

PART 2A OF FORM ADV: FIRM BROCHURE

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This brochure provides information about the qualifications and business practices of OFS CLO Management, LLC (“**OFS CLO Management**”). If you have any questions about the contents of this brochure, please contact OFS CLO Management at 847-734-2000. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “**SEC**”) or by any state securities authority.

Additional information about OFS CLO Management is also available via the SEC’s website at www.adviserinfo.sec.gov.

Registration with the SEC under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”) or with any state securities authority does not imply a certain level of skill or training.

Item 2 Material Changes

This is OFS CLO Management's first Brochure.

IMPORTANT NOTE ABOUT THIS BROCHURE

This Brochure is not:

- **an offer or agreement to provide advisory services to any person**
- **an offer to sell interests (or a solicitation of an offer to purchase interests) in any CLO (as defined below) or other investment vehicle advised by OFS CLO Management, LLC**
- **a complete discussion of the features, risks or conflicts associated with any advisory relationship or CLO**

As required by the Advisers Act, OFS CLO Management provides this Brochure to current and prospective CLO Clients and may also, in its discretion, provide this Brochure to current or prospective investors in a CLO Client, prior to, or in connection with, such persons' investment in the CLO. Additionally, this Brochure is available through the SEC's Investment Adviser Public Disclosure website.

Persons who receive this Brochure (whether from OFS CLO Management or not) should be aware that the Brochure is intended solely to provide information about OFS CLO Management necessary to comply with disclosure obligations under the Advisers Act. The offering documents, regulatory filings (as applicable), organizational documents, management contracts or other related documents (the **"Governing Documents"**) for each CLO should be read carefully prior to investment. Information in this Brochure may be presented differently from information presented in the Governing Documents or in other public or private disclosures. To the extent there is any conflict between discussions herein and similar or related discussions in any Governing Documents, the relevant Governing Documents shall govern and control. More complete information about each CLO is included in the relevant Governing Documents, certain of which may be provided to current and eligible prospective investors only by the CLO or by another authorized party.

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Item 4 Advisory Business

Background

OFS CLO Management is a Delaware series limited liability company that was organized on December 15, 2016. OFS Funding I, LLC is the managing member of OFS CLO Management, and Orchard First Source Asset Management, LLC (“**OFSAM**”) is the sole member and manager of OFS Funding I, LLC. The principal owner of OFSAM is Richard Ressler through his interest in Orchard Investments II, LLC. OFSAM also owns OFS Capital Management, LLC (“**OFS Capital Management**”), an SEC-registered investment adviser whose principal office is located at 10 South Wacker Drive, Suite 2500, Chicago, Illinois 60606. OFS CLO Management is a related adviser of OFS Capital Management. OCV Capital Management, LLC (“**OCVM**”) is a relying advisor of OFS Capital Management. OFS CLO Management, OFS Capital Management and OCVM (collectively, “**OFS Advisors**”) share management, investment and other professionals, advise clients (“**Clients**”) who invest in similar investments, have overlapping investment committees, and are subject to a common compliance program and share a common chief compliance officer.

OFS CLO Management does not have any exclusive employees. OFS CLO Management is a party to a Staff and Services agreement (the “**Services Agreement**”) with its affiliate, Orchard First Source Capital, Inc. (“**OFSC**”), a Delaware corporation and wholly owned subsidiary (and the manager) of OFSAM. Under the Services Agreement:

- OFS CLO Management and OFSC jointly employ most of the personnel, including investment professionals, who provide services to OFS CLO Management; and
- OFSC provides back- and middle-office, legal/compliance/risk analysis, credit analysis, execution and documentation, marketing, reporting, and other administrative services to OFS CLO Management.

Other persons who provide services to OFS CLO Management, including its CCO, are employees of CIM Group, L.P., (“**CIM Group**”), a California limited partnership controlled by Richard Ressler that, with its affiliates (including CIM Investment Advisors, LLC, an SEC registered investment advisor), advises infrastructure and real estate funds, and Orchard Capital Corp. (“**OCC**”), a California corporation controlled by Mr. Ressler, that provides consulting and advisory services to companies in which Mr. Ressler invests. All the foregoing services are provided via a mutual services agreement among OFSC, CIM Group, OCVM and OCC. The same professionals who service OFS CLO Management similarly service OFS Capital Management via (i) the mutual services agreement and (ii) a staffing agreement (the “**Staffing Agreement**”) between OFSC and OFS Capital Management.

OFS CLO Management will primarily serve as an investment adviser to, and hold certain collateralized loan obligation securities, including “risk retention” interests in pooled investment vehicles that are collateralized loan obligation funds (each, a “**CLO**” and, collectively, the “**CLOs**”). Initially, it is expected that OFS CLO Manager will act as asset manager to OFSI Fund VIII, Ltd., (“**Fund VIII**”) and in the future expects to serve as investment adviser, collateral manager, originator, and/or “risk retention” holder to other CLOs. For purposes of this brochure, the term CLO (and CLOs) shall be deemed to include Fund VIII as well as any future CLO portfolios to be managed by OFS

CLO Management, although such funds have not yet been consummated and no representation can be made as to whether or when such funds may be consummated. Any such CLO, when and if consummated, is expected to be managed under terms and conditions substantially similar to Fund VIII. While as of the date of this Brochure OFS CLO Management does not act as an adviser to any Clients, this Brochure describes activities that OFS CLO Management anticipates participating in after effectiveness.

We expect each of the CLOs will be an exempted company incorporated with limited liability under the laws of the Cayman Islands. All of the ordinary shares of each of the CLOs are expected to be held by a licensed trust company incorporated in the Cayman Islands, under the terms of a declaration of trust for the benefit of one or more charitable organizations located in the Cayman Islands. Each of the CLOs will issue various classes of notes (collectively, the “**CLO Notes**”), a portion of which will be held by OFS CLO Management. In addition, OFS CLO Management will hold “risk retention” interests in the CLOs to the extent required under the U.S. Risk Retention Rules (defined below).

OFS CLO Management was formed and will operate to facilitate compliance with Section 15G of the Securities Exchange Act of 1934, as amended by Section 941 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “**U.S. Risk Retention Rules**”). The U.S. Risk Retention Rules require a sponsor of a securitization transaction, such as a CLO, to retain at least 5% of the economic interest in the credit risk of the securitized assets. OFS CLO Management may also facilitate compliance with similar risk retention rules that are in place in the European Union by acting as an originator for the purposes of the EU Capital Requirements Directive (No. 2013/36/EU). OFS CLO Management intends to act as the sponsor of each CLO for which it acts as collateral manager.

Advisory Services

OFS CLO Management will provide investment management, advisory, and certain administrative and other related services to the CLOs. Each of the CLOs to be advised by OFS CLO Management is referred to herein individually as a Client or collectively as Clients. The investment advisory services OFS CLO Management will provide include sourcing and/or originating potential investments, conducting research and due diligence on potential investments and equity sponsors, analyzing investment opportunities, holding risk retention interests, and monitoring investments and portfolio companies.

OFS CLO Management focuses primarily on investments in broadly syndicated loans in the U.S.; however, OFS CLO Management may provide investment advice to Clients regarding a variety of investments, including other types of debt and equity as well as broadly syndicated loans in non-U.S. (*i.e.*, European) jurisdictions.

Investment Advisory Relationship with the CLOs

The advisory relationship between each CLO and OFS CLO Management will be governed by a written collateral management agreement between the CLO and OFS CLO Management (each, a “**CLO Management Agreement**”, and, collectively, the “**CLO Management Agreements**”). Each CLO’s portfolio is expected to be comprised predominantly of senior secured syndicated loans made to public and private U.S. companies. Each CLO will be subject to investment restrictions under the

terms of a note indenture (individually, a “**CLO Indenture**”, and, collectively, the “**CLO Indentures**”).

Management of Client Assets

As of the date of this brochure, OFS CLO Management has no regulatory assets under management.

