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## Redding Ridge Asset Management LLC

### FORM ADV PART 2A

March 29, 2020

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**This brochure provides information about the qualifications and business practices of Redding Ridge Asset Management LLC (“Redding Ridge Asset Management”). If you have any questions about the contents of this brochure (“Brochure”), please contact us at (212) 515-3200. 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 Redding Ridge Asset Management also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

Redding Ridge Asset Management is registered as an investment adviser with the SEC pursuant to the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Recipients of this Brochure should be aware that registration with the SEC does not in any way constitute an endorsement by the SEC of an investment adviser’s skill or expertise. Further, registration does not imply or guarantee that a registered adviser has achieved a certain level of skill, competency, sophistication, expertise or training in providing advisory services to its clients.

## **ITEM 2**

### **Material Changes**

Redding Ridge Asset Management is required to identify and provide a summary of any material changes that were made to this Brochure since its last annual update dated March 29, 2019. Accordingly, please note the following:

- We updated our risk disclosures in Item 8 to reflect developments in the global markets and our business.

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

### **Advisory Business**

Redding Ridge Asset Management is a Delaware series limited liability company that commenced operations in August 2016. Its principal place of business is at 126 East 56th Street, Suite 2210, New York, New York 10022-3613. Redding Ridge Asset Management is wholly owned by Redding Ridge Holdings LP, a Cayman Islands exempted limited partnership. Interests in Redding Ridge Holdings LP are held by: Apollo Principal Holdings VII, L.P., a Cayman Islands exempted limited partnership and indirect subsidiary of Apollo Global Management, Inc. ("AGM"), a Delaware corporation; Apollo ND Services LLC, a Delaware limited liability company and indirect subsidiary of AGM; certain private investment funds managed by subsidiaries of AGM; and certain third-party investors. Redding Ridge Asset Management currently provides investment advisory services on a discretionary basis to its clients, which include, primarily, certain collateralized loan obligations ("CLOs") and warehouse vehicles ("CLO Warehouses").

The CLOs are organized in the Cayman Islands, United States ("U.S.") or the European Union ("EU") and rely on Section 3(c)(7) of the Investment Company Act of 1940 (the "1940 Act"), or other applicable exceptions or exemptions under the 1940 Act, as the basis for their exemption from the registration requirements of the 1940 Act.

The CLOs for which Redding Ridge Asset Management performs investment advisory services invest primarily in senior secured bank loans. Redding Ridge Asset Management's objective in managing the investment portfolio of each CLO is to achieve preservation of principal and above average returns via income and capital appreciation.

#### **Investment Advisory Relationship with the CLOs**

The advisory relationship between each CLO and Redding Ridge Asset Management is governed by the respective investment management agreement between the CLO and Redding Ridge Asset Management ("Management Agreement") and the terms of other relevant CLO governing documents. The Management Agreements are generally negotiated between related parties, and as such, their terms, including the fees payable to Redding Ridge Asset Management, could not be as favorable to the CLO as if they had been negotiated with an unaffiliated, unrelated third party.

Redding Ridge Asset Management, either directly or indirectly through a special purpose vehicle, engages in total return swaps on behalf of the CLOs. In connection with certain investments, Redding Ridge Asset Management employs hedging techniques designed to reduce the risks of adverse movements in interest rates, securities prices and currency exchange rates, including, but not limited to, the use of interest rate swaps, credit derivative swaps, forward contracts, commodities or commodities futures, put and call options, floors, collars and other similar arrangements.

Redding Ridge Asset Management can provide investment management services to additional private pooled investment vehicles, including other CLOs that are offered to investors on a private placement basis without prior consultation with existing CLOs. In connection with providing investment management services, Redding Ridge Asset Management is appointed as investment adviser with discretionary trading authorization for the CLOs.

Except in limited circumstances, Redding Ridge Asset Management has full discretionary authority with respect to the investment decisions of the CLOs; however, advice is provided in accordance with the investment objectives and guidelines set forth in each CLO's governing documents and investment guidelines.

***The information provided in this Brochure about the investment advisory services provided by Redding Ridge Asset Management is qualified in its entirety by reference to the relevant CLO governing documents and offering materials. The offering documents for each CLO should be read carefully prior to investment. No offer to sell interests in the CLOs is made by the descriptions in this Brochure, and CLOs are available only to investors that are properly qualified.***

As of December 31, 2019, Redding Ridge Asset Management had \$6,975,311,769.00 assets under management, all on a discretionary basis.

## **ITEM 5**

### **Fees and Compensation**

#### **Management Fees**

Redding Ridge Asset Management receives management fees in connection with the investment management services it provides to each of the CLOs and could also receive performance fees, carried interest or other incentive compensation related to the performance of each CLO and CLO Warehouse. Such management fees, carried interest, performance fees or other compensation generally are negotiable and established at the beginning of the advisory relationship with each CLO or CLO Warehouse. Specific details of payment terms and compensation, including its method of calculation, are set out in the offering materials, indentures, disclosure documents, Management Agreements and the constituent documents of each CLO or CLO Warehouse. Such compensation is sometimes negotiated with strategic partnerships, managed accounts and certain other investors in certain limited circumstances.

Management fees are subject to waiver or rebate in Redding Ridge Asset Management's discretion. Such management fees are generally structured with a portion of such fee payable as a senior management fee and a portion payable as a subordinated management fee. Management fees are typically payable quarterly in arrears, deducted from each CLO's account and dependent in part on certain cash distribution constraints set forth in the governing documents for each CLO. In lieu of subordinated management fees, Redding Ridge Asset Management could instead take the equivalent of such fees in the form of notes issued by a CLO (performance notes).

Collateral management fees for CLO clients are payable only to the extent that funds are available in accordance with the priority of payments described in the CLOs' indentures.

#### **Performance Fees**

Redding Ridge Asset Management can also receive incentive fees as set forth in the CLOs' indentures. Incentive fees are only payable to the extent that funds are available for such purpose and certain performance hurdles are met on each payment date in accordance with the priority of payments described in the CLOs' indentures.

In lieu of incentive fees, Redding Ridge Asset Management could instead receive a profits interest in the form of notes issued by a CLO that entitle Redding Ridge Asset Management to receive a stream of income above a specified internal rate of return by the subordinated debt holders of the CLO (preferred notes).

All performance-based compensation payable to Redding Ridge Asset Management will be consistent with the requirements of Section 205 of the Advisers Act, and as applicable, Rule 205-3 thereunder. Performance-based compensation payable to Redding Ridge Asset Management is typically payable quarterly, or more frequently, in arrears, deducted from each CLO's account and dependent in part on certain cash distribution constraints set forth in the constituent documents for each CLO.

### **CLO Warehouse Fees**

As negotiated by Redding Ridge Asset Management on a deal-by-deal basis, Redding Ridge Asset Management also can receive management fees payable under CLO Warehouse documents and/or structuring fees or "warehouse success fees" (collectively, "CLO Warehouse Fees"). Frequently, Redding Ridge Asset Management will forego charging any CLO Warehouse Fees in order to facilitate the closing of the CLO. However, CLO Warehouse Fees can include fees similar to management fees and incentive fees, described above, as well as certain other fees negotiated in connection with a CLO payoff of such warehouse facility, in each case as described in the transaction documents for a warehouse facility.

### **Expenses Charged to CLOs**

In accordance with the terms of Redding Ridge Asset Management's Management Agreement with the CLOs and applicable indentures, the CLOs generally reimburse Redding Ridge Asset Management for certain out-of-pocket expenses related to the services provided by Redding Ridge Asset Management and third parties to the CLOs.

*Organizational Expenses.* Each CLO typically pays or otherwise bears all fees, costs, expenses and other liabilities incurred in connection with the formation and organization of such CLO and/or investment manager, including commissions, costs and all out-of-pocket legal, accounting, filing, capital raising, printing, electronic database, travel (including expenses for the use of private aircraft, first class or business class travel), accommodation, meal and other similar fees, costs and expenses (collectively, the "Organizational Expenses"). Fees, costs and expenses will differ in each CLO.

*Operating Expenses.* Each CLO, subject to its governing documents, typically pays or otherwise bears all of the direct and indirect fees, costs, expenses and other liabilities or obligations resulting from or arising in connection with its operations (collectively, the "Operating Expenses"). The Operating Expenses of a particular CLO are set forth in its governing documents and can include, without limitation, the following fees, costs and expenses related to or arising from:

- i. the discovery, investigation, development, acquisition or consummation, ownership, maintenance, monitoring, hedging or disposition of portfolio investments, which includes:

- brokerage commissions
  - clearing and settlement charges
  - private placement fees
  - syndication fees
  - solicitation fees
  - arranger fees
  - sales commissions
  - pricing and valuation fees (including appraisal fees)
  - research fees
  - underwriting commissions and discounts
  - interest and commitment fees
  - transaction fees
  - breakup fees
  - investment banking fees
  - advisory fees
  - bank charges
  - other investment costs and expenses related to closing, execution and transaction costs
  - custodial, trustee, transfer agent, recordkeeping and other administrative fees, costs and expenses
  - origination fees
  - commitment fees
  - collateral management fees, facility fees, float fees or similar fees;
- ii. services rendered to, or in connection with financing provided to, issuers of securities (such as arranger, brokerage, placement, syndication, solicitation or underwriting, agency, origination, collateral management or other fees, discounts, spreads, commissions and concessions) paid to (x) a service provider to Redding Ridge Asset Management or its subsidiaries (other than AGM (together with its affiliates and the subsidiaries, accounts or funds managed by AGM or such subsidiaries or affiliates, the “AGM Group”) and certain CLOs for services rendered to or in connection with financing provided to issuers of financial instruments (each, an “Affiliated Service Provider”) or (y) another person with respect to services rendered by such Affiliated Service Provider to any member of Redding Ridge Asset Management or its subsidiaries (other than the AGM Group);
- iii. any investments and/or securities that are managed by the manager of such CLO or any of their affiliates (including an investment in another CLO) that are acquired by such CLO (including management fees, operating expenses, incentive allocation and/or carried interest);
- iv. any credit facility, guarantee, letter of credit or similar credit support or one or more other similar financing transactions involving any investment;
- v. the evaluation of potential portfolio investments regardless of whether any such investment is ultimately consummated (including any broken-deal expenses and reverse break-up fees);

- vi. attending conferences in connection with the evaluation of future portfolio investments or business sector opportunities (including the evaluation of potential portfolio investments, irrespective of whether any such investment is ultimately consummated);
- vii. risk management assessments and analysis of such CLO's assets;
- viii. any other expenses of investments that are not consummated, such as certain advisory, transaction, closing, consulting and other similar fees paid to the manager of such CLO or such manager's affiliates and other persons;
- ix. any travel-related expenses related to or arising from the discovery, investigation, development, acquisition, consummation, ownership, maintenance, monitoring, hedging or disposition of investments, including potential investments (which could include travel expenses for the use of private aircraft, first class or business class travel);
- x. taxes and other governmental charges incurred or payable by such CLO;
- xi. the services of actuaries, accountants, advisers, auditors, administrators, brokers (including prime brokers), counsel, custodians, valuation experts and other service providers that provide services to, or with respect to, such CLO and legal expenses incurred in connection with claims or disputes related to one or more actual, unconsummated or proposed investments;
- xii. the services of professionals (including any industry executives, advisers, consultants, operating executives, subject matter experts or other persons acting in a similar capacity) who provide services to such CLO or its investments or to issuers of securities;
- xiii. obtaining research and other information for the benefit of such CLO, including information service subscriptions, as well as expenses incurred to operate and maintain market information systems and information technology systems used to obtain such research and other information (such as phone and internet charges);
- xiv. developing, implementing or maintaining computer software and technological systems for the benefit of such CLO, its investors or its investments (including potential portfolio investments);
- xv. maintaining such CLO and any of its subsidiary entities, including fees, costs and expenses incurred in the organization and restructuring of such subsidiary entities;
- xvi. insurance allocated to such CLO (including Redding Ridge Asset Management's group insurance policy, general partners', directors' and officers' liability or other similar insurance policies, errors and omissions insurance, financial institution bond insurance and any other insurance for coverage of liabilities to any person that are incurred in connection with activities of such CLO), litigation expenses (including expenses incurred in connection with the investigation, prosecution, defense, judgment or settlement of litigation) and other extraordinary expenses (including



fees, costs and expenses that are classified as extraordinary expenses under U.S. Generally Accepted Accounting Principles);

