

# TRIMARAN

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## ADVISORS

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### Item 1 Cover Page

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February 6, 2019

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**This brochure (“Brochure”) provides information about the qualifications and business practices of Trimaran Advisors, L.L.C. (“Trimaran”) and Trimaran Advisors Management, L.L.C. (“TAM”). Because the qualifications and business practices of Trimaran and TAM are substantially similar, they are referred to in this Brochure collectively as the “Advisers.” If you have any questions about the contents of this Brochure, please contact Investor Relations at (212) 612-1550. This information has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.**

**The Advisers are investment advisers registered with the U.S. Securities and Exchange Commission (the “SEC”). Additional information about the Advisers also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Registration with the SEC does not constitute an endorsement by the SEC of an investment adviser’s skill or expertise. Further, registration does not imply or guarantee that a registered adviser has achieved a certain level of skill, competency, sophistication, expertise or training in providing advisory services to its clients.**

## **Item 2**

### **Material Changes**

The Advisers are required to identify and discuss any material changes made to this Brochure since the last annual update. The following material changes were made to this Brochure since the last annual update of this Brochure on March 29, 2018:

On December 31, 2018, the Advisers were acquired by LibreMax Intermediate Holdings, LP (“LibreMax Holdings”), the parent company of LibreMax Capital, LLC (“LibreMax Capital”), an SEC-registered investment adviser, and each of the Advisers has claimed registration with the SEC as a “relying adviser” of LibreMax Capital. As a result of this transaction, the Advisers made the following material changes to this Brochure:

- Item 4 and Item 9 have been updated to reflect the change of control of the Advisers and their new ownership;
- Item 9 also has been updated to reflect the determination that a disciplinary event relating to the Advisers’ previous owners is no longer material to the Advisers’ advisory business or integrity of the Advisers’ management following the acquisition of the Advisers by new owners;
- Item 10 has been updated to provide disclosure relating to the affiliation with LibreMax Capital; and
- Item 5, Item 11, Item 12 have been updated as a result of the Advisers’ becoming subject to LibreMax Capital’s Code of Ethics and compliance program.

The Advisers recommend that you read this Brochure in its entirety. In addition, certain information relating to the overall business of the Advisers may be disclosed in the Form ADV Part 2A brochure for LibreMax Capital, which you should read to ensure a full understanding of the Advisers’ business. If the Advisers make any material changes to this Brochure in the future, this section will be revised to include a summary of such changes.

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

Trimaran Advisors, L.L.C. (“Trimaran”) is a limited liability company formed in Delaware on July 1, 1998 as Caravelle Advisors, LLC. Its sole member was HBK Caravelle LLC. Caravelle Advisors, LLC. changed its name to Trimaran Advisors, L.L.C. on March 28, 2001.

This Brochure also covers Trimaran Advisors Management, L.L.C. (“TAM,” and collectively with Trimaran, the “Advisers”), a limited liability company organized under the laws of the state of Delaware. On February 29, 2012, the Advisers were acquired by KCAP Financial, Inc., formerly Kohlberg Capital Corp. (“KCAP”).

On December 31, 2018, the Advisers were acquired by LibreMax Intermediate Holdings, LP (“LibreMax Holdings”), the parent company of LibreMax Capital, LLC (“LibreMax Capital”). The Advisers are wholly owned by LibreMax Holdings. GKL Holdings, LLC (a holding company that is majority owned by Greg Lippmann) and Fred Brettschneider are the principal owners of LibreMax Holdings.

Each of the Advisers claims registration with the U.S. Securities and Exchange Commission (the “SEC”) as a “relying adviser” of LibreMax Capital. LibreMax Capital commenced operations as an investment adviser on October 1, 2010 and has been registered with the SEC as an investment adviser since March 10, 2011.

The Advisers provide investment advisory services on a discretionary basis to their clients, which currently are all unregistered, private investment funds that are each characterized as a “Collateralized Loan Obligation” fund or a “CLO” fund. The investment portfolios of these funds are comprised of corporate debt instruments and other similar investments, as more fully described in “Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss” and in the disclosure documents governing the offer and sale of interests in (or other offering documents of) any such fund. Trimaran’s clients currently include Catamaran CLO 2013-1, Ltd., Catamaran CLO 2014-1 Ltd., Catamaran CLO 2016-1 Ltd. and Catamaran 2018-1, Ltd. TAM’s clients currently include Catamaran CLO 2014-2 Ltd. and Catamaran CLO 2015-1 Ltd.

The Advisers comply with investment restrictions and guidelines that are included in the governing documents and/or in the offering documents of their CLO fund clients. These guidelines identify the investment objective and strategy or strategies employed, types of permitted investments and related restrictions. The Advisers at this time do not offer any other investment advisory services, including wrap fee accounts, nor do they provide financial planning services. The Advisers may, in the future, provide investment advisory services to other types of clients.

As of January 1, 2019, the Advisers managed approximately \$2,883,700,000 (rounded to the nearest \$100,000) of client regulatory assets under management on a discretionary basis.

The Advisers' primary focus for their investment management services is interest-bearing corporate debt instruments and other similar investments.

As noted above, the Advisers are relying advisers of LibreMax Capital and the business of LibreMax Capital differs from that of the Advisers. The Form ADV Part 2A brochure for LibreMax Capital should be read alongside this Brochure in order to obtain a full understanding of the advisory business of the Advisers and their affiliated advisers.

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## Item 5. Fees and Compensation

The following provides a general description of fees, compensation and expenses relating to the Advisers' advisory relationships with its clients, which are generally limited to the CLO funds. The governing documents and offering documents of the CLO funds describe the fees, compensation and expenses specific to each CLO fund in greater detail.

As compensation for the portfolio management obligations under the relevant investment management agreements with the CLO funds, the Advisers generally receive, for their investment advisory services, two types of fees: management fees and incentive fees.

*Management Fees.* CLO funds that retain the one of Advisers directly as an "Investment Manager" pay fees based on the total principal amount of their portfolio investments in debt securities. In general, the management fees are assessed and calculated with respect to the following:

- The CLO funds pay their investors and their service providers, including the Advisers, according to established priorities. The source of payments is investment returns from portfolio investments.
- An Adviser's management fee is paid at two different priorities; one prior to payment of amounts payable to senior investors (the "Senior Investment Management Fee") and one subsequent (the "Subordinated Investment Management Fee"). The Senior Investment Management Fee and the Subordinated Investment Management Fee rate will be based on a percentage of the "fee balance," which is the aggregate principal balance of the loan obligations and other eligible investments, as provided under the relevant agreements of the CLO funds.
- Fees are generally paid by the CLO funds quarterly in arrears.
- Upon termination of the investment management agreement (the "Investment Management Agreement") for any reason both the Senior and Subordinated Investment Management Fees will be prorated for any partial period between quarterly payment dates.

