

Form ADV Part 2A

Brochure
March 28, 2024

This brochure provides information about the qualifications and business practices of PPM Loan Management Company 2, LLC (as used in this brochure, "PPMLM2"). If you have any questions about the contents of this brochure, please contact Thomas R. Barrus, Senior Vice President and Chief Compliance Officer at 312-634-2607 or thomas.barrus@ppmamerica.com.

PPM Loan Management Company 2, LLC is registered with the Securities and Exchange Commission ("SEC") as an investment adviser. Registration does not imply a certain level of skill or training. The information in this brochure has not been approved or verified by the SEC or by any state securities authority.

Additional information about PPMLM2 is also available on the SEC's website at www.adviserinfo.sec.gov.

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Item 2 - MATERIAL CHANGES

Annual Update as of March 28, 2024

The following material updates were made to the brochure since the Annual update on March 31, 2023

- LIBOR replacement risk was removed from Item 8.
- Disclosure of conflicts related to portfolio trade discounts or credits was added to Item 12.
- Disclosure related to the use of service providers to facilitate transparency reporting under the EU/UK Securitisation Regulations was added to Item 13.
- Disclosure related to the potential impact of the recently proposed investment adviser safekeeping rules was added to Item 15.

We encourage you to read the entire brochure.

Pursuant to SEC rules, we will ensure that you receive a summary of any material changes to this and subsequent brochures within 120 days of the close of PPMLM2's fiscal year. We will further provide other ongoing disclosure information about material changes as necessary.

Currently, this brochure may be requested by contacting Thomas R. Barrus, Senior Vice President and Chief Compliance Officer, at 312-634-2607 or thomas.barrus@ppmamerica.com.

TABLE OF CONTENTS

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.....	2
Item 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT	3
Item 7 - TYPES OF CLIENTS MANAGEMENT	3
Item 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS	4
Item 9 - DISCIPLINARY INFORMATION	10
Item 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS	10
Item 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING	12
Item 12 - BROKERAGE PRACTICES	13
Item 13 - REVIEW OF ACCOUNTS	16
Item 14 - CLIENT REFERRALS AND OTHER COMPENSATION	17
Item 15 - CUSTODY	17
Item 16 - INVESTMENT DISCRETION	17
Item 17 - VOTING CLIENT SECURITIES	17
Item 18 - FINANCIAL INFORMATION	17
PRIVACY POLICY.....	18

Item 4 - ADVISORY BUSINESS

Principal Owners

PPM Loan Management Company 2, LLC ("PPMLM2"), is a Delaware series limited liability company that commenced operations on January 21, 2022. PPMLM2 is an affiliate of PPM America, Inc. ("PPM"), an investment adviser registered with the SEC, and an indirect, wholly owned subsidiary of Jackson Financial Inc. ("JFI"), a publicly traded company (NYSE: JXN) and parent company of Jackson National Life Insurance Company ("Jackson"). PPMLM2's principal office is located in Chicago, Illinois, which it shares with PPM and other affiliates. PPMLM2's Management and Originator Series is 100% owned by PPM. PPMLM2 may from time to time establish one or more Retention Series which will be 100% owned by Jackson or another affiliate.

PPMLM2's primary business consists of:

- i. acting as the named collateral manager for collateralized loan obligation transactions, including any type of short-term or long-term warehouse or repurchase agreement facilities in connection therewith (referred to collectively herein as "CLOs");
- ii. engaging in trading activities including, but not limited to, potentially holding loans on its own account as an "originator" for purposes of the EU/UK Securitisation Regulation (as defined herein);
- iii. directly, or indirectly through one or more subsidiaries, acting as the holder of EU/UK Retention Interests (as defined herein) (if any) or other securities issued by the CLOs; and
- iv. acting as the holder of the preferred shares or similar warehouse equity interests of CLOs (as applicable). The CLOs for which PPMLM2 serves as collateral manager are collectively referred to herein as the "CLO Clients".

CLOs typically issue rated senior and mezzanine notes and unrated subordinated notes (referred to collectively herein as the "CLO Securities") in private placement transactions to eligible purchasers pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act of 1933 (the "Securities Act") and the Investment Company Act of 1940 (the "Investment Company Act"), as described further in the applicable CLO's indenture, and other constitutional and offering documents (collectively, the "CLO Offering Materials"). CLOs rely on Section 31(7) of the Investment Company Act, or other applicable exclusions or exemptions, as the basis for their exemptions from the registration requirements of the Investment Company Act.

PPMLM2 has entered into a Services and Employee Sharing Agreement (the "Services Agreement") with PPM. Pursuant to the Services Agreement, certain PPM employees are shared with PPMLM2 (such employees, the "Shared Employees"). The Shared Employees consist of, among others, the PPM portfolio managers who manage accounts in PPM's floating rate income portfolios, including those portfolios held by PPM's and PPMLM2's CLO Clients (the "Bank Loan Team"). The Bank Loan Team is responsible for (i) approving the collateral management parameters for the CLO Client, (ii) recommending certain assets to be acquired by the CLO Client, and (iii) approving the purchase and sale of any asset by any CLO Client. Additionally, PPM provides support to PPMLM2 in trading, marketing, client services, administration/operations and investment management, including research and credit analysis services, traditional middle and back office services, administrative and infrastructure services, and guidance as to when to close a CLO Client transaction or refinance or reprice the notes issued by the CLO Clients. For a more complete discussion of PPM, please refer to PPM's Form ADV which is publicly available at www.adviserinfo.sec.gov.

The investment management activities of PPMLM2, and the day-to-day management of the business and affairs of PPMLM2, are performed by the Shared Employees, some of whom have been appointed officers of PPMLM2. The Bank Loan Team has the ultimate credit and investment decision-making authority over the assets of a CLO Client.

PPMLM2 is managed by a board of directors (the "Board") consisting of Marcia Wadsten, Executive Vice President and Chief Financial Officer of Jackson Financial Inc., and Craig Smith, President, Chief Executive Officer and Chief Investment Officer of PPM. The Board is the "manager" of PPMLM2 under the Delaware Limited Liability Company Act with the ultimate responsibility over the business and affairs of PPMLM2.

As of the date of this brochure, PPMLM2 has six CLO Clients, PPM CLO 2018-1 Ltd. ("CLO 1"), PPM CLO 2 Ltd. ("CLO 2"), PPM CLO 3 Ltd. ("CLO 3"), PPM CLO 4 Ltd. ("CLO 4"), PPM CLO 5 Ltd. ("CLO 5") and PPM CLO 6-R Ltd. (as successor by merger to PPM CLO 6 Ltd., "CLO 6-R") PPM CLO 2018-1 Ltd. was launched in November 2017 and closed on August 3, 2018. PPM CLO 2 Ltd. was launched in June 2018 and closed on March 6, 2019. PPM CLO 3 Ltd. was launched in October 2018 and closed on June 6, 2019. PPM CLO 4 Ltd. was launched in October 2019 and closed on October 30, 2020. PPM CLO 5 Ltd. was launched in April 2021 and closed on October 26, 2021. PPM CLO 6 Ltd. was launched in March 2022 and closed on December 20, 2022; it was reset in December 2023 with a name change to PPM CLO 6-R Ltd. In order to comply with European and UK risk retention requirements and investor expectations, PPMLM2 is expected to purchase at least a portion of the subordinated notes issued by each European and UK risk retention-compliant CLO Client it manages. PPMLM2 receives a senior management fee and a subordinated management fee for its services provided to those CLO Clients that have closed. These fees are paid on the applicable payment dates pursuant to the CLO Offering Materials. Additionally, PPMLM2 is eligible to earn an incentive management fee should any of the CLO Clients meet a particular investment return for the subordinated noteholders.

Types of Advisory Services

PPMLM2 advisory services are limited to exclusively acting as collateral manager for its CLO Clients. PPMLM2 provides discretionary investment services that may include, among other things:

- i. approving the collateral management parameters for each CLO Client;
- ii. participating in the credit review of all assets proposed to be acquired for the CLO Client;
- iii. approving the purchase and sale of any asset by the CLO Client; and
- iv. advice regarding the workout, restructuring, or other reorganization, including bankruptcy (collectively, a "Workout") of troubled or defaulted investments.

CLO Clients should refer to the applicable CLO Offering Materials for additional information.

CLOs primarily invest in US broadly syndicated bank loans ("Bank Loans") and certain related assets and cash equivalents, though each CLO Client has its own investment guidelines and restrictions. Following the amendments to the Volcker Rule, certain CLO Clients have the ability to invest in bonds, though bonds are generally limited to a small percentage of such CLO Client's assets (all assets purchased by CLO Clients are collectively referred to herein as "Assets"). Because the vast majority of a CLO Client's portfolio consists of Bank Loans this brochure primarily focuses on PPMLM2's Bank Loan capabilities and strategies. For a more in-depth discussion of other fixed income assets such as bonds, please refer to PPM's Form ADV and the applicable CLO Offering Materials.

Investment Restrictions

The applicable CLO Offering Materials contain various investment restrictions that apply to the particular CLO Client. These investment restrictions are negotiated with investors that purchase the CLO Securities, and changes to the investment restrictions are subject to the consent rights of the respective CLO Client's investors. Imposing investment restrictions may adversely affect a CLO Client's account performance as compared to unrestricted accounts that PPMLM2 or PPM manage with the same or similar investment strategy.

Wrap Fee Programs

PPMLM2 does not currently provide portfolio management or other services in connection with wrap fee programs.

Assets Under Management

As of December 31, 2023, PPMLM2 managed \$2,243,300,000 in Assets¹ for its CLO Clients, all on a discretionary basis.

Item–5 - FEES AND COMPENSATION

Collateral Management Fees

PPMLM2 generally receives from its CLO Clients senior and subordinated collateral management fees (respectively the "Senior Management Fee" and the "Subordinated Management Fee" and collectively, the "Collateral Management Fees"). Senior Management Fees are paid in accordance with each CLO Client's priority of payments (as contained in the applicable CLO Offering Materials) after the payment of certain CLO Client expenses but prior to payments on the CLO Securities. Additionally, the Subordinated Management Fees are paid in accordance with each CLO Client's priority of payments after the payment of certain expenses and payments on the rated CLO Securities, but prior to any payments on the most subordinated tranche of notes (referred to herein as "CLO Equity"). The Collateral Management Fees are calculated based on the aggregate principal balance of the Assets owned by the CLO Client.

Additionally, should the holders of the CLO Equity receive sufficient distributions to realize a specified return on their investment (the "Target Return"), PPMLM2 earns an incentive management fee (such fee the "Incentive Management Fee" and together with the Collateral Management Fees, the "CLO Fees"). The Incentive Management Fee provides PPMLM2 with a percentage of the returns realized by the CLO Equity investors.

The CLO Fees, and how such fees are calculated and paid, may be subject to investor negotiation prior to closing a CLO Client transaction, and are set forth in the respective CLO Offering Materials. Ultimately, PPM receives 100% of the CLO Fees, net of expenses, through the Services Agreement and its interest in the Management and Originator Series of PPMLM2.

Payment Method

¹ Form ADV Part 1 includes disclosure of Regulatory Assets Under Management ("Regulatory AUM") which differs from the traditional calculation. We believe that all of PPMLM2's assets under management consist of Regulatory AUM.

Generally, the Collateral Management Fees are payable quarterly directly by each CLO Client pursuant to the priority of payments, except to the extent that PPMLM2 elects to waive or defer any Collateral Management Fees. The applicable CLO Client trustee calculates the CLO Fees payable to PPMLM2 and arranges for payment out of the CLO Client's Assets pursuant to the CLO Client's priority of payments. These fee payments are generally made on the CLO Client's quarterly payment dates, along with payment of other expenses and distributions to the CLO Client investors.

