

Form ADV Part 2A

Brochure
March 27, 2020

This brochure provides information about the qualifications and business practices of PPM America, Inc. (as used in this brochure, “PPM” or the “Adviser”). If you have any questions about the contents of this brochure, please contact Thomas R. Barrus, Senior Vice President and Chief Compliance Officer at 312-634-2607 or thomas.barrus@ppmamerica.com.

PPM America, Inc. is registered with the US Securities and Exchange Commission (“SEC”) as an investment adviser. Registration does not imply a certain level of skill or training. The information in this brochure has not been approved or verified by the SEC or by any state securities authority.

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

PPM America, Inc.
225 West Wacker Drive
Suite 1200
Chicago, IL 60606

Phone: 312-634-2500
www.ppmamerica.com

Item 2 - MATERIAL CHANGES

Annual Update as of March 27, 2020

The following material changes have been made to this brochure since its last annual update on March 28, 2019.

- The information about PPM and its clients, including financial information, has been updated as of December 31, 2019
- The risk disclosure descriptions included in Item 8 have been updated, including the addition of three new risk categories – force majeure events, operational risk, and LIBOR replacement risk
- Additional disclosure regarding commission recapture programs for certain clients has been added to Item 12
- Additional disclosure regarding investment consultants has been added to Item 14
- The description of PPM's proxy voting procedures has been updated in Item 17, including details of proxy voting oversight and assurance in Item 7
- PPM Finance, Inc. ("PPMF") merged into PPM effective April 30, 2019, upon which PPM absorbed PPMF's historical business activities. Updates have been made to Item 4 to reflect that PPM now provides services related to mortgage loans and other real estate investments. In addition, the following updates have been made:
 - The fees received for asset management services involving real estate securities, commercial mortgage loans and other non-security real estate investments have been added in Item 5
 - Information about PPM's commercial real estate capabilities has been added in Item 8
 - A description of commercial mortgage loan risk has been added in Item 8
- Shares of certain series of the PPM Funds are made available for purchase by investors through certain financial intermediaries with which PPM has relationships. Updates have been made to Item 12 to reflect that PPM does not compensate these financial intermediaries by effecting trades through them. Updates have also been made to Item 14 to disclose the types of fees PPM pays certain financial intermediaries through whom investors can purchase shares of PPM Funds.

We encourage you to read the entire brochure

Pursuant to SEC rules, we will ensure that you receive a summary of any material changes to this and subsequent brochures within 120 days of the close of PPM's fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new brochure as necessary based on material changes or new information, at any time, without charge.

Currently, this brochure may be requested by contacting Thomas R. Barrus, Senior Vice President and Chief Compliance Officer, at 312-634-2607 or thomas.barrus@ppmamerica.com.

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Item 4 - ADVISORY BUSINESS

Principal Owners

Headquartered in Chicago, PPM America, Inc. ("PPM") was founded in 1990 and provides clients with investment solutions across markets, including public fixed income, public equity, private equity, and private debt. PPM is an indirect wholly owned subsidiary of Prudential plc ("UK Parent"), a publicly held company founded in 1848 that, together with its affiliates, constitutes one of the world's leading insurance and financial services groups.

PPM's direct parent company is PPM Holdings, Inc., which is directly owned by Jackson Holdings, LLC ("Jackson Holdings"). PPM's affiliated US insurance company client, Jackson National Life Insurance Company ("Jackson"), is an indirect subsidiary of Jackson Holdings. See Item 10 below.

Furthermore, as a result of its ownership by the UK Parent, PPM is affiliated with other entities engaged in providing investment advisory and other related services.

Types of Advisory Services

PPM is the primary US institutional investment adviser for entities related to its UK Parent, while also providing services for unaffiliated clients. In addition to managing assets for affiliated insurance company accounts, PPM serves as sub-adviser to several US mutual funds and as adviser to the PPM Funds, a family of institutional share class mutual funds. PPM also provides advisory services to non-US pooled investment vehicles, structured vehicles such as collateralized loan obligations ("CLOs"), and other unaffiliated institutional clients. (See Items 7 and 10 below).

Generally, PPM provides clients with investment advice across a range of investment strategies which include, but are not limited to:

- Fixed income strategies, including those customized for PPM's US insurance company affiliates
- Floating rate debt
- Public equity value and core strategies
- Private equity
- Commercial real estate

Depending on the strategy, PPM provides advice on a wide variety of security types, primarily US dollar-denominated, although, to a lesser extent, PPM also offers advice on similar types of securities or instruments denominated in currencies other than the US dollar. Such security and instrument types include but are not limited to:

- Equity securities (exchange-listed and over-the-counter, both US and foreign issuers)
- Corporate debt securities (including investment grade corporate debt and high yield corporate debt)
- Syndicated bank loans
- Mortgage securities (residential and commercial)
- Asset-backed securities
- Real estate investment trusts ("REITs") (both equity and debt)
- US government securities
- Commercial paper
- Taxable municipal securities
- Derivatives (including, but not limited to options, futures, options on futures, swaps, options on swaps and other similar transactions)
- Private investments (including interests in partnerships or other entities, equity or debt)

PPM also provides advice to clients regarding mortgage loans and other real estate investments, and the workout or restructuring of troubled or defaulted investments.

Information regarding the investment strategies and the instruments utilized in each strategy is included in Item 8 of this brochure entitled "Methods of Analysis, Investment Strategies and Risk of Loss."

Further, at the request of its affiliates, PPM provides certain clients with credit research and support, including consulting services relating to the investment management process, operations, and other related functions of such affiliates.

PPM focuses primarily on investment management for its clients, and generally does not provide other types of services (for example, investment accounting or custodial services). With respect to accounts managed by PPM for its affiliates, PPM provides marketing and distribution support to such affiliates and their related distribution teams.

Investment Restrictions

PPM designs each of its investment strategies described in Item 8 below based on the given strategy's investment risk appetite. However, PPM will work with clients on an account by account basis to tailor a strategy to a client's mandate. Investment guidelines and restrictions are incorporated into each client's investment advisory agreement or, in the case of pooled investment vehicles, a prospectus or other governing disclosure document. Client-imposed investment guidelines or restrictions that vary from PPM's established strategies may affect the account's performance, which can result in performance that is better or worse relative to other client accounts with similar investment strategies.

If a client requests guidelines that require PPM to avoid investments based on common socially responsible investment ("SRI") themes (e.g., alcohol, tobacco or gambling) or other governmental imposed sanctions (e.g., Syria and Iran), and the client does not otherwise provide a specified list of restricted issuers or investments, PPM will use a third-party service provider to identify the universe of restricted securities. Absent a client providing specific direction on prohibited securities or issuers, PPM's interpretation of the socially responsible restriction will control.

Wrap Fee Programs

PPM does not currently provide portfolio management or other services in connection with wrap fee programs.

Class Actions

In addition to investment advisory services, PPM may assist its clients with class action claim filings. In this regard, pursuant to an agreement with the client or other client direction, PPM will process class action claim filings on behalf of the client (with the cooperation and assistance of the client or its custodian), whereby PPM arranges (directly or through a service) for the filing and monitoring of such claims on behalf of the client. Absent client direction, PPM will have no obligation to recommend to a client whether the client should submit a claim, opt-in to a lawsuit, opt-out of a settlement or otherwise participate in litigation, and accordingly, the client and/or its custodian or other client agent would be responsible for handling such claims.

Assets Under Management

As of December 31, 2019, PPM managed approximately \$129.7 billion in assets under management ("AUM")¹ for its 38 clients. Of this amount, approximately \$129.7 billion was managed for 37 clients on a discretionary basis and approximately \$128.3 million was managed for one client on a non-discretionary basis.

Item 5 - FEES AND COMPENSATION

Fee Schedules

Client fees for separately-managed accounts are generally computed based on a percentage of the market value of assets under management in a client's account (other than certain affiliated US insurance accounts, which are based on GAAP book value or principal amount, as applicable and agreed). PPM may bill fees based on its own books and records, the client's books and records, or the records of the client's custodian. PPM values assets from independent pricing sources or, in the event that such independent valuations are unavailable, internally derives valuations based upon relevant security attributes and current market conditions, in accordance with its internal policies and procedures. PPM typically uses an average of assets under management for the billing period as the basis for fee calculation and pro-rates fees for partial billing periods, though PPM may use a different basis, as specifically agreed with certain clients. Fees for separately-managed accounts may be subject to a minimum fee charge per annum and a minimum account size. Clients are responsible for verifying the accuracy of fee calculations.

PPM also charges certain clients a performance fee. In addition, under very limited circumstances, PPM charges certain clients a flat fee for certain research-related and other limited investment advisory services in place of an asset-based fee.

PPM's standard fee schedule for separately-managed accounts, which may be modified from time to time and is subject to negotiation, is as follows:

¹ AUM includes committed but unfunded capital for PPM's commercial real estate business and private equity accounts still in the investment period. Form ADV Part 1 includes disclosure of Regulatory Assets Under Management ("Regulatory AUM") which differs from the traditional calculation. For example, Regulatory AUM includes uncalled commitments for private accounts outside the investment period that would normally be excluded from PPM's assets under management disclosure. As of December 31, 2019, PPM's Regulatory AUM was \$129,790,722,463.

Fixed Income

Strategy	Annual Fee (%)	Minimum Account/Fee
Core Fixed Income		
First \$100 million	0.25%	\$50 million
Thereafter	0.20%	
Core Plus Fixed Income		
First \$100 million	0.30%	\$50 million
Next \$150 million	0.25%	
Thereafter	0.20%	
Credit		
First \$100 million	0.35%	\$50 million
Next \$150 million	0.25%	
Thereafter	0.20%	
Floating Rate Income		
First \$100 million	0.50%	\$50 million
Next \$150 million	0.45%	
Thereafter	0.40%	
High Yield		
First \$100 million	0.50%	\$50 million
Next \$150 million	0.45%	
Thereafter	0.40%	
Investment Grade Credit		
First \$100 million	0.275%	\$50 million
Next \$150 million	0.22%	
Thereafter	0.20%	
LDI – Long Duration		
First \$250 million	0.25%	\$50 million
Next \$250 million	0.20%	
Thereafter	0.185%	
Long Short Credit		
First \$100 million	0.40%	\$100 million
Next \$150M	0.35%	
Thereafter	0.30%	
Low Duration		
First \$100 million	0.20%	\$100 million
Next \$150 million	0.15%	
Next \$250 million	0.10%	
Thereafter	0.08%	
Strategic Income		
First \$100 million	0.40%	\$100 million
Next \$150 million	0.35%	
Thereafter	0.30%	

Equity

Strategy	Annual Fee (%)	Minimum Account/Fee
Large Cap Core		
First \$25 million	0.45%	\$25 million
Next \$75 million	0.40%	
Thereafter	0.35%	
Large Cap Value		
First \$25 million	0.45%	\$25 million
Next \$75 million	0.40%	
Thereafter	0.35%	
Mid Cap Value		
First \$25 million	0.80%	\$10 million/\$100,000
Next \$75 million	0.60%	
Thereafter	0.55%	
Small Cap Value		
First \$25 million	0.90%	\$10 million/\$100,000
Next \$75 million	0.75%	
Thereafter	0.65%	

Fees are negotiable based on circumstances believed by PPM to be relevant, such as affiliation or other relationships with PPM or its affiliates, asset class, investment strategy, size or future growth potential, and other considerations. Any performance-based fee charged

by PPM will comply with the requirements of the Investment Advisers Act of 1940, as amended (the “Advisers Act”), including, when applicable, Rule 205-3 thereunder. Please see additional information in response to Item 6 below.

As noted under “Types of Advisory Services,” in Item 4 above, from time to time PPM will invest client assets in pooled investment vehicles that are managed by other managers, either affiliated or unaffiliated, in accordance with established investment guidelines. In such instances, the client will normally pay management and performance fees to the pool’s manager. Unless required by applicable law or pursuant to the terms of the specific agreement with the client, PPM typically does not reduce its fees or offset them by fees paid to the managers or advisers of these pooled products.

PPM also provides discretionary investment management services to pooled vehicles, including, without limitation, mutual funds, private funds, and non-US funds. PPM receives fees for such services that are disclosed in a fund’s prospectus or other governing document.

Additionally, PPM provides asset management services involving real estate securities, commercial mortgage loans and other non-security real estate investments. PPM receives management fees and may also receive loan servicing and inspection fees for such services pursuant to the client’s investment management agreement.

Deduction of Fees

PPM’s fees are computed and billed on an annual, semi-annual, quarterly or monthly basis and are due from clients upon receipt of the billing statement. Fees are generally paid in arrears. Fees are not typically deducted directly from a client’s account, but clients may request in writing that their fees be deducted.

Other Fees and Expenses

Unless otherwise agreed, PPM is not obligated to pay any expenses of a client (or any other investment adviser to the client), including without limitation, expenses of employing lawyers or consultants in connection with the evaluation or restructuring of any investment, interest, and taxes. Where PPM advances payment on behalf of clients for such investment-related fees and expenses of clients, it is entitled to repayment of such advances. Clients will directly bear the costs associated with custodians and other service providers to their separately-managed account, as well as brokerage and other transaction costs associated with trading in the client account. Investors in mutual funds or other pooled investment vehicles will also bear other fees relating to the pooled investment vehicle; see “Brokerage Practices” in Item 12 below. Such fees are disclosed in the prospectus (or other governing document).

Prepaid Fees

As noted in “Deduction of Fees” above, fees due to PPM are generally paid in arrears following receipt of an applicable billing statement. Private equity funds fees are paid quarterly in advance and would be rebated on a pro-rata basis in the event that the private equity fund is terminated before the end of a billing cycle.

Compensation for the Sale of Securities

PPM is not compensated separately for securities transactions or other types of services which might present a conflict.

PPM does not buy or sell investment products for client accounts through affiliated brokers or agents, and does not receive commissions or other compensation for the sale of investment products recommended to clients. Also, PPM does not charge commissions or markups on the purchase or sale of investment products.

Item 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As noted under “Fee Schedules” in Item 5 above, PPM charges certain clients a performance-based fee. The amount of a performance-based fee can vary depending on the performance of the applicable fund or account relative to a particular target or benchmark return. For private equity funds, a portion of each fund’s net investment profit is allocated to the capital of its general partner as “carried interest”. Each general partner is a related person of PPM.

While performance-based fees are intended to reward PPM for successful management of a client portfolio, they create an incentive for PPM to take additional risks in the management of the portfolio. PPM often manages multiple accounts with similar investment strategies. If some of these accounts are charged performance-based fees, versus a flat fee or an asset based fee, this creates a conflict of interest as a portfolio manager may have an incentive to allocate attractive or limited investments to the accounts that are charged performance fees. A portfolio manager may also have an incentive to favor the performance-based fee accounts with respect to trade timing and/or execution price. In addition, there may be other instances where there are different incentives for PPM to implement an investment in one account over another.

