Underlying Obligors with various government regulators, publicly available or made directly available to PPMLM by such Underlying Obligors or third parties. Although PPMLM will evaluate this information and data and seek independent corroboration when it considers it appropriate and reasonably available, PPMLM will not always be in a position to confirm the completeness, genuineness or accuracy of such information and data. PPMLM is dependent upon the integrity of the management of such Underlying Obligors and of such third parties as well as the financial reporting process in general. CLO Clients may incur material losses as a result of corporate mismanagement, fraud and accounting irregularities relating to Underlying Obligors.

Restricted securities risk. As part of a Workout involving a Collateral Obligation, a CLO Client may receive certain equity or other restricted securities in exchange for its interest in such Collateral Obligation, and such securities may be illiquid. PPMLM may be unable to sell them on short notice or may be able to sell them only at a price below current value. Also, PPMLM may get only limited information about the issuer of a restricted security, so it may be less able to predict a loss. In addition, if PPMLM receives material non-public information about the issuer, a CLO Client may be unable to sell the securities.

Sector risk. To the extent a CLO Client invests more heavily in particular sectors, industries, or sub-sectors of the market, its performance will be especially sensitive to developments that significantly affect those sectors, industries, or sub-sectors. An individual sector, industry, or sub-sector of the market may be more volatile, and may perform differently, than the broader market. The several industries that constitute a sector may all react in the same way to economic, political or regulatory events. A CLO Client's portfolio performance could be affected if the sectors, industries, or sub-sectors do not perform as expected. Alternatively, the lack of exposure to one or more sectors or industries may adversely affect performance.

Systemic risk generally. Credit risk may arise through a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution causes a series of defaults by the other institutions. This is sometimes referred to as a "systemic risk" and may adversely affect financial intermediaries, such as banks, securities firms and exchanges, with which PPMLM interacts on a daily basis.

Terrorism risk. Terrorist attacks may lead to increased short-term market volatility and may have long-term effects on United States and world economies and markets. Terrorist attacks also may adversely impact interest rates, auctions, secondary trading, ratings, credit risk, inflation and other factors relating to a CLO Client's portfolio and adversely affect such account's service providers and operations.

Underlying Obligor risk. The value of an individual bank loan can be more volatile than the market as a whole and can perform differently from the market as a whole. A bank loan's value may decline for reasons that directly relate to the Underlying Obligor, such as management performance, corporate governance, financial leverage and reduced demand for the Underlying Obligor's goods or services. Certain unanticipated events, such as natural disasters, can have a dramatic adverse effect on the value of an Underlying Obligor's bank loans and other securities. A bank loan's performance may also differ from other securities issued by an Underlying Obligor, including debt or equity securities.

Valuation risk. The price at which a CLO Client could sell any particular investment may differ from the CLO Client's valuation of the investment. Such differences could be significant, particularly for illiquid Collateral Obligations and Collateral Obligations that trade in relatively thin markets or markets that experience extreme volatility. If market or other conditions make it difficult to value some investments, the CLO Client may value these investments using more subjective methods, such as fair value methodologies. A CLO Client's ability to value its investments in an accurate and timely manner may be affected by technological issues or errors by third party service providers, such as pricing services or accounting agents.

Item 9 - DISCIPLINARY INFORMATION

There are no legal or disciplinary events that are material to a CLO Client's or prospective CLO Client's evaluation of PPMLM's business or the integrity of its management. In the past, the UK Parent has entered into certain settlements with regulators and other third parties and has been the subject of adverse legal and disciplinary events. Additional information regarding certain of these settlements is set forth in Part 1A of PPMLM's Form ADV.

Item 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

This brochure discusses only those functions performed by PPMLM on behalf of its clients and the services provided by PPM pursuant to the Services Agreement. This brochure does not discuss the activities of other affiliated entities or related persons on behalf of their respective clients except to the extent such activities are conducted in connection with the investment advisory activities of PPMLM. Additional information relating to these related persons of PPMLM may be found on Schedule D to Part 1 of PPMLM's Form ADV and, to the extent applicable, in the Form ADV for such affiliated entities or related persons.

