

PART 2A OF FORM ADV: FIRM BROCHURE

OFS

OFS Capital Management, LLC

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

Additional information about OFS 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.

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 Client (as defined below) or other investment vehicle advised by OFS Management**
- **a complete discussion of the features, risks or conflicts associated with any advisory relationship or Client**

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

Persons who receive this Brochure (whether from OFS Management or not) should be aware that the Brochure is intended solely to provide information about OFS 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 any Client in which an investor or prospective investor is considering an investment 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 Client is included in the relevant Governing Documents, certain of which may be provided to current and eligible prospective investors only by the Client or by another authorized party.

Item 2 Material Changes

Since we filed our last annual update to Form ADV Part 2A on March 30, 2020, the following material changes have been made to this brochure:

- Item 6 has been updated to reflect the details of a new co-investment order granted by the SEC on August 4, 2020. This new order supersedes the existing order granted on October 12, 2016.
- Item 10 has been updated to include the fact that an affiliated broker-dealer acts as dealer manager to certain of our pooled vehicles. Item 10 has also been updated to reflect that we act as sub adviser to certain affiliated investment adviser's pooled vehicles, and that affiliated investment advisers act as sub advisers to certain of our pooled vehicles.

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Item 4 Advisory Business

Background

OFS Management is a Delaware limited liability company that was organized on March 18, 2010. OFS Management has been in business for approximately ten years. The sole member and manager of OFS Management is Orchard First Source Asset Management, LLC (“**OFSAM**”), another Delaware limited liability company. The principal owner of OFSAM is Richard Ressler through his interest in OI3, LLC. OFS Management is an affiliated adviser of OFS CLO Management, LLC, (“**OFS CLO Management**”) a Delaware series limited liability company organized on December 15, 2016. OFS Management and OFS CLO Management (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 (“**CCO**”). OFS CLO Management has filed its own Form ADV and has its own Brochure. References to OFS CLO Management within this Brochure are to describe conflicts of interest related to it and policies and procedures it jointly adopted with OFS Management.

OFS Management does not have any employees. Most of the persons who provide services to OFS Management, including most of its investment professionals, are employees of Orchard First Source Capital, Inc. (“**OFSC**”), a Delaware corporation and wholly owned subsidiary (and manager) of OFSAM. Other persons who provide services to OFS Management, including its CCO, are employees of (a) CIM Capital Securities Management, LLC, (“**CSM**”), a Delaware limited liability company controlled by Richard Ressler that, with its SEC registered investment adviser affiliates (including CIM Capital, LLC (formerly CIM Investment Advisors, LLC) (“**CIM Capital**”), CIM Capital’s relying advisers, CIM Capital IC Management, LLC (“**IC Management**”) and CIM Capital SA Management, LLC (“**SA Management**”)), advise infrastructure and real estate funds, and (b) 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 services described above are provided via (i) a mutual services agreement among OFSC, CIM Group, and OCC, and (ii) a staffing agreement between OFSC and OFS Management. The same professionals who service OFS Management similarly service OFS CLO Management via (i) the mutual services agreement and (ii) a staff and services agreement between OFSC and OFS CLO Management.

OFS Management focuses primarily on investments in middle-market and broadly syndicated U.S. loans and debt and equity positions in Collateralized Loan Obligations; however, although OFS Management does not currently provide investment advice regarding other types of investments, including other types of debt and equity investments, it may do so in the future. The term “**Middle-Market**” refers to companies that may exhibit one or more of the following characteristics: (i) fewer than 2,000 employees; (ii) revenues between \$15 million and \$300 million; (iii) annual earnings before interest, taxes, depreciation, and amortization (“**EBITDA**”) between \$3 million and \$50 million; (iv) generally, private companies owned by private equity firms or owners/operators; and (v) enterprise values between \$10 million and \$500 million.

OFS Management Clients

OFS Management serves as the investment adviser to two business development companies (each a “**BDC**” and together, the “**BDCs**”), OFS Capital Corporation and Hancock Park Corporate Income, Inc., a registered closed-end fund (a “**CEF**”), OFS Credit Company, Inc., a Separately Managed Account (a “**SMA**”) and OFSAM’s proprietary investment portfolio (the “**Proprietary Investment Portfolio**”). OFS Management also serves as investment adviser and collateral manager to various “collateralized loan obligation” funds (individually, a “**CLO**” and, collectively, the “**CLOs**”) and serves as sub-adviser to certain affiliated and unaffiliated pooled investment vehicles (“**Sub-Advised Accounts**”).¹ In the future OFS Management may serve as investment adviser and/or collateral manager to other funds, including pooled investment vehicles, to be formed. OFS Management refers to each of the BDCs, CEFs, CLOs, Sub-Advised Accounts, SMAs and the Proprietary Investment Portfolio, together with future advisory Clients, as each a “**Client**” and collectively as “**Clients**.”

The BDCs

OFS Capital Corporation (“**OFS BDC**”) and Hancock Park Corporate Income, Inc. (“**HPCI BDC**”) are externally managed, closed-end, non-diversified management investment companies that have elected to be regulated as business development companies under the Investment Company Act of 1940, as amended (the “**1940 Act**”). OFS Management provides tailored investment advisory services to each of the BDCs pursuant to an investment management agreement (each, a “**BDC Management Agreement**” and, collectively, the “**BDC Management Agreements**”). As a regulated business development company, each BDC is subject to restrictions on its investments, including the requirement that it invest primarily in “eligible portfolio companies,” as defined in the 1940 Act. Each BDC invests in senior secured loans, which include first lien, second lien, and unitranche loans, as well as subordinated loans and, to a lesser extent, equity securities, in Middle-Market U.S. companies.

The CEF

OFS Credit Company, Inc. (the “**CEF**”) is a non-diversified, externally managed closed-end management investment company that has registered as an investment company under the 1940 Act, as amended. OFS Management provides tailored investment advisory services to the CEF pursuant to an investment advisory and management agreement (“**CEF Management Agreement**”). As a registered investment company, the CEF is subject to certain restrictions on its investments, including the requirement that it invest at least 80% of its total assets in floating rate credit investments and other structured credit investments including, Collateralized Loan Obligation debt and equity securities, leveraged loans and high yield bonds, opportunistic credit investments, and long/short credit investments, and other credit-related instruments.

The CLOs

Each of the CLOs is an exempted company incorporated with limited liability under the laws of the Cayman Islands. The ordinary shares of each of the CLOs are 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 has issued various classes of notes (collectively, the “**CLO Notes**”).

The advisory relationship between each CLO and OFS Management is governed by a written collateral management agreement between the relevant CLO and OFS Management (each, a “**CLO Management Agreement**”, and, collectively, the “**CLO Management Agreements**”). The CLOs’ portfolios are comprised predominantly of senior secured syndicated loans made to U.S. companies (both public and private). Each CLO is subject to investment restrictions under the terms of a note indenture (individually, a “**CLO Indenture**”, and, collectively, the “**CLO Indentures**”).

The Sub-Advised Accounts

Currently, OFS Management provides tailored investment sub-advisory services to certain affiliated and unaffiliated assets pursuant to negotiated sub-advisory agreements (“**Sub-Advisory Agreements**”), between OFS Management and an affiliated investment adviser (“**Affiliated Adviser**”) and an unaffiliated third party investment manager (“**Primary Adviser**”), respectively. The Sub-Advisory investment strategy is to primarily invest in broadly syndicated loan investments that balance risk, return, diversification and liquidity to generate a stable base of income within the Fund. The Sub-Advised Accounts are managed on a discretionary basis. OFS Management expects to enter into additional Sub-Advisory Agreements in the future.

The SMA

Currently, OFS Management provides tailored investment advisory services to an SMA client pursuant to a negotiated managed account agreement (“**SMA Agreement**”). The SMA investment strategy is to primarily invest in middle market debt obligations, other debt obligations, debt of U.S. and non-U.S. obligors, high yield bonds, bank debt, and mezzanine or unsecured debt or equity. The SMA is managed on a discretionary basis. OFS Management expects to enter into additional SMA arrangements in the future.

The Proprietary Investment Portfolio

OFS Management provides investment advisory services to the Proprietary Investment Portfolio. The Proprietary Investment Portfolio consists primarily of legacy investments that are being harvested and investments in the CLOs. From time to time, OFS Management may make new investments in the Proprietary Investment Portfolio that are not appropriate for our other Clients; however, we do not expect the Proprietary Investment Portfolio to make new investments in companies in which our other Clients invest.

Management of Client Assets

As of December 31, 2019, OFS Management had approximately \$1,227,893,235 of regulatory assets under management on a discretionary basis and \$41,290,959 of regulatory assets under management on a non-discretionary basis.

Item 5 Fees and Compensation

General

OFS Management enters into an investment management agreement with each Client that specifies the terms of compensation for that Client. The following discussion provides an overview of OFS Management's current fee and compensation arrangements.

