

## **Item 1: Cover Page**

**Polus Capital Management (US) Inc.  
Part 2A of Form ADV  
The Brochure  
March 29, 2024**

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This brochure provides information about the qualifications and business practices of Polus Capital Management (US) Inc., a registered investment adviser with the United States Securities and Exchange Commission (the “SEC”). If you have any questions about the contents of this brochure, please contact us directly at (646) 653-2389 or via email at [compliance@poluscapital.com](mailto:compliance@poluscapital.com). The information in this brochure has not been approved or verified by the SEC or by any state securities authority.

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

Polus Capital Management (US) Inc. is a registered investment adviser with the SEC. Any reference to Polus as a “registered investment adviser” or as being “registered,” with the SEC does not imply a certain level of skill or training.

## **Item 2: Material Changes**

Item 2 discusses only material changes made since an adviser's last Annual Updating Amendment to its brochure.

Polus Capital Management (US) Inc. filed its initial Form ADV Part 2A, effective November 1, 2023. This brochure dated March 29, 2024, contains several changes from the last brochure dated as of November 1, 2023, including but not limited to, the addition of a Client (defined below), updates to key Risks of Loss in Item 8 and additional details regarding certain fees and expenses charged by Polus Capital Management (US) Inc. and its affiliates. In addition, pursuant to the Form ADV Annual Updating Amendment, Polus Capital Management (US) Inc. updated the Form ADV to reflect a change in direct ownership (but no change in ultimate beneficial ownership), as described in more detail in Schedule A of the Form ADV, Part 1A. Further, Polus Capital Management (US) Inc. has made numerous non-material changes and updates throughout this brochure to improve and clarify the description of its business practices, compliance policies and procedures, as well as to respond to evolving industry best practices.

Polus Capital Management (US) Inc. will update this brochure no less than annually. Consequently, we encourage that all recipients of this brochure to read it in its entirety.

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## Item 4: Advisory Business

### *Description of Advisory Firm and Principal Owners*

Polus Capital Management (US) Inc. (“Polus” or the “Adviser”) is an investment adviser incorporated in Delaware with its principal place of business in New York, NY. Polus was established in November 2022. Polus is a wholly owned subsidiary of Polus Capital Management Group Limited (“PCMGL”), a financial holding company based in London, UK. As at 30 March 2024, Mediobanca S.p.A., a listed Italian investment bank, holds approximately 64% of PCMGL. The remaining 36% is owned by the management and staff of PCMGL with STAR holding a minority stake. The owners of Polus are set forth on Schedule A and Schedule B, respectively, of Part 1A of the Adviser’s Form ADV.

PCMGL was established in the UK in February 2004, and through its UK subsidiary Polus Capital Management Limited (“PCML”) delivers a broad range of credit market services to funds, segregated accounts and other investment vehicles primarily aimed at institutional, endowment, pension fund and other professional investors. PCML is registered as an investment adviser with the SEC (SEC No. 801-66019). PCMGL and PCML are affiliates of Polus.

### *Advisory Services*

Polus’ manages pooled investment vehicles qualifying for an exclusion from the definition of an investment company under section 3(c)7 of the Investment Company Act of 1940 (“Private Funds”).

Polus acts as investment manager to issuers of collateralized loan obligation securities and to special purpose vehicles entering into warehouse, repurchase or other credit facilities to finance the preliminary accumulation and “ramp-up” of loans comprising all or a portion of the initial pool of collateral for any such issuer (each a “CLO” and, unless otherwise noted herein in this brochure together with the Private Funds each a “Client” or collectively the “Client”). Polus is governed by a Board of Directors and has an Investment Committee that is responsible for the investment decisions for the relevant CLOs.

Polus’ investment management services are provided to the Clients on a discretionary basis in accordance with the applicable offering memorandum (or other applicable disclosure documents), warehouse deed (or similar governing document) and/or investment management agreement (each a “Governing Document,” and collectively, the “Governing Documents”). The investment management services typically include the selection of assets to be acquired and/or disposed of. The Governing Documents also include investment objectives, limitations or restrictions specific for each Clients’ account.

Polus’ advisory services for each Client are detailed in the Client’s Governing Documents and are further described below under “Item 8. Methods of Analysis, Investment Strategies and Risk of Loss.” The general investment guidelines and restrictions applicable to any particular Client are negotiated and fixed at the time that the particular Client is formed, although there could be subsequent

revisions with the consent of the Client.

Polus utilizes its UK affiliate, PCML, to provide certain back-office services as Polus scales up its CLO management business, rather than performing all of these services itself. Under an arrangement between Polus and PCML, Polus will be able to access the broad portfolio analysis and risk management capabilities of PCML, among other support services. Full disclosure with respect to any outsourcing to PCML will be made to Polus' clients.

Polus does not issue any publications or reports on a subscription basis or for a fee or participate in any wrap fee programs.

As at March 29, 2024, Polus managed assets on a discretionary basis of approximately U.S.\$40,000,000. Polus does not manage any assets on a non-discretionary basis.

