

Item 1. Cover Page

GARRISON LOAN MANAGEMENT LLC

Part 2A of Form ADV: Firm Brochure

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This brochure (“Brochure”) provides information about the qualifications and business practices of Garrison Loan Management LLC. If you have any questions about the contents of this brochure, please contact us at (212) 372-9500. 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.

Registration with the SEC does not imply a certain level of skill or training.

Additional information about Garrison Loan Management LLC is also available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2. Material Changes

We do not have any material changes to report since filing our annual update to Form ADV, Part 2A on March 29, 2019. While there are no material changes between this Brochure and the previous Brochure, the Brochure has been updated and expanded to reflect recent developments with our business.

Our Brochure may be requested, free of charge, by contacting our Chief Compliance Officer (“**CCO**”) at (212) 372-9500.

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Item 4. Advisory Business

Garrison Loan Management LLC (the registrant together with its relying advisory entities referred to as “GLM”, “we” or “our”), formed in 2013, is an investment advisory firm specializing in providing collateral asset management services to collateralized loan obligation (“CLO”) investment vehicles (“CLOs” or “Clients”), which are structured investment vehicles that invest in broadly syndicated non-investment grade debt securities, principally leveraged loans issued by upper-middle market and large corporate borrowers. All of GLM’s direct and indirect subsidiaries rely on its registration with the SEC and conduct their operations as registered investment advisers.

GLM is owned by Brian Chase and Garrison Investment Group LP, a Delaware limited partnership and SEC-registered investment adviser and is also affiliated with other investment advisers that rely on Garrison Investment Group LP’s registration (collectively, “GIG”). As of December 31, 2019, GIG had regulatory assets under management of \$2,789,414,000 and \$1,645,313 on a non-discretionary basis. GIG commenced operations in May 2007. GIG provides investment advisory services on a discretionary basis to privately offered open-end and closed-end funds and CLOs. GLM and its relying advisers have entered, respectively, into a staffing agreement with GIG, under which GIG has agreed to make certain of its investment professionals available to them.

GLM is also affiliated with Garrison Capital Advisers LLC, a Delaware limited liability company and SEC-registered investment adviser (“GCA”). As of December 31, 2019, GCA managed \$464,449,000 of discretionary assets. GCA commenced operations in November 2010. GCA provides investment advisory services on a discretionary basis to Garrison Capital Inc., a publicly listed Business Development Company.

In GLM’s capacity as collateral manager to the CLOs, we control the management of the collateral supporting certain debt obligations issued by the CLOs. The collateral generally consists of debt obligations, secured claims, any equity securities acquired as part of a unit consisting of both a debt obligation and an equity security, certain derivative instruments, and, rarely, unsecured claims. We perform numerous administrative and advisory functions with respect to the collateral, including selecting the portfolio of collateral and instructing the trustee with respect to any acquisition, disposition, or reinvestment of proceeds of the collateral. GLM’s ability to invest a CLO’s assets is constrained by the portfolio quality criteria and asset and income coverage tests spelled out in the indenture pursuant to which the CLO’s securities are issued (the “CLO Indenture”). In its purchase and sale of assets for a CLO’s portfolio, GLM is required to comply with the restrictions and parameters set forth in the CLO Indenture.

As of December 31, 2019, GLM managed \$1,189,672,873 of Client assets on a discretionary basis including unsettled trades of \$17,426,322. GLM anticipates that in the future it will manage and advise additional CLOs, and may also advise closed end funds, separately managed accounts and other investment funds which will invest primarily in loans, bonds, and other credit products.

Item 5. Fees and Compensation

GLM receives a base collateral management fee and, in some instances, a subordinated collateral management fee. At the time of the launch of each CLO, GLM negotiates the fees it will be paid for its portfolio management services with the non-affiliated commercial or investment bank that acts as placement agent, underwriter and/or initial purchaser of the CLO's securities. GLM's management fees are calculated as a percentage of the aggregate principal amount of the assets under management (or market value with respect to certain discounted or defaulted assets), determined as of each payment date. Accordingly, management fees payable to GLM may differ from CLO to CLO.

Generally, GLM's CLO management fees have three components: a senior management fee, a subordinated management fee, and an incentive fee. The senior and subordinated fees are paid quarterly in arrears in accordance with the priority of payment waterfall (i.e., priority of payment sequence) set forth in the CLO Indenture pursuant to which each CLO's securities are issued. The senior management fee is paid earlier in the waterfall than the subordinated management fee. The subordinated fee is subject to deferral if sufficient funds are not available to pay CLO obligations at a higher level in the waterfall. The subordinated management fee also may be deferred if the Fund is not in compliance with certain financial coverage tests set forth in the CLO Indenture on the date each quarter when the tests are determined. The incentive fee is not payable unless and until the CLO's performance exceeds the CLO's designated hurdle rate and the CLO equity investors have achieved a certain internal rate of return ("**IRR**") (generally about 12%) on their investment. Thereafter, the incentive fee is payable quarterly as a percentage (generally 20%) of the amount (principal and interest) available for distribution to the CLO's equity investors. The trustee of each CLO generally remits the collateral management fees and incentive fees (after the designated IRR has been achieved) quarterly in arrears, from interest collections (and after the rated debt and expenses are paid in full, principal collections) associated with the applicable CLO. In some instances, we also receive an incentive management fee with respect to collateral interest and collateral principal collections available as of each payment date, in certain instances subject to a hurdle.

Detailed information concerning compensation and fee arrangements is contained in the offering circular or other governing documents of each CLO.

