

CBAM PARTNERS, LLC
AND
CBAM CLO MANAGEMENT LLC

Part 2A of Form ADV
Firm Brochure



MARCH 30, 2020
51 ASTOR PLACE, 12TH FL
New York, NY 10003
Tel: (212) 603-3100
Fax: NA
Website: www.cbam.com

This brochure provides information about the qualifications and business practices of CBAM Partners, LLC ("CBAM") and CBAM CLO Management LLC ("CBM"). If you have any questions about the contents of this brochure, please contact CBAM or CBM at (212) 603-3100 or compliance@cbam.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Additionally, registration as an investment adviser does not imply a certain level of skill or training.

Additional information about CBAM also is available on the SEC's Investment Adviser Public Disclosure (IAPD) website at www.adviserinfo.sec.gov.

ITEM 2. MATERIAL CHANGES

This brochure dated March 30, 2020 amends our brochure that was last filed on April 12, 2019. We have made the following material changes to the brochure:

--The Firm launched a long/short equity strategy to supplement its existing credit-focused strategies and formed a Delaware limited partnership funded with proprietary funds to incubate the strategy. The Firm expects to open this strategy to third party investors in the second quarter of 2020.

Prospective and current clients should carefully review this brochure in its entirety.

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 pooled investment vehicle ("Fund").*
- *A complete discussion of the features, risks or conflicts associated with any Fund or advisory service.*

As required by the Investment Advisers Act of 1940, as amended (the "Advisers Act"), CBAM or CBM, as the case may be, will provide this Brochure to its current clients.

The descriptions set forth in this Brochure of specific advisory services that CBAM and CBM expect to offer and investment strategies to be pursued, should not be understood to limit in any way, CBAM's or CBM's actual investment activities. CBAM and CBM may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this brochure that CBAM or CBM considers appropriate to the extent not prohibited by Client Documentation, as defined in Item 4. Advisory Business, below. There is no assurance that the investment objectives of any Client, as defined herein, will be achieved or that losses will not occur.

Although this publicly available brochure describes investment advisory services and investment products expected to be offered by CBAM or CBM, persons who receive this brochure from CBAM, CBM or otherwise should be aware that it is designed solely to provide information about CBAM and CBM as necessary to respond to disclosure information required under the Advisers Act. As such, the information in this brochure will differ from information provided in relevant Client Documentation or other CBAM or CBM communications. More information about each Fund is included in relevant Client Documentation, certain of which will be provided to current and eligible prospective investors by CBAM and CBM and their respective agents. To the extent that there is a conflict between discussions herein and similar or related discussions in any Client Documentation, the terms of the Client Documentation shall govern and control.

ITEM 3. TABLE OF CONTENTS

<u>Item No.</u>	<u>Item</u>	<u>Page</u>
Item 1	Cover Page	1
Item 2	Material Changes	2
Item 3	Table of Contents	4
Item 4	Advisory Business	5
Item 5	Fees and Compensation	7
Item 6	Performance-Based Fees and Side-by-Side Management	11
Item 7	Types of Clients	14
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss	14
Item 9	Disciplinary Information	31
Item 10	Other Financial Industry Activities and Affiliations	32
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	36
Item 12	Brokerage Practices	45
Item 13	Review of Accounts	47
Item 14	Client Referrals and Other Compensation	47
Item 15	Custody	48
Item 16	Investment Discretion	48
Item 17	Voting Client Securities	48
Item 18	Financial Information	50

ITEM 4. ADVISORY BUSINESS

CBAM offers investment advisory services to a variety of institutional clients on a discretionary basis that are primarily focused on credit and, to a lesser extent, equities and other value-oriented investments through separately managed accounts (“SMAs”) and private funds (“Funds”, including CLOs, as defined below). Funds, together with SMAs, are referred to herein collectively as “Clients.” In certain instances, CBAM also accepts non-discretionary Clients for which it makes recommendations on existing portfolio(s) or prospective investments or transactions. CBAM is a Delaware limited liability company formed on or about March 31, 2017. CBAM is a wholly owned subsidiary of CBAM Holdings, LLC which is owned indirectly and directly by CBAM management and employees and Eldridge Industries, LLC (“Eldridge”), a private investment firm. Todd Boehly is the Chairman and controlling member of Eldridge. CBAM CLO Management, LLC (“CBM”), is a relying adviser and wholly owned subsidiary of CBAM. CBM is a Delaware limited liability company formed on or about May 9, 2017. References in this brochure to CBAM include CBM unless the context clearly indicates otherwise.

CBAM and its affiliates and their respective partners, principals, employees and family members, including Eldridge (as defined below) and its direct and indirect subsidiaries, and each of their respective directors, officers, and employees (“CBAM Related Parties”) are, or invest in, CBAM Clients. The amount, nature, and percentage of personal or proprietary investments by CBAM Related Parties will differ from Client to Client. For example, some Clients will have no investment by CBAM Related Parties, others will have perpetual and significant investments by CBAM Related Parties, while others will be initially capitalized by CBAM Related Parties but such investments will be reduced or eliminated as the Client accepts third party investment, the timing of which is often beyond the control of CBAM. Unless required by contract or law, CBAM shall not be required to maintain any proprietary investment in any Client. As discussed below, investments by CBAM Related Parties in Clients creates a variety of conflicts of interest.

The Funds are organized to be exempt from registration under the Investment Company Act of 1940, as amended, (the “Investment Company Act”) and their securities or interests of which are expected to be exempt from registration under the Securities Act of 1933, as amended (the “Securities Act”). In certain cases, Funds will be organized as issuers of collateralized loan obligations (“CLOs”, including the predecessor CLO warehouse, in which case and where relevant herein, such a CLO is referred to herein as a “CLO warehouse”). Each CLO issuer is expected to be a non-U.S. entity that issues rated notes (“Senior Notes”) and non-rated notes (“Equity”, and, together with the Senior Notes, the “Notes”) pursuant to the terms and conditions of an indenture (“Indenture”). The Senior Notes issued by each CLO are expected to be secured by a portfolio consisting primarily of leveraged loans. CBM acts as collateral manager to the CLOs and is responsible for selecting and managing the leveraged loans and other assets that are collateral for the CLO’s Notes. CBAM provides personnel and services to CBM pursuant to a staffing and services arrangement.

To the extent applicable, CBM facilitates compliance with EU Capital Requirements Directive (No. 2013/36/EU) (the “EU Risk Retention Requirements”). As such, CBM’s primary business consists of: (i) acting as collateral manager of certain CLOs and certain related warehouse facilities; (ii) engaging in activities, including but not limited to, acting as an “originator” for the purposes of EU Risk Retention Requirements; and (iii) acting as the holder of CLO Notes for the purpose of complying with European Risk Retention Requirements (“EU Retention Interests”). A CBAM Related Party (as defined below and as discussed in Item 10. *Other Financial Industry Activities and Affiliations*) has financed CBM’s purchase of the Retention Interests in multiple CLO transactions and can do so for others. In the alternative, CBAM seeks to negotiate financing for the purchase of EU Retention Interests with non-affiliated third parties. CBM also operates as an “originator” for the purposes of the EU Risk Retention Requirements. CBM is not expected to hold retention interests other than with respect to EU compliant CLOs.

The documentation governing each Fund or other Client relationship includes offering circulars, private placement memoranda, management agreements, Indentures, subscription agreements, investment advisory and other agreements with Clients, side letters or similar agreements with investors, and certain other documents, (collectively, “Client Documentation”). Client Documentation generally contains, among other things, detailed specifications and requirements regarding the types of investments and overall composition of a Client portfolio (such as diversity, ratings, concentration, etc.) and CBAM’s role and authority. Except in the case of an SMA, investment guidelines for Clients generally are not tailored to the individual needs of any particular Fund investor or CLO investor (“Note Holder”) and it is likely that different Clients will have similar investment strategies and objectives. Often, certain Fund investors or Note Holders can be expected to influence investment criteria or portfolio guidelines.

Entities managed by CBAM have in the past, and could in the future, serve as warehouse or risk retention vehicles for CLOs to accumulate loans intended to satisfy CBAM’s risk retention obligations or to be transferred to a CLO upon its launch. Such entities are often capitalized by CBAM, CBAM affiliates, and/or CBAM Related Parties.

As of December 31, 2019, CBAM and CBM have, collectively, \$11,268,883,734 regulatory assets under management all of which are discretionary.

CBAM also provides advisory services to CLOs owned by a CBAM Related Party. CBAM provides the CLOs with advice with respect to certain existing CLO portfolio investments and makes recommendations about whether actions should be taken. CBAM is compensated for these services based on a negotiated fee.

CBAM's website <https://cbam.com/> contains additional information about CBAM that may be useful to you.

ITEM 5. FEES AND COMPENSATION

Fees

CBAM is entitled to advisory fees and/or incentive compensation, and Clients pay such fees, and bear such expenses, as is set forth in the relevant Client Documentation.

Funds and SMAs

CBAM generally receives a management fee and a performance-based fee for managing Funds and SMAs. The amount of this fee, as well as the timing and manner of payment, is established on a case-by-case basis for each Client and therefore is negotiable. The performance or incentive fee typically constitutes a percentage of appreciation, or net realized gains, of the portfolio, subject to the terms and conditions set forth in the relevant Client Documentation. Clients, Note Holders, investors, and prospects should review this documentation carefully before making any investment decision. To the extent there is a deviation between the general descriptions provided in this brochure and the provisions and disclosures in such Client Documentation applicable to a specific Client, the terms of the Client Documentation shall govern. SMAs charged a performance fee will be "Qualified Clients" and investors in Funds that pay performance fees will be "Qualified Purchasers". As such, there is no set fee schedule. Performance fees are structured in accordance with the Advisers Act.

CLOs

As compensation for its services as the collateral manager of CLOs, CBM or CBAM is entitled to a senior management fee a subordinated management fee, and in certain cases, an incentive management fee. CLO fees are calculated by the CLO trustee and not the collateral manager, and only the CLO trustee has the authority to cause such fees to be paid by the CLO. The senior and subordinated fees are typically paid quarterly in arrears, consistent with the Indenture.

CBAM (or an affiliate) holds retention interests in each CLO when required by applicable law or contractual obligation and can hold other interests in any CLO, which gives CBAM an additional pecuniary interest in the CLO.

Private Investment Vehicles on behalf of Certain Clients

From time to time, CBAM enters into arrangements with, or establishes private investment vehicles for certain Clients, including CBAM Related Parties, where CBAM is compensated

through a sharing of fees and remuneration earned by such Clients in connection with specific investment activity. This often involves direct lending, participation in a bridge commitment or participation in an underwriting commitment. Such arrangements create conflicts of interest because there is an incentive for CBAM to favor the interests of such Clients over those of other Clients. Similarly, such fee arrangements can create an incentive to direct such investments to certain Clients, including CBAM Related Parties, to participate in the fee sharing arrangement. Clients and investors who are not party to an arrangement will not be offered the opportunity to review or receive the economic or other benefits of the arrangement.

General

There are no set fee schedules. Fees vary across Clients based on the type of service provided, size of the account, and the overall relationship between CBAM and the Client. In some cases, fees charged will vary among investors in the same Fund. Fees are negotiable and paid more or less frequently depending upon the terms of the Client Documentation. CBAM, at its sole discretion, can elect to reduce, waive or calculate differently the fees with respect to any investor, whether through different classes or through separate written agreements with investors. Likewise, terms such as fees or termination will be more favorable to SMAs than Funds. CBAM generally intends to waive fees in respect of CBAM employees.

In addition to the advisory fees described above and subject to the terms of Client Documentation, Clients are subject to a variety of expenses, which can include advisory or other fees paid to third parties or CBAM, CBM, or other CBAM Related Parties. For example, when CBAM invests Client assets in investments that charge additional fees, such as money market funds, short term investment vehicles, tax blocker entities, co-investment vehicles and other eligible investments, the Client bears those fees. In the case of CLOs, additional advisory fees related to eligible investments (*e.g.*, cash sweep) are often paid to an affiliate of the CLO trustee. These circumstances will result in the payment, and in some cases, in the receipt by CBAM or a CBAM Related Party, of multiple layers of fees. CBAM has an incentive to select investments that increase the total fees paid to CBM, CBAM and/or other CBAM Related Parties.

CBAM or CBAM Related Parties also receive fees, remuneration or profits from transactions in Client portfolios involving affiliated entities in addition to any management and performance fees described herein, which creates conflicts of interest. Please see Item 10. *Other Financial Industry Activities and Affiliations* and Item 11. *Code of Ethics, Participation or Interests in Client Transactions and Personal Trading*.