OFS Management typically charges Clients either both a base management fee ("**Base Management Fee**") and a performance-based incentive fee ("**Incentive Fee**"), or an asset-based management fee ("**Asset-Based Fee**"). The base management, incentive, and asset-based fees vary by Client, and OFS Management may negotiate different fee schedules for Clients (or underlying investors) based on a variety of factors, including the nature of the Client's proposed investments. Moreover, certain investors may negotiate for more favorable compensation arrangements, such as a rebate or reduction on the management fee attributable to their investment, the provision of additional information or reports, more favorable transfer rights, and more favorable liquidity rights.

Subject to the specific terms of their respective investment management agreements, OFS Management typically bills current Clients directly for their fees quarterly, in arrears or in advance. Future Clients, however, may authorize OFS Management to directly deduct fees from their accounts, or the underlying investors in such Clients may elect to be billed directly for fees. Client accounts initiated or terminated during a quarter may be charged a pro-rated base management fee, incentive fee or asset-based fee. Upon termination of any Client account, OFS Management will promptly refund any unearned, prepaid fees and any earned, unpaid fees will remain due and payable by the Client.

Clients may incur certain charges imposed by custodians, trustees, brokers, and other third parties, including custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. OFS Management's management fees are exclusive of such brokerage commissions, custody fees, trustee fees, fund expenses, transaction fees, and other related costs and expenses. OFS Management does not expect to receive any portion of these commissions, fees, and costs and 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 Management considers 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."

An affiliate of OFS Management provides agency services to lenders, including, in some cases, investment advisory Clients. This affiliate typically receives an annual flat fee in connection with these services, but these agency fees constitute a *de minimis* amount relative to OFS Management's investment advisory fees.

BDC Management Agreements

OFS Management is currently a party to each of the BDC Management Agreements. The board of directors of the OFS BDC and HPCI BDC, which includes independent directors, approves the OFS BDC and HPCI Management Agreements on an annual basis. Throughout this Brochure, OFS Management refers to directors who are not “interested persons” as defined in the 1940 Act as independent directors. Unless terminated earlier, each BDC Management Agreement will remain in effect from year to year provided the board of directors of the relevant BDC, or the holders of a majority of the outstanding voting securities of such BDC, approve such continuation. In addition, a majority of each BDC’s independent directors must approve the continuation of the BDC Management Agreements. Each BDC Management Agreement may be terminated by either party thereto without penalty with at least 60 days’ written notice to the other party. The holders of a majority of outstanding voting securities of each BDC may also terminate their respective agreement without penalty with at least 60 days’ written notice to OFS Management.

Pursuant to the BDC Management Agreements, in exchange for OFS Management’s investment advisory services, each BDC pays OFS Management a base management fee (the “**BDC Base Management Fee**”) equal to a percentage of the average value of the BDC’s total assets at the end of the two most recently completed calendar quarters, payable quarterly in arrears.

In addition, each BDC pays OFS Management an incentive fee (the “**BDC Incentive Fee**”). The BDC Incentive Fee has two components. The first part is calculated and payable quarterly in arrears in an amount equal to specified percentage of that portion of the BDC’s “pre-incentive fee net investment income” (expressed as a rate of return) for the immediately preceding quarter that exceeds a specified hurdle rate. The second part is determined and payable in arrears as of the end of each calendar year in an amount equal to specified percentage of the BDC’s realized capital gains, if any, on a cumulative basis at year-end, net of all realized capital losses and unrealized capital depreciation on a cumulative basis, less the aggregate amount of any previously paid BDC Incentive Fee.

OFS Management provides and pays for the compensation of OFS Management’s investment professionals and OFS Management’s affiliates, to the extent they provide investment advisory services to one of the BDCs, and the compensation and routine overhead expenses of personnel allocable to these services. Pursuant to the terms of the BDC Management Agreements, each BDC is responsible for paying all other costs and expenses incurred in connection with administering the BDCs’ businesses.

Each BDC Management Agreement provides that OFS Management is entitled to indemnification by the relevant BDC against any claims or liabilities, including reasonable legal fees and other expenses reasonably incurred, arising out of or in connection with the business and operations of the BDC, or any action taken or omitted on behalf of the BDC, pursuant to authority granted under the BDC Management Agreement, unless OFS Management acts with gross negligence, willful misconduct, bad faith or reckless disregard of its duties.

In addition, each BDC has entered into an administration agreement (the “**Administration Agreement**”) with OFS Management’s affiliate, OFS Capital Services, LLC (“**OFS Services**”),

pursuant to which OFS Services furnishes the BDCs with office facilities, equipment, necessary software licenses and subscriptions, clerical, bookkeeping, and recordkeeping services, and certain officers of the BDCs together with their staffs. In consideration for such services, the relevant BDC reimburses OFS Services for such BDC's allocable portion of overhead and certain other expenses, including the allocable portion of the salaries and bonuses of such BDC's chief executive officer, chief financial officer, chief compliance officer, chief accounting officer, and their respective staffs. The Administration Agreement may be renewed annually with the approval of the relevant BDC's board of directors. The Administration Agreement may be terminated by either party thereto without penalty upon 60 days' written notice to the other party.

Specific information about the BDC Management Agreements and Administration Agreements are available in the public filings made by each BDC pursuant to the requirements of the Securities Exchange Act on the SEC's EDGAR system at www.sec.gov/edgar.

CEF Management Agreement

OFS Management is currently a party to the CEF Management Agreement. The CEF Management Agreement became effective on October 4, 2018 and shall remain in effect for two years after such date. Thereafter, the board of directors of the CEF, which includes the independent directors, must approve the continuation of the CEF Management Agreement on an annual basis. Throughout this Brochure, OFS Management refers to directors who are not "interested persons" as defined in the 1940 Act as independent directors. The CEF Management Agreement may be terminated by either party thereto without penalty with at least 60 days' written notice to the other party. The holders of a majority of outstanding voting securities of the CEF may also terminate their respective agreement without penalty with at least 60 days' written notice to OFS Management.

Pursuant to the CEF Management Agreement, in exchange for OFS Management's investment advisory services, the CEF pays OFS Management a base management fee (the "**CEF Base Management Fee**") equal to a percentage of the CEF's total equity base ("Total Equity Base"), calculated and payable quarterly in arrears. Total Equity Base means the net asset value ("NAV") of the CEF's stockholders and the paid-in capital of the CEF's preferred stock, if any.

In addition, the CEF pays OFS Management an incentive fee (the "**CEF Incentive Fee**"). The CEF Incentive Fee is calculated and payable quarterly in arrears in an amount equal to specified percentage of that portion of the CEF's "pre-incentive fee net investment income" (expressed as a rate of return) for the immediately preceding quarter that exceeds a specified hurdle rate.

OFS Management provides and pays for the compensation of OFS Management's investment professionals and OFS Management's affiliates, to the extent they provide investment advisory services to the CEF, and the compensation and routine overhead expenses of personnel allocable to these services. Pursuant to the terms of the CEF Management Agreement, the CEF is responsible for paying all other costs and expenses incurred in connection with administering the CEF's business.

The CEF Management Agreement provides that OFS Management is entitled to indemnification by the CEF against any claims or liabilities, including reasonable legal fees and other expenses reasonably incurred, arising out of or in connection with the business and operations of the CEF, or any action taken or omitted on behalf of the CEF, pursuant to authority granted under the CEF Management Agreement, unless OFS Management acts with gross negligence, willful misconduct, bad faith or reckless disregard of its duties.

In addition, the CEF has entered into an administration agreement (the “**Administration Agreement**”) with OFS Management’s affiliate, OFS Capital Services, LLC (“**OFS Services**”), pursuant to which OFS Services furnishes the CEF with office facilities, equipment, necessary software licenses and subscriptions, clerical, bookkeeping, and recordkeeping services, and certain officers of the CEF together with their staffs. In consideration for such services, the CEF reimburses OFS Services for such allocable portion of overhead and certain other expenses, including the allocable portion of the salaries and bonuses of CEF’s chief executive officer, chief financial officer, chief compliance officer, chief accounting officer, and their respective staffs. The Administration Agreement became effective on October 4, 2018 and shall remain in effect for two years after such date. Thereafter, the Administration Agreement may be renewed annually with the approval of the CEF’s board of directors. The Administration Agreement may be terminated by either party thereto without penalty upon 60 days’ written notice to the other party.

The CLO Management Agreements

OFS Management provides investment advisory services to the CLOs pursuant to the CLO Management Agreements. Pursuant to each CLO Management Agreement, 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 Management (i) a base management fee ranging from approximately 0.15% to 0.20% per annum, depending on the CLO, and (ii) a subordinated management fee ranging from 0.30% to 0.35% per annum, depending on the CLO, in each case, 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 13% to 13.5%, depending on the CLO.

