

# Antares Capital Advisers LLC

## Part 2A of Form ADV

### The Brochure

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This brochure provides information about the qualifications and business practices of Antares Capital Advisers LLC (“ACA”). If you have any questions about the contents of this brochure, please contact us at 312-889-9920. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Registration as an investment adviser does not imply any level of skill or training.

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

## **Item 2     Material Changes**

Below is a summary of the material changes that ACA has made to this brochure since the last annual ADV filing on March 30, 2018:

Item 4:

- We updated disclosure to show that our overall assets under management have increased substantially and we do not currently have any non-discretionary assets under management.
- We removed disclosure related to our management of equity assets for our affiliates as we no longer manage such assets.

Item 8:

- We added risk disclosure related to the following:
  - Availability of Financing
  - Inability to Acquire and/or Maintain a Portfolio of Loans Consistent with a Client's Investment Criteria
  - Prepayments
  - Combination or "Layering" of Multiple Risks
- We clarified and enhanced certain other risk disclosures.

Item 11:

- We added disclosure under the heading "Other Investment Related Conflicts" including "The Antares Platform Lends to Certain Clients" to clarify the use of swingline credit facilities.
- We have enhanced our disclosure regarding conflicts of interest associated with the allocation of investment opportunities and the description of our Allocation Procedures to reflect a recent amendment to those procedures.

Item 15:

- We added discussion of the role of Antares Capital as administrative agent and its use of an agent account in servicing loans in light of recent SEC guidance clarifying that such arrangements may cause us to be deemed to have custody over client assets in such an account.

We have also sought to clarify and enhance our disclosures throughout the Brochure to further assure that our clients and prospects better understand the nature of our services and the risks and conflicts associated therewith.

## **Important Note about this Brochure**

***This Brochure is not:***

- ***an offer or agreement to provide advisory services to any person***
- ***an offer to sell interests (or a solicitation of an offer to purchase interests) in any investment vehicle***
- ***a complete discussion of the features, risks or conflicts associated with any investment vehicle or advisory service***

*As required by the Investment Advisers Act of 1940, as amended (“Advisers Act”), ACA provides this Brochure to current and prospective clients and may also, in its discretion, provide this Brochure to current or prospective investors in an investment vehicle, together with other relevant documents, such as the investment vehicle’s offering or private placement memorandum, organizational documents and related transaction documents, as applicable, prior to, or in connection with, such persons’ investment in the Fund. Additionally, this Brochure is available through the SEC’s Investment Adviser Public Disclosure website.*

*Although this publicly available Brochure describes investment advisory services and products of ACA, persons who receive this Brochure (whether or not from ACA) should be aware that it is designed solely to provide information about ACA as necessary to respond to certain disclosure obligations under the Advisers Act. As such, the information in this Brochure may differ from information provided in relevant documents. More complete information about each investment vehicle is included in relevant documents, certain of which may be provided to current and eligible prospective investors only by ACA or its affiliate. To the extent that there is any conflict between discussions herein and similar or related discussions in any applicable relevant documents, such relevant documents shall govern and control.*

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#### Item 4     Advisory Business

ACA was formed in November 2015. ACA is a wholly-owned subsidiary of Antares Capital LP (“Antares Capital”), which is, in turn, an indirect wholly-owned subsidiary of Antares Holdings LP (“Holdings” and, together with its direct or indirect majority-owned subsidiaries, the “Antares Platform”).<sup>1</sup> The ultimate majority owner of ACA and Holdings is the Canada Pension Plan Investment Board (“CPPIB”). The Antares Platform is a leading provider of financial solutions to middle market private equity sponsors in the U.S., offering a “one-stop” source for lending and other services to middle market private equity sponsors. ACA provides investment management services on a discretionary and non-discretionary basis (currently ACA has no non-discretionary Clients) to affiliates and non-affiliates including, without limitation, private funds, collateralized loan obligation issuers (“CLOs”) and institutional investors (primarily through “funds of one” or separately managed accounts) (each a “Client” and collectively “Clients”) that invest primarily in secured loans and other financial instruments (“Assets”) sourced by the Antares Platform. Certain Clients are affiliates of ACA (“Affiliate Clients”).

Clients generally consist of (i) entities established in conjunction with structured finance transactions, such as CLOs; (ii) privately placed pooled investment vehicles; and (iii) institutional investors (certain of which are structured as “funds of one” or separately managed accounts), each of which primarily invests in loans and some of which could be Affiliate Clients. Except as otherwise described herein, Client assets are managed in accordance with the particular investment objectives, strategies, restrictions and guidelines set forth in each Client’s investment advisory agreement and any other applicable relevant documents (such as a pooled investment vehicle’s offering memorandum). Other than for Clients selecting a separately managed account or fund of one structure, ACA does not tailor its advisory services to the needs of individual investors. At inception of a pooled investment vehicle, however, specific investment criteria are typically established for the Client in consultation with prospective investors (*e.g.*, specific industry restrictions and concentrations, investment product type concentrations, geographic restrictions, investment size restrictions). Information about each Client, and the particular investment objectives, strategies, restrictions, guidelines and certain risks associated with an investment, will be described in private placement memoranda or other disclosure documents in the organizational documents of, or in the transaction documents and/or investment advisory contract applicable to, the particular Client (“Client Agreements”), which will be made available to investors only through ACA or another authorized party. In a pooled investment vehicle, prior to investing, prospective investors should review the Client Agreements to confirm the suitability of an investment in a Client based on the investor’s particular circumstances.

As of December 31, 2018, ACA manages \$10,811,121,169 on a discretionary basis.

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<sup>1</sup> Please note that, with respect to the Antares Platform, Antares Holdings and Antares Assetco would be considered originators and lenders of loans, and to the extent Antares Platform is used in such context it should be deemed to mean Antares Holdings and/or Antares Assetco, while Antares Capital would be considered, as arranger, administrative agent and/or similar capacities for loans.

## **Item 5 Fees and Compensation**

As compensation for the services received, the Clients generally pay a management fee based on the average aggregate daily outstanding principal balance of all portfolio loans held by such Client, without regard to changes in market value, accrued interest or general or specific loan loss reserves. In addition, certain Clients pay a performance fee (as described in Item 6, below). All management fees are specifically negotiated with each Client or for pooled funds, established in connection with the formation of the fund. There are no set fee schedules. Management fees are generally payable quarterly in arrears. Fees are calculated in accordance with the Client Agreements.

Depending on the management fee calculation negotiated, asset-based management fees create potential conflicts of interest when ACA controls the timing and the amount of leverage used by a Client as ACA would benefit from increased leverage by such Client. ACA could also have an incentive to allocate investment opportunities based on a Client's use of leverage. ACA seeks to mitigate this conflict through an allocation policy (as described in Item 11) that prohibits ACA from making allocation decisions favoring clients that generate higher fees (including advisory fees or performance compensation).

In addition, ACA sometimes incurs certain Client-related administrative and operational expenses that are reimbursed by Clients. These expenses include, but are not limited to the following:

- fees, costs and expenses of a trustee or custodian;
- fees for administrative or loan agent services provided by third parties and/or ACA or its affiliates;
- any legal or auditing fees;
- out-of-pocket fees, costs and expenses, if any, incurred in holding, developing, negotiating, structuring, and disposing of Assets;
- credit support fees;
- brokerage fees;
- shared services and other overhead fees and expenses, including reimbursements for the salary and other costs related to ACA's personnel who are not involved in sourcing, originating, underwriting and/or syndication activities or in trading and monitoring loan assets;
- commissions and other related transaction costs and expenses, such as deal fees, origination fees, broker-dealer fees, interest expense and deferred sales charges;
- governmental charges, taxes and duties;
- registration fees and expenses;

- transfer fees, registration fees and other expenses associated with buying, selling or holding investments, such as wire transfer and electronic fund fees;
- insurance costs and expenses related to litigation and indemnification;
- withholding taxes payable and required to be withheld by obligors, issuers or their agents;
- fees and other expenses associated with the offer, sale and purchase of interests in pooled investment vehicles, the formation and operation of a Client's subsidiaries and/or with the incurrence and operation of a Client's direct or indirect leverage facilities;
- extraordinary expenses;
- other investment costs actually incurred in connection with Client investments; and
- third party professional fees incurred for the benefit of one or more Clients.

The Antares Platform underwrites and originate loans, some or parts of which will be acquired by Clients and others of which will be retained by the Antares Platform and its affiliates (including, but not limited to, Affiliate Clients) or sold to others. Typically, the Antares Platform (but not including ACA) receives and retains for itself compensation from the related loan obligors (*i.e.*, each borrower or guarantor of a loan) or otherwise receives fees or compensation in connection with such loans. Fees and compensation retained by the Antares Platform include, but are not limited to, structuring, commitment, origination, syndication, monitoring, agent and/or other fees for services provided by the Antares Platform in connection with such loans. Such fees or compensation are not typically expected to be offset by ACA against management fees paid by any Clients for investment advisory and management services.

The Antares Platform's receipt of fees for services with respect to loans that may be offered to or acquired by Clients represents a conflict of interest to the extent that the Antares Platform has an economic incentive to underwrite and originate, and recommend or cause Clients to invest in, such loans. ACA seeks to mitigate this conflict through an allocation policy (as described in Item 11) that does not permit ACA to make allocation decisions on the basis of whether or not a particular Client permits ACA to retain fees.

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

As discussed in Item 5, above, ACA is entitled to receive performance fees from certain Clients. Performance fees represent a potential incentive for ACA to select or recommend investments for Clients paying such fees that are more risky or speculative than those that would be recommended under a different fee arrangement. Because compensation arrangements are negotiated with Clients, the nature and calculation methodology for compensation ACA receives from one Client can differ from that of another Client and the type and amount of compensation paid by Clients will differ. The presence of performance fee arrangements for some Clients but not others, and differences in how performance fees are calculated, creates an incentive for ACA to favor Clients

that pay higher performance fees over those that pay no or lesser performance fees. For example, ACA has an incentive to allocate investments it believes will perform more favorably to Clients with higher performance fees. ACA seeks to mitigate this conflict through its allocation policy (as described in Item 11, below), which does not permit ACA to make allocation decisions to generate higher fees.

