

**ITEM 1.  
COVER PAGE**

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**PART 2A OF FORM ADV: FIRM BROCHURE**

**ONEX CREDIT PARTNERS, LLC**

A Delaware Limited Liability Company registered  
with the U.S. Securities and Exchange Commission  
as an Investment Adviser

**March 28, 2020**

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This brochure provides information about the qualifications and business practices of Onex Credit Partners, LLC. If you have any questions about the contents of this brochure, please contact us at 201-541-2121 or send an e-mail to [sgutman@onexcredit.com](mailto:sgutman@onexcredit.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about Onex Credit Partners, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Registration does not imply a certain level of skill or training.

**ITEM 2.**  
**MATERIAL CHANGES**

This brochure updates the previous Onex Credit Partners, LLC (“Onex Credit”) brochure dated March 29, 2019. Onex Credit has made changes and updates throughout this brochure, including to reflect that as of September 2019, Michael Gelblat is no longer involved in the daily operations of Onex Credit, though he retains an ownership interest, as well as certain enhancements to risk disclosures.

Except as otherwise specified, all information set forth or referenced in this brochure is as of the date hereof. Subject to the requirements of the Investment Advisers Act of 1940, as amended (the “Advisers Act”), and other applicable laws, Onex Credit is under no obligation to update any such information.

We encourage all recipients to read this brochure carefully and in its entirety.

**ITEM 3.**  
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#### **ITEM 4.**

#### **ADVISORY BUSINESS**

Onex Credit is an investment adviser with its principal place of business in Englewood Cliffs, New Jersey. Onex Credit was registered under the Advisers Act on January 30, 2006 and commenced operations as an investment adviser on January 1, 2006. Onex Credit's affiliate, Onex Credit Partners Europe LLP, acts as a relying adviser and operates with Onex Credit as a single advisory business.

The principal owner of Onex Credit is Onex Corporation, a public company based in Canada, which has been acquiring and building businesses as a private equity investor since its inception in 1984. Starting in 1999, Onex Corporation began to develop a broader asset management business with the sponsorship of a series of private equity funds, the ultimate establishment of Onex Credit, and the making of a number of real estate investments. Onex Corporation is listed on the Toronto Stock Exchange, and Gerald W. Schwartz, its founder, Chairman, President and Chief Executive Officer, is the company's controlling shareholder.

Onex Credit serves as an investment manager of and offers advisory services on a discretionary basis to its clients, which include pooled investment vehicles and managed accounts intended for sophisticated investors and institutional investors, structured debt vehicles consisting of collateralized loan obligations ("CLO"), a closed-end investment fund listed on the Toronto Stock Exchange, and an exchange traded fund listed on the Toronto Stock Exchange (collectively, the "Funds"). Current and prospective investors in the Funds advised by Onex Credit should refer to the applicable confidential offering or private placement memorandum, limited partnership agreement or similar constitutional documents, investment management agreement, as well as any side letters or similar agreements entered into between certain Fund investors and the applicable Funds (the "Governing Documents") of each Fund for complete information on the investment objectives, investment restrictions and risks applicable to such Fund. Onex Corporation and Onex Credit investment professionals and other executives invest in the Funds.

Onex Credit provides advice to Fund accounts based on specific investment objectives and strategies. In connection with any potential managed accounts and pooled investment vehicles having a limited number of investors, Onex Credit may agree to tailor advisory services to the individual needs of clients.

Onex Credit does not participate in any wrap-fee programs.

Onex Credit had approximately \$12 billion of regulatory assets under management as of December 31, 2019. All assets are managed on a discretionary basis.

Onex Credit currently manages the following strategies:

CLO Strategy: Focused primarily on performing first-lien loans.

Direct Lending Strategy: Focused primarily on senior secured loans and other loan investments of middle-market, upper middle-market and larger companies in less cyclical and less capital-intensive industries and utilizing leverage to enhance returns.

Senior Credit Strategy: Focused primarily on performing first-lien loans utilizing low to no leverage.

Senior Floating Income Strategy: Focused on performing first-lien, senior secured loans with no exposure to stressed/distressed situations and without the use of leverage.

High-Yield Credit: Focused on high-yield bonds and senior secured loans without the use of leverage.

Persons reviewing this Form ADV Part 2A should not construe this as an offering of any of the Funds described herein.

## **ITEM 5.**

### **FEES AND COMPENSATION**

Onex Credit and/or affiliates acting as the general partners of the Funds generally receive management fees and performance-based compensation and may receive certain additional fees, all as further described below. Certain Funds may not be subject to management fees and/or carried interest, as negotiated at the time of establishment thereof and as set forth in the relevant Governing Documents.

The precise amount of, and the manner and calculation of, the management fees payable with respect to each client are established by Onex Credit and are set forth in such client's Governing Documents. Different clients are subject to different advisory fees as compensation for the investment advisory services rendered to the applicable client. Management fees and expenses may also be paid out of reserves of the applicable Fund.

Detailed information on fees, performance compensation, expenses and any applicable offsets or caps is set forth in the Governing Documents, which are furnished to prospective investors prior to their investment.

#### Management Fees

Depending on the type of client and the advisory services provided to such client, Onex Credit receives management fees of up to 1.5% per annum. Management fees generally accrue and are paid on either a monthly or quarterly basis in arrears (meaning such fees are paid only after advisory services are rendered). Management fees for CLOs are based on the principal and cash balances of the CLO. Management fees for clients participating in the Direct Lending Strategy are generally based on a percentage of the capital contributions made to such client plus a percentage of any outstanding uncalled capital commitments made to such client. Management fees for other clients are generally based on the net or gross (depending on the specific strategy and client) asset value of the Fund account.

If a new Fund account is established during the relevant management fee billing period (i.e., the month or quarter, as applicable) or a client makes an addition to its account during such period, the management fee will be prorated for the number of days remaining in such period. If a client's investment management agreement is terminated or a withdrawal is made from a Fund account during a management fee billing period, the management fee payable to Onex Credit will be calculated based on the value of the assets on the termination date or withdrawal date and prorated for the number of days during such period in which the investment management arrangement was in effect or such amount was in the account.

These fees can be negotiated and fees for any managed accounts are negotiated on a case by case basis. Fees assessed on investments in Funds advised by Onex Credit that are made by Onex Credit, its affiliates and certain of their employees (or their employees' family members and related vehicles) and certain large or strategic investors, are reduced or waived entirely. Please refer to the applicable Governing Documents for complete information on the timing, nature and amount of management fees and performance-based compensation payable in respect of each client.

#### Performance Compensation

Onex Credit may also receive performance-based compensation, which is based upon a share of the client's net profits including net unrealized gains and losses on investments. This compensation may be paid or reallocated to Onex Credit or to a related person of Onex Credit and is equal to an amount of up to

20% of a Fund's net profits, in some cases subject to a preferred return. Certain clients are not charged performance-based compensation. Profit allocations typically represent a specified percentage of realized and unrealized net profits earned by a Fund or managed account (after accounting for the allocable amount of management fees, organizational and offering expenses and other expenses associated with the operation and activities of the Fund) and are subject to hurdles and/or clawbacks as specified in the Governing Documents.

#### Other Expenses

The organizational expenses of the Funds are generally paid by those Funds, and therefore indirectly by Fund investors, in some cases subject to a cap. In general, the Funds will bear all costs, fees and expenses incurred in connection with organizing and establishing the applicable Fund, its general partner and the general partner thereof, as applicable, and the marketing and offering of limited partnership interests in the Fund, including, without limitation, expenses, fees and costs of the general partner of the Fund, Onex Credit and their respective affiliates incurred in the formation and qualification of the Fund or incurred in connection with the marketing and offering of interests in the Fund and the organization and funding of the Fund and the general partner of the Fund. Such out-of-pocket expenses incurred with respect to the Fund may include all legal and accounting fees and expenses, registration fees, filing fees, printing costs, travel and reasonable entertainment costs and ancillary expenses, and all costs and expenses incurred in connection with the preparation of offering documents, marketing materials, organizational documents, operating documents and similar materials and the costs of qualifying, reproducing, amending, supplementing, mailing and distributing offering materials, and any placement agent fees. Typically, the management fees payable by a Fund will be reduced dollar-for-dollar by the amount of any placement agent fees paid by the Fund such that the investors in the Fund will not bear the economic burden of any placement agent fees, except for any placement agent or underwriting fees associated with the CLO Strategy, which will be borne by the applicable Fund.

#### Fund Expenses

The Funds will also typically bear all costs and expenses relating to their activities and, depending on the Fund and the terms of its Governing Documents, these could include, without limitation, all fees, costs and expenses relating to a Fund's (i) legal advisers, consultants, rating agencies, accountants, brokers and other professionals retained by the Fund or by Onex Credit on behalf of the Fund, (ii) asset pricing and asset rating services, compliance services and software, and accounting, programming and data entry services directly related to the management of the secured loans, high-yield bonds and other fixed income instruments ("Loan Investments"), as applicable, (iii) insurance premiums or expenses, including D&O and/or E&O liability insurance or other insurance, including policies covering the general partner of the Fund, Onex Credit and their respective members, partners, shareholders, officers and employees, and regulatory compliance and filing costs and any costs of any legal or other advisers retained in connection with the aforementioned, (iv) costs and expenses related to subscriptions to industry publications and research services, in each case attributable to a specific Loan Investment (or proposed Loan Investment) and management of Loan Investments, including any restructuring or work-outs, including in each case, attorneys' fees and disbursements, Bloomberg, Wall Street Office, Black Mountain Systems, other database services, subscriptions and consultants, (v) all costs and out-of-pocket fees and expenses attributable to sourcing, investigating, identifying, analyzing, evaluating, researching, pursuing, acquiring, purchasing, investing, holding, monitoring, managing, seeking disposition opportunities and disposing of, the Loan Investments (and prospective Loan Investments) on behalf of the Fund, whether or not consummated, including commitment fees or other lenders' fees that become payable in connection with a proposed Loan Investment, fees and expenses related to negotiating non-disclosure and confidentiality agreements, travel and entertainment costs and ancillary expenses, in each case, incurred in connection with the evaluation, acquisition or disposition of one or more Loan Investments on behalf of the Fund

