

## **BALLYROCK INVESTMENT ADVISORS LLC**

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### **March 28, 2024**

This brochure provides information about the qualifications and business practices of Ballyrock Investment Advisors LLC (“Ballyrock”). Throughout this brochure and related materials, Ballyrock may refer to itself as a “registered investment adviser” or “being registered.” These statements do not in any way imply a certain level of skill or training. If you have any questions about the contents of this brochure, please contact us at (617) 563-7000.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

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

## **2. Material Changes**

There have been no material changes made since the annual update of this brochure was filed on March 28, 2023.

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

Ballyrock Investment Advisors LLC (“Ballyrock”) is wholly-owned by FMR LLC and has been in business since 2001. It provides investment advisory services to various types of structured credit vehicles, including collateralized loan obligation and collateralized debt obligation vehicles (collectively, “CLOs”), which have focused on investments in various types of debt securities, including primarily bank loans, and if permissible under the respective indentures, bonds and asset-backed securities.

In particular, Ballyrock acts as the collateral manager for various CLOs or other structured credit vehicles that have issued multiple tranches of debt and equity securities collateralized by a portfolio of securities, typically debt obligations such as bank loans and other debt securities (“the collateral obligations”). As collateral manager of a CLO or other structured credit vehicle (an “issuer” or “client”), Ballyrock will typically be authorized to (i) select the collateral obligations to be acquired by the issuer, (ii) invest and reinvest the assets of the issuer, and (iii) instruct the trustee of the issuer with respect to any acquisition, disposition or tender of any investments held by the issuer, in each case, in accordance with the respective collateral management agreement and applicable provisions of the indentures. Ballyrock is typically also authorized to negotiate on behalf of an issuer with respect to any hedge agreements (such as interest rate swaps) or securities lending arrangements to be entered into by the issuer, if any.

Ballyrock’s affiliate, Fidelity Management & Research Company LLC (“FMR”), serves as sub-adviser to each CLO that Ballyrock manages pursuant to sub-advisory agreements. FMR is also a registered investment adviser wholly-owned by FMR LLC. Under sub-advisory agreements, services are also provided to Ballyrock by affiliates of FMR. All references herein to advisory services provided by Ballyrock shall include the sub-advisory services provided by FMR and its affiliates to the CLOs managed by Ballyrock.

Ballyrock offers advice to the CLOs it manages investing principally in syndicated bank loans and other eligible collateral permitted in the respective indentures. The type of investments in CLOs and other structured credit vehicles that Ballyrock advises in the future may vary.

At the outset of any new CLO, Ballyrock, along with other deal participants, including the underwriters, placement agents, rating agencies and investors, will determine the type of investments that the CLO will make and any limitations on such investments. From time to time an officer of Ballyrock or a manager, analyst or other employee of its affiliate will express views regarding a particular company, security, industry, or market sector. The views expressed by any such person are the views only of that individual as of the time expressed and do not necessarily represent the views of Ballyrock, or its affiliates or any other person in the Fidelity organization. Any such views are subject to change at any time based upon market or other conditions, and Ballyrock disclaims any responsibility to update such views. These views may not be relied on as investment advice and, because investment decisions for an account managed by Ballyrock or its affiliates are based on numerous factors, may not be relied on as an indication of trading intent on behalf of any such account.

Ballyrock’s total assets under management on a discretionary basis as of December 31, 2023 were \$6,511,660,560.

#### **5. Fees and Compensation**

With respect to the CLOs it manages, Ballyrock’s fee typically includes (1) a “base fee” component (a senior management fee); (2) a subordinated fee component; and (3) an “incentive fee” (performance) component. The “base fee” and subordinated fee are based on a percentage of assets under management and are payable in arrears on each quarterly distribution date, subject to the priority of payments established by each such CLO’s indenture. The “base fee” and subordinated fee are paid quarterly out of the cash proceeds available for distribution to the CLO’s investors and at maturity or redemption of the CLO, in each case, to the extent sufficient cash exists, in accordance with the priority of payments in the applicable CLO’s indenture. The “incentive fee” component accrues over the life of the CLO and is only payable to Ballyrock at such time as the CLO’s subordinated noteholders earn a

specified internal rate of return. Fees earned by, but not paid to Ballyrock will accrue interest at a negotiated rate until such time as the fees can be paid to Ballyrock in accordance with the terms of the applicable CLO's indenture.

Any incentive or performance-based fees payable to Ballyrock by any fund or account will be charged in accordance with Section 205 of the Investment Advisers Act of 1940 (the "Advisers Act") and Rule 205-3 thereunder.

In general, Ballyrock will be responsible for all its ordinary expenses incurred in the performance of its investment management duties in respect of each client including the ordinary expenses of any third party retained by Ballyrock to assist in the performance of such duties. However, clients should also expect to be responsible for the following non-exhaustive list of fees and expenses, in addition to the management fees described above: (i) transactional expenses (such as brokerage commissions, transfer fees, registration costs, taxes and other similar transaction-related expenses), (ii) legal, custodial and accounting expenses in connection with the CLO or other investment vehicle, (iii) costs and expenses related to any workout, restructuring, amendment, waiver, consent, recapitalization or the defense of liability claims related to any underlying collateral obligation in the CLO, (iv) expenses of unaffiliated third party vendors which are necessary to be incurred by Ballyrock to manage the vehicle will typically be payable out of the assets of the CLO, (v) rating agency fees and expenses, (vi) out-of-pocket travel costs and expenses related to the marketing of the CLO, (vii) the costs of forming and maintaining the special purpose entity, (viii) certain technology software related to the monitoring of the assets, modeling services, research and diligence, and (ix) all other costs related to the operation of the CLO authorized in the related transaction documents.

## **6. Performance-Based Fees and Side-By-Side Management**

With respect to the CLOs it manages, Ballyrock's fee will typically include a "base fee" component, a subordinated fee component and an "incentive fee" component. For further discussion, please refer to the Fees and Compensation section above. The "incentive fees" are based on a percentage of remaining interest proceeds and principal proceeds and paid only after the CLO's performance exceeds its designated hurdle rate and the CLO subordinated noteholders have achieved a certain incentive internal rate of return.

The portfolio managers who manage the CLOs for Ballyrock also manage other funds or accounts for FMR and its affiliates. A conflict of interest arises when a portfolio manager manages accounts simultaneously when one account has a performance fee and incentive compensation arrangements and another account does not. The management of multiple funds and accounts (including CLOs) gives rise to conflicts of interest when, for example, the accounts have different objectives, benchmarks, time horizons, and fees as the portfolio manager must allocate his or her time and investment ideas across multiple funds and accounts. Because a portfolio manager must allocate his or her time and attention across these multiple funds and accounts, an economic incentive exists for the portfolio manager to manage an account in a more aggressive manner or to invest more effort on behalf of those funds and accounts that include a performance-adjusted component to increase his or her and/or the adviser's performance and hence the portfolio manager's compensation. In addition, conflicts of interest are presented when fund or account orders do not get fully executed due to being aggregated with those of other accounts managed by Ballyrock, FMR, and/or its respective affiliates.

FMR and Ballyrock have adopted policies and procedures and maintain compliance programs designed to help manage such conflicts, which include trade allocation policies approved by the Fidelity Funds' Boards of Trustees. These policies and procedures seek to ensure that trading for all funds and accounts is fair and equitable over time. There can be no assurance, however, that all conflicts have been addressed in all situations. For more information regarding conflicts of interests relating to the management of multiple funds and accounts, see "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading" section herein.

## **7. Types of Clients**

Ballyrock provides investment advice to CLOs. The CLOs that Ballyrock advises are securitized asset vehicles exempt from registering as investment companies under the Investment Company Act of 1940. The size of each client that Ballyrock advises is determined at the outset of a transaction between Ballyrock and other parties involved in the transaction, including underwriters, placement agents and investors.