## **Item 7     Types of Clients**

Clients generally consist of discretionary accounts managed for (i) entities established in conjunction with structured finance transactions, such as collateralized loan obligations; (ii) privately placed pooled investment vehicles; and (iii) funds of one or separately managed accounts for institutional investors, each of which primarily invests in loans and some of which will be Affiliate Clients. Clients and investors generally consist of financial institutions, investment companies, insurance companies, other institutional investors, sovereign wealth funds, corporate or public pension funds, foundations and family offices.

Antares' advisory services require significantly large amounts of capital. The minimum investment amount, as applicable, and other criteria for investments in the Clients are set forth in the relevant Client Agreements. As a general matter, investors in the Clients are limited to (i) "accredited investors," as defined in Regulation D under the Securities Act of 1933, as amended ("Securities Act"), who are also "qualified purchasers" for purposes of section 3(c)(7) of the Investment Company Act of 1940, as amended; or (ii) persons who are not "U.S. persons" for purposes of Regulation S under the Securities Act.

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

### Methods of Analysis and Investment Strategies

ACA provides portfolio management services for its Clients, which invest primarily in senior secured loans to non-investment grade middle market companies. In connection with each Asset and in accordance with each Client Agreement, ACA reviews information provided by Antares Capital, the private equity sponsor or investment bank, as applicable, and other relevant sources and conducts a due diligence review of each potential borrower that passes an initial screening process administered by the Antares Platform. Antares Capital loan due diligence reviews, which will vary depending on the particular loan and the related obligor, typically include any one or more of the following:

- On-site visits;
- Customer calls;
- Interviews with management;
- Phone interviews;
- Review of third-party consulting reports; and
- Bank meetings.



After the initial due diligence is conducted, an analysis is performed including:

- A review of the obligor's historical and prospective financial information;
- Transaction drivers;
- Key issues and risk factors; and
- A review and determination of the primary and alternative exit strategies.

Upon completion of the full due diligence review, the potential transaction is summarized and provided to ACA's Investment Committee for approval or, in the case of non-discretionary clients, if any, recommendation for approval by such Client.

### Risks of Loss

Except as otherwise described in this section, the Assets typically expected to be held by Clients are known as "senior" loans, which include certain types of loans, such as term loans, revolving credit facilities, delayed draw credit facilities and unitranche loans. Senior loans hold a senior position in the capital structure of the borrower, are typically secured by collateral and have a claim on the assets and/or stock of the borrower that is senior to that held by subordinated debtholders and equity-holders of the borrower. Certain senior loans, such as unitranche loans, include inter-creditor arrangements whereby one group of lenders contractually agrees to subordinate its right to receive payments with respect to its interests in such unitranche loan to the rights of one or more other groups of lenders under certain circumstances such as after an event of default under such loan. While the protection of being in a senior position to others with claims on the assets of the borrower can reduce risk, such loans still present significant credit risk, particularly if they arise in connection with highly leveraged transactions such as leveraged buyouts, leveraged recapitalization loans and certain other types of acquisition financing as is the case with many of the senior loans that the Antares Platform originates. Furthermore, certain Clients own a subordinate position in a senior unitranche loan. Obligations in these types of transactions are subject to greater credit risk (including default and bankruptcy) than many other investments.

Clients and investors should be aware that mandates are limited to certain types of investments and are not diversified. ACA does not intend to provide a complete investment program for investors and ACA expects that the assets it manages will not represent all of an investor's assets. Antares' specialized investment approach involves a substantial degree of risk that Clients and investors must be prepared to bear. Antares' advisory services are not suitable for every investor; they are intended only for sophisticated investors who can understand and accept the risks associated with investments in senior loans, including the partial or total loss of such investment. Clients and investors are responsible for appropriately diversifying their assets to guard against the risk of loss.

Below are descriptions of certain of the risks associated with ACA's investment strategy and the asset classes in which the Clients invest. Additional information on the risks of becoming, or investing in, an ACA Client and conflicts ACA faces, including more detailed disclosure as to the risks and conflicts set forth in this Brochure as well as certain other risks and conflicts not

described in this Brochure, is provided to Clients and investors through offering materials, including fund or CLO offering memoranda and supplemental risk and conflicts disclosures provided with a Client Agreement, which are provided separately to Clients and investors (“Supplemental Disclosures”). As these Supplemental Disclosures are, in certain respects, specific to a particular Client, to the extent there is any conflict between the disclosures in this Brochure and those in the Supplemental Disclosures, the Supplemental Disclosures shall govern. Prospective Clients and investors should carefully consider the risks associated with Antares’ investment approach and investments in senior loans including, but not limited to, those discussed below and set forth in Supplemental Disclosures. Before becoming or investing in a Client, prospects should consult their own legal, tax and financial advisors as to all of these risks.

*Dependence on the Antares Platform.* It is anticipated that all or substantially all of the loans acquired by each Client will be originated by the Antares Platform. Therefore, the success of Clients’ investment programs depends on the ability of the Antares Platform to originate loans and to perform credit underwriting due diligence when acquiring loans on behalf of, or recommending loans to be acquired by, Clients, and to manage, leverage (if applicable), and dispose of such loans, as appropriate. There can be no assurance that the Antares Platform will continue to originate loans of equal or better quality than those originated by it in the past.

A decline in the business and business activity of the Antares Platform would have adverse consequences for Clients. If the Antares Platform suffers from a decline in business, or loosens its credit standards, the loans originated by the Antares Platform may suffer in credit quality. In order to maintain levels of business activity and/or profitability, the Antares Platform could determine to make concessions to obligors on loans.

In addition, there is no assurance that the Antares Platform will continue to originate loans that fit Clients’ investment strategies or originate them in the same volume, which could have an adverse impact on Clients. Should the Antares Platform cease originating loans, or certain types of loans in which a Client can invest under relevant investment criteria, ACA would need, unless prohibited by relevant Client Agreements, to select for a Client loans originated by other loan originators for acquisition by the Client. There can be no assurance that loans originated by loan originators other than the Antares Platform will perform as well as loans originated by the Antares Platform.

The Antares Platform’s credit underwriting due diligence of loans, related loan obligors and collateral require the application of significant judgment, which may not be correct, in which case, Clients could suffer losses. In addition, because all or most of the loans that will be held by Clients will be originated by the Antares Platform, Clients’ investment performance could suffer from missed opportunities to acquire better performing loans from third parties in order to acquire loans originated by the Antares Platform.

*Dependence on ACA.* Client performance depends, in large part, on the skill and expertise of ACA’s investment professionals and the professionals responsible for originating, underwriting, monitoring and managing loans through the Antares Platform. ACA’s discretionary Clients are particularly dependent on the managerial experience of ACA and certain of its officers and personnel. ACA has access to personnel who are also employees of other entities within the Antares Platform. In providing services through ACA, such shared personnel are supervised by ACA and subject to ACA’s compliance policies and procedures, including a code of ethics and

applicable provisions of the Advisers Act. There can be no assurance that the current professionals will continue to serve in their current positions, continue to be employed by the Antares Platform or be made available to ACA or continue to be shared personnel or authorized persons of ACA and the Antares Platform. The loss of one or more of such officers or personnel could have a material adverse impact on Clients. Clients are not direct beneficiaries of any employment or personnel sharing arrangements between ACA and the Antares Platform, and their respective employees or shared personnel, as applicable, which arrangements are in any event subject to change without notice to, or the consent of, Clients. In addition, it is possible that individuals not currently associated with the Antares Platform will become associated with ACA, and the performance of Assets could also depend on the financial and managerial experience of such individuals. Although ACA's investment professionals will devote such time as they determine in their discretion is reasonably necessary to fulfill ACA's obligations to Clients, they do not devote all of their professional time to the affairs of any particular Client or of the Clients generally. When acting on behalf of ACA, such shared personnel also provide services to others, including to proprietary accounts of the Antares Platform.

*Use of Leverage.* For many Clients, ACA expects to direct such Clients to borrow money or otherwise incur leverage in connection with the acquisition or financing of their loan portfolios and most often such borrowed money is secured by liens and security interests in such client portfolios, as collateral. While the use of leverage can potentially increase profits, it can also result in an increased risk of loss and increased volatility to the Client due to adverse fluctuations in interest rates, downturns in the leveraged loan market or the economy and the possible inability to refinance such debt when it matures or liquidate the related loan portfolio for an amount sufficient to pay such debt and return capital and/or profits to the Client or its investors. Any such event or any other event that adversely affects the value of a Client's direct or indirect investment in its loan portfolio could result in a substantial loss to the Client and its investors which would be greater than if such Client's account was not subject to leverage. Interest or similar costs associated with such leverage will be a direct or indirect expense of the related Client, and, to the extent not covered by net returns attributable to the assets acquired, will cause the returns of such Clients to be lower than if they have not used leverage. Interest or similar costs associated with leverage may be based on one or more interest rate indices, which can be different from the interest rate indices applicable to the assets supporting such leverage. Any such mismatch will not necessarily be hedged. If an event of default occurs under the related facility, the lenders or other counterparties to the facility (or some designated portion or agent thereof) would be able to exercise remedies with respect thereto including but not limited to the liquidation of or taking title to the collateral for such facility which will terminate the rights thereto of the Client and could result in a full or partial loss of the Client's direct or indirect investment therein.

*Availability of Financing.* To the extent a Client uses leverage or otherwise directly or indirectly incurs indebtedness, the Client's returns will depend significantly on the availability and terms of financing. If a Client were to be unable to obtain financing (or unable to obtain financing on favorable terms), the ability of ACA to acquire loans on behalf of the Client will be reduced, and returns will likely be similarly reduced, perhaps significantly, and losses may occur as a result.