(whether or not actually consummated), third- party consulting, legal and accounting fees and expenses and printing expenses, in each case, including any group purchasing costs, as applicable, (vi) all legal, accounting, auditing, administrative, custodian, appraisal, consulting, brokerage, service provider and other similar fees and expenses (including courier fees and expenses related to conference calls), all costs, fees and expenses of meetings of Fund investors, fees and expenses of any administrator and costs and other out-of-pocket expenses associated with the preparation and delivery of Fund financial statements, tax returns and other tax- related documentation and reports and notices to the Fund investors, (vii) expenses of a board of advisors and holding meetings thereof, and all costs and expenses of any votes, consents or meetings of Fund investors or the board of advisors or any amendments to or waivers of Fund agreement or any related agreement, (viii) extraordinary expenses, liabilities, indemnities and other obligations of the Fund (including litigation, audit, investigation and indemnification costs and expenses, judgments, penalties, fines and settlements and any other costs and expenses and the fees, costs and expenses of complying with all applicable laws, rules and regulations, (ix) all fees, costs and expenses of maintaining the existence of the Fund and the general partner of the Fund, including franchise taxes and partnership registration, registered agent fees and expenses, (x) fees paid to directors of the Fund or its general partner, (xi) all fees, costs and expenses of the wind down and dissolution of the Fund and the liquidation of the assets of the Fund in connection therewith, (xii) all debt service obligations, including principal, interest, premium, if any, fees, expenses and other amounts payable in respect of indebtedness of the Fund, and any of its subsidiaries, utilization and refinancing of any credit facility, (xiii) all taxes, duties, fees and other governmental charges levied against the Fund and all related filing fees and tax consulting fees and expenses, and (xiv) any other expense borne by the Fund, the general partner of the Fund or Onex Credit pursuant to the Fund's Governing Document, including, but not limited to, the following: additional expenses for operating costs such as director fees, legal, accounting, auditing, and other professional expenses, research expenses (including costs and expenses related to subscriptions to industry publications and research services), client related professional liability and other insurance (including, with respect to certain clients that are pooled investment vehicles, policies covering special purpose vehicles formed to act as general partner of such clients), all fees, costs and expenses of maintaining the legal existence of the client and any special purpose vehicles formed to act as general partner of such client (including, without limitation, franchise taxes and partnership registration, registered agent fees and expenses), investment expenses such as commissions, interest on margin accounts and other indebtedness, custodial fees, rating agency expenses, broker expenses, asset pricing and asset rating service expenses, compliance services and software, programming and data entry services, registrar and transfer agent expenses, banks service fees, direct fees and expenses such as legal fees and due diligence expenses related to the analysis, purchase or sale of investments (whether or not consummated).

#### Allocation of Shared Expenses

Onex Credit and its affiliates may from time to time incur fees, costs and expenses on behalf of more than one Fund and/or Onex Credit or its affiliates. In that event, expenses will be allocated by Onex Credit pro rata based on assets under management as of the beginning of the relevant period in which the expenses are incurred or paid; provided, however, that Onex Credit may deviate from pro rata allocations with respect to expenses that, in Onex Credit's view, disproportionately benefit a particular client or group of clients.

To the extent set forth in such clients' Governing Documents, clients may also incur a share of Onex Credit's professional liability insurance, expenses related to compliance with all applicable laws, rules and regulations and any related filings (including, in each case, for the avoidance of doubt any costs incurred in respect of any legal or other advisers retained in connection therewith). In addition, client assets may be invested in a master-feeder structure. Feeder funds bear a pro rata share of the expenses associated with the related master fund.



### Other Benefits

Onex Credit and/or its affiliates and personnel can be expected to receive certain intangible and/or other benefits arising or resulting from their activities on behalf of the Funds that will not be subject to the management fee offset or otherwise shared with the Fund investors. For example, airline travel or hotel stays incurred in connection with Fund business may result in “miles” or “points” or credit in loyalty/status programs, and such benefits and/or amounts will, whether or not de minimis or difficult to value, inure exclusively to Onex Credit and/or its affiliates and personnel even though the cost of the underlying service is borne by the Funds.

### Service Provider Selection

Certain advisors and other service providers (including accountants, administrators, lenders, bankers, brokers, attorneys, consultants, investment or commercial banking firms and certain other advisors and agents), or their affiliates, to Onex Credit, a Fund or the borrowers in which it has invested also provide services to or have business, personal, financial or other relationships with Onex Credit and/or its affiliates. Such advisors and service providers may also be investors in or co-investors alongside a Fund, sources of potential investment opportunities, or counterparties to or otherwise involved in transactions or matters with Onex Corporation, its affiliates, other Funds, Onex Credit, other borrowers, and/or the personnel of any of the foregoing, for example. Although these relationships may have the appearance of influencing the decision whether to select or recommend such service provider to perform services for a Fund or a borrower (the cost of which will generally be borne directly or indirectly by such Fund or such borrower, as applicable), Onex Credit seeks to ensure service provider selection is merit-based.

### Conflicts of Interest

The allocation of expenses by Onex Credit between it and any client and among clients represents a conflict of interest for Onex Credit. Onex Credit has adopted an expense allocation policy that is designed to address this conflict. Onex Credit allocates expenses to each client in accordance with the client's arrangements with Onex Credit. Onex Credit seeks to allocate shared expenses for products and services benefitting Onex Credit and the client in a fair and reasonable manner. Onex Credit allocates common client expenses among multiple clients pro rata based on assets under management. However, Onex Credit may deviate from pro rata allocations with respect to expenses that, in Onex Credit's view, disproportionately benefit a particular client or group of clients. When considering whether to allocate in a different manner with respect to a particular expense, Onex Credit may consider the following factors, among others: transaction-related expenses; frequency of trading; whether the expense relates to a single asset or group of assets; or whether the expense relates to a single strategy or a group of strategies. Where the Adviser determines that an expense disproportionately benefits a particular client, the Adviser may charge all or part of the expense to that client, such that the allocation of the expense is fair and equitable.

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

See Item 5 above as to the performance-based compensation or allocations to which Onex Credit or its affiliates may be entitled.

Onex Credit employs a wide range of investment objectives and strategies for its clients. These differing objectives and strategies raise potential conflicts of interest. For example, Onex Credit may buy a security for one client account while it is selling that security for another client account. In addition, Onex Credit may cause one client account to buy a particular security “long” and another client account, subject to any limitations in the Governing Documents of such client account, to sell that same security “short”. In specific instances, Onex Credit’s strategies may result in buying and selling different securities and instruments within a borrower’s capital structure for different clients. Accordingly, it is possible that one client may acquire an instrument that is senior in the capital structure of a borrower relative to an instrument for a different client that is more junior in the capital structure (including common stock). In certain circumstances, such as if the credit quality of the borrower deteriorates, Onex Credit may owe conflicting fiduciary duties to multiple clients, in that action taken to protect the interest of one set of holders may be detrimental to, or conflict with the interests of, other holders of that borrower’s securities or instruments. When Onex Credit causes its clients to take opposite positions with respect to a particular security or investment, or to invest in securities of an borrower with varying seniority in the borrower’s capital structure, actions taken by Onex Credit for one set of clients may disadvantage other sets of clients.

Onex Credit recognizes that some of the Funds may have different terms in respect of fees and performance allocations and that, accordingly, actual or perceived conflicts of interest may arise in allocating opportunities to, between or among the Funds and/or other accounts managed, advised or controlled by or otherwise related to Onex Credit. Onex Credit recognizes its fiduciary duty to act in the best interests of the Funds and exercises due care to ensure that investment opportunities are allocated fairly and in accordance with the terms of the applicable Governing Documents, including a consideration of the investment objectives and parameters of such Funds. The Governing Documents typically address such matters in detail, including to what extent opportunities must be allocated to a particular Fund, whether co-investment is permissible and whether and on what terms Onex Credit, any of its affiliates, other investment vehicles they may manage and the principals of Onex Credit (the “Principals”) must or may participate in those opportunities. Subject to compliance with those terms and the terms of the Governing Documents or applicable law dealing with potential conflicts that must be reported to the relevant boards, advisory boards, or conflicts committees, or that require consent of relevant bodies or investors, investment decisions, including allocations, are made in the reasonable discretion of Onex Credit.

Securities or other investments acquired by Onex Credit for its clients through an offering will be allocated pursuant to the procedures set forth in Onex Credit’s allocation policy. The policy provides that Onex Credit will determine the proposed allocation of limited offering securities after considering the factors described below with respect to general allocations of securities or other investments and determining those Fund accounts eligible to hold such securities or other investments. Eligibility will be based on the legal status of the clients and the client’s investment objectives and strategies.

Without limiting the foregoing, Onex Credit recognizes it is not permissible to allocate, or to fail to allocate, an investment opportunity to, between or among Funds on the basis of the amount of compensation or profit that is likely to be realized for Onex Credit and its affiliates.

The primary investment opportunity allocation principles for each Fund are derived from the Fund Governing Documents. In that regard:

Parallel Vehicles. When two or more investment vehicles are formed as part of the same investment program for the purpose of making the same investments on a side-by-side basis (“Parallel Vehicles”), investments will generally be allocated among the Parallel Vehicles based on their relative capital commitments, subject to all terms, conditions and limitations in the Governing Documents for each of the Parallel Vehicles.

Predecessor/Successor Funds. Certain new investment funds do not begin investment activities until their respective predecessor fund has invested or committed a significant portion of its aggregate capital commitments. As a result, issues related to allocation of investment opportunities may arise when Onex Credit begins investing a successor to an existing Fund prior to the expiration of the commitment period of the existing Fund. In general, the Governing Documents will set forth rules and procedures for the allocation of investment opportunities among such Funds and subject to such rules and procedures, opportunities will be allocated according to the reasonable determination of Onex Credit. In making such determination, Onex Credit will take into account such matters as the age and funding status of the relevant Funds vis-à-vis their respective commitment periods and Fund termination dates, the extent to which capital has been committed, called and returned to Fund investors, the composition of the portfolio of the Funds, any relevant legal, regulatory or tax considerations, and the expected ownership period of a particular business, for example.

Co-investment and Joint or Strategic Investors. Onex Credit may raise co-investment funds or establish co-investment vehicles to participate in Loan Investments on a side-by-side basis with a Fund in accordance with the Governing Documents of a Fund. Further, a Fund may pursue an opportunity jointly with another private credit fund or credit fund sponsor in appropriate circumstances, which may include, for example, the size, nature, location, prior investment experience or other relevant factors relating to the target investment, the potential partner, the process or the opportunity.

Onex Credit has full discretion in determining to whom and in what relative amounts to allocate co-investment opportunities, whether through an entity it or one of its affiliates. In exercising its discretion, Onex Credit may consider a variety of factors. Furthermore, as Onex Credit may allocate co-investment opportunities as Onex Credit determines in its sole discretion, the recipients thereof may include no investors in a Fund, or one or more investors in a Fund and not others (including others that may be similarly situated to those receiving allocations of co-investment opportunities), clients or potential clients of Onex Corporation or its affiliates, Onex Corporation or its affiliates, employees of Onex Corporation or its affiliates, or funds or accounts established for any such persons, and on such terms as Onex Credit determines in its discretion. Such co-investors typically will invest and dispose of their investments at the same time and on the same terms as the Fund making the investment.

