

**Form ADV Part 2A: Firm Brochure**

**AQUARIAN HOLDINGS INVESTMENT MANAGEMENT LLC**

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**March 2024**

This Brochure, dated March 2024 (“Brochure”), provides information about the qualifications and business practices of Aquarian Holdings Investment Management LLC, the filing adviser (the “Adviser”), Aquarian Credit Partners LLC (“ACP”) and Aquarian Private Credit LLC (“APC”), each a relying adviser. If you have any questions about the contents of this Brochure, please contact us at (212) 720-1000.

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. Registration as an investment adviser with the SEC does not imply a certain level of skill or training of the Adviser or its personnel.

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

## **ITEM 2. MATERIAL CHANGES**

This Brochure, dated March 2024, serves as an update to the previous Brochure that was filed with the SEC by the Adviser on August 24, 2023. There are no material changes to this Brochure from the previous Brochure.

The Adviser will update this Brochure no less than annually. We encourage all recipients of this brochure and private offering materials to read these documents carefully in their entirety and to contact us should you have any questions.

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#### ITEM 4. ADVISORY BUSINESS

##### (a) General Description of the Advisory Firm

The Adviser is a Delaware limited liability company, which was formed in May 2017 and commenced business in March 2018. The Adviser has its principal place of business in New York, New York.

The Adviser is wholly owned by Aquarian Holdings LLC ("Aquarian Holdings"), a Delaware limited liability company, which is owned 50% by The Taurus Trust, an Ohio trust, and 50% by Hedgerow AQU AIV UB Business Trust, a Maryland trust. The Adviser's Chief Compliance Officer ("CCO") is Benjamin Goodman. The Adviser is registered with the SEC as an investment adviser pursuant to the Investment Advisers Act of 1940, as amended (the "Advisers Act").

ACP is a relying adviser of the Adviser and is principally owned by Aquarian Holdings and Gallatin Loan Management, LLC ("GLM").

APC is a relying adviser of the Adviser and is principally owned by Aquarian Holdings and APC principals.

##### (b) Description of Advisory Services

The Adviser provides investment management services to third-party clients and subsidiaries of the clients (the "Partnerships") of Aquarian Holdings Management LLC ("AHM"), an affiliate of the Adviser that is also registered under the Advisers Act and may in the future provide investment management services to other parties (individually, as the context may require, the "Clients" or a "Client"), pursuant to, in each case, a contractual arrangement with each Client governing the terms and nature of the advisory services provided to such Client (the "Governing Document"). In providing services to the Clients, the Adviser seeks to draw upon the experience of its personnel in providing investment advisory services with respect to the cash, investment, and asset management activities of insurance companies in a manner designed to provide Clients with exposure to a robust and opportunistic investment management strategy, subject in all cases to applicable laws governing the investments of each of the Clients and applicable oversight by the board of directors of such entities.

The Adviser provides active, discretionary asset management services with respect to the investment and disposition of assets of the Clients, including, from time to time, the appointment, supervision and termination, as applicable, of sub-investment advisors and sub-investment managers in respect of all or a portion of the assets held by the Clients.

ACP provides investment management services, including sponsoring and managing CLOs, which pooled investment vehicles are ACP's direct Clients (as such term is defined above). ACP may also provide collateral asset management through separately managed accounts, pursuant to separate investment management agreements. ACP will likely also

hold some securities in CLOs which it manages, as markets often encourage CLO managers (or controlled affiliates thereof) so to do, in each new CLO securitization issued.

APC provides investment management services for its Clients, which may include affiliates and third-parties through the use of separately managed accounts or pooled investment vehicles with a focus on originating directly placed senior secured loans to sponsored and non-sponsored borrowers in the middle market.

(c) Ability of Clients to Tailor Investment Advisory Services

The terms upon which the Adviser serves as an investment manager to the Clients are determined at the time each Client relationship is established and set forth in each Client's Governing Documents.