*Risk of Default on Underlying Client Portfolio Loans.* Underlying loan obligors within a client's investment portfolio could be susceptible to economic recession or downturns and might be unable to meet covenant requirements or service their obligations for indefinite periods of time. In

addition, the credit markets are subject to volatility and a changing regulatory environment that could limit the availability of credit being provided by lenders with the result that a loan obligor might not be able to refinance its debt at or prior to maturity. This could lead to default under the related loan and, consequently, termination or a write down or other reduction in the value of the loan, and the exercise of remedies. In such cases, Clients (and their investors) would likely suffer losses resulting from an inability to recover all or a portion of their investment in defaulted loans. Moreover, disruption in the credit or other financial markets leading to increased loan defaults and credit downgrades of loan obligors could negatively affect the liquidity and pricing of loans in a Client's portfolio.

*Illiquid Assets.* Loans acquired and owned by Clients are generally deemed to be illiquid assets for which no ready market of purchasers exists and often are subject to transfer restrictions and are not publicly traded. Clients' investments in illiquid assets could reduce their ability to dispose of such assets in a timely fashion and for a fair price. Illiquid assets typically trade at a discount from comparable, more liquid investments. As a result, many loans will be directly or indirectly held by Clients to their maturity. As a result, investments should be viewed as long-term and, even if they prove successful, are unlikely to produce realized returns for a number of years.

*Concentration.* A concentration in a Client's portfolio of loans to a limited number of underlying loan obligors or of loans in a limited number of industries or geographic regions or with a limited type of collateral securing such loans could impair the Client's portfolio if the underlying obligors, industries or geographic regions were to experience economic difficulties or if the asset class collateralizing the loans were to fall out of favor in the market. As a result, obligors could default on their loans, and the Client could be unable to recover the full amount owed on such loans. Under such circumstances Clients (and their investors) might not realize their rate of return objectives and could suffer losses.

*Participation on Creditors' Committees; Lender Liability; Equitable Subordination.* Representatives of the Antares Platform sometimes participate on committees formed by creditors to negotiate with loan obligors in connection with loan restructurings or bankruptcies. There can be no assurance that such representatives would be successful in obtaining results most favorable to a particular Client in connection with such negotiations and significant legal fees and other expenses may be incurred in connection with such representation, all or a portion of which may be borne by the related Client(s). Judicial decisions have upheld the right of loan obligors to sue lending institutions on the basis of various legal theories, collectively termed "lender liability." Generally, lender liability is founded on the premise that a lender has either violated a duty, whether implied or contractual, of good faith and fair dealing owed to the loan obligor or has assumed a degree of control over the loan obligor resulting in the creation of a fiduciary duty owed to the loan obligor or its other creditors or equity owners. To the extent that the Antares Platform participates on such committees, Clients could become subject to allegations of lender liability. ACA cannot provide assurance that these claims will not arise or that it (or such Client) will not be subject to significant liability if a claim of this type did arise.

*Ability to Acquire Loans on Advantageous Terms; Competition and Supply.* The success of a Client's investment strategy depends, in part, on the Antares Platform's ability to identify loans for acquisition by Clients on advantageous terms. In acquiring loans, Clients compete with a broad spectrum of loan originators and loan investors. Increased competition for, or a diminishment in

the available supply of, eligible loans could result in higher prices for, and consequently lower yields on, such loans. In addition, the Antares Platform is dependent on its relationship with private equity sponsors and other middle market loan participants in sourcing a portion of the loans in which Clients invest. If there is increased competition in the market making or acquiring loans in a manner that is more attractive to the loan obligor or loan seller than that of the Antares Platform on behalf of its Clients or if the private equity sponsors or loan market participants with whom the Antares Platform currently does business find other sources of capital more attractive to them or determine that they do not want to work with the Antares Platform, the Antares Platform may not be able to identify a sufficient number or amount of suitable loans to satisfy its own and its Clients' investment objectives in which case it is possible that not all of a Client's committed capital would be deployed or it could need to be deployed in a manner that does not fully achieve the Client's rate of return objectives. In certain instances the Antares Platform could identify a suitable investment opportunity but not be able to realize on it without the participation of other market participants whose participation the Antares Platform cannot control with the result that some of those opportunities would not come to fruition or may not be made available to Clients. The Antares Platform could have difficulty finding and sourcing sufficient new middle market loans to satisfy its own needs and its Clients' investment objectives. In addition, the availability of loans to Clients is significantly limited by the Antares Platform's policy of first allocating loans to the Antares Balance Sheet (as defined below). See Item 11 and the Supplemental Disclosures for a more detailed description of ACA's Allocation Procedures (as defined below) and the conflicts of interest associated therewith.

*Diversification.* While ACA expects to recommend or acquire and maintain, as applicable, a diversified portfolio for each Client, there is no guarantee that it will be able to do so. It is possible that a relatively substantial portion of a Client's capital could be invested in one or a small group of loans and/or cash or temporary investments, particularly as a Client's portfolio is ramping up or winding down. Unfavorable performance by one or more of such loans could have a substantial adverse economic impact on the Client and the holding of cash or investment of cash in temporary investments for a longer period of time than initially contemplated could have an adverse economic impact on the Client's rate of return objectives.

*Inability to Acquire and/or Maintain a Portfolio of Loans Consistent with a Client's Investment Criteria; Reserves; Uninvested Cash.* ACA might not always be able to acquire and/or maintain a portfolio of loans that satisfies a Client's investment criteria and expected portfolio profile due to, among other factors, market conditions and the availability of suitable loans for allocation to the Client, which could affect the returns of the Client. Reduced liquidity, relatively lower volumes of origination or trading in loans, increased competition for loans and the reduction, if any, of amounts of loans available for allocation to the Client, in addition to restrictions on investment under the Client Agreements, could result in periods of time during which a Client is not able to directly or indirectly fully invest in loans or during which the loans available for investment will not be of comparable quality. In these cases, ACA could be required to acquire for the Client loans having lower yields than those that had previously been held by the Client as existing loans mature, prepay or are sold. Reinvestment of amounts from the payment, prepayment, redemption or disposition of existing loans exposes Clients to market conditions prevailing at the time of reinvestment which are not as favorable as prior market conditions and could result in adverse changes in the characteristics and quality of the loans held by a Client. Additionally, in many cases, ACA will create, accrue and fund reserves with respect to a Client for known or contingent

liabilities, or for other reasons, in such amounts as the Adviser deems necessary or appropriate in its reasonable sole discretion. To the extent a Client maintains cash balances or reserves or holds amounts in temporary investments instead of investing in higher yielding loans, for the foregoing reasons or due to other causes (which are difficult to predict), income from the Client's portfolio of loans will be reduced which will result in reduced return on investment. In addition, temporary investments could also suffer losses and any expenses associated with such temporary investments could exceed returns on those investments.

*Assignments and Participations.* Certain Clients invest in loans directly by acting as an original lender making a loan to the loan obligor at its inception. Clients also can (and certain Clients must), in some instances, invest in loans by assignment from a lender selling such loans to a Client or, in some instances, by acquiring a participation interest therein. Holders of participation interests are subject to additional risks not applicable to a holder of a direct interest in such loans. Participation interests typically constitute the unsecured obligation of the participation seller to pay over principal, interest and certain fees when and as received from the loan obligor. The holder of the participation interest takes not only the credit risk of the related loan obligor but also the credit risk of the participation seller; such holder lacks direct contractual privity with the loan obligor under the loan and frequently lacks certain voting rights with respect to the loan. Furthermore, to the extent the participation seller has sold all or a significant portion of its economic interest in a loan, it has less incentive to monitor and exercise the voting rights it retains with respect to such loan, and its interests may not be aligned with those of the participation buyer.

*Prepayments.* Loans are generally prepayable in whole or in part at any time at the option of the obligor thereof at par plus accrued unpaid interest thereon. Prepayments on loans may be caused by a variety of factors which are often difficult to predict. Consequently, there exists a risk that loans purchased at a price greater than par will experience a capital loss as a result of such a prepayment. In addition, loans that include excess cash flow capture and other mandatory prepayment provisions, can result in accelerated amortization. If ACA is delayed in reinvesting, or unable or not permitted to reinvest, payments or other proceeds from such loans in loans with comparable interest rates, Clients will be adversely affected. The Adviser cannot predict the actual rate of prepayments, accelerated amortization or defaults which will be experienced.

*Valuation.* Many Client Assets consist of loans that are not publicly traded. The fair value of loans that are not publicly traded are often not be easy to determine. ACA values these loans in accordance with the Valuation Procedures (as defined below). Valuations of illiquid middle market loans require judgment, are inherently uncertain, can fluctuate and are generally based on estimates. It is possible that ACA's determinations of fair value will differ materially from the values that would have been used if an active market for these loans existed. If ACA's determinations regarding the fair value of such loans are materially higher than the values that are ultimately realized upon the sale of such loans, the returns to Clients would be adversely affected.

ACA has adopted valuation policies and procedures (the "Valuation Procedures") for use in the valuation of Assets held by Clients. ACA has also established a Valuation Committee to oversee the Valuation Procedures. ACA values such Assets at fair value generally in accordance with U.S. generally accepted accounting principles ("GAAP") and as more fully described below. Where ACA believes a reliable market price is readily ascertainable for an Asset, ACA will value such Asset at such current market price. Assets for which ACA believes reliable market

prices are not readily ascertainable are fair valued by ACA in good faith and in accordance with the policies and procedures set forth below.

ACA's fair value methodology generally is consistent with the fair value principles established by FASB Accounting Standards Codification (ASC) Topic 820-10, *Fair Value Measurements and Disclosures* ("ASC Topic 820-10"). ASC Topic 820-10 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. ASC Topic 820-10 also provides guidance regarding a fair value hierarchy, which prioritizes information used to measure fair value and the effect of fair value measurements on earnings and provides for enhanced disclosures determined by the level within the hierarchy of information used in the valuation. In accordance with ASC Topic 820-10, these inputs are summarized in the three broad levels listed below:

**Level 1** – quoted prices (unadjusted) in active markets for identical assets or liabilities that ACA has the ability to access at the measurement date.