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

### *How is Polus compensated?*

The specific terms of compensation for Polus will be disclosed in the relevant Client's Governing Documents. Under such documents, Polus will be entitled to receive annual management fees from the relevant Client and, subject to exceeding a predefined return threshold, a performance or incentive fee which is paid at the end of the deal. The fees payable to Polus can vary from Client to Client and could be different from the fees and compensation payable in respect of any prior or successor client. All investors should review the Governing Documents of the relevant Client in conjunction with this brochure for complete information on the fees and compensation payable with respect to that particular Client. The management fees will be accrued and paid on the interest payment dates of the CLO, in arrears based on fees outlined in each Client's Governing Documents. The payments are made by the Trustee as part of the interest payment date waterfall payments.

Polus intends to deliver this brochure only to "qualified purchasers" as defined in Section 2(a)(51)(A) of the Investment Company Act and "accredited investors" within the meaning of Regulation D of the Securities Act of 1933, as amended (the "Securities Act"); and therefore, is not required to disclose its Clients' fee schedules.

Polus generally has the discretion to negotiate, waive, modify or reduce the fees and/or allocations to be paid or made with respect to any investor or class of investors in a Client, including Polus's affiliates or employees.

Polus does not expect to receive a management fee or performance compensation in connection with CLO warehousing arrangements, however any such fees may be negotiated with respect to any Client.

### *Other types of fees and expenses*

Each CLO, subject to and as set out in its Governing Documents, will typically pay or otherwise bear all of the fees, costs, expenses and other liabilities resulting from or arising in connection with its operations (collectively, the "Operating Expenses") including, without limitation, those relating to: legal advisers, consultants, rating agencies, accountants, auditors, placement agents, brokers and other professionals retained in connection with the CLO; custodial, trustee, transfer agent and recordkeeping services; collateral management services, collateral administration services, compliance services; asset pricing or rating services; software providers, programming and data entry services directly related to the management of the CLO portfolio; taxes, regulatory and governmental charges; costs and expenses in connection with compliance with any applicable risk retention regime; insurance allocated to such CLO (including the Adviser's group insurance policy, directors' and officers' liability or other similar insurance policies, errors and omissions insurance, financial institution bond insurance and any other insurance for coverage of liabilities to any person that are incurred in connection with activities of such CLO; litigation expenses (including those incurred in

connection with the investigation, prosecution, defense, judgment or settlement of litigation) and other extraordinary expenses (including those that are classified as such under U.S. generally accepted accounting principles); such CLO's indemnification obligations (including any fees, costs and expenses incurred in connection with indemnifying covered persons consistent with the applicable Governing Documents); any amendments, modifications or restatements to the Governing Documents; the dissolution, winding up and termination of such CLO; and any other fees, costs and expenses as set out in the Governing Documents. Please see "Item 12: Brokerage Practices" of this brochure for more information about Polus's brokerage arrangements for the Clients.

Except as set forth in the Clients' Governing Documents, Polus will be responsible for its own day-to-day operating expenses, such as compensation of its staff and the cost of office space, office equipment, communications, utilities and other such overhead expenses.

Further, one of the supervised persons of Polus may receive fees from its UK affiliate, PCML, for the referral of business or introduction of investors to PCML or for the performance of certain services in connection with investment mandates entered into by PCML with its clients. Such fees will be determined by reference to various factors including PCML's relative role in sourcing the business or introduction, or participating in the execution of the mandate and will be established on an arm's length basis and described in more detail in agreements between the two business entities. The supervised person is a registered representative of Foreside Fund Services, LLC, a registered broker-dealer with the SEC in the U.S. The broker-dealer is not a current Client of, or investor in a Private Fund advised by Polus. Polus does not use the subject broker-dealer to effect trades or investments for the Clients. Please see "Item 10: Other Financial Industry Activities and Affiliations" and "Item 14: Client Referrals and Other Compensation" of this brochure for more detailed description of potential conflicts of interest and Polus's client referral arrangements.

Investors and prospective investors in the Clients should carefully review the offering materials and governing documents of the applicable Client for further information about the fees charged to investors. Such documents are available only to prospective investors who are eligible to invest in such Client, as determined in the sole discretion of Polus.

## **Item 6: Performance Based Fees and Side-By-Side Management**

As mentioned above, in respect of CLOs under management, in addition to the annual management fee, Polus will be eligible to receive a performance-based fee from the relevant CLO, subject to exceeding a predefined return threshold. Performance-based compensation will be paid in compliance with Rule 205-3 under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Please refer to each Client’s Governing Documents for further information regarding the performance-based compensation. The fact that Polus will be compensated based on performance of a CLO creates an incentive for Polus to make investments that are riskier or more speculative than would be the case in the absence of such compensation, subject always to the limitations contained in the relevant CLO’s Governing Documents. Polus, however, subjects each prospective investment to a rigorous due diligence process and an approval procedure that includes approval by the Investment Committee.