The economic participation of co-investors in an investment opportunity may be substantial and may involve greater risks than an investment in which there are no co-investors. It is possible that a co-investor may at any time have interests that are inconsistent with those of Onex Credit or a Fund. In addition, co-investors may be in a position to obtain additional information regarding the applicable investment that may not generally be available to investors in the Fund.

Investments Away from Existing Funds. The Funds generally comprise blind-pool funds with an ongoing entitlement to new investment opportunities that meet their investment objectives and parameters as set forth in the applicable Governing Documents. Investments may only be allocated outside of the existing Funds in accordance with their respective Governing Documents and subject to the terms, conditions and limitations therein.

Reference is made to Items 10 and 11 below for a further discussion of potential conflicts of interest and the manner in which they are addressed by Onex Credit.

## **ITEM 7. TYPES OF CLIENTS**

Onex Credit's clients consist of pooled investment vehicles, including private funds, closed end funds, an exchange traded fund and CLOs. Onex Credit has provided and may in the future provide investment management and supervisory services to separate account clients.

With limited exceptions, including the closed-end investment fund and the exchange traded fund, both listed on the Toronto Stock Exchange (the "Listed Funds"), Onex Credit generally requires that each investor in a Fund be an "accredited investor" as defined in Regulation D under the Securities Act, a "qualified client" within the meaning of the Advisers Act, and typically, either a "qualified purchaser" or a "knowledgeable employee" within the meaning of the Investment Company Act of 1940, as amended (the "Investment Company Act") or otherwise as limited in accordance with applicable law. Onex Credit typically offers investment opportunities to banks and other financial institutions, public and private pension and profit-sharing plans, insurance companies, charitable organizations, government agencies or other institutional investors, as well as high-net-worth individuals.

With respect to any client that is a pooled investment vehicle, any initial and additional subscription minimums are disclosed in the Governing Documents for the pooled investment vehicle.

## **ITEM 8.**

### **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

#### Methods of Analysis

Onex Credit utilizes a variety of methods to make investment decisions and recommendations. Onex Credit applies a fundamental, research-driven and value-oriented approach to non-investment grade credit markets. Onex Credit's investment processes are iterative and combine bottom-up with top-down analyses. Onex Credit uses a variety of resources to source investment opportunities including, but not limited to: industry related research, trade publications, discussions with industry participants, company management and legal and financial professionals.

Upon identifying a potential investment, depending on the particulars of the investment and strategy, Onex Credit may perform an analysis of the value of the company as well as its ability to fund its fixed obligations, including interest expense, and capital expenditures. This analysis often starts with a forward-looking evaluation of the company's business model, including its expected cash flow under various economic and industry conditions, tangible asset value, competitive strengths and weaknesses, as well as the quality of its existing management team. In addition, Onex Credit may perform a structural analysis, including a review of the rights and interests of each creditor/equity holder in the company's capital structure, including protective debt covenants, collateral protection, seniority and other contractual rights as well as any other legal issues surrounding the company. Finally, Onex Credit may analyze an issue's market liquidity by examining its size, current and historical trading activity, the number and type of holders, and its historical and current bid-ask spread. For event driven opportunities, the nature of the event, and the prospective timing of various scenarios, may be analyzed.

#### Investment Strategies

Onex Credit manages the following strategies:

- *CLO Strategy* – Onex Credit performs certain investment management functions, including supervising and directing the investment and reinvestment of assets held by CLO vehicles in accordance with the terms of its advisory agreements. The assets of a CLO primarily consist of loan instruments that are issued by leveraged non-investment grade companies and rated lower than Baa3/BBB- by Moody's or Standard & Poor's, respectively.
- *Direct Lending Strategy* – Onex Credit seeks to achieve its investment objective for clients following its Direct Lending Strategy primarily by investing in senior secured loans of private equity sponsor-owned portfolio companies and selectively other family-owned and corporate borrowers. Clients following the Direct Lending Strategy will invest primarily in senior secured loans and other loan investments of companies in less cyclical and less capital-intensive industries predominantly in the United States and, selectively, in Canada and Europe. Onex Credit will use leverage in the Direct Lending Strategy in accordance with each client's Governing Documents.
- *Senior Credit Strategy* – Onex Credit seeks to achieve its investment objective for clients following its Senior Credit Strategy primarily by purchasing exposure to senior secured loans, which broadly defined consists of loan instruments that are rated lower than Baa3/BBB- by Moody's or Standard & Poor's, respectively, and certain unrated loans.

Syndicated leveraged loans include first and second lien loans as well as unsecured loans. It is anticipated that the assets held by Clients following the Senior Credit Strategy will almost exclusively be exposed to and/or invested in first-lien leveraged loans as well as first-lien secured high-yield bonds and Onex Credit may seek additional return by selectively purchasing exposure to and/or investing in second lien leveraged loans as well as unsecured high-yield bonds. Clients following the Senior Credit Strategy may also invest opportunistically in special situations. These clients may purchase exposure through the use of derivatives and swaps and may invest directly (or by participation) in syndicated loans, high-yield debt and stressed and distressed bank debt. Clients following the Senior Credit Strategy will hold only long positions and therefore will have a long only exposure to the market for senior obligations. Onex Credit will use leverage in the Senior Credit Senior Credit Strategy in amounts Onex Credit deems prudent for certain clients.

- *Senior Floating Income Strategy* – Onex Credit seeks to achieve its investment objective for clients following its Senior Floating Income Strategy primarily by purchasing directly (or by participation) interests in senior secured bank loans consisting of loan instruments that are issued by leveraged non-investment grade companies and rated lower than Baa3/BBB- by Moody's or Standard & Poor's, respectively, and certain unrated corporate loans. It is anticipated that the assets held by clients following the Senior Floating Income Strategy will almost exclusively consist of or be exposed to first-lien leveraged loans as well as first-lien secured high-yield bonds. Clients following the Senior Floating Income Strategy will hold only long positions and therefore will have a long only exposure to the market for senior obligations. Onex Credit will not borrow money in order to employ the Senior Floating Income Strategy.
- *High-Yield Strategy* – Onex Credit seeks to achieve its investment objective for clients following its High-Yield Strategy by purchasing a portfolio consisting primarily of corporate fixed income instruments of North American issuers, including high-yield bonds (senior secured and senior unsecured), senior floating rate loans of varying maturities and other floating rate fixed income securities.

### Material Risks

These methods, strategies and investments involve risk of loss to clients and clients must be prepared to bear those risks. The transactions in which the Funds engage involve substantial risks and are suitable only for those investors who have the financial sophistication and expertise to understand and accept such risks. No assurance can be given that the investment objectives of the Funds will be achieved or that investors will receive a return of or will realize a profit on their investments in the Funds.

Prior to committing to any Fund, potential investors are furnished with a confidential offering memorandum which sets forth in detail the material risks associated with such investment and cautions that returns may be unpredictable, that the possibility of a partial or total loss of capital will exist and that investors should not commit unless they can readily bear the consequences of such loss. All investors are required to represent in their subscription materials that they have carefully read the risk factor disclosure and understand all such risks. Prospective investors are also advised in the confidential offering memoranda that the risk factors and other investment considerations described therein are not necessarily a complete list or explanation of all risks involved and are advised to consult their own counsel and other advisors.

The following summary identifies the material risks related to Onex Credit's significant investment strategies and should be carefully evaluated before making an investment with Onex Credit; however, the following does not intend to identify all possible risks of an investment with Onex Credit or provide a full description of the identified risks. Not all of these risks apply to each strategy. Without limiting the foregoing or (i) the disclosure set forth in the Funds' offering documents and Governing Documents and (ii) the acknowledgements made by investors in their subscription agreements or otherwise, the discussion below summarizes certain of the material risks associated with investments in the Funds:

- *An Investment in a Fund Will Not be Suitable to All Investors* – An investment in certain of the Funds requires a long-term commitment with no certainty of return. Further, the terms of any realization transaction will necessarily be affected by economic and other market conditions at the time. An investment in a Fund is suitable only for certain sophisticated investors that have no need for immediate liquidity in their investment, who understand that they may lose all or a significant portion of their invested capital and have the wherewithal to fund amounts due over time in respect of their capital commitments. Investors must be willing to bear the economic risk of an investment in a Fund for an indefinite period of time. Any investor interested in an investment in a Fund should conduct its own investigation and analysis of the product and consult its own professional advisers as to the risks involved in making such an investment.
- *Restrictions on Transfer and Withdrawal; Lack of Liquidity for Interests* – There are restrictions both at law and in the Governing Documents on the transferability of Fund interests (other than Listed Funds), and investors generally may not withdraw capital from a closed-end Fund and must provide notice to withdraw capital from an open-end Fund. Consequently, investors may not be able to liquidate their investments prior to the end of a Fund's term.
- *Prior Investment Performance Not Indicative of Future Results* – The performance of prior investments by Onex Credit or its affiliates is not necessarily indicative of future results. On any given investment, total loss of the investment is possible.
- *Dependence on Key Personnel* – The success of the Funds depends in substantial part upon the skill and expertise of Onex Credit's investment professionals and the other individuals employed to assist them. There can be no assurance that these individuals will continue to be employed or engaged by Onex Credit or its affiliates. The loss of their services could have a material adverse effect on the success of the Funds.
- *Market Risks* – The profitability of a significant portion of the investments depends to a great extent upon correctly assessing the future course of the price movements of securities and other investments. There can be no assurance that Onex Credit will be able to accurately predict these price movements. Although Onex Credit may attempt to mitigate market risk through the use of long and short positions (in those portfolios permitted to short) or other methods, there may be a significant degree of market risk.
- *Borrower-Specific Changes* – Changes in the financial condition of an borrower or counterparty, changes in specific economic or political conditions that affect a particular type of investment or borrower, and changes in general economic or political conditions can increase the risk of default by an borrower or counterparty, which can affect a security's or other instrument's value. The value of securities or loans of smaller, less



well-known borrowers can be more volatile than that of larger borrowers. Smaller borrowers can have more limited product lines, markets, or financial resources.