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

Ballyrock uses a variety of methods of security analysis to select investments in managing client assets, including, as applicable: fundamental analysis (i.e., evaluating each issuer's financial condition, industry position, financially material sustainable investing factors, and the market and economic conditions impacting their profitability); quantitative analysis (i.e., mathematical and statistical modeling); technical analysis (i.e., statistical analysis of market activity); cyclical analysis (i.e., evaluating issuers based in part on their sensitivity to business cycles); and factor-based analysis (i.e., evaluating investment opportunities based on exposure to targeted characteristics). Ballyrock also uses general macro-economic analysis as a component of its security analysis methods and may also consider interest rate trend analysis.

In addition to relying on financial statement information, Ballyrock uses extensive in-person and/or remote corporate visits and interviews with issuer management teams in conducting research. In selecting investments for a structured credit vehicle, Ballyrock will, subject to the terms of the applicable indenture, generally seek securities with stable or growing cash flows, compelling industry or market dynamics, attractive security features, strong collateral protection and/or compelling valuation. In determining whether to sell a security, Ballyrock will consider among other factors the extent to which current income and capital appreciation expectations have been met, the availability of more attractive investments and the extent to which the fundamentals or collateral values of the security have deteriorated.

Due to regulatory and issuer-specific limits that apply to the ownership of securities of certain issuers, Ballyrock and its affiliates limit investments in the securities of such issuers. Similar limitations apply to futures and other derivatives, such as options. In addition, Ballyrock and/or its affiliates from time-to-time determine that, because of regulatory requirements that apply to Ballyrock and/or its affiliates in relation to investments in a particular country or in an issuer operating in a particular regulated industry, investments in the securities of issuers domiciled or listed on trading markets in that country or operating in that regulated industry above certain thresholds is impractical or undesirable. The foregoing limits and thresholds may apply at the account level or in the aggregate across all accounts (or certain subsets of accounts) managed, sponsored, or owned by, or otherwise attributable to, Ballyrock and its affiliates. For investment risk management and other purposes, Ballyrock and its affiliates also generally apply internal aggregate limits on the amount of a particular issuer's securities that are owned by all such accounts, although such limits may vary for certain accounts established to develop performance track records. In connection with the foregoing limits and thresholds, Ballyrock limits or excludes clients' investment in particular issuers, futures, derivatives and/or other instruments (or limits the exercise of voting or other rights) and investment flexibility may be restricted. In addition, to the extent that client accounts already own securities that directly or indirectly contribute to such an ownership threshold being exceeded, Ballyrock generally sells securities held in such accounts to bring account-level and/or aggregate ownership below the relevant threshold. If any such sales result in realized losses for client accounts, those client accounts may bear such losses depending on the particular circumstances. Investing based on sustainable factors may cause a fund or account to forgo certain investment opportunities available to funds or accounts that do not use such criteria. Because of the subjective nature of sustainable investing, there can be no guarantee that criteria used by Ballyrock or its affiliates in its sustainable strategies will reflect the beliefs or values of any particular fund or account. Additionally, Ballyrock or its affiliates must rely upon information and data obtained through third-party reporting which, if it were incomplete or inaccurate, could result in Ballyrock or its affiliates imprecisely evaluating an issuer's practices with respect to material sustainability factors.

With the increased use of technologies to conduct business, Ballyrock and its affiliates are susceptible to operational, information security and related risks. For example, computer, communications, data

processing, networks, backup, business continuity or other operating, information or technology systems, including those outsourced to other providers, may fail to operate properly or become disabled, overloaded or damaged as a result of a number of factors. These factors could include events that are wholly or partially beyond our control and may have a negative effect on our ability to conduct business activities. We believe that we have taken reasonable steps to mitigate these risks, but do not believe that we can eliminate them altogether. In general, cyber incidents can result from deliberate attacks or unintentional events and may arise from external or internal sources. Cyber-attacks include, but are not limited to, gaining unauthorized access to digital systems (e.g., through “hacking” or malicious software coding) for purposes of misappropriating assets or sensitive information; corrupting data, equipment or systems; or causing operational disruption. Cyber-attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users). Cyber incidents affecting Ballyrock, its affiliates, or any other service providers (including, but not limited to, accountants, custodians, transfer agents and financial intermediaries used by a fund or account) have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, interference with the ability to calculate NAV, impediments to trading, the inability to transact business, destruction to equipment and systems, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs. Similar adverse consequences could result from cyber incidents affecting issuers of securities in which a fund or account invests, counterparties with which a fund or account engages in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions (including financial intermediaries and service providers) and other parties.

Developments that disrupt global economies and financial markets, such as war, acts of terrorism, natural disasters, economic sanctions, the spread of infectious illness, pandemic or other public health issues, recessions or other events may magnify factors that affect performance. In addition, some countries experience low or negative interest rates, from time to time, which may magnify interest rate risk for the markets as a whole and for the funds or accounts. Impacts to CLOs and the individual issuers of the collateral obligations can arise as a result of changes in profitability and credit quality, or changes in tax, regulatory, market or economic developments.

An investment in the CLOs managed by Ballyrock involves certain risks including those described below. More detailed information relating to the investment strategies used to manage a particular CLO and the risks of investing in the CLO are set out in the applicable Ballyrock client’s offering materials.

Investing in securities issued by CLOs involves risk of loss that investors should be prepared to bear.

#### ***Limited Liquidity***

Investments in a CLO’s securities should be viewed as a long-term investment, not as a trading vehicle. There can be no assurance that a market for any of a CLO’s securities will develop or exist at any time. The value of an investment in a CLO’s securities may vary and such securities, if sold, may be worth more or less than their original cost.

#### ***Optional Redemption***

An optional redemption could require Ballyrock to liquidate positions more rapidly than would otherwise be desirable, which could adversely affect the returns on an investment in the applicable CLO.

#### ***Risks related to non-investment grade debt***

The non-investment grade rating of high yield bonds and leveraged loans reflects a greater possibility that adverse changes in the financial condition of the obligor or in general economic conditions may adversely affect the obligor’s ability to pay principal and interest on its debt. High yield debt securities are generally unsecured and subordinated, and generally have greater credit, insolvency, and liquidity risk than investment grade debt securities. Any potential changes in the rating agencies’ rating methodology for determining expected credit loss may adversely affect spreads on a CLO’s collateral portfolio and, consequently, reduce interest proceeds available to the CLO to make payments on the securities it has

issued. Decline in credit quality of a CLO's collateral portfolio or defaults could result in losses which would adversely affect an investment in the CLO. In the event of impairment of credit quality and/or defaults on the collateral, Ballyrock may sell the affected collateral, in accordance with the respective indenture. There can be no assurance as to the rates of recovery on such collateral both as a result of the credit quality of such collateral and the possible limited liquidity.

#### ***Concentration***

There may be certain industry or obligor concentrations in a CLO's collateral portfolio, which could have a material adverse impact on an investment in the CLO in the event of economic downturns or other events affecting that industry or obligor.

#### ***Changes in Tax Laws***

Collateral is not permitted to be subject to withholding tax, unless the issuer thereof is required to make "gross-up" payments. There can be no assurance that, as a result of any change in any applicable law, treaty, rule or regulation or interpretation thereof, the payments on the collateral might not in the future become subject to withholding tax which could adversely affect the amounts that would be available to make payments on a CLO's securities.