Expenses

In addition to the fees described above, Clients often bear (or reimburse CBAM, as the case may be) the costs and expenses described below, to the extent permitted under Client Documentation:

- Costs and expenses are incurred in connection with the formation, qualification and registration and/or exemption from qualification and registration of a Client, or of the interests thereon and offering thereof, and distribution and processing of such interests under applicable U.S. federal and state law and foreign law. These expenses can include but are not limited to legal, accounting and auditing fees and expenses, printing and duplication expenses, mailing expenses, filing fees, solicitation and marketing expenses and other related expenses, and insurance (*e.g.*, “directors and officers” or similar professional liability insurance).
- Costs and expenses relating to a Client’s portfolio operations, as set forth in greater detail in the Client Documentation, which will generally include, but are not limited to, the following: (i) all fees, costs and expenses related to the purchase, holding and sale of portfolio investments including assignment fees, delayed compensation and other costs customarily related to trading in relevant markets; (ii) fees and expenses paid to an administrator, a custodian, prime broker or other service providers; (iii) fees and expenses paid to professional advisors regarding tax, accounting or legal matters related to the Clients or their investments; (iv) fees and expenses paid to directors, registered office fees, bank service fees, investment or trading related fees, brokerage commissions or spreads, prime broker fees, clearing and settlement charges; (v) expenses associated with any borrowing, financing or credit facility incurred by the Clients to finance the Client’s investment activity or operations consistent with the Client Documentation, and legal fees and expenses incurred in connection with the negotiation of such financings; (vi) research expenses, consultant, operator or servicer fees, structuring and ongoing costs related to the analysis, purchase, sale, monitoring or valuation of investments, including transactions not consummated or strategies not pursued; (vii) due diligence related to the analysis, purchase, sale, monitoring or valuation of investments, including transactions not consummated, and travel and lodging costs and expenses associated with the foregoing (including in limited situations to the extent set forth in Client Documentation, the use of private aircraft); (viii) costs and expenses associated with regulatory and licensing requirements that are applicable to the Client, such as annual or periodic filings and reporting obligations, or its investment program (such as costs associated with complying with trading limitations); (ix) any fees for bookkeeping, auditing, accounting or recordkeeping services obtained or maintained on behalf of the Clients; (x) costs related to internal CBAM accounting, risk management and trading systems; (xi) expenses relating to the valuation or appraisal of investments (including valuation providers); (xii) distribution, marketing and offering costs and

expenses, including costs and expenses incurred in connection with meetings, reports and communication with the Clients and where applicable, existing and prospective investors, including an annual meeting of Clients, investors and Note Holders and the use of placement agents and finders; (xiii) taxes, litigation or indemnification costs or damages including indemnification obligations of Clients related to or in connection with a portfolio investment (including investments that have been disposed of) or arising under contracts with service providers; (xiv) costs and expenses incurred in connection with the winding up and liquidation of a Client or its account; (xv) any other expenses related to the investment, financing, monitoring, enhancement, disposition or reporting of Client assets; (xvi) costs and expenses associated with an investor advisory committee, independent client representative limited partner advisory committee or other similar person or body retained to represent the interests of Clients, investors or Note Holders, and (xvii) for trading vehicles and/or other special purpose vehicles such as a tax blocker or co-investment vehicle facilitating one or more Client's investment activities in accordance with the Client's investment objective.

When CBAM incurs expenses on behalf of multiple Clients, it will seek to allocate the expenses among CBAM and the applicable Clients in accordance with its practices in effect from time to time. Likewise, a Client or group of Clients might bear none of such expenses. To the extent that CBAM uses blocker entities as a means of investing in a tax efficient manner, the expenses of forming, operating and maintaining such blocker entities will be borne in accordance with the formation documents of the blocker entity. Clients, investors and Note Holders should not expect to be able to negotiate the formation documents of such blocker entities and will not be in a position to determine or influence the scope of the expenses payable by the blocker entity.

Please see Item 12. *Brokerage Practices* for further information regarding costs.

Co-Investment

CBAM can, but is not obligated to, offer co-investment opportunities to CBAM Related Parties and/or third parties (including existing and prospective Clients, investors and Note Holders) for investment either directly or through the formation of one or more co-investment vehicles. CBAM has sole and complete discretion to determine whether and to whom a co-investment will be offered and, in doing so, will take into account its own interests. Unless provided to the contrary in Client Documentation, no Client, investor or Note Holder has any right, and should not expect, to participate in a co-investment. In CBAM's discretion, certain co-investors pay no or reduced fees and expenses, including management fees, carried interest and administrative fees. In addition, in certain cases, such co-investment vehicles or other co-investors will evaluate a potential investment alongside existing Clients. If the potential investment is unconsummated, the full amount of any expenses relating to such

potential but unconsummated investment are likely to be borne entirely by those Clients which CBAM expects would have made such investment, rather than CBAM, the co-investment vehicle or a particular co-investor, in accordance with CBAM's policies and procedures. In the case of a consummated co-investment opportunity, eligible Clients will receive a smaller allocation of an investment opportunity than if there were no other co-investor(s).

CBAM, CBAM Related Parties and/or personnel of CBAM and CBAM Related Parties from time to time could be employed or engaged in an operating capacity (*e.g.*, as a consultant) by, or serve as a director of, one or more companies or entities in which CBAM has invested on behalf of its Clients. For example, CBAM or CBAM Related Parties or their personnel could provide services to issuers in special or distressed situations, reorganizations or bankruptcy, including without limitation serving on creditors' committees, advising on or in some instances leading, restructuring negotiations. The services provided by such persons in this capacity are separate and apart from CBAM's investment advisory services to its Clients. Such persons receive compensation which can include, among other things, cash, stock options, warrants and/or stock awards. Any such compensation received, either directly or indirectly, is typically borne by the companies and should not be expected to be for the account of Clients or reduce the fees otherwise payable by Clients to CBAM. Thus, such amounts could, depending upon the nature of the Client's investment in the underlying company, be borne indirectly by Clients invested in the company and their equity investors, and should not be expected to be borne or reimbursed by CBAM.

Certain Expense-Related Conflicts

CBAM and CBAM Related Parties use some of the same service providers as are retained for Clients, and CBAM or a CBAM Related Party is often responsible for recommending service providers to, or selecting service providers for, Clients and negotiating fees with service providers. In some cases, rates or discounts are or will be offered to CBAM and CBAM Related Parties that differ from those offered to Clients by such service providers. Where CBAM is in a position to control the cost of services, it seeks to apply favorable rates or discounts extended to it to costs borne by Clients, to the extent such services are of a similar scope, type and nature. There is no assurance that CBAM will be successful in securing favorable rates or discounts for Clients. Certain expenses outlined above will be borne by Clients and not CBAM.

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

CBAM receives performance-based compensation from eligible Clients, as set forth in the relevant Client Documentation. Additionally, CBAM, CBM and CBAM Related Parties have other pecuniary interests in Clients, such as risk retention interests and personal or proprietary investments. Each of these arrangements create a variety of risks and conflicts, including, but not limited to, those described below.

CBAM's performance-based compensation is structured in a manner designed to comply with the applicable requirements of the Advisers Act. Such fees are disclosed in Client Documentation and vary among Clients, investors and investment strategies. Performance-based compensation is often based on unrealized appreciation and depreciation. For assets without independent quotations or where quotations are deemed to be unreliable, CBAM will determine a "fair value" in accordance with its valuation policy. CBAM has a conflict in determining such valuations because they directly impact CBAM's level of performance-based compensation. It is possible that identical assets in Clients' accounts could be valued differently for different Clients. For example, this occurs when, pursuant to the relevant Client Documentation, valuation guidelines or valuation agents differ from one Client to another Client.

Where the timing or amount of incentive fees is impacted by decisions to hold or sell an asset, CBAM has an incentive to sell a Client asset in order to realize a gain (or minimize a loss) when doing so could accelerate or increase fees, even though the client might have benefitted from continuing to hold the asset. Conversely, CBAM has an incentive to hold an asset, when it believes that doing so could benefit CBAM, even if it might have benefitted the Client to sell.

In the case of CLOs, performance-based fees are paid as a percentage of available cash flow, not appreciation of assets, and only after Equity holders have achieved a specified Internal Rate of Return ("IRR") consistent with the terms of the Indenture.

The receipt of performance-based compensation, differences in the manner in which such compensation is determined, differences among Client positions with regard to IRR thresholds, and the presence of different CBAM Related Parties' pecuniary interests in Client accounts create a conflict of interest between CBAM's interest to generate revenue for itself, its personnel and affiliates, and the interests of Clients and investors (including Note Holders). Specifically, performance-based fee arrangements and ownership of Risk Retention Interests or other pecuniary interests create an incentive for CBAM to make investments that are riskier or more speculative than those that would be otherwise recommended under a different fee arrangement. In most cases, the payment of performance-based compensation is dependent on portfolio performance, creating an incentive for CBAM to make decisions which conflict with the interests of some investors or Note Holders or any class thereof. For example, the performance-based fee structure could create an incentive for the collateral manager to take greater risks or otherwise manage the CLO portfolio in a manner which seeks to maximize IRR for Equity holders relative to investors holding more senior Notes. Focusing on increasing yield could increase the potential for defaults or volatility and contribute to a decline in the creditworthiness of the portfolio. Client Documentation typically contains specific investment guidelines and restrictions which constrain CBAM's discretion to select speculative investments. This is

particularly relevant with respect to CLOs where the Indentures limit the portfolios to certain types of investments, as well as imposing diversification, credit quality and concentration tests by industry and issuer.

CBAM also has an incentive to favor Clients paying higher fees or in which CBAM, CBM and other CBAM Related Parties have greater pecuniary interests when allocating investment opportunities. CBAM seeks to mitigate this conflict through disclosure and our allocation policy as described below.

“Side-by-side management” refers to the simultaneous management of multiple types of Client accounts and/or investment products. As discussed above, CBAM manages investments for a variety of Clients who will pursue similar, competing or complementary investment objectives, policies or strategies. Side-by-side management gives rise to a variety of conflicts of interest for CBAM and its personnel and CBAM Related Parties, including the incentive to favor certain Clients with performance-based fees or higher fees or where CBAM and CBAM Related Parties, and their respective personnel, have a pecuniary interest. Client assets can be leveraged through the borrowing of money, the purchase of investments on margin or the issuance of senior notes. Each CLO is highly leveraged and the Funds can also be significantly leveraged. SMAs typically do not employ leverage unless agreed with the Client. Because leverage increases an Account's assets and can result in increased performance (but also carries increased risk of loss), CBAM has an incentive to favor accounts that are more highly leveraged in order to earn higher management fees and to increase firm performance and incentive fees.

Accordingly, there will be instances when an investment made by CBAM for a Client could also benefit CBAM Related Parties, their respective personnel or other Clients. For example, an SMA can be managed for the benefit of a CBAM Related Party, where an investment by such SMA could impact the ability of another Client to participate in an investment in the same issuer either because of restrictions or limitations under applicable law or internal guidelines on transactions on instruments by CBAM for a Client or for some Clients but not others. This creates a conflict of interest among Clients. As such, CBAM and CBAM Related Parties could, in their discretion, make investment decisions that are the same or different from those made for Clients. For example, CBAM holds, purchases, sells, trades or takes other related actions in investments that are appropriate for itself, for CBAM Related Parties and for other Clients. CBAM can choose to transact in an investment for themselves, a CBAM Related Party or certain Clients without similarly transacting for other Clients. Further, CBAM will not be required to offer such investments to all Clients or provide notice of such activities to Clients. Accordingly, the performance of Clients, CBAM and CBAM Related Parties will differ.

CBAM has a trade allocation policy designed to mitigate these conflicts by seeking to allocate investment opportunities among eligible Clients in a manner deemed by CBAM to be fair and

equitable over time, subject to, and consistent with, Client disclosures, guidelines, objectives and strategies. See Item 11. *Code of Ethics, Participation or Interest in Client Transactions and Personal Trading* for more information regarding CBAM's allocation policy, including the section entitled, "Allocation of Investment Opportunities".

ITEM 7. TYPES OF CLIENTS

As described in Item 4. *Advisory Business*, CBAM advises SMAs, Funds and CLOs. SMA Clients and investors in Funds and CLOs include CBAM employees, CBAM Related Parties, high net worth individuals, and affiliates, some of which are insurance companies. Other CLO and Fund investors include banks, family offices, endowments, pensions, and other institutional investors. Fund investors will primarily include institutional investors such as endowments, foundations, financial institutions, high net worth individuals and their investment vehicles.

Minimum investment amounts for Funds are set forth in the Client Documentation.

Minimum account sizes for SMAs are individually negotiated with Clients. In these cases, CBAM makes a determination of the appropriate minimum amount, taking into account, among other things, the nature of the investment strategy and investment objective. Accordingly, there is no set minimum amount for SMAs and such amounts could vary.

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

Credit

CBAM employs an investment approach based on fundamental credit and value analysis, along with active portfolio management. CBAM identifies investment opportunities in the markets through industry and company analysis using information from borrowers, underwriters, sales and trading desks, as well as other industry participants and experts. In evaluating potential investments, CBAM typically considers, among other things, any of the following: industry dynamics, competitive environments, performance history and prospects, investment sponsors and quality of management, projected cash flow, quality and value of underlying collateral, downside protection and relative value opportunities within a borrower's capital structure and the market. As part of the research process for certain investments, CBAM utilizes third-party firms to conduct accounting, tax, valuation, legal, environmental and/or other diligence. In connection with implementing its opportunistic credit-focused investment strategy, it considers investments in bank loans, senior and subordinated bonds, revolvers, bridge loans and credit default swaps, consistent with Client Documentation. It is active in both the primary and secondary credit markets.

Equity

CBAM's investment process is designed to be collaborative and iterative among analysts, portfolio managers, and traders. In connection with its credit business, CBAM regularly reviews leveraged loans and obligors in a wholistic manner by capital structure, historical company-specific transactions and fundamentals. During this credit analysis, discussion of industry trends, capital structure and valuation of peers for both public and private companies occur. This process enables CBAM to identify actionable equity opportunities. In evaluating potential equity investments, CBAM typically considers any of the following: consensus views, Wall Street projections, crowdedness, financial statements, free cash flow, earnings, management teams and equity valuations. CBAM also considers ESG factors as part of the analysis, however, ESG is not the sole factor and no specific screens are applied.

In the future, CBAM expects to broaden the scope of its advisory services to include a variety of other asset classes, investment strategies and products.