As of March 15, 2019, one of PPMLM's associated persons is a registered representative of Jackson National Life Distributors, LLC, an affiliated Broker Dealer.

As of March 15, 2019, none of PPMLM's management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

PPM America

As discussed above, PPMLM is ultimately partially owned by PPM and has entered into the Services Agreement with PPM. PPM serves as investment adviser or sub-adviser to numerous affiliates of its UK Parent, as generally described below:

- PPM serves as investment adviser or sub-adviser to general accounts of affiliated insurance companies and various portfolios of investment products or funds sponsored by affiliates in non-US jurisdictions. Certain of these affiliate portfolios invest in bank loans and the Floating Rate Team provides the advisory services related to such investments. It is possible that other affiliates may invest in PPMLM's CLO Clients, including Jackson as described below.

- PPM serves as collateral manager to one outstanding CLO, PPM Grayhawk CLO, Ltd., which was optionally redeemed in October, 2017, and is currently in the process of winding down. PPM has historically served as collateral manager to other CLOs which have since been dissolved. The Floating Rate Team responsible for management of the Grayhawk CLO also manages the Assets of the PPMLM CLO Clients.
- PPM serves as investment adviser to PPM Funds, an open-end investment company organized as a Massachusetts business trust, consisting of nine separate series funds. Certain series of the PPM Funds invest in bank loans and the Floating Rate Team provides advisory services related to such investments.
- PPM also currently serves as investment sub-adviser to eight mutual funds sponsored and advised by Jackson National Asset Management (“JNAM”). JNAM is a wholly-owned subsidiary of Jackson. Jackson and certain of the JNAM portfolios invest in bank loans and the Floating Rate Team provides the advisory services related to such investments.

Please refer to PPM's ADV 2A brochure (available upon request or at www.adviserinfo.sec.gov) for a detailed description of PPM's affiliate relationships.

Jackson

PPMLM is owned by Holdco which is in turn jointly owned by PPM and Jackson. Jackson provides all of the capital needed by PPMLM to purchase the applicable CLO Securities at closing of each CLO and the preferred shares as part of the warehouse financing for each CLO. PPM serves as investment adviser to Jackson and its wholly-owned subsidiary, Jackson National Life Insurance Company of New York, as well as certain other Jackson insurance company related entities.

Affiliations and Conflicts of Interest

PPMLM is committed to providing clients with service of the highest quality and seeks to act in the best interests of its clients. Nevertheless, there are circumstances where client interests conflict with PPMLM's interests, the interests of its affiliates, or the interests of other clients, including PPM clients. From time to time, PPMLM's and PPM's management of multiple client portfolios may give rise to potential and actual conflicts of interest. Additionally, given the nature of the relationship between PPMLM and PPM, certain potential or actual conflicts of interest may arise given that the Floating Rate Team provides advisory services regarding bank loans to PPMLM and PPM clients, and in certain cases, such advice will differ by client. Some of these conflicts of interest are inherent to PPM's business and are encountered by other large financial services firms that offer similar services.

The Floating Rate Team must divide time and investment ideas across multiple clients of both PPMLM and PPM, some of which may be affiliated clients. PPMLM could provide advice or take actions for a client that differs from recommendations or actions taken for other clients. As has been described herein, the same investment professionals are making these recommendations for the various PPMLM and PPM clients, pursuant to the Services Agreement. Despite having similar investment guidelines or restrictions, investment performance and returns could vary significantly by client.

PPMLM is not obligated to recommend to any or all CLO Clients any investments that it may recommend to, or purchase or sell for, certain other CLO Clients, or that PPM recommends to, or purchases or sells for its clients. CLO Clients may invest in the same instruments as other PPMLM or PPM clients, including affiliated clients, which could create potential conflicts, particularly where investment opportunities in bank loans or markets are limited or where the liquidity of certain instruments is limited. The allocation of investment opportunities raises potential conflicts of interest. PPMLM may have an incentive to provide favorable treatment to certain CLO Clients and investment opportunities that are appropriate for a CLO Client may be allocated entirely to other CLO Clients, including PPM clients, the majority of which are affiliated clients.