The terms upon which the Adviser provides investment management services vary between Clients and may include restrictions on the investment discretion. Such restrictions may include limitations on the acquisition and disposition of new or existing investments, timing of distributions from investments, types of investments, use of leverage and the capitalization of certain investments.

(d) Wrap Fee Programs

The Adviser does not participate in wrap fee programs.

(e) Assets Under Management

As of December 31, 2023, Aquarian's regulatory assets under management were approximately \$14,047,850,205, all of which is managed on a discretionary basis.

**ITEM 5. FEES AND COMPENSATION**

(a) Investment Management Fees and Compensation

The Adviser receives or may in the future receive, management fees, advisory fees, or performance-based compensation in connection with the investment management services performed for Clients. These fees and payments are negotiated and agreed upon at the beginning of the management relationship in respect of the Clients and may be deducted from amounts that would otherwise be retained by the Clients. Specific details regarding such fees and compensation, including their method of calculation, are set forth in the offering materials, disclosure documents, and Governing Documents with respect to the relevant Client.

APC receives or may in the future receive, management fees, advisory fees, structuring fees or performance-based compensation in connection with the investment management services performed for Clients.

(b) Fee Schedule

The terms and conditions governing advisory fee arrangements with Clients include the following:

The Adviser receives a quarterly advisory fee payable in arrears in respect of the investment advisory services provided in respect of the Clients. This advisory fee is calculated on a monthly basis equal to a percentage of the net asset value or assets under management (the “Advisory Fee”).

APC expects to receive a quarterly advisory fee based on the performance of invested assets from its Clients. APC may also collect a structuring fee at the time of investment.

(c) Other Expenses

In addition to the fees described above, the Clients generally bear expenses and costs associated with their investments and the Adviser’s performance of its duties.

(d) Brokerage

Clients may in the future incur brokerage fees in connection with the provision of certain services by the Adviser. Please refer to Item 12 below for additional information regarding the factors the Adviser considers in selecting broker-dealers for Client transactions and in assessing the reasonableness of their compensation.

CLO Business

ACP charges management fees to CLOs based on the CLO’s total portfolio collateral. Typical quarterly management fees have and may include both senior and subordinated fee components. Furthermore, ACP fees will generally include: (i) a senior, base collateral management fee, (ii) an additional subordinated collateral management fee, and (iii) a contingent incentive collateral management fee, described in more detail in Item 6 below. All fees are negotiated as part of the CLO structuring process – said fees are set, however, upon the closing of each CLO securitization.

The offering circular for each CLO describes in detail all collateral management fees, rates, payment terms, conditions, and termination provisions, among other things, which varies from transaction to transaction. A CLO typically is issued at a discrete point in time, has a finite life, and after issuance is then closed to further issuance of notes to new investors, unless there is an agreed-upon refinancing or reset/extension, in accordance with the terms of the governing indenture.

A CLO’s management fees are calculated and approved for distribution by the indenture trustee of each CLO, typically on a quarterly basis. Fees are paid at the same time that interest and principal distributions are paid to note holders of the CLOs. The payment process is governed by the indenture of each CLO and varies. All management fees are

deducted from specific expense-related accounts established at the commencement of the CLO transaction, which are replenished on a quarterly basis.

CLOs, which are separate legal entities with unique capital structures, will bear additional expenses other than advisory, custodial, and transaction fees. These fees will meaningfully include underwriting (though usually not a literal, firm/guaranteed underwriting) fees typically paid to an arranging investment bank for structuring and selling the various tranches of the CLO to investors. The CLO will also incur separate legal fees, trustee fees, and various other professional fees, such as security pricing services, portfolio record keeping, portfolio administration, and rating agency fees. Each CLO is unique and can incur additional fees not included in other transactions.

#### **ITEM 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

An affiliate of the Adviser, including personnel shared among the Adviser and such affiliate, may be entitled to receive distributions of carried interest from the Partnerships that indirectly own a majority of the interests of certain of the Clients with respect to which the Adviser charges fees based on the net asset value of such Clients.