**Level 2** – inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities, either directly or indirectly. Level 2 inputs include: quoted market prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

**Level 3** – unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Generally, it is expected that Assets held by Clients will consist principally of loans, which will be valued by ACA quarterly (or more frequently, as deemed necessary or appropriate) using Level 2 and Level 3 inputs. ACA will determine the fair value of a loan by taking into consideration the following information and inputs, to the extent reasonably available to ACA:

- current pricing data, which includes:
  1. the price at which the loan or similar loans are trading in the secondary market within a sufficiently recent period, such that the price is meaningful in the view of ACA;
  2. the most recent price for the loan, as published by a third-party pricing service deemed reputable by ACA within a sufficiently recent period, such that the price is meaningful in the view of ACA, taking into account, among other factors, the number and identity of the market participants whose bid and ask prices have contributed to that price, which participants may include the Antares Platform;
  3. any relevant third-party information (e.g., indicative broker quotes or any other third-party pricing or valuation information) on such asset to the extent available and deemed reliable by ACA; and

4. the price at which the loan was sold to third party investors in the loan's primary syndication if such primary syndication has occurred in a sufficiently recent period, such that the price is meaningful in the view of ACA;
- the fair value of such loan based on a valuation model; and
  - in any such valuation, in addition to the foregoing, such other information and considerations that ACA deems material to such determination.

ACA may also, at its discretion, solicit a fair market valuation from an independent third-party valuation firm selected by ACA.

With respect to certain loans, the only bid or ask price available is one that is provided by the Antares Platform (but not ACA) to the applicable pricing service. While the Antares Platform expects to supply bid and/or ask prices that it believes to be reflective of market value, in the absence of a current third-party firm bid or ask price in the market or another third-party check on those prices, the prices supplied by the Antares Platform might not reflect the price a third party would actually pay, which may result in the valuations for Clients' loans under the Valuation Policy (which considers prices on relevant pricing services as one element of the valuation process) remaining artificially high or low.

*Risks of Asset Classes Recommended by ACA.* Clients' Assets consist primarily of senior secured loans to non-investment grade middle market companies or interests in senior secured loans to non-investment grade middle market companies, which are subject to liquidity, market value, credit, repricing, default, recovery, interest rate, reinvestment and other risks. Such Assets generally are subject to greater risks than investment grade corporate obligations and are less liquid than both investment grade corporate obligations and broadly syndicated loans. These risks could be exacerbated to the extent that a Client's portfolio is concentrated in one or more particular types of Assets. There can be no assurance that ACA will correctly evaluate the nature and magnitude of the various factors that could affect the value and return of the Assets or acquire Assets that can generate returns that meet Clients' objectives and expectations.

Asset prices 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 of the Assets. In particular, the market for non-investment grade loans has experienced periods of volatility in the supply and demand for such loans, resulting in fluctuations and changes in, among other things, spreads, interest rate floors, purchase discounts, leverage, covenants, structure, and other terms. Additionally, loans and participation interests in loans generally 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 in privately negotiated transactions. 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. Further, obligors of non-investment-grade loans may be highly leveraged and may not have available to them more traditional methods of financing, which may cause them to be more likely



to be unable to meet their obligations in an economic downturn, a period of rising interest rates, a contraction of the leveraged loan market or a period of fluctuating exchange rates (in respect of those obligors located in non-U.S. countries). In addition, historically the trading volume in the loan market, especially in the middle market, has been small relative to the high-yield debt securities market.

All or a significant majority of the Assets are expected to consist of loans to middle market companies. They share many of the same characteristics as more broadly syndicated loans, including a senior secured position in the borrower's capital structure and floating rate interest payments. Loans to middle market companies tend to be privately held and are not often publicly rated. Loans to middle market companies may have default rates or recovery rates that differ (and may be better or worse) than has been the case for broadly syndicated loans or investment grade securities. There can be no assurance as to the levels of defaults and/or recoveries that may be experienced on the Assets and an increase in default levels could adversely affect a Client. Because a more limited number of investors participate in loans to middle market companies, the trading volume for such loans is relatively illiquid as compared to that of broadly syndicated loans.

Because a more limited number of investors who invest in middle market loans invest in unitranche loans to middle market companies, the trading volume for such loans is likely to be relatively illiquid as compared to that of more traditional senior secured loans to middle market companies. In addition, trading market for loans that are revolving loans is substantially less liquid than that for term loans since certain loan market investors are not permitted to, or prefer not to, invest in revolving loans. Furthermore, there are typically transfer restrictions on middle market loans under the terms of their related loan facility documents and, in the case of loan participations, there typically will be additional restrictions on transfer under the related participation agreement. The illiquidity of such Assets can reduce a Client's ability to dispose of such Assets in a timely fashion and for a favorable price as well as its ability to take advantage of market opportunities. As a result, loans made to middle market companies are subject to greater risks than loans made to larger companies.

Non-investment grade middle market loans are speculative in nature and are subject to the risk of defaults for a variety of reasons. A middle-market loan could become subject to workout negotiations or a restructuring, which may entail, among other things, a substantial reduction in the interest rate, a substantial write-down of principal, deferral of payment, payments-in-kind of interest, and a substantial change in the terms, conditions and covenants with respect to such loan. In addition, such workout negotiations or restructuring may be quite extensive, protracted and costly over time and if so, there could be substantial uncertainty with respect to the ultimate recovery on such loan. Also, the liquidity of a loan in default will be significantly limited and, to the extent that loan is sold, it is highly unlikely that the proceeds from such sale will be equal to the amount of unpaid principal and interest thereon.

Non-investment grade loans to middle market businesses typically carry more inherent risks than similar loans to larger, publicly traded entities. For example, obligors on loans to middle market companies have significantly less information available about them compared to publicly traded entities. These middle market companies generally have more limited access to capital and higher financing costs, can be in a weaker financial position, need more capital to expand or compete, and can be unable to obtain financing from their respective private equity sponsor, public capital

markets or from traditional sources, such as commercial banks. Middle market businesses typically have narrower product lines and smaller market shares than large businesses. Therefore, they tend to be more vulnerable to competitors' actions and market conditions, as well as general economic downturns. Middle market businesses generally have more difficulties implementing enterprise resource plans and planning software and can face greater challenges integrating acquisitions than large businesses. These businesses can also experience substantial variations in operating results. Typically, the success of a middle market business also depends on the management talents and efforts of one or two individuals or a small group of individuals. The death, disability or resignation of one or more of these individuals could have a material adverse impact on the obligor and its ability to repay its obligations. A deterioration in an obligor's financial condition and prospects could be accompanied by deterioration in the collateral securing the related loan and cause it to fail to satisfy net income, cash flow and other coverage tests typically imposed by lenders. Such deterioration might impair the ability of such obligor to obtain refinancing or force it to seek to have the loan restructured.

In addition, middle market businesses often need substantial additional capital to expand or compete and will often have borrowed money from other lenders and may need additional capital to survive any economic downturns. Accordingly, loans made to middle market companies involve higher risks than loans made to companies that have larger businesses, greater financial resources or are otherwise able to access traditional credit sources. In addition, while a private equity sponsor often will elect to provide additional capital to support their middle market portfolio companies in times of distress, such practice may not continue or may continue to a lesser extent. There can be no assurance as to the levels of defaults or the amount or timing of recoveries that may be experienced on Assets. Any increase in default levels or decrease in recovery rates or delays in receipt of recoveries could adversely affect a Client's portfolio.

The Assets that are loans to middle market companies or interests therein are primarily balloon loans. Such loans involve a greater degree of risk than other types of transactions because they are structured to allow for small principal payments over the term of the loan, requiring the obligor to make a large final (balloon) payment upon the maturity of the loan. The ability of such obligor to make this final payment upon the maturity of the loan typically depends upon its ability either to refinance the loan prior to maturity or to generate sufficient cash flow to repay the loan at maturity. The ability of any obligor to accomplish any of these goals is affected by many factors, including the availability of financing at acceptable rates to such obligor, the financial condition of such obligor, the marketability of the collateral (if any) securing such loan, the operating history of the related business, tax laws and the prevailing general economic conditions. Consequently, such obligor may not have the ability to repay the loan at maturity, and a Client could lose all or most of the principal of such an Asset. Given their relative size and limited resources and access to capital, some obligors may have difficulty in repaying or refinancing their balloon loan on a timely basis or at all.

Certain of the loans in which Clients may invest contain limited, if any, financial covenants. Generally, such "Cov-Lite" loans either do not require the obligor to maintain debt service or other financial ratios or do not contain common restrictions on the ability of the obligor to change significantly its operations or to enter into other significant transactions that could affect its ability to repay such loans. These loans carry different risks, including with respect to liquidity, price volatility and ability to restructure loans than is the case with loans that are not "Cov-Lite" loans.

A Client owning “Cov-Lite” loans is exposed to increased risk of losses that could have an adverse impact on the Client’s returns.

*Information Technology Risks.* ACA is heavily reliant on its information technology infrastructure, processes and procedures and those of its service providers, and it has devoted significant resources to achieving competitive informational technology systems. Information technology changes rapidly, however, and ACA might not be able to stay ahead of such advances. Moreover, ACA or its service providers could find themselves a target of cybersecurity attacks. While steps have been taken to mitigate the risk of such attacks, no system is fully attack-proof, and a cybersecurity attack could have an impact on ACA and the Clients.

*Political Uncertainty Risk.* U.S. markets, as well as non-U.S. markets in which Clients might invest in the future or to which Clients or borrowers are exposed, could experience political uncertainty and/or change (e.g., Brexit) that subjects investments to heightened risks. These heightened risks could include: greater fluctuations in currency exchange rates; increased risk of default (by both government and private issuers); greater social, economic, and political instability (including the risk of war or terrorist activity); nationalization of private enterprise; greater governmental involvement in the economy; less governmental supervision and regulation of the securities markets and market participants; controls or restrictions on foreign investment, capital controls and limitations on repatriation of invested capital and on the ability to exchange currencies; inability to purchase and sell investments or otherwise settle security or derivative transactions (i.e., a market freeze); unavailability of currency hedging techniques; and slower clearance.