Conflicts may also arise when various PPMLM and/or PPM clients invest in the same bank loan or invest in different levels of an Underlying Obligor's capital structure. In both cases, PPMLM and PPM may take actions with respect to the assets held by one client that are adverse to the other clients. For example, a PPMLM CLO Client may own an interest in an Underlying Obligor's senior bank loan and a PPM client may own an interest in the junior unsecured debt or equity of the same Underlying Obligor. In such circumstances, decisions over items such as whether to make the investment, proxy voting, corporate reorganization, how to exit an investment, or bankruptcy matters (including, for example, whether to trigger an event of default or the terms of any Workout) could present conflicts of interest.

PPM may advise its clients to invest in CLOs managed by PPMLM, creating a potential or an actual conflict of interest as among the PPM clients, PPMLM CLO Clients, and CLO Client investors. PPMLM may also cause a CLO Client to purchase from, or sell assets to, an entity, such as a structured finance vehicle, in which PPM clients may have an interest, potentially in a manner that will have an adverse effect on the PPMLM CLO Client.

As mentioned above, Jackson is the majority owner of Holdco, which is the sole owner of PPMLM. Furthermore, Jackson may invest in the CLO Securities issued by a PPMLM CLO Client separately from his investment in Holdco. In addition to being affiliated with PPMLM and PPM, Jackson is also PPM's largest client. It is possible that PPM may advise Jackson to purchase, not purchase, sell, or hold the same or similar bank loans as those held by PPMLM CLO Clients and such advice may differ from that which PPMLM provides its CLO Clients. Jackson may also own an interest at a different level of an Underlying Obligor's capital structure. PPM may advise Jackson to take actions related to these other investments that are adverse to the actions taken by PPMLM's CLO Clients.

Certain potential conflicts may arise from PPMLM and PPM personnel's industry relationships and affiliations. These relationships or affiliations may include pre-existing relationships with existing or prospective service providers, which may inhibit PPMLM's impartiality or create an incentive for PPMLM or PPM to favor one third-party over another.

When making investment decisions or decisions related to an Asset held by a CLO Client where a conflict of interest arises, PPMLM will endeavor to act in a fair and equitable manner between all of its CLO Clients. PPMLM has policies and procedures that are designed to address conflicts and ensure that PPMLM acts in the best interests of its CLO Clients. In addition, PPM has established a designated conflicts committee as well as a special conflicts committee of PPM's Board of Directors. These committees are tasked with considering and resolving various material conflicts matters on an as needed basis, including those that arise in connection with PPMLM's business. PPMLM will resolve conflicts of interest on a case-by-case basis taking into consideration the interests of the relevant CLO Clients, the circumstances giving rise to the conflict, and applicable laws.

Notwithstanding the foregoing, in certain instances the resolution of a conflict may result in PPMLM or PPM acting on behalf of a client or clients in a manner that may not be in the best interest, or may be adverse to other PPMLM CLO Clients. In some circumstances, resolution of a conflict may benefit certain PPMLM or PPM clients that pay higher fees or performance fees or clients in which PPMLM affiliates have a significant proprietary interest. It is possible that any actual or potential conflicts of interest will result in a particular CLO Client or group of CLO Clients receiving less favorable investment terms in or returns from certain investments than if such conflicts of interest did not exist. Additionally, despite PPMLM's efforts to enact appropriate policies and procedures to address these conflicts, there is no guarantee that such procedures will detect each and every situation in which a conflict arises.

Item 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

All of the Shared Employees and PPMLM directors are subject to the PPM Code of Ethics and Conduct ("Code"), which was adopted by PPMLM. The Code is designed to detect and prevent personal conduct that might create an actual or potential conflict of interest with a client. The Code sets forth, among other things, certain restrictions on the personal trading activities of PPM's employees, officers, directors and certain affiliated employees (collectively, "access persons") and standards of conduct expected of PPM's access persons and further addresses conflicts that arise from personal trading and emphasizes PPM's fiduciary obligation to put client interests first. Under the Code, certain personal securities transactions of access persons are prohibited, while others are subject to pre-approval and/or reporting requirements.

