

WEST GATE HORIZONS ADVISORS, LLC

**Alternative Name: ROTHSCILD CREDIT MANAGEMENT
(NORTH AMERICA)**

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This Brochure provides information about the qualifications and business practices of WEST GATE HORIZONS ADVISORS, LLC which generally does business under the name of ROTHSCILD CREDIT MANAGEMENT (NORTH AMERICA) and may also be referred to as RCM (NA) (Collectively referred to as “RCM (NA)”, “The Adviser” or, “West Gate”). If you have any questions about the contents of this Brochure, please contact us at michael.hatley@rothschild.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

The Adviser is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

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

Item 2 – Material Changes

This Brochure, dated 3/28/2016 replaces the 10/6/2015 version. Our last Annual Amendment was filed 3/27/2015.

The Adviser will generally do business as Rothschild Credit Management (North America) or RCM (NA). All of the ownership interests of the Adviser were acquired by Rothschild North America Holdings, Inc. in September 2015.

West Gate has updated its email address information and will now use @rothschild.com for firm and employee contact information. This update is in conjunction with the acquisition of West Gate by Rothschild North American Holdings, Inc.

We will provide you with an updated Brochure, as needed, based on changes or new information, at any time. Currently, this Brochure may be requested by contacting Cynthia Lopez at (213) 621-3735 or cynthia.lopez@rothschild.com. Our Brochure is also available on our website www.westgatehorizons.com.

Additional information about The Adviser is also available via the SEC's website www.adviserinfo.sec.gov. The SEC's website also provides information about any persons affiliated with The Adviser who are registered, or are required to be registered, as investment adviser representatives of The Adviser.

Updates were made to the following sections of Part 2A since our last annual amendment:

- Item 4.A: Advisory Firm Description
- Item 4.E: Assets Under Management
- Item 5.A: Advisor Compensation
- Item 6: Performance Fees
- Item 8.A: Methods of Analysis and Investment Strategies
- Item 8.B: Material Risks of Investment Strategies
- Item 8.C: Material Risks of Securities Used in Investment Strategies
- Item 10.C: Material Relationships or Arrangements
- Item 11.A: Code of Ethics
- Item 11.B: Recommendations for Securities and Material Financial Interests
- Item 11.C: Personal Trading
- Item 12: Aggregation of Orders/Trade Allocation

Item 3 – Table of Contents

Item 1 – Cover Page.....	i
Item 2 – Material Changes	ii
Item 3 – Table of Contents.....	3
Item 4 – Advisory Business	4
Item 5 – Fees and Compensation.....	6
Item 6 – Performance-Based Fees and Side-By-Side Management.....	9
Item 7 – Types of Clients	10
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss	10
Item 9 – Disciplinary Information	21
Item 10 – Other Financial Industry Activities and Affiliations.....	21
Item 11 – Code of Ethics.....	24
Item 12 – Brokerage Practices.....	26
Item 13 – Review of Accounts.....	29
Item 14 – Client Referrals and Other Compensation	30
Item 15 – Custody	30
Item 16 – Investment Discretion	31
Item 17 – Voting Client Securities	31
Item 18 – Financial Information	32

Item 4 – Advisory Business

Advisory Services

4. A. Advisory Firm Description

The Adviser was formed in 2005 and focuses primarily on the management of senior secured loans, unsecured loans and other credit related investment securities (collectively Corporate Debt Instruments). The Adviser may manage a variety of Private Funds and Managed Accounts both as an Investment Advisor or Sub-Advisor. At present, The Adviser's clients consist chiefly of Collateralized Loan Obligations ("CLO") which is a kind of Private Fund. Senior secured corporate loans are sometimes referred to as "Bank Loans" or "Leveraged Loans" and unsecured loans are referred to as "Second Lien Loans". These Bank Loans and Second Lien Loans are typically non-investment grade and are considered speculative investments and have greater credit and liquidity risk than investment grade investments. Other credit related investment debt securities include structured finance obligations (typically other debt securities of CLOs managed by third-party investment advisors and sometimes called "SFOs" or "CLO Securities").

The Adviser began operations in September of 2005 after purchasing all of the active investment management contracts of ING Capital Advisors, LLC ("ICA") and substantially all of the employees of ICA became employees of The Adviser. The sole owner of The Adviser is Rothschild North America Holdings, Inc.

4.B. Types of Advisory Services

The Adviser currently offers investment advisory services through the management of discretionary investment accounts for institutions and high net worth clients through Managed Accounts and Private Funds. Private Funds are certain investment funds that are not generally available to the public for investment (together with such other funds as The Adviser may advise in the future, the "Funds" and each a "Fund"). The Adviser's current Clients include issuers of CLOs which is a type of a Private Investment Fund. A CLO is a special purpose vehicle with an independent board of directors. A CLO's assets primarily consist of Bank Loan and related investments in addition to cash. In order to fund its purchases of assets, the CLO will issue through a third party internationally known broker dealer on its closing date, debt and equity securities which are typically DTC eligible. The investors who purchase such securities from the broker dealer (and also those investors who purchase such securities in secondary transactions) are generally sophisticated entities who must

meet certain requirements. The CLO Issuer and Investors in the CLO's securities are typically limited in their ability to terminate their investment in the CLO under the CLO documentation. Such limits are set out in the CLO's Offering Memorandum and other CLO Documents. In addition, most investors in CLO securities have the ability, subject to market conditions and the willingness of third party broker-dealers to make markets in such securities, to sell their interests in the CLO securities in secondary markets. CLO securities are speculative investments and, as such, are generally held by experienced institutions which are willing, and can bear, the economic risk of investment.

In general, The Adviser provides investment advisory services with regard to Bank Loans, and related high yield products and does not provide investment supervisory services. Some examples of these related high yield products would consist of Second Lien Loans and high yield bonds ("High Yield Bonds"). In addition, The Adviser, in accordance with applicable investment guidelines, may also invest in CLO Securities (or SFOs) on behalf of its Clients. In some cases, investment policies of Clients allow for the investment in synthetic securities which typically are designed to give exposure to Bank Loans and other related instruments.

4.C. Client Investment Objectives/Restrictions

The Client generally specifies the investment guidelines related to, among other things, issuer and industry diversification, issuer ratings, desired interest spreads over base rates and account leverage ratios, if any. In the case of CLOs, many of the investment restrictions put in place by the Client are designed to meet the requirements of the CLO debt holders and the rating agencies that rate the debt issued by the CLO. It is expected that such investment policies and restrictions required by the Client may be complex and compliance with such policies may be measured by a third party custodian and administrator. Investment advisory contracts are for varying terms as determined through negotiation.

4.D. Wrap-Fee Programs

The Adviser does not participate in, nor is it a sponsor of, any wrap fee programs.

4.E. Assets Under Management as of 12-31-2015

Total Assets Under management: \$1,411,921,263.

3 accounts on a discretionary basis: \$883,656,750.

3 accounts on a non-discretionary basis: \$528,264,513.

Once a CLO (or private fund) has reached the end of its reinvestment period, it is considered non-discretionary whereas previous to that it would have been considered a discretionary account. The end of the reinvestment period means that all principal proceeds received from the sale of securities or the pay down of securities are not reinvested in new securities except under certain limited conditions but rather are used to reduce the account size of the CLO by sequential repayment of CLO's debt followed by the CLO's equity. Both accounts in this non- discretionary category are CLOs which have reached the end of their respective reinvestment periods.