*Incentive Fees.* CLO funds that retain one of the Advisers as Investment Manager may also pay incentive fees. Payment of this fee depends on whether the fund has met all senior payment obligations and whether the fund has met certain minimum standards of investment return with respect to one or more junior classes of securities. Generally, the incentive fee is equal to 20% of the amount available for distribution by the fund once all prior payment obligations are satisfied, and is paid quarterly in arrears.

*Other Fee Considerations.* The CLO funds may invest in securities and other assets that are illiquid and lack a readily assessable market value.

The Advisers may also waive fees to noteholders under certain circumstances. The Advisers have entered into certain arrangements with certain noteholders where such noteholders

effectively pay lower fees. This arrangement could provide further incentive for the Advisers to make more speculative investments than would otherwise be the case.

In the event of a termination of an advisory contract, the Advisers may be compensated pro rata for the period for which advisory services were rendered.

Neither the Advisers nor any of their supervised persons accepts compensation for the sale of securities or other investment products.

Expenses. The funds do incur and may be responsible for other expenses separate and apart from the Advisers' investment management or performance fees. The funds reimburse the Advisers for expenses incurred by the Advisers and their affiliates, including LibreMax Capital, in the performance of the Advisers' services, and these expenses typically may include:

- costs and expenses with respect to any workout, restructuring, recapitalization, amendment, waiver or consent of or with respect to certain investments and the protection or enforcement of rights thereunder;
- costs and expenses in connection with the acquisition of director and officer insurance;
- legal, custodial, accounting, audit, specialty and custom software, and related costs and expenses for the monitoring of the investments;
- expenses incurred in obtaining credit ratings on investments; and
- certain other fees and expenses that may be authorized under a fund's governing documents or investment management agreement.

While each client bears its own expenses, expenses borne by one client may differ from the expenses borne by another client. In certain instances, a client may bear expenses that the Advisers, or their affiliates, have themselves agreed to bear on behalf of one or more other clients. Expenses policies and practices of the Advisers or of the Advisers' clients often differ (and may materially differ) from those of LibreMax Capital.

Expenses frequently will be incurred on behalf of one or more clients of the Advisers and their affiliates, including the clients of LibreMax Capital. The Advisers and their affiliates seek to allocate those common expenses among the clients in a manner that is fair and reasonable over time. However, expense allocation decisions will involve potential conflicts of interest (e.g., an incentive to favor accounts that pay higher incentive fees, or conflicts relating to different expense arrangements with certain clients). The Advisers may use various methods to allocate particular expenses among the clients depending on the circumstances (e.g., pro rata based on assets under management, relative participation in the transaction related to the expense, general amount of trading activity, etc.) and those allocation methodologies may themselves be subject to conflicts of interest on behalf of the Advisers. The determination as to the method or methods used may be based on relative use of the product or service, the nature or source of the product or service, the relative benefits derived by the clients from the product or service, or other relevant factors. Nonetheless, clients should note that the portion of a common expense that the Advisers allocate to the client for a particular product or service may not reflect the relative benefit derived by the client from that product or service in any particular instance. The Advisers' expense allocations often depend on inherently subjective determinations and, accordingly, expense allocations made by the Advisers in good faith will be final and binding on the clients.

Please also refer to “Brokerage Practices” under Item 12 of this Brochure for more information regarding certain transaction costs that clients bear.



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

As described above in Item 5, the Advisers may be compensated by their clients based on incentive fees. This compensation may create an incentive for the Advisers to make riskier or more speculative investments than the Advisers would make in the absence of such compensation. The Advisers have strict investment guidelines that limit the types of assets it can acquire for client accounts, including the perceived creditworthiness of such assets.

The Advisers, and their affiliates, address this potential conflict of interest through their Investment Allocation Policies and Procedures, which are designed to allocate investment opportunities in a manner that is fair and equitable over time. The basic principle of the Advisers' allocation policies is an allocation of opportunities according to "optimum investment amounts" for each client based on criteria such as investment objectives, diversification, cash flow, liquidity requirements and asset allocation targets, and CLO guidelines specific to each CLO fund. If the desired total investment for all clients is unavailable, the lesser amount generally is allocated among clients pro rata based on the optimum investment amount for each. Exceptions to the above pro rata allocation are made in certain instances and are required to be specifically approved on a case-by-case basis in the Advisers' sole discretion.

It should also be noted that, although TAM and Trimaran act as the Investment Manager for distinct CLO funds, these potential conflicts of interest are mitigated because (i) Trimaran and TAM have substantially similar personnel whose compensation is based on their performance at both entities on the duties that they perform for those respective entities and (ii) Trimaran and TAM are under common ownership, and thus the financial performance of both entities are to the benefit of one direct owner. These areas are monitored by the Advisers' Chief Compliance Officer.

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

The Advisers provide discretionary investment management services to private fund clients (i.e., the CLO funds). These private funds are not registered under federal securities laws and generally are only offered to investors that are (1) “accredited investors” as defined under Regulation D of the Securities Act of 1933, as amended (the “1933 Act”) and either “qualified clients” as defined under the Investment Advisers Act of 1940 (the “Advisers Act”) or “qualified purchasers” as defined under the Investment Company Act of 1940, as amended (the “Company Act”) or (2) not “U.S. Persons” as defined under Regulation S of the 1933 Act. The CLO funds have varying minimum investment amounts as described in the funds’ governing documents.

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

The Advisers perform a thorough credit analysis on issuers whose debt (or other securities) they consider for an investment. This analysis includes consideration of the cyclical nature of the credit markets, as well as the issuer's position and access to credit.

The Advisers also perform a thorough credit analysis of the issuer, including analysis of the debt structure of the company and the priority of the Advisers' investment. This analysis generally involves a detailed review of creditworthiness of the borrower and of the collateral, if any, securing the loan. The Advisers analyze the issuer's expected cash flow together with a top-down review of the issuer's credit structure. The Advisers expect this analysis to inform their decision of whether to invest on behalf of their clients.

With respect to their CLO funds, the Advisers will generally recommend investments in U.S. dollar denominated commercial loans, including participation and assignment interests therein, or high-yield corporate and other debt obligations, including synthetic securities and asset-backed securities. The Advisers seek to invest in interest-bearing loans and other instruments that the Advisers expect will provide sufficient income to pay the interest to creditors, pay the management fee and expenses and potentially provide additional returns to investors. The types of instruments in which the Advisers may invest for their CLO funds are generally limited to primarily interest-bearing instruments. The instruments that the Advisers recommend for their CLO funds must also generally meet certain standards for creditworthiness, including having received certain ratings from nationally recognized statistical rating organizations (NRSROs).

