
Apollo Capital Management, L.P.

FORM ADV PART 2A

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This brochure (“Brochure”) provides information about the qualifications and business practices of Apollo Capital Management, L.P. (“Apollo Capital Management”). If you have any questions about the contents of this Brochure, please contact us at (212) 515-3200. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. Additional information about Apollo Capital Management is also available on the SEC’s website at www.adviserinfo.sec.gov.

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

ITEM 2

Material Changes

Apollo Capital Management routinely makes changes throughout its Brochure in an effort to improve and clarify the descriptions of its and its affiliates' business practices and compliance policies and procedures or in response to evolving industry and firm practices.

Set forth below are those changes that Apollo Capital Management believes reflect material changes since its last annual update of this Brochure filed on March 30, 2016:

- Item 5 – Fees and Compensation: Updated information and disclosure regarding fees, specifically the treatment of fees received from a management consulting agreement upon a change of control of a portfolio investment.
- Item 10 – Other Financial Industry Activities and Affiliations: Apollo Global Management, LLC (“AGM”, and together with its affiliates, “Apollo”) has established and provided seed capital for Redding Ridge Holdings LP (“RR Holdings”), a Cayman Islands exempted limited partnership, its wholly owned subsidiary Redding Ridge Asset Management LLC (“RRAM”), a Delaware series limited liability company, and their affiliates to facilitate compliance with Section 15G of the Securities Exchange Act of 1934 (the “Exchange Act”) as amended by Section 941 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) (collectively, the “U.S. Risk Retention Rules”). The U.S. Risk Retention Rules require a sponsor of a securitization transaction (or its “majority-owned affiliate”) to retain at least 5% of the economic interest in the credit risk of the securitized assets. RRAM acts as the sponsor of each U.S. collateralized loan obligation (“CLO”) in which it acts as collateral manager, co-collateral manager, sub-manager or servicer and holds the risk retention interest. RRAM has independently registered with the SEC as an investment adviser.

Apollo provides certain services to RR Holdings and RRAM. These services include, but are not limited to, credit research, loan sourcing, relationship introduction, structuring and financing, middle and back-office support, legal, tax, compliance and risk support. Interests in RR Holdings are held by Apollo Principal Holdings VII, L.P., a Delaware limited partnership and indirect subsidiary of AGM, certain private investment funds managed by subsidiaries of AGM and certain third party investors. RRAM primarily advises and holds “risk retention” interests in CLOs and related CLO warehouse vehicles (“CLO Warehouses”).

- Item 9 – Disciplinary Information: On August 23, 2016, without admitting or denying any wrongdoing, certain related persons of Apollo Capital Management consented to the entry of an order to cease and desist from committing or causing any violations and future violations of Section 206(2) and 206(4) of the Advisers Act and Rules 206(4)-7 and 206(4)-8 thereunder.

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ITEM 4

Advisory Business

Apollo Global Management, LLC, a Delaware limited liability company, is a global alternative investment manager that is publicly listed on the New York Stock Exchange under the symbol “APO.” Founded in 1990, Apollo is led by its managing partners, Leon Black, Joshua Harris and Marc Rowan, who have worked together for more than 30 years. Apollo’s primary business is to raise, invest and manage private equity, credit and real estate funds as well as single investor funds (“SIFs”) and managed accounts, on behalf of pension, endowment and sovereign wealth funds and other institutional and individual investors. Apollo has three primary business segments: (1) *Private Equity*, which primarily invests in control equity and related debt instruments, convertible securities and distressed debt investments; (2) *Credit*, which primarily invests in non-control corporate and structured debt instruments including performing, stressed and distressed investments across the capital structure; and (3) *Real Estate*, which primarily invests in real estate equity for the acquisition and recapitalization of real estate assets, portfolios, platforms and operating companies and real estate debt including first mortgage and mezzanine loans, preferred equity and commercial mortgage backed securities.

Apollo Capital Management is primarily engaged in managing Apollo’s credit business and controls the investment and collateral managers (collectively, with Apollo Capital Management, the “Apollo Credit Managers”) to the funds, SIFs (collectively referred to as “Apollo Credit Funds”) and separately managed accounts that fall within Apollo’s credit business segment. The Apollo Credit Managers also serve as the investment managers to a number of special purpose vehicles through which the Apollo Credit Funds have invested. The Apollo Credit Funds, separately managed accounts and co-investment vehicles structured to facilitate investments by affiliated and third party co-investors alongside Apollo Credit Funds (“Co-Investment Vehicles”) are collectively referred to as “Clients.” The Apollo Credit Managers are registered with the SEC as investment advisers relying on Apollo Capital Management’s investment adviser registration pursuant to the SEC’s Division of Investment Management staff guidance issued in a no-action letter dated January 18, 2012.

As described in Item 10, the Apollo Credit Managers are affiliated with the managers of Apollo’s private equity and real estate business segments (collectively, with Apollo Credit Managers, the “Apollo Managers”). The Apollo Managers serve as the investment managers to the Apollo Credit Funds and several other funds, SIFs and managed accounts (collectively referred to as “Apollo Funds”). The Apollo Managers intend to conduct their activities in accordance with the Advisers Act and the rules thereunder. Any employees of the Apollo Managers and any other persons acting on their behalf are and shall be subject to the supervision and control of Apollo Capital Management or its affiliates, as applicable.

Investment Advisory Relationship

The advisory relationship between each Client and the Apollo Credit Manager is governed by their respective investment management agreement (each, a “Management Agreement”). Management Agreements are generally negotiated among related parties and, as such, their terms, including the fees payable to the Apollo Credit Managers, may not be as favorable to the Clients as if they had been negotiated with an unaffiliated third party. However, note that certain

limited partners or shareholders negotiate terms (including Management Fees payable to the Apollo Credit Managers and carried interest payable to applicable general partners) through the negotiation of the limited partnership agreement, side letters or similar documents.

The Apollo Credit Managers offer advice to Clients that invest in instruments that are consistent with the respective Client's investment strategy and objective, including, without limitation:

<ul style="list-style-type: none"> • senior secured and unsecured debt, including senior secured bank debt 	<ul style="list-style-type: none"> • first lien and second lien debt
<ul style="list-style-type: none"> • subordinated debt 	<ul style="list-style-type: none"> • mortgage securities
<ul style="list-style-type: none"> • real estate debt 	<ul style="list-style-type: none"> • senior debt
<ul style="list-style-type: none"> • high-yield debt 	<ul style="list-style-type: none"> • synthetic securities
<ul style="list-style-type: none"> • commercial loans, including performing and distressed, non-performing loans 	<ul style="list-style-type: none"> • structured investment products including residential mortgage-backed securities, commercial mortgage-backed securities, asset-backed securities, CLOs and collateralized debt obligations ("CDOs").
<ul style="list-style-type: none"> • trade and credit derivatives, including swaps 	<ul style="list-style-type: none"> • direct financings
<ul style="list-style-type: none"> • equity 	<ul style="list-style-type: none"> • bank loans
<ul style="list-style-type: none"> • private fixed income 	<ul style="list-style-type: none"> • life insurance-related products
<ul style="list-style-type: none"> • aircraft-related investments 	<ul style="list-style-type: none"> • shipping-related investments
<ul style="list-style-type: none"> • energy-related investments 	<ul style="list-style-type: none"> • distressed credit
<ul style="list-style-type: none"> • short positions (in debt or equity) 	<ul style="list-style-type: none"> • alternatives

In addition, some of the Apollo Credit Managers, either directly or indirectly through a special purpose vehicle, cause their Clients to engage in total return swaps which allow Clients to derive the economic benefit of owning an asset without retaining legal ownership of such asset. Finally, in connection with certain investments, the Apollo Credit Managers employ hedging techniques designed to reduce the risks of adverse movements in interest rates, securities prices and currency exchange rates.

Except in limited circumstances, the Apollo Credit Managers have full discretionary authority with respect to the investment decisions of their Clients; however, their advice is provided in accordance with the investment objectives and guidelines set forth in each Client's governing documents, which may include, but is not limited to, the applicable offering memorandum, private placement memorandum, prospectus, partnership agreement, limited liability company agreement or similar organizational document or Management Agreement ("Governing Documents").

The investments of the Apollo Credit Funds and of other Clients may be subject to certain diversification and geographic limitations set forth in the applicable Client's Governing Documents. The Apollo Credit Managers also enter into side letters with certain limited partners of the Clients that impose further restrictions on investing in certain types of securities, countries,

geographies or businesses with respect to such limited partner in order to meet certain legal, tax, regulatory, internal policy or other requirements or requests of such limited partner, subject to certain exceptions set forth in such Governing Documents.

Apollo Capital Management's broad credit business is organized into five core investment strategies: (1) performing credit; (2) opportunistic credit; (3) structured credit; (4) non-performing loans; and (5) private origination. A description of each investment strategy is set forth below.

1. Performing Credit – The performing credit group includes Clients that primarily focus on income-oriented, senior loan and bond investment strategies in both the U.S. and Europe. The performing credit group also includes CLOs that Apollo Capital Management manages internally.

2. Opportunistic Credit – The opportunistic credit group primarily focuses on credit investment strategies that are generally less liquid in nature. The opportunistic Clients primarily invest in a broad array of primary and secondary opportunities encompassing performing, stressed and distressed public and private securities primarily within corporate credit, including senior loans, high yield, mezzanine, debtor in possession financings, rescue or bridge financings, loan originations and other debt investments. Additionally, certain opportunistic Clients will selectively invest in aircraft, shipping, energy and structured credit investment opportunities and certain Clients may seek to originate loans. For certain specific investments and general strategies, leverage can be employed by having fund subsidiaries or special purpose vehicles incur debt or by entering into credit facilities or other debt transactions to finance the acquisition of various credit investments.

3. Structured Credit – The structured credit group includes Clients that primarily focus on structured credit investment strategies that target multiple tranches of structured securities with what are generally favorable and protective lending terms, predictable payment schedules, well diversified portfolios and low historical defaults. These strategies include investments in externally managed CLOs, residential mortgage-backed securities, CDOs and other structured instruments, including insurance-linked securities and longevity-based products.

4. Non-Performing Loans – The non-performing loan group includes Clients that primarily invest in European portfolios of non-performing and other impaired or illiquid asset portfolios and related investments, which arise through the acquisition, management and resolution of non-performing, illiquid and impaired asset portfolios. Certain of the non-performing loan investment vehicles own captive pan-European loan servicing and property management platforms.

5. Private Origination – The private origination group includes Clients that primarily invest in loans, including, but not limited to, second lien term loans, mezzanine loans, private high yield debt, private investment grade debt, asset-backed loans, leveraged loans, real estate loans, rediscount loans, venture loans and bridge loans, particularly in the context of transactions that require certainty of financing. This strategy focuses on originating private debt both directly with sponsors and through banks in the U.S. markets, but also targets European and certain other markets.

Athene Asset Management, L.P. and Apollo Co-Investment Capital Management, LLC (both of which are described below) cause their Clients to invest in some or all of these five core investment strategies.

Athene Asset Management, L.P. – Athene Asset Management, L.P. (“**AAM**”) is a subsidiary of Apollo Capital Management. AAM is registered with the SEC as an investment adviser relying on Apollo Capital Management’s investment adviser registration. AAM generally acts as investment adviser to Athene Holding Ltd. (“**Athene Holding**”) and certain of its insurance and re-insurance company subsidiaries (collectively, the “**Athene Group**”), certain accounts of insurance companies that are re-insurance clients of the Athene Group (with respect to investment accounts related to such re-insurance arrangements) and third party insurance company managed accounts. AAM also acts as subadviser to certain Apollo Funds and creates, on behalf of one or more of its managed accounts, investment vehicles to facilitate certain investments and in which such accounts invest. Certain members of AAM’s management have an ownership stake in AAM. AAM, either directly or through the use of subadvisers (including affiliate and third party subadvisers), manages primarily fixed income and alternative investments. Please see Item 10 for additional information regarding AAM.

Apollo Co-Investment Capital Management, LLC – Apollo Co-Investment Capital Management, LLC is a wholly owned subsidiary of Apollo Capital Management that serves as the investment manager for various Co-Investment Vehicles structured to facilitate investments by affiliated and third party co-investors alongside Apollo Credit Funds.

Subject to the allocation considerations discussed in Item 6 below, the Apollo Credit Managers offer opportunities for co-investment from time to time. Co-investment opportunities are offered to persons or firms who Apollo Credit Managers or their affiliates believe will be of benefit to Clients (each, a “**Co-Investor**”). Generally, such persons or firms also provide a strategic sourcing or similar benefit to an Apollo Credit Manager, Client, portfolio investment of a Client or an affiliate of a Client.

The Apollo Credit Managers do not invest in any of the Apollo Credit Funds. However, Apollo’s principals, officers and employees and certain Apollo affiliates have direct and indirect investments of their own capital in certain Apollo Funds through employee Co-Investment Vehicles, direct investments, deferred compensation agreements, performance allocation and carried interest.

Single Investor Funds and Managed Accounts – SIFs and managed accounts are established to facilitate investments by third-party institutional investors directly in Clients and other securities. SIFs and managed accounts provide such investors with greater levels of transparency, liquidity and control over their investments.

The Apollo Credit Managers have entered into partnerships directly or indirectly with investors that commit significant capital to a range of Apollo’s platform of products, investment ideas and asset classes over a duration that is generally longer than the term of a typical Client. These arrangements include an Apollo Credit Manager’s granting certain preferential terms to such investors, including a waiver or reduction of management fees and/or blended management fees

and carried interest rates that are lower than those applicable to or in the Clients in which such SIFs or managed accounts invest.

The preferential terms provided to investors in certain SIFs and managed accounts are generally not subject to “most favored nation” provisions in the applicable Client’s Governing Documents. For example, when an investor in a SIF or managed account invests in a Client on the same general terms as other investors in that Client, but receives a lower blended management fee or carried interest rate because of the relationship of the investor in the SIF or managed account to Apollo as a whole, the lower blended fees (and any other preferential terms received by the investor) will not be subject to the Client’s “most favored nation” provisions. In addition, an investor in a SIF or managed account is represented by members on certain Client advisory boards. Potential conflicts of interest involving members of a Client’s advisory board are discussed in Item 10.

The information provided above about the investment advisory services provided by the Apollo Credit Managers is qualified in its entirety by reference to the relevant Client’s applicable Governing Documents.

As of December 31, 2016, Apollo Capital Management manages \$125,043,084,621.51 on a discretionary basis and \$12,319,412,965.08 on a non-discretionary basis.

ITEM 5

Fees and Compensation

Management Fees

The Apollo Credit Managers and their affiliates are generally entitled to receive management fees (“Management Fees”) from Clients. The specific payment terms and other conditions of the Management Fees available to the Apollo Credit Managers are set forth in the applicable Governing Documents, side letters and/or fee agreements. Such fees are generally payable to the Apollo Credit Managers monthly, quarterly or annually in arrears as set forth in the applicable documents. However, certain Clients pay Management Fees monthly or quarterly in advance.

Management Fees paid to Apollo Credit Managers for services provided to the Apollo Credit Funds are generally based on capital contributions, net asset values or other similar metrics as opposed to capital commitments. Because the Apollo Credit Managers will not receive Management Fees from such Apollo Credit Funds until capital is drawn, there is an incentive for the Apollo Credit Managers to call capital or to invest such Apollo Credit Funds’ capital earlier than they would have if Management Fees were based on capital commitments.

Management Fees are generally paid to the Apollo Credit Managers by deducting such fees from the applicable Client account or directly billing the Client.

Performance-Based Compensation

Certain Apollo Credit Managers or the affiliated general partner receive performance-based compensation (e.g., carried interest and incentive fees). The specific payment terms and other conditions of the performance-based compensation available to the Apollo Credit Managers or

affiliated general partner are also set forth in the Governing Documents, side letters and/or fee agreements.

Generally, performance-based compensation payable to the Apollo Credit Manager or affiliated general partner is payable quarterly, annually or more frequently in arrears on a deal-by-deal basis. In the case of an Apollo Credit Fund structured as a hedge fund, however, performance-based compensation is generally payable to the applicable general partner in arrears.

The general partners or similar persons of each Apollo Credit Fund structured as a hedge fund receive performance-based incentive fees, as opposed to carried interest distributions. Incentive fees are generally calculated on an annual basis and take into account both net realized and unrealized capital appreciation of the net asset value of the applicable Apollo Credit Fund, subject to certain net loss carry-forward (known as a “high water mark”) and/or other hurdle provisions (such as a preferred return). Once realized, such fees are generally not subject to a clawback.

Certain limited partners or investors may negotiate terms (including fees and expenses payable to the Apollo Credit Managers) through Governing Documents, side letters or similar documents.

The Governing Documents of the Apollo Credit Funds generally provide that the general partner allocates capital from the capital accounts of limited partners to pay Management Fees and performance-based compensation to the applicable Apollo Credit Manager and/or the general partner of the Apollo Credit Fund. The general partners of the Apollo Credit Funds generally elect to apply distributable proceeds from the sale of an investment to pay Management Fees.

The applicable general partner and/or the applicable Apollo Credit Manager generally have the unilateral discretion to waive or modify the application of certain provisions of the Governing Documents for an Apollo Credit Fund with respect to an investor (including those related to fees, performance allocations, transparency and withdrawals) without obtaining the consent of any other investor. The applicable general partner and Apollo Credit Manager generally waive all Management Fees and performance-based compensation for investments by Apollo principals and employees of the Apollo Credit Managers, as well as for their family members.

Certain collateral management fees in connection with CLOs and CDOs are payable only to the extent that funds are available and in accordance with the priority of payments described in the CLOs’ and CDOs’ indentures. Apollo Credit Managers to CLOs and CDOs also receive an incentive fee as set forth in the CLOs’ or CDOs’ indentures. Incentive fees are also only payable to the extent that funds are available for such purpose on each payment date in accordance with the priority of payments described in the CLOs’ or CDOs’ indentures.

Apollo Credit Managers from time to time charge CLOs and CDOs fees for liquidation services and structuring services. For liquidation services, fees may be based on a percentage of the proceeds of the liquidation or a fixed fee. Structuring fees are paid upon the closing of the formation of certain CLOs or CDOs.

Fees charged to managed accounts and SIFs are individually negotiated with the investor participating in the managed account or SIF and generally are set forth in such account’s applicable Governing Documents.

Expenses Charged to Clients

Organizational Expenses. Subject to its Governing Documents, each Client pays or otherwise bears all fees, costs, expenses and other liabilities incurred in connection with the formation and organization of, or sale of interests in, such Client, its general partner or similar person and/or investment manager, including commissions, costs, and all out-of-pocket legal, accounting, filing, capital raising, printing, electronic database, travel (which may include expenses for the use of private aircraft, first class or business class travel), accommodations, meals and other similar fees, costs and expenses (collectively, the “Organizational Expenses”). Governing Documents for certain Clients include a limit on the amount of Organizational Expenses that are to be borne by the Client. In addition, Organizational Expenses associated with a Co-Investment Vehicle organized in connection with a particular portfolio investment may be borne by such portfolio investment, and therefore, indirectly by investors in such portfolio investment, including the applicable Client and such Co-Investment Vehicle.

Operating Expenses. Subject to its Governing Documents, each Client pays or otherwise bears all of the direct and indirect fees, costs, expenses, liabilities and obligations resulting from or arising in connection with its operations (collectively, the “Operating Expenses”). In certain circumstances and subject to the applicable Governing Documents, Operating Expenses will be paid by the portfolio investment of a Client to the Apollo Credit Manager or its affiliates.

