

# CVC Credit Partners U.S. CLO Management LLC



## Part 2A of Form ADV: Firm Brochure

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This brochure provides information about the qualifications and business practices of CVC Credit Partners U.S. CLO Management LLC. If you have any questions about the contents of this brochure, please contact Ms. Anna Spector at (212) 506-3897. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission or by any state securities authority. CVC Credit Partners U.S. CLO Management LLC is a registered investment adviser. Registration with the U.S. Securities and Exchange Commission of an investment adviser does not imply any level of skill or training. Additional information about CVC Credit Partners U.S. CLO Management LLC is also available on the SEC's website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2: Material Changes**

This brochure was updated on November 21, 2019. It provides information that is different from or supplemental to information that CVC Credit Partners U.S. CLO Management LLC provided in our previous amended brochure filed on March 31, 2019. CVC Credit Partners U.S. CLO Management LLC is now updating its brochure to reflect the following material changes:

- Item 4: Updated to reflect that an affiliate, CVC Credit Partners Limited, is no longer a relying adviser of CVC Credit Partners, LLC, also an affiliate of CVC Credit Partners U.S. CLO Management LLC. As of July 2019, CVC Credit Partners Limited is no longer regulated by the Financial Conduct Authority and no longer provides investment advisory services to any Clients.

**Item 3: Table of Contents**

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**Item 4: Advisory Business**

CVC Credit Partners U.S. CLO Management LLC (the “Manager”), a Delaware limited liability company, is owned by CVC Credit Partners U.S. CLO Management (Holdings) Limited, CVC Credit Partners U.S. CLO Origination Corporation and CVC Credit Partners U.S. CLO Holdings, LLC. Each of CVC Credit Partners U.S. CLO Management (Holdings) Limited and CVC Credit Partners U.S. CLO Origination Corporation are wholly-owned subsidiaries of CVC Credit Partners Global CLO Management Limited, a closed ended private limited liability company incorporated in Jersey.

The Manager is part of a global private equity and investment advisory business conducted through the following entities and each of their respective direct and indirect subsidiaries (collectively, “CVC”) (i) CVC Capital Partners SICAV-FIS S.A., (ii) CVC Capital Partners Advisory Group Holding Foundation, (collectively “CVC Capital”), and (iii) CVC Credit Holding (“CVC Credit Holdings”). The Manager is also affiliated with CVC Credit Partners Group Limited (the “European CLO Manager”), which is an indirect wholly-owned subsidiary of CVC Credit Partners Global CLO Management Limited and is regulated by the U.K. Financial Conduct Authority.

The CVC Credit Partners global platform also includes two separately-organized U.K. investment advisers, CVC Credit Partners Investment Management Limited and CVC Credit Partners European Investment Fund Manager Limited, which are regulated by the U.K. Financial Conduct Authority and the Jersey Financial Services Commission, respectively, and are Relying Advisers of CVC Credit Partners, LLC.

CVC Credit Partners, LLC and its Relying Advisers, CVC Credit Investment Management Limited and CVC Credit Partners European Investment Fund Manager Limited, are collectively referred to herein as (“CVC Credit Partners”).

Collectively all the above investment advisers constituting CVC Credit Partners and CVC Credit CLO Management are referred to herein as (“CVC Credit”).

Manager provides investment advisory services to investment vehicles, primarily collateralized loan obligations and collateral debt obligations (collectively “CLOs” or “Clients”), on a discretionary basis. The Manager’s Clients pursue primarily U.S. leveraged and performing credit strategies (such as broadly syndicated bank loans, secured and leveraged loans, floating rate loans and second lien loans).

The Manager applies fundamental credit research analysis and a proactive management style to identify the most compelling opportunities in the credit markets, and seeks to maximize total returns and manage portfolio risk. The Manager provides investment advisory services under the terms of a collateral management agreement and an indenture (“Client Agreements”) for each CLO. The Manager negotiates these documents, which set forth the specific services that will be provided by CVC Credit, with Clients before the commencement of the relevant advisory relationship.

Each of the CLOs for which the Manager provides investment advisory services may impose limitations on the types of securities and other instruments in which each CLO may invest. In

particular, each CLO for which the Manager provides investment advisory services is governed by an indenture that places significant restrictions on the types of securities and other instruments that may be purchased on behalf of the CLO.

The Manager does not participate in wrap fee programs.

As of December 31, 2018, the Manager had approximately \$3.2 billion of assets under management and does not manage any non-discretionary assets.

#### **Item 5: Fees and Compensation.**

As a general matter the Client Agreements for each Client detail the fees payable by such Client. These fees vary from Client to Client, but typically include a management fee and incentive fees, which are at the rates and under the terms described in the relevant documents.

The discussion below summarizes representative fee arrangements. All fees are negotiated with CLOs before the advisory relationship commences. The governing documents of each CLO include detailed information regarding fees and expenses paid by the Client. Clients and investors should review the relevant governing documents and offering materials to fully understand the total amount of fees and expenses that may be paid.

#### **CLO Management Services**

With respect to its CVC Credit-sponsored CLOs (“US CLOs”):

- The Manager receives a senior management fee that is typically up to 20 basis points, calculated as a percentage of assets under management.
- The Manager receives a subordinated management fee that is typically up to 40 basis points and is calculated as a percentage of assets under management.
- The Manager also charges the US CLOs an incentive fee, which is generally 20% of distributions per annum above a pre-determined hurdle rate, payable when the equity class of securities for each CLO has achieved a specified internal rate of return on investment.

All fees attributable to CLOs managed by the Manager are paid quarterly to the Manager by an independent trustee for the CLO in accordance with the terms of the applicable indenture. Management fees attributable to CLOs are calculated by the trustee and confirmed by the Manager.

#### ***Types of Expenses Charged to CVC Credit Clients***

The Manager’s advisory fees are not inclusive of all the fees and expenses that Clients (and, indirectly, investors) may pay. The fees and/or expenses that Clients may possibly pay will typically fall into three general categories: (1) organizational expenses, (2) operational expenses, and (3) investment-related expenses. A summary of these expenses, which is not intended to be exhaustive, is provided below. The relevant Client Agreement may set forth specific expenses that

will (or will not) be borne by a Client, and the provisions of Client Agreements will supersede this brochure to the extent of any direct conflict.

### Organizational Expenses

Organizational expenses typically include fees, costs and expenses in connection with establishing and organizing a Client. This expense category generally includes the following:

- Legal, accounting, and filing fees, costs and expenses incurred in connection with the formation, organization and establishment of, or sale of interests in, the Client and its General Partner (if any),
- Expenses incurred in connection with any amendments, restatements or other modifications to, or the monitoring of compliance with, Client Agreements, side letters and other constituent or related documents of the Client and the General Partner and other comparable compliance and compliance monitoring-related activities, and
- Fees, costs and expenses incurred in connection with the marketing and offering of interests in the Client (including legal, accounting, filing, access to, and use of, databases, client relationship management systems (“CRM”) or datarooms for posting the Client documents and due diligence materials, travel (including accommodation and meal), and printing).

### Operational Expenses

Operational expenses generally include ongoing costs and expenses in connection with operating a Client, including those that are transactional and regulatory in nature. This expense category generally includes the following, to the extent permitted by applicable law:

- Legal, accounting (including third-party accounting services), bookkeeping, consulting, rating agency, asset assignment and settlement, tax preparation and filing (including Schedules K-1), independent appraisal, audit, other professional fees,
- Costs, expenses and liabilities of a Client in respect of administration, reporting (including the use of CRM), custody, management, operation, termination, liquidation, winding up and dissolution, including the costs and expenses of legal and tax advisers, administrators, auditors and consultants incurred in connection therewith,
- Costs and expenses incurred in connection with tax, legal and regulatory compliance relating to the Client’s activities (including, without limitation, regulatory filings of the General Partner, the Manager, and their affiliates relating to the Client’s activities), information, and communication,
- Costs and expenses associated with reports, disclosures, and filings prepared in accordance with applicable US and non-US regulations, including but not limited to Form PF and any

other regulatory requirement, and any costs associated with outsourcing the completion of such reports,

- Costs and expenses of any litigation and other extraordinary expenses relating to the Client or an entity in which investments are made by the Client,
- Costs and expenses attributed to holding any meetings (including annual investor conferences) of the Client, including the Client's investors, the Client's board of directors or advisory committee (including expenses related to transportation, accommodations, meals, events, and entertainment),
- Insurance premiums and fees (including directors' and officers' liability and errors and omissions liability),
- Interest on and fees, costs and expenses associated with certain strategies involving the use of leverage and borrowings (including interest on principal, fees and other costs), guarantees or other indebtedness incurred by the Client (or a financing subsidiary thereof),
- Costs and expenses incurred in connection with the usage of data service providers such as Bloomberg terminal fees, Markit/WSO fees and other expenses incurred in connection with data services providing price feeds, news feeds, securities and company information, company fundamental data, and S&P Index Alerts, and
- Fees and expenses in connection with the settlement of loans, trade executions and other trade related documentation (included expenses incurred in connection with legal counsel, expert review of loan documents, and any vendors or service providers).