Although our investment strategies emphasize a proactive credit discipline, there can be no assurance that our investment strategies will be successful, that Clients will achieve their investment objectives or that losses will not occur. Investing involves significant risks and is suitable only for persons who can bear the economic risk of the loss of their entire investment, have a limited need for liquidity in their investment and meet the conditions set forth in Client Documentation. Accordingly, Clients and investors should give careful consideration to the following risk factors in evaluating the merits and suitability of CBAM's strategies. The following is not intended to be a summary of every possible risk associated with CBAM's investment strategies. Rather, the following are risks which CBAM believes to be material or noteworthy relative to the particular investment strategies or methods CBAM employs. A description of risks relevant to investors in a Fund or CLO can be found in the final confidential offering circular or other Client Documentation. A copy of such documents is available at no charge upon Note Holder or investor request. Persons considering becoming or investing in a Client should consult their own legal, tax and financial advisors prior to making an investment in a Fund or CLO or engaging CBAM as a manager.

While CBAM seeks to manage assets so that the risks are appropriate to the return potential for the strategy, it is often not possible or desirable to fully mitigate risks. Any investment includes the risk of loss and there can be no guarantee that a particular level of return will be achieved. Mandates are often limited to certain types of investments and are not diversified by asset type. An SMA or investment in a Fund or CLO managed by CBAM is not a complete investment program. Clients and investors are responsible for determining suitability and appropriately diversifying their assets to guard against the risk of loss.

Non-Investment Grade Investments. CBAM primarily invests in credit markets, including leveraged, non-investment grade loans. Such loans are considered a higher risk than other types of investments because historically they have experienced a higher default rate than

other asset classes. As a result, there can be no assurance that the ultimate recovery on a defaulted instrument will not result in a capital loss, adversely affecting a Client portfolio.

Default Risk. If there is a default on a loan, reference loan, bond or other instrument in a Client portfolio, the defaulted borrower often ceases to fund its obligations as they become due. The defaulting borrower usually becomes subject to lengthy and substantial workout negotiations or restructuring, often resulting in a reduction of interest rates on obligations, a write-down of principal, and/or change in the terms, conditions, or covenants with respect to the defaulted obligation, all of which can be substantial. This includes the possibility that equity of the borrower will be issued in exchange for the original obligation, in whole or in part. While loans are often secured by collateral, losses can result from default and foreclosure. The value of the underlying collateral, the creditworthiness of the obligor and the priority of the lien will have a significant impact on the potential recovery of a defaulted asset. There is no assurance that the liquidation proceeds of collateral will be sufficient to satisfy the entire outstanding balance of principal and interest on a defaulted loan, resulting in a possible loss of all or part of an investment in a Client portfolio.

Credit Spread Volatility Risk In addition to default frequency, recovery rate and market price volatility, leveraged loans may experience volatility in the spread that is paid on such leveraged loans. Such spreads will vary based on a variety of factors, including, but not limited to, the level of supply and demand in the leveraged loan market, general economic conditions, levels of relative liquidity for leveraged loans, the actual and perceived level of credit risk of the obligor and in the leveraged loan market, regulatory changes, changes in credit ratings and the methodology used by credit rating agencies in assigning credit ratings, and such other factors that may affect pricing in the leveraged loan market. Since leveraged loans may generally be prepaid at any time without penalty, the obligors of such leveraged loans would be expected to prepay or refinance such leveraged loans if alternative financing were available at a lower cost. For example, if the credit ratings of an obligor were upgraded, the obligor were recapitalized or if credit spreads were declining for leveraged loans, such obligor would likely seek to refinance at a lower credit spread. The rates at which leveraged loans may prepay or refinance and the level of credit spreads for leveraged loans in the future are subject to numerous factors and are difficult to predict. Declining credit spreads in the leveraged loan market and increasing rates of prepayments and refinancings will likely result in a reduction of portfolio yield and interest collections on the collateral obligations, which would have an adverse effect on the amount available for distributions on Notes, beginning with the subordinated Notes as the most junior class.

Reinvestment Risk. Amounts available for distribution on the Notes will decline if and when CLOs invest the proceeds from matured, prepaid, sold or called collateral obligations into lower yielding instruments. Subject certain criteria, CBAM will have discretion to use principal proceeds to invest in collateral obligations in compliance with applicable criteria. The yield with respect to such obligations will depend on, among other factors, reinvestment

rates available at the time, the availability of investments satisfying the relevant investment criteria and acceptable to CBAM, and market conditions related to such collateral obligations in general. The need to satisfy applicable investment criteria and identify acceptable investments may require the purchase of collateral obligations with a lower yield than those replaced, with different characteristics than those replaced (including, but not limited to, coupon, spread, maturity, call features, covenants and/or credit quality) or require that such funds be maintained in eligible investments under the CLO documents pending reinvestment in collateral obligations, which will further reduce the yield on the collateral obligations. Any decrease in the yield on the collateral obligations will have the effect of reducing the amounts available to make distributions on the Notes, especially subordinated Notes. There can be no assurance that yields on collateral obligations that are available and eligible for purchase will be at the same levels as those replaced, that the characteristics of any collateral obligations purchased will be the same as those replaced or as to the timing of the purchase of any such collateral obligations.

Lack of Liquidity and Transparency. Certain instruments, such as high yield bonds and leveraged loans and interests therein, derivatives, structured finance obligations and private equity investments, have significant liquidity and market value risks as they are not traded in organized markets or exchanges. Rather, they are traded over the counter by commercial banks and other institutional investors. These instruments cannot be purchased or sold as readily as publicly traded securities, and purchasers and sellers do not have the protections and certainty provided by an established market or regulatory regime and carry greater risk than other types of investments. Further, market data regarding trading activity and pricing is not widely available as would be the case for certain other investments.

Valuation Risk. Valuation of positions in Client portfolios (which can be used to determine the amount of CBAM management and performance-based fees and to calculate CBAM's performance track record) will involve uncertainties and judgmental determinations. If such valuations should ultimately prove to be incorrect, Clients could be adversely affected. If independent pricing information is not available or reliable, certain assets will be difficult to value, will be subject to varying interpretations of value, and on certain occasions, will need to be fair valued by CBAM. While the methods used to determine fair values for hard-to-value assets are intended to be fair and equitable, there is no assurance that this will be the case and independent verifications of such valuations should not be expected.

Pre-Payment Risk. Leveraged loans and high yield bonds are generally subject to pre-payment in whole or in part at any time at the option of the obligor, at par plus accrued unpaid interest. Pre-payments on such instruments occur as a result of a number of factors that are often difficult to predict and that are not within the control of CBAM. Consequently, there is a risk that loans and high yield bonds purchased at a price greater than par will experience a capital loss as a result of a pre-payment at par. Likewise, there is no assurance that proceeds received from a pre-payment can or will be invested by CBAM in other assets of comparable value or bearing at least the same rate of interest.

Risks related to Ratings. CBAM performs its own independent credit analysis. When relevant to investment guidelines, CBAM also takes rating agency assessments into consideration in reaching its judgments concerning the portfolios under its management. Credit ratings of borrowers represent the opinions of the rating agencies regarding the likelihood of payment of certain obligations when due but are not a guarantee of the creditworthiness of obligors or the repayment of (or payment of interest on) a credit obligation. In addition, if rating agencies do not make timely changes to credit ratings in response to evolving events, the financial condition of an obligor at any given time could be better or worse than what the current rating indicates. Therefore, the ratings assigned to a borrower or its loan by a rating agency will not fully reflect the true risks of holding a credit in a Client portfolio.

Non-Exchange Traded Instruments; Derivatives. To the extent consistent with Client Documentation, CBAM invests on behalf of its Clients in derivatives, swaps and other synthetic instruments. The use of derivatives involves a variety of material risks, including the possibility of counterparty non-performance as well as deviations between the actual and the theoretical value of such derivatives. Changes in the volatility of the price of an underlying security or index make a material difference to the value of a derivative instrument. Derivatives are subject to a wide variety of contractual terms including a range of “early termination events” permitting the counterparty to liquidate the position prematurely. Derivatives are often illiquid, and in many cases, derivative positions are offset only by transacting with the counterparty to the derivative. Derivatives are also subject to valuation, liquidity and credit risks, risks related to movements in the price of an underlying reference instrument and counterparty risks (*i.e.*, the failure of a counterparty to fulfill its contractual obligations). In addition, certain derivatives are subject to mandatory central clearing and exchange trading. Central clearing and exchange trading are intended to reduce counterparty credit risk and increase liquidity but do not render derivatives transactions risk free. Unforeseeable events outside the control of CBAM can have significant impacts on reference obligations or their issuers, interest rates and exchange rates which, in turn, can have large and sudden effects on prices of derivative instruments.

Leverage Risk. Losses incurred on leveraged investments will increase in direct proportion to the degree of leverage employed. Clients will also incur interest expense on the borrowings used to leverage its positions. Subject to the negotiated terms, the use of leverage also results in the imposition of limits on trading, the forced liquidation of positions (which would otherwise have been profitable) as a result of margin or collateral calls, depending on a Client’s structure, or other consequences. In some cases, to the extent the assets have been leveraged through the borrowing of money, the purchase of investments on margin or otherwise, the interest expense and other costs and premiums incurred in relation thereto will not be recovered. If gains earned by the portfolio fail to cover such costs, the net asset value of the portfolio will decrease faster than if there had been no borrowings. Moreover, to the extent CBAM can adjust leverage levels, CBAM could increase (or decrease) leverage

at times when it is not advantageous for the Client to do so and, as a result, the value of an investment can decrease.

- CLOs: The leverage level is generally fixed at the outset of the respective CLO but varies during the life of the CLO based upon realized losses and gains, and repayments by tranche after the end of the reinvestment period.
- SMAs: Typically, CBAM's SMAs do not utilize leverage but are not precluded from doing so subject to the SMA management agreement. In some cases, the owners of the SMAs, and not CBAM, have negotiated leverage or a credit facility apart from CBAM's investment mandate. Accounts that hold CLO equity and debt securities and CLO warehouse vehicle investments are affected by the leverage employed by such CLOs or CLO warehouse vehicles. The level of leverage increases the risk of loss of the CLO investments.
- Funds: Certain Private Funds can adjust leverage levels based upon market outlook and other factors. In addition, Private Funds that hold CLO equity and debt securities and CLO warehouse vehicle investments are affected by the leverage employed by such CLOs or CLO warehouse vehicles. The level of leverage increases the risk of loss of the CLO investments.

Risks Related to Holding CLO Interests. The value of interests in CLOs generally will fluctuate with, among other things, the financial condition of the obligors/issuers of the underlying portfolio of assets of the related CLO ("CLO Collateral"), market conditions, general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates. Interests in CLOs are issued on a non-recourse basis, and holders of interests in CLOs must rely solely on distributions on the CLO Collateral or proceeds thereof for payment in respect thereof. If distributions on the CLO Collateral are insufficient to make payments on the interests in CLOs, no other assets will be available for payment of the deficiency and following liquidation of the CLO Collateral, the obligations of such issuer to pay such deficiency will be extinguished.

Phase Out of LIBOR as a Benchmark Rate. The interest payable with respect to loans held in a Client's portfolio is expected to be based on LIBOR (although it could be based on an alternative index under certain circumstances) and such interest rate is currently expected to fluctuate based on changes in LIBOR. The UK's Financial Conduct Authority's ("FCA") intention is that after 2021, it will no longer be necessary for the FCA to persuade, or to compel, banks to submit to LIBOR. As a result, the survival of LIBOR in its current form, or at all, is not guaranteed after 2021. If LIBOR is discontinued as a benchmark rate or if a particular alternative benchmark rate is proposed (or required) as a transition upon the

occurrence of one or more future events, any of the following are likely to occur: (i) increase in the volatility of LIBOR prior to the consummation of any such change, (ii) increase in the portion of leveraged loans and other investments which calculate interest on the basis of a benchmark other than LIBOR or bear interest at a fixed rate (which could result in decreased interest payable with respect to one or more loans, (iii) increase in the volatility in price or liquidity of leveraged loans and other debt instruments, (iv) decrease in the likelihood that CBAM can hedge interest rate risks even when authorized pursuant to Client Documentation, or (v) negative impacts on the liquidity of the Senior Notes.

If and/or when LIBOR is phased out or eliminated as a benchmark rate, it is uncertain whether broad replacement conventions in the leveraged loans and CLO markets will develop or be required by relevant regulators and, if so, what those conventions will be, whether they will be similar to each other and whether they (or any of them) will create adverse consequences for the Clients or Noteholders or any loans. If no such conventions develop or if changes in the benchmark are dependent upon mutually agreed amendments thereto by the parties to individual contracts, it is uncertain what effect broadly divergent interest rate calculation methodologies in the markets or timing with respect to such amendments will have on the price and liquidity of investment, the Clients or the Notes and the ability of CBAM to effectively mitigate interest rate risks. While a Client might be able to agree to a future hardwired amendment to provide for interest based on an alternative reference rate instead of LIBOR upon the occurrence of certain events, there can be no assurance that any such amendment or designation (a) will occur, (b) will effectively mitigate interest rate risks or result in an equivalent for determining an alternative reference rate, including mismatches between the methodology and timing, (c) will occur prior to any date on which such Client suffers adverse consequences from the (actual or potential) phase out, elimination or modification of LIBOR or (d) will not have a material adverse effect on such Client.

Covenant-Lite Loans. In the credit portfolios, a significant portion of the portfolio can be comprised of covenant-lite loans (“cov-lite”) which contain limited, if any, financial covenants. Generally, such loans either do not require the obligor to maintain debt service or other financial ratios or do not contain common restrictions on the ability of the obligor to significantly change its operations or to enter into other significant transactions that could affect its ability to repay its debt. Ownership of cov-lite loans exposes Clients to different risks than is the case with loans that have such covenants. These risks include risks with respect to liquidity, price volatility and ability to restructure. As such, exposure to cov-lite loans increases a Client’s exposure to losses and result in an adverse impact on Client performance.