During times of political uncertainty the global securities, derivatives and currency markets often become more volatile. There also might be a lower level of monitoring and regulation of markets while a country is experiencing political uncertainty, and the activities of investors in such markets and enforcement of existing regulations could become more limited.

Markets experiencing political uncertainty could have substantial, and in some periods extremely high, rates of inflation for many years. Inflation and rapid fluctuations in inflation rates could have negative effects on such countries’ economies and credit and securities markets.

There can be no assurance that political changes will not cause a Client to suffer a loss of any or all of its investments or interest thereon. Political and policy decisions, and regulatory changes, could also impact Clients and borrowers. The precise nature and consequences of future political conditions on applicable laws, regulations and Clients’ investments cannot be predicted.

*Legal, Regulatory and Tax Risks.* Clients could be adversely impacted by laws, rules and regulations, including tax laws, that impact lending or the business of loan obligors. Legal, regulatory and tax changes have occurred and in the future might occur that could adversely affect Clients. For example, Clients invest in loans to obligors in a number of different industries, some of which are or could become subject to regulation by one or more U.S. federal agencies and by various agencies of the states, localities and counties in which they operate, or, with respect to obligors with operations outside of the U.S., equivalent foreign bodies. New and existing regulations, changing regulatory schemes and the burdens of regulatory compliance all could have a material negative impact on the performance of companies that operate in these industries. For

example, tax reforms passed in 2017 impose additional limitations on the deductibility or the disallowance of interest deductions for debt, which could lead to reduced appetite for financing by privately-held middle market companies.

It is impossible to predict whether further new legislation or regulations governing those industries or the U.S. tax code will be enacted by legislative bodies or governmental agencies, nor can ACA predict what effect any new legislation or regulation might have, directly or indirectly, on the loan obligors, the Clients' investments or the availability of investment opportunities in the middle market. There can be no assurance that new legislation or regulations, including changes to existing laws and regulations, will not have a material negative impact on the value of investments typically made by ACA, the Clients' investment performance or any related investment opportunities.

*Phase Out of LIBOR as a Benchmark Rate.* The interest payable with respect to loans held in a Client's portfolio and indebtedness incurred by a Client under any leverage facility generally is expected to be based on LIBOR (although it could be based on an alternative index under certain circumstances) and such interest rate is currently expected to fluctuate based on changes in LIBOR. On July 27, 2017, the head of the UK Financial Conduct Authority made remarks indicating that LIBOR in its current form will be phased out as a benchmark rate by the end of 2021. Actions by regulatory authorities, financial institutions or others to phase out, modify or eliminate LIBOR in the future could cause one or more of the following, among other things, to occur: (i) an increase in the volatility of LIBOR prior to the consummation of any such change, (ii) an increase in the portion of loans and temporary investments that calculate interest based on a benchmark rate other than LIBOR or bear interest at a fixed rate, or (iii) increased volatility with respect to the pricing and liquidity of the loans, (iv) a further mismatch between the interest rate payable with respect to any leverage facility and the interest income earned thereby from the loans collateralizing such facility or (v) a mismatch between the interest rate payable with respect to loans held by CLOs and the interest rate utilized for such CLOs. If LIBOR is eliminated as a benchmark rate, it is uncertain whether broad replacement conventions in the leveraged loan and leverage facility markets will develop and, if conventions develop, what those conventions will be and whether they will create adverse consequences for any Client, its loans and its leverage facility debt. If no such conventions develop, it is uncertain what effect broadly divergent interest rate calculation methodologies in the markets will have on the price and liquidity of loans or any leverage facility or the ability of any Client to obtain new financing when necessary to pay or refinance any then-existing leverage facility debt. While a Client might be able to enter into an amendment with the specified holders of its leverage facility debt to provide for its leverage facility to bear interest based on an alternative reference rate instead of LIBOR (or may be permitted to designate an alternative reference rate with respect thereto), there can be no assurance that any such amendment or designation (a) will occur, (b) will effectively mitigate interest rate risks or result in an equivalent methodology for determining the interest rates on its leverage facility debt, (c) will occur prior to any date on which such Client suffers adverse consequences from the elimination or modification or potential elimination or modification of LIBOR or (d) will not have a material adverse effect on such Client.

*Combination or "Layering" of Multiple Risks.* Although the various risks to which Clients are subject are discussed in this Item 8 and in the Supplemental Disclosures separately, the risks that Clients bear are increased based on the effects of the interplay of risk factors; where more than one significant risk factor is present, the risk of loss can be significantly increased.

## **Item 9      Disciplinary Information**

Not applicable.

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

As noted in Item 4, ACA is a wholly-owned subsidiary of Antares Capital, which is, in turn, an indirect wholly-owned subsidiary of Holdings. The ultimate majority owner of ACA and Holdings is CPPIB. As a result, ACA has numerous financial industry affiliations through its relationship with its direct and indirect parent companies.

CPPIB is a professional investment management organization that invests the funds not needed by the Canada Pension Plan (CPP) to pay current benefits on behalf of its contributors and beneficiaries. In order to build a diversified portfolio of CPP assets, CPPIB invests in public equities, private equities, real estate, infrastructure and fixed income instruments. The Antares Platform provides reliable cash-flow structured financing to private equity sponsors. The Antares Platform provides financing solutions for buyouts, acquisitions, growth funding, restructurings and capitalizations. Its primary product offerings are cash flow 1st lien and 2nd lien loans, unitranche loans and equity co-investments.

The Antares Platform originates and underwrites new loans, allocates a portion of such loans to Clients and syndicates a portion of newly originated loans to third parties. The remainder of newly originated loans are held on balance sheet and added to the company's conservatively positioned and broadly diversified loan book. As discussed above, Clients are expected to invest primarily in secured loans of the type sourced by the Antares Platform. In addition, the Antares Platform (and certain of its direct and indirect subsidiaries) invest in the same loans. Please see Item 11 below and the Supplemental Disclosures for a discussion of the actual and potential conflicts of interests relating to these investments.

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

### Code of Ethics and Personal Trading

To avoid any potential conflicts of interest involving personal trades, ACA has adopted a Code of Ethics that includes formal policies and procedures with respect to personal and insider trading policies and procedures. Among other things, the policy requires that all relevant personnel of ACA ("Access Persons") act with integrity, place the interests of Clients above their own, avoid actual and potential conflicts of interest and comply with applicable provisions of the federal securities laws. The policy also requires Access Persons to pre-clear certain personal securities transactions, report personal securities transactions on at least a quarterly basis and provide ACA with a list of all personal brokerage accounts over which the Access Person has beneficial interest and/or control and holdings of reportable securities. Certain classes of securities have been designated as exempt from pre-clearance under the Code of Ethics, based upon a determination that investments in these securities would not be inconsistent with the best interests of the Clients. The Code of Ethics forbids any Access Person from engaging in any insider trading and from disclosing or using material non-public information in violation of applicable law. Personal

trading is monitored by ACA's Chief Compliance Officer pursuant to the Code of Ethics in order to reasonably prevent or address conflicts of interest among ACA, Access Persons and the Clients.

A copy of ACA's Code of Ethics will be provided to any current or prospective Client (or current or prospective investor in a Client) upon request.

#### Participation or Interest in Client Transactions

The Antares Platform originates, holds, sells and/or acquires for its own account or for the accounts of its affiliates, in the ordinary course of business, existing and new loans that are the type of loans in which Clients are expecting to invest. Most of ACA's Clients expect that all or a substantial portion of the Client's Assets will be comprised of Assets that are also held by the Antares Platform or by its affiliates. While Clients (and investors in Clients) thus understand that they will generally invest in loans originated or sourced by the Antares Platform, various potential and actual conflicts of interest may arise from the overall investment activity of the Antares Platform and its affiliates.

The following briefly summarizes some of these conflicts, but is not intended to be an exhaustive list of all such conflicts. Clients and investors in Clients should review the applicable private placement memoranda, other offering or account documents and Supplemental Disclosures for additional information.

*Principal and Cross Transactions.* ACA is permitted to effect principal transactions where a Client acquires an Asset from or sells an Asset to the Antares Platform (or an affiliate thereof, which may be another Client (e.g., a CLO) in which the Antares Platform has a substantial pecuniary interest). In such cases, ACA provides disclosures to and obtains the consent of the Client or of such Client's designated agent in accordance with Section 206(3) of the Advisers Act and any applicable Client Agreement.

ACA can also cause Clients to enter into cross-transactions whereby one Client sells Assets to another Client. Whenever ACA intends to have two Clients enter into cross trades with each other, ACA will first make a determination that the cross trade is fair and equitable to each Client and not contrary to the interests of either Client. Cross trades involving loans are executed at fair market value, as determined by ACA in accordance with its Valuation Procedures.

Because most of the Assets in which Clients invest are not publicly traded, the value of such Assets be difficult to determine. ACA seeks to value such assets in good faith, as described in Item 8 above. Such good faith valuations require the application of a significant amount of judgment, are inherently uncertain, will fluctuate and are often based on estimates and assumptions. ACA's determination of the fair value of an Asset could differ materially from the values that would have been applied if an active market for the Asset existed and from the price at which such Asset may ultimately be sold. Differences in fair value and actual sale value could adversely impact Clients.