- *Interest Rate Risks* – Generally, the value of fixed-income securities changes inversely with changes in interest rates. As interest rates rise, the market value of fixed-income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed-income securities tends to increase. This risk is greater for long-term securities than for short-term securities.
- *Hedging* – There can be no assurances that a particular hedge is appropriate, or that certain risk is measured properly. Further, while Onex Credit may enter into hedging transactions to seek to reduce risk, such transactions may result in poorer overall performance and increased (rather than reduced) risk for Onex Credit's investment portfolios than if Onex Credit did not engage in any such hedging transactions.
- *Leverage* – Performance may be more volatile if a client's account employs leverage.
- *Available Opportunities and Competitive Marketplace* – The Funds compete for investment opportunities with a significant number of other credit funds as well as with institutional and other investors. As a result of this competition, there can be no assurance that a Fund will be able to source suitable investment opportunities, to acquire them on appropriate terms, to achieve its targeted rate of return, or to fully invest its committed capital.
- *Accuracy of Third-Party Information* – Investments may be selected in part on the basis of information and data made available directly or indirectly by third parties or filed by third parties with various government regulators. The relevant Fund's general partner and Onex Credit may not be in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information may not be available.
- *Financial Fraud* – Instances of fraud and other deceptive practices committed by senior management of borrowers in which a Fund invests may undermine Onex Credit's due diligence efforts with respect to such companies and, if such fraud occurs, negatively affect the valuation of a Fund's investments. In addition, when discovered, financial fraud may contribute to overall market volatility that can negatively impact a Fund's investment program.
- *Expedited Transactions* – Investment analyses and decisions by Onex Credit may be undertaken on an expedited basis in order for a Fund to take advantage of investment opportunities. In such cases, the information available to a Fund at the time of an investment decision may be limited, and that Fund may not have access to the detailed information necessary for a full evaluation of the investment opportunity.
- *Uncertainty of Financial Projections* – Projected operating results will typically be based primarily on management judgments. In all cases, projections are only estimates of future results that are based upon assumptions made at the time that the projections are developed. There can be no assurance that the projected results will be obtained, and actual results may vary significantly from the projections. General global economic,

political and market conditions, which are not predictable, can have a material adverse impact on the reliability of such projections.

- *Early Termination of a Fund* – It is possible that a Fund may be dissolved and terminated prematurely, and as a result, may not be able to accomplish its objectives and may be required to dispose of its investments at a disadvantageous time or make an in-kind distribution (resulting in investors not having their capital invested and/or deployed in the manner originally contemplated).
- *Investments Longer than Term* – A Fund may make investments that may not be advantageously disposed of prior to the date such Fund will be dissolved, either by expiration of such Fund's term or otherwise. There can be no assurances with respect to the time frame in which the winding up and the final distribution of proceeds to the investors will occur.
- *Distributions in Kind* – Although, under normal circumstances, the Funds intend to make distributions in cash, cash equivalents or marketable securities, it is possible that under certain circumstances (including upon the dissolution of a Fund) distributions may be made in kind and could consist of securities for which there is no readily available public market.
- *Reinvestment* – Under certain circumstances, proceeds distributable (or previously distributed) to the investors that constitute a return of capital contributions may be retained and reinvested (or recalled for reinvestment) by a Fund or used (or recalled for use) by a Fund for any other proper purpose. Amounts available for recall will be restored to the investors' respective unfunded Commitments. Accordingly, investors may be required to fund for investments or expenses during the term of a Fund in an aggregate amount that significantly exceeds its Commitment.
- *Indemnification* – Pursuant to the terms of the Governing Documents, Onex Credit and certain of its affiliates and related persons will generally be entitled to indemnification from a Fund, which might ultimately have to be funded by Fund investors and may even result in an obligation to return distributions.
- *Risks Relating to Admission of Benefit Plan Investors to the Funds* – It is possible that the assets of a Fund could be deemed to constitute "plan assets" of investors which are subject to the fiduciary provisions of the U.S. Employee Retirement Income Security Act or the prohibited transaction rules of Section 4975 of the Internal Revenue Code. In that case, the operations of a Fund could be materially affected and transactions into which that Fund might enter in the ordinary course of business may be deemed to constitute prohibited transactions under such laws.
- *Lack of Diversification* – Client accounts may not be diversified among a wide range of types of securities, countries or industry sectors. Accordingly, client portfolios may be subject to more rapid change in value than would be the case if Onex Credit were required to maintain a wider diversification among types of securities and other instruments.
- *Currency Risk* – Although the functional currency of many of the Funds is United States dollars, the Funds may from time to time make investments using currencies other than

United States dollars. The value of the investments made by the Funds may fluctuate as a result of the impact of economic and political changes on currency exchange rates. Certain Funds in the CLO Strategy and the Listed Funds have functional currencies other than United States dollars and Funds may offer non-United States dollar interests. Funds may engage in hedging to address risks in large price changes for such other currencies.

- *Failure to Make Capital Contributions* – If a Fund investor fails to satisfy its contractual funding obligations, the Fund’s ability to complete its investment program or otherwise continue operations may be impaired or otherwise affected. Further, the defaulting investor may suffer meaningful adverse consequences as set forth in the Governing Documents.
- *Mandatory Withdrawal* – A Fund investor could be required to withdraw from a Fund prior to the termination and liquidation of that Fund if Onex Credit determines that continued participation could materially adversely affect that Fund or in certain other circumstances as further described in the relevant Governing Documents (for example, by causing a Fund to be registered as an investment company under the Investment Company Act or causing a Fund’s assets to be treated as plan assets). Fund investors required to withdraw early under these circumstances could suffer a diminution of return or material loss on its investment.
- *Public Disclosure Obligations* – Certain affiliates of Onex Credit and/or borrowers of a Fund’s investments may be publicly-traded companies. Public company status could give rise to disclosure obligations in respect of a Fund or its operations or investments, which may result in the disclosure of information that would otherwise be considered confidential. There may be additional disclosure obligations imposed by applicable law or regulation in respect of Onex Credit, the Funds, their affiliates, or Fund investors that may be viewed by any particular Fund investor as adverse.
- *Freedom of Information Act* – Onex Credit may withhold all or any part of the information otherwise to be provided to a Fund investor under certain circumstances in order to prevent public disclosure of such information under the Canadian Access to Information Act, the U.S. Freedom of Information Act (“FOIA”), any governmental public records access law, any state, provincial or other jurisdiction’s laws similar in intent or effect to FOIA, or any other similar statutory or regulatory requirement.
- *Loss of Limited Liability* – Fund investors may lose limited liability in certain circumstances if they are deemed to have taken part in the control or management of the business of a Fund. Limited liability may also be lost as a result of false statements in documents filed under, or other non-compliance with, legislation governing limited partnerships and in jurisdictions where there is a risk of non-recognition of the protection of limited liabilities with respect to creditors of the Funds whose claims derive from liabilities incurred in such jurisdictions.
- *Liability for Return of Distributions* – Under applicable law, Fund investors could be required to return distributions previously made by a Fund if it is determined that such distributions were wrongfully made or in certain other circumstances set forth in the Governing Documents.

- *Legal, Tax and Regulatory Risks* – The regulatory considerations affecting the ability of a Fund to achieve its investment objectives are complicated and subject to change and can result in significant compliance costs and expenses. In addition to the risks and complications arising under applicable tax laws and other laws specifically addressed in the Funds’ confidential offering memoranda or Governing Documents, further legal, tax and regulatory circumstances could arise during the term of a Fund that may adversely affect a Fund or its investors.
- *Other Regulatory Concerns* – The Funds are not required to be, and are not, registered as investment companies under the Investment Company Act; thus, its provisions are not applicable. Onex Credit intends that the Funds and their activities will not become subject to that statute but should that nonetheless occur, the activities and performance of the Funds could be materially adversely affected. Neither Onex Credit nor its counsel can assure investors that the Funds may not become subject to such regulation. In addition, Section 13 of the Bank Holding Company Act of 1956, as amended (together with the rules, regulations and published guidance thereunder, the “Volcker Rule”), generally prohibits certain “banking entities” from engaging in proprietary trading, or from acquiring or retaining an ownership interest in, sponsoring or having certain relationships with “covered funds”, unless pursuant to an exclusion or exemption under the Volcker Rule. Each purchaser of the interests of the Funds must make its own determination as to whether it is subject to the Volcker Rule and, if applicable, the potential impact of the Volcker Rule on its ability to purchase or retain any such interests. Investors in the interests of the Funds are responsible for analyzing their own regulatory position and none of the Funds or any of their affiliates make any representation to any prospective investor or purchaser of such interests regarding the treatment of the Funds under the Volcker Rule, or to such investor’s investment in the interests of the Funds on the date of issuance or at any time in the future. The general partners of the Funds operate pursuant to an exemption from registration with the CFTC as a CPO under CFTC Rule 4.13(a)(3); consequently, the CFTC and the National Futures Association (“NFA”) have not reviewed or approved the Funds’ confidential offering memoranda or any offering memoranda for the Funds.
- *Regulatory Status* – Onex Credit is registered as an investment adviser pursuant to the Advisers Act and, as such, is subject to the provisions of the Advisers Act. In addition, Onex Credit is registered in the Canadian province of Ontario as a Portfolio Manager, in the provinces of Ontario, Quebec and Newfoundland and Labrador as an Investment Fund Manager and in all the provinces and territories of Canada as an Exempt Market Dealer and, as such, is subject to the provisions of the Securities Act (Ontario), National Instrument 31-103 – Registration Requirements, Exemptions and Ongoing Registrant Obligations and the other applicable provisions of the securities and other laws of each of the provinces and territories of Canada. Failure to comply with the requirements imposed on Onex Credit as a consequence of its current registrations or requirements that may be imposed as a result of future registrations may have a significant adverse effect on Onex Credit’s ability to perform its duties to the Funds. Onex Credit’s ability to source and execute transactions for the Funds may also be adversely affected by negative publicity arising from any regulatory compliance failures or other inappropriate behavior attributed to or any other publicity related to Onex Credit, any affiliate of Onex Credit or any of their respective investment professionals.