- xvii. preparation of all reports to such CLO's investors or advisory board (including all fees, costs and expenses incurred to audit such reports, provide access to a database or other internet forum and for any other operational, legal, secretarial or postage expenses relating thereto or arising in connection with the distribution of the same) and any other financial, tax, accounting or fund administration reporting functions (including expenses associated with the preparation of financial statements, tax returns and Internal Revenue Service Schedules "K-1", or any successors thereto, and the tax matters partner's representation of such CLO or its investors);
- xviii. the holding of any meetings of the CLO, including the CLO's investors, advisory board, board of directors or conflicts review agent (including expenses for airfare, accommodations, meals, events, entertainment and other similar fees, costs and expenses in connection with any such meetings);
- xix. such CLO's indemnification obligations (including any fees, costs and expenses incurred in connection with indemnifying covered persons consistent with such CLO's governing documents, and advancing fees, costs and expenses incurred by any such covered persons in defense or settlement of any claim that could be subject to a right of indemnification under such CLO's governing documents);
- xx. compliance with any applicable law, rule or regulation or directive, including the EU Securitization Laws (as defined in Item 8), the EU's Alternative Investment Fund Managers Directive ("AIFMD") or any other regulatory requirement (including regulatory filings, "blue sky" filings and related out-of-pocket or other expenses of such CLO, its board of directors or similar person and/or investment adviser, including any compliance or filings related to any such law, regulation or directive) and expenses related to, or in connection with, any governmental inquiry, investigation or proceeding involving such CLO (including the amount of any judgments, settlements or fines paid in connection therewith), which include legal fees, costs and expenses, a sale, assignment, pledge or transfer of an investor's interest in such CLO or an investor's withdrawal or admission or acquisition of interests as permitted under such CLO's governing documents (but only to the extent not paid by the investor and/or the purchaser, assignee, pledgee or transferee, as applicable);
- xxi. any amendments, modifications, revisions or restatements to the governing documents of such CLO and/or investment adviser;
- xxii. such CLO's borrowings and indebtedness (including the fees, costs and expenses incurred in obtaining lines of credit, loan commitments and letters of credit for the account of such CLO), securing the same by mortgage, pledge or other lien on any assets of the CLO or otherwise encumbering assets in connection with or in furtherance of the acquisition of all or a portion of or the financing of an investment;

- xxiii. administering and operating such CLO, preparing and maintaining the books and records of such CLO, including internal costs that the manager of such CLO could incur to produce such CLO's official books and records, external costs in cases where the manager hires a third-party administrator to maintain such CLO's official books and records and any costs of the manager to oversee and manage such third-party administrator and any special purpose vehicles, including fees and expenses incurred in the organization of special purpose vehicles;
- xxiv. the dissolution, winding up and termination of such CLO;
- xxv. such CLO's subsidiary entities; and
- xxvi. such CLO's investors that are feeder funds or conduit vehicles that are (A) formed for the purpose of investing in the CLO, and (B) not affiliates of Redding Ridge Asset Management.

The foregoing categories of fees, costs, expenses and other liabilities shall be Organizational Expenses and Operating Expenses, respectively, regardless of whether the person or entity providing or performing the service or output giving rise to such fees, costs, expenses or other liabilities is associated with the CLO (such as the general partner (or similar person) of such CLO, its investment adviser or any of their respective affiliates) or is a third party. Any person associated with the CLO is entitled to reimbursement from such CLO or its portfolio investment for any Organizational Expenses or Operating Expenses paid and/or incurred by them on behalf of such CLO. Redding Ridge Asset Management has discretion to seek reimbursement for Organizational Expenses and Operating Expenses or to choose not to seek reimbursement from certain CLOs. If any service provider (including Redding Ridge Asset Management itself) provides services to a CLO on the premises of Redding Ridge Asset Management or its affiliates, such CLO will in some cases be responsible for any overhead, rent or other fees, costs and expenses charged by Redding Ridge Asset Management or its affiliates in connection with the on-site arrangement.

All fees, costs and expenses incurred by Redding Ridge Asset Management employees for travel, accommodations, meals, events, entertainment and other similar fees, costs and expenses are subject to applicable travel and expense reimbursement policies and procedures.

Redding Ridge Asset Management or its affiliates will from time to time enter into arrangements with service providers that provide for fee discounts for services rendered to Redding Ridge Asset Management and its affiliates. For example, certain law firms retained by Redding Ridge Asset Management or one or more of its affiliates discount their legal fees for non-investment transaction legal services, such as legal advice in connection with firm operational, compliance and related matters. To the extent such law firms also provide legal services to Redding Ridge Asset Management CLOs with respect to such matters, such CLOs also enjoy the benefit of such fee discount arrangements. Legal services rendered for investment transactions, however, are typically charged to Redding Ridge Asset Management, its affiliates and CLOs without a discount or at a premium. Legal fees for transactions that are not consummated are also typically charged at a discount.

*Allocation of Expenses.* Redding Ridge Asset Management and its affiliates from time to time incur fees, costs and expenses on behalf of more than one CLO or multiple CLOs. To the extent such fees,

costs and expenses are incurred for the account or benefit of more than one CLO, each CLO typically bears an allocable portion of any such fees, costs and expenses in proportion to the size of its investment in the activity or entity to which the expense relates (subject to the terms of each CLO's applicable governing documents) or in such other manner as Redding Ridge Asset Management considers fair and equitable under the circumstances. Redding Ridge Asset Management endeavors to allocate such fees, costs and expenses on a fair and equitable basis over time.

*Services from the AGM Group.* A variety of entities that are affiliated with the AGM Group provide services to Redding Ridge Asset Management and Redding Ridge Holdings LP. Such services can include: (i) identifying potential investment opportunities within the specific investment and business strategies of the CLOs and CLO Warehouses that Redding Ridge Asset Management manages; (ii) providing research, assessments and other information on potential investment opportunities; (iii) passing along information that was provided from third parties with respect to potential investment opportunities; and (iv) providing middle, back-office and other administrative services, including, but not limited to, supporting legal, tax, compliance and risk functions. Redding Ridge Asset Management, Redding Ridge Holdings LP and the CLOs and CLO Warehouses in which they invest bear fees, costs and expenses in connection with these services. In consideration for providing such services, certain members of the AGM Group are entitled to service fees pursuant to service agreements with Redding Ridge Asset Management and incentive allocations pursuant to the Redding Ridge Holdings LP limited partnership agreement and are entitled to be reimbursed for certain costs and expenses pursuant to such service agreements and such limited partnership agreement.

### **Special Fees and Management Fee Offsets**

One hundred percent of all consulting or management consulting fees, investment banking fees, advisory fees, break-up fees, directors' fees, closing fees, transaction fees related to its or their negotiation of the acquisition and financing of portfolio investments and similar fees (including interest, commitment fees or other fees received in connection with a bridge financing), whether in cash or in-kind, including options, warrants and other non-cash consideration, in connection with certain CLOs' respective actual or contemplated investments (collectively, "Special Fees") paid to Redding Ridge Asset Management, its affiliates, AGM or its affiliates (including, but not limited to, Apollo Capital Management, L.P. ("ACM"), which is a Delaware limited partnership and wholly owned, indirect subsidiary of AGM) with respect to any actual or potential investment by the CLOs or CLO Warehouses is retained and not reduced or used to offset the amount of any fees otherwise payable to such entities in accordance with the terms of the relevant agreement providing for such fees.

CLOs and CLO Warehouses are generally not required to pay fees, costs or expenses prior to their closing dates. In addition, no employee of Redding Ridge Asset Management or its affiliates receives compensation in connection with the sale of interests in CLOs or CLO Warehouses.

## **ITEM 6**

### **Performance-Based Fees and Side-By-Side Management**

As discussed in Item 5 above, Redding Ridge Asset Management expects to receive performance fees, carried interest or other incentive compensation from the CLOs for which it provides investment advisory services as provided in the related CLO's transaction documents and to the

extent earned. In addition, as discussed in greater detail in “Risk Retention Information” in Item 8, Redding Ridge Asset Management will from time to time retain an economic interest in certain CLOs and CLO Warehouses that it manages.

Performance-based fees and other economic interests create an incentive for Redding Ridge Asset Management to favor, or to take increased investment risk with respect to CLOs for which it receives performance-based fees or has other economic interests than for CLOs, if any, where it receives only asset-based fees or no fees. Similarly, Redding Ridge Asset Management has an incentive to favor, or to take increased investment risk with respect to CLOs from which it could receive higher performance-based compensation, or has a greater economic interest, over CLOs where Redding Ridge Asset Management expects to receive lower performance-based compensation, or where Redding Ridge Asset Management otherwise has a lesser economic interest. Redding Ridge Asset Management has adopted policies and procedures reasonably designed to address these conflicts and to ensure allocation of trades and securities to client accounts on a fair and equitable basis over time, taking into account each clients’ investment objectives and strategies, as well as other relevant factors including applicable law (as discussed below). Please see Item 11 for additional discussion of certain policies and procedures designed to mitigate conflicts of interest.

### **Allocation of Investment Opportunities**

Redding Ridge Asset Management is committed to allocating investment opportunities among the CLOs and other clients it manages in a manner that is fair and equitable over time. Redding Ridge Asset Management has established policies and procedures to guide the allocation of opportunities among its clients. These policies and procedures seek to mitigate the conflicts that arise for Redding Ridge Asset Management with respect to allocation described herein.

An investment opportunity is allocated to a CLO only if the opportunity is deemed suitable by the portfolio manager and the Credit Investment Committee, as defined in Item 11. If an investment opportunity is deemed suitable for two or more CLOs, and it is not possible to fully satisfy the investment interest of all relevant CLOs, the investment opportunity is, as a general matter, allocated pro rata based on the size of each CLOs original investment interest, which is determined generally based on each CLO’s available capital or net asset value. However, many other factors can influence order allocation decisions, including each CLO’s existing investment portfolio; the size, liquidity and duration of the investment opportunity; the seniority of the loan and other capital structure criteria, tax reasons and regulatory reasons; and other criteria that Redding Ridge Asset Management considers relevant to the reasonable allocation of a particular investment opportunity to and among one or more CLOs. Such considerations could result in allocations of certain investments among CLOs on other than a pro rata basis.

There can be no assurance that the application of Redding Ridge Asset Management’s allocation policies will result in the allocation of a specific investment opportunity to a CLO or that a CLO will participate in all investment opportunities falling within its investment objective.

## **ITEM 7**

### **Types of Clients**

Redding Ridge Asset Management provides investment advisory services to CLOs and CLO Warehouses. Investment in the CLOs and CLO Warehouses is generally only available to (i) qualified institutional buyers or institutional investors that are “accredited investors” as defined in the Securities Act of 1933 (the “Securities Act”) and “qualified purchasers” as defined in the 1940 Act or (ii) non-“U.S. persons,” and is subject to any specified minimum investment amount set forth in the relevant governing documents. Redding Ridge Asset Management targets a broad range of institutional investors, which can include related entities of Redding Ridge Asset Management or AGM that meet the criteria set forth above.

## **ITEM 8**

### **Methods of Analysis, Investment Strategies and Risk of Loss**

The following is a summary of the investment strategies and methods of analysis generally employed by Redding Ridge Asset Management. This summary does not in any way limit Redding Ridge Asset Management’s investment activities. Redding Ridge Asset Management can offer other advisory services, provide advice with respect to other investment strategies and make other investments that are not described in this Brochure if Redding Ridge Asset Management considers it to be appropriate, subject to each CLO’s or CLO Warehouse’s investment objectives and guidelines. Specific descriptions of certain of these strategies and methods are included in each CLO’s or CLO Warehouse’s governing documents. There can be no assurance that the investment objectives of any CLO or CLO Warehouse will be achieved.

#### **Methods of Analysis and Investment Strategy**

Redding Ridge Asset Management’s investment strategy focuses primarily on leveraged credit, including senior secured bank loans.

Redding Ridge Asset Management researches (and has significant research prepared by third-party service providers, including the AGM Group) each prospective investment and disposition. Depending on the type of prospective investment, research generally includes, among other things, a review of the company’s financial statements, comparisons with similar public and private companies and analyzing relevant industry data (such as information on customers and suppliers). In conducting such research, Redding Ridge Asset Management or its service providers providing research services could consult the following sources of information: financial newspapers and magazines; inspections of corporate activities; research materials prepared by others; corporate rating services; annual reports; prospectuses; filings with the SEC; company press releases; and any other materials Redding Ridge Asset Management or its service providers deem relevant. For individual loans, Redding Ridge Asset Management researches credit history; for loan portfolios, Redding Ridge Asset Management researches, among other things, payment and loss history, contractual terms and interest income. Redding Ridge Asset Management or its service providers can engage the services of experts and consultants to supplement their research.

Participation in CLOs is only suitable for investors who have knowledge and expertise in financial and business matters and are capable of evaluating the merits and risks of an investment in a CLO.