The CLOs may incur a variety of portfolio related expenses which may include the following: rating agency expenses, underwriting and placement agency expenses, legal expenses, trustee expenses, tax related expenses, appraisal related expenses, administrator expenses, accounting related expenses, asset acquisition/ holding/ monitoring/ amendment/ default/ restructuring/ bankruptcy related expenses, brokerage expenses, pricing services, and other expenses that may arise. GLM allocates any such fees and expenses among the CLOs and any other of its clients, as appropriate and in a manner GLM determines to be equitable and consistent with the CLOs governing documents. Pursuant to those documents, generally, GLM may be reimbursed for certain fees and expenses for which the CLOs are responsible to the extent funds are available therefor in accordance with and subject to the priority of payments and the other limitations contained in each CLO's Indenture.

Neither GLM nor any of its members, employees, or employees of its affiliated managers (“**Employees**”) receives any transaction-based compensation from Clients for the sale of securities or other investment products.

Item 6. Performance Based Fees and Side-by-Side Management

The incentive fees discussed in Item 2 above are the only performance-based fees payable to GLM for its portfolio management services to the CLOs. GLM does not charge any hourly or flat fees for its advisory services. For additional information concerning potential conflicts, see Item 11 below, “*Code of Ethics, Participation or Interest in Client Transactions and Personal Trading – Potential Conflicts of Interest*”.

Item 7. Types of Clients

GLM provides investment advice and portfolio management services to CLOs. Current investors in the CLOs include institutions such as banks, insurance companies, private and other investment funds (including GIG-affiliated funds) such as sovereign wealth funds, government or private pension funds and high net worth family offices. The notes issued by the CLOs are not registered under the Securities Act of 1933, as amended (the “**Securities Act**”) or any state securities laws and may only be purchased (i) outside the United States by persons that are not U.S. Persons pursuant to Regulation S of the Securities Act and (ii) within the United States by “qualified institutional buyers” pursuant to Rule 144A of the Securities Act. Certain tranches of CLO notes may be sold to “accredited investors” as defined in Rule 501(a) of Regulation D of the Securities Act. Both qualified institutional buyers and accredited investors must also be “qualified purchasers” as defined in the 1940 Act. GLM does not currently provide investment advisory services directly to any individual natural person.

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

Methods of Analysis and Investment Strategies

CLO Vehicle

During the “ramp-up” stage of CLO portfolio construction, GLM assembles a collateral portfolio consisting primarily of debt obligations, secured claims (including secured loans or bonds issued by corporations, structured products and other privately issued obligations), swaps and derivatives and other eligible instruments in each case meeting the investment guidelines, qualifications, and rating requirements specified in each respective offering circular. GLM manages collateral through the maturity of debt obligations issued by the CLOs. GLM’s ongoing functions with respect to the CLOs include instructing the trustees with respect to any acquisition or sale of the collateral and reinvestment of proceeds during the reinvestment period.

In determining which investments will make up the CLO’s portfolio, individual investment positions are researched by one or more senior analysts, then discussed with the portfolio manager(s) in an iterative fact-finding process. Research includes extensive qualitative and quantitative analysis and is supplemented by reports from sell-side firms, independent analysts, and industry consultants; fundamental due diligence with companies and their partners, customers and competitors; event-oriented discussions with attorneys, lenders, accountants,

investment bankers, and other investors; and review of public filings, including bankruptcy filings. This analysis is first conducted at the time of initial investment, and then subsequently assessed thereafter as part of the GLM's quarterly review process. Subsequent to the foregoing process, final approval is sought and received by GLM's Investment Committee.

Pre- and post-pricing for the CLO, GLM continues to monitor the CLO's holdings. In an effort to generate early warning indications of deteriorating credit quality, the management team actively monitors the portfolio on a daily basis. Actual issuer performance is gauged against key performance indicators established in the initial investment analysis process; generally updated as new information becomes available; and reviewed again by the team during the quarterly review. Actual financial performance and issue price performance are considered along with quantitative calculations to identify portfolio deterioration and possible "sale" positions. Although positions may be sold earlier to realize gains or to comply with the qualitative and quantitative requirements of the applicable CLO Indenture, unless material new information is identified, investments are typically reduced or eliminated following performance deterioration or as a result of GLM's analysis.

Material Risks of GLM's Investment Strategies

The following is a summary of certain material risks associated with the strategies expected to account for a significant portion of the Clients' investments. This summary does not attempt to describe all of the risks associated with an investment in a CLO. Although no summary can fully describe all of the risks associated with such an investment, the offering circular for a CLO contains a more complete description of the risks associated with an investment in that CLO.

Material Risks Associated with Investment in Collateral Obligations by a CLO. The assets of each CLO consist primarily of non-investment grade, upper-middle market and large corporate leveraged loans and participation interests (the "**Assets**" or "**Collateral Obligations**"). The Collateral Obligations will generally be secured by substantially all of the assets of the related obligors. In addition to the risks described herein with respect to GLM's strategy, an investment in a CLO is also a leveraged and structured investment. Each CLO's Assets are subject to the lien of a CLO Indenture and each CLO is limited in its ability to purchase and sell Assets.

Investment Risk. Investors are exposed to the risk of loss up to the size of their entire investment.

General Economic Conditions. Our success will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of our investments), and national political circumstances (including wars, terrorist acts and security operations). These factors and general market volatility could disrupt the investment program of our Clients, decrease the value of the our Client's portfolios, and adversely affect its profitability. Economic slowdowns or recessions could lead to financial losses in a Client's portfolio. Unfavorable economic conditions also could increase a Client's funding costs or result in a decision by lenders not to extend credit to a Client. Such events could prevent a Client from increasing its investments and could harm the Client's returns. Clients could incur material losses even if the Client reacts quickly to difficult market conditions, and there can be no assurance that the Client will not suffer material losses and other adverse effects from broad and rapid changes in market conditions in the future.