Polus has an economic incentive to allocate potentially more favorable investment opportunities to Clients that have a performance-based compensation structure, although this risk is considered low as Polus expects to establish and manage Clients with substantially the same compensation structures for the foreseeable future. Currently, Polus manages only one CLO. Nonetheless, to address that risk, Polus will adopt policies and procedures to ensure that investment opportunities are allocated among the Clients fairly and equitably over time. Polus is committed to fulfilling its fiduciary duty to the Clients to act at all times in their best interest. Please refer to each Client’s Governing Documents for further information regarding risk factors and conflicts of interest.



## **Item 7: Types of Clients**

Polus provides investment advice to Private Funds, more specifically to CLOs, including prior to the closing of such CLO through a CLO warehouse arrangement. All CLOs will be Qualified Purchasers within the meaning of the Investment Company Act of 1940.

Polus has not established minimum client or account size for Polus to build or pursue a relationship.

Polus may from time to time refer business or introduce investors to its affiliate, PCML in connection with mandates entered into by PCML with its own clients. Please see “Item 14: Client Referrals and Other Compensation” of this brochure for more information about Polus’s client or investor referral to PCML.

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

Polus's UK affiliate, PCML, is an experienced provider of investment management services to funds, segregated accounts and, through its Leveraged Credit team, to CLOs. Polus leverages those capabilities to support Polus' CLOs. In this Item 8, references to "Polus" do not attempt to distinguish between Polus and its affiliate, PCML.

In managing or advising on CLO portfolios, Polus carries out extensive analysis relating to an individual position, groups of positions or the aggregate portfolio. At an individual position level Polus carries out fundamental credit research as to the quality or strength of the cash flows of the creditor to which the position relates. In the case of a corporate asset this includes the prospects of the company, a view of the sector in which the company operates, the historical performance of the company, the sensitivity of the earnings of the company to external factors and any other factors that may affect the company's ability to service its debts on a timely basis. Polus also analyzes the structure of the issuing entity to which exposure is being taken to determine the amount of leverage in the structure and the ranking of the position relative to other creditors. The fundamental research is carried out by the credit research team.

Polus is committed to adopting and implementing responsible investment principles in a manner that is consistent with its fiduciary responsibilities to its clients. In furtherance of this Polus has adopted an ESG policy which sets out its approach to the management of environmental, social and governance (ESG) issues, including the principles which it aspires to. The policy is supported by a set of procedures which have been implemented to integrate these principles into Polus' activities. PCML is a signatory to the UN-supported Principles for Responsible Investment (PRI). The PRI is a global, collaborative network of investors established in 2006 in recognition of the increasing relevance of ESG issues within the investment process.

**General Risk of Loss.** Securities, loans and derivatives trading are speculative and involve substantial risk of loss; there can be no assurance that the CLOs will not incur losses. CLOs invest primarily in sub-investment grade credit in the form of broadly syndicated senior secured leveraged loans, as well as floating rate and fixed notes. Investing in a CLO involves risk of loss that an investor in a CLO should be prepared to bear. CLO securities are offered to investors pursuant to disclosure documents that contain detailed information about the risks of investing in the particular CLO, including, among others, the risks relating to the CLO securities and structure, as well as those relating to the underlying assets held by such CLO. With respect to each CLO, the below summary of certain investment risks in this brochure is qualified in its entirety by that CLO's Governing Documents. Investors should carefully review the Governing Documents for a CLO before investing in such CLO and evaluate the information and risks disclosed therein with their legal, tax and accounting advisors. While not exhaustive, below is a selection of material risk factors that could contribute to investor loss.

**Debt Investments Risk.** One of the primary risks associated with the CLOs' investment strategy is credit risk, which is the risk that a borrower will be unable to make principal and/or interest payments

on its outstanding debt obligations when due. A CLO's return would be adversely impacted if a borrower of debt in which a CLO invests becomes unable to make payments when due, and such failure may result in an event of default and acceleration under the debt's governing documents. The values and prices of all debt investments are subject, in substantially the same way (albeit with varying degrees of sensitivity), to credit risk, market risk, and interest rate risk. Moreover, particular types of debt instruments are subject to various risks that are specific to the ways in which they are structured, the industries and markets in which their issuers participate, the assets underlying the instruments, the impact of applicable tax or regulatory factors, and numerous other factors.

**Secured Loans Risk.** Although a CLO can make investments that the Adviser believes are secured by specific collateral, the value of which could initially exceed the principal amount or fair value of such investments, there can be no assurance that the liquidation of any such collateral would satisfy the borrower's obligation in the event of non-payment of scheduled interest or principal payments with respect to such investment, or that such collateral could be readily liquidated. Furthermore, issuers of secured loans may have more than one tranche of secured debt outstanding each with secured debt on separate collateral, which could ultimately adversely affect the priority of any liens and claims held by the CLO and affect its recovery on the affected loans. Subject to the relevant CLO's Governing Documents, a CLO could also invest in leveraged loans and high-yield securities, each of which involves a higher degree of risk than senior secured loans. Additionally, a CLO's right to payment and its security interest, if any, could be subordinated to the payment rights and security interests of a senior lender, to the extent applicable. In addition, unitranche loans, and to a lesser extent senior secured loans, can provide for payments-in-kind, which have a similar effect of deferring current cash payments. In such cases, the ability to repay the principal of an investment could be dependent upon a liquidity event or the long-term success of the relevant vehicle, the occurrence of which is uncertain.

