

## Item 1 Cover Page

### Form ADV Part 2 Brochure

This Brochure (the “Brochure”) provides information about the qualifications and business practices of WhiteStar Asset Management LLC (“WhiteStar,” the “Adviser,” the “Firm,” “we,” “us” or “our”). If you have any questions about the contents of this Brochure, please contact Mr. John F. Cannon at (310) 400-8820 or via e-mail at [jcannon@clearlake.com](mailto:jcannon@clearlake.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority. Additional information about WhiteStar also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for WhiteStar is 167408.

*WhiteStar is registered as an investment adviser with the SEC pursuant to the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Recipients of this Brochure should be aware that registration with the SEC does not in any way constitute an endorsement by the SEC of an investment adviser’s skill or expertise. Further, registration does not imply or guarantee that a registered adviser has achieved a certain level of skill, competency, sophistication, expertise or training in providing advisory services to its clients.*

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**Brochure prepared on March 29, 2024**

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## Item 2 Material Changes

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This Brochure contains updated information about WhiteStar's business since the last annual updating amendment dated March 31, 2023. This section of the Brochure will address only those "material changes" that have been incorporated since the last annual delivery of this document on the SEC's public disclosure website (IAPD). Accordingly, since the last annual update of this Brochure, dated March 31, 2023, the following material changes to WhiteStar's business and enhancements to disclosures have occurred:

- Item 4. Advisory Business. Revisions to WhiteStar's regulatory assets under management.
- Item 8. Methods of Analysis, Investment Strategies and Risk of Loss. Changes to certain risk factors within Item 8.
- Item 12. Brokerage Practices. Updates to WhiteStar's soft dollar policy.

WhiteStar will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, WhiteStar's Brochure may be requested by contacting Mr. John F. Cannon, Chief Compliance Officer (the "CCO") at (310) 400-8820 or via e-mail at [jcannon@clearlake.com](mailto:jcannon@clearlake.com).

Additional information about WhiteStar is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for WhiteStar is 167408. The SEC's web site also provides information about any persons affiliated with WhiteStar who are registered, or are required to be registered, as investment adviser representatives of WhiteStar.

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## Item 3 Table of Contents

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|   |     |
|---|-----|
| Item 1 Cover Page.....  | i   |
| Item 2 Material Changes .....   | ii  |
| Item 3 Table of Contents.....   | iii |
| Item 4 Advisory Business .....  | 1   |
| Item 5 Fees and Compensation .....                                      | 3   |
| Item 6 Performance-Based Fees and Side-By-Side Management .....         | 7   |
| Item 7 Types of Clients.....  | 12  |
| Item 8 Methods of Analysis, Investment Strategies and Risk of Loss..... | 14  |
| Item 9 Disciplinary Information .....                                   | 24  |
| Item 10 Other Financial Industry Activities and Affiliations .....      | 25  |
| Item 11 Code of Ethics .....  | 26  |
| Item 12 Brokerage Practices .....                                       | 30  |
| Item 13 Review of Accounts.....   | 32  |
| Item 14 Client Referrals and Other Compensation.....                    | 32  |
| Item 15 Custody.....  | 32  |
| Item 16 Investment Discretion.....                                      | 33  |
| Item 17 Voting Client Securities.....                                   | 33  |
| Item 18 Financial Information .....                                     | 33  |

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## Item 4 Advisory Business

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### **Background and Ownership Structure**

WhiteStar is a Delaware limited liability company organized on February 28, 2013. WhiteStar is the collateralized loan obligations (“CLOs”) and structured products platform of Clearlake Capital Group, L.P. (“Clearlake”). Clearlake is an investment adviser that provides advice to privately offered investment funds that focus on investing in special situations, distressed, value private equity and opportunistic debt investments across the capital structure of companies in both control and non-control scenarios. Clearlake is led and principally owned by José E. Feliciano and Behdad Eghbali, its Co-Founders. WhiteStar’s principal office and place of business is located at 200 Crescent Court, Suite 1175, Dallas, Texas 75201. WhiteStar provides investment advisory services, primarily as collateral manager to pooled investment vehicles that are CLOs. The CLOs are generally organized in the Cayman Islands that rely on Section 3(c)(7) of the Investment Company Act of 1940 (the “1940 Act”), or other applicable exceptions or exemptions under the 1940 Act, as the basis for their exemption from the registration requirements of the 1940 Act. The investment management relationship between WhiteStar and each CLO is governed by a collateral management or similar agreement between WhiteStar and the CLO and the constituent documents of the CLO. Additionally, WhiteStar provides investment advisory services to privately offered pooled investment vehicle(s) (the “Private Fund”) and investment sub-advisory services to U.S. open-end management investment company(ies) registered under 1940 Act (the “ETF”) and institutional account(s) (the “Institutional Account”). The CLOs, the Private Fund and the ETF are collectively referred to herein as the “Funds” and, together with the Institutional Account the “Clients”.

WhiteStar is wholly-owned by WSAM Holdco LLC, a Delaware limited liability company. WSAM Holdco LLC is directly owned by Clearlake Strategic Partners, L.P., a Delaware limited liability company (an affiliate of Clearlake, and certain employees of WhiteStar.

The Clients for which WhiteStar performs investment advisory (or sub-advisory) services invest primarily in senior secured bank loans. In assessing senior secured bank loan assets for the Clients, WhiteStar employs an underwriting discipline based on a fundamental and technical analytical strategy, subject to the relevant criteria set forth in the constituent documents for each Client. WhiteStar’s objective in managing the investment portfolio of each Client is to achieve preservation of principal, diversification by company and industry, and above average current income.

The offering documents for each Fund describe the terms and conditions of the Fund, including fees and risk factors, and should be read carefully prior to investment. No offer to sell interests in the Funds is made by the descriptions in this Brochure, and CLOs are available only to investors that are properly qualified.

WhiteStar may also, in the future, provide additional types of investment advisory services. The addition of any such investment advisory services will be set forth in an amendment to this Brochure.

WhiteStar’s investment advisory (or sub-advisory) services consist of, but are not limited to, managing each Fund’s portfolio of investments, including sourcing, selecting, and determining investments in each Fund, monitoring investments by each Fund and executing transactions on behalf of each Fund in accordance with the investment objectives, policies and guidelines set forth in each respective Fund’s governing documents. Accordingly, WhiteStar’s investment advisory services to the Funds is not tailored to the individualized needs or objectives of any particular Fund investor. An investment in a Fund by an investor does not, in and of itself, create an advisory relationship between the investor and WhiteStar. Investors are not permitted

to impose restrictions or limitations on the management of any Fund. WhiteStar or an affiliate reserves the right to enter into side letter agreements or arrangements with one or more investors in a Fund that alter, modify or change the terms of the interests held by such investors.

Information about each Fund, and the particular investment objectives, strategies, restrictions, guidelines and risks associated with an investment, is described in each respective Fund's governing documents, which are made available to investors only through WhiteStar or another authorized party. Since WhiteStar does not provide individualized advice to investors (and an investment in a Fund does not, in and of itself, create an advisory relationship between the investor and WhiteStar), investors must consider whether a particular Fund meets their investment objectives and risk tolerance prior to investing.

WhiteStar generally tailors its advisory services to the individual needs of Institutional Accounts. WhiteStar may agree with an Institutional Account to manage such Institutional Account's assets against a particular benchmark or pursuant to an investment management agreement, which include provisions related to management fees, investment strategy, investment guidelines, termination rights, proxy voting and sub-adviser, if applicable. Institutional Accounts should be aware, however, that certain restrictions can limit WhiteStar's ability to act and as a result, the Institutional Account's performance may differ from and may be less successful than that of other Clients' accounts managed by WhiteStar.

WhiteStar provides mid- and back- office services associated with its asset management business, including trading, portfolio analysis, credit review and monitoring, asset valuation, and risk and compliance management to a separate investment adviser. These services are provided to Trinitas Capital Management, LLC ("TCM" or "Trinitas"), also a registered investment adviser, under an agreement between WhiteStar and TCM. Certain investment professionals and other employees or officers of WhiteStar may also be investment professionals or employees of other investment advisers. TCM's investment committee is currently comprised of individuals who are also investment professionals of both TCM and WhiteStar. Such individuals serve at the discretion and subject to the control and direction of TCM's board of managers, who are elected by its members. A majority of TCM's Board of Directors consists of individuals who are not affiliated with WhiteStar. TCM's relationship with WhiteStar, and the policies and procedures TCM has put in place to address actual and potential conflicts resulting from such relationships, are described in more detail in *Item 11 – Code of Ethics, Participation or Interest in Client*.

### **Wrap Fee Programs**

WhiteStar does not participate in or sponsor any wrap fee programs.

### **Regulatory Assets Under Management**

As of December 31, 2023, WhiteStar managed approximately \$3,989,782,268 billion of advisory assets, on a discretionary basis. The SEC has adopted a uniform method for advisers to calculate assets under management for regulatory purposes which it refers to as an adviser's "regulatory assets under management." Regulatory assets under management are generally an adviser's gross assets, i.e., assets under management without deduction for outstanding indebtedness or other accrued but unpaid liabilities. WhiteStar reports its regulatory assets under management in Item 5 of Part 1 of Form ADV which you can find at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## Item 5 Fees and Compensation

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In consideration for WhiteStar's investment advisory and other services, WhiteStar generally is entitled to receive management fees, and performance fees, with respect to the CLOs. While the fees and compensation applicable to each Client are described in detail in the applicable governing/ constituent documents and/or collateral management or investment management agreements, an overview of WhiteStar's basic fee schedule is summarized below. A potential investor should read and review all governing documents in their entirety before making any investment decisions.

### **Fee Schedules**

#### **CLOs**

WhiteStar receives management fees in connection with the investment management services it provides to each of its CLO clients and is also permitted to receive performance fees, carried interest, or other incentive compensation related to the performance of each CLO. Such management fees, carried interest, performance fees, or other compensation are generally established at the beginning of the advisory relationship with each CLO. Specific details of such compensation and its method of calculation are set out in the offering materials, disclosure documents, collateral management agreements, and the constituent documents of each CLO. Such compensation, once the relevant CLO is established, is generally not negotiable, though WhiteStar has, and may in the future, enter into strategic partnerships, side letter agreements, or other arrangements with specific investors in the CLOs whereby such investors receive direct or indirect reductions of management fees or other compensation payable with respect to their investments managed by WhiteStar, in each case consistent with the constituent documents of each CLO. WhiteStar receives management fees from its CLO clients as part of the regular quarterly distributions for each CLO as set forth in the indenture for each CLO and WhiteStar's collateral management agreement for such CLO.

#### *CLO Management Fees*

WhiteStar charges management fees at an annual rate of up to approximately 0.50% of the defined asset value calculated for each CLO for which it provides investment advisory services. Such management fees are generally structured with a portion of such fee payable as a senior management fee and a portion payable as a subordinated management fee. Management fees are typically payable quarterly in arrears and are dependent in part on certain cash distribution constraints set forth in the constituent documents for each CLO. The specific management fees, payment terms, and calculation and valuation methods for each CLO are described in detail in the offering documents for each CLO.

#### *CLO Performance-Related Compensation*

WhiteStar is also permitted to receive performance fees, carried interest, or other incentive compensation from the CLOs. Such performance fees generally constitute an amount of up to 20% of the CLO's excess cash flow in excess of the relevant preferred return or hurdle rate for each CLO. The specific performance fees, payment terms, and calculation and valuation methods for each CLO are described in detail in the offering documents for each CLO.