Public Health Risk. Certain countries have been susceptible to epidemics, such as severe acute respiratory syndrome, avian flu, H1N1/09 flu and most recently, the COVID-19. The outbreak of an infectious disease or any other serious public health concern, together with any resulting restrictions on travel or quarantines imposed, could have a negative impact on the economy, and business activity in any of the countries in which the Funds may invest and thereby adversely affect the performance of the Funds' performance.

Non-Investment Grade/Unrated Investments; Pricing. The Assets will consist primarily of non-investment grade loans or interests in non-investment grade loans, which are subject to liquidity, market value, credit, interest rate, reinvestment and certain other risks. It is anticipated that the Assets generally will be subject to greater risks than investment grade corporate obligations. Prices of the Assets may be volatile, and will generally fluctuate due to a variety of factors that are inherently difficult to predict, including but not limited to: changes in interest rates, prevailing credit spreads, general economic conditions, financial market conditions, domestic and international economic or political events, developments or trends in any particular industry, liquidity in the Assets, the value of the collateral securing the Assets and the financial condition of the obligors of the Assets.

Non-Investment Grade/Unrated Investments; Default. Issuers of non-investment grade debt are more likely to default on their payments of interest and principal, and defaults could have a materially adverse effect on the CLOs' performance. An economic downturn would generally lead to a higher non-payment rate, and an Asset may lose significant market value before a default occurs. Upper-middle market and large corporate leveraged loans may have default rates that differ (and may be greater) than has been the case for investment grade securities. There can be no assurance as to the levels of defaults and/or recoveries that may be experienced.

Investing in Upper-Middle Market and Large Corporate Leveraged Loans Involves Risks. The obligors of the Collateral Obligations will primarily be medium-sized businesses, some of which will be privately-owned. There is generally no publicly available information for privately-owned businesses, and thus GLM must rely on information provided directly to GLM by these privately-owned businesses. These businesses generally provide audited financial statements. Some obligors may not meet net income, cash flow and other coverage tests typically imposed by lenders. Numerous factors may affect an obligor's ability to repay its related Collateral Obligation, including the failure to meet its business plan, a downturn in its industry, or continuing unfavorable general economic conditions. Often, a deterioration in an obligor's financial condition and prospects will be accompanied by deterioration in the value of the collateral securing the related Collateral Obligation. Such deterioration might impair the ability of the obligor thereof to obtain refinancing or force it to seek to have the related Collateral Obligation restructured. These conditions may make it difficult for the CLO to obtain repayment of the applicable Collateral Obligation.

Loans to middle-and upper-middle market businesses may carry more inherent risks than loans to larger, publicly-traded entities. Middle and upper-middle market companies generally have more limited access to capital and higher funding costs, may be in a weaker financial position, may need more capital to expand or compete, and may be unable to obtain financing from public capital markets or from traditional sources, such as commercial banks. Accordingly, loans made

to upper-middle market companies may involve higher risks than loans made to companies that have larger businesses, greater financial resources or are otherwise able to access traditional credit sources. Upper-middle market businesses typically have narrower product lines and smaller market shares than large businesses. Therefore, they tend to be more vulnerable to competitors' actions and market conditions, as well as general economic downturns. These businesses may also experience substantial variations in operating results. The success of an upper-middle market business may also depend on the management talents and efforts of one or two persons or a small group of persons. The death, disability or resignation of one or more of these persons could have a material adverse impact on the obligor.

Investing in Second Lien Loans Involves Risks. The Assets may include certain second lien loans, each of which will be secured by a pledge of collateral that is subordinated (with respect to liquidation preferences with respect to pledged collateral) to other secured obligations of the obligors that are secured by all or a portion of the same collateral. Second lien loans are typically subject to intercreditor arrangements, the provisions of which may prohibit or restrict the ability of the holder of a second lien loan to (i) exercise remedies against the collateral with respect to their second liens; (ii) challenge any exercise of remedies against the collateral by the first lien lenders with respect to their first liens; (iii) challenge the enforceability or priority of the first liens on the collateral; and (iv) exercise certain other secured creditor rights, both before and during a bankruptcy of the obligors. In addition, during a bankruptcy of an obligor, the holder of a second lien loan may not be required to give advance consent to (a) any use of cash collateral approved by the first lien lenders; (b) sales of collateral approved by the first lien lenders and the bankruptcy court, so long as the second liens continue to attach to the sale proceeds; and (c) debtor-in-possession financings.

Illiquidity and Restrictions on Transfers. We may make investments in bank loans or other assets that are not readily marketable or that cease to be readily marketable after we make our investment. This could make it difficult for us to realize the value that we ascribe to an investment if we are forced to dispose of it in an inactive market. In addition, CLO securities are subject to certain transfer restrictions and can only be transferred to certain transferees who meet certain qualifications, further limiting liquidity. Investment in CLOs should be viewed as long term investment and not for trading.