Item 5 Fees and Compensation

The CLO Management Agreements will specify the terms of OFS CLO Management's compensation. Generally, to the extent funds are available in accordance with the priority of payments set forth in the relevant CLO Indenture, each CLO will pay OFS CLO Management (i) a base management fee ranging from approximately 0.15% to 0.20% per annum and (ii) a subordinated management fee ranging from approximately 0.30% to 0.35% per annum, in each case (i) and (ii), of the par value of the underlying investments held by the CLO, and (iii) an incentive management fee equal to approximately 20% of the CLO's net principal and interest income after holders of the CLO's residual interest notes have received an annualized internal rate of return ranging from approximately 13% to 13.5%, depending on the CLO.

OFS CLO Management expects the base and subordinated management fees and incentive fees to vary by Client based on a variety of factors, including the nature of the Client's proposed investments. Moreover, certain investors may negotiate with OFS CLO Management for a rebate or reduction on the management fees attributable to their investment in a CLO.

Subject to the specific terms of their respective investment management agreements, OFS CLO Management expects to bill CLOs directly for their fees quarterly, in arrears. CLO Management Agreements initiated or terminated during a quarter may be charged a prorated base and subordinated management fee and incentive fee. OFS CLO Management expects that each CLO Management Agreement will continue in effect until the earlier of the (i) liquidation of all assets in the CLO portfolio and the final distribution of the proceeds of such liquidation, and (ii) termination of OFS CLO Management for cause (as defined in the CLO Management Agreement). In addition, each CLO Management Agreement is expected to allow OFS CLO Management to resign upon specified, prior written notice to the CLO, the indenture trustee, and the applicable rating agencies. If a CLO Management Agreement is terminated for any reason, or if OFS CLO Management resigns or is removed, the fees and expenses payable by the CLO to OFS CLO Management that have not yet been paid or reimbursed, shall be due and payable following its termination, resignation, or removal.

Unless otherwise provided in the CLO Management Agreement, OFS CLO Management will be responsible for all its ordinary expenses incurred in the performance of its obligations under each CLO Management Agreement, including the fees and expenses of any third parties employed by it to perform such obligations. Any expense reimbursements will be payable only to the extent funds are available therefor in accordance with and subject to the limitations contained in each CLO Indenture.

Each CLO will be responsible for certain costs and expenses incurred by OFS CLO Management on its behalf, as specified in the CLO's Governing Documents, which will typically include, among others, the following:

- (i) costs and expenses incurred in connection with the establishment of the CLO;
- (ii) fees and expenses payable to rating agencies, consultants, legal counsel, accountants, or other agents, experts, or professionals;

- (iii) fees and expenses in connection with the acquisition, voting, or disposition of investments (including (a) investment related travel, communications and related expenses and (b) amounts in connection with the termination, cancellation or abandonment of a potential acquisition or disposition of any portion of the collateral that is not consummated);
- (iv) fees and expenses in connection with the carrying or management of investments (including costs and expenses for services and products relating to subscriptions and services from rating agencies and other service and research providers, portfolio management, communications with security holders, loan pricing and valuation, trade execution, loan administration and booking and compliance);
- (v) fees and expenses incurred in connection with the CLO Notes;
- (vi) fees and expenses in connection with trade execution, taxes, governmental costs, transfer fees, insurance, and other similar costs;
- (vii) any and all insurance premiums or expenses incurred by OFS CLO Management in connection with the activities of the CLO;
- (viii) fees and expenses for appraisal, pricing, or valuation services obtained on behalf of the CLO; and
- (ix) expenses incurred to comply with any law or regulation related to the activities of the CLO and OFS CLO Management.

Such fees and expenses may, if permitted by the Governing Documents, include OFS CLO Management's reasonable allocation of a portion of its overhead costs and expenses, including employment compensation.

OFS CLO Management will not receive a brokerage commission or other compensation attributable to the sale of securities or other investment products. For a detailed discussion of the factors that OFS CLO Management will consider in selecting or recommending broker-dealers for Client transactions and determining the reasonableness of commissions and compensation for such broker-dealers, please see "Item 12 Brokerage Practices-Selection of Broker-Dealers and Reasonableness of Compensation."

Payment or reimbursement of operational costs and expenses to OFS CLO Management or its affiliates by the CLOs creates conflicts of interest among OFS CLO Management, its affiliates and the CLOs. To mitigate this conflict, operational costs and expenses billed to the CLOs are submitted to that CLO's independent trustee for review and payment.

Certain affiliates of OFSAM will be entitled to service fees pursuant to service agreements with OFS CLO Management; however, such service fees will be paid directly by OFS CLO Management and will not be directly paid by any CLO.

Each CLO Management Agreement is expected to provide that OFS CLO Management is entitled to indemnification by the CLO against any claims or liabilities, including reasonable legal fees and other

expenses incurred in the course of its engagement, unless OFS CLO Management engages in specified activities such as fraud, willful misconduct, bad faith, or gross negligence.

Investors should review each CLO's Governing Documents for specific information about CLO fees and expenses.

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

The CLO Management Agreements are expected to provide for performance-based or incentive fee arrangements that may differ from CLO to CLO. The terms and conditions of OFS CLO Management's fee arrangements will be subject to individualized negotiations with each CLO, and will be structured in accordance with Section 205 of the Advisers Act and the rules promulgated thereunder, which permit performance-based fee arrangements with "qualified clients." For a description of OFS CLO Management's proposed performance-based fee arrangements, please see "Item 5 Fees and Compensation."

OFS CLO Management also expects to maintain economic interests in the CLOs which may vary from CLO to CLO.

Conflicts Relating to Performance Fees

Performance-based fee arrangements and OFS CLO Management's ownership of certain CLO interests may create an incentive for OFS CLO Management to recommend investments that may be riskier or more speculative than those that OFS CLO Management may otherwise recommend under a different fee arrangement. In the allocation of investment opportunities among OFS Advisors' Clients, performance-based fee arrangements may also create an incentive for OFS Advisors to favor Clients with performance or incentive fee arrangements over Clients that are not charged a performance fee, or even to favor one Client with incentive fee arrangements over another Client with similar arrangements, depending on the relative performance of such Clients' investment portfolios. OFS Advisors has promulgated policies and procedures to address these conflicts, including policies and procedures designed to ensure allocation of trades and securities to Clients on a fair and equitable basis, considering each Client's investment objectives and strategies as well as other relevant factors including applicable law.

Investment Allocation Policy

To assist OFS Advisors, including OFS CLO Management, in ensuring that investment opportunities are allocated among their Clients in a manner that, over time, is fair and equitable, the OFS Advisors have jointly adopted an order aggregation and trade allocation policy (the "**Aggregation and Allocation Policy**"). In accordance with the Aggregation and Allocation Policy, while each OFS Advisor Client may not participate in each individual investment opportunity, on an overall basis, each OFS Advisor Client will be entitled to participate equitably with all other OFS Advisors' Clients.

OFS Advisors currently has one investment committee for all CLO Clients, whether advised by OFS Capital Management or OFS CLO Management, a second investment committee for Clients focused on non-control investments in middle market companies, such as the business development companies ("**BDCs**") advised by OFS Capital Management, and a third investment committee for Clients focused on control investments in technology companies, such as OCV Fund I, L.P., ("**OCV I**") a private fund advised by OCVM. Each investment committee is responsible for allocation decisions among the Clients it serves. If an investment opportunity may be appropriate for Clients served by more than one investment committee, such as for both the CLOs and BDCs, a Pre-allocation Committee, comprised of members of multiple investment committees, will allocate such investment between the groups of Clients served by the such investment committees, and then the individual

investment committees will allocate the investment among their individual Clients. In determining the appropriateness of an investment opportunity for a particular group of Clients, the Pre-allocation Committee will consider the regulatory and other restrictions applicable to that group of Clients, as well as certain other factors, including:

- (i) the investment objectives or strategies of the Clients;
- (ii) liquidity objectives and constraints of the Clients;
- (iii) tax considerations applicable to the Clients;
- (iv) risk, diversification or investment concentration parameters for the Clients (including fixed or floating rate requirements, industry categories and credit rating requirements);
- (v) characteristics of the investment or (including the expected return, type of security, seniority in the capital structure, and call and put features);
- (vi) supply or demand for an investment at a given price level;
- (vii) size of the available investment; and
- (viii) such other factors as may be relevant to a particular transaction.