### *Other Expenses Related to CLOs*

In accordance with the terms of the WhiteStar's collateral management agreements with the CLOs, the CLOs generally reimburse WhiteStar from time to time for certain out-of-pocket expenses related to the services provided by WhiteStar and third parties to the funds. Among other things, the CLOs typically reimburse WhiteStar for fees and expenses relating to establishing the fund, accountants, rating agencies, loan pricing services, software providers, custodial fees, commissions, trade settlement fees, legal and consultant fees and expenses, software or information technology fees and expenses of WhiteStar primarily related to the provision of services to the client account, exchange fees, bank service fees, income withholding or transfer taxes, and fees of other service providers. To the extent such expenses relate to more than one CLO managed by WhiteStar, such expenses are allocated among fund accounts, typically based on net assets of each CLO for the applicable allocation period.

The CLOs typically also pay other fees in connection with WhiteStar's advisory services relating to the establishment or ongoing operation of the funds. These additional fees may include those of the CLO's trustee, collateral administrator, administrator, accountants, lawyers, rating agencies, and regulators. The CLOs also bear any brokerage commissions, mark ups/downs or other transaction fees for the CLO's investment and brokerage transactions. As noted above, the CLOs bear expenses related to portfolio transactions. Please see *Item 12 – Brokerage Practices* for a discussion of WhiteStar's brokerage practices.

Pursuant to the mandates of certain non-CLO clients, WhiteStar may and does invest such client assets in the debt tranches of various CLOs, including but not limited to CLOs managed by WhiteStar and Trinitas. When a client invests in a CLO, they will pay two sets of fees and expenses, those charged and incurred/allocated by WhiteStar, and those charged and incurred/allocated by the CLO manager. Neither WhiteStar nor Trinitas apply any management fee offset for client assets invested in a WhiteStar or Trinitas CLO. To the extent WhiteStar causes a client to invest in a WhiteStar or Trinitas CLO, there potentially will be an apparent conflict of interest, because WhiteStar and/or its affiliate will collectively earn two sets of management fees on the same assets.

### **ETF**

In consideration for its portfolio management and investment sub-advisory services to the ETF, WhiteStar receives a management fee (accrued daily) payable monthly in arrears from the ETF's investment adviser. The specific payment terms and other conditions of the management fees available to WhiteStar are set forth in the ETF's governing documents and/or sub-advisory agreement. The management fee is based upon the ETF's average daily net assets, which may or may not be net of investment leverage (borrowed capital). Such management fee is deducted from the ETF's assets on a monthly basis. In addition to management fees, administrative fees, and brokerage and transaction costs, investors in the ETF will indirectly bear certain other fees and expenses paid by the ETF, including, but not limited to expenses of the independent trustees of the ETF, fees and expenses for legal, fund accounting, transfer agency, custodial, and auditing services, interest expense, taxes, and other investment-related costs, insurance premiums, extraordinary and non-recurring, and certain other unusual expenses. For additional detail on these fees and expenses, please refer to the ETF's governing documents (*i.e.*, prospectus and statement of additional information).

### **Private Fund**

*Management Fee.* In consideration for its advisory services to the Private Fund, WhiteStar receives a quarterly management fee, payable in arrears, equal to a percent of the daily average of the Private Fund's invested capital. The specific payment terms and other conditions of the management fee available to WhiteStar are set forth in the Private Fund's governing documents, side letters and/or fee agreements. Management fees are generally paid to WhiteStar by deducting such fees from the Private Fund. Upon the termination of WhiteStar's investment management agreement with the Private Fund, WhiteStar will refund to the Private Fund the pro-rated portion of any management fee already received by the Private Fund for the period following the effective date of such termination.

WhiteStar and its affiliates will benefit from WhiteStar's relationship with and its receipt of management fees from the Private Fund. Such management fees and relationship will enhance the value of WhiteStar, and the Private Fund investors (other than those Private Fund investors holding direct or indirect interests in WhiteStar) will not participate in any increase in the value of WhiteStar.

*Performance-Based Compensation:* In addition to management fees, WhiteStar is permitted to receive performance-based compensation (*i.e.*, incentive fees) in connection with the management of the Private Fund. The specific payment terms and other conditions of such performance fees available to WhiteStar are set forth in the Private Fund's governing documents, side letters and/or fee agreements. Generally, the performance fees payable WhiteStar is payable quarterly, annually or more frequently in arrears. All Performance-Based Fee payable to WhiteStar will be consistent with the requirements of Section 205 of the Advisers Act and Rule 205-3 thereunder.

Performance-Based Fees payable to WhiteStar on investment gains create an incentive for WhiteStar to cause the Private Fund to make investments that are riskier, more speculative or less favorable to investors than would be the case if a performance-based compensation arrangement were not in effect. The performance fees create an incentive for WhiteStar to time investments, and the realization of investments, so as to maximize performance fees rather than the returns of the Private Fund.

*Other Expenses Related to the Private Fund:* In accordance with the terms of the WhiteStar's investment management agreements with the Private Fund and the Private Fund's governing documents, the Private Fund will generally reimburse WhiteStar from time to time for certain out-of-pocket expenses in connection with the Private Fund's operations.

## **Institutional Accounts**

WhiteStar's investment management fee for managing an institutional separate account are determined through negotiation with each Institutional Account Client and are set forth in the investment management agreement with the Institutional Account Client. Typically, an Institutional Account Client will pay management fees ranging from 0.60% to 1.00% annually. Management fees are generally based upon the average notional balance of investments during the quarter (or an otherwise agreed to by the Institutional Account Client in writing from time to time with respect to any investment or designated group of investments). WhiteStar may also collect performance fees or other performance-based compensation, which are generally based on an adjustment based on investment performance compared to an established benchmark index over a specified period of time and generally payable on a quarterly or annual basis. Institutional Account Clients who negotiate performance-based fees may pay a lower base management fee. See *Item 6 – Performance-Based Fees and Side-By-Side Management* of this Brochure for more information about performance-based fees. Institutional Account Clients generally are responsible for brokerage commissions, transfer taxes, and other brokerage fees and investment expenses relating to investment instrument transactions in the



Institutional Account. Institutional Account Clients may incur operating and transaction fees, costs, and expenses associated with maintaining their accounts imposed by custodians, brokers, futures commission merchants, prime brokers, and other third parties. WhiteStar does not receive any portion of these commissions, fees, or costs.

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

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As discussed in Item 5 above, WhiteStar generally receives performance-based fees (e.g., carried interest or incentive fees) in connection with the management of a Client. The specific payment terms and other conditions of the performance-based fees available to WhiteStar are set forth in the applicable Client's governing documents, side letters and/or fee agreements. The receipt of performance-based fees from Clients creates an incentive for WhiteStar to make riskier or more speculative investments on behalf of Clients than they might otherwise make in the absence of such performance-based fees. Performance-based fees may also incentivize WhiteStar to overvalue assets in order to increase the amount of its performance-based fees. The performance on which performance-based fees are calculated may, in certain circumstances, include unrealized appreciation and depreciation of investments that may not ultimately be realized and as a result could create an incentive for WhiteStar to time investments, and the realization of investments, so as to maximize performance-based fees rather than the returns of the Client.

Similarly, WhiteStar charges management fees to Clients that vary. Different management fees may incentivize WhiteStar to dedicate increased resources and allocate more profitable investment opportunities or best investment ideas to Clients who are charged management fees (or performance-based fee arrangements) that are more profitable for WhiteStar.

Performance fees are only charged to "qualified clients" in accordance with Rule 205-3 under the Advisers Act. In the future, not all compensation arrangements will necessarily include a performance component, and the rate and nature of the calculation of performance compensation and bonuses may vary.

### **SPECIFIC CONFLICTS OF INTEREST AND WHITESTAR'S PRACTICES DESIGNED TO MITIGATE SUCH CONFLICTS OF INTEREST**

Like all investment advisers who advise multiple accounts or funds having different fee structures, WhiteStar and its personnel face actual and potential conflicts of interest, including an incentive to favor those Clients in which WhiteStar or its personnel have greater pecuniary interests over other Clients managed by WhiteStar. Such conflicts of interest and WhiteStar's policies and practices that are designed to mitigate such conflicts of interest are discussed below. As a general matter, WhiteStar addresses such conflicts by following a thorough, detailed, and consistent investment decision-making process and by regular reviews of investments by WhiteStar's investment staff. Please see *Item 8: Methods of Analysis, Investment Strategies and Risk of Loss* of this Brochure for additional information on conflicts of interest.

- **Allocation of Investments.** WhiteStar has an incentive to allocate investment opportunities based on pecuniary interest. WhiteStar and its personnel will face a conflict of interest when considering how to allocate limited investment opportunities among Clients having different fee structures or pecuniary interests, including Clients in which an affiliate is an investor. Through its relevant policies and procedures, WhiteStar seeks to promote fair and equitable treatment of the Clients (including the allocation of investment opportunities), over time, based on considerations that are unrelated to pecuniary interests.

During the investment period of a Client, all appropriate investment opportunities will be pursued by WhiteStar principals through such Client, subject to certain limited exceptions set forth in the Client's governing documents and WhiteStar's relevant policies and procedures. Without limitation, WhiteStar principals currently manage, and expect in the future to manage, several other investments similar to those in which a Client will be investing, and expect to direct certain relevant investment opportunities or resources to those investments. WhiteStar personnel reserve the right to manage their own personal investments, whether or not through a formal family office or estate

planning structure, to establish trusts, endowments, charitable programs, foundations or similar arrangements, and to pay or receive compensation relating to the foregoing. WhiteStar's principals and WhiteStar's investment staff will continue to manage and monitor such investments until their realization. Such other investments that WhiteStar principals expect from time to time to control or manage generally have the potential to compete with companies acquired by a Client. Following the investment period of a Client, WhiteStar principals reserve the right to, and likely will, focus their investment activities on other opportunities and areas unrelated to such Client's investments. To the extent an advisory opportunity is received that is unsuitable for a Client, in WhiteStar's sole discretion, WhiteStar and its personnel reserve the right to refer such opportunity to third parties or to make personal investments in the relevant opportunity. Unless restricted by the governing documents, WhiteStar personnel are permitted to serve on boards or act in other roles unaffiliated with WhiteStar, the Clients or their portfolio investments, including boards of charitable and educational institutions, public companies and former portfolio companies, and receive compensation in connection with such services and roles, none of which will offset or otherwise reduce management fees.