Other Fees and Expenses

In addition to the CLO Fees paid to PPMLM2, each CLO Client is responsible for the fees and expenses associated with its particular transaction and Assets, as described in the applicable CLO Offering Materials. Unless otherwise agreed, PPMLM2 is not obligated to pay any expenses of a CLO Client. These fees and expenses include, but are not limited to administrative expenses (including expenses related to service providers such as legal counsel for the CLO Client), organizational and wind-down or liquidation expenses, fees associated with the CLO Client's administrator, fees and expenses associated with any re-pricing, re-financing, or supplemental indenture, expenses incurred by PPMLM2 related to a CLO Client's Assets or a particular CLO Client transaction (including fees and expenses for its accountants, agents and counsel), and other reasonable expenses incurred by PPMLM2 on behalf of a CLO Client.

Prepaid Fees

Fees due to PPMLM2 are paid in arrears.

Compensation for the Sale of Securities

Neither PPMLM2 nor PPM is compensated for the sale of securities or other investment products, including the placement of the CLO Securities.

Each CLO Client selects a placement agent (which is not PPMLM2 or PPM, nor a supervised person of PPMLM2 or PPM) to act as the placement agent and, in some cases, the initial purchaser with respect to the CLO Securities. In this capacity, the placement agent generally places the CLO Securities with the ultimate CLO investors in individually negotiated transactions at varying prices to be determined in each case at the time of sale and deliver or arrange for the delivery of such securities. The placement agent receives from the applicable CLO Client certain fees and reimbursement of certain expenses (including legal expenses) for its services as placement agent.

Item-6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As noted under "Collateral Management Fees" in Item 5 above, PPMLM2 may be entitled to receive an Incentive Management Fee if CLO Equity investors realize a Target Return, pursuant to the respective CLO Offering Materials. This Incentive Management Fee is considered a performance-based fee. CLO Clients should note that a performance-based fee may create an incentive for PPMLM2 to make investments that are riskier or more speculative than would be the case in the absence of a performance fee. Additionally, the Incentive Management Fee amount and the Target Return may vary as among PPMLM2's CLO Clients, which may also create an incentive for PPMLM2 and PPM to favor CLO Clients that pay a higher fee or have a better chance at paying PPMLM2 an Incentive Management Fee because they are more likely to reach the Target Return.

Certain investments, such as new issuances, may be desired for more than one account or strategy and availability may be limited. In these instances, certain accounts may be excluded from or may not be able to fully participate in the investment opportunity. There also may be circumstances where a portfolio manager has an incentive to devote more time or resources to, or to implement investment ideas in, one account over another, such as when a new account is being established.

PPMLM2 has designed and implemented procedures to ensure that all clients are treated fairly and equally over time, and to prevent these conflicts from influencing the allocation of investment opportunities among clients.

Item-7 - TYPES OF CLIENTS

PPMLM2 provides investment advisory services exclusively to its CLO Clients that in turn offer CLO Securities to certain investors as described above. These investors may include (i) non-US persons in offshore transactions in reliance on Regulation S under the Securities Act or (ii) "qualified institutional buyers" within the meaning of Rule 144A under the Securities Act that are "qualified purchasers" within the meaning of Section 2(a)(51) of the Investment Company Act, provided that certain CLO Securities may be issued to persons or entities that are both "accredited investors" as defined in Section 501(a) of Regulation D under the Securities Act and either qualified purchasers or "knowledgeable employees" within the meaning of Rules 3c-5 of the Investment Company Act. A broad range of institutional investors meeting the criteria set forth above invest in CLOs managed by PPMLM2, including PPMLM2 affiliates. The minimum investment requirements applicable to CLO investors may vary as among the various CLO Clients. Investors should consult the respective CLO Offering Materials for the applicable minimum investment requirements or other investment restrictions.

Item–8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

General Description

PPMLM2 uses a variety of methods of analysis in formulating investment advice and managing assets. Fundamental and technical in-house research underpins PPMLM2's analysis of current or potential investments. Information considered may include, but is not limited to, publicly available company financial statements, on-site meetings and teleconference calls with company management, company roadshows, information provided through credit rating services and other publicly available information. Generally, third-party research is used on a supplemental basis. Subject to information blocking procedures, PPMLM2 may also receive private information, including material non-public information ("MNPI"), as part of its ordinary course investment activities or in connection with a Workout.

As mentioned above, PPMLM2 has entered into a Services Agreement with PPM whereby PPM and PPMLM2 share certain employees and PPM provides PPMLM2 with trading, operational support and investment services, including:

- corporate credit research and asset class specialist teams that provide ongoing research, monitoring and an internal "relative value" rating system to the Bank Loan Team;
- risk management and quantitative research team that oversees, monitors, and provides risk management metrics and reporting across CLO Clients; and
- administration groups that provide operations, investment performance analysis, information technology and other support services across all asset classes and accounts, as well as legal and compliance and human resources.

Although PPMLM2 strives to achieve a CLO Client's unique investment needs through PPMLM2's investment strategies and access to PPM's investment and operational infrastructure, PPMLM2 does not guarantee that a CLO Client will achieve its investment objective or any particular result. The value of a CLO Client's portfolio may decline, and clients should be prepared to bear risk of loss. Additionally, PPMLM2 does not guarantee returns that a CLO Client may realize. Investments in CLO Securities and Bank Loans are speculative and involve certain risks, including the risk that an investor may lose its original investment.

Credit Analysis

PPMLM2's investment team utilizes PPM's broad credit research abilities in selecting Assets that are appropriate for a particular CLO Client. The fixed income research ("FIR") team participates in the vetting, underwriting, and monitoring of Assets for PPMLM2, though the Bank Loan Team has the ultimate responsibility for selecting and trading of Bank Loans and overall portfolio construction. The Bank Loan Team consults with other PPM fixed income portfolio managers if it decides to purchase corporate bonds for a CLO Client.

During the vetting and underwriting process for Bank Loans, the Bank Loan Team and FIR produces a transaction model and derive an internal credit rating utilizing the following information as part of their analysis:

- offering documents;
- management and lender presentations;
- publicly available financial statements;
- research reports;
- rating agency reports;
- industry comparisons;
- management assessments;
- capital structure and leverage;
- market position and market share;
- collateral and asset value to determine downside protection; and
- other information as it becomes available (including in certain circumstances MNPI).

Based on the analysis performed by FIR and the Bank Loan Team, the Bank Loan Team makes the ultimate determination as to whether a CLO Client should invest in the applicable Bank Loan. The Bank Loan Team, FIR, and the applicable fixed income portfolio manager conduct a similar analysis for corporate bonds.

As part of its portfolio management services, PPMLM2 monitors the Assets following their purchase. The Bank Loan Team and FIR participate in regularly scheduled portfolio reviews and exchange real time information as necessary. In making determinations whether to purchase additional interests, sell, or hold the Asset, the Bank Loan Team and FIR:

- follow developments and news regarding the borrower;
- correspond with company management;
- review rating agency reports and rating changes;
- participate in quarterly earnings calls;
- update quarterly financial analysis; and
- update internal ratings and opinions for upgrades and downgrades.

No method of analysis can guarantee a particular investment result or outcome and the use of investment tools cannot and does not guarantee investment performance. The methods of analysis utilized by PPMLM2 and PPM involve the inherent risk that any valuations, pricing inefficiencies, or other opportunities identified may not materialize or have the anticipated impact on an Asset. Prices of Assets may rise, decline, underperform or outperform regardless of the method of analysis used to identify securities. Each method of analysis relies in varying degrees on information furnished from third-party and publicly available sources. This presents the risk that methods of analysis may be compromised by inaccurate, incomplete, false, biased, or misleading information. Asset prices may be affected by various factors independent of the methodology used to select Assets. For example, the price of an Asset may be influenced by the overall movement of the market, rather than any specific company or economic factors. In addition, certain methods of analysis, such as the use of quantitative/investment models, involve the use of mathematical models that are based upon various assumptions. Assumptions used for modeling purposes may prove incorrect, unreasonable, or incomplete.

Investment Strategies

As mentioned above, each CLO Client has certain investment restrictions that have been negotiated with its investors and detailed in its applicable CLO Offering Materials that affect the specific investment strategy or strategies implemented for that particular CLO Client. As financial markets and products evolve, PPMLM2 may invest in other securities or instruments on behalf of its CLO Clients, whether such products are currently existing or developed in the future, when consistent with a CLO Client's guidelines, objectives and policies, and applicable law. Because PPMLM2 has discretionary authority over its CLO Clients' portfolio investments, the purchase and sale of Assets for the CLO Clients is based upon the judgment of the members of the Bank Loan Team.

Certain material general risks associated with these strategies are set forth below. This is a summary only and does not include risks that are specific to investments in Assets and CLOs. The CLO Offering Materials contain a more detailed description of certain risks associated with investments in CLOs and their underlying Assets along with the principal investment strategy for each CLO Client. CLO Clients and prospective CLO investors should not rely solely on the descriptions provided below and should carefully read the applicable CLO Offering Materials and consult with their own counsel and advisers as to all matters concerning the Assets and an investment in any CLO.

PPMLM2 offers advice on a range of financial instruments including:

- Fixed income investments including Bank Loans and corporate bonds;
- money market instruments;
- participations, total return swaps and other synthetic exposure instruments relating to Bank Loans; and
- cash and cash-equivalents.

Material Risks for Significant Investment Strategies and Significant Types of Securities

CLO Clients should understand that investing in the Assets involves risk of loss that CLO Clients should be prepared to bear. Risks will vary based on a CLO Client's investment guidelines and restrictions, market conditions, macroeconomic variables, and specific investments held in a CLO Client's portfolio. Below is a summary of certain risks that may be associated with investing in the Assets, including risks associated with the underlying obligors of such Assets (the "Borrowers"). The risks provided are not a complete enumeration or explanation of the risks involved with investing in the Assets. CLO Clients and CLO investors should refer to the risk disclosures found in the CLO Offering Materials.

Risk of loss. CLO Clients should understand that all investment strategies and the investments made pursuant to such strategies involve risk of loss, including the potential loss of the entire investment in the CLO Client's portfolio, and CLO Clients should be prepared to bear such loss. The investment performance and the success of any investment strategy or particular investment can never be predicted or guaranteed, and the value of a CLO Client's portfolio will fluctuate due to market conditions and other factors. The investment decisions made and the actions taken for CLO Client portfolios will be subject to various market, liquidity, currency, economic, political, and other risks, and will not necessarily be profitable and may lose value. Past performance of CLO Client portfolios managed by PPMLM2 is not indicative of future performance. Additionally, the CLO Clients are expected to use leverage and although the use of leverage may enhance returns and increase the number of investments that can be made, it may also substantially increase the risk of loss.

Bank Loan risk generally. Bank Loans, corporate loans, loan participations, and assignments involve credit risk, interest rate risk, liquidity risk, and the risks of being a lender.

Beginning on January 1, 2022, Borrowers of new floating rate loans generally pay interest on Bank Loans at “floating” rates that change in response to changes in market interest rates such as the Secured Overnight Financing Rate (“SOFR”), the forward looking term rate based on SOFR (“Term SOFR”) or the prime rates of US banks. As a result, the value of such Bank Loan investments is generally less exposed to the adverse effects of interest rate fluctuations than investments that pay a fixed rate of interest.