The Code's restrictions on personal trading apply to any account over which an access person and certain immediate family members have investment discretion or a beneficial interest. Employees are required to pre-clear most personal securities transactions prior to execution, except as specifically exempted under the Code. Participation in Initial Public Offerings ("IPOs") is prohibited and all private placement transactions must be pre-approved by the Chief Compliance Officer. The Code also requires that securities must be held for a minimum of 30 calendar days after purchase and may not be repurchased for a minimum of 30 calendar days following a sale. Subject to satisfying the Code and applicable laws, PPM access persons may trade for their own accounts in securities that are held in client accounts; however, the Code imposes a "blackout" period whereby employee trading in a security may be prohibited if PPM is transacting in that security for its clients. Exceptions to the Code's personal trading restrictions are considered on a case-by-case basis and are granted only when PPM's Compliance Department determines the potential for conflict or harm does not exist or is insignificant.

All access persons are required to provide quarterly reports of their securities transactions to PPM Compliance (in the form of confirmations and statements) and to certify that all personal securities transactions have been reported. On an annual basis, access persons are required to report all accounts which can be used to effect the purchase and sale of a security and holdings. PPM's Compliance Department reviews each access person's transactions, confirmations, and other account documentation to look for indications of improper personal transactions.

PPMLM will provide a copy of the Code to any CLO Client upon request.

Gifts and Business Entertainment

PPMLM has adopted Gift and Business Entertainment Policies and Procedures for PPMLM employees that places restrictions on receiving and providing gifts and business entertainment, imposes reporting requirements, and requires pre-approval to participate in business entertainment, except as specifically exempted under the Gift and Business Entertainment Policies and Procedures.

Participation or Interest in Client Transactions

PPMLM does not buy or sell securities or other instruments to or from CLO Clients on a principal basis except as permitted by applicable law, CLO Client guidelines and restrictions, and in accordance with its compliance procedures. Additionally, subject to the foregoing, PPMLM also may effect "cross" transactions between CLO Clients, including PPM clients. In these cases, one client will purchase a security held by another client. Neither PPMLM nor any related party will receive any compensation in connection with a "cross" transaction. PPMLM will effect these transactions pursuant to internal PPM procedures and only when it deems the transaction to be in the best interests of each of the buying and selling clients and at prices that PPMLM has determined reflect fair value.

As described herein, if PPMLM manages a CLO that is compliant with the EU Risk Retention Rules, it will purchase an EU Retention Interest and satisfy the “originator” requirements contained in the EU Risk Retention Rules. For those CLO transactions that are compliant with the EU Risk Retention Rules, PPMLM will (i) hold the EU Retention Interest of each CLO, (ii) act as the collateral manager for such CLO, and (iii) originate a portion of the loans to be held by such CLO, so that PPMLM is considered to be the “originator.”

It is a requirement of the EU Risk Retention Rules that the “originator” not transfer its Retention Interest until the final maturity of the applicable CLO Securities. Accordingly, for those CLO Clients that are EU Risk Retention compliant, PPMLM expects to covenant and agree with the CLO Client that it will not transfer the Retention Interest of such CLO Client other than in accordance with the EU Risk Retention Rules, if applicable.

Participation or Interest in Personal Trading – Client Recommendations and Client Trading

Although individuals generally cannot purchase bank loans or CLO Securities, individual PPMLM employees may purchase other securities of an Underlying Obligor creating a potential conflict of interest. PPMLM employees regularly share information, perceptions, advice and recommendations about market trends, the valuations of individual securities, and investment strategies, except where prohibited by information barriers established by PPMLM or by applicable law or regulation. A portfolio manager's management of personal accounts may give rise to potential conflicts of interest, including conflicts of interest related to the knowledge and timing and potential market impact of trades placed on behalf of CLO Clients, as well as current or potential investment opportunities under consideration. As noted under “Code of Ethics” above, PPMLM has adopted a Code of Ethics, as well as other policies and procedures, which seek to address potential conflicts involving personal trading by PPMLM's access persons.