Investors should be aware that performance-based fee arrangements may create an incentive for the Adviser to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. This arrangement may cause investors to pay a greater expense than if such fees were not charged. The Adviser seeks to address such conflicts in a fair and equitable manner in accordance with the Adviser's obligations under the Advisers Act and in its good faith discretion. The Adviser has established policies and procedures to address the potential conflicts of interest described above through careful review of the structure governing the Partnerships, and certain of the Clients. Certain additional conflicts of interests which are inherent in the structure are discussed in detail in Item 8 below.

For CLOs, ACP will generally be allowed receive performance-based incentive collateral management fees as described in the offering circular for each CLO (once certain performance parameters have been achieved). Such incentive fees may be 15-30% of what otherwise would be a CLO's subordinated note distributions, after delivering a certain predetermined return to the subordinated notes, depending on the CLO.

APC may receive performance-based fees from Clients. These fees are negotiated on a Client-by-Client basis or will otherwise be described in the offering materials of pooled investment vehicles. The standard in the asset class is for performance fees to be calculated as a percentage of realized net distributions above a minimum net distribution yield.

#### **ITEM 7. TYPES OF CLIENTS**

As disclosed in Item 4, the Adviser provides investment advisory services to certain affiliated entities and to third parties.

ACP's Clients are CLOs, which raise capital through the private placement market under Rule 144A, Regulation S, or Regulation D. These regulations require each investor be pre-qualified as a Qualified Institutional Buyer, Qualified Purchaser, Accredited Investor, or Knowledgeable Employee, as applicable, prior to CLOs accepting any investment. Banks and thrift institutions, insurance companies, money market funds, mutual funds, family offices, endowments, foundations, pension funds, specialty finance companies, various limited liability companies, and hedge funds are typically the main underlying CLO note and equity holders.

APC provides investment advisory services to certain affiliated entities and to third parties.

## **ITEM 8. INVESTMENT STRATEGIES, METHODS OF ANALYSIS AND RISK OF LOSS**

### **(a) Investment Strategy**

The Adviser's investment strategy is anchored in combining a focused strategy on identifying attractive opportunities and pursuing potential enhancements derived from the thoughtful and opportunistic pursuit of the unique set of capital opportunities available to permanent and quasi-permanent capital pools to generate an attractive risk-adjusted return. This investment strategy is based on the fundamental belief that financial products are created to replicate business cycles, but that the implementation of these financial products rarely or never perfectly match business cycles.

The Adviser's investment strategy and advice to its Clients is predicated upon the belief that certain sectors of the insurance industry provide an attractive opportunity for long-term investors seeking a favorable risk-adjusted return across business cycles. In addition, the Adviser's investment strategy will also consider on an opportunistic basis certain related and ancillary investment opportunities, identified through the networks and investment expertise of the Adviser that may be suitable for the investment profile and guidelines of its Clients.

ACP specializes in the analysis of below investment grade companies, with a particular emphasis on commercial bank loans financed by special purpose vehicles known as CLOs or collateralized debt obligations ("CDOs").

APC specializes in sourcing directly originated and syndicated investments in companies operating in the middle market sector, primarily in North America and primarily in the senior secured portion of the capital structure.

### **(b) Methods of Analysis**

The Adviser utilizes a rigorous due diligence process to identify and quantify the growth, cost, capital structure, asset management, and other organizational improvement opportunities that can realistically be achieved over time.



In addition, the Adviser performs fundamental research and analysis with respect to the investment and disposition of assets held by the Clients. This includes, from time to time, the identification and assessment of sub-investment advisors and sub-investment managers in respect of all or a portion of the assets managed by the Adviser.

ACP's primary method of analysis in formulating investment views on individual issuers is bottom-up, fundamental credit analysis. ACP's proprietary credit analysis has been developed by its principal officers and draws extensively on their experience in financial analysis and commercial lending at previous investment management firms prior to forming ACP. For each issuer, ACP will generally review a financial credit model over a minimum of three years, broken-down across both quarterly and annual periods, to judge earnings predictability, industry positioning, trends, and management capability.