Each CLO Management Agreement continues in effect until the earlier of the (i) liquidation of all of the assets in the CLO portfolio and the final distribution of the proceeds of such liquidation, and (ii) termination of OFS Management for cause (as defined in the CLO Management Agreement). In addition, each CLO Management Agreement allows OFS Management to resign upon 90 days’ 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 Management resigns or is removed, the fees and expenses payable by the CLO to OFS Management that have not yet been paid or reimbursed, shall be due and payable following the termination, resignation, or removal of OFS Management.

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

other expenses arising out of or in connection with the CLO Management Agreement unless OFS 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.

Sub-Advisory Agreements

OFS Management is currently a party to multiple Sub-Advisory Agreements. Generally, each Sub-Advisory Agreement will remain in effect until such time written notice of termination to the other party is given. The Sub-Advisory Agreements may typically be terminated by either party thereto without penalty upon 30 days' written notice.

Sub-Advisory Agreements are negotiated on a case-by-case basis, and terms and conditions may vary widely. In general, in exchange for OFS Management's investment advisory services, OFS Management is paid a portion of the fee that investors pay to the affiliated or primary adviser serving the Sub-Advised Account. The fees paid to OFS Management are negotiated compensation ("**Sub-Advisory Fees**"), calculated and payable pursuant to the terms and conditions set forth in each Sub-Advisory Agreement entered into by OFS Management.

The Affiliated Adviser or Primary Adviser shall pay or reimburse, as applicable, OFS Management for all expenses paid or incurred by OFS Management (including the wages, salaries and other personnel-related expenses of OFS Management's in-house personnel) in connection with the execution of OFS Management's duties with respect to the Sub-Advised Accounts.

SMA Management Agreement

OFS Management is currently a party to the SMA Management Agreement. The SMA Management Agreement will remain in effect until such time written notice of termination to the other party is given. The SMA Management Agreement may be terminated by either party thereto without penalty with at least 30 days' written notice from OFS Management to the SMA Client or, in the case of termination by the SMA Client, at such time designated by the SMA Client.

Pursuant to the SMA Management Agreement, in exchange for OFS Management's investment advisory services, the SMA pays OFS Management an Asset-Based Fee equal to a percentage of the SMA's market value, calculated and payable quarterly in advance as of the first business of each calendar quarter. In the event that the SMA account size decreases during a quarter, the Asset-Based Fee shall be calculated and paid on a pro rata basis to reflect such decrease(s) and any prepaid, unearned Asset-Based Fee will be, in the sole discretion of OFS Management, either (i) promptly refunded to the Client; or (ii) applied by OFS Management against any other amounts owed by the Client to OFS Management hereunder. The Asset-Based Fee shall be pro-rated for any partial quarterly period.

The SMA Management Agreement generally provides that OFS Management is entitled to indemnification by the Client against any claims or liabilities, including reasonable legal fees and

other expenses arising out of or in connection with the SMA Management Agreement unless OFS Management engages in specified activities such as fraud, willful misconduct or gross negligence.

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

OFS Management's management agreements typically provide for performance-based or incentive fee arrangements. The terms and conditions of OFS Management's fee arrangements are subject to individualized negotiations with each Client, and are structured in accordance with Section 205 of the Advisers Act and the rules promulgated thereunder, which permit performance-based fee arrangements with certain types of Clients, including business development companies, registered investment companies, and "qualified Clients." For a description of OFS Management's performance-based fee arrangements, please see "Item 5 Fees and Compensation."

Conflicts Relating to Performance Fees

Performance-based fee arrangements may create an incentive for OFS Management to recommend investments that may be riskier or more speculative than those that it 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, taking into account the Client's investment objectives and strategies as well as other relevant factors including applicable law.

Investment Allocation Policy

Although the 1940 Act generally restricts co-investments by business development companies, such as the BDCs, and other pooled investment vehicles, such as the CLOs, advised by the same investment adviser, on August 4, 2020, OFS Management was granted an order of exemptive relief by the SEC (the "**Co-Investment Order**"), which permits, subject to certain terms and conditions, the Regulated Funds and Affiliated Funds (each as defined in the Order) to co-invest with each other and/or with other OFS Management Clients and/or CIM Group Clients in certain negotiated transactions where co-investing would otherwise be prohibited under the 1940 Act. Non-negotiated transactions could also occur in which the Regulated Funds will co-invest with each other and/or with other OFS Management and/or CIM Group Clients without reliance on the exemptive relief granted by the SEC. In addition, and without regard to the restrictions imposed on co-investments by BDCs by the 1940 Act, the CLOs currently and will continue to co-invest with each other on a regular basis.

To assist OFS Advisors, including OFS 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 Capital Management has one investment committee for all CLO Clients. A second investment committee is for Clients focused primarily on investments in middle market companies, such as the

BDCs advised by OFS Management. A third investment committee is focused on investments made by small business investment companies (“SBIC”) owned by a certain BDC advised by OFS Management. A fourth investment committee is focused on investments by the CEF. A fifth investment committee, (the “**Pre-Allocation Committee**”), which distributes opportunities to the other investment committees for final allocation, serves as the primary investment committee focused on investments by SMAs and accounts for which OFS Capital Management may serve as a sub-advisor. 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, the 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 availability of sufficient capital to make such investment;
- (ii) the investment objectives or strategies of the Clients;
- (iii) liquidity objectives and constraints of the Clients;
- (iv) tax considerations applicable to the Clients;
- (v) risk, diversification or investment concentration parameters for the Clients (including investment size, fixed or floating rate requirements, industry categories and credit rating requirements);
- (vi) characteristics of the security being considered for purchase or for the disposition (including the expected return, type of security, seniority in the capital structure, and call and put features);
- (vii) supply or demand for a security being considered for purchase or for the disposition at a given price level;
- (viii) size of the available investment;
- (ix) the Client’s life cycle (i.e., inside ramp-up period versus outside ramp-up period); and
- (x) such other factors as may be relevant to a particular transaction.

If an investment opportunity is allocated to a single group of Clients by the Pre-allocation Committee, the investment committee for those Clients will allocate the opportunity among them 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 Governing Documents;

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

When not relying on the Co-Investment Order, Clients that are in their "ramp-up" period will generally have priority in acquisitions over Clients 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 investment committee to be relevant/appropriate, may result in the allocation of an investment opportunity to a Client no longer in its ramp-up period over a Client 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.

From time-to-time the Pre-Allocation Committee and OFS Advisors' investment committees will review investment opportunities sponsored by Ares Management ("Ares") and Apollo Global Management ("Apollo"), in the normal course of business. Certain principals of Ares and Apollo have a familial relationship with Richard Ressler, an indirect owner of OFS Management.

Conflicts Related to Purchases and Sales

A Client will sometimes make an investment: (1) in conjunction with an investment being made by another Client or a client of OFS Advisors' affiliates ("an Affiliated Client"); or (2) that is already held by another Client or Affiliated Client. Investment opportunities are, from time to time, appropriate for more than one Client and/or Affiliated Client in the same, different or overlapping securities of a portfolio company. Conflicts arise when a Client invests in a level of the capital structure of a portfolio company that differs from that of another Client or Affiliated Client, as each address questions as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be restructured, modified or refinanced.

Certain Clients and Affiliated Clients may invest in debt and other securities of companies in which another Client and/or Affiliated Client hold those same securities or different securities, including equity securities. In the event that such investments are made by a Client or Affiliated Client, the interests of such Client or Affiliated Client will at times conflict with the interests of the other, particularly in circumstances where the underlying company is facing financial distress. Decisions about what action should be taken, particularly in troubled situations, raises conflicts of interest, including, among other things, whether or not to enforce claims, whether or not to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring. The involvement of such Clients and Affiliated Clients at both the equity and debt levels could inhibit strategic information exchanges among fellow creditors, including among Clients or Affiliated Clients. In certain circumstances, Clients or Affiliated Clients may be prohibited from exercising voting or other rights and may be subject to claims by other creditors with respect to the subordination of their interest.

In the event that a Client or Affiliated Client has a controlling or significantly influential position in a portfolio company, that Client or Affiliated Client may have the ability to elect some or all of the board of directors of such a portfolio company, thereby controlling the policies and operations, including the appointment of management, future issuances of securities, payment of dividends, incurrence of debt and entering into extraordinary transactions. In addition, a controlling Client or Affiliated Client is likely to have the ability to determine, or influence, the outcome of operational matters and to cause, or prevent, a change in control of such a company. Such management and operational decisions may, at times, be in direct conflict with other Clients or Affiliated Clients that have invested in the same portfolio company that do not have the same level of control or influence over the portfolio company.