#### Investment-Related Expenses

Investment-related expenses generally include costs and expenses in connection with the pursuit or sourcing of a particular investments and ongoing investment costs. This expense category generally includes the following, to the extent permitted by applicable law:

- Costs and expenses of identifying, investigating (including, without limitation, conducting diligence) evaluating, researching (including research-related travel), structuring and negotiating potential investments for a strategy (fees and expenses of any legal, financial, accounting, consulting or other advisors or lenders, investment banks and other financing sources and any deposits or down payments that are forfeited in connection with, or amounts paid as a penalty for, unconsummated transactions (i.e., "broken-deals")),
- Costs and expenses relating to the holding, administering, monitoring, financing, refinancing, managing, disposing and hedging investments (including proposed but unconsummated investments),

- Brokerage commissions; sourcing agent fees, clearing and settlement charges, syndication fees, arranger fees, pricing and valuation fees (including appraisal fees), underwriting commissions and discounts, interest and investment fees, transaction fees, breakup fee, investment banking fees, advisory fees, bank charges, other investment costs and expenses related to closing, execution and transaction costs, custodial, trustee, transfer agent, recordkeeping and other administrative fees, origination fees, commitment fees, rating agency fees, collateral management fees, facility fees, float fees or similar fees,
- Fees, costs and expenses of attending conferences or similar meetings in connection with the sourcing and evaluation of potential investments on behalf of Clients, irrespective of whether any such investment is ultimately consummated,
- Any travel-related expenses related to or arising from the discovery, evaluation, investigation, development, acquisition or consummation, ownership, maintenance, monitoring, hedging, or disposition of investments, including potential investments (which includes travel expenses for the use of business class travel),
- Fees, costs and expenses for other third-party research, specialty data subscription and license-based services and risk analysis software, industry information, analytics and expert networks/research resources incurred in connection with the sourcing or evaluation of investments for Clients,
- Fees, costs and expenses of consultants, including senior advisors and industry advisors, and other technical consultants; where a consultant charges a retainer fee and, in addition, a sourcing fee which is paid in respect of specific investments or potential investments, the retainer fee will typically be borne by the Manager, and the sourcing fee will typically be borne by the Clients participating (or potentially participating in) the relevant investment opportunity,
- The costs and expenses associated with attendance at meetings, such as board meetings or steering committee meetings in connection with portfolio company investments made on behalf of Clients,
- Investment-related expenses incurred in connection with sourcing or due diligence for transactions that are not consummated,
- Travel and accommodation expenses for the Manager's personnel and third-party providers incurred in connection with a broken deal, and
- Any reverse breakup fees, deposits or down payments (including deposits made by the Manager on behalf of Clients) that are forfeited in connection with, or amounts paid as a penalty for, broken deals.



### Expense Allocation and Attribution

Investors in CVC Credit CLO will indirectly bear their pro rata share of such additional fees and expenses for the time period they are invested. Certain expenses are incurred on behalf of multiple Clients, and on occasion, an expense will be incurred on behalf of CVC Credit or an affiliate of CVC Credit as well as one or more Clients. To address the potential conflicts of interest associated with the allocation of such expenses, the Manager has adopted an expense allocation policy designed to ensure equitable allocation of expenses among Clients and, as applicable, the Manager. Under the policy, the allocation of expenses will be determined by the Manager based on the following factors:

- the extent of each Client's utilization of the services associated with such expense;
- the relative benefit to each Client that is derived from such expense (or that is expected to be derived from such expense);
- with respect to transactions and broken deals, the size or expected size of each Client's participation in the transaction; and
- the relationship of such expense to the legal, contractual or other obligations of each of the Clients.

In applying these factors, the Manager will generally allocate expenses according to the following standards, subject to the relevant Client Agreement.

- Expenses that are obligations of the Manager and not obligations of any Client are allocated solely to the Manager. These include payroll and employee benefits, office expenses, and other expenses incurred in connection with the operations of the Manager.
- Organizational, operational, and transaction-related expenses incurred solely by, or on behalf of, a single Client are allocated, in whole, to that Client.
- Expenses that are attributable to more than one Client are allocated between and among such Clients in a manner that is fair and equitable based on the factors described above. Barring unusual circumstances, broken-deal expenses will be allocated according to the Client's expected allocation to the transaction. Expenses that benefit all Clients in a particular CVC Credit investment strategy (including, for example, research subscriptions, publications, and other third-party vendors contracted to provide company and industry level research) are typically allocated to all Clients within that strategy in a manner that is fair and equitable over time on the nature of the expenses and the benefit derived therefrom.
- Expenses attributable to the Manager and one or more Clients will generally be allocated in the same manner as expenses allocated among clients, except that the scope of benefit to the Manager shall also be considered when making the allocation. In addition, when the Manager engages consultants and vendors for deal sourcing purposes, the Manager will typically pay any retainer fee, and the applicable Client(s) who participate in the investment will typically pay the deal sourcing fee.

In circumstances where an expense is allocated amongst various Clients and/or a portion of an expense is allocated to the Manager, the expense allocation policy requires a review of each allocation by the Manager's compliance department. The allocation methodology used for recurring expenses is reviewed on a periodic basis by the Finance and Compliance departments. The Manager's expense allocation policy also provides for the periodic testing and review of expense allocations to assess the appropriateness of CVC Credit's expense allocation practices.

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

The Manager may charge both asset-based fees and performance-based fees (meaning, fees based on a share of distributions) to certain of its Clients as indicated in the response to Item 5 above. The fact that fees are based on performance may create an incentive for the Manager to make investments that are more speculative than they otherwise would make, or to be incentivized to allocate certain investment opportunities to Client accounts with a higher fee structure. Please see Item 10 for additional information on allocation and how conflicts of interest are generally addressed by the Manager.

**Item 7: Types of Clients**

The Manager provides investment advice to CLOs and investments in these vehicles are generally available only to institutional investors such as banks, thrift institutions, pension and profit sharing plans, sovereign wealth funds, trusts, estates, charitable organizations, university endowments, corporations, limited partnerships and limited liability companies or other business entities.

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

***Methods of Analysis and Portfolio Management***

CVC Credit manages its Clients in accordance with their investment strategy, applicable Client Agreements, and other governing documents.

In analyzing investments, CVC Credit employs fundamental credit research with respect to each of the loans, bonds, or instrument held in (or considered for) the CLOs for which CVC Credit provides investment advisory services. CVC Credit operates a rigorous, multi-stage, bottoms-up, investment process designed to provide a centralized forum for investment evaluation across the CVC Credit investment teams. The investment team will seek to maintain a highly selective and systematic investment approach. The investment process concentrates on fundamental credit and technical market analysis to evaluate the portfolio suitability of each potential investment, in order to seek to identify, mitigate and manage risks. Critical to the assessment of each investment opportunity is the work done on the fundamental credit worthiness of the borrower, focusing on business risk, financial risk, and structural risk. This is evaluated through extensive analysis and due diligence on the target company which underpins the entire investment process.

CVC Credit utilizes multiple sources of information in analyzing investments, including but not limited to: 1) annual reports, prospectuses, regulatory filings filed with U.S. and foreign regulators and company press releases; 2) newswires, research material prepared by broker-dealers and third party research providers, and corporate rating services; 3) third party consultants, expert networks, lawyers, accountants, commercial and investment banks, financial intermediaries, other investment and advisory institutions and its direct and indirect contacts through its association with CVC. CVC Credit personnel may participate in on-site visits, portfolio company management meetings, creditors' committees, industry groups, or steering committees or may sit on the boards of directors of Client held investments. CVC Credit will seek to leverage CVC's network of relationships and capital resources across Europe and the U.S. to identify and participate in investment opportunities. In connection with the evaluation of potential investment opportunities, CVC Credit may engage with individuals retained by certain expert networks. To mitigate and manage the risk of receiving non-public information from these sources, CVC Credit has implemented policies and procedures designed to avoid inadvertently obtaining proprietary and/or confidential information from its interactions with all information sources, including CVC, industry contacts, as well as expert network consultants.