**High-Yield Debt Risk.** A CLO will primarily invest in debt securities and loan obligations that could be classified as "higher yielding" (and, therefore, higher risk). In most cases, such debt will be rated below "investment grade" or will be unrated and face ongoing uncertainties and exposure to adverse business, financial or economic conditions and the borrower's failure to make timely interest and principal payments. The market for high-yield securities and loan obligations has experienced periods of volatility and reduced liquidity. High-yield debt instruments might or might not be subordinated to certain other outstanding securities and obligations of the borrower, which could be secured by substantially all of the borrower's assets. High-yield debt instruments might also not be protected by financial covenants or limitations on additional indebtedness. The market values of certain of these debt instruments could reflect individual corporate developments. General economic recession or a major decline in the demand for products and services in the industry in which the borrower group operates would likely have a materially adverse impact on the value of such debt instruments or could adversely affect the ability of the issuers, borrowers, or obligors of such instruments to repay principal and pay interest thereon and increase the incidence of default of such instruments. In addition, adverse publicity and investor perceptions, whether or not based on fundamental analysis, can also decrease the value and liquidity of these high-yield debt instruments. A sizable portion of

the CLO's assets could be composed of loans that are considered "covenant lite." Generally, such loans either do not require the borrower to maintain debt service or other financial ratios or do not contain common restrictions on the ability of the borrower to significantly modify its operations or to enter into other significant transactions that could affect its ability to repay such loans. As a result, the CLO's exposure to losses could be higher, which could result in an adverse impact on the CLO's ability to repay the CLO securities. The market prices of such covenant-lite loans could be more susceptible to being depressed in certain market environments.

***Risk of Higher Default Rates Risk.*** A non-investment grade loan or an interest in a non-investment grade loan is generally considered speculative in nature and could become a defaulted asset for a variety of reasons. Upon any loan becoming a defaulted asset, such defaulted asset could become subject to either substantial workout negotiations or restructuring, which might entail, among other things, a substantial reduction in the interest rate, a substantial write-down of principal, and a substantial change in the terms, conditions and covenants with respect to such defaulted asset. In addition, such negotiations or restructuring could be quite extensive and protracted over time, and therefore might result in substantial uncertainty with respect to the ultimate recovery on such defaulted asset. The liquidity for defaulted assets could be limited, and to the extent that defaulted assets are sold, it is highly unlikely that the proceeds from such sale will be equal to the amount of unpaid principal and interest thereon.

***Leverage Risk.*** CLOs expect to use leverage during their warehouse phase to finance acquisition of their initial investments, and an investment in the subordinated or equity tranche of a CLO represents a highly leveraged investment in the applicable CLO assets. The use of leverage will result in fees, expenses, and interest costs. Although the use of leverage might enhance returns and increase the number of investments that can be made, it could also substantially increase the risk of loss.

***Reinvestment Risk.*** As part of the ordinary management of its portfolio, a CLO will typically generate cash from asset repayments and sales and reinvest those proceeds in substitute assets, subject to compliance with its Governing Documents. The earnings with respect to such substitute assets will depend on the quality of reinvestment opportunities available at the time. The need to satisfy each CLO's investment guidelines and identify acceptable assets could require the Adviser to purchase substitute assets at a lower yield than those initially acquired or require that the sale proceeds be maintained temporarily in cash or cash equivalents, either of which might reduce the yield that the CLO is able to achieve. The investment guidelines and other CLO terms could incentivize the Adviser to buy riskier assets than it otherwise would, which could result in additional losses.

***Underlying Business / Credit Risk.*** Polus strategies focus primarily on investing in credit instruments that expose investors either directly or indirectly to the risk of loan defaults from underlying borrowers. Such defaults can also precipitate a broader failure of these businesses, and while loan providers may benefit from certain remedies and security, these may not be sufficient to fully recover the loan. A borrower's capacity to make such payments can be influenced by a wide range of factors including economic conditions, industry trends and management expertise. Polus has very limited (if

any) influence over the management of such businesses and is unlikely to accurately predict the level of default and losses experienced among such investments.

***Reliance upon CLO Primary Markets Risk.*** Recent global events have led to more cautious investor behavior and led to a general slowdown in new issuance in the CLO market, including of the type of subordinated junior debt and equity interests that are expected to form a substantial part of Private Fund's investment portfolio. To the extent a CLO manager's strategy relies upon investment in the primary markets, a continuation or recurrence of such conditions could impede the Private Fund from achieving its investment objective.