Due to restrictions on transfers in loan agreements and the nature of private syndication of loans, some Bank Loans are not as easily purchased or sold as publicly traded securities. The secondary market for Bank Loans may be subject to irregular trading activity, wide bid/ask spreads and extended trade settlement periods, which may cause PPMLM2 to be unable to realize full value for the CLO Client upon sale.

Bank Loans are not considered securities under the federal securities laws and accordingly, may offer less legal protection in the event of fraud or misrepresentation in connection with the purchase or sale of such instruments. Instead, lenders generally rely on the contractual provisions in the Bank Loan agreement itself, and common-law fraud protections under applicable state law.

Bank Loans usually have mandatory and optional prepayment provisions and are subject to prepayment risk as described further in the applicable CLO Offering Materials. If a Borrower prepays a Bank Loan, during periods of falling interest rates the CLO Client may need to reinvest the early payments at lower interest rates.

Bank Loans may not be registered with the SEC or any state securities commission or listed on any national securities exchange. The amount of public information available with respect to Bank Loans may be less extensive than that available for registered or exchange listed securities. In evaluating the creditworthiness of Borrowers, PPMLM2 relies on its own evaluation of Borrowers, but considers, and may rely in part on, analyses performed by others.

PPMLM2 takes steps to ensure that it does not receive material non-public information about the issuers of Bank Loans that also issue (directly or through a related entity) publicly traded securities. In that circumstance, PPMLM2 may have less information than other investors about certain of the Bank Loans in which it invests or seeks to invest. This may place the CLO Client at a disadvantage relative to other investors in Bank Loans.

A lead bank or other financial institution will often act as agent for all holders of a particular Bank Loan. The agent administers the terms of the Bank Loan, as specified in the Bank Loan agreement. Unless a holder of the Bank Loan, such as the CLO Client, has direct recourse against the Borrower, the holder may have to rely on the agent to apply appropriate credit remedies against a Borrower under the terms of the Bank Loan or other indebtedness. The agent may also be responsible for distributing income from the Bank Loan and, as a result, holders of the Bank Loan might incur certain costs and delays in realizing payment on the Bank Loan and could suffer a loss of principal or interest. In addition, investments in Bank Loans may expose the holders of the Bank Loan, including the CLO Client, to the credit risk of both the financial institution and the underlying borrower. In the event of the insolvency of an agent bank, a Bank Loan could be subject to settlement risk, as well as the risk of interruptions in the administrative duties performed in the day-to-day administration of the Bank Loan (such as processing Term SOFR or the relevant reference index calculations and processing draws).

The performance of a CLO is dependent on the underlying Assets it purchases. Although many of the Assets purchased by a CLO are senior secured Bank Loans, it is possible that the value of the collateral may decline and/or be inadequate or difficult to realize upon. A court could take action with respect to a Bank Loan adverse to the lenders, such as invalidating the loan, subordinating the loan to presently existing or future indebtedness, or ordering that the lenders return interest payments they previously received to the Borrower. As a result, a CLO Client might not receive payments to which it is entitled which may affect the proceeds available to make payments on the CLO Securities. PPMLM2 may have to participate in legal proceedings or take possession of and manage assets that secure the Borrower's obligations on behalf of a CLO Client. This could increase a CLO Client's expenses. Additionally, subject to the restrictions contained in the CLO Offering Materials, a CLO Client may invest in unsecured Bank Loans. To the extent that a CLO Client invests in unsecured Bank Loans and the Borrower is unable to pay interest or defaults in the payment of principal, there will be no collateral on which the CLO Client can foreclose. Therefore, these unsecured Bank Loans present greater risks than collateralized Bank Loans.

Certain Bank Loans may be issued in connection with highly leveraged transactions, including leveraged buyouts, leveraged recapitalizations, and other types of acquisition financing. Bank Loans used to fund leveraged buyouts are subject to greater credit risks than other investments including a greater possibility that the borrower may default or enter bankruptcy. Indebtedness of companies whose creditworthiness is poor may be highly speculative involving substantially greater risks that those companies may never pay off their indebtedness, or may pay only a small fraction of the amount owed and may pay only after a delay, with a substantial risk of losing the entire amount invested.

Some Bank Loans may be “covenant lite” loans which do not include terms which allow the lender to monitor the performance of the borrower and declare a default if certain criteria are breached.

If an CLO Client invests in a Bank Loan via a participation interest, the account will be exposed to the ongoing counterparty risk of the entity providing exposure to the Bank Loan (and in certain circumstances, such entity's credit risk) in addition to the exposure the CLO Client has to the creditworthiness of the Borrower.

Bankruptcy risk. In the event of a bankruptcy or insolvency of a Borrower, a court or other governmental entity may determine that the claims of a CLO Client are not valid or not entitled to the treatment that was expected when the related Asset was acquired.

If a court in a lawsuit brought by an unpaid creditor or representative of creditors of a Borrower, such as a trustee in bankruptcy, were to find that such Borrower did not receive fair consideration or reasonably equivalent value for incurring the indebtedness constituting such underlying Assets, such court could decide to invalidate, in whole or in part, the indebtedness constituting the underlying Assets as a fraudulent conveyance, to subordinate such indebtedness to existing or future creditors of the Borrower or to recover amounts previously paid by the Borrower in satisfaction of such indebtedness. In addition, in the event of the insolvency of a Borrower, payments made on such underlying Assets could be subject to avoidance as a “preference” if made within a certain period of time (which may be as long as one year under US federal bankruptcy law or even longer under US state laws) before insolvency.

The Assets held by a CLO Client may be subject to various laws for the protection of debtors in other jurisdictions, including the jurisdiction of incorporation of the Borrower and, if different, the jurisdiction from which it conducts business and in which it holds assets, any of which may adversely affect such Borrower’s ability to make, or a creditor’s ability to enforce, payment in full, on a timely basis or at all. These insolvency considerations will differ depending on the jurisdiction in which a Borrower or the related underlying Assets are located and may differ depending on the legal status of the Borrower.

Avoidance provisions similar to those described above are sometimes available with respect to non-US Borrowers, but there is no assurance that this will be the case which may result in a much greater risk of partial or total loss of value in that underlying Asset.

Borrower risk. The value of an individual Asset can be more volatile than the market as a whole and can perform differently from the market as a whole. An Asset’s value may decline for reasons that directly relate to the Borrower, such as management performance, corporate governance, financial leverage and reduced demand for the Borrower’s goods or services. Certain unanticipated events, such as natural disasters, can have a dramatic adverse effect on the value of an Asset and a Borrower’s other securities. An Asset’s performance may also differ from other securities issued by a Borrower, including debt or equity securities.

Concentration risk. Certain CLO Clients may invest in fewer Assets than other strategies or CLO Clients, or in larger proportions of the Assets of a single company or industry. Additionally, as a CLO winds down, its portfolio consists of fewer and fewer Assets, increasing the portfolio’s concentration of Assets. If these Assets were to decline in value, there could be a substantial loss of the investment. When a CLO Client invests in a small number of Borrowers, changes in the financial condition or market status of a single Borrower may cause greater fluctuation for that particular CLO Client than other, less concentrated CLOs would experience.

Counterparty risk. To the extent that a CLO Client enters into transactions on a principal-to-principal basis, the CLO Client is subject to a range of counterparty risks, including the credit risk of its counterparty (i.e., counterparty default), the risk of the counterparty delaying the return of or losing collateral relating to the transaction, or the bankruptcy of the counterparty.

Credit risk. Credit risk is the actual or perceived risk that a Borrower, guarantor, counterparty, or other entity responsible for payment will not pay interest and principal payments when due. The price of an Asset can decline in response to changes in the financial condition of the Borrower, guarantor, counterparty, or other entity responsible for payment. A CLO Client could lose money if the Borrower is unable or unwilling to make timely principal and/or interest payments, or to otherwise honor its obligations. Changes in a Borrower’s financial strength, the market’s perception of the Borrower’s financial strength or in an Asset’s credit rating, which reflects a third party’s assessment of the credit risk presented by a particular Borrower, may affect the Assets’ value. A CLO Client may incur substantial losses if a Borrower’s credit risk is not properly measured and instead such Borrower presents materially greater risk than the market appreciates.

As mentioned throughout, CLOs generally invest in Assets that are rated below investment grade. Indebtedness of companies whose creditworthiness is rated below investment grade may be highly speculative involving substantially greater risk that such companies may never pay off their indebtedness or may pay only a small fraction of the amount owed and may pay only after a delay, with a substantial risk of losing the entire amount invested.

Additionally, unlike the corporate bond market, the Bank Loan market may experience liquidity challenges and there may be a supply and demand mismatch. This mismatch may make it difficult for PPMLM2 to source Bank Loans appropriate for client portfolios and could lead to a market-wide degradation of underwriting and credit standards, which may have an adverse effect on the quality of the assets available in the market. Given the increased demand for CLO Securities, the terms included in CLO Offering Materials may provide PPMLM2 with extensive flexibility, more so than in the past. This could lead to PPMLM2 purchasing riskier Bank Loans for inclusion in a CLO Client’s portfolio in order to manage the supply and demand mismatch. As these underwriting and credit standards loosen and PPMLM2 has greater ability to purchase riskier Bank Loans, the credit risk to a CLO Client’s portfolio increases and could have an adverse effect on a CLO Client’s ability to make payments on and ultimately repay the CLO Securities.

Cybersecurity risk. Cyber-attacks could disrupt daily operations related to trading and portfolio management. In addition, technology disruptions and cyber-attacks may impact the operations of a Borrower or a group of Borrowers which could in turn impact Asset prices which would have an adverse effect on the value of a CLO Client’s portfolio. Cyber-attacks on the Bank Loan market, securities markets, or the financial services infrastructure could cause market volatility or the failure of critical financial services and could affect a CLO Client’s portfolio.

Dependence on PPMLM2 and PPM. The performance of a CLO Client’s portfolio depends on the skill of PPMLM2 in making appropriate investment decisions, developing and implementing appropriate investment strategies, and applying investment techniques and risk

analyses that achieve the client's investment objectives. Subjective decisions made by PPMLM2 may cause the CLO Client to incur losses or to miss profit opportunities on which it may otherwise have capitalized.

PPM also provides a number of services to PPMLM2 under the Services Agreement that are essential to the success of PPMLM2. In addition, certain employees of PPM are shared with PPMLM2, as described herein. If such services are no longer provided or able to be provided by PPM for any reason, including if a Services Agreement is terminated for any reason, this will have a material and adverse effect on the performance of a CLO Client because of PPMLM2's reliance on PPM in order to maintain its operations.

PPMLM2 was established in order to comply with the EU/UK Securitisation Regulation (defined herein). PPMLM2 has no independent operational infrastructure, no employees that work exclusively for PPMLM2, and nominal assets other than CLO Securities held for risk retention purposes.

Diversification risk. CLO Client portfolios may not be diversified across a wide range of asset classes, market sectors, or Borrowers, which could increase the risk of loss and volatility than would be the case for a more-diversified portfolio.

Force majeure event risk. CLO Clients may be affected by force majeure events (i.e., events beyond the control of the party claiming that the event has occurred, including, without limitation, acts of God, fire, flood, earthquakes, outbreaks of an infectious disease, pandemics or other serious public health concerns, war, terrorism, labor strikes, major plant breakdowns, pipeline or electricity line ruptures, failure of technology, defective design and construction, accidents, governmental policies and social instability). Force majeure events may have a permanent adverse effect on a Borrower affecting the Borrower's ability to make scheduled payments on its debt obligations. Additionally, force majeure events can also have significant negative effects on the Borrower's collateral securing its obligations, which could reduce a CLO Client's recovery in the event of a default. Certain force majeure events (such as war or an outbreak of an infectious disease) could have a broader negative impact on the world economy and international business activity generally or in a particular country and may contribute to volatility in financial markets. Any of the foregoing may therefore adversely affect a CLO Client's ability to execute on a CLO transaction and also may result in loss to its portfolio.