Interest Rate Risk. CLO portfolios will hold assets which bear interest at a floating rate based on LIBOR and will likely have different interest rates or reset dates or periods when compared to those of the Senior Notes resulting in a mismatch between the liabilities of the

CLOs and its assets. The resulting mismatch between the floating rate payments collected from the CLO assets and the interest accruing on the Senior Notes could result in the CLO not collecting sufficient proceeds to make interest payments on the Senior Notes.

Concentration Risk. The concentration of investments in any one obligor would subject a Client to a greater degree of risk with respect to defaults by such obligor, and the concentration of investments in any one industry or country would subject a Client to a greater degree of risk with respect to economic downturns relating to such industry or country. Any concentration with respect to any obligor, industry or country could ultimately result in significant losses to a Client.

Investing in Non-U.S. Assets. Subject to mandates in Client Documentation, CBAM invests in investments with issues not domiciled in the United States. Such non-U.S. investments are subject to regional economic conditions and sovereignty risks not normally associated with investments in U.S. companies. These risks include those associated with political and economic uncertainty, fluctuations of currency exchange rates, differing levels of disclosures and regulation or other taxes imposed with respect to such investments, foreign currency exchange controls (which include suspension of the ability either to transfer currency from a given country or to repatriate investments) and uncertainties as to the status, interpretation and application of laws. Generally, non-U.S. companies do not provide as much information to the public as do U.S. companies. Non-U.S. companies are not subject to uniform accounting, auditing and financial reporting standards, and audit practices and requirements are not comparable to those of U.S. companies. It will also be more difficult to obtain and enforce a judgment relating to investments of non-U.S. persons in a court outside of the U.S. In addition, laws for the protection of debtors and creditors could adversely affect Clients' ability to recover amounts owed. These insolvency considerations will differ depending on the country in which each obligor is located and will differ depending on whether the obligor is a non-sovereign or sovereign entity.

Lower Credit Quality Securities. Interests in CLOs are deemed by rating agencies to have substantial vulnerability to default in payment of interest and/or principal. Lower rated and unrated securities are subject to uncertainties or risk exposures, which can be significant. They are also subject to adverse conditions and can be speculative. Generally, such securities offer a higher return potential than higher rated securities but involve greater volatility of price and greater risk of loss of income and principal and are illiquid. The market values of interests in CLOs also tend to be more sensitive to changes in market or economic conditions than other securities. The value of the leveraged loans underlying a CLO are also affected by changes in the market's perception of the entity issuing or guaranteeing them, or by changes in government regulations and tax policies.

Liquidity of Markets. Markets periodically experience significant falloffs in liquidity. While these are often attributable to changes in interest rates or other macro-economic factors, the cause is not always apparent or predictable. During these periods of market illiquidity, CBAM might not be able to sell assets in its Clients' portfolios or might only be able to do so at unfavorable prices. Further, illiquid investments can be difficult to value, and the valuations are often based on models or an indicative price from a dealer or CBAM's own determination, rather than on prices at which the security was actually sold in the secondary market. As a result, illiquid investments tend to experience large movements in price.

Equities. Equity investments involve substantial risks and are subject to fluctuations in market value, which could be wide and sudden, with a resulting fluctuation in the amount of profits and losses earned by Clients. Equities fluctuate in value in response to many factors, including the activities and financial condition of individual companies, the business market in which individual companies compete, industry conditions, interest rates and the general economic environment, among others.

Small and Mid-Cap Equities. Subject to Client Documentation, Clients invest in U.S. and foreign small and medium sized capitalization securities. Investing in lesser known, small and medium capitalization companies involves greater risk of illiquidity and price volatility than is associated with investing in larger, more established companies.

Options. Options trading is speculative and involves a high degree of risk. If a Client purchases a put or a call option, it can lose the entire premium paid. If a Client writes or sells an uncovered put or call option, the loss is potentially unlimited.

Short Sales. Certain Clients engage in short selling as a fundamental component of their investment programs. Short selling involves selling securities which are not owned and borrowing them for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from declines in market prices of the sold securities to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. A short sale created the risk of a theoretically unlimited loss, in that the price of the underlying security could increase without limit, thus increasing the cost to such Funds of buying those securities to cover the short position. There can be no assurance that CBAM will be able to borrow securities sold short. In such cases the Client can be "bought in" (*i.e.*, forced to repurchase securities in the open market in order to return them to the lender). There can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing securities to close out a short position can itself cause the price of securities to rise further, thereby exacerbating the loss.

Subordination of Interests in CLOs. Subordinate interests in CLOs generally are fully subordinated to the CLO's senior tranches. Thus, investments in a particular CLO tranche can

rank behind other creditors of the CLO, and an investment in CLO Equity will rank behind all creditors of the CLO (including the management fees of CBAM). To the extent that any losses are incurred by a CLO in respect of its related CLO Collateral, these losses will be borne first by the holders of the CLO Equity, next by the holders of any related subordinated CLO Notes, and finally by the holders of the related CLO Senior Notes. In addition, if an event of default occurs under the governing instrument or underlying investment, as long as any CLO Senior Notes are outstanding, the holders thereof generally will be entitled to determine the remedies to be exercised under the documentation governing the CLO. Remedies pursued by such holders could be adverse to the interests of the holders of any related subordinated CLO Notes or CLO Equity. Investments in subordinated Notes or Equity will be the first to absorb any losses by the CLO on its underlying portfolio. This can result in a complete or partial loss of an investment.

Mandatory Redemption of CLO Senior Tranches. Under certain circumstances, cash flows from CLO Collateral that otherwise would have been paid to the holders of its mezzanine CLO Notes and Equity will be used to redeem the related CLO Senior Notes pursuant to the Client Documentation. This could result in an elimination, deferral, or reduction in the interest payments, principal repayments or other payments made to investors who hold the Senior Notes of the CLOs, which would adversely impact their returns.

Optional Redemption of CLO Senior Tranches. An optional redemption by a CLO of its Notes (which generally can be required at the request of a majority of the controlling class as set forth in the Client Documentation) could require the collateral manager to liquidate positions more rapidly than would otherwise be desirable, which could adversely affect the realized value of the CLO Collateral sold (and which in turn could adversely impact the holders of any related CLO equity securities).

Market Volatility Risk. The value of a Client's investments could decline due to changing social, economic, political, regulatory or market conditions and events (such as natural disasters, epidemics and pandemics, terrorism, conflicts and social unrest) beyond the control of CBAM. Economic, political, regulatory or market developments can affect a single issuer, issuers within an industry, economic sector or geographic region, or the market as a whole. Current economic downturn in connection with the COVID-19 pandemic is expected to significantly impact the market as a whole, including certain of Client investments. Different parts of the market and different types of investments can react differently to these developments. However, as global systems, economies and financial markets are increasingly interconnected, events that once had only local impact are now more likely to have regional or even global effects. Events that occur in one country, region or financial market will, more frequently, adversely impact issuers in other countries, regions or markets. These impacts can be exacerbated by failures of governments and societies to adequately respond to an emerging event or threat. Every investment has some level of

market volatility risk. Clients will be negatively impacted if the value of their investments decreases as a result of such events, if these events adversely impact the operations and effectiveness of the adviser or key service providers or if these events disrupt systems and processes necessary or beneficial to the management of accounts.

Risks Associated with Bankruptcy Cases. Bankruptcy cases are adversarial and lengthy. While creditors generally are afforded an opportunity to object to significant actions in bankruptcy proceedings, there can be no assurance that a bankruptcy court would not approve actions that are contrary to the interests of Clients. If CBAM were determined to have taken over management and functional operating control of a debtor, it could lose Clients' ranking and priority as a creditor. Reorganizations can involve substantial legal, professional and administrative costs and are subject to unpredictable and lengthy delays. During the reorganization process, the company's competitive position is at risk of erosion, key management could depart, and the company could be unable to invest adequately.

U.S. bankruptcy law permits the classification of "substantially similar" claims in determining the classification of claims in a reorganization for the purpose of voting on a plan of reorganization. Because the standard for classification is vague, there is a significant risk that Clients' influence with respect to a class of investments can be lost by the inflation of the number and the amount of claims in, or other gerrymandering of, the class. In addition, certain administrative costs and claims that have priority by law over the claims of certain creditors (for example, claims for taxes) are high. In accordance with Client Documentation, CBAM invests principally in securities and other financial instruments of North American issuers with assets located in this region (with a focus on U.S.-based issuers and assets), although CBAM can invest in securities and other financial instruments of other issuers domiciled, or with assets located, elsewhere, particularly Europe. However, in some cases, CBAM invests exclusively in non-U.S. issues where permitted by Client Documentation. Investment in the debt or equity of financially distressed companies domiciled outside the United States involves additional risks. The law and process in such jurisdictions differs substantially from that in the United States, resulting in greater uncertainty as to the rights of creditors, the enforceability of such rights, reorganization timing and the classification, seniority and treatment of claims. In certain developing countries, although bankruptcy laws have been enacted, the process for reorganization remains highly uncertain. There can be no assurance that the outcome of bankruptcy or insolvency proceedings, particularly in jurisdictions outside the U.S., will result in a favorable outcome. In addition, as more companies conduct operations internationally, multi-jurisdictional bankruptcy or insolvency proceedings are increasing in prevalence and the foregoing factors could result in unique challenges that impact the potential recovery and timing thereof.

On behalf of one or more Clients, CBAM is authorized to serve on creditors' committees, official or unofficial, equity holders' committees or other groups to seek to preserve or

enhance such Client's position as a creditor or equity holder. A member of any such committee or group owes certain obligations generally to all parties similarly situated that the committee represents. If CBAM concludes that its obligations owed to the other parties as a committee or group member conflict with its duties owed to its Clients, CBAM could resign from that committee or group if such conflict cannot be appropriately resolved, and Clients will not realize the benefits, if any, of participation on the committee or group. As such, Clients should not expect that their interests will be represented on committees or groups even when holding a relevant interest. In addition, and also as discussed above, if a Client is represented on a committee or group, CBAM and its Clients will be restricted or prohibited under applicable law from disposing of or increasing its investments in such company while it continues to be represented on such committee or group.

CLO Warehouse Vehicles. CBAM manages CLO warehouse vehicles that are used to acquire loans on an interim basis that are expected to be transferred into a future CLO to be managed by CBAM and take a variety of forms but generally include a first loss position in which investors can invest in a senior borrowing for a large financial institution (the "senior warehouse lender"). During the warehouse period, CBAM, on behalf of the CLO issuer, commits to acquire or acquires (directly or indirectly) the loans which the CLO issuer intends to purchase at the CLO closing at which time it issues its CLO Notes. While it is expected that the warehouse will be fully repaid and extinguished at the CLO closing, there can be no assurance that the future CLO will be consummated or that the loans held in such a warehouse vehicle will be eligible for the CLO at closing. CLO warehouses are leveraged investments. Although CBAM, as the collateral manager on behalf of the CLO issuer, selects the loans to go into the warehouse, the senior warehouse lender generally must consent (or not object) to the loans acquired during the warehouse period and also has consent rights with respect to material modifications or sales of such loans. The senior warehouse lender will usually have interests that are different than those of the first loss investors. During the warehouse period, if loans are sold at a loss, investors in the first loss position could lose all or a portion of their investment. Some CLO warehouses include mark-to-market triggers, which require that investors in the first loss position contribute additional capital to avoid liquidation of the warehouse assets if the trigger is reached. CLO warehouses require first loss investors' capital to be committed from time to time and the investors in the first loss position take the risk that some or all of the holders of the first loss interests will not advance capital when required. If these requirements are not met or other representations, warranties or covenants in the warehouse documents are breached, or if the CLO fails to close, the senior warehouse lender has the right to require a liquidation of the warehouse assets which could result in a loss to the first loss investors of all or a portion of their investment in the CLO warehouse vehicle.

Counterparty Risk. Clients will be subject to the credit risk of counterparties with whom CBAM trades. If a trading counterparty becomes bankrupt or otherwise fails to perform its obligations due to financial difficulties, trade term disputes or other reasons, Clients should expect significant delays in obtaining a recovery, if any, in such circumstances.

Restrictions on CBAM's Ability to Manage. Client Documentation such as a CLO Indenture or management agreement often place contractual restrictions, which can be significant, on CBAM's discretion. During certain periods or in certain specified circumstances, CBAM will not be able to effect purchases or sales which it would otherwise choose to effect in the absence of such restrictions, and which CBAM can and potentially will transact for Clients without such restrictions.

Competition; Availability of Investments. There is a high degree of competition for attractive assets in the credit markets and small cap equity markets. There can be no assurance that CBAM will be able to identify or successfully pursue and obtain investment opportunities in all market conditions. Among other factors, market conditions, regulations impacting liquidity, interest rates, and competition for suitable investments from public and private funds, CLOs and other investors will reduce the availability of investment opportunities.

Settlement Risk. Leveraged loans are subject to settlement periods in excess of the securities standard of trade date plus two days and do not settle on a delivery versus payment basis as is common for other types of investments. Leveraged loan settlement periods can extend to trade date plus seven days or more depending upon a number of factors not in the control of CBAM. Therefore, counterparties to leveraged loan trades, including Clients, are subject to ongoing market risk to the extent that lengthy settlement periods occur. Moreover, settlement of leveraged loan trades can be a manual process, prolonging the settlement period and increasing operational risk. Further, during the prolonged settlements, the underlying credit outlook, positive or negative, or the terms of the loan, evolve in accordance with the terms of the underlying credit agreement (*e.g.*, LIBOR resets, pre-payments) or otherwise.