The Adviser includes all assets managed on both a discretionary and non-discretionary basis in calculating assets under management. The assets are valued at fair market value for the purposes of calculating Assets Under Management. Fair market value typically consists of the mean of the bid and asked quotations received from an internationally recognized third-party pricing service.

Item 5 – Fees and Compensation

Advisory Contracts and Fees

5.A. Adviser Compensation

The Adviser's fees are generally described below and detailed in each client's advisory agreement or applicable account documents as well as, with respect to a Private Investment Fund (such as a CLO), in the Private Investment Fund's governing documents.

Fees for service may be negotiated with each client on an individual basis prior to the engagement of The Adviser. Typically, The Adviser charges Clients quarterly in arrears, a base management fee (which includes senior and/or subordinated management fees) for investment services. Base management fees are typically paid quarterly in arrears and are generally calculated on the value of gross assets under management at the beginning of the quarter. At present, for purposes of the calculation of base management fees with respect to CLO Clients, gross assets are being calculated utilizing par value of Bank Loans and other related debt securities as well as the value of cash and cash equivalents. Other Private Fund clients or Managed Accounts will generally have similar, but not identical arrangements.

With regards to Private Funds, the respective fund's governing documents will generally permit The Adviser to waive, rebate or defer all or part of the management

fee and/or performance fee with respect to investments made by certain investors without waiving, rebating or deferring the fees charged to other investors.

Senior management fees are typically paid by the Private Funds (including CLO clients) prior to most interest expense, if any, is paid to the fund's debt-holders. The collection of such senior management fees by The Adviser is fairly certain. Subordinated management fees (which are typically associated with CLO clients) are paid after most interest expense to the CLO's debt-holders is paid and the CLO's coverage tests have been met. The collection of such subordinated management fees may be less certain under certain adverse credit conditions which may cause a failure in connection with the CLO's coverage test. However, in such instances, subordinated management fees will typically be deferred and may be paid at a later date assuming there are sufficient funds and the CLO's coverage tests have been met at that later date.

In the event that additional assets are placed under management during the calendar quarter, The Adviser's compensation with regard to base management fees will be calculated and payable on a pro rata basis.

Fees may change over time and, as discussed below, different fee schedules may apply to different types of clients or advisory arrangements. The amount, timing, and type of fees charged (i.e. base management fee and performance), and the manner in which fees are calculated, are determined through negotiations with Clients and are set forth in an Investment Advisory Agreement with the Client. Accordingly, there may be differences in fees paid by certain clients based on a variety of factors. Negotiations between The Adviser and Clients are influenced by such factors as the nature and extent of the investment advisory services to be rendered and the size of the managed account, among other things. The Adviser reserves the right to waive or reduce the fees charged to a particular client in its sole and absolute discretion.

Total base management fees charged to the Client will typically range from approximately 35 to 50 basis points of gross assets under management based upon negotiations with the Client and depending upon the type of account/fund and strategy.

5.B. Direct Billing of Advisory Fees

The specific manner in which fees are charged by The Adviser is established in a Client's written agreement with The Adviser. Generally speaking, the independent custodian and administrator for the Private Investment Fund (such as a CLO) will calculate the base management and performance fees and remit payment to Wets

Gate. CLOs may or may not require an independent review by an independent accounting firm of the independent custodian's calculations. In the unlikely absence of such a procedure by the independent custodian, The Adviser would seek to bill the Client its fees on a quarterly basis in arrears.

Although it is not current practice, pursuant to the investment management agreement, Clients could also elect to be billed directly for fees or to authorize The Adviser to directly debit fees from client accounts. In such instances, if any, where the Client has authorized direct billing, The Adviser will take steps to assure itself that the Client's qualified custodian sends periodic account statements, no less frequently than quarterly, showing all transactions in the account including fees paid to The Adviser, directly to such Clients in accordance with the Advisers Act Rule 206(4)-2 (Custody Rule).

5.C. Other Non-Advisory Fees

The Adviser's advisory fee is exclusive of brokerage commissions, transaction fees and other related costs which shall be incurred by the Client. Clients may incur certain charges imposed by third party custodians, brokers, third party investment and other third parties including legal and accounting fees pertaining to services rendered to the Client as well as wire fees, taxes and other. A Client's portfolio may include positions in mutual funds, such as a money market fund in which excess cash is swept into, which will also charge a management fee.

Also, the Client (through the independent custodian in the case of Private Fund clients) may reimburse The Adviser, pursuant to the negotiated investment management agreement, for certain out of pocket costs incurred by The Adviser (with respect to third party investors) in the management of the Client's account such as, among other things, the cost of specialty software involved with the portfolio management and compliance of the Client's portfolio, legal charges in connection with portfolio assets and certain travel expenses. At present, these reimbursable out of pocket costs consist of specialized loan accounting software and third party data processing in connection with the Private Fund's investments, customized portfolio compliance software, loan pricing services, specialized SFO investments modeling software, public loan rating database, and third party legal review of loan credit agreements. Such charges, fees and commissions are exclusive of, and in addition to, The Adviser's fee.

Item 12 further describes the factors that The Adviser considers in selecting or recommending broker-dealers for Client transactions and determining the reasonableness of their compensation (e.g., commissions).

5.D. Advance Payment of Fees

As a general matter, The Adviser bills for its services quarterly in arrears.

5.E. Compensation for Sale of Securities or Other Investment Products

The Adviser and its personnel do not accept compensation for the sale of securities (including loans) or other investment products.

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

The Adviser may also charge clients a performance fee in addition to a base management fee, consistent with Rule 205-3 under the Advisers Act for certain Managed Accounts and Funds

More recently, The Adviser's performance fees with respect to a CLO clients are generally calculated as a percentage of the cash on cash return to the equity securities of the CLO Client after the IRR hurdle with respect to the CLO's equity securities have been met and the CLO has cash available to pay such fees, otherwise the performance fees are never paid. For example, if the cash on cash return to the CLO's equity securities (assuming they were purchased on the closing date of the CLO and not subsequently in the secondary market) reaches a predetermined IRR, thereafter, The Adviser would receive a certain percentage of future cash returns payable to the CLO's equity securities.

Alternatively, the potential amount of a CLO client's performance fee may be calculated in the same manner as the base management fee (i.e. as a percentage of gross assets under management) beginning on the closing date of that CLO client. However, such performance fees are not payable to The Adviser unless the cash on cash IRR hurdle with respect to the CLO's equity securities has been met. Even then, the potential performance fees are paid periodically and are subject to limits and the availability of funds. If the cash on cash IRR hurdle is not met over the life of the CLO, then the performance fees are never paid.

Under either of these arrangements, the cash IRR hurdle rate is not expected to be triggered until after 4 years or more after inception of the CLO, even with ideal market conditions. At the point the cash IRR hurdle is met, the performance fees are generally payable not more frequently than quarterly. The calculation of performance fees and the cash on cash IRR hurdle measurements is generally performed or reviewed by the independent custodian.

The Adviser may enter into different performance fee arrangements with other Private Fund clients or Managed Account clients than the performance arrangements described above

Clients should be aware that performance based fee arrangements create a potential conflict of interest for The Adviser as they may create an incentive for The Adviser to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying accounts with performance fees over other accounts in the allocation of investment opportunities. The Adviser has trade allocation procedures designed and implemented to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients.