If an investment opportunity is allocated to the CLOs by the Pre-allocation Committee, the CLO investment committee will allocate the opportunity among the CLOs managed by OFS Advisors, including by OFS CLO Management. The CLO investment committee will determine the allocation by considering, among other things, the following factors and the weight that should be given with respect to each of these factors:

- (i) the investment guidelines and/or restrictions set forth in the applicable CLO Governing Documents;
- (ii) the CLO's risk and return profile;
- (iii) the suitability/priority of a particular investment for the CLO;
- (iv) if applicable, the targeted position size of the investment for the CLO;
- (v) the CLO's level of available cash for investment;
- (vi) the CLO's total capitalization;
- (vii) the vintage and remaining term of the CLO's investment period, if any; and
- (viii) any other consideration deemed relevant by the CLO investment committee, in good faith.

CLOs that are in their "ramp-up" period will generally have priority in acquisitions over CLOs that are outside their ramp-up period but still within their investment or re-investment periods. The

application of one or more of the factors listed above, however, or other factors determined by the CLO investment committee to be relevant/appropriate, may result in the allocation of an investment opportunity to a CLO no longer in its ramp-up period over a CLO that is still within its ramp-up period.

If the OFS Advisors are unable to obtain the aggregate amount desired of a limited investment opportunity for two or more groups of Clients, the Pre-Allocation Committee will generally pro-rate the aggregate allocation received between the Client groups, and the individual investment committees will allocate among their individual Clients, in all cases, generally based on the original amount recommended for each such Client, such that each Client will get the same percentage of the amount originally sought for such Client. If, in either the Pre-Allocation Committee's or the individual investment committee's reasonable business judgment, a non-pro-rata allocation is justified, a brief description of how the investment was allocated and the reasoning for such non-pro rata allocation will be included in the documentation pertaining to that investment for the affected Clients. The size of an aggregated order will be based on an estimate of what the applicable investment committee expects to be appropriate for each Client.

Item 7 Types of Clients

OFS CLO Management provides services to CLOs. Investors in the CLOs may include banks, insurance companies, and other institutions, as well as private funds, sovereign wealth funds and government or private pension funds.

The CLO Notes are not expected to be registered under the Securities Act of 1933 (“**Securities Act**”) or any state securities laws and may only be purchased (i) outside the United States by persons that are not U.S. Persons pursuant to Regulation S of the Securities Act or (ii) within the United States by “qualified institutional buyers” pursuant to Rule 144A of the Securities Act. In addition, certain tranches of CLO Notes will be sold to “accredited investors” as defined in Rule 501(a) of Regulation D of the Securities Act. Both qualified institutional buyers and accredited investors must also be “qualified purchasers” as defined in the Investment Company Act of 1940.

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

The following is a summary of OFS CLO Management's investment strategies and methods of analysis. This summary should not in any way limit OFS CLO Management's investment activities. OFS CLO Management may offer advisory services, provide advice with respect to investment strategies and make investments, including those that may not be described in this Brochure, which OFS CLO Management considers appropriate, subject to each CLO's investment objectives and guidelines. Specific descriptions of such strategies and methods are included in each CLO's Governing Documents. There can be no assurance that the investment objectives of any CLO will be achieved.

OFS CLO Management's investment strategy focuses primarily on debt investments in large corporate U.S. companies.

Methods of Analysis

The portfolio investments OFS CLO Management makes on behalf of its Clients typically originate from the following sources:

- OFS CLO Management's proprietary database of borrowers and intermediaries;
- Private equity sponsors;
- Lending institutions, including agent and investment banks; and
- Financial intermediaries.

Potential investments undergo a detailed review by OFS CLO Management's credit personnel, which includes consideration of the following factors:

- Client eligibility;
- Competitive strengths/weaknesses of the borrower;
- Purpose of the loan/use of funds;
- Financial performance (historical and projected) of the borrower;
- Overall business of the borrower, including products, services, management, sponsor, industry, and competition;
- Enterprise and collateral value;
- Transaction and corporate structure;
- Exit alternatives; and
- Any other identified weaknesses/risks and potential mitigating factors.

From time to time, OFS CLO Management may engage third parties, including certain of its affiliates, to assist in the underwriting and due diligence process.

Investments that satisfy OFS CLO Management's underwriting criteria will be submitted to the CLO investment committee, which must approve the investment. Once an investment is acquired, it will be reviewed on an ongoing basis as appropriate by the investment committee. This review will generally include the following:

- Receipt and review of periodic borrower financial statements and other deliverables;

- Ongoing communication with senior management; and
- Regular review of any “watch list” credits; i.e., those that fall below designated internal and external credit quality ratings.

Risk of Loss

Investing in securities involves risk of loss that Clients and their investors should be prepared to bear. Investors should be aware that mandates will limit the CLOs to certain types of investments, which may not be diversified. The CLOs are generally not intended to provide a complete investment program and CLO investors are responsible for appropriately diversifying their assets to guard against the risk of loss.

The following discusses certain material risks associated with investments in CLOs. Please refer to each CLO’s Governing Documents for further discussion of material risks, including risks that are specific to a particular CLO.

Investments in Highly Leveraged Companies. The debt investments OFS CLO Management makes for its Clients will consist primarily of non-investment-grade loans to leveraged companies. Investment in highly leveraged companies involves significant risks. Highly leveraged companies in which OFS CLO Management will invest on behalf of its Clients will have limited financial resources, and some of these companies will likely be unable to meet their obligations under their debt securities that OFS CLO Management’s Clients hold. Such developments will often be accompanied by a deterioration in the cash flow profile of the company and/or in the value of any collateral and a reduction in the likelihood of OFS CLO Management’s Clients realizing on any guarantees that may have been obtained with their investment. Any default on the debt is likely to result in substantial and protracted negotiations or restructuring that may result in a reduction in the interest rate, write-down of principal, or changes to the terms, conditions or covenants with respect to the investment.

Although a large portion of OFS CLO Management’s Clients’ investment portfolios will consist of senior secured loans, OFS CLO Management’s Clients may also invest in subordinated loans, which are generally unsecured. As such, other creditors will rank senior to OFS CLO Management’s Clients in the event of an insolvency. Smaller leveraged companies also generally have less predictable operating results and require substantial additional capital to support their operations, finance their expansion or maintain their competitive position. Such investments typically result in a higher amount of risk than senior secured loans, as well as volatility or loss of principal. Investments in portfolio companies made on behalf of Clients may be highly speculative and aggressive, and therefore, an investment in OFS CLO Management’s Clients may not be suitable for someone with lower risk tolerance.

Investments in Private Companies. Investment in private companies involves significant risks. Generally, little public information exists about these companies, and OFS CLO Management expects to rely on the ability of its investment professionals to obtain adequate information to evaluate the potential returns from investing in these companies. If OFS CLO Management is unable to uncover all material information about these companies, OFS CLO Management may not make a fully informed investment decision, and its Clients may lose money on these investments as a result.

Illiquid Investments. OFS CLO Management's Clients' assets are frequently invested in illiquid securities, and a substantial portion of OFS CLO Management's Clients' investments in leveraged companies are subject to legal and other restrictions on resale or are otherwise less liquid than more broadly traded public securities. The illiquidity of these investments may make it difficult to sell such investments if the need arises. In addition, if OFS CLO Management is required to liquidate all or a portion of a Client portfolio quickly, this Client may realize significantly less than the value at which OFS CLO Management has previously recorded the Client's investments. OFS CLO Management may also face other restrictions on its ability to liquidate an investment in a Client portfolio company to the extent that any OFS Advisor has material nonpublic information regarding such portfolio company.