Participations Risk. Interests in loans can be acquired indirectly by purchasing a participation interest from a selling institution, which include CBAM Related Parties or Clients. Holders of participation interests are subject to additional risks not applicable to a holder of a direct interest in a loan. Participations in a selling institution's portion of a loan typically result in a contractual relationship only with such selling institution, not with the borrower. In the case of a participation interest, the holder will generally have the right to receive payments of principal, interest and any fees to which it is entitled only from the institution selling the participation and only upon receipt by such selling institution of such payments from the borrower. By holding a participation interest in a loan, the holder generally will have no right to enforce compliance by the borrower with the terms of the loan agreement, nor any rights of set off against the borrower or voting rights with respect to

amendments or waivers, and does not directly benefit from the collateral supporting the loan in which it has purchased the participation. As a result, the holder will assume the credit risk of both the borrower and the institution selling the participation, which remains the legal owner of record of the applicable loan.

Public and Private Side Risk. Loans are negotiated, structured, administered, and as the situation arises, amended, on the basis of the obligor providing its lenders with confidential information about the borrower's business and financial condition. At times, such information contains material, non-public information ("MNPI"). CBAM is prohibited from improperly disclosing or using MNPI in connection with the purchase or sale of a security for its benefit or for the benefit of any other person, including Clients. It is not uncommon for transactions to occur in the loan market on the basis of asymmetrical information (*i.e.*, one loan participant has only public information while its counterparty has both public information and MNPI), and CBAM will be trading in loans with counterparties who have access to MNPI while it does not or *vice versa*. CBAM can elect to participate on either the "public" or "private" side; however, in an effort to avoid restrictions, CBAM will generally make its investment decisions on behalf of Clients based on public information. As a result, CBAM would not possess all the information that other investors could access. Consequently, CBAM will from time to time take actions or refrain from taking actions on behalf of Clients that it would otherwise take or refrain from taking were it in possession of private information known to other market participants. As a result, client performance can be affected, perhaps adversely. There are instances, however, when CBAM elects to accept private information and investment activities on behalf of Clients will be restricted even if the private information is not for their benefit. In making decisions to accept or reject private information and being restricted or not, CBAM could be influenced by and take into consideration the activities of certain Clients or CBAM Related Parties. For example, CBAM could accept private information regarding the obligor of leveraged loans even though it results in a securities restriction and limits the activity of other CBAM Clients which hold related securities.

As stated above, CBAM will likely operate primarily on the public side in order to avoid securities trading restrictions, even though access to such information would be potentially advantageous to Clients investing in loans. CBAM does not maintain internal information barrier policies. As such, the receipt by any person within CBAM of MNPI will likely be imputed to all of CBAM. Moreover, although there are some information barriers between CBAM and CBAM Related Parties, subject to CBAM's policies and procedures, there are instances when CBAM will be subject to the same trading restrictions or Restricted List as CBAM Related Parties. Actions taken by CBAM with respect to MNPI has resulted in CBAM abstaining from making an investment or taking action which it might have otherwise pursued, which is to the benefit or detriment of a particular Client. For example, CBAM could decline to accept MNPI even though it is beneficial for an investment held by certain Clients

to avoid being restricted with respect to that investment opportunity in other Client accounts. Conversely, CBAM could elect to accept MNPI to benefit certain Clients even though doing so restricts existing positions of other Clients.

Key Person. The success of CBAM's performance is highly dependent upon the skills of its personnel with respect to identifying, analyzing, purchasing, managing and selling Client assets. As a result, Clients are highly dependent on CBAM's experience and that of its personnel or service providers. There is no assurance that such parties will continue to be associated with CBAM. The loss of one or more key individuals or service providers could have a material adverse effect on Client performance. Moreover, management agreements with key person provisions can be terminated in the event of certain key person events or departures.

Diverse Investor Group. Investors in a Fund will have conflicting investment, tax and other interests with respect to each of their respective investments in a Fund. As such, conflicts of interest are expected to arise among investors with respect to, among other things, the structure and nature of the portfolio investments and the timing of purchases and sales thereof. In making investment decisions as the investment manager of the Funds, CBAM considers the investment and tax objective of the Fund as a whole.

Insurance Coverage. CBAM is covered under an affiliate's professional liability insurance policy and does not maintain separate professional liability insurance. To the extent a claim arises relating to any of the insureds during a policy period that erodes some or all of the limits under the policy, there will be less coverage, or potentially no coverage, available for the other insureds, including CBAM, under the policy for the remainder of the policy period.

No Independent Advice. The terms of the Client Documentation and arrangements under which a Fund is organized and operated will be established by CBAM or an affiliated entity that serves as general partner or managing member of such Fund. Thus, the terms will not be the result of arm's-length negotiations or representations of investors by separate counsel. Investors should therefore seek their own legal, tax and financial advice prior to making an investment in a Fund.

Business and Regulatory Risks. Legal, tax and regulatory changes in the U.S. and outside the U.S. could occur and likely will adversely affect Clients, investors and CBAM. The regulatory environment for private investment vehicles is evolving, and changes in relevant regulations could adversely affect the value of investments held by Clients. In addition, the financial markets are subject to comprehensive statutes, regulations and margin requirements. The SEC, other regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. Legal, tax, and regulatory changes, as well as judicial decisions, could adversely affect the implementation of CBAM's investment strategy. Alternatively, new U.S. or non-U.S. rules or legislation regulating Clients, investors or CBAM are likely to be adopted, and the possible scope of any rules or legislation is

unknown. There can be no assurances that Clients, investors or CBAM will not in the future be subject to regulatory review or discipline. The effect of any regulatory changes or developments on Clients, investors or the financial markets will be expected to affect the manner in which CBAM performs its advisory services. The effect of any future regulatory change could be substantial and adverse and is beyond the control of CBAM.

Political Uncertainty Risk. The United States markets, as well as non-U.S. markets in which Clients invest or to which Clients or obligors/issuers of instruments held in Client accounts are exposed, will experience political uncertainty and/or change (*e.g.*, Brexit or other policy shifts) that subjects investments to heightened risks. These heightened risks include: greater fluctuations in currency exchange rates; increased risk of default (by both government and private issuers); greater social, economic, and political instability (including the risk of war or terrorist activity or pandemic); governmental involvement in the economy; less governmental supervision and regulation of the securities markets and market participants; controls or restrictions on foreign investment, capital controls and limitations on repatriation of invested capital and on the ability to exchange currencies; inability to purchase and sell investments or otherwise settle security or derivative transactions (*i.e.*, a market freeze); unavailability of currency hedging techniques; and slower clearance.

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

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

Political uncertainty will occur, and the impacts can be exacerbated by failures of governments and societies to adequately respond to an emerging event or threat, such as natural disasters, epidemics and pandemics, terrorism, conflicts and social unrest. These events will occur and have significant impacts on governments, industries, issuers and other systems, including the financial markets. There can be no assurance that political changes or policy decisions, directly or indirectly, will not cause a Client to suffer a loss of any or all of its investments or, in the case of fixed income investments, interest thereon.

Information Technology Security Risk. CBAM employs information technology systems consisting of end-user computers and devices, infrastructure, applications and communications networks to support CBAM's business operations. Systems, networks and devices can nevertheless be breached, and CBAM, its Clients and investors could be negatively impacted as a result of a cybersecurity breach. Cybersecurity breaches can include unauthorized access to systems, networks or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow or

otherwise disrupt operations, business processes or website access, functionality or cause corruption of sensitive and confidential information. Cybersecurity breaches will cause disruptions and impact CBAM's business operations potentially resulting in a financial loss to Clients due to interference with CBAM's ability to initiate or close out positions and monitor Client portfolios, violations of privacy law, regulatory fines and penalties, reputational damage or additional compliance costs. CBAM seeks to mitigate attacks on its systems; however, such measures cannot provide absolute security. CBAM will not be able to directly control the risks of third-party systems to which CBAM relies upon or connects. Any breach in security of the systems that CBAM relies upon could disrupt its business and its ability to provide services to Clients and will cause Clients to suffer, among other things, financial losses, disruption of business, liability to third parties, regulatory intervention and/or reputational damage. Any of the foregoing can have a material adverse effect on CBAM, its Clients, Note Holders, investors and Client portfolios.

Potential SEC Enforcement Actions. There can be no assurance that CBAM or CBAM Related Parties will avoid regulatory examination and possibly enforcement actions under existing laws. Recent SEC enforcement actions and settlements involving U.S.-based private fund advisers have involved a number of issues, including the undisclosed allocation of the fees, costs and expenses related to unconsummated co-investment transactions (*i.e.*, the allocation of broken deal expenses), undisclosed legal fee arrangements affording the applicable adviser with greater discounts than those afforded to funds advised by such adviser, and the undisclosed acceleration of certain special fees. If the SEC or any other governmental authority, regulatory agency or similar body takes issue with the past or future practices of the CBAM or CBAM Related Parties, CBAM and CBAM Related Parties are at risk for regulatory sanction. Even if an investigation or proceeding did not result in a sanction or the sanction imposed was small in monetary amount, the adverse publicity relating to, and time spent on, the investigation, proceeding or imposition of these sanctions could harm CBAM's reputation which would adversely affect the performance of Client portfolios. There is also a material risk that governmental authorities in the United States and elsewhere could adopt burdensome new laws or regulations (including tax laws or regulations), or change existing laws or regulations, or enhance the interpretation or enforcement of existing laws and regulations. Any such events or changes could adversely affect CBAM and its ability to operate and/or pursue its management strategies on behalf of Clients. Such risks are often difficult or impossible to predict, avoid or mitigate in advance.

Risks Related to Pandemics and Other Diseases

A health pandemic has led to increased short-term market volatility and may have adverse long-term effects on the U.S. and world economies and markets generally. Beginning in late 2019, China experienced an outbreak of a new and highly contagious form of coronavirus disease, COVID-19. In the ensuing months, COVID-19 spread to numerous countries, including the U.S. and the UK, prompting precautionary government-imposed closures and

restrictions of certain travel and businesses in many countries. Health pandemics or outbreaks generally, and this pandemic in particular, could result in a general economic decline in a given industry, region, or globally, particularly if the outbreak persists for an extended period of time, reoccurs, or continues to spread widely. This could have an adverse impact on a Client's investments, or a Fund's ability to source new investments or to realize its investments. Pandemics and similar events could also have an acute effect on individual issuers or related groups of issuers and could adversely affect securities markets, interest rates, auctions, secondary trading, ratings, credit risk, inflation, deflation and other factors relating to a Client's investments or CBAM's operations. Additionally, the risks related to health pandemics or outbreaks of disease are heightened due to uncertainty as to whether such an event would qualify as a force majeure event. If a force majeure event is determined to have occurred, a counterparty to a Client investment or a Client's investment may be relieved of its obligations under certain contracts to which it is a party, or, if it is determined not to have occurred, a Client account may be required to meet its contractual obligations, despite potential constraints on their operations, liquidity and/or financial stability. Either outcome could adversely impact a Client's investments or a Fund's performance. Market volatility and uncertainty around valuations would adversely impact Funds with public securities.

Since COVID-19 is present in jurisdictions in which the Adviser has offices or other operations or investments, it could affect the ability of the Adviser to operate effectively, including the ability of personnel to function, communicate and travel to the extent necessary to carry out Client investment strategies and objectives. In addition, in response to the COVID-19 outbreak, several industry conference sponsors and venues have suspended or cancelled events due to concerns over the spread of COVID-19. Events have also been impacted by the implementation of U.S. federal and state and non-U.S. governmental actions, as well as voluntary and involuntary travel restrictions. Certain Client investments may be impacted by or operate in industries that are expected to be particularly adversely affected by ongoing restrictions on public gatherings and forced closures of non-essential businesses in connection with the world's response to COVID-19. In addition, the potential spread of COVID-19 among the Adviser's personnel could significantly affect the Adviser's ability to properly oversee the affairs of Client accounts (particularly to the extent such impacted personnel include key investment professionals or other members of senior management), resulting in the possibility of temporary or permanent suspension of certain investment activities or operations.

ITEM 9. DISCIPLINARY INFORMATION

Not Applicable

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Material Relationships with Industry Participants.

CBAM is affiliated with other entities engaged in the financial services business and, in some cases, has business arrangements with such entities that are material to its advisory business or to its Clients. These are described in more detail below and, in some cases, could cause CBAM's or a CBAM related person's interests to conflict with the interests of a Client, including the CLOs.

As noted in Item 4. *Advisory Business*, CBAM is wholly owned by CBAM Holdings, LLC, which is a subsidiary of CBAM Management, LLC and Eldridge. A list of certain CBAM affiliated entities is provided on Schedule D of Form ADV, Part 1 at Item 7.A. (Part 1 of our Form ADV can be accessed by following the directions provided on the cover page of this brochure.)

Eldridge is a private investment firm that owns directly or indirectly businesses that operate within a number of industries, including the financial services industry. Currently, one of these, Security Benefit Life Insurance Company ("SBL") has material business relationships with CBAM. SBL is a Kansas insurance company that specializes in fixed, fixed indexed and variable annuities. SBL and certain of its affiliates are clients of CBAM, have invested in Funds managed by CBAM and/or are the owners of SMAs managed by CBAM. Also, SBL provides financing to CBM and CBAM. CBAM is also affiliated through common ownership with Cain International Advisers Limited ("Cain"), an SEC-registered investment adviser, which is primarily engaged in making debt and equity real estate investments and Maranon Capital, L.P. ("Maranon"), a registered investment adviser specializing in middle market debt and private equity investing. Research and views of CBAM and its analysts are not solely used in advising Clients. From time to time, CBAM Related Parties will contact CBAM to discuss industry trends, broad economic themes, market conditions and specific investment opportunities which are not in or related to existing Client mandates or Client portfolios.