The Operating Expenses of a particular Client are set forth in its Governing Documents and/or through side letters and may include, without limitation, the following fees, costs and expenses related to or arising from:

- (i) the discovery, evaluation, investigation, development, acquisition or consummation, ownership, maintenance, monitoring, hedging or disposition of portfolio investments, which includes, without limitation:
 - brokerage commissions;
 - clearing and settlement charges;
 - private placement fees;
 - syndication fees;
 - solicitation fees;
 - arranger fees;
 - sales commissions;
 - pricing and valuation fees, including appraisal fees;
 - research fees;
 - underwriting commissions and discounts;
 - interest and investment fees;
 - transaction fees;
 - breakup fees;
 - investment banking fees;
 - advisory fees;
 - bank charges;

- other investment costs and expenses related to closing, execution and transaction costs;
 - custodial, trustee, transfer agent, recordkeeping and other administrative fees;
 - origination fees;
 - commitment fees;
 - servicing fees;
 - rating agency fees; and
 - collateral management fees, facility fees, float fees or similar fees;
- (ii) services rendered to, or in connection with, financing provided to, issuers of securities (such as arranger, brokerage, placement, syndication, solicitation, or underwriting, agency, origination, sourcing, structuring, collateral management or other fees, discounts, spreads, commissions and concessions) paid to (x) any service provider affiliated with AGM, certain Clients and/or their portfolio investments who provide services to Clients, or their portfolio investments and/or third parties (each, an “Affiliated Service Provider”) or (y) another person with respect to services rendered by such Affiliated Service Provider;
- (iii) services paid to or otherwise borne by a portfolio investment or issuer of any securities that constitute a portfolio investment that the applicable Client does not own a 50.1% interest in;
- (iv) any investments and/or securities that are managed by either the general partner or manager of such Client or any of their respective affiliates (including an investment in another Client) that are acquired by such Client (including Management Fees, Operating Expenses, incentive allocation and/or carried interest) earned by any such person or that are otherwise borne by such investments and/or securities;
- (v) any credit facility, guarantee, letter of credit or similar credit support or one or more other similar financing transactions involving such Client and/or any investment, including interest arising out of such borrowings and indebtedness;
- (vi) the evaluation of potential portfolio investments (irrespective of whether any such investment is ultimately consummated), including diligence, broken deal expenses and reverse breakup fees;
- (vii) attending conferences in connection with the evaluation of potential portfolio investments or business sector opportunities, irrespective of whether any such investment is ultimately consummated);
- (viii) risk management assessments and analyses of such Client’s assets;
- (ix) any other expenses of investments that are not consummated, which may include certain advisory, transaction, closing, consulting and other similar fees paid to the manager of such Client or such manager’s affiliates and other persons;

- (x) any travel-related expenses (which includes travel expenses for the use of private aircraft, first class or business class travel) related to or arising from the discovery, evaluation, investigation, development, acquisition, consummation, ownership, maintenance, monitoring, hedging or disposition of investments, including potential investments;
- (xi) taxes and other governmental charges incurred or payable by such Client;
- (xii) the services of actuaries, accountants, advisors, auditors, administrators, brokers (including prime brokers), counsel, custodians, valuation experts and other service providers that provide services to such Client and legal expenses incurred in connection with claims or disputes related to unconsummated or proposed investments;
- (xiii) the services of professionals (including Apollo Investment Consulting, LLC, an affiliate of Apollo and other U.S. or non-U.S. entities utilized by affiliates of Apollo, which facilitates strategic arrangements with, or engagements (including an independent contractor or employment basis) of, industry executives, advisors, consultants, operating executives, subject matter experts or other individuals or entities acting in a similar capacity) who provide services to such Client, its portfolio investments or to issuers of securities. Such arrangements are negotiated on an arms-length basis and the Apollo Credit Managers have sole discretion to determine whether a Client shall engage such services;
- (xiv) obtaining research and other information for the benefit of such Client, information service subscriptions, as well as expenses incurred to operate and maintain market information systems and information technology systems used to obtain such research and other information (such as phone and internet charges);
- (xv) developing, implementing or maintaining computer software and technological systems for the benefit of such Client, its investors or its investments (including potential portfolio investments);
- (xvi) maintaining such Client and any of its subsidiary entities, including fees, costs and expenses incurred in the organization, operation and restructuring of such subsidiary entities;
- (xvii) insurance allocated to such Client (including Apollo's group insurance policy, general partner's, directors' and officers' liability or other similar insurance policies, errors and omissions insurance, financial institution bond insurance and any other insurance for coverage of liabilities to any person that are incurred in connection with activities of such Client), litigation expenses, (including expenses incurred in connection with the investigation, prosecution, defense, judgment or settlement of litigation) and other extraordinary expenses (including fees, costs and expenses that are classified as extraordinary expenses under U.S. generally accepted accounting principles ("GAAP"));

- (xviii) preparation of all reports to such Client's investors, advisory board or equivalent (including all fees, costs and expenses incurred to audit such reports, provide access to a database or other internet forum and for any other operational, legal, secretarial or postage expenses relating thereto or arising in connection with the distribution of the same) and any other financial, tax, accounting or fund administration reporting functions (including expenses associated with the preparation of financial statements, tax returns and Internal Revenue Service Schedules "K-1" or any successors thereto and the tax matters partner's representation of such Client or its investors);
- (xix) any meetings of the Client, the Client's investor(s), the Client's advisory board, the Client's board of directors, committees or conflicts review agent (including expenses for airfare, accommodations, meals, events, entertainment and other similar fees, costs and expenses);
- (xx) such Client's indemnification obligations (including any fees, costs and expenses incurred in connection with indemnifying covered persons consistent with such Client's Governing Documents and advancing fees, costs and expenses incurred by such covered persons in defense or settlement of any claim that may be subject to a right of indemnification under such Client's Governing Documents);
- (xxi) compliance with any applicable law, rule or regulation or directive, including the European Union Alternative Investment Fund Manager Directive ("AIFMD") or any other regulatory requirement (including regulatory filings, "blue sky" filings and related out-of-pocket or other expenses of such Client, its general partner or similar person and/or investment adviser, including, but not limited to, Form PF filings and any compliance or filings related to any such law, regulation or directive) and expenses related to or in connection with any governmental inquiry, investigation or proceeding involving such Client (including the amount of any judgments, settlements or fines paid in connection therewith), which includes legal fees, costs and expenses;
- (xxii) a default by a defaulting investor of such Client to the extent not paid by the defaulting investor;
- (xxiii) a sale, assignment, pledge or transfer of an investor's interest in such Client or an investor's withdrawal, admission or acquisition of interests as permitted under such Client's Governing Documents to the extent not paid by the applicable investor and/or the purchaser, assignee, pledgee or transferee;
- (xxiv) any amendments, modifications, revisions or restatements to the Governing Documents of such Client or its general partner or similar person and/or investment adviser;
- (xxv) any distributions to investors;
- (xxvi) such Client's borrowings and indebtedness (including interest and the fees, costs and expenses incurred in obtaining lines of credit, loan commitments and letters of

credit for the account of such Client), secured by mortgage, pledge or other lien on any assets of the Client or otherwise encumbering assets in connection with or in furtherance of the acquisition of all or a portion of or the financing of an investment;

- (xxvii) administration and operation of such Client, including the preparation and maintenance of the books and records of such Client (including internal costs that the manager of such Client incurs to produce such Client's official books and records, external costs in cases where the manager hires a third-party administrator to maintain such Client's official books and records and any costs of the manager to oversee and manage such third-party administrator) and any special purpose vehicles, including fees and expenses incurred in the organization of special purpose vehicles;
- (xxviii) the dissolution, winding up and termination of such Client;
- (xxix) such Client's feeder funds and subsidiary entities;
- (xxx) such Client's investors that are feeder funds or conduit vehicles that are formed for the purpose of investing in the Client and not affiliates of the Apollo Credit Managers;
- (xxxi) negotiating, entering into and compliance with side letters and "most favored nations" election processes; and
- (xxxii) any fees, costs or expenses related to co-investments (irrespective of whether such co-investments are ultimately consummated), such as broken deal expenses and reverse break-up or termination fees, that are not borne by actual or prospective Co-Investors.

The foregoing categories of fees, costs, expenses and other liabilities are generally considered Organizational Expenses and Operating Expenses, respectively, regardless of whether the person or entity providing the service giving rise to such fees, costs, expenses or other liabilities is associated with the Client (such as the general partner (or similar person) of such Client, its investment adviser or any of their respective affiliates) or is a third party. Any person associated with the Client is entitled to reimbursement from such Client or its portfolio investment for any Operating Expenses or Organizational Expenses paid and/or incurred by them on behalf of such Client. Apollo Credit Managers have discretion to seek reimbursement for Organizational Expenses and Operating Expenses and may choose not to seek reimbursement from certain Clients. If any service provider provides services to a Client on the property of an Apollo Credit Manager, such Client may also be responsible for any overhead, rent or other fees, costs and expenses charged by an Apollo Credit Manager in connection with the on-site arrangement.

The Apollo Credit Managers from time to time enter into arrangements with service providers that provide for fee discounts for services rendered to the Apollo Credit Managers and their affiliates. For example, certain law firms retained by Apollo Capital Management discount their legal fees for certain legal services, such as legal advice in connection with firm operational, compliance and related matters. To the extent such law firms also provide legal services to

Clients, such Clients also enjoy the benefit of such fee discount arrangements. Legal services rendered for investment transactions, however, are typically charged to the Apollo Credit Managers and their Clients without a discount or at a premium. Legal fees for unconsummated transactions are generally charged at a discount.

Not all Clients are subject to the same fees, costs and expenses. For example, the Apollo Credit Managers enter into arrangements with, and compensate unaffiliated third parties for investor referrals to the Apollo Credit Funds. These solicitation arrangements will be fully disclosed to affected investors and will generally be consistent with the requirements of Rule 206(4)-3 under the Advisers Act. Generally, the terms of such arrangements vary and allow the Apollo Credit Manager to cause the applicable Apollo Credit Fund to pay the solicitor or placement agent a placement fee equal to a percentage of the Management Fee borne by each investor introduced to an Apollo Credit Fund by the solicitor or placement agent and reimburse such solicitor or placement agent for expenses incurred by either of them in connection with such arrangements. In these cases, and where contemplated by the applicable Governing Documents, the applicable Apollo Credit Manager reduces its Management Fee on a dollar-for-dollar basis to the extent any such placement agent fees and related costs and expenses are borne by the Client.

Allocation of Expenses. The Apollo Credit Managers and their affiliates from time to time incur fees, costs and expenses on behalf of one or more Clients. To the extent such fees, costs and expenses are incurred for the account for the benefit of more than one Client, each Client bears an allocable portion of any such fees, costs and expenses generally in proportion to the size of its investment in the activity or entity to which the expense relates (subject to the terms of each Client's applicable Governing Documents) or in such other manner as the Apollo Credit Manager considers fair and equitable under the circumstances. Apollo Credit Managers endeavor to allocate such fees, costs and expenses on a fair and equitable basis over time. See also "Terms of Co-Investments" in Item 6. Notwithstanding the foregoing, the Apollo Credit Managers may in the future develop policies and procedures to address the allocation of expenses that differ from its current practice. In most cases, Apollo's Expense Allocation Steering Committee is responsible for the expense allocation methodologies for Apollo and the Clients managed by the Apollo Credit Managers. For example, approximately 90% of the premiums with respect to Apollo's group professional liability insurance policy are currently allocated among all Clients covered under such policy, while the remaining portion is borne by Apollo.

Special Fees and Management Fee Offsets

Certain Apollo Credit Managers or their affiliates receive management consulting fees, investment banking fees, advisory fees, breakup fees, directors' fees, closing fees, transaction fees related to the negotiation of the acquisition of a portfolio investment and similar fees (including interest, commitments or other fees received in connection with a bridge financing), whether in cash or in kind, including options, warrants and other non-cash consideration, in connection with certain Clients' actual or contemplated investments (collectively, "Special Fees").

Management consulting fees typically consist of recurring fees paid to an Apollo Credit Manager for providing consulting services to portfolio investments. Depending on the Governing Documents of a Client or investor side letters and/or fee agreements, management consulting

fees generated in connection with a given investment may be applied up to 100% to reduce the Management Fees payable by the Client(s) that participated in that investment.

In the event of an initial public offering, change of control or other disposition of the portfolio investment, management consulting fees will continue to be paid so long as the applicable Client continues to hold an other than *de minimis* position in such portfolio investment and the Apollo Credit Managers continue to provide the consulting services.

However, where the Apollo Credit Managers hold a *de minimis* position or have divested themselves completely from the position and no longer provide consulting services to the portfolio investment, the Apollo Credit Managers will not receive early termination fees or accelerated management consulting fees without the approval of the Client's advisory board. In the absence of an advisory board, the investors, majority in interest of such investors or duly appointed representatives of the applicable Client provide such approval.

For purposes of determining the reduction in Management Fees for any given Client with respect to a given investment, Special Fees (if any) are allocated pro rata among the participating Clients and any Co-Investors (including funds, separate accounts or Co-Investors managed, advised, sourced or placed by the Apollo Credit Managers or one or more of their affiliates) based on their respective proposed commitments to or shares of the capital provided for that investment (or, if the investment is not made, that would have been provided).

Special Fees not allocated to a participating Client, fee-paying Co-Investor or a Client without a management fee offset (such as a non-fee paying Co-Investor) will be retained by the applicable Apollo Credit Manager. Generally, Special Fees are first allocated pro rata among Clients participating in the portfolio investment giving rise to such Special Fees based on their respective proposed commitments to or shares of the capital provided for such portfolio investment (or, if such portfolio investment is not made, that was expected to be provided). Once the Client has been allocated its pro rata portion of such Special Fees, such fees are further allocated pro rata among all of the investors in such Client based on their respective proposed commitments to or shares of the capital provided for such portfolio investment (or, if such portfolio investment is not made, that was expected to be provided) and the amount so allocated to the management fee-bearing investors is applied to reduce the amount of management fees payable to the extent provided in the Clients Governing Documents.

If amounts to be applied to reduce the Management Fees paid by such management fee-bearing Clients in any fiscal quarter exceed the Management Fee payable for such fiscal quarter, such excess is typically credited against the Management Fee payable in the next fiscal quarter and each succeeding fiscal quarter thereafter until the entire amount of the excess has been credited. To the extent such excess is greater than the amount of Management Fees due for all future periods, such excess generally will be for the benefit of the Apollo Credit Manager or credited to investors depending on the Clients' governing documents.

Certain Clients' applicable Governing Documents do not contemplate the allocation of Special Fees as described above. Apollo Credit Managers may elect to give such Clients the benefit of an offset. In such case, certain Management Fee-bearing Clients and/or Co-Investors (or the

Management Fee-bearing investors in a Client) will not be allocated more than their pro rata portion, as applicable.

The following fees paid to affiliates of Apollo Credit Managers generally do not constitute Special Fees and are, therefore, generally not applied to offset Management Fees:

- (i) Operating Expenses;
- (ii) Organizational Expenses;
- (iii) salary, fees or other compensation of any nature paid by a portfolio investment to any individual (or to such Client's investment adviser or one of its affiliates with respect to such individual) who acts as an officer of, or in an active management role at, such portfolio investment (including industry executives, advisers, consultants, operating executives, subject matter experts, sourcing consultants or other persons acting in a similar capacity engaged or employed by Apollo Consulting but excluding investment professionals employed by Apollo primarily engaged in the investment activities of Clients) and any fees, costs or expenses paid to Apollo Consulting itself;
- (iv) fees, costs and expenses, such as arranger, brokerage, placement, syndication, solicitation or underwriting, agency, origination, sourcing, structuring, collateral management, special purpose vehicle (including any special purpose vehicle of a portfolio investment), subsidiary management or loan administration advisory, commitment, facility, float or other fees, discounts, spreads, commissions and concessions, but not merger and acquisition transaction advisory services fees related to the negotiation of the acquisition of a portfolio investment paid to an Affiliated Service Provider or another person with respect to services rendered by an Affiliated Service Provider;
- (v) fees, costs and expenses for any and all services whatsoever (including transaction advisory services) paid or otherwise borne by any portfolio investment or issuer of any securities that constitute a debt investment or an investment with respect of which no Apollo affiliate exercises direct control with respect to the decision to engage the services giving rise to such fees, costs and expenses;
- (vi) amounts earned by or for the account of any other Clients (directly or indirectly) through an expenses offset mechanism;
- (vii) fees, costs, expenses or other amounts or compensation (including Management Fees, Operating Expenses, incentive allocation and/or carried interest) earned by any person or otherwise borne with respect to investments and/or securities that are managed by such Client's investment manager or any of their respective affiliates (including an investment in another Client) that are acquired by the Client in the secondary market;
- (viii) fees, costs, expenses or other amounts or compensation earned by any person or otherwise borne with respect to investments or transactions that are otherwise consented to or approved by such Client's advisory board; and

- (ix) fees costs and expenses determined in good faith by the Apollo Credit Managers to be similar in nature to any of the above mentioned ones.

ITEM 6

Performance-Based Fees and Side-by-Side Management

The Apollo Credit Managers and their affiliates receive performance-based compensation (e.g., carried interest and incentive fees), Management Fees and other fees from Clients. Although there are certain exceptions, each affiliate of an Apollo Credit Manager serving as a general partner of an Apollo Credit Fund is generally entitled to receive performance-based compensation from such Fund. The receipt of performance-based compensation from Clients creates an incentive for the Apollo Credit Managers to make more speculative investments on behalf of Clients than they might otherwise make in the absence of such performance-based compensation. Performance-based compensation also incentivizes the Apollo Credit Managers to overvalue assets in order to increase the amount of its performance-based compensation.

As discussed in Item 5, the Apollo Credit Managers charge Management Fees to Clients that vary. Different Management Fees incentivize Apollo Credit Managers to dedicate increased resources and allocate more profitable investment opportunities or better investment ideas to Clients who are charged Management Fees (or performance-based compensation arrangements) that are more profitable for the Apollo Credit Managers. Further, the Apollo Credit Managers are incentivized to allocate investment opportunities to Clients who either pay carried interest or a higher carried interest percentage to their general partners or to Clients whose current performance does not require them to reimburse investors for losses attributable to prior unprofitable investments before distributing carried interest to their general partners.

The Apollo Credit Managers have adopted and implemented policies and procedures described below to mitigate conflicts of interest relating to the management of multiple Clients with varying types of fee arrangements.

Investment Allocations

Allocation Among Clients. The Apollo Credit Managers are committed to allocating investment opportunities among their Clients in a manner that, over time, is on a fair and equitable basis and have adopted policies and procedures to guide the determination of such allocations. Those policies and procedures seek to mitigate the potential that an Apollo Credit Manager will allocate investment opportunities to Clients in a self-interested manner.

The Apollo allocation policies and procedures have established:

- (i) the AGM allocations committee (the “AGM Allocations Committee”) to, among other things: (a) determine the suitability of a potential investment opportunity for a particular Client, taking into consideration the factors discussed below; (b) review any opportunities involving potential third-party Co-Investors and any opportunities involving a multi-strategy managed account; (c) review the actions taken by sub-committees of the AGM Allocations Committee (the “Allocations Sub-Committees”) and conflicts of interest that cannot be resolved by the Allocations Sub-Committees; and (d) review such conflicts that cannot be resolved by the portfolio managers,

- resolve potential conflicts of interest that arise where multiple Clients hold interests (including outright positions in issuers and exposure to such issuers derived through any synthetic and/or derivative instrument) in multiple tranches of securities of any issuer (or other interests of an issuer) or multiple Clients having interests in the same tranche of an issuer;
- (ii) the Allocations Sub-Committees to (a) review and approve proposed allocations of investment opportunities among Apollo business units; and (b) review the allocation of opportunities to Apollo Funds; and
 - (iii) allocation guidelines on which such committees generally base their allocation decisions.

AAM's allocations committee ("AAM Allocations Committee") is responsible for monitoring and overseeing the development, implementation and effective operation of AAM's allocation policy and related procedures.

Generally, an investment opportunity will be allocated to a Client if the opportunity reasonably falls within such Client's mandate or is otherwise deemed suitable by the relevant portfolio manager, investment committee, AGM Allocations Committee, an Allocations Sub-Committee or the AAM Allocations Committee. If an investment opportunity falls within the mandate of, or is otherwise deemed suitable for, two or more Clients and it is not possible to fully satisfy the investment interest of all such Clients, the investment opportunity will generally be allocated pro rata based on the size of each Client's original investment interest. The size of each Client's investment interest is generally based on each Client's available capital or net asset value.