Risks of Bankruptcy. There is a significant risk that one or more of the obligors on the Assets may enter bankruptcy proceedings. Such proceedings may result in, among other things, a substantial reduction in the interest rate and a substantial write down of the principal of the related Asset. There are a number of significant risks inherent in the bankruptcy process. *First*, rulings in a bankruptcy case are the product of adversary proceedings determined by a court with equitable powers and are beyond the control of specific creditors. *Second*, a bankruptcy filing may adversely and permanently affect the obligor making such filing. The obligor may lose its market position, key employees, relationships with important suppliers, and access to the capital markets or other sources of liquidity and otherwise become incapable of restoring itself as a viable entity. If for this or any other reason, a Chapter 11 reorganization is converted to or becomes a liquidation, the liquidation value of the obligor may not equal the liquidation value that was believed to exist at the time of purchase of the Asset. *Third*, the duration of a bankruptcy case is difficult to predict. A creditor's return on investment can be adversely affected by delays while a plan of reorganization is being negotiated, approved by parties in

interest and confirmed by the bankruptcy court until it ultimately becomes effective. For example, in general, unsecured creditors' claims for interest accrued between the bankruptcy filing and a reorganization plan's consummation are not allowed. *Fourth*, the administrative costs of the obligor and official committees in connection with the bankruptcy case are frequently high and will be paid out of the obligor's estate prior to any return to general unsecured creditors. If the bankruptcy case involves protracted or difficult litigation, or turns into a liquidation, substantial assets may be devoted to such administrative costs; a creditor's costs in monitoring and enforcing its investment also may substantially increase. Certain claims that have priority by law (for example, claims for taxes) also may be significant. *Finally*, under certain circumstances, creditors' claims against bankrupt or insolvent entities may be subject to equitable subordination or recharacterization as equity (particularly where the creditor is an insider or otherwise controls the debtor), and transfers made to creditors may be subject to avoidance and disorgement as preferences or fraudulent conveyances.

Investments in Corporate Loans without Financial Maintenance Covenants. The Assets purchased may include corporate loans that do not have financial maintenance covenants that previously may have been considered standard for corporate loans. The performance of these Assets in default or bankruptcy may be materially different than corporate loans with financial maintenance covenants.

Competition. The success of our investments may depend on our ability to identify or exploit opportunities more efficiently than other market participants. Our ability to do so may be adversely affected by the highly competitive nature of the asset management industry.

Material Structural Risks of a CLO

Limited Liquidity and Recourse. An investor's investment in a CLO is subject to the structure and terms of each CLO. Investors should have no expectation of a secondary market in notes issued by a CLO, or that markets would provide investors with liquidity. The notes issued by a CLO are limited recourse obligations; investors must rely on available collections from the collateral pledged by a CLO, as issuer, pursuant to the CLO Indenture and will have no other source of payment.

Subordination. Payments on the senior-most class(es) of the CLOs' securities are subordinate to the payment of certain fees and expenses payable by us to other parties pursuant to CLO Indenture. Payments of principal and interest on any junior class of securities are subordinated under the priority of payments to payments on any senior class of securities. To the extent any losses are suffered by any securities, those losses will be borne by each class of securities in order of subordination. Accordingly, any class of securities may not be paid in full and may be subject to 100% loss. In addition, the most subordinated class(es) of interests in CLOs' securities represent highly leveraged investments and will be most affected by any changes of market value of the collateral, including, but not limited to, defaults, prepayments and other risks associated with the collateral.

Remedies. If an event of default occurs under a CLO Indenture, the controlling class (generally the most senior class of notes then outstanding) will generally be entitled to determine the remedies to be exercised under CLO Indenture. The interests of the controlling class of a CLO

may be adverse to those of the subordinated classes, and in pursuing this interest the controlling class will have no obligation to consider any possible effect on other interests. In addition, the junior-most class of securities is not generally entitled to exercise remedies under CLO Indenture, nor is the trustee generally obligated to act on behalf of the holders of those securities.

Sale of Collateral upon Default on the Securities. If an event of default occurs under a CLO Indenture, there can be no assurance that the proceeds of any sale of collateral will be sufficient to pay in full transaction expenses and principal and interest on the securities.

Reinvestment risk. In certain circumstances, certain funds of a CLO will be reinvested in additional or substitute Assets. A number of factors, including the need to satisfy certain reinvestment criteria set forth in a CLO's indenture, may result in a lower yield on additional or substitute Assets. In addition, due to significant restrictions set forth in a CLO's indenture on the ability to buy and sell collateral, a CLO may be unable to buy or sell obligations or take other actions which might be in the best interests of the security holders in the absence of these restrictions.

Early Termination of the Reinvestment Period. Under certain circumstances, the period during which CLO assets may be reinvested may terminate earlier than scheduled in which case the return to the lower-ranking classes of CLO securities may be adversely affected and the holders of higher-ranking classes may receive principal payments earlier than anticipated and at a time when reinvestments that offer the same level of return may not be available.

Prepayment of Loans. Although some loans have call protection, most loans are generally prepayable in whole or in part at any time at the option of the obligor. As a result, loans purchased at a price greater than par may experience a capital loss as a result of a prepayment. In certain other cases, loans have soft call provisions which can protect lenders in certain circumstances for a certain period of time from a loan repricing event. Principal proceeds received upon prepayment are also subject to reinvestment risk.

Interest Rate Risk. There may be an interest rate or basis mismatch between notes issued by a CLO and collateral in which the CLO has invested. In addition, floating rate collateral may adjust more or less frequently and on different dates and based on different indices than the interest rates on the CLO's notes. As a result of such mismatches, an increase in the level of LIBOR or any other applicable floating rate index on which the rate of interest payable on the CLO's notes are based could adversely impact a CLO's ability to make payments on the notes it has issued.