Portfolio Concentration. Certain Client portfolios will be concentrated in a limited number of portfolio companies and industries. While Client portfolios may be subject to asset diversification requirements pursuant to the requirements of the CLO Indentures, OFS CLO Management does not have fixed guidelines for diversification. Consequently, a Client's returns may be significantly adversely affected if a small number of investments perform poorly or if there are write downs to the value of any one investment. Additionally, while OFS CLO Management is not generally targeting any specific industries, a particular Client's investments may be concentrated in relatively few industries. Accordingly, a downturn in any particular industry in which a Client is invested could significantly impact such Client's aggregate returns.

Effect of Bankruptcy. Although OFS CLO Management generally does not expect to make investments on behalf of its Clients in companies or securities that it determines to be distressed investments, Clients may hold debt securities of leveraged companies that may, due to the significant volatility of such companies, enter into bankruptcy proceedings or experience similar financial distress. The bankruptcy process has significant inherent risks. Many events in a bankruptcy proceeding are the product of contested matters and adversary proceedings and are beyond the control of the creditors. A bankruptcy filing by an issuer or obligor under a loan or debt investment may adversely and permanently affect such issuer or obligor. If the proceeding is converted to a liquidation, the value of the issuer may not equal the liquidation value that was believed to exist at the time of the investment.

The duration of a bankruptcy proceeding is also difficult to predict, and a creditor's return on investment can be adversely affected by delays until the plan of reorganization or liquidation ultimately becomes effective. The administrative costs of a bankruptcy proceeding are frequently high and would be paid out of the debtor's estate prior to any return to creditors. Because the standards for classification of claims under bankruptcy law are vague, OFS CLO Management's influence with respect to the class of securities or other obligations owned by Clients may be lost by increases in the number and amount of claims in the same class or by different classification and treatment. In the early stages of the bankruptcy process, it is often difficult to estimate the extent of, or even to identify, any contingent claims that might be made. In addition, certain claims that have priority by law (for example, claims for taxes) may be substantial.

Non-Controlling Investments. OFS CLO Management's Clients generally will not hold controlling positions in the portfolio companies in which they invest. As a result of not holding controlling interests in these portfolio companies, Clients are subject to the risk that a portfolio company may make business decisions with which OFS CLO Management disagrees,

and that the management and/or equity or debt holders of a portfolio company may take risks or otherwise act in ways that are adverse to the Client's interests. Due to the lack of liquidity of the debt and equity investments that Clients may hold in portfolio companies, OFS CLO Management may not be able to dispose of these investments in the event it disagrees with the actions of a portfolio company, Clients may therefore suffer a decrease in the value of these investments.

Effects of Default. A portfolio company's failure to satisfy financial or operating covenants imposed by OFS CLO Management on behalf of its Clients or other lenders could lead to defaults and, potentially, termination of its loans and foreclosure on its assets. This could trigger cross-defaults under other agreements and jeopardize such portfolio company's ability to meet its obligations under the debt or equity securities held by some Clients. OFS CLO Management may incur expenses on behalf of Clients to the extent necessary to seek recovery upon default or to negotiate new terms, which may include the waiver of certain financial covenants with respect to a defaulting portfolio company.

Subordination Risk. OFS CLO Management will invest a substantial portion of some Clients' capital in second lien and unitranche loans issued by portfolio companies. These portfolio companies may be permitted to incur other debt that ranks equally with, or senior to, the debt securities in which such Clients invest. By their terms, such debt instruments may provide that the holders are entitled to receive payment of interest or principal on or before the dates on which Clients would be entitled to receive payments in respect of their debt investments. Also, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a portfolio company, holders of debt instruments ranking senior to a Clients' investment in that portfolio company would typically be entitled to receive payment in full before Clients receive any distribution in respect of their investment, and Clients would have to share any distributions on an equal and ratable basis with other creditors holding equally ranking debt. After repaying senior creditors, the portfolio company may not have any remaining assets to use for repaying its obligation to Clients.

Second lien loans Clients invest in are typically secured on a second-priority basis by the same collateral securing first lien secured debt of a portfolio company. The first-priority liens on the collateral will secure the portfolio company's obligations under any outstanding senior debt and may secure certain other future debt that may be permitted to be incurred by the portfolio company under the agreements governing the loans. The holders of obligations secured by first-priority liens on the collateral will generally control the liquidation of, and be entitled to receive proceeds from, any realization of the collateral to repay their obligations in full before Clients. In addition, the value of the collateral in the event of liquidation will depend on market and economic conditions, the availability of buyers and other factors. There can be no assurance that the proceeds, if any, from sales of the collateral would be sufficient to satisfy the loan obligations secured by the second-priority liens after payment in full of all obligations secured by the first-priority liens on the collateral. If such proceeds were not sufficient to repay amounts outstanding under the loan obligations secured by the second-priority liens, then Clients, to the extent not repaid from the proceeds of the sale of the collateral, will only have an unsecured claim against the portfolio company's remaining assets, if any.

The rights Clients may have with respect to the collateral securing the loans made to portfolio companies with senior debt outstanding may also be limited pursuant to the terms of one or more

intercreditor agreements entered into with the holders of such senior debt. Under a typical intercreditor agreement, at any time that obligations that have the benefit of the first-priority liens are outstanding, any of the following actions that may be taken in respect of the collateral will be at the direction of the holders of the obligations secured by the first-priority liens:

- the ability to cause the commencement of enforcement proceedings against the collateral;
- the ability to control the conduct of such proceedings;
- the approval of amendments to collateral documents;
- releases of liens on the collateral; and
- waivers of past defaults under collateral documents.

OFS CLO Management may not have the ability to control or direct any such actions, even if the rights of its Clients are adversely affected.

Clients may also invest in unsecured subordinated loans to portfolio companies, meaning that such loans will not benefit from any interest in collateral of such companies. Liens on such portfolio companies' collateral, if any, secure the portfolio company's obligations under its outstanding secured debt and may secure certain future debt that is permitted to be incurred by the portfolio company under its secured loan agreements. The holders of obligations secured by such liens generally control the liquidation of, and are entitled to receive proceeds from, any realization of such collateral to repay their obligations in full before Clients. In addition, the value of such collateral in the event of liquidation will depend on market and economic conditions, the availability of buyers and other factors. There can be no assurance that the proceeds, if any, from sales of such collateral would be sufficient to satisfy the unsecured loan obligations of Clients after payment in full of all secured loan obligations. If such proceeds were not sufficient to repay the outstanding secured loan obligations, then Clients' unsecured claims would rank equally with the unpaid portion of such secured creditors' claims against the portfolio company's remaining assets, if any.

Subordinated investments will generally be subject to greater risk of loss than senior obligations as a result of adverse changes in the financial condition of the obligor or in general economic conditions. If OFS CLO Management makes a subordinated investment on behalf of its Clients in a portfolio company, the portfolio company may be highly leveraged, and its relatively high debt-to-equity ratio may create increased risks that its operations might not generate sufficient cash flow to service all of its debt obligations.

Contingent Liabilities. A material portion of Clients' investments will involve private securities. Upon disposition of such investments OFS CLO Management will be required to make representations on behalf of its Clients about the business and financial affairs of the portfolio company typical of those made in connection with the sale of a business. Some Clients will also be required to indemnify the purchasers of such investment to the extent that any such representations turn out to be inaccurate or with respect to potential liabilities. These arrangements may result in contingent liabilities that ultimately result in funding obligations that must be satisfied through Clients' return of previously-made distributions.

Competitive Environment. OFS CLO Management expects to operate in a highly competitive market for investment opportunities, which could reduce returns and result in losses for its Clients. Other entities will compete with OFS CLO Management to make the types of investments that OFS CLO Management seeks on behalf of Clients. OFS CLO Management will compete with public and private funds, commercial and investment banks, commercial financing companies and, to the extent they provide an alternative form of financing, private equity and hedge funds. Many of these competitors are substantially larger and will have considerably greater financial, technical and marketing resources than OFS CLO Management or its Clients do. For example, OFS CLO Management believes that some of these competitors will have access to funding sources not available to Clients. In addition, some of these competitors will likely have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships than Clients. The competitive pressures OFS CLO Management expects to face may have a material adverse effect on the business, financial condition and results of operations of its Clients. Because of this competition, Clients may not be able to take advantage of attractive investment opportunities from time to time, and OFS CLO Management may not be able to identify and make investments on their behalf that are consistent with their investment objectives.