APC originates private markets opportunities via bi-lateral conversations with borrower management and their owners, as well as through intermediaries. APC performs bottom-up fundamental credit analysis, often with access to confidential and detailed information about potential borrowers and frequently with direct access to key business stakeholders including owners, management and other lenders to the borrower. APC's underwriting process is derivative of a rubric developed by its principal officers, expanded on an ad hoc basis to address the idiosyncrasies of every opportunity and which draws extensively on their experience at a global asset manager prior to forming APC. Due diligence performed by APC typically includes but is not limited to detailed review of historical financials and KPIs, cash flow modeling including cases that stress the suitability of the borrowers' capital structure, evaluation of the market structure of sector in which the borrower operates and its relative positioning, consideration of bear/bull case outlooks for macroeconomic indicators to which the sector is correlated, an evaluation of management and ownership's experience in the sector and incentives, and a detailed review of investment documentation.

(c) Risk of Loss

The following risks do not purport to be a complete enumeration or exploration of the risks related to the management of Client assets by the Adviser. Additional information and risk factors are contained in the applicable Client's offering document and/or Governing Documents.

*Management Risk.* The performance of portfolios managed by the Adviser are subject to the risk that the investment process, techniques, and analyses applied will not produce the desired results, and those assets, securities, other financial instruments selected for a portfolio may result in returns that are inconsistent with the portfolio's investment objective.

*Reliance on Sub-Advisers.* The Adviser expects to continue to rely upon third-party sub-advisers (the "Sub-Advisers") to make a portion of the investments for certain Clients and in respect of which the Adviser will have limited or no control over the investments made by the Sub-Advisers, the selection of counterparties with which, or the exchanges on

which, such assets trade, or the leverage utilized or the risks assumed by such Client. The Adviser will be reliant upon the skill and expertise of the Sub-Advisers in respect of the management of such portion of the Clients' assets and the investment decisions of the Sub-Advisers are expected to have a material impact on the returns generated by the Clients' assets. There can be no assurances that the Sub-Advisers will generate returns in respect of the assets of the Clients (or the applicable portion of such assets) or that such returns will be superior to those that may be generated by the Adviser or through other means.

*International market volatility may disrupt Client's investment performance.* International market and economic conditions have been, and continue to be, disruptive and volatile. These conditions have had and are expected to continue to have broad regional, national and global economic ramifications. Such conditions could materially and adversely impact the performance of assets managed by the Adviser with operations outside of the United States in a variety of ways and may include impacts that cannot be anticipated at this time. Among other things, these conditions may materially and adversely affect the ability to access credit markets on favorable terms, or at all, in connection with the financing or refinancing of investments and limit growth opportunities for investments. There can be no assurance that national and global market and economic conditions will improve during the term of the Adviser's engagement by the Clients, and such conditions could continue to deteriorate materially and for an extended period of time. Uncertainty about future economic growth, rising unemployment, high oil prices, lower consumer sentiment, inflationary pressures, adverse developments in the credit markets and mixed corporate earnings present significant challenges to global economies presently and in the future. Any of the foregoing could have a material adverse impact on the Clients.

*Changing interest rates, market volatility and general economic conditions affect the risks and the returns on and the Client's investment portfolio.* Interest rates have a significant impact on the investment portfolio of Clients. When market interest rates decrease or remain at relatively low levels, prepayments and redemptions affecting investment securities and mortgage loan investments may increase as issuers and borrowers seek to refinance at a lower rate. Proceeds from maturing, prepaid or sold bonds or mortgage loan investments may be reinvested at lower yields, reducing the Clients' spread. The Clients' ability to decrease product-crediting rates in response may be limited by market and competitive conditions and by regulatory or contractual minimum rate guarantees. Conversely, increases in market interest rates can also have negative effects. For example, when interest rates rise, the value of the Clients' investment portfolio may decline due to decreases in the fair value of the Clients' securities.

