

ITEM 1: COVER PAGE

PART 2A OF FORM ADV: FIRM BROCHURE



SILVERMINE CAPITAL MANAGEMENT LLC

March 29, 2019

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This Brochure provides information about the qualifications and business practices of Silvermine Capital Management, LLC (the “Firm” – we may also refer to ourselves by "we," "our" or similar terms). If you have any questions about the contents of this Brochure, please contact us at (212) 649-6600 or compny@man.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

The Firm is registered as an investment adviser with the SEC since September 2009. SEC registration does not imply a certain level of skill or training.

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

ITEM 2: MATERIAL CHANGES

The Firm's last update to its Brochure was March 29, 2018. Since this update, the Firm has had the following changes:

The Firm relocated its principal place of business to the 27th Floor of 452 5th Avenue, New York, NY.

Disclosures regarding third party representation on certain CLO's investment committees in Items 8 and 16 have been amended to reflect that this practice has been discontinued.

On July 12, 2018 the equity holders of ECP CLO 2013-5 submitted a notice to the Trustee redeeming the CLO on September 14, 2018.

Even though a concerted effort is made to keep the Firm's clients, which includes CLO Issuers, Funds and Accounts (as each term is defined below) and its investors informed of notable changes to the Firm's business throughout the year, clients and investors are encouraged to review this update, much like all of the Firm's reports and communications, in its entirety.

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ITEM 4: ADVISORY BUSINESS

A. General Description of Advisory Firm

The Firm, a Delaware limited liability company with its principal place of business located in New York, New York, USA. The Firm offers advisory pooled investment vehicles (“Funds”) and services to separate accounts (“Separate Accounts”) that are exempt from registration under the Investment Company Act of 1940 (the “Investment Company Act”). The securities and interests of these Funds and Separate Accounts are not registered under the Securities and Exchange Act of 1933 (the “Securities Act”). The Firm may offer management services to such investment portfolios on either a discretionary or non-discretionary basis. Funds may include a fund that the Firm, affiliates or employees have seeded or invested over 25% of the subordinated note tranche of such Funds.

The Firm is wholly owned by Man Investments Holdings Inc., an indirect wholly-owned subsidiary of Man Group plc, the ultimate parent of the Firm. Man Group plc is a public company listed on the London Stock Exchange and is a component of the FTSE 250 Index. Man Group plc, through its investment management subsidiaries (collectively, “Man”), is a global active investment management business and provides a range of fund products and investment management services for institutional and private investors globally. As of December 31, 2018, Man had approximately \$108.5 billion of funds under management.

As part of its services, the Firm provides research services to its affiliates. Additionally, the Firm shares office space with these affiliates in New York, NY and Stamford, CT.

Man provides a number of centralized functions to the Firm, which includes trading, risk management, operations, middle office accounting, finance, human resources, facilities, tax, legal, compliance, and information technology, among other such services. The Firm utilizes client servicing, sales and marketing capabilities of its affiliates in providing services to its clients.

B. Description of Advisory Services

Please see Item 8 herein.

This Brochure generally includes information about the Firm and its relationships with its clients and affiliates. While much of this Brochure applies to all such clients and affiliates, certain information included herein applies to specific clients or affiliates only.

This Brochure does not constitute an offer to sell or solicitation of an offer to buy any securities. The securities of the Funds which are “private funds” are offered and sold on a private placement basis under exemptions promulgated under the Securities Act of 1933, as amended (the “Securities Act”), and other exemptions of similar import under U.S. state laws and the laws of other jurisdictions where any offering may be made. In the U.S., shares in the Funds are generally offered on a private placement basis to U.S. persons, and

outside the U.S., in accordance with Regulation S of the Securities Act with respect to non-U.S. persons, and subject to certain other conditions, which are fully set forth in the offering documents for the Funds. The interests in the Funds are generally offered in the U.S. on a private placement basis, pursuant to Section 3(c)(7) of the Investment Company Act of 1940, as amended (the "Company Act"), to persons who are "accredited investors" as defined under the Securities Act and "qualified purchasers" as defined under the Company Act, and subject to certain other conditions, which are set forth in the offering documents for the Funds. Persons reviewing this Brochure should not construe this as an offer to sell or solicitation of an offer to buy the securities of any of the Funds described herein. Any such offer or solicitation will be made only by means of an offering memorandum.

C. Availability of Customized Services for Individual Clients

The Firm offers investment advisory services to Clients (as defined below) primarily by acting as the collateral manager for issuers of collateralized loan obligations ("CLOs") (collectively, the "CLO Issuers"). Each CLO Issuer typically is a non-U.S. entity that issues rated notes ("Rated Notes") and non-rated notes ("Equity", together with the Rated Notes, "Notes") under an indenture ("Indenture"). The Notes are secured by a portfolio consisting primarily of "Leveraged Loans" (described further below under Item 8 "Methods of Analysis, Investment Strategies and Risk of Loss") managed by the Firm.

The Firm offers investment advisory services to Funds and Separate Accounts (note: the Firm does not currently manage any Separate Accounts), which are intended for investors who wish to obtain exposure to Leveraged Loans and similar investments including, without limitation, high yield bonds or Notes issued by CLOs, either directly or indirectly through a total return swap ("TRS"). The investment mandates for the Firm's Funds or Separate Accounts may or may not be similar to the CLOs. Unless specifically noted, CLO Issuers, together with the Firm's Funds and Separate Accounts, are referred to herein collectively as "Clients."

Investment management agreements and related Indentures and related TRS documentation contain detailed specifications and requirements regarding the types of Leveraged Loans and other assets we are permitted to acquire (or obtain synthetic exposure to) on behalf of Clients, and specify the circumstances in which we can purchase and sell, as well as the overall composition of the portfolio (diversity, concentration, ratings, etc.). These investment guidelines are generally not tailored to the individualized needs of any particular investor or CLO Note holder. At inception, however, specific asset criteria or portfolio guidelines may be established in consultation with certain prospective investors or CLO Note holders. Generally, investors and CLO Note holders must independently consider whether a particular CLO or Fund meets their investment objectives and risk tolerances prior to investing in CLO Notes or a Fund.

In connection with the launch of CLOs to be managed by the Firm, the Firm also performs investment advisory services for accounts which warehouse loans on behalf of a new CLO. Generally, such warehouses are expected to be operative for the 3-9 month period prior to a CLO launch, although the term may vary depending upon market conditions. Further, such

warehouses are often capitalized by some of the CLO Note holders as well as the Firm or its affiliates, with leverage provided by the CLO underwriter. References to CLOs or CLO issuers *infra* include references to such warehouses.

D. Wrap Fee Programs

The Firm does not participate in wrap fee programs.

E. Assets Under Management

The Firm manages approximately \$1.787 billion in regulatory assets under management on a discretionary basis as of December 31, 2018.

For purposes of calculating regulatory assets under management, the Firm considers leveraged loan and loan positions to be “securities,” and have included them in the calculation of regulatory assets under management.

ITEM 5: FEES AND COMPENSATION

A fee schedule is omitted because this Brochure is being delivered only to qualified purchasers, as defined in section 2(a)(51)(A) of the Investment Company Act.

The Firm does not maintain a basic fee schedule. Fees for each Client are determined on a case-by-case basis.

All fees described in this section are generally subject to waiver or reduction by the Firm in its sole discretion, including waivers or reduction for investments by employees and affiliates. Accordingly, fees may differ among and between Clients, as well as among investors in a Fund. The Firm may provide advisory services to its employees and affiliates without compensation. In addition, fees may be negotiable or waivable depending upon a variety of factors, including, among other things, type and extent of advisory services offered, amount of assets under management, the overall relationship with the Client and other services offered to the Client.

The Firm's fees and compensation may be shared from time to time with its affiliates.