- *Changes in Applicable Law* – The Funds must comply with various legal requirements, including requirements imposed by laws governing anti-money laundering, bribery and corruption, securities, commodities, tax and pensions. A failure to satisfy the requirements of those laws or changes in the applicable law over the life of a Fund or of any of its investments could have material adverse consequences on that Fund and/or its investors.
- *Withdrawal of the United Kingdom from the European Union* – The United Kingdom left the European Union on January 31, 2020 (commonly referred to as “Brexit”) and entered into a transition period from February 1, 2020 to December 31, 2020. The withdrawal process has created significant uncertainty about the future relationship between the United Kingdom and the European Union, and this may have political consequences not only in the United Kingdom but also in the remaining European member states. There is no legal, political, regulatory and/or economic certainty as to the ongoing relationship that will exist between the United Kingdom and the European Union post-transition period and it remains impossible to predict or definitively state the economic, tax, fiscal, legal, regulatory and other impacts on the asset management industry, the broader European and global financial markets generally and private funds such as the Funds and their investments. These developments, and the potential consequences of them, have had and may continue to have a material adverse effect upon global economic conditions and the stability of global financial markets and, further, could significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Asset valuations, currency exchange rates and credit ratings have been and may continue to be subject to increased market volatility. Any of these factors may have a material adverse effect on the ability of the Funds and their portfolio companies to execute their respective strategies and to access capital.
- *Effect of Fees and Expenses on Returns* – A Fund will pay management fees and will bear expenses as described in Item 5 above and in each Fund’s Governing Documents, which may reduce the actual returns to investors. Such management fees and expenses are payable whether or not the investments of the Funds are profitable.
- *Global Economic Conditions; Market Dislocation* – General global economic conditions may affect the Funds’ activities. Interest rates, general levels of economic activity, fluctuations in the market prices of securities and participation by other investors in the financial markets may affect the value of investments made by the Funds. Market conditions affecting, for example, liquidity and volatility, credit availability and financial conditions generally, could change at any time. These changes could have a material adverse effect on the ability of Onex Credit to complete the Funds’ investment programs and to realize on investments, on the terms of those investments, or on the business, operations, condition or prospects of the borrowers. National and global market and economic conditions may deteriorate during the term of the Funds, and such conditions could deteriorate materially and for an extended period of time.
- *Market Discussion and Economic Outlook* – The market outlook, trends, opportunities and other matters presented in the relevant confidential offering memoranda are based on various estimates and assumptions, including about future events. There can be no assurance that such market outlook, trends, opportunities and other matters will materialize.

- *Public Health Concerns and Epidemics* – The impact of disease and epidemics, or fear of the impact of disease and epidemics, may have a negative impact on Onex Credit, the Funds, Fund investments and/or the performance and financial position of any of the foregoing. Coronavirus, renewed outbreaks of other epidemics or the outbreak of new epidemics could result in health or other government authorities requiring the closure of offices or other businesses and could also result in a general economic decline. A resulting negative impact on economic fundamentals and consumer confidence may negatively impact market value, increase market volatility, cause credit spreads to widen, and reduce liquidity, all of which could have a material adverse effect on Onex Credit, the Funds or Fund investments. The duration of the business disruption and related financial and social impact caused by a widespread health crisis cannot be reasonably estimated.
- *Investors Will Not Participate in Management of the Funds* – Investors in the Funds generally will not have the right to participate in the management of the Funds or in decisions made by Onex Credit with respect to a Fund on its behalf. As a result, investors will have almost no control over their investments in a Fund or their prospects with respect thereto.
- *Limited Access to Information* – Investors' rights to information regarding the Funds will be specified, and strictly limited, in the Governing Documents, although certain investors may have the right to additional information pursuant to rights in side letters or similar agreements. In particular, it is anticipated that Onex Credit and its affiliates will obtain certain types of material information related to a Fund's investments and prospective investments that will not be disclosed to investors because such disclosure is prohibited by contractual, legal or other obligations or Onex Credit determines not to disclose such information for other reasons. Decisions to withhold information may have adverse consequences for investors in a variety of circumstances. Additionally, it is expected that investors who designate representatives to participate on a Board of Advisors to certain funds may, by virtue of such participation, have more information about a Fund and investments in certain circumstances than other investors generally and may be disseminated information in advance of communication to other investors generally. In addition, due to the fact that potential investors in a Fund may ask different questions and request different information, Onex Credit may provide certain information to one or more prospective investors that it does not provide to all prospective investors.
- *Unspecified Use of Proceeds* – The Funds and their investors will be dependent upon the judgment and ability of Onex Credit in investing and managing the capital of the Funds.
- *Lack of Registration under the U.S. Securities Exchange Act of 1934* – Onex Credit is not registered as a broker-dealer under the Securities Exchange Act of 1934, as amended, or with the Financial Industry Regulatory Authority and is consequently not subject to the recordkeeping and specific business practice provisions of those statutory regimes to the extent they vary from the applicable provisions of the Advisers Act.
- *Special Risks Associated with Offshore Investments* – A Fund may invest a portion of its capital in borrowers that are headquartered and have their principal operations outside the U.S., Canada and Western Europe. These investments may involve economic, political, market, currency, legal, tax-related and other special risks not typically associated with investments in securities of U.S., Canadian or Western European borrowers.

- *Difficulty in Valuing Investment Portfolio* – The valuation of a Fund’s portfolio of Loan Investments, which will affect the Fund’s performance results, involves uncertainties and subjective determinations. As a result, valuation of a Fund’s Loan Investments may not reflect the price at which a Fund could dispose of its Loan Investments at any given time. The process of valuing Loan Investments for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had a ready market existed for such Loan Investments and may differ from the prices at which such securities may ultimately be sold. Because Onex Credit determines in its discretion the value of certain Fund assets, potential conflict of interest exists in making valuation determinations given the potential impact of such valuations on a Fund’s performance, particularly with respect to an account that pays performance fees.
- *Amendment to the Governing Documents* – The Governing Documents of the Funds will typically provide that the general partner of a Fund may amend the Governing Documents in certain circumstances without the approval of any investors. Any such amendments may have an adverse effect on some or all of the investors.
- *Anti-Corruption Laws* – Onex Credit, the Funds and/or borrowers may be subject to the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act, the Canadian Corruption of Foreign Public Officials Act and other anticorruption laws, anti-bribery laws and regulations, as well as anti-boycott regulations (collectively, the “Anti-Corruption Laws”). Any determination that Onex Credit, the Funds and/or any borrower has violated any Anti-Corruption Law could subject it to, among other things, civil and criminal penalties, material fines, profit disgorgement, injunctions on future conduct and/or securities litigation, any one of which could adversely affect Onex Credit, the Funds and/or the borrowers.
- *Alternative Investment Fund Managers Directive (“AIFMD”)* – Neither the general partners of the Funds nor Onex Credit are authorized as alternative investment fund managers (“AIFMs”) pursuant to the AIFMD or any implementing legislation in relation thereto in any EEA member state. None of the general partners of the Funds, Onex Credit or the Funds are subject to the provisions of the AIFMD and the protections and rights afforded to investors pursuant to the AIFMD do not apply. The AIFMD imposes significant regulatory requirements on investment managers operating within the European Economic Area, which could potentially impose significant additional costs on the operation of the businesses or investments of Onex Credit and/or the Funds in the European Union and could limit their operating flexibility within the relevant jurisdictions.
- *Cyber Security Breaches* – Information and technology systems of Onex Corporation, Onex Credit and any service providers for the foregoing may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. If any systems designed to manage such risks are compromised, become inoperable for extended periods of time or cease to function properly, Onex Credit or a Fund may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any

reason could cause significant interruptions in Onex Credit's and/or the Funds' operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm Onex Credit or the Funds' reputation, subject them and their respective affiliates to legal claims and/or regulatory investigation and otherwise affect their business and financial performance. Although Onex Corporation and Onex Credit take various measures and has made, and will continue to make, significant investments to ensure the integrity of information systems and to safeguard against such failures or security breaches, there can be no assurance that these measures and investments will provide adequate protection. Despite security measures, information technology networks may be vulnerable to attacks by third parties or breached due to employee error, malfeasance or other disruptions.

- *ESG Investment* – Onex Credit's ESG investment policy limits the types and number of investment opportunities available to the Funds and, as a result, the Funds may underperform other funds that do not have an ESG focus. The ESG investment strategy of the Funds may result in a Fund investing in Loan Investments that underperform the market as a whole or underperform other funds screened for ESG standards.
- *Benchmark Risk* – Changes in the method of determining London inter-bank offered rates ("LIBOR"), or the replacement of LIBOR with an alternative reference rate, may adversely affect the Funds' credit arrangements. Interest rates on loans, deposits, derivatives, and other financial instruments tied to LIBOR rates, as well as the revenue and expenses associated with those financial instruments, may be adversely affected. A significant decline in LIBOR or an alternative benchmark could negatively impact the expected return on such investment. While the Funds may, for example, pay lower prices for loans with LIBOR interest rates (ignoring those with LIBOR floors), there can be no guarantee that such prices will offset losses in current income. There can be no assurance that a transition from LIBOR to an alternative will not result in financial market disruptions, significant increases in benchmark rates, or borrowing costs to borrowers, any of which could have a material adverse effect on the Funds' business, result of operations, and financial condition.
- *Natural Disasters, Terrorist Acts and Similar Dislocations* – Upon the occurrence of a natural disaster, or upon an incident of war, riot or civil unrest, the impacted country may not efficiently and quickly recover from such event, which can have a materially adverse effect on borrowers and other developing economic enterprises in such country. Terrorist attacks and related events can result in increased short-term economic volatility. The effects of future terrorist acts (or threats thereof), military action or similar events on the economies and securities markets of countries cannot be predicted. Such disruptions of the global financial markets could affect interest rates, ratings, credit risk, inflation and other factors relating to a Fund's investments.
- *General Partner Carried Interest* – The existence of incentive fees, carried interest or performance allocations with respect to the Funds may create an incentive for Onex Credit or its affiliates to make riskier or more speculative investments on behalf of the Funds than they might otherwise make in the absence of these arrangements. In addition, the terms applicable to incentive fees, carried interest distributions or performance allocations could incentivize Onex Credit and its affiliates to make decisions regarding the timing and structure of realizations of investments that may not be in the best interests of the Funds. Further, Onex Credit or its affiliates may be incentivized to hold on to



investments that have poor prospects for improvement in order to receive, potentially, a more likely or larger carried interest distribution if such asset's value appreciates in the future. Under the recent U.S. tax reform bill, in order for gains that are attributable to Onex Credit or an affiliate's incentive fee or carried interest distribution to qualify as long-term capital gain, the holding period for the asset giving rise to such gains generally must exceed three years. For the investors in a Fund, gains in respect of assets held for more than one year may qualify as long-term capital gain. Long-term capital gain recognized by non-corporate U.S. taxpayers may be subject to U.S. federal income tax at preferential rates. These disparate holding period requirements may give rise to conflicts of interest. Onex Credit may have an incentive to take actions intended to maximize the amount of gains from assets held for more than three years, even though Fund investors may not derive any additional U.S. federal income tax benefit from the longer holding period.