- **Compensation of WhiteStar and its Personnel.** WhiteStar and its personnel potentially have an incentive to take on more risk when compensation is based on performance: The receipt of performance-based compensation and the payment of bonuses relating to performance of Clients creates an incentive to make riskier investments than might be made in the absence of performance-based compensation, as such compensation generally allows participation in gains in excess of exposure to losses. On the other hand, performance-based compensation encourages an alignment of long-term investment interests between the Clients and WhiteStar. Moreover, performance-based compensation may be subject to mechanisms designed to ensure that prior losses are recouped and/or a certain level of gains is achieved before any performance-based compensation accrues, such as loss carry forwards, hurdle rates, and/or high water marks. Furthermore, as discussed in more detail in Item 13 of this Brochure, WhiteStar reviews the portfolios of the Clients that it advises on a regular basis to monitor risk levels. In addition, engaging in high risk investment practices that cause adverse performance will have a negative impact on the receipt by WhiteStar of performance-based compensation and the receipt of discretionary bonuses paid to portfolio managers.
- **Performance-Based Fees for WhiteStar and Valuations.** When WhiteStar's compensation is based on the value or performance of investments, WhiteStar potentially has an incentive to value a position at a price higher than it might otherwise be valued or to accelerate or defer realizations. To the extent that performance allocations are based on increases in the net assets of a Client, WhiteStar's compensation would be based upon unrealized appreciation as well as realized appreciation. This means that WhiteStar may be compensated on performance that is ultimately not realized if positions decrease in value and are subsequently sold at a loss. The potential for inflated valuation of positions is increased when such positions are illiquid or otherwise lack a readily ascertainable market value. WhiteStar seeks to mitigate this conflict by valuing assets in accordance with its valuation policy, which is reasonably designed to assure that valuations are performed in a consistent and thorough manner that insulates the conflict. In general, WhiteStar considers the views of outside experts, including third-party valuation firms, in determining the value of illiquid or other hard to value assets. WhiteStar further seeks, on a best effort basis, to receive third party valuations from broker/dealers for investment holdings of the Clients managed by WhiteStar.
- **Cross-Transactions.** Should WhiteStar engage in cross-transactions between two or more Clients or between Client(s) and any investment vehicles managed by Clearlake, it potentially has an incentive to favor Clients or vehicles in which it or Clearlake has a greater pecuniary interest. WhiteStar will conduct such transactions in accordance with policies to promote fairness to all

participating Clients (*e.g.*, by assuring that an appropriate price is assigned to the security being crossed). Where required by law or the governing documents for a Clients, cross transactions are subject to the Client's consent prior to settlement. Information about said transaction, including the nature of the rebalancing transaction, the price at which it will be effected and WhiteStar's position as principal, if applicable, are provided to allow the Client to determine whether or not to consent.

- **Fees and Expense Allocations.** Subject to any relevant restrictions or other limitations contained in the governing documents, WhiteStar will allocate fees and expenses in a manner that it believes is fair and equitable to its clients under the circumstances over time and considering such factors as it deems relevant, but in any case in its sole discretion. In exercising such discretion, WhiteStar expects to be faced with a variety of potential conflicts of interest.
- **Investments in Different Parts of the Capital Structure.** Clients may invest in CLO classes or tranches of securities other than direct or indirect equity interests in a CLO or on different terms than other Clients, and/or clients of Clearlake. As a result, certain Clients may invest in more senior classes of the CLO's capital structure. Furthermore, Clients may sponsor such securitizations and retain an interest in the equity and/or debt tranches thereof or participate separately as purchasers in such securitizations. As such, the interests of the Clients holding a direct or indirect investment in the equity of a CLO, may not be aligned with the interests of the Clients (and/or clients of Clearlake) that hold more senior debt interests. In that regard, actions may be taken by the WhiteStar on behalf of a Client that are adverse to other Clients, or by Clearlake that are adverse to a Client. The interests of the Clients investing in different classes or tranches of securities of the CLO are particularly acute in the case of financial distress of the CLO. If one Client were to lose its investment as a result of such difficulties, the ability of WhiteStar to recommend actions that are in the best interests of other Clients might be impaired. Participation by one Client may result in a loss or substantial dilution of the Client's direct or indirect investment, while another Client recovers all or part of amounts due to it. Clients will not be required to take any action or withhold from taking any action to mitigate losses to other Clients in any such a scenario.
- **Relationship with Related Parties.** As described herein, an affiliate of Clearlake owns WhiteStar which, together with Trinitas, invest in the syndicated bank loan space, with a focus on CLOs. Clearlake maintains its own allocation and other policies relating to, among other things, allocation of investment opportunities and capital structure conflicts, all of which (along with the respective investment activities of the funds or accounts managed or advised by Clearlake) could present conflicts of interest for, or otherwise have an adverse effect on, WhiteStar, its affiliates and their respective portfolio companies.

Separately, any partner, officer or employee of WhiteStar or Clearlake or Trinitas may serve as an officer, director, advisor or in comparable management functions for borrowers of the underlying assets ("CLO Assets") of an obligor or the proceeds thereof that are the collateral of a CLO, and any such partner, officer or employee may obtain material non-public information in connection therewith, or in connection with such partner's, officer's or employee's other activities in the financial markets. To the extent WhiteStar operates without information barriers to separate persons who make investment decisions from others who might possess material non-public information that could influence such decisions. In an effort to manage possible risks arising from the internal sharing of material non-public information, WhiteStar is expected to maintain a list of restricted securities with respect to which it may have access to material non-public information and in which Clients are restricted from trading. If partners, officers or employees of Clearlake, WhiteStar or Trinitas obtain such material non-public information about a borrower the loans of which are

collateral of a CLO, the CLO may be prohibited by law, policy or contract, for a period of time, from (i) unwinding a position in such borrower, (ii) establishing an initial position or taking any greater position in such borrower and/or (iii) pursuing other investment opportunities on behalf of the CLO, which could impact the returns to the CLO. In addition, in certain circumstances, WhiteStar may be prohibited from trading a position that it holds, directly or indirectly, in the CLO because WhiteStar determines that one or more partners, officers or employees of Clearlake, WhiteStar or Trinitas holds material non-public information with respect to one or more remaining positions held by the CLO.

Furthermore, in those instances where partners, officers or employees of Clearlake, WhiteStar or Trinitas serve as directors of certain borrowers the loans of which are collateral of a CLO, they will be required to make decisions that they consider to be in the best interests of such borrower. In certain circumstances, such as in situations involving bankruptcy or near insolvency of a borrower, actions that may be in the best interests of such borrower may not be in the best interests of the CLO, and vice versa. Accordingly, in these situations, there may be conflicts of interest between an individual's duties as a partner, officer or employee of Clearlake, WhiteStar or Trinitas and such individual's duties as a director of such borrower.

**Other Conflict Mitigation Practices.** Many of the conflicts resulting from performance-based fees and side-by-side management are mitigated by WhiteStar's relevant policies and procedures. As a general principle, WhiteStar requires that potential conflicts of interest be addressed by placing the Client's interests before personal or proprietary interests. WhiteStar has also instituted policies to promote fair treatment of Clients based on considerations unrelated to pecuniary interests to ensure that, wherever possible and over time, opportunities are allocated in a fair and equitable manner.

- **WhiteStar Information.** In connection with its services to the Clients and their investments, WhiteStar, its affiliates and personnel expect to receive the benefit of certain tangible and intangible benefits. For example, in the course of WhiteStar's operations, including research, due diligence, investment monitoring, operational improvements and investment activities, WhiteStar and its personnel expect to receive and benefit from information, "know-how," experience, analysis and data relating to a Client or portfolio investment (as applicable) operations, terms, trends, market demands, customers, vendors and other metrics (collectively, "WhiteStar Information"). In many cases, WhiteStar Information will include tools, procedures and resources developed by WhiteStar to organize or systematize WhiteStar Information for ongoing or future use. Although WhiteStar expects its Clients and their portfolio investments generally to benefit from WhiteStar's possession of WhiteStar Information, it is possible that any benefits will be experienced solely by other or future Clients or portfolio investments (or by WhiteStar and its personnel) and not by the Client or portfolio investment from which WhiteStar Information was originally received. WhiteStar Information will be the sole intellectual property of WhiteStar and solely for the use of WhiteStar. WhiteStar reserves the right to use, share, license, sell or monetize WhiteStar Information, without offset to management fees payable by the Clients, and the relevant Client or portfolio investment will not receive any financial or other benefit of such use, sharing, licensure, sale or monetization. Additionally, expenses relating to the Clients or portfolio investments are expected to be charged using credit cards or other widely available third-party rewards programs that provide airline miles, hotel stays, travel rewards, traveler loyalty or status programs, "points," "cash back," rebates, discounts and other arrangements, perquisites and benefits under the available terms of such reward programs. Such terms are expected to vary over time, and any such rewards (whether or not *de minimis* or difficult to value) generally will inure to the benefit of the personnel participating in the rewards program, rather than the portfolio companies, the Clients or their respective investors; no such rewards will offset any management fees payable by the Clients.

- **Side Letters.** WhiteStar and/or its affiliates reserve the right to enter into side letter arrangements with certain investors in a Fund providing such investors with different or preferential rights or terms (none of which generally will be subject to the “most-favored nation” provisions of a Fund’s governing documents), including, but not limited to, different fee structures or arrangements (including discounted or rebated compensation terms, modified waterfall mechanics and/or receipt of a portion of WhiteStar’s compensation), information rights, specialized reporting, priority co-investment rights or targeted co-investment amounts, rights to serve on the Fund’s advisory committee, liquidity or transfer rights, confidentiality protections and disclosure rights, modification of default remedies, as well as economic procedural and other terms. WhiteStar is likely to have its own economic and/or other business incentives to provide certain terms to certain investors (*e.g.*, based on commitment amount to a Fund or the timing thereof, the ability of an investor to provide sourcing or other services to WhiteStar, its affiliates and personnel or the Funds, or the potential to establish, recognize, strengthen or cultivate relationships that have the potential to provide longer-term benefits to WhiteStar, its affiliates and personnel, or the Funds). Further, side letters may also relate to strategic relationships under which an investor agrees to make commitments to multiple Funds. Except where required by the governing documents, other investors will not receive copies of side letters or related provisions, and as a general matter, the other investors have no recourse against a Fund, WhiteStar or any of their affiliates in the event that certain investors have received additional and/or different rights and/or terms as a result of such side letters. Side letters subject WhiteStar to potential conflicts of interest, including in circumstances where an investor’s right to serve on the relevant Fund’s advisory committee results in the investor receiving additional information relative to other investors. To the extent an investor is subject to statutory or other limitations on indemnification, or otherwise negotiates rights relating thereto, other investors may be subject to increased losses, or be required to bear an increased portion of indemnification amounts. Other side letter rights are likely to confer benefits on the relevant investor at the expense of the relevant Fund or of investors as a whole, including in the event that a side letters confers additional reporting, information rights and/or transfer rights, the costs and expenses of which are expected to be borne by the relevant Fund. As a consequence of one or more investors being excused or excluded, or from regulatory, tax or other factors altering or limiting their participation in investments or ability to bear certain liabilities or obligations, the aggregate returns realized by participating or non-participating investors could be adversely affected in a material manner by the unfavorable performance of particular investments; similar considerations apply in the event a limited partner defaults on a drawdown in respect of an investment. Although WhiteStar believes it to be unlikely, excuse rights requested or received by one or more investors (or such regulatory, tax or other factors applicable to such investors) representing a substantial percentage of a Fund have the potential to create significant variations in investor investment returns or exposures to liabilities or obligations, or to influence or affect the investment strategy and pursuit of investment opportunities by WhiteStar on behalf of the relevant Fund as a whole. An investor’s voting rights for regulatory or other reasons can be limited in circumstances specified in the governing documents; conversely, a limitation on one or more investors’ voting rights generally will increase the voting rights percentage of other investors in the relevant Fund. Further, investors with different domiciles or tax categorizations could receive different investment returns or amounts of tax basis and/or pay different levels of expenses, *e.g.*, based on tax savings or ownership of alternative investment vehicle, “blocker” or other structures used to facilitate their investments in, through or below a Fund.