If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, the Clients and/or Affiliated Clients may or may not provide such additional capital, and if provided each Client or Affiliated Client will supply such additional capital in such amounts, if any, as determined by the OFS Advisors. In addition, a conflict arises in allocating an investment opportunity if the potential investment target could be acquired by either a Client or a portfolio company of another Client. Investments by more than one Client or Affiliated Client in a portfolio company also raises the risk of using assets of a Client or Affiliated Client to support positions taken by other Clients or Affiliated Clients, or that a Client or Affiliated Client may remain passive in a situation in which it is entitled to vote. In addition, there may be differences in timing of entry into, or exit from, a portfolio company for reasons such as differences in strategy, existing portfolio or liquidity needs, different Client or Affiliated Client mandates or fund differences, or different securities being held. These variations in timing may be detrimental to a Client or Affiliated Client.

The application of a Client's or Affiliated Client's Governing Documents and the policies and procedures of the OFS Advisors are expected to vary based on the particular facts and circumstances surrounding each investment by two or more Clients/Affiliated Clients, in particular when those Clients or Affiliated Clients are in different classes of an issuer's capital structure (as well as across multiple issuers or borrowers within the same overall capital structure) and, as such, there may be a degree of variation and potential inconsistencies, in the manner in which potential or actual conflicts are addressed.

Item 7 Types of Clients

OFS Management provides investment advisory services to the BDCs, the CEF, the CLOs, the Sub-Advised Accounts, the SMA, and the Proprietary Investment Portfolio. Investors in the BDCs and the CEF, which include affiliates of OFS Management, are believed to be individual retail and institutional investors of all types and kinds. 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. Due to the nature of each sub-advisory arrangement, the Client is the Sub-Advised Account, and the underlying investors in each Sub-Advised Account are not known. The investor in the SMA is an institutional pooled investment vehicle.

The CLO Notes are not registered under the Securities Act of 1933, as amended (the “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 and (ii) within the United States by “qualified institutional buyers” pursuant to Rule 144A of the Securities Act. Certain tranches of CLO Notes may 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 1940 Act.

The minimum account size necessary to open and maintain an account with OFS Management varies by the type of Client. OFS BDC’s common stock is traded on the Nasdaq Global Select Market (NASDAQ: OFS) and there are no minimum investment requirements or investor accreditation requirements to invest in OFS BDC. The OFS CEF’s common stock is traded on the Nasdaq Capital Market (NASDAQ: OCCI) and there are no minimum investment requirements or investor accreditation requirements to invest in OFS CEF.

The offering and sale of HPCI BDC common stock has not been registered under the Securities Act or any state securities laws and such shares may only be sold (i) in the United States to U.S. persons who are “accredited investors” as defined in Rule 501(a) of Regulation D of the Securities Act and (ii) outside the United States in accordance with Regulation S under the Securities Act. The minimum permitted purchase is \$10,000, although purchases of lesser amounts may be accepted by OFS Management in its sole discretion.

On behalf of each Sub-Advised Account, each Sub-Advisory Agreement is negotiated on a case-by-case basis between the Affiliated Adviser or Primary Adviser and OFS Management. The minimum account size to open and maintain an SMA with OFS Management is negotiated and determined on case-by-case basis between the Client and OFS Management.

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

The investment strategy of OFS Management focuses primarily on debt investments in Middle-Market and large corporate U.S. companies, as well as debt and equity investments in CLOs.

Methods of Analysis

The portfolio investments OFS Management makes on behalf of the BDCs, the CEF, the CLOs, the Sub-Advised Accounts, and the SMA typically originate from the following sources:

- OFS 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 Management's credit personnel, which includes a 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 Management may engage third parties, including certain of its affiliates, to assist in the underwriting and due diligence process.

Investments that satisfy OFS Management's underwriting criteria are submitted to the relevant investment committee (depending on the Client), which must approve the investment. Once an investment is acquired, it is reviewed on an ongoing basis as appropriate by the relevant investment committee(s). This review generally includes 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.

All middle-market portfolio companies in which the BDCs invest are offered significant managerial assistance in compliance with the BDCs' regulatory requirements. In certain cases, OFS Management's investment personnel may provide significant guidance and counsel

concerning the management, operations or business objectives and policies of a borrower and may, as necessary, participate as board members or observers, members of creditors' committees, or consultants, or in other managerial roles with respect to the portfolio companies in which OFS Management's Clients invest.

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 all of OFS Management's Clients have limited investment mandates, which may not be diversified. None of these Clients are intended to provide a complete investment program and 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 the BDCs, the CEF, the CLOs, the Sub-Advised Accounts, and the SMA. Please refer to each Client's Governing Documents for further discussion of material risks.

Conflicts Relating to the BDC Management Fees and Use of Leverage. In the course of its investing activities, each BDC will pay base management and, potentially, incentive fees to OFS Management. Because the base management fees are based on the BDC's total assets, including assets purchased with borrowed amounts, OFS Management stands to benefit when a BDC incurs debt or uses leverage. The relevant BDC's board of directors is charged with protecting the BDC's interests by monitoring how OFS Management addresses these and other conflicts of interests. While the BDCs' boards of directors are not expected to review or approve each borrowing or incurrence of leverage, the independent directors periodically review OFS Management's services and fees as well as OFS Management's portfolio management decisions and the performance of the relevant BDC's portfolio. A BDC is generally not permitted to incur indebtedness unless immediately after such borrowing it has an asset coverage ratio for total borrowings of at least 200% (i.e., the amount of debt may not exceed 50% of the value of its assets). Provisions of the Small Business Credit Availability Act (the "SBCAA"), permit BDCs to be subject to a minimum asset coverage ratio of 150% if specific conditions are satisfied, when issuing senior securities (i.e., the amount of debt may not exceed 66 2/3% of the value of its assets).

Conflicts Relating to the Allocation of Expenses. Pursuant to the Administration Agreements and Sub-Advisory Agreements, OFS Services, OFS Management and their affiliates, perform, or oversee the performance of, the administrative services necessary for the operation of each BDC, CEF and Sub-Advised Account. (For a description of the Administration Agreements and Sub-Advisory Agreements, please see "Item 5 Fees and Compensation"). The relevant BDC, CEF and Sub-Advised Account pays its allocable share of OFS Services' and OFS Management's and their affiliates' cost to provide these services, including its allocable portion of the wages, salaries and other personnel-related expenses of in-house personnel of such BDC's and CEF officers and staff for the BDC and CEF and other personnel performing services for the Sub-Advised Account, who may also be OFS Management personnel. Other operating costs and expenses are also payable or reimbursable to OFS Management by the CLOs under their respective investment management agreements with OFS Management, as applicable. The allocation of costs and expenses could create

conflicts of interest among OFS Management, OFS Services and their affiliates, and OFS Management's respective Clients, if costs are not fairly and accurately allocated. To mitigate and limit the potential for a conflict of interest, OFS Management personnel track the amount of time that they work on each Client, which is provided to OFS Management's accounting department to calculate the salary expenses that will be charged to the relevant Client. The costs of facilities, equipment and necessary software licenses and subscriptions are also allocated to the relevant Client, as appropriate, by the accounting department, based on the amount of space and equipment that OFS Management personnel who work on such Client are using. The allocation of expenses to each BDC and CEF are reviewed by its board of directors on a quarterly basis. Allocation of expenses for other Clients are reviewed by the accounting department and may be billed to a particular Client if permitted by the relevant investment management agreement. The expenses allocated to (i) each BDC and CEF are submitted to the board of directors of the relevant BDC and CEF, (ii) each Sub-Advised Account are submitted to that funds' primary adviser, and (iii) each CLO are submitted to that CLO's independent trustee, prior to payment.

Conflicts Relating to Service Fees. CIM Group and OFSC, as applicable, will be reimbursed for certain administrative services provided to OFS Management and its affiliates, and OFS Management's Clients, such as internal finance, tax, accounting, legal, compliance, human resources, and information technology. To the extent that any such reimbursements are to be paid by Clients, the terms and conditions of the reimbursements will be set forth in the Client's Governing Documents, and are generally expected to be on terms no less favorable to a Client than the terms on which the Client could obtain comparable services from an unaffiliated third party.

Conflicts Relating to the BDCs' Investments in Non-Cash Paying Investments. Pursuant to each BDC Management Agreement, the BDC Incentive Fee is computed and paid on income that the relevant BDC may not have yet received in cash. This fee structure may be considered to involve a conflict of interest for OFS Management to the extent that it may encourage OFS Management to favor debt financings that provide for deferred interest, rather than current cash payments of interest. OFS Management may have an incentive to invest in deferred interest securities in circumstances where it would not have done so but for the opportunity to continue to earn the incentive fee even when the issuers of the deferred interest securities would not be able to make actual cash payments to the BDC on such securities. This risk could be increased because OFS Management is not obligated to reimburse the BDCs for any BDC Incentive Fees received even if the BDCs subsequently incur losses or never receive in cash the deferred income that was previously accrued. To mitigate and limit the potential for a conflict of interest, the independent directors of each BDC periodically review OFS Management's advisory services and fees, as well as OFS Management's portfolio management decisions and portfolio performance.