Certain investments, such as new issuances, may be desired for more than one account or strategy and availability may be limited. In these instances, certain accounts may be excluded from or may not be able to fully participate in the investment opportunity. A portfolio manager may have an incentive to devote more time or resources to, or to implement investment ideas in, one account over another, such as when a new account is being established.

Potential conflicts may also arise when different clients invest in different parts of an issuer's capital structure, such as when a client owns senior debt obligations of an issuer and other clients own junior tranches or equity securities of the same issuer. In such circumstances, decisions over whether to trigger an event of default, over the terms of any workout, or how to exit an investment may result in conflicts of interest. In order to minimize such conflicts, PPM may avoid certain investment opportunities and negotiations with issuers that would potentially give rise to conflicts among its clients, or PPM may enact internal procedures designed to minimize such conflicts, which could have the effect of limiting certain clients' investment opportunities.

PPM has designed and implemented procedures that seek to ensure that all clients are treated fairly and equitably, and to prevent these conflicts from influencing the allocation of investment opportunities among clients.

Item 7 - TYPES OF CLIENTS

PPM is the primary US institutional investment adviser for entities related to its UK Parent. PPM's affiliated clients in the US and Asia include insurance companies, investment advisers, investment companies and similar pooled investment vehicles. PPM also serves as investment adviser to CLOs and private investment funds in which certain affiliates and employees of PPM are investors. See Item 10 below.

PPM also provides investment management services to unaffiliated institutions including pension plan, charitable, and private equity entities.

Please see "Fee Schedules" in Item 5 above regarding minimum investment requirements.

Item 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

General Description

PPM's mission is to deliver solutions and service to clients with the goal of meeting their unique investment objectives. Understanding and defining the needs of each client is foundational to PPM's ability to deliver investment results.

PPM uses a variety of methods of analysis in formulating investment advice and/or managing client assets. The cornerstone of our investment process is rigorous, fundamental, and technical in-house research. Information considered may include, but is not limited to:

- Publicly available company financial statements
- On-site meetings and teleconference calls with company management
- Company roadshows
- Information provided through credit rating services
- Other publicly available information
- For private equity investments, information from equity sponsor groups

Generally, third-party research may be used on a supplemental basis. Subject to information blocking procedures, PPM may also receive private information, including material non-public information, for certain investments such as bank loans, private debt or private equity, or in connection with workouts or bankruptcies.

PPM implements its investment strategies consistent with the investment objectives, guidelines and restrictions of its clients using a variety of investment techniques which may include, but are not limited to:

- Long-term purchases (securities held at least a year)
- Short-term purchases (securities sold within a year)
- Short sales
- Margin transactions
- Option writing

PPM also uses certain derivative transactions for risk management and other investment purposes, including, without limitation, options, futures, options on futures, and swap transactions. Swap transactions may include, but are not limited to interest rate, total return and credit default swaps (on individual companies or indices), options on swaps, and other similar transactions.

PPM utilizes a team-based approach to manage the assets of portfolios; its teams work closely to generate ideas and gain greater insight on the economic environment as the team makes investment decisions. The portfolio management teams are organized by asset class including fixed income, bank loans, private debt, commercial real estate, public equity, and private equity. The portfolio management

teams are supported by shared resources across the organization including credit research, structured products, debt restructuring, risk management, quantitative research and trading as follows:

- Corporate credit research and asset class specialist teams (ABS, CMBS, REITs, MBS) that provide ongoing research, monitoring, and the provision of an internal “relative value” rating system
- Public fixed income and equity trading teams that provide technically-driven insight to portfolio managers and research analysts as well as seeking best execution
- Risk management team that oversees, monitors, and provides risk management metrics and reporting across fixed income, bank loan, commercial real estate and public equity client accounts
- Quantitative research team that develops tools and methodologies designed to help generate alpha on behalf of our clients, working closely with the portfolio management teams as they construct portfolios
- Administration groups that provide operations, investment performance analysis, information technology, and other support services across all asset classes and accounts, as well as legal and compliance and human resources
- Debt restructuring team that provides internal consulting, out-of-court and bankruptcy restructuring support, and litigation management

Although PPM strives to achieve a client's unique investment needs, PPM does not guarantee that a client's account will attain its investment objective or any particular result. The value of an account may decline and clients should be prepared to bear risk of loss.

Environmental, Social and Governance (“ESG”) Considerations

PPM is as an investment manager with a focus on bottom-up fundamental investing. Its teams emphasize relative value investing and building repeatable processes. PPM believes that it is its obligation to consider all factors that can have an impact on the ability to deliver investment results for clients. This includes the consideration of ESG factors in its investment approach alongside deep fundamental research. PPM integrates responsible investment information in its processes, wherever possible, so that its investment professionals can assess and evaluate potential ESG risks.

Rather than exclude companies based on ESG screens, PPM prefers to integrate ESG issues directly into investment analysis, considering ESG issues in conjunction with all other relevant factors when forming investment views. ESG issues considered include a wide range of topics, including consumer and product safety, environment and energy, labor standards and human rights, workplace and board diversity, and corporate political issues. While a variety of factors goes into investment analysis, the overall principle guiding all investment decisions focuses on value.

Strategies

Fixed Income

PPM's fixed income team believes the volatility of market prices exceeds that of fundamental asset values. This dislocation creates opportunities for investors with the skilled personnel, infrastructure, and insight necessary to identify relative value generated by market inefficiencies. The team is strategically committed to a relative value, fundamentals-based investment approach and expects individual security selection and asset class/sector rotation to primarily influence excess returns. PPM utilizes a team-based approach to manage the assets of fixed income portfolios. Portfolio managers work closely with asset class specialists, corporate credit research analysts, and traders to generate ideas and to gain greater insight on the economic environment as they make investment decisions. PPM's Chief Investment Officer oversees the team and the portfolios, and individual portfolio managers are primarily responsible for the day-to-day management of portfolios.

The fixed income team focuses on investments in public investment grade debt securities, public high yield debt securities, private fixed income securities, structured products including asset-backed and mortgage-backed securities, subordinated debt or debtor-in-possession financing as well as US government and agency securities, among other fixed income products. Floating rate or high yield bank loan investments are included in certain fixed income strategies as well. Specific strategies include the following:

- The **Core Fixed Income** strategy focuses primarily on sector rotation and individual security selection. It is benchmarked against the Bloomberg Barclays US Aggregate Index and invests primarily in US dollar-denominated investment grade asset classes represented in the benchmark, including US Treasury, government-related, corporate, and structured securities. The strategy typically does not purchase securities rated below BBB- (or its equivalent) at time of purchase; however, it may hold securities downgraded below this threshold after purchase.
- The **Core Plus Fixed Income** strategy focuses primarily on sector rotation, individual security selection, and to a lesser extent, duration and yield curve management. It is benchmarked against the Bloomberg Barclays US Aggregate Index and invests primarily in US dollar-denominated investment grade asset classes, including US Treasury, government-related, corporate, and structured securities, with a bias toward non-Treasury sectors. The strategy has broad flexibility to invest in high yield securities, which will typically be rated B- or higher (or its equivalent) at time of purchase.

- The **Credit** strategy focuses primarily on sector rotation, individual security selection, and to a lesser extent, duration and yield curve management. It is benchmarked against a custom ICE BofA 85% Investment Grade / 15% High Yield Index and invests primarily in US dollar-denominated investment grade corporate bonds. It also has broad flexibility to invest in other asset classes and sectors, including high yield, structured, US Treasury, and US agency securities. When allocating to high yield securities, it generally has a bias toward securities with a B or above rating (or its equivalent) at time of purchase.
- The **Floating Rate Income** strategy focuses primarily on individual loan and security selection. It is benchmarked against the S&P/LSTA Leveraged Loan Index and invests primarily in US dollar-denominated floating rate bank loans and other floating rate instruments. The strategy also has flexibility to invest in non-floating rate instruments, including fixed rate corporate bonds, structured securities, and equities. (See also “Bank Loans” below.)
- The **High Yield** strategy focuses primarily on individual security selection and portfolio diversification. It is benchmarked against the ICE BofA US High Yield Constrained Index, which imposes a 2% issuer constraint and includes deferred interest bonds and payment-in-kind securities. The strategy invests primarily in US dollar-denominated high yield corporate bonds, but has broad flexibility to allocate to other asset classes, including investment grade corporate bonds, structured securities, floating rate loans and equity.
- The **Investment Grade Credit** strategy focuses primarily on individual security selection and secondarily on sector rotation. It is benchmarked against a custom version of the Bloomberg Barclays US Credit Index, which imposes a 2% issuer constraint and excludes bonds that are rated below investment grade by any one of the three rating agencies. The strategy invests primarily in US dollar-denominated investment grade corporate bonds and, to a lesser extent, non-corporate securities represented in the benchmark, including Sovereigns, Supranationals, Foreign Agencies, and Foreign Local Governments. It also has considerable flexibility to invest in structured securities. The strategy typically does not purchase securities rated below BBB- (or its equivalent) at the time of purchase; however, it may hold securities downgraded below this threshold after purchase.
- The **LDI – Long Duration** strategy focuses on sector selection and individual security selection and to a lesser extent, duration and yield curve management. It is typically benchmarked against custom or client-specific benchmarks including the Bloomberg Barclays US Government/Credit Bond Index. The strategy invests primarily in US dollar-denominated investment grade corporate bonds with durations generally longer than ten years, but has flexibility to invest in other asset classes and sectors, including US dollar-denominated sovereign debt, US Treasury, and US agency securities as well as non-US dollar-denominated corporate sovereign debt.
- The **Long Short Credit** strategy focuses on sector rotation, security-level long-short credit positioning and interest rate risk minimization to maximize absolute return. It is benchmarked against the ICE BofA US 3-Month Treasury Bill Index, but positioning is not driven by the index. It has broad flexibility to employ long and short positioning across sectors and asset classes, including corporate bonds, structured securities, and derivatives, with a bias toward higher-yielding sectors and securities. The strategy emphasizes credit exposure; therefore, interest rate risk is generally hedged.
- The **Low Duration** strategy focuses primarily on sector rotation and individual security selection. It is benchmarked against the Bloomberg Barclays 1-3 Year US Government/Credit Index and invests primarily in short-duration US dollar-denominated investment grade securities, with a bias toward corporate bonds and structured securities. The strategy also has flexibility to invest in high yield securities on a limited basis.
- The **Strategic Income** strategy focuses on sector rotation, individual security selection, duration and yield curve management, and currency allocation. It is benchmarked against a custom Bloomberg Barclays 45% US Aggregate / 45% High Yield / 10% Global Aggregate Index ex-US and invests primarily in US dollar-denominated investment grade and high yield bonds as well as non-dollar bonds, including emerging markets.
- **Custom Strategies:** The fixed income team also manages several custom strategies. These highly tailored mandates are managed with unique objectives and guidelines primarily specific to asset liability matching, local market regulatory requirements, more constrained credit quality restrictions, target durations and other factors specific to a client's guidelines or investment objectives. For example, PPM's affiliated US insurance client's assets are managed against multiple metrics specific to that client's needs.

Bank Loans

The bank loan team focuses on investments in floating rate bank loans, which are the primary investments in the Floating Rate Income strategy described above. Bank loans are also the primary investment in the CLOs PPM manages. The strategy requirements for CLOs are set forth in the applicable indenture, warehouse or other governing documents typical for such vehicles. (See “CLOs” in Item 10 below.)

Public Equity

PPM's public equity team believes the price of a security is determined longer-term by the value of the underlying business. The team is strategically committed to a bottom-up, fundamentals-based investment approach where rigorous, company-specific research conducted by an experienced team supports best-idea portfolios. As they make investment decisions, the team works closely together to generate

ideas and consider the macroeconomic environment when analyzing companies' long-term fundamental potential and the attractiveness of stocks' relative valuations. PPM's Chief Investment Officer oversees the team and the portfolios, and individual portfolio managers are primarily responsible for the day-to-day management of portfolios. Specific strategies include the following:

Value Strategies

The public equity team's value strategies are actively managed and invest primarily in value stocks across market capitalizations, as reflected by their benchmarks. They seek excess return versus their respective benchmarks over intermediate to long-term time horizons; however, performance versus relative peer groups is also tracked as a supplementary measure. Excess return is sought through a value-oriented, research-based discipline focused on uncovering stocks that can be purchased at a significant discount to the market.

- The **Large Cap Value** strategy is benchmarked against both the S&P 500 Index and the S&P 500 Value Index. It primarily invests in US dollar-denominated stocks issued by companies with market capitalizations in excess of \$2.0 billion and usually holds approximately 50-55 stocks.
- The **Mid Cap Value** strategy is benchmarked against the Russell Midcap Index and the Russell Midcap Value Index. It primarily invests in US dollar-denominated stocks within the market capitalization range of companies constituting the Russell Midcap Index at the time of initial purchase. The strategy usually holds approximately 45-55 stocks.
- The **Small Cap Value** strategy is benchmarked against the Russell 2000 Value Index. It primarily invests in US dollar-denominated stocks within the market capitalization range of companies constituting the Russell 2000 Index at the time of initial purchase. The strategy usually holds approximately 45-55 stocks.

Core Strategies

The public equity team's core strategy is actively managed and offers clients exposure to the broad stock market, which is typically reflected by a benchmark. It seeks excess return versus its benchmark over intermediate to long-term time horizons; however, performance versus relative peer groups is also tracked as a supplementary measure. Excess return is sought through a fundamental, research-based discipline.

- The **Large Cap Core** strategy is complemented by a multi-factor ranking system to build a bottom-up portfolio that seeks to moderate prospective tracking error relative to its benchmark, the S&P 500 Index. It invests primarily in US dollar-denominated stocks of large cap companies that are incorporated in or have their area of primary activity in North America. The strategy usually holds approximately 85-115 stocks.

Private Equity

The private equity team invests in direct co-investments in sponsor-led transactions and unaffiliated third-party funds. The team focuses primarily on North American middle-market buyout and growth opportunities with capabilities in secondaries and distressed investments.

Commercial Real Estate

The commercial real estate team focuses on commercial mortgage loans, commercial mortgage-backed securities (CMBS), and unsecured debt issued by real estate investment trusts (REITs). The team primarily seeks commercial real estate investments in office, multi-family, industrial and necessity-anchored retail properties and selectively considers manufactured home communities, mixed use properties, self-storage and hotel properties.

Investing in securities involves risk of loss that clients should be prepared to bear.

Material Risks for Significant Investment Strategies and Significant Types of Securities

Clients should understand that all investment strategies and the investments made pursuant to such strategies involve risk of loss, which clients should be prepared to bear. Risks will vary based on an account's strategy and specific investments held. Below is a summary of certain risks that may be associated with PPM's strategies. The risks provided are not a complete enumeration or explanation of the risks involved in a strategy. Where applicable, clients should rely on the risk disclosures found in a product's respective offering documents.