Credit monitoring is actively performed on an ongoing basis with both formal and informal updates provided typically several times a week at various investment committee meetings. CVC Credit believes that effective investment management requires a consistent, disciplined and proactive approach to collecting the necessary details regarding: (i) borrower financial and operational performance; (ii) macroeconomic factors that affect and drive the borrower's operating environment; and (iii) the competitive landscape. The ability to monitor performance at a very granular level in an accurate and timely manner is critical, and reliant upon access to high quality data in order to reduce risks and highlight opportunities. CVC Credit seeks to establish and build strong relationships with management teams to increase the investment team's understanding of the issuer and industry dynamics. In addition to a detailed assessment of the operational performance of an investment, this monitoring process includes an evaluation of macro-economic, credit specific and event-driven factors for each investment, the results of which the investment team will utilize to make decisions on the appropriate action for each respective investment. In all situations, relative value analysis and focus on acceptable risks and returns are considered when determining whether a position should remain in the portfolio.

To the extent consistent with its fiduciary responsibilities, CVC Credit may integrate environmental, social, and governance ("ESG") characteristics into its investment analysis and decision-making process when implementing certain investment strategies. As part of the assessment of a potential investment's quality and our approach to risk management, risks associated with a potential investment's approach to ESG issues are actively addressed. By taking ESG characteristics into account, CVC Credit intends to promote responsible governance practices and corporate behavior that may contribute to the long-term stability and sustainability of certain issuers and borrowers, with the ultimate goal of protecting and increasing in the value of investments for Clients. Notwithstanding the foregoing, CVC Credit does not intend to invest exclusively in issuers that do (or do not) take into consideration ESG issues.

## ***Investment Strategies***

The investment strategies employed by CVC Credit in the management of its CLOs are more fully set forth in the Client Agreements.

## ***General Risks***

### **Risk of Loss**

Any investment includes the risk of loss and there can be no guarantee that a particular level of return will be achieved. While the Manager seeks to mitigate risks so that they are appropriate to the return potential for the Client or strategy, it is usually not possible or desirable to fully mitigate risks. Prospective investors of Clients should carefully consider the following risks, along with those risk factors described in the applicable Client's governing documents. There can be no assurance that investment strategies will be carried out successfully. Investors of Clients should understand that they could lose some or all of their investment and should be prepared to bear the risk of such potential losses.

### **Strategy Risk**

Strategy risk is associated with the failure or deterioration of an investment strategy such that most or all investment managers employing that strategy suffer losses. Strategy specific losses may result from excessive concentration by multiple market participants in the same investment or general economic or other events that adversely affect particular strategies (for example, the disruption of historical pricing relationships). An investment strategy may fail, and it may be difficult for CVC Credit to amend an investment strategy quickly or at all should certain market factors appear, which may have a material adverse effect on the Client.

### **Credit Risk**

Performance and investor yield on the interests may be affected by the default or perceived credit impairment of debt investments. Credit risks associated with such investments include among others: (i) the possibility that earnings of the obligor may be insufficient to meet its debt service obligations; (ii) the obligor's assets declining in value; and (iii) the declining creditworthiness, default and potential for insolvency of the obligor during periods of rising interest rates and economic downturn. Any such investment may become defaulted for a variety of reasons, including non-payment of principal or interest, as well as breaches of contractual covenants. A defaulted investment may become subject to workout negotiations or may be restructured by, for example, reducing the interest rate, a write-down of the principal, and/or changes to its terms and conditions. Any such process may be extensive and protracted over time, and therefore may result in substantial uncertainty with respect to the ultimate recovery on the defaulted investment. In addition, significant costs might be imposed on the lender, further affecting the value of an investment. The liquidity in such defaulted investments may also be limited and, where a defaulted investment is sold, it is unlikely that the proceeds from such sale will be equal to the amount of unpaid principal and interest owed on that investment. This would have a material adverse effect on the value of the Client portfolio. In the case of secured loans, restructuring can be an expensive

and lengthy process which could have a material negative effect on the anticipated return on the restructured loan.

#### Financial Market Fluctuations

General fluctuations in interest rates and the market prices of investments may adversely affect the value of the CLOs.. Instability and volatility in interest rates and the debt, equity and other relevant markets may also increase the risks inherent in a Client's investments. The ability of an underlying issuer to refinance debt may depend on the ability to sell new debt and equity in the market, to borrow from banks or do otherwise, which may not be achievable on favourable terms or at all. A deterioration of the global debt markets (particularly the E.U. and U.S. debt markets), any possible future failures of financial services companies or a significant rise in market perception of counterparty default risk will likely significantly reduce investor demand and liquidity for investment grade, high-yield and senior bank debt, which in turn is likely to lead some banks and other lenders to be unwilling or significantly less willing to finance new investments or to only offer financing for investments on less favourable terms than had been prevailing in the past.

Conditions in the credit markets, in particular, may have a significant impact on the business of CVC Credit. For example, the credit markets in the United States have experienced a variety of difficulties and changed economic conditions in recent years that have adversely affected the performance and market value of many securities and financial instruments. There can be no assurance that Clients will not suffer material adverse effects from broad and rapid changes in market conditions in the future.

Although the continued unfolding of the credit cycle may result in attractive investment opportunities, CVC Credit may not be able to time its investments correctly, which could result in depreciation in values. Furthermore, market conditions could deteriorate further and CVC Credit may be limited in its ability to realize investments already made due to difficulties in buyers' ability to obtain financing on favorable terms, or to secure financing at all.

#### Cyber Security and Disaster Risk

Cyber security incidents and cyber-attacks have been occurring globally at a more frequent and severe level and will likely continue to increase in frequency in the future. Like other business enterprises, CVC Credit relies on the security and reliability of information and communications technology, systems and networks to conduct its business operations. A cybersecurity attack or incident that impacts that information or access to systems may expose CVC Credit, its Clients, service providers, and their respective operations, to potential risks. Specifically, CVC Credit and our service providers' information and technology systems may be vulnerable to damage or interruption from computer viruses or other malicious code, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals or service providers, power, communications or other service outages, as well as catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes.

Cybersecurity incidents can result from intentional (or deliberate) attacks or unintentional events by insiders or third parties, including cybercriminals, competitors, nation-states and "hacktivists,"

among others. If unauthorized parties gain access to such information and technology systems, they may be able to steal, publish, delete or modify private and sensitive information. Although CVC Credit, CVC, and relevant service providers have established business continuity plans and systems designed to prevent such cyber-attacks, there are inherent limitations in such plans and systems including the possibility that certain risks have not been identified. Breaches such as those involving covertly introduced malware, impersonation of authorized users and industrial or other espionage may not be identified even with sophisticated prevention and detection systems, potentially resulting in further harm and preventing it from being addressed appropriately. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in CVC Credit's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to Clients (and their beneficial owners), and may materially impair CVC Credit's ability to provide advisory services to Clients. Similar types of cyber security risks are also present for issuers of securities or other instruments in which CVC Credit Clients invest, which could result in material adverse consequences for such issuers, and may cause CVC Credit Clients' investment therein to lose value.

#### Counterparty Risk

Clients will be exposed to the credit risk of the counterparties with which, CVC Credit and Clients transact. These parties may include trading counterparties, clearing agents, exchanges, clearing houses, custodians, prime brokers, trustees, administrators and other financial intermediaries. These parties may default on their obligations to CVC Credit Clients due to bankruptcy, lack of liquidity, operational failure or other reasons and such failure of a broker may result in adverse consequences for the assets held by such party, which may in turn have an adverse effect on the value of the investments.

#### Material Non-Public Information

Investment professionals at CVC Credit may acquire confidential information concerning an entity in which Clients have invested, or in which CVC Credit is considering an investment on behalf of one or more Clients. Acquiring material, non-public information may limit CVC Credit's ability to buy or sell particular securities or other instruments of the entity on behalf of a Client, and this in turn may limit the investment opportunities or exit strategies available to a Client.

CVC maintains an information barrier to isolate and prevent communication of material, non-public information between each of CVC Credit and CVC Capital, except as expressly provided for in the information barrier procedures and subject to appropriate procedural oversight. The purpose of this information barrier is, among other things, to confine any material, non-public issuer-specific or price sensitive information obtained by personnel on one side of the barrier so that the investment activities of the businesses on the other side of the barrier are not restricted as a result of the material non-public information being imputed to the personnel on the other side of the barrier. As a result of this information barrier, personnel of CVC Credit may not be able to use, act on or otherwise be aware of information that is known by or in the possession of the personnel of CVC Capital (and vice-versa). Collaboration between CVC Credit personnel and CVC Capital personnel may therefore be limited; this in turn may reduce potential synergies across CVC.