- *Use of Subscription Lines* – The Funds may fund the making of investments with proceeds from drawdowns under one or more revolving credit facilities (the collateral for which can be, for example, the undrawn capital commitments of investors, i.e., subscription lines) prior to calling capital commitments. The interest expense and other costs of any such borrowings will be borne by the applicable Fund and, accordingly, may decrease net returns of such Fund. It is expected that interest will accrue on any such outstanding borrowings at a rate lower than the preferred return, which will begin accruing when capital contributions to fund such investments, or repay borrowings used to fund such investments, are actually made to the applicable Fund. In light of the foregoing, Onex Credit has an incentive to cause such vehicle to borrow in this manner in lieu of drawing down capital commitments, subject to the Governing Documents of each Fund.
- *Allocation of Personnel* – Conflicts may arise in the allocation of time, services and function among the Funds and such other persons to which Onex Credit, the Principals or their affiliates provide services.
- *Tax Liability* – Although the relevant confidential offering memoranda seek to address the reasonably identifiable and material tax considerations for potential Fund investors, it is possible that investors may have unexpected or unwelcome tax obligations as a result of a Fund's activities or their status or actions in respect thereof.
- *Limited Partner Board of Advisors* – One of the Funds has a Board of Advisors which acts as a representative of the investors in that Fund in respect of certain matters, including reviewing valuations of a Fund's assets and addressing potential conflicts of interest (including being authorized to provide consent on behalf of a Fund in connection with certain affiliate transactions, Advisers Act "assignments" or as otherwise requested by Onex Credit). The Boards of Advisors may not have the same interests as investors in the Fund. In addition, members of the Board of Advisors may have conflicts of interest that do not disqualify them from voting on or consenting to matters submitted for consideration or review. The Fund indemnifies the members of the Board of Advisors, and the members of the Boards of Advisors do not owe a fiduciary obligation to the Fund or its investors.
- *Material Non-Public Information* – Certain personnel of Onex Credit may acquire confidential or material non-public information or be restricted from initiating

transactions in certain securities. The Funds will not be free to act upon any such information. Due to these restrictions, the Funds may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

- *Limited Remedies Against the General Partner* – There can be no assurance that adequate remedies will be available to any investors if the general partners of the Funds, Onex Credit or the principals of the general partners of the Funds or Onex Credit fail to perform their respective duties, and the Governing Documents do not afford the investors rights to remove a Fund's general partner other than upon a supermajority vote or for specified cause events as described in the applicable Governing Document. The Governing Documents include provisions for exculpation and indemnification of the general partners, Onex Credit and each of their respective affiliates and the members, partners, managers, officers, directors, shareholders, employees, agents, representatives, investors, affiliates, advisors and other personnel of the general partners, Onex Credit and their respective affiliates. Therefore, Fund investors may have more limited rights of action than they would have absent such limitation.
- *Cybersecurity Risk* – The information and technology systems of Onex Credit and of key service providers to Onex Credit and its clients may be vulnerable to potential damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although Onex Credit has implemented various measures designed to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, it may be necessary for Onex Credit to make a significant investment to fix or replace them and to seek to remedy the effect of these issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the operations of Onex Credit or its Fund accounts and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information.
- *Risk Management Failures* – Although Onex Credit attempts to identify, monitor and manage significant risks, these efforts do not take all risks into account and there can be no assurance that these efforts will be effective. Moreover, many risk management techniques, including those employed by Onex Credit, are based on historical market behavior, but future market behavior may be entirely different and, accordingly, the risk management techniques employed on behalf of clients may be incomplete or altogether ineffective. Similarly, Onex Credit may be ineffective in implementing or applying risk management techniques. Any inadequacy or failure in risk management efforts could result in material losses to clients.
- *Systems and Operational Risk* – Onex Credit relies on certain financial, accounting, data processing and other operational systems and services that are employed by Onex Credit and by third party service providers, including prime brokers, third-party administrators, market counterparties and others. Many of these systems and services require manual input and are susceptible to error. These programs or systems may be subject to certain defects, failures or interruptions. For example, Onex Credit and its clients could be exposed to errors made in the confirmation or settlement of transactions, from

transactions not being properly booked, evaluated or accounted for or related to other similar disruptions in the clients' operations. In addition, despite certain measures established by Onex Credit and third-party service providers to safeguard information in these systems, Onex Credit, clients and their third-party service providers are subject to risks associated with a breach in cybersecurity which may result in damage and disruption to hardware and software systems, loss or corruption of data and/or misappropriation of confidential information. Any such errors and/or disruptions may lead to financial losses, the disruption of the client trading activities, liability under applicable law, regulatory intervention or reputational damage.

The following summary identifies the material risks related to the type of investments that are typically made for clients by Onex Credit and should be carefully evaluated before making an investment with Onex Credit; however, the following does not intend to identify all possible investments that may be made, or all possible risks related to such investments. Not all of these risks apply to each strategy. The following is not meant to supersede the material contained in the Governing Documents of each client that is a private pooled vehicle and investors and potential investors in a private pooled vehicle should refer to the Governing Documents of such vehicle for a further discussion of the applicable risks.

- *Leveraged Loans* – Leveraged loans have historically experienced greater default rates than has been the case for investment grade loans. There can be no assurance as to the levels of defaults and/or recoveries that may be experienced on leveraged loans and such loans may be subject to a higher risk of default. The ultimate amount of defaults with respect to such loans and timing of the recoveries may substantially diminish the expected investment returns achieved by clients investing in such loans. In addition, leveraged loans may experience volatility in the spread that is paid on such leveraged loans. Such spreads will vary based on a variety of factors, including, but not limited to, the level of supply and demand in the leveraged loan market, general economic conditions, levels of relative liquidity for leveraged loans, the actual and perceived level of credit risk in the leveraged loan market, regulatory changes, changes in credit ratings and the methodology used by credit rating agencies in assigning credit ratings, and such other factors that may affect pricing in the leveraged loan market. Since leveraged loans may generally be prepaid at any time without penalty, the obligors of such leveraged loans would be expected to prepay or refinance such leveraged loans if alternative financing were available at a lower cost.
- *Non-Investment Grade Loans* – A non-investment grade loan or an interest in a non-investment grade loan is generally considered speculative in nature and may default for a variety of reasons. Defaulted loans may become subject to either substantial workout negotiations or restructuring, which may entail, among other things, a substantial reduction in the interest rate, a substantial write-down of principal, and a substantial change in the terms, conditions and covenants with respect to such defaulted loan. In addition, such negotiations or restructuring may be extensive and protracted over time, and therefore may result in substantial uncertainty with respect to the ultimate recovery on such defaulted loan. The liquidity for defaulted loans may be limited, and to the extent that defaulted loans are sold, it is highly unlikely that the proceeds from such sale will be equal to the amount of unpaid principal and interest thereon.
- *Second Lien Loans and Unsecured Loans* – Second lien loans are subordinate to the senior secured debt of the related borrower in right of payment from the proceeds of the liquidation of the property securing such second lien loans. Therefore, second lien loans are subject to additional risks that the cash flows of the property securing such second

lien loans may be insufficient to make the scheduled payments after giving effect to any senior secured debt of the related borrower. Such lien subordination is also expected reduce the liquidity of second lien loans vis-à-vis senior secured loans. Unsecured loans are not secured obligations and do not have the benefit of a pledge of property. The absence of a security interest may make unsecured loans more illiquid investments than either senior secured loans or second lien loans and is likely to result in lower recoveries following a default.

- *Covenant-Lite Loans* – Loans that Onex Credit invests in on behalf of its clients include loans that are considered “covenant-lite” loans, meaning they lack the protective covenants usually found in more traditional loan facilities and are generally subject to less restrictions on collateral, payment terms and level of income. A covenant-lite loan borrower is not typically subject to maintenance covenants requiring such borrower to comply with one or more financial covenants whether or not such borrower has taken any specified action. Ownership of covenant-lite loans may expose Onex Credit’s clients to different and increased risks, including with respect to liquidity, price volatility, and the ability to restructure such loans when compared to ownership of loans that are subject to maintenance covenants and other protective covenants.
- *High-Yield Securities* – High-yield securities include “high-yield” bonds and preferred securities that are not investment grade. Securities in the lower rating categories are subject to greater risk of loss, as to timely repayment of principal and timely payment of interest or dividends than higher-rated securities. They are also generally considered to be subject to greater risk than securities with higher ratings in the case of deterioration of general economic conditions. The yields and prices of lower-rated securities may tend to fluctuate more than those for higher-rated securities. In addition, adverse publicity and investor perceptions about lower-rated securities, whether or not based on fundamental analysis, may be a contributing factor in a decrease in the value and liquidity of the securities.
- *Commercial Loans and Loan Participations* – Commercial loans and loan participations include investments in syndicated, commercial bank loans, whether acquired through assignment or participation. Participation interests may limit the client’s ability to exercise its rights against an borrower and entail certain contractual relationships among the lender and the lending group which could be disadvantageous to the client.
- *Derivatives* – Swaps, and certain options and other custom derivative or synthetic instruments are subject to the risk of nonperformance by the counterparty to such instrument, including risks relating to the financial soundness and creditworthiness of the counterparty. In addition, investments in derivative instruments can involve a high degree of leverage, meaning the overall contract value (and, accordingly, the potential for profits or losses in that value) is much greater than the modest deposit used to buy the position in the derivative contract. Derivative securities can also be highly volatile. The prices of derivative instruments and the investments underlying the derivative instruments may fluctuate rapidly and over wide ranges and may reflect unforeseeable events or changes in conditions, none of which can be controlled by the client or Onex Credit.
- *Cash and Cash Equivalents* – The Funds may hold cash and cash equivalents at any given time during its term. Available cash and cash equivalents may be held in interest-

bearing accounts, funds managed by third-party financial institutions or other similar instruments. The Funds' access to their invested cash and cash equivalents may be impacted by adverse conditions in the financial markets, and the Funds are subject to the risk that they may lose assets in connection with bank or other financial institution failures. The balances of accounts with third-party financial institutions can be expected to exceed the Federal Deposit Insurance Corporation insurance limits, or the limits of the deposit insurance regimes of other applicable jurisdictions, as applicable. While the Funds will make efforts to monitor the cash balances in their operating accounts and adjust the cash balances as appropriate, these cash balances could be impacted if the underlying financial institutions fail or other adverse conditions in the financial markets occur.

- *Non-U.S. Securities* – Foreign securities, foreign currencies, and securities issued by U.S. entities with substantial foreign operations can involve additional risks relating to political, economic, or regulatory conditions in foreign countries. These risks include fluctuations in foreign currencies; withholding or other taxes; trading, settlement, custodial, and other operational risks; and the less stringent investor protection and disclosure standards of some foreign markets. One or more of these factors can make foreign investments, especially those in emerging markets, more volatile and potentially less liquid than U.S. investments. In addition, foreign markets can perform differently from the U.S. market.

**ITEM 9.**  
**DISCIPLINARY INFORMATION**

Neither Onex Credit nor any of its employees have been subject to any legal or disciplinary events that would be material to its business or to an investor or prospective investor's evaluation of Onex Credit or the integrity of its professionals.