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

A CLO managed by Ballyrock is highly dependent on the financial and managerial experience of certain individuals associated with Ballyrock and employees of FMR as such individuals analyze, select and manage the CLO's collateral portfolio. There can be no assurance that such investment professionals will continue to serve in their current positions or continue to be authorized persons of Ballyrock or FMR and its affiliates. The loss of one or more of such key management and personnel may have a material adverse effect on the performance of the CLOs.

#### ***Relation to Prior Investment Results***

The prior investment results of CLOs managed by Ballyrock or persons associated with Ballyrock are not indicative of future investment results. There can be no assurance that the investments will perform as well as the past investments of any such persons or entities.

#### ***Risks specifically related to an investment in the equity securities of a CLO managed by Ballyrock***

The subordinated note securities (also known as the equity securities) issued by the CLOs are in a first loss position with respect to defaults on the CLO's underlying collateral portfolio. The highly leveraged nature of these equity securities magnifies the adverse impact of any defaults in the collateral portfolio. A CLO's equity securities represent a highly leveraged investment in the collateral. Therefore, changes in the market value of the equity securities can be expected to be greater than changes in the market value of the underlying assets included in the collateral, which themselves are subject to credit, liquidity and interest rate risk. Ballyrock and/or its affiliates may purchase the equity securities at a price different than those offered to other subordinated noteholders.

#### ***Operational Risk***

Additionally, funds and accounts may be subject to operational risks, which can include risks of loss arising from failures in internal processes, people or systems, such as routine processing errors or major systems failures, or from external events, such as exchange outages.

### **9. Disciplinary Information**

There are no legal or disciplinary events that are material to the evaluation of Ballyrock's business or the integrity of its management.

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

#### ***Broker Dealers***

Fidelity Global Brokerage Group, Inc. ("FGBG"), a wholly owned subsidiary of FMR LLC, wholly owns six broker-dealers: Fidelity Brokerage Services LLC, National Financial Services LLC, Fidelity Distributors



Company LLC, Fidelity Prime Financing LLC, Digital Brokerage Services LLC, and Green Pier Fintech LLC. FGBG and FMR Sakura Holdings, Inc., both wholly owned subsidiaries of FMR LLC, along with other third-party members, also have membership interests in Kezar Markets, LLC. Transactions for clients of Ballyrock or other entities for which Ballyrock serves as adviser or sub-adviser or provides discretionary trading services, as well as clients of Ballyrock's affiliates, are executed through two alternative trading systems, the Level ATS and Luminex ATS, both operated by Kezar Trading, LLC, a wholly-owned subsidiary of Kezar Markets, LLC.

Digital Brokerage Services LLC ("DBS"), a wholly owned subsidiary of Fidelity Global Brokerage Group Inc., is a registered broker-dealer under the Exchange Act. DBS operates a primarily digital/mobile application-based brokerage platform, which enables retail investors to open brokerage accounts via the mobile application and purchase and sell equity securities, including shares of investment companies advised by FMR. DBS receives remuneration from FMR for expenses incurred in servicing and marketing FMR products.

National Financial Services LLC ("NFS") is a registered broker-dealer under the Exchange Act and is a fully disclosed clearing broker-dealer. As such, NFS provides clearing, settlement, and execution services for other broker-dealers, including its affiliate Fidelity Brokerage Services. Fidelity Capital Markets ("FCM") is a division of NFS which provides trade executions for FMR and other advisory clients. Additionally, FCM operates CrossStream, an alternative trading system that allows orders submitted by its subscribers to be crossed against orders submitted by other subscribers. CrossStream is used to execute transactions for Ballyrock or Ballyrock's affiliates' investment company and other advisory clients. NFS provides transfer agent or sub transfer agent services and other custodial services to certain of Ballyrock's or Ballyrock's affiliates' clients. NFS also provides securities lending services to certain of Ballyrock's affiliates' clients. NFS is a wholly-owned subsidiary of Fidelity Global Brokerage Group Inc., a holding company that provides certain administrative services to NFS and other affiliates.

Kezar Trading, LLC, a registered broker-dealer and operator of alternative trading systems ("ATS"), operates the Luminex ATS and the Level ATS, which allow orders submitted by its subscribers to be crossed against orders submitted by other subscribers. Kezar Trading, LLC is a wholly owned subsidiary of Kezar Markets, LLC. FGBG and FMR Sakura Holdings, Inc., both wholly owned subsidiaries of FMR LLC, along with other third-party members, have membership interests in Kezar Markets, LLC. Kezar Trading, LLC charges a commission to both sides of each trade executed in the Luminex ATS and Level ATS. The Luminex ATS and Level ATS are used to execute transactions for Ballyrock's or Ballyrock's affiliates' investment company and other advisory clients. NFS serves as a clearing agent for transactions executed in the Luminex ATS and Level ATS.

### ***Securities Lending Agent***

Ballyrock does not engage in securities lending activities on behalf of its funds. However, NFS provides securities lending services to the Fidelity group of funds and other client accounts (lending accounts) that are advised by FMR or FMR's affiliates under a securities lending agency agreement subject to a flat fee arrangement and a limit, or cap, on total daily compensation. NFS may have an incentive to increase the amount of securities out on loan to generate income equal to the daily cap; however, FMR, not NFS, determines daily, the securities that are eligible to participate in the securities lending program. NFS has established policies and procedures designed to help ensure that the information NFS receives about the lending accounts in its capacity as securities lending agent is used solely in connection with the agency securities lending program and is not accessed by trading personnel who effect transactions in NFS proprietary accounts or in the accounts of NFS's other clients.

NFS also borrows securities from the Fidelity group of funds pursuant to SEC exemptive relief. NFS uses automated third-party software to allocate loans to a pre-approved list of borrowers provided by FMR to help ensure the fair allocation of lending opportunities between NFS and other borrowers. The above referenced policies and procedures help ensure that the information NFS receives in its capacity as securities lending agent is not used by NFS in its role as borrower.

If a borrower in a securities loan defaults, NFS would indemnify a lending account to the extent that the

collateral deposited by the borrower is insufficient to make the lending account whole, which subjects NFS to collateral shortfall risk ("shortfall risk"). Management of the shortfall risk creates an incentive for NFS to limit the amount of securities lending activity NFS conducts on behalf of the lending accounts, which has the potential to reduce the volume of lending opportunities for certain types of loans. FMR has established policies and procedures that provide for FMR or its affiliates, as applicable, to compare loans entered into by NFS on behalf of the lending accounts with opportunities for securities loans that NFS passed over. Missed opportunities will be evaluated by FMR or its affiliates, as applicable, and reviewed with NFS. NFS has purchased insurance to mitigate shortfall risk.

#### ***Other Investment Advisers***

Fidelity Management & Research Company LLC ("FMR"), a wholly-owned subsidiary of FMR LLC, in association with its various affiliates, serves as investment adviser to a number of investment companies, and is registered as an investment adviser under the Advisers Act. For each CLO for which Ballyrock acts as collateral manager, Ballyrock will enter into a sub-advisory agreement with FMR, pursuant to which FMR and its affiliates will provide certain investment advice, structuring advice and support, research and trade execution services to Ballyrock.

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

#### ***Code of Ethics***

From time to time, Ballyrock purchases or sells for the accounts of clients securities in which Ballyrock or its affiliates' in-house accounts (including institutional accounts), affiliates, directors, officers or employees have a position. This situation results, in part, from the breadth of securities purchased by Ballyrock's or its affiliates' varied clients and from Ballyrock's or its affiliates' personnel being permitted to invest in securities for their personal accounts. The conflicts of interest involved in such transactions are governed by FMR's Code of Ethics for Personal Investing ("Code"), which has been adopted and approved by the Board of Trustees of FMR's or its affiliates' investment company clients in the Fidelity group of funds in accordance with Rule 17j-1 under the 1940 Act, and which incorporates the Adviser's Code of Ethics ("Adviser's Code") adopted in accordance with Rule 204A-1 under the Advisers Act.