At the same time, there are no information barriers between or among the various investment teams within CVC Credit (as discussed further in Item 10 below). CVC Credit operates a shared restricted list to which all of their respective Clients are subject. Consequently, CVC Credit may not be able to buy or sell a particular security or other instrument on behalf of its Clients because one or more personnel of CVC Credit possesses material, non-public information concerning the instrument's issuer or the market for the issuer's securities or other instruments. Similarly, in such circumstances, CVC Credit may not be able to dispose of a security or other instrument owned by a Client, even in a declining market, until the information becomes publicly available or immaterial and the trading in the issuer's securities or instruments is no longer restricted.

### *Regulatory Risk*

There is no assurance that the investments of the Manager will be able to: (i) obtain all required regulatory approvals not yet acquired, or that may need to be acquired in the future; (ii) obtain any necessary modifications to existing regulatory approvals; or (iii) maintain required regulatory approvals. Delay in obtaining or failure to obtain and maintain in full force and effect any regulatory approvals, or amendments thereto, or delay or failure to satisfy any regulatory conditions or other applicable requirements could prevent operations of a portfolio company, impede the development of real estate assets, delay the completion of a previously announced acquisition or sale to third parties, or otherwise result in additional costs to a portfolio company, or other investment, and in turn the Manager's Clients. The global investment strategy of the Manager, on its Client's behalf, is subject to complex, changing, and sometimes competing legal, tax, and regulatory regimes throughout the world, and there is a possibility that new or changing regulatory requirements could potentially have adverse effects on the Manager or its Clients. Derivative contracts, repurchase agreements, and similar instruments used to implement hedging and financing activities of the Manager, or its Clients, are generally subject to limited regulation. New regulation in the U.S. or in non-U.S. jurisdictions relating to such instruments may limit the ability of the Manager, or its Clients, to engage in the same or similar transactions in the future, and there is a possibility that regulatory agencies may treat these instruments differently than the manner intended by the Manager. Such developments may prevent or delay the implementation of hedging or financing transactions, or result in the termination of existing arrangements. The Manager, or its Clients, may not be able to re-establish similar arrangements in a timely manner, or on the same terms as the prior financing arrangement, or on any terms.

### ***Material Risks of Investment Strategies***

The Manager's Clients will invest in U.S. leveraged and performing credit strategies such as: broadly syndicated bank loans, secured and leveraged loans, second lien loans, floating rate loans and fixed rate loans. The governing documents of each investment program, including the offering memoranda and applicable indentures, more fully explain the investment strategies employed by the Manager and the material risks associated with these types of investments. Such risks may include the following:

### Reinvestment Risk

For certain Clients, CVC Credit will generally reinvest without limitation any proceeds from investments for a specified period of time. The objective of reinvesting such capital contributions is to provide ongoing additional capital to potentially increase the total return from the investments to the investors. However, if such proceeds are reinvested, the investor's capital will continue to be subject to the risk of loss for a longer period of time. If reinvested proceeds are lost, such loss would offset at least a portion of any gains that may have been realized from prior investments, and it is possible that any such loss could exceed any such prior gains, thereby resulting in a possible loss of at least a portion of the investor's investment.

### Interest Rate Risk

CVC Credit, on behalf of its Clients, generally invests in a combination of floating rate and fixed income securities. Generally, the value of fixed income securities will change inversely with changes in interest rates. As interest rates rise, the market value of fixed income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed income securities tends to increase. This risk will be greater for long-term securities than for short-term securities. The value of equity securities is also affected by changes in interest rates. CVC Credit may or may not attempt to minimize the exposure of the portfolio to interest rate changes through the use of interest rate swaps, interest rate futures and/or interest rate options. Even if CVC Credit does attempt to do so, there can be no guarantee that it will be successful in mitigating the impact of interest rate changes.

### Credit Ratings are Not a Guarantee of Quality

Credit ratings of assets represent the rating agencies' opinions regarding their credit quality and are not a guarantee of quality. A credit rating is not a recommendation to buy, sell or hold assets and may be subject to revision or withdrawal at any time by the assigning rating agency. In the event that a rating assigned to any corporate debt obligation is lowered for any reason, no party is obligated to provide any additional support or credit enhancement with respect to such corporate debt obligation. Rating agencies attempt to evaluate the safety of principal and interest payments and do not evaluate the risks of fluctuations in market value; therefore, ratings may not fully reflect the true risks of an investment. Also, rating agencies may fail to make timely changes in credit ratings in response to subsequent events, so that an obligor's current financial condition may be better or worse than a rating indicates. Consequently, credit ratings of any corporate debt obligation should be used only as a preliminary indicator of investment quality and should not be considered a completely reliable indicator of investment quality. Rating reductions or withdrawals may occur for any number of reasons and may affect numerous assets at a single time or within a short period of time, with material adverse effects upon the corporate debt obligation. It is possible that many credit ratings of assets included in or similar to the corporate debt obligation will be subject to significant or severe adjustments downward.



### Investment in Loans

The value of any loans held on behalf of Clients may be detrimentally affected to the extent that a borrower defaults on its obligations. While CVC Credit may in certain instances attempt to minimize this risk by obtaining collateral, there can be no assurance that the value assigned by CVC Credit to collateralize an underlying loan can be realized upon liquidation, nor can there be any assurance that any such collateral will retain its value. Furthermore, circumstances could arise (such as in the bankruptcy of a borrower) that could cause a Client's interest in the loan's collateral to be invalidated. Also, much of the collateral will be subject to restrictions on transfer intended to satisfy securities regulations, which will limit the number of potential purchasers if CVC Credit intends to liquidate such collateral on behalf of a Client. The amount realizable with respect to a loan may be detrimentally affected if a guarantor, if any, fails to meet its obligations under a guarantee. Finally, there may be a monetary, as well as a time cost involved in collecting on defaulted loans and, if applicable, taking possession of various types of collateral.

CVC Credit may, on behalf of its Clients, invest in second lien loans. Second lien loans are subject to the same investment risks generally applicable to loans, as described above. Second lien loans are also subordinate in right of payment to one or more senior loans of the related obligor. As a result, second lien loans are subject to additional risk that the cash flow of the related obligor and the property securing the second lien loan may be insufficient to repay the scheduled payments to the lender after giving effect to any senior secured obligations of the related obligor. Second lien loans are also expected to be more illiquid than senior first lien loans.

Additionally, CVC Credit may, on behalf of its Clients, invest in unsecured loans. Unsecured loans are subject to the same investment risks generally applicable to loans described above but are subject to additional risk that the assets and cash flow of the related obligor may be insufficient to repay the scheduled payments to the lender after giving effect to any secured obligations of the obligor. Unsecured loans will be subject to certain additional risks to the extent that such loans may not be protected, and such loans are not secured by collateral, financial covenants or limitations upon additional indebtedness. Unsecured loans are also expected to be a more illiquid investments than senior loans.

Furthermore, under the agreements governing most syndicated loans, if a holder of an interest in a syndicated loan wishes to call a default or exercise remedies against a borrower, it generally may not do so without the agreement of at least a majority of the other lenders. In addition, actions could be taken by a majority of the other lenders, or in some cases, a single agent bank, without the consent of all lenders. Each lender would nevertheless be liable to indemnify the agent bank for its ratable share of expenses or other liabilities incurred in such connection and, generally, with respect to the administration and any renegotiation or enforcement of the syndicated loans. Moreover, an assignee or participant in a loan may not be entitled to certain gross-up payments in respect of withholding taxes and other indemnities that otherwise might be available to the original holder of the loan. As lenders, CVC Credit Clients may be subject to the foregoing risks.

CVC Credit invests, on behalf of its Clients, in senior loans acquired through assignment or participations. In purchasing participations, the Client will usually have a contractual relationship

only with the selling institution, and not the borrower. CVC Credit, acting on behalf of a Client, generally will have no right directly to enforce compliance by the borrower with the terms of a loan agreement, nor any rights of set-off against the borrower, nor will it have the right to object to certain changes to or waivers under the loan agreement, which was agreed to by the selling institution. A Client may not directly benefit from the collateral supporting the related senior loan and may not be subject to any rights of set-off that the borrower has against the selling institution.

In addition, in the event of the insolvency of the selling institution in participation, a Client may be treated as a general creditor of such selling institution, and may not have any exclusive or senior claim with respect to the selling institution's interest in, or the collateral with respect to, the senior loan. Consequently, a Client may be subject to the credit risk of the selling institution as well as of the borrower. Certain senior loans or loan participations may be governed by the law of a jurisdiction other than the United States or a U.S. state which may present additional risks with regards to the characterization under such laws of such participation in the event of the insolvency of the selling institution or the borrower.