Conflicts Relating to the Valuation of BDC Investments. Many of the BDCs' portfolio investments are not publicly traded. As a result, in accordance with Section 2(a)(41) of the 1940 Act, each BDC's board of directors determine the fair value of these investments in good faith. In connection with that determination, investment professionals from OFS Management provide the BDC's board of directors with portfolio company valuations based upon the most recent portfolio company financial statements available and projected financial results of each portfolio company. In addition, the members of each BDC's board of directors who are not independent directors have a substantial indirect pecuniary interest in OFS Management through their

ownership interests in OFSAM, which is OFS Management's parent. The participation of OFS Management's investment professionals in the BDCs' valuation process, and the indirect pecuniary interest in OFS Management by those members of the BDCs' board of directors who are not independent directors, could result in a conflict of interest since the BDC Base Management Fee and the BDC Incentive Fee are based, in part, on the value of the relevant BDC's total assets. To mitigate this potential conflict, each BDC has adopted a valuation policy to ensure that valuations are properly and consistently determined. Pursuant to the valuation policy, OFS Management has retained an independent third-party valuation firm to prepare the valuation of the securities in each BDC's portfolio each quarter.

To mitigate each of the conflicts associated with the fees payable to the BDCs, the board of directors of each BDC, including the independent directors, continuously monitor OFS Management's investment advisory services, portfolio management decisions and such BDC's portfolio performance to determine whether the BDC Base Management Fee, BDC Incentive Fee and OFS Management's other expenses remain appropriate.

Cybersecurity Risk. OFS Management and its service providers increasingly depend on complex information technology and communications systems to conduct business functions. Despite the efforts of OFS Management and the efforts of its service providers to adopt technologies, processes and practices intended to mitigate cyber risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to a Client or their investors, not all cyber risks are preventable and cyber breaches could have an adverse effect on Clients and their investors.

Investments in Highly Leveraged Companies. The debt investments OFS Management makes for its Clients consist primarily of non-investment-grade loans to leveraged companies. Investment in leveraged companies involves significant risks. Leveraged companies in which OFS Management invests on behalf of its Clients may have limited financial resources and may be unable to meet their obligations under their debt securities that OFS Management's Clients hold. Such developments may be accompanied by deterioration in the value of any collateral and a reduction in the likelihood of OFS 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. Please also refer to "Conflicts Related to Purchases and Sales" above.

Although a large portion of OFS Management's Clients' investment portfolios consist of senior secured loans, OFS Management's Clients also invest in subordinated loans, which are generally unsecured, and, to a lesser extent, equity securities. As such, other creditors may rank senior to OFS Management's Clients in the event of an insolvency. Smaller leveraged companies also may have less predictable operating results and may 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 OFS Management's Clients may be highly speculative and aggressive, and therefore, an investment in OFS Management's Clients may not be suitable for someone with lower risk tolerance.

Investments in CLOs. Investments in CLO securities present risks similar to other credit investments, including default (credit), interest rate and prepayment risks. CLOs are typically governed by a complex series of legal documents and contracts, which increases the possibility of disputes over the interpretation and enforceability of such documents. In addition, a collateral manager or trustee of a CLO may not properly carry out its duties to the CLO, potentially resulting in loss to the CLO.

Investments in Subordinated or Equity Tranche of CLOs. Investment in subordinated notes that comprise a CLO's equity tranche are junior in priority of payment and are subject to certain payment restrictions set forth in an indenture governing the notes. CLO equity and subordinated notes generally do not benefit from any creditors' rights or ability to exercise remedies under the indenture governing the notes. The subordinated notes are not guaranteed by another party. Subordinated notes are subject to greater risk than the secured notes issued by the CLO. CLOs are typically highly levered, and the CLO equity and subordinated debt securities are subject to a higher risk of loss. There can be no assurance that distributions on the assets held by the CLO will be sufficient to make any distributions or that the yield on the subordinated notes will meet OFS Management's expectations.

Investments in Private and Middle-Market Companies. Investment in private and Middle-Market companies involves significant risks. Generally, little public information exists about these companies, and OFS 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 Management is unable to uncover all material information about these companies, OFS Management may not make a fully informed investment decision, and its Clients may lose money on these investments. Middle-Market companies may have limited financial resources and may be unable to meet their obligations under their debt securities that OFS Management's Clients hold. Such developments may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of realizing any guarantees that may have been obtained with the investment. In addition, such companies typically have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which tend to render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns. Additionally, Middle-Market companies are more likely to depend on the management talents and efforts of a small group of persons. Therefore, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on the portfolio company and, in turn, on OFS Management's Clients. Middle-Market companies also may be parties to litigation and may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence.

Illiquid Investments. OFS Management's Clients' assets are frequently invested in illiquid securities, and a substantial portion of OFS 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 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 Management had previously recorded the Client's investments. OFS Management may

also face other restrictions on its ability to liquidate an investment in a Client portfolio company to the extent that any OFS Management 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 certain Client portfolios may be subject to asset diversification requirements, such as the BDCs' (associated with the BDCs' qualification as regulated investment companies under the Internal Revenue Code), the CEFs' (pursuant to the requirements of a registered investment company under the 1940 Act), and the CLOs' (pursuant to the requirements of the CLO Indentures), OFS Management does not have fixed guidelines for diversification. Consequently, a Client's aggregate 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 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 Management generally does not make investments on behalf of its Clients in companies or securities that it determines to be distressed investments, OFS Management's 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 Management's influence with respect to the class of securities or other obligations owned by its 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 Management's Clients 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, OFS Management's Clients are subject to the risk that a portfolio company may make business decisions with which OFS Management disagrees, and that the management and/or stockholders 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 OFS Management's Clients may hold in portfolio companies, OFS Management

may not be able to dispose of these investments in the event it disagrees with the actions of a portfolio company and OFS Management's 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 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 of OFS Management's Clients. OFS Management may incur expenses on behalf of its 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 Management will invest a substantial portion of its 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 OFS Management's 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 OFS Management's 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 OFS Management's Client's investment in that portfolio company would typically be entitled to receive payment in full before OFS Management's 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 OFS Management's 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 OFS Management's 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 OFS Management's 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 that OFS Management's 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 Management may not have the ability to control or direct any such actions, even if the rights of OFS Management's Clients are adversely affected.

OFS Management's 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 OFS Management's 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 OFS Management's Clients after payment in full of all secured loan obligations. If such proceeds were not sufficient to repay the outstanding secured loan obligations, then OFS Management's 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 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 its debt obligations.

Please also refer to "Conflicts Related to Purchases and Sales" above.

Negative Loan Ratings. Per the terms of a CLO's indenture, assets rated "CCC+" or lower or their equivalent in excess of applicable limits generally do not receive full par credit for purposes of the CLO's overcollateralization tests. As a result, a general decrease in ratings across a CLO's loans could cause a CLO to be out of compliance with its overcollateralization tests. This could cause a diversion of cash flows away from the CLO equity and subordinate debt tranches in favor for the more senior CLO debt tranches until the overcollateralization test breaches are cured. This could have a negative impact on the CEF's NAV and cash flows.

Contingent Liabilities. A material portion of OFS Management's Clients' investments involve private securities. Upon disposition of such investments, OFS Management may 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. OFS Management's Clients may 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 OFS Management's Clients' return of previously-made distributions.

Competitive Environment. OFS Management operates in a highly competitive market for investment opportunities, which could reduce returns and result in losses for its Clients. Other entities compete with OFS Management to make the types of investments that OFS Management seeks on behalf of its Clients. OFS Management competes 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 have considerably greater financial, technical and marketing resources than OFS Management or its Clients do. For example, OFS Management believes that some of these competitors have access to funding sources not available to its Clients. In addition, some of these competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships than OFS Management's Clients. The competitive pressures OFS Management faces may have a material adverse effect on the business, financial condition and results of operations of OFS Management's Clients. Because of this competition, OFS Management's Clients may not be able to take advantage of attractive investment opportunities from time to time, and OFS Management may not be able to identify and make investments on their behalf that are consistent with their investment objectives.

The success of OFS Management's Clients will depend on OFS 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 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 Management will be able to locate and complete investments that satisfy its Clients' rate of return objectives or realize upon their values or that OFS Management will be able to fully invest Clients' capital.

Leverage. OFS Management may borrow money on behalf of its Clients to make certain investments and address certain working capital needs. Consequently, OFS Management's Clients may be required to provide capital commitments or investments as collateral and agree to certain restrictions with respect to future indebtedness or other corporate actions. Payments of interest and fees so incurred may reduce OFS Management's Clients' profitability, and may prevent them from taking advantage of attractive investment opportunities. 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.

