

Item 1
COVER PAGE

PART 2A OF FORM ADV: FIRM BROCHURE

JEFFERIES FINANCE LLC

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*This brochure (this “**Brochure**”) provides information about the qualifications and business practices of Jefferies Finance LLC (the “**Investment Adviser**”, the “**Firm**,” “**we**”, “**our**” or “**us**”, including its relying advisers). If you have any questions about the contents of this Brochure, please contact us at (212) 284-3474. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “**SEC**”) or by any state securities authority.*

The Investment Adviser is registered as an investment adviser with the SEC. Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

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

Item 2
MATERIAL CHANGES

We last filed an update to this Brochure in July 2018 and have not updated this Brochure since that update. While this update to our Brochure contains changes and updates to certain information, we do not believe these updates constitute material changes to our Brochure.

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Item 4 ADVISORY BUSINESS

A. General Description of Advisory Firm

The Investment Adviser was formed under the laws of the State of Delaware on October 7, 2004. The Investment Adviser is a joint venture between (i) Jefferies Group LLC (together with its subsidiaries, collectively, “*Jefferies Group*”), a subsidiary of Jefferies Financial Group Inc. (f/k/a Leucadia National Corporation) (a publicly traded company) and the holding company for Jefferies LLC (“*Jefferies LLC*”), a global securities and investment banking firm, and (ii) Massachusetts Mutual Life Insurance Company, a mutual life insurance company organized under the laws of the Commonwealth of Massachusetts (“*MassMutual*” and, together with Jefferies Group, the “*JF Investors*”). Each JF Investor owns, directly or indirectly, 50% of the equity in the Investment Adviser. MassMutual and Jefferies Group each contribute significant resources and infrastructure support to the Investment Adviser.

The Investment Adviser is a finance company that underwrites and originates secured commercial loans. The Investment Adviser may also acquire secured commercial loans in the secondary market. The commercial loans originated or acquired by the Investment Adviser may include revolving credit loans and term loans, first lien or second lien loans, and asset based loans and cash flow loans. A small portion of the Investment Adviser’s portfolio may also include bonds or other debt instruments and, in certain cases, equity instruments. The Investment Adviser will generally seek to sell a portion of the positions it originates or holds to other lenders, including Advisory Clients (as defined below). The Investment Adviser may act as an arranger and syndication agent for credit facilities and may also act as the administrative agent or collateral agent for credit facilities. The Investment Adviser may own some or all of the income notes of the Issuers, which represents the economic equity in Issuers (as defined below). The Investment Adviser owns certain other special purpose subsidiaries, some of which have entered into warehouse credit facilities with third-party lenders to finance their purchase of loans and other investments from the Investment Adviser. The Investment Adviser may own the equity of an issuer under future CLOs (as defined below).

We provide a range of investment strategies that seek to deliver attractive performance to our Advisory Clients, which include various pooled investment vehicles, including private investment funds (collectively, the “*Private Funds*”). We also provide investment management services to certain separately managed accounts (“*Separate Accounts*”). For some Separate Accounts, we may form special purpose entities to serve as investment vehicles for investors.

In addition, we currently act as the collateral manager to several issuers (each an “*Issuer*” collectively, the “*Issuers*”, and together with the Private Funds and Separate Accounts, “*Advisory Clients*”) that have issued rated notes and non-rated “income” notes to qualified purchasers and non-U.S. persons under collateralized loan obligation transactions (each a “*CLO*”) and other structured investment vehicles. These notes are secured by a portfolio of senior secured loans and second lien loans, and a small amount of other debt investments, managed by the Investment Adviser. The terms of each CLO are set out in an indenture

(collectively, the “**Indentures**”) among the applicable Issuer and trustee (the “**Trustee**”). For each CLO, the Investment Adviser and the related Issuer are parties to a collateral management agreement (collectively, the “**Collateral Management Agreements**”) and Investment Adviser and the related Issuer and Trustee are parties to a collateral administration agreement (collectively, the “**Collateral Administration Agreements**”). The terms of each CLO, including summaries of certain terms of the Indentures, the Collateral Management Agreements, the Collateral Administration Agreements and other transaction documents, are described in the Offering Circular (as defined below) of the applicable Issuer.

The Investment Adviser may also serve as the investment manager, managing member or general partner to special purpose vehicles through which the Advisory Clients may invest. These vehicles are generally formed for tax, regulatory, economic or other purposes, including applicable investment restrictions.

B. Description of Advisory Services

We tailor our advisory services to the specific investment objectives and restrictions of each Advisory Client. Advisory Clients have investment restrictions that are particular to such Private Fund, Issuer or Separate Account, such as prohibitions on investing in certain types of assets (e.g., equity securities), restrictions on Issuer domiciles, restrictions on price or rating of investments, and limitations on the percentage a particular type of security or instrument can comprise of an Advisory Client’s investment portfolio.

The Investment Adviser acts as collateral manager to certain Issuers pursuant to the Collateral Management Agreements and may act as collateral manager or investment adviser to additional Issuers in the future. In its capacity as collateral manager, the Investment Adviser (i) determines which commercial loans or other debt investments each Issuer may acquire (and whether such loans or other debt investments comply with the eligibility requirements and concentration limits under the Indentures), (ii) monitors and administers, on an ongoing basis, any loans or other investments that are acquired by each Issuer, and (iii) monitors the Issuers’ compliance with the terms of the Indentures. In connection with these services, the Investment Adviser prepares reports on behalf of the Issuers, with assistance of the Trustee pursuant to the Collateral Administration Agreements. These reports are distributed to the noteholders.

Current and prospective Advisory Clients should refer to the applicable confidential private placement memorandum, offering circular or similar disclosure document (each, an “**Offering Circular**”), limited partnership agreement, limited liability company agreement, certificate or articles of incorporation, investment management agreement, subscription documents and other governing agreements (collectively with Offering Circulars, the “**Governing Documents**”) for complete information on the investment objectives, investment restrictions and risks. Prior performance, while illustrative of the Investment Adviser’s investment philosophy and experience, is not indicative of future performance and there is no assurance that any investment objectives will be achieved.

C. Relying Advisers

The Investment Adviser, or an affiliated entity of the Investment Adviser, serves as general partner, managing member, investment adviser, investment manager, collateral manager, sub-adviser or manager of each of its Advisory Clients. References to the Investment Adviser in this brochure include, as the context requires, subsidiaries of Jefferies Finance LLC, through which the Investment Adviser provides investment advisory services or that act in any capacity referenced in the previous sentence, including Apex Credit Partners LLC, a limited liability company organized under the laws of the State of Delaware (“*Apex*”), JFIN Asset Management LLC, a limited liability company organized under the laws of the State of Delaware (“*JFAM*” and, together with Apex, each a “*Relying Adviser*”).

Each Relying Adviser is a wholly-owned subsidiary of Jefferies Finance LLC, and is subject to supervision and control by the Investment Adviser. Each Relying Adviser’s facilities and personnel are provided by Jefferies Finance LLC, and each serves or may serve as the collateral manager or portfolio manager to certain Advisory Clients. Jefferies Finance LLC is the sole and managing member of each Relying Adviser.

D. Availability of Customized Services

The Investment Adviser’s investment decisions and advice with respect to the Advisory Clients are subject to the restrictions as set forth in the applicable Governing Documents.

The Investment Adviser, the Issuer, a Private Fund and their respective general partners, managers or other controlling entity, may generally enter into “side letters” or similar agreements pursuant to which certain investors are granted specific rights, benefits, or privileges that are not generally made available to other investors of the particular Issuer or a Private Fund.

E. Wrap Fee Programs

The Investment Adviser does not participate in wrap fee programs.

F. Assets Under Management

The Investment Adviser manages approximately \$6,186,262,017 as of November 30, 2018 on a discretionary basis.

This Brochure generally includes information about the Investment Adviser and its relationships with its Advisory Clients and affiliates. While much of this Brochure applies to all such Advisory Clients and affiliates, certain information included herein applies to specific Advisory Clients or affiliates the Investment Adviser only.

Item 5 FEES AND COMPENSATION

A. Advisory Fees and Compensation

The Investment Adviser may charge carried interest, incentive fees, performance compensation, management fees, advisory fees and other fees to its Advisory Clients. All Advisory Clients should review the Governing Documents of a Private Fund, Issuer or Separate Account for complete information on fees and compensation. With respect to any Advisory Clients of the Investment Adviser in which all investors are “qualified purchasers” as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended (the “**Investment Company Act**”), information regarding the fees and compensation payable by such investors is not required to be provided herein. In certain circumstances, the advisory fees payable to the Investment Adviser by Separate Account Advisory Clients or Private Fund investors may be negotiable. The Investment Adviser’s fees as set forth in the Collateral Management Agreements are non-negotiable.