General Risks

Concentration risk – Certain strategies may invest in fewer securities than other strategies, or in larger proportions of the securities of a single company or industry. If these securities were to decline in value, there could be a substantial loss of the investment. In addition, certain strategies may hold a small number of issuers. There is increased risk in investing in a smaller number of different issuers than there is in investing in a larger number of issuers since changes in the financial condition or market status of a single issuer may cause greater fluctuation in an account.

Cybersecurity risk – Cyber attacks could disrupt daily operations related to trading and portfolio management. In addition, technology disruptions and cyber attacks may impact the operations or securities prices of an issuer or a group of issuers, and thus may have an

adverse impact on the value of an account's investments. Cyber attacks on securities markets or the financial services infrastructure could cause market volatility or the failure of critical financial services and could impact an account's performance.

European economic and market events risk - In June 2016, the United Kingdom ("UK") approved a referendum to leave the European Union ("Brexit"). The UK's withdrawal agreement was approved by the European Union ("EU") and went into effect on January 31, 2020. The UK is no longer an EU member state but will remain in the EU customs union through a transition period, due to last until December 31, 2020. Brexit has resulted in market volatility in European and global financial markets and uncertainty about the integrity and functioning of the EU, both of which may persist for an extended period of time.

Force Majeure Events. Portfolio investments may be affected by force majeure events (i.e., events beyond the control of the party claiming that the event has occurred, including, without limitation, acts of God, fire, flood, earthquakes, outbreaks of an infectious disease, pandemics or other serious public health concerns, war, terrorism, labor strikes, major plant breakdowns, pipeline or electricity line ruptures, failure of technology, defective design and construction, accidents, governmental policies and social instability). Some force majeure events may adversely affect the ability of a party (including an issuer or a counterparty to a portfolio investment) to perform its obligations until it is able to remedy the force majeure event. Furthermore, force majeure events that are incapable of or are too costly to cure may have a permanent adverse effect on a portfolio company. Certain force majeure events (such as war or an outbreak of an infectious disease) could have a broader negative impact on the world economy and international business activity generally, or in a particular country and may contribute to volatility in financial markets. Any of the foregoing may therefore adversely affect the performance of an account.

Investment strategy risk – PPM implements an investment strategy to seek to achieve the agreed upon investment objective for each client account. Investment decisions made by PPM in accordance with these investment strategies may not produce the returns PPM expected, and may cause a client account's value to decrease or may cause an account to underperform other strategies with similar investment objectives.

Issuer risk – The value of an individual security or particular type of security can be more volatile than the market as a whole and can perform differently from the market as a whole. A security's value may decline for reasons that directly relate to the issuer, such as management performance, corporate governance, financial leverage, and reduced demand for the issuer's goods or services. A change in the financial condition of a single issuer may affect securities markets as a whole. Certain unanticipated events, such as natural disasters, can have a dramatic adverse effect on the value of an issuer's securities.

Liquidity risk – Investments in securities that are difficult to purchase or sell (illiquid or thinly-traded securities) may reduce returns if the client account is unable to sell the securities at an advantageous time or price or achieve its desired level of exposure to a certain sector. Liquidity risk arises, for example, from small average daily trading volumes, trading restrictions, or temporary suspensions of trading. In times of market volatility, certain securities or classes of securities may become illiquid. Government or regulatory actions may decrease market liquidity and liquidity for certain securities. Small-capitalization companies and companies domiciled in emerging markets pose greater liquidity and price volatility risks. Certain securities that were liquid when purchased may later become illiquid or less liquid, particularly in times of overall economic distress. Illiquid securities may also be difficult to value, may be required to be fair valued in accordance with PPM's Valuation Policies and Procedures, and may reflect a discount, which may be significant, from the market price of comparable securities for which a liquid market exists.

Liquidity risk may also refer to the risk that PPM may be forced to sell securities at an unfavorable time and/or under unfavorable conditions to meet a client withdrawal or redemption request. In addition, although the fixed-income securities markets have grown significantly in the last few decades, regulations and business practices have led some financial intermediaries to curtail their capacity to engage in trading (i.e., "market making") activities for certain debt securities. As a result, dealer inventories of fixed-income securities, which provide an indication of the ability of financial intermediaries to make markets in fixed-income securities, are at or near historic lows relative to market size.

Management risk – The investment techniques PPM employs could fail to achieve a client account's investment objective, or may negatively affect the account's investment performance. There is no guarantee that the investment objective of the account will be achieved.

Market risk – Stock market risk refers to the fact that stock (equity securities) prices typically fluctuate more than the values of other types of securities, typically in response to changes in the particular company's financial condition and factors affecting the market in general. Over time, the stock market tends to move in cycles, with periods when stock prices rise, and periods when stock prices decline. A slower-growth or recessionary economic environment could have an adverse effect on the price of the various stocks held by an account. Consequently, a broad-based market drop may also cause a stock's price to fall. Bond market risk generally refers to credit risk and interest rate risk as described further herein.

An account's securities may also decline in value due to factors affecting securities markets generally, such as real or perceived adverse economic, political or regulatory conditions, inflation, changes in interest or currency rates or adverse investor sentiment, terrorism, natural disasters, regional and global health epidemics, or due to factors affecting particular industries represented in the securities markets, such as competitive conditions. Changes in the financial condition of a single issuer can impact a market as a whole, and adverse market conditions may be prolonged and may not have the same impact on all types of securities. In addition, the markets may not favor a particular kind of security, including equity securities or bonds. The values of securities may fall due to factors affecting a particular issuer, industry or the securities market as a whole.

Operational risk – An account may suffer a loss arising from shortcomings or failures in internal or external processes, people or systems, or from external events. Operational risks can arise from factors such as processing errors, human errors, inadequate or failed processes, fraud, failure in systems and technology, changes in personnel and errors caused by third-party service providers.

Portfolio turnover risk – Active trading may increase transaction costs, which may reduce performance and increase realized short-term capital gains and losses.

Regulatory risk – PPM is an indirect wholly-owned subsidiary of its UK Parent. Through its ownership structure, PPM has a number of global financial industry affiliates. As a result of this structure, and the asset management and financial industry business activities of PPM and its affiliates, PPM may be prohibited or limited in effecting transactions in certain securities for client accounts. Additionally, PPM may encounter trading limitations or restrictions on behalf of clients because of aggregation issues or other foreign regulatory requirements.

Foreign regulators or foreign laws may impose position limits on securities held by client accounts, and the accounts may be limited as to which securities they may purchase or sell, as well as the timing of such purchases or sales. These foreign regulatory limits may increase client and other expenses and may limit client account performance. In addition, foreign regulatory requirements may increase the cost of transactions in certain countries and may increase PPM's legal and compliance costs.

In addition to the foregoing, changes in US or other applicable law regulating investment advisers or financial markets, may result in changes to PPM's investment strategy or practices, increases in client transaction costs and related fees, delay implementation of desired investment strategies, and potentially adversely impact PPM's provision of investment advisory services to a client.

Restricted securities risk – Restricted securities may be illiquid. PPM may be unable to sell them on short notice or may be able to sell them only at a price below current value. Also, PPM may get only limited information about the issuer of a restricted security, so it may be less able to predict a loss. In addition, if PPM receives material non-public information about the issuer, a client account may be unable to sell the securities.

Temporary defensive positions and large cash positions risk – In anticipation of, or in response to, adverse market or other conditions, or atypical circumstances such as unusually large cash inflows or redemptions, PPM generally may temporarily hold all or a significant portion, without limitation, of its assets in cash, cash equivalents, and money market funds, or high-quality debt instruments. During periods in which PPM employs such a temporary defensive strategy or holds large cash positions, it will not be pursuing, and will not achieve, its investment objective. Taking a defensive or large cash position may reduce the potential for appreciation of the portfolio and may affect performance.

Equity Risk

Equity securities risk – Common and preferred stocks represent equity ownership in a company. Stock markets are volatile, and equity securities generally have greater price volatility than fixed-income securities. As a result of such factors as a company's business performance, investor perceptions, stock market trends and general economic conditions, the price of equity or equity-related securities will fluctuate and can decline and reduce the value of a client account investing in equity or equity-related securities. An account could lose money if a company in which it invests becomes financially distressed. Generally preferred stocks rank before common stocks in their claim on income for dividend payments and on assets should the company be liquidated. The rights of common stockholders are subordinate to all other claims on a company's assets including debt holders and preferred stockholders.

Investment value style risk – The returns from a certain investment style may trail returns from the overall market or comparable products. For example, accounts managed with a value equity strategy typically emphasize stocks whose prices are below-average in comparison to earnings and book value, although they may yield above-average dividends. A value stock may not increase in price if other investors fail to recognize the company's value or the factors that are expected to increase the price of the security do not occur. Over market cycles, different investment styles may sometimes outperform an investment value style (for, example, growth investing may outperform value investing).

Large-capitalization investing risk – Large-capitalization stocks as a group could fall out of favor with the market, which may cause the Fund to underperform funds that focus on other types of stocks. In addition, larger, more established companies may be unable to respond quickly to new competitive challenges such as changes in technology and consumer preferences. Many larger companies also may not be able to attain the high growth rate of successful smaller companies, especially during extended periods of economic expansion.

Mid-capitalization investing risk – The prices of securities of mid-capitalization companies tend to fluctuate more widely than those of larger, more established companies. Mid-capitalization companies may have limited product lines, markets or financial resources or may depend on the expertise of a few people and may be subject to more abrupt or erratic market movements than securities of larger, more established companies or the market averages in general. Securities of such issuers may lack sufficient market liquidity to effect sales at an advantageous time or without a substantial drop in price.

Small-capitalization investing risk – Investing in smaller companies, some of which may be newer companies or start-ups, generally involves greater risks than investing in larger, more established ones. The securities of companies with smaller market capitalizations often are less widely held and trade less frequently and in lesser quantities, and their market prices often fluctuate more, than the securities of companies with larger market capitalizations. In addition, such securities may be subject to more abrupt or erratic price movements. Securities of such issuers may lack sufficient market liquidity to enable PPM to effect sales at an advantageous time or without a

substantial drop in price. Small-capitalization companies often have limited product lines, narrower markets, and more limited managerial and financial resources, or may depend on the expertise of a few people, than larger, more established companies. As a result, their performance can be more volatile and they face greater risk of business failure, which could increase the volatility of a client's account. Generally, the smaller the company size, the greater these risks become.

Preferred stock risk – Preferred stock represents an equity interest in a company that generally entitles the holder to receive, in preference to the holders of other stocks such as common stocks, dividends and a fixed share of the proceeds resulting from a liquidation of the company. Some preferred stocks also entitle their holders to receive additional liquidation proceeds on the same basis as holders of a company's common stock, and thus also represent an ownership interest in that company. Preferred stocks may pay fixed or adjustable rates of return. Preferred stock is subject to issuer-specific and market risks applicable generally to equity securities and is sensitive to changes in the issuer's creditworthiness and to changes in interest rates, and may decline in value if interest rates rise. In addition, a company's preferred stock generally pays dividends only after the company makes required payments to holders of its bonds and other debt. For this reason, the value of preferred stock will usually react more strongly than bonds and other debt to actual or perceived changes in the company's financial condition or prospects. Preferred stock of smaller companies may be more vulnerable to adverse developments than preferred stock of larger companies.

Fixed Income Risk

Asset-backed securities risk – Asset-backed securities including residential mortgage-backed securities, commercial mortgage-backed securities and other structured finance investments generally receive payments that are part interest and part return of principal. The interest and principal payments may vary based on the rate at which the underlying borrowers pay off their loans and the securities are subject to credit risk, extension risk, interest rate risk, prepayment risk and call risk. These securities may have less potential for capital appreciation during periods of falling interest rates which may result in more prepayments and PPM may need to reinvest the proceeds at lower interest rates. When interest rates rise, the number of principal prepayments often declines which may lengthen the duration of the security. An account's investment in asset-backed securities is also subject to the risks associated with the nature of the underlying assets which can negatively impact the price of the respective security. In the event of default, issuers may have limited ability to enforce the security interest in the underlying asset and to the extent applicable, any credit enhancements provided to support the securities may be inadequate.

Asset-backed securities may be classified as pass-through certificates or collateralized obligations. Pass-through certificates are asset-backed securities that represent an undivided fractional ownership interest in an underlying pool of assets. Pass-through certificates usually provide for payments of principal and interest received to be passed through to their holders, usually after deduction for certain costs and expenses incurred in administering the pool. Because pass-through certificates represent an ownership interest in the underlying assets, the holders thereof directly bear the risk of any defaults by the obligors on the underlying assets not covered by any credit support.

Asset-backed securities issued in the form of debt instruments, also known as collateralized obligations, are generally issued as the debt of a special purpose entity organized solely for the purpose of owning such assets and issuing such debt. Such assets are most often trade, credit card or automobile receivables. The assets collateralizing such asset-backed securities are pledged to a trustee or custodian for the benefit of the holders hereof. Such issuers generally hold no assets other than those underlying the asset-backed securities and any credit support provided. As a result, although payments on such asset-backed securities are obligations of the issuers, in the event of defaults on the underlying assets not covered by any credit support, the issuing entities are unlikely to have sufficient assets to satisfy their obligations on the related asset-backed securities.

Call risk – Call risk is the risk that the issuer may redeem a security by repaying it early, which may reduce income earned in a client account if the proceeds are reinvested at lower interest rates.

Bank loan, corporate, and sovereign entity loan risk – Commercial banks, sovereign entities, and other financial institutions or institutional investors make corporate loans to companies or sovereign entities that need capital to grow, restructure, or pay for infrastructure projects. These instruments are commonly referred to as "loans" or "bank loans." Bank loans, corporate loans, loan participations, and assignments involve credit risk, interest rate risk, liquidity risk, and the risks of being a lender.

Borrowers generally pay interest on corporate loans at "floating" rates that change in response to changes in market interest rates such as the London Interbank Offered Rate ("LIBOR"), the prime rates of US banks or another relevant reference index. As a result, the value of such loan investments is generally less exposed to the adverse effects of interest rate fluctuations than investments that pay a fixed rate of interest.

Due to restrictions on transfers in loan agreements and the nature of private syndication of loans, some loans are not as easily purchased or sold as publicly-traded securities. Some loans are illiquid, which may make it difficult for the client account to value them or dispose of them at the price at which the client account has valued the loan. In addition, compared to public securities, purchases and sales of loans generally take longer to settle. To the extent the extended loan settlement process gives rise to short-term liquidity issues, an account may need to hold cash, sell investments or temporarily borrow to meet its short-term liquidity needs. Additionally, because a loan may not be considered a security, a client account may not be afforded the same legal protections afforded securities under federal securities laws. Thus, PPM as well as the client account generally must rely on contractual provisions in the loan agreement and common-law fraud protections under applicable state law.