However, many other factors influence order allocation decisions, including, without limitation:

- (i) the relative, actual or potential exposure of any particular Client to the type of investment opportunity in terms of its existing investment portfolio;
- (ii) the investment objective, guidelines or restrictions of such Client;
- (iii) cash availability, suitability, instructions from a Client, whether a purchase is being made for a specific Client, permitted leverage and available financing for the investment opportunity (including, without limitation, taking into account the levels/rates that would be required to obtain an appropriate return);
- (iv) the likelihood of current income;
- (v) the size, liquidity and duration of the investment opportunity;
- (vi) the seniority of an investment and other capital structure criteria;
- (vii) with respect to an investment opportunity originated by a third party, the relationships of a particular Client (or the portfolio manager) to or with such third party;
- (viii) tax, accounting, risk based capital and/or asset/liability management considerations;

- (ix) legal or regulatory considerations;
- (x) supply or demand for an investment opportunity at a given price level;
- (xi) a Client's risk or investment concentration parameters (including, without limitation, parameters such as geography, industry, issuer, volatility, leverage, liability duration or weighted average life, asset class type or other similar risk metrics);
- (xii) whether a Client is able to commit to invest all capital required to consummate a particular investment opportunity;
- (xiii) prior relationships a Client may have with an investment opportunity, including whether the investment opportunity is a follow-on investment or upsize to an existing investment;
- (xiv) whether the vehicle is in the process of fundraising or is open to redemptions (in which case, notions of net asset value and available capital may be subjectively adjusted to account for anticipated inflows or redemptions);
- (xv) relationships among Clients, such as whether Clients have parent/subsidiary relationships or whether a Client's economic exposure has been swapped to or otherwise assumed by one or more other parties (e.g., in the case of a Cedent Company (as defined in Item 10) and one or more re-insurers); and
- (xvi) whether an investment opportunity requires additional consents or authorizations from a Client or third parties; and
- (xvii) such other criteria reasonably related to an allocation of a particular investment opportunity to one or more Clients (e.g., in the case of a Client ramp-up period, liquidation period or when incubating a particular investment strategy or product or the investment period or term of a Client).

In determining whether an investment opportunity falls within a Client's mandate, the relevant portfolio manager, investment committee, AGM Allocations Committee, Allocations Sub-Committees or the AAM Allocations Committee, as appropriate, will take into consideration that:

- (i) multiple Clients have overlapping investment objectives;
- (ii) the applicable legal documents of each Client disclaim, to greater or lesser degrees, the obligation to offer such Client investment opportunities that fall within its investment objective or mandate;
- (iii) Apollo Capital Management endeavors to not systematically disadvantage any Client;
- (iv) the investment objectives of a particular Client may change over time;

- (v) the ultimate character of an investment opportunity (i.e., its risk/reward profile) may not become clear until a great deal of diligence and analysis has been completed by the portfolio manager pursuing such investment opportunity;
- (vi) investment opportunities that are outcomes of heavily-negotiated transactions are capable of being structured in a variety of ways, each of which presents its own particular risk/reward profile; and
- (vii) a Client may have more than one mandate.

To the extent a Client's participation in an investment opportunity that is otherwise suitable for another Client would cause the investment to become subject to requirements and restrictions of AIFMD that could have an adverse impact on all participating investors, Apollo Credit Managers may determine to exclude a Client or the investors in such Client from participating in the investment opportunity.

There can be no assurance that the application of the foregoing allocation policies will result in the allocation of a specific investment opportunity to a Client or that a Client will participate in all investment opportunities falling within its investment objective. Such considerations may result in allocations of certain investments among Client accounts on other than a pro rata basis.

Please see Item 10 for a limited exception to these allocation policies that may exist where AAM and other Apollo Managers invest in the same strategies for different Clients.

The investment allocation policies and procedures may be amended at any time.

Allocation of Co-Investment Opportunities. The Apollo Credit Managers or their affiliates, in their discretion, may offer opportunities to co-invest alongside one or more Clients to Co-Investors in light of, among other things, the considerations described above. Such co-investments are typically structured through Co-Investment Vehicles organized to facilitate such investments.

The Apollo Credit Managers and their affiliates allocate co-investment opportunities among Co-Investors in any manner they deem appropriate, taking into account those factors that they deem relevant under the circumstances, including, but not limited to:

- (i) whether a prospective Co-Investor has expressed an interest in participating in co-investment opportunities (e.g., by such investor's side letter);
- (ii) the character or nature of the co-investment opportunity (e.g., its size, structure, geographic location, relevant industry, tax characteristics, timing and any contemplated minimum commitment threshold);
- (iii) the level of demand for participation in such co-investment opportunity;
- (iv) the ability of a prospective Co-Investor to analyze or consummate a potential co-investment opportunity on an expedited basis;

- (v) certainty of funding and whether a prospective Co-Investor has the financial resources to provide the requisite capital;
- (vi) the investing objectives and existing portfolio of the prospective Co-Investor;
- (vii) whether a prospective Co-Investor is a person whom the relevant Apollo Credit Manager believes will be of benefit to a Client or one or more portfolio companies or who may provide a strategic sourcing or similar benefit to Apollo, the Client, a portfolio investment or one or more of their respective affiliates due to industry expertise, regulatory expertise, end user expertise or otherwise;
- (viii) the reporting, public relations, competitive, confidentiality or other issues that may also arise as a result of the co-investment;
- (ix) the legal, tax or regulatory constraints to which the proposed investment is expected to give rise; and
- (x) Apollo's own interests.

With respect to allocations influenced by Apollo's own interests, there may be a variety of circumstances where Apollo may be incentivized to afford co-investment opportunities to one Co-Investor over another. For example, depending on the fee structure of the co-investment opportunity, if any, Apollo may be economically incentivized to offer such co-investment opportunity to certain Co-Investors over others based on its economic arrangement with such Co-Investors. Additionally, Apollo may be contractually obligated to offer certain Co-Investors a minimum amount of co-investment opportunities or otherwise bear adverse economic consequences for failure to do so.

In any event, no person (including any limited partner, shareholder or other investor of any Client) other than a Client should have any expectation of receiving an investment opportunity or will be owed any duty or obligation in connection therewith and Clients (and their respective limited partners, shareholders or other investors) should only have such expectations to the extent required by their Governing Documents (including, if applicable, their side letters).

The Co-Investment Order. Certain Clients have overlapping investment strategies with other Clients, including other Clients that are registered under the Investment Company Act of 1940 ("Company Act") (such registered Clients, the "Apollo Registered Funds"). To the extent specific investment opportunities are appropriate for a Client and one or more Apollo Registered Funds, in addition to being subject to the allocation policies and procedures summarized above, the opportunity will also be subject to the exemptive order Apollo has received from the SEC (the "Co-Investment Order"). The Company Act generally prohibits Apollo Registered Funds from co-investing with other Clients where non-price terms are negotiated (such as financial and negative covenants, guarantees and collateral packages and indemnification provisions). The Co-Investment Order permits Apollo to negotiate, among other things, these types of provisions for co-investment opportunities that involve the participation of both non-registered Clients and Apollo Registered Funds. Reliance on the Co-Investment Order is subject to certain terms and conditions, including, among others, internal notification of investment opportunities, independent determination by senior members of each applicable Apollo Registered Fund as to

appropriateness of each applicable investment, enhanced record keeping and, where applicable, involvement of independent directors of the applicable Apollo Registered Funds.

There can be no assurance that the Co-Investment Order will facilitate the successful consummation of investment opportunities that Apollo believes are now available to Clients as a result of the Co-Investment Order. In addition, there is also no assurance a Client will be able to participate in all investment opportunities pursued under the Co-Investment Order that are within its investment objectives. As a result of the Co-Investment Order, there will be a need to allocate investment opportunities across a larger amount of available capital. As such, the allocations available to Clients for investment opportunities that are subject to the Co-Investment Order may be adversely affected because of the participation of Apollo Registered Funds. Investment opportunities that are subject to the Co-Investment Order are also subject to additional policies and procedures as a result of the participation of the Apollo Registered Funds, which may delay deal execution and adversely impact the ability of Clients to deploy capital.

Terms of Co-Investments. Co-investments will generally be made at substantially the same time as a Client's investment and on economic terms at the investment level substantially no more favorable to such Co-Investors than those on which the Client invests and any such co-investment generally will be sold or otherwise disposed of at substantially the same time as the Client's disposition of its interest in such investment and on economic terms at the investment level substantially no more favorable to such Co-Investors than those on which the Client disposes of its interest in such investment. However, the Apollo Credit Managers may determine in good faith that other terms, proportions or timing are advisable due to legal, tax, regulatory or similar considerations or limitations, or advisable in order to facilitate a transaction. The Apollo Credit Managers may determine that these terms will not apply to investments by certain categories of Co-Investors, including management or employees of the relevant portfolio investment, preexisting investors in such portfolio investment or joint venture partners with respect to such portfolio investment.

Compensation Associated with Co-Investments. The Apollo Credit Managers and/or any of their affiliates have discretion to: (i) receive performance-based compensation, Management Fees, or other similar fees from Co-Investors and (ii) collect customary fees in connection with actual or contemplated portfolio investments that are the subject of such co-investment arrangements. In addition, in connection with any such co-investment, the Apollo Credit Managers or any of their affiliates will retain the portion of the Special Fees allocable or otherwise attributable to investments in portfolio investments by any such Co-Investors, whether or not such portfolio investments are consummated. The Apollo Credit Managers or their affiliates may make an investment, or otherwise participate, in any vehicle formed to structure a co-investment to facilitate, among other things, receipt of such performance-based compensation, Management Fees or other similar fees.

Expenses Associated with Co-Investments. With respect to consummated co-investments, Co-Investors will bear their pro rata share of fees, costs and expenses related to, among other things, the discovery, investigation, development, acquisition, consummation, ownership, maintenance, monitoring, hedging and disposition of their co-investments or the Co-Investment Vehicles through which they participate. With respect to a proposed co-investment that is not consummated, Co-Investors that are contractually committed to participate in such proposed co-

investment and that agree to bear their share of any fees, costs or expenses that were incurred in connection with such proposed co-investment, including breakup fees or broken deal expenses, will bear their share of such expenses. However, in instances where Co-Investors have not yet contractually committed to a proposed co-investment or that do not agree to bear any such fees, costs or expenses, any such fees, costs and expenses shall be considered Operating Expenses and be borne by the Client to the extent the applicable Governing Documents of such Client permit such treatment or where disclosure of such treatment was made to the investors in such Client prior to their investment therein. To the extent such expenses cannot be borne by such Client, the applicable Apollo Credit Managers shall bear these expenses.

In the event that Co-Investors actually participate in a consummated co-investment through one or more Co-Investment Vehicles, they will generally bear their pro rata share of the aggregate Organizational Expenses of all such vehicles. In addition, Organizational Expenses associated with a Co-Investment Vehicle organized in connection with a particular portfolio investment are borne by such portfolio investment, and therefore, indirectly by investors in such portfolio investment, including, without limitation, the applicable Client and such Co-Investment Vehicle. Co-Investors may receive compensation arrangements relating to the investment, including incentive compensation arrangements, where such Co-Investors include one or more members of a portfolio investment's management group. Finally, some of the Co-Investors with whom Clients co-invest may have pre-existing investments with Apollo. The terms of those pre-existing investments may differ from the terms upon which such persons may invest with Clients.

Over-Commitment. In order to facilitate an investment, an Apollo Credit Manager or one or more of its affiliates may, on behalf of itself or one or more of its Clients, make or commit to make an investment that exceeds the desired amount with a view to selling a portion of such investment to Co-Investors or other Clients prior to or after the closing of the acquisition. In such event, Clients bear the risk that any or all of the excess portion of such investment may not be sold or may be sold on unattractive terms. As a consequence, the applicable Clients may bear the entire portion of any fees, costs and expenses related to such investment including, but not limited to, breakup fees and hold a larger than expected portion of such investment and may realize lower than expected returns from such investment. The Apollo Credit Managers endeavor to address such risks by requiring such investments to be in the best interests of their Clients, regardless of whether any sell-down ultimately occurs. None of the Apollo Credit Managers or any of their affiliates will be deemed to have violated any duty or other obligation to Clients or any of their respective investors by engaging in such investment and/or sell-down activities.

Investment Valuation and Realization

The existence of performance-based compensation and varying levels of Management Fees creates a potential conflict of interest in valuing investments and there will be situations in which the Apollo Credit Managers are potentially incentivized to influence or adjust the valuation of Client assets. For example, the Apollo Credit Managers could be incentivized to: (i) employ valuation methodologies that improve a Client's track record; (ii) minimize losses from investments that have experienced a permanent impairment that must be returned prior to an affiliate receiving a carried interest; or (iii) for certain Clients, employ valuation methodologies that give rise to a higher valuation in order to increase fees, such as in the case of a Management

Fee that is calculated as a percentage of the value of such Client's assets. The Apollo Credit Managers have adopted the following policies to address these potential conflicts.

Valuation of Client Assets. Certain assets owned by or managed for Clients are those for which there is no, or only a limited, liquid market and the fair value of such assets may not be readily determinable. There is no assurance that the value assigned to an investment at a certain time will accurately reflect the value that will be realized upon the eventual disposition of the investment.

Except as described below, Apollo Credit Managers seek to comply with GAAP and to apply Accounting Standards Codification 820 ("ASC 820") and other relevant Financial Accounting Standards Board ("FASB") statements and guidance to the valuation of their Clients' assets and liabilities. Financial reporting that is compliant with GAAP is required to follow the requirements for valuation set forth in ASC 820, "Fair Value Measurements and Disclosures", which defines and establishes a framework for measuring fair value under GAAP and expands financial statement disclosure requirements relating to fair value measurements. In particular, the Apollo Credit Managers intend to apply the ASC 820 requirement that the fair value of an asset must reflect any restrictions on the sale, transfer or redemption of such asset—a requirement which may result in the imposition of a discount when determining the fair values of assets that are subject to such restrictions. ASC 820 and other accounting rules applicable to investment funds and their assets are evolving, and additional FASB statements and guidance and additional provisions of GAAP that may be adopted in the future may impose additional or different specific requirements as to the valuation of assets and liabilities for purposes of GAAP-compliant financial reporting. Such changes may adversely affect Clients. For example, to the extent that the rules governing the determination of the fair market value of assets change, such changes may increase the cost of fair market valuations or reduce the availability of third party determinations of fair market value.

Generally, Apollo Credit Managers seek to apply GAAP when such fair value determinations are made, except as otherwise set forth in a Client's applicable Governing Documents. For example, for certain Clients GAAP is not applied to the valuation of exchange-traded securities held (i) directly by Clients as portfolio investments or (ii) indirectly by Clients through special purpose vehicles or other entities not considered to be portfolio investments of such Clients. In those cases, the exchange-traded securities are valued for purposes of the calculation of the pro forma return ratio based on their average trading prices during the fifteen day period prior to and following the measurement date. Conversely, exchange-traded securities held by Clients indirectly through portfolio investments are valued in accordance with GAAP.

Where a Client is a private equity style fund, the Client's private equity-like assets may be valued at fair value or at an amount other than GAAP fair value (for example, historical cost) for financial statement reporting purposes unless the asset has suffered a permanent impairment in value for purposes of calculating fees and carried interest distributions. Valuing assets at other than GAAP valuations may result in the Apollo Credit Managers receiving higher (or lower) Management Fees than would otherwise be received if assets were valued at fair value. In addition, valuing assets at an amount other than fair value may result in the general partner of an Apollo Credit Fund receiving a higher (or lower) carried interest distribution or performance allocation than it would if assets are valued at fair value. If Client assets are valued at other than

fair value, the Client's Governing Documents generally disclose the applicable valuation methodology.

Notwithstanding the foregoing, the Apollo Credit Managers may determine in certain instances to assign to a particular asset a value, determined pursuant to the applicable Client's Governing Documents, that differs from the value assigned to such asset for financial reporting purposes. In particular, the Apollo Credit Managers do not necessarily apply GAAP when determining whether an asset's decline in value is to be treated as significant and permanent for the purposes of determining distributions (including distributions of carried interest) and Management Fees payable to or by its Clients or, as discussed further below, when valuing certain exchange-traded securities.

Accordingly, to the extent that GAAP requires any Client's assets or liabilities to be valued in a manner that differs from the terms of such Client's Governing Documents, such assets or liabilities will be valued: (i) in accordance with GAAP, solely for purposes of preparing the Client's GAAP-compliant audited financial statements; and (ii) in accordance with the applicable Governing Documents (without regard to any GAAP requirements relating to the determination of fair value) for all other purposes (including, without limitation, for purposes of determining distributions and allocating gains and losses).

For certain Clients, the carried interest paid to such Client's general partner is subject to escrow in order to maintain a certain "pro forma return ratio." This ratio compares the amounts held in the escrow account, plus the fair value of all investments held by the Client, against unreturned capital contributions funded for investments, Management Fees, Operating Expenses, Organizational Expenses and placement fees.

Timing of Investment Realization. Distributions to the partners in the Apollo Credit Funds are generally calculated in a "deal-by-deal" waterfall and the general partner will not receive carried interest until the limited partners receive distributions equal to their share of writedowns not taken into account in prior distributions. This creates an incentive for the general partner and applicable Apollo Credit Manager to avoid writing down the value of assets that are not readily marketable or difficult to value, because the general partner will be in a position to receive a higher carried interest. In addition, in the case where distributions-in-kind are made to a Clients' investors, the general partner or applicable Apollo Credit Manager is incentivized to employ valuation methodologies that may give rise to a higher valuation of such assets. The Apollo Credit Managers have adopted Apollo's written valuation policies and procedures intended to address potential conflicts of interests that arise in respect of the valuation of its Clients' assets.

Carried interest distributions to the general partner or similar person of an Apollo Credit Fund become payable earlier if profitable investments are liquidated before unprofitable investments because such a waterfall does not permit any distributions of carried interest until after the cumulative amount of distributions has covered any prior losses associated with unprofitable investments. Further, in the "catch-up" period that occurs after investors have received the applicable priority return (typically set at 8 percent per year, compounded annually), the general partner or similar person of such Apollo Credit Fund entitled to carried interest will typically receive between 80 and 100 percent of distributions until such time as it receives 20 percent of the fund's cumulative profits. During this period, the general partner or similar person is

incentivized to bring realizations forward, lock in returns and stop the accrual of the priority return, even though the investors might achieve a better overall return if the Apollo Credit Fund retained the investment for a longer period of time.

To mitigate this conflict, the Governing Documents of the Apollo Credit Funds generally contain a requirement that the general partner or similar person make a commitment to the capital of the fund and include a “clawback” requiring the general partner or similar person to return excess distributions to investors (often at the end of the term of the fund) in the event that the general partner or similar person receives more than its carried interest percentage of profits on an aggregate basis over the life of the fund, each of which tends to mitigate the foregoing conflicts. As any clawback owed to investors of an Apollo Credit Fund is typically calculated on an after-tax basis under the applicable Governing Documents, investors may not ultimately receive their full share of profits that they would have otherwise received had there been no excess distribution to the general partner or similar person throughout the term of an Apollo Credit Fund.

In addition, the Apollo Credit Managers are incentivized to hold on to investments that have poor prospects for improvement in order to receive ongoing Management Fees in the interim and, potentially, a more likely or larger carried interest distribution if such asset’s value appreciates in the future. This incentive is increased by the presence of clawbacks in certain Clients where the general partner or similar person is under an obligation to return to the Client’s investors any excess carried interest distributions received by such general partner or similar person upon the Client’s termination.

Distribution in Kind. While the Governing Documents of a Client typically specify an investment period within which investments are to be consummated, there is generally more flexibility in the general partner’s or similar person’s discretion regarding when investments must be realized. In addition, a Client may make portfolio investments that are not advantageously disposed of prior to such Client’s dissolution, either by expiration of its term or otherwise. Although the Apollo Credit Managers expect that investments will be disposed of prior to dissolution or be suitable for in-kind distribution at termination, Clients may be forced to sell, distribute or otherwise dispose of portfolio investments at a disadvantageous time as a result of dissolution. Further, Clients’ Governing Documents do not typically impose a strict obligation on a Client’s general partner or liquidator to realize investments within a certain period of time after dissolution, and there can be no assurances with respect to the time frame in which the winding down and the final distribution of proceeds to investors will occur.