New Issuers. OFS Management may indirectly invest in the securities of new issuers and CLOs sponsored by new collateral managers. Investments in relatively new issuers, i.e., those having continuous operating histories of less than three years and CLOs sponsored by new collateral managers, may carry special risks and may be more speculative because such issuers or collateral managers are relatively unseasoned. Such issuers or collateral managers may also lack sufficient resources, may be unable to generate internally the funds necessary for growth and may find external financing to be unavailable on favorable terms or even unavailable at all. Certain issuers may be involved in the development or marketing of a new product with no established market, which could lead to significant losses. Securities of such issuers may have a limited trading market which may adversely affect their disposition and can result in their being priced lower than might otherwise be the case. If other investors who invest in such issuers seek to sell the same securities when OFS Management attempts to dispose of its holdings, OFS Management may receive lower prices than might otherwise be the case.

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 Management's Clients will typically act as lenders to the portfolio companies in which they invest, and may, directly or through OFS 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 Management or its Clients exercise control or significant influence over a portfolio company's direction.

Interest Rate Risk. Although OFS Management will generally attempt to match the interest rates its 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 Management purchases on behalf of its Clients may bear a minimum "floor" rate of interest to mitigate interest rate risks, this may not always be the case.

Discontinuation of LIBOR. On July 27, 2017, the United Kingdom's Financial Conduct Authority, which regulates the London Interbank Offered Rate ("LIBOR"), announced that it intends to phase out LIBOR by the end of 2021. It is expected that a transition away from the widespread use of LIBOR to alternative rates will occur over the course of the next several years. As a result of this transition, interest rates on loans tied to LIBOR rates, as well as the revenue and expenses associated with those loans, may be adversely affected. Further, any uncertainty regarding the continued use and reliability of LIBOR as a benchmark interest rate could adversely affect the value of the Client's investment portfolio tied to LIBOR rates. The U.S. Federal Reserve,

in conjunction with the Alternative Reference Rates Committee, a steering committee comprised of large U.S. financial institutions, is considering replacing U.S. dollar LIBOR with a new index calculated by short term repurchase agreements, backed by Treasury securities, called the Secured Overnight Financing Rate (“SOFR”). The first publication of SOFR was released in April 2018. Whether or not SOFR attains market traction as a LIBOR replacement remains a question and the future of LIBOR at this time is uncertain.

Additionally, on July 12, 2019 the Staff of the SEC’s Division of Corporate Finance, Division of Investment Management, Division of Trading and Markets, and Office of the Chief Accountant issued a statement about the potentially significant effects on financial markets and market participants when LIBOR is discontinued in 2021 and no longer available as a reference benchmark rate. The Staff encouraged all market participants to identify contracts that reference LIBOR and begin transitions to alternative rates.

If LIBOR is eliminated as a benchmark rate, it is uncertain whether SOFR or other broad benchmark replacement conventions will develop and, if conventions develop, what those conventions will be and whether they will create adverse consequences for the issuer of loans or to a Client’s investment portfolio. If no replacement conventions develop, it is uncertain what effect broadly divergent interest rate calculation methodologies in the markets will have on the price and liquidity of securities held by the Client and the ability of OFS Management to effectively mitigate interest rate risks. While the issuers and the trustee of a CLO may enter into a reference rate amendment or OFS Management may designate a designated reference rate, in each case, subject to the conditions described in a CLO indenture, there can be no assurance that a change to any alternative benchmark rate (a) will be adopted, (b) will effectively mitigate interest rate risks or result in an equivalent methodology for determining the interest rates on the floating rate instrument, (c) will be adopted prior to any date on which the issuer suffers adverse consequences from the elimination or modification or potential elimination or modification of LIBOR or (d) will not have a material adverse effect on the Client’s investment portfolio.

In addition, the effect of a phase out of LIBOR on U.S. senior secured loans is currently unclear. To the extent that any replacement rate utilized for senior secured loans differs from that utilized for a Client that holds those loans, the Client would experience an interest rate mismatch between its assets and liabilities, which could have an adverse impact on the market for or value of any LIBOR-linked loans held by a Client, or the overall value of the Client’s investment portfolio.

Cov-Lite Loans. Although certain of the loans in which OFS Management invests on behalf of its Clients are 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 Management also invests in “Cov-Lite Loans” on behalf of its 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 Management acquires interests in third-party loans on behalf of its 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 Management may, however, purchase loan interests for its Client 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.

Force Majeure/Unforeseen Events. Force majeure is the term generally used to refer to an event beyond the control of the party claiming that the event has occurred, including acts of God, fire, flood, weather, earthquakes, war, terrorism, and labor strikes. In particular, terrorist attacks have caused instability in the world financial markets and may generate global economic instability.

Public Health Risk. Certain countries have been and continue to be susceptible to pandemics and epidemics, such as severe acute respiratory syndrome, avian flu, H1N1/09 flu and most recently, COVID-19, coronavirus disease. The outbreak of an infectious disease or any other serious public health concern, together with any resulting restrictions on travel or quarantines imposed, could have a negative impact on the economy, and business activity in any of the countries in which Clients may invest and thereby adversely affect the performance of the Client's investments. Given the increasing interdependence of global economies and markets, conditions in one country, market or region are increasingly likely to adversely affect markets and issuers in other countries, including the U.S. These disruptions could prevent normal business operations and increase the risk profile of investment strategies.

Potential Implications of the United Kingdom's Withdrawal from the European Union. The decision made in the United Kingdom ("UK") referendum to leave the European Union ("EU") (commonly known as "Brexit") has led to volatility in global financial markets and may lead to weakening in consumer, corporate and financial confidence in the United Kingdom and Europe. The UK formally left the EU on January 31, 2020, and the UK will now enter into a transition period until December 31, 2020, when agreements surrounding trade and other aspects of the UK's future relationship with the EU will be formalized. It is unclear what form the future relationship between the UK and the EU will take, and it may have a significant impact on the economies of the UK and EU, as well as the broader global economy, which may cause increased volatility and illiquidity. Failure to come to terms on a free trade deal could result in checks and tariffs on UK goods traveling to the EU and thus prolong economic uncertainty.

Foreign Investments. Although OFS Management's Clients 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.

For a more complete discussion of the risks associated with investing with OFS Management, potential investors should refer to the public filings made by each BDC and CEF pursuant to the requirements of the Exchange Act and 1940 Act, respectively, available on the SEC's EDGAR system at www.sec.gov/edgar and the offering memorandum of each of the CLOs.

Item 9 Disciplinary Information

To the best of OFS Management's knowledge, there are no legal or disciplinary events that OFS Management believes would be material to its Clients' or 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 Management is part of a family of investment advisors including OFS CLO Management, 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 most of OFS Managements’ investment professionals, and provides OFS 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 CLO Management with most of its investment professionals via a staff and services agreement. The investment professionals that service OFS Management’s CLOs under the staffing agreement between OFS Management and OFSC are the same professionals that service OFS CLO Management’s CLOs under the staff and services agreement between OFS CLO Management and OFSC. The investment professionals who service the OFS Advisors face conflicts in allocating their time among them. OFS Management’s professionals, including its investment professionals, will devote as much of their time to OFS Management as is reasonably required for OFS 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, an indirect principal owner of OFSAM and a member of OFS Management’s investment committees, wholly owns and is employed by OCC, a consulting and advisory services firm. In addition, Mr. Ressler is the indirect majority owner of OCV Management, LLC (“OCVM”), an exempt reporting adviser that was previously registered as a relying adviser to OFS Management. OCVM serves as the investment adviser to a venture capital fund focused primarily on control-oriented investments in middling or displaced companies in the technology and life sciences sectors. Richard Ressler is a founder and principal owner of CIM Group, which acts as the managing member or general partner of various investment funds that are exempt from registration under the Investment Company Act of 1940. CIM Group wholly owns CIM Capital, its relying advisers, IC Management and SA Management which act as investment advisers to certain CIM Group clients and provide investment advice to privately-offered pooled investment vehicles that hold real estate and infrastructure investments, and CCO Capital, LLC (“CCO Capital”), a broker dealer. OFS Management’s CCO is employed by CSM, a relying adviser of CIM Capital, and serves as the CCO to CIM Group, CIM Capital, its relying advisers, IC Management, SA Management, OFS CLO Management, OCVM and OFSC. OFS Management’s CCO is also a registered representative of CCO Capital, serving in a non-sales, compliance-related capacity. Mr. Ressler is not an employee of OFS Advisors, OCVM, CIM Capital, CCO Capital or OFSC. However, both Mr. Ressler and OFS Management’s CCO provide services to OFS Management and other affiliates that engage in lending, private equity, venture capital, real estate and capital markets-oriented investment activities. OFS 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 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 advised by an affiliated adviser 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.