Geographic risk. From time to time, based on market or economic conditions or specific CLO Client investment guidelines or restrictions, a CLO Client may invest a significant portion of its Assets in one country or geographic region. In such circumstances, there is a greater risk that economic, political, social and environmental conditions in that particular country or geographic region may have a significant effect on the CLO Client's performance and that the CLO Client's performance will be more volatile than the performance of more geographically diversified accounts. The economies and financial markets of certain regions can be highly interdependent and may decline all at the same time. In addition, certain areas are prone to natural disasters such as earthquakes, volcanoes, droughts, or tsunamis and are economically sensitive to environmental events. Alternatively, the lack of exposure to one or more countries or geographic regions may adversely affect performance.

Income risk. Income generated from a CLO Client's investments may decline in the event of falling interest rates. Income risk may be high if a CLO Client's income is predominantly based on short-term interest rates, which can fluctuate significantly over short periods. This income risk could affect a CLO Client's ability to make timely payments on the CLO Securities.

Investment strategy risk. PPMLM2 implements an investment strategy to seek to achieve the agreed upon investment objective for each CLO Client. Investment decisions made by PPMLM2 in accordance with these investment strategies may not produce the returns PPMLM2 expected and may cause a CLO Client's portfolio value to decrease or underperform other CLO Client portfolios with similar investment objectives and investment profiles.

Lender liability and equitable subordination. In recent years, a number of judicial decisions in the United States have upheld the right of borrowers to sue lending institutions on the basis of various evolving legal theories (collectively termed "lender liability"). 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 a borrower or has assumed a degree of control over the borrower resulting in a creation of a fiduciary duty owed to the borrower or its other creditors or shareholders. Because of the nature of the Bank Loans, PPMLM2 and/or the CLO Clients could be subject to allegations of lender liability.

In addition, under common law principles that in some cases form the basis for lender liability claims, if a lender or bondholder (i) intentionally takes an action that results in the undercapitalization of a borrower to the detriment of other creditors of such borrower; (ii) engages in other inequitable conduct to the detriment of such other creditors; (iii) engages in fraud with respect to, or makes misrepresentations to, such other creditors; or (iv) uses its influence as a stockholder to dominate or control a borrower to the detriment of other creditors of such borrower, a court may elect to subordinate the claim of the offending lender or bondholder to the claims of the disadvantaged creditor or creditors, a remedy called "equitable subordination." PPMLM2 and the CLOs do not intend to engage in conduct that would form the basis for a successful cause of action based upon the equitable subordination doctrine. However, because of the nature of certain of the Assets, PPMLM2 and/or the CLO Clients may be subject to claims from creditors of a Borrower that debt obligations which are held by the CLO Clients should be equitably subordinated.

The preceding discussion regarding lender liability is based upon principles of US federal and state laws. With respect to Assets outside the United States, the laws of certain non-US jurisdictions may also impose liability upon lenders or bondholders under factual circumstances similar to or different from those described above, with consequences that may or may not be analogous to those described above under US federal and state laws.

Liquidity risk. Investments in Bank Loans are generally considered less liquid than other investments in securities, including publicly traded corporate bonds. Some Bank Loans may be more difficult to purchase or sell than others (illiquid or thinly-traded Bank Loans) and investments in such illiquid Bank Loans may reduce returns if a CLO Client is unable to sell the Bank Loan at an advantageous time or price or achieve its desired level of exposure to a certain sector. Liquidity risk arises, for example, from small average daily trading volumes, trading restrictions, or temporary suspensions of trading. In times of market volatility, certain Bank Loans may become illiquid. Government or regulatory actions may decrease market liquidity for certain Bank Loans. Small-capitalization companies and companies domiciled in emerging markets pose greater liquidity and price volatility risks. Certain Bank Loans that were liquid when purchased may later become illiquid or less liquid, particularly in times of overall economic distress. Illiquid Bank Loans may also be difficult to value, may be required to be fair valued in accordance with PPMLM2's Valuation Policies and Procedures, and may reflect a discount, which may be significant, from the market price of comparable Bank Loans for which a liquid market exists.

Liquidity risk may also refer to the risk that PPMLM2 may be forced to sell Bank Loans at an unfavorable time and/or under unfavorable conditions as part of a CLO redemption or in order to comply with certain collateral quality tests contained in the CLO Offering Materials. Selling Bank Loans in bulk as part of any such redemption or curing action could result in lower prices for such Bank Loans.

Management risk. The investment techniques PPMLM2 employs could fail to achieve a CLO Client's investment objective or may negatively affect the CLO Client's investment performance. There is no guarantee that the investment objective or expected investment returns of the CLO Client will be achieved.

Market risk. A CLO Client's portfolio may also decline in value due to factors affecting financial and securities markets generally, such as real or perceived adverse economic, political or regulatory conditions, inflation, changes in interest or currency rates or adverse investor sentiment, terrorism, natural disasters, regional and global health epidemics, or due to factors affecting particular industries represented in the financial and securities markets, such as competitive conditions. Changes in the financial condition of a single Borrower can impact the Bank Loan and/or corporate debt market as a whole, and adverse market conditions may be prolonged and may not have the same impact on all types of investments. In addition, the markets may not favor a particular kind of investment, including Bank Loans. The values of a CLO Client's Assets may fall due to factors affecting a particular Borrower, industry or the financial and securities markets as a whole.

MNPI risk. PPMLM2 (and PPM) may take steps to ensure that it does not receive MNPI about the Borrowers that also issue (directly or through a related entity) publicly traded securities. By not receiving MNPI, PPMLM2 may have less information than other investors about certain of the Assets in which it invests or seeks to invest. This may place a CLO Client at a disadvantage relative to other investors in such Assets.

Model valuations risk. Certain of the investments made by PPMLM2 are based, in part, on complex models used by PPMLM2 that incorporate a range of different inputs. Inadequate or incorrect factual information, misstated assumptions, as well as unforeseeable changes in economic factors can cause these models to yield materially inaccurate valuations — even if the model is fundamentally sound. Moreover, there can be no assurance that PPMLM2's models are fundamentally sound or contain fully accurate data. The models used by PPMLM2 typically require certain market forecasts that are based on analytical models and assumptions. There can be no assurance that such models are accurate or that assumptions are not oversimplified, which would adversely affect market forecasts leading to potential losses and cash flow insufficiencies.

Operational risk. A CLO Client account may suffer a loss arising from shortcomings or failures in internal or external processes, people, or systems, or from external events. Operational risks can arise from factors such as processing errors, human errors, inadequate or failed processes, fraud, failure in systems and technology, changes in personnel and errors caused by third-party service providers.

Regulatory events and government intervention. The financial crisis that began in 2008 has also resulted in increased regulation for financial institutions and markets. The Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank") granted US regulatory authorities broad rulemaking and enforcement authority to implement and oversee various provisions of Dodd-Frank, including comprehensive regulation of the over-the-counter derivatives and consumer credit markets. In particular, Dodd-Frank increased the SEC's oversight responsibility for private fund advisers. Recently, the SEC has issued a number of proposed rules aimed at "private funds" (issuers that would be an investment company, as defined in the Investment Company Act, but for section 3(c)(1) or 3(c)(7) of the Investment Company Act). In the absence of exemptions, such rules would impact the CLO Clients and the costs of complying with new regulations would fall on the CLO Clients which may substantially diminish the expected returns to CLO Equity investors.

European Regulation 2017/2402 governs CLOs and other securitization transactions offered to certain European investors (the "EU Securitisation Regulation") and, as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended by the Securitisation (Amendment) (EU Exit) Regulations 2019 of the United Kingdom and as further amended, varied or substituted from time to time as a matter of UK law, certain UK investors (the "UK Securitisation Regulation"). The EU Securitisation Regulation and the UK Securitisation Regulation are referred to together as the "EU/UK Securitisation Regulation". Article 6 of the applicable EU/UK Securitisation Regulation sets out certain risk retention requirements ("Article 6"), and Article 7 sets out certain transparency and reporting requirements ("Article 7"). Certain European and UK investors may only invest in CLO transactions that are compliant with the applicable provisions of the EU/UK Securitisation Regulation (any such eligible CLO, an "EU/UK Compliant CLO"). If an applicable European or UK investor invests in a CLO that is not an EU/UK Compliant CLO, it will be subject to significant capital charges on that investment.

PPMLM2 was established to comply with Article 6, adopting the market-developed and widely used capitalized majority owned affiliated structure. Under this structure, for any EU/UK Compliant CLO, PPMLM2 originates 5% of the Bank Loans purchased by the CLO as of the CLO Client's closing date, in a manner consistent with accepted market practice and acceptable to the applicable European and UK CLO investors. PPMLM2 also purchases a portion of the CLO Securities equal to 5% of the total principal balance of the Assets for each

EU/UK Compliant CLO (the “EU/UK Retention Interest”). Although PPMLM2 believes that the foregoing will satisfy Article 6, there is a risk that this structure may ultimately be deemed non-compliant. On October 10, 2022, the Commission to the European Parliament and the Council published a report stating that Article 7 applies to securitizations issued by entities based in non-EU countries. Prior to this report, it was uncertain whether Article 7 applied to US CLO managers. As a result, CLOs issued by US CLO managers prior to October 10, 2022, including PPMLM2, may be deemed non-compliant and could result in higher than expected capital charges for EU and UK investors if a transaction is deemed not to be an EU/UK Compliant CLO.

CLO Client portfolios are also subject to the risk of local, national, and global economic disturbances based on unknown conditions in the market in which an account invests. In the event of such disturbances, Borrowers may suffer significant declines in the value of these assets and even terminate operations. Such Borrowers also may receive government assistance accompanied by increased control and restrictions or other government intervention. It is not clear whether the US government will intervene in response to such disturbances and the effect of any such intervention is unpredictable.

Reliance on corporate management and financial reporting. PPMLM2 selects investments for CLO Clients in part on the basis of information and data filed by Borrowers with various government regulators, publicly available or made directly available to PPMLM2 by such Borrowers or third parties. Although PPMLM2 evaluates this information and data and seeks independent corroboration when it considers it appropriate and reasonably available, PPMLM2 will not always be in a position to confirm the completeness, genuineness or accuracy of such information and data. PPMLM2 is dependent upon the integrity of the management of such Borrowers and of such third parties as well as the financial reporting process in general. CLO Clients may incur material losses as a result of corporate mismanagement, fraud and accounting irregularities relating to Borrowers.

Restricted securities risk. As part of a Workout involving an Asset, a CLO Client may receive certain equity or other restricted securities in exchange for its interest in such Asset, and such securities may be illiquid. PPMLM2 may be unable to sell them on short notice or may be able to sell them only at a price below current value. Also, PPMLM2 may get only limited information about the issuer of a restricted security, so it may be less able to predict a loss. In addition, if PPMLM2 receives material non-public information about the issuer, a CLO Client may be unable to sell the securities.

Sector risk. To the extent a CLO Client invests more heavily in particular sectors, industries, or sub-sectors of the market, its performance will be especially sensitive to developments that significantly affect those sectors, industries, or sub-sectors. An individual sector, industry, or sub-sector of the market may be more volatile, and may perform differently, than the broader market. The several industries that constitute a sector may all react in the same way to economic, political, or regulatory events. A CLO Client’s portfolio performance could be affected if the sectors, industries, or sub-sectors do not perform as expected. Alternatively, the lack of exposure to one or more sectors or industries may adversely affect performance.