The Code applies to officers, directors, and employees (including certain contractors) of Ballyrock, and certain employees of its affiliates ("Advisory Personnel") and requires that they place the interests of Ballyrock's clients above their own. The Code establishes securities transactions requirements for all Advisory Personnel and their covered persons, including their spouses. More specifically, the Code: (i) requires that Advisory Personnel and their covered persons move their covered accounts to Fidelity Brokerage Services LLC unless an exception exists or prior approval is obtained; (ii) requires pre-clearance of transactions in covered securities with limited exceptions; (iii) requires reporting of transactions in covered securities on a quarterly basis with limited exceptions; (iv) requires reporting of securities accounts and holdings of covered securities at the time of hire and annually thereafter; (v) prohibits personal trading by a portfolio manager within seven days before or after a trade any covered security of the same issuer by a client account managed by such portfolio manager except in limited circumstances; (vi) prohibits purchases of securities in initial public offerings unless an exception has been approved; (vii) restricts the selling short of a covered security; (viii) prohibits investments in limited offerings without prior approval; and (ix) requires disgorgement of profits from short-term transactions with limited exceptions. Violation of the Code's requirements may also result in the imposition of remedial action, including termination.

In addition, the Adviser's Code, as incorporated in the Code: (1) describes the fiduciary duty Advisory Personnel have to Ballyrock's clients; (2) requires Advisory Personnel of Ballyrock to comply with federal securities laws; (3) requires certain Advisory Personnel of Ballyrock to report, and for FMR to review, such Advisory Personnel's and their covered persons' mutual fund share transactions and holdings periodically (core money market funds excepted) for funds advised by FMR or an affiliate and certain other funds specified in the Code; (4) requires Advisory Personnel of Ballyrock to report any violations of the Adviser's Code to FMR's Ethics Office; and (5) requires FMR to provide each Advisory Personnel with a copy of the Code and any amendments, and requires Advisory Personnel to acknowledge their receipt and understanding of the Code.

Ballyrock will provide a copy of its Adviser's Code, as integrated into the Code, to any client or prospective client upon request.

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

In certain instances, the purchase or sale of securities for the accounts of clients is restricted in connection with distributions of securities where Ballyrock, its affiliates or their clients are proposing to act as selling shareholders in the distribution. Any such activity is evaluated in accordance with Regulation M under the Exchange Act, the 1940 Act and other applicable rules and regulations and from time-to-time results in restrictions on the ability of client accounts to purchase or sell in the distribution and/or in the secondary market. From time-to-time, FCM, a division of NFS, an affiliated broker-dealer of FMR, acts as a selling agent or principal underwriter in underwritings of municipal, equity or other securities which FMR recommends to clients. The Trustees of FMR's or its affiliates' mutual fund clients in the Fidelity group of funds evaluate any such activity by FMR in accordance with Rule 10f-3 under the 1940 Act and procedures adopted pursuant to Rule 10f-3.

A conflict of interest situation is presented when a portfolio manager considers investing a client account in securities of an issuer in which Ballyrock, its affiliates or their (or their fund clients') respective directors, officers or employees already hold a significant position for their own account, including positions held indirectly through certain funds or accounts managed by Ballyrock or one of its affiliated advisers (collectively, "Proprietary Accounts"). Because the 1940 Act, as well as other applicable laws and regulations, restrict certain transactions between affiliated entities or between an advisor and its clients, client accounts managed by Ballyrock or its affiliates', including accounts sub-advised by third parties, are, in certain circumstances, prohibited from participating in offerings of such securities (including initial public offerings and other offerings occurring before or after an issuer's initial public offering) or acquiring such securities in the secondary market. For example, ownership of a company by accounts advised by affiliated advisers or other Proprietary Accounts has, in certain situations, resulted in restrictions on Ballyrock's and its affiliates' client accounts' ability to acquire securities in the company's initial public offering and subsequent public offerings, private offerings, and in the secondary market, and additional restrictions could arise in the future; to the extent such client accounts acquire the relevant securities after such restrictions are subsequently lifted, the delay could affect the price at which the securities are acquired. A conflict of interest situation is presented when Ballyrock or its affiliates acquire, on behalf of their client accounts, securities of the same issuers whose securities are already held in Proprietary Accounts, because such investments could have the effect of increasing or supporting the value of the Proprietary Accounts. A conflict of interest situation also arises when Ballyrock investment advisory personnel consider whether client accounts they manage should invest in an investment opportunity that they know is also being considered by an affiliate of Ballyrock for a Proprietary Account, to the extent that not investing on behalf of such client accounts improves the ability of the Proprietary Account to take advantage of the opportunity. Ballyrock has adopted policies and procedures and maintains a compliance program designed to help manage such actual and potential conflicts of interest.

A conflict of interest situation is also presented if the CLOs' orders for the purchase or sale of securities do not get fully executed due to being aggregated with those of other accounts managed by Ballyrock or an affiliate, including FMR's or its affiliates' in-house accounts. Ballyrock and FMR have adopted policies and procedures (for example, trade allocation procedures) and maintain a compliance program designed to help manage these actual and potential conflicts. There can be no assurance, however, that all conflicts have been addressed in all situations. Trading in personal accounts, which gives rise to actual and potential conflicts of interest, is subject to certain restrictions by the Code. From time-to-time, in connection with its business, Ballyrock and FMR obtain material non-public information. In compliance with applicable laws, Ballyrock and FMR have adopted a comprehensive set of policies and procedures that prohibit the use of material non-public information by investment professionals and other employees. These policies and procedures also address the use of third party paid research consultants.

In addition, Ballyrock and FMR have implemented a Corporate Gifts & Entertainment Policy intended to set standards for business entertainment and the giving or receiving of gifts, help employees make sound decisions with respect to these activities and ensure that the interests of Ballyrock's clients come first.

Similarly, to support compliance with applicable “pay-to-play” rules, Ballyrock and FMR have implemented a Personal Political Contributions & Activities Policy which requires employees to pre-clear political contributions and activities. Ballyrock and FMR also have a Global Anti-Corruption Policy regarding commercial bribery and bribery of government officials that prohibits directly or indirectly giving, offering, authorizing, promising, accepting, or receiving any bribe, facilitation payment, kickback, or payoff (whether in cash or any other form) with the intent to improperly obtain or retain business or any improper advantage.

Under the collateral management agreements between Ballyrock and its clients, principal and agency cross transactions are permissible. The parties to each collateral management agreement have consented to such transactions under the agreement and the possibility of these transactions is disclosed in Ballyrock’s clients’ offering materials.

## **12. Brokerage Practices**

### ***Selection of Brokers and Dealers to Effect Client Transactions***

Ballyrock or its affiliates generally have authority to select broker-dealers (whether acting as a broker or dealer) to place or execute clients’ portfolio transactions. Ballyrock or its affiliates are responsible for the placement of portfolio transactions for certain client accounts for which an affiliate or related person has investment discretion. In selecting a broker or dealer for a specific transaction, Ballyrock or its affiliates evaluate a variety of criteria and use good faith judgment in seeking to obtain execution of portfolio transactions at commissions or costs that are reasonable in relation to the brokerage and research services provided, where allowed under applicable law.