From time to time, an Advisory Client may purchase an interest in another Private Fund or Issuer, provided that the sale or purchase is consistent with the Investment Adviser’s fiduciary obligations to each such Advisory Client. Advisory Clients should be aware that, while we endeavor at all times to act in the best interests of all of our Advisory Clients, our receipt of compensation from each of the Private Funds, Issuers and Separate Accounts and the contribution of additional capital by an Advisory Client to another Private Fund or Issuer may create potential conflicts of interest. In certain circumstances, we may choose to reduce the advisory fees of an Advisory Client investing in another Private Fund, Issuer or Separate Account by the amount of advisory fees applicable to the Advisory Client’s investment in such other Private Fund, Issuer or Separate Account.

With respect to Separate Accounts, as such accounts are structured for a single investor or a group of affiliated investors, the fees and compensation to be received by the Investment Adviser may contain more customized calculations than those for the Issuers. The calculation method for the services provided to the Separate Accounts and Private Funds are disclosed in the applicable Governing Documents.

B. Payment of Fees; Timing of Payments; Termination

For many of our Advisory Clients, we are authorized under the Private Fund’s or Separate Account’s Governing Documents to charge and deduct advisory fees directly from the assets of the Private Fund or applicable Separate Account, at the times and in the amounts set forth in the Governing Documents. For Separate Accounts, our ability to deduct advisory fees may be negotiable.

Base advisory fees for many of our Advisory Clients, including many of the Private Funds, are payable in arrears, generally on a quarterly or semi-annual basis. Because such advisory fees are payable in arrears, they are not paid until after services have been rendered. With respect to certain Private Funds and other Advisory Clients, the base advisory

fees are payable in advance, generally on a quarterly basis. Please refer to the applicable Governing Documents for complete information on the timing of advisory fee payments.

Advisory Clients have the right to terminate the advisory or investment management agreements in accordance with the terms of such agreements. Our general policy is to repay advisory fees paid in advance in excess of the pro rata portion earned (based on the number of days during the period) through the termination date.

With respect to CLOs, the management fees (and if applicable any incentive fee) are paid on a quarterly basis. Fees are determined by the Trustee in conjunction with the other payments that are required to be made on each payment date, based on the collections received by each Issuer during the quarterly period preceding such payment date. Pursuant to each Issuer's Governing Documents, such fees and other payments are set forth in a report that is prepared by the Trustee, reviewed and approved by the Investment Adviser and distributed to the noteholders prior to the applicable payment date. Payment of fees is made by the Trustee on behalf of the Issuers on the applicable payment date. Fees with respect to CLOs are not otherwise invoiced.

The payment method for fees, and calculation thereof, to be received by the Investment Adviser in connection with services provided to the Private Funds and Separate Accounts are disclosed in the applicable Governing Documents.

C. Additional Compensation and Conflicts of Interest

Generally, the Investment Adviser owns at least a majority of the income notes of an Issuer and may also own a portion of the junior notes of an Issuer, and therefore will receive payments of interest and principal in respect of these notes on a pro rata basis with other noteholders to the extent provided under the Indentures.

D. Additional Fees and Expenses

In addition to the fees payable to the Investment Adviser, subject to each Private Fund's, Issuer's and Separate Account's Governing Documents, Advisory Clients may pay or otherwise bear all fees, costs, expenses and other liabilities arising in connection with the establishment and operation thereof (collectively, "**Account Expenses**"), including (but not limited to) fees, costs, and expenses related or attributable to:

- any sales or other taxes, fees, or government charges that may be assessed against a Private Fund, an Issuer or a Separate Account;
- commissions, brokerage fees, and similar charges incurred in connection with the purchase or sale of securities and other assets (including any fees payable to third parties and whether or not any such purchase or sale is consummated);
- investigation, development, negotiation, structuring, settlement, monitoring and holding portfolio investments (whether or not consummated), including legal, tax, accounting and other expenses therewith;

- market data costs and research-related expenses, including, without limitation, news and quotation equipment, software, and services;
- meetings or conferences with Advisory Clients and investors therein;
- any investigation, administrative proceeding or regulatory matter, litigation and threatened litigation involving an Advisory Client;
- indemnification obligations and expenses;
- normal and extraordinary investment banking, commercial banking, accounting, auditing, appraisal, tax advisory, tax preparation, audit, legal, external consulting, custodial and registration services;
- premiums related to risk management services and insurance;
- dissolution of investment vehicles and liquidation of assets;
- appraisal and valuation of assets;
- organizational expenses, including costs and expenses pertaining to the offering and sale of interests, documentation, filing, related legal and other organizational payments;
- services provided by any third-party service provider (such as an administrator, depository, custodian, tax, legal, audit and compliance professionals, independent directors or other service providers);
- fees, costs, and expenses associated with compliance by a Private Fund, a Separate Account Advisory Client, the Investment Adviser or their respective affiliates that are involved in the management of a Private Fund, another Advisory Client, or an account with all applicable laws, rules, and regulations, including certain expenses related to regulatory filings;
- certain administrative expenses in respect of the foregoing, as applicable, including allocated costs of services that were performed by the Investment Adviser or an affiliate, such as an in-house lawyer, accountant, tax advisor or other professional; and
- travel-related expenses (including costs of private travel, lodging and entertainment) in respect of the foregoing, as applicable.

The Investment Adviser may from time to time incur Account Expenses on behalf of more than one Advisory Client. To the extent such Account Expenses are incurred for the account or benefit of more than one Advisory Client, each such Advisory Client will typically bear an allocable portion of any Account Expenses in proportion to the size of its investment (or proposed investment) in the activity or entity to which such Account Expense relates (subject to the terms of each Advisory Client's Governing Documents) or in such other manner as the Investment Adviser considers fair and equitable under the circumstances. The Investment Adviser endeavors to allocate such Account Expenses on a fair and equitable basis. Please refer to the Governing Documents of the applicable Advisory Client for complete information on the Account Expenses payable or borne by such Advisory Client.

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

The Investment Adviser accepts performance-based compensation (whether in the form of incentive fee or carried interest) from the Advisory Clients if so provided for in the Governing Documents of each Advisory Client.

In the allocation of investment opportunities, performance-based compensation arrangements may also create an incentive for the Investment Adviser to favor Advisory Clients with higher performance-based compensation arrangements over Advisory Clients that are charged lower performance-based compensation arrangements or are not charged performance-based compensation at all. To address the conflicts of interest associated with the allocation of trading and investment opportunities, the Investment Adviser has adopted an investment allocation policy that governs the allocation of investment opportunities across multiple Advisory Clients. This policy requires the Investment Adviser to treat each of its Advisory Clients in a manner consistent with its fiduciary obligations and prohibits the Investment Adviser from favoring any particular Advisory Client because of, for example, the ownership or economic interests of the Investment Adviser, its affiliates, officers or employees, in such Advisory Client's advisory accounts.

The Investment Adviser and its affiliates manage a broad investment platform encompassing existing and future Advisory Clients and other investment vehicles sponsored, managed, sub-managed, advised or sub-advised by the Investment Adviser, or one or more of its affiliates (including, without limitation, Apex and JFAM, together with the Investment Adviser and its other affiliates, "**JFIN**"), including, but not limited to, certain other existing and proposed private funds, Issuers, investment vehicles and separately managed accounts (individually or collectively, the "**JFIN clients**"), some of which have or may have investment mandates that directly or indirectly overlap with potential investments to be made by other JFIN clients and circumstances and situations may arise in which potential investment opportunities satisfy the investment objectives one or more of such JFIN clients.

If and to the extent such situations arise, the Investment Adviser's allocation policy seeks to ensure that it allocates investment opportunities across JFIN clients fairly and equitably over time based upon the Investment Adviser's policies and procedures. Any such allocation shall follow JFIN's allocation policies and procedures and shall take into account, among other things, the following:

- whether the risk-return profile of the proposed investment is consistent with a JFIN client's objectives;
- the potential for the proposed investment to create an imbalance in a JFIN client's portfolio;
- the liquidity requirements of a JFIN client;
- potentially adverse tax consequences;
- legal, contractual or regulatory restrictions that would or could limit a JFIN client's ability to participate in a proposed investment;

- the need to re-size risk in a JFIN client's portfolio; and
- minimum or maximum investment size requirements.

In addition, when JFIN is ramping up the investment or trading operations for a JFIN client, such JFIN client may receive larger allocations of certain securities than the other JFIN clients in order to obtain its desired risk and portfolio size.