Systemic risk generally. Credit risk may arise through a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution causes a series of defaults by the other institutions. This is sometimes referred to as a “systemic risk” and may adversely affect financial intermediaries, such as banks, securities firms and exchanges, with which PPMLM2 interacts on a daily basis.

Terrorism risk. Terrorist attacks may lead to increased short-term market volatility and may have long-term effects on United States and world economies and markets. Terrorist attacks also may adversely impact interest rates, auctions, secondary trading, ratings, credit risk, inflation and other factors relating to a CLO Client’s portfolio and adversely affect such account’s service providers and operations.

Item 9 - DISCIPLINARY INFORMATION

There are no legal or disciplinary events that are material to a CLO Client’s or prospective CLO Client’s evaluation of PPMLM2’s business or the integrity of its management.

Item 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

This brochure discusses only those functions performed by PPMLM2 on behalf of its clients and the services provided by PPM to PPMLM2 pursuant to the Services Agreement. This brochure does not discuss the activities of other affiliated entities or related persons on behalf of their respective clients except to the extent such activities are conducted in connection with the investment advisory activities of PPMLM2. Additional information relating to these related persons of PPMLM2 can be found on Schedule D to Part 1 of PPMLM2’s Form ADV and, to the extent applicable, in the Form ADV for such affiliated entities or related persons.

As of March 28, 2024, none of PPMLM2’s associated persons is a registered representative of Foreside Financial Services, LLC.

As of March 28, 2024, none of PPMLM2’s management persons are registered, or have an application pending to register, as a futures commission merchant, a commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

PPM

As discussed above, the Management and Originator Series of PPMLM2 is 100% owned by PPM and PPMLM2 has entered into the Services Agreement with PPM. PPM is the primary US investment manager for the general insurance account of JFI’s subsidiary insurance companies, including Jackson, as generally described below:

- PPM serves as investment adviser to affiliated and third-party insurance companies. Certain of these portfolios invest in Bank Loans and the Bank Loan Team provides the advisory services related to such investments. It is possible that affiliates may invest in PPMLM2's CLO Clients, including Jackson as described below.
- PPM serves as investment adviser to PPM Funds, an open-end investment company organized as a Massachusetts business trust, consisting of two separate series funds. Certain series of the PPM Funds invest in Bank Loans and the Bank Loan Team provides advisory services related to such investments.
- PPM also serves as investment sub-adviser to funds associated with Jackson's variable annuities and advised by Jackson National Asset Management ("JNAM"). JNAM is a wholly owned subsidiary of JFI. Jackson and certain of the JNAM portfolios invest in Bank Loans and the Bank Loan Team provides the advisory services related to such investments.

Please refer to PPM's ADV 2A brochure (available upon request or at www.adviserinfo.sec.gov) for a detailed description of PPM's affiliate relationships.

Jackson

PPMLM2 may from time to time establish one or more Retention Series which will be 100% owned by Jackson or another affiliate. Jackson or such affiliate provides all of the capital needed by PPMLM2 to purchase the applicable CLO Securities at closing of each CLO and may invest in all or a part of the preferred shares as part of the warehouse financing for each CLO. PPM serves as investment adviser to Jackson and its wholly owned subsidiary, Jackson National Life Insurance Company of New York, as well as certain other Jackson insurance company related entities.

Affiliations and Conflicts of Interest

PPMLM2 is committed to providing clients with service of the highest quality and seeks to act in the best interests of its clients. Nevertheless, there are circumstances where client interests conflict with PPMLM2's interests, the interests of its affiliates, or the interests of other clients, including PPM clients. From time to time, PPMLM2's and PPM's management of multiple client portfolios may give rise to potential and actual conflicts of interest. Additionally, given the nature of the relationship between PPMLM2 and PPM, certain potential or actual conflicts of interest may arise given that the Bank Loan Team provides advisory services regarding Bank Loans to PPMLM2 and PPM clients, and in certain cases, such advice will differ by client. Some of these conflicts of interest are inherent to PPM's business and are encountered by other large financial services firms that offer similar services.

The Bank Loan Team must divide time and investment ideas across multiple clients of both PPMLM2 and PPM, some of which may be affiliated clients. PPMLM2 could provide advice or take action for a client that differs from recommendations or action taken for other clients. As has been described herein, the same investment professionals are making these recommendations for the various PPMLM2 and PPM clients pursuant to the Services Agreement. Despite having similar investment guidelines or restrictions, investment performance and returns could vary significantly by client.

PPMLM2 is not obligated to recommend to any or all CLO Clients any investments that it may recommend to, or purchase or sell for, certain other CLO Clients, or that PPM recommends to, or purchases or sells for its clients. CLO Clients at times invest in the same instruments in which other PPMLM2 or PPM clients invest, including affiliated clients, which could create conflicts, particularly where investment opportunities in Bank Loans or markets are limited or where the liquidity of certain instruments is limited. The allocation of investment opportunities raises conflicts of interest as PPMLM2 may have an incentive to provide favorable treatment to certain CLO Clients and investment opportunities that are appropriate for a CLO Client may be allocated entirely to other clients, including PPM clients. PPMLM2 seeks to manage allocation conflicts through the adoption of procedures intended to provide a fair and equitable allocation of buy and sell opportunities among all client accounts over time.

Conflicts may also arise when various PPMLM2 and/or PPM clients invest in the same Bank Loan or invest in different levels of a Borrower's capital structure. For example, a CLO Client may own an interest in a Borrower's senior Bank Loan and a PPM client may own an interest in the junior unsecured debt or equity of the same Borrower. In such circumstances, PPMLM2 and PPM must consider the different interests of their respective clients and may take actions with respect to the assets held by one client that are adverse to the other clients such as whether to make the investment, proxy voting, corporate reorganization, how to exit an investment, or bankruptcy matters (including, for example, whether to trigger an event of default or the terms of any Workout). These actions may present conflicts of interest among CLO Clients or between PPMLM2 and PPM clients. In order to minimize such conflicts, PPMLM2 may avoid certain investment opportunities and negotiations with Borrowers that would give rise to such conflicts, or PPMLM2 may enact internal procedures designed to minimize such conflicts, which could have the effect of limiting certain clients' investment opportunities.

PPMLM2, PPM, or other PPMLM2 affiliates may from time to time invest in CLO Securities throughout different levels of a CLO Client's capital structure. These investments may present conflicts of interest between PPMLM2 and its affiliates and CLO Clients and their investors. In order to mitigate some of these conflicts, the CLO Offering Materials for each CLO Client may include limitations on PPMLM2's or its affiliates' voting rights related to removal of PPMLM2 as manager for that particular CLO Client. However, PPMLM2 and its affiliates may exercise other rights related to their investments in CLO Securities similarly to other investors, and at times in a manner that may be adverse to its CLO Clients or other investors. CLO Clients and investors should consult the underlying CLO Offering Materials for specific information related to these conflicts and the rights PPMLM2 and its affiliates may exercise for any particular CLO Client transaction.

PPM may advise PPM clients to invest in CLOs managed by PPMLM2, creating a potential or an actual conflict of interest as among the PPM clients, CLO Clients, and CLO Client investors. PPMLM2 may also cause a CLO Client to purchase from, or sell assets to, an entity, such as a structured finance vehicle, in which PPM clients may have an interest, potentially in a manner that will have an adverse effect on the CLO Client.

As mentioned above, PPMLM2 may from time to time establish one or more Retention Series which will be 100% owned by Jackson or another affiliate. Furthermore, Jackson or such affiliate may from time to time invest in the CLO Securities issued by a CLO Client separately from its investment in a Retention Series. In addition to being affiliated with PPMLM2 and PPM, Jackson is also PPM's largest client. It is possible that PPM may advise Jackson to purchase, not purchase, sell, or hold the same or similar Bank Loans as those held by CLO Clients and such advice may differ from that which PPMLM2 provides its CLO Clients. Jackson may also own an interest at a different level of a Borrower's capital structure. PPM may advise Jackson to take actions related to these other investments that are adverse to the actions taken by CLO Clients.

To the extent permissible by law, PPMLM2 and PPM portfolio managers may direct investments by CLO Clients in investment opportunities issued or managed by entities related to or controlled by PPM or Jackson affiliates. These investments are subject to PPMLM2 and PPM's investment diligence and review processes in the same manner as other investment opportunities and are executed on an arm's length basis. Conversely, the nature of PPM's affiliation with certain of its affiliates, including Jackson, create conflicts of interest or legal restrictions that inhibit PPM from directing client investments in related entities, resulting in clients (or sub-sets of clients) foregoing these investment opportunities.

Certain potential conflicts may arise from PPMLM2 and PPM personnel's industry relationships and affiliations. These relationships or affiliations may include pre-existing relationships with existing or prospective service providers, which may inhibit PPMLM2's impartiality or create an incentive for PPMLM2 or PPM to favor one third party over another.

When making investment decisions where a conflict of interest arises, PPMLM2 endeavors to act in a fair and equitable manner between all of its CLO Clients. PPMLM2 has policies and procedures that are designed to address conflicts and ensure that PPMLM2 acts in the best interests of its CLO Clients. In addition, PPM has established a designated conflicts committee as well as a special conflicts committee of PPM's Board of Directors to consider and resolve material conflicts and related matters on an as needed basis. These committees consider those conflicts that arise in connection with PPMLM2's business. PPMLM2 resolves conflicts of interest on a case-by-case basis taking into consideration the interests of the relevant CLO Clients, the circumstances giving rise to the conflict, and applicable laws.

Notwithstanding the foregoing, in certain instances the resolution of a conflict may result in PPMLM2 or PPM acting on behalf of a client or clients in a manner that may not be in the best interest or may be adverse to other CLO Clients. In some circumstances, resolution of a conflict may benefit certain PPMLM2 or PPM clients that pay higher fees or performance fees or clients in which PPMLM2 affiliates have a significant proprietary interest. It is possible that any actual or potential conflicts of interest will result in a particular CLO Client or group of CLO Clients receiving less favorable investment terms in or returns from certain investments than if such conflicts of interest did not exist. Additionally, despite PPMLM2's efforts to enact appropriate policies and procedures to address these conflicts, there is no guarantee that such procedures will detect each and every situation in which a conflict arises.

Item 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

All of the Shared Employees and PPMLM2 directors are subject to the PPM Code of Ethics ("Code"), which was adopted by PPMLM2. The Code is designed to detect and prevent personal conduct that might create an actual or potential conflict of interest with a client. The Code sets forth, among other things, certain restrictions on the personal trading activities of PPM's employees, officers, directors and certain affiliated employees (collectively, "access persons") and standards of conduct expected of PPM's access persons and further addresses conflicts that arise from personal trading and emphasizes PPM's fiduciary obligation to put client interests first. Under the Code, certain personal securities transactions of access persons are prohibited, while others are subject to pre-approval and/or reporting requirements.

The Code's restrictions on personal trading apply to any account over which an access person and certain immediate family members have investment discretion or a beneficial interest. Employees are required to pre-clear most personal securities transactions prior to execution, except as specifically exempted under the Code. Participation in Initial Public Offerings ("IPOs") is prohibited and all private placement transactions must be pre-approved by the Chief Compliance Officer. The Code also requires that securities must be held for a minimum of 30 calendar days after purchase and may not be repurchased for a minimum of 30 calendar days following a sale. Subject to satisfying the Code and applicable laws, PPM access persons may trade for their own accounts in securities that are held in client accounts; however, the Code imposes a "blackout" period whereby employee trading in a security may be prohibited if PPM is transacting in that security for its clients. Exceptions to the Code's personal trading restrictions are considered on a case-by-case basis and are granted only when PPM's Compliance Department determines the potential for conflict or harm does not exist or is insignificant.