Item 7 – Type of Clients

The Adviser offers its services to institutional investors seeking Managed Accounts and Private Fund accounts related to its investment strategies. The Private funds may contain high net worth individuals. The Adviser may serve as investment adviser or investment sub-adviser to such clients.

At present, The Adviser's Clients consist of Private Funds consisting of Issuers of CLOs formed for the purpose of investing in Bank Loans and other related high yield products.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

8.A. Methods of Analysis and Investment Strategies

The Adviser's primary investment strategy is constructing a broadly diversified Bank Loan portfolio, selecting investments through is fundamental analysis in connection with its clients. The Adviser actively manages its Bank Loan portfolios using it's disciplined and long standing investment process that seeks to maximize returns while minimizing volatility. The Adviser's basic investment process consists of developing a macro-view, screening the investment universe to source for assets, analyzing the credit and relative value of the potential Bank Loan (or other security), approval and selection of the Bank Loan (or other security) by its Investment Committee and the portfolio construction, risk management and portfolio monitoring.

Generally speaking, The Adviser's investment universe will consist of Bank Loans (including Second Lien Loans) that are institutional term loans and are actively rated by the major rating agencies. Generally, the Bank Loans total issue size will exceed \$100 Million or more. The Adviser will potentially select Bank Loans for investment from both the new issue market as well as the secondary market.

The Adviser's macro-view of the economy and the various markets (equities, high yield, bank loan market, CLO market) influences its asset sourcing in terms of the evaluation of new issue versus secondary market opportunities. The investment process begins with the "top-down" analysis in which The Adviser's personnel develop an overview of the macro-economic outlook, review industry trends as well as market liquidity and other technical factors.

However, the credit analysis and approval in connection with the selection of The Adviser's Bank Loan portfolios is driven in large part by The Adviser's "bottoms up" fundamental approach to credit selection. This bottoms up approach includes various credit fundamental factors including among other things, financial risk, industry and business risk, market risk and relative value and structural risk. The Senior Credit Analysts are primarily responsible for screening or initial loan selection, fundamental credit analysis and recommendations (i.e. presentations to the Investment Committee). The Investment Committee generally approves all acquisitions. Sales or other dispositions can occur without Investment Committee approval.

Portfolio constructions of Bank Loan portfolios are generally predicated upon broad diversification in terms of number of issuers of Bank Loans and the industries in which the issuers operate. Portfolio construction considerations include Fund/Managed Account strategy & risk/return targets as well as types of assets to be included in the portfolio.

The Portfolio Manager and the Credit Analysts typically hold daily credit meetings to monitor the portfolio holdings, discuss fundamental credit issues in specific credits and industries and to provide risk management. Such discussions can give rise to sell decisions as well as buy and hold decisions.

The Adviser utilizes various sources of information to evaluate the investment merits of particular Bank Loans or Second Lien Loans. These include, private or public placement memoranda prepared by commercial and investment banks, and other information, including financial information prepared by the borrower, independent credit analysis, market research prepared by banks and brokers, information contained in newspapers, Internet websites, periodicals and other sources of information considered useful by The Adviser. The Adviser also may attend bank

meetings related to prospective and existing loan investments. The Adviser utilizes many of the same public sources of information to evaluate the investment merits of High Yield Bonds and SFOs. In addition, The Adviser utilizes certain third party specialty modeling software to evaluate SFOs. These materials are supplemented by public filings, reports and other publicly available information disseminated in respect of issuers of publicly traded debt instruments. In terms of ongoing portfolio monitoring and surveillance, the Credit Analysts monitor the pricing on the loans they cover as well as reviewing financial reports submitted by the loan issuer and participating in earnings calls and other communications by the issuer of the loan.

On occasion, The Adviser may provide advisory services related to equity or other debt instruments received in connection with the purchase, restructuring or liquidation of a corporate bond or loan (known also as “Work-Out Securities”). In addition, from time to time, the portfolios managed by The Adviser may contain certain other securities such as warrants or other equity like securities received in connection with investments in Bank Loans and other related high yield securities. It is anticipated that these equity instruments, which may contain restrictions on resale, will constitute only a small portion of The Adviser’s managed portfolios.

The Adviser, where directed by the client, invests excess cash in third-party money market funds, commercial paper, repurchase agreements and other money market instruments. Such balances are typically invested in funds maintained by the client’s independent custodian.

The Adviser specializes in the management of Bank Loans of domestic and foreign borrowers. The Adviser also specializes in the management of other related financial instruments, which includes loans subordinated to senior loans (sometimes called “Second Lien Loans”). Leveraged Loans are loans made by U.S. Banks and other large financial institutions to large corporate customers who undertake these loans to finance leveraged buyouts, recapitalizations, mergers, acquisitions, stock repurchases, dividends and, to a lesser extent, to finance internal growth and for other corporate purposes. Typically (but not always), these Leveraged Loans are the most senior source of capital in a borrower’s capital structure, have certain of the borrower’s assets and/or stock pledged as collateral. Second Lien loans are subordinated to Leveraged Loans and are typically riskier investments than Leveraged Loans.

The Adviser also has experience in the management of SFO securities. The Adviser manages certain assets, primarily the debt securities issued by CLOs managed by unaffiliated investment managers, within some of the Private Funds it manages.

These SFO securities are typically secured by a portfolio of Bank Loans. These SFO debt securities are typically, at issuance, rated, but such ratings may be at or below investment grade.

Leveraged Loans, Second Lien Loans and SFOs are typically floating rate instruments in that they pay interest quarterly at a coupon that is a floating rate such as LIBOR plus a spread. Junk Bonds are typically fixed income securities. Leveraged Loans, Second Lien Loans and Junk Bonds are typically of below investment grade quality and have below investment grade credit ratings. These speculative ratings (which typically cover all of the investments in the portfolio) are associated with securities having high risk, and speculative characteristics.

On occasion, The Adviser may provide advisory services related to equity or other debt instruments received in connection with the purchase, restructuring or liquidation of a loan or bond (known also as “Work-Out Securities”). It is anticipated that these equity and other debt instruments, which may contain restrictions on resale, will constitute only a small portion of the The Adviser’s managed portfolios.

The Adviser, where directed by the Client, invests excess cash in third-party money market funds, commercial paper, repurchase agreements and other money market instruments. Such balances are typically invested in funds maintained by the client’s independent custodian.

Under normal circumstances, The Adviser’s investment philosophy and objective is to produce high income. The Adviser also considers preservation of principal when consistent with the primary objective to produce high income. The Adviser utilizes a fundamental approach to credit selection. It also utilizes diversified portfolio construction. The Adviser’s credit staff monitors the credit quality of securities held and other securities available to The Adviser’s Clients. This investment process generally results in the purchase of loans to be held for one year or more. The portfolios are typically highly diversified in terms of issuers and industry classifications. However, The Adviser may engage in short term trading of certain loans (or bonds) to seek to take advantage of opportunities in secondary markets as permitted under applicable investment guidelines.