BDC and CEF Officers Who Are Also Officers and Principals

Each of the officers of the BDCs and the CEF also serve as officers and principals with OFS Management. They will devote as much of their time to the BDCs, the CEF, and OFS Management's other Clients as they deem reasonably required to perform their duties to the BDCs, the CEF, or to OFS Management's other Clients pursuant to the Governing Documents and in accordance with reasonable commercial standards. Each of the BDCs' and the CEFs' officers' performance of its roles with or for the BDCs, CEF and with or for OFS Management's other Clients creates conflicts of interest due to competing priorities and allocation of time and responsibilities.

OFS Management's Financial Interests in its Clients

In many cases, OFS Management and/or its personnel invest in OFS Management's Clients. For instance, OFSAM, the parent company of OFS Management, owns, directly or indirectly, via the Proprietary Investment Portfolio, approximately 22% of the outstanding common stock of OFS BDC and 3% of the outstanding common stock of HPCI BDC, and, from time to time invests in the CEF and CLOs (in addition to investment vehicles managed by unaffiliated advisers). In addition, OFS Management's personnel have purchased, and are expected to continue to purchase, the publicly-traded shares of OFS BDC and the CEF; however, such purchases may occur only during open trading windows announced by the CCO, and then only with the express pre-approval of the CCO. As noted above, the type and amount of fees paid to OFS Management also differs among Clients. The differences in the financial interests OFS Management, its affiliates and its personnel have in its Clients may give rise to conflicts of interest when allocating investment opportunities between and among Clients. OFS Advisors have adopted the Conflicts Procedures (as hereinafter defined) and Aggregation and Allocation Policy to address such conflicts. For a detailed discussion of OFS Management's Aggregation and Allocation Policy, please see "Item 6 Performance-Based Fees and Side-by-Side Management—Investment Allocation Policy."

OFS Management's Personnel May Provide Services to Portfolio Companies

OFS Management may be requested, be required to, or wish to, participate in the management or direction of certain portfolio companies in which its Clients invest, or on committees formed by creditors to negotiate the management of financially troubled borrowers that may or may not be in bankruptcy. Pursuant to the Code of Ethics (discussed in Item 11 below), with the permission of OFS Management's CCO, OFS Management personnel may serve as directors or in other capacities with, and receive compensation from, these portfolio companies. In acting in such capacities, OFS Management and/or its personnel may be deemed to have duties to the portfolio

company's shareholders or other creditors that could conflict with OFS Management's duties to its Clients. Such activities could also expose OFS Management and its Clients to liability to such shareholders or other creditors. Each of the OFS Advisors has jointly adopted the Conflicts Procedures to address these types of conflicts. For a further discussion of these risks, please see "Item 8 Methods of Analysis, Investment Strategies and Risk of Loss."

Other Relationships with Affiliates

CCO Capital, a limited purpose broker-dealer and affiliate of OFS Management, acts as dealer manager for certain of OFS Management's pooled investment vehicles. CCO Capital provides certain sales, promotional and marketing services in connection with the offering and will earn dealer manager fees when acting in this capacity.

OFS Management acts in a sub advisory capacity to certain pooled investment vehicles that are managed by affiliated investment advisers. Additionally, affiliated investment advisers also act as sub advisors to certain of OFS Management's pooled investment vehicles. Investors do not pay fees in excess of those disclosed in the applicable Governing Documents as a result of these relationships.

Conflicts Procedures

OFS Advisors, including OFS 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, an advisory committee comprised of certain of the underlying investors in a pooled investment vehicle, or, in the case of the BDCs and the CEF, by their independent directors, and in the case of the CLOs, the board of directors or the trustee. 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 Client Governing Documents.

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

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

Code of Ethics

Pursuant to Rule 204A-1 under the Advisers Act and Rule 17j-1 of the 1940 Act, the OFS Advisors, including OFS Management, have jointly adopted a Code of Ethics (“**Code of Ethics**”) with each of the BDCs and the CEF to establish applicable policies, guidelines, and procedures that promote ethical practices and conduct by all its personnel and that prevent violations of the federal securities laws, including the Advisers Act and the 1940 Act. OFS Management’s Code of Ethics is predicated on the principle that OFS Management 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, Gifts and Entertainment Policy, Political Activities Policy, Outside Affiliations Policy, Anti-Corruption Policy, Computer Acceptable Use Policy and Personal Use of Firm’s Resources and Relationships Policy.

OFS Management’s 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 Management, also maintain various joint compliance policies to assure compliance with other relevant provisions of the Advisers Act. Further, all activities involving the BDCs and the CEF are subject to the 1940 Act and the policies and procedures adopted by the BDCs and the CEF as set forth in each BDC’s and CEF’s Rule 38a-1 Compliance Manual. 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, the BDCs’ and CEFs’ Rule 38a-1 Compliance Manuals, OFSC’s Employee Handbook, or any other policies and procedures OFS Advisors adopts in respect of the conduct of its business. OFS Management’s personnel must certify at least annually that they have read, understand, are subject to, and have complied with the Code of Ethics, the various compliance policies and the Rule 38a-1 Compliance Manuals. OFS Management’s personnel must comply with applicable federal securities laws and must report violations of the Code of Ethics to OFS Management’s CCO.

OFS 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 Management at 847-734-2000 or compliance@ofsmanagement.com.

Participation or Interest in Client Transactions

Conflicts of interest may occur when OFS Management 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 Management or affiliates recommends to Clients. The interest of OFS Management 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 Management has a greater interest in one Client than another, OFS Management may have an incentive to take actions that favor that Client over the other.

OFS Management's Code of Ethics and the policies and procedures set forth therein have been designed to limit conflicts of interest in cases where OFS Management or any of its personnel, buy, sell, or otherwise have a direct or indirect interest in, OFS Management's Clients or investments that OFS Management or affiliates have 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 applicable investment committees 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 the BDCs or the CEF must be made in accordance with the policies adopted by the BDCs, the CEF, and the requirements of the 1940 Act.

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 Management's Clients and an entity in which OFS Management 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). In the case of the CLOs, the approval of the board of directors, managers, or another review board or entity may constitute Client consent. The 1940 Act prohibits principal transactions with the BDCs. Any permissible principal trade must also be pre-approved by OFS Management's CCO.

Personal Trading Policy

As discussed above, OFS Management's personnel must abide by the Code of Ethics. As a general matter, OFS Management's personnel owe an undivided duty of loyalty to its Clients. OFS Management's 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 and Rule 17j-1 of the 1940 Act, OFS Advisors' jointly adopted Code of Ethics contains a Personal Investment Policy that mandates that OFS Management's personnel disclose their personal securities holdings and transactions made in a "Reportable Security," as defined in the Code of Ethics. Further, OFS Management's 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 Management's "Restricted List," which contains a list of companies or other issuers: (i) about which OFS Management or its affiliates may possess material non-public information, (ii) to which OFS Management or its affiliates may owe a fiduciary obligation, or (iii) in which OFS Management's or its affiliates' Clients own or intend to purchase an interest. Additionally, OFS Management's personnel may not invest in an initial public offering, OFS Advisor affiliated security or a private placement without the prior written approval of OFS Management's CCO.

In addition, OFS Advisors' jointly adopted Code of Ethics contains policies and procedures to prevent the misuse of material non-public information by OFS Management's personnel, including the misuse of material non-public information about OFS Management's 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 Management's personnel are subject to if they trade on such information.

OFS Management's 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 Management and its personnel from buying or selling investments contemporaneously with OFS Management's and its affiliates' Clients in a manner where OFS Management or its personnel might benefit or OFS Management's or its affiliates' Clients might be harmed.

Item 12 Brokerage Practices

OFS Management typically has 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 Client's Governing Documents. In addition, OFS Management may 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 Management's Clients typically acquire and dispose of the majority of their investments in privately-negotiated transactions, many of the transactions in which they engage do 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 Management's Clients' investments are in illiquid debt or equity instruments issued by private companies for which there are a limited universe of trading counterparties, and, therefore, OFS Management frequently transacts directly with the company, an existing investor or an agent bank without the use of a broker-dealer. OFS Management may, nevertheless effect certain investments, including purchasing or selling positions in CLOs, through agents and broker-dealers from time to time and have, along with the OFS CLO Management, adopted a best execution policy and corresponding procedures in respect of OFS Management's duty to obtain "best execution" for OFS Management's Clients' investment transactions.

OFS Management's objective in selecting broker-dealers and executing transactions is to seek to obtain the best combination of price and execution. OFS Management considers 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 Management's Clients. As a primary consideration, OFS Management considers the trade price and 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 Management 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 Management's 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 Management does not have any formal “soft-dollar” arrangements, under which it would direct portfolio brokerage commissions to a specific broker-dealer in return for brokerage or research services. Although OFS Management may receive research from broker-dealers and counterparties with whom the firm transacts, such research is typically free of charge to all market participants.