Item 12 - BROKERAGE PRACTICES

Broker-Dealer Selection

PPMLM relies on PPM to select which Broker Dealer will effect PPMLM client transactions, including such Broker Dealer's applicable commission rates. PPM maintains lists of Broker Dealers, futures commission merchants and derivatives and repurchase agreement counterparties that have been reviewed and approved pursuant to PPM's Best Execution Policies and Procedures. Traders generally have discretion to effect transactions with any Broker Dealer on the approved lists.

PPM generally seeks to obtain best execution for client transactions with brokers or dealers (collectively, “Broker Dealers”), that is, to obtain not necessarily the lowest commission cost or best price, but the best overall qualitative execution under the circumstances. Factors that influence the way PPM selects Broker Dealers for trade execution include, but are not limited to:

- the quality of trade execution, including the accuracy and timely execution of trades, clearance, and cooperation by the Broker Dealer in resolving errors and disputes;
- the reputation, financial strength, reliability, and creditworthiness of the Broker Dealer;
- the Broker Dealer's block trading and positioning capabilities;
- the willingness of the Broker Dealer to execute difficult transactions;
- the willingness of the Broker Dealer to execute a transaction in combination with another transaction or transactions which, in the aggregate, provide net benefit to PPM's client;
- the willingness and ability of the Broker Dealer to commit capital;
- access provided by the Broker Dealer to PPM and its clients to underwritten offerings, including new issues of fixed income securities;
- overall costs of trades placed, that is, the net price paid or proceeds received, including commissions, mark-ups, mark-downs, spreads, other transaction costs and opportunity costs in the context of PPM's knowledge of negotiated commission rates currently available;
- the nature of the security or instrument being traded;
- the size of the transaction;
- desired timing of the trade;
- existing and anticipated activity in the market for the particular security or instrument;
- confidentiality concerns; and
- research, products and other services provided for the benefit of PPM and its clients.

PPM will determine the overall reasonableness of the brokerage commissions and other transaction costs on client transactions by considering various factors, including, but not limited to, the following:

- current market conditions;

- size and timing of the order;
- depth of the market;
- per share price;
- difficulty of execution;
- time taken to conclude the transaction;
- extent of the Broker Dealer's commitment, if any, of its own capital; and
- the amount involved in the transaction.

Research and Other Soft Dollar Benefits

While PPM selects Broker Dealers primarily on the basis of their execution capabilities, PPM may cause a client to pay a commission to Broker Dealers for effecting a transaction for that client in excess of the amount another broker or dealer would have charged for effecting that transaction in exchange for certain research and brokerage services. Although the use of client brokerage commissions to obtain research or other products or services inherently benefits PPM because we do not have to produce or pay for the research, products, or services, this is only done when we have determined in good faith that the commission is reasonable in relation to the value of the execution, brokerage and/or research services ("soft dollar benefits") provided by the broker. Our arrangements for the receipt of research services from Broker Dealers create conflicts of interests, in that we have an incentive to choose a broker or dealer that provides research services, instead of one that charges a lower commission rate but does not provide any research. Soft dollar benefits provided to our firm by brokers are reviewed to ensure that they meet the standards of Section 28(e) of the Securities Exchange Act of 1934, as amended. PPM periodically reviews the general level of brokerage allocated to various firms and the services provided by such Broker Dealers.

PPM may pay more than the lowest available commission rate in accordance with the "safe harbor" provision of Section 28(e) of the Securities Exchange Act of 1934 in its selection of brokers as noted above; however, PPM typically does not enter into contractual arrangements for the receipt of research or other services to be paid with soft dollar transactions.

The use of soft dollars to receive research and services benefits PPM by allowing PPM, at no cost to it, to:

- Supplement and enhance its own research and analysis activities,
- Receive the views and information of individuals and research staff of other securities firms, and
- Gain access to persons having special expertise on certain companies, industries, areas of the economy and market factors.