*Fluctuations in the markets for fixed maturity securities, equity securities and commercial real estate could adversely affect the Clients' business.* Investment returns are an important part of Clients' profitability. Substantially all investments, including Clients' fixed income, equity, real estate and mortgage loan investment portfolios, are subject to market and credit risks, including market volatility and deterioration in the credit or prospects of companies or governmental entities in which the Clients invest. The Clients could incur significant losses from such risks, particularly during extreme market events. The concentration of the Clients' investments in any particular industry,

group of related industries or government issuers or geographic sector can compound these risks.

*Some of the Clients' investments may be relatively illiquid.* The Clients' investments in privately placed securities, mortgage loans and real estate, including real estate joint ventures and other equity interests, may be relatively illiquid. If the Clients suddenly require significant amounts of cash in excess of ordinary cash requirements, it may be difficult or impossible to sell these investments in an orderly manner for a favorable price. The illiquidity of the Clients' investments may impose additional challenges in any attempts to effectuate an exit of their investments.

*Cybersecurity Risk.* The Clients and any of their service providers, including the Adviser and its affiliates, are subject to cybersecurity risks. This could occur as a result of malicious or criminal cyber-attacks. Successful cyber-attacks or other cyber-failures or events may adversely impact a Client or cause an investment to lose value. Cybersecurity breaches at the Adviser or its service providers or counterparties may directly or indirectly affect Clients, and could lead to theft, data corruption, interference with business operations, disruption of operational systems, interference with the Adviser's or the Clients' ability to execute transactions, direct financial loss or reputational damage, or violations of applicable laws related to data and privacy protection and consumer protection.

*Pandemic/Epidemic Outbreak.* A pandemic or epidemic outbreak and reactions to such an outbreak could cause uncertainty in markets and businesses, including the Adviser's business, and may adversely affect the performance of the global economy, including causing market volatility, market and business uncertainty and closures, supply chain and travel interruptions, the need for employees and vendors to work at external locations, and extensive medical absences. There are also risks posed by global phenomena such as effects of climate, conflict, energy and geopolitical change. Potential impacts include direct effects on property and supply chains, economic consequences, and/or indirect effects on financial markets at a global scale through the heightening of broader uncertainty and risk aversion. The Adviser has policies and procedures to address known situations, but because a large pandemic/epidemic may create significant market and business uncertainties and disruptions, not all events that could affect the Adviser's business and/or the markets can be determined and addressed in advance.

*Business Continuity and Disaster Recovery.* The Adviser's business operations may be vulnerable to disruption in the case of catastrophic events such as fires, natural disaster, terrorist attacks or other circumstances resulting in property damage, network interruption and/or prolong power outages. Although the Adviser has implemented, or expects to implement, measures to manage risks relating to these types of events, there can be no assurances that all contingencies can be planned for. These risks of loss can be substantial and could have a material adverse effect on the Adviser's and investments therein.

*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 modelling 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 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 investments.

### CLO Business

In addition to the risks described above, which generally apply to ACP's CLO business, below are certain additional risks associated with an investment in an ACP Client. This list is not meant to be exhaustive, and a more detailed description of these and other risks is provided in the indentures and other governing documents for each Client.

*Credit Risk.* Clients should be prepared to bear a potential significant principal loss related primarily to credit risk. Credit risk is the risk that the issuers to which our Clients lend money will not be able to repay their obligations. Due to the below investment grade nature of ACP's strategy, credit risk is higher relative to other high-grade fixed income strategies. Credit losses could also arise if loans are sold below cost prior to default, if we believe there could be further losses over time after default.

*Counter-Party Risk.* In addition, Clients should be aware of counter-party brokerage-related risks. Due to the over-the-counter nature of bank loan trading and non-standard delivery vs. payment settlement methods of loan assignments, bank loans are subject to delayed settlement and issuers in distress and, in particular, may take much longer than the target seven-day settlement cycle.