The secondary market for loans may be subject to irregular trading activity, wide bid/ask spreads and extended trade settlement periods, which may cause PPM to be unable to realize full value for the client's account upon sale.

Bank loans may not be considered securities under the federal securities laws and accordingly, may offer less legal protection in the event of fraud or misrepresentation in connection with the purchase or sale of such instruments. Instead, lenders generally rely on the contractual provisions in the loan agreement itself, and common-law fraud protections under applicable state law.

Bank loans usually have mandatory and optional prepayment provisions and are subject to prepayment risk as described further herein. If a borrower prepays a loan, during periods of falling interest rates the client account may need to reinvest the early payments at lower interest rates.

Loan instruments may not be rated by a rating agency, registered with the SEC or any state securities commission or listed on any national securities exchange. The amount of public information available with respect to loans may be less extensive than that available for registered or exchange listed securities. In evaluating the creditworthiness of borrowers, PPM relies on its own evaluation of borrowers, but will consider, and may rely in part on, analyses performed by others.

PPM takes steps to ensure that it does not receive material non-public information about the issuers of loans who also issue (directly or through a related entity) publicly traded securities. In that circumstance, PPM may have less information than other investors about certain of the loans in which it invests or seeks to invest. This may place the client account at a disadvantage relative to other investors in loans.

A lead bank or other financial institution will often act as agent for all holders of a particular corporate loan. The agent administers the terms of the loan, as specified in the loan agreement. Unless a holder of the corporate loan, such as the client account, has direct recourse against the borrower, the holder may have to rely on the agent to apply appropriate credit remedies against a borrower under the terms of the loan or other indebtedness. The agent may also be responsible for distributing income from the corporate loan and, as a result, holders of the loan might incur certain costs and delays in realizing payment on the loan and could suffer a loss of principal or interest. In addition, investments in corporate loans may expose the holders of the corporate loan, including the client account, to the credit risk of both the financial institution and the underlying borrower. In the event of the insolvency of an agent bank, a corporate loan could be subject to settlement risk, as well as the risk of interruptions in the administrative duties performed in the day-to-day administration of the loan (such as processing LIBOR or the relevant reference index calculations and processing draws).

After purchase of a loan, the client may only be able to enforce its rights through the lender, and may assume the credit risk of both the lender and the borrower. In the event that a borrower defaults, access to the collateral securing the loan may be limited by bankruptcy and other insolvency laws. The collateral may decline in value and/or be inadequate or difficult to realize upon. In addition, a court could take action with respect to the floating rate loan adverse to the holders of the loan, such as invalidating the loan, subordinating the loan to presently existing or future indebtedness, or ordering the refund of interest previously paid to the borrower. As a result, the client account might not receive payments to which it is entitled. PPM may have to participate in legal proceedings or take possession of and manage assets that secure the issuer's obligations on behalf of the client's account. This could increase the client's expenses. To the extent that PPM invests in loans that are not secured by any specific collateral of the borrower and if the borrower is unable to pay interest or defaults in the payment of principal, there will be no collateral on which the client's account can foreclose. Therefore, these loans present greater risks than collateralized loans.

Certain corporate loans may be issued in connection with highly leveraged transactions, including leveraged buyout loans, leveraged recapitalization loans, and other types of acquisition financing. Leveraged buyout loans are subject to greater credit risks than other investments including a greater possibility that the borrower may default or enter bankruptcy. Indebtedness of companies whose creditworthiness is poor may be highly speculative involving substantially greater risks that those companies may never pay off their indebtedness, or may pay only a small fraction of the amount owed and may pay only after a delay, with a substantial risk of losing the entire amount invested.

Some loans may be "covenant lite" loans which do not include terms which allow the lender to monitor the performance of the borrower and declare a default if certain criteria are breached.

If an account invests in a loan via participation, the account will be exposed to the ongoing counterparty risk of the entity providing exposure to the loan (and in certain circumstances, such entity's credit risk) in addition to the exposure the account has to the creditworthiness of the borrower.

Counterparty risk – A client account will be subject to credit risk with respect to the counterparties to the derivative contracts (whether a clearing corporation in the case of exchange-traded instruments or another third party in the case of over-the-counter instruments) and other instruments, such as repurchase and reverse repurchase agreements, entered into directly by an account or held by special purpose or structured vehicles in which a client account invests. If a counterparty becomes bankrupt or insolvent or otherwise fails or is unwilling to perform its obligations to a client account due to financial difficulties or for other reasons, the account may experience significant losses or delays in realizing on any collateral the counterparty has provided to an account in respect of the counterparty's obligations to the account or recovering collateral that an account has provided to the counterparty and is entitled to recover. In addition, in the event of the bankruptcy, insolvency or other event of default (e.g., cross-default) of a counterparty to a derivative transaction, the derivative transaction would typically be terminated at its fair market value. If a client account is owed this fair market value in the termination of the derivative transaction and its claim is unsecured, the account will likely be treated as a general creditor of such counterparty. A client account may obtain only a limited recovery or may obtain no recovery in such circumstances.

Counterparty risk with respect to certain exchange-traded and over-the-counter derivatives may be further complicated by US financial reform legislation. Clients may have to provide or may hold at various times significant amounts of collateral with respect to a single or a small number of counterparties. If the counterparties are unwilling or unable to make investments available at any time or to perform their obligations to a client account, or to perform their obligations in a way deemed reasonable by PPM, the account's performance, and ability to achieve its investment objective would be affected adversely. Certain investment exposures, such as an index to which an account may seek exposure, may be available only through a single or limited number of counterparties. That circumstance can result in an account incurring additional costs that it otherwise might not incur.

A client account also is subject to counterparty risk because it executes its securities transactions through brokers and dealers. If a broker or dealer fails to meet its contractual obligations, goes bankrupt, or otherwise experiences a business interruption, the account could miss investment opportunities or be unable to dispose of investments it would prefer to sell, resulting in losses for the account.

Credit risk – Credit risk is the actual or perceived risk that the issuer of a bond, borrower, guarantor, counterparty, or other entity responsible for payment will not pay interest and principal payments when due. The price of a debt security can decline in response to changes in the financial condition of the issuer, borrower, guarantor, counterparty, or other entity responsible for payment. An account could lose money if the issuer or guarantor of a fixed-income security, or the counterparty to a derivatives contract, repurchase agreement or a loan of portfolio securities, is unable or unwilling to make timely principal and/or interest payments, or to otherwise honor its obligations. Changes in an issuer's financial strength, the market's perception of the issuer's financial strength or in a security's credit rating, which reflects a third party's assessment of the credit risk presented by a particular issuer, may affect debt securities' value. When a fixed-income security is not rated, PPM may have to assess the risk of the security itself. A client may incur substantial losses on debt securities that are inaccurately perceived to present a different amount of credit risk by the market, PPM or the rating agencies than such securities actually do. In addition, to the extent a client account invests in municipal bonds, they are subject to the risk that litigation, legislation or other political events, local business or economic conditions, or the bankruptcy of the issuer could have a significant effect on an issuer's ability to make payments of principal and/or interest.

Currency risk – Investments in foreign securities that trade in or receive revenues in foreign currencies or derivatives that provide exposure to foreign currencies are subject to the risk that those currencies may decline in value relative to the US dollar, or, in the case of hedging positions, that the currency may decline in value relative to the currency being hedged. Currency exchange rates can be volatile and may be affected by a number of factors, such as the general economics of a country, the actions (or inaction) of US and foreign governments or central banks, the imposition of currency controls, and speculation. A decline in the value of a foreign currency versus the US dollar reduces the value in US dollars of investments denominated in that foreign currency. As such, currency exposure could result in losses to the client account if currencies do not perform as PPM expects. Currency hedging strategies may also reduce the account's ability to benefit from favorable changes in currency exchange rates. Valuation of an account's foreign securities may be subject to greater risk because both the price of the currency (relative to the US dollar) and the price of the security may fluctuate with market and economic conditions.

Currency transaction risk – Non-US forward currency contracts, options, swaps, or other derivatives contracts on non-US currencies involve a risk of loss if currency exchange rates move against an account. Forward contracts may not be guaranteed by an exchange or clearinghouse and a default by the counterparty may result in a loss to the client. Governmental authorities may impose credit controls to limit the level of forward trading to the detriment of the account. Neither the CFTC nor the US banking authorities regulate forward currency transactions through banks. In respect of such trading, the client is subject to the risk of bank failure or the inability of or refusal by a bank to perform with respect to such contracts.

Debt securities ratings risk – The use of credit ratings in evaluating debt securities can involve certain risks, including the risk that the credit rating may not reflect the issuer's current financial condition or events since the security was last rated by a rating agency. Credit ratings may be influenced by conflicts of interest or based on historical data that no longer apply or are no longer accurate. Governmental efforts to reform rating agencies and the use of credit ratings in the marketplace may impact an account's investments or investment process.

Derivatives risk – Certain of PPM's strategies may invest in derivatives, which are financial instruments whose value depends on, or is subject to the changes in the value of the underlying assets, reference rates, or indices on which such instruments are based. An account may invest a portion of its assets in these types of instruments, which could cause an account's investment exposure to exceed the value of its portfolio securities and its investment performance could be affected by securities it does not own. Derivatives can be highly volatile and the gains or losses from derivatives can be substantially greater than those that would have occurred if the account had not used such instruments. Additionally, an account's use of derivative instruments may involve risks different from, or possibly greater than, the risks associated with investing directly in securities and other more traditional investments including leverage risk, liquidity risk, interest rate risk, market risk, counterparty risk, and credit risk. Certain derivatives may be valued subjectively introducing the risk of mispricing or improper valuation which may impact payment requirements to counterparties and collateralization. If an account has insufficient cash, it may have to sell securities to meet daily variation margin requirements and may have to sell securities at a time when it may be disadvantageous to do so. As the market for many derivatives is, or suddenly can become illiquid, derivative prices are subject to significant, rapid and unpredictable changes and may increase an account's volatility depending on the nature and extent of the derivatives held. To the extent that an account is unable to close out a position because of market illiquidity or counterparty default, an account may not be able to prevent further losses of value in its derivatives holdings and an account's liquidity may be impaired. When used for hedging, changes in the value of the derivative may not correlate as expected with the changes in the value of the underlying asset, interest rate or index and the account may not realize the intended benefits of the hedge. Recent regulations changed the requirements related to the use of certain derivatives and may increase the cost of their use. Such regulations may inhibit the ability of an account to use these instruments as a part of its investment strategy, due to the increased costs of using these instruments or may make them less effective.

Distressed debt risk – Certain strategies may invest in securities of issuers that are, or are about to be, involved in reorganizations, financial restructurings, or bankruptcy (also known as “distressed debt”). Such distressed debt securities involve substantial risk in addition to the risks of investing in lower-grade debt securities. To the extent that an account invests in distressed debt, the client is subject to the risk that it may lose a portion or all of its investment in the distressed debt and may incur higher expenses trying to protect its interests in distressed debt. Distressed securities and any securities received in an exchange for such securities may be subject to restrictions on resale and may be subject to liquidity risk.

Emerging markets and less developed countries risk – Emerging market and less developed countries generally are located in Asia, the Middle East, Eastern Europe, Central and South America and Africa. Investments in, or exposure to, securities that are tied economically to emerging market and less developed countries are subject to all of the risks of investments in, or exposure to, foreign securities, generally to a greater extent than in developed markets, among other risks. Investments in securities that are tied economically to emerging markets involve greater risk from economic and political systems that typically are less developed, and are likely to be less stable than those in more advanced countries. An account invested in emerging markets and less developed countries also will be subject to the risk of adverse foreign currency rate fluctuations. Emerging market and less developed countries may also have economies that are predominantly based on only a few industries or dependent on revenues from particular commodities. There may be government policies that restrict investment by foreigners, greater government influence over the private sector, and a higher risk of a government taking private property in emerging and less developed countries. Moreover, economies of emerging market countries may be dependent upon international trade and may be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. As a result of these risks, investments in securities tied economically to emerging markets tend to be more volatile than investments in securities of developed countries.

Underdeveloped securities exchanges and low or nonexistent trading volume in securities of issuers may result in a lack of liquidity and in price volatility. An account may not be able to sell such securities in a timely manner, and may receive less than the currently available market price when selling such emerging market securities. Emerging market countries often have less uniformity in accounting and reporting requirements and less reliable clearance and settlement, registration and custodial procedures, which could result in ownership registration being completely lost. Issuers in emerging markets typically are subject to greater risk of adverse changes in earnings and business prospects than are companies in developed markets. Loss may also result from the imposition of exchange controls, confiscations, and other government restrictions, including confiscatory taxes on investment proceeds and other restrictions on the ability of foreign investors to withdraw their money at will, or from problems in security registration or settlement and custody. Investments in, or exposure to, emerging market securities may be more susceptible to investor sentiment than investments in developed countries. As a result, emerging market securities may be adversely affected by negative perceptions about an emerging market country's stability and prospects for continued growth. An account will also be subject to currency risk. Investments in, or exposure to, emerging market securities tend to be more volatile than investments in developed countries. In addition, the risks associated with investing in a narrowly defined geographic area are generally more pronounced with respect to investments in, or exposure to, emerging market countries.

Extension risk – When interest rates rise, certain obligations will be paid off by the obligor more slowly than anticipated, causing the value of these securities to fall. Rising interest rates tend to extend the duration of securities, making them more sensitive to changes in interest rates. As a result, in a period of rising interest rates, securities may exhibit additional volatility and may lose value.

Foreign securities risk – Foreign securities may be subject to risk of loss because of more or less foreign government regulation, less public information and less economic, political and social stability in the countries in which an account invests. The imposition of exchange controls, sanctions, confiscations, trade restrictions (including tariffs) and other government restrictions by the US or other governments, or from problems in share registration, settlement or custody, may also result in losses. Foreign risk also involves the risk of negative foreign currency rate fluctuations, which may cause the value of securities denominated in such foreign currency (or other instruments through which an account has exposure to foreign currencies) to decline in value. Currency exchange rates may fluctuate significantly over short periods of time. These risks may be more pronounced in connection with an account's investments in securities of issuers located in emerging countries.