PPM does not allocate the relative costs or benefits of research received from brokers or dealers among particular clients because we believe that the research received is, in the aggregate, of assistance in fulfilling our overall responsibilities to our clients. The research may be used in connection with the management of accounts other than those for which trades are executed by the Broker Dealers providing the research.

Research services paid for with client commissions can include:

- research reports;
- specialized financial and industry publications and research compilations;
- quantitative, economic, international, and market strategy services;
- compilations of securities prices;
- dividends and similar data bases;
- market data;
- professional seminars; and
- the services of certain economic or financial consultants.

Brokerage services received include access to electronic trading platforms, access to traders with greater familiarity with company trading and market makers, and assists in effecting securities or performs other functions incidental to the transaction (such as clearance or settlement). These and other types of brokerage and research services may be originated by the Broker Dealer performing execution services or by third parties that are paid by the Broker Dealer. For fixed income, currency, and derivative transactions, counterparties do not provide the firm with third party research services. We believe that any proprietary research provided by fixed income, currency, and derivative counterparties is incidental to their execution services.

From time to time, PPM attends certain events sponsored by brokers where it is able to arrange meetings with senior management of corporate issuers. PPM does not allocate client commissions to brokers on the basis of providing such access, though may allocate client commission on the basis of other substantive research provided in relation to such an event (research reports, analyst meetings/presentations, etc.).

PPM may receive products or services that are used both as investment research and for administrative, marketing or other non-research purposes. In those cases, PPM makes a good faith effort to determine the relative proportions of such products or services that constitute "research." PPM has a conflict in making this decision. The portion of the cost of such products or services attributable to research may be paid, in whole or in part, by brokerage commissions on client transactions. In any such instance, the costs not attributable to research will be paid by PPM in hard dollars.

Research products or services may benefit any or all of PPM's clients and such research products or services may not necessarily be used by PPM for the account(s) that paid the commissions to the Broker Dealer providing such products or services.

PPM also advises clients regarding debt issues or other fixed price offerings ("Fixed Price Offerings"). PPM may direct that a portion of such a Fixed Price Offering be purchased for a client from a Broker Dealer who provides "selling concessions" to PPM in the form of research services, products or analysis which will consist of a wide variety of information and products useful to PPM or its clients in general. The direction of such purchases of Fixed Price Offerings to particular Broker Dealers generally will not result in any added costs to clients. Nevertheless, since PPM derives a benefit from such selling concessions that it would not otherwise have absent its relationship with its clients, clients should be aware that such arrangements create a conflict of interest.

PPM has not entered into any arrangements to direct client transactions to a particular Broker Dealer in return for soft dollar benefits it has received during the last fiscal year.

Brokerage for Client Referrals

When selecting Broker Dealers for trade execution on behalf of client accounts (including PPMLM CLO Clients), PPM does not take into consideration any client referrals from a Broker Dealer or third party, either for itself or for a related person.

Directed Brokerage

PPMLM does not routinely recommend, request or require that a CLO Client direct it to execute (through PPM) transactions through a specified Broker Dealer.

Aggregation of Trades

When possible, PPMLM and PPM seek to purchase or sell the same securities or instruments for a number of clients simultaneously, including, PPM clients which are mostly affiliated clients. When possible, orders for the same instrument are typically combined or batched to facilitate best execution and to reduce trading costs. PPMLM and PPM effect batched transactions in a manner designed to ensure that no participating client is favored over any other client (including PPM clients). Generally, each CLO Client that participates in a batched transaction will participate at the average price for all of PPMLM's and PPM's client transactions for that order on that business day. Purchase and sale orders effected in batched transactions are generally allocated pro-rata to the participating client accounts in proportion to the size of the order placed for each client, or, in certain circumstances, in proportion to the participating accounts' current assets under management. PPMLM and PPM will, however, increase or decrease the amount of bank loans or other instruments allocated to each account (including PPM clients) where necessary to avoid holding odd-lot or small numbers of interests for clients, or where an allocation would not meet the minimum trade or holding sizes applicable to certain bank loans or other interests. Additionally, if PPMLM is unable to fully execute a batched transaction and it determines that it would be impractical to allocate a small number of bank loans or other instruments, among the accounts participating in the transaction on a pro-rata basis, PPMLM will allocate such bank loans or other instruments in a manner determined in good faith to be fair and equitable over time, which may result in the removal of accounts from certain orders. Any exception to PPM's allocation procedures require review and approval by the Chief Compliance Officer. Transactions for each client will also be completed independently where aggregating orders is not possible or advisable.