8.B. Material Risks of Investment Strategies

General Risks

There can be no guarantee of success of the Bank Loan strategy offered by The Adviser. Bank Loans are generally rated below investment grade or may be non-rated. All

investments made by The Adviser on behalf of its clients risk the loss of capital that the client should be prepared to bear. The Adviser believes that its investment process and research techniques moderate this risk through a careful selection of Bank Loans and other related securities. However, there can be no guarantee or representation that the The Adviser's investment program will be successful. Specifically, economic or other events can reduce the demand for certain Bank Loans and other related securities which could reduce market prices and cause the value of a client's portfolio to fall. Certain Bank Loans and other related securities could experience downturn in trading activity and the supply of such securities may exceed demand. Imbalances in supply and demand in the market could result in imprecise valuations, significant volatility and extremely limited liquidity. In addition, if the client employs credit strategies involving leverage, the risk of loss could be increased.

General Economic and Market Conditions

The success of The Adviser's investing activities can be affected by general economic and market conditions such as employment rates, interest rates, inflation (or deflation), economic uncertainty as well as geopolitical circumstances which would include wars and terrorist attacks. These factors will likely impact investment prices and liquidity of investments. Volatility or lack of liquidity in the investing markets may result in losses.

Limited Asset Class Diversification

Subject to compliance with any applicable client-imposed investment restrictions, The Adviser will make concentrated investments in the Bank Loan asset class and related assets. Losses incurred in a portfolio's more concentrated asset class could have a materially adverse effect on a client's overall portfolio performance.

Highly Volatile Instruments

Prices of certain securities in which The Adviser may invest for clients can be highly volatile. Price movements of Bank Loans, Second Lien Loans, SFOs and High Yield Bonds in which a client's portfolio may be invested may be influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets. Such intervention may be intended to influence prices directly and may, together with other factors, cause markets to move rapidly in the same direction.

Leverage

Depending upon the Client's mandate, The Adviser may use leverage in connection with a managed portfolio. CLO's utilize leverage in their fund structure. The use of leverage can magnify the potential gains and losses from an investment and increase the risk of loss of capital.

Liquidity of Fixed Income Markets (including Bank Loans and related securities)

At times, certain sectors of the fixed income market, which include the Bank Loans and related high yield securities in which The Adviser invests, have experienced significant declines in liquidity. While these events may sometimes be attributable to changes in "macro" and local market events, interest rates or other factors, the cause is not always apparent. During such periods of market illiquidity, The Adviser may be unable to sell assets in a client's portfolio or may only be able to do so at unfavorable prices. Such "liquidity risk" could adversely impact the value of the client's portfolio.

During such periods of market illiquidity, The Adviser may not be able to readily dispose of certain Bank Loans and related high yield securities. Under certain market conditions, this could involve significant portions of the portfolio and such Bank Loans and related high yield securities would be considered illiquid investments. In such a case, Illiquid investments and other assets and liabilities for which no such market prices are readily available will generally be carried at values determined by an independent valuation party selected by The Adviser. It is possible that such valuations will form the basis for calculating the management fee and performance fee/allocation payable to The Adviser, although as discussed above, CLO clients typically use par value as the basis for calculating management fees and use actual cash on cash returns for calculating performance fees. There is no guarantee that such value will represent the value that will be realized by the client upon the eventual sale of the Bank Loan or related high yield securities or that would, in fact, be realized upon an immediate disposition of the investment. In addition, The Adviser may not be able to liquidate certain illiquid investments in order to satisfy client redemption requests. Accordingly, to the extent that client redemptions are financed through the sale of the more liquid investments, such redemptions would result in the remaining portfolio being comparatively less liquid.

Non-Public Information

From time to time The Adviser will come into possession of bank syndicated information which may fall into the category of material non-public information with respect to an Issuer of public securities including High Yield Bonds. The Adviser may

come into possession of this material non-public information in connection with a potential (or actual) client investment in a Bank Loan or potentially through any investment involving a restructuring in which a client has invested. Although it is not anticipated that investments in High Yield Bonds or other public securities will constitute a significant portion of The Adviser's investment strategy, possessing such information may limit the ability of The Adviser to buy or sell such High Yield Bonds. In addition, in certain instances (such as participation on a Creditor's Committee) could limit the ability of The Adviser to buy or sell a particular Bank Loans.

Contingent Liabilities

From time to time clients may incur contingent liabilities in connection with an investment. For example, The Adviser may cause the client to purchase a Bank Loan which is a revolving credit facility that has not yet been fully drawn (commonly known as "revolvers") or a delayed draw term loan. If the Issuer of the revolver or delayed draw term loan which is not already fully drawn subsequently draws down on the facility, a client would be obligated to fund the amounts due.

Risks of Litigation

Investing in Bank Loans and other related instruments can be a contentious and adversarial process, particularly if the Issuer of the Bank Loan or other related instrument becomes financially distressed and becomes involved in a restructuring of the security. In such cases, these Bank Loans and other related instruments may be the subject of litigation surrounding the owners of the Bank Loan (which may include a client of The Adviser) and the underlying Issuer of the Bank Loan. Different investor groups of the securities issued by the Issuer may have qualitatively different, and frequently conflicting, interests. The Adviser's investment activities may include activities that are hostile in nature and will subject clients to the risks of becoming involved in litigation by third parties.

Risks Associated with Bankruptcy Cases

Certain Bank Loans and related instruments owned by clients may be the subject of bankruptcy and reorganizations. Many of the events within a bankruptcy case are adversarial and often beyond the control of creditors who own the Corporate Debt Instruments. While creditors generally are afforded an opportunity to object to significant actions, a bankruptcy court may approve actions that are contrary to the interests of the clients. Furthermore, there are instances in which creditors and equity holders in the Issuer may lose their ranking and priority such as when they assume management and functional operating control of a debtor.

Generally, the duration of a bankruptcy case can only be roughly estimated. Unless a client's claim in such case is secured by assets having a value in excess of such claim, no interest will be permitted to accrue. Therefore, the time necessary to negotiate the plan of reorganization of the debtor and secure approval from creditors and the bankruptcy court may adversely affect client's return on investment. The risk of delay may be particularly acute when the client holds an unsecured High Yield Bond or a Second Lien Loan or when the collateral value underlying the secured Corporate Debt Instrument does not equal the amount of the secured claim. Further, reorganizations outside of bankruptcy are also subject to unpredictable and potentially lengthy delays which can affect the performance returns of such investments.

Since Corporate Debt Instruments are subject to the risk of scheduled principal and interest, significant changes in economic conditions could reduce the capacity of borrowers to make required payments which could significantly impair the success of the investment strategy. Investments in Corporate Debt Instruments and related securities involve risk and potential loss of capital. Past performance is not indicative of future results.

There can be no guarantee of success of the strategies offered by The Adviser. Economic or other events can reduce the demand for certain Bank Loans or other related securities which could reduce market prices and cause the value of a Client's portfolio to fall. Certain Bank Loans or related securities could experience downturn in trading activity and the supply of such securities may exceed demand. Imbalances in supply and demand in the market could result in imprecise valuations, significant volatility and extremely limited liquidity. Since Bank Loans and other related investments are subject to the risk of scheduled principal and interest, significant changes in economic conditions could reduce the capacity of borrowers to make required payments which will, in all likelihood, significantly impair the success of the investment strategy. Investments in Bank Loans and related securities involve risk and potential loss of capital. Past performance is not indicative of future results.