- **Insurance Coverage.** Although the governing documents generally contain broad exculpation and indemnification provisions, WhiteStar will not interpret such provisions to constitute a waiver of any person's non-waivable federal fiduciary duties to the relevant Fund under the Advisers Act. The relevant liability standards under insurance coverage procured by WhiteStar are expected to vary by carrier, and such standards are expected to vary from time to time depending on, for example, coverage features or limitations then-available from the carrier at the time of insurance contract renewal. As a result, insurance coverages from time to time are expected to vary from relevant liability and/or indemnity standards in the governing documents. Investors generally will be responsible for insurance premiums, as set forth in the governing documents. Regardless of whether the liability and/or indemnity standards in WhiteStar's insurance coverage are higher or lower than that set forth in the governing documents.

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## Item 7 Types of Clients

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As discussed in Item 4 of this Brochure, WhiteStar provides investment advisory services to CLOs, a Private Fund, and investment sub-advisory services to the ETF and Institutional Account. Investment in the CLOs is generally only available to institutional investors and certain high net worth individuals that are "accredited investors" and "qualified purchasers" or non-"U.S. persons" within the meaning of the Securities Act of 1933 (the "Securities Act") and the 1940 Act, as applicable. The CLOs may have a specified minimum investment amount set forth in their offering documentation. These minimum amounts may be subject to discretion on the part of WhiteStar to permit a smaller investment amount with respect to any investor in a particular CLO. WhiteStar anticipates that a broad range of institutional investors and high net worth individuals meeting the criteria set forth above will invest in CLOs managed by WhiteStar.

WhiteStar may also provide investment advisory services to potential CLO issuers pursuant to warehouse credit facility arrangements. These arrangements are put in place to permit a potential CLO issuer to acquire loan assets in anticipation of a final CLO securities offering. Historically, WhiteStar has not charged management fees to potential CLO issuers while providing services pursuant to these warehouse credit facility arrangements.

In addition, WhiteStar may, from time to time serve as the general partner or manager, or otherwise administrate, certain private funds formed for the purpose of facilitating investments by investors in the CLOs it manages, potentially both during the term of a CLO and/or during its warehouse credit facility arrangements. Historically, WhiteStar has not charged any asset management, performance or other fees in connection with its management or administration of such entities.

Generally, investors participating in the Private Fund are required to meet certain suitability and net worth qualifications, such as being either (i) an "accredited investor" within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act and that, in each case, are also a "qualified purchaser" as defined in Section 2(a)(51) of the 1940 Act; or (ii) a non-U.S. person in accordance with the requirements of Regulation S under the Securities Act and applicable eligibility requirements of the Private Fund; and (iii) in accordance with any other applicable law. As such, the Private Fund, WhiteStar manages is exempt from registration as an investment company through the exemption provided by Section 3(c)(7) of the 1940 Act.

This Brochure is not an offer (or solicitation of an offer) to invest in Funds or otherwise obtain WhiteStar's advisory services. Prior to investing in any Fund, an investor should review the relevant offering materials

for important information concerning the objectives, policies, strategies, risks, fees, and other important information regarding a Fund as set forth in the prospectus, confidential private offering circular, or private offering memorandum for such Fund. Although this publicly available Brochure describes investment advisory services and products of WhiteStar, persons who receive this Brochure should be aware that it is designed solely to provide information about WhiteStar as necessary to respond to certain disclosure obligations under the Advisers Act. As such, the information in this Brochure may differ from information provided in the relevant governing documents for the Funds. More complete information about each Fund is included in its relevant governing documents. To the extent that there is any conflict between discussions herein and similar or related discussions in any governing documents for a Fund, the relevant governing documents shall govern and control.



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

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### **Investment Strategies and Methods of Analysis**

WhiteStar's investment strategy focuses primarily on leveraged credit, specifically senior secured bank loans. As permitted by the constituent documents of a CLO, a particular CLO may also have a secondary focus on other types of leveraged credit such as high yield debt securities. In the case of the ETF sub-advised by WhiteStar, the investment strategies and methods of analysis employed on behalf of the ETF will be set forth in the prospectus of the ETF or in other related documents. There can be no assurance that the investment objectives of any Fund will be achieved and a loss of investment is possible.

WhiteStar employs both "top-down" and "bottom-up" analyses when making investments. WhiteStar's top-down analysis involves a macro analysis of relative asset valuations, long-term industry trends, business cycles, interest rate expectations, credit fundamentals, and technical factors to target specific industry sectors and asset classes in which to invest. WhiteStar's bottom-up analysis includes a rigorous analysis of the credit fundamentals and capital structure of each potential investment and a determination of relative value compared to alternative investments. Potential investments will be analyzed through a thorough review of the fundamentals of the economy in general and then the particular industry and the strengths and weaknesses of each individual credit. Under this approach, the credit performance of each asset will typically be subjected to stress tests to maximize the selection of investments with favorable risk adjusted returns.

WhiteStar follows a defined investment process based on a comprehensive analysis of company creditworthiness, generally including a quantitative and qualitative assessment of a company's business, an evaluation of management performance, an analysis of business strategy, regulatory and legal considerations, industry trends and an examination of capital structure, financial results and projections. The due diligence process typically includes: (i) an assessment of the outlook for the industry based on discussions with industry participants, industry analysts, suppliers to and customers of the industry, and relevant trade group representatives; (ii) discussions with company management as to the business outlook, competitive position within the industry, and flexibility of capital structure relative to business objectives; (iii) an analysis of fundamental asset values and enterprise value of the company (based on valuation comparisons to other industry participants) to assess the degree to which the investment under consideration has above average downside protection; (iv) a review of the company's core competencies and competitive advantages and formation of a judgment as to the sustainability of each; (v) preparation of historical and projected financial statements to assess the company's liquidity, fundamental creditworthiness, and prospects for future value creation; (vi) a review of any tax, legal, or regulatory contingencies that could negatively impact the company's value or ability to continue as a going concern; and (vii) a thorough review of the company's capitalization, its financial flexibility and debt amortization requirements, including an analysis of the terms and covenants of each of the company's outstanding debt and equity securities.

Following each investment, WhiteStar actively monitors investment performance. Subject to a Fund's governing documents, WhiteStar may sell an investment when more attractive investments can be purchased at comparable price points to optimize portfolio composition and target performance. WhiteStar seeks to prioritize concentration and correlation avoidance and will re-assess investments relative to the target investment criteria of each Fund.

WhiteStar may consider various sources of information in analyzing investments, including financial newspapers and magazines, optimization studies and reports, trade journals, government publications,

inspections of corporate activities, research, material prepared by others, corporate rating services, annual reports, prospectuses, filings with the SEC, other regulatory filings, and company press releases. Other sources of information include meetings and discussions with management of public and private issuers and WhiteStar's contacts within the senior secured bank loan community.

### **Material Risks Relating to Methods of Investment Analysis**

WhiteStar seeks to conduct reasonable and appropriate due diligence based on the facts and circumstances applicable to each investment. The objective of the due diligence process is to identify attractive investment opportunities based on the facts and circumstances surrounding an investment and to identify possible risks associated with that investment. When conducting due diligence and making an assessment regarding an investment, WhiteStar relies primarily on publicly available information and resources, but may also rely on "private-side" information from particular borrowers obtained pursuant to standard non-disclosure or confidentiality arrangements. The due diligence process may at times be subjective (such as with respect to newly organized companies for which only limited information is available). Accordingly, WhiteStar cannot be certain that its due diligence investigations with respect to any investment opportunity will reveal or highlight all relevant facts (including fraud) that may be necessary or helpful in evaluating such investment opportunity. Also, WhiteStar cannot be certain that its due diligence investigations will result in investments being successful or that the actual financial performance of an investment will not fall short of the financial projections used when evaluating that investment.

WhiteStar also considers the risks of its investment analysis methods to include the unpredictability of general economic, financial, and issuer-specific conditions.

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

All investing in securities involves risk of loss that an investor should be prepared to bear. The securities that WhiteStar invests in are subject to credit, liquidity, interest rate and exchange rate risks, general economic conditions, operational risks, structural risks, the condition of financial markets, political events, developments or trends in any particular industry, and periods of adverse performance, among others.

Interests in the CLOs managed by WhiteStar are offered to investors pursuant to disclosure documents that contain detailed information about the risks of investing in the CLOs, including the risks relating to the securities issued to investors by the CLOs and those relating to the underlying assets held by the CLOs. With respect to each CLO managed by WhiteStar, the summary of fund investment risks in this Brochure is qualified in its entirety by the relevant disclosure documents for the particular CLO. Investors should carefully review the offering circular for each CLO before investing in the CLO or making an investment decision to buy, sell, or hold the securities issued by the CLO. Investors should be aware that the CLOs managed by WhiteStar are generally limited to certain types of investments (*e.g.*, leveraged loans, high-yield bonds, etc.) and as such will typically not be diversified by asset type. CLOs are not intended to provide a complete investment program and WhiteStar expects that the assets it manages do not represent all of an investor's assets. Investors in CLOs managed by WhiteStar are responsible for appropriately diversifying their assets to guard against the risk of loss.

#### *CLO Risks Generally.*

There are numerous risks associated with investment in a CLO, including that interests in a CLO have limited liquidity and there are restrictions on their transfer; the CLO may have limited assets to make payment on the securities; certain securities issued by the CLO are subject to greater risk of nonpayment

than more senior tranches; and the holders of securities may have limited rights to proceed against defaulting borrowers. Holders of interests in a CLO are also exposed to the risks of the underlying assets in which the CLO invests, which consist primarily of senior secured bank loans, with a potential secondary focus on other types of leveraged credit, such as high yield debt securities. These risks are described in more detail below. Investors should carefully review a CLO's private offering memorandum.

### *Credit Risk*

All of the debt securities in which the Funds invest are exposed to credit risk, which is the possibility that the issuer of a debt security will default on its obligation to pay interest and/or principal which could cause a Fund to lose money. Corporate debt securities rated lower than BBB- are below investment grade and therefore are considered to have significant credit risk. A significant portion of the assets of the Funds managed by WhiteStar have ratings at or below this level. Debt securities with lower credit ratings generally pay a higher level of income to debt holders but carry a greater risk of default.

### *Interest Rate Risk*

Fixed rate debt securities fluctuate in value as interest rates change. The general rule is that if the interest rate rises, the market price of fixed income securities will usually decrease. The reverse is also true - if interest rates fall, the market prices of fixed income securities will generally increase. A debt security with a longer maturity (or a fund holding fixed income securities with a longer average maturity) will typically be more sensitive to changes in interest rates and it will fluctuate more in price than a shorter-term maturity. Floating rate instruments, such as the majority of the senior secured bank loans in which the Funds invest, see increases in the total payment obligations of the borrowers thereunder during periods of rising interest rates, which could lead to an increase in default rates on such investments.

### *Liquidity Risk*

Liquidity risk exists when a particular security or other instrument is difficult to trade. A fund's investment in illiquid assets may reduce the returns of the fund, if any, because the fund may not be able to sell the assets at the time desired for an acceptable price or might not be able to sell the assets at all. Liquidity may also be dependent on general market conditions, in addition to asset specific demand. Many of the assets in which the Funds invest, including senior secured bank loans, are less liquid than other types of investments.