Because certain expenses are paid for by Clients or, if incurred by the Firm, are reimbursed by the appropriate Clients, the Firm may not have an incentive to seek out the lowest cost options when incurring (or causing a client to incur) such expenses.

Neither the Firm nor any of its supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

Clients may invest in investments that charge additional fees which may include other management fees.

The following is a general overview of the types of fees the Firm charges its clients and includes a description of:

- a. Advisory Fees and Compensation
- b. Payment of Fees
- c. Additional Fees and Expenses

Subject to the terms of the agreements and governing documents, the Firm is paid by each CLO Issuer, on a quarterly basis in arrears: (i) senior and subordinated management fees that currently range, on a combined basis, between 35 bps and 50 bps per annum of the principal amount of assets under management, and (ii) incentive fees which consist of an agreed upon percentage of excess cash flow (typically 20%) payable following the receipt by Equity holders of a specified internal rate of return (collectively, the "CLO Management Fees"). CLO Management Fees are calculated in accordance with the terms of the CLO Indenture by a trustee for the CLO Issuer (the "Trustee") and paid to the manager in arrears by the Trustee from the income generated by the CLO Issuer portfolio in accordance with a

priority of payments specified in the Indenture. Senior management fees have a higher payment priority than subordinated management fees which are generally paid only to the extent cash flow remains after the CLO Issuer funds debt service on the Rated Notes and satisfy other third party fees and expenses. CLO Management Fees are generally negotiated by the Firm with the underwriter of the CLO Issuer's Notes, often with input from potential Equity holders, at the CLO Issuer's inception and may be greater or less than the range specified herein. Fees are generally not negotiable by CLO Rated Note holders. Neither the Firm nor its employees accept compensation for the sale of securities or interests in the CLO Issuers. Performance or incentive fees are structured in accordance with Section 205(a) of the Investment Advisers Act of 1940, as amended, and the rules and regulations promulgated thereunder (the "Advisers Act"). Fees, in general, may vary and in some cases may be negotiable and may be payable more or less frequently depending upon the Client and the arrangement.

Subject to the terms of the management agreements, Clients are typically responsible for their own organizational and transactional expenses. Such expenses include, among others: (i) legal, marketing, accounting, trustee, custodial and administration expenses associated with its organization and operation, and (ii) the implementation and execution of the investment strategy, including research, consultants and assignment fees. These charges and expenses are exclusive of and in addition to the Firm's management and any incentive fees. CLO costs may be amortized over a period of time to ensure that large expenses are borne in an equitable manner.

Subject to the terms of the management agreements and the CLO Indentures, we are reimbursed by Clients for certain out of pocket expenses we incur in performing our obligations under our management agreements, such as subscriptions for pricing services, software, legal and other professional fees, fees to rating agencies, consultants, auditors, accountants, and back office service providers and other expenses contemplated in the management agreements. Expense reimbursements may be capped in the manner and amount stated in each Indenture, management agreement or Client documentation. Expenses may be shared pro rata by Clients to the extent that an expense is incurred by the Firm for the benefit of more than one Client. These charges and expenses are exclusive of and in addition to the Firm's management and any incentive fees.

Subject to the terms of the management agreements, the Firm may also invest Client assets in investments that charge additional fees, such as money market funds, short terms investment vehicles and other Eligible Investments, as defined in the CLO Indentures or client documentation. In the case of CLOs, additional advisory fees related to cash management may be paid to the CLO's Trustee.

The Trustee receives reimbursement from the CLO Issuer for expenses incurred by it in carrying out its responsibilities under the Indenture, such as audit and tax preparation fees, exchange registration fees and legal opinions.

Fees and expenses for the management of the Firm's Separate Accounts and Funds are subject to negotiation on an individual basis. As such, there is no set fee schedule. Fees

and expenses are paid directly by or at the direction of the Separate Account holder or the general partner in the case of Funds, in accordance with the relevant Client documentation. Performance or incentive fees are structured in accordance with Section 205(a) of the Advisers Act. Fees, in general, may vary and in some cases may be negotiable and may be payable more or less frequently depending upon the terms of the Separate Account or Fund.

Details regarding the fees of the Firm and expenses borne by the Clients are disclosed in the Indenture, management agreement or governing documents, as applicable.

Generally, we do not require prepayment of the Firm fees unless otherwise permitted under Client documentation. If prepayment were provided for, we would rebate a proportionate amount of the prepaid fees to the applicable Client, in the event of a termination of our management services.

A Fund or Separate Account may incur an expense which forms part of a larger aggregate expense relating to a number of entities for which the Firm or its affiliates provide services. Such expense will normally be allocated between the relevant entities, on a pro rata basis, or in conjunction with a flat fee per entity for a portion of the expense, where possible and appropriate.

ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Performance-based compensation, i.e., the Firm's incentive fee, and the way it is determined is described above under Item 5. "*Fees and Compensation.*"

The receipt of performance-based compensation creates a potential conflict of interest between the Firm's interest to generate revenue for itself and the interests of Clients. Specifically, performance-based compensation may create an incentive for us to make investments for our Clients that are riskier or more speculative than would be the case in the absence of a performance-based fee. Performance-based compensation may also create an incentive to favor higher fee paying Clients when allocating investment opportunities.

Our performance-based fees are paid in accordance with the requirements of the Advisers Act. Such fees are disclosed and, with respect to CLO Issuers, are generally paid only after the holders or investors therein, respectively, have achieved a specified return. We seek to mitigate the conflict of performance-based compensation through full disclosure and our allocation policy, described below. The Firm generally seeks to manage Client portfolios subject to guidelines and/or investment restrictions designed to limit our ability to make speculative investments.

"Side by side" management refers to the simultaneous management of multiple Clients or series within Clients which follow similar, complementary or competing investment objectives, policies or strategies. Side by side management gives rise to potential or actual conflicts of interest, including as discussed above the incentive to favor higher fee paying Clients or Clients in which the Firm or its related persons have a pecuniary interest. Employees and related persons of the Firm and its affiliates may make or have capital investments in or alongside certain Clients or Clients of the Firm's affiliates and therefore may have conflicting interests in connection with these investments. The Firm may have an incentive to favor Clients that offer higher performance compensation or management fees or in which employees of the Firm or its affiliates have a financial interest, as incentivizing any of these funds could result in an economic benefit to the Firm and/or its employees.

There is no assurance that Client or series' portfolios with similar investment objectives or strategies will hold the same positions or will perform similarly. Further, the investment or other decisions the Firm makes with respect to Client or series portfolios with divergent (or similar) objectives or strategies could be seen or could actually benefit some Clients or series more than others. Accordingly, the Firm's allocation decisions will affect performance and certain Clients may not participate in gains or losses realized by other Clients, including those with similar or complementary investment objectives or strategies.

The payment of the Firm's incentive fees is dependent to some degree on the yield earned on the Collateral obligations and may create an incentive for the Firm to make decisions which conflict with the interests of investors or the holders or any class thereof. For example, the fee structure could create an incentive for the Firm to manage the portfolio in a manner to seek to maximize the yield on collateral relative to collateral of higher

creditworthiness. Focusing on increasing yield could result in an increase in potential defaults or volatility and could contribute to a decline in the value of the portfolio.

The Firm has adopted a trade allocation policy designed to mitigate the side-by-side conflict between Clients by seeking to allocate investment opportunities in a manner deemed fair and equitable over time in order to construct a fully invested portfolio consistent with Client investment guidelines. Please see Item 12 below.