High-yield bonds, lower-rated bond, and unrated securities risk – High yield bonds, lower-rated bonds, and certain unrated securities are broadly referred to as “junk bonds,” and are considered below “investment-grade” by a nationally recognized statistical rating organization (“NRSRO”). Certain accounts will also invest in loans that are below investment-grade. The companies that issue these instruments are not as strong financially as those with higher credit ratings and are therefore more vulnerable to economic downturn or substantial periods of rising interest rates than more creditworthy companies which could adversely affect their ability to service principal and interest payment obligations. Junk bonds typically have a higher yield to compensate for a greater risk that the issuer might not make its interest and principal payments. As a result, an investment in junk bonds is considered speculative. An unanticipated default would result in a reduction in income and a decline in the market value of the related securities. The market prices of junk bonds are generally less sensitive to interest rate changes than higher-rated investments, but more sensitive to adverse economic or political changes, or individual developments specific to the issuer. Periods of economic or political uncertainty and change can be expected to result in price volatility. High yield bonds may be subject to liquidity risk as described herein, and PPM may not be able to sell a high yield bond at the price at which it is currently valued. The credit rating of a below investment grade security does not necessarily address its market value risk and may not reflect its actual credit risk. Ratings and market value may change from time to time, positively or negatively, to reflect new developments regarding the issuer.

Income risk – Income generated from an account's investments may decline in the event of falling interest rates. Income risk may be high if an account's income is predominantly based on short-term interest rates, which can fluctuate significantly over short periods.

Interest rate risk – When interest rates increase, fixed income securities generally will decline in value. Conversely, as interest rates decrease, the prices of fixed-income securities tend to increase. In a low interest rate environment, an increase in interest rates could have a negative impact on the price of fixed-income securities, and could negatively impact a client's account of fixed-income securities. Long-term fixed-income securities normally have more price volatility than short-term fixed-income securities. A nominal interest rate can be described as the sum of a real interest rate and an expected inflation rate.

Floating rate investments have adjustable interest rates and as a result, generally fluctuate less in response to interest rate changes. However, because floating rates generally only reset periodically, changes in prevailing interest rates may cause a fluctuation in a client account's value. Finally, a decrease in interest rates could adversely affect the income earned by the client account from its floating rate debt securities.

Leverage risk – Certain transactions, such as reverse repurchase agreements, futures, forwards, swaps, or other derivative instruments, include the use of leverage and may cause PPM to liquidate an account's positions at disadvantageous times. Leverage, including borrowing, may cause an account to be more volatile because leverage tends to exaggerate the effect of any increase or decrease in the value of an account's portfolio securities. The effect of using leverage is to increase an account's potential gains and losses in comparison to the amount of the account's assets (that is, assets other than borrowed assets) at risk, which may cause an account to be more volatile. If an account uses leverage, the account has the risk of capital losses that exceed the net assets of the account.

LIBOR replacement risk – In addition to other interbank offered rates, the most common benchmark rate for floating rate securities is the London Interbank Offered Rate ("LIBOR"), which is the rate of interest offered on short-term interbank deposits, as determined by trading between major international banks. The UK Financial Conduct Authority has announced that LIBOR rates will no longer be published after the end of 2021. The elimination of LIBOR may adversely affect the interest rates on, and value of, certain investments for which the value is tied to LIBOR. Alternatives to LIBOR are established or in development in most major currencies. Replacement rates that have been identified include the Secured Overnight Financing Rate (SOFR), which is intended to replace US dollar LIBOR and measures the cost of overnight borrowings through repurchase agreement transactions collateralized with U.S. Treasury securities, and the Sterling Overnight Index Average rate (SONIA), which is intended to replace pound sterling LIBOR and measures the overnight interest rate paid by banks for unsecured transactions in the sterling market. Markets are slowly developing in response to new reference rates. However, questions around the rate transition's effect on the liquidity of securities and how to appropriately adjust these rates at the time of transition remain undetermined. The effect of discontinuing LIBOR on a client's account will vary, and it is difficult to predict the full impact of the transition away from LIBOR on an account until new reference rates and fallbacks for both legacy and new products, instruments and contracts are commercially accepted and market practices become more settled.

Mezzanine loans risk – Certain strategies may invest in mezzanine loans. Mezzanine loans may be collateralized with tangible fixed assets such as real property or interests in real property, or may be uncollateralized. As with other loans to corporate borrowers, repayment of a mezzanine loan is dependent on the successful operation of the borrower. Mezzanine loans may also be affected by the successful operation of other properties, the interests in which are not pledged to secure the loan. Although mezzanine loans rank senior to common and preferred equity in a borrower's capital structure, mezzanine loans usually rank subordinate in priority of payment to senior debt, such as senior bank debt, and are often unsecured. Mezzanine loans also may often be unsecured. Mezzanine loans therefore are subject to the additional risk that the cash flow of the related borrower and the property securing the loan may be insufficient to repay the scheduled obligation after giving effect to any senior obligations of the related borrower. Mezzanine loans are also expected to be highly illiquid investments. Mezzanine loans will be subject to certain additional risks to the extent that such loans may not be protected by financial covenants or limitations upon additional indebtedness. Investment in mezzanine securities is a highly specialized investment practice that depends more heavily on independent credit analysis than investments in other types of debt obligations.

Mortgage-related securities risk – In addition to the asset-backed securities risk involved in investing in mortgage-related securities, mortgage-related securities may experience increased default risk due to rising interest rates and falling property prices. This may increase the likelihood that individuals and entities will fall behind or fail to make payments on their mortgages. When there are a number of mortgage defaults, the interest paid by mortgage-backed and mortgage-related securities may decline, or may not be paid. A number of mortgage defaults could lead to a decline in the value of mortgage-backed and mortgage-related securities. In addition, legal and documentation risk related to mortgage defaults may exist.

Investments in mortgage-backed securities entail the uncertainty of the timing of cash flows resulting from the rate of prepayments or defaults on the underlying mortgages serving as collateral. An increase or decrease in payment rates (resulting primarily from a decrease or increase in mortgage interest rates) will affect the yield, average life, and price. The prices of mortgage-backed securities, depending on their structure and the rate of payments, can be volatile. Some mortgage-backed securities may also not be as liquid as other securities and may introduce illiquidity risk as further described herein.

Prepayment risk – During periods of falling interest rates, there is the risk that a debt security with a high stated interest rate will be prepaid before its expected maturity date and that PPM may have to reinvest the proceeds in an investment that may have lower yields than the yield on the prepaid debt security. In addition, prepayment rates are difficult to predict and the potential impact of prepayment on the price of a debt instrument depends on the terms of the instrument. Floating rate loans are frequently prepaid with the expected maturity being shorter than the stated term. The degree to which borrowers prepay floating rate loans, whether as a contractual requirement or at their election, may be affected by general business conditions, the borrower's financial condition, and competitive conditions among lenders. Prepayments of principal to the purchaser of a floating rate loan may result in the principal being reinvested in floating rate loans with lower yields.

Rule 144A securities risk – Rule 144A securities are securities offered as exempt from registration with the SEC. Rule 144A securities may have an active trading market, but carry the risk that the active trading market may not continue. To the extent that institutional

buyers become, for a time, uninterested in purchasing Rule 144A securities, investing in such securities could increase an account's level of illiquidity.

Second lien loans risk – Second lien or junior loans generally are subject to similar risks as those associated with investments in senior loans. Because second lien loans are subordinated and thus lower in priority of payment to senior loans, they are subject to the additional risk that the cash flow of the borrower and property securing the loan or debt, if any, may be insufficient to meet scheduled payments after giving effect to the senior secured obligations of the borrower.

Short sales risk – Certain of PPM's investment strategies may take a short position in securities or in a derivative instrument, such as a future, forward or swap. Short sales involve greater reliance on PPM's ability to accurately anticipate the future value of an instrument, potentially higher transaction and other costs (that will reduce an account's potential gains and increase potential losses), and imperfect correlation between the actual and desired level of exposure. Because an account's potential loss on a short position arises from increases in the value of the asset sold short, the extent of such loss, like the price of the asset sold short, is theoretically unlimited. By investing the proceeds received from selling securities short, an account could be deemed to be employing a form of leverage, which creates special risks. An account's long positions could decline in value at the same time that the value of the short positions increase, thereby increasing the account's overall potential for loss to a greater extent than would occur without the use of leverage. Short positions typically involve increased liquidity risk and transaction costs, and the risk that the third party to the short sale may fail to honor its contract terms.

TIPS and inflation-linked bonds or inflation-indexed securities risk – The value of inflation-protected securities generally fluctuates in response to changes in real interest rates, which are tied to the relationship between nominal (stated) interest rates and the rate of inflation as the principal and/or interest is adjusted for inflation and can be unpredictable. As a result, if inflation rates were to rise at a faster rate than nominal rates, real interest rates might decline, leading to an increase in the value of inflation-protected securities and an account may not receive any income from such investments. In contrast, if nominal interest rates increased at a faster rate than inflation, real interest rates might rise, leading to a decrease in the value of inflation-protected securities. If an account purchases inflation-protected securities in the secondary market whose principal values have been adjusted upward due to inflation since issuance, the account may experience a loss if there is a subsequent period of deflation. The losses from inflation-protected securities may be greater than the losses from other fixed-income securities with similar durations. The inflation-protected securities markets are generally much smaller and less liquid than the nominal bonds from the same issuers and, as such, can suffer from losses during time of economic stress or illiquidity.

US Government securities risk – Obligations issued by agencies and instrumentalities of the US Government vary in the level of support they receive from the US Government. They may be: (i) supported by the full faith and credit of the US Treasury, such as those of the Government National Mortgage Association; (ii) supported by the right of the issuer to borrow from the US Treasury, such as those of the Federal National Mortgage Association ("Fannie Mae"); (iii) supported by the discretionary authority of the US Government to purchase the issuer's obligations, such as those of the former Student Loan Marketing Association; or (iv) supported only by the credit of the issuer, such as those of the Federal Farm Credit Bureau. The maximum potential liability of the issuers of some US Government Securities may greatly exceed their current resources, including their legal right to support from the US Treasury. It is possible that these issuers will not have the funds to meet their payment obligations in the future.

Although many types of US Government Securities may be purchased by PPM on behalf of its clients, such as those issued by Fannie Mae, the Federal Home Loan Mortgage Corporation ("Freddie Mac"), the Federal Home Loan Banks, and other entities chartered or sponsored by Acts of Congress, their securities are neither issued nor guaranteed by the US Treasury and, therefore, are not backed by the full faith and credit of the US. The US Government may choose not to provide financial support to US Government sponsored agencies or instrumentalities if it is not legally obligated to do so, in which case, if the issuer defaulted, the holder of the securities of such issuer might not be able to recover its investment from the US Government. In 2008, the US Treasury and the Federal Housing Finance Administration ("FHFA") announced that Fannie Mae and Freddie Mac would be placed into conservatorship under FHFA. The ongoing effect that this conservatorship will continue to have on the entities' debt and equities and on securities guaranteed by the entities is unclear. No assurance can be given that the US Treasury initiatives discussed above with respect to the debt and mortgage-backed securities issued by Fannie Mae and Freddie Mac will be successful. In addition, new accounting standards and future Congressional action may affect the value of Fannie Mae and Freddie Mac debt.

When-issued and delayed delivery securities and forward commitments risk – When-issued and delayed delivery securities and forward commitments transactions arise when PPM purchases securities for an account with payment and delivery taking place in the future in order to secure what is considered to be an advantageous price or yield for the account at the time of entering into the transaction. When-issued and delayed delivery securities and forward commitments involve the risk that the security purchased will lose value prior to its delivery. There also is the risk that the security will not be issued or that the other party to the transaction will not meet its obligation. If this occurs, the account loses both the investment opportunity for the assets it set aside to pay for the security and any gain in the security's price. In addition, these investments may create a form of investment leverage, which may increase an account's volatility and may require an account to liquidate portfolio securities when it may not be advantageous.

Alternative Investments Risks

Private equity risk – There are inherent risks in investing in private equity funds, whose principal business is to invest in and lend capital to privately held companies. Generally, little public information exists for private and thinly traded companies and may impede the ability to make a fully informed investment decision. Private equity funds may have relatively concentrated investment portfolios of small number of holdings. The aggregate returns realized may be adversely impacted by the poor performance of a small number of investments, or even a single investment, or the need to write down the value of an investment.

Real estate investment risk – Real estate is also affected by general economic conditions and legal, cultural or technological developments. When growth is slowing, demand for property decreases and prices may decline. Real estate company share prices may drop because of the failure of borrowers to pay their loans and poor management. Many real estate companies, including REITs, utilize leverage (and some may be highly leveraged), which increases investment risk and could adversely affect a real estate company's operations and market value in periods of rising interest rates. Financial covenants related to real estate company leveraging may affect the company's ability to operate effectively. A real estate company may become liable for removal or other costs related to environmental contamination. Real estate companies tend to be small to medium-sized companies and share prices can be more volatile than, and perform differently from, larger company shares. A client account could hold real estate directly if a company defaults on its debt securities. Investment in REITs may be affected by the management skill of the persons managing the REIT.

Commercial mortgage loan risk – Commercial mortgage loans include the risks that a borrower may default on the loan and the real estate collateral may decline in value. Defaults can be complicated by borrower bankruptcy and other litigation, including the costs and expenses associated with foreclosure, which can decrease an investor's return. Declines in real estate value can result from changes in rental or occupancy rates, tenant defaults, extended periods of vacancy, increases in property taxes and operational expenses, adverse general and local economic conditions, overbuilding, deterioration in the physical condition of the asset, environmental issues at the mortgaged property, casualty, condemnation, changes in zoning laws, taxation and other governmental rules. The volatility of capital markets can also impact the liquidity and valuation of both mortgages and the underlying properties through changes in interest rates, the availability and pricing of mortgage capital, and the return requirements used in the valuation of real estate by prospective purchasers. Increases in interest rates can also directly reduce the market value of a fixed rate loan. Commercial mortgage investments are also dependent on the financial health, operational expertise, and management skills of the borrower.

Item 9 - DISCIPLINARY INFORMATION

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of PPM's business or the integrity of its management. In the past, PPM's UK Parent has entered into certain settlements with regulators and other third parties and has been the subject of adverse legal and disciplinary events. Additional information regarding certain of these settlements is set forth in Part 1A of PPM's Form ADV.

Item 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

This brochure discusses only those functions performed by PPM on behalf of its clients and does not discuss the activities of other affiliated entities or related persons on behalf of their respective clients, except to the extent such activities are conducted in connection with the investment advisory activities of PPM. Additional information relating to these related persons of PPM is included on Schedule D to Part 1 of PPM's Form ADV and, to the extent applicable, in the Form ADV for such affiliated entities or related persons.

As of March 27, 2020, 19 of PPM's associated persons are registered representatives of Jackson National Life Distributors, LLC ("JNLD"). JNLD is a wholly-owned subsidiary of Jackson and an affiliate of PPM,

As of March 27, 2020, none of PPM's management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities. PPM meets the definition of a "commodity trading adviser" pursuant to Section 1a(12) of the Commodity Exchange Act, but is exempt from registration with the Commodities Futures Trading Commission ("CFTC") pursuant to CFTC Regulation 4.14(a)(8).