In selecting broker-dealers (“brokers”), including affiliates of Ballyrock, to execute client portfolio transactions, Ballyrock or its affiliates consider the factors they deem relevant in the context of a particular trade and in regard to Ballyrock’s or its affiliates’ overall responsibilities with respect to the client and other investment accounts including any instructions from the client’s portfolio manager, which may emphasize, for example, speed of execution over other factors. Based on the factors considered, Ballyrock or its affiliates may choose to execute an order using electronic channels, including broker-sponsored algorithms, internal crossing, or by verbally working an order with one or more brokers. Other possibly relevant factors include, but are not limited to, the following: price; costs; the size, nature and type of the order; speed of execution; financial condition and reputation of the broker; broker specific considerations (e.g., not all brokers are able to execute all types of trades); broker willingness to commit capital; the nature and characteristics of the markets in which the investment is traded; the trader’s assessment of whether and how closely the broker likely will follow the trader’s instructions to the broker; confidentiality and the potential for information leakage; the nature or existence of post-trade clearing, settlement, custody and currency convertibility mechanisms; and the provision of brokerage and research products and services, if applicable and where allowed by law.

The trading desks through which Ballyrock and its affiliates execute trades are instructed to execute portfolio transactions on behalf of their clients based on the quality of execution without any consideration of Research and Brokerage Services (as defined below) the broker or dealer provides. The administration of Research and Brokerage Services is managed separately from the trading desks, and traders have no responsibility for administering the research program, including the payment for research.

In seeking best execution for portfolio securities transactions, Ballyrock or its affiliates from time-to-time select a broker that uses a trading method, including algorithmic trading, for which the broker charges a higher commission than its lowest available commission rate. Ballyrock or its affiliates may also select brokers that charge more than the lowest commission rate available from another broker. Occasionally Ballyrock or its affiliates execute an entire transaction with a broker and allocate all or a portion of the transaction and/or related commissions to a second broker where a client does not permit trading with an affiliate of Ballyrock or in other limited situations. In those situations, the commission rate paid to the second broker may be higher than the commission rate paid to the executing broker. For futures transactions, the selection of a futures commission merchant is generally based on the overall quality of execution and other services provided by the futures commission merchant. Ballyrock or its affiliates

execute futures transactions verbally and electronically.

If Ballyrock grants investment management authority to a sub-adviser, that sub-adviser will be authorized to provide the services described in the sub-advisory agreement.

### ***Identification and Resolution of Errors***

As an investment adviser, Ballyrock maintains policies and procedures that address the identification and correction of errors consistent with applicable standards of care and clients' investment management agreements. To the extent that an error occurs, Ballyrock's policy is to identify and resolve the error as promptly as possible. Ballyrock will address and resolve errors on a case-by-case basis, in its discretion, based on each error's facts and circumstances. Ballyrock is not obligated to follow any single method of resolving errors.

An incident is any occurrence or event that interrupts normal investment-related activities or that deviates from applicable law, the terms of an investment management agreement, or applicable internal or external policies or procedures. Incidents can occur at Ballyrock or at one of Ballyrock's service providers and can be identified by any of the same.

The determination of whether an incident constitutes an error is made by Ballyrock in its sole discretion based on the relevant facts and circumstances of each incident considered in light of the applicable standard of care. Errors include, without limitation: (i) purchases or sales that exceed the amount of securities intended to trade for a fund or account; (ii) the purchase (or sale) of a security when it should have been sold (or purchased); (iii) the purchase or sale of a security not intended for the fund or account, and/or contrary to investment guidelines or restrictions; and (iv) incorrect allocations of trades.

Situations that generally would be considered by Ballyrock to be incidents but not errors include, without limitation, (i) failure by a portfolio manager to provide timely notification of an incorrect purchase of a security although the security purchased was appropriate for the fund or account; (ii) passive or active breach of an internal or account-level limit; (iii) failure to update a portfolio manager in a timely manner regarding an increase in shares outstanding or additional room to buy for a security that had been at an aggregate limit; and (iv) external events, such as securities exchange outages.

Other situations that result from failures in internal processes, people or systems, such as other routine processing errors or major systems failures, may be deemed to be incidents and not errors depending on the facts and circumstances. For example, computer, communications, data processing, networks, cloud computing, backup, business continuity or other operating, information or technology systems, including those FMR outsources to other providers, may fail to operate properly or become disabled, overloaded or damaged as a result of a number of factors. These factors could include events that are wholly or partially beyond FMR's control and may have a negative impact on our ability to conduct business activities. Though losses arising from operating, information or technology systems failures could adversely affect a client account's performance, such losses would likely not be reimbursable under FMR's policies.

Additionally, incidents involving fund monitoring or aggregate monitoring compliance violations may or may not be deemed by Ballyrock to be errors depending on the facts and circumstances. For example, an active breach of a client mandate or regulatory limit (e.g., due to an acquisition of additional securities for an account) may be deemed to be an error and may be compensable depending on the particular circumstances, but a passive breach of such a limit (e.g., due to a reduction in the issuer's outstanding securities) would not be considered an error and would not be compensable. Active breaches of issuer or regulatory limits, including poison pill limits, may be deemed to be errors and may be compensable depending on the circumstances, but passive breaches generally will not. Further, a passive breach of an aggregate limit on holdings of a security established internally by Ballyrock and its affiliates, and instances where all available aggregate capacity on a security is not fully utilized, generally is not considered an error and is not compensable, but an active breach of an internal aggregate limit may be deemed to be an error and compensable depending on the particular circumstances. To the extent that client accounts already own securities that directly or indirectly contribute to certain ownership thresholds being exceeded, Ballyrock may sell securities held in such accounts to bring account-level and/or aggregate

ownership below the relevant threshold. If any such sales result in losses for client accounts, those client accounts may bear such losses depending on the particular circumstances.

Ballyrock is responsible for notifying, when appropriate, the affected client of an error. Ballyrock generally will not notify clients about incidents deemed not to be errors and non-compensable errors, unless otherwise agreed with particular clients.

When Ballyrock determines that reimbursement is appropriate, the account will be compensated as determined in good faith by Ballyrock. Resolution of errors includes, but is not limited to, permitting client accounts to retain gains or reimbursing client accounts for losses resulting from the error. The calculation of the amount of any loss will depend on the facts and circumstances of the error, and the methodology used by Ballyrock may vary. Unless prohibited by applicable regulation or a specific agreement with the client, Ballyrock will net a client's gains and losses from the error or a series of related errors with the same root cause and compensate the client for the net loss. In general, compensation is expected to be limited to direct monetary losses and will not include any amounts that Ballyrock deems to be speculative or uncertain, nor will it cover investment losses not caused by the error. Ballyrock may elect to establish an error account for the resolution of errors which could be used depending on the facts and circumstances.

### ***Investment Research Products and Brokerage Services Furnished by Research Providers and Brokers***

Ballyrock and its affiliates have established policies and procedures relating to brokerage commission uses in compliance with Section 28(e) of the Exchange Act, the provisions of the 1940 Act, and various interpretations of the staff of the SEC thereunder, and, with regard to FMR UK, where applicable, the revised Markets in Financial Instruments Directive in the European Union, commonly referred to as "MiFID II", as implemented in the United Kingdom through the Conduct of Business Sourcebook Rules of the UK Financial Conduct Authority (the "FCA").

For accounts managed outside the European Union or the United Kingdom, Ballyrock or its affiliates executes portfolio transactions with brokers that provide products and services (as defined in Section 28(e) of the Exchange Act) ("Research and Brokerage Services") that assist them in fulfilling their investment management responsibilities in accordance with applicable law. Research and Brokerage Services that Ballyrock or its affiliates have received during the last fiscal year include, when permissible under applicable law, but are not limited to, economic, industry, company, municipal, sovereign (U.S. and non-U.S.), legal, or political research reports; market color; company meeting facilitation; compilation of securities prices, earnings, dividends and similar data; quotation services, data, information and other services; analytical computer software and services; and investment recommendations. In addition to receiving these Research and Brokerage Services via written reports and computer-delivered services, such reports may also be provided by telephone and in video and in-person meetings with securities analysts, corporate and industry spokespersons, economists, academicians and government representatives and others with relevant professional expertise. Brokers also provide Research and Brokerage Services in the form of a specific proprietary or third-party product or service, upon request by FMR or its affiliates. Some of these Research and Brokerage Services supplement Ballyrock's or its affiliates' own research activities in providing investment advice to their clients.