### *Financial Institution Risk; Distress Events*

An investment in a CLO is subject to the risk that one of the CLO's banks, brokers, hedging counterparties, lenders or other custodians of some or all of the CLO's assets (each, a "**Financial Institution**") fails to perform its obligations or experiences insolvency, closure, receivership or other financial distress or difficulty (each, a "**Distress Event**"). Distress Events can be caused by factors including eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance or accounting irregularities. In the event a Financial Institution experiences a Distress Event, WhiteStar, the CLOs may not be able to access deposits, borrowing facilities or other services for an extended period of time or ever. Although assets held by regulated Financial Institutions in the United States frequently are insured up to stated balance amounts by organizations such as the Federal Deposit Insurance Corporation ("**FDIC**"), in the case of banks, or the Securities Investor Protection Corporation ("**SIPC**"), in the case of certain broker-dealers, amounts in excess of the relevant insurance are subject to risk of loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose increased risk of loss. Although in recent years governmental intervention has resulted in additional protections for depositors, there can be no assurance

that governmental intervention will be successful or avoid the risk of loss, substantial delays or negative impact on banking or brokerage conditions or markets.

Any Distress Event has a potentially adverse effect on the ability of WhiteStar to manage the CLOs and their investments, and on the ability of WhiteStar, any CLO and/or portfolio companies to maintain operations, which in each case could result in significant losses and unconsummated investment acquisitions and dispositions. Such losses have the potential to include a CLO to pay fees and expenses in the event the CLO is not able to close a transaction (whether due to the inability to draw capital on a credit line provided by a Financial Institution experiencing a Distress Event, the inability of investors to make capital contributions or otherwise), as well the inability of a CLO to acquire or dispose of investments at prices that the relevant General Partner believes reflect the fair value of such investments and/or the inability of portfolio companies to make payroll, fulfill obligations and maintain operations. Although WhiteStar expects to exercise contractual remedies under the agreements with Financial Institutions in the event of a Distress Event, there can be no assurance that such remedies will be successful or avoid losses or delays.

Many Financial Institutions require, as a condition to using their services or otherwise, that WhiteStar and/or the relevant CLO maintain all or a set amount or percentage of their respective accounts or assets with the custodian, which heightens the risks associated with a Distress Event with respect to such custodians. Although WhiteStar seeks to do business with custodians that it believes are creditworthy and capable of fulfilling their respective obligations to the CLOs, WhiteStar is under no obligation to use a minimum number of custodians with respect to any CLO, or to maintain account balances at or below the relevant insured amounts.

#### *Risks of Investing in Senior Secured Bank Loans.*

The substantial majority of the investments managed by WhiteStar for the Funds are senior secured bank loans. Such loans are typically negotiated by one or more commercial banks or other financial institutions and syndicated among a group of commercial banks and financial institutions and other investors. The loans are typically made to borrowers which have below investment grade ratings and will generally be highly leveraged companies.

Senior secured bank loans typically pay interest based upon floating rates. During periods of rising interest rates, the total payment obligations of the borrowers, issuers, or obligors of floating rate debt will increase, perhaps significantly. This in turn could lead to an increase in default rates on such investments.

The investment risks of senior secured bank loans include limited liquidity and secondary market support, the limited supply of some new issue bank loans, the possibility that earnings of the loan obligor may be insufficient to meet its debt service, the declining creditworthiness, and potential for insolvency of the obligor of bank loans during periods of economic downturn, spread compression over the reference interest rate available for reinvestment during any period in which prepayments are received, and if subordinated, subordination to the prior claims of other loans or senior lenders. An economic downturn could severely disrupt the market for bank loans and adversely affect the value of outstanding bank loans and the ability of the obligors to repay principal and pay interest.

Senior secured bank loans may become non-performing for a variety of reasons and as a result may require substantial workout negotiations or restructuring that may include a substantial reduction in the interest rate, a substantial reduction of the principal, or a substantial extension of the amortization or maturity date of the loan. Any such event will likely cause a significant decrease in the interest collections on the loan and/or a significant decrease in the principal collections on the loans. Although some senior loans in which

a portfolio will invest will be secured by specific collateral, there can be no assurance that liquidation of such collateral would satisfy the borrower's obligation in the event of non-payment of scheduled interest or principal or that such collateral could be readily liquidated. In the event of bankruptcy of a borrower, the portfolio could experience delays or limitations in its ability to realize the benefits of any collateral securing a senior loan. If a default occurs with respect to a senior secured bank loan, and the holder of the loan sells or otherwise disposes of the loan, the proceeds of the sale or disposition will likely be less than the unpaid principal and interest thereon. Historical information regarding default and recovery rates of senior secured bank loans is limited. Actual default and recovery rates could vary significantly from historical observations. Historical information on the market value volatility of senior secured bank loans is limited, and such loans could be subject to market volatility not apparent from historical volatility studies. Such volatility could be significant at times.

Typically, the Funds managed by WhiteStar purchase an assignment of, or a participation in, a senior secured bank loan issued under a loan facility to which more than one lender is a party. These loan facilities are most often administered by agent lenders on behalf of the lenders pursuant to a loan agreement. In addition, because of the unique and customized nature of a loan and the private syndication of a loan, certain syndicated loans may not be purchased or sold as easily as publicly traded securities, and the trading volume in the syndicated loan market has been small relative to the market for high-yield bonds. Trading in loans is subject to delays due to their unique and customized nature, and transfers may require extensive documentation, the payment of significant fees, and the consent of an agent bank or the underlying obligor. In addition, the investor may incur additional expenses to the extent it is required to seek recovery upon a default or to participate in the restructuring of a loan. In the event a Fund acquires a participation in a senior secured bank loan, as opposed to an assignment of such loan, the Fund will have a relationship only with the participating institution and not the underlying borrower, which will limit the Funds ability to directly enforce its rights with respect to such loan.

The senior secured bank loans in which the Funds invest are generally prepayable in whole or in part at any time at the option of the obligor thereof at par plus accrued unpaid interest thereon. Prepayments may be caused by a variety of factors which are often difficult to predict. Consequently, there exists a risk that loans purchased by a Fund at a price greater than par may experience a capital loss as a result of such a prepayment.

Some bank loans acquired by the Funds may be subordinated loans, which are typically subject to intercreditor arrangements, which may prohibit or restrict the ability of the investor to exercise rights against the obligor with respect to their second liens, to challenge any exercise of remedies against the collateral by the first lien lenders with respect to their first liens, to challenge the enforceability or priority of the first liens on the collateral, and to exercise certain other secured creditor rights, both before and during a default or bankruptcy of the obligor. During a bankruptcy of the obligor, the holder of a junior loan may have to give advance consent to any use of cash collateral approved by the first lien creditors, sales of collateral approved by the first lien lenders and the bankruptcy court, and debtor-in-possession financings.

In recent years, a number of judicial decisions in the U.S. have upheld the right of borrowers to sue lending institutions on the basis of various evolving legal theories. Generally, lender liability is founded upon the premise that an institutional lender has violated a duty (whether implied or contractual) of good faith and fair dealing owed to the obligor or has assumed a degree of control over the obligor that creates a fiduciary duty owed to the obligor or its other creditors or shareholders. Because of the nature of bank loans, a Fund

acquiring a senior secured bank loan could be subject to allegations of lender liability made against it as part of a group of lenders and may be liable for pro rata liabilities of the agent or lead lender.

### *Risk of Investing in High-Yield Bonds*

While the Funds managed by WhiteStar invest primarily in senior secured bank loans, they may also, subject to the constituent documents for each Fund, invest a portion of their funds in high-yield bonds. High-yield bonds are rated below investment grade and thus have greater credit and liquidity risk than investment grade obligations. High-yield bonds typically pay a fixed rate of interest and are generally unsecured and may be subordinated to other obligations of the issuer. The lower ratings of high-yield bond obligations reflect a greater possibility that adverse changes in the financial condition of the issuer or in general economic conditions may impair the ability of the issuer to make payments of principal and interest.

Risks of high-yield bonds also include limited liability and secondary market support, substantial market price volatility resulting from changes in prevailing interest rates, subordination to the prior claims of banks and other senior lenders, the operation of mandatory sinking fund or call/redemption provisions during periods of declining interest rates that could cause the investor to reinvest premature redemption proceeds in lower-yielding bonds, the possibility that earnings of the issuer may be insufficient to meet its debt service, and the declining creditworthiness and potential for insolvency of the issuer during periods of rising interest rates or economic downturn.

An economic downturn or an increase in interest rates could severely disrupt the market for high-yield bonds and adversely affect the value of outstanding high-yield bonds and the ability of the issuers thereof to repay principal and interest. The market for both investment grade and high-yield bonds is not liquid at all times and for all issuers. Particular issues may be concentrated in the hands of only a few investors, many of such bonds are not registered under securities laws and most are not listed, and market-making activity, if any, may cease.

### *Epidemics, Pandemics, Outbreaks of Disease and Public Health Issues*

WhiteStar's business activities as well as the management and operations of the Funds and their investments, could be materially adversely affected by pandemics, epidemics and outbreaks of disease in Asia, Europe, North America and/or globally or regionally, such as novel coronavirus, or COVID-19, Ebola, H1N1 flu, H7N9 flu, H5N1 flu, Severe Acute Respiratory Syndrome, or SARS, and/or other epidemics, pandemics, outbreaks of disease, viruses and/or public health issues. Such public health emergencies have resulted in historic market disruptions, and future such emergencies have the potential to materially and adversely impact economic production and activity in ways that are impossible to predict, all of which may result in significant losses to the Funds.

Furthermore, uncertainty can result in or coincide with, among other things, volatility in financial markets and a decrease in demand across categories of consumers and businesses, as well as in the credit and capital markets. Although the long-term effects or consequences of any such health emergency cannot be predicted, previous occurrences of pandemics, epidemics and other outbreaks of disease had a material adverse effect on the economies and markets of those countries and regions in which they were most prevalent. Any occurrence or recurrence (or continued spread) of an outbreak of any kind of epidemic, communicable disease or virus or major public health issue could cause a slowdown in the levels of economic activity generally (or cause the global economy to enter into a recession or depression), which would adversely affect the business, financial condition and operations of WhiteStar and the Funds. Should these or other major public health issues, including pandemics, arise or spread farther (or continue to spread or materially

impact the day to day lives of persons around the globe), WhiteStar and the Funds could be adversely affected by more stringent travel restrictions, additional limitations on WhiteStar's operations or business and/or governmental actions limiting the movement of people between regions and other activities or operations (or to otherwise stop the spread or continued spread of any disease or outbreak). The ultimate impact of a health emergency — and any resulting decline in economic and commercial activity — on global economic conditions, and on the operations, financial condition and performance of any particular industry or business, is impossible to predict, but could have a significant adverse impact and result in significant losses to the Funds.

#### *Uncertain Economic, Social and Political Environment*

Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of a Fund and its portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This may slow the rate of future investments by such Fund and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon such Fund's portfolio companies.

#### *International Conflicts*

Wars and other international conflicts such as the Israeli-Palestinian conflict and the ongoing military conflict between Russia and the Ukraine, have caused disruption to global financial systems, trade and transport, among other things. In response, multiple other countries have put in place sanctions and other severe restrictions or prohibitions on certain of the countries involved, as well as related individuals and businesses. However, the ultimate impact of these conflicts and their effect on global economic and commercial activity and conditions, and on the operations, financial condition and performance of the Funds or any particular industry, business or investee country and the duration and severity of those effects, is impossible to predict.