*Other Investment Related Conflicts.* It is anticipated that the Antares Platform or an affiliate will, at times, acquire, hold, sell or take other actions with respect to loans or securities of a type that are suitable Assets for a Client and, except as required by applicable law or contract, will not be required to offer the same to the Client or provide notice of such activities to the Client. ACA reserves the discretion to make different investment recommendations and decisions for different Clients. ACA could determine to sell a loan for one or more Clients while retaining a portion of

such loan in the portfolio of other Clients and/or while all or a portion of such loan is retained on the Antares Balance Sheet (as defined below), or vice-versa, as applicable. ACA will make its decisions as to whether Clients should acquire or sell a loan pursuant to its duties under the applicable Client Agreements and the implementation of such decisions is governed by ACA's Allocation Procedures (as defined and described below). The Antares Platform and affiliates will make their own independent decisions with respect to acquisitions and dispositions that can differ from those ACA makes on behalf of Clients. Conflicts of interest can arise if ACA seeks to acquire or sell portions of one or more loans for one or more Clients while the Antares Platform also seeks to acquire or sell portions of such loans for itself. These conflicts of interest, and ACA's policies to mitigate them, are described in more detail below under the heading "Allocation of Investment Opportunities" and in the Supplemental Disclosures.

Consistent with the Allocation Procedures, ACA Clients regularly hold loans that are also held directly or indirectly by the Antares Platform, its affiliates, other Clients, or officers or employees of the Antares Platform or by its affiliates and other third parties. Clients should be aware that the Antares Platform often disproportionately allocates all of any portion of one or more tranches of a loan to the Antares Balance Sheet, which will reduce the amount of the loan that is allocated to Clients and, while the Antares Balance Sheet will, at the time of allocation to each client, generally hold an amount of each credit facility that is greater than such Client (although not necessarily greater than all Clients in the aggregate and the entities constituting the Antares Balance Sheet may sell or transfer all or any portion of any such credit facility at any time in their respective sole discretion), the mix of loan tranches on the Antares Balance Sheet will often be significantly different from those of Clients, who typically acquire loans pro rata to the tranches of such loans. The risk, return and loss performance for revolving and term loan tranches in a single credit facility will often differ, particularly in workout situations, which can cause the interests of the Antares Platform to diverge from the interests of ACA Clients.

In addition, the Antares Platform or its affiliates expect to invest in a range of asset classes throughout the corporate capital structure (including investments in corporate loans and debt securities, preferred equity securities and common equity securities) of issuers in which ACA invests on behalf of Clients. Accordingly, Clients may invest in loans issued by obligors in which the Antares Platform or an affiliate has a debt, equity or participation interest, and clients will invest in loans which the Antares Platform or an affiliate is also a lender under the same credit facility as the Client. Accordingly, Clients may hold interests in obligors that are of a different class or type than the class or type of interest held by the Antares Platform or an affiliate and which may be senior, *pari passu* or junior to the Client's investment in such obligors. Such investments in an obligor of the same class and type as a Client may be held in a different amount than those of the Client.

The Antares Platform or an affiliate may invest, or have already invested, for its own account in investments that are senior or junior to or *pari passu* with Assets of the same obligor that are held by Clients. In addition, the Antares Platform or an affiliate serves as a general partner, adviser, officer, director, sponsor or manager of other entities that invest in Assets.

There is no limitation or restriction on ACA or the Antares Platform and its affiliates with regard to the services they are permitted to perform for others or the businesses in which they are permitted to engage or, as a general matter, the compensation they may accept in connection

therewith, which could give rise to additional conflicts of interest. For example, one or more members of the Antares Platform sometimes act as servicer, administrative agent or in similar capacities. The Antares Platform typically receives fees from obligors in the ordinary course of business for such services rendered. As a general matter, subject to applicable Client Agreements, any such fees will be retained thereby and not made available to the Client including, without limitation, structuring and/or underwriting and arranging fees from loan origination and/or syndication activities (whether paid as a fee or earned as an underwriting spread), administrative agent or other loan agent fees, servicing fees, investment advisory fees (including performance based compensation) and fees or other economic benefits received in connection with any other services. Subject to Client Agreements, no such compensation will offset any fees paid by Clients to ACA.

In some cases, a Client will also receive fees (other than for services) and premiums as a lender under a loan facility, such as fees and/or premiums that may be paid in connection with loan modifications and early pre-payments made at the option of the obligor among other reasons. When the Antares Platform receives fees for services or fees or premiums with respect to a proposed loan modification or requested consent or vote relating to positions held by the Antares Platform or an affiliate in the capital structure of an obligor or in the loan facility that are different than those that are held or received by a Client, the Client and the Antares Platform can have different incentives in evaluating an investment in a loan, a loan modification or a requested consent or other vote. ACA's activity (including exercising consent or voting rights under the terms of a Portfolio Loan) on behalf of a Client in certain circumstances is expected to result in fees and premiums being paid to the Antares Platform for services, as a lender or otherwise.

*Shared Services Expense.* In the operation of ACA's business and the management of Clients, an inherent conflict may arise in connection with shared service expenses. Pursuant to the Client Agreements, certain overhead and back office expenses are allocated to certain Clients. In the case of certain categories of services provided pursuant to the Client Agreements, the allocation of expenses requires judgment to determine whether the expense is to be allocated to ACA, to the Client or split ratably between ACA and the Client. Accordingly, the use of judgment creates a conflict of interest since it is both in ACA's best interest and in the Clients' best interest to pay less service expenses.

*Conflicts Related to Relationships with Borrowers or Private Equity Sponsors.* The Antares Platform seeks to engage in repeat transactions with certain private equity sponsors and with certain obligors over time. Such relationships may present conflicts of interest to the extent that the Antares Platform relies on the steady flow of business opportunities from such private equity sponsors. If an obligor becomes impaired, the obligor may seek to restructure its loan and the interests of the obligor (and its private equity sponsor), those of the Antares Platform or its affiliates and those of a Client may not be aligned.

Additionally, the Antares Platform, members in its joint ventures and its respective affiliates sometimes offer different competitive debt products to prospective obligors and private equity sponsors, some of which could be suitable for direct or indirect investment by a Client. Even if suitable for a Client, such debt products will not necessarily be offered to Clients. To the extent an obligor or private equity sponsor selects a debt product that is not suitable for direct or indirect



investment by a Client or is not offered to Clients, Clients will lose investment opportunities that might otherwise have been available and profitable.

Finally, in originating a loan to a borrower, the Antares Platform often is required to allocate a portion of the loan to particular parties, reducing (and potentially eliminating) allocations of such loan to Clients.

*The Antares Platform Can Make Decisions which are Subject to Conflicted Interests.* The Antares Platform or an affiliate frequently serves as the administrative agent or other named agent on behalf of the lenders with respect to loans owned by Clients, and, as explained above, the Antares Platform and its affiliates hold investments in the same or other tranches in the credit facilities of which Assets owned by Clients are a part, which gives the Antares Platform significant control over decisions made with respect to loans held by Clients. As is typical in such agency arrangements, the agent is the party responsible for administering and enforcing the credit facility, may take certain actions and make certain decisions in its discretion and generally is permitted to take material actions only in accordance with the instructions of a designated percentage of the lenders (typically 100% with respect to modifications of a loan's payment terms, although a lesser percentage typically applies to other material modifications). In the case of credit facilities that includes both senior and subordinate tranches, the agent may take actions in accordance with the instructions of one or more of the senior tranches without any right to vote or consent (except in certain limited circumstances) by the subordinated tranches of such indebtedness. Each Client should expect that assets it owns will represent less than the amount of debt sufficient to direct, initiate or prevent actions with respect to such credit facility or loans (other than preventing those that require the consent of each lender). However, as is typical for such loans, certain actions, including amendments to the payment terms of the loans, typically are not permitted to be taken without consent of all lenders, including Clients. The interests of ACA and the Antares Platform, including as a lender, as a holder of equity interests, as a recipient of fees or in seeking to maintain long-term and profitable relationships with private equity sponsors or obligors, create an incentive for the ACA or the Antares Platform to agree to repricings, modifications and/or amendments to a loan to retain the loan on the Antares Balance Sheet (or, in the case of ACA, to retain the loan on Clients' balance sheets) and/or strengthen its business relationship with the obligor or the private equity sponsor, or for other reasons discussed in this Brochure or in Supplemental Disclosure. As a result of the Antares Platform or an affiliate acting as agent for an agent loan and the Antares Platform or an affiliate possibly owning more of the related indebtedness of the obligor or holding indebtedness in a position in the capital structure of an obligor different than that of a Client, the Antares Platform or its affiliate will be in a position to exercise more control with respect to the related credit facility than that of ACA on behalf of a Client and may exercise such control in a manner adverse to the interests of a Client. As a result, there can be no assurance that loans will not be modified or amended to provide lower pricing and other less favorable terms or that such modifications or amendments will not adversely affect Client returns.

The Antares Platform or an affiliate also can act as an underwriter, arranger or placement agent, or otherwise participate in the origination, structuring, negotiation, syndication or offering of certain loans held by Clients. These loans are typically held by multiple Clients and are often prepayable at the option of the obligor. Clients often have certain protective rights against prepayment such as prepayment or call premiums, and on occasion, ACA waives these prepayment or call premiums. ACA often has fiduciary duties to multiple holders of such obligations, and it

is not always the case that each such holder's interest is aligned with the interests of other holders' (including, without limitation, any holder that is a member or an affiliate of the Antares Platform) with respect to waivers of prepayment or call protections. In general, Clients who participate in a refinancing of an obligation would benefit from a waiver, while those that do not participate would generally prefer to receive the benefit of any prepayment premiums that would otherwise be due and other prepayment protections. Whether or not a Client is able to participate in a refinancing depends on a variety of factors that vary based on each Client.

When determined to be in the overall best interests of Clients invested in a particular loan, ACA will cause those Clients to waive prepayment premiums or other similar call premiums in certain circumstances, including when the Antares Platform or an affiliate is involved in the refinancing, restructuring or other modification of such assets. Where one or more Clients do not participate in a refinancing, ACA faces a potential conflict of interest between its duty to such Clients and the interests of those Clients, if any, that do participate in the refinancing, as well as, in certain cases, the interests of the Antares Platform and of those of its affiliates who will benefit from such refinancing. Nonetheless, even if ACA does not cause Clients to waive these provisions, the Antares Platform may be in a position to bring about a refinancing, restructuring or other modification for the reasons described above.