The investments in CLOs are highly speculative and could involve the risk of total loss of an investor's investment.

Investors should be aware that a CLO's mandate will generally limit such CLO to certain types of investments, and that the CLOs are not expected to be broadly diversified. The CLOs are generally not intended to provide a complete investment program and Redding Ridge Asset Management expects that the assets it manages do not represent all of the investor's assets. Investors are responsible for appropriately diversifying their assets to guard against the risk of loss.

### **Material Risks Relating to Methods of Investment Analysis**

Redding Ridge Asset Management seeks to conduct reasonable and appropriate due diligence based on the facts and circumstances applicable to each investment. The objective of the due diligence process is to identify attractive investment opportunities based on the facts and circumstances surrounding an investment and to identify possible risks associated with that investment. When conducting due diligence and making an assessment regarding an investment, Redding Ridge Asset Management relies primarily on publicly available information and resources. The due diligence process is at times subjective (such as with respect to newly organized companies for which only limited information is available). Accordingly, Redding Ridge Asset Management's due diligence investigations with respect to any investment opportunity cannot always reveal or highlight all relevant facts (including evidence of fraud) that are necessary or helpful in evaluating such investment opportunity. Redding Ridge Asset Management's due diligence investigations are no guarantee of the success of an investment or that the actual financial performance of an investment will achieve the financial projections used when evaluating that investment.

The investment analysis methods used by Redding Ridge Asset Management cannot fully mitigate the unpredictability of general economic, financial and issuer-specific conditions.

### **Material Risks Relating to Investment Strategies**

Investing in securities involves risk of loss that an investor should be prepared to bear. The securities that Redding Ridge Asset Management invests in are subject to a variety of risks, including risks related to: credit; liquidity; interest rates and exchange rates; general economic conditions; operations; structural conditions; financial markets; political events; developments or trends in any particular industry; and adverse performance.

Interests in the CLOs managed by Redding Ridge Asset Management are offered to investors pursuant to disclosure documents that contain detailed information about the risks of investing in the CLOs, including the risks relating to the securities issued to investors by the CLOs and those relating to the underlying assets held by the CLOs. With respect to each CLO managed by Redding Ridge Asset Management, the summary of investment risks in this Brochure is qualified in its entirety by the governing documents for the particular CLO. Investors should carefully review the offering documents for each CLO before investing in the CLO or making an investment decision to buy, sell or hold the securities issued by the CLO.

## **Risk of Loss**

The following risk factors are those generally applicable to the CLOs. The CLOs principally invest in debt instruments, including senior secured debt, first and second lien debt, subordinated debt, payment in-kind loans, high-yield debt, senior debt, commercial loans and bank loans. The material risks involved in investing in these types of securities are discussed below. However, additional risk factors, including risk factors that are specific to a particular CLO's investment strategy, are described in each CLO's governing documents.

Recent global developments related to the novel coronavirus ("SARS-CoV-2") and related respiratory disease ("COVID-19") pandemic have created significant uncertainty in the financial and credit markets. The pandemic, and related social, economic and political impact of it, is rapidly evolving. It is impossible to accurately predict the effect that these will have on the CLOs and their investments. As such, ordinary expectations of the risks associated with investments, including those described below, might not hold.

**No Assurance of Investment Returns.** Redding Ridge Asset Management cannot give clients assurance that investments will generate returns or that returns will be commensurate with the risks of investing in the type of companies and transactions that fall within such client's individual investment objectives.

**Substantial Fees and Expenses.** CLOs typically pay management fees, offering expenses and Organizational Expenses and Operating Expenses as set forth in their governing documents, whether or not they make any profits. While it is difficult to predict the future fees and expenses of clients, such fees and expenses could be substantial. Please see Item 5 for additional information on fees and expenses.

**Business and Market Risks.** Investments could involve a high degree of business and financial risk, which could result in substantial loss to a CLO. In particular, these risks could arise from changes in the financial condition or prospects of the entity in which the investment is made, changes in national or international economic and market conditions and changes in laws, regulations, fiscal policies or political conditions of countries in which investments are made, including the risks of war and the effects of terrorist attacks on security operations. The possibility of partial or total loss of capital will exist.

**CLO Risks Generally.** There are numerous risks associated with an investment in a CLO, including that: interests in a CLO have limited liquidity, and there are restrictions on their transfer; the CLO will not always have sufficient assets to make payment on the securities; certain securities issued by the CLO are subject to greater risk of non-payment than more senior tranches; and the holders of securities often have limited rights to proceed against defaulting borrowers. Holders of interests in a CLO are also exposed to the risks of the underlying assets in which the CLO invests, which will consist primarily of senior secured bank loans, with a potential secondary focus on other types of leveraged credit, such as high yield debt securities. These risks are described in more detail below; however, investors should carefully review a CLO's offering documents.

**Credit Risk.** All of the debt securities and loans (together, the "Debt Obligations") in which the CLOs will invest are exposed to credit risk, which is the possibility that the issuer of a debt security will default on its obligation to pay interest and/or principal, which could cause a CLO to lose money.

Corporate Debt Obligations rated lower than BBB- are considered to have significant credit risk. A significant portion of CLO assets managed by Redding Ridge Asset Management will have ratings at or below this level. Debt Obligations with lower credit ratings generally pay a higher level of income to debt holders but carry a greater risk of default.

**Interest Rate Risk.** Fixed rate Debt Obligations fluctuate in value as interest rates change. The general rule is that if the interest rate rises, the market price of fixed income securities will usually decrease. The reverse is also true – if interest rates fall, the market prices of fixed income securities will generally increase. A debt security with a longer maturity (or a fund holding fixed income securities with a longer average maturity) will typically be more sensitive to changes in interest rates and it will fluctuate more in price than a shorter-term maturity. Floating rate instruments, such as the majority of the senior secured bank loans in which the CLOs will invest, see increases in the total payment obligations of the borrowers thereunder during periods of rising interest rates, which could lead to an increase in default rates on such investments.

**Libor Risk.** On July 27, 2017, the head of the United Kingdom (“UK”) Financial Conduct Authority made remarks indicating that the London Interbank Offered Rate (“Libor”) in its current form will be phased out as a benchmark rate by the end of 2021. The floating rate notes issued by the CLOs will initially pay interest based on Libor and the floating rate Debt Obligations generally pay interest based on Libor. Actions by regulatory authorities or financial institutions to phase out, modify or eliminate Libor in the future could cause one or more of the following to occur: (i) increase the volatility of Libor prior to the consummation of any such change, (ii) increase the portion of Debt Obligations that calculate interest based on a benchmark rate other than Libor or bear interest at a fixed rate, (iii) increase pricing volatility with respect to Debt Obligations, (iv) decrease the likelihood that Redding Ridge Asset Management can effectively hedge interest rate risks as described above or (v) negatively impact the liquidity of the CLO securities. Although the CLOs generally have Libor replacement mechanics in the CLO governing documents, it is uncertain whether broad replacement conventions in the leveraged loan and CLO markets will develop if Libor is phased out, modified or eliminated as a benchmark rate and, if conventions develop, what those conventions will be and whether they will create adverse consequences for the CLOs. If no such conventions develop, it is uncertain what effect broadly divergent interest rate calculation methodologies in the markets will have on the price and liquidity of Debt Obligations or the CLO securities and the ability of Redding Ridge Asset Management to effectively mitigate interest rate risks.

**Lack of Liquidity of Investments.** CLOs’ portfolio investments will consist primarily of debt investments, including, but not limited to, senior secured loans, unsecured loans, second-lien loans, debtor-in-possession financings, delayed drawdown loans and revolving bank loans. Loans are not generally traded on organized exchange markets but rather would typically be traded by banks and other institutional investors engaged in loan syndications. The liquidity of portfolio investments will therefore depend on the liquidity of this market. Trading in loans is subject to delays as transfers could require extensive and customized documentation, the payment of significant fees and the consent of the agent bank or underlying obligor. In addition, certain investments could be subject to legal or contractual restrictions or requirements that limit the CLOs’ ability to transfer or sell them for cash. Any resulting illiquidity of these investments would make it more difficult for a CLO to sell such investments if the need arises. If a CLO needs to sell all or a portion of its portfolio over a short period of time, it is likely to realize significantly less value than the value at which it had previously recorded those investments. There can be no assurance that CLOs will be able to generate



returns for their investors or that the returns will be commensurate with the risks of investing in the types of instruments described herein. As noted above, there is a possibility of partial or total loss of capital as a result of such constraints.

**Risks of Investing in Senior Secured Bank Loans.** The substantial majority of the investments Redding Ridge Asset Management manages for the CLOs will be senior secured bank loans. Such loans are typically negotiated by one or more commercial banks or other financial institutions and syndicated among a group of commercial banks, financial institutions and other investors. The loans will typically be to borrowers, which have below investment grade ratings and will generally be highly leveraged companies.

Senior secured bank loans typically pay interest based upon floating rates. During periods of rising interest rates, the total payment obligations of the borrowers, issuers or obligors of floating rate debt will increase, perhaps significantly. This could lead to an increase in default rates on such investments.

The investment risks of senior secured bank loans include: limited liquidity and secondary market support; the limited supply of some new issue bank loans; the possibility that earnings of the loan obligor will be insufficient to meet its debt service; the declining creditworthiness and potential for insolvency of the obligor of bank loans during periods of economic downturn; spread compression over the reference interest rate available for reinvestment during any period in which pre-payments are received; and, if subordinated, subordination to the prior claims of other loans or senior lenders. An economic downturn could severely disrupt the market for bank loans and adversely affect the value of outstanding bank loans and the ability of the obligors to repay principal and pay interest.

Senior secured bank loans become non-performing for a variety of reasons and a loan that becomes non-performing could require substantial workout negotiations or restructuring, potentially including a substantial reduction in the interest rate, a substantial reduction of the principal or a substantial extension of the amortization or maturity date of the loan. Any such event will likely cause a significant decrease in the interest collections on the loan and/or a significant decrease in the principal collections on the loans. Although some senior loans in which a portfolio will invest will be secured by specific collateral, there can be no assurance that liquidation of such collateral would satisfy the borrower's obligation in the event of non-payment of scheduled interest or principal or that such collateral could be readily liquidated. In the event of bankruptcy of a borrower, the portfolio could experience delays or limitations in its ability to realize the benefits of any collateral securing a senior loan. If a default occurs with respect to a senior secured bank loan, and the holder of the loan sells or otherwise disposes of the loan, the proceeds of the sale or disposition will likely be less than the unpaid principal and interest thereon. Historical information regarding default and recovery rates of senior secured bank loans is limited. Actual default and recovery rates could vary significantly from historical observations. Historical information on the market value volatility of senior secured bank loans is limited, and such loans could be subject to market volatility not apparent from historical volatility studies. Such volatility could be significant at times.

A CLO managed by Redding Ridge Asset Management will purchase an assignment of, or a participation in, a senior secured bank loan issued under a loan facility to which more than one lender is a party. These loan facilities are most often administered by agent lenders on behalf of the lenders pursuant to a loan agreement. In addition, because of the unique and customized nature of a loan and the private syndication of a loan, certain syndicated loans cannot be purchased or sold as easily

as publicly traded securities, and the trading volume in the syndicated loan market has been small relative to the market for high-yield bonds. Trading in loans is subject to delays due to their unique and customized nature, and transfers can require extensive documentation, the payment of significant fees and the consent of an agent bank or the underlying obligor. In addition, the investor will likely incur additional expenses to the extent it is required to seek recovery upon a default or to participate in the restructuring of a loan. In the event a CLO acquires a participation in a senior secured bank loan, as opposed to an assignment of such loan, the CLO will have a relationship only with the participating institution and not the underlying borrower, which will limit the CLO's ability to directly enforce its rights with respect to such loan.

The senior secured bank loans in which the CLOs will invest are generally pre-payable in whole or in part at any time at the option of the obligor thereof at par plus accrued unpaid interest thereon. Pre-payments are caused by a variety of factors, and as a result, are often difficult to predict. Consequently, there exists a risk that loans purchased by a CLO at a price greater than par could experience a capital loss as a result of such a pre-payment.

Some bank loans acquired by a CLO are permitted under such CLO's governing documents to be subordinated loans, which are typically subject to intercreditor arrangements. These agreements could prohibit or restrict the ability of the investor to exercise rights against the obligor with respect to their second liens, to challenge any exercise of remedies against the collateral by the first-lien lenders with respect to their first liens, to challenge the enforceability or priority of the first liens on the collateral and to exercise certain other secured creditor rights, both before and during a default or bankruptcy of the obligor. During a bankruptcy of the obligor, the holder of a junior loan often has to give advance consent to any use of cash collateral approved by the first-lien creditors, sales of collateral approved by the first-lien lenders and bankruptcy court and debtor-in-possession financings.