CVC Credit may aggregate bank debt investments to be purchased by one of its Clients, with bank debt investments to be purchased by other Clients managed by CVC Credit. In order to effect a bank debt purchase on behalf of multiple Clients, CVC Credit may cause a single Client to purchase the bank debt and enter into participation agreements or other similar arrangements with other Clients, allowing them to participate in the economic performance of the bank debt or other investments without actually owning the bank debt directly. CVC Credit prices the participations at the price paid by the issuing Client to the third-party from which it purchased the debt so that the economic effect of the transaction is the same as if the participants purchased directly from the third-party seller. Under the terms of participation arrangements, one or more Clients can be required to make future payments to another Client. If any other fund or account were to default on its respective obligations to the Client that issues the participation, that Client could be adversely impacted. In addition, if the issuing Client were to act as the lender of record with respect to any purchase of bank debt or other investments, it may have greater exposure to third-party claims than other funds and accounts that hold the interest by participation.

#### *Investment in Leveraged Loans*

The underlying investments made by CVC Credit are comprised primarily of leveraged loans, which have significant liquidity and market value risks since they are not generally traded on an organized exchange but are traded by banks and other financial institutional investors engaged in loan syndications. Because loans are privately syndicated and loan agreements are privately negotiated and customized, loans are not purchased or sold as easily as publicly traded securities.

#### *Investing in Non-U.S. Assets*

CVC Credit may, on behalf of its Clients, invest in non-U.S. assets. Investing in securities or other instruments issued outside of the U.S. involves considerations and possible risks not typically involved in investing in instruments of companies domiciled and operating in the U.S., including the possibility of expropriation, limitations on the use or removal of funds or other assets, changes in governmental administration or economic or monetary policy (initiated from the U.S. or from abroad) or changed circumstances in dealings between nations. The application of foreign tax

laws (e.g., the imposition of withholding taxes on dividend, interest or other payments) or confiscatory taxation may also affect investment in non-U.S. securities or other instruments. Higher expenses may result from investment in non-U.S. instruments than would from investment in U.S. securities or other instruments because of the costs incurred in connection with conversions between various currencies and the fact that foreign brokerage commissions may be higher than commissions charged in the U.S. Non-U.S. securities markets also may be less liquid, more volatile and less subject to governmental supervision than U.S. markets. Investments in non-U.S. countries could be affected by other factors not present in the U.S., including lack of uniform accounting, auditing and financial reporting standards and potential difficulties in enforcing contractual obligations.

### Leverage

CVC Credit may, on behalf of its Clients, utilize leverage through margin borrowing, use of derivatives, and through certain other financial transactions. Leverage increases returns to Clients if they earn a greater return on leveraged investments than their cost of such leverage. However, the use of leverage exposes the Client to additional levels of risk including (i) greater losses from investments than would otherwise have been the case had the Client not borrowed to make the investments, (ii) margin calls or changes in margin requirements may force premature liquidations of investment positions, (iii) losses on an investment where the investment fails to earn a return that equals or exceeds the Client's cost of leverage related to the investment and (iv) fluctuations in interest rates on the Client's borrowings, which may have a negative effect on the Client's profitability. In case of a sudden, precipitous drop in value of a Client's assets, the Client might not be able to liquidate assets quickly enough to repay its borrowings, further magnifying the losses incurred by the Client. In addition to the enhanced portfolio volatility and risk that may arise from the use of leverage, the financial transactions that establish leverage generally subject Clients to credit risk with respect to the counterparty. Leveraging transactions often involve the transfer of legal title, pledge, or other encumbrance of underlying investments. Accordingly, the insolvency or bankruptcy of a financing counterparty may result in legal action that impairs the value, marketability, or ownership rights of the underlying investments used as collateral.

### Default of an Investment

Performance and yield on CVC Credit's investments may be affected by the default or perceived credit impairment of investments made by CVC Credit and by general or sector specific credit risk spread widening. Credit risks associated with the investments may include the possibility that the earnings of an obligor may be insufficient to meet the debt service obligations, or an obligor's assets declining in value. An economic downturn and/or rising interest rates could severely disrupt the market for the investments and adversely affect the performance. Any such investment may become defaulted for a variety of reasons, including non-payment of principal or interest, as well as breaches to the contractual covenants. In the event of a default, CVC Credit and those Clients who hold the investment will bear the risk of loss of principal and accrued interest on that investment.

### Lack of Liquidity of Assets, Valuation

A Client's assets may, at any given time, include securities and other financial instruments or obligations that are thinly traded or for which no market exists and/or which are restricted as to their transferability under applicable securities laws. The sale of any such investments may be possible only at substantial discounts, and it may be extremely difficult to value accurately any such investments. The process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties, and the resulting values may differ from values that would have been determined had a ready market existed for such securities, from values placed on such securities by other investors and from prices at which such securities may ultimately be sold. Securities and other instruments held by Clients may routinely trade with significant bid-ask spreads. At times, third-party pricing information may not be available for certain positions held by a Client. CVC Credit is entitled to rely, without independent investigation, upon pricing information and valuations furnished to CVC Credit by third-parties, including any independent third-party pricing services selected by CVC Credit. In addition, certain cross-transactions and other transactions between Clients managed by CVC Credit, to the extent permitted, are subject to valuation risk.

### Liquidity Risk

Certain of the credit investments held by Clients are highly illiquid, and there can be no assurance that Clients will be able to realize these investments in a timely manner. It is unlikely that there will be a public market for certain of the investments held in Client portfolios. Clients generally will not be able to sell securities held in their investment portfolios publicly unless their sale is registered under applicable securities laws, or unless an exemption from such registration requirements is available. In some cases Clients may be prohibited by contract or regulatory requirements from selling investments for a period of time. In the event of a margin call or other loan repayment at a time when the Client does not have sufficient cash assets to cover such call or payment, it may be forced to liquidate certain investments at less than their expected returns, thereby resulting in lower realized proceeds to Client.

### Investments in Companies in Regulated Industries

Certain industries, such as the energy, healthcare, communications, and technology industries, are heavily regulated. Clients may investment in underlying issuers operating in industries that are subject to greater amounts of regulation than other industries generally. Investments in underlying issuers that are subject to greater amounts of governmental regulation pose additional risks relative to investments in other companies generally. Changes in applicable laws or regulations, or in the interpretations of these laws and regulations, could result in increased compliance costs or the need for additional capital expenditures. If an underlying issuer fails to comply with these requirements, it could also be subject to civil or criminal liability and the imposition of fines. An underlying issuer also could be materially and adversely affected as a result of statutory or regulatory changes or judicial or administrative interpretations of existing laws and regulations that impose more comprehensive or stringent requirements on such issuer. Governments have considerable discretion in implementing regulations that could impact an issuer's business and governments may be influenced by political considerations and may make decisions that adversely affect an

issuer's business. Additionally, certain underlying issuers may have a unionized workforce or employees who are covered by a collective bargaining agreement, which could subject any such underlying issuer's activities and labor relations matters to complex laws and regulations relating thereto. An underlying issuer's operations and profitability could suffer if it experiences labor relations problems.

#### *Expedited Transactions*

Investment analyses and decisions will often be undertaken on an expedited basis to take advantage of investment opportunities. In such cases, the information available at the time of the investment decision may be limited, and CVC Credit may not have access to the detailed information necessary for a more thorough evaluation of the investment opportunity. In addition, the financial information available regarding a potential investment may not be accurate or provided based upon accepted accounting methods. CVC Credit may rely upon independent consultants in connection with its evaluation of proposed investments. There can be no assurance that these consultants will accurately evaluate such investments.

#### *Investment Litigation Risk*

Financial performance of underlying issuers in which CVC Credit has invested may be affected from time to time by litigation such as contractual claims, occupational health and safety claims, public liability claims, environmental claims, industrial disputes, tenure disputes and legal action from special interest groups. Such litigation could materially reduce the value of a Client's investments. CVC Credit's investment activities subject it, and Clients, to the normal risks of becoming involved in litigation by third parties. This risk is somewhat greater where CVC Credit exercises control or significant influence over a company's direction.

#### *Participation on Creditors' Committees*

CVC Credit, on behalf of its Clients may elect to appoint a representative to serve on creditors' committees, official or unofficial, equity holders' committees or other groups (in addition to boards of directors) to ensure preservation or enhancement of the Programme position as a creditor or equity holder. A member of any such committee or group may owe certain obligations generally to all parties similarly situated that the committee represents. If CVC Credit concludes that its obligations owed to the other parties as a committee or group member conflict with its duties owed to its Clients, it may resign from that committee or group, and the Clients may not realise the benefits, if any, of participation on the committee or group. In addition, and also as discussed above, if a Client is represented on a committee or group, it may be restricted or prohibited under applicable law from disposing of or increasing its investments in such Underlying Issuer while it continues to be represented on such committee or group and potentially thereafter.