ITEM 7: TYPES OF CLIENTS

The types of Clients we serve are described above in Item 4. *"Advisory Business."*

The Firm usually requires a \$50 million minimum account size for Separate Accounts, although the Firm has discretion to change the minimum on a case by case basis. As of the date of this filing the Firm does not manage any Separate Accounts.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

A. Methods of Analysis and Investment Strategies

The descriptions set forth in this Brochure of specific advisory services that the Firm offers to clients, and investment strategies pursued and investments made by the Firm on behalf of its clients, should not be understood to limit in any way the Firm's investment activities. The Firm may offer any advisory services, engage in any investment strategy and make any investment for its clients, including any not described in this Brochure, that the Firm considers appropriate, subject to each client's investment objectives and guidelines. The investment strategies the Firm pursues are speculative and entail substantial risks. Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any client will be achieved.

Strategy

Our investment strategy emphasizes a proactive credit discipline based on detailed credit analysis.

The Firm primarily focuses on Leveraged Loans, although we also offer strategies including high yield bonds and notes issued by CLOs. The CLO Issuers have guidelines within their Indentures which strictly limit the opportunity to invest in other asset classes. Documentation for other Clients often contains similar restrictions.

The Firm's portfolios are constructed based on the recommendations of credit analysts ("Credit Analysts"). Their analysis focuses on the obligor's prospects as a going concern and the potential for credit improvement.

Investing in securities, including in this instance, Leveraged Loans, high yield bonds and notes issued by CLOs, involves a risk of loss that Clients and investors therein should be prepared to bear.

Process

New issuances in the Leveraged Loan market are generally presented by commercial banks or dealers. New issues are screened by one of the Firm's Managing Directors. New issues that pass this screen are assigned to the appropriate industry Credit Analyst. Among other things, the Firm's Credit Analysts focus on the variability of revenues and cash flow, "downside case" performance, and available sources of liquidity. Emphasis is placed on Leveraged Loans secured by liens on assets of the obligor. In addition, the Firm's Credit Analysts typically perform asset and enterprise valuations to evaluate a secondary repayment source, if one is available, should the issuer be unable to service its debt from cash flow. As part of the overall evaluation, Credit Analysts may consider comparisons or "comps" to similar borrowers to help assess relative value and competitive staying power. An independent cash flow model is generally constructed in conjunction with the overall

evaluation in order to analyze the Company's cash flows and ability to repay debt and de-lever its balance sheet. Additionally, as part of this process, the Credit Analyst generally develops a set of review triggers. This process is intended to create a framework to enhance the Firm's monitoring of the investment.

Once an analysis has been completed, the Credit Analyst makes a recommendation to the Firm's credit committee which consists of the Firm's Credit Analyst team and co-chairs and co-Heads of Leveraged Credit ("Co-Chairs"). The potential investment may then be discussed in the context of market pricing, client guidelines and portfolio weightings, among other things. The ultimate investment decision is made by the Co-Chairs.

Following an investment, the Credit Analyst is responsible for tracking its performance and borrowers' periodic financial information on both a qualitative and quantitative basis. In addition, the Firm's Credit Analysts are expected to formulate a view of the quality of the borrower's earnings and the outlook for its performance, confirm/modify approved exposure, and periodically opine as to whether the investment is a buy/sell or hold.

Key financial information is typically entered into the system the Firm keeps for its strategy (the "System"), a proprietary software program developed exclusively for the Firm according to its specific requirements and metrics. The System combines credit metrics with portfolio management tools in an integrated application. It provides the Credit Analyst with an overview of each credit, including actual exposure by Client, target exposure size, trading history and research notes. The System supports the Credit Analysts' ongoing evaluation and monitoring of credits.

Risk Retention Compliance

All terms used in this section will have the meanings assigned to them herein, or if not defined herein, in the U.S. Risk Retention Rules.

The U.S. Risk Retention Rules currently require the "sponsor" of a securitization transaction, such as collateralized loan obligations, or a "majority-owned affiliate" thereof to retain an economic interest in the credit risk of the securitized assets related to such securitization transaction. Such risk retention may be in the form of an "eligible vertical interest," which the U.S. Risk Retention Rules define to mean, with respect to any securitization transaction, a single vertical security or an interest in each class of asset-backed securities ("ABS interests") in the issuing entity issued as part of such securitization transaction that constitutes the same proportion (and at least five percent) of each such class. As required the Firm complies with applicable U.S. Risk Retention Rules accordingly. Should the Firm determine it is no longer required to comply with the U.S. Risk Retention Rules or such rules change, the Firm may decide to dispose of its economic interest in the securitization transaction.

B. Material, Significant or Unusual Risks Relating to Investment Strategies

The risks described herein do not purport to be a complete list or explanation of the risks involved in an investment in a Fund or Separate Account managed by the Firm.

The following risk factors may not be applicable to all clients. Investments in a Fund are speculative and involve a substantial degree of risk, including the risk that an investor could lose some or all of its investment in a Fund. Prospective investors should carefully consider the risks of investing, which include, without limitation, those set forth below which are more fully described in the applicable Fund's offering documents. These risk factors include only those risks the Firm believes to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis employed by the Firm and do not purport to be a complete list or explanation of the risks involved in an investment in a Fund or to clients advised by the Firm.

Below is a description of the strategy, process and risk factors attendant to the Firm.

Default Risk. If there is a default on a loan, reference loan, structured financial obligation or any other instrument in a Client portfolio (collectively “Collateral Obligations”), the defaulted borrower may cease to fund its obligations as they become due and usually become subject to lengthy and substantial workout negotiations or restructuring. That may entail, among other things, a substantial reduction in the interest rate, a substantial write-down of principal and/or a substantial change in the terms, conditions and covenants with respect to the defaulted obligation; including the possibility that equity of the issuer may be issued in exchange for the original Collateral Obligation, in whole or in part. Furthermore, there can be no assurance that the ultimate recovery on a defaulted Collateral Obligation will not result in a capital loss. For example, Leveraged Loans may be considered a higher risk than other types of investments to the extent that they have historically experienced greater default rates than other asset classes. As a result, we cannot provide assurance as to the levels of defaults and/or recoveries that may be experienced in a Client's portfolio. Defaults often have an adverse effect on the performance of a Client's portfolio.

Investment in loans generally; lack of liquidity. Loans and interests therein, including structured finance obligations, have significant liquidity and market value risks, as they are not generally traded in organized exchange markets, but rather are traded over the counter by commercial banks and other institutional investors engaged in loan syndications. For example, Leveraged Loans are privately syndicated and loan agreements are privately negotiated and customized; therefore, they are not purchased or sold as easily as publicly traded securities and holders do not generally have the protections and certainty provided by an established market or regulatory regime.

Interest rate risk. Rising interest rates may render some borrowers unable to pay interest. Many loans and other portfolio assets bear interest at floating interest rates. To the extent interest rates increase, (i) monthly interest obligations owed by the related borrowers will also increase and some borrowers may not be able to make the increased interest payments on portfolio assets or refinance their portfolio assets, resulting in default, and (ii) the price at which credit instruments bearing a fixed rate of interest can be sold falls, with a greater

proportionate effect dependent upon the length of the instrument's maturity. Many of the interests in Leveraged Loans that the Firm purchases on behalf of Clients are floating rate loans that result in the interest payable thereon to generally increase as interest rates rise. Such increases will be limited for certain loans with credit agreements containing LIBOR floors. Moreover, an increase in interest rates may give rise to a realized loss in a Client's portfolio if the Firm determines that credit instruments in that portfolio should be sold.

Prepayment risk. Loans are generally pre-payable in whole or in part at any time at the option of the obligor/issuer at par, plus accrued unpaid interest. Prepayments on loans may occur as a result of a number of factors that are often difficult to predict. Consequently, there exists a risk that loans purchased at a price greater than par may experience a capital loss as a result of such a prepayment. Likewise, there is no assurance that amounts received from prepayments can be invested in other assets of comparable value or bearing at least the same rate of interest.