The Investment Adviser will have no obligation to purchase or sell a security for, enter into a transaction on behalf of, or provide an investment opportunity to any JFIN client solely because the Investment Adviser purchases or sells the same security for, enters into a transaction on behalf of, or provides an opportunity to any other JFIN client if, in its reasonable opinion, such security, transaction or investment opportunity does not appear to be suitable, practical or desirable for the JFIN client.

Item 7 TYPES OF CLIENTS

As described in Item 4 above, the Investment Adviser's Advisory Clients include Private Funds, Issuers and Separate Accounts. The terms and conditions of the advisory arrangements with the particular type of Private Fund or Separate Account vary depending upon the type of services provided or the type of Private Fund or Separate Account, and these terms and conditions may vary between Advisory Clients.

The Investment Adviser may advise additional Advisory Clients in the future (including additional Issuers under new CLOs, as well as new Private Funds and Separate Accounts).

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

A. Methods of Analysis and Investment Strategies

The descriptions set forth in this Brochure of specific advisory services that the Investment Adviser offers to Advisory Clients, and investment strategies pursued and investments made by the Investment Adviser on behalf of Advisory Clients, should not be understood to limit in any way the Investment Adviser's investment activities. The Investment Adviser may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that the Investment Adviser considers appropriate, subject to each Advisory Client's investment objectives and guidelines. The investment strategies the Investment Adviser pursues are speculative and entail substantial risks. Advisory Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any Private Fund or other Advisory Clients will be achieved.

The Investment Adviser's strategy generally focuses on (i) determining which commercial loans, other debt investments and other securities or assets the Advisory Clients should acquire (and whether such loans or other investments comply with the eligibility

requirements and concentration limits under Governing Documents), (ii) monitoring and administering, on an ongoing basis, any loans or other investments that are acquired by the Client Accounts, and (iii) in the case of Issuers, monitoring compliance with the terms of the Indentures.

B. Material, Significant, or Unusual Risks Relating to Investment Strategies

The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the Issuers advised by the Investment Adviser. These risk factors include only those risks the Investment Adviser believes to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis employed by the Investment Adviser. A more detailed explanation of risk factors can be found in each Issuer's, Private Fund's or Separate Account's Governing Documents.

CLO Market Risk. Among the sectors that have been particularly challenged by a downturn in the global credit markets are the CLO and leveraged finance markets. CLOs and certain assets held by Advisory Clients are subject to credit, liquidity, interest rate, and other risks. The risks of CLOs depend largely on the type of the underlying loans and the tranche of CLOs in which the investment is made. In addition, CLOs and certain assets held by Advisory Clients carry risks including interest rate risk, credit risk, default risk and currency risk. Certain CLOs and Advisory Clients may not hold loans directly, but rather, use derivatives such as swaps to create “synthetic” exposure to the collateral pool of loans. The CLO market in which our Advisory Clients invest has experienced and in the future will experience an increase in downgrades, defaults, and declines in market value and defaults in respect of leveraged loans in their collateral. 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 an investment in a CLO. 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.

Default Risk. Issuers of non-investment grade debt are more likely to default on their payments of interest and principal, and defaults could have a materially adverse effect on the performance of Advisory Clients. An economic downturn would generally lead to a higher non-payment rate, and an asset may lose significant market value before a default occurs. There can be no assurance as to the levels of defaults and/or recoveries that may be experienced.

Market Condition Risk on Reinvestment. The ability of the Issuers to obtain collateral or to enter into forward commitments for the purchase of collateral, and the interest rates and terms on which such collateral can be obtained, as well as the interest rates and other terms in connection with the investment of funds in eligible investments, may affect the timing and amount of payments to the holders of the notes. Disposing of certain portfolio investments and purchasing certain portfolio investments, subject to meeting the investment criteria, will expose the Issuers to the market conditions prevailing at the time of such sale and reinvestment and may result in changes in the characteristics and quality of the collateral included in the portfolio investments. The impact, including any adverse impact, of such reinvestment (or lack

thereof) and of the yields on such substitute portfolio investments on the holders of the certain notes would be magnified by the leveraged nature of the Issuers' capital structure.

Liquidity Risk. Particular investments may be difficult to purchase or sell. During periods of market turbulence or low trading activity, in order to meet Advisory Client withdrawals it may be necessary for the Investment Adviser sell securities at prices that are less advantageous. Additionally, the market for certain investments may become illiquid independent of any specific adverse changes in the conditions of a particular Issuer. Smaller portfolios may have increased exposure to liquidity risk.

Illiquidity of Collateral Debt Securities. Much of the portfolio investments purchased by the Issuers will have no, or only a limited, trading market. The Issuers' investment in illiquid portfolio investments may restrict its ability to dispose of investments in a timely fashion and for a fair price as well as its ability to take advantage of market opportunities, although the Issuers are generally prohibited by the Indentures from selling portfolio investments except under certain limited circumstances. Illiquid portfolio investments may trade at a discount from comparable, more liquid investments. In addition, the Issuers may invest in privately placed portfolio investments that may or may not be freely transferable under the laws of the applicable jurisdiction or due to contractual restrictions on resale. Even if such privately placed portfolio investments are transferable, the prices realized from their sale could be less than those originally paid by the Issuers or less than what may be considered the fair value of such debt obligations.

Concentration Risk. A limited amount of concentration with respect to any particular obligor, region or industry is expected to exist. However, redemptions of portfolio investments and reinvestment may result in a greater concentration in any one obligor, region or industry and such concentration would subject the notes to a greater degree of risk with respect to defaults by such obligor, and such concentration of the portfolio in any one industry or region would subject the notes to a greater degree of risk with respect to economic downturns relating to such industry or region.

Credit Risk. Financial strength and solvency of an issuer are the primary factors influencing credit risk. In addition, subordination, lack or inadequacy of collateral or credit enhancement for a debt instrument likely will affect its credit risk. Credit risk typically changes over the life of an instrument and securities which are rated by rating agencies are often reviewed and are subject to downgrade

Credit Ratings of Debt Obligations. Credit ratings of debt obligations represent the rating agencies' opinions regarding their credit quality and are not a guarantee of quality. Rating agencies attempt to evaluate the security of principal and interest payments and do not evaluate the risks of fluctuations in market value, therefore, they may not fully reflect the true risks of an investment. Also, rating agencies may fail to make timely changes in credit ratings in response to subsequent events, so that an obligor's current financial condition may be better or worse than a rating indicates. Consequently, credit ratings of the issuers will be used by the Investment Adviser only as a preliminary indicator of investment quality. Investments in non-investment grade and comparable unrated obligations will be more dependent on the Investment Adviser's credit analysis than would be the case with investments in investment-grade debt obligations.

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

The Investment Adviser may also be provided with material non-public information that may restrict its ability to trade in a company's securities. While the Investment Adviser intends to comply with all applicable securities laws and to make judgments concerning restrictions on trading in good faith, the Investment Adviser may cause an Advisory Client to trade in the company's securities while engaged in the company's restructuring activities. Such trading creates a risk of litigation and liability that may cause the holders of such securities, including the applicable Advisory Clients, to incur significant legal fees and potential losses.

Regulatory Risk. The Investment Adviser is subject to regulation by laws at local and national levels and in multiple jurisdictions, including foreign countries. Specific and general regulations addressing capital markets, including tax laws and regulations, whether in the United States or abroad, could increase the cost of acquiring, holding, or divesting portfolio investments, the profitability of investments, and the costs of operating the Issuers and Separate Accounts. Additional regulation could also increase the risk of third-party litigation.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "***Dodd-Frank Act***"), among other things, granted regulatory authorities such as the Commodity Futures Trading Commission, the SEC and the Consumer Financial Protection Bureau broad rulemaking and enforcement authority to implement and oversee various provisions of the Dodd-Frank Act.

The Investment Adviser may also indirectly be affected by regulation of banks and other financial services firms with which the Investment Adviser does business, obtains financing or other services, or seeks to sell interests in loan securitizations. The regulatory regimes applicable to financial services firms with which the Investment Adviser does business may increase borrowing costs or limit the terms or availability of credit, affect the terms or pricing of loan securitizations, affect the collectability of loans, or have other indirect effects.

Section 619 of the Dodd-Frank Act, more commonly known as the Volcker Rule, has been implemented by final interagency rules adopted in December 2013. Among other things, the Volcker Rule imposes requirements on asset-backed securities and pooled investments in loans and other assets that U.S. banks and their affiliates are permitted to own. Although the conformance period for certain pre-2014 investments in private funds by banks had been extended to July 2017, the U.S. Federal Reserve Board announced in December 2016 that U.S. banks can apply to take five more years to come into compliance with the Volcker Rule. The Volcker Rule may cause banks and their affiliates to divest existing holdings and limit new investments in non-conforming securities and thereby limit the marketability of asset-backed and

pooled investments that do not meet the new requirements established by the Volcker Rule. This may result in reduced prices or illiquidity of Advisory Client assets. Legislation has been introduced for consideration by the U.S. Congress which would repeal the Volcker Rule. However, it is not possible to determine whether this legislative initiative will ultimately prove to be successful.