8.C. Material Risks of Securities Used in Investment Strategies

Corporate Debt Instruments in General

As noted above, The Adviser primarily invests in Corporate Debt Instruments of U.S. and non-U.S. issuers, including, without limitation, Bank Loans. Bank Loans typically pay, variable or floating rates of interest, while other Corporate Debt Instruments may pay a fixed rate of interest. The value of these securities, particularly those instruments with a fixed rate of interest, will often change in response to fluctuations in interest rates. In addition, the value of Bank Loans (as well as other Corporate Debt

Instruments) can fluctuate in response to perceptions of creditworthiness, foreign exchange rates, political stability or soundness of economic policies. Bank Loans (as well as other Corporate Debt Instruments) are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility due to such factors as interest rate sensitivity and general market liquidity (i.e., market risk). Further, in seeking to capture certain price appreciation opportunities and subject to appropriate investment guidelines contained in the advisory agreement, The Adviser may purchase certain debt instruments for a client that are non-performing and possibly in default where the obligor or relevant guarantor may be in bankruptcy or liquidation (e.g., bankruptcy claims) although this strategy is highly unlikely with respect to CLO Clients. Accordingly, while The Adviser seeks to garner the best investment opportunities for its clients, there can be no assurance as to the amount and timing of payments, if any, with respect to the purchase of any such debt investments or that any such investments will be profitable.

Non-Investment Grade Corporate Debt Instruments

A significant portion of The Adviser's investment strategies involve the use of below investment grade Corporate Debt Instruments such as Bank Loans, and to a much lesser extent, Second Lien Loans and High Yield Bonds. These Corporate Debt Instruments do not trade on an exchange, and accordingly, may trade in a smaller secondary market than exchange traded securities. Corporate Debt Instruments that are rated below investment grade or are unrated face ongoing uncertainties and exposure to adverse business, financial or economic conditions, which could lead to the Issuer's inability to meet timely interest and principal payments. The market values of certain of these lower-rated and unrated Corporate Debt Instruments tend to reflect individual corporate developments to a greater extent than do higher rated fixed income securities, which react primarily to fluctuations in the general level of interest rates. These types of securities also tend to be more sensitive to economic conditions than are higher-rated fixed income securities. As a result, the market prices of such below investment grade Corporate Debt Instruments may be subject to abrupt and erratic market movements and changes in liquidity and above-average price volatility, and the spread between the bid and ask prices of such below investment grade Corporate Debt Securities may be greater than those prevailing in other securities markets. The Issuers such below investment grade Corporate Debt Instruments may be highly leveraged and may not have access to more traditional methods of financing. The potentially concentrated nature of a client's investment strategy in these types of investments could magnify the effects of such risks.

Credit Risk – Corporate Debt Instruments

Credit risk is the risk that the Issuer or guarantor of a Corporate Debt Instrument (including Bank Loans) or counterparty to the client portfolio's transactions will be unable or unwilling to make timely principal and/or interest payments, or otherwise will be unable or unwilling to honor its financial obligations. If the issuer, guarantor, or counterparty fails to pay interest, the client portfolio's income may be reduced. If the Issuer of the Corporate Debt Instrument, guarantor, or counterparty fails to repay principal, the value of that security and value of client account may be reduced. In addition, as part of a work-out of a distressed Bank Loan or other Corporate Debt Instrument, the client may receive Equity Work-Out Securities or other types of Work-Out Securities. Such Work-Out securities may contain restrictions on resale and be generally illiquid and ultimately become worthless.

Interest Rate Risk – Corporate Debt Instruments

Interest rate risk is the possibility that High Yield Bonds with a fixed rate coupon and, to a lesser extent, Bank Loan and Second Lien Loans (which typically have a floating rate of interest) prices overall will decline over short or even long periods because of rising interest rates. Such declines in value as a result of declines in interest rates could be material to the client's account.

Rating Agency Risk - Corporate Debt Instruments

Ratings assigned by Moody's and/or S&P and/or Fitch to Corporate Debt Instruments acquired in a client's portfolio reflect only the views of those agencies. Explanations of the significance of ratings should be obtained from Moody's, S&P and Fitch. No assurance can be given that ratings assigned will not be withdrawn or revised downward if, in the view of Moody's, S&P or Fitch, circumstances so warrant.

Call Risk (or Prepayment Risk) – Corporate Debt Instruments

Call risk (sometimes called Prepayment Risk) is the chance that during periods of falling interest rates, issuers of Bank Loans and other Corporate Debt Instruments may call—or repay—the Corporate Debt Instruments with higher coupons (interest rates) before their maturity dates. Accordingly, The Adviser, on behalf of the client, may reinvest the call proceeds (i.e., repayment) into other Bank Loans and other Corporate Debt Instruments with reduced coupons which will reduce the client's portfolio performance. Additionally, in such circumstances, The Adviser, on behalf of the client, may reinvest the call proceeds into more risky Bank Loans and other Corporate Debt Instruments.

Bank Loans and Second Lien Loans

Bank Loans and Second Lien Loans are loans made by U.S. banks and other large financial institutions to large corporate customers who undertake these loans to finance leveraged buyouts, recapitalizations, mergers, acquisitions, stock repurchases, dividends and, to a lesser extent, to finance internal growth and for other corporate purposes. Typically, these Bank Loans (or senior secured corporate (loans)) are the most senior source of capital in a borrower's capital structure, have certain of the borrower's assets and/or stock pledged as collateral. Second Lien Loans are subordinated to senior secured corporate loans and are typically riskier investments than senior secured corporate loans. However, both Bank Loans and Second Lien Loans are typically below investment grade Corporate Debt Instruments with Credit Risk. Bank Loans and, Second Lien Loans are typically floating rate instruments in that they pay interest quarterly at a coupon that is a floating rate such as LIBOR plus a spread. Bank Loans and Second Lien Loans are not traded on established trading exchanges and there may be other trading restrictions on particular loans. For example, among other restrictions, in order to sell the loan to another party, it might be required to first obtain the consent of the Issuer of the Bank Loan or Second Lien Loan. In addition, because of the provision to holders of such Bank Loans and Second Lien Loans of confidential information relating to the borrower, the unique and customized nature of a loan agreement, and the private syndication of loan investments, Bank Loans and Second Lien Loans may not be as easily purchased or sold as a publicly traded security, and historically the trading volume in the loan market has been smaller relative to certain other markets. Furthermore, to the extent that a client holds a Bank Loan investment not directly but through a participation arrangement with a particular counterparty, if the counterparty becomes insolvent the client may incur a loss in regard to the underlying loan that is being held on the books and records of the counterparty itself by for example becoming an unsecured creditor to the counterparty in such a circumstance.

All investments, including the ones described here, carry a certain amount of risk and there is no guarantee the Adviser will be able to achieve its investment objectives.

Structured Finance Obligations (SFO's) – Investments in CLO Securities

The Adviser may cause a client to invest in CLO Securities These CLO Securities are collateralized principally by Bank Loans. Such investments are subject to various risks.

Some of these risks relate to price volatility of such securities. Prices of such securities are based on supply and demand and the market for such securities may be illiquid at various times. If CLO Securities are, or become illiquid, they may become difficult to value and the valuations could be based on indicative quotes from a dealer or even a model price rather than actual prices at which a secondary trade may have occurred. Accordingly, the “spreads” of such securities could widen in the overall market, thus reducing the value of the Client’s holdings of CLO Securities, and such reductions can be material.