The success of OFS CLO Management's Clients will depend on OFS CLO Management's ability to originate, recommend, structure, identify and consummate suitable investments in a highly competitive environment, to improve the operating performance of portfolio companies, and to satisfactorily exit the investments. The activity of identifying, completing and realizing attractive debt investments involves a significant degree of uncertainty, and OFS CLO Management's Clients will compete with the public debt and equity markets and with other investors, including other Clients, other funds, private equity funds, direct investment firms and merchant banks, for investment opportunities. There can be no assurance that OFS CLO Management will be able to locate and complete investments that satisfy Clients' rate of return objectives or realize upon their values or that OFS CLO Management will be able to fully invest Clients' capital.

Leverage. CLOs are highly leveraged vehicles. The income and net assets of a leveraged entity will tend to increase or decrease at a greater rate than if borrowed money were not used. The use of leverage, combined with negative performance, may result in investors in Clients losing some or all of their principal.

Lender Liability. A number of judicial decisions have upheld judgments of borrowers against lenders on the basis of various evolving legal theories, collectively termed "lender liability." Generally, lender liability is founded on the premise that a lender has violated a duty (whether implied or contractual) of good faith, commercial reasonableness and fair dealing, or a similar duty owed to the borrower or has assumed an excessive degree of control over the borrower resulting in the creation of a fiduciary duty owed to the borrower or its other creditors or shareholders. Because OFS CLO Management's Clients will typically act as lenders to the portfolio companies in which they invest, and may, directly or through OFS CLO Management, be deemed to engage in managerial activities with respect to certain borrowers, Clients could become subject to allegations of lender liability. Such allegations may subject Clients to the risk of becoming involved in litigation by third parties. This risk may be greater where OFS CLO Management or its Clients exercise control or significant influence over a portfolio company's direction.

Interest Rate Risk. Although OFS CLO Management will generally attempt to match the interest rates Clients pay to finance their portfolio investments against the interest paid by the investments themselves, variations in interest rates may result in a “mismatch” that would lower the overall profitability of Clients’ investment programs. In addition, portfolio investments that bear interest at a rate tied to an index will pay a lower interest rate when the index falls. Although many of the variable-rate debt instruments OFS CLO Management expects to purchase on behalf of its Clients may bear a minimum “floor” rate of interest to mitigate interest rate risks, this will not always be the case.

Cov-Lite Loans. Although certain of the loans in which OFS CLO Management may invest on behalf of its Clients will be governed by loan agreements that include ongoing financial covenants, or promises, by the borrower – for example, to maintain a minimum interest coverage ratio or maximum leverage ratio – OFS CLO Management may also invest in “Cov-Lite loans” on behalf of Clients. Cov-Lite loans typically lack such financial covenants or impose them only upon the occurrence of certain events, such as dividend payments, incurrence of incremental indebtedness, mergers or acquisitions, share purchases, or when the borrower borrows on a revolving loan past a certain threshold, etc. To the extent that this delays or forestalls the lenders’ ability to foreclose, force a restructuring, or take other action to protect their investment in a portfolio company, Cov-Lite loans may involve a materially higher risk of loss, lower liquidity, and higher price volatility than other debt investments.

Assignments vs. Participations. Typically, when OFS CLO Management acquires interests in third-party loans on behalf of Clients, these interests are acquired directly by way of an assignment from the lending institution. The purchaser of an assignment of an interest in a loan typically succeeds to all the rights and obligations of the assignor and becomes a lender under the loan agreement. OFS CLO Management may, however, purchase loan interests for Clients in the form of participations. Loan participations involve significant risks. A participation results in a contractual relationship only with the selling institution, not with the borrower. In the case of a participation, the investor will generally have the right to receive payments of principal, interest and any fees to which it is entitled only from the seller and only upon receipt by the seller of such payments from the borrower. The investor generally will have no right to enforce compliance by the borrower with the loan agreement and may not directly benefit from the collateral supporting the loan. Consequently, the investor will assume the credit risk of both the borrower and the institution selling the participation.

Foreign Investments. Although OFS CLO Management expects Clients to invest primarily in portfolio companies in the U.S., a portion of Clients’ investments may from time to time consist of obligations of non-U.S. obligors or U.S. obligors that are affiliated with non-U.S. companies. Investing outside the United States may involve a significant number of risks, which may include: less publicly available information; varying levels of governmental regulation and supervision; difficulties in enforcing legal rights or interpretation of laws; possible expropriation; or political, economic, or social instability. Even U.S. borrowers may be subject to these risks when they engage in substantial overseas investments or operations.

Risk Retention Rules. OFS CLO Management expects to retain interests in the CLOs, which may consist of securities issued by the CLOs, to the extent necessary for the CLOs to comply with the U.S. Risk Retention Rules. There has been no explicit guidance regarding how entities may be

structured for this purpose and therefore the regulatory environment in which the CLOs intend to operate is highly uncertain. There is no assurance that applicable governmental authorities will agree that any of the transactions, structures or arrangements entered into by OFS CLO Management, and the manner in which it expects to hold retention interests, will satisfy the U.S. Risk Retention Rules. If such transactions, structures or arrangements are determined not to comply with the U.S. Risk Retention Rules, OFS CLO Management could become subject to regulatory action that could materially and adversely affect OFS CLO Management. The impact of the U.S. Risk Retention Rules on the securitization market is also unclear and such rules may negatively impact the value of the CLOs and their underlying assets.

Political Uncertainty Risk. Markets in which Clients invest or are exposed may experience political uncertainty (e.g., Brexit), that create investment risk, such as: greater fluctuations in currency exchange rates; increased risk of default (by both government and private issuers); greater social, economic, and political instability (including the risk of war or natural disaster); increased risk of nationalization, greater governmental involvement in the economy; less governmental supervision and regulation of the securities markets and participants in those markets; controls on foreign investment, capital controls and limitations on repatriation of invested capital and on the ability to exchange currencies; inability to purchase and sell investments or otherwise settle security or derivative transactions (i.e., a market freeze); unavailability of currency hedging techniques; slower clearance; and difficulties in obtaining and/or enforcing legal judgments.

During times of political uncertainty, the securities, derivatives and currency markets may become volatile. There also may be a lower level of monitoring and regulation of markets while a country is experiencing political uncertainty, and the activities of investors in such markets and enforcement of existing regulations may be extremely limited.

Markets experiencing political uncertainty may have substantial, and in some periods extremely high, rates of inflation for many years. Inflation and rapid fluctuations in inflation rates may have negative effects on such countries' economies and securities markets.

There can be no assurance that adverse political changes will not cause a Client to suffer a loss of any or all of its investments or, in the case of fixed income securities, interest thereon.

Item 9 Disciplinary Information

To the best of its knowledge, there are no legal or disciplinary events that OFS CLO Management believes would be material to its Clients or its prospective Clients' evaluation of its advisory business or the integrity of its management.

Item 10 Other Financial Industry Activities and Affiliations

As noted in “Item 4 Advisory Business,” OFS CLO Management is part of a family of investment advisors including OFS Capital Management and OCVM, that share resources, including investment professionals, and that service Clients with overlapping investment strategies. OFSC, which is also a wholly owned subsidiary of OFSAM, provides, as joint employees with OFS CLO Management, most of OFS CLO Managements investment professionals, and provides OFS CLO Management back- and middle-office, legal/compliance/risk analysis, credit analysis, execution and documentation, marketing, reporting, and other administrative services. The employees who provide services to multiple different entities face conflicts of interest due to competing priorities and allocation of time and responsibilities.