***General Economic Factors Affecting Investment Activities Risk.*** The leveraged lending market generally and the success of CLO vehicles' investment activities in particular involve a significant degree of risk, and performance of CLO vehicles' investments will be affected by numerous factors that are not predictable or within the control of the manager. Such factors include a wide range of general economic and market conditions, political, competitive, and other conditions (including acts of terrorism and war) that may affect investments in general or specific industries or companies. Furthermore, depending upon the investment strategies employed and market conditions, CLO vehicles may be adversely affected by unforeseen events involving such matters as changes in interest rates, changes in applicable laws or regulations, redemptions of securities, acquisition proposals, or difficult national and international political and socioeconomic circumstances.

***Economic Conditions Risk.*** Changes in economic conditions, including, for example, interest rates, inflation rates, employment conditions, competition, technological developments, political and diplomatic events and trends, and tax laws can affect substantially and adversely the business and prospects of a Private Fund. None of these conditions is within the control of the Private Fund and no assurances can be given that the Private Fund will anticipate these developments.

***Institutional Risks.*** Certain financial institutions, including broker-dealers and banks, with which CLO vehicles directly or indirectly conduct business or to which securities and other assets of CLO vehicles are custodied or pledged in the normal course of CLO vehicles' business, may encounter financial difficulties, fail, or otherwise become unable to meet their obligations. Any such development may prevent CLO vehicles from fully implementing its investment strategy, impair the operational capabilities of CLO vehicles, limit or foreclose CLO vehicles' ability to access its assets custodies with such institution or cause a loss (possibly including a complete loss) to CLO vehicles.

***Price Volatility / Market Risk.*** Polus strategies typically aim to exploit dislocations in the market value of assets. This often involves acquiring assets deemed undervalued, with the expectation of a longer-term recovery. However, market values can be influenced by a range of factors beyond Polus' control, and a continued dislocation may persist. Asset values can also be volatile, and price volatility has increased notably in recent years. A materially adverse price move could force certain actions as defined within a trading strategy (such as "stop losses") or the terms of third-party leverage. This could include a liquidation of collateral during turbulent market conditions, often at a significant discount to what we may consider representative long-term value.

***Systematic Risk of the Global Capital Markets.*** Asset prices are vulnerable to changes in economic cycles, interest rate levels, commodity prices, government policies and geopolitical and natural disaster risks. Even a long-term investment approach cannot guarantee that a strategy will not lose money. Economic, market, political and issuer-specific conditions and events will cause the value of securities, and the portfolio that owns them, to rise or fall. Markets tend to move in cycles, with periods of rising prices and periods of falling prices. However, over time, assets have tended to provide an excess return over a risk-free rate of interest. Therefore, systematic risk is believed to be mitigated by protracted holding periods.

***Effects of Health Crises and Other Catastrophic Events Risk.*** Health crises, such as pandemic and epidemic diseases, as well as other catastrophes that interrupt the expected course of events, such as natural disasters, war or civil disturbances, acts of terrorism, power outages and other unforeseeable and external events, and the public response to or fear of such diseases or events, have and may in the future have an adverse effect on the Clients' investments and the Company's operations and employees. For example, any preventative or protective actions that governments may take in respect to such diseases or events may result in periods of business disruption, inability to obtain raw materials, supplies, and component parts, and reduced or disrupted operations for certain Client investments. In addition, under such circumstances the operations, including functions such as trading and valuation, of the Company and other service providers could be reduced, delayed, suspended, or otherwise disrupted. Further, the occurrence and pendency of such diseases or events could adversely affect the economies and financial markets either in specific countries or worldwide.

***Complex Accounting Considerations Risk.*** The accounting principles applicable to the Private Fund and CLO vehicles, and the Private Fund's and CLO vehicles' financial reporting, are expected to be complex and may vary from time to time based on the particular facts and circumstances of CLO vehicles' investments. Such accounting principles may require CLO vehicles to consolidate all or some of its investments, including CLOs, on its financial statements. To the extent CLO vehicles are required to consolidate a CLO on their financial statements, CLO vehicles' would reflect all of the underlying loans and liabilities of the CLO on its balance sheet. Such consolidation may make assessing CLO vehicles' performance more complicated and may adversely impact the value of an interest in the Private Funds or CLO vehicles.

***Frequent Trading Activity Risk.*** Certain Polus strategies may involve frequent buying and selling of investments at the CLO vehicle level, which may increase during periods of heightened volatility. This will increase associated transaction and brokerage costs which will ultimately be borne by investors through lower net returns.

***Liquidity Risk.*** Polus strategies can involve investment in credit instruments that have limited market liquidity, and this may be exacerbated during unfavorable market conditions. It may be challenging to meet the requirements of trading strategies, the terms of third-party leverage, or investor redemption requests as a result of this illiquidity.

***Subordination Risk.*** Polus may invest in securities that are subordinated in terms of ongoing rights

to cashflows or collateral value in the event of bankruptcy or similar action. This typically corresponds to higher losses relative to more senior instruments in the event of a business failure.