A client’s investment in CLO Securities may involve significant leverage, and such leverage would magnify any losses incurred on the CLO Security. Also, the underlying CLO utilizes significant leverage, and, accordingly, the cumulative effect of leverage used by a CLO in a market which moves adversely to the CLO’s investments could result in a substantial loss to the holder of a CLO Security.

Also, the CLO Security may be subordinated to other CLO Securities issued by the same CLO. This means, to the extent any losses are incurred by the underlying CLO, the loss will be borne by the most subordinated CLO Securities (i.e. the equity), next to the holders of junior debt CLO Security holders followed by the senior debt CLO Security holders. Accordingly, a client of The Adviser may be the first, or one of the first CLO security holders to absorb losses.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of them or the integrity of their management. The Adviser has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

The Adviser’s officers, directors and employees may also be asked to serve as directors, advisors or in other forms of participation in other companies or organizations. Since such commitments can involve substantial responsibilities and potential conflicts of interest or the appearance of such conflicts, executive officers of The Adviser and other of The Advisers employees will seek prior approval of a CCO of the Adviser before accepting such positions and must update The Adviser’s CCO of any changes to such outside appointments.

10.A. Registered Representatives

The Adviser's management persons are not registered, nor do any management persons have an application pending to register, as a broker-dealer or registered representatives of a broker-dealer.

10.B. No Other Registrations

The Adviser's management persons are not registered, nor do any management persons have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

10.C. Material Relationships or Arrangements

The Adviser is a business unit of the Rothschild Group, a global financial services organization that was founded in the 18th century by members of the Rothschild family and is still family-controlled. The Rothschild Group's U.S. operations were established in 1947 to advise the Rothschild family with respect to its U.S. interests. The Adviser is wholly-owned by Rothschild North America Holdings, Inc. Rothschild North America Holdings Inc. is, in turn, a wholly-owned subsidiary of Rothschild North America Inc. Ultimate ownership of The Adviser lies with Paris Orleans SCA, a publicly traded French partnership over which the Rothschild family has voting control.

Rothschild Asset Management ("RAM") is a registered investment adviser affiliated with The Adviser. RAM was formed in 1962 and registered as an investment advisor with the SEC in 1971. RAM is a wholly-owned subsidiary of Rothschild North America Inc. and whose ultimate ownership lies with Paris Orleans SCA. The CEO of RAM is a Board Member of The Adviser. It is anticipated that The Adviser and certain employees of RAM may share office space in Los Angeles. If this was to occur, The Adviser would take precautions to have appropriate separation between the work spaces of The Adviser and RAM employees.

The Adviser is also affiliated with Rothschild Inc. which is a wholly-owned subsidiary of Rothschild North America Inc. Rothschild Inc. is a broker/dealer registered with FINRA and the SEC which concentrates on investment banking activities. Rothschild Inc. does not trade or hold customer or proprietary accounts. The Adviser does not execute any client account transactions through Rothschild Inc.

Rothschild Inc. will provide certain administrative services to The Adviser including Human Resources (including payroll processing), corporate accounting and IT assistance among other services. These employees of Rothschild Inc. will not have access to portfolio information of The Adviser.

The Adviser has procedures in place which seek to mitigate any potential conflicts of interest between itself and its affiliates including Rothschild Inc. and Rothschild Asset Management. Information barriers have been put into place to prevent the dissemination of material non-public information between The Adviser and these affiliates.

In addition, The Adviser is affiliated with Five Arrows Managers LLP (“Five Arrows”) which will sometimes be referred to as Rothschild Credit Management (Europe) (“RCM – Europe”). Five Arrows was formerly known as Elgin Capital LLP. The Adviser is also affiliated with N.M. Rothschild & Sons Limited (“NMR”). Both of these two entities are located in the UK and have filed with the SEC as Foreign Private Advisers (exempt from registration). Both of these entities are also regulated by a foreign financial authority located the UK. At present, NMR and Five Arrows share three persons with The Adviser although this could be subject to change over time. Two of these shared persons, Phil Yeates and Michael Clancy, serve as Directors of the Adviser as well as non-voting members of the Adviser’s Investment Committee. Mesrrs. Yeates and Clancey are not considered employees of The Adviser. The third shared person, John Sealy, serves as a non-voting member of the Investment Committee. Mr. Sealy is not an employee of The Adviser. All of these shared persons are classified as Access Persons of the Adviser. Among other activities, Five Arrows and NMR operate in Europe and specialize in the management of senior secured loans and related credit instruments on behalf of third-party clients. The senior secured loans and credit instruments managed by Five Arrows and NMR LLP are typically denominated in currencies other than US Dollars and are generally not public securities. The securities managed by The Adviser on behalf of its clients are typically denominated in US Dollars and are also not public securities.

The Adviser expects to work with Five Arrows (or RCM - Europe) in order to develop macro-economic views, discuss industry trends and the condition of individual issuers of loans. In addition, it is contemplated that Five Arrows will serve as Sub-Manager, as well as make an investment, for one or more future CLOs managed by The Adviser. In situations in which Five Arrows or another affiliate of the Adviser makes an investment in certain pooled vehicle Clients (i.e. a pooled vehicle), there may be an incentive for the Adviser to allocate more favorable investment

opportunities (e.g., new issue securities) to those Clients in which Five Arrows or another affiliate has an investment. In order to mitigate this potential conflict, the Adviser has implemented trade allocation policies and procedures that address the allocation of investment opportunities among Clients in accordance with such Clients' investment programs, objectives, and investment restrictions (versus allocating transactions based upon ownership arrangements).

Item 11 – Code of Ethics

Item 11.A. – Code of Ethics

The Adviser has in place a Code of Ethics ("the Code") designed to minimize conflicts of interest between Clients and Access Persons. The Code is designed to ensure Access Persons do not use Client information for personal benefit or to the detriment of the Adviser's Clients. The Code contains a number of procedures to ensure that Clients' interests are protected. For example, these procedures require Access Person's securities positions to be reported, require periodic review of their trading activities by compliance personnel, prohibit trading on inside information and generally prohibit trading ahead (if applicable) of or in a manner that takes advantage of Client transactions. Other potential conflicts with Clients must be identified by Access Persons to The Adviser and its Chief Compliance Officer so that they can be properly resolved. The Code also has procedures to verify that these measures are being followed.

A copy of the Adviser's Code of Ethics will be provided upon request.

11.B. Recommendations of Securities and Material Financial Interests

The Adviser does not expect to engage in any principal trades in the future. In the past, on rare occasion, the Adviser engaged in principal trades between it and its Clients. Such principal transaction activity was limited to its management of CLO and is a result of an illiquid security that was purchased by the Adviser in order to allow the independent Trustee to liquidate that particular CLO. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

From time to time, The Adviser may direct a Client to sell corporate loans or other debt securities to another Client to provide liquidity as desired by a Client, meet trade allocation objectives or achieve other investment objectives for the Clients although this is not common practice (“a cross trade”) for The Adviser. The Adviser, in these cases, will execute such trade through a third party broker-dealer at a transaction price generally determined by such third-party broker-dealer. Alternatively, with respect to the transaction price, the transaction price may be obtained from a quotation from another third party dealer or from an independent pricing service if the transaction price is not supplied by the executing broker-dealer. Neither The Adviser nor its affiliates will receive any commissions or any other remuneration in connection with these transactions. A cross trade will only be affected where The Adviser believes that the transaction is in the best interest of, and is in accordance with the investment policies of, each Client. All cross trades will be affected in accordance with applicable law.