As discussed in response to Item 7 above, PPM serves as investment adviser, sub-adviser or in a non-discretionary trading capacity to affiliates of its UK Parent, including affiliates in the US, UK and Asia, as follows:

Jackson

PPM serves as investment adviser to Jackson and its wholly-owned subsidiary, Jackson National Life Insurance Company of New York, as well as certain other Jackson insurance company related entities.

JNAM

PPM also currently serves as investment sub-adviser to seven mutual funds sponsored and advised by JNAM. JNAM is a wholly-owned subsidiary of Jackson and an affiliate of PPM.

The PPM Funds

PPM serves as investment adviser to the PPM Funds, an open-end investment company organized as a Massachusetts business trust, consisting of seven separate series funds. JNAM serves as the administrator of the PPM Funds. JNLD serves as the principal underwriter and distributor of PPM Funds' shares.

CLOs

PPM Loan Management Company, LLC ("PPMLM") is an affiliate of PPM and a registered investment adviser. PPMLM was formed to serve as the collateral manager for CLO transactions sponsored by PPMLM or PPM in compliance with risk retention requirements. PPMLM is solely owned by a holding company that is jointly-owned by Jackson and PPM, with PPM's interest being less than 1% of the total value of the entity. Jackson's interest entitles it to 100% of PPMLM's investment proceeds and PPM's interest entitles it to 100% of the holding company's income attributable to PPMLM's net fee proceeds.

PPM has entered into a services and employee sharing agreement with PPMLM to provide advisory and support services to PPMLM, pursuant to which certain employees of PPM serve as dual employees of both PPM and PPMLM. These employees remain subject to the same PPM policies and procedures that are designed to address conflicts and ensure that PPM acts in the best interests of its clients. PPM supports day-to-day management of the CLO strategy and advises PPMLM with regard to all or substantially all of its investment and other activities.

Other UK Parent affiliates

PPM executes trades on a non-discretionary basis to facilitate certain corporate treasury activities of its UK parent. PPM also serves as investment adviser to various Asia based affiliates of its UK Parent, across its various investment strategies. In this capacity, PPM serves as investment adviser or sub-adviser to general accounts of affiliated insurance companies and various portfolios of investment products or funds sponsored by affiliates in non-US jurisdictions.

Selection of other Investment Advisers

In one limited circumstance on behalf of an affiliated client, PPM retains an unaffiliated investment adviser to sub-advise a portion of the client's private placement bond portfolio which is focused on infrastructure-related investments. PPM does not receive compensation from the sub-adviser as part of this arrangement.

PPM selects private investment funds for its private equity and real estate clients in the secondary market and through primary commitments. PPM does not, however, receive compensation from the advisers of such private investment funds for such investments. Certain of PPM's employees may be invited to serve on the advisory boards of the investment funds in which PPM invests on behalf of its clients to provide advice on certain conflicts of interest and other matters pertaining to such investment funds. There may be instances where such persons are asked to vote on issues taking the needs of all investors in such investment funds into account.

Affiliations and Conflicts of Interest

PPM is committed to providing clients with service of the highest quality and seeks to act in the best interests of its clients. Nevertheless, there are circumstances where client interests conflict with PPM's interests, the interests of its affiliates (including affiliated clients, which represent the majority of PPM's client base), or the interests of other unaffiliated clients. The management of multiple funds and separately-managed accounts gives rise to potential and actual conflicts of interest. Some of these conflicts of interest are inherent to PPM's business and are encountered by other large financial services firms that offer similar services. PPM has policies and procedures that are designed to address conflicts and that seek to ensure that PPM acts in the best interests of its clients; however, there is no guarantee that such procedures will detect each and every situation in which a conflict arises. PPM has established a designated conflicts committee and a special conflicts committee of PPM's Board of Directors to consider and resolve material conflicts related matters on an as needed basis.

PPM provides advice to a number of clients, including affiliated entities. PPM may take actions for clients that differ from recommendations or actions taken for other clients. Portfolio managers must divide their time and investment ideas across multiple funds and separately-managed accounts. Portfolio managers generally focus on a particular investment discipline; therefore, similarly managed funds or separate-managed accounts are in most cases managed using the same or substantially similar investment strategies. However, securities selected for any fund or separately-managed account may outperform securities selected for similarly managed separately-managed accounts or funds.

PPM is not obligated to recommend to any or all clients any investments that it may recommend to, or purchase or sell for, other clients. Client accounts at time will invest in the same instruments in which other clients affiliated with PPM or the PPM Funds invest, which could create conflicts, particularly where investment opportunities in securities or markets are limited or where the liquidity of certain instruments is limited. The allocation of investment opportunities raises conflicts of interest, as PPM could have an incentive to provide favorable treatment to certain accounts, including those of clients affiliated with PPM. PPM seeks to manage allocation conflicts through the adoption of procedures intended to provide a fair and equitable allocation of buy and sell opportunities among all client accounts over time.

As discussed in Item 6, Performance-Based Fees and Side-By-Side Management, conflicts of interest are also inherent in PPM's use of multiple strategies. For example, conflicts may arise when different clients, including affiliated clients invest in different parts of an issuer's capital structure, such as when an affiliated client owns senior debt obligations of an issuer and other clients own junior tranches or equity securities of the same issuer. In such circumstances, PPM must consider the different interests of clients when making decisions about whether to trigger an event of default, over the terms of any workout, or how to exit an investment raise conflicts of interest. In order to minimize such conflicts, PPM may avoid certain investment opportunities and negotiations with issuers that would give rise to conflicts among its clients, or PPM may enact internal procedures designed to minimize such conflicts, which could have the effect of limiting

certain clients' investment opportunities. Similarly, if an issuer in which a client and one or more other clients directly or indirectly hold different classes or investments encounters financial problems, decisions over the terms of any workout will raise conflicts of interests (including, for example, conflicts over proposed waivers and amendments to debt covenants).

A portfolio manager may avoid certain investment opportunities that would give rise to conflicts with other clients or result in PPM receiving material non-public information, or PPM may enact internal procedures designed to minimize conflicts, which could have the effect of limiting clients' investment opportunities. Additionally, if PPM acquires material non-public information in connection with its business activities for a certain client or group of clients, PPM could be restricted from purchasing or selling related securities for PPM's other clients.

When making investment decisions where a conflict of interest may arise, PPM will endeavor to act in a fair and equitable manner for all of its clients; however, in certain instances the resolution of a conflict may result in PPM acting on behalf of a client or clients in a manner that may not be in the best interest, or may be opposed to the best interest, of other clients.

PPM's seed capital investments may also give rise to conflicts. PPM may seed or invest in a CLO or a series of the PPM Funds in which clients also invest. PPM's ownership percentage of a CLO or a fund may be significant and could remain significant for an indeterminate period of time. Where PPM's investment in a CLO or a fund could create conflicts, senior management considers the best interest of clients when making decisions to invest in or redeem from the CLO or fund.

Potential conflicts also arise from PPM's relationship with certain of its affiliates. As sponsor of and adviser to the PPM Funds, PPM could have an incentive to recommend that JNAM continue as the administrator for PPM Funds or recommend that the PPM Funds pay JNAM service fees in excess of fees that a third-party fund administrator might charge. Similarly, PPM may have an incentive to recommend that JNLD continue as the distributor for the PPM Funds or to recommend that the PPM Funds pay JNLD service fees in excess of fees that a non-affiliated distributor might earn. PPM's due diligence on PPM Funds' service providers as part of PPM's fund sponsor responsibilities, combined with PPM Funds' Board oversight and service provider program review and approval, serve as mitigating factors for such potential conflicts.

Certain conflicts may arise from PPM personnel's industry relationships and affiliations. These relationships can include sales personnel or other employees' pre-existing relationships with investment consultants or their independent professional or personal relationships with PPM or PPM Funds' existing or prospective service providers. These relationships may inhibit PPM's impartiality or create an incentive for PPM to favor one third-party over another.

Conflicts of interest, including those of the nature described above, will be reviewed on a case-by-case basis. Any review will take into consideration the interests of all relevant clients, the circumstances giving rise to the conflict and applicable laws. Clients should be aware that although PPM will attempt to resolve all conflicts of interest in a fair and equitable manner, conflicts will not necessarily be resolved in their favor and in certain circumstances could be resolved in favor of other clients, which may be affiliated clients or clients that pay PPM higher fees, including performance-based fees. Actual or potential conflicts of interest may result in a particular client or group of clients receiving less favorable investment terms or returns from certain investments than if such conflicts of interest did not exist.

Item 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

PPM has adopted a written Code of Ethics and Conduct ("Code"), that, among other things, sets forth standards of conduct expected of PPM's employees, officers, directors and certain affiliated employees (collectively, "access persons"), addresses conflicts that arise from personal trading, and emphasizes PPM's fiduciary obligation to put client interests first. The Code is designed to detect and prevent personal conduct that might create an actual or potential conflict of interest with a client. Under the Code, certain personal securities transactions of access persons are prohibited, while others are subject to pre-approval and/or reporting requirements.

The Code's restrictions on personal trading apply to any account over which an access person and certain immediate family members have investment discretion or a beneficial interest. Employees are required to pre-clear most personal securities transactions prior to execution, except as specifically exempted under the Code. Participation in Initial Public Offerings ("IPOs") is prohibited and all private placement transactions must be pre-approved by the Chief Compliance Officer. The Code also requires that securities must be held for a minimum of 30 calendar days after purchase and may not be repurchased for a minimum of 30 calendar days following a sale. Subject to satisfying the Code and applicable laws, PPM access persons may trade for their own accounts in securities that are held in client accounts; however, the Code imposes a "blackout" period whereby employee trading in a security may be prohibited if PPM is transacting in that security for its clients. Exceptions to the Code's personal trading restrictions are considered on a case-by-case basis and are granted only when PPM's Compliance Department determines the potential for conflict or harm does not exist or is insignificant.

All access persons are required to provide quarterly reports of their securities transactions to PPM Compliance (in the form of confirmations and statements) and to certify that all personal securities transactions have been reported. On an annual basis, access persons are required to report all accounts which can be used to purchase or sell securities. PPM's Compliance Department reviews each access person's transactions, confirmations, and other account documentation to look for indications of improper personal transactions.

PPM will provide a copy of its Code to any client or prospective client upon request.

Gifts and Business Entertainment

PPM has adopted Gift and Business Entertainment Policies and Procedures for PPM employees that places restrictions on receiving and providing gifts and business entertainment, imposes reporting requirements, and requires pre-approval to participate in business entertainment, except as specifically exempted under the Gift and Business Entertainment Policies and Procedures.

Participation or Interest in Client Transactions

PPM does not buy or sell securities to or from client accounts on a principal basis except as permitted by law and in accordance with its compliance procedures. Further, certain employees or PPM affiliates own interests in affiliated entities which are also owned by PPM clients, where such employees and affiliates are entitled to an allocation of such entities' gains in excess of a preferred return (see Items 6 and 7 above). To the extent permitted by applicable law, client guidelines and restrictions, and in accordance with its compliance procedures, PPM also at times will effect "cross" transactions between client accounts. In these cases, one client will purchase a security held by another client. Neither PPM nor any related party receives any compensation in connection with a "cross" transaction. PPM effects these transactions pursuant to internal procedures and only when it deems the transaction to be in the best interests of each of the buying and selling clients and at prices that PPM has determined reflect fair value.

PPM in many instances purchases and sells, pursuant to its discretionary authority, the same securities for the accounts of related and unrelated persons. In those instances, PPM has internal procedures in place to allocate those securities to related and unrelated accounts on a fair and equitable basis over time.

PPM may purchase on behalf of clients privately-placed securities involving corporates, asset-backed, leveraged leases, high yield debt, and private equity. PPM may purchase for a client account different classes of debt of the same issuer, debt and equity of the same issuer for different accounts, and securities of issuers whose securities may also be held by one or more affiliates of PPM. Such investments may be deemed to create conflicts of interest in the event, for example, of a bankruptcy or workout if the terms, standing and security of the investments by PPM's affiliates may be deemed to be more advantageous than those received by the unaffiliated accounts. PPM generally addresses this conflict through disclosure in the offering documents or investment advisory agreement for such clients and in this brochure.

Similarly, PPM may take certain actions for some clients that may have an adverse effect on other clients. This may mean, for example, that if PPM is on a creditor's committee in the case of a distressed investment and learns of material non-public information, it may be precluded from acting for other clients holding securities of the same or another affected issuer.

PPM maintains Policies and Procedures regarding Inside Information and Information Barriers that establish barriers around certain internal groups which might be in possession or aware of material non-public information. The policy is designed to block the flow and potential misuse of that information. In addition, PPM has adopted other policies and procedures designed to minimize potential conflicts of interest of this nature and to address such conflicts in a manner which is most equitable to all clients.

Participation or Interest in Personal Trading – Client Recommendations and Client Trading

PPM employees regularly share information, perceptions, advice and recommendations about market trends, the valuations of individual securities, and investment strategies, except where prohibited by information barriers established by PPM or by applicable law or regulation. Persons associated with PPM and portfolio managers may themselves have investments in securities that are recommended to clients or held in client accounts. A portfolio manager's management of personal accounts may give rise to potential conflicts of interest, including conflicts of interest related to the knowledge and timing and potential market impact of trades placed on behalf of clients, as well as current or potential investment opportunities under consideration.

As noted in under "Code of Ethics" above, PPM has adopted a Code, as well as other policies and procedures, which seek to address potential conflicts involving personal trading by PPM's access persons. Subject to compliance with such policies and procedures, PPM's access persons may invest in the same or related securities that are purchased for client accounts. However, the Code imposes limits on such transactions, including generally prohibiting transactions within a blackout period before or after PPM transacts in such securities on behalf of a client. Further, the Code prohibits access persons from purchasing or selling any security where the access person has access to material non-public information relating to the security or the issuer or the security.

Item 12 - BROKERAGE PRACTICES

Broker Dealer Selection

PPM primarily provides investment advice to its clients on a discretionary, and to a lesser extent on a non-discretionary basis. When granted the authority to do so, PPM typically determines which securities are bought and sold, the amount of securities bought and sold, which broker or dealer will effect such transactions, and the commission rates at which the transactions will be effected. PPM maintains lists of broker-dealers, futures commission merchants and derivatives and repurchase agreement counterparties that have been reviewed and approved pursuant to its Best Execution Policies and Procedures. Traders generally have discretion to effect transactions with any

broker or dealer on the approved lists. With respect to non-discretionary accounts, PPM may recommend securities trades, but the client must instruct PPM to effect a trade and PPM will not presume a client's consent to a trade from the client's silence.