### **Risks of the Advisers' Investment Program**

Investors and creditors should be aware of certain special risk factors relating to the Advisers' investment strategies and securities recommended. The following explanation of certain risks is not necessarily exhaustive, but rather highlights some of the more significant risks involved in the Advisers' investment strategies. Investors should carefully review each fund's offering circular and other governing documents, which may contain additional explanations of risks not discussed below.

#### ***CLO Structure***

A CLO fund is similar to a closed-end investment fund in that it is an investment vehicle that has a specific investment strategy, a designated investment manager and all investment/trading activity is governed by an indenture and reported upon by an independent trustee. The CLO fund structure, however, utilizes financial leverage to purchase assets (corporate loans and other credit instruments) and, by doing so, allocates risk of loss among various classes of investors. The individual investor classes (or tranches of debt) each have a unique claim on the assets of the CLO in terms of their priority of payment for both interest and principal proceeds of the collateral. The senior debt tranches have a priority claim on the cash flows generated by the assets of the CLO over the junior debt tranches. To the extent that losses are suffered on the collateral, or the

cash flow generated by the assets is not sufficient to pay interest and principal on the debt tranches, the holder(s) of the most subordinated notes bear the initial risk of loss before any such losses are incurred by more senior debt tranches. Additional risks associated with CLO structure are referenced in the clients' respective CLO indentures.

### ***Impact of downturn in global credit markets on CLO investments***

Among the sectors that have been particularly challenged by a downturn in the global credit markets are the CLO and leveraged finance markets. CLOs are subject to credit, liquidity, interest rate, and other risks. CLO funds invest on a leveraged basis in loans or securities that are themselves highly leveraged investments in the underlying collateral, which increases both the opportunity for higher returns as well as the magnitude of losses when compared to unleveraged investments. As a result of such leveraged positions, CLOs and their investors are at greater risk of suffering losses. The CLO markets have experienced increased defaults and downgrades. Many CLOs have failed in the past or may in the future fail one or more of their "overcollateralization" tests. The failure of one or more of these "overcollateralization" tests may result in reduced cash flows that may have otherwise been available for distribution. This would reduce the value of such CLO fund's investments. There can be no assurance that market conditions giving rise to these types of consequences will not once again occur, subsist or become more acute in the future.

### ***Dependence on Key Personnel***

The Advisers' investment program is highly dependent on the financial and managerial experience of their personnel. The loss of one or more of the individuals managing the Advisers could have a significant material adverse effect on the funds' performance.

Additionally, the management agreements governing some of the CLO funds have "key person" provisions that provide certain CLO investors with rights upon the departure of a "key person," as defined in each agreement. As a result, the departure of a "key person" could trigger a material change in the Advisers' role in managing the CLO fund.

### ***Default Rates of Commercial Loans and High-Yield Securities***

There are varying sources of statistical default rate data for commercial loans and high-yield securities and numerous methods for measuring default rates. The historical performance of the loan market or high-yield market is not necessarily indicative of its future performance. Should increases in default rates occur with respect to the type of investments comprising the portfolio collateral, the actual default rates of the portfolio collateral may exceed the rates anticipated by the Advisers.

### ***The Advisers May Have Limited Access to Information about Privately Held Companies in which the Funds Invest***

The Advisers, on behalf of the funds, make the funds invest significantly in privately-held companies. Generally, little public information exists about these companies, and the Advisers rely on the ability of their investment professionals to obtain adequate information to evaluate the potential returns from investing in these companies. These companies and their financial

information are not subject to the Sarbanes-Oxley Act of 2002 and other rules that govern public companies. If the Advisers are unable to uncover all material information about these companies, they may not make a fully informed investment decision, and the fund may lose money on its investment.

### ***The Advisers and Investors Will Have Limited Control of the Administration and Amendment of Portfolio Loans***

The Advisers will exercise or enforce, or refrain from exercising or enforcing, any or all of their rights in connection with any loan held in the portfolio collateral (each, a “Portfolio Loan”) or any related documents or will refuse or accept amendments or waivers of the terms of any Portfolio Loan and related documents in accordance with their customary business practices as if the Advisers were administering the Portfolio Loans for their own account. The authority of the Advisers to change the terms of the Portfolio Loans will generally not be restricted by the fund’s governing documents and such changes may also be subject to a vote by other holders of the Portfolio Loans whose votes may differ from those of the Advisers. Further, holders of any notes, preferred shares or securities (collectively, the “Notes”) issued by the Advisers’ CLO fund clients have no rights to compel the Advisers to take or refrain from taking any actions other than in accordance with their customary business practices. The terms and conditions of the loan agreements and related assignments may be amended, modified or waived only by the agreement of the lenders. Generally, any such agreement must include a majority or a super majority (measured by outstanding loans or commitments) or, in certain circumstances, a unanimous vote of the lenders. Consequently, the terms and conditions of the payment obligation arising from loan agreements could be modified, amended or waived in a manner contrary to the preferences of the Advisers, as the case may be, if a sufficient number of the other lenders were to concur with such modification, amendment or waiver. There can be no assurance that any obligations arising from a loan agreement will maintain the terms and conditions to which the Advisers originally agreed.

The exercise of remedies may also be subject to the vote of a specified percentage of the lenders thereunder. The Advisers will have the authority to consent to certain amendments, waivers or modifications to the Portfolio Loans requested by obligors or the lead agents for loan syndication agreements. The Advisers may, in accordance with their investment management standards and subject to the transaction documents, extend or defer the maturity, adjust the outstanding balance of any Portfolio Loan, 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. The Advisers will make such determinations in accordance with their customary investment management standards, and in accordance with a fund’s governing documents. Any amendment, waiver or modification of a Portfolio Loan could postpone the expected maturity of the Notes and/or reduce the likelihood of timely and complete payment of interest or principal under the Notes, as well as the timing and amount of payments to holders of the Notes.