In addition, when permissible under applicable law, Research and Brokerage Services include those that assist in the execution, clearing and settlement of securities transactions as well as other incidental functions (including, but not limited to, communication services related to trade execution, order routing and algorithmic trading, post-trade matching, exchange of messages among brokers or dealers, custodians and institutions, and the use of electronic confirmation and affirmation of institutional trades).

To the extent permitted by applicable law, from time-to-time, certain brokers who execute client transactions receive compensation in recognition of their Research and Brokerage Services that is in excess of the amount of compensation that other brokers might have charged. An economic incentive exists for Ballyrock and/or its affiliates to select or recommend a broker-dealer based on their interest in receiving the Research and Brokerage Services, rather than on Ballyrock's or its affiliates' clients' interest

in receiving most favorable execution. Ballyrock's or its affiliates' expenses likely would be increased if they attempted to generate these additional Research and Brokerage Services through their own efforts or if they paid for these Research and Brokerage Services with their own resources. Ballyrock and its affiliates manage the receipt of Research and Brokerage Services and the potential conflicts through their Commission Uses Program. The Commission Uses Program effectively "unbundles" commissions paid to brokers who provide Research and Brokerage Services, i.e., commissions consist of an execution commission, which covers the execution of the trade (including clearance and settlement), and a research charge, which is used to cover Research and Brokerage Services. Those brokers have client commission arrangements (each a "CCA") in place with Ballyrock and its affiliates (each of those brokers referred to as "CCA brokers").

In selecting brokers for executing transactions on behalf of clients of Ballyrock and its affiliates, Ballyrock affiliates instruct its trading desks to select brokers and execute portfolio transactions on behalf of their clients based on the brokers' quality of execution and without any consideration of what Research and Brokerage Services the CCA broker provides. Commissions paid to a CCA broker include both an execution commission and a research charge, and while the CCA broker receives the entire commission, it retains the execution commission and either credits or transmits the research portion (also known as "soft dollars") to a CCA pool, maintained by each CCA broker. Soft dollar credits ("credits") accumulated in CCA pools are used to pay research expenses. In some cases, Ballyrock or its affiliates request that a broker that is not a party to any particular transaction provide a specific proprietary or third-party product or service, which would be paid with credits from the CSA pool. The administration of Research and Brokerage Services is managed separately from the trading desks, and traders have no responsibility for administering the research program, including the payment for research. Ballyrock and/or its affiliates, at times, use a third-party aggregator to facilitate payments to research providers. Where an aggregator is involved, the aggregator would maintain credits in an account that is segregated from the aggregator's proprietary assets and the assets of its other clients ("segregated account") and uses those credits to pay research providers as instructed by FMR or its affiliates. Furthermore, where permissible under applicable law, certain of the Research and Brokerage Services that Ballyrock or its affiliates receive are furnished by brokers on their own initiative, either in connection with a particular transaction or as part of their overall services. Some of these Research and Brokerage Services are provided at no additional cost to Ballyrock or its affiliates or might not have an explicit cost associated with them.

In connection with the allocation of client brokerage, Ballyrock and/or its affiliates make a good faith determination that the compensation paid to brokers and dealers is reasonable in relation to the value of the Research and Brokerage Services provided to Ballyrock and/or its affiliates, viewed in terms of the particular transaction for the client or Ballyrock's or its affiliates' overall responsibilities to that client or other clients for which Ballyrock or its affiliates have investment discretion; however, each Research and Brokerage Service received in connection with a client's brokerage does not benefit all clients and certain clients will receive the benefit of Research and Brokerage Services obtained with other clients' commissions. As required under applicable laws or client policy, commissions generated by certain clients may only be used to obtain certain Research and Brokerage Services. As a result, certain client accounts will pay more proportionately for certain types of Research and Brokerage Services than others, while the overall amount of Research and Brokerage Services paid by each client continues to be allocated equitably. While Ballyrock and its affiliates take into account the Research and Brokerage Services provided by a broker or dealer in determining whether compensation paid is reasonable, neither Ballyrock, its affiliates, nor their respective clients incur an obligation to any broker, dealer, or third-party to pay any Research and Brokerage Services (or portion thereof) by generating a specific amount of compensation or otherwise. Typically, for accounts managed by Ballyrock or its affiliates outside of the European Union or the United Kingdom, these Research and Brokerage Services assist Ballyrock or its affiliates in terms of their overall investment responsibilities to a client or any other client accounts for which Ballyrock or its affiliates have investment discretion. Certain client accounts use brokerage commissions to acquire Research and Brokerage Services that also benefit other client accounts managed by Ballyrock or its affiliates, and not every client account uses the Research and Brokerage Services that have been acquired through that account's commissions. In addition, FIL or its affiliates, if acting as an adviser to certain non-US accounts that have been sub-advised to Ballyrock or its affiliates, have reimbursed certain commissions or costs of those clients.

For accounts that are managed within the United Kingdom, FMR UK uses research payment accounts (“RPAs”) to cover costs associated with equity and high income external research that is consumed by those accounts in accordance with MiFID II and FCA regulations. With RPAs, clients pay for external research through a separate research charge that is generally assessed and collected alongside the execution commission. For accounts that use an RPA, FMR UK establishes a research budget. The budget is set by first grouping accounts by strategy (e.g., asset allocation, blend, growth, etc.), and then determining what external research is consumed to support the strategies and portfolio management services provided within the European Union or the United Kingdom. In this regard, research budgets are set by research needs and are not otherwise linked to the volume or value of transactions executed on behalf of the account. For accounts where portions are managed both within and outside the United Kingdom, external research is paid using both a CCA and an RPA. Determinations of what is eligible research and how costs are allocated are made in accordance with Ballyrock’s and its affiliates’ policies and procedures. Costs for research consumed by accounts that use an RPA are allocated among the accounts within defined strategies pro rata based on the assets under management for each account. The research charge paid on behalf of any one account that uses an RPA varies over time.

FMR UK is responsible for managing the RPA and may delegate its administration to a third-party administrator for the facilitation of the purchase of external research and payments to research providers. RPA assets are maintained in accounts at a third-party depository institution, held in the name of FMR UK. FMR UK provides the adviser to certain accounts, and upon request, a summary of: (i) the providers paid from the RPA; (ii) the total amount they were paid over a defined period; (iii) the benefits and services received by FMR UK; and (iv) how the total amount spent from the RPA compares to the research budget set for that period, noting any rebate or carryover if residual funds remain in the RPA.

Impacted accounts, like those accounts that participate in CCA pools, at times, will make payments to a broker that include both an execution commission and a research charge, but unlike CCAs (for which research charges may be retained by the CCA broker and credited to the CCA, as described above), the broker will receive separate payments for the execution commission and the research charge and will promptly remit the research charge to the RPA. Assets in the RPA are used to satisfy external research costs consumed by the accounts. If the costs of paying for external research exceed the amount initially agreed in relation to accounts in a given strategy, the adviser may continue to charge those accounts beyond the initially agreed amount in accordance with MiFID II, continue to acquire external research for the accounts using its own resources (referred to as “hard dollars”), or cease to purchase external research for those accounts until the next annual research budget. If assets for specific accounts remain in the RPA at the end of a period, they may be rolled over to the next period to offset next year’s research charges for those accounts or rebated to those accounts.