#### **Item 9: Disciplinary Information**

Neither the Manager nor its management personnel have been involved in or are the subject of any legal or disciplinary events that would be material to a Client's or prospective Client's evaluation of the Manager's advisory business or the integrity of the Manager or its management personnel.

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

### ***Related persons***

#### **CVC Credit Partners**

CVC Credit Partners, LLC, a Delaware limited liability company, is a wholly owned subsidiary of CVC Credit Partners Investment Management Limited. The majority of interests in CVC Credit Partners Investment Management Limited are ultimately held by CVC Credit Partners Group Holding Foundation, a foundation incorporated under the laws of Jersey, Channel Islands (“CVC Credit Holding Foundation”). CVC Credit Partners, LLC was originally formed on January 12, 2005. CVC Credit Partners, L.P.’s global platform also includes a separately-organized U.K. investment adviser, CVC Credit Partners Investment Management Limited (collectively referred to herein as “CVC Credit UK”), which is regulated by the U.K. Financial Conduct Authority and is a Relying Adviser of CVC Credit Partners, LLC. Additionally, CVC Credit Partners, L.P.’s global platform includes CVC Credit Partners European Investment Fund Manager Limited, which is regulated by the Jersey Financial Services Commission and is a Relying Adviser of CVC Credit Partners, LLC.

CVC Credit provides investment advisory and sub-advisory services to investment vehicles, including collateralized loan obligations and collateral debt obligations (collectively, “CLOs”), other collective investment vehicles (“Managed Funds”), and separately managed accounts for institutional investors on a discretionary and non-discretionary basis (“Managed Accounts”, together CVC Credit’s (“Clients”). CVC Credit’s Clients pursue primarily U.S. and European leveraged and performing credit strategies (such as broadly syndicated bank loans, secured and leveraged loans, floating rate loans, second lien loans, corporate and high yield bonds, convertible bonds), alternative credit strategies (such as mezzanine debt, structured products, and illiquid credit), special situations (such as stressed and distressed credit, equity and preferred securities, reorg equity), and mid-market lending (privately negotiated loans to mid-market companies). In the pursuit of these strategies, CVC Credit will also utilize currency forwards and other derivative instruments on behalf of its Clients.

CVC Credit operates under the same branding, (“CVC”), as CVC Capital Partners, a leading private equity and investment advisory firm. As used in this brochure, the term CVC includes CVC Advisory Holding Foundation, CVC Capital Partners SICAV-FIS S.A., CVC Credit Partners Group Holding Foundation, and their respective subsidiaries and affiliates from time to time, but does not include portfolio companies of the investment funds advised by them. CVC’s private equity investment business (described further in Item 10 below) is referred to herein as (“CVC Capital”).

#### **CVC Credit CLO Management**

The Manager and CVC Credit Partners European CLO Management, LLP in the U.K. are part of CVC Credit Partners and under common control with CVC Credit. CVC Credit Partners CLO Management, LLP is regulated in by the U.K. Financial Conduct Authority. Both advisers are

wholly-owned subsidiaries of CVC Credit Global CLO Management Limited, a closed-ended private limited liability company incorporated in Jersey. Both of these entities have their own distinct set of employees and their own investment committee and investment process. CVC Credit CLO Management manages CLOs focused on investing in the U.S. and Europe. While each Manager maintains its own Compliance Program, certain policies and practices (outside of the investment process) are similar and aggregated across all CVC Credit Partners' investment management entities. Certain supervised persons of CVC Credit are employees of CVC Credit CLO Management, and act on behalf of CVC Credit pursuant to personnel sharing agreement.

### *Pooled Investment Vehicles*

CVC Credit Partners, its related persons and other entities within the CVC business serve as sponsors or general partners of pooled investment vehicles including, but not limited to, collateralized debt obligations, hedge funds and private equity funds.

### ***CVC Capital Private Equity Business***

CVC Advisory (U.S.), Inc. ("CVC US") is an SEC-registered investment adviser and is a wholly-owned subsidiary of CVC Capital Partners (Luxembourg) Sàrl ("CVC Capital Luxembourg").

CVC Capital Partners Advisory Company Limited ("CPAC"), CVC Capital Partners Private Equity Advisors Limited ("CVC Capital PE Advisors") and CVC Advisers Jersey Limited ("CVC Capital Jersey") are limited companies incorporated in Jersey, Channel Islands. CPAC and CVC Capital Jersey has filed with the SEC as an exempt reporting adviser.

CVC Capital Partners Advisory Luxembourg, CPAC, CVC Capital PE Advisors, CVC Capital Jersey, and their respective affiliates, including various CVC Capital sub-advisers (one of which is CVC US) operate the CVC Capital private equity business (referred to herein as "CVC Capital") and are also part of CVC. CVC's private equity business is primarily engaged in advising and managing private equity funds that generally acquire controlling or significant minority interests in European, North American and Asian businesses. CVC's global private equity platform includes investment professionals across 23 countries in Europe, the Americas and the Asia-Pacific region. CVC and its predecessors have operated as an independent investment advisory business since 1993.

### ***Managing Conflicts of Interest***

#### *CVC Credit's Conflicts Committee*

In the ordinary course of business, CVC Credit may engage in activities, investments, transactions, or business that give rise to potential conflicts of interest. Accordingly, CVC Credit has adopted a Conflicts Mitigation Policy (the "Conflicts Policy"), designed to help CVC Credit identify and mitigate any potential conflicts of interest which may arise from investment or other activities. CVC Credit has also established a CVC Credit Conflicts Committee ("Conflicts Committee") comprised of the Firm's Operating Committee members, the General Counsel, and Chief Compliance Officer ("CCO"). The Conflicts Committee is responsible for the review of any new

potential and existing material conflicts of interest that may arise as part of the Firm's ordinary course of business, and meets periodically. The Conflicts Committee is also responsible for the review and approval of conflicts mitigating policies and procedures as well as conflicts disclosure. As needed, the Conflicts Committee will escalate matters to the External Conflicts Committee. The below list is a comprehensive but not exhaustive list of conflicts that CVC Credit has encountered or may encounter in the future. Although CVC Credit has adopted policies and procedures designed to mitigate any conflicts or potential conflicts of interest. There can be no assurance that CVC Credit will resolve any conflict in a manner that is favorable to all Clients or to any particular Client.

#### CVC Credit's External Conflicts Committee

CVC Credit has established an independent committee the ("External Conflicts Committee") of independent persons to conduct reviews on behalf of and to provide guidance to CVC Credit with respect to any situation where there is the potential for (or an appearance or perception of) a material conflict of interest. Any decision to purchase a primary credit investment or the initial purchase of a secondary credit investment in a company in which a CVC Capital Partners Fund has board representation, holds more than 25% of the share capital, or holds an economic interest in excess of €100 million (each such company a "CVC Capital Portfolio Company") shall be reviewed by the Conflicts Committee. In instances where such purchase would result in CVC Credit holding 10% or more of the relevant investment tranche or class across all of its Clients, the investment will be referred to the External Conflicts Committee. Material Corporate Actions (i.e., amendments, re-leveraging, covenant waivers, or any restructuring) of a CVC Capital Portfolio Company will be reviewed by the CCO, and if necessary the Conflicts Committee. Corporate Actions relating to CVC Capital Portfolio Companies in which CVC Credit debt holding represents more than 10% of the relevant voting class will automatically be referred to the External Conflicts Committee, after it has been reviewed by the relevant investment committee and the Conflicts Committee. Additionally, if CVC Credit Clients provide financing to portfolio companies of the private equity funds managed by CVC Capital, the CVC Credit Clients will typically participate on arm's length terms no more favorable than the terms on which other similarly situated lenders participate.

#### CVC Credit Shared Restricted List

The Manager, CVC Credit Partners, LLC, CVC Credit UK, and CVC Credit Partners European Investment Fund Manager Limited, and CVC Credit Partners European CLO Management, LP are subject to a shared restricted list to which all of their respective Clients are subject. Consequently, the Manager may not be able to buy or sell a particular security or other instrument on behalf of its Clients because one or more personnel or teams of personnel of CVC Credit Partners, LLC, CVC Credit UK, CVC Credit Partners European Investment Fund Manager Limited, or CVC Credit Partners European CLO Management, LP possesses material, non-public information concerning the issuer or the market for the issuer's securities or other instruments, and vice versa. Similarly, in such circumstances, the Manager may not be able to dispose of a security or other instrument owned by a Client, even in a declining market, until the information becomes publicly available or immaterial and the trading in the issuer's securities or instruments is no longer restricted.