Other risks include the underlying agent banks (i.e., the issuing bank that underwrote the loans, from whom we often purchase the loan assignments), may fail to implement instructions received from the manager regarding amendment or loan agreement modification requests. This could lead to price erosion if additional tranches of loans are created at better terms.

Furthermore, Clients should also be aware that the principal officers and all ACP employees may obtain private (material non-public) information about portfolio companies in the manner described above, which may subject Clients to confidentiality agreements and restrict trading in other securities of portfolio companies, if such information were to be transferred to Clients.

The principal officers' principal strategy revolves around fundamental credit analysis. The principal officers seek to analyze each loan on a company-by-company basis, sometimes referred to as bottom-up analysis. The credit analysis could prove to be wrong and thereby, subject the portfolios to principal-related losses through defaults or default-like events. The

principal officers seek to mitigate this risk by diversifying portfolios across individual borrowers or issuers and, furthermore, by not concentrating too highly in any one industry of the market. An additional trading risk in a work-out situation (issuer in default) is that the principal officers could sell a loan at a significant loss prior to bankruptcy exit, for example, only for that loan to actually recover more than what we sold it for upon exit.

*Middle Market Loans.* Loans and interests in loans have significant liquidity and market value risks since they are not generally traded in organized exchange markets but are traded by banks and other institutional investors engaged in loan syndications. Because loans are privately syndicated and loan agreements are privately negotiated and customized, loans are not purchased or sold as easily as publicly traded securities. In addition, historically the trading volume in the loan market has been small relative to the high-yield debt securities market.

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

A Client will invest in the debt obligations or securities of middle market and/or less well-established companies. While middle market companies may have potential for rapid growth, they often involve higher risks. Middle market companies have more limited financial resources than larger companies and may be unable to meet their obligations under their debt securities that a Client holds, which may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of the Client realizing any guarantees it may have obtained in connection with its investment. Middle market companies also typically have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which tend to render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns. Less publicly available information may be available about these companies, and they may not be subject to the financial and other reporting requirements applicable to public companies. They are more likely to depend on the management talents and efforts of a small group of persons; therefore, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on the company and, in turn, on the Client. Middle market companies may also have less predictable operating results and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position. They may also have difficulty accessing the capital markets to meet future capital needs, which may limit their ability to grow or to repay their outstanding indebtedness upon maturity.

## **ITEM 9. DISCIPLINARY INFORMATION**

Neither Aquarian nor any of its management persons have been involved in any legal or disciplinary events that are material to a Client, investor, prospective Client or prospective investor's evaluation of Aquarian's advisory business or the integrity of its management.

## **ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

The Adviser is an affiliate of AHM, which is registered as an investment adviser under the Advisers Act and provides investment management services to the Partnerships. It is expected that the Adviser and AHM will operate in a coordinated manner with respect to matters pertaining to the Partnerships and certain of the Clients. Mr. Sahay is the Chief Executive Officer and Chief Investment Officer of both AHM and the Adviser and Mr. Goodman is the Chief Compliance Officer and Chief Legal Officer of both AHM and the Adviser.

Aquarian's personnel will devote a portion of their business time and efforts to each of the Clients. Conflicts of interests may arise, including in allocating management time, services and functions between the Clients and Aquarian's affiliates, including advisory services to be provided by AHM. Such conflicts of interests may not be resolved in favor of any particular Client. Aquarian may also give advice, and take action, with respect to any of its Clients that may differ or be completely opposite from the advice given to another Client. To the extent a conflict arises, Aquarian and its affiliates will attempt to resolve such conflict in a fair and equitable manner.

## **ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

Aquarian has adopted a Code of Ethics (the "Code") to comply with Rule 204A-1 under the Advisers Act which sets forth standards of business and personal conduct for all Aquarian employees. The Code is predicated on the basic idea that employees of Aquarian will adhere to certain ethical and fiduciary standards and will conduct their affairs in accordance with the principles of professionalism, integrity, honesty and trust.