These regulations and regulatory powers may reduce returns to investors in loan portfolios as a result of, among other things, additional compliance and administrative expenses, failure to obtain full repayment on portfolio loans, administrative enforcement actions and fines by state or federal regulators and civil litigation against holders of loans, and a reduction in the availability of appropriate loans for investment. Similarly, violations of law or regulation by the originators or servicers of loans held directly or indirectly by investors could result in the originators or servicers being subject to administrative fines or penalties, borrower restitution obligations, or other consequences that could negatively impact investors in such loans.

Monetary Policy and Governmental Intervention Risk. As part of the response to the global financial crisis beginning in 2007, the U.S. Federal Reserve (the “**Federal Reserve**”) and global central banks, including the European Central Bank, had in addition to other governmental actions to stabilize markets and seek to encourage economic growth, acted to hold interest rates to historic lows. It cannot be predicted with certainty how these policies will evolve, but actions by the Federal Reserve and other central bankers may have a significant effect on interest rates and on the U.S. and world economies generally, which in turn may affect the performance of Advisory Client investments. Further financial crises may result in additional governmental intervention in the markets. In addition, the consequences of the extensive changes to the regulation of various markets and market participants contemplated by the legislation and increased regulation arising out of the financial crisis are difficult to predict or measure with certainty.

Risks of Investments in Subordinated Debt. Certain Advisory Client investments consist of loans or securities, or interests in pools of securities, that are subordinated or may be subordinated in right of payment and ranked junior to other securities issued by, or loans made to, obligors. If an obligor experiences financial difficulty, holders of its more senior securities will be entitled to payments in priority to Advisory Clients. Some of Advisory Clients’ asset-backed investments also may have structural features that divert payments of interest and/or principal to more senior classes of loans or securities backed by the same assets when loss rates or delinquency exceeds certain levels. This may interrupt the income Advisory Clients receive from such investments, which may lead to Advisory Clients having less income to distribute to their investors. If the obligors are highly leveraged or Advisory Clients invest in securities that are unrated or rated below investment grade, such investments are subject to additional risks, including an increased risk of default during periods of economic downturn, the possibility that the obligor may not be able to meet its debt payments, and limited secondary market support, among other risks.

Risks Involved with Loans to Private Companies. Loans to private companies involve a number of particular risks, including risks related to the fact that:

- these companies may have limited financial resources and limited access to additional financing, which may increase the risk of their defaulting on their obligations, leaving creditors, such as Advisory Clients, dependent on any guarantees or collateral they may have obtained;
- these companies may have shorter operating histories, narrower product lines, and smaller market shares than larger businesses, which render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns;
- there may not be as much information publicly available about these companies as would be available for public companies and such information may not be of the same quality; and
- these companies are more likely to depend on the management talents and efforts of a small group of persons; as a result, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on these companies' abilities to meet their obligations.

Structured finance obligations. Investing in structured finance obligations such as CLOs entails a variety of risks, including but not limited to: prepayment risk, credit risk, leverage risk, liquidity risk, market risk, legal risk, interest rate risk as well as risks associated with derivatives markets, including the risk of counterparty default. Structured finance obligations generally involve securities that are considered “re-packaged.” The performance of structured finance obligations will be affected by a variety of factors, including the level and timing of payments and recoveries on and the characteristics of the underlying re-packaged securities, remoteness of those assets from the originator or transferor, extent of subordination to other securities issued by the Issuer of such structured finance obligation and the adequacy of and ability to realize upon any related collateral.

Leverage Risk. To the extent that income derived from investments purchased with borrowed funds is greater than the cost of borrowing, overall net income will be greater than if borrowing had not been used. Conversely, if the income from investments purchased with borrowed funds is not sufficient to cover the cost of borrowing, the overall net income will be less than if borrowing had not been used. The extent to which the gains and losses associated with leveraged investing are increased will generally depend on the degree of leverage employed. Leverage may also be limited with respect to specific securities held in a portfolio due to margin rule considerations.

Cyber-Security Risk. The increasing reliance on internet-based programs and applications to conduct transactions and store data creates growing operational and security risks. Targeted cyber-attacks, or accidental events, can lead to a breach in computer and data systems' security and subsequent unauthorized access to sensitive transactional and personal information. Data taken in breaches may be used by criminals in identity theft, obtaining loans or payments under false identities, and other crimes that could affect the value of assets in which Advisory Clients invest. Cyber-security breaches at the Investment Adviser or its vendors and service providers may also lead to theft, data corruption, or overall disruption in operational systems. These threats may also indirectly affect Advisory Clients through cyber incidents with third party service providers or counterparties. These risks can disrupt the ability to engage in transactional

business, cause direct financial loss and reputational damage, or lead to violations of applicable laws related to data and privacy protection and consumer protection. Cyber-security risks also result in ongoing prevention and compliance costs.

C. Risks Associated With Particular Types of Securities

Nature of Collateral. The portfolio of Advisory Client accounts will consist primarily of non-investment grade loans or interests in non-investment grade loans.

The assets are subject to liquidity, market value, credit, interest rate, reinvestment and certain other risks.

In addition, there can be no assurance that the Investment Adviser will correctly evaluate the nature and magnitude of the various factors that could affect the value and return of the collateral and purchase collateral that can generate high returns for its Advisory Clients. It is anticipated that the portfolio investments generally will be subject to greater risks than investment grade corporate obligations. These risks could be exacerbated to the extent that the portfolio is concentrated in one or more particular types of investments.

Prices of the investments may be volatile and will generally fluctuate due to a variety of factors that are inherently difficult to predict, including but not limited to changes in interest rates, prevailing credit spreads, general economic conditions, financial market conditions, domestic and international economic or political events, developments or trends in any particular industry, and the financial condition of the obligors. Loans and interests in loans have significant liquidity and market value risks since they are not generally traded in organized exchange markets but are traded by banks and other institutional investors engaged in loan syndications. Because loans are privately syndicated and loan agreements are privately negotiated and customized, loans are not purchased or sold as easily as publicly traded securities.

A non-investment grade loan or an interest in a non-investment grade loan is generally considered speculative in nature and may become a “defaulted security” for a variety of reasons. A defaulted security may become subject to either substantial workout negotiations or restructuring, which may entail, among other things, a substantial reduction in the interest rate, a substantial write-down of principal, and a substantial change in the terms, conditions and covenants with respect to such defaulted security. In addition, such negotiations or restructuring may be quite extensive and protracted over time, and therefore may result in substantial uncertainty with respect to the ultimate recovery on such defaulted security. The liquidity for defaulted securities may be limited, and to the extent that defaulted securities are sold, it is highly unlikely that the proceeds from such sale will be equal to the amount of unpaid principal and interest thereon. Furthermore, there can be no assurance that the ultimate recovery on any defaulted security will be at least equal to the minimum recovery rate used in connection with any analysis of the notes that may have been prepared for or at the direction of holders of any notes.

Leveraged loans have historically experienced greater default rates than has been the case for investment grade securities. There can be no assurance as to the levels of defaults and/or recoveries that may be experienced on portfolio investments.

The Issuers and certain other Advisory Clients will observe certain limitations on its ability to purchase loans and other debt obligations to ensure that it is not treated as a “dealer in securities” or otherwise treated as engaged in a trade or business within the United States for U.S. federal income tax purposes.

Risks Generally Associated with Fixed Income Securities. Fixed income securities are subject to credit risk. Credit risk refers to the risk of loss of principal or interest resulting from a borrower’s failure to repay a loan or otherwise meet a contractual obligation. Fixed income securities are subject to interest rate risk and may decrease in value when interest rates rise. When interest rates rise, the prices of fixed rate bonds and loans fall. Generally, the longer the maturity of a bond or fixed rate loan, the more sensitive it is to this risk. These risks are greater during periods of inflation. Falling interest rates also create the potential for a decline in a portfolio’s income.