Risk Retention Requirements. In October 2014, joint Federal regulators (including the SEC) adopted final regulations implementing the credit risk retention requirements of Section 15G of the Securities Exchange Act of 1934, as amended by Section 941 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**U.S. Risk Retention Rules**"). The U.S. Risk Retention Rules, along with similar rules applicable in the European Union (the "**EU Risk Retention Rules**") are referred to herein as the "**Risk Retention Rules**". The Risk Retention Rules generally require securitizers of asset-backed securities, including collateral managers of CLOs, to retain not less than 5% of the credit risk of the assets collateralizing such asset-backed securities (the "**Retention Interest**") unless an exemption applies. However, on February 9,

2018, the U.S. Court of Appeals for the District of Columbia Circuit (the “**DC Circuit Court**”) ruled in favor of an appeal brought by the Loan Syndications and Trading Association (the “**LSTA**”) from a district court ruling granting summary judgment to the SEC and the Board of Governors of the Federal Reserve System and remanded the case to the lower court (the “**District Court**”) with instructions to grant summary judgment to the LSTA, on whether application of the U.S. Risk Retention Regulations to collateral managers of “open-market CLOs” (described in the ruling as collateralized loan obligations where assets are acquired from “arms-length negotiations and trading on an open market”) is valid under Section 941 of the Dodd-Frank Act and to vacate Section 941 of the Dodd-Frank Act as it applies to collateral managers of “open-market CLOs” (such decision, the “**LSTA Opinion**”). Accordingly, collateral managers of “open market CLOs” (including the Collateral Manager) will no longer be required to comply with the U.S. Risk Retention Regulations consequently, and there may be no “sponsor” of this securitization transaction and no party may be required to acquire and retain an economic interest in the credit risk of the securitized assets of this transaction. On April 5, 2018, the District Court implemented the LSTA Opinion by issuing an order vacating the U.S. Risk Retention Regulations as they apply to managers of open-market CLOs. Although the LSTA Opinion has been implemented, the impact of the LSTA Opinion and the U.S. Risk Retention Regulations is difficult to assess.

Item 9. Disciplinary Information

To our knowledge, there are no legal or disciplinary events that are material to a Client’s, prospective Client’s, investor’s or prospective investor’s evaluation of our advisory business or the integrity of our management.

Item 10. Other Financial Industry Activities and Affiliations

Conflicts Associated with Affiliated Advisers. GLM and its affiliated investment advisers, GIG and GCA (collectively, “**Garrison Group**”), advise numerous private funds and CLOs. Each of these entities is separately registered as an investment adviser with the SEC, and information concerning each entity and its relying advisers (if any) is included in its own Form ADV.

Conflicts Relating to Time and Resources of Investment Professionals. GLM has entered into a staffing agreement with GIG, pursuant to which GIG has agreed to make certain of its investment professionals available to GLM. In light of this arrangement, our investment professionals participate in the management of portfolios of more than one advisory client and perform work simultaneously for us and our affiliated investment advisers. While our principals and employees will devote as much of their time to our Clients as is reasonably required to perform their duties, they will not devote their entire time and attention to the affairs of any particular Client or Clients. In light of the foregoing, we may have conflicts of interest in the allocation of time and resources of our personnel between and among our Clients.

Conflicts Relating to Financial Interests in Advisory Clients. Clients and advisory clients advised by GIG or GCA may compete for the same investment opportunities as those sought by GLM Clients, and, in connection therewith, a conflict may arise. To the extent each of these advisory clients have different economic structures, the Garrison Group could have an incentive to favor the advisory client(s) that are most likely to pay performance compensation and/or that

pay higher management fees. To mitigate this risk, we have adopted the Investment Allocation Policy and procedures applicable to the allocation of investment opportunities, as further discussed below in Item 11.

Conflicts Relating to Material Non-Public Information. From time to time, certain of our employees may serve on various creditor committees or as directors of privately held or publicly traded companies in which GIG's clients invest. Our Clients should be aware that receipt of material non-public information could preclude GLM from effecting discretionary transactions on behalf of Clients in the securities of these issuers.

Conflicts Relating to Advisory Clients with Overlapping Investment Strategies. Certain inherent conflicts of interest arise from the fact that: (1) we provide investment management services to more than one Client; and (2) Clients may have one or more overlapping investment objectives. Also, the portfolio strategies employed by us for current Clients and by us for future Clients could conflict with one another and may affect the prices and availability of the securities and other assets in which such Clients invest. Certain Clients have similar investment strategies, and participation in specific investment opportunities may be appropriate for more than one Client. In such cases, participation in such opportunities will be allocated pursuant to GLM's investment Allocation Policy and procedures, as further discussed below in Item 11—*Code of Ethics, Participation or Interest in Client Transactions and Personal Trading*—Allocation of Investment Opportunities. Such considerations may result in allocations of certain investments among the Clients on a basis other than *pro rata*.

Conflicts Relating to Regulated Entities. GLM, GIG, and certain of our affiliates are investment advisers registered with the SEC. Garrison Capital Inc. is a publicly traded BDC. Garrison Investment Group International Advisors LLP is authorized with the U.K. Financial Conduct Authority. In connection with such registrations and memberships and otherwise in connection with our investment business, we, in the ordinary course of business, are subject to requests for information, inquiries and informal or formal investigations by a wide variety of regulatory bodies both in the United States and abroad, including, but not limited to, the SEC, with which we routinely cooperate. Because we have many asset management and advisory businesses and operate on an international basis, we may be subject to greater regulatory oversight than we would be absent our affiliation with such businesses.