These conflicts may have a significant adverse impact and result in significant losses to the Funds. This impact may include reductions in revenue and growth, unexpected operational losses and liabilities and reductions in the availability of capital. It may also limit the ability of a Fund to source, diligence and execute new investments and to manage, finance and exit investments in the future. Developing and further governmental actions (military or otherwise) may cause additional disruption and constrain or alter existing financial, legal and regulatory frameworks and systems in ways that are adverse to the investment strategy which any Fund intends to pursue, all of which could adversely affect the Fund's ability to fulfill its investment objectives.

#### *Impact of Government Regulation, Reimbursement and Reform*

The SEC has proposed and enacted significant rules that will impact the business of WhiteStar and the Clients. In particular, the SEC has adopted a number of new rules that, if adopted, would impose significant changes on private fund advisers and their management of private funds, and the SEC is expected to propose

and/or adopt additional rules in the future. Such current and future rulemaking is expected to materially impact WhiteStar and its affiliates, the Clients and/or their investments. In addition, the Clients are expected to bear significant increased costs as a result of such rules, including costs relating to investor reporting and disclosures. Significant time and resources are expected to be required to comply with the new regulations, which potentially will detract from the time and resources dedicated to the Clients. Certain rules are or may become subject to legal challenge from private fund industry groups and others, and to the extent such legal challenges are successful, investors will not be afforded some or all of the protections provided by these rules.

### *Cybersecurity Risks*

Recent events have illustrated the ongoing cybersecurity risks to which operating companies are subject, particularly operating companies in historically vulnerable industries such as the food services and retail industries. To the extent that a portfolio company, Client, WhiteStar or one or more of their affiliates and respective service providers is subject to cyber-attack or other unauthorized access is gained to their systems, substantial losses may occur in the form of stolen, lost or corrupted: (i) data or payment information; (ii) financial information; (iii) software, contact lists or other databases; (iv) proprietary information or trade secrets; or (v) other items. If technology systems are compromised, become inoperable for extended periods of time or cease to function properly, WhiteStar, the Clients and/or portfolio companies and affiliates may incur significant time or expense to fix or replace them and to seek to remedy the effects of such issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in WhiteStar's, the Clients', portfolio companies', affiliates' and/or service providers' operations, including the ability to make distributions to investors, and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). In certain events, a failure or deemed failure to address and mitigate cybersecurity risks may be the subject of civil litigation or regulatory or other action. The use of internet- or cloud-based programs, technologies and data storage applications generally heightens these risks, and the risks of attack are expected to be heightened in remote work environments. Any of such circumstances could subject a portfolio investment, or the relevant Client, to substantial losses, including losses relating to: misappropriation of assets, intellectual property or confidential information; corruption, deletion or destruction of data; physical damage and repairs to systems; reputational harm; financial losses from remedial actions; and/or disruption of operations. Third parties, including activist, criminal, nation-state or terrorist actors, may also attempt fraudulently to induce portfolio companies or their personnel to disclose sensitive information (including passwords) in order to gain access to data, accounts, funds or other assets, or otherwise to inflict harm. In addition, in the event that such a cyber-attack or other unauthorized access is directed at WhiteStar or one of its service providers holding its financial or investor data, WhiteStar, its affiliates or the clients may also be at risk of loss.

### *Privacy and Data Protection Law Compliance Risk*

The adoption, interpretation and application of consumer protection, data protection and/or privacy laws and regulations in the United States, Europe and other jurisdictions (collectively, "Privacy Laws") could significantly impact current and planned privacy and information security related practices, the collection, use, sharing, retention and safeguarding of personal data and current and planned business activities of WhiteStar and/or its affiliates, the Clients and/or their portfolio investments, and increase compliance costs and require the dedication of additional time and resources to compliance for such entities. A failure to comply with such Privacy Laws by any such entity or their service providers could result in fines, sanctions or other penalties or litigation, which could materially and adversely affect the results of operations and



overall business, as well as have a negative impact on reputation and Fund performance. As Privacy Laws are implemented, interpreted and applied, compliance costs for WhiteStar and/or its affiliates, the Clients and/or their portfolio investments, are likely to increase, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place.

Certain jurisdictions, including U.S. states, have proposed, adopted or are considering similar Privacy Laws, which if enacted could impose significant costs, potential liabilities and operational and legal obligations. Such Privacy Laws are expected to vary from jurisdiction to jurisdiction, thus increasing costs, operational and legal burdens, and the potential for significant liability for regulated entities, which could include WhiteStar and/or its affiliates, the Clients and/or their portfolio investments.

### *ESG Matters*

Whitestar seeks to consider material environmental, social, and governance (“ESG”) factors alongside non-ESG factors when evaluating and making investment decisions subject to its fiduciary duties and applicable legal, regulatory, and/or contractual requirements. Notwithstanding this effort, WhiteStar’s funds are not ESG funds and WhiteStar does not rely upon ESG factors to the exclusion of other relevant investment factors when making investment decisions, nor do WhiteStar or any of its investment vehicles rely solely upon ESG and/or ESG factors in connection with their investment decisions such that ESG factors are materially favored over other factors, nor do WhiteStar or any of its investment vehicles target a specific ESG impact. There is no guarantee that WhiteStar will be able successfully to identify, consider, or ultimately address any particular ESG or non-ESG factor that may be relevant or material to a particular investment nor can there be any assurance that identifying and/or attempting to address any ESG or non-ESG factor will achieve results as expected. In addition, the evaluation of ESG factors in the context of investment decisions is qualitative and subjective in nature, and WhiteStar expects to be subject to competing demands from different investors and stakeholder groups with divergent views on ESG (including the role of ESG factors in the investment process). There is no guarantee that any judgment exercised by WhiteStar, will reflect the beliefs, values, internal policies or preferred practices of any particular investor. There are significant differences in interpretations of what positive ESG characteristics mean by region, industry and topic. WhiteStar’s interpretations and decisions are expected to differ from others’ views and could also evolve over time. Although WhiteStar views the integration of ESG factors to be an opportunity to potentially enhance or protect the performance of its investments over the long-term, WhiteStar cannot guarantee that execution of its ESG factors will positively impact the performance of any individual investment or Fund.

The materiality of ESG factors depends on many factors, including the relevant industry, location, asset class, and investment strategy. ESG factors, issues, and considerations do not apply in every instance and will vary by investment depending on situation and context. In addition, in evaluating an investment, WhiteStar expects to consider and/or rely upon information and data produced, collected, analyzed, interpreted or otherwise provided by a number of sources, including the relevant investments, third-party advisors and various other reporting sources which could be incomplete, inaccurate or unavailable, and which could cause WhiteStar to incorrectly assess the ESG factors and/or related risks and opportunities. WhiteStar does not intend independently to verify all ESG information reported by investments or third-parties.

ESG-based exclusionary criteria may result in a Fund foregoing opportunities to make certain investments when it might otherwise be advantageous to do so, and/or selling certain investments due to their ESG characteristics when it might be disadvantageous to do so. Adherence to the ESG factors may cause a Fund

not to make an investment that it would have made or to make a management decision with respect to an investment differently than it would have made in the absence of ESG factors, which could negatively impact WhiteStar's performance. Although WhiteStar believes that on balance its ESG factors will enhance the overall performance of the portfolio companies in which a Fund invests over the long-term while also providing infrastructure that benefits both society and the environment, WhiteStar cannot guarantee that its ESG factors will positively impact the financial or ESG performance of any individual investment or such Fund as a whole, and such Fund's investment strategy does not seek to subordinate investment returns or increase risks for ESG factors.

Further, ESG integration and responsible investing practices as a whole are evolving rapidly and there are different frameworks, methodologies, and tracking tools being implemented by other asset managers. Therefore, WhiteStar's approach to ESG integration may not align with the approach used by other asset managers or preferred by prospective investors or with future market trends. Additionally, WhiteStar does not independently verify certain of the ESG information reported by the portfolio companies. Further, WhiteStar may determine in its discretion that it is not feasible or practical to implement or complete certain of its ESG initiatives based on cost, timing or other considerations.

Finally, there is also growing regulatory interest in improving transparency around how asset managers, amongst others, define, measure and disclose impact of ESG factors on the performance of each Fund.

The ESG factors that WhiteStar considers could become subject to additional regulation in the future, and WhiteStar cannot guarantee that its current approach will meet future regulatory requirements.

#### *Material, Non-Public Information; Other Regulatory Restrictions*

As a result of the operations of WhiteStar and its related parties, WhiteStar frequently comes into possession of confidential or material, non-public information, WhiteStar and its related parties may have access to material, non-public information that may be relevant to an investment decision to be made by a Fund, a Fund may be restricted from initiating a transaction or selling an investment which, if such information had not been known to it or its related parties, may have been undertaken on account of applicable securities laws or WhiteStar's internal policies and practices.

Similarly, anti-money laundering, anti-boycott and economic and trade sanction laws and regulations in the United States and other jurisdictions may prevent WhiteStar or the Funds from entering into transactions with certain individuals or jurisdictions. The United States Department of the Treasury's Office of Foreign Assets Control ("OFAC") and other governmental bodies administer and enforce laws, regulations and other pronouncements that establish economic and trade sanctions on behalf of the United States. Among other things, these sanctions may prohibit transactions with or the provision of services to, certain individuals or portfolio companies owned or operated by such persons, or located in jurisdictions identified from time to time by OFAC. Additionally, antitrust laws in the United States and other jurisdictions give broad discretion to the U.S. Federal Trade Commission, the U.S. Department of Justice and other applicable U.S. and non-U.S. regulators and governmental bodies to challenge, impose conditions on, or reject certain transactions. In certain circumstances, antitrust restrictions relating to one Fund's acquisition of a portfolio company may preclude other Funds from making an attractive acquisition or require one or more other Funds to sell all or a portion of certain portfolio companies owned by them.

As a result of any of the foregoing, a Fund may be adversely affected because of WhiteStar's inability or unwillingness to participate in transactions that may violate such laws or regulations, or by remedies imposed by any regulators or governmental bodies. Any such laws or regulations may make it difficult or

may prevent a Fund from pursuing investment opportunities, require the sale of part or all of certain portfolio companies on a timeline or in a manner deemed undesirable by WhiteStar or may limit the ability of one or more portfolio companies from conducting their intended business in whole or in part. Consequently, there can be no assurance that any Fund will be able to participate in all potential investment opportunities that fall within its investment objectives.

#### *Sanctioned Investors*

If, after subscribing to a Fund, an investor is included on a list of prohibited persons maintained by a relevant regulatory or governmental authority (including OFAC or equivalent non-U.S. authorities) (a “Sanctions List”), the relevant general partner will have the sole discretion to determine the resolution, remedy and manner of compliance of the Fund with applicable laws, including without limitation a “freeze” on distributions and/or capital calls from the relevant limited partner and reporting to the relevant authorities. Adverse actions by any such authorities, including temporary or permanent stays or holds on the Fund’s activities, could materially and adversely affect the Fund.

#### *Social Media and Publicity Risk*

The use of social networks, message boards, internet channels and other platforms has become widespread within the United States and globally. As a result, individuals now have the ability to rapidly and broadly disseminate information or misinformation, without independent or authoritative verification. Any such information or misinformation regarding WhiteStar, the Funds or one or more portfolio companies could have a material and adverse effect on the value of the Funds.