PPM seeks to obtain best execution for client transactions with brokers or dealers (collectively, "Broker Dealers"), that is, to obtain not necessarily the lowest commission cost or best price, but the best overall qualitative execution under the circumstances. Factors that influence the way PPM selects Broker Dealers for trade execution include but are not limited to the:

- Quality of trade execution, including the accuracy and timely execution of trades, clearance and cooperation by the Broker Dealer in resolving errors and disputes;
- Reputation, financial strength, reliability, and creditworthiness of the Broker Dealer;
- Broker Dealer's block trading and positioning capabilities;
- Willingness of the Broker Dealer to execute difficult transactions;
- Willingness of the Broker Dealer to execute a transaction in combination with another transaction or transactions which, in aggregate, provide net benefit to PPM's client
- Willingness and ability of the Broker Dealer to commit capital
- Access provided by the Broker Dealer to PPM and its clients to underwritten offerings, including new issues of fixed income securities
- Overall costs of trades placed, that is, the net price paid or proceeds received, including commissions, mark-ups, mark-downs, spreads, other transaction costs, and opportunity costs in the context of PPM's knowledge of negotiated commission rates currently available
- Nature of the security being traded
- Size of the transaction
- Desired timing of the trade
- Existing and anticipated activity in the market for the security
- Confidentiality considerations
- Research, products, and other services provided for the benefit of PPM and its clients
- PPM's knowledge of actual or apparent operational problems of any broker-dealer considered

PPM will determine the overall reasonableness of the brokerage commissions and other transaction costs on client transactions by considering various factors, including, but not limited to, the following:

- Current market conditions
- Size and timing of the order
- Depth of the market
- Per share price
- Difficulty of execution
- Time taken to conclude the transaction
- Extent of the Broker Dealer's commitment, if any, of its own capital
- Amount involved in the transaction

Research and Other Soft Dollar Benefits

While PPM selects Broker Dealers primarily on the basis of their execution capabilities, PPM may cause a client to pay a commission to Broker Dealers for effecting a transaction for that client in excess of the amount another broker or dealer would have charged for effecting that transaction in exchange for certain research and brokerage services. Although the use of client brokerage commissions to obtain research or other products or services inherently benefits PPM because we do not have to produce or pay for the research, products, or services, this is only done when we have determined in good faith that the commission is reasonable in relation to the value of the execution, brokerage and/or research services ("soft dollar benefits") provided by the broker. Our arrangements for the receipt of research services from Broker Dealers create conflicts of interests, in that we have an incentive to choose a broker or dealer that provides research services, instead of one that charges a lower commission rate but does not provide any research. Soft dollar benefits provided to our firm by brokers are reviewed to ensure that they meet the standards of Section 28(e) of the Securities Exchange Act of 1934, as amended. PPM periodically reviews the general level of brokerage allocated to various firms and the services provided by such Broker Dealers.

PPM may pay more than the lowest available commission rate in accordance with the "safe harbor" provision of Section 28(e) of the Securities Exchange Act of 1934 in its selection of brokers as noted above; however, PPM typically does not enter into contractual arrangements for the receipt of research or other services to be paid with soft dollar transactions.

The use of soft dollars to receive research and services benefits PPM by allowing PPM, at no cost to it, to:

- i. Supplement and enhance its own research and analysis activities
- ii. Receive the views and information of individuals and research staff of other securities firms, and
- iii. Gain access to persons having special expertise on certain companies, industries, areas of the economy and market factors.

PPM does not allocate the relative costs or benefits of research received from brokers or dealers among particular clients because we believe that the research received, in the aggregate, assists us in fulfilling our overall responsibilities to our clients. The research may be used in connection with the management of accounts other than those whose commissions paid for the research.

Research services paid for with client commissions can include:

- Research reports
- Specialized financial and industry publications and research compilations
- Quantitative, economic, international, and market strategy services
- Compilations of securities prices
- Dividends and similar data bases
- Market data
- Professional seminars
- The services of certain economic or financial consultants

Brokerage services received include access to electronic trading platforms, access to traders with greater familiarity with company trading and market makers, and assistance in effecting securities or performance of other functions incidental to the transaction (such as clearance or settlement). These and other types of brokerage and research services may be originated by the Broker Dealer performing execution services or by third parties that are paid by the Broker Dealer. For fixed income, currency, and derivative transactions, counterparties do not provide the firm with third party research services. We believe that any proprietary research provided by fixed income, currency, and derivative counterparties is incidental to their execution services.

While MiFID II requirements do not directly apply to PPM, PPM has one equity mandate for a European-based client that has applied certain MiFID II requirements on a contractual basis. Pursuant to those contractual provisions, PPM will rebate commissions paid above the execution only commission rate on a quarterly or annual basis.

From time to time, PPM attends certain events sponsored by brokers where it is able to arrange meetings with senior management of corporate issuers. PPM does not allocate client commissions to brokers on the basis of providing such access, though may allocate client commission on the basis of other substantive research provided in relation to such an event (research reports, analyst meetings/presentations, etc.).

PPM receives products or services that are used both as investment research and for administrative, marketing or other non-research purposes. In those cases, PPM makes a good faith effort to determine the relative proportions of such products or services that constitute "research." PPM has a conflict in making this decision. The portion of the cost of such products or services attributable to research may be paid, in whole or in part, by brokerage commissions on client transactions. PPM pays the costs not attributable to research in hard dollars.

Research products or services may benefit any or all of PPM's clients and PPM will not necessarily use such research products or services for the account(s) that paid the commissions used to purchase the research.

PPM has not entered into any arrangements to direct client transactions to a particular Broker Dealer in return for soft dollar benefits it has received during the last fiscal year.

Brokerage for Client Referrals

When selecting Broker Dealers for trade execution on behalf of client accounts, PPM does not take into consideration any client referrals from a Broker Dealer or third party, either for itself or for a related person.

Additionally, as a matter of policy, PPM does not compensate Broker Dealers for the promotion or sale of shares of PPM Funds by directing to the Broker Dealer (i) securities transactions or (ii) any other remuneration, including but not limited to, any commission, mark-up, mark-down or other fee (or portion thereof) received or to be received from transactions effected through any other Broker Dealer.

PPM has adopted policies and procedures that are reasonably designed to detect and prevent the parties responsible for selecting Broker Dealers from considering a Broker Dealer's promotion or sales efforts on behalf of PPM Funds when selecting a Broker Dealer to effect a securities transaction.

Directed Brokerage

PPM does not routinely recommend, request or require that a client direct it to execute transactions through a specified Broker Dealer.

In limited circumstances, PPM will permit a client to direct brokerage to a specified Broker Dealer. The discretionary authority of PPM may be limited by directions from a client to have a transaction effected through a specific Broker Dealer for research and services pertaining specifically to, or to defray expenses incurred by, its account. As with all directed brokerage transactions, PPM may not be able to freely negotiate commission rates or select Broker Dealers on the basis of best price and execution for such transactions. In addition, transactions directed in this manner are typically not batched for execution with transactions in the same securities for other clients. As a result, such client may have to pay higher commissions or receive less favorable net prices or execution than would be the case if PPM were authorized to choose the Broker Dealer through which to execute transactions for the client's account.

Some clients may also participate in commission recapture programs, in which a broker-dealer through which transactions for that client are executed or cleared, in return for that business, pays the client a cash rebate, provides products or services to the client, bears some of the client's expenses, or provides some other kind of benefit to the client. Should a client request that PPM support its use of commission recapture programs, and PPM agrees to do so, PPM will generally determine the extent of available opportunities to direct trades to a client's recapture program as conditions warrant and only on a reasonable-efforts basis. PPM periodically reviews its trading activities relative to client commission recapture goals. There can be no guarantee that any target or goal will be achieved. During the past fiscal year, the only client that directed brokerage in this manner was a US mutual fund for which PPM serves as sub-adviser, and additional information relating to this arrangement is set forth in that Fund's prospectus.

Aggregation of Trades

When possible, PPM seeks to purchase or sell the same securities or instruments for a number of clients simultaneously, including, where appropriate, affiliated clients. For publicly traded securities, orders for the same security are typically combined or batched to facilitate best execution and to reduce brokerage commissions or other costs. PPM effects batched transactions in a manner designed to be fair and equitable to all of its clients over time.

Public Securities

For publicly traded equity securities, purchase and sale orders effected in batched transactions are allocated pursuant to PPM's Public Equity Allocation Procedures, which require a pro-rata allocation to the participating client accounts in proportion to the size of the order placed for each account.

For publicly traded fixed income securities, purchase and sale orders effected in batched transactions are allocated pursuant to PPM's Public Fixed Income Allocation Procedures, which require a pro-rata allocation to the participating accounts in proportion to the size of the order placed for each account, or in certain circumstances, in proportion to the participating account's current assets under management.

PPM will, however, increase or decrease the amount of publicly traded securities allocated to each account where necessary to avoid holding odd-lot or small numbers of shares for clients or where an allocation would not meet the minimum trade or holding sizes applicable to certain fixed income securities. Additionally, if PPM is unable to fully execute a batched transaction and PPM determines that it would be impractical to allocate a small number of securities among the accounts participating in the transaction on a pro-rata basis, PPM will allocate such securities in a manner determined in good faith to be fair and equitable over time, which may result in the removal of accounts from certain orders. Any exception to PPM's allocation procedures require review and approval by the Chief Compliance Officer. Transactions for each client account will also be completed independently where aggregating orders is not possible or advisable.

Orders for clients with directed brokerage arrangements will not be aggregated with other client transactions unless PPM is able to place an aggregated trade or trades with the directed Broker Dealer in a manner consistent with its obligation to seek best execution. Directed brokerage trades not aggregated with other client trades will be placed by PPM after the aggregated trade is filled and may not receive as favorable pricing or execution as the aggregated trade.

Other Asset Classes

In connection with managing various other asset classes (e.g., private fixed income securities, bank loans, and private equity securities), PPM has developed procedures for aggregating purchase and sale orders and allocating securities, investment opportunities and sale proceeds among accounts. These procedures guide PPM's personnel in deciding how to spread investment opportunities among accounts, taking into account, among other factors, any unique account mandates and asset class trading issues, and are designed to result in the fair and equitable treatment over time of all affected accounts.

New Accounts

While PPM strives to provide fair and equitable allocation of investment opportunities to all clients over time, where deemed necessary during the initial investment period for a new account, in order to ramp the portfolio in a timely manner, PPM will preference the new account in certain primary and secondary trades until the account is deemed fully invested. New accounts subject to allocation preference during a ramp period includes accounts of PPM affiliates and accounts for which PPM receives a performance-based fee.

Trade Errors

Errors can result from a variety of situations involving portfolio management and trading, including an inadvertent breach of investment guidelines or miscommunication of trading information (wrong number of shares, wrong price, wrong account, wrong direction, etc.). A conflict of interest exists between PPM and the interest of affected clients in the remediation of an error or in the calculation methodology used to determine any related reimbursement. In order to minimize these conflicts, PPM has adopted policies and procedures for correcting errors, which require that all errors affecting a client account be resolved promptly and fairly. Under certain circumstances, the policy provides that trades may, where appropriate, be cancelled or modified prior to settlement. The intent of the policy is to restore a client account to the appropriate financial position considering all relevant circumstances surrounding the error.

Item 13 - REVIEW OF ACCOUNTS

Investment and Portfolio Risk Reviews

PPM's portfolio managers regularly monitor the accounts under their supervision and review each account within their style of management as frequently as deemed appropriate for such account (which may be daily, monthly or quarterly). For fixed income and public equity strategies, portfolio managers review accounts on a daily basis for:

- Trades, positions, and cash levels;
- Compliance with client investment guidelines; and
- Portfolio risk positioning.

PPM's risk management team provides oversight and analysis of portfolio risk across the organization and in each portfolio. The risk team communicates the results of its analysis to senior management and the investment teams through periodic meetings, which include:

- **Monthly PPM Risk and Oversight Committee meetings** - On a monthly basis, PPM's risk management team presents a summary of its portfolio risk oversight activities related to fixed income, floating rate and public equity accounts to the PPM Risk and Oversight Committee. The risk team reports on performance dispersion, rankings against peers and benchmarks, tracking error and various other risk metrics. Risk concerns, if any, are noted to the committee.
- **Quarterly portfolio risk meetings** - On a quarterly basis, members of the risk management team meet with PPM's chief investment officer and portfolio management teams to review to review various performance, risk attribution and portfolio positioning reports across fixed income, floating rate and public equity accounts for the prior quarter. Where potential portfolio risk issues are identified, portfolio managers may, with the guidance of the risk team and chief investment officer, adjust portfolio risk positioning.

Commingled Account Reviews

PPM serves as adviser and sub-adviser to commingled accounts such as mutual funds and other pooled investment vehicles. For these accounts, in addition to the investment and portfolio risk reviews described above, PPM is also subject to the oversight of the investment manager and/or the governing body of the respective vehicle (such as the board of directors, trustee or investment committee) and produces regular and periodic compliance and/or risk reports to meet their reporting requirements or in response to their requests.

Additional Functional Reviews

Functional areas, such as our compliance team, also review and assess data and processes relating to our management and trading. They report results of these analyses independently to our senior management. Examples of these independent reviews may include:

- Periodic review of client investment guidelines and automated pre- and post-trade tests with portfolio management teams to ensure accuracy of guidelines and testing logic
- Daily pre- and post-trade compliance review of transactions for consistency with investment guideline restrictions;
- Periodic review of trading activity including trade allocations and errors; and
- Oversight of other specific investment and trading activities, including reviews by our:
 - Various investment committees
 - Best execution working group;

- Trade allocation working group;
- Fair value technical committee; and
- PPM Risk and Oversight Committee

Reports to Clients

Generally, all clients receive, at least quarterly, a written summary outlining the activity in their accounts, including, where applicable, performance information which highlights the portfolio's return and characteristics as compared to the appropriate benchmarks (as applicable). In addition, PPM generally will hold meetings with clients to review their portfolios on a periodic basis or at the request of the client. Further, for pooled vehicles such as the CLOs and CDO that PPM advises or manages, the Trustee provides written reports to all investors, and PPM may provide reports to investors (if known to PPM) in such vehicles. The nature and frequency of the Trustee reports are described in the applicable pool's governing agreement and other relevant instrument (such as the indenture or limited partnership agreement). PPM's reports generally summarize or supplement such reports, as deemed appropriate by PPM.

Item 14 - CLIENT REFERRALS AND OTHER COMPENSATION

PPM does not receive an economic benefit from any third party for providing investment advice or other advisory services to any of PPM's clients.

Although it has done so in the past, PPM does not currently compensate unrelated third parties for client referrals. If PPM determines to pay such compensation in the future, it will do so in accordance with Rule 206(4)-3 under the Advisers Act (the "Solicitation Rule").

Certain non-US affiliates of PPM provide, either directly or indirectly through other affiliated entities, marketing, sales, and client servicing to PPM in support of current or prospective non-US clients in their local jurisdiction. In such circumstances, PPM compensates such affiliated entities and the provision of such services may be deemed to be a "solicitation" arrangement within the meaning of the Solicitation Rule. Any such affiliated entity shall meet the qualification and disclosure requirements of the Solicitation Rule.