Additionally, the Antares Platform participates in creditors' committees with respect to the bankruptcy, restructuring or workout of obligors of loans and can take positions on such committees that are adverse to the interests of a Client.

Any of the foregoing circumstances could give rise to actual or potential conflicts of interest, or the appearance of such conflicts of interest. In serving in these multiple capacities, the Antares Platform and its affiliates could have obligations to other persons, the fulfillment of which might not be in the best interests of certain Clients. Furthermore, in connection with actions taken in the ordinary course of ACA's business in accordance with its fiduciary duties to certain Clients, ACA might take, or be required to take, actions which could materially adversely affect other Clients.

Except as might be required by applicable law, the Antares Platform and its affiliates do not have any duty, in making or maintaining such investments or roles, to act in a way that is favorable to a Client. In such instances the Antares Platform or an affiliate could take action with respect to such obligors which could differ from the timing or nature of any action taken with respect to the investments of a Client. Such actions could be adverse to Clients. As a result of such actions, the prices and availability of Assets in which a Client invests or might seek to invest, and the performance of the Assets owned by a Client, could be materially adversely affected.

*The Antares Platform Lends to Certain Clients.* In order to timely fund borrower draws on certain loans and for other permitted purposes, certain Clients enter into swingline credit facilities with Antares Holdings, as lender, and Antares Capital, as agent. As swingline agent, Antares Capital will have a first perfected security interest in all, or substantially all, of the assets of such Clients. Advances made to the Client under a swingline are intended to be short term financings which will be repaid within a short period of time either by application of payments and proceeds received by the Client or by calling capital. Should an event of default occur, the Client might be required to sell assets at a loss. The swinglines are full recourse to the Client and, if ACA ceases to advise the Client or upon an event of default, no further advances are required to be made under the swingline.

Should advances cease, or if Antares Holdings or another swingline lender does not fund its required advances under the swingline, the Client may not be able to timely meet its obligation to fund draws requested by a borrower resulting in the Client becoming a defaulting lender under the related loan facility with any consequences attendant thereto. Additionally, unlike a typical subscription lending facility, a swingline does not require the payment of an upfront fee or an unused facility fee to the lender, permitted advances under a swingline are often available at a higher advance rate than advances that would typically be available under a subscription lending facility and the interest rate payable on a swingline is expected to be higher than the interest rate that would typically be charged on advances by other lenders under different types of lending arrangements such as a Subscription Facility.

The roles of Antares Holdings as swingline lender and Antares Capital as swingline agent create conflicts of interest. Neither Antares Holdings nor Antares Capital have any fiduciary obligation to the Client in connection with the swingline and each will exercise its rights and remedies with respect to the swingline in its own interest (or, with respect to Antares Capital as swingline agent, in its own interest or in the interest of Antares Holdings or other swingline lenders, as applicable) without regard for the interests of the Client and without regard to the fact that ACA acts as Adviser to the Client.

*ACA's and the Antares Platform's Business Exposes ACA to Material Non-Public Information.* In order to operate more efficiently and effectively, the Antares Platform does not generally impose internal information barriers or impose information barriers between the Antares Platform and ACA. When an ACA affiliate participates in creditors' committees with respect to the bankruptcy, restructuring or workout of obligors of loans it could obtain material, non-public information that it would be prohibited by applicable law from providing to Clients. As a result, ACA could from time to time come into possession of, or be imputed to have, material non-public information that limits ACA's ability to effect a transaction for a Client, and in these circumstances, the Client's investments would be constrained as a consequence of ACA's inability to effect transactions that it otherwise would have initiated on behalf of Clients. ACA will refrain from directing the purchase or sale hereunder of loans issued by persons about whom the Antares Platform or ACA has information that they determine might prohibit them from trading such loans in accordance with applicable law. In addition, the Antares Platform or ACA sometimes elects not to receive material non-public information with respect to various obligors. In these cases, the Antares Platform or ACA would not have access to information relating to obligors of loans that is or may be known to other persons who are investing in the same loan.

#### Allocation of Investment Opportunities

To mitigate conflicts, ACA has adopted Allocation Policies and Procedures (the "Allocation Procedures") for use in the allocation of investment opportunities originated by the Antares Platform among the Antares Platform's proprietary balance sheet (including Affiliate Clients) (the "Antares Balance Sheet"), Clients, and certain other entities with respect to whom the Antares Platform has entered into an agreement providing the entity with contractual rights to invest in certain investment opportunities alongside the Antares Platform ("Contract Investors"). The investment objectives and parameters of each Client are different and may prevent a Client from being able to participate in all or a portion of an investment purchase or sale opportunity. A Client may also be prevented from being able to participate in all or a portion of an investment purchase

or sale opportunity by regulatory, tax or legal requirements. A Client that retains the discretionary or approval authority over investments will have the ability to approve or decline an investment opportunity presented to them. Investors should understand that delays in approving such an investment opportunity may result in all or part of the allocation recommended to the Client not being available.

As an investment adviser and fiduciary to its Clients, ACA has a duty to treat Clients fairly and equitably over time in the allocation of investment opportunities. Additionally, ACA or the Antares Platform has agreements with Clients or others (*e.g.*, Contract Investors) which impact allocations. In making allocation decisions as to Assets, ACA will consider (i) each Client's investment objectives, restrictions and agreements with ACA as well as the types of investments that ACA reasonably believes the Client would expect to be allocated; (ii) agreements with applicable Contract Investors; (iii) the amount of capital each Client or Contract Investor has available to invest (including, without limitation, capital available under related leverage facilities); and (iv) any other factors deemed to be appropriate by ACA, provided that ACA will not make allocation decisions in a manner inconsistent with the following paragraph.

ACA will not make allocation decisions to (i) unduly favor one Client (or group of Clients) at the expense of another over time (except to the extent that allocations are made to Clients who are consolidated on the Antares Balance Sheet, as further discussed below); (ii) unduly favor over time one Contract Investor (or group of Contract Investors) over Clients; (iii) generate higher fees (including advisory fees or performance compensation); (iv) develop or enhance a relationship with a Client or Contract Investor or prospective Client or Contract Investor; (v) compensate a Client or Contract Investor for past services rendered to ACA or the Antares Platform or to induce future services or benefits to be rendered to ACA or the Antares Platform; or (vi) manage or equalize investment performance among different Client accounts or Contract Investors. In addition, ACA will not favor or disfavor any Client (or group of Clients) in making available an investment opportunity or allocation on the basis of: (i) the impact of any fee or expense arrangements with respect to a Client or Contract Investor; (ii) the opportunity for the Antares Platform to retain some or all of the fees related to services the Antares Platform provides in connection with loans, including, but not limited to, structuring and/or underwriting and arranging fees from loan origination, syndication or trading activities (whether paid as a fee or earned as a spread), administrative agent or other loan agent fees, investment advisory fees, and fees or other economic benefits received in connection with any other services; or (iii) any other interest ACA, the Antares Platform or their related persons may have in a Client or Contract Investor.

ACA expects that most Assets will take the form of secured loans made under credit facilities originated or otherwise underwritten by the Antares Platform in which the Antares Platform will also own loans. The Antares Platform will generally retain an amount of such loan. Thus, ACA may not have an opportunity to cause a Client to invest in a particular Asset if the Antares Platform has agreed to make the entire loan. Because the Antares Platform originates and underwrites loans on its own behalf and on behalf of Clients and others, Clients understand and expect in connection with any allocation under the Allocation Procedures that all or a portion of such loans will first be allocated to (and may be reallocated within) the Antares Balance Sheet. Any such allocations to the Antares Balance Sheet may be of all or any portion of one or more tranches of loans in the related credit facility which may be disproportionately allocated to the Antares Balance Sheet and will reduce the remaining amount of the related loans available for allocation to Clients. As the

Antares Balance Sheet is, and is expected to remain, significantly larger than any Client, in a significant minority of loans originated by the Antares Platform, the entire loan will be allocated to the Antares Balance Sheet with the result that there will be no excess amount to be allocated to Clients under the Allocation Procedures. The Antares Platform is not required to make available to Clients all or any part of any loan it originates and the Antares Platform has the sole discretion to determine whether or not to make any loan available for allocation by ACA to Clients. As a result, a Client often will not be presented the opportunity to invest in any particular loan that fits the Client's investment strategy and expected portfolio profile. Loans retained by the Antares Balance Sheet could have better pricing, higher interest rates, lower leverage and/or other attributes that ACA or a Client may find desirable but, due to the size and appetite of the Antares Balance Sheet (or of the majority owner of Antares Holdings), such loans may never be allocated to Clients. Such loans could outperform those that are allocated to Clients and the Antares Balance Sheet as a whole could outperform Clients.

To the extent there is a remaining amount to be allocated after a loan has been used to fill the Antares Balance Sheet, all or a portion of any remaining amount will next be used to satisfy requirements in accordance with any agreements with Contract Investors to those Contract Investors, further reducing the remaining amount of the related loans available for allocation to Clients. The remaining portion of the investment opportunity will be allocated to Clients in the manner described below.