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## **Item 9 Disciplinary Information**

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There are no legal or disciplinary events that are material to an evaluation of WhiteStar’s advisory services or the integrity of management. Specifically, neither WhiteStar nor any of its related persons have been a party to a criminal or civil action in a domestic, foreign or military court, been a party to an administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency or any foreign financial regulatory authority or been a party to a self-regulatory proceeding in the past ten years.

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

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### **Affiliated Broker-Dealers**

WhiteStar and its management persons are not registered, nor has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer. WhiteStar has no existing or pending affiliations with a broker-dealer or a registered representative of a broker-dealer.

### **Affiliated CPO and/or CTA**

WhiteStar and its management persons are not registered, nor has an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities. WhiteStar has no existing or pending affiliations with a futures commission merchant, commodity pool operator, or commodity trading advisor.

### **Related Investment Adviser**

#### ***Trinitas Capital Management, LLC***

By sharing supervised persons and the same physical location, WhiteStar is a related person of TCM, an investment adviser registered with the SEC under the Advisers Act. TCM was formed to provide investment advisory services, initially as a collateral manager for pooled investment vehicles that are CLOs. As noted in *Item 4 – Advisory Business*, WhiteStar is providing mid- and back- office services associated with its asset management business, including trading, portfolio analysis, credit review and monitoring, asset valuation, and risk and compliance management to TCM. These services are provided by WhiteStar under an agreement between WhiteStar and TCM. Certain of WhiteStar’s investment professionals and officers also act as members on TCM’s investment committee and serve as officers of TCM, including serving as TCM’s Chief Compliance Officer. Such individuals are separately engaged and compensated by TCM and serve at the discretion and subject to the control and direction of TCM’s board of managers, who are elected by its members.

In general, WhiteStar expects to conduct its activities in a manner that is separate and independent from the activities of TCM. However, as stated above, certain of WhiteStar’s investment professionals and officers provide investment advisory and other services and engage in various activities with respect to TCM and its advisory clients. Additionally, TCM’s advisory clients could from time to time invest in the same financial instruments or engage in the same or similar investment strategies as WhiteStar and/or its advisory Clients. These activities could conflict with the transactions and strategies employed by WhiteStar and its employees and related parties in managing Clients and could raise various other actual or potential conflicts of interest. Moreover, the time and effort of WhiteStar’s investment professionals, officers and various other employees will not be devoted exclusively to WhiteStar’s business or the business of its Clients but will be allocated among WhiteStar, its Clients and TCM and its clients.

WhiteStar address these and other conflict of interest by providing in its Code of Ethics that all supervised persons have a duty to act in the best interests of each Client and by providing training to supervised persons with respect to conflicts of interest and how such conflicts are resolved under WhiteStar’s written policies and procedures.

Additional information about Trinitas Capital Management, LLC can be found in their respective Form ADV which can be found at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## ***Clearlake Capital Group, L.P.***

As discussed above in *Item 4 – Advisory Business*, WhiteStar is the CLOs and structured products platform of Clearlake, an investment adviser that provides advice to privately offered investment funds that focus on investing in special situations, distressed, value private equity and opportunistic debt investments across the capital structure of companies in both control and non-control scenarios. WhiteStar is wholly-owned by WSAM Holdco LLC, a Delaware limited liability company, and WSAM Holdco LLC is directly owned by Clearlake Strategic Partners, L.P., an affiliate of Clearlake. .

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## **Item 11 Code of Ethics**

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### **Code of Ethics**

WhiteStar maintains a Code of Ethics (the “Code”) in accordance with Rule 204A-1 under the Advisers Act. The Code sets out standards of business and personal conduct for each officer and employee of WhiteStar (“Employees”) and addresses conflicts that may arise from personal trading by such persons and provides for disciplinary sanctions for Code violations. The Code is available upon written request to the CCO by the Funds and their current or prospective investors or other current or prospective clients.

The policies and procedures set forth in the Code recognize that as an investment adviser, WhiteStar is in a position of trust and confidence with respect to its Clients and has a duty to place the interests of such Clients before the interests of WhiteStar and its Employees, which duty includes an obligation to address or mitigate both conflicts of interest and the appearance of any conflicts of interest. The Code sets out standards of business and personal conduct for each Employee and addresses conflicts that arise from personal trading by such persons and provides for disciplinary sanctions for Code violations. The Code also recognizes that as an investment adviser registered under the Advisers Act, WhiteStar has a further obligation to comply with the provisions of the Advisers Act as well as the other U.S. federal securities laws.

The Code includes a code of conduct adopted by WhiteStar which requires Employees to (i) act with integrity, honesty, competence, and in an ethical manner when dealing with the public, regulators, Clients, investors, prospective investors, and their fellow Employees, (ii) adhere to the highest standards with respect to any potential material conflicts of interest with Clients, and (iii) preserve the confidentiality of information that they may obtain in the course of WhiteStar’s business and use such information properly and not in any way adverse to the interests of any WhiteStar Client, subject to the legality of using such information. All Employees must acknowledge the terms of the Code at the later of the commencement of their employment or adoption of the Code, and thereafter annually, and upon any amendments.

Under the Code and WhiteStar policy, Employees are prohibited from trading in securities of any company while in possession of material, non-public information regarding the company. The Code also includes a personal securities investment and reporting policy. This policy, among other things, significantly restricts an Employee’s ability to engage in any personal securities transactions and requires Employees to disclose all brokerage or securities accounts in the individual’s name or over which the Employee has any direct or indirect beneficial ownership, including accounts over which investment discretion is exercised either directly or indirectly.

The Code restricts Employees’ ability to conduct activities outside WhiteStar that may conflict with the interests of WhiteStar Clients, requires preapproval for gifts and entertainment in excess of certain values

that may be received and/or provided by Employees, restricts Employees' ability to make political donations and provides for the imposition of sanctions for Code violations.

As discussed above, (i) WhiteStar is providing certain mid- and back- office services to TCM, and (ii) WhiteStar's investment professionals and officers also act as members on TCM's investment committee and serve as certain officers of TCM. Given the close operations of WhiteStar, TCM, and Clearlake, all three firms operate under the same Restricted List which is designed to manage the receipt of material non-public information. WhiteStar believes that such conflicts have been addressed by the policies and procedures adopted by WhiteStar to govern such inter-relationships.

WhiteStar's compliance personnel receive and review all trading and other reports and Employee certifications submitted pursuant to the Code to determine that any personal trading (as well as other activities subject to compliance oversight) conducted by Employees and other covered persons is consistent with requirements and restrictions set forth in the Code and does not otherwise indicate any improper trading activities.

Additionally, WhiteStar has adopted inside information barrier policies and procedures to provide for the proper handling of confidential information (i.e., nonpublic information received or created by WhiteStar in connection with its activities) to prevent violations of laws and regulations prohibiting the misuse of such information and to avoid situations that might create an appearance of such misuse.

From time to time, WhiteStar and its supervised persons may come into possession of material, nonpublic, and other confidential information which, if disclosed, might affect an investor's decision to buy, sell, or hold an investment. Under applicable law, WhiteStar and its supervised persons are prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any other person, regardless of whether such other person is a client of WhiteStar. Accordingly, should such persons come into possession of material, nonpublic, or other confidential information with respect to any company, they may be prohibited from communicating such information to, or using such information for the benefit of, clients of WhiteStar, and have no obligation or responsibility to disclose such information to, nor responsibility to use such information for the benefit of, such clients when following policies and procedures designed to comply with applicable law.

The Code is available upon written request to the CCO by the Clients and their current or prospective investors or other current or prospective clients.

### **Participation or Interest in Client Transactions**

#### *Principal Transactions*

In the event WhiteStar were to affect a principal transaction where WhiteStar or its affiliates, as principal, buys or sells a security to or from any Client of WhiteStar, WhiteStar would provide appropriate disclosure and obtain the prior informed consent of the Fund or other Client and obtain the prior written authorization of WhiteStar's CCO.

#### *Cross Trades*

WhiteStar may cause one CLO it manages to purchase or sell a security or other instrument from or to another CLO. In addition, WhiteStar is authorized to cause CLOs it manages to purchase or sell securities from CLOs managed by TCM or other asset managers WhiteStar provides mid- and back- office services to, which asset managers may employ investment professionals who also act in such capacity for WhiteStar.

These trades, though infrequent, are sometimes done to maintain compliance with CLO indentures, which have various collateral tests and concentration requirements. WhiteStar effects these transactions through third-party brokers based on the then-current independent market price and consistent with the valuation procedures established by WhiteStar. WhiteStar will initiate such transactions between CLOs only when it believes that such a transaction would be advantageous to each CLO involved. To the extent that such transactions may be viewed as principal transactions due to TCM's or its affiliates' ownership interest in a particular CLO, TCM will either not effect such transaction or comply with the requirements for principal transactions described above.

In effecting transactions in the ETF, WhiteStar will not engage in cross trades. WhiteStar does not permit cross trades with the ETF.

#### *Financial Interest of WhiteStar and its Affiliates in CLOs*

WhiteStar and its affiliates are permitted to invest in CLOs. WhiteStar believes that investments by WhiteStar or its affiliates in the CLOs it manages helps to align WhiteStar's interests with those of the CLOs and their investors. WhiteStar will not take into account its ownership interest in any CLO when making allocation decision for any particular investment (See Allocation of Investment Opportunities below).

#### *Allocation of Investment Opportunities*

WhiteStar has adopted policies and procedures designed to fairly manage the allocation of investment opportunities among its client accounts, to the extent practicable and in accordance with each account's applicable investment strategies, over a period of time. These policies and procedures are in addition to policies and procedures adopted by WhiteStar regarding the allocation of investment opportunities between WhiteStar and TCM (See *Relationship Between WhiteStar and TCM* below).

WhiteStar's allocation methodology may be based on a pro rata allocation or any other method deemed appropriate by WhiteStar's allocation committee, provided that the method is designed to achieve a fair and equitable allocation of investment opportunities among participating accounts over time. Sensitive allocation issues may arise when WhiteStar is given the opportunity to participate in an offering that is expected to be over-subscribed, or to purchase a limited position in a security. A pro rata allocation generally incorporates, to the extent appropriate, the parameters set by WhiteStar's allocation committee as well as the investment criteria of the applicable account. Under a pro rata allocation, investments will be allocated among participating accounts pro rata, taking into account any relevant investment criteria, including, for example and without limitation, investment objectives, available capital, applicable concentration limits and other investment restrictions, portfolio diversification, tax efficiencies and potential adverse tax consequences, regulatory restrictions applicable to participating accounts, policies and restrictions (including internal policies and procedures) applicable to participating accounts, the avoidance of odd-lots or cases where a pro rata allocation would result in a de minimis allocation to one or more participating accounts, the potential dilutive effect of a new position, the overall risk profile of a portfolio, and other considerations deemed relevant by WhiteStar. WhiteStar may also take into account whether a client is in a "warehousing" or "ramp-up" phase and over-allocate investment opportunities to such accounts during such period, so long as its overall allocation remains fair and equitable over time.