Also as noted in “Item 4 Advisory Business,” OFSC provides OFS Capital Management with most of its investment professionals via the Staffing Agreement. The investment professionals that service OFS Capital Management’s CLOs under the Staffing Agreement are the same professionals that service OFS CLO Management’s CLOs under the Services Agreement. The investment professionals who service the OFS Advisors face conflicts in allocating their time among them. OFS CLO Management’s professionals, including their investment professionals, will devote as much of their time to OFS CLO Management as is reasonably required for OFS CLO Management to fulfill its fiduciary duties to its Clients and perform its duties to its Clients pursuant to the Governing Documents and in accordance with reasonable commercial standards.

Richard Ressler, principal owner of OFSAM and a member of the CLO investment committee, wholly owns and is employed by OCC, a consulting and advisory services firm. OFS Advisors’ CCO is employed by CIM Group, a real estate and infrastructure investment adviser controlled by Mr. Ressler. Neither is a joint employee of OFS CLO Management or OFSC, and both provide services to OFS Advisors and other affiliates that engage in lending, private equity, real estate and capital markets-oriented investment activities. OFS CLO Management pays OCC and CIM Group for services performed by these persons pursuant to the mutual services agreement. Their multiple roles could create conflicts of interest due to competing priorities and allocation of time and responsibilities.

OFS CLO Management’s investment professionals are not solely dedicated to its current Clients, and may in the future manage other investment funds, accounts, or other investment vehicles with investment objectives similar to or different from those of current Clients, which may compete with current Clients for investments or take opposing investment positions, or serve or may serve as officers, directors, or principals of entities that operate in the same, or a related, line of business as current Clients.

OFS CLO Management’s Financial Interests in its Clients

OFS CLO Management expects to maintain a direct investment in each of the CLOs to comply with the U.S. Risk Retention Rules. Typically, this investment will be made by OFS CLO Management’s holding a “vertical slice” equal to, at a minimum, a 5% pro-rata percentage of the face value of each tranche of the relevant CLO. However, other types of investments which satisfy applicable U.S. Risk Retention Rules may also be utilized. This investment will typically be financed through a third-party lender to OFS CLO Management. OFS CLO Management’s holding of each CLO’s securities will

give OFS CLO Management voting rights, which could include control rights, with respect to matters as to which the holders of securities are entitled to vote, including, without limitation, any vote to direct a redemption or refinancing and any vote to accelerate or not accelerate the payment of certain CLO securities. OFS CLO Management intends to act in its own interest with respect to such securities and such interest may conflict with or adverse to the interests of other holders of securities in such CLOs.

OFS CLO Management’s Financial Interests in other OFS Advisor Clients

OFS CLO Management’s personnel and affiliates hold shares of publicly-traded entities and other CLOs advised by other OFS Advisors. The differences in the financial interests OFS CLO Management and its personnel or affiliates have in OFS CLO Management’s Clients and the Clients of other OFS Advisors may give rise to conflicts of interest when OFS Advisors allocates investment opportunities among its Clients. All OFS Advisors have jointly adopted the Conflicts Procedures described below and the Aggregation and Allocation Policy to address such conflicts. Please see “Item 6 Performance- Based Fees and Side-by-Side Management—Investment Allocation Policy” for a detailed discussion of the Aggregation and Allocation Policy.

Conflicts Procedures

All OFS Advisors, including OFS CLO Management, have jointly adopted various policies and procedures (the “**Conflicts Procedures**”), including the Code of Ethics described in detail in “Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading” to address potential conflicts among OFS Advisors and their Clients. These policies and procedures, which may be modified from time to time at OFS Advisors’ sole discretion, may require prior review or approval of certain transactions by OFS Advisors’ CCO or members of senior management. Relevant policies and procedures for addressing conflicts with respect to a particular Client may be described in greater detail in the Governing Documents or offering materials for that Client. With respect to affiliate transactions or other matters giving rise to conflicts of interest, the relevant Governing Documents may provide for, among other things, consultation regarding or approval of such transactions by a person or body such as a trustee, a board of directors, or an advisory committee comprised of certain of the underlying investors in a pooled investment vehicle. The Conflict Procedures, together with the provisions of relevant governing documents concerning such potential conflicts, may limit OFS Advisors’ ability to buy or sell a security for a Client or otherwise participate in an investment opportunity for a Client, or to take other actions that OFS Advisors might consider in the best interests of a Client and its investors.

For a discussion of additional conflicts of interest and OFS Advisors procedures for addressing those conflicts, please see “Item 6 Performance-Based Fees and Side-by-Side Management” and the relevant CLO Governing Documents.

Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

OFS Advisors owe a fiduciary duty to its Clients and therefore mandates the highest standards of ethical conduct and care from its officers, directors and employees, including employees of affiliates that provide services to it. Such persons, whom OFS Advisors collectively refer to as its “personnel,” must abide by this basic business standard and must not take inappropriate advantage of their position. OFS Advisors’ personnel are under a duty to exercise their authority and responsibility for the benefit of OFS Advisors and its Clients, and may not have outside interests that inappropriately conflict with the interests of OFS Advisors and its Clients. OFS Advisors’ personnel must avoid circumstances or conduct that adversely affect, or that appear to adversely affect, OFS Advisors and its Clients.

Code of Ethics

Pursuant to Rule 204A-1 under the Advisers Act, the OFS Advisors have jointly adopted a code of ethics (“**Code of Ethics**”) to establish applicable policies, guidelines, and procedures that promote ethical practices and conduct by its personnel and that prevent violations of the federal securities laws, including the Advisers Act. OFS Advisors’ Code of Ethics is predicated on the principle that each OFS Advisor owes a fiduciary duty to its Clients. It consists of several policies primarily designed to address potential conflicts of interest, including a Personal Investment Policy, an Inside Information Policy, and a Gifts, Entertainment, Political Contributions and Outside Activities Policy.

OFS Advisors’ personnel must observe the applicable standards of care set forth in the Code of Ethics and may not seek to evade the policies and procedures set forth therein in any way, including through indirect acts by family members or other associates. All OFS Advisors, including OFS CLO Management, also maintain various joint compliance policies to assure compliance with other relevant provisions of the Advisers Act. The obligations set forth in the Code of Ethics are in addition to, and not in lieu of, the policies and procedures set forth in the other compliance policies, OFSC’s Employee Handbook, or any other policies and procedures OFS Advisors adopts in respect of the conduct of its business. OFS Advisors’ personnel must certify at least annually that they have read, understand, are subject to, and have complied with the Code of Ethics and the compliance policies. OFS Advisors’ personnel must comply with applicable federal securities laws and must report violations of the Code of Ethics to OFS Advisors’ CCO.

OFS CLO Management will provide a copy of the Code of Ethics, free of charge, to any Client or investor or any prospective Client or prospective investor upon request. The Code of Ethics may be requested by contacting OFS CLO Management at 847-734-2000 or compliance@ofsmanagement.com.

Participation or Interest in Client Transactions

Conflicts of interest may occur when OFS Advisors or its personnel invest in Clients or invest in the same investments, trade in the same investments at or about the same time, or have a material financial interest in the same investments that OFS Advisors recommends to Clients. OFS CLO Management generally intends to hold a sufficient interest in each CLO to satisfy applicable U.S. Risk Retention Rules. The interest of OFS Advisors or its personnel in a Client may create an incentive to take actions that are not in the best interests of the Client or other investors in the Client. In addition, if OFS

Advisors has a greater interest in one CLO than another, OFS Advisors may have an incentive to take actions that favor that CLO over the other.

OFS Advisors' Code of Ethics and the policies and procedures set forth therein have been designed to limit conflicts of interest in cases where OFS Advisors or any of its personnel, buy, sell, or otherwise have a direct or indirect interest in OFS Advisors' Clients or investments that OFS Advisors has recommended to its Clients.