In recent years, a number of judicial decisions in the U.S. have upheld the right of borrowers to sue lending institutions on the basis of various evolving legal theories. Generally, lender liability is founded upon the premise that an institutional lender has violated a duty (whether implied or contractual) of good faith and fair dealing owed to the obligor or has assumed a degree of control over the obligor that creates a fiduciary duty owed to the obligor or its other creditors or shareholders. Because of the nature of bank loans, a CLO acquiring a senior secured bank loan could be subject to allegations of lender liability made against it as part of a group of lenders and if proven, the CLO could be liable for pro rata liabilities of the agent or lead lender.

**Investments in Subordinated Debt.** Certain CLO investments consist of loans or securities, or interests in pools of securities, that are subordinated or could become subordinated in right of payment and ranked junior to other securities issued by, or loans made to, obligors. If an obligor experiences financial difficulty, holders of its more senior obligations will be entitled to payments in priority to CLOs. Some of the CLOs' asset-backed investments often also have structural features that divert payments of interest and/or principal to more senior classes of loans or securities backed by the same assets when loss rates or delinquency exceeds certain levels. This can interrupt the income CLOs receive from such investments, which would lead to CLOs having less income to distribute to their investors. If the obligors are highly leveraged or CLOs invest in securities that are unrated or rated below investment grade, such investments are subject to additional risks, including an increased risk of default during periods of economic downturn, the possibility that the obligor will not be able to meet its debt payments and limited secondary market support, among other risks.

**Portfolio Investment Ratings.** Investments in the debt of companies include commercial loans, high-yield corporate or other Debt Obligations of both U.S. and non-U.S. obligors rated below investment grade and other investment instruments as described in Item 4 of this Brochure, which have greater credit and liquidity risk than more highly-rated obligations.

There is no requirement to sell any such investment in the event of downgrades and negative rating actions. Investments with lower ratings will have greater credit, insolvency and liquidity risk than more highly-rated obligations, and therefore, a greater risk of loss. In addition to credit and liquidity risk, lower-rated obligations have greater volatility than more highly-rated obligations. Future periods of uncertainty in the U.S. economy would be expected to increase volatility and default rates.

**Loans to Private Companies.** Loans to private companies involve a number of particular risks, including risks related to the fact that:

- some of these companies have limited financial resources and limited access to additional financing, which could increase the risk of their defaulting on their obligations, leaving creditors, such as CLOs, dependent on any guarantees or collateral they have obtained;
- these companies will likely have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns;
- there is often not as much information publicly available about these companies as would be available for public companies, and such information could not be of the same quality; and
- these companies are more likely to depend on the management talents and efforts of a small group of persons; as a result, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on these companies' ability to meet their obligations.

**Certain Legal and Regulatory Risks and General Market Risks.** Recent legal and regulatory changes have adversely impacted CLOs. Additional legal and regulatory changes that could occur during a CLO's applicable term could adversely impact CLOs in the future. The regulation of the U.S. and non-U.S. securities and futures markets and investment funds has undergone substantial change in recent years and such change could continue. The effect of such new regulations on CLOs, while impossible to predict, could be substantial and adverse and could, directly or indirectly, subject CLOs to increased capital requirements, fees and expenses, as well as limits on the types of investors they are allowed to solicit. The full effect of recent and future legislation cannot yet be known.

Laws and regulations, particularly those involving taxation, investment and trade, applicable to the activities of a CLO can change quickly and unpredictably and could at any time be amended, modified, repealed or replaced in a manner adverse to the CLO's interests. It is impossible to predict what, if any, changes in regulation applicable to CLOs or Redding Ridge Asset Management, the markets in which they trade and invest or the counterparties with which they do business could be

instituted in the future. CLOs and/or Redding Ridge Asset Management could become subject to unduly burdensome and restrictive regulation.

In recent years, due to events in the financial markets, the financial services industry generally and the activities of private funds and their managers in particular, have been subject to intense and increasing regulatory scrutiny in the U.S. and in other jurisdictions. Such scrutiny and accompanying regulatory changes could increase the exposure of CLOs to potential liabilities and to legal, compliance and other related costs and have an adverse effect on private funds generally, and in particular, could adversely impact the ability of CLOs to achieve their investment objectives. The private fund industry could continue to be adversely affected by the recent developments in the financial markets in the U.S. and abroad going forward, and any future legal, regulatory or governmental action and developments in such financial markets and the broader global economy could have an adverse effect on the business, operations and performance of CLOs.

The entire market or particular instruments traded on a market could decline even if earnings or other factors improve inasmuch as the prices of such instruments are subject to numerous economic, political, psychological and other factors that have little or no correlation to the performance of a particular company. Redding Ridge Asset Management is generally permitted, but not required to, elect to hedge a CLO against market movements or the credit or other risks of any particular portfolio investment, whether by means of a derivative or other financial product or instrument. To the extent that CLOs engage in certain hedging transactions, there can be no assurances that such hedging will insulate such CLO from risks, and hedging techniques, whether via a derivative or other product or instrument, often give rise to certain costs and additional risks, including a risk of the total loss of any amounts invested in hedging instruments. The decision whether and how to hedge can, therefore, impact the CLO's performance.

**Regulation, Enforcement and Litigation.** CLOs are subject to U.S. and international regulations, which could increase the costs associated with acquiring and operating CLOs and the risk of regulatory examination, enforcement actions and third-party litigation. There can be no assurance that the CLOs, Redding Ridge Asset Management or its affiliates will avoid regulatory examination, enforcement action or third-party litigation or adverse publicity relating to such a proceeding.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), among other things, granted regulatory authorities such as the Commodity Futures Trading Commission, the SEC and the Consumer Financial Protection Bureau (the "CFPB") with broad rulemaking and enforcement authority to implement and oversee various provisions of the Dodd-Frank Act, including comprehensive regulation of the over-the-counter derivatives and consumer finance markets. These expanded powers have resulted in rules that could adversely affect CLOs or investments made by CLOs.

CLOs could be subject to state and federal regulation, borrower disclosure requirements, limits on fees and interest rates on some loans, state lender licensing requirements and other regulatory requirements in the conduct of its business as an originator, lender, acquirer or servicer of consumer and commercial loans. In circumstances in which a state license is required, an applicant could experience delays in obtaining licenses due to the application requirements and processes involved, which would adversely impact the CLO's business and operations. These state and federal regulatory programs are designed to protect borrowers, not to protect investors in the CLO.

Compliance with these regulatory requirements imposes staffing, legal, compliance and other costs and administrative burdens.

State and federal regulators and other governmental entities have authority to bring administrative enforcement actions or litigation to enforce compliance with applicable lending or consumer protection laws, with remedies that can include fines and monetary penalties, restitution to borrowers, injunctions to conform to law or limitation or revocation of licenses and other remedies and penalties. In addition, lenders and servicers could be subject to litigation brought by, or on behalf of, borrowers for violations related to unfair or deceptive or, in the case of consumer borrowers, abusive practices. Failure to conform to applicable regulatory and legal requirements could be costly and could result in state or federal legal action seeking penalties or consumer redress or in a state or the CFPB prohibiting CLOs from operating certain businesses within their jurisdictions.

CLOs are also indirectly affected by regulation of banks and other financial services firms with which the CLOs do business, obtain financing or other services or seek to sell interests in loan securitizations. The regulatory regimes applicable to financial services firms with which CLOs do business can increase borrowing costs or limit the terms or availability of credit, affect the terms or pricing of loan securitizations, affect the collectability of loans or have other indirect effects.

There is significant uncertainty regarding certain legislation and related regulations that affect CLOs (including the regulations that are being developed pursuant to the Dodd-Frank Act), and consequently, the full impact that such legislation ultimately will have on CLOs, Redding Ridge Asset Management or its affiliates is not fully known.

These new and expanded regulations and regulatory powers could reduce returns to investors in consumer and commercial loan portfolios as a result of, among other things, additional compliance and administrative expenses, failure to obtain full repayment on portfolio loans, administrative enforcement actions and fines by state or federal regulators and civil litigation against holders of loans and/or a reduction in the availability of appropriate loans for investment. Similarly, violations of law or regulation by the originators or servicers of consumer and commercial loans held directly or indirectly by investors could result in the originators or servicers being subject to administrative fines or penalties, borrower restitution obligations or other consequences that could negatively impact investors in such loans.

In addition, certain CLOs invest in distressed investments and CLOs generally can hold investments that become distressed, and as a result, there is a possibility that Redding Ridge Asset Management will participate in restructuring activities. It is possible that certain CLOs will become involved in litigation relating to creditor disputes and similar issues among classes of claimants. Litigation entails expense and the possibility of counterclaims against such CLOs, including their general partners and Redding Ridge Asset Management, and ultimately, judgments could be rendered against a CLO for which such CLO does not carry insurance.

**Risk Retention Information.** In accordance with the risk retention requirements promulgated under Regulation (EU) 2017/2402 (the “EU Securitization Regulation”, and together with any supplementary regulatory technical standards, implementing technical standards and any guidance adopted in relation thereto by the European supervisory authorities, each as in force from time to time, the “EU Securitization Laws”), Redding Ridge Asset Management could decide to retain interests in the CLOs and CLO Warehouses that it manages in order for such CLOs and CLO

Warehouses to comply with the EU Securitization Laws where securities issued in a securitization transaction are sold to certain types of EU investors such as credit institutions and investment firms (including consolidated affiliates thereof, wherever located), authorized alternative investment fund (“AIF”) managers that manage and/or market AIFs in the EU, insurance and reinsurance undertakings, Undertakings for Collective Investment in Transferable Securities (“UCITS”) regulated pursuant to EU Directive 2009/65/EC and the management companies thereof, and institutions for occupational retirement provision (with certain exceptions), each as set out in the EU Securitization Regulation. These securities could be held in a number of prescribed forms, most typically through (i) a “vertical slice” equal to a 5% pro-rata percentage of the face value of each tranche or (ii) a “horizontal slice” equal to 5% of the fair value of all of the securities issued via the first loss or “equity” tranche. Redding Ridge Asset Management could hold CLO securities in addition to the requisite risk retention amount. There has been no explicit guidance regarding whether entities could be structured for this purpose and therefore the regulatory environment in which any such structure intends to operate is highly uncertain.

There can be no assurance that applicable governmental authorities will agree that any of the transactions, structures or arrangements entered into by Redding Ridge Asset Management and its affiliates, and the manner in which they expect to hold retention interests, will satisfy the EU Securitization Laws. The EU Securitization Laws are subject to changes, clarifications and interpretations by governmental authorities that could have an adverse effect on Redding Ridge Asset Management and its affiliates.

Section 941 of the Dodd-Frank Act (the “U.S. Risk Retention Rules”) requires a “sponsor” of a securitization transaction (or its “majority-owned affiliate”) to retain at least 5% of the economic interest in the credit risk of the securitized assets. However, following a decision of the U.S. Court of Appeals for the District of Columbia issued on February 9, 2018 (the “DC Circuit Ruling”), collateral managers of “open-market CLOs” (described in the ruling as CLOs where assets are acquired from “arm’s-length negotiations and trading on an open market”) are no longer required to retain an interest in such “open-market CLOs” under the U.S. Risk Retention Rules. As a result of the DC Circuit Ruling, Redding Ridge Asset Management is no longer required under the U.S. Risk Retention Rules to retain an interest in “open-market CLOs” in which it acts as collateral manager. However, Redding Ridge Asset Management could still elect to act as the “originator” or “sponsor” (in each case, as defined in the EU Securitization Laws) for purposes of compliance with the EU Securitization Laws for CLOs in which it acts as collateral manager.

The Japanese Financial Services Agency adopted a risk retention rule as part of the regulatory capital regulation of certain categories of Japanese investors seeking to invest in securitization transactions (the “JRR Rule”). The JRR Rule became effective on March 31, 2019. The JRR Rule requires such Japanese investors to apply higher risk weighting to securitization exposures they hold unless the relevant “originator” commits to hold a retention piece of at least 5% of the total underlying assets in the transaction (the “Japanese Retention Requirement”) or such investors determine that the underlying assets were not “inadequately formed.” Such Japanese investors include banks, bank holding companies, certain credit unions and cooperatives and certain other financial institutions and affiliates (such investors, “Japanese Affected Investors”). Japanese Affected Investors are subject to punitive capital requirements with respect to investments in securitizations that fail to comply with the Japanese Retention Requirement. There are a number of unresolved questions and no established line of authority, regulatory guidance, precedent or market practice that provides definitive guidance with respect to the JRR Rule. In particular, the basis for the determination of

whether an asset is “inadequately formed” remains unclear, and therefore unless the Japanese Financial Services Agency further clarifies under what circumstances an asset will be “inadequately formed” for purposes of the JRR Rules, it is possible that CLOs managed by Redding Ridge Asset Management could contain assets deemed to be “inadequately formed” and as a result could not be exempt from the Japanese Retention Requirement. Accordingly, the potential application of the Japanese Retention Requirement to CLOs managed by Redding Ridge Asset Management could have a materially adverse effect on such CLOs and the CLO market as a whole.