Competition; Availability of Investments. Certain markets in which the Firm may invest are competitive for attractive investment opportunities, and, as a result, there may be reduced expected opportunity for investment returns. There can be no assurance that the Firm will be able to identify or successfully pursue attractive investment opportunities in such environments. Among other factors, market conditions, interest rates, and competition for suitable investments from public and private pooled investment vehicles, CLOs and other investors may reduce the availability of opportunities.

Derivatives. To the extent consistent with Client guidelines, the Firm may invest on behalf of Clients in swaps, derivatives or synthetic instruments, repurchase agreements or other over-the-counter transactions or, in certain circumstances, non-U.S. securities. Clients may take a credit risk with regard to parties with whom we trade and may also bear the risk of settlement default. These risks may differ materially from those related to exchange traded transactions that are generally backed by clearing organization guarantees, daily marking-to-market and settlement and segregation and minimum capital requirements applicable to market participants. Transactions entered into directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default. It is expected that all assets and collateral deposited with custodians or brokers will be clearly identified as being assets of the Clients and hence reducing credit risk for Clients with regard to such parties. However, it may not be possible to achieve this segregation and there may be practical or timing problems associated with enforcing such rights to its assets in the case of an insolvency of any such party.

Key Man. The success of the Firm's performance is highly dependent upon the skills of the Firm's personnel in identifying, analyzing, purchasing, managing and selling Client assets. As a result, Clients are highly dependent on the Firm's experience and those of its employees, any of whom may not continue to be associated with us. The loss of one or more of these key individuals could have a material adverse effect on Client performance. Moreover, management agreements may in some cases be terminated in the event of certain key men departures.

Breaches in Information Technology Security. The Firm's parent company maintains global information technology systems, consisting of infrastructure, applications and communications networks to support Clients as well as its own business activities and those of the Firm. These systems could be subject to security breaches such as 'cyber-crime' resulting in theft, a disruption in the Firm's ability to initiate and close out positions, perform its management responsibilities and duties or the disclosure or corruption of sensitive and confidential information. Security breaches may also result in misappropriation of assets and could create significant financial and/or legal exposure for Clients. Our parent company seeks to mitigate attacks on systems; however, such measures cannot provide absolute security. Further, we will not be able to control directly the risks of third-party systems to which we may rely upon or connect. Any breach in security of the Firm's systems could disrupt Clients and its business and may cause Clients to suffer, among other things, financial loss, the disruption of its business, liability to third parties, regulatory intervention and/or reputational damage. Any of the foregoing could have a material adverse effect on the firm, our Clients, Note holders, investors and investment portfolios.

Risk Factors

Although our investment strategy emphasizes a proactive credit discipline there can be no assurance that our investment strategy will be successful. Clients and investors risk the loss of some or all of their investment. Accordingly, Clients should give careful consideration to the following risk factors in evaluating the merits and suitability of the Firm's strategies. The following should not be considered and does not purport to be a comprehensive summary of all of the risks associated with the Firm's investment strategies. A description of risks relevant to each Client/investor can be found in the final confidential offering circular or other disclosure document. Copies of such documents are available at no charge upon Note holder or investor request. Investors and Note holders should consult their own legal, tax and financial advisors prior to making an investment in a CLO or Fund or retaining the Firm as a manager of a Separate Account.

Restrictions on our Ability to Manage. Client documentation (such as a CLO Issuer Indenture or a management agreement) often places significant restrictions on our ability to manage Clients' portfolios. We are subject to compliance with guidelines contained in the Indenture or management agreement. During certain periods or in certain specified circumstances, we may not be able to effect purchases or sales which we would otherwise choose to effect in the best economic interests of Client portfolios, in the absence of such guidelines.

Leveraged or non-investment grade loans. Our Clients invest primarily in Leveraged Loans, subject to the terms of the CLO Indenture or management agreement. Leveraged Loans may be considered a higher risk than other types of investments because they have historically experienced greater default rates than other asset classes. As a result, we cannot provide assurance as to the levels of defaults and/or recoveries that may be experienced in a Client's portfolio and Clients may suffer a loss of some or all of an investment.

Risks relating to the accuracy and continued accuracy of ratings. We perform our own independent credit analysis. Subject to Client guidelines, we take rating agency assessments into account in reaching our judgments concerning the portfolios we manage on behalf of our Clients. Credit ratings of borrowers represent the opinions of the rating agencies regarding the likelihood of payment of certain obligations when due but are not a guarantee of the creditworthiness of obligors/issuers or the repayment of (or payment of interest on) a credit instrument. In addition, rating agencies may fail to make timely changes in credit ratings in response to subsequent events, so that the current financial condition of an obligor/issuer at any given time may be better or worse than what the current rating indicates. Therefore, the ratings assigned to an obligor/issuer or its loan by a rating agency may not fully reflect the true risks of purchasing or being synthetically exposed to the credits in a Client portfolio.

Settlement Risk. Leveraged loans are subject to settlement periods/closings in excess of the securities standard of trade date plus three days. Leveraged Loan settlement periods/closings can extend to trade date plus seven days or more depending upon a number of factors which may not be in the control of the Firm. Counterparties to a Leveraged Loan trade, including Clients, are subject to ongoing market risk to the extent that lengthy settlement periods occur. Moreover, the settlement of leveraged loan trades can be a manual process prolonging the settlements increasing operational risk. Further, during the prolonged settlements, the underlying credit outlook or the terms of the loan may have evolved in accordance with the terms of the underlying credit agreement (i.e., LIBOR rates, pre-payments, etc.) The Firm constructs portfolios consistent with Client investment guidelines by giving pro forma effect to accruals of all expected cash inflows and the settlement of committed purchases and sales. Portfolio metrics, however, may be reported by the Trustee on a settlement date, and not a trade date, basis. There is no assurance that any such pro forma cash levels will be timely realized and portfolio commitments may exceed such pro forma levels.

Dodd-Frank Act. Changes in the legislative and regulatory environment may affect the ability of the Funds to make payments on the securities they issue. These actions include, but are not limited to, the enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank”), which was signed into law on July 21, 2010, and which imposes a new regulatory framework over the U.S. financial services industry and the consumer credit markets in general. Certain regulations adopted by the SEC may affect future issuance of asset-backed securities, including securities similar to those issued by the Funds.

Impact of the Volcker Rule on the Liquidity of the CLO Notes. Section 619 of Dodd-Frank added a provision commonly referred to (together with the final regulations with respect thereto adopted on December 10, 2013) as the “Volcker Rule” to federal banking laws to generally prohibit various “banking entities” from engaging in proprietary trading or acquiring or retaining an ownership interest in a “covered fund” (defined in final regulations to include, generally, any entity, such as the Firm’s Funds, relying on Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act to be exempt from registration under the Investment Company Act), subject to certain exemptions. The conformance

period for the Volcker Rule has been extended to July 21, 2017. All managed Funds that closed after the Volcker Rule adoption either restrict or entirely prohibit the purchase of bonds making them Volcker Rule compliant. If, notwithstanding such intent and action, a Fund is determined to be such a "covered fund", this would have a negative effect on the ability or desire of certain investors subject to the Volcker Rule such as banks to invest in or to continue to hold securities issued by the Fund.

THE FOREGOING IS A SUMMARY OF THE MORE DETAILED DISCLOSURE OF RISK FACTORS TO BE FOUND IN THE PRIVATE PLACEMENT OFFERING CIRCULAR OF EACH FUND MANAGED BY THE FIRM WHICH SHOULD BE READ IN ITS ENTIRETY PRIOR TO MAKING AN INVESTMENT IN A FUND.

IT IS CRITICAL THAT INVESTORS REFER TO THE APPLICABLE GOVERNING DOCUMENTS FOR A COMPLETE UNDERSTANDING OF THE MATERIAL RISKS INVOLVED IN AN INVESTMENT IN THE FUNDS, INCLUDING THE RISK OF FINANCIAL LOSS. THE INFORMATION CONTAINED HEREIN IS A SUMMARY ONLY AND IS QUALIFIED IN ITS ENTIRETY BY SUCH DOCUMENT.