Subject to the Governing Documents of each Client, a Client may distribute interests or shares in a special purpose vehicle or liquidating trust, series or other entity to an investor to hold portfolio investments that may not be suitable for in-kind distribution. Pending the disposition of portfolio investments from such trust, series, entity or vehicle, the shares or interests received by the investor will be subject to asset-based or performance-based fees and other expenses.

Since assets distributed in kind are typically illiquid in nature, the potential conflicts of interest described under “Valuation of Client Assets” above will also apply. Such investments may not be readily marketable or saleable and may have to be held by investors for an indefinite period of time. Widespread holding of portfolio investments, particularly of private illiquid securities, may

also entail a significant administrative burden. In addition, the direct holding of certain investments may subject the holder to suit or taxes in jurisdictions in which such investments are located.

Reserves. The Governing Documents of most Clients provide that distributions, including final distributions, to investors are generally subject to reserves or holdbacks for estimated accrued expenses, liabilities and contingencies. In addition, investors would be required to return amounts distributed to them to, among other things, fund indemnification obligations. The applicable laws in certain jurisdictions require investors that received a distribution in error or in violation of such law to, under certain circumstances, re-contribute such distributions to the respective Clients.

ITEM 7

Types of Clients

The Apollo Credit Managers generally provide investment advice to pooled investment vehicles, SIFs and managed accounts. In addition, as discussed in Item 4 above, certain Apollo Credit Managers serve as investment advisers or collateral or administrative managers to CLOs, CDOs and other structured investment vehicles, residential real estate finance companies, insurance and re-insurance companies, re-insurance accounts and closed-end, non-diversified investment companies.

Generally, investors participating in Clients are required to meet certain suitability and net worth qualifications, such as (i) an “accredited investor” within the meaning of Rule 501 of Regulation D under the Securities Act of 1933, as amended (the “Securities Act”), (ii) a “qualified purchaser” as defined in Section 2(a)(51) of the Company Act or (iii) a “knowledgeable employee” within the meaning of Rule 3c-5 of the Company Act, depending on the applicable eligibility requirements of the respective Client.

The minimum investment for most Apollo Credit Funds is stated in the funds’ respective Governing Documents and is generally set at \$5 million. The general partners of the Apollo Credit Funds have discretion to waive the applicable minimum.

Clients advised by Apollo ST Debt Advisors LLC generally do not have a minimum investment size.

Investors in SIFs and managed accounts are institutional Clients with accounts in excess of \$50 million.

ITEM 8

Methods of Analysis, Investment Strategies and Risk of Loss

The following is a summary of the investment strategies and methods of analysis employed by the Apollo Credit Managers on behalf of Clients. This summary should not be interpreted to limit in any way Apollo Capital Management’s investment activities. Apollo Capital Management offers advisory services, provides advice with respect to investment strategies and makes investments, including those that may not be described in this Brochure, that Apollo Capital Management considers appropriate, subject to each Client’s investment objectives and

guidelines. Specific descriptions of such strategies and methods are included in each Client's Governing Documents. In the case of separate accounts managed by the Apollo Credit Managers, the investment strategies and methods of analysis employed on behalf of each managed account will be set forth in the Management Agreement between the managed account and the respective Apollo Credit Manager or in other related documents. There can be no assurance that the investment objectives of any Client will be achieved.

Methods of Analysis

The Apollo Credit Managers conduct research on prospective investments. Such research generally includes, among other things, a review of the company's financial statements, comparisons with similar public and private companies and analyzing relevant industry data (such as information on customers and suppliers). In conducting such research, the Apollo Credit Managers may consult the following sources of information: financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, annual reports, prospectuses, SEC filings, company press releases and any other material the Apollo Credit Managers deem relevant. For individual loans the Apollo Credit Managers may research credit history and for loan portfolios, the Apollo Credit Managers may research, among other things, payment and loss history, contractual terms and interest income. The Apollo Credit Managers may engage the services of experts and consultants to supplement their research.

Investment Strategies

Generally, a Client's investment strategy is outlined in its applicable Governing Documents. The Apollo Credit Managers' objective is to achieve attractive risk-adjusted returns across all economic cycles. On a firm-wide basis, Apollo's investment approach is value oriented, focusing on industries in which it has considerable knowledge and emphasizing downside protection and the preservation of capital. Apollo Credit Managers principally seek to make investments on behalf of their Clients that offer a compelling risk/reward, are undervalued by the markets and/or are priced at attractive yields. The Apollo Credit Managers develop investment strategies based upon the following distinguishing characteristics of Apollo's firm-wide business:

Integrated Business Model with Strong Credit Expertise. The Apollo Credit Managers and their affiliates rely on Apollo's partners' active participation in, and experience with, credit markets to gain understanding of transaction sourcing, investing, operating and exit opportunities. Apollo's private equity, credit and real estate businesses are operated on an integrated investment platform with no information barriers.

Flexible Approach to Investing Across Market Cycles. Apollo has consistently invested capital throughout economic cycles by focusing on opportunities that it believes are often overlooked by other investors. Its expertise in credit markets, focus on core industry sectors and investment experience allows Apollo to respond quickly to changing environments. Apollo pays close attention to the cycles that the core industry sectors are experiencing and is opportunistic in entering and exiting investments when the risk/reward profile is in Apollo's favor.

Client strategies involve a high degree of uncertainty. The possibility of partial or total loss of capital will exist in connection with such strategies, and investors should not invest unless they can readily bear the consequences of such loss.

Risk of Loss

Participation in Clients is only suitable for investors who have knowledge and expertise in financial and business matters and are capable of evaluating the merits and risks of an investment in a Client. The acquisition of interests or shares in an Apollo Credit Fund and the investments made by the Apollo Credit Funds and other Clients are highly speculative and may involve the risk of total loss of an investor's capital.

The following risk factors are those applicable to all Clients or their investors. These risk factors do not purport to be a complete list or explanation of the risks involved in each Client. The Governing Documents applicable to each Client typically include a more detailed summary of the material risks and the investment strategy for that Client and should be read in conjunction with the risk factors identified below.

No Assurance of Investment Returns. The Apollo Credit Managers cannot give Clients assurance that investments will generate returns or that returns will be commensurate with the risks of investing in the type of companies and transactions that fall within such Clients' individual investment objectives.

Substantial Fees and Expenses. Clients typically pay Management Fees, Organizational Expenses and Operating Expenses as set forth in their Governing Documents, side letters and/or fee agreements, whether or not they make any profits. While it is difficult to predict the future expenses of Clients, such expenses may be substantial. Please see Item 5 for additional information on fees and expenses.

Business and Market Risks. Investments may involve a high degree of business and financial risk, which could result in substantial loss to a Client. In particular, these risks could arise from changes in the financial condition or prospects of the entity in which the investment is made, changes in national or international economic and market conditions and changes in laws, regulations, fiscal policies or political conditions of countries in which investments are made, including the risks of war and the effects of terrorist attacks on security operations. The possibility of partial or total loss of capital will exist.

General Market Risks. Recent legal and regulatory changes may adversely impact Clients. The regulation of U.S. and non-U.S. securities, futures markets and investment funds has undergone substantial changes in recent years and such changes may continue. The effect of such new regulations on Clients could be substantial and adverse, and may subject Clients to increased capital requirements, fees, expenses and limits on the types of investors they may solicit. Laws and regulations can change quickly and unpredictably in a manner adverse to the Client's interests. As a result, Clients and/or the Apollo Credit Managers may be subject to unduly burdensome and restrictive regulations.

The financial services industry and the activities of private funds and their managers in particular, have been subject to increasing regulatory scrutiny. This may increase the exposure of

Clients to potential liabilities and additional legal, compliance and other related costs that, as a result, adversely affect the ability of Clients to achieve their investment objectives.

Hedging Policies/Risks. In connection with certain investments, Clients employ hedging techniques designed to reduce the risks of adverse movements in interest rates, securities prices, commodities prices, currency exchange rates, as well as other risks. While such transactions may reduce certain risks, hedging transactions themselves entail other risks. Thus, while Clients may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, securities prices, commodities prices, currency exchange rates or other factors may result in a poorer overall performance for Clients that enter into hedging transactions.

Regulation and Enforcement; Litigation. Clients are subject to U.S. and international regulations which could increase the costs associated with acquiring and operating Clients and the risk of regulatory examination, enforcement actions and third-party litigation. There can be no assurance that the Clients, their general partners, the Apollo Credit Managers or any of their affiliates will avoid regulatory examination, enforcement action or third-party litigation or adverse publicity relating to such a proceeding.

The Dodd-Frank Act, among other things, granted regulatory authorities such as the Commodity Futures Trading Commission (the “CFTC”), the SEC and the Consumer Financial Protection Bureau with broad rulemaking and enforcement authority to implement and oversee various provisions of the Dodd-Frank Act, including comprehensive regulation of the over-the-counter derivatives and consumer finance markets. These expanded powers have resulted in rules that could adversely affect Clients or investments made by Clients.

Title VII of the Dodd-Frank Act provided for a sweeping overhaul of the regulation of privately negotiated derivatives. The CFTC has been granted broad regulatory authority over “swaps,” which has been defined in the Dodd-Frank Act and related CFTC rules to include many derivatives. Title VII may affect a Client’s ability to enter into derivative transactions, may increase the costs in entering into such transactions, and may result in Clients entering into such transactions on less favorable terms than prior to effectiveness of the Dodd-Frank Act. For example, Clients may be required to clear certain interest rate hedging transactions by submitting them to a derivatives clearing organization. To the extent Clients are required to clear any such transactions, they will be required to, among other things, post margin in connection with such transactions. The occurrence of any of the foregoing events may have an adverse effect on Clients’ businesses and their financial returns. Additionally, the Dodd-Frank Act and the rules promulgated thereunder will require certain Clients to post margin with respect to certain non-cleared derivatives transactions. This requirement may also have an adverse effect on Clients’ businesses and their financial returns. Similar requirements and restrictions apply to international regulatory regimes, including in the European Union and throughout Asia.

Section 619 of the Dodd-Frank Act, more commonly known as the Volcker Rule, has been implemented by final interagency rules adopted in December 2013. Among other things, the Volcker Rule imposes new requirements on asset-backed securities, pooled investments in loans and other assets that U.S. banks and their affiliates are permitted to own. Although the conformance period for certain pre-2014 investments in private funds by banks has been extended to July 2017, the Volcker Rule may cause banks and their affiliates to divest existing

holdings and limit new investments in non-conforming securities, thereby limiting the marketability of asset-backed and pooled investments that do not meet the new requirements established by the Volcker Rule. This may result in reduced prices or illiquidity of portfolio assets.

Clients may also indirectly be affected by the regulation of banks and other financial services firms with which the Clients do business, from which they obtain financing or other services or to which they seek to sell interests in loan securitizations. The regulatory regimes applicable to financial services firms with which Clients do business may increase borrowing costs or limit the terms or availability of credit, affect the terms or pricing of loan securitizations, affect the collectability of loans or have other indirect effects such as mandatory creditor bail-in and resolution stays. As noted above, these regimes may also significantly regulate over-the-counter derivative trading and subject Clients to restrictions and regulations due to extraterritorial impact.

These new and expanded regulations and regulatory powers may reduce returns to investors in consumer and commercial loan portfolios as a result of, among other things, additional compliance and administrative expenses, failure to obtain full repayment on portfolio loans, administrative enforcement actions and fines by state or federal regulators and civil litigation against holders of loans and/or a reduction in the availability of appropriate loans for investment. Similarly, violations of law or regulation by the originators or servicers of consumer and commercial loans held directly or indirectly by investors could result in the originators or servicers being subject to administrative fines or penalties, borrower restitution obligations or other consequences that could negatively impact investors in such loans.

Apollo Credit Managers may participate in restructuring activities where Clients invest in distressed securities. It is possible that certain Clients will become involved in litigation with respect to creditor disputes and similar issues among classes of claimants. Litigation entails expenses and the possibility of counterclaims against such Clients including their general partners and respective Apollo Credit Managers and, ultimately, judgments may be rendered against a Client for which such Client does not carry insurance.

Risk Retention Rules. Under the U.S. Risk Retention Rules, an entity acting as a “sponsor” or a majority-owned affiliate (in each case as defined in the U.S. Risk Retention Rules) is generally required to retain at least 5% of the credit risk of the assets it securitizes. The European Union (“EU”) has a similar 5% risk retention requirement (the “EU Risk Retention Rules” and together with the U.S. Risk Retention Rules, the “Risk Retention Rules”) that is applicable to an entity acting as a “sponsor” or “originator” (in each case as defined in the EU Risk Retention Rules) where securities are issued in a securitization transaction are sold to certain EU investors such as credit institutions (including banks), investment firms, authorized alternative investment fund managers and insurance and reinsurance undertakings. Apollo Capital Management does not expect to engage in the types of investments or activities that would make it subject to the requirements of the Risk Retention Rules but may invest in securitizations sponsored by others, and may participate in a standalone asset management business structured so as to be capable of holding the retention interests required by the Risk Retention Rules. There has been no explicit guidance regarding any of the investments or activities contemplated by Apollo Capital Management, therefore, the regulatory environment in which it intends to operate is highly

uncertain. It is possible that Apollo Capital Management could be deemed to be engaging in the types of investments and activities that would subject it to the requirements of Risk Retention Rules. Additionally, the impact of the Risk Retention Rules on the securitization market is unclear and such rules may negatively impact the value of CLOs, securitizations and the underlying assets.

Monetary Policy and Governmental Intervention. The U.S. Federal Reserve (the “Federal Reserve”) and global central banks, including the European Central Bank, have – in addition to other governmental actions to stabilize markets and seek to encourage economic growth – acted to hold interest rates to historic lows. It cannot be predicted with certainty when or how, these policies will change, but actions by the Federal Reserve and other central bankers may have a significant effect on interest rates and on the U.S. and world economies generally, which in turn may affect the performance of the investments of Clients. Further financial crises may result in additional governmental intervention in the markets. In addition, the consequences of the extensive changes to the regulation of various markets and market participants contemplated by the legislation and increased regulation arising out of the financial crisis are difficult to predict or measure with certainty.

Non-U.S. Currency Risks. Certain Clients make investments that are denominated in non-U.S. currency and, therefore, are subject to the risk that the value of a particular currency will change in relation to one or more other currencies, including generally the currency in which the books of the Client are kept and currencies in which contributions and distributions generally will be made. Among the factors that may affect currency values are trade balances, the level of short term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. The Client will incur costs in converting investment proceeds from one currency to another. Apollo Credit Managers may, but are under no obligation to, employ hedging techniques to minimize these risks, although there can be no assurance that such strategies will be effective. Investments in any country in which U.S. dollars are not the local currency may be affected by such changes in the value of foreign exchange between the U.S. dollar and such currency. Such changes may have an adverse effect on the value, price or income of the investment to such investors. There may also be foreign exchange regulations applicable to investments in non-U.S. currencies in certain jurisdictions.

Alternative Investment Fund Managers Directive. AIFMD provides a framework for the EU to regulate managers of alternative investment funds that are not Undertakings for the Collective Investment of Transferable Securities (“AIFs”), but which are marketed or managed in the EU. It came into force on June 22, 2013, and was required to be implemented by member states (“EEA Member States”) of the European Economic Area (“EEA”) (in the case of EEA Member States that are not members of the EU, subject to AIFMD being incorporated into the EEA Agreement), by no later than July 22, 2013 (although some EEA Member States still have not fully transposed the AIFMD).

Since then, AIFMD has restricted the extent to which Clients can be marketed to potential investors in the EEA. AIFMD imposes significant regulatory requirements on investment managers operating within the EEA, including with respect to conduct of business, regulatory capital, valuations, disclosures and marketing and rules on the structure of remuneration for

certain personnel. AIFs (i) organized outside of both the EU and those of the additional EEA Member States which have implemented AIFMD and (ii) in which interests are marketed under AIFMD within the EEA, are subject to significant conditions on their operations.

In the immediate future, such AIFs may be marketed only in certain EEA jurisdictions and in compliance with requirements to register the AIF for marketing in each relevant jurisdiction and to undertake periodic investor and regulatory reporting including, among other items, the risk and portfolio profile of each Apollo Credit Fund which is marketed in that regulator's jurisdiction. Additional requirements and restrictions apply where AIFs invest in an EEA portfolio investment, including restrictions that may impose limits on certain investment and realization strategies, such as dividend recapitalizations and distributions and reorganizations. Such rules could potentially impose significant additional costs on the operation of Apollo Capital Management's business or investments in the EEA and could limit Apollo Capital Management's operating flexibility within the relevant jurisdictions.

In some countries, additional obligations are imposed: for example, in Germany and Denmark, marketing of a non-EEA AIF now also requires the appointment of one or more depositaries (with cost implications for the AIF). Depending on the activities of each Apollo Credit Fund, additional restrictions on investment activities may also apply if they are to be marketed to EEA investors. Accessing EEA investors may be more difficult and Client costs may increase to reflect the additional burdens.

In the longer term (late 2017 at the earliest), subject to non-European jurisdictions being granted equivalence status under AIFM, non-EEA Apollo Credit Managers of non-EEA AIFs may be permitted to voluntarily seek authorization under, and comply with the more detailed requirements of, AIFMD. If Apollo Capital Management is able to register a non-EEA manager under AIFMD, it will have more freedom to promote relevant non-EEA AIFs in the EEA, although this will be subject to full compliance with all the requirements of AIFMD, which include (among other things) satisfying the competent authority of the robustness of internal arrangements with respect to risk management, in particular liquidity risks and additional operational and counterparty risks associated with short selling; the management and disclosure of conflicts of interest; the fair valuation of assets; remuneration of staff; the capital base of the manager and the security of depository/custodial arrangements.

In order to manage and market EEA AIFs more broadly for and to EEA investors, an European alternative investment manager, Apollo Investment Management Europe LLP, was incorporated by Apollo in the UK on March 31, 2016, and obtained authorization from the UK Financial Conduct Authority (the "FCA") on October 28, 2016 to carry out activities regulated by the FCA (including managing and marketing AIFs). From January 2017, parallel European fund structures for certain clients have been managed by AIME (as defined below) and marketed by AIME's European FCA regulated affiliate, AMI (as defined below), as permitted under the AIFMD.

FCPA Considerations. The Apollo Credit Managers are committed to complying with the U.S. Foreign Corrupt Practices Act ("FCPA") and other anti-corruption laws, anti-bribery laws and regulations, as well as anti-boycott regulations, to which they are subject. As a result, Clients may be adversely affected because of their unwillingness to participate in transactions that violate such laws or regulations. Such laws and regulations may make it difficult in certain

circumstances for Clients to act successfully on investment opportunities and for portfolio investments to obtain or retain business.

In recent years, the U.S. Department of Justice and the SEC have devoted greater resources to enforcement of the FCPA. In addition, the United Kingdom has significantly expanded the reach of its anti-bribery laws. While the Apollo Credit Managers have developed and implemented policies and procedures designed to ensure strict compliance by the Apollo Credit Managers and their personnel with the FCPA, such policies and procedures may not be effective to prevent violations in all instances. In addition, in spite of the Apollo Credit Managers' policies and procedures, portfolio investments or other entities in which a Client is invested may engage in activities that could result in FCPA violations, particularly in cases where a Client does not control such portfolio company or investment. Any determination that an Apollo Credit Manager has violated the FCPA or other applicable anti-corruption laws or anti-bribery laws could subject it to, among other things, civil and criminal penalties, material fines, profit disgorgement, injunctions on future conduct, securities litigation and a general loss of investor confidence, any one of which could adversely affect the Apollo Credit Managers' business prospects and/or financial position, as well as a Client's ability to achieve its investment objective and/or conduct its operations.

Pay-to-Play Laws, Regulations and Policies. A number of U.S. states and municipal pension plans have adopted so-called "pay-to-play" laws, regulations or policies which prohibit, restrict or require disclosure of payments to (and/or certain contacts with) state officials by individuals and entities seeking to do business with state entities, including those seeking investments by public retirement funds. The SEC has adopted rules that, among other things, prohibit an investment adviser from providing advisory services for compensation to a government client for two years after the adviser or certain of its executives, employees or agents makes a contribution to certain elected officials or candidates. If any of the Apollo Credit Managers, any of their employees or affiliates or any service provider acting on their behalf fails to comply with such laws, regulations or policies, such non-compliance could have an adverse effect on Clients.