Conflicts Procedures

We have adopted our Code of Ethics (described in Item 11 below) and the Conflicts of Interest Policy and procedures to address potential conflicts among our various Clients (collectively, the “**Conflicts Procedures**”). These Conflicts Procedures, which may be modified from time to time at our sole discretion, may require prior review or approval of certain transactions by the CCO and/or General Counsel. Additional procedures for addressing conflicts may be contained in the governing documents of our Clients. With respect to certain conflicts of interest including affiliate transactions, the governing documents may provide for consultation regarding or approval of such transactions by a person or body such as a trustee, a board of directors, or other third party. Our Conflicts Procedures, together with the provisions of the relevant governing documents, may limit our ability to buy or sell a security or otherwise participate in an

investment opportunity, or to take other actions that we might consider to be in the best interests of a Client and its underlying investors.

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

Code of Ethics and Personal Trading

As an investment adviser, GLM owes a fiduciary duty to its Clients. Accordingly, GLM and its Employees must not act or behave in any manner or engage in any activity that (i) creates even the suspicion or appearance of the misuse of material non-public information, (ii) gives rise to, or appears to give rise to, any breach of fiduciary duty owed to any Client or (iii) creates any undisclosed and/or unaddressed conflict of interest, between any Client, on the one hand, and GLM or any Employee, on the other hand, or between Clients. GLM seeks to foster and maintain a reputation for honesty, integrity, and professionalism.

GLM has adopted a Code of Ethics that sets forth standards of ethical and business conduct expected of GLM's personnel and addresses conflicts that may arise from personal trading by such personnel. The Code of Ethics, among other things, requires compliance with the federal securities laws, reflects GLM's fiduciary responsibilities and those of its advisory personnel, prohibits certain personal securities transactions, requires GLM's personnel to periodically report their personal securities transactions and to preclear certain securities transactions, and addresses the prevention of the misuse of material nonpublic information. The Code of Ethics will be provided to any Client upon request.

Participation or Interest in Client Transactions

The General Partners and Managing Members and certain of our personnel (directly or through investment vehicles) invest their personal assets in the CLOs, and therefore hold direct or indirect interests in the same underlying securities as other investors in the CLOs. They may therefore have an incentive to allocate investments in the CLOs in a way that favors GLM and its personnel. To mitigate this risk, we have adopted the Investment Allocation Policy and procedures as described below.

Except in exceptional circumstances and only with the prior approval of the General Counsel/CCO and in accordance with the governing documents of the applicable Clients (including the CLO Indenture in the case of the CLOs), we and our personnel do not purchase any securities for their own accounts from, or sell any securities for their own accounts to, Clients. However, from time to time, subject to applicable Client investment guidelines, CLO Indentures and/or regulatory restrictions, we may direct one Client to sell securities to another Client through an internal cross transaction. Cross trades may be executed as an "internal cross" where the Fund may book the transaction at a price determined in accordance with GIG's valuation policies, or, if required by a Client of the GIG Managers, procedures allowable under the 1940 Act. No fees will be charged to Clients in connection with the completion of a cross trade.

Cross transactions and principal transactions may give rise to conflicts of interest. For example, one Client could be advantaged to the detriment of another Client in the event that the securities

being exchanged are not priced in a manner that reflects their fair value. To the extent that any such cross transaction may be viewed as a principal transaction due to the ownership interest in the Clients by GLM and/or GIG and its personnel, we will comply with the requirements of Section 206(3) of the Advisers Act and the governing documents of such Client (including the CLO Indenture in the case of the CLOs). In all cases, any proposed cross transaction must be determined to be advantageous to each of the Clients involved in the transaction and is subject to the approval of the General Counsel in consultation with the Chief Financial officer in accordance with our Principal Transactions and Cross Trades Policy.

With respect to certain Clients, the pertinent General Partner or Managing Member may appoint one or more independent investor representatives to provide a mechanism for approving a cross-trade or the valuation of a cross-trade, such as an investor advisory board. If necessary, a third party valuation agent may be engaged in order to validate the pricing in connection with a cross trade. In the case of the CLOs, consent could be obtained from the board of directors, managers, or another review board or entity, and not the indirect investors of interests of the CLO or the conflicts committee of any indirect investors. When doing so, the reviewer and any such other persons are bound by law or contract to act in the best interests of the CLO, but do not have any duty to consider the interests of indirect investors in the CLO. Furthermore, we will not, absent agreement to the contrary, be required to obtain consent or provide notice of such principal or cross trades to any direct or indirect investor in the CLO, as applicable that is party to the trade.

Allocation

GLM attempts to act in a fair and reasonable manner in allocating investment and trading opportunities among Garrison Group Clients, considering both the best interests and specific restrictions of the Clients. The Garrison Group intends to ensure that each investment is appropriate for each account in light of the characteristics of the specific investment and the overall portfolio composition of such Client. Although the allocation of investment opportunities among Clients may create potential conflicts of interest because of the interests of GIG or because Garrison Group may receive different fees or compensation from its Clients, the allocation decisions will not be based on such interests, fees or compensation.

In purchasing or selling a particular investment, GLM will generally be doing so simultaneously for more than one Garrison Group client; and such purchases and sales will generally be aggregated and allocated. Where an investment opportunity is suitable for two or more advisory clients of the Garrison Group, allocations of investment opportunities will be made among advisory clients in accordance with the Garrison Group's investment allocation policy and aggregated as described in Item 12 – "*Brokerage Practices - Trade Aggregation*", below. Garrison Group's investment allocation policies are designed to achieve equitable allocation of investment opportunities among GLM's Clients and clients of GIG over time, such as allocating the investment *pro rata* to each client. However, due to the nature and transaction timing of the loan markets, as well as specific CLO guidelines and objectives set forth in the CLO Indenture(s), *pro rata* allocation of investment opportunities among CLOs may not be feasible. Instead in determining such allocations, GLM's Investment Allocation Policy provides that the following factors, among others, will be considered: the relative size of a client's account, available cash for investment, investment objectives and restrictions, investment horizons, liquidity considerations, collateral concentration limitations, collateral quality, legal and

regulatory restrictions, purchases or sales to reach target positions, availability of trading accounts for all clients, risk tolerance, the possibility to participate in future investment opportunities, leverage limitations, and the expected capacity of the client. For example, during a CLO's ramp-up, that CLO may be allotted an outsized portion of a loan vis-à-vis other CLOs. Our allocation policy prevents us from taking compensation into account when allocating investment opportunities.