Accounts managed by FMR UK that trade only fixed income securities will not participate in RPAs because fixed income securities trade based on spreads rather than commissions, and thus unbundling the execution commission and research charge is impractical. Therefore, FMR UK and its affiliates have established policies and procedures to ensure that external research that is paid for through RPAs is not made available to FMR UK portfolio managers that manage fixed income accounts in any manner inconsistent with MiFID II and FCA regulations. Although Ballyrock or its affiliates do not use client commissions to pay for products or services that do not qualify as Research and Brokerage Services or eligible external research under MiFID II and FCA regulations, where allowed by applicable law, they, at times, will use commission dollars to obtain certain products or services that are not used exclusively in Ballyrock’s or its affiliates’ investment decision-making process (“mixed-use products or services”). In those circumstances, Ballyrock or its affiliates will make a good faith effort to evaluate the various benefits and uses to which they intend to put the mixed-use product or service, and will pay for that portion of the mixed-use product or service that does not qualify as Research and Brokerage Services with hard dollars.

Ballyrock and/or its affiliates have arrangements with certain third-party research providers and brokers through whom Ballyrock and/or its affiliate’s effect client trades, whereby Ballyrock and/or its affiliates pay with account commissions or hard dollars for all or a portion of the cost of research products and services purchased from such research providers or brokers. If hard dollar payments are used, Ballyrock and/or its



affiliates, at times, will cause the client to pay more for execution than the lowest commission rate available from the broker providing research products and services to Ballyrock and/or its affiliates, or that may be available from another broker. Ballyrock's and its affiliates' potential determination to pay for research products and services separately, rather than bundled with client account commissions, is wholly voluntary on Ballyrock's or its affiliates' part and may be extended to additional brokers or discontinued with any broker participating in this arrangement.

If Ballyrock has engaged a sub-adviser to a Ballyrock account or a portion of a Ballyrock account, subject to applicable law, the sub-adviser's policies will apply to trading for that account. Those policies may differ from Ballyrock's policies.

## **Other Considerations and Brokerage Arrangements**

### ***Commission Recapture and Broker Restrictions***

From time to time, Ballyrock or its affiliates engages in brokerage transactions with brokers (who are not affiliates of Ballyrock) who have entered into arrangements with Ballyrock or its affiliates under which the broker will, at times, rebate a portion of the compensation paid by a client account ("commission recapture"). Not all brokers with whom the client account trades have been asked to participate in brokerage commission recapture.

Ballyrock or its affiliates recommend that clients do not request them to direct client portfolio transactions to specific brokers. Clients may nonetheless make such requests, subject to Ballyrock's or its affiliates' attempts to seek quality execution and provided that the broker is an approved counterparty of Ballyrock or its affiliates. Clients should be aware that if they require Ballyrock or its affiliates to direct portfolio transactions to specific brokers, or if clients restrict trading with specific brokers (for example, because of affiliations) (a) Ballyrock or its affiliates may be unable to achieve most favorable execution of such directed or restricted broker transactions; (b) the client may pay higher brokerage commissions on such directed or restricted broker transactions because Ballyrock or its affiliates may be unable to aggregate such transactions with other orders; and (c) the client may receive less favorable prices on such directed or restricted broker transactions.

### ***Transactions with Certain Brokers***

Ballyrock or its affiliates place trades with certain brokers, including NFS and Kezar Trading, LLC, with whom they are under common control or otherwise affiliated, provided Ballyrock or its affiliates determine that these affiliates' trade execution abilities and costs are comparable to those of non-affiliated, qualified brokerage firms, and that such transactions be executed in accordance with applicable rules under the 1940 Act and procedures adopted by the Boards of Trustees or Directors (as applicable) of Ballyrock's clients in the Fidelity group of funds or FMR's affiliates' other clients and subject to other applicable law.

In addition, from time-to-time Ballyrock or its affiliates place client trades with brokers that use NFS as a clearing agent.

Client trades placed by Ballyrock or its affiliates are also executed through other alternative trading systems or exchanges in which Ballyrock or its affiliates have an interest, such as Level ATS.

### ***Transactions Among Clients***

Ballyrock or its affiliates execute transactions between the clients they manage, as well as with certain other clients managed by their affiliates. Ballyrock or its affiliates also execute transactions between other mutual fund and non-mutual fund clients, and such transactions will be executed in accordance with applicable rules under the Advisers Act and procedures adopted thereunder. When Ballyrock or its affiliates engage in adviser cross transactions, where Ballyrock or its affiliates directly affect an agency transaction between advisory clients without involving a broker, Ballyrock or its affiliates will receive no compensation (other than its advisory fee), directly or indirectly, for the transaction.

## **Trade Allocation Policies**

### ***Bunched Trades***

It is generally Ballyrock's or its affiliates' practice, when appropriate, to combine or "bunch" orders of various accounts, including those of its clients, its affiliates' clients, and in certain instances, proprietary accounts, for order entry and execution. Bunched orders are executed through one or more brokers. The allotment of trades among brokers is based on a variety of factors, which include price, order size, the time of order, the security and market activity. A bunched trade executed with a particular broker is generally allocated pro-rata among the accounts that are participating in the bunched trade until any account has been filled. After any account has been filled, the trade is allocated pro-rata among any remaining accounts. Each broker's execution of a bunched order will, at times, be at a price different than another broker's bunched order execution price for the same security. Additionally, as a result of accommodating the differing arrangements regarding the payment for research that is required by MiFID II, clients in a bunched trade will, at times, not pay a pro rata share of all costs associated with that bunched trade.

### **Allocation of Trades**

Ballyrock and its affiliates have established allocation policies for their various accounts (including proprietary accounts) and securities types (e.g., equity, fixed income and high income) to ensure allocations are appropriate given clients' differing investment objectives and other considerations. These policies also apply to initial and secondary offerings and to private security investments. When, in Ballyrock's or its affiliates' opinion, the supply/demand is insufficient under the circumstances to satisfy all outstanding orders, across all securities types the amount executed generally is distributed among participating accounts based on account net asset size (for purchases) and security position size (for sales), or otherwise according to the allocation policies. With limited exceptions, the trading systems contain rules that allocate trades on an automated basis in accordance with these policies. Generally, any exceptions to Ballyrock's and its affiliates' policies (i.e., special allocations) must be approved by senior trading and compliance personnel and documented.

Ballyrock's and its affiliates' trade allocation policies identify circumstances under which it is appropriate to modify or deviate from the general allocation criteria and describe the alternate procedures. For allocations based on net assets, the trade allocation policies for each of equity, fixed income, and high income define the method of calculating net assets to be used depending on particular circumstances. The trade allocation policies define net assets generally by reference to each account's assets managed by each of the equity, fixed income, or high income divisions, and by reference to certain security and account types, such as high income, investment grade or equity securities and accounts, as summarized below;

<b>Security and Account Type</b>	<b>Equity Trading Desk</b>	<b>Fixed Income Trading Desk</b>	<b>High Income Trading Desk</b>
High Income	1%	1% (except 100% if buying High Income security on Fixed Income desk)	100%
Equity	100%	1%	1%
Fixed Income	1%	100%	1% (except 100% if buying Fixed Income security on High Income desk)

The high income trade allocation policy also defines net assets similarly for bank loan and real estate accounts when acquiring bank loan and real estate securities, respectively. The high income policy generally provides that 100% of a bank loan account's net assets, but only 10% of net assets for other types of high income accounts, will be taken into account when allocating bank loans. Conversely, the high income trade allocation policy generally provides that only 10% of a bank loan account's net assets will be taken into account when allocating high income securities other than bank loans.