ITEM 9: DISCIPLINARY INFORMATION

This Item requires the Firm to disclose legal or disciplinary events that would be material to a Client's evaluation of our advisory business or the integrity of our management. The Firm has no information that is required to be disclosed in response to this Item.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. **Broker-Dealer Registration Status**

The Firm is not registered as a broker-dealer and does not have any application pending to register with the SEC as a broker-dealer. The Firm's affiliate, Man Investments Inc. ("MII"), is a limited purpose broker-dealer registered with the SEC and a member of Financial Industry Regulatory Authority, Inc. ("FINRA"). MII acts as solicitor, selling agent and/or investor servicing agent for certain Firm clients and Funds for which it may be compensated as agreed between GLG LLC and MII.

B. **Futures Commission Merchant, Commodity Pool Operator or Commodity Trading Adviser Registration Status**

The Firm is registered as a commodity pool operator with the Commodity Futures Trading Commission ("CFTC") and is a member of the National Futures Association ("NFA"). The Firm is not registered as a commodity trading adviser.

C. **Material Relationships or Arrangements with Industry Participants**

The Firm is affiliated with, and under common ownership with, the following New York based entities: FRM Investment Management (USA) LLC, an investment adviser registered with the SEC and a commodity pool operator and commodity trading advisor registered with the CFTC and a member of the NFA; GLG LLC, an investment adviser registered with the SEC and a commodity pool operator registered with the CFTC and a member of the NFA; Man Solutions USA LLC, an investment adviser registered with the SEC, and Man Investments Inc., a limited purpose broker dealer registered with the SEC and member of FINRA which provides marketing and placement agent services to affiliated entities. The Firm is affiliated with and under common ownership with Man Global Private Markets (USA) Inc. ("Man GPM"), based in Charlotte, NC which is an investment adviser registered with the SEC. The Firm shares office space with Man GPM, GLG LLC, Man Solutions USA LLC, and Man Investments, Inc. in New York and Man GPM in Stamford, CT. In addition, the Firm is affiliated with Numeric Investors LLC, based in Boston, MA, which is an investment adviser registered with the SEC, a commodity pool operator registered with the CFTC and a member of the NFA.

The Firm is also affiliated with the following London based entities which are authorized and regulated by the Financial Conduct Authority: GLG Partners LP, an investment adviser registered with the SEC, a commodity pool operator registered with the CFTC and a member of the NFA; AHL Partners LLP, an investment adviser registered with the SEC, a commodity pool operator and commodity trading advisor registered with the CFTC and a member of the NFA; Man Global Private Markets UK Ltd., an investment adviser registered with the SEC; and Man Solutions Limited, an investment adviser registered with the SEC and a commodity pool operator registered with the CFTC and a member of the NFA. Furthermore, the Firm is affiliated with Man Investments (CH) AG ("MICHAG"), which is registered with the Swiss Financial Market Supervisory Authority.

The Firm, its affiliates, and its personnel serve as investment advisers and investment managers to multiple pooled investment vehicles and managed accounts. The Firm, its affiliates, and its personnel may take action or give advice with respect to certain Clients that differs from the advice given to other Clients. Specifically, there may be times whereby the advice given to Clients is opposite of the advice given to other Clients due to differences in investment strategy, redemptions/subscriptions or other factors. The Firm, its affiliates, and its personnel will devote as much time to the activities of each Client as they deem necessary and appropriate, and the amount of time devoted to different Clients and accounts may vary.

D. Material Conflicts of Interest Relating to Other Investment Advisers

Certain affiliates of the Firm have their own clients which may invest in the same obligors including in the same instrument or in different securities issued by such obligors. Interests of Clients may conflict with the interests of the clients of these affiliates. The Firm and its affiliates have policies and procedures in order to attempt, among other things, to mitigate these conflicts.

An affiliate may from time to time seed funds to which the Firm may provide investment management services.

Potential and actual conflicts of interest may arise from the activities described herein. The Firm has established policies and procedures to monitor and to the extent possible resolve conflicts of interest and will endeavor to resolve conflicts with respect to investment opportunities in a manner it deems appropriate and equitable to the extent possible under the prevailing facts and circumstances.

When a conflict of interest arises the Firm will endeavor to ensure that the conflict is resolved or managed appropriately and fairly. Furthermore, the Firm has substantial incentives to see the assets of Clients appreciate in value and merely because an actual or potential conflict of interest exists does not mean that it will be acted upon to the detriment of Clients.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

A. Code of Ethics.

The Firm strives to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty and trust. Accordingly, the Firm has adopted a Global Code of Ethics (the “Code”) that is supplemented by additional policies and procedures that are designed to reinforce its institutional integrity, and to set forth procedures and limitations which govern, amongst other matters, the personal securities transactions of its employees. The Code was developed to promote the highest standards of behavior and to ensure compliance with all applicable regulations.

The Code applies to all Firm employees. The Code contains policies and procedures that, among other things:

- Require employees to observe fiduciary duties owed to Clients;
- Prohibit employees from taking personal advantage of opportunities belonging to Clients;
- Prohibit trading on the basis of material nonpublic information;
- Require employees to comply with anti-money laundering requirements;
- Place limitations on personal trading by employees and impose pre-clearance and reporting obligations with respect to such trading (with the exception of certain security types;
- Impose limitations on the giving or receiving of gifts and entertainment;
- Restrict employees' outside business activities;
- Require employees to disclose family members' business activities that may present a conflict;
- Require pre-clearance of political contributions; and
- Prohibit disclosure by employees of confidential information of the Firm and its Clients.

Employee personal trades in securities covered by the Code are monitored by the Chief Compliance Officer or designee and governed by the procedures set forth in the Code. Such employees may from time to time have proprietary investments in which Clients advised by the Firm also take a position, may trade and invest simultaneously with such Clients, and may take investment positions that are different from or opposite to the positions taken for such Clients. In general, all personal securities transactions (except for unaffiliated US open-ended mutual funds, US Treasury securities, or other permitted

investments listed in the Code) are subject to pre-clearance by Compliance. A copy of the Firm's Code is available, free of charge, to Clients and prospective Clients upon request by contacting compny@man.com.

Furthermore, the Firm has adopted procedures to prevent and detect misuse of material nonpublic information. Specifically, the Firm's procedures prohibit any employee from trading in securities, either personally or on behalf of others (such as client accounts advised or sub-advised by the Firm), while in possession of material, nonpublic information, and prohibit employees from communicating material, nonpublic information to others in violation of the law.

As part of its business activities involving leveraged loans, the Firm is entitled to access and possess non-public information concerning specific borrowers. In addition, from time to time the Firm or its affiliates may come into possession of material non-public information concerning specific issuers. Under applicable laws and the Firm's procedures, this will limit the Firm's flexibility to buy or sell securities of such issuers.

Further, there may be instances when the Firm declines to access the non-public information in order to facilitate its portfolio management activity. Therefore, there may be instances where we are trading leveraged loans with counterparties in possession of non-public information while we have elected not to access such information.

Related persons and personnel of the Firm and its affiliates (the "Advisory Affiliates") may invest in or have a financial interest in some but not all CLOs that are advised by the Firm. It is expected that the size of these investments or the financial interest will change over time. Potential conflicts may arise due to the fact that the Advisory Affiliates may have investments or financial interests in certain investments but not in others, or may have different levels of investments or financial interests in the various investments made by the Firm. Conflicts may also arise where a Fund pays different levels of fees than an Advisory Affiliate.