## **ITEM 10.**

### **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Except as described below, neither Onex Credit nor any of its “management persons” have relationships or arrangements with related persons who are financial industry participants that are material to the business of Onex Credit or that create a material conflict of interest with the Funds or their investors.

Onex Credit understands that actual or perceived conflicts of interest may exist between Onex Credit and Onex Corporation and its affiliates. Onex Corporation has been a private equity investor since 1984, almost 20 years prior to the establishment of the first of the Funds. In 1999, Onex Corporation launched the first of the ONCAP funds, a series of private equity funds managed by ONCAP Management Partners L.P. and focused on investing in North American small and medium-sized businesses (the “ONCAP Funds”). The ONCAP Funds are active in the marketplace and the fourth and most recent ONCAP Fund closed in 2016. In 2003, Onex Corporation established the first of the Onex Partners funds, a platform focused on larger private equity transactions managed by Onex Partners Manager L.P., and subsequently raised four further Onex Partners funds (the “Onex Partners Funds”). In addition, in June 2019, Onex Corporation acquired control of Gluskin Sheff + Associates Inc. (“Gluskin Sheff”), a large Canadian wealth management firm serving high net worth families and institutional investors with a focus on public securities investing. Onex Corporation may in the future seek to expand its activities in real estate and credit, and may also seek to engage in additional investment or asset management businesses that are complimentary to its existing platforms.

Each of the Onex Partners Funds and ONCAP Funds and the other businesses described above have their own dedicated investment teams and typically pursue investment opportunities that are different in nature from those sought by Onex Credit for the Funds. In particular, the Onex Partners Funds and ONCAP Funds, other private equity strategies managed within Onex Corporation, typically pursue differentiated investment opportunities than those pursued by the Onex Credit with regard to the investment objectives and restrictions of the Funds. Nonetheless, those affiliations and relationships, the potential avenues for the growth and development of the company business and its investment platforms, as well as the fact that more than one of the Funds may be a potential investor at any particular time, may lead or be perceived to lead to certain conflicts of interest around, among other things, the devotion of time and the allocation of investment opportunities. Further, it is possible that Onex Partners and the managers of other investment products advised by advisers controlled by Onex Corporation may seek to work together, with a view to the relevant fund from each fund family potentially investing together, in certain circumstances, as a result of, for example, industry expertise or relationships, prior investment experience or other factors in respect of the opportunity. Additionally, clients of affiliated advisers and investors in investment products advised by affiliated advisers of Onex Credit may be referred to clients advised by Onex Credit, and Onex Credit may from time to time refer Fund investors to investment products advised by affiliated advisers. Further, Gluskin Sheff has established and may in the future establish one or more feeder fund for its clients to participate in certain private funds managed by Onex Credit, and Onex Credit allocates certain of the fees paid by investors in such private funds to Gluskin Sheff.

If permitted by the relationship terms, Onex Credit’s clients may make or participate in loans to companies in which Onex Corporation (or its affiliates) has made or is proposing to make an equity investment (each an “Onex Portfolio Company” or collectively, “Onex Portfolio Companies”). Making or participating in loans to Onex Portfolio Companies may present certain conflicts of interest and/or present certain regulatory issues to a client. For example, if a client makes or participates in a loan to an Onex Portfolio Company and the Onex Portfolio Company enters bankruptcy, the client could be deemed an “insider” for purposes of the Bankruptcy Code of the United States (the “Bankruptcy Code”). Insider

status under the Bankruptcy Code could adversely affect the client's ability to collect on the loan by subjecting the client to equitable subordination (i.e., the threshold of inequitable conduct that needs to be shown to invoke this remedy is lower when the holder of the claim is an insider and the burden of proof to show that any particular transaction was fundamentally fair will be on the client, not the bankruptcy trustee), increased exposure to preference suits (i.e., more transactions will be potentially avoidable as preferential as the reach-back period will be one year rather than 90 days) and other restrictions under certain circumstances. Further, due to its affiliation with Onex Corporation, Onex Credit may become aware of material non-public information concerning certain companies and as a result of such knowledge, or as a result of certain internal policies adopted by Onex Credit, Onex Credit may at times be precluded from acquiring or disposing of investments it would otherwise wish to acquire or dispose. There may also be other areas of overlap between Onex Corporation's activities or customers and the client or portfolio companies in which the client is invested. Finally, Onex Credit may determine not to make or participate in loans to Onex Portfolio Companies or may adopt procedures intended to minimize potential conflicts and/or regulatory or tax issues, which procedures may have the effect of limiting the client's ability to acquire or dispose of loans to Onex Portfolio Companies.

Certain of the limited partnerships or private funds for which Onex Credit or its related person serves as general partner or investment manager has and may in the future enter into agreements, or side letters, with certain prospective or existing limited partners or shareholders whereby such limited partners or shareholders may be subject to terms and conditions that are more advantageous than those set forth in the other Governing Documents for the partnership or fund. For example, such terms and conditions may provide for special rights to make future investments in the partnership, other investment vehicles or managed accounts; special redemption rights, relating to frequency or notice; a waiver or rebate in fees or redemption penalties to be paid by the limited partner or shareholder and/or other terms; rights to receive reports from the partnership or fund on a more frequent basis or that include information not provided to other limited partners or shareholders (including, without limitation, more detailed information regarding portfolio positions) and such other rights as may be negotiated by the partnership or fund and such limited partners or shareholders. The modifications are solely at the discretion of the partnership or fund and may, among other things, be based on the size of the limited partner's or shareholder's investment in the partnership or fund or affiliated investment entity, an agreement by a limited partner or shareholder to maintain such investment in the partnership or fund for a significant period of time, or other similar commitment by a limited partner or shareholder to the partnership or fund.

On any issue involving conflicts of interest, the general partner of the relevant Fund and Onex Credit will be guided by their respective good faith judgment. In certain circumstances, the general partner may present potential conflicts of interest to the applicable Fund's Board of Directors, Board of Advisors or Conflicts Committee, if any, for approval. By acquiring an interest in the Funds and executing the subscription agreements relating thereto, each investor expressly acknowledges the existence of actual or potential conflicts of interest described in the applicable Governing Documents and waives any claim with respect to any liability arising from the existence of any such conflict of interest and also any conflicts of interest on the part of the general partner of the relevant Fund, Onex Credit or any of their affiliates arising from participation in the activities described in the Governing Documents (to the fullest extent permissible under applicable law).

Generally, Onex Credit addresses conflicts of interest by way of avoidance or disclosure and informed consent. The confidential offering memoranda and the Governing Documents for the Funds address in detail the conflicts of interest that may arise as a result of the affiliations and relationships described above. They also address the manner in which notification, consent or approval requirements may arise and any restrictions or prohibitions that may apply.



Onex Credit has filed a single Form ADV with Onex Credit Partners Europe LLP, a relying adviser. None of Onex Credit or its principals or employees are registered as a broker-dealer or a registered representative of a broker-dealer. None of Onex Credit or any of its principals or employees are registered as or affiliated with a registered futures commission merchant, commodity pool operator or commodity trading advisor.

Onex Credit is registered under the Advisers Act and, together with certain affiliates, serve as managers or general partners to certain pooled investment vehicles and managed accounts. Onex Credit and its affiliates managing those funds are under common control and are subject to Onex Credit's code of ethics and compliance program adopted pursuant to the requirements of the Advisers Act.

In addition to the foregoing protections, the Onex Credit's investment personnel make significant investments in the Funds. Onex Credit believes that this strong alignment of interests between Fund investors and those charged with investing their capital further mitigates the risks associated with any potential conflicts.

For a further discussion of the Onex Credit's allocations and conflicts of interests policies, see Item 11 below.

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

Onex Credit has adopted a Code of Ethics (the “Code”) pursuant to Rule 204A-1 under the Advisers Act to mandate compliance with applicable U.S. federal securities laws, and to establish monitoring and other procedures. A copy of the Code can be obtained by a Fund investor or qualified prospective investor (if applicable) upon written requests.

The Code sets forth standards of ethical and business conduct expected of Onex Credit’s personnel that are commensurate with such status and that are designed to comply with the laws applicable to the Funds, Onex Credit and their activities. Among other things, the Code requires Onex Credit’s personnel: (i) to place the interests of the Funds above any personal interests; (ii) to seek to identify conflicts of interest arising as a result of personal trading and outside business activities; (iii) to conduct and report personal securities transactions as required in the Code; (v) to report to Onex Credit’s compliance personnel any suspected violations of the Code; and (vi) to comply with all applicable federal securities laws.

The Code contains specific policies and procedures dealing with such matters as personal trading and restrictions on outside business activities. The Code is accompanied by a broader compliance manual that further supports Onex Credit’s adherence to law, and more generally to prudent and appropriate processes and conduct, in the investment, management and safeguarding of the Funds’ assets, preventing insider trading, the giving and receipt of gifts and entertainment, political contributions, the raising of new funds, communications with investors and prospective investors, public and media communications, the prevention, detection and handling of concerns relating to money-laundering, bribery and corruption, and record-keeping policies and procedures.

Certain of Onex Credit’s related persons act as a general partner to partnerships for which Onex Credit acts as investment adviser and solicits investors. Also, Onex Credit may act as investment adviser to Fund accounts that consist solely of Onex Credit’s related persons. Finally, Onex Credit may make investments for its clients or participate in loans to portfolio companies of the Onex Partners Funds, which are companies in which Onex Corporation has made or is proposed to make an equity investment, as described further in Item 10. These practices create a conflict of interest because Onex Credit has an incentive to recommend securities from (or sell securities to) clients based on its, or its related persons, own financial interests, rather than solely the interests of a client.

Onex Credit engages in transactions that are considered principal or cross transactions in which one of Onex Credit’s clients, including clients that are owned by related persons, may sell assets to another one of Onex Credit’s clients. All such transactions are done in compliance with requirements of the Investment Advisers Act of 1940, as amended (the “Advisers Act”). In particular, in the execution of Onex Credit’s CLO Strategy, an affiliate of Onex Credit acts as an “originator” purchasing and selling assets to certain CLO vehicles in order to comply with EU risk retention rules. This structure is disclosed in the relevant offering materials and each such trade is approved by a third party that is independent of Onex Credit.

From time to time, certain principals, employees, officers, directors and other related personnel of Onex Credit and its affiliates may make passive investments in other private vehicles managed by other investment advisers.