Middle Market Obligors. A substantial portion of the underlying issuers are expected to be “middle market companies”. “Middle market loans” are typically defined as debt issued as part of a loan facility with an original first lien loan size less than \$250,000,000 that is not broadly syndicated to institutional investors. They share many of the same characteristics as more broadly syndicated loans, including, in some cases, a senior secured position in the company’s capital structure and floating rate interest payments. Middle market loans tend to be privately held, and are often not publicly rated. The risks of “middle market loans” include (among others): (i) limited liquidity and secondary market support, (ii) the possibility that earnings of the obligor may be insufficient to meet its debt service, (iii) the declining creditworthiness and potential for insolvency of the borrower of such loan during periods of economic downturn, (iv) the obligor is often a small or mid-size company representing only local or regional interests, (v) spread compression over the reference interest rate available for reinvestment during any period in which prepayments are received and (vi) if subordinated, subordination to the prior claims of other loans or senior lenders. Middle market loans are generally subject to market value volatility that may not be apparent from historical volatility studies and that could be significant at times. An economic downturn could severely disrupt the market for “middle market loans” and adversely affect the value of outstanding loans and the ability of the borrowers thereof to repay principal and interest. Moreover, the default history for “middle market loans” is limited, actual defaults may be greater than indicated by historical data and the timing of defaults may vary significantly from historical observations.

Sale of Collateral Upon Default on the Notes. The market value of portfolio investments 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 obligors of such collateral. Therefore, if an event of default occurs with respect to the notes, there can be no assurance that the proceeds of any sale of the portfolio investments will be sufficient to pay in full any amounts to various parties.

Structured Finance Obligations and Finance Leases. A portion of the portfolio investments may consist of structured finance obligations and finance leases. Structured finance obligations and finance leases may present risks similar to those of the other types of collateral in which the Issuers may invest and, in fact, the risks may be of greater significance in the case of

structured finance obligations and finance leases. Moreover, investing in structured finance obligations and finance leases may entail a variety of unique risks. Among other risks, structured finance obligations and finance leases may be subject to prepayment risk, credit risk, liquidity risk, market risk, structural risk, legal risk and interest rate risk (which may be exacerbated if the interest rate payable on such obligation changes based on multiples of changes in interest rates or inversely to changes in interest rates). In addition, certain structured finance obligations (particularly subordinated collateralized debt obligations) may provide that non-payment of interest is not an event of default in certain circumstances and the holders of the securities will therefore not have available to them any associated default remedies. During the period of non-payment, unpaid interest will generally be capitalized and added to the outstanding principal balance of the related security. Furthermore, the performance of a structured finance obligation or finance lease will be affected by a variety of factors, including its priority in the capital structure of its Issuer, the availability of any credit enhancement, the level and timing of payments and recoveries on and the characteristics of the underlying receivables, loans, or other assets that are being securitized, bankruptcy remoteness of those assets from the originator or transferor, the adequacy of and ability to realize on any related collateral, and the skill of the manager of such obligation in managing securitized assets. The price of a structured finance obligation or finance lease, if required to be sold, may be subject to certain market and liquidity risks for securities of its type at the time of sale. In addition, structured finance obligations and finance leases may involve initial and ongoing expenses above the costs associated with the related direct investments.

Synthetic Securities. A portion of the collateral may consist of synthetic securities, the reference obligations of which must satisfy the definition of collateral in the relevant Governing Documents (“*Synthetic Securities*”), and may be non-investment grade loans or interests in non-investment grade loans and high-yield debt securities or similar securities. Investments in such types of assets through the purchase of Synthetic Securities present risks in addition to those resulting from direct purchases of such collateral. With respect to each Synthetic Security, the Issuers will usually have a contractual relationship only with the counterparty of such Synthetic Security, and not the reference obligor. The Issuers generally will have no right directly to enforce compliance by the reference obligor with the terms of the reference obligation nor any rights of set-off against the reference obligor, may be subject to set-off rights exercised by the reference obligor against the counterparty or another person or entity, and generally will not have any voting or other contractual rights of ownership with respect to the reference obligation. The Issuers 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. The counterparty from which the Issuers purchases a Synthetic Security may not own the reference obligation or any other obligation of the reference obligor and thus may not have any rights with respect to the reference obligation or the reference obligor. In addition, in the event of the insolvency of the counterparty, the Issuers will be treated as a general creditor of such counterparty, and will not have any claim with respect to the reference obligation. Consequently, the Issuers 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 notes to an additional degree of risk with respect to defaults by such counterparty as well as by the reference obligor. A rating agency may downgrade one or more classes of notes if a counterparty to a material portion of the Synthetic Securities held by the Issuers has been downgraded by a rating agency. Generally, the

Issuer's Governing Documents require notice to, or rating confirmation from, the applicable rating agency before any Synthetic Security may be purchased.

International Investing. Portfolio investments may consist of obligations of obligors organized or incorporated under the laws of a country other than the United States or a state thereof. Investments in the obligations of non-U.S. obligors involve certain special risks related to regional economic conditions and sovereign risks which are not normally associated with investments in the securities of sovereign and corporate obligors located in the United States. These risks may include risks associated with political and economic uncertainty, fluctuations of currency exchange rates, lower levels of disclosure and regulation in foreign securities markets, confiscatory taxation, taxation of income earned in foreign nations or other taxes or restrictions imposed with respect to investments in foreign nations, foreign exchange controls (which may include suspension of the ability to transfer currency from a given country and repatriation of investments) and uncertainties as to the status, interpretation and application of laws. In addition, there is often less publicly available information about non-U.S. obligors than about sovereign and corporate obligors in the United States. Sovereign and corporate obligors in countries other than the United States may not be subject to uniform accounting, auditing and financial reporting standards, and auditing practices and requirements for both foreign public and private obligors may not be comparable to those applicable to U.S. companies. It also may be difficult to obtain and enforce a judgment relating to loans issued by a non-U.S. obligor in a court outside the United States.

Also, the economies of individual non-U.S. countries may differ favorably or unfavorably from the U.S. economy in such respects as growth of gross domestic product, rates of inflation, volatility of currency exchange rates, depreciation, capital reinvestment, resource self-sufficiency and balance of payments position. Moreover, the economies of certain foreign countries are heavily dependent upon international trade and, accordingly, have been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. These economies also have been and may continue to be adversely affected by economic conditions in the countries with which they trade. In addition, many of such securities and obligations have lower ratings than comparable U.S. securities and obligations, reflecting a greater possibility that adverse changes in the financial condition of an obligor or in general economic conditions or both may impair the ability of the obligor to make payments of principal and interest which may, in turn, have an adverse effect on payments on the notes.

Insolvency Considerations with Respect to Issuers of Securities. Various laws enacted for the protection of creditors may apply to the portfolio investments. The information in this and the following paragraph is applicable with respect to U.S. obligors. Insolvency considerations will differ with respect to non-U.S. obligors. If a court in a lawsuit brought by an unpaid creditor or representative of creditors of an obligor of a collateral, such as a trustee in bankruptcy, were to find that the obligor did not receive fair consideration or reasonably equivalent value for incurring the indebtedness constituting such collateral and, after giving effect to such indebtedness, the obligor (i) was insolvent, (ii) was engaged in a business for which the remaining assets of such obligor constituted unreasonably small capital or (iii) intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as

they mature, such court could determine to invalidate, in whole or in part, such indebtedness as a fraudulent conveyance, to subordinate such indebtedness to existing or future creditors of the obligor or to recover amounts previously paid by the obligor in satisfaction of such indebtedness. The measure of insolvency for purposes of the foregoing will vary. Generally, an obligor would be considered insolvent at a particular time if the sum of its debts were at such time greater than all of its property at a fair valuation or if the present fair saleable value of its assets were at such time less than the amount that would be required to pay its probable liabilities on its existing debts as they became absolute and matured. There can be no assurance as to what standard a court would apply in order to determine whether the obligor was “insolvent” after giving effect to the incurrence of the indebtedness constituting the collateral or that, regardless of the method of valuation, a court would not determine that the obligor was “insolvent” upon giving effect to such incurrence. In addition, in the event of the insolvency of an obligor of collateral, payments made on such collateral 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 U.S. federal bankruptcy law or even longer under U.S. state laws) before insolvency.

In general, if payments on portfolio assets are avoidable, whether as fraudulent conveyances or preferences, such payments can be recaptured either from the initial recipient (such as Issuers and other the Advisory Clients) or from subsequent transferees of such payments (such as the holders of the notes). For example, to the extent that any such payments are recaptured from the Issuers, the resulting loss will be borne by the holders of the notes. However, a court in a bankruptcy or insolvency proceeding would be able to direct the recapture of any such payment from a holder of notes only to the extent that such court has jurisdiction over such holder or its assets. Moreover, it is likely that avoidable payments could not be recaptured directly from a holder that has given value in exchange for its note, in good faith and without knowledge that the payments were avoidable. Nevertheless, since there is no judicial precedent relating to a structured transaction such as the notes, there can be no assurance that a holder of notes will be able to avoid recapture on this or any other basis.