CBM, a "relying adviser," acts as collateral manager of certain CLOs and CLO warehouses and is under common supervision and control with CBAM. CBM and CBAM share personnel and have entered into a staffing and services agreement pursuant to which CBAM provides staffing and portfolio management, research and analysis services to CBM for a fee. All activities of CBM are subject to the Advisers Act and the rules thereunder, and persons acting on behalf of CBM are subject to the CBAM Code of Ethics and CBAM Compliance Manual.

A CBAM Related Party serves as general partner for funds that are organized as limited partnerships.

Conflicts of Interest relating to Affiliated Industry Participants

CBAM Related Parties (including Eldridge) engage in a number of businesses with a broad array of products and services. The business activities of CBAM Related Parties can create conflicts of interest with Clients and CBAM's activities on behalf of Clients. The following discussion and the discussion in Item 11. *Code of Ethics, Participation or Interest in Client Transactions and Personal Trading* briefly summarize some of these conflicts but are not intended to be an exhaustive list of all conflicts. Clients and investors should also review carefully related disclosures in the Client Documentation.

- *Transactions by Affiliates and CBAM Clients in Similar or Overlapping Investments.* Eldridge and certain other CBAM Related Parties, including SBL and Cain, engage in investment operations that are substantially similar to and/or competitive with CBAM Clients, including current holdings and other opportunities being considered for investment. The performance and operation of such competing businesses could conflict with and adversely affect the performance and operations of Clients' portfolios and could adversely affect the prices and availability of investment opportunities or transactions available to Clients. Eldridge and its management personnel and other CBAM Related Parties could, but are under no obligation to, share research or opportunities with CBAM. Moreover, Eldridge, its management personnel and other CBAM Related Parties can invest on behalf of themselves in such opportunities. This could result in financial benefits to Eldridge and other CBAM Related Parties, and their respective personnel that are not available to or shared with CBAM or its Clients. To the extent CBAM and other CBAM Related Parties have the same, similar, or overlapping investments, objectives or strategies, they could give advice or take action for their own accounts or those advised by CBAM that differ from, conflict with or be adverse to advice given or action taken by CBAM for any other CBAM Clients with respect to the same or similar investments, obligors or issuers. CBAM will at certain times be simultaneously seeking to purchase or sell the same or similar investments for Clients that CBAM or a CBAM Related Party seeks to purchase or sell for itself or its other Clients. Likewise, the Firm, on behalf of Clients, can invest in an issuer or obligor in which another Client, a CBAM Related Party or its Clients, already hold or have or will co-invest. For example, one Client could hold or buy a loan position while another Client is selling its equity position in the same issuer, and *vice versa*. Likewise, a Client could hold a position or a senior/junior position, and a CBAM Related Party could be considering the same or a junior/senior position for its own account or for its Clients. From time to time, CBAM will (on request) provide the views of its analysts to CBAM Related Parties.
- *Transactions in Companies in which Affiliates have Interest.* CBAM, from time to time, initiates or recommends transactions with or investments in companies that CBAM Related Parties control, are affiliated with, or have significant economic, financial or other interests or relationships. In addition, in some circumstances, CBAM, on behalf of its Clients, invests in issuers or borrowers, or otherwise participates in

transactions, in which CBAM's Related Parties have invested or will invest. For example, CBAM's Related Parties could have invested in other financial interests, or have financial or other relationships (including but not limited to directorships or equivalent roles) with issuers, borrowers, or obligors (or their affiliates or related parties) in which Clients have invested. Such an investment will often provide a direct or indirect benefit to CBAM Related Parties, in which case the Client investments can indirectly benefit CBAM Related Parties. CBAM or CBAM Related Parties and their respective senior executives also have provided loans to or received loans from, or from time to time in the future will provide loans to or receive loans from, CBAM or CBAM Related Parties. This could create an incentive for CBAM to favor CBAM Related Parties over its Clients interests. For example, CBAM has an incentive to offer more favorable terms to, or to refrain from taking actions that might be adverse to, the interests of its affiliates in such borrowers. For a discussion of conflicts relating to interests of CBAM and CBAM Related Parties in Client transactions, see "*Participation or Interest in Client Transactions*" in Item 11. *Code of Ethics, Participation or Interests in Client Transactions and Personal Trading*.

- *Shared Personnel and Services Arrangements.* CBAM and certain CBAM Related Parties have entered into a shared staffing and services arrangement whereby CBAM Related Parties provide certain services such as accounting and insurance services to CBAM. These arrangements are important to the ongoing operations of CBAM, and therefore any major changes or termination to these arrangements is material. CBAM bears its proportionate share of the cost of such services and does not allocate any related costs to Clients. Although fees incurred and paid to CBAM Related Parties for such services generally are expected to be competitive with the market, there is an incentive for CBAM to employ CBAM Related Parties rather than third parties even though a third party could provide the same or higher quality services.
- *Loan Originating and Servicing Fees Payable to Affiliates.* CBAM Related Parties, including Eldridge, Maranon and SBL, are engaged in the loan origination, asset financing, loan servicing, and related businesses. In connection with these activities, these CBAM Related Parties receive certain fees for services rendered (*e.g.*, arranger, syndication, agency, origination, sourcing, structuring, collateral management, advisory, commitment, facility, float or other fees, discounts, spreads, commissions and concessions, and other similar fees). Such fees are charged on a cost reimbursement or on a cost-plus basis. When a Client or issuer held by the Client acquires loans that are originated, structured, arranged or placed by CBAM Related Parties that receive such fees, CBAM Related Parties will benefit, without expectation to share in any such fees, unless the Client Documentation specifically provides for an offset against management fees or other fees payable by the Client.

Fee Sharing with Affiliates. CBAM from time to time enters into arrangements with, or establishes private investment vehicles for, some Clients, including CBAM Related Parties. Pursuant to these arrangements, CBAM is compensated through a sharing of fees and remuneration earned by such Clients in connection with specific investment recommendations of CBAM, subject to the terms of the applicable Client Documentation. These arrangements could result in an incentive for CBAM to favor or disfavor Clients participating in these arrangements relative to other Clients. Subject to Client Documentation, CBAM or CBAM Related Parties retain some or all fees, consideration or compensation, including fees relating to arranging, syndication, agency, origination, sourcing, structuring, commitment or other services in connection with investments made on behalf of Clients.

- *Management Persons.* Certain persons who are members of the board of CBAM Holdings, LLC also hold positions with and have responsibility for certain aspects of the business of other CBAM Related Parties, including Eldridge. The overall compensation these persons receive is based, in part, upon the performance of CBAM and the relevant CBAM Related Parties. Consequently, in carrying out their directorship responsibilities at CBAM Holdings LLC and duties at other CBAM Related Entities, such persons, personally and in their official capacities, have the same or similar conflicts of interest as those that relate to CBAM and the relevant CBAM Related Parties.
- *EU Retention Interest Ownership.* Because EU Retention Interests held by CBM are to be financed by CBAM Related Parties, there are conflicts of interest between CBAM, Clients and the CBAM Related Party lender, including as described in Item 4. *Advisory Business.* Additionally, these interests give CBM voting rights with respect to matters as to which CLO Note Holders are entitled to vote such as, any vote to direct a redemption and any vote to accelerate or not accelerate the payment of Notes. CBM and CBAM each expect to act in their own interests with respect to such votes, and their interests could conflict with or be contrary to the interest of the Note Holders. These conflicts are exacerbated in the event of a default or potential default. Please see Item 17 *Voting Client Securities* for further information about CBAM's voting practices.

Identification and Resolution of Conflicts of Interest

In addition to the conflicts referenced above and elsewhere in this brochure, other conflicts of interest are likely to arise from the overall advisory, investment, capital markets and other activities of CBAM, CBAM Related Parties, its Clients and other affiliated parties. CBAM refers material conflicts to its conflicts committee for resolution. CBAM seeks to identify and

resolve conflicts that arise in a manner it deems reasonable and equitable under the prevailing facts and circumstances.

CBAM's determination as to which factors are relevant and how reasonably to resolve such conflicts will be made in CBAM's sole discretion, unless otherwise required by the terms of the Client Documentation. There is no assurance that any specific conflict can or will be identified or resolved in favor of any particular Client's interest.

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

Code of Ethics and Personal Trading

CBAM has adopted and maintains a Code of Ethics (the "Code") pursuant to Rule 204A-1 under the Advisers Act. The Code sets out expected standards of conduct and is designed to address conflicts of interest including those related to personal trading. A copy of CBAM's Code of Ethics is available to Clients and investors upon request, at no cost, at the contact details listed on the cover page of this brochure.

In order to mitigate conflicts of interest with CBAM's activities on behalf of Clients, personal securities trading by CBAM personnel are generally permitted to trade in certain exempt investments, through accounts as to which CBAM personnel have ceded influence and control, or as otherwise set forth in the Code. Additionally, subject to the conditions of the CBAM Code of Ethics, CBAM and its employees can invest in Funds and vehicles managed by CBAM or other managers that invest in assets, employ strategies or have investment objectives substantially similar to strategies and investment objectives offered by CBAM.

In addition to the Code, CBAM has other policies and procedures reasonably designed to address conflicts of interests with respect to, among other things, gifts and entertainment, outside business activities and political contributions. CBAM also has policies reasonably designed to prohibit its personnel from trading securities for Clients or themselves or recommending to others trading in securities while in possession of MNPI or disclosing MNPI to any person not entitled to receive it. By reason of its various investment activities and those of its affiliates, CBAM will have access to MNPI. When CBAM possesses MNPI, it will generally be unable to take actions or effect transactions in certain investments that might benefit a Client. CBAM has designed and implemented policies and procedures reasonably designed to address those situations; however, there can be no assurance that such policies and procedures will prevent CBAM from receiving MNPI and becoming subject to trading restrictions.

Conflicts of Interest relating to Client Transactions

Allocation of Investment Opportunities

CBAM advises multiple clients with similar investment strategies and overlapping investments, which creates conflicts of interest in allocating investment opportunities. If an investment opportunity is appropriate for more than one Client, CBAM determines, in its sole discretion, which Clients participate in the investment opportunity and to what extent. This could result in a Client receiving no allocation of a particular investment or receiving an allocation of an investment which is less than it would have otherwise received if CBAM did not have other Clients eligible to invest.

CBAM has policies and procedures reasonably designed to allocate investment opportunities to Clients in a manner it deems to be fair and equitable over time, consistent with the Client's investment strategy, guidelines and objectives, but generally expects these allocations to be made pro rata based on available capital, subject to the considerations set forth herein and as otherwise may be disclosed to Clients. Under these policies and procedures, CBAM has significant discretion in applying and weighing factors it deems relevant when determining which Client portfolios receive particular investment allocations and to what extent. Such factors include, among others, investment objectives, target returns/yields, risk tolerance and limits, investment guidelines, inflows and outflows of capital and the timing thereof, limitations and restrictions, market conditions, internal investment policies, regulatory concerns, availability of brokers, expected duration of the investment, maturity constraints, cash positions or needs, existing and target issuer and industry exposures, risk limits and profiles, issue size, tax gains/losses, and any other factor, to the extent relevant to each eligible Client, as determined by CBAM in good faith. When launching a new Client portfolio, CBAM generally expects to allocate a larger portion to such portfolio during such ramp up period, which may disadvantage existing Clients.

CBAM Clients that have specific targeted investment strategies, investment objectives or risk parameters ("limited mandates") will have less flexibility to invest across multiple asset classes. In cases where there is a limited offering that CBAM determines, in its reasonable discretion, aligns with such Client's specific investment objectives, investment guidelines, target returns or risk parameters, these Clients will receive larger allocations or the entire allocation of an investment opportunity. While CBAM believes that allocating opportunities that are within a limited mandate to Clients having a limited mandate results in more equitable allocations over time, application of these considerations, will often result in a non-*pro rata* allocation of an investment opportunity to some Clients (including Clients in which CBAM or CBAM Related Parties or their respective personnel have a direct or indirect pecuniary interest) when other Clients receive a smaller allocation or none.

As a result of these policies and procedures and because different Clients' circumstances can result in CBAM weighing factors differently for each Client, Client portfolios are likely to hold differing proportional amounts of the same investment. Similarly, it is possible that not every eligible Client will receive an allocation of every investment opportunity. CBAM's

exercise of such discretion in making allocation decisions will affect Client performance. It is likely that certain Clients will not participate in the gains or losses realized by other Clients with similar investment objectives, and it is unlikely that all Client portfolios will hold the same positions or will perform similarly, even when Clients share the same investment strategy and/or investment objective. In connection with the foregoing activities on behalf of Clients, CBAM is subject to restrictions or limitations imposed by applicable law, internal policy or otherwise from effecting transactions or taking other actions that might have been otherwise been initiated.