The impact of the EU Securitization Laws, the U.S. Risk Retention Rules and the JRR Rule on the securitization market is also unclear and such rules (including any amendments thereto) could negatively impact the value of CLOs, CLO Warehouses and their underlying assets.

**Monetary Policy and Governmental Intervention.** The U.S. Federal Reserve (the “Federal Reserve”) and global central banks, including the European Central Bank, have – in addition to other governmental actions to stabilize markets and seek to encourage economic growth – acted to hold interest rates to historic lows. It cannot be predicted with certainty when, or how, these policies will change, but actions by the Federal Reserve and other central banks could have a significant effect on interest rates and on the U.S. and world economies generally, which in turn could affect the performance of the investments of CLOs. Further financial crises could result in additional governmental intervention in the markets. In addition, the consequences of the extensive changes to the regulation of various markets and market participants contemplated by the legislation and increased regulation arising out of the financial crisis are difficult to predict or measure with certainty.

**Political, Social and Economic Uncertainty.** Social, political, economic and other conditions and events (such as natural disasters, epidemics and pandemics, terrorism, conflicts and social unrest) will occur that create uncertainty and have significant impacts on issuers, industries, governments and other systems, including the financial markets, to which the CLOs, clients or borrowers are exposed. As global systems, economies and financial markets are increasingly interconnected, events that once had only local impact are now more likely to have regional or even global effects. Events that occur in one country, region or financial market will, more frequently, adversely impact issuers in other countries, regions or markets, including in established markets such as the U.S. These impacts can be exacerbated by failures of governments and societies to adequately respond to an emerging event or threat.

For example, in early 2020, SARS-CoV-2 and COVID-19 emerged in China and spread rapidly to across the world, including to the U.S. This outbreak has led and is likely to continue to lead to disruptions in the worldwide economy, particularly with respect to economies of nations where the novel coronavirus has arisen and also the global market, adversely impacting global commercial activity and contributing to significant volatility in financial markets. The global impact of the outbreak has been rapidly evolving, and as cases of the virus have continued to be identified in additional countries, many countries have reacted by instituting quarantines, restrictions on travel, bans on public events, bans on public gatherings, closures of a variety of venues (e.g., restaurants, concert halls, museums, theaters, schools and stadiums, non-essential stores, malls and other entertainment facilities) or shelter-in-place orders. On March 11, 2020, the World Health Organization publicly characterized COVID-19 as a pandemic. On March 13, 2020, the President of the U.S. declared the COVID-19 outbreak a national emergency. The U.S. federal government and U.S. state governments are continuing to implement a variety of actions to mobilize efforts to

mitigate the ongoing and expected impact, and the Center for Disease Control is implementing its pandemic preparedness and response plans, working on multiple fronts, including providing specific guidance on measures to prepare communities to respond to the local spread of COVID-19 throughout the U.S. Such actions are creating disruption in global supply chains, and adversely impacting a number of industries, such as transportation, hospitality and entertainment. The outbreak could have a continued adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development of this situation precludes any prediction as to the ultimate adverse impact of the novel coronavirus. As of the date of this Brochure, it is impossible to determine the scope of this outbreak, or any future outbreaks, or its full potential impact. There are no comparable recent events in the U.S. which provide guidance as to the effect of the spread of COVID-19 and a potential pandemic on the business, financial condition and results of operations of the CLOs' portfolio investments.

The novel coronavirus, therefore, presents material uncertainty and risk with respect to CLOs' performance and financial results. There is substantial uncertainty of COVID-19's potential effect on CLOs and their portfolio investments, which could have a material adverse effect on the CLOs' investments and on the business, financial condition and results of operations of CLOs' portfolio investments, particularly those portfolio investments that were already highly leveraged or distressed prior to such economic downturn, and their ability to make principal and interest payments on, or refinance, outstanding debt when due. Failure to meet any such financial obligations could result in CLOs and their portfolio investments being subject to margin calls or being required to repay indebtedness or other financial obligations immediately in whole or in part, together with any attendant costs, and the fund and its portfolio investments could be forced to sell some of its assets to fund such costs. In the event of any such consequences, CLOs could lose both invested capital in and anticipated profits from the affected investment. No previous success by Redding Ridge Asset Management or its affiliates in dislocated markets is any guarantee of CLOs' success in respect of investing and managing any portfolio investment during and post- the COVID-19 pandemic.

As a general matter, uncertainty can result in or coincide with: increased volatility in the global financial and currency markets, generally, and the credit and loan markets, specifically; a decrease in the reliability of market prices and difficulty in valuing assets; greater fluctuations in currency exchange rates; increased risk of default (by both government and private issuers); further social, economic and political instability; nationalization of private enterprise; greater governmental involvement in the economy or in social factors that impact the economy; greater, less or different governmental regulation and supervision of the securities markets and market participants and increased, decreased or different processes for and approaches to monitoring markets and enforcing rules and regulations by governments or self-regulatory organizations; limited, or limitations on, the activities of investors in such markets; controls or restrictions on foreign investment, capital controls and limitations on repatriation of invested capital; inability to purchase and sell portfolio investments or otherwise settle transactions (i.e., a market freeze); unavailability of currency hedging techniques; substantial, and in some periods extremely high, rates of inflation, which can last many years and have substantial negative effects on credit and securities markets as well as the economy as a whole; recessions; and difficulties in obtaining and/or enforcing legal judgments.

Although it is impossible to predict the precise nature and consequences of these events, or of any political or policy decisions and regulatory changes occasioned by emerging events or uncertainty on applicable laws or regulations that impact clients' investments, it is clear that these types of events, will impact the CLOs. The companies who are obligors on the CLOs' portfolio assets could



be particularly impacted by emerging events and uncertainty of this type and the CLOs will be negatively impacted if the value of their portfolio holdings decreases as a result of such events and the uncertainty they cause. There can be no assurance that emerging events will not cause a CLO to suffer a loss of any or all of its investments or interest thereon. CLOs will also be negatively affected if the operations and effectiveness of Redding Ridge Asset Management, obligors, borrowers or their key service providers are compromised or if necessary or beneficial systems and processes are disrupted.

**Brexit Risk.** The UK held a referendum on June 23, 2016, at which the electorate voted to leave the EU. The Agreement on the withdrawal of the UK of Great Britain and Northern Ireland from the EU and the European Atomic Energy Community (the “Withdrawal Agreement”) is a treaty between the EU and the UK, which was ratified on January 29, 2020, setting the terms of the withdrawal of the UK from the EU (“Brexit”). The UK formally left the EU on January 31, 2020.

The Withdrawal Agreement provides for a “transition period”, which started on January 31, 2020 and is currently scheduled to end on December 31, 2020 (subject to any mutual agreement between the parties to extend this period). During the transition period, EU law will apply to the UK, save where the Withdrawal Agreement makes a contrary provision. While the Withdrawal Agreement includes a non-binding political declaration setting out the framework for the future relationship between the EU and the UK, there continues to exist significant uncertainty as to the scope, nature and terms of such future relationship, including a trade deal, and whether the terms of such future relationship will be finalized by the end of the transition period. If no deal is agreed to, the UK may exit the EU through a “hard Brexit.” Due to political uncertainty, it is not possible to anticipate whether the UK and the EU will be able to agree and implement a new trade agreement or what the nature of such trade arrangement will be. Brexit will have a destabilizing impact on the economic and market conditions in the UK, in the EU and its member states and elsewhere, and contribute to uncertainty and instability in global financial markets.

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

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

There can be no assurance that adverse political changes will not cause a CLO to suffer a loss of any or all of its investments, or in the case of fixed income securities, interest thereon.

**Alternative Investment Fund Managers Directive.** AIFMD provides a framework for the EU to regulate managers of AIFs that are not UCITS, but which are marketed or managed in the EU.

Since implementation, AIFMD has restricted the extent to which non- European Economic Area (“EEA”) AIFs can be marketed to potential investors in the EEA. AIFs (i) organized outside of both the EU and those of the additional EEA member states which have implemented AIFMD and (ii) in which interests are marketed under AIFMD within the EEA are subject to significant conditions on their operations. Under AIFMD, such AIFs could be marketed only in certain EEA jurisdictions and

in compliance with requirements to register the AIF for marketing in each relevant jurisdiction and to undertake periodic investor and regulatory reporting, including, among other items, the risk and portfolio profile of each CLO which is marketed in that regulator's jurisdiction. Additional requirements and restrictions could apply where an AIF invests in an EEA portfolio, including restrictions that could impose limits on certain investment and realization strategies, such as dividend recapitalizations, distributions and reorganizations. Such rules could potentially impose significant additional costs on the operation of Redding Ridge Asset Management's business or investments in the EEA and could limit Redding Ridge Asset Management's operating flexibility within the relevant jurisdictions.

In some countries, additional obligations are imposed; for example, in Germany and Denmark, marketing of a non-EEA AIF also requires the appointment of one or more depositaries (with cost implications for the AIF). Depending on the activities of each CLO, additional restrictions on investment activities could also apply if they are to be marketed to EEA investors. Accessing EEA investors could be more difficult and CLO costs could increase to reflect the additional burdens.

In the longer term, subject to non-EU jurisdictions being granted equivalence status under AIFMD, non-EEA managers that manage non-EEA AIFs could be permitted to voluntarily seek authorization under, and comply with the more detailed requirements of, AIFMD.

Some changes to AIFMD are expected, others are under negotiation, and a wider review has commenced which could lead to further changes. Any or all of these could lead to increased costs and/or burdens; and could limit operational flexibility within the EEA and access to EEA investors.

**General Data Protection Regulation.** Redding Ridge Asset Management and/or the clients could be directly or indirectly subject to the requirements of the General Data Protection Regulation (Regulation (EU) 2016/679) ("GDPR"), which came into effect in the EU in May 2018. The GDPR has direct effect in all 27 members of the EU ("EU Member States") and is mirrored in the UK under its Data Protection Act 2018 ("DPA"). The GDPR and the DPA have extraterritorial effect where non-EU and UK persons, such as Redding Ridge Asset Management, the clients or their respective service providers, process personal data in relation to the offering of goods or services to individuals in the EU/UK or the monitoring of the behavior of individuals in the EU/UK.

Both the GDPR and the DPA impose a number of obligations on data controllers and data processors, including, among others: (i) accountability and transparency requirements, which will require controllers to demonstrate and record compliance with the GDPR/DPA and to provide more detailed information to data subjects regarding processing; (ii) enhanced requirements for obtaining valid consent; (iii) obligations to consider data protection as any new products or services are developed and to limit the amount of personal data processed; (iv) obligations to comply with the new and enhanced data protection rights of data subjects; and (v) reporting of personal data breaches to the supervisory authority without undue delay (and no later than 72 hours where feasible) and, in some cases, also to affected data subjects.

The GDPR gives strong enforcement powers to data protection authorities in EU Member States and introduces significant penalties for non-compliance, with fines of up to four percent (4%) of an organizational total annual worldwide turnover or €20 million (whichever is higher), depending on the type and severity of the breach (this is mirrored in the UK for the Information Commissioner's Office). Data subjects also have a right to compensation for financial or non-financial losses (e.g.,

distress). There is a risk that the measures taken to comply with the GDPR/DPA will not be implemented correctly or that individuals within the business will not be fully compliant with the new procedures. If there are breaches of these measures, Redding Ridge Asset Management and the clients and their respective affiliates (as relevant) could face significant administrative and monetary sanctions, as well as reputational damage which could have a material adverse effect on the operations, financial condition and prospects of the clients.

Although enforcement of the GDPR is designed to be harmonized across the EU, following the Brexit transitional period it is likely that the UK's enforcement of the DPA will not be bound by EU jurisprudence. This creates a risk of divergence between the EU and the UK data protection regimes which could impact Redding Ridge Asset Management's business and operations.