Possibility of Fraud and Other Misconduct of Employees and Service Providers. Misconduct by employees of the Apollo Credit Managers, service providers to Apollo Credit Managers or Clients and/or their respective affiliates could cause significant losses to such Clients. Misconduct may include entering into transactions without authorization, the failure to comply with operational and risk procedures, including due diligence procedures, misrepresentations as to investments being considered by such Clients, the improper use or disclosure of confidential or material non-public information, which could result in litigation, regulatory enforcement or serious financial harm, including limiting the business prospects or future marketing activities of such Clients and non-compliance with applicable laws or regulations and the concealing of any of the foregoing. Such activities may result in reputational damage, litigation, business disruption and/or financial losses to such Clients. The Apollo Credit Managers have controls and procedures through which they seek to minimize the risk of such misconduct occurring. However, no assurances can be given that the Apollo Credit Managers will be able to identify or prevent such misconduct.

Changes in Investment Focus. Clients may not be restricted in terms of the percentage of their capital that can be invested in a particular industry, geographical region or type of investment.

While a Client's disclosure and/or Governing Documents generally contain a description of the types of investments that other Clients have historically made and/or information about Apollo's expectations with respect to such Client, many factors may contribute to changes in emphasis in the construction of such Client's portfolio, including changes in market or economic conditions or regulation as they affect various industries and changes in the political or social situations in particular countries. There can be no assurance that the investment portfolio of any Client will resemble the portfolio of any prior Client.

Lack of Liquidity of Investments. Clients' portfolio investments generally consist primarily of debt investments, including, but not limited to, bonds, senior secured loans, unsecured loans, second lien loans, debtor-in-possession financings, delayed drawdown loans, and revolving bank loans. Loans are not generally traded on organized exchange markets but rather would typically be traded by banks and other institutional investors engaged in loan syndications. The liquidity of certain portfolio investments will therefore depend on the liquidity of this market. Trading in certain investments is subject to delays as transfers may require extensive and customized documentation, the payment of significant fees and the consent of the agent bank or underlying obligor. In addition, certain investments may be subject to legal or contractual restrictions or requirements that limit the Client's ability to transfer them or sell them for cash. The resulting illiquidity of these investments may make it difficult for a Client to sell such investments if the need arises. If a Client needs to sell all or a portion of its portfolio over a short period of time, it may realize significantly less value than the value at which it had previously recorded those investments. There can be no assurance that Clients will be able to generate returns for their investors or that the returns will be commensurate with the risks of investing in the types of instruments described herein. As noted above, there is a possibility of partial or total loss of capital as a result of such constraints.

Possible Lack of Diversification. Each Client may concentrate its portfolio investments by investing all of its assets in only a few issuers, industries or countries. By investing in a limited number of portfolio investments, the aggregate returns realized by a Client may be substantially affected by the unfavorable performance of a small number of such portfolio investments.

Leverage. Clients, in certain instances, borrow and utilize various other forms of leverage and expect to operate with a significant leverage ratio. Although leverage presents opportunities for increasing a Client's total return, it has the effect of potentially increasing losses as well. If income and appreciation on investments made with borrowed funds are less than the cost of the leverage, the total return of the leveraging Client will decrease. Accordingly, any event which adversely affects the value of a portfolio investment would be magnified to the extent a Client is leveraged. The cumulative effect of the use of leverage by Clients in a market that moves adversely to such Clients' investments or in the event portfolio investments experience credit quality deterioration could result in a substantial loss to Clients that could be substantially greater than if such Clients were not leveraged. In addition, contractual demands by lenders to a Client to reduce its leverage may force such Client to sell investments on an emergency basis at prices less than those obtainable in a more orderly liquidation. To the extent that a creditor has a claim on a Client, such claim would be senior to the rights of an investor in the Client. As a result, if a Client's losses were to exceed the amount of capital invested, an investor could lose its entire investment.

Financing Arrangements. To the extent a Client enters into financing arrangements, such arrangements may contain provisions that expose it to particular risk of loss. For example, any cross-default provisions could magnify the effect of an individual default. If a cross-default provision were exercised, this could result in a substantial loss for a Client. Also, Clients may enter into financing arrangements that contain financial covenants that could require them to maintain certain financial ratios or other metrics. If a Client were to breach the covenants contained in any such financing arrangement, it might be required to repay such debt immediately, in whole or in part, together with any attendant costs and the Client might be forced to sell some of its assets to fund such costs. Certain Clients may also be required to reduce or suspend distributions. Such covenants would also limit the ability of the Apollo Credit Manager or Client to adopt the financial structure (e.g., by reducing levels of borrowing) that it would have adopted in the absence of such covenants. In addition, pursuant to the partnership agreements of certain Clients, the general partner is permitted to pledge the capital commitments of the limited partners to secure financing arrangements for the Client. The limited partners may be required to honor their capital commitments to permit the Client to pay debt rather than to make investments.

Uncertainty of Financial Projections. As part of its due diligence of a potential investment, the Apollo Credit Manager for a Client investing in securities or interests in a company generally may do so on the basis of the company's financial projections. Projected operating results normally will be based primarily on management judgments. In all cases, projections are only estimates of future results that are based upon assumptions made at the time that the projections are developed. There can be no assurance that the projected results will be obtained and actual results may vary significantly from the projections. General economic conditions, which are not predictable, can have a material adverse impact on the reliability of such projections and the performance of any investment in such company.

Counterparty Risk. A number of the markets in which a Client may affect its transactions are "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange-based" markets. This exposes a Client to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing a Client to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where a Client has concentrated its transactions with a single or small group of counterparties. A Client is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. The ability of a Client to transact business with any one or number of counterparties, the lack of any meaningful and independent evaluation of such counterparties' financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by a Client.

Debt Instruments Generally. Clients should expect to invest predominantly in debt and credit-related instruments. Such debt may be unsecured and structurally or contractually subordinated to substantial amounts of senior indebtedness, all or a significant portion of which may be secured. Moreover, such debt investments may not be protected by financial covenants or limitations upon additional indebtedness and there is generally no minimum credit rating for

such debt investments. Other factors may materially and adversely affect the market price and yield of such debt investments, including investor demand, changes in the financial condition of the applicable issuer, government fiscal policy and domestic or worldwide economic conditions. It is likely that many of the debt instruments in which Clients invest have speculative characteristics. Generally, such securities offer a higher return potential than higher-rated securities, but involve greater volatility of price and greater risk of loss of income and principal. The issuers of such instruments (including sovereign issuers) may face significant ongoing uncertainties and exposure to adverse conditions that may undermine the issuer's ability to make timely payment of interest and principal. Such instruments are regarded as predominantly speculative with respect to the issuer's capacity to pay interest and repay principal in accordance with the terms of the obligations and involve major risk exposure to adverse conditions. In addition, an economic recession could severely disrupt the market for most of these instruments and may have an adverse impact on the value of such instruments. It also is likely that any such economic downturn could adversely affect the ability of the issuers of such instruments to repay principal and pay interest thereon and increase the incidence of default for such instruments.

Interest Rate Risk. Changes in interest rates can affect the value of a Clients' investments in fixed income instruments. Increases in interest rates may cause the value of a Clients' investments to decline. Certain Clients may experience increased interest rate risk to the extent they invest, if at all, in lower-rated instruments, debt instruments with longer maturities, debt instruments paying no interest (such as zero coupon debt instruments) or debt instruments paying non-cash interest in the form of other debt instruments.

Portfolio Investment Ratings. Investments in the debt of companies include commercial loans, high-yield corporate or other debt obligations of both U.S. and non-U.S. obligors rated below investment grade and other investment instruments as described in Item 4 of this Brochure, which have greater credit and liquidity risk than more highly-rated obligations.

Downgrades and negative rating actions may occur with respect to the investments and, in such case, there is no requirement to sell any such investment. Investments with lower ratings will have greater credit, insolvency and liquidity risk than more highly-rated obligations and, therefore, a greater risk of loss. In addition to credit and liquidity risk, lower-rated obligations have greater volatility than more highly-rated obligations. Future periods of uncertainty in the United States economy may increase volatility and default rates.

Systems Risk and Cybersecurity. Investment advisers, including Apollo Capital Management, rely extensively on computer programs and systems (and may rely on new systems and technology in the future) for various purposes, including trading, clearing and settling transactions, evaluating certain investments, monitoring its portfolio and net capital and generating risk management and other reports that are critical to oversight of a Client's activities. Certain of the Clients' and the Apollo Credit Managers' operations will be dependent upon systems operated by third parties, including prime-broker(s), administrators, market counterparties and their sub-custodians and other service providers. The Clients' service providers may also depend on information technology systems that may or may not be controlled by them and, notwithstanding the diligence that the Client may perform on its service providers, the Client may not be in a position to verify the risks or reliability of such information technology systems.

Clients, the Apollo Credit Managers, their affiliates and their service providers are subject to risks associated with a breach in cybersecurity. Cybersecurity is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from both intentional cyber-attacks and hacking by other computer users, as well as unintentional damage or interruption that, in either case, can result in damage and disruption to hardware and software systems, loss or corruption of data and/or misappropriation of confidential information. For example, information and technology systems are vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Such damage or interruptions to information technology systems may cause losses to Clients or limited partners, without limitation, by interfering with the processing of transactions, affecting a Client's ability to conduct valuations or impeding or sabotaging trading. Clients may also incur substantial costs as the result of a cybersecurity breach, including those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, adverse investor reaction, the dissemination of confidential and proprietary information and reputational damage. Any such breach could expose Clients or the Apollo Credit Managers (which in turn may be indemnified by Clients) to civil liability as well as regulatory inquiry and/or action. Limited partners could also be exposed to losses resulting from unauthorized use of their personal information. Similar types of cybersecurity risks also are present for portfolio investments, which could affect their business and financial performance, resulting in material adverse consequences for such issuers and causing a Client's investment in such portfolio investments to lose value.

Tax Changes, Uncertainties and Risks. It is anticipated that the Trump administration and the U.S. Congress will continue examining proposals that would provide for a comprehensive overhaul of U.S. Federal income tax laws, which could result in sweeping changes to many longstanding tax rules. Reform efforts could result in lower statutory tax rates, but those rate reductions could be offset by tax changes intended to broaden the tax base, including eliminating or reducing the ability to deduct interest expense.

In addition, tax reform could include other base-broadening provisions spanning a variety of industry sectors, which also could adversely affect the business. For example, proposals affecting financial institutions and products may include changing the tax treatment of executive compensation, including bonuses, as well as the tax treatment of derivatives and other financial instruments. Other changes could include limiting or eliminating certain tax benefits currently available to cash value life insurance and deferred annuity products.

Other proposals likely to emerge in the context of fundamental tax reform include: changes to the accelerated cost recovery system, mandatory amortization of certain advertising expenditures, repeal of the domestic production deduction, reforms to the subpart F rules, repeal of the last-in/first-out accounting rules, repeal of incentives currently available to oil and natural gas exploration and production companies and limitations on the net operating loss deduction. The tax reform debate also may encompass proposals to move the United States toward a territorial system for taxing foreign-source income of the United States multinationals and the possibility of a one-time transition tax on previously untaxed foreign earnings. Many of these

proposals were included in the tax reform discussion draft that then-House Ways and Means Committee Chairman Dave Camp released in 2014; others were included in various budget proposals President Obama released during his presidency.

On June 24, 2016, Representative Kevin Brady, who is chairman of the House Ways and Means Committee, unveiled “A Better Way for Tax Reform,” which Representative Brady described as a bold blueprint for pro-growth, comprehensive tax reform. This blueprint contemplates, among other things, reducing statutory tax rates imposed on corporations and business income of pass-through entities such as partnerships, replacing deductions that favor special industries or sectors with full and immediate deductions for new investments in equipment and technology, eliminating or reducing the ability to deduct net interest expense, moving to a territorial tax system and introducing a destination-basis tax system through border adjustment taxes.

It is not possible to predict when tax reform will be enacted and what impact tax reform, if enacted, would have on our funds and our businesses, but there is the potential for significant changes in the U.S. federal laws related to the tax treatment of products and services provided by Apollo and investments made by our funds.

Various proposals originating outside the United States could also impact Clients. For example, the Organization for Economic Co-Operations and Development (“OECD”) is focused on issues relating to cross-border structures and ownership. One example is in the area of “base erosion and profit shifting,” (“BEPS”), which includes situations (among others) where payments are made between affiliates from a jurisdiction with high tax rates to a jurisdiction with lower tax rates. In 2013 the OECD published its report and its Action Plan on BEPS. The aim of the report and Action Plan was to address and reduce aggressive international tax planning. BEPS remains an ongoing project. On October 5, 2015, the OECD published its final reports, analyses and sets of recommendations (deliverables) with a view to implementing internationally agreed and binding rules which are resulting in material changes to relevant tax legislation of participating OECD countries. The final package of deliverables was subsequently approved by the G20 Finance Ministers on October 8, 2015. The final actions to be implemented in the tax legislation of the countries in which Clients will have investments, in the countries where Clients or investors are domiciled or resident, or changes in tax treaties negotiated by these countries, could adversely affect the returns of Clients. One of the BEPS action points (Action 6) is to prevent treaty abuse by developing model treaty provisions to prevent the granting of treaty benefits in inappropriate circumstances. As a minimum standard the OECD proposes that participating countries should include in their treaties one or both of a “limitation on benefits” provision and a “principal purpose test” which may limit or deny treaty relief in certain circumstances. On November 24, 2016, the OECD published the text of the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent BEPS, which is intended to expedite the interaction of the tax treaty changes of the BEPS project. The adoption of such provisions could adversely impact the ability of Clients to reduce taxes in source jurisdictions by utilizing SPVs (as defined below) that claim tax treaty benefits, which could have an adverse impact on Clients returns. As a result of this or similar initiatives, tax laws applicable to Clients could change on a prospective or retroactive basis, and any such changes could materially adversely affect Clients.

Liability for Adjusted Tax Returns. Legislation was recently enacted that significantly changes the rules for the U.S. Federal income tax audits of partnerships. Such audits will continue to be

conducted at the partnership level, but with respect to tax returns for taxable years beginning after December 31, 2017, any adjustments to the amount of tax due (including interest and penalties) will be payable by the partnership rather than the partners of such partnership unless the partnership qualifies for and affirmatively elects an alternative procedure. In general, under the default procedures, taxes imposed on Apollo Credit Funds would be assessed at the highest rate of tax applicable for the reviewed year and determined without regard to the character of the income or gain, the tax status of our shareholders or the benefit of any shareholder-level tax attributes (that could otherwise reduce any tax due).

Under the elective alternative procedure, Apollo Credit Funds would issue information returns to persons who were partners in the audited year, who would then be required to take the adjustments into account in calculating their own tax liability, and Apollo Credit Funds would not be liable for the adjustments to the amount of tax due (including interest and penalties). The mechanics of the elective alternative procedure are not clear in a number of respects and are intended to be clarified by future guidance. On January 18, 2017, the IRS and the U.S. Department of the Treasury publicly released the text of proposed regulations (the “Proposed Regulations”) regarding the centralized partnership audit legislation, which were scheduled to be formally published in the Federal Register on January 20, 2017. On January 20, 2017, the Trump administration released a memorandum that generally delayed all pending regulations from publication in the Federal Register pending review and approval, and the Proposed Regulations have not yet been published so the impact of the Proposed Regulation on the Apollo Credit Funds remains unclear. Apollo Credit Managers generally have discretion whether or not to make use of this elective alternative procedure and have not determined whether or to what extent the elections will be available or appropriate.

ITEM 9

Disciplinary Information

Except as described below, there are no legal or disciplinary events required to be disclosed pursuant to this Item 9.

On August 23, 2016, without admitting or denying any wrongdoing, certain related persons of Apollo Capital Management, namely Apollo Management V, L.P., Apollo Management VI, L.P., Apollo Management VII, L.P. and Apollo Commodities Management, L.P., consented to the entry of an order to cease and desist from committing or causing any violations and future violations of Section 206(2) and 206(4) of the Advisers Act and Rules 206(4)-7 and 206(4)-8 thereunder. According to the SEC order, such related persons did not provide sufficient pre-commitment disclosure regarding the possibility of accelerating otherwise authorized fees upon termination of management consulting agreements with their portfolio companies, a related person did not adequately disclose that interest from a loan from a private equity fund to its general partner would be allocated to the general partner, such related persons did not adequately supervise a former senior partner’s expense reimbursement practices and such related persons failed to adopt and implement policies and procedures reasonably designed to prevent violations of the Advisers Act and its rules. As part of the settlement, such related persons agreed to pay \$37,527,000 of disgorgement and \$2,727,552 of prejudgment interest to limited partners of its fund and a civil monetary penalty of \$12,500,000 to the SEC.

ITEM 10
Other Financial Industry Activities and Affiliations

Apollo Global Securities, LLC (“AGS”)

Affiliated Broker Dealer. AGS, a Delaware limited liability company and broker dealer affiliated with the Apollo Credit Managers, is registered to perform the following services: (i) conducting private placements; (ii) underwriting; (iii) providing merger and acquisition transaction advisory services; (iv) conducting the purchase and sale of corporate debt securities; (v) arranging loans; (vi) trading securities for its own account; and (vii) broker or dealer services in connection with the resale of corporate debt or equity securities to Clients under Rule 144A under the Securities Act or otherwise assisting in structuring or facilitating the initial resales of debt or equity securities under Rule 144A under the Securities Act. AGS’s private placement services include placement of Apollo Funds and syndicating transactions for portfolio companies. Subject to a Client’s Governing Documents, engaging AGS on an arm’s-length basis does not require approval from such Client’s advisory board. AGS’s underwriting services are typically provided to Apollo Clients’ portfolio companies. Generally, AGS’s role in a syndication is that of a co-manager and not as lead underwriter. Fees received by AGS in connection with these services are disclosed in the applicable Client’s Governing Documents. Fees that are received by AGS in connection with its provisions of merger and acquisition transaction advisory services to Clients’ portfolio companies are, subject to a Client’s Governing Documents, treated as Special Fees and applied to reduce Management Fees of management fee-paying investors in Clients. Fees received by AGS in connection with the provision of private placement, underwriting, arranger, structuring, broker-dealer (including facilitating initial resales of debt or equity securities under Rule 144A under the Securities Act) and similar services are, subject to a Client’s Governing Documents, not treated as Special Fees, not applied to reduce Management Fees of management fee-paying investors in Clients, and are retained by AGS.

The relationship between the Apollo Credit Managers and their affiliates and AGS may give rise to conflicts of interest between the Apollo Credit Managers and (i) Clients with respect to whom AGS provides services or (ii) Clients who have an interest in any portfolio investment or investment vehicle to which AGS provides services. Certain supervised persons who provide portfolio management services to Clients on behalf of the Apollo Credit Managers also are involved in the business and operations of AGS. Such supervised persons may face conflicts of interest in dedicating time and resources to Clients, which may have a detrimental effect on Client performance. The Apollo Credit Managers address this conflict of interest by providing in Apollo’s Code of Ethics, as described in Item 11, that all supervised persons have a duty to act in the best interests of each Client and by providing training to supervised persons with respect to conflicts of interest and how such conflicts are resolved under Apollo’s policies and procedures.

Furthermore, while AGS’s services are primarily as described above (i.e., to Apollo Capital Management, its Clients and its Clients’ portfolio companies), it is possible that, in the future, AGS may also provide services (including financing, capital market and advisory services) to third parties, including third parties that are competitors of the Apollo Credit Managers or one or more of their affiliates or any portfolio companies. The expansion of AGS’s services in this manner would present additional conflicts of interest. For example, AGS may also act as placement agent or underwriter of securities for a third party that may be acquired by the Client

(for example, a Co-Investment Vehicle). In the event that AGS provides services to third parties, it may be adverse to the interests of the Client or portfolio investments. AGS also may come into possession of information that AGS is prohibited from acting on (including on behalf of a Client) or disclosing to the Apollo Credit Managers or any of their affiliates as a result of applicable confidentiality requirements or applicable law, even though such action or disclosure would be in the best interest of a Client or portfolio investment.