The equity trade allocation policy further provides that certain portfolios that are not managed by the equity division, but as part of their principal investment strategies or objectives trade common stock and instruments that trade on the equity desk, would receive an asset measure that is based on the maximum amount that each portfolio could invest in securities that trade on the equity desk. The equity and high income trade allocation policies also provide that certain multi-asset class portfolios that have principal investment strategies or objectives that include securities across all asset types will have 100% of their assets taken into account for allocation purposes when trading on the equity or high income trading desks, respectively. The equity trade allocation policy allows for certain specialized accounts, such as international, real estate investment or convertible securities accounts to receive an increased allocation by increasing the weighting of an account's net assets by a factor of two or four where the securities correlate closely to the investment objective or focus of the account. Ballyrock and its affiliates utilize standard criteria, such as country of risk or country of incorporation, to determine whether an international security correlates to the investment objective or focus of the account. The equity trade allocation policy also allows for accounts that invest their assets primarily in private company securities to receive an increased allocation by increasing the weightings of the accounts' net assets by a certain factor for investments in those types of securities. Short sale and "buy to cover" transactions generally are subject to the same general allocation criteria as non-short sale transactions, and thus could experience significant delays in execution, which could materially impact the performance of accounts whose strategies rely on short sales.

What constitutes net assets differs for certain specialized accounts. For portfolios that raise capital through private offerings, the equity, high income, and fixed income trade allocation policies define net assets based on expected, secured, and/or funded capital, or a combination thereof, depending upon the stage of the portfolio's fundraising process. The high income policy defines net assets for collateralized loan obligation portfolios based on expected and total market exposure. Additionally, under the fixed income trade allocation policy, when defining what constitutes net assets for separately managed account (SMA) clients when trading alongside other client accounts, the assets of SMAs that follow similar investment strategies are grouped into an omnibus trading account, where that omnibus trading account is treated as a single portfolio for allocation purposes. After a retail SMA omnibus trading account receives an allocation of a purchase or sale of a security or other investment, such allocation will generally be further allocated among the SMAs participating in the account on a pro rata basis based on the final order size of each SMA.

Alternate allocation methods other than net asset size (for purchases) and security position size (for sales) are employed under certain circumstances, including for specialized strategies or alternative asset classes such as private equity and private real estate. The equity trade allocation policy allows for certain accounts designed to have common investment and trading strategies (e.g., one portfolio modeled on another portfolio) to receive allocations that would facilitate keeping the portfolios' holdings proportionately balanced. The fixed income trade allocation policy allows for several alternate allocation methods, in some cases only where the portfolio managers of all accounts involved in the allocation agree to the use of the alternate method(s) as follows:

- pro rata allocations based on the size of the accounts' orders;
- rotating investment opportunities among accounts that trade consistently on specific trading desks (e.g., taxable bond desks or money market desks);
- bunching securities or other investments that are deemed to be fungible and then allocating the bunched orders on a series basis so as to keep like-securities or other investments grouped together; and/or
- providing a priority allocation for trades the execution of which are contingent on the execution of other trades.

The fixed income trade allocation policy also provides for increased or priority allocations for accounts specializing in a particular type of security or other investment including the following:

- priority allocations for certain accounts for repurchase agreements;
- increased allocations of municipal securities to single state municipal money market and

- municipal bond accounts for obligations that are tax-exempt within their state; and
- a priority allocation of U.S. Treasury money market securities to Treasury-only money market accounts.

In addition, futures contracts are allocated based on order size.

All of the trade allocation policies generally provide for minimum allocations based on market-defined minimum denominations, or otherwise may allow increased or decreased allocations in the following circumstances:

- to avoid a de minimis allocation
- to round to a trading round lot, or
- in the case of the high income trade allocation policy, to complete a sale of all holdings to avoid residual holdings in an amount less than a basic unit of trading.

Trade allocations are also impacted by various regulatory requirements depending on where the trade is executed and what types of accounts are included in the trade. In such circumstances, some accounts, at times, will be prioritized over others when supply/demand is insufficient. Client accounts receive priority of allocation over proprietary accounts. Accounts for which all the assets are those of Ballyrock or its affiliates and are not otherwise used to seed new investment products or to meet potential claims of insurance policyholders are generally considered to be proprietary accounts.

Accounts owned or managed for the benefit of individual employees of Ballyrock or its affiliates or officers or trustees of various investment products are generally considered client accounts, subject to applicable law.

### **13. Review of Accounts**

Each portfolio manager regularly reviews the holdings in the funds or accounts for which he or she is responsible. In all cases, portfolio managers draw on FMR's large research and trading staff for support pursuant to sub-advisory agreements. When a Chief Investment Officer or Managing Director of Research also has portfolio management responsibilities, an equivalent or more senior investment professional of FMR with relevant investment experience conducts periodic reviews and regularly evaluates the investment performance of the subject portfolios.

Ballyrock and its affiliates generally apply investment guidelines consistent with the respective indentures and any applicable policies as determined by Ballyrock or its affiliates, which include default interpretative guidance for certain phrases or terminology in the absence of specific and/or explicit guidance from a client.

Investors in the CLOs that Ballyrock advises have access to monthly and quarterly reports regarding their investments from the independent trustee and collateral administrator of each such CLO. Ballyrock reviews each of these reports and reconciles the information in the reports against its records before the reports are finalized and distributed to investors in the CLO. Among other things, the reports include the following information, related to the respective reporting period, for a CLO: results of the CLO's coverage tests, collateral quality tests and portfolio concentration limits; a list of investments in the CLO's portfolio and the CLO's cash positions; a list of collateral obligations purchased and sold by the CLO; a list of reported ratings of the collateral obligations; and summaries of cash distributions made by the CLO.

In addition, the independent trustee and collateral administrator of each such CLO will have daily access to the books and records regarding the CLO's investment portfolio.

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

Ballyrock or a related person does not, either directly or indirectly, compensate any person for client referrals.

## **15. Custody**

Ballyrock does not have custody of client assets.

## **16. Investment Discretion**

Ballyrock or its affiliates generally have authority to determine which securities and other investments to purchase or sell, the total amount of such purchases and sales, and the brokers or dealers through which transactions are effected. However, with respect to each discretionary account, Ballyrock's and its affiliates' authority is subject to certain limits, including the applicable investment objectives, policies and restrictions set forth in each client's indenture and certain tax-related investment guidelines. These limitations are based on a variety of factors, such as regulatory constraints, as well as policies imposed by a client, its governing body or the applicable indenture or other governing document(s) and may cause differences in fees or other expenses.

## **17. Voting Client Securities**

Ballyrock's advisory clients primarily invest in dollar denominated loans, and high yield debt securities, asset backed securities and/or synthetic securities, if permissible under the respective indenture. The CLOs generally do not purchase equity securities and, in many cases, are required to dispose of any equity securities it acquires within a specific period of time.

In the event that Ballyrock does receive a proxy on equity securities that a client holds, Ballyrock's affiliate and sub-adviser to the CLOs it manages, FMR, will vote the proxy in accordance with its Proxy Voting Guidelines ("Guidelines"). The Guidelines are reasonably designed to ensure proxies are voted in the best interest of clients and to resolve conflicts of interest, such as those that arise in connection with affiliated business arrangements or other relationships. FMR generally casts votes on behalf of client accounts by proxy at shareholder meetings of issuers in which FMR invests client assets.

Clients generally do not direct votes by Ballyrock. Clients may obtain information about how proxies are voted and obtain a copy of FMR's Guidelines upon request.

## **18. Financial Information**

Ballyrock does not solicit prepayment of client fees. Furthermore, there are no financial conditions that are reasonably likely to impair Ballyrock's ability to meet any of its contractual commitments to its clients.

## **19. Requirements for State-Registered Advisers**

Ballyrock is not registered with any state securities authority.