### ***Sale of Portfolio Collateral by the Advisers under Certain Circumstances***

With respect to the CLO funds, the Advisers may only direct the disposition of portfolio collateral under certain limited circumstances, as outlined by a fund’s governing documents. More

specifically, the Advisers may direct the disposition of portfolio collateral that is equity, has defaulted (as defined in the Notes' offering circulars) or based on certain other conditions. Furthermore, the Advisers' ability to dispose of portfolio collateral may be subject to greater restrictions if the rating of any series of Notes is downgraded. Notwithstanding such restrictions and satisfaction of the conditions set forth in the funds' governing documents and Notes' offering circular, sales and purchases by the Advisers of portfolio collateral could result in losses by the Advisers, which losses may result in the reduction or withdrawal of the rating of any or all of the Notes. On the other hand, circumstances may exist under which the Advisers may believe that it is in the best interests of the Advisers to dispose of portfolio collateral, but the Advisers will not be permitted to do so under the restrictions and conditions of the Indenture. The market value of the portfolio collateral will generally fluctuate with, among other things, general economic conditions, world political events, developments or trends in any particular industry, the conditions of financial markets and the financial condition of the issuers of the portfolio collateral. As a result of these factors, a fund may be subject to losses upon the sale of portfolio collateral.

### ***Interest Rate Risk***

The Notes generally will bear interest at a rate based on LIBOR, as described in the Notes' offering circulars. While most of the portfolio collateral will bear interest at floating rates, some of the portfolio collateral may bear interest at fixed rates. The portfolio collateral is also expected to include loans with LIBOR "floors." Each such loan earns a fixed coupon until the LIBOR rate applicable to the loan rises above the LIBOR floor for the loan. This may create additional interest rate mismatch between the Notes and the portfolio collateral. Further, the obligors under the Portfolio Loans which are floating rate collateral may choose different interest indices than the London interbank offered rate for three-month U.S. dollar deposits or the interest rates on the floating rate collateral may be determined or adjustments may take effect on different dates than is the case for the Notes.

### ***Cybersecurity Risk***

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

### ***Risk Management Failures***

Although the Advisers attempt to identify, monitor and manage significant risks, these efforts do not take all risks into account and there can be no assurance that these efforts will be effective.

Moreover, many risk management techniques, including those employed by the Advisers, are based on historical market behavior, but future market behavior may be entirely different and, accordingly, the risk management techniques employed on behalf of clients may be incomplete or altogether ineffective. Similarly, the Advisers may be ineffective in implementing or applying risk management techniques. Any inadequacy or failure in risk management efforts could result in material losses to clients.

### ***Systems and Operational Risk***

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

### ***Risks of Loans and Securities Recommended by the Advisers***

The Advisers, on behalf of the CLO funds, may invest in senior secured loans, unsecured loans, second lien loans, debtor-in-possession financings, delayed drawdown loans and revolving bank loans. Loans are not generally traded on organized exchange markets but rather would typically be traded by banks and other institutional investors engaged in loan syndications. The liquidity of such instruments will therefore depend on the liquidity of this market. Trading in loans is subject to delays as the transfers may require extensive and customized documentation, the payment of significant fees and the consent of the agent bank or underlying obligor.

Non-performing loans may require substantial workout negotiations or restructuring that may entail, among other things, substantial costs and a substantial reduction in the interest rate, a substantial write-down of the principal and/or a substantial extension of the amortization and/or maturity date of the loan. Any such reduction, write-down or extension will likely cause a significant decrease in the interest collections on the loan and any such write-down or extension will likely also cause a significant decrease in the principal collections on the loans.

### ***Participations***

The Advisers, on behalf of the funds, may purchase participation interests ("Participations") in loans in certain circumstances. Participations are loan-based agreements that provide exposure to loans held by a third party (the "Seller"). Participations held by the funds in a Seller's portion of a loan typically result in a contractual relationship only with such Seller, not with the obligor

of the loan. The funds have a right to receive payments of principal, interest and any fees to which they are entitled only from the Seller selling the Participation and only upon receipt by the Seller of such payments from the obligor. In connection with purchasing Participations, the Advisers, on behalf of the funds, generally will have no right to enforce compliance by the obligor with the terms of the related loan agreement, nor any rights of set-off against the obligor, and the funds may not directly benefit from the collateral supporting such loan in which it has purchased a Participation. As a result, the Advisers, on behalf of the funds, will assume the credit risk of both the obligor and the Seller. In the event of insolvency of such Seller, any fund that has purchased a Participation from such seller, may be treated as a general creditor of the Seller, and may not benefit from any set-off between such Seller and the obligor. When the funds hold a Participation in a loan, the Advisers on behalf of the funds may not have the right to vote to waive enforcement of any restrictive covenant breached by an obligor. Sellers voting in connection with a potential waiver of a restrictive covenant may have interests different with those of the Advisers and such Sellers may not consider the interests of the Advisers in connection with their votes.

### ***Assignments***

The Advisers may also, on behalf of the funds, purchase loans initially made by other parties (“Assignments”). The purchaser of an Assignment typically succeeds to all the rights and obligations of the assignor of the loan and becomes a lender under the loan agreement and other operative agreements relating to the loan. Assignments are, however, arranged through private negotiations between potential assignees and potential assignors, and the rights and obligations acquired by the purchaser of an Assignment may differ from, and be more limited than, those held by the assignor of the loan. In contrast to the rights of the funds as owners of a Participation, the funds, as an assignee, will generally have the right to receive directly from the obligor all payments of principal, interest and any fees to which it is entitled. In some Assignments, the obligor may have the right to continue to make payments to the assignor with respect to the assigned portion of the loan. In such a case, the assignor would be obligated to receive such payments as agent, on behalf of the funds, and to promptly pay over to the funds, such amounts as are received. As a purchaser of an Assignment, the Advisers, on behalf of the funds, typically will have the same voting rights as other lenders under the applicable loan agreement and will have the right to vote to waive enforcement of breaches of covenants. The Advisers, on behalf of the funds, will also have the same rights as other lenders to enforce compliance by the obligor with the terms of the loan agreement, to set-off claims against the obligor and to have recourse to collateral supplying the loan. As a result, the funds may not bear the credit risk of the assignor and the insolvency of an assignor of a loan should have little effect on the ability of the funds to continue to receive payments of principal, interest or fees from the obligor. The Advisers, on behalf of the funds, will, however, assume the credit risk of the obligor.

### ***Asset-backed Securities***

The Advisers, on behalf of the funds, may invest in asset-backed securities that are subordinate in right of payment and rank junior to other securities that are secured by or represent an ownership interest in the same pool of assets. In addition, the underlying documents for certain of such asset-backed securities provide for the diversion of payments of interest and/or principal to more senior classes when the delinquency or loss experience of the pool of assets underlying



such asset-backed securities exceeds certain levels or applicable overcollateralization or interest coverage tests are not satisfied. In certain circumstances, payments of interest on such securities may be reduced or eliminated for one or more payment dates, which may result in a loss of interest income, principal or both. As a result of the foregoing, such subordinated asset-backed securities have a higher risk of loss than more senior classes of such securities. Additionally, as a result of the diversion of cash flow to more senior classes, the average life of such subordinated asset-backed securities may lengthen. Subordinated asset-backed securities generally do not have the right to trigger an event of default or vote on or direct remedies following a default until the more senior securities are paid in full. Finally, because subordinated asset-backed securities may represent a relatively small percentage of the size of the asset pool being securitized, the impact of a relatively small loss on the overall pool may be substantial on the individual asset-backed security.