Cross Trades

Cross-trades are transactions between two Clients of the same investment adviser or affiliated investment advisers, regardless of whether a broker-dealer is engaged to effect the transaction. OFS Advisors may utilize cross-trades to address account funding issues or for other bona fide portfolio management reasons. Under OFS Advisors' policies and procedures, any proposed cross-trade must be advantageous to each of the Clients involved in the transaction. The investment committee must seek the approval of OFS Advisors' CCO in advance of the trade and must provide information such as the size of the trade, confirmation that the positions are freely tradable, documentation regarding the price of the transaction, and an assertion that the transaction is advantageous to each Client involved. Any proposed cross-trades involving (i) the BDCs must be made in accordance with the policies adopted by the BDCs and the requirements of the 1940 Act; and (ii) OCV I must be approved by the OCV I advisory committee.

Principal Transactions

In a principal transaction, an adviser, acting for its own account, buys an investment from, or sells an investment to, a client. In addition, a transaction between OFS Advisors' Clients and an entity in which OFS Advisors or its affiliates, collectively, own more than 25% of the equity ownership may be considered a principal transaction. Section 206(3) of the Advisers Act requires an investment adviser to provide written disclosure to a client and obtain the client's consent prior to settlement of any principal transaction. Prior to execution of a principal transaction, the investment committee member recommending the trade must prepare a brief memorandum setting forth the reasons that the transaction is in the best interests of the Client involved, explaining how the transaction will be priced and demonstrating compliance with the relevant provisions of the Advisers Act relating to such type of transaction, including the client consent requirement of Section 206(3). The approval of the board of directors, managers, or another review board or entity may constitute Client consent consistent with the Client's Governing Documents. Any permissible principal trade must also be pre-approved by OFS Advisors' CCO.

Personal Trading Policy

As discussed above, OFS Advisors' personnel must abide by the Code of Ethics. As a general matter, OFS Advisors' personnel owe an undivided duty of loyalty to its Clients. OFS Advisors' personnel may not use their knowledge concerning a trade, pending trade, or contemplated investment by any of its Clients, to profit personally from such transaction, including by purchasing or selling such investments.

As required by Rule 204A-1 under the Advisers Act, OFS Advisors' Code of Ethics contains a Personal Investment Policy which mandates that OFS Advisors' personnel disclose their personal

securities holdings and transactions made in a “Reportable Security,” as defined in the Code of Ethics. Further, OFS Advisors’ personnel are generally prohibited from purchasing or selling, for any personal accounts, securities or other obligations of companies or issuers that, at that time, are listed on OFS Advisors’ “Restricted List,” which contains a list of companies or other issuers: (i) about which OFS Advisors or its affiliates may possess material non-public information; (ii) to which OFS Advisors or its affiliates may owe a fiduciary obligation; or (iii) in which OFS Advisors’ or its affiliates’ Clients own or intend to purchase an interest. Additionally, OFS Advisors’ personnel may not invest in an initial public offering or a private placement without the prior written approval of OFS Advisors’ CCO.

In addition, OFS Advisors’ Code of Ethics contains policies and procedures to prevent the misuse of material non-public information by OFS Advisors’ personnel, including the misuse of material non-public information about OFS Advisors’ investment recommendations and Client investments and transactions. OFS Advisors’ Code of Ethics describes what constitutes “material” and “non-public” information, and outlines the penalties that OFS Advisors’ personnel are subject to if they trade on such information.

OFS Advisors’ personnel may not engage in “front running.” Front running is an illegal practice in which an investment professional takes a position in an investment in advance of an action he or she knows will predictably affect the price of the investment. The Restricted List and the prohibition on front running are intended to prevent OFS Advisors and its personnel from buying or selling investments contemporaneously with OFS Advisors’ Clients in a manner where OFS Advisors or its personnel might benefit or OFS Advisors’ Clients might be harmed.

Item 12 Brokerage Practices

OFS CLO Management expects to have discretionary authority to buy and sell investments for its Clients and to determine the amount of such investments to be bought or sold, consistent with each Client's investment objectives and the restrictions set forth in each CLO Management Agreement and other Governing Documents. In addition, OFS CLO Management expects to have the authority to determine, without Client consultation or consent, the broker-dealers through which investments are bought and sold and the commission rates or dealer spreads at which transactions are effected. Because OFS CLO Management's Clients are expected to acquire and dispose of the majority of their investments in privately-negotiated transactions, many of the transactions in which they will engage will not require the use of brokers or the payment of brokerage commissions.

Selection of Broker-Dealers and Reasonableness of Compensation

A material portion of OFS CLO Management's Clients' investments will be in illiquid debt issued by private companies for which there are a limited universe of trading counterparties, and, therefore, OFS CLO Management expects to transact directly with the company, an existing investor, or an agent bank without the use of a broker-dealer. OFS CLO Management nevertheless expects to effect certain investments through agents and broker-dealers from time to time and has, along with the other OFS Advisors, adopted a best execution policy and corresponding procedures in respect of OFS CLO Management's duty to obtain "best execution" for OFS CLO Management's Clients' investment transactions.

OFS Advisor's objective in selecting broker-dealers and executing transactions is to seek to obtain the best combination of price and execution. OFS Advisors will consider the full range and quality of a broker-dealer's service in selecting broker-dealers to meet best execution obligations. The determinative factor is whether the transaction represents the best overall qualitative execution for OFS Advisors' Clients. As a starting point, OFS Advisors will consider the trade price and any imputed mark-up/mark-down. These things being equal or fairly equal among broker-dealers, the following qualitative factors, among others, may be considered:

- (i) liquidity of the securities traded and current market conditions;
- (ii) ability to maintain the confidentiality of trading intentions;
- (iii) ability to place trades in difficult market environments;
- (iv) quality and value of the research services provided;
- (v) execution facilitation services provided;
- (vi) timeliness of execution and trade confirmations;
- (vii) allocation of limited investment opportunities;
- (viii) custody services provided;
- (ix) frequency and correction of trading errors and fairness in resolving disputes;

- (x) ability to access a variety of market venues;
- (xi) expertise as it relates to specific investments;
- (xii) intermediary compensation (dealer spreads);
- (xiii) financial condition and business reputation;
- (xiv) gross compensation paid to each broker-dealer;
- (xv) order flow sent to the broker-dealers; and
- (xvi) willingness to commit capital.

As discussed above, privately-placed investments may be purchased directly from the issuer or its placement agent on terms OFS Advisors negotiates. Terms subject to such negotiation may include, but are not limited to, the frequency and amount of dividends and other distributions; debt limitations; permitted investments, sales of assets, consolidations and mergers; transactions with affiliates; subordination provisions; representations and warranties; rights of inspection; and events of default. OFS Advisors' ability to negotiate terms as part of a private placement may depend upon the amount of an offering to be bought or sold.

“Soft-Dollar” Arrangements

Currently, OFS CLO Management does not have any formal “soft-dollar” arrangements, under which OFS CLO Management would direct portfolio brokerage commissions to a specific broker-dealer in return for brokerage or research services. Although OFS CLO Management may receive research from broker-dealers and counterparties with whom OFS CLO Management transact, such research is typically free of charge to all market participants.

When OFS CLO Management receives research or related products or services from broker-dealers, it could potentially cause a conflict of interest as OFS CLO Management has incentive to select broker-dealers based on OFS CLO Management's interest in receiving these services, rather than receiving the most favorable execution for Client trades. However, OFS CLO Management generally does not consider access to research or brokerage services when considering broker-dealers with which to place trades. In addition, the types of investments OFS CLO Management expects to make for its Clients do not typically generate commissions. Nevertheless, when receiving research or brokerage services from broker-dealers with whom OFS CLO Management deals, OFS CLO Management receives a benefit because it does not have to produce or pay for such services itself.

OFS CLO Management expects to acquire the following types of research and related products or services from broker-dealers with whom OFS CLO Management does business: written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts, as well as discussions with research personnel; financial and industry publications; and statistical and pricing services. These products and services will not be provided in exchange for execution or trade fees.

Brokerage for Client Referrals

In selecting or recommending broker-dealers, OFS CLO Management will not consider whether OFS Advisors receives Client or investor referrals from a broker-dealer or other third party.