When OFS Management receives research or related products or services from broker-dealers, it could potentially cause a conflict of interest as OFS Management may have incentive to select broker-dealers based on their interest in receiving these services, rather than receiving the most favorable execution for Client trades. However, OFS 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 Management makes for its Clients do not typically generate commissions. Nevertheless, when receiving research or brokerage services from broker-dealers with whom OFS Management deals, the firm receives a benefit because it does not have to produce or pay for such services.

In the last fiscal year, OFS Management acquired the following types of research and related products or services from broker-dealers with whom it did 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 were not provided in exchange for execution or trade fees.

Brokerage for Client Referrals

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

Directed Brokerage

OFS 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 Management’s practices related to aggregation of purchase or sales of investments for Clients.

Item 13 Review of Accounts

Periodic Review of Client Accounts

OFS Management has adopted a Portfolio Management Review Policy and corresponding procedures (the “**Portfolio Management Review Policies**”), which governs the manner in which OFS Management considers, approves, documents, and monitors its Clients’ investments. To ensure effective supervision and management oversight of the firm’s investment activities, OFS 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 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 the Portfolio Management Review Policies, OFS Management’s investment committees are primarily responsible for ensuring that the investments held by its Clients are consistent with the respective Client’s investment objectives and applicable investment guidelines and restrictions. OFS Management maintains expert investment committees that serve each of its Clients, comprised of members designated from time to time by senior management. The applicable investment committee, in consultation with OFS 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

As required by the Exchange Act and 1940 Act, each BDC and CEF, respectively, files with the SEC written periodic, quarterly, and annual reports regarding the composition of its portfolios and fund performance and, if requested, will provide more frequent reports to the board of directors, as it may reasonably request. In the case of the CLOs, holders of the CLO Notes receive monthly written reports regarding composition of the portfolio and investment performance from the indenture trustee.

Under each Sub-Advisory Agreement, OFS Management shall timely furnish to the Affiliated Adviser or Primary Adviser, as applicable, any and all information relating to OFS Management’s investment sub-advisory services, as reasonably requested by such Affiliated Adviser or Primary Adviser. In the case of the SMA, the Client receives periodic written reports regarding the composition and activity of the account from a qualified custodian, as well as a detailed, periodic accrued income report from OFS Management.

Item 14 Client Referrals and Other Compensation

Economic Benefits for Providing Services to Clients

OFS Management does not receive an economic benefit from third parties for providing investment advice or other advisory services to Clients.

Placement Agents

OFS Management has in the past, and may in the future, enter into placement agent arrangements pursuant to which OFS Management compensates third parties for placing pooled investment vehicle interests with investors. OFS Management may make cash payments to such placement agents, and may be reimbursed therefor, or the pooled investment vehicle may make such payments directly, as specified in the Governing Documents. OFS 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 advised by such adviser. However, OFS Management has, along with OFS CLO Management, jointly adopted a “Solicitors and Placement Agents Policy” to ensure that placement agents and “solicitors” OFS Management might engage, disclose the nature of their relationship and compensation to investors in the Clients.

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

OFS Management does not make any indirect payments to marketing intermediaries such as pension consultants for the referral of investors, and will comply in all respects with applicable “pay to play” legislation and rule-making. Such payments would 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 Management and its Clients experience a conflict of interest because they will be compensated in connection with their placement activities.

Item 15 Custody

Rule 206(4)-2 of the Advisers Act (the “**Custody Rule**”) (and certain related rules and regulations under the Advisers Act) imposes certain obligations on registered investment advisers that have custody or possession of any funds or securities in which any Client has any beneficial interest. An investment adviser is deemed to have custody or possession of Client funds or securities if the adviser directly or indirectly holds Client funds or securities or has the authority to obtain possession of them (regardless of whether the exercise of that authority or ability would be lawful).

Investment advisers are required to maintain the funds and securities (except for securities that meet the privately offered securities exemption in the Custody Rule) over which they have custody with a “qualified custodian.” Qualified custodians include banks, broker-dealers, futures commission merchants and certain foreign financial institutions.

Rule 206(4)-2 generally imposes on advisers with custody of Clients’ funds or securities certain requirements concerning reports to such Clients (including underlying investors in certain circumstances) and surprise examinations relating to such Clients’ funds or securities. However, an adviser need not comply with such requirements with respect to a pooled investment vehicle if the pooled investment vehicle: (i) is audited at least annually by an independent public accountant registered with and subject to regular inspection by the Public Company Accounting Oversight Board, and (ii) distributes its audited financial statements prepared in accordance with Generally Accepted Accounting Principles to the limited partners, members, or other beneficial owners, within 120 days (or 180 days in the case of a fund of funds adviser) of its fiscal year end.

As a business development company, each BDC, and as a registered investment company, the CEF has adopted a custody policy to comply with Section 17f of the 1940 Act, as amended. The rules adopted in connection therewith, and the accounts of registered investment companies are specifically exempted from the Custody Rule. Each BDC prepares audited financial statements and make such audited financial statements publicly available within 75 and 90 days of the OFS BDC and HPCI BDC, respectively, fiscal year end in accordance with its Exchange Act reporting requirements. The CEF prepares audited financial statements and makes such audited financial statements publicly available within 60 days of the CEF’s fiscal year end in accordance with its 1940 Act reporting requirements.

OFS Management is deemed to have custody of certain client funds in relation to an SMA arrangement due to a related person having custody of client funds by serving as loan agent to loans to which the SMA client is a lender. The related person and OFS Management are not operationally independent. As loan agent, OFS Management’s related person receives loan payments from borrowers in a dedicated bank account (“Agency Account”) and makes corresponding payments to each lender based on their ownership in the loan syndicate. OFS Management’s related person serves as loan agent for loans where both OFS Management’s Clients and third-parties serve as lenders in the loan syndicate. This means that the loan payments collected in the Agency Account prior to disbursement to borrowers comingle the assets of OFS Management’s Clients and third-parties. Among other things, to comply with the Custody Rule, OFS Management has made the required disclosure of custody in this Brochure and engaged an

independent public accountant to conduct an annual surprise examination of the assets held in the Agency Account.

OFS Management is not deemed to have custody of the funds and securities of the CLOs or Sub-Advised Accounts, and therefore is not subject to the requirements of the Custody Rule with respect to the Sub-Advised Accounts or the CLOs.

Item 16 Investment Discretion

At the outset of an advisory relationship, OFS Management typically receives 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.

Each Client's Governing Documents generally places limitations on OFS 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. Similarly, the BDCs and the CEF are subject to certain federal securities and tax laws, including the 1940 Act, and the Small Business Administration ("**SBA**") portfolio of OFS BDC is subject to SBA regulations, which limit the types of investments that can be made.

OFS Management's Clients must provide the firm with investment guidelines and restrictions in writing. Additionally, OFS Management requires Clients execute a power of attorney in OFS Management's favor, when necessary.

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

Item 17 Voting Client Securities

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

When voting economic proxies, OFS Management's primary objective is to make decisions in the best interest of Clients. In fulfilling its obligations to Clients, OFS 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 Management will seek to avoid material conflicts of interest between the firm's interests and the interests of its Clients.

An officer or employee designated by OFS Management will be responsible for making proxy voting decisions for Clients. In addition, OFS Management's 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 Management's 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;
- for 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 Management's involvement, on behalf of the Client, in management;
- for 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
- for proposals related to social and corporate responsibility, OFS Management 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.

Each BDC and CEF has delegated the exercise of its proxy voting rights to OFS Management. Although the boards of directors of the BDCs and the CEF have reviewed and approved OFS Advisors' Proxy Voting Policy and would review any proxy votes where a material conflict of interest was identified, the BDCs and the CEF cannot direct how OFS Management votes on a particular solicitation or request. None of the CLOs can direct how OFS 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 have co-invested with each other and will continue such co-investment, unless doing so is impermissible based on existing regulatory guidance, applicable regulations, SEC exemptive relief, or OFS Advisors' Aggregation and Allocation Policy. Because OFS Advisors advise multiple Clients, a proxy vote in any instance 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 Management will maintain proper records in connection with the Proxy Voting Policy and as required under the Advisers Act. OFS Management's Clients can obtain a copy of OFS Management's Proxy Voting Policy, voting procedures and information about how OFS Management has voted proxies, by contacting OFS Management at 847-734-2000 or compliance@ofsmanagement.com.

Item 18 Financial Information

Balance Sheet

OFS 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 OFS Management's Clients

OFS Management does not have any financial condition that is reasonably likely to impair its ability to meet contractual and fiduciary commitments to Clients.

Bankruptcy Petitions

OFS Management has not been the subject of a bankruptcy petition.