In addition, certain Advisory Affiliates may from time to time make personal investments in securities or financial instruments which may be appropriate for, may be held by, or may fall within client investment guidelines. Such Advisory Affiliates may buy, sell, or hold securities or other financial instruments for their own accounts while entering into different investment decisions for one or more Clients. These activities may adversely affect the prices and availability of securities or financial instruments held by or potentially considered for one or more Clients.

From time to time, the Firm or Advisory Affiliates may form and manage additional pooled investment vehicles and advise other client accounts with similar or different investment strategies as the client accounts currently advised by the Firm. It may be appropriate for more than one client account advised by the Firm to trade in the same securities at the same time. The Firm has policies and procedures regarding such trades.

B. Securities in Which the Investment Adviser or a Related Person Has a Material Financial Interest.

Cross Transactions and Principal Transactions

When disclosed in our management agreements or other relevant documentation, we may effect cross transactions among Clients on an agency basis (transactions directly between two Clients or indirectly using a counterparty as broker) or, to a lesser extent, on a principal basis (transactions between the Client and the Firm). In effecting cross transactions, our interests could conflict with those of the Client. Further, by not exposing the transaction to market forces, a Client may not receive the best price otherwise possible or the Firm may have an incentive to sell underperforming assets to another Client to earn fees. For example, we may arrange for one Client, which is liquidating, to sell all or part of its portfolio to another Client, which might be ramping up its investment portfolio. The Firm has adopted policies and procedures designed to address the conflicts which may arise in the context of cross trades. Generally, such trades will be effected at market value, or in the absence of readily ascertainable market value, at “fair value,” as reasonably determined by the Firm in accordance with its relevant policies and procedures. The Firm receives no fee or compensation in connection with such activity, and seeks to comply with the requirements of the Advisers Act or other applicable law for cross trades whether agency or principal. To the extent that a cross transaction is viewed as a principal transaction, the Firm will comply with the applicable requirements of Section 206(3) of the Advisers Act. The Firm will notify the applicable Client (or an independent representative of the Client) in writing of the principal transaction and obtain the Client’s consent (or the consent of an independent representative of the Client).

Valuation

From time to time, the Firm may have a role in determining asset values with respect to Clients’ portfolios and may be required to value an investment when the market price is not available or is unreliable. Investments that are fair valued generally will not have independent values and the fair values assigned to them as determined in good faith, may not match the next available reliable market price or the price at which an investment could be purchased or sold.

CLO Issuers are closed end cash flow vehicles and, subject to the governing Client documentation, valuation of Client assets is generally not used for the purpose of subscriptions, redemptions, fee calculations or distributions. To the extent that valuation is required in connection with the operation of the CLOs, the Trustee is responsible, in accordance with the terms of the Indenture. With respect to a TRS, the TRS provider is the valuation agent for the reference portfolio.

Conflicts of interest

In addition to the conflicts of interest already referenced here, various potential and actual conflicts of interest may arise from the overall advisory, investment, capital market, lending and other activities of the Firm, its principals, its Employees, its Clients and other affiliated parties.

For instance, the Firm serves and expects in the future to serve, as portfolio manager or advisor for other Clients and proprietary accounts managed by the Firm, for the benefit of its employees in which Clients will have no interest. Accordingly, the Firm may at certain times be simultaneously seeking to make purchases or sales of investments for one Client, its own account or the account of an affiliate, and for other Clients. Advisory Affiliates may buy, sell or hold investments for their own account while the Firm makes investment decisions with respect to the same or similar investments for one or more Clients.

The actions of such other Clients and accounts managed by the Firm or Advisory Affiliates may conflict with the interests of other Clients or create restrictions and/or limitations imposed on Clients' investment activity, and the Firm may take into consideration the interests of other Clients or Advisory Affiliates when making investment decisions. For example, the Firm may abstain from making an investment or taking an action which it might have otherwise engaged in order to avoid a conflict of interest which in some cases may be to the benefit of or detriment of a particular Client(s).

Advisory Affiliates may at times give advice or take action for their own account or for the account of Clients with similar investment strategies which may differ from action or advice for other Clients. There is no assurance that all Clients with similar strategies or otherwise will hold the same portfolio or perform consistently with other Clients.

The Firm may have ongoing relationships with certain investors or Separate Account holders. Such investors or Separate Account holders may have access to more or better information than other investors such as, but not limited to, portfolio risk, personnel, and/or investment-related information. In addition, in the course of conducting due diligence, current or prospective investors or Clients may request information pertaining to investments, portfolios of the Firm, or a particular strategy. The Firm may respond to such requests in its discretion and provide a response containing information which is not generally made available to other investors or Clients. When the Firm chooses to provide this requested information, it does so without an obligation to provide it to other investors or to correct or update any such information.

The Firm has adopted policies and procedures reasonably designed to monitor for and resolve conflicts in a manner it deems equitable under the prevailing facts and circumstances. The Firm's determination as to which factors are relevant and the resolution of such conflicts will be made in the Firm's sole discretion, unless otherwise required by the terms of its agreements with Clients or its offering and/or organizational documents. There is no assurance that conflicts will always be resolved in favor of a Client's interests.

As part of its business, the Firm may provide services other than investment advisory services. Clients should expect to receive no benefit from the fees or profits derived from such services. The Firm or its management may have relationships, render services to, or engage in transactions with issuers of obligations that are eligible investments for Clients. By reason of the various activities of the Firm or its management, we acquire confidential or material, non-public information and can become restricted from effecting transactions that otherwise would have been initiated. Likewise, there may be circumstances where the Firm declines to receive private information which it might have otherwise received, in order to be able to make purchases and sales of securities. Additionally, there may be circumstances in which one or more of the Firm's employees will be precluded from providing services to Clients because of certain confidential information available to those individuals or due to contractual obligations such as "lock ups."

Although the professional staff of the Firm expects to devote as much time to the management of Clients' portfolios as the Firm deems appropriate to perform its duties in accordance with its fiduciary duties and its responsibilities under the management agreements, Firm professionals may have conflicts in allocating time and services among Clients. The Firm and Advisory Affiliates may invest in other businesses and investment vehicles which compete with Clients.

Neither this discussion nor the strategy specific discussions below necessarily describe all of the conflicts that may be faced by a Client. Other conflicts may be disclosed throughout this Brochure and the Brochure should be read in its entirety for other conflicts.

The Firm and its affiliates often own or hold interests in the CLO Issuers but are not required to invest in all Clients, and such ownership or holdings may vary, perhaps significantly, among Clients. Such positions may be acquired either upon initial issuance or through secondary market transactions. There is no assurance that the size and nature of the Firm's investment will remain unchanged over time. There is no assurance that the Firm's interest will be aligned with investors, Separate Account holders or the holders of a particular class of Notes. In particular, if at any time, Equity is held by the Firm, its employees or affiliates, the Firm may face a conflict when making investment decisions for the portfolio between the holders of the Rated Notes on the one hand and the owners of the Equity on the other. Further, because the Firm receives fees for managing Client portfolios, when the value of the fees received exceed the value of its Equity investment, the Firm will face conflicts between its ownership interest as an Equity holder and its interest as a manager. In those instances where the Firm, its affiliates and their respective employees may have significant interests in a particular Client, there is a potential conflict of interest for the Firm when making decisions regarding the allocation of trade opportunities. Accordingly, there may be an incentive to make favorable allocations to those Clients where Advisory Affiliates have a significant interest therein and will benefit from such favorable allocation decisions.

Further, Advisory Affiliates may have a personal financial interest in entities or funds managed by Equity holders of the CLOs or sponsors of borrowers in Client portfolios.

For example, an employee may hold public equity of a borrower in his personal account while the Firm is purchasing or selling the leveraged loans of the same borrower for a Client portfolio. Also, the Firm may recommend or make an investment related to a borrower or its sponsor where senior member(s) of the Firm or Advisory Affiliates have a personal or financial relationship with management of the borrower or the sponsor.