Potential Conflicts of Interest

Our investment professionals participate in managing the portfolios of more than one advisory client and may perform work simultaneously for GLM and one or more of its affiliated investment advisers. As a result, GLM and its personnel may have conflicts in allocating their time and services among GLM's Clients and clients of one or more affiliates, and they do not devote their exclusive attention to any single advisory client. GLM devotes, however, as much time to each CLO as GLM deems appropriate to perform its duties in accordance with its management agreement with the CLO.

GLM Clients and advisory clients advised by GIG or GCA may compete for the same investment opportunities, and a conflict may arise. As a result, GLM and/or its affiliates may at certain times be simultaneously seeking to purchase or dispose of investments for its or their respective accounts, one or more of the CLOs, or any other fund or entity for which GLM serves as manager or advisor and for its clients or affiliates. GLM affiliates may also invest on their own behalf in securities and other instruments that would be appropriate for, held by, or may fall within the investment guidelines of the CLOs. GLM affiliates may give advice or take action for their own accounts that may differ from, conflict with, or be adverse to advice given or action taken for the CLOs. It is also possible that GLM could purchase debt obligations for other clients that are senior to, or have interests adverse to, those it buys or sells for the CLOs. In addition, GLM may make investments on behalf of its Clients in securities or other assets that it has declined to invest in for the account of any of its affiliates or the accounts of its other clients. These activities may adversely affect the prices and availability of other securities or instruments held by or potentially considered for purchase by one or more CLOs.

In such instances, a conflict may arise, and GLM has established policies and procedures to monitor and resolve such conflicts and will endeavor to resolve conflicts with respect to investment opportunities in a manner it deems equitable to the extent possible under the prevailing facts and circumstances. Theoretically, to the extent each of these advisory clients have different compensation provisions, the Garrison Group could have an interest in favoring the advisory clients that are most likely to pay performance compensation and/or that pay higher management fees. We seek to act fairly when allocating investment opportunities and have adopted policies to address the principles of investment allocation and co-investment among the advisory clients of GLM, GIG and GCA to ensure fair allocations over time. In particular, our policy prevents us from taking into account fee or other compensatory differences in allocating an investment opportunity. For more details, see Item 12 below, "*Brokerage Practices - Trade Aggregation*".

We or our affiliated investment advisers may, from time to time, come into possession of material nonpublic information, or we may choose not to have access to material nonpublic

information that other market participants or counterparties are eligible to receive, which may limit our ability to make an investment for our Clients and our Clients' investments may be constrained as a consequence of our inability to use such information for advisory purposes or otherwise to effect transactions that we could have initiated on behalf of our Clients in the absence of such information. In addition, some advisory clients of the Garrison Group may be registered under the Investment Company Act of 1940 ("**Investment Company Act**"), and, as a result, such registered advisory clients are subject to restrictions on transactions with affiliates, such as GLM. In such instances, GLM could be limited in its ability to effect transactions that might otherwise benefit a CLO if it involves simultaneous or related investments in the same portfolio company, to the extent such investments constitute prohibited joint transactions under the Investment Company Act. GLM seeks to minimize restrictions when possible, consistent with applicable law and its internal policies, but our efforts may not be successful and as a result, restrictions may occur.

Item 12. Brokerage Practices

Best Execution. GLM has full discretionary authority to direct trades for the CLO. GLM executes trades almost exclusively directly with the market makers, principally banks engaged in the secondary loan market, which make a market in the loans GLM buys and sells for the CLOs. GLM makes limited use of brokers, using brokers principally in connection with the sourcing and trading of thinly traded loans. While the transactions in which GLM engages do not typically require the use of broker-dealers, to the extent a broker-dealer is used by GLM to execute securities transactions for any Client, GLM is subject to a duty to seek best execution for such securities transactions.

In selecting broker-dealers, GLM will use its reasonable efforts to obtain best price and execution and will consider such factors, for example, as (i) quality of execution, (ii) any conflicts of interest regarding a trading counterparty, (iii) reputation, financial strength and stability of the broker-dealer, (iv) overall costs of a trade, and (v) willingness to execute difficult transactions. To the extent applicable, GLM will also consider the above factors in selecting and approving counterparties that may be used in connection with transactions for Client accounts.

GLM need not solicit competitive bids and has no obligation to seek the lowest possible commission cost. Accordingly, if GLM determines in good faith that the amount of commissions or other compensation charged by a broker-dealer is reasonable in relation to the value of the brokerage and products or services provided by the broker-dealer, the Client may pay commissions or other compensation to such broker-dealer in an amount greater than the amount another broker-dealer might charge. Research obtained from or paid by a broker-dealer may be used by GLM to service Client accounts other than the Client that generated the commission. Where a product or service obtained with commission dollars provides both research and non-research assistance to GLM, GLM will make a reasonable allocation of the cost that may be paid for with commission dollars.

Soft Dollar Benefits.