Many clients or prospective clients retain investment consultants, or other financial intermediaries, to advise them on selecting and reviewing investment managers. From time to time, PPM also has business relationships with organizations that are, or are affiliated, with investment consultants. For example, these relationships include purchasing index data, paying to listed on databases, and sponsoring events attended by investment consultants. Any fees paid by PPM are from its own resources, which may be derived from management fees paid by our clients.

As the investment adviser to the PPM Funds, PPM has relationships with certain financial intermediaries through which shares of certain series of the PPM Funds are made available for purchase by investors. Some financial intermediaries charge a fee for accounting and shareholder services that the intermediary provides to fund shareholders on the fund's behalf. These services may include recordkeeping, transaction processing for shareholders' accounts and other services. This fee may be based on the number of accounts or may be a percentage of the average value of accounts for which the financial intermediary provides services. PPM pays financial intermediaries for all or a portion of these accounting and shareholder services and for distribution services performed with respect to the PPM Funds. Financial intermediaries that receive these types of payments may have a conflict of interest in recommending or selling PPM Fund shares rather than other investments, particularly where such payments exceed those associated with other investments.

Item 15 - CUSTODY

PPM does not typically maintain custody of client funds or securities and, except as described below, will seek to take the actions necessary to avoid being deemed to have inadvertent custody of client funds and securities. For example, the authority provided to PPM pursuant to its investment management agreements is typically limited to trading related activities. In addition, PPM maintains an authorized signers list granting limited authority to certain employees to provide trading and settlement-related instructions, which is provided to custodians. Notwithstanding anything in a client's agreement with a custodian or other service provider that purports to give PPM powers that may be construed as custody over such client's assets, PPM expressly disclaims any such authority.

PPM generally is not involved in the process by which a separate account client selects its custodian and has no involvement in a client's negotiation of its custodial arrangements. Clients are therefore responsible for independently arranging for all custodial services, including negotiating custody agreements and fees. Each client should carefully review account statements from its custodian to ensure that they reflect appropriate activity in the account.

In limited circumstances, PPM is deemed to have custody of client cash or securities under Rule 206(4)-2 of the Adviser's Act (the "Custody Rule"). All funds and securities of each such custody client are held by a qualified custodian (except Uncertificated Privately Offered Securities, subject to certain conditions).

Item 16 - INVESTMENT DISCRETION

PPM generally accepts discretionary authority to manage the accounts of its clients pursuant to investment guidelines and restrictions established by the client or the affiliated investment adviser who is delegating sub-advisory responsibilities to PPM. Prior to assuming

this authority, PPM will typically enter into an investment management or other similar agreement, which either includes or incorporates by reference the client's specific investment objectives, restrictions, guidelines, and applicable reference benchmarks.

Item 17 – VOTING CLIENT SECURITIES

As required by Rule 206(4)-6 under the Advisers Act, PPM has adopted written policies and procedures in connection with voting proxies for those clients for whom it exercises proxy voting authority. Copies of PPM's Proxy Voting Policies and Procedures are available by request. Clients may also request copies of voting records for their proxies.

PPM's primary consideration in determining how to vote a proxy or other voting right is the financial interest of its clients. For equity securities, PPM generally votes all proxies in accordance with its proxy voting guideline summary, which is periodically reviewed and updated as necessary. The voting guidelines have been established with the assistance of Institutional Shareholder Services, Inc. ("ISS"), a proxy voting and consulting firm, and are designed to further the interests of clients when voting on particular proposals. In this regard, except as noted in PPM's Proxy Voting Guideline summary, PPM has generally adopted the ISS guidelines for use with its clients. Where proposals are not addressed in PPM's Proxy Voting Guideline summary and the ISS guidelines, or in the event that the portfolio manager recommends a vote contrary to the voting guidelines, PPM will vote in the manner believed to be in the best interests of its clients. Where the vote conflicts with a stated guideline, it will be subject to the prior review of PPM's Legal and Compliance team. If necessary, at the recommendation of PPM's Legal and Compliance team, PPM's conflicts committee will be convened to address any material conflicts of interest identified. If a client desires to do so, they may contact the portfolio manager responsible for their account with direction regarding a vote for a holding in their account.

PPM performs oversight and assurance reviews of its proxy voting activities, including:

- periodically sampling proxy votes to ensure that they were cast in compliance with the PPM Proxy Voting Policies and Procedures;
- a review, no less frequently than annually, of the adequacy of the PPM Proxy Voting Policies and Procedures to make sure that the procedures continue to be reasonably designed to ensure that proxies are voted consistent with our fiduciary obligations to our clients;
- due diligence on the proxy advisory firms PPM retains, including consideration of whether the proxy advisor has the capacity and competency to adequately analyze proxy issues; and
- consideration of any identified conflicts of interest or any other factors that we believe are appropriate in considering the nature and quality of the services provided by the proxy advisory firm.

In certain circumstances, where PPM or certain affiliates have made proprietary investments in mutual funds for which PPM serves as investment adviser, PPM will vote proxies for those mutual funds in accordance with its policies and procedures, which generally require that such proxies be voted in proportion to the votes of all other institutional fund shareholders.

Because the issues on which PPM votes client debt securities are unique to each borrower and relevant facts and circumstances, and do not lend themselves to broad characterization as do many issues associated with equity related proxies, PPM does not maintain voting policy guidelines regarding categories of issues that may come before debt security holders. All such votes related to debt securities are considered on a case-by-case basis and determined by the applicable investment team with the client's best financial interest in mind. Because of the familiarity of its staff with issues upon which it votes client debt securities, PPM typically does not retain the services of a qualified independent third party (such as ISS) to provide guidance on such matters. Clients of PPM may determine not to delegate authority to PPM to vote client securities. In this event, clients will arrange to receive proxies directly from their custodian or transfer agent and may contact PPM with questions regarding any solicitation.

Item 18 - FINANCIAL INFORMATION

PPM does not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance and therefore has not included a balance sheet for its most recent fiscal year. Also, PPM is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to clients and has not been the subject of a bankruptcy petition at any time during the past ten years.

Privacy Policy

PPM America, Inc., PPM Loan Management Company, LLC and PPM Funds (collectively, “PPM”) are committed to keeping nonpublic information about clients and potential clients secure and confidential. We do not disclose your information to anyone except as required by law, described in this policy, or as you otherwise permit. Most importantly, we do not sell your information to anyone.

PERSONAL INFORMATION COLLECTED WITHIN THE PAST 12 MONTHS

Below is a list of the categories of personal information we have collected within the past 12 months. We did not necessarily collect all the specific pieces of personal information listed for any given person. Please note that these personal information categories are as they are set forth under California law.

Category	Examples	Collected
Identifiers	Name, email address, postal address, government issued ID, or other similar identifiers	Yes
Personal Information (as listed in Cal. Civ. Code § 1798.80)	Signature, social security number, financial information or other similar personal information	Yes
Protected classification characteristics	Age, race, national origin, citizenship, gender	Yes
Commercial Information	Property records, business or other financial related commercial information	Yes
Biometric Information	Biological characteristics, such as fingerprints	Yes
Internet/Network Activity	Information on interactions with firm marketing emails	Yes
Geolocation Data	Physical location or movements	No
Sensory Data	Audio or visual information	Yes
Professional or employment-related information	Current or past job history or performance evaluations	Yes
Non-public education information	Transcripts, Class lists	Yes
Inferences drawn from other personal information	Profile reflecting psychological trends, predispositions, behavior, attitudes,	No

HOW WE COLLECT PERSONAL INFORMATION

We receive personal information through two primary means: information you provide us directly and information we collect automatically.

Information you provide to PPM. In the course of serving you as someone associated with a corporate or institutional client, PPM obtains personal information about you principally through requests by email or telephone. Obtaining this information is important to our ability to fulfill your requests and deliver the highest level of service.

Digital Analytics Information. While we do not collect personal information from anyone who is merely visiting or browsing our website, to enhance our visitors' usability of the PPM website, we use digital analytics tools (e.g. Google Analytics) to understand and optimize performance. This may include, but is not limited to, the collection of IP addresses and information about what pages visited, and average time on pages. To learn more about how Google uses the information, visit <http://policies.google.com/technologies/partner-sites>.

When interacting with our PPM email marketing materials, our systems automatically log information about your interaction with that email as well as information about your computer or mobile device. For example, our system logs when you open an email from us, what links in our emails you select, your IP address, your computer or mobile device operating system name and version, browser and email client type, how long you spent on a page, and information about your use of and actions on the email newsletter. If you currently receive PPM email marketing materials but wish to stop receiving these communications, please follow the opt-out instructions contained within the email message from PPM.

HOW WE USE YOUR INFORMATION

Use of your personal information depends on your relationship to PPM. We did not necessarily collect all the specific pieces of personal information listed above for any one specific business purpose, but rather, we used personal information, generally, in the following circumstances, including:

- **Servicing clients.** For example, personal information may be needed to maintain or service accounts, process or fulfill orders and transactions, or process payments.
- **Performing due diligence.** For example, we may need to conduct research or evaluate individuals in connection with an investment or sale on behalf of our clients or with respect to a corporate restructuring, merger or acquisition or similar proceeding.
- **Employment with PPM.** For example, we collect information throughout our hiring process, talent evaluation, inquiries, benefits enrollment, compensation and termination.

- **Pursuant to law or regulation.** For example, we might use the information you provide us to verify your identity or identify individuals within your organization to help fulfill certain legal or regulatory requirements.
- **Interacting with our service providers.** For example, PPM may receive personal information during the course of our business relationship for onboarding, background checks, or, depending on your relationship to PPM, as required to attest to PPM's compliance policies and code of conduct.
- **As part of a corporate transaction.** For example, a transaction with a successor or affiliate or in connected with any acquisition, merger or sale of assets.
- **Respond to your requests or questions.** For example, we might use the information you provided us to respond to your questions or feedback.

For those who interact with our PPM email marketing materials or our website, we collect and use your information to:

- **Provide relevant news and information.** For example, we might use your information to customize your experience with us and help us better understand your interests and needs so that we can improve your experience with our online content.
- **Improve our website, products or services.** For example, we might use anonymized information to enhance your experience with us or improve content on our websites.

SHARING PERSONAL INFORMATION

PPM does not share your personal information with “third parties” as defined by the California Consumer Privacy Act.

We may share your information with affiliates and non-affiliated third-parties that perform support services for PPM. These parties are subject to agreements that require them to maintain the confidentiality of your information and to use it only in the course of providing such services. We will also share information if you so direct or with your consent, if we are compelled by law or regulation, as part of a corporate transaction with a successor or affiliate or in connected with any acquisition, merger or sale of assets, or in other circumstances as permitted by law (for example, to protect your account from fraud).

SPECIFIC PRIVACY RIGHTS

California-specific privacy rights. The California Consumer Privacy Act (“CCPA”) provides residents of California enhanced privacy rights, including the following:

- Right to know about your personal information PPM collects and discloses
- Right to access information PPM has collected about you
- Right to request PPM delete your personal information
- Right to non-discrimination for exercising your privacy rights

We do not discriminate against you, for example, by offering a different level of service, for exercising any of these rights. While the CCPA also provides California residents with the right to opt-out of sales of personal information to third parties, it is important to know we do not sell your personal information. Additionally, we do not knowingly collect or sell the personal information of minors (individuals under 16 years of age) without affirmative authorization.

Should you wish to exercise any of the above rights, please use this link, shorturl.at/qFOZ9, to submit a request, or if you are unable to complete the form, please call (866) 352-4564. To protect your privacy, you will be required to provide information to help verify your identity. Only you, or someone legally authorized to act on your behalf, may make a verifiable consumer request related to your personal information. We will make good faith efforts to provide you with access to your information when you request it, but we cannot grant your request if we cannot verify your identity or authority to make the request and confirm that the personal information relates to you. Further, there may be other circumstances in which we may not grant access. In all cases, we will provide you with an explanation of our determination and a point of contact for further enquiries.

Additionally, under California Civil law, Californians are entitled to request information relating to whether a business has disclosed personal data to any third parties for the third parties' direct marketing purposes. Californians who wish to request further information about our compliance with this statute or who have questions, more generally, about our Privacy Policy and our privacy commitments and our website should contact us at privacy@ppmamerica.com or at PPM America, 225 West Wacker Dr., Suite 1200, Chicago, Illinois 60606.

USE OF COOKIES

A cookie is a piece of data stored within the web browser on your computer by the websites you visit. Cookies are widely used to improve browsing experience and help websites function more efficiently. The cookies we use enable certain functionality of the website and facilitate website usage analysis. This will enable us to continually improve the website and our systems. The cookies do not hold any personal information about you. We do not associate any data gathered from cookies with any of your personal information. From our website, PPM may place cookies on your computer. There are two types of cookies that we use:

- Session cookies - these cookies are temporarily created when you visit our website. When you leave the website all session cookies are deleted.
- Persistent cookies - these cookies remain on your computer for the period of time specified in the cookie. They are activated each time you visit our website which created that particular cookie.

Many Internet browsers allow you to adjust your cookie preferences or delete existing cookies. If you set your browser to reject cookies, you should be aware that certain website features may not be available to you or may not function correctly. Certain Internet browsers may provide you the choice to set "Do Not Track" preferences, to limit the collection of information about your online activities over time and across third-party websites or online services. PPM's systems do not respond to Internet browser "do not track" signals or similar mechanisms.

LINKS TO THIRD-PARTY SITES

The PPM website may contain links to other websites. We are not responsible for the privacy practices of any such other website (whether accessed through an advertisement, service or content link) and urge you to review such practices prior to submitting any information to such websites.

SAFEGUARDING INFORMATION

We recognize that information security is a crucial topic. To protect information, we've utilized an information security program to protect the integrity of our systems and applications. We implemented precautions throughout our organization, as well as our affiliates, including, where appropriate, the following: password protection, multi-factor authentication, encryption, TLS, firewalls, and internal restrictions on who may access data to protect the information we collect from loss, misuse, and unauthorized access, disclosure, alteration, and destruction.

We restrict access to personal information to authorized employees and in some cases to third parties as permitted by law. In addition to the requirements in this policy, we maintain physical, electronic and procedural safeguards to guard sensitive information. We adhere to these standards even after a business relationship ends.

CHANGES TO POLICY

This policy provides a general statement of the ways in which PPM protects your personal information. You may, however, in connection with specific products or services offered by PPM, be provided with privacy policies or statements that supplement this policy. PPM reserves the right to change its privacy policy or any supporting or related policies or procedures at any time. If there are any changes to the terms of this privacy policy, documents containing the revised policy will be updated, including our website at <http://ppmamerica.com/privacy-policy>, and will be effective immediately. Contact us at privacy@ppmamerica.com should you have any questions about this privacy policy.

This policy was last updated on February 20, 2020.