Clients which have, or are expected to have, a substantial amount of cash to invest/ramp up (including warehousing arrangements), or need to raise cash/ramp down/liquidate, may have a priority when the Firm is allocating investment opportunities. Clients that receive such a priority relative to other Clients may include those which have been seeded by the Firm or an affiliate, or which are used to warehouse Leveraged Loan investments in anticipation of the launch of a potential CLO Issuer or other Client. Our allocation policy is described in more detail in Item 6 herein, “*Performance Fees and Side-by-Side Management*.” The Firm may also purchase or have already purchased debt obligations for Clients that are identical to, senior to or have interests adverse to, those it buys or sells for other Clients.

The Firm may have ongoing relationships with certain investors or Separate Account holders or Note holders of the CLO Issuers that participate on Client investment committees and/or have a financial interest in obligors of Leveraged Loans held in Client portfolios. Such a financial interest may result in a benefit to such investors, Separate Account holders or Note holders as compared to the Client.

Members of the Firm’s investment committee not affiliated with the Firm manage portfolios that invest in leveraged loans and obligations which are substantially similar or identical to the investment made by the Firm for Clients, and these portfolios may buy or sell at the same time as the Firm. There is no assurance that the members of the Investment Committee will not veto an investment decision for the CLOs in order to permit its own portfolios to pursue an investment opportunity.

When the Firm manages warehouse vehicles, the assets in the warehouse accumulate in order to be transferred to the CLO at its closing date. The mechanics of determining the transfer price is disclosed in the CLO offering circular. If the transfer occurs at the original purchase price at the closing of the CLO, the appreciation or depreciation in the transferred position is assumed by the CLO. If the transfer price occurs at the current market value, the original funders of the warehouse vehicle, often including Advisory Affiliates, bear the risk of appreciation or depreciation. In certain CLOs managed by the Firm, certain parties own sufficiently significant portions of the Equity that such entities will be able to exercise certain influence over the management of the CLO or take certain actions with respect to the CLO, such as optional redemptions or re-pricings, in accordance with the terms of the Indenture.

ITEM 12: BROKERAGE PRACTICES

For discretionary Clients, we have a fiduciary obligation to seek “best execution” in executing portfolio transactions. In deciding what constitutes best execution, we not only look at quantitative, i.e., the lowest possible price, but also whether the transaction represents the best qualitative execution. When we are able to select banks and dealers, the Firm uses commercially reasonable efforts to seek the best overall terms available, and shall execute the transaction in the manner we reasonably believe to be the most favorable under the circumstances taking into account all factors we deem relevant including, but not limited to, timing, breadth and depth of market, market conditions, assignment fees, and execution capabilities.

Research published by and market color provided by banks and dealers may be provided to and used by the Firm. Such research and information is generally provided free of charge and is not available for sale. Research includes written or verbal information about specific obligors, or sectors, market and financial commentary, economic studies and forecasts, statistics, pricing services as well as discussions with research personnel and management. The Firm may have an incentive to select or recommend dealers based on an interest in receiving such information or access. The Firm does not pay higher commission fees or direct certain amounts of business in exchange for such research. Firm employees may be offered gifts and entertainment from dealers, banks or persons with whom the Firm does business. This may include meals and other entertainment, seminars or educational training, token items and gifts associated with life events such as weddings and birthdays. The Firm’s Code of Ethics is designed to address this potential conflict with a policy which requires reporting and pre-clearance of certain gifts and entertainment.

Where Clients instruct the Firm to use particular dealers or counterparties (including, in the case of Clients, TRS providers), the Firm will follow such directed brokerage arrangements to the extent possible, but there is no assurance that best execution can be achieved. Furthermore, certain investment opportunities may not be available to Clients that have directed brokerage arrangements.

The Firm may, but is not required to, aggregate orders for Clients that share the same strategy if, in the Firm’s reasonable judgment, such aggregation is reasonably likely to result in an overall economic benefit to those Clients based on an evaluation that they will be benefited by relatively better purchase or sale prices, operational efficiencies or beneficial timing of transactions, or a combination of these and other factors. Orders are allocated among eligible Clients in a manner which the Firm believes is fair and equitable over time, in order to construct a fully invested portfolio consistent with Client guidelines and/or investment restrictions.

Due to the nature of the loan markets, as well as specific CLO guidelines and objectives, *pro rata* allocation of investment opportunities among CLOs is not always feasible. Accordingly, the Firm does not prescribe one specific manner in which the loans or other financial instruments will be allocated among the CLOs. The Firm attempts to use

reasonable efforts to allocate investments among the CLOs it manages in an equitable manner, and in accordance with applicable law.

In certain circumstances, when allocating orders, the Firm may give priority to certain Clients, often newly launched CLOs, which have or are expected to have a substantial amount of cash to invest/ramp up (including warehousing vehicles), or need to raise cash/ramp down/liquidate when the Firm is allocating investment opportunities. Clients that receive such a priority relative to other Clients include those which have been seeded by the Firm or an affiliate or are used to warehouse Leveraged Loan investments in anticipation of the launch of a potential CLO Issuer or other Client. Once the deal is considered “seasoned,” the Firm will look to optimize the CLO’s spread, rating, and diversity, as well as concentration tests and other covenants outlined in the CLO’s indenture through purchases and sales. Subject to the requirements of each CLO’s indenture, the Firm will generally allocate investment opportunities among the CLOs it manages in a manner that it believes, in its reasonable judgment; to be appropriate given factors it believes to be relevant. Such factors may include CLO investment objectives, collateral quality, concentration limitations and interest, and asset coverage tests, liquidity, diversification, lender covenants and other limitations set forth in a CLO’s indenture and the amount of free cash a CLO has available for investment.

The Firm’s allocation decisions will affect performance and certain Clients may not participate in gains or losses realized by other Clients with similar investment objectives. There is no assurance that all Client portfolios will hold the same positions or will perform similarly. Notwithstanding the foregoing, investment opportunities may be allocated in a manner which differs from such methodologies but is otherwise deemed by the Firm to be fair and equitable taken as a whole (including, in certain circumstances, a complete opt out of an allocation).

Further, certain allocations to Clients which pay performance compensation to the Firm or in which Advisory Affiliates have a significant financial interest could result in an economic benefit to the Firm and its affiliates and employees.

In the event that the Firm experiences an error with respect to trades it made on behalf of Clients, a formalized process is in place for the resolution of such errors. The Firm will seek to correct such error in accordance with its policies and procedures. If the Firm, in its sole discretion determines that a client should be reimbursed as a result of a trade error caused by the Firm, interest will generally not be paid on such losses.

While Clients generally specify investment guidelines regarding diversification, ratings and risk, among other criteria, with regard to discretionary Clients, the Firm typically has full discretionary authority to manage fiduciary accounts for its Clients, including decisions on which investments to make, the amount and price of the investment, the principals and dealers, if selected for a particular transaction and the commissions paid, where applicable. With regards to non-discretionary Clients, the Firm seeks approval from such Client before selecting the dealers or counterparties.

The Firm transacts in Leveraged Loans in both the primary and in the secondary bank markets. In the primary market, the Firm deals directly with the syndicating bank; in the secondary market, Clients buy and sell interests in Leveraged Loans from commercial banks and dealers acting as principals, paying a markup, not a commission, on such trades. Primary issuance is usually handled by a limited universe of banks who syndicate new issuance among a group of lenders or potential lenders that have indicated an interest in participating. Trading in the secondary market occurs through a bid and offer process. Accordingly, the Firm may not be in a position to select a dealer or bank in all cases. In such cases, the only bank or dealer making a market in a specific Leveraged Loan or offering the investment represents the only available market and thus is the “best” execution.