### ***Unsecured Debt Obligations***

The corporate and other debt obligations invested in by the funds may be unsecured, may have been issued in connection with highly leveraged transactions and/or may be subordinate to certain other obligations of the issuer(s). A lower rating of such obligations reflects a greater possibility that adverse changes in the financial condition of an issuer or in general economic conditions or both may impair the ability of the issuer(s) to make payments of principal and interest. To the extent that a default occurs with respect to any security the Advisers recommend, it is highly unlikely that the proceeds will be equal to the unpaid principal and interest thereof, which could result in losses for fund clients. In addition, future periods of uncertainty in the U.S. economy and the economies of other countries in which issuers are domiciled or conduct business operations and the possibility of increased volatility and default rates in the high-yield sector may also adversely affect the price and liquidity of high-yield bonds in this market.

### ***Synthetic Securities***

In addition, the Advisers may recommend certain synthetic securities for the funds insofar as such synthetic securities are suitable investments, as defined in the funds' governing documents. Investments in such types of assets through the purchase of synthetic securities present risks in addition to those resulting from direct purchases of such synthetic securities' reference obligations. With respect to synthetic securities, the funds will usually have a contractual relationship only with the counterparty of such synthetic security and not the reference obligor on the reference obligation. The Advisers, on behalf of fund clients, generally will not have the right to directly enforce compliance by the reference obligor with the terms of the reference obligation, rights of set-off against the reference obligor nor any voting or other consensual rights of ownership with respect to the reference obligation. The funds will not directly benefit from any collateral supporting the reference obligation and will not have the benefit of the remedies that would normally be available to a holder of such reference obligation. In addition, in the event of the insolvency of the counterparty, the funds may be treated as a general creditor of such counterparty, and will not have any claim of title with respect to the reference obligation. Consequently, the funds will be subject to the credit risk of the counterparty as well as that of the reference obligor. As a result, concentrations of synthetic securities entered into with any one counterparty will subject the funds to an additional degree of risk with respect to defaults by such counterparty as well as by the reference obligor.

## **Risk Factors Relating to Regulatory and Other Legal Considerations**

### ***Recent Legal and Regulatory Developments***

In addition, as registered investment advisers, the Advisers are subject to new and existing regulations, regulatory risks, costs and expenses associated with operating as registered investment advisers that may limit their ability to operate, structure or expand their businesses in the future. If these laws, regulations or decisions change, or if we expand our business into jurisdictions that have adopted more stringent requirements than those in which we currently conduct business, we may have to incur significant expenses in order to comply or we might have to restrict our operations. In addition, if we do not comply with applicable laws, regulations and decisions, we may lose licenses needed for the conduct of our business and be subject to civil fines and criminal penalties, any of which could have a material adverse effect upon our business, results of operations or financial condition.

Moreover, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) has increased and may significantly increase the regulation of the financial services industry. The Dodd-Frank Act contains a broad set of provisions designed to govern the practices and oversight of financial institutions and other participants in the financial markets. One such provision, Section 619 of the Dodd-Frank Act, commonly referred to as the Volcker Rule, contains certain prohibitions and restrictions on the ability of a “banking entity” — which includes insured depository institutions, bank holding companies, foreign banking entities regulated by the Federal Reserve Board and their respective affiliates — and nonbank financial company supervised by the Federal Reserve to engage in proprietary trading and have certain interests in, or relationships with certain private funds (“covered funds”). The Volcker Rule includes as a covered fund any entity that would be an investment company but for the exemptions provided by Section 3(c)(1) or Section 3(c)(7) of the Company Act. Therefore, absent an exemption, the CLO funds generally would be covered funds. The Advisers generally intend to structure the CLO funds to qualify for the “loan securitization exclusion,” which applies to an asset-backed security issuer the assets of which, in general, consist only of loans, assets or rights (including certain types of securities) designed to assure the servicing or timely distribution of proceeds to holders or that are related or incidental to purchasing or otherwise acquiring and holding the loans. In order to qualify for the loan securitization exclusion, the relevant CLO funds will not be permitted to purchase securities (such as bonds and floating rate notes) or Letters of Credit which may limit or reduce the returns available to the Notes.

If the Advisers do not structure certain CLO funds to qualify for the loan securitization exclusion, or if CLO funds were determined to not qualify for the loan securitization exclusion, or were otherwise determined to be covered funds, there would be limitations on the ability of banking entities and their affiliates (subject to certain limited exceptions) to purchase or retain any “ownership interests” in such CLO funds. Depending on market conditions, this could significantly and negatively affect the liquidity and market value of the affected Notes. Moreover, the Volcker Rule may affect the market for CLOs such that the Advisers may be unable to establish, or to obtain warehouse funding for, new CLOs that would be covered funds.

In mid-2018, the Federal Reserve Board published a notice of proposed rulemaking with respect to the Volcker Rule, which requested comments on, among other things, whether the definition of

“covered fund” should be made narrower and whether the agencies responsible for the implementation of the Volcker Rule should allow a “loan securitization” to hold 5% or 10% of assets that would be considered debt securities. There is, however, no assurance that the request for comment will result in revisions to the Volcker Rule that would provide collateralized loan obligation issuers with more investment flexibility or that would be favorable to banking entities that invest in collateralized loan obligation issuers.

On 21 October 2014, the final rules implementing the credit risk retention requirements of Section 941 of the Dodd-Frank Act (the “U.S. Risk Retention Rules”) were issued. Except with respect to asset-backed securities transactions that satisfy certain exemptions, the U.S. Risk Retention Rules generally require a “sponsor” of asset-backed securities or its “majority-owned affiliate” (as defined in the U.S. Risk Retention Rules) to retain not less than five per cent of the credit risk of the assets collateralising asset-backed securities (the “Minimum Risk Retention Requirement”). The U.S. Risk Retention Rules became effective on 24 December 2016 with respect to asset-backed securities collateralised by assets other than residential mortgages. As further discussed in the adopting release with respect to the U.S. Risk Retention Rules, the entity acting as the collateral manager of a CLO was initially considered the “sponsor” of such CLO. However, on February 9, 2018, a three-judge panel (the “Panel”) of the United States Court of Appeals for the District of Columbia held, in *The Loan Syndications and Trading Association v. Securities and Exchange Commission and Board of Governors of the Federal Reserve System*, No. 1:16-cv-0065 (the “LSTA Decision”), that collateral managers of “open market CLOs” (described in the LSTA Decision as CLOs where assets are acquired from “arms-length negotiations and trading on an open market”) are not “securitizers” or “sponsors” under Section 941 of the Dodd-Frank Act and, therefore, are not subject to risk retention and do not have to comply with the U.S. Risk Retention Rules. The Panel’s opinion in the LSTA Decision became effective on April 5, 2018, when the district court entered its order following the issuance of the appellate mandate on 3 April 2018 (the “Mandate”) in respect thereof. As a result of the LSTA Decision, certain CLO managers of “open market CLOs” (including the Advisers) may no longer be required to comply with the U.S. Risk Retention Rules because of its role as manager of an “open market CLO”, and there may be no “sponsor” of the securitisation transaction and no party may be required to acquire and retain the Minimum Risk Retention Requirement.