All access persons are required to provide quarterly reports of their securities transactions to PPM's Compliance Department (in the form of confirmations and statements) and to certify that all personal securities transactions have been reported. On an annual basis, access persons are required to report all accounts which can be used to purchase or sell securities. PPM's Compliance Department reviews

each access person's transactions, confirmations, and other account documentation to look for indications of improper personal transactions.

PPMLM2 will provide a copy of the Code to any CLO Client upon request.

Gifts and Business Entertainment

PPMLM2 has adopted Gift and Business Entertainment Policies and Procedures for PPMLM2 employees that place restrictions on receiving and providing gifts and business entertainment, impose reporting requirements, and require pre-approval to participate in business entertainment, except as specifically exempted under the Gift and Business Entertainment Policies and Procedures.

Participation or Interest in Client Transactions

PPMLM2 does not buy or sell securities or other instruments to or from CLO Clients on a principal basis except as permitted by applicable law, CLO Client guidelines and restrictions, and in accordance with its compliance procedures. Additionally, subject to the foregoing, PPMLM2 also may effect "cross" transactions between CLO Clients, including PPM clients. In these cases, one client purchases a security held by another client. Neither PPMLM2 nor any related party receives any compensation in connection with a "cross" transaction. PPMLM2 effects these transactions pursuant to internal PPMLM2 procedures and only when it deems the transaction to be in the best interests of each of the buying and selling clients and at prices that PPMLM2 has determined reflect fair value.

As described herein, if PPMLM2 manages a CLO that is compliant with the EU/UK Securitisation Regulation, it purchases an EU/UK Retention Interest and satisfy the "originator" requirements contained in the EU/UK Securitisation Regulation. For those CLO transactions that are compliant with the EU/UK Securitisation Regulation, PPMLM2 (i) holds the EU/UK Retention Interest of each EU/UK Compliant CLO, (ii) act as the collateral manager for such EU/UK Compliant CLO, and (iii) originates a portion of the Bank Loans to be held by such EU/UK Compliant CLO, so that PPMLM2 is considered to be the "originator."

It is a requirement of the EU/UK Securitisation Regulation that the "originator" not transfer its EU/UK Retention Interest until the final maturity of the applicable CLO Securities. Accordingly, for those CLO Clients that are compliant with the EU/UK Retention Regulation, PPMLM2 expects to covenant and agree with the CLO Client that it will not transfer the EU/UK Retention Interest of such CLO Client other than in accordance with the EU/UK Securitisation Regulation, if applicable.

Participation or Interest in Personal Trading – Client Recommendations and Client Trading

Although individuals generally cannot purchase Bank Loans or CLO Securities, individual PPMLM2 employees may purchase other securities of a Borrower creating a potential conflict of interest. PPMLM2 employees regularly share information, perceptions, advice and recommendations about market trends, the valuations of individual securities, and investment strategies, except where prohibited by information barriers established by PPMLM2 or by applicable law or regulation. A portfolio manager's management of personal accounts may give rise to potential conflicts of interest, including conflicts of interest related to the knowledge and timing and potential market impact of trades placed on behalf of CLO Clients, as well as current or potential investment opportunities under consideration. As noted under "Code of Ethics" above, PPMLM2 has adopted a Code of Ethics, as well as other policies and procedures, which seek to address potential conflicts involving personal trading by PPMLM2's access persons.

Item 12 - BROKERAGE PRACTICES

Broker-Dealer Selection

PPMLM2 relies on PPM to select which Broker Dealer will effect CLO client transactions. Substantially all of the transactions of CLO clients are executed with brokers on a principal basis and therefore do not incur commissions. PPM maintains lists of Broker Dealers, futures commission merchants and derivatives and repurchase agreement counterparties that have been reviewed and approved pursuant to PPM's Best Execution Policies and Procedures. Traders generally have discretion to effect transactions with any Broker Dealer on the approved lists.

PPM seeks to obtain best execution for client transactions with brokers or dealers (collectively, "Broker Dealers"), that is, to obtain not necessarily the lowest commission cost or best price, but the best overall qualitative execution under the circumstances. Factors that influence the way PPM selects Broker Dealers for trade execution include, but are not limited to:

- the quality of trade execution, including the accuracy and timely execution of trades, clearance, and cooperation by the Broker Dealer in resolving errors and disputes;
- the reputation, financial strength, reliability, and creditworthiness of the Broker Dealer;
- the Broker Dealer's block trading and positioning capabilities;
- the willingness of the Broker Dealer to execute difficult transactions;
- the willingness of the Broker Dealer to execute a transaction in combination with another transaction or transactions which, in the aggregate, provide net benefit to PPM's client;

- the willingness and ability of the Broker Dealer to commit capital;
- access provided by the Broker Dealer to PPM and its clients to underwritten offerings, including new issues of fixed income securities;
- overall costs of trades placed, that is, the net price paid or proceeds received, including commissions, mark-ups, mark-downs, spreads, other transaction costs and opportunity costs in the context of PPM's knowledge of negotiated commission rates currently available;
- the nature of the security or instrument being traded;
- the size of the transaction;
- desired timing of the trade;
- existing and anticipated activity in the market for the particular security or instrument;
- confidentiality concerns;
- research, products and other services provided for the benefit of PPM and its clients; and
- PPMLM2's knowledge of actual or apparent operational problems of any Broker Dealer considered.

PPM determines the overall reasonableness of the brokerage commissions and other transaction costs on client transactions by considering various factors, including, but not limited to, the following:

- current market conditions;
- size and timing of the order;
- depth of the market;
- per share price;
- difficulty of execution;
- time taken to conclude the transaction;
- extent of the Broker Dealer's commitment, if any, of its own capital; and
- the amount involved in the transaction.

Research and Other Soft Dollar Benefits

While PPM selects Broker Dealers primarily on the basis of their execution capabilities, PPM may cause a client to pay a commission to Broker Dealers for effecting a transaction for that client in excess of the amount another Broker Dealer would have charged for effecting that transaction in exchange for certain research and brokerage services. Although the use of client brokerage commissions to obtain research or other products or services inherently benefits PPM because PPM does not have to produce or pay for the research, products, or services, this is only done when we have determined in good faith that the commission is reasonable in relation to the value of the execution, brokerage and/or research services ("Soft Dollar Benefits") provided by the Broker Dealer. PPM's arrangements for the receipt of research services from Broker Dealers create conflicts of interests, in that PPM has an incentive to choose a Broker Dealer that provides research services, instead of one that charges a lower commission rate but does not provide any research. Soft Dollar Benefits provided to PPM by Broker Dealers are reviewed to ensure that they meet the standards of Section 28(e) of the Securities Exchange Act of 1934, as amended. PPM periodically reviews the general level of brokerage allocated to various firms and the services provided by such Broker Dealers.

PPM may pay more than the lowest available commission rate in accordance with the "safe harbor" provision of Section 28(e) of the Securities Exchange Act of 1934 in its selection of Broker Dealers as noted above; however, PPM typically does not enter into contractual arrangements for the receipt of research or other services to be paid with soft dollar transactions.

The use of soft dollars to receive research and services benefits PPM by allowing PPM, at no cost to it, to:

- Supplement and enhance its own research and analysis activities,
- Receive the views and information of individuals and research staff of other securities firms, and
- Gain access to persons having special expertise on certain companies, industries, areas of the economy and market factors.

PPM does not allocate the relative costs or benefits of research received from Brokers Dealers among particular clients because it believes that the research received, in the aggregate, assists PPM in fulfilling its overall responsibilities to its clients. The research may be used in connection with the management of accounts other than those whose commissions paid for the research.

Research services paid for with client commissions can include:

- research reports;
- specialized financial and industry publications and research compilations;
- quantitative, economic, international, and market strategy services;
- compilations of securities prices;
- dividends and similar data bases;
- market data;
- professional seminars; and
- the services of certain economic or financial consultants.

Brokerage services received include access to electronic trading platforms, access to traders with greater familiarity with company trading and market makers, and assistance in effecting securities transactions or performance of other functions incidental to the transaction (such as clearance or settlement). These and other types of brokerage and research services may be originated by the Broker Dealer performing execution services or by third parties that are paid by the Broker Dealer. For fixed income, currency, and derivative transactions, counterparties do not provide the firm with third party research services. PPM believes that any proprietary research provided by fixed income, currency, and derivative counterparties is incidental to their execution services.

In an effort to achieve best execution for large client cash flows, PPM and/or PPMLM2 may trade fixed income instruments in a basket of several securities for a client, commonly referred to as a “portfolio trade”. In effecting portfolio trades, PPM typically utilizes alternative trading systems that provide access to a broad range of approved brokers to bid on the basket of securities. The agreements PPM enters into with certain alternative trading system providers may include discounts or credit for other services PPM receives from those providers, including discounts on terminal fees that PPM typically pays directly. These discounts are generally based on the volume of trading PPM conducts through the provider’s alternative trading system. The receipt of such discounts or credits creates a conflict of interest for PPM when selecting alternative trading system providers for use in client trades. PPM has established best execution policies and procedures to mitigate this conflict of interest, including a post-trade review of the execution quality of portfolio trades by PPM’s Compliance team and its fixed income trading desk, under the oversight of PPM’s Trade Management Working Group.

From time to time, PPM attends certain events sponsored by Broker Dealers where it is able to arrange meetings with senior management of corporate issuers. PPM does not allocate client trading to Broker Dealers on the basis of providing such access, though may allocate client commission on the basis of other substantive research provided in relation to such an event (research reports, analyst meetings/presentations, etc.).

PPM may receive products or services pursuant to soft dollar arrangements that are used both as investment research and for administrative, marketing or other non-research purposes. In those cases, PPM makes a good faith effort to determine the relative proportions of such products or services that constitute “research.” PPM has a conflict in making this decision. The portion of the cost of such products or services attributable to research may be paid, in whole or in part, by brokerage commissions on client transactions. PPM pays the costs not attributable to research in hard dollars.

Research products or services may benefit any or all of PPM’s clients and PPM will not necessarily use such research products or services for the account(s) that paid the commissions used to purchase the research.

PPM has not entered into any arrangements to direct client transactions to a particular Broker Dealer in return for Soft Dollar Benefits it has received during the last fiscal year.

Brokerage for Client Referrals

When selecting Broker Dealers for trade execution on behalf of client accounts (including CLO Clients), PPM does not take into consideration any client referrals from a Broker Dealer or third party, either for itself or for a related person.

Directed Brokerage

PPMLM2 does not routinely recommend, request, or require that a CLO Client direct it to execute (through PPM) transactions through a specified Broker Dealer.

Aggregation of Trades

When possible and appropriate, PPMLM2 and PPM seek to purchase or sell the same securities or instruments for a number of clients simultaneously, including affiliated clients. Also, when possible, orders for the same instrument are typically combined or batched to facilitate best execution and to reduce trading costs. PPMLM2 and PPM effect batched transactions in a manner designed to be fair and equitable to their clients over time. Generally, each CLO Client that participates in a batched transaction participates at the average price for all of CLO client and PPM’s client transactions for that order on that business day. Purchase and sale orders effected in batched

transactions are generally allocated pro rata to the participating client accounts in proportion to the size of the order placed for each client, or, in certain circumstances, in proportion to the participating accounts' current assets under management. PPMLM2 and PPM, however, increases or decreases the amount of Bank Loans or other instruments allocated to each account (including PPM clients) where necessary to avoid holding odd-lot or small numbers of interests for clients, or where an allocation would not meet the minimum trade or holding sizes applicable to certain Bank Loans or other interests. Additionally, if PPMLM2 is unable to fully execute a batched transaction and it determines that it would be impractical to allocate a small number of Bank Loans or other instruments among the accounts participating in the transaction on a pro rata basis, PPMLM2 allocates such Bank Loans or other instruments in a manner determined in good faith to be fair and equitable over time, which may result in the removal of accounts from certain orders. Any exception to PPM's allocation procedures requires review and approval by the Chief Compliance Officer. Transactions for each client are also completed independently where aggregating orders is not possible or advisable.