**Data Protection Risk.** The clients' or Redding Ridge Asset Management's processing of personal data associated with their representatives, natural person investors, service provider representatives and others, including the use of third-party processors and cloud-based services to, among other things, store and maintain personal data, imposes legal and regulatory risks. Legal requirements relating to the collection, storage, handling and transfer of personal data continue to develop. Certain activities of the clients, Redding Ridge Asset Management and/or other members of Redding Ridge Asset Management, for example, could be subject to the GDPR, the DPA, the California Consumer Privacy Act ("CCPA"), the Cayman Islands Data Protection Law ("DPL") and/or data protection laws in other countries that could take effect shortly. While the clients, Redding Ridge Asset Management and other members of Redding Ridge Asset Management intend to comply with their privacy and data protection obligations under the GDPR, the DPA, the CCPA, the DPL and other applicable laws, they could be unable to accurately anticipate the ways in which regulators and courts will apply or interpret the law. The failure of the clients, Redding Ridge Asset Management, or another member of Redding Ridge Asset Management indirectly providing services to the clients to comply with privacy and data protection laws could result in negative publicity and could subject the clients to significant costs associated with litigation, settlements, regulatory action, judgments, liabilities or penalties. If privacy or data protection laws are implemented, interpreted or applied in a manner inconsistent with Redding Ridge Asset Management's expectations, business practices could change in a manner that adversely impacts the clients. Moreover, if the clients, Redding Ridge Asset Management or other members of Redding Ridge Asset Management suffer a security breach impacting personal data, there could be obligations to notify government authorities or stakeholders, which could divert Redding Ridge Asset Management's time and effort and entail substantial expense.

**Foreign Corrupt Practices Act Considerations.** Redding Ridge Asset Management is subject to a number of laws and regulations governing payments and contributions to public officials or other parties, including restrictions imposed by the U.S. Foreign Corrupt Practices Act ("FCPA") and other applicable anti-corruption laws, anti-bribery laws and regulations, as well as anti-boycott regulations. As a result, CLOs could be adversely affected because of their unwillingness to participate in transactions that violate such laws or regulations. Such laws and regulations could make it difficult in certain circumstances for CLOs to act successfully on investment opportunities and for portfolio investments to obtain or retain business.

In recent years, the U.S. government has devoted greater resources to enforcement of the FCPA and sanctions and export control laws. A number of other countries have also expanded significantly their enforcement activities, especially in the anti-corruption area. While Redding Ridge Asset

Management has adopted policies and procedures, which are designed to ensure strict compliance by Redding Ridge Asset Management and its personnel with the FCPA, as well as with sanctions and export laws, such policies and procedures could not be effective to prevent violations in all instances. In addition, in spite of Redding Ridge Asset Management's policies and procedures, portfolio investments or other entities in which a CLO is invested could engage in activities that could result in FCPA violations, particularly in cases where a CLO does not control such portfolio or other investment. Any determination that Redding Ridge Asset Management has violated these laws could subject it to, among other things, civil and criminal penalties, material fines, profit disgorgement, injunctions on future conduct, securities litigation and a general loss of investor confidence, any one of which could adversely affect Redding Ridge Asset Management's business prospects and/or financial position, as well as a CLO's ability to achieve its investment objective and/or conduct its operations.

**Pay-to-Play Laws, Regulations and Policies.** The SEC, as well as the Financial Industry Regulatory Authority, the Municipal Securities Rulemaking Board and certain U.S. states, localities and public instrumentalities, have adopted "pay-to-play" laws, regulations or policies which restrict the political activities of investment managers that seek to do business with governmental entities, including seeking investment from or managing funds on behalf of state and local government entities. Such restrictions can include limits on the ability of said managers to make political contributions to, fundraise for, or provide gifts or entertainment to, certain state and local candidates, officials and political organizations, as well as obligations to make regular disclosures about such political activities to federal, state or local regulators and to use only parties that are subject to equivalent political activity restrictions in soliciting investment from state and local government entities. In addition, many pay-to-play regimes (including the SEC pay-to-play rule for investment advisers under the Advisers Act Rule 206(4)-5) impute the personal political activities of certain executives and employees, and in some instances their spouses and other immediate family members, to the manager for purposes of potential pay-to-play liability. Violation of pay-to-play laws can lead to the loss of management fees, rescission of current commitments, and a loss of future investment opportunities. Issues involving pay-to-play violations and alleged pay-to-play violations often receive substantial media coverage and can result in regulatory inquiries from federal, state or local regulators. A failure to comply with applicable pay-to-play laws, regulations or policies by Redding Ridge Asset Management or a party acting on its behalf could have an adverse effect on CLOs.

**Possibility of Fraud and Other Misconduct of Employees and Service Providers.** Misconduct by employees of Redding Ridge Asset Management, service providers to CLOs and/or their respective affiliates could cause significant losses to such CLOs. Misconduct could include entering into transactions without authorization, the failure to comply with operational and risk procedures, including due diligence procedures, misrepresentations as to investments being considered by such CLOs, the improper use or disclosure of confidential or material non-public information, which could result in litigation, regulatory enforcement or serious financial harm, including limiting the business prospects or future marketing activities of such CLOs and non-compliance with applicable laws or regulations and the concealing of any of the foregoing. Such activities can result in reputational damage, litigation, business disruption and/or financial losses to such CLOs. Redding Ridge Asset Management has controls and procedures through which they seek to minimize the risk of such misconduct occurring. However, no assurances can be given that Redding Ridge Asset Management will be able to identify or prevent such misconduct.

**Changes in Investment Focus.** CLOs are usually but not always restricted in terms of the percentage of their capital that can be invested in a particular industry, geographical region or type of investment. While a CLO's governing documents generally contain a description of the types of investments that other CLOs have historically made and/or information about Redding Ridge Asset Management's expectations with respect to such CLO, many factors could contribute to changes in emphasis in the construction of such CLO's portfolio, including changes in market or economic conditions or regulation as they affect various industries and changes in the political or social situations in particular countries. There can be no assurance that the investment portfolio of any CLO will resemble the portfolio of any prior CLO.

**Possible Lack of Diversification.** Each CLO could concentrate its portfolio investments by investing all of its assets in only a few issuers, industries or countries, subject to the limitations in their respective governing documents. By investing in a limited number of portfolio investments, the aggregate returns realized by a CLO could be substantially affected by the unfavorable performance of a small number of such portfolio investments.

**Leverage.** CLOs, in certain instances, borrow and utilize various other forms of leverage and expect to operate with a significant leverage ratio. Although leverage presents opportunities for increasing a CLO's total return, it has the effect of potentially increasing losses as well. If income and appreciation on investments made with borrowed funds are less than the cost of the leverage, the total return of the leveraging CLO will decrease. Accordingly, any event, which adversely affects the value of a portfolio investment, would be magnified to the extent a CLO is leveraged. The cumulative effect of the use of leverage by CLOs in a market that moves adversely to such CLOs' investments or in the event portfolio investments experience credit quality deterioration could result in a substantial loss to CLOs that could be substantially greater than if such CLOs were not leveraged. In addition, contractual demands by lenders to a CLO to reduce its leverage could force such CLO to sell investments on an emergency basis at prices less than those obtainable in a more orderly liquidation. To the extent that a creditor has a claim on a CLO, such claim would be senior to the rights of an investor in the CLO. As a result, if a CLO's losses were to exceed the amount of capital invested, an investor could lose its entire investment.

**Hedging Policies/Risks.** In connection with certain investments, Redding Ridge Asset Management can employ, on behalf of a CLO, hedging techniques designed to reduce the risks of adverse movements in interest rates, securities prices and currency exchange rates. While such transactions could reduce certain risks, hedging transactions themselves entail other risks. Thus, while CLOs could benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, securities prices or currency exchange rates could result in a poorer overall performance for CLOs that enter into hedging transactions.

**Uncertainty of Financial Projections.** As part of its due diligence of a potential investment, Redding Ridge Asset Management often makes certain financial projections with respect to securities in, or loans to, a company. Projected operating results normally will be based primarily on Redding Ridge Asset Management's 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 could vary significantly from the projections. General economic conditions, which are not predictable, can have a material adverse impact on the reliability of such projections and the performance of any investment in such

company. Recent market impacts from the COVID-19 pandemic further exacerbates the uncertainty of financial projections, particularly those made before the onset and rapid spread of the COVID-19.

**Participation Interests.** CLOs could purchase participation interests in debt instruments which do not entitle the holder thereof to direct rights against the obligor. Participations held in a seller's portion of a debt instrument typically result in a contractual relationship only with such seller, not with the obligor. A CLO has the right to receive payments of principal, interest and any fees to which they are entitled only from the seller and only upon receipt by such seller of such payments from the obligor. In connection with purchasing participations, a CLO generally will have no right to enforce compliance by the obligor with the terms of the related loan agreement, nor any rights of set-off against the obligor, and such CLO could not directly benefit from the collateral supporting the debt instrument in which it has purchased the participation. As a result, CLOs will assume the credit risk of both the obligor and the selling institution selling the participation. In the event of the insolvency of such seller, CLOs could be treated as general creditors of such seller and could not benefit from any set-off between such seller and the obligor. When a CLO holds a participation in a debt instrument, it could not have the right to vote to waive enforcement of any restrictive covenant breached by an obligor or, if a CLO does not vote as requested by the seller, it could be subject to repurchase of the participation at par. Sellers voting in connection with a potential waiver of a restrictive covenant could have interests different from those of the CLO, and such selling institutions could not consider the interests of the CLO in connection with their votes.

**Cybersecurity Risk.** The increasing reliance on computer programs and applications to conduct transactions and store data creates growing operational and security risks. Targeted cyber attacks, or accidental events, can lead to a breach in computer and data systems security and subsequent unauthorized access to sensitive transactional and personal information. Data taken in breaches could be used by criminals in identity theft, obtaining loans or payments under false identities and other crimes that could affect the value of assets in which CLOs invest. Cybersecurity breaches at Redding Ridge Asset Management or its vendors and service providers, including AGM and its affiliates, can also lead to theft, data corruption or overall disruption in operational systems. These threats can also indirectly affect CLOs through cyber incidents with third-party service providers or counterparties. These risks can disrupt the ability to engage in transactional business, cause direct financial loss and reputational damage or lead to violations of applicable laws related to data and privacy protection and consumer protection. Cybersecurity risks also result in ongoing prevention and compliance costs.

## **ITEM 9**

### **Disciplinary Information**

Not Applicable.

## **ITEM 10**

### **Other Financial Industry Activities and Affiliations**

Redding Ridge Asset Management (UK) LLP (the "Management Subsidiary"), a limited liability partnership organized in the UK, is a subsidiary of Redding Ridge Asset Management. The Management Subsidiary is regulated pursuant to the Markets in Financial Instruments Directive II ("MiFID II") and acts as investment manager and/or collateral manager to certain CLOs that are primarily collateralized by loans to EU obligors. Redding Ridge Asset Management is wholly

owned by Redding Ridge Holdings LP, which is an affiliate of ACM. The Management Subsidiary has also registered with the SEC as an investment adviser.

Redding Ridge Asset Management and the Management Subsidiary maintain various important relationships with members of the AGM Group, including sharing certain employees. As discussed above in Item 5, members of the AGM Group provide various services to Redding Ridge Asset Management. Additionally, Redding Ridge Asset Management's affiliate, Redding Ridge Holdings LP, from time to time engages Apollo Global Securities, LLC ("AGS") to provide private placement services. AGS, a broker-dealer affiliated with AGM, is currently registered to conduct private placements. Currently, Redding Ridge Holdings LP is not expected to pay fees to AGS for private placement services. These services or future fees will not reduce the fees paid to any other affiliate of AGM (including Apollo ND Services, LLC and ACM).

AGM, and other members of the AGM Group, and their respective partners, directors, officers, employees and agents provide investment management services to, and have voting control over, investment funds and could, in the future, carry on investment activities for other clients, including other investment funds, CLOs, CLO Warehouses, client accounts and proprietary accounts in which Redding Ridge Asset Management will have no interest and whose respective investment programs could be substantially similar or could be conflicting. Further, conflicts of interest arise from the fact that certain of the employees of Redding Ridge Asset Management (including members of the Management Company Investment Committees, as defined in Item 11) are shared employees who are also employed by entities included in the AGM Group and involved in the management of advisory clients of the AGM Group. Participation in specific investment opportunities is appropriate at times for both Redding Ridge Asset Management's clients and AGM Group clients. The investment program of AGM Group clients allows investments in CLOs and other instruments in which Redding Ridge Asset Management's clients could invest. In light of the various relationships between Redding Ridge Asset Management and the AGM Group, there is an incentive for Redding Ridge Asset Management to pursue investment opportunities in a way that is favorable to the AGM Group. Redding Ridge Asset Management has implemented allocation policies and procedures that are intended, among other things, to mitigate this conflict. Members of the AGM Group at times invest in transactions as principal with respect to loans and securities or other investments that are or could be purchased, sold or held by clients advised by Redding Ridge Asset Management. Any such affiliate transactions will be undertaken in accordance with applicable provisions of the Advisers Act, AGM and Redding Ridge Asset Management's policies and procedures and CLO governing documents. In connection with their ongoing management of currently existing CLOs, members of the AGM Group are permitted to invest in CLOs and CLO Warehouses or loans in which clients advised by Redding Ridge Asset Management also maintain an investment.