Affiliated Loan Origination and/or Servicing Businesses

Affiliates of Apollo Capital Management and certain Clients and/or their portfolio investments are engaged in the loan origination and/or servicing businesses. In connection with their lending activities, such loan origination and/or servicing businesses may receive certain fees, including, arranger, brokerage, placement, syndication, solicitation or underwriting, agency, origination, sourcing, structuring, collateral management and/or loan administration, advisory, servicing, commitment, facility, float or other fees, discounts, spreads, commissions and concessions and other fees received as part of such loan origination and/or servicing businesses. Such fees may be charged on a cost reimbursement or on a cost-plus basis. The Client or the issuers of financial instruments held by the Client may acquire loans originated, structured, placed and/or arranged by such affiliated loan origination and/or servicing businesses and in respect of which such businesses receive fees. For example, loans, such as term loans and revolvers, originated by Apollo affiliates, Clients and/or their respective portfolio investments may involve the appointment of MidCap Financial (as defined below) as a service provider. In such a role, MidCap Financial will receive fees, compensation and reimbursement for costs or expenses from the borrower. Subject to the Governing Documents of an Apollo Credit Fund, these fees may not be applied to reduce Management Fees or other fees payable by the Client or any of its investments or otherwise directly or indirectly benefit the Client or any of its investors. Such fees will otherwise be borne by the Client or by the issuers of financial instruments held by the Client.

AP Alternative Assets, L.P. (“AAA”)

The Apollo Credit Managers are affiliated with AAA, a limited partnership registered under the laws of Guernsey, whose common units are traded on the Euronext in Amsterdam, the regulated market of Euronext N.V., under the symbol “AAA”. AAA invests its capital through, and is the sole limited partner of, AAA Investments, L.P. (“AAA Investments”). AAA Investments has substantially all of its capital invested in Athene Holding.

In accordance with the services agreement among AAA, AAA Investments, certain subsidiaries of AAA Investments and Apollo Capital Management (“AAA Services Agreement”), affiliates of Apollo Capital Management receive a Management Fee for managing the assets of AAA Investments. The Management Fee was paid through December 31, 2014 and was waived for the balance of the term of the AAA Services Agreement, although services will continue through December 31, 2020.

AAA Investments’ initial \$400 million investment in Athene Holding is subject to carried interest, which will generally entitle affiliates of Apollo Capital Management to realize a portion of the profits generated by the investment (generally, a percentage of net realized gains). Carried

interest from AAA Investments is paid in shares of Athene Holding (at fair market value) if there is a distribution in kind of shares of Athene Holding (unless such payment in shares would violate Section 16(b) of the Exchange Act), or paid in cash if AAA sells the shares of Athene Holding.

The Apollo Credit Managers' affiliation with AAA and AAA Investments is subject to the conflicts of interest set forth below in this Item 10.

Affiliated Apollo Managers

1. Private Equity – Apollo Management, L.P. is an affiliate of Apollo Capital Management that is primarily engaged in managing Apollo's private equity businesses and controls other private equity managers collectively, with Apollo Management, L.P., the "Apollo Private Equity Managers"). The Apollo Private Equity Managers generally seek to make investments through several strategies including traditional buyouts, distressed buyouts and debt investments and corporate partner buyouts and also capitalize on private equity investment opportunities in the natural resources industry, principally in the metals and mining, energy and select other natural resources sectors. In addition to the traditional, distressed and corporate partner buyout activities, the Apollo Private Equity Managers also maintain the flexibility to deploy capital of the private equity funds managed by Apollo in other types of investments such as the creation of new companies.

2. Real Estate – Apollo Global Real Estate Management, L.P. is an affiliate of Apollo Capital Management that is primarily engaged in managing Apollo's real estate business and controls the real estate managers (collectively, with Apollo Global Real Estate Management, L.P., the "Apollo Real Estate Managers"). The Apollo Real Estate Managers generally seek to make investments that are integrated and coordinated with Apollo's private equity and credit business segments. The Apollo Real Estate Managers take a broad view of markets and property types in targeting both debt investment opportunities, including first mortgages, mezzanine and other subordinate loans and equity investment opportunities, including the acquisition and recapitalization of real estate assets, portfolios, platforms and operating companies and distressed for control situations.

Certain Conflicts of Interests in Providing Services to Clients

Multiple Clients and Other Apollo Clients. Certain inherent conflicts of interest arise from the fact that: (i) the Apollo Credit Managers provide investment management services to more than one Client; (ii) Clients may have one or more overlapping investment objectives or strategies; and (iii) the Apollo Credit Managers are affiliated with other Apollo Managers that provide investment management services to Apollo Funds that also may have overlapping investment objectives or strategies. In addition, the investment strategies employed by the Apollo Credit Managers for current and future Clients and by Apollo Managers for other Apollo Funds could conflict with the strategies employed by the Apollo Credit Managers for current and future Clients, and may affect the prices and availability of the securities and other assets in which such Clients invest. An Apollo Credit Manager or another Apollo Manager also may advise Clients with conflicting investment objectives or strategies. These activities may adversely affect the

prices and availability of other securities or instruments held by or potentially considered for one or more Clients.

As part of Apollo's integrated platform, certain management persons of the Apollo Credit Managers provide services to other pooled investment vehicles or investment companies sponsored by Apollo. By way of example, management persons of the Apollo Credit Managers that are involved in providing portfolio management services to certain Clients have direct incentive compensation arrangements with other Apollo Funds that pay incentive fees to their general partners. Such management persons are incentivized to (i) dedicate additional time and resources to Apollo Funds with which such persons have a direct incentive compensation arrangement and (ii) allocate attractive investment opportunities to such Apollo Funds instead of Clients, each of which may have a detrimental effect on the performance of these Clients.

Apollo Credit Managers address these conflicts of interest by providing in Apollo's Code of Ethics, as described in Item 11, that all supervised persons have a duty to act in the best interests of each Client, providing training to supervised persons with respect to conflicts of interest and how such conflicts are resolved under Apollo's policies and procedures, and through the implementation of the investment allocation procedures described above in Item 6.

Similarly, Apollo Credit Managers, from time to time and without notice, also in-source and/or outsource to their respective affiliates and third parties, certain of its processes or functions to provide, among other things, investment accounting and risk management services.

Diverse Membership. Investors in Clients include taxable and tax-exempt entities and persons domiciled or organized in various jurisdictions and subject to different tax and regulatory regimes. When investors and Clients co-invest alongside each other, they may have conflicting investment, tax and other interests, relating to, among other things, the nature of investments made by the Client, the structuring or the acquisition of investments and the nature and timing of disposition of investments. As a result, conflicts of interest may arise in connection with decisions made by the Apollo Credit Managers including as to the nature and structure of investments that may be more beneficial for one type of investor than for another type of investor. The results of a Client's activities may affect individual investors differently, depending upon their individual financial and tax situations. For example, the timing of a cash distribution or of an event of realization of gain or loss and its characterization as long-term or short-term gain or loss may affect investors differently. In addition, Clients may make investments that may have a negative impact on related investments made by investors in separate transactions. Furthermore, under the new U.S. partnership audit regime, decisions made by the Apollo Credit Managers (or other partnership representative) in connection with tax audits (including whether or not to make an election under those rules) may be more beneficial to one type of investor than another type of investor. Also, if a Client were required to qualify as a venture capital operating company or a real estate operating company for purposes of the Employee Retirement Income Security Act of 1974, as amended, this could restrict, at any given time, the level of investment which the Client would be able to make in entities that do not qualify as operating companies and/or pursuant to which the Client was unable to attain management rights. In selecting, structuring and managing investments appropriate for Clients, the Apollo Credit Managers consider the investment and tax objectives of the Client or Clients as a whole, not the investment, tax or other objectives of any investor individually. However, there can be no assurance that a

result will not be more advantageous to some Clients or investors than to others or to affiliates of the Apollo Credit Managers than to a particular Client or investor.

Directors of Portfolio Companies. Additional conflicts of interest arise because Apollo partners, principals and employees (including personnel of the Apollo Credit Managers) serve as directors of, or acquire observer rights with respect to, certain companies in which Clients invest. In the event an Apollo Credit Manager or a related person (i) obtains material non-public information in such capacity with respect to any such company or (ii) is subject to trading restrictions pursuant to the internal policies of such company, the Apollo Credit Managers may be prohibited from engaging in transactions with respect to the securities or instruments of such company. Such a prohibition may have an adverse effect on Clients. In addition to any fiduciary duties that Apollo partners, principals and employees owe to Clients, as directors of portfolio companies, these Apollo partners, principals and employees owe fiduciary duties to other owners of the portfolio companies, which may be other Clients, and to persons other than Clients.

In general, such director or similar positions are often important to Clients' (and any other Apollo Funds with a similar investment focus) investment strategies and may have the effect of enhancing the ability of the Apollo Credit Managers and their affiliates to manage investments. However, such positions may have the effect of impairing the ability of the Apollo Credit Managers to sell the related securities when, and upon the terms, they may otherwise desire. In addition, because of the potential conflicting fiduciary duties that Apollo partners, principals and employees owe to a portfolio investment, on one hand, and that the Apollo Credit Managers owe to the Clients, on the other hand, such positions may place the Apollo partners, principals and employees in a position where they must make a decision that is either not in the best interests of Clients or not in the best interests of the other owners of the portfolio investment. Should an Apollo partner, principal or employee make a decision that is not in the best interests of the other owners of a portfolio investment, such decision may subject one or more Apollo Credit Managers and Clients to claims that they would not otherwise be subject to as an investor, including claims of breach of the duty of loyalty, securities claims and other director-related claims. In general, Clients will indemnify the Apollo Credit Managers and their partners, principals and employees from such claims. In addition, the Apollo partners, principals and employees may make decisions for a portfolio investment that negatively impact returns received by a Client investing in the portfolio investment or in other investments or, conversely, an Apollo Credit Manager could make a decision that negatively impacts a portfolio investment and the returns for other Clients that may be invested in the portfolio investment. In addition, because of conflicting fiduciary duties, Apollo Credit Managers may be restricted in choosing investments for Clients, which could negatively impact returns received by the Client. For example, an Apollo Credit Manager would be restricted in choosing investments for a Client if an Apollo partner, principal or employee obtained certain material non-public information.

Standards of Care and Indemnification. The Governing Documents of most Clients contain provisions that, subject to applicable law, reduce or modify the duties that certain persons would otherwise owe to such Client or its investors. Pursuant to the typical standard of care set forth in the exculpation and indemnification provisions of the applicable Governing Documents, the Apollo Credit Managers and each of their affiliates (including AGM) and each officer, director, partner, member, manager, shareholder and employee of the foregoing, and each member of the advisory board, if applicable (including, solely in connection with matters relating to the

advisory board, the investor and/or other person on whose behalf the advisory board member is serving), will be indemnified and held harmless from losses sustained from any act or omission in connection with Clients' activities, absent bad faith, gross negligence, willful misconduct, fraud or willful or reckless disregard of their duties and may receive advances for any fees, costs and expenses incurred in the defense or settlement of any claim that may be subject to a right of indemnification. For example, in their capacity as directors of portfolio companies, the officers, directors, partners, members, managers, employees and shareholders of the Apollo Credit Managers or their respective affiliates may be subject to derivative or other similar claims brought by shareholders of such companies. The fees, costs, expenses (whether or not advanced) and other liabilities resulting from such indemnification obligations are generally Operating Expenses and will be paid or otherwise borne by Clients (including by satisfaction out of unpaid capital contributions of their respective limited partners, shareholders or other investors).

The application of the foregoing standards may result in investors in such Clients having a more limited right of action than they would have had in the absence of such standards. As a result, even though such exculpation and indemnification provisions in a Client's Governing Documents will not act as a waiver of an investor's right under U.S. securities law (which is not permitted to be waived) the application of the foregoing standards may result in such Client bearing significant financial losses even where such losses were caused by the negligence (even if heightened) of such covered persons. Such financial losses may have an adverse effect on the returns to an investor and, if the Client's assets are insufficient to satisfy such Client's indemnification obligations, an investor may be required to return amounts distributed to it, subject to any limitations set forth in such Client's Governing Documents.

Client Advisory Boards. Certain Clients have advisory boards that consist of representatives of certain investors in such Clients. Certain Clients also have the ability to create subcommittees of their advisory boards to address certain categories of topics, such as expense allocations, valuations and other topics. Any approval or consent given by a subcommittee will generally be treated as an approval or consent given by the applicable advisory board. Any approval or consent given by such advisory boards (or subcommittees) tends to be binding on such Clients and all of their investors. Advisory boards are also generally authorized to give approvals or consents required under the Advisers Act, including under Section 206(3) of the Advisers Act. To the extent that an investor is not represented by a member of a Client's advisory board, such investor will have no influence over matters submitted to the advisory board for approval. Although the Apollo Credit Managers have adopted policies and procedures designed to manage conflicts among Clients, members of the advisory boards may themselves have conflicts of interest that do not disqualify such members from voting or consenting to matters submitted for consideration or review to the advisory boards on which they serve. In such instances, the Apollo Credit Managers expect that such members of the advisory board will make every effort to act in the best interest of the Client that it represents; however, there can be no assurances that such conflicts of interest will be entirely eliminated.

Information Barriers and the Restricted List. Apollo currently operates without ethical screens or information barriers that other firms implement to separate persons who make investment decisions from others who might possess material non-public information that could influence such decisions. In an effort to manage possible risks arising from Apollo's decision not to implement such screens, the Apollo Managers maintain a Code of Ethics, as described in Item

11, and provide training to supervised persons with respect to conflicts of interest and how such conflicts are resolved under Apollo's policies and procedures. In addition, Apollo's Compliance Department maintains a list of restricted securities as to which Apollo may have access to material non-public information and in which Clients are not permitted to trade without prior approval from the Compliance Department. In the event that any Apollo employee obtains such material non-public information, the Apollo Managers will be restricted in acquiring or disposing investments on behalf of Clients, which could impact the returns generated for Clients. Similarly, if one Apollo Manager (e.g., the Apollo Credit Managers) acquires confidential or material, non-public information, the other Apollo Managers (e.g., Apollo Private Equity Managers and Apollo Real Estate Managers) will be restricted in acquiring or disposing investments on behalf of their clients.

Notwithstanding the maintenance of restricted lists and other internal controls, it is possible that the internal controls relating to the management of material non-public information could fail and result in an Apollo Credit Manager, or one of its investment professionals, buying or selling a security while Apollo is in possession of material non-public information. Inadvertent trading while Apollo is in possession of material non-public information could have adverse effects on the reputation of the Apollo Credit Managers, resulting in the imposition of regulatory or financial sanctions and, as a consequence, negatively impact the Apollo Credit Managers' ability to perform investment management services on behalf of Clients. In addition, while Apollo currently operates without information barriers on an integrated basis, Apollo could be required by certain regulations, or decide that it is advisable, to establish information barriers. In such event, Apollo's ability to operate as an integrated platform could also be impaired, which would limit the Apollo Credit Managers' access to Apollo personnel and impair their ability to manage Clients' investments in the manner in which they currently manage investments.

Investment Activity by Apollo and Affiliates. From time to time, various potential and actual conflicts of interest arise from the overall advisory, investment and other activities of the Apollo Credit Managers, their affiliates and their personnel. The Apollo Credit Managers will endeavor to resolve conflicts with respect to investment opportunities in a manner they deem equitable to the extent possible under the prevailing facts and circumstances. The Apollo Credit Managers' affiliates invest, on behalf of themselves, in securities and other instruments that would be appropriate for, are held by or may fall within the investment guidelines of a Client. The Apollo Credit Managers' affiliates give advice or take action for their own accounts that may differ from, conflict with or be adverse to, advice given to or action taken for Clients. These activities may adversely affect the prices and availability of other securities or instruments held by or potentially considered for, one or more Clients. Potential conflicts also arise due to the fact that the Apollo Credit Managers' affiliates may have investments in some Clients but not in others, or may have different levels of investments in the various Clients and that each of the Clients may pay different levels of fees.

Apollo, together with the Apollo Credit Funds, engages in a broad range of business activities and invests in portfolio companies whose operations may be substantially similar to and/or competitive with the portfolio companies and other investments in which Clients have invested. The performance and operation of such competing businesses could conflict with and adversely affect the performance and operation of Clients' portfolio companies or other investments and may adversely affect the prices and availability of other investments or of business opportunities

or transactions available to such portfolio companies. Apollo will seek to resolve conflicts in a manner that Apollo determines in its sole discretion to be fair and equitable.

Capital Structure Investments. The Apollo Credit Managers have ongoing relationships with many companies whose securities have been acquired by, or are being considered for investment by, Clients. From time to time, an Apollo Credit Manager will acquire securities or other financial instruments of an issuer for one Client which are senior or junior securities or financial instruments of the same issuer that are held by, or acquired for, another Client or Apollo Fund (e.g., one Client may acquire senior debt while another Client or Apollo Fund may acquire subordinated debt). Conflicts of interest may arise in such circumstances. For example, in the event such issuer enters bankruptcy, the Client holding securities which are senior in bankruptcy preference may have the right to aggressively pursue the issuer's assets to fully satisfy the issuer's indebtedness to the Client, and as a fiduciary, the Apollo Credit Manager might have an obligation to pursue such remedy on behalf of such Client. As a result, another Client holding assets of the same issuer which are more junior in the capital structure may not have access to sufficient assets of the issuer to completely satisfy its bankruptcy claim against the issuer and may suffer a loss.

In addressing certain of the potential conflicts of interest described herein, Apollo and/or the applicable Apollo Credit Manager may, but shall not be obligated to, take one or more actions on behalf of a Client, including any one or more of the following: (i) causing a Client to remain passive in a situation in which it is otherwise entitled to vote, which may mean that such Client defers to the decision or judgment of an independent, third-party investor in the same class of equity or debt securities or other financial instruments held by another Client; (ii) referring the matter to one or more persons that is not affiliated with Apollo to review or approve of an intended course of action with respect to such matter; (iii) consulting with the limited partners on such matter or otherwise requesting that the limited partners (or an advisory board) approve such matter; (iv) establishing ethical screens or information barriers to separate Apollo investment professionals or assigning different teams of Apollo investment professionals, in each case, who are supported by separate legal counsel and other advisers, to act independently of each other in representing different Clients or Clients that hold different classes, series or tranches of an issuer's capital structure; (v) as between two Clients, ensuring (or seeking to ensure) that the underlying investors therein own interests in the same securities or financial instruments and in the same proportions so as to preserve an alignment of interest; or (vi) causing a Client to divest itself of a security or financial instrument or particular class, series or tranche of an issuer's capital structure it might otherwise have held on to, including causing a Client to sell a security or financial instrument to one or more other Clients (or vice versa), limited partners or investors in such other Client. There can be no assurance that any of these measures will be feasible or effective in any particular situation, and it is possible that the outcome for the Client will be less favorable than might otherwise have been the case if Apollo had not had duties to other Clients.

The Apollo Credit Managers recognize that conflicts arise under such circumstances and will endeavor to treat all Clients fairly and equitably. To that end, the Apollo Credit Managers have adopted policies and procedures that are designed to address such potential conflicts of interest. The application of such policies and procedures are expected to vary based on the particular facts and circumstances surrounding each investment by two or more Clients in different classes, series or tranches of an issuer's capital structure (as well as across multiple issuers or borrowers

within the same overall capital structure) and, as such, investors should expect some degree of variation, and potentially inconsistency, in the manner in which potential or actual conflicts are addressed. While the Apollo Credit Managers' policies and procedures for addressing the conflicts between Clients in these situations are intended to resolve the conflicts in an impartial manner, there can be no assurance that the Apollo Credit Managers' own interests will not influence its conduct.

Insurance Coverage. The Apollo Funds, other than the publicly traded funds managed by subsidiaries of Apollo, are covered under Apollo's professional liability insurance policy and do not separately maintain professional liability insurance. To the extent a claim arises relating to any of the insureds during a policy period that erodes some or all of the limits under Apollo's policy, there will be less coverage, or potentially no coverage, available for all of the insureds under the policy for the remainder of the policy period.