In purchasing or selling a particular investment, the Firm will generally be doing so simultaneously for more than one of the CLOs it manages, and such purchases and sales will generally be aggregated and allocated. Allocation decisions may be modified if, among other things, strict adherence to an initial allocation decision may lead to impractical or undesirable results such as odd lots, *de minimis* allocations or indenture non-compliance or if alternative allocations benefit indenture compliance. Due to the nature of the loan markets, as well as specific CLO guidelines and objectives, *pro rata* allocation of investment opportunities among CLOs is not always feasible. Accordingly, the Firm does not prescribe one specific manner in which the loans or other financial instruments will be allocated among the CLOs. The Firm attempts to use reasonable efforts to allocate investments among the CLOs it manages in an equitable manner and in accordance with applicable law.

In certain circumstances, when allocating orders, the Firm may give priority to certain Clients, often newly launched CLOs, which have or are expected to have a substantial amount of cash to invest/ramp up (including warehousing vehicles), or need to raise cash/ramp down/liquidate when the Firm is allocating investment opportunities. Clients that receive such a priority relative to other Clients include those which have been seeded by the Firm or an affiliate, or are used to warehouse Leveraged Loan investments in anticipation of the launch of a potential CLO Issuer or other Client. Once the deal is considered “seasoned,” the Firm will look to optimize the CLO’s spread, rating, and diversity, as well as concentration tests and other covenants outlined in the CLO’s indenture through purchases and sales. Subject to the requirements of each CLO’s indenture, SCM will generally allocate investment opportunities among the CLOs it manages in a manner that it believes, in its reasonable judgment, to be appropriate, given factors it believes to be relevant. Such factors may include CLO investment objectives, collateral quality, concentration limitations and interest and asset coverage tests, liquidity, diversification, lender covenants and other limitations set forth in a CLO’s indenture and the amount of free cash a CLO has available for investment.

Accordingly, the Firm’s allocation decisions will affect performance and certain Clients may not participate in gains or losses realized by other Clients with similar investment objectives or strategies.

ITEM 13: REVIEW OF ACCOUNTS

The Firm operates in a trading desk environment which fosters continuing dialogue among portfolio managers, analysts, trading and operations and administrative personnel. The Firm regularly reviews the portfolios of Clients, often daily, to monitor portfolio performance and compliance with each Client's investment guidelines and discuss prospective investments, adjustments to the portfolios, and credit, industry and economic news and trends. In addition, please see our discussion above under Item 8 above *"Method of Analysis, Investment Strategies and Risk of Loss."*

In the case of a CLO Issuer, reports are prepared monthly and quarterly by the Trustee and are reviewed by the Firm. Reports are made available by each CLO Issuer's Trustee to the parties identified in the Indenture, usually the CLO Issuer's directors and Note holders. The monthly reports contain information regarding the assets in a CLO Issuer's investment portfolio, information regarding a CLO Issuer's performance as measured by various performance tests, and its satisfaction of diversification requirements and other information relevant to the ratings of the Notes issued by the CLO Issuer and as required by the terms of the Indenture. The Firm receives a copy of the reports delivered to Clients by the Trustee. Additionally, the Firm typically provides Subordinated Note holders in our CLO Issuers with periodic communications and an analysis of the Equity distributions by the CLO Issuer, and may provide other information upon request.

The Firm provides its Separate Account Clients and Fund investors with periodic reports and other analytic information, as may be negotiated and set forth in the management agreement or upon request.

While all investors generally receive similar information, to the extent an investor receives additional information (that other investors have not received), which is in addition to information provided in a Fund's regular reports to investors, such information may provide such investor with greater insight into the Fund's activities. This may enhance such investor's ability to make investment decisions with respect to a Fund and possibly affect such investor's decision to request redemption from such Fund.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

A. Economic Benefits for Providing Services to Clients

The Firm does not receive economic benefits from non-clients for providing investment advice and other advisory services.

B. Compensation to Non-Supervised Persons for Client Referrals

The Firm and/or its affiliates may from time to time utilize third-party placement agents or solicitors that receive compensation which may be borne by either the Firm or its affiliates, or by the investor or client, for referring the client to the Firm or investors in the Funds. The Firm or its affiliates may benefit from the arrangements where clients are referred directly to it, and/or investors are referred directly to a Fund, since the management fees are generally based upon a percentage of such client's assets under management. Thus, the more assets the Firm or its affiliates has under management, the higher the management fee income. If applicable, any such arrangement with a third-party solicitor will comply with Rule 206(4)-3 under the Advisers Act.

MII, an affiliate of the Firm, acts as a solicitor for managed accounts, and the selling agent and/or investor servicing agent for certain Funds. The Firm may pay a portion of its fees to MII for its services. MII may also receive a percentage of a Fund's management fee to act as selling agent and or investor servicing agent. In addition, MII has entered into agreements with other broker-dealers and certain financial advisers to solicit interests in Funds, and/or to provide ongoing investor services and account maintenance services to investors. Each such broker-dealer and financial adviser generally receives compensation based on the aggregate value of outstanding interests held by investors that receive services from such persons, fixed amounts or other agreed upon compensation. Such compensation generally will be paid by MII from the fees that it receives from a Fund or the Firm.

In addition, GLG LLC has entered into a distribution agreement with MIAG and certain other affiliated entities. These affiliated entities act as solicitors for managed accounts and the selling agent and/or investor servicing agent for certain Funds outside of the US.

ITEM 15: CUSTODY

The Firm does not have custody of the assets held by Clients. If it were to have custody or deemed to have custody, the Firm will seek to comply with the applicable requirements of the Advisers Act.

ITEM 16: INVESTMENT DISCRETION

In general the Firm has full investment discretion to buy and sell investments on behalf of Clients (subject to constraints specified in the applicable offering and governing documents, management agreements, Indentures or related Client documentation). Some Clients, however, may require that decisions affecting their portfolios be discussed and approved by an investment committee.

The Firm does not provide investment advice to the CLO investors.

ITEM 17: VOTING CLIENT SECURITIES

The Firm has adopted policies and procedures to ensure that any proxy (e.g., proxies, credit agreement amendments, waivers, forbearances, and other forms of corporate actions) voted on behalf of its Clients is voted in a manner which is in the best economic interests of, or to avoid a negative impact on, such Clients or the underlying investment.

Where proxy votes may be voted for Clients at the Firm's discretion, where the Firm has been specifically instructed by a client to vote proxies, or where the Firm is required to vote a proxy for a client (each a "Proxy Client"), such proxies will be evaluated and voted in the best interest of the relevant Proxy Client(s) with the goal of increasing the overall economic value of, or avoiding a negative impact on, such Client or investment. The Firm will endeavor to identify material conflicts of interest, if any, which may arise between the Firm and one or more obligors of Clients' portfolio positions, with respect to votes proposed by and/or affecting such issuer(s), in order to ensure that all votes are voted in the overall best interest of Clients.

If the Firm does not believe the exercise of a proxy vote will have a material economic impact on the Client or the underlying leveraged loan, or that the cost of voting or time commitment required to vote a proxy outweighs the expected benefits of voting the proxy, the Firm will generally not exercise its proxy vote.

Clients generally cannot direct the Firm's vote.

The Firm does not generally trade in equities where proxy voting would be applicable. Should the Firm deem it necessary, the Firm may use the services of a vendor to process its votes. The vendor fees and expenses are paid by the agent banks, and/or borrowers, and not the Firm or the Clients.

Upon request, Clients may receive a copy of the Firm's Global Proxy Voting Policy and/or information regarding proxy voting by contacting compny@man.com or (212) 649-6600.

ITEM 18: FINANCIAL INFORMATION

The Firm is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to Clients, and has not been the subject of a bankruptcy petition at any time during the past ten years.