Redding Ridge Asset Management, pursuant to an agreement with Apollo Credit Management (CLO), LLC ("Apollo Credit"), an affiliate of AGM, has performed and is expected to continue to perform limited services for Apollo Credit relating to the optimization (including, but not limited to, re-financings and "amends and extends") of existing CLOs that are managed by Apollo Credit. In addition, in some cases, Redding Ridge Asset Management has acquired and assumed management of Apollo Credit CLOs through assignment of the CLO's collateral management agreement and could do so again in the future. Redding Ridge Asset Management also performs certain limited services relating to the structuring and optimizing of CLOs and other securitizations to other asset managers and, in certain cases, the securitization vehicles themselves, including certain asset managers and/or securitization vehicles in which members of the AGM Group and/or affiliates of

Redding Ridge Asset Management have an interest. In connection with the limited services described in this paragraph, Redding Ridge Asset Management receives fees pursuant to the related service agreements. The limited services described in this paragraph (and the related service fees) create the opportunity for various conflicts of interest with respect to Redding Ridge Asset Management and the entities to which it is providing such services.

Redding Ridge Asset Management and members of the AGM Group have implemented policies and procedures, including physical and information barriers, between their respective businesses reasonably designed to identify and mitigate the conflicts of interest that arise in connection with their relationships.

## **ITEM 11**

### **Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

#### **Code of Ethics**

Redding Ridge Asset Management has adopted a Code of Ethics (the “Code”) designed to ensure compliance with Rule 204A-1 under the Advisers Act. The Code applies to all partners, principals, directors, officers, employees and supervised persons of Redding Ridge Asset Management (each a “Covered Person”). Redding Ridge Asset Management strives to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty and trust. Accordingly, the Code incorporates the following general principles that all Covered Persons are expected to uphold:

- i. Covered Persons must place the interests of clients first at all times;
- ii. all personal securities transactions must be conducted in a manner consistent with the Code; any abuse of a Covered Person’s position of trust and responsibility and any conflicts of interest must be avoided or mitigated;
- iii. Covered Persons must not take inappropriate advantage of their positions;
- iv. information concerning the identity of securities and financial circumstances of the CLOs, including investors in CLOs, must be kept confidential; and
- v. independence in the investment decision-making process must be maintained at all times.

Finally, Covered Persons are required to comply with applicable federal securities laws at all times.

#### **Personal Trading Restrictions**

The Code requires that Covered Persons’ personal investment activities comply with all applicable laws and regulations. In addition, Covered Persons are required to obtain prior approval for all securities transactions (including, but not limited to, investments in private placements and limited offerings) other than those involving: government and municipal securities; certain exchange-traded funds and closed-end funds; certain mutual funds (i.e., registered, open-ended management investment companies); variable annuities; commodities; and transactions in fully-managed accounts. Covered Persons are prohibited from purchasing securities in initial public offerings.



The Code provides that approval will not be granted for securities of companies on Redding Ridge Asset Management's restricted list. Further, approval will not be granted for short sales and proposed transactions in securities of companies with a market capitalization for the outstanding equity on the date of the trade request of more than \$100 million and less than \$10 billion. This "market cap rule" could be changed from time to time.

### **Personal Securities Holdings and Transaction Reports**

Subject to limited exceptions, each Covered Person must periodically submit to AGM Compliance either directly or electronically through AGM's personal trading system a report of the holdings and transactions in the accounts in which the following persons have a direct or indirect beneficial ownership interest or over which the following persons exercise any investment control, influence or discretion: (i) the Covered Person; (ii) any member of the Covered Person's immediate family and to whose support the Covered Person significantly contributes (e.g., as applicable, including the Covered Person's spouse, children, stepchildren, grandchildren, parents, grandparents, stepparents, siblings and persons with whom a Covered Person has an adoptive or in-law relationship); or (iii) any other person to whom the Covered Person significantly contributes (each individual identified in clauses (ii) and (iii) a "Relevant Person").

The holdings report must contain, at a minimum: (i) the title and type of security and, as applicable, the exchange ticker symbol or CUSIP number, number of shares and principal amount of each reportable security in which the Relevant Persons have any direct or indirect beneficial ownership; (ii) the name of any broker, dealer or bank with which the Relevant Persons maintain an account in which any securities are held for the Relevant Person's direct or indirect benefit; (iii) if securities are held other than with a broker, dealer or bank, the location of the securities; and (iv) the date that the Covered Person submits the report.

The transaction reports must contain, at a minimum: (i) the date of the transaction, the title and, as applicable, the exchange ticker symbol or CUSIP number, the interest rate and maturity date, the number of shares and the principal amount of each reportable security involved; (ii) the nature of the transaction (i.e., purchase, sale or any other type of acquisition or disposition); (iii) the price of the security at which the transaction was executed; (iv) the name of the broker, dealer, bank or other financial institution with or through which the transaction was executed; (v) if not executed through a broker, dealer or bank or other financial institution, the location of the securities and a description of how the transaction was executed; and (vi) the date that the Covered Person submits the report.

For non-U.S. employees, submission to AGM Compliance of a duplicate copy of the most recent periodic financial institution statements of the Relevant Persons will be sufficient to fulfill the holdings and transactions report requirement if such statements include all required information for all securities.

The Code requires each Covered Person to certify, on at least an annual basis, as to the accuracy and completeness of his or her reports of securities holdings and transactions.

### **Material Non-Public Information**

The Code includes policies and procedures concerning inside information that are designed to prevent the misuse of material non-public information (the "Insider Trading Policies"). Covered Persons are required to certify to their compliance with the Code, including the Insider Trading

Policies, on a periodic basis. The Insider Trading Policies prohibit Redding Ridge Asset Management and Covered Persons from trading for its clients or themselves, or recommending trading in securities of a company, while in possession of material non-public information (“Inside Information”) about the company, and from disclosing such information to any person not entitled to receive it.

By reason of its activities, Redding Ridge Asset Management could have access to Inside Information, and as a result, be restricted from effecting transactions in certain investments that could otherwise have been initiated. For example, there could be certain cases where Redding Ridge Asset Management or its personnel receive Inside Information due to their various activities on behalf of Redding Ridge Asset Management, which could result in either limited liquidity for a CLO if it desires to engage in a disposition transaction or in Redding Ridge Asset Management or its personnel being prohibited from using such information for the benefit of CLOs. Redding Ridge Asset Management seeks to minimize those cases whenever possible, consistent with applicable law and the Insider Trading Policies, but there can be no assurance that such efforts will be successful and that such restrictions will not occur.

### **Other Provisions of the Code**

Covered Persons are subject to additional standards of conduct relating to the use of funds and property, conflicts of interest and opportunities belonging to clients, managing investments of related parties and general standards of conduct, including the conduct expected when dealing with clients and the investors in clients. In addition, Covered Persons are subject to Redding Ridge Asset Management’s anti-money laundering procedures. Covered Persons are required to certify periodically that they have complied with the terms of the Code. Violations of the Code are subject to the imposition of sanctions, up to and including termination.

A copy of the Code will be provided to any client or prospective client upon request.

### **Cross Trades and Principal Transactions**

Redding Ridge Asset Management, as part of its operations, from time to time acquires certain senior secured loan or other assets directly (or takes on the credit risk of such senior secured loans and other assets by entering a conditional sale agreement with the issuer) and subsequently transfers such loans or other assets into the accounts of the CLOs and/or CLO Warehouses it manages. In accordance with the anti-fraud provisions of the Advisers Act, relevant governing documents and Redding Ridge Asset Management’s internal compliance policies and procedures, Redding Ridge Asset Management provides appropriate written disclosure of such transactions and obtains the prior informed consent of the CLO or other client, which could be through a board committee or other person authorized to review disclosures and provide consent on the client’s behalf and the prior written authorization of AGM Compliance before effecting such transactions when required. In addition, such transactions are only permitted to be affected to the extent the loan asset purported to be transferred to a CLO managed by Redding Ridge Asset Management remains an “eligible loan” that is not in default and is permitted by the indenture or governing documents of the CLO or CLO Warehouse to be acquired and held by such CLO or CLO Warehouse.

Redding Ridge Asset Management could cause one CLO it manages and/or invests in to purchase or sell a security or other instrument from or to another CLO it manages and/or invests in. In addition,

Redding Ridge Asset Management could from time to time cause CLOs it manages to purchase or sell securities from CLOs managed by the AGM Group or other asset managers providing mid- and back-office services to Redding Ridge Asset Management. Asset managers (including members of the AGM Group) will employ investment professionals who also act in such capacity for Redding Ridge Asset Management. These trades, though infrequent, are sometimes done to maintain compliance with CLO indentures, which have various collateral tests and concentration requirements. Redding Ridge Asset Management, its vendors and service providers (including members of the AGM Group) effect these transactions in accordance with trading and valuation procedures established by Redding Ridge Asset Management. Redding Ridge Asset Management will initiate such transactions between CLOs only when it believes that such a transaction would be advantageous to each CLO involved.

Cross trades and principal transactions give rise to conflicts of interest between CLOs and between CLOs and Redding Ridge Asset Management. For example, one CLO could be advantaged to the detriment of another CLO in the event that the securities being exchanged are not priced in a manner that reflects their fair value. In addition, Redding Ridge Asset Management could use its investment authority to transfer unappealing securities from one CLO to another CLO.

To the extent that any cross trades or affiliate transaction described above could be viewed as a principal transaction due to Redding Ridge Asset Management's or its affiliates' ownership interest in a particular CLO, Redding Ridge Asset Management will comply with the requirements of Section 206(3) of the Advisers Act and its internal policies and procedures. Specifically, in addition to the notice and consent process described above, Redding Ridge Asset Management's applicable investment professionals must provide notice to, and obtain the approval of AGM Compliance, the CLOs portfolio manager and AGM Legal, prior to executing a principal trade or cross trade. When reviewing a proposed principal trade, cross trade or affiliate trade, AGM Compliance will confirm, among other things: (i) that such trade is allowed by the applicable CLO's investment guidelines, (ii) that Redding Ridge Asset Management's valuation procedures were followed when pricing the transaction, including obtaining a third-party valuation when appropriate, and (iii) in the case of principal trades, that notice of the specific trade was provided to the relevant CLO and written consent from the CLO was obtained. Redding Ridge Asset Management could also choose not to execute such transactions.

### **Financial Interest of Redding Ridge Asset Management and its Affiliates in CLOs**

Redding Ridge Asset Management and its affiliates are permitted to invest in CLOs. Redding Ridge Asset Management generally intends to hold an interest in the securities of each of the CLOs it manages sufficient to satisfy the European risk retention requirements promulgated under the EU Securitization Laws or any other applicable risk retention requirement. Redding Ridge Asset Management's ownership of such securities in the CLOs it manages could give Redding Ridge Asset Management majority control positions in the equity securities of these CLOs. Such positions can include voting or control rights for Redding Ridge Asset Management and its affiliates with respect to matters as to which the holders of securities are entitled to vote, including, without limitation, any vote to direct a redemption or refinancing and any vote to accelerate or not to accelerate the payment of certain CLO securities. In addition, Redding Ridge Asset Management, any of its affiliates and any CLO managed or advised by Redding Ridge Asset Management or its affiliates could at any time acquire CLO securities in any other CLO, and Redding Ridge Asset Management could own a higher percentage of CLO securities in one CLO versus another CLO. Redding Ridge Asset Management

and any such person acquiring such securities will act in their own interests with respect to such securities and such interests could conflict with or be adverse to the interests of other holders of securities in such CLOs. Any such control position or investment in these equity securities could give Redding Ridge Asset Management an incentive to take actions that deviate from or conflict with the interests of the holders of the CLO debt securities. Policies and procedures are in place to prevent Redding Ridge Asset Management from taking into account its ownership interest in any CLO when making allocation decision for any particular investment.

### **Relationship Between Redding Ridge Asset Management and AGM**

Redding Ridge Asset Management has contracted for the provision of mid- and back-office services associated with its asset management business, including trading, loan settlement, portfolio analysis and reporting, research, credit review and monitoring, asset valuation and risk and compliance management. These services will be provided to Redding Ridge Asset Management by ACM under agreements between ACM and Redding Ridge Asset Management.