Athene Asset Management, L.P. (f/k/a Athene Asset Management, LLC)

As discussed in Item 4, AAM, a subsidiary of Apollo Capital Management, acts as adviser to Athene Group, certain accounts of insurance companies that are re-insurance clients of Athene Group and third party insurance company managed accounts. AAM also acts as subadviser to certain Apollo Funds.

AAM's Chief Executive Officer has equity ownership interests in, and is the Chief Executive Officer and Chief Investment Officer and a director of both AAM and Athene Holding and, in connection with his role at Athene Holding, receives grants of Athene Holding equity as a part of his compensation. Certain other directors, officers and employees of AAM and AGM also hold ownership interests in Athene Holding, are eligible to receive, as part of their compensation, equity issued by Athene Holding or other incentives based on performance metrics, including those related to the consolidated portfolio of Athene Holding and its subsidiaries and other portfolios in which the Athene Group may have an economic interest. Additionally, certain other awards of Athene Holding equity vest only upon the attainment of specified performance hurdles by Athene Holding. Such arrangements may create an incentive to favor Athene Group related Clients by, for example, allocating attractive investment opportunities to such Clients or dedicating additional time and resources to such Clients, each of which may have a detrimental effect on the performance of other Clients of AAM. Furthermore, such arrangements may incentivize such directors, officers and employees to invest in riskier assets in an attempt to achieve higher returns for such Clients. AAM addresses this conflict of interest by providing in its Code of Ethics, as described in Item 11, that all supervised persons have a duty to act in the best interest of each Client, providing training to supervised persons with respect to conflicts of interest and how such conflicts are to be resolved under Apollo's policies and procedures and by maintaining other written policies and procedures such as investment allocation procedures.

Apollo controls (either directly or indirectly on behalf of its clients) 45% of the voting control over Athene Holding, and there are five Apollo employees that are members of Athene Holding's Board of Directors. Due to such voting structure, the potential exists for Apollo to cause members of the Athene Group to enter into transactions that may benefit Apollo (including AAM) at the possible detriment to Athene Holding's shareholders. In order to mitigate certain potential conflicts of interest that arise, a conflicts committee of the Board of Directors of Athene

Holding (“AHL Conflicts Committee”) has been established. The AHL Conflicts Committee is comprised of members of Athene Holding’s Board of Directors who are not officers, appointees or employees of any member of Apollo. The purpose of the AHL Conflicts Committee is to review and provide consent to certain conflicts of interest regarding transactions (including certain investment transactions) involving Athene Holding and/or its subsidiaries (including re-insurance accounts of Cedent Companies (as defined below) managed by AAM and in which the Athene Group has an economic interest), on the one hand, and Apollo and its affiliates, including AAM and Apollo Funds, on the other (alternatively, such consent can also be provided by a majority of the disinterested directors of Athene Holding’s Board of Directors). Not all conflicts are subject to the approval of the AHL Conflicts Committee (for example, non-material transactions or transactions that are less likely to be on terms that are less advantageous to the Athene Group than can be obtained through arm’s-length negotiations are not required to be reviewed by the AHL Conflicts Committee).

In addition to Management Fees payable by each Client, in certain instances, Athene Holding (or an affiliate thereof) behalf of certain of Athene Holding’s subsidiaries and certain of the Athene Group’s re-insurance Clients has also agreed to pay additional fees and expenses not provided for in the applicable Management Agreement. AAM may also earn, with respect to certain investments, management consulting fees, carry, and, with respect to certain commercial mortgage loans, servicing fees related to the servicing of such mortgages. Such fees do not reduce any Management Fee that is otherwise payable to AAM, although AAM has and may continue to provide the Athene Group certain fee rebates or discounts that AAM does not provide to its other Clients.

Generally, AAM has the authority to hire subadvisers, including other Apollo Managers, and to agree without further consent by any party to the terms and conditions of such arrangements, including fees (incentive and/or termination fees) and other remuneration payable to, and expense reimbursement, to such subadvisers, which are generally reimbursable to AAM and do not reduce fees otherwise payable to AAM. In connection therewith, AAM hires Apollo Managers to act as subadvisers for certain asset classes and may hire additional Apollo Managers in the future with respect to other asset classes. In connection with such services, certain Apollo Managers receive subadvisory fees and such fees are generally reimbursable by the Clients and/or by Athene Holding or its subsidiaries. In such instances, Apollo Capital Management’s fees may not be the lowest fees available for similar subadvisory or investment management services offered by Apollo Managers or unrelated advisers and therefore will be reviewed and approved by the AHL Conflicts Committee. If Client consent is required to appoint, or the Client does not permit the appointment of a subadviser, and/or the Client has not agreed to pay the fees and/or expenses of any subadviser, AAM may manage the Client’s account without the use of subadvisers, including Apollo affiliated investment advisers, which may limit the ability of its Clients to enter into certain investments.

AAM invests its Clients in alternative investments, including the Apollo Funds, and in investments that are originated or sponsored by Apollo Managers. AAM may also invest its Clients, directly or indirectly, in securitizations and/or in the risk-retention securities of securitization vehicles sponsored by affiliates of Apollo Capital Management or others, and Clients may participate in standalone asset management businesses or investment vehicles structured so as to be the sponsor of securitization vehicles and capable of holding the retention

interest required by the Risk Retention Rules. To the extent that an Apollo Manager is the investment manager to one of these funds, certain Apollo Managers will receive various forms of consideration with respect to such investments, including Management Fees, closing fees, performance fees (e.g., carried interest) and/or employment expense reimbursement, and such fees may not be the lowest fees available for similar services offered by unrelated advisers. Fees otherwise payable to AAM with respect to its management of Clients' accounts are not reduced by any fees paid or payable as a result of the payment of such consideration to affiliates of AAM.

In addition, certain Apollo Funds own the same or similar securities and other financial instruments that AAM has selected for its Clients. The Apollo Funds may acquire such securities at different times and/or different prices than AAM Clients and may acquire different classes of securities of the same issuer (e.g., an Apollo Fund owns subordinated debt and an AAM Client owns senior debt in an issuer or vice versa). Apollo and its affiliates may also make investments that are contrary to the investments made by AAM on behalf of its Clients (e.g., Apollo may take a short position in a security in which an AAM Client holds a long position). This may give rise to conflicts of interest regarding the management strategy taken toward such securities held by an AAM Client and the Apollo Funds.

Similarly, AAM may acquire on behalf of its Clients the same or similar securities and financial instruments at different times and/or different prices and may acquire different classes of securities of the same issuer for different AAM Clients. Having AAM Clients in different levels of the capital structure raises potential conflicts, particularly in the case of financial distress of an issuer. For example, if an AAM Client holds debt securities of an issuer that are subordinate to the securities held by another AAM Client or Apollo Client, the Client holding the subordinated position may be adversely affected by the other Client's involvement or actions relating to the more senior position in the event of an issuer bankruptcy or other financial distress. Certain AAM Clients may also make investments that are contrary to the investments made by other AAM Clients. Any of the foregoing circumstances may result in a conflict of interest regarding the management strategy taken by AAM toward such securities held by such AAM Clients. To the extent a conflict of interest arises, AAM will seek to address such conflict of interest including, without limitation, by taking any of the actions set forth in Item 10 under "Capital Structure Investments."

AAM acts as the investment manager for certain re-insurers within the Athene Group (each, an "Athene Reinsurer") that have reinsured certain insurance liabilities issued by other members of the Athene Group and third party insurance companies ("Cedent Companies") in re-insurance transactions. In general, such re-insurance arrangements are structured such that, as between the Cedent Company and the Athene Reinsurer (both of which may be Clients of AAM), the Athene Reinsurer bears the risk of loss on, and is entitled to the gains generated from, the related re-insurance asset portfolio. In managing an account related to a re-insurance transaction, AAM takes into consideration the nature of the re-insurance relationship as a whole and may, in making investment and other portfolio decisions, view the economics and risks associated with the assets in such account as primarily the economics and risks of the applicable Athene Reinsurer regardless of whether title to such assets continues to be held by the Cedent Companies. The Athene Group may also provide and AAM may rely upon certain accounting, risk and other information and guidance relating to Cedent Company accounts in connection

with AAM's management of such re-insurance related account, including without limitation, information regarding the liabilities backed by such re-insurance related account.

The Athene Group and Cedent Companies have agreed that fair valuation of assets in their respective portfolios will be provided by Athene Holding or its subsidiaries, which fair valuations will be determined in accordance with Athene Holding's policies and procedures which may differ from AAM's valuation policies and procedures. Notwithstanding that Athene Holding or its subsidiaries may fair value assets of the Athene Group and Cedent Companies, AAM independently performs its own fair valuation of such assets using its own valuation policies and procedures for any number of reasons, including, without limitation, in connection with cross trades between Clients.

AAM outsources to its affiliates and third parties certain of its processes or functions. Specifically, the Athene Group provides a variety of services to AAM, such as, without limitation, risk management and investment accounting services. In addition, AAM outsources certain middle and back office processes and functions to third parties, including some of its operational functions. As a result, certain books and records of AAM will be maintained by third parties.

MidCap Designated Activity Company (f/k/a/ MidCap FinCo Limited)

MidCap Designated Activity Company (f/k/a MidCap FinCo Limited), a private limited company domiciled in Ireland, and its subsidiaries (collectively referred to as "MidCap Financial"), have entered into an investment management agreement pursuant to which Apollo Capital Management acts as the investment manager of MidCap Financial's credit business. MidCap Financial is a middle market-focused specialty finance firm that provides debt financing solutions in the senior secured credit market across a wide variety of industries. MidCap Financial focuses on the direct origination of asset-backed loans, leveraged loans, real estate loans rediscount and venture loans.

MidCap Financial Services, LLC, a MidCap Financial subsidiary, provides sourcing, due diligence and portfolio management services to MidCap Financial pursuant to a services agreement.

Investment opportunities sourced for MidCap Financial may be appropriate for other Clients, and therefore, personnel from MidCap Financial Services, LLC and Apollo Capital Management may communicate from time to time about such investment opportunities. Because MidCap Financial's business consists exclusively of its credit business for which Apollo is the investment manager, MidCap Financial is subject to Apollo's policies and procedures that are designed to monitor and address these potential conflicts.

Redding Ridge Asset Management LLC

As described in Item 2, AGM has established and provided seed capital for RR Holdings, its wholly owned subsidiary RRAM and their affiliates, to facilitate compliance with the U.S. Risk Retention Rules. The U.S. Risk Retention Rules require a sponsor of a securitization transaction (or its "majority-owned affiliate") to retain at least 5% of the economic interest in the credit risk of the securitized assets. RRAM acts as the sponsor of each U.S. CLO in which it acts as

collateral manager, co-collateral manager, sub-manager or servicer and holds the risk retention interest. RRAM has independently registered with the SEC as an investment adviser.

As discussed in Item 8, it is possible that Apollo Capital Management could be deemed to be a sponsor or a securitizer. In the event that occurs, the value of CLOs, securitizations and the underlying assets are likely to be negatively impacted.

A number of entities that are affiliated with Apollo Capital Management provide services to RR Holdings and its wholly owned subsidiary RRAM. Interests in RR Holdings are held by Apollo Principal Holdings VII, L.P., a Delaware limited partnership and indirect subsidiary of AGM, certain private investment funds managed by subsidiaries of AGM and certain third party investors. RRAM primarily advises and holds certain CLO securities, including “risk retention” interests in, pooled investment vehicles that are CLOs and related CLO Warehouses.

Services provided to RRAM by certain affiliates of Apollo Capital Management may include: (i) identifying potential investment opportunities within the specific investment and business strategies of the CLOs and CLO Warehouses in which RRAM manages; (ii) providing research, assessments and other information on potential investment opportunities; (iii) passing along information that was provided from third parties with respect to potential investment opportunities; (iv) providing middle, back-office and other administrative services including, but not limited to, supporting legal, tax, compliance and risk functions; and (v) providing advice and expertise related to the initial organization and structure of RRAM and its affiliates and permission for RRAM to use the Apollo Capital Management’s contacts at various institutions to effectively identify investors.

RRAM, RR Holdings and the CLOs and CLO Warehouses in which they invest will bear fees, costs or expenses in connection with these services. In consideration for providing such services, certain affiliates of Apollo Capital Management receive service fees pursuant to an administrative services agreement and a credit research services agreement with RRAM and incentive allocations pursuant to the RR Holdings limited partnership agreement. These affiliates are also reimbursed for certain costs and expenses pursuant to such service agreements and the RR Holdings limited partnership agreement.

Affiliates of Apollo Capital Management share certain employees with RRAM. Conflicts of interest may arise from the fact that certain employees of affiliates of Apollo Capital Management are shared employees with RRAM and are involved in the management of advisory clients. Participation in specific investment opportunities may be appropriate at times for clients of the Apollo Credit Managers. Investment programs with respect to CLOs and other financial instruments are expected to overlap. In light of the various relationships between RRAM and Apollo Capital Management and its affiliates, there may be an incentive for Apollo Capital Management and its affiliates to pursue investment opportunities in a way that is favorable to RRAM. Apollo Capital Management and RRAM have implemented allocation policies and procedures that are intended to, among other things, mitigate this potential conflict.

Apollo Credit Managers may invest in transactions as principal with respect to loans and securities or other investments that may be purchased, sold or held by RRAM. Any such affiliate transactions will be undertaken in accordance with applicable provisions of the Advisers Act and

Apollo's policies and procedures. In connection with their ongoing management of currently existing CLOs, the Apollo Credit Managers may invest in CLOs and CLO Warehouses or loans in which RRAM also maintains an investment. The Apollo Credit Managers do not, however, currently anticipate sponsoring any new CLOs.

RRAM is also expected to perform limited services for Apollo Credit Management (CLO), LLC relating to the optimization of existing CLOs that are managed by Apollo Credit Management (CLO), LLC.

Apollo Capital Management and RRAM have implemented policies and procedures, including physical and information barriers, between their respective businesses in order to mitigate the potential conflicts of interest that may arise in connection with their relationships.

Apollo Asset Management Europe LLP and Apollo Asset Management Europe PC LLP

Apollo Asset Management Europe LLP and its subsidiary Apollo Asset Management Europe PC LLP (together, "AAME"), domiciled in the United Kingdom, comprise a European business segment of Apollo whose primary purpose is to provide a centralized asset management and risk function ("Client Services") to European clients in the financial services and insurance sectors that are owned by Apollo Funds and subsidiaries of Athene Holdings, and to other unaffiliated European clients in the future. The Client Services are provided to clients either on a discretionary or advisory basis pursuant to agreements such as services agreements, advisory agreements and/or sub-advisory agreements. Currently, AAME provides Client Services to its clients jointly with Apollo Management International LLP ("AMI"), which is authorized and regulated by the FCA. Effective February 24, 2016, AAME has been approved as an appointed representative of AMI by the FCA and it is expected that, in the future, AAME will apply to the FCA for authorization to hold the relevant regulatory permissions to become the sole provider of the Client Services under the services agreements. AAME and AMI may enter into various advisory relationships with one another and/or with certain entities which are affiliates of, or under common control with, AAME and AMI (such as Apollo Capital Management, L.P.), in each case in connection with the performance of the Client Services. These relationships may give rise to conflicts of interests from time to time in relation to, amongst others, allocation of time, resources and investment opportunities amongst clients of AAME. Generally, Client Services provided by AAME are disclosed in the offering documents or governing documents of Clients. In addition, the advisory boards of certain Clients receive additional disclosure regarding the Client Services and the associated fees, compensation or expense reimbursements. In certain instances, the applicable Apollo Credit Manager has sought (or may in the future seek) the approval of the advisory boards of certain Clients with respect to certain aspects of the Client Services that are provided to Apollo Funds and their respective portfolio companies, including, for example, the pricing methodology utilized to determine the amount of such fees, compensation and expense reimbursements that may be payable to AAME with respect to Client Services.

Subject to a Client's governing documents, a portion of any fees, compensation or expense reimbursements received by AAME may be applied to reduce Management Fees of management fee-paying investors in certain Clients, as described in Item 4 above, with the remaining amounts retained by AAME without any further Management Fee reduction.

Apollo Management International LLP

AMI is a FCA authorized and regulated UK limited liability partnership ultimately controlled by AGM. AMI acts primarily as a sub-advisor to Apollo Funds with a European mandate across its credit segment. These funds include those with which it has sub-advisory arrangements with the respective Apollo Managers. The extent of the advisory work conducted for each of the funds varies according to each respective sub-advisory arrangement. In addition, AMI has entered into advisory relationships (which may include discretionary and non-discretionary mandates) with certain portfolio companies or other third-party clients.

Apollo Investment Management Europe LLP (“AIME”)

AIME was incorporated as a UK limited liability partnership on March 31, 2016. As of October 22, 2016, AIME is authorized as an Alternative Investment Fund Manager (“AIFM”) by the FCA. It is intended that the AIFM will allow Apollo Management and Apollo Capital Management to develop the capability to market and distribute AIFs to institutional clients in, among other European jurisdictions, Germany, France, Italy, Denmark, Spain and Austria. It will also allow Apollo Management and Apollo Capital Management to undertake one central registration per fund rather than multiple registrations as is currently the case under the national private placement regimes of certain European jurisdictions.

Family Offices

Our three managing partners have established family offices to provide investment advisory, accounting, administrative and other services to their respective family accounts (including certain charitable accounts) in connection with their personal investment activities unrelated to their investments in Apollo entities. The investment activities of the family offices, and the involvement of the managing partners in these activities, could give rise to potential conflicts between the personal financial interests of the managing partners and the interests of Apollo Funds (e.g., if the family offices were to inadvertently hold debt obligations or securities in a portfolio investment in which an Apollo Fund owned equity or subordinated debt and that was experiencing financial distress). Apollo has adopted certain procedures designed to mitigate some of these potential conflicts (e.g., by requiring investment professionals employed by the family offices to refrain from making direct investments in portfolio companies that are controlled by Apollo Funds or that are the subject of announced transactions involving Apollo Funds).

Each of the family offices employs its own professional staff at its own expense, and each of them conducts its day-to-day operations independently of Apollo. Set forth below is a summary of certain procedures that are presently in place for certain categories of investments in which the family offices may participate:

- (i) any investment opportunity sourced directly by a managing partner must be reviewed by Apollo for allocation to an Apollo Fund prior to review or investment by any managing partner’s family office;

- (ii) bank loans and certain securities of a liquid nature where the managing partner has no discretion. The managing partners do not participate in decisions to invest in, nor do they have investment discretion with respect to, bank loans and certain liquid securities in which their respective family offices may invest, but they do make decisions on behalf of their respective family offices relating to allocations among strategies, asset classes, sectors and internal and external portfolio managers. For this purpose, the managing partners do not have access to individual position-level data concerning the investments held in the family office accounts until after such investments are made. Although the managing partners do not participate in decisions relating to, or otherwise exercise investment discretion with respect to, these investments, in order to seek to mitigate potential conflicts of interest, such investments are nevertheless reviewed by Apollo for potential conflicts of interest with Apollo but are not reviewed with respect to allocation decisions on behalf of Clients; and
- (iii) the managing partners may provide guidance or participate in investment decisions on behalf of their respective family offices in connection with illiquid transactions. With respect to these investments, the family offices' investment professionals (but not the applicable Apollo managing partner himself) may source opportunities, but only opportunities which are not likely to overlap with the interests of Clients. These opportunities are reviewed by Apollo for potential conflicts of interest with Apollo but are not reviewed with respect to allocation decisions on behalf of Clients.

These procedures are designed to seek to mitigate conflicts of interest; however, there will be situations where a family office may, with respect to certain asset classes, review and invest in investment opportunities which may have some overlap with the mandates of Clients.

Selection of Service Providers

Except as may otherwise be provided under the terms of a Client's Governing Documents, the Apollo Credit Managers or one or more of their affiliates will generally select Clients' service providers and will determine the compensation of such providers without review by or the consent of an advisory board, the investors or an independent party. Clients, regardless of the relationship to the Apollo Credit Managers, their affiliates or the person performing the services, bear the fees, costs and expenses related to such services. This may create an incentive for an Apollo Credit Manager or an applicable affiliate to select an Affiliated Service Provider or to select service providers based on the potential benefit to the Apollo Credit Manager, rather than to Clients. For example, Apollo Capital Management may select service providers that use its or its affiliates' premises, for which Apollo Capital Management or one of its affiliates does not currently, but may in the future, receive overhead, rent or other fees, costs and expenses in connection with such on-site arrangement.