**Operating Risk.** Polus and any portfolios are exposed to operational risks such as the risk of human error or failures in systems, technology, or processes, either internally or at third parties. Polus' business operations can be impacted, in part, by software or hardware malfunctions, viruses, glitches, process errors, connectivity loss or system failures. Various operational events or circumstances are beyond the control of Polus, including instances at third parties, and can include human errors or events in part caused by changes in personnel, system changes, or faults in communication or technology failures. Increased use of and reliance on systems, technology, or processes, both internally and at third parties, can cause portfolios and Polus to be more susceptible to operational and system risks, including the cyber security risk addressed above. To the extent a trading counterparty uses algorithms to implement orders from Polus, and such algorithms are incorrect or incomplete, any decisions or investments made in reliance thereon expose portfolios to additional risks, including losses. Polus seeks to minimize operational risks and related risks through controls and oversight, but there is no guarantee that those measures will be effective, including because Polus does not control operational risk management at third parties. There may be failures or instances that cause losses to a portfolio or impact Polus's or a third party's functions. Unless otherwise agreed in writing with a client, Polus will not be responsible for errors caused by Polus's reasonable reliance on third parties, such as brokers, custodians, technology providers, data sources and other providers. Potential losses may arise from the various facets of operating an investment funds such as the Private Funds. For example, there are regulatory risks, the potential for lawsuits and the potential for the occurrence of tax events which may adversely affect the Private Funds. There is also the risk of human error, such as inaccuracies in booking and reporting of trades.

**Reliance on Technology; Cybercrime.** Polus and the CLOs rely heavily on computer hardware and software, online services, data feeds, trading platforms, and other computer-related and communications technology and equipment to implement Polus' strategies and investment and trading activities. CLOs' custodians and counterparties also rely critically on such systems and technologies. Should events such as computer data theft, "worms," viruses, other cyber-attacks, and/or power failures cause failures or disruptions in the operation of any of those systems or technologies, CLOs could experience losses, liabilities, or other adverse effects that Polus may be unable to prevent or to mitigate. In particular, Polus and the CLOs are subject to risks associated with a cybersecurity breach. Cybersecurity is a generic term used to describe the technology, processes, and practices designed to protect networks, systems, computers, programs, and data from "hacking" by other computer users, other unauthorized access, and the resulting damage and disruption of hardware and software systems, loss or corruption of data, and misappropriation of confidential information. If a cybersecurity breach occurs, Polus and the CLOs may incur substantial costs, including those associated with: forensic analysis of the origin and scope of the breach; increased and upgraded cybersecurity; investment losses from sabotaged trading systems; identity theft; unauthorized use of proprietary information; litigation; adverse investor reaction; the dissemination of confidential and proprietary information; and reputational damage. Any such breach could expose

both Polus and the CLOs to civil liability as well as regulatory inquiry and/or action. While information risk management systems and business continuity plans have been developed which are designed to reduce the risks associated with cybersecurity incidents, there are inherent limitations in any information risk management systems or business continuity plans, including the possibility that certain risks cannot be and/or have not been identified.

**Data Source Risk.** Polus uses a variety of data in connection with managing portfolios and evaluating securities, and the quality of the resulting analysis or implementation depends on a number of factors, including the accuracy and timeliness of data inputs. When such data is incorrect or incomplete, a portfolio can be negatively impacted, such as when incorrect data is entered into an otherwise accurate investment process or system, or when Polus's securities analysis is affected by incorrect information. Polus cannot guarantee that third-party data is accurate and, unless otherwise agreed in writing with a client, is not responsible for errors caused by reasonable reliance on third-party data sources.

**Model, Programming and Data Risk.** Polus' use of systematic investment or valuation data signals relies on models and data both developed by Polus and supplied by third parties. Models and data can potentially include errors, omissions, imperfections and malfunctions. Where incorrect or incomplete data is available, Polus may, and often will, continue to generate forecasts and make investment decisions based on the data available to it. Additionally, Polus may determine that certain available data, while potentially useful in generating forecasts and/or making investment decisions, is not cost effective to gather due to either the technology costs or third-party vendor costs and, in such cases, Polus will not utilize such data. Investors should be aware that there is no guarantee that any specific data or type of data will be utilized in generating forecasts or making investment decisions with respect to the models, nor is there any guarantee that the data actually utilized in generating forecasts or making investment decisions underlying the models will be the most accurate data available or free of errors. Investors should assume that the data set used in connection with the models is limited and should understand that the foregoing risks associated with gathering, cleaning, culling and analyzing large amounts of data are an inherent part of investing in data-driven strategies. When models and data prove to be incorrect, misleading or incomplete, any decisions made in reliance thereon will expose the Clients to risks. For example, by relying on models and data, Polus may be induced to buy certain investments at prices that are too high, to sell certain other investments at prices that are too low, or to miss favorable opportunities altogether.

**Legal/Structural Risks.** Investments targeted by Polus typically involve a high degree of legal complexity, and while Polus benefits from significant internal and external legal expertise, investors may still be exposed to adverse outcomes in the event of asset underperformance, some of which may be unforeseen and for which there may be limited or no remedies or indemnification.