Allocation of Investment Opportunities

PPMLM2's Allocation Procedures for High Yield Bank Loans (the "Allocation Policy") seeks to allocate Bank Loans to clients in a fair and equitable manner over time and to maintain a course of conduct that is in the best interests of its clients under the facts and circumstances of each transaction. To the extent that a potential investment falls within the investment parameters of more than one client, PPMLM2 and PPM typically seeks to allocate each Bank Loan opportunity on a pro rata basis to such clients, based on the original amount requested by each client for that investment opportunity. In certain circumstances such pro rata allocation is not possible or practical. For example, certain client requests may fall below contractually mandated investment minimums as set forth in the underlying credit agreement. Additionally, PPMLM2 and PPM may weight purchases and sales of Bank Loans to accommodate different cash positions of its various clients. PPMLM2 and PPM may also weight Bank Loan purchases and sales towards clients that are in ramp-up or wind-down modes, such as CLO warehouse periods or liquidation following a redemption.

PPMLM2 and PPM consider many factors in determining the amount of a Bank Loan investment opportunity requested for each client and otherwise allocating Bank Loan investments and other instruments among clients, including the client's investment objectives, applicable restrictions, the type of investment, the number or amount of Bank Loans or other instruments purchased or sold, the size of the account, and the amount of available cash or the size of an existing position in an account. Clients are not assured of participating equally or at all in particular investment allocations. The nature of a client's investment style may exclude it from participating in many investment opportunities, even if the client is not strictly precluded from participation based on written investment restrictions.

PPMLM2 may allocate a potential transaction in a manner that differs from the Allocation Policy upon approval by the Chief Compliance Officer.

Trade Errors

Errors can result from a variety of situations involving portfolio management and trading, including an inadvertent breach of investment guidelines or miscommunication of trading information (wrong number of shares, wrong price, wrong account, wrong direction, etc.). A conflict of interest exists between PPMLM2 and the interest of affected clients in the remediation of an error or in the calculation methodology used to determine any related reimbursement. In order to minimize these conflicts, PPMLM2 has adopted policies and procedures for correcting errors, which require that all errors affecting a client account be resolved promptly and fairly. Under certain circumstances, the policy provides that trades may, where appropriate, be cancelled or modified prior to settlement. The intent of the policy is to place the client back in the position it would have been had the error not occurred.

Item 13 - REVIEW OF ACCOUNTS

The Bank Loan Team regularly monitors the CLO Clients' portfolios and formally reviews each portfolio as frequently as deemed appropriate for such account (which may be daily, monthly, or quarterly, as applicable). Specifically, they review client investment objectives, asset diversification, account performance, market activity, and any relevant compliance tests contained in the applicable CLO Offering Materials.

PPM's risk management team provides oversight and analysis of portfolio risk across the organization and in each portfolio, including PPMLM2's CLO Clients. As part of its analysis, the risk management team reviews CLO portfolio information and conducts weekly meetings with the Bank Loan Team to discuss individual CLO portfolios, market developments, and operational processes and procedures.

PPM's Risk Oversight Committee ("PROC") meets on a quarterly basis to discuss various portfolio and operational risks affecting PPM and its clients. For CLO activities, the PROC has delegated management authority to a specialized CLO Management Forum. The CLO Management Forum meets regularly to discuss general strategy, CLO performance, market developments, new transactions, and investor negotiations. Additionally, the CLO Management Forum determines what items, if any, need to be escalated to the full PROC for its consideration. The CLO Management Forum meeting materials are also included in the PROC quarterly meeting materials. The PPM risk management team is represented on the CLO Management Forum.

In addition to the PPM oversight of the CLO business, on a monthly basis, the trustee for each CLO Client prepares a monthly report detailing certain information about the CLO Client's assets for the immediately preceding month. The monthly report includes certain information regarding loss and delinquency applicable to the CLO Client's assets and the measurement and results of certain investment criteria and other tests included in the CLO Offering Materials. On each of the CLO Client's payment dates, the trustee prepares a distribution report containing all the information contained in a monthly report as well as details regarding the distributions being made on

such payment date and the fees to be paid to PPMLM2 and the CLO Client's trustee. The quarterly distribution report is reviewed by an independent public accountant before any funds are distributed. For each EU/UK Compliant CLO where the CLO Client has agreed to be the designated entity under Article 7 to provide certain reports and information (the "Transparency Reports") for the purpose of assisting applicable European or UK investors with the investor diligence requirements of the EU/UK Securitisation Regulation, such CLO Client will engage the collateral administrator and a third-party reporting agent to prepare the Transparency Reports with PPMLM2's assistance. None of the reports described above nor any other financial information furnished to CLO Client investors is audited by an independent public accountant.

Item 14 - CLIENT REFERRALS AND OTHER COMPENSATION

PPMLM2 does not receive an economic benefit from any third party for providing investment advice or other advisory services to any of PPMLM2's CLO Clients.

Although the CLO Clients engage a placement agent in order to place the CLO Securities with various investors, neither PPMLM2 nor PPM currently compensates unrelated third parties for CLO Client referrals. If PPMLM2 or PPM determines to pay such compensation in the future, either will do so in accordance Rule 206(4)-1 under the Investment Adviser's Act of 1940 (the "Marketing Rule").

Item 15 - CUSTODY

Neither PPMLM2 nor its affiliates (including PPM) maintain physical possession of PPMLM2's CLO Clients' Assets. Physical custody of the Assets of a CLO Client is maintained with a qualified custodian selected by the applicable CLO Client in conjunction with PPMLM2.

On February 15, 2023, the SEC proposed to amend and redesignate the current "custody rule" applicable to registered investment advisers with a new "safeguarding rule" intended to enhance investor protections relating to advisory client assets (the "Proposed Safeguarding Rule"). The Proposed Safeguarding Rule, if adopted in its current form, would impact the CLO Clients and significantly expand the scope of the current custody rule, including adding new recordkeeping and reporting requirements for investment advisers and in certain circumstances requiring surprise examinations or annual financial statement audits to be conducted by independent accounting firms. The costs of complying with the Proposed Safeguarding Rule would fall on the CLO Clients which may substantially diminish the expected returns to CLO Equity investors.

Item 16 - INVESTMENT DISCRETION

PPMLM2 generally accepts discretionary authority to manage the CLO Clients' portfolios pursuant to investment guidelines and restrictions established by the CLO Client. Prior to assuming this authority, PPMLM2 enters into a Collateral Management Agreement, which either includes or incorporates by reference the CLO Client's specific investment objectives, restrictions, and/or guidelines. The applicable agreement also allows PPMLM2 to delegate the authority to conduct client transactions to PPM pursuant to the Services Agreement.

Item 17 – VOTING CLIENT SECURITIES

PPMLM2 has the authority to consent to amendments, waivers or modifications of the terms and conditions of Bank Loan agreements and related assignments for the Bank Loans pursuant to investment guidelines and restrictions established by the CLO Client. PPMLM2 delegates any such authority to PPM pursuant to the Services Agreement. Any amendment, waiver or modification of an investment could defer the maturity, adjust the outstanding balance of any investment, reduce or forgive interest or fees, release material collateral or guarantees, or otherwise amend, modify or waive the terms of any related credit agreement, including the payment terms thereunder. Any such amendment could postpone the receipt of payments in respect of such investment and/or reduce distributions to CLO investors. Because the issues involved in Bank Loan amendments are unique to each Borrower and to the relevant facts and circumstances giving rise to the amendment, PPMLM2 does not maintain voting policy guidelines regarding categories of issues that may arise in the manner it does for equity securities. All such votes related to Bank Loan amendments are considered on a case-by-case basis and determined by the Bank Loan Team with the client's best financial interest in mind. Because of the familiarity of its staff with issues upon which it votes client debt securities, PPMLM2 does not retain the services of a qualified independent third party to provide guidance on such matters.

Additionally, in certain limited circumstances, a CLO Client may own an equity security, usually received as part of a Workout, for which a proxy vote is required. As required by Rule 206(4)-6 under the Advisers Act, PPMLM2 has jointly adopted, with PPM, written policies and procedures in connection with voting proxies for those CLO Clients for whom it exercises proxy voting authority. Copies of PPMLM2's and PPM's proxy voting policies and procedures are available by request. CLO Clients may also request copies of voting records for their proxies. All proxy votes for CLO Clients are facilitated by PPM pursuant to the Services Agreement.

Item 18 - FINANCIAL INFORMATION

All fees owed to PPMLM2 are paid in arrears, and PPMLM2 does not require or solicit prepayment of more than \$1,200 in fees per CLO Client six months or more in advance and therefore has not included a balance sheet for its most recent fiscal year. Also, PPMLM2 is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to CLO Clients and has not been the subject of a bankruptcy petition at any time during the past ten years.

Privacy Policy

PPM America, Inc., PPM Loan Management Company 2, LLC and PPM Funds (collectively, “PPM”, “we”, “us” or “our”, as applicable) are committed to keeping nonpublic information about clients and potential clients secure and confidential. We do not disclose your information to anyone except as required by law, described in this policy, or as you otherwise permit. Most importantly, we do not sell your information to anyone.

PERSONAL INFORMATION COLLECTED WITHIN THE PAST 12 MONTHS

Below is a list of the categories of personal information we have collected within the past 12 months. We did not necessarily collect all the specific pieces of personal information listed for any given person or category. Please note that these personal information categories are as they are set forth under California law.

Category	Collected
Identifiers such as a real name, alias, postal address, unique personal identifier, online identifier, Internet Protocol address, email address, account name, social security number, driver's license number, passport number, or other similar identifiers.	Yes
Any category of personal information described in Cal. Civ. Code § 1798.80(e): “Personal information” means any information that identifies, relates to, describes, or is capable of being associated with, a particular individual, including, but not limited to, his or her name, signature, social security number, physical characteristics or description, address, telephone number, passport number, driver's license or state identification card number, insurance policy number, education, employment, employment history, bank account number, or any other financial information, medical information, or health insurance information. “Personal information” does not include publicly available information that is lawfully made available to the general public from federal, state, or local government records.	Yes
Characteristics of protected classifications under California or federal law: sexual orientation; race; national origin; medical conditions; disability (physical or mental); genetic information; military or veteran status; status as a victim of domestic violence assault, or stalking; gender identity and gender expression; color; religion; sex (including pregnancy, childbirth, and related medical conditions); age (40 or older); marital status; political affiliates or activities.	Yes
Commercial information, including records of personal property, products or services purchased, obtained, or considered, or other purchasing or consuming histories or tendencies.	Yes
Biometric information.	Yes
Internet or other electronic network activity information, including, but not limited to, browsing history, search history, and information regarding a consumer's interaction with an Internet Web site, application, or advertisement.	Yes
Any category of sensitive personal information described in Cal. Civ. Code § 1798.140(ae)(1) to (2): “Sensitive personal information” means (1) “personal information” that reveals: a consumer's social security, driver's license, state identification card, or passport number; a consumer's account log-in, financial account, debit card, or credit card number in combination with any required security or access code, password, or credentials allowing access to an account; a consumer's precise geolocation; a consumer's racial or ethnic origin, religious or philosophical beliefs, or union membership; the contents of a consumer's mail, email, and text messages unless the business is the intended recipient of the communication; a consumer's genetic data; or (2) the processing of biometric information for the purpose of uniquely identifying a consumer; personal information collected and analyzed concerning a consumer's health; or personal information collected and analyzed concerning a consumer's sex life or sexual orientation.	Yes
Geolocation data.	No
Audio, electronic, visual, thermal, olfactory, or similar information.	No
Professional or employment-related information.	No
Education information, defined as information that is not publicly available personally identifiable information as defined in the Family Educational Rights and Privacy Act (20 U.S.C. section 1232g, 34 C.F.R. Part 99).	No
Inferences drawn from any of the information identified in this chart to create a profile about a consumer reflecting the consumer's preferences, characteristics, psychological trends, predispositions, behavior, attitudes, intelligence, abilities, and aptitudes.	No

CATEGORIES OF SOURCES FROM WHICH PERSONAL INFORMATION IS COLLECTED

We receive personal information through two primary means: information you provide us and information we collect automatically.