The Adviser and/or related persons may make and, in the case of The Adviser, have made investments in the debt and/or equity securities issued by CLOs for which The Adviser serves as the investment adviser under the same terms and conditions in which other investors make investments in the debt and equity securities issued by the CLO (except the investment advisor may have restricted voting rights with respect to the selection of a replacement investment advisor). The Adviser also generally has performance fee arrangements, as permitted by Rule 205-3 under the Advisers Act, with its CLO clients. Such performance fee arrangements may constitute indirect equity interests. In addition, The Adviser or related persons may invest in securities of issuers (including Bank Loans) in which Client accounts are also invested. Moreover, The Adviser and/or related persons and Client accounts may buy, sell or hold securities (including Bank Loans) while making a different investment decision for one or more Client accounts.

11.C. Personal Trading

The Adviser’s Code of Ethics allows its employees to invest in and trade securities for their own account and those of others. The Adviser’s Code of Ethics is intended, among other things, to ensure personal investing activities by The Adviser’s employees are consistent with The Adviser’s fiduciary duty to its clients. The Code of Ethics includes standards of business conduct requiring covered persons to comply with the federal securities laws and the fiduciary duties an investment adviser owes to its clients. For purposes of its Code of Ethics, The Adviser has determined that all of its employees are Access Persons. In addition, it has determined that the three employees of Five Arrows who serve on the Adviser’s Investment Committee as non-voting members

are also Access Persons of the Adviser.

Among other things, all Access Persons are generally required to pre-clear all securities transactions involving stocks and corporate bonds among other things with the CCO or President. Certain other securities such as shares of open-end mutual funds and investments in U.S. Government Bonds do not require pre-clearance as well as other transactions which are described in The Adviser's Code of Ethics.

Access persons must provide quarterly reports of their personal transactions to the CCO. Typically, this requirement is met by the CCO receiving duplicate copies of their monthly brokerage statements directly from the brokerage firm in all accounts that the Access person has a beneficial interest in. Access persons must report all brokerage accounts and stocks and corporate bonds held directly to the CCO annually and more often under certain circumstances.

The Adviser's employees may accept business meals, business entertainment or gifts from persons which have a nominal value. However, The Adviser's employees should decline gifts of an extravagant nature (except if approved by the Adviser's CCO). The Adviser has included these policies and procedures within its Code of Ethics to seek to prevent such activities from unduly influencing employee decisions with respect to managing client accounts including the selection of broker dealers.

The Code of Ethics also requires that covered persons comply with ethical restraints relating to Clients and their accounts, including provisions intended to prevent violation of laws prohibiting insider trading. These policies are intended to govern the flow and prevent the potential misuse of material non-public information. The Adviser maintains a restricted list (the "Restricted List"). The Restricted List contains the names of companies about whom certain employees at the Adviser may possess material non-public information from. Transactions in issuers that are included on the Restricted List are subject to restrictions in the case of personal transactions.

Item 12 – Brokerage Practices

12.A. Selection of Broker/Dealers

In placing orders for Leveraged Loans and Second Lien Loans, which are generally privately negotiated principal transactions, The Adviser selects the agent bank, dealer or selling party. The selections of the agent, dealer or selling party will depend in large part upon the availability from such agent, dealer or other party of the corporate loan selected for purchase or sale (corporate loans are sometimes available only for purchase from a single source), and, where multiple sellers exist, and in connection

with the sale of loans, the best price obtainable. Other discretionary factors are: the desired time of the trade (including speed of execution), confidentiality, execution and operational capabilities, ongoing borrower diligence, reputation for integrity and sound financial condition and practices. These are generally the same selection criteria used for securities transactions (including SFOs, High Yield Bonds and Work-Out Securities) with brokers. In selecting broker-dealers to execute securities trades for Client accounts, The Adviser will seek to comply with its fiduciary duty to obtain the best price and execution and will take into account such factors as Adviser considers to be relevant, including (without limitation): (a) the price and the transaction cost, (b) the execution capabilities required by the transaction, (c) the importance to the transactions of speed and efficiency, and (d) the reputation and soundness of financial condition of the broker or dealer. Broker-dealers generally are placed in competition with one another when The Adviser looks to buy and sell a security where possible.

It should be noted that currently The Adviser does not seek to receive any products, research or other services from any broker or dealer in exchange for directing brokerage business to a particular firm (i.e., The Adviser currently does not enter into “soft dollar arrangements” but may receive typical unsolicited research materials routinely sent by broker-dealers to their customers). Thus, when The Adviser’s portfolio managers are seeking to either purchase a security or sell a security from a Client’s account, the qualified and capable counterparty that bids the highest price, or offers the lowest price, as the case may be, generally will be selected by The Adviser to effect the trade.

Research and Other Soft Dollar Benefits

The Adviser does not receive research from brokers in return for generating commissions for such brokers (“soft dollars”), but may receive standard unsolicited materials. However, from time to time personnel of The Adviser may attend conferences or similar functions sponsored by broker-dealers and financial institutions that are widely attended by other investment advisers.

12.B. Aggregation of Orders/Trade Allocation

The Adviser may aggregate purchase or sale orders among more than one Client account under The Adviser’s trade aggregation and allocation policy. Trades will be aggregated when The Adviser believes that it is in the best interest of each Client involved, typically because such aggregation will achieve overall better execution and/or better prices. In the case of Bank Loans, from time to time, The Adviser may aggregate purchase and sales orders of Bank Loans. The Adviser will seek to: (i)

aggregate Client orders only when consistent with The Adviser's duty of best execution and with the Client's investment objectives, account guidelines and other objective criteria, and (ii) allocate on a pro rata basis the price and per share commission, if any, and transaction costs to each Client participating in the aggregated transaction. In addition, The Adviser will identify the Client accounts that will participate in any such aggregated transaction and will utilize a fair and equitable allocation method with respect to the aggregated order. The Adviser does not receive additional compensation or remuneration solely as a result of a trade aggregation or allocation.

Trade Allocation

In general, The Adviser seeks to allocate Bank Loans and other Corporate Debt Instruments to Clients in a fair and equitable manner over time to create a well-constructed, fully-invested portfolio of Bank Loans and other Corporate Debt Instruments as quickly as possible, in order to minimize the effects of under-investment, while adhering to a Client's investment objectives and restrictions. Since The Adviser's CLO clients have varying and complex investment restrictions coupled with the constraining mechanics of the Bank Loan market, (including, but not limited to minimum denominations with respect to assignment size in terms of purchase and sale transactions), and in certain cases, limited market supply and demand where allocation of trades through methods such as pro-rata allocation are not feasible. Therefore, the allocation of Bank Loans to various accounts is generally based on factors such as the Client's investment restrictions and objectives including third party credit ratings, relative size of Client including the cash availability on an absolute and a relative basis, the Client's acceptance or rejection of prospective investments, if applicable, and the relative percentage of invested assets of a Client's portfolio, among others. In addition, during periods when new accounts (which includes the "warehousing period" prior to the closing of a new CLO) are being initially invested in Bank Loans (sometimes referred to as a Client's ramp-up period), Bank Loans may be disproportionately (and, at times, exclusively) allocated to such new account. The length of the ramp up period will depend upon market conditions with respect to the availability of suitable investments. The Adviser's allocation decisions respecting the sale of corporate loans for Client accounts may also be made disproportionately, based upon, among other considerations, the relative amount of the Bank Loan held in an account and applicable restrictions on the minimum Bank Loan amount that may be assigned as well as the particular circumstances of a Client's portfolio relative to its investment policies and restrictions.