Interest Rate Risk. Although portfolio investments will generally bear interest at floating rates and the rated notes of Issuers will bear interest at floating rates, there will be mismatches between the floating rates applicable to the collateral of Issuers and the LIBOR rate applicable to the rated notes, as well as timing mismatches based on different reset dates for such floating rates. Moreover, it is expected that there will be mismatches between the aggregate outstanding amount of the rated notes and the aggregate principal balance of the collateral. In addition, the interest rates applicable to eligible investments may be fixed or floating and are generally expected to be lower than the interest rates on the collateral. Accordingly, changes in the level of LIBOR or any other applicable floating rate index could adversely affect the ability of the Issuer to make payments on the notes. Advisory Clients may, from time to time, enter into one or more hedge agreements to hedge interest rate risk. However, there can be no assurance that the Advisory Clients will enter into any hedge agreement or that, despite any such hedge agreement, the collateral of Issuers and the eligible investments will in all circumstances generate sufficient interest proceeds to make timely payments of interest on the rated notes.

Item 9
DISCIPLINARY INFORMATION

There are no legal or disciplinary events that are material to an Advisory Client's or prospective Advisory Client's evaluation of the Investment Adviser's advisory business or the integrity of the Investment Adviser's management.

Item 10
OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. Broker-Dealer Registration Status

The Investment Adviser and its management persons are not registered as broker-dealers and do not have any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer. The Investment Adviser has entered into and in the future may enter into placement agent arrangements with third parties and affiliates (including Jefferies LLC). Such arrangements may result in commitment based fees being paid to such third parties and affiliates, as applicable.

B. Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Adviser Registration Status

The Investment Adviser and its management persons are not registered as, and do not have any application to register as, futures commission merchants, commodity pool operators, commodity trading advisors or associated persons of the foregoing entities.

C. Material Relationships or Arrangements with Industry Participants

The JF Investors (as described in Item 4) are large and complex organizations with many affiliates involved in the financial industry. Jefferies Group provides clients with capital markets and financial advisory services, institutional brokerage, securities research and asset management. Jefferies Group provides trade execution in equity, high-yield and international securities for institutional investors and high net worth investors. Jefferies Group is a subsidiary of Jefferies Financial Group Inc., a publicly traded holding company whose securities are traded on the NYSE.

MassMutual is a member of the MassMutual Financial Group, a family of financial service companies providing investment management services and individual protection insurance to clients worldwide. The three primary members of the group are (i) Massachusetts Mutual Life Insurance Company, (ii) OppenheimerFunds Inc., and (iii) Barings LLC.

Apex provides portfolio management services to certain Issuers. Apex has discretion over the Issuers it manages. The Issuers are parties to their respective investment management agreements with Apex. Apex receives fees from the Issuers for its services. Apex is subject to supervision and control by the Investment Adviser and is a Relying Adviser in reliance upon the SEC's staff's no-action letter to the American Bar Association dated January

18, 2012, which was subsequently confirmed in the SEC's Investment Advisers Act Release IA-4509.

JFAM may also provide portfolio management services to certain Private Funds and Separate Accounts. JFAM has discretion over any Private Funds or Separate Accounts it manages and is party to investment management agreements with each applicable Private Fund and Separate Account. JFAM receives fees for its services from the Private Funds and Separate Accounts that it manages. JFAM is subject to supervision and control by the Investment Adviser and is a Relying Adviser in reliance upon the SEC's staff's no-action letter to the American Bar Association dated January 18, 2012, which was subsequently confirmed in the SEC's Investment Advisers Act Release IA-4509.

The Investment Adviser or its affiliates may act as an adviser, including as a restructuring advisor or financial advisor, to companies whose securities or loans are acquired by the Advisory Clients, or to other interested parties, such as bondholders, equityholders, creditors committees and potential purchasers. As a result, officers, directors, employees, representatives, agents or affiliates of the Investment Adviser (including the JF Investors) may possess information relating to client assets that is not known to the individuals at the Investment Adviser responsible for monitoring the assets and performing the other obligations under Governing Documents. Additionally, in order to avoid restrictions on the trading capabilities for certain of its Funds and accounts, the Investment Adviser may actively avoid exposure to certain material, non-public information regarding certain of the issuers of loans and securities that the Investment Adviser would, as agent of the client, otherwise be entitled to receive.

Additional conflicts of interest with respect to the JF Investors are detailed in the Governing Documents.

Item 11

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

A. Code of Ethics

The Investment Adviser's employees and Relying Advisers are subject to the Jefferies Group Code of Ethics. The Investment Adviser's Code of Ethics (the "**Code**") incorporates and supplements the Jefferies Group Code of Ethics with policies and procedures applicable to the Investment Adviser's employees and Relying Advisers. The purpose of the Code is to identify the ethical and legal framework in which the Investment Adviser's and Relying Advisers' personnel are required to operate and to highlight some of the guiding principles and mechanisms for upholding the Investment Adviser's standard of business conduct. A complete copy of the Code is provided to Advisory Clients and prospective Advisory Clients upon request.

The Code is based on a few basic principles: (i) the interests of Advisory Clients come before the interests of the Investment Adviser, the Relying Advisers and their respective personnel; (ii) the professional activities and personal investment activities of the Investment Adviser's and Relying Advisers' respective personnel must be consistent with the Code and

avoid any actual or potential conflicts of interest; (iii) the activities of the Investment Adviser's and Relying Advisers' respective personnel must be conducted in a way that avoids any abuse of any such person's position of trust with and responsibility to the Investment Adviser, the Relying Advisers and their respective Advisory Clients; and (iv) employees may not engage in any act, practice or course of conduct that would violate the provisions of the federal securities laws.

B. Securities in Which the Investment Adviser or a Related Person Has a Material Financial Interest

As further described below, the Investment Adviser may effect client cross-transactions where the Investment Adviser causes a transaction to be effected between an Issuer and another Issuer that issues debt or equity advised by the Investment Adviser or any of its affiliates. The Investment Adviser may engage in a client cross-transaction involving an Issuer any time that the Investment Adviser believes such transaction to be fair to an Issuer and another Issuer and consistent with the Investment Adviser's fiduciary duties. By purchasing a note of an Issuer or interest in a Fund, an investor is deemed to have consented to each such cross-transactions from time to time between an Advisory Client and another Advisory Client of the Investment Adviser or one of its affiliates.

As further described below, the Investment Adviser and/or its affiliates may effect principal transactions where an Advisory Client may invest in securities or other financial instruments of issuers in which the Investment Adviser and/or its affiliates have a debt, equity or participation interest, in each case in accordance with applicable law (including, without limitation, the Advisers Act), which may include the Investment Adviser obtaining the consent and approval of a Private Fund's Advisory Committee (as defined below) prior to engaging in any such principal transaction between the particular Private Fund or Separate Account and the Investment Adviser or its affiliates. By purchasing a note of an Issuer or interest in a Private Fund, an investor is deemed to have consented to such procedures relating to principal transactions between the Fund or Separate Account and the Investment Adviser or its affiliates.

Many of the Advisory Clients have an advisory committee (the "***Advisory Committee***") with the power, subject to the terms of the Governing Documents, (i) to approve the purchase of any asset by the Advisory Client (A) with respect to which the Investment Adviser and/or an affiliate originated, structured, acted as an underwriter or a placement agent or (B) from the related issuer of which the Investment Adviser and/or an affiliate received any compensation and (ii) to consent to the purchase or sale of any asset by the Advisory Client in a transaction that requires notice to the Issuer and the consent of the Advisory Client pursuant to Section 206(3) of the U.S. Investment Advisers Act of 1940, as amended (the "***Investment Advisers Act***"). The members of the Advisory Committee are typically affiliated with investors and in some cases are independent sophisticated and experienced investors, but may not be affiliated with the Investment Adviser.

To date, loans or investments originated by the Investment Adviser or previously acquired by the Investment Adviser have comprised a significant percentage of the assets of each Advisory Client's account. Proceeds from the transfer of such assets from the Investment Adviser to the Advisory Clients thus can be viewed as an important source of operating capital and profits for the Investment Adviser's loan origination business. Internal policies and

procedures have been adopted in an effort to mitigate the impact of conflicts inherent in those relationships. These involve maintenance of an investment management business unit dedicated to supporting the Private Funds and Separate Accounts that is, in substantial part, separately staffed from the loan origination business (though overlap of duties across business units exists on the part of certain senior officers) and a process whereby such loans or investments will be approved by an Advisory Client's third-party Advisory Committee prior to purchase by an Advisory Client. Policies and procedures also provide that assets that meet the investment criteria for a Private Fund or Separate Account generally will be offered to the Private Fund or Separate Account (as opposed to being retained on the books of the Investment Adviser); when an asset is deemed suitable to more than one Private Fund or Separate Account, it generally is offered to each such Private Fund or Separate Account on a pro rata basis, subject to various considerations in accordance with the Investment Adviser's investment allocation policy.