### Separation between CVC Capital and CVC Credit

CVC Credit and CVC Capital, on behalf of their respective advisory clients, may make investments in different parts of the capital structure of the same company, in which case certain conflicts of interest, or the appearance of conflicts of interest, may arise. Such conflicts (or appearances thereof) are mitigated by CVC Credit and CVC Capital governance structures, and policies by which the firms each engage in independent decision-making and, as discussed below, information barriers. For example, CVC Credit and CVC Capital maintain separate investment committees and operating boards. No member of one of CVC Credit's investment committees serves on any investment committee for a CVC Capital Fund (and vice-versa). While certain senior CVC Capital personnel serve on an Advisory Board to the CVC Credit Partners business, their involvement on this advisory board is strictly managerial and non-investment focused and these personnel have no access to underlying portfolio or private information and do not participate in CVC Credit investment decisions.

### Information Barrier

As discussed in Item 8, CVC maintains an information barrier and has adopted relevant policies and procedures for the proper handling of issuer specific confidential information to prevent violation of laws and regulations prohibiting the misuse of such information and to avoid situations which might create the appearance of such misuse. The barrier also serves to isolate the confidential, material, non-public information of each of CVC Credit and CVC Capital. The purpose of this information barrier is, among other things, to confine the two business' material, non-public information, such that the investment activities of CVC Credit, on the one hand, and CVC Capital, on the other hand, are not otherwise restricted because one business may have material, non-public information that would be imputed to the other business in the absence of an information barrier. The information barrier procedures limit interactions between CVC Credit personnel and CVC Capital personnel and establish appropriate procedural protections and Compliance oversight of any permitted communications. CVC Capital and CVC Credit's Compliance Team is responsible for monitoring the information barriers established by CVC, administering the information sharing policies and procedures and overseeing potential conflicts of interest.

### Cross Trades and Principal Transactions

From time to time, CVC Credit may execute or recommend transactions in which one Client sells securities or other instruments to another Client without the involvement of a broker (a "cross trade"). CVC Credit may also recommend transactions in which one Client that is deemed to be more than 25% owned by CVC Credit or certain affiliated entities (a "principal account") buys securities or other instruments from, or sells securities or other instruments to, another Client without the involvement of a broker (a "principal transaction"). Cross trades present potential conflicts of interest. For example, one Client could be advantaged to the detriment of another Client in the event that the securities being exchanged are not priced in a manner that reflects their fair value (*i.e.*, if the trade was not executed in the open market). Additionally, there is a potential conflict of interest when a cross trade involves a Client account on one side of the transaction and

a principal account, or an account in which CVC Credit receives a higher management fee on the other side of the transaction. To address these potential conflicts, CVC Credit maintains cross trade and principal transaction policies and procedures that are compliant with the requirements of Section 206(3) of the Advisers Act. Any cross trade or principal transaction will be effected in accordance with CVC Credit's cross trade and principal transaction policies and procedures, which require Compliance approval before the transaction may proceed and are designed to ensure that the transaction is in the best interest of each involved Client, is consistent with CVC Credit's duty to seek best execution, and is executed at a fair price as determined in accordance with the pricing protocols specified in the abovementioned policies and procedures. CVC Credit will maintain documentation of the rationale for each transaction and the determination of pricing. In connection with principal transactions, CVC Credit will also disclose to the relevant Client(s) that the proposed transaction involves a principal account and obtain the necessary Client consent prior to the transaction being effected.

#### Capital Stacking and Opposite Way Trading

CVC Credit Clients may invest in different loan investments or securities issued by the same company. In some circumstances, the interests of Clients that invest in a company may not be aligned with the interests of other Clients that invest in a different loan investment or security issued by the same company, which could create actual or potential conflicts of interest or the appearance of such conflicts. In that regard, certain actions may be taken by CVC Credit on behalf of a Client that are adverse to the interests of other Clients. The interests of Clients investing in different parts of the capital structure of a company are particularly likely to conflict in the case of financial distress of the company, such as enforcement of credit rights or bankruptcy proceedings. This may result in a loss or substantial dilution of one Client's investment, while another Client receives a full or partial recovery on its investment. While the possibility of conflicts in such circumstances can never be fully mitigated, prior to making any new investment in a company on behalf of a Client, CVC Credit will consider whether the interests of other Clients invested in the capital structure of the company may impair its ability to act in the best interest of the Client. When CVC Credit is required to take action with respect to a security or loan investment held by a Client, it is typically CVC Credit's policy to act in the best interest of the holder of the investment with respect to which action is being taken, even though such actions may be to the detriment of other Clients invested in the company's capital structure.

CVC Credit may take a long position in an issuer for one Client while concurrently taking a short position in the security or loan facility of the same issuer for a different Client. To mitigate the potential conflicts associated with opposite way trading, the portfolio manager must first obtain approval of the relevant investment committee, and in certain cases the Conflicts Committee. The relevant ICs will confirm that the opposite way position is the result of a distinct and independent investment thesis. The relevant investment committee or Compliance can escalate the review of an opposite way trading transaction to the Conflicts Committee for review.

#### Proxy Voting

When a corporate action involves a CVC Capital Portfolio Company, the CCO in consultation with the relevant Portfolio Manager determines whether a potential conflict of interest is present. If it is determined that a potential conflict of interest is present, the proxy is referred to the Conflicts

Committee, which assists in determining how the proxy should be voted. In cases where a Portfolio Company Proxy is (a) with respect to a debt holding that represents more than 10% of the relevant voting class across all Clients, or (b) reasonably likely, in the view of the Portfolio Manager, to result in the Clients' positions experiencing a loss of invested capital on the relevant security, following the review of the Conflicts Committee, the proxy may be referred to the Firm's External Conflicts Committee.

CVC Credit also considers whether a proxy or corporate action which does not involve a CVC Capital Portfolio Company raises any conflicts of interest prior to voting the proxy. For equity proxies, CVC Credit's CCO, or a member of CVC Credit's compliance team, reviews each proxy with the relevant Portfolio Manager(s) as part of the conflicts assessment prior to voting, and refers any proxies raising potential conflicts of interest to the Conflicts Committee, which reviews and potentially may recommend as to how the proxy should be voted. For corporate actions, the Portfolio Manager, together with CVC Credit's Operations Team assesses whether an action presents potential conflicts, and notifies CVC Credit's compliance team of any potential concerns. CVC Credit's compliance team refers any proxies determined to raise potential conflicts of interest to the Conflicts Committee, which reviews and potentially recommends how CVC Credit should act on the corporate action.

#### Investment Allocation

In an effort to mitigate conflicts of interest related to side-by-side management of Client accounts with different fee structures, CVC Credit has established an investment allocation policy, which applies to all Clients and which seeks to allocate investments among Clients in a fair and equitable manner over time. By this method, CVC Credit undertakes to ensure that all Clients receive appropriate and individualized treatment based on the needs of a given Client at a given time. This policy is designed to ensure that, in allocating investment opportunities, no Client may or will be favored over another based on the Client's identity or affiliation, account performance, fee structure, or similar attributes not related to investment factors or restrictions. Each of CVC Credit's portfolio managers has responsibility for designated Clients, and is responsible for determining that Client's appropriate participation in the allocation by considering any relevant investment criteria. Such criteria include, without limitation, investment objectives, available capital, the timing of capital inflows and outflows, applicable concentration limits, portfolio diversification, availability of alternative investments and the overall risk profile of a Client.

#### Board Membership

In furtherance of CVC Credit's advisory business, CVC Credit personnel may serve on the boards of directors or on creditor committees of companies whose instruments are held by certain Clients. Serving in this capacity may give rise to conflicts to the extent that such personnel's fiduciary duties to a company as a director may conflict with the interests of a Client. CVC Credit personnel are required to notify the CCO before accepting any such position, as discussed in Item 11 below. Additionally, CVC Credit evaluates any potential conflicts of interest that may arise in connection with such board service on an ongoing basis and in consultation with Compliance as appropriate.

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

The Manager is subject to CVC's global Code of Ethics (the "Code"). The Code expresses CVC's operating principles of integrity, honesty and fiduciary duties owed to Clients. The Code sets forth a standard of business conduct expected of all of CVC directors, officers, partners and employees ("CVC Persons") as well as policies and procedures that CVC Persons must follow to prevent activities which may lead to or give the appearance of conflicts of interest, insider trading, and other forms of unethical behavior. Manager personnel are all CVC Persons subject to the Code.