In addition to those allocation factors above, dedicated investment disciplines and

portfolios may receive all or a larger percentage of a partially filled transaction if the security is generally the primary investment vehicle for the portfolio account. For example, a client with a Bank Loan strategy (such as a CLO) may receive a greater allocation of a partially executed Bank loan transaction than a client with a high yield bond strategy. This is because the Bank Loan strategy client account (such as a CLO) invests a greater percentage of its assets in Bank loans, while the high yield bond strategy client account can only place a limited percentage of its assets in Bank loans.

Item 13 – Review of Accounts

13.A. Frequency and Nature of Review

The Portfolio Manager (with the assistance of the Credit Analysts) seeks, first, to review the portfolio with respect to determining the existence and extent of fundamental credit concerns as well as the credit's relative value (utilizing such factors as ratings and coupon). Although the primary purpose of The Adviser's Investment Committee is to approve new proposed credits, the Investment Committee may also be involved in the review of portfolios from time to time. The Portfolio Manager, with the assistance of the Operations personnel will frequently review the status of the CLO portfolio's compliance with the many investment guidelines and restrictions and develop specific investment strategies to meet any issues that may develop. The Portfolio Manager will also consider overall changes in the macro-view as well as market liquidity concerns in his review of the portfolio. These reviews may lead to "sell" decisions as well as "buy" decisions. In addition to the review process described above, all available members of the investment team (i.e. Portfolio Manager and Credit Analysts) participate in daily meetings each morning, which typically include an update on market conditions, a review of news impacting the credits in the portfolios, and a review of the investment pipeline and opportunities. The investment team typically holds monthly portfolio review meetings to review monthly performance and discuss current economic performance and recent performance in the equity, bond and loan markets and what changes, if any, should be made to the portfolios as a result. There are in-depth discussions of certain selected individual portfolio positions.

13.B. Factors That May Trigger an Account Review Outside of Regular Review

The Adviser typically does not have a significant amount of accounts. As a result, generally, client accounts are reviewed as needed. However, with respect to individual Bank Loans, special attention will be given to those Bank Loans which have

demonstrated pricing and/or rating volatility, or other signs of credit risk or improvement (such as a material proposed amendment). Ultimate investment decision-making authority for managed accounts is exercised by the Portfolio Manager.

13.C. Content and Frequency of Reports

All of The Adviser's discretionary (as well as non-discretionary) Clients currently employ independent trustees, custodians and third party accounting service providers in connection with the portfolio managed by the Adviser. These third party service providers produce client packages on a monthly basis that include data concerning performance. The performance metrics provided by the independent parties are set forth in each of the Clients' governing documents. These packages are disseminated to holders of the securities issued by the CLOs for which The Adviser serves as investment advisor as well as certain other interested parties. The Adviser generally provides various data and market commentary periodically for its discretionary accounts and less often for its non-discretionary accounts.

Should The Adviser's future clients elect not employ a third party accounting service provider, The Adviser will provide portfolio information monthly. This information would generally include positions in the portfolio at month end, segregated by industry, and monthly performance and transactions. The Adviser would, in all probability, provide commentary to accompany this information quarterly. In all instances, the Portfolio Manager is generally available on a daily basis to answer investor inquiries regarding portfolio management, performance and operational issues.

Item 14 – Client Referrals and Other Compensation

The Adviser does not currently have an arrangement with any third-parties (or affiliated entities) to pay a fee for Client referrals as permitted by Section 206(4)-3 under the Advisers Act of 1940, as amended and subject to the requirements of that Rule to the extent applicable. These fees typically involve payment by the Adviser of a portion of its investment management fee and/or performance fee.

Item 15 – Custody

At the present, The Adviser does not have custody with regard to Client Assets. The Adviser only serves as Investment Adviser (or Collateral Manager) and does not serve as General Partner or the like for any of its Clients.

Item 16 – Investment Discretion

The Adviser anticipates that most Clients will grant The Adviser full discretionary authority to manage the Client's account, including discretion with regard to corporate loan (and other securities) selection, purchase and sale, transaction terms and timing and the selection of agent banks, dealers and brokers. In all cases, The Adviser's discretion is limited by each Client's investment guidelines and The Adviser's internal policies. Clients may separately negotiate limitations on The Adviser's discretion or include such limitations in account investment guidelines. All such account investment guidelines and restrictions will be set forth in writing.

A Client's guidelines (which may take the form of the Memoranda and other Fund Documents of the Funds and investment management agreements for separately managed accounts) may include criteria such as (but not limited to): (1) credit worthiness of an issuer of a security; (2) industry allocation; (3) minimum coupon; (4) minimum third party credit ratings; (5) average maturity; (6) maximum maturity; (7) issuer concentration.

Under certain circumstances (such as the end of a CLO's reinvestment period), The Adviser's discretion over purchasing and selling corporate loans and other securities may be limited or eliminated altogether. In such instances, investment discretion will likely not be assumed by the Client or another party. The Adviser classifies CLO Clients as "Non-Discretionary" once the CLO has reached the end of its reinvestment period (which is generally 5 to 7 years after its inception although it could be earlier).

Item 17 – Voting Client Procedures

Although The Adviser's Clients have very limited exposure to public equity investments, The Adviser recognizes its fiduciary responsibility to vote proxies solely in the best interests of its clients with the overall goal of maximizing the growth of its clients' assets. Toward that end, The Adviser has developed proxy voting guidelines, which its Portfolio Manager and Credit Analysts use to vote proxies, if any, for securities held in Client accounts.

The Adviser generally votes proxies in furtherance of maximizing the short-term value of securities in respect of which proxies are solicited. As a general rule, The Adviser very rarely receives proxy solicitations since the Adviser's clients do not hold many equity positions. Generally speaking, The Adviser only manages equity positions when it receives them as a Work-Out security. Typically, the investment guidelines of the accounts under which The Adviser operates do not provide for the

discretionary investment in equity and equity like securities. From time to time, The Adviser may receive proxy solicitations in the context of reorganizations of borrowers in which equity securities are received in exchange for defaulted loans and/or bonds from the independent custodian. The Adviser considers each proxy proposal on its own merits, and it makes an independent determination as to the advisability of supporting or opposing management's position. The Adviser believes that the recommendations of management should be given substantial weight, but it will not support management proposals that it believes are detrimental to maximizing the short-term value of its Clients' positions.

The Adviser would usually oppose proposals that dilute the economic interest of shareholders, reduce shareholders' voting rights or otherwise limit their authority. With respect to takeover offers, The Adviser would vote for the merger, acquisition or leveraged buy-out if the offer approaches or exceeds the value estimate.

Any Client of The Adviser may obtain a copy of The Adviser's complete proxy voting policy as well as information regarding how its shares were voted by contacting Graydon Wilcox at (213) 621-3712.

Item 18 – Financial Information

18.A. Advance Payment of Fees

The Adviser does not require the advance payment of fees.

18.B. Financial Condition

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about The Adviser's financial condition. The Adviser has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

18.C. Bankruptcy Proceedings

The Adviser has not been the subject of a bankruptcy proceeding.