Information you provide. In the course of serving you as someone associated with a corporate or institutional client, PPM obtains personal information about you principally through requests by email or telephone. Obtaining this information is important to our ability to fulfill your requests and deliver the highest level of service. PPM also works with LinkedIn to collect personal information that you provide on its website to access online and mobile advertisements for PPM products and services that we think may be of interest to you. We do not control and are not responsible for the actions or privacy practices of other websites (whether accessed through an advertisement, service or content link) and urge you to review such practices prior to submitting any information to such websites.

Digital Analytics Information. While we do not collect personal information from anyone who is merely visiting or browsing our website, to enhance our visitors' usability of the PPM website, we use digital analytics tools (e.g. Google Analytics) to understand and optimize performance. This may include, but is not limited to, the collection of IP addresses and information about what pages visited, and average time on pages. To learn more about how Google uses the information, visit [Google's Privacy & Terms](http://policies.google.com/technologies/partner-sites) at <http://policies.google.com/technologies/partner-sites>.

When interacting with our PPM email marketing materials, our systems automatically log information about your interaction with that email as well as information about your computer or mobile device. For example, our system logs when you open an email from us, what links in our emails you select, your IP address, your computer or mobile device operating system name and version, browser and email client type, how long you spent on a page, and information about your use of and actions on the email newsletter. If you currently receive PPM email marketing materials but wish to stop receiving these communications, please follow the opt-out instructions contained within the email message from PPM.

BUSINESS PURPOSES FOR WHICH WE COLLECT PERSONAL INFORMATION

Use of your personal information depends on your relationship to PPM. We did not necessarily collect all the specific pieces of personal information listed above for any one specific business purpose, but rather, we used personal information, generally, in the below circumstances. Except as indicated below, PPM retains personal information pursuant to its document retention policy which is in accordance with our governing laws and regulations.

- **To perform services on behalf of PPM and our clients that are reasonably necessary and proportionate for those services.** For example, personal information may be needed to maintain or service accounts as would be expected by an average consumer, process or fulfill orders and transactions, process payments and transactions, verify personal information, providing financing, or similar services on behalf of PPM or its service providers.
- **Performing due diligence.** For example, we may need to conduct research or evaluate individuals in connection with an investment or sale on behalf of our clients or with respect to a corporate restructuring, merger or acquisition or similar proceeding.
- **Pursuant to law or regulation.** For example, we might use the information you provide us to verify your identity or identify individuals within your organization to help fulfill certain legal or regulatory requirements.
- **Interacting with our service providers.** For example, PPM may receive personal information during the course of our business relationship for onboarding, background checks, or, depending on your relationship to PPM, as required to attest to PPM's compliance policies and code of conduct.
- **As part of a corporate transaction.** For example, a transaction with a successor or affiliate or in connection with any acquisition, merger or sale of assets.
- **To detect security incidents.** For example, to protect against malicious, deceptive, fraudulent, or illegal activity, and to prosecute those responsible for that activity.
- **Verify, maintain or enhance quality of a product, service or device.** For example, we provide our employees with the ability to opt-in to providing their unique biometric data as a method of authenticating their identity to unlock devices owned by PPM (i.e., fingerprint ID on iPads), pursuant to our Biometric Information Policy. However PPM does not use or have access to Biometric Identifiers stored on those devices, nor does PPM sell, lease, trade, share, disclose or disseminate, or profit from any Biometric Identifiers.
- **Respond to your requests or questions, or for other purposes that do not infer characteristics.** For example, we might use the information you provided us to respond to your questions or feedback.

For those who interact with our PPM email marketing materials or our website, we collect and use your information to as indicated below.

- **Provide relevant news and information, including for short-term, transient use.** For example, we might use your information to customize your experience with us and help us better understand your interests and needs so that we can improve your experience with our online content or provide contextual advertising for other services.
- **Improve our website, products or services.** For example, we might use anonymized information to enhance your experience with us or improve content on our websites.

SHARING OR SELLING PERSONAL INFORMATION

PPM does not sell or share consumer personal information with "third parties", as defined by California law.

DISCLOSING PERSONAL INFORMATION

In order to run our business and provide our services and products, there are occasions where we may disclose your personal information with affiliates and non-affiliated vendors that perform support services for PPM. These parties are subject to agreements that require them to maintain the confidentiality of your information and to use it only in the course of providing such services. We will also share information if you so direct or with your consent, if we are compelled by law or regulation, as part of a corporate transaction with a successor or affiliate or in connection with any acquisition, merger or sale of assets, or in other circumstances as permitted by law (for example, to protect your account from fraud). PPM has not disclosed personal information for a business purpose to “third parties”, as defined by California law, within the last 12 months.

CALIFORNIA-SPECIFIC PRIVACY RIGHTS

California-specific privacy rights. California consumers have certain privacy rights granted under the California Consumer Privacy Act (“CCPA”). This section sets out those rights and provides individuals a form to submit privacy data requests. Below is a list of privacy rights regarding your personal information under California law:

- Right to know what personal information a business has collected, including the categories of personal information, the categories of sources from which personal information is collected, the business or commercial purpose for collecting, selling, or sharing personal information, the categories of third parties to whom a business discloses personal information, and the specific pieces of personal information the business has collected.
- Right to request PPM delete your personal information that the business has collected, subject to certain exceptions.
- Right to correct inaccurate personal information that the business maintains.
- Right to opt-out of the sale or sharing of personal information, if sold or shared by a business.
- Right to limit the use or disclosure of sensitive personal information by the business if the business uses or discloses sensitive personal information for reasons other than those set forth in section 7027(m) of the CCPA.
- Right not to receive discriminatory treatment by the business for the exercise of privacy rights conferred by the CCPA, including an employee's, applicant's, or independent contractor's right not to be retaliated against for the exercise of their CCPA rights.

We do not discriminate against you, for example, by offering a different level of service for exercising any of these rights. While the CCPA also provides California residents with the right to opt-out of sales or sharing of personal information to third parties, it is important to know we do not sell or share your personal information and within the last 12 months PPM has not sold or shared consumer personal information with “third parties”, as defined by California law. We have no actual knowledge that we sell or share the personal information of consumers under 16 years of age. Additionally, we do not use or disclose sensitive personal information for purposes other than as specified in section 7027(m) of the CCPA, and we do not collect or process sensitive personal information to infer characteristics.

Instructions for submitting a California consumer request. Should you or your authorized representative wish to exercise any of the above rights, please use this link to [submit a request](#), or if you received this notice in a printed format or are otherwise unable to complete the form, please email PPMPrivacyOperations@ppmamerica.com. Upon submission of your request we will take commercially reasonable steps to verify your identity and, if applicable, your authorized agent's identity before granting access or making any changes to your personal information. You will be required to verify your identity by providing general information such as your first name, last name, and email address. In some instances we may reach out to you directly to provide other information, such as your mailing address. Only you, or an agent authorized to act on your behalf, may make a verifiable consumer request related to your personal information.

We will make good faith efforts to provide you with access to your data when you request it, but there may be circumstances in which we need not provide access as allowed by law, including but not limited to instances where the information contains legal privilege, where your identity could not be verified, or where the information may compromise yours or others' privacy or other legitimate rights. If we determine that access should be restricted in any particular instance, we will provide you with an explanation of why that determination has been made and a contact point for any further inquiries.

Additionally, under California Civil law, Californians are entitled to request information relating to whether a business has disclosed personal data to any third parties for the third parties' direct marketing purposes. Californians who wish to request further information about our compliance with this statute should contact us at privacy@ppmamerica.com or at PPM America, 225 West Wacker Dr., Suite 1200, Chicago, Illinois 60606. This section on California-Specific Privacy Rights was last updated on December 30, 2022.

USE OF COOKIES

A cookie is a piece of data stored within the web browser on your computer by the websites you visit. Cookies are widely used to improve browsing experience and help websites function more efficiently. The cookies we use enable certain functionality of the website and facilitate website usage analysis. This will enable us to continually improve the website and our systems. The cookies do not hold any personal information about you. We do not associate any data gathered from cookies with any of your personal information. From our website, PPM may place cookies on your computer. There are two types of cookies that we use:

- Session cookies - these cookies are temporarily created when you visit our website. When you leave the website all session cookies are deleted.
- Persistent cookies - these cookies remain on your computer for the period of time specified in the cookie. They are activated each time you visit our website which created that particular cookie.

Many Internet browsers allow you to adjust your cookie preferences or delete existing cookies. If you set your browser to reject cookies, you should be aware that certain website features may not be available to you or may not function correctly. Certain Internet browsers may provide you the choice to set "Do Not Track" preferences, to limit the collection of information about your online activities over time and across third party websites or online services. PPM's systems do not respond to Internet browser "do not track" signals or similar mechanisms.

LINKS TO THIRD PARTY SITES

The PPM website may contain links to other websites. We are not responsible for the privacy practices of any such other website (whether accessed through an advertisement, service or content link) and urge you to review such practices prior to submitting any information to such websites.

SAFEGUARDING INFORMATION

We recognize that information security is a crucial topic. To protect information, we've utilized an information security program to protect the integrity of our systems and applications. We implemented precautions throughout our organization, as well as our affiliates, including, where appropriate, the following: password protection, multi-factor authentication, encryption, TLS, firewalls, and internal restrictions on who may access data to protect the information we collect from loss, misuse, and unauthorized access, disclosure, alteration, and destruction.

We restrict access to personal information to authorized employees and in some cases to third parties as permitted by law. In addition to the requirements in this policy, we maintain physical, electronic and procedural safeguards to guard sensitive information. We adhere to these standards even after a business relationship ends.

CHANGES TO POLICY

This policy provides a general statement of the ways in which PPM protects your personal information. You may, however, in connection with specific products or services offered by PPM, be provided with privacy policies or statements that supplement this policy. PPM reserves the right to change its privacy policy or any supporting or related policies or procedures at any time. If there are any changes to the terms of this privacy policy, documents containing the revised policy will be updated, including our website at the [PPM Privacy Policy](#) or at <http://ppmamerica.com/privacy-policy>, and will be effective immediately. Contact us at privacy@ppmamerica.com should you have any questions about this privacy policy, our privacy commitments or our website.

Employees should review the Jackson Financial, Inc. Associate Privacy Notice available at <https://www.jackson.com> for information on the categories of personal information that may be collected from and for employees and why PPM or its affiliates collect such information.

This policy was last updated on July 11, 2023.