Certain investment professionals and other employees or officers of Redding Ridge Asset Management are also investment professionals or employees of other entities, including AGM and its affiliates. Redding Ridge Asset Management's Board of Directors (the "Board") has appointed and delegated authority to two separate investment committees ("Management Company Investment Committees") to make certain investment decisions. One Management Company Investment Committee makes decisions with respect to the underwriting and selection of assets purchased or sold for the CLOs and CLO Warehouses (the "Credit Investment Committee"). The Credit Investment Committee is comprised of two members. The other Management Company Investment Committee is responsible for making recommendations to the Board with respect to the terms and structure of CLOs and CLO Warehouses in which Redding Ridge Asset Management acts as collateral manager, including with respect to the key terms and structure of any U.S. retention interests, warehouse, refinancing, re-pricing or redemption thereof (the "Structured Credit Investment Committee"). The Structured Credit Investment Committee is comprised of three members. At least two members of each Management Company Investment Committee are non-shared employees. Generally, all decisions of a Management Company Investment Committee must be unanimously approved by its members or, in the event of the absence of any member, by all members present (which must include at least one non-shared employee). Such individuals serve at the discretion and subject to the control and direction of the Board. Board members are elected by Redding Ridge Asset Management's pass-through members, which consist of the underlying investors of Redding Ridge Holdings LP. A majority of the five-member Board consists of individuals who are not affiliated with Redding Ridge Asset Management or the AGM Group (including ACM).

Certain investment professionals and other shared employees or officers of Redding Ridge Asset Management are also investment professionals or employees of other investment advisers. Such individuals are separately engaged and compensated by Redding Ridge Asset Management and serve at the discretion and subject to the control and direction of Redding Ridge Asset Management's Board.

The relationships between Redding Ridge Asset Management and ACM can create conflicts of interest for their clients, including conflicts arising from the allocation of investment opportunities identified by investment professionals of both Redding Ridge Asset Management and ACM, which could be appropriate for clients of both advisers, as both Redding Ridge Asset Management and

ACM currently act as collateral managers for CLOs. Redding Ridge Asset Management and ACM address such conflicts of interest by submitting each investment opportunity, which has been independently approved by the investment committee of each adviser for its clients, to a joint allocation committee consisting of individuals who are officers or employees of both entities. Such opportunities are then allocated among the clients of Redding Ridge Asset Management and ACM in a manner designed to achieve a fair and equitable allocation of investment opportunities among participating accounts over time without regard to which of Redding Ridge Asset Management or ACM serves as the account's collateral manager. In general, such allocation determinations follow the procedures and criteria described above under "Allocation of Investment Opportunities" in Item 6.

## **ITEM 12**

### **Brokerage Practices**

#### **Best Execution and Soft Dollars**

Redding Ridge Asset Management seeks best execution for client trades. Best execution generally refers to the execution of portfolio transactions in such a manner that total cost or proceeds in each transaction is expected to be the most favorable under the circumstances. The SEC defines best execution as "best qualitative execution," not merely the lowest possible execution cost.

In evaluating the quality of execution and selecting broker-dealers to execute client transactions, Redding Ridge Asset Management considers various factors, such as execution capability, transaction charges, such as spreads, financial responsibility, confidentiality and responsiveness.

Redding Ridge Asset Management (including for this purpose the service providers that provide mid- and back-office services to Redding Ridge Asset Management) communicates with the various broker-dealers in the marketplace and maintains a database on all of the assets it manages. Prior to every trade, Redding Ridge Asset Management, or the service providers, reviews this information and recent quotes in the market to identify the broker-dealer that it believes will provide the best overall price, certainty and quality of execution.

In addition to the general factors considered as listed above, there are several additional factors and circumstances that Redding Ridge Asset Management considers when selecting a broker-dealer in the leveraged loan market, including:

- *Relevant Market Place.* The senior secured bank loan market, and to a lesser extent the high-yield bond market, does not involve an exchange where current asset prices are readily available. Further, the senior secured loan market is a private market in which the level of information known by dealers and various investors ranges significantly. Redding Ridge Asset Management strives to maintain solid relationships and information flow with not just the "top-tier" dealers, but many of the active dealers in the market;
- *Liquidity.* Certain investments are highly illiquid, whereby very few dealers are able to make a market in the security or instrument. Further, a dealer could be one-sided (only has an offer or a bid) for a particular position;

- *Assignment Fees.* In some cases, the transfer of a senior secured bank loan entails the payment an assignment fee to the administrative agent. Depending on the size of the trade and the number of funds the asset will be allocated to/from, these fees can be significant. The manager will attempt to limit the frequency of assignments resulting in additional fees;
- *Agent Bank Considerations.* In addition to the possibility of eliminating assignment fees, there are other potential benefits, as well as potential disadvantages, to trading with (or away from) the administrative agent. All trades are disclosed to the trading desk of the administrative agent, and accounts, which provide high and consistent trading volume with the administrative agent, are generally more likely to receive allocations of primary transactions. Further, the administrative agent typically: is the most knowledgeable dealer regarding the trading of an asset; understands who the buyers and sellers are; and can provide additional information when a certain asset is trading;
- *Idea Generation.* Redding Ridge Asset Management values the insight and research of the dealers in exchange for client transactions. To the extent a dealer provides information or insight into a credit, Redding Ridge Asset Management generally prefers to execute a trade in that credit with that dealer, provided the price is within its understanding of market levels; and
- *Complexity of the Asset or Transaction.* Transactions in senior secured bank loan assets, in particular, can be very complex, requiring an understanding of trading levels and features of numerous tranches and structural differences among the financial instruments of a particular issuer. Redding Ridge Asset Management believes that it is important to transact with dealers that understand these factors.

Redding Ridge Asset Management and its service providers do not currently (although they could in the future) make use of commission sharing arrangements where brokerage business is promised in exchange for proprietary or third-party services (“soft dollar” arrangements). Service providers, however, can receive research, brokerage products and other services in ordinary course of trading on behalf of Redding Ridge Asset Management’s CLO clients. These bundled services are made available on an unsolicited basis, without regard to the rates of commissions charged or paid by clients or the volume of business directed to such broker-dealers. To the extent that client brokerage commissions (or markups or markdowns) are used to obtain research, brokerage products or other services, the service providers would receive a benefit because they would, in that case, not need to produce or pay separately for the research, brokerage products or other services received. Service providers could therefore have an incentive to select or recommend a broker-dealer based on their interest in receiving research or brokerage products or other services, rather than on client interest in receiving the most favorable execution.

Pursuant to MiFID II, research provided by broker-dealers is required to be charged separately from other execution services. As a result, the Management Subsidiary, a MiFID II regulated firm, can no longer accept the provision of research for free or as part of bundled services. The Management Subsidiary has decided to bear the expense of research from its own account.

In connection with the outsourcing of services performed by such service providers, Redding Ridge Asset Management has adopted policies and procedures to ensure it is seeking best execution on client trades.

### **Trade Aggregation**

If Redding Ridge Asset Management determines that the purchase or sale of the same security is in the best interest of more than one client, Redding Ridge Asset Management can, but is not obligated to, aggregate orders in order to reduce transaction costs to the extent permitted by applicable law. In addition, ACM, as service provider, can affect trades jointly for ACM clients and for Redding Ridge Asset Management clients. Such joint trades shall be allocated between such entities and their clients as described above in Item 11, “Relationship Between Redding Ridge Asset Management and AGM.” Under certain circumstances, Redding Ridge Asset Management believes that aggregation of orders for multiple clients (including aggregated trades where clients of ACM are also participants) is consistent with its duty to seek best execution for its clients. For example, aggregation of orders can facilitate more efficient and less costly execution by enabling a broker to “work” a large order throughout the day, rather than dealing with multiple small orders, and avoids competition in the marketplace among what otherwise would be smaller, separate orders for Redding Ridge Asset Management clients (or ACM and Redding Ridge Asset Management clients individually). In any case in which Redding Ridge Asset Management believes that aggregation would lead to results not in the best interest of its clients (e.g., higher transaction costs taking into account all appropriate factors), it will not affect the transaction on an aggregated basis.

When an aggregated order is filled through multiple trades at different prices from the same time period within a trade day, each participating client will receive the average price with transaction costs allocated pro rata based on the size of each client’s participation in the order (or allocation in the event of a partial fill) as determined by Redding Ridge Asset Management. In the event of a partial fill, allocations generally will be made pro rata based on the initial order but could be modified on a basis that Redding Ridge Asset Management deems to be appropriate, including, for example, in order to avoid odd lots or *de minimis* allocations. This could result in allocations of certain investments on other than a pro rata basis. See Item 6 for additional information on investment allocations.

### **ITEM 13 Review of Accounts**

The accounts of each CLO managed by Redding Ridge Asset Management are reviewed on an ongoing basis by Redding Ridge Asset Management’s Chief Investment Officer and Management Company Investment Committee and not less frequently than quarterly by its Board. Reviews will assess overall portfolio strategies, performance and compliance with the CLO indentures. Primary responsibility for the execution of these roles resides with the Chief Investment Officer.

The trustee of each CLO provides investors with monthly and quarterly reports as described in the indenture for each CLO. Redding Ridge Asset Management could also furnish reports to the trustees of the CLOs for which it provides investment advisory services.

**ITEM 14**  
**Client Referrals and Other Compensation**

In the ordinary course of business, Redding Ridge Asset Management or a related person can send corporate gifts to or pay for meals and entertainment, such as attending cultural or sporting events, for individuals of firms that do business with Redding Ridge Asset Management or its affiliates. Redding Ridge Asset Management's Covered Persons also could be the recipients of corporate gifts, meals and entertainment. The giving and receipt of gifts and other benefits is subject to limitations under the Code.

Redding Ridge Asset Management pays fees to consultants for their advice and services, industry information or data or conference attendance.

**ITEM 15**  
**Custody**

Redding Ridge Asset Management does not maintain custody of CLO assets. Rather, such assets are held by the trustee or collateral administrator of each CLO. As noted in Item 13, the trustee provides investors in the CLO with periodic reports on the composition and performance of the CLO. In the event that Redding Ridge Asset Management were to be deemed to have custody of client assets as the result of acting as the general partner, manager, administrator or sub-administrator of a private fund established to facilitate the investments of investors in a CLO or otherwise, Redding Ridge Asset Management would engage independent public accountants to audit the financial statements of the private fund and distribute those audited financial statements to the limited partners or members of the private fund within 120 days of the private fund's fiscal year end and upon liquidation of the private fund.

**ITEM 16**  
**Investment Discretion**

Redding Ridge Asset Management generally receives and exercises discretionary authority to manage investments on behalf of each CLO for which it provides investment advisory services. To the extent a CLO imposes investment guidelines or restrictions regarding the management of the assets of the CLO (e.g., concentration limits, credit quality), such guidelines or restrictions serve as a limitation on Redding Ridge Asset Management's discretion. Redding Ridge Asset Management's discretionary authority as to the assets of each CLO for which it provides investment advisory services is set forth in the Management Agreement and other constituent documents of the CLO.

**ITEM 17**  
**Voting Client Securities**

The Management Agreement and constituent documents of each CLO set forth Redding Ridge Asset Management's authority, if any, to vote on modifications to loan terms and covenants without investor guidance. Redding Ridge Asset Management faces conflicts of interest with regards to voting, including in cases where it or an affiliate has a substantial business relationship with a company and the failure to vote in favor of company management could harm the relationship with management. Conflicts also arise in the event a senior executive of a company and principal of Redding Ridge



Asset Management or one of its affiliates has a significant personal relationship that could affect how Redding Ridge Asset Management would vote on a matter relating to the company.

Redding Ridge Asset Management has adopted and implemented policies and procedures, which it believes are reasonably designed to ensure that Redding Ridge Asset Management votes proxies, or elects not to vote proxies, in the best interests of its clients. For example, if a Redding Ridge Asset Management representative sits on the board of directors of a company that is the subject of a proxy, AGM Compliance will undertake a review prior to any vote by the proxy recipient to determine whether a material conflict of interest exists between Redding Ridge Asset Management and the interests of its client or between Redding Ridge Asset Management and the company's shareholders. In the event that a material conflict of interest is identified, AGM Compliance will take such steps as it deems necessary in order to determine how to vote the proxy in the best interests of the client, including, but not limited to, consulting with AGM Legal, outside counsel, a proxy consultant or the investment professionals responsible for the relevant portfolio investment.

CLOs could request from Redding Ridge Asset Management a copy of the proxy voting policy and a record of how proxies have been voted.

## **ITEM 18**

### **Financial Information**

This Item 18 is not applicable. Redding Ridge Asset Management is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet its contractual commitments to clients and has not been the subject of a bankruptcy petition at any time during the past ten years.