Apollo Capital Management or one or more of its affiliates may engage the same service provider to provide services to a Client that also provides services to Apollo Capital Management or any such affiliate, which creates a potential conflict of interest to the extent the interests of such parties are not aligned. For example, a law firm may at the same time act as

legal counsel to a Client, its general partner or similar person, its investment adviser or other affiliates of Apollo Capital Management.

The Apollo Credit Managers and their affiliates address these conflicts of interest by using reasonable diligence to ascertain whether each service provider (including law firms) provides its service on a “best execution” basis, taking into account factors such as expertise, operational and regulatory controls, availability and quality of service and the competitiveness of compensation rates in comparison with other service providers satisfying the Apollo Credit Managers’ or their affiliates’ service provider selection criteria. In addition, in the event such service providers are affiliates of the Apollo Credit Managers (as opposed to third parties), the engagement of such providers must typically comply with the conditions applicable to affiliate transactions, if any, set forth in the Clients’ Governing Documents.

ITEM 11

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

The Apollo Managers have adopted a Code of Ethics (the “Code of Ethics”) designed to ensure compliance with Rule 204A-1 under the Advisers Act. The Code of Ethics applies to all partners, principals, directors, officers, employees and supervised persons of Apollo (each a “Covered Person”). The Apollo Managers strive to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty and trust. Accordingly, the Code of Ethics incorporates the following general principles that all Covered Persons are expected to uphold:

- (i) Covered Persons must at all times place the interests of Clients first;
- (ii) all personal securities transactions must be conducted in a manner consistent with the Code of Ethics and any actual or potential conflicts of interest or any abuse of a Covered Persons’ position of trust and responsibility must be avoided;
- (iii) Covered Persons must not take inappropriate advantage of their positions;
- (iv) information concerning the identity of securities and financial circumstances of the Apollo Funds, including investors in Apollo Funds, must be kept confidential; and
- (v) independence in the investment decision-making process must be maintained at all times.

Finally, Covered Persons are required to comply with applicable federal securities laws at all times.

Personal Trading Restrictions

The Code of Ethics requires that Covered Persons’ personal investment activities comply with all applicable laws and regulations. In addition, Covered Persons are required to obtain prior approval for all securities transactions (including, but not limited to, investments in private

placements and limited offerings) other than those involving: government and municipal securities; exchange-traded funds and closed-end funds; mutual funds (i.e., open-ended investment companies); variable annuities; commodities; and transactions in fully-managed accounts where Covered Persons or other Relevant Persons (as defined below) significantly contribute. Covered Persons are prohibited from purchasing securities in initial public offerings.

The Code of Ethics provides that approval generally will not be granted for securities of companies on Apollo's restricted list. Further, approval generally will not be granted for short sales and proposed securities transactions in securities of companies with a market capitalization for the outstanding equity on the date of trade of more than \$100 million and less than \$10 billion. This "market-capitalization band" may be changed from time to time.

Personal Securities Holdings and Transaction Reports

Subject to limited exceptions, each Covered Person must periodically submit to the Chief Compliance Officer or designee a report of the holdings and transactions in the accounts in which the following persons have a direct or indirect beneficial ownership interest or over which the following persons exercise any investment control, influence or discretion: (i) the Covered Person; (ii) any member of the Covered Person's immediate family and to whose support the Covered Person significantly contributes, which may include the Covered Person's spouse, children, stepchildren, grandchildren, parents, grandparents, stepparents, siblings, persons with whom a Covered Person has an adoptive or in-law relationship; or (iii) any other person to whom the Covered Person significantly contributes. (Each individual identified in clauses (ii) and (iii) a, "Relevant Person").

The holdings reports must contain, at a minimum: (i) the title and type of security and, as applicable, the exchange ticker symbol or CUSIP number, number of shares and principal amount of each reportable security in which the Relevant Persons have any direct or indirect beneficial ownership; (ii) the name of any broker, dealer or bank with which the Relevant Persons maintain an account in which any securities are held for the Relevant Person's direct or indirect benefit; (iii) if securities are held other than with a broker, dealer or bank, the location of the securities; and (iv) the date that the Covered Person submits the report to the Chief Compliance Officer or designee.

The transaction reports must contain, at a minimum: (i) the date of the transaction, the title and, as applicable, the exchange ticker symbol or CUSIP number, the interest rate and maturity date, the number of shares and the principal amount of each reportable security involved; (ii) the nature of the transaction (i.e., purchase, sale or any other type of acquisition or disposition); (iii) the price of the security at which the transaction was effected; (iv) the name of the broker, dealer, bank or other financial institution with or through which the transaction was effected; (v) if not effected through a broker, dealer or bank, the location of the securities and a description of how the transaction was effected; and (vi) the date that the Covered Person submits the report to the Chief Compliance Officer or designee.

Submission to the Chief Compliance Officer or designee of a duplicate copy of the most recent periodic financial institution statements of the Relevant Persons, will be sufficient to fulfill the Holdings and Transactions Report requirement if such financial institution statements include all

required information for all securities. The Chief Compliance Officer or designee shall ensure that duplicate account information for all accounts of Relevant Persons is sent directly to the Chief Compliance Officer, designee or electronically through our Personal Trading Control Center.

The Code of Ethics requires each Covered Person to prepare or certify, on at least an annual basis, reports of securities holdings and transactions.

Material, Non-Public Information

The Code of Ethics includes policies and procedures concerning inside information (the “Insider Trading Policies”) that are designed to prevent the misuse of material, non-public information. Covered Persons are required to certify to their compliance with the Code of Ethics, including the Insider Trading Policies, on a periodic basis. The Insider Trading Policies prohibit the Apollo Managers and Covered Persons from trading for clients or themselves, or recommending trading, in securities of a company while in possession of material, non-public information (“Inside Information”) about the company, and from disclosing such information to any person not entitled to receive it.

By reason of their various activities, Apollo Managers may have access to Inside Information and, as a result, be restricted from effecting transactions in certain investments that might otherwise have been initiated. For example, there may be certain cases where the Apollo Managers or their personnel receive Inside Information due to their various activities on behalf of Apollo Funds, which could result in either limited liquidity for a Client if it desires to engage in a disposition transaction or in the Apollo Credit Managers or their personnel being prohibited from using such information for the benefit of Apollo Credit Funds. By way of another example, Apollo’s investment professionals must obtain approval from Compliance prior to engaging any expert network and must send affirmations indicating that they did not receive material non-public information and that the expert did not breach any duty of confidentiality. The Apollo Managers seek to minimize those cases whenever possible, consistent with applicable law and the Insider Trading Policies, but there can be no assurance that such efforts will be successful and that such restrictions will not occur. Apollo’s investment professionals receive initial and annual training in the use of expert networks and paid consultants.

Other Provisions of the Code of Ethics

Covered Persons are subject to additional standards of conduct relating to the use of funds and property, conflicts of interest and opportunities belonging to Clients, managing investments of related parties, and general standards of conduct including the conduct expected when dealing with Clients and the investors in Clients. In addition, Covered Persons are subject to Apollo’s Anti-Money Laundering procedures. Covered Persons are required to certify periodically that they have complied with the terms of the Code of Ethics. Violations of the Code of Ethics are subject to the imposition of sanctions, up to and including termination.

A copy of the Code of Ethics will be provided to any Client or prospective Client upon request.

Cross Trades and Principal Transactions

Apollo Credit Managers may direct, from time to time and subject to applicable Client investment guidelines and restrictions, one Client to sell securities to another Client (or with other Apollo Funds) through a “cross trade”. Cross trades may be executed with the assistance of a broker-dealer or as an “internal cross” where the Clients’ custodian(s) is instructed to book the transaction at a price determined in accordance with Apollo’s valuation policies. No fees will be charged by Apollo Capital Management or its affiliates to Clients in connection with the completion of a cross trade. In certain cases, cross trades may be viewed as principal transactions due to the ownership interest in the Client by Apollo Capital Management.

Cross trades and principal transactions give rise to conflicts of interest between Clients and between Clients and Apollo. For example, one Client could be advantaged to the detriment of another Client in the event that the securities being exchanged are not priced in a manner that reflects their fair value. In addition, the Apollo Credit Managers could use their investment authority to transfer unappealing securities from one Client to another Client.

Clients may also have the opportunity to engage in commercial or consumer loan transactions provided or sponsored by an affiliate of the Apollo Credit Managers. There may be potential conflicts of interest relating to these transactions.

To the extent that any cross trades or affiliate transaction described above may be viewed as a principal transaction due to the ownership interest in the Client of Apollo and its personnel, Apollo will comply with the requirements of Section 206(3) of the Advisers Act and its internal policies and procedures. Specifically, the applicable Apollo investment professionals must provide notice to, and obtain the approval of, the Chief Compliance Officer or designee, the Client’s portfolio manager, and a member of the legal department prior to executing a principal trade or cross trade. When reviewing a proposed principal trade or cross trade, the Chief Compliance Officer or designee shall confirm, among other things: (i) that such trade is allowed by the applicable Client’s investment guidelines, (ii) that the Apollo Credit Manager’s valuation procedures were followed when pricing the transaction, including obtaining a third-party valuation when appropriate and (iii) in the case of principal trades, that notice of the specific trade was provided to the Client and written consent from the Client was obtained.

Potential Duties to AGM Shareholders

The Apollo Managers, including Apollo Capital Management and Apollo Management, are affiliates of AGM. The class A shares of AGM are publicly traded on the New York Stock Exchange. As a result, the Apollo Managers have duties or incentives relating to the interests of AGM’s shareholders that may differ from, and that could conflict with, the interests of their clients and their investors, such as conflicts arising from the allocation of expenses, fee offsets and investment opportunities (including without limitation, opportunities in the asset management and financial services industries). The Apollo Managers will endeavor to resolve such conflicts in a manner they deem fair and equitable to the extent possible under the prevailing facts and circumstances. The Apollo Managers will seek to allocate investment opportunities in the asset management and financial services industries between Apollo and clients in accordance with their respective Governing Documents and will evaluate such

opportunities in accordance with Apollo's allocation policies and procedures. In the past, the application of such policies has resulted in the allocation by Apollo of certain investment opportunities relating to the investment management business to Apollo rather than to clients (e.g., the acquisition of other financial service businesses) and Apollo may allocate such opportunities in a similar manner in the future.

ITEM 12

Brokerage Practices

Execution

Apollo Credit Managers have absolute discretion in selecting brokers to execute portfolio transactions and must use reasonable diligence to ascertain the "best" market price for all securities bought or sold in that market so that the price to the Apollo Funds is as favorable as possible under prevailing market conditions. The determinative factor is not always the lowest possible per security price or commission, but whether the transaction represents the best qualitative and quantitative execution for the Client. The Apollo Credit Managers consider the full range of a broker's services in assessing best execution and may not pay the lowest commission rates available.

The Apollo Credit Managers consider the following factors in selecting brokers for portfolio transactions:

- (i) the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any);
- (ii) the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution;
- (iii) the financial strength, integrity and stability of the broker;
- (iv) the broker firm's risk in positioning a block of securities;
- (v) the quality, comprehensiveness and frequency of available research services; and
- (vi) the competitiveness of commission rates in comparison with other brokers satisfying the Apollo Credit Managers' other selection criteria.

The Apollo Credit Managers are not required to weigh any of these factors equally.

The Apollo Credit Managers may invest on behalf of Clients in senior loans, debt securities, derivatives, hedges and other instruments, which typically do not involve brokers or brokerage commissions. In the case of loans, an assignment fee is often charged by the administrative agent for a particular loan and fees may be payable when buying and selling bank loans. The Apollo Credit Managers may buy or sell securities directly from or to dealers acting as principal at prices that include markups or markdowns and may buy securities from underwriters or dealers in public offerings at prices that include compensation of the underwriter or dealer.

Soft Dollars

The Governing Documents of certain Apollo Funds authorize the use of “soft dollars.” The term “soft dollars” refers to the receipt by Apollo Managers of products and services provided by brokers without any cash payment by Apollo Managers, based on the volume of revenues generated from brokerage commissions for transactions executed for Apollo Funds. Apollo Managers do not enter into formal soft dollar arrangements with broker dealers. The Apollo Managers in the ordinary course may receive unsolicited research products and brokerage services from full service broker-dealers as part of their full range of services. Such unsolicited materials might benefit clients and therefore could be construed as soft dollars.

Section 28(e) of the Exchange Act, provides a “safe harbor” to investment managers who use soft dollars generated by their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to investment managers in the performance of their investment decision-making responsibilities. Although certain Apollo Managers have the discretion to use “soft dollars” to obtain services and products that would not be within the safe harbor afforded by Section 28(e) of the Exchange Act and for which it would otherwise be required to pay in cash, they have no plans to do so, and will notify the Apollo Funds of any change to that policy.

Consistent with Section 28(e) of the Exchange Act research products or services obtained by brokers for execution of transactions in connection with one or more clients may be used by an Apollo Credit Manager or another Apollo Manager to service one or more other clients, including clients that may not have paid for the benefits. Apollo Managers do not seek to allocate such benefits to their clients in proportion to the amount of transactions each client generates.

Order Aggregation

If an Apollo Credit Manager determines that the purchase or sale of the same security is in the best interest of more than one Client, the Apollo Credit Manager may, but is not obligated to, aggregate orders in order to reduce transaction costs. When an aggregated order is filled through multiple trades at different prices from the same time period within a trade day, each participating Client will receive the average price with transaction costs allocated pro rata based on the size of each Client’s participation in the order (or allocation in the event of a partial fill) as determined by the Apollo Credit Manager. In the event of a partial fill, allocations generally will be made pro rata based on the initial order, but may be modified on a basis that the Apollo Credit Manager deems to be appropriate, including, for example, in order to avoid odd lots or *de minimis* allocations. This may result in allocations of certain investments on other than a pro rata basis.

ITEM 13 Review of Accounts

The portfolio managers across the Clients managed by the Apollo Credit Managers engage in ongoing monitoring of each investment. In addition, the Apollo Credit Managers conduct thorough, periodic reviews of Client accounts in order to assess trends that impact an individual investment’s ability to generate cash, profitability, asset values, financing needs, potential liability and ability to service any debts.

The Apollo Investment Practices Committee (the “IPC”) meets on a quarterly basis to review portfolio management, investment processes and related documents evidencing compliance with written policies and procedures for all Apollo Funds. Generally, the IPC provides oversight of issues relating to the investment and trading of Apollo Funds, such as allocations and best execution. The IPC ensures certain management reports and certifications are reviewed by members of Apollo’s Compliance, Finance, Operations, Risk and Legal departments.

The Apollo Credit Funds generally deliver newsletters to investors on a periodic basis. The newsletters summarize the performance of the applicable Apollo Credit Fund, and provide a market outlook, exposure information and the net asset value. The Apollo Credit Funds also generally deliver audited financial statements on an annual basis, within 120 days of the applicable Fund’s fiscal year end.

ITEM 14

Client Referrals and Other Compensation

The Apollo Credit Managers enter into arrangements with, and compensate, unaffiliated third parties for investor referrals to the Apollo Credit Funds. These solicitation arrangements will be fully disclosed to affected investors and will generally be consistent with the requirements of Rule 206(4)-3 under the Advisers Act. Generally, the terms of such arrangements will vary but call for the Apollo Credit Manager to pay the solicitor a fee equal to a percentage of capital contributions, Management Fees, incentive fees, incentive allocations or a combination of such contributions or fees borne by each investor introduced to an Apollo Credit Fund by the solicitor or placement agent and reimburse such solicitor or placement agent for expenses incurred by either of them in connection with such arrangements. In these cases, and where contemplated by the applicable Governing Documents, the applicable Apollo Credit Managers reduces its Management Fee on a dollar-for-dollar basis to the extent any such placement agent fees and related costs and expenses are borne by the Client.

ITEM 15

Custody

Under the Advisers Act Rule 206(4)-2, the Apollo Credit Managers are deemed to have custody of the assets of certain Clients. These Clients receive annual audited financial statements from an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. These annual audited financial statements are then distributed to all investors no later than 120 days after the end of the applicable Client’s fiscal year-end.

AAM’s clients receive account statements on a quarterly or more frequent basis from their applicable custodians. AAM’s clients should carefully review those account statements and are urged to compare those account statements to other statements they receive or have access to electronically, including statements provided by AAM, if any. AAM also has custody of clients’ funds and securities verified by actual examination at least annually by an independent public accounting firm at a time chosen by the accounting firm without prior notice to AAM (a “Surprise Examination”). The accounting firm’s report concerning the Surprise Examination is

publicly available on the Form ADV-E at the website provided on the cover page of this Brochure.

ITEM 16

Investment Discretion

For most accounts, the Apollo Credit Managers have full discretionary authority with respect to investment decisions, and their advice with respect to the Apollo Credit Funds is provided in accordance with the investment objectives and guidelines as set forth in the applicable Governing Documents. The Governing Documents of Clients generally place limitations on the Apollo Credit Managers regarding their management of Clients, including: (i) the number of portfolio investments that Clients acquire; (ii) the size of portfolio investments; (iii) the amount of leverage that Clients use to acquire portfolio investments; and (iv) the percentage of portfolio investments acquired by Clients that are organized and operated primarily outside of the United States.

Limited partners of a Client may also negotiate with the general partners in side letter agreements for more specific limitations applicable to the limited partner, such as prohibited investments in specified countries, that may result in such limited partner (but not the Client itself) not participating in such prohibited investments. Apollo Capital Management is delegated the authority to consummate investments on behalf of Clients by the terms of Governing Documents and the Management Agreements entered into between a Client and the relevant Apollo Credit Manager.

Similarly, the Apollo Credit Managers' investment decisions and advice with respect to a managed account will be in accordance with the investment objectives and guidelines in such managed account's Management Agreement, as well as any other instructions provided by the Client to the applicable Apollo Credit Manager. For certain managed accounts, Apollo provides non-discretionary investment advice. Non-discretionary investment advice is also provided in accordance with the relevant account's Management Agreement as well as any other instructions provided by the Client to the applicable Apollo Credit Manager.

ITEM 17

Voting Client Securities

The Apollo Credit Managers have been delegated the authority to vote proxies regarding their Client accounts. The Apollo Credit Managers have conflicts of interest where they have a substantial business relationship with a company and the failure to vote in favor of company management could harm the Apollo Credit Managers' relationship with management. Conflicts also arise in the event a senior executive of a company and principal of Apollo has a significant personal relationship that could affect how the adviser votes on a matter relating to the company.

The Apollo Credit Managers have adopted and implemented policies and procedures which they believe are reasonably designed to ensure that the Apollo Credit Managers vote proxies in the best interests of their Clients. For example, if an Apollo representative sits on the board of directors of a portfolio investment that is the subject of a proxy, the Chief Compliance Officer or designee will undertake a review prior to any vote by the proxy recipient to determine whether a

material conflict of interest exists between the applicable Apollo Credit Manager and the interests of its Client or between such Apollo Credit Manager and the portfolio investment shareholders. In the event that a material conflict of interest is identified, the Chief Compliance Officer or designee will take such steps as he or she deems necessary in order to determine how to vote the proxy in the best interests of the Client, including, but not limited to, consulting with the legal department, outside counsel, a proxy consultant or the investment professionals responsible for the relevant portfolio investment. In each instance, when exercising their voting discretion, the Apollo Credit Managers seek to avoid any direct or indirect conflict of interest between their Clients and their voting decision.

Clients may request from the applicable Apollo Credit Manager a copy of the proxy voting policy and a record of how proxies have been voted.

ITEM 18

Financial Information

This Item 18 is not applicable. No Apollo Credit Manager is required to include a balance sheet for its most recent fiscal year, is aware of any financial condition reasonably likely to impair its ability to meet its contractual commitments to Clients or has been the subject of a bankruptcy petition at any time during the past ten years.