Notwithstanding the foregoing, from time to time certain assets may only be offered, in whole or in part, to one or more Private Funds or Separate Accounts for which such assets may be suitable. Additionally, a single Private Fund or Separate Account originating a particular asset may retain such asset, in whole or in part, provided that such asset is suitable for the Private Fund or Separate Account.

Jefferies Group is an investor in the Investment Adviser and is also the parent company of Jefferies LLC. The loans and investments originated or acquired by the Investment Adviser, and that may be assigned to an Advisory Client, may be sourced from Jefferies LLC or may be made in connection with capital financing being arranged by Jefferies LLC. If required under the terms described above, the purchase by the Advisory Client will be approved by the applicable Advisory Committee or investor (or group of investors). In addition, the Investment Adviser conducts its own underwriting and approval and has separate management from Jefferies LLC. The officers of the Investment Adviser are employees of Jefferies LLC but are on formal secondment to the Investment Adviser.

The Investment Adviser has entered into a placement agent arrangement with Jefferies LLC and may in the future enter into similar arrangements, including with affiliates. Such arrangements may result in Jefferies LLC or such other affiliates, as applicable, receiving certain commitment based fees. Such arrangements may create a conflict of interest between the Investment Adviser and Jefferies LLC.

C. Investing in Securities That the Investment Adviser or a Related Person Recommends to Advisory Clients

The Investment Adviser, its affiliates (including the JF Investors, Apex and JFAM) and their respective Advisory Clients may invest in obligations that would be appropriate as investments for Advisory Clients. Such investments may be different from those made on behalf of an Advisory Client. The Investment Adviser and/or its affiliates may have ongoing relationships with, render services to or engage in transactions with other Advisory Clients, including other Issuers of CLOs and collateralized debt obligations, who invest in assets of a similar nature to those of an Advisory Client, and with companies whose securities or loans are acquired by a Private Fund or Separate Account and may own equity or debt securities issued by obligors of Advisory Client account assets.

D. Conflicts of Interest Created by Contemporaneous Trading

The Investment Adviser manages investments on behalf of a number of Advisory Clients. Certain Advisory Clients have investment programs that are similar to or overlap and may, therefore, participate with each other in investments.

The Investment Adviser will allocate investment opportunities to Advisory Clients on a fair and equitable basis, to the extent practical and in accordance with the Advisory Clients' applicable investment strategies, over a period of time. Investment opportunities will generally be allocated among those Advisory Clients for which participation in the respective opportunity is considered appropriate, taking into account, among other considerations: (i) whether the risk-return profile of the proposed investment is consistent with an Advisory Client's objectives; (ii) the potential for the proposed investment to create an imbalance in an Advisory Client's portfolio; (iii) the liquidity requirements of an Issuer; (iv) potentially adverse tax consequences; (v) legal, contractual or regulatory restrictions that would or could limit an Advisory Client's ability to participate in a proposed investment; (vi) the need to re-size risk in an Advisory Client's portfolio; and (vii) minimum or maximum investment size requirements.

When the Investment Adviser is ramping up the investment or trading operations for an Advisory Client, such Advisory Client may receive larger allocations of certain securities than the other Advisory Client in order to obtain its desired risk and portfolio size.

The Investment Adviser will have no obligation to purchase or sell a security for, enter into a transaction on behalf of, or provide an investment opportunity to any Advisory Client solely because the Investment Adviser purchases or sells the same security for, enters into a transaction on behalf of, or provides an opportunity to any Advisory Client if, in its reasonable opinion, such security, transaction or investment opportunity does not appear to be suitable, practical or desirable for the Advisory Client.

E. Other Potential Conflicts of Interest.

From time to time, subject to the applicable Governing Documents, a Private Fund or Separate Account may engage in cross trades with one or more other Private Funds or Separate Accounts, typically for purposes of rebalancing its portfolios, in order to further such participating Private Fund's or Separate Account's investment programs, or for other reasons consistent with the investment and operating guidelines of such participating Private Funds and Separate Accounts. Neither the Investment Adviser nor our affiliates will receive commission or similar fees in connection with such cross trade. Generally, the value of any positions that are cross-traded in this manner will be determined in a manner that is consistent with applicable policies.

While neither the Investment Adviser nor its affiliates will receive commissions from Advisory Clients, the Investment Adviser and its affiliates may receive fees and other remuneration (including underwriting fees and fees from borrowing) in connection with the origination of assets to be initially held by the Investment Adviser or its affiliates and pursuant to certain "warehousing" transactions. Additionally, under certain circumstances, Advisory Clients

may pay commissions to un-affiliated third parties in connection with transactions effectuated by, at or through those un-affiliated third parties.

In addition, the Investment Adviser and its related persons may, directly or through one or more entities, sell securities in which they have a direct or indirect ownership interest to certain Private Funds or Separate Accounts in connection with certain “warehousing” transactions, provided that the sale is consistent with the Investment Adviser’s fiduciary obligations to such Private Funds or other Advisory Clients. Such transactions will be fully disclosed in writing, and the written consent of the appropriate Private Fund (which, in certain circumstances, may be provided by a Fund’s Advisory Committee) or Advisory Clients, as applicable, will be obtained prior to the consummation of any such transactions in accordance with Section 206(3) of the Investment Advisers Act and all other applicable state and federal securities laws.

We may make investments on our own behalf and on behalf of our affiliates in securities we recommend to a Private Fund or other Advisory Client accounts. In addition, the Investment Adviser and its principals may co-invest with certain Private Funds or other Advisory Clients, as permissible in the applicable Governing Documents. Any such co-investments or related transactions may raise potential conflicts of interest, particularly if a Private Funds or Advisory Clients invests in different classes or types of securities of the same portfolio company. In such cases, the interest of one Private Fund may not always be aligned with the other Private Fund or Advisory Client account and may pose an actual or potential conflict of interest, as a Private Fund may pursue or enforce rights with respect to an investment, and those activities may have an adverse effect on the Private Fund or Advisory Client accounts as prices, liquidity, terms of the investments, and levels of risk may be negatively impacted by such actions.

Item 12

BROKERAGE PRACTICES

A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions

The Investment Adviser will use commercially reasonable efforts to obtain the best prices and execution for all orders placed with respect to each transaction, considering all relevant circumstances. Subject to the objective of obtaining best prices and execution by taking into account factors including but not limited to available prices, rates of brokerage commissions and size and difficulty of the order, the nature of the market for such security, the time constraints of the transaction, execution capabilities, reliability (based on total trading rather than individual trading), integrity, stability and financial condition of the broker in general, execution and operational capabilities of competing brokers and/or dealers, and the value of the ongoing relationship with such brokers and/or dealers, the Investment Adviser may, in the allocation of business, select brokers and/or dealers with whom to effect trades on behalf of an Advisory Client and open cash trading accounts with such brokers and dealers (provided that none of the securities or other assets may be credited to, held in or subject to the lien of, the broker or dealer with respect to any such account).

1. **Research and Other Soft Dollar Benefits.**

The Investment Adviser does not currently utilize soft dollar benefits.

2. **Brokerage for Client Referrals.**

Neither the Investment Adviser nor any related person receives client referrals from any broker-dealer or third party.

3. **Directed Brokerage.**

The Investment Adviser does not recommend, request or require that an Advisory Client direct the Investment Adviser to execute transactions through a specified broker-dealer.

B. Order Aggregation

The Investment Adviser may aggregate sales and purchase orders of securities placed with respect to the securities with similar orders being made simultaneously for other Advisory Client accounts managed by the Investment Adviser or with accounts of the affiliates of the Investment Adviser, if in the Investment Adviser's reasonable judgment such aggregation will result in an overall economic benefit to the Advisory Clients, taking into consideration the advantageous selling or purchase price, brokerage commission or other expenses, as well as the availability of such securities on any other basis. When a transaction occurs as part of any aggregate sales or purchase orders, the objective of the Investment Adviser (and any of its affiliates involved in such transactions) will be to allocate the executions among the Advisory Client accounts in an equitable manner.

Item 13
REVIEW OF ACCOUNTS

A. Frequency and Nature of Review of Client Accounts or Financial Plans

The Investment Adviser performs various daily, weekly, monthly, quarterly and periodic reviews of the Advisory Clients' portfolios. Such reviews are conducted by employees of the Investment Adviser.