The SEC and the Board of Governors of the Federal Reserve System did not petition the United States Supreme Court for review of the LSTA Decision. The opinion given in the LSTA Decision did not, however, specifically address whether an “open-market CLO” includes certain transactions. If it is subsequently determined that certain CLOs do not constitute an “open-market CLO” or in the event that the U.S. Risk Retention Rules become applicable to CLOs in the future, whether as a result of regulatory action or governmental action, the Advisers (or their affiliates) may be required to acquire additional Notes (either in the secondary market or through an additional issuance of Notes). In addition, any failure to comply with the U.S. Risk Retention Rules (to the extent applicable to the Advisers) may have an adverse effect on the Advisers or their Affiliates. Any such failure to comply may result in significant negative reputational consequences and may adversely affect the ability of the Advisers to perform their obligations under the Investment Management Agreements of the CLO funds or the market value and liquidity of the Notes.

In April 2010, the SEC proposed revised rules for asset-backed securities offerings (“Regulation AB II”) that, if adopted, would substantially change the disclosure, reporting and offering process for public and private offerings of asset-backed securities, including CLOs. The proposed rules, if adopted, would have required significant additional disclosures and would have altered the safe-harbor standards for the private placement of asset-backed securities to impose informational requirements similar to those that would apply to registered public offerings of such securities. The application of such informational requirements to CLOs, which have not historically been publicly registered, was unclear. On August 27, 2014, the SEC adopted a set of Regulation AB II final rules that was limited to asset-backed securities that were publicly registered. These rules impose changes to the offering process for publicly registered asset-backed securities and require disclosure of loan-level data for a subset of classes addressed in the proposed rules, but do not at this time extend to privately offered CLOs. However, the SEC has indicated that many aspects of the rule proposals, including the expansion of loan-level or grouped data disclosure requirements to additional asset classes and the possible application of the rules to private offerings of securities, remain under active consideration. The timing of the adoption of any additional final rules, their application to privately offered securities in general and to CLOs in particular, the cost of compliance with such rules, and whether compliance would compromise proprietary methods or strategies of the Advisers, is currently unclear.

Other financial reform regulations, including regulations requiring clearing and margining of swap transactions, which may affect our ability to enter into hedging transactions; changes in the definition and regulation of commodity pool operators and commodity trading advisors, which could subject the Advisers to additional regulations; leveraged lending guidance that may affect the ways in which banking institutions originate the loans in which we and our affiliates invest; heightened regulatory capital and liquidity requirements for banks that may affect our ability to borrow on reasonable terms; and non-US regulations of financial market participants that may overlap, expand upon or be inconsistent with US regulations may all have material adverse effects on our business.

### ***FDIC Rules Affecting Large Banks***

U.S. banking regulations impose an increased cost of owning CLO securities on certain large financial institutions subject to these rules. These regulations include increased requirements for the amount of capital required by large banks and an increase in the assessment imposed by the Federal Deposit Insurance Corporation for deposit insurance in connection with owning certain securitization assets, including CLO securities. Banks subject to one or both of these regulations may be deterred from purchasing the Notes. This may adversely affect the liquidity of the Notes in the secondary market.

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**Item 9. Disciplinary Information**

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of the Advisers' advisory business or the integrity of the Advisers' management.

As part of the Advisers' routine compliance monitoring, all employees are required to certify upon hire and annually thereafter whether they have been the subject of certain disciplinary actions.

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

Neither the Advisers nor any of their management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither the Advisers nor any of their management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or are associated persons of any of the above.

As discussed above, Trimaran and TAM claim SEC registration as “relying advisers” of LibreMax Capital. The Advisers and LibreMax Capital are under common control, operate as a single investment advisory firm, and are subject to the same code of ethics and compliance program, both of which are administered by a single Chief Compliance Officer pursuant to the requirements of the Advisers Act.

***Potential Conflicts of Interest: LibreMax Capital***

Certain individuals concurrently act as officers or employees of both LibreMax Capital and the Advisers. Some of these individuals’ compensation may be based on the performance of LibreMax Capital; this could theoretically give them an incentive to favor LibreMax Capital clients at the expense of the Advisers’ clients. In practice, however, any such incentives are mitigated because the Advisers and their affiliates operate an integrated advisory business and focus on delivering services to all of their clients, and major decisions, including compensation decisions, are made at the firm-wide level.

LibreMax Capital may from time to time invest in, or cause its clients to invest in, the same or similar securities that the Advisers select for their clients. This creates an incentive for LibreMax Capital and the Advisers to favor clients that pay higher fees; if certain clients consistently receive the more favorable investment opportunities, such clients would tend to have better investment performance, to the detriment of other clients. In the event that multiple clients are eligible to invest in the same securities, LibreMax Capital and the Advisers address this potential conflict through their Investment Allocation Policies and Procedures. These policies and procedures seek to establish reasonably objective procedures to determine how opportunities are shared between LibreMax Capital and the Advisers.

Although the Advisers may aggregate sales and purchase orders being made simultaneously for other accounts managed by the Advisers or with accounts of Affiliates such as LibreMax Capital, the investment process and approvals for the Advisers and LibreMax Capital is a separate and distinct process.

LibreMax Capital (on behalf of its investment advisory clients) and the Advisers (on behalf of their investment advisory clients) each have the authority to purchase and sell investments directly between them. All such purchases and sales must be at an arm’s length basis and the investment advisory client must approve each such transaction. If LibreMax Capital controls the client (or itself is the party to the proposed transaction), it has the potential capacity to approve transactions that favor its own direct interest. If and when it does, LibreMax Capital and the

Advisers address this conflict by using a third party (typically an active dealer in such a position) to determine the appropriate buy and sell price and execute the trade. In practice, the occurrence of such sales is rare - LibreMax Capital typically focuses on illiquid, middle-market senior investments, and to a greater extent, junior or mezzanine lien investments. Such issues are generally inappropriate for inclusion in the CLO funds that the Advisers manage, whose investments are generally highly-liquid, broadly-syndicated loans to major corporate issuers.