In certain circumstances, when allocating orders, CBAM's focus on constructing fully invested credit portfolios results in: (i) allocating relatively more (or all) of an opportunity to new Clients, (ii) allocating certain investments to accounts or vehicles for purposes of satisfying EU Risk Retention Requirements, (iii) allocating one or more investments to CLO warehouse vehicles or other proprietary or Client accounts that maintain such investments temporarily in anticipation of contributing such investment(s) to a newly organized CLO or other pooled investment vehicle (a "Warehoused Investment"), (iv) making such investments available to certain Clients who have or are expected to have a substantial amount of cash to invest/ramp up or need to raise cash to satisfy a withdrawal request or otherwise, (v) rebalancing a portfolio or otherwise seeking to optimize portfolio metrics for Clients with portfolio tests, (vi) changing the liquidity profile of one or more Clients, (vii) altering the target return for one or more Clients, and (viii) altering diversification for one or more Clients. In other circumstances, additional preferential consideration is given to Clients, including CBAM Related Parties, responsible for sourcing or identifying a particular investment opportunity or group of investment opportunities. Clients that could be favored include those (i) where CBAM, CBAM Related Parties, existing investors, prospects, or principals and employees of CBAM, CBAM Related Parties and other affiliated parties have a financial interest, which interest could be substantial; and/or (ii) whose investments have been seeded by CBAM or CBAM Related Parties, or are used to satisfy EU Risk Retention Requirements or maintain warehoused assets. Allocations to these accounts and to accounts with performance-based fees or compensation or higher fee rates results in an increased economic benefit to CBAM and CBAM Related Parties. To the extent that a Client does not participate in an allocation or an aggregated order, and CBAM seeks to transact at a different time or separately, such Client could receive a better or worse execution or not be able to execute at all, depending on market conditions at the time of execution.

Where CBAM is allocating an investment opportunity in or relating to an existing investment ("follow on"), it generally will be allocated in the same proportion as the original investment. However, due to consideration of other factors or CBAM's belief that it would otherwise not be appropriate for a Client to participate (or fully participate), then the remainder of such follow-on investment would be allocated in a manner deemed fair and equitable over time.

CBAM employs allocation methodologies with respect to Clients that are ramping or launching their Client portfolio, including the CLOs, which differ from, or are inconsistent with, methodologies used once the Client portfolio is launched. CBAM has an incentive to favor such Client portfolios to accelerate or receive additional fees, and CBAM has policies and procedures in place to manage such conflicts.

Allocations to CBAM and CBAM Related Parties

From time to time, CBAM Related Parties, which CBAM does not control and are not otherwise subject to CBAM's code of ethics, may acquire, hold, or sell for their own accounts, investments which are appropriate for Clients. Such CBAM Related Parties have no obligation to present or allocate investment opportunities to Clients. Further, there is the possibility that such CBAM Related Parties will invest in opportunities that CBAM declined to recommend for Client investment. Accordingly, there are instances where all, or substantially all, of an investment opportunity will be allocated to such CBAM Related Parties but not to unaffiliated Clients. This can result in the potential for an increased economic benefit to such CBAM Related Parties vis a vis Clients. See also "*CBAM Personnel Outside Business Activities*" below.

Fees and Other Remuneration

CBAM or a CBAM Related Party will sometimes receive and retain fees or other compensation in connection with structuring and financings (*e.g.*, a commitment to backstop a credit facility intended to be funded in a syndicate transaction until the syndication is complete, at which time the fees are distributed). CBAM, in such instances, could allocate the commitment leg of the transaction and the syndicate leg to different Clients, in accordance with its allocation process as described herein. Subject to applicable law, disclosure and Client Documentation, CBAM or a CBAM Related Party retains some or all fees, consideration or compensation including fees relating to arranger, syndication, agency, origination, sourcing, structuring, collateral management, advisory, commitment, facility, float or services provided arising from investments made on behalf of Clients. Except as required by Client Documentation, such fees or remuneration generally are in addition to and do not reduce or offset the fees paid in connection with CBAM's advisory services. The receipt of such fees by CBAM or CBAM Related Parties creates an incentive to make investments that give rise to additional compensation. To mitigate this conflict, CBAM generally seeks to evaluate each transaction to determine if it appears to be a favorable investment for the participating Clients, and allocates opportunities in accordance with CBAM's allocation policy. CBAM also reviews the fairness of the fees and considers whether fees are consistent with an arms' length transaction.

CBAM and CBAM Related Parties Advisory Services to Portfolio Companies

CBAM and/or CBAM Related Parties can also provide investment advisory services for a negotiated fee to obligors or issuers of investments in Client portfolios who are affiliates or CBAM Related Parties and will, subject to Client Documentation, retain (and not offset) such fees. Accordingly, CBAM and its CBAM Related Parties receive fees or other benefits for these services which are greater than and in addition to any fees CBAM receives from Clients for advisory services. This disparity in fee income creates a conflict of interest between CBAM's obligation to Clients and its own interest in generating income for itself or CBAM Related Parties. Furthermore, CBAM is entitled to waive, rebate, assign or share, in its discretion, all or a portion of its fees with any person as agreed or as otherwise required by applicable law.

Cross Trades. Pursuant to its Client Documentation and disclosures to Clients, CBAM, from time to time, effects cross trades between and among Client accounts, (*i.e.*, where a Client buys an asset from or sells an asset to another Client). For example, CBAM might arrange for one Client which is liquidating its portfolio or a particular investment to sell all or part of that portfolio or investment to another Client that might be ramping up its investment portfolio. In such cases, CBAM's interests and those of participating Clients can conflict. CBAM has policies and procedures reasonably designed to address the conflicts which arise in the context of cross trades and to comply with the applicable requirements of the Advisers Act. Transactions between the same Clients, or Clients owned directly or indirectly by the same investors, are not considered to be "cross trades", as there is no change in actual or beneficial ownership.

Principal Transactions. To the extent not prohibited by its Client Agreements and consistent with its disclosure to Clients, CBAM engages in principal transactions (*i.e.*, transactions between Client accounts and those of and CBAM or its affiliates). A conflict of interest arises in these cases because CBAM or a CBAM Related Party and the Client each has an interest in the transaction proceeding at a price most favorable to it. The firm expects that principal transactions will arise primarily but not exclusively when an entity funded or owned by CBAM, CBM or a CBAM Related Party transfers one or more warehoused assets to a newly-launched CLO or other pooled investment vehicle managed by CBAM and/or CBM. When CBAM engages in principal transactions, it will seek to comply with the applicable requirements of the Advisers Act, including disclosure to and consent of the Client or a Client's independent review party or board of directors.

Pricing of Cross and Principal Transactions. CBAM endeavors to assure that assets transferred in a cross or principal transaction are assigned a price that is fair to all participating Clients. In determining pricing, CBAM will act in accordance with its relevant policies and procedures which include using the midpoint price as provided by a third party (*e.g.*, broker quotes and pricing services) and as approved and documented by the CBAM portfolio manager and, in the case of a principal transaction, the Client or its independent review party or board of directors.

Valuation

Where consistent with Client Documentation, CBAM is responsible for valuing certain Client assets. CBAM seeks to use independent pricing sources when available and reliable. CBAM seeks in good faith to value investments when a market price is not readily available or if any third-party valuations are deemed by CBAM in good faith to be unavailable or unreliable. In these instances, CBAM valuations will not be based on third party, independent determinations, and the values assigned by CBAM to any such asset or investment might not correspond, to an amount at which an investment could be or is actually purchased or sold. The difference between the value assigned to an investment at any particular time and the ultimate price for which such investment could be sold could be material. CBAM's role in determining the fair value to be assigned to any investment poses a conflict of interest with its Clients because CBAM has an incentive to value investments in a manner that would increase Client performance and generates increased management or performance fees.

Investments that are valued by CBAM generally will not have reliable market values. The fair value assigned to such investments, as determined in good faith by CBAM in accordance with its valuation policies and procedures, will likely not correspond to the next available and reliable market price or empirical value. In retrospect, it could be that the price at which CBAM valued the investment was not the price at which the investment could have been purchased or sold.

Capital Structure Conflicts

There are expected to be situations in which CBAM invests Client assets in certain parts or particular issuances of an entity's capital structure and other Clients or CBAM Related Parties are investing in or holding positions in different parts of that same entity's capital structure. In certain circumstances, decisions made with respect to investments held by one Client could adversely affect the investments of another Client. These situations include, for example, investments in instruments that: (i) are publicly traded and privately issued, (ii) are debt and equity, (iii) have differing priorities (senior or subordinated, including equity securities), (iv) have differing levels of risk and yield, and/or (v) have differing levels or types of rights and benefits. Under normal circumstances, investments in instruments that have different ranking of seniority in a capital structure generally do not raise material conflicts of interest. However, conflicts of interest are likely to arise when there is a default or when an obligor seeks protection from creditors in bankruptcy or reorganization. In such cases, an action taken in furtherance of the interest of one set of holders (such as the senior bank loan holders or preferred shareholders) could harm the interests of other holders of the same issuer's securities or instruments (such as holders of unsecured or subordinated debt or common stock). When Clients or CBAM Related Parties own securities or instruments of the same issuer in different ranks of seniority, action taken on behalf of Clients or CBAM Related Parties holding a more senior tranche could be contrary to the interest of other Clients or CBAM Related Parties holding the other tranche, or *vice versa*.

CBAM has an incentive to take actions based on which course, as a whole, it expects to most favor its own interests or those of a CBAM Related Party.

Conversely, certain investments made by one Client or group of Clients could indirectly benefit positions held by another Client, which also presents certain conflicts of interest for the Investment Manager. For example, if one Client holds a position in the public or private equity or subordinated bonds of an issuer, and another Client participates in a syndicated loan offering, the proceeds of which are applied to finance a third party's acquisition of all or a portion of the issuer's outstanding equity or bonds (including any portion owned by other Clients), the first Client could see their investment increase in value or become more liquid. Further, in certain instances, proceeds of an investment in an issuer made by one Client or group of Clients will be applied by the issuer (or an affiliate thereof) to make interest payments or distributions in respect of securities or instruments held by another Client. For example, this could occur where a Client participates in an offering of securities of a subsidiary or affiliate of an issuer in which another Client holds a position. The proceeds of the offering, or a portion thereof, are distributed directly or indirectly to the parent company (or other affiliate) in which another Client or CBAM Related Parties own a position and the parent company (or other affiliate) uses these proceeds to make payments or distributions to its debt and/or equity investors, including other Clients. Therefore, CBAM may have an incentive to use one Client's portfolio to benefit another Client.

In such situations, certain conflicts arise among the interests of the Client accounts, any CBAM proprietary accounts and any CBAM Related Party accounts, including conflicts involving: (i) CBAM's determination to enforce or not enforce certain rights on behalf of its Clients which could adversely affect the interests of CBAM Related Parties or the CBAM proprietary account and *vice versa*, (ii) CBAM's incentive to make investment decisions which either facilitate or result in more favorable terms for a proposed investment by CBAM Related Parties in a particular entity, or (iii) CBAM's incentive to preserve or protect the value or rights associated with an investment of a CBAM Related Party in a particular entity, any of which could adversely affect the interests of Clients.

When the interests of one group of Clients conflicts with the interests of other Clients with respect to investments in the same obligor, CBAM considers the interests of affected Clients but could pursue or enforce rights on behalf of some Clients in a manner that results in an adverse effect on other Clients with a different type of investment in the same entity. These conflicts of interests between CBAM's Clients become more pronounced in situations in which the entity experiences financial or operational challenges. For example, if CBAM Related Parties, on behalf of themselves, or CBAM on behalf of Clients, hold senior debt investments of a particular obligor, determine to foreclose on loans, take steps to put an issuer or borrower into default or seek a liquidation of the issuer, Clients holding more junior interests could lose some or all of their investment. Similarly, if CBAM sponsors or supports reorganization, recapitalization or similar workout arrangements for an entity in which

different CBAM clients hold different investments then (a) additional investments from Clients holding junior classes of securities or instruments that directly or indirectly refinance senior securities or instruments held by other Clients could be required, or (b) Clients holding junior securities or other financial instruments could suffer substantial losses. Any of the foregoing could also adversely affect the prices and availability of other securities or instruments issued by that particular entity that is held by or considered for investment for other Clients. Although these conflicts often cannot be mitigated, CBAM can but is not required to retain separate legal counsel (*e.g.*, where the conflict involves a CBAM affiliate or different Clients) or other steps to seek to separately attend to the differing interests or rights of different sets of Clients and/or investors.

CBAM participates in official and unofficial committees with respect to bankruptcy, restructuring or work outs of investments in Client portfolios. In such circumstances, CBAM has the opportunity to take positions on behalf of itself or a CBAM Related Party that are adverse to the interests of Clients holding such investments.

Special Rights of or Relationships with Certain Investors and other Parties

CBAM and CBAM Related Parties from time to time engage in transactions with prospective and actual investors, counterparties and service providers which will produce economic benefits to such parties. Such transactions can be entered into prior to, during the term of, or after admission as a Client or investor. Such transactions are expected to be diverse and are expected to include benefits or special rights related to the Funds (and CLOs) and investments. Examples include the grant of different economic terms, co-investment rights or possibilities, fee sharing, fees or redemption terms or additional or supplemental reporting or portfolio information. CBAM has no obligation to offer such additional rights, terms or conditions to any other Client or investor.

Additionally, CBAM and CBAM Related Parties and their respective management teams will have pre-existing and ongoing relationships with certain Clients, investors, Note Holders or counterparties or have a financial interest in obligors or issuers of securities or interests held in Client portfolios. Such relationships or positions could result in a benefit to such Clients or persons, which are not available to similarly situated persons with which no such relationship exists. Further, subject to Client Documentation, CBAM can invest on behalf of Clients, in loans or interests of companies where such companies (or their senior executives) are also Clients, investors or Note Holders. While CBAM makes investments which it determines in its reasonable discretion to be for the benefit of participating Clients, in this case, other Clients, investors, Note Holders, CBAM or CBAM Related Parties will also benefit.