GLM currently has no formal soft dollar arrangements. However, GLM may use full-service broker-dealers that provide research or other products or services to most or all of their

customers, without being requested to do so, and GLM may on occasion receive and use research provided by these broker-dealers. In this situation, GLM receives a benefit because they do not have to produce or pay for the research. GLM may have an incentive to select broker-dealers based on their interest in receiving the research or other products or services, even though no soft dollar arrangements are in place, rather than on GLM's Clients' interest in receiving the most favorable execution. However, since the research provided is not material in nature and quantity and is provided by most broker-dealers with which GLM deals, GLM's receipt of such research does not have a material effect on GLM's selection of broker-dealers. GLM does not separately compensate such broker-dealers for the provision of such services and do not believe that they "pay up" for such services. The research received is used for the benefit of all GLM Clients.

Trade Errors. Trade errors may occasionally occur with respect to trades or other transactions executed on behalf of a Client. Trade errors can result from a variety of situations, including, for example, when the wrong security is purchased or sold, the correct security is purchased or sold but for the wrong account, or the wrong quantity is purchased or sold. Trade errors frequently result in losses but may occasionally result in gains. GLM will endeavor to detect trade errors prior to settlement and correct and/or mitigate them in an expeditious manner. To the extent an error is caused by a third party, such as a broker-dealer, GLM will strive to recover any losses associated with such error from the third party. GLM will determine whether any trade error has resulted from the gross negligence, willful misconduct or bad faith of GLM, and, unless it finds that to be the case, any losses will be borne by (and any gains will benefit) the applicable Client. If a trade error occurs, GLM will make a good faith determination regarding the cause of the error. However, in making such a determination, GLM will have a conflict of interest.

Trade Aggregation. Where appropriate, transactions for our Clients and advisory clients of our affiliated investment advisers may be aggregated for execution purposes. This aggregation does not ordinarily adversely affect commissions charged and execution prices on the transactions. In addition, GLM's Clients' accounts may be included in the aggregated orders with clients of GLM's affiliated advisers. The Garrison Group generally effectuates aggregated orders for all accounts according to a pre-determined allocation methodology whereby clients receive an average price and are assessed a fixed commission charge. Circumstances involving partial fills may arise where the Garrison Group determines that, while it would be both desirable and suitable that a particular security or other investment be purchased or sold for more than one advisory client, there is a limited supply or demand for the security or other investment. If each of these orders cannot be fully executed under prevailing market conditions, the Garrison Group may allocate among its clients the securities and other assets traded in a manner which it considers equitable, taking into account the size of the order placed for the clients as well as any other factors which it deems relevant, as more fully described above in Item 11 – "*Code of Ethics, Participation or Interest in Client Transactions and Personal Trading – Allocation*".

Item 13. Review of Accounts

Review of Accounts. GLM will review, as pertinent, each Client's portfolio holdings to determine that the investments held by each Client remain consistent with the pertinent offering documents, collateral management agreement and/or indenture, and will generally review each Client's performance on an ongoing basis.

Reports to Clients. Pursuant to CLO Indenture governing the notes issued by the CLOs, the trustee is required to provide certain monthly and other periodic reports regarding the collateral to holders. However, the CLOs do not provide annual reports. GLM assists the trustee in preparing periodic reports as required by CLO Indenture and the collateral management agreement between us and our Client.

Item 14. Client Referrals and Other Compensation

Placement Agents. GLM may enter into compensation arrangements with solicitors for investor referrals to the CLOs. These solicitation arrangements are subject to pre-clearance by the CCO in accordance with our Solicitor and Finders Policy and will be disclosed to affected investors and/or otherwise comply with Rule 206(4)-3 under the Advisers Act. Generally, the terms of such arrangements provide for the solicitor or placement agent to be compensated out of the proceeds of the debt obligations issued by the applicable CLO.

Item 15. Custody

Rule 206(4)-2 under the Advisers Act (the “**Custody Rule**”) (and certain related rules and regulations under the Advisers Act) imposes certain obligations on registered investment advisers that have custody or possession of any funds or securities of a client.

GLM is not deemed to have custody of the funds and securities of the CLOs, and therefore is not subject to the requirements of the Custody Rule with respect to the CLOs.

In the event that GLM has custody of Client assets or is deemed to have custody of Client assets, GLM may obtain an audit or alternatively undergo a surprise examination under the Custody Rule.

Item 16. Investment Discretion

GLM provides discretionary investment advisory services to the CLOs. GLM will make investment decisions, without consultation with the CLO or any CLO investor, regarding which securities are bought and sold for the CLO, the total amount of the securities to be bought and sold, the broker-dealers (if any) with which orders are placed for execution and (as applicable) the commission rates at which securities transactions are effected. However, GLM provides all investment advisory services in accordance with the applicable provisions of the applicable collateral management agreement and CLO Indenture.

Item 17. Voting Client Securities

The CLOs rarely invest in equities and as a result, even though GLM has authority to vote proxies on behalf of its Clients, it does so infrequently. In the event GLM votes a proxy, we do so in accordance with GLM’s Proxy Voting Policy and corresponding procedures established to comply with Rule 206(4)-6 under the Advisers Act and with GLM’s fiduciary obligations. If a conflict of interest between GLM and a CLO arises in connection with a proposal to be voted upon, GLM will vote in accordance with such policy and procedures.

A CLO investor can obtain a copy of our Proxy Voting Policy and voting procedures and information on how we have voted proxies by contacting our CCO at (212) 372-9500.

Item 18. Financial Information

Balance Sheet. We are not required to attach a balance sheet because we do not require or solicit the payment of fees six months or more in advance.

Contractual Commitments to Our Clients. There is no financial condition that is reasonably likely to impair our ability to meet contractual and fiduciary commitments to our Clients.

Bankruptcy Petitions. We have never been the subject of a bankruptcy petition.