The Code requires CVC Persons to report securities transactions each quarter in accounts in which they, or their immediate family members or other family members living in their household, have a beneficial interest. CVC Persons must also report any newly opened accounts on an ongoing basis. Additionally, CVC Persons must certify annually in writing to their holdings and existing accounts, as well as their compliance with the terms of the Code and other key policies and procedures. The Code also requires CVC Persons to receive preclearance before making certain purchases or sales (investments and redemptions), which includes, but is not limited to securities, IPOs and private investments.

CVC Persons are prohibited from executing any personal securities transactions of any kind in any securities on CVC Credit and the Manager's restricted list or issuers on which CVC Credit is designated as syndicate level private. This list will contain the names of companies for which CVC Credit has material non-public information, or for which Compliance has otherwise determined must be added to the restricted list..

The Code additionally requires Compliance to regularly review the trading activity of personnel and to address any issues noted during the review, including determining, with senior personnel, whether to impose sanctions for violations of the Code and the extent of imposed sanctions.

Under the Code, CVC Persons may not, outside of their activities performed on behalf of the Manager, serve as a board director of a company (or in a similar position) or as a member of a company's creditors committee, unless the employee has received approval from the CCO. Authorization will be based on a determination that the outside board or committee service would not conflict with the interest of any Client account. In making this assessment, the Chief Compliance Officer will typically review not only direct Client conflicts, but also indirect conflicts such as the possibility that board service would unduly restrict the Manager from making investments on behalf of Clients.

CVC Persons are also prohibited under the Code from using their position with the Manager to obtain an item of value from any person or company that does business with the Manager. The benefits of the item of value must be designed to enhance the quality of the service to the client and not impair compliance with the Firm's duty to act honestly, fairly and professionally in accordance with the best interests of clients. CVC Persons are subject to limits on the giving and receipt of gifts, and unsolicited business entertainment is permitted if: a) it is not so frequent or of such high value as to raise a question of impropriety, and b) the person providing the entertainment

is present at the event. Gifts or entertainment in excess of established thresholds must be approved by the CCO, as well as any gifts or entertainment provided to public officials, irrespective of value.

A copy of the Code is available to any investor or potential investor on request to the Manager's CCO.

#### **Item 12: Brokerage Practices**

CVC Credit is generally granted discretionary authority in its investment advisory contracts with Clients to select broker-dealers in connection with all portfolio transactions. With respect to CLO Clients, discretionary authority to purchase or sell securities or loan investments in Client accounts may be limited by the terms of the applicable indentures and other governing agreements which may impose quality, liquidity, concentration, diversification and other requirements. CVC Credit seeks to trade on behalf of Clients in a manner that is fair and equitable to all clients, and has established a ("Best Execution Policy") designed to ensure that CVC Credit exercises diligence and care throughout the trading process. In seeking best execution, the determining factor is not always the lowest possible per security price or commission or fee but whether, in CVC Credit's view, the transaction represents the best overall execution for CVC Credit's Clients. In placing orders, CVC Credit seeks to obtain best net results for portfolio transactions that are reasonably available, whilst taking into account all relevant factors, including quality of execution, speed of execution, likelihood of execution and/or settlement, size, complexity and other characteristics of the order, and other execution factors identified in CVC Credit's Best Execution Policy, all in light of CVC Credit's overall responsibilities to each Client.

- In no instance does CVC Credit seek to obtain research or other soft dollar benefits in exchange for directing Client brokerage to the broker or bank producing such materials. CVC Credit may, from time to time, receive unsolicited market and industry research made generally available by broker-dealers and agent banks for loan syndications to their counterparties.
- CVC Credit and its related persons do not receive Client referrals from broker-dealers or third parties that provide order execution on behalf of Client accounts.
- CVC Credit does not routinely recommend, request or require Clients to direct CVC Credit to execute transactions through specified broker-dealers.

CVC Credit will provide Clients with its Best Execution Policy upon request.

In an effort to minimize costs and obtain best execution for Client transactions in marketable securities, CVC Credit may consider it appropriate to aggregate orders for Clients, subject to CVC Credit's obligations to obtain best execution for Clients and otherwise treat those Client in a fair and equitable manner. Allocations of aggregated Client orders are consistent with CVC Credit's allocation policies and procedures described above in Item 6 and Item 10.

Although CVC Credit personnel endeavour to take the utmost care in implementing investment decisions on behalf of each Client, trade errors do occur and could have a material adverse impact on the performance of any or all Clients. The Firm endeavours to detect trade errors prior to settlement and correct them in a prompt manner. Not all trade errors are compensable trade errors, but trade errors may be compensable if CVC Credit determines that its actions leading to the trade error did not meet the applicable standard of care for managing the assets of the Client, and the Client suffered a net loss as a result. Where a single error or a series of related errors result in multiple transactions in a client account, gains and losses on these transactions may be netted to determine the net impact of a trade error. Calculating the exact amount owed to the Client involves discretion and CVC Credit will seek to calculate the amount owed in good faith.

On a semi-annual basis, CVC Credit's Brokerage Committee meets to discuss its best execution practices, any identified trade errors or trading issues, review counterparties, review cross trades, and evaluate execution quality as applicable.

#### **Item 13: Review of Accounts**

The Manager has implemented an internal structure which allocates responsibility for the ongoing oversight and review of the CLOs to its investment committee and the appropriate Portfolio Managers. The Manager reviews the underlying collateral of the CLOs on at least a quarterly basis, focusing primarily on credit analysis of each issuer's financial performance, a review of each issuer's capital structure and a review of each issuer's industry prospects. These reviews are conducted by the Portfolio Manager responsible for the relevant portfolio. The Manager also reviews on a daily or weekly basis certain aspects of each investment including, but not limited to: the operational performance of each investment, including an evaluation of the macro-economic, credit specific and event-driven factors for each investment; price performance; any related news items related to the investment; and any correspondence from the issuer/management and/or the institution that acts as the administrative agent for the issuer's financing. These reviews are conducted by the investment and operations teams.

CLOs investors receive monthly trustee report.

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

CVC Credit does not receive any economic benefit from any party that is not a Client in connection with the provision of investment advice or other advisory services to CVC Credit Clients.

##### ***Other Sources of Potential Compensation***

CVC Credit may provide information regarding the price and time of trade executions or other trading-related information ("Trade Information") to third parties in an aggregate format that does not identify or otherwise indicate the Clients for which trades were executed. CVC Credit may receive fees, discounts or credits towards services provided by such third-parties that would otherwise be paid directly by CVC Credit, or other benefits or compensation in connection with such activities that would not be payable back to CVC Credit's Clients. When exercising

discretion with respect to the selection of trading counterparties, CVC Credit does not take into consideration any fees, discounts, credits, or other compensation received from making Trade Information available to third-parties.

**Item 15: Custody**

The Manager does not intend to have custody over any of the CLOs to which it provides advisory services. All funds and instruments owned by CLOs are maintained by qualified trustees.

**Item 16: Investment Discretion**

The applicable indentures for each of the CLOs place restrictions on the Manager's ability to buy and sell loans and securities on behalf of the CLO. Pursuant to the terms of these indentures, the Manager has limited discretionary authority over such Client accounts. CLO indentures generally restrict the Manager from selling loans unless such loans have experienced specified credit deterioration, ratings downgrades, or events of default. The Manager is also permitted by the terms of each CLO indenture to trade a portion of the assets of the CLO on a discretionary basis.

**Item 17: Voting Client Securities**

Although CVC Credit primarily provides investment advice with respect to loans and other debt investments that do not entitle Clients to vote on corporate matters, in certain instances Clients are entitled to vote in connection with amendments or waivers to their rights or in connection with other corporate actions.

CVC Credit has adopted and implemented a ("Proxy Policy") will vote all proxies and act on all corporate action notifications that it receives, unless a Client has reserved such right. The policy provides that, where CVC Credit is authorized to vote Client securities, the Firm will seek to vote or exercise rights in the best interest of its Clients, taking into account all relevant factors. In voting proxies and corporate actions, the Firm will act in a manner that it believes will (i) maximize the economic benefits to Clients and (ii) promote sound corporate governance by the issuer.

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

Existing Clients may obtain a copy of the proxy voting policy and information on how CVC Credit voted Client securities by written request to CVC Credit. CVC Credit generally does not provide

proxy or corporate action recommendations to Clients who have not granted CVC Credit voting authority over their securities.

**Item 18: Financial Information**

The Manager does not require the payment of management fees or other compensation six months or more in advance. There exists no financial condition of which the Manager is currently aware that would impair the Manager's ability to meet contractual commitments to its Clients.