**Third-Party Litigation Risk.** A Private Fund's investment activities subject it to the risks of becoming involved in litigation by third parties. The expense of defending against claims by third parties and paying any amounts pursuant to settlements or judgments would be borne by the Private Fund,



would reduce net assets and could require members to return to the Private Fund distributed capital and earnings. The manager and others are entitled to be indemnified by the Private Fund in connection with such litigation, subject to certain limitations.

***Business Continuity and Disaster Recovery Risk.*** Polus' and the Clients' business operations may be vulnerable to disruption in the case of catastrophic events such as fires, natural disaster (e.g., tornadoes, floods, hurricanes and earthquakes), epidemics and pandemics, terrorist attacks or other circumstances resulting in property damage, network interruption and / or prolonged power outages. Although Polus has implemented various measures to manage risks relating to these types of events, there can be no assurances that all contingencies can be planned for. If such business operations are disrupted or suspended for extended periods of time, the Clients may be adversely affected.

**Item 9: Disciplinary Information**

Neither Polus, nor any of its officers or employees, has any disciplinary history or disciplinary actions pending.

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

Polus has relationships and arrangements that are material to its advisory business with the following related persons:

- Polus's UK affiliate, PCML, provides investment advisory services to its own clients. PCML is authorized and regulated by the UK Financial Conduct Authority and is a registered investment adviser with the SEC. Polus expects to utilize PCML to provide certain back-office services as Polus scales up its business.
- Under an arrangement between Polus and PCML, Polus has the ability to access the broad portfolio analysis and risk management capabilities of PCML. In providing services to Clients, Polus will use personnel or services of PCML via various agreements between advisers. Services provided by PCML or their personnel include investment advice, back-office processing, compliance, accounting, reporting and Client servicing. These services are provided through arrangements that take a variety of forms, including participating affiliate, delegation arrangement, or other servicing agreements. When using such arrangements, Polus will remain responsible to the Clients from a legal and contractual perspective. Clients will not be charged any fees other than those specified in the Governing Documents with Polus.
- One of the supervised persons of Polus may also from time-to-time source US business for or introduce investors to PCML for a fee as described in more detail in Item 5: Fees and Compensation of this brochure. In this regard, the supervised person is a registered representative of Foreside Fund Services, LLC, a registered broker-dealer with the SEC in the U.S.

Neither Polus, nor any of its officers or employees, is registered, or has an application pending to register, as a futures commission merchant, a commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

Doing business with affiliates could involve conflicts of interest. Many U.S. and non-U.S. laws aim to limit these conflicts of interests. Both Polus and PCML are registered investment advisers with the SEC; and therefore, have policies and procedures designed to comply with these laws. In all of these arrangements, Polus does not believe that its relationship with PCML will create any material conflict of interest with the Clients. The Clients managed by Polus and the clients managed by PCML pursue different strategies and have different investment mandates. All arrangements between Polus and PCML will be arm's length agreements subject to market terms, and both Polus and PCML have policies in place to identify and mitigate or resolve any potential conflicts of interest with clients. To the extent material conflicts exist, Polus will update this brochure.

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

Polus seeks to conduct its investment advisory business in accordance with the highest legal and ethical standards in furtherance of the interests of its Clients and in a manner that is consistent with all applicable laws, rules, and regulations. It is the responsibility shared by every supervised person at Polus from the top-down and bottom-up, driven by the pride of being responsible stewards of the trust placed in us by our investors.

In connection with this responsibility, Polus has adopted a written Code of Ethics that is applicable to all access persons. The Code Ethics is predicated on the principle that Polus owes a fiduciary duty as interpreted under the Advisers Act to its Clients. Accordingly, Polus must avoid activities, interests, and relationships that run contrary (or appear to run contrary) to the best interests of Clients. All Polus access persons must also comply with all federal securities laws. Polus' Code of Ethics requires high standards of business conduct, compliance with federal securities laws, reporting and recordkeeping of personal securities transactions and holdings and periodic reviews of access persons personal trading activities. Further, access persons are generally not allowed to participate in or have a financial interest in Client transactions and portfolio managers and research analysts are not permitted to invest in the same securities as are traded for the Clients. Code of Ethics also contains policies and procedures regarding the control of non-public information, outside business activities, certain reportable relationships, and gifts and entertainment with business associates. Polus will maintain a restricted list of any companies about which a determination has been made that it is prudent to restrict trading activities. Access persons are prohibited from trading in securities of an issuer included on the restricted list. Polus requires supervised persons to pre-clear transactions in the securities of certain issuers that are not on the restricted list, as determined by Polus from time to time and in accordance with Polus' policies and procedures. Supervised Persons are subject to disciplinary actions and/or possible sanctions for a failure to comply with Polus' Code of Ethics. The Code of Ethics is available upon request to clients by contacting Polus at the address or telephone number listed on the first page of this brochure.

Polus or a related person, from time to time, recommends securities to Clients, or buys or sells securities for Client accounts, at or about the same time that a related person buys or sells the same securities for its own (or the related person's own) account. Polus established information barriers between the related person and subject to provisions in the Governing Documents, Polus will endeavor to manage any conflict of interest between or among the Clients consistent with Polus' fiduciary obligations.