LibreMax Capital may own classes of junior securities in the CLO funds to which the Advisers provide services as Investment Manager. Payments with respect to junior securities can be made only when all senior payments have been made. As such, the Advisers may have an incentive to take a greater degree of risk to increase the likelihood that payments are made to junior securities. However, this risk is substantially mitigated by the fact that the potential negative effects of such a higher degree of risk, if realized, will first and more heavily impact the junior securities owned by LibreMax Capital, as they would realize the “first loss.” As such, these junior tranches would be wiped out prior to those tranches in a more senior position. If, however, the Advisers take a greater degree of risk in order to increase the likelihood that payments are made to junior securities holders, the senior securities holders incur more uncertainty that their payments will be made. This risk is also addressed through the investment requirements and guidelines that govern investment of the assets of the CLO funds.

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Except as otherwise disclosed in this Brochure, neither the Advisers nor any of their management persons have a relationship or arrangement that is material to their advisory business or to their clients with any related person. In addition, the Advisers do not recommend or select other investment advisers for their clients.

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

The Advisers have adopted a Code of Ethics (the “Code”) that obligates the Advisers to put the interests of the Advisers’ clients before their own interests and to act honestly and fairly in all respects in their dealings with clients. All of the Advisers’ personnel are also required to comply with applicable federal securities laws. Clients or prospective clients may obtain a copy of the Code by contacting the Advisers by email at [compliance@libremax.com](mailto:compliance@libremax.com) or by telephone at (212) 612-1550. See below for further provisions of the Code as they relate to the preclearing and reporting of securities transactions by related persons.

It is possible that the Advisers or their related persons may invest in the same securities (or related securities, e.g., warrants, options or futures) that the Advisers or a related person recommend to clients and may trade in a particular security in a manner that is the same as, different from, or even opposite to the trading activity undertaken by the Advisers on behalf of their clients with respect to that same security; such practices present a conflict where, because of the information the Advisers have, the Advisers or their related person are in a position to trade in a manner that could adversely affect clients (e.g., place their own trades before or after client trades are executed in order to benefit from any price movements due to the clients’ trades). In addition to affecting the Advisers’ or their related person’s objectivity, these practices by the Advisers or their related persons could adversely affecting the price at which the clients’ trades are executed. To address such conflicts, the Advisers have adopted policies that require their related persons to preclear certain types of transactions in their personal accounts with the Chief Compliance Officer or his designee, who may deny permission to execute the transaction if such transaction will have any adverse economic impact on one of the clients. In addition, the Code:

- prohibits the Advisers or their related persons from executing personal securities transactions in securitized products, certain financial, real estate and housing related securities, as well as any securities on a restricted securities list maintained by the Chief Compliance Officer, unless an exemption is granted by the Chief Compliance Officer or his designee;
- requires all of the Advisers’ related persons to disclose their securities transactions and holdings on a quarterly basis; and
- requires all of the Advisers’ related persons to provide broker confirmations of each transaction in which they engage and a quarterly certification of such transactions.

Trading in employee accounts will be reviewed by the Chief Compliance Officer or his designee and compared with transactions for the client accounts and reviewed against the restricted securities list.

To the extent that the Advisers or a related person or any of their employees own securities that the Advisers or their related person also recommends to clients, such clients’ proxies will be voted according to predetermined guidelines rather than subject to the Advisers’ (or their related person’s) discretion. Please refer to Item 17 for further information regarding the Advisers’ proxy voting policy and procedures.



The Advisers, in the course of their investment management and other activities (e.g., board or creditor committee service), may come into possession of confidential or material nonpublic information about issuers, including issuers in which the Advisers or their related persons have invested or seek to invest on behalf of clients. The Advisers are prohibited from improperly disclosing or using such information for their own benefit or for the benefit of any other person, regardless of whether such other person is a client. The Advisers maintain and enforce written policies and procedures that prohibit the communication of such information to persons who do not have a legitimate need to know such information and to assure that the Advisers are meeting their obligations to clients and remains in compliance with applicable law.

In certain circumstances, the Advisers may possess certain confidential or material, nonpublic information that, if disclosed, might be material to a decision to buy, sell or hold a security, but the Advisers will be prohibited from communicating such information to the client or using such information for the client's benefit. In such circumstances, the Advisers will have no responsibility or liability to the client for not disclosing such information to the client (or the fact that the Advisers possess such information), or not using such information for the client's benefit, as a result of following the Advisers' policies and procedures designed to provide reasonable assurances that it is complying with applicable law.

#### **Participation or Interest in Client Transactions**

The Advisers' investment management agreements (the "Collateral Management Agreements") authorize them to buy securities from, and to sell securities to, their clients. The Advisers have the ability but generally do not make a practice of engaging in principal transactions; to the extent that the Advisers engage in principal transactions, the Advisers will comply with the requirements of Section 206(3) of the Advisers Act.

These agreements also authorize the Advisers to arrange for buying and selling of securities between clients, on the one hand, and LibreMax Capital (which is under common control with the Advisers) and its clients, on the other. The Advisers and their related persons also may invest their personal funds in the CLO funds the Advisers manage. Transactions such as these present a conflict of interest because the Advisers and/or LibreMax Capital's interests may be directly contrary to client interests. However, the agreements authorizing these transactions require both that the transaction be at "arm's length" and that the client approve the transaction.

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## **Item 12. Brokerage Practices**

### ***Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions***

The Advisers consider a number of factors in selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation. Such factors include net price, reputation, financial strength and stability, willingness to commit capital, efficiency of execution and error resolution, offering to the Advisers on-line access to computerized data regarding a client's accounts. In selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation, the Advisers need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not the Advisers' practice to negotiate "execution only" commission rates, thus a client may be deemed to be paying for research, brokerage or other services provided by a broker-dealer which are included in the commission rate. The Advisers' Chief Compliance Officer and trading professionals meet periodically to evaluate the broker-dealers used by the Advisers to execute client trades using the foregoing factors.

### ***Research and Other Soft Dollar Benefits***

The Advisers may receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions. This is known as a "soft dollar" relationship. While the Advisers do not currently have any existing commission-based soft-dollar research purchase relationships and does not currently anticipate that it will have any significant soft dollar relationships, in the event an Adviser does enter into such arrangements, it will limit the use of "soft dollars" to obtain research and brokerage services to services that constitute research and brokerage within the meaning of Section 28(e) of the Securities Exchange Act of 1934 ("Section 28(e)"). The Advisers may cause clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up).