Certain Clients, investors or Note Holders, prospects, and other stakeholders, including CBAM Related Parties and CBAM employees, request and receive, at the sole discretion of CBAM, more specific and detailed portfolio information concerning the portfolio and

strategy and specific investments in the portfolio, than is routinely provided to other Clients, prospects, investors or Note Holders . Recipients could add, withdraw or transfer their Notes or Fund interests based on this information. CBAM can provide such communication without obligation to update, correct inaccuracies or provide the same or similar information to other prospects or investors or Clients. Any such arrangements can affect the incentive of CBAM in managing the portfolios and can also affect the incentives of the investors that benefit from such arrangements in taking actions under Client Documentation, such as voting for amendments and removal of the manager. Except as otherwise provided in Client Documentation, no other investor or Client will have the right to review or receive the economics or other benefits of any such arrangement to which such person is not a party. As such, there can be no assurance that the quality, amount or frequency of the delivery of such information furnished to any Client, investor, Noteholder or prospect will be the same or similar among such parties.

CBAM Personnel Outside Business Activities

Certain CBAM personnel have outside business interests and activities that are not investment-related. Such personnel have a conflict with respect to allocating time and services between Clients and outside activities. CBAM personnel expect to devote as much time to the management of Client portfolios as CBAM deems appropriate to meet obligations to Clients. Subject to compliance with CBAM's internal policies and procedures, CBAM's employees can carry on investment activities for their own accounts and for family members who are not Clients. CBAM employees give advice and recommend investments and strategies to CBAM Related Parties that could differ from advice given or action taken for a Client.

CBAM and CBAM Related Parties Ownership of Funds and CLOs

CBAM and CBAM Related Parties can invest in CLOs, (including, but not limited to, investments required to comply with the EU Risk Retention Rules), or other Funds and Clients at issuance or through secondary market transactions. However, CBAM and CBAM Related Parties will not invest in every CLO, Fund or other Client. Ownership interests vary, perhaps significantly, among Funds, and there is no assurance that such holdings will remain unchanged over time or that CBAM's or CBAM Related Parties' interest will remain aligned with Clients, investors or any particular class of investors or Note Holders. CBAM Related Parties enjoy more favorable terms (including, but not limited to, fees, reporting and/or liquidity) than other Clients and non-affiliated investors in the same Fund or CLO.

These investments create conflicts of interest. For example, if CBAM or CBAM Related Parties own Equity Interests in a CLO, CBAM faces a conflict when making investment decisions for the portfolio when the interests of holders of the Senior Notes are not aligned with those of the Equity holders, including by seeking relatively more risky investments. Additionally,

CBAM and its Related Parties could elect to bid at any auction of Notes or investments owned by any Client. Further, if CBAM or CBAM Related Parties have a significant financial interest in a Fund or CLO, but less (or no) interest in another Fund or CLO pursuing similar investments, CBAM has an incentive to make favorable allocations to Funds or CLOs where CBAM or a CBAM Related Party could benefit from favorable allocation decisions. Further, certain holders own Notes in more than one CLO. Accordingly, CBAM has an incentive to favor or take into consideration CLOs with overlapping Note holders when providing advisory services. Please see Item 6. *Performance-Based Fees and Side-by-Side Management*.

ITEM 12. BROKERAGE PRACTICES

Subject to Client Documentation, CBAM has the authority to select trading counterparties, investment amount and price when making investment decisions on behalf of its Clients. In doing so, CBAM seeks best qualitative execution for Client transactions under the circumstances. CBAM is not obligated to choose the counterparty with the lowest possible execution cost. When ramping or launching a Client portfolio, CBAM generally relies on a sole counterparty for execution.

Due to the nature of certain illiquid markets, there is a limited universe of counterparties offering or making a market in these instruments, and there is often only one counterparty offering an investment. Nevertheless, CBAM can transact in credit instruments with banks, broker-dealers and other participants in the credit markets, such as funds and fund managers. Clients generally do not pay commissions in connection with executing these transactions but will typically be subject to spreads or other trading costs. As a result, for CBAM's strategies which focus on credit markets, CBAM frequently does not have multiple counterparties to select from when making a trading determination.

For liquid strategies and on those occasions when CBAM can select from more than one counterparty, CBAM does not expect to solicit competitive bids or seek the lowest trading costs, but does seek to negotiate and execute Client transactions in a reasonably efficient manner. In these cases, CBAM seeks best overall qualitative execution and selects counterparties taking into account factors it deems relevant under the circumstances including, among others, timing, breadth of the market, market conditions, transaction fees, price, financial condition and execution capability of counterparty, deal sourcing, access to underwritten or primary offerings, the value of research or market color provided, and financing rates, when applicable. CBAM seldom focuses on a single factor; rather, it generally considers the full range and quality of the services of a counterparty.

Brokerage arrangements will not always be uniform across all Clients. Certain Clients have custodial, clearing or financing arrangements (including ISDA agreements, margin or lending agreements) with counterparties that do not have similar arrangements or similar terms with other Clients.

CBAM gives consideration to placing transactions with counterparties who provide research and other services to the Client or CBAM, although CBAM does not anticipate that its activity will generate soft dollars. Research published by counterparties is often provided to and used by CBAM in providing its advisory services to Clients. Such research and information are often provided free of charge and not available for sale. Research can include written or verbal information about specific borrowers/issuers, sectors, market and financial commentary, economic studies, forecasts, and pricing services, as well as discussions with research personnel and issuer management. These benefits and services are not necessarily used for the exclusive benefit of the Client to whose transaction the research relates; in some cases, research generated by a Client's transactions will "subsidize" other Clients that benefit from that research. The receipt of research benefits CBAM as doing so saves CBAM the time and expense of developing such research internally or paying for such research with "hard dollars". Accordingly, CBAM has an incentive to select counterparties based on a desire to continue receiving such information and services. Some broker-dealers, banks or other counterparties CBAM selects have (or are affiliates of entities that have) other material business relationships with or provide services to CBAM or CBAM Related Parties.

CBAM personnel are sometimes offered gifts and entertainment from counterparties with whom CBAM conducts business. This can include tickets to sporting events, meals, and other items of value. CBAM has a gift and entertainment policy designed to address the conflicts of interest related to the receipt of gifts or entertainment from CBAM trading counterparties.

Client Referrals

CBAM uses a variety of counterparties to execute trades, some of which refer Clients or investors to CBAM although this is not considered as a factor in selecting counterparties. Transacting with a counterparty that makes such referrals can create a conflict because Client or investor referrals benefit CBAM and not the Clients participating in the trade. CBAM executes Client transactions with counterparties that sponsor events, meetings or other communications between potential investors, Clients and CBAM and its affiliates. These capital introduction services are incidental to other brokerage services. CBAM and its affiliates are not compelled to engage counterparties that sponsor these capital introduction programs in order to be included in these events. However, these capital introduction events and services are typically sponsored by counterparties that provide necessary services to Clients, and they create the appearance of, using the execution services or prime brokerage services of such counterparties.

Aggregation

CBAM can, but is not obligated to, aggregate Client trades when such aggregation is reasonably expected not to be disadvantageous to any participating Client. Clients benefit

from aggregated trades through favorable execution quality or lower execution costs. Aggregation opportunities for CBAM generally arise when more than one Client is capable of purchasing or selling a particular asset based on investment objectives, available cash and other factors. There is no assurance that the aggregation of orders will always decrease execution costs or result in more favorable execution relative to non-aggregated trades. Orders for credit strategies which are not aggregated are generally executed at prices prevailing at the time of the transaction and will not be average priced. Equity orders executed on the same day by the same broker are often average priced.

Errors and Guideline Breaches

Trade errors will occasionally occur. CBAM endeavors to detect and correct errors promptly and in accordance with its trade error policy.

In accordance with the trade error policy and subject to Client Documentation, unless CBAM determines an error resulted from its gross negligence, bad faith or willful misconduct, any gains or losses from trade errors will be borne by the Client. As a result, Clients, and not CBAM, will generally bear losses from trade errors.

The breach of any prohibitions, limits or other guidelines (numerical, percentage, ratings based or otherwise) is not treated as a trade error under the trade error policy if the remedy for such breach is addressed in the relevant Client Documentation, such as a CLO Indenture. CBAM undertakes to purchase or sell any asset or instrument (whether or not such asset or instrument caused the breach), in the event of, or to cure, any breach.

ITEM 13. REVIEW OF ACCOUNTS

CBAM's investment team reviews Client portfolios no less frequently than weekly to monitor performance and compliance with investment guidelines and discuss prospective investments and credit, industry and economic news and trends. Typically, such reviews are informal and undocumented in the discretion of CBAM.

CBAM delivers periodic written reports and other information to Clients as negotiated and set forth in Client Documentation. Typically, an investor in a Fund will receive unaudited financials quarterly, audited financials annually, as well as K-1 statements (which could include estimated K-1s). Typically, an investor in a CLO will receive various information reporting, as well as tax reporting as provided in the CLO Indenture. Beneficial owners of SMAs generally receive more information with more frequency than investors in a CLO or Fund.

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

CBAM does not compensate third parties for Client referrals; however, as noted in Item 12. *Brokerage Practices*, some trading counterparties provide referrals or introductions without

separate compensation. If CBAM were to compensate any person for client referrals, it will seek to comply with the applicable requirements of the Advisers Act.

ITEM 15. CUSTODY

For certain Clients, CBAM is deemed to have custody of Client assets as a result of it or its affiliates serving as general partners to the Funds or otherwise having authority to instruct custodians. In such instances, CBAM will seek to comply with the applicable requirements of the Advisers Act. With respect to SMAs, the Client's qualified custodian produces and delivers quarterly (or more frequent) account statements.

Such Clients should carefully review the custodian statements and, to the extent such Clients also receive account statements from CBAM, should compare the CBAM statements with those received from the qualified custodian and contact CBAM if they see any discrepancy. Clients who fail to receive statements from the qualified custodian or who have any questions about the statements they receive should promptly contact CBAM using the contact information provided on the cover of this brochure.

CBAM is deemed to have custody of accounts of any Fund for which CBAM or an affiliate acts as general partner or managing member of the vehicle pursuant to Rule 206(4)-2 of the Advisers Act (the "Custody Rule"). Further, for CLO Clients, CBAM does not have direct or indirect access to CLO assets which are custodied with the Trustee. For Funds which are not CLOs, CBAM expects to comply with the Custody Rule by providing, on an annual basis, audited financial statements to Fund investors in any applicable Funds, or as otherwise permitted under the Advisers Act.

Audits will be performed by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. For U.S. domiciled Funds, audited financial statements will be prepared in accordance with U.S. Generally Accepted Accounting Principles.

ITEM 16. INVESTMENT DISCRETION

In general, CBAM has full discretion to buy and sell investments on behalf of Clients, including authority to make decisions with respect to amount, price and counterparties (pursuant to, and subject to the terms and conditions set forth in, the Client Documentation). CBAM provides investment advice to each Client and not individually to CLO Note Holders, CLO Equity holders or Fund investors. CBAM also provides advice to certain Clients on a non-discretionary basis.

ITEM 17. VOTING CLIENT SECURITIES

CBAM has adopted proxy voting policies and procedures (the “Proxy Policies”) designed to be consistent with Rule 206(4)-6 under the Advisers Act. Pursuant to these policies, where CBAM is authorized or permitted, consistent with Client Documentation, to vote proxies, CBAM will vote in a manner that CBAM believes serves the best economic interest of its Clients over the long term as determined by CBAM in its reasonable discretion. As such, CBAM generally is not required to vote in line with management recommendations or the recommendation of a proxy voting service when it believes these recommendations do not serve the best economic interests of its relevant Clients. Likewise, the Firm abstains from voting specific proxies it believes that doing so serves the best economic interests of its Clients. Further, CBAM generally does not permit Clients or investors to direct how it will vote on specific proxies. When Clients are not eligible to vote proxies (*i.e.*, short position or not a record date holder), CBAM has no obligation to vote such proxies.

With respect to its credit strategies, CBAM is often asked to consent to waivers or amendments to credit agreements or make elections with respect to corporate reorganizations. When evaluating such requests, CBAM generally acts in a manner designed to serve the best economic interests of its Clients or avoid a negative impact on such Clients, as determined by CBAM in its reasonable discretion, taking into account, as relevant, the impact on the value of the Client’s investments, anticipated costs and benefits, amendment fees, standard industry and business practices, and conflicts of interest. CBAM does not consider the Clients’ receipt of amendment fees from portfolio companies as a material conflict of interest when making decisions to consent or agree to amendments with respect to such investments. If CBAM believes the exercise of a consent will not have a material impact on the Client(s) or the underlying credit or that the cost and time commitment required to process the amendments outweighs the benefits of consenting to or withholding consent to a loan amendment, CBAM, in its discretion, abstains or does not respond.

When CBAM uses the services of a third-party service provider to process its actions on loan amendments and other corporate actions, including proxies, such service provider’s fees and expenses, if any, are expected to be borne by Clients subject to Client Documentation.

For a discussion of the conflicts of interest that arise when CBAM votes proxies, please see Item 11. *Code of Ethics, Participation or Interest in Client Transactions and Personal Trading*.

A copy of CBAM’s proxy voting policy and procedures and information regarding proxy votes is available to Clients and investors, at no cost, and upon request made to CBAM at the contact details listed on the cover page of this brochure.

Given its primary focus on credit instruments, it is rare that CBAM will be eligible to participate in class action litigation. Only where expressly directed by Client Documentation, CBAM will determine whether a Client will participate in a recovery achieved through a class

action, or opt out of the class action and separately pursue another remedy. In the absence of such express direction, CBAM does not expect to participate in class actions on behalf of Clients.

ITEM 18. FINANCIAL INFORMATION

Not Applicable.