Allocation of Investment Opportunities

PPMLM's Allocation Procedures for High Yield Bank Loans (the "Allocation Policy") seeks to allocate bank loans to clients in a fair and equitable manner over time and to maintain a course of conduct that is in the best interests of its clients under the facts and circumstances of each transaction. To the extent that a potential investment falls within the investment parameters of more than one client, PPMLM and PPM will typically seek to allocate each bank loan opportunity on a pro rata basis to such clients, based on the original amount requested by each client for that investment opportunity. In certain circumstances such pro rata allocation is not possible or practical. For example, certain client requests may fall below contractually mandated investment minimums as set forth in the underlying credit agreement. Additionally, PPMLM and PPM may weight purchases and sales of bank loans to accommodate different cash positions of its various clients. PPMLM and PPM may also weight bank loan purchases and sales towards clients that are in ramp-up or wind-down modes, such as CLO warehouse periods or liquidation following a redemption.

PPMLM and PPM will consider many factors in determining the amount of a bank loan investment opportunity requested for each client and otherwise allocating bank loan investments and other instruments among clients, including the client's investment objectives, applicable restrictions, the type of investment, the number or amount of bank loans or other instruments purchased or sold, the size of the account, and the amount of available cash or the size of an existing position in an account. Clients are not assured of participating equally or at all in particular investment allocations. The nature of a client's investment style may exclude it from participating in many investment opportunities, even if the client is not strictly precluded from participation based on written investment restrictions.

PPMLM may allocate a potential transaction in a manner that differs from the Allocation Policy upon approval by the PPMLM Chief Compliance Officer.

Trade Errors

Errors can result from a variety of situations involving portfolio management and trading, including an inadvertent breach of investment guidelines or miscommunication of trading information (wrong number of shares, wrong price, wrong account, wrong direction, etc.). A conflict of interest exists between PPM's interest and the interest of affected clients in the remediation of an error or in the calculation methodology used to determine any related reimbursement. In order to minimize these conflicts, PPM has adopted policies and procedures for correcting errors, which require that all errors affecting a client account be resolved promptly and fairly. Under certain circumstances, the policy provides that trades may, where appropriate, be cancelled or modified prior to settlement. The intent of the policy is to restore a client account to the appropriate financial position considering all relevant circumstances surrounding the error.

Item 13 - REVIEW OF ACCOUNTS

The Floating Rate Team regularly monitors the CLO Clients' portfolios and formally reviews each portfolio as frequently as deemed appropriate for such account (which may be daily, monthly or quarterly as applicable), consistent with and as a part of the PPM review process. Specifically, they review client investment objectives, asset diversification, account performance, market activity, and any relevant compliance tests contained in any applicable CLO Offering Materials.

PPM's risk management team provides oversight and analysis of portfolio risk across the organization and in each portfolio, including PPMLM's CLO Clients. As part of its analysis, the risk team reviews CLO portfolio information and conducts weekly meetings with the Floating Rate Team to discuss individual CLO portfolios, market developments, and operational processes and procedures.

PPM's Risk Oversight Committee ("PROC") meets on a monthly basis to discuss various portfolio and operational risks affecting PPM and its clients. For CLO activities, the PROC has delegated management authority to a specialized CLO Management Forum. The CLO Management Forum meets regularly to discuss general strategy, CLO performance, market developments, new transactions, and investor negotiations. Additionally, the CLO Management Forum determines what items, if any, need to be elevated to the full PROC for its consideration. The CLO Management Forum meeting materials are also included in the PROC monthly meeting materials. The PPM risk team is represented on the CLO Management Forum.