## **Item 12: Brokerage Practices**

As investment adviser to its Clients, Polus will be granted the discretionary authority in the relevant Client's Governing Documents and/or investment management agreements to determine which securities/loans are bought or sold and the corresponding amounts, as well as the broker dealer to be used and the commission rates to be paid, if any.

### *Broker Selection and Best Execution*

Polus seeks to achieve best execution on behalf of Clients and to base broker-dealer selection not only on the transaction costs but also considering other criteria, such as the credit rating and credit standing of the broker/counterparty; the ability of the broker/counterparty to offer speedy and efficient execution in a broad range of securities and products; transparency in pricing and whether the pricing offered is competitive by reference to other market participants; and the credit lines, collateral and other transaction terms offered by the broker/counterparty. The value of any products, research and services given to Polus or a related person is not a factor considered by Polus in selecting brokers and counterparties and determining the reasonableness of their commissions and charges. Polus does not routinely recommend, request or require that a Client direct Polus to execute transactions through a specified broker-dealer. Should a Client instruct Polus to direct the Client's brokerage transactions to a particular broker-dealer, Polus will require the Client to acknowledge that this may prevent Polus from being able to obtain the best possible result for the execution of the transaction.

### *Soft Dollars*

Polus has not entered into, and does not intend to enter into, any formal soft dollar arrangements but may receive products or services from broker-dealers and other counterparties that to the best of Polus' knowledge are generally made available to all institutional clients doing business with these counterparties. These products and services are made available to Polus on an unsolicited basis and without regard to transaction costs paid by clients or the volume of business Polus directs to these counterparties.

### *Allocation and Aggregation of Orders*

Currently, Polus provides services to one Client only. Once Polus has onboarded more clients, the Adviser will establish a policy outlining a fair and equitable allocation of investment opportunities across all its Clients.

**Item 13: Review of Accounts**

Given the nature of its business, positions held by Polus' CLOs will be monitored and reviewed on an ongoing basis so that any action which Polus considers to be necessary or advisable can be determined and implemented on a timely basis, both at a positional level and overall portfolio level.

A review might be triggered by material changes in key variables that could affect the performance of the portfolio investments, including, without limitation, changes in the financial markets, activity and trends in the political or economic environment, and changes to valuations and/or ratings of investments. For CLOs, reviews assess overall portfolio strategies, performance and compliance with investment guidelines in the relevant CLO's Governing Documents, including any investment restrictions and other tests, such as coverage tests, portfolio profile tests, and/or collateral quality tests.

The trustee of each CLO provides investors with monthly and/or quarterly written reports as described in the Governing Documents for each CLO. Polus will also furnish certain reports to the trustees of the CLOs, as required by the Governing Documents.

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

Polus does not currently receive economic benefits from non-Clients for providing investment advice and other advisory services. Supervised Persons of Polus are required to report gifts and entertainment received from or given to a business associate in excess of \$150 as described in more detail in Polus's policies and procedures.

As noted earlier in this brochure, one of the supervised persons of Polus may from time-to-time source US business for or introduce investors to PCML. The supervised person is a registered representative of Foreside Fund Services, LLC, a registered broker-dealer with the SEC in the U.S. Please see "Item 5: Fees and Compensation" and "Item 10: Other Financial Industry Activities and Affiliations" of this brochure for more detailed description of fee arrangement and potential conflicts of interest. Polus does not currently participate in referral arrangements with or make payments to independent or non-affiliated third parties for purposes of referring potential clients or investors in private funds to Polus.

**Item 15: Custody**

Polus does not maintain custody of client assets.



**Item 16: Investment Discretion**

Pursuant to the applicable investment management agreement entered into with each CLO (or associated warehouse), Polus will generally be granted full investment discretion to buy and sell collateral obligations on behalf of the CLO, enter into appropriate interest rate or currency hedges as required, and make other decisions in connection with managing the portfolio. Polus' discretionary authority in making investment-related decisions is limited by all applicable Governing Documents, including any investment restrictions, any senior lender veto rights (during warehouse phase) and other tests, such as coverage tests, portfolio profile tests, and/or collateral quality tests. As a result of such restrictions, Polus could be unable to buy or sell investments on behalf of a CLO or to take other actions which they might otherwise consider in the best interests of such CLO or its investors.

**Item 17: Voting Client Securities**

Polus's investment strategy does not generally involve the acquisition of public securities with voting authority, making it unlikely that a Client will be placed in a position of proxy voting authority. However, if a Client does come into possession of securities with voting rights, the Adviser will implement the appropriate policies and procedures and seek to vote proxies in the best interests of its Clients.

Polus has authority to direct Client participation in class actions and will determine whether Clients will participate in a recovery achieved through a class action or opt out of the class action and separately pursue their own remedy.

**Item 18: Financial Information**

Polus does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

Polus has not experienced any financial condition that is reasonably likely to impair its ability to meet contractual commitments to its clients.