### *Relationship Between WhiteStar and TCM*

As noted in *Item 4 – Advisory Business*, WhiteStar is providing mid- and back- office services associated with its asset management business, including trading, portfolio analysis, credit review and monitoring, asset valuation, and risk and compliance management to TCM. These services are provided by WhiteStar under an agreement between WhiteStar and TCM. Certain of WhiteStar’s investment professionals and officers also act as members on TCM’s investment committee and serve as officers of TCM. Such individuals are separately engaged and compensated by TCM and serve at the discretion and subject to the control and direction of TCM’s board of managers, who are elected by its members. A majority of TCM’s Board of Managers consists of individuals who are not affiliated with WhiteStar.

The relationships between WhiteStar and TCM may create conflicts of interest for their clients, including conflicts arising from the allocation of investment opportunities identified by investment professionals of both WhiteStar and TCM which may be appropriate for clients of both advisers, as both WhiteStar and TCM currently act as collateral managers for CLOs. WhiteStar and TCM intend to address such potential conflicts of interest by submitting each investment opportunity which has been independently approved by the investment committee of each adviser for its clients to a joint allocation committee consisting of individuals who are officers or employees of both entities. Such opportunities will then be allocated among the clients of WhiteStar and TCM in a manner designed to achieve a fair and equitable allocation of investment opportunities among participating accounts without regard to which of WhiteStar or TCM serves as the account’s collateral manager. In general, such allocation determinations will follow the procedures and criteria described above under “Allocation of Investment Opportunities”.

### *Relationship between WhiteStar and Clearlake*

WhiteStar is owned by an affiliate of Clearlake, as discussed elsewhere herein. Clearlake is registered as an investment adviser with the SEC. Clearlake and/or its affiliates may work collaboratively with WhiteStar from time to time, and/or WhiteStar may add additional investment teams and lines of business, and conflicts of interest may arise as a result. Such conflicts may include, but are not limited to, conflicts related to the sharing of material non-public information, co-investments, follow-on investments, ownership of investments at different levels of the capital structure, disposition of investments at different times or on different terms, business relationships between investments and the allocation of investment opportunities. WhiteStar intends to address any such conflicts as they arise in accordance with WhiteStar’s compliance policies and disclosures.



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## Item 12 Brokerage Practices

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### **Best Execution and Soft Dollars**

WhiteStar seeks “best execution” for client trades. Best execution generally refers to the execution of portfolio transactions in such a manner that total cost or proceeds in each transaction is the most favorable under the circumstances. The SEC defines best execution as “best qualitative execution,” not merely the lowest possible execution cost. In evaluating the quality of execution and selecting broker-dealers to execute client transactions, WhiteStar considers various factors, such as execution capability, commission rate (or spread), financial responsibility, and responsiveness.

WhiteStar communicates with the various broker-dealers in the market place and maintains a database on all of the assets it manages that is constantly updated throughout the day with real market quotes provided by broker-dealers. Prior to every trade, WhiteStar reviews this information and recent quotes in the market to identify the broker-dealer that it believes will provide the best overall price and certainty and quality of execution.

In addition to the general factors considered as listed above, there are several additional factors and circumstances that WhiteStar considers when selecting a broker-dealer in the leveraged loan market, including

- Relevant Market Place. The senior secured bank loan market, and to a lesser extent the high-yield bond market, is not traded on an exchange where current asset prices are readily available. Further, the senior secured loan market is a private market in which the level of information known by dealers and various investors ranges significantly. WhiteStar strives to maintain solid relationships and information flow with a large number of the active dealers in the market.
- Liquidity. Certain investments are highly illiquid, whereby very few dealers are able to make a market in the security or instrument. Further, a dealer might be one-sided (only has an offer or a bid) for a particular position.
- Assignment Fees. In some cases, the transfer of a senior secured bank loan may entail the payment an assignment fee to the administrative agent. Depending on the size of the trade and the number of funds the asset will be allocated to/from the administrative agent, these fees can be significant. Trading with the administrative agent with respect to a particular transaction may eliminate these fees.
- Trade Limitations. Several factors may preclude the ratable allocation of a trade of a senior secured bank loan among several funds, including minimum hold levels.
- Agent Bank Considerations. In addition to the possibility of eliminating assignment fees, there are other potential benefits (or disadvantages) to trading with (or away from) the administrative agent. All trades are disclosed to the trading desk of the administrative agent and allocations of primary transactions are generally favored to those accounts which provide high and consistent trading volume with the administrative agent. Further, the administrative agent typically is the most knowledgeable dealer regarding the trading of an asset, understands who the buyers and sellers are and can provide the “early look” when a certain asset is trading;

- Idea Generation. WhiteStar values the insight and research of its dealers. To the extent a dealer provides valuable trade information or insight into a credit, WhiteStar may prefer to execute the trade with that dealer, provided the price is within its understanding of market levels; and
- Complexity of the Asset. Senior secured bank loan assets, in particular, can be very complex when understanding trading levels and features of numerous tranches and structural differences among the financial instruments of a particular issuer. It is important to transact with the dealers that understand these factors.

WhiteStar does not generally have any soft dollar arrangements with any brokers whereby WhiteStar can direct a broker to pay for external research services from a soft dollar account, however, subject to the following sentences, it is possible that a broker will (or will seek to) provide soft dollar benefits to WhiteStar. No member, officer, director (or other person occupying a similar status or performing similar functions) or employee of WhiteStar, or any other person who provides investment advice on behalf of WhiteStar and is subject to the supervision and control of WhiteStar, may agree with a broker to engage in soft dollar transactions without the express permission of the CCO. If and to the extent that WhiteStar has any soft dollar arrangements, any such arrangement will be in compliance with Section 28(e) of the Exchange Act.

### **Trade Aggregation**

WhiteStar may purchase or sell the same investment for more than one client account at the same time. In addition, WhiteStar may affect trades jointly for WhiteStar clients and for TCM clients as part of the mid- and back-office services it provides for TCM. Such joint trades shall be allocated between such entities and their clients as described above Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading, Relationship Between WhiteStar and TCM. WhiteStar may also effect trades jointly for WhiteStar clients and Clearlake. Under certain circumstances, WhiteStar believes that aggregation of orders for multiple clients (including aggregated trades where clients of TCM are also participants) is consistent with its duty to seek best execution for its clients. For example, aggregation of orders can facilitate more efficient and less costly execution by enabling a broker to “work” a large order throughout the day, rather than dealing with multiple small orders, and avoids competition in the marketplace among what otherwise would be smaller, separate orders of WhiteStar clients (or WhiteStar and TCM clients individually). In any case in which WhiteStar believes that aggregation would lead to results not in the best interest of its clients (e.g., higher transaction costs taking into account all appropriate factors), it will not affect the transaction on an aggregated basis.

When seeking to execute trades on an aggregate basis (or on an aggregated basis with TCM and/or Clearlake), WhiteStar will determine the specific allocation for each participating account and the amount of each account’s order before entering an aggregated order. If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the pre-determined allocation; if the order is partially filled, it will generally be allocated pro rata based on the pre-determined allocation taking into account any applicable exclusions, reductions, or augmentations (e.g., for de minimis positions, corrections, etc.).

Subject to certain restrictions or exceptions, when an order for a particular security executed for several accounts is filled at different prices, through multiple trades in a single day, an average price will generally be calculated for all trades, and accounts will receive the average price. In addition, subject to certain restrictions or exceptions, for example where the allocation of such costs would be economically immaterial to the account, all accounts within the aggregated order will share transaction costs on a pro-rata basis.

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## Item 13 Review of Accounts

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The accounts of each Fund managed by WhiteStar are reviewed daily by the responsible analysts with respect to the industries and particular assets covered by such analysts, daily by WhiteStar operations personnel with respect to overall portfolio composition and indenture compliance, weekly by WhiteStar's Chief Investment Officer, and not less frequently than semi-annually by its investment committee. The nature of the investment committee's review is to assess overall portfolio strategies, performance and compliance with the respective Funds governing documents (*i.e.*, indentures or prospectuses). Primary responsibility for the execution of these roles resides with the Chief Investment Officer.

Institutional Accounts are reviewed regularly in relation to such Institutional Account Clients' investment parameters and/or guidelines as set forth in the relevant investment management agreement.

The trustee of each of the CLOs provides investors with monthly reports on the performance of the CLO. WhiteStar may also furnish reports to the trustees of the CLOs for which it provides investment advisory services.

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## Item 14 Client Referrals and Other Compensation

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WhiteStar may pay fees to consultants for their advice and services, industry information or data, or conference attendance. WhiteStar has also entered into agreements with investment banks in connection with the issuance of securities in the CLOs it manages.

WhiteStar has entered into and may enter into written agreements with, and compensate non-affiliated third-parties for referring investors into Funds managed by WhiteStar (each a "Placement Agent"). These Placement Agent arrangements will be fully disclosed to affected investors and will generally be consistent with the requirements of Rule 206(4)-1 under the Advisers Act, which only applies to the solicitation of Clients and not investors. Generally, the terms of such arrangements will vary but call for WhiteStar to pay the Placement Agent a fee equal to a percentage of capital contributions, management fees, incentive fees, incentive allocations, or a combination of such contributions or fees borne by each investor introduced to a Fund by the Placement Agent.

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## Item 15 Custody

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For most clients, WhiteStar does not maintain custody of client assets. Rather, such assets are held by the trustee or qualified custodian of each Fund. As noted in *Item 13 – Review of Accounts*, the trustee provides investors in the CLO with periodic reports on the composition and performance of the CLO. However, WhiteStar may be deemed to have custody of client assets for one client as a result of its position as an affiliate of the general partner of such client.

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## **Item 16 Investment Discretion**

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WhiteStar generally receives and exercises discretionary authority to manage investments on behalf of each Fund for which it provides investment advisory services. A Fund may have certain investment restrictions regarding the management of the assets of the Fund (e.g., concentration limits, credit quality, etc.). WhiteStar's discretionary authority as to the assets of each Fund for which it provides investment advisory services is set forth in the collateral management or management agreement and other constituent documents of the Fund.

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## **Item 17 Voting Client Securities**

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The power of attorney granted to WhiteStar in the collateral management or management agreement and the constituent documents of each Fund may give WhiteStar the authority to vote on modifications to loan terms and covenants without investor guidance.

WhiteStar's policies for voting client investments are, in brief, as follows. WhiteStar votes in a manner that it determines, in its discretion, is in the best interest of its clients and consistent with its duty of care and loyalty to its clients. WhiteStar will generally vote for proposals that it believes maximize the value of the relevant investment. The factors it considers will vary from investment to investment and from client to client, and may include market information, liquidity, the debtor's financial situation, the industry, and client's investment guidelines and the remaining life of the relevant account.

If WhiteStar were to ever deem there to be a conflict between its interests and those of the client with respect to the voting of a client security, WhiteStar will take steps it believes will protect the client's best interest, including establishing a committee, likely including the Chief Investment Officer and the Chief Compliance Officer, to determine how to address the conflict.

Clients of WhiteStar, as well as investors in Funds managed by WhiteStar, may obtain (1) information about how WhiteStar voted proxies on their behalf and (2) a copy of WhiteStar's proxy voting policy and procedures, by contacting WhiteStar's Chief Compliance Officer at (310) 400-8820 or via e-mail at [jcannon@clearlake.com](mailto:jcannon@clearlake.com).

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## **Item 18 Financial Information**

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WhiteStar does not solicit prepayment of more than \$1,200 in fees per Client six (6) months or more in advance. There is no financial condition that is reasonably likely to occur that would impair WhiteStar's ability to meet contractual commitments to Clients. WhiteStar has not been the subject of a bankruptcy petition during the past ten years.