In addition to the PPM oversight of the CLO business, on a monthly basis, each CLO Client (via the CLO trustee) will prepare a monthly report detailing certain information about the CLO Client's assets for the immediately preceding month. The monthly report will include certain information regarding loss and delinquency applicable to the CLO Client's assets and the measurement and results of certain investment criteria and other tests included in the CLO Offering Materials. On each of the CLO Client's payment dates, the trustee will prepare a distribution report containing all the information contained in a monthly report as well as details regarding the distributions being made on such payment date and the fees to be paid to PPMLM and the CLO Client's trustee. The quarterly distribution report is reviewed by an independent public accountant before any funds are distributed. Neither such information nor any other financial information furnished to CLO Client investors will be audited by an independent public accountant.

Item 14 - CLIENT REFERRALS AND OTHER COMPENSATION

PPMLM does not receive an economic benefit from any third party for providing investment advice or other advisory services to any of PPMLM's CLO Clients.

Although the CLO Clients will engage a placement agent in order to place the CLO Securities with various investors, neither PPMLM nor PPM currently compensates unrelated third parties for client referrals. If PPMLM or PPM determine to pay such compensation in the future, either will do so in accordance with the then-current regulatory requirements (currently Rule 206(4)-3 under the Advisers Act).

Item 15 - CUSTODY

Neither PPMLM nor its affiliates (including PPM) will maintain physical possession of PPMLM's CLO Clients' assets. Physical custody of the assets of a CLO Client will be maintained with a qualified custodian selected by the applicable CLO Client in conjunction with PPMLM.

Item 16 - INVESTMENT DISCRETION

PPMLM generally accepts discretionary authority to manage the CLO Clients' portfolios pursuant to investment guidelines and restrictions established by the CLO client. Prior to assuming this authority, PPMLM will enter into a Collateral Management Agreement, which either includes or incorporates by reference the CLO Client's specific investment objectives, restrictions, and/or guidelines. The applicable agreement will also allow PPMLM to delegate the authority to conduct client transactions to PPM pursuant to the Services Agreement.

Item 17 – VOTING CLIENT SECURITIES

PPMLM will have the authority to consent to amendments, waivers or modifications of the terms and conditions of loan agreements and related assignments for the Collateral Obligations. PPMLM will delegate any such authority to PPM, pursuant to the Services Agreement.

Any amendment, waiver or modification of an investment could defer the maturity, adjust the outstanding balance of any investment, reduce or forgive interest or fees, release material collateral or guarantees, or otherwise amend, modify or waive the terms of any related loan agreement, including the payment terms thereunder. Any such amendment could postpone the receipt of payments in respect of such investment and/or reduce distributions to CLO investors. Because the issues involved in bank loan amendments are unique to each Underlying Obligor and to the relevant facts and circumstances giving rise to the amendment, PPMLM does not maintain voting policy guidelines regarding categories of issues that may arise in the manner it does for equity securities. All such votes related to bank loan amendments are considered on a case-by-case basis and determined by the Floating Rate Team with the client's best financial interest in mind. Because of the familiarity of its staff with issues upon which it votes client debt securities, PPMLM does not retain the services of a qualified independent third party (such as ISS, which is defined below) to provide guidance on such matters.

Additionally, in certain limited circumstances, a CLO may own an equity security, usually received as part of a Workout, for which a proxy vote is required. As required by Rule 206(4)-6 under the Advisers Act, PPMLM has jointly adopted, with PPM, written policies and procedures in connection with voting proxies for those CLO Clients for whom it exercises proxy voting authority. Copies of PPMLM's and PPM's proxy voting policies and procedures are available by request. CLO Clients may also request copies of voting records for their proxies. All proxy votes for PPMLM CLO Clients are facilitated by PPM pursuant to the Services Agreement.

Item 18 - FINANCIAL INFORMATION

All fees owed to PPMLM are paid in arrears, and PPMLM does not require or solicit prepayment of more than \$1,200 in fees per CLO Client six months or more in advance and therefore has not included a balance sheet for its most recent fiscal year. Also, PPMLM is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to CLO Clients and has not been the subject of a bankruptcy petition at any time during the past ten years.