B. Factors Prompting Review of Client Accounts Other than a Periodic Review

A review of an Advisory Clients' accounts may be triggered by any unusual activity or special circumstances.

C. Content and Frequency of Account Reports

The Investment Adviser compiles monthly and quarterly reports for the Issuers with the assistance of the Trustee as described in the Indentures. The content of the monthly report includes a statement of the principal balances of the collateral loans and investments of the

Issuers, the value of the collateral for purposes of the collateral coverage tests under the Indentures, the proceeds collected since the prior report, certain characteristics of the collateral loans and investments of the Issuers, the collateral loans and investments that were sold since the prior report, or became defaulted or were downgraded, a calculation of certain collateral quality tests, and certain other information set forth in the Indentures or requested by the Trustee.

The quarterly report sets forth all of the amounts that are to be distributed on each payment date pursuant to the “Priority of Payments” under the Indenture. This includes expense payments, the collateral management fees, interest payments to noteholders, principal payments and other payments, as set forth in the Indenture.

The Investment Adviser provides reports to investors in the Private Funds and to other Advisory Clients as required by the applicable Governing Documents. Investors in Private Funds and Advisory Clients should refer to the applicable Governing Documents for further information on the reports provided to a particular Private Fund’s investors or to the Advisory Client.

In addition, the Governing Documents of certain Private Funds and other Advisory Clients sometimes require quarterly and annual financial statements to be distributed to a Private Fund’s investors or to the Advisory Client and the Investment Adviser also typically provides written investor letters with respect to a Private Fund or other Advisory Client and its performance. The Investment Adviser distributes K-1 filings to investors, where applicable, and provides certain other reports and analyses to investors and potential investors upon request.

With respect to certain Issuers that are CLOs or similarly structured finance vehicles, the independent Trustees will generally prepare monthly compliance reports. Additionally, the Investment Adviser may prepare periodic investor letters, portfolio profile summaries and pro forma results to supplement and further clarify any Trustee reports. Also, in connection with equity distributions for Private Funds, the Investment Adviser typically sends a letter to the investors in these Private Funds summarizing the current status of the particular Private Fund and all distributions made to date.

Finally, the Investment Adviser may hold annual investor meetings and calls and other interim calls as appropriate for certain of the Private Funds or other Advisory Clients.

Item 14

CLIENT REFERRALS AND OTHER COMPENSATION

A. Economic Benefits for Providing Services to Clients

In connection with investments made by certain of the Private Funds or other Advisory Clients, the Investment Adviser or its related persons may receive commitment, structuring, monitoring or other transaction fees from portfolio investments in which one or more of the Private Funds or other Advisory Clients may invest or propose to invest. The potential for the Investment Adviser and its related persons to receive such economic benefits may create conflicts of interest as the Investment Adviser and its related persons may have economic incentives to invest in portfolio investments that provide such benefits. To mitigate potential

conflicts, such benefits received by the Investment Adviser in connection with its services related to portfolio companies or transactions are generally offset in whole or in part against advisory fees payable by the related Private Fund or other Advisory Client. The Investment Adviser has entered into a placement agent arrangement with Jefferies LLC and may in the future enter into similar arrangements, including with affiliates. Such arrangements may result in Jefferies LLC or such other affiliates, as applicable, receiving certain commitment based fees.

B. Compensation to Non-Supervised Persons for Client Referrals

Neither the Investment Adviser nor any related person directly or indirectly compensates any person who is not a supervised person, including placement agents, for client referrals. However, the Investment Adviser may in the future engage placement agents who are not supervised persons for client referrals and currently has entered into such an arrangement with Jefferies LLC. Additionally, one or more related persons of the Investment Adviser may receive fees or other remuneration in connection with the origination and placement of CLOs.

**Item 15
CUSTODY**

It is the Investment Adviser's general policy not to have physical custody of any Advisory Client assets. However, the Investment Adviser may be deemed to have custody of the assets of certain Private Funds or other Advisory Clients because of the authority it or a related party has over such Advisory Clients or their assets. It is the Investment Adviser's policy generally to cause each Private Fund with assets over which the Investment Adviser is deemed to have "custody" (pursuant to rule 206(4)-2 promulgated under the Investment Advisers Act (the "**Custody Rule**")) to be audited annually and to distribute audited financial statements, prepared in accordance with U.S. generally accepted accounting principles ("**GAAP**"), to the Private Fund's investors no later than 120 days after the end of each fiscal year (180 days if the Private Fund is a "fund of funds"). In addition, upon the final liquidation of any such Private Fund, the Investment Adviser will obtain a final audit and distribute audited financial statements prepared in accordance with GAAP with respect to such Private Fund to all investors promptly after completion of the audit.

In the alternative, where the Investment Adviser is deemed to have custody of an Advisory Client account solely due to its ability to withdraw Advisory Client funds to pay its advisory fees, the Investment Adviser may comply with the Custody Rule by having a reasonable belief that a qualified custodian will send quarterly account statements to each such Advisory Client. The Investment Adviser urges all Advisory Clients to compare the reports they receive from the Investment Adviser to the statements they receive from their custodians. Any issues or discrepancies should be communicated to the Investment Adviser promptly.

**Item 16
INVESTMENT DISCRETION**

The Investment Adviser has discretionary authority to determine the type, amount and price of securities and investments to be bought and sold on behalf of each Private Fund and

other Advisory Client accounts, including the selection of, and commissions paid to, broker-dealers. This discretionary authority is subject to the investment objectives, policies and restrictions as set forth in the Governing Documents of each such Private Fund or other Advisory Client. For the Investment Adviser to assume such discretionary authority, each Private Fund investor or Advisory Client must complete the appropriate subscription documents or an investment advisory agreement prior to the establishment of an advisory relationship granting such authority.

Item 17

VOTING CLIENT SECURITIES

The Investment Adviser's open market transactions primarily focus on fixed income securities and bank debt; however, Private Funds and other Advisory Clients may engage in equity transactions and acquire voting securities. In instances where an Advisory Client owns equity securities in which it has the right to vote via shareholder proxy (each a "***Voting Security***"), the Investment Adviser generally retains proxy voting authority with respect to these Voting Securities. The Investment Adviser has adopted and implemented written Proxy Voting Policies and Procedures ("***Proxy Voting Procedures***") that are designed to reasonably ensure that the Investment Adviser votes proxies in the best interests of its Advisory Clients for whom the Investment Adviser has voting authority.

The Proxy Voting Procedures describe the positions the Investment Adviser generally takes in voting proxies on particular issues and require the Investment Adviser to keep records with respect to the votes cast.

The Proxy Voting Procedures also provide that, in the event a particular proxy vote would involve a conflict between the interests of the Investment Adviser and its affiliates, and those of one or more Advisory Clients of the Investment Adviser, the Investment Adviser, if it so elects, may:

- vote in accordance with the recommendations of a disinterested third party;
- refer the voting decision to the Advisory Client; or
- abstain from voting.

Some examples of potential conflicts can include;

- The Investment Adviser provides investment advice to an officer or director of an Issuer and the Investment Adviser receives a proxy solicitation from that Issuer;
- An Issuer or some other third party offers the Investment Adviser or an employee, officer, director, partner or member of the Investment Adviser (an "***Associate***") compensation in exchange for voting a proxy in a particular way;
- An Associate or a member of an Associate's household has a personal or business relationship with an Issuer;

- An Associate has a beneficial interest contrary to the position held by the Investment Adviser on behalf of its Advisory Clients;
- The Investment Adviser holds various classes and types of equity and debt securities of the same issuer contemporaneously in different Advisory Client portfolios; or
- Any other circumstance where the Investment Adviser's duty to service its Advisory Clients' interest could be compromised.

In particular, the Investment Adviser is authorized under the collateral Management Agreements to give consents and exercise all other voting rights on behalf of the Issuers as to the loans and debt investments owned by the Issuers.

In addition, the collateral Management Agreements provide that all actions taken by the Investment Adviser on behalf of the Issuers must be performed with reasonable care and in good faith and using professional judgment and all commercially reasonable efforts, (i) using a degree of skill and attention no less than that which the collateral manager exercises with respect to comparable assets that it manages for itself and others, and (ii) substantially in accordance with its existing practices and procedures and in a manner comparable to other institutional managers of national standing investing in the assets of the nature and character of the collateral.

The Investment Adviser will not delegate its voting authority to any third party, although it may retain an outside service to provide voting recommendations and to assist in analyzing votes.

Advisory Clients may obtain information about how the Investment Adviser voted Advisory Client proxies by contacting the Investment Adviser.

Item 18

FINANCIAL INFORMATION

The Investment Adviser is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to Advisory Clients, and has not been the subject of a bankruptcy petition at any time during the past ten years.