The Code establishes policies and procedures that are reasonably designed to: (i) prevent fraud and improper personal trading; (ii) identify circumstances that may result in an actual or potential conflict of interest or the appearance thereof; and (iii) provide a means to resolve such conflicts. Investors and prospective investors may request a copy of the Code by contacting Aquarian at the address or telephone number listed on the first page of this brochure.

Additionally, persons associated with Aquarian are subject to policies and procedures regarding outside business activities, political contributions, and personal trading.

Personal trading transactions by employees of Aquarian may raise potential conflicts of interest when such persons trade in a security that is owned by, or considered for purchase or sale for, a Client. To the extent such investments create a conflict between Aquarian or its affiliates and any Client, Aquarian or its affiliates will resolve such conflict in a manner consistent with Aquarian's obligations under the Advisers Act and the Governing Documents in respect of such Client.

## **ITEM 12. BROKERAGE PRACTICES**

Aquarian does not have any soft-dollar arrangements and does not receive any soft-dollar benefits. In the future, Aquarian may use a broker to effect transactions in public securities resulting from, or in connection with, investments for Clients. In those instances, Aquarian will have full discretionary authority with respect to the selection of, and commissions paid to, brokers. If Aquarian determines to engage a broker for or on behalf of a Client, it will select the broker considering the range and quality of its brokerage services, its execution capability, commission rate, financial responsibility and responsiveness, and the value of research provided, if any. In order to minimize execution costs and obtain best execution for all Clients, Aquarian may aggregate orders for multiple Clients, as long as aggregating would be in the best interests of each participating Client.

ACP generally trades with a select group of broker-dealers in an illiquid market, who are active participants in the marketplace and can provide liquidity to ACP Clients. ACP typically conducts deals in the new issue (technically seasoned by the agent bank) and secondary trading markets, and will attempt to solicit favorable bids and offers on trades in the best interests of the Client. Applicability of specific criteria will vary depending upon the nature of the transaction, the market in which it is executed, and the extent to which it is possible to select from multiple dealers capable of effecting the transaction.

## **ITEM 13. REVIEW OF ACCOUNTS**

The Adviser regularly monitors and reviews the performance of each Client's investments. Each Client's portfolio is reviewed at least quarterly by the Adviser's investment professionals to ensure conformity with the investment objectives and guidelines.

A review of a Client's investment portfolio, other than described above, may also be triggered by material changes in key variables, such as changes in market conditions, changes in investment objectives or policies or changes in capital inflows/outflows, among other things.

As provided in the Collateral Management Agreement for each of the CLOs, the ACP principal officers and other employees will review and monitor the performance and credit quality of all of the portfolio collateral on an ongoing basis. The ACP principal officers and the supporting staff will conduct ongoing credit monitoring of Client accounts. The review seeks to identify problem credits prior to default, in order to establish candidates for a watch-list that is frequently updated. Aggregate portfolios are

monitored daily through loan administration systems that consist of a daily review of the issuer, industry, credit rating, prices, and ad hoc Client requests.

On a monthly basis, the ACP principal officers conduct a formal credit review, with a targeted minimum review of ten issuers including informal daily discussions, in order to help facilitate summary monthly portfolio reports. Aggregate portfolio issuers are formally reviewed, at a minimum, on a quarterly basis. The principal officers also utilize other off-the-shelf applications (such as Bloomberg) that support credit market analysis and process. Additional reviews may be triggered by different events, including ratings adjustments, changes in market conditions, and various other circumstances.

APC will regularly monitor and review the performance of each Client's investments. Each Client's portfolio will be reviewed at least quarterly by the APC's investment professionals to ensure conformity with the investment objectives and guidelines.

#### **ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION**

Neither Aquarian nor any related person directly or indirectly compensates any person who is not a supervised person for client referrals.