### ***Order Aggregation***

The Advisers, and their affiliates, may purchase or sell the same security for multiple clients contemporaneously/at or near the same time and using the same executing broker. It is the Advisers' practice, where possible, to aggregate client orders for the purchase or sale of the same security submitted contemporaneously/at or near the same time for execution using the same executing broker. The Advisers will also aggregate in the same transaction, the same securities for accounts where the Advisers have brokerage discretion. Such aggregation may enable the Advisers to obtain for clients a more favorable price or a better commission rate based upon the volume of a particular transaction. In cases where trading or investment restrictions are placed on a client's account, the Advisers may be precluded from aggregating that client's transaction with others. In such a case, the client may pay a higher commission rate and/or receive less favorable prices than clients who are able to participate in an aggregated order. When an aggregated order is completely filled, the Advisers allocate the securities purchased or proceeds of sale among the

participating accounts, based on the purchase or sale order, or otherwise in accordance with the Advisers' allocation policy and procedures. Adjustments or changes may be made under certain circumstances, such as to avoid odd lots or excessively small allocations. If the order at a particular broker is filled at several different prices, through multiple trades, generally all such participating accounts will receive the average price and pay the average commission, subject to odd lots, rounding, and market practice. If an aggregated order is only partially filled, the Advisers' procedures provide that the securities or proceeds are to be allocated in a manner deemed fair and equitable to clients. Depending on the investment strategy pursued and the type of security, this may result in a pro rata allocation to all participating clients.

Allocation decisions will be made by the portfolio manager(s) responsible for the purchase and sale of investments for the respective funds in a manner that the Advisers deem to be equitable under the circumstances (and which they reasonably believe will be fair and equitable over time, even though a specific trade or allocation may have the effect of benefiting one client over another when viewed in isolation). While the Advisers generally seek to allocate investment opportunities pro rata among participating funds, the Advisers may consider the following factors, among others, in allocating securities among clients: client specific investment objectives; the relative size of each client account; purchasing capacity of each client account; the relative positions of client accounts in terms of portfolio ramping; the perceived liquidity of an investment; any restrictions or limitations on investments; reasons of portfolio balance; and any other considerations deemed relevant by the Advisor. The Advisers may also use rotational, percentage or other allocation methods, as permissible under a fund's respective governing documents or account documents.

Each Adviser, in accordance with each client fund's governing documents, is generally entitled to be reimbursed by the CLO funds for its pro-rata share (based on aggregate assets under management to which such costs or expenses are allocable, or other considerations that the fund's manager may deem equitable) of all reasonable costs and expenses whatsoever of the fund incurred in connection with the negotiation and preparation of CLO fund agreements (including such fees as those paid to legal advisors and accountants) and the performance of their services under the CLO fund agreements, including without limitation, any rating agency expenses, specialty and custom software expenses, due diligence costs, reasonable fees of legal counsel, tax and accounting services, consultants and all other reasonable costs and expenses at any time incurred, including, without limitation, in connection with acquisition, origination, holding, monitoring, marking to market, enforcement, amendment, default, restructuring, bankruptcy and disposition of any pledged securities and investments in connection with, and administration of, the CLO funds.

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**Item 13. Review of Accounts**

On a regular basis, the Advisers' Chief Investment Officer, who is primarily responsible for the investment recommendations made to clients, reviews the holdings of the CLO funds. Senior investment professionals also review the Advisers' holdings on a daily basis against various risk parameters. The results of this review are communicated daily to key investment and trading personnel, including the Chief Investment Officer.

While the Advisers have no formal parameters that trigger reviews on any other basis, investments are reviewed regularly by the investment team and may be subject to immediate review if a member of the investment team deems that any substantial event affecting such investment has occurred.

The unaffiliated trustee (who handles all security transactions, cash, documentation and custody) for each CLO fund produces and posts to their password-protected website monthly reports for each fund.

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

The Advisers do not receive economic benefits from non-clients for providing investment advice and other advisory services.

The Advisers do not engage third parties to solicit clients. The CLO funds advised by the Advisers bear the cost of placement agents that act as initial purchasers of such funds' Notes.

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**Item 15. Custody**

The Advisers currently do not have custody of client funds or securities, because they do not hold, directly or indirectly, client funds or securities or have any authority to obtain possession of them. To the extent the Advisers have custody of client funds or securities in the future, they intend to comply with Rule 206(4)-2 under the Advisers Act by meeting the conditions of the pooled vehicle annual audit provision.

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**Item 16. Investment Discretion**

The Advisers have discretionary authority to manage securities accounts on behalf of their clients. The Advisers' clients are private CLO funds offered to sophisticated investors. The Advisers enter into Collateral Management Agreements with the funds that grant the Advisers this discretionary authority. A confidential explanatory memorandum, which is delivered to each prospective investor, describes the types of investments and limitations on the Advisers' investment discretion in the form of risk management targets.

Client limitations include both limitations on the types of securities and instruments that may be purchased and sold and risk management standards to be applied in managing the investments. Generally, the Advisers' investments are limited to dollar-denominated loans, high yield fixed income securities, finance leases, synthetic securities (derivative financial instruments with respect to debt instruments, e.g., swap transactions), and structured finance securities (investments in pools of loans, receivables or other types of securities), but constraints can vary by client. Overall investments often are subject to concentration limits based on such things as the type of loan or investment, industry, the identity of the obligor, quality rating, and the domicile of the borrower.

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**Item 17. Voting Client Securities**

To the extent the Advisers have been delegated proxy voting authority on behalf of their clients, the Advisers comply with their proxy voting policies and procedures, which are designed to ensure that in cases where the Advisers vote proxies with respect to client securities, such proxies are voted in the best interests of their clients.

The Advisers' clients are not permitted to direct their votes in a particular solicitation. If a material conflict of interest between the Advisers and a client exists, the Advisers will determine whether voting in accordance with the guidelines set forth in the proxy voting policies and procedures is in the best interests of the client or take some other appropriate action. The Advisers do not make any qualitative judgment regarding their client's investments.

Clients may obtain a copy of the Advisers' proxy voting policies and procedures and information about how the Advisers voted a client's proxies by contacting the Advisers by email at [compliance@libremax.com](mailto:compliance@libremax.com) or by telephone at (212) 612-1550.



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**Item 18. Financial Information**

The Advisers have discretionary authority over the invested assets held by their clients, but they:

- do not require or solicit prepayment of fees six months or more in advance;
- have no financial condition that is reasonably likely to impair their ability to meet their contractual commitments to clients; and
- are not currently nor have they ever been the subject of any bankruptcy petition.