When the amount of aggregated demand from Clients for an investment opportunity made available to ACA by the Antares Platform to allocate among Clients (following retention of a determined amount of such opportunity to the Antares Balance Sheet) exceeds the total amount available for allocation, ACA and the Antares Platform believe that it is fair and equitable and in the long-term best interests of each Client over time generally to allocate the specific investment opportunity between Clients whose investment criteria are consistent with such investment opportunities on a *pro rata* basis based on then available capital and to Contract Investors consistent with the terms of any applicable agreements. However, consistent with its duty to allocate investment opportunities fairly and equitably over time, ACA may deviate from allocating opportunities strictly as described above to allocate such opportunities on a basis that ACA determines in good faith is appropriate at the time of the allocation. In making such determinations, ACA and the Antares Platform may take into consideration a number of factors, including, without limitation:

- contractual and/or legal duties owed to Clients;
- the relative actual or potential exposure of any particular Client to the type of investment opportunity in terms of its existing investment portfolio;
- the primary investment mandates, investment objectives and expected portfolio profiles of each Client or the terms of agreements with Contract Investors;
- cash availability of the Client;
- suitability, instructions from such Clients, whether a purchase is being made for a specific Client, permitted leverage and available financing for the investment

opportunity (including, without limitation, taking into account the levels/rates that would be required to obtain an appropriate return);

- the size, liquidity and duration of the investment opportunity and considerations relating to the closing or syndication of the related loans such as requests, rights or requirements of obligors under such related loan and their related private equity sponsors or of existing lenders under such related loan in connection therewith or to accommodate the inclusion of third-party investors in order to close or to successfully syndicate the related loan, including all of its related tranches, and any related credit facilities;
- tax reasons; and
- such other criteria as are reasonably related to a reasonable allocation of a particular investment opportunity to one or more Clients (*e.g.*, in the case of a Client ramp-up period or when incubating a particular investment strategy or product or, in connection with a Client that directly or indirectly finances its assets, compliance with or optimization of collateral quality tests, portfolio concentration limits, overcollateralization triggers, interest coverage tests or any other test that diverts cash flow from payment to the equity owners of the related entity, covenant compliance and the curing of any default or event of default under the applicable financing documents).

Subject to the other terms of the Allocation Procedures, to the extent that certain investment opportunities are permissible and appropriate for two or more Clients but are limited in size such that allocation to all eligible Clients would result in *de minimis* allocations, ACA will allocate such investment opportunities on a basis that seeks to ensure that all Clients, over time, have fair and equitable access to investment opportunities (*e.g.*, rotational).

If the Antares Platform acquires or sells a loan at the same time on behalf of both Clients and itself, the Antares Platform will endeavor to acquire and sell the loans for all accounts side by side, participating on materially the same terms and conditions, to the maximum extent practicable. Moreover, the Antares Platform may sell a loan for one Client while retaining the loan in another Client or on the Antares Balance Sheet. The Antares Platform may from time to time acquire secondary market loans for the Antares Balance Sheet that will not necessarily be made available for ACA to allocate to Clients.

Notwithstanding the foregoing, however, if the total amount of the loan facility to which an investment opportunity (excluding unitranche loans) relates is greater than \$250 million, and any portion of the loan facility is to be syndicated to third-party investors, subject in all circumstances to the allocation considerations described above, each Client for which such Asset is appropriate will be allocated a portion of such Asset such that each Client's fill rate (*i.e.* the allocated commitment divided by initial commitment) will be at least equal to the fill rate of the non-agent third-party investors, if any, in comparable tranches, whose commitment is closest in size to (but not larger than) the amount ACA determines in good faith to be an appropriate commitment for that Client, in accordance with the Allocation Procedures.

ACA provides a copy of its Allocation Procedures to Clients and investors as part of the investment or account opening process, which prospective Clients or investors should review before engaging with ACA.

## **Item 12 Brokerage Practices**

ACA has a duty to execute transactions for each Client in the best interests of the Client and, accordingly, seeks to obtain best execution of Client portfolio transactions. However, unlike trading in public securities, ACA's focus on acquiring corporate loans in private companies generally does not require the engagement of a broker-dealer. In the event that a Client were to acquire marketable securities (for example, in connection with a workout or restructuring) and ACA were to execute transactions in such securities through brokers, dealers or other intermediaries on behalf of Clients, ACA would seek to obtain best execution for such transactions by selecting broker-dealers or other intermediaries that ACA believes would provide appropriate execution quality at acceptable costs, but would not be required to execute through the broker offering the most favorable spread, lowest commissions or trading expenses or otherwise resulting in the lowest trading expenses. Rather, in seeking best execution, ACA would take into account a variety of quantitative and qualitative factors including, as relevant under the circumstances, price, transaction costs, experience of the broker, anticipated speed of execution, as well as any research services provided to ACA. However, as of the date of this Brochure, ACA does not receive research or other products or services from a broker-dealer or a third party in connection with Client securities transactions.

As discussed in Item 11 above, if more than one Client purchases or sells the same security, such orders will generally be aggregated in a single transaction unless ACA determines that aggregation is not the best interests of the relevant Client or Clients.

## **Item 13 Review of Accounts**

ACA has established policies and procedures to monitor and manage the individual investments in, and the overall investment objectives of, each Client. Policies and procedures related to the review of individual Assets are described in Item 8, "Methods of Analysis, Investment Strategies and Risk of Loss." The overall investment objectives of each Client are generally managed and monitored by the completion of periodic tests performed by ACA to ensure compliance with the investment objectives and requirements outlined in each Client Agreement. For certain Clients, a trustee acting on behalf of the Client will conduct periodic tests to ensure compliance with the investment objectives and requirements outlined in the applicable Client Agreement. These tests are generally performed when a new investment is made by the Client and on required reporting dates indicated in the Client Agreements.

The Client Agreements also specify ACA's reporting requirements, which consist of monthly and/or quarterly written reports to the Client covering, among other items, a description of the current characteristics of the assets owned by the Client, a summary of compliance requirements and a report of the cash distributions made by or on behalf of the Client. ACA has developed policies and procedures and appropriate systems and controls to ensure that it is able to meet the specific reporting requirements described in each Client Agreement. In addition, the Antares Platform's testing and monitoring function will periodically review a sample of the completed tests

for timely completion and accuracy. Certain Clients, such as privately placed pooled investment vehicles and certain separate investment accounts will also receive an annual audit of their account pursuant to their respective Client Agreements. ACA provides Clients and investors with periodic reports regarding the allocation of Loans, including information about the share of Loans allocated.

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

From time to time, ACA enters into solicitation or placement agent agreements pursuant to which third parties are entitled to receive fees based on providing client or investor referrals. These fees can be based on the amount of assets such clients or investors invest with ACA. In certain cases, such fees can be payable for a period of time which may include a trailing period following termination of the arrangement.

#### **Item 15 Custody**

ACA may, due to certain arrangements giving it or an affiliate control over or access to Client assets, be deemed to have custody of certain Client assets for purposes of the SEC's custody rule. Except as permitted by the Advisers Act, such cash and securities are maintained in accounts established with qualified custodians, as defined in Rule 206(4)-2 of the Advisers Act (each, a "Qualified Custodian").

For example, as noted above, Antares Capital serves as the administrative agent for certain loans in which ACA's clients invest. Funds related to such loans and attributable to such Clients ("Client Funds" related to "Client Loans") are commingled in an account established by Antares Capital for that purpose (the "Agent Account") with funds attributable to other lenders (including the Antares Platform) and/or related to other loans ("Other Funds" and "Other Loans"). The Agent Account is held with a Qualified Custodian in Antares Capital's name for the benefit of lenders which would include clients who are lenders under various loans and holds only cash and not loans. No account statements for the Agent Account are provided to ACA Clients.

In its role as administrative agent, Antares Capital performs a variety of traditional services pursuant to credit agreements in accordance with negotiated guidelines regarding the movement of cash into and out of the Agent Account for such purposes as collecting and distributing loan proceeds or payments. As administrative agent, Antares Capital must apply the terms of the credit agreement in dealing with funds in the Agent Account and has no authority to determine how such funds are used, allocated or disbursed; however, other than the terms of the credit agreements, nothing prevents an administrative agent from withdrawing cash from the Agent Account for unrelated purposes. Therefore, and in light of recent SEC Staff guidance, ACA now considers itself to have custody over the Client Funds in the Agent Account for purposes of Rule 206(4)-2 under the Advisers Act.

ACA is also deemed to have custody of the assets of a Client that is a pooled investment vehicle if it, or an affiliate, serves as general partner, managing member or in a similar capacity. Investors in such Clients will receive annually, within 120 days of the Client's fiscal year end, audited financial statements prepared in accordance with GAAP (or an equivalent non-U.S. accounting standard). Investors should contact ACA if they have questions about the financial statements or fail to receive them in a timely manner.



If ACA is deemed to have custody of the funds or securities of other Clients, or of a pooled investment vehicle Client that is not audited in the manner described above, other than with respect to the Client's funds held in the Agent Account, the Qualified Custodian will send account statements (other than account statements for the Agent Account) to the Client, each investor in the Client or the Client's or investors' independent representative(s) not less frequently than quarterly. Recipients should review those account statements carefully and are urged to compare those account statements with any account statements sent by ACA.

#### **Item 16 Investment Discretion**

ACA expects that it will generally have decision making authority for most Clients in accordance with the applicable Client Agreement. ACA does not have discretionary authority with respect to Affiliate Clients and will have limited discretion or be required to obtain independent approval of a Client or third party for certain Clients due to contractual or tax requirements. As discussed above, investments for a Client are managed in accordance with the Client's particular investment objectives, strategies, restrictions and guidelines as outlined in the Client Agreement.

#### **Item 17 Voting Client Securities**

As previously mentioned, Assets generally consist of secured loans. However, a Client may, from time to time, own securities that grant voting rights or consent authority. A Client Agreement may provide ACA the authority to vote on behalf of a Client. Antares' general policy is to vote on behalf of a Client in a manner that serves the Client's best economic interest, as determined by ACA in its discretion, taking into account relevant factors, such as the impact on the value of the returns of the Client and industry and business practices. ACA's proxy voting policies and procedures (the "Proxy Voting Policy") are designed to identify conflicts or potential conflicts that could arise between ACA's interests and those of each Client. If it is determined that any such conflict or potential conflict is not material, ACA may vote notwithstanding the existence of the conflict. Alternatively, if the conflict of interest or potential conflict of interest is determined to be material, one or more methods may be used to resolve the conflict, including (i) disclosing the conflict to the Client and obtaining its consent, in accordance with the applicable Client Agreement, before voting; (ii) engaging a third party to recommend a vote with respect to the proxy; or (iii) such other method as is deemed reasonable under the circumstances. ACA will provide a copy of the Proxy Voting Policy and Client voting records to any Client upon request. Such request should be made to ACA's Chief Compliance Officer using the contact information provided on the cover page.

#### **Item 18 Financial Information**

Adviser has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage Client accounts.