#### **ITEM 15. CUSTODY**

The Adviser has caused Clients' assets to be maintained with qualified custodians that customarily hold customer assets and that segregate customer assets from its own assets. Such custodians will prepare and distribute to the applicable Client quarterly, or more frequently, account statements, which the Client should review carefully and compare to statements received from the Adviser.

Copies of Client account statements are available upon request to the relevant Client (or investors therein). Information about the Clients' qualified custodian, including such qualified custodian's name and address and the manner in which the Client's assets are maintained, may be provided in their Governing Documents in respect of the Client.

ACP does not have custody of any Client's funds or securities. A qualified bank or trust custodian acts as the custodian to the CLOs and makes available a Trustee Report identifying the CLO portfolio's cash and portfolio positions to the investors on a monthly basis. ACP has electronic access of the Trustee Report through a service provider and reviews each Trustee Report that is made available by the Trustee to the CLO investors.

APC will not have custody of any Client's funds or securities. To the extent that the Client is a pooled investment vehicle, a qualified bank or trust custodian acts as the custodian to the pooled investment vehicle and makes available a report identifying the portfolio's cash and portfolio positions to the investors on a monthly basis. For other clients, APC will cause Clients' assets to be maintained with qualified custodians that customarily hold customer assets and that segregate customer assets from its own assets. Such custodians will prepare and distribute to the applicable Client quarterly, or more frequently, account statements, which the Client should review carefully.



## **ITEM 16. INVESTMENT DISCRETION**

The Adviser has been given full discretion over how to invest and manage the assets of the Clients which authority is generally exercised pursuant to a power of attorney or contractual grant of authority, subject to the limitations set forth in the Governing Documents in respect of such Client. The Adviser is authorized to enter into any type of investment transaction that it deems appropriate for its Clients, pursuant to the terms of their Governing Documents. Such Governing Documents may impose additional restrictions and limitations regarding the management of investments of Clients, including: (i) certain financing transactions in respect of investments; (ii) the acquisition and divestiture of investments; (iii) certain material tax elections and (iv) the approval and amendment of business plans prepared for investments.

The ACP principal officers and the ACP investment committee, on behalf of ACP, manage Clients on a discretionary basis in accordance with the CLO indentures and the terms of the investment management agreements for separately managed accounts. In exercising investment discretion, the principal officers are guided by the relevant investment policies and guidelines.

APC principals along with the APC investment committee, on behalf of APC, are expected to manage pooled investment vehicles on a discretionary basis in accordance with the governing documents of such vehicles. To the extent that a Client of APC is advised pursuant to a separately managed account, such account may be discretionary or non-discretionary.

## **ITEM 17. VOTING CLIENT SECURITIES**

If Aquarian accepts responsibility for voting proxies on behalf of any of its Clients, Aquarian will generally vote in line with company management, as company management is best suited to make decisions that are essential to the ongoing operations of the company. However, Aquarian's policy, first and foremost, will be to vote in accordance with the best interest of the Clients. Accordingly, under circumstances in which Aquarian believes that company management's proposals will not maximize the value for the Clients or is not in the best interest of the Clients, Aquarian will vote against company management. In all cases, the reason for the decision, along with a record of the vote will be retained by the CCO for Aquarian's books and records.

If a proxy vote presents a conflict of interest, the CCO will present such purported conflict of interest to Aquarian's investment personnel and conduct a conflict analysis. The CCO shall document the matter and how the conflict of interest was resolved or mitigated and retain such documentation for Aquarian's books and records.

Investors and prospective investors may request a copy of Aquarian's policy related to voting proxies by contacting Aquarian at the address or telephone number listed on the first page of this brochure.

## **ITEM 18. FINANCIAL INFORMATION**

As an advisory firm that maintains discretionary authority for client accounts, Aquarian is required to disclose any financial condition that is reasonable likely to impair its ability to meet its contractual obligations. Aquarian has no financial circumstances to report and has not been the subject of a bankruptcy petition.