Directed Brokerage

OFS CLO Management does not engage in any directed brokerage arrangements at this time.

Trade Aggregation and Allocation

Please refer to “Item 6-Performance-Based Fees and Side-By-Side Management–Investment Allocation Policy” for information on OFS Advisors’ practices related to aggregation of purchase or sales of investments for Clients.

Item 13 Review of Accounts

OFS CLO Management has adopted a Portfolio Management Review Policy and corresponding procedures (the “**Portfolio Management Review Policies**”), which governs how OFS CLO Management considers, approves, documents, and monitors its Clients’ investments. To ensure effective supervision and management oversight of its investment activities, OFS CLO Management continuously monitors the composition and quality of its Clients’ investment portfolios as appropriate, as well as compliance with Clients’ Governing Documents. Among other things, OFS CLO Management may review a variety of portfolio reports, which may include weekly balance reports, portfolio summaries and other periodic reports containing detailed information regarding the portfolio and investments under consideration.

In accordance with OFS CLO Management’s Portfolio Management Review Policies, the CLO investment committee will be primarily responsible for ensuring that the investments held by Clients are consistent with the Client’s investment objectives and investment guidelines and restrictions. The CLO investment committee will be comprised of members designated from time to time by OFS CLO Management’s senior management. This investment committee, in consultation with OFS CLO Management’s CCO, will periodically review its Clients’ portfolios, performance, and prospects to identify irregularities or inappropriate positions.

Contents and Frequency of Account Reports to Clients

Holders of the CLO Notes will receive monthly written reports regarding composition of the portfolio and investment performance from the indenture trustee.

Item 14 Client Referrals and Other Compensation

Economic Benefits for Providing Services to Clients

OFS CLO Management will not receive economic benefits from third parties for providing investment advice or other advisory services to Clients.

Placement Agents

OFS CLO Management may enter into placement agent arrangements from time to time pursuant to which OFS CLO Management compensates third parties for placing CLO securities with investors. OFS CLO Management may make cash payments to such placement agents, for which the CLOs will reimburse OFS CLO Management, or the CLOs may make such payments directly. OFS CLO Management takes the position that Rule 206(4)-3 under the Advisers Act, the so-called “Cash Solicitation Rule,” does not apply to an adviser who engages a placement agent to solicit investors for pooled vehicles, such as the CLOs, advised by such adviser. However, OFS CLO Management has, along with the other OFS Advisors, jointly adopted a “Solicitors and Placement Agents Policy” to ensure that placement agents and any solicitors OFS CLO Management might in the future engage, disclose the nature of their relationship and compensation to investors in the CLOs.

OFS CLO Management will only pay a cash fee, directly or indirectly, to a placement agent pursuant to a written agreement. OFS CLO Management’s CCO, or his designee, oversees these placement agent arrangements, including the formation of new relationships. OFS CLO Management expects to only engage banks or registered broker-dealers to act as placement agents.

OFS CLO Management does not make any indirect payments to marketing intermediaries such as pension consultants for the referral of investors in its Clients, and will comply in all respects with applicable “pay to play” legislation and rule-making. Such payments could include, but are not limited to, direct payments for products/services offered by consultants and utilizing a consultant’s affiliated broker-dealer for securities transactions.

Placement agents that solicit or refer potential investors to OFS CLO Management or its Clients experience a conflict of interest because they will be compensated in connection with their placement activities.

Item 15 Custody

OFS CLO Management is not deemed to have custody of the funds and securities of the CLOs, and therefore is not subject to the requirements of Rule 206(4)-2 of the Advisers Act (the Custody Rule) with respect to the CLOs.

Item 16 Investment Discretion

At the outset of an advisory relationship, OFS CLO Management will typically receive discretionary authority from a Client to select the investments to be purchased and sold by the Client subject to the terms of the Governing Documents. The Governing Documents place significant restrictions on OFS CLO Management's ability to buy or sell investments, for example, proper investments for the CLOs must meet, among other restrictions, certain credit rating and other risk criteria, and reinvestment may only occur during prescribed time periods.

OFS CLO Management's Clients must provide OFS CLO Management with investment guidelines and restrictions in writing. Additionally, OFS CLO Management will require that Clients execute a power of attorney in OFS CLO Management's favor, when necessary.

For a complete discussion of OFS CLO Management's advisory business and the services OFS CLO Management provide to its Clients, please see "Item 4 Advisory Business."

Item 17 Voting Client Securities

Although the investments in OFS CLO Management's Clients' portfolios will not typically involve proxy voting, OFS CLO Management will accept discretionary authority to vote any Client proxy ballots OFS CLO Management may receive. As such, OFS CLO Management, together with the other OFS Advisors, has jointly adopted a Proxy Voting Policy (the "**Proxy Voting Policy**") and corresponding procedures to comply with Rule 206(4)-6 under the Advisers Act and with OFS CLO Management's fiduciary obligations. The Proxy Voting Policy applies to voting securities held by OFS Advisors Clients and has been designed to ensure that OFS Advisors vote proxies in the best interest of its Clients.

When voting economic proxies, OFS CLO Management's primary objective will be to make decisions in the best interest of its Clients. In fulfilling its obligations to its Clients, OFS CLO Management will act in a prudent and diligent manner to enhance the economic value of the underlying investments held by each of its Clients. In acting upon these matters on behalf of its Clients, OFS CLO Management will seek to avoid material conflicts of interest between its interests and the interests of its Clients.

An officer or employee designated by OFS CLO Management will be responsible for making proxy voting decisions for its Clients. In addition, OFS Advisors' Proxy Voting Policy permits a director level employee to cast votes on requests for certain types of waivers and amendments related to loan documents. When voting proxies, some, but not all, of OFS Advisors' considerations include:

- the view and opinion of the portfolio company's management and the effect of management's position on the value of the Client's investment;
- with regard to corporate governance matters, the purpose underlying the Client's investment position, including the investment horizon and the current or planned ownership position and degree of OFS Advisors involvement, on behalf of the Client, in management;
- with regard to proposals related to stock option plans and other management compensation issues, the portfolio company's need to recruit and retain highly qualified individuals in competitive labor markets and the relevant industry standards and practices; and
- with regard to proposals related to social and corporate responsibility, OFS Advisors will generally defer to company management, but will not support any proposals that may conflict with the portfolio company's ability to maximize long-term profits or may have an adverse effect on the Client's investment.

None of the CLOs can direct how OFS CLO Management votes on a particular solicitation or request.

When deciding how to vote proxies certain conflicts of interest may arise. For example, portfolio companies in which different Clients are invested may be competing for or involved in similar transactions, investments, lines of business, or types of research. Voting a proxy for one Client's portfolio company may adversely affect the prospects or business of another Client's portfolio

company. In the past, OFS Advisors' Clients and have co-invested with each other and will continue such co-investment, unless doing so is impermissible based on existing regulatory guidance, applicable regulations, or OFS Advisors Aggregation and Allocation Policy. Because OFS Advisors advises multiple Clients, a proxy vote may benefit one Client and adversely affect another Client. In acting upon these matters on behalf of its Clients, OFS Advisors will seek to avoid or mitigate material conflicts between and among it and its Clients.

OFS CLO Management will maintain proper records in connection with OFS CLO Management's Proxy Voting Policy and as required under the Advisers Act. OFS CLO Management's Clients can obtain a copy of OFS CLO Management's Proxy Voting Policy, voting procedures and information about how OFS CLO Management has voted proxies, by contacting OFS CLO Management at 847-734-2000 or compliance@ofsmanagement.com.

Item 18 Financial Information

Balance Sheet

OFS CLO Management does not require or solicit any prepayment of fees six months or more in advance and, therefore, is not required to provide a balance sheet for its most recent fiscal year.

Contractual Commitments to its Clients

OFS CLO Management has no financial condition that is reasonably likely to impair its ability to meet contractual and fiduciary commitments to its Clients.

Bankruptcy Petitions

OFS CLO Management has never been the subject of a bankruptcy petition.