As discussed, the general partners of the Funds, Onex Credit and/or their respective affiliates may enter into side letters or other agreements with a particular investor in connection with its investment without the approval of any other investor. This would have the effect of establishing rights under or supplementing the terms of the other Governing Documents in respect of such investor in a manner potentially more favorable to such investor than those applicable to other investors. Such rights or terms in any such side letter or other similar agreement may include, without limitation: (i) rights to designate a member of, to the extent applicable, a Board of Advisors; (ii) excuse rights applicable to particular investments (which may increase the percentage interest of other investors in, and contribution obligations of other investors with respect to, such investments); (iii) reporting obligations of the general partners of the Funds; (iv) waiver of certain confidentiality obligations; (v) consent to certain transfers by such investor; (vi) rights or terms necessary in light of particular legal, regulatory or public policy characteristics of an investor; (vii) adjustments to fees or other economics (including, without limitation, management fees, carried interest, or distributions); (viii) access to certain information; (ix) consent rights of the investor; (x) co-investment rights; (xi) tax and structuring matters; and (xii) other representations, warranties or diligence confirmations. The general partners of the Funds and Onex Credit may not be required to notify the other investors of any such side letters or of any of the rights or terms or provisions thereof, and some or all of the other investors in that Fund may not be entitled to receive such additional benefits or other rights. The general partners of the Funds, Onex Credit and/or their respective affiliates may enter into such side letters with any party as the relevant general partner may determine, in its sole and absolute discretion, at any time. Fund investors will not necessarily have most-favored-nation rights in respect of all or any of the more favorable terms provided to others and investors will have no recourse against the Funds, the general partners of the Funds or Onex Credit or any of their respective affiliates in the event that certain investors receive additional benefits or other rights pursuant to side letters that are more favorable than the terms received by other investors. As a result of certain side letters, investors holding the same interests may have different returns, or receive different information, depending on any arrangements applicable to a given investor's interest in a Fund.

The Governing Documents and any such side letters related to each Fund are detailed agreements that establish complex arrangements among Onex Corporation, Onex Credit, the Fund, its general partner and the investors. Questions will arise from time to time under these agreements regarding the parties' rights and obligations in certain situations, some of which the parties may not have considered while drafting and executing these agreements. In these instances, the applicable provisions of the agreements, if any, may be broad, general, ambiguous, or conflicting, and may permit more than one reasonable interpretation. At times, there may not be provisions directly applicable to the situation at hand. While Onex Credit will construe the relevant agreements in good faith and in a manner consistent with its legal obligations, the interpretations it adopts may not necessarily be, and need not be, the most favorable interpretations for the Funds or their investors.

In addition, Onex Credit or its related persons may invest in the same securities (or related securities, e.g., warrants, options or futures) that Onex Credit or a related person recommends to clients. Such practices present a conflict where, because of the information Onex Credit has, Onex Credit or its related person are in a position to trade in a manner that could adversely affect clients (e.g., place their own trades before or after client trades are executed in order to benefit from any price movements due to the clients' trades). In addition to affecting Onex Credit's or its related person's objectivity, these practices by Onex Credit or its related persons may also harm clients by adversely affecting the price at which the clients' trades are executed. Onex Credit has adopted the following procedures in an effort to minimize such conflicts:

Onex Credit requires its access persons to pre-clear transactions in securities (with certain exceptions) in their personal accounts with a portfolio manager and the Chief Compliance Officer, who may deny permission to execute the transaction if such transaction will have any adverse economic impact on one of

its clients. Generally, personal trading will not be approved in any security that (i) a client owns or is in the process of buying or selling or (ii) Onex Credit is researching, analyzing or considering buying or selling for a client.

All of Onex Credit's access persons are required to disclose their securities transactions on a quarterly basis and holdings on an annual basis. All of Onex Credit's access persons are also required to provide broker confirmations of each transaction in which they engage and a quarterly certification of such transactions. Trading in employee accounts will be reviewed under the supervision of the Chief Compliance Officer and compared with transactions for the Fund accounts and reviewed against the restricted securities list.

Also see Onex Credit's discussion of its asset allocation rules in Item 6 and Item 16.

## **ITEM 12.**

### **BROKERAGE PRACTICES**

#### Brokerage and Best Execution

Onex Credit considers a number of factors in selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation. Such factors include net price, reputation, financial strength and stability, efficiency of execution and responsiveness. In selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation, Onex Credit need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not Onex Credit's practice to negotiate "execution only" commission rates, thus a client may be deemed to be paying for research, brokerage or other services provided by a broker-dealer which are included in the commission rate. Onex Credit's Best Execution Committee periodically evaluates the broker-dealers used by Onex Credit to execute client trades using the foregoing factors.

From time to time Onex Credit may participate in capital introduction programs arranged by broker-dealers, including firms that serve as prime brokers to a private fund managed by Onex Credit or recommend these private funds as an investment to clients. Onex Credit may place client portfolio transactions with firms who have made such recommendations or provided capital introduction opportunities, if Onex Credit determines that it is otherwise consistent with seeking best execution. In no event will Onex Credit select a broker-dealer as a means of remuneration for recommending Onex Credit or any product managed by Onex Credit (or an affiliate) or affording Onex Credit with the opportunity to participate in capital introduction programs.

Onex Credit often purchases or sells the same security or other investment for several clients contemporaneously and using the same executing broker. It is Onex Credit's practice, where possible, to aggregate client orders for the purchase or sale of the same security or other investment submitted contemporaneously for execution using the same executing broker. Such aggregation may enable Onex Credit to obtain for clients a more favorable price or a better commission rate based upon the volume of a particular transaction. When an aggregated order is completely filled, Onex Credit allocates the securities or other investments purchased or proceeds of sale pro rata among the participating accounts, based on the purchase or sale order. Adjustments or changes may be made under certain circumstances, such as to avoid odd lots or excessively small allocations. If an aggregated order is only partially filled, Onex Credit's procedures provide that the securities or other investments or the proceeds are to be allocated in a manner deemed fair and equitable to clients. Depending on the investment strategy pursued, the type of investment and other factors, this may result in a pro rata allocation to all participating clients (see Item 16 for additional information).

If it appears that a trade error has occurred, Onex Credit will review the relevant facts and circumstances to determine an appropriate course of action. To the extent that trade errors and breaches of investment guidelines and restrictions occur, Onex Credit's error correction procedure is to ensure that clients are treated fairly. Onex Credit has discretion to resolve a particular error in any appropriate manner that is consistent with the above stated policy. Trade errors that result other than by breach of the standard of care attributable to Onex Credit are generally borne by the Fund account.

### Soft Dollar Arrangements

Onex Credit may receive research or brokerage from a broker-dealer and/or a third party in connection with client securities transactions. This is known as a “soft dollar” relationship. Onex Credit has no formal soft dollar arrangements in place to receive any specific research or brokerage services. To the extent Onex Credit may enter into soft dollar arrangements in the future, Onex Credit will limit the use of “soft dollars” to obtain research and brokerage services to services that constitute research and brokerage within the meaning of Section 28(e) of the Securities Exchange Act of 1934 (“Section 28(e)"). Research services within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants’ advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from broker-dealers on order execution; and certain proxy services. Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an adviser and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations.

**ITEM 13.**  
**REVIEW OF ACCOUNTS**

Onex Credit provides ongoing management services to the Funds. Each Fund account is reviewed by Onex Credit's portfolio managers on a periodic basis to determine whether invested positions should be maintained in view of current market conditions. Matters reviewed (depending on the investment strategy deployed for a particular client) include specific positions held, news and events related to current positions, diversification based on position and industry limits, hedging positions and gross and net exposures.

For each client that is a private pooled vehicle, that client's investors receive reports from the client pursuant to the terms of each client's Governing Documents. Each client that is a separate account will receive reports pursuant to the terms of the management agreement entered into with that client.

**ITEM 14.**  
**CLIENT REFERRALS AND OTHER COMPENSATION**

Onex Credit is compensated exclusively for providing investment advice by its clients and investors in the Funds it manages.

Onex Credit has from time to time engaged third-party placement agents to solicit certain types of potential investors in the Funds. The compensation of the placement agent is negotiated in the context of the particular engagement and may be different with respect to the different Funds. The engagement of the placement agent and the fact that the agent is being compensated is disclosed to all investors in such Fund. Onex Credit may in the future enter into additional arrangements with third-party placement agents or others to solicit investors in the Funds and such arrangements will generally provide for the compensation of such persons for their services at Onex Credit's expense. Such arrangements will be disclosed to Onex Credit's clients in accordance with, and otherwise comply with, Rule 206(4)-3 under the Advisers Act, to the extent applicable.

Except as described above, neither Onex Credit nor a related person directly or indirectly compensates any person for Fund investor referrals.



## **ITEM 15. CUSTODY**

Onex Credit maintains assets and securities of the Funds with qualified custodians in a separate account for the Funds under the Funds' name, or in accounts that contain only funds and securities owned by the Funds under Onex Credit's name, as agent or trustee for the Fund or Funds. Custodians will generally be banks, trust companies or broker-dealers unaffiliated with Onex Credit.

Financial statements audited by an independent public accountant are provided to each Fund's investors within 120 days following the Fund's fiscal year end.

**ITEM 16.**  
**INVESTMENT DISCRETION**

The Governing Documents generally expressly provide that the applicable investment manager or general partner of each Fund has the authority to make all decisions concerning the investigation, evaluation, selection, negotiation, structuring, commitment to, monitoring of and disposition of investments, subject to compliance with the terms, conditions, restrictions and limitations set forth in the Governing Documents. Onex Credit has been engaged as the agent for each such Fund with full discretionary authority to manage the Funds subject to the same terms, conditions, restrictions and limitations.

**ITEM 17.**  
**VOTING CLIENT SECURITIES**

Onex Credit has written proxy voting policies and procedures as required by Rule 206(4)-6 under the Advisers Act.

To the extent Onex Credit has been delegated proxy voting authority on behalf of its clients, Onex Credit will vote such securities in a manner that serves the best interest of the Funds and in accordance with the relevant Fund's Governing Documents and any voting agreement or shareholders' agreement entered into in connection with the relevant investment.

Clients may provide specific voting guidelines for voting proxies.

If Onex Credit determines that it has, or may be perceived to have, a conflict of interest when voting a proxy, Onex Credit will take action in accordance with the Funds' Governing Documents and as otherwise determined to be in the best interest of the Funds in voting such proxy. This may include seeking approval of the voting decision for a proxy proposal from the relevant Fund's Board of Directors, Board of Advisors or Conflicts Committee, if any.

Copies of Onex Credit's proxy voting policies and procedures and specific information as to how proxies have been voted are available to Fund investors upon request by email at [sgutman@onexcredit.com](mailto:sgutman@onexcredit.com) or by telephone at 201-541-2121.

**ITEM 18.**  
**FINANCIAL INFORMATION**

Item 18A is not applicable.

Onex Credit is not subject to any financial condition that is reasonably likely to impair its ability to meet contractual commitments to its clients and has not been the subject of any bankruptcy petitions at any time, including in the past ten years.